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United Technologies

Office of the
Corporate Secretary

December 3, 2001

Public Avail. Date: 1/9/02 0204200205

Act	Section	Rule
1934	14(a)	14a-8

VIA OVERNIGHT MAIL
Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
450 Fifth Street - Judiciary Plaza
Washington, DC 20549

Ladies and Gentlemen:

United Technologies Corporation (the "Company") received a letter dated November 15, 2001 from Daniel Jones (attached hereto as Exhibit A), notifying the Company that Mr. Jones intends to present a shareholder proposal (the "Proposal") at the Company's 2002 annual meeting of shareholders. Mr. Jones' proposal recommends that the Board of Directors provide to shareholders a report on one of the Company's pension plans. We are treating Mr. Jones' letter as a request that the Company include his proposal in the Company's 2002 proxy statement.

We are submitting six copies of this letter on behalf of the Company in accordance with Rule 14a-8(j) under the Exchange Act. A copy of this letter is also being sent to Mr. Jones. This letter sets forth the reasons for the Company's belief that it may omit the Proposal from the proxy statement and form of proxy ("Proxy Materials") relating to the Company's 2002 annual meeting of shareholders. Definitive copies of the Company's 2002 Proxy Materials are tentatively scheduled to be filed pursuant to Rule 14a-6 on or about February 22, 2002, and the annual meeting of shareowners of the Company is tentatively scheduled to occur on or about April 10, 2002.

Please date and file stamp the enclosed extra copy of this letter and return it in the enclosed prepaid envelope.

The Company believes that the Proposal can be omitted from the Proxy Materials for the following reasons:

I. Rule 14a-8(i)(7) – The Proposal Deals with Pension Benefits which Relate to Ordinary Business Operations of the Company.

The Proposal recommends that the Board of Directors

> "provide to shareholders at the most recent practicable date a report disclosing, in plain English, the pension liability, in dollar terms and as a percent of total pension liability,

that relate to the top executive retirement plan, usually called "Supplemental Executive Retirement Plan" (SERP) and the pension liability for qualified pension plan(s). Said report shall also include the total number of participants, plan assets, service cost, total projected benefit obligation, and total benefits paid separately for the SERP and for all other qualified plans combined covering the Company's employees. For the purposes of this resolution, "SERP" refers to any plan that supplements executives' retirement benefits with nonqualified benefits above limits set by Internal Revenue Code Sec. 415."

The staff of the Division of Corporation Finance (the "Staff") has long recognized that the disclosure of employee benefits, including retirement plans, falls within the rubric of "ordinary business operations." See, e.g., the no-action letters issued by the Staff to Chevron Corporation (January 25, 1988), SBC Communications Inc. (January 3, 1997), USX Corporation (January 12, 1998), and General Electric Company (February 2, 1998). In each of the foregoing no-action letters, on facts substantially similar to the instant situation, the Staff confirmed that disclosure of retirement benefits constitutes "ordinary business operations", and indicated that it would not recommend enforcement action to the Commission if the company in question omitted the proposal from its proxy materials. The Proposal therefore clearly relates to the ordinary business operations of the Company and can be omitted under Rule 14a-8(i)(7). The no action letter issued to General Electric (February 2, 1998) is particularly relevant. In that instance, the Staff confirmed that a proposal requesting a report on general pension matters as well as pension increases granted to executive officers could be omitted as related to ordinary business operations. As noted in that request for no action relief, the Staff has concurred on several occasions in the exclusion of proposals dealing with general compensation matters notwithstanding the inclusion of executive compensation as an element of the proposal.

The Proposal submitted by Mr. Jones appears to be directed at the Company's Pension Preservation Plan (the "PPP"), a pension plan maintained by the Company to supplement retirement benefits of U.S. employees that exceed limits set by Section 415 and Section 401(a)(17) of the Internal Revenue Code (the "IRC Limits"). Most of the Company's U.S. salaried employees are eligible to participate in the Company's Employee Retirement Plan (the "Pension Plan"). Eligibility in the PPP is in turn open to all employees of the Company who participate in the broader Pension Plan and whose accrued benefits under the Pension Plan exceed the IRC Limits. In fact, employees are automatically enrolled in the PPP in any year in which the amount of their pension benefit exceeds the IRC Limits. Based on the most recent information available to the Company, approximately 80,000 retirees currently receive benefits under the Pension Plan and approximately 120,000 active and former employees are eligible to receive benefits under the Pension Plan upon retirement. Approximately 400 retirees currently receive benefits under the PPP and approximately 600 active and former employees are eligible to receive benefits under the PPP upon retirement. The vast majority of the current and future beneficiaries under the PPP are non-executives.

As a direct result of adjustments to the IRC Limits , the number of participants and the amount of benefits accruing under the PPP will increase when the IRC Limits are lowered and decrease when the IRC Limits are raised Since the passage of ERISA, the IRC Limits have been changed frequently, sometimes increased and sometimes decreased. Consistent with common practice, the Company does not choose to have its retirement program fluctuate with the IRC Limits. Instead, benefits are provided in accordance with the plan formula and individual participant compensation and years of service. Participation in the PPP is open to all employees under the Pension Plan and eligibility is driven by changes in the Internal Revenue Code and is not within the discretion of the Company or of executives of the Company. The Pension Plan and the PPP are integrated components of the Company's pension program that operate under the same benefit formula to provide the full pension benefit called for by such formula, independent of the IRC Limits. Mr. Jones implies that the PPP is a supplemental benefit provided only to executives. In fact, PPP benefits are not provided exclusively to executives and the operation of the PPP and the IRC Limits simply establish which portion of the pension benefit will be funded through the Pension Plan and which portion will be unfunded through the PPP.

The PPP is an "excess benefit plan" as defined under Section 3(36) of the Employee Retirement and Income Security Act (ERISA). Such plans provide pension benefits under a common formula that exceed the IRC Limits. Mr. Jones appears to confuse the PPP with plans for a select group of top management or highly compensated employees which are defined separately in ERISA and are also known as "top hat plans". In contrast to excess benefit plans, a top hat plan is more likely to be an executive compensation arrangement in which benefits and participation are selective and discretionary. Top hat plans bear no relationship or connection to the pension plan that covers all of a company's employees. The PPP, unlike a top hat plan, is simply an unfunded component of the Company's pension program and therefore clearly a matter of its "ordinary business". Accordingly, the Proposal can be omitted from the Proxy Materials under Rule 14a-8(i)(7).

Mr. Jones attempts to transform an excludable proposal relating to pension benefits into an executive compensation proposal by inaccurately referring to the PPP as a "top executive retirement plan", a "Supplemental Executive Retirement Plan" and also by citing a survey on executive compensation. He implies that the PPP is a special and additional benefit for top executives. As discussed above, the PPP is a pension plan that is available to all employees. It does not provide additional benefits in excess of the Pension Plan's benefit formula, it merely restores reductions effected by the IRC Limits. The Staff has recognized that shareholder proposals that are not limited to matters of executive compensation infringe on ordinary business operations and are therefore excludable under Rule 14a-8(i)(7). See, e.g. FPL Group, Inc. (February 3, 1997), Minnesota Mining and Manufacturing (March 4, 1999), and RJR Nabisco Holdings Corp (February 22, 1999). The Proposal deals with the PPP, a pension plan that provides retirement benefits for all participants in the plan, executive and non-executive alike.

The fact that the Proposal calls for a report on the pension plan is irrelevant. The Securities and Exchange Commission stated in Release No. 34-20091 (August 16, 1983) that for proposals requesting issuers to prepare reports on specific aspects of their business, "the staff will consider whether the subject matter of the special report or committee involves a matter of ordinary business; where it does, the proposal will be excludable under Rule 14a-8(c)(7)." Although Rule 14a-8(c)(7) has since been recodified as Rule 14a-8(i)(7), the Staff's position with respect to the interpretation of this rule has not changed. See, e.g. RJR Nabisco Holdings Corp. (February 22, 1999) and MBNA Corporation (February 23, 2000). Since the subject matter of the report is retirement benefits, a matter which the Staff has long recognized as ordinary business operations, the Proposal is excludable under Rule 14a-8(i)(7).

We also note for the sake of completeness that the Company maintains a Pension Replacement Plan (the "PRP") which is administered in concert with the PPP. The PRP is an unfunded plan that restores pension benefits for executive level employees to the extent pension benefits would otherwise be reduced due to a deferral of compensation. Such deferrals may reduce pension benefits if the deferral occurs in a year which is ultimately taken into account in determining final average annual compensation for purposes of pension benefit determination. We do not consider that the PRP is within the scope of the Jones Proposal since it does not supplement pension benefits above the Pension Plan's general benefit formula and it does not exist for the purpose of "supplement[ing] executives' retirement benefits . . . above limits set by IRC Section 415". To the contrary, it merely maintains the level of benefits that would otherwise be provided under the Pension Plan and the PPP in the absence of a deferral of compensation. It should also be noted that approximately 750 executive level employees are eligible for the PRP, the vast majority of whom are not top executives within the contemplation of the Jones Proposal. Further, the fact that a large number of employees who are not top executives are eligible for the PRP, as well as the fact that the PRP merely preserves the pension benefit formula available to employees in general, also establish that the PRP remains a matter of the Company's general compensation practices and ordinary business operations.

The Proposal clearly seeks shareholder action relating to the disclosure of pension benefits, a matter which has consistently been deemed by the Staff to relate to the conduct of ordinary business of a company. It is the Company's opinion that proposals regarding such matters are excludable under Rule 14a-8(i)(7). The Company respectfully requests the concurrence of the Staff in the Company's determination to omit the Proposal from its 2002 proxy statement.

II. Rule 14a-8(i)(7) – The Proposal Deals with Disclosure Matters which Relate to Ordinary Business Operations of the Company.

The Company does not maintain a pension plan separately addressing the retirement benefits of top executives as the Proposal implies. However, it appears that the Proposal requests a report to shareholders disclosing pension liability of the PPP as a percent of total pension liability, including the number of participants, plan assets, service cost, total projected benefit obligation and total benefits paid separately for the PPP and for all other qualified benefit plans combined. The Staff has previously concurred that proposals calling for additional disclosure relating to compensation issues, beyond that required by Item 402 of Regulation S-K, are

excludable pursuant to Rule 14a-8(i)(7) because disclosure is an element of the ordinary business of reporting companies. See, e.g. Dominion Resources, Inc. (October 7, 1997), General Electric Company (February 2, 1998) and American Home Products Corporation (February 24, 2000). Moreover, pursuant to Item 402(f) of Regulation S-K, the Company already discloses in its proxy statement pension benefits payable on the basis of compensation and years-of-service categories. Separate disclosure of pension benefits payable to specified executive officers is also provided. Accounting rules applicable to public companies like the Company dictate the annual reporting of pension funding in the notes to the audited financial statements. For example, Note 10 to the Company's 2000 audited financial statements provides the information required by Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions." The Company also reports on Form 5500, a publicly available document, pursuant to its ERISA obligations, the annual experience of the PPP. Thus, the Company's SEC filings already include extensive disclosure of the amount of pension benefits for all employees, including executives. We do not believe that the allocation between the funded and unfunded portion of these benefits is material to shareowners, a view that is supported by the design of current comprehensive disclosure requirements.

The Company believes that disclosure is a matter of ordinary business of public companies. The Company respectfully requests the concurrence of the Staff in the exclusion of the Proposal from the Company's 2002 proxy statement.

III. Rule 14a-8(i)(3) – The Proposal is Misleading and Contrary to the Commission's Proxy Rules.

The Supporting Statement of the Proposal begins with a citation to a survey on executive compensation finding that 78% of companies surveyed reported that their top executives were covered by a nonqualified supplemental executive retirement plan. The Supporting Statement continues, "Typically, SERPs were created to increase the retirement benefits that executives are paid over limitations set by IRC Sec. 415 on benefits paid." The Proposal then states that "... SERPs provide deferred compensation for a select group of management or highly compensated employees. At present, retirement plans for executives of UTC include benefits derived from an ERISA qualified pension plan for regular employees and then greatly supplemented by nonqualified benefits from a SERP." The Company believes these statements are materially misleading. While the citation seems to lend credibility to the argument that SERPs are common arrangements to increase the amount of retirement benefits of executives, the reader is lead to believe, incorrectly, that the PPP benefits a "select group of management or highly compensated employees", when in fact the PPP provides benefits to all employees who participate in the Company's Pension Plan and whose retirement benefits exceed the IRC Limits. The PPP merely restores benefits reduced by the IRC Limits, it provides no benefits in addition to those called for by the Pension Plan formula.

For the foregoing reason, the Company believes that the Proposal contains misleading statements and is contrary to the Commission's proxy rules and should be excluded from the Company's 2002 proxy statement in reliance on Rule 14a-8(i)(3).

IV. Rule 14a-8(b) and (f) – Eligibility to Submit a Proposal.

Mr. Jones states in his letter accompanying the Proposal that "I am the beneficial owner of 5,691 shares of common stock (the "Shares") of the Company, and I have held the Shares continuously for over one year." Since Mr. Jones is not a registered holder of common stock of the Company, the Company is not able to independently verify his ownership of the minimum number of shares required by Rule 14a-8(b). Accordingly, in the Company's letter acknowledging receipt of the Proposal, dated November 27, 2001, the Company requested that Mr. Jones provide verification of ownership in accordance with Rule 14a-8, and reminded him that the verification of the amount and the duration of his beneficial ownership must be sent within 14 days of his receipt of the Company's letter in order to comply with the requirements of Rule 14a-8.

The Company's letter requesting verification of stock ownership was dispatched by overnight courier on November 27, 2001. To be timely under Rule 14a-8(f), verification of Mr. Jones' ownership of stock is required to be postmarked no later than December 12, 2001, 14 days following receipt of the letter. As of the date hereof, the Company has not yet received a response from Mr. Jones.

Under these circumstances, the Company believes the Proposal may be excluded for failure to comply with requirements of Rule 14a-8(b) and Rule 14a-8(f) if Mr. Jones does not provide timely verification of stock ownership. See, e.g., The Walt Disney Company (October 29, 1998), Intel Corporation (February 24, 1997) and McDonald's Corporation (February 19, 1997). The Company respectfully requests no action relief should Mr. Jones fail to provide verification of stock ownership within the time frame set forth above.

The Company respectfully submits, for the foregoing reasons, that the Proposal relates to the conduct of the "ordinary business operations" of the Company and is misleading in violation of the Commission's proxy rules. Further, pursuant to the requirements of Rule 14a-8(b) and Rule 14a-8(f), if Mr. Jones fails to provide timely verification of stock ownership, the Proposal will be excludable on the basis of noncompliance with the requirements of such rules. The Company respectfully requests that the Staff confirm that it will not recommend any enforcement action if the Proposal is omitted from the Company's 2002 Proxy Materials.

If you have any questions regarding this request or require additional information, please contact the undersigned at telephone (860) 728-7836 or fax (860) 728-7835.

Sincerely,

Charles F. Hildebrand
Associate General Counsel
and Assistant Secretary

Enclosure

cc: Mr. Daniel Jones
10 Old Post Road
Old Lyme, CT 06371

UNITED TECHNOLOGIES CORPORATION
SHAREHOLDER PROPOSAL
SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS

"RESOLVED, that the shareholders of UTC (the "Company") request that the Board of Directors provide to shareholders at the most recent practicable date a report disclosing, in plain English, the pension liability, in dollar terms and as a percent of total pension liability, that relate to the top executive retirement plan, usually called "Supplemental Executive Retirement Plan" (SERP) and the pension liability for qualified pension plan(s). Said report shall also include the total number of participants, plan assets, service cost, total projected benefit obligation, and total benefits paid separately for the SERP and for all other qualified plans combined covering the Company's employees. For the purposes of this resolution, "SERP" refers to any plan that supplements executives' retirement benefits with nonqualified benefits above limits set by Internal Revenue Code Sec. 415."

Supporting Statement

A 2001 Charles D. Spencer & Associates survey on executive compensation found that 78% of companies surveyed reported that their top executives were covered by a nonqualified supplemental executive retirement plan (SERP). Typically, SERPs were created to increase the retirement benefits that executives are paid over limitations set by IRC Sec. 415 on benefits paid. SERPs are also exempt from the Employee Retirement and Income Security Act (ERJSA) rules regarding funding, participation, vesting, and fiduciary duties. In 2000, the maximum amount of retirement benefits payable under IRC and ERISA was $135,000.

Maintained by employers, SERPs provide deferred compensation for a select group of management or highly compensated employees. At present, retirement plans for executives of UTC include benefits derived from an ERISA qualified pension plan for regular employees and then greatly supplemented by nonqualified benefits from a SERP.

In recent years, excessive executive pay packages have alarmed the public as more reports surface of companies rewarding their CEOs millions of dollars for up ticks in share value that are often short-term in nature. Many institutional shareholders have since sounded the alarm by seeking more transparent and accountable executive compensation practices.

However, executive pay schemes involving SERPs have not been transparent. SERPs, while perfectly legal, have existed below the radar screen to regulators, policy makers, and investors due to poor disclosure requirements. A *Wall Street Journal* article in June 2001, emphasized that companies can easily hide their liability within the liability associated with their regular pensions. In disclosure documents, the liabilities for SERPs and regular, qualified pension plans are simply lumped together, leaving shareholders unaware of the magnitude of liabilities associated with SERPs.

The proposed report will separate the SERP figures from other pension plan(s) figures allowing shareholders to evaluate this executive compensation policy.

For the reasons above, we believe that requiring disclosure of the UTC's SERP will help ensure that executive compensation decisions are rendered in the interests of shareholders.

Exhibit A

Daniel Jones
10 Old Post Road
Old Lyme, CT 06371

November 15, 2001

Corporate Secretary
United Technologies Corporation
One Financial Plaza
Hartford, CT 06101

Dear Corporate Secretary:

I am writing to give notice that pursuant to the 2001 proxy statement of United Technologies Corporation (the "Company"), I intend to present the attached proposal (the "Proposal") at the 2002 annual meeting of shareholders (the "Annual Meeting"). I am the beneficial owner of 5,691 shares of common stock (the "Shares") of the Company, and I have held the Shares continuously for over one year. In addition, I intend to hold the Shares through the date on which the Annual Meeting is held.

The Proposal is attached. I plan to appear in person or by proxy at the Annual Meeting to present the Proposal. I declare that I have no "material interest" other than that believed to be shared by stockholders of the Company generally. Please direct all questions or correspondence regarding the Proposal to Daniel Jones, 10 Old Post Road, Old Lyme, CT, 06371, (860) 434-5543.

Sincerely,

Daniel Jones

United Technologies Corporation
United Technologies Building
Hartford, CT 06101
(860) 728-7000

Office of the
Corporate Secretary

United Technologies

January 2, 2002

VIA FACSIMILE AND OVERNIGHT COURIER

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
450 Fifth Street-Judiciary Plaza
Washington, D.C. 20549

Ladies and Gentlemen:

By letter dated December 3, 2001, a copy of which is attached hereto as Exhibit A (the "Prior Letter"), United Technologies Corporation (the "Company") requested the Staff's confirmation that it would not recommend enforcement action if the Company omits the proposal of Daniel Jones (the "Proposal") from the Company's proxy statement and form of proxy ("Proxy Materials") relating to the Company's 2002 annual meeting of shareholders. A copy of the Proposal is included as an attachment to the Prior Letter.

The Prior Letter cites several possible bases for the Company's intended exclusion of the Proposal from the Proxy Materials, including Mr. Jones' failure to provide verification of stock ownership in accordance with Rules 14a–8(b) and (f). These Rules require that a proponent provide, either at the time a proposal is submitted or within 14 days of the company's request, documentation evidencing ownership of at least 1% or $2,000 in market value of the company's shares. The Company's request for verification of stock ownership was delivered to Mr. Jones' specified address on November 29, 2001. A copy of the Company's request to Mr. Jones is attached hereto as Exhibit B. Mr. Jones' response to the Company's request should have been postmarked no later than December 13, 2001 in order to be timely under Rule 14a-8(f). We have received no response from Mr. Jones to date.

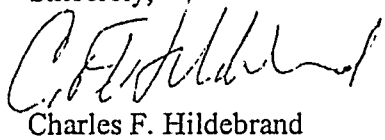
The Company therefore wishes to supplement the Prior Letter by informing the Staff that we have not received timely verification of Mr. Jones' ownership of the required amount of Company stock.

As stated in the Prior Letter, the Company believes that it is entitled to exclude the Proposal from the Proxy Materials. The Staff has previously indicated in similar situations that it would not recommend enforcement action where the proponent of the proposal fails to verify ownership within the required time frame. See, e.g., The Walt Disney Company (October 29, 1998); Intel Corporation (February 24, 1997) and McDonald's Corporation (February 19, 1997).

For the reasons set forth in the Prior Letter, as supplemented by this letter, the Company therefore requests that the Staff confirm that it will not recommend any enforcement action if the Company omits the Proposal from its Proxy Materials.

If you have any questions regarding this request or require additional information, please contact the undersigned at telephone (860) 728-7836 or fax (860) 728-7835.

Sincerely,



Charles F. Hildebrand
Associate General Counsel
& Assistant Secretary

Enclosures

cc: Mr. Daniel Jones
10 Old Post Road
Old Lyme, CT 06371

January 9, 2002

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: United Technologies Corporation
Incoming letter dated December 3, 2001

The proposal requests that the board prepare a report on the pension liability of United Technologies' Supplemental Executive Retirement Plan (SERP) and all other qualified pension plans.

There appears to be some basis for your view that United Technologies may exclude the proposal under rule 14a-8(i)(7) as relating to its ordinary business operations (i.e. general employee benefits). Accordingly, we will not recommend enforcement action to the Commission if United Technologies omits the proposal from its proxy materials in reliance on rule 14a-8(i)(7). In reaching this position, we have not found it necessary to address the alternative bases for omission upon which United Technologies relies.

Sincerely,

Jennifer Gurzenski

Jennifer Gurzenski
Attorney-Advisor