UNITED TECH. NYSE-UTX

RECENT PRICE 76.03 | P/E RATIO 13.4 (Trailing: 14.2 Median: 16.0) | RELATIVE P/E RATIO 0.91 | DIV'D YLD 2.5% | VALUE LINE

High:	39.9	43.8	38.9	48.4	53.1	58.9	67.5	82.5	77.1	70.9	79.7	91.8
Low:	23.3	20.0	24.4	26.8	40.3	48.4	54.2	61.8	41.8	37.4	62.9	66.9

TIMELINESS 3 Lowered 3/5/10
SAFETY 1 Raised 5/9/97
TECHNICAL 3 Lowered 10/28/11
BETA 1.00 (1.00 = Market)

Target Price Range 2014 | 2015 | 2016

2014-16 PROJECTIONS

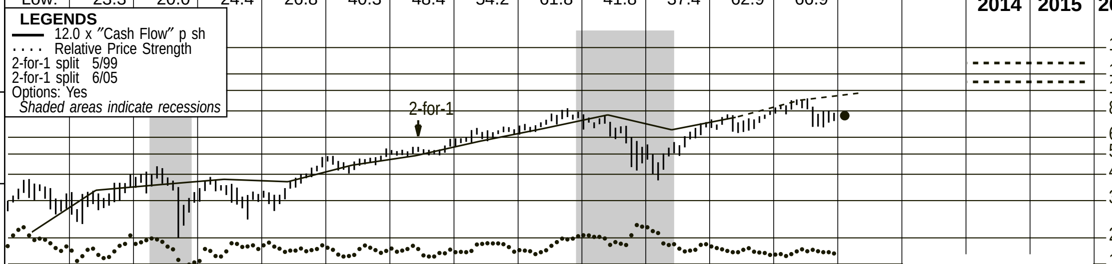
	Price	Gain	Ann'l Total Return
High	135	(+80%)	17%
Low	110	(+45%)	12%

Insider Decisions

	F	M	A	M	J	J	A	S	O
to Buy	0	0	0	0	0	0	0	0	0
Options	6	0	2	2	0	0	2	0	5
to Sell	5	0	4	2	0	0	2	0	5

Institutional Decisions

	1Q2011	2Q2011	3Q2011
to Buy	494	424	494
to Sell	578	621	580
Hld's(000)	738107	736457	748624



% TOT. RETURN 12/11

	THIS STOCK	VL ARITH.* INDEX
1 yr.	-5.0	-5.9
3 yr.	47.1	91.9
5 yr.	31.0	21.6

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
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	56.49	58.97	64.45	66.95	Revenues per sh	80.45
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	5.43	6.22	7.50	8.15	"Cash Flow" per sh	10.05
.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	4.12	4.74	5.48	6.15	Earnings per sh A	7.75
.26	.28	.31	.35	.38	.41	.45	.49	.57	.70	.88	1.02	1.17	1.35	1.54	1.70	1.87	2.10	Div'ds Decl'd per sh B■	2.75
.80	.83	.92	.96	.80	1.00	.84	.62	.52	.78	.92	.96	1.17	1.29	.88	.94	1.15	1.20	Cap'l Spending per sh	1.40
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	21.42	23.21	24.90	27.15	Book Value per sh C	36.35
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	936.74	921.27	905.00	905.00	Common Shs Outst'g D	870.00
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	13.4	15.0	14.6		Avg Ann'l P/E Ratio	16.0
.92	1.04	1.06	.93	2.18	1.13	.93	.81	.89	.89	.91	.91	.89	.79	.89	.96	.92		Relative P/E Ratio	1.05
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%	2.4%	2.3%		Avg Ann'l Div'd Yield	2.2%

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		14-16
27897	28212	31034	37445	42275	47829	54759	58681	52920	54326	58340	60600	Revenues ($mill)	70000
14.8%	15.5%	15.0%	14.5%	13.5%	14.9%	15.0%	15.2%	14.6%	15.6%	17.0%	17.0%	Operating Margin	17.0%
905.0	727.0	799.0	978.0	984.0	1033.0	1173.0	1321.0	1258.0	1356.0	1390	1480	Depreciation ($mill)	1700
1938.0	2236.0	2361.0	2788.0	3164.0	3732.0	4224.0	4689.0	3829.0	4373.0	5000	5540	Net Profit ($mill)	6775
26.9%	27.1%	27.1%	26.4%	26.8%	27.2%	28.8%	27.1%	27.4%	27.9%	31.0%	28.0%	Income Tax Rate	28.0%
6.9%	7.9%	7.6%	7.4%	7.5%	7.8%	7.7%	8.0%	7.2%	8.0%	9.3%	9.6%	Net Profit Margin	10.0%
2892.0	3848.0	2069.0	2575.0	1861.0	3636.0	4602.0	4665.0	5281.0	5778.0	5460	5940	Working Cap'l ($mill)	8595
4237.0	4632.0	4257.0	4231.0	5935.0	7037.0	8015.0	9337.0	8257.0	10010	9200	8300	Long-Term Debt ($mill)	7000
8798.0	8355.0	11707	14008	16991	17297	21355	15917	20066	21385	22525	24525	Shr. Equity ($mill)	31605
15.9%	18.2%	15.5%	15.9%	14.5%	16.2%	15.4%	19.8%	14.6%	14.9%	17.0%	18.0%	Return on Total Cap'l	18.5%
22.0%	26.8%	20.2%	19.9%	18.6%	21.6%	19.8%	29.5%	19.1%	20.4%	22.0%	22.5%	Return on Shr. Equity	21.5%
18.4%	21.2%	15.6%	15.2%	13.7%	16.1%	14.7%	21.9%	12.3%	13.5%	14.5%	15.0%	Retained to Com Eq	14.0%
23%	21%	23%	24%	26%	25%	26%	26%	35%	34%	34%	34%	All Div'ds to Net Prof	35%

CAPITAL STRUCTURE as of 9/30/11
Total Debt $11.364 bill. **Due in 5 Yrs** $1955 mill.
LT Debt $9.501 bill. **LT Interest** $640 mill.
(LT interest earned: 10.4x; Total interest coverage: 10.1x) (29% of Cap'l)

Pension Assets-12/10 $22.4 bill. **Oblig.** $24.4 bill.

Pfd Stock None

Common Stock 906,087,669 shs.

MARKET CAP: $68.9 billion (Large Cap)

CURRENT POSITION ($MILL.)	2009	2010	9/30/11
Cash Assets	4449	4083	5966
Receivables	8469	8925	9503
Inventory (Avg Cst)	7509	7766	8617
Other	2767	2736	2338
Current Assets	23194	23510	26424
Accts Payable	4634	5206	5597
Debt Due	1487	279	1863
Other	11792	12247	12604
Current Liab.	17913	17732	20064

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10 to '14-'16
Revenues	8.0%	10.5%	5.0%
"Cash Flow"	10.0%	10.5%	9.0%
Earnings	13.5%	11.0%	9.0%
Dividends	15.0%	16.5%	10.5%
Book Value	12.5%	8.0%	10.0%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	13701	15667	14814	14499	58681
2009	12249	13196	13375	14100	52920
2010	12040	13802	13620	14864	54326
2011	13344	15076	14804	15116	58340
2012	13400	15400	15400	16400	60600

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	1.03	1.32	1.33	1.23	4.90
2009	.78	1.05	1.14	1.15	4.12
2010	.93	1.20	1.30	1.31	4.74
2011	1.11	1.45	1.47	1.45	5.48
2012	1.18	1.57	1.70	1.70	6.15

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.32	.32	.32	.385	1.35
2009	.385	.385	.385	.385	1.54
2010	.425	.425	.425	.425	1.70
2011	.425	.48	.48	.48	1.87
2012					

BUSINESS: United Technologies Corp. operates in six business segments. *Pratt & Whitney* (24% of '10 revenues, 25% of operating profits) makes & services aircraft engines. *Otis* (21%, 32%) manufactures, and services, elevators. *Carrier* (21%, 14%) makes heating, ventilating, and air-conditioning equipment. *Sikorsky* (12%, 8%) makes helicopters. *Hamilton Sundstrand* (10%, 12%) produces aerospace and industrial products. *UTC F&S* (12%, 9%) provides security and fire protection services. Also has a power division dealing in fuel cells. Int. ops.: 46% of '10 revenues. Dir. & off. own about .8% of stock (3/11 proxy). Has about 208,200 empls. Chmn. and CEO: Louis R. Chenevert. Inc.: DE. Addr.: One Financial Plaza, Hartford, CT 06103. Tel.: 860-728-7000. Internet: www.utc.com.

United Technologies probably closed out 2011 with a strong performance. We estimate that fourth-quarter earnings rose $0.14, to $1.45 a share, bringing the full year tally to $5.48, representing a 16% year-over-year advance. Revenues likely exceeded $58 billion last year, climbing about 7% from 2010.

The buyout of Goodrich Corp. is likely to close around mid-2012. The $18.4 billion acquisition would be integrated into UTC's Hamilton Sundstrand unit. It would add to its position in the Aerospace sector through complementary offerings, along with a strong aftermarket position, marked by higher content on new programs. Goodrich is apt to be dilutive to 2012 share earnings by about $0.40, and solidly accretive in 2013, thanks also to substantial cost synergies. Notably, too, UTC is set to complete the purchase of Rolls-Royce's share of the International Aero Engines joint venture this year. Upon that operation's consolidation into Pratt & Whitney, it ought to boost sales roughly $1.5 billion annually, though at modest operating margins.

Positive order trends augur well for earnings growth this year. Commercial aerospace orders were recently on the rise, including a 3% jump at Pratt and 24% increase at Hamilton, for spare engines. Looking at Carrier, U.S. residential HVAC orders were up a mid-single-digit percentage over the same period, albeit for a greater mix of lower-feature, low-efficiency products. Also, the elevator unit, Otis, saw 12% higher equipment orders, driven by sales in emerging (BRIC) markets. We believe profit prospects for UTC Fire & Security are good, in light of its increased backlog, and military aircraft maker Sikorsky is apt to benefit from international demand. Be aware that engineering and development costs at Pratt will probably limit margin improvements this year, though restructuring activity ought to allow for mitigating cost reductions. For now, we look for 2012 share net to climb about 12%, to $6.15 (excluding the impact of pending acquisitions).

These shares are a below-average selection for 3- to 5-year total return. Its yield at 2.5% is modestly above the *Value Line* median.

Damon Churchwell *January 20, 2012*

(A) Diluted egs. Excludes disc. operations: '99, 68¢, '04, 15¢, '05, 6¢. Totals may not sum due to rounding and/or changes in share count. Next earnings report due late Jan.
(B) Dividends historically paid in early March, June, September, and December. ■ Dividend reinvestment plan available.
(C) Includes intangibles. In 2010: $21.781 billion, $23.64/share.
(D) In millions, adjusted for stock splits.

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