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WESCO FINANCIAL CORP

10-K

AMS

CARD 1

DISCLOSURE INC BETHESDA MARYLAND 20014

FOR 12/31/77

Wesco Financial Corp. [Del.] Co: W342000000
315 East Colorado Boulevard
Pasadena, Calif. 91109
SEC File No: 1-4720 Exch: AMEX/PSC
IRS No: 95-2109453 CUSIP: 9508177
Fiscal Year Ends: 12/31 SIC No: 671
Auditor: Peat, Marwick, Mitchell & Co.

ARS	For:	12/31/76	
10-Q	For:	03/31/77	
10-Q	For:	06/30/77	
10-Q	For:	06/30/77	Attachment 1
10-Q	For:	09/30/77	
8-K	For:	09/30/77	
8-K	For:	10/18/77	

DISCLOSURE Incorporated

ADDITIONAL COMPANY IDENTIFICATION INFORMATION

The following information is provided to clarify the company or document identification:

FILMED UNDER:

Wesco Financial Corporation	W342000000
COMPANY NAME	COMPANY NUMBER
Form 10-K	12/31/77
DOCUMENT	DOCUMENT DATE

COMPANY NAME ON DOCUMENT: Wesco Financial Corporation

REASON: Combination Form 10-K and annual report to shareholders.

4827 Rugby Avenue, Bethesda, Maryland 20014

WESCO FINANCIAL CORPORATION

Annual report 1977

Form 10-K Annual report 1977

Headquarters building of Wesco Financial Corporation and Mutual Savings — Pasadena's City Hall in foreground

TO THE STOCKHOLDERS OF WESCO FINANCIAL CORPORATION

Consolidated net earnings of Wesco Financial Corporation and its subsidiaries for 1977 amounted to $6,449,000 ($.91 per share) compared to $5,516,000 ($.77 per share) in 1976. Quarterly earnings per share were:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
1977	$ .19	.19	.22	.31	.91
1976	.16	.20	.21	.20	.77

The increase in earnings is due to the growth of total earning assets chiefly provided by savings growth.

Total savings in Mutual Savings increased $54,912,000 in 1977 compared to an increase of $44,926,000 in 1976. Out-of-state savings were $52,648,000 (11.4% of total savings) compared with $52,508,000 (13.3% of total savings) in 1976.

Cost of savings and cost of funds (savings and borrowings) continued to increase in 1977 due to increased deposits in certificates at a higher yield than the 5¼% passbook rate. The yield on the loan portfolio continues to rise.

	1977	1976	1975	1974	1973
Cost of savings	6.46%	6.35	6.29	6.00	5.60
Cost of all funds	6.51	6.43	6.41	6.25	5.69
Yield on loans at year end	8.02	7.70	7.55	7.36	7.17

At December 31, 1977, real estate loans were $390,569,000 compared with $347,244,000 at December 31, 1976. Real estate loans made and purchased in 1977 amounted to $107,546,000 compared to $42,386,000 made in 1976. In the second half of 1977, Mutual Savings purchased for $43,661,000 a 90% participation interest in loans from the portfolios of four large California-based savings and loan associations who service the loans. Loans in process and firm loan commitments, which were $3,260,000 at December 31, 1976, increased to $9,396,000 at December 31, 1977.

Wesco and Mutual Savings have decreased cash and short-term marketable securities by $11,156,000 in 1977 and increased the investment in common and preferred stocks by $18,101,000.

	1977	1976
Stocks and bonds	$ 64,821,000	46,720,000
Cash and marketable securities	97,277,000	108,433,000
	$162,098,000	155,153,000

The increase is in common stocks. Common stock of Federal National Mortgage Association (FNMA) was increased from 1,044,900 shares at a cost of $14,809,000 to 1,730,000 shares at a cost of $26,011,000. During the third quarter of 1977, Wesco purchased 67,500 shares of Cleveland-Cliffs Iron Company for a cost of $3,680,000. Cleveland-Cliffs Iron Company manages 13% of North American iron ore production, operates fourteen cargo vessels on the Great Lakes, sells forest products, explores for minerals and has interest in Australian iron ore production. The holdings in this Company had been increased to 152,500 shares with an investment of $8,246,000 at December 31, 1977. Wesco purchased an additional 20,000 shares in February 1978 and may continue to make additional purchases depending upon market conditions. Other securities are also being purchased in 1978.

During the second and third quarters of 1977, Wesco invested $1,580,000 at the holding company level in 92,242 shares of Detroit International Bridge Company, which owns and operates a toll bridge between Detroit, Michigan, and Windsor, Ontario, Canada. Later in the year Wesco, with the approval of the Directors of Detroit International Bridge Company, made a tender offer to purchase for cash all the remaining outstanding shares at $20 per share. The tender offer expired on October 25, 1977. At December 31, 1977, as a result of the tender offer, Wesco had increased its holding to 272,908 shares with a total cost of $5,330,000. Companies affiliated with Wesco own an additional 42,020 shares, purchased several years ago as part of insurance company portfolios. The Wesco portion represents 21.5% of the total stock outstanding, and one of Wesco's directors, Charles T. Munger, has been elected a director of Detroit International Bridge Company. After acquiring 21.5%, Wesco has accounted for its investment on the equity basis as required by accounting convention. The current annual dividend being paid by Detroit International Bridge Company amounts to approximately 7.5% on Wesco's aggregate cost.

Properties acquired by foreclosure were $2,095,000 at December 31, 1977 compared with $3,321,000 at December 31, 1976. The last vacant land at Lake San Marcos was sold in 1977 and the one-half interest in the shopping center, motel and restaurant at Lake San Marcos was sold at an unrealized profit of $890,000. The property occupied by the Upland Branch was acquired through foreclosure in 1976. $228,000 of the total cost of this property has been transferred to branch premises as it is anticipated Mutual Savings will retain ownership. The remainder of the Upland property, having a current book cost of $78,000, will be developed with retail stores to be rented for income. Construction will commence early in 1978. Negotiations are currently in progress for the sale of the commercial property in Pacoima. This property has a book cost of $289,000. The remaining balance of the foreclosed property account at December 31, 1977 was $1,728,000 and consists of vacant land at Santa Barbara and at Friendly Valley in Los Angeles County with book values of $1,042,000 and $686,000 respectively. Zoning and other plans are being processed for both parcels and it is anticipated that construction of residences will be permissible in mid-1978 at Friendly Valley and mid-1979 at Santa Barbara.

The 3-for-1 stock split in the form of a 200% stock distribution of the stock of Wesco Financial Corporation was made on April 4, 1977. The number of shares outstanding are 7,119,807. The Blue Chip Stamp Company, at the expiration of their tender offer in January of 1977, owned 80.1% of the Wesco stock. This permits a consolidated Federal income tax return to be filed.

Mutual Savings did not open any new offices in 1977 to add to their sixteen branch offices. A satellite branch office has been approved for a retail shopping center, which is scheduled for opening late 1979, in downtown Pasadena close to the main office.

On January 17, 1978, Wesco increased its regular quarterly cash dividend from $.07½ per share to $.08½ per share payable March 15, 1978 to shareholders of record at the close of business on February 20, 1978.

A "Summary of Operations" for a five-year period is presented on page 2, followed by "Management's Discussion and Analysis" of that Summary. The purpose of the Summary and Discussion is to enable investors to compare periodic results of operations and to assess the source and probability of earnings.

Louis R. Vincenti

LOUIS R. VINCENTI
Chairman of the Board and President

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

Form 10-K

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

For the fiscal year ended December 31, 1977 — Commission file number 1-4720

WESCO FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	95-2109453 (I.R.S. Employer Identification No.)
315 East Colorado Boulevard, Pasadena, California (Address of principal executive offices)	91109 (Zip Code)

Registrant's telephone number, including area code (213) 684-1500

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Capital Stock, $1 par value	American Stock Exchange Pacific Stock Exchange

There were 7,119,807 shares of Capital Stock outstanding December 31, 1977

Securities registered pursuant to Section 12(g) of the Act: None

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

Item 1. BUSINESS

(a) Wesco Financial Corporation (Wesco) was incorporated on March 18, 1959. Its principal business is the ownership of all of the outstanding Guarantee Stock of Mutual Savings and Loan Association (Mutual) which serves the Southern California area through sixteen offices, of which six are in Los Angeles County, four in Orange County, two in Ventura County, three in San Diego County and one in San Bernardino County.

Mutual Savings' principal business is the lending of money secured by first liens on real estate (principally residential) to enable borrowers to purchase, construct, or refinance real property and investing in marketable securities. Mutual also owns an inactive service corporation. Funds are provided by savings deposits, principal payments on existing loans, borrowings from banks and operations. The chief sources of income to Mutual are income from marketable securities, the excess of interest received on loans and investments over the interest paid on savings deposits, and loan fees and service charges received.

Wesco acts as trustee under deeds of trust, invests in marketable securities, owns and operates the Pasadena business block in which the head office of its subsidiary Mutual is located and a minor amount of other property. Wesco also has a wholly owned subsidiary which acts as an insurance agent, principally for fire and extended coverage property insurance and mortgage life insurance.

(b) (1) Mutual's savings deposits and loans increased compared to prior years.

(2) through (6) not applicable.

(7) Compliance with environmental regulations has had no material effect as to Wesco and its subsidiaries.

(8) Wesco and its subsidiaries employed approximately 160 persons at December 31, 1977.

(9) Not applicable.

(c) Wesco and its subsidiaries are engaged in only one line of business within the definition of this item.

(d) and (e) not applicable.

Item 2. SUMMARY OF OPERATIONS

The following consolidated summary of operations for the five years ended December 31, 1977 should be read in conjunction with the related financial statements and notes thereto included under item 13.

	1977	1976	1975	1974	1973
Revenues:					
Interest on loans	$ 28,482,000	27,521,000	28,438,000	28,463,000	27,450,000
Loan fees and service charges	1,963,000	1,663,000	1,362,000	1,542,000	1,786,000
Interest and dividends on investments	11,646,000	8,729,000	5,643,000	4,709,000	3,875,000
Other income, net	2,332,000	1,478,000	1,167,000	466,000	1,178,000
	44,423,000	39,391,000	36,610,000	35,180,000	34,289,000
Expenses:					
General and administrative expenses	5,161,000	4,944,000	4,710,000	4,208,000	3,702,000
Interest on savings deposits	28,070,000	24,428,000	21,844,000	20,419,000	20,001,000
Interest on notes payable	2,312,000	1,962,000	2,628,000	3,364,000	1,313,000
	35,543,000	31,334,000	29,182,000	27,991,000	25,016,000
Earnings before taxes on income	8,880,000	8,057,000	7,428,000	7,189,000	9,273,000
Taxes on income	2,431,000	2,541,000	3,077,000	3,262,000	4,665,000
Net earnings	$ 6,449,000	5,516,000	4,351,000	3,927,000	4,608,000
Earnings per capital share*	$ .91	.77	.61	.55	.65
Cash dividends per capital share*	$ .297	.233	.20	.167	.151
FINANCIAL DATA AT YEAR END					
Total assets	$581,094,000	523,348,000	470,127,000	465,646,000	451,980,000
Real estate loans	$387,015,000	344,567,000	371,041,000	386,398,000	387,165,000
Savings deposits	$459,908,000	404,996,000	360,070,000	333,117,000	345,530,000
Shareholders' equity	$ 81,409,000	77,072,000	73,218,000	70,291,000	67,551,000
Book value per share*	$ 11.43	10.82	10.28	9.87	9.49

*Based on 7,119,807 shares outstanding at December 31, 1977.

Management's Discussion and Analysis of Summary of Operations

Interest on Loans

This source of income is dependent upon the amount of loans and the yield thereon. The yields at December 31, 1977, 1976 and 1975 were 8.02%, 7.70% and 7.55% respectively. Total real estate loans outstanding at the end of such years were $390,569,000, $347,244,000 and $374,011,000.

Loan Fees and Service Charges

This income was derived from the following sources:

	1977	1976	1975
Loan fees	$ 849,000	701,000	721,000
Commitment fees	226,000	—	—
Escrow and clerical fees	133,000	130,000	47,000
Prepayment charges	521,000	568,000	314,000
Late charges	76,000	70,000	82,000
Other charges	158,000	194,000	198,000
	$ 1,963,000	1,663,000	1,362,000

Interest on Marketable Securities

Investments have consisted principally of certificates of deposit of major banks, short-term bank obligations, banker's acceptances, United States Government bonds, notes, bills and agency securities and state municipal bonds. Maturity of these marketable securities, other than municipal bonds, has been less than one year. The variation in income shown on the accompanying Summary is accounted for by the varying amounts invested and the varying yields obtained in the particular year. The amount invested in marketable securities from time to time is dependent on the cash flow available for investment and the amount committed for investment in real estate loans.

Municipal bonds in Mutual Savings showed an unrealized appreciation of $1,084,000 at December 31, 1977 compared to $1,042,000 the previous year. The current return on the tax exempt bond portfolio is 7.84%.

The amount invested in all marketable securities at December 31 for the years indicated is as follows:

	1977	1976	1975
Municipal bonds	$ 6,685,000	6,696,000	4,554,000
Other marketable securities	95,663,000	106,912,000	44,220,000

Dividends on Common and Preferred Stock

The increase in dividends on common and preferred stock is due to the increase in common stocks as shown on this three year schedule:

	1977	1976	1975
Common stocks	$ 34,257,000	14,809,000	1,853,000
Preferred stocks	23,879,000	25,215,000	23,206,000
	$ 58,136,000	40,024,000	25,059,000

The annual dividend income from such investments was:

	1977	1976	1975
Common stocks	$ 1,812,000	671,000	194,000
Preferred stocks	2,559,000	2,437,000	1,759,000
	$ 4,371,000	3,108,000	1,953,000

Federal National Mortgage Association (FNMA) holdings increased from $14,809,000, 1,044,900 shares to $26,011,000, 1,730,000 shares in 1977. The quarterly dividend in 1977 was $.25 per share compared to $.22 per share. Wesco, at the holding company level, invested $8,246,000 in 152,500 shares of Cleveland-Cliffs Iron Company.

Mutual Savings investments in preferred stocks are limited by regulation to 5% of assets. Although the preferred stocks were below this level at December 31, 1977 due to the call of a large issue in December, the portfolio has been increased by purchases of additional issues to a book value of $28,371,000 at February 22, 1978. 85% of the dividend income from stocks is deductible in computing Federal income taxes.

Interest and Dividends on Investments Required by Law

This source of income consists of dividends received on stock of the Federal Home Loan Bank of San Francisco and interest received on our secondary reserve held by the Federal Savings and Loan Insurance Corporation. A dividend of $133,000 was declared in 1977, $171,000 in 1976 and $198,000 in 1975 all in the fourth quarter. The variation in the secondary reserve has been nominal.

Net Gains (Losses) on Sales of Marketable Securities

The net gain of $608,000 in 1977 is accounted for by aggregate net gains on sales of securities of $208,000 and a gain of $400,000 on one issue of preferred stock called in the fourth quarter. The $26,000 net gain in 1976 and the $62,000 net gain in 1975 were the result of net gains on sales with proceeds used to purchase other issues considered more desirable.

Other Income

The principal portion of other income is rentals derived from the Pasadena business block, owned by Wesco, in which the head office of Mutual Savings is located. This income, reported on a net basis after applicable expenses, was $316,000 for the year 1977, $255,000 for the year 1976 and $288,000 for the year 1975. All rentable space has been leased and fully occupied since May 1977. Leases contain a provision for increase of rents as costs of operation and maintenance increase. Some improvements in net rental income will occur in 1978 and future years.

Operations and Net Gains from Sales of Real Property

Mutual Savings, over a period of years, has acquired real property by foreclosure. Operations and net gains from sales of real property were as follows:

	1977	1976	1975
Gain on sales taken directly into income	$ 662,000	81,000	106,000
Amortization of unrealized profit	426,000	962,000	814,000
Rental income	148,000	136,000	151,000
Maintenance and sales expense	(82,000)	(97,000)	(162,000)
	$ 1,154,000	1,082,000	909,000
Unrealized profit on sales of real property at year end	$ 890,000	276,000	1,025,000

Income from sales in the next few years will be limited to that from sales of vacant land in Friendly Valley, Santa Barbara and one property in Pacoima. Rental income will decrease as the commercial property producing most of this income was sold in 1977. The unrealized profit from this sale is $890,000. The note on this property is fully due and payable in 1979. When it is paid the profit can be taken into income, which may occur before 1979 if the note is repaid before maturity. Maintenance and sales expense will decrease as Mutual disposes of the vacant land.

General and Administrative Expenses

Although general and administrative expenses increased $217,000 in 1977, $234,000 in 1976 and $502,000 in 1975, the percentage to gross income decreased from 12.9% in 1975, 12.6% in 1976 to 11.6% in 1977. The increased expense was principally caused by inflation and continued cost of computerizing our accounting system.

Interest on Savings Deposits

Total savings and interest paid for the last three years were:

	1977	1976	1975
Total savings	$459,908,000	404,996,000	360,070,000
Interest on savings	28,070,000	24,428,000	21,844,000

The increase in the interest on savings is due not only to an increase in total savings, but an increase to the higher rates of certificates of deposit. Savings deposits are summarized by interest in Note 7 of Notes to Consolidated Financial Statements.

Interest on Notes Payable

In 1977 and 1976, a 7½% rate was paid on advances made by the Federal Home Loan Bank and a 9¼% rate was paid on a note of $5,500,000 secured by the main office building and business block. Variation in rate in 1975 fluctuated from 7¼% to 10½%. Total of notes payable at year end and interest paid for each year was:

	1977	1976	1975
Notes payable	$ 27,830,000	31,356,000	26,210,000
Interest paid	2,312,000	1,962,000	2,628,000

Taxes on Income

Taxes on income were 27.4% of earnings before taxes on income in 1977, 31.5% in 1976 and 41.4% in 1975. Total tax expense varies with the increase or decrease in pre-tax accounting income adjusted for permanent differences (generally non-taxable revenue or non-deductible expense items). The main reason for the decreasing effective tax rates is the 85% dividend received deduction on common and preferred stock. This deduction has increased as the investment in common and preferred stocks has increased. In addition, income earned on municipal obligations is tax exempt. See Note 9 of Notes to Consolidated Financial Statements for additional information.

Equity in Earnings of Affiliate

During 1977, Wesco acquired an interest in Detroit International Bridge Company. This investment is accounted for on the equity basis. See Note 6 of Notes to Consolidated Financial Statements for additional information.

Stock Market Data

The following table indicates the quarterly high and low prices for Wesco's capital stock on the New York Stock Exchange for the years 1975 and 1976. The New York Stock Exchange suspended trading Wesco stock on March 4, 1977 and Wesco stock began trading on the American Stock Exchange March 7, 1977. Therefore, the quarterly high and low prices for part of March and the remaining three quarters of 1977 reflect trading on the American Stock Exchange. Wesco issued a 3-for-1 stock split on April 4, 1977 which is reflected during the quarter ended June 30, 1977.

	1977		1976		1975	
Quarter Ended	High	Low	High	Low	High	Low
March 31	20⅛	19¾	15⅝	10	11¾	8⅝
June 30*	19¾	19⅜	15¼	13¼	12	10⅞
June 30**	7⅜	5⅞				
September 30	8	6¼	15½	13⅜	11⅞	9
December 31	8⅛	6¾	20	15½	10⅛	8⅞

*Before 3-for-1 split in 1977
**After 3-for-1 split in 1977

Item 3. PROPERTIES

The occupancy of the sixteen offices of Mutual, all serving Southern California, is as follows:

Head Office located at 315 East Colorado Boulevard, Pasadena, California 91109, leased by Mutual from Wesco, which is its parent company, under lease which expires June 14, 1984.

Glendale Office located at 336 North Brand Boulevard, Glendale, California 91203, owned in fee simple by Mutual.

Covina Office located at 200 North Citrus Avenue, Covina, California 91723, owned in fee simple by Mutual.

West Arcadia Office located at 660 West Duarte Road, Arcadia, California 91006, leased by Mutual with one ten-year and two five-year options which will permit occupancy to June 10, 2001.

Corona Del Mar Office located at 2867 East Coast Highway, Corona del Mar, California 92625, leased by Mutual for a five-year period which expires July 14, 1979. Mutual has taken an option on a vacant corner near this location and presently intends to build a new building. The lease will be for an initial term of thirty years and grants Mutual six additional five-year options which will permit occupancy to May 1, 2038.

Canoga Park-Chatsworth Office located at 8393 Topanga Canyon Boulevard, Canoga Park, California 91304, leased by Mutual under a lease which expires May 31, 1980. Four consecutive five-year options to May 31, 2000 have been granted to Mutual.

Thousand Oaks Office located at 1330 Moorpark Road, Thousand Oaks, California 91360, leased by Mutual under a twenty-year lease to March 31, 1993, with a five-year renewal option to March 31, 1998.

Capistrano-San Clemente Office located at 570 Camino de Estrella, San Clemente, California 92672, leased by Mutual under a twenty-year lease with options for three additional five-year terms which will run through December 4, 2010.

Vista Office located at 1010 East Vista Way, Suite A, Vista, California 92083, leased by Mutual under a lease which runs through May 1, 1982 with options to extend to May 1, 2002.

Santa Ana Office located at 631 North Main Street, Santa Ana, California 92701, leased by Mutual under a lease to November 1, 1978, with three three-year options to November, 1987.

Channel Islands Office located at 739 W. Channel Island Boulevard, Port Hueneme, California 93041, leased by Mutual under a lease to August 13, 1990.

Fountain Valley Office located at 17900 Magnolia Street, Fountain Valley, California 92708, leased by Mutual under a lease to 1991 with options to 2006.

Lake San Marcos Office located at 1143-322 San Marino Drive, Lake San Marcos, California 92069, leased by Mutual for a five-year period which expires November 30, 1979, with four additional five-year options to November 30, 1999.

Upland Office located at 160 West Foothill Boulevard, Upland, California 91786, owned in fee simple by Mutual.

Cerritos Office located at 13343 Artesia Boulevard, Cerritos, California 90701, leased by Mutual under a lease to May 31, 1978 with an additional option to May 31, 1985.

Fallbrook Office is presently located at 119 East Ivy, Fallbrook, California 92028. The present lease runs to April 30, 1978 with additional options to October 31, 1981. Mutual has acquired property at 116 through 124½ South Main Street in Fallbrook, where it will build a permanent office.

In the opinion of management, all these properties are adequate and suitable for the needs of Mutual.

Item. 4. PARENTS AND SUBSIDIARIES

Blue Chip Stamps, a California corporation, owns 80.1% of the outstanding stock of Wesco. At December 31, 1977, Wesco owned 100% of the voting securities of the following subsidiaries, both of which are incorporated in California and are included in its consolidated financial statements herein.

Mutual Savings and Loan Association
WSC Insurance Agency

Mutual owns 100% of the voting securities of Wes-Fin Service Corp., a California corporation, which is included in the consolidated financial statements.

Wesco owns 21.5% of Detroit International Bridge Company, which is incorporated in Michigan. Wesco accounts for this investment on the equity basis. Detroit International Bridge Company files separate consolidated financial statements with its wholly owned subsidiary, The Canadian Transit Company.

Item 5. PENDING LEGAL PROCEEDINGS

During recent years, a number of class actions against numerous savings and loan associations and other lenders in California have been pending regarding interest on impound accounts, late charges, prepayment fees and due-on-sale clauses (a clause which permits the entire balance of the loan to become due upon the sale of the mortgaged property). Mutual Savings was at one time a named defendant in several of these actions. However, at the present time, there are only two such class actions in which Mutual Savings is a named defendant, both of which have been in a dormant status for over four years. In one of these, the case of Gabriel W. Solomon et al. vs. United Savings and Loan Association et al., Kern County Superior Court Case No. 123271, filed on May 18, 1973 against 175 savings and loan associations in California seeking refunds of late charges as invalid under Civil Code Sections 1670 and 1671, Mutual has not been served. The action was removed to the U. S. District Court for the Eastern District of California (U. S. District Court No. F887-Civil) on November 1, 1973.

The other such action is the Los Angeles Superior Court Case No. 66361, Martin S. Stolzoff dba Westminster Investment Company et al. vs. Mutual Savings and Loan Association filed on September 5, 1973 which makes a similar charge with regard to late charges collected on delinquent loans by Mutual Savings. It seeks refund of the late charges with estimates exceeding $1,000,000.

In Wesco's opinion, these aforementioned actions will not have a material effect on its financial statements.

Wesco Financial Corporation and Blue Chip Stamps have been named as defendants in two lawsuits brought by Jerry D. Luptak. Both of these cases, which relate to a tender offer made by Wesco for shares of Detroit International Bridge Company, are described below.

(1) Jerry D. Luptak v. Wesco Financial Corporation, Blue Chip Stamps, and Detroit International Bridge Company, United States District Court for the Eastern District of Michigan, No. 772460; (2) Jerry D. Luptak v. Central Cartage Co., Centra, Inc., Wesco Financial Corporation, Blue Chip Stamps, Joseph W. Bower, Robert A. Bower, Philip L. Carret, Charles J. Clark, Q.C., Arthur H. Lamborn, Roy G. Lancaster, Harold A. Ruemenapp, H. Peter Schaub, Jr. and Detroit International Bridge Company (DIBC), United States District Court for the Eastern District of Michigan, No. 870068.

In the first case, plaintiff sought injunctive relief prohibiting Wesco from proceeding with its tender offer for DIBC, requiring it to divest the shares obtained through the tender offer, and prohibiting it from voting shares of DIBC held by it. The Complaint alleged violations of federal securities laws in connection with the disclosures and alleged failures to disclose made in the offer to purchase and information statement that was circulated to DIBC shareholders, particularly, but not exclusively, in connection with the description of the operation and effect of the Canadian Foreign Investment Review Act. The United States District Court for the Eastern District of Michigan, on November 2, 1977, issued an "Order Denying Motion for Preliminary Injunction and Order Dismission Complaint". The plaintiff moved for a new trial and, on December 28, 1977, the court issued an "Order Denying Motion for New Trial and Reconsideration". Plaintiff has now filed a notice of appeal from these orders with the United States Court of Appeals for the Sixth District.

In the second case, filed on January 10, 1978, plaintiff purports to sue individually, and on behalf of all other shareholders of DIBC, and derivatively on behalf of DIBC. The Complaint alleges violations of federal securities laws in connection with the disclosures and alleged failures to disclose in the offer to purchase and information statement circulated to DIBC shareholders in connection with Wesco's tender offer. The Complaint seeks to enjoin defendants from acquiring any further shares of DIBC and from voting any shares acquired by them since September 30, 1977. It also seeks to require the return or divestment of all shares acquired since September 30, 1977, and a judgment in favor of plaintiff for "such damages as are attributable to the illegal actions of defendants". Wesco Financial Corporation and Blue Chip Stamps expect to contest this action vigorously.

Item 6. INCREASES AND DECREASES IN OUTSTANDING SECURITIES AND INDEBTEDNESS

Capital stock $1 par value	
Total shares outstanding at December 31, 1976	2,373,269
Total shares issued in connection with 3-for-1 stock split in the form of a 200% stock dividend on April 4, 1977	4,746,538
Total shares outstanding at December 31, 1977	7,119,807

Authorized shares were increased from 2,500,000 to 7,500,000. The 4,746,538 shares issued in connection with the stock split were not registered under the Securities Act of 1933 because, in the opinion of Wesco's counsel, the issuance of said shares did not constitute a sale within the meaning of Section 2(3) of the Act.

Item 7. CHANGES IN SECURITIES AND CHANGES IN SECURITY FOR REGISTERED SECURITIES

Not applicable.

Item 8. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 9. APPROXIMATE NUMBER OF EQUITY SECURITY HOLDERS

Title of Class	Number of Record Holders
Capital stock $1 par value	1,579

Item 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Notice of Annual Meeting of Stockholders, held April 19, 1977, and proxy soliciting the vote of stockholders for the election of directors were mailed to all stockholders on March 18, 1977. The following directors were elected to hold office until the next annual meeting of stockholders and until their respective successors shall have been duly elected and qualified:

Louis R. Vincenti
William T. Caspers
David K. Robinson
James N. Gamble
Elizabeth Caspers Peters
Warren E. Buffett (Resigned October 18, 1977)
Charles T. Munger

A Consent Statement and Consent Form soliciting the written consent of stockholders to the amendment of Wesco's Certificate of Incorporation to increase the authorized number of shares which Wesco shall have the authorization to issue from 2,500,000 shares to 7,500,000 shares, was mailed to all stockholders on February 2, 1977. 2,248,500 affirmative consents were received, 124,769 consents were not executed, and no negative votes were cast.

Item 11. EXECUTIVE OFFICERS OF THE REGISTRANT

Louis R. Vincenti, Chairman of the Board and President, and Bette Deckard, Secretary and Treasurer, are the sole executive officers of Wesco. The other principal officers of Wesco are also listed below. There is no family relationship between any of them. All officers are elected to serve for one year and until their successors shall have been elected and qualified.

Name and Position	Age
LOUIS R. VINCENTI	72

Chairman of the Board and President
Mr. Vincenti has served as Chairman of the Board for Wesco and Mutual Savings since 1973. He has served as President of Wesco and Mutual Savings since 1961.

BETTE DECKARD — 58

Secretary-Treasurer
Mrs. Deckard has served as Secretary-Treasurer of Wesco and Mutual Savings since 1975. From 1974 to 1975, she served as Vice President and Treasurer for Mutual Savings. From 1971 to 1974, Mrs. Deckard held the position of Vice President and Assistant Treasurer of Mutual Savings.

JOHN R. ARMETTA — 57

Vice President, Property Development
Mr. Armetta has served as Vice President in charge of Property Development for Wesco since 1973 and has served as a Senior Vice President for Mutual Savings since 1969.

HAROLD R. DETTMANN — 55

Vice President, Operations
Mr. Dettmann has served as Vice President in charge of Operations for Wesco since 1976 and as Senior Vice President for Mutual Savings since 1974. From 1971 to 1974, he served as Vice President and Operations Officer for Mutual Savings.

PHILIP E. LYNN — 65

Vice President, Loan Processing
Mr. Lynn has served as Vice President in charge of Loan Processing for Wesco since 1969 and as Senior Vice President for Mutual Savings since 1967.

ROBERT E. SAHM — 50

Vice President, Building Management
Mr. Sahm has served as Vice President in charge of Building Management since 1971 and as Building Manager since 1967.

Item 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section NINTH (6) and (7) of Wesco's Articles of Incorporation provides, under certain conditions and subject to certain limitation, that Wesco, its subsidiaries Mutual Savings and Loan Association, WSC Insurance Agency, Wes-Fin Service Corp., and agents of said subsidiaries, shall be eligible for indemnification by Wesco under the provisions of Section 145 of Chapter 1 of Title 8 of the Delaware Code, as amended.

Since February 1975, the directors and officers liability insurance coverage has been on a joint policy with Blue Chip Stamps and See's Candy Shops, Incorporated.

Item 13. FINANCIAL STATEMENTS, EXHIBITS FILED AND REPORTS ON FORM 8-K

(a) Index to financial statements, schedules, and exhibit filed with this report:

All other schedules have been omitted as the required information is inapplicable or is presented in the consolidated financial statements or related notes.

Parent company financial information, including Balance Sheets, Statements of Earnings and Statements of Changes in Financial Position are contained in Note 2 of Notes to Consolidated Financial Statements.

Exhibits

Exhibit I — Resolution of Board of Directors Amending By-Laws

(b) Form 8-K — September, 1977 reporting tender offer for the outstanding stock of Detroit International Bridge Company filed October 4, 1977

Form 8-K — October, 1977 reporting Revised Offer to Purchase to the stockholders of Detroit International Bridge Company filed October 31, 1977.

ACCOUNTANTS' REPORT

The Board of Directors
Wesco Financial Corporation:

We have examined the balance sheets of Wesco Financial Corporation and Wesco Financial Corporation and subsidiaries as of December 31, 1977 and 1976 and the related statements of earnings, stockholders' equity and changes in financial position for the years then ended. We have also examined the schedules listed in the accompanying index. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of Wesco Financial Corporation and Wesco Financial Corporation and subsidiaries at December 31, 1977 and 1976 and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis; and the supporting schedules, in our opinion, present fairly the information set forth therein.

Peat, Marwick, Mitchell & Co.

Los Angeles, California
January 27, 1978

Consolidated Balance Sheets

December 31, 1977 and 1976

ASSETS	1977	1976
Cash	[illegible]	1,521,000
Short-term bank obligations	[illegible]	16,700,000
Certificates of deposit and banker's acceptances, at amortized identified cost, which approximates market	[illegible]	80,262,000
United States Government and agency obligations and other securities, at amortized identified cost (quoted market, \$7,983,000 in 1977 and \$9,908,000 in 1976)	[illegible]	9,950,000
Municipal obligations, at amortized identified cost (quoted market, \$7,769,000 in 1977 and \$7,738,000 in 1976)	[illegible]	6,696,000
Investment in common stocks (quoted market, \$34,426,000 in 1977 and \$17,763,000 in 1976) (note 3)	[illegible]	14,609,000
Investment in preferred stocks (quoted market, \$25,904,000 in 1977 and \$28,488,000 in 1976) (note 3)	[illegible]	25,215,000
Loans receivable, less unearned loan fees, unrealized profit and loans in process (notes 4 and 8)	[illegible]	347,194,000
Accrued interest and dividends receivable	[illegible]	3,074,000
Properties purchased and held for investment, at cost	—	89,000
Properties acquired through foreclosure by Mutual Savings and held for sale, at cost, less allowance for losses of \$192,000 in 1977 and 1976	[illegible]	3,321,000
Investments required by law:		
Investment in stock of Federal Home Loan Bank, at cost (note 8)	[illegible]	3,593,000
Prepayments to FSLIC secondary reserve	[illegible]	4,608,000
Investment in affiliated company (note 6)	[illegible]	—
Office properties and equipment, net (notes 5 and 8)	[illegible]	5,059,000
Prepaid expenses and sundry assets, at cost	[illegible]	1,257,000
	[illegible]	523,348,000

LIABILITIES AND STOCKHOLDERS' EQUITY	1977	1976
Savings deposits (note 7)	[illegible]	404,996,000
Notes payable (note 8)	[illegible]	31,356,000
Advances by borrowers for taxes and insurance	[illegible]	479,000
Accounts payable and sundry accrued expenses	[illegible]	1,099,000
Cash disbursements to be funded at bank	[illegible]	668,000
Taxes on income (note 9):		
Current	[illegible]	229,000
Deferred	[illegible]	7,449,000
Total liabilities	[illegible]	446,276,000
Stockholders' equity (notes 9, 10, 13 and 14):		
Capital stock of \$1 par value per share. Authorized 7,500,000 shares; issued 7,119,807 shares	[illegible]	2,373,000
Capital surplus arising from stock dividends	[illegible]	28,066,000
Retained earnings	[illegible]	46,633,000
Total stockholders' equity	[illegible]	77,072,000
Commitments and contingent liabilities (notes 11 and 15)		
	[illegible]	523,348,000

See accompanying notes to consolidated financial statements.

Consolidated Statements of Earnings

Years ended December 31, 1977 and 1976

	1977	1976
Revenues:		
Interest on loans	[illegible]	27,521,000
Loan fees and service charges	[illegible]	1,663,000
Interest on marketable securities	[illegible]	5,135,000
Dividends on common and preferred stocks	[illegible]	3,108,000
Interest and dividends on investments required by law	[illegible]	486,000
Net gains (losses) on sales of marketable securities	[illegible]	26,000
Equity in earnings of affiliate (note 6)	[illegible]	—
Operations and net gains from sales of real property (note 12)	[illegible]	1,062,000
Other income, net	[illegible]	370,000
	[illegible]	39,391,000
Expenses:		
General and administrative expenses	[illegible]	4,944,000
Interest on savings deposits	[illegible]	24,428,000
Interest on notes payable	[illegible]	1,962,000
	[illegible]	31,334,000
Earnings before taxes on income	[illegible]	8,057,000
Taxes on income (note 9):		
Current	[illegible]	2,283,000
Deferred	[illegible]	258,000
	[illegible]	2,541,000
Net earnings	[illegible]	5,516,000
Earnings per capital share based on 7,119,807 shares (note 10)	[illegible]	.77
Cash dividends per share based on 7,119,807 share (note 10)	[illegible]	.233

Consolidated Statements of Stockholders' Equity

Years ended December 31, 1977 and 1976

	1977	1976
Capital stock (note 10)	[illegible]	2,373,000
Capital surplus arising from stock dividends (note 10)	[illegible]	28,066,000
Retained earnings:		
Appropriated (notes 9 and 13):		
Beginning of year	[illegible]	44,130,000
Allocation of net earnings	[illegible]	638,000
End of year	[illegible]	44,768,000
Unappropriated (note 14):		
Beginning of year	[illegible]	27,888,000
Cash dividends declared and paid	[illegible]	(1,662,000)
Allocation of net earnings	[illegible]	4,878,000
End of year	[illegible]	31,104,000
Less stock dividends at market value	[illegible]	(29,239,000)
Total retained earnings	[illegible]	46,633,000
Total stockholders' equity	[illegible]	77,072,000

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Financial Position

Years ended December 31, 1977 and 1976

	1977	1976
Funds provided:		
Net earnings	[illegible]	5,518,000
Charges (credits) to earnings not requiring (providing) funds:		
Depreciation and amortization	[illegible]	344,000
Interest on savings deposits credited to savings accounts	[illegible]	18,537,000
FSLIC primary premium transferred from secondary reserve	[illegible]	96,000
Deferred income taxes (note 9)	[illegible]	258,000
Equity in net earnings of affiliate	[illegible]	—
Amortization of fees and discounts	[illegible]	(245,000)
Recognition of unrealized profit on real property	[illegible]	(962,000)
Interest income on FSLIC secondary reserve	[illegible]	(313,000)
Funds provided from operations	[illegible]	23,231,000
Principal payments on real estate loans	[illegible]	69,216,000
Additions to deferred loan fees	[illegible]	81,000
Sales of real property, net of gains	[illegible]	556,000
Increase in notes payable	[illegible]	5,146,000
Increase in loans in process	[illegible]	620,000
Additions to unrealized profit on real property	[illegible]	159,000
Increase in savings deposits	[illegible]	26,389,000
Decrease in stock of Federal Home Loan Bank	[illegible]	374,000
Increase in advances by borrowers for taxes and insurance	[illegible]	—
Decrease in cash	[illegible]	2,085,000
Other, net	[illegible]	—
Total funds provided	[illegible]	127,857,000
Funds used:		
Cash dividends declared and paid (note 15)	[illegible]	1,862,000
Decrease in notes payable	[illegible]	—
Investment in real estate loans	[illegible]	42,386,000
Increase in loans on savings accounts	[illegible]	609,000
Investment in buildings and other assets	[illegible]	330,000
Additions to real property	[illegible]	406,000
Investment in affiliated company, net (note 6)	[illegible]	—
Decrease in advances by borrowers for taxes and insurance	[illegible]	300,000
Increase in marketable securities	[illegible]	79,799,000
Increase in cash	[illegible]	—
Other, net	[illegible]	2,365,000
Total funds used	[illegible]	127,857,000

See accompanying notes to consolidated financial statements.

ting Policies

he significant account-
any follows:

cial statements include
Financial Corporation
holly owned subsidi-
ency, and Mutual Sav-
and its wholly owned
s). The 1976 consol-
include the accounts
olly owned subsidiary
Association and its
(Note 6). All material
have been eliminated.

in the common stock
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er's acceptances, U.S.
obligations are carried
d for amortization of
of discount over the
are not carried at the
because it is manage-
them to maturity.

ks are carried at iden-
discussion of market-

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mortized into income
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Real Property Valuation Allowances

Valuation allowances for estimated losses on real property are charged to earnings when any significant and permanent decline reduces the market value to less than the carrying value. When the Company intends to hold real estate held for sale for a period in excess of 18 months, future direct holding costs for maintenance, property taxes, insurance, direct selling expenses, costs of completion or improvement and a discount factor to give effect to the cost of money are considered in determining the amount of required valuation allowances.

Office Properties and Equipment

Office properties and equipment are depreciated by use of the straight-line method over the estimated useful lives of the various classes of assets from the respective dates of acquisition. The useful lives used for the principal classes of assets are:

Buildings and improvements	10 to 45 years
Furniture, fixtures and equipment	4 to 10 years
Leasehold improvements	3 to 25 years

Maintenance and repairs are charged to appropriate expense accounts in the year incurred; renewals and material betterments are charged to property accounts.

Cost and accumulated depreciation and amortization applicable to assets retired or otherwise disposed of are eliminated from the related accounts and the profit or loss on disposition is credited or charged to earnings.

Profit on the Sale of Real Property

Profit on the sale of real property is recognized when the buyer has made an irrevocable commitment to the sale and has met certain down payment and amortization requirements. In general, the down payment requirements range from 5% to 25% for improved property and from 15% to 30% for unimproved property based on the use of the property and cash flow projections. Amortization requirements include the payment on an annual level payment basis (principal and interest) over a period not to exceed from 15 to 30 years, depending on the type and use of the property, with payments commencing not later than one year from date of sale.

(2) Parent Company Financial Information (Wesco Financial Corporation)

ASSETS

	1977	1976
Cash	$ 11,580,000	4,130,000
Certificates of deposit and banker's acceptances, at amortized identified cost, which approximates market	—	16,940,000
Investment in common stocks (quoted market, $8,692,000 in 1977)	8,246,000	—
Investment in preferred stocks (quoted market, $276,000 in 1977 and $279,000 in 1976)	267,000	267,000
Real estate loans receivable	604,000	202,000
Accrued interest and dividends receivable	4,000	241,000
Properties purchased and held for investment, at cost	—	89,000
Investments in subsidiaries and affiliated company at equity	63,182,000	57,064,000
Office properties and equipment, net	3,920,000	3,990,000
Prepaid expenses and sundry assets, at cost	235,000	497,000
	$ 88,038,000	83,420,000

LIABILITIES AND STOCKHOLDERS' EQUITY

	1977	1976
Note payable	$ 5,467,000	5,500,000
Accounts payable and sundry accrued expenses	780,000	790,000
Taxes on income:		
Current	361,000	223,000
Deferred	21,000	(165,000)
Total liabilities	6,629,000	6,348,000
Stockholders' equity:		
Capital stock of $1 par value per share. Authorized 7,500,000 shares; issued 7,119,807 shares	7,120,000	2,373,000
Capital surplus arising from stock dividends	23,319,000	28,066,000
Retained earnings:		
Appropriated	45,022,000	44,768,000
Unappropriated	35,187,000	31,104,000
Less stock dividends at market value	(29,239,000)	(29,239,000)
	50,970,000	46,633,000
Total stockholders' equity	81,409,000	77,072,000
Commitments and contingent liabilities		
	$ 88,038,000	83,420,000

STATEMENTS OF EARNINGS

Year ended December 31

	1977	1976
Revenues:		
Dividends from consolidated subsidiaries	$ 5,209,000	4,800,000
Dividends from affiliate	74,000	—
Interest on loans	47,000	23,000
Loan fees and service charges	57,000	85,000
Interest on marketable securities, including interest on deposits in Mutual Savings of $304,000 in 1977 and $75,000 in 1976	1,085,000	1,022,000
Dividends on common and preferred stocks	134,000	24,000
Net gain (loss) on sales of marketable securities	19,000	(78,000)
Rental of office premises, net	316,000	255,000
Gain on sale of real estate owned	599,000	—
	7,540,000	6,131,000
Expenses:		
General and administrative expenses	382,000	321,000
Interest on notes payable, including interest on loan payable to Mutual Savings of $126,000 in 1976	513,000	126,000
	895,000	447,000
Earnings before items shown below	6,645,000	5,684,000
Taxes on income	651,000	501,000
Equity in undistributed earnings of subsidiaries and affiliate		
Subsidiaries	379,000	333,000
Affiliate	76,000	—
Net Earnings	$ 6,449,000	5,516,000

STATEMENTS OF CHANGES IN FINANCIAL POSITION

Year ended December 31

	1977	1976
Funds provided:		
Net earnings	$ 6,449,000	5,516,000
Charges (credits) to earnings not requiring (providing) funds:		
Depreciation and amortization	227,000	227,000
Deferred income taxes	186,000	(43,000)
Recognition of unrealized profit on real property	(54,000)	—
Undistributed earnings of subsidiaries and affiliate	(455,000)	(333,000)
Funds provided from operations	6,353,000	5,367,000
Principal payments on real estate loans	178,000	40,000
Sales of real property, net of gains	100,000	—
Issuance of notes payable	—	5,500,000
Decrease in marketable securities	8,693,000	—
Other, net	627,000	—
Total funds provided	$ 15,951,000	10,907,000
Funds used:		
Cash dividends declared and paid	$ 2,112,000	1,662,000
Investment in affiliated company	5,663,000	—
Investment in buildings and other assets	167,000	17,000
Decrease in notes payable	33,000	2,430,000
Investment in real estate loans	526,000	—
Increase in cash	7,450,000	3,432,000
Increase in investments in marketable securities	—	3,180,000
Other, net	—	186,000
Total funds used	$ 15,951,000	10,907,000

(3) Marketable Equity Securities

The investment in preferred stocks of $23,879,000 in 1977 and $25,215,000 in 1976 includes marketable equity securities amounting to $13,167,000 and $12,474,000, respectively, at cost. All common stocks, amounting to $34,257,000 in 1977 and $14,809,000 in 1976 at cost, are marketable equity securities. Gross unrealized gains and losses are as follows:

	1977	1976
Gross unrealized gains	$ 1,173,000	3,959,000
Gross unrealized losses	(277,000)	—
	$ 896,000	3,959,000

(4) Loans Receivable

Loans receivable are summarized as follows:

	1977	1976
Real estate loans on residential property of:		
One to four units (home loans)	$304,760,000	259,307,000
More than four units	72,869,000	76,184,000
Real estate loans on other properties	12,940,000	11,753,000
	390,569,000	347,244,000
Less:		
Unearned loan fees	(591,000)	(648,000)
Unrealized profit on sales of real property	(890,000)	(276,000)
Loans in process	(2,073,000)	(1,753,000)
	387,015,000	344,567,000
Loans on savings deposits	7,110,000	2,627,000
	$394,125,000	347,194,000
Number of loans	14,188	13,382

Included in real estate loans on residential property are insured FHA and partially guaranteed VA loans aggregating $2,612,000 for 1977 and $3,104,000 for 1976.

(5) Office Properties and Equipment, Net

Office properties and equipment, at cost, less accumulated depreciation and amortization consist of the following:

	1977 Company	1977 Consolidated
Land	$ 1,386,000	1,650,000
Office buildings and leasehold improvements	5,280,000	6,418,000
Furniture, fixtures and equipment	6,000	1,265,000
	6,672,000	9,333,000
Accumulated depreciation and amortization	(2,752,000)	(3,944,000)
	$ 3,920,000	5,389,000

	1976 Company	1976 Consolidated
Land	$ 1,386,000	1,569,000
Office buildings and leasehold improvements	5,123,000	6,134,000
Furniture, fixtures and equipment	6,000	986,000
	6,515,000	8,689,000
Accumulated depreciation and amortization	(2,525,000)	(3,630,000)
	$ 3,990,000	5,059,000

(6) Investment in Affiliated Companies

During 1977 the Company acquired 21.5% of the common stock of Detroit International Bridge Company. The excess of cost over equity in net assets of $3,104,000 is being amortized over the period expected to be benefited which is 40 years.

At June 30, 1977 the Company received all issued and outstanding capital stock of WSC Insurance Agency as a dividend from Mutual Savings and Loan Association.

(7) Savings Deposits

Savings account balances at December 31 are summarized as follows:

	Stated Rate	1977	%	1976	%
Passbook	5¼%	$158,347,000	35	149,093,000	37
Bonus	5½	2,293,000	—	3,011,000	1
	5¾	16,205,000	4	15,786,000	4
	6	982,000	—	993,000	—
		19,480,000	4	19,790,000	5
Certificates	5¾	3,881,000	1	1,829,000	1
	6	10,433,000	2	16,992,000	4
	6½	56,614,000	12	48,420,000	12
	6¾	13,395,000	3	12,432,000	3
	7	656,000	—	2,514,000	1
	7½	129,511,000	28	118,363,000	29
	7¾	67,107,000	15	33,805,000	8
$100,000 Minimum Certificates	6½ - 7¾	484,000	—	1,758,000	—
		282,081,000	61	236,113,000	58
		$459,908,000	100	404,996,000	100

(8) Notes Payable

The following is a summary of notes payable:

	1977	1976
Company:		
Note payable, secured by main office land, buildings, and assignment of leases, with interest at 9.25%	$ 5,467,000	5,500,000
Mutual:		
Federal Home Loan Bank advances, secured by certain real estate loans amounting to $50,905,000 in 1977 and $59,586,000 in 1976 and Federal Home Loan Bank stock, with interest at 7.50%	22,363,000	25,856,000
	$ 27,830,000	31,356,000

Notes payable mature as follows:

	Company	Consolidated
1978	$ 39,000	3,533,000
1979	43,000	3,537,000
1980	47,000	3,541,000
1981	51,000	3,545,000
1982	56,000	3,550,000
Thereafter	5,231,000	10,124,000
	$ 5,467,000	27,830,000

(9) Taxes on Income

If certain conditions are met, savings and loan associations, in determining taxable income, are allowed special bad debt deductions based on specified experience formulas or on a percentage of taxable income before such deduction. The bad debt deduction must be within certain limitations based on outstanding loans and the ratio of reserves and undivided profits to savings deposits. Mutual Savings has reached such limitations, which preclude deductions from income in arriving at Federal taxes on income.

The investment tax credit, which is insignificant, is recorded by the flow-through method of accounting whereby, in the year available for utilization, it is applied as a reduction of income tax expense.

Appropriated retained earnings at December 31, 1977 and 1976 include approximately $45,832,000 and $45,578,000, respectively (before elimination of $810,000 in consolidation), of tax reserves for which no provision for Federal income taxes has been made. If in the future these appropriations are used for any purpose other than to absorb bad debt losses, Federal income taxes will be imposed at the then applicable rates.

Federal income tax returns of the Company and Mutual Savings for 1972 through 1976 are currently under examination by the Internal Revenue Service. In the opinion of management, additional tax assessments, if any, will not have a material effect on the accompanying consolidated financial statements.

Income taxes for 1977 and 1976 include the following components:

	1977		1976	
	Current	Deferred	Current	Deferred
Federal	$1,548,000	(132,000)	1,482,000	129,000
State	982,000	33,000	801,000	129,000
Total	$2,530,000	(99,000)	2,283,000	258,000

Deferred taxes result from timing differences in the recognition of revenue and expense for tax and financial statement purposes. The sources of these differences in 1977 and 1976 and the tax effect of each were as follows:

	1977	1976
Gain on sale of property, recognized on installment basis for taxes .... $	127,000	23,000
Financial statement recognition of loan fees less than tax recognition	(277,000)	(611,000)
California franchise tax recognized for financial statement purposes on accrual basis, but on cash basis for tax purposes	(94,000)	(25,000)
FSLIC secondary reserve interest income recognized on the financial statements, but deferred for tax purposes	12,000	55,000
Investment income recognized for financial statement purposes on accrual basis, but on cash basis for tax purposes ...	209,000	857,000
Other timing differences	(76,000)	(41,000)
	$ (99,000)	258,000

(12) Real Estate Operations

Operations and net gains from sales of real property are summarized as follows:

	1977	1976
Recognized net gains from sales	$ 1,088,000	1,043,000
Income from rentals	148,000	136,000
	1,236,000	1,179,000
Less maintenance and sales expense	(82,000)	(97,000)
	$ 1,154,000	1,082,000

(13) Reserve Requirements

The Federal Savings and Loan Insurance Corporation, in connection with the insurance of savings deposits, requires savings and loan associations to maintain certain reserves which may be used only for the purpose of absorbing losses. In addition, associations must maintain certain reserves under California law. Such reserve requirements were met by Mutual Savings as of December 31, 1977 and 1976.

(14) Dividends

Quarterly cash dividends declared and paid during 1977 amounted to $2,112,000. Quarterly cash dividends declared and paid during 1976 amounted to $1,662,000.

(15) Contingent Liabilities

Mutual Savings is named as one of the defendants in several class actions relating to certain common practices in the mortgage lending field. The outcome of this litigation cannot be predicted; however, based on the facts presently available, the Association believes there are substantial defenses to these acitons and that losses, if any, would not be material.

In addition, Mutual Savings is involved in litigation arising in the normal course of business. In the opinion of management, this litigation in the aggregate will not have a material effect on the accompanying consolidated financial statements.

(16) Interim Period Consolidated Operating Highlights

Consolidated operating highlights for the respective interim three-month reporting periods for the years ended December 31, are as follows:

	Three-month reporting period ended			
	Mar. 31, 1977	Jun. 30, 1977	Sept. 30, 1977	Dec. 31, 1977
	(Unaudited)			
Revenues	$10,307,000	10,399,000	11,182,000	12,535,000
Expenses	8,966,000	9,033,000	9,623,000	10,352,000
Net earnings	$ 1,341,000	1,366,000	1,559,000	2,183,000
Earnings per share based on 7,119,807 shares	$ .19	.19	.22	.31
	Mar. 31, 1976	Jun. 30, 1976	Sept. 30, 1976	Dec. 31, 1976
	(Unaudited)			
Revenues	$ 9,370,000	9,767,000	10,17[illegible]	10,076,000
Expenses	8,241,000	8,334,000	8,679,000	8,621,000
Net earnings	$ 1,129,000	1,433,000	1,499,000	1,455,000
Earnings per share based on 7,119,807 shares	$ .16	.20	.21	.20

WESCO FINANCIAL CORPORATION

Schedule III

INVESTMENTS IN, EQUITY IN EARNINGS OF, AND DIVIDENDS RECEIVED FROM AFFILIATES AND OTHER PERSONS

Years ended December 31, 1977 and 1976

COLUMN A	COLUMN B		COLUMN C		COLUMN D		COLUMN E		COLUMN F
	BALANCE AT BEGINNING OF PERIOD		ADDITIONS		DEDUCTIONS		BALANCE AT END OF PERIOD		
NAME OF ISSUER AND DESCRIPTION OF INVESTMENT	Number of Shares or Units. Principal Amount of Bonds and Notes	Amount in Dollars	Equity Taken Up in Earnings (Losses) of Affiliates and Other Persons For the Period	Other	Distribution of Earnings by Persons In Which Earnings (Losses) Were Taken Up	Other	Number of Shares or Units. Principal Amount of Bonds and Notes	Amount in Dollars	Dividends Received During the Period From Investments Not Accounted For By the Equity Method
Mutual Savings and Loan Association:									
Guarantee stock of $100 par value:									
1976	600(1)	$ 56,731,000	5,133,000	—	4,800,000	—	600(1)	$ 57,064,000	
1977	600(1)	$ 57,064,000	5,578,000	—	4,800,000	409,000(3)	600(1)	$ 57,433,000	
WSC Insurance Agency Capital stock of $1 par value:									
1976	—	$ —	—	—	—	—	—	$ —	
1977	—	$ —	10,000	409,000(3)	—	—	10,000(1)	$ 419,000	
Detroit International Bridge Company $1 par value:									
1976	—	$ —	—	—	—	—	—	$ —	
1977	—	$ —	150,000	5,279,000	74,000	25,000(4)	272,908(2)	$ 5,330,000	

(1) 100% of the outstanding shares.
(2) 21.5% of the outstanding shares.
(3) Wesco received 100% of the outstanding common stock of WSC Insurance Agency as a dividend from Mutual Savings and Loan Association, a wholly owned subsidiary, on June 30, 1977.
(4) Amortization of excess purchase price.

WESCO FINANCIAL CORPORATION

Schedule I

MARKETABLE SECURITIES — OTHER SECURITY INVESTMENTS

December 31, 1977

COLUMN A	COLUMN B	COLUMN C and E	COLUMN D
NAME OF ISSUER AND TITLE OF EACH ISSUE	NUMBER OF SHARES OR PAR VALUE	COST OF EACH ISSUE AND AMOUNT ON THE BALANCE SHEET	VALUE BASED ON MARKET QUOTATIONS AT BALANCE SHEET DATE
United States Government	$ 5,000,000	$ 5,000,000	$ 4,983,000
General Motors Acceptance Corporation	3,000,000	3,000,000	3,000,000
	$ 8,000,000	$ 8,000,000	$ 7,983,000
Securities issued by States & Municipalities	$ 6,685,000	$ 6,685,000	$ 7,769,000
Common Stocks:			
FNMA	1,730,000	$ 26,011,000	$ 25,734,000
Cleveland-Cliffs Iron Company	152,500	8,246,000	8,692,000
	1,882,500	$ 34,257,000	$ 34,426,000
Preferred Stocks:			
Pacific Gas and Electric	188,600	$ 4,560,000	$ 4,800,000
Southern California Edison	41,700	3,945,000	4,229,000
Columbia Gas System Inc.	60,200	3,048,000	3,449,000
Consolidated Natural Gas	25,000	2,589,000	2,900,000
Issued by others	198,251	9,737,000	10,526,000
	513,751	$ 23,879,000	$ 25,904,000

WESCO FINANCIAL CORPORATION

Schedule XV

SUPPLEMENTARY INCOME STATEMENT INFORMATION

Years ended December 31, 1977 and 1976

The following amounts have been charged to expenses in the statements of earnings:

	Year ended December 31			
	1977		1976	
	Company	Consolidated	Company	Consolidated
Maintenance and repairs	$ 501,000	557,000	398,000	438,000
Depreciation and amortization of office properties and equipment	227,000	414,000	227,000	344,000
Taxes, other than taxes on income:				
Payroll taxes	10,000	126,000	11,000	125,000
Property taxes	177,000	295,000	205,000	292,000
Advertising	—	552,000	—	520,000

PART II

Wesco has filed with the Securities and Exchange Commission a definitive Proxy Statement pursuant to Regulation 14A involving the election of directors within 120 days after the close of its fiscal year ended December 31, 1977. Pursuant to the Rules of the Commission by virtue of such filing the information called for in Items 14-18 of this Form 10-K Annual Report has been omitted.

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.

WESCO FINANCIAL CORPORATION
(Registrant)

Louis R. Vincenti

By: Louis R. Vincenti, President

Date: March 30, 1978

BOARD OF DIRECTORS

LOUIS R. VINCENTI
Chairman of the Board and President

***WILLIAM T. CASPERS**
Personal Investments

***DAVID [illegible] ROBINSON**
Partner of Hahn & Hahn, Attorneys at Law

***JAMES N. GAMBLE**
Investment Counselling and Trust Administration

ELIZABETH CASPERS PETERS
Personal Investments

CHARLES T. MUNGER
Chairman of the Board, Blue Chip Stamps (trading stamps and control of subsidiaries, See's Candy Shops, Incorporated, Wesco Financial Corporation and Buffalo Evening News, Inc.)

*Audit Committee Member

BETTE DECKARD
Secretary and Treasurer

SUBSIDIARY, MUTUAL SAVINGS, EXECUTIVE OFFICERS

LOUIS R. VINCENTI
President

JOHN R. ARMETTA
Senior Vice President, Property Development

H. R. DETTMANN
Senior Vice President, Operations

H. J. HARRISON
Senior Vice President, Loans

P. E. LYNN
Senior Vice President, Loan Processing

WANDA G. MOTES
Senior Vice President, Savings

TRANSFER AGENTS AND REGISTRARS

SECURITY PACIFIC NATIONAL BANK
P.O. Box 3546 Terminal Annex, Los Angeles, California 90051

MANUFACTURERS HANOVER TRUST COMPANY
4 New York Plaza, New York, New York 10004

LEGAL COUNSEL

Hahn & Hahn

AUDITORS

Peat, Marwick, Mitchell & Co.

LISTED ON

American Stock Exchange
Pacific Stock Exchange

315 East Colorado Boulevard, Pasadena, California 91109 • (213) 684-1500

Exhibit I - Resolution of Board of Directors
Amending By-Laws

(b) Form 8-K - September 1977

Form 8-K - October 1977

EXHIBIT I.

Resolution adopted by Board of Directors of Wesco Financial Corporation on January 17, 1978:

RESOLVED, that SECTION 1 of ARTICLE III of the By-Laws of this Corporation shall be amended by striking the first sentence of said Section 1 entirely and substituting therefor:

"The number of Directors shall be six."

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

For the month of September 19 77 Commission File Number 1-4720

WESCO FINANCIAL CORPORATION
(Exact name of registrant as specified in charter)

Delaware
(State of incorporation or organization)

95-2109453.
(IRS tax number)

315 East Colorado Boulevard, Pasadena, California
(Address of principal executive offices)

91109
(Zip Code)

Item 1. Changes in Control of Registrant

None not previously reported

Item 2. Acquisition or Disposition of Assets

None

Item 3. Legal Proceedings

None not previously reported

Item 4. Changes in Securities

None

Item 5. Changes in Security for Registered Securities

None

Item 6. Defaults upon Senior Securities

None

Item 7. Increase in Amount of Securities Outstanding

None not previously reported

Item 8. Decrease in Amount of Securities Outstanding

None

Item 9. Options to Purchase Securities

None granted or extended

Item 10. Extraordinary Item Charges and Credits, Other Material Charges and Credits to Income of an Unusual Nature, Material Provisions for Loss, and Restatements of Capital Share Account

None

Item 11. Submission of Matters to a Vote of Security Holders

None

Item 12. Changes in Registrant's Certifying Accountant

None

Item 13. Other Materially Important Events

On September 29, 1977, the Board of Directors of Wesco Financial Corporation (Wesco), unanimously voted to approve the making of a tender offer for any and all of the outstanding stock of Detroit International Bridge Company at $20 per share. Wesco is already a substantial stockholder, owning approximately 7.3% of the Bridge Company's outstanding stock. In addition, insurance company subsidiaries of Berkshire Hathaway, Inc. own approximately 3.3% of the Bridge Company's outstanding stock. Berkshire Hathaway is an affiliate of Wesco through ownership of 36% of the outstanding stock of Blue Chip Stamps, the parent of Wesco. The making of the offer has been unanimously approved by directors of the Bridge Company. The offer will expire on October 25, 1977, at 1:00 p.m., Los Angeles time, unless extended. Wesco's objective is diversification, using liquid assets now on hand outside its savings and loan business. No change is planned with respect to operation of the Ambassador Bridge, which would remain managed by its present personnel who will continue to fulfill public service obligations in both the United States and Canada in a manner consistent with the past.

Item 14. Financial Statements and Exhibits

(a) No financial statements required to be filed

(b) Exhibit A -- Letter of Transmittal sent to all stockholders of Detroit International Bridge Company on September 30, 1977

(c) Exhibit B -- Offer to Purchase sent to all stockholders of Detroit International Brdige Company on September 30, 1977

SIGNATURES

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

WESCO FINANCIAL CORPORATION

By /s/Louis R. Vincenti
Louis R. Vincenti, President

Date October 4, 1977

LETTER OF TRANSMITTAL

To Accompany Certificates for Shares of Common Stock of

DETROIT INTERNATIONAL BRIDGE COMPANY

Tendered Pursuant to the Tender Offer
dated September 30, 1977 of

WESCO FINANCIAL CORPORATION

Offer expires 1:00 P.M., Los Angeles time, on October 25, 1977, unless extended as provided in the Tender Offer.

(Your broker, bank or trust company will assist you in completing this form)

DEPOSITORY

Security Pacific National Bank

By Mail: Corporate Trust Division
P.O. Box 60146
Terminal Annex
Los Angeles, CA 90060

By Hand: Securities Processing Section
333 South Hope Street
Level E
Los Angeles, CA 90071

FORWARDING AGENT

National Bank of Detroit

By Mail: Trust Division
P.O. Box 634 A
Detroit, MI 48232

By Hand: Trust Division
Woodward at Fort
Sixth Floor
Detroit, MI 48232

Dear Sirs:

The undersigned stockholder(s) ("Stockholder") hereby irrevocably tender(s) to WESCO FINANCIAL CORPORATION, a Delaware corporation ("Offeror"), the below-described certificates representing shares of Common Stock, $1 par value ("Shares") of DETROIT INTERNATIONAL BRIDGE COMPANY (the "Company"), for $20 per Share upon the terms and conditions specified in Offeror's Tender Offer ("Offer") dated September 30, 1977, including the instructions hereto. Offeror will purchase Shares tendered as set forth therein. Stockholder acknowledges receipt of and has read and understands the terms of the Offer.

Certificate Number(s)	Number of Shares*	Certificate Number(s)	Number of Shares*	Total Shares Tendered

If additional space is required, attach a separate sheet.

* All Shares represented by certificates listed are deemed to have been tendered, unless otherwise indicated.

Subject to payment of the purchase price, Stockholder hereby sells, assigns and transfers all right, title and interest in the Shares so tendered to Offeror and constitutes and appoints Security Pacific National Bank ("Depository") the true and lawful attorney of Stockholder to effect the transfer of said Shares on the books of the Company. Stockholder represents and warrants that Stockholder has authority to tender the enclosed certificate(s) and sell without restriction the Shares represented thereby to Offeror and that Offeror will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim. Stockholder will upon request execute any additional documents necessary or desirable to complete the sale. Stockholder recognizes that, under certain circumstances described in the Offer, Offeror may not be required to purchase all or any portion of the Shares tendered hereby. In such event, Stockholder directs that certificates for Shares not purchased shall be returned as indicated below.

Stockholder hereby irrevocably constitutes and appoints Louis R. Vincenti and Charles T. Munger, or either of them, the attorneys and proxies of the undersigned, with full power of substitution, to vote, in such manner as any such attorney and proxy or substitute shall in his sole discretion deem proper, all of the Shares which the Stockholder is entitled to vote at any meeting (whether annual or special, and whether or not an adjourned meeting), or otherwise, of the Company and which have been purchased and paid for by the Offeror. This proxy is irrevocable and is granted in consideration of the purchase by the Offeror of such Shares, and upon such purchase this proxy shall revoke any other proxy heretofore granted by Stockholder to vote, at any time after such purchase, such Shares.

Please deliver the check in payment for Shares purchased, or return certificates for unpurchased Shares, to Stockholder at the address specified below Stockholder's signature unless otherwise indicated under Special Payment Instructions or Special Delivery Instructions.

SPECIAL PAYMENT INSTRUCTIONS

To be completed ONLY if proceeds of sale are to be paid to someone other than the registered holder. Mail check to:

Name...
(Please Print)

Address...

....
(Include Zip Code)

SPECIAL DELIVERY INSTRUCTIONS

To be completed ONLY if certificates for unpurchased Shares are to be sent to someone other than the registered holder. Mail certificates to:

Name...
(Please Print)

Address...

....
(Include Zip Code)

Address..

....
(Include Zip Code)

Address..

....
(Include Zip Code)

IMPORTANT (See Instruction 5)

Signature(s) guaranteed by a commercial bank or trust company of the United States or by a member of any national securities exchange.

____

____

All authority conferred herein survives the death or incapacity of stockholder, and all obligations of stockholder shall be binding upon the heirs, personal representatives and assigns of stockholder.

Dated ...., 1977

____

____
(Signature(s) of Stockholder)

(Must be signed by registered holder(s), exactly as name(s) appear(s) on certificate(s), or by person(s) authorized to become registered holder(s) by certificate(s) and document(s) transmitted.)

Name..
(Please Print)

Address..

....
(Include Zip Code)

Telephone No..
(Include Area Code)

GUARANTEE OF DELIVERY

To be used ONLY if stock certificates are not transmitted herewith

The undersigned, ☐ a member of a registered national securities exchange, or of the National Association of Securities Dealers, Inc., ☐ a commercial bank or trust company located in the United States, guarantees to deliver to the Depository certificates for the Shares tendered by this Letter of Transmittal in proper form for transfer not later than 10 business days after the date of this Guarantee.

Name of Entity..

Address..
(Include Zip Code)

Authorized Signature..

Date.. Telephone No..
(Include Area Code)

REQUEST FOR COMMISSION BY BROKER, DEALER, BANK OR TRUST COMPANY WHICH SOLICITED TENDER

The undersigned represents that it is a member of a registered national securities exchange or of the National Association of Securities Dealers, Inc. ("NASD"), or is a foreign broker or dealer who agrees to conform to the Rules of Fair Practice of the NASD in making solicitations in the United States, or is a bank or trust company, and that it solicited and obtained this tender:

Name of Entity..

Address..
(Include Zip Code)

Authorized Signature.. Date..............................

The acceptance of compensation by such firm will constitute a representation that such firm has not engaged in any activity prohibited by the Securities Exchange Act of 1934 or the applicable rules and regulations thereunder in connection with such solicitation and that such firm is entitled to such compensation in accordance with the provisions of the Offer.

OFFER TO PURCHASE

All Outstanding Common Shares

of

DETROIT INTERNATIONAL BRIDGE COMPANY

for Cash at

$20 per Share, Net

by

WESCO FINANCIAL CORPORATION

THIS OFFER WILL EXPIRE ON OCTOBER 25, 1977, AT 1:00 P.M., LOS ANGELES TIME, UNLESS EXTENDED.

To THE HOLDERS OF COMMON STOCK
OF DETROIT INTERNATIONAL BRIDGE COMPANY

Wesco Financial Corporation, a Delaware corporation (the "Offeror"), hereby offers to purchase all of the outstanding shares of Common Stock, $1.00 par value per share (the "Shares"), of DETROIT INTERNATIONAL BRIDGE COMPANY, a Michigan corporation (the "Company"), at $20 per share, net to the seller, in cash, subject to the terms and conditions set forth in this Offer to Purchase and in the related Letter of Transmittal (which together constitute the "Offer"). Tendering stockholders will not be obligated to pay brokerage commissions or, subject to Instruction 10 of the Letter of Transmittal, transfer taxes on the purchase of Shares by the Offeror.

IMPORTANT

Any stockholder desiring to accept the Offer should either (1) request his broker, dealer, commercial bank, trust company or nominee to effect the transaction for him or (2) complete and sign the Letter of Transmittal or a facsimile thereof, have his signature thereon guaranteed as required by Instruction 5 to the Letter of Transmittal and forward the Letter of Transmittal with his stock certificate(s) and any other required documents to the Depository or the Forwarding Agent. Stockholders having shares registered in the name of a broker, dealer, commercial bank, trust company or nominee are urged to contact such person if they desire to tender their shares.

Questions and requests for assistance or for additional copies of the Offer and the Letter of Transmittal may be directed to the Offeror, the Depository or Forwarding Agent, or the soliciting bank or broker.

On September 29, 1977, the Board of Directors of the Company voted unanimously to approve the making of this Offer for the purposes of the Michigan law relative to "takeover offers" (see Section 18 below) without making a recommendation to stockholders whether they should sell or hold in response thereto. At the Offeror's request, the Company has made a list of its stockholders available to the Offeror to permit the Offeror to make a mailing of this Offer to the Company's stockholders.

All dollar amounts given herein are expressed in United States currency.

Certain stockholders of the Company, who are directors or affiliates of directors thereof, have indicated that they presently plan to sell some or all of their Shares of the Company to Offeror in response to this Offer at the $20-per-share price offered hereby. (See Section 16 below.)

There may be special investment risks, related to the laws of Canada, caused by this Offer, to stockholders who retain Shares of the Company instead of selling now at the price offered. On the other hand, the Offeror has decided that similar risk to it will not deter its purchase. (See Section 18 below.)

1. **Number of Shares; Expiration.** Subject to the terms and conditions set forth in this Offer and the related Letter of Transmittal, the Offeror will purchase all Shares duly tendered by 1:00 P.M., Los Angeles Time, October 25, 1977, or if this Offer is extended, by the time and date to which this Offer is extended. The time and date on which the Offer expires is herein called the "Expiration." As of the date of this Offer, the Offeror is informed that the Company has 1,267,608 shares outstanding.

2. **Right to Withdraw Tenders at Certain Times.** Except as stated in this Section 2, tenders are irrevocable. Stockholders who tender Shares pursuant to this Offer may withdraw the Shares so tendered at any time prior to 1:00 P.M., Los Angeles Time, on October 10, 1977. Shares tendered, unless theretofore purchased by the Offeror, may also be withdrawn at any time after November 29, 1977. To be effective, a notice of withdrawal must specify the name of the person having deposited the Shares to be withdrawn on particular Letters of Transmittal, the number of Shares to be withdrawn and the name of the registered holder and certificate numbers shown on the particular stock certificates evidencing the Shares to be withdrawn, and the notice of withdrawal must be timely received by the Depository or a Forwarding Agent in writing, at its address specified below. Any Shares so withdrawn will be deemed not to have been tendered for purposes of this Offer.

3. **Purchase; Payment of Purchase Price; Tax Considerations.** For purposes of this Offer, upon payment by the Offeror to the Depository for Shares, the Offeror will be deemed to have purchased such Shares. Payment for all Shares purchased pursuant to this Offer will be made as soon as practicable after receipt of such Shares, but in no event before October 10, 1977. Payment for Shares purchased pursuant to the Offer will be made by deposit of the purchase price therefor with the Depository, which will act as agent for the tendering stockholders for the purpose of receiving payment from the Offeror and will hold such payment in trust and will transmit such payment to tendering stockholders. As noted in Sections 6(a) and 6(b) below, the Offeror, under certain limited conditions, will not be obligated to purchase any Shares not already paid for. Stock certificates for any tendered Shares not purchased by the Offeror will be returned without expense to the tendering stockholders as soon as practicable following the Offeror's election not to purchase Shares hereunder. Subject to Instruction 10 of the Letter of Transmittal, the Offeror will pay all stock transfer taxes, if any, payable on the transfer of tendered Shares, as well as all charges and expenses of the Depository and the Forwarding Agent.

Sales by the Company's stockholders pursuant to this Offer will be taxable transactions for Federal income tax purposes, and stockholders are urged to consult their tax advisors to determine the tax consequences in the event they tender shares.

4. **Acceptance of Offer.** Except as otherwise stated in this Section 4, to be properly tendered pursuant to this Offer, stock certificates for tendered Shares, together with a properly completed and

executed Letter of Transmittal and any other documents required by the Letter of Transmittal, must be received by the Depository or Forwarding Agent at its address set forth below prior to the Expiration. The method of delivery of stock certificates and other documents to the Depository or Forwarding Agent is at the election and risk of the stockholder, but if such delivery is by mail, it is suggested that insured registered mail be used.

Tenders may be made without the concurrent deposit of stock certificates if such tenders are made by or through a firm which is a member of a registered national securities exchange or of the National Association of Securities Dealers, Inc. or by a commercial bank or trust company located in the United States ("Eligible Institution"). In such cases (i) a properly completed and executed Letter of Transmittal must be received by the Depository or the Forwarding Agent prior to the Expiration, (ii) the guarantee of delivery contained in the Letter of Transmittal must have been executed by an Eligible Institution, and (iii) the stock certificates and any other documents required by the Letter of Transmittal must be received by the Depository within ten New York Stock Exchange trading days after the date of the Letter of Transmittal.

If a stockholder desires to accept this Offer and time will not permit such stockholder's Letter of Transmittal, share certificates and any other required documents to reach the Depository or Forwarding Agent before the Expiration, such tender may be made if (i) a properly completed and executed Letter of Transmittal and any other documents required by the Letter of Transmittal, together with the stock certificates (if available), have been deposited with an Eligible Institution, (ii) the Depository has received prior to the Expiration a telegram, telex, facsimile transmission or letter from such Eligible Institution setting forth the name of the stockholder, the number of Shares tendered and the certificate numbers of the stock certificates (if available) and stating that the Letter of Transmittal, any other documents required by the Letter of Transmittal and the stock certificates (if available) have been so deposited and will be forwarded immediately to the Depository, and (iii) the stock certificates, the properly completed and executed Letters of Transmittal and any other documents required by the Letter of Transmittal are received by the Depository within ten New York Stock Exchange trading days after the date of such telegram, telex, facsimile transmission or letter.

Unless the certificates being tendered by either of the methods described in the two preceding paragraphs are received by the Depository within the periods specified above (accompanied by a properly completed Letter of Transmittal unless previously delivered), the Offeror may at its option reject such tender. Payment for Shares tendered pursuant to either of the methods described in the two preceding paragraphs will be made only against deposit of the tendered certificates.

By executing the Letter of Transmittal, a stockholder will be irrevocably appointing designees of the Offeror as proxies, effective when, and if, the Offeror purchases the Shares tendered by such stockholder; to such extent, all prior proxies appointed by such stockholder will be revoked. Such designees may vote and otherwise act with respect to any Shares as they in their discretion shall deem proper at any annual, special or adjourned meeting of the stockholders of the Company.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of Shares tendered will be determined by the Offeror, which determination, if made in good faith, shall be final and binding. The Offeror reserves the absolute right to reject, in good faith, any or all tenders of any particular Shares not in appropriate form. The Offeror also reserves the right to waive any irregularities or conditions of tender as to any particular Shares, and the Offeror's interpretations of the terms and conditions of this Offer (including the instructions in the Letter of Transmittal) shall be final and binding. Any irregularities in connection with tenders must be cured within such time as the Offeror shall determine unless waived. Neither the Offeror nor the Depository nor the Forwarding Agent shall be under any duty to give notification of defects in such tenders or incur any liability for failure to give such notification, although a reasonable effort will be made to give appropriate notice. Tenders of such Shares will not be deemed to have been made until such irregularities have been cured or waived.

5. **Dividends and Distributions.** If after September 29, 1977, the Company should declare any dividend or distribution in cash, securities or other property on, or issue any rights with respect to, the Shares which is payable or distributable to stockholders of record on a date prior to the transfer to the name of the Offeror on the Company's transfer records of the Shares purchased pursuant to this Offer, then (i) in the case of any dividend or distribution in cash, the purchase price per Share hereunder will be reduced in the amount thereof, and (ii) in the case of any dividend or distribution in securities or property or of rights, any such securities, property or rights will be required to be remitted by each tendering stockholder to the Depository for the account of the Offeror, and, pending such remittance or appropriate assurance thereof, the Offeror may withhold the purchase price or deduct from the purchase price the amount or value (as determined by the Offeror in its sole discretion) of such securities, property or rights.

If the Company should, during the pendency of this Offer, split, combine or otherwise change its Shares, or otherwise change its capitalization, then, subject to Section 6 hereof, an appropriate adjustment in the purchase price and the terms of this Offer, including, without limitation, the number or type of Shares offered to be purchased and the fees payable hereunder, will be made to reflect such split, combination or other change.

The Company's dividend of $.35 per share, declared September 8, 1977, payable to stockholders of record October 1, 1977, may be retained by tendering stockholders.

6. **Conditions of this Offer.** The Offeror shall not be required to purchase any Shares tendered if:

(a) the Company shall have hereafter (i) issued or sold or proposed the issuance or sale of additional shares of capital stock or any class of securities convertible into any such shares, (ii) issued or authorized or proposed the issuance of any other securities in respect of, in lieu of, or in substitution for, its now outstanding Common Stock, or (iii) authorized or proposed any merger, consolidation, acquisition of assets, disposition of assets other than the former Overland Express trucking terminal, or material change in its capitalization, or other comparable event not in the ordinary course of business; or

(b) there shall have occurred hereafter (i) a declaration of a banking moratorium by United States or state authorities, or (ii) the declaration of war by the United States;

which, in the sole judgment of the Offeror in any such case, makes it inadvisable to proceed with the purchase of Shares pursuant to this Offer. Any determination made in good faith by the Offeror concerning the events described in this Section 6 shall be final and binding upon all parties.

Except for the foregoing, this Offer is unconditional. For instance, the Offeror has agreed and does hereby agree and confirm that Offeror will purchase Shares of the Company exactly as provided herein even if (to list extreme cases) prior to purchase the main asset of the Company (the Ambassador Bridge) is destroyed by earthquake or if Canadian or United States governmental authorities threaten, commence or complete actions of any kind whatsoever which are adverse to the Company or its stockholders.

7. **Solicitation Fees.** The Offeror will pay to any broker or dealer who is a member of a registered national securities exchange or of the National Association of Securities Dealers, Inc. ("NASD") or to any foreign broker or dealer who agrees to conform to the Rules of Fair Practice of the NASD in making solicitations in the United States to the same extent as though it were a member thereof or to any commercial bank or trust company ("Soliciting Dealer"), the name of which appears in the appropriate space in the Letter of Transmittal, for soliciting and obtaining acceptable tenders hereunder, a solicitation fee of twenty-five cents ($.25) for each Share purchased hereunder, but not including any Shares purchased from a Soliciting Dealer tendering for its own account; provided however that the Offeror will not pay a solicitation fee to any Soliciting Dealer with respect to any

purchase of Shares owned directly or indirectly by any officer, director or employee of the Company or the Estate of Joseph A. Bower; and provided further that the maximum solicitation fee payable with respect to Shares owned beneficially, directly or indirectly, by any single stockholder shall not exceed $15,000. The Offeror reserves the right to require any such Soliciting Dealer to supply evidence of beneficial ownership satisfactory to it. No Soliciting Dealer shall be the agent of the Offeror, the Depository or the Forwarding Agent, for the purposes of this Offer.

8. **Extension of Tender Period; Terminations; Amendments; and Certain Other Matters.** The Offeror expressly reserves the right, at any time or from time to time, to extend the period of time for which this Offer is open, by giving notice of such extension to the Depository. The Offeror reserves the right to terminate this Offer at any time and not to purchase any Shares not theretofore purchased, but only upon occurrence of one of the very unlikely events specified as conditions of purchase in Sections 6(a) and 6(b) hereof, by giving notice thereof to the Depository. The Offeror also reserves the right at any time to amend this Offer, but only by increasing Offeror's obligations, by making public announcement of any such amendment and by making appropriate filings with the Securities and Exchange Commission (the "SEC").

The Offeror reserves the right, if it acquires less than all the Shares, to acquire additional Shares following the expiration of the Offer through private purchases, market transactions or otherwise on terms and at prices determined by it which may be more or less favorable than those of the Offer, or to dispose of any or all Shares then owned by Offeror.

9. **Price Range of the Company's Shares and Dividends.** The Shares are traded in the over-the-counter market and the high and low bid quotations for such Shares for the calendar quarters indicated, as reported by the National Quotation Bureau, Inc., are as follows:

Period	High	Low
1975		
First quarter	14¼	12⅞
Second quarter	15	13¾
Third quarter	15⅜	14⅛
Fourth quarter	14⅝	13⅞
1976		
First quarter	15¾	13⅞
Second quarter	15¼	13⅜
Third quarter	14⅝	13½
Fourth quarter	16¼	14⅜
1977*		
First quarter	16½	15¾
Second quarter	19¼	14¾
Third quarter (through September 26)	18½	16½

* In considering the price quotations for 1977, stockholders should examine the information set forth in Section 13 below.

The quotations set forth above and all other data in this Offer have been adjusted as required to reflect the 2-for-1 split of the Company's Common Stock effected on August 1, 1977.

The high, low and closing representative bid quotations for the Shares on September 28, 1977, were $17.

The foregoing quotations are inter-dealer quotations, do not reflect retail mark-ups, mark-downs or commissions, and do not necessarily represent actual transactions.

Stockholders are urged to obtain current quotations for the Shares and to review all information received by them from the Company, as well as the annual and quarterly reports referred to in Section 11 below.

The Company has paid annual per Share cash dividends during its recent fiscal years as follows: 1974 — $1.20; 1975 — $1.30; 1976 — $1.35; and during the first three quarters of 1977 — $1.05.

10. **Effect of Offer on SEC Registration and Market for the Shares.** The Company is currently subject to the informational filing requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and in accordance therewith is obligated to file reports and other information with the SEC relating to its business, financial condition and other matters. Information, as of particular dates, concerning the Company's directors and officers, their remuneration, the principal holders of the Company's securities and any material interest of such persons in transactions with the Company is required to be disclosed in proxy statements distributed to the Company's stockholders and filed with the SEC. Such reports, proxy statements and other information may be inspected at the SEC, 1100 "L" Street, N.W., Washington, D.C., and copies may be obtained upon payment of the SEC's customary charges by writing to the principal office of the SEC at 500 North Capitol Street, N.W., Washington, D.C. 20549.

Registration of the Shares under the Exchange Act may be terminated by the Company if there are fewer than 300 record holders thereof. Termination of registration under the Exchange Act would substantially reduce the information required to be furnished by the Company to its stockholders and would make certain other provisions of such Act, such as the short-swing profit recovery provisions of Section 16(b) and the requirement of furnishing a proxy statement pursuant to Section 14(a) in connection with stockholders' meetings, no longer applicable to the Company.

The purchase of any Shares pursuant to the Offer will reduce the number of Shares that might otherwise trade publicly, which could adversely affect the liquidity and market value of the remaining Shares held by the public. The purchase of any Shares may also reduce the number of holders of the Company's Shares. According to information supplied by the Company, there are 1,267,608 Shares outstanding, held, as of July 1, 1977, by approximately 1,900 stockholders of record. Depending upon the number of publicly held Shares and the number of stockholders remaining following the Offer, the interest in maintaining a market in the Shares on the part of securities dealers, the possible termination of registration under the Exchange Act as described above and other factors, the Shares may not continue to meet the requirements for the reporting of price quotations by the NASD through the NASDAQ System, although quotations might continue to be available from other sources.

11. **Certain Information Concerning the Company.** The information concerning the Company contained herein has been taken from or based upon publicly available documents and records. Although the Offeror has no knowledge that would indicate that any statements contained herein based on such documents or records are untrue, the Offeror cannot take responsibility for the accuracy or completeness of the information concerning the Company contained in such documents and records or for any failure by the Company to disclose events that may have occurred or may affect the significance or accuracy of any such information. For additional information concerning the Company, reference should be made to the reports and other information filed with the SEC and available at the SEC in the manner described in Section 10 above, particularly the Company's annual reports on Form 10-K and the Company's quarterly reports on Form 10-Q.

The Company was incorporated in 1927 under the laws of Michigan.

The Company and its subsidiary are principally engaged in the ownership and operation of the Ambassador Bridge, a toll bridge between Detroit, Michigan and Windsor, Ontario, Canada.

The Company's reported gross revenues, net earnings and net earnings per share for the past four years and for the six months ended June 30, 1977, were as follows:

	1973	1974	1975	1976	Six Months Ended 6/30/77
		(000 Omitted Except as to Per Share Data)			
Gross revenue	$7,151	$7,348	$7,238	$7,860	$4,241
Net earnings	2,352	2,415	1,863*	2,437	1,295
Earnings per share	1.86	1.91	1.47*	1.93	1.02

* Includes $519,000 for additional prior years' Canadian property taxes, which reduced earnings per share by $.21.

12. **Plans of Offeror Regarding Future Management of Ambassador Bridge and the Company.** The Offeror has no staff or management in place with expertise in matters similar to operation and maintenance of an international toll bridge. It admires the past management record of the officers and directors of the Company. It also admires the extended record of the United States and Canada in maintaining a long border with utmost good will and cooperation in a manner fair to all. Part of that record is the history of cooperation in all matters relating to the Company's main asset, the Ambassador Bridge.

The Offeror plans and expects to continue present management and directors of the Company in office to the extent they are willing to serve. Even if the Offeror acquires over 50 per cent of the outstanding Shares of the Company, Offeror plans initially, and perhaps indefinitely, to vote its Shares to elect only one new member of the Offeror's and its affiliates' managements to serve as a director of the Company, initially Charles T. Munger, a director of the Offeror and Chairman of its parent corporation, Blue Chip Stamps, headquartered in Los Angeles, California.

The Offeror also expects to use any voting power acquired over the Company in furtherance of responsible cooperation with all governmental authorities and in continuation of the past record of the Company for responsible operation of the Ambassador Bridge at fair toll rates.

13. **Recent Significant Developments Concerning the Company's Shares.** Certain proposals to acquire all of the Company's assets through cash merger have characterized part of the Company's recent history. For some years a United States investment group, composed of responsible people (the "Ipex Group"), has hoped to acquire all the United States and Canadian physical property of the Ambassador Bridge (the Company's main asset) in a transaction whereunder most of the price would be borrowed on the security of the assets purchased. The Ambassador Bridge is owned approximately one-half by the Company and one-half by the Company's wholly-owned Canadian subsidiary, and located approximately one-half in the United States and one-half in Canada. Any such sale and pledge of Canadian assets (as distinguished from transactions by United States citizens in stock of the Company, a Michigan corporation; see Section 18 below) would clearly require approval by Canadian authorities, and a past effort, approved by the Company directors in 1972, to arrange a modified form of cash merger with the Ipex Group was abandoned due to inability to obtain required Canadian approval.

In May of 1977, the Wall Street Journal reported that the Ipex Group wished to make a new acquisition proposal to the Company involving a cash merger transaction with the Ipex Group, arranged so as to net Company stockholders $18.50 per share, a figure considerably higher than the then market quotation for the Company's stock ($14¾ closing representative bid on April 29, 1977, the last trading day preceding announcement of the Ipex offer).

Immediately thereafter, Offeror purchased 92,242 shares of the Company's stock in two transactions at approximately $17 per share, believing that the stock was a sound investment value at such price and that it might later decide that, provided the Company's directors approved, the Offeror would be willing to buy stock by tender offer, **subject to no likely contingencies,** at a price higher than the $18.50-per-share price previously suggested by the Ipex Group for a complex transaction subject to obvious substantial delays and contingencies. This cash tender Offer at $20 per share now results.

The Offeror believes that the Company's directors have approved the making of this Offer to stockholders of the Company because of its simplicity and reliability. The Offeror has on hand or available all the cash or cash equivalents which are likely to be required, and its Offer for all practical purposes is unconditional, provided that the directors of the Company do not take any action in violation of Section 6(a) hereof, and the circumstances described in Section 6(b) hereof do not occur. Because of the advantages of an offer such as this, the Offeror believes that the Company's directors will summarily reject any asset sale, merger proposal, or other contingent proposal from the Ipex Group or others after this Offer is made. However, the Offeror has no way of predicting whether or not the Ipex Group will seek in the future to make a competitive unconditional cash tender offer for shares of the Company.

The only discussions between the Offeror or any of its officers, directors and affiliates and the Company or any of its affiliates, since the commencement of the Company's third full fiscal year preceding the date of this Offer, have been discussions with regard to the interest of the Estate of Joseph A. Bower (of which Messrs. Joseph W. Bower and Robert A. Bower, directors of the Company, are co-executors) in selling Shares in the Company and the more recent discussions regarding approval of the making of this offer by the Board of Directors of the Company.

14. **Purpose of Offer.** The purpose of the Offer is to obtain control of the Company through possession of the right to change its board of directors. Moreover, Offeror, assuming not all Shares are obtained hereunder, may ultimately acquire the entire outstanding equity interest in the Company. However, the Offeror does not presently contemplate replacing any present directors who wish to continue to serve (see Section 12 above).

Even if the Offeror does not acquire all of the Shares pursuant to the Offer, it desires to acquire sufficient Shares so that when aggregated with the Shares now owned by Offeror and its affiliates, it will have at least a majority of the Shares of the Company and, to the extent it acquires Shares, the Offeror intends to seek appropriate representation on the board of the Company (see Section 12 above). According to the Company's Articles of Incorporation, the Shares have one vote per share on all matters requiring such action and there are no cumulative voting rights. Accordingly, if the Offeror acquires a majority of the outstanding Shares, the Offeror would have the voting power to elect all of the directors of the Company (and the remaining stockholders would not be in a position to elect any directors); and, under applicable Michigan law and the Company's Articles of Incorporation, the Offeror would have the voting power to cause the Company to effect a merger, the sale of all or substantially all of the Company's assets or the liquidation of the Company or any other transaction for which the approval of a majority of the Shares entitled to vote is required.

If the Offeror ultimately decides to acquire the entire equity interest in the Company, in the event that the number of Shares acquired pursuant to the Offer, plus the Shares already owned by the Offeror and its affiliates, is less than all of the Shares of the Company outstanding, then depending upon the number of Shares so purchased by the Offeror and the information received by the Offeror concerning the Company, the Offeror may acquire some or all of the then remaining Shares through open market or private purchases, through another tender offer, through causing a merger, or by any other means deemed advisable by the Offeror on terms which may be more or less favorable than those of the Offer.

The Shares being sought by the Offeror are being acquired for long term holding, and the Offeror will not resell such Shares in violation of the Securities Act of 1933, as amended.

Except as noted above and in Section 18 below, the Offeror has no present plans or proposals to liquidate the Company or to sell its assets or merge the Company with any person or make any other major changes in its business or corporate structure. However, upon completion of the Offer, the

Offeror intends to seek additional information about the Company and, after obtaining such information and completing a review thereof, may propose any such changes it considers desirable.

Except as set forth in Section 16 below, no Shares are owned beneficially, or are subject to any right to acquire directly or indirectly, by the Offeror or, to the best knowledge of Offeror, by any of its officers, directors, controlling persons, associates, or majority-owned subsidiaries, or by any officers, directors, controlling persons, associates or majority-owned subsidiaries of any such persons, nor is there any contract, arrangement or understanding on the part of the Offeror or any of its officers, directors or affiliates with respect to any securities of the Company. No transactions in Shares were effected during the last 60 days by the Offeror or any of its subsidiaries or, to the best knowledge of the Offeror, by any officer, director, or controlling person of the Offeror or any of its subsidiaries or any associate of such persons.

15. **Source and Amount of Funds.** If all Shares outstanding on the date hereof not already owned by the Offeror are purchased pursuant to the Offer, the purchase price and estimated maximum fees and expenses payable by the Offeror will aggregate approximately $23,807,000. The Offeror now has on hand, outside its savings and loan subsidiary, approximately $18,000,000 in cash or cash equivalents. In the event that such resources are not adequate to purchase shares which may be tendered, the Offeror will borrow additional funds, either from Security Pacific National Bank, or from its parent, Blue Chip Stamps. If a borrowing is made from Security Pacific National Bank, the Offeror expects to be able to borrow at the prime interest rate at the time of the loan, with the loan having a term of approximately six months and collateralized by stock of Mutual Savings and Loan Association, a savings and loan institution which is wholly-owned by Wesco Financial Corporation. Any borrowings from Blue Chip Stamps would be on substantially similar terms, but would not be collateralized.

16. **Prior Acquisition of Shares by the Offeror and an Affiliate. Probable Response to this Offer by an Affiliate of the Offeror and by Directors and Officers of the Company.** The Offeror owns 92,242 shares of the Company's stock, which represents approximately 7.3% of the Company's 1,267,608 outstanding shares. These shares were purchased in two transactions in the over-the-counter securities market in May, 1977. One of these transactions, for 32,842 shares at $17 per share, was effected on a principal basis with the brokerage firm of Carret and Company, Inc., of which Philip L. Carret, a Director of the Company, is a director, officer and principal stockholder. In addition to these shares, insurance company subsidiaries of Berkshire Hathaway Inc. own 42,020 shares representing approximately 3.3% of the Company's outstanding shares, which such companies have owned for more than three years. As described more fully in the Appendix hereto, Berkshire Hathaway Inc. is an affiliate of the Offeror through ownership of 36% of the outstanding stock of Blue Chip Stamps, and through ownership of additional stock of Blue Chip Stamps by other affiliates of Berkshire Hathaway Inc. Blue Chip Stamps in turn is the parent of the Offeror.

The Offeror is informed that the insurance company subsidiaries of Berkshire Hathaway Inc. will probably tender the 42,020 Shares owned by them in response to this Offer.

The Offeror has been informed that it is the present intention of the following directors of the Company to tender in response to this Offer the Shares described below as held by them and to retain shares as indicated.

Name of Director	Shares Owned	Shares to be Tendered	Shares to be Retained
Joseph W. Bower (includes wife and family trusts)	11,800	11,700	100
Robert A. Bower	11,500	11,400	100
Philip L. Carret (includes family)	6,600	600	6,000
Charles J. Clark, Q.C.	400	400	—
Roy G. Lancaster	2,272	2,272	—
Harold A. Ruemenapp	200	200	—
H. Peter Schaub, Jr. (includes family)	9,548	—	9,548

In addition, the Offeror is informed that Pioneer Fund, Inc., of which Philip L. Carret is Chairman of the Board, presently expects to tender all 63,000 Shares owned by it in response to this Offer, and the Estate of Joseph A. Bower, of which Joseph W. Bower and Robert A. Bower are co-executors, presently expects to tender all 76,000 Shares owned by it in response to this Offer.

17. **Certain Information With Respect to the Offeror and Affiliate.** The Offeror is a savings and loan holding company incorporated in Delaware and located at 315 East Colorado Boulevard, Pasadena, California 91109. The Offeror's principal business is conducted through its wholly owned subsidiary, Mutual Savings and Loan Association, a savings and loan institution with its principal office at 315 East Colorado Boulevard, Pasadena, California 91109. The principal business of Mutual Savings and Loan Association is the lending of money secured by first liens on real estate (principally residential) to enable borrowers to purchase, construct, or refinance real property. Funds are provided by savings deposits, principal payments on existing loans, borrowings from banks and operations. The Offeror also owns and operates a fully improved Pasadena business block in which its head office and the head office of Mutual Savings and Loan Association are located. The Offeror in recent years has maintained substantial investments of its cash funds in short-term marketable securities.

The names, business addresses, present principal occupations, and material occupations during the last five years of the directors and officers of the Offeror, and the names and addresses of the organizations at which such persons carry on such occupations, are set forth in the Appendix hereto.

There are certain other persons who, by reason of their ownership of the Offeror's securities, or of securities of the Offeror's parent, Blue Chip Stamps, might be deemed to control the Offeror. Information concerning these persons is also set forth in the Appendix hereto.

Summary financial information with respect to the Offeror is also set forth in the Appendix hereto.

The Offeror is subject to the reporting requirements of the Exchange Act. In accordance therewith it files reports and other information with the SEC, the American Stock Exchange and the Pacific Stock Exchange relating to its business and financial condition and other matters. Information, as of specified dates, concerning the Offeror's directors and officers, their remuneration, the principal holders of the Offeror's securities, and any material interest of such persons in transactions with the Offeror, is disclosed in proxy statements distributed to the Offeror's stockholders and filed with the SEC. Such reports, proxy statements, and other information may be inspected at the office of the SEC, 1100 "L" Street, N.W., Washington, D.C. 20549, and copies may be obtained upon payment of the SEC's customary charges.

18. **Regulatory Matters.**

(a) **Michigan Law.** Under the Michigan Statute relative to "takeover offers," an offer for the equity securities of a company which is made by a person other than the issuing company is not considered a takeover offer subject to the Statute, if the offer is initiated or approved by the board of directors of the issuing company and if the offer is made when a takeover offer with respect to the security by another person is not effective under the Statute or has not been publicly disclosed. The making of this Offer has been approved by the board of directors of the Company, and is not subject to the provisions of the Michigan Statute.

(b) **Canadian Law.** The Offeror understands that the Foreign Investment Review Act of Canada (the "Canadian Act") requires that notice of acquisition of "control" of Canadian business enterprises by foreign corporations be furnished to the Canadian Foreign Investment Review Agency (the "Canadian Agency") and that such acquisitions be reviewed by the Canadian Minister (as defined in the Canadian Act) and be approved by the Governor in Council as being "of significant benefit to Canada." The Canadian Act creates a rebuttable presumption that the acquisition of 5% or more of the voting securities of a publicly traded corporation constitutes the acquisition of "control" and provides that the acquisition of more than 50% of such voting securities by a person not theretofore in "control" shall be deemed to constitute the acquisition of "control."

This Canadian Act would plainly be applicable to a direct purchase by the Offeror of over 50% of the stock of the Company's Canadian subsidiary which owns the portion of the Ambassador Bridge located in Canada. The Offeror has been informed by counsel that Canadian legal commentators differ as to whether or not Canada intended by the Canadian Act to assert jurisdiction over transactions, such as the one proposed in this Offer, between United States citizens in publicly traded shares of long-established United States corporations, merely because such corporations have Canadian subsidiaries. The Offeror's lawyers have advised Offeror that even if Canada did intend to assert such extra-territorial jurisdiction over United States citizens, which is not clear, it has no such jurisdiction, but that Canada can, of course, at all times, apply its own law, interpreted in its own way, subject to the jurisdiction of its own courts, to the Company's subsidiary which is chartered and owns property in Canada. It is therefore possible that the Canadian Agency may take the position that the acquisition of Shares by the Offeror pursuant to this Offer would constitute a forbidden acquisition of "control" of the Company's wholly owned Canadian subsidiary, which owns and operates approximately one-half the Ambassador Bridge, unless the Offeror is able to sustain the burden of proof of benefit to Canada which is imposed by the Canadian Act where applicable. In such event, if the acquisition of Shares of the Company by the Offeror were not approved by the Governor in Council in Canada, the Canadian Minister could request a Canadian court to issue an order rendering nugatory the "control" of the Company's Canadian subsidiary by the Company. Such an order could contain any provision which, in the opinion of the court, was necessary in the circumstances, possibly including, without limitation, the revocation and suspension of the Company's voting rights with respect to its stock interest in the Canadian subsidiary and/or the sale or other disposition by the Company of such stock interest, or some other sale or disposition, on such terms and conditions as the court might deem just and reasonable. **Such a court order might have severe, adverse economic impact on the value of Shares of the Company — both those owned by Offeror and those retained by Company stockholders who chose not to sell in response to this Offer.**

Moreover, toll rates charged on the Ambassador Bridge are subject to Canadian and United States Government control. Under such conditions, good future relations with Canada appear imperative, and bad future relations could greatly impair the value of Shares of the Company, even if Canada asserts no jurisdiction over this Offer under Canadian law.

By its willingness to pay $20 per share for stock of the Company, the Offeror evidences its confidence that, after successful conclusion of the Offer, both the Offeror and the Canadian authorities will reasonably resolve any legal or other questions raised so that the Company can continue to operate the entire Ambassador Bridge in a constructive and responsible manner exactly as it has in the past at a reasonable but not excessive rate of return. To this end, the Offeror intends to adopt an extremely fair-minded and conciliatory approach. However, if the Offeror's confidence regarding the interpretation and future course of administration of Canadian law turns out to be erroneous, and litigation or other serious difficulty ensues in Canada, the Offeror might well be forced, in the exercise of its best judgment in dealing with the problems, to extricate maximum salvage values and/or operating values in the interest of all of the Company's stockholders by whatever action or actions might seem appropriate at the time, including but not limited to possible sales of stock or assets.

Except as set forth in this Section 18, the Offeror is not aware of any approval or other action by any state or federal or foreign governmental or administrative agency which would now be required and has not already been granted for the acquisition of Shares by the Offeror as contemplated herein. Should any additional approval or other action be required, it is presently contemplated that such approval or action would be sought. However, absent injunction or order by a court or agency having jurisdiction, the purchase of Shares tendered pursuant to the Offer will not be delayed pending the outcome of any such matter. There is, of course, no assurance that any such approval or action, if needed, would be obtained or that adverse consequences might not result to the Company's business or that certain parts of the Company's business might not have to be disposed of in order to obtain such approval or other action.

19. **Carefully Considered Response to this Offer Desired by Offeror.** By approving the making of this Offer, the Company's directors have merely determined that it is a benefit to the Company's stockholders to have the **choice** of selling at the price offered. As noted in Section 16 above, some directors and their affiliates plan to sell and some plan to retain their Shares. However, the Company's directors have made no recommendation as to the advisability of sale of Shares by stockholders. Under such circumstances, each stockholder of the Company should decide whether or not to sell in response to the Offer based entirely on his own judgment under all circumstances affecting him. The appropriate response to the sale opportunity at the price offered may well differ among the Company's stockholders depending on risk aversion, risk appraisal, tax consequences, alternative investment opportunities, other uses for money, or other special factors.

20. **Miscellaneous.** This Offer is not being made to, nor will the Offeror accept tenders from, holders of Shares in any jurisdiction in which this Offer or the acceptance thereof would not be in compliance with laws of such jurisdiction. However, if shares are held in any jurisdictions the laws of which require this Offer to be made by a licensed broker or dealer, Offeror will seek to arrange that this Offer be made on behalf of the Offeror by a dealer licensed therein.

No person has been authorized to give any information or make any representation on behalf of the Offeror not contained herein; and if given or made, such information or representation must not be relied upon as having been authorized.

The Offeror has filed with the SEC, pursuant to Rule 14d-1 of the General Rules and Regulations under the Exchange Act, a statement on Schedule 14D-1 furnishing certain additional information with respect to this Offer. Such statement may be inspected at the SEC in the manner described in Section 17 hereof.

Disclosure of events which may affect this Offer occurring after the date hereof will not necessarily be communicated to the stockholders of the Company in the same manner as this Offer.

September 30, 1977.

WESCO FINANCIAL CORPORATION

The Letter of Transmittal, certificates for your Shares, and any other required documents, should be sent by you, your broker, bank or trust company to the Depository or the Forwarding Agent, as follows:

DEPOSITORY:

SECURITY PACIFIC NATIONAL BANK

By Mail:	By Hand:
Corporate Trust Division	Securities Processing Section
P.O. Box 60146	333 South Hope Street
Terminal Annex	Level E
Los Angeles, CA 90060	Los Angeles, CA 90071

FORWARDING AGENT:

NATIONAL BANK OF DETROIT

By Mail:	By Hand:
Trust Division	Trust Division
P.O. Box 634 A	Woodward at Fort
Detroit, MI 48232	Sixth Floor
	Detroit, MI 48232

ANY QUESTIONS OR REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES OF THIS OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL MAY BE DIRECTED TO WESCO FINANCIAL CORPORATION, THE DEPOSITORY OR THE FORWARDING AGENT AT THE LOCATIONS LISTED BELOW, OR BY COLLECT TELEPHONE CALLS TO THE NUMBERS LISTED BELOW. YOU MAY ALSO CONTACT YOUR BROKER, DEALER, BANK OR TRUST COMPANY FOR ASSISTANCE CONCERNING THIS OFFER.

WESCO FINANCIAL CORPORATION
315 East Colorado Boulevard
Pasadena, California 91109
213-449-2345 (Attention: Office of the Secretary)

SECURITY PACIFIC NATIONAL BANK
Corporate Trust Division
P.O. Box 60146, Terminal Annex
Los Angeles, California 90060
213-613-7641

NATIONAL BANK OF DETROIT
Trust Division
P.O. Box 634 A
Detroit, Michigan 48232
313-225-3185

APPENDIX

I.

Directors of Wesco Financial Corporation

LOUIS R. VINCENTI — Present principal occupation: Chairman of the Board and President of Wesco Financial Corporation. Business Address: 315 East Colorado Boulevard, Pasadena, California 91109. Occupation during the last five years: 1961/Present — President of Wesco Financial Corporation; 1973/Present — Chairman of the Board of Wesco Financial Corporation.

WILLIAM T. CASPERS — Present principal occupation and occupation during the last five years: Vice President of Wesco Financial Corporation and of its principal subsidiary, Mutual Savings and Loan Association. Business address: 315 East Colorado Boulevard, Pasadena, California 91109.

DAVID K. ROBINSON — Present principal occupation and occupation during the last five years: Partner of Hahn & Hahn, attorneys at law. Business address: 301 East Colorado Boulevard, Suite 900, Pasadena, California 91101.

JAMES N. GAMBLE — Present principal occupation and occupation during the last five years: Self employed in the investment counselling and trust administration business. Business address: 301 East Colorado Boulevard, Suite 402, Pasadena, California 91101.

ELIZABETH CASPERS PETERS — Present principal occupation and occupation during the last five years: Personal investments. Business address: 3769 Jackson Street, San Francisco, California 94118.

WARREN E. BUFFETT — Present principal occupation and occupation during the last five years: Chairman of the Board of Berkshire Hathaway Inc., 97 Cove Street, P.O. Box C904, New Bedford, Massachusetts 02741, and Diversified Retailing Company, Inc., 1300 Mercantile Bank and Trust Building, Two Hopkins Plaza, Baltimore, Maryland 21201. Business address: 1440 Kiewit Plaza, Omaha, Nebraska 68131. The businesses of Berkshire Hathaway Inc. and Diversified Retailing Company, Inc. are described below in Section III of this Appendix.

CHARLES T. MUNGER — Present principal occupation: Chairman of the Board of Blue Chip Stamps, 5801 South Eastern Avenue, Los Angeles, California 90040. Business address: 606 South Hill Street, Los Angeles, California 90014. Occupation during the last five years: June 1976/Present — Chairman of the Board of Blue Chip Stamps; January 1974/June 1976 — Management of personal investments; prior thereto — General Partner of Wheeler, Munger & Co., an investment firm, 618 South Spring Street, Los Angeles, California. The business of Blue Chip Stamps is described below in Section III of this Appendix.

II.

Officers of Wesco Financial Corporation

LOUIS R. VINCENTI — Chairman of the Board and President, see above under Directors.

WILLIAM T. CASPERS — Vice President, see above under Directors.

P. E. LYNN — Present principal occupation and occupation during the last five years: Vice President of Wesco Financial Corporation and an officer of its principal subsidiary, Mutual Savings and Loan Association. Business address: 315 East Colorado Boulevard, Pasadena, California 91109.

ROBERT E. SAHM — Present principal occupation and occupation during the last five years: Vice President of Wesco Financial Corporation. Business address: 315 East Colorado Boulevard, Pasadena, California 91109.

JOHN R. ARMETTA — Present principal occupation: Vice President of Wesco Financial Corporation. Business address: 315 East Colorado Boulevard, Pasadena, California 91109. Occupation during the last five years: 1973/Present — Vice President of Wesco Financial Corporation; 1969/1973 — an officer of Mutual Savings and Loan Association, the principal subsidiary of Wesco Financial Corporation.

H. R. DETTMANN — Present principal occupation: Vice President of Wesco Financial Corporation. Business address: 315 East Colorado Boulevard, Pasadena, California 91109. Occupation during the last five years: October 1976/Present — Vice President of Wesco Financial Corporation; October 1971/October 1976 — an officer of Mutual Savings and Loan Association, the principal subsidiary of Wesco Financial Corporation.

BETTE DECKARD — Present principal occupation: Secretary-Treasurer of Wesco Financial Corporation. Business address: 315 East Colorado Boulevard, Pasadena, California 91109. Occupation during the last five years: April 1975/Present — Secretary-Treasurer of Wesco Financial Corporation; Prior thereto — an employee of Mutual Savings and Loan Association, the principal subsidiary of Wesco Financial Corporation.

III.

Information Regarding Blue Chip Stamps and Certain of its Affiliates

Blue Chip Stamps is a California corporation, the principal office of which is located at 5801 South Eastern Avenue, Los Angeles, California 90040. The principal businesses of Blue Chip Stamps are furnishing a trading stamp service to retailers and their customers and, through subsidiaries, engaging in the candy, savings and loan and newspaper businesses.

Blue Chip Stamps owns 80.1% of the common stock of Wesco Financial Corporation ("Wesco"). Approximately 65% of the common stock of Blue Chip Stamps is owned by Warren E. Buffett, his wife, one of his children, trusts of which he is trustee and two corporations which may be deemed to be controlled by Mr. Buffett: Diversified Retailing Company, Inc. and Berkshire Hathaway Inc. Mr. and Mrs. Buffett own 56% of the common stock of Diversified Retailing Company, Inc., which through a subsidiary is principally engaged in operating women's apparel stores. Mr. and Mrs. Buffett own 36% of the common stock of Berkshire Hathaway Inc. In addition, Diversified Retailing Company, Inc. and subsidiaries own 18% of the stock of Berkshire Hathaway Inc. Berkshire Hathaway Inc. engages in the textile manufacturing business, and through subsidiaries engages in the property and casualty insurance business and the banking business. It also maintains long-term investments in a number of other businesses. The principal office of Diversified Retailing Company, Inc. is 1300 Mercantile Bank and Trust Building, Two Hopkins Plaza, Baltimore, Maryland 21201; and the principal address of Berkshire Hathaway Inc. is 97 Cove Street, P.O. Box C904, New Bedford, Massachusetts 02741.

On June 9, 1976, the Securities and Exchange Commission filed a complaint in the United States District Court in Washington, D.C. against Blue Chip Stamps alleging that Blue Chip Stamps had violated applicable provisions of Sections 10(b) and 13(d) of the Securities Exchange Act of 1934 and Rules 10b-5 and 13d-2 promulgated thereunder in connection with purchases of shares of Wesco from January 16 through March 15, 1973. The relief sought was a permanent injunction restraining Blue Chip Stamps, its agents and employees, from engaging in activities in violation of the above-cited provisions of the law in connection with the purchase or sale of securities of Wesco or any other issuer. On the same day that the complaint was filed, Blue Chip Stamps, solely for the purpose of the action and without admitting or denying any allegation in the complaint, consented to entry of a final judgment embodying the relief sought. The final judgment also specified that Blue Chip Stamps would pay to certain persons who sold previously owned shares of Wesco between March 15, 1973 and September 6, 1974, 7.7% of the difference between the gross sales price previously received in such sales and $17 per share. Blue Chip Stamps paid an aggregate of $115,570 to such persons.

IV.

Directors of Blue Chip Stamps

WARREN E. BUFFETT — Chairman of the Executive Committee of the Board of Directors, see above under Directors of Wesco Financial Corporation.

Z. WAYNE GRIFFIN — Present principal occupation: Management of personal investments and real estate investments. Business address: 445 South Figueroa Street, Los Angeles, California 90017. Occupation during the last five years: 1973/Present — Management of personal investments and real estate development; Prior thereto — Chairman of Community Redevelopment Agency of the City of Los Angeles, 727 West 7th Street, Los Angeles, California.

DONALD A. KOEPPEL — Present principal occupation: President of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: June 1976/Present — President of Blue Chip Stamps; Prior thereto — Chairman of the Board and President of Blue Chip Stamps.

CHARLES T. MUNGER — Chairman of the Board, see above under Directors of Wesco Financial Corporation.

WILLIAM F. RAMSEY — Present principal occupation: Retired. Address: 73-450 Delea Lane, Palm Desert, California 92260. Occupation during the last five years: March 1977/Present — Retired; Prior thereto — Executive Vice President of Blue Chip Stamps.

RON STEVER — Present principal occupation: Chairman of the Board, Stever, Klove & Bradway, Inc., employee benefit consultants, and Chairman of the Board of Crescent Wharf & Warehouse Company, Berth 198, Wilmington, California, a wharf and warehouse company. Business address: 3435 Wilshire Boulevard, Los Angeles, California 90010. Occupation during the last five years: 1976/Present — Chairman of the Board, Stever, Klove & Bradway, Inc. and Chairman of the Board of Crescent Wharf & Warehouse Company; Prior thereto — Chairman of the Board of the Stever Companies, 2999 West Sixth Street, Los Angeles, California, consulting actuaries and insurance brokers.

ANDREW J. WOLF — Present principal occupation and occupation during the last five years: President of A & B Supermarkets, Inc., 565 Barham Avenue, Santa Rosa, California 95404, a retail grocery chain. Business address: 565 Barham Avenue, Santa Rosa, California 95404.

V.

Officers of Blue Chip Stamps

CHARLES T. MUNGER — Chairman of the Board, see above under Directors of Wesco Financial Corporation.

DONALD A. KOEPPEL — President, see above under Directors of Blue Chip Stamps.

WARREN E. BUFFETT — Assistant Secretary, see above under Directors of Wesco Financial Corporation.

ROBERT H. BIRD — Present principal occupation: Vice President and Chief Financial Officer of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: April 1977/Present — Vice President and Chief Financial Officer of Blue Chip Stamps; 1974/April 1977 — Vice President, Secretary and Treasurer of Blue Chip Stamps; Prior thereto — Secretary and Treasurer of Blue Chip Stamps.

RAYMOND H. ALLEN — Present principal occupation and occupation during the last five years: Vice President, Information Systems, of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040.

CLAUDE C. GELINEAU — Present principal occupation: Vice President, Sales, of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: April 1977/Present — Vice President, Sales, of Blue Chip Stamps; 1974/1977 — General Sales Manager of Blue Chip Stamps; Prior thereto — a district store supervisor in the operations department of Blue Chip Stamps.

PAUL F. HOLZAPFEL — Present principal occupation: Vice President, Incentives, of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: August 1977/Present — Vice President, Incentives, of Blue Chip Stamps; Prior thereto — various managerial positions in the Incentives Division of Blue Chip Stamps.

WILLIAM K. KLEPPER — Present principal occupation and occupation during the last five years: Vice President, Merchandise, of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040.

JACKSON B. REED — Present principal occupation: Vice President, Operations, of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: April 1977/Present — Vice President, Operations, of Blue Chip Stamps; April 1977 — Operations Manager of Blue Chip Stamps; Prior thereto — Store Operations Manager of Blue Chip Stamps.

KENNETH E. WITTMEYER — Present principal occupation: Vice President, Industrial Relations, of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: 1974/Present — Vice President, Industrial Relations, of Blue Chip Stamps; Prior thereto — Industrial Relations Manager of Blue Chip Stamps.

JEFFREY L. JACOBSON — Present principal occupation: Treasurer of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: August 1977/Present — Treasurer of Blue Chip Stamps; July 1977/August 1977 — Financial Officer of Blue Chip Stamps; Prior thereto — an audit manager and audit senior with Price Waterhouse & Co., 606 South Olive Street, Los Angeles, California 90014, an accounting firm.

ERNEST P. PAULSON — Present principal occupation: Secretary and Controller of Blue Chip Stamps; Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: April 1977/Present — Secretary and Controller of Blue Chip Stamps; Prior thereto — Controller of Blue Chip Stamps.

FORREST L. NIELSEN — Present principal occupation: Assistant Secretary and Assistant Controller of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: April 1977/Present — Assistant Secretary and Assistant Controller of Blue Chip Stamps; Prior thereto — Assistant Controller of Blue Chip Stamps.

GLORIA ADAMS — Present principal occupation: Assistant Secretary of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: March 1976/Present — Assistant Secretary of Blue Chip Stamps; Prior thereto — an executive secretary of Blue Chip Stamps.

VI.

Financial Statements of Wesco Financial Corporation

Following is a summary of consolidated financial information (unaudited) of Wesco Financial Corporation ("Wesco") and subsidiaries:

	Year Ended December 31, 1976	Six Months Ended June 30, 1977	Six Months Ended June 30, 1976
	(000 Omitted Except as to Per Share Data)		
Statement of earnings:			
Total revenues	$ 39,391	$ 20,706	$ 19,137
Net earnings	5,516	2,707	2,562
Per share (based on 7,119,807 shares outstanding, after three-for-one stock split effected on April 4, 1977)	.77	.38	.36
Balance sheet (at end of period):			
Assets —			
Cash and marketable securities	$155,153	$185,022	$118,132
Loans receivable, less unearned loan fees, unrealized profit and loans in process	347,194	346,421	357,757
Other assets	21,001	21,180	19,687
	$523,348	$552,623	$495,576
Liabilities and stockholders' equity —			
Savings deposits	$404,996	$433,390	$384,436
Other liabilities	41,280	40,498	36,192
	446,276	473,888	420,628
Stockholders' equity, partially appropriated	77,072	78,735	74,948
	$523,348	$552,623	$495,576

Wesco's appropriated retained earnings included approximately $45,578,000, $44,974,000 and $44,441,000 at December 31, 1976, June 30, 1977 and June 30, 1976, respectively, of reserves on which no provision for federal income taxes has been made. If in the future these appropriations are used for any purpose other than to absorb bad debt losses, federal income taxes will be imposed at the then applicable rates. The Federal Savings and Loan Insurance Corporation, in connection with the insurance of savings deposits, requires savings and loan associations to maintain certain reserves which may be used only for the purpose of absorbing losses. In addition, associations must maintain certain reserves under California law. Such reserve requirements were met as of December 31, 1976, June 30, 1977 and June 30, 1976.

The information summarized in the table above has been derived from Wesco's annual report for the year ended December 31, 1976 and its interim report for the six months ended June 30, 1977, copies of which may be obtained by contacting the Office of the Secretary, Wesco Financial Corporation, 315 East Colorado Blvd., Pasadena, California 91109, telephone 213-449-2345.

In addition, Wesco has filed with the Securities and Exchange Commission ("SEC") an annual report on Form 10-K for the year ended December 31, 1976 and a quarterly report on Form 10-Q for the quarter ended June 30, 1977. Copies of such reports may be inspected at the SEC, 1100 "L" Street, N. W., Washington, D. C., and copies may be obtained upon payment of the SEC's customary charges by writing to the SEC, 500 N. Capitol Street, N. W., Washington, D. C. 20549.

As in effect
8-1-77

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) October 18, 1977

WESCO FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	1-4720	95-2109453
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

315 East Colorado Boulevard - Pasadena, California 91109
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 213/449-2345

(Former name or former address, if changed since last report.)

Item 1. Change in Control of Registrant

None not previously reported

Item 2. Acquisition or Disposition of Assets

None

Item 3. Bankruptcy or Receivership

None

Item 4. Changes in Registrant's Certifying Accountant

None

Item 5. Other Materially Important Events

On October 18, 1977, Wesco Financial Corporation (Wesco) mailed a revised Offer to Purchase to the stockholders of Detroit International Bridge Company. None of the changes in the revised Offer to Purchase affected the price of $20 cash per share which Wesco was offering for any and all of the outstanding stock of Detroit International Bridge Company, or any of the other terms and conditions of the offer. The revised Offer to Purchase is attached hereto as Exhibit A. The original Offer to Purchase was submitted as Exhibit B in our Form 8-K Report submitted on October 4, 1977.

The tender offer expired without extension on October 25, 1977. Approximately 170,000 shares have been purchased under the tender offer. In addition, tenders of approximately 10,000 shares are expected to be perfected through receipt of certificates pursuant to the second paragraph of Item 4 of the Offer to Purchase or otherwise.

Item 6. Financial Statements and Exhibits

(a) No financial statements required to be filed

(b) Exhibit A - Letter to Stockholders of Detroit International Bridge Company dated October 18, 1977 with attached Offer to Purchase dated October 17, 1977.

SIGNATURES

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

WESCO FINANCIAL CORPORATION

Louis R. Vincenti, President

Date: October 31, 1977

WESCO FINANCIAL
CORPORATION
315 EAST COLORADO BOULEVARD · PASADENA, CALIFORNIA 91105

October 18, 1977

TO: Stockholders of Detroit International Bridge Company

On September 30, 1977, we mailed you an Offer to Purchase with respect to stock of Detroit International Bridge Company. We have amplified some of the information contained in this Offer to Purchase, and a revised copy is enclosed. None of the changes affect the price we are offering (which is $20 cash per share, net to the seller), or any of the other terms and conditions of our offer. This cover letter has been revised as of October 18, 1977, to reflect information obtained by us today. The remainder of the Offer to Purchase is written as of October 17.

Today, we learned that the Ipex Group, Inc. ("Ipex") has announced that it is making a proposal to merge Detroit International Bridge Company into a subsidiary of Ipex in a cash merger that would result in receipt of $22.50 per share by Detroit International Bridge Company shareholders. The Ipex announcement stated that its proposal is not subject to Canadian Government approval because it involves transfer of the Bridge Company's Canadian subsidiary to Canadian interests. The Ipex announcement does state that its proposal is contingent on obtaining financing.

Detroit International Bridge Company has announced that its Board of Directors will act on the Ipex proposal once financing is obtained. Under Michigan law, acceptance of the Ipex proposal will require approval of the Board of Directors and approval of a majority of the outstanding shares of Detroit International Bridge Company.

Wesco does not have any means of knowing whether or not Ipex will be able to arrange financing and whether its proposed merger will be approved and consummated. **If, however, you want to accept the offer which we have made, shares must be properly tendered to us by 1:00 P.M. Los Angeles Time, October 25, 1977.** Instructions as to the steps that must be taken to tender shares properly are set forth in Section 4 of the Offer to Purchase, commencing on page 2, and in the Letter of Transmittal.

We would also like to call your attention to a press release made by Detroit International Bridge Company on October 12, 1977. This press release reads as follows:

"A group of persons identifying themselves as the 'Lederer Group' today presented to counsel for Detroit International Bridge Company an unsolicited 47 page proposed purchase agreement relating to the purchase of the fixed assets of the Bridge Company and its Canadian subsidiary. Excluded from the assets to be purchased are the former Overland Express Truck Terminal premises and current assets, such as cash. The purchasers in the proposed agreement are a Michigan limited partnership and a Canadian corporation to be formed. Subject to many contingencies, including the obtaining of Canadian Government approval and the obtaining of necessary financing by the Lederer Group, the proposed agreement provides for an aggregate purchase price of $22,500,000 for the fixed assets. The Board of Directors of the Bridge Company has taken no action with regard to the proposal." End of Release

In a subsequent press release, Detroit International Bridge Company announced that its Board of Directors had determined to take no action on the Lederer Group proposal because of the contingencies to which it is subject and because preliminary study indicates it would involve materially adverse tax consequences.

(over)

The $20 per share cash offer which Wesco has made to you is subject only to very limited, and we believe, unlikely contingencies (see Section 6, page 4 of the Offer to Purchase). In particular, our offer is not contingent on prior Canadian Government approval, nor is it contingent on obtaining financing. **AS NOTED ABOVE, HOWEVER, THE WESCO OFFER EXPIRES 1:00 P.M. LOS ANGELES TIME, OCTOBER 25, 1977.**

Sincerely,

Louis R. Vincenti

Louis R. Vincenti
President and Chairman of the Board
Wesco Financial Corporation

OFFER TO PURCHASE

Supplemented as of October 17, 1977

All Outstanding Common Shares

of

DETROIT INTERNATIONAL BRIDGE COMPANY

for Cash at
$20 per Share, Net
by

WESCO FINANCIAL CORPORATION

THIS OFFER WILL EXPIRE ON OCTOBER 25, 1977, AT 1:00 P.M., LOS ANGELES TIME, UNLESS EXTENDED.

To THE HOLDERS OF COMMON STOCK
OF DETROIT INTERNATIONAL BRIDGE COMPANY

Wesco Financial Corporation, a Delaware corporation (the "Offeror"), hereby offers to purchase all of the outstanding shares of Common Stock, $1.00 par value per share (the "Shares"), of DETROIT INTERNATIONAL BRIDGE COMPANY, a Michigan corporation (the "Company"), at $20 per share, net to the seller, in cash, subject to the terms and conditions set forth in this Offer to Purchase and in the related Letter of Transmittal (which together constitute the "Offer"). Tendering stockholders will not be obligated to pay brokerage commissions or, subject to Instruction 10 of the Letter of Transmittal, transfer taxes on the purchase of Shares by the Offeror.

IMPORTANT

Any stockholder desiring to accept the Offer should either (1) request his broker, dealer, commercial bank, trust company or nominee to effect the transaction for him or (2) complete and sign the Letter of Transmittal or a facsimile thereof, have his signature thereon guaranteed as required by Instruction 5 to the Letter of Transmittal and forward the Letter of Transmittal with his stock certificate(s) and any other required documents to the Depository or the Forwarding Agent. Stockholders having shares registered in the name of a broker, dealer, commercial bank, trust company or nominee are urged to contact such person if they desire to tender their shares.

Questions and requests for assistance or for additional copies of the Offer and the Letter of Transmittal may be directed to the Offeror, the Depository or Forwarding Agent, or the soliciting bank or broker.

On September 29, 1977, the Board of Directors of the Company voted unanimously to approve the making of this Offer for the purposes of the Michigan law relative to "takeover offers" (see Section 18 below) without making a recommendation to stockholders whether they should sell or hold in response thereto. At the Offeror's request, the Company has made a list of its stockholders available to the Offeror to permit the Offeror to make a mailing of this Offer to the Company's stockholders.

All dollar amounts given herein are expressed in United States currency.

Certain stockholders of the Company, who are directors or affiliates of directors thereof, have indicated that they presently plan to sell some or all of their Shares of the Company to Offeror in response to this Offer at the $20-per-share price offered hereby. (See Section 16 below.)

There may be special investment risks, related to the laws of Canada, caused by this Offer, to stockholders who retain Shares of the Company instead of selling now at the price offered. On the other hand, the Offeror has decided that similar risk to it will not deter its purchase. (See Section 18 below.)

1. **Number of Shares; Expiration.** Subject to the terms and conditions set forth in this Offer and the related Letter of Transmittal, the Offeror will purchase all Shares duly tendered by 1:00 P.M., Los Angeles Time, October 25, 1977, or if this Offer is extended, by the time and date to which this Offer is extended. The time and date on which the Offer expires is herein called the "Expiration." As of the date of this Offer, the Offeror is informed that the Company has 1,267,608 shares outstanding.

2. **Right to Withdraw Tenders at Certain Times.** Except as stated in this Section 2, tenders are irrevocable. Stockholders who tendered Shares pursuant to this Offer were permitted to withdraw the Shares so tendered at any time prior to 1:00 P.M., Los Angeles Time, on October 10, 1977, which date has now expired. Shares tendered, unless theretofore purchased by the Offeror, may also be withdrawn at any time after November 29, 1977. To be effective, a notice of withdrawal must specify the name of the person having deposited the Shares to be withdrawn on particular Letters of Transmittal, the number of Shares to be withdrawn and the name of the registered holder and certificate numbers shown on the particular stock certificates evidencing the Shares to be withdrawn, and the notice of withdrawal must be timely received by the Depository or a Forwarding Agent in writing, at its address specified below. Any Shares so withdrawn will be deemed not to have been tendered for purposes of this Offer.

3. **Purchase; Payment of Purchase Price; Tax Considerations.** For purposes of this Offer, upon payment by the Offeror to the Depository for Shares, the Offeror will be deemed to have purchased such Shares. Payment for all Shares purchased pursuant to this Offer will be made as soon as practicable after receipt of such Shares, but in no event before October 10, 1977. Payment for Shares purchased pursuant to the Offer will be made by deposit of the purchase price therefor with the Depository, which will act as agent for the tendering stockholders for the purpose of receiving payment from the Offeror and will hold such payment in trust and will transmit such payment to tendering stockholders. As noted in Sections 6(a) and 6(b) below, the Offeror, under certain limited conditions, will not be obligated to purchase any Shares not already paid for. Stock certificates for any tendered Shares not purchased by the Offeror will be returned without expense to the tendering stockholders as soon as practicable following the Offeror's election not to purchase Shares hereunder. Subject to Instruction 10 of the Letter of Transmittal, the Offeror will pay all stock transfer taxes, if any, payable on the transfer of tendered Shares, as well as all charges and expenses of the Depository and the Forwarding Agent.

Sales by the Company's stockholders pursuant to this Offer will be taxable transactions for Federal income tax purposes, and stockholders are urged to consult their tax advisors to determine the tax consequences in the event they tender shares.

4. **Acceptance of Offer.** Except as otherwise stated in this Section 4, to be properly tendered pursuant to this Offer, stock certificates for tendered Shares, together with a properly completed and

executed Letter of Transmittal and any other documents required by the Letter of Transmittal, must be received by the Depository or Forwarding Agent at its address set forth below prior to the Expiration. The method of delivery of stock certificates and other documents to the Depository or Forwarding Agent is at the election and risk of the stockholder, but if such delivery is by mail, it is suggested that insured registered mail be used.

Tenders may be made without the concurrent deposit of stock certificates if such tenders are made by or through a firm which is a member of a registered national securities exchange or of the National Association of Securities Dealers, Inc. or by a commercial bank or trust company located in the United States ("Eligible Institution"). In such cases (i) a properly completed and executed Letter of Transmittal must be received by the Depository or the Forwarding Agent prior to the Expiration, (ii) the guarantee of delivery contained in the Letter of Transmittal must have been executed by an Eligible Institution, and (iii) the stock certificates and any other documents required by the Letter of Transmittal must be received by the Depository within ten New York Stock Exchange trading days after the date of the Letter of Transmittal.

If a stockholder desires to accept this Offer and time will not permit such stockholder's Letter of Transmittal, share certificates and any other required documents to reach the Depository or Forwarding Agent before the Expiration, such tender may be made if (i) a properly completed and executed Letter of Transmittal and any other documents required by the Letter of Transmittal, together with the stock certificates (if available), have been deposited with an Eligible Institution, (ii) the Depository has received prior to the Expiration a telegram, telex, facsimile transmission or letter from such Eligible Institution setting forth the name of the stockholder, the number of Shares tendered and the certificate numbers of the stock certificates (if available) and stating that the Letter of Transmittal, any other documents required by the Letter of Transmittal and the stock certificates (if available) have been so deposited and will be forwarded immediately to the Depository, and (iii) the stock certificates, the properly completed and executed Letters of Transmittal and any other documents required by the Letter of Transmittal are received by the Depository within ten New York Stock Exchange trading days after the date of such telegram, telex, facsimile transmission or letter.

Unless the certificates being tendered by either of the methods described in the two preceding paragraphs are received by the Depository within the periods specified above (accompanied by a properly completed Letter of Transmittal unless previously delivered), the Offeror may at its option reject such tender. Payment for Shares tendered pursuant to either of the methods described in the two preceding paragraphs will be made only against deposit of the tendered certificates.

By executing the Letter of Transmittal, a stockholder will be irrevocably appointing designees of the Offeror as proxies, effective when, and if, the Offeror purchases the Shares tendered by such stockholder; to such extent, all prior proxies appointed by such stockholder will be revoked. Such designees may vote and otherwise act with respect to any Shares as they in their discretion shall deem proper at any annual, special or adjourned meeting of the stockholders of the Company.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of Shares tendered will be determined by the Offeror, which determination, if made in good faith, shall be final and binding. The Offeror reserves the absolute right to reject, in good faith, any or all tenders of any particular Shares not in appropriate form. The Offeror also reserves the right to waive any irregularities or conditions of tender as to any particular Shares, and the Offeror's interpretations of the terms and conditions of this Offer (including the instructions in the Letter of Transmittal) shall be final and binding. Any irregularities in connection with tenders must be cured within such time as the Offeror shall determine unless waived. Neither the Offeror nor the Depository nor the Forwarding Agent shall be under any duty to give notification of defects in such tenders or incur any liability for failure to give such notification, although a reasonable effort will be made to give appropriate notice. Tenders of such Shares will not be deemed to have been made until such irregularities have been cured or waived.

5. **Dividends and Distributions.** If after September 29, 1977, the Company should declare any dividend or distribution in cash, securities or other property on, or issue any rights with respect to, the Shares which is payable or distributable to stockholders of record on a date prior to the transfer to the name of the Offeror on the Company's transfer records of the Shares purchased pursuant to this Offer, then (i) in the case of any dividend or distribution in cash, the purchase price per Share hereunder will be reduced in the amount thereof, and (ii) in the case of any dividend or distribution in securities or property or of rights, any such securities, property or rights will be required to be remitted by each tendering stockholder to the Depository for the account of the Offeror, and, pending such remittance or appropriate assurance thereof, the Offeror may withhold the purchase price or deduct from the purchase price the amount or value (as determined by the Offeror in its sole discretion) of such securities, property or rights.

If the Company should, during the pendency of this Offer, split, combine or otherwise change its Shares, or otherwise change its capitalization, then, subject to Section 6 hereof, an appropriate adjustment in the purchase price and the terms of this Offer, including, without limitation, the number or type of Shares offered to be purchased and the fees payable hereunder, will be made to reflect such split, combination or other change.

The Company's dividend of $.35 per share, declared September 8, 1977, payable to stockholders of record October 1, 1977, may be retained by tendering stockholders.

6. **Conditions of this Offer.** The Offeror shall not be required to purchase any Shares tendered if:

(a) the Company shall have hereafter (i) issued or sold or proposed the issuance or sale of additional shares of capital stock or any class of securities convertible into any such shares, (ii) issued or authorized or proposed the issuance of any other securities in respect of, in lieu of, or in substitution for, its now outstanding Common Stock, or (iii) authorized or proposed any merger, consolidation, acquisition of assets, disposition of assets other than the former Overland Express trucking terminal, or material change in its capitalization, or other comparable event not in the ordinary course of business; or

(b) there shall have occurred hereafter (i) a declaration of a banking moratorium by United States or state authorities, or (ii) the declaration of war by the United States;

which, in the sole judgment of the Offeror in any such case, makes it inadvisable to proceed with the purchase of Shares pursuant to this Offer. Any determination made in good faith by the Offeror concerning the events described in this Section 6 shall be final and binding upon all parties.

Except for the foregoing, this Offer is unconditional. For instance, the Offeror has agreed and does hereby agree and confirm that Offeror will purchase Shares of the Company exactly as provided herein even if (to list extreme cases) prior to purchase the main asset of the Company (the Ambassador Bridge) is destroyed by earthquake or if Canadian or United States governmental authorities threaten, commence or complete actions of any kind whatsoever which are adverse to the Company or its stockholders.

7. **Solicitation Fees.** The Offeror will pay to any broker or dealer who is a member of a registered national securities exchange or of the National Association of Securities Dealers, Inc. ("NASD") or to any foreign broker or dealer who agrees to conform to the Rules of Fair Practice of the NASD in making solicitations in the United States to the same extent as though it were a member thereof or to any commercial bank or trust company ("Soliciting Dealer"), the name of which appears in the appropriate space in the Letter of Transmittal, for soliciting and obtaining acceptable tenders hereunder, a solicitation fee of twenty-five cents ($.25) for each Share purchased hereunder, but not including any Shares purchased from a Soliciting Dealer tendering for its own account; provided however that the Offeror will not pay a solicitation fee to any Soliciting Dealer with respect to any

purchase of Shares owned directly or indirectly by any officer, director or employee of the Company or the Estate of Joseph A. Bower; and provided further that the maximum solicitation fee payable with respect to Shares owned beneficially, directly or indirectly, by any single stockholder shall not exceed $15,000. The Offeror reserves the right to require any such Soliciting Dealer to supply evidence of beneficial ownership satisfactory to it. No Soliciting Dealer shall be the agent of the Offeror, the Depository or the Forwarding Agent, for the purposes of this Offer.

8. **Extension of Tender Period; Terminations; Amendments; and Certain Other Matters.** The Offeror expressly reserves the right, at any time or from time to time, to extend the period of time for which this Offer is open, by giving notice of such extension to the Depository. The Offeror reserves the right to terminate this Offer at any time and not to purchase any Shares not theretofore purchased, but only upon occurrence of one of the very unlikely events specified as conditions of purchase in Sections 6(a) and 6(b) hereof, by giving notice thereof to the Depository. The Offeror also reserves the right at any time to amend this Offer, but only by increasing Offeror's obligations, by making public announcement of any such amendment and by making appropriate filings with the Securities and Exchange Commission (the "SEC").

The Offeror reserves the right, if it acquires less than all the Shares, to acquire additional Shares following the expiration of the Offer through private purchases, market transactions or otherwise on terms and at prices determined by it which may be more or less favorable than those of the Offer, or to dispose of any or all Shares then owned by Offeror.

9. **Price Range of the Company's Shares and Dividends.** The Shares are traded in the over-the-counter market and the high and low bid quotations for such Shares for the calendar quarters indicated, prior to making of this Offer, as reported by the National Quotation Bureau, Inc., are as follows:

Period	High	Low
1975		
First quarter	14¼	12⅞
Second quarter	15	13¾
Third quarter	15⅜	14⅛
Fourth quarter	14⅝	13⅞
1976		
First quarter	15¾	13⅞
Second quarter	15¼	13⅜
Third quarter	14⅝	13½
Fourth quarter	16¼	14⅜
1977*		
First quarter	16½	15¾
Second quarter	19¼	14¾
Third quarter (through September 26)	18½	16½

* In considering the price quotations for 1977, stockholders should examine the information set forth in Section 13 below.

The quotations set forth above and all other data in this Offer have been adjusted as required to reflect the 2-for-1 split of the Company's Common Stock effected on August 1, 1977.

The high, low, and closing representative bid quotations for the Shares on September 28, 1977, were $17.

The high, low and closing representative bid quotations for the Shares on October 13, 1977, after the Ipex Group had announced on October 5, 1977 that it was considering making a competing tender offer, were $20½.

The foregoing quotations are inter-dealer quotations, do not reflect retail mark-ups, mark-downs or commissions, and do not necessarily represent actual transactions.

Stockholders are urged to obtain current quotations for the Shares and to review all information received by them from the Company, as well as the annual and quarterly reports referred to in Section 11 below.

The Company has paid annual per Share cash dividends during its recent fiscal years as follows: 1974 — $1.20; 1975 — $1.30; 1976 — $1.35; and during the first three quarters of 1977 — $1.05.

10. **Effect of Offer on SEC Registration and Market for the Shares.** The Company is currently subject to the informational filing requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and in accordance therewith is obligated to file reports and other information with the SEC relating to its business, financial condition and other matters. Information, as of particular dates, concerning the Company's directors and officers, their remuneration, the principal holders of the Company's securities and any material interest of such persons in transactions with the Company is required to be disclosed in proxy statements distributed to the Company's stockholders and filed with the SEC. Such reports, proxy statements and other information may be inspected at the SEC, 1100 "L" Street, N.W., Washington, D.C., and copies may be obtained upon payment of the SEC's customary charges by writing to the principal office of the SEC at 500 North Capitol Street, N.W., Washington, D.C. 20549.

Registration of the Shares under the Exchange Act may be terminated by the Company if there are fewer than 300 record holders thereof. Termination of registration under the Exchange Act would substantially reduce the information required to be furnished by the Company to its stockholders and would make certain other provisions of such Act, such as the short-swing profit recovery provisions of Section 16(b) and the requirement of furnishing a proxy statement pursuant to Section 14(a) in connection with stockholders' meetings, no longer applicable to the Company.

The purchase of any Shares pursuant to the Offer will reduce the number of Shares that might otherwise trade publicly, which could adversely affect the liquidity and market value of the remaining Shares held by the public. The purchase of any Shares may also reduce the number of holders of the Company's Shares. According to information supplied by the Company, there are 1,267,608 Shares outstanding, held, as of July 1, 1977, by approximately 1,900 stockholders of record. Depending upon the number of publicly held Shares and the number of stockholders remaining following the Offer, the interest in maintaining a market in the Shares on the part of securities dealers, the possible termination of registration under the Exchange Act as described above and other factors, the Shares may not continue to meet the requirements for the reporting of price quotations by the NASD through the NASDAQ System, although quotations might continue to be available from other sources.

11. **Certain Information Concerning the Company.** The information concerning the Company contained herein has been taken from or based upon publicly available documents and records. Although the Offeror has no knowledge that would indicate that any statements contained herein based on such documents or records are untrue, the Offeror cannot take responsibility for the accuracy or completeness of the information concerning the Company contained in such documents and records or for any failure by the Company to disclose events that may have occurred or may affect the significance or accuracy of any such information. For additional information concerning the Company, reference should be made to the reports and other information filed with the SEC and available at the SEC in the manner described in Section 10 above, particularly the Company's annual reports on Form 10-K and the Company's quarterly reports on Form 10-Q.

The Company was incorporated in 1927 under the laws of Michigan.

The Company and its subsidiary are principally engaged in the ownership and operation of the Ambassador Bridge, a toll bridge between Detroit, Michigan and Windsor, Ontario, Canada.

The Company's reported gross revenues, net earnings and net earnings per share for the past four years and for the six months ended June 30, 1977, were as follows:

	1973	1974	1975	1976	Six Months Ended 6/30/77
	(000 Omitted Except as to Per Share Data)				
Gross revenue	$7,151	$7,348	$7,238	$7,860	$4,241
Net earnings	2,352	2,415	1,863*	2,437	1,295
Earnings per share	1.86	1.91	1.47*	1.93	1.02

* Includes $519,000 for additional prior years' Canadian property taxes, which reduced earnings per share by $.21.

12. **Plans of Offeror Regarding Future Management of Ambassador Bridge and the Company.** The Offeror has no staff or management in place with expertise in matters similar to operation and maintenance of an international toll bridge. It admires the past management record of the officers and directors of the Company. It also admires the extended record of the United States and Canada in maintaining a long border with utmost good will and cooperation in a manner fair to all. Part of that record is the history of cooperation in all matters relating to the Company's main asset, the Ambassador Bridge.

The Offeror plans and expects to continue present management and directors of the Company in office to the extent they are willing to serve. Even if the Offeror acquires over 50 per cent of the outstanding Shares of the Company, Offeror plans initially, and perhaps indefinitely, to vote its Shares to elect only one new member of the Offeror's and its affiliates' managements to serve as a director of the Company, initially Charles T. Munger, a director of the Offeror and Chairman of its parent corporation, Blue Chip Stamps, headquartered in Los Angeles, California.

The Offeror also expects to use any voting power acquired over the Company in furtherance of responsible cooperation with all governmental authorities and in continuation of the past record of the Company for responsible operation of the Ambassador Bridge at fair toll rates.

13. **Recent Significant Developments Concerning the Company's Shares.** Certain proposals to acquire all of the Company's assets through cash merger have characterized part of the Company's recent history. For some years a United States investment group, composed of responsible people (the "Ipex Group"), has hoped to acquire all the United States and Canadian physical property of the Ambassador Bridge (the Company's main asset) in a transaction whereunder most of the price would be borrowed on the security of the assets purchased. The Ambassador Bridge is owned approximately one-half by the Company and one-half by the Company's wholly-owned Canadian subsidiary, and located approximately one-half in the United States and one-half in Canada. Any such sale and pledge of Canadian assets (as distinguished from transactions by United States citizens in stock of the Company, a Michigan corporation; see Section 18 below) would clearly require approval by Canadian authorities, and a past effort, approved by the Company directors in 1972, to arrange a modified form of cash merger with the Ipex Group was abandoned due to inability to obtain required Canadian approval.

In May of 1977, the Wall Street Journal reported that the Ipex Group wished to make a new acquisition proposal to the Company involving a cash merger transaction with the Ipex Group, arranged so as to net Company stockholders $18.50 per share, a figure considerably higher than the then market quotation for the Company's stock ($14¾ closing representative bid on April 29, 1977, the last trading day preceding announcement of the Ipex offer).

Immediately thereafter, Offeror purchased 92,242 shares of the Company's stock in two transactions at approximately $17 per share, believing that the stock was a sound investment value at such price and that it might later decide that, provided the Company's directors approved, the Offeror would be willing to buy stock by tender offer, **subject to no likely contingencies,** at a price higher than the $18.50-per-share price previously suggested by the Ipex Group for a complex transaction subject to obvious substantial delays and contingencies. This cash tender Offer at $20 per share now results.

The Offeror believes that the Company's directors have approved the making of this Offer to stockholders of the Company because of its simplicity and reliability. The Offeror has on hand or available all the cash or cash equivalents which are likely to be required, and its Offer for all practical purposes is unconditional, provided that the directors of the Company do not take any action in violation of Section 6(a) hereof, and the circumstances described in Section 6(b) hereof do not occur. Because of the advantages of an offer such as this, the Offeror believes that the Company's directors will summarily reject any asset sale, merger proposal, or other contingent proposal from the Ipex Group or others after this Offer is made. However, the Offeror has no way of predicting whether or not the Ipex Group will seek in the future to make a competitive unconditional cash tender offer for shares of the Company, although, as is noted in the letter accompanying this Offer, the Ipex Group has announced that it is considering the feasibility of making a cash tender offer for some or all of the Company's shares at a price higher than that offered by the Offeror. Also, as noted in the letter accompanying this Offer, the Lederer Group has delivered to the Company a proposed purchase agreement, subject to various contingencies, relative to purchase of the fixed assets of the Company. As noted in Section 18(c), below, Jerry D. Luptak, in litigation filed by him, has stated that he has informed the Company of his intention of making a tender offer for shares of the Company upon obtaining Canadian Government approval.

The only discussions between the Offeror or any of its officers, directors and affiliates and the Company or any of its affiliates, since the commencement of the Company's third full fiscal year preceding the date of this Offer, have been discussions with regard to the interest of the Estate of Joseph A. Bower (of which Messrs. Joseph W. Bower and Robert A. Bower, directors of the Company, are co-executors) in selling Shares in the Company and the more recent discussions regarding approval of the making of this offer by the Board of Directors of the Company.

14. **Purpose of Offer.** The purpose of the Offer is to obtain control of the Company through possession of the right to change its board of directors. Moreover, Offeror, assuming not all Shares are obtained hereunder, may ultimately acquire the entire outstanding equity interest in the Company. However, the Offeror does not presently contemplate replacing any present directors who wish to continue to serve (see Section 12 above).

Even if the Offeror does not acquire all of the Shares pursuant to the Offer, it desires to acquire sufficient Shares so that when aggregated with the Shares now owned by Offeror and its affiliates, it will have at least a majority of the Shares of the Company and, to the extent it acquires Shares, the Offeror intends to seek appropriate representation on the board of the Company (see Section 12 above). According to the Company's Articles of Incorporation, the Shares have one vote per share on all matters requiring such action and there are no cumulative voting rights. Accordingly, if the Offeror acquires a majority of the outstanding Shares, the Offeror would have the voting power to elect all of the directors of the Company (and the remaining stockholders would not be in a position to elect any directors); and, under applicable Michigan law and the Company's Articles of Incorporation, the Offeror would have the voting power to cause the Company to effect a merger, the sale of all or substantially all of the Company's assets or the liquidation of the Company or any other transaction for which the approval of a majority of the Shares entitled to vote is required.

If the Offeror ultimately decides to acquire the entire equity interest in the Company, in the event that the number of Shares acquired pursuant to the Offer, plus the Shares already owned by the Offeror and its affiliates, is less than all of the Shares of the Company outstanding, then depending upon the number of Shares so purchased by the Offeror and the information received by the Offeror concerning the Company, the Offeror may acquire some or all of the then remaining Shares through open market or private purchases, through another tender offer, through causing a merger, or by any other means deemed advisable by the Offeror on terms which may be more or less favorable than those of the Offer. The Canadian Foreign Investment Review Act, which is discussed in Section 18(b) below, might affect any such transaction.

The Shares being sought by the Offeror are being acquired for long term holding, and the Offeror will not resell such Shares in violation of the Securities Act of 1933, as amended.

Except as noted above and in Section 18 below, the Offeror has no present plans or proposals to liquidate the Company or to sell its assets or merge the Company with any person or make any other major changes in its business or corporate structure, or to make any material change in its capitalization or dividend policy. However, upon completion of the Offer, the Offeror intends to seek additional information about the Company and, after obtaining such information and completing a review thereof, may propose any such changes it considers desirable.

Except as set forth in Section 16 below, no Shares are owned beneficially, or are subject to any right to acquire directly or indirectly, by the Offeror or, to the best knowledge of Offeror, by any of its officers, directors, controlling persons, associates, or majority-owned subsidiaries, or by any officers, directors, controlling persons, associates or majority-owned subsidiaries of any such persons, nor is there any contract, arrangement or understanding on the part of the Offeror or any of its officers, directors or affiliates with respect to any securities of the Company. Except for the acquisition of Shares pursuant to this Offer, no transactions in Shares were effected during the last 60 days by the Offeror or any of its subsidiaries or, to the best knowledge of the Offeror, by any officer, director, or controlling person of the Offeror or any of its subsidiaries or any associate of such persons.

15. **Source and Amount of Funds.** If all Shares outstanding on the date hereof not already owned by the Offeror are purchased pursuant to the Offer, the purchase price and estimated maximum fees and expenses payable by the Offeror will aggregate approximately $23,807,000. The Offeror now has on hand, outside its savings and loan subsidiary, approximately $18,000,000 in cash or cash equivalents. In the event that such resources are not adequate to purchase shares which may be tendered, the Offeror expects to borrow additional funds, either from Security Pacific National Bank, or from its parent, Blue Chip Stamps. If a borrowing is made from Security Pacific National Bank, the Offeror expects to be able to borrow at the prime interest rate at the time of the loan, with the loan having a term of approximately six months and collateralized by stock of Mutual Savings and Loan Association, a savings and loan institution which is wholly-owned by Wesco Financial Corporation. The Offeror has no commitment with respect to any such borrowing from Security Pacific National Bank; its expectation that it would be able to effect such a borrowing, if it were needed, is based on its past banking experiences with Security Pacific National Bank. Any borrowing from Blue Chip Stamps would be on terms substantially similar to those the Offeror expects to receive from Security Pacific National Bank, but would not be collateralized. The Offeror expects that it would be able to repay any such borrowings through funds generated by its normal business operations and/or through sales of marketable securities held by it.

16. **Prior Acquisition of Shares by the Offeror and an Affiliate. Probable Response to this Offer by an Affiliate of the Offeror and by Directors and Officers of the Company.** Prior to the commencement of this Offer on September 30, 1977, the Offeror owned 92,242 shares of the Company's stock, which represents approximately 7.3% of the Company's 1,267,608 outstanding shares. These shares were purchased in two transactions in the over-the-counter securities market in May, 1977. One of these transactions, for 12,842 shares at $17 per share, was effected on a principal basis with the brokerage firm of Carret and Company, Inc., of which Philip L. Carret, a Director of the Company, is a director, officer and principal stockholder. In addition to these shares, insurance company subsidiaries of Berkshire Hathaway Inc. own 42,020 shares representing approximately 3.3% of the Company's outstanding shares, which such companies have owned for more than three years. As described more fully in Appendix A

hereto, Berkshire Hathaway Inc. is an affiliate of the Offeror through ownership of 36% of the outstanding stock of Blue Chip Stamps, and through ownership of additional stock of Blue Chip Stamps by other affiliates of Berkshire Hathaway Inc. Blue Chip Stamps in turn is the parent of the Offeror.

Through October 14, 1977, 15,873 Shares (approximately 1.3% of the Shares outstanding) had been properly tendered pursuant to this Offer, all of which Shares have been purchased by the Offeror.

The Offeror is informed that the insurance company subsidiaries of Berkshire Hathaway Inc. will probably tender the 42,020 Shares owned by them in response to this Offer.

The Offeror has been informed that it is the present intention of the following directors of the Company to tender in response to this Offer the Shares described below as held by them and to retain shares as indicated.

Name of Director	Shares Owned	Shares to be Tendered	Shares to be Retained
Joseph W. Bower (includes wife and family trusts)	11,800	11,700	100
Robert A. Bower	11,500	11,400	100
Philip L. Carret (includes family)	6,600	600	6,000
Charles J. Clark, Q.C.	400	400	—
Roy G. Lancaster	2,272	2,272	—
Harold A. Ruemenapp	200	200	—
H. Peter Schaub, Jr. (includes wife and family trusts)	9,548*	7,348*	1,200*

* Shares tendered plus Shares to be retained add to 8,548; Mr. Schaub is uncertain as to his intention with respect to tender of 1,000 shares.

In addition, the Offeror is informed that Pioneer Fund, Inc., of which Philip L. Carret is Chairman of the Board, presently expects to tender all 63,000 Shares owned by it in response to this Offer, and the Estate of Joseph A. Bower, of which Joseph W. Bower and Robert A. Bower are co-executors, presently expects to tender all 76,000 Shares owned by it in response to this Offer.

17. **Certain Information With Respect to the Offeror and Affiliate.** The Offeror is a savings and loan holding company incorporated in Delaware and located at 315 East Colorado Boulevard, Pasadena, California 91109. The Offeror's principal business is conducted through its wholly owned subsidiary, Mutual Savings and Loan Association, a savings and loan institution with its principal office at 315 East Colorado Boulevard, Pasadena, California 91109. The principal business of Mutual Savings and Loan Association is the lending of money secured by first liens on real estate (principally residential) to enable borrowers to purchase, construct, or refinance real property. Funds are provided by savings deposits, principal payments on existing loans, borrowings from banks and operations. The Offeror also owns and operates a fully improved Pasadena business block in which its head office and the head office of Mutual Savings and Loan Association are located. The Offeror in recent years has maintained substantial investments of its cash funds in short-term marketable securities.

The names, business addresses, present principal occupations, and material occupations during the last five years of the directors and officers of the Offeror, and the names and addresses of the organizations at which such persons carry on such occupations, are set forth in Appendix A hereto.

There are certain other persons who, by reason of their ownership of the Offeror's securities, or of securities of the Offeror's parent, Blue Chip Stamps, might be deemed to control the Offeror. Information concerning these persons is also set forth in Appendix A hereto.

Summary financial information with respect to the Offeror is also set forth in Appendix A hereto.

On June 9, 1976, the SEC filed a complaint in the United States District Court in Washington, D.C. against the Offeror's parent, Blue Chip Stamps, alleging that Blue Chip Stamps had violated applicable provisions of Sections 10(b) and 13(d) of the Exchange Act and Rules 10b-5 and 13d-2 promulgated thereunder in connection with purchases of shares of the Offeror from January 16 through March 15, 1973. The relief sought was a permanent injunction restraining Blue Chip Stamps, its agents and employees, from engaging in activities in violation of the above-cited provisions of the law in connection with the purchase or sale of securities of the Offeror or any other issuer. On the same day that the complaint was filed, Blue Chip Stamps, solely for the purpose of the action and without admitting or denying any allegation in the complaint, consented to entry of a final judgment embodying the relief sought. The final judgment also specified that Blue Chip Stamps would pay to certain persons who sold previously owned shares of the Offeror between March 15, 1973 and September 6, 1974, 7.7% of the difference between the gross sales price previously received in such sales and $17 per share. Blue Chip Stamps paid an aggregate of $115,570 to such persons.

The Offeror is subject to the reporting requirements of the Exchange Act. In accordance therewith it files reports and other information with the SEC, the American Stock Exchange and the Pacific Stock Exchange relating to its business and financial condition and other matters. Information, as of specified dates, concerning the Offeror's directors and officers, their remuneration, the principal holders of the Offeror's securities, and any material interest of such persons in transactions with the Offeror, is disclosed in proxy statements distributed to the Offeror's stockholders and filed with the SEC. Such reports, proxy statements, and other information may be inspected at the office of the SEC, 1100 "L" Street, N.W., Washington, D.C. 20549, and copies may be obtained upon payment of the SEC's customary charges.

18. **Regulatory Matters and Litigation.**

(a) **Michigan Law.** Under the Michigan Statute relative to "takeover offers," an offer for the equity securities of a company which is made by a person other than the issuing company is not considered a takeover offer subject to the Statute, if the offer is initiated or approved by the board of directors of the issuing company and if the offer is made when a takeover offer with respect to the security by another person is not effective under the Statute or has not been publicly disclosed. The making of this Offer has been approved by the board of directors of the Company, and the Offeror thus believes that it is not subject to the provisions of the Michigan Statute.

(b) **Canadian Law.** The Offeror understands that the Foreign Investment Review Act of Canada (the "Canadian Act") requires that notice of acquisition of "control" of Canadian business enterprises by foreign corporations be furnished to the Canadian Foreign Investment Review Agency (the "Canadian Agency") and that such acquisitions be reviewed by the Canadian Minister (as defined in the Canadian Act) and be approved by the Governor in Council as being "of significant benefit to Canada." The Canadian Act creates a rebuttable presumption that the acquisition of 5% or more of the voting securities of a publicly traded corporation constitutes the acquisition of "control" and provides that the acquisition of more than 50% of such voting securities by a person not theretofore in "control" shall be deemed to constitute the acquisition of "control."

Subsequent to the announcement of this Offer, the Offeror was contacted by representatives of the Canadian Agency who expressed their view that the Canadian Act is applicable to any acquisition of "control", pursuant to this Offer, of the Company's wholly owned Canadian subsidiary, and further indicated that the Offeror should file with the Canadian Agency to seek approval of such acquisition of "control". The Offeror has not made a final determination as to how it will respond to the Canadian Agency, and it has no way of knowing what action will be taken with respect to this matter by the Government of Canada.

This Canadian Act would plainly be applicable to a direct purchase by the Offeror of over 50% of the stock of the Company's Canadian subsidiary which owns the portion of the Ambassador

Bridge located in Canada. The Offeror has been informed by counsel that Canadian legal commentators differ as to whether or not Canada intended by the Canadian Act to assert jurisdiction over transactions, such as the one proposed in this Offer, between United States citizens in publicly traded shares of long-established United States corporations, merely because such corporations have Canadian subsidiaries. The Offeror's lawyers have advised Offeror that even if Canada did intend to assert such extra-territorial jurisdiction over United States citizens, which is not clear, it has no such jurisdiction, but that Canada can, of course, at all times, apply its own law, interpreted in its own way, subject to the jurisdiction of its own courts, to the Company's subsidiary which is chartered and owns property in Canada. As noted above, representatives of the Canadian Agency have taken the position that the acquisition of Shares by the Offeror pursuant to this Offer would constitute a forbidden acquisition of "control" of the Company's wholly owned Canadian subsidiary, which owns and operates approximately one-half of the Ambassador Bridge, unless the Offeror is able to sustain the burden of proof of benefits to Canada which is imposed by the Canadian Act where applicable. In such event, if the acquisition of Shares of the Company by the Offeror were not approved by the Governor in Council in Canada, the Canadian Minister could request a Canadian court to issue an order rendering nugatory the "control" of the Company's Canadian subsidiary by the Company. Such an order could contain any provision which, in the opinion of the court, was necessary in the circumstances, possibly including, without limitation, the revocation and suspension of the Company's voting rights with respect to its stock interest in the Canadian subsidiary and/or the sale or other disposition by the Company of such stock interest, or some other sale or disposition, on such terms and conditions as the court might deem just and reasonable. **Such a court order might have severe, adverse economic impact on the value of Shares of the Company — both those owned by Offeror and those retained by Company stockholders who chose not to sell in response to this Offer.**

One special Canadian Statement, and the Offeror's attitude with respect thereto, may also be of particular interest to the Company's stockholders as they review this Offer. The Offeror is informed that, under date of October 15, 1973, a Statement, attached hereto in its entirety as Appendix B, was issued by the Canadian Secretary of State for External Affairs, with regard to "the Government's policy on International Bridges with particular reference to the Ambassador Bridge." This statement includes the following language:

> "It is recognized that the shareholders of [the Company] and [its Canadian subsidiary] are presently capable of selling their shares at will. However, prospective purchasers should be aware that **for any arrangements involving the mortgaging of the Canadian portion of that bridge or any change in the status of the [Canadian subsidiary],** (emphasis supplied) the Government of Canada would expect the new bridge regime to meet the criteria set out hereunder:
>
> (a) The Canadian portion of the bridge shall be conveyed to Canadian or Ontario authorities at no cost within 25 years of the date of acquisition from the vendor;
>
> (b) The future financing of major repairs or improvements to the bridge will not be allowed to defer the reversion of the bridge;
>
> (c) Management of the bridge shall be so constituted as to take proper account of local and national Canadian interests and concerns through participation of resident Canadians in the management;
>
> (d) Tolls will continue to be subject to Canadian control. Tolls for all traffic leaving Canada shall be collected on the Canadian side of the bridge;
>
> (e) Without contravening the provisions of the Railway Act, any new management shall provide for a reduction of tolls, particularly commuter tolls;

(f) All Canadian legislative requirements shall be observed by the purchaser, particularly those of the Railway Act, the Bridges Act, and the Navigable Waters Protection Act;

(g) Customs and Immigration officers shall continue to be provided with accommodation to Canadian standards at no cost to the Government of Canada;

(h) In the interest of the local Canadian community and of Canada generally, land constituting part of the bridge property in Canada which is not required for the operation of the bridge shall be conveyed to a body designated by the Canadian Government, at no cost;

(i) To the extent that it is possible, a fair proportion of Canadian labour, stores and materials shall be obtained from Canadian sources."

The Offeror's attitude is that it has no present intention of mortgaging the Canadian portion of the bridge, and does not believe it would be equitable for Canada to find a "change in status" of the Canadian subsidiary and respond by imposing conditions which reduce the value of the Company, merely because one United States citizen increased its shareholdings, even to 50% or more, in what has always been predominantly a United States-owned Company.

In addition, toll rates charged on the Ambassador Bridge are subject to Canadian and United States Government control. Under such conditions, good future relations with Canada appear imperative, and bad future relations could greatly impair the value of Shares of the Company, even if Canada asserts no jurisdiction over this Offer under Canadian law.

By its willingness to pay $20 per share for stock of the Company, the Offeror evidences its confidence that, after successful conclusion of the Offer, both the Offeror and the Canadian authorities will reasonably resolve any legal or other questions raised so that the Company can continue to operate the entire Ambassador Bridge in a constructive and responsible manner exactly as it has in the past at a reasonable but not excessive rate of return. To this end, the Offeror intends to adopt an extremely fair-minded and conciliatory approach. However, if the Offeror's confidence regarding the interpretation and future course of administration of Canadian law turns out to be erroneous, and litigation or other serious difficulty ensues in Canada, the Offeror might well be forced, in the exercise of its best judgment in dealing with the problems, to extricate maximum salvage values and/or operating values in the interest of all of the Company's stockholders by whatever action or actions might seem appropriate at the time, including but not limited to possible sales of stock or assets.

(c) **Pending Litigation Relating to this Offer.** An individual alleging himself to be a stockholder of the Company, on October 7, 1977 filed an action in the State courts of Michigan (Circuit Court for the County of Wayne) seeking to enjoin this Offer for violating the Michigan Statute relative to takeover offers (*Jerry D. Luptak v. Wesco Financial Corporation and Detroit International Bridge Company*). Among other allegations contained in the complaint, plaintiff alleges that prior to the commencement of this Offer, the plaintiff had publicly announced to the Company's Board of Directors his intention of making a tender offer for shares of the Company upon obtaining approval from the Canadian Agency. At a hearing on October 14, 1977, the Court refused to grant the preliminary injunction sought by plaintiff.

The same plaintiff has also, on October 12, 1977, filed a lawsuit in the United States District Court for the Eastern District of Michigan, Southern Division (*Jerry D. Luptak v. Wesco Financial Corporation, Blue Chip Stamps, and Detroit International Bridge Company*), seeking to enjoin this Offer for alleged violations of Sections 10(b), 14(d) and 14(e) of the Exchange Act. Plaintiff alleges that the Offeror's Offer to Purchase contains various material misrepresentations and omissions of material fact, particularly, but not exclusively, concerning the description therein of the Canadian Act and the effects of the Canadian Act. The complaint states that plaintiff is seeking a temporary restraining order, preliminary injunction, and permanent injunction. Both the Offeror and Blue Chip Stamps plan to defend this action vigorously, and while they have not completed their review of the complaint, they expect such defense to be successful. The Offeror expects a hearing to be held on October 21 regarding plaintiff's request for a preliminary injunction.

Except as set forth in this Section 18, the Offeror is not aware of any approval or other action by any state or federal or foreign governmental or administrative agency which would now be required and has not already been granted for the acquisition of Shares by the Offeror as contemplated herein, nor is it aware of any other litigation pending in relation to this Offer. Should any additional approval or other action be required, it is presently contemplated that such approval or action would be sought. However, absent injunction or order by a court or agency having jurisdiction, the purchase of Shares tendered pursuant to the Offer will not be delayed pending the outcome of any such matter. There is, of course, no assurance that any such approval or action, if needed, would be obtained or that adverse consequences might not result to the Company's business or that certain parts of the Company's business might not have to be disposed of in order to obtain such approval or other action.

19. **Carefully Considered Response to this Offer Desired by Offeror.** By approving the making of this Offer, the Company's directors have merely determined that it is a benefit to the Company's stockholders to have the **choice** of selling at the price offered. As noted in Section 16 above, some directors and their affiliates plan to sell and some plan to retain their Shares. However, the Company's directors have made no recommendation as to the advisability of sale of Shares by stockholders. Under such circumstances, each stockholder of the Company should decide whether or not to sell in response to the Offer based entirely on his own judgment under all circumstances affecting him. The appropriate response to the sale opportunity at the price offered may well differ among the Company's stockholders depending on risk aversion, risk appraisal, tax consequences, alternative investment opportunities, other uses for money, or other special factors.

20. **Miscellaneous.** This Offer is not being made to, nor will the Offeror accept tenders from, holders of Shares in any jurisdiction in which this Offer or the acceptance thereof would not be in compliance with laws of such jurisdiction. However, if shares are held in any jurisdictions the laws of which require this Offer to be made by a licensed broker or dealer, Offeror will seek to arrange that this Offer be made on behalf of the Offeror by a dealer licensed therein.

No person has been authorized to give any information or make any representation on behalf of the Offeror not contained herein; and if given or made, such information or representation must not be relied upon as having been authorized.

The Offeror has filed with the SEC, pursuant to Rule 14d-1 of the General Rules and Regulations under the Exchange Act, a statement on Schedule 14D-1 furnishing certain additional information with respect to this Offer. Such statement may be inspected at the SEC in the manner described in Section 17 hereof.

Disclosure of events which may affect this Offer occurring after the date hereof will not necessarily be communicated to the stockholders of the Company in the same manner as this Offer.

October 17, 1977.

WESCO FINANCIAL CORPORATION

The Letter of Transmittal, certificates for your Shares, and any other required documents, should be sent by you, your broker, bank or trust company to the Depository or the Forwarding Agent, as follows:

DEPOSITORY:

SECURITY PACIFIC NATIONAL BANK

By Mail:	By Hand:
Corporate Trust Division P.O. Box 60146 Terminal Annex Los Angeles, CA 90060	Securities Processing Section 333 South Hope Street Level E Los Angeles, CA 90071

FORWARDING AGENT:

NATIONAL BANK OF DETROIT

By Mail:	By Hand:
Trust Division P.O. Box 634 A Detroit, MI 48232	Trust Division Woodward at Fort Sixth Floor Detroit, MI 48232

ANY QUESTIONS OR REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES OF THIS OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL MAY BE DIRECTED TO WESCO FINANCIAL CORPORATION, THE DEPOSITORY OR THE FORWARDING AGENT AT THE LOCATIONS LISTED BELOW, OR BY COLLECT TELEPHONE CALLS TO THE NUMBERS LISTED BELOW. YOU MAY ALSO CONTACT YOUR BROKER, DEALER, BANK OR TRUST COMPANY FOR ASSISTANCE CONCERNING THIS OFFER.

WESCO FINANCIAL CORPORATION
315 East Colorado Boulevard
Pasadena, California 91109
213-449-2345 (Attention: Office of the Secretary)

SECURITY PACIFIC NATIONAL BANK
Corporate Trust Division
P.O. Box 60146, Terminal Annex
Los Angeles, California 90060
213-613-7641

NATIONAL BANK OF DETROIT
Trust Division
P.O. Box 634 A
Detroit, Michigan 48232
313-225-3185

APPENDIX A

I.

Directors of Wesco Financial Corporation

LOUIS R. VINCENTI — Present principal occupation: Chairman of the Board and President of Wesco Financial Corporation. Business Address: 315 East Colorado Boulevard, Pasadena, California 91109. Occupation during the last five years: 1961/Present — President of Wesco Financial Corporation; 1973/Present — Chairman of the Board of Wesco Financial Corporation.

WILLIAM T. CASPERS — Present principal occupation and occupation during the last five years: Vice President of Wesco Financial Corporation and of its principal subsidiary, Mutual Savings and Loan Association. Business address: 315 East Colorado Boulevard, Pasadena, California 91109.

DAVID K. ROBINSON — Present principal occupation and occupation during the last five years: Partner of Hahn & Hahn, attorneys at law. Business address: 301 East Colorado Boulevard, Suite 900, Pasadena, California 91101.

JAMES N. GAMBLE — Present principal occupation and occupation during the last five years: Self employed in the investment counselling and trust administration business. Business address: 301 East Colorado Boulevard, Suite 402, Pasadena, California 91101.

ELIZABETH CASPERS PETERS — Present principal occupation and occupation during the last five years: Personal investments. Business address: 3769 Jackson Street, San Francisco, California 94118.

WARREN E. BUFFETT — Present principal occupation and occupation during the last five years: Chairman of the Board of Berkshire Hathaway Inc., 97 Cove Street, P.O. Box C904, New Bedford, Massachusetts 02741, and Diversified Retailing Company, Inc., 1300 Mercantile Bank and Trust Building, Two Hopkins Plaza, Baltimore, Maryland 21201. Business address: 1440 Kiewit Plaza, Omaha, Nebraska 68131. The businesses of Berkshire Hathaway Inc. and Diversified Retailing Company, Inc. are described below in Section III of this Appendix.

CHARLES T. MUNGER — Present principal occupation: Chairman of the Board of Blue Chip Stamps, 5801 South Eastern Avenue, Los Angeles, California 90040. Business address: 606 South Hill Street, Los Angeles, California 90014. Occupation during the last five years: June 1976/Present — Chairman of the Board of Blue Chip Stamps; January 1974/June 1976 — Management of personal investments; prior thereto — General Partner of Wheeler, Munger & Co., an investment firm, 618 South Spring Street, Los Angeles, California. The business of Blue Chip Stamps is described below in Section III of this Appendix.

II.

Officers of Wesco Financial Corporation

LOUIS R. VINCENTI — Chairman of the Board and President, see above under Directors.

WILLIAM T. CASPERS — Vice President, see above under Directors.

P. E. LYNN — Present principal occupation and occupation during the last five years: Vice President of Wesco Financial Corporation and an officer of its principal subsidiary, Mutual Savings and Loan Association. Business address: 315 East Colorado Boulevard, Pasadena, California 91109.

ROBERT E. SAHM — Present principal occupation and occupation during the last five years: Vice President of Wesco Financial Corporation. Business address: 315 East Colorado Boulevard, Pasadena, California 91109.

John R. Armetta — Present principal occupation: Vice President of Wesco Financial Corporation. Business address: 315 East Colorado Boulevard, Pasadena, California 91109. Occupation during the last five years: 1973/Present — Vice President of Wesco Financial Corporation; 1969/1973 — an officer of Mutual Savings and Loan Association, the principal subsidiary of Wesco Financial Corporation.

H. R. Dettmann — Present principal occupation: Vice President of Wesco Financial Corporation. Business address: 315 East Colorado Boulevard, Pasadena, California 91109. Occupation during the last five years: October 1976/Present — Vice President of Wesco Financial Corporation; October 1971/October 1976 — an officer of Mutual Savings and Loan Association, the principal subsidiary of Wesco Financial Corporation.

Bette Deckard — Present principal occupation: Secretary-Treasurer of Wesco Financial Corporation. Business address: 315 East Colorado Boulevard, Pasadena, California 91109. Occupation during the last five years: April 1975/Present — Secretary-Treasurer of Wesco Financial Corporation; Prior thereto — an employee of Mutual Savings and Loan Association, the principal subsidiary of Wesco Financial Corporation.

III.

Information Regarding Blue Chip Stamps and Certain of its Affiliates

Blue Chip Stamps is a California corporation, the principal office of which is located at 5801 South Eastern Avenue, Los Angeles, California 90040. The principal businesses of Blue Chip Stamps are furnishing a trading stamp service to retailers and their customers and, through subsidiaries, engaging in the candy, savings and loan and newspaper businesses.

Blue Chip Stamps owns 80.1% of the common stock of Wesco Financial Corporation ("Wesco"). Approximately 65% of the common stock of Blue Chip Stamps is owned by Warren E. Buffett, his wife, one of his children, trusts of which he is trustee, a corporation which may be deemed to be controlled by Mr. Buffett (Berkshire Hathaway Inc.), subsidiaries of Berkshire Hathaway Inc., and subsidiaries of another corporation which may be deemed to be controlled by Mr. Buffett (Diversified Retailing Company, Inc.). Mr. and Mrs. Buffett own 56% of the common stock of Diversified Retailing Company, Inc., which through a subsidiary is principally engaged in operating women's apparel stores, and through other subsidiaries engages in the property and casualty insurance business. Mr. and Mrs. Buffett own 36% of the common stock of Berkshire Hathaway Inc. In addition, Diversified Retailing Company, Inc. and subsidiaries own 18% of the stock of Berkshire Hathaway Inc. Berkshire Hathaway Inc. engages in the textile manufacturing business, and through subsidiaries engages in the property and casualty insurance business and the banking business. It also maintains long-term investments in a number of other businesses. The principal office of Diversified Retailing Company, Inc. is 1300 Mercantile Bank and Trust Building, Two Hopkins Plaza, Baltimore, Maryland 21201; and the principal address of Berkshire Hathaway Inc. is 97 Cove Street, P.O. Box C904, New Bedford, Massachusetts 02741.

Charles T. Munger, and trusts of which he is trustee, own approximately 2% of the stock of Blue Chip Stamps, and Mr. Munger owns approximately 8% of the stock of Diversified Retailing Company, Inc. Mr. Munger is a director of Wesco Financial Corporation, a director and Chairman of the Board of Blue Chip Stamps, and a director and Vice President of Diversified Retailing Company, Inc.

IV.

Directors of Blue Chip Stamps

WARREN E. BUFFETT — Chairman of the Executive Committee of the Board of Directors, see above under Directors of Wesco Financial Corporation.

Z. WAYNE GRIFFIN — Present principal occupation: Management of personal investments and real estate investments. Business address: 445 South Figueroa Street, Los Angeles, California 90017. Occupation during the last five years: 1973/Present — Management of personal investments and real estate development; Prior thereto — Chairman of Community Redevelopment Agency of the City of Los Angeles, 727 West 7th Street, Los Angeles, California.

DONALD A. KOEPPEL — Present principal occupation: President of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: June 1976/Present — President of Blue Chip Stamps; Prior thereto — Chairman of the Board and President of Blue Chip Stamps.

CHARLES T. MUNGER — Chairman of the Board, see above under Directors of Wesco Financial Corporation.

WILLIAM F. RAMSEY — Present principal occupation: Retired. Address: 73-450 Delea Lane, Palm Desert, California 92260. Occupation during the last five years: March 1977/Present — Retired; Prior thereto — Executive Vice President of Blue Chip Stamps.

RON STEVER — Present principal occupation: Chairman of the Board, Stever, Klove & Bradway, Inc., employee benefit consultants, and Chairman of the Board of Crescent Wharf & Warehouse Company, Berth 198, Wilmington, California, a wharf and warehouse company. Business address: 3435 Wilshire Boulevard, Los Angeles, California 90010. Occupation during the last five years: 1976/Present — Chairman of the Board, Stever, Klove & Bradway, Inc. and Chairman of the Board of Crescent Wharf & Warehouse Company; Prior thereto — Chairman of the Board of the Stever Companies, 2999 West Sixth Street, Los Angeles, California, consulting actuaries and insurance brokers.

ANDREW J. WOLF — Present principal occupation and occupation during the last five years: *President of A & B Supermarkets, Inc., 565 Barham Avenue, Santa Rosa, California 95404*, a retail grocery chain. Business address: 565 Barham Avenue, Santa Rosa, California 95404.

V.

Officers of Blue Chip Stamps

CHARLES T. MUNGER — Chairman of the Board, see above under Directors of Wesco Financial Corporation.

DONALD A. KOEPPEL — President, see above under Directors of Blue Chip Stamps.

WARREN E. BUFFETT — Assistant Secretary, see above under Directors of Wesco Financial Corporation.

ROBERT H. BIRD — Present principal occupation: Vice President and Chief Financial Officer of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: April 1977/Present — Vice President and Chief Financial Officer of Blue Chip Stamps; 1974/April 1977 — Vice President, Secretary and Treasurer of Blue Chip Stamps; Prior thereto — Secretary and Treasurer of Blue Chip Stamps.

RAYMOND H. ALLEN — Present principal occupation and occupation during the last five years: Vice President, Information Systems, of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040.

CLAUDE C. GELINEAU — Present principal occupation: Vice President, Sales, of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: April 1977/Present — Vice President, Sales, of Blue Chip Stamps; 1974/1977 — General Sales Manager of Blue Chip Stamps; Prior thereto — a district store supervisor in the operations department of Blue Chip Stamps.

PAUL F. HOLZAPFEL — Present principal occupation: Vice President, Incentives, of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: August 1977/Present — Vice President, Incentives, of Blue Chip Stamps; Prior thereto — various managerial positions in the Incentives Division of Blue Chip Stamps.

WILLIAM K. KLEPPER — Present principal occupation and occupation during the last five years: Vice President, Merchandise, of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040.

JACKSON B. REED — Present principal occupation: Vice President, Operations, of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: April 1977/Present — Vice President, Operations, of Blue Chip Stamps; April 1977 — Operations Manager of Blue Chip Stamps; Prior thereto — Store Operations Manager of Blue Chip Stamps.

KENNETH E. WITTMEYER — Present principal occupation: Vice President, Industrial Relations, of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: 1974/Present — Vice President, Industrial Relations, of Blue Chip Stamps; Prior thereto — Industrial Relations Manager of Blue Chip Stamps.

JEFFREY L. JACOBSON — Present principal occupation: Treasurer of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: August 1977/Present — Treasurer of Blue Chip Stamps; July 1977/August 1977 — Financial Officer of Blue Chip Stamps; Prior thereto — an audit manager and audit senior with Price Waterhouse & Co., 606 South Olive Street, Los Angeles, California 90014, an accounting firm.

ERNEST P. PAULSON — Present principal occupation: Secretary and Controller of Blue Chip Stamps; Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: April 1977/Present — Secretary and Controller of Blue Chip Stamps; Prior thereto — Controller of Blue Chip Stamps.

FORREST L. NIELSEN — Present principal occupation: Assistant Secretary and Assistant Controller of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: April 1977/Present — Assistant Secretary and Assistant Controller of Blue Chip Stamps; Prior thereto — Assistant Controller of Blue Chip Stamps.

GLORIA ADAMS — Present principal occupation: Assistant Secretary of Blue Chip Stamps. Business address: 5801 South Eastern Avenue, Los Angeles, California 90040. Occupation during the last five years: March 1976/Present — Assistant Secretary of Blue Chip Stamps; Prior thereto — an executive secretary of Blue Chip Stamps.

VI.

Directors and Officers of Diversified Retailing Company, Inc.

DIRECTORS

WARREN E. BUFFETT — Chairman of the Board, see above under Directors of Wesco Financial Corporation.

ROBERT M. GOLDMAN — President. Present principal occupation and occupation during the last five years: Partner of Frank, Bernstein, Conaway and Goldman, attorneys at law. Business address: 1300 Mercantile Bank and Trust Building, 2 Hopkins Plaza, Baltimore, Maryland 21201.

DAVID S. GOTTESMAN — Vice President. Present principal occupation and occupation during the last five years: General Partner of First Manhattan Co., a securities broker-dealer and member of the New York Stock Exchange. Business address: 380 Madison Avenue, New York, New York 10022.

CHARLES F. HEIDER — Present principal occupation and occupation during the last five years: President of Chiles, Heider & Co., Inc., a securities broker-dealer and a member of the New York Stock Exchange. Business address: 1300 Woodmen Tower, Omaha, Nebraska 68102.

CHARLES T. MUNGER — Vice President, see above under directors of Wesco Financial Corporation.

OFFICERS

WARREN E. BUFFETT — Chairman of the Board, see above under Directors of Wesco Financial Corporation.

ROBERT M. GOLDMAN — President, see above under Directors of Diversified Retailing Company, Inc.

DAVID S. GOTTESMAN — Vice President, see above under Directors of Diversified Retailing Company, Inc.

CHARLES T. MUNGER — Vice President, see above under Directors of Wesco Financial Corporation.

LARRY C. CUMMINGS — Treasurer. Present principal occupation and occupation during the last five years: Office Manager for Frank, Bernstein, Conaway and Goldman, attorneys at law. Business address: 1300 Mercantile Bank and Trust Building, 2 Hopkins Plaza, Baltimore, Maryland 21201.

MAX E. BLUMENTHAL — Secretary. Present principal occupation and occupation during the last five years: Partner of Frank, Bernstein, Conaway, and Goldman, attorneys at law. Business address: 1300 Mercantile Bank and Trust Building, 2 Hopkins Plaza, Baltimore, Maryland 21201.

VII.

Information Concerning Certain Subsidiaries of Diversified Retailing Company, Inc.

Diversified Retailing Company, Inc. owns 100% of the stock of Associated Retail Stores, Inc., a company engaged in operating women's apparel stores, with its principal offices at 44-02 Twenty-third Street, Long Island City, New York 11101. Associated Retail Stores, Inc. owns 100% of the stock of Columbia Insurance Company, a property and casualty insurance company with its principal offices located at 405 South Thirty-first Street, Omaha, Nebraska 68131. Columbia Insurance Company owns 100% of the stock of Southern Casualty Insurance Company, a property and casualty insurance company with its principal offices located at 1404 Murray Street, Alexandria, Louisiana 71301.

Associated Retail Stores, Inc. owns approximately 11.4% of the stock of Blue Chip Stamps, and Columbia Insurance Company owns approximately 4.8% of the stock of Blue Chip Stamps.

Diversified Retailing Company, Inc. owns directly approximately 11.1% of the stock of Berkshire Hathaway Inc., while Associated Retail Stores, Inc. owns approximately 1.2% of the stock of Berkshire Hathaway Inc.; Columbia Insurance Company owns approximately 5% of the stock of Berkshire Hathaway Inc.; and Southern Casualty Insurance Company owns approximately .2% of the stock of Berkshire Hathaway Inc.

The directors and officers of Associated Retail Stores, Inc. are as follows:

DIRECTORS

WARREN E. BUFFETT — Chairman of the Board, see above under Directors of Wesco Financial Corporation.

BENJAMIN F. ROSNER — Present principal occupation and occupation during the last five years: President of Associated Retail Stores, Inc. Business address: 44-02 Twenty-third Street, Long Island City, New York 11101.

CHARLES T. MUNGER — See above under Directors of Wesco Financial Corporation.

HAROLD A. FEIN — Secretary. Present principal occupation and occupation during the last five years: Partner of Fein and Hanfling, attorneys at law. Business address: 33 North LaSalle Street, Chicago, Illinois 60602.

OFFICERS

WARREN E. BUFFETT — Chairman of the Board, see above under Directors of Wesco Financial Corporation.

BENJAMIN F. ROSNER — President, see above under Directors of Associated Retail Stores, Inc.

MORTON H. STERN — Present principal occupation and occupation during the last five years: Vice President of Associated Retail Stores, Inc. Business address: 44-02 Twenty-third Street, Long Island City, New York 11101.

BERNARD KYROUAC — Present principal occupation and occupation during the last five years: Vice President of Associated Retail Stores, Inc. Business address: 4030 West Madison Street, Chicago, Illinois 60624.

SAMUEL ABBOTT — Present principal occupation and occupation during the last five years: Vice President of Associated Retail Stores, Inc. Business address: 1001 Market Street, Philadelphia, Pennsylvania 19107.

EDWARD J. REICHLER — Present principal occupation and occupation during the last five years: Vice President of Associated Retail Stores, Inc. Business address: 44-02 Twenty-third Street, Long Island City, New York 11101.

HAROLD A. FEIN — Secretary, see above under Directors of Associated Retail Stores, Inc.

The directors and officers of Columbia Insurance Company are as follows:

DIRECTORS

WARREN E. BUFFETT — Chairman of the Board and Treasurer, see above under Directors of Wesco Financial Corporation.

GEORGE D. YOUNG — Present principal occupation and occupation during the last five years: Senior Vice President of National Indemnity Company. Business address: 3024 Harney Street, Omaha, Nebraska 68131.

JOHN R. RINGWALT — Present principal occupation and occupation during the last five years: President of Cornhusker Casualty Company. Business address: 105 North 31st Avenue, Omaha, Nebraska 68131.

JOHN WILLIAM SCOTT — Present principal occupation and occupation during the last five years: Security Analyst for Berkshire Hathaway Inc. Business address: 1440 Kiewit Plaza, Omaha, Nebraska 68131.

WILLIAM A. BETZ — Present principal occupation and occupation during the last five years: Vice President of National Indemnity Company. Business address: 3024 Harney Street, Omaha, Nebraska 68131.

OFFICERS

WARREN E. BUFFETT — Chairman of the Board and Treasurer, see above under Directors of Wesco Financial Corporation.

GEORGE D. YOUNG — President, see above under Directors of Columbia Insurance Company.

WILLIAM A. BETZ — Secretary, see above under Directors of Columbia Insurance Company.

JOHN WILLIAM SCOTT — Vice President, see above under Directors of Columbia Insurance Company.

GEORGE C. BILLINGS — Vice President. Present principal occupation: President and Treasurer of Texas United Insurance Company, a property and casualty insurance company. Business address: 4415 Piedras Drive West, San Antonio, Texas 78228. Occupation during the last five years: January 1974/Present — President and Treasurer of Texas United Insurance Company; Prior thereto — Marketing Manager of Gulf Insurance Company, 3015 Cedar Springs, Dallas, Texas, a fire and casualty insurance company.

EARL VOIEN — Vice President. Present principal occupation: Vice President of National Indemnity Company and Kerkling Reinsurance Corporation. Business address: 3024 Harney Street, Omaha, Nebraska 68131. Occupation during the last five years: 1974/Present — Vice President of National Indemnity Company, a property and casualty insurance company, and Kerkling Reinsurance Corporation, a property and casualty reinsurance company; Prior thereto — Vice President and a Director of Buffalo Insurance Company, 4201 Wilshire Boulevard, Los Angeles, California 90010, a reinsurance, property, and casualty insurance company.

NATHAN WALKER — Vice President. Present occupation and occupation during the last five years: Vice President and Secretary of Texas United Insurance Company, a property and casualty insurance company. Business address: 4415 Piedras Drive West, San Antonio, Texas 78228.

The directors and officers of Southern Casualty Insurance Company are as follows:

DIRECTORS

JOHN WILLIAM SCOTT — Vice President and Treasurer, see above under Directors of Columbia Insurance Company.

WILLIAM A. BETZ — See above under Directors of Columbia Insurance Company.

ERNEST E. GRAHAM — Present principal occupation: President of Southern Casualty Insurance Company. Business address: 1404 Murray Street, Alexandria, Louisiana 71301. Occupation during the last five years: April 1975/Present — President of Southern Casualty Insurance Company; July 1974/April 1975 — Assistant Commissioner, Oklahoma Department of Insurance, Oklahoma City, Oklahoma; Prior thereto — President of Triton Insurance Company, an automobile and general liability insurance company, Perry, Oklahoma.

GEORGE D. YOUNG — See above under Directors of Columbia Insurance Company.

OFFICERS

ERNEST E. GRAHAM — President, see above under Directors of Southern Casualty Insurance Company.

JOHN WILLIAM SCOTT — Vice President and Treasurer, see above under Directors of Columbia Insurance Company.

JOHN J. ZINGG — President principal occupation: Assistant Treasurer of Southern Casualty Insurance Company. Business address: 1404 Murray Street, Alexandria, Louisiana 71301. Occupation during the last five years: June 1975/present — Assistant Treasurer of Southern Casualty Insurance Company; Prior thereto — Manager of Data Control and Data Processing for Transit Casualty Company, 3700 Wilshire Boulevard, Los Angeles, California, a property and casualty insurance company.

EARL VOIEN — Secretary, see above under Officers of Columbia Insurance Company.

VIII.

Directors and Officers of Berkshire Hathaway Inc.

DIRECTORS

WARREN E. BUFFETT — Chairman of the Board, see above under Directors of Wesco Financial Corporation.

KENNETH V. CHACE — Present principal occupation and occupation during the last five years: President of Berkshire Hathaway Inc. Business address: 97 Cove Street, New Bedford, Massachusetts 02741.

MALCOLM G. CHACE, JR. — Present principal occupation and occupation during the last five years: Director of Berkshire Hathaway Inc. and private investor. Business address: 731 Hospital Trust Building, Providence, Rhode Island 02903.

J. VERNE MCKENZIE — Present principal occupation and occupation during the last five years: Vice President, Treasurer and Secretary of Berkshire Hathaway Inc. Business address: 3024 Harney Street, Omaha, Nebraska 68131.

OFFICERS

WARREN E. BUFFETT — Chairman of the Board, see above under Directors of Wesco Financial Corporation.

KENNETH V. CHACE — President, see above under Directors of Berkshire Hathaway Inc.

J. VERNE MCKENZIE — Vice President, Treasurer and Secretary, see above under Directors of Berkshire Hathaway Inc.

IX.

Information Concerning Certain Subsidiaries of Berkshire Hathaway Inc.

Berkshire Hathaway Inc. owns 99.95% of the stock of National Indemnity Company, a property and casualty insurance company with its principal offices at 3024 Harney Street, Omaha, Nebraska 68131. National Indemnity Company owns 100% of the stock of the following property and casualty insurance companies: Cornhusker Casualty Company, Lakeland Fire and Casualty Company, Texas United Insurance Company, and Home and Automobile Insurance Company. The principal offices of Cornhusker Casualty Company are at 105 North 31st Avenue, Omaha, Nebraska 68131. The principal offices of Lakeland Fire and Casualty Insurance Company are at 6700 France Avenue South, Minneapolis, Minnesota 55435. The principal offices of Texas United Insurance Company are at 4415 Piedras Drive West, San Antonio, Texas 78228. The principal offices of Home and Automobile Insurance Company are at 101 South Wacker Drive, Chicago, Illinois 60606.

Berkshire Hathaway Inc. owns 100% of the stock of National Fire and Marine Insurance Company, and National Fire and Marine Insurance Company owns 100% of the stock of Kerkling Reinsurance Corporation. National Fire and Marine Insurance Company is a property and casualty insurance company with its principal offices at 3024 Harney Street, Omaha, Nebraska 68131. Kerkling Reinsurance Corporation is a property and casualty reinsurance company with its principal offices at 3024 Harney Street, Omaha, Nebraska 68131.

Berkshire Hathaway Inc. owns directly approximately 15.3% of the stock of Blue Chip Stamps, while the insurance company subsidiaries described above have the following approximate percentage ownerships in the stock of Blue Chip Stamps: National Indemnity Company (5%), Cornhusker Casualty Company (5%), Lakeland Fire and Casualty Company (4.8%), Texas United Insurance Company (.3%), Home and Automobile Insurance Company (.4%), National Fire and Marine Insurance Company (5%), Kerkling Reinsurance Corporation (.2%).

The directors and officers of National Indemnity Company are as follows:

DIRECTORS

WARREN E. BUFFETT — Chairman of the Board, see above under Directors of Wesco Financial Corporation.

PHILIP LIESCHE — Present principal occupation: President of National Indemnity Company. Business address: 3024 Harney Street, Omaha, Nebraska 68131. Occupation during the last five years: 1973/Present — President of National Indemnity Company; Prior thereto — Executive Vice President of National Indemnity Company.

JOHN WILLIAM SCOTT — See above under Directors of Columbia Insurance Company.

GEORGE D. YOUNG — Senior Vice President, Reinsurance, see above under Directors of Columbia Insurance Company.

QUENTIN M. BREUNIG — Present principal occupation and occupation during the last five years: Treasurer of National Indemnity Company. Business address: 3024 Harney Street, Omaha, Nebraska 68131.

OFFICERS

WARREN E. BUFFETT — Chairman of the Board of Directors, see above under Directors of Wesco Financial Corporation.

PHILIP LIESCHE — President, see above under Directors of National Indemnity Company.

ROLAND D. MILLER — Present principal occupation and occupation during the last five years: Vice President of National Indemnity Company. Business address: 3024 Harney Street, Omaha, Nebraska 68131.

WILLIAM D. LYONS — Present principal occupation and occupation during the last five years: Senior Vice President, Reinsurance, of National Indemnity Company. Business address: 3024 Harney Street, Omaha, Nebraska 68131.

GEORGE D. YOUNG — Senior Vice President, Reinsurance, see above under Directors of Columbia Insurance Company.

WILLIAM A. BETZ — Vice President, Reinsurance, see above under Directors of Columbia Insurance Company.

EARL M. VOIEN — Vice President, see above under Officers of National Indemnity Company.

Erna D. Vogt — Present principal occupation and occupation during the last five years: Secretary of National Indemnity Company, National Fire and Marine Insurance Company, and Kerkling Reinsurance Corporation. Business address: 3024 Harney Street, Omaha, Nebraska 68131.

Quentin M. Breunig — Treasurer, see above under Directors of National Indemnity Company.

The directors and officers of Cornhusker Casualty Company are as follows:

Directors

Warren E. Buffett — Chairman of the Board of Directors, see above under Directors of Wesco Financial Corporation.

Quentin M. Breunig — See above under Directors of National Indemnity Company.

Philip Liesche — See above under Directors of National Indemnity Company.

John R. Ringwalt — President, see above under Directors of Columbia Insurance Company.

John William Scott — See above under Directors of Columbia Insurance Company.

Officers

John R. Ringwalt — President, see above under Directors of Columbia Insurance Company.

William Zuerlein — Present principal occupation and occupation during the last five years: Vice President of Cornhusker Casualty Company. Business address: 105 North 31st Avenue, Omaha, Nebraska 68131.

Richard L. Dyvig — Present principal occupation: Vice President of Cornhusker Casualty Company. Business address: 105 North 31st Avenue, Omaha, Nebraska 68131. Occupation during the last five years: 1973/Present — Vice President of Cornhusker Casualty Company; Prior thereto — Marketing Representative of Safeco Insurance Company, a property, casualty, and life insurance company located at 13057 West Center Road, Omaha, Nebraska.

John H. Owens — Present principal occupation and occupation during the last five years: Secretary of Cornhusker Casualty Company. Business address: 105 North 31st Avenue, Omaha, Nebraska 68131.

Larry L. Steen — Present principal occupation and occupation during the last five years: Treasurer of Cornhusker Casualty Company. Business address: 105 North 31st Avenue, Omaha, Nebraska 68131.

Richard J. Bene — Present principal occupation and occupation during the last five years: Vice President of Cornhusker Casualty Company. Business address: 105 North 31st Avenue, Omaha, Nebraska 68131.

The directors and officers of Lakeland Fire and Casualty Company are as follows:

Directors

John R. Ringwalt — Chairman of the Board of Directors, see above under Directors of Columbia Insurance Company.

Warren E. Buffett — See above under Directors of Wesco Financial Corporation.

John William Scott — See above under Directors of Columbia Insurance Company.

Philip L. Liesche — See above under Directors of National Indemnity Company.

JAMES P. STODOLKA — Present principal occupation and occupation during the last five years: President of Lakeland Fire and Casualty Company. Business address: 6700 France Avenue South, Minneapolis, Minnesota 55435.

OFFICERS

JAMES P. STODOLKA — President, see above under Directors of Lakeland Fire and Casualty Company.

DONALD E. RENTZ — Present principal occupation and occupation during the last five years: Vice President and Secretary of Lakeland Fire and Casualty Company. Business address: 6700 France Avenue South, Minneapolis, Minnesota 55435.

DUANE A. NACK — Present principal occupation: Treasurer of Lakeland Fire and Casualty Insurance Company. Business address: 6700 France Avenue South, Minneapolis, Minnesota 55435. Occupation during the last five years: December 1975/Present — Treasurer of Lakeland Fire and Casualty Insurance Company; November 1973/December 1975 — Auditor with Minnesota Department of Insurance, Metro Square Building, St. Paul, Minnesota; September 1973/November 1973 — unemployed; June 1973/September 1973 — Maintenance Operating Engineer with Northland Construction Company, 6331 Industrial Boulevard, Minneapolis, Minnesota, a construction company; Prior thereto — student.

ROBERT HAWES — Present principal occupation and occupation during the last five years: Vice President of Lakeland Fire and Casualty Company. Business address: 6700 France Avenue South, Minneapolis, Minnesota 55435.

The directors and officers of Texas United Insurance Company are as follows:

DIRECTORS

JOHN R. RINGWALT — Chairman of the Board of Directors, see above under Directors of Columbia Insurance Company.

GEORGE C. BILLINGS — President and Treasurer, see above under Officers of Columbia Insurance Company.

NATHAN B. WALKER — Vice President and Secretary, see above under Officers of Columbia Insurance Company.

JEROME H. MILLER — Present principal occupation: Vice President of Texas United Insurance Company. Business address: 4415 Piedras Drive West, San Antonio, Texas 78228. Occupation during the last five years: October 1974/Present — Vice President of Texas United Insurance Company; December 1972/October 1974 — Casualty Underwriter Supervisor with Fireman's Fund Insurance Company, 4335 Northwest Loop 410, San Antonio, Texas, a fire and casualty insurance company; Prior thereto — Casualty Underwriter with Floyd West Company, 615 Belknap, San Antonio, Texas, a fire and casualty insurance company.

QUENTIN M. BREUNIG — See above under Directors of National Indemnity Company.

PHILIP L. LIESCHE — See above under Directors of National Indemnity Company.

JOHN WILLIAM SCOTT — Vice President, see above under Directors of National Indemnity Company.

OFFICERS

JOHN R. RINGWALT — Chairman of the Board of Directors, see above under Directors of Columbia Insurance Company.

NATHAN B. WALKER — Vice President and Secretary, see above under Officers of Columbia Insurance Company.

JEROME H. MILLER — Vice President, see above under Directors of Texas United Insurance Company.

JOHN WILLIAM SCOTT — Vice President, see above under Directors of National Indemnity Company.

The directors and officers of Home and Automobile Insurance Company are as follows:

DIRECTORS

J. VERNE MCKENZIE — Chairman of the Board of Directors, see above under Directors of Berkshire Hathaway Inc.

WARREN E. BUFFETT — See above under Directors of Wesco Financial Corporation.

KENNETH V. CHACE — See above under Directors of Berkshire Hathaway Inc.

WILLIAM LYONS — See above under Officers of National Indemnity Company.

JOHN WILLIAM SCOTT — Vice President, see above under Directors of National Indemnity Company.

JOHN E. HARTLE — Present principal occupation: Assistant Treasurer of Home and Automobile Insurance Company. Business address: 101 South Wacker Drive, Chicago, Illinois 60606. Occupation during the last five years: October 1975/Present — Assistant Treasurer of Home and Automobile Insurance Company; May 1974/October 1975 — Staff Accountant for the Home and Automobile Insurance Company; April 1973/May 1974 — Staff Accountant for the North American Insurance Company, 209 South LaSalle Street, Chicago, Illinois 60606, a property and casualty insurance company; Prior thereto — Senior Accountant for Zurich Insurance Company, 111 West Jackson Boulevard, Chicago, Illinois 60606, a property and casualty insurance company.

JOHN E. SEWARD, JR. — Present principal occupation: President and Treasurer of Home and Automobile Insurance Company. Business address: 101 South Wacker Drive, Chicago, Illinois 60606. Occupation during the last five years: October 1975/Present — President and Treasurer of Home and Automobile Insurance Company; December 1973/October 1975 — Treasurer of Home and Automobile Insurance Company; Prior thereto — Assistant Controller for the North American Insurance Company, 209 South LaSalle Street, Chicago, Illinois 60606, a property and casualty insurance company.

ROBERT J. O'CONNOR — Present principal occupation: Vice President and Manager of Claims Department of Home and Automobile Insurance Company. Business address: 101 South Wacker Drive, Chicago, Illinois 60606. Occupation during the last five years: June 1974/Present — Vice President and Manager of Claims Department of Home and Automobile Insurance Company; March 1973/June 1974 — Real Estate Appraiser for Cook County Assessor's office, Chicago, Illinois; Prior thereto — Investigator, Cook County State Attorney's office, Chicago, Illinois.

OFFICERS

J. VERNE MCKENZIE — Chairman of the Board of Directors, see above under Directors of Berkshire Hathaway Inc.

JOHN E. SEWARD, JR. — President and Treasurer, see above under Directors of Home and Automobile Insurance Company.

DALE L. SCHLAFER — Present principal occupation and occupation during the last five years: Secretary and Counsel of Home and Automobile Insurance Company. Business address: 101 South Wacker Drive, Chicago, Illinois 60606.

JOHN WILLIAM SCOTT — Vice President, see above under Directors of National Indemnity Company.

ROBERT J. O'CONNOR — Vice President, see above under Directors of Home and Automobile Insurance Company.

JOHN MCGOWAN — Present principal occupation and occupation during the last five years: Vice President and Manager of Commercial Lines Underwriting of Home and Automobile Insurance Company. Business address: 101 South Wacker Drive, Chicago, Illinois 60606.

The directors and officers of National Fire and Marine Insurance Company are as follows:

DIRECTORS

WARREN E. BUFFETT — Chairman of the Board of Directors, see above under Directors of Wesco Financial Corporation.

PHILIP L. LIESCHE — President, see above under Directors of National Indemnity Company.

JOHN WILLIAM SCOTT — See above under Directors of National Indemnity Company.

QUENTIN M. BREUNIG — See above under Directors of National Indemnity Company.

GEORGE D. YOUNG — See above under Directors of Columbia Insurance Company.

OFFICERS

PHILIP L. LIESCHE — President, see above under Directors of National Indemnity Company.

ROBERT D. O'CONNELL — Present principal occupation and occupation during the last five years: Vice President of National Fire and Marine Insurance Company and Kerkling Reinsurance Corporation. Business address: 3024 Harney Street, Omaha, Nebraska 68131.

ERNA D. VOGT — Secretary, see above under Officers of National Indemnity Company.

DALE BURNS — Present principal occupation and occupation during the last five years: Treasurer of National Fire and Marine Insurance Company and Kerkling Reinsurance Corporation. Business address: 3024 Harney Street, Omaha, Nebraska 68131.

The directors and officers of Kerkling Reinsurance Corporation are as follows:

DIRECTORS

WARREN E. BUFFETT — Chairman of the Board of Directors, see above under Directors of Wesco Financial Corporation.

GEORGE D. YOUNG — President, see above under Directors of Columbia Insurance Company.

JOHN R. RINGWALT — See above under Directors of Columbia Insurance Company.

JOHN WILLIAM SCOTT — Vice President, see above under Directors of National Indemnity Company.

WILLIAM A. BETZ — Vice President, see above under Directors of Columbia Insurance Company.

OFFICERS

GEORGE D. YOUNG — President, see above under Directors of Columbia Insurance Company.

JOHN WILLIAM SCOTT — Vice President, see above under Directors of National Indemnity Company.

WILLIAM A. BETZ — Vice President, see above under Directors of Columbia Insurance Company.

ROBERT D. O'CONNELL — Vice President, see above under Officers of National Fire and Marine Insurance.

EARL M. VOIEN — Vice President, see above under Officers of National Indemnity Company.

ERNA D. VOGT — Secretary, see above under Officers of National Indemnity Company.

DALE BURNS — Treasurer, see above under Officers of National Fire and Marine Insurance Company.

Three of the insurance company subsidiaries of Berkshire Hathaway Inc. own an aggregate of 42,020 shares of stock in Detroit International Bridge Company, representing approximately 3.3% of such Company's stock. These subsidiaries, and their holdings, are as follows: National Indemnity Company (26,020 shares), National Fire and Marine Insurance Company (15,200 shares), and Lakeland Fire and Casualty Company (800 shares).

X.

Ownership of Stock of Blue Chip Stamps and Certain Affiliates by Warren E. Buffett and Susan T. Buffett

Warren E. Buffett owns approximately 10.6% of the stock of Blue Chip Stamps, and his wife, Susan T. Buffett, owns approximately 2.4% of the stock of Blue Chip Stamps. In addition, Mr. Buffett is trustee or co-trustee of three trusts owning, in the aggregate, less the 0.1% of the stock of Blue Chip Stamps. Warren E. Buffett owns approximately 52% of the stock of Diversified Retailing Company, Inc., while his wife, Susan T. Buffett, owns approximately 4% of such stock. Diversified Retailing Company, Inc., through subsidiaries, owns stock in Blue Chip Stamps as described above.

Warren E. Buffett owns approximately 33.6% of the stock of Berkshire Hathaway Inc., while his wife, Susan T. Buffett, owns approximately 2.5% of such stock. Berkshire Hathaway Inc., directly and through subsidiaries, owns stock in Blue Chip Stamps as described above.

Susan T. Buffett is a housewife and, since early 1976, has been a singer. Her address is 5505 Farnam Street, Omaha, Nebraska.

XI.

Financial Statements of Wesco Financial Corporation

Following is a summary of consolidated financial information (unaudited) of Wesco Financial Corporation ("Wesco") and subsidiaries:

	Year Ended December 31, 1976	Six Months Ended June 30, 1977	Six Months Ended June 30, 1976
	(000 Omitted Except as to Per Share Data)		
Statement of earnings:			
Total revenues	$ 39,391	$ 20,706	$ 19,137
Net earnings	5,516	2,707	2,562
Per share (based on 7,119,807 shares outstanding, after three-for-one stock split effected on April 4, 1977)	.77	.38	.36
Balance sheet (at end of period):			
Assets —			
Cash and marketable securities	$155,153	$185,022	$118,132
Loans receivable, less unearned loan fees, unrealized profit and loans in process	347,194	346,421	357,757
Other assets	21,001	21,180	19,687
	$523,348	$552,623	$495,576
Liabilities and stockholders' equity —			
Savings deposits	$404,996	$433,390	$384,436
Other liabilities	41,280	40,498	36,192
	446,276	473,888	420,628
Stockholders' equity, partially appropriated	77,072	78,735	74,948
	$523,348	$552,623	$495,576

Wesco's appropriated retained earnings included approximately $45,578,000, $44,974,000 and $44,441,000 at December 31, 1976, June 30, 1977 and June 30, 1976, respectively, of reserves on which no provision for federal income taxes has been made. If in the future these appropriations are used for any purpose other than to absorb bad debt losses, federal income taxes will be imposed at the then applicable rates. The Federal Savings and Loan Insurance Corporation, in connection with the insurance of savings deposits, requires savings and loan associations to maintain certain reserves which may be used only for the purpose of absorbing losses. In addition, associations must maintain certain reserves under California law. Such reserve requirements were met as of December 31, 1976, June 30, 1977 and June 30, 1976.

The information summarized in the table above has been derived from Wesco's annual report for the year ended December 31, 1976 and its interim report for the six months ended June 30, 1977, copies of which may be obtained by contacting the Office of the Secretary, Wesco Financial Corporation, 315 East Colorado Blvd., Pasadena, California 91109, telephone 213-449-2345.

In addition, Wesco has filed with the Securities and Exchange Commission ("SEC") an annual report on Form 10-K for the year ended December 31, 1976 and a quarterly report on Form 10-Q for the quarter ended June 30, 1977. Copies of such reports may be inspected at the SEC, 1100 "L" Street, N. W., Washington, D. C., and copies may be obtained upon payment of the SEC's customary charges by writing to the SEC, 500 N. Capitol Street, N. W., Washington, D. C. 20549.

APPENDIX B

STATEMENT BY THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, THE HONOURABLE MITCHELL SHARP, ON THE GOVERNMENT'S POLICY ON INTERNATIONAL BRIDGES, WITH PARTICULAR REFERENCE TO THE AMBASSADOR BRIDGE OCTOBER 15, 1973

There are 25 international bridges and tunnels available for automobile traffic between Canada and the United States; 9 connect New Brunswick and Maine, two connect Quebec and Vermont, and there are 14 in Ontario. Of these, 7 are between Ontario and New York, 4 between Ontario and Michigan and 3 between Ontario and Minnesota. There is an international tunnel for cars at Windsor and one foot bridge at Estcourt, Quebec.

A wide and complex variety of arrangements now surrounds these international crossings with the United States. The 10 bridges located in New Brunswick and in Quebec are comparatively short structures which are publicly owned and are operated toll-free. However, each of the 14 crossings located in Ontario has a separate and special status. For instance, those at Niagara Falls operate under a license obtained from the Province of Ontario; the Canada and U.S. Seaway authorities jointly operate one international bridge; the Pigeon River Bridge is jointly owned by Ontario and Minnesota. However, the majority are managed by private corporations established through special Acts of Parliament. These acts cover such questions as the construction and operation of the bridge; expropriation of land; issuing of bonds, debentures and securities up to a specified amount; reversion; levying of tolls; etc.

The widely differing federal acts and corporate arrangements governing international crossings in Ontario are reflected in many aspects of international bridge operations. However all international bridges in Ontario except the Ambassador Bridge are covered by provisions for the eventual reversion of the Canadian portion of the bridge to the Province of Ontario or to Canada when the construction indebtedness has been retired. For instance, when the bonded debt of the Blue Water Bridge between Port Huron and Sarnia was repaid in 1961, one-half of the bridge reverted to Canada. The next such reversions are scheduled to take place between 1976 and the year 2020 for all other bridges except the Ambassador Bridge.

There is no general legislation covering all aspects of international bridges policy; the Railway Act, the Bridges Act, the Navigable Waters Protection Act and other legislative measures each cover certain parts. Difficulties arose over some international bridge questions in the early 1960s. The government of the day approved, on January 26, 1962, general principles as guidelines for dealing with international bridge questions. These eight principles are as follows:

1. the bridge shall be constructed and operated by an authority that is genuinely public in its character;

2. the bridge shall be governed by a joint authority with equal representation of members to be appointed by the appropriate Governments on either side;

3. when applicable, bonds issued to finance the construction of a bridge must be issued and be payable in Canada as well as in the U.S.;

4. the borrowing powers granted to a bridge authority must be subject to the approval of the Governor in Council;

5. the position of a bridge authority in relation to provincial and municipal taxes must be clearly defined;

6. where appropriate, provisions governing regulation of the toll structure for the use of the bridge, before and after the indebtedness of the bridge authority has been retired, shall be clearly stated;

7. arrangements must be made for appropriate sharing in the construction of the bridge, the use of materials and the employment of labour; and

8. the provisions of the Navigable Waters Protection Act shall apply in all cases.

Notwithstanding these legislative provisions and these guidelines, experience has revealed a certain lack of cohesiveness in policies in this field which has often made it necessary to deal with international bridge questions on an *ad hoc* basis. For these reasons, it is the federal government's wish to develop, in consultation with the provinces concerned, general policies governing international bridges. It is hoped eventually to bring forward recommendations for general international bridges legislation for presentation to Parliament. It may then be desirable to resume the talks that have been carried out at various times over the years with the United States concerning the best means of achieving uniform provisions and policies with respect to international bridges.

In the interim, it is desirable to make an announcement concerning the Ambassador Bridge between Windsor and Detroit. In late 1963, an attempt was made to modify the status of this bridge by merging the Canadian Transit Company (CTC), which owns the Canadian assets of the bridge, with the Detroit International Bridge Corporation which owns most, if not all, of the shares of the CTC at the present time. While it may not have been intended, that proposed merger might have had the effect of removing the Ambassador Bridge from many aspects of Canadian control arising from the Special Act setting up the CTC. On January 20, 1965, the Governor in Council declined to sanction the proposed amalgamation. The proposal for merger was subsequently dropped.

In 1972, another proposal was put forward by an American corporation to acquire the Ambassador Bridge through the acquisition of shares of the DIBC and CTC. This proposal was not viewed with favour by the Government of Canada. Since then, the Government has been informed of several new proposals by that corporation and by other groups interested in acquiring the assets of the Ambassador Bridge.

In view of these circumstances and taking into account the spirit of current legislation and guidelines, the Government of Canada considers it in the public interest, at this time, to make known its views on the criteria which would meet with its support for any change in the status of the Ambassador Bridge. This bridge is currently debt-free. It is recognized that the shareholders of DIBC and CTC are presently capable of selling their shares at will. However, prospective purchasers should be aware that for any arrangements involving the mortgaging of the Canadian portion of that bridge or any change in the status of the CTC, the Government of Canada would expect the new bridge regime to meet the criteria set out hereunder:

(a) The Canadian portion of the bridge shall be conveyed to Canadian or Ontario authorities at no cost within 25 years of the date of acquisition from the vendor;

(b) The future financing of major repairs or improvements to the bridge will not be allowed to defer the reversion of the bridge;

(c) Management of the bridge shall be so constituted as to take proper account of local and national Canadian interests and concerns through participation of resident Canadians in the management;

(d) Tolls will continue to be subject to Canadian control. Tolls for all traffic leaving Canada shall be collected on the Canadian side of the bridge;

(e) Without contravening the provisions of the Railway Act, any new management shall provide for a reduction of tolls, particularly commuter tolls;

(f) All Canadian legislative requirements shall be observed by the purchaser, particularly those of the Railway Act, the Bridges Act, and the Navigable Water Protection Act;

(g) Customs and Immigration officers shall continue to be provided with accommodation to Canadian standards at no cost to the Government of Canada;

(h) In the interest of the local Canadian community and of Canada generally, land constituting part of the bridge property in Canada which is not required for the operation of the bridge shall be conveyed to a body designated by the Canadian Government, at no cost;

(i) To the extent that it is possible, a fair proportion of Canadian labour, stores and materials shall be obtained from Canadian sources.

Of course, it is expected that any reasonable maintenance and repairs under a new regime for the Ambassador Bridge would be met from bridge tolls. If major capital improvements should become necessary however, before the reversion date, and they have received the approval of the Canadian Government, appropriate arrangements would be made at the time of approval, for reimbursing the unamortized portion of the capital investment under reversion.

I have been informed in unequivocal terms by the Hon. John White, Minister for Treasury, Economics and Intergovernmental affairs of Ontario, of his government's desire and support for the inclusion of appropriate provisions for reversion in any new arrangements made with respect to the Ambassador Bridge.

The government regards the above considerations as meeting the legitimate concerns of the stockholders and prospective purchasers of the Ambassador Bridge while at the same time protecting Canadian interests in an area of international responsibility. The criteria would have the effect of bringing the Ambassador Bridge within the ambit of Canadian provisions which have governed other international crossings for a century.

END