UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C.

20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2000

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, and (2) has been subject to such filing requirements for the past 90 days. Yes X . No .

At September 30, 2000 there were 468,359,388 shares of Common Stock outstanding.

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

CONTENTS OF QUARTERLY REPORT ON FORM 10-Q

Quarter Ended September 30, 2000

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

Part I - Financial Information

Item 1 - Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

In Millions (except per share amounts)	Quarter Ended September 30, 2000	1999
Revenues:		
Product sales	$ 4,835	$ 4,581
Service sales	1,504	1,487
Financing revenues and other income, net	126	59
	6,465	6,127
Costs and expenses:		
Cost of products sold	3,609	3,872
Cost of services sold	916	985
Research and development	329	306
Selling, general and administrative	761	786
Interest	97	63
	5,712	6,012
Income from continuing operations before income taxes and minority interests	753	115
Income taxes	230	2
Minority interests	27	23
Income from continuing operations	496	90
Discontinued operation:		
Income from operations of discontinued UT Automotive unit	-	-
Gain on sale of UT Automotive subsidiary	-	-
Net income	$ 496	$ 90
Earnings per share of Common Stock:		
Basic:		
Continuing operations	$ 1.04	$ .17
Discontinued operation	-	-
Gain on sale of discontinued operation	-	-
Net earnings	$ 1.04	$ .17
Diluted:		
Continuing operations	$ .98	$ .16
Discontinued operation	-	-
Gain on sale of discontinued operation	-	-
Net earnings	$ .98	$ .16
Dividends per share of Common Stock	$ .20	$ .20
Average number of shares outstanding:		
Basic	468	480
Diluted	506	494

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, 2000	Nine Months Ended September 30, 1999
Revenues:		
Product sales	$ 15,029	$ 13,158
Service sales	4,488	4,276
Financing revenues and other income, net	299	176
	19,816	17,610
Costs and expenses:		
Cost of products sold	11,383	10,447
Cost of services sold	2,757	2,734
Research and development	952	886
Selling, general and administrative	2,329	2,180
Interest	276	175
	17,697	16,422
Income from continuing operations before income taxes and minority interests	2,119	1,188
Income taxes	659	334
Minority interests	78	69
Income from continuing operations	1,382	785
Discontinued operation:		
Income from operations of discontinued UT Automotive unit (net of applicable income tax provision of $28)	-	40
Gain on sale of UT Automotive subsidiary (net of applicable income tax provision of $112)	-	650
Net income	$ 1,382	$ 1,475
Earnings per share of Common Stock:		
Basic:		
Continuing operations	$ 2.89	$ 1.64
Discontinued operation	-	.09
Gain on sale of discontinued operation	-	1.40
Net earnings	$ 2.89	$ 3.13
Diluted:		
Continuing operations	$ 2.71	$ 1.55
Discontinued operation	-	.08
Gain on sale of discontinued operation	-	1.29
Net earnings	$ 2.71	$ 2.92
Dividends per share of Common Stock	$ .60	$ .56
Average number of shares outstanding:		
Basic	470	463
Diluted	508	504

See accompanying Notes to Condensed Consolidated Financial Statements

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET

In Millions	September 30, 2000 (Unaudited)	December 31, 1999
Assets		
Cash and cash equivalents	$ 818	$ 957
Accounts receivable, net	4,130	4,337
Inventories and contracts in progress, net	3,704	3,504
Future income tax benefits	1,302	1,563
Other current assets	259	266
Total Current Assets	10,213	10,627
Fixed assets	10,179	10,455
Less: Accumulated depreciation	5,886	5,995
	4,293	4,460
Goodwill	6,071	5,641
Other assets	3,580	3,638
Total Assets	$ 24,157	$ 24,366
Liabilities and Shareowners' Equity		
Short-term borrowings	$ 869	$ 902
Accounts payable	2,078	1,957
Accrued liabilities	5,432	6,023
Long-term debt currently due	141	333
Total Current Liabilities	8,520	9,215
Long-term debt	3,232	3,086
Future pension and postretirement benefit obligations	1,626	1,601
Other long-term liabilities	2,919	2,898
Series A ESOP Convertible Preferred Stock	777	808
ESOP deferred compensation	(340)	(359)
	437	449
Shareowners' Equity:		
Common Stock	4,481	4,227
Treasury Stock	(3,836)	(3,182)
Retained earnings	7,468	6,463
Accumulated other non-shareowners' changes in equity	(690)	(391)
	7,423	7,117
Total Liabilities and Shareowners' Equity	$ 24,157	$ 24,366

See accompanying Notes to Condensed Consolidated Financial Statements

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

In Millions	Nine Months Ended September 30, 2000	1999
Operating Activities:		
Income from continuing operations	$ 1,382	$ 785
Adjustments to reconcile income from continuing operations to net cash flows provided by operating activities:		
Depreciation and amortization	639	589
Deferred income tax provision (benefit)	182	(199)
Change in:		
Accounts receivable	38	(259)
Inventories and contracts in progress	(202)	211
Accounts payable and accrued liabilities	(336)	270
Other current assets	16	(42)
Other, net	103	239
Net cash flows provided by operating activities	1,822	1,594
Investing Activities:		
Capital expenditures	(600)	(485)
Investments in businesses	(507)	(2,612)
Dispositions of businesses	-	43
Increase in customer financing assets, net	(9)	(132)
Other, net	71	67
Net cash flows used in investing activities	(1,045)	(3,119)
Financing Activities:		
Issuance of long-term debt	214	1,399
Repayment of long-term debt	(239)	(527)
Decrease in short-term borrowings, net	(36)	(275)
Dividends paid on Common Stock	(282)	(258)
Repurchase of Common Stock	(673)	(549)
Other, net	123	165
Net cash flows used in financing activities	(893)	(45)
Net cash flows provided by discontinued operation	-	2,159
Effect of foreign exchange rate changes on Cash and cash equivalents	(23)	(24)
Net (decrease) increase in Cash and cash equivalents	(139)	565
Cash and cash equivalents, beginning of year	957	550
Cash and cash equivalents, end of period	$ 818	$ 1,115

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, 2000 and for the quarters and nine-month periods ended September 30, 2000 and 1999 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 the Corporation's Annual Report incorporated by reference in Form 10-K for calendar year 1999.

Recent Developments

On October 16, 2000, the Corporation announced the signing of an agreement to purchase the Aurora, IL-based Specialty Equipment Companies, Inc. ("Specialty") for $30.50 per share in cash. Upon completion of the purchase, Specialty will be integrated into Carrier Corporation. Specialty, which had sales of $502 million and earnings from operations of $72 million during the fiscal year ended January 31, 2000, designs, manufactures, and markets a broad array of refrigeration and food service products. The Corporation has commenced a tender offer for all outstanding shares of common stock of Specialty and will pay a total purchase price of approximately $600 million in cash for all of the outstanding shares and assume debt of approximately $100 million. The transaction is subject to regulatory approvals and the valid tender of a majority of Specialty shares, as well as other customary conditions.

Non-Shareowners' Changes in Equity

Non-shareowners' changes in equity include all changes in equity during a period except changes resulting from investments by and distributions to shareowners. A summary of the non-shareowners' changes in equity is provided below.

	Quarter Ended September 30, 2000	Quarter Ended September 30, 1999	Nine Months Ended September 30, 2000	Nine Months Ended September 30, 1999
Net Income	$ 496	$ 90	$ 1,382	$ 1,475
Foreign currency translation, net	(77)	11	(139)	(60)
Unrealized holding gain (loss) on marketable equity securities, net	15	-	(159)	-
	$ 434	$ 101	$ 1,084	$ 1,415

Investments in Businesses

During the first nine months of 2000, the Corporation invested $507 million, including debt assumed, in the acquisitions of businesses. Those investments include Pratt & Whitney's second quarter purchase of the engine maintenance center of Braathens ASA, Carrier's first quarter purchase of the commercial refrigeration business of Electrolux AB, and other smaller industry consolidating transactions during the year. The assets and liabilities of the acquired businesses accounted for under the purchase method were recorded at their fair values at the dates of acquisition. The excess of the purchase price over the estimated fair values of the net assets acquired has been recorded as goodwill and is being amortized over its estimated useful life. The increase in goodwill in the nine-month period of 2000 is associated with goodwill recorded on 2000 acquisitions as well as certain adjustments made in the finalization of purchase price allocations for 1999 acquisitions. The results of operations of all acquired businesses have been included in the Condensed Consolidated Statement of Operations beginning on the effective date of each acquisition. The pro forma results, assuming these acquisitions had been made at the beginning of the year, would not be materially different from reported results.

Inventories and Contracts in Progress

In Millions	September 30, 2000	December 31, 1999
Inventories consist of the following:		
Raw material	$ 621	$ 702
Work-in-process	1,180	1,158
Finished goods	2,129	1,871
Contracts in progress	1,712	1,561
	5,642	5,292
Less:		
Progress payments, secured by lien, on U.S. Government contracts	(154)	(87)
Billings on contracts in progress	(1,784)	(1,701)
	$ 3,704	$ 3,504

Restructuring

During 1999, the Corporation's operating segments initiated a variety of actions aimed at further strengthening their future profitability and competitive position. Those actions focused principally on rationalizing manufacturing processes and improving the overall level of organizational efficiency, including the removal of management layers. Restructuring charges accrued in 1999 were $842 million before income taxes and minority interests and are expected to result in net reductions of approximately 15,000 salaried and hourly employees and approximately 8 million square feet of facilities.

The 1999 accrued costs were recorded at each of the Corporation's operating segments as follows:

In Millions	
Otis	$ 178
Carrier	182
Pratt & Whitney	345
Flight Systems	131
Other	6
	$ 842

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

The following table summarizes the accrued costs associated with the 1999 restructuring actions by type and related activity through September 30, 2000:

In Millions	Accrued Severance and Related Costs	Asset Write-downs	Accrued Exit & Lease Termination Costs	Accrued Site Restoration & Other Costs	Total
1999 Charges:					
Staff reductions	$ 433	$ -	$ -	$ -	$ 433
Facility closures	149	160	44	56	409
Total accrued charges	582	160	44	56	842
Adjustments	(12)	-	(6)	-	(18)
1999 Adjusted	570	160	38	56	824
Utilized to date:					
Cash	(307)	-	(14)	(16)	(337)
Non-cash	(70)	(160)	-		(230)
Balance at September 30, 2000	$ 193	$ -	$ 24	$ 40	$ 257

The 1999 accrued costs were recorded in cost of sales (87%) and selling, general and administrative expenses (13%) and related to:

- Workforce reductions of approximately 15,000 employees, primarily at Pratt & Whitney (5,200 employees), Otis (4,000 employees) and Carrier (3,200 employees).

- Plant closings that will result in the reduction of approximately 8 million square feet of facilities, primarily at Pratt & Whitney (3 million square feet) and Carrier (2.9 million square feet), and charges associated with the write-down of property, plant and equipment to fair value, where fair value is based on appraised value, primarily at Pratt & Whitney ($70 million) and Carrier ($41 million).

As of September 30, 2000, workforce reductions of approximately 11,200 employees were completed and approximately 3.3 million square feet were eliminated. The remaining workforce reductions and plant closings are planned to be substantially completed by December of this year.

In the first nine months of 2000, the Corporation incurred and recognized costs of $194 million associated with the restructuring actions that were not accruable when the actions were initiated.

Contingent Liabilities

There has been no significant change in the Corporation's material contingencies during 2000. Summarized below, however, are the matters previously described in Notes 1 and 14 of the Notes to Consolidated Financial Statements in the Corporation's Annual Report, incorporated by reference in Form 10-K for calendar year 1999.

Environmental

The Corporation's operations are subject to environmental regulation by federal, state and local authorities in the United States and regulatory authorities with jurisdiction over its foreign operations.

Environmental investigatory, remediation, operating and maintenance costs are accrued when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of currently available facts with respect to each individual site, including existing technology, current laws and regulations and prior remediation experience. Where no amount within a range of estimates is more likely, the minimum is accrued. For sites with multiple responsible parties, the Corporation considers its likely proportionate share of the anticipated remediation costs and the ability of the other parties to fulfill their obligations in establishing a provision for those costs. Liabilities with fixed or reliably determinable future cash payments are discounted.

The Corporation maintains property insurance with a number of insurance companies. Litigation is continuing against one of the Corporation's historical property insurers seeking coverage for environmental costs incurred at certain facilities. The litigation is expected to last several years. Environmental liabilities are not reduced by potential insurance reimbursements.

As discussed above, the Corporation has accrued for the costs of environmental remediation activities and periodically reassesses these amounts. Management believes that the likelihood of incurring losses materially in excess of amounts accrued is remote.

U.S. Government

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

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

Other

The Corporation extends performance and operating cost guarantees beyond its normal warranty and service policies for extended periods on some of its products, particularly commercial aircraft engines. Liability under such guarantees is contingent upon future product performance and durability. The Corporation has accrued its estimated liability that may result under these guarantees.

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

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

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

Earnings Per Share

In Millions (except per share amounts)	Quarter Ended September 30, 2000	Quarter Ended September 30, 1999	Nine Months Ended September 30, 2000	Nine Months Ended September 30, 1999
Income from continuing operations	$ 496	$ 90	$ 1,382	$ 785
Less: ESOP Stock dividends	(8)	(9)	(24)	(25)
Basic earnings from continuing operations	488	81	1,358	760
ESOP Stock adjustment	7	-*	21	21
Diluted earnings from continuing operations	$ 495	$ 81	$ 1,379	$ 781
Income from discontinued operation, net of tax	$ -	$ -	$ -	$ 40
Gain on sale of discontinued operation, net of tax	-	-	-	650
	$ -	$ -	$ -	$ 690
Net income	$ 496	$ 90	$ 1,382	$ 1,475
Less: ESOP Stock dividends	(8)	(9)	(24)	(25)
Basic earnings	488	81	1,358	$ 1,450
ESOP Stock adjustment	7	-*	21	21
Diluted earnings	$ 495	$ 81	$ 1,379	$ 1,471
Average shares:				
Basic	468	480	470	463
Stock awards	11	14	11	14
ESOP Stock	27	-*	27	27
Diluted	506	494	508	504
Earnings per share of Common Stock:				
Basic:				
Continuing operations	$ 1.04	$ .17	$ 2.89	$ 1.64
Discontinued operation	-	-	-	.09
Gain on sale of discontinued operation	-	-	-	1.40
Net earnings	$ 1.04	$ .17	$ 2.89	$ 3.13
Diluted:				
Continuing operations	$ .98	$ .16	$ 2.71	$ 1.55
Discontinued operation	-	-	-	.08
Gain on sale of discontinued operation	-	-	-	1.29
Net earnings	$ .98	$ .16	$ 2.71	$ 2.92

* ESOP Stock adjustment is antidulitive and is not considered in the Earnings Per Share calculation for the quarter ended September 30, 1999.

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

With respect to the unaudited condensed consolidated financial information of United Technologies Corporation for the quarters and nine-month periods ended September 30, 2000 and 1999, PricewaterhouseCoopers LLP ("PricewaterhouseCoopers") reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated October 18, 2000, appearing below, states that they did not audit and they do not express an opinion on that unaudited condensed consolidated financial information. PricewaterhouseCoopers has not carried out any significant or additional audit tests beyond those which would have been necessary if their report had not been included. Accordingly, the degree of reliance on their 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 their 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 ACCOUNTANTS

To the Shareowners of
United Technologies Corporation

We have reviewed the accompanying condensed consolidated statement of operations of United Technologies Corporation and consolidated subsidiaries for the quarters and nine months ended September 30, 2000, and 1999, the condensed consolidated statement of cash flows for the nine months ended September 30, 2000 and 1999, and the condensed consolidated balance sheet as of September 30, 2000. This financial information is the responsibility of the company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, 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 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 auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 1999, and the related consolidated statements of operations, of changes in shareowners' equity and of cash flows for the year then ended (not presented herein), and in our report dated January 19, 2000, 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, 1999, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Hartford, Connecticut
October 18, 2000

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Position

BUSINESS ENVIRONMENT

The Corporation's operations are classified into four principal operating segments. Carrier and Otis serve customers in the commercial property and residential housing industries. Carrier also serves customers in the commercial refrigeration and transport industries. Pratt & Whitney and the Flight Systems segment, which includes Sikorsky Aircraft and Hamilton Sundstrand, primarily serve commercial and government customers in the aerospace industry.

For discussion of the Corporation's business environment, refer to the discussions of "Business Environment," "Commercial Aerospace," and "Government Business" in the Management's Discussion and Analysis of Results of Operations and Financial Position in the Corporation's Annual Report incorporated by reference in Form 10-K for calendar year 1999. Significant changes in the Corporation's business environment during the first nine months of 2000 are discussed below.

As worldwide businesses, the Corporation's operations are affected by global and regional economic factors. During the first nine months of 2000, the decline in the Euro had a negative impact on the Corporation's consolidated results. In addition, U.S. residential housing and commercial construction starts decreased in the first nine months of 2000 compared to 1999 and airline industry fuel costs rose during that period. However, in general, the diversity of the Corporation's businesses and global market presence have helped, and should continue to help, limit the impact of any one industry or the economy of any single country on the consolidated results.

The Sikorsky-Boeing joint venture that is under contract with the U.S. Army to develop prototypes, flight test and field test Comanche helicopters obtained approval to begin the Engineering and Manufacturing Development (EMD) phase. The EMD phase is expected to lead to the manufacture of 13 additional aircraft during 2004 and 2005 which will be used for continued development testing.

There have been no other significant changes in the Corporation's business environment during the first nine months of 2000.

RESULTS OF CONTINUING OPERATIONS

Consolidated revenues increased $338 million (6%) to $6.47 billion and $2.21 billion (13%) to $19.82 billion in the third quarter and nine-month period of 2000 compared to the same periods in 1999. Excluding the unfavorable impact of foreign currency translation, consolidated revenues increased 8% and 15% in the third quarter and nine-month period of 2000. The third quarter increase reflects the impact of the acquisition of International Comfort Products during the third quarter of 1999, LG Industrial Systems' Building Facilities Group ("LG Elevator") in the fourth quarter of 1999 and the commercial refrigeration business of Electrolux AB during the first quarter of 2000. The nine-month increase also reflects the impact of the acquisition of Sundstrand Corporation ("Sundstrand") late in the second quarter of 1999, partially offset by a decrease in revenues at Pratt & Whitney.

Financing revenues and other income, net, increased $67 million and $123 million in the third quarter and nine-month period of 2000 compared to 1999. The third quarter increase was due primarily to the modification of a product support agreement and resolution of a contract dispute. The nine-month increase also reflects interest income on prior period income tax credits resulting from a second quarter 2000 industry related court decision from which the Corporation expects to benefit.

Gross margin as a percentage of sales increased 8.6 and 3.2 percentage points in the third quarter and nine-month period of 2000 compared to the same periods of 1999, due primarily to restructuring charges recorded in the third quarter of 1999.

Research and development spending increased $23 million (8%) and $66 million (7%) in the third quarter and nine-month period of 2000 compared to 1999. The third quarter reflects increases at all segments with the largest increase at Pratt & Whitney. The nine-month increase was principally due to the inclusion of Sundstrand's operations in the Flight Systems segment in 2000. As a percentage of sales, research and development was 5.2% and 4.9% in the third quarter and nine-month period of 2000 as compared to 5.0% and 5.1% in the same periods of 1999. Research and development is expected to remain at approximately 5% of sales in 2000.

Selling, general and administrative expenses decreased $25 million (3%) and increased $149 million (7%) in the third quarter and nine-month period of 2000 compared to 1999. The third quarter decrease was due primarily to third quarter 1999 restructuring charges. Excluding those restructuring charges, selling, general and administrative expenses increased 2% and 9% in the third quarter and nine-month period of 2000 compared to 1999. The third quarter increase was primarily due to the impact of acquisitions at Carrier and the nine-month increase primarily reflects the impact of acquisitions at Carrier and Hamilton Sundstrand. The increases in both periods were partially offset by cost reductions associated with the 1999 restructuring actions. As a percentage of sales, these expenses were 12.0% and 11.9% in the third quarter and nine-month period of 2000, as compared to 13.0% and 12.5% in the same periods of 1999.

Interest expense increased $34 million and $101 million in the third quarter and nine-month period of 2000 compared to 1999. The increases are associated with $1.7 billion of debt issued in 1999 to finance acquisitions and repurchase the Corporation's Common Stock.

The effective income tax rate for the third quarter of 2000 was 30.5%, a decrease of .4 percentage point over the same period of 1999, excluding the impact of the third quarter 1999 restructuring actions. Those restructuring actions carried a combined effective rate of 37.1%.

Excluding third quarter 1999 restructuring actions and second quarter 2000 discrete tax items discussed below, the effective tax rate for the nine-month period of 2000 decreased to 30.5% from 30.9% for the same period of 1999. The Corporation has continued to lower its effective income tax rate by implementing tax reduction strategies.

The effective income tax rate for the nine-month period of 2000 including all tax items was 31.1%, as compared to 28.1% for the same period of 1999. The increase in effective tax rate relates to the absence, in 2000, of the impact of the third quarter 1999 restructuring actions and the impact of the second quarter 2000 enactment of Connecticut tax law changes and the related revaluation of the Corporation's state deferred tax asset. In addition, the Corporation expects to benefit from a second quarter 2000 industry related court decision and, as a result, has recognized income tax credits for prior periods and related interest income.

Restructuring and Other Costs

As described in the Notes to the Condensed Consolidated Financial Statements, the Corporation's operating segments initiated a variety of actions in 1999 aimed at further strengthening their future profitability and competitive position. The 1999 actions totaled $1,120 million, before income taxes and minority interests, and included accrued restructuring charges of $842 million, related charges of $141 million that were not accruable when initiated, and charges associated with product development and aircraft systems integration and non-product purchasing.

In February 2000, a Federal District Court issued an injunction relative to certain restructuring actions planned by Pratt & Whitney that would move work from Connecticut to Arkansas, Texas and Oklahoma. Pratt & Whitney appealed this injunction and expects a decision later in 2000. The accruable portion of the cost of these actions was recorded during 1999. The Corporation does not believe that resolution of the litigation will materially impact the Corporation's restructuring program.

In the current year, the Corporation expects to have pre-tax cash outflows related to the 1999 programs of less than $750 million, using cash generated from operations, including up to $300 million of additional costs that were not accruable when the actions were initiated. Through September 30, 2000, approximately $194 million of additional costs have been incurred and recognized. The 1999 restructuring and other actions taken by the Corporation are expected to result in savings that should offset the additional costs expected to be incurred, resulting in a modest benefit in 2000. Recurring savings, associated primarily with net reduction in workforce and facility closures, are expected to increase over a three-year period to approximately $750 million pre-tax annually.

Segment Review

Revenues, operating profits and operating profit margins of the Corporation's principal operating segments include the results of all majority-owned subsidiaries, consistent with the management reporting of these businesses. Adjustments to reconcile segment reporting to consolidated results are included in "Eliminations and other," which also includes certain small subsidiaries and in the third quarter of 2000 included a favorable settlement of a customer warranty issue. Results for the quarters and nine-month periods ended September 30, 2000 and 1999 are as follows:

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

In Millions of Dollars Quarter Ended September 30,	Revenues 2000	Revenues 1999	Operating Profits 2000	Operating Profits 1999	Operating Profit Margin 2000	Operating Profit Margin 1999
Otis	$ 1,504	$ 1,404	$ 201	$ 104	13.4%	7.4%
Carrier	2,111	1,939	242	100	11.5%	5.2%
Pratt & Whitney	1,782	1,749	300	(4)	16.8%	(0.2%)
Flight Systems	1,163	1,129	165	40	14.2%	3.5%
Total segment	6,560	6,221	908	240	13.8%	3.9%
Eliminations and other	(95)	(94)	(2)	(10)		
General corporate expenses	-	-	(56)	(52)		
Consolidated	$ 6,465	$ 6,127	850	178		
Interest expense			(97)	(63)		
Income from continuing operations before income taxes and minority interests			$ 753	$ 115		

Nine Months Ended September 30,	Revenues 2000	Revenues 1999	Operating Profits 2000	Operating Profits 1999	Operating Profit Margin 2000	Operating Profit Margin 1999
Otis	$ 4,581	$ 4,146	$ 587	$ 420	12.8%	10.1%
Carrier	6,479	5,478	678	425	10.5%	7.8%
Pratt & Whitney	5,396	5,753	867	560	16.1%	9.7%
Flight Systems	3,621	2,499	443	161	12.2%	6.4%
Total segment	20,077	17,876	2,575	1,566	12.8%	8.8%
Eliminations and other	(261)	(266)	(10)	(26)		
General corporate expenses	-	-	(170)	(177)		
Consolidated	$ 19,816	$ 17,610	2,395	1,363		
Interest expense			(276)	(175)		
Income from continuing operations before income taxes and minority interests			$ 2,119	$ 1,188		

Otis revenues increased $100 million (7%) and $435 million (10%) in the third quarter and nine-month period of 2000 compared to 1999. Excluding the impact of foreign currency translation, the third quarter increase was due primarily to the impact of the fourth quarter 1999 acquisition of LG Elevator and increased sales in all regions except Asia, with the majority of the increase in North America. The nine-month increase reflects the acquisition of LG Elevator and increased sales in all regions. Foreign currency translation reduced revenues by 5% and 4% in the third quarter and nine-month period of 2000 compared to 1999, primarily due to a weaker Euro.

Otis operating profits increased $97 million and $167 million in the third quarter and nine-month period of 2000 compared to 1999, in part due to restructuring charges recorded in the third quarter of 1999. Excluding third quarter 1999 restructuring, operating profits increased $24 million (14%) and $94 million (19%) for the third quarter and nine-month period of 2000 compared to 1999, reflecting the impact of the acquisition of LG Elevator and increases in all regions, partially offset by the negative impact of foreign currency translation associated with a weaker Euro. Foreign currency translation reduced operating profits by 8% and 7% in the third quarter and nine-month period of 2000 compared to 1999.

Carrier revenues increased $172 million (9%) and $1,001 million (18%) in the third quarter and nine-month period of 2000 compared to 1999. The increases reflect the acquisition of the commercial refrigeration business of Electrolux AB earlier this year, the acquisition of International Comfort Products during the third quarter of 1999, and growth in the North American commercial business. The third quarter increase was partially offset by a decline in the North American residential operation related to a cooler summer selling season in many regions of the U.S. and a decline in the North American truck/trailer operation associated with higher fuel prices and interest rates. Foreign currency translation reduced revenues by 2% in both the third quarter and nine-month period of 2000 compared to 1999.

Carrier operating profits increased $142 million and $253 million in the third quarter and nine-month period of 2000 compared to 1999. Excluding restructuring charges recorded in the third quarter of 1999, operating profits increased $19 million (9%) and $130 million (24%) in those periods. The third quarter and nine-month increases were primarily due to the impact of the acquisition of International Comfort Products during the third quarter of 1999, growth in the North American commercial business and incremental export incentives in Latin America, partially offset by declines in the North American truck/trailer operation associated with higher fuel prices and interest rates. In addition, the North American residential operation decreased in the third quarter and increased in the nine-month period. Foreign currency translation reduced operating profits by 1% in both the third quarter and nine-month period of 2000 compared to 1999.

Carrier has announced an agreement to purchase Specialty Equipment Companies to strengthen and broaden its growing commercial refrigeration business.

Pratt & Whitney revenues increased $33 million (2%) in the third quarter and decreased $357 million (6%) in the nine-month period of 2000 compared to 1999. The third quarter increase reflects higher sales in the small engine business at Pratt & Whitney Canada, the impact of fourth quarter 1999 acquisitions, and modification of a product support agreement, mostly offset by lower revenues on large military engines. The nine-month decrease is due primarily to fewer commercial and military engine shipments partially offset by increases at Pratt & Whitney Canada and the impact of fourth quarter 1999 acquisitions.

Pratt & Whitney operating profits increased $304 million and $307 million in the third quarter and nine-month period of 2000 compared to 1999, largely due to third quarter 1999 restructuring charges. Excluding third quarter 1999 restructuring, operating profits increased $39 million (15%) and $42 million (5%) for the third quarter and nine-month period of 2000 compared to 1999, reflecting favorability in the commercial engine business and in the small engine business at Pratt & Whitney Canada. Those increases were partially offset in both periods by an anticipated decline in government funded research and development.

Flight Systems revenues increased $34 million (3%) and $1,122 million (45%) in the third quarter and nine-month period of 2000 compared to 1999. The third quarter increase reflects slight growth at both Sikorsky and Hamilton Sundstrand operations and the resolution of a contract dispute. The nine-month increase also reflects the impact of the second quarter 1999 acquisition of Sundstrand.

Flight Systems operating profits increased $125 million and $282 million in the third quarter and nine-month period of 2000 compared to 1999, partially due to third quarter 1999 restructuring charges. Excluding third quarter 1999 restructuring, operating profits increased $33 million (25%) and $190 million (75%) for the quarter and nine-month period of 2000 compared to 1999. The third quarter increase reflects improvements at both Hamilton Sundstrand and Sikorsky, including a resolution of a contract dispute. The nine-month increase primarily relates to the inclusion of Sundstrand's results for the entire nine-month period of 2000.

FINANCIAL POSITION

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

Set forth below are selected key cash flow data:

In Millions	Nine Months Ended September 30, 2000	1999
Operating Activities		
Net cash flows provided by operating activities	$ 1,822	$ 1,594
Investing Activities		
Capital expenditures	(600)	(485)
Investments in businesses	(507)	(2,612)
Increase in customer financing assets, net	(9)	(132)
Financing Activities		
Repurchase of Common Stock	(673)	(549)
(Decrease) increase in total debt	(79)	1,349
Increase in net debt	60	784
Net cash flows provided by discontinued operation	-	2,159

Cash flows provided by operating activities increased $228 million in the first nine months of 2000 compared to the corresponding period in 1999. The increase reflects improved operating performance, in part due to lower restructuring charges in 2000, partially offset by an increase in working capital levels in 2000.

Cash flows used in investing activities decreased $2.1 billion in the first nine months of 2000 compared to the first nine months of 1999 primarily due to the second quarter 1999 purchase of Sundstrand. Cash spending for investments in businesses for the first nine months of 2000 includes the first quarter Carrier acquisition of the commercial refrigeration business of Electrolux AB and the second quarter Pratt & Whitney acquisition of the engine maintenance center of Braathens. Total cash spending for investments in businesses in 2000 is expected to be in the range of $1.25 billion, including the recently announced agreement to purchase Specialty Equipment Companies.

Customer financing activity decreased to a net use of cash of $9 million in the first nine months of 2000 from the $132 million net use of cash in the first nine months of 1999, primarily due to decreased customer demand for financing. While the Corporation expects that 2000 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. The Corporation's total commitments to finance or arrange financing of commercial aircraft and related equipment at September 30, 2000 were approximately $1.1 billion compared to $1.3 billion for the same period of 1999.

The Corporation repurchased $673 million of Common Stock, representing 11.8 million shares, in the first nine months of 2000 under previously announced share repurchase programs. The share repurchase programs continue to be a use of the Corporation's cash flows and have more than offset the dilutive effect resulting from the issuance of stock under stock-based employee benefit programs. At September 30, 2000, the Corporation was authorized to repurchase an additional 13 million shares.

As described in the Corporation's 1999 Annual Report incorporated by reference in Form 10-K, the Corporation sold its UT Automotive Unit to Lear Corporation on May 4, 1999. The discontinued UT Automotive operation and its subsequent sale provided $2,159 million of cash in 1999.

Other selected financial data are as follows:

In Millions of Dollars	September 30, 2000	December 31, 1999	September 30, 1999
Cash and cash equivalents	$ 818	$ 957	$ 1,115
Total debt	4,242	4,321	3,522
Net debt (total debt less cash)	3,424	3,364	2,407
Shareowners' equity	7,423	7,117	7,102
Debt-to-total capitalization	36%	38%	33%
Net debt-to-total capitalization	32%	32%	25%

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

Management believes that its existing cash position and other available sources of liquidity are sufficient to meet current and anticipated requirements for the foreseeable future. Although uncertainties in acquisition spending could cause modest variations at times, management anticipates that the level of debt-to-capital will remain generally consistent with recent levels.

New Accounting Guidance

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," (FAS 133) which, as amended, is currently effective January 1, 2001 for the Corporation. FAS 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction, and if it is, the type of hedge transaction. Management believes adoption of this standard and related transition adjustments will not have a material impact on the Corporation's consolidated financial position, results of operations or cash flows.

In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin 101, "Revenue Recognition in Financial Statements," (SAB

101) which, as amended, is effective for the fourth quarter of 2000 for the Corporation. SAB 101 provides the SEC Staff's views on applying generally accepted accounting principles to certain revenue recognition issues. Management does not believe SAB 101 will have a material impact on the Corporation's consolidated financial position, results of operations or cash flows.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There has been no significant change in the Corporation's exposure to market risk during the first nine months of 2000. For discussion of the Corporation's exposure to market risk, refer to Item 7A, Quantitative and Qualitative Disclosures about Market Risk, contained in the Corporation's Annual Report incorporated by reference in Form 10-K for the calendar year 1999.

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

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 the future operating and financial performance of the Corporation, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as "believe," "expect," "plans," "strategy," "prospects," "estimate," "project," "anticipate" and other words of similar meaning in connection with a discussion of future operating or financial performance. These include, among others, statements relating to:

- Future earnings and other measurements of financial performance
- Future cash flow and uses of cash
- The effect of economic downturns or growth in particular regions
- The effect of changes in the level of activity in particular industries or markets
- The scope, nature or impact of acquisition activity
- Product developments and new business opportunities
- Restructuring costs and cost reduction efforts
- The outcome of contingencies.

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 Report on Form 10-Q includes important information as to risk factors in the "Notes to Condensed Consolidated Financial Statements" under the heading "Contingent Liabilities" and in the section titled "Management's Discussion and Analysis of Results of Operations and Financial Position" under the headings "Business Environment" and "Restructuring and Other Costs." The Corporation's Annual Report on Form 10-K for 1999 also includes important information as to risk factors in the "Business" section under the headings "Description of Business by Operating Segment," "Other Matters Relating to the Corporation's Business as a Whole" and "Legal Proceedings." Additional important information as to risk factors is included in the Corporation's 1999 Annual Report to Shareowners in the section titled "Management's Discussion and Analysis of Results of Operations and Financial Position" under the headings "Business Environment" 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 the Corporation's reports on Forms 10-Q and 8-K filed with the Securities and Exchange Commission from time to time.

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

Part II - Other Information

Item 1. Legal Proceedings

As previously reported, the Corporation has been served with two qui tam complaints under the civil False Claims Act in the United States District Court for the District of Connecticut: U.S. ex rel. Drake v. Norden Systems, Inc. and UTC, No. 394CV00963 (filed July 1997, and involving allegations of improper accounting for fixed assets), and U.S. ex rel. Capella v. UTC and Norden Systems Inc., No. 394CV02063 (filed December 1994, and involving allegations of improper accounting for insurance costs). The civil False Claims Act provides for penalties in a civil case of up to $10,000 per false claim submitted. The number of false claims implicated by the foregoing qui tam complaints cannot currently be ascertained; however, if determined adversely to the Corporation the number could result in significant penalties. The qui tam relator in each case has claimed unspecified damages (trebled) and penalties, and the Department of Justice in each case has declined to take over the litigation. On August 24, 2000, the court dismissed portions of the complaints as they relate to the Corporation and has dismissed alleged false claims that occurred prior to June 15, 1988 (Drake) and December 6, 1988 (Capella). Norden Systems, Inc., an inactive subsidiary of the Corporation (later renamed NSI, Inc.), remains a defendant in both cases. Damages and penalties, if any, imposed on NSI, Inc. could be borne by or also imposed on the Corporation due to its ownership of NSI, Inc. at the time the claims arose. The court also has given the relator additional time to submit an amended complaint, which may result in additional or reinstituted claims against the Corporation.

Except as noted above, there have been no material developments in legal proceedings during the quarter ended September 30, 2000. For a description of previously reported legal proceedings, refer to Part II - Other Information, Item 1. Legal Proceedings of the Corporation's Report on Form 10-Q for the quarters ended March 31, 2000 and June 30, 2000 and to Part I, Item 3. Legal Proceedings of the Corporation's Annual Report on Form 10-K for 1999.

The Corporation does not believe that resolution of the foregoing legal matters will have a material adverse effect upon the Corporation's competitive position, results of operations, cash flow or financial position.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits
- (12) Statement re: computation of ratio of earnings to fixed charges.*
- (15) Letter re: unaudited interim financial information. *
- (27) Financial data schedule.*

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the quarter ended September 30, 2000.

*Submitted electronically herewith.

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

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

Dated: October 26, 2000

By: /s/ David J. FitzPatrick
David J. FitzPatrick
Senior Vice President,
Chief Financial Officer and Treasurer

Dated: October 26, 2000

By: /s/ David G. Nord
David G. Nord
Vice President, Controller

Dated: October 26, 2000

By: /s/ William H. Trachsel
William H. Trachsel
Senior Vice President, General Counsel and
Secretary

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

EXHIBIT INDEX

(12) Statement re: computation of ratio of earnings to fixed charges. *

(15) Letter re: unaudited interim financial information. *

(27) Financial data schedule. *

*Submitted electronically herewith.

Exhibit 12

UNITED TECHNOLOGIES CORPORATION AND SUBSIDIARIES

STATEMENT RE COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

In Millions of Dollars	Nine Months Ended September 30, 2000	Nine Months Ended September 30, 1999
Fixed Charges:		
Interest expense	$ 276	$ 175
Interest capitalized	12	11
One-third of rents*	50	57
Total Fixed Charges	$ 338	$ 243
Earnings:		
Income from continuing operations before income taxes and minority interests	$ 2,119	$ 1,188
Fixed charges per above	338	243
Less: interest capitalized	(12)	(11)
	326	232
* Amortization of interest capitalized	12	19
Total Earnings	$ 2,457	$ 1,439
Ratio of Earnings to Fixed Charges	7.27	5.92

* Reasonable approximation of the interest factor.

Exhibit 15

October 26, 2000

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Ladies and Gentlemen:

We are aware that our report dated October 18, 2000 on our review of interim financial information of United Technologies Corporation as of and for the period ended September 30, 2000 and included in the Company's quarterly report on Form 10-Q for the quarter then ended is incorporated by reference in the Prospectus constituting part of its Registration Statements on Form S-3 (Nos. 333-89041 and 333-91959), in the Registration Statement on Form S-4 (No. 333-77991) as amended by Post-Effective Amendment No. 1 on Form S-8 (No. 333-77991-01) and in the Registration Statements on Form S-8 (Nos. 333-21853, 333-18743, 333-21851, 33-57769, 33-45440, 33-11255, 33-26580, 33-26627, 33-28974, 33-51385, 33-58937, 2-87322, 333-77817, and 333-82911).

Yours very truly,

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Hartford, Connecticut

This article contains summary financial information extracted from the Condensed Consolidated Balance Sheet at September 30, 2000 (Unaudited) and the Condensed Consolidated Statement of Operations for the nine months ended September 30, 2000 (Unaudited) and is qualified in its entirety by reference to such financial statements.

1,000,000

9-MOS
DEC-31-2000
JAN-01-2000
SEP-30-2000
818
0
4,541
411
3,704
10,213
10,179
5,886
24,157
8,520
3,232
437
0
4,481
2,942
24,157
15,029
19,816
11,383
14,140
952
0
276
2,119
659
1,382
0
0
0
1,382
2.89
2.71