

## CHARTER OF THE AUDIT COMMITTEE

### I. Purpose

The Audit Committee (“Committee”) is appointed by the Board of Directors (“Board”) to assist the Board in fulfilling its oversight responsibilities relating to: the integrity of UTC’s financial statements; the independence, qualifications and performance of UTC’s internal and external auditors; the adequacy of processes to assure compliance with UTC’s policies and procedures, financial controls, Code of Ethics and applicable laws and regulations; policies with respect to risk assessment and management; and such other responsibilities as set forth herein. The Committee provides the opportunity for an open and candid dialog on these issues among the independent auditor, management, and the internal auditor.

The Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the “Commission”) to be included in UTC’s annual proxy statement.

### II. Composition

The Committee shall be composed of not less than three directors appointed by the Board. The members of the Committee shall meet the independence and financial literacy requirements of the New York Stock Exchange and Section 10A(m)(3) of the Securities Exchange Act of 1934 (the “Exchange Act”). At least one member of the Committee shall have substantial financial expertise as determined by the Board. Committee members shall not simultaneously serve on the audit committees of more than two other public companies.

### III. Meetings

The Committee shall meet as frequently as it determines necessary. The Committee normally meets at least four times annually and additional meetings are scheduled as necessary to review quarterly financial results. The Committee shall meet periodically with management, the internal auditors and the independent auditor in separate executive sessions.

### IV. Responsibilities and Duties

The Committee shall have the sole authority and responsibility annually, in its capacity as a committee of the Board, to recommend to the Board the nomination of the independent auditor for approval by the shareowners. The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.

Except as otherwise permitted, the Committee shall pre-approve all auditing services and terms, and permitted non-audit services to be performed for UTC by its independent auditor. The Committee may form and delegate authority to a subcommittee to grant pre-approvals of audit and permitted non-audit services, and decisions of this subcommittee shall be presented to the full Committee at its next scheduled meeting.

The Committee shall have the authority to retain and compensate independent legal, accounting or other advisors, and shall obtain advice and assistance to the extent it deems necessary or appropriate.

The Committee shall make regular reports to the Board. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall annually review the Committee's own performance.

The Committee shall:

A. Financial Statements and Disclosure Matters

1. Meet to review and discuss with management and the independent auditor the annual audited financial statements, including review of UTC's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Committee shall also recommend to the Board whether the audited financial statements should be included in UTC's Report on Form 10-K.
2. Meet to review and discuss with management and the independent auditor UTC's quarterly financial statements prior to the filing of its Report on Form 10-Q, including review of UTC's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Committee shall also review the results of the independent auditor's review of the quarterly financial statements.
3. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of UTC's financial statements.
4. Review and discuss on a timely basis with the independent auditors:
  - (a) Critical accounting policies and practices used.
  - (b) Alternative treatments of financial information within generally accepted accounting principles that have been discussed with management.
  - (c) Other material communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
5. Discuss generally with management UTC's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies.
6. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on UTC's financial statements.
7. Discuss with management UTC's policies and procedures regarding risk assessment and risk management, the company's major financial risk exposures and the steps management has taken to monitor and manage such exposures to be within the company's risk tolerance.

8. Discuss with the independent auditor the matters relating to the conduct of the audit required by Statement on Auditing Standards No. 61, *Communications with Audit Committees*, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

9. Review during UTC's CEO and CFO certification process for the Reports on Form 10-K and Form 10-Q any significant deficiencies in the design or operation of internal controls and any material weaknesses in internal controls.

**B. Oversight of UTC's Relationship with the Independent Auditor**

1. Review and evaluate the lead partner of the independent auditor team.

2. Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditor and UTC. The Committee shall present the results of its review to the Board.

3. Ensure the rotation of the lead audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.

4. Establish policies for UTC's hiring of employees or former employees of the independent auditor who participated in the audit of UTC.

5. Discuss with the independent auditor issues reviewed with the auditor's national office regarding auditing or accounting issues identified during the engagement.

6. Meet with the independent auditor annually to discuss the planning and staffing of the audit.

**C. Oversight of UTC's Internal Audit Function**

1. Review the appointment, performance and replacement of the senior internal auditing executive.

2. Review the internal audit plan and significant findings from the internal auditing department.

3. Discuss with the independent auditor and management the internal audit department responsibilities, audit plan, budget and staffing.

**D. Compliance Oversight Responsibilities**

1. Discuss any illegal acts discovered by the independent auditor during the course of its work and its conclusions with respect to such illegal acts.

2. Obtain reports from management and UTC's senior internal auditing executive regarding compliance with applicable laws and regulations and with UTC's Code of Business Conduct and Ethics.
3. Establish procedures for the receipt, retention and treatment of complaints received by UTC regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
4. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding UTC's financial statements or accounting policies.
5. Discuss with UTC's General Counsel legal matters that may have a material impact on the financial statements or UTC's compliance policies.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits, to determine that UTC's financial statements are complete and accurate or to determine that such statements are in accordance with generally accepted accounting principles. It is also not the duty of the Committee to conduct investigations or to assure compliance with laws and regulations and UTC's policies and procedures. These are the responsibility of management, the independent auditor or others retained by the Committee.