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

FORM 10-K

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

For the fiscal year ended December 31, 1999

Commission file number 1-812

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

DELAWARE	06 0570975
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Financial Plaza, Hartford, Connecticut 06101
(Address of principal executive offices) (Zip Code)

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

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

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X. No__.

At January 31, 2000, there were 474,095,813 shares of Common Stock outstanding; the aggregate market value of the voting Common Stock held by non-affiliates at January 31, 2000 was approximately $25,036,042,406. For purposes of this calculation, the Registrant has assumed that its directors and executive officers are affiliates.

List hereunder documents incorporated by reference and the Part of the Form 10-K into which the document is incorporated: (1) Portions of the United Technologies Corporation 1999 Annual Report to Shareowners are incorporated by reference in Parts I, II and IV hereof; and (2) Portions of the United Technologies Corporation Proxy Statement for the 2000 Annual Meeting of Shareowners are incorporated by reference in Part III hereof.

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

UNITED TECHNOLOGIES CORPORATION

Index to Annual Report
on Form 10-K for
Year Ended December 31, 1999

Item 1. Business

United Technologies Corporation was incorporated in Delaware in 1934. Growth is attributable to acquisitions and the internal development of existing businesses of the Corporation.*

Management's Discussion and Analysis of the Corporation's Results of Operations and Financial Position at December 31, 1999, with comparisons of 1999 to 1998 and 1998 to 1997, as well as Selected Financial Data for each year in the five year period ended December 31, 1999 are set forth on pages 1 through 9 of the Corporation's 1999 Annual Report to Shareowners. Whenever reference is made in this Form 10-K to specific pages in the 1999 Annual Report to Shareowners, such pages are incorporated herein by reference.

Operating Segments

The Corporation conducts its business through four principal operating segments. The Corporation's operating segments are comprised of groups of operating companies and, in two cases, also include a division of the parent corporation. The management of each segment or component thereof has general operating autonomy over diversified products and services. The operating segments and their respective principal products are as follows:

Operating Segment	Principal Products
Otis	--Otis elevators, escalators, automated people movers and service.
Carrier	--Carrier heating, ventilating and air conditioning ("HVAC") systems and equipment, transport and commercial refrigeration equipment, aftermarket service and components.
Pratt & Whitney	--Pratt & Whitney aircraft engines, parts, service and space propulsion.
Flight Systems	--Sikorsky helicopters, parts and service. --Hamilton Sundstrand aerospace and industrial products, including aircraft electrical and power distribution systems, engine and flight controls, auxiliary power units, environmental control systems and propeller systems (aerospace), and air compressors, metering devices, fluid handling equipment and enclosed gear drives (industrial).

On May 4, 1999, the Corporation sold its former UT Automotive unit. For further discussion of the sale of UT Automotive, see Management's Discussion and Analysis of the Corporation's Results of Operations at page 4 and Note 2 of Notes to Consolidated Financial Statements on page 16 of the Corporation's 1999 Annual Report to Shareowners.

On June 10, 1999, the Corporation completed the acquisition of Sundstrand Corporation. Sundstrand Corporation was merged with a wholly-owned subsidiary of the Corporation, which was renamed Hamilton Sundstrand Corporation. Hamilton Sundstrand Corporation and the former Hamilton Standard division are operated as part of the Flight Systems segment.

Segment financial data for the years 1997 through 1999, including financial information about foreign and domestic operations and export sales, is included in Note 15 of Notes to Consolidated Financial Statements on pages 24 through 26 of the Corporation's 1999 Annual Report to Shareowners.

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* "Corporation," unless the context otherwise requires, means United Technologies Corporation or UTC and its subsidiaries.

Description of Business by Operating Segment

The following description of the Corporation's business by operating segment should be read in conjunction with Management's Discussion and Analysis of Results of Operations and Financial Position appearing in the Corporation's 1999 Annual Report to Shareowners, especially the information contained therein under the heading "Business Environment."

Otis

Otis is the world's leader in production, installation and service in the elevator industry, defined as elevators, escalators and automated people movers. Otis designs, manufactures, sells and installs a wide range of passenger and freight elevators, including hydraulic and geared elevators for low- and medium-speed applications and gearless elevators for high-speed passenger operations in high-rise buildings. Otis also produces a broad line of escalators, automated people movers and shuttle systems for horizontal transportation. In addition to new equipment, Otis provides modernization products and services to upgrade elevators and escalators.

In December 1999, Otis completed the formation of LG Otis Elevator Company, a company established in Korea with LG Electronics, Inc. LG Otis Elevator Company acquired the elevator business of the Building Facilities Group of LG Industrial Systems Co. Inc. The Corporation has an 80% equity interest in LG Otis Elevator Company and it will be operated as part of the Otis segment.

Otis provides maintenance services for a substantial portion of the elevators and escalators which it sells and also services elevators and escalators of other manufacturers. Otis conducts its business principally through various subsidiaries and affiliated companies worldwide. In some cases, consolidated subsidiaries and affiliates have significant minority interests. In addition, as part of its global growth strategy, Otis has made investments and continues to invest in markets worldwide, including those in Central and Eastern Europe (such as Russia and Ukraine) and Asia (such as the People's Republic of China and South Korea). Otis' investments in many of these markets carry a higher level of currency, political and economic risk than investments in developed markets.

Otis' business and operations worldwide can be affected by changes in economic, industrial, political and international conditions, including changes in interest rates (which can affect demand for elevators, escalators and services); changes in legislation and in government regulations (including regulations relating to capital contributions, currency conversion and repatriation of earnings); changes in technology; changes in the level of construction activity; changes in currency exchange rates; changes in labor costs (which can impact service and maintenance margins on installed elevators and escalators); and competition from a large number of companies, including other major domestic and foreign manufacturers and service providers. The principal methods of competition are price, delivery schedule, product performance and service. Otis' products and services are sold principally to builders and building contractors and owners.

Revenues generated by Otis' international operations were 78 and 81 percent of total Otis segment revenues in 1999 and 1998, respectively. At December 31, 1999, the Otis business backlog amounted to $3,782 million as compared to $3,459 million at December 31, 1998. Substantially all of the business backlog at December 31, 1999 is expected to be realized as sales in 2000.

Carrier

Carrier is the world's largest manufacturer of heating, ventilating and air conditioning systems and equipment. Carrier also participates in the commercial and transport refrigeration businesses, and provides aftermarket service and components for its products. In 1997, Carrier expanded into the U.S. commercial refrigeration business by acquiring Ardco, Inc. and Tyler Refrigeration Corporation, two U.S.-based manufacturers of commercial refrigeration equipment. In August 1999, Carrier expanded its North American presence in residential and light commercial heating and air conditioning equipment by acquiring International Comfort Products Corporation.

In April 1999, Carrier formed an alliance with Toshiba Corporation to combine and coordinate certain air conditioning manufacturing and distribution operations. Toshiba's Air Conditioning Equipment Division was transferred to Toshiba Carrier Corporation, a company based in Japan owned 40% by Carrier and 60% by Toshiba. Carrier's existing Japanese subsidiary, Toyo Carrier, also became part of this company. Carrier and Toshiba Carrier Corporation formed manufacturing joint ventures in the U.K., with Carrier holding a majority interest, and in Thailand with Carrier and Toshiba Carrier owning equal interests. Toshiba transferred its air conditioning manufacturing operations in both countries to these new joint ventures. Carrier also combined Toshiba's HVAC sales organizations with Carrier's existing operations, and Carrier will complement its current line of products by offering Toshiba branded HVAC products globally.

The products manufactured by Carrier include chillers and airside equipment, commercial unitary systems, residential split systems (cooling only and heat pump), duct-free split systems, window and portable room air conditioners and furnaces, as well as transport refrigeration and commercial refrigeration equipment.

As part of its global growth strategy, Carrier has made investments and continues to invest in markets worldwide, including those in Asia (such as the People's Republic of China) and Latin America. Carrier's investments in many of these markets carry a higher level of currency, political and economic risk than investments in developed markets. Carrier's business and operations worldwide can be affected by changes in economic, industrial, political, international and climate conditions, including changes in interest rates (which can affect demand for its products); changes in legislation and government regulations (including those relating to refrigerants and their effect on global environmental conditions); changes in technology; changes in the level of construction activity; changes in currency exchange rates; changes in regulations related to capital contributions, currency conversion and repatriation of earnings; and competition from a large number of companies, including other major domestic and foreign manufacturers. The principal methods of competition are price, product performance, delivery schedule and service.

Carrier's products and services are sold principally to builders, building contractors and owners, residential homeowners, shipping and trucking companies, supermarkets and food service companies. Sales are made both directly to the customer and by or through manufacturers' representatives, distributors, dealers, individual wholesalers and retail outlets.

Revenues generated by Carrier's international operations, including U.S. export sales, were 48 percent and 52 percent of total Carrier segment revenues in 1999 and 1998, respectively. At December 31, 1999, the Carrier business backlog amounted to $978 million, as compared to $1,007 million at December 31, 1998. Substantially all of the business backlog at December 31, 1999 is expected to be realized as sales in 2000.

Pratt & Whitney and Flight Systems

The Corporation's Pratt & Whitney and Flight Systems operating segments produce aerospace and defense products. Sales of aerospace and defense products are subject to changes in technology; lengthy and costly development cycles; the effects of continuing consolidation within the aerospace and defense industry; heavy dependence on a small number of products and programs; changes in legislation and in government procurement and other regulations and procurement practices; procurement preferences and policies of some foreign customers which require in-country manufacture through offset programs (where in-country purchases and financial support projects are required as a condition to obtaining orders) or other arrangements; substantial competition from major domestic manufacturers and from foreign manufacturers (whose governments sometimes provide direct and indirect research and development assistance, marketing subsidies and other assistance for their commercial products); and changes in economic, industrial and international conditions. In addition, the financial performance of these two segments can be affected in a number of respects by the general level of activity and performance of the commercial airline industry and the aviation industry.

The principal methods of competition in the Corporation's aerospace and defense businesses are price, product performance, service, delivery schedule and other terms and conditions of sale, including fleet introductory allowances and performance and operating cost guarantees, and the participation by the Corporation and its finance subsidiaries in customer financing arrangements in connection with sales of commercial jet engines and helicopters. Fleet introductory allowances are discounts and other financial incentives offered by the Corporation to encourage airline and other customers to purchase engines. Engine purchases are expected to lead to the purchase of parts and services to support the engines. Engine selections by airlines and other operators can therefore have a significant impact on subsequent sales of spare parts and maintenance services.

Sales of military products are affected by defense budgets (both in the U.S. and, to some extent, abroad), U.S. foreign policy and the presence of competition. Military spare parts sales are also affected to some extent by the policies of the U.S. and certain foreign governments of purchasing certain parts from suppliers other than the original equipment manufacturers.

Pratt & Whitney

Pratt & Whitney is one of the world's leading producers of large turbofan (jet) engines for commercial and military aircraft and small gas turbine engines for business, regional/commuter and general aviation aircraft. Pratt & Whitney provides overhaul and repair services and spare and replacement parts for the engines it produces, as well as overhaul and repair services and fleet management services for many models of commercial and military jet and gas turbine engines. In addition, Pratt & Whitney produces liquid rocket propulsion systems and solid rocket motors for the United States Department of Defense, the National Aeronautics and Space Administration ("NASA") and commercial satellite launch programs. Pratt & Whitney also produces industrial gas turbines.

Pratt & Whitney products are sold principally to aircraft manufacturers, airlines and other aircraft operators, aircraft leasing companies and the U.S. and foreign governments. Pratt & Whitney sales in the U.S. and Canada are made directly to the customer and, to a limited extent, through independent distributors. Other export sales are made with the assistance of an overseas network of independent foreign representatives. Sales to the Boeing Company ("Boeing") and Airbus Industrie ("Airbus"), consisting primarily of sales of commercial aircraft jet engines selected by airlines and other aircraft operators, amounted to 30 percent of total Pratt & Whitney revenues in 1999, before taking into account any discounts or financial incentives offered to such airlines or operators. Pratt & Whitney's major competitors in the sale of engines are the aircraft engine businesses of General Electric Company ("GE") and Rolls-Royce plc.

Pratt & Whitney currently produces three families of large commercial jet engines; the JT8D-200, the PW2000 series and the PW4000 series. Pratt & Whitney's JT8D-200 series engines power the Boeing MD-80 aircraft. Applications for the PW2000 series include the Boeing 757-200/PF aircraft and the Iluyshin IL-96 aircraft. Pratt & Whitney's PW4000 engine family powers the Airbus A310-300, A300-600 and A330-200/300 series; the Boeing 747-400, 767-200/300 and 777-200/300 series of aircraft; and the Boeing MD-11 aircraft. Boeing's Douglas Products Division has announced that it has phased-out the MD-80 aircraft program with the final delivery in December 1999. Boeing has also announced that MD-11 aircraft production will be phased-out with the final delivery in 2000.

Pratt & Whitney has entered into a Memorandum of Understanding with Airbus to develop, certify, market and sell PW6000 series engines for installation on the Airbus A318 aircraft under development. Pratt & Whitney currently expects to obtain FAA certification for the PW6000 engine during the fourth quarter of 2001. Airbus has announced that the A318 aircraft is currently expected to enter service in the fourth quarter of 2002. Management cannot predict with certainty when and in what quantities Pratt & Whitney will produce PW6000 engines.

IAE International Aero Engines AG, a Swiss corporation in which Pratt & Whitney has a 33 percent interest, markets and supports the V2500 engine. Applications for the V2500 engine include Airbus' A319, A320 and A321 aircraft and Boeing's MD-90. Boeing has announced that MD-90 production will be phased out with final deliveries during the first quarter of 2000.

In the case of many commercial aircraft today, aircraft manufacturers offer their customers a choice of engines, giving rise to competition among engine manufacturers at the time of the sale of aircraft. This competition is intense, particularly where new commercial airframe/engine combinations are first introduced to the market and into the fleets of individual airlines. Financial incentives granted by engine suppliers, performance and operating cost guarantees and maintenance agreements are frequently important factors in such sales and can be substantial. (For information regarding customer financing commitments, participation in guarantees of customer financing arrangements and performance and operating cost guarantees, see Notes 4 and 13 of Notes to Consolidated Financial Statements at pages 17 and 23 of the Corporation's 1999 Annual Report to Shareowners.)

In view of the global nature of the commercial aircraft industry and the risk and cost associated with launching new engine development programs, Pratt & Whitney has developed strategic alliances and collaboration arrangements on commercial engine programs in which costs, revenues and risks are shared. At December 31, 1999, the percentages of these items shared by other participants in these alliances were approximately as follows: 24 percent of the JT8D-200 series engine program, 29 percent of the PW2000 series engine program, 14 percent of the 94 and 100 inch fan models of the PW4000, 26 percent of the PW4084 and PW4090 models and 24 percent of the PW4098 model.

GE-P&W Engine Alliance, LLC, an alliance between GE Aircraft Engines and Pratt & Whitney in which Pratt & Whitney has a 50 percent interest, was formed during 1996 to develop, market and manufacture a new jet engine that is intended to power super-jumbo aircraft. Although no aircraft manufacturer has as yet committed to produce a super-jumbo aircraft, the GE-P&W Engine Alliance has continued its marketing activities.

In 1999, as part of its plans to expand its range of aftermarket products and services, Pratt & Whitney acquired Cade Industries, Inc. and the operations of Dallas Aerospace, Inc. Cade manufactures and repairs composite component parts for propulsion systems and airframes, and designs, manufactures and services jet engine test facilities. Dallas Aerospace is an aftermarket supplier of engines, engine parts, and engine management and leasing services.

Pratt & Whitney currently produces two military aircraft engines, the F100 (powering F-15 and F-16 fighter aircraft) and the F117 (powering C-17 transport aircraft). All of Pratt & Whitney's F100 and F117 sales contracts are with the United States Air Force ("USAF") or with foreign governments.

Pratt & Whitney is under contract with the USAF to develop the F119 engine, the only anticipated source of propulsion for the two-engine F-22 fighter aircraft being developed by Lockheed Martin Corporation ("Lockheed Martin") and Boeing. The F-22 made its first flight in September 1997, powered by Pratt & Whitney F119 engines. In addition, the Department of Defense selected two weapon systems contractors, Boeing and Lockheed Martin, to proceed into the next phase of the Joint Strike Fighter program development. Both companies have selected derivatives of Pratt & Whitney's F119 engine as their engine of choice to provide power for the Joint Strike Fighter demonstration aircraft. Management cannot predict with certainty whether, when, and in what quantities Pratt & Whitney will produce F119 engines.

Pratt & Whitney Space Propulsion ("SP") produces hydrogen fueled rocket engines for commercial and U.S. Government space applications and advanced turbo pumps for NASA's Space Shuttle program. SP, together with NPO Energomash, is providing a new Lox-Kerosene RD-180 booster engine for two launch vehicles being marketed by Lockheed Martin. Chemical Systems, a unit of SP, manufactures solid fuel propulsion systems and booster motors for commercial and civil applications and several U.S. military launch vehicles and missiles.

Gas turbine engines manufactured by Pratt & Whitney Canada, including various turbofan, turboprop and turboshaft engines, are used in a variety of aircraft including six to eighty passenger class business and regional/commuter airline aircraft, general aviation aircraft and light and medium helicopters. Pratt & Whitney Canada also provides engine maintenance services worldwide.

Revenues from Pratt & Whitney's international operations, including U.S. export sales, were 48 percent and 52 percent of total Pratt & Whitney segment revenues in 1999 and 1998, respectively. Such operations are subject to local government regulations (including regulations relating to capital contributions, currency conversion and repatriation of earnings) as well as to varying political and economic risks.

At December 31, 1999, the business backlog for Pratt & Whitney amounted to $8,256 million, including $1,394 million of U.S. Government funded contracts and subcontracts, as compared to $8,415 million and $1,808 million, respectively, at December 31, 1998. Of the total Pratt & Whitney business backlog at December 31, 1999, approximately $3,459 million is expected to be realized as sales in 2000. Significant elements of Pratt & Whitney's business, such as spare parts sales for engines in service, generally have short lead times. Therefore, backlog may not be indicative of future demand. Also, since a substantial portion of the backlog for commercial customers is scheduled for delivery beyond 2000, changes in economic conditions may cause customers to request that firm orders be rescheduled or canceled.

Flight Systems

The Corporation's Flight Systems business is conducted through Sikorsky Aircraft and Hamilton Sundstrand.

Sikorsky is one of the world's leading manufacturers of military and commercial helicopters and the primary supplier of transport helicopters to the U.S. Army. All branches of the U.S. military operate Sikorsky helicopters. Sikorsky also supplies helicopters to foreign governments and the worldwide commercial market. Sikorsky produces helicopters for a variety of uses, including passenger, utility/transport, cargo, anti-submarine warfare, search and rescue and heavy-lift operations. In addition to sales of new helicopters, Sikorsky's business base includes aftermarket revenue from spare parts sales, overhaul and repair contracts and service contracts. Other major helicopter manufacturers include Bell Helicopter Textron, Eurocopter, The Boeing Company, Agusta, GKN Westland Helicopters, Kazan Helicopter and Rostvertol.

Current production programs at Sikorsky include the Black Hawk medium-transport helicopter for the U.S. and foreign governments; the CH-60 Fleet Combat Support helicopter for the U.S. Navy; the International Naval Hawk, a derivative of the U.S. Navy's Seahawk medium-sized helicopter for multiple naval missions; and the S-76 intermediate-sized helicopter for executive transport, offshore oil platform support, search and rescue, emergency medical service and other utility operations. Current production requirements for the CH-53E Super Stallion heavy-lift helicopter ended in 1999 after the last delivery to the U.S. Marine Corps. However, marketing efforts are continuing as there may be opportunities for sales of these aircraft to foreign governments.

In July 1997, Sikorsky signed a multi-year contract with the U.S. Government to deliver 108 Black Hawk family helicopters from July 1997 through June 2002. Under the contract as it has been amended through December 1999, the purchase commitment has been increased to 134 helicopters. As of December 31, 1999, 110 Black Hawk helicopters have been delivered under the contract. The U.S. Government has periodically identified requirements for additional Black Hawk family helicopters. Sikorsky is currently working with the U.S. Army to meet some of these recently identified additional requirements. However, these requirements are not firm commitments and management cannot predict with certainty whether, when and how many additional aircraft may be purchased.

Declining Defense Department budgets make Sikorsky increasingly dependent upon expanding its international market position. During 1999, Sikorsky signed several contracts to sell helicopters to the Republic of Turkey, the largest of which was a contract to sell 50 Black Hawk aircraft. Twenty-two aircraft were delivered under these contracts with the Republic of Turkey in 1999. The remaining aircraft will be delivered through 2001.

Sikorsky is engaged in development of the S-92 aircraft, a large cabin derivative of the Black Hawk helicopter, for commercial and military markets. A significant portion of the development is being carried out by companies in Brazil, the People's Republic of China, Japan, Spain and Taiwan under collaborative arrangements. Regulatory certification of the first S-92 is expected in 2001. While marketing efforts for the S-92 have commenced, management cannot predict with certainty whether, when, and in what quantities the S-92 will be produced.

Sikorsky has a 50% interest in a joint venture with Boeing Helicopters for the development of the U.S. Army's next generation light attack and reconnaissance helicopter, the RAH-66 Comanche. The Boeing Sikorsky Team is performing under a cost reimbursement contract awarded in 1991. The first two prototype aircraft are undergoing flight testing. In addition, the team has delivered a proposal to the U.S. Army to initiate the next phase of the program to build 13 new production representative aircraft for testing and evaluation. Management cannot predict with certainty whether, when, and in what quantities the Comanche will be produced.

During 1999, Sikorsky received a developmental contract to refurbish four of the U.S. Navy's Seahawks. There are more than 250 SH-60B, SH-60F and SH-60H aircraft in the Navy's fleet that could also be refurbished and upgraded into SH-60R aircraft. In addition, Sikorsky received its first contract for the development of the Cypher, an unmanned aerial vehicle, for a U.S. Marine Corps application. Management cannot predict with certainty whether, when and in what quantities these aircraft will be refurbished or produced.

In 1999, Sikorsky acquired Associated Aircraft Group, an operator of Sikorsky helicopters, for the purpose of establishing a fractional share ownership program for S-76 helicopters.

Hamilton Sundstrand is a global producer of aerospace and industrial products for diversified industries. Hamilton Sundstrand's principal aerospace systems, subsystems and components include electric power generating, distribution, management and control systems; fuel and special fluid pumps; engine control systems; gearboxes; actuation systems; ram air turbine emergency systems; auxiliary power units; environmental control systems; propeller systems; torpedo propulsion systems; launch vehicle hydraulic power units; and electronic controls and components. Hamilton Sundstrand's principal industrial products include enclosed gear drives; flexible shaft couplings; large ring gears; metering and specialty pumps; rotary screw industrial and portable air compressors; pneumatic tools; dryers and filters; high-speed centrifugal pumps and compressors and leak proof pumps.

Hamilton Sundstrand is also the prime contractor for NASA's space suit/life support system and produces environmental control, life support, mechanical systems and thermal control systems for international space programs.

Hamilton Sundstrand's aerospace products serve commercial, military, regional and general aviation, as well as space and undersea customers. Aftermarket services include spare parts, overhaul and repair and engineering and technical support. Hamilton Sundstrand aerospace products are sold directly to airframe manufacturers, the U.S. Government, aircraft operators and independent distributors. Hamilton Sundstrand sales of aerospace products to Boeing, including sales where the U.S. Government was the ultimate customer, were 7% of Flight Systems segment sales in 1999.

Hamilton Sundstrand's industrial products serve a group of basic industries involved with raw material processing, bulk material handling and construction (including mining; metal and other material processing; hydrocarbon and chemical procession; water and waste water treatment). Hamilton Sundstrand industrial products are sold directly to end-users, through manufacturer representatives and distributors and through engineering contractors. Demand for Hamilton Sundstrand's industrial products is tied closely to the level of general economic activity because the industrial products are sold to other businesses that utilize them in their own manufacturing processes.

Hamilton Sundstrand has competitors or potential competitors in both its aerospace and industrial businesses. Hamilton Sundstrand believes that its research and development, proprietary technology, and product and service reputations have been significant in maintaining its competitive standing. Price and delivery are also important methods of competition.

Revenues generated by the Flight Systems segment's international operations, including export sales, were 41 percent and 40 percent of total Flight Systems segment revenues in 1999 and 1998, respectively. Such operations are subject to local government regulations (including regulations relating to capital conditions, currency conversion and repatriation of earnings) as well as to various political and economic risks.

At December 31, 1999, the Flight Systems segment business backlog amounted to $3,930 million, including $1,011 million under funded contracts and subcontracts with the U.S. Government, as compared to $2,013 million and $1,030 million, respectively, at December 31, 1998. Of the total Flight Systems segment business backlog at December 31, 1999, approximately $2,629 million is expected to be realized as sales in 2000.

Other

In July 1998, the Corporation reorganized its fuel cell business to include fuel cell systems for transportation applications, in addition to the existing stationary power plant industry. Oversight of this business is now provided by UTC directly. The results are included in the "Eliminations and Other" category for financial segment reporting in Note 15 of Notes to Consolidated Financial Statements on pages 24 to 26 of the Corporation's 1999 Annual Report to Shareowners.

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

Research and Development

To maintain its competitive position, the Corporation spends substantial amounts of its own funds on research and development. Such expenditures, which are charged to income as incurred, were $1,292 million or 5.4 percent of total sales in 1999, as compared with $1,168 million or 5.1 percent of total sales in 1998 and $1,069 million or 5.1 percent of total sales in 1997. The Corporation also performs research and development work under contracts funded by the U.S. Government and other customers. Such contract research and development, which is performed principally in the Pratt & Whitney segment and to a lesser extent in the Flight Systems segment, amounted to $1,044 million in 1999, as compared with $1,065 million in 1998 and $974 million in 1997.

Contracts, Other Risk Factors, Environmental and Other Matters

Government contracts are subject to termination for the convenience of the Government, in which event the Corporation normally would be entitled to reimbursement for its allowable costs incurred plus a reasonable profit. Most of the Corporation's sales are made under fixed-price type contracts; only 5 percent of the Corporation's total sales for 1999 were made under cost-reimbursement type contracts.

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

The Corporation is now, and believes that in light of the current government contracting environment it will be, the subject of one or more government investigations. See Item 3 - Legal Proceedings at pages 13 through 15 of this Form 10-K for further discussion.

The diversification of the Corporation's businesses across industries and geographically throughout the world has helped to limit in varying degrees the effect of adverse conditions in any one industry or the economy of any country or region on the consolidated results of the Corporation. There can be no assurance, however, that the effect of adverse conditions in one or more industries or regions will be limited or offset in the future.

Like other users in the U.S., the Corporation is largely dependent upon foreign sources for certain of its raw materials requirements such as cobalt (Africa) and chromium (Africa, Eastern and Central Europe and the countries of the former Soviet Union). To alleviate this dependence and accompanying risk, the Corporation has a number of on-going programs which include the development of new suppliers; the increased use of more readily available materials through material substitutions and the development of new alloys; and conservation of materials through scrap reclamation and new manufacturing processes such as net shape forging.

The Corporation has sought cost reductions in its purchases of certain other materials, components, and supplies by consolidating its purchases and reducing the number of suppliers. In some instances, the Corporation is reliant upon a single source of supply. A disruption in deliveries from its suppliers, therefore, could have an adverse effect on the Corporation's ability to meet its commitments to customers. The Corporation believes that it has appropriately balanced the risks against the costs of sustaining a greater number of suppliers.

The Corporation does not foresee any unavailability of materials, components, or supplies which will have any material adverse effect on its overall business, or on any of its business segments, in the near term.

The Corporation does not anticipate that compliance with current federal, state and local provisions relating to the protection of the environment will have a material adverse effect upon its cash flows, competitive position, financial position or results of operations. (Environmental matters are the subject of certain of the Legal Proceedings described in Item 3 - Legal Proceedings at pages 13 to 15 of this Form 10-K, and are further addressed in Management's Discussion and Analysis of Results of Operations and Financial Position at page 8 and Notes 1 and 14 of Notes to Consolidated Financial Statements at pages 16 and 24 of the Corporation's 1999 Annual Report to Shareowners.)

Most of the laws governing environmental matters include criminal provisions. If the Corporation were convicted of a violation of the federal Clean Air Act or the Clean Water Act, the facility or facilities involved in the violation would be listed on the Environmental Protection Agency's ("EPA") List of Violating Facilities. The listing would continue until the EPA concluded that the cause of the violation had been cured. Any listed facility cannot be used in performing any U.S. Government contract awarded to the Corporation during any period of listing by the EPA.

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

A discussion of the Corporation's efforts to modify computer systems for the transition to the year 2000, is included in Management's Discussion and Analysis of Results of Operations and Financial Position under the heading "Year 2000" on page 8 of the Corporation's 1999 Annual Report to Shareowners.

A discussion of the potential impact on the Corporation of the introduction of the "euro" as a common currency of the member countries of the European Economic and Monetary Union is included in Management's Discussion and Analysis of Results of Operations and Financial Position under the heading "Euro Conversion" on page 8 of the Corporation's 1999 Annual Report to Shareowners.

Cautionary Note Concerning Factors That May Affect Future Results

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

. Future earnings and other measurements of financial performance
. Future cash flow and uses of cash
. The effect of economic downturns or growth in particular regions
. The effect of changes in the level of activity in particular industries or markets
. The scope, nature or impact of acquisition activity
. Product developments and new business opportunities
. Restructuring costs and cost reduction efforts
. The outcome of contingencies
. The impact of Year 2000 issues
. The transition to the use of the euro as a currency.

All forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. This Annual Report on Form 10-K for 1999 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," "Restructuring and Other Costs," "Year 2000" and "Euro Conversion," which is incorporated by reference in this Form 10-K. For additional information identifying factors that may cause actual results to vary materially from those stated in the forward-looking statements, see the Corporation's reports on Forms 10-Q and 8-K filed with the Securities and Exchange Commission from time to time.

Employees

At December 31, 1999, the Corporation's total employment was approximately 148,300. For discussion of the effects of the Corporation's restructuring actions on employment, see Management's Discussion and Analysis of the Corporation's Results of Operations at pages 4 to 6 and Note 11 to the Consolidated Financial Statements at pages 21 to 22 of the Corporation's 1999 Annual Report to Shareowners.

Item 2. Properties

The Corporation's fixed assets as of December 31, 1999 include the plants and warehouses described below and a substantial quantity of machinery and equipment, most of which is general purpose machinery and equipment using special jigs, tools and fixtures and in many instances having automatic control features and special adaptations. The plants, warehouses, machinery and equipment in use as of December 31, 1999 are in good operating condition, are well maintained, and substantially all are in regular use. The Corporation considers the level of fixed assets capitalized as of December 31, 1999, suitable and adequate for the operations of each operating segment in the current business environment.

The following square footage numbers are approximations. At December 31, 1999, the Corporation operated (a) plants in the U.S. which had 34.6 million square feet, of which 3.9 million square feet were leased; (b) plants outside the U.S. which had 20.8 million square feet, of which 3.2 million square feet were leased; (c) warehouses in the U.S. which had 6.4 million square feet, of which 4.2 million square feet were leased; and (d) warehouses outside the U.S. which had 6.0 million square feet, of which 3.2 million square feet were leased.

For discussion of the effect of the Corporation's restructuring actions on production facilities, see Management's Discussion and Analysis of the Corporation's Results of Operations at pages 4 to 6 and Note 11 to the Consolidated Financial Statements at pages 21 to 22 of the Corporation's 1999 Annual Report to Shareowners.

Management believes that the facilities in operation at December 31, 1999 for the production of its products are suitable and adequate for the business conducted therein, are being appropriately utilized consistent with experience and have sufficient production capacity for their present intended purposes. Utilization of the facilities varies based on demand for the products. The Corporation continuously reviews its anticipated requirements for facilities and, based on that review, may from time to time acquire additional facilities and/or dispose of existing facilities.

Item 3. Legal Proceedings

As previously reported, the Department of Defense and the Corporation are litigating whether Pratt & Whitney's accounting practices for certain engine parts are acceptable. The litigation, filed with the Armed Services Board of Contract Appeals ("ASBCA"), No. 47416 et al., relates to the accounting for engine parts produced by foreign companies under commercial engine collaboration programs from 1984 through 1995. The Government initially claimed damages of $260.3 million, of which $102.7 million was interest. Pratt & Whitney believes its accounting practices are proper and has not modified them. If the Government prevails, damages could be larger than initially claimed because interest continues to accrue and the complaint could be amended to include the period after 1995. In March and April 1998, the matter was tried before an ASBCA judge. A decision is not expected for a number of months.

As previously reported, a jury in Chromalloy Gas Turbine Corporation v. United Technologies Corporation, No. 95-CI-12541, a Texas state action, found that Pratt & Whitney did not monopolize any relevant market but did willfully attempt to monopolize an unspecified market. In May 1997, the court entered a Final Judgment denying Chromalloy's request for damages, injunctive relief and declaratory relief. In October 1998, the Texas Fourth Court of Appeals affirmed the decision of the trial court, declining to grant injunctive relief to Chromalloy. In November 1999, the appellate court denied Chromalloy's motions for rehearing and rehearing en banc.

As previously reported, the Corporation has been served with a number of 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); 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); U.S. ex rel. Maloni v. UTC, No. 395CV02431 (filed in November 1995 and involving allegations of failing to implement an "Inspection Method Sheet Inspection System") and U.S. ex rel. Waldron v. UTC, No. 396CV02038 (filed in October 1996 and involving allegations of underestimating the costs of performing a cost-type development contract). 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. 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.

As previously reported in the Corporation's Reports on Form 10-K for 1992 and 1998 and Form 10-Q for the Third Quarter of 1993, the Corporation entered into a Consent Decree in August of 1993 with the EPA and the Department of Justice in Docket Number H-90-715 (JAC) in the U.S. District Court for the District of Connecticut. Under the Consent Decree, the Corporation agreed to adopt programs to enhance the effectiveness of its environmental management systems, have an independent firm conduct an audit of 19 of its facilities in New England, and pay civil penalties for any non-compliance with environmental laws and regulations discovered during the audit. In November 1999, following completion of the audit of these 19 facilities, the Corporation agreed to pay $168,836 in civil fines and undertake environmental projects requiring expenditures of approximately $500,000.

In March 1999, the Department of Justice filed a civil False Claims Act complaint against the Corporation in the United States District Court for the Southern District of Ohio (Western Division), No. C-3-99-093. This lawsuit, previously reported as a proceeding contemplated by the Government, is related to the "Fighter Engine Competition" between Pratt & Whitney's F100 engine and GE's F110 engine, for contracts awarded by the U.S. Air Force between fiscal years 1985 and 1990, inclusive. The Government alleges that Pratt &Whitney inflated its estimated costs for purchased parts and withheld data that would have revealed the overstatements. The Government seeks damages of at least $75 million (some portion of which would be trebled plus penalties of up to $10,000 per claim submitted).

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

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, 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 has incurred and will likely continue to incur liabilities under various state and federal statutes for the cleanup of pollutants previously released into the environment. The Corporation believes that any payments it may be required to make as a result of these claims will not have a material effect upon the cash flows, competitive or financial position, or results of operations of the Corporation. The Corporation has had liability and property insurance in force over its history with a number of insurance companies, and the Corporation has commenced litigation seeking indemnity and defense under these insurance policies in relation to its environmental liabilities. Settlements to date, which have not been material, have been recorded upon receipt. While the litigation against the Corporation's historic liability insurers has concluded, the case against the Corporation's property insurers is continuing. (For information regarding the matters discussed in this paragraph, see "Environmental Matters" in Management's Discussion and Analysis of Results of Operations and Financial Position at page 8 and Notes 1 and 14 of the Notes to Consolidated Financial Statements at pages 16 and 24 of the Corporation's 1999 Annual Report to Shareowners.)

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

No matters were submitted to security holders for a vote during the fourth quarter ended December 31, 1999.

- ----- Executive Officers of the Registrant

The executive officers of United Technologies Corporation, together with the offices in United Technologies Corporation presently held by them, their business experience since January 1, 1995, and their ages, are as follows:

Name	Title	Other Business Experience Since 1/1/95	Age 2/1/00
Jonathan W. Ayers	President, Carrier Corporation (effective 1/1/2000)	President, Carrier Asia Pacific Operations; Vice President-Strategic Planning, United Technologies Corporation; Principal-Morgan Stanley Corporate Finance	43
Ari Bousbib	Vice President, Corporate Strategy and Development (since 1999)	Vice President, Strategic Planning (1997 -1999); Managing Director, The Strategic Partners Group; Partner, Booz, Allen & Hamilton.	38
Dean C. Borgman	President, Sikorsky Aircraft (since 1998)	Senior Vice President, The Boeing Company; President, McDonnell Douglas Helicopter Company	58
William L. Bucknall, Jr.	Senior Vice President, Human Resources & Organization (since 1992)	-------	57
John F. Cassidy, Jr.	Senior Vice President - Science and Technology (since 1998)	Vice President, United Technologies Research Center	56
Louis Chenevert	President, Pratt & Whitney (since 1999)	Executive Vice President-Operations, Pratt & Whitney; Vice President - Operations, Pratt & Whitney Canada	42
George David	Chairman (since 1997) and Chief Executive Officer (since 1994)	President (1992-1999)	57
David J. FitzPatrick	Senior Vice President and Chief Financial Officer (since 1998)	Vice President and Controller, Eastman Kodak Co.; Finance Director - Cadillac Luxury Car Division, General Motors Corp.	45

Name	Title	Other Business Experience Since 1/1/95	Age 2/1/00
Ruth R. Harkin	Senior Vice President, International Affairs and Government Relations, United Technologies Corporation and Chair, United Technologies International (since 1997)	President and Chief Executive Officer, Overseas Private Investment Corporation	55
Karl J. Krapek	President and Chief Operating Officer (since 1999)	Executive Vice President (1997-1999) and President, Pratt & Whitney (1992-1999)	51
Ronald F. McKenna	President, Hamilton Sundstrand Corporation (since 1999)	Executive Vice President, Sundstrand Corporation and Chief Operating Officer, Sundstrand Aerospace	59
Angelo J. Messina	Vice President, Financial Planning and Analysis (since 1998)	Director, Financial Planning and Analysis, United Technologies Corporation; Vice President, Strategic Planning, Pratt & Whitney; Director, Investor Relations, United Technologies Corporation	46
Stephen F. Page	Executive Vice President, United Technologies Corporation and President and Chief Executive Officer, Otis Elevator (since 1997)	Executive Vice President and Chief Financial Officer, United Technologies Corporation	60
Gilles A. H. Renaud	Vice President - Treasurer (since 1996)	Vice President and Chief Financial Officer, Carrier Corporation	53
William H. Trachsel	Senior Vice President, General Counsel and Secretary (since 1998)	Vice President, Secretary and Deputy General Counsel	56

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

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

See Comparative Stock Data appearing on page 26 of the Corporation's 1999 Annual Report to Shareowners containing the following data relating to the Corporation's Common Stock: principal market, quarterly high and low sales prices, approximate number of shareowners and frequency and amount of dividends. All such data are incorporated by reference in this Form 10-K.

Item 6. Selected Financial Data

See the Five Year Summary appearing on page 1 of the Corporation's 1999 Annual Report to Shareowners containing the following data: revenues, net income, basic and diluted earnings per share, cash dividends per common share, total assets and long-term debt. All such data are incorporated by reference in this Report. See Notes to Consolidated Financial Statements appearing on pages 15 to 26 of the Corporation's 1999 Annual Report to Shareowners for a description of any accounting changes and acquisitions or dispositions of businesses materially affecting the comparability of the information reflected in such Five Year Summary.

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

See Management's Discussion and Analysis of Results of Operations and Financial Position appearing on pages 2 through 9 of the Corporation's 1999 Annual Report to Shareowners; such discussion and analysis is incorporated by reference in this Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

For information concerning market risk sensitive instruments, see discussion under the headings "Foreign Currency and Interest Rate Risk Management" in Management's Discussion and Analysis of Results of Operations and Financial Position on pages 7 to 8 and "Hedging Activity" at Note 1 and Notes 12 and 13 on pages 15 to 16 and 22 to 23 of the Corporation's 1999 Annual Report to Shareowners. Such information is incorporated by reference in this Form 10-K.

Item 8. Financial Statements and Supplementary Data

The 1999 and 1998 Consolidated Balance Sheet, and other financial statements for the years 1999, 1998 and 1997, together with the report thereon of PricewaterhouseCoopers LLP dated January 19, 2000, appearing on pages 10 through 14 in the Corporation's 1999 Annual Report to Shareowners are incorporated by reference in this Form 10-K.

The 1999 and 1998 Selected Quarterly Financial Data appearing on page 26 in the Corporation's 1999 Annual Report to Shareowners are incorporated by reference in this Form 10-K.

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

None.

Item 10. Directors and Executive Officers of the Registrant

The information required by Item 10 with respect to directors is incorporated herein by reference to the section of the Corporation's Proxy Statement for the 2000 Annual Meeting of Shareowners entitled "General Information Concerning the Board of Directors-Nominees." Information regarding executive officers is contained in Part I of this Form 10-K under the heading "Executive Officers." Information concerning Section 16(a) compliance is contained in the section of the Corporation's Proxy Statement for the 2000 Annual Meeting of Shareowners entitled "Section 16(a) Beneficial Ownership Reporting Compliance."

Item 11. Executive Compensation

The information required by Item 11 is incorporated herein by reference to the sections of the Corporation's Proxy Statement for the 2000 Annual Meeting of Shareowners entitled "Report of Committee on Compensation and Executive Development" and "Compensation of Executive Officers." Such incorporation by reference shall not be deemed to specifically incorporate by reference the information referred to in Item 402(a)(8) of Regulation S-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by Item 12 is incorporated herein by reference to the section of the Corporation's Proxy Statement for the 2000 Annual Meeting of Shareowners entitled "Security Ownership of Directors, Nominees and Executive Officers."

Item 13. Certain Relationships and Related Transactions

The information required by Item 13 is incorporated herein by reference to the section of the Corporation's Proxy Statement for the 2000 Annual Meeting of Shareowners entitled "Compensation of Executive Officers--Certain Business Relationships."

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) Financial Statements, Financial Statement Schedules and Exhibits

(1)Financial Statements (incorporated by reference from the 1999 Annual Report to Shareowners):	Page Number in Annual Report
Report of Independent Accountants	10
Consolidated Statement of Operations for the Three Years ended December 31, 1999 ...	11
Consolidated Balance Sheet--December 31, 1999 and 1998	12
Consolidated Statement of Cash Flows for the Three Years ended December 31, 1999 ...	13
Notes to Consolidated Financial Statements	15
Selected Quarterly Financial Data (Unaudited)	26

(2)Financial Statement Schedule For the Three Years Ended December 31, 1999:	Page Number in Form 10-K
Report of Independent Accountants on Financial Statement Schedule	S-I
Schedule II Valuation and Qualifying Accounts	S-II
Consent of Independent Accountants	F-1

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

(3)Exhibits:

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

Exhibit Number	
3(i)	Restated Certificate of Incorporation, incorporated by reference to Exhibit 3(i) to United Technologies Corporation Quarterly Report on Form 10-Q (Commission File number 1-812) for quarterly period ended June 30, 1997.
3(ii)	Bylaws as amended and restated effective February 8, 1999.**
4	The Corporation hereby agrees to furnish to the Commission upon request a copy of each instrument defining the rights of holders of long-term debt of the Corporation and its consolidated subsidiaries and any unconsolidated subsidiaries.
10.1	United Technologies Corporation 1979 Long Term Incentive Plan, incorporated by reference to Exhibit 10(i) to United Technologies Corporation Annual Report on Form 10-K (Commission file number 1-812) for fiscal year ended December 31, 1992.
10.2	United Technologies Corporation Annual Executive Incentive Compensation Plan, as amended.*
10.3	United Technologies Corporation Disability Insurance Benefits for Executive Control Group, incorporated by reference to Exhibit 10 (iii) to United Technologies Corporation Annual Report on Form 10-K (Commission file number 1-812) for fiscal year ended December 31, 1992.
10.4	United Technologies Corporation Executive Estate Preservation Program, incorporated by reference to Exhibit 10(iv) to United Technologies Corporation Annual Report on Form 10-K (Commission file number 1-812) for fiscal year ended December 31, 1992.
10.5	United Technologies Corporation Pension Preservation Plan, incorporated by reference to Exhibit 10(v) for United Technologies Corporation Annual Report on Form 10-K (Commission file number 1-812) for fiscal year ended December 31, 1992.
10.6	United Technologies Corporation Senior Executive Severance Plan, incorporated by reference to Exhibit 10(vi) to United Technologies Corporation Annual Report on Form 10-K (Commission file number 1-812) for fiscal year ended December 31, 1992.
10.7	United Technologies Corporation Deferred Compensation Plan, as amended.*
10.8	Otis Elevator Company Incentive Compensation Plan, incorporated by reference to Exhibit 10(viii) to United Technologies Corporation Annual Report on Form 10-K (Commission file number 1-812) for fiscal year ended December 31, 1992.

Exhibit Number

10.9 United Technologies Corporation Directors Retirement Plan, as amended.*

10.10 United Technologies Corporation Deferred Compensation Plan for Non-Employee Directors, incorporated by reference to Exhibit 10(x) to United Technologies Corporation Annual Report on Form 10-K (Commission file number 1-812) for fiscal year ended December 31, 1992.

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

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

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

10.14 United Technologies Corporation Board of Directors Deferred Stock Unit Plan.*

10.15 United Technologies Corporation Pension Replacement Plan, incorporated by reference to Exhibit 10(xv) to United Technologies Corporation Annual Report on Form 10-K (Commission file number 1-812) for fiscal year ended December 31, 1993.

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

10.17 United Technologies Corporation Nonemployee Director Stock Option Plan.*

10.18 Merger Agreement, dated as of February 21, 1999, among United Technologies Corporation, HSSail Inc. and Sundstrand Corporation, incorporated by reference to Exhibit 2.1 to United Technologies Corporation Report on Form 8-K (Commission file number 1-812) dated February 21, 1999 and filed with the SEC on February 23, 1999.

10.19 Stock Purchase Agreement, dated as of March 16, 1999, by and between Nevada Bond Investment Corp. II and Lear Corporation, incorporated by reference to Exhibit 99.1 to United Technologies Corporation Report on Form 8-K (Commission file number 1-812) dated March 16, 1999 and filed with the SEC on March 19, 1999.

10.20 Incentive compensation letter agreement dated December 21, 1998 and signed April 1, 1999 between the Corporation and C. Scott Greer, President of UT Automotive, incorporated by reference to Exhibit 10.1 to United Technologies Corporation Report on Form 10-Q (Commission file number 1-812) for the Quarter ended June 30, 1999.

Exhibit Number	
11	Statement re: Computation of Per Share Earnings.**
12	Statement re: Computation of Ratio of Earnings to Fixed Charges.**
13	Annual Report to Shareowners for year ended December 31, 1999 (except for the pages and information thereof expressly incorporated by reference in this Form 10-K, the Annual Report to Shareowners is provided solely for the information of the Securities and Exchange Commission and is not to be deemed "filed" as part of this Form 10-K).**
21	Subsidiaries of the Registrant.**
23	Consent of PricewaterhouseCoopers LLP, included as page F-1 of this Form 10-K.
24	Powers of Attorney of Antonia Handler Chayes, Jean-Pierre Garnier, Charles R. Lee, Richard D. McCormick, William J. Perry, Frank P. Popoff, Andre Villeneuve, and Harold A. Wagner.**
27	Financial Data Schedule.**
27.1	Restated Prior Periods' Financial Data Schedule.**
27.2	Restated Prior Periods' Financial Data Schedule.**

Notes to Exhibits List:

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

** Submitted electronically herewith.

Exhibits 10.1 through 10.20 are contracts or compensatory plans required to be filed as exhibits pursuant to Item 14(c) of the requirements for Form 10-K reports.

(b) No reports on Form 8-K were filed by the Corporation during the quarter ended December 31, 1999.

SIGNATURES

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

UNITED TECHNOLOGIES CORPORATION
(Registrant)

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

Date: February 14, 2000

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

Signature	Title	Date
/s/George David George David	Chairman, Director and Chief Executive Officer	February 14, 2000
/s/Karl J. Krapek Karl J. Krapek	Director, President and Chief Operating Officer	February 14, 2000
/s/David J. FitzPatrick David J. FitzPatrick	Senior Vice President and Chief Financial Officer	February 14, 2000
/s/David G. Nord David G. Nord	Acting Controller	February 14, 2000
ANTONIA HANDLER CHAYES* (Antonia Handler Chayes)	Director)	
JEAN-PIERRE GARNIER* (Jean-Pierre Garnier)	Director)	*By: /s/William H. Trachsel William H. Trachsel Attorney-in-Fact Date: February 14, 2000
(Jamie S. Gorelick)	Director)	

Signature	Title		
CHARLES R. LEE* (Charles R. Lee)	Director	)	
RICHARD D. MCCORMICK* (Richard D. McCormick)	Director	)	
WILLIAM J. PERRY* (William J. Perry)	Director	)	
FRANK P. POPOFF* (Frank P. Popoff)	Director	)	*By:/s/William H. Trachsel William H. Trachsel Attorney-in-Fact Date: February 14, 2000
ANDRE VILLENEUVE * (Andre Villeneuve)	Director	)	
HAROLD A. WAGNER * (Harold A. Wagner)	Director	)	
(Sanford I. Weill)	Director	)	

REPORT OF INDEPENDENT ACCOUNTANTS ON
FINANCIAL STATEMENT SCHEDULE

To the Board of Directors
of United Technologies Corporation

Our audits of the consolidated financial statements referred to in our report dated January 19, 2000 appearing on page 10 of the 1999 Annual Report to Shareowners of United Technologies Corporation (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedule listed in Item 14(a)(2) of this Form 10-K. In our opinion, the Financial Statement Schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Hartford, Connecticut
January 19, 2000

UNITED TECHNOLOGIES CORPORATION AND SUBSIDIARIES
Schedule II - Valuation and Qualifying Accounts
Three Years Ended December 31, 1999
(Millions of Dollars)

Allowances for Doubtful Accounts and Other Customer Financing Activity:

Balance December 31, 1996	$	384
Provision charged to income		34
Doubtful accounts written off (net)		(26)
Other adjustments		(11)
Balance December 31, 1997		381
Provision charged to income		67
Doubtful accounts written off (net)		(32)
Other adjustments		(21)
Balance December 31, 1998		395
Provision charged to income		82
Doubtful accounts written off (net)		(14)
Other adjustments		56
Balance December 31, 1999	$	519

Future Income Tax Benefits - Valuation allowance:

Balance December 31, 1996	$	305
Additions charged to income tax expense		61
Reductions credited to income tax expense		(89)
Balance December 31, 1997		277
Additions charged to income tax expense		35
Reductions credited to income tax expense		(93)
Balance December 31, 1998		219
Additions charged to income tax expense		70
Reductions credited to income tax expense		(56)
Balance December 31, 1999	$	233

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statements on Form S-3 (Nos. 333-89041 and 333-91959), in the Registration Statement on Form S-4 (No. 333-77991) 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, 333-77991 and 333-82911) of United Technologies Corporation of our report dated January 19, 2000 appearing on page 10 of the 1999 Annual Report to Shareowners which is incorporated by reference in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedule, which appears on page S-I of this Form 10-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Hartford, Connecticut
February 14, 2000

Exhibit 3(ii)

BYLAWS
OF
UNITED TECHNOLOGIES CORPORATION

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 written 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 either personally or by mail 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.

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.

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 place where the meeting is to be held 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 date, hour and place have been fixed by the Board. 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.
Directors may participate in meetings of the Board of Directors by means of conference telephone or similar 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 and the writing or writings are filed with the minutes of the Board.

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 General Auditor.
At each annual meeting, the shareholders shall appoint an independent public accountant or firm of independent public accountants to act as the General Auditor of the Corporation until the next annual meeting. Among other duties, it shall be the duty of the General Auditor 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 General Auditor, subject to such notes or comments as the General Auditor shall deem necessary or desirable for the information of the shareholders. In case the shareholders shall at any time fail to appoint a General Auditor or in case the General Auditor appointed by the shareholders shall decline to act or shall resign or otherwise become incapable of acting, the Board of Directors shall appoint a General Auditor to discharge the duties provided for herein. Any General Auditor appointed pursuant to any of the provisions hereof shall be directly responsible to the shareholders, and the fees and expenses of any such General Auditor 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).

EXHIBIT 11

UNITED TECHNOLOGIES CORPORATION AND SUBSIDIARIES
Computations of Basic Earnings Per Share and Diluted Earnings Per Share

For the Five Years Ended December 31, 1999
(Millions of Dollars, except per share amounts)

	1999	1998	1997	1996	1995
Net Income	$ 1,531	$ 1,255	$ 1,072	$ 906	$ 750
ESOP Convertible Preferred Stock dividend	(33)	(33)	(32)	(30)	(27)
Basic earnings for period	$ 1,498	$ 1,222	$ 1,040	876	723
ESOP Convertible Preferred Stock adjustment	28	28	27	24	21
Diluted earnings for period	$ 1,526	$ 1,250	$ 1,067	$ 900	$ 744
Basic average number of shares outstanding during the period (thousands)	465,611	455,534	468,886	482,908	491,284
Stock awards (thousands)	13,806	11,944	11,756	9,754	5,950
ESOP Convertible Preferred Stock (thousands)	27,287	27,282	26,468	24,550	21,778
Diluted average number of shares outstanding during the period (thousands)	506,704	494,760	507,110	517,212	519,012
Basic earnings per common share	$ 3.22	$ 2.68	$ 2.22	$ 1.81	$ 1.47
Diluted earnings per common share	$ 3.01	$ 2.53	$ 2.10	$ 1.74	$ 1.43

EXHIBIT 12

UNITED TECHNOLOGIES CORPORATION AND SUBSIDIARIES
Statement RE Computation of Ratio of Earnings to Fixed Charges
(Millions of Dollars)

	Years Ended December 31,				
	1999	1998	1997	1996	1995
Fixed Charges:					
Interest expense	$ 260	$ 197	$ 188	$ 213	$ 231
Interest capitalized	15	12	10	16	15
One-third of rents*	78	77	80	80	81
Total Fixed Charges	$ 353	$ 286	$ 278	$ 309	$ 327
Earnings:					
Income from continuing operations before income taxes and minority interests	$ 1,257	$ 1,810	$ 1,574	$ 1,317	$ 1,172
Fixed charges per above	353	286	278	309	327
Less: interest capitalized	(15)	(12)	(10)	(16)	(15)
	338	274	268	293	312
Amortization of interest capitalized	25	31	34	35	38
Total Earnings	$ 1,620	$ 2,115	$ 1,876	$ 1,645	$ 1,522
Ratio of Earnings to Fixed Charges	4.59	7.40	6.75	5.32	4.65

* Reasonable approximation of the interest factor.

FIVE YEAR
SUMMARY

IN MILLIONS OF DOLLARS, EXCEPT PER SHARE AND EMPLOYEE AMOUNTS	1999	1998	1997	1996	1995
For the year					
Revenues	$ 24,127	$ 22,809	$ 21,288	$ 19,872	$ 19,418
Research and development	1,292	1,168	1,069	1,014	865
Income from continuing operations	841	1,157	962	788	651
Net income	1,531	1,255	1,072	906	750
Earnings per share:					
Basic:					
Continuing operations	1.74	2.47	1.98	1.57	1.27
Net earnings	3.22	2.68	2.22	1.81	1.47
Diluted:					
Continuing operations	1.65	2.33	1.89	1.51	1.24
Net earnings	3.01	2.53	2.10	1.74	1.43
Cash dividends per common share	.76	.695	.62	.55	.5125
Average number of shares of Common Stock outstanding:					
Basic	465.6	455.5	468.9	482.9	491.3
Diluted	506.7	494.8	507.1	517.2	519.0
Return on average common shareowners' equity, after tax	24.6%	28.6%	24.5%	21.1%	18.6%
At year end					
Working capital, excluding net investment in discontinued operation	$ 1,412	$ 1,359	$ 1,712	$ 2,168	$ 2,065
Total assets	24,366	17,768	15,697	15,566	14,819
Long-term debt, including current portion	3,419	1,669	1,389	1,506	1,713
Total debt	4,321	2,173	1,567	1,709	1,975
Debt to total capitalization	38%	33%	28%	28%	33%
Net debt (total debt less cash)	3,364	1,623	912	711	1,229
Net debt to total capitalization	32%	27%	18%	14%	23%
ESOP Preferred Stock, net	449	456	450	434	398
Shareowners' equity	7,117	4,378	4,073	4,306	4,021
Number of employees - continuing operations	148,300	134,400	130,400	123,800	119,800

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

The Corporation's operations are classified into four operating segments. Carrier and Otis serve customers in the commercial property and residential housing industries. Pratt & Whitney and the Flight Systems segment serve commercial and government customers in the aerospace industry. The Flight Systems segment includes the former Hamilton Standard division and the former Sundstrand Corporation ("Sundstrand"), collectively known as Hamilton Sundstrand, and Sikorsky Aircraft. The Corporation's segment operating results are discussed in the Segment Review and Note 15 of the Notes to Consolidated Financial Statements.

Business Environment

As worldwide businesses, the Corporation's operations are affected by global and regional economic factors. However, the diversity of the Corporation's businesses and global market presence have helped limit the impact of any one industry or the economy of any single country on the consolidated results.

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

IN MILLIONS OF DOLLARS	1999	1998	1997	1999	1998	1997
Europe	$ 4,433	$ 4,252	$ 3,857	18%	18%	18%
Asia Pacific	2,615	2,487	2,943	11%	11%	13%
Other	2,472	2,517	2,348	10%	11%	11%
U.S. Exports	3,642	4,097	3,840	15%	17%	18%
International Segment Revenues	$13,162	$13,353	$12,988	54%	57%	60%

The deterioration of economic conditions in Asia appears to have subsided. The countries involved in the 1997 Asian economic collapse are now beginning to experience positive economic growth. Overall, however, growth is proceeding at a slower pace than experienced before the 1997 crisis and production levels in several countries are below their pre-crisis output. Credit availability is less restrictive than experienced immediately following the crisis, but slower growth is resulting in lower demand for construction. Management believes the long-term economic growth prospects of the region remain intact and, consequently, the Corporation's Asian investment strategy continues to focus on the long-term infrastructure requirements of the region.

As part of its globalization strategy, the Corporation has invested in businesses in other markets, including the People's Republic of China, the former Soviet Union, Brazil and South Korea, which carry higher levels of currency, political and economic risk. At December 31, 1999, the Corporation's net investment in any one of these countries was less than 5% of consolidated equity.

In early 1999, the Brazilian Real devalued significantly, negatively impacting the translation of Real denominated operating results into U.S. dollars and contributing to a slowing of regional economic activity.

OTIS is the world's largest elevator and escalator manufacturing, installation and service company. Otis is impacted by global and regional economic factors, particularly fluctuations in commercial construction, which affect new equipment installations, and labor costs, which can impact service and maintenance margins on installed elevators and escalators. In 1999, 78% of Otis' revenues were generated outside the U.S. Accordingly, changes in foreign currency exchange rates can significantly affect the translation of Otis' operating results into U.S. dollars for financial reporting purposes.

During 1999, U.S. office building construction starts remained strong with commercial vacancy rates at some of the lowest levels of the decade. In Europe, Otis' new equipment activity increased along with a growing base of service business. Otis maintains a significant presence in the Asia Pacific region where construction activity remained weak, though conditions have improved since 1998.

CARRIER is the world's largest manufacturer of commercial and residential heating, ventilating and air conditioning ("HVAC") systems and equipment. Carrier also produces transport and commercial refrigeration equipment and provides after-market service and components for both the HVAC and refrigeration industries. During 1999, 48% of Carrier's revenues were generated by international operations and U.S. exports. Carrier's results are impacted by a number of external factors including commercial and residential construction activity worldwide, regional economic and weather conditions and changes in foreign currency exchange rates.

U.S. residential housing and commercial construction starts increased in 1999 compared to 1998. European construction activity increased in 1999 while construction activity in Asia remained weak.

PRATT & WHITNEY and the FLIGHT SYSTEMS segment produce commercial and government aerospace products, and government defense products.

The financial performance of those segments is directly tied to the aviation industry. Pratt & Whitney is a major supplier of commercial, general aviation and military aircraft engines, along with spare parts, product support and a full range of overhaul, repair and fleet management services. The Flight Systems segment provides power generation, distribution and management systems;

environmental, flight and fuel control systems; propellers for commercial and military aircraft; and space life support systems through Hamilton Sundstrand, and commercial and military helicopters, along with after-market products and services, through Sikorsky Aircraft.

Commercial Aerospace

Worldwide airline profits, traffic growth and load factors have been reliable indicators for new aircraft and after-market orders. During 1999, some airline earnings were adversely impacted by rising fuel prices and higher labor costs, among other factors. This erosion in earnings has resulted in a decrease in new orders for aerospace products. The impact of a continued slowdown in the aviation industry will likely result in lower manufacturing volumes and after-market orders in the near term.

Over the past several years, Pratt & Whitney's mix of large commercial engine shipments has shifted to newer, higher thrust engines for wide-bodied aircraft in a market which is very price and product competitive. However, during 1998, to diversify its product base, Pratt & Whitney launched the PW6000 engine, a 16,000 to 24,000 pound-thrust engine designed specifically for the short-to-medium haul, 90 to 130 passenger, narrow-bodied aircraft market. This new engine was chosen by Airbus to power its new 100 passenger A318 aircraft, which is currently under development. The PW6000 engine is expected to enter service in 2002.

Other areas of focus for Pratt & Whitney are the follow-on spare parts sales for engines in service and the overhaul and maintenance after-market business. Spare parts sales trends are impacted by many factors, including usage, pricing, regulatory changes and retirement of older aircraft. The after-market business is being impacted by technological improvements to newer generation engines that increase reliability and by the increased presence of engine manufacturers in the overhaul and maintenance business. Pratt & Whitney continued to build its after-market business in 1999 with four acquisitions, including the acquisition of Cade Industries.

Hamilton Sundstrand continues to concentrate its commercial business on nose-to-tail systems and support for its aircraft manufacturing customers. As those customers have reduced supplier bases and sought lower cost packages, Hamilton Sundstrand has focused on developing new product offerings, acquiring businesses with complimentary products and expanding its customer and after-market business.

The growth in the general aviation market is closely tied to the overall health of the economy and is correlated to corporate profits. While there continues to be backlog in the general aviation market, prospects for growth in this market will likely be contingent on future corporate earnings strength.

Government Business

During 1999, the Corporation's sales to the U.S. Government were $3,342 million or 14% of total sales, compared with $3,264 million or 14% of total sales in 1998 and $3,311 million or 16% of total sales in 1997.

The defense portion of the Corporation's aerospace businesses continues to respond to a changing global political environment. The U.S. defense industry continues to downsize and consolidate in response to continued pressure on U.S. and global defense spending. Customers, both U.S. and global, have ongoing efforts to review and reprioritize research and procurement initiatives.

Sikorsky is the primary supplier of transport helicopters to the U.S. Army. Sikorsky will continue to supply Black Hawk helicopters and derivatives thereof to the U.S. and foreign governments under contracts extending into 2002. A Sikorsky-Boeing joint venture is also under contract with the U.S. Army to develop prototypes, flight test and field test Comanche helicopters, the U.S. Army's 21st century combat helicopter. The first two prototype aircraft are currently undergoing flight testing.

The significant decrease in the U.S. defense procurement of helicopters in recent years has resulted in overcapacity among U.S. helicopter manufacturers. Sikorsky is responding by lowering its cost structure, improving its existing products, concentrating on increasing its after-market and foreign government sales and developing new products. In addition to the Comanche, Sikorsky is leading an international team in developing the S-92, a large cabin derivative of the Black Hawk family, for the commercial and military markets. This aircraft made its first flight in December 1998 and two test aircraft are currently being flown.

Pratt & Whitney engines have been selected to power two of the primary U.S. Air Force programs of the future: the C-17 airlifter (F117 engine), which is currently in production, and the F-22 fighter (F119 engine), which is currently being developed. Derivatives of Pratt & Whitney's F119 engine were chosen to provide power for the Joint Strike Fighter demonstration aircraft. The Joint Strike Fighter program is intended to lead to the development of a single aircraft, with two configurations, to satisfy future requirements of the U.S. Navy, Air Force and Marine Corps and the United Kingdom Royal Navy. In addition, Pratt & Whitney continues to deliver F100 engines and military spare parts to both U.S. and foreign governments. Over time, the mix of Pratt & Whitney's business is expected to shift from the F100 engine to the F119 engine.

Hamilton Sundstrand supplies systems for fixed and rotary wing aircraft used in military applications that are incorporated into current production aircraft. Hamilton Sundstrand's military businesses have been negatively impacted by reductions in U.S. defense procurement and delays of foreign military programs.

Results of Continuing Operations

IN MILLIONS OF DOLLARS	1999	1998	1997
Sales	$23,844	$22,787	$21,062
Financing revenues and other income, net	283	22	226
Revenues	$24,127	$22,809	$21,288

Consolidated revenues increased 6% in 1999 and 7% in 1998. The revenue growth in 1999 was primarily due to an increase in revenues at Carrier and Otis and the acquisition of Sundstrand in the Flight Systems segment, which more than offset a decrease at Pratt & Whitney. Excluding the unfavorable impact of foreign currency translation, consolidated revenues increased by 7% in 1999 and 9% in 1998.

Financing revenues and other income, net, increased $261 million in 1999 and decreased $204 million in 1998. The fluctuations were primarily related to 1998 costs associated with Pratt & Whitney's repurchases of participant interests in commercial engine programs, partially offset by the favorable settlement of a contract dispute with the U.S. Government.

IN MILLIONS OF DOLLARS	1999	1998	1997
Cost of sales	$18,185	$16,897	$15,846
Gross margin percent	23.7%	25.8%	24.8%

Gross margin as a percentage of sales decreased 2.1 percentage points in 1999 and increased 1 percentage point in 1998. The 1999 decrease was primarily related to restructuring and other charges of $865 million recorded in cost of sales (3.6 percentage point decrease), while the 1998 increase was primarily due to improved margin percentages at Pratt & Whitney. Cost of sales and gross margin will continue to be impacted in 2000, though to a lesser extent, by additional costs associated with the 1999 restructuring actions that were not accruable in 1999.

IN MILLIONS OF DOLLARS	1999	1998	1997
Research and development	$1,292	$1,168	$1,069
Percent of sales	5.4%	5.1%	5.1%

Research and development spending increased $124 million (11%) in 1999 and $99 million (9%) in 1998. The 1999 increase related principally to the acquisition of Sundstrand and increases at Pratt & Whitney for product development and aircraft systems integration. The 1998 increase related primarily to increases at Pratt & Whitney. Research and development expenses in 2000 are expected to remain at approximately 5% of sales.

IN MILLIONS OF DOLLARS	1999	1998	1997
Selling, general and administrative	$3,133	$2,737	$2,611
Percent of sales	13.1%	12.0%	12.4%

Selling, general and administrative expenses as a percentage of sales increased 1.1 percentage points in 1999 and decreased four-tenths of a percentage point in 1998. The 1999 increase was primarily due to restructuring and other charges of $151 million (six-tenths of a percentage point increase) and the impact of acquisitions, primarily Sundstrand. The 1998 decrease was primarily due to a decrease at Otis.

IN MILLIONS OF DOLLARS	1999	1998	1997
Interest expense	$ 260	$ 197	$ 188

Interest expense increased 32% in 1999 due to increased short-term borrowing levels and the issuance of $400 million of 6.5% notes in May 1999, $1 billion of 6.4% to 7.5% notes in September 1999 and $325 million of 6.625% notes in November 1999. Interest expense in 1998 increased 5% due to increased short-term borrowing needs and the issuance of $400 million of 6.7% notes in August 1998. Interest expense is expected to increase in the future given the increased levels of debt.

	1999	1998	1997
Average interest rate:			
Short-term borrowings	8.7%	10.4%	11.9%
Total debt	7.7%	8.3%	8.3%

The average interest rate, for the year, on short-term borrowings exceeded that of total debt due to higher short-term borrowing rates in certain foreign operations.

The weighted-average interest rate applicable to debt outstanding at December 31, 1999 was 7.5% for short-term borrowings and 7.2% for total debt.

	1999	1998	1997
Effective income tax rate	25.9%	31.4%	32.7%

The Corporation has continued to reduce its effective income tax rate by implementing tax reduction strategies. The 1999 effective tax rate includes the impact of the Corporation's 1999 restructuring actions. Excluding restructuring, the 1999 effective tax rate was 30.9%.

The future tax benefit arising from net deductible temporary differences is $2,436 million and relates to expenses recognized for financial reporting purposes which will result in tax deductions over varying future periods. Management believes that the Corporation's earnings during the periods when the temporary differences become deductible will be sufficient to realize those future income tax benefits.

While some tax credit and loss carryforwards have no expiration date, certain foreign and state tax loss carryforwards arise in a number of different tax jurisdictions with expiration dates beginning in 2000. For those jurisdictions where the expiration date or the projected operating results indicate that realization is not likely, a valuation allowance has been provided.

The Corporation believes, based upon a review of prior period income tax returns, it is entitled to income tax refunds for prior periods. The Internal Revenue Service reviews these potential refunds as part of the examination of the Corporation's income tax returns and the impact on the Corporation's liability for income taxes for these years cannot presently be determined.

Effective
Tax Rate

[The following table was depicted as a bar chart in the printed material.]

	1999	1998	1997	1996	1995
PERCENT	25.9	31.4	32.7	32.6	33.5

Net income:
Increased 22% or $276 million from 1998 to 1999.
Increased 17% or $183 million from 1997 to 1998.

Stock Split

On April 30, 1999, the Corporation announced a two-for-one stock split paid in the form of a stock dividend to shareowners of record at the close of business on May 7, 1999. All common share and per share amounts reflect the stock split.

Acquisitions of Businesses

During 1999, the Corporation invested approximately $6.3 billion, including debt assumed, in acquisitions of businesses. In June 1999, the Corporation completed its acquisition of Sundstrand Corporation, a global producer of aerospace and industrial products, for approximately $4.3 billion. Other significant 1999 acquisition activity included:

o Carrier's acquisition of International Comfort Products, a North American manufacturer and marketer of heating and air conditioning equipment

- Carrier's global strategic alliance with Toshiba Corporation, a Japanese producer of residential and light commercial air conditioning, ventilation and refrigeration equipment, and compressors

- Otis' acquisition, through LG Otis Elevator, of LG Industrial Systems' Building Facilities Group, a South Korean based company that manufactures, sells, installs and maintains elevators, escalators and related equipment

- Pratt & Whitney's purchase of Cade Industries, a North American aerospace composite component and engine test cell manufacturer and service provider.

For additional discussion of 1999 acquisitions, see Liquidity and Financing Commitments and Note 2 of the Notes to Consolidated Financial Statements.

Dispositions of Businesses

In May 1999, the Corporation sold its UT Automotive unit to Lear Corporation for $2.3 billion, which resulted in an after-tax gain of $650 million. UT Automotive results, through the date of disposition, appear as income from operations of the discontinued UT Automotive unit in the Consolidated Statement of Operations for all years presented.

Restructuring and Other Costs

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, resulting in the closure of facilities, 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 will result in net reductions of approximately 15,000 salary and hourly employees and approximately 8 million square feet of facilities. The charges were associated with severance and related costs, exit and lease termination costs, plant shutdown related asset write-downs and site restoration and other costs. The Corporation also incurred additional charges of $141 million associated with the restructuring actions that were not accruable when the actions were initiated.

In addition to restructuring, the Corporation undertook other actions associated with product development and aircraft systems integration and non-product purchasing. The total 1999 expenses that resulted from accrued restructuring and related charges and charges associated with these other actions were $1,120 million and were recorded across the Corporation's operating segments as follows:

IN MILLIONS OF DOLLARS	
Otis	$ 186
Carrier	196
Pratt & Whitney	534
Flight Systems	161
Other	43
	$1,120

Net cash outflows in 1999 resulting from these actions were $366 million pre-tax. In 2000, the Corporation expects to have additional pre-tax cash outflows of approximately $750 million, to be paid out of normal operations, including up to $300 million of additional costs associated with the 1999 actions that were not accruable when the actions were initiated. The 1999 restructuring and other actions are expected to result in savings that should offset additional costs 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, and are expected to be reported primarily as part of cost of sales.

For additional discussion of restructuring, see Footnote 11 of the Notes to Consolidated Financial Statements.

	Revenues			Operating Profits			Operating Profit Margin		
IN MILLIONS OF DOLLARS	1999	1998	1997	1999	1998	1997	1999	1998	1997
Otis	$5,654	$5,572	$5,548	$493	$ 533	$465	8.7%	9.6%	8.4%
Carrier	7,353	6,922	6,056	459	495	458	6.2%	7.2%	7.6%
Pratt & Whitney	7,674	7,876	7,402	634	1,024	816	8.3%	13.0%	11.0%
Flight Systems	3,810	2,891	2,804	247	287	301	6.5%	9.9%	10.7%

Segment Review

Operating segment and geographic data include the results of all majority-owned subsidiaries, consistent with the management of these businesses. For certain of these subsidiaries, minority shareholders have rights which overcome the presumption of consolidation. In the Corporation's consolidated results, these subsidiaries are accounted for using the equity method of accounting.

Net Income

[The following table was depicted as a bar chart in the printed material.]

	1999	1998	1997	1996	1995
$ MILLIONS	1,531	1,255	1,072	906	750

1999 Compared to 1998

OTIS revenues increased $82 million (1%) in 1999. Excluding the unfavorable impact of foreign currency translation, 1999 revenues increased 3%, reflecting increases in North American and European operations, partially offset by a decrease in Asia Pacific operations.

Otis operating profits decreased $40 million (8%) in 1999. Excluding the unfavorable impact of foreign currency translation, 1999 operating profits decreased 6%, due primarily to 1999 restructuring and other charges of $186 million that were in excess of 1998 restructuring charges. Restructuring charges in 1999 were associated with worldwide facility consolidations and workforce reductions. Restructuring charges in 1998 were associated with workforce reductions and the consolidation of manufacturing and engineering facilities. The 1999 charges were partially offset by improved operating performance, particularly in North American operations, which benefited from increased orders and an increase in construction activity, and in Asia Pacific and European operations. Operating profits suffered in Latin American operations, which continued to face pressure from the devaluation of the Real in Brazil. Excluding restructuring in 1999 and 1998, operating profits increased.

CARRIER revenues increased $431 million (6%) in 1999. Excluding the unfavorable impact of foreign currency translation, 1999 revenues increased 8%. The 1999 increase reflects the positive impact of acquisitions, as well as increases in the North American, European and Refrigeration operations, partially offset by declines in Asia Pacific and Latin American operations.

Carrier operating profits decreased $36 million (7%) in 1999. Excluding the unfavorable impact of foreign currency translation, 1999 operating profits decreased 1% due to 1999 restructuring and other charges of $196 million, which surpassed those in 1998. The 1999 charges were partially offset by the impact of acquisitions and increased operating performance in most segments, with particularly strong performance in the North American, European and Refrigeration operations. The 1999 and 1998 restructuring charges related to worldwide facility closures and workforce reductions. Excluding restructuring in 1999 and 1998, operating profits increased.

PRATT & WHITNEY revenues decreased $202 million (3%) in 1999. The decrease reflects fewer military and commercial engine shipments and lower commercial spare parts volumes, partially offset by increases in the commercial overhaul and repair business, military after-market and Pratt & Whitney Canada. The 1998 revenues included a favorable settlement of a contract dispute with the U.S. Government and costs to repurchase interests from participants in commercial engine programs.

Pratt & Whitney operating profits decreased $390 million (38%), primarily reflecting 1999 restructuring and other charges of $534 million that exceeded those in 1998. Lower military and commercial engine and commercial spare parts volumes and the absence of a nonrecurring 1998 gain were partially offset by higher overhaul and repair and military after-market volume, improved operating profits at Pratt & Whitney Canada and the absence of 1998 costs to repurchase interests from participants in commercial engine programs. The 1999 restructuring and other charges were associated with workforce reductions; consolidation of military engine operations, manufacturing operations and the component repair business; and costs associated with product development and aircraft systems integration. The 1998 restructuring charges related to workforce reductions in the U.S. and Canada.

FLIGHT SYSTEMS revenues increased $919 million (32%) in 1999, reflecting the inclusion of Sundstrand's operations for the second half of 1999, partially offset by the effects of fewer helicopter deliveries at Sikorsky.

Flight Systems operating profits decreased $40 million (14%) in 1999, due primarily to 1999 restructuring and other charges at Sikorsky and Hamilton Sundstrand of $161 million, which were in excess of charges recorded in 1998, and fewer helicopter deliveries at Sikorsky. These items were partially offset by the inclusion of Sundstrand results for the second half of 1999. The 1999 restructuring charges related to closing facilities, consolidating functions, reducing workforce and rationalizing customer support.

1998 Compared to 1997

OTIS revenues increased $24 million in 1998. Excluding the unfavorable impact of foreign currency translation, 1998 revenues increased 3%, with increases in European, North American and Latin American operations, partially offset by declines in Asia Pacific operations.

Otis operating profits increased $68 million (15%) in 1998. Excluding the unfavorable impact of foreign currency translation, 1998 operating profits increased 17%. European, North American and Latin American operations improved in 1998, partially offset by declines in Asia Pacific operations and higher charges related to workforce reductions and the consolidation of manufacturing and engineering facilities.

CARRIER revenues increased $866 million (14%) in 1998. Excluding the unfavorable impact of foreign currency translation, 1998 revenues increased 17%, due to the impact of acquisitions, as well as increases in the Refrigeration, North American, European and Latin American operations, partially offset by declines in Asia Pacific operations.

Carrier operating profits increased $37 million (8%) in 1998. Excluding the unfavorable impact of foreign currency translation, 1998 operating profits increased 11%. The 1998 increase reflects improvements in the Refrigeration, North American, Latin American and European operations and the impact of acquisitions which more than offset declines in Asia Pacific operations. The 1998 results include charges related to workforce reductions and plant closures.

PRATT & WHITNEY revenues increased $474 million (6%) in 1998, reflecting higher after-market revenues, resulting primarily from acquisitions, as well as increased commercial engine shipments and U.S. military development revenues. The 1998 results also reflect the favorable settlement of a contract dispute with the U.S. Government and costs to repurchase interests from participants in commercial engine programs.

Pratt & Whitney operating profits increased $208 million (25%), reflecting higher engine margins, increased U.S. military development volumes, higher after-market volumes and productivity improvements. These items were partially offset by costs to repurchase interests from participants in commercial engine programs, charges related to workforce reduction efforts in the U.S. and Canada, higher research and development spending and selling, general and administrative expenses. The 1998 results also reflect the favorable settlement of a contract dispute with the U.S. Government and favorable resolution of customer contract issues.

FLIGHT SYSTEMS revenues increased $87 million (3%) in 1998 primarily due to increased revenues at Hamilton Standard, which were favorably impacted by the first quarter 1998 acquisition of a French aerospace components manufacturer, partly offset by lower volumes at Sikorsky.

Flight Systems operating profits decreased $14 million (5%) in 1998 due to lower volumes at Sikorsky and cost reduction charges taken at both units. The 1998 decline was partly offset by improvements at Hamilton Standard, mostly due to the first quarter acquisition of a French aerospace components manufacturer.

Liquidity and Financing Commitments

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, customer financing requirements, acquisitions, Common Stock repurchases, adequate bank lines of credit and the ability to attract long-term capital with satisfactory terms.

IN MILLIONS OF DOLLARS	1999	1998	1997
Net cash flows provided by operating activities	$ 2,310	$ 2,314	$ 1,903
Capital expenditures	(762)	(673)	(658)
(Increase) decrease in customer financing assets, net	(188)	(213)	39
Acquisitions of businesses	(3,547)	(1,228)	(547)
Repurchase of Common Stock	(822)	(650)	(849)
Increase (decrease) in total debt	2,148	606	(142)
Increase in net debt	1,741	711	201
Net cash flows provided by (used in)			

discontinued operation	2,159	(9)	2

Net cash flows provided by operating activities in 1999 were impacted by a $366 million cash outflow related to 1999 restructuring and other actions. Cash flows used in investing activities were $4,411 million during 1999 compared to $2,071 million during 1998, reflecting increased acquisition activity, primarily for the acquisition of Sundstrand. Capital expenditures in 1999 were $762 million, an $89 million increase over 1998. The Corporation expects 2000 capital spending to increase moderately.

Customer financing activity was a net use of cash of $188 million in 1999, compared to a net use of cash of $213 million in 1998. While the Corporation expects that customer financing activity will be a net use of cash in 2000, actual funding is subject to usage under existing customer financing commitments. At December 31, 1999, the Corporation had financing and rental commitments of $1,228 million related to commercial aircraft, of which as much as $359 million may be required to be disbursed in 2000. The Corporation may also arrange for third-party investors to assume a portion of its commitments. Refer to Note 4 of the Notes to Consolidated Financial Statements for additional discussion of the Corporation's commercial airline industry assets and commitments.

Operating
Cash Flows

[The following table was depicted as a bar chart in the printed material.]

	1999	1998	1997	1996	1995
$ BILLIONS	2.3	2.3	1.9	1.9	1.9

The Corporation invested $6.3 billion in the acquisition of businesses in 1999, consisting of approximately $3.5 billion of cash, $900 million of assumed debt and $1.9 billion of Common Stock issued from treasury. Of that amount, $4.3 billion related to the acquisition of Sundstrand Corporation. The remainder related to other acquisitions, the most significant of which included Carrier's acquisition of International Comfort Products, Carrier's global strategic alliance with Toshiba, Otis' acquisition of the Building Facilities Group of LG Industrial Systems and Pratt & Whitney's purchase of Cade Industries.

Acquisitions

[The following table was depicted as a bar chart in the printed material.]

	1999	1998	1997	1996	1995
$ MILLIONS	3,547	1,228	547	277	179

The Corporation repurchased $822 million and $650 million of Common Stock during 1999 and 1998, representing 13.2 million and 14.8 million shares, under previously announced share repurchase programs. Share repurchase continues to be a significant use of the Corporation's strong cash flows and has more than offset the dilutive effect resulting from the issuance of stock under stock-based employee benefit programs. In April 1999, the Corporation's Board of Directors doubled the outstanding authorization for the repurchase of the Corporation's Common Stock consistent with their approval in April 1999 of a two-for-one stock split paid in the form of a stock dividend. At December 31, 1999, 24.9 million shares remained available for repurchase under this authorization.

Share
Repurchase

[The following table was depicted as a bar chart in the printed material.]

	1999	1998	1997	1996	1995
$ MILLIONS	822	650	849	459	221

As described in Note 2 of the Notes to Consolidated Financial Statements, on May 4, 1999, the Corporation sold its UT Automotive unit to Lear Corporation. The discontinued UT Automotive operation and its subsequent sale provided $2,159 million of cash in 1999.

IN MILLIONS OF DOLLARS	1999	1998
Cash and cash equivalents	$ 957	$ 550
Total debt	4,321	2,173
Net debt (total debt less cash)	3,364	1,623
Shareowners' equity	7,117	4,378
Debt to total capitalization	38%	33%
Net debt to total capitalization	32%	27%

At December 31, 1999, the Corporation had credit commitments from banks totaling $1.5 billion under a Revolving Credit Agreement, which serves as back-up for a commercial paper facility. At December 31, 1999, there were no borrowings under the Revolving Credit Agreement. In addition, at December 31, 1999, approximately $1.4 billion was available under short-term lines of credit with local banks at the Corporation's various international subsidiaries.

As described in Note 8 of the Notes to Consolidated Financial Statements, the Corporation issued a total of $1,725 million of unsubordinated, unsecured, nonconvertible notes in 1999. The proceeds were used to finance a portion of the Sundstrand acquisition and for general corporate purposes, including other acquisitions and repurchases of the Corporation's Common Stock. At December 31, 1999, up to $1 billion of additional medium-term and long-term debt could be issued under a shelf registration statement on file with the Securities and Exchange Commission.

The Corporation's shareowners' equity is impacted by a variety of factors, including those items that are not reported in earnings but are reported directly in equity, such as foreign currency translation and minimum pension liability adjustments and unrealized holding gains and losses on available-for-sale securities. See the Statement of Changes in Shareowners' Equity for information on such non-shareowners' changes.

The Corporation believes that existing sources of liquidity are adequate to meet anticipated borrowing needs at comparable risk-based interest rates for the foreseeable future. Management anticipates that, excluding those items that are not reported in earnings but are reported directly in equity, the level of debt to capital will increase moderately in order to satisfy its various cash flow requirements, including acquisition spending and continued share repurchases.

Foreign Currency and Interest Rate Risk Management

The Corporation is exposed to changes in foreign currency exchange and interest rates primarily in its cash, debt and foreign currency transactions.

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

The Corporation has a large volume of foreign currency commitment and transaction exposures, and significant foreign currency net asset exposures, that result from its international sales, purchases, investments, borrowings and other transactions. International segment revenues from continuing operations, including U.S. export sales, averaged approximately $13 billion over the last three years. Foreign currency commitment and transaction exposures are managed at the operating unit level as an integral part of the business. Exposures that cannot be naturally offset within the business to an insignificant amount are hedged with foreign currency derivatives. Those hedges are initiated by the operating units, with execution coordinated on a corporate-wide basis, and are scheduled to mature coincident with the timing of the underlying foreign currency commitments and transactions. Currently, the Corporation does not hold any derivative contracts that hedge its foreign currency net asset exposures.

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

The Corporation's long-term debt portfolio consists mostly of fixed-rate instruments in order to minimize earnings volatility related to interest expense. The Corporation currently does not hold interest rate derivative contracts.

The Corporation has evaluated its exposure to changes in foreign currency exchange and interest rates in its market risk sensitive instruments, which are primarily cash, debt and derivative instruments, using a value at risk analysis. Based on a 95% confidence level and a one-day holding period, at December 31, 1999 and 1998, the potential loss in fair value of the Corporation's market risk sensitive instruments was not material in relation to the Corporation's financial position, results of operations or cash flows. The Corporation's calculated value at risk exposure represents an estimate of reasonably possible net losses based on historical market rates, volatilities and correlations and is not necessarily indicative of actual results.

Refer to Notes 1, 12 and 13 of the Notes to Consolidated Financial Statements for additional discussion of foreign exchange and financial instruments.

Environmental Matters

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

The Corporation has identified approximately 430 locations, mostly in the United States, at which it may have some liability for remediating contamination. The Corporation does not believe that any individual location's exposure will have a material effect on the results of operations of the Corporation. Sites in the investigation or remediation stage represent approximately 98% of the Corporation's recorded liability. The remaining 2% of the recorded liability consists of sites where the Corporation may have some liability but investigation is in the initial stages or has not begun.

The Corporation has been identified as a potentially responsible party under the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA" or Superfund) at approximately 97 sites. The number of Superfund sites, in and of itself, does not represent a relevant measure of liability because the nature and extent of environmental concerns vary from site to site and the Corporation's share of responsibility varies from sole responsibility to very little responsibility. In estimating its liability for remediation, the Corporation considers its likely proportionate share of the anticipated remediation expense and the ability of other potentially responsible parties to fulfill their obligations.

At December 31, 1999, the Corporation had $436 million reserved for environmental remediation. Cash outflows for environmental remediation were $36 million in 1999, $36 million in 1998 and $34 million in 1997. The Corporation estimates that ongoing environmental remediation expenditures in each of the next two years will not exceed $50 million.

Additional discussion of the Corporation's environmental matters is included in Notes 1 and 14 of the Notes to Consolidated Financial Statements.

U.S. Government

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

New Accounting Pronouncement

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," which, as amended, is currently effective January 1, 2001 for the Corporation. Management believes adoption of this standard will not have a material impact on the Corporation's consolidated financial position, results of operations or cash flows.

Year 2000

The Corporation's program to address the Year 2000 issue consisted of the following phases: awareness, assessment, remediation, testing and contingency planning. As of December 31, 1999, all phases were completed. The Corporation did not experience any significant disruption as a result of the Year 2000 issue.

The Corporation's program was initiated and executed to prevent major interruptions in the business due to Year 2000 problems using both internal and external resources to identify and correct problems and to test for readiness. The external costs of the project, including equipment costs and consultant and software licensing fees, were approximately $100 million. Internal costs, which were primarily payroll related, were approximately $40 million. These costs were funded through operating cash flows with amounts that would normally have been budgeted for the Corporation's information systems and production and facilities equipment. Although the Corporation worked on its Year 2000 readiness efforts for several years, costs incurred prior to 1997 were not separately tracked and are generally not included in the estimate of total costs.

The Corporation completed its assessment of its Year 2000 risks related to significant relationships with its critical third-party suppliers and customers. Despite these efforts, the Corporation can provide no assurance that all supplier and customer Year 2000 compliance plans were successfully completed in a timely manner, although it is not currently aware of any problems which would significantly impact its operations.

Euro Conversion

On January 1, 1999, the European Economic and Monetary Union (EMU) entered a three-year transition phase during which a common currency, the "euro," was introduced in participating countries. The euro is currently used for wholesale financial transactions and will replace the legacy currencies that will be withdrawn between January 1, 2002 and July 1, 2002. The Corporation has been preparing for the euro since December 1996 and has identified issues and developed implementation plans associated with the conversion, including technical adaptation of information technology and other systems, continuity of long-term contracts, foreign currency considerations, long-term competitive implications of the conversions and the effect on the market risk inherent in financial instruments. These implementation plans are expected to be completed within a timetable that is consistent with the transition phases of the euro.

Based on its evaluation to date, management believes that the introduction of the euro, including the total costs for the conversion, will not have a material adverse impact on the Corporation's financial position, results of operations or cash flows. However, uncertainty exists as to the effects the euro will have on the marketplace and there is no guarantee that all issues will be foreseen and corrected or that third parties will address the conversion successfully.

Cautionary Note Concerning Factors That May Affect Future Results

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

- Future earnings and other measurements of financial performance
- Future cash flow and uses of cash
- The effect of economic downturns or growth in particular regions
- The effect of changes in the level of activity in particular industries or markets
- The scope, nature or impact of acquisition activity
- Product developments and new business opportunities
- Restructuring costs and savings
- The outcome of contingencies
- The impact of Year 2000 issues
- The transition to the use of the euro as a currency.

All forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For additional information identifying factors that may cause actual results to vary materially from those stated in the forward-looking statements, see the Corporation's reports on Forms 10-K, 10-Q and 8-K filed with the Securities and Exchange Commission from time to time. The Corporation's Annual Report on Form 10-K for 1999 includes important information as to risk factors in the "Business" section under the headings "Description of Business by Operating Segment" and "Other Matters Relating to the Corporation's Business as a Whole."

Management's RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of United Technologies Corporation and its subsidiaries are the responsibility of the Corporation's management and have been prepared in accordance with generally accepted accounting principles.

Management is responsible for the integrity and objectivity of the financial statements, including estimates and judgments reflected in them and fulfills this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting controls. These controls are designed to provide reasonable assurance that the Corporation's assets are safeguarded, that transactions are executed in accordance with management's authorizations and that the financial records are reliable for the purpose of preparing financial statements. Self-monitoring mechanisms are also a part of the control environment whereby, as deficiencies are identified, corrective actions are taken. Even an effective internal control system, no matter how well designed, has inherent limitations -- including the possibility of the circumvention or overriding of controls -- and, therefore, can provide only reasonable assurance with respect to financial statement preparation and such safeguarding of assets. Further, because of changes in conditions, internal control system effectiveness may vary over time.

The Corporation assessed its internal control system as of December 31, 1999. Based on this assessment, management believes the internal accounting controls in use provide reasonable assurance that the Corporation's assets are safeguarded, that transactions are executed in accordance with management's authorizations, and that the financial records are reliable for the purpose of preparing financial statements.

Independent accountants are appointed annually by the Corporation's shareowners to audit the financial statements in accordance with generally accepted auditing standards. Their report appears below. Their audits, as well as those of the Corporation's internal audit department, include a review of internal accounting controls and selective tests of transactions.

The Audit Review Committee of the Board of Directors, consisting of directors who are not officers or employees of the Corporation, meets regularly with management, the independent accountants and the internal auditors, to review matters relating to financial reporting, internal accounting controls and auditing.

/s/ George David

George David
Chairman and Chief Executive Officer

/s/ Karl Krapek

Karl Krapek
President and Chief Operating Officer

/s/ David J. FitzPatrick

David J. FitzPatrick
Senior Vice President and Chief Financial Officer

Report OF INDEPENDENT ACCOUNTANTS

To the Shareowners of United Technologies Corporation

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, of changes in shareowners' equity and of cash flows present fairly, in all material respects, the financial position of United Technologies Corporation and its subsidiaries at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Corporation's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Hartford, Connecticut
January 19, 2000

CONSOLIDATED STATEMENT OF OPERATIONS

IN MILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS	YEARS ENDED DECEMBER 31, 1999	1998	1997
Revenues			
Product sales	$18,021	$17,348	$15,946
Service sales	5,823	5,439	5,116
Financing revenues and other income, net	283	22	226
	24,127	22,809	21,288
Costs and Expenses			
Cost of products sold	14,500	13,436	12,638
Cost of services sold	3,685	3,461	3,208
Research and development	1,292	1,168	1,069
Selling, general and administrative	3,133	2,737	2,611
Interest	260	197	188
	22,870	20,999	19,714
Income from continuing operations before income taxes and minority interests	1,257	1,810	1,574
Income taxes	325	568	514
Minority interests in subsidiaries' earnings	91	85	98
Income from continuing operations	841	1,157	962
Discontinued operation:			
Income from operations of discontinued UT Automotive unit (net of applicable income tax provisions of $28, $55 and $51 in 1999, 1998 and 1997)	40	98	110
Gain on sale of UT Automotive unit (net of applicable income tax provision of $112)	650	--	--
Net Income	$ 1,531	$ 1,255	$ 1,072
Earnings per Share of Common Stock			
Basic:			
Continuing operations	$ 1.74	$ 2.47	$ 1.98
Discontinued operation	.08	.21	.24
Gain on sale of discontinued operation	1.40	--	--
Net earnings	$ 3.22	$ 2.68	$ 2.22
Diluted:			
Continuing operations	$ 1.65	$ 2.33	$ 1.89
Discontinued operation	.08	.20	.21
Gain on sale of discontinued operation	1.28	--	--
Net earnings	$ 3.01	$ 2.53	$ 2.10

See accompanying Notes to Consolidated Financial Statements

CONSOLIDATED
BALANCE SHEET

IN MILLIONS OF DOLLARS, EXCEPT PER SHARE (SHARES IN THOUSANDS)	DECEMBER 31, 1999	1998
Assets		
Cash and cash equivalents	$ 957	$ 550
Accounts receivable (net of allowance for doubtful accounts of $406 and $316)	4,337	3,417
Inventories and contracts in progress	3,504	3,191
Future income tax benefits	1,563	1,222
Other current assets	266	161
Net investment in discontinued operation	--	1,287
Total Current Assets	10,627	9,828
Customer financing assets	553	498
Future income tax benefits	873	1,093
Fixed assets	4,460	3,555
Goodwill (net of accumulated amortization of $507 and $388)	5,641	1,417
Other assets	2,212	1,377
Total Assets	$24,366	$17,768
Liabilities and Shareowners' Equity		
Short-term borrowings	$ 902	$ 504
Accounts payable	1,957	1,860
Accrued liabilities	6,023	4,719
Long-term debt currently due	333	99
Total Current Liabilities	9,215	7,182
Long-term debt	3,086	1,570
Future pension and postretirement benefit obligations	1,601	1,682
Future income taxes payable	126	143
Other long-term liabilities	2,245	1,936
Commitments and contingent liabilities (Notes 4 and 14)		
Minority interests in subsidiary companies	527	421
Series A ESOP Convertible Preferred Stock, $1 par value		
Authorized-20,000 shares		
Outstanding-12,237 and 12,629 shares	808	836
ESOP deferred compensation	(359)	(380)
	449	456
Shareowners' Equity:		
Capital Stock:		
Preferred Stock, $1 par value; Authorized-230,000 shares; None issued or outstanding	--	--
Common Stock, $1 par value; Authorized-1,000,000 shares; Issued-588,737 and 582,160 shares	4,227	2,708
Treasury Stock-114,191 and 132,056 common shares at cost	(3,182)	(3,117)
Retained earnings	6,463	5,411
Accumulated other non-shareowners' changes in equity:		
Foreign currency translation	(563)	(487)
Minimum pension liability	(41)	(137)
Unrealized holding gain on marketable equity securities	213	--
	(391)	(624)
Total Shareowners' Equity	7,117	4,378
Total Liabilities and Shareowners' Equity	$24,366	$17,768

See accompanying Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

IN MILLIONS OF DOLLARS	1999	1998	1997
	YEARS ENDED DECEMBER 31,		
Operating Activities			
Income from continuing operations	$ 841	$ 1,157	$ 962
Adjustments to reconcile income from continuing operations to net cash flows provided by operating activities:			
Depreciation and amortization	844	730	707
Deferred income tax provision (benefit)	4	(264)	(525)
Minority interests in subsidiaries' earnings	91	85	98
Change in:			
Accounts receivable	(256)	44	(182)
Inventories and contracts in progress	331	(113)	113
Other current assets	(66)	213	(19)
Accounts payable and accrued liabilities	595	135	331
Other, net	(74)	327	418
Net Cash Flows Provided by Operating Activities	2,310	2,314	1,903
Investing Activities			
Capital expenditures	(762)	(673)	(658)
Increase in customer financing assets	(383)	(356)	(132)
Decrease in customer financing assets	195	143	171
Acquisitions of businesses	(3,547)	(1,228)	(547)
Dispositions of businesses	43	--	36
Other, net	43	43	125
Net Cash Flows Used in Investing Activities	(4,411)	(2,071)	(1,005)
Financing Activities			
Issuance of long-term debt	1,727	402	12
Repayment of long-term debt	(557)	(146)	(129)
Increase in short-term borrowings	185	293	12
Common Stock issued under employee stock plans	354	220	143
Dividends paid on Common Stock	(353)	(316)	(291)
Repurchase of Common Stock	(822)	(650)	(849)
Dividends to minority interests and other	(159)	(138)	(95)
Net Cash Flows Provided by (Used in) Financing Activities	375	(335)	(1,197)
Net Cash Flows Provided by (Used in) Discontinued Operation	2,159	(9)	2
Effect of foreign exchange rate changes on Cash and cash equivalents	(26)	(4)	(46)
Net increase (decrease) in Cash and cash equivalents	407	(105)	(343)
Cash and cash equivalents, beginning of year	550	655	998
Cash and cash equivalents, end of year	$ 957	$ 550	$ 655
Supplemental Disclosure of Cash Flow Information:			
Interest paid, net of amounts capitalized	$ 217	$ 170	$ 162
Income taxes paid, net of refunds	368	888	859
Non-cash investing activities:			
The Corporation issued $1.9 billion of Treasury Stock in connection with the acquisition of Sundstrand Corporation			

See accompanying Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN SHAREOWNERS' EQUITY

IN MILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Non-Shareowners' Changes In Equity	Non-Shareowners' Changes In Equity For The Period
December 31, 1996	$2,345	$(1,626)	$3,849	$(262)	
Common Stock issued under employee plans (4.4 million shares)	143	3	(26)		
Common Stock repurchased (22.4 million shares)		(849)			
Dividends on Common Stock ($.62 per share)			(291)		
Dividends on ESOP Stock ($4.80 per share)			(32)		
Non-Shareowners' Changes in Equity:					
Net income			1,072		$1,072
Foreign currency translation:					
Foreign currency translation adjustments				(225)	(225)
Income taxes				(6)	(6)
Minimum pension liability:					
Pension adjustment				(12)	(12)
Income tax benefits				4	4
Other			(14)		(14)
December 31, 1997	2,488	(2,472)	4,558	(501)	$819
Common Stock issued under employee plans (6.6 million shares)	220	5	(53)		
Common Stock repurchased (14.8 million shares)		(650)			
Dividends on Common Stock ($.695 per share)			(316)		
Dividends on ESOP Stock ($4.80 per share)			(33)		
Non-Shareowners' Changes in Equity:					
Net income			1,255		$1,255
Foreign currency translation:					
Foreign currency translation adjustments				4	4
Income taxes				(7)	(7)
Minimum pension liability:					
Pension adjustment				(187)	(187)
Income tax benefits				67	67
December 31, 1998	2,708	(3,117)	5,411	(624)	$1,132
Common Stock issued under employee plans (7.2 million shares)	354	16	(93)		
Common Stock issued in conjunction with a business combination (30.4 million shares)	1,165	741			
Common Stock repurchased (13.2 million shares)		(822)			
Dividends on Common Stock ($.76 per share)			(353)		
Dividends on ESOP Stock ($4.80 per share)			(33)		
Non-Shareowners' Changes in Equity:					
Net income			1,531		$1,531
Foreign currency translation:					
Foreign currency translation adjustments				(92)	(92)
Income tax benefits				16	16
Minimum pension liability:					
Pension adjustment				150	150
Income taxes				(54)	(54)
Unrealized holding gain on marketable equity securities:					
Unrealized holding gain				328	328
Income taxes				(115)	(115)
December 31, 1999	$4,227	$(3,182)	$6,463	$(391)	$1,764

See accompanying Notes to Consolidated Financial Statements

NOTES
TO CONSOLIDATED FINANCIAL STATEMENTS

1 Summary of Accounting Principles

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

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

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

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

ACCOUNTS RECEIVABLE. Current and long-term accounts receivable include retainage and unbilled costs of approximately $72 million and $103 million at December 31, 1999 and 1998. Retainage represents amounts which, pursuant to the contract, are not due until project completion and acceptance by the customer. Unbilled costs represent revenues that are not currently billable to the customer under the terms of the contract. These items are expected to be collected in the normal course of business. Long-term accounts receivable are included in Other assets on the Consolidated Balance Sheet.

MARKETABLE EQUITY SECURITIES. Equity securities that have a readily determinable fair value are classified as available for sale and are carried at fair value. Unrealized holding gains and losses are recorded as a separate component of shareowners' equity, net of the deferred income tax effect.

INVENTORIES AND CONTRACTS IN PROGRESS. Inventories and contracts in progress are stated at the lower of cost or estimated realizable value and are primarily based on first-in, first-out ("FIFO") or average cost methods; however, certain subsidiaries use the last-in, first-out ("LIFO") method. Costs accumulated against specific contracts or orders are at actual cost. Materials in excess of requirements for contracts and orders currently in effect or anticipated have been reserved and written-off when appropriate.

Manufacturing tooling costs are charged to inventories or to fixed assets depending upon their nature, general applicability and useful lives. Tooling costs included in inventory are charged to cost of sales based on usage, generally within two years after they enter productive use.

Manufacturing costs are allocated to current production and firm contracts. General and administrative expenses are charged to expense as incurred.

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

In 1999, the Company adopted AICPA Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use," which requires capitalization of certain costs incurred in the development of internal-use software. Adoption of that statement and the change to straight-line depreciation for aerospace assets did not have a material impact on the Corporation's financial position, results of operations or cash flows.

GOODWILL AND OTHER LONG-LIVED ASSETS. Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired companies and is generally amortized using the straight-line method over periods ranging from 10 to 40 years.

The Corporation evaluates potential impairment of goodwill on an ongoing basis and of other long-lived assets when appropriate. If the carrying amount of an asset exceeds the sum of its undiscounted expected future cash flows, the asset's carrying value is written down to fair value.

REVENUE RECOGNITION. Sales under government and commercial fixed-price contracts and government fixed-price-incentive contracts are recorded at the time deliveries are made or, in some cases, on a percentage-of-completion basis. Sales under cost-reimbursement contracts are recorded as work is performed and billed. Sales of commercial aircraft engines sometimes require participation by the Corporation in aircraft financing arrangements; when appropriate, such sales are accounted for as operating leases. Sales under elevator and escalator installation and modernization contracts are accounted for under the percentage-of-completion method.

Losses, if any, on contracts are provided for when anticipated. Loss provisions are based upon excess inventoriable manufacturing, engineering, estimated warranty and product guarantee costs over the net revenue from the products contemplated by the specific order. Contract accounting requires estimates of future costs over the performance period of the contract. These estimates are subject to change and result in adjustments to margins on contracts in progress.

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

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

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

Gains and losses from instruments that are effective hedges of firm commitments are deferred and recognized as part of the economic basis of the transactions underlying the commitments when the associated hedged transaction occurs. Gains and losses from instruments that are effective hedges of foreign-currency-denominated transactions are reported in earnings and offset the effects of foreign exchange transaction gains and losses from the associated hedged transactions. Gains and losses on the excess of foreign currency derivative amounts over the related hedged commitment or transaction would be recognized in earnings. Cash flows from derivative instruments designated as hedges are classified consistent with the items being hedged.

Gains and losses on derivative instruments designated but no longer effective as a hedge would be recognized in earnings.

Gains and losses on terminations of foreign exchange contracts are deferred and amortized over the remaining period of the original contract to the extent the underlying hedged commitment or transaction is still likely to occur. Gains and losses on terminations of foreign exchange contracts are recognized in earnings when terminated in conjunction with the cancelation of the related commitment or transaction.

Carrying amounts of foreign exchange contracts are included in accounts receivable, other assets and accrued liabilities.

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," in June 1998 which, as amended, is currently effective January 1, 2001 for the Corporation. Management believes adoption of this standard will not have a material impact on the Corporation's consolidated financial position, results of operations or cash flows.

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

STOCK SPLIT. In April 1999, the Corporation announced a two-for-one stock split which was paid in May 1999 in the form of a stock dividend to shareowners of record at the close of business on May 7, 1999. All common share and per share information in the Consolidated Financial Statements reflect the stock split.

2 Acquisitions and Dispositions of Businesses

ACQUISITIONS. In June 1999, the Corporation completed the acquisition of Sundstrand Corporation, a global producer of aerospace and industrial products for diversified markets, for approximately $4.3 billion, including debt assumed. Under the terms of the merger agreement, each outstanding share of Sundstrand Common Stock was exchanged for $35 in cash and .5580 shares of the Corporation's Common Stock. The acquisition has been accounted for as a purchase.

In connection with the acquisition of Sundstrand, the Corporation is undertaking actions to combine the operations of Sundstrand and Hamilton Standard, including consolidating headquarters, closing facilities, relocating salary and hourly employees and reducing salary and hourly workforce. Costs accrued to date amounted to $25 million, relating to those actions that directly impact Sundstrand facilities and employees, and are being accounted for as an adjustment to the purchase price.

The Corporation's unaudited consolidated results of operations on a pro forma basis for the Sundstrand transaction, assuming it had occurred at the beginning of 1999 and 1998, are as follows:

IN MILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS	YEAR ENDED DECEMBER 31, 1999	1998
Revenues	$24,996	$24,799
Net Income	1,558	1,363
Net Income per basic common share	3.18	2.74
Net Income per diluted common share	2.99	2.58

The unaudited pro forma financial information is presented for informational purposes only and is not necessarily indicative of the operating results that would have occurred had the Sundstrand acquisition been consummated as of the above dates, nor is it necessarily indicative of future operating results.

In addition to acquiring Sundstrand, the Corporation completed acquisitions in 1999, 1998 and 1997 for $1,989 million, $1,237 million and $602 million, including debt assumed. Those amounts included cash consideration of $1,662 million, $1,228 million and $547 million.

The assets and liabilities of the acquired businesses accounted for under the purchase method are 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, of $4,396 million in 1999, $855 million in 1998 and $353 million in 1997, has been recorded as goodwill and is being amortized over estimated useful lives that range from 10 to 40 years.

The results of operations of acquired businesses have been included in the Consolidated Statement of Operations beginning on the effective date of acquisition.

The cost of 1999 acquisitions and allocations of cost may require adjustment based upon information that may come to the attention of the Corporation which is not currently available. Adjustments are not expected to be material and were not material for 1998 and 1997 acquisitions.

The pro forma results for acquisitions other than Sundstrand, for 1999, 1998 and 1997, assuming these acquisitions had been made at the beginning of the year, would not be materially different from reported results.

DISPOSITIONS. In May 1999, the Corporation sold its UT Automotive unit to Lear Corporation for $2.3 billion, which resulted in a source of cash of $2.2 billion and an after-tax gain of $650 million. UT Automotive net assets appear in the Consolidated Balance Sheet at December 31, 1998 as a net investment in a discontinued operation. Related results, through the date of disposition, appear as income from operations of the discontinued UT Automotive unit in the Consolidated Statement of Operations for 1999, 1998 and 1997. UT Automotive revenues prior to the disposition were $1,115 million, $2,962 million and $2,987 million in 1999, 1998 and 1997.

3 Earnings per Share

	Income (MILLIONS)	Average Shares (THOUSANDS)	Per Share Amount
December 31, 1999			
Income from continuing operations	$ 841		
Less: ESOP Stock dividends	(33)		
Basic earnings from continuing operations	808	465.6	$1.74
Stock awards		13.8	
ESOP Stock adjustment	28	27.3	
Diluted earnings from continuing operations	$ 836	506.7	$1.65
Net Income	$1,531		
Less: ESOP Stock dividends	(33)		
Basic earnings	1,498	465.6	$3.22
Stock awards		13.8	
ESOP Stock adjustment	28	27.3	
Diluted earnings	$1,526	506.7	$3.01
December 31, 1998			
Income from continuing operations	$1,157		
Less: ESOP Stock dividends	(33)		
Basic earnings from continuing operations	1,124	455.5	$2.47
Stock awards		12.0	
ESOP Stock adjustment	28	27.3	
Diluted earnings from continuing operations	$1,152	494.8	$2.33
Net Income	$1,255		
Less: ESOP Stock dividends	(33)		
Basic earnings	1,222	455.5	$2.68
Stock awards		12.0	
ESOP Stock adjustment	28	27.3	
Diluted earnings	$1,250	494.8	$2.53
December 31, 1997			
Income from continuing operations	$ 962		
Less: ESOP Stock dividends	(32)		
Basic earnings from continuing operations	930	468.9	$1.98
Stock awards		11.7	
ESOP Stock adjustment	27	26.5	
Diluted earnings from continuing operations	$ 957	507.1	$1.89
Net Income	$1,072		
Less: ESOP Stock dividends	(32)		
Basic earnings	1,040	468.9	$2.22
Stock awards		11.7	
ESOP Stock adjustment	27	26.5	
Diluted earnings	$1,067	507.1	$2.10

4 Commercial Airline Industry Assets and Commitments

The Corporation has receivables and other financing assets with commercial airline industry customers totaling $1,562 million and $1,361 million at December 31, 1999 and 1998, net of allowances of $279 million and $237 million.

Customer financing assets consist of products under lease of $265 million and notes and leases receivable of $425 million. The notes and leases receivable are scheduled to mature as follows: $137 million in 2000, $91 million in 2001, $17 million in 2002, $29 million in 2003, $25 million in 2004 and $126 million thereafter.

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

The Corporation's financing and rental commitments as of December 31, 1999 were $808 million and are excercisable as follows: $298 million in 2000, $50 million in 2001, $56 million in 2002, $19 million in 2003, $107 million in 2004 and $278 million thereafter.

In addition, the Corporation had net residual value and other guarantees of $117 million as of December 31, 1999.

The Corporation has a 33% interest in International Aero Engines ("IAE"), an international consortium of four shareholders organized to support the V2500 commercial aircraft engine program. IAE may offer customer financing in the form of guarantees, secured debt or lease financing in connection with V2500 engine sales. At December 31, 1999, IAE had financing commitments of $1,278 million. The Corporation's share of IAE's financing commitments was approximately $420 million at December 31, 1999. In addition, IAE had lease obligations under long-term noncancelable leases of approximately $360 million through 2021 related to aircraft which are subleased to customers under long-term leases. These aircraft have fair market values which approximate the financed amounts. The shareholders of IAE have guaranteed IAE's financing arrangements to the extent of their respective ownership interests. In the event any shareholder was to default on certain of these financing arrangements, the other shareholders would be proportionately responsible.

5 Inventories and Contracts in Progress

IN MILLIONS OF DOLLARS	1999	1998
Inventories consist of the following:		
Raw material	$ 702	$ 537
Work-in-process	1,158	1,122
Finished goods	1,871	1,795
Contracts in progress	1,561	1,410
	5,292	4,864
Less:		
Progress payments, secured by lien, on U.S. Government contracts	(87)	(124)
Billings on contracts in progress	(1,701)	(1,549)
	$ 3,504	$ 3,191

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

The Corporation's sales contracts in many cases are long-term contracts expected to be performed over periods exceeding twelve months. Approximately 51% and 58% of total inventories and contracts in progress have been acquired or manufactured under such long-term contracts at December 31, 1999 and 1998. It is impracticable for the Corporation to determine the amounts of inventory scheduled for delivery under long-term contracts within the next twelve months.

If inventories which were valued using the LIFO method had been valued under the FIFO method, they would have been higher by $111 million and $110 million at December 31, 1999 and 1998.

6 Fixed Assets

IN MILLIONS OF DOLLARS	Estimated Useful Lives	1999	1998
Land	--	$ 207	$ 149
Buildings and improvements	20-40 years	3,072	2,977
Machinery, tools and equipment	3-12 years	6,869	6,153
Other, including under construction	--	307	270
		10,455	9,549
Accumulated depreciation		(5,995)	(5,994)
		$ 4,460	$ 3,555

Depreciation expense was $658 million in 1999, $613 million in 1998 and $625 million in 1997.

7 Accrued Liabilities

IN MILLIONS OF DOLLARS	1999	1998
Accrued salaries, wages and employee benefits	$ 861	$ 841
Accrued restructuring costs	525	131
Service and warranty accruals	480	462
Advances on sales contracts	964	637
Income taxes payable	602	415
Other	2,591	2,233
	$6,023	$4,719

8 Borrowings and Lines of Credit

Short-term borrowings consist of the following:

IN MILLIONS OF DOLLARS	1999	1998
Foreign bank borrowings	$629	$183
Commercial paper	273	321
	$902	$504

The weighted-average interest rates applicable to short-term borrowings outstanding at December 31, 1999 and 1998 were 7.5% and 6.8%. At December 31, 1999, approximately $1.4 billion was available under short-term lines of credit with local banks at the Corporation's various international subsidiaries.

At December 31, 1999, the Corporation had credit commitments from banks totaling $1.5 billion under a Revolving Credit Agreement, which serves as back-up for a commercial paper facility. There were no borrowings under the Revolving Credit Agreement at December 31, 1999.

Long-term debt consists of the following:

IN MILLIONS OF DOLLARS	Weighted-Average Interest Rate	Maturity	1999	1998
Notes and other debt				

denominated in:				
U.S. dollars	7.2%	2000-2029	$2,844	$1,013
Foreign currency	4.6%	2000-2011	15	37
Capital lease obligations	5.9%	2000-2017	223	246
ESOP debt	7.7%	2000-2009	337	373
			3,419	1,669
Less: Long-term debt currently due			333	99
			$3,086	$1,570

Principal payments required on long-term debt for the next five years are: $333 million in 2000, $309 million in 2001, $41 million in 2002, $44 million in 2003 and $363 million in 2004.

In 1999, the Corporation issued a total of $1,725 million of unsubordinated, unsecured, nonconvertible notes under shelf registration statements previously filed with the Securities and Exchange Commission. The weighted-average interest rate on those notes is 6.9%. Proceeds from the debt issuances were used for general corporate purposes, including financing a portion of the Sundstrand acquisition, funding other acquisitions and repurchasing the Corporation's Common Stock.

In 1998, the Corporation issued $400 million of 6.7% unsubordinated, unsecured, nonconvertible notes.

At December 31, 1999, up to $1 billion of additional medium-term and long-term debt could be issued under a shelf registration statement on file with the Securities and Exchange Commission.

The percentage of total debt at floating interest rates was 24% and 26% at December 31, 1999 and 1998.

9 Taxes on Income

Significant components of income taxes (benefits) for each year are as follows:

IN MILLIONS OF DOLLARS	1999	1998	1997
Current:			
United States:			
Federal	$ 32	$ 347	$ 607
State	26	23	38
Foreign	323	337	359
	381	707	1,004
Future:			
United States:			
Federal	67	(214)	(414)
State	(61)	(25)	(82)
Foreign	(2)	(25)	(29)
	4	(264)	(525)
	385	443	479
Attributable to items (charged) credited to equity	(60)	125	35
	$ 325	$ 568	$ 514

Future income taxes represent the tax effects of transactions which are reported in different periods for tax and financial reporting purposes. These amounts consist of the tax effects of temporary differences between the tax and financial reporting balance sheets and tax carryforwards. The tax effects of temporary differences and tax carryforwards which gave rise to future income tax benefits and payables at December 31, 1999 and 1998 are as follows:

IN MILLIONS OF DOLLARS	1999	1998
Future income tax benefits:		
Insurance and employee benefits	$ 669	$ 693
Other asset basis differences	263	651
Other liability basis differences	1,413	974
Tax loss carryforwards	169	106
Tax credit carryforwards	155	110
Valuation allowance	(233)	(219)
	$2,436	$2,315
Future income taxes payable:		
Fixed assets	$ 94	$ 47
Other items, net	55	116
	$ 149	$ 163

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

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

IN MILLIONS OF DOLLARS	1999	1998	1997
United States	$ 352	$ 924	$ 659
Foreign	905	886	915
	$1,257	$1,810	$1,574

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

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

	1999	1998	1997
Statutory U.S. federal income tax rate	35.0%	35.0%	35.0%
Varying tax rates of consolidated subsidiaries (including Foreign Sales Corporation)	(7.8)	(4.8)	(4.5)
Goodwill	2.5	0.4	0.2
Other	(3.8)	0.8	2.0
Effective income tax rate	25.9%	31.4%	32.7%

The 1999 effective tax rate includes the impact of the Corporation's 1999 restructuring actions. Excluding restructuring, the 1999 effective tax rate was 30.9%.

Tax credit carryforwards at December 31, 1999 were $155 million of which $1 million expires annually in each of the next two years, and $4 million expires in 2003.

Tax loss carryforwards, principally state and foreign, at December 31, 1999 were $661 million of which $471 million expire as follows: $237 million from 2000-2004, $130 million from 2005-2009, $104 million from 2010-2019.

10 Employee Benefit Plans

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

EMPLOYEE SAVINGS PLANS. The Corporation and certain subsidiaries sponsor various employee savings plans. Total contribution expenses were $87 million, $81 million and $76 million for 1999, 1998 and 1997.

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

Shares of ESOP Stock are committed to employees at fair value on the date earned. The ESOP Stock's cash dividends are used for debt service payments. Participants receive shares in lieu of the cash dividends. As debt service payments are made, ESOP Stock is released from an unreleased shares account. If share releases do not meet share commitments, the Corporation will contribute additional ESOP Stock, Common Stock or cash. At December 31, 1999, 6.8 million shares had been committed to employees, leaving 5.5 million shares in the ESOP Trust, with an approximate fair value of $1,417 million based on equivalent common shares.

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

PENSION AND OTHER POSTRETIREMENT PLANS. The Corporation and its subsidiaries sponsor many domestic and foreign defined benefit pension and other postretirement plans whose balances are as follows:

	Pension Benefits		Other Postretirement Benefits	
IN MILLIONS OF DOLLARS	1999	1998	1999	1998
Change in Benefit Obligation:				
Beginning balance	$ 11,075	$ 9,666	$ 771	$ 700
Service cost	264	222	13	10
Interest cost	727	695	56	51
Actuarial (gain) loss	(495)	978	(75)	21
Total benefits paid	(687)	(601)	(73)	(57)
Net settlement and curtailment loss	73	23	106	35
Acquisitions	800	3	312	5
Other	73	89	8	6
Ending balance	$ 11,830	$ 11,075	$ 1,118	$ 771
Change in Plan Assets:				
Beginning balance	$ 9,945	$ 10,570	$ 81	$ 82
Actual return on plan assets	1,989	(143)	5	5
Employer contributions	46	139	1	--
Benefits paid from plan assets	(657)	(572)	(11)	(10)
Acquisitions	965	3	--	--
Other	(92)	(52)	2	4
Ending balance	$ 12,196	$ 9,945	$ 78	$ 81
Funded status	$ 366	$ (1,130)	$ (1,040)	$ (690)
Unrecognized net actuarial (gain) loss	(529)	999	(19)	(26)
Unrecognized prior service cost	292	235	(127)	(181)
Unrecognized net asset at transition	(12)	(35)	--	--
Net amount recognized	$ 117	$ 69	$ (1,186)	$ (897)
Amounts Recognized in the Consolidated Balance Sheet Consist of:				
Prepaid benefit cost	$ 422	$ 360	$ --	$ --
Accrued benefit liability	(398)	(712)	(1,186)	(897)
Intangible asset	29	207	--	--
Accumulated other non-shareowners' changes in equity	64	214	--	--
Net amount recognized	$ 117	$ 69	$ (1,186)	$ (897)

The pension funds are valued at September 30 of the respective years in the preceding table. Major assumptions used in the accounting for the employee benefit plans are shown in the following table as weighted-averages:

	1999	1998	1997
Pension Benefits:			
Discount rate	7.3%	6.6%	7.4%
Expected return on plan assets	9.6%	9.6%	9.7%
Salary scale	4.8%	4.8%	4.9%
Other Postretirement Benefits:			
Discount rate	7.5%	6.7%	7.5%
Expected return on plan assets	9.6%	9.6%	7.0%

For measurement purposes, an 8.5% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2000. The rate is assumed to decrease to 7.5% for 2001 and remain at that level thereafter.

IN MILLIONS OF DOLLARS	1999	1998	1997
Components of Net Periodic Benefit Cost:			
Pension benefits:			
Service cost	$ 264	$ 222	$ 228
Interest cost	727	695	664
Expected return on plan assets	(926)	(856)	(783)
Amortization of prior service cost	33	26	26
Amortization of unrecognized net transition asset	(23)	(23)	(23)
Recognized actuarial net loss	16	8	7
Net settlement and curtailment loss	82	73	6
Discontinued operation benefit (cost)	16	(4)	(8)

Net periodic pension benefit cost-continuing operations	$ 189	$ 141	$ 117
Net periodic pension benefit cost of multiemployer plans	$ 33	$ 25	$ 26
Other postretirement benefits:			
Service cost	$ 13	$ 10	$ 10
Interest cost	56	51	52
Expected return on plan assets	(7)	(6)	(6)
Amortization of prior service cost	(18)	(18)	(18)
Net settlement and curtailment (gain) loss	(13)	10	--
Discontinued operation benefit (cost)	5	(2)	(3)
Net periodic other postretirement benefit cost-continuing operations	$ 36	$ 45	$ 35

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $699 million, $556 million and $173 million, as of December 31, 1999 and $2,826 million, $2,688 million and $2,194 million, as of December 31, 1998.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage-point change in assumed health care cost trend rates would change the accumulated postretirement benefit obligation as of December 31, 1999 by approximately 2%. The effects of this change on the service expense and the interest expense components of the net postretirement benefit expense for 1999 would be 6%.

LONG-TERM INCENTIVE PLANS. The Corporation has long-term incentive plans authorizing various types of market and performance based incentive awards, which may be granted to officers and employees. The 1989 Long-Term Incentive Plan provides for the annual grant of awards in an amount not to exceed 2% of the aggregate shares of Common Stock, treasury shares and potentially dilutive common shares for the preceding year. The 1995 Special Retention and Stock Appreciation Program Plan permits up to 4 million award units to be granted in any calendar year. In addition, up to 2 million options on Common Stock may be granted annually under the Corporation's Employee Stock Option Plan. The exercise price of stock options, set at the time of the grant, is not less than the fair market value per share at the date of grant. Options have a term of ten years and generally vest after three years.

In February 1997, the Corporation granted a key group of senior executives 1,700,000 stock options under the 1989 Plan. The grant price of $37.938 represents the market value per share at the date of grant. The options became exercisable when the closing stock price of the Corporation's Common Stock averaged $62.50 or higher for thirty consecutive trading days.

A summary of the transactions under all plans for the three years ended December 31, 1999 follows:

SHARES AND UNITS IN THOUSANDS	Stock Options Shares	Stock Options Average Price	Other Incentive Shares/Units
OUTSTANDING AT:			
DECEMBER 31, 1996	36,160	$ 17.25	3,574
Granted	9,446	35.69	174
Exercised/earned	(4,422)	13.35	(1,156)
Canceled	(1,130)	29.52	(66)
DECEMBER 31, 1997	40,054	21.68	2,526
Granted	8,648	38.93	52
Exercised/earned	(6,708)	14.94	(550)
Canceled	(772)	32.34	(8)
DECEMBER 31, 1998	41,222	26.20	2,020
Granted	12,259	52.49	139
Exercised/earned	(7,385)	21.59	(880)
Canceled	(1,428)	47.51	(29)
DECEMBER 31, 1999	44,668	$ 33.49	1,250

Granted options in the above table include options issued in connection with business combinations. The 1999 grant amount includes the issuance of 2.6 million options associated with the purchase of Sundstrand in exchange for vested Sundstrand options.

The Corporation applies APB Opinion 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its long-term incentive plans. Accordingly, no compensation cost has been recognized for its fixed stock options. The compensation cost that has been recorded for stock-based performance awards was $26 million, $31 million and $22 million for 1999, 1998 and 1997.

The following table summarizes information about stock options outstanding (in thousands) at December 31, 1999:

Exercise Price	Options Outstanding Shares	Options Outstanding Average Price	Options Outstanding Remaining Term	Options Exercisable Shares	Options Exercisable Average Price
$10.01-$25.00	17,297	$18.02	4.60	17,297	$18.02
$25.01-$40.00	15,636	35.15	7.34	5,003	33.64
$40.01-$55.00	9,043	51.51	8.82	1,190	46.43
$55.01-$70.00	1,950	59.09	9.68	22	58.01
$70.01-$85.00	742	72.33	9.34	--	--

Had compensation cost for the Corporation's stock-based compensation plans been determined based on the fair value at the grant date for awards under those plans consistent with the requirements of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," the Corporation's net income and earnings per share would have been reduced to the following pro forma amounts:

IN MILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS	1999	1998	1997
Net income:			
As reported	$1,531	$1,255	$1,072
Pro forma	1,470	1,208	1,042
Basic earnings per share:			
As reported	$ 3.22	$ 2.68	$ 2.22
Pro forma	3.09	2.58	2.16
Diluted earnings per share:			
As reported	$ 3.01	$ 2.53	$ 2.10
Pro forma	2.89	2.44	2.05

The fair value of each stock option grant has been estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	1999	1998	1997
Risk-free interest rate	4.8%	5.4%	6.3%
Expected life	6 years	6 years	6 years
Expected volatility	25%	23%	18%
Expected dividend yield	1.2%	1.5%	1.8%

The weighted-average grant date fair values of options granted during 1999, 1998 and 1997 were $17.20, $11.33 and $9.28.

11 Restructuring

1999 ACTIONS. 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 will result in net reductions of approximately 15,000 salary and hourly employees and approximately 8 million square feet of facilities. Significant 1999 actions by operating segment included:

- Otis: Worldwide facility consolidations and workforce reductions
- Carrier: Worldwide facility closures and workforce reductions

- Pratt & Whitney: Workforce reductions; consolidation of military engine operations, manufacturing operations and the component repair business

- Flight Systems: Facility closures and consolidation of functions in Connecticut; workforce reductions; rationalization of customer support.

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

IN MILLIONS OF DOLLARS	
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:

IN MILLIONS OF DOLLARS	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
Utilized in 1999:					
Cash	137	--	2	12	151
Non-cash	34	160	--	--	194
Balance at December 31, 1999	$411	$--	$ 42	$ 44	$497

The 1999 accrued costs were recorded in cost of sales (87%) and selling, general and administrative expenses (13%) and relate 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 December 31, 1999, approximately 5,800 employees were terminated and approximately 230,000 square feet were eliminated. The remaining terminations and plant closings are planned to be substantially completed within the next twelve months.

In 1999, the Corporation incurred additional charges of $141 million associated with the restructuring actions that were not accruable when the actions were initiated.

1998 AND 1997 ACTIONS. During 1998, the Corporation accrued pre-tax charges totaling $320 million related to ongoing efforts to reduce the costs of its continuing operations in response to an increasingly competitive business environment. Charges were recorded in each of the Corporation's operating segments with the majority relating to the Pratt & Whitney, Otis and Carrier operations. The amounts were primarily recorded in cost of sales and related to workforce reductions of approximately 7,500 employees, plant closings and charges associated with asset impairments. Substantially all 7,500 employees were terminated as of December 31, 1999.

The following table summarizes the costs associated with these actions:

IN MILLIONS OF DOLLARS	Accrued Severance and Related Costs	Accrued Other Exit Costs	Asset Write-downs	Total
1998 Charges	$ 266	$ 5	$ 49	$ 320
Adjustments	(13)	--	(6)	(19)
1998 adjusted	253	5	43	301
Utilized:				
Cash	226	4	--	230
Non-cash	--	--	43	43

Balance at December 31, 1999	$ 27	$ 1	$ --	$ 28

The adjustments to the 1998 restructuring liability result from finalization of actions for amounts lower than originally estimated. These adjustments were partially offset by additional restructuring charges associated with the 1998 actions that were not originally accruable.

In 1997, the Corporation recorded charges which were similar in nature to those noted above. However, the amounts were not material and the related actions have been completed.

12 Foreign Exchange

The Corporation conducts business in many different currencies and, accordingly, is subject to the inherent risks associated with foreign exchange rate movements. The financial position and results of operations of substantially all of the Corporation's foreign subsidiaries are measured using the local currency as the functional currency. The aggregate effects of translating the balance sheets of these subsidiaries are deferred as a separate component of shareowners' equity. The Corporation had foreign currency net assets in more than forty currencies, aggregating $2.1 billion and $1.4 billion at December 31, 1999 and 1998. The Corporation's net assets in the Asia Pacific region were $1.0 billion and $489 million at December 31, 1999 and 1998.

Foreign currency commitment and transaction exposures are managed at the operating unit level as an integral part of the business. Residual exposures that cannot be offset to an insignificant amount are hedged. These hedges are initiated by the operating units, with execution coordinated on a corporate-wide basis, and are scheduled to mature coincident with the timing of the underlying foreign currency commitments and transactions. Hedged items include foreign-currency-denominated receivables and payables on the balance sheet, and commitments for purchases and sales.

At December 31, the Corporation had the following amounts related to foreign exchange contracts hedging foreign currency transactions and firm commitments:

IN MILLIONS OF DOLLARS	1999	1998
Notional amount	$2,569	$2,731
Gains and losses explicitly deferred as a result of hedging firm commitments:		
Gains deferred	$ 15	$ 6
Losses deferred	(26)	(83)
	$ (11)	$ (77)

The deferred gains and losses are expected to be recognized in earnings over the next three years along with the offsetting gains and losses on the underlying commitments.

13 Financial Instruments

The Corporation operates internationally and, in the normal course of business, is exposed to fluctuations in interest rates and currency values. These fluctuations can increase the costs of financing, investing and operating the business. The Corporation manages its transaction risks to acceptable limits through the use of derivatives to create offsetting positions in foreign currency markets. The Corporation views derivative financial instruments as risk management tools and is not party to any leveraged derivatives.

The notional amounts of derivative contracts do not represent the amounts exchanged by the parties, and thus are not a measure of the exposure of the Corporation through its use of derivatives. The amounts exchanged by the parties are normally based on the notional amounts and other terms of the derivatives, which relate to exchange rates. The value of derivatives is derived from those underlying parameters and changes in the relevant rates.

By nature, all financial instruments involve market and credit risk. The Corporation enters into derivative financial instruments with major investment grade financial institutions. The Corporation has policies to monitor its credit risks of counterparties to derivative financial instruments. Pursuant to these policies, the Corporation periodically determines the fair value of its derivative instruments in order to identify its credit exposure. The Corporation diversifies the counterparties used as a means to limit counterparty exposure and concentration of risk. Credit risk is assessed prior to entering into transactions and periodically thereafter. The Corporation does not anticipate nonperformance by any of these counterparties.

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Significant differences can arise between the fair value and carrying amount of financial instruments at historic cost.

The carrying amounts and fair values of financial instruments are as follows:

	DECEMBER 31, 1999		DECEMBER 31, 1998	
IN MILLIONS OF DOLLARS	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Marketable equity securities	$ 355	$ 355	$ --	$ --
Long-term receivables	54	53	54	53
Customer financing notes	270	267	311	304
Financial liabilities:				
Short-term borrowings	902	902	504	504
Long-term debt	3,196	3,163	1,423	1,674
Foreign exchange contracts:				
In a receivable position	38	45	16	21
In a payable position	38	32	105	96

The following methods and assumptions were used to estimate the fair value of financial instruments:

CASH, CASH EQUIVALENTS AND SHORT-TERM BORROWINGS. The carrying amount approximates fair value because of the short maturity of those instruments.

MARKETABLE EQUITY SECURITIES. The carrying value and fair value at December 31, 1999 represent the Corporation's investment in common stock that is classified as available for sale and is accounted for at fair value, where fair value is based on the quoted market price. In addition to the above, the Corporation holds shares of unregistered common stock that are considered restricted stock and are, therefore, not classified as available for sale. Those shares are reported as a long-term asset at their cost of $11 million and have an estimated fair value based on the quoted market price of approximately $355 million at December 31, 1999.

LONG-TERM RECEIVABLES AND CUSTOMER FINANCING NOTES. The fair values are based on quoted market prices for those or similar instruments. When quoted market prices are not available, an approximation of fair value is based upon projected cash flows discounted at an estimated current market rate of interest.

DEBT. The fair values are estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Corporation for debt of the same remaining maturities.

FOREIGN EXCHANGE CONTRACTS. The fair values are estimated based on the amount that the Corporation would receive or pay to terminate the agreements at the reporting date.

FINANCING COMMITMENTS. The Corporation had outstanding financing and rental commitments totaling $1,228 million at December 31, 1999. Risks associated with changes in interest rates are negated by the fact that interest rates are variable during the commitment term and are set at the date of funding based on current market conditions, the fair value of the underlying collateral and the credit worthiness of the customers. As a result, the fair value of these financings is expected to equal the amounts funded. The fair value of the commitment itself is not readily determinable and is not considered significant. Additional information pertaining to these commitments is included in Note 4.

14 Commitments and Contingent Liabilities

LEASES. The Corporation occupies space and uses certain equipment under lease arrangements. Rental commitments at December 31, 1999 under long-term noncancelable operating leases are as follows:

IN MILLIONS OF DOLLARS	
2000	$171
2001	126
2002	96
2003	68
2004	58
Thereafter	143
	$662

Rent expense was $234 million in 1999, $230 million in 1998 and $240 million in 1997.

ENVIRONMENTAL. The Corporation's operations are subject to environmental regulation by federal, state and local authorities in the United States and regulatory authorities with jurisdiction over its foreign operations. As described in Note 1, the Corporation has accrued for the costs of environmental remediation activities and periodically reassesses these amounts. Management believes that losses materially in excess of amounts accrued are not reasonably possible.

The Corporation has had insurance in force over its history with a number of insurance companies and has commenced litigation seeking indemnity and defense under these insurance policies in relation to its environmental liabilities. The litigation is expected to last several years. Environmental liabilities are not reduced by potential insurance reimbursements.

U.S. GOVERNMENT. The Corporation is now, and believes that, in light of the current government contracting environment, it will be the subject of one or more government investigations. If the Corporation or one of its business units were charged with wrongdoing as a result of any of these investigations, 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.

15 Segment Financial Data

The Corporation and its subsidiaries design, develop, manufacture, sell and provide service on products, classified in four principal operating segments. The Corporation's operating segments were generally determined on the management of the businesses and on the basis of separate operating companies, each with general operating autonomy over diversified products and services.

Otis products include elevators and escalators, service, maintenance and spare parts sold to a diversified international customer base in commercial real estate development.

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

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

The Flight Systems segment includes Hamilton Sundstrand and Sikorsky Aircraft. Hamilton Sundstrand products include environmental, flight and fuel control systems and propellers sold primarily to U.S. and non-U.S. governments, aerospace and defense contractors, and airframe and jet engine manufacturers and power generation, distribution and management systems. Sikorsky Aircraft products include helicopters and spare parts sold primarily to U.S. and non-U.S. governments.

Operating segment and geographic data include the results of all majority-owned subsidiaries, consistent with the management reporting of these businesses. For certain of these subsidiaries, minority shareholders have rights which, under the provisions of EITF 96-16, overcome the presumption of control. In the Corporation's consolidated results, these subsidiaries are accounted for using the equity method of accounting. Adjustments to reconcile segment reporting to consolidated results are included in "Eliminations and other," which also includes certain small subsidiaries.

Operating segment information for the years ended December 31 follows:

Operating Segments

IN MILLIONS OF DOLLARS	Total Revenues 1999	1998	1997	Operating Profits 1999	1998	1997
Otis	$ 5,654	$ 5,572	$ 5,548	$ 493	$ 533	$ 465
Carrier	7,353	6,922	6,056	459	495	458
Pratt & Whitney	7,674	7,876	7,402	634	1,024	816
Flight Systems	3,810	2,891	2,804	247	287	301
Total segment	$24,491	$23,261	$21,810	$1,833	$2,339	$2,040
Eliminations and other	(364)	(452)	(522)	(85)	(89)	(56)
General corporate expenses	--	--	--	(231)	(243)	(222)
Consolidated	$24,127	$22,809	$21,288	$1,517	$2,007	$1,762
Interest expense	--	--	--	(260)	(197)	(188)
Income from continuing operations before income taxes and minority interests				$1,257	$1,810	$1,574

IN MILLIONS OF DOLLARS	Total Assets 1999	1998	1997	Capital Expenditures 1999	1998	1997	Depreciation and Amortization 1999	1998	1997
Otis	$ 4,036	$ 3,049	$ 2,666	$ 84	$ 93	$143	$145	$139	$134
Carrier	5,592	4,556	4,012	237	190	143	195	184	148
Pratt & Whitney	5,660	5,863	5,617	243	254	285	250	278	286
Flight Systems	7,677	2,154	1,714	166	105	91	241	118	118
Total segment	$22,965	$15,622	$14,009	$730	$642	$662	$831	$719	$686
Eliminations and other	1,401	2,146	1,688	32	31	(4)	13	11	21
Consolidated	$24,366	$17,768	$15,697	$762	$673	$658	$844	$730	$707

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

Geographic Areas

IN MILLIONS OF DOLLARS	External Revenues 1999	1998	1997	Operating Profits 1999	1998	1997	Long-Lived Assets 1999	1998	1997
United States operations	$14,814	$13,852	$12,494	$ 757	$1,340	$1,123	$ 7,465	$3,026	$2,443
International operations:									
Europe	4,433	4,252	3,857	473	516	364	1,028	842	772
Asia Pacific	2,615	2,487	2,943	206	130	210	1,464	812	557
Other	2,472	2,517	2,348	396	353	343	514	501	541
Eliminations and other	(207)	(299)	(354)	(315)	(332)	(278)	28	--	(23)
Consolidated	$24,127	$22,809	$21,288	$1,517	$2,007	$1,762	$10,499	$5,181	$4,290

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

Revenues from United States operations include export sales as follows:

IN MILLIONS OF DOLLARS	1999	1998	1997
Europe	$1,303	$ 967	$ 870
Asia Pacific	1,389	1,910	1,854
Other	950	1,220	1,116
	$3,642	$4,097	$3,840

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

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

IN MILLIONS OF DOLLARS	1999	1998	1997
Pratt & Whitney	$2,116	$1,941	$1,935
Flight Systems	1,174	1,273	1,317

Selected Quarterly Financial Data (Unaudited)

	Quarter Ended			
IN MILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS	March 31	June 30	September 30	December 31
1999				
Sales	$5,382	$5,984	$6,068	$6,410
Gross margin	1,405	1,637	1,211	1,406
Income from continuing operations	278	417	90	56
Net income	308	1,077	90	56
Earnings per share of Common Stock:				
Basic:				
Continuing operations	$ .60	$ .89	$ .17	$ .10
Net earnings	$ .67	$ 2.33	$ .17	$ .10
Diluted:				
Continuing operations	$ .57	$ .83	$ .16	$ .10
Net earnings	$ .63	$ 2.15	$ .16	$ .10
1998				
Sales	$5,220	$5,848	$5,710	$6,009
Gross margin	1,259	1,539	1,508	1,584
Income from continuing operations	229	333	326	269
Net income	260	360	348	287
Earnings per share of Common Stock:				
Basic:				
Continuing operations	$ .48	$ .71	$ .70	$ .58
Net earnings	$ .55	$ .77	$ .75	$ .62
Diluted:				
Continuing operations	$ .46	$ .67	$ .66	$ .55
Net earnings	$ .52	$ .72	$ .70	$ .58

Comparative Stock Data

	1999			1998		
Common Stock	High	Low	Dividend	High	Low	Dividend
First quarter	67 13/16	54	$.18	46 31/32	33 1/2	$.155
Second quarter	74 11/16	61 3/4	$.18	50 1/16	42 1/32	$.18
Third quarter	71 3/16	56	$.20	49 9/16	35 7/8	$.18
Fourth quarter	65	52 5/16	$.20	56 1/4	36	$.18

The Corporation's Common Stock is listed on the New York Stock Exchange. The high and low prices are based on the Composite Tape of the New York Stock Exchange. There were approximately 25,000 common shareowners of record at December 31, 1999.

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

The companies listed below are direct or indirect subsidiaries of the Registrant. Their names and jurisdictions of incorporation are as follows:

	State/Country of Incorporation
Ardco, Inc.	Illinois
Cade Industries, Inc.	Wisconsin
Carmel Forge Inc.	Israel
Carrier Air Conditioning Pty. Limited	Australia
Carrier Argentina S.A.	Argentina
Carrier Corporation	Delaware
Carrier Mexico S.A. de C.V.	Mexico
Carrier S.A.	France
Carrier S.p.A.	Italy
Carrier Singapore (PTE) Limited	Singapore
Carrier-Espana, SA	Spain
CEAM Srl	Italy
China Tianjin Otis Elevator Company, Ltd.	China
Daewoo Carrier Corporation	South Korea
Eagle Services Asia Private Ltd.	Singapore
Elevadores Otis Ltda.	Brazil
Empresas Carrier, S.A. De C.V.	Mexico
Evans Lifts Limited	United Kingdom
Generale Frigorifique S.A.S. (G.F.F.)	France
Great Lakes Turbines Corp.	Michigan
Hamilton Sundstrand Corporation	Delaware
Helicopter Support, Inc.	Connecticut
Homogeneous Metals Inc.	New York
ICP International Holdings Inc.	Cayman Islands
Johns Perry Lifts Holdings	Cayman Islands
LG-Otis Elevator Company	South Korea
Microtecnica S.P.A.	Italy
Milton Roy Company	Pennsylvania
Miraco Development Services & Trading Company, S.A.E.	Egypt
Nevada Bond Investment Corp. II	Nevada
Nippon Otis Elevator Company	Japan
Otis [France]	France
Otis Elevator Company (H.K.) Limited	Hong Kong
Otis Elevator Company [New Jersey]	New Jersey
Otis Elevator Company Pty. Ltd.	Australia
Otis G.m.b.H.	Germany
Otis Plc	United Kingdom
Otis S.p.A.	Italy
Pratt & Whitney Compressor Airfoils Holdings, Inc.	Delaware
Pratt & Whitney Canada Inc.	Canada
Pratt & Whitney Engine Services, Inc.	Delaware
Pratt & Whitney Export, Inc.	Delaware
Pratt & Whitney Holdings LLC	Cayman Islands

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

	State/Country of Incorporation
Profroid Industries S.A.	France
Ratier Figeac S.A.	France
Sikorsky Aircraft Corporation	Delaware
Sikorsky Export Corporation	Delaware
Sikorsky International Operations, Inc.	Delaware
Sphere Corporation	Wisconsin
Springer Carrier S.A.	Brazil
Sullair Corporation	Indiana
Sundstrand Pacific Acquiring PTE Ltd.	Singapore
The Express Lift Company Limited	United Kingdom
The Falk Corporation	Delaware
Turbine Airfoil Refurbishment Services, Inc.	Delaware
Turbine Overhaul Services PTE LTD	Singapore
Turbo Power and Marine Systems, Inc.	Delaware
Tyler Refrigeration Corporation	Delaware
United Technologies Electronic Controls, Inc.	Delaware
UT Finance Corporation	Delaware
UT Insurance (Vermont), Inc.	Vermont
United Technologies International Operations, Inc.	Delaware
Zardoya Otis, S.A.	Spain

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

Exhibit 24

UNITED TECHNOLOGIES CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of UNITED TECHNOLOGIES CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints WILLIAM H. TRACHSEL, DAVID J. FITZPATRICK and DAVID G. NORD, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 1999, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 7th day of February, 2000.

/s/ Antonia Handler Chayes
Antonia Handler Chayes

UNITED TECHNOLOGIES CORPORATION
Power of Attorney

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 7th day of February, 2000.

/s/ Jean-Pierre Garnier
Jean-Pierre Garnier

UNITED TECHNOLOGIES CORPORATION
Power of Attorney

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 7th day of February, 2000.

/s/ Charles R. Lee
Charles R. Lee

UNITED TECHNOLOGIES CORPORATION
Power of Attorney

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 7th day of February, 2000.

/s/ Richard D. McCormick
Richard D. McCormick

UNITED TECHNOLOGIES CORPORATION
Power of Attorney

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 7th day of February, 2000.

/s/ William J. Perry
William J. Perry

UNITED TECHNOLOGIES CORPORATION
Power of Attorney

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 7th day of February, 2000.

/s/ Frank P. Popoff
Frank P. Popoff

UNITED TECHNOLOGIES CORPORATION
Power of Attorney

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 7th day of February, 2000.

/s/ Andre Villeneuve
Andre Villeneuve

UNITED TECHNOLOGIES CORPORATION
Power of Attorney

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 7th day of February, 2000.

/s/ Harold A. Wagner
Harold A. Wagner

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This schedule contains restated financial information extracted from the consolidated Balance Sheet at December 31, 1999 (Unaudited) and the Consolidated Statement of Operations (Unaudited) for the year ended December 31, 1999 and is qualified in its entirety by reference to such financial statements.

1,000,000

YEAR
DEC-31-1999
JAN-01-1999
DEC-31-1999
957
0
4,743
406
3,504
10,627
10,455
5,995
24,366
9,215
3,086
449
0
4,227
2,890
24,366
18,021
24,127
14,500
18,185
1,292
0
260
1,257
325
841
690
0
0
1,531
3.22
3.01

This schedule contains restated financial information extracted from the Condensed Consolidated Balance Sheet and the Condensed Consolidated Statement of Operations for the periods indicated below, and is qualified in its entirety by reference to such financial statements. Referenced as Exhibit 27.1 in 10-K.

1,000,000

9-MOS	6-MOS	3-MOS	YEAR
DEC-31-1999	DEC-31-1999	DEC-31-1999	DEC-31-1998
JAN-01-1999	JAN-01-1999	JAN-01-1999	JAN-01-1998
SEP-30-1999	JUN-30-1999	MAR-01-1999	DEC-31-1998
1,115	885	657	550
0	0	0	0
4,500	4,462	3,731	3,733
330	320	313	316
3,504	3,490	3,302	3,191
10,316	9,989	10,058	9,828
10,178	10,097	9,495	9,549
6,009	5,952	6,034	5,994
23,080	22,027	17,912	17,768
8,141	7,698	7,381	7,182
2,844	2,110	1,553	1,570
449	451	454	456
0	0	0	0
4,184	4,097	2,818	2,708
2,918	3,220	1,681	1,670
23,080	22,027	17,912	17,768
13,158	8,577	3,980	17,348
17,610	11,483	5,442	22,809
10,447	6,575	3,110	13,436
13,181	8,324	3,977	16,897
886	580	274	1,168
0	0	0	0
175	112	55	197
1,188	1,073	435	1,810
334	332	136	568
785	695	278	1,157
690	650	30	98
0	0	0	0
0	0	0	0
1,475	1,385	308	1,255
3.13	3.01	.67	2.68
2.92	2.78	.63	2.53

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This schedule contains restated financial information extracted from the Condensed Consolidated Balance Sheet and the Condensed Statement of Operations for the periods indicated below, and is qualified in its entirety by reference to such financial statements. Referenced as Exhibit 27.2 in 10-K.

1,000,000

9-MOS	6-MOS	3-MOS	YEAR
DEC-31-1998	DEC-31-1998	DEC-31-1998	DEC-31-1997
JAN-01-1998	JAN-01-1998	JAN-01-1998	JAN-01-1997
SEP-30-1998	JUN-30-1998	MAR-31-1998	DEC-31-1997
558	641	619	655
0	0	0	0
4,029	3,941	3,812	3,517
341	334	316	302
2,901	2,880	3,075	2,934
9,959	9,787	9,761	9,415
9,387	9,176	9,121	9,257
6,004	5,835	5,771	5,766
17,279	16,444	16,329	15,697
7,329	6,930	6,948	6,563
1,600	1,216	1,249	1,268
455	452	452	450
0	0	0	0
2,647	2,604	2,569	2,488
1,730	1,687	1,667	1,585
17,279	16,444	16,329	15,697
12,802	8,442	3,931	15,946
16,822	11,139	5,308	21,288
9,973	6,612	3,145	12,638
12,472	8,270	3,961	15,846
844	556	277	1,069
0	0	0	0
140	92	47	188
1,389	883	362	1,574
436	277	114	514
888	562	229	962
80	58	31	110
0	0	0	0
0	0	0	0
968	620	260	1,072
.75	.77	.55	2.22
.70	.72	.52	2.10