UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] **ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2002

Commission file number 1-812

UNITED TECHNOLOGIES CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	06 0570975
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Financial Plaza, Hartford, Connecticut	06103
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (860) 728-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock ($1 par value) (CUSIP 913017 10 9)	New York Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X. No __.

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes X. No __.

At January 31, 2003, there were 470,366,023 shares of Common Stock outstanding. The aggregate market value of the voting Common Stock held by non-affiliates at January 31, 2003 was approximately $29,844,016,541, based on the New York Stock Exchange closing price for such shares on that date. For purposes of this calculation, the Registrant has assumed that its directors and executive officers are affiliates.

List hereunder documents incorporated by reference and the Part of the Form 10-K into which the document is incorporated: (1) Portions of the United Technologies Corporation 2002 Annual Report to Shareowners are incorporated by reference in Parts I, II and IV hereof; and (2) Portions of the United Technologies Corporation Proxy Statement for the 2003 Annual Meeting of Shareowners are incorporated by reference in Part III hereof.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and is not to be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. [ ]

UNITED TECHNOLOGIES CORPORATION

Index to Annual Report
on Form 10-K for
Year Ended December 31, 2002

PART I		Page
Item 1.	Business	1
Item 2.	Properties	8
Item 3.	Legal Proceedings	8
Item 4.	Submission of Matters to a Vote of Security Holders	9
-----	Executive Officers of the Registrant	9
PART II		
Item 5.	Market for Registrant's Common Equity and Related Stockholder Matters	11

Item 6.	Selected Financial Data	11
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	11
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	11
Item 8.	Financial Statements and Supplementary Data	11
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	11
PART III		
Item 10.	Directors and Executive Officers of the Registrant	11
Item 11.	Executive Compensation	11
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	12
Item 13.	Certain Relationships and Related Transactions	12
Item 14.	Controls and Procedures	12
PART IV		
Item 15.	Exhibits, Financial Statement Schedules, and Reports on Form 8-K	12
	Signatures	15
	Certifications	16

UNITED TECHNOLOGIES CORPORATION

Annual Report on Form 10-K for the Year Ended December 31, 2002

Whenever reference is made in this Form 10-K to specific sections or pages of the Corporation's 2002 Annual Report to Shareowners, such sections or pages, as applicable, are incorporated herein by reference. The "Corporation", unless the context requires otherwise, means United Technologies Corporation (or UTC) and its subsidiaries.

Item 1. Business

General

United Technologies Corporation was incorporated in Delaware in 1934. Growth is attributable to acquisitions and the internal development of existing businesses of the Corporation. The following description of the Corporation's business should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations appearing on pages 2 through 13 of the Corporation's 2002 Annual Report to Shareowners, especially the information contained therein under the heading "Business Environment."

The Corporation's operating units include a diverse portfolio of businesses with operations throughout the world. Otis and Carrier primarily serve customers in the commercial and residential property industries worldwide. In 2002, the revenues generated by Otis and Carrier operations were 54 percent of the Corporation's total segment revenues. Pratt & Whitney and the Flight Systems segment, which includes Hamilton Sundstrand and Sikorsky Aircraft, primarily provide aerospace products and services to commercial and government customers. In 2002, commercial aerospace and U.S. Government aerospace revenues were approximately 30 percent and 16 percent, respectively, of the Corporation's total segment revenues. Revenues in 2002 from outside the United States, including U.S. export sales, were 55 percent of the Corporation's total segment revenues.

As worldwide businesses, the Corporation's operations can be affected by a variety of economic and other factors, including those described in Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Corporation's 2002 Annual Report to Shareowners and those described in the "Business" section of this Form 10-K under the heading "Other Matters Relating to the Corporation's Business as a Whole." Each business unit is subject to significant competition from a large number of companies in the United States and other countries, and each competes on the basis of price, delivery schedule, product performance and service.

The Corporation's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports will be made available free of charge through the Investor Relations section of the Corporation's Internet website (http://www.utc.com) as soon as practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission.

Description of Business by Segment

The Corporation conducts its business through four principal segments. The segments were generally determined based on the management structure of the businesses and the grouping of similar operating companies, where each management organization has general operating autonomy over diversified products and services. The principal products of each segment are as follows:

Otis	--Otis elevators, escalators, automated people movers and service.
Carrier	--Carrier commercial and residential heating, ventilating and air conditioning ("HVAC") systems and equipment, commercial and transport refrigeration equipment, and aftermarket

	service and components.
Pratt & Whitney	--Pratt & Whitney commercial, general aviation and military aircraft engines, parts, service, industrial gas turbines and space propulsion.
Flight Systems	--Hamilton Sundstrand aerospace products and aftermarket services include aircraft power generation and management systems, engine and flight controls, auxiliary power units, environmental control systems and propeller systems. Industrial products include air compressors, metering devices, fluid handling equipment and gear drives.
	-- Sikorsky commercial and military helicopters, aftermarket helicopter and aircraft parts and service.

Segment financial data for the years 2000 through 2002, including financial information about foreign and domestic operations and export sales, is included in Note 17 of Notes to Consolidated Financial Statements on pages 31 through 33 of the Corporation's 2002 Annual Report to Shareowners.

Otis

Otis is the world's largest elevator and escalator manufacturing, installation and service company. Otis designs, manufactures, sells and installs a wide range of passenger and freight elevators, including hydraulic and traction elevators for low- and medium-speed applications and gearless elevators for high-speed passenger operations in high-rise buildings. Otis also produces a broad line of escalators and, for horizontal transportation, moving walkways and shuttles. In addition to new equipment, Otis provides modernization products and services to upgrade elevators and escalators as well as maintenance services for a substantial portion of the elevators and escalators that it sells, as well as those of other manufacturers. Otis serves an international customer base, principally in the commercial and residential property industries.

Revenues generated by Otis' international operations were 77 and 76 percent of total Otis segment revenues in 2002 and 2001, respectively. At December 31, 2002, Otis' business backlog was $4,177 million as compared to $3,777 million at December 31, 2001. Substantially all of the business backlog at December 31, 2002 is expected to be realized as sales in 2003.

Carrier

Carrier is the world's largest manufacturer of commercial and residential HVAC systems and equipment. Carrier is also a leading producer of commercial and transport refrigeration equipment, and provides aftermarket service and components for its products and those of other manufacturers in both the HVAC and refrigeration industries. The products manufactured by Carrier include chillers and air handling equipment, commercial unitary systems, residential split systems, residential furnaces, duct-free split systems and window air conditioners, as well as transport refrigeration, commercial refrigeration and food service equipment. Carrier's products and services are sold under Carrier and other brand names to building contractors and building owners, homeowners, shipping and trucking companies, supermarkets and food service companies. Sales are made both directly to the customer and through manufacturers' representatives, distributors, dealers, individual wholesalers and retail outlets.

Carrier has grown significantly in recent years as a result of acquisitions. Major acquisitions have included the August 1999 acquisition of International Comfort Products Corporation, a North American residential and light commercial HVAC equipment company; the February 2000 acquisition of the Electrolux Group's commercial refrigeration business in Europe; and the November 2000 acquisition of Specialty Equipment Companies, a manufacturer of commercial refrigeration and food service equipment in the United States and Europe. Carrier participates in a joint venture with Toshiba Corporation in Japan. Carrier and the joint venture company, Toshiba Carrier Corporation, also participate in HVAC joint ventures in the U.K. and Thailand.

Revenues generated by Carrier's international operations, including U.S. export sales, were 48 and 47 percent of total Carrier segment revenues in 2002 and 2001, respectively. At December 31, 2002, Carrier's business backlog was $1,028 million as compared to $1,042 million at December 31, 2001. Substantially all of the business backlog at December 31, 2002 is expected to be realized as sales in 2003.

Pratt & Whitney

Pratt & Whitney is among the world's leading suppliers of commercial, general aviation and military aircraft engines. Pratt & Whitney provides overhaul and repair services, spare parts, and fleet management services for the engines it produces and other commercial and military jet and gas turbine engines. Pratt & Whitney products are sold principally to aircraft manufacturers, airlines and other aircraft operators, aircraft leasing companies and the U.S. and foreign governments. Pratt & Whitney sales in the U.S. and Canada are made directly to the customer and, to a limited extent, through independent distributors. Other export sales are made with the assistance of independent sales representatives. Sales to The Boeing Company ("Boeing") and Airbus Industrie ("Airbus") were 11 and 10 percent, respectively, of total Pratt & Whitney revenues in 2002, before taking into account discounts or financial incentives offered to customers.

Pratt & Whitney currently produces two families of large commercial jet engines: the PW4000 engine series (powering the Airbus A310-300, A300-600 and A330-200/300 series of aircraft; the Boeing 747-400, 767-200/300 and 777-200/300 series of aircraft; and the out-of-production Boeing MD-11 aircraft) and the PW2000 engine series (powering the Boeing 757-200/PF/300 aircraft). Also, Pratt & Whitney has entered into a Memorandum of Understanding with Airbus to develop, market and sell PW6000 series engines for installation on Airbus A318 aircraft, expected to enter service during 2005. The PW6000 was certified by U.S. airworthiness authorities in January 2002.

In view of the risk and cost associated with developing new engines, Pratt & Whitney has entered into certain collaboration arrangements in which costs, revenues and risks are shared. At December 31, 2002, the interests of other participants in Pratt & Whitney's current commercial jet engine production programs ranged from 14 to 29 percent. Pratt & Whitney also has a 33 percent interest in the International Aero Engines collaboration that sells and supports V2500 engines. Applications for the V2500 engine include Airbus' A319, A320 and A321 aircraft and Boeing's out-of-production MD-90. Pratt & Whitney has a 50 percent interest in an alliance with GE Aircraft Engines to develop, market and manufacture the GP7000 engine. At December 31, 2002, other participants held interests totaling 35 percent in Pratt & Whitney's share of this program. The alliance anticipates the first full engine test in 2004. The new engine will power the Airbus A380 aircraft, with first aircraft deliveries scheduled for 2006.

Pratt & Whitney currently produces three military aircraft engines: the F119 (powering the two-engine F/A-22 fighter aircraft), the F100 (powering two-engine F-15 and single-engine F-16 fighter aircraft) and the F117 (powering four-engine C-17 transport aircraft). The F119 and F117 are currently the only sources of propulsion for the F/A-22 fighter aircraft and C-17 transport aircraft, respectively. Pratt & Whitney is under contract with the U.S. Air Force ("USAF") to complete flight-testing and initial production of F119 engines through 2003. All of Pratt & Whitney's F100 sales contracts are with the USAF or with foreign governments. All of Pratt & Whitney's F117 sales contracts are with either the USAF or Boeing. Pratt & Whitney is also under contract with the USAF to develop the F135 engine, a derivative of Pratt & Whitney's F119 engine, to power the single-engine F-35 Joint Strike Fighter aircraft being developed by Lockheed Martin. Management cannot predict with certainty whether, when, and in what quantities Pratt & Whitney will produce F135 engines.

Pratt & Whitney Canada ("P&WC") is a world leader in aviation engines powering business, regional, utility and military aircraft and helicopters. P&WC also designs and manufactures engines for auxiliary power units and industrial applications. Its operations and service network span the globe.

Pratt & Whitney Space Propulsion ("SP") produces hydrogen fueled rocket engines for commercial and U.S. Government space applications, advanced turbo pumps for NASA's Space Shuttle program and solid fuel propulsion systems for civil and military applications. SP also has a 50 percent interest in a joint venture with NPO Energomash that provides kerosene fueled RD-180 rocket engines for satellite launch applications.

Pratt & Whitney Power Systems ("PWPS") supplies industrial power generation and mechanical drive equipment in the one megawatt to 50 megawatts range. PWPS also provides gas turbines for marine propulsion applications.

Revenues from Pratt & Whitney's international operations, including U.S. export sales, were 54 percent and 50 percent of total Pratt & Whitney segment revenues in each of 2002 and 2001, respectively. At December 31, 2002, Pratt & Whitney's business backlog was $13,030 million, including $2,001 million of U.S. Government funded contracts and subcontracts, as compared to $11,161 million and $1,949 million, respectively, at December 31, 2001. Of the total Pratt & Whitney backlog at December 31, 2002, approximately $4,365 million is expected to be realized as sales in 2003. Pratt & Whitney's backlog includes certain contracts for which actual costs may ultimately exceed total revenues. See Note 1 to Consolidated Financial Statements on page 21 of the Corporation's 2002 Annual Report to Shareholders for a description of the Corporation's accounting for long-term contracts.

Flight Systems

The Corporation's Flight Systems business provides global products and services through Hamilton Sundstrand and Sikorsky Aircraft. The Corporation acquired Sundstrand Corporation in 1999 and combined it with the operations of the former Hamilton Standard.

Hamilton Sundstrand provides aerospace and industrial products and aftermarket services for diversified industries worldwide. Hamilton Sundstrand's principal aerospace products include aircraft power generation management and distribution systems; environmental, flight, fuel and engine control systems; fuel and special fluid pumps; auxiliary power units; propeller systems; electronic controls and components; and specialized instruments and chemical detection and monitoring equipment. Hamilton Sundstrand is also the prime contractor for NASA's space suit/life support system and produces environmental control, life support, mechanical systems and thermal control systems for international space programs. Hamilton Sundstrand's principal industrial products include air compressors, metering devices, fluid handling equipment and gear drives.

Hamilton Sundstrand's aerospace businesses serve commercial, military, regional, business and general aviation, as well as space and undersea applications. Aftermarket services include spare parts, overhaul and repair, engineering and technical support and fleet maintenance programs. Hamilton Sundstrand aerospace products are sold directly to airframe manufacturers, the U.S. Government, aircraft operators and independent distributors. Hamilton Sundstrand sales of aerospace products to Boeing, Pratt & Whitney and Airbus, collectively, including sales where the U.S. Government was the ultimate customer, were 12.1 percent of Flight Systems segment sales in 2002.

Hamilton Sundstrand's industrial products serve industries involved with raw material processing, bulk material handling and construction (including mining; metal and other material processing; hydrocarbon and chemical processing; and water and waste water treatment). These industrial products are sold directly to end-users, through manufacturer representatives and distributors and through engineering contractors. Demand for Hamilton Sundstrand's industrial products is tied closely to the level of general economic activity. Hamilton Sundstrand believes that its research and development, proprietary technology, and product and service reputations have been significant in maintaining its competitive standing.

Sikorsky is one of the world's largest manufacturers of military and commercial helicopters and is the primary supplier of transport helicopters to the U.S. Army and Navy. Sikorsky also supplies helicopters to foreign governments and the worldwide commercial market. Sikorsky's aftermarket business, which includes spare parts sales, overhaul and repair and service contracts for helicopters and other aircraft, has become a more significant part of Sikorsky's business in recent years. During 2002, Sikorsky acquired Derco Holding, a supplier of military aircraft logistics and component distribution, component repairs, and aftermarket program management.

Current production programs at Sikorsky include the Black Hawk medium-transport helicopter for the U.S. and foreign governments; the MH-60 Fleet Combat Support helicopter for the U.S. Navy; the International Naval Hawk for multiple naval missions; and the S-76 intermediate-sized helicopter for commercial operations. Under a multi-year contract with the U.S. Government, Sikorsky has delivered 249 Black Hawk helicopters, with the remaining three helicopters scheduled for delivery in 2003. A new multi-year contract was signed in 2002 that provides for additional deliveries of 80 Army and 82 Navy helicopters over the next five years. Under a $238 million research, development and test contract, Sikorsky is performing work to evaluate the potential for upgrading the U.S. Army fleet of Black Hawks.

After receiving type certification from the Federal Aviation Administration in December 2002, Sikorsky is entering into the final stages of development of the S-92 helicopter for the commercial market. An H-92 variant of the helicopter for the military market is also in development. A portion of the development work is being carried out in collaboration with companies in Brazil, the People's Republic of China, Japan, Spain and Taiwan. Marketing efforts for the S-92 and H-92 are in process and several non-binding deposit agreements have been received for S-92 helicopters. Deliveries of the first S-92 helicopters are planned for 2004. Management cannot predict with certainty whether, when, and in what quantities S-92 and H-92 helicopters will be produced.

Sikorsky has a 50 percent interest in a joint venture with Boeing for the development of the RAH-66 Comanche light attack and reconnaissance helicopter. The Sikorsky-Boeing joint venture is performing under a cost reimbursement contract awarded by the U.S. Army in 1991. During November 2002, the U.S. Army awarded the joint venture a revised Engineering and Manufacturing Development contract that increased the contract value by $3.4 billion to $6.6 billion. Under the revised contract, the joint venture is required to deliver nine Comanche helicopters in 2005 and 2006 for test and evaluation purposes and to provide aircraft capability improvements to these helicopters through 2011. Management cannot predict with certainty whether, when, and in what quantities Comanche helicopters will be produced.

Revenues generated by the Flight Systems segment's international operations, including export sales, were 25 percent and 39 percent of total Flight Systems segment revenues in 2002 and 2001, respectively. At December 31, 2002, Flight Systems' business backlog was $3,642 million, including $1,839 million under funded contracts and subcontracts with the U.S. Government, as compared to $3,784 million and $1,743 million, respectively, at December 31, 2001. Of the total Flight Systems segment backlog at December 31, 2002, approximately $2,664 million is expected to be realized as sales in 2003.

Pratt & Whitney and Flight Systems Aerospace and Defense Products

The Corporation's aerospace and defense businesses are subject to substantial competition from domestic manufacturers, foreign manufacturers (whose governments sometimes provide research and development assistance, marketing subsidies and other assistance for their commercial products) and companies that obtain regulatory agency approval to manufacture spare parts. In particular, Pratt & Whitney experiences intense competition for new commercial airframe/engine combinations. Engine suppliers may offer substantial discounts and other financial incentives, performance and operating cost guarantees, participation in financing arrangements and maintenance agreements. Customer selections of engines and components can also have a significant impact on later sales of parts and services. Pratt & Whitney's major competitors in the sale of engines are General Electric Company and Rolls Royce plc. (For information regarding customer financing commitments, participation in guarantees of customer financing arrangements and performance and operating cost guarantees, see Notes 4 and 15 of Notes to Consolidated Financial Statements on pages 22 through 23 and 30 through 31 of the Corporation's 2002 Annual Report to Shareowners.)

Other factors that can affect the results of the Corporation's aerospace and defense businesses include lengthy and costly development cycles and heavy dependence on a small number of products and programs. Sales of military products are affected by defense budgets in the U.S. and other countries, U.S. foreign policy and the level of activity in military flight operations. Military spare parts sales are affected by policies of the U.S. and other governments of purchasing parts from suppliers other than the original equipment manufacturer. Pratt & Whitney's and Flight Systems' operations can also be affected by a variety of economic and other factors including those described in Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Corporation's 2002 Annual Report to Shareowners and those described in the "Business" section of this Form 10-K under the heading "Other Matters Relating to the Corporation's Business as a Whole".

Significant elements of Pratt & Whitney's and Flight Systems' business, such as spare parts sales for engines and aircraft in service, have short lead times. Therefore, backlog information may not be indicative of future demand. Also, since a substantial portion of the backlog for commercial customers is scheduled for delivery beyond 2003, changes in economic conditions may cause customers to request that firm orders be rescheduled or canceled.

Other

UTC Power develops and markets distributed power generation equipment producing up to one megawatt, including fuel cells and microturbines, for use in commercial transportation and light industrial businesses, institutions and office buildings. UTC Fuel Cells, LLC ("UTC Fuel Cells"), a part of UTC Power, is a world leader in fuel cell production and development for commercial, transportation, residential and space applications. UTC Fuel Cells is the sole supplier of fuel cells for U.S. space missions and also offers a commercially available fuel cell power plant, known as the PC25™. Over 250 PC25 units have been delivered around the world. Fuel cell power plants using proton exchange membrane technology ("PEM") are currently in development for transportation, commercial stationary, and residential applications. UTC Fuel Cells is working with automakers and bus manufacturers, as well as the U.S. Department of Energy, on development and demonstration programs for vehicles. In December 2002, UTC Fuel Cells signed an agreement to license its PEM technology on a non-exclusive basis to Nissan Motor Company Ltd. ("Nissan") and to engage in joint development of this technology for automotive applications. In that same month Nissan unveiled its zero-emission X-TRAIL vehicle powered by a UTC Fuel Cells power plant. In 2001, UTC Fuel Cells and Shell Hydrogen US formed a joint venture to develop, manufacture and sell fuel processors and hydrogen generation systems.

Although fuel cells are believed to be superior to conventional power generators in terms of efficiency and environmental characteristics, current production rates remain low across the industry. Continued technology advancement and wider market acceptance are required to reduce the production cost of fuel cell components and power plants. Government support for fuel cells could also impact the advancement of the technology. There is still significant uncertainty as to whether and when commercially viable PEM fuel cells will be produced. UTC Fuel Cells continues to seek strategic partners to develop sources of supply, as well as marketing and distribution channels. Toshiba Corporation owns a 10 percent equity interest in UTC Fuel Cells.

The results of UTC Power are included in the "Eliminations and other" category in the segment financial data in Note 17 of Notes to Consolidated Financial Statements on pages 31 through 33 of the Corporation's 2002 Annual Report to Shareowners.

Other Matters Relating to the Corporation's Business as a Whole

Research and Development

Since changes in technology can have a significant impact on the Corporation's operations and competitive position, the Corporation spends substantial amounts of its own funds on research and development. Such expenditures, which are charged to expense as incurred, were $1,191 million, or 4.3 percent of total sales in 2002, as compared with $1,254 million or 4.6 percent of total sales in 2001 and $1,302 million or 5.0 percent of total sales in 2000. The Corporation also performs research and development work under contracts funded by the U.S. Government and other customers. Such contract research and development, which is performed principally in the Pratt & Whitney segment and to a lesser extent in the Flight Systems segment, amounted to $1,189 million in 2002, as compared with $846 million in 2001 and $865 million in 2000.

Contracts, Other Risk Factors, Environmental and Other Matters

U.S. Government contracts are subject to termination at the convenience of the U.S. Government, in which event the Corporation normally would be entitled to reimbursement for its allowable costs incurred plus a reasonable profit. Most of the Corporation's government sales are made under fixed-price type contracts; approximately $1.6 billion of the Corporation's total sales for 2002 were made under cost-reimbursement type contracts.

Like many defense contractors, the Corporation has received allegations from the U.S. Government that some contract prices should be reduced because cost or pricing data submitted in negotiation of the contract prices may not have been in conformance with government regulations. The Corporation has made voluntary refunds in those cases it believes appropriate, has settled some allegations, and does not believe that any further price reductions that may be required will have a material effect upon its financial condition, results of operations or cash flows.

The Corporation is now, and believes that in light of the current government contracting environment it will be, the subject of one or more government investigations. See Item 3 - Legal Proceedings on pages 8 through 9 of this Form 10-K and Note 16 of Notes to Consolidated Financial Statements on page 31 of the Corporation's 2002 Annual Report to Shareowners for further discussion. If the Corporation or one of its business units were charged with wrongdoing as a result of any of these investigations, it could be suspended from bidding on or receiving awards of new government contracts pending the completion of legal proceedings. If convicted or found liable, the Corporation could be fined and debarred from new government contracting for a period generally not to exceed three years. Any contracts found to be tainted by fraud could be voided by the Government.

The Corporation conducts its businesses through subsidiaries and affiliates worldwide, some of which have significant minority interests. Changes in legislation or government policies can have an impact on the Corporation's worldwide operations. For example, governmental regulation of refrigerants is important to Carrier's businesses, while government safety regulations, restrictions on aircraft engine noise and emissions and government procurement practices can impact the Corporation's aerospace and defense businesses. The Corporation's international operations are also subject to changes in local government regulations and policies, including those related to investments, exchange controls and repatriation of earnings. Some foreign customers in the Corporation's aerospace and defense businesses may require counter-purchase or offset arrangements as a condition to a sale, such as requiring the Corporation to purchase supplies in the customer's country or to participate in manufacturing and financial support projects.

The Corporation's operations are subject to environmental regulation by federal, state and local authorities in the United States and regulatory authorities with jurisdiction over its foreign operations. The Corporation has incurred and will likely continue to incur liabilities under various state and federal statutes for the cleanup of pollutants previously released into the environment. The Corporation does not anticipate that compliance with current provisions relating to the protection of the environment or that any payments it may be required to make for these cleanup liabilities will have a material adverse effect upon its cash flows, competitive position, financial condition or results of operations. (Environmental matters are further addressed in Management's Discussion and Analysis of Financial Condition and Results of Operations on page 11 and Notes 1 and 16 of Notes to Consolidated Financial Statements on pages 21 and 31 of the Corporation's 2002 Annual Report to Shareowners.)

Most of the laws governing environmental matters include criminal provisions. If the Corporation were convicted of a violation of the federal Clean Air Act or the Clean Water Act, the facility or facilities involved in the violation would be ineligible to be used in performing any U.S. Government contract awarded to the Corporation until the Environmental Protection Agency certified that the condition giving rise to the violation had been corrected.

While the Corporation's patents, trademarks, licenses and franchises are cumulatively important to its business, the Corporation does not believe that the loss of any one or group of related patents, trademarks, licenses or franchises would have a material adverse effect on the overall business of the Corporation or on any of its operating segments.

The Corporation has sought cost reductions in its purchases of materials, components and supplies. These cost reductions may be achieved through a number of mechanisms, including consolidating its purchases, reducing the number of suppliers, strategic global sourcing and using online bidding competitions among potential suppliers. In some instances, the Corporation is reliant upon a single source of supply. Greater dependence on global sources of supply requires reliable transportation and import and export processes. A disruption in deliveries from its suppliers, therefore, could have an adverse effect on the Corporation's ability to meet its commitments to customers. Like other users in the U.S., the Corporation is largely dependent upon foreign sources for certain of its raw materials requirements such as cobalt (Africa, Australia and Russia), tantalum (Australia and Asia), chromium (Africa and Kazakhstan) and rhenium (Chile and Kazakhstan). To alleviate this dependence and accompanying risk associated with these particular raw materials, the Corporation has a number of ongoing programs which include the increased use of more readily available materials through material substitutions and the development of new alloys and the conservation of materials through scrap reclamation and new manufacturing processes such as near net shape forging. The Corporation believes that its supply management practices in general are based on an appropriate balancing of the associated risks and the additional cost of other practices. The Corporation does not foresee any unavailability of materials, components, or supplies that will have any material adverse effect on its overall business, or on any of its business segments, in the near term.

For a discussion of other risks to which the Corporation's financial condition, results of operations or cash flows may be subject, including the risks of the Corporation's international operations, see the "Business" section of this Form 10-K under the headings "General" and "Description of Business by Segment" and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing on pages 2 through 13 of the Corporation's 2002 Annual Report to Shareowners.

Cautionary Note Concerning Factors That May Affect Future Results

This Form 10-K contains statements which, to the extent they are not statements of historical or present fact, constitute "forward-looking statements" under the securities laws. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These forward-looking statements are intended to provide Management's current expectations or plans for the future operating and financial performance of the Corporation, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as "believe," "expect," "plans," "strategy," "prospects," "estimate," "project," "anticipate" and other words of similar meaning in connection with a discussion of future operating or financial performance. These include, among others, statements relating to:

- Future earnings and other measurements of financial performance
- Future cash flow and uses of cash
- The effect of economic downturns or growth in particular regions
- The effect of changes in the level of activity in particular industries or markets
- The scope, nature or impact of acquisition activity and integration into the Corporation's businesses
- Product developments and new business opportunities
- Restructuring costs and savings
- The outcome of contingencies
- Future repurchases of Common Stock
- Future levels of indebtedness and capital spending
- Pension plan assumptions and future contributions.

All forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. This Annual Report on Form 10-K for 2002 includes important information as to risk factors in the "Business" section under the headings "General", "Description of Business by Segment" and "Other Matters Relating to the Corporation's Business as a Whole" and in the "Legal Proceedings" section. Additional important information as to risk factors is included in the Corporation's 2002 Annual Report to Shareowners in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations", which is incorporated by reference in this Form 10-K. For additional information identifying factors that may cause actual results to vary materially from those stated in the forward-looking statements, see the Corporation's reports on Forms 10-Q and 8-K filed with the Securities and Exchange Commission from time to time.

Employees

At December 31, 2002, the Corporation's total employment was approximately 155,000. For discussion of the effects of the Corporation's restructuring actions on employment, see Management's Discussion and Analysis of Financial Condition and Results of Operations on page 7 and Note 12 of Notes to Consolidated Financial Statements on page 29 of the Corporation's 2002 Annual Report to Shareowners.

Item 2. Properties

The Corporation's fixed assets as of December 31, 2002 include the plants and warehouses described below and a substantial quantity of machinery and equipment, most of which is general purpose machinery and equipment using special jigs, tools and fixtures and in many instances having automatic control features and special adaptations. The plants, warehouses, machinery and equipment in use as of December 31, 2002 are in good operating condition, are well maintained, and substantially all are in regular use.

The following square footage numbers are approximations. At December 31, 2002, the Corporation operated (a) plants in the U.S. which had 32.5 million square feet, of which 4.4 million square feet were leased; (b) plants outside the U.S. which had 24.7 million square feet, of which 2.4 million square feet were leased; (c) warehouses in the U.S. which had 10.9 million square feet, of which 7.7 million square feet were leased; and (d) warehouses outside the U.S. which had 4.8 million square feet, of which 3.5 million square feet were leased.

For discussion of the effect of the Corporation's restructuring actions on production facilities, see Management's Discussion and Analysis of Financial Condition and Results of Operations on page 7 and Note 12 of Notes to the Consolidated Financial Statements on page 29 of the Corporation's 2002 Annual Report to Shareowners.

Management believes that the fixed assets capitalized and the facilities in operation at December 31, 2002 for the production of the Corporation's products are suitable and adequate for the business conducted therein in the current business environment, are being appropriately utilized consistent with experience and have sufficient production capacity for their present intended purposes. Utilization of the facilities varies based on demand for the products. The Corporation continuously reviews its anticipated requirements for facilities and, based on that review, may from time to time adjust its facilities needs.

Item 3. Legal Proceedings

As previously reported, the Department of Defense (DoD) and the Corporation are litigating whether Pratt & Whitney's government cost accounting practices for certain engine parts are acceptable. The litigation, filed in 1994 with the Armed Services Board of Contract Appeals ("ASBCA"), No. 47416 et al., relates to the accounting for engine parts produced by foreign companies under commercial engine collaboration programs from 1984 through 1995. On July 31, 2001, the ASBCA issued a decision in favor of the Corporation. The DoD appealed this decision to the Court of Appeals for the Federal Circuit on November 29, 2001. On January 15, 2003, the Court of Appeals reversed the ASBCA and remanded the case to the ASBCA for further proceedings. The Corporation intends to seek reconsideration of this decision by the Court. The DoD has claimed approximately $158 million in damages, and approximately $103 million in interest through December 31, 1996. Should the DoD ultimately prevail on liability, damages could be larger than initially claimed because the DoD may amend its claim to include the period after 1995 to the present, and interest could continue to accrue from January 1, 1997.

As previously reported, the Corporation has pending against it one qui tam complaint under the civil False Claims Act in United States District Court for the District of Connecticut: U.S. ex rel. Drake v. Norden Systems, Inc. and UTC, No. 394CV00963 (filed July 1997, and involving allegations of improper accounting for fixed assets). The civil False Claims Act provides for penalties in a civil case of up to $10,000 per false claim submitted. The number of false claims implicated by this qui tam complaint cannot currently be ascertained; however, if determined adversely to the Corporation, the number could result in significant penalties. The qui tam relator has claimed unspecified damages (trebled) and penalties, and the Department of Justice has declined to take over the litigation. In August 2000 and August 2001, the court dismissed portions of the complaint. In October 2002, the court ordered the parties to address whether the court should dismiss the case entirely. Additional papers were filed in November 2002, and a decision by the court is expected in 2003.

In March 1999, the Department of Justice filed a civil False Claims Act complaint against the Corporation in United States District Court for the Southern District of Ohio (Western Division), No. C-3-99-093. This lawsuit relates to the "Fighter Engine Competition" between Pratt & Whitney's F100 engine and GE's F110 engine, for contracts awarded by the U.S. Air Force between fiscal years 1985 and 1990, inclusive. The Government alleges that Pratt & Whitney inflated its estimated costs for purchased parts and withheld data that would have revealed the overstatements. In mid-2002, the Court denied motions filed by the Corporation that could have resulted in dismissal of all or part of the Government's claims. The Corporation has requested that the Court reconsider this denial. The Government's most recent quantification of its claimed damages in August 2001 includes False Claims Act damages of approximately $76 million (subject to trebling, plus penalties of up to $10,000 per false claim), and damages under the Truth in Negotiations Act of approximately $65 million plus interest of approximately $81 million. Interest could continue to accrue on this portion of the Government's claim.

Like many other companies in recent years, the Corporation or its subsidiaries have been named as a defendant in lawsuits alleging personal injury as a result of exposure to asbestos integrated into certain of the Corporation's products or premises. While the Corporation has never manufactured asbestos and no longer incorporates it in any currently-manufactured products, certain of its historical products, like those of many other manufacturers, have contained components incorporating asbestos. The Corporation has made no payment in a substantial majority of the cases closed to date. The remainder of the resolved cases have settled for amounts that are not material to the Corporation, and have been supported in part by insurance. At present, the Corporation is named in approximately 850 lawsuits involving approximately 16,000 individual claimants. More than 13,000 of these claimants are joined in seven lawsuits in circuit court in various counties in Mississippi that were filed or amended during 2002 to include the Corporation or certain of its subsidiaries. Each of these Mississippi lawsuits names from 200 to more than 400 other companies as defendants along with the Corporation or its subsidiaries. The complaints do not identify any products of the Corporation or its named subsidiaries, or specify the amount of damages claimed. Nor do they allege which claimants, if any, were exposed to asbestos attributable to the Corporation's products or premises, or the extent, if any, to which such claimants have been harmed. No discovery or other pretrial proceedings to develop such information have yet occurred.

The Corporation does not believe that resolution of any of the foregoing or any other legal matters will have a material adverse effect upon the Corporation's competitive position, results of operations, cash flows, or financial condition. A further discussion of government contracts and related investigations, as well as a discussion of the Corporation's environmental liabilities, can be found under the heading "Other Matters Relating to the Corporation's Business as a Whole – Contracts, Other Risk Factors, Environmental and Other Matters" in Item 1 – Business on pages 6 through 7 of this Form 10-K.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to security holders for a vote during the fourth quarter ended December 31, 2002.

----- Executive Officers of the Registrant

The following persons are executive officers of United Technologies Corporation:

Name	Title	Other Business Experience Since 1/1/98	Age 2/1/03
Tesfaye Aklilu	Vice President, Quality (since 1999)	Vice President, Quality, Pratt & Whitney	58

Dean C. Borgman	President, Sikorsky Aircraft (since 1998)	Senior Vice President, The Boeing Company	61
Ari Bousbib	President, Otis Elevator (since April 2002)	Executive Vice President and Chief Operating Officer, Otis Elevator; Vice President, Corporate Strategy and Development, United Technologies Corporation	41
Kent L. Brittan	Vice President, Supply Management (since 1997)	-------	60
William L. Bucknall, Jr.	Senior Vice President, Human Resources and Organization (since 1992)	-------	60
John F. Cassidy, Jr.	Senior Vice President – Science and Technology (since November 1998) and Vice President, United Technologies Research Center (since 1993)	Vice President, United Technologies Research Center	59
Louis Chenevert	President, Pratt & Whitney (since 1999)	Executive Vice President-Operations, Pratt & Whitney	45
Geraud Darnis	President, Carrier Corporation (since 2001)	President, UT Power Solutions; President, Carrier Asia Pacific Operations; President, Carrier Europe-Middle East-Africa	43
George David	Chairman (since 1997), President (since February 2002), and Chief Executive Officer (since 1994)	President, United Technologies Corporation (1992-1999)	60
John J. Doucette	Vice President, Chief Information Officer (since 2000)	Vice President & Chief Information Officer, Otis Elevator; Vice President & Chief Information Officer, GE Lighting; Chief Information Officer, GE Silicones	43
Ruth R. Harkin	Senior Vice President, International Affairs and Government Relations, United Technologies Corporation and Chair, United Technologies International (since 1997)	-------	58
George H. Jamison III	Vice President, Communications (since January 2003)	Vice President, Communications General Motors' Hughes Electronic Corporation; Manager, International Communications, General Electric Company	46
Robert F. Leduc	Executive Vice President and Chief Operating Officer, Pratt & Whitney (since 2000) and President, Large Commercial Engines (since 2001)	Executive Vice President, Pratt & Whitney	46
Ronald F. McKenna	President, Hamilton Sundstrand Corporation (since 1999)	Executive Vice President, Sundstrand Corporation and Chief Operating Officer, Sundstrand Aerospace	62
David G. Nord	Vice President, Controller (since 2000)	Acting Controller; Assistant Controller, Financial Reporting and Accounting, United Technologies Corporation	45
Stephen F. Page	Vice Chairman (since April 2002) and Chief Financial Officer (since September 2002)	President and Chief Executive Officer, Otis Elevator; Executive Vice President and Chief Financial Officer, United Technologies Corporation	63
Thomas I. Rogan	Vice President, Treasurer (since 2001)	Vice President-Finance, Hamilton Sundstrand	50
William H. Trachsel	Senior Vice President, General Counsel and Secretary (since	Vice President, Secretary and Deputy General Counsel, United	59

1998)	Technologies Corporation

All of the officers serve at the pleasure of the Board of Directors of United Technologies Corporation or the subsidiary designated.

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Comparative Stock Data appearing on page 34 of the Corporation's 2002 Annual Report to Shareowners containing the following data relating to the Corporation's Common Stock: principal market, quarterly high and low sales prices, approximate number of shareowners and frequency and amount of dividends is hereby incorporated by reference.

Item 6. Selected Financial Data

The Five Year Summary appearing inside the front cover of the Corporation's 2002 Annual Report to Shareowners containing the following data: revenues, net income, basic and diluted earnings per share, cash dividends per common share, total assets and long-term debt is hereby incorporated by reference. See Notes to Consolidated Financial Statements appearing on pages 20 to 33 of the Corporation's 2002 Annual Report to Shareowners for a description of any accounting changes and acquisitions or dispositions of businesses materially affecting the comparability of the information reflected in such Five Year Summary.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations appearing on pages 2 through 13 of the Corporation's 2002 Annual Report to Shareowners is hereby incorporated by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

For information concerning market risk sensitive instruments, see discussion under the headings "Market Risk and Risk Management" in Management's Discussion and Analysis of Financial Condition and Results of Operations on page 11 of the Corporation's Annual Report to Shareowners and "Hedging Activity" in Note 1, "Summary of Accounting Principles", Note 13, "Foreign Exchange" and Note 14, "Financial Instruments" of Notes to Consolidated Financial Statements on pages 21 and 29 through 30 of the Corporation's 2002 Annual Report to Shareowners.

Item 8. Financial Statements and Supplementary Data

The 2002 and 2001 Consolidated Balance Sheet, and other financial statements for the years 2002, 2001, and 2000, together with the report thereon of PricewaterhouseCoopers LLP dated January 16, 2003 appearing on pages 15 through 19 in the Corporation's 2002 Annual Report to Shareowners are incorporated by reference in this Form 10-K. The 2002 and 2001 Selected Quarterly Financial Data appearing on page 34 in the Corporation's 2002 Annual Report to Shareowners are incorporated by reference in this Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 10. Directors and Executive Officers of the Registrant

The information required by Item 10 with respect to directors is incorporated herein by reference to the section of the Corporation's Proxy Statement for the 2003 Annual Meeting of Shareowners entitled "General Information Concerning the Board of Directors—Nominees." Information regarding executive officers is contained in Part I of this Form 10-K under the heading "--Executive Officers of the Registrant." Information concerning Section 16(a) compliance is incorporated by reference to the section of the Corporation's Proxy Statement for the 2003 Annual Meeting of Shareowners entitled "Section 16(a) Beneficial Ownership Reporting Compliance."

Item 11. Executive Compensation

The information required by Item 11 is incorporated herein by reference to the sections of the Corporation's Proxy Statement for the 2003 Annual Meeting of Shareowners entitled "Report of the Committee on Compensation and Executive Development" and "Compensation of Named Executive Officers." Such incorporation by reference shall not be deemed to specifically incorporate by reference the information referred to in Item 402(a)(8) of Regulation S-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 is incorporated herein by reference to the sections of the Corporation's Proxy Statement for the 2003 Annual Meeting of Shareowners entitled "Security Ownership of Directors and Executive Officers" and "Equity Compensation Plan Information."

Item 13. Certain Relationships and Related Transactions

The information required by Item 13 is incorporated herein by reference to the section of the Corporation's Proxy Statement for the 2003 Annual Meeting of Shareowners entitled "Certain Transactions and Business Relationships."

Item 14. Controls and Procedures

During the 90-day period prior to the filing date of this report, management, including the Corporation's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Corporation's disclosure controls and procedures. Based upon, and as of the date of that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in the reports the Corporation files and submits under the Exchange Act is recorded, processed, summarized and reported as and when required.

There have been no significant changes in the Corporation's internal controls or in other factors which could significantly affect internal controls subsequent to the date the Corporation carried out its evaluation. There were no significant deficiencies or material weaknesses identified in the evaluation and, therefore, no corrective actions were taken.

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) Financial Statements, Financial Statement Schedules and Exhibits

(1) Financial Statements (incorporated by reference from the 2002 Annual Report to Shareowners):	Page Number in <u>Annual Report</u>
Report of Independent Auditors	15
Consolidated Statement of Operations for the three years ended December 31, 2002	16

Consolidated Balance Sheet—December 31, 2002 and 2001	17
Consolidated Statement of Cash Flows for the three years ended December 31, 2002	18
Notes to Consolidated Financial Statements	20
Selected Quarterly Financial Data (Unaudited)	34
(2) Financial Statement Schedule for the three years ended December 31, 2002:	Page Number in Form 10-K
Report of Independent Auditors on Financial Statement Schedule	S-I
Schedule II - Valuation and Qualifying Accounts	S-II
Consent of Independent Auditors	F-I

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or the notes thereto.

(3) Exhibits:

The following list of exhibits includes exhibits submitted with this Form 10-K as filed with the SEC and those incorporated by reference to other filings.

Exhibit Number

3(i) Restated Certificate of Incorporation, incorporated by reference to Exhibit 3(i) to the Corporation's Quarterly Report on Form 10-Q (Commission file number 1-812) for quarterly period ended June 30, 2000.

3(ii) Bylaws as amended and restated effective March 21, 2001, incorporated by reference to Exhibit 3(ii) to the Corporation's Quarterly Report on Form 10-Q (Commission file number 1-812) for quarterly period ended March 31, 2001.

4.1 Amended and Restated Indenture, dated as of May 1, 2001, between the Corporation and The Bank of New York, as trustee (incorporated by reference to Exhibit 4(a) to the Corporation's Registration Statement on Form S-3, File No. 333-60276, filed with the SEC on May 4, 2001). The Corporation hereby agrees to furnish to the Commission upon request a copy of each other instrument defining the rights of holders of long-term debt of the Corporation and its consolidated subsidiaries and any unconsolidated subsidiaries.

10.1 United Technologies Corporation Annual Executive Incentive Compensation Plan, as amended.*

10.2 United Technologies Corporation Executive Estate Preservation Program, incorporated by reference to Exhibit 10(iv) to the Corporation's Annual Report on Form 10-K (Commission file number 1-812) for fiscal year ended December 31, 1992.

10.3 United Technologies Corporation Pension Preservation Plan, as amended.**

10.4 United Technologies Corporation Senior Executive Severance Plan, incorporated by reference to Exhibit 10(vi) to the Corporation's Annual Report on Form 10-K (Commission file number 1-812) for fiscal year ended December 31, 1992.

10.5 United Technologies Corporation Deferred Compensation Plan, as amended.**

10.6 United Technologies Corporation Long Term Incentive Plan, as amended.*

10.7 United Technologies Corporation Executive Disability, Income Protection and Standard Separation Agreement Plan, incorporated by reference to Exhibit 10(xii) to the Corporation's Annual Report on Form 10-K (Commission file number 1-812) for fiscal year ended December 31, 1992.

10.8 United Technologies Corporation Directors' Restricted Stock/Unit Program, incorporated by reference to Exhibit 10(xiii) to the Corporation's Annual Report on Form 10-K (Commission file number 1-812) for fiscal year ended December 31, 1992.

10.9 United Technologies Corporation Board of Directors Deferred Stock Unit Plan*, and Amendment 1 thereto (incorporated by reference to Exhibit (10)(iii)(A)(1) to the Corporation's Report on Form 10-Q (Commission file number 1-812) for quarterly period ended June 30, 2000).

10.10 United Technologies Corporation Pension Replacement Plan, as amended and restated effective January 1, 1996.**

10.11 United Technologies Corporation Special Retention and Stock Appreciation Program, incorporated by reference to Exhibit 10(xvi) to the Corporation's Report on Form 10-Q (Commission file number 1-812) for quarterly period ended September 30, 1995.

10.12 United Technologies Corporation Nonemployee Director Stock Option Plan*, Amendment 1 thereto (incorporated by reference to Exhibit (10)(iii)(A)(2) to the Corporation's Report on Form 10-Q (Commission file number 1-812) for quarterly period ended June 30, 2000), Amendment 2 thereto (incorporated by reference to Exhibit 10(iii)(A)(1) to the Corporation's Report on Form 10-Q (Commission file number 1-812) for quarterly period ended June 30, 2001), Amendment 3 thereto (incorporated by reference to Exhibit 10.17 to the Corporation's Annual Report on Form 10-K (Commission file number 1-812) for fiscal year ending December 31, 2001 and Amendment 4 thereto.**

10.13 United Technologies Corporation Employee Stock Option Plan.**

10.14 United Technologies Corporation Employee Scholar Program.**

11 Statement Re: Computation of Per Share Earnings.**

12 Statements Re: Computation of Ratios.**

13 Annual Report to Shareowners for the year ended December 31, 2002 (except for the pages and information thereof expressly incorporated by reference in this Form 10-K, the Annual Report to Shareowners is provided solely for the information of the Securities and Exchange Commission and is not to be deemed "filed" as part of this Form 10-K).**

21 Subsidiaries of the Registrant.**

23 Consent of PricewaterhouseCoopers LLP, included as page F-I of this Form 10-K.

24 Powers of Attorney of Jean-Pierre Garnier, Jamie S. Gorelick, Charles R. Lee, Richard D. McCormick, Frank P. Popoff, H. Patrick Swygert, Andre Villeneuve, H. A. Wagner and Sanford I. Weill.**

Notes to Exhibits List:

* Incorporated by reference to Exhibit of the same number to the Corporation's Annual Report on Form 10-K (Commission file number 1-812) for fiscal year ended December 31, 1995.

** Submitted electronically herewith.

Exhibits 10.1 through 10.14 are contracts, arrangements or compensatory plans filed as exhibits pursuant to Item 15(c) of the requirements for Form 10-K reports.

(b) No reports on Form 8-K were filed by the Corporation during the quarter ended December 31, 2002.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNITED TECHNOLOGIES CORPORATION
(Registrant)

By: Stephen F. Page
Vice Chairman and Chief Financial Officer

Date: February 10, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated, on the date set forth below.

Signature	Title	Date
George David	Chairman, Director, President and Chief Executive Officer	February 10, 2003
Stephen F. Page	Vice Chairman, Director and Chief Financial Officer	February 10, 2003
David G. Nord	Vice President, Controller	February 10, 2003
Jean-Pierre Garnier *	Director)	*By: William H. Trachsel Attorney-in-Fact
Jamie S. Gorelick *	Director)	Date: February 10, 2003
Charles R. Lee *	Director)	

Richard D. McCormick *	Director)
Frank P. Popoff *	Director)
H. Patrick Swygert *	Director)
Andre Villeneuve *	Director)
H. A. Wagner *	Director)
Sanford I. Weill *	Director)

CERTIFICATION

I, George David, certify that:

1. I have reviewed this annual report on Form 10-K of United Technologies Corporation;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

    c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 10, 2003	George David Chairman and Chief Executive Officer

---

CERTIFICATION

I, Stephen F. Page, certify that:

1. I have reviewed this annual report on Form 10-K of United Technologies Corporation;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 10, 2003

Stephen F. Page
Vice Chairman and Chief Financial Officer

REPORT OF INDEPENDENT AUDITORS ON
FINANCIAL STATEMENT SCHEDULE

To the Board of Directors
of United Technologies Corporation

Our audits of the consolidated financial statements referred to in our report dated January 16, 2003, appearing in the 2002 Annual Report to Shareowners of United Technologies Corporation (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedule listed in Item 15(a)(2) of this Form 10-K. In our opinion, the Financial Statement Schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PricewaterhouseCoopers LLP
Hartford, Connecticut
January 16, 2003

UNITED TECHNOLOGIES CORPORATION AND SUBSIDIARIES
Schedule II - Valuation and Qualifying Accounts
Three Years Ended December 31, 2002
(Millions of Dollars)

Allowances for Doubtful Accounts and Other Customer Financing Activity:

Balance December 31, 1999	$	483
Provision charged to income		41
Doubtful accounts written off (net)		(27)
Other adjustments		(6)
Balance December 31, 2000		491
Provision charged to income		93
Doubtful accounts written off (net)		(59)
Other adjustments		(33)
Balance December 31, 2001		492
Provision charged to income		88
Doubtful accounts written off (net)		(118)

Other adjustments		(41)
Balance December 31, 2002		$ 421
Future Income Tax Benefits - Valuation allowance:		
Balance December 31, 1999	$	233
Additions charged to income tax expense		24
Reductions credited to income tax expense		(49)
Balance December 31, 2000		208
Additions charged to income tax expense		66
Reductions credited to income tax expense		(94)
Balance December 31, 2001		180
Additions charged to income tax expense		82
Reductions credited to income tax expense		(26)
Balance December 31, 2002		$ 236

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-60276), in the Registration Statement on Form S-4 (No. 333-77991) as amended by Post-Effective Amendment No. 1 on Form S-8 (No. 333-77991-01), and in the Registration Statements on Form S-8 (Nos. 333-100724, 333-100723, 333-100718, 333-21853, 333-18743, 333-21851, 33-57769, 33-11255, 33-26580, 33-26627, 33-51385, 33-58937, 333-77817 and 333-82911) of United Technologies Corporation of our report dated January 16, 2003 relating to the financial statements, which appears in the 2002 Annual Report to Shareowners, which is incorporated by reference in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated January 16, 2003 on the Financial Statement Schedule, which appears on page S-I of this Form 10-K.

PricewaterhouseCoopers LLP
Hartford, Connecticut
February 10, 2003

Exhibit 10.3

UNITED TECHNOLOGIES CORPORATION
PENSION PRESERVATION PLAN
AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 1996

1. INTRODUCTION & PURPOSE

The United Technologies Corporation Pension Preservation Plan (the "Preservation Plan") is maintained as an unfunded plan solely for the purpose of providing retirement benefits in excess of the retirement and survivor benefits that may be paid from tax-qualified retirement plans due to (i) benefit limitations imposed by Section 415 of the Internal Revenue Code of 1986, as amended from time to time (the "Code") and (ii) the limitation imposed by Section 401 (a)(17) of the Code on compensation that may be taken into account in computing retirement benefits under tax-qualified retirement plans (referred to collectively as the "Limits"). The Preservation Plan restores the amount of the retirement benefit or survivor benefit that is not paid from the United Technologies Corporation Employee Retirement Plan (or any other tax-qualified defined benefit retirement plan sponsored by the Corporation) (the qualified Retirement Plan") as a result of the Limits so that the total actuarial present value of the Qualified Retirement Plan and Pension Preservation Plan benefits equals the actuarial present value of the retirement benefit or survivor benefit that would be paid from the Qualified Retirement Plan if such Plan were administered without regard to the Limits. The Preservation Plan shall be administered and construed to effectuate the foregoing intent.

The capitalized terms used herein shall have the meanings given to them by the United Technologies Corporation Employee Retirement Plan unless the context clearly indicates otherwise.

2. EFFECTIVE DATE

The Preservation Plan became effective on January 1, 1978. This amendment and restatement of the Preservation Plan shall be effective January 1, 1996, except to the extent otherwise specifically provided herein.

3. ELIGIBILITY

An employee of United Technologies Corporation (the "Corporation") or an affiliate thereof who is a Participant in the Qualified Retirement Plan shall be eligible to participate in the Preservation Plan if and to the extent the Participant’s Accrued Benefit under the Qualified Retirement Plan is reduced or limited by provisions of the Qualified Retirement Plan that are designed solely to comply with the Limits. In no event shall any person who is not entitled to benefits under the Qualified Retirement Plan be eligible for retirement benefits or survivor benefits under the Preservation Plan. An employee of the Corporation or an affiliate thereof who is eligible for retirement benefits under the Preservation Plan shall be referred to herein as a "Participant."

4. DETERMINATION OF PRESERVATION PLAN BENEFIT

The amount of the retirement benefit or survivor benefit payable from the Preservation Plan to or in respect of a Participant shall equal the excess, if any, of (a) over (b), where

(a) equals the retirement benefit or survivor benefit that would be paid to such Participant (or on his or her behalf to his Contingent Annuitant or Beneficiary) under the Qualified Retirement Plan if the provisions of the Qualified Retirement Plan were administered without regard to the Limits; and

(b) equals the retirement benefit or survivor benefit payable to such Participant (or on his or her behalf to his or her Contingent Annuitant or Beneficiary) under the Qualified Retirement Plan.

5. FORM OF PRESERVATION PLAN BENEFIT

(a) The Plan Administrator shall determine, as of the earlier of the Participant’s Retirement Date or the Participant’s date of death, that portion of the Participant’s total retirement benefit or survivor benefit that is to be paid under the Preservation Plan. The Preservation Plan retirement benefit or survivor benefit shall be paid to the Participant, or on his or her behalf to any Contingent Annuitant or Beneficiary (as designated under the Qualified Retirement Plan), in the form of distribution that applies to the benefit payments made to, or on behalf of, the Participant under the Qualified Retirement Plan unless the Participant has made a timely election to receive his or her Preservation Plan retirement benefit in a single lump-sum payment or in a series of 2 to 10 annual installment payments in accordance with this Section 5.

(b) If—

(i) the Participant qualifies for an Early Retirement Annuity or a Normal Retirement Annuity or satisfies the Rule of 65 under Section 5.4 of the

United Technologies Corporation Employee Retirement Plan (or dies after qualifying for an Early Retirement Annuity or a Normal Retirement Annuity or satisfying such Rule of 65, but before the date as of which retirement benefits under the Qualified Retirement Plan are scheduled to begin), and

(ii) terminates, or retires from, employment with the Corporation and its affiliates after December 31, 1995,

the Participant may elect, in accordance with Section 5(c) hereof, to have his or her Preservation Plan retirement benefit or survivor benefit paid in a lump sum or in annual installments, payable (or commencing) as of the Participant's Retirement Date. Subject to the provisions of Section 5(c) hereof, a Participant may revoke any such election at any time. A Participant shall have no right under the Preservation Plan to have his or her Qualified Retirement Plan benefit paid in a lump sum or in annual installments. Distributions from the Qualified Retirement Plan shall be governed solely by the terms of the Qualified Retirement Plan.

(c) An election to have a lump-sum or installment distribution paid pursuant to Section 5(b) hereof (or a revocation of any such election) shall be disregarded unless it is filed at least one year before the Participant's Retirement Date (or, if earlier, the first day of the month next following the Participant's date of death), except that

(i) If such an election or revocation is filed on or before October 30, 1996, the election or revocation shall be given effect only if the Participant consents to a distribution (or the commencement of distributions) under the Preservation Plan as of a date occurring on or after January 1, 1997; and

(ii) If such an election or revocation is filed on or after November 1, 1996, and on or before December 31, 1996, the election or revocation shall be given effect only if the Participant consents to a distribution (or the commencement of distributions) under the Preservation Plan as of a date occurring on or after April 1, 1997.

(d) If a Participant elects to have his or her Preservation Plan benefit paid in the form of a single lump-sum or annual installment distribution, the Actuarially Equivalent present value of the Preservation Plan retirement benefit or survivor benefit shall be determined using the 1983 Group Annuity Mortality Table and an interest assumption equal to the average yield for tax-free municipal bonds of 10-year maturities, averaged over the prior 5 calendar years. For purposes of computing this interest assumption, the Actuary shall utilize the Lehman Bros. Municipal Bond Index, averaging the published yield for 10-year maturities (credit quality AA or above) on the last business day of the year over the most recent 5 consecutive full calendar year period. This rate shall be adjusted annually at the beginning of each calendar year.

(e) The payment of a lump sum or annual installment distribution in accordance with this Section 5 shall be in full satisfaction of all of the Corporation's obligations with respect to the Participant under the Preservation Plan.

6. <u>DEATH BENEFITS</u>

A Participant who has made an election to receive Pension Preservation Plan benefits in a lump sum or annual installments in accordance with Section 5 herein shall have survivor benefits paid to his or her Pension Preservation Plan beneficiary as follows. If death occurs prior to age 55, the Pension Preservation Plan accrued benefit shall be paid in a lump sum payment as of the date the Participant would have attained his or her 55th birthday. If death occurs after retirement but before all annual installments have been paid, the remaining installments will be paid to his or her Beneficiary as scheduled unless the estate of the Participant is the Beneficiary in which case the commuted value of the remaining payments will be paid in a lump sum.

If no election to receive Pension Preservation Plan benefits in a lump sum or installments is in effect as of the date of death, any survivor benefits will be paid in accordance with the distribution option in effect and to the Beneficiary or Contingent Annuitant designated under the Qualified Retirement Plan.

7. <u>FUNDING</u>

The Preservation Plan shall be maintained as an unfunded Plan that is not intended to meet the qualification requirements of Section 401 of the Code. Except in the event of a Change in Control of the Corporation (as described in Section 7 hereof), all benefits under the Preservation Plan shall be payable solely from the general assets of the Corporation. In this regard, the rights of each Participant, Contingent Annuitant and Beneficiary under the Preservation Plan with respect to his or her Preservation Plan retirement benefit or survivor benefit shall be those of a general unsecured creditor of the Corporation. No Participant, Contingent Annuitant or Beneficiary hereunder shall be entitled to receive any benefits payable under the Preservation Plan from the assets of the Qualified Retirement Plan, nor shall the Corporation undertake to set aside assets in trust or otherwise segregate assets to fund its obligations under the Preservation Plan except as provided in Section 7 hereof.

8. CHANGE OF CONTROL

In the event of a Change of Control of the Corporation, the Corporation shall immediately fully fund the value of all Accrued Benefits under the Preservation Plan, determined by the Actuary as of the date of the Change of Control. The required proceeds will be contributed to the United Technologies Corporation Pension Preservation Plan Retirement Security Trust. In addition, if the United Technologies Corporation Board of Directors Committee on Compensation and Executive Development takes any action under the United Technologies Corporation Long Term Incentive Plan (the "LTIP"), including, without limitation, the accelerated vesting or other adjustment to outstanding LTIP awards in anticipation of (i) a Change of Control (ii) an event, which if consummated, would constitute a Change of Control or (iii) any other significant change pertaining to the ownership of the Corporation, the Corporation shall then also immediately fund the United Technologies Corporation Pension Preservation Plan Retirement Security Trust. For purposes of this Section 7, "Change of Control" shall have the meaning given to that term under the LTIP.

9. NONASSIGNABILITY

No Participant, Contingent Annuitant or Beneficiary or any other person shall have the right to sell, assign, transfer, pledge, or otherwise encumber any interest in the Preservation Plan. All Preservation Plan benefits are unassignable and non-transferable and shall not be subject to attachment or seizure for the payment of any debts, judgments or other obligations. No Preservation Plan interest shall be transferred by operation of law in the event of the bankruptcy or insolvency of a Participant, Contingent Annuitant, or Beneficiary.

10. NO CONTRACT OF EMPLOYMENT

Participation in the Preservation Plan shall not be construed to constitute a direct or indirect contract of employment between the Corporation and the Participant. Nothing in the Preservation Plan shall be deemed to give a Participant the right to be retained in the service of the Corporation for any length of time. Participants, Contingent Annuitants and Beneficiaries shall have no rights against the Corporation resulting from participation in the Preservation Plan other than as specifically provided herein.

11. OPERATION AND ADMINISTRATION

The Preservation Plan shall be administered by the Pension Administration and Investment Committee of United Technologies Corporation (the "Committee"). The Committee shall have the right to delegate its responsibilities hereunder to sub-committees and individuals. Any question of administration or interpretation arising under the Preservation Plan shall be determined by the Committee (or its delegate) in its full discretion, and its decision shall be final and binding upon all parties.

12. TAXES/WITHHOLDING

The Corporation shall have the right to withhold taxes from Preservation Plan benefit payments to the extent it reasonably determines such withholding to be required by law.

13. GOVERNING LAW

The Preservation Plan shall be construed, administered and enforced in accordance with the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and to the extent not preempted thereby, the laws of the State of Connecticut (disregarding its choice-of-law rules).

14. AMENDMENT AND DISCONTINUANCE

The Corporation expects to continue the Preservation Plan indefinitely, but reserves the right, by action of the Committee, to amend or discontinue the Preservation Plan at any time, provided, however, that no such action shall decrease any benefits accrued under the Preservation Plan as of the date of such action. Although the benefits accrued under the Preservation Plan are not subject to the restrictions imposed by Section 204(g) of ERISA, the proviso in the preceding sentence shall be construed in a manner consistent with Section 204(g) of ERISA. As a result, the proviso referred to in the preceding sentence imposes restrictions identical with the restrictions that would be imposed on the Preservation Plan if the Preservation Plan were subject to Section 204(g) of ERISA.

15. SUCCESSORS

The provisions of the Preservation Plan shall bind and inure to the benefit of the Corporation, and its successors and assigns. The term successors shall include any corporate or other business entity that by merger, consolidation, purchase or otherwise acquires all or substantially all of the business and assets of the Corporation, and successors of any such Corporation or other entity.

16. BENEFIT CLAIMS PROCEDURE

(a) The Plan Administrator shall establish and communicate procedures for Participants to obtain forms required to effect elections and designations under the Plan. The Plan Administrator may establish a telephonic communication system to facilitate the administration of the Plan and to provide information to Participants, provided that any estimate of a Participant's current or projected accrued benefit shall in no event be binding on the Plan Administrator in the event of any discrepancy between such estimate and a Participant's actual Accrued Benefit, which, in all cases, shall control. Upon notification of the death of any Participant while in the employment of the Employer, the Plan Administrator may initiate any claim on behalf of the Spouse, Contingent Annuitant, or Beneficiary.

(b) If a claim is denied, the Plan Administrator or its designated agent shall give the claimant notice in writing of such denial, which notice shall set forth (i) the specific reason(s) for the denial; (ii) specific reference to pertinent Plan provisions on which the denial is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such materials or information are necessary; and (iv) an explanation of the Plan's claim review procedure.

(c) Within 60 days after receipt of the notice of denial described above, the claimant may request a review of such denial by filing a notice of appeal in writing with the Benefit Claims Appeal Committee (the "Benefits Appeal Committee"). Such notice must set forth all relevant factors upon which the appeal is based. The Benefits Appeal Committee shall decide the issues raised by the appeal, either with or without holding a hearing, and shall issue to the claimant a written notice setting forth its decision and the reasons for the decision. The Benefits Appeal Committee's decision shall be made not more than 60 days after it has received the claimant's request for review, unless the Benefits Appeal Committee determines that special circumstances require an extension of time and so notifies the claimant, in which case a decision shall be made not more than 120 days after it has received the request for review. The Benefits Appeal Committee shall have the greatest discretion permitted by law in making decisions pursuant to this Section 16. All interpretations, determinations, and decisions of the Benefits Appeal Committee in respect of any claim shall be conclusive and binding upon all persons having or claiming to have any interest or right under the Plan.

UNITED TECHNOLOGIES CORPORATION

Attest: Richard M. Kaplan Assistant Secretary	By: William L. Bucknall, Jr. Title: Senior Vice President Human Resources and Organization

Dated: December 20, 1996

UNITED TECHNOLOGIES CORPORATION
DEFERRED COMPENSATION PLAN
(As amended and restated effective September 1, 2002)

ARTICLE I - PREAMBLE

United Technologies Corporation established the United Technologies Deferred Compensation Plan effective April 1, 1985. Pursuant to such Plan, certain eligible executives of the Corporation deferred all or a portion of their compensation earned with respect to 1985 and 1986. No compensation earned after 1986 was deferred under the Plan until the Plan was amended and restated effective December 15, 1993 to offer eligible executives the opportunity to defer all or a portion of Compensation earned or otherwise payable in 1994 and subsequent years. The Plan is hereby amended and restated, effective September 1, 2002, to reflect administrative changes and enhancements.

ARTICLE II – DEFINITIONS

Beneficiary means the person, persons or entity designated by the Participant to receive the value of his or her Plan Accounts in the event of the Participant's death. If the Participant fails to designate a Beneficiary, or the Beneficiary (and any contingent Beneficiary) does not survive the Participant, the value of the Participant's Plan Accounts will be paid to the estate of the Participant.

Benefit Reduction means either a reduction in a Participant's (or the Participant's Beneficiary's) benefit under any of the Corporation's defined benefit pension plans or a reduction in the value of employer matching or other contributions under any of the Corporation's savings or other tax qualified defined contribution retirement plans as a result of the reduction of such Participant's Compensation pursuant to this Plan.

Class Year means each calendar year for which Compensation has been deferred pursuant to the Plan prior to 2003.

Class Year Account means the account established for each Participant for each Class Year for which Compensation has been deferred under the Plan prior to January 1, 2003.

Committee means the United Technologies Corporation Deferred Compensation Committee, which is responsible for the administration of the Plan. The Corporation's Pension Administration Committee shall appoint the Committee's members.

Compensation means base salary and Incentive Compensation Payments otherwise payable to a Participant and considered to be wages for purposes of federal income tax withholding, but before any deferral of Compensation pursuant to the Plan. Compensation does not include foreign service premiums and allowances, compensation realized from Long Term Incentive Plan awards or other types of awards.

Corporation means United Technologies Corporation, its divisions, affiliates and subsidiaries.

Credited Interest Account means the Investment Fund that is valued in the manner set forth in Section 5.2.

Deferral Period means the period prior to the receipt of Compensation deferred hereunder.

Election Form means the enrollment form provided by the Committee to Participants electronically or in paper form for the purpose of deferring Compensation under the Plan. Each Participant's Election Form must specify: the amount to be deferred from base salary and/or from any Incentive Compensation Payment with respect to the following calendar year; the respective amounts to be allocated to the Particpant's Retirement Account and/or Special Purpose Account or Accounts; the percentage allocation among the Investment Funds with respect to each such Account; the method of distribution of each such Account; and the Deferral Period for each Special Purpose Account. There will be a separate Election Form for each calendar year.

Incentive Compensation Payment means amounts awarded to a Participant pursuant to the Corporation's Annual Executive Incentive Compensation Plan.

Investment Fund means the Credited Interest Account, the S&P 500 Account, the UTC Stock Unit Account or such other investment option as may be established by the Committee from time to time. The value of Participants' Accounts shall be adjusted to replicate the performance of the applicable Investment Fund. Amounts allocated to any Investment Fund do not result in any investment in actual assets corresponding to the Investment Fund.

Participant means an executive of the Corporation who is paid from a US payroll, files a U.S. income tax return, and who elects to defer Compensation under the Plan.

Plan means the United Technologies Corporation Deferred Compensation Plan as amended and restated effective September 1, 2002, and as amended from time to time thereafter.

Plan Accounts means the aggregate value of all Class Year Accounts, Special Purpose Accounts, and Retirement Account, but excluding accounts under the Prior Plan. Accounts under the Prior Plan will be valued and administered separately in accordance with the terms and procedures in effect under the Prior Plan.

Prior Plan means the United Technologies Corporation Deferred Compensation Plan, as in effect prior to December 15, 1993. All amounts deferred and credited under the Prior Plan shall continue to be subject to the terms and conditions of the Prior Plan and shall not be affected by this amendment and restatement.

Retirement Account means a Plan Account maintained on behalf of the Participant that will be distributed in the manner elected by the Participant commencing in April of the calendar year following the Participant's Retirement Date.

Retirement means attainment of age 65; attainment of at least age 55 and a minimum of 10 or more years of "continuous service" (as defined in one of the Corporation's retirement plans); or termination of employment on or after age 50 and before age 55, with a combination of age and years of service equal to at least 65 (the "Rule of 65").

Retirement Date means the date a Participant terminates employment from the Corporation on or after attaining eligibility for Retirement.

S&P 500 Account means an Investment Fund that is valued in the manner set forth in Section 5.4.

Special Purpose Account means a Plan Account maintained on behalf of the Participant that will be distributed in the manner elected by the Participant commencing in April of the calendar year specified by the Participant. The minimum Deferral Period is five (5) calendar years following the end of the calendar year for which the Account is established.

UTC Common Stock means the common stock of United Technologies Corporation.

UTC Stock Unit Account means the Investment Fund that is valued in the manner set forth in Section 5.3.

ARTICLE III - ELIGIBILITY AND PARTICIPATION

Section 3.1 - Eligibility

Each employee of the Corporation who is classified as an eligible Participant as of December 31 will be eligible to elect to defer Compensation under the Plan in respect of the subsequent calendar year in accordance with the terms of the Plan and the rules and procedures established by the Committee.

Section 3.2 - Participation

Each eligible Participant may elect to participate in the Plan with respect to any calendar year for which the Committee offers the opportunity to defer Compensation by timely filing with the Committee an Election Form, properly completed in accordance with Section 4.1. Participation in the Plan is entirely voluntary.

ARTICLE IV - PARTICIPANT ELECTIONS

Section 4.1 - Election

An eligible Participant may participate in the Plan by executing the Election Form provided by the Committee for the subsequent calendar year. The eligible Participant must designate the dollar amount of base salary that will be deferred during such calendar year, and/or the percentage or dollar amount of any Incentive Compensation Payment otherwise payable during such calendar year that will be deferred under the Plan. The minimum dollar amount that a Participant may defer under the Plan for any calendar year is $5,000. Any deferral election made in the Election Form is irrevocable and must be completed and returned to the Committee no later than the December 31 immediately preceding the calendar year to which the election applies, or such earlier date as the Committee may specify. If an eligible executive fails to return a properly completed Election Form by such date, the executive will be ineligible to defer Compensation under the Plan for the following calendar year.

Section 4.2 - Investment Fund Allocations

When completing the Election Form, the Participant must allocate the amounts to be deferred, in whole percentages divisible by 10, among the available Investment Funds.

Participants may reallocate their existing post-1993 Class Year Accounts, Special Purpose Accounts and Retirement Account among the available Investment Funds as permitted by the Committee, generally once per year. Such reallocations shall be in whole percentages divisible by 10 and, unless otherwise specified by the Committee, shall be effective January 1 of the calendar year following the date of the reallocation election.

Section 4.3 - Designation of Beneficiary

Each Participant shall designate a Beneficiary for his or her Plan Accounts on a form provided by the Committee. Such designation may be changed on a form acceptable to the Committee at any time by the Participant. In the event that no

Beneficiary designation is filed with the Committee, or if the Beneficiary (and contingent Beneficiary) does not survive the Participant, all amounts deferred hereunder will be paid to the estate of the Participant in a lump sum. If a Participant designates the Participant's spouse as the Participant's Beneficiary, that designation shall not be revoked or otherwise altered or affected by any: (a) change in the marital status of the Participant; (b) agreement between the Participant and such spouse; or (c) judicial decree (such as a divorce decree) affecting any rights that the Participant and such spouse might have as a result of their marriage, separation, or divorce; it being the intent of the Plan that any change in the designation of a Beneficiary hereunder may be made by the Participant only in accordance with the procedures set forth in this Section 4.3. In the event of the death of a Participant, distributions shall be made in accordance with Section 6.4.

Section 4.4 - Deferral Period

Each Participant shall specify in the Election Form the Deferral Period for amounts to be deferred in the following calendar year. The minimum Deferral Period for a Special Purpose Account is five (5) calendar years following the end of the calendar year in which the Account is established. Participants may defer Compensation into a Retirement Account until April of the calendar year following their Retirement Date.

Section 4.5 - Distribution Schedule

Each Participant shall specify in the Election Form whether the value of the Participant's Retirement or Special Purpose Account shall be distributed in a single lump-sum cash payment or in a series of annual cash installment payments for a specified number of years (not to exceed 15 years).

<u>ARTICLE V - PLAN ACCOUNTS</u>

Section 5.1 - Accounts

Prior to 2003, the Committee established a Class Year Account for each Participant with respect to each Class Year for which the Participant elected to defer Compensation under the Plan. Each Class Year Account will be maintained separately.

Amounts deferred in 2003 and subsequent calendar years will be allocated to a Retirement Account and/or one or more Special Purpose Accounts as elected by the Participant. The Committee will establish the maximum number of Special Purpose Accounts.

Participants' Plan Accounts shall be allocated or reallocated among Investment Funds in accordance with each Participant's instructions in the manner set forth in Section 4.2.

Section 5.2 - Valuation of Credited Interest Account

Deferred amounts allocated to the Credited Interest Account will be credited with a rate of interest equal to the average interest rate on 10-Year Treasury Bonds as of the last business day of each month from January through October in the prior calendar year, plus 1%.

Section 5.3 Valuation of UTC Stock Unit Account

Deferred Compensation allocated to the UTC Stock Unit Account will be converted to Stock Units, or fractional Stock Units. A UTC Stock Unit is equal to the closing price of one share of UTC Common Stock as reported on the composite tape of the New York Stock Exchange. The number of Stock Units will be calculated by dividing the amount of Compensation deferred by the closing price of UTC Common Stock on the date the deferred amounts otherwise would have been paid. Stock Units held in the UTC Stock Unit Account will be credited with a dividend payment equal to the Corporation's declared dividend on UTC Common Stock (if any). Such dividend equivalent payments will be converted to additional Stock Units or fractional units using the closing price of UTC Common Stock as of the date such dividends are credited to the Participant's UTC Stock Unit Account.

Section 5.4 – Valuation of S&P 500 Account

Deferred amounts allocated to the S&P 500 Account will be converted to S&P Account units based on the closing share price of the Vanguard 500 Index Fund as of date the deferred amount is credited to the Participant's S&P 500 Account. The value of the S&P 500 Account units will fluctuate on a daily basis based on the performance of the Vanguard 500 Index Fund.

Section 5.5 - Allocation to Accounts

During the year of deferral, deferred amounts will be allocated to the Participant's Plan Accounts and Investment Funds as of the date the deferred amounts would otherwise have been paid.

Section 5.6 - Reports to Participants

The Committee will provide or make available detailed information to Participants regarding the value of Plan Accounts, distribution elections, Beneficiary designations, Investment Fund allocations and credited values for Class Year, Retirement and Special Purpose Accounts, not less than once per year. Such information may be provided via electronic media as determined by the Committee.

ARTICLE VI - DISTRIBUTION OF ACCOUNTS

Section 6.1 - Timing of Plan Distributions

The value of a Participant's Retirement Account will be distributed (or begin to be distributed) in April of the calendar year following the Retirement Date. The value of a Participant's Special Purpose Account will be distributed (or begin to be distributed) in April of the specified year. This means, for example, that if a deferral election specifies a Deferral Period until 2015, distribution will occur in April of 2015.

The value of a Participant's Class Year Account will be distributed (or begin to be distributed) in April of the last year of the Deferral Period. Upon Retirement, the value of a Participant's Class Year Account will be distributed (or begin to be distributed) in April next following the Retirement Date, or in April of the calendar year following the Retirement Date, as elected.

Section 6.2 - Method of Distribution

Each Class Year, Retirement and Special Purpose Account will be distributed in a single lump-sum cash payment, or in a series of annual cash installment payments, in accordance with the Participant's election with respect to each such Account.

Section 6.3 - Termination of Employment

In the event of termination of employment prior to a Participant's Retirement Date, during or after the Deferral Period with respect to any Class Year, Retirement or Special Purpose Account, the full value of the Participant's Plan Accounts will be distributed in a lump-sum cash payment in April following the date of termination, regardless of the distribution option elected.

Section 6.4 - Distribution in the Event of Death

In the event of the death of a Participant prior to attaining eligibility for Retirement, and before the end of the Deferral Period with respect to any Plan Account, the full value of such Plan Accounts will be distributed to the designated Beneficiary in a lump sum as soon as administratively feasible.

In the event of the death of a Participant prior to attaining eligibility for Retirement, butafter the end of the Deferral Period with respect to any Plan Account, the full value of such Plan Accounts will be distributed to the designated Beneficiary in accordance with the Participant's distribution election on file.

In the event of death of a Participant after attaining eligibility for Retirement, the full value of the Participant's Plan Accounts will be distributed to the Beneficiary in accordance with the Participant's distribution elections on file.

If the Beneficiary is the Participant's estate, the full value of the Participant's Plan Accounts will be paid in a single lump sum as soon as administratively feasible following the Participant's date of death.

In the event of the death of the Beneficiary (and any contingent Beneficiary) while receiving distributions from the Plan, the full value of the applicable Plan Accounts will be paid in a single lump sum to such Beneficiary's estate as soon as administratively feasible.

Section 6.5 - Hardship Distribution

The Committee may, in its sole discretion, upon finding that the Participant (or Beneficiary in the event of a Participant's death) has suffered an unforeseen, severe and immediate financial emergency, permit such Participant to withdraw a portion of the value of the Participant's Plan Accounts in an amount sufficient to eliminate the hardship. Financial hardship distributions will be made only if the Committee determines that the Participant is unable to resolve the financial emergency through other means reasonably available to the Participant. Financial hardship distributions will be made following the Committee's determination of a qualifying financial emergency on the basis of the value of the Participant's Plan Accounts as of the most recent date available. The Committee will determine from which Special Purpose, Retirement or Class Year Accounts and associated Investment Funds hardship distributions will be made. Any Participant who is an officer or director of the Corporation within the meaning of Section 16 of the Securities Exchange Act of 1934 is not eligible for financial hardship distributions.

Section 6.6 - Disability

In the event of the disability of a Participant, as determined under the Corporation's Long Term Disability Plan, the Participant's Plan Accounts will be maintained and distributed in accordance with the Participant's elections on file.

Section 6.7 - Distribution from Supplemental Account

The Committee will effect distributions from supplemental retirement plans with respect to Benefit Reductions incurred in any of the Corporation's defined benefit pension plans at the same time, in the same manner and in the required amounts such that when combined with benefits provided by the defined benefit pension plans in which a Participant incurred a Benefit Reduction, the total amount received by a Participant (or Beneficiary) will equal the amount of pension benefit that would otherwise have been paid had the Participant not participated in this Plan.

At the end of each calendar year, the Committee will determine if any Benefit Reduction has been incurred with respect to any of the Corporation's savings plans or other tax qualified defined contribution retirement plans, and will credit the amount of such Benefit Reduction to the affected Participant's Plan Accounts as of the last business day of the calendar year. Any such amounts will be allocated on a pro-rata basis to the Participant's Plan Accounts and Investment Funds in accordance with the Participant's deferral elections on file for that calendar year.

ARTICLE VII - AMENDMENT AND TERMINATION OF PLAN

Section 7.1 - Amendment

The Corporation may, at any time, amend the Plan in whole or in part, provided that no amendment may decrease the value of any Plan Accounts as of the date of such amendment. In the event of any change in law or regulation relating to the Plan and the tax treatment of Plan Accounts, the Plan shall, without further action by the Committee, be deemed to be amended to comply with any such change in law or regulation effective the first date necessary to prevent the taxation, constructive receipt or deemed distribution of Plan Accounts prior to the date Plan Accounts would be distributed under the provisions of Article VI.

Section 7.2 - Plan Suspension and Termination

The Corporation's Pension Administration Committee, may, at any time, suspend or terminate the Plan with respect to new or existing Election Forms if, in its sole judgment, the continuance of the Plan, the tax, accounting, or other effects thereof, or potential payments hereunder would not be in the best interest of the Corporation or for any other reason. In the event of the suspension of the Plan, no additional deferral shall be made under the Plan, but all previous deferrals shall accumulate and be distributed in accordance with the otherwise applicable provisions of the Plan and the applicable elections on file. In the event of the termination of the Plan, each Participant will receive, in a lump-sum cash payment, the value of his or her Plan Accounts.

Section 7.3 - No Consent Required

The consent of any Participant, Beneficiary, or other person shall not be required with respect to any amendment, suspension, or termination of the Plan.

ARTICLE VIII - GENERAL PROVISIONS

Section 8.1 - Unsecured General Creditor

The Corporation's obligations under the Plan constitute an unfunded and unsecured promise to pay money in the future. Participants' and Beneficiaries' rights under the Plan are solely those of a general unsecured creditor of the Corporation. No assets will be placed in trust, set aside or otherwise segregated to fund or offset liabilities in respect of the Plan or Participants' Plan Accounts.

Section 8.2 - Nonassignability

No Participant or Beneficiary or any other person shall have right to sell, assign, transfer, pledge, or otherwise encumber any interest in the Plan. All Plan Accounts and the rights to all payments are unassignable and non-transferable. Plan Accounts or payment hereunder, prior to actual payment, will not be subject to attachment or seizure for the payment of any debts, judgments or other obligations. Plan Accounts or other Plan benefit will not be transferred by operation of law in the event of a Participant's or any Beneficiary's bankruptcy or insolvency.

Section 8.3 - No Contract of Employment

Participation in the Plan shall not be construed to constitute a direct or indirect contract of employment between the Corporation and the Participant. Participants and Beneficiaries will have no rights against the Corporation resulting from participation in the Plan other than as specifically provided herein. Nothing in the Plan shall be deemed to give a Participant the right to be retained in the service of the Corporation for any length of time or to interfere with the right of the Corporation to terminate a Participant's employment prior to the end of any Deferral Period.

Section 8.4 - Governing Law

The provisions of the Plan will be construed and interpreted according to the laws of the State of Connecticut, to the extent not preempted by federal law.

Section 8.5 - Validity

If any provision of the Plan is held to be illegal or invalid for any reason, the remaining provisions of the Plan will be construed and enforced as if such illegal and invalid provision had never been inserted herein.

Section 8.6 - Notice

Any notice or filing required or permitted to be given to the Committee under the Plan shall be sufficient if sent by first-class mail, to the United Technologies Corporation Deferred Compensation Committee, 1 Financial Plaza, Hartford, Connecticut 06101, Attn: R. Larry Acorn, Director, Compensation, MS-504. Any notice or filing required or permitted to be given to any Participant or Beneficiary under the Plan shall be sufficient if provided either electronically, hand-delivered, or mailed to the address (or email address, as the case may be) of the Participant or Beneficiary then listed on the records of the Corporation. Any such notice will be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark or email system.

Section 8.7 - Successors

The provisions of the Plan shall bind and inure to the benefit of the Corporation and its successors and assigns. The term successors as used herein shall include any corporate or other business entity, which by merger, consolidation, purchase or otherwise acquires all or substantially all of the business and assets of the Corporation, and successors of any such corporation or other business entity.

Section 8.8 - Incompetence

If the Committee determines, upon evidence satisfactory to the Committee, that any Participant or Beneficiary to whom a benefit is payable under the Plan is unable to care for their affairs because of illness or accident, any payment due (unless prior claim therefore shall have been made by a duly authorized guardian or other legal representative) may be paid, upon appropriate indemnification of the Committee and the Corporation, to the spouse of the Participant or other person deemed by the Committee to have incurred expenses for the benefit of and on behalf of such Participant or Beneficiary. Any such payment from a Participant’s Plan Accounts shall be a complete discharge of any liability under the Plan with respect to the amount so paid.

ARTICLE IX - ADMINISTRATION AND CLAIMS

Section 9.1 - Plan Administration

The Committee shall be solely responsible for the administration and operation of the Plan. The Committee shall have full and exclusive authority and discretion to interpret the provisions of the Plan and to establish such administrative procedures as it deems necessary and appropriate to carry out the purposes of the Plan.

Any person claiming a benefit, requesting an interpretation or ruling under the Plan, or requesting information under the Plan shall present the request in writing to the Committee which shall respond in writing as soon as practicable.

Section 9.2 - Claim Procedures

If a Participant or Beneficiary requests a benefit or payment under the Plan and such claim or request is denied, the Committee will provide a written notice of denial which will specify (a) the reason for denial, with specific reference to the Plan provisions on which the denial is based and (b) a description of any additional material or information that may be required with respect to the claim and an explanation of why such information is necessary.

If a claim or request is denied or if the Participant or Beneficiary receives no response within 60 days, the Participant or Beneficiary may request review by writing to the Committee. The Committee will review the claim or request, and may request additional information or materials that it deems appropriate to the resolution of any issues presented. The decision on review will normally be made by the Committee within 60 days of its receipt of the request for review but may be extended up to 120 days from such date. The Committee’s decision will be in writing and will state the basis for its decision and shall be conclusive and binding on all parties.

UNITED TECHNOLOGIES CORPORATION

By: William L. Bucknall, Jr.
Title: Senior Vice President
Human Resources and Organization

Attest: Richard M. Kaplan
Assistant Secretary

Exhibit 10.10

UNITED TECHNOLOGIES CORPORATION
PENSION REPLACEMENT PLAN
AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 1996

1. INTRODUCTION & PURPOSE

The United Technologies Corporation Pension Replacement Plan (the "Replacement Plan") is maintained as an unfunded plan solely for the purpose of providing retirement benefits in excess of the retirement and survivor benefits that may be paid from the United Technologies Corporation Employee Retirement Plan (or any other tax-qualified defined benefit retirement plan sponsored by the Corporation) (the "Qualified Retirement Plan") and the United Technologies Corporation Pension Preservation Plan as a result of any reduction in a Participant’s compensation that would otherwise be utilized in computing accrued benefits under such Plans where the reduction results from participation in the Corporation’s Deferred Compensation Plan.

The capitalized terms used herein shall have the meanings given to them by the United Technologies Corporation Employee Retirement Plan unless the context clearly indicates otherwise.

2. EFFECTIVE DATE

The Replacement Plan became effective on April 1, 1985 as the United Technologies Corporation Supplemental Plan, which was subsequently renamed the United Technologies Corporation Pension Replacement Plan. This amendment and restatement of the Replacement Plan shall be effective January 1, 1996, except to the extent otherwise specifically provided herein.

3. ELIGIBILITY

An employee of United Technologies Corporation (the "Corporation") or an affiliate thereof who is a Participant in the Qualified Retirement Plan and the Pension Preservation Plan (if applicable) shall be eligible to participate in the Replacement Plan if and to the extent the Participant’s Accrued Benefit under the Qualified Retirement Plan or the Pension Preservation Plan is reduced as a result of participation in the United Technologies Corporation Deferred Compensation Plan or other similar deferred compensation arrangement if the Corporation authorizes the replacement of pension benefits in such arrangement (the "Deferred Compensation Plan"). In no event shall any person who is not entitled to benefits under the Qualified Retirement Plan be eligible for retirement benefits or survivor benefits under the Replacement Plan. An employee of the Corporation or an affiliate thereof who is eligible for retirement benefits under the Replacement Plan shall be referred to herein as a "Participant."

4. DETERMINATION OF REPLACEMENT PLAN BENEFIT

The amount of the retirement benefit or survivor benefit payable from the Replacement Plan to or in respect of a Participant shall equal the excess, if any, of (a) over (b), where

(a) equals the retirement benefit or survivor benefit that would be paid to such Participant (or on his or her behalf to his Contingent Annuitant or Beneficiary) under the Qualified Retirement Plan and the Pension Preservation Plan if the provisions of such Plans were administered by taking into account any compensation that was deferred under the Deferred Compensation Plan; and

(b) equals the retirement benefit or survivor benefit payable to such Participant (or on his or her behalf to his or her Contingent Annuitant or Beneficiary) under the Qualified Retirement Plan and the Pension Preservation Plan.

5. FORM OF PRESERVATION PLAN BENEFIT

(a) The Plan Administrator shall determine, as of the earlier of the Participant’s Retirement Date or the Participant’s date of death, that portion of the Participant’s total retirement benefit or survivor benefit that is to be paid under the Replacement Plan. The Replacement Plan retirement benefit or survivor benefit shall be paid to the Participant, or on his or her behalf to any Contingent Annuitant or Beneficiary (as designated under the Qualified Retirement Plan), in the form of distribution that applies to the benefit payments made to, or on behalf of, the Participant under the Qualified Retirement Plan unless the Participant has made a timely election to receive his or her Replacement Plan retirement benefit in a single lump-sum payment or in a series of 2 to 10 annual installment payments in accordance with this Section 5.

(b) If—

(i) the Participant qualifies for an Early Retirement Annuity or a Normal Retirement Annuity or satisfies the Rule of 65 under Section 5.4 of the United Technologies Corporation Employee Retirement Plan (or dies after qualifying for an Early Retirement Annuity or a Normal Retirement

Annuity or satisfying such Rule of 65, but before the date as of which retirement benefits under the Qualified Retirement Plan are scheduled to begin), and

(ii) terminates, or retires from, employment with the Corporation and its affiliates after December 31, 1995,

the Participant may elect, in accordance with Section 5(c) hereof, to have his or her Replacement Plan retirement benefit or survivor benefit paid in a lump sum or in annual installments, payable (or commencing) as of the Participant's Retirement Date. Subject to the provisions of Section 5(c) hereof, a Participant may revoke any such election at any time. A Participant shall have no right under the Replacement Plan to have his or her Qualified Retirement Plan benefit paid in a lump sum or in annual installments. Distributions from the Qualified Retirement Plan shall be governed solely by the terms of the Qualified Retirement Plan.

(c) An election to have a lump-sum or installment distribution paid pursuant to Section 5(b) hereof (or a revocation of any such election) shall be disregarded unless it is filed at least one year before the Participant's Retirement Date (or, if earlier, the first day of the month next following the Participant's date of death), except that

(i) If such an election or revocation is filed on or before October 30, 1996, the election or revocation shall be given effect only if the Participant consents to a distribution (or the commencement of distributions) under the Replacement Plan as of a date occurring on or after January 1,1997; and

(ii) If such an election or revocation is filed on or after November 1, 1996, and on or before December 31, 1996, the election or revocation shall be given effect only if the Participant consents to a distribution (or the commencement of distributions) under the Replacement Plan as of a date occurring on or after April 1,1997.

(d) If a Participant elects to have his or her Replacement Plan benefit paid in the form of a single lump-sum or annual installment distribution, the Actuarially Equivalent present value of the Replacement Plan retirement benefit or survivor benefit shall be determined using the 1983 Group Annuity Mortality Table and an interest assumption equal to the average yield for tax-free municipal bonds of 10-year maturities, averaged over the prior 5 calendar years. For purposes of computing this interest assumption, the Actuary shall utilize the Lehman Bros. Municipal Bond Index, averaging the published yield for 10-year maturities (credit quality AA or above) on the last business day of the year over the most recent 5 consecutive full calendar year period. This rate shall be adjusted annually at the beginning of each calendar year.

(e) The payment of a lump sum or annual installment distribution in accordance with this Section 5 shall be in full satisfaction of all of the Corporation's obligations with respect to the Participant under the Replacement Plan.

6. DEATH BENEFITS

A Participant who has made an election to receive Replacement Plan benefits in a lump sum or annual installments in accordance with Section 5 herein and such election is effective as of the date of the Participant's death shall have survivor benefits paid to his or her Replacement Plan Beneficiary as follows. If death occurs prior to age 55, the Replacement Plan benefits shall be paid in a lump sum payment as of the date the Participant would have attained his or her 55th birthday. If death occurs after retirement but before all annual installments have been paid, the remaining installments will be paid to his or her Beneficiary as scheduled unless the estate of the Participant is the Beneficiary in which case the commuted value of the remaining payments will be paid in a lump sum.

If no election to receive Replacement Plan benefits in a lump sum or installments is in effect as of the date of death, any survivor benefits will be paid in accordance with the distribution option in effect and to the Beneficiary or Contingent Annuitant designated under the Qualified Retirement Plan.

7. FUNDING

The Replacement Plan shall be maintained as an unfunded Plan that is not intended to meet the qualification requirements of Section 401 of the Code. Except in the event of a Change in Control of the Corporation (as described in Section 7 hereof), all benefits under the Replacement Plan shall be payable solely from the general assets of the Corporation. In this regard, the rights of each Participant, Contingent Annuitant and Beneficiary under the Replacement Plan with respect to his or her Preservation Plan retirement benefit or survivor benefit shall be those of a general unsecured creditor of the Corporation. No Participant, Contingent Annuitant or Beneficiary hereunder shall be entitled to receive any benefits payable under the Replacement Plan from the assets of the Qualified Retirement Plan, nor shall the Corporation undertake to set aside assets in trust or otherwise segregate assets to fund its obligations under the Replacement Plan except as provided in Section 7 hereof.

8. CHANGE OF CONTROL

In the event of a Change of Control of the Corporation, the Corporation shall immediately fully fund the value of all Accrued Benefits under the Replacement Plan, determined by the Actuary as of the date of the Change of Control. The required proceeds will be contributed to the United Technologies Corporation Pension Replacement Plan Retirement Security Trust. In addition, if the United Technologies Corporation Board of Directors Committee on Compensation and Executive Development takes any action under the United Technologies Corporation Long Term Incentive Plan (the "LTIP") including, without limitation, the accelerated vesting or other adjustment to outstanding LTIP awards in anticipation of (i) a Change of Control (ii) an event, which if consummated, would constitute a Change of Control or (iii) any other significant change pertaining to the ownership of the Corporation, the Corporation shall then also immediately fund the United Technologies Corporation Pension Replacement Plan Retirement Security Trust. For purposes of this Section 7, "Change of Control" shall have the meaning given to that term under the LTIP.

9. NONASSIGNABILITY

No Participant, Contingent Annuitant or Beneficiary or any other person shall have the right to sell, assign, transfer, pledge, or otherwise encumber any interest in the Replacement Plan. All Replacement Plan benefits are unassignable and non-transferable and shall not be subject to attachment or seizure for the payment of any debts, judgments or other obligations. No Replacement Plan interest shall be transferred by operation of law in the event of the bankruptcy or insolvency of a Participant, Contingent Annuitant, or Beneficiary.

10. NO CONTRACT OF EMPLOYMENT

Participation in the Replacement Plan shall not be construed to constitute a direct or indirect contract of employment between the Corporation and the Participant. Nothing in the Replacement Plan shall be deemed to give a Participant the right to be retained in the service of the Corporation for any length of time. Participants, Contingent Annuitants and Beneficiaries shall have no rights against the Corporation resulting from participation in the Replacement Plan other than as specifically provided herein.

11. OPERATION AND ADMINISTRATION

The Replacement Plan shall be administered by the Pension Administration and Investment Committee of United Technologies Corporation (the "Committee"). The Committee shall have the right to delegate its responsibilities hereunder to sub-committees and individuals. Any question of administration or interpretation arising under the Replacement Plan shall be determined by the Committee (or its delegate) in its full discretion, and its decision shall be final and binding upon all parties.

12. TAXES/WITHHOLDING

The Corporation shall have the right to withhold taxes from Replacement Plan benefit payments to the extent it reasonably determines such withholding to be required by law.

13. GOVERNING LAW

The Replacement Plan shall be construed, administered and enforced in accordance with the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and to the extent not preempted thereby, the laws of the State of Connecticut (disregarding its choice-of-law rules).

14. AMENDMENT AND DISCONTINUANCE

The Corporation expects to continue the Replacement Plan indefinitely, but reserves the right, by action of the Committee, to amend or discontinue the Replacement Plan at any time, provided, however, that no such action shall decrease any benefits accrued under the Replacement Plan as of the date of such action. Although the benefits accrued under the Replacement Plan are not subject to the restrictions imposed by Section 204(g) of ERISA, the proviso in the preceding sentence shall be construed in a manner consistent with Section 204(g) of ERISA. As a result, the proviso referred to in the preceding sentence imposes restrictions identical with the restrictions that would be imposed on the Replacement Plan if the Replacement Plan were subject to Section 204(g) of ERISA.

15. SUCCESSORS

The provisions of the Replacement Plan shall bind and inure to the benefit of the Corporation, and its successors and assigns. The term successors shall include any corporate or other business entity that by merger, consolidation, purchase or otherwise acquires all or substantially all of the business and assets of the Corporation, and successors of any such Corporation or other entity.

16. BENEFIT CLAIMS PROCEDURE

(a) The Plan Administrator shall establish and communicate procedures for Participants to obtain forms required to effect elections and designations under the Plan. The Plan Administrator may establish a telephonic communication system to facilitate the administration of the Plan and to provide information to Participants, provided that any estimate of a Participant's current or projected accrued benefit shall in no event be binding on the Plan Administrator in the event of any discrepancy between such estimate and a Participant's actual Accrued Benefit, which, in all cases, shall control. Upon notification of the death of any Participant while in the employment of the Employer, the Plan Administrator may initiate any claim on behalf of the Spouse, Contingent Annuitant, or Beneficiary.

(b) If a claim is denied, the Plan Administrator or its designated agent shall give the claimant notice in writing of such denial, which notice shall set forth (i) the specific reason(s) for the denial; (ii) specific reference to pertinent Plan provisions on which the denial is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such materials or information are necessary; and (iv) an explanation of the Plan's claim review procedure.

(c) Within 60 days after receipt of the notice of denial described above, the claimant may request a review of such denial by filing a notice of appeal in writing with the Benefit Claims Appeal Committee (the "Benefits Appeal Committee"). Such notice must set forth all relevant factors upon which the appeal is based. The Benefits Appeal Committee shall decide the issues raised by the appeal, either with or without holding a hearing, and shall issue to the claimant a written notice setting forth its decision and the reasons for the decision. The Benefits Appeal Committee's decision shall be made not more than 60 days after it has received the claimant's request for review, unless the Benefits Appeal Committee determines that special circumstances require an extension of time and so notifies the claimant, in which case a decision shall be made not more than 120 days after it has received the request for review. The Benefits Appeal Committee shall have the greatest discretion permitted by law in making decisions pursuant to this Section 16. All interpretations, determinations, and decisions of the Benefits Appeal Committee in respect of any claim shall be conclusive and binding upon all persons having or claiming to have any interest or right under the Plan.

UNITED TECHNOLOGIES CORPORATION

William L. Bucknall, Jr.
Sr. Vice President Human Resources
And Organization

Dated: December 20, 1996

Attest:

Richard M. Kaplan
Associate General Counsel

Exhibit 10.12

UNITED TECHNOLOGIES CORPORATION
Nonemployee Director Stock Option Plan
Amendment 4

Whereas, Amendment 2 to the United Technologies Corporation Nonemployee Director Stock Option Plan (the "Plan") provides for an annual grant of non-qualified stock options with a value of $70,000 as determined by the Black Scholes Valuation Model; and

Whereas, the Board wishes to amend the Plan to restore the provisions that called for an annual grant of a fixed number of non-qualified stock options and to clarify the date awards vest under the Plan;

Now therefore, the Plan is hereby amended, effective February 4, 2003, as follows:

1. Section 5 of the Plan is amended and restated as follows:

   5. Grant of Stock Options

      On the date of the Corporation's annual meeting of shareowners in each year for so long as the Plan remains in effect (the "Grant Date"), each nonemployee who is elected a director at such meeting, or whose term of office shall continue after the date of such meeting, automatically shall be granted an option to purchase 4,000 shares of Common Stock (an "Option"). The number of Options to be granted annually shall be subject to adjustment pursuant to Section 8 of the Plan.

2. Section 6(b) of the Plan is amended by adding the following sentence at the end thereof:

   For purposes of this Section, anniversary shall mean the date of each Annual Meeting of Shareowners that coincides with the anniversary of the Grant Date.

UNITED TECHNOLOGIES CORPORATION

William L. Bucknall, Jr.
Sr. Vice President Human Resources
and Organization

Attest:

Richard M. Kaplan

Date: February 6, 2003

UNITED TECHNOLOGIES CORPORATION
EMPLOYEE STOCK OPTION PLAN

1. INTRODUCTION AND PURPOSE. The purpose of this Plan is to benefit the shareowners of the Corporation by (i) encouraging high levels of performance by employees of the Corporation by increasing the proprietary interests of such individuals in the Corporation's growth and success; and (ii) recognizing those employees who demonstrate outstanding performance and potential through Awards designed to strengthen the relationship between the Corporation and such employees. To accomplish these objectives, the Plan authorizes the Award of non-qualified stock options to employees of the Corporation below the executive level whose efforts, responsibilities and long-term potential enable these individuals to contribute to the long term success of the Corporation. Stock Option Awards serve to recognize the performance and potential of such employees, foster commitment to the Corporation and its long term goals and to reward such individuals by sharing in any increase in the value of the Corporation's Common Stock.

This Plan shall be effective January 1, 1997.

2. DEFINITIONS.

"Affiliate" means a corporation, partnership, joint venture or other entity in which the Corporation has an ownership or other financial interest.

"Award" means a grant of non-qualified stock options made in accordance with the terms hereof.

"Award Date" means the date an Award is granted.

"Board" means the Board of Directors of United Technologies Corporation.

"Business Unit" means an operating division, subsidiary or affiliate of the Corporation.

"Committee" means the Committee on Compensation and Executive Development of the Board.

"Common Stock" means the common stock of the Corporation and shall include both treasury shares and authorized but unissued shares and shall also include any security of the Corporation issued in substitution, exchange or in lieu thereof.

"Corporation" means United Technologies Corporation.

"Expiration Date" means the last date a Stock Option Award may be exercised. An unexercised Stock Option Award shall be cancelled without value following the Expiration Date.

"Fair Market Value" means the closing price of Common Stock, as reported by the composite tape of New York Stock Exchange issues (or such other reporting system as shall be selected by the Committee) on the relevant date, or if no sale of Common Stock is reported for such date, the next following day for which there is a reported sale.

"Participant" means an individual who has been granted an Award pursuant to this Plan.

"Plan" means the United Technologies Corporation Employee Stock Option Plan, as set forth herein and as it may be amended from time to time.

"Stock Option" means the right to purchase a specified number of shares of Common Stock at a fixed option price equal to the Fair Market Value of Common Stock on the date the stock option is granted.

"Vesting Date" means the date a Stock Option first becomes exercisable.

3. ELIGIBILITY. Participants under this Plan shall consist of those non-executive employees of the Corporation whose responsibilities, efforts, initiative and long-term potential enable them to contribute to the success of the Corporation and the Business Units. Individuals who are employed in organizations which are affiliated with the Corporation through partnership, joint venture, or other arrangements involving financial and/or strategic collaboration whose efforts benefit the Corporation are also eligible to participate herein. Individual Participants shall be recommended by the Business Units, subject to the approval of the Chief Executive Officer. Executives of the Corporation and any individual who is a reporting person of the Corporation for purposes of Section 16 of the Securities Exchange Act of 1934 are not eligible to participate in the Plan.

4. EXERCISE AND PAYMENT OF OPTIONS. A Participant may acquire shares of Common Stock by exercising his or her Stock Option Award, or portion thereof, during a period beginning on the third anniversary of the Award Date and ending on the tenth anniversary of the Award Date, unless the Expiration Date is accelerated as a result of termination, death or retirement as set forth in Section 5 hereof. The Vesting Date and Expiration Date are each set forth in the Statement of Award. The option to purchase shares will expire without value with respect to any Stock Option that is not exercised on or before the Expiration Date. It is the sole responsibility of the Participant, or the Participant's representative, to exercise the Stock Option in a timely manner. The Corporation assumes no responsibility for, and will make no adjustments with respect to Stock Options that expire without value.

Stock Options may be exercised through a security brokerage firm with whom the Corporation has established an arrangement to facilitate Stock Option exercises. After the Participant establishes a relationship with one of the pre-approved security brokerage firms, the Participant may exercise Stock Options by notifying such broker of the options to be exercised. On the exercise date the broker will sell shares of Common Stock sufficient to cover the exercise price of the option plus any required tax withholding amounts. The broker will then wire transfer funds back to the Corporation equal to the exercise price and the required tax withholding amount. The Corporation will then immediately deliver to the broker a number of shares of Common Stock equal to the number of options exercised. The shares remaining after payment of the exercise price and tax withholding will at the Participant's election either: (i) be placed in the Participant's account; or (ii) sold on the market with net cash proceeds delivered to the Participant by the broker. No cash payment will be required to be paid to the broker or to the Corporation by the Participant at any time during the Stock Option exercise process.

5. TERMINATION OF EMPLOYMENT. A Stock Option that is vested as of the date of a Participant's termination of employment may be exercised for a period of 90 calendar days following the date of termination, but in no event beyond the Expiration Date of the Stock Option. Stock Options which are not vested as of the termination date will be canceled without value except as specifically provided for below.

If a Participant's employment terminates by reason of retirement, Stock Options that have been held at least one year as of the retirement date will become exercisable on the original scheduled Vesting Date and may be exercised thereafter until the third anniversary of the retirement date. Stock Options which are exercisable as of the retirement date may continue to be exercised for a period up to the third anniversary of the retirement date, but in no event beyond the Expiration Date of the Stock Option. For purposes of this Plan, retirement shall have the same meaning as defined in the United Technologies Corporation Retirement Plan and requires either: (i) attainment of age 65; (ii) retirement on or after age 55 with at least 10 years of service; or (iii) termination of employment between age 50 and 55 with a combination of age and service of at least 65 (i.e., the "rule of 65").

In the event of permanent and total disability, the Participant shall not be considered to have terminated employment for purposes of the Stock Option Award which shall become vested and exercisable in accordance with the terms of the Award without regard to the disability. An authorized leave of absence shall not be treated as a termination of employment if the Participant resumes active employment following such leave of absence.

In the event of the death of the Participant, the legal representative of the estate of the Participant may exercise all Stock Options outstanding as of the date of death, whether or not vested, for a period of one year following the date of death, regardless of the Expiration Date of the Stock Option.

If the Participant terminates employment for any reason other than death, disability or retirement, all non-vested Stock Options will be forfeited effective as of the termination date.

6. LIMITATION ON NUMBER OF SHARES. The number of shares with respect to which Stock Option Awards may be issued for any calendar year shall not exceed one million shares of Common Stock. This limitation shall be subject to adjustment as provided for in Section 10 hereof.

7. AMENDMENT AND TERMINATION. The Committee reserves the right to amend, suspend or discontinue the Plan at any time or to alter or to amend any Award under the Plan to the extent permitted by law.

8. ADMINISTRATION. Awards under this Plan shall be granted subject to the review and approval of the Chief Executive Officer. All questions of interpretation and administration with respect to the Plan and Awards thereunder shall be determined by the Senior Vice President, Human Resources and Organization or his successor, and his determination shall be final and conclusive upon all parties and interest.

9. ADJUSTMENT PROVISIONS. If the Corporation effects a subdivision or consolidation of shares of Common Stock or other capital adjustment, the payment of a stock dividend or other increase or reduction of the number of shares of Common Stock outstanding without receiving consideration therefore in money, services or property, the number of shares of Common Stock then remaining subject to this Plan and outstanding Awards and the maximum number of shares that may be issued under this Plan shall: (a) in the event of an increase in the number of outstanding shares, the number of shares subject to an Award shall be proportionately increased and the exercise price for each share then covered by an outstanding Award shall be proportionately reduced, and (b) in the event of a reduction in the number of outstanding shares, be proportionately reduced and the price for each share then covered by an outstanding Award shall be proportionately increased. The maximum number of shares that may be subject to an Award in any given year shall be increased or decreased to reflect the subdivision, consolidation or other capital adjustment. In addition, in such circumstances, the Committee shall make such adjustments to Awards under the Plan as the Committee deems appropriate.

10. CHANGE OF CONTROL. In the event of a change of control of the Corporation, or if the Board reaches agreement to merge or consolidate with another company and the Corporation is not the surviving Corporation or if all, or substantially all of the assets of the Corporation are sold, or if the Corporation shall make a distribution to shareowners that is non-taxable under the Internal Revenue Code, or if the Corporation shall dissolve or liquidate (a "Restructuring Event"), then the Committee may, in its discretion, recommend that the Board take any of the following actions as a result of, or in anticipation of, any such Restructuring Event to assure fair and equitable treatment of Plan Participants:

(a) accelerate time periods for purposes of vesting in, or realizing gain from, any outstanding Award made pursuant to this Plan;

(b) offer to purchase any outstanding Award made pursuant to this Plan from the holder for its equivalent cash value, as determined by the Committee, as of the date of the Restructuring Event; and

(c) make adjustments or modifications to outstanding Awards as the Committee deems appropriate to maintain and protect the rights and interests of Plan Participants following such Restructuring Event. Any such action by the Board shall be conclusive and binding on the Corporation and all Plan Participants.

For purposes of this Section, "Change of Control" shall mean: (i) the acquisition by any person of voting shares of the Corporation if, as a result of the acquisition, such person, or any "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934 of which such person is a part, owns at least 20% of the outstanding voting shares of the Corporation; or (ii) a change in the composition of the Board such that within any period of two consecutive years, persons who (a) at the beginning of such period constitute the Board or (b) become directors after the beginning of such period and whose election, or nomination for election by the shareowners of the Corporation, was approved by a vote of at least two-thirds of the persons who were either directors at the beginning of such period or whose subsequent election or nomination was previously approved in accordance with this clause (b), cease to constitute at least a majority of the Board.

11. NON-ASSIGNABILITY. No assignment or transfer of any interest of the Participant in any of the rights represented by any Award hereunder whether voluntary or involuntary, by operation of law or otherwise shall be permitted except by will or by the laws of descent and distribution. Any attempt to assign such interests shall be void and shall be without force or effect.

12. AWARDS NOT TO AFFECT OR BE AFFECTED BY CERTAIN TRANSACTIONS. Neither the Plan nor the Awards hereunder shall affect in any way the right or power of the Corporation or its shareowners to make or authorize: (a) any or all adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital structure or its business; (b) any merger or consolidation of the Corporation; (c) any issue of bonds, debentures, preferred or prior preference stocks holding any priority or preferred to, or otherwise affecting in any respect the Common Stock of the Corporation or the rights of the holders of such Common Stock; (d) the dissolution or liquidation of the Corporation; (e) any sale or transfer of all or any part of its assets or business; or (f) any other corporate act or proceeding.

13. NOTICES. Every notice or other communication relating to this Plan and any Award hereunder shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party or through electronic delivery at the Participant’s internal electronic mail address. Unless and until some other address has been so designated, all notices by the Participant to the Corporation shall be mailed to or delivered to the Corporation’s Director, Compensation at United Technologies Building, MS 504, Hartford, Connecticut 06101, and all notices by the Corporation to the Participant shall be given to the Participant personally or be mailed to the Participant at his or her address as shown on the records of the Corporation.

14. TAXES/WITHHOLDING. The Participant shall be responsible for any income or other tax liability attributable to amounts realized from Awards. The Corporation shall take such steps as are appropriate to assure compliance with applicable federal, state and local tax withholding requirements. The Corporation shall, to the extent required by law, have the right to withhold shares from a Stock Option exercise or to deduct directly from any payment due the Participant or from the Participant's regular compensation, all federal, state and local taxes of any kind (including taxes imposed by international tax authorities with requisite jurisdiction) required by law to be withheld with respect to value realized upon the exercise of a Stock Option.

15. RIGHT OF DISCHARGE RESERVED. Nothing in this Plan or in any Award granted hereunder shall confer upon any Participant the right to continue in the employment or service of the Corporation or any Business Unit for any period of time or affect any right that the Corporation or a Business Unit may have to terminate the employment or service of such Participant at any time for any reason.

16. RIGHT OF CORPORATION TO REVOKE AWARDS. Notwithstanding any other provision herein, the Corporation reserves the right, prior to a Change of Control of the Corporation, to cancel any Award, whether or not vested, if the Senior Vice President, Human Resources and Organization determines that the Participant has engaged in any act or practice with respect to the affairs of the Corporation or the Business Units, whether or not employed by the Corporation at the time, that is materially detrimental to the Corporation or the Business Units, provided, however that the Corporation shall not take any such action in an arbitrary or capricious manner.

17. NATURE OF PAYMENTS. All Awards made pursuant to this Plan are in consideration of services performed for the Corporation or the Business Units. Any gains realized pursuant to such Awards constitute a special award payment to the Participant and shall not be taken into account as compensation for purposes of any of the employee benefit plans of the Corporation.

18. UNFUNDED PLAN. The Plan is unfunded. Neither the Corporation nor the Board shall separate assets or establish a trust for the purpose of funding the obligations represented by Awards hereunder. The Corporation's liability to Participants with respect to the Plan is based solely upon its contractual obligations created by the Awards granted hereunder. No such obligation shall be deemed to be secured by any pledge or encumbrance of any property of the Corporation.

19. NO RIGHTS AS A SHAREOWNER. No Participant shall have the rights of a Shareowner with respect to any Stock Option Award under the Plan until the Participant acquires shares of Common Stock pursuant to the exercise of a Stock Option Award.

20. GOVERNMENT CONTRACT COMPLIANCE. The "UTC Policy Statement on Business Ethics and Conduct in Contracting with the United States Government" calls for compliance with the letter and spirit of Government Contracting Laws and Regulations. In the event of a violation of Government Contracting Law or Regulation, the Corporation reserves the right to revoke any Awards made under this Plan.

21. GOVERNING LAW. The Program shall be governed by and construed in accordance with the laws of the State of Connecticut.

22. INTERPRETATIONS. Any materials provided to Participants, including descriptive brochures and Statements of Award are subject in all respects to the terms of the Plan. In the event that any provision of a descriptive brochure, Statement of Award or other Plan communication is inconsistent with the terms of the Plan, the terms of the Plan shall control. Any question of administration or interpretation arising under this Plan shall be determined by the Senior Vice President, Human Resources and Organization, such determination to be final and conclusive upon all parties in interest.

UNITED TECHNOLOGIES CORPORATION

Attest: Richard M. Kaplan	By: William L. Bucknall, Jr.
Assistant Secretary	Title: Senior Vice President
	Human Resources and Organization

Exhibit 10.14

UNITED TECHNOLOGIES CORPORATION

EMPLOYEE SCHOLAR PROGRAM

United Technologies Corporation ("UTC"), through its Employee Scholar Program (the "Program"), encourages eligible employees to develop additional skills and engage in studies at accredited colleges and universities. Under the Program, UTC pays for covered tuition and textbook expenses for participating employees and provides certain awards of UTC Common Stock, options and stock units upon completion of associate’s, bachelor’s, master’s and doctorate degrees.

Active employees of UTC and its participating affiliated companies in the United States and other countries are eligible to participate. Extended benefits are provided to certain employees whose positions are eliminated due to restructuring or layoff.

In recognition of the accomplishments of eligible employees who are awarded degrees from accredited educational institutions while participating in the program, shares of UTC Common Stock, stock options or stock units are awarded. U.S.-based employees who satisfy Program requirements will be awarded a number of shares of UTC Common Stock valued at $5,000 for those completing an associate’s degree and $10,000 for those completing a bachelor’s, master’s or doctorate degree. Alternatively, participants may elect to receive 250 UTC Common Stock options for those completing an associate’s degree, or 500 UTC Common Stock options for those completing a bachelor’s, master’s or doctorate degree. Employees based outside the U.S. who satisfy Program requirements will be awarded a number of shares of UTC Common Stock valued at 9% of the average UTC salary in that country for participants completing the equivalent of an associate’s degree and 18% of the average salary in that country for participants completing the equivalent of a bachelor’s, master’s, or doctorate degree. The number of shares awarded in each case is determined using the closing price of UTC Common Stock on the New York Stock Exchange ("NYSE") on the first trading day of the month following submission of a qualifying award request.

A maximum of 400,000 shares of UTC Common Stock may be awarded annually under the Program. UTC reserves the right to suspend, terminate or modify the terms of the Program at any time. This summary of the Program is qualified in its entirety by reference to UTC’s detailed policies and procedures implementing the Program, as amended from time to time. The sole purpose of the Program is to facilitate and encourage educational development and achievement and it is not intended to and shall not be construed to constitute an employee benefit plan or compensatory arrangement.

EXHIBIT 11

UNITED TECHNOLOGIES CORPORATION AND SUBSIDIARIES
Statement Re: Computation of Per Share Earnings

For the Five Years Ended December 31, 2002
(Millions of Dollars, except per share amounts)

	2002	2001	2000	1999	1998
Net Income	$ 2,236	$ 1,938	$ 1,808	$ 1,531	$ 1,255
ESOP Convertible Preferred Stock dividend	(31)	(31)	(32)	(33)	(33)
Basic earnings per period	$ 2,205	$ 1,907	$ 1,776	$ 1,498	$ 1,222
ESOP Convertible Preferred Stock adjustment	29	28	28	28	28
Diluted earnings for period	$ 2,234	$ 1,935	$ 1,804	$ 1,526	$ 1,250
Basic average number of shares outstanding during the period (thousands)	472,441	470,252	470,124	465,611	455,534
Stock awards (thousands)	7,067	9,156	11,256	13,806	11,944
ESOP Convertible Preferred Stock (thousands)	26,071	25,978	26,630	27,287	27,282
Diluted average number of shares outstanding during the period (thousands)	505,579	505,386	508,010	506,704	494,760
Basic earnings per common share	$ 4.67	$ 4.06	$ 3.78	$ 3.22	$ 2.68
Diluted earnings per common share	$ 4.42	$ 3.83	$ 3.55	$ 3.01	$ 2.53

UNITED TECHNOLOGIES CORPORATION AND SUBSIDIARIES
Statement Re: Computation of Ratios

(Millions of Dollars)

	2002	2001	2000	1999	1998
Fixed Charges:					
Interest expense	$ 381	$ 426	$ 382	$ 260	$ 197
Interest capitalized	16	22	18	15	12
One-third rents*	71	68	65	65	77
	$ 468	$ 516	$ 465	$ 340	$ 286
Earnings:					
Income from continuing operations before minority interests	$ 3,276	$ 2,807	$ 2,758	$ 1,257	$ 1,810
Fixed charges per above	468	516	465	340	286
Less: interest capitalized	(16)	(22)	(18)	(15)	(12)
	452	494	447	325	274
Amortization of interest capitalized	4	18	21	25	31
Total Earnings	$ 3,732	$ 3,319	$ 3,226	$ 1,607	$ 2,115
Ratio of Earnings to Fixed Charges	7.97	6.43	6.94	4.73	7.40

* Reasonable approximation of the interest factor.

Five Year Summary

IN MILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS	2002	2001	2000	1999	1998
For the year					
Revenues	**$ 28,212**	$ 27,897	$ 26,583	$ 24,127	$ 22,809
Research and development	**1,191**	1,254	1,302	1,292	1,168
Income from continuing operations(1)	**2,236**	1,938	1,808	841	1,157
Net income	**2,236**	1,938	1,808	1,531	1,255
Earnings per share:					
Basic:					
Continuing operations	**4.67**	4.06	3.78	1.74	2.47
Net earnings	**4.67**	4.06	3.78	3.22	2.68
Net earnings adjusted for SFAS No. 142		4.51	4.18	3.51	2.84
Diluted:					
Continuing operations	**4.42**	3.83	3.55	1.65	2.33
Net earnings	**4.42**	3.83	3.55	3.01	2.53
Net earnings adjusted for SFAS No. 142		4.25	3.92	3.27	2.67
Cash dividends per common share	**.98**	.90	.825	.76	.695
Average number of shares of Common Stock outstanding:					
Basic	**472.4**	470.2	470.1	465.6	455.5
Diluted	**505.6**	505.4	508.0	506.7	494.8
Return on average common shareowners' equity, after tax	**26.8%**	23.6%	24.4%	24.6%	28.6%
Operating cash flows	**2,853**	2,976	2,631	2,401	2,376
Capital expenditures	**586**	793	937	762	673
Acquisitions, including debt assumed	**424**	525	1,340	6,268	1,237
Share repurchase	**700**	599	800	822	650
At year end					
Working capital, continuing operations	**$ 3,848**	$ 2,892	$ 1,318	$ 1,412	$ 1,359
Total assets	**29,090**	27,010	25,364	24,366	17,768
Long-term debt, including current portion	**4,676**	4,371	3,772	3,419	1,669
Total debt	**4,873**	4,959	4,811	4,321	2,173
Debt to total capitalization	**37%**	37%	39%	38%	33%
ESOP Preferred Stock, net	**428**	429	432	449	456
Shareowners' equity	**8,355**	8,369	7,662	7,117	4,378
Number of employees - continuing operations	**155,000**	152,000	153,800	148,300	134,400

(1) 1999 and 1998 Income from continuing operations excludes the results of UT Automotive which was sold in 1999 and reflected in discontinued operations.

The 1999 amount reflects restructuring and related charges of $1.1 billion.

Management's Discussion and Analysis

Management's Discussion and Analysis of Financial Condition and Results of Operations

The Corporation's operations are classified into four principal segments: Otis, Carrier, Pratt & Whitney and Flight Systems. Otis and Carrier serve customers in the commercial and residential property industries. Carrier also serves commercial and transport refrigeration customers. Pratt & Whitney and the Flight Systems segment, which includes Hamilton Sundstrand and Sikorsky Aircraft ("Sikorsky"), primarily serve commercial and government customers in the aerospace industry. The Corporation's segment operating results are discussed in the Segment Review and Note 17 of the Notes to Consolidated Financial Statements.

Business Environment

As worldwide businesses, the Corporation's operations are affected by global, regional and industry economic and political factors. However, the Corporation's geographic and industry diversity, as well as the diversity of its product sales and service, has helped limit the impact of any one industry or the economy of any single country on the consolidated results. Current economic conditions in the commercial airline industry, global refrigeration industry, and commercial heating, ventilating and air conditioning markets had a negative impact on the Corporation's consolidated results and are expected to continue to present challenges to its businesses.

The Corporation's growth strategy contemplates acquisitions in its core businesses. The rate and extent to which appropriate acquisition opportunities are available and to which acquired businesses are integrated and anticipated synergies or cost savings are achieved can affect the Corporation's operations and results.

Revenues from outside the U.S., including U.S. export sales, in dollars and as a percentage of total segment revenues, are as follows:

IN MILLIONS OF DOLLARS	**2002**	2001	2000	**2002**	2001	2000
Europe	**$ 5,573**	$ 4,716	$ 4,413	**19%**	17%	17%
Asia Pacific	**3,647**	3,420	3,319	**13%**	12%	12%
Other Foreign	**2,581**	2,785	2,820	**9%**	10%	11%
U.S. Exports	**4,053**	3,947	4,134	**14%**	14%	15%
International Segment Revenues	**$15,854**	$14,868	$14,686	**55%**	53%	55%

As part of its globalization strategy, the Corporation has invested in businesses in certain countries, including Argentina, Brazil, the People's Republic of China, Russia and South Korea, which carry higher levels of currency, political and economic risk. At December 31, 2002, the Corporation's net investment in any one of these countries was less than 6% of consolidated equity.

During 2002, the strengthening of the euro had a favorable impact on the translation of foreign currency-denominated operating results into U.S. dollars. The favorable impact of the euro was partially offset by weakening Latin America currencies.

OTIS is the world's largest elevator and escalator manufacturing, installation and service company. Otis designs, manufactures, sells and installs a wide range of passenger and freight elevators, and produces a broad line of escalators. In addition to new equipment, Otis provides modernization products and services to upgrade elevators and escalators as well as maintenance services for a substantial portion of the products it sells, and those of other manufacturers. It serves an international customer base, principally in the commercial and residential property industries. In 2002, 77% of its revenues were generated outside the U.S. Otis' results can be impacted by various economic factors, including fluctuations in commercial construction, labor costs, interest rates, foreign currency exchange rates and raw material costs.

During 2002, construction activity in Europe was mixed but declined overall, and in Asia, activity was strong in both China and South Korea, but remained weak in Japan. U.S. office building construction starts continued to decline. Construction order activity slowed and national office vacancy rates increased as market conditions softened.

CARRIER is the world's largest manufacturer of commercial and residential heating, ventilating and air conditioning ("HVAC") systems and equipment. Carrier is also a leading producer of commercial and transport refrigeration equipment and provides aftermarket services and components for its products and those of other manufacturers in both the HVAC and refrigeration industries. During 2002, 48% of Carrier's revenues were generated outside the U.S. and by U.S. exports. Carrier's results can be impacted by a number of external factors, including commercial and residential construction activity, production and utilization of transport equipment, weather conditions, fuel prices, interest rates, foreign currency exchange rates, raw material costs and industry capacity.

During 2002, U.S. commercial construction starts decreased and investment in replacement refrigeration and HVAC equipment declined compared to 2001. The global transport refrigeration market improved in 2002, due in part to stabilizing fuel prices and favorable trends in interest rates. A warmer summer selling season in many regions of the U.S. and strength in housing starts favorably impacted North American residential HVAC operations, while international construction markets weakened. Slow economic growth and global pricing trends are expected to continue to present challenges to the North American and international HVAC and commercial refrigeration markets in 2003.

PRATT & WHITNEY and the FLIGHT SYSTEMS segments comprise the Corporation's aerospace businesses and produce and service commercial and government aerospace and defense products. The financial performance of these segments is directly tied to the aerospace and defense industries. Traffic growth, load factors, worldwide airline profits, influenced in part by fuel prices and labor issues, and general economic activity have been reliable indicators for new aircraft and aftermarket orders in the aerospace industry. Spare part sales and aftermarket service trends are impacted by many factors including usage, pricing, regulatory changes, and retirement of older aircraft. Performance in the general aviation sector is closely tied to the overall health of the economy and is positively correlated to corporate profits.

Current conditions in the airline industry include reduced flight schedules, an increased number of idle aircraft, workforce reductions, and declining financial performance, including recent airline bankruptcies. Airlines and aircraft manufacturers continue to reduce supplier bases and seek lower cost packages. These conditions have resulted in decreased aerospace volume and orders in the Corporation's commercial aerospace businesses and are expected to continue in 2003.

The Corporation's total sales to the U.S. Government increased in 2002 to $4,554 million or 16% of total sales, compared with $3,798 million or 14% of total sales in 2001 and $2,875 million or 11% of total sales in 2000. The defense portion of the Corporation's aerospace businesses is affected by changes in market demand and the global political environment. The Corporation's participation in long-term production and development programs for the U.S. Government has contributed positively to the Corporation's results in 2002 and is expected to remain at high levels in 2003.

PRATT & WHITNEY is among the world's leading suppliers of commercial, general aviation and military aircraft engines. Pratt & Whitney provides spare parts and aftermarket and fleet management services for the engines it produces, along with power generation systems. These products and services are regulated by strict safety and performance standards which can create uncertainty regarding the profitability of commercial engine programs. Pratt & Whitney is responding to market pressures by diversifying its product base for large commercial engines from the wide-bodied aircraft market to include engines designed specifically for the narrow-bodied aircraft market. In addition, the aftermarket business is being impacted by technological improvements to newer generation engines that increase reliability and by increased competition. Pratt & Whitney continues to enhance its aftermarket business through repositioning actions aimed at improving efficiency and through selective acquisitions and ventures.

Pratt & Whitney provides engines and aftermarket products and services to both the U.S. and foreign governments. Pratt & Whitney's engines have been selected to power the Air Force's F/A-22 and F-35 Joint Strike Fighter aircraft. In 2002, the F119 engine that powers the F/A-22 was approved for operational use by the U.S. Air Force. The F-35 Joint Strike Fighter program is intended to lead to the development of a single aircraft, with configurations for conventional and short take off and landing, for the U.S. Navy, Air Force and Marine Corps, the United Kingdom Royal Navy and other international customers.

FLIGHT SYSTEMS SEGMENT provides global products and services through Hamilton Sundstrand and Sikorsky. Hamilton Sundstrand provides aerospace and industrial products and aftermarket services for diversified industries worldwide. Aerospace products include aircraft power generation management and distribution systems, and environmental, flight and fuel control systems. Industrial products include air compressors, metering devices, fluid handling equipment and gear drives. Hamilton Sundstrand is responding to industry conditions by focusing on development of new product and service offerings, acquisitions and actions aimed at improving efficiency and aftermarket growth opportunities.

Sikorsky is one of the world's largest manufacturers of military and commercial helicopters, and provides aftermarket helicopter and aircraft products and services. It has responded to continued overcapacity among helicopter manufacturers by improving its cost structure, expanding the capabilities of its existing products and developing new product and service offerings. During 2002, Sikorsky expanded its aftermarket business base by acquiring Derco Holding, a supplier of military aircraft logistics, component distribution and repairs and aftermarket program management. In its government business, Sikorsky will continue to supply Black Hawk helicopters and their derivatives to the U.S. and foreign governments under contracts extending into 2006. A Sikorsky-Boeing joint venture is under contract with the U.S. Army to develop the RAH-66 Comanche, nine of which are contracted for delivery in 2005-2006. Sikorsky is also leading an international team in developing the S/H-92, a large cabin derivative of the Black Hawk, for the commercial and military markets. Type certification of the S-92 was obtained from the Federal Aviation Administration in December 2002.

Management's Discussion and Analysis

Critical Accounting Estimates

Preparation of the Corporation's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Note 1 to the Consolidated Financial Statements describes the significant accounting policies used in preparation of the Consolidated Financial Statements. Management believes the most complex and sensitive judgments, because of their significance to the Consolidated Financial Statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. The most significant areas involving management judgments and estimates are described below. Actual results in these areas could differ from management's estimates.

LONG-TERM CONTRACT ACCOUNTING. The Corporation utilizes percentage of completion accounting on certain of its long-term contracts. The percentage of completion method requires estimates of future revenues and costs over the full term of product delivery.

Losses, if any, on long-term contracts are provided for when anticipated. Loss provisions are based upon excess inventoriable manufacturing, engineering, estimated product warranty and product performance guarantee costs in excess of the revenue from the products contemplated under the contractual arrangement. Revenue used in determining contract loss provisions is based upon an estimate of the quantity, pricing and timing of future product deliveries. The extent of progress toward completion on the Corporation's long-term commercial aerospace and helicopter contracts is measured using units of delivery. In addition, the Corporation uses the cost-to-cost method for long-term aftermarket and development contracts in the aerospace businesses and for elevator and escalator installation and modernization contracts. Contract accounting also requires estimates of future costs over the performance period of the contract as well as an estimate of award fees and other sources of revenue.

Contract costs are incurred over a period of several years, and the estimation of these costs requires management's judgment. The long-term nature of these contracts, the complexity of the products, and the strict safety and performance standards under which they are regulated can affect the Corporation's ability to estimate costs precisely. As a result, the Corporation reviews and updates its cost estimates on significant contracts on a quarterly basis, and no less than annually for all others, or when circumstances change and warrant a modification to a previous estimate. Adjustments to contract loss provisions are recorded in earnings upon identification.

INCOME TAXES. The future tax benefit arising from net deductible temporary differences and tax carryforwards is $3.1 billion at December 31, 2002 and $2.6 billion at December 31, 2001. Management believes that the Corporation's earnings during the periods when the temporary differences become deductible will be sufficient to realize the related future income tax benefits. For those jurisdictions where the expiration date of tax carryforwards or the projected operating results indicate that realization is not likely, a valuation allowance is provided.

In assessing the need for a valuation allowance, the Corporation estimates future taxable income, considering the feasibility of ongoing tax planning strategies and the realizability of tax loss carryforwards. Valuation allowances related to deferred tax assets can be impacted by changes to tax laws, changes to statutory tax rates and future taxable income levels. In the event the Corporation were to determine that it would not be able to realize all or a portion of its deferred tax assets in the future, the Corporation would reduce such amounts through a charge to income in the period that such determination was made. Conversely, if the Corporation were to determine that it would be able to realize its deferred tax assets in the future in excess of the net carrying amounts, the Corporation would decrease the recorded valuation allowance through an increase to income in the period that such determination was made. See Note 10 to the Consolidated Financial Statements for further discussion.

BUSINESS ACQUISITIONS. The Corporation completed acquisitions in 2002 of $424 million, including $22 million of debt assumed in the acquisition of businesses. The assets and liabilities of acquired businesses are recorded under the purchase method at their estimated fair values at the dates of acquisition. Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. The Corporation has recorded goodwill of $7 billion at December 31, 2002 and $6.8 billion at December 31, 2001.

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to annual impairment testing. The identification and measurement of goodwill impairment involves the estimation of the fair value of reporting units. The estimates of fair value of reporting units are based on the best information available as of the date of the assessment, which primarily incorporate management assumptions about expected future cash flows and contemplate other valuation techniques. Future cash flows can be affected by changes in industry or market conditions or the rate and extent to which anticipated synergies or cost savings are realized with newly acquired entities. Although no goodwill impairment has been recorded to date, there can be no assurances that future goodwill impairments will not occur. See Note 7 to the Consolidated Financial Statements for further discussion.

PRODUCT PERFORMANCE. The Corporation extends performance and operating cost guarantees beyond its normal service and warranty policies for extended periods on some of its products, particularly commercial aircraft engines. Liability under such guarantees is based upon future product performance and durability. In addition, the Corporation incurs discretionary costs to service its products in connection with product performance issues. The Corporation accrues for such costs that are probable and can be reasonably estimated. The costs associated with these product performance and operating cost guarantees require estimates over the full terms of the agreements, and require management to consider factors such as the extent of future maintenance requirements and the future cost of material and labor to perform the services. These cost estimates are largely based upon historical experience. See Note 15 to the Consolidated Financial Statements for further discussion.

Management's Discussion and Analysis

CONTRACTING WITH THE U.S. GOVERNMENT. The Corporation's contracts with the U.S. Government are subject to government investigations and audits. Like many defense contractors, the Corporation has received audit reports which recommend that certain contract prices should be reduced to comply with various government regulations. Some of these audit reports involve substantial amounts. The Corporation has made voluntary refunds in those cases it believes appropriate. In addition, the Corporation accrues for liabilities associated with those government contracting matters that are probable and can be reasonably estimated. The inherent uncertainty related to the outcome of these matters can result in amounts materially different from any provisions made with respect to their resolution. The Corporation recorded sales to the U.S. Government of $4.6 billion in 2002 and $3.8 billion in 2001.

EMPLOYEE BENEFIT PLANS. The Corporation and its subsidiaries sponsor domestic and foreign defined benefit pension and other postretirement plans. Major assumptions used in the accounting for these employee benefit plans include the discount rate, expected return on plan assets, rate of increase in employee compensation levels and health care cost increase projections. Assumptions are determined based on Company data and appropriate market indicators, and are evaluated each year as of the plans' measurement date. A change in any of these assumptions would have an effect on net periodic pension and postretirement benefit costs reported in the Consolidated Financial Statements.

Lower market interest rates and plan asset returns have resulted in declines in pension plan asset performance and funded status. As a result, the discount rate was lowered to 6.75% and expected return on plan assets was lowered to 8.50%, reflecting current economic conditions. Pension expense in 2003 is expected to be negatively impacted by these changes. See Note 11 to the Consolidated Financial Statements for further discussion.

Results of Operations

IN MILLIONS OF DOLLARS	**2002**	2001	2000
Sales	**$27,980**	$27,486	$26,206
Financing revenues and other income, net	**232**	411	377
Revenues	**$28,212**	$27,897	$26,583

Consolidated revenues increased 1% in 2002 and 5% in 2001. Foreign currency translation had a minimal favorable impact in 2002 and decreased revenues 2% in 2001.

Sales in 2002 reflect growth at Otis and Sikorsky, largely offset by lower volume at Carrier and Pratt & Whitney. Sales growth in 2001 reflects growth in base businesses at Pratt & Whitney, Flight Systems and Otis, and growth from acquisitions, primarily at Carrier.

Financing revenues and other income, net, decreased $179 million and increased $34 million in 2002 and 2001, respectively. The 2002 decrease reflects interest income associated with the settlement of prior year tax audits recorded in 2001. The 2001 increase reflects the settlement of prior year tax audits recorded in 2001, largely offset by interest income on prior year income tax credits resulting from an industry-related court decision and modification of a product support agreement recorded in 2000.

IN MILLIONS OF DOLLARS	**2002**	2001	2000

Cost of sales	**$20,161**	$20,087	$18,970
Gross margin percent	**27.9%**	26.9%	27.6%

Gross margin increased in 2002 to 27.9% from 26.9% in 2001 due primarily to $230 million of goodwill amortization in 2001 which was discontinued in 2002 and the approximate $100 million settlement of environmental claims in 2002. These items contributed 1.2 percentage points to gross margin in 2002. Gross margin decreased in 2001 to 26.9% from 27.6% due primarily to restructuring and related charges of $224 million recorded in cost of sales in 2001.

IN MILLIONS OF DOLLARS	**2002**	2001	2000
Research and development — company funded	**$1,191**	$1,254	$1,302
Percent of sales	**4.3%**	4.6%	5.0%

Research and development spending decreased $63 million (5%) in 2002 and decreased $48 million (4%) in 2001. The 2002 decrease is primarily associated with the variable nature of engineering development program schedules at Pratt & Whitney and cost reduction actions at Carrier partially offset by increased spending on Sikorsky's S/H-92 program. The 2001 decrease is due primarily to decreased spending at Pratt & Whitney associated with the timing of development schedules. The above years include the Corporation's continued funding of research and development at its fuel cell unit. Total research and development expenses are expected to approximate 4% to 5% of sales in 2003.

In addition to company funded programs, customer funded research and development was $1,189 million in 2002, $846 million in 2001, and $865 million in 2000. The 2002 increase of $343 million is primarily attributable to increases in Pratt & Whitney's military business. Customer funded research and development decreased $19 million (2%) in 2001.

IN MILLIONS OF DOLLARS	**2002**	2001	2000
Selling, general and administrative	**$ 3,203**	$ 3,323	$ 3,171
Percent of sales	**11.4%**	12.1%	12.1%

Selling, general and administrative expenses as a percentage of sales decreased seven-tenths of a percent in 2002 and were flat in 2001. The 2002 decrease reflects the benefits of cost reduction actions, primarily at Carrier, and $43 million lower restructuring charges in 2002. The 2001 amount reflects $124 million of charges associated with 2001 restructuring actions and the impact of acquisitions, primarily at Carrier. These increases were offset by savings from prior cost reduction actions across the business.

IN MILLIONS OF DOLLARS	**2002**	2001	2000
Interest expense	**$381**	$426	$382

Interest expense decreased 11% in 2002 and increased 12% in 2001. The 2002 decrease is due primarily to lower short-term borrowings partially offset by the issuance of $500 million of 6.10% notes in April 2002. The 2001 increase is primarily related to the October 2001 issuance of $400 million of 4.875% notes, the February 2001 issuance of $500 million of 6.35% notes, and the November 2000 issuance of $500 million of 7.125% notes.

	2002	2001	2000
Average interest rate during the year:			
Short-term borrowings	**9.4%**	7.0%	9.9%
Total debt	**6.9%**	7.3%	8.1%

The average interest rate during the year on short-term borrowings exceeded that of total debt due to lower commercial paper balances and higher short-term borrowing rates in certain foreign operations. The weighted-average interest rate applicable to debt outstanding at December 31, 2002 was 7.0% for short-term borrowings and 6.5% for total debt.

	2002	2001	2000
Effective income tax rate	**27.1%**	26.9%	30.9%

The effective tax rate in 2002 reflects the benefit of increased use of certain tax planning strategies, including utilization of a capital loss carryback, and reflects the increase in pre-tax income from discontinuing amortization of non-deductible goodwill in accordance with SFAS No. 142. The 2001 effective tax rate reflects the impact of the favorable settlement of certain prior year tax audits. Excluding this settlement the effective rate was 30.0%. The effective income tax rate for 2001, adjusted for the impact of SFAS No. 142 and excluding the favorable settlement of prior year tax audits in 2001, was 28.2%. The 2000 effective tax rate includes the impact of two discrete items: the revaluation of the Corporation's state deferred tax asset resulting from the enactment of Connecticut tax law changes and the benefits from income tax credits for prior periods associated with an industry related court decision. Excluding discrete items and adjusting for the impact of SFAS No. 142, the 2000 effective income tax rate was 28.8%. The Corporation has continued to lower its effective tax rate by implementing tax reduction strategies. The Corporation expects its effective tax rate to increase in 2003 to a rate that is more consistent with the prior year effective tax rate before discrete items and the impact of SFAS No. 142.

In the normal course, the Corporation and its subsidiaries are examined by various tax authorities, including the Internal Revenue Service ("IRS"). The IRS is reviewing the Corporation's claims for prior periods' benefits as part of its routine examinations of the Corporation's income tax returns. Any additional impact on the Corporation's liability for income taxes cannot presently be determined, but the Corporation believes adequate provision has been made for any adjustments arising from these examinations.

For additional discussion of income taxes, see "Critical Accounting Estimates – Income Taxes" and Note 10 to the Consolidated Financial Statements.

Effective January 1, 2002, the Corporation ceased the amortization of goodwill in accordance with SFAS No. 142. As more fully described in Note 7 to the Consolidated Financial Statements, net income in 2001 and 2000 adjusted to exclude amounts no longer being amortized was $2,150 and $1,998, respectively. On that basis, diluted earnings per share were $4.25 in 2001 and $3.92 in 2000.

The impact of goodwill amortization recorded in the Corporation's segments, and the effect that discontinuing amortization would have had on certain income statement line item amounts is as follows:

IN MILLIONS OF DOLLARS	2001	2000
Otis	$ 30	$ 29
Carrier	74	57
Pratt & Whitney	23	21
Flight Systems	103	99
Total segment goodwill amortization	230	206
Income taxes	(16)	(14)
Minority interest in subsidiaries' earnings	(2)	(2)
Net income impact	$212	$190
Diluted earnings per share	$ .42	$ .37

For additional discussion, see Notes 1, 2 and 7 to the Consolidated Financial Statements.

Management's Discussion and Analysis

Business Acquisitions

During 2002, the Corporation invested $424 million, including debt assumed, in business acquisitions. That amount includes Sikorsky's second quarter purchase of Derco Holding and acquisitions at Pratt & Whitney. During 2001, the Corporation invested $525 million, including debt assumed, in the acquisition of more than 30 businesses. Those investments included Pratt & Whitney and Hamilton Sundstrand's acquisitions of aftermarket businesses and a number of small acquisitions in the commercial businesses. For additional discussion of acquisitions, see "Liquidity and Financing Commitments" and Note 2 to the Consolidated Financial Statements.

Under SFAS No. 142, intangible assets deemed to have indefinite lives and goodwill are no longer subject to amortization. All other intangible assets are to be amortized over their estimated useful lives. Intangible assets and goodwill are subject to annual impairment testing using the guidance and criteria described in the standard.

Restructuring and Other Costs

2002 Actions As described in Note 12 to the Consolidated Financial Statements, during 2002, the Corporation recorded pre-tax restructuring and related charges totaling $321 million. These charges relate to ongoing cost reduction efforts, including workforce reductions and consolidation of manufacturing, sales and service facilities, and include $237 million recorded in cost of sales and $81 million in selling, general and administrative expenses.

The charges were recorded in the Corporation's segments as follows: Otis $73 million, Carrier $114 million, Pratt & Whitney $80 million and Flight Systems $55 million. The charges included accruals of $203 million for severance and related employee termination costs, $48 million for asset write-downs, largely related to the disposal of manufacturing assets and facilities that will no longer be utilized, and $19 million for facility exit and lease termination costs. Additional charges associated with these restructuring actions totaling $51 million that were not accruable at the time were also recorded in 2002, primarily in the Carrier segment.

The 2002 actions are expected to result in net workforce reductions of approximately 7,000 salaried and hourly employees, the elimination of approximately 2.0 million square feet of facilities and the disposal of assets associated with exited facilities. Approximately 75% of the total pre-tax charge will require cash payments, which will be funded by cash generated from operations. During the year, the Corporation made pre-tax cash outflows of approximately $104 million related to the 2002 programs. Savings are expected to increase over a two-year period resulting in recurring pre-tax savings of approximately $285 million annually. As of December 31, 2002, approximately 4,900 employees and 200,000 square feet of facilities have been eliminated. The balance of the remaining workforce and facility related cost reduction actions are targeted to be completed in 2003. A significant portion of the remaining square footage to be eliminated under the 2002 actions relates to one domestic manufacturing facility. Operations were ceased at this facility late in 2002, and activities to ready the facility for sale are expected to be completed in early 2003. As of December 31, 2002, approximately $133 million of severance and related costs and $11 million of facility exit and lease termination accruals remain.

2001 Actions As described in Note 12 to the Consolidated Financial Statements, during the second half of 2001, the Corporation recorded pre-tax restructuring and related charges of $348 million associated with ongoing efforts to reduce costs in its segments in a continually challenging business environment and to address current conditions in the commercial airline industry. The restructuring actions focus principally on improving the overall level of organizational efficiency and consolidation of manufacturing, sales and service facilities. These charges were recorded in the Corporation's segments as follows: Otis $83 million, Carrier $172 million, Pratt & Whitney $63 million and Flight Systems $30 million. The charges included accruals of $256 million for severance and related employment termination costs, $53 million for asset write-downs and $19 million for facility exit and lease termination costs.

The amounts included $224 million recorded in cost of sales and $124 million in selling, general and administrative expenses, and relate to net workforce reductions of approximately 8,700 salaried and hourly employees, the elimination of approximately 2.3 million square feet of facilities and the disposal of assets associated with exited facilities. Savings are expected to build over a two-year period resulting in recurring pre-tax savings of approximately $300 million annually.

Approximately 70% of the total pre-tax charge will require cash payments, which will be funded by cash generated from operations. During 2002, the Corporation made pre-tax cash outflows of approximately $122 million associated with this program. As of December 31, 2002, workforce reductions of approximately 7,900 employees were completed and approximately 2.1 million square feet of facilities were eliminated. The balance of the workforce and facility related cost reduction actions are expected to be substantially complete in early 2003. As of December 31, 2002, approximately $37 million of severance and related costs and $1 million of facility exit and lease termination accruals remain.

The Corporation may initiate additional restructuring actions in 2003 in its ongoing efforts to reduce costs. No significant actions have been approved at this time.

Segment Review

	Revenues			Operating Profits			Operating Profit Margin		
IN MILLIONS OF DOLLARS	**2002**	2001	2000	**2002**	2001	2000	**2002**	2001	2000
Otis	**$6,811**	$6,338	$6,153	**$1,057**	$ 847	$ 798	**15.5%**	13.4%	13.0%
Carrier	**8,773**	8,895	8,430	**779**	590	795	**8.9%**	6.6%	9.4%
Pratt & Whitney	**7,645**	7,679	7,366	**1,282**	1,308	1,200	**16.8%**	17.0%	16.3%
Flight Systems	**5,571**	5,292	4,992	**741**	670	614	**13.3%**	12.7%	12.3%

Revenues, operating profits and operating profit margins of the Corporation's principal segments include the results of all majority-owned subsidiaries, consistent with the management reporting of these businesses. For certain of these subsidiaries, minority shareholders have rights which overcome the presumption of control as described in Note 17 to the Consolidated Financial Statements. In the Corporation's consolidated results, these subsidiaries are accounted for using the equity method of accounting.

2002 Compared to 2001

OTIS revenues increased $473 million (7%) in 2002 reflecting increases in all geographic regions and growth in both new equipment and service sales. Foreign currency translation increased revenues 2% in 2002, largely reflecting the strength of the euro in relation to the U.S. dollar. The 2002 increase also includes approximately two percentage points of organic growth, as well as the impact of acquisitions.

Otis operating profits increased $210 million (25%) in 2002. The operating profit increase reflects profit improvement in all geographic regions, primarily in Asia and Europe. The increase was due primarily to the profit impact of increased revenues, including those from recent acquisitions, productivity improvements and the absence of goodwill amortization in 2002. Foreign currency translation increased operating profits by 3% in 2002.

CARRIER revenues decreased $122 million (1%) in 2002. The decrease reflects continued weakness in the North American and European commercial HVAC markets, the commercial refrigeration business, and in Latin America, partially offset by increased volume in the transport refrigeration business. Foreign currency translation had a minimal impact in 2002, reflecting the strength of the U.S. dollar in relation to Latin American currencies, largely offset by the strengthening of the euro.

Carrier's operating profits increased $189 million (32%) in 2002. Excluding 2002 and 2001 restructuring charges, operating profit increased $131 million (17%) reflecting the benefit of cost reduction actions and the absence of goodwill amortization, partially offset by the profit impact of decreased volume, competitive pricing and continued performance issues in some of the acquired entities.

PRATT & WHITNEY revenues decreased $34 million, less than one percentage point, in 2002. The decrease was due primarily to lower volume at Pratt & Whitney Power Systems, declines in commercial spare parts sales, reflecting current conditions in the commercial airline industry, and lower engine volume at Pratt & Whitney Canada. These decreases were partially offset by increases in military engine and commercial overhaul and repair revenue. Consistent with the Corporation's expectations, commercial spare parts orders declined approximately 10% in 2002.

Pratt & Whitney operating profits decreased $26 million (2%) in 2002, reflecting lower profits from Pratt & Whitney Canada, commercial spare parts and Pratt & Whitney Power Systems. The decreases were partially offset by higher military engine and commercial overhaul and repair profits. The results also reflect the favorable impact of commercial engine contract changes offset by estimated costs to support product warranties to certain customers and costs associated with the PW6000 program.

FLIGHT SYSTEMS revenues increased $279 million (5%) in 2002. The increase was due to higher value helicopter shipments and increased aftermarket revenues at Sikorsky, resulting in part from the acquisition of Derco Holding in the second quarter of 2002.

These increases were partially offset by lower commercial aerospace aftermarket and industrial volume at Hamilton Sundstrand.

Flight Systems operating profits increased $71 million (11%) in 2002. The increase was due primarily to the discontinuance of goodwill amortization. Excluding goodwill amortization, operating profits decreased $32 million (4%) due primarily to lower commercial aerospace aftermarket and industrial volume at Hamilton Sundstrand and increased research and development spending at Sikorsky related to S-92 certification.

2001 Compared to 2000

OTIS revenues increased $185 million (3%) in 2001, reflecting increases in all regions and growth in both new equipment and service sales. The strengthening of the U.S. dollar in relation to European and Asian currencies during the year had the effect of reducing reported revenues by 4%.

Otis operating profits increased $49 million (6%) in 2001 reflecting profit improvements in all regions which resulted from volume increases and cost reduction actions. The 2001 restructuring charges and foreign currency translation reduced reported operating profits by 14% during the year.

CARRIER revenues increased $465 million (6%) in 2001, almost entirely due to acquisitions, including the acquisition of Specialty Equipment Companies during the fourth quarter of 2000, and growth in the European and Asian HVAC markets. The improvements were largely offset by continued weakness in several of the global refrigeration businesses and the negative foreign currency impact due primarily to the strength of the U.S. dollar in relation to Asian and European currencies, which reduced revenues by 2%.

Carrier operating profits decreased $205 million (26%) compared to 2000 in part due to 2001 restructuring charges of $172 million and the unfavorable impact of foreign currency translation. The decrease is primarily due to poor market conditions in refrigeration, North American commercial HVAC and Latin America, as well as performance issues in some of the acquired entities, particularly global refrigeration businesses. The 2001 operating profit decrease was partially offset by the acquisition of Specialty Equipment Companies in the fourth quarter of 2000 and improved performance in Carrier's European and Asian HVAC businesses.

PRATT & WHITNEY revenues increased $313 million (4%) in 2001. The increase was due primarily to increased shipments at Pratt & Whitney Power Systems and higher volume at Pratt & Whitney Canada, partially offset by lower commercial aerospace aftermarket volume in the fourth quarter of 2001.

Pratt & Whitney operating profits increased $108 million (9%) in 2001, reflecting favorable volume at Pratt & Whitney Canada and Pratt & Whitney Power Systems and cost reduction actions throughout the segment. These increases were partially offset by restructuring charges and lower commercial aerospace aftermarket volume in the fourth quarter.

FLIGHT SYSTEMS revenues increased $300 million (6%) in 2001. The increase was due primarily to increased original equipment sales and aftermarket revenues at Hamilton Sundstrand's aerospace business and increased helicopter shipments at Sikorsky. Flight Systems operating profits increased $56 million (9%) in 2001, reflecting growth in Hamilton Sundstrand's aerospace business and increased helicopter shipments at Sikorsky. Operating profits in 2001 included restructuring charges of $30 million.

Segment Review

Liquidity and Financing Commitments

IN MILLIONS OF DOLLARS	2002	2001
Cash and cash equivalents	$ 2,080	$ 1,558
Total debt	4,873	4,959
Net debt (total debt less cash)	2,793	3,401
Shareowners' equity	8,355	8,369
Total capitalization (debt plus equity)	13,228	13,328
Debt to total capitalization	37%	37%
Net debt to total capitalization	25%	29%

Management assesses the Corporation's liquidity in terms of its ability to generate cash to fund its operating, investing and financing activities. Significant factors affecting the management of liquidity are: cash flows generated from operating activities, capital expenditures, customer financing requirements, investments in businesses, dividends, Common Stock repurchases, adequacy of available bank lines of credit and the ability to attract long-term capital with satisfactory terms.

Net cash provided by operating activities in 2002 was $2,853 million compared to $2,976 million in 2001. The decrease reflects a $500 million cash contribution to the Corporation's domestic pension plans partially offset by improved operating and working capital performance. Pre-tax cash outflows associated with restructuring and other actions, including costs not accruable or contemplated when the actions were initiated, were $226 million in 2002 and $303 million in 2001.

Cash used in investing activities was $1,088 million in 2002 compared to $1,277 million in 2001. The most significant components of investing cash flows are capital expenditures and business acquisitions. Capital expenditures decreased $207 million to $586 million in 2002, reflecting a reprioritization of capital projects. Capital expenditures are expected to increase in 2003 to approximate anticipated depreciation levels. In 2002, the Corporation invested $424 million in the acquisition of businesses, consisting of $402 million of cash and $22 million of assumed debt. In 2001 acquisitions totaled $525 million, consisting of $439 million of cash and $86 million of assumed debt. Cash spending for investments in 2002 includes Sikorsky's acquisition of Derco Holding and acquisitions at Pratt & Whitney. Acquisition activity in 2003 is expected to approximate $1.5 billion and is dependent upon the availability of appropriate acquisition opportunities.

Customer financing activities used net cash of $164 million in 2002, compared to $123 million in 2001, reflecting increased customer requirements for financing. While the Corporation expects that customer financing will be a net use of cash in 2003, actual funding is subject to usage under existing customer financing arrangements. At December 31, 2002, the Corporation had financing and rental commitments of $1.6 billion related to commercial aircraft, of which as much as $434 million may be required to be disbursed in 2003. The Corporation may also arrange for third-party investors to assume a portion of its commitments. Refer to Note 4 to the Consolidated Financial Statements for additional discussion of the Corporation's commercial aerospace industry assets and commitments.

Financing cash outflows for 2002 and 2001 include the Corporation's repurchase of 10.9 million and 8.5 million shares of Common Stock for $700 million and $599 million, respectively. Share repurchase continues to be a use of the Corporation's cash flows and has more than offset the dilutive effect resulting from the issuance of stock under stock-based employee benefit programs in each of the last three years. In October 2002, the Corporation announced that the Board of Directors authorized the repurchase of up to 30 million shares. The new authorization replaces the previous share repurchase authority. At December 31, 2002, 25.3 million shares remained available for repurchase under the authorized program.

Segment Review

At December 31, 2002, the Corporation had credit commitments from banks totaling $1.5 billion under a Revolving Credit Agreement, which serves as a back-up facility for issuance of commercial paper. At December 31, 2002, there were no borrowings under the Revolving Credit Agreement. In addition, at December 31, 2002, approximately $800 million was available under short-term lines of credit with local banks at the Corporation's various international subsidiaries.

As described in Note 9 to the Consolidated Financial Statements, the Corporation issued $500 million and $900 million of long-term notes payable in 2002 and 2001, respectively. The proceeds of those issuances were used for the repayment of commercial paper, to support investment activities, and for general corporate purposes, including repurchases of the Corporation's Common Stock. At December 31, 2002, up to $1.1 billion of additional debt and equity securities could be issued under a shelf registration statement on file with the Securities and Exchange Commission.

The funded status of the Corporation's pension plans is dependent upon many factors, including returns on invested assets and the level of market interest rates. Recent declines in the value of securities traded in equity markets coupled with declines in long-term interest rates have had a negative impact on the funded status of the plans. During 2002, the Corporation contributed $753 million to its domestic pension plans, including $253 million of Treasury Stock in August and a $500 million voluntary cash contribution in October. During 2001, the Corporation contributed $247 million of Treasury Stock to its domestic pension plans. These contributions are reported as an increase in other assets in the Consolidated Balance Sheet. An independent manager has been appointed to hold and dispose of the shares from time to time in the open markets or otherwise. The Corporation can contribute cash to these plans at its discretion and made a $500 million cash contribution in January 2003. As of December 31, 2002, the total investment by the defined benefit pension plans in the Corporation's securities, including the Treasury Stock transactions described above, is approximately 6% of total plan assets.

The Corporation's shareowners' equity is impacted by a variety of factors, including those items that are not reported in earnings but are reported directly in equity, such as foreign currency translation, minimum pension liability adjustments, unrealized holding gains and losses on available-for-sale securities and cash flow hedging transactions. The Corporation recorded a $1.6 billion after-tax charge to equity, reflecting the increase in the additional minimum liability under its pension plans of $2.4 billion, which is included in future pension and postretirement benefit obligations in the December 31, 2002 Consolidated Balance Sheet. See the Consolidated Statement of Changes in Shareowners' Equity for information on such non-shareowners' changes.

The Corporation believes that existing sources of liquidity are adequate to meet anticipated borrowing needs at comparable risk-based interest rates for the foreseeable future. Although uncertainties in acquisition spending could cause modest variations at times, management anticipates that the level of debt to capital will remain generally consistent with recent levels. The anticipated level of debt to capital is expected to be sufficient to satisfy the Corporation's various cash flow requirements, including acquisition spending, continued Common Stock repurchases and pension funding as needed.

A summary of the Corporation's contractual obligations and commitments as of December 31, 2002 is as follows:

IN MILLIONS OF DOLLARS Contractual Obligations		Payments Due by Period			
	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Long-term debt	$4,676	$ 44	$421	$740	$3,471
Operating leases	766	212	274	146	134
Total contractual obligations	$5,442	$256	$695	$886	$3,605

See Notes 9 and 16 for additional information on contractual obligations.

IN MILLIONS OF DOLLARS Commercial Commitments		Amount of Commitment Expiration per Period			
	Committed	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Commercial aerospace financing and rental commitments	$1,365	$314	$286	$629	$136
IAE financing arrangements	1,232	388	268	85	491
Unconsolidated subsidiary debt guarantees	259	97	90	—	72
Commercial aerospace financing arrangements	164	7	39	8	110
Commercial customer financing arrangements	62	46	16	—	—

Total commercial commitments	$3,082	$852	$699	$722	$809

See Notes 4, 15 and 16 for additional information on commercial commitments.

Segment Review

Market Risk and Risk Management

The Corporation is exposed to fluctuations in foreign currency exchange rates, interest rates and commodity prices. To manage certain of those exposures, the Corporation uses derivative instruments, including swaps, forward contracts and options. Derivative instruments utilized by the Corporation in its hedging activities are viewed as risk management tools, involve little complexity and are not used for trading or speculative purposes. The Corporation diversifies the counterparties used and monitors the concentration of risk to limit its counterparty exposure.

The Corporation has evaluated its exposure to changes in foreign currency exchange rates, interest rates and commodity prices in its market risk sensitive instruments, which are primarily cash, debt and derivative instruments, using a value at risk analysis. Based on a 95% confidence level and a one-day holding period, at December 31, 2002, the potential loss in fair value of the Corporation's market risk sensitive instruments was not material in relation to the Corporation's financial position, results of operations or cash flows. The Corporation's calculated value at risk exposure represents an estimate of reasonably possible net losses based on historical market rates, volatilities and correlations and is not necessarily indicative of actual results. Refer to Notes 1, 9, 13 and 14 to the Consolidated Financial Statements for additional discussion of foreign exchange, interest rates and financial instruments.

FOREIGN CURRENCY EXPOSURES. The Corporation has a large volume of foreign currency exposures that result from its international sales, purchases, investments, borrowings and other international transactions. International segment revenues, including U.S. export sales, averaged approximately $15 billion over the last three years. The Corporation actively manages foreign currency exposures that are associated with committed foreign currency purchases and sales and other assets and liabilities created in the normal course of business at the operating unit level. Exposures that cannot be naturally offset within an operating unit to an insignificant amount are hedged with foreign currency derivatives. The Corporation also has a significant amount of foreign currency net asset exposures. Currently, the Corporation does not hold any derivative contracts that hedge its foreign currency net asset exposures but may consider such strategies in the future.

The Corporation's cash position includes amounts denominated in foreign currencies. The Corporation manages its worldwide cash requirements considering available funds among its many subsidiaries and the cost effectiveness with which these funds can be accessed. The repatriation of cash balances from certain of the Corporation's subsidiaries could have adverse tax consequences. However, those balances are generally available without legal restrictions to fund ordinary business operations. The Corporation has and will continue to transfer cash from those subsidiaries to the parent and to other international subsidiaries when it is cost effective to do so.

INTEREST RATE EXPOSURES. The Corporation's long-term debt portfolio consists mostly of fixed-rate instruments. Due to recent declines in market interest rates, a portion of that portfolio is hedged with fixed for floating interest rate swaps. The hedges are designated as fair value hedges and the gains and losses on the swaps are reported in interest expense, reflecting that portion of interest expense at a variable rate. From time to time the Corporation issues commercial paper, which exposes the Corporation to changes in interest rates.

COMMODITY PRICE EXPOSURES. The Corporation is exposed to volatility in the prices of raw materials used in some of its products and uses forward contracts in limited circumstances to manage some of those exposures. The forward contracts are designated as hedges of the cash flow variability that results from the forecasted purchases. Gains and losses on those derivatives are deferred in other comprehensive income to the extent they are effective as hedges and reclassified into cost of products sold in the period in which the hedged transaction impacts earnings.

Environmental Matters

The Corporation's operations are subject to environmental regulation by federal, state and local authorities in the United States and regulatory authorities with jurisdiction over its foreign operations. As a result, the Corporation has established, and continually updates, policies relating to environmental standards of performance for its operations worldwide. The Corporation believes that expenditures necessary to comply with the present regulations governing environmental protection will not have a material effect upon its competitive position, consolidated financial position, results of operations or cash flows.

The Corporation has identified approximately 470 locations, mostly in the United States, at which it may have some liability for remediating contamination. The Corporation does not believe that any individual location's exposure will have a material effect on the results of operations of the Corporation. Sites in the investigation or remediation stage represent approximately 95% of the Corporation's accrued environmental liability. The remaining 5% of the recorded liability consists of sites where the Corporation may have some liability but investigation is in the initial stages or has not begun.

The Corporation has been identified as a potentially responsible party under the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA" or Superfund) at approximately 100 sites. The number of Superfund sites, in and of itself, does not represent a relevant measure of liability because the nature and extent of environmental concerns vary from site to site and the Corporation's share of responsibility varies from sole responsibility to very little responsibility. In estimating its liability for remediation, the Corporation considers its likely proportionate share of the anticipated remediation expense and the ability of other potentially responsible parties to fulfill their obligations.

At December 31, 2002, the Corporation had $438 million reserved for environmental remediation. Cash outflows for environmental remediation were $42 million in 2002, $61 million in 2001 and $54 million in 2000. The Corporation estimates that ongoing environmental remediation expenditures in each of the next two years will not exceed $50 million.

The Corporation has had insurance in force over its history with a number of insurance companies and has pursued litigation seeking indemnity and defense under these insurance policies in relation to its environmental liabilities. In January 2002, the Corporation settled the last of these lawsuits under an agreement providing for the Corporation to receive payments totaling approximately $100 million.

Segment Review

U.S. Government

The Corporation's contracts with the U.S. Government are subject to audits. Like many defense contractors, the Corporation has received audit reports which recommend that certain contract prices should be reduced to comply with various government regulations. Some of these audit reports involve substantial amounts. The Corporation has made voluntary refunds in those cases it believes appropriate. In addition, the Corporation accrues for liabilities associated with those government contracting matters that are probable and can be reasonably estimated.

Additional discussion of the Corporation's environmental and U.S. Government contract matters is included in "Critical Accounting Estimates – Contracting with the Federal Government" and Notes 1 and 16 to the Consolidated Financial Statements.

Other

The Corporation extends performance and operating cost guarantees beyond its normal warranty and service policies for extended periods on some of its products, particularly commercial aircraft engines. Liability under such guarantees is contingent upon future product performance and durability. In addition, the Corporation incurs discretionary costs to service its products in connection with product performance issues. The Corporation has accrued its estimated liability that may result under these guarantees and for service costs which are probable and can be reasonably estimated.

New Accounting Pronouncements

In June 2001, SFAS No. 143, "Accounting for Asset Retirement Obligations" was issued. The standard requires that legal obligations associated with the retirement of tangible long-lived assets be recorded at fair value when incurred and is effective for the Corporation on January 1, 2003. Adoption of this standard will not have a material impact on the Corporation's consolidated financial position, results of operations or cash flows.

In September 2002, SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" was issued. This statement provides guidance on the recognition and measurement of liabilities associated with exit or disposal activities and requires that such liabilities be recognized when incurred. This statement is effective for exit or disposal activities initiated on or after January 1, 2003 and does not impact recognition of costs under the Corporation's existing programs. Adoption of this standard may impact the timing of recognition of costs associated with future exit and disposal activities, depending upon the nature of the actions initiated.

In November 2002, FASB Interpretation ("FIN") No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" was issued. The interpretation provides guidance on the guarantor's accounting and disclosure requirements for guarantees, including indirect guarantees of indebtedness of others. The Corporation has adopted the disclosure requirements of the interpretation as of December 31, 2002. The accounting guidelines are applicable to guarantees issued after December 31, 2002 and require that the Corporation record a liability for the fair value of such guarantees in the balance sheet.

In January 2003, FIN No. 46, "Consolidation of Variable Interest Entities" was issued. The interpretation provides guidance on consolidating variable interest entities and applies immediately to variable interests created after January 31, 2003. The guidelines of the interpretation will become applicable for the Corporation in its third quarter 2003 financial statements for variable interest entities created before February 1, 2003. The interpretation requires variable interest entities to be consolidated if the equity investment at risk is not sufficient to permit an entity to finance its activities without support from other parties or the equity investors lack certain specified characteristics. The Corporation is reviewing FIN No. 46 to determine its impact, if any, on future reporting periods, and does not currently anticipate any material accounting or disclosure requirement under the provisions of the interpretation.

Segment Review

Cautionary Note Concerning Factors That May Affect Future Results

This Annual Report contains statements which, to the extent they are not statements of historical or present fact, constitute "forward-looking statements" under the securities laws. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These forward-looking statements are intended to provide management's current expectations or plans for the future operating and financial performance of the Corporation, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as: "believe," "expect," "plans," "strategy," "prospects," "estimate," "project," "anticipate" and other words of similar meaning in connection with a discussion of future operating or financial performance. These include, among others, statements relating to:

- Future earnings and other measurements of financial performance
- Future cash flow and uses of cash
- The effect of economic downturns or growth in particular regions
- The effect of changes in the level of activity in particular industries or markets

- The scope, nature or impact of acquisition activity and integration into the Corporation's businesses
- Product developments and new business opportunities
- Restructuring costs and savings
- The outcome of contingencies
- Future repurchases of Common Stock
- Future levels of indebtedness and capital spending
- Pension plan assumptions and future contributions.

All forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For additional information identifying factors that may cause actual results to vary materially from those stated in the forward-looking statements, see the Corporation's reports on Forms 10-K, 10-Q and 8-K filed with the Securities and Exchange Commission from time to time. The Corporation's Annual Report on Form 10-K for 2002 includes important information as to risk factors in the "Business" section under the headings "Description of Business by Segment" and "Other Matters Relating to the Corporation's Business as a Whole," and in the "Legal Proceedings" section.

Management's Responsibility for Financial Statements and Controls

We believe it is critical to provide investors and other users of our financial statements with information that is relevant, objective, understandable and timely, so that they can make informed decisions. As a result, we have established and we maintain accounting systems and practices and internal control processes designed to provide reasonable assurance that transactions are properly executed and recorded and that our policies and procedures are carried out appropriately.

Core Values

We are committed to performance and improving shareowner value. We communicate honestly to investors and strive to deliver what we promise. We conduct our business in accordance with the Corporation's Code of Ethics, which is distributed to employees across the Corporation and is published in 16 languages. Through our Business Practices Office, we have long-standing programs in place that allow employees, customers, suppliers and others to identify situations, on a confidential or anonymous basis, that may be in violation of the Corporation's Code of Ethics.

Financial Controls and Transparency

Our internal controls are designed to ensure that assets are safeguarded, transactions are executed according to management authorization and that our financial systems and records can be relied upon for preparing our financial statements and related disclosures. Our system of internal controls includes continuous review of our financial policies and procedures to ensure accounting and regulatory issues have been appropriately addressed, recorded and disclosed. We execute periodic on-site accounting control and compliance reviews in each of our businesses to ensure policies and procedures are being followed. Our internal auditors test the adequacy of internal controls and compliance with policies, as well as perform a number of financial audits across the businesses throughout the year. The independent auditors perform audits of our financial statements, in which they examine evidence supporting the amounts and disclosures in our financial statements, and also consider our system of internal controls and procedures in planning and performing their audits. Their report appears on page 15.

Management Controls

Our management team is committed to providing high-quality, relevant and timely information about our businesses. Management performs reviews of each of our businesses throughout the year, addressing issues ranging from financial performance and strategy to personnel and compliance. We require that each business unit president, chief financial officer and controller certify the accuracy of that business unit's financial information and its system of internal accounting and disclosure controls and procedures on a quarterly and annual basis. We also require each finance executive worldwide to acknowledge adherence to a series of principles and responsibilities governing the professional and ethical conduct expected within the UTC finance organization, as modeled after the Financial Executives International code of conduct.

Our Board of Directors normally meets seven times per year to provide oversight, to review corporate strategies and operations, and to assess management's conduct of the business. The Audit Committee of our Board of Directors is comprised of five individuals who are not employees or officers of the company and normally meets eight times per year. The Audit Committee is responsible for the appointment and oversight of the audit work performed by the independent auditors, as well as overseeing our financial reporting practices and internal control systems. The Audit Committee meets regularly with our internal auditors and independent auditors, as well as management. Both the internal auditors and independent auditors have full, unlimited access to the Audit Committee.

Management is responsible for implementing and maintaining adequate systems of internal and disclosure controls and procedures and for monitoring their effectiveness. We strive to recruit, train and retain high performance individuals to ensure that our controls are designed, implemented and maintained in a high-quality, reliable manner. We evaluated the systems of internal and disclosure controls and procedures as of December 31, 2002. Based on that evaluation, management believes the internal accounting controls provide reasonable assurance that the Corporation's assets are safeguarded, transactions are executed in accordance with management's authorizations, and the financial records are reliable for the purpose of preparing financial statements.

/s/ George David /s/ Stephen F. Page

George David Chairman and Chief Executive Officer	Stephen F. Page Vice Chairman and Chief Financial Officer

Report of Independent Auditors

To the Shareowners of United Technologies Corporation

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, of changes in shareowners' equity and of cash flows present fairly, in all material respects, the financial position of United Technologies Corporation and its subsidiaries at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Corporation's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 7 to the Consolidated Financial Statements, effective January 1, 2002, the Corporation adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets".

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Hartford, Connecticut
January 16, 2003

Consolidated Statement of Operations

IN MILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS	2002	2001	2000
Revenues			
Product sales	$ 21,189	$ 20,907	$ 20,174
Service sales	6,791	6,579	6,032
Financing revenues and other income, net	232	411	377
	28,212	27,897	26,583
Costs and Expenses			
Cost of products sold	15,717	15,826	15,146
Cost of services sold	4,444	4,261	3,824
Research and development	1,191	1,254	1,302
Selling, general and administrative	3,203	3,323	3,171
Interest	381	426	382
	24,936	25,090	23,825
Income before income taxes and minority interests	3,276	2,807	2,758
Income taxes	887	755	853
Minority interests in subsidiaries' earnings	153	114	97
Net Income	$ 2,236	$ 1,938	$ 1,808
Earnings per Share of Common Stock			
Basic	$ 4.67	$ 4.06	$ 3.78
Diluted	$ 4.42	$ 3.83	$ 3.55

See accompanying Notes to Consolidated Financial Statements

Consolidated Balance Sheet

IN MILLIONS OF DOLLARS, EXCEPT PER SHARE (SHARES IN THOUSANDS)	2002	2001
Assets		

Cash and cash equivalents	**$ 2,080**	$ 1,558
Accounts receivable (net of allowance for doubtful accounts of $380 and $404)	**4,277**	4,141
Inventories and contracts in progress	**3,719**	3,966
Future income tax benefits	**1,431**	1,378
Other current assets	**244**	261
Total Current Assets	**11,751**	11,304
Customer financing assets	**771**	665
Future income tax benefits	**1,658**	1,205
Fixed assets	**4,587**	4,549
Goodwill	**6,981**	6,802
Other assets	**3,342**	2,485
Total Assets	**$ 29,090**	$ 27,010
Liabilities and Shareowners' Equity		
Short-term borrowings	**$ 197**	$ 588
Accounts payable	**2,095**	2,156
Accrued liabilities	**5,567**	5,534
Long-term debt currently due	**44**	134
Total Current Liabilities	**7,903**	8,412
Long-term debt	**4,632**	4,237
Future pension and postretirement benefit obligations	**5,088**	2,703
Other long-term liabilities	**2,095**	2,310
Commitments and contingent liabilities (Notes 4 and 16)		
Minority interests in subsidiary companies	**589**	550
Series A ESOP Convertible Preferred Stock, $1 par value		
Authorized-20,000 shares		
Outstanding-10,945 and 11,307 shares	**718**	743
ESOP deferred compensation	**(290)**	(314)
	428	429
Shareowners' Equity:		
Capital Stock:		
Preferred Stock, $1 par value; Authorized-250,000 shares; None issued or outstanding	**—**	—
Common Stock, $1 par value; Authorized-2,000,000 shares; Issued 607,038 and 603,076 shares	**5,447**	5,090
Treasury Stock-137,418 and 130,917 common shares at cost	**(4,951)**	(4,404)
Retained earnings	**10,836**	9,149
Accumulated other non-shareowners' changes in equity:		
Foreign currency translation	**(832)**	(889)
Minimum pension liability	**(2,151)**	(563)
Other	**6**	(14)
	(2,977)	(1,466)
Total Shareowners' Equity	**8,355**	8,369
Total Liabilities and Shareowners' Equity	**$ 29,090**	$ 27,010

See accompanying Notes to Consolidated Financial Statements

Consolidated Statement of Cash Flows

IN MILLIONS OF DOLLARS	**2002**	2001	2000
Operating Activities			
Net income	**$ 2,236**	$ 1,938	$ 1,808
Adjustments to reconcile net income to net cash flows provided by operating activities:			
Depreciation and amortization	**727**	905	859
Deferred income tax provision	**318**	297	246
Minority interests in subsidiaries' earnings	**153**	114	97
Change in:			
Accounts receivable	**80**	289	(69)
Inventories and contracts in progress	**327**	(147)	(184)

Other current assets	**10**	46	19
Accounts payable and accrued liabilities	**(301)**	(406)	(184)
Contribution to domestic pension plans	**(500)**	—	—
Other, net	**(197)**	(60)	39
Net Cash Provided by Operating Activities	**2,853**	2,976	2,631
Investing Activities			
Capital expenditures	**(586)**	(793)	(937)
Increase in customer financing assets	**(386)**	(360)	(339)
Decrease in customer financing assets	**222**	237	299
Business acquisitions	**(402)**	(439)	(1,168)
Dispositions of businesses	**26**	17	—
Other, net	**38**	61	44
Net Cash Used in Investing Activities	**(1,088)**	(1,277)	(2,101)
Financing Activities			
Issuance of long-term debt	**500**	904	712
Repayment of long-term debt	**(231)**	(354)	(435)
(Decrease) increase in short-term borrowings	**(357)**	(465)	83
Common Stock issued under employee stock plans	**183**	224	310
Dividends paid on Common Stock	**(462)**	(423)	(387)
Repurchase of Common Stock	**(700)**	(599)	(800)
Dividends to minority interests and other	**(184)**	(147)	(193)
Net Cash Used in Financing Activities	**(1,251)**	(860)	(710)
Effect of foreign exchange rate changes on Cash and cash equivalents	**8**	(29)	(29)
Net increase (decrease) in Cash and cash equivalents	**522**	810	(209)
Cash and cash equivalents, beginning of year	**1,558**	748	957
Cash and cash equivalents, end of year	**$ 2,080**	$ 1,558	$ 748
Supplemental Disclosure of Cash Flow Information:			
Interest paid, net of amounts capitalized	**$ 368**	$ 420	$ 381
Income taxes paid, net of refunds	**$ 396**	$ 497	$ 496
Non-cash investing and financing activities include:			
The 2002 and 2001 Treasury Stock contributions of $253 million and $247 million, respectively, to domestic defined benefit pension plans			

See accompanying Notes to Consolidated Financial Statements

Consolidated Statement of Changes in Shareowners' Equity

IN MILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Non-Shareowners' Changes In Equity	Non-Shareowners' Changes in Equity for the Period
December 31, 1999	$4,227	$(3,182)	$6,463	$ (391)	
Common Stock issued under employee plans (9.4 million shares), including tax benefit of $128	438	27	(109)		
Common Stock repurchased (13.6 million shares)		(800)			
Dividends on Common Stock ($.825 per share)			(387)		
Dividends on ESOP Preferred Stock ($4.80 per share)			(32)		
Non-Shareowners' Changes in Equity:					
Net income			1,808		$1,808
Foreign currency translation adjustments				(184)	(184)
Minimum pension liability adjustments, net of income tax benefits of $5				(3)	(3)
Unrealized holding loss on marketable equity securities, net of income tax benefits of $115				(213)	(213)
December 31, 2000	$4,665	$(3,955)	$7,743	$ (791)	$1,408
Common Stock issued under employee plans (6.2 million shares), including tax benefit of $91	315	13	(78)		

Common Stock contributed to defined benefit pension plans (4.1 million shares)	110	137			
Common Stock repurchased (8.5 million shares)		(599)			
Dividends on Common Stock ($.90 per share)			(423)		
Dividends on ESOP Preferred Stock ($4.80 per share)			(31)		
Non-Shareowners' Changes in Equity:					
Net income			1,938		$1,938
Foreign currency translation adjustments				(142)	(142)
Minimum pension liability adjustments, net of income tax benefits of $303				(519)	(519)
Unrealized holding gain on marketable equity securities, net of income taxes of $5				9	9
Unrealized cash flow hedging loss, net of income tax benefits of $12				(23)	(23)
December 31, 2001	$5,090	$(4,404)	$9,149	$(1,466)	$1,263
Common Stock issued under employee plans (4.2 million shares), including tax benefit of $45	**247**	**10**	**(56)**		
Common Stock contributed to defined benefit pension plans (4.1 million shares)	**110**	**143**			
Common Stock repurchased (10.9 million shares)		**(700)**			
Dividends on Common Stock ($.98 per share)			**(462)**		
Dividends on ESOP Preferred Stock ($4.80 per share)			**(31)**		
Non-Shareowners' Changes in Equity:					
Net income			**2,236**		**$2,236**
Foreign currency translation adjustments				**57**	**57**
Minimum pension liability adjustments, net of income tax benefits of $927				**(1,588)**	**(1,588)**
Unrealized holding loss on marketable equity securities, net of income tax benefits of $4				**(7)**	**(7)**
Unrealized cash flow hedging gain, net of income taxes of $14				**27**	**27**
December 31, 2002	**$5,447**	**$(4,951)**	**$10,836**	**$(2,977)**	**$ 725**

See accompanying Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

[note 1] Summary of Accounting Principles

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

CONSOLIDATION. The consolidated financial statements include the accounts of the Corporation and its controlled subsidiaries. Intercompany transactions have been eliminated.

CASH AND CASH EQUIVALENTS. Cash and cash equivalents includes cash on hand, demand deposits and short-term cash investments which are highly liquid in nature and have original maturities of three months or less.

ACCOUNTS RECEIVABLE. Current and long-term accounts receivable include:

IN MILLIONS OF DOLLARS	2002	2001
Retainage	**$ 40**	$ 26
Unbilled receivables	**$180**	$150

Retainage represents amounts which, pursuant to the contract, are not due until project completion and acceptance by the customer. Unbilled receivables represent revenues that are not currently billable to the customer under the terms of the contract. These items are expected to be collected in the normal course of business. Long-term accounts receivable are included in Other assets in the Consolidated Balance Sheet.

In 2002, the Corporation reclassified $48 million of prior year amounts provided for aerospace customer financing exposures from the allowance for doubtful accounts primarily to accrued liabilities.

MARKETABLE EQUITY SECURITIES. Equity securities that have a readily determinable fair value and management does not intend to hold are classified as available for sale and carried at fair value. Unrealized holding gains and losses are recorded as a separate component of shareowners' equity, net of deferred income taxes.

INVENTORIES AND CONTRACTS IN PROGRESS. Inventories and contracts in progress are stated at the lower of cost or estimated realizable value and are primarily based on first-in, first-out ("FIFO") or average cost methods; however, certain subsidiaries use the last-in, first-out ("LIFO") method. If inventories which were valued using the LIFO method had been valued under the FIFO method, they would have been $103 million higher at December 31, 2002 and 2001.

Costs accumulated against specific contracts or orders are at actual cost. Materials in excess of requirements for contracts and current or anticipated orders have been reserved as appropriate.

Manufacturing costs are allocated to current production and firm contracts.

FIXED ASSETS. Fixed assets are stated at cost. Depreciation is computed over the assets' useful lives using the straight-line method, except for aerospace assets acquired prior to January 1, 1999, which are depreciated using accelerated methods.

GOODWILL AND OTHER INTANGIBLE ASSETS. Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses and was historically amortized using the straight-line method of amortization over periods that ranged from 10 to 40 years. Effective July 1, 2001, the Corporation adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets," applicable to business combinations completed after June 30, 2001. In accordance with these standards, goodwill acquired after June 30, 2001 is not amortized.

As of January 1, 2002, the remaining provisions of SFAS No. 141 and No. 142 were effective for the Corporation. These standards require the use of the purchase method of accounting for business combinations, set forth the accounting for the initial recognition of acquired intangible assets and goodwill, and describe the accounting for intangible assets and goodwill subsequent to initial recognition. Under the provisions of these standards, goodwill and intangible assets deemed to have indefinite lives are no longer subject to amortization. All other intangible assets are amortized over their estimated useful lives. Goodwill and intangible assets are subject to annual impairment testing using the guidance and criteria described in the standards. This testing compares carrying values to fair values and when appropriate, the carrying value of these assets is required to be reduced to fair value.

Prior to the adoption of SFAS No. 142, the Corporation evaluated potential impairment of goodwill on an ongoing basis and of other intangible assets when appropriate. This evaluation compared the carrying value of assets to the sum of the undiscounted expected future cash flows. If an asset's carrying value exceeded the expected cash flows, the asset was written down to fair value.

OTHER LONG-LIVED ASSETS. The Corporation evaluates the potential impairment of other long-lived assets when appropriate. If the carrying value of assets exceeds the sum of the undiscounted expected future cash flows, the carrying value of the asset is written down to fair value.

REVENUE RECOGNITION. Sales under government and commercial fixed-price contracts and government fixed-price-incentive contracts are recorded at the time deliveries are made or, in some cases, on a percentage-of-completion basis. Sales under cost-reimbursement contracts are recorded as work is performed.

Sales under elevator and escalator installation and modernization contracts are accounted for under the percentage-of-completion method.

Losses, if any, on contracts are provided for when anticipated. Loss provisions are based upon excess inventoriable manufacturing, engineering, estimated product warranty and product performance guarantee costs in excess of the revenue from products contemplated under the contractual arrangement. Contract accounting requires estimates of future costs over the performance period of the contract as well as estimates of award fees and other sources of revenue. These estimates are subject to change and result in adjustments to margins on contracts in progress. The extent of progress toward completion on the Corporation's long-term commercial aerospace and helicopter contracts is measured using units of delivery. In addition, the Corporation uses the cost-to-cost method for long-term aftermarket and development contracts in the aerospace businesses and for elevator and escalator installation and modernization contracts. The Corporation reviews its cost estimates on significant contracts on a quarterly basis, and for others, no less frequently than annually, or when circumstances change and warrant a modification to a previous estimate. Adjustments to contract loss provisions are recorded in earnings upon identification.

Service sales, representing aftermarket repair and maintenance activities, are recognized over the contractual period or as services are performed.

Revenues from engine programs under collaboration agreements are recorded as earned and the collaborator share of revenue is recorded as a reduction of revenue at that time. Costs associated with engine programs under collaboration agreements are expensed as incurred. The collaborator share of program costs is recorded as a reduction of the related expense item at that time.

RESEARCH AND DEVELOPMENT. Research and development costs not specifically covered by contracts and those related to the Corporation-sponsored share of research and development activity in connection with cost-sharing arrangements are charged to expense as incurred.

Research and development costs incurred under contracts with customers are reported as a component of cost of products sold. Revenue from such contracts is recognized as product sales when earned.

HEDGING ACTIVITY. The Corporation uses derivative instruments, including swaps, forward contracts and options, to manage certain foreign currency, interest rate and commodity price exposures. Derivative instruments are viewed as risk management tools by the Corporation and are not used for trading or speculative purposes. Derivatives used for hedging purposes must be designated and effective as a hedge of the identified risk exposure at the inception of the contract. Accordingly, changes in fair value of the derivative contract must be highly correlated with changes in the fair value of the underlying hedged item at inception of the hedge and over the life of the hedge contract.

Effective January 1, 2001, the Corporation adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. The standard requires that all derivative instruments be recorded on the balance sheet at fair value. Derivatives used to hedge foreign-currency-denominated balance sheet items are reported directly in earnings along with offsetting transaction gains and losses on the items being hedged. Derivatives used to hedge forecasted cash flows associated with foreign currency commitments or forecasted commodity purchases are accounted for as cash flow hedges. Gains and losses on derivatives designated as cash flow hedges are recorded in other comprehensive income and reclassified to earnings in a manner that matches the timing of the earnings impact of the hedged transactions. The ineffective portion of all hedges, if any, is recognized currently in earnings.

The adoption of SFAS No. 133 did not have a material impact on the Corporation's consolidated results of operations, financial position or cash flows.

ENVIRONMENTAL. Environmental investigatory, remediation, operating and maintenance costs are accrued when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of currently available facts with respect to each individual site, including existing technology, current laws and regulations and prior remediation experience. Where no amount within a range of estimates is more likely, the minimum is accrued. For sites with multiple responsible parties, the Corporation considers its likely proportionate share of the anticipated remediation costs and the ability of the other parties to fulfill their obligations in establishing a provision for those costs. Liabilities with fixed or reliably determinable future cash payments are discounted. Accrued environmental liabilities are not reduced by potential insurance reimbursements.

LONG-TERM INCENTIVE PLANS. As more fully described in Note 11, the Corporation has long-term incentive plans authorizing various types of market and performance based incentive awards that may be granted to officers and employees. The Corporation applies APB Opinion 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its long-term incentive plans. The exercise price of stock options, set at the time of the grant, is not less than the fair market value per share at the date of grant. Options have a term of ten years and generally vest after three years.

The following table illustrates the effect on net income and earnings per share as if the Black-Scholes fair value method described in SFAS No. 123, "Accounting for Stock-Based Compensation" had been applied to the Corporation's long-term incentive plans.

IN MILLIONS OF DOLLARS EXCEPT PER SHARE AMOUNTS	Year Ended December 31 2002	2001	2000
Net income, as reported	**$2,236**	$1,938	$1,808
Add: Stock-based employee compensation expense (benefit) included in net income, net of related tax effects	**3**	(1)	6
Less: Total stock-based employee compensation expense determined under Black-Scholes option pricing model, net of related tax effects	**(121)**	(101)	(80)
Pro forma net income	**$2,118**	$1,836	$1,734
Earnings per share:			
Basic – as reported	**$ 4.67**	$ 4.06	$ 3.78
Basic – pro forma	**$ 4.42**	$ 3.84	$ 3.62
Diluted – as reported	**$ 4.42**	$ 3.83	$ 3.55
Diluted – pro forma	**$ 4.19**	$ 3.64	$ 3.41

Notes to Consolidated Financial Statements

[note 2] Business Acquisitions

ACQUISITIONS. The Corporation completed acquisitions in 2002, 2001, and 2000 for $424 million, $525 million, and $1,340 million, including debt assumed of $22 million, $86 million, and $172 million, respectively. The 2002 amount includes Sikorsky's acquisition of Derco Holding and acquisitions at Pratt & Whitney. The 2001 amount includes Hamilton Sundstrand's acquisition of Claverham Group LTD, Hamilton Sundstrand's and Pratt & Whitney's acquisitions of aftermarket businesses and a number of small acquisitions in the commercial businesses. The 2000 amount includes the acquisition of Specialty Equipment Companies for $708 million, including debt assumed.

The assets and liabilities of the acquired businesses are accounted for under the purchase method and recorded at their fair values at the dates of acquisition. The excess of the purchase price over the estimated fair values of the net assets acquired was recorded as an increase in goodwill of $156 million in 2002, $307 million in 2001, and $1,412 million in 2000. The results of operations of acquired businesses have been included in the Consolidated Statement of Operations beginning as of the effective date of acquisition.

The cost of acquisitions, including finalization of restructuring plans, and allocations of cost may require adjustment based upon information that may come to the attention of the Corporation which is not currently available.

Notes to Consolidated Financial Statements

[note 3] Earnings Per Share

IN MILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS	Income	Average Shares	Per Share Amount
December 31, 2002			
Net income	**$ 2,236**		
Less: ESOP Stock dividends	**(31)**		
Net income - basic	**2,205**	**472.4**	**$ 4.67**
Stock awards	**–**	**7.1**	
ESOP Stock adjustment	**29**	**26.1**	
Net income - diluted	**$ 2,234**	**505.6**	**$ 4.42**
December 31, 2001			
Net income	$ 1,938		
Less: ESOP Stock dividends	(31)		
Net income - basic	1,907	470.2	$ 4.06
Stock awards	–	9.2	
ESOP Stock adjustment	28	26.0	
Net income - diluted	$ 1,935	505.4	$ 3.83
December 31, 2000			
Net income	$ 1,808		
Less: ESOP Stock dividends	(32)		
Net income - basic	1,776	470.1	$ 3.78
Stock awards	–	11.3	
ESOP Stock adjustment	28	26.6	
Net income - diluted	$ 1,804	508.0	$ 3.55

Notes to Consolidated Financial Statements

[note 4] Commercial Aerospace Industry Assets and Commitments

The Corporation has receivables and other financing assets with commercial aerospace industry customers totaling $1,974 million and $1,630 million at December 31, 2002 and 2001, respectively.

Customer financing assets related to commercial aerospace industry customers consist of products under lease of $357 million and notes and leases receivable of $317 million. The notes and leases receivable are scheduled to mature as follows: $110 million in 2003, $47 million in 2004, $26 million in 2005, $19 million in 2006, $14 million in 2007 and $101 million thereafter.

Financing commitments, in the form of secured debt, guarantees or lease financing, are provided to commercial aerospace customers. The extent to which the financing commitments will be utilized is not currently known, since customers may be able to obtain more favorable terms from other financing sources. The Corporation may also arrange for third-party investors to assume a portion of its commitments. If financing commitments are exercised, debt financing is generally secured by assets with fair market values equal to or exceeding the financed amounts with interest rates established at the time of funding. The Corporation also may lease aircraft and subsequently sublease the aircraft to customers under long-term noncancelable operating leases. In some instances, customers may have minimum lease terms, which result in sublease periods shorter than the Corporation's lease obligation. Lastly, the Corporation has residual value and other guarantees related to various commercial aircraft engine customer financing arrangements. The estimated fair market values of the guaranteed assets equal or exceed the value of the related guarantees, net of existing reserves.

The Corporation's commercial aerospace financing and rental commitments as of December 31, 2002 were $1,365 million and are exercisable as follows: $314 million in 2003, $137 million in 2004, $149 million in 2005, $158 million in 2006, $471 million in 2007 and $136 million thereafter. The Corporation's financing obligations with customers are contingent upon maintenance of certain levels of financial condition by the customers.

In addition, the Corporation had residual value and other guarantees of $164 million as of December 31, 2002.

The Corporation has a 33% interest in International Aero Engines AG ("IAE"), an international consortium of four shareholders organized to support the V2500 commercial aircraft engine program. The Corporation's interest in IAE is accounted for under the equity method of accounting. IAE may offer customer financing in the form of guarantees, secured debt or lease financing in connection with V2500 engine sales. At December 31, 2002, IAE had financing commitments of $736 million and asset value guarantees of $55 million. The Corporation's share of IAE's financing commitments and asset value guarantees was approximately $257 million at December 31, 2002. In addition, IAE had lease obligations under long-term noncancelable leases of approximately $441 million, on an undiscounted basis, through 2021 related to aircraft which are subleased to customers under long-term leases. These aircraft have fair market values which approximate the financed amounts, net of reserves. The shareholders of IAE have guaranteed IAE's financing arrangements to the extent of their respective ownership interests. In the event of default by a shareholder on certain of these financing arrangements, the other shareholders would be proportionately responsible.

Total reserves related to receivables and financing assets, financing commitments and guarantees were $241 million and $228 million at December 31, 2002 and 2001, respectively.

[note 5] Inventories and Contracts in Progress

IN MILLIONS OF DOLLARS	2002	2001
Inventories consist of the following:		
Raw material	$ 740	$ 738
Work-in-process	1,026	1,208
Finished goods	2,329	2,159
Contracts in progress	2,093	2,106
	6,188	6,211
Less:		
Progress payments, secured by lien, on U.S. Government contracts	(123)	(146)
Billings on contracts in progress	(2,346)	(2,099)
	$ 3,719	$ 3,966

Raw materials, work-in-process and finished goods are net of valuation reserves of $699 million and $578 million as of December 31, 2002 and 2001, respectively.

Contracts in progress principally relate to elevator and escalator contracts and include costs of manufactured components, accumulated installation costs and estimated earnings on incomplete contracts.

The Corporation's sales contracts in many cases are long-term contracts expected to be performed over periods exceeding twelve months at December 31, 2002 and 2001. Approximately 58% of total inventories and contracts in progress have been acquired or manufactured under such long-term contracts, a portion of which is not scheduled for delivery under long-term contracts within the next twelve months.

Notes to Consolidated Financial Statements

[note 6] Fixed Assets

IN MILLIONS OF DOLLARS	Estimated Useful Lives	2002	2001
Land	–	$ 196	$ 188
Buildings and improvements	20-40 years	3,552	3,373
Machinery, tools and equipment	3-20 years	6,904	6,524
Other, including under construction	–	217	320
		10,869	10,405
Accumulated depreciation		(6,282)	(5,856)
		$ 4,587	$ 4,549

Depreciation expense was $640 million in 2002, $616 million in 2001 and $608 million in 2000.

Notes to Consolidated Financial Statements

[note 7] Goodwill and Other Intangible Assets

Effective January 1, 2002, the Corporation ceased the amortization of goodwill in accordance with SFAS No. 142. Results adjusted to exclude amounts no longer being amortized, are as follows:

IN MILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS	2002	2001	2000
Reported net income	$ 2,236	$ 1,938	$ 1,808
Adjustments:			
Goodwill amortization	–	230	206
Income taxes	–	(16)	(14)
Minority interest in subsidiaries' earnings	–	(2)	(2)
Adjusted net income	$ 2,236	$ 2,150	$ 1,998
Basic earnings per share			
Reported	$ 4.67	$ 4.06	$ 3.78
Adjusted	$ 4.67	$ 4.51	$ 4.18
Diluted earnings per share			
Reported	$ 4.42	$ 3.83	$ 3.55
Adjusted	$ 4.42	$ 4.25	$ 3.92

The changes in the carrying amount of goodwill for the year ended December 31, 2002, by segment, are as follows:

IN MILLIONS OF DOLLARS	Otis	Carrier	Pratt & Whitney	Flight Systems	Total Segments	Eliminations and Other	Total
Balance as of January 1, 2002	$ 727	$ 2,012	$ 367	$ 3,696	$ 6,802	–	$ 6,802
Goodwill resulting from business combinations completed or finalized	(5)	15	86	60	156	–	156
Foreign currency translation and other	31	(27)	(2)	25	27	$ (4)	23
Balance as of December 31, 2002	**$ 753**	**$ 2,000**	**$ 451**	**$ 3,781**	**$ 6,985**	**$ (4)**	**$ 6,981**

The increase in goodwill during 2002 resulted principally from business combinations completed or finalized in the period, including acquisitions at Pratt & Whitney and Sikorsky's acquisition of Derco Holding. Goodwill is subject to annual impairment testing as required under SFAS No. 142. As of December 31, 2002, the Corporation was not required to recognize any goodwill impairment. There can be no assurance that goodwill impairment will not occur in the future.

Identifiable intangible assets as of December 31, 2002 are recorded in Other assets in the Consolidated Balance Sheet and are comprised of the following:

IN MILLIONS OF DOLLARS	Gross Amount	Accumulated Amortization	Net Intangible Assets
Amortized intangible assets			
Purchased service contracts	$ 684	$ (199)	$ 485
Patents and trademarks	152	(26)	126
Other, principally customer relationships	60	(17)	43
	$ 896	$ (242)	$ 654

Amortization of intangible assets for the year ended December 31, 2002 was $53 million. Amortization of these intangible assets during each of the next five years is expected to approximate $50 million.

During 2002, the Corporation acquired intangible assets of $135 million primarily related to service contracts. The weighted-average amortization period for these service contracts is 14 years.

Notes to Consolidated Financial Statements

[note 8] Accrued Liabilities

IN MILLIONS OF DOLLARS	2002	2001
Accrued salaries, wages and employee benefits	**$1,056**	$ 984
Accrued restructuring costs	**182**	197
Service and warranty accruals	**690**	555
Advances on sales contracts	**795**	994
Income taxes payable	**584**	508
Other	**2,260**	2,296
	$5,567	$5,534

Notes to Consolidated Financial Statements

[note 9] Borrowings and Lines of Credit

Short-term borrowings consist of the following:

IN MILLIONS OF DOLLARS	2002	2001
Domestic borrowings	**$ 9**	$ 2
Foreign bank borrowings	**188**	273
Commercial paper	**-**	313
	$197	$588

The weighted-average interest rates applicable to short-term borrowings outstanding at December 31, 2002 and 2001 were 7.0% and 5.6%. At December 31, 2002, approximately $800 million was available under short-term lines of credit with local banks at the Corporation's various international subsidiaries.

At December 31, 2002, the Corporation had credit commitments from banks totaling $1.5 billion under a Revolving Credit Agreement, which serves as a back-up facility for issuance of commercial paper. There were no borrowings under the Revolving Credit Agreement at December 31, 2002.

Long-term debt consists of the following:

IN MILLIONS OF DOLLARS	Weighted	Maturity	2002	2001

	Average Interest Rate			
Notes and other debt denominated in:				
U.S. dollars	6.6%	2003-2029	**$4,425**	$3,901
Foreign currency	4.5%	2003-2018	**19**	204
ESOP debt	7.7%	2003-2009	**232**	266
			4,676	4,371
Less: Long-term debt currently due			**44**	134
			$4,632	$4,237

Principal payments required on long-term debt for the next five years are: $44 million in 2003, $384 million in 2004, $37 million in 2005, $705 million in 2006, and $35 million in 2007.

The Corporation has entered into $125 million and $325 million of interest rate contracts in 2002 and 2001, respectively, which swap fixed interest rates for floating rates. The expiration dates of the various contracts are tied to scheduled debt payment dates and extend to 2006.

The Corporation issued a total of $500 million and $900 million of notes in 2002 and 2001, respectively, under shelf registration statements previously filed with the Securities and Exchange Commission. The 2002 notes carry an interest rate of 6.10%. The weighted-average interest rate on the 2001 notes is 5.694%. Proceeds from the debt issuances were used for general corporate purposes, including repayment of commercial paper, to support investment activities and repurchasing the Corporation's Common Stock.

At December 31, 2002, up to $1.1 billion of additional debt and equity securities could be issued under a shelf registration statement on file with the Securities and Exchange Commission.

The percentage of total debt at floating interest rates was 13% and 18% at December 31, 2002 and 2001, respectively.

Notes to Consolidated Financial Statements

[note 10] Taxes on Income

Significant components of income tax provision (benefit) for each year are as follows:

IN MILLIONS OF DOLLARS	2002	2001	2000
Current:			
United States:			
Federal	**$ 116**	$ 18	$ 164
State	**15**	29	56
Foreign	**438**	411	387
	569	458	607
Future:			
United States:			
Federal	**321**	314	143
State	**19**	(18)	76
Foreign	**(22)**	1	27
	318	297	246
Income tax expense	**$ 887**	$ 755	$ 853
Attributable to items credited to equity and goodwill	**$ 912**	$ 401	$ 266

Future income taxes represent the tax effects of transactions which are reported in different periods for tax and financial reporting purposes. These amounts consist of the tax effects of temporary differences between the tax and financial reporting balance sheets and tax carryforwards. The tax effects of temporary differences and tax carryforwards which gave rise to future income tax benefits and payables at December 31, 2002 and 2001 are as follows:

IN MILLIONS OF DOLLARS	2002	2001
Future income tax benefits:		
Insurance and employee benefits	**$ 1,445**	$ 840
Other asset basis differences	**376**	300
Other liability basis differences	**1,017**	1,219
Tax loss carryforwards	**230**	176
Tax credit carryforwards	**257**	228
Valuation allowance	**(236)**	(180)
	$ 3,089	$ 2,583
Future income taxes payable:	**230**	176
Fixed assets	**$ 84**	$ 64
Other items, net	**109**	130

	$ 193	$ 194

Current and non-current future income tax benefits and payables within the same tax jurisdiction are generally offset for presentation in the Consolidated Balance Sheet. Valuation allowances have been established primarily for tax credit and tax loss carryforwards to reduce the future income tax benefits to amounts expected to be realized.

The sources of income from continuing operations before income taxes and minority interests are:

IN MILLIONS OF DOLLARS	**2002**	2001	2000
United States	**$ 1,899**	$ 1,619	$ 1,511
Foreign	**1,377**	1,188	1,247
	$ 3,276	$ 2,807	$ 2,758

United States income taxes have not been provided on undistributed earnings of international subsidiaries. The Corporation's intention is to reinvest these earnings permanently or to repatriate the earnings only when it is tax effective to do so. Accordingly, the Corporation believes that any U.S. tax on repatriated earnings would be substantially offset by U.S. foreign tax credits.

Differences between effective income tax rates and the statutory U.S. federal income tax rates are as follows:

	2002	2001	2000
Statutory U.S. federal income tax rate	**35.0%**	35.0%	35.0%
Tax on international activities including exports	**(7.0)**	(6.2)	(6.0)
Goodwill	**–**	1.8	1.7
Enacted tax law changes	**–**	–	1.9
Tax audit settlement	**–**	(3.1)	–
Other	**(0.9)**	(0.6)	(1.7)
Effective income tax rate	**27.1%**	26.9%	30.9%

The effective tax rate for 2002 reflects the benefit of increased use of certain tax-planning strategies, including utilization of a capital loss carryback, and the increase in pre-tax income from discontinuing amortization of non-deductible goodwill in accordance with SFAS No. 142.

The 2001 effective tax rate includes the impact of the favorable settlement of certain prior year tax audits. Excluding this settlement, the 2001 effective tax rate was 30.0%. The effective income tax rate adjusted for the impact of SFAS No. 142 and excluding the favorable settlement of prior year tax audits in 2001 was 28.2%.

The 2000 effective tax rate includes the impact of two discrete items: the revaluation of the Corporation's state deferred tax asset resulting from the enactment of Connecticut tax law changes and the benefits of income tax credits for prior periods associated with an industry related court decision. Excluding the discrete items and adjusting for the impact of SFAS No. 142, the 2000 effective tax rate was 28.8%.

Tax credit carryforwards at December 31, 2002 were $257 million of which $47 million expires from 2003-2017.

Tax loss carryforwards, principally state and foreign, at December 31, 2002 were $961 million of which $640 million expire as follows: $207 million from 2003-2007, $203 million from 2008-2012, $230 million from 2013-2022.

[note 11] Employee Benefit Plans

The Corporation and its subsidiaries sponsor numerous domestic and foreign employee benefit plans. Those plans are discussed below.

EMPLOYEE SAVINGS PLANS. The Corporation and certain subsidiaries sponsor various employee savings plans. Total employer contributions were $133 million, $123 million and $107 million for 2002, 2001 and 2000, respectively.

The Corporation's nonunion domestic employee savings plans use an Employee Stock Ownership Plan ("ESOP") for employer contributions. External borrowings, guaranteed by the Corporation and reported as debt in the Consolidated Balance Sheet, were used by the ESOP to fund a portion of its purchase of ESOP Stock from the Corporation. Each share of ESOP Stock is convertible into four shares of Common Stock, has a guaranteed value of $65, a $4.80 annual dividend and is redeemable at any time for $65 per share. Upon notice of redemption by the Corporation, the Trustee has the right to convert the ESOP Stock into Common Stock. Because of its guaranteed value, the ESOP Stock is classified outside of Shareowners' Equity.

Shares of ESOP Stock are committed to employees at fair value on the date earned. The ESOP Stock's cash dividends are used for debt service payments. Participants receive shares in lieu of the cash dividends. As debt service payments are made, ESOP Stock is released from an unreleased shares account. If share releases do not meet share commitments, the Corporation will contribute additional ESOP Stock, Common Stock or cash. At December 31, 2002, 6.5 million shares had been committed to employees, leaving 4.4 million shares in the ESOP Trust, with an approximate fair value of $1.1 billion based on equivalent common shares.

Upon withdrawal, shares of the ESOP Stock must be converted into the Corporation's Common Stock or, if the value of the Common Stock is less than the guaranteed value of the ESOP Stock, the Corporation must repurchase the shares at their guaranteed value.

PENSION PLANS. The Corporation and its subsidiaries sponsor many domestic and foreign defined benefit pension and other postretirement plans.

The 2001 amounts in the following tables are valued at September 30. In 2002, the Corporation changed the measurement date for its domestic defined benefit pension and postretirement plans from September 30 to November 30 to more closely align the measurement date of these plans with the Corporation's year-end financial reporting date. The impact of this change was not material.

IN MILLIONS OF DOLLARS	2002	2001
Change in Benefit Obligation:		
Beginning balance	$ 12,354	$ 12,232
Service cost	255	250
Interest cost	884	869
Actuarial loss (gain)	1,272	(239)
Total benefits paid	(839)	(796)
Net settlement and curtailment (gain) loss	(11)	13
Acquisitions	–	3
Other	10	22
Ending balance	$ 13,925	$ 12,354
Change in Plan Assets:		
Beginning balance	$ 10,025	$ 13,119
Actual return on plan assets	(295)	(2,338)
Employer contributions	1,060	51
Benefits paid from plan assets	(808)	(755)
Acquisitions	–	1
Other	43	(53)
Ending balance	$ 10,025	$ 10,025
Funded status	$(3,900)	$ (2,329)
Unrecognized net actuarial loss	4,891	2,173
Unrecognized prior service cost	143	287
Unrecognized net obligation at transition	5	7
Net amount recognized	$ 1,139	$ 138
Amounts Recognized in the Consolidated Balance Sheet Consist of:		
Prepaid benefit cost	$ 1,537	$ 492
Accrued benefit liability	(3,985)	(1,534)
Intangible asset	180	286
Accumulated other non-shareowners' changes in equity	3,407	894
Net amount recognized	$ 1,139	$ 138

Major assumptions used in accounting for pension plans are presented in the following table as weighted-averages:

	2002	2001	2000
Pension Benefits:			
Discount rate	6.6%	7.4%	7.4%
Expected return on plan assets	9.2%	9.6%	9.7%
Salary scale	4.4%	4.7%	4.9%

The expected return on plan assets for determining 2003 net periodic benefit cost was lowered to 8.5%.

At December 31, 2002 and 2001, the Corporation recorded an increase to the minimum pension liability of $2.4 billion and $1.1 billion, respectively, resulting in a net of tax charge to equity of $1.6 billion and $519 million, respectively.

Qualified domestic pension plan benefits comprise approximately 86% of the projected benefit obligation and are generally based on an employee's years of service and compensation near retirement or, if a union plan, on a stated amount for each year of service. Certain foreign plans, which comprise approximately 12% of the projected benefit obligation, are considered defined benefit plans for accounting purposes. Non-qualified domestic pension plans provide supplementary retirement benefits to certain employees and are not a meaningful component of the projected benefit obligation.

During 2002, the Corporation contributed $253 million of Treasury Stock and made a $500 million voluntary cash contribution to its domestic pension plans. In December 2001, the Corporation contributed $247 million of Treasury Stock to its domestic pension plans. Plan assets at December 31, 2002 and 2001 are comprised primarily of equity securities (67% and 69%, respectively) and fixed income securities (24% and 21%, respectively). Common Stock of the Corporation, included in the equities amounts above, amounted to approximately 6% and 3% of domestic plan assets at December 31, 2002 and 2001, respectively.

Market performance can have a significant impact on the funded status of the plans and contributed to the underfunded status in 2002. Qualified domestic plans comprised 73% of the total unfunded status and domestic non-qualified plans, which have no assets, were 7% of the total unfunded status.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $13,853 million, $12,399 million and $9,960 million, as of December 31, 2002 and $11,551 million, $10,596 million and $9,560 million, as of December 31, 2001.

IN MILLIONS OF DOLLARS	2002	2001	2000
Components of Net Periodic Benefit Cost:			
Pension Benefits:			
Service cost	$ 255	$ 250	$ 238
Interest cost	884	869	839
Expected return on plan assets	(1,116)	(1,135)	(1,060)
Amortization of prior service cost	39	36	34
Amortization of unrecognized net transition obligation (asset)	2	(2)	(20)
Recognized actuarial net loss	4	14	11
Net settlement and curtailment loss (gain)	37	46	(2)
Net periodic pension benefit cost – employer	$ 105	$ 78	$ 40
Net periodic pension benefit cost – multiemployer plans	$ 55	$ 45	$ 30

POSTRETIREMENT PLANS

IN MILLIONS OF DOLLARS	2002	2001
Change in Benefit Obligation:		
Beginning balance	$ 1,040	$ 1,175
Service cost	11	15
Interest cost	73	85
Actuarial loss (gain)	16	(152)
Total benefits paid	(114)	(106)
Net settlement and curtailment (gain) loss	(59)	8
Other	30	15
Ending balance	$ 997	$ 1,040
Change in Plan Assets:		
Beginning balance	$ 62	$ 76
Actual return on plan assets	(1)	(7)
Employer contributions	1	1
Benefits paid from plan assets	(13)	(11)
Other	4	3
Ending balance	$ 53	$ 62
Funded status	$ (944)	$ (978)
Unrecognized net actuarial gain	(102)	(138)
Unrecognized prior service cost	(94)	(105)
Unrecognized net obligation at transition	–	18
Net amount recognized	$ (1,140)	$ (1,203)
Amounts Recognized in the Consolidated Balance Sheet Consist of:		
Accrued benefit liability	$ (1,140)	$ (1,203)

Major assumptions used in accounting for postretirement plans are presented in the following table as weighted-averages:

	2002	2001	2000
Other Postretirement Benefits:			
Discount rate	**6.7%**	7.5%	7.5%
Expected return on plan assets	**9.1%**	9.6%	9.6%

For measurement purposes, a 10% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2002. The rate is assumed to decrease 0.5% per year to 5% in 2013.

IN MILLIONS OF DOLLARS	**2002**	2001	2000
Components of Net Periodic Benefit Cost:			
Other Postretirement Benefits:			
Service cost	**$ 11**	$ 15	$ 13
Interest cost	**73**	85	82
Expected return on plan assets	**(5)**	(7)	(7)
Amortization of prior service cost	**(19)**	(13)	(16)
Net settlement and curtailment gain	**(57)**	(3)	–
Net periodic other postretirement benefit cost	**$ 3**	$ 77	$ 72

During 2002, the Corporation modified the postretirement medical and life insurance benefits provided to certain employees resulting in the recognition of a $43 million curtailment gain. The gain was recorded in segment cost of products sold and selling, general and administrative expenses.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage-point change in assumed health care cost trend rates would change the accumulated postretirement benefit obligation as of December 31, 2002 by approximately $45 million. The effects of this change on the service cost and the interest cost components of the net postretirement benefit expense for 2002 would total approximately $4 million.

LONG-TERM INCENTIVE PLANS. The Corporation has long-term incentive plans authorizing various types of market and performance based incentive awards, which may be granted to officers and employees. The 1989 Long-Term Incentive Plan provides for the annual grant of awards in an amount not to exceed 2% of the aggregate shares of Common Stock, treasury shares and potentially dilutive common shares for the preceding year. In addition, up to 4 million options on Common Stock may be granted annually under the Corporation's Employee Stock Option Plan.

A summary of the transactions under all plans for the three years ended December 31, 2002 follows:

	Stock Options		
SHARES AND UNITS IN THOUSANDS	Shares	Average Price	Other Incentive Shares/Units
Outstanding at:			
December 31, 1999	44,668	$ 33.49	1,250
Granted	8,167	64.55	86
Exercised/earned	(9,412)	24.99	(840)
Canceled	(1,031)	51.55	(13)
December 31, 2000	42,392	$ 40.93	483
Granted	8,255	75.60	78
Exercised/earned	(6,206)	26.83	(127)
Canceled	(1,292)	66.33	(40)
December 31, 2001	43,149	$ 48.85	394
Granted	**10,313**	**65.18**	**280**
Exercised/earned	**(4,031)**	**32.01**	**(88)**
Canceled	**(1,383)**	**68.99**	**(16)**
December 31, 2002	**48,048**	**$ 53.19**	**570**

Granted options in the above table include options issued in connection with business combinations.

The following table summarizes information about stock options outstanding and exercisable (in thousands) at December 31, 2002:

Outstanding Options	Options Exercisable

Exercise Price	Shares	Average Price	Remaining Term	Shares	Average Price
$10.01-$25.00	6,516	$19.02	2.07	6,516	$19.02
$25.01-$40.00	8,656	35.18	4.34	8,656	35.18
$40.01-$55.00	6,587	51.95	5.87	6,552	51.95
$55.01-$70.00	16,136	63.81	8.19	2,808	60.09
$70.01-$85.00	10,153	74.36	7.95	1,166	73.31

In accordance with SFAS No. 123, "Accounting for Stock Issued to Employees," the fair value of each stock option grant has been estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2002	2001	2000
Risk-free interest rate	**4.4%**	4.8%	6.1%
Expected life	**5 years**	5 years	5 years
Expected volatility	**39%**	36%	30%
Expected dividend yield	**1.6%**	1.3%	1.0%

A table illustrating the effect on net income and earnings per share as if the Black-Scholes fair value method had been applied to long-term incentive plans is presented in Note 1.

The weighted-average grant date fair values of options granted during 2002, 2001 and 2000 were $23.30, $24.83 and $21.33.

Notes to Consolidated Financial Statements

[note 12] Restructuring

2002 ACTIONS. During 2002, the Corporation recorded pre-tax restructuring and related charges totaling $321 million. These charges relate to ongoing cost reduction efforts, including workforce reductions and consolidation of manufacturing, sales and service facilities, and include $237 million recorded in cost of sales, $81 million in selling, general and administrative expenses.

The charges were recorded in the Corporation's segments as follows: Otis $73 million, Carrier $114 million, Pratt & Whitney $80 million and Flight Systems $55 million. The charges included accruals of $203 million for severance and related employee termination costs, $48 million for asset write-downs, largely related to the disposal of manufacturing assets and facilities that will no longer be utilized, and $19 million for facility exit and lease termination costs. Additional charges associated with these restructuring actions totaling $51 million that were not accruable at the time were also recorded in 2002, primarily in the Carrier segment.

The 2002 actions are expected to result in net workforce reductions of approximately 7,000 salaried and hourly employees, the elimination of approximately 2.0 million square feet of facilities and the disposal of assets associated with exited facilities. As of December 31, 2002, approximately 4,900 employees and 200,000 square feet of facilities have been eliminated. The balance of the remaining workforce and facility related cost reduction actions are targeted to be completed in 2003. A significant portion of the remaining square footage to be eliminated under the 2002 actions relates to one domestic manufacturing facility. Operations were ceased at this facility late in 2002 and activities to ready the facility for sale are expected to be completed in early 2003. As of December 31, 2002, approximately $133 million of severance and related costs and $11 million of facility exit and lease termination accruals remain.

2001 ACTIONS. During the second half of 2001, the Corporation recorded pre-tax charges totaling $348 million associated with ongoing efforts to reduce costs in its segments in a continually challenging business environment and to address current conditions in the commercial airline industry. The restructuring actions focus principally on improving the overall level of organizational efficiency and consolidation of manufacturing, sales and service facilities. These charges were recorded in the Corporation's segments as follows: Otis $83 million, Carrier $172 million, Pratt & Whitney $63 million and Flight Systems $30 million. The charges included accruals of $256 million for severance and related employment termination costs, $53 million for asset write-downs and $19 million for facility exit and lease termination costs.

The amounts included $224 million recorded in cost of sales and $124 million in selling, general and administrative expenses, and relate to net workforce reductions of approximately 8,700 salaried and hourly employees, the elimination of approximately 2.3 million square feet of facilities and the disposal of assets associated with exited facilities.

As of December 31, 2002, workforce reductions of approximately 7,900 employees were completed and approximately 2.1 million square feet of facilities were eliminated. The balance of the workforce and facility related cost reduction actions are expected to be substantially complete in early 2003. As of December 31, 2002, approximately $37 million of severance and related costs and $1 million of facility exit and lease termination accruals remain.

Notes to Consolidated Financial Statements

[note 13] Foreign Exchange

The Corporation conducts business in many different currencies and, accordingly, is subject to the inherent risks associated with foreign exchange rate movements. The financial position and results of operations of substantially all of the Corporation's foreign subsidiaries are measured using the local currency as the functional currency. Foreign currency denominated assets and liabilities are translated into U.S. dollars at the exchange rates existing at the respective balance sheet dates, and income and expense items are translated at the average exchange rates during the respective periods. The aggregate effects of translating the balance sheets of these subsidiaries are deferred as a separate component of shareowners' equity. The Corporation had foreign currency net assets in more than forty currencies, aggregating $4.2 billion and $3.7 billion at December 31, 2002 and 2001.

The notional amount of foreign exchange contracts hedging foreign currency transactions was $2.9 billion and $3.0 billion at December 31, 2002 and 2001, respectively.

Notes to Consolidated Financial Statements

[note 14] Financial Instruments

The Corporation operates internationally and, in the normal course of business, is exposed to fluctuations in interest rates, foreign exchange rates and commodity prices. These fluctuations can increase the costs of financing, investing and operating the business. The Corporation manages its foreign currency transaction risks and some commodity exposures to acceptable limits through the use of derivatives designated as hedges.

By nature, all financial instruments involve market and credit risks. The Corporation enters into derivative and other financial instruments with major investment grade financial institutions and has policies to monitor the credit risk of those counterparties. The Corporation limits counterparty exposure and concentration of risk by diversifying counterparties. The Corporation does not anticipate non-performance by any of these counterparties.

The non-shareowner changes in equity associated with hedging activity for the twelve months ended December 31, 2002 and 2001 were as follows:

IN MILLIONS OF DOLLARS	2002	2001
Balance at January 1	$(23)	–
Cash flow hedging loss, net	(6)	$(55)
Net loss reclassified to sales or cost of products sold	33	32
Balance at December 31	$ 4	$(23)

Of the amount recorded in shareowners' equity, a $3 million pre-tax gain is expected to be reclassified into sales or cost of products sold to reflect the fixed prices obtained from hedging within the next twelve months. Gains and losses recognized in earnings related to the discontinuance or the ineffectiveness of cash flow and fair value hedges were immaterial for the years ended December 31, 2002 and 2001. At December 31, 2002, all derivative contracts accounted for as cash flow hedges mature by December 2005.

Following the adoption of SFAS No. 133, all derivative instruments are recorded on the balance sheet at fair value. At December 31, 2002 and 2001, the fair value of derivatives recorded as assets is $58 million and $28 million, respectively, and the fair value of derivatives recorded as liabilities is $39 million and $76 million, respectively. The Corporation uses derivatives to hedge forecasted cash flows associated with foreign currency commitments or forecasted commodity purchases which are accounted for as cash flow hedges. In addition, the Corporation uses derivatives, such as interest rate swaps and currency swaps which are accounted for as fair value hedges.

The carrying amounts and fair values of financial instruments at December 31, are as follows:

	2002		2001	
IN MILLIONS OF DOLLARS	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets and Liabilities				
Marketable equity securities	$ 17	$ 17	$ 53	$ 53
Long-term receivables	155	151	56	57
Customer financing note receivables	301	299	377	374
Short-term borrowings	(197)	(197)	(588)	(588)
Long-term debt	(4,657)	(5,374)	(4,355)	(4,586)

The above fair values were computed based on comparable transactions, quoted market prices, discounted future cash flows or an estimate of the amount to be received or paid to terminate or settle the agreement, as applicable.

The values of marketable equity securities represent the Corporation's investment in common stock that is classified as available for sale and is accounted for at fair value.

The Corporation had outstanding financing and rental commitments totaling $1.6 billion at December 31, 2002. Risks associated with changes in interest rates on these commitments are mitigated by the fact that interest rates are variable during the commitment term and are set at the date of funding based on current market conditions, the fair value of the underlying collateral and the credit worthiness of the customers. As a result, the fair value of these financings is expected to equal the amounts funded. The fair value of the commitment itself is not readily determinable and is not considered significant. Additional information pertaining to these commitments is included in Note 4.

Notes to Consolidated Financial Statements

[note 15] Guarantees

The Corporation extends a variety of financial, market value and product performance guarantees to third parties. As of December 31, 2002 the following were outstanding:

IN MILLIONS OF DOLLARS	Maximum Potential Payment	Carrying Amount of Liability
Environmetal remediation indemnification (See Note 16)	No limit	$186
Financial guarantees:		
Credit facilities and debt obligations – unconsolidated subsidiaries (expire 2003 to 2010)	$ 259	$ –
IAE's financing arrangements (See Note 4)	$1,232	$ 22
Commercial aerospace financing arrangements (See Note 4)	$ 164	$ 26
Commercial customer financing arrangements	$ 62	$ –

The Corporation accrues for costs associated with guarantees when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of currently available facts, and where no amount within a range of estimates is more likely, the minimum is accrued.

The Corporation provides service and warranty policies on its products and extends performance and operating cost guarantees beyond its normal service and warranty policies on some of its products, particularly commercial aircraft engines. Liability under service and warranty policies is based upon a review of historical warranty and service claim experience. Liability for performance and operating cost guarantees is based upon future product performance and durability, and is estimated largely based upon historical experience. Adjustments are made to accruals as claim data and historical experience warrant. In addition, the Corporation incurs discretionary costs to service its products in connection with product performance issues.

The changes in the carrying amount of service and product warranties and product performance guarantees for the year ended December 31, 2002, are as follows:

IN MILLIONS OF DOLLARS	
Balances as of January 1, 2002	$ 1,090
Warranties and guarantees issued	355
Settlements made	(475)
Adjustments to provision	54
Balance as of December 31, 2002	**$1,024**

[note 16] Commitments and Contingent Liabilities

LEASES. The Corporation occupies space and uses certain equipment under lease arrangements. Rental commitments of $766 million at December 31, 2002 under long-term noncancelable operating leases are payable as follows: $212 million in 2003, $159 million in 2004, $115 million in 2005, $87 million in 2006, $59 million in 2007 and $134 million thereafter.

Rent expense was $214 million in 2002, $204 million in 2001 and $194 million in 2000.

Additional information pertaining to commercial aerospace rental commitments is included in Note 4.

ENVIRONMENTAL. The Corporation's operations are subject to environmental regulation by federal, state and local authorities in the United States and regulatory authorities with jurisdiction over its foreign operations. As described in Note 1, the Corporation has accrued for the costs of environmental remediation activities and periodically reassesses these amounts. Management believes that the likelihood of incurring losses materially in excess of amounts accrued is remote.

The Corporation has had insurance in force over its history with a number of insurance companies and has pursued litigation seeking indemnity and defense under these insurance policies in relation to its environmental liabilities. In January 2002, the Corporation settled the last of these lawsuits under an agreement providing for the Corporation to receive payments totaling approximately $100 million. Accrued environmental liabilities are not reduced by potential insurance reimbursements.

U.S. GOVERNMENT. The Corporation is now, and believes that in light of the current government contracting environment it will be, the subject of one or more government investigations. If the Corporation or one of its business units were charged with wrongdoing as a result of any of these investigations, they could be suspended from bidding on or receiving awards of new government contracts pending the completion of legal proceedings. If convicted or found liable, the Corporation could be fined and debarred from new government contracting for a period generally not to exceed three years. Any contracts found to be tainted by fraud could be voided by the Government.

The Corporation's contracts with the U.S. Government are also subject to audits. Like many defense contractors, the Corporation has received audit reports which recommend that certain contract prices should be reduced to comply with various government regulations. Some of these audit reports involve substantial amounts. The Corporation has made voluntary refunds in those cases it believes appropriate. In addition, the Corporation accrues for liabilities associated with those matters that are probable and can be reasonably estimated.

OTHER. The Corporation extends performance and operating cost guarantees beyond its normal warranty and service policies for extended periods on some of its products, particularly commercial aircraft engines. Liability under such guarantees is contingent upon future product performance and durability. In addition, the Corporation incurs discretionary costs to service its products in connection with product performance issues. The Corporation has accrued its estimated liability that may result under these guarantees and for service costs which are probable and can be reasonably estimated.

The Corporation also has other commitments and contingent liabilities related to legal proceedings and matters arising out of the normal course of business.

The Corporation has accrued for environmental investigatory, remediation, operating and maintenance costs, performance guarantees and other litigation and claims based on management's estimate of the probable outcome of these matters. While it is possible that the outcome of these matters may differ from the recorded liability, management believes that resolution of these matters will not have a material impact on the Corporation's financial position, results of operations or cash flows.

Notes to Consolidated Financial Statements

[note 17] Segment Financial Data

The Corporation's operations are classified in four principal segments. Those segments were generally determined based on the management of the businesses and on the basis of separate groups of operating companies, each with general operating autonomy over diversified products and services.

OTIS products include elevators, escalators, service, automated people movers and spare parts sold to a diversified international customer base principally in the commercial and residential property industries.

CARRIER products include heating, ventilating and air conditioning systems and equipment, commercial and transport refrigeration equipment and service for a diversified international customer base principally in commercial and residential real estate development.

PRATT & WHITNEY products include aircraft engines and spare parts sold to a diversified customer base, including international and domestic commercial airlines and aircraft leasing companies, aircraft manufacturers, and U.S. and non-U.S. governments. Pratt & Whitney also provides product support and a full range of overhaul, repair and fleet management services and produces land-based power generation equipment.

FLIGHT SYSTEMS SEGMENT provides global aerospace and industrial products and services through Hamilton Sundstrand and Sikorsky. Hamilton Sundstrand provides aerospace and industrial products for diversified industries. Aerospace products include aircraft power generation management and distribution systems, and environmental, flight and fuel control systems. Sikorsky products include military and commercial helicopters, aftermarket products and service.

Segment and geographic data include the results of all majority-owned businesses, consistent with the management reporting of these businesses. For certain of these subsidiaries, minority shareholders have rights which, under the provisions of EITF 96-16 "Investor's Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights", overcome the presumption of control. In the Corporation's consolidated results, these subsidiaries are accounted for using the equity method of accounting. The participating rights granted by contract to minority shareholders that overcome the presumption of control include minority participation in the appointment, dismissal and compensation of senior management, approval of organizational structure changes, policies, annual operating and capital plans, including approval of merger and acquisition investment activities, and annual dividend plans. These and other participating rights that allow the minority shareholder to participate in decisions that occur as part of the ordinary course of business are represented through the minority shareholder's ability to block actions proposed by the majority interest. Adjustments to reconcile segment reporting to consolidated results are included in "Eliminations and other," which also includes certain small subsidiaries.

Segment information for the years ended December 31 follows:

Segment Information

	Total Revenues			Operating Profits		
IN MILLIONS OF DOLLARS	**2002**	2001	2000	**2002**	2001	2000
Otis	**$ 6,811**	$ 6,338	$ 6,153	**$1,057**	$ 847	$ 798
Carrier	**8,773**	8,895	8,430	**779**	590	795
Pratt & Whitney	**7,645**	7,679	7,366	**1,282**	1,308	1,200
Flight Systems	**5,571**	5,292	4,992	**741**	670	614
Total Segment	**$28,800**	$28,204	$26,941	**$3,859**	$3,415	$3,407
Eliminations and other	**(558)**	(307)	(358)	**(27)**	25	(39)
General corporate expenses	**—**	—	—	**(175)**	(207)	(228)

Consolidated	**$28,212**	$27,897	$26,583	**$3,657**	$3,233	3,140
Interest income				**(381)**	(426)	(382)
Income before income taxes and minority interests				**$3,276**	$2,807	$2,758

Goodwill amortization recorded in segment operating profits for the year ended December 31, 2001 is as follows: Otis – $30, Carrier – $74, Pratt & Whitney – $23, and Flight Systems – $103. Excluding goodwill amortization, segment operating profits for the year ended December 31, 2001 are as follows: Otis – $877, Carrier – $664, Pratt & Whitney – $1,331, and Flight Systems – $773.

Goodwill amortization recorded in segment operating profits for the year ended December 31, 2000 is as follows: Otis – $29, Carrier – $57, Pratt & Whitney – $21, and Flight Systems – $99. Excluding goodwill amortization, segment operating profits for the year ended December 31, 2000 are as follows: Otis – $827, Carrier – $852, Pratt & Whitney – $1,221, and Flight Systems – $713.

	Total Assets			Capital Expenditures			Depreciation & Amortization		
IN MILLIONS OF DOLLARS	**2002**	2001	2000	**2002**	2001	2000	**2002**	2001	2000
Otis	**$ 4,060**	$ 3,777	$ 3,753	**$ 81**	$ 80	$108	**$138**	$159	$165
Carrier	**7,431**	7,202	6,907	**94**	226	231	**189**	248	206
Pratt & Whitney	**6,082**	6,090	5,951	**257**	343	369	**209**	223	217
Flight Systems	**8,005**	7,724	7,750	**127**	125	195	**169**	259	261
Total segment	**$25,578**	$24,793	$24,361	**$559**	$774	$903	**$705**	$889	$849
Eliminations and other	**3,512**	2,217	1,003	**27**	19	34	**22**	16	10
Consolidated	**$29,090**	$27,010	$25,364	**$586**	$793	$937	**$727**	$905	$859

SEGMENT REVENUES AND OPERATING PROFIT. Total revenues by segment include intersegment sales, which are generally made at prices approximating those that the selling entity is able to obtain on external sales. Operating profits by segment include income before interest expense, income taxes and minority interest.

Geographic Areas

	External Revenues			Operating Profits			Long-Lived Assets		
IN MILLIONS OF DOLLARS	**2002**	2001	2000	**2002**	2001	2000	**2002**	2001	2000
United States operations	**$16,760**	$17,109	$16,231	**$2,289**	$1,987	$1,950	$ 8,648	$ 8,489	$ 8,535
International operations									
Europe	**5,573**	4,716	4,413	**690**	570	606	1,547	1,188	1,030
Asia Pacific	**3,647**	3,420	3,319	**573**	416	368	1,428	1,404	1,418
Other	**2,581**	2,785	2,820	**307**	442	483	521	574	534
Eliminations and other	**(349)**	(133)	(200)	**(202)**	(182)	(267)	78	72	71
Consolidated	**$28,212**	$27,897	$26,583	**$3,657**	$3,233	$3,140	$12,222	$11,727	$11,588

GEOGRAPHIC EXTERNAL REVENUES AND OPERATING PROFIT. Geographic external revenues and operating profits are attributed to the geographic regions based on their location of origin. United States external revenues include export sales to commercial customers outside the U.S. and sales to the U.S. Government, commercial and affiliated customers, which are known to be for resale to customers outside the U.S.

Revenues from United States operations include export sales as follows:

IN MILLIONS OF DOLLARS	**2002**	2001	2000
Europe	**$1,422**	$1,314	1,606
Asia Pacific	**1,594**	1,484	1,632
Other	**1,037**	1,149	896
	$4,053	$3,947	$4,134

GEOGRAPHIC LONG-LIVED ASSETS. Long-lived assets include net fixed assets and intangibles which can be attributed to the specific geographic regions.

MAJOR CUSTOMERS. Revenues include sales under prime contracts and subcontracts to the U.S. Government, primarily related to Pratt & Whitney and Flight Systems products, as follows:

IN MILLIONS OF DOLLARS	**2002**	2001	2000
Pratt & Whitney	**$2,489**	$1,708	1,616
Flight Systems	**2,015**	2,037	1,207

Selected Quarterly Financial Data (Unaudited)

	2002 Quarters				2001 Quarters			
IN MILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS	**First**	**Second**	**Third**	**Fourth**	First	Second	Third	Fourth

Sales	**$6,321**	**$7,271**	**$7,250**	**$7,138**	$6,597	$7,260	$6,734	$6,895
Gross Margin	**1,836**	**2,081**	**2,012**	**1,890**	1,785	2,076	1,811	1,727
Net income	**467**	**624**	**612**	**533**	440	588	565	345
Net income adjusted for SFAS No. 142					492	641	619	398
Earnings per share of Common Stock:								
Basic	**$ .97**	**$ 1.30**	**$ 1.28**	**$ 1.11**	$ .92	$ 1.23	$ 1.19	$ .72
Diluted	**$ .92**	**1.23**	**$ 1.21**	**$ 1.06**	$ .86	$ 1.16	$ 1.12	$ .69
Earnings per share of Common Stock: adjusted for SFAS No. 142								
Basic					$ 1.03	$ 1.34	$ 1.31	$ .83
Diluted					$ .96	$ 1.26	$ 1.23	$ .80

Comparative Stock Data

	2002			2001		
Common Stock	**High**	**Low**	**Dividend**	High	Low	Dividend
First Quarter	**$77.25**	**$59.37**	**$.245**	$82.08	$67.00	$.225
Second Quarter	**$75.00**	**$64.85**	**$.245**	$87.21	$70.83	$.225
Third Quarter	**$71.00**	**$55.98**	**$.245**	$76.56	$41.64	$.225
Fourth Quarter	**$65.83**	**$49.19**	**$.245**	$65.56	$47.25	$.225

The Corporation's Common Stock is listed on the New York Stock Exchange. The high and low prices are based on the Composite Tape of the New York Stock Exchange. There were approximately 24,100 common shareowners of record at December 31, 2002.

Directors

Board of Directors

George David
Chairman and
Chief Executive Officer

Jean-Pierre Garnier
Chief Executive Officer
GlaxoSmithKline plc
(Pharmaceuticals)

Jamie S. Gorelick
Vice Chair, Fannie Mae
(Mortgage Funding)

Charles R. Lee
Non-Executive Chairman
of the Board of Directors
Verizon Communications
(Telecommunications)

Richard D. McCormick
Immediate Past Chairman
International Chamber of
Commerce (ICC)

Stephen F. Page
Vice Chairman
and Chief Financial Officer

Frank P. Popoff
Retired Chairman and
Chief Executive Officer
The Dow Chemical Company
(Chemicals and Chemical Products)

H. Patrick Swygert
President
Howard University

André Villeneuve
Retired Chairman

Permanent Committees

Audit Committee
Frank P. Popoff, Chairman
Jamie S. Gorelick
Richard D. McCormick
André Villeneuve
H. A. Wagner

Compensation &
Executive Development
H. A. Wagner, Chairman
Jean-Pierre Garnier
Charles R. Lee
Richard D. McCormick
Frank P. Popoff

Executive Committee
George David, Chairman
Charles R. Lee
Sephen F. Page
Frank P. Popoff
H. A. Wagner

Finance Committee
Charles R. Lee, Chairman
George David
Jamie S. Gorelick
Sephen F. Page
Frank P. Popoff
H. Patrick Swygert
André Villeneuve
Sanford I. Weill

Committee on Nominations
and Governance
Richard D. McCormick, Chairman
Jean-Pierre Garnier
Charles R. Lee
H. Patrick Swygert

Instinet Corporation
(Electronic Agency Stockbroker)

H. A. Wagner
Retired Chairman
Air Products and Chemicals, Inc.
(Industrial Gases and Chemicals)

Sanford I. Weill
Chairman and
Chief Executive Officer
Citigroup Inc.
(Financial Services)

H. A. Wagner
Sanford I. Weill

Public Issues Review Committee
Jean-Pierre Garnier, Chairman
Jamie S. Gorelick
H. Patrick Swygert
André Villeneuve
Sanford I. Weill

Leadership

Mario Abajo
President,
South Europe and
Middle East, Otis

David Adler
Senior Vice President,
Worldwide Customer
Service,
Sikorsky

Tesfaye Aklilu
Vice President, Quality

Ted F. Amyuni
Senior Vice President,
Operations, Carrier

Alain M. Bellemare
President,
Pratt & Whitney Canada

Richard H. Bennett, Jr.
Vice President,
Environment,
Health & Safety

Todd Bluedorn
President, North
America Commercial,
Carrier

Dean C. Borgman
President, Sikorsky Aircraft

Ari Bousbib
President, Otis

John W. Boyd
Vice President, Operations,
Hamilton Sunstrand

Kent L. Brittan
Vice President,
Supply Management

William M. Brown
President, Transicold,

Louis R. Chênevert
President, Pratt & Whitney

Halsey Cook
President, North America
Residential, Carrier

Geraud Darnis
President, Carrier

George David
Chairman and
Chief Executive Officer

G. Sandy Diehl
President, Escalator
Systems Division, Otis

John Doucette
Vice President and
Chief Information Officer

Stephen N. Finger
Executive Vice President,
Engineering, Operations
and President,
Military Engines,
Pratt & Whitney

James L. Gingrich
President,
Flight Systems and
Services,
Hamilton Sundstrand

Patrick J. Gnazzo
Vice President,
Business Practices

Bruno Grob
President,
North Europe, Otis

Anthony J. Guzzi
President, North America
Distribution and Services,
Carrier

Larry D. Knauer
President, Space & Russian
Programs,
Pratt & Whitney

Edwin W. Laprade
President, Industrial,
Hamilton Sunstrand

John P. Leary
Vice President,
Employee Relations

Robert Leduc
Executive Vice President &
Chief Operating Officer,
Pratt & Whitney and
President,
Large Commercial Engines

Patrick L'Hostis
President, Europe,
Middle East and Africa,
Carrier

Jeanne M. Liedtka
Vice President,
Chief Learning Officer

Arthur W. Lucas
Senior Vice President,
Engineering,
Pratt & Whitney

Paul W. Martin
Senior Vice President, U.S.
Government & Advanced
Development Programs,
Sikorsky

Ronald F. McKenna
President,
Hamilton Sundstrand

Raymond J. Moncini
President, North and South
America, Otis

Gilles P. Ouimet
Chairman,
Pratt & Whitney Canada

Stephen F. Page
Vice President and
Chief Financial Officer

Jeffrey P. Pino
Senior Vice President,
Marketing & Commercial
Programs, Sikorsky

Carlos Renck
President, Latin America,
Carrier

Jürgen Reuning
President, Central and East
Europe, Otis

Jeffrey P. Rhodenbaugh
President, Commercial
Refrigeration, Carrier

Olivier J. Robert
Senior Vice President,
Engineering & Operations,
Otis

Thnomas I. Rogan
Vice President, Treasurer

Ellen S. Smith
President, Power Systems,
Pratt & Whitney

William H. Trachsel
Senior Vice President,
General Counsel and
Secretary

Joseph E. Triompo
President, Engine and
Control Systems,
Hamilton Sundstrand

Carrier

William R. Brown
President, Asia-Pacific, Carrier

William L. Bucknall, Jr.
Senior Vice President, Human Resources and Organization

John F. Cassidy, Jr.
Senior Vice President, Science and Technology and Vice President, United Technologies Research Center

Ruth R. Harkin
Senior Vice President, International Affairs and Government Relations

David P. Hess
President, Aerospace Power Systems, Hamilton Sundstrand

Tadayuki Inoue
President, Japan, Otis

George H. Jamison
Vice President, Communications

Larry O. Moore
Senior Vice President, Module Centers and Operations, Pratt & Whitney

Robert R. Moore
Senior Vice President, Operations, Sikorsky

David G. Nord
Vice President, Controller

Joseph R. Ornelas
Vice President, Engineering & Technology, Hamilton Sundstrand

Jan van Dokkum
President, UTC Power

Charles M. Vo
President
North Asia Pacific, Otis

Randall E. Wilcox
President,
South Asia Pacific, Otis

Shareowner Information

Corporate Office
United Technologies Corporation
One Financial Plaza
Hartford, Connecticut 06103
Telephone 1-860-728-7000

This annual report is made available to shareowners in advance of the annual meeting of shareowners to be held at 2:00 p.m., April 9, 2003, in New York, New York. The proxy statement will be made available to shareowners on or about February 21, 2003, at which time proxies for the meeting will be requested.

Information about UTC, including financial information, can be found at our Website: www.utc.com.

Stock Listing
New York, London, Paris, Frankfurt, Brussels and Swiss Stock Exchanges

Ticker Symbol: UTX

Transfer Agent and Registrar
EquiServe Trust Company, N.A., is the transfer agent, registrar and dividend disbursing agent for UTC's Common Stock. Questions and communications regarding transfer of stock, replacement of lost

Dividends
Dividends are usually declared the first month of each calendar quarter and are usually paid on the 10th day of March, June, September and December. The dividend-disbursing agent for the Common Stock is:

EquiServe Trust Company, N.A.
P.O. Box 43069
Providence, RI
02940-3069

Dividend and Transfer inquiries:
1-800-519-3111
TDD: 1-800-952-9245
Telecommunications device for the hearing impaired.

Electronic Access
Shareowners of record may sign up at the following Website for electronic access to future annual reports and proxy materials, rather than receiving mailed copies: www.econsent.com

Your enrollment is revocable until each year's record date for the annual meeting. Beneficial shareowners may be able to request electronic access by contacting your broker or bank, or ADP at www.utc.com/investor/econsent/ics.htm.

Shareowner Dividend Reinvestment and Stock Purchase Plan
The Corporation has adopted a Shareowner Dividend Reinvestment and Stock Purchase Plan that provides eligible holders with a simple and convenient method of investing cash dividends and voluntary cash payments in additional shares of Common Stock without payment of a brokerage commission or service charge. Shareowners should carefully review the Plan Prospectus before

Additional Information
Shareowners may obtain a copy of the United Technologies Report on Form 10-K for 2002 filed with the Securities and Exchange Commission by writing to:

Corporate Secretary
United Technologies Corporation
One Financial Plaza
Hartford, Connecticut
06103

For additional information about the Corporation please contact Investor Relations at the above corporate office address, or visit our Website at www.utc.com.

Shareowner Information Services
Our Internet and telephone services give shareowners fast access to UTC financial results. The 24-hour-a-day, toll-free telephone service includes recorded summaries of UTC's quarterly earnings information and other company news. Callers also may request copies of our quarterly earnings

certificates, dividends and address changes should be directed to:

EquiServe Trust Company, N.A.
P.O. Box 43069
Providence, RI
02940-3069
Telephone: 1-800-519-3111
Website:
www.equiserve.com

investing. For more information and a Plan Prospectus, contact EquiServe Trust Company, N.A. at 1-800-519-3111.

and news releases, by either fax or mail, and obtain copies of the UTC Annual Report and Form 10-K.

To access the service, dial 1-800-881-1914 from any touch-tone phone and follow the recorded instructions.

Direct Registration System
If your shares are held in street name through a broker and you are interested in participating in the Direct Registration System, you may have your broker transfer the shares to EquiServe Trust Company, N.A., electronically through the Direct Registration System. Interested investors can request a description of this book-entry form of registration by calling Shareowner Information Services at 1-800-881-1914.

Environmentally Friendly Report This annual report is printed on recycled and recyclable paper.

WWW.UTC.COM
WWW.PRATT-WHITNEY.COM
WWW.OTIS.COM
WWW.CARRIER.COM
WWW.HAMILTONSUNDSTRAND.COM
WWW.SIKORSKY.COM
WWW.UTCFUELCELLS.COM

Exhibit 21

UNITED TECHNOLOGIES CORPORATION
Subsidiaries of the Registrant
December 31, 2002

Entity Name	State/Country of Incorporation
Ardco, Inc.	Illinois
Britannia Lift Services (UK) Ltd.	United Kingdom
Cade Industries, Inc	Wisconsin
Caricor Ltd	Delaware
Carlyle Scroll Holdings	Delaware
Carmel Forge Limited (The)	Israel
Carrier Air Conditioning Philippines, Inc.	Philippines
Carrier Air Conditioning Pty Ltd (CPL)	Australia
Carrier Corporation	Delaware
Carrier HVACR Investments B.V	Netherlands
Carrier LG Limited	South Korea
Carrier Limited Korea	South Korea
Carrier Mexico S.A. de C.V.	Mexico
Carrier Refrigeration AB	Sweden
Carrier S.A.	Argentina
Carrier S.A.	France
Carrier S.P.A.	Italy
Carrier Singapore PTE Limited	Singapore
Carrier Transicold Europe S.A.	France
Carrier Transicold Industries S.A.	France
CEAM Srl	Italy
China Tianjin Otis Elevator Company, Ltd.	China
Claverham Group Limited	United Kingdom
Eagle Services Asia Private Limited	Singapore
Elevadores Otis Ltda.	Brazil
Empresas Carrier S.A. De C.V.	Mexico
Guangzhou Otis Elevator Company, Ltd.	China
Hamilton Sundstrand Corporation	Delaware
Hamilton Sundstrand Holdings EURL	France
Hamilton Sundstrand Holdings, Inc	Delaware
Hamilton Sundstrand International Holdings Ltd.	Cayman Islands

Hamilton Sundstrand Power Systems, Inc.	Delaware
Helicopter Support, Inc.	Connecticut
Homogeneous Metals, Inc.	New York
HWH of Delaware, Inc.	Delaware
International Comfort Products Corporation (USA)	Delaware
Johns Perry Lifts Holdings	Cayman Islands
Latin American Holding, Inc.	Delaware
LG Otis Elevator Company	South Korea
Milton Roy Company	Pennsylvania
Misr Refrigeration And Air Conditioning Manufacturing Company S.A.E.	Egypt
NAES Acquisition Corporation	Delaware
Nevada Bond Investment Corp. II	Nevada
Nippon Otis Elevator Company	Japan
Otis [France]	France
Otis Building Technologies Pty	Australia
Otis Canada, Inc.	Canada
Otis Elevator (China) Investment Company Limited	China
Otis Elevator Company (H.K.) Limited	Hong Kong
Otis Elevator Company (India) Limited	India
Otis Elevator Company (New Jersey)	New Jersey
Otis Elevator Company Pty. Ltd	Australia
Otis Far East Holdings Limited	Hong Kong
Otis GmbH & Co. OHG	Germany
Otis Holdings GmbH & Co. OHG	Germany
Otis Holdings Limited	United Kingdom
Otis Investments Plc	United Kingdom
Otis Lifts Holdings Company	United Kingdom
Otis Limited	United Kingdom
Otis S.p.A	Italy
Otis Servizi S.r.L.	Italy
Pratt & Whitney Auto Air, Inc.	Michigan
Pratt & Whitney Canada Leasing Inc.	Canada
Pratt & Whitney Component Solutions, Inc.	Michigan
Pratt & Whitney Engine Services, Inc.	Delaware
Pratt & Whitney Holdings LLC	Cayman Islands
Pratt & Whitney Power Systems, Inc.	Delaware
Pratt & Whitney Services, Inc.	Singapore

Ratier-Figeac S.A.	France
Sikorsky Aircraft Corporation	Delaware
Sikorsky Export Corporation	Delaware
Sikorsky International Operations, Inc.	Delaware
Sirius (Korea) Ltd.	United Kingdom
Specialty Equipment Manufacturing Corporation	Delaware
Specialty Equipment Companies, Inc.	Delaware
Springer Carrier Ltda.	Brazil
Sullair Corporation	Indiana
Sundyne Corporation	Delaware
Tadiran Ampa Ltd.	Israel
The Falk Corporation	Delaware
Toshiba Carrier (Thailand) Corporation	Thailand
Toshiba Carrier UK Limited	United Kingdom
Tyler Holdings Corporation	Delaware
Tyler Refrigeration Corporation	Delaware
United Technologies Corporation	Alabama
United Technologies Electronic Controls, Inc.	Delaware
United Technologies Far East Limited	Hong Kong
United Technologies Finance Corporation	Delaware
United Technologies Holding GmbH	Germany
United Technologies Holdings B.V.	Netherlands
United Technologies Holdings Limited	United Kingdom
United Technologies Holdings S.A.	France
United Technologies Intercompany Lending Ireland Limited	Ireland
United Technologies International Corporation- Asia Private Ltd	Singapore
United Technologies International Operations, Inc.	Delaware
United Technologies International SAS	France
UT Insurance (Vermont), Inc.	Vermont
UT Park View, Inc.	Delaware
UTC Canada Corporation	Canada
UTCL Investments BV	Netherlands
Xizi Otis Elevator Company (Hangzhou) Limited	China
Zardoya Otis, S.A.	Spain

Other subsidiaries of the Registrant have been omitted from this listing since, considered in the aggregate as a single subsidiary, they would not constitute a significant subsidiary.

UNITED TECHNOLOGIES CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of UNITED TECHNOLOGIES CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints WILLIAM H. TRACHSEL, STEPHEN F. PAGE and DAVID G. NORD, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2002, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 3rd day of February, 2003.

H. Patrick Swygert

UNITED TECHNOLOGIES CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of UNITED TECHNOLOGIES CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints WILLIAM H. TRACHSEL, STEPHEN F. PAGE and DAVID G. NORD, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2002, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 3rd day of February, 2003.

Jean-Pierre Garnier

UNITED TECHNOLOGIES CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of UNITED TECHNOLOGIES CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints WILLIAM H. TRACHSEL, STEPHEN F. PAGE and DAVID G. NORD, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2002, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 3rd day of February, 2003.

Charles R. Lee

UNITED TECHNOLOGIES CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of UNITED TECHNOLOGIES CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints WILLIAM H. TRACHSEL, STEPHEN F. PAGE and DAVID G. NORD, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2002, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 3rd day of February, 2003.

Richard D. McCormick

UNITED TECHNOLOGIES CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of UNITED TECHNOLOGIES CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints WILLIAM H. TRACHSEL, STEPHEN F. PAGE and DAVID G. NORD, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2002, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 3rd day of February, 2003.

Jamie S. Gorelick

UNITED TECHNOLOGIES CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of UNITED TECHNOLOGIES CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints WILLIAM H. TRACHSEL, STEPHEN F. PAGE and DAVID G. NORD, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2002, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 3rd day of February, 2003.

Frank P. Popoff

UNITED TECHNOLOGIES CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of UNITED TECHNOLOGIES CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints WILLIAM H. TRACHSEL, STEPHEN F. PAGE and DAVID G. NORD, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2002, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 3rd day of February, 2003.

Andre Villeneuve

UNITED TECHNOLOGIES CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of UNITED TECHNOLOGIES CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints WILLIAM H. TRACHSEL, STEPHEN F. PAGE and DAVID G. NORD, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2002, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 3rd day of February, 2003.

H. A. Wagner

UNITED TECHNOLOGIES CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of UNITED TECHNOLOGIES CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints WILLIAM H. TRACHSEL, STEPHEN F. PAGE and DAVID G. NORD, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2002, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 3rd day of February, 2003.

Sanford I. Weill