

UNITED TECHNOLOGIES CORP /DE/

Form 11-K

June 24, 2005

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FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Plan fiscal year ended December 31, 2004

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**

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FINANCIAL STATEMENTS OF THE UNITED TECHNOLOGIES CORPORATION

DEFINED CONTRIBUTION RETIREMENT PLAN

Report of Independent Registered Public Accounting Firm

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, 2004 and December 31, 2003, and the changes in net assets available for benefits for the year ended December 31, 2004 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards 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.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PRICEWATERHOUSECOOPERS LLP

Hartford, Connecticut

June 24, 2005

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UNITED TECHNOLOGIES CORPORATION
DEFINED CONTRIBUTION RETIREMENT PLAN

Statements of Net Assets Available for Benefits

(Thousands of Dollars)

	December 31, 2004	December 31, 2003
	<u> </u>	<u> </u>
Assets:		
Investments, at fair value (Notes 3, 4, and 5)	\$ 15,876	\$ 15,669
	<u> </u>	<u> </u>
Net Assets Available for Benefits	\$ 15,876	\$ 15,669
	<u> </u>	<u> </u>

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

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

(Thousands of Dollars)

	Year Ended December 31, 2004
Additions to net assets attributed to:	
Investment Income:	
Plan interest in net appreciation and investment income of Master Trust (Note 5)	\$ 1,079
Total Investment Income	1,079
Deductions from net assets attributed to:	
Distributions to participants	(872)
Total Deductions	(872)
Net increase	207
Net Assets Available for Benefits, December 31, 2003	15,669
Net Assets Available for Benefits, December 31, 2004	\$ 15,876

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

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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 were able to participate after completing one year of service. As described in Note 8, 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. Effective December 31, 2003, the UTC Employee Savings Plan II was merged into the UTC Employee Savings Plan. The following is a brief description of the Plan. For more complete information, participants should refer to the prospectus and summary plan description as well as the Plan document which are available from UTC.

Contributions and Vesting. No participant or employer contributions were made during the 2004 and 2003 Plan years (see Note 8). Participant contributions, plus actual earnings thereon, were fully vested at all times under the Plan. Generally, employer contributions, plus actual earnings thereon, became fully vested after two years of Plan participation. All participants are fully vested in the Plan.

Participant Accounts. Each participant's account is credited with Plan earnings and losses 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.

Voting Rights. Common Stock held in the UTC Common Stock Fund is voted by the Trustee at shareowner meetings of UTC in accordance with the confidential instructions of the participants whose accounts are invested in these funds. All shares of employer stock in the UTC Common Stock Fund for which the Trustee receives voting instructions from participants to whose accounts the shares are allocated are voted in accordance with those instructions. All employer stock in the UTC Common Stock Fund for which the Trustee does not receive timely voting instructions are voted by the Trustee in accordance with the timely instructions it receives with respect to a plurality of the shares in the UTC Common Stock Fund.

Trustee and Recordkeeper. The Plan trustee holds all of the Plan's assets. State Street Bank and Trust is the Plan trustee. Fidelity Institutional Retirement Services Company (Fidelity) provides participant account recordkeeping services.

Payment of Benefits. Generally, upon termination, benefits may be left in the Plan or paid in a lump sum or other distribution option to a terminating participant. 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, 2004 were approximately \$9,000.

NOTE 2 - SUMMARY OF ACCOUNTING PRINCIPLES

Basis of Accounting. The financial statements of the Plan are prepared under the accrual method of accounting.

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 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, other than the UTC Common Stock Fund, increases the participating plans' unit values. UTC Common Stock Fund dividends increase the Plan's units in that fund. Distributions to participants reduce the number of participation units held by the participating plans (see [Note 5](#)).

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Investment Valuation and Income Recognition. The Income Fund's investments in fully benefit-responsive investment contracts with insurance companies (see [Note 4](#)) are stated at contract value, which approximates fair value. Contract value includes contributions plus earnings, less Plan withdrawals and expenses. 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 2004.

Payment of Benefits. Benefit payments to participants or beneficiaries are recorded upon distribution.

Use of Estimates. The preparation of the Plan's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the dates of the financial statements. Actual results could differ from those estimates.

NOTE 3 INVESTMENTS

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

(Thousands of Dollars, except unit amounts)	<u>December 31,</u>	
	<u>2004</u>	<u>2003</u>
Income Fund, 111,074 and 117,361 units, respectively	\$ 11,150	\$ 11,182
Equity Fund, 65,504 and 73,931 units, respectively	\$ 1,915	\$ 1,949
UTC Common Stock Fund, 42,760 and 43,964 units, respectively	\$ 1,490	\$ 1,408

During 2004, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

(Thousands of Dollars)	
UTC Common Stock Fund	\$ 123
Other Funds	337
	<u>360</u>
	<u>\$ 460</u>

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NOTE 4 - INVESTMENT CONTRACTS WITH INSURANCE COMPANIES

The Plan's Income Fund invests in investment 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 weighted average interest rates credited to participant accounts for 2004 and 2003 were 5.35 percent and 5.14 percent, respectively. There are no reserves against contract value for credit risk.

NOTE 5 - INVESTMENT IN MASTER TRUST

UTC has entered into a Master Trust agreement with the Trustee. Under this agreement, certain savings plans of UTC 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. The Plan's interest in the net assets of the Master Trust was less than 1 percent, at December 31, 2004 and 2003.

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

United Technologies Corporation**Master Trust Statements of Net Assets**

(Thousands of Dollars)

	December 31,					
	2004			2003		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
Assets:						
Short-term investments	\$ 64,251	\$	\$ 64,251	\$ 41,964	\$	\$ 41,964
Investments:						
Equity:						
Mutual funds	1,023,561		1,023,561	809,797		809,797
Equity commingled index funds	1,466,502		1,466,502	1,254,475		1,254,475
Common stock	3,361,344	1,601,116	4,962,460	3,245,780	1,559,881	4,805,661
Debt:						
Fixed income commingled index funds	27,634		27,634	20,927		20,927
Income Fund investment contracts	5,833,780		5,833,780	5,563,577		5,563,577
Participant notes receivable	95,615		95,615	90,187		90,187
Subtotal	11,872,687	1,601,116	13,473,803	11,026,707	1,559,881	12,586,588
ESOP receivables		165,734	165,734	9,472	156,445	165,917
Interest and dividend receivable	506		506	3,368		3,368
Total assets	11,873,193	1,766,850	13,640,043	11,039,547	1,716,326	12,755,873
Liabilities:						
Accrued liabilities	(2,130)		(2,130)	(1,257)		(1,257)
Accrued ESOP interest		(1,650)	(1,650)		(1,648)	(1,648)
ESOP debt		(164,000)	(164,000)		(197,600)	(197,600)
Notes payable to UTC		(231,933)	(231,933)		(208,633)	(208,633)
Total liabilities	(2,130)	(397,583)	(399,713)	(1,257)	(407,881)	(409,138)
Net Assets	\$ 11,871,063	\$ 1,369,267	\$ 13,240,330	\$ 11,038,290	\$ 1,308,445	\$ 12,346,735
Net assets of the Master Trust attributable to the Plan	\$ 15,876	\$	\$ 15,876	\$ 15,669	\$	\$ 15,669

Table of Contents**United Technologies Corporation****Master Trust Statement of Changes in Net Assets**

(Thousands of Dollars)

	Year Ended December 31, 2004		
	Allocated	Unallocated	Total
Additions:			
Interest and dividend income	\$ 366,817	\$ 22,341	\$ 389,158
Transfers from participating plans for purchase of units	329,220	15,160	344,380
Allocation of 854,000 ESOP shares, at market	76,767		76,767
Net appreciation on fair value of investments	554,735	130,247	684,982
Total additions	1,327,539	167,748	1,495,287
Deductions:			
Transfers out on behalf of participating plans	(556,486)		(556,486)
Allocation of 854,000 ESOP shares, at market		(76,767)	(76,767)
Master Trust expenses	(3,011)	(30,159)	(33,170)
Total deductions	(559,497)	(106,926)	(666,423)
Net increase prior to transfers	768,042	60,822	828,864
Plan transfers:			
Assets transferred in	65,193		65,193
Assets transferred out	(462)		(462)
Net Plan transfers	64,731		64,731
Increase in net assets	832,773	60,822	893,595
Net Assets:			
Beginning of Year	11,038,290	1,308,445	12,346,735
End of Year	\$ 11,871,063	\$ 1,369,267	\$ 13,240,330
			Year Ended December 31, 2004
Amounts pertaining to Plan:			
Plan interest in net appreciation and investment income of Master Trust		\$ 1,079	
Distributions to participants		\$ (872)	

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NOTE 6 - RELATED-PARTY TRANSACTIONS

Fidelity Institutional Operations Company and State Street Bank and Trust manage certain Plan investment options. These transactions qualify as party-in-interest transactions.

The Master Trust holds common shares of UTC, the Plan sponsor, and these qualify as exempt party-in-interest transactions.

The Plan invests in the UTC Common Stock Fund (the Fund), which is comprised of a short-term investment fund component and shares of common stock of UTC. The unit values of the Fund are recorded and maintained by Fidelity. During the year ended December 31, 2004, the Plan purchased units of the Fund in the approximate amount of \$244,000, sold units of the Fund in the approximate amount of \$285,000, and had net appreciation on the Fund in the approximate amount of \$123,000. The total value of the Plan's interest in the Fund was approximately \$1,490,000 and \$1,408,000 at December 31, 2004 and 2003, respectively.

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.

NOTE 8 - FROZEN PLAN

During 1998, all active Plan participants became participants of the UTC Employee Savings Plan II. As of December 31, 2003, the UTC Employee Savings Plan II merged into the United Technologies Corporation Employee Savings Plan. 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 28, 2003, 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.

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SIGNATURE

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

Dated: June 24, 2005

By: /s/ Natalie Morris

Natalie Morris

Director, Employee Benefits and Human Resources Systems

United Technologies Corporation

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EXHIBIT INDEX

(23) Consent of Independent Registered Public Accounting Firm *

* Submitted electronically herewith.