

Conflicts of Interest

The UTC Code of Ethics and Statement of Policy governing conflicts of interest provide that UTC employees in all facets of their duties with the Corporation must act solely in the best interest of the Corporation to the exclusion of personal preference and private gain.

As it relates to employees of UTC, the term “conflict of interest” means engaging in conduct, whether by way of investments, outside employment, romantic or other personal relationships, or any other obligation or relationship, which would cause one to use his or her position and influence within the Corporation for personal gain or for the benefit of others instead of the best interests of the Corporation.

The UTC policy on conflicts of interest establishes expectations and groundrules for employees and can be found in Section 7 of the Corporate Policy Manual.

Who does the policy on conflicts of interest apply to?

The policy applies to all officers and employees of the Corporation and its subsidiaries, divisions and other business entities controlled by it worldwide. It is applied by contract to consultants, concessionaires, and others employed by UTC and to the activities of employees’ clubs to the extent the Corporation is able to influence these organizations.

UTC's policy on conflicts of interest addresses five areas:

1. Relationships (which would include any romantic or other personal relationship within any supervisory chain) that might impair an employee's independence or judgment, or result in disruptions in the workplace or other performance problems.
2. Directly or indirectly having a financial interest (including stock ownership) in any of the Corporation's suppliers, customers or competitors of a size which has the potential of being at variance with the best interests of the Corporation.
3. Being employed by, or rendering service to, another organization such that the affiliation is detrimental to the Corporation's interests.
4. Seeking or accepting directly or indirectly any gift from those doing business with or seeking to do business with the Corporation, other than as permitted by the Policy Circular entitled "Giving and Receiving of Business Gifts."
5. Misusing or improperly sharing with others information which is confidential, proprietary or otherwise "inside" information of the Corporation (including trading in the Corporation's securities on the basis of "inside" information).

Financial interests and outside employment activity should be disclosed to the Corporation on the employee's statement regarding conflicts of interest and approved by the Corporation.

Violation of UTC's policy can result in disciplinary action, which may include termination of employment. In addition, because elements of the Code and policies are structured around legal requirements, a violation might also be a violation of law.

Is it a conflict of interest for me to own stock in a company that is a supplier or a competitor to UTC?

Many large, publicly-held corporations are suppliers, contractors or competitors of UTC. Stock ownership in such an enterprise is not automatically prohibited by our conflicts of interest policy. The level of ownership that would be questionable is where your investment is more than 5% of your personal net worth, or represents more than 5% of the total stock of the company in which you have invested. This is of greater concern if the employee with the financial interest in a company has some decision making or other significant UTC responsibility for choosing that company as a supplier. For example, if you have a financial interest in a paving company and you also have the ability to select or influence the selection of paving companies for work on UTC property, then you might naturally be inclined to choose the company in which you have the financial interest. In such a case, it might be a conflict of interest, depending upon your motivation in selecting the contractor. However, it would certainly appear to be a conflict of interest and should be avoided.

My husband and I have a small graphic arts business on the side. The work I do for that business is totally unrelated to my UTC job. I'm sure that our side business could provide UTC with a superior product at a competitive cost. Can I work for UTC as a regular employee and also be a vendor to them?

No. Once again, your primary obligation is to UTC, and providing services as a vendor would constitute a conflict of interest. Your husband, if in business by himself, might be able to bid on UTC jobs as long as (a) he does not use your UTC employment to influence the selection process and (b) you do not participate in the performance of the work if he gets the job. However, the outside business relationship must be reviewed with your Business Practices/ Compliance Officer.

Questions and Answers about Conflicts of Interest

Is it a Code of Ethics violation for my spouse and myself to work in the same department at our UTC Division?

In most instances this would not be a problem as long as neither employee reported to the other. A sufficient number of reporting levels (at least three) between supervisor and family member must exist to preclude conflict of interest issues.

My job at UTC utilizes my background and educational training to perform the required tasks assigned to the job. In my outside consulting work, I do roughly the same type of work that I do for UTC. Is this a conflict of interest?

Subject to state or local laws to the contrary, UTC, in most cases, prohibits its employees from engaging in work or services that are identical to or substantially similar to the work they perform for UTC. This prohibition applies to all UTC employees — including those with specialty degrees and/or professional licenses. If you have any uncertainties about whether your outside activities fall within this prohibition, you should discuss the matter with your supervisor or Business Practices/Compliance Officer.

I am thinking of getting a second job. Is it permitted and should I talk to or get permission from anyone?

While there is no absolute prohibition against taking a second job, each of us must remember that, as employees, we have a primary work obligation to UTC. Any form of outside employment activity, including self-employment, must not interfere with your job with the company and must receive management approval. You may not use company time, equipment, supplies or computers to perform this outside activity. Consequently, if you are going to work for another employer, every precaution must be taken to ensure that your second job does not conflict or appear to conflict with your UTC job. If you have any questions about the propriety of any outside employment, you should discuss it with your supervisor and Business Practices/Compliance Officer.

What is UTC's policy with respect to outside directorships?

A directorship (or services in a similar capacity) of any business enterprise (including credit unions or other mutual or cooperative associations such as employee clubs) must be approved by the CEO of the Corporation or his designee. Proposed directorships must be disclosed to the UTC Vice President, Business Practices, either directly or through the operating unit Business Practices/Compliance Officer. Generally, a request to be a director of a not-for-profit enterprise will be approved. In most cases, however, a request to be a director of a for-profit enterprise will not be approved.

What obligations do I have to UTC after I have terminated my employment?

In the absence of any agreement to the contrary entered into with the company at the time of your departure, you have a continuing obligation to UTC relating to proprietary information. If in the course of your employment with UTC, you have had access to proprietary information, you are under a strict obligation not to use or disclose that information, even after you have left UTC's employ. In addition, if you executed an intellectual property agreement, you may be obligated to turn over to UTC any trade secret, invention, work of authorship and other business or technical information conceived within one (1) year after your termination.

Questions and Answers about Conflicts of Interest

I do a lot of business traveling. Can I keep non-cash benefits I receive from the airlines, for example, Frequent Flyer coupons, and apply them to my personal travel plans?

You can keep the Frequent Flyer coupons and use them for personal travel. However, you cannot attempt to influence or change the travel plans made by the company's designated travel agents in order to receive these or other similar, non-cash, promotional benefits. To do so constitutes a two-part violation of our Code of Ethics: first, you have a conflict of interest between your personal interests and company's requirement to use the lowest logical air fares; and second, you would be misusing company funds if your travel costs more than the company's designated travel agent could have arranged. Any cash benefits or refunds resulting from your business travel must be returned to UTC in accordance with financial policy.

I'm running for Town Council in my community. I also work at a UTC facility in my community. Many of my co-workers come from my town and work in the same building with me. Can I campaign with some of my co-workers in the cafeteria during my lunch hour?

No, you may not campaign for election in the cafeteria at any time. UTC policy encourages employees to be active in community affairs, but it prohibits campaigning, or soliciting the support of employees, for candidates or issues while on company time or company premises, including cafeterias or parking lots. In addition, you are usually not permitted to solicit at your place of work for any side-line business you may be involved in. This prohibition also includes use of company facilities and supplies (e.g., copiers, clerical assistance, etc.). These matters are addressed in the Corporate Policy Manual.

I am enrolling in a company funded, after-hours education program that includes written homework assignments. Can I stay at my desk after work and use my computer to complete my homework assignments?

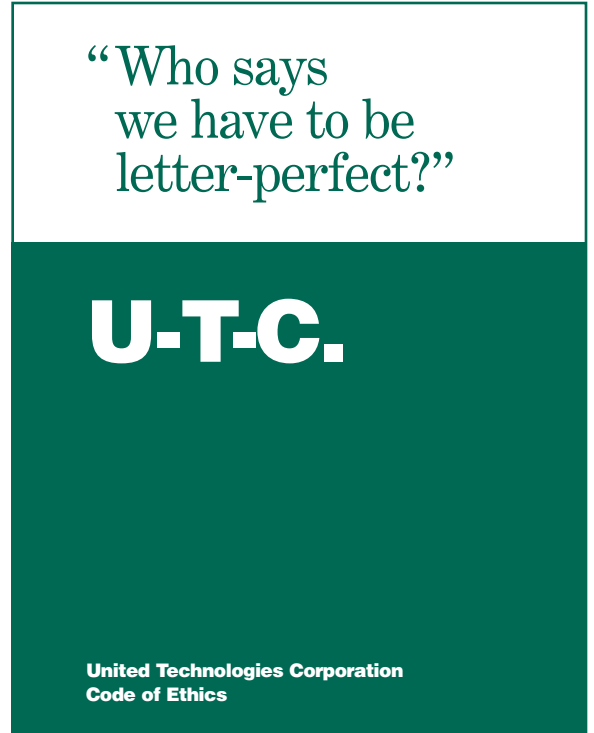
Yes, with your supervisor's permission. Also, consult your operating unit's guidelines on the Employee Scholar Program for additional information.

During the holiday season we receive boxes of fruit, cookies, candy, etc. from outside organizations such as employment agencies, law firms and other professional organizations. None of these organizations provide products to UTC. Can we keep these tokens of appreciation?

As long as you are not in a purchasing or related function. (See the UTC Policy Circular entitled "Giving and Receiving of Business Gifts.) These tokens of appreciation (less than \$50 in value) may be utilized by the employees in the department and should not be considered as a personal item.

Where can I get additional help?

If you need additional guidance, you should discuss the matter with your supervisor or Business Practices/Compliance Officer.



One of several UTC posters used throughout the Corporation as part of ethics awareness training.



United Technologies

**United Technologies Corporation
United Technologies Building
Hartford, CT 06101**