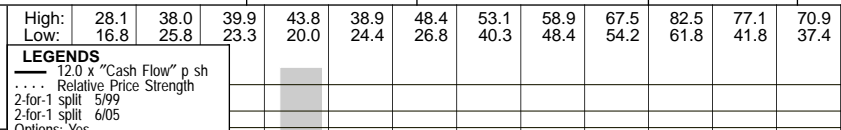


UNITED TECH. NYSE-UTX

RECENT PRICE **71.74** P/E RATIO **16.2** (Trailing: 17.1 Median: 17.0) RELATIVE P/E RATIO **0.94** DIV'D YLD **2.1%** VALUE LINE

TIMELINESS 2 Raised 1/1/10
SAFETY 1 Raised 5/9/97
TECHNICAL 3 Raised 9/18/09
BETA .95 (1.00 = Market)

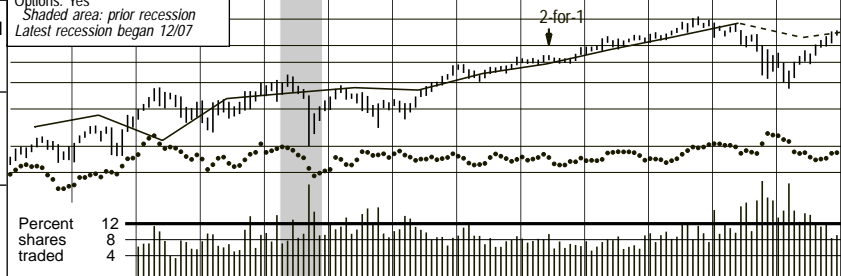


2012-14 PROJECTIONS
 Price **120** Gain **(+65%)** Ann'l Total Return **15%**
 High **120** Low **95** (+30%) **10%**

Insider Decisions
 F M A M J J A S O
 to Buy 0 1 0 0 0 0 0 0 0
 Options 3 0 0 2 4 0 9 7 0
 to Sell 0 0 0 2 3 0 10 9 0

Institutional Decisions
 10/2009 20/2009 30/2009
 to Buy 438 509 500
 to Sell 639 540 541
 Hld's(000) 742431 730090 742780

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Price	20.91	21.52	23.35	24.70	26.97	28.57	25.42	28.24	29.54	30.04	30.19	36.63	41.70	48.04	55.79	62.27	57.05	59.55
Dividend	1.25	1.46	1.60	1.82	2.06	2.34	1.78	2.80	2.98	3.15	3.07	3.68	4.09	4.79	5.50	6.38	5.45	6.00
EPS	.41	.58	.71	.86	1.05	1.26	.83	1.78	1.92	2.21	2.35	2.73	3.05	3.64	4.27	4.90	4.10	4.60
P/E	.23	.24	.26	.28	.31	.35	.38	.41	.45	.49	.57	.70	.88	1.02	1.17	1.35	1.54	1.72
Book Value	.84	.77	.80	.83	.92	.96	.80	1.00	.84	.62	.52	.78	.92	.96	1.17	1.29	.80	1.00
Operating Margin	2.93	3.23	3.61	4.04	3.99	4.44	7.12	7.78	8.53	8.90	11.39	13.70	16.76	17.37	21.76	16.89	20.30	21.75
Revenue	1008.4	985.09	976.57	951.90	916.28	900.21	949.09	941.37	944.32	939.24	1028.1	1022.2	1013.9	995.70	981.52	942.29	925.00	915.00
P/E Ratio	16.4	13.8	13.7	16.6	18.4	17.9	38.2	17.4	18.1	14.8	15.6	16.9	17.0	16.9	16.8	13.1	13.5	
Relative P/E	.97	.91	.92	1.04	1.06	.93	2.18	1.13	.93	.81	.89	.89	.91	.91	.89	.80	.89	
Div Yield	3.3%	3.0%	2.6%	1.9%	1.6%	1.5%	1.2%	1.3%	1.3%	1.5%	1.6%	1.5%	1.7%	1.6%	1.6%	2.1%	2.8%	



CAPITAL STRUCTURE as of 9/30/09
 Total Debt \$9672 mill. Due in 5 Yrs \$3200 mill.
 LT Debt \$8729 mill. LT Interest \$480 mill.
 (LT interest earned: 11.9%; Total interest coverage: 10.6x)

Pension Assets-12/08 \$15.9 bill.
Obligation \$21.5 bill.

Pfd Stock None

Common Stock 937,539,417 shs.
MARKET CAP: \$67 billion (Large Cap)

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt	24127	26583	27897	28212	31034	37445	42275	47829	54759	58681	52750	54500						
Debt %	9.8%	15.0%	14.8%	15.5%	15.0%	14.5%	13.5%	14.9%	15.0%	15.2%	14.7%	14.9%						
Operating Margin	844.0	859.0	905.0	727.0	799.0	978.0	984.0	1033.0	1173.0	1321.0	1240	1275						
Depreciation	841.0	1808.0	1938.0	2236.0	2361.0	2788.0	3164.0	3732.0	4224.0	4689.0	3800	4210						
Net Profit	25.9%	30.9%	26.9%	27.1%	27.1%	26.4%	26.8%	27.2%	28.8%	27.1%	28.5%	27.1%						
Income Tax Rate	3.5%	6.8%	6.9%	7.9%	7.6%	7.4%	7.5%	7.8%	7.7%	8.0%	7.2%	7.7%						
Net Profit Margin	1412.0	1318.0	2892.0	3848.0	2069.0	2575.0	1861.0	3636.0	4602.0	4665.0	5600	5900						
Working Cap'l	3086.0	3476.0	4237.0	4632.0	4257.0	4231.0	5935.0	7037.0	8015.0	9337.0	8600	8300						
Long-Term Debt	7566.0	8094.0	8798.0	8355.0	11707	14008	16991	17927	21355	15917	18800	19900						
Shr. Equity	8.5%	16.7%	15.9%	18.2%	15.5%	15.9%	14.5%	16.2%	15.4%	19.8%	14.5%	15.5%						
Return on Total Cap'l	11.1%	22.3%	22.0%	26.8%	20.2%	19.9%	18.6%	21.6%	19.8%	29.5%	20.0%	21.0%						
Return on Shr. Equity	7.2%	19.0%	18.4%	21.2%	15.6%	15.2%	13.7%	16.1%	14.7%	21.9%	12.5%	13.5%						
Retained to Com Eq	42%	23%	23%	21%	23%	24%	26%	25%	26%	26%	38%	37%						
All Div'ds to Net Prof																		

CURRENT POSITION (SMILL.)

Item	2007	2008	9/30/09
Cash Assets	2904	4327	4632
Receivables	8844	9112	8460
Inventory (Avg Cst)	8101	8340	8086
Other	2222	2320	2551
Current Assets	22071	24099	23729
Accts Payable	5059	5226	4430
Debt Due	1133	2139	943
Other	11277	12069	12827
Current Liab.	17469	19434	18200

UNITED TECHNOLOGIES' SHARES HAVE RISEN 15% SINCE OUR OCTOBER REVIEW. The general sentiment is that industrial spending will begin to inch up as the recession gets further in our rearview mirror. On that note, investors are inclined to look for safe bets on this front, and UTX certainly fits that bill. This high-quality equity receives our Highest rank for Safety, boasts our top grade for Financial Strength, and has a track record that would stand up against any blue chip on the market today. Not surprisingly, we are boosting our expectations for 2010 (discussed below), and when coupled with the aforementioned price momentum, these shares are once again a timely (2: Above Average) play for relative performance in the coming six to 12 months.

We are tacking on a dime to our 2010 bottom-line call, which is now at \$4.60. Upside to this figure will depend on the pace of economic recovery. Regardless, cost-cutting and restructurings that took place the last few quarters should cushion EPS. The Commercial Construction segment will likely be a thorn in the company's side, as we see further decline in this

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '06-'08 to '12-'14

Rate	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Revenues	7.5%	13.0%	4.0%
"Cash Flow"	10.5%	12.5%	7.0%
Earnings	15.0%	14.5%	8.0%
Dividends	14.0%	18.5%	12.0%
Book Value	16.0%	14.0%	7.0%

QUARTERLY REVENUES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	10615	12264	12163	12787	47829
2007	12278	13904	13863	14714	54759
2008	13701	15667	14814	14499	58681
2009	12249	13196	13375	13930	52750
2010	12550	13670	13970	14310	54500

EARNINGS PER SHARE A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	.76	1.02	.99	.87	3.64
2007	.82	1.16	1.21	1.08	4.27
2008	1.03	1.32	1.33	1.23	4.90
2009	.78	1.05	1.14	1.13	4.10
2010	.98	1.17	1.23	1.22	4.60

QUARTERLY DIVIDENDS PAID B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	.22	.265	.265	.265	1.02
2007	.265	.265	.32	.32	1.17
2008	.32	.32	.32	.385	1.35
2009	.385	.385	.385	.385	1.54
2010					

arena for the start of this year. Conversely, we look for an improved showing from the Fire and Security division, which will get a boost from the short-cycle revenues brought in by HVAC business.

Pratt & Whitney may well have hit a home run. After 20 years of research and over \$1 billion in funding, the Geared Turbofan (GTF) might be the engine of choice for the 21st century. It addresses major concerns in the airline industry; lowers operating costs by \$1.5 million per aircraft, burns 15% less fuel, cuts noise by up to 75%, and reduces carbon emissions by 3,000 tonnes per plane a year. Mitsubishi and Bombardier have chosen the GTF for some fleets, and we anticipate rapid penetration of the narrow body market. Some pundits are already basing their estimates on a 50% share.

Acquisitions are always in play. Management has wisely chosen to forego the lofty price tags that potential targets put up but, now as these figures return to more historical levels and UTX's cash balance swells, a timely strike would not surprise us.

Erik M. Manning
 January 22, 2010

(A) Diluted eqs. Excludes disc. operations: '99, 68c; '04, 15c; '05, 6c. Excludes nonrecurring losses: '94, 12c. Totals may not sum due to rounding and/or changes in share count. Next earnings report due late January.

(B) Dividends historically paid in early March, June, September, and December. Dividend reinvestment plan available.

(C) Includes intangibles. In 2008: \$18,806 million, \$19.96/share.

(D) In millions, adjusted for stock splits.

Company's Financial Strength	A++
Stock's Price Stability	95
Price Growth Persistence	100
Earnings Predictability	100

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