

## **Ullico Inc.**

### **Charter of the Audit Committee of the Board of Directors**

#### **Purpose of Committee**

The primary purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Ullico Inc. (the "Company") is to provide assistance to the Board in fulfilling its responsibility to the stockholders relating to corporate accounting, reporting practices of the Company, the quality and integrity of the financial reports of the Company, the performance and qualifications of the Company's independent auditors, the performance of the Company's internal audit function, and the Company's compliance with legal and regulatory requirements. The Committee's responsibilities include oversight and monitoring of the Company's financial reporting, internal controls and internal and external auditing. The Committee relies on work performed and opinions expressed by the management of the Company, its independent auditors and any consultants it may hire in fulfilling its oversight responsibilities. In that regard, the Committee does not provide any expert or other special assurances as to the Company's financial statements. The Company's executive management remains responsible for the preparation of the financial statements in accordance with generally accepted accounting principles and the Company's independent auditors remain responsible for auditing and expressing an opinion on those financial statements.

#### **Committee Structure and Composition**

The Committee shall be comprised of not less than five directors each of whom shall be free from the influence of management or corporate relationships that could improperly influence his or her judgment as a committee member. The Board of Directors shall consider annually whether the members of the Committee meet the standard of independence set forth in the Company's Corporate Governance Guidelines and the requirements of this Charter.

All members of the Committee shall have a working familiarity with basic finance and accounting practices. At least one member of the Committee shall be a qualified "audit committee financial expert" as defined by the United States Securities and Exchange Commission. Committee members may enhance their familiarity with finance and accounting by participating in educational programs. The Board shall make a determination as to whether a particular Director satisfies the requirements for membership on the Committee.

The members of the Committee shall be appointed annually by the process as set forth in the bylaws. The Chairman shall designate a Chairperson of the Committee subject to the approval of the Board of Directors, provided, however, that if the Board does not so designate a Chairperson, the members of the Committee, by a majority vote, may designate a Chairperson.

The Committee shall have the resources appropriate to discharge its responsibilities, if the Committee determines that these resources are not available through management, or if available, are not appropriate for use by the Committee in a given circumstance. The Committee shall have the authority to select, retain and terminate such outside consultants and the authority to approve the consultant's fees and other retention terms, subject only to **review by the** Board of Directors, before the Committee finalizes the retention, of the terms and scope of the retention. The Committee has the authority to meet with all Company personnel in order to discharge its duties under this charter.

### **Committee Operations**

The Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities, but in any case, not less than four times annually. The Committee shall meet individually on a periodic basis with the Chief Financial Officer, the Chief Compliance Officer, the independent auditors, and the director of the Company's Internal Audit Department, to discuss any matters that the Committee or any of the meeting participants believe should be discussed privately; members of the Committee may participate in such meetings telephonically. The Committee shall receive and review quarterly communications from the independent auditors and management regarding financial results and shall meet, in person or telephonically, with appropriate representatives of management and, if the Committee deems it appropriate, with the Company's independent auditors to discuss such financial results.

The Committee shall maintain minutes of each meeting of the Committee, and each written consent action taken without a meeting, reflecting the actions so authorized or taken by the Committee. The minutes of each meeting and all consents shall be placed in the Company's minute book.

### **Committee Duties, Responsibilities and Authority**

To fulfill its responsibilities and duties, the Committee shall:

1. Oversee the reliability and integrity of the accounting policies and financial reporting and disclosure practices chosen, implemented and maintained by management.
2. Oversee management's establishment and maintenance of processes to assure that a reasonable system of internal controls is functioning effectively.
3. Oversee management's establishment and maintenance of processes to assure compliance with all applicable laws, regulations, and Company policy. This includes establishment of a process for reporting of violations to the Committee.

4. Provide an open avenue of communication among the Company's independent auditors, financial and senior management, the Internal Auditing Department and the Board of Directors.
5. Select, retain on an annual basis, and when necessary terminate the Company's independent auditor.

#### ***Documents/Reports Review***

1. Review with management and the independent auditors the annual financial statements, including discussing with the independent auditors the matters required to be communicated to the Committee by applicable Statements of Auditing Standards and significant changes in accounting principles or their application.
2. Review with the independent auditors their audit report on the annual financial statements, including the application of the Company's accounting principles, and discuss with the independent auditors and management their judgment as to the quality and not simply the acceptability of the Company's accounting principles.
3. Review reports to management prepared by the independent auditors and any responses to the same by management and the timetable proposed by management for addressing any deficiencies in internal controls.
4. Review reports to management prepared by the internal audit department related to safeguarding the Company's assets and the Company's internal control structure, which shall include cash, expenses, and management monitoring controls, and any responses to the same made by management.
5. Review and discuss with management the Company's risk assessment and risk management policies, including a discussion of material financial risk exposures and steps management has taken to monitor and control them. This discussion shall also include a discussion of significant assumptions and judgments used in the preparation of the financial statements.

#### ***Independent Auditors***

1. Review the performance of the Company's independent auditors and make recommendations to the Board regarding the appointment or termination of the independent auditors. The Committee shall have the authority and responsibility to select, evaluate, determine compensation for, oversee, and where appropriate, replace the independent auditors. The independent auditors shall report directly to the Committee. The independent auditors are ultimately accountable to the Committee and the entire Board for such auditors' review of the financial statements and system of internal controls of the Company. At least annually, the Committee shall receive from the Company's independent auditors a report describing: (i) the independent

auditors' internal quality control procedures; and (ii) any material issues raised by the most recent internal quality control review, or peer review, of the independent auditors, or by any inquiry or investigation by any governmental or professional authority, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to address any such issues.

2. Oversee the independence of the auditors by:
  - a) Receiving from the independent auditors, on a periodic basis, a formal written statement delineating all relationships between the independent auditors and the Company.
  - b) Pre-approving fees for all non-audit services above an amount to be determined by the Committee.
  - c) Establishing rules and procedures that reasonably ensure that the independent auditors do not perform any of the following prohibited activities or services:
    - (i) bookkeeping or other services related to the accounting records or financial statements;
    - (ii) financial information systems design and implementation;
    - (iii) appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
    - (iv) actuarial services;
    - (v) internal audit outsourcing services;
    - (vi) management functions or human resources;
    - (vii) broker or dealer, investment adviser, or investment banking services;
    - (viii) legal services and expert services unrelated to the audit; and
    - (ix) any other service that the Committee determines is impermissible.
  - d) Reviewing, and actively discussing with the Board and the auditors, at least annually and whenever necessary, any

disclosed relationships or services that may affect the objectivity and independence of the auditors.

- e) Recommending, if necessary, that the Board take certain action to satisfy itself of the auditors' independence.
  - f) Discussing with the director of the Company's internal audit department and management their views as to the competence, performance and independence of the independent auditors.
  - g) Discussing with the independent auditors the independent auditors' judgment about the competence, performance and cooperation of the Company's internal audit department and management.
  - h) Reviewing with the independent auditors and management the extent to which any previously approved changes or improvements in financial or accounting practices and internal controls have been implemented.
3. The Committee shall with management establish and maintain guidelines for the retention of the independent auditors for any non-audit service and the fee for such service and shall determine procedures for the approval of audit and non-audit services in advance.

#### ***Financial Reporting Process***

- 1. In consultation with the independent auditors and the Company's internal audit department, review the integrity of the financial reporting processes, both internal and external.
- 2. Consider and recommend to the Board, if appropriate, major changes to auditing and accounting principles and practices as suggested by the independent auditors, management, or the Company's internal audit department.
- 3. Establish regular systems of reporting to the Committee by finance management, the independent auditors and the Company's internal audit department regarding any significant judgments made in management's preparation of the financial statements and any significant difficulties encountered during the course of the review or audit, including any restrictions on the scope of work or access to required information.
- 4. Review any significant disagreement among management and the independent auditors and the Company's internal audit department as well as any audit problems or difficulties in connection with the preparation of the financial statements or in the course of the audit work.

5. Meet with the Company's management, the Director of the Company's internal audit department and the independent auditors in separate sessions to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee.

***Ethical and Legal Compliance/General***

1. Review, with the General Counsel, any legal matter that could have a significant impact on the financial statements and any matters involving potential or ongoing material violations of law or breaches of fiduciary duty by the Company or any of its directors, officers, employees or agents or breaches of fiduciary duty to the Company.
2. Oversee management to ensure that management has the proper review system in place to ensure that financial statements, reports, and other financial information disseminated to governmental organizations satisfy legal requirements.
3. Review the Company's internal audit department's proposed audit plans for the coming year, evaluate the effectiveness of the internal audit staff on an annual basis and periodically review the adequacy of the internal audit staff's compensation, independence, technical competence, training, authority and responsibilities.
4. Review and concur in the appointment or replacement of the leader of the Company's internal audit department. The leader of the internal audit department shall report directly to the Committee and shall be at a position equivalent to the principal accounting officer (controller) of the Company.
5. Evaluate the Committee's own performance biennially and report its findings and recommendations to the Board.
6. The Committee shall establish and maintain procedures for (i) the receipt, retention and treatment of complaints, including whistleblower complaints, received by the Company regarding financial fraud, accounting, internal accounting controls, or auditing matters and (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
7. Report to the Board on a regular basis and make such recommendations with respect to any of the above and other matters, as the Committee deems necessary or appropriate.
8. Periodically review and reassess the adequacy of this Charter and make recommendations to the Corporate Governance/Nominating Committee for consideration.

Approved by the Audit Committee

Date: April 16, 2014

Approved by the Board

Date: April 17, 2014