

Chris Crum (ccrum@smu.edu)
(214) 514-3696
Grant Jones (pgjones@smu.edu)
(214) 415-5306

Exhibit 3

Recommendation: SELL
Investment Conclusions:

- Overvalued according to DCF analysis by 11%
- Increased profitability is the result of a tax reimbursement.
- Net operating margins decreasing over the 5 businesses.
- Army terminating Comanche Helicopter
- Focused on Growth by Acquisitions
- Potential Loss of Expected \$1.5 Billion Marine One Contract.
- GE entering into F-35 Joint Strike Fighter engine manufacturing.
- Low Dividend and Growth Estimates comparable to Industry.

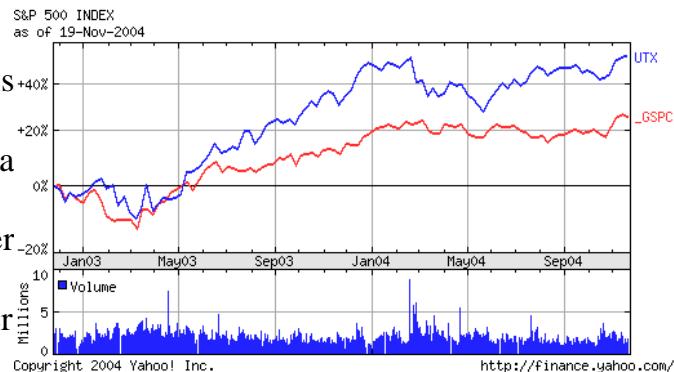


Exhibit 4

Growth Est	UTX	Industry	Sector
Current Qtr.	9.50%	9.20%	11.60%
Next Qtr.	14.00%	0.00%	11.00%
This Year	17.30%	34.00%	42.20%
Next Year	11.50%	12.80%	14.30%
Next 5 Years (per annum)	10.00%	10.92%	13.17%

Exhibit 1

Company Data	
Price as of 11/19/04	\$ 97.27
Dow Jones Industry Sector	Industrials Conglomerates
Exchange	NYSE
Shares Outstanding	511.04 Million
Market Capitalization	49.70 Billion
52-Week EPS	5.389
52-Week High	98.25
P/E Ratio	18.05
Dividend Yield	1.43%
Fiscal Year Ends:	12/31/2004

Exhibit 2

Name	Dividend Yield %
Conglomerates	2.043
General Electric Company	2.206
3M Company	1.779
United Technologies Corpo	1.439

Investment Thesis Summary

United Technologies is a quality company and has significantly appreciated during our holding period but it is time unwind our position. This statement is based on different assumptions about their business model, comparables, and heavily on a discounted cash flow analysis. While most of the analysts on the street have a buy or hold recommendation on UTX, we feel that it is overvalued by about 11%. (See DCF discussion) Upon, an analysis of the comparable companies, with a heavy emphasis on General Electric, the result came out to be negligible. But when compared to the industry, UTX is lagging in growth potential. UTX has prospered recently with its growth by acquisition strategy and we do not feel that this level of growth is sustainable and United Technologies which has steadily been meeting earnings expectations is due for a miss. In conclusion,

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we believe that United Technologies has reached its peak
and we should look into other ways to get long term
growth exposure in the industrials sector.

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Company Profile

United Technologies Corporation, incorporated in 1934, provides high-technology products and services to the building systems and aerospace industries worldwide. Its operations are classified into five principal segments: Otis, Carrier, Chubb, Pratt & Whitney and Flight Systems. Otis is an elevator and escalator manufacturing, installation and service company. Carrier is a manufacturer and distributor of commercial and residential heating, ventilating and air conditioning (HVAC) systems and refrigeration and equipment. Chubb is a global provider of security and fire protection products and services that was acquired by the Company on July 28, 2003. Pratt & Whitney and the Flight Systems segments consist of United's aerospace businesses, and produce and service commercial and government aerospace and defense products. They also serve customers in the industrial markets.



Otis designs, manufactures, sells and installs a range of passenger and freight elevators, including hydraulic and traction elevators for low- and medium-speed applications and gearless elevators for high-speed passenger operations in high-rise buildings. Otis also produces a line of escalators and, for horizontal transportation, moving walkways and shuttles. In addition to new equipment, it provides modernization products and services to upgrade elevators and escalators, as well as maintenance services for a substantial portion of the products that it sells, in addition to those of other manufacturers. Otis serves an international customer base, principally in the commercial and residential property industries.



Carrier products include heating, ventilating and air conditioning systems and equipment, commercial and transport refrigeration equipment and service for a diversified international customer base principally in commercial and residential real estate development. It also provides aftermarket service and components for its products and those of other manufacturers in both the HVAC and refrigeration industries. Its products and services are sold under Carrier and other brand names to building contractors and building owners,

homeowners, shipping and trucking companies, supermarkets and foodservice companies. Sales are made both directly to the customer and through manufacturers' representatives, distributors, dealers, individual wholesalers and retail outlets. Carrier also participates in a joint venture with Toshiba Corporation in Japan. Carrier and the joint venture company, Toshiba Carrier Corporation, also participate in HVAC joint ventures in the United Kingdom and Thailand.



In the electronic security industry, Chubb provides system integration, installation and service of intruder alarms, access control and video surveillance systems. In the fire protection industry, Chubb provides system integration, installation and service of portable and fixed suppression systems and fire detection systems. It also provides monitoring, response and security personnel services to complement both the electronic security and fire equipment businesses. Its operations are predominantly outside the United States. Chubb is a provider of products and services in the United Kingdom, France, Hong Kong, Australia and Canada. Architects, building owners and developers, security and fire consultants and other end users requiring a high level of security for their businesses and residences, use Chubb products and services. Chubb sells directly to the customer in most instances, with only a small proportion of sales through manufacturers' representatives, distributors and dealers.



Pratt & Whitney is a supplier of commercial, general aviation and military aircraft engines. It provides spare parts and aftermarket and fleet management services for the engines it produces, along with power generation and space propulsion systems. Pratt & Whitney produces two families of large commercial jet engines: the PW4000 engine series and the PW2000 engine series. In addition, Pratt & Whitney has entered into a Memorandum of Understanding with Airbus to develop, market and sell PW6000 series engines for installation on Airbus A318 aircraft, scheduled to enter service during 2005. Pratt & Whitney produces three military aircraft engines: the F119 (powering the two-engine F/A-22 fighter aircraft), the F100 (powering two-engine F-15 and single-engine F-16 fighter aircraft) and the F117 (powering four-engine C-17 transport aircraft).

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Problems for UTX

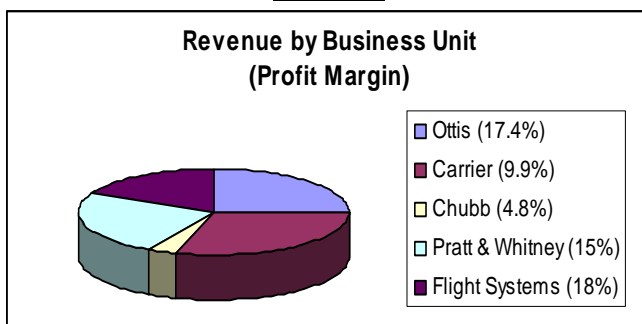
Pratt & Whitney's major competitors in the sale of engines are General Electric Company and Rolls Royce plc.



The Flight Systems segment provides global products and services through Hamilton Sundstrand and Sikorsky. Hamilton Sundstrand provides aerospace and industrial products and aftermarket services for diversified industries worldwide. Aerospace products include aircraft power generation management and distribution systems, and environmental, flight and fuel control systems. Aftermarket services include spare parts, overhaul and repair, engineering and technical support and fleet maintenance programs. Industrial products include air compressors, metering devices, fluid handling equipment and gear drives.

Sikorsky is a manufacturer of military and commercial helicopters and is the primary supplier of utility helicopters to the United States Army and Navy. Sikorsky also supplies helicopters to foreign governments and the worldwide commercial market. Sikorsky's aftermarket business, which includes spare parts sales, overhaul and repair and service contracts for helicopters and other aircraft, has become a more significant part of Sikorsky's business. (Yahoo Investor)

Exhibit 5



- At stake is a 23-helicopter White House fleet with an expected price tag of \$1.6 billion plus the prestige that could be worth billions in future orders worldwide.
- The Pentagon cleared General Electric for the development of an F-35 engine that would be interchangeable with that being built by United Technologies Corp.'s Pratt & Whitney unit.
- The U.S. Army plans to cancel the Boeing Co.-United Technologies Corp. Comanche helicopter program, the contract was valued a \$6.6 billion.
- UTX currently bidding for Kidde plc at \$2.5 billion.

Comparable Analysis

We believe that the best comparable company to United Technologies (UTX) is General Electric (GE). However, as you can see in Exhibit 6, there is not a consistent trend as to which company is better by comparison.

Exhibit 6

	UTX	GE
LFY Gross Margin	12.4%	61.8%
LFY EBITDA Margin	11.5%	28.0%
ROE	38.9%	20.4%
ROA	30.2%	9.2%
Receivable Turnover	0.17	0.35
Inventory Turnover	3.0	5.851
Current Ratio	1.201	1.101
MV of Equity / Book Value	7.3	4.5
LTM Price / EPS Ratio ("P/E")	18.8	22.1
CFY Price / EPS Ratio ("P/E")	17.7	21.2
NFY Price / EPS Ratio ("P/E")	15.9	18.8
Total Market Capitalization / EBITDA	13.8	18.3
Relative P/E (LTM)*	17.5	21.7
CFY P/E to CFY-NFY EPS Growth Rate	1.57	1.68
CFY P/E to Proj. Growth in EPS 5 Years	1.8	2.1

Highlights

- ROE and ROA significantly higher than GE.

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- UTX has a lower P/E and Market Cap to EBITDA.

Exhibit 7

Causes for Concern

- GE seems to be cheaper on a market value to book basis.
- GE's Gross margin and EBITDA margin are better than those of UTX.
- GE has better turnover measures.

Discounted Cash Flow Analysis

Our analysis priced the intrinsic value of UTX at \$86.15 which is 11% below the current market price of \$97.27. The price deviation across models is 5.8% with a low of \$80.67 according to unlevered value and a high of \$88.71 using the flow to equity calculation. Currently, UTX is paying a tax rate of 28% we forecasted the rate will gradually increase to a normal corporate rate of 34%. However, if the company manages to keep the low tax rate of 28% until perpetuity then the firm has a intrinsic value of \$93.69 which leaves UTX overvalued by four dollars a share. UTX according to our assumptions would have to maintain a terminal growth rate of 6% in order to trade at par.

Key Assumptions for the models:	
Date of valuation	11/18/2004
Risk Free Rate:	3.60%
Equity Market Risk Premium:	7.00%
Long term inflation:	2.50%
Terminal Growth:	
Equity beta based on VL:	0.973
No. of shares (diluted):	514
Current Market Price per share:	\$97.25

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Sensitivity Analysis

Exhibit 10

Total Equity Value:						
	Terminal Growth in FCF	4.0%	4.5%	5.0%	5.5%	6.0%
AT WACC:						
11.81%		\$28,613	\$29,530	\$30,583	\$31,801	\$33,230
10.81%		\$32,902	\$34,236	\$35,798	\$37,655	\$39,897
9.81%		\$38,604	\$40,637	\$43,092	\$46,116	\$49,933
8.81%		\$46,591	\$49,905	\$54,087	\$59,532	\$66,911
7.81%		\$58,649	\$64,620	\$72,713	\$84,302	\$102,279
Total Equity Value Per Share (a):						
	Terminal Growth in UFCF	4.0%	4.5%	5.0%	5.5%	6.0%
AT WACC:						
11.81%		\$55.7	\$57.4	\$59.5	\$61.9	\$64.6
10.81%		\$64.0	\$66.6	\$69.6	\$73.3	\$77.6
9.81%		\$75.1	\$79.1	\$83.8	\$89.7	\$97.1
8.81%		\$90.6	\$97.1	\$105.2	\$115.8	\$130.2
7.81%		\$114.1	\$125.7	\$141.4	\$164.0	\$199.0