

United Technologies  
2003 YEAR IN REVIEW  
this is momentum

2003 YEAR IN REVIEW

this is momentum



1 SHAREHOLDER LETTER

4 AT A GLANCE

8 EMPLOYEE SCHOLARS

10 THIS IS MOMENTUM

38 CARRIER

39 CHUBB

40 HAMILTON SUNDSTRAND

41 OTIS

42 PRATT & WHITNEY

43 SIKORSKY

44 UTC POWER

45 CORPORATE INITIATIVES

47 DIRECTORS

48 LEADERSHIP

49 SHAREOWNER INFORMATION

#### Factors That May Affect Future Results

This publication contains statements concerning earnings, revenues, operating margins, savings, growth and other financial measurements; new business and business opportunities; acquisitions; and other aspects of future operating or financial performance. These statements are based on assumptions currently believed to be valid and may be “forward-looking statements” under securities laws. Various factors could materially affect actual results. These include: changes in economic or market conditions, government procurement policies and technology, or competition. For additional information about these factors, see the Corporation’s Annual Report for 2003, Form 10-K Report for 2003 and reports on Forms 10-Q and 8-K.

**DEAR SHAREOWNER:** UTC had an exceptional year in 2003 as we added our first new business segment in more than two decades and saw our market capitalization grow by more than \$16 billion.

Total shareowner return for the year was 55 percent, compared with 28 percent for the Dow Industrials and 29 percent for the S&P 500. Longer term, UTC's total shareowner return has substantially outperformed both indices, with 629 percent over 10 years for UTC, 242 percent for the Dow Industrials and 186 percent for the S&P 500.

Earnings per share increased 6 percent to \$4.69. Operating cash flow was robust at \$2.9 billion, essentially equaling net income after capital expenditures of \$530 million. This cash flow result was stronger still for having included \$1 billion in voluntary contributions to our pension plans worldwide. We deployed the amounts for acquisitions exceeding \$2 billion (including assumed debt) and share repurchase totaling \$400 million.

Acquisitions and the translation effect of a weaker dollar contributed to revenue growth of 10 percent and 2003 revenues

of \$31 billion. The Corporation's debt-to-capital ratio ended the year at 31 percent, down 6 percentage points for the year. We increased the dividend twice for a combined rate increase of 43 percent based on our strong performance and outlook and reflecting the Bush Administration's dividend tax cut.

We entered the security and fire protection industries with the acquisition of Chubb plc, a world leader in its fields. Chubb fits well with UTC's commercial businesses, Otis and Carrier, and we are confident we can improve operating performance, competitiveness, growth rates and market positions for Chubb. Because Chubb's business presence is primarily outside the United States, our international revenues grew to 57 percent of the Corporation's total.

We achieved our results in 2003 for the usual UTC reasons of business balance and productivity and cost reduction. We overcame the third straight year of weaker commercial aviation

markets with our military aerospace revenues growing 9 percent. Revenue gains of 16 percent at Otis and 5 percent at Carrier, plus the Chubb acquisition, moved the non-aerospace percentage of UTC's total revenues up to 61 percent.

Most of our revenue growth last year was in international markets, again reflecting Otis and Carrier performance, the Chubb acquisition and the weaker U.S. economy. Aftermarket revenues grew 13 percent, to \$13.3 billion, and are now 43 percent of total revenues. We see the domestic economy turning in 2004 and think the Corporation's revenue growth worldwide this year may be in double digits.

Achieving Competitive Excellence (ACE) is UTC's mature discipline for productivity and quality assurance. Without qualification, ACE is the reason for our operating income margin expansion from 6 percent to 14 percent over the last decade and the Corporation's total shareholder return performance. We see the evidence in statistics like the doubling of

Otis' and Carrier's physical production rates over the last decade with workforces only a quarter larger. Comparable gains have been achieved throughout UTC, and we see lots more ahead.

A safe place to work is an organization's overriding obligation, and we have dropped our lost workday injury rate by more than 10 times since 1990. We set goals for environmental improvement at the same time and have seen comparable gains. More recently, we went after energy and water consumption across UTC, setting 25 percent improvement goals. Achieving both goals by the end of 2002, four years ahead of schedule, we went back and re-set the goals to 40 percent gains. The Environmental Protection Agency named UTC a "Climate Leader" in 2003. We are firmly committed to doing more with less every year throughout UTC, the definition of both productivity and sustainability.

Our commitment to employee development is our Employee Scholar Program. Since its inception in 1996, more than 13,000 employees have earned college and advanced degrees under this exceptional program. Fourteen percent of UTC's domestic workforce is enrolled in college today, nearly three times the average rate among U.S. employers. While our largest participation is domestic, the program extends globally and has had amazing results such as 462 degrees awarded in Brazil, 247 in Korea, 126 in Poland and 110 in Mexico.

We're proud of our results in 2003 and over the last decade. We have every expectation of maintaining momentum in 2004 and beyond. On behalf of shareholders, I thank every UTC employee for his or her energy, enthusiasm and commitment. They're a great group.



George David  
Chairman and Chief Executive Officer

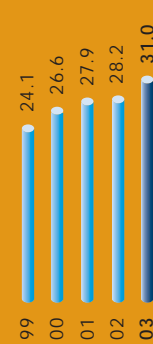


## AT A GLANCE

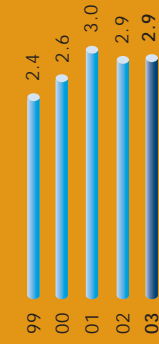
United Technologies provides high-technology products and services to the building systems and aerospace industries throughout the world. UTC's industry-leading companies are Pratt & Whitney, Carrier, Chubb, Otis, UTC Power, Hamilton Sundstrand and Sikorsky. The latter two make up the Flight Systems segment. UTC's revenue and earnings both increased in 2003, despite challenging economic conditions, compared with 2002. Revenues grew 10 percent to \$31.0 billion and both diluted earnings per share and net income increased 6 percent to \$4.69 per share and \$2.4 billion, respectively. Operating cash flow was \$2.9 billion and, in part, was used to fund dividends, which increased to \$1.14 per share in 2003. Debt to total capitalization ratio at the end of 2003 was 31 percent.

## HIGHLIGHTS

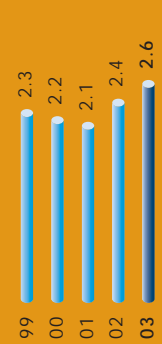
**Revenues**  
Dollars in Billions



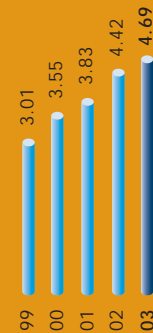
**Operating Cash Flows**  
Dollars in Billions



**Research & Development**  
Dollars in Billions



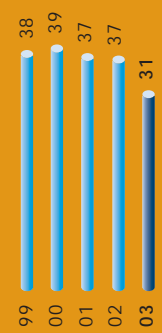
**Diluted Earnings Per Common Share**  
Dollars Per Share



**Dividend Paid Per Common Share**  
Dollars Per Share



**Debt To Capital**  
Percent



## PRODUCTS AND SERVICES

**CARRIER** Heating, ventilating and air conditioning (HVAC) equipment for commercial, industrial and residential buildings; HVAC replacement parts and services; building controls; commercial refrigeration; food service equipment; transport refrigeration and air conditioning.

**CHUBB** Security and fire protection systems; integration, installation and servicing of intruder alarms, access control and video surveillance, and monitoring, response and security personnel services; installation and servicing of fire detection and suppression systems.

**HAMILTON SUNDSTRAND** Aircraft electrical and power distribution systems; engine and flight controls; propulsion systems; environmental controls for aircraft, spacecraft and submarines; auxiliary power units; product support, maintenance and repair services; space life support systems; industrial products including mechanical power transmissions, compressors, metering devices and fluid handling equipment.

**OTIS** Design, manufacture, installation, maintenance and servicing of elevators, escalators and moving walkways for low-, mid- and high-rise commercial and residential buildings, multipurpose malls and urban transportation systems.

**PRATT & WHITNEY** Large and small commercial and military turbofan, turboprop and turboshaft engines; spare parts and product support; specialized engine maintenance and overhaul and repair services for airline, government and private fleets; rocket engines and space propulsion systems; industrial gas turbines and aftermarket services to support the electrical generation, mechanical pump drive and marine propulsion markets.

**SIKORSKY** Military and commercial helicopters; spare parts and maintenance services for helicopters and fixed-wing aircraft; and civil helicopter operations.

**UTC POWER** Combined heat, cooling and power systems for commercial and industrial applications and fuel cells systems made by UTC Fuel Cells for commercial, transportation and space applications including the U.S. Space Shuttle program.

Few companies can change the world. We're one. UTC's seven global businesses create new possibilities on every continent, in nearly every corner of our lives. Our success has a strong foundation: superb technical knowledge, critical mass and a proven commitment to quality, efficiency, productivity and values.

We put these resources to work daily, building not only better solutions but also the basis for better lives, planet-wide.



**this is united technologies**

**this is momentum**



**\$400 MILLION ENDOWMENT**

**EMPLOYEE SCHOLAR PROGRAM** Educated and energized, these employees join more than 2,300 fellow UTC degree recipients in 2003, and a community of more than 13,500 graduates since the program began in 1996. Backed by a company investment of approximately \$400 million to date, the Employee Scholar Program's combination of 100 percent tuition coverage, paid time off and stock awards on graduation make it one of the most comprehensive and effective employee education programs in the world.

**Ideas built on a legacy of innovation. Technologies that define markets and create permanent value. The energy and intellect of a highly educated workforce — this is momentum**





SIKORSKY  
RENAISSANCE BIRD Gale winds and  
30-foot seas can't deter Sikorsky's S-76 workhorse  
from its appointed rounds in the Gulf of Mexico.  
2003 marked a renaissance for the S-76, with sales  
hitting a 20-year high as offshore oil companies  
renewed their fleets.





PRATT & WHITNEY/HAMILTON SUNDSTRAND

LEADERSHIP INSIDE & OUT Two of the world's most sophisticated military aircraft leaped forward in 2003 thanks to UTC's pioneering contributions. Pratt & Whitney's F135, first-choice engine for the Joint Strike Fighter (JSF), passed a battery of tests with flying colors. The JSF, shown at left, includes an array of advanced Hamilton Sundstrand systems representing \$700 million in development contracts through 2007. Meanwhile, the F/A-22 Raptor, right, began operational testing at Nellis Air Force Base. Pratt & Whitney responsibilities for the Raptor's F119 engine go well beyond development and production to include support, maintenance and fleet management – a first for such a program. Hamilton Sundstrand also is contributing significantly through development of the aircraft's advanced electrical system and engine controls.



OTIS  
ON CALL WORLDWIDE  
Otis services 1.4 million elevators,  
escalators and moving walkways  
around the world. More than 40  
percent of the world's elevators and  
escalators are being installed in Asia;  
Otis' strong position in this market  
will help fuel the company's growth.



## CARRIER / OTIS

### GREEN DESIGN FOR COLUMBUS

**CIRCLE** Automated building systems from UTC are yielding exceptional energy efficiency at the new Time Warner Center under construction at Columbus Circle in New York City. The Carrier HVAC system, built on “green design” principles, utilizes actual weather information and the efficiency curves of system components to distribute loads among multiple chillers, reducing energy consumption while enabling on-demand heating, cooling and ventilation from 6,000 points of control. The result is a win not just for UTC and Time Warner, but for New York City residents and electricity consumers everywhere. Otis has installed 19 elevators to assist visitor travel throughout the center, including two units that will move passengers touring the CNN broadcast area. The building's equipment also includes a mix of six low-rise elevators, gearless machines moving at a speed of 500 feet per minute, and eight high-rise elevators, 30-ton machines with a speed of 700 feet per minute. These elevators utilize an AC variable frequency drive resulting in energy savings by tailoring the consumption of energy to the speed of the elevator rather than drawing a fixed amount of power continuously. All passenger cars feature TV monitors, unique, blue-lit glass interiors and HPLIM® systems, Otis' state-of-the-art door operators.





## PRATT & WHITNEY

### RL10: THE LEGEND LIVES ON

As a mainstay of U.S. space programs, the RL10 engine has set the world standard for performance and dependability during its 40 years of service. This compact, upper-stage powerhouse has helped more than 150 government and commercial satellites reach their proper orbits and has powered several planetary missions. The RL10 is also the engine of choice for both the highly advanced Atlas V and Delta IV rockets. As the RL10 continues to build its legacy, Pratt & Whitney is developing a new engine, the RL60, which is equal in size but offers twice the performance.







## CHUBB

**THE 64,000 USER ANSWER** The July acquisition of Chubb brought UTC a new business segment with impeccable global building security credentials and a customer base to match. Chubb's technological leadership and a support team of 5,000 service engineers have made it the fire and security system provider of choice for landmarks as diverse as the Eiffel Tower and NASA's Johnson Space Center. Chubb's range of Verex products integrate intrusion detection, access control and digital video recording in flexible, expandable configurations that allow the management of up to 64,000 users from a single station as small as a laptop computer. Installations include major financial institutions in Canada and sites such as selected United Kingdom flagship retail stores of Vodafone, one of the world's largest mobile services providers, and the Dutch tax offices in the Netherlands.



UTC POWER

**THE NON-BLACKOUT** Darkness came early for nearly 50 million Americans on August 14, 2003, in the wake of a massive power failure. But for Detective Walter Burnes at New York City's Central Park Police Precinct, it was a non-event. "We didn't even know it happened until somebody looked out and saw the street lights were out," said Burnes. "The power never skipped a beat." What kept the lights on was a 200-kilowatt UTC Fuel Cells power plant – a shining example of UTC Power's ability to deliver reliable, on-site power through turnkey systems. The fuel cell made Central Park the shining light that night.



**Leadership that breaks barriers and creates opportunities. Strategic focus that galvanizes collaboration. The wisdom and respect of global customers — this is momentum**

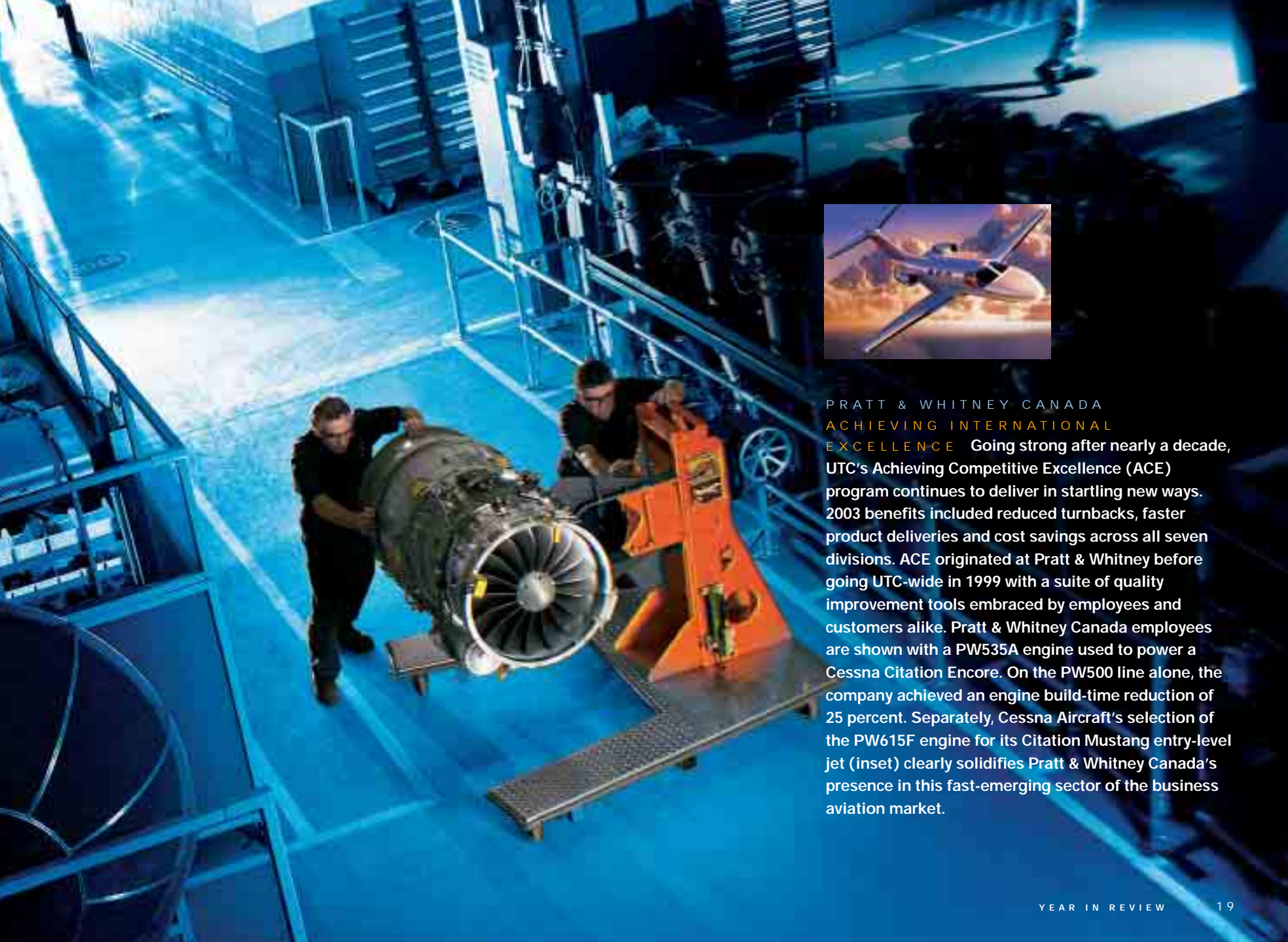




SIKORSKY

LIFE SAVER Crews flying Sikorsky helicopters saved more than 2,400 lives in humanitarian and combat missions worldwide in 2003. Some of those missions were flown in U.S. Air Force PAVE HAWK helicopters like the one shown in silhouette here.





**PRATT & WHITNEY CANADA  
ACHIEVING INTERNATIONAL  
EXCELLENCE** Going strong after nearly a decade, UTC's Achieving Competitive Excellence (ACE) program continues to deliver in startling new ways. 2003 benefits included reduced turnbacks, faster product deliveries and cost savings across all seven divisions. ACE originated at Pratt & Whitney before going UTC-wide in 1999 with a suite of quality improvement tools embraced by employees and customers alike. Pratt & Whitney Canada employees are shown with a PW535A engine used to power a Cessna Citation Encore. On the PW500 line alone, the company achieved an engine build-time reduction of 25 percent. Separately, Cessna Aircraft's selection of the PW615F engine for its Citation Mustang entry-level jet (inset) clearly solidifies Pratt & Whitney Canada's presence in this fast-emerging sector of the business aviation market.



## OTIS

### A SUSTAINABLE DESIGN

Economical, architecturally pleasing and environmentally sound, the Otis Gen2™ elevator is maximizing rentable space for developers and building managers in all areas of the world, including North America and Japan where it was introduced in 2003. The Gen2 system, at left, in a mid-rise installation in Salt Lake City, Utah, is not just a new product but also a fundamental rethinking of elevator design. Its revolutionary coated-steel belt technology and compact machine eliminate the need for rooftop machine rooms that have encumbered conventional elevator designs for more than a century. Its compact size also makes the Gen2 ideal for retrofit applications where tight dimensions and environmental concerns preclude competing approaches.





#### CARRIER

#### BROUGHT TO FRUITION

World-renowned in traditional refrigeration markets, Carrier is building a growing reputation in settings as diverse as the *Queen Mary II* and the vineyards of France and Australia. In the last five years, more than 50 AquaSnap™ air-cooled scroll chillers have been installed in Australian wineries, increasing production efficiency while improving the quality of both red and white wines during fermentation, stabilization and storage. Their compact, all-in-one hydronic package design also facilitates installation in the widely varied operating environments that characterize the industry.





**CARRIER**  
**ULTIMA TRAILER UNIT**

If a 53-foot trailer truck carrying frozen perishables leaves Los Angeles and heads east across the Mojave Desert, it might encounter ambient temperatures ranging between -10 F and 135 F. No problem for Carrier's Ultima 53 trailer refrigeration unit, with innovative air circulation technology that improves heat transfer, increases capacity and reduces fuel consumption.





PRATT & WHITNEY / HAMILTON SUNDSTRAND

**PIONEER, BUILD, SERVE** U.S. Air Force demand for the massive C-17 Globemaster III strategic airlifter shows no signs of letting up. The 60 new aircraft ordered in 2002 translated into a 2003 Pratt & Whitney engine contract worth \$1.4 billion. The 240 new F117 install engines plus spares are scheduled for delivery between 2004 and 2007, complementing 550 already in service. Pratt & Whitney is the C-17 Globemaster's exclusive engine producer and fleet maintenance provider. The F117 is a highly successful application of the PW2000 commercial engine for a military need. Hamilton Sundstrand systems, worth more than \$1.5 million per aircraft, include the electrical power generating system, electronic engine control, on-board inert gas generating systems and emergency power ram air turbine.



UTC POWER

FROM WASTE HEAT TO PURE COMFORT

UTC Power's PureComfort™ 240M system, launched in December 2003, combines microturbines with a Carrier absorption chiller/heater, powered entirely by the microturbines' exhaust heat, to provide cooling, heating and power at more than twice the efficiency of traditional approaches. In June 2003, United Technologies Research Center opened its innovative Integrated Cooling, Heating & Power (CHP) Systems Qualification facility. This facility supports development of integrated cooling, heating and power systems such as the PureComfort 240M.



CARRIER

SUPER TARGET

When Carrier Corporation began its multi-year partnership with Target stores it was more than the working together of two hundred-year-old companies; it was the bringing together of two innovative cultures that share a commitment to growth through quality and performance. Carrier brought Target a fully integrated solution to its heating, ventilation, humidity, air conditioning and commercial refrigeration needs for both its new stores and remodels as Target moves towards its goal of 2010 stores by 2010.







OTIS AND RESEARCH CENTER  
TAKING THE ESCALATOR TO  
A HIGHER LEVEL Otis engineers  
and designers create safe, smooth riding  
systems for 21<sup>st</sup> century needs. 2003 saw  
the successful launch of the revolutionary  
NextStep™ escalator. Its Guarded™ step  
eliminates the gap between the riser and  
the skirt panel, providing an extraordinary  
measure of safety to the rider. At the  
same time, the NextStep compact drive  
system saves space while offering an  
extremely smooth ride. Structural and  
dynamic analysis of the system by UTRC  
resulted in lower noise and reduced  
vibration. Self-adjusting components and  
lubrication-free design maximize uptime  
and deliver environmental benefits as well.



A hand in a dark suit jacket points towards a large, glowing data visualization on a screen. The visualization consists of a grid of horizontal lines, with some lines highlighted in white and others in blue. The background is a blurred blue and white, suggesting a modern, high-tech environment.

**A product pipeline fueled by an endless gift for transformation. An organization committed to honoring the individual, serving the community and achieving sustainable growth — this is momentum**

## CHUBB

**ZONED FOR SAFETY** A Chubb innovation is the Résonance fire detection and protection product line developed by Chubb Sécurité in France, which allows 240 zones to be monitored from a single point. The system has been developed in pilot sites such as the Georges Pompidou Hospital where technical requirements are particularly stringent. The Centre Cardiologique du Nord, a leading heart clinic near Paris, and the Carré Sénart retail center, one of the largest in Europe, also use the new fire detection and protection panels.



## OTIS

**FASHION MEETS FUNCTION** With 600 stores in 44 countries, Zara brings international fashion culture to consumers all over the world. For shoppers in Birmingham, England, the Zara experience has been heightened by the stylish lines and exceptionally safe functionality of the Otis NextStep escalator. The Birmingham installation, completed in September, marked the retail store debut of the NextStep, a revolution in escalator design.





OOCL GERMANY

#### CARRIER

#### SPEEDING TO GLOBAL MARKETS

Carrier Transicold's Container Products Group, the world's market leader in container refrigeration, continued to grow in both market share and profitability during 2003. Microprocessor-based controls enable the online monitoring of conditions inside each of the more than 8,000 containers aboard this Post-Panamax-class freighter, while advanced compression technology provides efficient, dependable climate control.



A close-up photograph of a woman wearing a white space helmet with a clear visor. The visor is overlaid with several glowing, semi-transparent biohazard symbols in various colors (yellow, green, red, blue). The woman has a serious expression and is looking slightly upwards and to the right. The background is a dark, textured blue.

HAMILTON SUNDSTRAND  
FACING DOWN BIOHAZARDS

Decades of space experience and newer capabilities in chemical and biological detection for personal and building protection, allow engineers at Hamilton Sundstrand to develop a variety of materials and systems for use in the war against bioterrorism.



UTC FUEL CELLS  
HYDROGEN TAKES TO THE ROAD  
Nissan's X-TRAIL FCV, powered by a UTC Fuel Cells' Series 500 power section, was unveiled at the 2003 Tokyo Auto Show. The zero-emissions car produces 114 horsepower and hits a top speed of 90 miles per hour. Nissan plans to start leasing fuel cell-powered X-TRAILS in limited numbers in 2004 as it drives toward the hydrogen economy.



#### SIKORSKY

**ANOTHER COLLIER WINNER** Sikorsky's all-new, S-92™ commercial helicopter highlighted an outstanding year by winning the Collier Trophy, the aviation industry's highest honor. This was UTC's second year in a row as a Collier winner. Meanwhile, S-92 production began in Bridgeport, Connecticut, paving the way for initial deliveries in 2004. The S-92 cockpit shown on the production floor is a miracle of global parts and subsystem coordination, illustrating the benefits of all-digital workflow in the hands of a seasoned production team. The military version of the S-92 is pictured above.







PRATT & WHITNEY

**EMIRATES** In December 2003, Emirates selected the GE-P&W Engine Alliance GP7200 engine for 21 Airbus A380 aircraft. The value of the engine contract to the Engine Alliance for 93 engines exceeds \$1.5 billion. Aircraft deliveries begin in 2009. This latest contract follows Emirates' 2002 announcement to purchase GP7200 engines for 22 A380 aircraft. Delivery of those aircraft begins in October 2006. Through 2003, the GP7200 has been selected to power 61 percent of A380 aircraft for which engines have been specified.



PRATT & WHITNEY  
MOVING FORWARD – AT TOP SPEED

Pratt & Whitney's newest commercial engine, the PW6000, is being designed to achieve the lowest maintenance costs of any engine in its class. Building on proven technology and incorporating technological advances, the engine contains fewer parts, resulting in lower costs. The new engine was developed specifically for 100-passenger aircraft and currently is offered on the Airbus A318. 2003 was a year of successful development and flight tests that will ensure world-class reliability and durability at entry into service in 2005.

**this is united technologies**

**this is momentum**



**CARRIER** Carrier's productivity and growth strategies yielded strong results in 2003, with revenues up 5 percent, earnings up 11 percent, and margins up by 60 basis points, adjusted for restructuring. The last quarter of 2003 marked the seventh consecutive quarter of margin expansion.

Productivity has come from factory consolidations, reduced vertical integration and implementation of the ACE operating and quality system. Since 2000, revenue per employee has risen 23 percent.

Product development efforts now focus on common, global platforms developed by cross-functional teams that leverage Carrier's worldwide knowledge and skills. This platform concept is reducing product complexity and the number of design centers. Over the last three years, in the fields of residential and commercial heating, ventilation and air conditioning (HVAC) systems and commercial refrigeration systems, Carrier has been issued more U.S. patents than any of its competitors.

Carrier's complete systems and controls solution for Time Warner's New York City headquarters illustrates its ability to integrate HVAC solutions with other systems including fire/life/safety, security/access and lighting.

The Carrier Aero™ Air Handling Unit is now available with AgION™ antimicrobial-coated steel, a silver ion-based compound that suppresses the growth of molds and other microbes in HVAC equipment serving commercial buildings.

In 2003, sales through Sears, the largest retail player in residential ducted systems, increased 89 percent. Building on its success with products supplied under the Sears Kenmore brand, the Carrier brand was added to Sears' offering.

Carrier also secured its position as HVAC supplier of choice to Ryland Homes, the sixth largest residential builder in the United States, with upgrade orders for 2,500 new homes in 2004, converting to high efficiency, non-ozone depleting Puron® air conditioners. Carrier already supplies HVAC products to 15,000 new Ryland homes each year.

Carrier markets have more than doubled over the past 15 years, despite market weakness in the last three years. Trends such as urbanization, demographics, food safety and energy efficiency all point to continued growth. Carrier is poised to build on its 100-year heritage as its customer's first choice in heating, ventilation, air conditioning and commercial refrigeration.



**CHUBB** Innovative products and a tradition of outstanding service have made Chubb a global leader in electronic security, fire protection, monitoring, security personnel and rapid response.

For 186 years, Chubb has been selected to safeguard the world's most treasured landmarks and vital operating facilities. Current customers include Oxford and Cambridge universities, the Wimbledon tennis tournament, the Eiffel Tower and the Canberra Deep Space Communication Center in Australia. The company employs 47,000 people in more than 20 countries, and has market leading positions in locations as diverse as Canada, Hong Kong, Australia, France and the Ireland.

Chubb's focus on technology is exemplified by its Toronto-based subsidiary, Verex Technology, whose pioneering products integrate intrusion detection, access control, video surveillance and digital video recording in flexible, expandable configurations that allow the management of up to 64,000 users from a single station as small as a laptop computer.

Soon after UTC's acquisition of Chubb in July 2003, the new management team under President Olivier Robert toured major operations in Asia, Australia, Europe and Canada, and studied operations from guard patrols to remote video monitoring. The team then set out to identify the areas of greatest potential and integrate them into a broader strategic framework.

At the same time, processes were set in motion to help Chubb capitalize on UTC's operational strengths. New initiatives in supply chain management, back-office operations, information technology and employee development are all being rolled out in 2004. A priority is to introduce the ACE program that has been so effective in other UTC businesses.

In 2004 and beyond there will be an increased focus on the development of proprietary technologies for Chubb.

Under the direction of its new leadership team and energized by potential synergies with other UTC businesses, Chubb is poised for renewed growth—both organic and by acquisition — as well as improved financial performance.





**HAMILTON SUNDSTRAND** The international team of Hamilton Sundstrand businesses continued to build momentum in 2003 despite challenging business conditions. Aerospace business units clinched more significant aircraft content, continued on schedule in systems development for the Joint Strike Fighter and Airbus A380, and now see the commercial aftermarket recovering. Industrial businesses expanded their presence in China, secured important domestic and international projects and designed new, environmentally friendly products.

The company is building international momentum. AVIC 1 Commercial Aircraft Company of Shanghai selected multiple systems for its new 80- to 100-passenger regional jet, the ARJ21, making Hamilton Sundstrand the top systems supplier. Airbus tapped the Ratier-Figeac unit in France to develop and produce the propeller system for the A400M airlifter, potentially worth more than \$800 million over the program life.

Falk, a Hamilton Sundstrand industrial company, will complete a new facility in China this year to provide better service to Asian customers and tap low-cost sources for products worldwide.

Customers like Hamilton Sundstrand. Airbus gave one of only two 2003 Supply Chain Excellence awards for “best value for money” to German business unit Nord-Micro, which supplies cabin pressure and ventilation control systems. Lockheed Martin presented the Electric Systems Enterprise the Joint Strike Fighter Distinguished Supplier Award for meeting goals and adapting to program changes.

Airline customers also recognized the value of enhancing their repair and service agreements with Hamilton Sundstrand, the original equipment manufacturer (OEM), and the company signed additional long-term agreements with major customers. For the sixth year in a row, Hamilton Sundstrand received the Platinum Supplier award from American Airlines.

The company’s military business continued to grow. Hamilton Sundstrand won its first Performance-Based Logistics contract from the U.S. Navy to support a fleet of helicopter-based auxiliary power units.

Hamilton Sundstrand sees a bright future for its aerospace and industrial markets and is investing customer-funded and company-funded research at a rate exceeding 15 percent of sales to develop industry-leading products and systems.



**OTIS** The safety-brake elevator, patented by Elisha Graves Otis 150 years ago, made possible many landmarks of modern civilization, from the Eiffel Tower and the Empire State Building to the Petronas Towers in Kuala Lumpur. Otis escalators and moving walkways helped give the world such familiar venues as department stores, shopping malls and metropolitan airports. To this day, no transportation technologies move people more efficiently than the ones Otis pioneered.

In 2003, Otis celebrated a century and a half of history by continuing to *make* history, participating in new landmark projects and delivering strong financial performance.

Two revolutionary product technologies, the Gen2 elevator and the NextStep escalator, helped Otis capture contracts for many high-visibility projects. Among them: 7 World Trade Center in New York, the first building to be completed in the new World Trade Center complex; Grand View Mall in Guangzhou, China, Asia's largest shopping mall; the new 16-mile Tianjin, China, subway system; Elsbury Plaza in Kiev, Ukraine, that city's tallest building; and the historic Kremlin Palace in Moscow, Russia.

Otis also completed the second-largest acquisition in its history with the addition of Amtech Elevator Services. Amtech brings annual sales of approximately \$115 million and a customer base spanning universities, hotels, hospitals, airports and convention centers throughout the United States.

Overall, Otis revenues grew by more than \$1 billion to \$7.9 billion. Operating profit increased by more than \$300 million to \$1.38 billion, and operating profit margin grew by more than one point to 17.4 percent. 150 years after the company's founding, the Otis momentum continues to build.



**PRATT & WHITNEY** Pratt & Whitney is capitalizing on its broad and diverse portfolio of businesses to pioneer new products, innovative solutions to customer needs and exciting new technologies that will drive future growth and help sustain the planet.

In October, Pratt & Whitney's first F135 propulsion system for the Joint Strike Fighter (JSF) roared to life on a test stand at the company's facilities in West Palm Beach, Florida. The JSF is remarkably versatile: a single aircraft meets the needs of the U.S. Air Force, Navy and Marines, as well as other international air forces. The F135 propulsion system is on budget, on target for performance and ahead of schedule.

Commercial Engines leveraged alliances and partnerships into major orders from airlines in a very challenging market. The GE/P&W Alliance landed a \$1.5 billion order from Emirates for GP7000 engines to power the new Airbus A380, along with an \$800 million order from International Lease Finance Corporation. International Aero Engines, with Pratt & Whitney as a lead partner, secured more than \$2.5 billion in new orders in 2003.

Pratt & Whitney Canada's PW600 engine family was selected for two groundbreaking new aircraft, the Cessna Citation Mustang and the Eclipse 500. These two new planes have the potential to revolutionize the industry by making business and personal air travel far more affordable. Pratt & Whitney also is on track for significant growth in aftermarket services in all of its businesses, from Commercial and Military Engines to Power Systems.

After a banner year, there is still plenty of open runway ahead. Pratt & Whitney is developing exciting new technologies, nurtured in its Green Engine programs and friendly to the earth. At the same time, it is redefining air travel with hypersonic propulsion systems. Pratt & Whitney will remain a world leader in delivering dependable power solutions to its customers.



**SIKORSKY** Sikorsky celebrated its 80<sup>th</sup> birthday in 2003 by looking squarely at the future across its entire product line.

Sikorsky delivered on its core military helicopter commitments in 2003. The U.S. Army plans to modernize as many as 1,200 of its BLACK HAWK helicopters, and the first two remanufactured aircraft went aloft in the fall. The updated BLACK HAWK helicopters feature enhanced performance and a new ability to integrate into the networked battlefield of the future. The U.S. Navy's first new Airborne Mine Countermeasures helicopters made their inaugural flights, a key milestone in the Navy's transition to an all-Sikorsky fleet.

Sikorsky's commercial helicopter business expanded dramatically in 2003. The S-92 helicopter received the prestigious Robert J. Collier Trophy from the National Aeronautic Association. The first signed contracts for S-92 deliveries quickly followed that accolade. Sikorsky opened its S-92 assembly line, and plans first customer deliveries in 2004. Meanwhile, the 6- to 12-passenger S-76 enjoyed a renaissance in 2003, with sales at a two-decade high, driven by fleet renewals for offshore oil customers.

Sikorsky's aftermarket growth strategy continued to pay dividends. The \$1 billion annual revenue challenge was achieved on schedule in 2003, in part by expanded aftermarket partnerships with the U.S. Army. The Worldwide Customer Service business made another strategic acquisition during the year, buying Helitech of Australia as a prospective aftermarket provider for that country's planned renewal of its military helicopter fleet.

This year of accomplishment proves that there is a difference between being 80 and being old. Eight decades on from the company's founding, Sikorsky Aircraft continues to redefine its own future.





**UTC POWER** When the power grid failed throughout New York City on August 14, 2003, the Central Park Police Precinct never went a moment without electricity. The reason: a 200-kilowatt UTC Fuel Cells power plant kept the power flowing.

It was an example of distributed generation. UTC Power is focused on the growing market for turnkey, integrated systems that provide clean, efficient and dependable power; and through its UTC Fuel Cells business, it is advancing fuel cells technology for transportation and stationary power.

In 2003, UTC Power launched two new product lines — PureThermal™ and PureComfort™.

The PureComfort 240 system, based on microturbine technology, produces 240 kilowatts of electricity and captures waste heat to power a Carrier chiller capable of providing cooling and heating. The PureThermal 60 system, also based on microturbine technology, produces 60 kilowatts and captures waste heat to produce hot water for heating needs.

These new products join the PureCell™ 200 (formerly known as the PC25), the UTC Fuel Cells system that powers the Central Park police station.

On the transportation side of the business, Nissan Motor Co. unveiled its latest UTC Fuel Cells-powered car at the 2003 Tokyo Auto Show, while UTC Fuel Cells linked with Hyundai to design a new automotive fuel cell capable of working in freezing temperatures, one of the challenges to fuel cell development for automobiles. UTC Fuel Cells also delivered five-kilowatt fuel cells units to BMW to provide electrical power for 7-Series vehicles.

In fleet transportation, UTC Fuel Cells agreed to produce power plants for fuel cell buses operated by two major California transit districts. In Europe, UTC Fuel Cells-powered buses are set to enter operation in Spain and Italy.

At UTC Power, the focus is on giving customers clean, efficient power and the peace of mind they need to keep going.



**UTC CORPORATE INITIATIVES** United Technologies believes performance is linked to business discipline, ethical conduct and responsible citizenship. Operating honestly and efficiently while minimizing environmental impacts and providing sustainable products is in everyone's best interest. The following accomplishments illustrate our success in living up to these beliefs.

As a result of intense focus, we've seen marked reductions in on-the-job injuries, air emissions, waste, and energy and water use. In November, a UTC factory in Canoas, Brazil, passed 15 million hours without a lost-time accident, the last one occurring there in 1997. Not only is this the best record within UTC, according to U.S. National Safety Council statistics, it's the best known record in the metal fabrication industry.

UTC donated more than \$14 million to charitable organizations in 2003. The United Way of the Capital Area (Greater Hartford) received more than \$7 million from UTC and its employees, representing 27 percent of the Capital Area's total amount raised. Separately, the United Technologies Greater Hartford Marathon, one of UTC's signature community events, was named 2003's Race of the Year by *New England Runner* magazine.

UTC's benchmark Employee Scholar Program, supported by the investment of nearly \$400 million since 1996, has enabled more than 13,500 employees to graduate from educational institutions all over the world. The company's intranet-based Learning Portal, with registrations totaling more than 200,000, provides access to the Employee Scholar Program and hundreds of Web-based training courses. In 2003, Web-based learning accounted for more than 30 percent of UTC's training enrollments.

Achieving Competitive Excellence (ACE) is UTC's comprehensive quality improvement initiative. ACE continues to strengthen virtually every aspect of UTC operations, from product design and manufacturing to business process management and financial performance. 2003 program milestones included the first four Gold sites in core manufacturing operations, with 25 percent of the operations across the company at either the Gold or Silver level.

UT500 is a procurement cost savings initiative launched in 2001 with a goal of saving \$500 million within three years. 2003 annual savings exceeded \$190 million, for a total of more than \$750 million in savings since the program began. Its successor, UT500 Plus, targets another \$500 million in global savings by the end of 2005. Continuing an ongoing commitment to diversity, UTC's North American spend program was 7.5 percent with minority- and women-owned businesses in 2003, up from 6.8 percent a year earlier. In recognition of its ongoing efforts, UTC was named Corporation of the Year by the Connecticut Minority Supplier Development Council.

Sustainable growth through excellence in innovation is at the core of the United Technologies Research Center (UTRC). A strategic area of focus for UTC's dedicated research and development arm is safe, healthy, green and quiet products. In June, UTRC opened its innovative Integrated Cooling, Heating & Power (CHP) Systems Qualification Facility for designing and evaluating new concepts in distributed power generation and waste heat utilization. Another UTRC achievement was development of physics-based noise models used to design Pratt & Whitney engines with lower noise levels and increased durability.

In 2003, UTC's confidential Ombudsman/DIALOG Program entered its 18<sup>th</sup> year as a neutral communication channel in which employees can raise any business-related issue they choose (except those covered in company-union bargaining agreements). In 2003, DIALOG was made available to employees in 29 languages through the Internet using a secure, encrypted server. By the end of the year, this *eDIALOG* system accounted for 56 percent of all DIALOG submissions.

Legal compliance and high ethical standards are fundamental for UTC. Our ethics/compliance program required no significant changes to comply with the Sarbanes-Oxley Act of 2002, though of our own volition we created a separate governance function for financial controls.

## DIRECTORS

### Board of Directors

**Betsy J. Bernard**

Former President  
AT&T Corporation  
(Telecommunications)

**George David**

Chairman and  
Chief Executive Officer

**Jean-Pierre Garnier**

Chief Executive Officer  
GlaxoSmithKline plc  
(Pharmaceuticals)

**Jamie S. Gorelick**

Partner  
Wilmer Cutler Pickering LLP

**Charles R. Lee**

Retired Chairman  
and Co-Chief Executive Officer  
Verizon Communications  
(Telecommunications)

**Richard D. McCormick**

Honorary Chairman  
International Chamber of  
Commerce (ICC)

**Harold McGraw III**

Chairman, President and  
Chief Executive Officer  
The McGraw-Hill Companies  
(Global Information Services)

**Stephen F. Page**

Vice Chairman  
and Chief Financial Officer

**Frank P. Popoff**

Retired Chairman and  
Chief Executive Officer  
The Dow Chemical Company  
(Chemicals and Chemical Products)

**H. Patrick Swygert**

President  
Howard University

**André Villeneuve**

Chairman  
Euronext.LIFFE  
(London Futures and Derivatives  
Exchange)

**H. A. Wagner**

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

**Christine Todd Whitman**

Former EPA Administrator and  
Former Governor of New Jersey

### Permanent Committees

**Audit Committee**

Frank P. Popoff, Chairman  
Jamie S. Gorelick  
Richard D. McCormick  
Harold McGraw III  
André Villeneuve  
H. A. Wagner

**Compensation & Executive Development**

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

**Executive Committee**

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

**Finance Committee**

Charles R. Lee, Chairman  
George David  
Jamie S. Gorelick  
Stephen F. Page  
Frank P. Popoff  
H. Patrick Swygert  
André Villeneuve  
Christine Todd Whitman

**Committee on Nominations and Governance**

Richard D. McCormick, Chairman  
Betsy J. Bernard  
Jean-Pierre Garnier  
Charles R. Lee  
H. Patrick Swygert  
H. A. Wagner

**Public Issues Review Committee**

Jean-Pierre Garnier, Chairman  
Betsy J. Bernard  
Jamie S. Gorelick  
Harold McGraw III  
H. Patrick Swygert  
André Villeneuve  
Christine Todd Whitman



## LEADERSHIP

### **Mario Abajo**

President,  
South Europe, Middle East  
and Western Asia, Otis

### **David Adler**

Senior Vice President,  
Worldwide Customer Service,  
Sikorsky

### **Tesfaye Aklilu**

Vice President, Quality

### **Ted F. Amyuni**

Senior Vice President,  
Operations, Carrier

### **Alain M. Bellemare**

President,  
Pratt & Whitney Canada

### **Richard H. Bennett, Jr.**

Vice President,  
Environment,  
Health & Safety

### **Todd Bluedorn**

President, North  
America Commercial,  
Carrier

### **Ari Bousbib**

President, Otis

### **John W. Boyd**

Vice President, Operations,  
Hamilton Sundstrand

### **Kent L. Brittan**

Vice President,  
Supply Management

### **William M. Brown**

President, Asia Pacific,  
Carrier

### **William L. Bucknall, Jr.**

Senior Vice President, Human  
Resources and Organization

### **John F. Cassidy, Jr.**

Senior Vice President,  
Science and Technology

### **Tony Chamberlain**

President, Australasia, Chubb

### **Louis R. Chênevert**

President, Pratt & Whitney

### **Jean Colpin**

Director, United Technologies  
Research Center

### **Halsey Cook**

President, North America  
Residential, Carrier

### **Geraud Darnis**

President, Carrier

### **George David**

Chairman and  
Chief Executive Officer

### **John Doucette**

Vice President and  
Chief Information Officer

### **Thomas E. Farmer**

President, Military Engines,  
Pratt & Whitney

### **Stephen N. Finger**

President, Sikorsky

### **James E. Geisler**

Vice President, Finance

### **James L. Gingrich**

President,  
Flight Systems and Services,  
Hamilton Sundstrand

### **Patrick J. Gnazzo**

Vice President, Business  
Practices

### **Bruno Grob**

President,  
North Europe, Otis

### **Anthony J. Guzzi**

President,  
Carrier Distribution & Service

### **Ruth R. Harkin**

Senior Vice President,  
International Affairs and  
Government Relations

### **Gregory J. Hayes**

Vice President, Accounting  
and Control

### **David P. Hess**

President,  
Aerospace Power Systems,  
Hamilton Sundstrand

### **Darryl Hughes**

President, Security Business,  
United Kingdom, Ireland &  
South Africa, Chubb

### **Tadayuki Inoue**

President, Japan, Otis

### **George H. Jamison**

Vice President,  
Communications

### **Todd Kallman**

Vice President, Corporate  
Strategy & Development

### **Edwin W. Laprade**

President, Industrial,  
Hamilton Sundstrand

### **John P. Leary**

Vice President,  
Employee Relations

### **Robert Leduc**

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

### **Patrick L'Hostis**

President, Europe,  
Middle East and Africa,  
Carrier

### **Richard Laubenstein**

President,  
Carrier Transicold

### **Arthur W. Lucas**

Senior Vice President,  
Engineering,  
Pratt & Whitney

### **Paul W. Martin**

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

### **Ronald F. McKenna**

President,  
Hamilton Sundstrand

### **Raymond J. Moncini**

President, North and South  
America, Otis

### **Larry O. Moore**

Senior Vice President,  
Module Centers and  
Operations, Pratt & Whitney

### **Robert R. Moore**

Senior Vice President,  
Production Operations,  
Sikorsky

### **Joseph R. Ornelas**

Vice President,  
Engineering & Technology,  
Hamilton Sundstrand

### **Stephen F. Page**

Vice Chairman and  
Chief Financial Officer

### **Eric Patry**

President, Continental Europe,  
Chubb

### **Jeffrey P. Pino**

Senior Vice President,  
Marketing & Commercial  
Programs, Sikorsky

### **Carlos Renck**

President, Latin America,  
Carrier

### **Jürgen Reuning**

President, Central and East  
Europe, Otis

### **Jeffrey P. Rhodenbaugh**

President, Commercial  
Refrigeration, Carrier

### **Olivier J. Robert**

President, Chubb

### **Thomas I. Rogan**

Vice President, Treasurer

### **William H. Trachsel**

Senior Vice President  
and General Counsel

### **Tobin J. Treichel**

Vice President, Tax

### **Joseph E. Triompo**

President, Engine and Control  
Systems, Hamilton  
Sundstrand

### **Debra A. Valentine**

Vice President, Secretary and  
Associate General Counsel

### **Jan van Dokkum**

President, UTC Power

### **Charles M. Vo**

President,  
North Asia Pacific, Otis

### **Randal E. Wilcox**

President,  
South Asia Pacific, Otis

## SHAREOWNER INFORMATION

### Corporate Office

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

This annual report is made available to shareowners in advance of the annual meeting of shareowners to be held at 2:00 p.m., April 14, 2004, at the Pratt & Whitney Space Propulsion facility in Jupiter, Florida. The proxy statement will be made available to shareowners on or about February 27, 2004, at which time proxies for the meeting will be requested.

Information about UTC, including financial information, can be found at our Web site: [www.utc.com](http://www.utc.com).

### Stock Listing

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

**Ticker Symbol:** UTX

### Transfer Agent and Registrar

EquiServe Trust Company, N.A., is the transfer agent, registrar and dividend disbursing agent for UTC's Common Stock. Questions and communications

regarding transfer of stock, replacement of lost certificates, dividends and address changes and the Dividend Reinvestment and Stock Purchase Plan should be directed to:

EquiServe Trust Company, N.A.  
P.O. Box 43069  
Providence, RI  
02940-3069  
Telephone: 1-800-519-3111  
Web site: [www.equiserve.com](http://www.equiserve.com)

TDD: 1-800-952-9245  
Telecommunications device for the hearing impaired.

### Dividends

Dividends if declared are usually paid on the 10th day of March, June, September and December.

### Electronic Access

Shareowners of record may sign up at the following Web site for electronic access to future annual reports and proxy materials, rather than receiving mailed copies: [www.econsent.com/utx](http://www.econsent.com/utx)

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

### Additional Information

Shareowners may obtain a copy of the United Technologies Report on Form 10-K for 2003 filed with the Securities and Exchange Commission by writing to:

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

For additional information about the Corporation please contact Investor Relations at the above corporate office address, or visit our Web site: [www.utc.com](http://www.utc.com).

### Shareowner Information Services

Our Internet and telephone services give shareowners fast access to UTC financial results. The 24-hour-a-day, toll-free telephone service includes recorded summaries of UTC's quarterly earnings information and other company news. Callers also may request copies of our quarterly earnings and news releases, by either fax or mail, and obtain copies of the UTC Annual Report and Form 10-K. To access the service, dial 1-800-881-1914 from any touch-tone phone and follow the recorded instructions.

### Direct Registration System

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

### Environmentally Friendly Report

This annual report is printed on recycled and recyclable paper.

[WWW.UTC.COM](http://WWW.UTC.COM)

[WWW.CARRIER.COM](http://WWW.CARRIER.COM)

[WWW.CHUBBPLC.COM](http://WWW.CHUBBPLC.COM)

[WWW.HAMILTONSUNDSTRANDCORP.COM](http://WWW.HAMILTONSUNDSTRANDCORP.COM)

[WWW.OTIS.COM](http://WWW.OTIS.COM)

[WWW.PRATT-WHITNEY.COM](http://WWW.PRATT-WHITNEY.COM)

[WWW.SIKORSKY.COM](http://WWW.SIKORSKY.COM)

[WWW.UTCPower.COM](http://WWW.UTCPower.COM)

Photo on page 31 courtesy of E.R. Schiffahrt

CARRIER

CHUBB

HAMILTON SUNDSTRAND

OTIS

PRATT & WHITNEY

SIKORSKY

UTC POWER



ONE FINANCIAL PLAZA  
HARTFORD, CT 06103