

UNITED TECHNOLOGIES CORP /DE/
Form 11-K
June 30, 2003

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For The Plan Period Ended December 31, 2002

Commission File Number 1-5358

SUNDSTRAND CORPORATION
ROCKFORD FACTORY EMPLOYEE SAVINGS PLAN

UNITED TECHNOLOGIES CORPORATION
One Financial Plaza
Hartford, Connecticut 06103

SUNDSTRAND CORPORATION ROCKFORD FACTORY EMPLOYEE SAVINGS PLAN

**Index to Financial Statements
December 31, 2002 and 2001**

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**FINANCIAL STATEMENTS OF THE
SUNDSTRAND CORPORATION ROCKFORD FACTORY EMPLOYEE SAVINGS PLAN**

Report Of Independent Auditors

To the Participants and Administrator of the
 Sundstrand Corporation
 Rockford Factory Employee Savings 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 Sundstrand Corporation Rockford Factory Employee Savings Plan (the "Plan") at December 31, 2002 and December 31, 2001, and the changes in net assets available for benefits for the year ended December 31, 2002, 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.

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. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit 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
 PricewaterhouseCoopers LLP
 Hartford, Connecticut
 June 27, 2003

SUNDSTRAND CORPORATION ROCKFORD FACTORY EMPLOYEE SAVINGS PLAN
Statements of Net Assets Available for Benefits
 (Thousands of Dollars)

| | December 31, 2002 | December 31, 2001 |
|-----------------------------------|----------------------|----------------------|
| Assets: | | |
| Investments (<u>Note 3</u>) | \$ 37,856 | \$ 39,859 |
| Loans to participants | 2,673 | 2,749 |
| Net Assets Available for Benefits | \$ 40,529 | \$ 42,608 |

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

SUNDSTRAND CORPORATION ROCKFORD FACTORY EMPLOYEE SAVINGS PLAN
Statement of Changes in Net Assets Available for Benefits

(Thousands of Dollars)

**Year Ended
 December 31,**

2002 Additions to net assets attributed to: Investment Income: Interest

| | | | | | | | | | | |
|---------|-------------------------------|---------|--|-------|---|---------|-----------------|----|--|----|
| | | | | | | | | | | \$ |
| 188 | Dividends | 699 | Contributions: Participants' | 3,429 | Employer's | 1,095 | Other additions | 11 | | |
| | Total additions | 5,422 | Deductions from net assets attributed to: | | Net depreciation in fair value of investments | | | | | |
| (5,592) | Distributions to participants | (1,906) | Administrative expenses | (3) | Total deductions | (7,501) | Net | | | |
| | decrease | (2,079) | Net Assets Available for Benefits, December 31, 2001 | | 42,608 | | | | | |

Net Assets Available for Benefits, December 31, 2002

\$
40,529

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

SUNDSTRAND CORPORATION ROCKFORD FACTORY EMPLOYEE SAVINGS PLAN
Notes to Financial Statements

NOTE 1 - DESCRIPTION OF THE PLAN

General.

The Sundstrand Corporation Rockford Factory Employee Savings Plan (the "Plan") is a defined contribution plan covering regular, hourly employees in the collective bargaining unit represented by the U.A.W. and its Local Union No. 592 at the Rockford, Illinois plant of the Hamilton Sundstrand Corporation, a subsidiary of United Technologies Corporation ("UTC"). 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.

Participants may elect to contribute, through payroll deductions, up to 20 percent of their eligible compensation, as defined by the Plan. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan offered 26 investment options to the participants during the year ended December 31, 2002: UTC Stock Fund; seven Growth Funds; five Growth and Income Funds; three Balanced Funds; four Life Strategy Funds; four Fixed Income Funds; and two Money Market Funds. Plan participants also had the option of electing life insurance coverage through the Life Insurance Fund. Under this option, participant contributions were used to purchase life insurance coverage for the participant and/or his or her beneficiaries. Effective July 1, 1996, new policies or increased coverage through the Life Insurance Fund were no longer available. Existing policies were unchanged and premium deductions for those policies will continue. Transamerica Assurance Company is the carrier of life insurance coverage. Participant contributions, plus actual earnings thereon, are fully vested at all times under the Plan.

Effective July 1, 2000, UTC's matching contribution is \$1.00 on \$1.00 of the participant's eligible contributions from the first 3 percent of gross pay. Employer and participant contributions are deposited into the investment funds in

accordance with the participants' elections.

Employer contributions, plus actual earnings thereon, are fully vested at all times for employees who became participants in the Plan prior to January 1, 2001. For employees who became participants in the Plan subsequent to January 1, 2001, employer contributions, plus actual earnings thereon, become fully vested after five years of Plan participation.

Participant Accounts. Interest, dividends, and realized and unrealized gains and losses on investments of the funds are allocated directly to each participant's account by Vanguard Fiduciary Trust Company ("Vanguard"). Forfeited balances of terminated participants' nonvested employer contribution accounts are used to reduce future employer contributions and to pay plan administrative expenses. For the year ended December 31, 2002, there were no forfeitures used to reduce employer contributions.

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 the 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.

All of the Plan's assets are held by Vanguard, the Plan trustee, who also has participant account recordkeeping responsibilities.

SUNDSTRAND CORPORATION ROCKFORD FACTORY EMPLOYEE SAVINGS PLAN
Notes to Financial Statements

Participant Loans.

Participants may elect to borrow from their balance in any of the funds, except the Life Insurance Fund, a minimum of \$500 up to a maximum of \$50,000 or 50 percent of their account balance, whichever is less. Participants borrowing from their accounts for the purpose of purchasing a principal residence may select a repayment term of up to 15 years, with all other loans having a repayment term of not more than five years. Loans are repaid with interest, through equal payroll deductions over the loan term. The interest rate is equal to the prime rate, published in The Wall Street Journal on the last business day of each month. Loan payments are allocated between the individual funds based on the respective contribution percentage at the time of repayment.

Payment of Benefits.

Generally, on termination of service due to death, disability, or retirement, benefits are paid in a lump sum to a terminating participant.

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.

Investment Valuation and Income Recognition.

The Plan's investments are stated at fair value as determined by the Plan Trustee, typically by reference to published market data. The UTC Stock Fund is valued at its year-end unit closing price (comprised of year-end market price plus the cash position that has not been invested in UTC stock). Participant loans are valued at cost, which approximates fair value.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date.

Plan Expenses.

Terminated and retired participants who do not elect to receive a lump sum distribution pay an annual administration fee. All other administrative expenses, such as trustee and recordkeeping fees, were paid directly by the employer in 2002.

Use of Estimates.

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

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SUNDSTRAND CORPORATION ROCKFORD FACTORY EMPLOYEE SAVINGS PLAN
Notes to Financial Statements

NOTE 3 - INVESTMENTS

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

| (Thousand of Dollars, except unit amounts) | December 31, 2002 | December 31, 2001 |
|--|------------------------------|------------------------------|
|--|------------------------------|------------------------------|

During 2002, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value by approximately \$5,592,000. Mutual Fund investments depreciated by \$5,500,000 and the UTC Stock Fund depreciated by \$93,000.

NOTE 4 - RELATED-PARTY TRANSACTIONS

Certain Plan investment options are managed by Vanguard Fiduciary Trust Company. Vanguard is the Plan's trustee and recordkeeper, as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

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

The Plan invests in the UTC 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 Vanguard. During the year ended December 31, 2002, the Plan purchased units of the Fund in the approximate amount of \$

37,000, sold units of the Fund in the approximate amount of \$262,000, and had net depreciation on the Fund in the approximate amount of \$93,000. The total value of the Plan's interest in the Fund was \$2,167,000 and \$2,485,000 at December 31, 2002 and 2001, respectively.

NOTE 5 - PLAN TERMINATION

Although it has not expressed any intent to do so, UTC, subject to a collective bargaining agreement, has the right under the Plan to terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). In the event of Plan termination, participants will become fully vested in their account balances.

NOTE 6 - TAX STATUS

The Internal Revenue Service has determined on March 8, 1996, that the Plan is 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 administration and legal counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

NOTE 7 - SUBSEQUENT EVENTS

Subsequent to year-end, a bargaining agreement was reached to provide for the merger of the Plan into the United Technologies Corporation Represented Employee Savings Plan. The merger is expected to be completed in 2004.

Supplemental Schedule

SUNDSTRAND CORPORATION ROCKFORD FACTORY EMPLOYEE SAVINGS PLAN
Schedule H, Line 4i - Schedule of Assets Held at End of Year
December 31, 2002

| <u>(a)</u> | <u>(b)</u> Identity of issue, borrower lessor or <u>similar</u> <u>party</u> | <u>(c)</u> Description of investment, including maturity date, rate of interest, collateral, par or <u>maturity value</u> | <u>(d)</u> <u>Current Value</u> |
|------------|--|--|------------------------------------|
| | | * | |
| | Vanguard Group of Investments Treasury Money Market Fund | | |
| | \$ | | 10,474,874 |
| | | * | |
| | Vanguard Group of Investments S&P 500 Index Fund | 4,768,983 | |
| | | * | |
| | Vanguard Group of Investments Windsor II Fund | 3,276,246 | |
| | | * | |

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Vanguard Group of Investments U.S. Growth Fund 2,645,745

*

Vanguard Group of Investments Prime Money Market Fund 2,314,426

*

United Technologies Company Stock Fund United Technologies Company Stock Fund

2,167,092

*

Vanguard Group of Investments Growth Index Fund 1,327,223

*

Vanguard Group of Investments Long-Term Treasury Fund 1,268,336

*

Vanguard Group of Investments Explorer Fund 1,168,217

*

Vanguard Group of Investments Wellesley Income Fund 1,146,295

*

Vanguard Group of Investments International Growth Fund 968,390

*

Vanguard Group of Investments Total Bond Market Index Fund 957,987

*

Vanguard Group of Investments Life Strategy Moderate Growth Fund

897,311

*

Vanguard Group of Investments STAR Fund 694,100

*

Vanguard Group of Investments Life Strategy Growth Fund 652,713

*

Vanguard Group of Investments Growth and Income Fund 651,511

*

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Vanguard Group of InvestmentsExtended Market Index Fund557,382

*

Vanguard Group of InvestmentsLife Strategy Conservative Growth Fund364,281

*

Vanguard Group of InvestmentsBalanced Index Fund353,928

*

Vanguard Group of InvestmentsShort-Term Treasury Fund285,893

*

Vanguard Group of InvestmentsTotal Stock Market Index Fund282,993

*

Vanguard Group of InvestmentsEmerging Markets Index Fund186,388

*

Vanguard Group of InvestmentsIntermediate-Term Corporate Fund137,081

*

Vanguard Group of InvestmentsLife Strategy Income Fund127,228

*

Vanguard Group of InvestmentsPacific Stock Index Fund119,705

*

Vanguard Group of InvestmentsEuropean Stock Index Fund61,194 Plan ParticipantsParticipant Loans Receivable (Note
1)2,673,458 \$40,528,980

* Indicates an identified person known to be a party-in-interest to the Plan

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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.

SUNDSTRAND CORPORATION ROCKFORD

FACTORY EMPLOYEE SAVINGS PLAN

Dated: June 30, 2003 By: /s/ Laurie P. Havanec Laurie P.

Havanec

Director, Employee Benefits and Human Resources Systems

United Technologies Corporation

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EXHIBIT INDEX

(23) Consent of Independent Auditors *

(99) Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed and dated by Laurie P. Havanec and David L. Porter as of June 30, 2003. *

* Submitted electronically herewith.

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