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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission file number 1-812

UNITED TECHNOLOGIES CORPORATION

DELAWARE	**06-0570975**

One Financial Plaza, Hartford, Connecticut 06103
(860) 728-7000

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒. No ☐.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒. No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐. No ☒.

At September 30, 2010 there were 923,407,094 shares of Common Stock outstanding.

**UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES**

CONTENTS OF QUARTERLY REPORT ON FORM 10-Q

Quarter Ended September 30, 2010

United Technologies Corporation and its subsidiaries' names, abbreviations thereof, logos, and product and service designators are all either the registered or unregistered trademarks or tradenames of United Technologies Corporation and its subsidiaries. Names, abbreviations of names, logos, and products and service designators of other companies are either the registered or unregistered trademarks or tradenames of their respective owners. As used herein, the terms "we," "us," "our" or "UTC," unless the context otherwise requires, mean United Technologies Corporation and its subsidiaries.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

(in millions, except per share amounts)	Quarter Ended September 30, 2010	2009
Revenues:		
Product sales	$ 9,771	$ 9,398
Service sales	3,849	3,789
Other (expense) income, net	(93)	188
	13,527	13,375
Costs and Expenses:		
Cost of products sold	7,124	7,353
Cost of services sold	2,543	2,483
Research and development	433	344
Selling, general and administrative	1,478	1,424
Operating profit	1,949	1,771
Interest expense	182	170
Income before income taxes	1,767	1,601
Income tax expense	468	456
Net income	1,299	1,145
Less: Noncontrolling interest in subsidiaries' earnings	101	87
Net income attributable to common shareowners	$ 1,198	$ 1,058
Earnings Per Share of Common Stock:		
Basic	$ 1.32	$ 1.15
Diluted	$ 1.30	$ 1.14
Dividends Per Share of Common Stock	$ .43	$ .39
Weighted average number of shares outstanding:		
Basic shares	906	917
Diluted shares	919	929

See accompanying Notes to Condensed Consolidated Financial Statements

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

(in millions, except per share amounts)	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Revenues:		
Product sales	$ 28,123	$ 27,387
Service sales	11,339	11,059
Other income, net	46	374
	39,508	38,820
Costs and Expenses:		
Cost of products sold	20,949	21,220
Cost of services sold	7,465	7,324
Research and development	1,289	1,137
Selling, general and administrative	4,393	4,481
Operating profit	5,412	4,658
Interest expense	560	522
Income before income taxes	4,852	4,136
Income tax expense	1,394	1,126
Net income	3,458	3,010
Less: Noncontrolling interest in subsidiaries' earnings	284	254
Net income attributable to common shareowners	$ 3,174	$ 2,756
Earnings Per Share of Common Stock:		
Basic	$ 3.49	$ 3.00
Diluted	$ 3.43	$ 2.97
Dividends Per Share of Common Stock	$ 1.28	$ 1.16
Weighted average number of shares outstanding:		
Basic shares	910	918
Diluted shares	925	928

See accompanying Notes to Condensed Consolidated Financial Statements

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UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

(in millions)	September 30, 2010	December 31, 2009
Assets		
Cash and cash equivalents	$ 5,731	$ 4,449
Accounts receivable, net	8,731	8,469
Inventories and contracts in progress, net	8,430	7,509
Future income tax benefits, current	1,603	1,689
Other assets, current	842	1,078
Total Current Assets	25,337	23,194
Customer financing assets	1,098	1,047
Future income tax benefits	2,308	2,102
Fixed assets	15,796	15,677
Less: Accumulated depreciation	(9,648)	(9,313)
Fixed assets, net	6,148	6,364
Goodwill	17,422	16,298
Intangible assets, net	4,070	3,538
Other assets	4,266	3,219
Total Assets	$ 60,649	$ 55,762
Liabilities and Equity		
Short-term borrowings	$ 2,137	$ 254
Accounts payable	4,964	4,634
Accrued liabilities	12,425	11,792
Long-term debt currently due	94	1,233
Total Current Liabilities	19,620	17,913
Long-term debt	10,071	8,257
Future pension and postretirement benefit obligations	3,927	4,150
Other long-term liabilities	4,460	4,054
Total Liabilities	38,078	34,374
Redeemable noncontrolling interest	318	389
Shareowners' Equity:		
Common Stock	12,316	11,746
Treasury Stock	(16,920)	(15,408)
Retained earnings	29,384	27,396
Unearned ESOP shares	(169)	(181)
Accumulated other comprehensive loss	(3,357)	(3,487)
Total Shareowners' Equity	21,254	20,066
Noncontrolling interest	999	933
Total Equity	22,253	20,999
Total Liabilities and Equity	$ 60,649	$ 55,762

See accompanying Notes to Condensed Consolidated Financial Statements

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UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

(in millions)	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Operating Activities:		
Net income attributable to common shareowners	$ 3,174	$ 2,756
Noncontrolling interest in subsidiaries' earnings	284	254
Net income	3,458	3,010
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	1,008	925
Deferred income tax (benefit) provision	(123)	36
Stock compensation cost	112	110
Change in:		
Accounts receivable	(169)	981
Inventories and contracts in progress	(932)	145
Other current assets	(46)	(58)
Accounts payable and accrued liabilities	1,178	(784)
Global pension contributions*	(699)	(633)
Other operating activities, net	443	146
Net cash flows provided by operating activities	4,230	3,878
Investing Activities:		
Capital expenditures	(479)	(501)
Investments in businesses	(2,551)	(557)
Dispositions of businesses	200	107
Increase in customer financing assets, net	(29)	(36)
Other investing activities, net	173	256
Net cash flows used in investing activities	(2,686)	(731)
Financing Activities:		
Issuance (repayment) of long-term debt, net	610	(965)
Increase (decrease) in short-term borrowings, net	1,882	(72)
Common Stock issued under employee stock plans	211	212
Dividends paid on Common Stock	(1,114)	(1,018)
Repurchase of Common Stock	(1,644)	(780)
Other financing activities, net	(253)	(285)
Net cash flows used in financing activities	(308)	(2,908)
Effect of foreign exchange rate changes on cash and cash equivalents	46	66
Net increase in cash and cash equivalents	1,282	305
Cash and cash equivalents, beginning of year	4,449	4,327
Cash and cash equivalents, end of period	$ 5,731	$ 4,632

* Non-cash activities include contributions of UTC Common Stock of $250 million to domestic defined benefit pension plans in the second quarter of 2010. There were no contributions of UTC Common Stock in 2009.

See accompanying Notes to Condensed Consolidated Financial Statements

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The Condensed Consolidated Financial Statements at September 30, 2010 and for the quarters and nine months ended September 30, 2010 and 2009 are unaudited, but in the opinion of management include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the results for the interim periods. The results reported in these Condensed Consolidated Financial Statements should not necessarily be taken as indicative of results that may be expected for the entire year. The financial information included herein should be read in conjunction with the financial statements and notes in our Annual Report to Shareowners (2009 Annual Report) incorporated by reference to our Annual Report on Form 10-K for calendar year 2009 (2009 Form 10-K).

Note 1: Acquisitions, Dispositions, Goodwill and Other Intangible Assets

Business Acquisitions and Dispositions. During the first nine months of 2010, our investment in business acquisitions was approximately $2.6 billion, including debt assumed of $32 million, principally reflecting the acquisitions of the General Electric (GE) Security business, and an equity stake in Clipper Windpower Plc (Clipper). On March 1, 2010, we completed the acquisition of the GE Security business for approximately $1.8 billion, including debt assumed of $32 million. The GE Security business supplies security and fire safety technologies for commercial and residential applications through a broad product portfolio that includes fire detection and life safety systems, intrusion alarms, and video surveillance and access control systems. This business is being integrated into our UTC Fire & Security segment during the course of 2010, and will enhance UTC Fire & Security's geographic diversity with the strong North American presence and increased product and technology offerings of GE Security. In connection with the acquisition of GE Security, we recorded approximately $600 million of identifiable intangible assets and $1.1 billion of goodwill. The goodwill recorded reflects synergies expected to be realized through the combination of GE Security's products, resources and management talent with those of the existing UTC Fire & Security business to enhance competitiveness, accelerate the development of certain product offerings, drive improved operational performance and secure additional service channels. Additionally, the combined businesses will allow for significant improvements to the cost structure through the rationalization of general and administrative expenditures as well as research and development efforts.

In January 2010, we completed the acquisition of a 49.5% equity stake in Clipper, a California-based wind turbine manufacturer that trades on the AIM London Stock Exchange. This investment is intended to expand our power generation portfolio and allow us to enter the wind power market by leveraging our expertise in blade technology, turbines and gearbox design. The total cost was £166 million (approximately $270 million) for the purchase of 84.3 million newly issued shares and 21.8 million shares from existing shareowners. We have accounted for this investment under the equity method of accounting. Subsequent to the initial purchase, we increased our investment to 49.9%. During the quarter ended September 30, 2010, we recorded a $159 million other-than-temporary impairment charge, on our equity investment in Clipper, in order to write-down our investment to market value as of September 30, 2010. This impairment is recorded within Other income, net on our Condensed Consolidated Statement of Operations.

In October 2010, we reached agreement with the management and independent members of the board of directors of Clipper on the terms of a cash offer to acquire all remaining shares of Clipper. The acquisition will be implemented by way of a court-approved scheme of arrangement under the UK Companies Act 2006, and remains subject to customary closing conditions and the approval of Clipper's shareholders. Under the terms of the agreement, the acquisition is valued at 65 pence per share or £70 million (approximately $112 million). In connection with the agreement, we have also agreed to provide to Clipper's operating subsidiary a loan facility permitting borrowings of up to $50 million for the period prior to closing of the acquisition. The facility would be guaranteed by Clipper and the operating subsidiary would grant a lien over certain of its assets subject to approval of Clipper shareholders.

During the quarter ended June 30, 2010, we recorded approximately $86 million of asset impairment charges, for assets that have met the held-for-sale criteria, related primarily to the expected disposition of businesses within both Carrier and Hamilton Sundstrand. These asset impairment charges are recorded within Cost of products sold on our Condensed Consolidated Statement of Operations. The asset impairment charges include a $58 million charge related to the expected disposition of a business associated with Carrier's ongoing portfolio transformation to a higher returns business and a $28 million charge at Hamilton Sundstrand related primarily to the expected disposition of an aerospace business as part of Hamilton Sundstrand's efforts to implement low cost sourcing initiatives.

Goodwill. Changes in our goodwill balances for the first nine months of 2010 were as follows:

(in millions)	Balance as of January 1, 2010	Goodwill resulting from business combinations	Foreign currency translation and other	Balance as of September 30, 2010
Otis	$ 1,382	$ 99	$ (8)	$ 1,473
Carrier	3,252	14	(85)	3,181
UTC Fire & Security	5,641	1,115	(64)	6,692
Pratt & Whitney	1,237	—	(11)	1,226
Hamilton Sundstrand	4,496	1	(17)	4,480
Sikorsky	250	81	(1)	330
Total Segments	16,258	1,310	(186)	17,382
Eliminations and other	40	—	—	40
Total	$ 16,298	$ 1,310	$ (186)	$ 17,422

Intangible Assets. Identifiable intangible assets are comprised of the following:

(in millions)	September 30, 2010 Gross Amount	September 30, 2010 Accumulated Amortization	December 31, 2009 Gross Amount	December 31, 2009 Accumulated Amortization
Amortized:				
Service portfolios	$ 1,950	$ (911)	$ 1,814	$ (833)
Patents and trademarks	440	(144)	369	(120)
Other, principally customer relationships	3,148	(1,161)	2,624	(1,047)
	5,538	(2,216)	4,807	(2,000)
Unamortized:				
Trademarks and other	748	—	731	—
Total	$ 6,286	$ (2,216)	$ 5,538	$ (2,000)

Amortization of intangible assets for the quarter and nine months ended September 30, 2010 was $104 million and $283 million, respectively, compared with $88 million and $259 million for the same periods of 2009. Amortization of these intangible assets for 2010 through 2014 is expected to approximate $305 million per year.

Note 2: Earnings Per Share

(in millions, except per share amounts)	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Net income attributable to common shareowners	$ 1,198	$ 1,058	$ 3,174	$ 2,756
Basic weighted average number of shares outstanding	906	917	910	918
Stock awards	13	12	15	10
Diluted weighted average number of shares outstanding	919	929	925	928
Earnings Per Share of Common Stock:				
Basic	$ 1.32	$ 1.15	$ 3.49	$ 3.00
Diluted	$ 1.30	$ 1.14	$ 3.43	$ 2.97

The computation of diluted earnings per share excludes the effect of the potential exercise of stock awards, including stock appreciation rights and stock options, when the average market price of the common stock is lower than the exercise price of the related stock awards during the period. These outstanding stock awards are not included in the computation of diluted earnings per share because the effect would be antidilutive. The number of stock awards excluded from the computation was 12.7 million and 12.6 million for the quarter and nine months ended September 30, 2010, respectively. For the quarter and nine months ended September 30, 2009, the number of stock awards excluded from the computation was 15.2 million and 35.7 million, respectively.

Note 3: Inventories and Contracts in Progress

(in millions)	September 30, 2010	December 31, 2009
Raw materials	$ 1,251	$ 1,281
Work-in-process	3,762	3,097
Finished goods	3,110	2,889
Contracts in progress	6,505	6,479
	14,628	13,746
Less:		
Progress payments, secured by lien, on U.S. Government contracts	(299)	(264)
Billings on contracts in progress	(5,899)	(5,973)
	$ 8,430	$ 7,509

As of September 30, 2010 and December 31, 2009, the above inventory balances include capitalized contract development costs of $801 million and $862 million, respectively, related to certain aerospace programs. These capitalized costs are liquidated as production units are delivered to the customer. The capitalized contract development costs within inventory principally relate to costs capitalized on Sikorsky's CH-148 contract with the Canadian government. The CH-148 is a derivative of the H-92, a military variant of the S-92.

Note 4: Borrowings and Lines of Credit

(in millions)	September 30, 2010	December 31, 2009
Commercial paper	$ 1,945	$ —
Other borrowings	192	254
Total short-term borrowings	$ 2,137	$ 254

At September 30, 2010, we had committed credit agreements from banks permitting aggregate borrowings of up to $2.5 billion under a $1.5 billion revolving credit agreement and a $1.0 billion multicurrency revolving credit agreement, both of which are available for general funding purposes, including acquisitions. As of September 30, 2010, there were no borrowings under either of these revolving credit agreements, which expire in October 2011 and November 2011, respectively. The undrawn portions under both of these agreements are also available to serve as backup facilities for the issuance of commercial paper. We generally use our commercial paper borrowings for general corporate purposes, including the funding of potential acquisitions and repurchases of our common stock.

Long-term debt consists of the following:

(in millions)	September 30, 2010	December 31, 2009
4.375% notes due 2010*	$ —	$ 600
7.125% notes due 2010*	—	500
6.350% notes due 2011*	—	500
6.100% notes due 2012*	500	500
4.875% notes due 2015*	1,200	1,200
5.375% notes due 2017*	1,000	1,000
6.125% notes due 2019*	1,250	1,250
8.875% notes due 2019	272	272
4.500% notes due 2020*	1,250	—
8.750% notes due 2021	250	250
6.700% notes due 2028	400	400
7.500% notes due 2029*	550	550
5.400% notes due 2035*	600	600
6.050% notes due 2036*	600	600
6.125% notes due 2038*	1,000	1,000
5.700% notes due 2040*	1,000	—
Project financing obligations	125	158
Other (including capitalized leases)	168	110
Total long-term debt	10,165	9,490
Less current portion	(94)	(1,233)
Long-term debt, net of current portion	$ 10,071	$ 8,257

* We may redeem some or all of these series of notes at any time at a redemption price in U.S. dollars equal to the greater of 100% of the principal amount outstanding of the applicable series of notes to be redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the applicable series of notes to be redeemed. The discounts applied on such redemptions are based on a semiannual calculation at an adjusted treasury rate plus 10-50 basis points. The redemption price will also include interest accrued to the date of redemption on the principal balance of the notes being redeemed.

In February 2010, we issued two series of fixed rate notes that pay interest semiannually, in arrears, on April 15 and October 15 of each year beginning October 15, 2010. The $1.25 billion principal amount of fixed rate notes bears interest at a rate equal to 4.500% per year and matures on April 15, 2020. The $1.0 billion principal amount of fixed rate notes bears interest at a rate equal to 5.700% per year and matures on April 15, 2040. The proceeds from these notes were used primarily to fund a portion of the GE Security business acquisition, and to repay commercial paper borrowings.

In May 2010, we repaid the entire $600 million outstanding principal amount of our 4.375% notes at maturity. In June 2010, we redeemed the entire $500 million outstanding principal amount of our 7.125% notes that were due November 15, 2010. In September 2010, we redeemed the entire $500 million outstanding principal amount of our 6.350% notes that were due March 1, 2011.

We have an existing universal shelf registration statement filed with the Securities and Exchange Commission (SEC) for an indeterminate amount of securities for future issuance, subject to our internal limitations on the amount of debt to be issued under this shelf registration statement.

Note 5: Income Taxes

We conduct business globally and, as a result, UTC or one or more of our subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business we are subject to examination by taxing authorities throughout the world, including such major jurisdictions as Australia, Belgium, Canada, China, France, Germany, Hong Kong, Italy, Japan, South Korea, Singapore, Spain, the United Kingdom and the United States. With few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations for years before 1998.

In the ordinary course of business there is inherent uncertainty in quantifying our income tax positions. We assess our income tax positions and record tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances, and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. Where applicable, associated interest has also been recognized. Interest accrued in relation to unrecognized tax benefits is recorded in interest expense. Penalties, if incurred, would be recognized as a component of income tax expense.

It is reasonably possible that over the next twelve months the amount of unrecognized tax benefits may change within a range of a net increase of $30 million to a net decrease of $130 million resulting from additional worldwide uncertain tax positions, from the re-evaluation of current uncertain tax positions arising from developments in examinations, in appeals, or in the courts, or from the closure of tax statutes. Not included in the range is €198 million (approximately $264 million) of tax benefits that we have claimed related to a 1998 German reorganization. These tax benefits are currently being reviewed by the German Tax Office in the course of an audit of tax years 1999 to 2000. In 2008 the German Federal Tax Court denied benefits to another taxpayer in a case involving a German tax law relevant to our reorganization. The determination of the German Federal Tax Court on this other matter was appealed to the European Court of Justice (ECJ) to determine if the underlying German tax law is violative of European Union (EU) principles. On September 17, 2009 the ECJ issued an opinion in this case that is generally favorable to the other taxpayer and referred the case back to the German Federal Tax Court for further consideration of certain related issues. In May 2010, the German Federal Tax Court released its decision, in which it resolved certain tax issues that may be relevant to our audit and remanded the case to a lower court for further development. After consideration of the ECJ decision and the latest German Federal Tax Court decision, we continue to believe that it is more likely than not that the relevant German tax law is violative of EU principles and we have not accrued tax expense for this matter. As we continue to monitor developments related to this matter, it may become necessary for us to accrue tax expense and related interest.

In 2009, the Internal Revenue Service (IRS) Examination Division completed its review of tax years 2004 and 2005, and certain proposed tax adjustments, with which the Company did not agree, were transferred to the IRS Appeals Division for resolution discussions. The Company expects these resolution discussions to be ongoing into 2011. In 2009, the IRS Examination Division also commenced review activity of tax years 2006, 2007 and 2008, which is expected to continue through 2011.

The effective tax rate for the quarter ended September 30, 2010 has decreased as compared to the same period of 2009. This decrease is largely driven by a $102 million net tax benefit associated with management's intention to repatriate additional high tax dividends for the current year to the U.S. in 2010 as a result of recent U.S. tax legislation. This net tax benefit was partially offset by the non-deductibility of impairment charges, primarily driven by a $159 million other-than-temporary impairment charge on our equity investment in Clipper, and the tax effects of net gains from dispositions associated with Carrier's ongoing portfolio transformation to a higher returns business. The effective tax rate for the quarter ended September 30, 2009 reflects the tax effects of the previously disclosed Carrier and Watsco transaction and a $32 million adverse tax impact associated with a foreign reorganization, net of the reduction to tax expense relating to the re-evaluation of our tax liabilities and contingencies based on global examination activity in the quarter.

The effective tax rate for the nine months ended September 30, 2010 increased as compared to the same period of 2009 as a result of the adverse impact from the health care legislation related to the Medicare Part D program in the first quarter of 2010, the net tax effects of asset impairment charges in the second quarter of 2010 and the impact from items disclosed above that were recorded in the quarter ended September 30, 2010. The effective tax rate for the nine months ended September 30, 2009 reflects a $25 million favorable tax impact in the first quarter of 2009 related to the formation of a commercial venture, the non-taxability in the second quarter of 2009 of a gain recognized at Otis and the net adverse impacts of the third quarter 2009 items disclosed above.

Note 6: Employee Benefit Plans

Pension and Postretirement Plans. We sponsor both funded and unfunded domestic and foreign defined pension and other postretirement benefit plans, and defined contribution plans. Contributions to these plans were as follows:

	Quarter Ended September 30,		Nine Months Ended September 30,	
(in millions)	2010	2009	2010	2009
Defined Benefit Plans	$ 438	$ 182	$ 949	$ 633
Defined Contribution Plans	$ 46	$ 43	$ 142	$ 144

In the first nine months of 2010, we made contributions of $801 million to our domestic defined benefit pension plans, including $350 million in the third quarter of 2010. Included in the total domestic contributions made through the first nine months of 2010 is a $250 million contribution of UTC common stock in the second quarter of 2010. In the first nine months of 2009, we made contributions of $551 million to our domestic defined benefit pension plans, including $150 million which was contributed in the third quarter of 2009. There were no contributions of UTC common stock to our domestic defined benefit pension plans in 2009.

The following tables illustrate the components of net periodic benefit cost for our defined pension and other postretirement benefit plans:

	Pension Benefits Quarter Ended September 30,		Other Postretirement Benefits Quarter Ended September 30,	
(in millions)	2010	2009	2010	2009
Service cost	$ 99	$ 108	$ 1	$ —
Interest cost	321	324	11	12
Expected return on plan assets	(430)	(416)	—	(1)
Amortization	(4)	14	(1)	—
Recognized actuarial net loss	71	56	—	—
Net settlement and curtailment loss	—	84	—	—
Total net periodic benefit cost	$ 57	$ 170	$ 11	$ 11

	Pension Benefits Nine Months Ended September 30,		Other Postretirement Benefits Nine Months Ended September 30,	
(in millions)	2010	2009	2010	2009
Service cost	$ 297	$ 322	$ 2	$ 2
Interest cost	963	959	34	37
Expected return on plan assets	(1,289)	(1,218)	—	(1)
Amortization	(12)	42	(2)	(2)
Recognized actuarial net loss (gain)	213	168	(1)	(2)
Net settlement and curtailment loss	17	101	—	—
Total net periodic benefit cost	$ 189	$ 374	$ 33	$ 34

Note 7: Restructuring and Other Costs

During the first nine months of 2010, we recorded net pre-tax restructuring and other costs and reversals in our business segments totaling $210 million for new and ongoing restructuring actions as follows:

(in millions)	
Otis	$ 40
Carrier	32
UTC Fire & Security	53
Pratt & Whitney	48
Hamilton Sundstrand	11
Sikorsky	14
Eliminations and other	12
Total	$210

The net costs included $122 million recorded in cost of sales, $87 million in selling, general and administrative expenses and $1 million in other income, net. As described below, these costs primarily relate to actions initiated during 2010 and 2009.

2010 Actions. During the first nine months of 2010, we initiated restructuring actions relating to ongoing cost reduction efforts, including workforce reductions and consolidation of field operations. We recorded net pre-tax restructuring and other costs totaling $178 million, including $96 million in cost of sales and $82 million in selling, general and administrative expenses.

We expect the actions initiated in the first nine months of 2010 to result in net workforce reductions of approximately 3,300 hourly and salaried employees, the exiting of approximately 3.0 million net square feet of facilities and the disposal of assets associated with the exited facilities. As of September 30, 2010, we have completed net workforce reductions of approximately 1,300 employees. We are targeting the majority of the remaining workforce and all facility related cost reduction actions for completion during 2010 and 2011. No specific plans for significant other actions have been finalized at this time.

The following table summarizes the accrual balances and utilization by cost type for the 2010 restructuring actions:

(in millions)	Severance	Asset Write-Downs	Facility Exit and Lease Termination Costs	Total
Restructuring accruals at June 30, 2010	$ 71	$ —	$ 4	$ 75
Net pre-tax restructuring costs	48	2	7	57
Utilization	(18)	(2)	(7)	(27)
Balance at September 30, 2010	$ 101	$ —	$ 4	$105

The following table summarizes expected, incurred and remaining costs for the 2010 restructuring actions by type:

(in millions)	Severance	Asset Write-Downs	Facility Exit and Lease Termination Costs	Total
Expected costs	$ 186	$ 14	$ 62	$262
Costs incurred - quarter ended March 31, 2010	(42)	—	(7)	(49)
Costs incurred - quarter ended June 30, 2010	(58)	(12)	(2)	(72)
Costs incurred - quarter ended September 30, 2010	(48)	(2)	(7)	(57)
Balance at September 30, 2010	$ 38	$ —	$ 46	$ 84

The following table summarizes expected, incurred and remaining costs for the 2010 restructuring actions by segment:

(in millions)	Expected Costs	Costs Incurred Quarter Ended March 31, 2010	Costs Incurred Quarter Ended June 30, 2010	Costs Incurred Quarter Ended September 30, 2010	Remaining Costs at September 30, 2010
Otis	$ 60	$ (11)	$ (15)	$ (16)	$ 18
Carrier	60	(8)	(17)	(5)	30
UTC Fire & Security	67	(9)	(13)	(21)	24
Pratt & Whitney	35	(19)	(4)	(6)	6
Hamilton Sundstrand	10	(2)	(5)	—	3
Sikorsky	18	—	(7)	(8)	3
Eliminations and other	12	—	(11)	(1)	—
Total	$ 262	$ (49)	$ (72)	$ (57)	$ 84

2009 Actions. During the first nine months of 2010, we recorded net pre-tax restructuring and other costs and reversals totaling $43 million for restructuring actions initiated in 2009, including $26 million in cost of sales, $16 million in selling, general and administrative expenses and $1 million in other income, net. The 2009 actions relate to ongoing cost reduction efforts, including workforce reductions, the consolidation of field operations and the consolidation of repair and overhaul operations.

As of September 30, 2010, we have completed net workforce reductions of approximately 13,300 employees of an expected 14,600 employees, and have exited 1.2 million net square feet of facilities of an expected 4.6 million net square feet. We are targeting the majority of the remaining workforce and all facility related cost reduction actions for completion during 2010 and 2011.

As previously disclosed, in September 2009, Pratt & Whitney announced plans to close a Connecticut repair facility by the second quarter of 2010 and a Connecticut engine overhaul facility by early 2011. The International Association of Machinists (IAM) subsequently filed a lawsuit in U.S. District Court alleging that Pratt & Whitney’s decision to close these facilities and transfer certain work to other facilities breached the terms of its collective bargaining agreement with the IAM and seeking to enjoin Pratt & Whitney from moving the work for the duration of the collective bargaining agreement. In February 2010, the District Court issued a judgment enjoining Pratt & Whitney from closing the facilities and transferring the work for the duration of the current collective bargaining agreement, which expires on December 5, 2010. Pratt & Whitney subsequently appealed the decision. On July 8, 2010, the Second Circuit Court of Appeals upheld the District Court's decision. Pratt & Whitney is reviewing this decision and considering its impact on Pratt & Whitney's operations. Pratt & Whitney recorded $53 million of restructuring costs in 2009 and $6 million of restructuring costs in 2010 associated with these planned closures. We do not believe that resolution of this matter will have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition.

The following table summarizes the accrual balances and utilization by cost type for the 2009 restructuring actions:

(in millions)	Severance	Asset Write-Downs	Facility Exit and Lease Termination Costs	Total
Restructuring accruals at June 30, 2010	$ 182	$ —	$ 21	$203
Net pre-tax restructuring costs	(4)	—	12	8
Utilization	(36)	—	(12)	(48)
Balance at September 30, 2010	$ 142	$ —	$ 21	$163

The following table summarizes expected, incurred and remaining costs for the 2009 restructuring actions by type:

(in millions)	Severance	Asset Write-Downs	Facility Exit and Lease Termination Costs	Total
Expected costs	$ 703	$ 74	$ 108	$ 885
Costs incurred through December 31, 2009	(680)	(69)	(53)	(802)
Costs incurred - quarter ended March 31, 2010	(9)	(3)	(7)	(19)
Costs incurred - quarter ended June 30, 2010	—	(2)	(14)	(16)
Costs incurred - quarter ended September 30, 2010	4	—	(12)	(8)
Remaining costs at September 30, 2010	$ 18	$ —	$ 22	$ 40

The following table summarizes expected, incurred and remaining costs for the 2009 restructuring actions by segment:

(in millions)	Expected Costs	Costs Incurred through December 31, 2009	Costs Incurred Quarter Ended March 31, 2010	Costs Incurred Quarter Ended June 30, 2010	Costs Incurred Quarter Ended September 30, 2010	Remaining Costs at September 30, 2010
Otis	$ 155	$ (157)	$ —	$ (2)	$ 4	$ —
Carrier	232	(205)	(10)	(1)	(1)	15
UTC Fire & Security	114	(103)	(1)	(6)	(3)	1
Pratt & Whitney	210	(174)	(8)	(5)	(7)	16
Hamilton Sundstrand	102	(90)	—	(2)	(2)	8
Sikorsky	6	(7)	—	—	1	—
Eliminations and other	63	(63)	—	—	—	—
General corporate expenses	3	(3)	—	—	—	—
Total	$ 885	$ (802)	$ (19)	$ (16)	$ (8)	$ 40

2008 Actions. As of September 30, 2010, we have approximately $18 million of accrual balances remaining related to 2008 actions.

Note 8: Financial Instruments

We enter into derivative instruments for risk management purposes only, including derivatives designated as hedging instruments under the Derivatives and Hedging Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) and those utilized as economic hedges. We operate internationally and, in the normal course of business, are 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. We have used derivative instruments, including swaps, forward contracts and options to manage certain foreign currency, interest rate and commodity price exposures.

By nature, all financial instruments involve market and credit risks. We enter into derivative and other financial instruments with major investment grade financial institutions and have policies to monitor the credit risk of those counterparties. We limit counterparty exposure and concentration of risk by diversifying counterparties. While there can be no assurance, we do not anticipate any material non-performance by any of these counterparties.

Foreign Currency Forward Contracts. We manage our foreign currency transaction risks to acceptable limits through the use of derivatives that hedge forecasted cash flows associated with foreign currency transaction exposures, which are accounted for as cash flow hedges, as deemed appropriate. To the extent these derivatives are effective in offsetting the variability of the hedged cash flows, and otherwise meet the hedge accounting criteria of the Derivatives and Hedging Topic of the FASB ASC, the changes in the derivatives' fair values are not included in current earnings but are included in Accumulated Other Comprehensive Loss. These changes in fair value will subsequently be reclassified into earnings as a component of product sales or expenses, as applicable, when the forecasted transaction occurs. To the extent that a previously designated hedging transaction is no longer an effective hedge, any ineffectiveness measured in the hedging relationship is recorded currently in earnings in the period it occurs.

To the extent the hedge accounting criteria are not met, the foreign currency forward contracts are utilized as economic hedges and changes in the fair value of these contracts are recorded currently in earnings in the period in which they occur. These include hedges that are used to reduce exchange rate risks arising from the change in fair value of certain foreign currency denominated assets and liabilities (e.g. payables, receivables) and other economic hedges where the hedge accounting criteria were not met.

The four quarter rolling average of the notional amount of foreign exchange contracts hedging foreign currency transactions was $8.9 billion and $9.0 billion at September 30, 2010 and December 31, 2009, respectively.

Commodity Forward Contracts. We enter into commodity forward contracts to reduce the risk of fluctuations in the price we pay for certain commodities (e.g., nickel) which are used directly in the production of our products, or are components of the products we procure to use in the production of our products. These hedges are economic hedges and the changes in fair value of these contracts are recorded currently in earnings in the period in which they occur. The fair value and outstanding notional amount of contracts hedging commodity exposures were insignificant at September 30, 2010 and December 31, 2009, respectively.

The following table summarizes the fair value of derivative instruments as of September 30, 2010 and December 31, 2009:

(in millions)	Balance Sheet Asset Location	September 30, 2010	December 31, 2009
Derivatives designated as hedging instruments:			
Foreign Exchange Contracts	Other assets, current	$ 105	$ 107
Foreign Exchange Contracts	Other assets	20	33
		125	140
Derivatives not designated as hedging instruments:			
Foreign Exchange Contracts	Other assets, current	56	113
Foreign Exchange Contracts	Other assets	6	5
		62	118
Total Asset Derivative Contracts		$ 187	$ 258
	Balance Sheet Liability Location		
Derivatives designated as hedging instruments:			
Foreign Exchange Contracts	Accrued liabilities	$ 5	$ 31
Foreign Exchange Contracts	Other long-term liabilities	4	4
		9	35
Derivatives not designated as hedging instruments:			
Foreign Exchange Contracts	Accrued liabilities	79	106
Foreign Exchange Contracts	Other long-term liabilities	3	3
		82	109
Total Liability Derivative Contracts		$ 91	$ 144

The impact from foreign exchange derivative instruments that qualified as cash flow hedges was as follows:

	Quarter Ended September 30,		Nine Months Ended September 30,	
(in millions)	2010	2009	2010	2009
Gain recorded in Accumulated other comprehensive loss	$ 63	$ 148	$ 44	$ 150
Gain (loss) reclassified from Accumulated other comprehensive loss into Product sales (effective portion)	35	(39)	76	(138)
Loss recognized in Other income, net on derivatives (ineffective portion)	—	—	—	(5)

Assuming current market conditions continue, a $75 million pre-tax gain is expected to be reclassified from Accumulated other comprehensive loss into Product sales to reflect the fixed prices obtained from foreign exchange hedging within the next 12 months. At September 30, 2010, all derivative contracts accounted for as cash flow hedges mature by February 2013.

The effect on the Condensed Consolidated Statement of Operations from foreign exchange contracts not designated as hedging instruments was as follows:

	Quarter Ended September 30,		Nine Months Ended September 30,	
(in millions)	2010	2009	2010	2009
Gain (loss) recognized in Other income, net	$ 107	$ 17	$ 131	$ (31)

Fair Value Disclosure. The Fair Value Measurements and Disclosures Topic of the FASB ASC defines fair value, establishes a framework for measuring fair value and expands the related disclosure requirements. The Topic indicates, among other things, that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability, and also defines fair value based upon an exit price model.

During the three and nine months ended September 30, 2010, we had certain non-recurring measurements resulting in impairment charges of $159 million and $245 million, respectively. During the three months ended September 30, 2010, we recorded an other-than-temporary impairment charge on our equity investment in Clipper of $159 million, which had a previous carrying value of approximately $248 million. This impairment was determined by comparing the carrying value of the investment to the closing market value of the shares on September 30, 2010. As previously disclosed, during the quarter ended June 30, 2010, we recorded approximately $86 million of asset impairment charges related primarily to the expected disposition of certain businesses within both Carrier and Hamilton Sundstrand. For additional discussion refer to Note 1 to the Condensed Consolidated Financial Statements.

Valuation Hierarchy. The Fair Value Measurements and Disclosure Topic of the FASB ASC establishes a valuation hierarchy for disclosure of the inputs to the valuations used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, including interest rates, yield curves and credit risks, or inputs that are derived principally from or corroborated by observable market data through correlation. Level 3 inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

In January 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-6, "Improving Disclosures about Fair Value Measurements," which requires interim disclosures regarding significant transfers in and out of Level 1 and Level 2 fair value measurements. Additionally, this ASU requires disclosure for each class of assets and liabilities and disclosures about the valuation techniques and inputs used to measure fair value for both recurring and non-recurring fair value measurements. These disclosures are required for fair value measurements that fall in either Level 2 or Level 3. Further, the ASU requires separate presentation of Level 3 activity for the fair value measurements. We adopted the interim disclosure requirements under this Topic during the quarter ended March 31, 2010, with the exception of the separate presentation in the Level 3 activity rollforward, which is not effective until fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years.

The following table provides the assets and liabilities carried at fair value measured on a recurring basis as of September 30, 2010 and December 31, 2009:

(in millions)	Total Carrying Value at September 30, 2010	Quoted price in active markets (Level 1)	Significant other observable inputs (Level 2)	Unobservable inputs (Level 3)
Available-for-sale securities	$ 700	$ 700	$ —	$ —
Derivative assets	187	—	187	—
Derivative liabilities	91	—	91	—

(in millions)	Total Carrying Value at December 31, 2009	Quoted price in active markets (Level 1)	Significant other observable inputs (Level 2)	Unobservable inputs (Level 3)
Available-for-sale securities	$ 664	$ 664	$ —	$ —
Derivative assets	258	—	258	—
Derivative liabilities	144	—	144	—

Valuation Techniques. Our available for sale securities include equity investments that are traded in active markets, either domestically or internationally. They are measured at fair value using closing stock prices from active markets and are classified within Level 1 of the valuation hierarchy. Our derivative assets and liabilities include foreign exchange contracts and commodity derivatives that are measured at fair value using internal models based on observable market inputs such as forward rates, interest rates, our own credit risk and our counterparties' credit risks. Based on these inputs, the derivative assets and liabilities are classified within Level 2 of the valuation hierarchy. Based on our continued ability to trade securities and enter into forward contracts, we consider the markets for our fair value instruments to be active. As of September 30, 2010, there were no significant transfers in and out of Level 1 and Level 2.

As of September 30, 2010, there has not been any significant impact to the fair value of our derivative liabilities due to our own credit risk. Similarly, there has not been any significant adverse impact to our derivative assets based on our evaluation of our counterparties' credit risks.

The following table provides carrying amounts and fair values of financial instruments that are not carried at fair value at September 30, 2010 and December 31, 2009:

	September 30, 2010		December 31, 2009	
(in millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term receivables	$ 358	$ 318	$ 430	$ 408
Customer financing notes receivable	337	279	350	264
Long-term debt (excluding capitalized leases)	(10,108)	(11,993)	(9,442)	(10,361)

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. Differences from carrying amounts are attributable to interest and or credit rate changes subsequent to when the transaction occurred. The fair values of Cash and cash equivalents, Accounts receivable, net, Short-term borrowings, and Accounts payable approximate the carrying amounts due to the short-term maturities of these instruments.

We have outstanding financing and rental commitments totaling approximately $1.1 billion at September 30, 2010. 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 values of these financings are expected to equal the amounts funded. The fair values of the commitments themselves are not readily determinable and are not considered significant.

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Note 9: Shareowners' Equity and Noncontrolling Interest

A summary of the changes in Shareowners' Equity and Noncontrolling interest comprising total equity for the quarters and nine months ended September 30, 2010 and 2009 is provided below:

	Quarter Ended September 30,					
	2010			2009		
(in millions)	Shareowners' Equity	Noncontrolling Interest	Total Equity	Shareowners' Equity	Noncontrolling Interest	Total Equity
Equity, beginning of period	$ 19,933	$ 982	$20,915	$ 17,236	$ 851	$18,087
Comprehensive income for the period:						
Net income	1,198	101	1,299	1,058	87	1,145
Other comprehensive income:						
Foreign currency translation, net	808	45	853	473	38	511
Increases in unrealized gains from available-for-sale securities, net	25	—	25	63	—	63
Cash flow hedging gains	25	—	25	136	—	136
Change in pension and post-retirement benefit plans, net	23	—	23	11	—	11
Total other comprehensive income	881	45	926	683	38	721
Total comprehensive income for the period	2,079	146	2,225	1,741	125	1,866
Common Stock issued under employee plans	113	—	113	177	—	177
Common Stock repurchased	(490)	—	(490)	(430)	—	(430)
Dividends on Common Stock	(370)	—	(370)	(339)	—	(339)
Dividends on ESOP Common Stock	(16)	—	(16)	(14)	—	(14)
Dividends attributable to noncontrolling interest	—	(86)	(86)	—	(53)	(53)
Purchase of subsidiary shares from noncontrolling interest	—	(8)	(8)	(37)	(14)	(51)
Sale of subsidiary shares in noncontrolling interest	—	9	9	—	—	—
Acquisition of noncontrolling interest	—	—	—	—	6	6
Disposition of noncontrolling interest	—	(18)	(18)	—	—	—
Redeemable noncontrolling interest in subsidiaries' earnings	—	(6)	(6)	—	(5)	(5)
Redeemable noncontrolling interest in total other comprehensive income	—	(20)	(20)	—	14	14
Change in redemption value of put options	5	—	5	2	—	2
Equity, end of period	$ 21,254	$ 999	$22,253	$ 18,336	$ 924	$19,260

(in millions)	2010 Shareowners' Equity	2010 Noncontrolling Interest	2010 Total Equity	2009 Shareowners' Equity	2009 Noncontrolling Interest	2009 Total Equity
	Nine Months Ended September 30,					
Equity, beginning of period	$ 20,066	$ 933	$20,999	$ 15,763	$ 918	$16,681
Comprehensive income for the period:						
Net income	3,174	284	3,458	2,756	254	3,010
Other comprehensive income (loss):						
Foreign currency translation, net	11	(3)	8	937	12	949
Increases in unrealized gains from available-for-sale securities, net	33	—	33	93	—	93
Cash flow hedging (losses) gains	(18)	—	(18)	208	—	208
Change in pension and post-retirement benefit plans, net	104	—	104	87	—	87
Total other comprehensive income (loss)	130	(3)	127	1,325	12	1,337
Total comprehensive income for the period	3,304	281	3,585	4,081	266	4,347
Common Stock issued under employee plans	439	—	439	397	—	397
Common Stock repurchased	(1,650)	—	(1,650)	(780)	—	(780)
Common Stock contributed to pension plans	250	—	250	—	—	—
Dividends on Common Stock	(1,114)	—	(1,114)	(1,018)	—	(1,018)
Dividends on ESOP Common Stock	(47)	—	(47)	(44)	—	(44)
Dividends attributable to noncontrolling interest	—	(233)	(233)	—	(244)	(244)
Purchase of subsidiary shares from noncontrolling interest	(2)	(12)	(14)	(64)	(24)	(88)
Sale of subsidiary shares in noncontrolling interest	—	36	36	—	—	—
Acquisition of noncontrolling interest	—	29	29	—	23	23
Disposition of noncontrolling interest	—	(18)	(18)	—	—	—
Redeemable noncontrolling interest in subsidiaries' earnings	—	(22)	(22)	—	(13)	(13)
Redeemable noncontrolling interest in total other comprehensive income (loss)	—	5	5	—	(2)	(2)
Change in redemption value of put options	8	—	8	1	—	1
Equity, end of period	$ 21,254	$ 999	$22,253	$ 18,336	$ 924	$19,260

During 2009, we adopted the FASB ASU for redeemable equity instruments, applicable for all noncontrolling interests with redemption features, such as put options, that are not solely within our control (redeemable noncontrolling interests). The standards require redeemable noncontrolling interests to be reported in the mezzanine section of the balance sheet, between liabilities and equity, at the greater of redemption value or initial carrying value. As a result of this adoption, we have retroactively reclassified “Redeemable noncontrolling interests” in the mezzanine section of the balance sheet and have increased them to redemption value, where required, resulting in a $387 million reclassification from total equity at September 30, 2009.

A summary of the changes in Redeemable noncontrolling interest recorded in the mezzanine section of the balance sheet for the quarters and nine months ended September 30, 2010 and 2009 is provided below:

(in millions)	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Redeemable noncontrolling interest, beginning of period	$ 311	$ 319	$ 389	$ 245
Net income	6	5	22	13
Foreign currency translation, net	20	(14)	(5)	2
Dividends attributable to noncontrolling interest	(3)	(6)	(16)	(15)
Acquisition of noncontrolling interest	—	85	12	143
Purchase of subsidiary shares from noncontrolling interest	—	—	(65)	—
Disposition of noncontrolling interest	(11)	—	(11)	—
Change in redemption value of put options	(5)	(2)	(8)	(1)
Redeemable noncontrolling interest, end of period	$ 318	$ 387	$ 318	$ 387

Consistent with the requirements under the Business Combinations Topic of the FASB ASC and the accounting for noncontrolling interests in consolidated financial statements, changes in noncontrolling interests that do not result in a change of control and where there is a difference between fair value and carrying value are accounted for as equity transactions. A summary of these changes in ownership interests in subsidiaries and the effect on shareowners' equity for the quarters and nine months ended September 30, 2010 and 2009 is provided below:

(in millions)	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Net income attributable to common shareowners	$ 1,198	$ 1,058	$ 3,174	$ 2,756
Transfers to noncontrolling interests - Decrease in common stock for purchase of subsidiary shares	—	(37)	(2)	(64)
Change from net income attributable to common shareowners and transfers to noncontrolling interests	$ 1,198	$ 1,021	$ 3,172	$ 2,692

Note 10: Guarantees

We extend a variety of financial, market value and product performance guarantees to third parties. There have been no material changes to guarantees outstanding since December 31, 2009.

The changes in the carrying amount of service and product warranties and product performance guarantees for the nine months ended September 30, 2010 and 2009 are as follows:

(in millions)	2010	2009
Balance as of January 1	$1,072	$1,136
Warranties and performance guarantees issued	310	275
Settlements made	(271)	(312)
Other	(6)	(24)
Balance as of September 30	$1,105	$1,075

Note 11: Collaborative Arrangements

In view of the risks and costs associated with developing new engines, Pratt & Whitney has entered into certain collaboration arrangements in which costs, revenues and risks are shared. Revenues generated from engine programs, spare parts sales, and aftermarket business under collaboration arrangements are recorded as earned in our financial statements. Amounts attributable to our collaborative partners for their share of revenues are recorded as an expense in our financial statements based upon the terms and nature of the arrangement. Costs associated with engine programs under collaborative arrangements are expensed as incurred. Under these arrangements, collaborators contribute their program share of engine parts, incur their own production costs and make certain payments to Pratt & Whitney for shared or joint program costs. The reimbursement of the collaborator's share of program costs is recorded as a reduction of the related expense item at that time. As of September 30, 2010, the collaborators' interests in all commercial engine programs ranged from 12% to 48%. Pratt & Whitney directs those programs and is the principal participant in all existing collaborative arrangements. There are no individually significant collaborative arrangements and none of the partners exceed 31% share in an individual program.

Note 12: Contingent Liabilities

Summarized below are the matters previously described in Note 16 of the Notes to the Consolidated Financial Statements in our 2009 Annual Report, incorporated by reference in our 2009 Form 10-K, updated as applicable.

Environmental. Our operations are subject to environmental regulation by federal, state and local authorities in the United States and regulatory authorities with jurisdiction over our foreign operations. We accrue for the costs of environmental investigatory, remediation, operating and maintenance costs 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, we accrue the minimum. For sites with multiple responsible parties, we consider our 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. We discount liabilities with fixed or reliably determinable future cash payments. We do not reduce accrued environmental liabilities by potential insurance reimbursements. We periodically reassess these accrued amounts. We believe that the likelihood of incurring losses materially in excess of amounts accrued is remote.

Government. We are now, and believe that in light of the current U.S. government contracting environment we will continue to be, the subject of one or more U.S. government investigations. If we or one of our business units were charged with wrongdoing as a result of any of these investigations or other government investigations (including violations of certain environmental or export laws) the U.S. government could suspend us from bidding on or receiving awards of new U.S. government contracts pending the completion of legal proceedings. If convicted or found liable, the U.S. government could fine and debar us from new U.S. government contracting for a period generally not to exceed three years. The U.S. government could void any contracts found to be tainted by fraud.

Our contracts with the U.S. government are also subject to audits. Like many defense contractors, we have 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. We have made voluntary refunds in those cases we believe appropriate and continue to litigate certain other cases. In addition, we accrue for liabilities associated with those matters that are probable and can be reasonably estimated. The most likely settlement amount to be incurred is accrued based upon a range of estimates. Where no amount within a range of estimates is more likely, then we accrue the minimum amount.

As previously disclosed, the Department of Justice (DOJ) sued us in 1999 in the U.S. District Court for the Southern District of Ohio, claiming that Pratt & Whitney violated the civil False Claims Act and common law. This lawsuit relates to the “Fighter Engine Competition” between Pratt & Whitney’s F100 engine and General Electric’s F110 engine. The DOJ alleges that the government overpaid for F100 engines under contracts awarded by the U.S. Air Force in fiscal years 1985 through 1990 because Pratt & Whitney inflated its estimated costs for some purchased parts and withheld data that would have revealed the overstatements. At trial of this matter, completed in December 2004, the government claimed Pratt & Whitney’s liability to be $624 million. On August 1, 2008, the trial court judge held that the Air Force had not suffered any actual damages because Pratt & Whitney had made significant price concessions. However, the trial court judge found that Pratt & Whitney violated the False Claims Act due to inaccurate statements contained in the 1983 offer. In the absence of actual damages, the trial court judge awarded the DOJ the maximum civil penalty of $7.09 million, or $10,000 for each of the 709 invoices Pratt & Whitney submitted in 1989 and later under the contracts. Both the DOJ and UTC have appealed the decision. Should the government ultimately prevail, the outcome of this matter could result in a material effect on our results of operations in the period in which a liability would be recognized or cash flows for the period in which damages would be paid.

As previously disclosed, in December 2008, the Department of Defense (DOD) issued a contract claim against Sikorsky to recover overpayments the DOD alleges it has incurred since 2003 in connection with cost accounting changes approved by the DOD and implemented by Sikorsky in 1999 and 2006. These changes relate to the calculation of material overhead rates in government contracts. The DOD claimed that Sikorsky’s liability is approximately $87 million (including interest through September 2010). We believe this claim is without merit and Sikorsky filed an appeal in December 2009 with the U.S. Court of Federal Claims.

Other. On August 27, 2010, Rolls-Royce plc (Rolls-Royce) sued Pratt & Whitney in the U.S. District Court for the Eastern District of Virginia, alleging that fan blades on certain engines manufactured by Pratt & Whitney infringe a patent held by Rolls-Royce. Rolls-Royce seeks damages in an unspecified amount plus interest, an injunction, a finding of willful infringement, and attorneys’ fees. We intend to vigorously defend the case and do not believe that resolution of this matter will have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition. On September 27, 2010, Pratt & Whitney filed a complaint against Rolls-Royce in the U.S. District Court for the District of Connecticut alleging that various acts of Rolls-Royce directed at Pratt & Whitney violate the Connecticut Unfair Trade Practices Act and Section 43 of the Lanham Act, and constitute tortious interference with business expectancy or contractual relations with respect to Pratt & Whitney's relationships with airlines, aircraft manufacturers and a joint venture partner. Pratt & Whitney's complaint also seeks a declaratory judgment that the Rolls-Royce patent is invalid and unenforceable and that Pratt & Whitney's fan blades do not infringe it.

We extend performance and operating cost guarantees beyond our normal warranty and service policies for extended periods on some of our products. We have accrued our estimate of the liability that may result under these guarantees and for service costs that are probable and can be reasonably estimated.

We have accrued for environmental investigatory, remediation, operating and maintenance costs, performance guarantees and other litigation and claims based on our estimate of the probable outcome of these matters. While it is possible that the outcome of these matters may differ from the recorded liability, we believe that resolution of these matters will not have a material impact on our competitive position, results of operations, cash flows or financial condition.

We also have other commitments and contingent liabilities related to legal proceedings, self-insurance programs and matters arising out of the normal course of business. We accrue contingencies based upon a range of possible outcomes. If no amount within this range is a better estimate than any other, then we accrue the minimum amount.

Except as otherwise noted above, we do not believe that resolution of any of these matters will have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition. All forward-looking statements concerning the possible or anticipated outcome of environmental, investigatory and litigation matters involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. For further information as to these risks and uncertainties, see "Cautionary Note Concerning Factors That May Affect Future Results" and Part III, Item 1A, "Risk Factors" in this Form 10-Q.

Note 13: Segment Financial Data

Our operations are classified into six principal segments: Otis, Carrier, UTC Fire & Security, Pratt & Whitney, Hamilton Sundstrand and Sikorsky. The segments are generally 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.

Results for the quarters and nine months ended September 30, 2010 and 2009 are as follows:

Quarter Ended September 30, (in millions)	Revenues 2010	Revenues 2009	Operating Profits 2010	Operating Profits 2009	Operating Profit Margins 2010	Operating Profit Margins 2009
Otis	$ 2,914	$ 2,962	$ 678	$ 633	23.3%	21.4%
Carrier	2,964	3,007	380	312	12.8%	10.4%
UTC Fire & Security	1,657	1,383	187	149	11.3%	10.8%
Pratt & Whitney	3,250	3,031	547	444	16.8%	14.6%
Hamilton Sundstrand	1,419	1,400	255	247	18.0%	17.6%
Sikorsky	1,548	1,648	163	157	10.5%	9.5%
Total segments	13,752	13,431	2,210	1,942	16.1%	14.5%
Eliminations and other	(225)	(56)	(178)	(98)		
General corporate expenses	—	—	(83)	(73)		
Consolidated	$13,527	$13,375	$1,949	$1,771	14.4%	13.2%

Nine Months Ended September 30, (in millions)	Revenues 2010	Revenues 2009	Operating Profits 2010	Operating Profits 2009	Operating Profit Margins 2010	Operating Profit Margins 2009
Otis	$ 8,483	$ 8,579	$1,915	$1,770	22.6%	20.6%
Carrier	8,528	8,594	852	594	10.0%	6.9%
UTC Fire & Security	4,695	3,999	478	297	10.2%	7.4%
Pratt & Whitney	9,440	9,322	1,505	1,347	15.9%	14.4%
Hamilton Sundstrand	4,147	4,183	680	626	16.4%	15.0%
Sikorsky	4,605	4,371	477	406	10.4%	9.3%
Total segments	39,898	39,048	5,907	5,040	14.8%	12.9%
Eliminations and other	(390)	(228)	(242)	(142)		
General corporate expenses	—	—	(253)	(240)		
Consolidated	$39,508	$38,820	$5,412	$4,658	13.7%	12.0%

See Note 7 to the Condensed Consolidated Financial Statements for a discussion of restructuring and other costs included in segment operating results.

Note 14: Accounting Pronouncements

In October 2009, the FASB issued ASU No. 2009-13, “Multiple-Deliverable Revenue Arrangements.” This ASU establishes the accounting and reporting guidance for arrangements including multiple revenue-generating activities. This ASU provides amendments to the criteria for separating deliverables, measuring and allocating arrangement consideration to one or more units of accounting. The amendments in this ASU also establish a selling price hierarchy for determining the selling price of a deliverable. Significantly enhanced disclosures are also required to provide information about a vendor’s multiple-deliverable revenue arrangements, including information about the nature and terms, significant deliverables, and its performance within arrangements. The amendments also require disclosure of the significant judgments made and changes to those judgments and how the application of the relative selling-price method affects the timing or amount of revenue recognition. The amendments in this ASU are effective prospectively for revenue arrangements entered into or materially modified in the fiscal years beginning on or after June 15, 2010. Early application is permitted. We have evaluated this new ASU and have determined that it will not have a significant impact on the determination or reporting of our financial results.

In October 2009, the FASB issued ASU No. 2009-14, “Certain Revenue Arrangements That Include Software Elements.” This ASU changes the accounting model for revenue arrangements that include both tangible products and software elements that are “essential to the functionality,” and scopes these products out of current software revenue guidance. The new guidance includes factors to help companies determine what software elements are considered “essential to the functionality.” The amendments will subject software-enabled products to other revenue guidance and disclosure requirements, such as guidance surrounding revenue arrangements with multiple-deliverables. The amendments in this ASU are effective prospectively for revenue arrangements entered into or materially modified in the fiscal years beginning on or after June 15, 2010. Early application is permitted. We have evaluated this new ASU and have determined that it will not have a significant impact on the determination or reporting of our financial results.

In April 2010, the FASB issued ASU No. 2010-17, “Milestone Method of Revenue Recognition.” This ASU allows entities to make a policy election to use the milestone method of revenue recognition and provides guidance on defining a milestone and guidance on the criteria that should be met for applying the milestone method. The scope of this ASU is limited to the transactions involving milestones relating to research and development deliverables. The guidance includes enhanced disclosure requirements about each arrangement, individual milestones and related contingent consideration, information about substantive milestones and factors considered in the determination. The amendments in this ASU are effective prospectively to milestones achieved in fiscal years, and interim periods within those years, beginning after June 15, 2010. Early application and retrospective application are permitted. We have evaluated this new ASU and have determined that it will not have a significant impact on the determination or reporting of our financial results.

In July 2010, the FASB issued ASU No. 2010-20, “Disclosure about the Credit Quality of Financing Receivables and the Allowance for Credit Losses.” This ASU intends to enhance a financial statement user’s ability to evaluate the entity’s credit risk exposures and adequacy of its allowance for credit losses by requiring additional disclosure about the nature of credit risk inherent in the portfolio of receivables, factors and methodologies used in estimating the allowance for credit losses and activity that occurs during a period for both finance receivables and allowance for credit losses. The scope of this ASU is limited to financing receivables, excluding short-term trade accounts receivable and receivables measured at fair value or lower of cost or fair value. The guidance provides definitions of a finance receivable, portfolio segment, class of finance receivable, and credit quality indicator. This ASU also makes significant changes to the disclosure requirements, including further disaggregation of the information presented based on portfolio segment or class of finance receivable. The disclosures as of the end of a reporting period are effective in fiscal years, and interim periods within those years, ending on or after December 15, 2010. The disclosures about activity that occurs during a reporting period are effective for interim and annual periods beginning on or after December 15, 2010. Comparative disclosures are required for the periods ending after initial adoption. We are currently evaluating this new ASU.

With respect to the unaudited condensed consolidated financial information of UTC for the quarters and nine months ended September 30, 2010 and 2009, PricewaterhouseCoopers LLP (PricewaterhouseCoopers) reported that it has applied limited procedures in accordance with professional standards for a review of such information. However, its report dated October 25, 2010, appearing below, states that the firm did not audit and does not express an opinion on that unaudited condensed consolidated financial information. PricewaterhouseCoopers has not carried out any significant or additional audit tests beyond those that would have been necessary if their report had not been included. Accordingly, the degree of reliance on its report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers is not subject to the liability provisions of Section 11 of the Securities Act of 1933 (the Act) for its report on the unaudited condensed consolidated financial information because that report is not a "report" or a "part" of a registration statement prepared or certified by PricewaterhouseCoopers within the meaning of Sections 7 and 11 of the Act.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareowners of United Technologies Corporation:

We have reviewed the accompanying condensed consolidated balance sheet of United Technologies Corporation and its subsidiaries (the "Corporation") as of September 30, 2010, and the related condensed consolidated statement of operations for the three-month and nine-month periods ended September 30, 2010 and 2009 and the condensed consolidated statement of cash flows for the nine-month periods ended September 30, 2010 and 2009. This interim financial information is the responsibility of the Corporation's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2009, and the related consolidated statements of operations, of cash flows and of changes in equity for the year then ended (not presented herein), and in our report dated February 11, 2010 (which included an explanatory paragraph with respect to the Corporation's change in the manner of accounting for defined benefit pension and other postretirement plans, uncertain tax positions, business combinations, noncontrolling interests and collaborative arrangements and the manner in which it discloses fair value, derivative and hedging activities, subsequent events and fair value of financial instruments), we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2009, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut
October 25, 2010

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

BUSINESS OVERVIEW

We conduct our business through six principal segments: Otis, Carrier, UTC Fire & Security, Pratt & Whitney, Hamilton Sundstrand and Sikorsky. Otis, Carrier and UTC Fire & Security are collectively referred to as the “commercial businesses,” while Pratt & Whitney, Hamilton Sundstrand and Sikorsky are collectively referred to as the “aerospace businesses.” The current status of significant factors impacting our business environment in 2010 is discussed below. For additional discussion, refer to the “Business Overview” section in Management’s Discussion and Analysis of Financial Condition and Results of Operations in our 2009 Annual Report, which is incorporated by reference in our 2009 Form 10-K.

General

As worldwide businesses, our operations can be affected by industrial, economic and political factors on both a regional and global level. To limit the impact of any one industry, or the economy of any single country on our consolidated operating results, our strategy has been, and continues to be, the maintenance of a balanced and diversified portfolio of businesses. Our businesses include both commercial and aerospace operations, original equipment manufacturing (OEM) and extensive related aftermarket parts and services businesses, as well as the combination of shorter cycles in our commercial businesses, particularly Carrier, and longer cycles in our aerospace businesses. Our customers include companies in the private sector and governments, and our businesses reflect an extensive geographic diversification that has evolved with the continued globalization of world economies.

The global economy, which experienced a downturn throughout 2009, has continued to show signs of gradual improvement through the first nine months of 2010. However, although some economic indicators continue to trend positively, the overall rate of global recovery experienced to date has been mixed. The global airline industry continues to gain traction as airlines kept capacity additions well below air traffic growth leading to higher yields and capacity utilization. Commercial construction markets, however, remain generally weak, with strength in some emerging markets. Despite the uneven global recovery, our order rates remain robust with a few exceptions. Commercial aerospace spares orders at Pratt & Whitney and Hamilton Sundstrand increased 35% and 13%, respectively, in the third quarter of 2010 compared to the same period of 2009. This is consistent with our expectation of higher commercial aerospace aftermarket revenues in the second half of 2010. Carrier’s U.S. residential heating, ventilating, and air conditioning (HVAC) shipments declined in the third quarter of 2010 as a result of consumer spending related weakness, while orders at Hamilton Sundstrand’s short-cycle industrial businesses continue to grow. Orders in our long cycle businesses were mixed, as Otis new equipment orders were essentially flat, while both global new equipment orders at Carrier commercial HVAC and total orders at UTC Fire & Security each grew year-over-year in the third quarter of 2010. These improvements contributed to organic revenue growth of 3% in the third quarter of 2010. For the full year, we continue to expect organic revenue growth to be approximately 2%.

Total revenues increased 1% in the third quarter of 2010, as compared to the same period of 2009. This primarily reflects organic revenue growth (3%) partially offset by the impact of net adverse non-recurring items year-over-year, as further discussed below within “Results of Continuing Operations.” The beneficial impact from net acquisitions (1%) was offset by unfavorable foreign currency translation (1%). Along with the revenue increase, consolidated operating profit increased 10% in the third quarter of 2010, as compared with the same period of 2009. This year-over-year improvement reflects an increase in operational profit (11%) driven by higher volumes combined with the beneficial impact from our continued focus on cost reduction and previously initiated restructuring actions, as well as contributions from net acquisitions (2%), and the impact of currency hedges net of foreign currency translation (net combined 1%). The beneficial impact of lower restructuring costs (10%) was more than offset by the adverse impact of year-over-year non-recurring items, as further discussed below. For the remainder of the year, we expect operating performance to remain strong; however, we expect some adverse impacts on the rate of earnings growth, particularly from slower economic growth, tougher comparisons versus the prior year for Carrier, adverse foreign currency translation and higher research and development costs. Given the unevenness of the global economic recovery experienced to date, we will continue to focus on reducing structural costs to position us to grow earnings and drive margin expansion in 2011 and beyond.

Commercial Businesses

Our commercial businesses generally serve customers in the worldwide commercial and residential property industries, although Carrier also serves customers in the commercial and transport refrigeration industries. Revenues in the commercial businesses are influenced by a number of external factors including fluctuations in residential and commercial construction activity, regulatory changes, interest rates, labor costs, foreign currency exchange rates, customer attrition, raw material and energy costs, tightening credit markets and other global and political factors. Carrier’s financial performance can also be influenced by production and utilization of transport equipment, and for its residential business, weather conditions. To ensure adequate supply of Carrier products in the distribution channel, Carrier customarily offers its customers incentives to purchase products.

Revenues at Otis decreased 1% in the first nine months of 2010 as lower volume (3%) was partially offset by the favorable impact of foreign currency translation (2%). The revenue decrease was due to a decline in new equipment sales, impacted by a weaker opening new equipment backlog, and partially offset by continued growth in contractual maintenance revenues. New equipment orders increased 6% (4% excluding the favorable impact of foreign currency translation) for the first nine months of 2010, as compared to the same period of 2009, primarily due to strong order growth in China and Europe, partially offset by continued weakness in North America. Pricing remained under pressure in all of Otis' major markets.

Although total revenues at Carrier declined in the first nine months of 2010, compared to the same period of 2009, Carrier experienced organic revenue growth of 5% during the nine month period, as certain businesses benefited from strengthening market conditions, particularly the transport refrigeration business. In the third quarter of 2010, this continued strength in the transport refrigeration business as well as in the Asian and Latin American HVAC markets more than offset weakness in shipments of U.S. residential systems and led to organic revenue growth of 7% in the third quarter of 2010, compared to the same period of 2009. Additionally, Carrier commercial HVAC global new equipment orders increased 3% in the quarter, year-over-year. Carrier continued its transformation to a higher returns business, as evidenced by strong operating profit margin expansion in the third quarter of 2010.

UTC Fire & Security experienced a 17% increase in revenues in the first nine months of 2010, compared to the same period of 2009. This increase was driven primarily by the impact of net acquisitions, principally GE Security, partially offset by organic revenue contraction. Although organic revenue contracted in the first nine months of 2010, compared to the same period of 2009, revenues increased 1% organically in the third quarter of 2010, driven by the products businesses. Orders grew in the third quarter of 2010, as compared with the same period of 2009, reflecting strong orders in Asia, as well as in the global product businesses.

Aerospace Businesses

The aerospace businesses serve both commercial and government aerospace customers. In addition, elements of Pratt & Whitney and Hamilton Sundstrand also serve customers in the industrial markets. Revenue passenger miles (RPMs), U.S. government military and space spending, and the general economic health of airline carriers are all barometers for our aerospace businesses. Performance in the general aviation sector is closely tied to the overall health of the economy and is positively correlated to corporate profits.

As noted previously, the global airline industry continues to gain traction as airlines have kept capacity additions well below air traffic growth leading to higher yields and capacity utilization. Airline traffic continued to grow year-over-year, and as a result we expect RPMs to grow approximately 6% worldwide in 2010. Orders of shorter cycle commercial aerospace spares grew year-over-year in the third quarter of 2010, with 35% growth in Pratt & Whitney's large commercial spares orders and a 13% increase in Hamilton Sundstrand's commercial spares orders. The improvement in commercial aerospace aftermarket order rates are in line with our expectation of higher commercial aerospace aftermarket revenues in the second half of 2010.

Although total revenues at Sikorsky decreased in the third quarter of 2010, as compared to the same period of 2009, due to the mix and timing of aircraft deliveries, Sikorsky continued to benefit from U.S. government spending. With the robust government demand, Sikorsky's military backlog remains very strong.

Acquisition and Disposition Activity

Our growth strategy contemplates acquisitions. Our operations and results can be affected by the rate and extent to which appropriate acquisition opportunities are available, acquired businesses are effectively integrated, and anticipated synergies or cost savings are achieved. During the first nine months of 2010, our investment in business acquisitions was approximately $2.6 billion, including debt assumed of $32 million, and principally reflected the acquisition of the GE Security business and an equity stake in Clipper Windpower Plc (Clipper). The remainder of our investment in businesses for the first nine months of 2010 consisted of a number of small acquisitions in both our commercial and aerospace businesses. We recorded the excess of the purchase price over the estimated fair value of the assets acquired as an increase in goodwill. As a result of acquisition activity, goodwill increased approximately $1.3 billion in the first nine months of 2010.

On March 1, 2010, we completed the acquisition of the GE Security business for approximately $1.8 billion, including debt assumed of $32 million. The GE Security business supplies security and fire safety technologies for commercial and residential applications through a broad product portfolio that includes fire detection and life safety systems, intrusion alarms, and video surveillance and access control systems. This business is being integrated into our UTC Fire & Security segment during the course of 2010, and will enhance UTC Fire & Security's geographic diversity with the strong North American presence and increased product and technology offerings of GE Security. In connection with this transaction, we recorded approximately $600 million of identifiable intangible assets and $1.1 billion of goodwill. The goodwill recorded reflects synergies expected to be realized through the combination of GE Security's products, resources and management talent with those of the existing UTC Fire & Security business to enhance competitiveness, accelerate the development of certain product offerings, drive improved operational performance and secure additional service channels. Additionally, the combined businesses will allow for significant improvements to the cost structure through the rationalization of general and administrative expenditures as well as research and development efforts.

In January 2010, we completed the acquisition of a 49.5% equity stake in Clipper, a California-based wind turbine manufacturer that trades on the AIM London Stock Exchange. This investment is intended to expand our power generation portfolio and allow us to enter the wind power market by leveraging our expertise in blade technology, turbines and gearbox design. The total cost was £166 million (approximately $270 million) for the purchase of 84.3 million newly issued shares and 21.8 million shares from existing shareowners. We have accounted for this investment under the equity method of accounting. Subsequent to the initial purchase, we increased our investment to 49.9%. During the quarter ended September 30, 2010, we recorded a $159 million other-than-temporary impairment charge, on our equity investment in Clipper, in order to write-down our investment to market value as of September 30, 2010. This impairment is recorded within Other income, net on our Condensed Consolidated Statement of Operations.

In October 2010, we reached agreement with the management and independent members of the board of directors of Clipper on the terms of a cash offer to acquire all remaining shares of Clipper. The acquisition will be implemented by way of a court-approved scheme of arrangement under the UK Companies Act 2006, and remains subject to customary closing conditions and the approval of Clipper's shareholders. Under the terms of the agreement, the acquisition is valued at 65 pence per share or £70 million (approximately $112 million). In connection with the agreement, we have also agreed to provide to Clipper's operating subsidiary a loan facility permitting borrowings of up to $50 million for the period prior to closing of the acquisition. The facility would be guaranteed by Clipper and the operating subsidiary would grant a lien over certain of its assets subject to approval of Clipper shareholders.

During the quarter ended June 30, 2010, we recorded approximately $86 million of asset impairment charges, for assets that have met the held-for-sale criteria, related primarily to the expected disposition of businesses within both Carrier and Hamilton Sundstrand. These asset impairment charges are recorded within Cost of products sold on our Condensed Consolidated Statement of Operations. The asset impairment charges include a $58 million charge related to the expected disposition of a business associated with Carrier's ongoing portfolio transformation to a higher returns business and a $28 million charge at Hamilton Sundstrand related primarily to the expected disposition of an aerospace business as part of Hamilton Sundstrand's efforts to implement low cost sourcing initiatives.

We expect to invest approximately $3.0 billion in acquisitions for 2010, including those investments made during the first nine months of 2010, although this will depend upon the timing, availability and the appropriate value of potential acquisition opportunities.

Other

Government legislation, policies and regulations can have a negative impact on our worldwide operations. Government regulation of refrigerants and energy efficiency standards, elevator safety codes and fire protection regulations are important to our commercial businesses. Government and market-driven safety and performance regulations, restrictions on aircraft engine noise and emissions and government procurement practices can impact our aerospace and defense businesses.

Commercial airline financial distress/consolidation, global economic conditions, changes in raw material and commodity prices, interest rates, foreign currency exchange rates and energy costs create uncertainties that could impact our earnings outlook for the remainder of 2010. See Part II, Item 1A, "Risk Factors" in this Form 10-Q for further discussion.

CRITICAL ACCOUNTING ESTIMATES

Preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. We believe 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. Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 1 to the Consolidated Financial Statements in our 2009 Annual Report, incorporated by reference in our 2009 Form 10-K, describe the significant accounting estimates and policies used in preparation of the Consolidated Financial Statements. Actual results in these areas could differ from management's estimates. There have been no significant changes in our critical accounting estimates during the first nine months of 2010.

RESULTS OF CONTINUING OPERATIONS

Revenues

(in millions)	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009	% change	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	% change
Sales	$ 13,620	$ 13,187	3.3%	$ 39,462	$ 38,446	2.6%
Other income, net	(93)	188	(149.5)%	46	374	(87.7)%
Total revenues	$ 13,527	$ 13,375	1.1%	$ 39,508	$ 38,820	1.8%

Revenues in the third quarter of 2010, as compared to the same period of 2009, grew 3% organically. The adverse impacts of unfavorable foreign currency translation (1%) combined with net adverse non-recurring items (2%) recorded in Other income, net were partially offset by the beneficial impact from net acquisitions (1%). The increase in organic revenue largely reflects growth at Carrier and Pratt & Whitney. The growth at Carrier was driven primarily by continuing strength in the transport refrigeration business while a strong commercial aftermarket recovery contributed to the growth at Pratt & Whitney. Organic revenue growth also reflects the year-over-year beneficial impact of currency hedges at Pratt & Whitney Canada (P&WC). These organic revenue increases were partially offset by organic revenue contraction at Sikorsky.

Revenues for the first nine months of 2010, as compared to the same period of 2009, grew 1% organically. The favorable impact from foreign currency translation (1%) combined with the beneficial impact from net acquisitions (1%) more than offset the net adverse impact of one time items (1%) recorded in Other income, net. Organic revenue growth principally reflects growth at Carrier and Sikorsky, partially offset by organic contraction at Otis. Carrier's organic revenue growth was driven by continuing strength in the transport refrigeration business, while Sikorsky's growth was attributable to higher military revenues. The organic contraction at Otis was due to a decrease in new equipment sales.

The decline in Other income, net for the third quarter of 2010, as compared with the same period of 2009, primarily reflects the impact from a $159 million other-than-temporary impairment charge, recorded in the third quarter of 2010, on our equity investment in Clipper in order to bring the investment to market value. Lower equity income at Carrier as a result of an approximately $30 million valuation allowance charge in the third quarter of 2010 related to a unconsolidated foreign venture was partially offset by $24 million of net gains from dispositions associated with Carrier's ongoing portfolio transformation. Also contributing to the year-over-year decline in Other income, net is the absence of a $57 million gain at Carrier as a result of the contribution of a majority of its U.S. residential sales and distribution businesses into a new venture and favorable pretax interest income adjustments of approximately $17 million related to global tax examination activity, both in the third quarter of 2009, and costs in the third quarter of 2010 associated with the early redemption of long-term debt.

The decline in Other income, net for the first nine months of 2010, as compared to the same period of 2009, reflects the impact from third quarter items noted above as well as the absence of a $52 million non-taxable gain recognized at Otis in the second quarter of 2009. This prior year gain related to the re-measurement to fair value of a previously held equity interest in a joint venture following the purchase of a controlling interest in that joint venture. The remaining year-over-year variance for the first nine months of 2010 is primarily attributable to a $24 million favorable pre-tax interest adjustment associated with the resolution of an uncertain temporary tax item recorded in the second quarter of 2010, partially offset by the costs associated with the early redemption of long-term debt during the 2010 period.

Gross Margin

(in millions)	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Gross margin	$ 3,953	$ 3,351	$ 11,048	$ 9,902
Percentage of sales	29.0%	25.4%	28.0%	25.8%

The increases in gross margin as a percentage of sales for both the third quarter of 2010 and the first nine months of 2010, as compared to 2009, were primarily driven by increased volumes and lower cost of sales resulting from continued focus on cost reductions, savings from previously initiated restructuring actions and net operational efficiencies. The improvement also reflects the beneficial impact from net acquisitions. The increase in gross margin as a percentage of sales in the third quarter of 2010 also reflects the beneficial impact of lower year-over-year restructuring costs (100 basis points). Similarly, the increase in gross margin as a percentage of sales for the first nine months of 2010 also reflects the beneficial impact of lower year-over-year restructuring charges (60 basis points) partially offset by the adverse impact of asset impairment charges (20 basis points) recorded in the second quarter of 2010 related to expected disposition activity at both Carrier and Hamilton Sundstrand.

Research and Development

	Quarter Ended September 30,				Nine Months Ended September 30,			
	2010		2009		2010		2009	
(in millions)	Amount	% of sales	Amount	% of sales	Amount	% of sales	Amount	% of sales
Company-funded	$ 433	3.2%	$ 344	2.6%	$1,289	3.3%	$1,137	3.0%
Customer-funded	450	3.3%	550	4.2%	1,427	3.6%	1,583	4.1%
Total	$ 883	6.5%	$ 894	6.8%	$2,716	6.9%	$2,720	7.1%

Research and development spending is subject to the variable nature of program development schedules and, therefore, year-over-year variations in spending levels are expected. The majority of the company-funded spending is incurred by the aerospace businesses and relates largely to the next generation product family at Pratt & Whitney, the Boeing 787 program at Hamilton Sundstrand, and various engine programs at P&WC. The increase in year-over-year company-funded research and development in both the quarter ended and nine months ended September 30, 2010, as compared to the same periods of 2009, primarily reflects increases at the aerospace businesses as they continue to ramp up new product development programs and the incremental impact to UTC Fire & Security of the recent acquisition of the GE Security business. Company-funded research and development spending for the full year 2010 is now expected to increase by approximately $225 million from 2009 levels primarily due to incremental investments in the next generation product family at Pratt & Whitney, including the PurePower PW1000G engine, multiple new programs at Hamilton Sundstrand, and the impact of research and development activities at the recently acquired GE Security business.

The decrease in customer-funded research and development in the third quarter and first nine months of 2010, compared to the same periods in 2009 was primarily driven by a decrease at Pratt & Whitney related to a reduction in development spending on the Joint Strike Fighter program.

Selling, General and Administrative

	Quarter Ended September 30,		Nine Months Ended September 30,	
(in millions)	2010	2009	2010	2009
Selling, general and administrative expenses	$ 1,478	$ 1,424	$ 4,393	$ 4,481
Percentage of sales	10.9%	10.8%	11.1%	11.7%

The increase in selling, general and administrative expenses in the third quarter of 2010, as compared to the same period of 2009, is due primarily to the impact from recent acquisitions, particularly the acquisition of GE Security, partially offset by lower restructuring costs, the impact of cost reductions and the impact from restructuring and cost saving initiatives undertaken in 2009 in anticipation of adverse economic conditions.

The decrease in selling, general and administrative expenses in the first nine months of 2010, as compared to the same period of 2009, is due primarily to a continued focus on cost reduction and the impact from restructuring and cost saving initiatives undertaken in 2009 in anticipation of adverse economic conditions, partially offset by the impact from recent acquisitions. As a percentage of sales, the 60 basis point year-over-year decrease primarily reflects the impact of lower restructuring costs.

Interest Expense

	Quarter Ended September 30,		Nine Months Ended September 30,	
(in millions)	2010	2009	2010	2009
Interest expense	$ 182	$ 170	$ 560	$ 522
Average interest rate	5.4%	5.6%	5.6%	5.8%

The increase in interest expense in the third quarter of 2010 as compared to the same period of 2009 largely reflects the impact of higher average borrowings. Interest expense on our long-term debt increased as a result of the issuance of two series of fixed rate long-term notes totaling $2.25 billion in February 2010 (see further discussion in the "Liquidity and Financial Condition" section). This impact was partially offset by the absence of interest associated with the repayment at maturity in May 2010 of our $600 million of 4.375% notes due 2010 and the early redemption in June 2010 of the entire $500 million outstanding principal amount of our 7.125% notes that were due November 15, 2010.

Similar to the third quarter of 2010, the increase in interest expense for the first nine months of 2010, as compared to the same period of the prior year, reflects the impact of higher average borrowings. Aside from the impact of debt repayments noted above, the additional interest associated with the issuance of the long-term debt in February 2010 was also partially offset by the absence of interest related to the repayment in June 2009 of our $400 million of 6.500% notes due 2009. Interest expense also reflects the lower cost associated with our commercial paper borrowings.

Income Taxes

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Effective tax rate	26.5%	28.5%	28.7%	27.2%

The effective tax rate for the quarter ended September 30, 2010 has decreased as compared to the same period of 2009. This decrease is largely driven by a net $102 million tax benefit associated with management's intention to repatriate additional high tax dividends from the current year to the U.S. in 2010 as a result of recent U.S. tax legislation. This net benefit was partially offset by the non-deductibility of impairment charges, primarily driven by a $159 million other-than-temporary impairment charge on our equity investment in Clipper, and the tax effects of net gains from dispositions associated with Carrier's ongoing portfolio transformation. The effective tax rate for the quarter ended September 30, 2009 reflects the tax effects of the previously disclosed Carrier and Watsco transaction and a $32 million adverse tax impact associated with a foreign reorganization, net of the reduction to tax expense relating to the re-evaluation of our tax liabilities and contingencies based on global examination activity in the quarter.

The effective tax rate for the nine months ended September 30, 2010 increased as compared to the same period of 2009 as a result of the adverse impact from the health care legislation related to the Medicare Part D program in the first quarter of 2010, the net tax effects of asset impairment charges in the second quarter of 2010 and the impact from items disclosed above that were recorded in the quarter ended September 30, 2010. The effective tax rate for the nine months ended September 30, 2009 reflects a $25 million favorable tax impact in the first quarter of 2009 related to the formation of a commercial venture, the non-taxability in the second quarter of 2009 of a gain recognized at Otis and the net adverse impacts of the third quarter 2009 items disclosed above.

The effective tax rate for the full year of 2010 is expected to be approximately 27%, before the impact of any discrete events. We expect our effective tax rate in 2011 to be approximately 31%, depending on the outcome of various legislative tax matters and before the impact of any discrete events.

Net Income

	Quarter Ended September 30,		Nine Months Ended September 30,	
(in millions, except per share amounts)	2010	2009	2010	2009
Net income	$ 1,299	$ 1,145	$ 3,458	$ 3,010
Less: Noncontrolling interest in subsidiaries' earnings	101	87	284	254
Net income attributable to common shareowners	$ 1,198	$ 1,058	$ 3,174	$ 2,756
Diluted earnings per share	$ 1.30	$ 1.14	$ 3.43	$ 2.97

Although the average foreign exchange rate of the U.S. dollar was stronger in the third quarter of 2010, as compared to the same period of 2009, against certain currencies such as the Euro, the impact of foreign currency generated a positive impact of $.02 per diluted share on our operational performance in the third quarter of 2010. This year-over-year impact primarily represents the beneficial impact of hedging which more than offset adverse foreign currency translation at P&WC. At P&WC, the weakness of the

U.S. dollar in the third quarter of 2010 generated an adverse foreign currency translation impact as the majority of P&WC's revenues are denominated in U.S. dollars, while a significant portion of its costs are incurred in local currencies. To help mitigate the volatility of foreign currency exchange rates on our operating results, we maintain foreign currency hedging programs, the majority of which are entered into by P&WC. As a result of hedging programs currently in place, P&WC's 2010 full year operating results will include a beneficial impact of hedging, net of foreign currency translation, of at least $150 million. For additional discussion of hedging, refer to Note 8 to the Condensed Consolidated Financial Statements.

Diluted earnings per share for the third quarter of 2010 include a net charge of $.09 per share from restructuring and non-recurring items. These non-recurring items include the previously noted $159 million other-than-temporary impairment charge on our equity investment in Clipper, partially offset by $24 million of net gains from dispositions related to Carrier's ongoing portfolio transformation, and a $102 million net tax benefit associated with management's intention to repatriate additional high tax dividends from the current year to the U.S. in 2010 as a result of recent U.S. tax legislation. We expect to initiate additional restructuring actions during the remainder of 2010. Including trailing costs from previously announced restructuring actions, we now expect a net $.28 charge to diluted earnings per share for anticipated restructuring costs and non-recurring items for the full year 2010. Except for those restructuring actions initiated during the first nine months of 2010, no specific plans for significant other actions have been finalized at this time. Diluted earnings per share for the third quarter of 2010 were also favorably impacted by approximately $.03 per share as a result of the shares repurchased since July 1, 2009 under our share repurchase program.

Restructuring and Other Costs

During the first nine months of 2010, we recorded pre-tax restructuring and other costs totaling $210 million for new and ongoing restructuring actions as follows:

(in millions)	
Otis	$ 40
Carrier	32
UTC Fire & Security	53
Pratt & Whitney	48
Hamilton Sundstrand	11
Sikorsky	14
Eliminations and other	12
Total	$210

The net costs included $122 million recorded in cost of sales, $87 million in selling, general and administrative expenses and $1 million in other income, net. As described below, these costs primarily relate to actions initiated during 2010 and 2009.

2010 Actions. During the first nine months of 2010, we initiated restructuring actions relating to ongoing cost reduction efforts, including workforce reductions and the consolidation of field operations. We recorded net pre-tax restructuring and other costs totaling $178 million as follows: Otis $42 million, Carrier $30 million, UTC Fire & Security $43 million, Pratt & Whitney $29 million, Hamilton Sundstrand $7 million, Sikorsky $15 million and Eliminations and other $12 million. The charges included $96 million in cost of sales and $82 million in selling, general and administrative expenses. Those costs included $148 million for severance and related employee termination costs, $14 million for asset write-downs and $16 million for facility exit and lease termination costs.

We expect the 2010 actions that were initiated in the first nine months to result in net workforce reductions of approximately 3,300 hourly and salaried employees, the exiting of approximately 3.0 million net square feet of facilities and the disposal of assets associated with the exited facilities. As of September 30, 2010, we have completed net workforce reductions of approximately 1,300 employees. We are targeting the majority of the remaining workforce and all facility related cost reduction actions for completion during 2010 and 2011. Approximately 85% of the total pre-tax charge will require cash payments, which we will fund with cash generated from operations. During the first nine months of 2010, we had cash outflows of approximately $59 million related to the 2010 actions. We expect to incur additional restructuring and other costs of $84 million to complete these actions. We expect recurring pre-tax savings to increase over the two-year period subsequent to initiating the actions to approximately $200 million annually.

2009 Actions. During the first nine months of 2010, we recorded net pre-tax restructuring and other costs and reversals totaling $43 million for restructuring actions initiated in 2009. The 2009 actions relate to ongoing cost reduction efforts, including workforce reductions, the consolidation of field operations and the consolidation of repair and overhaul operations. We recorded the charges for the first nine months of 2010 as follows: Otis $(2) million, Carrier $12 million, UTC Fire & Security $10 million, Pratt & Whitney

$20 million, Hamilton Sundstrand $4 million and Sikorsky $(1) million. The charges included $26 million in cost of sales, $16 million in selling, general and administrative expenses and $1 million in other income, net. Those costs included $5 million for severance and related employee termination costs, $5 million for asset write-downs and $33 million for facility exit and lease termination costs.

We expect the 2009 actions to result in net workforce reductions of approximately 14,600 hourly and salaried employees, the exiting of approximately 4.6 million net square feet of facilities and the disposal of assets associated with the exited facilities. As of September 30, 2010, we have completed net workforce reductions of approximately 13,300 employees and exited 1.2 million net square feet of facilities. We are targeting the majority of the remaining workforce and all facility related cost reduction actions for completion during 2010 and 2011. Approximately 60% of the total pre-tax charge will require cash payments, which we will fund with cash generated from operations. During the first nine months of 2010, we had cash outflows of approximately $180 million related to the 2009 actions. We expect to incur additional restructuring and other costs of $40 million to complete these actions. We expect recurring pre-tax savings to increase over the two-year period subsequent to initiating the actions to approximately $700 million annually.

In September 2009, Pratt & Whitney announced plans to close a repair facility and an engine overhaul facility in Connecticut. For additional information concerning litigation related to this matter, refer to Note 7 to the Condensed Consolidated Financial Statements.

Additional 2010 Actions. We expect to initiate additional restructuring actions during the remainder of 2010. Except for those actions described above, no specific plans for significant other actions have been finalized at this time.

Segment Review

Segments are generally 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. Adjustments to reconcile segment reporting to the consolidated results for the quarters ended September 30, 2010 and 2009 are included in “Eliminations and other” below, which also includes certain small subsidiaries.

Results for the quarters ended September 30, 2010 and 2009 are as follows:

	Revenues		Operating Profits		Operating Profit Margins	
(in millions)	2010	2009	2010	2009	2010	2009
Otis	$ 2,914	$ 2,962	$ 678	$ 633	23.3%	21.4%
Carrier	2,964	3,007	380	312	12.8%	10.4%
UTC Fire & Security	1,657	1,383	187	149	11.3%	10.8%
Pratt & Whitney	3,250	3,031	547	444	16.8%	14.6%
Hamilton Sundstrand	1,419	1,400	255	247	18.0%	17.6%
Sikorsky	1,548	1,648	163	157	10.5%	9.5%
Total segments	13,752	13,431	2,210	1,942	16.1%	14.5%
Eliminations and other	(225)	(56)	(178)	(98)		
General corporate expenses	—	—	(83)	(73)		
Consolidated	$13,527	$13,375	$1,949	$1,771	14.4%	13.2%

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Third quarter 2010 and 2009 restructuring and other costs included in consolidated operating profit totaled $58 million and $231 million, respectively, as follows:

(in millions)	Quarter Ended September 30, 2010	2009
Otis	$ 12	$ 52
Carrier	(1)	43
UTC Fire & Security	24	7
Pratt & Whitney	13	57
Hamilton Sundstrand	2	13
Sikorsky	7	—
Eliminations and other	1	59
Total	$ 58	$ 231

Results for the nine months ended September 30, 2010 and 2009 are as follows:

	Revenues		Operating Profits		Operating Profit Margins	
(in millions)	2010	2009	2010	2009	2010	2009
Otis	$ 8,483	$ 8,579	$1,915	$1,770	22.6%	20.6%
Carrier	8,528	8,594	852	594	10.0%	6.9%
UTC Fire & Security	4,695	3,999	478	297	10.2%	7.4%
Pratt & Whitney	9,440	9,322	1,505	1,347	15.9%	14.4%
Hamilton Sundstrand	4,147	4,183	680	626	16.4%	15.0%
Sikorsky	4,605	4,371	477	406	10.4%	9.3%
Total segments	39,898	39,048	5,907	5,040	14.8%	12.9%
Eliminations and other	(390)	(228)	(242)	(142)		
General corporate expenses	—	—	(253)	(240)		
Consolidated	$39,508	$38,820	$5,412	$4,658	13.7%	12.0%

For the first nine months of 2010 and 2009, restructuring and other costs included in consolidated operating profit totaled $210 million and $695 million, respectively, as follows:

(in millions)	Nine Months Ended September 30, 2010	2009
Otis	$ 40	$ 131
Carrier	32	139
UTC Fire & Security	53	107
Pratt & Whitney	48	177
Hamilton Sundstrand	11	69
Sikorsky	14	7
Eliminations and other	12	62
General corporate expenses	—	3
Totals	$ 210	$ 695

The tables and segment discussions that follow address the factors that contributed to the year-over-year changes in revenues and operating profits:

Otis –

	Factors Contributing to Total % Change Year-Over-Year in:			
	Quarter Ended September 30, 2010		Nine Months Ended September 30, 2010	
	Revenues	Operating Profits	Revenues	Operating Profits
Organic revenue / Operational operating profit	(1)%	5%	(3)%	6%
Foreign currency translation	(2)%	(4)%	2%	1%
Acquisitions and divestitures, net	1%	—	1%	—
Restructuring and other costs	—	6%	—	5%
Other	—	—	(1)%	(4)%
Total % change	(2)%	7%	(1)%	8%

Quarter Ended September 30, 2010 Compared with Quarter Ended September 30, 2009

Revenues decreased $48 million (2%) in the third quarter of 2010, compared with the same period of 2009. The organic revenue decline in the quarter was due to a decrease in new equipment sales, as growth in China, the Middle East, and certain other emerging markets was more than offset by declines in North America. The decrease in new equipment sales was partially offset by growth in the contractual maintenance and repair businesses.

Operating profits increased $45 million (7%) in the third quarter of 2010, compared with the same period of 2009. The operational profit increase in the quarter was due to benefits from higher service volume globally and ongoing cost reduction programs, which more than offset the impact of lower new equipment volume and pricing.

Nine Months Ended September 30, 2010 Compared with Nine Months Ended September 30, 2009

Revenues decreased $96 million (1%) in the first nine months of 2010, compared with the same period of 2009. The organic revenue decline was due to a decrease in new equipment sales in North America and Europe, partially offset by a strong rebound in China. The decrease in new equipment sales was partially offset by continued growth in the service business. The decrease contributed by "Other" primarily reflects the absence of a $52 million gain recognized in the second quarter of 2009.

Operating profits increased $145 million (8%) in the first nine months of 2010, compared with the same period of 2009. Operational profit improvement was due to benefits from higher maintenance volume and the benefits of aggressive cost reduction programs. The decrease contributed by "Other" primarily reflects the absence of a $52 million gain recognized in the second quarter of 2009.

Carrier –

	Factors Contributing to Total % Change Year-Over-Year in:			
	Quarter Ended September 30, 2010		Nine Months Ended September 30, 2010	
	Revenues	Operating Profits	Revenues	Operating Profits
Organic revenue / Operational operating profit	7%	29%	5%	46%
Foreign currency translation	(1)%	(2)%	1 %	—
Acquisitions and divestitures, net	(5)%	1%	(6)%	2%
Restructuring and other costs	—	14%	—	18%
Other	(2)%	(20)%	(1)%	(23)%
Total % change	(1)%	22%	(1)%	43%

Quarter Ended September 30, 2010 Compared with Quarter Ended September 30, 2009

Revenues decreased $43 million (1%) in the third quarter of 2010, compared with the same period of 2009. Organic revenue growth was driven primarily by improvement in the transport refrigeration and Asian and Latin American HVAC markets, offset slightly by weakness in the U.S. residential systems market. The decrease contributed by "Other" reflects the year-over-year net impact of transactions resulting from dispositions associated with Carrier's ongoing portfolio transformation, including the absence of a $57 million gain recognized in July 2009 from the contribution of the majority of the U.S. Residential Sales and Distribution business into a new venture formed with Watsco, and an approximately $30 million valuation allowance charge, reflected within equity income, in the third quarter of 2010 related to a unconsolidated foreign venture.

Operating profits increased $68 million (22%) in the third quarter of 2010, compared with the same period of 2009. The carry-over benefits of cost reduction and restructuring together with strong conversion on organic revenue growth, particularly in the higher margin transport refrigeration business, drove the operational profit improvement. These benefits (combined 36%) were partially offset by increased commodity costs (7%). The decrease contributed by "Other" reflects the year-over-year net impact of transactions resulting from dispositions associated with Carrier's ongoing portfolio transformation, including the absence of a prior year gain recognized from the transaction with Watsco, and an approximately $30 million valuation allowance charge, reflected within equity income, in the third quarter of 2010 related to a unconsolidated foreign venture.

Nine Months Ended September 30, 2010 Compared with Nine Months Ended September 30, 2009

Revenues decreased $66 million (1%) in the first nine months of 2010, compared with the same period of 2009. Organic revenue growth was driven by improvement in the transport refrigeration, Asian and Latin America HVAC, and U.S. residential systems markets, partially offset by a decline in both the U.S. and European commercial HVAC equipment markets. The decrease contributed by "Acquisitions and divestitures, net" in the first nine months of 2010 reflects the net year-over-year impact from acquisitions and divestitures completed in the preceding twelve months, including the transaction in the third quarter of 2009 with Watsco. The decrease contributed by "Other" primarily reflects the year-over-year net impact of transactions resulting from dispositions associated with Carrier's ongoing portfolio transformation, including the absence of a prior year gain recognized from the transaction with Watsco, as well as an approximately $30 million valuation allowance charge, reflected within equity income, in the third quarter of 2010 related to a unconsolidated foreign venture.

Operating profits increased $258 million (43%) in the first nine months of 2010, compared with the same period of 2009. The carry-over benefits of cost reduction and restructuring together with strong conversion on organic revenue growth, particularly in the higher margin transport refrigeration business, largely drove the operational profit improvement. These benefits (combined 49%) were partially offset by increased commodity costs (3%). The decrease contributed by "Other" primarily reflects the year-over-year net impact of transactions resulting from dispositions associated with Carrier's ongoing portfolio transformation, including the absence of a prior year gain recognized from the transaction with Watsco, as well as an approximately $30 million valuation allowance charge, reflected within equity income, in the third quarter of 2010 related to a unconsolidated foreign venture. Additionally, included within "Other" is an approximately $58 million asset impairment charge recorded in the second quarter of 2010 associated with the expected disposition of a business.

UTC Fire & Security –

	Factors Contributing to Total % Change Year-Over-Year in:			
	Quarter Ended September 30, 2010		Nine Months Ended September 30, 2010	
	Revenues	Operating Profits	Revenues	Operating Profits
Organic revenue / Operational operating profit	1%	7%	(4)%	(1)%
Foreign currency translation	(2)%	(1)%	2%	4%
Acquisitions and divestitures, net	21%	31%	19%	40%
Restructuring and other costs	—	(11)%	—	18%
Total % change	20%	26%	17%	61%

Quarter Ended September 30, 2010 Compared with Quarter Ended September 30, 2009

Revenues increased $274 million (20%) in the third quarter of 2010, compared with the same period of 2009. Organically, the revenue growth was driven primarily from the products businesses, with the service and install businesses flat year-over-year. Geographically, within the service and install businesses, the Americas and Europe experienced weakness in the third quarter of 2010 as a result of poor economic conditions. This was partially offset by growth in Asia, particularly China. The increase contributed by "Acquisitions and divestitures, net" primarily reflects the impact from the acquisition in March 2010 of the GE Security business.

Operating profits increased $38 million (26%) in the third quarter of 2010, compared with the same period of 2009. The operational profit improvement reflects the continuing benefits of productivity initiatives, integration of field operations and restructuring. The increase contributed by "Acquisitions and divestitures, net" primarily reflects the impact from the acquisition in March 2010 of the GE Security business.

Nine Months Ended September 30, 2010 Compared with Nine Months Ended September 30, 2009

Revenues increased $696 million (17%) in the first nine months of 2010, compared with the same period of 2009. Organically, the revenue contraction was driven by declines in the service and install (3%) and products (1%) businesses. Geographically, within the service and install businesses, the Americas and Europe experienced weakness in the first nine months of 2010 as a result of poor economic conditions. The increase contributed by “Acquisitions and divestitures, net” principally reflects the net year-over-year impact from acquisition and divestitures completed in the preceding twelve months, led by the acquisition in March 2010 of the GE Security business.

Operating profits increased $181 million (61%) in the first nine months of 2010, compared with the same period of 2009. The operational profit decline reflects the impact of organic volume contraction, mostly offset by the continuing benefits of productivity initiatives, integration of field operations and restructuring. The increase contributed by “Acquisitions and divestitures, net” primarily reflects the acquisition in March 2010 of the GE Security business.

Pratt & Whitney –

	Factors Contributing to Total % Change Year-Over-Year in:			
	Quarter Ended September 30, 2010		Nine Months Ended September 30, 2010	
	Revenues	Operating Profits	Revenues	Operating Profits
Organic revenue* / Operational operating profit*	4%	3%	(3)%	(5)%
Foreign currency (including P&WC net hedging)*	4%	13%	4%	9%
Restructuring and other costs	—	10%	—	10%
Other	(1)%	(3)%	—	(2)%
Total % change	7%	23%	1%	12%

* *As discussed further in the “Business Overview” and “Results of Operations” sections of Management’s Discussion and Analysis of Financial Condition and Results of Operations, for Pratt & Whitney only, the transactional impact of foreign exchange hedging at P&WC has been netted against the translational foreign exchange impact for presentation purposes in the above table. For all other segments, these foreign exchange transactional impacts are included within the organic revenue/operational operating profit caption in their respective tables. Due to its significance to Pratt & Whitney’s overall operating results, we believe it is useful to segregate the foreign exchange transactional impact in order to clearly identify the underlying financial performance.*

Quarter Ended September 30, 2010 Compared with Quarter Ended September 30, 2009

Revenues increased $219 million (7%) in the third quarter of 2010, compared with the same period of 2009. Organic revenue growth primarily reflects the impact from higher commercial aftermarket volumes (6%). Declines at Pratt & Whitney Power Systems (1%) and Pratt & Whitney Rocketdyne (1%) were partially offset by higher military revenues to account for the majority of the remaining year-over-year change. The impact from foreign currency reflects the beneficial transactional impact of foreign exchange hedging at P&WC.

Operating profits increased $103 million (23%) in the third quarter of 2010, compared with the same period of 2009. The operational profit increase was primarily driven by profits associated with the higher volumes noted above, partially offset by the absence of the net beneficial impact of terminating or otherwise settling certain contracts (13%) in 2009, and an increase in research and development costs (4%) year-over-year.

Nine Months Ended September 30, 2010 Compared with Nine Months Ended September 30, 2009

Revenues increased $118 million (1%) in the first nine months of 2010, compared with the same period of 2009. The decrease in organic revenues is primarily attributable to decreased engine volumes at P&WC (4%). The impact from foreign currency reflects the beneficial transactional impact of foreign exchange hedging at P&WC.

Operating profits increased $158 million (12%) in the first nine months of 2010, compared with the same period of 2009. The operational profit decline was primarily driven by lower profits associated with decreased engine volumes at P&WC (6%) and the impact of higher research and development costs (2%) year-over-year, partially offset by higher profit contribution associated with increased military engine volumes (3%).

Hamilton Sundstrand –

	Factors Contributing to Total % Change Year-Over-Year in:			
	Quarter Ended September 30, 2010		Nine Months Ended September 30, 2010	
	Revenues	Operating Profits	Revenues	Operating Profits
Organic revenue / Operational operating profit	4%	8%	(1)%	7%
Foreign currency translation	(1)%	(1)%	—	—
Acquisitions and divestitures, net	—	(1)%	—	—
Restructuring and other costs	—	4%	—	9%
Other	(2)%	(7)%	—	(7)%
Total % change	1%	3%	(1)%	9%

Quarter Ended September 30, 2010 Compared with Quarter Ended September 30, 2009

Revenues increased $19 million (1%) in the third quarter of 2010, compared with the same period of 2009. The organic revenue growth reflects volume increase in both the industrial (3%) and aerospace (1%) businesses. The growth within aerospace was due to an increase in the OEM business (2%), with a slight decrease in aftermarket driven by the military business. The decrease contributed by “Other” primarily reflects the absence of a gain from the sale of a business in 2009.

Operating profits increased $8 million (3%) in the third quarter of 2010, compared with the same period of 2009. The increase in operational profit reflects an increase in both the industrial (6%) and aerospace (2%) businesses. The increase within aerospace was due to an increase in the OEM business (2%), while the aftermarket business was relatively flat. Favorable OEM operating profit was primarily offset by higher research and development costs (15%). The decrease contributed by “Other” primarily reflects the absence of a gain from the sale of a business in 2009.

Nine Months Ended September 30, 2010 Compared with Nine Months Ended September 30, 2009

Revenues decreased $36 million (1%) in the first nine months of 2010, compared with the same period of 2009. The organic revenue contraction reflects a decline in the aerospace businesses (2%), partially offset by an increase in the industrial businesses (1%). The decrease within aerospace was attributable to a decline in OEM (2%), while aftermarket was relatively flat.

Operating profits increased $54 million (9%) in the first nine months of 2010, compared with the same period of 2009. The increase in operational profit reflects an increase in the industrial businesses (8%) partially offset by a decrease in the aerospace businesses (1%). Within aerospace, a decline within the OEM business (4%) was partially offset by an increase in the aftermarket business (3%). The year-over-year change in OEM primarily reflects higher research and development costs (6%). The decrease contributed by “Other” primarily reflects the absence of a gain from the sale of a business in 2009 and the impact of asset impairment charges recorded in the second quarter of 2010.

Sikorsky –

	Factors Contributing to Total % Change Year-Over-Year in:			
	Quarter Ended September 30, 2010		Nine Months Ended September 30, 2010	
	Revenues	Operating Profits	Revenues	Operating Profits
Organic revenue / Operational operating profit	(6)%	9%	5%	13%
Acquisitions and divestitures, net	—	(1)%	—	(2)%
Restructuring and other costs	—	(4)%	—	(2)%
Other	—	—	—	8%
Total % change	(6)%	4%	5%	17%

Quarter Ended September 30, 2010 Compared with Quarter Ended September 30, 2009

Revenues decreased $100 million (6%) in the third quarter of 2010, compared with the same period of 2009. The organic revenue decline was primarily driven by a different mix of aircraft deliveries year-over-year, including lower foreign military sales and less favorable commercial aircraft configurations. This year-over-year impact was partially offset by increased aftermarket and higher U.S. military aircraft volumes in the current quarter.

Operating profits increased $6 million (4%) in the third quarter of 2010, compared with the same period of 2009. The operational profit improvement was primarily attributable to increased military aircraft deliveries (11%), partially offset by less favorable commercial aircraft configuration mix (7%). The remainder of the operational profit change primarily reflects increased volume in aftermarket support, partially offset by increased research and development costs. The 1% decrease within “Acquisitions and divestitures, net” reflects start-up costs of an equity investment in the United Arab Emirates in 2010.

Nine Months Ended September 30, 2010 Compared with Nine Months Ended September 30, 2009

Revenues increased $234 million (5%) in the first nine months of 2010, compared with the same period of 2009. Organic revenue growth was primarily attributable to an increase in military revenues (7%), which was partially offset by the impact on revenues from fewer aircraft deliveries from commercial operations (3%) due to commercial market weakness. The remainder of the increase reflects higher volume in aftermarket support.

Operating profits increased $71 million (17%) in the first nine months of 2010, compared with the same period of 2009. The operational profit improvement was primarily attributable to increased aircraft deliveries and more favorable mix of aircraft within military operations (17%), partially offset by reduced operational profit from commercial operations (6%) due primarily to commercial market weakness. Operational profit growth from aftermarket support and lower manufacturing costs more than offset increased research and development costs year-over-year. The 2% decrease within “Acquisitions and divestitures, net” reflects start-up costs of an equity investment in the United Arab Emirates in 2010. The 8% increase contributed by “Other” primarily reflects the absence of prior year costs associated with a union contract ratified in the first quarter of 2009.

Eliminations and other –

The year-over-year change in revenues for the third quarter of 2010, as compared with the same period of 2009, primarily reflects the current quarter $159 million other-than-temporary impairment charge on our equity investment in Clipper. The year-over-year change in operating profit for the third quarter of 2010, as compared with the same period of 2009, primarily reflects the previously disclosed impairment charge on our equity investment in Clipper, partially offset by the net impact from the absence of certain items in the third quarter of 2009. These items include restructuring costs related to the curtailment of our domestic pension plans ($59 million) and inventory reserves and project related reserves recorded at UTC Power, partially offset by favorable interest adjustments related to global tax examination activity in 2009.

The year-over-year change in revenues in the first nine months of 2010, as compared to the same period of 2009, primarily reflects the impact of the previously noted impairment charge on our equity investment in Clipper, the cost impact in 2010 from the early redemption of long-term debt and losses associated with our equity investment in Clipper. These adverse impacts were partially offset by the $24 million favorable pretax interest adjustment associated with the resolution of an uncertain temporary tax item in the second quarter of 2010. The year-over-year change in operating profit in the first nine months of 2010, as compared to the same period of 2009, primarily reflects the impacts noted above for the third quarter year-over-year. These adverse impacts were partially offset by the $24 million favorable pretax interest adjustment associated with the resolution of an uncertain temporary tax item in the second quarter of 2010.

LIQUIDITY AND FINANCIAL CONDITION

(in millions)	September 30, 2010	December 31, 2009	September 30, 2009
Cash and cash equivalents	$ 5,731	$ 4,449	$ 4,632
Total debt	12,302	9,744	10,432
Net debt (total debt less cash and cash equivalents)	6,571	5,295	5,800
Total equity[1]	22,253	20,999	19,260
Total capitalization (debt plus equity)[1]	34,555	30,743	29,692
Net capitalization (debt plus equity less cash and cash equivalents)[1]	28,824	26,294	25,060
Debt to total capitalization[1]	36%	32%	35%
Net debt to net capitalization[1]	23%	20%	23%

Note 1 During 2009, we adopted the FASB Accounting Standards Update (ASU) for redeemable equity instruments, applicable for all noncontrolling interests with redemption features, such as put options, that are not solely within our control (redeemable noncontrolling interests). The standards require redeemable noncontrolling interests to be reported in the mezzanine section of the balance sheet, between liabilities and equity, at the greater of redemption value or initial carrying value. As a result of this adoption, we have retroactively reclassified “Redeemable noncontrolling interests” in the mezzanine section of the balance sheet and have increased them to redemption value, where required, resulting in a $387 million reclassification from total equity at September 30, 2009. Additional discussion of the accounting for redeemable noncontrolling interests is included in Note 9 to the Condensed Consolidated Financial Statements.

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing and financing activities. Our principal source of liquidity is operating cash flows, which, after netting out capital expenditures, we target to equal or exceed net income attributable to common shareowners. For the full year of 2010, we expect operating cash flows less capital expenditures to exceed net income attributable to common shareowners. In addition to operating cash flows, other significant factors that affect our overall management of liquidity include: capital expenditures, customer financing requirements, investments in businesses, dividends, common stock repurchases, pension funding, access to the commercial paper markets, adequacy of available bank lines of credit, and the ability to attract long-term capital at satisfactory terms.

Distress in the financial markets over the last several years has had an adverse impact on financial markets including, among other things, extreme volatility in security prices, diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. We have assessed the implications of these factors on our current business, are closely monitoring the impact on our customers and suppliers, and have determined that while there has been some impact to working capital, overall there has not been a significant effect on our financial position, results of operations or liquidity during the first nine months of 2010. Our pension plans have not experienced any significant impact on liquidity or counterparty exposure due to the volatility in the credit markets. Due to the substantial improvement in equity markets during the course of 2009, our domestic pension funds experienced a positive return on assets of approximately 21% in 2009. During the first nine months of 2010, the return on our domestic pension funds was approximately 11%. As a result of the positive returns experienced during 2009, as well as additional funding during 2009 and a change to the final average earnings formula, pension expense in 2010 has been lower than 2009 levels.

Approximately 89% of our domestic pension plans are invested in readily-liquid investments, including equity, fixed income, asset-backed receivables and structured products. The balance of our domestic pension plans (11%) is invested in less-liquid but market-valued investments, including real estate and private equity.

As discussed further below, our strong debt ratings and financial position have historically enabled us to issue long-term debt at favorable market rates, including our issuance of $2.25 billion of long-term debt in February 2010. In May 2010, we repaid the entire $600 million outstanding principal amount of our 4.375% notes at maturity. In June 2010, we redeemed the entire $500 million outstanding principal amount of our 7.125% notes that were due November 15, 2010 and in September 2010, we redeemed the entire $500 million outstanding principal amount of our 6.350% notes that were due March 1, 2011. Our ability to obtain debt financing at comparable risk-based interest rates is partly a function of our existing debt-to-total-capitalization level as well as our current credit standing.

We continue to have access to the commercial paper markets and our existing credit facilities, and expect to continue to generate strong operating cash flows. While the impact of continued market volatility cannot be predicted, we believe we have sufficient operating flexibility, cash reserves and funding sources to maintain adequate amounts of liquidity and to meet our future operating cash needs.

Most of our cash is denominated in foreign currencies. We manage our worldwide cash requirements by considering available funds among the many subsidiaries through which we conduct our business and the cost effectiveness with which those funds can be accessed. The repatriation of cash balances from certain of our subsidiaries could have adverse tax consequences; however, those balances are generally available without legal restrictions to fund ordinary business operations. We will continue to transfer cash from those subsidiaries to UTC and to other international subsidiaries when it is cost effective to do so.

On occasion, we are required to maintain cash deposits with certain banks in respect to contractual obligations related to acquisitions or divestitures or other legal obligations. As of September 30, 2009, $79 million of restricted cash was reported in current assets in the Condensed Consolidated Balance Sheet. Restricted cash as of September 30, 2010 was not significant.

Cash Flow - Operating Activities

	Nine Months Ended September 30,	
(in millions)	2010	2009
Net cash flows provided by operating activities	$ 4,230	$ 3,878

The increase in cash generated from operating activities in the first nine months of 2010 as compared with the same period in 2009 is due largely to the increase in net income attributable to common shareowners, partially offset by higher working capital cash requirements. During the first nine months of 2010, working capital was a source of cash of $31 million compared to a source of cash of $284 million during the first nine months of 2009, a year-over-year decrease of $253 million. This decline was primarily driven by higher accounts receivable due to improved sales volumes, partially offset by lower tax payments. Increased inventory was more than offset by increased accounts payable.

The funded status of our pension plans is dependent upon many factors, including returns on invested assets and the level of market interest rates. We can contribute cash or company stock to our plans at our discretion. We made $551 million of cash contributions and contributed $250 million in UTC common stock to our domestic defined benefit pension plans and $148 million of cash contributions to our foreign pension plans in the first nine months of 2010. We expect to make total contributions of approximately $1 billion to our domestic defined benefit pension plans during the year, inclusive of the contribution of UTC common stock in the second quarter of 2010. Expected contributions to our global defined benefit pension plans in 2010 will meet or exceed the current funding requirements.

Cash Flow - Investing Activities

(in millions)	Nine Months Ended September 30, 2010	2009
Net cash flows used in investing activities	$ (2,686)	$ (731)

The increase in cash used in investing activities is largely a result of an increase in acquisition activity in the first nine months of 2010, as compared with the same period of 2009. Investments in businesses in the first nine months of 2010 primarily reflect the acquisition of the GE Security business for approximately $1.8 billion and the acquisition of a 49.9% equity stake in Clipper for approximately $270 million. We expect total investments in businesses in 2010 to be approximately $3 billion, including acquisitions completed during the first nine months of 2010; however, actual acquisition spending may vary depending upon the timing, availability and appropriate value of acquisition opportunities. Capital expenditures declined year-over-year as most of the businesses curtailed such expenditures in line with the volume reductions as a result of the challenging economic climate.

Customer financing activities were a net use of cash of $29 million for the first nine months of 2010, compared to a net use of cash of $36 million for the same period in 2009. While we expect that 2010 customer financing activity will be a net use of funds, actual funding is subject to usage under existing customer financing commitments during the remainder of the year. We may also arrange for third-party investors to assume a portion of our commitments. We had financing and rental commitments of approximately $1.1 billion and $909 million related to commercial aircraft at September 30, 2010 and December 31, 2009, respectively, of which as much as $109 million may be required to be disbursed during 2010.

Cash Flow - Financing Activities

(in millions)	Nine Months Ended September 30, 2010	2009
Net cash flows used in financing activities	$ (308)	$ (2,908)

The timing and levels of certain cash flow activities, such as acquisitions and repurchases of our stock, have resulted in the issuance of both long-term and short-term debt. Commercial paper borrowings and revolving credit facilities provide short-term liquidity to supplement operating cash flows and are used for general corporate purposes, including the funding of potential acquisitions and repurchases of our stock. In February 2010, we issued $2.25 billion of long-term debt. We used the net proceeds from these issuances primarily to fund a portion of the acquisition of the GE Security business and to repay commercial paper borrowings. In May 2010, we repaid the entire $600 million outstanding principal amount of our 4.375% notes at maturity. In June 2010, we redeemed the entire $500 million outstanding principal amount of our 7.125% notes that were due November 15, 2010 and in September 2010, we redeemed the entire $500 million outstanding principal amount of our 6.350% notes that were due March 1, 2011. We had approximately $1,945 million of commercial paper outstanding at September 30, 2010, all of which was scheduled to mature within one month.

At September 30, 2010, we had two committed credit agreements from banks permitting aggregate borrowings of up to $2.5 billion. One credit commitment is a $1.5 billion revolving credit agreement. As of September 30, 2010, there were no borrowings under this revolving credit agreement, which expires in October 2011. We also have a $1.0 billion multicurrency revolving credit agreement that is available for general funding purposes, including acquisitions. As of September 30, 2010, there were no borrowings under this revolving credit agreement, which expires in November 2011. The undrawn portions of both the $1.5 billion revolving credit agreement and $1.0 billion multicurrency revolving credit agreement are also available to serve as backup facilities for the issuance of commercial paper.

We repurchased $1,650 million of our common stock of which $1,644 million was paid for in the first nine months of 2010, under a 60 million share repurchase program. On March 10, 2010, the Board of Directors authorized a new 60 million common share repurchase program that replaced the previous program, approved in June 2008, which was nearing completion. Share repurchases in the first nine months of 2010 represent approximately 23.8 million shares, which includes 4.9 million shares repurchased under the previous program and 18.9 million shares repurchased under the new program. At September 30, 2010, approximately 41.1 million shares remain available for repurchase under the new share repurchase program. We expect total share repurchases in 2010 of at least $2.0 billion. However, total repurchases may vary depending upon various factors including the level of other investing activities. The share repurchase program continues to be a significant use of our cash flows and, at a minimum, is expected to offset the dilutive effect of the issuance of stock and options under stock-based employee benefit programs.

We paid dividends of $0.425 per share in the first quarter of 2010 totaling $373 million, $0.425 per share in the second quarter of 2010 totaling $371 million, and $0.425 per share in the third quarter of 2010 totaling $370 million. On October 13, 2010, the Board of Directors declared a dividend of $0.425 per share payable December 10, 2010.

We have an existing universal shelf registration statement filed with the SEC for an indeterminate amount of securities for future issuance, subject to our internal limitations on the amount of debt to be issued under this shelf registration statement.

Off-Balance Sheet Arrangements and Contractual Obligations

In our 2009 Annual Report, incorporated by reference in our 2009 Form 10-K, we disclosed our off-balance sheet arrangements and contractual obligations. At September 30, 2010, there have been no material changes to these off-balance sheet arrangements and contractual obligations outside the ordinary course of business except as otherwise disclosed.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no significant change in our exposure to market risk during the first nine months of 2010. For discussion of our exposure to market risk, refer to Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," contained in our 2009 Form 10-K.

Item 4. Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934 (Exchange Act), we carried out an evaluation under the supervision and with the participation of our management, including the Chairman & Chief Executive Officer (CEO) and the Senior Vice President and Chief Financial Officer (CFO), of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2010. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our CEO and our CFO have concluded that, as of September 30, 2010, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our CEO and our CFO, as appropriate, to allow timely decisions regarding required disclosure.

There has been no change in our internal control over financial reporting during the quarter ended September 30, 2010 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Cautionary Note Concerning Factors That May Affect Future Results

This report on Form 10-Q 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 our future operating and financial performance, 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," "target," "anticipate," "guidance" 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 revenues, earnings, cash flow, uses of cash and other measures of financial performance;
- the effect of economic conditions in the United States and globally, including the financial condition of our customers and suppliers;
- new business opportunities;
- restructuring costs and savings;
- the scope, nature or impact of acquisition and divestiture activity including integration of acquired businesses into our existing businesses;
- the development, production and support of advanced technologies and new products and services;
- the anticipated benefits of diversification and balance of operations across product lines, regions and industries;
- the impact of the negotiation of collective bargaining agreements;
- the outcome of contingencies;
- future repurchases of common stock;
- future levels of indebtedness and capital spending;
- future availability of and access to credit markets;
- pension plan assumptions and future contributions; and
- the effect of changes in tax, environmental and other laws and regulations in the United States and other countries in which we operate.

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 Quarterly Report on Form 10-Q includes important information as to these factors that may cause actual results to vary materially from those stated in the forward-looking statements. See the "Notes to Condensed Consolidated Financial Statements" under the heading "Contingent Liabilities," the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the headings "Business Overview," "Critical

Accounting Estimates," "Results of Continuing Operations," and "Liquidity and Financial Condition" and the section titled "Risk Factors." Our 2009 Annual Report also includes important information as to these risk factors in the "Business" section under the headings "Description of Business by Segment" and "Other Matters Relating to Our Business as a Whole," and in the "Risk Factors" and "Legal Proceedings" sections. Additional important information as to these factors is included in our 2009 Annual Report in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the headings "Business Overview," "Critical Accounting Estimates," "Environmental Matters" and "Restructuring and Other Costs." For additional information identifying factors that may cause actual results to vary materially from those stated in the forward-looking statements, see our reports on Forms 10-K, 10-Q and 8-K filed with the SEC from time to time.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

On August 27, 2010, Rolls-Royce plc (Rolls-Royce) sued Pratt & Whitney in the U.S. District Court for the Eastern District of Virginia, alleging that fan blades on certain engines manufactured by Pratt & Whitney infringe a patent held by Rolls-Royce. Rolls-Royce seeks damages in an unspecified amount plus interest, an injunction, a finding of willful infringement, and attorneys' fees. We intend to vigorously defend the case and do not believe that resolution of this matter will have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition. On September 27, 2010, Pratt & Whitney filed a complaint against Rolls-Royce in the U.S. District Court for the District of Connecticut alleging that various acts of Rolls-Royce directed at Pratt & Whitney violate the Connecticut Unfair Trade Practices Act and Section 43 of the Lanham Act, and constitute tortious interference with business expectancy or contractual relations with respect to Pratt & Whitney's relationships with airlines, aircraft manufacturers and a joint venture partner. Pratt & Whitney's complaint also seeks a declaratory judgment that the Rolls-Royce patent is invalid and unenforceable and that Pratt & Whitney's fan blades do not infringe it.

Except as noted above, there have been no material developments in legal proceedings. For a description of previously reported legal proceedings refer to Part I, Item 3, "Legal Proceedings," of our 2009 Form 10-K, and Part II, Item 1 of our Form 10-Q for the quarter ended June 30, 2010.

Item 1A. Risk Factors

Our business, financial condition, operating results and cash flows can be impacted by a number of factors, including, but not limited to, those set forth below, any one of which could cause our actual results to vary materially from recent results or from our anticipated future results. For a discussion identifying additional risk factors and important factors that could cause actual results to differ materially from those anticipated, see the discussion in the "Business" section under the headings "Other Matters Relating to Our Business as a Whole" and "Cautionary Note Concerning Factors That May Affect Future Results" in our 2009 Form 10-K, in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Notes to Consolidated Financial Statements" in our 2009 Annual Report, and in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Notes to Condensed Consolidated Financial Statements" in this Form 10-Q.

Our Global Growth is Subject to a Number of Economic Risks

As widely reported, the global economic turmoil that began in 2008 continued throughout 2009 and into 2010, including widespread recessionary conditions, record levels of unemployment, significant distress of financial institutions, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. Governments have taken unprecedented actions intended to address extreme financial and economic conditions that include severely restricted credit and declines in real estate values. In recent months, certain indices and economic data have begun to show signs of improvement and stabilization in the macroeconomic environment. However, there can be no assurance that these improvements will be broad-based and sustainable, or that they will affect markets relevant to us. Further, there can be no assurance that we will not experience further adverse effects that may be material to our revenues, results of operations, financial condition and ability to access capital. These economic developments affect businesses such as ours in a number of ways. The tightening of credit in financial markets adversely affects the ability of our customers and suppliers to obtain financing for significant purchases and operations and could result in a decrease in or cancellation of orders for our products and services as well as impact the ability of our customers to make payments. Similarly, this tightening of credit may adversely affect our supplier base and increase the potential for one or more of our suppliers to experience financial distress or bankruptcy. Our global business is also adversely affected by decreases in the general level of economic activity, such as decreases in business and consumer spending, air travel, construction activity, the financial strength of airline customers and business jet operators, and government procurement. Strengthening of the rate of exchange for the U.S. dollar against certain major currencies such as the Euro, the Canadian dollar and other currencies also adversely affects our results. We are unable to predict the likely duration and severity of disruption in financial markets and adverse economic conditions in the U.S. and other countries.

Our Financial Performance Is Dependent on the Conditions of the Construction and Aerospace Industries

The results of our commercial and industrial businesses, which generated approximately 58% of our consolidated revenues in 2009, are influenced by a number of external factors including fluctuations in residential and commercial construction activity, regulatory changes, interest rates, labor costs, foreign currency exchange rates, customer attrition, raw material and energy costs, the tightening of the U.S. credit markets and other global and political factors. In addition to these factors, Carrier's financial performance can also be influenced by production and utilization of transport equipment and, in its residential business, weather conditions.

The results of our commercial and military aerospace businesses, which generated approximately 42% of our consolidated revenues in 2009, are directly tied to the economic conditions in the commercial aviation and defense industries, which are cyclical in nature. Financial difficulties, including bankruptcy, of one or more of the major commercial airlines could result in significant cancellations of orders, reductions in our aerospace revenues and losses under existing contracts. In addition, capital spending and demand for aircraft engine and component aftermarket parts and service by commercial airlines, aircraft operators and aircraft manufacturers are influenced by a wide variety of factors, including current and predicted traffic levels, load factors, aircraft fuel pricing, labor issues, worldwide airline profits, airline consolidation, competition, the retirement of older aircraft, regulatory changes, terrorism and related safety concerns, general economic conditions, corporate profitability, and backlog levels, all of which could reduce both the demand for air travel and the aftermarket sales and margins of our aerospace businesses. Future terrorist actions, pandemic health issues or major natural disasters could dramatically reduce both the demand for air travel and aftermarket sales and margins in our aerospace businesses. Also, since a substantial portion of the backlog for commercial aerospace customers is scheduled for delivery beyond 2010, changes in economic conditions may cause customers to request that firm orders be rescheduled or canceled. At times, our aerospace businesses also enter into firm fixed-price development contracts, which may require us to bear cost overruns related to unforeseen technical and design challenges that arise during the development stage of the program. In addition, our aerospace businesses face intense competition from domestic and foreign manufacturers of new equipment and spare parts. The defense industry is also affected by a changing global political environment, continued pressure on U.S. and global defense spending and U.S. foreign policy and the level of activity in military flight operations. Spare parts sales and aftermarket service trends are affected by similar factors, including usage, pricing, technological improvements, regulatory changes and the retirement of older aircraft. The space industry is also impacted by changing U.S. government budget priorities, the phase-out of existing programs, and other similar factors. Furthermore, because of the lengthy research and development cycle involved in bringing products in these business segments to market, we cannot predict the economic conditions that will exist when any new product is complete. A reduction in capital spending in the commercial aviation or defense industries could have a significant effect on the demand for our products, which could have an adverse effect on our financial performance or results of operations.

Our Business May Be Affected by Government Contracting Risks

U.S. government contracts are subject to termination by the government, either for the convenience of the government or for default as a result of our failure to perform under the applicable contract. If terminated by the government as a result of our default, we could be liable for additional costs the government incurs in acquiring undelivered goods or services from another source and any other damages it suffers. We are now, and believe that in light of the current U.S. government contracting environment we will continue to be, the subject of one or more U.S. government investigations. If we or one of our business units were charged with wrongdoing as a result of any U.S. government investigation (including violation of certain environmental or export laws), the U.S. government could suspend us from bidding on or receiving awards of new U.S. government contracts pending the completion of legal proceedings. If convicted or found liable, the U.S. government could subject us to fines, penalties, repayments and treble and other damages. The U.S. government could void any contracts found to be tainted by fraud. The U.S. government also reserves the right to debar a contractor from receiving new government contracts for fraudulent, criminal or other seriously improper conduct. Debarment generally does not exceed three years. Independently, failure to comply with U.S. laws and regulations related to the export of goods and technology outside the United States could result in civil or criminal penalties and suspension or termination of our export privileges. In addition, we are also sensitive to U.S. military budgets, which may fluctuate to reflect the policies of a new administration or Congress.

Our International Operations Subject Us to Economic Risk As Our Results of Operations May Be Adversely Affected by Changes in Economic Conditions, Foreign Currency Fluctuations and Changes in Local Government Regulation

We conduct our business on a global basis, with approximately 59% of our total 2009 segment revenues derived from operations outside of the United States and from U.S. export sales. Changes in local and regional economic conditions, including fluctuations in exchange rates, may affect product demand and reported profits in our non-U.S. operations (primarily the commercial businesses) where transactions are generally denominated in local currencies. In addition, currency fluctuations may affect the prices we pay suppliers for materials used in our products. As a result, our operating margins may also be negatively impacted by worldwide currency fluctuations that result in higher costs for certain cross border transactions. Our financial statements are denominated in U.S. dollars. Accordingly, fluctuations in exchange rates may also give rise to translation gains or losses when financial statements of non- U.S. operating units are translated into U.S. dollars. Given that the majority of our revenues are non-U.S. based, a strengthening of the U.S. dollar against other major foreign currencies could adversely affect our results of operations.

The majority of sales in the aerospace businesses are transacted in U.S. dollars, consistent with established industry practice, while the majority of costs at locations outside the United States are incurred in the applicable local currency (principally the Euro and the Canadian dollar). For operating units with U.S. dollar sales and local currency costs, there is a foreign currency exposure that could impact our results of operations depending on market changes in the exchange rate of the U.S. dollar against the applicable foreign currencies. To manage certain exposures, we employ long-term hedging strategies associated with U.S. dollar revenues. See Note 1 and Note 13 to the Consolidated Financial Statements in our 2009 Annual Report and Note 8 to the Condensed Consolidated Financial Statements in this Form 10-Q for a discussion of our hedging strategies.

Our international sales and operations are subject to risks associated with changes in local government laws, regulations and policies, including those related to tariffs and trade barriers, investments, taxation, exchange controls, employment regulations, and repatriation of earnings. Our international sales and operations are also sensitive to changes in foreign national priorities, including government budgets, as well as to political and economic instability. International transactions may involve increased financial and legal risks due to differing legal systems and customs in foreign countries. For example, as a condition of sale or award of a contract, some international customers require us to agree to offset arrangements, which may include in-country purchases, manufacturing and financial support arrangements. The contract may provide for penalties in the event we fail to perform in accordance with the offset requirements.

In addition, as part of our globalization strategy, we have invested in certain countries, including Argentina, Brazil, China, India, Russia, South Africa and countries in the Middle East, that carry high levels of currency, political and economic risk. We expect that sales to emerging markets will continue to account for a significant portion of our total sales as our business evolves and as these and other developing nations and regions around the world increase their demand for our products. Emerging market operations can present many risks, including civil disturbances, health concerns, cultural differences, such as employment and business practices, volatility in gross domestic product, economic and government instability, and the imposition of exchange controls. While these factors or the impact of these factors are difficult to predict, any one or more of them could adversely affect our business, financial condition or operating results.

We Use a Variety of Raw Materials, Supplier-Provided Parts, Components, Sub-Systems and Third Party Contract Manufacturing Services in Our Businesses, and Significant Shortages, Supplier Capacity Constraints, Supplier Production Disruptions or Price Increases Could Increase Our Operating Costs and Adversely Impact the Competitive Positions of Our Products

Our reliance on suppliers, third party contract manufacturing and commodity markets to secure raw materials, parts, components and sub-systems used in our products exposes us to volatility in the prices and availability of these materials. In some instances, we depend upon a single source of supply, manufacturing or assembly or participate in commodity markets that may be subject to allocations of limited supplies by suppliers. A disruption in deliveries from our suppliers or third party contract manufacturers, supplier capacity constraints, supplier and third party contract manufacturer production disruptions, price increases, or decreased availability of raw materials or commodities, could have an adverse effect on our ability to meet our commitments to customers or increase our operating costs. We believe that our supply management and production practices are based on an appropriate balancing of the foreseeable risks and the costs of alternative practices. Nonetheless, price increases, supplier capacity constraints, supplier production disruptions or the unavailability of some raw materials may have an adverse effect on our results of operations or financial condition.

We Engage in Acquisitions and Divestitures, and May Encounter Difficulties Integrating Acquired Businesses with, or Disposing of Divested Businesses from, Our Current Operations; Therefore, We May Not Realize the Anticipated Benefits of these Acquisitions and Divestitures

We seek to grow through strategic acquisitions. In the past several years, we have made various acquisitions and entered into joint venture arrangements intended to complement and expand our businesses, and may continue to do so in the future. The success of these transactions will depend on our ability to integrate assets and personnel acquired in these transactions, apply our internal controls processes to these acquired businesses, and cooperate with our strategic partners. We may encounter difficulties in integrating acquisitions with our operations, applying our internal controls processes to these acquisitions, or in managing strategic investments. Additionally, we may not realize the degree or timing of benefits we anticipate when we first enter into a transaction. Any of the foregoing could adversely affect our business and results of operations. In addition, the recent effectiveness of revisions to accounting for business combinations, which, among other things, require companies to expense certain acquisition costs as incurred, may cause us to incur greater earnings volatility and generally lower earnings during periods in which we acquire new businesses. Furthermore, we make strategic divestitures from time to time. These divestitures may result in continued financial involvement in the divested businesses, such as through guarantees or other financial arrangements, following a transaction. Lower performance by divested businesses could affect our future financial results.

We Design, Manufacture and Service Products that Incorporate Advanced Technologies; The Introduction of New Products and Technologies Involves Risks and We May Not Realize the Degree or Timing of Benefits Initially Anticipated

We seek to achieve growth through the design, development, production, sale and support of innovative products that incorporate advanced technologies. We regularly invest substantial amounts in research and development efforts that pursue advancements in a wide range of technologies, products and services. Our ability to realize the anticipated benefits of these advancements depends on a variety of factors, including meeting development, production, certification and regulatory approval schedules; execution of internal and external performance plans; availability of internal and supplier-produced parts and materials; performance of suppliers and subcontractors; achieving cost and production efficiencies; validation of innovative technologies and the level of customer interest in new technologies and products. These factors involve significant risks and uncertainties. We or our suppliers and subcontractors may encounter difficulties in developing and producing these new products and services, and may not realize the degree or timing of benefits initially anticipated. In particular, we cannot predict with certainty whether, when and in what quantities our aerospace businesses will produce aircraft engines, helicopters, aircraft systems and components and other products currently in development or pending required certifications. Any of the foregoing could adversely affect our business and results of operations.

We Are Subject to Litigation, Tax, Environmental and Other Legal Compliance Risks That Could Adversely Affect Our Operating Results

We are subject to a variety of litigation, tax and legal compliance risks. These risks include, among other things, litigation concerning product liability matters, personal injuries, intellectual property rights, government contracts, taxes, environmental matters and compliance with U.S. and foreign export laws, competition laws and laws governing improper business practices. We or one of our business units could be charged with wrongdoing as a result of such litigation. If convicted or found liable, we could be subject to fines, penalties, repayments, other damages (in certain cases, treble damages), or suspension or debarment from government contracts. Independently, failure of us or one of our business units to comply with applicable export and trade practice laws could result in civil or criminal penalties and suspension or termination of export privileges. As a global business, we are subject to complex laws and regulations in the U.S. and other countries in which we operate. Those laws and regulations may be interpreted in different ways. They may also change from time to time, as may related interpretations and other guidance. Changes in laws and regulations could result in higher expenses and payments, and uncertainty relating to laws and regulations may also affect how we conduct our operations and structure our investments and could limit our ability to enforce our rights. Changes in environmental laws and regulations could lead to new or additional investment in product designs and could increase environmental compliance expenditures. In the area of tax, changes in tax laws and regulations, as well as changes in related interpretations and other tax guidance could materially impact our tax receivables and liabilities and our deferred tax assets and deferred tax liabilities. Additionally, in the ordinary course of business we are subject to examinations by various authorities, including tax authorities. In addition to ongoing investigations, there could be additional investigations launched in the future by governmental authorities in various jurisdictions and existing investigations could be expanded. While we believe we have adopted appropriate risk management and compliance programs to address and reduce these risks, the global and diverse nature of our operations means that these risks will continue to exist and additional legal proceedings and contingencies will arise from time to time. Our results may be affected by the outcome of legal proceedings and other contingencies that cannot be predicted with certainty.

For non-income tax risks, we estimate material loss contingencies and establish reserves as required by generally accepted accounting principles based on our assessment of contingencies where liability is deemed probable and reasonably estimable in light of the facts and circumstances known to us at a particular point in time. Subsequent developments in legal proceedings may affect our assessment and estimates of the loss contingency recorded as a liability or as a reserve against assets in our financial statements and could result in an adverse effect on our results of operations in the period in which a liability would be recognized or cash flows for the period in which damages would be paid. For a description of current legal proceedings, see Part I, Item 3 “Legal Proceedings,” in our 2009 Form 10-K, as updated from time to time in subsequent filings, including this Form 10-Q. For income tax risks, we recognize tax benefits based on our assessment that a tax benefit has a greater than 50% likelihood of being sustained upon ultimate settlement with the applicable taxing authority that has full knowledge of all relevant facts. For those income tax positions where we assess that there is not a greater than 50% likelihood that the tax benefit will be sustained, we do not recognize a tax benefit in our financial statements. Subsequent events may cause us to change our assessment of the likelihood of sustaining a previously-recognized benefit which could result in an adverse effect on our results of operations in the period in which such event occurs or on our cash flows in the period in which the ultimate settlement with the applicable taxing authority occurs.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The following table provides information about our purchases during the quarter ended September 30, 2010 of equity securities that are registered by us pursuant to Section 12 of the Exchange Act.

2010	Total Number of Shares Purchased (000's)	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program (000's)	Maximum Number of Shares that may yet be Purchased Under the Program (000's)
July 1 - July 31	1,495	$ 66.93	1,494	46,749
August 1 - August 31	2,442	68.84	2,441	44,308
September 1 - September 30	3,183	69.72	3,180	41,128
Total	7,120	$ 68.83	7,115	

On March 10, 2010, the Board of Directors authorized the repurchase of up to 60 million shares of our common stock. This new authorization replaces a previous program, approved in June 2008, which was nearing completion. Under this program, shares may be purchased on the open market, in privately negotiated transactions and under plans complying with Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended. These repurchases are included within the scope of our overall repurchase program discussed above. We may also reacquire shares outside of the program from time to time in connection with the surrender of shares to cover taxes on vesting of restricted stock. Approximately 5,000 shares were reacquired in transactions outside the program during the quarter.

In May 2010, we contributed 3,763,000 shares of our common stock valued at $250 million to our domestic defined benefit pension plans, in accordance with Section 4(2) of the Securities Act of 1933, as amended. This contribution will reduce our future obligations to fund the plans.

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Item 6. Exhibits

Exhibit Number	Exhibit Description
10.14	United Technologies Corporation Board of Directors Deferred Stock Unit Plan, as amended and restated effective October 13, 2010.*
10.32	Services Agreement by and between United Technologies Corporation and Ari Bousbib, effective September 1, 2010.*
12	Statement re: computation of ratio of earnings to fixed charges.*
15	Letter re: unaudited interim financial information.*
31	Rule 13a-14(a)/15d-14(a) Certifications.*
32	Section 1350 Certifications.*
101.INS	XBRL Instance Document.* (File name: utx-20100930.xml)
101.SCH	XBRL Taxonomy Extension Schema Document.* (File name: utx-20100930.xsd)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.* (File name: utx-20100930_cal.xml)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.* (File name: utx-20100930_def.xml)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.* (File name: utx-20100930_lab.xml)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.* (File name: utx-20100930_pre.xml)

Notes to Exhibits List:

* Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Statements of Operations for the quarters and nine months ended September 30, 2010 and 2009, (ii) Condensed Consolidated Balance Sheet at September 30, 2010 and December 31, 2009, (iii) Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 2010 and 2009 and (iv) Notes to Condensed Consolidated Financial Statements. In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be part of any registration statement or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

Pursuant to the requirements 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)

Dated: October 25, 2010

by: /S/ GREGORY J. HAYES

Gregory J. Hayes
Senior Vice President and Chief Financial Officer

(on behalf of the Registrant and as the Registrant's Principal Financial Officer)

EXHIBIT INDEX

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UNITED TECHNOLOGIES CORPORATION

BOARD OF DIRECTORS

DEFERRED STOCK UNIT PLAN

As Amended and Restated Effective October 13, 2010

UNITED TECHNOLOGIES CORPORATION BOARD OF DIRECTORS
DEFERRED STOCK UNIT PLAN

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ARTICLE I
INTRODUCTION AND PURPOSE

1.01 Purpose of Plan

The United Technologies Corporation Board of Directors Deferred Stock Unit Plan (the "Plan") has been established to provide an arrangement for non-employee directors to receive an annual Deferred Stock Unit Award and a New Director Restricted Stock Unit Award and to defer their Annual Retainer in the form of deferred stock units equal in value to shares of the Corporation's common stock for the purpose of aligning the interests of non-employee directors with those of the Corporation's shareowners.

1.02 Effective Date of Plan and Amendments

(a) The Plan as originally adopted on January 1, 1996 was amended and restated effective January 1, 2005 for the purpose of complying with Section 409A of the Internal Revenue Code with respect to deferrals that were earned or vested after December 31, 2004. Amounts that were earned or vested (within the meaning of Section 409A) prior to January 1, 2005, and any subsequent increases in these amounts that are permitted to be treated as grandfathered benefits under Section 409A, are generally subject to and shall continue to be governed by the terms of the Prior Plan set forth in Appendix A.

(b) Subsequent to the January 1, 2005 amendment and restatement, the Plan again was amended and restated for the purposes of: (i) revising the retainer structure as integrated into this Plan; (ii) establishing share ownership guidelines for non-employee directors; and (iii) providing that distributions from this Plan and the Prior Plan will be comprised of shares of UTC Common Stock rather than cash. Changes effected by this amendment and restatement are generally effective as of October 13, 2010.

ARTICLE II

DEFINITIONS

Unless the context clearly indicates otherwise, the following terms, when used in capitalized form in the Plan, shall have the meanings set forth below:

Account means a bookkeeping account established for a Participant under Article IV that is credited with Deferred Stock Units representing compensation earned or vested after 2004. Any compensation earned and vested before 2005 shall be credited to a Participant's account(s) under the Prior Plan and shall be subject to the provisions set forth in Appendix A.

Annual Meeting means the Corporation's Annual Meeting of Shareowners.

Annual Retainer means the annual retainer fee payable to a Participant under Section 3.01 for services to the Company in the capacities indicated.

Annual Deferred Stock Unit Award means the annual grant of Deferred Stock Units made to Participants in accordance with Section 3.02.

Beneficiary means a Participant's beneficiary, designated in writing in a form and manner satisfactory to the Committee, or if a Participant fails to designate a beneficiary, or if all of the Participant's designated Beneficiaries predecease the Participant, the Participant's estate.

Board means the Board of Directors of the Corporation.

Closing Price means, with respect to any date specified by the Plan, the closing price of UTC Common Stock on the composite tape of New York Stock Exchange issues (or if there was no reported sale of UTC Common Stock on such date, on the next preceding day on which there was such a reported sale).

Code means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto. References to any section of the Internal Revenue Code shall include any final regulations or other published guidance interpreting that section.

Committee means the Committee on Nominations and Governance of the Board.

Conversion Date means the date Deferred Stock Units are converted to shares of UTC Common Stock immediately prior to the delivery of such shares to a Participant or Beneficiary in accordance with Article V herein.

Corporation means United Technologies Corporation.

Deferred Annual Retainer means any portion of a Participant's Annual Retainer deferred in accordance with Article V.

Deferred Stock Unit means a hypothetical share of UTC Common Stock convertible into an actual share of UTC Common Stock following a Separation from Service and immediately prior to a distribution to be made in accordance with Article V. Each Deferred Stock Unit is equal in value to a share of UTC Common Stock. Deferred Stock Units are "restricted stock units" awarded under the LTIP and distributed and administered in accordance with the terms of this Plan.

Distribution Anniversary Date means an anniversary of the Distribution Commencement Date.

Distribution Commencement Date means the first business day of the first month following the month in which the Participant has a Separation from Service.

Election means an irrevocable election by a Participant either to defer all or a portion of the Annual Retainer otherwise payable in cash or to specify how an Account will be distributed (i.e., as a lump sum, in 10 annual installments, or in 15 annual installments).

LTIP means the 2005 United Technologies Corporation Long Term Incentive Plan, as amended from time to time.

Participant means a non-employee member of the Board.

Plan means this United Technologies Corporation Board of Directors Deferred Stock Unit Plan, as amended and restated herein, effective October 13, 2010 and as it may be subsequently amended from time to time.

Plan Year means the calendar year.

Prior Plan means the United Technologies Corporation Board of Directors Deferred Stock

Unit Plan as in effect on October 3, 2004, and as modified thereafter from time to time in a manner that does not constitute a “material modification” for purposes of Section 409A, as set forth in Appendix A hereto.

New Director Restricted Stock Unit Award means the one-time Deferred Stock Unit award granted to a Participant upon election to the Board as provided in Section 3.03.

Separation from Service means a Participant’s resignation, removal, or retirement from the Board (for a reason other than death) that constitutes a good-faith, complete termination of the Participant’s relationship with the Corporation and that also qualifies as a “separation from service” for purposes of Section 409A of the Code.

UTC Common Stock shall mean the common stock of the Corporation.

ARTICLE III

ELIGIBLE COMPENSATION

3.01 Annual Retainer

(a) *Annual Retainer Amount.* Effective January 1, 2010, subject to subsections (b) and (c) of this Section 3.01, the Annual Retainer shall be as follows: $112,000 for the Audit Committee Chair and the Lead Director; $108,000 for members of the Audit Committee; $102,000 for any other Committee Chair; and $96,000 for all other Participants. The Annual Retainer is subject to change from time to time at the discretion of the Committee.

(b) *Terminated Participants.* If a Separation from Service occurs or a Participant dies before the Annual Meeting, the Participant will not receive an Annual Retainer for the year of the Separation from Service or the Participant’s death.

(c) *New Participants.* If a Participant is elected to the Board before September 30 of a calendar year, the Participant will receive the full amount of the then applicable Annual Retainer. Such amount will be eligible for deferral in accordance with Article V. If a Participant is elected to the Board after September 30 of a calendar year, the Participant will receive 50% of the applicable Annual Retainer Amount set forth in subsection (a) above.

3.02 Annual Deferred Stock Unit Award

(a) *Annual Deferred Stock Unit Award.* Effective January 1, 2010, each Participant will receive an annual award of Deferred Stock Units the following amounts to be credited to the Participant's Account: $168,000 for the Audit Committee Chair and the Lead Director; $162,000 for members of the Audit Committee; $153,000 for any other Committee Chair; and $144,000 for all other Participants. The Annual Deferred Stock Unit Award is subject to change from time to time at the discretion of the Committee.

(b) *Terminated Participants.* If a Separation from Service or a Participant's death occurs before the Annual Meeting, the Participant will not receive an Annual Deferred Stock Unit Award for the year of the Separation from Service or the Participant's death.

(c) *New Participants.* If a Participant is elected to the Board before September 30 of a calendar year, the Participant will receive an Annual Deferred Stock Unit Award equal in value to the amounts specified in sub-section (a) above. If a Participant is elected to the Board after September 30, the Participant will receive an Annual Deferred Stock Unit Award equal to 50% of the value specified in subsection (a).

3.03 New Director Restricted Stock Unit Award

Effective as of the date of the Participant's election to the Board, the Participant shall receive an unvested award of Deferred Stock Units, equal in value to $100,000 as of such date. The amount of a New Director Restricted Stock Unit Award is subject to change at the discretion of the Committee.

ARTICLE IV
ACCOUNTS AND CREDITS

4.01 Annual Deferred Stock Unit Award

The Annual Deferred Stock Unit Award shall be credited automatically to an Account established for the Participant, effective as of the date of the Annual Meeting. Participants may not elect to receive the Annual Deferred Stock Unit Award as current cash compensation.

4.02 Elective Annual Retainer

The Annual Retainer will be paid in cash unless the Participant makes a timely irrevocable election in accordance with Article V to defer the receipt of the Annual Retainer as Deferred Stock Units subject to the terms of this Plan in lieu of a current cash payment.

4.03 New Director Restricted Stock Unit Award

Effective as of the date of the Participant's election to the Board, the Corporation will credit the amount of the New Director Restricted Stock Unit Award to a New Director Restricted Stock Unit Account established for the Participant. The New Director Restricted Stock Unit Account will consist of Deferred Stock Units awarded under the LTIP and may not be settled prior to the Participant's Separation from Service. The value of the New Director Restricted Stock Unit Account is subject to forfeiture if a Separation from Service occurs before the first Annual Meeting following the date of election to the Board. Thereafter, the percentage of the New Director Restricted Stock Unit Award subject to forfeiture will be reduced by 20 percentage points as of the date of each succeeding Annual Meeting until the fifth annual meeting when 100% of the value of the New Director Restricted Stock Unit Award will be vested. There will be no forfeiture of interest in the New Director Restricted Stock Unit Account in the event the Separation of Service occurs by reason of the Participant's death, Disability, or for any reason following a "Change in Control" as such terms are defined in the LTIP while the Participant is a member of the Board, or in the event of the Participant's resignation or retirement from the Board for the purpose of accepting full-time employment in public or charitable service. A Participant's New Director Restricted Stock Unit Account will be credited with dividend equivalents in the form of additional Deferred Stock Units, which will vest immediately, but will otherwise be subject to the same restrictions applicable to the Deferred Stock Units credited to the Account.

4.04 Accounts

(a) *Post-December 31, 2004 Credits.* All (i) Annual Retainer deferrals, (ii) Annual Deferred Stock Unit Awards and (iii) New Director Restricted Stock Unit Awards earned or vested after December 31, 2004, shall be maintained in a Participant's Account established under and subject to the terms and conditions of the Plan, as amended and restated effective January 1, 2005 and as amended from time to time. Separate Accounts for post-December 31, 2004 Deferred Stock Units will be maintained for each Participant. Sub-accounts may be maintained within Participants' Accounts to the extent the Committee determines such an arrangement to be necessary or useful in the administration of the Plan.

(b) *Pre-January 1, 2005 Credits.* All Deferred Stock Unit and New Director Restricted Stock Unit Awards earned and vested prior to January 1, 2005, and any subsequent increases in these amounts that are permitted to be treated as grandfathered benefits under Section 409A of the Code (e.g., increases in unit value and dividend equivalents), shall be maintained in separate account(s) under the Prior Plan and shall remain subject to the terms and conditions of the Prior Plan as in effect on October 3, 2004. Prior Plan accounts shall be equal to the value earned and vested on December 31, 2004, as subsequently adjusted in accordance with the terms of the Prior Plan. The Prior Plan and Prior Plan accounts are not intended to be subject to Section 409A of the Code. No amendment to Appendix A that would constitute a "material modification" for purposes of Section 409A shall be effective unless the amending instrument states that it is intended to materially modify Appendix A and to cause the Prior Plan to become subject to Section 409A.

4.05 Deferred Stock Unit Accounts

Calculation of Deferred Stock Units. A Participant's Account (including his or her New Director Restricted Stock Unit Account) shall be credited with the number of Deferred Stock Units in accordance with the following rules:

(a) *Initial Crediting of Deferred Stock Units.* The New Director Restricted Stock Unit Award, the Annual Deferred Stock Unit Award and Deferred Annual Retainer (if any) credited to a Participant's Account for a Plan Year under Sections 4.01, 4.02 and 4.03 shall result in a number of Deferred Stock Units (including fractional Deferred Stock Units) credited to Participant's Account equal to the sum of the dollar amounts of the Annual Deferred Stock Unit Award, the New Director Restricted Stock Unit Award (if applicable) and the Deferred Annual Retainer (if any) divided by the Closing Price on the date of the Annual Meeting or the date a Participant is elected to the Board, if applicable.

(b) *Deemed Reinvestment of Dividends.* The number of Deferred Stock Units credited to a Participant's Account shall be increased on each date on which a dividend is paid on UTC Common Stock. The number of additional Deferred Stock Units credited to a Participant's Account as a result of such dividend payment shall be determined by (i) multiplying the total number of Deferred Stock Units (including fractional Deferred Stock Units) credited to the Participant's Account on the dividend payment date by the amount of the dividend paid per share of UTC Common Stock on the dividend payment date, and (ii) dividing the product so determined by the Closing Price on the dividend payment date.

(c) *Effect of Recapitalization.* In the event of a transaction or event described in this subparagraph (c) (a "Recapitalization Event"), the number of Deferred Stock Units credited to a Participant's Account shall be adjusted in the same manner as outstanding shares of UTC Common Stock. A Recapitalization Event includes a dividend (other than regular quarterly dividends) or other extraordinary distribution to holders of UTC Common Stock (whether in the form of cash, shares, other securities, or other property), extraordinary cash dividend, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, repurchase, or exchange of shares or other securities, the issuance or exercisability of stock purchase rights, the issuance of warrants or other rights to purchase shares or other securities, or other similar corporate transaction or event that has a material effect on the shares of UTC Common Stock and requires conforming adjustment to the value and/or number of Deferred Stock Units to prevent dilution or enlargement of the value of Participants' Accounts.

4.06 Hypothetical Nature of Accounts and Investments

Each Account established under this Article IV shall be maintained for bookkeeping purposes only. Neither the Plan nor any of the Accounts established under the Plan shall hold any actual funds, shares or other assets. The Deferred Stock Units established hereunder shall be used solely to determine the amounts to be distributed hereunder, shall not be or represent an equity security of the Company, shall not be convertible into or otherwise entitle a Participant to acquire an equity security of the Company prior to a Conversion Date as provided for under the terms of this Plan and shall not carry any voting or dividend rights. Deferred Stock Units awarded under this Plan shall be evidenced by a certificate substantially in the form set forth in Appendix B.

ARTICLE V

ELECTION PROCEDURES AND DISTRIBUTIONS

5.01 Annual Retainer Deferral Election

Participants who elect to defer the receipt of the Annual Retainer as Deferred Stock Units for any year must make a written deferral election for that year on an Election form provided by the Committee.

5.02 Annual Retainer Deferral Election Deadline

A written Election form must be completed and submitted to the Office of the Corporate Secretary no later than December 31st of the calendar year prior to the year for which the Annual Retainer will be earned or, for new Participants, no later than 30 days after their election to the Board. If a Participant fails to timely submit a properly completed Election form, the Participant's Annual Retainer earned in the next succeeding year shall be paid in cash as provided in Section 4.02. The Participant's deferral election shall be irrevocable following the Election deadline.

5.03 Distribution Commencement Date

Conversion of Deferred Stock Units into shares of UTC Common Stock and distribution from a Participant's Account shall occur as of the Participant's Distribution Commencement Date, or, if the Participant has changed his or her distribution election as provided in Section 5.05, on the fifth anniversary of the Participant's elected Distribution Date. If a Participant dies at any time before distribution to the Participant commences, distribution of the entire value of the Participant's Account shall be made to the Participant's Beneficiary on the first business day of the third month following the month of the Participant's death.

A distribution is treated as being made on the date when it is due under the Plan if the distribution occurs on the date specified by the Plan, or on a later date that is either (a) in the same calendar year (for a distribution whose specified due date is on or before September 30), or (b) by the 15th day of the third calendar month following the date specified by the Plan (for a distribution with a specified due date that is on or after October 1). A distribution is also treated as having been made on the date when it is due under the Plan if the distribution is made not more than 30 days before the due date specified by the Plan. A Participant may not, directly or indirectly, designate the taxable year of a distribution made in reliance on the administrative rules in this Section 5.03.

5.04 Election of Form and Amount of Distribution

(a) *Full Distribution.* Following a Separation from Service, a Participant shall receive a number of shares of UTC Common Stock equal to the of the number of whole Deferred Stock Units credited to his or her Account unless the Participant timely elected to receive distributions from his or her Account in 10 or 15 annual installments in accordance with subsection (b), below. A distribution of shares of UTC Common Stock shall occur as provided in Section 5.03. Fractional Deferred Stock Units will be paid in cash.

(b) *10 or 15 Annual Installments.* A Participant may elect to receive distributions from his or her Account in 10 or 15 installments in lieu of a full distribution of shares under subsection (a) above. Annual installment distributions shall be in shares of UTC Common Stock unless the Participant has allocated the value of all or any portion of his or her Account into the fixed income option in accordance with Section 5.06 in which case distributions shall be payable to the Participant in cash. Installment distributions shall commence as of the Distribution Commencement Date and continue as of each Distribution Anniversary Date thereafter until all installments have been paid. The first annual installment shall equal one-tenth (1/10) (if Participant elects 10 installment payments) or one-fifteenth (1/15th) (if Participant elects 15 installment payments) of the value of the Participant's Account, determined as of the Distribution Commencement Date. Each successive annual installment shall equal the value of the Participant's Account, determined as of the Distribution Anniversary Date, multiplied by a fraction, the numerator of which is one, and the denominator of which shall be the number of remaining annual installments. If a Participant dies after the Distribution Commencement Date but before all installments have been made, the entire remaining value of the Participant's Account shall be distributed to the Participant's Beneficiary on the first business day of the third month following the month of the Participant's death.

(c) *Form of Distribution Election.* A valid election to receive annual distributions under subsection (b) shall be made in writing on an Election form, completed and submitted to the Office of the Corporate Secretary no later than December 31st of the calendar year prior to the year for which the Annual Retainer or Deferred Stock Unit Award is earned, or for new Participants, prior to the date the Participant is elected to the Board, and in no event later than 30 days after such election. A valid distribution Election for a New Director Restricted Stock Unit Award under subsection (b) shall be made in writing on an Election form, completed and submitted to the Office of the Corporate Secretary prior to the date Participant is elected to the Board, and in no event later than 30 days after such election. If a Participant does not make a valid distribution Election, the Participant shall be deemed to have elected to receive his or her Account in a full and immediate distribution as provided in subsection (a). Except as provided below in Section 5.05 (Change in Payment Election), a Participant's distribution Election shall become irrevocable on the Election deadline date.

5.05 Change in Distribution Election

A Participant may make a one-time irrevocable Election to change the form of distribution that the Participant elected under Section 5.04. A change to the form of distribution must meet the following requirements:

i. The new Election must be made at least twelve months prior to the Distribution Commencement Date (and the new election shall be ineffective if the Distribution Commencement Date occurs within twelve months after the date of the new Election);

ii. The new Election will not take effect until twelve months after the date when the Participant submits a new Election form to the Office of the Corporate Secretary;

iii. The new Distribution Commencement Date must be five years later than the date on which the distribution would otherwise have commenced; and

iv. The new form of distribution must be one of the forms of payment provided under Section 5.04(a) or (b).

5.06 Investment of Annual Retainer Account Election

A Participant may elect, prior to the Distribution Commencement Date or subsequent Distribution Anniversary Date, to convert all or any portion of the Deferred Stock Units in his or her Account to a hypothetical fixed interest investment for the remaining portion of the installment distribution period by making a written election on the Election form provided by the Committee. If a Participant makes such election to have his or her Account treated as if the Account were invested in cash during the remainder of the distribution period, the Account will be credited with a hypothetical interest at a rate equal to the average interest rate on 10-Year Treasury Bonds during the January through October period in the calendar year prior to the Plan Year in which the interest is credited, plus 1%.

ARTICLE VI
ADMINISTRATION

6.01 In General

The Committee shall have the discretionary authority to interpret the Plan and to decide any and all matters arising under the Plan, including without limitation the right to determine eligibility for participation, benefits, and other rights under the Plan; the right to determine whether any Election or notice requirement or other administrative procedure under the Plan has been adequately observed; the right to determine the proper recipient of any distribution under the Plan; the right to remedy possible ambiguities, inconsistencies, or omissions by general rule or particular decision; and the right otherwise to interpret the Plan in accordance with its terms. Except as otherwise provided in Section 6.04, the Committee's determination on any and all questions arising out of the interpretation or administration of the Plan shall be final, conclusive, and binding on all parties.

6.02 Plan Amendment and Termination

(a) The Committee may amend, suspend, or terminate the Plan at any time; provided that no amendment, suspension, or termination of the Plan shall, without a Participant's consent, reduce the Participant's benefits accrued under the Plan before the date of such amendment, suspension, or termination.

(b) In the event of suspension of the Plan, no additional deferrals shall be made under the Plan, but all previous deferrals shall accumulate and be distributed in accordance with the otherwise applicable provisions of this Plan, the Prior Plan and the applicable Elections on file.

(c) Upon the termination of the Plan with respect to all Participants, and termination of all arrangements sponsored by the Corporation or its affiliates that would be aggregated with the Plan under Section 409A of the Code, the Corporation shall have the right, in its sole discretion, and notwithstanding any Elections made by the Participant, to distribute the Participant's vested Account in full, to the extent permitted under Section 409A. All distributions that may be made pursuant to this Section 6.02(c) shall be made no earlier than the thirteenth month and no later than the twenty-fourth month after the termination of the Plan. The Corporation may not accelerate distributions pursuant to this Section 6.02(c) if the termination of the Plan is proximate to a downturn in the Corporation's financial health within the meaning of Treas. Reg. section 1.409A-3(j)(4)(ix)(C)(1). If the Corporation exercises its discretion to accelerate distributions under this Section 6.02(c), it shall not adopt any new arrangement that would have been aggregated with the Plan under Section 409A within three years following the date of the Plan's termination.

6.03 Reports to Participants

The Committee shall furnish an annual statement to each Participant reporting the value of the Participant's Account and his or her account(s) under the Prior Plan as of the end of the most recent Plan Year.

6.04 Delegation of Authority

The Committee may delegate to officers of the Corporation any and all authority with which it is vested under the Plan, and the Committee may allocate its responsibilities under the Plan among its members.

6.05 Distribution of Shares

The Deferred Stock Units granted under the Plan shall be issued under the LTIP, but subject to administration and distribution in accordance with the terms of this Plan. All shares of UTC Common Stock so distributed in accordance with the terms of the Plan shall be transferred to a brokerage account designated by the Participant entitled to receive the shares.

6.06 Share Ownership Requirements

Participants are expected to own shares of UTC Common Stock and have Deferred Stock Units equal in aggregate value to at least five times the then applicable base Annual Retainer of $96,000 for all other Participants set forth in Section 3.01 no later than the 5th Annual Meeting following a Participant's election to the Board. In the event such ownership requirement is not achieved by such date, Annual Retainer fees shall be deferred until combined holdings satisfy this Section 6.06.

ARTICLE VII

MISCELLANEOUS

7.01 Rights Not Assignable

No payment due under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge in any other way. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge such payment in any other way shall be void. No such payment or interest therein shall be liable for or subject to the debts, contracts, liabilities, or torts of any Participant or Beneficiary. If any Participant or Beneficiary becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge in any other way any payment under the Plan, the Committee may direct that such payment be suspended and that all future payments to which such Participant or Beneficiary otherwise would be entitled be held and applied for the benefit of such person, the person’s children or other dependents, or any of them, in such manner and in such proportions as the Committee may deem proper.

7.02 Certain Rights Reserved

Nothing in the Plan shall confer upon any person the right to continue to serve as a member of the Board or to participate in the Plan other than in accordance with its terms.

7.03 Withholding Taxes

The Committee may make any appropriate arrangements to deduct from all credits and payments under the Plan any taxes that the Committee determines to be required by law to be withheld from such credits and payments.

7.04 Compliance with Section 409A

This Paragraph 7.04 shall apply notwithstanding any other provision of this Plan. To the extent that rights or payments under this Plan are subject to Section 409A of the Internal Revenue Code, the Plan shall be construed and administered in compliance with the conditions of Section 409A and regulations and other guidance issued pursuant to Section 409A for deferral of income taxation until the time the compensation is paid. Any distribution election that would not comply with Section 409A of the Code shall not be effective for purposes of this Plan. To the extent that a provision of this Plan does not comply with Section 409A of the Code, such provision shall be void and without effect. The Corporation does not warrant that the Plan will comply with Section 409A of the Code with respect to any Participant or with respect to any payment, however. In no event shall the Corporation; any director, officer, or employee of the Corporation (other than the Participant); or any member of the

Committee be liable for any additional tax, interest, or penalty incurred by a Participant or Beneficiary as a result of the Plan's failure to satisfy the requirements of Section 409A of the Code, or as a result of the Plan's failure to satisfy any other requirements of applicable tax laws.

7.05 Incompetence

If the Committee determines, upon evidence satisfactory to the Committee, that any Participant or Beneficiary to whom a distribution is due under the Plan is unable to care for his or her affairs because of illness or accident or otherwise, any distribution is due under the Plan (unless prior claim therefore shall have been made by a duly authorized guardian or other legal representative) may be distributed, upon appropriate indemnification of the Committee and the Company, to the spouse of the Participant or Beneficiary 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 distribution of shares or cash payment (as the case may be) shall be a complete discharge of any liability under the Plan with respect to the amount so distributed or paid.

7.06 Inability to Locate Participants and Beneficiaries

Each Participant and Beneficiary entitled to receive a distribution under the Plan shall keep the Committee advised of his or her current address. If the Committee is unable to locate a Participant or Beneficiary to whom a distribution is due under the Plan, the total amount payable to such Participant or Beneficiary shall be forfeited as of the last day of the calendar year in which the distribution first becomes due.

7.07 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 in the preceding sentence shall include any corporation 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 any successors and assigns of any such corporation or other business entity.

7.08 Usage

(a) *Titles and Headings.* The titles to Articles and the headings of Sections, subsections, and paragraphs in the Plan are placed herein for convenience of reference only and shall be of no force or effect in the interpretation of the Plan.

(b) *Number.* The singular form shall include the plural, where appropriate.

7.09 Severability

If any provision of the Plan is held unlawful or otherwise invalid or unenforceable in whole or in part, such unlawfulness, invalidity, or unenforceability shall not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan is held unlawful or otherwise invalid or unenforceable, such unlawfulness, invalidity or unenforceability shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness, invalidity, or unenforceability shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid, or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid, or unenforceable shall be made or provided under the Plan.

7.10 Governing Law

The Plan and all determinations made and actions taken under the Plan shall be governed by and construed in accordance with the laws of the State of Connecticut.

APPENDIX A

This Appendix A sets forth the United Technologies Corporation Board of Directors Deferred Stock Unit Plan as in effect on October 3, 2004 ("Prior Plan"), and as modified thereafter from time to time in a manner that does not constitute a "material modification" for purposes of Section 409A. Amounts that were earned or vested (within the meaning of Section 409A) prior to January 1, 2005, and any subsequent increases in these amounts that are permitted to be treated as grandfathered benefits under Section 409A, are generally subject to and shall continue to be governed by the terms of this Prior Plan.

Effective October 13, 2010, Stock Units credited to Participants under this Prior Plan shall be convertible into shares of UTC Common Stock that will be issued under the LTIP. Notwithstanding any provision of this Prior Plan to the contrary, all distributions with respect to Stock Units under this Prior Plan shall be distributed in shares of Common Stock. The settlement of Stock Units in shares of Common Stock in lieu of cash shall in no event: (i) increase the value of any Participant's Account; (ii) modify any Participant's distribution election; or (iii) alter the procedures in effect under this Prior Plan with respect to elections and distributions other than the substitution of shares for cash.

UNITED TECHNOLOGIES CORPORATION

BOARD OF DIRECTORS

DEFERRED STOCK UNIT PLAN

Effective January 1, 1996

UNITED TECHNOLOGIES CORPORATION BOARD OF DIRECTORS
DEFERRED STOCK UNIT PLAN

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ARTICLE I
INTRODUCTION

1.01 Purpose of Plan

The purpose of the Plan is to enhance the Company's ability to attract and retain non-employee members of the Board whose training, experience and ability will promote the interests of the Company and to directly align the interests of such non-employee Directors with the interests of the Company's shareowners by providing compensation based on the value of UTC Common Stock. The Plan is designed to permit such non-employee directors to defer the receipt of all or a portion of the cash compensation otherwise payable to them for services to the Company as members of the Board.

1.02 Effective Date of Plan

Except as otherwise provided by Section 3.01, the Plan shall apply only to a Participant's annual Director's retainer Fees with respect to service on and after January 1, 1996.

ARTICLE II
DEFINITIONS

Unless the context clearly indicates otherwise, the following terms, when used in capitalized form in the Plan, shall have the meanings set forth below:

Account shall mean a bookkeeping account established for a Participant under Section 4.01.

Article shall mean an article of the Plan.

Beneficiary shall mean a Participant's beneficiary, designated in writing and in a form and manner satisfactory to the Committee, or if a Participant fails to designate a beneficiary, or if the Participant's designated Beneficiary predeceases the Participant, the Participant's estate.

Board shall mean the Board of Directors of the Company.

Closing Price shall mean, with respect to any date specified by the Plan, the closing price of UTC Common Stock on the composite tape of New York Stock Exchange issues (or if there was no reported sale of UTC Common Stock on such date, on the next preceding day on which there was such a reported sale).

Committee shall mean the Nominating Committee of the Board.

Company shall mean United Technologies Corporation.

Director's Fees shall mean the annual retainer fee payable to a Participant for services to the Company as a member of the Board. Director's Fees do not include special meeting fees.

Participant shall mean each member of the Board (other than a member of the Board who is also an employee of the Company or a subsidiary thereof) who is or becomes a member of the Board on or after January 1, 1996.

Payment Anniversary Date shall mean an anniversary of the Payment Commencement Date.

Payment Commencement Date shall mean the first business day of the first month following the month in which the Participant terminates service as a member of the Board.

Plan shall mean this United Technologies Corporation Board of Directors Deferred Stock Unit Plan, as set forth herein and as amended from time to time.

Plan Year shall mean the calendar year.

Section shall mean a section of the Plan.

Stock Unit shall mean a hypothetical share of UTC Common Stock as described in Section 4.02.

UTC Common Stock shall mean the common stock of the Company.

ARTICLE Ill

CREDITS

3.01 Transition Credits

As soon as practicable on or after January 1, 1996, the Company shall credit to the Account of each Participant a number of Stock Units determined in accordance with the schedules set forth in Appendix I and Appendix II to the Plan. The credits set forth in Appendix I shall be provided in lieu of any benefits to which the Participant otherwise would have been entitled under the United Technologies Corporation Directors Retirement Plan as of its termination on December 31, 1995. The credits set forth in Appendix II shall be provided in lieu of any benefits to which the Participant otherwise would be entitled under certain deferred compensation arrangements entered into prior to January 1, 1996. The number of units set forth in Appendix II shall equal the number of tax deferred stock units (if any) credited to the Participant under any such prior deferred compensation arrangement, determined as of December 31, 1995.

3.02 Automatic Credits

As of the beginning of each Plan Year, the Company shall credit Stock Units to each Participant's Account equal in value to 60% of the Participant's Director's Fees for the Plan Year, as determined in accordance with Section 4.02(a)(1).

3.03 Elective Credits

A Participant may elect, with respect to each Plan Year, to defer the entire portion (but not a partial portion) of the 40% of the Participant's Director's Fees that are not automatically deferred in accordance with Section 3.02 and that otherwise would be paid to the Participant in cash. If the Participant makes such an election, the Company shall credit Stock Units to the Participant's Account equal in value to 40% of the Participant's Director's Fees for the Plan Year, as determined in accordance with Section 4.02(a)(I), as of the beginning of the Plan Year with respect to which the election is made (or, if later, as of the first day in the Plan Year on which the individual becomes a Participant). An election under this Section 3.03 shall be made in a form and manner satisfactory to the Committee and shall be effective for a Plan Year only if made before the beginning of the Plan Year; provided that an individual who becomes a Participant after the first day of a Plan Year may make the election for that Plan Year within 30 days of becoming a Participant.

ARTICLE IV

ACCOUNTS AND INVESTMENTS

4.01 Accounts

A separate Account under the Plan shall be established for each Participant. Such Account shall be (a) credited with the amounts credited in accordance with Article Ill, (b) credited (or charged, as the case may be) with the investment results determined in accordance with Section 4.02, and (c) charged with the amounts paid by the Plan to or on behalf of the Participant in accordance with Article V. Within each Participant's Account, separate subaccounts shall be maintained to the extent the Committee determines them to be necessary or useful in the administration of the Plan.

4.02 Stock Units

(a) **Deemed Investment in UTC Common Stock.** Except as provided in subsection (b), below, a Participant's Account shall be treated as if it were invested in Stock Units that are equivalent in value to the fair market value of shares of UTC Common Stock in accordance with the following rules:

(1) *Conversion into Stock Units.* Any Director's Fees credited to a Participant's Account for a Plan Year under Section 3.02 or 3.03 shall be converted into Stock Units (including fractional Stock Units) by dividing the amount credited by the Closing Price on the first business day of the Plan Year; provided that in the case of an individual who becomes a Participant after the first day of a Plan Year, the Closing Price shall be determined as of the day on which the individual becomes a Participant.

(2) *Deemed Reinvestment Of Dividends.* The number of Stock Units credited to a Participant's Account shall be increased on each date on which a dividend is paid on UTC Common Stock. The number of additional Stock Units credited to a Participant's Account as a result of such increase shall be determined by (i) multiplying the total number of Stock Units (excluding fractional Stock Units) credited to the Participant's Account immediately before such increase by the amount of the dividend paid per share of UTC Common Stock on the dividend payment date, and (ii) dividing the product so determined by the Closing Price on the dividend payment date.

(3) *Conversion Out of Stock Units.* The dollar value of the Stock Units credited to a Participant's Account on any date shall be determined by multiplying the number of Stock Units (including fractional Stock Units) credited to the Participant's Account by the Closing Price on that date.

(4) *Effect of Recapitalization.* In the event of a transaction or event described in this paragraph (4), the number of Stock Units credited to a Participant's Account shall be adjusted in such manner as the Committee, in its sole discretion, deems equitable. A transaction or event is described in this paragraph (4) if (i) it is a dividend (other than regular quarterly dividends) or other distribution (whether in the form of cash, shares, other securities, or other property), extraordinary cash dividend, recapitalization, stock split, reverse stock split reorganization, merger, consolidation, split-up, spin-off, repurchase, or exchange of shares or other securities, the issuance or exercisability of stock purchase rights, the issuance of warrants or other rights to purchase shares or other securities, or other similar corporate transaction or event and (ii) the Committee determines that such transaction or event affects the shares of UTC Common Stock, such that an adjustment pursuant to this paragraph (4) is appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

(b) *Change in Deemed Investment Election.* A Participant who elects to receive distribution of his or her Accounts in annual installments will continue to have such Account credited with Stock Units during the installment period unless the Participant irrevocably elects to have his or her Account treated, as of the Payment Commencement Date, as if the Account were invested in cash. If a Participant makes such election, the Account will be credited with a rate of interest equal to the average interest rate on 10-Year Treasury Bonds as of the January through October Period in the calendar year prior to the Plan Year in which the interest is credited, plus I %. An election under this subsection (b) shall be made in a form and manner satisfactory to the Committee and shall be effective only if made before the Payment Commencement Date.

4.03 Hypothetical Nature of Accounts and Investments

Each Account established under this Article IV shall be maintained for bookkeeping purposes only. Neither the Plan nor any of the Accounts established under the Plan shall hold any actual funds or assets. The Stock Units established hereunder shall be used solely to determine the amounts to be paid hereunder, shall not be or represent an equity security of the

Company, shall not be convertible into or otherwise entitle a Participant to acquire an equity security of the Company and shall not carry any voting or dividend rights.

ARTICLE V

PAYMENTS

5.01 Entitlement to Payment

Credits to a Participant's Account under Section 3.02 or 3.03 shall be in lieu of payment to the Participant of the related Director's Fees. Any payment under the Plan with respect to an Account shall be made solely in cash and as further provided in this Article V. The right of any person to receive one or more payments under the Plan shall be an unsecured claim against the general assets of the Company.

5.02 Payment Commencement Date

Payments to a Participant with respect to the Participant's Account shall begin as of the Participant's Payment Commencement Date; provided that if a Participant dies before the Participant's Payment Commencement Date, payment of the entire value of the Participant's Account shall be made in a lump sum to the Participant's Beneficiary as soon as practicable after the Committee receives all documents and other information that it requests in connection with the payment.

5.03 Form and Amount of Payment

(a) *Fifteen Annual Installments.* A Participant shall receive his or her benefits in 15 annual installments unless the Participant elects to receive his or her benefits under the Plan in the form of a lump-sum payment or in less than 15 annual installments in accordance with subsection (b), below. Annual installments shall be payable to the Participant in cash beginning as of the Payment Commencement Date and continuing as of each Payment Anniversary Date thereafter until all installments have been paid. The first annual installment shall equal one- fifteenth (1/15th) of the value of the Stock Units credited to the Participant's Account, determined as of the Payment Commencement Date. Each successive annual installment shall equal the value of the Stock Units credited to the Participant's Account, determined as of the Payment Anniversary Date, multiplied by a fraction, the numerator of which is one, and the denominator of which is the excess of 15 over the number of installment payments previously made (i.e., 1/14th, 1/13th, etc.). If the Participant dies after the Participant's Payment Commencement Date but before all 15 installments have been paid, the remaining installments shall be paid to the Participant's Beneficiary in accordance with the schedule in this subsection (a).

(b) *Lump Sum, or Less Than 15 Annual Installments.* A Participant may elect to receive his or her benefits under the Plan in the form of a lump-sum payment or in two to fourteen installments in lieu of the fifteen installment payments determined under subsection (a), above. The lump sum shall be payable to the Participant in cash as of the Payment Commencement Date and shall equal the value of the Stock Units credited to the Participant's Account, determined as of the Payment Commencement Date. Installments shall be paid in the manner set forth in subsection (a) above, except that for purposes of determining the amount of the first annual installment, the denominator of the fraction shall equal the number of scheduled annual installments. An election under this subsection (b) shall be made in a form and manner satisfactory to the Committee and shall be effective only if made at least two years before the Participant's Payment Commencement Date.

ARTICLE VI
ADMINISTRATION

6.01 In General

The Committee shall have the discretionary authority to interpret the Plan and to decide any and all matters arising under the Plan, including without limitation the right to determine eligibility for participation, benefits, and other rights under the Plan; the right to determine whether any election or notice requirement or other administrative procedure under the Plan has been adequately observed; the right to determine the proper recipient of any distribution under the Plan; the right to remedy possible ambiguities, inconsistencies, or omissions by general rule or particular decision; and the right otherwise to interpret the Plan in accordance with its terms. Except as otherwise provided in Section 6.03, the Committee's determination on any and all questions arising out of the interpretation or administration of the Plan shall be final, conclusive, and binding on all parties.

6.02 Plan Amendment and Termination

The Committee may amend, suspend, or terminate the Plan at any time; provided that no amendment, suspension, or termination of the Plan shall, without a Participant's consent, reduce the Participant's benefits accrued under the Plan before the date of such amendment, suspension, or termination. If the Plan is terminated in accordance with this Section 6.02, the terms of the Plan as in effect immediately before termination shall determine the right to payment in respect of any amounts that remain credited to a Participant's or Beneficiary's Account upon termination.

6.03 Reports to Participants

The Committee shall furnish an annual statement to each Participant (or Beneficiary) reporting the value of the Participant's (or Beneficiary's) Account as of the end of the most recent Plan Year.

6.04 Delegation of Authority

The Committee may delegate to officers of the Company any and all authority with which it is vested under the Plan, and the Committee may allocate its responsibilities under the Plan among its member.

ARTICLE VII
MISCELLANEOUS

7.01 Rights Not Assignable

No payment due under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge in any other way. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge such payment in any other way shall be void. No such payment or interest therein shall be liable for or subject to the debts, contracts, liabilities, or torts of any Participant or Beneficiary. If any Participant or Beneficiary becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge in any other way any payment under the Plan, the Committee may direct that such payment be suspended and that all future payments to which such Participant or Beneficiary otherwise would be entitled be held and applied for the benefit of such person, the person's children or other dependents, or any of them, in such manner and in such proportions as the Committee may deem proper.

7.02 Certain Rights Reserved

Nothing in the Plan shall confer upon any person the right to continue to serve as a member of the Board or to participate in the Plan other than in accordance with its terms.

7.03 Withholding Taxes

The Committee may make any appropriate arrangements to deduct from all credits and payments under the Plan any taxes that the Committee reasonably determines to be required by law to be withheld from such credits and payments.

7.04 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 his or her affairs because of illness or accident or otherwise, any payment due under the Plan (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 Company, to the spouse of the Participant or Beneficiary 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 shall be a complete discharge of any liability under the Plan with respect to the amount so paid.

7.05 Inability to Locate Participants and Beneficiaries

Each Participant and Beneficiary entitled to receive a payment under the Plan shall keep the Committee advised of his or her current address. If the Committee is unable for a period of 36 months to locate a Participant or Beneficiary to whom a payment is due under the Plan, commencing with the first day of the month as of which such payment first comes due, the total amount payable to such Participant or Beneficiary shall be forfeited. Should such a Participant or Beneficiary subsequently contact the Committee requesting payment, the Committee shall, upon receipt of all documents and other information that it might request in connection with the payment, restore and pay the forfeited payment in a lump sum, the value of which shall not be adjusted to reflect any interest or other type of investment earnings or gains for the period of forfeiture.

7.06 Successors

The provisions of the Plan shall bind and inure to the benefit of the Company and its successors and assigns. The term “successors” as used in the preceding sentence shall include any corporation or other business entity that by merger, consolidation, purchase, or otherwise acquires all or substantially all of the business and assets of the Company, and any successors and assigns of any such corporation or other business entity.

7.07 Usage

(a) *Titles and Headings.* The titles to Articles and the headings of Sections, subsections, and paragraphs in the Plan are placed herein for convenience of reference only and shall be of no force or effect in the interpretation of the Plan

(b) *Number.* The singular form shall include the plural, where appropriate.

7.08 Severability

If any provision of the Plan is held unlawful or otherwise invalid or unenforceable in whole or in part, such unlawfulness, invalidity, or unenforceability shall not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan is held unlawful or otherwise invalid or unenforceable, such unlawfulness, invalidity or unenforceability shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness, invalidity, or unenforceability shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid, or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid, or unenforceable shall be made or provided under the Plan.

7.09 Governing Law

The Plan and all determinations made and actions taken under the Plan shall be governed by and construed in accordance with the laws of the State of Connecticut.

APPENDIX B

UNITED TECHNOLOGIES CORPORATION

2005 LONG TERM INCENTIVE PLAN

STATEMENT OF AWARD

Effective __________, ____________________ has been awarded __________ Deferred Stock Units ("DSUs") under the United Technologies Corporation Board of Directors Deferred Stock Unit Plan (the "Deferred Stock Unit Plan"). DSUs awarded hereunder constitute long term incentive awards under the United Technologies Corporation 2005 Long Term Incentive Plan, as amended (the "LTIP"). DSUs are convertible into shares of UTC Common Stock that will be issued under the LTIP. The conversion of DSUs into shares and the distribution of such shares shall be subject to and in accordance with the terms of the Deferred Stock Unit Plan.

Exhibit 10.32

SERVICES AGREEMENT – SHORT FORM
(Based on Rev: 1/07)

THIS AGREEMENT, is made as of August 16, 2010, by and between UNITED TECHNOLOGIES CORPORATION, a Delaware corporation, with an office and place of business at One Financial Plaza, Hartford, Connecticut 06101 (hereinafter referred to as "UTC"), and Ari Bousbib, with an office and place of business at Hartford, Connecticut (hereinafter referred to as "Supplier").

In consideration of the premises and of the mutual promises of each party to the other herein contained, it is hereby mutually agreed as follows:

ARTICLE I
STATEMENT OF SERVICES

(a) Supplier shall provide services for UTC as defined in the Statement of Work attached hereto as Exhibit A (the "Services") during the period commencing on September 1, 2010 June 1, 1994 and ending on September 30, 2011.

(b) Supplier agrees to furnish UTC with written reports with respect to such Services in accordance with the Statement of Work and if and when reports are requested by UTC.

(c) It is agreed that UTC is not obligated to use the Supplier's services exclusively or for any stipulated period of time.

ARTICLE II
COMPENSATION

(a) In consideration for the Services to be performed by the Supplier hereunder, Supplier will be paid $325,000 immediately following the expiration of this Agreement, plus expenses reasonably incurred in the performance of the Services. If this Agreement ends before September 30, 2011, the foregoing amount will be reduced by $25,000 for each full month between the actual termination date and September 30, 2011.

(b) Supplier shall submit invoices for the amounts specified above directly to the office of the CEO. Upon presentation of invoices in form and detail satisfactory to UTC, UTC shall make payment within sixty (60) days. Each invoice shall fairly and accurately describe in sufficient detail the actual services performed. Invoices shall be submitted electronically in a format compatible with that used by UTC.

(c) If UTC elects to make payment electronically, Supplier shall submit electronic payment requests and UTC shall make payments by electronic wire transfer, in accordance with its procedures. Supplier shall advise in writing the bank and account information to which UTC is to make electronic payments.

(d) Notwithstanding any other provisions of this Agreement, UTC shall be under no obligation to make any payment to Supplier in excess of the total amount of $500,000 for any and all services performed together with any and all expenses incurred under this Agreement. The Supplier shall be under no obligation and is not expected to render services within any 12 month period that involve a time commitment in excess of 37.5% of the time expended as an employee of UTC prior to his resignation from UTC, which resignation qualifies as a "separation from service" within the meaning of Section 409A of the Internal Revenue Code.

ARTICLE III
WARRANTIES

(a) Supplier warrants to UTC that the Services will be provided free of any rightful claim of any third person by way of infringement and that the Services will conform to the descriptions and other requirements contained in this Agreement.

(b) Supplier warrants that all services performed under this Agreement shall be performed in accordance with current, sound and generally accepted industry practices.

(c) Supplier agrees that should any of the Services be defectively performed by Supplier, Supplier shall re-perform or correct such defective Services at no additional charge.

ARTICLE IV
NOTICES

Notices relative to this Agreement shall be given in writing and sent by certified mail, return receipt requested. Notice by UTC to the Supplier, shall be sent to the most recent address of record and if sent by the Supplier to UTC, shall be addressed as follows:

United Technologies Corporation
Attn: Chief Executive Officer
One Financial Plaza
Hartford, CT 06101

ARTICLE V
GENERAL

(a) Terms and Conditions. This Agreement is governed by the UTC Standard Terms and Conditions of Purchase for Small Purchases set forth in Addendum 1 to this Agreement.

(b) Exclusivity. During the term of this Agreement supplier shall not provide services in any way as a consultant, employee or otherwise, to any entity other than: UTC and its subsidiaries, business units and affiliates that would violate the provisions of Article V, Section (c) or Addendum 1, Section 5.

(c) Covenant not to Compete. Supplier acknowledges that in performing the Services, he will have access to extremely sensitive and proprietary information, and that this information relates to UTC's technology, competitive position and strategies. To protect UTC's interests and to assure free access by Supplier to all company information necessary for performance of the Services, Supplier agrees that during the term of this Agreement he will not provide services as a consultant, employee or in any other capacity to any person or entity that competes with any of UTC's businesses for which the Supplier provided services during the term of this Agreement. The restrictions in this paragraph are in addition to those set forth in Addendum 1.

(d) Captions. Captions used herein are for convenience of reference only and shall not control or affect in any way the meaning, construction, or interpretation of any of the provisions hereof.

(e) Governing Law and Jurisdiction. This Agreement shall be governed by and construed under the laws of the State of Connecticut excluding its conflict of law rules. In the event any dispute arises out of this Agreement, any action or claim shall be brought in a state or federal court in the State of Connecticut and Supplier hereby irrevocably consents to personal jurisdiction and venue in said courts.

(f) Merger and Entire Agreement. The terms and conditions of this Agreement (including all attachments and documents incorporated by reference) constitute the entire agreement between the parties with respect to the Services and shall supersede all previous communications, agreements, and representations, either oral or written, with respect to the subject matter hereof, and no agreement or understanding varying or extending this Agreement shall be binding upon either party hereto, unless in writing signed by duly authorized representatives of both parties. Nothing in this Agreement, however, shall be construed to modify or reduce either party's rights and obligations as set forth in that certain employment termination agreement entered into in August 2010.

SPECIAL PROVISION
SECURITY FOR UTC INFORMATION STORED BY SUPPLIERS

The provisions of the Addendum titled "Security for UTC Information Stored by Supplier" shall apply.

SPECIAL PROVISION
ACCESS TO UTC COMPUTER SYSTEMS

The provisions of the Addendum titled "Access to UTC Computer Systems" shall apply.

SPECIAL PROVISION
PRIVACY

The provisions of the Addendum titled "Privacy" shall apply.

IN WITNESSETH WHEREOF, the parties hereto have by their authorized representatives executed this agreement on the date written below.

UNITED TECHNOLOGIES CORPORATION

By: /S/ J. THOMAS BOWLER JR.
Name: J. Thomas Bowler Jr.
Title: SVP
Date: 8/16/10

SUPPLIER

By: /S/ ARI BOUSBIB
Name: Ari Bousbib
Title: Consultant
Date: August 16, 2010

Exhibit A

STATEMENT OF WORK

Supplier will provide independent consulting advice in connection with strategic matters involving the Company’s commercial business units. Assignments will involve matters relevant to Supplier’s experience managing and overseeing these business units. Assignments will include, without limitation, providing advice concerning recently formed joint ventures and business combinations, future commercial business development opportunities and assisting with customer relationships. Supplier will be fully authorized to represent UTC in all assignments involving third parties.

Addendum 1

Standard Terms and Conditions of Purchase for Small Purchases
January 2007

1. DEFINITIONS

The definitions in the Agreement apply to this Addendum.

2. INDEPENDENT SUPPLIER RELATIONSHIP

2.1 The relationship of the Supplier to UTC is that of an independent contractor and nothing herein shall be construed as creating any other relationship.

2.2 Supplier accepts, in connection with the work called for hereby, exclusive liability for the payment of any taxes or contributions measured by Supplier's income or levied on Supplier's property (real or personal). Supplier also assumes all liability for Social Security, unemployment insurance, annuities or retirement benefits which are measured by wages, salaries or other remuneration's paid by Supplier to any and all persons employed by it or independent contractors used by it in connection with the performance of the work, and to comply with all valid Federal and State administrative regulations respecting the assumption of liability for any of the aforesaid taxes or contributions. Supplier represents that the prices incorporated herein include all such taxes or contributions and agrees to indemnify and hold UTC, its directors, officers and employees harmless from and against any and all liability for the delay or failure of Supplier and its subcontractors to pay any such taxes or contributions.

2.3 If Supplier is an individual, Supplier acknowledges that he/she is not a UTC employee and is not entitled to the rights and benefits of a UTC employee with respect to services provided hereunder, including, but not limited to, participation in pension, savings, health care and other Company employee benefit plans.

2.4 If Supplier is a company or other entity, it acknowledges that its employees and such other persons or parties as may be used by Supplier in the performance of services hereunder are not UTC employees and are not entitled to the rights and benefits of a UTC employee including, but not limited to, participation in pension, savings, health care and other employee benefit plans and arrangements.

3. INDEMNIFICATION

As a former UTC executive, Supplier shall continue to be covered by UTC's indemnification policy as set forth in Section 6.5 of UTC's bylaws. Nothing in this Agreement shall be construed to compromise Supplier's indemnification rights with respect to matters arising before the date of this Agreement.

4. INFRINGEMENT PROTECTION, PATENTS AND COPYRIGHTS

4.1 Supplier shall defend, at its own expense, any suit or claim that may be instituted against UTC or any customer of UTC for alleged infringement of patents, copyrights or other intellectual property matters relating to Services furnished hereunder, except for any such infringement necessarily resulting from compliance with detailed designs provided by UTC, and Supplier shall indemnify, hold UTC and its customers harmless in connection with all suits, claims, liability, loss, damages, costs or expenses arising out of such alleged infringements.

4.2 UTC shall have the right at no additional charge to use and/or reproduce for its use Supplier's literature provided to UTC and related to the Services, such as operating and maintenance manuals, technical publications, prints, drawings, training manuals and other similar supporting documentation and sales literature. During the period of performance of this Agreement, Supplier shall supply UTC with any updated information relative to such literature and documentation.

5. PROPRIETARY INFORMATION AND COMPETITIVE ACTIVITIES

5.1 "Proprietary Information" shall for the purpose of this Agreement, mean information, knowledge or data disclosed by UTC or its affiliated companies to Supplier, regardless of whether disclosed in written, tangible, oral, visual or other form, which is related to the subject of this Agreement; which information, knowledge or data was obtained from facility visits; and information, knowledge or data not specifically related to the subject of this Agreement but which is in written or other tangible form bearing a suitable legend identifying its proprietary or confidential nature or is otherwise identified as confidential or proprietary; and Material Nonpublic Information as defined below. If UTC furnishes sample products, equipment, or other objects or material to Supplier, the items so received shall be used and the information obtained from said items shall be treated as if they were Proprietary Information disclosed pursuant to this Agreement.

5.2 "Material Nonpublic Information" includes any information that has not been disclosed publicly by UTC and that a reasonable investor likely would consider to be important to a decision to buy, hold or sell UTC's securities. It also includes nonpublic information disclosed to or possessed by UTC that is related to another corporation that a reasonable investor likely would consider important to a decision to buy, hold or sell the securities of the other corporation. Such information may include, by way of example: computer programs and documentation; technical design, manufacturing and application information; customer information; training information; financial information; personnel information; new product developments; advertising and business and marketing plans.

5.3 Proprietary Information shall be used by Supplier solely for the purposes of the current business relationship with UTC or evaluating the feasibility of a future business relationship with UTC and shall not be used for any other purpose including without limitation to design, manufacture, repair or service equipment, to provide or sell services or to seek any government or third party approval to do such. Supplier shall not disclose Proprietary Information to any third party without UTC's express written consent. Supplier may disclose the Proprietary Information to contract workers, consultants and agents of Supplier who have a need to know and who have executed agreements with Supplier obligating them to treat such Proprietary Information in a matter consistent with the terms of this Agreement. Upon request Supplier shall provide a list to UTC of the non-employees to whom Proprietary Information has been disclosed. Supplier represents that its officers, directors and employees have executed agreements with Supplier obligating them to treat Proprietary Information in a matter consistent with the terms of this Agreement. Supplier shall not reverse engineer, reverse assemble, or decompile Proprietary Information.

5.4 Supplier shall maintain all Proprietary Information received in strict confidence and shall safeguard the Proprietary Information by using all reasonable efforts to prevent its disclosure to or use by third parties other than as this Agreement permits.

5.5 Notwithstanding the foregoing provisions, this Agreement shall not restrict or affect Supplier’s rights to use or disclose information:

i) which is or may hereafter be in the public domain through no fault of Supplier; or

ii) which Supplier can show, as reflected by its contemporaneous documents, that it was known to it prior to the disclosure by UTC; or

iii) which Supplier independently develops without the use of the Proprietary Information as evidenced by its contemporaneous writings kept in the ordinary course of business.

5.6 If Supplier is required to disclose Proprietary Information pursuant to governmental or judicial process, notice of such process shall be promptly provided to the disclosing party in order that it may have every opportunity to intercede in such process to contest such disclosure, Supplier will mark any such Proprietary Information disclosed as the proprietary information of UTC and Supplier will seek a protective order or confidentiality agreement to protect the Proprietary Information from further disclosure.

5.7 Supplier hereby represents and warrants that Supplier is under no obligation to any other person or company whereby conflicts of interest are or may be created by Supplier entering into or performing this Agreement.

5.8 Upon expiration or termination of this Agreement for whatsoever reason, Supplier shall promptly return to UTC or otherwise dispose of at UTC’s direction, all Proprietary Information.

6. INTELLECTUAL PROPERTY

6.1 “Intellectual Property” means all patents, copyrights, mask works, industrial property rights, trademarks, trade secrets and other rights and information of a similar nature worldwide to the extent that such rights or information are created or made possible by Supplier (alone or acting with UTC or others) and result from the Supplier’s performance under this Agreement or included in any Services provided to a UTC. Such information includes, without limitation, designs, unique processes, drawings, prints, unique specifications, reports, data, and other technical information, regardless of form, and all unique equipment, tools, gauges, patterns, process sheets or work instructions related to such Services.

6.2 UTC is licensed to copy, embed in its products and services, sell and distribute such products and services, and use, all software provided under this Agreement onto a computer memory device and to make back-up copies of such software. Unless otherwise provided for in this Agreement, or in a prior written order directed to the software provided hereunder, UTC’s sole obligation with respect to software provided hereunder shall be to use such software in compliance with applicable copyright laws and regulations, irrespective of any other third party license agreement, including, but not limited to, any license agreement packaged with such software.

6.3 To any extent UTC does not otherwise have the right(s) to do so, Supplier, on behalf of itself, its employees and any others used by Supplier including subcontractors, hereby grants to UTC worldwide, non-exclusive, perpetual, fully-paid, irrevocable, transferable licenses (with rights to grant sublicenses) to make, have made, sell, copy, distribute, display, perform, adapt and use, make derivative works, embed and otherwise freely exploit in any and all media now known or later developed, all materials and other information which Supplier provides or has provided to UTC either during the term of or prior to the effective date of this Agreement. Supplier hereby represents and warrants to UTC that all materials, devices, services and other information that Supplier uses, copies or adapts hereunder are created originally by Supplier and/or are licensed lawfully to Supplier, with the rights to allow Supplier to comply with this Agreement.

6.4 Supplier shall promptly disclose in writing to UTC all Intellectual Property produced or first reduced to practice in the performance of this Agreement. To the extent permissible by law, Supplier, on behalf of itself, its employees and any others used by Supplier, hereby irrevocably assigns and hereby agrees to assign to UTC all right, title and interest to all Intellectual Property, and agrees to do all things reasonably necessary to enable UTC to secure United States patents, copyrights and any other rights relating to Intellectual Property, including the execution of a specific assignment of title of any Intellectual Property to UTC and to cooperate with UTC at UTC's expense to defend and enforce any such Intellectual Property. Supplier, on behalf of itself, its employees and any others used by Supplier, hereby irrevocably waives all "moral rights", all rights of privacy and publicity, and the like, in all materials provided to UTC. Supplier agrees that, for any works of authorship created by Supplier or any employees or any others used by Supplier in the course of a Release, those works that come under one of the categories of "Works Made for Hire" in 17 U.S.C. §101 shall be considered "Works Made for Hire". For any works of authorship that do not come under such categories, Supplier, warranting that it has the right to do so, hereby assigns all right, title, and interest it has to any copyright in such works and will execute, or cause to be executed at UTC's expense, any documents required to establish UTC's ownership of such copyright.

6.5 The tangible and intangible work product developed under this Agreement, whether or not delivered under the Agreement, including, but not limited to, all analyses, recommendations, reports, and memoranda, shall become the property of UTC.

6.6 Supplier shall contractually bind its employees and such other persons or parties as may be used by the Supplier in the performance of Services hereunder to obligations substantially the same as those established under this provision, and, in the event of a breach of these obligations by such employees, other persons or parties, Supplier shall enforce such contractual provisions and, upon the written request of UTC, permit UTC to enforce such contractual provisions in Supplier's name.

7. PUBLICITY

Supplier shall not make or authorize any news release, advertisement, or other disclosure which shall deny or confirm the existence of this Agreement or which shall make use of UTC's name without the prior written consent of UTC, except as may be reasonably required to perform this Agreement.

8. **TERMINATION**

Supplier may terminate this Agreement by giving UTC fifteen (15) days written notice, without any further obligation of Supplier to UTC. In that event, UTC will accelerate payment of the retainer fee set forth in Article II, Section (a), reduced pro-rata to reflect the period of services actually rendered as of the adjusted termination date. UTC may terminate this Agreement only in the event of a material breach of this Agreement by Supplier and following notice to Supplier and a reasonable opportunity (but in no event more than 7 days) .for Supplier to cure such breach and any damage to UTC, provided such breach is curable.

9. **AFFIRMATIVE ACTION, MINORITY BUSINESS**

9.1 The following Federal Rules and Regulations, as amended, are incorporated in Releases by reference, unless exempt thereunder:

i) Equal Employment Opportunity Executive Release 11246, paragraphs (1)-(7) of Section 60-1.4 (a) of the Rules and Regulations of the Department of Labor, Office of Federal Contract Compliance, Equal Employment Opportunity (41CFR Ch. 60).

ii) Employment of Veterans (41 CFR Part 50-250.3)

ii) Employment of the Handicapped (41 CFR Section 60-741.4)

10. **REPRESENTATIONS, WARRANTIES, AGREEMENTS AND COVENANTS**

Supplier represents, warrants, covenants and agrees that:

10.1 The Supplier and any others used by the Supplier in the performance of Releases will comply with UTC’s “Code of Ethics” (located at: http://www.utc.com/responsibility/ethics/english/coe_english.pdf)

10.2 All work submitted by Supplier shall comply with pertinent federal, state, or local guidelines and directions, as appropriate, regarding the format of documents, protocols, testing procedures, and/or contents of designs, plans, specifications, etc., to the extent such guidelines and directions are available to Supplier prior to performance of work.

10.3 Supplier shall not, directly or indirectly, wrongfully solicit, obtain or use on behalf of UTC, or wrongfully disclose to UTC, any information of any other person, association, firm, corporation, government or other entity, including information which is a trade secret, confidential, proprietary, government security classified, or government procurement sensitive (including documents identified prior to the award of a government contract as source selection information and any other information which offers or may offer UTC an illegal or unfair competitive advantage); and, unless otherwise specifically identified in writing at the time of disclosure, all information disclosed to UTC by the Supplier and any others used by the Supplier in the performance of Services hereunder may be used or disclosed by UTC without restriction;

10.4 None of the provisions of this Agreement, nor the Services performed hereunder by the Supplier and any others used by the Supplier, contravenes or is in conflict with any law, judgment, decree, order or regulation of any governmental authority, or with any contract or agreement with, or any obligations owed to, any other person, association, firm, corporation, government or other entity to which the Supplier or any such others used by the Supplier are subject, including without limiting the generality of the foregoing, employment agreements, consulting agreements, disclosure agreements or agreements for the assignment of inventions;

10.5 No entertainment, gift, gratuity, money, or anything of value shall be paid, offered, given or promised by the Supplier or by any others used by the Supplier in the performance of services hereunder to, or be obtained or solicited by the Supplier or by any such others from, directly or indirectly, any person, association, firm, corporation, government or other entity that is prohibited by UTC's Code of Ethics, by applicable law or regulation, by the policies of that association, firm, corporation, government or other entity, or by UTC's Policy Statement on Business Ethics and Conduct in Contracting with the U. S. Government;

10.6 If the services comprise consulting, lobbying, marketing, or will be directly charged to a U.S. Government contract or subcontract**,** and if the Supplier (or any others used by the Supplier in the performance of Services hereunder) is expected to or may engage in services considered to be within the definitions of a "Government Marketing Consultant", "Lobbyist", or "current or former employee of, or consultant to, the U.S. Government," as such terms are defined in pertinent laws and regulations, the Supplier agrees to notify UTC immediately in writing;

10.7 The Supplier shall avoid and refrain from all activities on behalf of UTC that could be interpreted as creating conflicts of interest or the appearance of a conflict for UTC or the Supplier. The Supplier is familiar with and shall continue to be familiar with conflicts of interest laws and regulations and shall provide such written certifications under such laws and regulations as UTC may reasonably request. Failure to promptly and accurately complete certifications shall be grounds for UTC's immediate termination of this Agreement, without liability to UTC. The Supplier agrees to promptly notify UTC if the Supplier at any time has information or reason to believe that the performance of services hereunder would violate any such laws or regulation or would create such a conflict of interest, or the appearance of such a conflict;

10.8 Neither the Supplier nor, where applicable, any others used by the Supplier in the performance of services hereunder, has been convicted of a felony or has been debarred or suspended from doing business with the U.S. Government or declared ineligible by the U.S. Government to perform Services for or on behalf of UTC, or is presently the subject of any such action;

10.9 Prior to the effective date hereof and throughout the term of this Agreement, the Supplier shall promptly notify UTC in writing of any action, change or development which would make any representation, warranty, covenant or release in or furnished under or as a part of this Agreement untrue, inaccurate or incomplete in any respect; and

10.10 If this Agreement supports UTC's performance of a contract or subcontract with the United States Government or U. S. Prime Contract then the Supplier and any other persons used by the Supplier in the performance of services hereunder shall not contact, directly or indirectly, (i) any officer, employee, principal or agent of the

Government (including any elected member of the legislative branch of the Government or their staff) or, (ii) any customer, competitor, prime Supplier, subcontractor, vendor or supplier of UTC, if such contact relates to a current or prospective government procurement; unless the Supplier is specifically authorized to make such a contact under the terms of this Agreement or the Supplier receives the prior written approval of UTC to make such a contact; in any and all such instances the Supplier and any such others used by the Supplier shall comply with all applicable laws and regulations.

10.11 Should any of the above warranties be breached by Supplier or any services not prove satisfactory at any time, in UTC's sole judgment, Supplier shall re-perform all work originally undertaken by Supplier and/or necessary to correct such defective work, at no additional cost to UTC. Any payment(s) otherwise due Supplier for any item of work in dispute may be withheld by UTC (in whole or part) upon evidence of default by Supplier in the performance of any such work.

11. PERMITS AND LICENSES

Except for permits and/or licenses required by statute or regulation to be obtained by UTC, Supplier agrees to obtain and maintain at its own expense all permits, licenses and other forms of documentation required by Supplier in order to comply with all existing laws, ordinances, and regulations of the United States and of any state, county, township, or municipal subdivision thereof, or other governmental agency, which may be applicable to Supplier's performance of work hereunder. UTC reserves the right to review and approve all applications, permits, and licenses prior to the commencement of any work hereunder. Failure to comply with this requirement will allow UTC to terminate this Agreement as of right with immediate effect.

12. REMEDIES CUMULATIVE

The remedies of UTC shall be cumulative and remedies herein specified do not exclude any remedies allowed by law. Waiver of any breach shall not constitute waiver of any other breach of the same or any other provision. Acceptance of any Services or payment therefore shall not waive any breach.

13. NATIONAL DEFENSE INFORMATION

The Supplier recognizes that UTC's affiliates engage in the performance of contracts with the United States Government and that under such contracts UTC affiliates are required to meet various requirements as to the safeguarding and nondisclosure of information relating to the national defense. The Supplier agrees, therefore, that the Supplier and others used by the Supplier in the furnishing of services hereunder shall comply strictly with all applicable laws, rules, regulations and requirements of the Government and of UTC's affiliates with regard to such matters. The Supplier further understands that failure to safeguard, or improper disclosure of, information relating to the national defense may subject Supplier or any such others used by Supplier to criminal liability under laws, including Title 18 U.S.C., Sections 793 through 799, and Executive Orders No. 10865 dated February 20, 1960, as amended by Executive Orders No. 10909 and No. 11382, and modified by No. 12030; and No. 12065 dated June 28, 1978.

14. DEFAULT

14.1 UTC may, under each, and only each, of the following circumstances, by written notice terminate this Agreement in whole or in part for default without having any liability to Supplier:

i) If Supplier fails to deliver a material portion of any of the Services as required under the Agreement within the time specified therein**,** and such failures are not excused under the Agreement terms, or Supplier fails to deliver any of the Services as required under the Agreement that conform to the quality requirements; or

ii) If, without being excused, Supplier fails to perform any material provisions of the Agreement, or Supplier fails to make progress so as to materially endanger performance under this Agreement, and as to subparagraph (i) or (ii), Supplier fails to make substantial and good faith steps to cure such failure to UTC's reasonable satisfaction within a period of thirty (30) days after receipt of notice from specifying such failure.

15. ASSIGNMENT

Neither this Agreement nor any interest hereunder shall be assignable by either party unless such assignment is mutually agreed to in writing by the parties hereto; provided, however, that UTC may assign this Agreement to any corporation with which UTC may merge or consolidate or to which UTC may assign substantially all of its assets or that portion of its business to which this Agreement pertains or to any third party provider of "integrated services" who will purchase the Services for UTC's benefit without obtaining the agreement of the Supplier.

16. PARTIAL INVALIDITY

If in any instance any provision of this Agreement shall be determined to be invalid or unenforceable under any applicable law, such provision shall not apply in such instance, but the remaining provisions shall be given effect in accordance with their terms.

17. FORCE MAJEURE

Neither UTC nor Supplier shall be liable for damages for any failure or delay in the performance of this Agreement resulting from causes beyond its and its subcontractors (if any) reasonable control including, but not limited to, unforeseeable events such as acts of God, acts of Government, war, court order, riots, natural disasters, labor strikes, and lockouts. UTC may cancel without liability to Supplier its purchase of any Services affected by Supplier's failure or delay in performance**.** The party incurring the delay shall give timely notice to the others of any such event and shall use all reasonable efforts to avoid or remove the cause and resume performance with minimum delay. The parties shall jointly prepare a contingency plan to address the potential impact of any such event.

18. COMPLIANCE WITH LAWS AND POLICIES

18.1 Supplier agrees to comply with all applicable federal, state, and local laws pertinent to performance of this Agreement and further agrees to include the substance of this provision in all subcontracts entered into by Supplier.

18.2 Supplier agrees to comply with all applicable policies of UTC in the performance of this Agreement.

18.3 Supplier agrees to properly impose, collect and remit any and all Gross Receipts, Sales, Use, Excise, Transaction and Value Added Taxes levied by applicable taxing jurisdictions as required by law. Such taxes will be separately stated on all Supplier invoices or other documentation in accordance with applicable taxing jurisdiction statutes and regulations.

19. AUDIT

Supplier agrees to keep for a period of three (3) years after the expiration or termination of this Agreement complete and accurate records of all services performed and all amounts invoiced and received under such Agreement based on cost reimbursement or time and material. UTC or authorized representatives of UTC shall have the right to audit such records. Supplier agrees to cooperate in the equitable resolution of tax audit disputes and assessments pertaining to any and all Gross Receipts, Sales, Use, Excise, Transaction and Value Added Taxes which arise from the provision of its services, by furnishing the documentation or evidence necessary to support UTC's contentions.

ADDENDUM

SECURITY FOR UTC INFORMATION STORED BY SUPPLIER
January 2007

(a) UTC wishes to ensure that Supplier has effective information security to allow the proper and secure storage and/or processing of UTC Information (as defined below) at Supplier's facility and to facilitate the exchange of information between UTC and Supplier. As used is this Addendum, "UTC Information" means: i) information owned by UTC or a UTC affiliate; ii) information managed by UTC or a UTC affiliate; iii) information that UTC or a UTC affiliate is obligated to manage and protect on behalf of others; and iv) personally-identifiable information relating to an identified or identifiable employee of UTC or a UTC affiliate or others, that is protected by various privacy laws (current or future) as applicable throughout the world including, without limitation, Social Security number, address, telephone number, gender, birth date, medical records, trade union membership, driver's license number, financial account number, credit or debit card number (all subsection iv) identified as "PII").

(b) Supplier agrees to install and implement security hardware, software, procedures and policies that will provide effective information security. Supplier agrees to update such hardware, software, procedures and policies as may be needed from time to time to utilize improved technology and to respond to more sophisticated security threats in order to maintain a level of security protection appropriate for the information involved and the current state of security solutions. Upon request, Supplier shall provide UTC with any audit reports issued under the *Statement on Auditing Standards (SAS) No. 70, Service Organizations*, type II, issued by the American Institute of Certified Public Accountants.

(c) Supplier further agrees to:

(1) Provide to UTC a copy of its current information security policy, including its policy regarding physical security for access to devices that may access UTC Information. Supplier shall annually provide UTC with its then current policy and indicate any plans, including a timetable for implementation, of planned upgrades to comply with the policy. Supplier shall implement those reasonable requests for modifications of such policy requested by UTC.

(2) Allow UTC or its agent to conduct a security audit at its facilities on one days notice, and allow UTC at any time to conduct (or have conducted) a remote network audit. If the UTC Information is stored in a shared environment per the agreement of UTC, then UTC shall use a third party to conduct such audits. The audits shall include any facilities with UTC Information including backup storage facilities.

(3) Segregate all UTC Information into a separate database only accessible by UTC and its agents and those employees of Supplier necessary to maintain the equipment and the program on which it runs, unless otherwise agreed by UTC. Except for UTC and its agents, Supplier shall use reasonable efforts, as measured by the available technology at the time, to prevent anyone other than its authorized employees from accessing the UTC Information.

(4) Assure that all UTC Information and applicable software is appropriately backed up and recoverable in the event of a disaster.

(5) Encryption Requirements. The following requirements apply when supplier has possession of UTC Information. Encryption algorithms used must be of sufficient strength to equate to 128-bit RC-4 or better. All cryptography technologies used must be published and approved by the general cryptographic community.

(a) Encrypt all UTC Information stored on Supplier computer systems and backup media.

(b) Encrypt all UTC Information transferred across public networks

(c) Encrypt all UTC Information stored on Supplier mobile computing devices (e.g. laptop computers, PDAs (personal digital assistants), etc.)

(6) Notwithstanding any provision to the contrary herein, PII as defined in subsection (a) iv) above shall not be stored on any Supplier mobile computing devices (e.g. laptop computers, PDAs (personal digital assistants), etc.)

(7) Conduct appropriate background checks on all non-UTC personnel who will have access to the environment and/or UTC's data and approve those personnel based on the results of those checks. Supplier must disclose to UTC the procedures used for those employees having access to the UTC Information.

(8) Provide UTC at the time of signing this contract with a termination plan that addresses how UTC Information will be returned to UTC at the end of this agreement, including backup and archival information, and how all UTC Information will be permanently removed from Supplier's equipment and facilities. This plan should include supplying the data to UTC in an industry recognized non-proprietary database and, if not, a license to use the proprietary data base software to access the data.

(9) Describe at the time of signing of this agreement how Supplier will meet UTC's requirement for two (2) factor authentication access for access to UTC Information, or, for less sensitive information, where "Strong Password" data control is sufficient, describe how this requirement will be met.

(10) Provide information and cooperation to UTC in response to any subpoena, investigation or the like seeking UTC Information and provide information and assistance for UTC to seek certification and the like relative to its information including information in the possession of Supplier. Supplier shall promptly notify UTC upon the receipt of any request requiring that UTC Information be supplied to a third party.

(11) Comply, within a reasonable period of time, with UTC Information security policies as amended from time to time.

(d) Supplier shall not provide UTC Information to any other entity without the prior written approval of UTC. A request for UTC approval shall include agreement by Supplier and such other entity that all of the requirements of this provision are applicable to their performance and that UTC shall have the right to perform the audits described above.

(e) Should Supplier fail to meet the then current standards for information security, or should Supplier fail to pass a UTC audit on information protection, then UTC may immediately terminate this Agreement without prejudice to any other rights or remedies and shall have no further obligation to Supplier other than to pay for Services rendered to that date. UTC may identify the failures to Supplier and Supplier shall within thirty (30) days provide UTC with a plan to remedy those failures and, if requested by UTC, shall take certain applications off line until the issues have been resolved. If the risks identified by UTC are not remedied within the time frame specified by UTC, of if Supplier refuses to remedy the risks, then UTC may immediately and as of right terminate this Agreement without prejudice to any other rights or remedies.

ADDENDUM

ACCESS TO UTC COMPUTER SYSTEMS
July 2006

1. Supplier agrees that UTC and its affiliates shall have sole discretion as to whether Supplier is granted access to UTC or its affiliates' computer-based information systems, and agrees that any access privileges granted to Supplier will be defined by UTC.

2. Supplier shall ensure that access privileges identified by UTC or its affiliates are limited to Supplier's employees approved by UTC, and shall ensure that such access privileges are not assigned or provided to any other employees or persons.

3. Supplier warrants that Supplier's employees shall limit their access to computer-based information systems, databases, and/or files containing data and/or information related to subject areas approved by UTC, and shall not access, nor attempt to access, computer-based information systems, databases, and/or files containing data and/or information that are not related to such identified subject areas. Supplier warrants that such access shall not be used to analyze, copy (including printed copies), merge, modify, reverse compile, or reverse engineer any software, data and/or information residing in, or associated with, any of UTC's computer-based information systems. Supplier warrants that Supplier's employees shall only use accessed data and/or information for the sole purpose of performing under this Agreement.

4. In the event that UTC provides written authorization to Supplier to analyze, copy (including printed copies), merge, modify, reverse, compile, or reverse engineer any software, data and/or information residing in, or associated with, any of UTC's computer-based information systems, Supplier shall mark all electronic and printed copies or extracts of any portion of such software, data, and/or information (including marking any magnetic or digital media associated therewith), with the following legend: "Proprietary Information of UTC".

5. Supplier shall promptly notify UTC whenever the need to access UTC's computer-based information systems ceases for any of Supplier's employees having access to UTC's computer-based information systems. The need to access UTC's computer-based information systems shall automatically cease for employees terminated, transferred, or no longer employed by Supplier.

6. Supplier agrees that UTC shall have the right, without notice, to terminate access by Supplier or any of Supplier's employees to any portion of UTC's computer-based information systems. Upon UTC's request, Supplier shall return to UTC all passwords, identification cards, and/or other means of access to UTC's information systems.

ADDENDUM

PRIVACY
(July 2006)

1 The following definitions are applicable to this provision:

i) "Data Privacy Laws" shall mean laws relating to data privacy, trans- border data flow or data protection, including, without limitation, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the implementing legislation and regulations of the European Union member states under the European Union Directive 95/46/EC.

ii) "UTC Personal Data" shall mean that data related to this Agreement that is subject to any Data Privacy Laws.

2 Supplier shall comply with the provisions of, and the obligations imposed on Supplier under, applicable Data Privacy Laws. In addition, Supplier shall provide UTC and its affiliates with such assistance as UTC or its affiliates may reasonably require to fulfill the responsibilities of UTC or its affiliates under such Data Privacy Laws. Supplier also shall comply with the data privacy policies of UTC and its affiliates, as well as the global data privacy policies of any self-regulatory organizations to which UTC belongs and which are applicable to Supplier in relation to UTC Personal Data.

3 All UTC Personal Data acquired by Supplier shall be returned or destroyed (at the option of the provider) by Supplier on request, unless and to the extent such UTC Personal Data is required by Supplier to discharge its obligations hereunder or under applicable Data Privacy Laws.

4 Supplier shall be responsible for the acts and omissions of any subcontractor or other third party that processes (within the meaning of the applicable Data Privacy Laws) UTC Personal Data on Supplier's behalf in the same manner and to the same extent as it is responsible for its own acts and omissions with respect to such UTC Personal Data.

5 Without limiting Supplier's obligations with respect to data security, Supplier shall:

i) take commercially reasonable steps to ensure the reliability of Supplier personnel who have access to the UTC Personal Data;

ii) provide UTC with such information, assistance and cooperation as UTC or its affiliates may reasonably require from time to time to establish Supplier's compliance with the obligations relating to security contained in the Data Privacy Laws; and

iii) inform UTC or its relevant affiliate as soon as reasonably practicable of any particular risk to the security of any of their computer networks of which it becomes aware and of the categories of UTC Personal Data and individuals that may be affected.

6 In the event Supplier is located outside the European Economic Area (EEA), or it is otherwise necessary to transfer UTC Personal Data to a country outside the EEA for Supplier processing, Supplier shall enter into an agreement with UTC and/or its affiliates obligating the Supplier to adhere to the requirements imposed by the standard contractual clauses for the transfer of UTC Personal Data to processors established in third countries issued by the European Commission pursuant to Article 26(2) and (4) of EU Directive 95/46/EC, unless the country of transfer is a country the European Commission has determined ensures an adequate level of privacy protection by reason of its domestic law, in accordance with Article 25(6) of EU Directive 95/46/EC.

7 In the event Supplier is located in the EEA or a country the European Commission has determined ensures an adequate level of privacy protection under Article 25(6) of EU Directive 95/46/EC, Supplier shall ensure that any Subcontractors and other third parties with whom it contracts to process UTC Personal Data comply with data security requirements of the applicable Data Privacy Laws and any relevant data protection contractual terms entered into between UTC and/or its affiliates and Supplier.

8 Supplier shall not, and shall ensure that subcontractors and other third parties with whom it contracts to process UTC Personal Data on its behalf shall not, (i) transfer UTC Personal Data to a territory outside the EEA, except on terms substantially in accordance with the standard contractual clauses issued by the European Commission pursuant to EU Directive 95/46/EC, and (ii) operate in relation to such UTC Personal Data in any way that could put UTC or its affiliates in breach of its obligations under the Data Privacy Laws.

Exhibit 12

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

STATEMENT RE: COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(in millions)	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Fixed Charges:		
Interest expense[1]	$ 560	$ 522
Interest capitalized	13	14
One-third of rents[2]	111	111
Total fixed charges	$ 684	$ 647
Earnings:		
Income before income taxes	$ 4,852	$ 4,136
Fixed charges per above	684	647
Less: capitalized interest	(13)	(14)
	671	633
Amortization of interest capitalized	13	12
Total earnings	$ 5,536	$ 4,781
Ratio of earnings to fixed charges	8.09	7.39

[1] Pursuant to the guidance in the Income Taxes Topic of the FASB ASC, interest related to unrecognized tax benefits recorded was approximately $20 million and $15 million for the nine months ended September 30, 2010 and 2009, respectively. The ratio of earnings to fixed charges would have been 8.34 and 7.56 for the nine months ended September 30, 2010 and 2009, respectively, if such interest were excluded from the calculation.

[2] Reasonable approximation of the interest factor.

Exhibit 15

October 25, 2010

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We are aware that our report dated October 25, 2010 on our review of interim financial information of United Technologies Corporation (the "Corporation") for the three and nine-month periods ended September 30, 2010 and 2009 and included in the Corporation's quarterly report on Form 10-Q for the quarter ended September 30, 2010 is incorporated by reference in its Registration Statement on Form S-3 (No. 333-167771), 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) and in the Registration Statements on Form S-8 (Nos. 333-163822, 333-156390, 333-156385, 333-150643, 333-125293, 333-110020, 333-100724, 333-100723, 333-100718, 333-82911, 333-77817, 333-21853, 333-21851, 033-57769 and 033-51385).

Very truly yours,

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut

Exhibit 31.1

CERTIFICATION

I, Louis R. Chênevert, certify that:

1. I have reviewed this quarterly report on Form 10-Q of United Technologies Corporation;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ LOUIS R. CHÊNEVERT

Louis R. Chênevert
Chairman & Chief Executive Officer

Date: October 25, 2010

Exhibit 31.2

CERTIFICATION

I, Gregory J. Hayes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of United Technologies Corporation;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ GREGORY J. HAYES

Gregory J. Hayes
Senior Vice President and Chief Financial Officer

Date: October 25, 2010

Exhibit 32

Section 1350 Certifications
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of United Technologies Corporation, a Delaware corporation (the "Corporation"), does hereby certify that:

The Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 (the "Form 10-Q") of the Corporation fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: October 25, 2010	/s/ LOUIS R. CHÊNEVERT Louis R. Chênevert Chairman & Chief Executive Officer
Date: October 25, 2010	/s/ GREGORY J. HAYES Gregory J. Hayes Senior Vice President and Chief Financial Officer