

## WESCO FINANCIAL CORPORATION

### AUDIT COMMITTEE CHARTER

#### PURPOSE

The purpose of the Audit Committee (“Committee”) is to assist the Board of Directors (“Board”) in fulfilling its oversight responsibilities by performing the following functions:

- Overseeing the accounting and financial reporting processes of the Corporation and the audits of the financial statements of the Corporation.
- Monitoring the integrity of the financial reporting process and systems of internal controls.
- Monitoring the independence and performance of the independent auditors.
- Providing an avenue of communication between the Board, management, internal audit and the independent auditors.

#### ORGANIZATION AND MEETINGS

The Board shall appoint and maintain a Committee of at least three members. Each member of the Committee shall meet the independence requirements of the American Stock Exchange and Rule 10A-3 under the Securities Exchange Act of 1934 (the “Exchange Act”). Each member must also be able to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement. In addition, at least one member needs to be financially sophisticated, in that he or she (a) has past employment experience in finance or accounting, (b) has a requisite professional certification in accounting, (c) has any other comparable experience or background which results in the individual’s financial sophistication, including but not limited to being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities or (d) otherwise qualifies as an “audit committee financial expert” under Item 401(h) of Regulation S-K under the Exchange Act.

The Board shall appoint one of the members of the Committee as Chair of the Committee. The Committee shall meet at least quarterly, or more frequently as circumstances require. The Committee may delegate to the Chair authority for the Chair and/or the Chair’s designee to perform specified duties of the Committee. The Chair shall report to the full Committee on such activity at least quarterly, or more frequently as circumstances require.

## **RESPONSIBILITIES AND DUTIES**

The Committee shall:

- Review and assess the adequacy of the Committee Charter at least annually, and report the Committee's conclusions and recommendations to the Board.
- Delegate to the Audit Committee of Berkshire Hathaway, the Corporation's ultimate parent, (a) responsibility for the appointment, compensation, retention and ultimate oversight of the work of any public accounting firm, including the independent auditors, engaged for the purpose of preparing or issuing an audit report or to perform audit, review or attestation services and (b) responsibility for pre-approval of all audit and non-audit services to be provided to the Corporation by the independent auditors. The Committee shall ratify the actions of Berkshire Hathaway's Audit Committee, if it believes it is appropriate to do so.
- Receive and review annual statements from the independent auditors describing all relationships between the independent auditors and the Corporation that may affect their independence and objectivity, including the matters set forth in Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees."
- Actively engage in dialog with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and otherwise oversee the independence of the independent auditors.
- Obtain from the independent auditors a timely report relating to the Corporation's annual audited financial statements describing all critical accounting policies and practices used, any alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternatives and the treatment preferred by the independent auditors, and any material written communications between the independent auditors and management such as any "management" letter or schedule of unadjusted differences.
- Obtain from the independent auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Exchange Act.
- Review the scope and approach of the annual audit plan with the independent auditors.
- Discuss with the independent auditors any significant problems they encountered relating to the conduct of the audit and management's responses thereto.
- Oversee the Corporation's internal audit function and periodically review its effectiveness.

- Consider any reports or communications (and management's and or internal audit's responses thereto) submitted to the Committee by the independent auditors required or referred to in AICPA Statement on Auditing Standards No. 61 (as codified in *Professional Standards*, Volume 1, AU Section 380), as it may be modified or supplemented, and discuss such matters with the independent auditors.
- Be available to discuss with the independent auditors any unresolved concerns resulting from their review of quarterly financial statements.
- Review with management and the independent auditors the results of the annual audit prior to management's release of yearend earnings.
- Review the form of opinion the independent auditors propose to render to the Board and shareholders.
- Review and discuss with management and the independent auditors, prior to release, the annual audited financial statements and quarterly financial statements, including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
- Periodically meet separately with management, the independent auditors and the director of internal audit, as appropriate, to discuss any relevant matters.
- Prepare a report for inclusion in the annual proxy statement covering matters specified by rules of the Securities and Exchange Commission.
- Inquire of the Corporation's chief executive officer and chief financial officer as to (a) the existence of any significant deficiencies or material weaknesses in the design and operation of internal control over financial reporting which are reasonably likely to adversely affect the Corporation's ability to record, process, summarize and report financial information, or (b) the existence of any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal control over financial reporting.
- Discuss the Corporation's earnings releases, including the type and presentation of information to be included in the earnings releases.
- Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by Corporation employees of concerns regarding questionable accounting or auditing matters.
- Review and discuss any reports concerning material violations submitted to it by Corporation attorneys or outside counsel pursuant to the SEC's attorney responsibility rules, or otherwise.

- Approve or ratify any transactions with a related person that would require disclosure under Item 404 of Regulation S-K under the Exchange Act.
- Perform any other duties consistent with this Charter, the Corporation's by-laws and governing law, as the Committee or Board deems necessary.
- Report its activities to the full Board on a regular basis and make such recommendations with respect to the above and other matters as the Committee may deem necessary or appropriate.

### **INVESTIGATIONS**

The Committee shall not ordinarily conduct investigations. However, in the event the Committee for any reason deems an investigation necessary to fulfill its responsibilities, it shall have unrestricted access to members of management, internal audit and the independent auditors and may retain independent counsel, accountants, or others to assist it in the conduct of an investigation, at the Corporation's expense.

### **RESOURCES AND AUTHORITY**

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of special or independent counsel, accountants or other experts and advisors, as it deems necessary or appropriate, without seeking approval of the Board or management.

The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of:

- Compensation to any public accounting firm, other than the independent auditors, engaged by the Committee.
- Compensation of any advisors employed by the Committee.
- Expenses associated with any investigations conducted by the Committee.
- Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.