

UNITED TECHNOLOGIES CORP /DE/  
Form 11-K  
June 28, 2002

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Plan period ended December 31, 2001

Commission File Number 1-812

UNITED TECHNOLOGIES CORPORATION  
DEFINED CONTRIBUTION RETIREMENT PLAN

UNITED TECHNOLOGIES CORPORATION  
One Financial Plaza  
Hartford, Connecticut 06103

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UNITED TECHNOLOGIES CORPORATION DEFINED CONTRIBUTION RETIREMENT PLAN

Index to Financial Statements  
December 31, 2001 and 2000

	<b>Page</b>
Report of Independent Auditors	1
Financial Statements	
Statements of Net Assets Available for Benefits	2
Statement of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4 - 9

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FINANCIAL STATEMENTS OF THE UNITED TECHNOLOGIES CORPORATION  
DEFINED CONTRIBUTION RETIREMENT PLAN

REPORT OF INDEPENDENT AUDITORS

To the Participants and Administrator of the  
 United Technologies Corporation  
 Defined Contribution Retirement Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the United Technologies Corporation Defined Contribution Retirement Plan (the "Plan") at December 31, 2001 and December 31, 2000, and the changes in net assets available for benefits for the year ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan'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 of America, 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 our opinion.

/s/ PricewaterhouseCoopers LLP  
 PricewaterhouseCoopers LLP  
 Hartford, Connecticut  
 June 28, 2002

1

**UNITED TECHNOLOGIES CORPORATION DEFINED CONTRIBUTION RETIREMENT PLAN**  
**Statements of Net Assets Available for Benefits**  
 (Thousands of Dollars)

	December 31, 2001	December 31, 2000
<b>Assets:</b>		
Investments (Notes 3, 4, and 5)	\$ 15,117	\$ 15,893
Net Assets Available for Benefits	\$ 15,117	\$ 15,893

The accompanying notes are an integral part of these financial statements.

2

**UNITED TECHNOLOGIES CORPORATION DEFINED CONTRIBUTION RETIREMENT PLAN**  
 Statement of Changes in Net Assets Available for Benefits

(Thousands of Dollars)

	Year Ended December 31, 2001
<b>Additions to net assets attributed to:</b>	
Investment Income:	

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Net depreciation in fair value of investments		\$	(798)
Interest			825
Dividends			19
Total Investment Income	46	<b>Deductions from net assets attributed to:</b>	Distributions to participants(785)
Administrative expenses(63)		Total deductions	(848)
into Plan 26		Net decrease prior to transfers	(802)
Net decrease	(776)	Net Assets Available for Benefits, December 31, 2000	15,893

Net Assets Available for Benefits, December 31, 2001

\$  
15,117

The accompanying notes are an integral part of these financial statements.

3

UNITED TECHNOLOGIES CORPORATION  
DEFINED CONTRIBUTION RETIREMENT PLAN  
Notes to Financial Statements

**NOTE 1 - DESCRIPTION OF THE PLAN**

**General.** The United Technologies Corporation Defined Contribution Retirement Plan (the "Plan") is a defined contribution savings and money purchase plan administered by United Technologies Corporation ("UTC"). It is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Eligible employees of UTC and certain of its subsidiaries may participate after completing one year of service. As described in Note 9, all active Plan participants became participants of the UTC Employee Savings Plan II (formerly, the UTC Savings Plan for Hourly Management-Represented Employees) in 1998. The following is a brief description of the Plan. For more complete information, participants should refer to the Plan document which is available from UTC.

**Contributions and Vesting.** No participant or employer contributions were made during the 2001 and 2000 Plan years (see Note 9). Participant contributions, plus actual earnings thereon, are fully vested at all times under the Plan. Generally, employer contributions, plus actual earnings thereon, become fully vested after two years of Plan participation.

**Participant Accounts.** Each participant's account is credited with Plan earnings based on account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Forfeited balances of terminated participants' nonvested amounts are used to reduce future UTC contributions. For the year ended December 31, 2001, no forfeitures were used to fund employer contributions.

**Trustee and Recordkeeper.** All of the Plan's assets are held by Bankers Trust Company ("Bankers Trust"), the Plan trustee. Bankers Trust is a subsidiary of Deutsche Bank. Fidelity Institutional Retirement Services Company ("Fidelity") performs participant account recordkeeping responsibilities.

**Payment of Benefits.** Generally, benefits are paid in a lump sum to a terminating participant. A participant terminating due to retirement may elect to receive benefits in installments over two to twenty years. At the participant's election, the portion of a lump sum distribution attributable to an investment in the UTC Common Stock Fund investment option may be paid in shares of UTC Common Stock instead of cash. Distributions in UTC Common Stock for the year ended December 31, 2001 were approximately \$3,000.

**Other.** Participants who transfer to a new UTC location with a different savings plan may have the option of transferring their account balances in accordance with the provisions of the new savings plan.

**NOTE 2 - SUMMARY OF ACCOUNTING PRINCIPLES**

**Basis of Accounting.**

The financial statements of the Plan are prepared under the accrual method of accounting, except for benefits which are recorded when paid.

4

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UNITED TECHNOLOGIES CORPORATION  
DEFINED CONTRIBUTION RETIREMENT PLAN  
Notes to Financial Statements

**Master Trust.**

The Plan's assets are kept in the United Technologies Corporation Employee Savings Plan Master Trust (the "Master Trust") maintained by the Plan's trustee. Under the Master Trust agreement, the assets of certain employee savings plans of UTC and its subsidiaries are combined. Participating plans purchase units of participation in the investment funds based on their contribution to such funds and the unit value of the applicable investment fund at the end of the trading day in which a transaction occurs. The unit value of each fund is determined at the close of each day by dividing the sum of uninvested cash, accrued income and the current value of investments by the total number of outstanding units in such funds. Income from the funds' investments increases the participating plans' unit values. Distributions to participants reduce the number of participation units held by the participating plans (see Note 5).

**Investment Valuation and Income Recognition.**

The Income Fund's investments in insurance contracts (see Note 4) are stated at contract value, which represents contributions plus earnings, less Plan withdrawals. All other funds are stated at fair value, as determined by the Plan trustee, typically by reference to published market data.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

**Plan Expenses.**

Plan administrative expenses, including Plan trustee and recordkeeper fees were paid directly by the employer in 2001. Between December 31, 2000 and September 30, 2001, the employer also paid certain investment management fees for the funds managed by Deutsche Asset Management. Effective October 1, 2001, these investment management fees are charged against Plan assets. All other administrative and investment expenses were paid out of Plan assets during 2001.

**Use of Estimates.**

The preparation of financial statements requires UTC management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates.

**NOTE 3 - INVESTMENTS**

The following presents investments that represent 5 percent or more of the Plan's net assets:

	<b>December 31,</b>	
(Thousands of Dollars, except unit amounts)	<b>2001</b>	<b>2000</b>

Equity Fund, 82,927 and 99,528 units, respectively	\$	2,178	\$	2,964
UTC Common Stock Fund, 55,810 and 43,623 units, respectively		1,250		
1,165				
Income Fund, 125,288 and 129,493 units, respectively		10,633		
				10,146

5

UNITED TECHNOLOGIES CORPORATION  
 DEFINED CONTRIBUTION RETIREMENT PLAN  
 Notes to Financial Statements

NOTE 4 - INVESTMENT CONTRACTS WITH INSURANCE COMPANIES

The Plan's Income Fund invests in insurance contracts with insurance companies. Under these contracts, each insurance company guarantees repayment in full of the principal amount plus interest credited at a fixed rate for a specified period. Interest is credited to each contract based on an annual interest rate set each year by the individual insurance companies. This rate, which differs among contracts, takes into account any difference between prior year credited interest and the actual amount of investment earnings allocable to the contract in accordance with the established allocation procedures of the insurance company. The interest rates earned for 2001 and 2000 were 8.31% and 8.29%, respectively.

NOTE 5 - INVESTMENT IN MASTER TRUST

UTC has entered into a Master Trust agreement with Bankers Trust. Under this agreement, certain savings plans of UTC and its subsidiaries combine their trust fund investments in the Master Trust.

Participating plans purchase units of participation in the investment funds based on their contribution to such funds along with income that the investment funds may earn, less distributions made to the plans' participants.

6

UNITED TECHNOLOGIES CORPORATION  
 DEFINED CONTRIBUTION RETIREMENT PLAN  
 Notes to Financial Statements

The following is a summary of the financial information and data for the Master Trust and the portion applicable to the Plan:

United Technologies Corporation  
 Master Trust Statements of Net Assets

(Thousands of Dollars)

	December 31, 2001	December 31, 2000
Assets:		
Short-term investments	\$ 34,221	\$ 2,640

Investments:

Equity:

Mutual funds	658,861	784,876
Equity commingled index funds	1,203,904	1,460,037
Common stock	768,603	759,152
ESOP stock fund	2,912,717	3,641,487

Debt:

Fixed income commingled index funds	19,422	24,916
Insurance company investment contracts	4,775,327	4,364,663
Participant notes receivable	92,055	99,935
Subtotal	10,465,110	11,137,706

ESOP receivables	140,825	128,988
Interest and dividend receivables	2,297	14,678

Total assets	10,608,232	11,281,372
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Liabilities:

Accrued liabilities	6,499	8,708
Accrued ESOP interest	1,977	2,070
ESOP debt	266,100	301,100
Notes payable to UTC	175,333	153,333
Total liabilities	449,909	465,211

Net Assets	\$ 10,158,323	\$ 10,816,161
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Net assets of the Master Trust allocable to the Plan	\$ 15,117	\$ 15,893
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UNITED TECHNOLOGIES CORPORATION  
 DEFINED CONTRIBUTION RETIREMENT PLAN  
 Notes to Financial Statements

**United Technologies Corporation**  
**Master Trust Statement of Changes in Net Assets**  
 (Thousands of Dollars)

**Year Ended  
 December 31,  
 2001**

Additions:

Interest and dividend income	\$
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Contributions from participating plans for purchase of units

Total additions

Deductions:

Net depreciation on fair value of investments

Benefit payments on behalf of participating plans

Master trust expenses

Total deductions

Net decrease prior to transfers

Plan transfers:

Assets transferred in

Assets transferred out

Net Plan transfers

Decrease in net assets

Net assets:

Beginning of year

End of year \$

Amounts pertaining to Plan:

Plan interest in net appreciation and investment income of Master Trust	\$	46
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Assets transferred into Plan	\$	26
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Pension benefits paid	\$	(785)
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Plan expenses	\$	(63)
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Assets transferred out of Plan	\$	-
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8

UNITED TECHNOLOGIES CORPORATION  
DEFINED CONTRIBUTION RETIREMENT PLAN  
Notes to Financial Statements

**NOTE 6 - RELATED-PARTY TRANSACTIONS**

Certain Plan investment options are managed by Deutsche Asset Management and Fidelity. Bankers Trust, a subsidiary of Deutsche Bank, and Fidelity are the Plan's trustee and recordkeeper, respectively, as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

**NOTE 7 - PLAN TERMINATION**

Although it has not expressed any intent to do so, UTC has the right under the Plan to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100 percent vested in their accounts.

NOTE 8 - FROZEN PLAN

During 1998, all active Plan participants became participants of the UTC Employee Savings Plan II. Previously accumulated participant balances will remain in the Plan. No additional contributions will be made to the Plan. Participants will continue to be able to direct or withdraw their remaining investment balances in accordance with Plan provisions.

NOTE 9 - TAX STATUS

The Internal Revenue Service has determined and informed UTC by letter dated April 22, 1996, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the determination letter. However, the Plan administrator and tax counsel believe that the Plan is designed and currently being operated in compliance with the applicable requirements of the IRC.

9

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SIGNATURES

The Plan (or other persons who administer the employee benefit plan), pursuant to the requirements of the Securities Exchange Act of 1934, has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**UNITED TECHNOLOGIES CORPORATION**  
**DEFINED CONTRIBUTION RETIREMENT PLAN**  
Havanec  
Director, Employee Benefits and Human Resources Systems  
United Technologies Corporation

Dated: June 28, 2002 By: /s/ Laurie P. Havanec Laurie P.