

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C.

20549

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

For the quarterly period ended March 31, 2001

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 No

At March 31, 2001 there were 470,735,511 shares of Common Stock outstanding.

UNITED TECHNOLOGIES CORPORATION
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UNITED TECHNOLOGIES CORPORATION
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Part I - Financial Information

Item 1 - Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

In Millions (except per share amounts)	Quarter Ended March 31,	
	2001	2000
Revenues:		
Product sales	\$ 4,988	\$ 4,824
Service sales	1,609	1,483
Financing revenues and other income, net	74	83
	6,671	6,390
Costs and expenses:		
Cost of products sold	3,794	3,693
Cost of services sold	1,018	935
Research and development	297	314
Selling, general and administrative	785	781
Interest	107	86
	6,001	5,809
Income before income taxes and minority interests	670	581
Income taxes	204	177
Minority interests	26	27
Net income	\$ 440	\$ 377
Earnings per share of Common Stock:		
Basic	\$.92	\$.78
Diluted	\$.86	\$.74
Dividends per share of Common Stock	\$.225	\$.20
Average number of shares outstanding:		
Basic	471	473
Diluted	508	511

See accompanying Notes to Condensed Consolidated Financial Statements

UNITED TECHNOLOGIES CORPORATION
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CONDENSED CONSOLIDATED BALANCE SHEET

In Millions	March 31, 2001 (Unaudited)	December 31, 2000
Assets		
Cash and cash equivalents	\$ 780	\$ 748
Accounts receivable, net	4,410	4,445
Inventories and contracts in progress, net	4,005	3,756
Future income tax benefits	1,420	1,439
Other current assets	347	274
Total Current Assets	10,962	10,662
Fixed assets	10,426	10,355
Less: Accumulated depreciation	(5,919)	(5,868)
	4,507	4,487
Goodwill	6,778	6,771
Other assets	3,440	3,444
Total Assets	\$ 25,687	\$ 25,364
Liabilities and Shareowners' Equity		
Short-term borrowings	\$ 666	\$ 1,039
Accounts payable	2,333	2,261
Accrued liabilities	5,905	5,748
Long-term debt currently due	248	296
Total Current Liabilities	9,152	9,344
Long-term debt	3,960	3,476
Future pension and postretirement benefit obligations	1,649	1,636
Other long-term liabilities	2,761	2,814
Series A ESOP Convertible Preferred Stock	756	767
ESOP deferred compensation	(329)	(335)
	427	432
Shareowners' Equity:		
Common Stock	4,799	4,665
Treasury Stock	(4,149)	(3,955)
Retained earnings	8,035	7,743
Accumulated other non-shareowners' changes in equity	(947)	(791)
	7,738	7,662
Total Liabilities and Shareowners' Equity	\$ 25,687	\$ 25,364

See accompanying Notes to Condensed Consolidated Financial Statements

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

In Millions	Quarter Ended March 31,	
	2001	2000
Operating Activities:		
Net income	\$ 440	\$ 377
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	222	212
Deferred income tax provision	32	27
Change in:		
Accounts receivable	(20)	23
Inventories and contracts in progress	(241)	(99)
Accounts payable and accrued liabilities	256	21
Other current assets	(29)	(4)
Other, net	(27)	(31)
Net cash flows provided by operating activities	633	526
Investing Activities:		
Capital expenditures	(207)	(149)
Investments in businesses	(173)	(269)
Disposition of businesses	8	-
Increase in customer financing assets, net	(52)	(15)
Other, net	(3)	40
Net cash flows used in investing activities	(427)	(393)
Financing Activities:		
Issuance of long-term debt	500	216
Repayment of long-term debt	(105)	(145)
Decrease in short-term borrowings, net	(332)	(122)
Dividends paid on Common Stock	(106)	(94)
Repurchase of Common Stock	(200)	(300)
Other, net	82	13
Net cash flows used in financing activities	(161)	(432)
Effect of foreign exchange rate changes on Cash and cash equivalents		
Net increase (decrease) in Cash and cash equivalents	(13)	(1)
Cash and cash equivalents, beginning of year	748	957
Cash and cash equivalents, end of period	\$ 780	\$ 657

See accompanying Notes to Condensed Consolidated Financial Statements

UNITED TECHNOLOGIES CORPORATION
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(Unaudited)

The Condensed Consolidated Financial Statements at March 31, 2001 and for the quarters ended March 31, 2001 and 2000 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 2000.

Issuance of Long-Term Debt

In February 2001, the Corporation issued \$500 million of 6.35% unsubordinated, unsecured, nonconvertible notes ("the 6.35% Notes") under a shelf registration filed with the Securities and Exchange Commission in December 2000. The 6.35% Notes are due March 1, 2011, with interest payable semiannually commencing September 1, 2001. The Corporation may redeem all or any portion of the 6.35% Notes at any time for a formula-based price determined at the time of the redemption. Proceeds from the issuance were used primarily to repay commercial paper. The proceeds from these commercial paper borrowings were used for working capital and for general corporate purposes, which includes financing acquisitions and repurchases of the Corporation's Common Stock.

Derivative Instruments and Hedging Activities

Effective January 1, 2001, the Corporation adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. The standard requires that all derivative instruments be recorded on the balance sheet at fair value. The accounting for the changes in fair value depends on how the derivative is used and designated. Adoption of this standard resulted in a \$3 million pre-tax transition gain, recorded in Financing revenues and other income, net and reduced shareowners' equity by \$7 million, net of tax. The income statement gain recorded at transition was largely offset by a net loss in the quarter associated primarily with derivatives and embedded derivatives that are not designated as hedges and do not cover balance sheet exposures.

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

Foreign Currency Exposures

The Corporation's global presence and large volume of international sales, purchases, investments and borrowings expose it to fluctuations in foreign

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currency exchange rates. Foreign currency exposures are identified and managed at the operating unit level. Exposures that cannot be naturally offset within an operating unit to an insignificant amount are hedged. The Corporation has foreign currency forward contracts that are designated as hedges of the cash flow variability arising from forecasted foreign-currency-denominated sales and purchases. Gains and losses on those derivatives are recorded in shareowners' equity to the extent they are effective as hedges and reclassified into sales or cost of products sold in the period in which the hedged transaction impacts earnings.

The Corporation has foreign currency forward contracts and swaps that cover the exposure arising from remeasurement of foreign-currency-denominated receivables, payables and borrowings. The gains and losses on those derivative instruments are reported in earnings and largely offset the transaction gains and losses on remeasurement of the related balance sheet items. The Corporation also has a significant amount of foreign currency net asset exposures. Currently, the Corporation does not hold any derivative contracts that hedge its foreign currency net asset exposures but may consider such strategies in the future.

Interest Rate Exposures

The Corporation's long-term debt portfolio consists mostly of fixed-rate instruments to minimize earnings volatility related to interest expense. From time to time the Corporation issues commercial paper, which creates an exposure to changes in interest rates. The Corporation does not currently hold interest rate derivative contracts.

Commodity Exposures

The Corporation is exposed to volatility in the prices of raw materials used in some of its products and uses forward contracts, in limited circumstances, to hedge a portion of the forecasted purchase of raw materials. The forward contracts are designated as hedges of the cash flow variability that result from the forecasted purchases. Gains and losses on those derivatives are deferred in shareowners' equity to the extent they are effective as hedges and reclassified into cost of products sold in the period in which the hedged transaction impacts earnings.

Quarterly Activity

At March 31, 2001, the fair value of derivatives held by the Corporation, including those embedded in other contracts, was a \$53 million net liability. The non-shareowner changes in equity associated with hedging activity during the quarter ended March 31, 2001 were as follows:

In Millions, net of tax

December 31, 2000	\$	-
Cash flow hedging loss, net		(37)
Net loss reclassified to sales or cost of products sold		8
March 31, 2001	\$	(29)

Of the amount recorded in shareowners' equity, a \$34 million pre-tax loss is expected to be reclassified into sales or cost of products sold to reflect the fixed prices obtained from hedging within the next 12 months. Gains and losses recognized in earnings related to discontinuance of cash flow hedges and ineffectiveness of cash flow hedges during the quarter ended March 31, 2001 were immaterial. All open derivative contracts mature by June 2003.

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.

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In Millions	Quarter Ended March 31,	
	2001	2000
Net Income	\$ 440	\$ 377
Foreign currency translation, net	(111)	(29)
Unrealized holding loss on marketable equity securities, net	(16)	(74)
Cash flow hedging loss, net	(29)	-
	\$ 284	\$ 274

Investments in Businesses

During the first quarter of 2001, the Corporation invested \$203 million, including debt assumed, in the acquisition of businesses. Those investments include Hamilton Sundstrand's purchase of Claverham Group LTD, a U.K. supplier to the European aerospace industry, and other small industry consolidating transactions. 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 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	March 31, 2001	December 31, 2000
Inventories consist of the following:		
Raw material	\$ 694	\$ 738
Work-in-process	1,278	1,179
Finished goods	2,299	2,099
Contracts in progress	1,826	1,849
	6,097	5,865
Less:		
Progress payments, secured by lien, on U.S. Government contracts	(149)	(137)
Billings on contracts in progress	(1,943)	(1,972)
	\$ 4,005	\$ 3,756

Restructuring

During 1999, the Corporation's operating segments initiated a variety of programs aimed at further strengthening their future profitability and competitive position. These programs 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 were expected to result in net reductions of approximately 15,000 salaried and hourly employees and approximately 8 million square feet of facilities.

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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

The following table summarizes the accrued costs associated with the 1999 restructuring actions by type and related activity through March 31, 2001:

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	(62)	-	(11)	1	(72)
Utilized to date:					
Cash	(362)	-	(16)	(24)	(402)
Non-cash	(115)	(160)	(8)	-	(283)
Balance at March 31, 2001	\$ 43	\$ -	\$ 9	\$ 33	\$ 85

The 1999 accrued costs 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 were planned to 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).

The adjustments to the 1999 restructuring liability result from completion of programs for amounts lower than originally estimated and revision of several of the original programs. The \$14 million adjustment in the first quarter of 2001 was more than offset by additional restructuring related charges of \$44 million that were not accruable or contemplated when the 1999 programs were initiated.

As of March 31, 2001, workforce reductions of approximately 12,800 employees were completed and approximately 4.8 million square feet were eliminated under

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the 1999 restructuring programs. Reductions of approximately 900 employees and approximately 2 million square feet remain under the 1999 restructuring programs. The programs are expected to be substantially complete in the first half of 2001.

Contingent Liabilities

There has been no significant change in the Corporation's material contingencies during 2001. 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 2000.

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. Accrued environmental liabilities are not reduced by potential insurance reimbursements. The Corporation periodically reassesses these accrued amounts. Management believes that the likelihood of incurring losses materially in excess of amounts accrued is remote.

The Corporation has had insurance in force over its history with a number of insurance companies and has litigation seeking indemnity and defense under these insurance policies in relation to its environmental liabilities. The litigation is expected to last several years.

U.S. Government

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

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

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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.

Earnings Per Share

In Millions (except per share amounts)	Quarter Ended March 31,	
	2001	2000
Net income	\$ 440	\$ 377
Less: ESOP Stock dividends	(8)	(8)
Basic earnings	432	369
ESOP Stock adjustment	7	7
Diluted earnings	\$ 439	\$ 376
Average shares:		
Basic	471	473
Stock awards	11	11
ESOP Stock	26	27
Diluted	508	511
Earnings per share of Common Stock:		
Basic	\$.92	\$.78
Diluted	\$.86	\$.74

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With respect to the unaudited condensed consolidated financial information of United Technologies Corporation for the quarters ended March 31, 2001 and 2000, 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 April 19, 2001, 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 its consolidated subsidiaries for the quarters ended March 31, 2001, and 2000, the condensed consolidated statement of cash flows for the three months ended March 31, 2001 and 2000, and the condensed consolidated balance sheet as of March 31, 2001. This financial information is the responsibility of the Corporation'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 condensed consolidated 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, 2000, 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 18, 2001, 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, 2000, 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
April 19, 2001

UNITED TECHNOLOGIES CORPORATION
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Financial Position

BUSINESS ENVIRONMENT

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

For discussion of the Corporation's business environment, refer to the discussion of "Business Environment" 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 2000. Significant changes in the Corporation's business environment during the first quarter of 2001 are discussed below.

As worldwide businesses, the Corporation's operations are affected by global and regional economic factors. During the first quarter of 2001, weaker European and Asian currencies had a negative impact on the Corporation's consolidated results. 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.

There have been no other significant changes in the Corporation's business environment during the first quarter of 2001.

RESULTS OF CONTINUING OPERATIONS

Consolidated revenues increased \$281 million (4%) to \$6.67 billion in the first quarter of 2001 compared to the same period in 2000. Excluding the unfavorable impact of foreign currency translation, consolidated revenues increased 7%. The increase reflects the purchase of Specialty Equipment Companies in the fourth quarter of 2000 and growth in the ongoing businesses of Carrier, Pratt & Whitney and Otis.

Gross margin as a percentage of sales increased 0.5 percentage points to 27.1% in the first quarter of 2001 principally as a result of previous cost reduction actions.

Research and development spending decreased \$17 million (5%) in the first quarter of 2001 compared to 2000, primarily due to a decrease at Pratt & Whitney, which reflects the variable nature of engineering development program schedules. As a percentage of sales, research and development was 4.5% in the first quarter of 2001 as compared to 5.0% in the same period of 2000. Research and development is expected to be approximately 5% of sales in 2001.

Selling, general and administrative expenses increased \$4 million (0.5%) in the first quarter of 2001 compared to 2000. The increase is related to the impact of acquisitions, primarily at Carrier, partially offset by a decrease resulting from cost reduction actions. As a percentage of sales, these expenses were 11.9% in the first quarter of 2001, as compared to 12.4% in the same period of 2000.

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Interest expense increased \$21 million (24%) in the first quarter of 2001 compared to 2000. The increase is primarily related to the issuance of \$500 million of 6.35% Notes due 2011 in February 2001 and \$500 million of 7.125% Notes due 2010 in November 2000.

The effective income tax rate for the first quarter of 2001 was 30.4% compared to 30.5% for the first quarter of 2000. The Corporation has continued to lower its effective income tax rate by implementing tax reduction strategies.

Restructuring and Other Costs

As described in the Notes to Condensed Consolidated Financial Statements, the Corporation's operating segments initiated a variety of programs in 1999 aimed at further strengthening their future profitability and competitive position. The 1999 programs 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. After a subsequent ruling by the Second Circuit Court of Appeals, the injunction remains in place until the end of the Collective Bargaining Agreement in December 2001. In February 2001, Pratt & Whitney agreed, for the life of the current Collective Bargaining Agreement, to retain this work within the bargaining unit. The Corporation does not believe that this outcome will materially impact the Corporation's restructuring program.

During the first quarter of 2001, the Corporation incurred and recognized approximately \$44 million of costs that were not accruable or contemplated when the 1999 programs were initiated and expects to incur at least \$100 million in total for all of 2001. In the current year, the Corporation expects to have pre-tax cash outflows of up to \$200 million associated with the 1999 programs and costs that were not accruable or contemplated when the 1999 programs were initiated. These cash flows are expected to largely occur in the first half of the year and will use cash generated by operations. 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 net benefit in 2001. Recurring savings, associated primarily with a net reduction in workforce and facility closures, are expected to increase through 2002 to approximately \$750 million pre-tax annually, primarily benefiting cost of products sold.

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. Results quarters ended March 31, 2001 and 2000 are as follows:

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In Millions of Dollars	Revenues		Operating Profits		Operating Profit Margin	
Quarter Ended March 31,	2001	2000	2001	2000	2001	2000
Otis	\$ 1,548	\$ 1,543	\$ 220	\$ 192	14.2%	12.4%
Carrier	2,085	1,846	131	123	6.3%	6.7%
Pratt & Whitney	1,878	1,824	343	282	18.3%	15.5%
Flight Systems	1,254	1,257	168	138	13.4%	11.0%
Total segment	6,765	6,470	862	735	12.7%	11.4%
Eliminations and other	(94)	(80)	(33)	(11)		
General corporate expenses	-	-	(52)	(57)		
Consolidated	\$ 6,671	\$ 6,390	777	667		
Interest expense			(107)	(86)		
Income before income taxes and minority interests			\$ 670	\$ 581		

Otis revenues increased \$5 million in the first quarter of 2001 compared to 2000. Excluding the impact of foreign currency translation, revenues increased 6%, reflecting increases in all regions. The increases were led by Europe and North America and related to higher new equipment and service sales. The negative foreign currency impact was primarily due to European and Asian currencies.

Otis operating profits increased \$28 million (15%) in the first quarter of 2001 compared to 2000. Excluding the impact of foreign currency translation, operating profit increased 21%, reflecting profit improvements in all regions primarily due to previous cost reduction actions.

Carrier revenues increased \$239 million (13%) in the first quarter of 2001 compared to 2000. Excluding the impact of foreign currency translation, revenues increased 16%, reflecting the acquisition of Specialty Equipment Companies during the fourth quarter of 2000, growth in international markets and growth in a weak North American residential market. The improvements were partially offset by continued weakness in the commercial refrigeration business and North American transport refrigeration business. The negative foreign currency impact was primarily due to European and Asian currencies.

Carrier operating profits increased \$8 million (7%) in the first quarter of 2001 compared to 2000. Excluding the impact of foreign currency translation, operating profit increased by 11%, in line with the increased revenues and the acquisition of Specialty Equipment Companies. The increase was partially offset by weakness in the North American transport refrigeration market, a slow ramp-up in commercial refrigeration new plant efficiency, and investments in new products.

Pratt & Whitney revenues increased \$54 million (3%) in the first quarter of 2001 compared to 2000. The increase was primarily due to improved aftermarket and small commercial engine shipments at Pratt & Whitney Canada and increased shipments of industrial gas turbines at Pratt & Whitney Power Systems, partially offset by an expected decline in government funded development for large military engines related to program timing.

Pratt & Whitney operating profits increased \$61 million (22%) in the first quarter of 2001 compared to 2000, primarily reflecting increased shipments and improved aftermarket performance at Pratt & Whitney Canada and continued cost reductions.

Flight Systems revenues decreased \$3 million in the first quarter of 2001 compared to 2000. The first quarter decrease is primarily associated with

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lower value shipments at Sikorsky, largely offset by an increase at Hamilton Sundstrand associated with increased original equipment sales and improved aftermarket in the aerospace business.

Flight Systems operating profits increased \$30 million (22%) in the first quarter of 2001 compared to 2000, reflecting improved aftermarket performance in the aerospace business at Hamilton Sundstrand and improvements at Sikorsky.

LIQUIDITY AND 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, dividends, Common Stock repurchases, adequate bank lines of credit and financial flexibility to attract long-term capital with satisfactory terms.

In Millions of Dollars	March 31, 2001	December 31, 2000	March 31, 2000
Cash and cash equivalents	\$ 780	\$ 748	\$ 657
Total debt	4,874	4,811	4,265
Net debt (total debt less cash)	4,094	4,063	3,608
Shareowners' equity	7,738	7,662	7,036
Debt to total capitalization	39%	39%	38%
Net debt to total capitalization	35%	35%	34%

Net cash flows provided by operating activities increased \$107 million in the first quarter of 2001 compared to the corresponding period in 2000. The increase reflects improved operating performance, in part due to lower restructuring charges in 2001.

Cash used in investing activities increased \$34 million to \$427 million in the first quarter of 2001 compared to the same period of 2000 primarily due to increased capital expenditures. Cash spending for investments in businesses for the first quarter of 2001 was \$173 million and includes the Hamilton Sundstrand acquisition of Claverham Group LTD. Total investments in businesses in 2001 is expected to be at least \$1 billion.

Customer financing activity was a net use of cash of \$52 million in the first quarter of 2001 compared with a \$15 million net use of cash for the same period of 2000, primarily due to customer generated requirements for financing. While the Corporation expects that 2001 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 had financing and rental commitments of \$1.8 billion related to commercial aircraft, compared to \$1.2 billion at December 31, 2000.

Net cash flows used in financing activities decreased \$271 million in the first quarter of 2001, reflecting the Corporation's issuance of \$500 million of 6.35% notes in February 2001 under shelf registration statements previously filed with the Securities and Exchange Commission. Following this offering, up to \$500 million of additional medium-term and long-term debt could be issued

UNITED TECHNOLOGIES CORPORATION
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under shelf registration statements on file with the Securities and Exchange Commission. The Corporation plans to register an additional \$1.5 billion of debt and equity securities (this statement, however, does not constitute an offer of any securities for sale).

The Corporation repurchased \$200 million of Common Stock, representing 2.7 million shares, in the first quarter of 2001 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 and options under stock-based employee benefit programs. At March 31, 2001, the Corporation was authorized to repurchase an additional 8.6 million shares.

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

Effective January 1, 2001, the Corporation adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. See Notes to Condensed Consolidated Financial Statements for further discussion.

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 quarter of 2001. 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 2000.

UNITED TECHNOLOGIES CORPORATION
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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 savings
- . 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 2000 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 2000 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.

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Part II - Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 3(ii) Bylaws as amended and restated effective March 21, 2001.*
- (12) Statement re: computation of ratio of earnings to fixed charges.*
- (15) Letter re: unaudited interim financial information.*

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the quarter ended March 31, 2001.

*Submitted electronically herewith.

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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: May 4, 2001

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

Dated: May 4, 2001

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

Dated: May 4, 2001

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

EXHIBIT INDEX

- 3(ii) Bylaws as amended and restated effective March 21, 2001.*
- (12) Statement re: computation of ratio of earnings to fixed charges. *
- (15) Letter re: unaudited interim financial information. *

*Submitted electronically herewith.

BYLAWS
OF
UNITED TECHNOLOGIES CORPORATION
AS AMENDED AND RESTATED EFFECTIVE MARCH 21, 2001

SECTION 1 - Meetings of Shareholders

SECTION 1.1 Annual Meetings.

Annual meetings of shareholders shall be held on or prior to April 30 in each year for the purpose of electing directors and transacting such other proper business as may come before the meeting.

SECTION 1.2 Special Meetings.

Special meetings of shareholders may be called from time to time by the Board of Directors or by the chief executive officer of the Corporation. Special meetings shall be held solely for the purpose or purposes specified in the notice of meeting.

SECTION 1.3 Time and Place of Meetings.

Subject to the provisions of Section 1.1, each meeting of shareholders shall be held on such date, at such hour and at such place as fixed by the Board of Directors or in the notice of the meeting or, in the case of an adjourned meeting, as announced at the meeting at which the adjournment is taken.

SECTION 1.4 Notice of Meetings.

A notice of each meeting of shareholders, stating the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given personally, by mail or by electronic transmission as set forth below to each shareholder entitled to vote at the meeting. Unless otherwise provided by statute, the notice shall be given not less than 10 nor more than 60 days before the date of the meeting and, if mailed, shall be deposited in the United States mail, postage prepaid, directed to the shareholder at his address as it appears on the records of the Corporation. No notice need be given to any person with whom communication is unlawful, nor shall there be any duty to apply for any permit or license to give notice to any such person. If the time and place of an adjourned meeting of shareholders are announced at the meeting at which the adjournment is taken, no notice need be given of the adjourned meeting unless that adjournment is for more than 30 days or unless, after the adjournment, a new record date is fixed for the adjourned meeting. Without limiting the manner by which notice otherwise may be given effectively to shareholders, any notice to shareholders under the certificate of incorporation and these Bylaws may be given by electronic transmission in the manner provided in Section 232 of the Delaware General Corporation Law.

SECTION 1.5 Waiver of Notice.

Anything herein to the contrary notwithstanding, notice of any meeting of shareholders need not be given to any shareholder who in person or by proxy shall have waived in writing notice of the meeting, either before or after such meeting, or who shall attend the meeting in person or by proxy, unless he attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

- 1 -

SECTION 1.6 Quorum and Manner of Acting.

Subject to the provisions of these Bylaws, the certificate of incorporation and statute as to the vote that is required for a specified action, the presence in person or by proxy of the holders of a majority of the outstanding shares of the Corporation entitled to vote at any meeting of shareholders shall constitute a quorum for the transaction of business, and the vote in person or by proxy of the holders of a majority of the shares constituting such quorum shall be binding on all shareholders of the Corporation. A majority of the shares present in person or by proxy and entitled to vote may, regardless of whether or not they constitute a quorum, adjourn the meeting to another time and place. Any business which might have been transacted at the original meeting may be transacted at any adjourned meeting at which a quorum is present.

SECTION 1.7 Voting.

Shareholders shall be entitled to cumulative voting at all elections of directors to the extent provided in or pursuant to the certificate of incorporation. A shareholder may authorize another person or persons to vote for him as proxy by: (a) executing a writing authorizing such other person or persons to act for him as proxy, where execution of the writing is accomplished by the shareholder or his authorized officer, director, employee or agent signing such writing or causing his signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature; or (b) transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to the person who will be the holder of

the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided, that any such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the shareholder. No proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

SECTION 1.8 Judges.

The votes at each meeting of shareholders shall be supervised by not less than two judges who shall decide all questions respecting the qualification of voters, the validity of the proxies and the acceptance or rejection of votes. The judges shall be appointed by the Board of Directors but if, for any reason, there are less than two judges present and acting at any meeting, the chairman of the meeting shall appoint an additional judge or judges so that there shall always be at least two judges to act at the meeting.

SECTION 1.9 List of Shareholders.

A complete list of the shareholders entitled to vote at each meeting of shareholders, arranged in alphabetical order, and showing the address and number of shares registered in the name of each shareholder, shall be prepared and made available for examination during regular business hours by any shareholder for any purpose germane to the meeting. The list shall be available for such examination at the principal place of business of the Corporation for a period of not less than 10 days prior to the meeting and during the whole time of the meeting.

SECTION 1.10 Notice of Shareholder Business and Nominations.

(A) Annual Meetings of Shareholders.

- (1) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the shareholders may be made at an annual meeting of shareholders (a) pursuant to the Corporation's notice of meeting, (b) by or at the direction of the Board of Directors or (c) by any shareholder of the Corporation who was a shareholder of record at the time of giving of notice provided for in this Section 1.10, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 1.10.
- (2) For nominations or other business to be properly brought before an annual meeting by a shareholder pursuant to clause (c) of paragraph (A)(1) of this Section 1.10, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must be a proper matter for shareholder action. To be timely, a shareholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the shareholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a shareholder's notice as described above. Such shareholder's notice shall set forth (a) as to each person whom the shareholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 14a-11 thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) as to any other business that the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such shareholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (i) the name and address of such shareholder, as they appear on the Corporation's books, and of such beneficial owner and (ii) the class and number of shares of the Corporation which are owned beneficially and of record by such shareholder and such beneficial owner.
- (3) Notwithstanding anything in the second sentence of paragraph (A)(2) of this Section 1.10 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 100 days prior to the first anniversary of the preceding year's annual meeting, a shareholder's notice required by this Section 1.10 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(B) Special Meetings of Shareholders.

Only such business shall be conducted at a special meeting of shareholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of shareholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board of Directors or (b) by any shareholder of the Corporation who is a shareholder of record at the time of giving of notice provided for in this Section 1.10, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 1.10. In the event the Corporation calls a special meeting of shareholders for the purpose of electing one or more directors to the Board of Directors, any such shareholder may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the shareholder's notice required by paragraph (A)(2) of this Section 1.10 shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment of a special meeting commence a new time period for the giving of a shareholder's notice as described above.

(C) General.

- (1) Only such persons who are nominated in accordance with the procedures set forth in this Section 1.10 shall be eligible to serve as directors and only such business shall be conducted at a meeting of shareholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.10. Except as otherwise provided by law, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.10 and, if any proposed nomination or business is not in compliance with this Section 1.10, to declare that such defective proposal or nomination shall be disregarded.
- (2) For purposes of this Section 1.10, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.
- (3) Notwithstanding the foregoing provisions of this Section 1.10, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.10. Nothing in this Section 1.10 shall be deemed to affect any rights of shareholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

SECTION 1.11

(A) Consents to Corporate Action.

Any action which is required to be or may be taken at any annual or special meeting of shareholders of the Corporation, subject to the provisions of Subsections (B) and (C) of this Section 1.11, may be taken without a meeting, without prior notice and without a vote if consents in writing, setting forth the action so taken, shall have been signed by the holders of the outstanding stock having not less than the minimum number of votes that would be necessary to authorize or to take such action at a meeting at which all shares entitled to vote thereon were present and voted; provided, however, that prompt notice of the taking of the corporate action without a meeting and by less than unanimous written consent shall be given to those shareholders who have not consented in writing.

(B) Determination of Record Date of Action by Written Consent.

The record date for determining shareholders entitled to consent to corporate action in writing without a meeting shall be fixed by the Board of Directors of the Corporation. Any shareholder of record seeking to have the shareholders authorize or take corporate action by written consent without a meeting shall, by written notice to the Secretary, request the Board of Directors to fix a record date. Upon receipt of such a request, the Secretary shall place such request before the Board of Directors at its next regularly scheduled meeting, provided, however, that if the shareholder represents in such request that he intends, and is prepared, to commence a consent solicitation as soon as is permitted by the Exchange Act and the regulations thereunder and other applicable law, the Secretary shall as promptly as practicable, call a special meeting of the Board of Directors, which meeting shall be held as promptly as practicable. At such regular or special meeting, the Board of Directors shall fix a record date as provided in Section 213 (or its successor provision) of the Delaware General Corporation Law. Should the Board fail to fix a record date as provided for in this Subsection (B), then the record date shall be the day on which the first written consent is expressed.

(C) Procedures for Written Consent.

In the event of the delivery to the Corporation of a written consent or consents purporting to represent the requisite voting power to authorize or take corporate action and/or related revocations, the Secretary shall provide for the safekeeping of such consents and revocations and shall, as promptly as practicable, engage nationally recognized independent judges of election for the purpose of promptly performing a ministerial review of the validity of the consents and revocations. No action by written consent and without a meeting shall be effective until such judges have completed their review, determined that the requisite number of valid and unrevoked consents has been obtained to authorize or take the action specified in the consents, and certified such determination for entry in the records of the Corporation kept for the purpose of recording the proceedings of meetings of shareholders.

SECTION 2 - Board of Directors

SECTION 2.1 Number and Term of Office.

The number of directors shall be not less than 10 nor more than 19. The exact number, within those limits, shall be fixed from time to time by the Board of Directors. Each director shall hold office until a successor is elected and qualified or until his earlier death, resignation or removal.

SECTION 2.2 Election.

The directors shall be elected annually by written ballot and, at each election, the nominees receiving the greatest number of votes shall be the directors.

SECTION 2.3 Organization Meetings.

As promptly as practicable after each annual meeting of shareholders, an organization meeting of the Board of Directors shall be held for the purpose of organization and the transaction of other business.

SECTION 2.4 Stated Meetings.

The Board of Directors may provide for stated meetings of the Board.

SECTION 2.5 Special Meetings.

Special meetings of the Board of Directors may be called from time to time by any four directors, by the chief executive officer, or by the chief operating officer of the Corporation in concert with two directors.

SECTION 2.6 Business of Meetings.

Except as otherwise expressly provided in these Bylaws, any and all business may be transacted at any meeting of the Board of Directors; provided, that if so stated in the notice of meeting, the business transacted at a special meeting shall be limited to the purpose or purposes specified in the notice.

SECTION 2.7 Time and Place of Meetings.

Subject to the provisions of Section 2.3, each meeting of the Board of Directors shall be held on such date, at such hour and in such place as fixed by the Board or in the notice or waivers of notice of the meeting or, in the case of an adjourned meeting, as announced at the meeting at which the adjournment is taken.

SECTION 2.8 Notice of Meetings.

No notice need be given of any organization or stated meeting of the Board of Directors for which the Board has fixed the date, hour and place. Notice of the date, hour and place of all other organization and stated meetings, and of all special meetings, shall be given to each director personally, by telephone or telegraph or by mail. If by mail, the notice shall be deposited in the United States mail, postage prepaid, directed to the director at his residence or usual place of business as the same appears on the books of the Corporation not later than four days before the meeting. If given by telegraph, the notice shall be directed to the director at his residence or usual place of business as the same appears on the books of the Corporation not later than at any time during the day before the meeting. If given personally or by telephone, the notice shall be given not later than the day before the meeting.

SECTION 2.9 Waiver of Notice.

Anything herein to the contrary notwithstanding, notice of any meeting of the Board of Directors need not be given to any director who shall have waived in writing notice of the meeting, either before or after the meeting, or who shall attend such meeting, unless he attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 2.10 Attendance by Telephone or Other Means of Communication.

Directors may participate in meetings of the Board of Directors by means of conference telephone or other communications equipment by means of which all directors participating in the meeting can hear one another, and such participation shall constitute presence in person at the meeting.

SECTION 2.11 Quorum and Manner of Acting.

One-third of the total number of directors at the time provided for pursuant to Section 2.1 shall constitute a quorum for the transaction of business at any meeting of the Board of Directors and, except as otherwise provided in these Bylaws, in the certificate of incorporation or by statute, the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board. A majority of the directors present at any meeting, regardless of whether or not they constitute a quorum, may adjourn the meeting to another time or place. Any business which might have been transacted at the original meeting may be transacted at any adjourned meeting at which a quorum is present.

SECTION 2.12 Action Without a Meeting.

Any action which could be taken at a meeting of the Board of Directors may be taken without a meeting if all of the directors consent to the action in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of the Board. Such filings shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

SECTION 2.13 Compensation of Directors.

Each director of the Corporation who is not a salaried officer or employee of the Corporation, or of a subsidiary of the Corporation, may receive compensation for serving as a director and for serving as a member of any Committee of the Board, and may also receive fees for attendance at any meetings of the Board or any Committee of the Board, and the Board may from time to time fix the amount and method of payment of such compensation and fees; provided, that no director of the Corporation shall receive any bonus or share in the earnings or profits of the Corporation or any subsidiary of the Corporation except pursuant to a plan approved by the shareholders at a meeting called for the purpose. The Board may also, by vote of a majority of disinterested directors, provide for and pay fair compensation to directors rendering services to the Corporation not ordinarily rendered by directors as such.

SECTION 2.14 Resignation of Directors.

Any director may resign at any time upon written notice to the Corporation. The resignation shall become effective at the time specified in the notice and, unless otherwise provided in the notice, acceptance of the resignation shall not be necessary to make it effective.

SECTION 2.15 Removal of Directors.

Any director may be removed, either for or without cause, at any time, by the affirmative vote of the holders of record of a majority of the outstanding shares of stock entitled to vote at a meeting of the shareholders called for the purpose, and the vacancy in the Board caused by any such removal may be filled by the shareholders at such meeting or at any subsequent meeting; provided, that no director elected by a class vote of less than all the outstanding shares of the Corporation may, so long as the right to such a class vote continues in effect, be removed pursuant to this Section 2.15, except for cause and by the affirmative vote of the holders of record of a majority of the outstanding shares of such class at a meeting called for the purpose, and the vacancy in the Board caused by the removal of any such director may, so long as the right to such class vote continues in effect, be filled by the holders of the outstanding shares of such class at such meeting or at any subsequent meeting; provided, further, that if less than all the directors then in office are to be removed, no director may be removed without cause if the votes cast against his removal would be sufficient to elect him if then cumulatively voted at an election of

the whole Board of Directors or, in the case of directors elected by a class vote, the right to which class vote is still then in effect, if the votes cast against his removal would be sufficient to elect him if then cumulatively voted at an election of the class of directors of which he is a part.

SECTION 2.16 Filling of Vacancies Not Caused by Removal.

Vacancies and newly created directorships resulting from an increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director; provided, that if the vacancy to be filled would, at an election of the whole Board of Directors, be filled by a class vote of less than all of the outstanding shares of the Corporation, and if any of the directors remaining in office were elected by the same class, such majority vote of the directors shall be effective only if it is concurred in by a majority of the remaining directors elected by such class or by a sole remaining director elected by such class. If for any reason there shall be no directors in office, any officer, any shareholder or any executor, administrator, trustee or guardian of a shareholder, or other fiduciary with like responsibility for the person or estate of a shareholder, may call a special meeting of shareholders in accordance with the provisions of these Bylaws for the purpose of electing directors.

SECTION 3 - Committees of the Board of Directors

SECTION 3.1 Executive Committee.

By resolution adopted by an affirmative vote of the majority of the whole Board of Directors, the Board may appoint an Executive Committee consisting of the directors who occupy the offices of the Chairman, chief executive and operating officers of the Corporation, ex officio, and two or more other directors and, if deemed desirable, one or more directors as alternate members who may replace any absentee or disqualified member at any meeting of the Executive Committee. If so appointed, the Executive Committee shall, when the Board is not in session, have all the power and authority of the Board in the management of the business and affairs of the Corporation not reserved to the Board by Section 3.3. The Executive Committee shall keep a record of its acts and proceedings and shall report the same from time to time to the Board of Directors.

SECTION 3.2 Other Committees.

By resolution adopted by an affirmative vote of the majority of the whole Board of Directors, the Board may from time to time appoint such other Committees of the Board, consisting of one or more directors and, if deemed desirable, one or more directors who shall act as alternate members and who may replace any absentee or disqualified member at any meeting of the Committee, and may delegate to each such Committee any of the powers and authority of the Board in the management of the business and affairs of the Corporation not reserved to the Board pursuant to Section 3.3. Each such Committee shall keep a record of its acts and proceedings.

SECTION 3.3 Powers Reserved to the Board.

No Committee of the Board shall take any action to amend the certificate of incorporation or these Bylaws, adopt any agreement to merge or consolidate the Corporation, declare any dividend or recommend to the shareholders a sale, lease or exchange of all or substantially all of the assets and property of the

Corporation, a dissolution of the Corporation or a revocation of a dissolution of the Corporation. No Committee of the Board shall take any action which is required in these Bylaws, in the certificate of incorporation or by statute to be taken by a vote of a specified proportion of the whole Board of Directors.

SECTION 3.4 Election of Committee Members; Vacancies.

So far as practicable, members of the Committees of the Board and their alternates (if any) shall be appointed at each organization meeting of the Board of Directors and, unless sooner discharged by an affirmative vote of the majority of the whole Board, shall hold office until the next organization meeting of the Board and until their respective successors are appointed. In the absence or disqualification of any member of a Committee of the Board, the member or members (including alternates) present at any meeting of the Committee and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another director to act at the meeting in place of any absent or disqualified member. Vacancies in Committees of the Board created by death, resignation or removal may be filled by an affirmative vote of a majority of the whole Board of Directors.

SECTION 3.5 Meetings.

Each Committee of the Board may provide for stated meetings of such Committee. Special meetings of each Committee may be called by any two members of the Committee (or, if there is only one member, by that member in concert with the chief executive officer) or by the chief executive and chief operating officers of the Corporation. The provisions of Section 2 regarding the business, time and place, notice and waivers of notice of meetings, attendance at meetings and action without a meeting shall apply to each Committee of the Board, except that the references in such provisions to the directors and the Board of Directors shall be deemed, respectively, to be references to the members of the Committee and to the Committee.

SECTION 3.6 Quorum and Manner of Acting.

A majority of the members of any Committee of the Board shall constitute a quorum for the transaction of business at meetings of the Committee, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of the Committee. A majority of the members present at any meeting, regardless of whether or not they constitute a quorum, may adjourn the meeting to another time or place. Any business which might have been transacted at the original meeting may be transacted at any adjourned meeting at which a quorum is present.

SECTION 4 - Officers

SECTION 4.1 Election and Appointment.

The elected officers of the Corporation shall consist of a Chairman, a President, one or more Vice Presidents, a Controller, a Treasurer, a Secretary and such other elected officers as shall from time to time be designated by the Board of Directors. The Board shall designate from among such elected officers a chief executive officer, a chief operating officer, a chief financial officer and a chief accounting officer of the Corporation, and may from time to time make, or provide for, other designations it deems appropriate. The Board may also appoint, or provide for the appointment of, such other officers and agents as may from time to time appear necessary or advisable in the conduct of the affairs of the Corporation. Any number of offices may be held by the same person, except no person may at the same time be both the chief executive and the chief financial officer.

SECTION 4.2 Duties of the Chairman.

The Chairman shall preside, when present, at each meeting of shareholders and at all meetings of the Board of Directors and the Executive Committee. He shall have general supervision of the affairs of the Corporation and over the chief executive officer in the discharge of his duties, and shall have such other powers and duties as may from time to time be committed to him by the Board of Directors.

SECTION 4.3 Duties of the Chief Executive Officer.

Under the general supervision of the Chairman, the chief executive officer of the Corporation shall, in the absence of the Chairman, preside at all meetings of shareholders and at all meetings of the Board of Directors, the Executive Committee and, except to the extent otherwise provided in these Bylaws or by the Board, shall have general authority to execute any and all documents in the name of the Corporation and general and active supervision and control of all of the business and affairs of the Corporation. In the absence of the chief executive officer, his duties shall be performed and his powers may be exercised by the chief operating officer or by such other officer as shall be designated either by the chief executive officer in writing or (failing such designation) by the Executive Committee or Board of Directors.

SECTION 4.4 Duties of Other Officers.

The other officers of the Corporation shall have such powers and duties not inconsistent with these Bylaws as may from time to time be conferred upon them in or pursuant to resolutions of the Board of Directors, and shall have such additional powers and duties not inconsistent with such resolutions as may from time to time be assigned to them by any competent superior officer. The Board shall assign to one or more of the officers of the Corporation the duty to record the proceedings of the meetings of the shareholders and the Board of Directors in a book to be kept for that purpose.

SECTION 4.5 Term of Office and Vacancy.

So far as practicable, the elected officers shall be elected at each organization meeting of the Board, and shall hold office until the next organization meeting of the Board and until their respective successors are elected and qualified. If a vacancy shall occur in any elected office, the Board of Directors may elect a successor for the remainder of the term. Appointed officers shall hold office at the pleasure of the Board or of the officer or officers authorized by the Board to make such appointments. Any officer may resign by written notice to the Corporation.

SECTION 4.6 Removal of Elected Officers.

Elected officers may be removed at any time, either for or without cause, by the affirmative vote of a majority of the whole Board of Directors at a meeting called for that purpose.

SECTION 4.7 Compensation of Elected Officers.

The compensation of all elected officers of the Corporation shall be fixed from time to time by the Board of Directors; provided, that no elected officer of the Corporation shall receive any bonus or share in the earnings or profits of the Corporation or any subsidiary of the Corporation except pursuant to a plan approved by the shareholders at a meeting called for the purpose.

SECTION 5 - Shares and Transfer of Shares

SECTION 5.1 Certificates.

The shares of the Corporation shall be represented by certificates or, if and to the extent the Board of Directors determines, shall be uncertificated shares. Notwithstanding any such determination by the Board of Directors, every shareholder shall be entitled to a certificate signed by the Chairman or the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary, certifying the class and number of shares owned by him in the Corporation; provided, that, where such certificate is countersigned by a Transfer Agent or a Registrar, the signature of any such Chairman, President, Vice President, Treasurer, Assistant Treasurer, Secretary or Assistant Secretary may be a facsimile. In case any officer or officers who shall have signed or whose facsimile signature or signatures shall have been used on any such certificate or certificates shall cease to be such officer or officers, whether because of death, resignation or otherwise, before such certificate or certificates shall have been issued by the Corporation, such certificate or certificates may be issued by the Corporation with the same effect as if he or they were such officer or officers at the date of issue.

SECTION 5.2 Transfer Agents and Registrars.

The Board of Directors may, in its discretion, appoint one or more responsible banks or trust companies in the City of New York and in such other city or cities (if any) as the Board may deem advisable, from time to time, to act as Transfer Agents and Registrars of shares of the Corporation; and, when such appointments shall have been made, no certificate for shares of the Corporation shall be valid until countersigned by one of such Transfer Agents and registered by one of such Registrars.

SECTION 5.3 Transfers of Shares.

Shares of the Corporation may be transferred upon authorization by the record holder thereof, or by an attorney thereunto authorized by power of attorney duly executed and filed with the Secretary or with a Transfer Agent and Registrar, and by the delivery of the certificates therefor, provided such shares are represented by certificates, accompanied either by an assignment in writing on the back of the certificates or by written power of attorney to sell, assign or transfer the same, signed by the record holder thereof, but no transfer shall affect the right of the Corporation to pay any dividend upon the shares to the holder of record thereof, or to treat the holder of record as the holder in fact thereof for all purposes; and no transfer shall be valid, except between the parties thereto, until such transfer shall have been made upon the books of the Corporation.

SECTION 5.4 Lost Certificates.

In case any certificate for shares of the Corporation shall be lost, stolen or destroyed, the Board of Directors, in its discretion, or any Transfer Agent thereunto duly authorized by the Board, may authorize the issuance of a substitute certificate in place of the certificate so lost, stolen or destroyed, and may cause such substitute certificate to be countersigned by the appropriate Transfer Agent (if any) and registered by the appropriate Registrar (if any); provided, that in each such case, the applicant for a substitute certificate shall furnish to the Corporation and to such of its Transfer Agents and Registrars as may require same, evidence to their satisfaction, in their discretion, of the loss, theft or destruction of such certificate and of the ownership thereof, and such security or indemnity as may be required by them.

SECTION 5.5 Record Dates.

In order that the Corporation may determine the shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof, or to consent to action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of shares or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date which shall be not more than 60 nor less than 10 days before the date of any meeting of shareholders, and not more than 60 days prior to any other action. In such case, those shareholders, and only those shareholders, who are shareholders of record on the date fixed by the Board of Directors shall, notwithstanding any subsequent transfer of shares on the books of the Corporation, be entitled to notice of and to vote at such meeting of shareholders, or any adjournment thereof, or to consent to such corporate action in writing without a meeting, or be entitled to receive payment of such dividend or other distribution or allotment of rights, or be entitled to exercise rights in respect of any such change, conversion or exchange of shares or to participate in any such other lawful action.

SECTION 6 - Miscellaneous

SECTION 6.1 Fiscal Year.

The fiscal year of the Corporation shall be the calendar year.

SECTION 6.2 Surety Bonds.

The Chief Financial Officer, the Controller, the Treasurer, each Assistant Treasurer, and such other officers and agents of the Corporation as the Board of Directors may from time to time direct shall be bonded at the expense of the Corporation for the faithful performance of their duties in such amounts and by such surety companies as the Board may from time to time determine.

SECTION 6.3 Signature of Negotiable Instruments.

All bills, notes, checks or other instruments for the payment of money shall be signed or countersigned in such manner as from time to time may be prescribed by resolution of the Board of Directors.

SECTION 6.4 Independent Accountants.

At each annual meeting, the shareholders shall appoint an independent public accountant or firm of independent public accountants to act as the Independent Accountants of the Corporation until the next annual meeting. Among other duties, it shall be the duty of the Independent Accountants so appointed to make periodic audits of the books and accounts of the Corporation. As soon as reasonably practicable after the close of the fiscal year, the shareholders shall be furnished with consolidated financial statements of the Corporation and its consolidated subsidiaries, as at the end of such fiscal year, duly certified by such Independent Accountants, subject to such notes or comments as the Independent Accountants shall deem necessary or desirable for the information of the shareholders. In case the shareholders shall at any time fail to appoint Independent Accountants or in case the Independent Accountants appointed by the shareholders shall decline to act or shall resign or otherwise become incapable of acting, the Board of Directors shall appoint Independent Accountants to discharge the duties provided for herein. Any Independent Accountants appointed pursuant to any of the provisions hereof shall be directly responsible to the shareholders, and the fees and expenses of any such Independent Accountants shall be paid by the Corporation.

SECTION 6.5 Indemnification of Officers, Directors, Employees, Agents and Fiduciaries; Insurance.

(A)The Corporation may indemnify, in accordance with and to the full extent permitted by the laws of the State of Delaware as in effect at the time of the adoption of this Section 6.5 or as such laws may be amended from time to time, and shall so indemnify to the full extent permitted by such laws, any person (and the heirs and legal representatives of any such person) made or threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that such person is or was a director, officer, employee, agent or fiduciary of the Corporation or any constituent corporation absorbed in a consolidation or merger, or serves as such with another corporation, partnership, joint venture, trust or other enterprise at the request of the Corporation or any such constituent corporation.

(B)By action of the Board of Directors notwithstanding any interest of the directors in such action, the Corporation may purchase and maintain insurance in such amounts as the Board of Directors deems appropriate on behalf of any person who is or was a director, officer, employee, agent or fiduciary of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation shall have the power to indemnify him against such liability under the provisions of this Section 6.5.

SECTION 7 - Bylaws Amendments

SECTION 7.1 By the Shareholders.

These Bylaws may be amended by the shareholders at a meeting called for such purpose in any manner not inconsistent with any provision of law or of the certificate of incorporation.

SECTION 7.2 By the Directors.

These Bylaws may be amended by the affirmative vote of a majority of the whole Board of Directors in any manner not inconsistent with any provision of law or of the certificate of incorporation; provided, that the Board may not amend this Section 7.2, or the bonus proviso of Section 2.13 (Compensation of Directors), or Section 2.15 (Removal of Directors), Section 4.6 (Removal of Elected Officers) or Section 4.7 (Compensation of Elected Officers).

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

STATEMENT RE: COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

In Millions of Dollars	Quarter Ended March 31,	
	2001	2000
Fixed Charges:		
Interest expense	\$ 107	\$ 86
Interest capitalized	6	4
One-third of rents*	16	17
Total Fixed Charges	\$ 129	\$ 107
Earnings:		
Income before income taxes and minority interests	\$ 670	\$ 581
Fixed charges per above	129	107
Less: interest capitalized	(6)	(4)
	123	103
Amortization of interest capitalized	5	4
Total Earnings	\$ 798	\$ 688
Ratio of Earnings to Fixed Charges	6.19	6.43

* Reasonable approximation of the interest factor.

April 30, 2001

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

Ladies and Gentlemen:

We are aware that our report dated April 19, 2001 on our review of interim financial information of United Technologies Corporation as of and for the period ended March 31, 2001 and included in the Corporation'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. 333-51830 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