

## RELATED PERSON TRANSACTION POLICY

### A. Policy

It is the policy of the Board of Directors of Rockwell Collins, Inc. (the "Company") that all Related Person Transactions with Related Persons, as those terms are defined in this policy, shall be subject to review and approval or other disposition in accordance with the procedures set forth below.

### B. Definitions

1. Related Person Transaction means: any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which the Company was or is to be a participant, the amount involved exceeds \$120,000, and a Related Person had or will have a direct or indirect material interest.
2. Related Person means:
  - a. any person who is, or at any time since the beginning of the Company's last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company;
  - b. any person known to be the beneficial owner of more than 5% of any class of the Company's voting securities; and
  - c. any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner.

### C. Procedure

1. Related Persons shall promptly notify the Company's General Counsel of any proposed Related Person Transaction in advance of entering into the transaction, arrangement or relationship whenever practicable. Such notice shall include all pertinent facts and circumstances regarding the nature of the transaction, arrangement or relationship, the dollar value involved, and the direct or indirect material interests of the subject Related Person.
2. The Company's General Counsel or delegate shall present any proposed Related Person Transaction to the Audit Committee (the "Committee") for consideration at the next regularly scheduled Committee meeting or when it is not practicable to wait until the next Committee meeting, to the Chairman of the Committee (who is hereby delegated the full authority to act, including

approving or rejecting proposed Related Person Transactions, between Committee meetings on behalf of the Committee). If the Chairman of the Audit Committee or his or her immediate family member is the subject Related Person, then such transaction may be reviewed and approved or rejected by the Chairman of the Board Nominating and Governance Committee (the "Nominating Committee Chairman").

3. In the event that it comes to the Company's attention that a Related Person Transaction has already been entered into but not completed, the Related Person Transaction shall be presented to the Audit Committee for ratification or other disposition of the transaction (such as termination, rescission or modification) as is deemed to be in the best interest of the Company and the Related Person must provide all pertinent information related to the transaction, arrangement or relationship as well as an explanation regarding why the Related Person Transaction was not previously provided to the Committee for review and approval.
4. The Committee, or as applicable, the Chairman of the Committee or the Nominating Committee Chairman, shall consider the pertinent facts and circumstances presented and any other information they deem appropriate and determine the disposition action related to the Related Person Transaction that is deemed to be in the best interest of the Company. The Chair of the Committee or the Nominating Committee Chairman shall then report to the Committee at the next Committee meeting any Related Person Transaction reviewed and resolved under this policy pursuant to his/her delegated authority.
5. The director who is the subject Related Person shall not participate in any Committee deliberations or determinations of his or her Related Person Transaction.

#### **D. Pre-Approved Related Person Transactions**

The Board of Directors has determined that the following Related Person Transactions are pre-approved or ratified (as applicable) and shall not be reviewed and resolved under the procedures set forth in paragraph C above:

1. Employment of executive officers. Any employment by the Company of an executive officer of the Company if:
  - a. the related compensation is required to be reported in the Company's proxy statement under Item 402 of the Securities and Exchange Commission's ("SEC's") compensation disclosure requirements (generally applicable to "named executive officers"); or
  - b. the executive officer is not an immediate family member of another executive officer or director of the Company and the Company's Compensation Committee or its delegate approved such compensation.

2. Director compensation. Any compensation paid to a director if the compensation is required to be reported in the Company's proxy statement under Item 402 of the SEC's compensation disclosure requirements.
3. Certain transactions with other companies. Any transaction with another company at which a Related Person's only relationship is as an employee, director or beneficial owner of less than 10% of that company's shares or limited partnership interests, if the aggregate amount involved does not exceed the greater of \$1,000,000, or 2% of that company's total annual revenues.
4. Certain Company charitable contributions. Any charitable contribution, grant or endowment by the Company to a charitable organization, foundation or university at which a Related Person's only relationship is as an employee (other than an executive officer) or a director, if the aggregate amount involved does not exceed the lesser of \$1,000,000, or 2% of the charitable organization's total annual receipts.
5. Transactions where all shareholders receive proportional benefits. Any transaction where the Related Person's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on a pro rata basis (e.g., dividends).
6. Transactions involving competitive bids. Any transaction involving a Related Party where the rates or charges involved are determined by competitive bids or are fixed in conformity with law or governmental authority.
7. Employment of Immediate Family Members. Any employment by the Company of and compensation paid to an immediate family member of a director, executive officer, nominee to become a director or greater than 5% beneficial owner as long as the employment is for a position below executive officer, the compensation arrangements are generally consistent with the Company's pay structure and any potential conflicts of interest are resolved in accordance with the Company's conflicts of interest policies and practices.

## **E. Miscellaneous**

Material amendments and/or modifications to any Related Person Transaction previously approved or ratified by the Committee, Chairman of the Committee or Presiding Director shall require the approval or ratification by the Committee, Chairman of the Committee or Presiding Director under this policy.

Last updated: September 12, 2007