

# **Securities Trading and Release of Material Nonpublic Information**

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**A. SUMMARY**

This Policy requires that United Technologies Corporation (“UTC” or “the Corporation”) and its directors, officers and employees comply with U.S. federal and state securities laws and the laws of other countries that prohibit persons who are aware of material nonpublic information from: (i) trading in securities; or (ii) providing material nonpublic information to other persons who may trade on the basis of that information. This Policy also prohibits directors, officers and employees from entering into short sales of securities issued by UTC and prohibits such persons from entering into put or call option transactions, other derivatives or financial instruments with a third party in order to hedge an interest in securities issued by UTC.

**B. APPLICABILITY**

This Policy applies to UTC and all of its subsidiaries, divisions and other business entities controlled by it worldwide. This Policy applies to all members of UTC’s Board of Directors and all officers and employees of UTC and its subsidiaries. UTC may also determine that other persons should be subject to this Policy, such as contractors or consultants who have access to material nonpublic information.

**C. POLICY**

While the following is a brief outline of key elements of this Policy, it is important that directors, officers and employees also review and become familiar with the further details and requirements of this Policy set forth in [Exhibit 1](#).

1. “Material information” is information that a reasonable investor likely would consider important in deciding to buy, hold or sell a security. The term includes not only information related to UTC, but also information disclosed to or possessed by UTC that is related to another public company and that a reasonable investor likely would consider important to a decision to buy, hold or sell the securities of the other public company.
2. “Nonpublic information” is information that has not been publicly disclosed by UTC in a widely disseminated communication.
3. UTC officers, directors and employees must maintain the confidentiality of material nonpublic information. UTC will disclose material nonpublic information only through designated spokespersons (typically the Chief Executive Officer, Chief Financial Officer or Investor Relations). Selective disclosure to particular persons or groups (including analysts or other securities professionals) prior to general public disclosure is prohibited. Disclosure of material nonpublic information by UTC or persons acting for UTC requires the approval of the Chief Executive Officer or Chief Financial Officer, and in each case the General Counsel to ensure compliance with securities and other pertinent laws.
4. All inquiries from securities market professionals and investors or potential investors regarding UTC or any of its business activities shall be referred to UTC Investor Relations.

5. U.S. laws prohibit transactions in securities and tipping by individuals who are aware of material nonpublic information. Directors, officers, and employees shall not purchase or sell UTC's or another company's securities on the basis of material nonpublic information, or disclose such information to any person who may trade on the basis of that information. "On the basis of" means while aware of material nonpublic information, regardless of whether the information did in fact affect any person's decision to trade in securities.

#### D. REFERENCES

See [Exhibit 1](#). Additional guidance may be obtained from your operating unit's Legal Department or UTC Corporate Legal. In addition, see [Section 7-Conflicts of Interest](#) and [Section 24-Proprietary Information Protection](#).

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## EXHIBIT 1

### A. Introduction

1. Regulation FD (“Fair Disclosure”), adopted by the U.S. Securities and Exchange Commission (“SEC”), prohibits public companies from selectively disclosing material nonpublic information to individuals and groups (e.g., financial analysts, market professionals, institutional investors or others) without making a general public disclosure of that same information. See section C. below.
2. In addition to complying with SEC requirements, when UTC and/or its subsidiaries, divisions and other business entities controlled by it worldwide (individually and collectively, as the context requires, referred to hereinafter as “UTC”) have access to material nonpublic information relating to UTC or to another company, UTC officers, directors and employees must maintain the confidentiality of that information and take reasonable steps to protect it from disclosure. Securities laws in the U.S. and other countries prohibit securities trading while aware of material nonpublic information concerning the relevant publicly-held corporation. Related laws prohibit directors and executive officers from entering into short sales of the securities of public companies at which they serve in such roles. Because these trading practices undermine confidence in stock markets, government authorities regularly monitor securities transactions for potential violations and generally seek to impose severe penalties when they believe violations have occurred.
3. This Policy applies to transactions in securities issued by UTC and its subsidiaries (collectively referred to in this Policy as “Company Securities”), including UTC’s common stock, options to purchase UTC common stock, stock appreciation rights, performance stock units, restricted stock, stock units or SRP units acquired under a company savings plan or any other type of securities that UTC or a subsidiary may issue, including (but not limited to) preferred stock, convertible debentures and warrants, as well as derivative securities that are not issued by UTC, such as exchange-traded and over-the-counter put or call options or swaps relating to Company Securities.
4. Persons subject to this Policy have ethical and legal obligations to maintain the confidentiality of information about UTC or obtained in the course of employment with UTC and to refrain from transactions in securities while in possession of material nonpublic information. This restriction on transactions applies not only to transactions entered into directly in the name of a person covered by this Policy, but also to transactions entered into indirectly through family members or other persons or entities, to the extent that the person covered by this Policy is aware of material nonpublic information and controls or directs transactions by another person or entity. In all cases, the responsibility for determining whether an individual is in possession of material nonpublic information rests with that individual, and any action on the part of UTC, a compliance officer or legal counsel for UTC, or any other employee or director in connection with this Policy (or otherwise) does not in any way constitute legal advice to the individual or insulate an individual from liability under applicable securities laws. Persons covered by this Policy could be subject to severe legal penalties and

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disciplinary action by UTC for any conduct prohibited by applicable securities laws or this Policy, as described below in more detail under the heading “Consequences of Violations.”

**B. Statement of Policy**

It is UTC’s policy that no UTC director, officer or other employee (or any other person covered by this Policy) who is aware of material nonpublic information relating to UTC may directly, or indirectly through family members or other persons or entities:

1. Engage in transactions in Company Securities, except as otherwise specified in this Policy;
2. Recommend to others the purchase or sale of any Company Securities;
3. Disclose material nonpublic information to employees of UTC whose jobs do not require them to have that information, or to other persons, including, but not limited to, family, friends, business associates, investors, expert networks, social media or consulting firms, unless any such disclosure is made in accordance with UTC’s policies regarding the protection or authorized external disclosure of information regarding UTC;
4. Transfer an accumulated balance under a UTC employee savings plan/benefit plan to or from an account invested in Company Securities; or
5. Assist anyone engaged in the above activities.

It is UTC’s policy that no director, officer or other employee of UTC (or any other person covered by this Policy) who, in the course of working for UTC, learns of material nonpublic information relevant to an investment decision in securities of another public company, including, but not limited to, a company with which UTC does business or is considering doing business (such as a party to a potential acquisition/divestiture/joint venture, or a current or potential customer or supplier of UTC), may disclose such information or trade in that other company’s securities until seventy-two (72) hours after the information is broadly disseminated to the public and published by national media/wire services or is no longer material.

In addition, it is UTC’s policy that directors, officers and employees are prohibited from entering into transactions involving short sales of securities issued by UTC. Such persons are also prohibited from entering into put or call options based on securities issued by UTC (except by receiving options granted under UTC compensation programs), as described below in more detail under the heading “Restrictions on Short Sales, Hedging and Pledging”.

To the extent that a person covered by this Policy is aware of material nonpublic information concerning UTC and the person controls or directs transactions by another person or entity, the covered person must also ensure that transactions in Company Securities by those other parties comply with this Policy and applicable securities laws. There are no exceptions to this Policy beyond those specifically stated herein. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency

expenditure), or small transactions, are not excepted from this Policy. The securities laws do not recognize mitigating circumstances, and, in any event, even the appearance of an improper transaction must be avoided to preserve UTC's reputation for adhering to the highest standards of conduct.

C. **Disclosure of Material Nonpublic Information**

1. Examples of information that frequently would be regarded as "material nonpublic information" include:
  - Information regarding prospective financial results for UTC or a financial reporting segment, including information communicated expressly, or indirectly or couched as "guidance" as to whether earnings or other financial measures are expected to be higher, lower or even the same as the amounts or range that UTC or financial analysts may have been forecasting;
  - Projections of future revenues, cash flow, earnings, losses, charges, reserves or impairments for UTC or a financial reporting segment;
  - Information regarding a pending or proposed significant joint venture, merger, acquisition, tender offer or other transaction;
  - Bank borrowings or other financing transactions out of the ordinary;
  - Information regarding a significant sale of assets, restructuring or disposition of a business unit;
  - Significant business transactions or the negotiation or execution of significant contracts;
  - Amounts of company stock expected to be repurchased and other significant information concerning a share repurchase program;
  - Changes in dividend policies or the declaration of a stock split or the offering of additional securities;
  - Possible changes in control of a significant entity;
  - Proposed or pending changes in the board of directors, senior management or auditors;
  - Significant new products or discoveries or significant events related to development, performance or customer acceptance of new products;
  - Significant business transactions or negotiations with a current or potential customer or supplier or possible gain or loss of a substantial customer or supplier;
  - Significant potential or contingent losses or gains, including but not limited to the existence of or anticipated impact of pending, threatened or contemplated legal proceedings, investigations or claims; and

- Impending bankruptcy or financial liquidity problems.

Similar information related to another public company could also be considered material to a decision to invest in the securities of such other company.

In addition, nonpublic information obtained from members or employees of the executive, legislative, or judicial branches of the U.S. Government or any agency thereof could be material to decisions to invest in the securities of a number of public companies. UTC officers, directors and employees must refrain from transactions in securities of any public company on the basis of material nonpublic information obtained from the government and from disclosure to others who may trade on such information.

The above list is illustrative and not exhaustive; other financial and business information concerning UTC or another company could be material. There is no bright-line standard for assessing materiality; rather materiality is based on an assessment of all facts and circumstances, and it is often evaluated by enforcement authorities with full benefit of hindsight.

2. Material nonpublic information may relate to UTC or to another company - including publicly-traded companies, subsidiaries of UTC, or UTC's customers or suppliers. Material nonpublic information about other companies may be regulated under laws of the U.S. and other countries as described in this Policy, and may be subject to confidentiality and other restrictions on disclosure. Accordingly, access to any material nonpublic information must be limited to those officers, directors and employees having a need to know such information in order to fulfill their responsibilities. UTC officers, directors and employees with access to or who become aware of material nonpublic information must maintain the confidentiality of that information and take reasonable steps to protect it from disclosure to persons within UTC who do not have a "need to know" and to third parties. Additional guidance is contained in *UTC Corporate Policy Manual*, [Section 24 - Proprietary Information Protection](#).
3. SEC Regulation FD requires that when a company with publicly traded securities -- or persons acting on behalf of the company -- discloses material nonpublic information to:
  - Stockbrokers or dealers;
  - Financial analysts;
  - Investment advisors;
  - Fund managers;
  - Investment companies;
  - Associates or affiliates of any of the above entities; or

- Shareholders (if it is reasonably foreseeable that the shareholder will buy or sell company securities on the basis of the information),

the company must also make general public disclosure of that same information in the form of (a) a widely disseminated press release, (b) information filed or furnished on a Form 8-K filed with the SEC, or (c) a web cast open to the public. SEC regulations require that the public disclosure must be simultaneous in the case of intentional or planned disclosures (which the person making the disclosure either knows or is reckless in not knowing is material and nonpublic). If public disclosure is made via web casts, adequate notice of the time and date of web casts must have been given several days in advance, by press release that includes access instructions, and the public must be permitted to listen to the web cast either by telephone or through internet web-casting.

There are several narrow and specific exceptions to SEC Regulation FD that may apply in the case of certain disclosures to government agencies, credit rating agencies and parties that have an obligation or agreement to maintain the information in confidence. Given the narrow scope of these exceptions, UTC's Legal Department must be contacted for guidance before relying on any exceptions.

#### D. Important Additional Considerations

1. Securities laws provide that any person who is aware of material nonpublic information must refrain from purchasing or selling securities while aware of this information. Until any material nonpublic information concerning UTC or another public company is disclosed to the public and fully incorporated in prevailing prices for securities on stock markets, any director, officer or employee trading in securities of UTC or such other public company while aware of that information (including transfers of accumulated balances to or from a fund in a company savings or benefit plan containing securities of the company to which the information pertains or transactions in options or other derivatives based on securities of that company) may violate U.S. securities laws, except in certain narrowly defined circumstances. Do not assume that information has effectively become public just because a press release has been issued or the information has crossed on a news service. While the amount of time that must pass for material information to be considered "public" and fully absorbed by the stock market varies depending on the circumstances, in the case of a large public company such as UTC that is widely followed by analysts and the media it is generally reasonable to assume that information has become "public" twenty-four (24) hours following release of that information by the Corporation in a widely disseminated external press release, widely accessible web cast that was announced in advance by press release, or in a report filed with the SEC.
2. It is important to know that the prohibition against trading on the basis of or while aware of "inside" information applies to all employees and is not limited to directors, officers, executive or management personnel. Family members of employees may also become subject to restrictions on trading under applicable laws if they are made aware of material nonpublic information.



3. Any form of communication of material nonpublic information to anyone outside UTC could be considered illegal "tipping" if any "tipped" person could be expected to engage in securities trading on the basis of that information. This includes any form of oral or written communication, electronic message or posting of comments or information on Internet sites, bulletin boards, "expert networks", social media or chat rooms, or any other form of communication of material nonpublic information concerning UTC or another public company.

#### **E. Restrictions on Short Sales, Hedging and Pledging of UTC Common Stock**

1. It is UTC's policy that directors, officers and employees are prohibited from engaging in transactions involving short sales of securities issued by UTC. Short sales of Company Securities (*i.e.*, placing an order to sell a security that the seller does not then own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in UTC's prospects. In addition, short sales may reduce a seller's incentive to seek to improve UTC's performance. For these reasons, directors, officers and employees are prohibited from engaging in short sales of Company Securities. Section 16(c) of the Exchange Act also prohibits UTC directors and executive officers from engaging in short sales.
2. Employees should also be aware that a prohibited conflict of interest can arise in the event of a short sale of securities issued by UTC and in the case of transactions in options that have a value profile that runs counter to the interests of UTC. In other words, short sales and options that have a value or increase in value when there is a decline in market expectations for UTC's financial performance and/or a decline in the value of securities issued by UTC should be evaluated as likely creating a conflict of interest that violates UTC Corporate Policy Manual, Section 7 – Conflicts of Interest.
3. It is UTC's policy that directors, officers and employees are prohibited from entering into transactions in put options, call options and other derivative securities based on Company Securities, on an exchange, other organized market or in a private transaction (other than receiving and exercising rights granted under UTC equity awards) and from purchasing financial instruments (including prepaid variable forward contracts, equity swaps, collars, and exchange funds) or otherwise engaging in transactions that are designed to or have the effect of hedging or offsetting any decrease in the market value of Company Securities granted to or held, directly or indirectly, by the director, officer or employee. UTC has adopted this prohibition for several important reasons. First, given the relatively short term of market-traded options, transactions in options can create the appearance that a director, officer or employee is trading based on material nonpublic information and with a focus on short-term performance rather than UTC's long-term objectives. In addition, such transactions can serve to hedge or monetize an interest in an equity award or compensation granted by UTC. Hedging and monetization transactions may permit a director, officer or employee to continue to own Company Securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the director, officer or employee may no longer have the same interests as UTC's other shareholders. While UTC directors, officers and employees are subject to a general prohibition against entering into any

form of options or derivative instruments based on securities of UTC (other than receiving equity awards granted by UTC), this prohibition applies in particular to hedging and monetization transactions, which can be accomplished through a number of possible mechanisms including financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds.

4. Additional guidance regarding potential conflicts of interest that can arise from disclosure of material nonpublic information, "insider" trading and pledging of stock or other equity securities of UTC can be obtained by referring to the UTC *Corporate Policy Manual*, [Section 7 - Conflicts of Interest](#).

#### **E. Certain Limited Exceptions**

**Employee Benefit Plan Transactions.** This Policy does not apply to or restrict acquisitions of Company Securities under a UTC Employee Savings Plan, Savings Restoration Plan or Deferred Compensation Plan that result from your periodic contribution of money to the plan pursuant to a payroll deduction election, provided that the payroll deduction election is made several months in advance of the first actual periodic payroll contribution of money and at a time when you were not aware of material nonpublic information concerning UTC. This Policy does restrict, however, certain elections and dispositions with respect to Company Securities you may make under one of these plans, including: (a) an election to increase or decrease the percentage of your periodic contributions that will be allocated to a fund holding Company Securities; (b) an election to make an intra-plan transfer of an existing account balance into or out of a fund holding Company Securities; (c) an election to borrow money against your plan account if the loan will result in a liquidation of some or all of your balance in a fund holding Company Securities; and (d) an election to pre-pay a plan loan if the pre-payment will result in allocation of loan repayment funds to a fund holding Company Securities.

**Rule 10b5-1 Plans.** Rule 10b5-1 under the U.S. Securities Exchange Act provides a limited defense against insider trading liability under Rule 10b-5. In order to rely on this defense, a person covered by this Policy must enter into a written Rule 10b5-1 plan for transactions in Company Securities that meets specific conditions stated in the Rule (a "Rule 10b5-1 Plan"). To comply with this Policy, a Rule 10b5-1 Plan also must be approved in advance by the UTC Legal Department. A person seeking approval to enter into a Rule 10b5-1 Plan would be required to provide written representations to UTC and the relevant financial institution confirming that at the time when the person enters into the plan the person is not aware of any material nonpublic information concerning the company whose securities will be traded under the plan. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion for those matters to an independent third party. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded, the date of the trade, or seek to modify or terminate the plan. If the plan meets the requirements of Rule 10b5-1, is entered into well in advance of actual execution of transactions under the plan and is approved by the UTC Legal Department, Company Securities could be purchased or sold pursuant to the plan without regard to information possessed by the person at the time of actual execution of securities transactions in accordance with the previously established Rule 10b5-1 plan. Directors and executive officers would still need to take care that transactions under the plan are

appropriately reported in filings with the SEC and that the transactions do not create liability for short swing profits.

Any proposed Rule 10b5-1 Plan must be submitted to the UTC Corporate Legal Department for approval at least thirty days prior to entry into the Rule 10b5-1 Plan in order to allow adequate time for review of the plan and the circumstances. UTC retains the right to refuse to approve any proposed Rule 10b5-1 plan in its discretion.

F. **Consequences of Violations**

The consequences of insider trading violations and selective disclosure violations can involve criminal and civil fines and penalties for the individuals involved and for the Corporation.

Persons who violate the Corporation's disclosure or insider trading policies are also subject to disciplinary action, up to and including dismissal.

G. **Assistance**

Questions about release of specific information or a specific transaction should be referred to the UTC or operating unit Legal Department.