UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1995

Commission file number 1-812

UNITED TECHNOLOGIES CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	06 0570975
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Financial Plaza, Hartford, Connecticut 06101
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (860) 728-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Medium-Term Notes, Series B, PEN Notes due September 8, 1997	New York Stock Exchange
Common Stock ($5 par value)	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X . No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and is not to be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. [ ]

At February 1, 1996, there were 121,724,402 shares of Common Stock outstanding; the aggregate market value of the voting Common Stock held by non affiliates at February 1, 1996 was approximately $12,324,595,703.

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K into which the document is incorporated: (1) United Technologies Corporation 1995 Annual Report to Shareowners, Parts I, II and IV; and (2) United Technologies Corporation Proxy Statement for the 1996 Annual Meeting of Shareowners, Part III.

UNITED TECHNOLOGIES CORPORATION

Index to Annual Report
on Form 10-K
Year Ended December 31, 1995

Item 1. Business

United Technologies Corporation was incorporated in Delaware in 1934. Growth has been enhanced by acquisitions and by the internal growth of existing businesses of the Corporation*.

Management's Discussion and Analysis of the Corporation's Results of Operations for 1995 compared to 1994, and for 1994 compared to 1993, and its Financial Position at December 31, 1995 and 1994, and Selected Financial Data for each year in the five year period ended December 31, 1995 are set forth on pages 19 through 27 of the Corporation's 1995 Annual Report to Shareowners. Whenever reference is made in this report to specific pages in the 1995 Annual Report to Shareowners, such pages are incorporated herein by reference.

Operating Units and Industry Segments

The Corporation conducts its business within five principal industry segments. The principal products of operating units reported within each industry segment are as follows:

Industry Segment	Principal Products
Otis	--Otis elevators, escalators and service
Carrier	--Carrier heating, ventilating, air conditioning, and transport and commercial refrigeration equipment and service
Automotive	--Automotive components and systems
Pratt & Whitney	--Pratt & Whitney engines, service and space propulsion
Flight Systems	--Sikorsky helicopters and parts --Hamilton Standard engine controls, environmental systems, propellers and other flight systems

Business segment financial data for the years 1993 through 1995 is included in footnote 16 of Notes to Consolidated Financial Statements on pages 44 through 45 of the Corporation's 1995 Annual Report to Shareowners.

Description of Business by Industry Segment

The following description of the Corporation's business by industry segment should be read in conjunction with Management's Discussion and Analysis of Results of Operations and Financial Position appearing in the Corporation's 1995 Annual Report to Shareowners, especially the information contained therein under the heading "Business Environment".

Otis

Otis is the world's leader in production, installation and service in the elevator industry, defined as elevators, escalators and moving sidewalks. Otis designs, manufactures, sells and installs a wide range of passenger and freight elevators, including hydraulic and geared elevators for low and medium speed applications and gearless elevators for high-speed passenger operations in high-rise buildings. Otis also produces a broad line of escalators, moving sidewalks and shuttle systems for horizontal transportation. In addition to new equipment, Otis provides modernization products and services to upgrade elevators and escalators.

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* "Corporation", unless the context otherwise requires, means United Technologies Corporation and its consolidated subsidiaries.

Otis provides maintenance services for a substantial portion of the elevators and escalators which it sells and also services elevators and escalators of other manufacturers. Otis conducts its business principally through various affiliated companies worldwide. In some cases, consolidated affiliates have significant minority interests. In addition, Otis continues to invest in emerging markets in Central and Eastern Europe (such as Russia and Ukraine) and Asia (such as the People's Republic of China). These investments carry a higher level of currency, political and economic risks than investments in developed markets.

Otis' business is subject to changes in economic, industrial and international conditions, including possible changes in interest rates, which could affect the demand for elevators, escalators and services; changes in legislation and in government regulations; changes in technology; changes in construction starts; and substantial competition from a large number of companies including other major domestic and foreign manufacturers and service providers. The principal methods of competition are price, delivery schedule, product performance, service and other terms and conditions of sale. Otis' products and services are sold principally to builders and building contractors and owners.

Revenues generated by Otis' international operations were approximately 85 percent of total Otis segment revenues in 1995 and 1994. International operations are subject to local government regulations (including regulations relating to capital contributions, currency conversion and repatriation of earnings), as well as to varying political and economic risks.

At December 31, 1995, the Otis business backlog amounted to $3,644 million as compared to $3,325 million at December 31, 1994. Of the total business backlog at December 31, 1995, approximately $3,435 million is expected to be realized as sales in 1996.

Carrier

Carrier is the world's largest manufacturer of heating, ventilating and air conditioning (HVAC) systems and equipment. Carrier also participates in the commercial and transport refrigeration businesses.

Carrier manufactures and sells 15 major global product lines. The products manufactured include chillers and airside equipment, commercial unitary systems, residential split systems (cooling only and heat pump), duct-free split systems, transport refrigeration equipment, window and portable room air conditioners and furnaces.

Carrier continues to invest in emerging markets primarily in Asia (such as the People's Republic of China). These investments carry a higher level of currency, political and economic risks than investments in developed markets. Carrier's business is subject to changes in economic, industrial, international and climate conditions, including possible changes in interest rates, which could affect the demand for HVAC systems and equipment; changes in legislation and government regulations, including those relating to refrigerants and their effect on global environmental conditions; changes in technology; changes in construction starts; and competition from a large number of companies, including other major domestic and foreign manufacturers. The principal methods of competition are delivery schedule, product performance, price, service and other terms and conditions of sale.

Carrier's products and services are sold principally to builders and building contractors and owners. Sales are made both directly to the customer and by or through manufacturers' representatives, distributors, dealers, individual wholesalers and retail outlets.

Revenues generated by Carrier's international operations were approximately 55 percent and 51 percent of total Carrier segment revenues in 1995 and 1994, respectively. International operations are subject to local government regulations (including regulations relating to capital contributions, currency conversion and repatriation of earnings), as well as to varying political and economic risks.

At December 31, 1995, the Carrier business backlog amounted to $926 million, as compared to $940 million at December 31, 1994. Substantially all of the business backlog at December 31, 1995 is expected to be realized as sales in 1996.

Automotive

The Corporation's Automotive business is conducted through United Technologies Automotive, Inc. ("UTA"). UTA is a leading independent supplier of wire harnesses in both North America and Europe. Also, UTA is a leading independent supplier in North America of modular headliners, door trim assemblies, vehicle remote entry systems, and fractional horsepower DC electric motors used in automotive applications. UTA competes worldwide to sell products to automotive manufacturers.

UTA also produces other products such as interior trim (instrument panels, sun visors, armrests, package trays and consoles), mirrors, thermal and acoustical barriers, airbag covers, steering wheels, electronic controls and modules, relays, interior lighting systems, switches, terminals and connectors, and windshield wiper systems.

Sales to the major domestic automotive manufacturers are made against periodic short-term releases issued by the automotive manufacturers under contracts generally awarded for a particular car or light truck model. To serve its worldwide customer base, UTA maintains over 100 facilities in North America, Europe and Asia.

In 1995, sales to Ford Motor Company were $1,238 million, or approximately 40 percent of total UTA revenues. In 1994, sales to Ford Motor Company were $1,004 million, or approximately 37 percent of total UTA revenues. In 1993, sales to Ford Motor Company were $965 million, or approximately 41 percent of total UTA revenues.

UTA's business is subject to changes in economic, industrial and international conditions; changes in interest rates and in the level of automotive production which could affect the demand for many of its products; changes in the prices of essential raw materials and petroleum-based materials; changes in legislation and in government regulations; changes in technology; and substantial competition from a large number of companies including other major domestic and foreign manufacturers. The principal methods of competition are price, delivery schedule, quality and product performance.

Automotive manufacturers apply significant pricing pressures on their suppliers such as UTA, requiring continuing cost reductions and value engineering to maintain and improve profit margins. Suppliers have also been required to bear an increasing portion of engineering, design, development and tooling expenditures. While recognizing the increased risks and responsibilities associated with providing these services, UTA plans to position itself among the first tier suppliers providing these services. UTA has entered into long term supply agreements with many of its customers which require price reductions which anticipate future productivity improvements that must be realized in order for such arrangements to be profitable.

Revenue generated by UTA's international operations (excluding revenues from certain non-U.S. operations which manufacture exclusively for the U.S. market) were approximately 35 percent and 32 percent of total Automotive segment revenues in 1995 and 1994, respectively. International operations are subject to local government regulations (including regulations relating to capital contributions, currency conversion and repatriation of earnings), as well as to varying political and economic risks.

At December 31, 1995, the UTA business backlog amounted to $703 million as compared to $847 million at December 31, 1994. Substantially all of the business backlog at December 31, 1995 is expected to be realized as sales in 1996.

Aerospace and Defense Businesses

The Corporation's aerospace and defense businesses are subject to rapid changes in technology; lengthy and costly development cycles; heavy dependence on a small number of products and programs; changes in legislation and in government procurement and other regulations and procurement practices; procurement preferences and policies of some foreign customers which require in-country manufacture through co-production, offset procurement (where in-country purchases are required as a condition to obtaining orders), joint ventures and production sharing, licensing or other arrangements; substantial competition from major domestic manufacturers and from foreign manufacturers whose governments sometimes give them direct and indirect research and development, marketing subsidies and other assistance for their commercial products; and changes in economic, industrial and international conditions.

The principal methods of competition in the Corporation's aerospace and defense businesses are price, product performance, service, delivery schedule and other terms and conditions of sale, including fleet introductory assistance allowances and performance and operating cost guarantees, and the participation by the Corporation and its finance subsidiaries in customer financing arrangements in connection with sales of commercial jet engines and helicopters. Fleet introductory allowances are financial incentives offered by the Corporation to airline customers in order to make engine sales which lead, in turn, to the sale of parts and services.

Sales of military products are affected by defense budgets (both in the U.S. and, to some extent, abroad) and the presence of competitors. Military spare parts sales have been, and will continue to be, affected by the decline in overall procurement by the U.S. and foreign governments and, to a lesser extent, by the U.S. and foreign governments' policy of increasing parts purchases from suppliers other than the original equipment manufacturers.

Pratt & Whitney

Pratt & Whitney is one of the world's leading producers of large turbofan (jet) engines and jet engine parts for commercial and military aircraft and small gas turbine engines and parts for business and regional/commuter aircraft. Pratt & Whitney also provides overhaul and repair services. Pratt & Whitney also produces propulsion systems and solid rocket boosters for the United States Air Force ("USAF") and the National Aeronautics and Space Administration ("NASA") and land based power generation equipment. Pratt & Whitney products are sold principally to aircraft manufacturers, airlines and other aircraft operators, aircraft leasing companies, and the U.S. and foreign governments. Sales to the Boeing Company, Airbus Industrie and McDonnell Douglas Corporation, consisting primarily of commercial aircraft jet engines, amounted to approximately 26 percent of total Pratt & Whitney revenues in 1995. Pratt & Whitney's major competitors are the aircraft engine businesses of General Electric Company ("GE") and Rolls-Royce plc.

Jet engines currently in production at Pratt & Whitney for installation in commercial aircraft are as follows:

Commercial Engine Designation	Current Production Aircraft in which Installed
JT8D-200	Douglas MD-80*
PW2000	Boeing 757-200/PF**
PW4000	Airbus A310-300, A300-600, A330-300**
	Boeing 747-400, 767-200/-300, 777-200**
	Douglas MD-11**
IAE V2500	Airbus A319/A320/A321**
	Douglas MD-90*

* Powered exclusively by Pratt & Whitney or International Aero Engines, AG ("IAE")
** Powered by Pratt & Whitney or IAE as well as competitive engines

In the case of most commercial aircraft today, aircraft manufacturers offer their customers a choice of engines, giving rise to substantial competition among engine manufacturers at the time of the sale of aircraft. This competition has become increasingly intense particularly where new commercial airframe/engine combinations are first introduced to the market and into the fleets of individual airlines. Financial incentives granted by engine suppliers, and performance and operating cost guarantees on their part, are frequently important factors in such sales and can be substantial. (For information regarding customer financing commitments, participation in guarantees of customer financing arrangements and performance and operating cost guarantees, see Notes 1, 4, 14 and 15 of Notes to Consolidated Financial Statements at pages 32 to 33 and 41 to 43, of the Corporation's 1995 Annual Report to Shareowners.)

In view of the global nature of the commercial aircraft industry and the risk and cost associated with launching new engine development programs, Pratt & Whitney has developed strategic alliances and collaboration arrangements on commercial engine programs. At December 31, 1995, other participants in these alliances represented 29 percent and 22 percent of the PW2000 and PW4000 programs, respectively, and 31 percent of the PW4084 program.

IAE, a corporation whose shareholders consist of Pratt & Whitney, Rolls-Royce plc of England, Japanese Aero Engines Corporation, Motoren-und-Turbinen-Union Munchen GmbH ("MTU"), and Fiat Aviazione SpA of Italy, manufactures the V2500 engine. Pratt & Whitney has a 33 percent interest in IAE.

Pratt & Whitney currently produces two military aircraft engines, the F100 (powering F-15 and F-16 fighter aircraft) and the F117 (powering C-17 transport aircraft). All of Pratt & Whitney's F100 and F117 sales contracts are with the USAF or with foreign governments. Pratt & Whitney competes with GE for F-16 engine orders. Presently, Pratt & Whitney is the exclusive provider of engines which power the F-15 aircraft. During 1995, the USAF issued a contract to GE that could result in qualification of a GE engine for use on F-15s. Pratt & Whitney is presently the sole source for C-17 engines.

Pratt & Whitney is under contract with the USAF to develop the F119 engine. The F119 is the only anticipated source of propulsion for the two-engine F-22 fighter aircraft being developed by Lockheed Martin Corporation and the Boeing Company. Management cannot predict with certainty whether, when, and in what quantities Pratt & Whitney will produce F119 engines.

Pratt & Whitney Space Propulsion Operations produces the RL10 Liquid Hydrogen-Fueled rocket engines used for upper stage propulsion for certain NASA launch vehicles. The Chemical Systems Division ("CSD"), which is within Pratt & Whitney Space Propulsion Operations, manufactures and provides launch services for solid rocket propellant boosters producing more than one million pounds of thrust which, when used in pairs, currently constitute the initial booster stage for the USAF's Titan IV launch vehicle. CSD's solid rocket motors ("SRM") on Titan IV are expected to be phased out during the later portion of the decade by an upgraded, higher performing booster SRM, which is being made by another company. In addition, CSD produces other propulsion systems. USBI, also within Pratt & Whitney Space Propulsion Operations, is under contract with NASA for the Space Shuttle Solid Rocket Boosters and is responsible for the design, assembly, test, launch operations support and refurbishment of the solid rocket boosters.

Gas turbine engines manufactured by Pratt & Whitney Canada ("PWC") include the PT6 series of turboprop/turboshaft engines, the JT15D series of turbofan engines, the PW100 series turboprop engines, the PW200 series turboshaft engines developed to power light and intermediate helicopters, and the PW300 turbofan engines, developed for mid-size business jets under a collaboration agreement with MTU of Germany. The PW500 turbofan engines are also being developed in conjunction with MTU. Typical applications are six to eighty passenger business and regional airline aircraft and light and medium helicopters.

Pratt & Whitney sales in the U.S. and Canada are made directly to the customer by the Corporation and, to a limited extent, through independent distributors. Other export sales from the U.S. are made with the assistance of an overseas network of independent foreign representatives outside the U.S.

Revenues from Pratt & Whitney's international locations which consist primarily of small gas turbine engines and parts manufactured in the Corporation's plants in Canada were approximately 19 percent of total Pratt & Whitney segment revenues in 1995 and 1994. Such operations are subject to local government regulations as well as to varying political and economic risks.

At December 31, 1995, the business backlog for Pratt & Whitney amounted to $9,496 million, including $1,563 million of U.S. Government funded contracts and subcontracts, as compared to $9,517 million and $1,951 million, respectively, at December 31, 1994. Of the total Pratt & Whitney business backlog at December 31, 1995, approximately $4,036 million is expected to be realized as sales in 1996. Pratt & Whitney's backlog is based on the terms of firm orders received and is not reduced by discounts granted directly to airline and other customers.

Flight Systems

The Corporation's Flight Systems business is conducted through Sikorsky Aircraft and Hamilton Standard. Effective January 1, 1995, Sikorsky Aircraft Division of United Technologies Corporation was incorporated as a separate wholly-owned subsidiary identified as Sikorsky Aircraft Corporation.

Sikorsky is one of the world's leading manufacturers of military and commercial helicopters. Sikorsky is the primary supplier of transport helicopters to the U.S. Army. Sikorsky is also producing helicopters for a variety of uses including passenger, utility/transport, cargo, anti-submarine warfare, search and rescue and heavy-lift operations. In addition to all branches of the U.S. military, Sikorsky supplies helicopters to foreign governments and the worldwide commercial market. Sikorsky's business base also encompasses spare parts for past and current helicopters produced by Sikorsky, and, through its subsidiary, Sikorsky Support Services, Inc., the repair and retrofit of helicopters in the U.S. military fleet. Other major helicopter manufacturers include Bell Helicopters, Eurocopter, Boeing Helicopters, McDonnell Douglas, Agusta and Westland.

Current production programs at Sikorsky include the BLACK HAWK medium-transport helicopter for the U.S. Army and derivatives for foreign governments; the SEAHAWK medium-sized helicopter for anti-submarine warfare missions for the U.S. Navy and derivatives for both the U.S. and foreign governments; the CH-53E SUPER STALLION heavy-lift helicopter for the U.S. Marine Corps; and the S-76 intermediate-sized helicopter for executive transport, offshore oil platform support, search and rescue, emergency medical service and other utility operations.

Although in 1992 Sikorsky was awarded a U.S. Government contract for 300 BLACK HAWK helicopters through June 1997, declining Defense Department budgets make Sikorsky increasingly dependent upon expanding its international position. Such sales sometimes require the development of in-country co-production programs such as the one Sikorsky has in South Korea.

During 1995, Sikorsky commenced full scale development of the S-92 aircraft, a large cabin helicopter for commercial and military markets. Certification of the first S-92 is expected in the year 2000. A significant portion of the development will be carried out by companies in Brazil, the People's Republic of China, Japan, Spain and Taiwan under collaborative arrangements.

Sikorsky is teamed with Boeing Helicopters for the development of the U.S. Army's next generation light helicopter, the RAH-66 Comanche. The Boeing Sikorsky Team is performing under the cost reimbursement contract awarded in 1991. The first prototype aircraft performed a successful flight in January 1996 and will undergo further flight testing. Sikorsky and Boeing are working with the Army Comanche Program Office to restructure the program to provide for early operational capability to be used by the U.S. Army in field tests. The Corporation cannot predict whether the Comanche will go into production or predict the quantity of aircraft that ultimately will be built.

Hamilton Standard is a leading domestic producer of a number of Flight Systems products. Major production programs include engine controls, environmental controls, flight controls and propellers for commercial and military aircraft. Hamilton Standard also produces the space suit for the NASA space shuttle astronauts and environmental controls for the shuttle's orbiter.

International Fuel Cells Corporation ("IFC"), also within Flight Systems business segment, develops, manufactures and sells fuel cell power plants and fuel cell components to commercial, aerospace and military customers. In 1995, IFC's subsidiary ONSI Corporation delivered the first production units of its 200 kilowatt PC25 Trademark Model C fuel cell power plant.

At December 31, 1995, the Flight Systems business backlog amounted to $2,954 million, including $1,936 million under funded contracts and subcontracts with the U.S. Government, as compared to $3,832 million and $2,646 million, respectively, at December 31, 1994. Of the total Flight Systems business backlog at December 31, 1995, approximately $2,111 million is expected to be realized as sales in 1996.

Other Matters Relating to the Corporation's Business as a Whole

Research and Development

To maintain its competitive position, the Corporation spends substantial amounts of its own funds on research and development. Such expenditures, which are charged to income as incurred, were $963 million or 4.2 percent of total revenues in 1995, as compared with $978 million or 4.6 percent of total revenues in 1994 and $1,137 million or 5.4 percent of total revenues in 1993. The Corporation also performs research and development work under contracts funded by the U.S. Government and some other customers. Such contract research and development, which is performed principally in the Pratt & Whitney segment and to a lesser extent in the Flight Systems segment, amounted to $871 million in 1995, as compared with $838 million in 1994 and $918 million in 1993.

Contracts, Environmental and Other Matters

Government contracts are subject to termination for the convenience of the government, in which event the Corporation normally would be entitled to reimbursement for its allowable costs incurred plus a reasonable profit. Most of the Corporation's sales are made under fixed-price type contracts; only 5 percent of the Corporation's total sales for 1995 were made under cost-reimbursement type contracts.

Like many defense contractors, the Corporation has received allegations from the U.S. Government that some contract prices should be reduced because cost or pricing data submitted in negotiation of the contract prices may not have been in conformance with government regulations. The Corporation has made voluntary refunds in those cases it believes appropriate, has settled some allegations, and does not believe that any further price reductions that may be required will have a material effect upon its financial position or results of operations.

The Corporation is now and believes that, in light of the current government contracting environment, it will be the subject of one or more government investigations. See Item 3 Legal Proceedings at page 8 of this Report for further discussion.

The Corporation does not currently believe that Defense Department budget cutbacks will have a material adverse effect on the profitability of the Corporation due in part to the Corporation's long term efforts to reduce its reliance on defense contracts.

The Corporation purchases substantial quantities of materials, components and supplies from a large number of sources. Like other users in the U.S., the Corporation is largely dependent on foreign sources located in Africa for its requirements of cobalt, and on sources located in Africa, Eastern and Central Europe and the countries of the former U.S.S.R. for its requirements of chromium. The Corporation does not foresee any unavailability of materials or components which will have any material adverse effect on its overall business, or on any of its business segments, in the near term. To alleviate possible longer term effects, the Corporation has a number of ongoing programs which include the expansion of its internal production capacity for precision parts; the development of new vendor sources; the increased use of more readily available materials through material substitutions and the development of new alloys; and conservation of materials through scrap reclamation and new manufacturing processes such as net shape forging.

While the Corporation's patents, trademarks, licenses and franchises are cumulatively important to its business, the Corporation does not believe that the loss of any one or group of related patents, trademarks, licenses or franchises would have a material adverse effect on the overall business of the Corporation or on any of its business segments.

The Corporation does not anticipate that compliance with federal, state and local provisions relating to the protection of the environment will have a material adverse effect upon its capital expenditures, competitive position, financial position or results of operations. (Environmental matters are the subject of certain of the Legal Proceedings described in Item 3 beginning at page 8 of this Report, and are further addressed in "Management's Discussion and Analysis of Results of Operations and Financial Position" at page 26 and Note 15 of Notes to Consolidated Financial Statements at pages 42 and 43 of the Corporation's 1995 Annual Report to Shareowners.)

Most of the laws governing environmental matters include criminal provisions. If the Corporation were convicted of a violation of the federal Clean Air Act or the Clean Water Act, the facility or facilities involved in the violation would be listed on the Environmental Protection Agency's (EPA) List of Violating Facilities. The listing would continue until the EPA concluded that the cause of the violation had been cured. Any listed facility cannot be used in performing any U.S. Government contract awarded to the Corporation during any period of listing by the EPA.

Employees

At December 31, 1995, the Corporation's total employment was approximately 170,600, a reduction of approximately 900 over the prior year.

Item 2. Properties

The Corporation's fixed assets include the plants and warehouses described below and a substantial quantity of machinery and equipment, most of which is general purpose machinery and equipment using special jigs, tools and fixtures and in many instances having modern automatic control features and special adaptations. The Corporation's plants, warehouses, machinery and equipment are in good operating condition, are well maintained, and substantially all of its facilities are in regular use. The Corporation considers the present level of fixed assets capitalized as of December 31, 1995, suitable and adequate for the respective industry segment's operations in the current business environment. For a further discussion of management's effort to achieve cost reduction, see "Management's Discussion and Analysis of Results of Operations and Financial Position" appearing in the Corporation's 1995 Annual Report to Shareowners, especially the information contained under the heading "Cost Reduction Actions". The square footage numbers set forth in the succeeding paragraph of this Item 2 are approximations.

At December 31, 1995, the Corporation operated (a) plants in the U.S. which had 34 million square feet, of which 5.9 million square feet were leased; (b) plants outside the U.S. which had 19.7 million square feet, of which 2 million square feet were leased; (c) warehouses in the U.S. which had 4.2 million square feet, of which 2.7 million square feet were leased; and (d) warehouses outside the U.S. which had 5.5 million square feet, of which 3.6 million square feet were leased.

Management believes that the facilities for the production of its products are suitable and adequate for the business conducted therein, are being appropriately utilized in line with experience and have sufficient production capacity for their present intended purposes. Utilization of the facilities varies based on demand for the products. The Corporation continuously reviews its anticipated requirements for facilities and, based on that review, may from time to time acquire additional facilities and/or dispose of existing facilities.

Item 3. Legal Proceedings

In June 1992, the Department of Justice filed a Civil False Claims Act complaint in the United States District Court for the District of Connecticut, NO. 592CV375, against Sikorsky Aircraft alleging that the government was overcharged by nearly $4 million in connection with the pricing of parts supplied for the reconditioning of the Navy's Sea King helicopter. The Complaint seeks treble damages plus a $10,000 penalty for each false claim submitted.

The Corporation's Pratt & Whitney unit is the subject of a Department of Justice investigation relating to its government contracts accounting practices for aircraft engine parts produced by foreign companies under certain commercial engine collaboration programs. Pratt & Whitney made a voluntary payment of $13.9 million to the U.S. Government on December 23, 1992. The Corporation has produced documents and employees have testified before a grand jury in the District of Connecticut. The Corporation has filed an action with the Armed Services Board of Contract Appeals which seeks to confirm that its accounting treatment is correct.

In March 1992, the Corporation received a subpoena from the Department of Defense Inspector General requesting documents in connection with Pratt & Whitney's sales of goods and services to the Israeli Government. The investigation relates to the activities of former Israeli General Rami Dotan who pleaded guilty in Israel to engaging in corrupt practices in connection with Israeli Air Force procurements involving another engine manufacturer. A federal grand jury in the Southern District of Florida is investigating this matter. In addition, in April 1995, the Department of Justice filed a Civil False Claims Act complaint against the Corporation in the United States District Court for the Southern District of Florida, No. 95-8251, alleging misuse of $10 million of foreign military financing funds. The complaint seeks treble damages plus a $10,000 penalty for each false claim submitted.

A federal grand jury continues to investigate alleged violations of law in connection with marketing and sale of helicopters and related services to the Government of the Kingdom of Saudi Arabia. The Corporation has responded to a grand jury subpoena requesting documents in connection with this matter, and several current and former employees and business associates have been interviewed. A related civil suit filed by a former employee has been settled.

The Corporation does not believe that resolution of any of the matters listed above will have a material adverse effect upon the Corporation's competitive position, results of operations, cash flows, or financial position.

In February, 1996, a principal customer of United Technologies Automotive ("UTA") informed UTA that several lawsuits had been filed covering purchasers of numerous vehicle lines of the customer. These lawsuits allege that the ignition switch in these North American produced vehicles is defective and that the defect could result in a vehicle fire. Plaintiffs seek injunctive relief requiring replacement of the ignition switch in all affected vehicles, compensatory and punitive damages and other relief. UTA supplies the ignition switch in question. UTA is not a party to the lawsuits and disagrees with the allegations that the ignition switch is defective. Management does not believe, based on currently available information, that this matter will have a material adverse effect on the Corporation.

The Corporation is now, and believes that, in light of the current government contracting environment, it will be the subject of one or more government investigations. If the Corporation or one of its business units were charged with wrongdoing as a result of any of these investigations, the Corporation or one of its business units could be suspended from bidding on or receiving awards of new government contracts pending the completion of legal proceedings. If convicted or found liable, the Corporation could be fined and debarred from new government contracting for a period generally not to exceed three years. Any contracts found to be tainted by fraud could be voided by the Government.

The Corporation has incurred and will likely continue to incur liabilities under various state and federal statutes for the cleanup of pollutants previously released into the environment. The Corporation believes that any payments it may be required to make as a result of these claims will not have a material effect upon the capital expenditures, competitive or financial position, or results of operations of the Corporation. The Corporation has had liability and property insurance in force over its history with a number of insurance companies, and the Corporation has commenced litigation seeking indemnity and defense under these insurance policies in relation to its environmental liabilities. Settlements to date, which have not been material, have been recorded upon receipt. While the litigation against the Corporation's historic liability insurers has concluded, it is expected that the case against the Corporation's property insurers will last several years. (For information regarding the matters discussed in this paragraph, see "Environmental Matters" in Management's Discussion and Analysis of Results of Operations and Financial Position at page 26 and Note 15 of the Notes to Consolidated Financial Statements at pages 42 and 43 of the Corporation's 1995 Annual Report to Shareowners.)

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to security holders for a vote during the fourth quarter ended December 31, 1995.

\- ----- Executive Officers of the Registrant

The executive officers of United Technologies Corporation, together with the offices in United Technologies Corporation presently held by them, their business experience since January 1, 1991, and their ages, are as follows:

Name	Title	Other Business Experience Since 1/1/91	Age 2/1/96
Jonathan Ayers	Vice President, Strategic Planning (since 1995)	Principal - Morgan Stanley Corporate Finance	39
Norman R. Bodine	President, UT Automotive (since 1992)	President, Electrical Systems & Components; President, Automotive Products Division, UT Automotive	53
Eugene Buckley	President, Sikorsky Aircraft Corporation (since 1995)	President, Sikorsky Aircraft Division	65

Name	Title	Other Business Experience Since 1/1/91	Age 2/1/96
Kevin Conway	Vice President, Taxes (since 1995)	Director of Taxes, United Technologies Corporation	47
Mark S. Coran	Executive Vice President, Operations, Pratt & Whitney (since 1991)	Vice President, Controller, United Technologies; Vice President, Group Finance, Pratt & Whitney	52
Robert F. Daniell	Chairman (since 1987)	Chief Executive Officer; President and Chief Operating Officer	62
George David	President and Chief Executive Officer (since 1994)	President and Chief Operating Officer; Executive Vice President and President, Commercial/Industrial	53
Thomas J. Fay	Senior Vice President, Communications (since 1990)	-------	62
Bruno Grob	President, European & Transcontinental Operations Otis Elevator (since 1992)	President, Otis France	46
Karl J. Krapek	President, Pratt & Whitney (since 1992)	Chairman, President and Chief Executive Officer, Carrier Corporation	47
John R. Lord	President, Carrier Corporation (since 1995)	President, Carrier NAO, Vice President, Residential Products Group, Carrier NAO	52
George E. Minnich	Vice President, Controller (since 1993)	Partner - Price Waterhouse	46
William F. Paul	Executive Vice President (since 1995)	Senior Vice President, Government Affairs	59
William H. Trachsel	Vice President, Secretary and Deputy General Counsel (since 1993)	Vice President and Deputy General Counsel	52
Jean-Pierre van Rooy	President, Otis Elevator (since 1991)	-------	61
Irving B. Yoskowitz	Executive Vice President and General Counsel (since 1990)	-------	50

All of the officers serve at the pleasure of the Board of Directors of United Technologies Corporation or the subsidiary designated.

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

See "Comparative Stock Data" appearing on page 46 of the Corporation's 1995 Annual Report to its Shareowners containing the following data relating to the Corporation's Common Stock: principal market, quarterly high and low sales prices, approximate number of shareowners and frequency and amount of dividends. All such data are incorporated by reference in this Report.

Item 6. Selected Financial Data

See the Five Year Summary appearing on page 19 of the Corporation's 1995 Annual Report to its Shareowners containing the following data: sales, net income, primary and fully diluted earnings per share, cash dividends on Common Stock, total assets and long-term debt. All such data are incorporated by reference in this Report.

Item 7. Management's Discussion and Analysis of Results of Operations and Financial Position

See "Management's Discussion and Analysis of Results of Operations and Financial Position" appearing on pages 20 through 27 of the Corporation's 1995 Annual Report to its Shareowners; such discussion and analysis is incorporated by reference in this Report.

Item 8. Financial Statements and Supplementary Data

The 1995 and 1994 Balance Sheets, and other financial statements for the years 1995, 1994 and 1993, together with the report thereon of Price Waterhouse LLP dated January 24, 1996, appearing on pages 28 through 45 in the Corporation's 1995 Annual Report to its Shareowners are incorporated by reference in this Report.

The 1995 and 1994 Selected Quarterly Financial Data appearing on page 46 in the Corporation's 1995 Annual Report to its Shareowners are incorporated by reference in this Report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 10. Directors and Executive Officers of the Registrant

The information required by Item 10 with respect to directors is incorporated herein by reference from pages 4 through 7 of the Corporation's Proxy Statement for the 1996 Annual Meeting of Shareowners. Information regarding executive officers is contained in Part I of this Report at pages 9 and 10, and the section entitled "Compliance with Section 16(a) of the Securities Exchange Act" at page 8 of the 1996 Proxy Statement.

Item 11. Executive Compensation

The information required by Item 11 is incorporated herein by reference from pages 13 through 21 of the Corporation's Proxy Statement for the 1996 Annual Meeting of Shareowners. Such incorporation by reference shall not be deemed to specifically incorporate by reference the information referred to in Item 402(a)(8) of Regulation S-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by Item 12 is incorporated herein by reference from pages 7 and 8 of the Corporation's Proxy Statement for the 1996 Annual Meeting of Shareowners.

Item 13. Certain Relationships and Related Transactions

The information required by Item 13 is incorporated herein by reference from page 8 of the Corporation's Proxy Statement for the 1996 Annual Meeting of Shareowners.

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

		Page No. in Annual Report
(a)	Financial Statements, Financial Statement Schedules and Exhibits	
(1)	Financial Statements (incorporated by reference from the 1995 Annual Report to Shareowners):	
	Report of Independent Accountants	28
	Consolidated Statement of Operations for the Three Years ended December 31, 1995	29
	Consolidated Balance Sheet--December 31, 1995 and 1994	30
	Consolidated Statement of Cash Flows for the Three Years ended December 31, 1995	31
	Notes to Consolidated Financial Statements	32
	Selected Quarterly Financial Data (Unaudited)	46

		Page No. in Form 10-K
(2)	Financial Statement Schedule: For the three years ended December 31, 1995:	
	Report of Independent Accountants on Financial Statement Schedule	S-1
	II Valuation and Qualifying Accounts	S-2
	Consent of Independent Accountants	F-1

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or the notes thereto.

(3) Exhibits: The following list of exhibits includes exhibits submitted with this Form 10K as filed with the SEC and those incorporated by reference to other filings.

Exhibit Number	
3.1	Restated Certificate of Incorporation *
3.2	Bylaws**
4	The Corporation hereby agrees to furnish upon request to the Commission a copy of each instrument defining the rights of holders of long-term debt of the Corporation and its consolidated subsidiaries and any unconsolidated subsidiaries.
10.1	United Technologies Corporation 1979 Long Term Incentive Plan.*
10.2	United Technologies Corporation Annual Executive Incentive Compensation Plan, as amended. #
10.3	United Technologies Corporation Disability Insurance Benefits for Executive Control Group. *
10.4	United Technologies Corporation Executive Estate Preservation Program. *
10.5	United Technologies Corporation Pension Preservation Plan. *
10.6	United Technologies Corporation Senior Executive Severance Plan. *

Exhibit Number	
10.7	United Technologies Corporation Deferred Compensation Plan, as amended. #
10.8	Otis Elevator Company Incentive Compensation Plan. *
10.9	United Technologies Corporation Directors Retirement Plan, as amended. #
10.10	United Technologies Corporation Deferred Compensation Plan for Non-Employee Directors. *
10.11	United Technologies Corporation Long Term Incentive Plan, as amended. #
10.12	United Technologies Corporation Executive Disability, Income Protection and Standard Separation Agreement Plan. *
10.13	United Technologies Corporation Directors' Restricted Stock/Unit Program. *
10.14	United Technologies Corporation Board of Directors Deferred Stock Unit Plan. #
10.15	United Technologies Corporation Pension Replacement Plan. ***
10.16	United Technologies Corporation Special Retention and Stock Appreciation Program. ****
10.17	United Technologies Corporation Nonemployee Director Stock Option Plan. #
11	Statement re Computation of Per Share Earnings. #
12	Computation of Ratio of Earnings to Fixed Charges. #
13	Annual Report to Shareowners for year ended December 31, 1995 (except for the pages and information thereof expressly incorporated by reference in this Form 10-K, the Annual Report to Shareowners is provided solely for the information of the Securities and Exchange Commission and is not to be deemed "filed" as part of this Form 10-K). #
21	Subsidiaries of the Registrant. #
24	Powers of Attorney of Howard H. Baker, Jr., Antonia Handler Chayes, Robert F. Daniell, Robert F. Dee, Charles W. Duncan, Jr., Pehr G. Gyllenhammar, Gerald D. Hines, Charles R. Lee, Robert H. Malott, Harold A. Wagner and Jacqueline G. Wexler. #
27	Financial Data Schedule. #

Notes to exhibits:

#	Submitted electronically herewith.
*	Incorporated by reference to Exhibit of the same number to United Technologies Corporation Annual Report on Form 10K (Commission file number 1-812) for fiscal year ended December 31, 1992.
**	Incorporated by reference to Exhibit of the same number to United Technologies Corporation Annual Report on Form 10K (Commission file number 1-812) for fiscal year ended December 31, 1994.
***	Incorporated by reference to Exhibit of the same number to United Technologies Corporation Annual Report on Form 10K (Commission file number 1-812) for fiscal year ended December 31, 1993.
****	Incorporated by reference to Exhibit of the same number to United Technologies Corporation Form 10Q (Commission file number 1-812) for the quarter ended September 30, 1995.

(b) No reports on Form 8-K were filed by the Registrant during the fourth quarter of 1995.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNITED TECHNOLOGIES CORPORATION
(Registrant)
By Stephen F. Page,
Date: March 28, 1996 Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated, on the date set forth below.

Signature	Title	Date
/s/ GEORGE DAVID (George David)	President and Chief Executive Officer; Director	March 28, 1996
/s/ GEORGE E. MINNICH (George E. Minnich)	Vice President-Controller; Principal Accounting Officer	March 28, 1996
/s/ STEPHEN F. PAGE (Stephen F. Page)	Executive Vice President and Chief Financial Officer	March 28, 1996
ROBERT F. DANIELL * (Robert F. Daniell)	Chairman, Director	
HOWARD H. BAKER, JR. * (Howard H. Baker, Jr.)	Director)	
ANTONIA HANDLER CHAYES * (Antonia Handler Chayes)	Director)	
ROBERT F. DEE * (Robert F. Dee)	Director)	
CHARLES W. DUNCAN, JR. * (Charles W. Duncan, Jr.)	Director)	
PEHR G. GYLLENHAMMAR * (Pehr G. Gyllenhammar)	Director)	*By:/s/William H. Trachsel (William H. Trachsel) Attorney-in Fact Date: March 28, 1996
GERALD D. HINES * (Gerald D. Hines)	Director)	
CHARLES R. LEE * (Charles R. Lee)	Director)	
ROBERT H. MALOTT * (Robert H. Malott)	Director)	
HAROLD A. WAGNER * (Harold A. Wagner)	Director)	
JACQUELINE G. WEXLER * (Jacqueline G. Wexler)	Director)	

REPORT OF INDEPENDENT ACCOUNTANTS ON

FINANCIAL STATEMENT SCHEDULE

To the Board of Directors
of United Technologies Corporation

Our audits of the consolidated financial statements referred to in our report dated January 24, 1996 appearing on page 28 of the 1995 Annual Report to Shareowners of United Technologies Corporation (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedule listed in Item 14(a)(2) of this Form 10-K. In our opinion, the Financial Statement Schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

Price Waterhouse LLP
Hartford, Connecticut
January 24, 1996

SCHEDULE II

UNITED TECHNOLOGIES CORPORATION AND SUBSIDIARIES
Schedule II - Valuation and Qualifying Accounts
Three Years Ended December 31, 1995
(Millions of Dollars)

Allowances for Doubtful Accounts and Other Customer Financing Activity:

Balance December 31, 1992	$	524
Provision charged to income		40
Doubtful accounts written off (net)		(72)
Other adjustments		(26)
Balance December 31, 1993		466
Provision charged to income		107
Doubtful accounts written off (net)		(52)
Other adjustments		(12)
Balance December 31, 1994		509
Provision charged to income		1
Doubtful accounts written off (net)		(88)
Other adjustments		8
Balance December 31, 1995	$	430

Future Income Tax Benefits - Valuation allowance:

Balance December 31, 1992	$	217
Additions charged to income tax expense		130
Reductions credited to income tax expense		(50)
Balance December 31, 1993		297
Additions charged to income tax expense		109
Reductions credited to income tax expense		(51)
Balance December 31, 1994		355
Additions charged to income tax expense		49
Reductions credited to income tax expense		(52)
Balance December 31, 1995	$	352

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statements on Form S-3 (Nos. 33-46916, 33-40163, 33-34320, 33-31514, 33-29687 and 33-6452) and in the Registration Statements on Form S-8 (Nos. 33-57769, 33-45440, 33-11255, 33-26580, 33-26627, 33-28974, 33-51385, 33-58937, and 2-87322) of United Technologies Corporation of our report dated January 24, 1996 appearing on page 28 of the 1995 Annual Report to Shareowners which is incorporated by reference in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedule, which appears on page S-1 of this Form 10-K.

Price Waterhouse LLP
Hartford, Connecticut
March 28, 1996

Exhibit 10.2

UNITED TECHNOLOGIES CORPORATION
ANNUAL EXECUTIVE INCENTIVE COMPENSATION PLAN

AMENDMENT 1

VI. COVERED EMPLOYEE PERFORMANCE POOL

A. INTRODUCTION. The Covered Employee Performance Pool shall be added to the Annual Incentive Plan, effective January 1, 1995, for the purpose of establishing a fund from which annual incentive awards to the Corporation's Chief Executive Officer and four other most highly compensated executives who are considered "covered employees" within the meaning of Internal Revenue Code Section 162(m) shall be paid. The five individuals who will participate in the Covered Employee Performance Pool shall be determined as of the last day of each fiscal year and shall be referred to as the "Performance Pool Participants." The Covered Employee Performance Pool shall be the exclusive source of Annual Incentive Plan Awards for Performance Pool Participants. In no event will a Performance Pool Participant be eligible to receive an Annual Incentive Award from either the Corporate Fund or the Operating Unit Funds.

B. DEFINITIONS. For purposes of this Section VI the following terms shall have the following meanings:

Committee means the Corporation's Board of Directors Committee on Compensation and Executive Development.

Adjusted Net Income means, for each fiscal year of the Corporation, net income reported on its consolidated financial statement included in its Annual Report on Form 10-K for such year, adjusted to eliminate: (i) restructuring charges to the extent they are separately disclosed in the Corporation's Annual Report; (ii) the effects of changes in accounting principles; and (iii) "extraordinary items" determined under generally accepted accounting principles.

C. ALLOCATIONS TO THE COVERED EMPLOYEE PERFORMANCE POOL

(i) Aggregate Annual Allocation.

Each year an amount equal to 0.75% of the Corporation's Adjusted Net Income shall be allocated to the Covered Employee Performance Pool. Such amount is the maximum amount that may be distributed from the Covered Employee Performance Pool to the Performance Pool Participants.

(ii) Allocation of Individual Awards.

Each year the maximum award payable to a Performance Pool Participant shall be as follows: the Chief Executive Officer - 30% of the amount allocated to the Covered Employee Performance Pool; and the four other Covered Employee Pool Participants - 17.5% of the amount allocated to the Covered Employee Performance Pool.

D. Discretion to Reduce Annual Incentive Plan Awards for Performance Pool Participants.

Performance Pool Participants will be eligible to receive Annual Incentive Plan Awards with respect to each year for which an amount is allocated to the Covered Employee Performance Pool. The Committee may, in its sole discretion, reduce the amount of any Performance Pool Participant's Annual Incentive Plan Award, taking into account such factors as it deems relevant, including, without limitation: (i) the Corporation's Adjusted Net Income; (ii) other significant financial or strategic achievements during the year; (iii) its subjective assessment of each Performance Pool Participant's overall performance for the year; and (iv) information about compensation practices at other peer group companies for the purpose of evaluating competitive compensation levels so that the Committee may determine that the amount of the annual incentive award is within the targeted competitive compensation range of the Corporation's executive compensation program.

The Committee shall determine the amount of any reduction in a Performance Pool Participant's Award on the basis of the foregoing and other factors it deems relevant and shall not be required to establish any allocation or weighting formula with respect to the factors it considers. The Committee shall have no obligation to disburse the full amount allocated to the Covered Employee Performance Pool. Amounts allocated but not actually disbursed to a Performance Pool Participant may not be re-allocated to other Performance Pool Participants or utilized for awards in respect of other years. In no event shall any Performance Pool Participant's Annual Incentive Plan Award exceed the amount allocated to the Covered Employee Performance Pool with respect to such Participant.

E. ADMINISTRATION. The Committee shall have exclusive authority to interpret this Section VI and to administer the Covered Employee Performance Pool. The Committee shall be responsible for certifying the amount of Adjusted Net Income to be allocated to the Covered Employee Pool each year. The Committee shall rely on such financial information and other materials as it deems necessary and appropriate to certify the amount of Adjusted Net Income to be allocated to the Covered Employee Performance Pool. The Committee shall administer the

Covered Employee Performance Pool so that Annual Incentive Plan Awards paid therefrom will meet the requirements of "performance-based compensation" as defined in Code Section 162(m).

F. AMENDMENT. The Committee shall have the authority to amend the Annual Incentive Plan, provided however, that the Committee may not amend the Annual Incentive Plan after the first 90 days of any award year in a manner that would, directly or indirectly: (i) change the method of calculating the amount allocated to the Covered Employee Performance Pool for that year; (ii) increase the maximum award payable to any Performance Pool Participant for that year; or (iii) remove the amendment restriction set forth in this sentence with respect to that year.

Exhibit 10.7

UNITED TECHNOLOGIES CORPORATION

DEFERRED COMPENSATION PLAN
(As amended and restated as of December 15, 1993)

ARTICLE I - PREAMBLE

United Technologies Corporation established the United Technologies Deferred Compensation Plan effective April 1, 1985. Pursuant to such Plan, certain eligible executives of the Corporation were permitted to defer all or a portion of their compensation earned with respect to 1985 and 1986. No compensation earned after 1986 has been deferred under the Plan. The Corporation has determined to offer eligible executives the opportunity to defer under the Plan all or a portion of compensation earned or otherwise payable in 1994 and subsequent years. However, such deferrals will be subject to the terms and conditions set forth herein, which terms and conditions differ from those that applied to previous deferrals under the Plan. Accordingly, the Plan is hereby restated in its entirety for the purpose of facilitating future elections to defer compensation under the Plan. Any amounts previously deferred under the Plan will continue to be maintained, administered and distributed in accordance with the terms of the Plan as in effect prior to December 15, 1993.

ARTICLE II - DEFINITIONS

Beneficiary means the person, persons or entity designated by the Participant to receive the value of the Plan Accounts credited to such Participant in the event of the death of the Participant. If the Participant fails to designate a Beneficiary, or if the Beneficiary (and any contingent Beneficiary) does not survive the Participant, the value of all of the Participant's Plan Accounts will be paid to the estate of the Participant.

Benefit Reduction means either a reduction in a Participant's (or the Participant's beneficiary's) benefit under any of the Corporation's deferred benefit pension plans, or a reduction in the value of employer matching contributions under any of the Corporation's savings plans, as a result of the reduction of such Participant's Compensation pursuant to the Plan.

Class Year means each calendar year for which compensation may be deferred pursuant to the Plan.

Class Year Account means the Account established for each Participant for each Class Year for which compensation is deferred pursuant to the Plan. Each Class Year Account may consist of a Credited Interest Account and a UTC Stock Unit Account credited with deferred amounts in accordance with the Participant's election. A Supplemental Account is not a Class Year Account.

Committee means the United Technologies Corporation Deferred Compensation Committee, which is responsible for the administration of the Plan. Members of the Committee shall be appointed from time to time by the Corporation's Pension Administration Committee.

Compensation means base salary and Incentive Compensation Payments paid to a Participant with respect to a Class Year and considered to be wages for purposes of federal income tax withholding, but before any deferral of Compensation deferred pursuant to the Plan. Compensation does not include foreign service premiums and allowances, compensation realized from Long Term Incentive Plan Awards or other types of awards.

Corporation means United Technologies Corporation, its divisions, affiliates and subsidiaries.

Credited Interest Account means the sub-account that is valued in the manner set forth in Section 5.2.

Deferral Period means the period for which the receipt of compensation deferred under the Plan shall be deferred.

Distribution Date means on or about April 1 of the year following the last year of a Deferral Period.

Election Agreement means the Participation and Deferral Election Agreement provided by the Committee to Participants for the purpose of deferring compensation under the Plan. Each Participant's Election Agreement must specify the amount to be deferred, the respective amounts to be allocated to the Credited Interest and UTC Stock Unit Accounts and the Deferral Period. There will be a separate Election Agreement for each Class Year.

Incentive Compensation Payment means amounts awarded to a Participant pursuant to the Corporation's Annual Executive Incentive Compensation Plan.

Interim Valuation Date means the last business day of each month except

December.

Participant means an executive of the Corporation who files a U.S. income tax return and who elects to defer Compensation under the Plan with respect to any Class Year.

Plan means the United Technologies Corporation Deferred Compensation Plan as amended and restated effective December 15, 1993, and as amended from time to time thereafter.

Plan Account means the aggregate value of all Class Year Accounts, but excluding accounts under the Prior Plan. Such accounts will be valued separately in accordance with the terms and procedures in effect under the Prior Plan.

Prior Plan means the United Technologies Corporation Deferred Compensation Plan, as in effect prior to December 15, 1993. All amounts deferred and credited under the Prior Plan shall continue to be subject to the terms and conditions of the Prior Plan and shall not be affected by this amendment and restatement.

Retirement Date means the date a Participant terminates employment from the Corporation and qualifies for either a normal retirement benefit, early retirement benefit or rule of 65 retirement benefit under one of the Corporation's tax-qualified deferred benefit retirement plans.

Supplemental Account means the Account established by the Committee for the purpose of providing the amount of any Benefit Reduction incurred by a Participant under a deferred benefit retirement plan as a result of participating in the Plan.

Except where indicated otherwise, all references herein to "Section" or Sections are to a Section or Sections of the Plan.

UTC Stock Unit Account means the sub-account that is valued in the manner set forth in Section 5.3.

Valuation Date means the last business day of each calendar year.

UTC Common Stock means the common stock of United Technologies Corporation.

ARTICLE III - ELIGIBILITY AND PARTICIPATION

Section 3.1 - Eligibility

Each employee of the Corporation who is classified as a UTC executive as of December 31 prior to a Class Year and who is required to file a U.S. income tax return for such Class Year will be eligible to elect to defer Compensation under the Plan for such Class Year.

Section 3.2 - Participation

Each eligible executive may elect to participate in the Plan with respect to any Class Year for which the Committee offers the opportunity to defer Compensation by timely filing with the Committee an Election Agreement, properly completed and signed, in accordance with Section 4.1 hereof. Participation in the Plan is entirely voluntary.

ARTICLE IV - PARTICIPATION ELECTIONS

Section 4.1 - Election Agreement

Each eligible executive will be furnished with an Election Agreement prior to the beginning of each Class Year for which Compensation may be deferred. An eligible executive may participate by executing the Election Agreement and by designating the dollar amount (if any) of base salary that will be deferred during such Class Year, and the percentage or dollar amount (if any) of any Incentive Compensation Payment otherwise payable during such Class Year that will be deferred under the Plan. The minimum dollar amount that a Participant may defer under the Plan for any Class Year is $5,000. Any deferral election made under the Election Agreement is irrevocable and must be completed and returned to the Committee no later than the December 31 immediately preceding such Class Year or such earlier date as the Committee may specify. If an eligible executive fails to sign and return a properly completed Election Agreement by such date, the executive will be ineligible to defer compensation under the Plan for the following Class Year.

Section 4.2 - Allocation of Deferred Amounts

When completing the Election Agreement, the Participant must allocate the amounts to be deferred, in integral multiples of 25% between the Credited Interest Account and the UTC Stock Unit Account.

Section 4.3 - Designation of Beneficiary

Each Participant shall designate a Beneficiary on a form provided by the Committee. Any such designation may be changed in writing on a form acceptable to the Committee at any time by the Participant. In the event that no Beneficiary Designation Form is filed with the Committee or if the Beneficiary (and contingent beneficiary) does not survive the Participant, all amounts deferred hereunder will be paid to the estate of the Participant. If a Participant designates the Participant's spouse as the Participant's Beneficiary, that designation shall not be revoked or otherwise altered or affected by any (a) change in the marital status of the Participant and such spouse, (b) agreement between the Participant and such spouse, or (c) judicial decree (such as a divorce decree) affecting any rights that the Participant and such spouse might have as a result of their marriage, separation, or divorce, it being the intent of the Plan that any change in the designation of a Beneficiary hereunder may be made by the Participant only in accordance with the provisions of this paragraph. In the event of the death of a Participant, Class Year Accounts shall be distributed in accordance with Section 6.4.

Section 4.4 - Deferral Period

Each Participant shall specify on the Election Agreement the Deferral Period for amounts to be deferred in the following Class Year. The minimum Deferral Period is five (5) years following the end of Class Year in which the compensation is deferred. Participants may elect to defer compensation until their Retirement Date or until a specific year. Amounts deferred to a specific year will be distributed on the Distribution Date in that year.

Section 4.5 - Distribution Schedule

Each Participant shall specify on the Election Agreement whether the value of the Participant's Class Year Account shall be distributed in a single lump-sum cash payment or in a series of annual cash installment payments for a specified number of years (not to exceed 15 years) in accordance with Sections 6.2 and 6.4. If the Participant fails to make such a specification, the Participant shall be deemed to have elected to have the distribution made in a single lump-sum cash payment.

ARTICLE V

Section 5.1 - Accounts

The Committee will establish a Class Year Account for each Participant with respect to each Class Year for which the Participant elects to defer compensation under the Plan. Class Year Accounts will be maintained separately from Class Year Accounts maintained with respect to amounts deferred during other Class Years. Deferred amounts will be allocated to a Credited Interest Account, to a UTC Stock Unit Account, or to a combination of both, which sub-accounts will be part of the Class Year Account. Credited Interest and UTC Stock Unit Accounts will be valued as set forth in Sections 5.3 and 5.4. The value of each Class Year Account will equal the sum of the values of the Credited Interest and UTC Stock Unit Accounts established with respect to such Class Year.

Section 5.2 - Valuation of Credited Interest Account

Amounts allocated to the Credited Interest Account will be credited with a rate of interest equal to the average interest rate on 10-Year Treasury Bonds plus 1% (ie. 100 basis points) as of the January through October Interim Valuation Dates in the year prior to the Class Year in which the deferral occurs. This rate will be credited for all amounts deferred in the Class Year and allocated to the Credited Interest Account. The amount of interest credited will be adjusted each year to equal the average 10-Year Treasury Bond rate plus 1% for the prior calendar year, determined in the same manner as described above.

Section 5.3 - UTC Stock Unit Account

Deferred Compensation allocated to the UTC Stock Unit Account will be converted to "Stock Units" or fractional Stock Units. The number of Stock Units will be calculated by dividing the amount of Compensation deferred each month during the Class Year in which the deferral occurs by the closing price of UTC Common Stock on each Interim Valuation or Valuation Date. Each Stock Unit will have a value equivalent to one share of UTC Common Stock. Stock Units held in the UTC Stock Unit Account will be credited with a dividend payment equal to the Corporation's declared dividend on Common Stock (if any), as of the date such dividends are paid. Such dividend equivalent payments will be converted to additional Stock Units or fractional units on the Interim Valuation or Valuation Date of the month in which the dividend was paid, determined on the basis of the closing price of UTC Common Stock on that date. During the Deferral Period, the value of a Stock Unit will be equal to the closing price of a share of Common Stock as of the most recent Interim Valuation Date or Valuation Date, and therefore is variable.

The closing price of UTC Common Stock on the last business day prior to the Distribution Date (i.e., the March Interim Valuation Date, except for hardship distributions which may be made at other times during the year where the closing price on the most recent Interim Valuation date will apply) will be used to value the Stock Units included in the distribution.

Section 5.4 - Allocation to Accounts

During the year of deferral, deferred amounts will be allocated to the Class Year Account as of each Interim Valuation Date (or if applicable, the Valuation Date) for the month in which the deferred amounts otherwise would have been paid. With respect to the Credited Interest Account during the initial Class Year, interest will be credited to deferred amounts for the period from the Interim Valuation Date when amounts are first allocated to the class year account until the Valuation Date for such Class Year. With respect to the UTC Stock Unit Account, Stock Units will be credited and will accumulate each month in accordance with Section 5.3.

ARTICLE VI - DISTRIBUTION OF ACCOUNTS

Section 6.1 - Timing of Plan Distributions

Accounts will be distributed (or begin to be distributed) on or about April 1 of the year following the last year of the Deferral Period. This means that, for example, if a deferral election specifies a Deferral Period until 2005, distribution will occur on or about April 1, 2005. In the case of termination or death during the Deferral Period, amounts will be distributed on the Distribution Date next following the date of termination or the date of death.

Section 6.2 - Method of Distribution

Each Class Year Account will be distributed in a single lump-sum cash payment, or in a series of annual cash installment payments, in accordance with the method set forth on the Election Agreement with respect to each Class Year. In the case of an installment distribution, the balance credited to the Participant's Account during the installment period will be credited with interest at the applicable Credited Interest Account rate.

Such amounts will not be subject to the UTC Stock Unit rate of return, even if such amounts had been in the UTC Stock Unit Account prior to the initial distribution date. All Stock Units will automatically be converted to their equivalent cash value as of the Interim Valuation Date preceding the initial Distribution Date, and the equivalent cash value will then be allocated to the Credited Interest Account.

Section 6.3 - Termination of Employment

In the event of termination of employment prior to a Participant's Retirement Date, during or after the Deferral Period with respect to any Class Year, the full value of the Participant's Plan Accounts will be distributed in a lump-sum cash payment on the Distribution Date following the year of termination, regardless of the distribution option elected.

Section 6.4 - Distribution in the Event of Death

In the event of the death of a Participant before the end of the Deferral Period with respect to any Class Year, the full value of the Participant's Class Year Account for that Class Year will be distributed to the designated Beneficiary or to the estate of the Participant in a lump-sum on the Distribution Date following the date of death. In the event of death

after the end of a Deferral Period with respect to any Class Year (or after attaining eligibility for retirement), the full value of the Participant's Class Year Accounts for that Class Year will be distributed to the Beneficiary in accordance with the Participant's election in the Election Agreement with respect to the Class Year.

Section 6.5 - Hardship Distribution

The Committee may, in its sole discretion, upon finding that the Participant has suffered an unforeseen, severe and immediate financial emergency, permit such Participant to withdraw a portion of the value of the Participant's Plan Account in an amount sufficient to eliminate the hardship. Financial hardship distributions will be made only if the Committee determines that the Participant is unable to resolve the financial emergency through other means reasonably available to the Participant. Financial hardship distributions will be made following the Committee's determination of a qualifying financial emergency on the basis of the value of the Participant's Plan Account as of the most recent Interim Valuation Date. The Committee will determine from which Class Year Account and Credited Interest and UTC Stock Unit sub-accounts hardship distributions shall be made.

Section 6.6 - Disability

In the event of the disability of a Participant, as determined under the Corporation's Long Term Disability Plan, Class Year Accounts will be maintained and distributed in accordance with the Participant's Election Agreement.

Section 6.7 - Valuation on Distribution Date

All Plan Accounts will be valued on the basis of the Interim Valuation Date prior to the Distribution Date.

Section 6.8 - Distribution from Supplemental Account

The Committee will effect distributions from Supplemental Accounts with respect to Benefit Reductions incurred in any of the Corporation's defined benefit pension plans at the same time, in the same manner and in the required amounts such that when combined with amounts distributed from the Pension Plans in which a Participant incurred a Benefit Reduction, the total amount received by a Participant (or beneficiary) will equal the amount of pension benefit that would otherwise have been paid had the Participant not participated in this Plan. Each Class Year the Committee will determine if any Benefit Reduction has been incurred with respect to any of the Corporation's Savings Plans and will credit the amount of such Benefit Reduction to the affected Participant's Class Year Account as of the Valuation Date for such Class Year. Any such amounts will be allocated to the Participant's Credited Interest and UTC Stock Unit Accounts in accordance with the Election Agreement for such Class Year.

ARTICLE VII - AMENDMENT AND TERMINATION OF PLAN

Section 7.1 - Amendment

The Corporation may, at any time, amend the Plan in whole or in part, provided that no amendment may decrease the balance in any Plan Account as of the date of such amendment.

Section 7.2 - Plan Suspension and Termination

The Corporation's Pension Administration Committee may, at any time, suspend or terminate the Plan with respect to new or existing Election Agreements if, in its sole judgment, the continuance of the Plan, the tax, accounting, or other effects thereof, or potential payments thereunder would not be in the best interests of the Corporation or for any other reason. In

the event of the suspension of the Plan, no additional deferral shall be made under the Plan, but all previous deferrals shall accumulate and be distributed in accordance with the otherwise applicable provisions of the Plan and the applicable Election Agreements. In the event of the termination of the Plan, each Participant will receive, in a lump sum, the balance of all Class Year Accounts.

Section 7.3 - No Consent Required

The consent of any Participant, Beneficiary, or other person shall not be a requisite to such amendment, suspension, or termination of the Plan.

ARTICLE VIII - GENERAL PROVISIONS

Article 8.1 - Unsecured General Creditor

The Corporation will not establish a trust or otherwise set aside or segregate assets from other assets of the Corporation or otherwise fund its obligations under the Plan for the benefit of Participants and

Beneficiaries. The Corporation's obligations under the Plan constitute an unfunded and unsecured promise to pay money in the future. Participants' and Beneficiaries' rights under the Plan are those of a general unsecured creditor of the Corporation.

Section 8.2 - Nonassignability

No Participant or Beneficiary or any other person shall have right to sell, assign, transfer, pledge, or otherwise encumber any interest in the Plan. All Plan Accounts and the rights to all payments are unassignable and non-transferable. No Plan Account or payment hereunder, prior to actual payment, will be subject to attachment or seizure for the payment of any debts, judgments or other obligations. No Plan Account or other Plan benefit will be transferred by operation of law in the event of a Participant's or any Beneficiary's bankruptcy or insolvency.

Section 8.3 - No Contract of Employment

Participation in the Plan shall not be construed to constitute a direct or indirect contract of employment between the Corporation and the Participant. The Participants and Beneficiaries will have no rights against the Corporation resulting from participation in this Plan other than as specifically provided herein. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of the Corporation for any length of time or to interfere with the right of the Corporation to terminate a Participant's employment prior to the end of any Deferral Period.

Section 8.4 - Governing Law

The provisions of this Plan will be construed and interpreted according to the Employee Retirement Income Security Act of 1974, as amended from time to time, other applicable federal laws, and to the extent not preempted by federal law, the laws of the State of Connecticut.

Section 8.5 - Validity

If any provision of the Plan is held to be illegal or invalid for any reason, the remaining provisions of the Plan will be construed and enforced as if such illegal and invalid provision had never been inserted herein.

Section 8.6 - Notice

Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand delivered, or sent by first class mail, to the United Technologies Corporation Deferred Compensation Committee, UTC Building, Hartford, Connecticut 06101, Attn: Michael D. Smith, Director, Compensation, MS-504. Any notice or filing required or permitted to

be given to any Participant or Beneficiary under the Plan shall be sufficient if given in writing and hand-delivered, or, if sent by first-class mail, mailed to the address of the Participant or Beneficiary then listed on the records of the Corporation. Any such notice will be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark.

Section 8.7 - Successors

The provisions of the Plan shall bind and inure to the benefit of the Corporation and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which by merger, consolidation, purchase or otherwise acquires all or substantially all of the business and assets of the Corporation, and successors of any such corporation or other business entity.

Section 8.8 - Incompetence

If the Committee determines, upon evidence satisfactory to the Committee, that any Participant or Beneficiary to whom a benefit is payable under the Plan is unable to care for their affairs because of illness or accident, any payment due (unless prior claim therefor shall have been made by a duly authorized guardian or other legal representative, may be paid, upon appropriate indemnification of the Committee and the Corporation, to the Spouse of the Participant or other person deemed by the Committee to have incurred expenses for the benefit of and on behalf of such Participant or Beneficiary. Any such payment from a Participant's Plan Account shall be a complete discharge of any liability under the Plan with respect to the amount so paid.

ARTICLE IX - ADMINISTRATION and CLAIMS

9.1 - Plan Administration

The Committee shall be solely responsible for the administration and operation of the Plan. The Committee shall have full and exclusive authority and discretion to interpret the provisions of the Plan and to establish such administrative procedures as it deems necessary and appropriate to carry out the purposes of the Plan.

Any person claiming a benefit, requesting an interpretation or ruling under the Plan, or requesting information under the Plan shall present the request in writing to the Committee which shall respond in writing as soon as practicable.

9.2 - Claim Procedures

If a Participant or Beneficiary requests a benefit or payment under the Plan and such claim or request is denied, the Committee will provide a written notice of denial which will specify (a) the reason for denial, with specific reference to the Plan provisions on which the denial is based, and (b) a description of any additional material or information that may be required with respect to the claim and an explanation of why such information is necessary.

If a claim or request is denied or if no response is received by the Participant or Beneficiary within 60 days, the Participant or Beneficiary may request review by writing to the Committee. The claim or request will be reviewed by the Committee, which may request additional information or materials which it deems appropriate to the resolution of any issues presented. The decision on review will normally be made by the Committee within 60 days of its receipt of the request for review but may be extended up to 120 days from such date. The Committee's decision will be in writing and will state the basis for its decision and shall be conclusive and binding on all parties.

Exhibit 10.9

Directors Retirement Plan, as amended

The United Technologies Corporation Directors Retirement Plan, Exhibit 10-9 to the United Technologies Corporation Annual Report on Form 10K (Commission file number 1-812) for fiscal year 1992, was terminated effective December 31, 1995, by resolutions duly adopted by the Board of Directors of the Corporation at a meeting duly called and held on November 29, 1995, at which a quorum was present and acting throughout. The text of the resolutions follows:

RESOLVED, that the Directors Retirement Plan be terminated effective December 31, 1995, and that each Director's accrued benefit, as determined by the actuarial firm of Towers Perrin, be converted to tax deferred Stock Units with the value of each such Stock Unit, for purposes of this conversion, to equal the average daily price of United Technologies Corporation's Common Stock from January 1, 1995 through October 31, 1995 and that the resulting tax-deferred Stock Units shall be distributed following retirement in either a lump sum or up to fifteen annual installments, at the election of the Director.

RESOLVED, that for purposes of the foregoing resolutions, a "tax-deferred Stock Unit" shall: (I) equal the value of one share of United Technologies Corporation's Common Stock; (ii) accrue dividends in the form of additional tax-deferred Stock Units; (iii) shall be payable only in cash and may not be converted to shares of Stock; and, (iv) may not be distributed until the earlier of retirement, death, disability or termination. The foregoing definition shall be applicable to all future Stock Units awarded to Directors under this and any other programs or arrangements.

RESOLVED, that any previous Board resolutions pertaining to the compensation and benefits of non-employee Directors be rescinded to the extend that such resolutions are inconsistent with the foregoing resolutions.

Exhibit 10.11

UNITED TECHNOLOGIES CORPORATION LONG TERM INCENTIVE PLAN

AMENDMENT 1

The United Technologies Corporation Long Term Incentive Plan (the "LTIP") is hereby amended, effective January 1, 1995, subject to the approval of shareowners at the Corporation's Annual Meeting to be held April 25, 1995.

1. Section 5(e) is amended and restated as follows:

Dividend Equivalents. A Dividend Equivalent is the right to receive a cash payment equal to the amount of dividends paid on Common Stock for a period of time, as specified in the Award Agreement. Dividend Equivalent Awards are subject to performance based vesting criteria.

2. Section 6, "Limitation on Number of Shares" is amended by adding the following sub-section (c) thereto:

(c) The Plan shall be subject to an individual share award limitation of 1.5 million shares over any consecutive 36 month period. For purposes of this limitation, all awards of shares of stock, options to acquire shares of stock or any other award which can be converted into shares shall be subject to this limit, determined in a manner consistent with Section 6(b) hereof. Any award that is forfeited or canceled within a thirty-six month period shall continue to count against this limitation for the remainder of the thirty-six month period.

3. Section 17 is hereby added to the Plan as follows:

17. Continuous Improvement Incentive Plan.

(a) Introduction. The Committee has approved the Continuous Improvement Incentive Program (the "CIIP"), a performance based program of Plan Awards. Under the CIIP, Dividend Equivalent Awards ("DEs") are granted subject to performance based vesting criteria related to key financial performance measurements of the Corporation and the business units. Non-qualified stock options awarded along with DEs become exercisable three years after the date of grant. Exercisability of stock options is not contingent upon achievement of CIIP performance based vesting criteria because the value of stock option awards is directly linked to share price appreciation measured from the date of grant and is therefore performance based independent of CIIP vesting criteria.

(b) Performance Targets. Under the CIIP, Participants shall be eligible to receive awards of dividend equivalents ("DEs"), with one DE granted for each stock option granted. A DE is the right to receive a cash payment equal to the amount of dividends paid on Common Stock for a period of time as specified in the Award Agreement, but in no event more than seven years, provided, however, that DE payments will cease if the stock option associated with the vested DE is exercised. The vesting of DEs shall be contingent upon the achievement of certain minimum performance targets measured over a period of time of not less than one year, as established by the Committee. DEs that do not vest will be forfeited without value. The vesting of each years award shall be based upon the achievement of pre-established performance targets as established by the Committee for one or more of the following performance measurements: earnings per share ("EPS"); total shareholder return ("TSR"); return on equity ("ROE"); return on sales ("ROS"); return on net operating asset ("RNOA") and working capital turnover ("WCT"). ROS, RNOA and WCT targets may be specifically formulated for each business unit. Business unit Participants may be subject to performance targets specifically applicable to their business unit or to a combination of corporate and business unit performance targets. If vesting is subject to more than one performance target, the relative weighting of each performance target to be used for determining the cumulative vesting percentage shall be as determined by the Committee.

Performance targets shall be measured on the basis of audited consolidated financial statements of the Corporation and financial statements of the business units which are used in the audited consolidated financial statements of the Corporation. For purposes of this Section 17, performance targets shall be defined as follows:

Earnings Per Share means primary or fully diluted earnings per share determined under generally accepted accounting principles.

Return on Equity means net income available to Common Stock owners divided by average equity.

Return on Sales means operating profit before interest expense and income taxes divided by sales.

Return on Net Operating Assets means operating profit before interest expense and income taxes divided by average net operating assets.

Total Shareholder Return means the percentage change in the value of a share of Common Stock between the beginning and end of the measurement period, including the amount of dividends paid during the measurement period.

Working Capital Turnover means the ratio obtained by dividing sales by average working capital. For purposes of this definition, working capital means external accounts receivable plus net inventory less external accounts payable and advances on sales contracts.

(c) Establishment of Performance Targets. The Committee shall be exclusively responsible for establishing performance targets applicable to CIIP Awards with respect to EPS, ROE, ROS, RNOA, TSR, and WCT, as the case may be. The Committee shall grant CIIP awards and establish performance targets no later than 90 days following the commencement of the performance measurement period. The Committee shall also establish the relative weightings of multiple performance targets no later than 90 days following the commencement of the performance measurement period.

(d) Measurement of Achievement of Performance Targets. The Committee shall certify to the measurement of performance by the Corporation and the business units relative to CIIP performance targets and the resulting vesting percentage. The Committee shall rely on such financial information and other materials as it deems necessary and appropriate to enable it to certify to the percentage of achievement of CIIP performance targets. Performance targets will be adjusted by the Committee to eliminate: (i) restructuring charges to the extent they are separately disclosed in the Corporation's Annual Report on Form 10K; (ii) the effects of changes in accounting methods; (iii) the translation impact of changes in foreign currency exchange rates; and (iv) "extraordinary items" determined under generally accepted accounting principles. The Committee shall make its vesting determination not later than the end of the first quarter following the end of the performance measurement period.

(e) Vesting Schedule. DE payments will commence following the vesting determination date. CIIP Participants shall vest in 100% of their DEs if 100% of their applicable CIIP performance targets are achieved as of the end of the three year performance measurement period. If the cumulative weighted achievement equals 90% of target, 50% of associated DEs will vest. To the extent that cumulative weighted achievement is greater than 90% but less than 100%, the vesting percentage will be determined in accordance with the following formula:

Vesting Percentage = (Cumulative Weighted Performance Achievement Percentage -90) X 5 + 50

If the cumulative weighted performance achievement percentage is less than 90, all DEs will be forfeited without value.

(f) Transfers. If a Participant transfers from one business unit to another business unit (for this purpose including Corporate

Headquarters as a business unit) after the date of a CIIP Award but before the end of the three-year measurement period applicable to the Award, the number of vested DE's will equal the sum of (i) plus (ii) where:

(i) equals DEs granted, multiplied by a fraction, where the numerator equals the number of months in the unit where the Participant was employed at the time the Award was granted and the denominator equals 36, multiplied by the performance achievement percentage applicable to such business unit; and

(ii) equals DEs granted, multiplied by a fraction where the numerator equals the number of months employed in the unit to which the Participant was transferred and the denominator equals 36, multiplied by the performance achievement percentage applicable to such business unit.

If there are subsequent transfers to other business units, vesting calculations will be done using the same formula.

(g) Amendment. The Committee shall have the authority to amend the CIIP, provided however, that the Committee may not amend the CIIP after the first 90 days of a performance measurement period in a manner that would, directly or indirectly: (i) change the method of measuring performance for that year's CIIP award; (ii) increase the maximum amount payable to any CIIP Participant for that year; or (iii) remove the amendment restriction set forth in this sentence with respect to that year.

Exhibit 10.14

Director's Stock and Deferred Stock Unit Plan, as amended

The United Technologies Corporation Director's Stock and Deferred Stock Unit Program, filed as Exhibit 10-14 to the United Technologies Corporation Annual Report on Form 10K (Commission file number 1-812) for fiscal year 1993, was amended and rescinded in part by Board resolutions of November 29, 1995 , as follows:

RESOLVED, that an annual retainer fee of $60,000 will be paid to each non-employee Director, to be increased to $65,000 in the case of any Director who is Chairman of a Committee, payable either 60% in tax-deferred Stock Units and 40% in cash or 100% in tax-deferred Stock Units, at the election of the Director.

RESOLVED, that for purposes of the foregoing resolutions, a "tax-deferred Stock Unit" shall: (i) equal the value of one share of United Technologies Corporation's Common Stock; (ii) accrue dividends in the form of additional tax-deferred Stock Units; (iii) shall be payable only in cash and may not be converted to shares of Stock; and (iv) may not be distributed until the earlier of retirement, death, disability or termination. The foregoing definition shall be applicable to all future Stock Units awarded to Directors under this and any other programs or arrangements.

RESOLVED, that any previous Board resolutions pertaining to the compensation and benefits of non-employee Directors be rescinded to the extent that such resolutions are inconsistent with the foregoing resolutions.

The text of the United Technologies Corporation Board of Directors Deferred Stock Unit Plan, effective January 1, 1996 follows:

UNITED TECHNOLOGIES CORPORATION

BOARD OF DIRECTORS

DEFERRED STOCK UNIT PLAN

Effective January 1, 1996

UNITED TECHNOLOGIES CORPORATION
DEFERRED STOCK UNIT PLAN

Table of Contents

ARTICLE I
INTRODUCTION

1.01 Purpose of Plan

The purpose of the Plan is to enhance the Company's ability to attract and retain nonemployee members of the Board whose training, experience and ability will promote the interests of the Company and to directly align the interests of such nonemployee Directors with the interests of the Company's shareowners by providing compensation based on the value of UTC Common Stock. The Plan is designed to permit such nonemployee directors to defer the receipt of all or a portion of the cash compensation otherwise payable to them for services to the Company as members of the Board.

1.02 Effective Date of Plan

Except as otherwise provided by Section 3.01, the Plan shall apply only to a Participant's annual Director's retainer Fees with respect to service on and after January 1, 1996.

ARTICLE II

DEFINITIONS

Unless the context clearly indicates otherwise, the following terms, when used in capitalized form in the Plan, shall have the meanings set forth below:

Account shall mean a bookkeeping account established for a Participant under Section 4.01.

Article shall mean an article of the Plan.

Beneficiary shall mean a Participant's beneficiary, designated in writing and in a form and manner satisfactory to the Committee, or if a Participant fails to designate a beneficiary, or if the Participant's designated Beneficiary predeceases the Participant, the Participant's estate.

Board shall mean the Board of Directors of the Company.

Closing Price shall mean, with respect to any date specified by the Plan, the closing price of UTC Common Stock on the composite tape of New York Stock Exchange issues (or if there was no reported sale of UTC Common Stock on such date, on the next preceding day on which there was such a reported sale).

Committee shall mean the Nominating Committee of the Board.

Company shall mean United Technologies Corporation.

Director's Fees shall mean the annual retainer fee payable to a Participant for services to the Company as a member of the Board. Director's Fees do not include special meeting fees.

Participant shall mean each member of the Board (other than a member of the Board who is also an employee of the Company or a subsidiary thereof) who is or becomes a member of the Board on or after January 1, 1996.

Payment Anniversary Date shall mean an anniversary of the Payment Commencement Date.

Payment Commencement Date shall mean the first business day of the first month following the month in which the Participant terminates service as a member of the Board.

Plan shall mean this United Technologies Corporation Board of Directors Deferred Stock Unit Plan, as set forth herein and as amended from time to time.

Plan Year shall mean the calendar year.

Section shall mean a section of the Plan.

Stock Unit shall mean a hypothetical share of UTC Common Stock as described in Section 4.02.

UTC Common Stock shall mean the common stock of the Company.

ARTICLE III

CREDITS

3.01 Transition Credits

As soon as practicable on or after January 1, 1996, the Company shall credit to the Account of each Participant a number of Stock Units determined in accordance with the schedules set forth in Appendix I and Appendix II to the Plan. The credits set forth in Appendix I shall be provided in lieu of any benefits to which the Participant otherwise would have been entitled under the United Technologies Corporation Directors Retirement Plan as of its termination on December 31, 1995. The credits set forth in Appendix II shall be provided in lieu of any benefits to which the Participant otherwise would be entitled under certain deferred compensation arrangements entered into prior to January 1, 1996. The number of units set forth in Appendix II shall equal the number of tax deferred stock units (if any) credited to the Participant under any such prior deferred compensation arrangement, determined as of December 31, 1995.

3.02 Automatic Credits

As of the beginning of each Plan Year, the Company shall credit Stock Units to each Participant's Account equal in value to 60% of the Participant's Director's Fees for the Plan Year, as determined in accordance with Section 4.02(a)(1).

3.03 Elective Credits

A Participant may elect, with respect to each Plan Year, to defer the entire portion (but not a partial portion) of the 40% of the Participant's

Director's Fees that are not automatically deferred in accordance with Section 3.02 and that otherwise would be paid to the Participant in cash. If the Participant makes such an election, the Company shall credit Stock Units to the Participant's Account equal in value to 40% of the Participant's Director's Fees for the Plan Year, as determined in accordance with Section 4.02(a)(1), as of the beginning of the Plan Year with respect to which the election is made (or, if later, as of the first day in the Plan Year on which the individual becomes a Participant). An election under this Section 3.03 shall be made in a form and manner satisfactory to the Committee and shall be effective for a Plan Year only if made before the beginning of the Plan Year; provided that an individual who becomes a Participant after the first day of a Plan Year may make the election for that Plan Year within 30 days of becoming a Participant.

ARTICLE IV

ACCOUNTS AND INVESTMENTS

4.01 Accounts

A separate Account under the Plan shall be established for each Participant. Such Account shall be (a) credited with the amounts credited in accordance with Article Ill, (b) credited (or charged, as the case may be) with the investment results determined in accordance with Section 4.02, and (c) charged with the amounts paid by the Plan to or on behalf of the Participant in accordance with Article V. Within each Participant's Account, separate subaccounts shall be maintained to the extent the Committee determines them to be necessary or useful in the administration of the Plan.

4.02 Stock Units

(a) Deemed Investment in UTC Common Stock. Except as provided in subsection (b), below, a Participant's Account shall be treated as if it were invested in Stock Units that are equivalent in value to the fair market value of shares of UTC Common Stock in accordance with the following rules:

(1) Conversion into Stock Units. Any Director's Fees credited to a Participant's Account for a Plan Year under Section 3.02 or 3.03 shall be converted into Stock Units (including fractional Stock Units) by dividing the amount credited by the Closing Price on the first business day of the Plan Year; provided that in the case of an individual who becomes a Participant after the first day of a Plan Year, the Closing Price

shall be determined as of the day on which the individual becomes a Participant.

(2) Deemed Reinvestment Of Dividends. The number of Stock Units credited to a Participant's Account shall be increased on each date on which a dividend is paid on UTC Common Stock. The number of additional Stock Units credited to a Participant's Account as a result of such increase shall be determined by (i) multiplying the total number of Stock Units (excluding fractional Stock Units) credited to the Participant's Account immediately before such increase by the amount of the dividend paid per share of UTC Common Stock on the dividend payment date, and (ii) dividing the product so determined by the Closing Price on the dividend payment date.

(3) Conversion Out of Stock Units. The dollar value of the Stock Units credited to a Participant's Account on any date shall be determined by multiplying the number of Stock Units (including fractional Stock Units) credited to the Participant's Account by the Closing Price on that date.

(4) Effect of Recapitalization. In the event of a transaction or event described in this paragraph (4), the number of Stock Units credited to a Participant's Account shall be adjusted in such manner as the Committee, in its sole discretion, deems equitable. A transaction or event is described in this paragraph (4) if (i) it is a dividend (other than regular quarterly dividends) or other distribution (whether in the form of cash, shares, other securities, or other property), extraordinary cash dividend, recapitalization, stock split, reverse stock split reorganization, merger, consolidation, split-up, spin-off, repurchase, or exchange of shares or other securities, the issuance or exercisability of

stock purchase rights, the issuance of warrants or other rights to purchase shares or other securities, or other similar corporate transaction or event and (ii) the Committee determines that such transaction or event affects the shares of UTC Common Stock, such that an adjustment pursuant to this paragraph (4) is appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

(b) Change in Deemed Investment Election. A Participant who elects to receive distribution of his or her Accounts in annual installments will continue to have such Account credited with Stock Units during the installment period unless the Participant irrevocably elects to have his or her Account treated, as of the Payment Commencement Date, as if the Account were invested in cash. If a Participant makes such election, the Account will be credited with a rate of interest equal to the average interest rate on 10-Year Treasury Bonds as of the January through October Period in the calendar year prior to the Plan Year in which the interest is credited, plus 1%. An election under this subsection (b) shall be made in a form and manner satisfactory to the Committee and shall be effective only if made before the Payment Commencement Date.

4.03 Hypothetical Nature of Accounts and Investments

Each Account established under this Article IV shall be maintained for bookkeeping purposes only. Neither the Plan nor any of the Accounts established under the Plan shall hold any actual funds or assets. The Stock Units established hereunder shall be used solely to determine the amounts to be paid hereunder, shall not be or represent an equity security of the Company, shall not be convertible into or otherwise entitle a Participant to acquire an equity security of the Company and shall not carry any voting or dividend rights.

ARTICLE V

PAYMENTS

5.01 Entitlement to Payment

Credits to a Participant's Account under Section 3.02 or 3.03 shall be in lieu of payment to the Participant of the related Director's Fees. Any payment under the Plan with respect to an Account shall be made solely in cash and as further provided in this Article V. The right of any person to receive one or more payments under the Plan shall be an unsecured claim against the general assets of the Company.

5.02 Payment Commencement Date

Payments to a Participant with respect to the Participant's Account shall begin as of the Participant's Payment Commencement Date; provided that if a Participant dies before the Participant's Payment Commencement Date, payment of the entire value of the Participant's Account shall be made in a lump sum to the Participant's Beneficiary as soon as practicable after the Committee receives all documents and other information that it requests in connection with the payment.

5.03 Form and Amount of Payment

(a) Fifteen Annual Installments. A Participant shall receive his or her benefits in 15 annual installments unless the Participant elects to receive his or her benefits under the Plan in the form of a lump-sum payment or in less than

15 annual installments in accordance with subsection (b), below. Annual installments shall be payable to the Participant in cash beginning as of the Payment Commencement Date and continuing as of each Payment Anniversary Date thereafter until all installments have been paid. The first annual installment shall equal one- fifteenth (1/15th) of the value of the Stock Units credited to the Participant's Account, determined as of the Payment Commencement Date. Each successive annual installment shall equal the value of the Stock Units credited to the Participant's Account, determined as of the Payment Anniversary Date, multiplied by a fraction, the numerator of which is one, and the denominator of which is the excess of 15 over the number of installment payments previously made (i.e., 1/14th, 1/13th, etc.). If the Participant dies after the Participant's Payment Commencement Date but before all 15 installments have been paid, the remaining installments shall be paid to the Participant's Beneficiary in accordance with the schedule in this subsection (a).

(b) Lump Sum, or Less Than 15 Annual Installments. A Participant may elect to receive his or her benefits under the Plan in the form of a lump-sum payment or in two to fourteen installments in lieu of the fifteen installment payments determined under subsection (a), above. The lump sum shall be payable to the Participant in cash as of the Payment Commencement Date and shall equal the value of the Stock Units credited to the Participant's Account, determined as of the Payment Commencement Date. Installments shall be paid in the manner set forth in subsection (a) above, except that for purposes of determining the amount of the first annual installment, the denominator of the fraction shall equal the number of scheduled annual installments. An election under this subsection (b) shall be made in a form and manner satisfactory to the Committee and shall be effective only if made at least two years before the Participant's Payment Commencement Date.

ARTICLE VI

ADMINISTRATION

6.01 In General

The Committee shall have the discretionary authority to interpret the Plan and to decide any and all matters arising under the Plan, including without limitation the right to determine eligibility for participation, benefits, and other rights under the Plan; the right to determine whether any election or notice requirement or other administrative procedure under the Plan has been adequately observed; the right to determine the proper recipient of any distribution under the Plan; the right to remedy possible ambiguities, inconsistencies, or omissions by general rule or particular decision; and the right otherwise to interpret the Plan in accordance with its terms. Except as otherwise provided in Section 6.03, the Committee's determination on any and all questions arising out of the interpretation or administration of the Plan shall be final, conclusive, and binding on all parties.

6.02 Plan Amendment and Termination

The Committee may amend, suspend, or terminate the Plan at any time; provided that no amendment, suspension, or termination of the Plan shall, without a Participant's consent, reduce the Participant's benefits accrued under the Plan before the date of such amendment, suspension, or termination. If the Plan is terminated in accordance with this Section 6.02, the terms of the Plan as in effect immediately before termination shall determine the right to payment in respect of any amounts that remain credited to a Participant's or Beneficiary's Account upon termination.

6.03 Reports to Participants

The Committee shall furnish an annual statement to each Participant (or Beneficiary) reporting the value of the Participant's (or Beneficiary's) Account as of the end of the most recent Plan Year.

6.04 Delegation of Authority

The Committee may delegate to officers of the Company any and all authority with which it is vested under the Plan, and the Committee may allocate its responsibilities under the Plan among its member.

ARTICLE VII

MISCELLANEOUS

7.01 Rights Not Assignable

No payment due under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge in any other way. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge such payment in any other way shall be void. No such payment or interest therein shall be liable for or subject to the debts, contracts, liabilities, or torts of any Participant or Beneficiary. If any Participant or Beneficiary becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge in any other way any payment under the Plan, the Committee may direct that such payment be suspended and that all future payments to which such Participant or Beneficiary otherwise would be entitled be held and applied for the benefit of such person, the person's children or other dependents, or any of them, in such manner and in such proportions as the Committee may deem proper.

7.02 Certain Rights Reserved

Nothing in the Plan shall confer upon any person the right to continue to serve as a member of the Board or to participate in the Plan other than in accordance with its terms.

7.03 Withholding Taxes

The Committee may make any appropriate arrangements to deduct from all credits and payments under the Plan any taxes that the Committee reasonably determines to be required by law to be withheld from such credits and payments.

7.04 Incompetence

If the Committee determines, upon evidence satisfactory to the Committee, that any Participant or Beneficiary to whom a benefit is payable under the Plan is unable to care for his or her affairs because of illness or accident or otherwise, any payment due under the Plan (unless prior claim therefor shall have been made by a duly authorized guardian or other legal representative) may be paid, upon appropriate indemnification of the Committee and the Company, to the spouse of the Participant or Beneficiary or other person deemed by the Committee to have incurred expenses for the benefit of and on behalf of such Participant or Beneficiary. Any such payment shall be a complete discharge of any liability under the Plan with respect to the amount so paid.

7.05 Inability to Locate Participants and Beneficiaries

Each Participant and Beneficiary entitled to receive a payment under the Plan shall keep the Committee advised of his or her current address. If the Committee is unable for a period of 36 months to locate a Participant or Beneficiary to whom a payment is due under the Plan, commencing with the first day of the month as of which such payment first comes due, the total amount payable to such Participant or Beneficiary shall be forfeited. Should such a Participant or Beneficiary subsequently contact the Committee requesting payment, the Committee shall, upon receipt of all documents and other information that it might request in connection with the payment, restore and pay the forfeited payment in a lump sum, the value of which shall not be adjusted to reflect any interest or other type of investment earnings or gains for the period of forfeiture.

7.06 Successors

The provisions of the Plan shall bind and inure to the benefit of the Company and its successors and assigns. The term "successors" as used in the preceding sentence shall include any corporation or other business entity that by merger, consolidation, purchase, or otherwise acquires all or substantially all of the business and assets of the Company, and any successors and assigns of any such corporation or other business entity.

7.07 Usage

(a) Titles and Headings. The titles to Articles and the headings of Sections, subsections, and paragraphs in the Plan are placed herein for convenience of reference only and shall be of no force or effect in the interpretation of the Plan

(b) Number. The singular form shall include the plural, where appropriate.

7.08 Severability

If any provision of the Plan is held unlawful or otherwise invalid or unenforceable in whole or in part, such unlawfulness, invalidity, or unenforceability shall not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan is held unlawful or otherwise invalid or unenforceable, such unlawfulness, invalidity or unenforceability shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness, invalidity, or unenforceability shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid, or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid, or unenforceable shall be made or provided under the Plan.

7.09 Governing Law

The Plan and all determinations made and actions taken under the Plan shall be governed by and construed in accordance with the laws of the State of Connecticut.

UNITED TECHNOLOGIES CORPORATION

by ___________________________

Attest:

____

Date:

____

UTC BOARD OF DIRECTORS STOCK UNIT PLAN - APPENDIX I

PENSION BENEFIT CONVERSION TO STOCK UNITS

DIRECTOR	EFFECTIVE DATE OF ELECTION AS DIRECTOR	PRESENT VALUE OF ACCRUED BENEFIT AS OF 12/31/95	NUMBER OF STOCK UNITS (1) AT 12/31/95 CONVERSION (2)
BAKER	1/29/90	$137,735	1821.2
CHAYES	2/2/81	$229,544	3035.2
DEE	2/2/81	$229,544	3035.2
DUNCAN	3/23/81	$229,544	3035.2
GYLLENHAMMAR	3/23/81	$229,544	3035.2
HINES	12/18/89	$137,735	1821.2
LEE	1/31/94	$34,963	462.3
MALOTT	10/20/80	$229,544	3035.2
WAGNER	7/1/94	$37,586	497.0
WEXLER	10/16/78	$229,544	3035.2

(1) Stock Units payable in Cash only

(2) Number of Stock Units equals PV of accrued benefit divided by UTC daily average Closing Stock Price from 1/1/95 through 10/31/95.

UTC BOARD OF DIRECTORS DEFERRED STOCK UNIT PLAN - APPENDIX II

TRANSITION CREDITS: TAX DEFERRED STOCK UNITS AS OF JANUARY 1, 1996 (1)

STOCK UNITS ATTRIBUTABLE TO COMPENSATION DEFERRED IN 1994 & 1995

DIRECTOR	NUMBER OF TAX DEFERRED STOCK UNITS (2)
BAKER	509.0
DEE	509.0
DUNCAN	509.0
GYLLENHAMMAR	509.0
LEE	244.8
MALOTT	264.3

(1) To be credited to the Director's Account in accordance with Plan Section 3.01, effective January 1, 1996.

(2) Units to be distributed in Cash or Common Stock, at the election of the Director All deemed reinvestment of dividends attributable to these Units after January 1, to be reinvested in Stock Units as defined in Section 4.02 of the Plan and payable solely in Cash.

Exhibit 10.17

UNITED TECHNOLOGIES CORPORATION
Nonemployee Director Stock Option Plan

1. Purpose.

The purpose of the Nonemployee Director Stock Option Plan (the "Plan") is to attract, retain and compensate the members of the Board of Directors (the "Board") of United Technologies Corporation (the "Corporation") who are not employees of the Corporation or any of its subsidiaries and to secure for the Corporation and its shareholders the benefits associated with an increased equity interest in the Corporation of such nonemployee directors.

2. Administration.

The Plan shall be administered by a committee comprised of the Chief Executive Officer, the Senior Vice President, Human Resources and Organization and the Corporate Secretary (the "Committee"). The Committee shall have the full authority to construe the Plan, to determine all questions arising under the Plan, and to adopt such rules and procedures for the administration of the Plan as the Committee may deem necessary or desirable. All decisions of the Committee in the administration of the Plan shall be conclusive and binding on all parties concerned, including the Corporation and the holders of options granted under the Plan. The Committee may authorize any one or more members of the Committee, or any one or more officers of the Corporation, to execute and deliver any documents that are necessary or desirable for the proper administration of the Plan. To the fullest extent permitted by law, no member of the Committee shall be liable, except by reason of such member's willful misconduct, for anything that is done or omitted by such member or by any other person in connection with the administration of the Plan.

3. Stock Subject to the Plan.

The total number of shares of common stock of the Corporation ("Common Stock") for which stock options may be granted under the Plan in any year shall not exceed a number of shares equal to 1000 multiplied by the number of Nonemployee Directors incumbent as of the date of the Corporation's Annual Meeting of shareowners, subject to adjustment as provided in Section 8 below. Such shares of Common Stock may be either authorized and unissued shares or previously issued shares that have been reacquired by the Corporation or any of its subsidiaries.

4. Eligibility

Each member of the Board who is not an employee of the Corporation or any of its subsidiaries (a "Nonemployee Director") shall be eligible to receive Options in accordance with Section 5.

5. Grant of Stock Options.

On the date of the Corporation's Annual Meeting of Shareowners in each year for so long as the Plan remains in effect (the "Grant Date"), each nonemployee Director who is elected as a director at such meeting, or whose term of office shall continue after the date of such meeting, automatically shall be granted an option to purchase 1,000 shares of Common Stock (an "Option") .

6. Terms and Conditions of Stock Options.

Each Option shall have the following terms and conditions:

(a) Exercise Price. The exercise price per share of Common Stock of the Option shall be equal to the Fair Market Value of the Common Stock on the Grant Date.

(b) Vesting. The Option shall vest and become exercisable on the third anniversary of the Grant Date, except that, in the event the recipient ceases to be a director by reason of Retirement, Disability, death, or if a director leaves the Board to accept full time employment with a charity, a not-for-profit institution or state, federal or local government, an Option held for at least one year from the Grant Date shall become immediately exercisable in full.

(c) Term. The Option shall have a term of ten years commencing on the Grant Date, but shall expire earlier under the following circumstances: (i) if the recipient shall cease to be a director of the Corporation for reasons other than Retirement, Disability or death, a non-vested Option shall be canceled without value and a vested Option shall continue to be exercisable for 90 days following the date on which the recipient ceases to be a director. An Option not exercised during this 90 day period shall expire without value (unless the recipient dies within such 90 day period in which event the Option shall expire in accordance with the provisions of clause (ii) below); and (ii) in the event of the death of the recipient (whether or not the recipient at the time is a director of the Corporation), the Option shall expire one year following the date of death.

(d) Restrictions on Transfer. The Option shall not be transferable by the recipient other than by will or by the laws of descent and distribution, and shall be exercisable during the lifetime of the recipient only by the recipient or the recipient's legal representative. In the event that an Option is exercised by an executor, administrator, legatee or distributee of the estate of a deceased recipient, the Corporation shall be under no obligation to issue the shares of Common Stock being purchased unless and until the Corporation is satisfied that the person or persons exercising the Option are the duly appointed legal representatives of the deceased recipient's estate or the proper legatees or distributees thereof.

(e) Exercise Notice and Payment. The Option may be exercised, in whole or in part, by delivery to the Secretary of the Corporation of a written notice specifying the number of shares to be purchased and by payment in full of the aggregate exercise price of the shares of Common Stock being purchased. Payment of the exercise price shall be made (i) in United States dollars by check or bank draft, (ii) by tendering to the Corporation shares of Common Stock owned by the person exercising the Option having a Fair Market Value (determined as of the date of exercise) equal to the aggregate exercise price, (iii) by a combination of United States dollars and Common Stock; or (iv) by such other methods as the Committee shall authorize.

(f) Definitions. As used in the Plan:

(i) the term "Disability" means a medical condition or physical limitation affecting the Nonemployee Director that (A) is expected to be of long and continued duration and (B) renders the Nonemployee Director unable to perform his or her duties.

(ii) the term "Fair Market Value" means the closing price of the Common Stock as reported on the New York Stock Exchange Composite Transactions Tape or, if the New York Stock Exchange is closed or there are no reported transactions on the date of determination, then Fair Market Value shall mean the closing price on the last preceding date on which a closing price is so reported.

(iii) the term "Retirement" means termination of service on the Board by reason of resignation from the Board or by reason of not standing for reelection on or after age 55 with five or more years of service, but shall not include (A) the removal of the individual as a director for cause, or (B) any other termination of service on the Board resulting from an act of fraud, misrepresentation, embezzlement, misappropriation or conversion of assets or opportunities of the Corporation or any subsidiary of the Corporation.

7. Stock Option Agreements.

Each Option shall be evidenced by a written agreement between the Corporation and the recipient of the Option in such form as the Committee shall prescribe.

8. Adjustments for Changes in Outstanding Common Stock or a Restructuring Event.

(a) In the event of any change in the outstanding shares of Common Stock by reason of any stock split, stock dividend, recapitalization, combination or exchange of shares or any other material change in the capital structure of the Corporation resulting from: the payment of a special dividend (other than regular quarterly dividends) or other distributions to shareowners without the Corporation receiving consideration therefor; the spin-off of a subsidiary; the sale of a substantial portion of the Corporation's assets; a merger or consolidation in which the Corporation is the surviving entity; or other extraordinary, non-recurring events affecting the Corporation's capital structure or the value of the Common Stock, equitable adjustments shall be made in the terms of the Plan and outstanding Options , including an adjustment in the maximum number of shares referred to in Section 3 and the number of shares of Common Stock subject to an Option, as the Committee, in its sole discretion, determines are necessary or appropriate to prevent the dilution or enlargement of the rights of Plan participants.

(b) In the event that the Corporation enters into an agreement to merge or consolidate with another company and the Corporation is not the surviving entity, the Corporation effects a sale of all or substantially all of its assets or the Corporation dissolves and liquidates, then the Committee, in its sole discretion, may (i) cause the Corporation to offer to acquire any or all vested Options at a price per underlying share of Common Stock equal to the difference between the exercise price per share and the Fair Market Value per share of the Common Stock or (ii) make such other modifications to outstanding Options as the Committee deems necessary or appropriate to maintain and protect the rights and benefits of the holders of Options.

9. Change of Control.

Notwithstanding any other provision herein to the contrary, in the event of a Change of Control of the Corporation, all outstanding Options shall become immediately exercisable for the remainder of their respective terms as provided in Section 6(c). The term "Change of Control" shall mean: (i) the acquisition by any person of voting shares of the Corporation if, as a result of the acquisition, such person, or any "group" as defined in Section 13 (d) (3) of the Securities Exchange Act of 1934 of which such person is a part, owns at least 20% of the outstanding voting shares of the Corporation, or (ii) a change in the composition of the Board such that, within any period of two consecutive years, persons who (A) at the beginning of such period constitute the Board or (B) become directors after the beginning of such period and whose election, or nomination for election by the shareholders of the Corporation, was approved by a vote of at least two-thirds of the persons who were either directors at the beginning of such period or whose subsequent election or nomination was previously approved in accordance with this clause (B) cease to constitute at least a majority of the Board.

10. Miscellaneous Provisions.

(a) No Right to Continue as Director. Neither the existence of the Plan nor any action taken under the Plan shall be construed as giving any Nonemployee Director any right to continue to serve as a director of the Corporation.

(b) Restrictions on Assignment. The rights and benefits of a Nonemployee Director under the Plan may not be assigned or transferred in whole or in part, whether directly, by operation of law or otherwise (except, in the event of a Nonemployee Director's death, by will or the laws of descent and distribution), including by execution, levy, garnishment, attachment, pledge, bankruptcy or in any other manner. Any attempt to assign a recipient's interest in any Option (whether voluntary or involuntary) shall be void and shall be without force or effect.

(c) Restriction of Issuance of Common Stock. No shares of Common Stock shall be issued under the Plan unless counsel for the Corporation shall be satisfied that such issuance will comply with all applicable laws, including federal and state securities laws and regulations.

(d) Tax Withholding. It shall be a condition to the obligation of the Corporation to issue shares of Common Stock upon exercise of an Option that the Nonemployee Director (or other person permitted to exercise the Option) pay to the Corporation, upon demand, such amount as may be requested by the Corporation for the purpose of satisfying any obligation of the Corporation to withhold federal, state, local or foreign income or other taxes. The Committee shall prescribe the manner in which such payment shall be made, which may include payment by means of the delivery or withholding of shares of Common Stock valued at the Fair Market Value thereof. If the amount requested is not paid in such manner as the Committee shall prescribe, the Corporation may refuse to issue the shares of Common Stock.

(e) No Funding Requirement. The Plan shall be unfunded. The Corporation shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the issuance of shares of Common Stock upon exercise of any Option. No obligation under the Plan shall be deemed to be secured by any pledge or other encumbrance on any property of the Corporation.

(f) Acceptance and Ratification. By accepting an Option or other benefit under the Plan, each Nonemployee Director (and each person claiming under or through such Nonemployee Director) shall be conclusively deemed to have indicated his or her acceptance and ratification of, and consent to, any action taken under the Plan by the Corporation, the Board or the Committee.

(g) Notices. Any notice to the Corporation required or permitted under any provision of the Plan shall be in writing addressed to the Secretary of the Corporation and shall be effective when it is received.

(h) No Shareholder Rights. A recipient of an Option shall have no rights as a shareholder with respect to any shares of Common Stock issued upon the exercise of an Option until such time as the Option is exercised and such shares of Common Stock are issued.

(I) Governing Law. The Plan and all determinations made and actions taken under the Plan shall be governed by, and construed in accordance with, the laws of the State of Connecticut and, to the extent applicable, the laws of the United States.

11. Amendment of Plan.

The Plan may be amended by the Board from time to time as the Board shall deem advisable; provided, however, that (i) no amendment shall become effective without the approval of the shareowners of the Corporation if such shareowner approval is required by law and (ii) to the extent required by Rule 16b-3, as in effect from time to time under Section 16 of the Securities Exchange Act of 1934, as amended, the Plan provisions governing the amount, price and timing of Options granted under the Plan shall not be amended more frequently than once every six months, other than to comport with changes in the Internal Revenue Code of 1986, or the rules thereunder, as in effect from time to time. No amendment of the Plan not required by law shall adversely affect the rights of any holder with respect to any outstanding Option without such holder's written consent.

12. Effective Date of Plan.

The Plan shall become effective upon the approval of the Plan by the shareowners of the Corporation by the holders of a majority of the shares of Common Stock present and entitled to vote at a meeting of shareowners called for such purpose.

13. Termination of Plan.

The Plan shall continue in effect until such time as the Board acts to terminate the Plan.

EXHIBIT 11

UNITED TECHNOLOGIES CORPORATION AND SUBSIDIARIES
Computations of Earnings Per Share and Fully Diluted Earnings Per Share
Assuming All Outstanding Dilutive Convertible Securities Had Been Converted

For the Five Years Ended December 31, 1995
(Millions of Dollars, except per share amounts)

	1995 (1)	1994 (2)	1993 (3)	1992 (3)	1991 (3)
Earnings (loss) applicable to Common Stock	$ 723	$ 563	$ 444	$ (329)	$ (1,083)
ESOP Convertible Preferred Stock adjustment	21	17	-	-	-
Primary net earnings (loss) for period	$ 744	$ 580	$ 444	$ (329)	$ (1,083)
Earnings (loss) applicable to Common Stock	$ 723	$ 563	$ 444	$ (329)	$ (1,083)
ESOP Convertible Preferred Stock adjustment	21	17	16	16	23
Fully diluted net earnings (loss) for period	$ 744	$ 580	$ 460	$ (313)	$ (1,060)
Average number of common shares and common stock equivalents outstanding during period (thirteen month-end average) (thousands)	130,478	131,793	125,997	123,238	121,537
Fully diluted average number of common shares outstanding, assuming all outstanding convertible securities had been converted on the dates of issue (thousands)	131,499	131,905	139,614	137,157	136,012
Primary earnings (loss) per common share	$ 5.70	$ 4.40	$ 3.53	$ (2.67)	$ (8.91)
Fully diluted earnings (loss) per common share	$ 5.65	$ 4.40	$ 3.30	$ (2.67)	$ (8.91)

(1) Fully diluted earnings per common share is less than 3% dilutive and is not shown separately on the Consolidated Statement of Operations.

(2) In 1994, the Corporation adopted AICPA Statement of Position (SOP) 93-6, "Employers' Accounting for Employee Stock Ownership Plans." The Corporation conformed its calculations of earnings per common share to the requirements of this SOP. See Note 2 of the Corporation's 1995 Annual Report to Shareowners concerning the adoption of SOP 93-6.

(3) During 1991 - 1993, each share of the ESOP Preferred Stock is convertible into one share of Common Stock. A reduction in earnings applicable to Common Stock is required in the calculation of fully diluted earnings per share representing the Corporation's additional contribution to the ESOP to enable it to meet its debt repayment responsibilities were the preferred dividends not available for this purpose. The adjustment also reflects the adding back of the ESOP Preferred Stock dividend.

EXHIBIT 12

UNITED TECHNOLOGIES CORPORATION AND SUBSIDIARIES
Computation of Ratio of Earnings to Fixed Charges
(Millions of Dollars)

	Years Ended December 31,				
	1995	1994	1993	1992	1991
Fixed Charges:					
Interest on indebtedness	$ 244	$ 275	$ 251	$ 282	$ 339
Interest capitalized	16	19	29	52	70
One-third of rents*	88	101	115	135	130
Total Fixed Charges	$ 348	$ 395	$ 395	$ 469	$ 539
Earnings:					
Income (loss) before income taxes and minority interests	$ 1,344	$ 1,076	$ 909	$ 200	$ (891)
Fixed charges per above	348	395	395	469	539
Less: interest capitalized	(16)	(19)	(29)	(52)	(70)
	332	376	366	417	469
Amortization of interest capitalized	41	43	42	43	40
Total Earnings	$ 1,717	$ 1,495	$ 1,317	$ 660	$ (382)
Ratio of Earnings to Fixed Charges	4.93	3.78	3.33	1.41	**

* Reasonable approximation of the interest factor.

** Not relevant.

EXHIBIT 13

FINANCIAL SECTION

FIVE YEAR SUMMARY

In Millions of Dollars (except per share amounts)	1995	1994	1993	1992	1991
FOR THE YEAR					
Sales	$ 22,624	$ 20,801	$ 20,736	$ 21,641	$ 20,840
Research and development	963	978	1,137	1,221	1,133
Net income (loss) before cumulative effect of accounting principle changes	750	585	487	35	(1,021)
Net income (loss)	750	585	487	(287)	(1,021)
Earnings (loss) per share before cumulative effect of accounting principle changes:					
Primary	5.70	4.40	3.53	(.05)	(8.91)
Fully diluted	5.70	4.40	3.30	(.05)	(8.91)
Earnings (loss) per share:					
Primary	5.70	4.40	3.53	(2.67)	(8.91)
Fully diluted	5.70	4.40	3.30	(2.67)	(8.91)
Cash dividends per common share	2.05	1.90	1.80	1.80	1.80
Average number of shares of Common Stock outstanding (thousands):					
Primary	130,478	131,793	125,997	123,238	121,537
Fully diluted	130,478	131,793	139,614	137,157	136,012
Return on average common shareowners' equity, after tax	18.6%	15.4%	13.1%	(8.7)%	(20.9)%
AT YEAR END					
Net working capital	$ 2,293	$ 1,675	$ 786	$ 1,064	$ 2,354
Current asset ratio	1.3 to 1	1.3 to 1	1.1 to 1	1.2 to 1	1.4 to 1
Total assets	15,958	15,624	15,618	15,928	15,985
Long-term debt, including current portion	1,747	2,041	2,179	2,769	3,101
Total debt	2,041	2,443	2,959	3,146	3,393
Debt to total capitalization	34%	39%	45%	48%	46%
Net debt (total debt less cash)	1,141	2,057	2,538	2,792	2,870
Net debt to total capitalization	22%	35%	41%	45%	42%
ESOP Preferred Stock, net	398	339	176	151	126
Shareowners' equity	4,021	3,752	3,598	3,370	3,961
Equity per common share	32.94	30.47	28.54	27.23	32.49
Business backlog	17,736	18,328	18,414	21,175	20,700
Number of employees:					
United States	70,900	75,900	81,700	91,400	98,000
Europe	40,700	41,500	40,300	40,600	41,800
Asia Pacific	25,600	21,000	15,900	17,300	17,000
Other	33,400	33,100	30,700	28,700	28,300
Total	170,600	171,500	168,600	178,000	185,100

Equity per common share is based on shares outstanding at each year end.
See Note 2 of Notes to Consolidated Financial Statements for discussion of 1994 accounting change.
For Pratt and Whitney, backlog is based on the terms of firm orders received and does not include discounts granted directly to airline and other customers.
1991 results include the effect of $1,275 million of restructuring charges.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The Corporation's Otis, Carrier and UT Automotive subsidiaries serve customers in the commercial property, residential housing and automotive businesses. Additionally, the Corporation's Pratt & Whitney, Sikorsky and Hamilton Standard businesses serve commercial and government customers in the aerospace industry. See Note 16 of Notes to Consolidated Financial Statements for the operating results of the Corporation's business segments.

BUSINESS ENVIRONMENT

A principal strategic objective of the Corporation has been to expand its business operations overseas to gain market access and to extend global market leadership. Growth has been particularly strong in the Asia Pacific region as the Corporation continues to see the benefits of early investment in this area. As worldwide businesses, the Corporation's operations are affected by global as well as regional economic factors. Revenues from outside the U.S., including U.S. export sales, and as a percentage of consolidated revenues are as follows:

In Millions of Dollars	1995	1994	1993	1995	1994	1993
Europe	$ 4,599	$ 3,975	$ 3,896	20%	19%	18%
Asia Pacific	2,707	2,281	1,935	12%	11%	9%
Other	2,042	1,825	1,796	9%	8%	9%
U.S. Exports	3,267	3,108	3,503	14%	15%	17%
International Revenues	$12,615	$11,189	$11,130	55%	53%	53%

As part of its overseas initiatives, the Corporation has increased its investments in the People's Republic of China (PRC), the former Soviet Union and other emerging nations which carry higher levels of currency, political and economic risks. At December 31, 1995, the Corporation's net investment in any of these countries is less than 3% of consolidated equity. The Corporation's combined revenues in the PRC and Hong Kong, including U.S. export sales, were $901 million, $742 million and $566 million in 1995, 1994 and 1993, respectively.

OTIS is the world's largest elevator and escalator manufacturing and service company. Otis' business is impacted by global and regional economic factors, particularly fluctuations in commercial construction which impact new equipment installations, and labor costs which can impact service and maintenance margins on installed elevators and escalators. Additionally, because of the global scope of Otis' business operations (85% of 1995 revenues were outside the U.S.), changes in foreign currency rates affect the translation of Otis' operating results into U.S. dollars for financial reporting purposes.

While commercial construction starts during 1995 in the U.S. were higher than last year, they remain weak. Commercial vacancy rates in some cities have made modest improvements. In Europe, new equipment sales have been sluggish, but a growing base of service business has enabled Otis to maintain solid performance. Otis continues to benefit from its investment strategy in the Asia Pacific region where, except for Japan, construction activity and economic growth rates remain strong.

CARRIER is the world's largest manufacturer of commercial and residential heating, ventilating and air conditioning (HVAC) systems and equipment. Carrier is also an important supplier of ship container and trailer transportation cooling equipment. With 55% of its sales outside the U.S., Carrier is impacted by commercial and residential construction activity worldwide, as well as changes in foreign currency rates, which impact the translation of Carrier's operating results into U.S. dollars for financial reporting purposes.

U.S. residential housing starts in 1995 decreased approximately 7% from 1994 after three consecutive years of strong growth. Commercial construction starts in the U.S. are higher than last year, however, they remain historically weak. Construction activity in Europe remained weak.

UT AUTOMOTIVE (UTA) develops and manufactures a wide variety of systems and components for original equipment manufacturers (OEMs) in the automotive industry. Sales to Ford Motor Company, UTA's largest customer, comprised approximately 40% of UTA's revenues in 1995. UTA also has important relationships with Chrysler Corporation and General Motors Corporation as well as Renault, PSA, Volvo and Fiat in Europe and the New American Manufacturing divisions of Japanese automotive OEMs.

The automotive OEMs apply significant pricing pressures on their suppliers such as UTA, and have required suppliers to bear an increasing portion of engineering, development and tooling expenditures. During 1995 UTA continued to experience an unusually heavy new product launch schedule, which began in 1994, as its largest unit, North American Wiring Systems, launched new and replacement business for new North American car and light truck models for delivery in 1995 and beyond.

North American car and light truck production and European car sales were essentially flat for 1995 compared to 1994. UTA's revenues benefited from higher content per vehicle and increased market penetration.

COMMERCIAL AEROSPACE

The financial performance of the Corporation's Pratt & Whitney and Flight Systems segments is directly tied to the aviation industry. The Pratt & Whitney segment is a major supplier of commercial, general aviation and military aircraft engines, along with spare parts, and product support. The Flight Systems segment, through Hamilton Standard, provides fuel and environmental control systems and propellers for commercial aircraft. The poor financial condition of the commercial airline industry has had an adverse impact on the Corporation's results since 1991.

Worldwide airline profits improved during 1995 as a result of increased load factors. Competitive pricing strategies and disparate cost structures continue to make it difficult for the U.S. airlines to achieve the financial condition necessary to make significant investments in new aircraft. For many European airlines, increasing competition, higher cost structures and privatization initiatives will strain financial results and resources in the near term. Strong economic growth in the Asia Pacific region has contributed to an increase in new aircraft orders from that market that began in 1994 and has continued through 1995.

Pratt & Whitney's mix of large commercial engine shipments has shifted to newer, higher thrust engines for wide-bodied aircraft. This market is very competitive and the newer engines, through technological improvements and fewer parts, will have fewer spare parts requirements than older engines.

The follow-on spare parts sales for Pratt & Whitney engines in service have traditionally been an important source of profit to the Corporation. The large investment required for new aircraft, performance improvements, and hush-kit upgrades to older aircraft and engines have resulted in lengthened lives of older aircraft in operation, including those with Pratt & Whitney engines.

GOVERNMENT BUSINESS

During 1995, the Corporation's sales to the U.S. Government were $3,651 million or 16% of sales, a decline from $3,809 million or 18% of total sales in 1994 and $4,007 million or 19% of total sales in 1993.

The defense portion of the Corporation's aerospace businesses continues to respond to a changing global political environment. The U.S. defense industry is continuing its downsizing in response to the reductions in the U.S. defense budget. International orders for defense programs have also declined and some important foreign orders have been delayed.

Sikorsky will continue to supply Black Hawk helicopters to the U.S. and foreign governments under contracts extending through 1997, albeit at lower volumes than in the past. The program plan for the development of the U.S. Army Comanche helicopter now supports completion of the prototype development and flight testing. A commitment to production has been deferred.

The significant decrease in the U.S. defense procurement of helicopters in recent years has placed the four U.S. helicopter manufacturers under some of the same pressures that have led to industry consolidation in other segments of the U.S. defense industry. It is not clear if or when such consolidation will occur or the form it will take. Sikorsky expects to maintain its market position by improving its products for the continued procurement by both the U.S. and foreign governments. In addition, development on the S-92, a large cabin derivative of the Black Hawk family for commercial and military markets was started in 1995 by an international team led by Sikorsky.

Pratt & Whitney continues to deliver F100 engines and military spare parts to both U.S. and foreign governments. Pratt & Whitney's engines will power the two primary U.S. Air Force programs of the future, the F-22 fighter, powered by the Pratt & Whitney F119 engine and the C-17 airlifter, powered by the Pratt & Whitney F117 engine. During 1995 the U.S. Air Force Defense Acquisition Board announced its decision to order 80 additional C-17 aircraft to bring the total fleet to 120 aircraft. While these programs are expected to retain support by the U.S. military and Congress, these and other U.S. military programs will continue to compete for available defense funds.

[Bar Charts - Page 21]

	1991	1992	1993	1994	1995
GLOBAL GROWTH ($ Billions)					
International Revenues	$11.0	$11.4	$11.1	$11.2	$12.6
Domestic Revenues	$10.3	$10.6	$10.0	$10.0	$10.2
GROSS MARGIN (% of Sales)					
Product Sales	16.0%	16.6%	18.0%	17.4%	17.7%
Service Sales	36.4%	36.5%	36.8%	38.1%	39.7%

COST REDUCTION ACTIONS

Cost reduction continues to be a corporate-wide imperative, implemented by each business unit. Manufacturing costs must continue to be reduced to remain competitive in all of our businesses, but particularly in the aerospace segments where these cost reductions are needed to offset the effects of lower volumes. As a result of cost reduction measures since 1991, Pratt & Whitney's workforce was reduced from 44,600 to 29,900 employees and floor space has been reduced by 4.5 million square feet. Additionally, during that period, the workforce of the Hamilton Standard and Sikorsky businesses of the Flight Systems segment has been reduced from 23,500 to 16,400 employees. Since 1991, 33,300 workforce positions have been eliminated corporate-wide, partially offset by the addition of positions through acquisitions and internal growth, principally in the Asia Pacific region and Mexico. Floor space totaling 1.9 million and 10.1 million square feet has been eliminated during 1995 and from 1991 to date, respectively. These reductions exceed our goals established in 1991.

RESULTS OF OPERATIONS

Revenues:
Increased 8% or $1,605 million from 1994 to 1995.
Increased 1% or $116 million from 1993 to 1994.

In Millions of Dollars	1995	1994	1993
Product sales	$17,972	$16,670	$16,671
Service sales	4,652	4,131	4,065
Financing revenues and other	178	396	345

Revenues increased 13% during 1995 in the combined Otis, Carrier and Automotive segments, while combined revenues in the Pratt & Whitney and Flight Systems segments were essentially flat. It is estimated that increases in selling prices to customers averaged approximately 2% in 1995 and 1% in 1994. The net impact of translating sales of foreign subsidiaries increased sales by 2% in 1995 and decreased sales by 1% in 1994, indicating that the real volume of sales increased 5% in 1995 and was essentially unchanged in 1994.

Financing revenues and other income, less other deductions decreased $218 million in 1995 and increased $51 million in 1994. Financing revenues and other income decreased in 1995 principally as a result of the absence of the $87 million gain realized on the 1994 sale of the interest in Westland Group plc, the sale of an additional participation interest in the PW4000 engine program by Pratt & Whitney and insurance litigation settlements, partially offset by a $51 million charge relating to the adoption of AICPA Statement of Position (SOP) 93-6, "Employers' Accounting for Employee Stock Ownership Plans," which all occurred in 1994. Financing revenues were also lower in 1995 due to a lower customer financing asset base. Financing revenues and other income, less other deductions increased $51 million in 1994 from 1993, principally due to the $87 million gain realized on the sale of the equity share holdings in Westland Group plc.

In Millions of Dollars	1995	1994	1993
Cost of products sold	$14,793	$13,773	$13,666
Product margin %	17.7%	17.4%	18.0%
Cost of services sold	$ 2,807	$ 2,559	$ 2,571
Service margin %	39.7%	38.1%	36.8%

The 1994 product margin as a percentage of sales, excluding the impact of $85 million in downsizing charges recorded during that year, was 17.9%. Product margins as a percent of sales are relatively flat over the three year period with lower margins in Flight Systems offset by improvements at Pratt & Whitney. The Corporation's cost reduction programs have enabled product margins to remain relatively constant despite an 8% reduction in combined Pratt & Whitney and Flight Systems revenues in each of the years 1995 and 1994 from 1993 levels. Service margins as a percentage of sales improved in most of the Corporation's businesses.

In Millions of Dollars	1995	1994	1993
Research and development	$963	$978	$1,137
Percent of sales	4.3%	4.7%	5.5%

Research and development expenses decreased $15 million (2%) and $159 million (14%) in 1995 and 1994, respectively, from each of the prior years. The decrease in 1995 occurred principally in the Flight Systems segment as several development programs at Hamilton Standard reached completion, while the 1994 decrease occurred principally at Pratt & Whitney due to the completion of the development phases of the PW4084 commercial engine which was certified in 1994. Research and development expenses in 1996 are expected to remain between 4% and 5% of sales.

In Millions of Dollars	1995	1994	1993
Selling, general and administrative	$2,651	$2,536	$2,547
Percent of sales	11.7%	12.2%	12.3%

Selling, general and administrative expenses decreased one-half of a percentage point as a percent of sales during 1995 and decreased one-tenth of a percentage point during 1994 from each of the prior years. Selling, general and administrative expense as a percent of sales decreased in most of the Corporation's businesses. The decreases resulted principally from the effects of the Corporation's cost reduction efforts and the leveraging of current cost structures on increased volumes in certain of the businesses.

In Millions of Dollars	Revenues 1995	1994	1993	Operating Profits 1995	1994	1993	Operating Profit Margin 1995	1994	1993
Otis	$5,287	$4,644	$4,418	$511	$421	$377	9.7%	9.1%	8.5%
Carrier	5,456	4,919	4,480	354	278	226	6.5%	5.7%	5.0%
Automotive	3,061	2,683	2,378	180	182	148	5.9%	6.8%	6.2%
Pratt & Whitney	6,170	5,846	6,317	530	380	186	8.6%	6.5%	2.9%
Flight Systems	2,947	3,218	3,555	209	282	355	7.1%	8.8%	10.0%

SEGMENT REVIEW
1995 COMPARED TO 1994

OTIS segment revenues for 1995 increased $643 million (14%) over 1994. Excluding the favorable impact of foreign exchange translation effects, 1995 revenues increased approximately 8% over 1994 with all geographic regions showing an increase compared to last year, led by the Asia Pacific region.

Segment operating profits for Otis in 1995 increased $90 million (21%) compared to 1994. Approximately one-third of the increase was due to favorable foreign exchange translation effects with the balance due to improved performance, principally in the service businesses. All geographic regions registered increases over the prior year with the strongest gain coming from the Asia Pacific region.

CARRIER segment revenues for 1995 increased $537 million (11%) over 1994. Excluding the favorable impact of foreign exchange translation effects, 1995 revenues increased approximately 8% over 1994. Revenues increased in all businesses led by strong growth in the Asia Pacific region and a strong summer selling season in North America.

Carrier segment operating profits for 1995 increased $76 million (27%) compared to 1994. Approximately one-fourth of the increase was due to favorable foreign exchange translation effects with the balance due to improved performance in all businesses compared to last year. Results also include a gain from selling a joint venture interest in its Arkadelphia scroll compressor plant, which was substantially offset by charges for closure and consolidation of certain facilities and start-up costs of four new joint ventures in the PRC.

AUTOMOTIVE segment revenues increased $378 million (14%) in 1995, on relatively flat industry volumes, primarily due to higher vehicle content and new vehicle launches in North America and increased European market penetration.

Automotive segment operating profits for 1995 decreased $2 million from 1994. The positive effects of higher revenues in Europe and North America were partially offset by global increases in raw material costs and continuing costs in support of new vehicle model awards in North America. Segment results are lower year to year due to a fourth quarter 1995 provision for cost reduction actions, including consolidation of certain production facilities to enhance Automotive's cost structure and competitive position. The cost reduction actions should help mitigate the effect of future price reductions under long-term agreements with OEM customers.

PRATT & WHITNEY segment revenues for 1995 increased $324 million (6%) from 1994. The increase reflects higher volumes in Pratt & Whitney's commercial and general aviation businesses.

Pratt & Whitney segment operating profits increased $150 million (39%) from 1994, $50 million being attributable to the absence of the 1994 downsizing charge. Excluding the 1994 downsizing charge, the increase was $100 million or 23%, reflecting higher revenues and improved margins. Improved results were partially offset by increases to manufacturing cost estimates on commercial engine contracts, principally higher than anticipated production costs on the PW4084 engine, and the absence of the 1994 sale of a participation interest in the PW4000 engine program.

FLIGHT SYSTEMS segment revenues for 1995 decreased $271 million (8%) from 1994. The decrease reflects the absence of the 1994 sale of shares of Westland Group plc, the 1994 Norden divestiture and lower 1995 revenues at Sikorsky.

Flight Systems operating profits decreased $73 million (26%) in 1995. The 1994 results include an $87 million gain realized on the sale of shares of Westland Group plc and $35 million in downsizing charges at Hamilton Standard. Operating profits excluding those items decreased $21 million. The 1995 results reflect improved operating performance at Hamilton Standard, offset by a service and warranty provision for a Hamilton Standard propeller, costs associated with selling the wafer fabrication facility of Hamilton Standard's Microelectronics Center and

[Bar Charts - Page 23]

	1991	1992	1993	1994	1995
RESEARCH AND DEVELOPMENT (% of Sales)	5.4%	5.6%	5.5%	4.7%	4.3%
SELLING, GENERAL AND ADMINISTRATIVE (% of Sales)	12.8%	13.9%	12.3%	12.2%	11.7%

lower helicopter volumes and workforce reduction charges at Sikorsky.

1994 COMPARED TO 1993

OTIS segment revenues for 1994 increased $226 million (5%) over 1993. Increased revenues in the Asia Pacific region and North America were partially offset by slightly lower revenues in Europe and Latin America. Revenue increases in the Asia Pacific region were particularly significant during 1994, in part from the increased investment made in the PRC earlier in the year which allowed for full consolidation. While lower new equipment volumes negatively affected revenues in Europe and Latin America, the reduction was partially offset by higher service revenues. The impact of the translation of foreign currency revenues into U.S. dollars was a negative $19 million for 1994.

Segment operating profits for Otis in 1994 increased $44 million (12%), improving in all regions with the exception of Latin America. Increases in the Asia Pacific region resulted primarily from the consolidation of the PRC operations and the growth of the Asian market. European results improved due to the higher service volumes.

CARRIER segment revenues for 1994 increased $439 million (10%) over 1993. Revenues were higher at Carrier Transicold and in all geographic regions except Europe where volumes were lower. Revenue increases were particularly strong in North America reflecting the impact of significant volume increases. The impact of the translation of foreign currency revenues into U.S. dollars was not significant during 1994.

Carrier segment operating profits for 1994 increased $52 million (23%) primarily due to improved results in North America and at Carrier's Transicold business. Operations in the PRC also showed continued strength and accounted for approximately 15% of Carrier's operating profits over the last three years.

AUTOMOTIVE segment revenues increased $305 million (13%) in 1994 primarily due to higher North American industry volumes and increased European market penetration.

Automotive segment operating profits for 1994 increased $34 million (23%) over 1993. The increase is primarily attributable to higher sales volumes and the absence of the 1993 charges to rationalize certain manufacturing operations in Europe. Partially offsetting the 1994 increases were higher launch costs in support of new model awards in North America.

PRATT & WHITNEY segment revenues for 1994 decreased $471 million (8%). During 1994, shipments of commercial engines and sales of government spare parts were lower than those in the previous year. These reductions during 1994 were partially offset by higher commercial airline spare part sales and military engine shipments. Also, the 1993 results included revenues resulting from the renegotiation of certain aircraft leases.

Pratt & Whitney segment operating profits increased $194 million (104%) from 1993. Despite the reduction in revenue, Pratt's operating profit increased as a result of the benefits of continuing cost reduction programs, lower research and development spending driven by engine certification schedules and higher commercial spare parts sales. The impact of higher manufacturing cost estimates on commercial engine contracts in the 1994 second quarter, principally related to higher initial production costs on the PW4084 engine, partially offset these improvements. In addition, Pratt & Whitney recorded approximately $50 million of charges during the second quarter of 1994 for certain volume related downsizing actions.

FLIGHT SYSTEMS segment revenues for 1994 decreased $337 million (10%) from 1993. Excluding the 1994 second quarter gain on the sale of the equity share holdings in Westland Group plc, segment revenues decreased $424 million (12%) from 1993. Revenues decreased primarily as a result of lower international helicopter shipments at Sikorsky, continuing reductions in commercial aerospace volumes at Hamilton Standard, and the absence of Norden revenues after its sale in May 1994.

Flight Systems operating profits decreased $73 million (21%) in 1994. Excluding the gain on the equity share holdings in Westland Group plc, segment operating profits decreased $160 million (45%) from 1993. Operating profits decreased primarily as a result of higher costs associated with the introduction of new products and continuing lower commercial aerospace volumes at Hamilton Standard, and the absence of Norden results. In addition, Hamilton Standard recorded approximately $35 million of charges during the second quarter of 1994 for certain volume related downsizing actions.

Interest expense:
Decreased 11% or $31 million from 1994 to 1995.
Increased 10% or $24 million from 1993 to 1994.

The decrease in interest expense in 1995 is mainly due to a reduced average borrowing level compared to last year as the Corporation continued to retire or extinguish debt with its improved cash flow, partially offset by increased interest rates. Interest expense includes $39 million and $41 million of expense in 1995 and 1994, respectively, resulting from the 1994 change in accounting for the Corporation's ESOP. Excluding this effect, interest expense decreased $17 million or 7% in 1994 compared to 1993.

	1995	1994	1993
Weighted-average interest rate on short-term borrowings	8.8%	6.3%	5.5%
Weighted-average interest rate on total debt (including the effect of interest rate swaps)	8.5%	7.6%	7.2%

The average rate applicable to debt outstanding at December 31, 1995 was 10.5% for short-term borrowings and 8.2% for total debt including the effect of interest rate hedges. Short-term borrowing rates exceed those of total debt due to higher short-term borrowing rates in certain foreign operations.

	1995	1994	1993
Effective income tax rate	34.5%	35.7%	37.0%

The Corporation has reduced its effective income tax rate over the last three years by implementing tax reduction strategies.

The future tax benefit arising from net deductible temporary differences is $1,505 million and relates to expenses recognized for financial reporting purposes which will result in tax deductions over varying future periods. The realization of this amount is dependent upon the generation of sufficient taxable income, primarily in the United States, over these future periods, including applicable carryforward periods. Based on the Corporation's business plans, and the tax planning strategies available, management believes that the Corporation's earnings during the periods when the temporary differences turn around will be sufficient to realize those future income tax benefits.

Minimum tax credit and certain state tax credit carryforwards have no expiration date. Foreign and state tax loss carryforwards arise in a number of different taxing jurisdictions with expiration dates ranging from 1996 to 2010. For those jurisdictions where the expiration date or the projected operating results indicate that realization is not likely, a valuation allowance has been provided. U.S. foreign tax credit carryforwards, which require future foreign source income to be utilized, expire after five years and are reserved through valuation allowances.

The Corporation believes, based upon a review of prior period income tax returns, that it is entitled to income tax refunds for prior periods. These potential refunds will be reviewed as part of the examination of the Corporation's income tax returns by the Internal Revenue Service and the impact on the Corporation's liability for income taxes for these years cannot presently be determined.

Net income:
Increased 28% or $165 million from 1994 to 1995.
Increased 20% or $98 million from 1993 to 1994.

The Corporation adopted AICPA Statement of Position (SOP) 93-6, "Employers' Accounting for Employee Stock Ownership Plans," in the fourth quarter of 1994, effective January 1, 1994. As a result of this change, net income for 1994 was reduced by $59 million, including a $31 million one-time cumulative after tax charge. The reductions to net income, preferred stock dividend requirements, and ESOP shares considered outstanding (8.5 million shares) in 1994 have the combined effect of decreasing 1994 earnings per share by $.05. See Note 2 of Notes to Consolidated Financial Statements for additional information on the ESOP accounting change.

LIQUIDITY AND FINANCING COMMITMENTS

Management assesses the Corporation's liquidity in terms of its overall ability to generate cash to fund its operating and investing activities. Of particular importance in the management of liquidity are cash flows generated from operating activities, capital expenditure levels, customer financing requirements, adequate bank lines of credit, and financial flexibility to attract long-term capital with satisfactory terms.

In Millions of Dollars	1995	1994	1993
Net Cash Flows from Operating Activities	$2,044	$1,357	$1,508
Capital expenditures	(780)	(759)	(846)
(Increase) decrease in customer financing assets, net	235	297	(208)
Common Stock repurchase	(221)	(270)	--
Change in total debt	(402)	(516)	(187)
Change in net debt	(916)	(481)	(254)

Cash flows from operating activities increased $687 million in 1995 compared to 1994. The improvement resulted primarily from improved operating performance and working capital management, and the absence of a $150 million payment to the U.S. Government made in the second quarter of 1994 for a previously recorded settlement by Sikorsky Aircraft.

Cash flows from investing activities were a use of funds of $654 million during 1995 compared to a $289 million use in 1994. Purchases of fixed assets in 1995 increased slightly from 1994, however, as a percentage of sales they have declined over the past three years. The Corporation expects 1996 capital spending to be comparable to 1995. Customer financing activity was a net source of funds during 1995. This was a result of both lower funding requirements in 1995 and the sale of certain of these assets to third parties. The Corporation expects that customer financing will be a net use of funds in 1996. Acquisitions and dispositions of business units were a net use of investment funds in 1995 compared to a net source of funds in 1994. Proceeds from the disposition of business units in 1994 primarily included the sale of shares of Westland Group plc and the net operating assets of Norden. Proceeds in 1995 primarily include the sale of a joint venture interest in Arkadelphia. The increase in funding for acquisitions in 1995 is primarily attributable to the acquisition of Boral Building Technologies, an Australian elevator company.

Financing cash flows include the Corporation's repurchase of $221 million of Common Stock during 1995, representing 2.8 million shares, under previously announced stock repurchase programs. These stock repurchase programs were undertaken to counter the dilutive effects of shares issued under employee compensation and benefit programs.

In Millions of Dollars	1995	1994
Cash and cash equivalents	$ 900	$ 386
Total debt	2,041	2,443
Net debt (total debt less cash)	1,141	2,057
Shareowners' equity	4,021	3,752
Debt to total capitalization	33.7%	39.4%
Net debt to total capitalization	22.1%	35.4%

The Corporation manages its worldwide cash requirements with consideration of available funds among the many subsidiaries through which it conducts its business and the cost effectiveness with which those funds can be accessed. The repatriation of cash balances from certain of the Corporation's subsidiaries could have adverse tax consequences, however, those balances are generally available without legal restrictions to fund ordinary business operations. The Corporation has and will continue to transfer cash from those subsidiaries to the parent and to other international subsidiaries as it is cost effective to do so.

At December 31, 1995, the Corporation had credit commitments from banks totaling $1.1 billion under a Revolving Credit Agreement. The agreement provides for borrowings at prevailing interest rates up to the prime rate and expires September 30, 1999. At December 31, 1995, there were no borrowings under the Revolving Credit Agreement. Long-term financing will continue to be considered in the future if conditions are advantageous, and in that regard, under an effective Registration Statement on file with the Securities and Exchange Commission at December 31, 1995, up to $871 million of medium-term and long-term debt of the Corporation could be issued.

During 1995, the Corporation canceled $600 million of outstanding interest rate swap contracts to fix interest rates on the Corporation's debt at favorable rates. As a result of debt reduction and these contract cancellations, the Corporation's ratio of floating-rate debt to total debt, after taking interest rate hedges into account, was 18% at December 31, 1995 compared to 42% at December 31, 1994.

In addition to the requirements discussed above, at December 31, 1995, the Corporation had commitments to finance or arrange financing for approximately $990 million of commercial aircraft, of which as much as $342 million may be required to be disbursed in 1996. The Corporation cannot currently predict the extent to which these commitments will be utilized, since certain customers may be able to obtain more favorable terms from other financing sources. From time to time, the Corporation also arranges for third party investors to assume a portion of its commitments.

The Corporation believes that existing sources of liquidity are adequate to meet anticipated short-term borrowing needs at comparable risk-based interest rates for the foreseeable future.

ENVIRONMENTAL MATTERS

The Corporation's operations are subject to environmental regulation by federal, state, and local authorities in the United States and regulatory authorities with jurisdiction over its foreign operations. As a result of this, the Corporation has established certain policies and continually updates its policies relating to environmental standards of performance for its operations worldwide.

The Corporation has identified approximately 350 locations, most of which are in the United States, at which it may have some liability for remediating contamination. The Corporation does not believe that any single location's exposure is individually material to the Corporation. Sites in the investigation or remediation stage represent approximately 97% of the Corporation's recorded liability. The remaining 3% of the recorded liability consists of sites identified where the Corporation may have some liability but investigation is in the initial stages or has not begun. Expenditures for environmental remediation activities were $40 million in 1995, $57 million in 1994 and $64 million in 1993. It is estimated that expenditures in each of the next two years will not exceed $75 million in the aggregate for these sites.

Included within the sites known to the Corporation are those sites at which the Corporation has been identified as a potentially responsible party under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or Superfund). The Corporation has been identified as a potentially responsible party at approximately 88 such federal Superfund sites. The number of Superfund sites in and of itself does not represent a relevant measure of liability, because the nature and extent of environmental concerns vary from site to site and the Corporation's share of responsibility varies from sole responsibility to very little responsibility. In estimating its liability for remediation, the Corporation considers its likely proportionate share of the anticipated remediation expense and the ability of other potentially responsible parties to fulfill their obligations.

Some of the Corporation's liabilities, including certain Superfund liabilities, relate to facilities that were acquired by the Corporation with indemnities from the sellers or former owners. In estimating the potential liability at these sites, the Corporation has considered the indemnification separately from the liability.

The Corporation has had liability and property insurance in force over its history with a number of insurance companies, and the Corporation has commenced litigation, seeking indemnity and defense under these insurance policies in relation to its environmental liabilities. Settlements to date, which have not been material, have been recorded upon receipt. While litigation against the Corporation's historic liability insurers has concluded, it is expected that the case against the Corporation's property insurers will last several years. Environmental liabilities are not reduced by potential insurance reimbursements.

Notwithstanding the uncertainties discussed above, and taking into account the Corporation's policies, standards of performance and programs related to the environment, the Corporation believes that expenditures necessary to comply with the present regulations governing environmental protection will not have a material effect upon its capital expenditures, competitive position, financial position or results of operations.

U.S. GOVERNMENT

The Corporation's contracts with the U.S. Government are subject to audits. Like many defense contractors, the Corporation has received audit reports which recommend that certain contract prices should be reduced to comply with various government regulations. Some of these audit reports involve substantial amounts. The Corporation has made voluntary refunds in those cases it believes appropriate.

DERIVATIVE FINANCIAL INSTRUMENTS

The Corporation uses derivative financial instruments to manage foreign currency, interest rate and raw material price exposures in the following five areas: foreign currency transactions, foreign net assets, customer financing assets, debt and raw material requirements. Derivative financial instruments utilized by the Corporation in its hedging activities are Over The Counter instruments, involve little complexity and are viewed as risk management tools. The Corporation prohibits the use of derivative financial instruments for speculative purposes. The Corporation diversifies the counterparties used and monitors the concentration of risk to limit its counterparty exposure.

International operations, including U.S. export sales, constitute a significant portion of the revenues and identifiable assets of the Corporation, averaging approximately $11.6 billion and $5.0 billion, respectively, over the last three years. These operations result in a large volume of foreign currency commitment and transaction exposures and significant foreign currency net asset exposures. Foreign currency commitment and transaction exposures are managed at the operating unit level as an integral part of the business. To the extent that foreign currency exposures cannot be offset or managed to an insignificant amount, it is the Corporation's policy to hedge these residual foreign currency commitment and transaction exposures. These hedges are scheduled to mature coincident with the timing of the underlying foreign currency commitments and transactions.

The Corporation manages the relative proportions of its fixed rate and floating rate debt in the context of the interest rate environment, expected cash flow and anticipated debt retirements. While the hedging strategies on both debt and customer financing assets are an integral portion of the Corporation's risk management, the impact on earnings during the periods was not material.

FUTURE ACCOUNTING CHANGES

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 (FAS 123), "Accounting for Stock-Based Compensation." The Corporation does not intend to adopt the new compensation expense provisions of FAS 123 but will adopt the disclosure provisions in 1996.

[Bar Charts - Page 27]

	1991	1992	1993	1994	1995
CAPITAL EXPENDITURES AND DEPRECIATION ($ Millions)					
Depreciation	$735	$777	$777	$793	$792
Capital Expenditures	$1,048	$920	$846	$759	$780
OPERATING CASH FLOWS ($ Billions)	$1.9	$1.2	$1.5	$1.4	$2.0

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of United Technologies Corporation and its subsidiaries are the responsibility of the Corporation's management and have been prepared in accordance with generally accepted accounting principles.

Management is responsible for the integrity and objectivity of the financial statements, including estimates and judgments reflected in them. It fulfills this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting controls. These controls are designed to provide reasonable assurance that the Corporation's assets are safeguarded, that transactions are executed in accordance with management's authorizations, and that the financial records are reliable for the purpose of preparing financial statements. Self-monitoring mechanisms are also a part of the control environment whereby, as deficiencies are identified, corrective actions are taken. Even an effective internal control system, no matter how well designed, has inherent limitations -- including the possibility of the circumvention or overriding of controls -- and, therefore, can provide only reasonable assurance with respect to financial statement preparation and such safeguarding of assets. Further, because of changes in conditions, internal control system effectiveness may vary over time.

The Corporation assessed its internal control system as of December 31, 1995. Based on this assessment, management believes the internal accounting controls in use provide reasonable assurance that the Corporation's assets are safeguarded, that transactions are executed in accordance with management's authorizations, and that the financial records are reliable for the purpose of preparing financial statements.

Independent accountants are appointed annually by the Corporation's shareowners to audit the financial statements in accordance with generally accepted auditing standards. Their report appears in this Annual Report. Their audits, as well as those of the Corporation's internal audit department, include a review of internal accounting controls and selective tests of transactions.

The Audit Review Committee of the Board of Directors, consisting of six directors who are not officers or employees of the Corporation, meets regularly with management, the independent accountants, and the internal auditors, to review matters relating to financial reporting, internal accounting controls and auditing.

/s/ GEORGE DAVID
George David
President and Chief Executive Officer

/s/ STEPHEN F. PAGE
Stephen F. Page
Executive Vice President and Chief Financial Officer

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareowners of
United Technologies Corporation

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations and of cash flows present fairly, in all material respects, the financial position of United Technologies Corporation and its subsidiaries at December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Corporation'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 generally accepted auditing standards 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 the opinion expressed above.

As discussed in Note 2, the Corporation changed its method of accounting for its Employee Stock Ownership Plan in 1994.

/s/ PRICE WATERHOUSE LLP
One Financial Plaza
Hartford, Connecticut
January 24, 1996

CONSOLIDATED STATEMENT OF OPERATIONS

In Millions of Dollars (except per share amounts) Years Ended December 31	1995	1994	1993
REVENUES			
Product sales	$17,972	$16,670	$16,671
Service sales	4,652	4,131	4,065
Financing revenues and other income, less other deductions	178	396	345
	22,802	21,197	21,081
COSTS AND EXPENSES			
Cost of products sold	14,793	13,773	13,666
Cost of services sold	2,807	2,559	2,571
Research and development	963	978	1,137
Selling, general and administrative	2,651	2,536	2,547
Interest	244	275	251
	21,458	20,121	20,172
Income before income taxes and minority interests	1,344	1,076	909
Income taxes	464	384	336
Minority interests in subsidiaries' earnings	130	107	86
NET INCOME	$ 750	$ 585	$ 487
PER SHARE OF COMMON STOCK			
Primary earnings	$ 5.70	$ 4.40	$ 3.53
Fully diluted earnings	5.70	4.40	3.30

See accompanying Notes to Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

In Millions of Dollars December 31	1995	1994
ASSETS		
Cash and cash equivalents	$ 900	$ 386
Accounts receivable (net of allowance for doubtful accounts of $347 and $336)	3,682	3,745
Inventories and contracts in progress (net of progress payments and billings)	2,954	2,955
Future income tax benefits	950	929
Other current assets	466	213
Total Current Assets	8,952	8,228
Customer financing assets	321	620
Future income tax benefits	552	594
Fixed assets	4,420	4,532
Other assets	1,713	1,650
TOTAL ASSETS	$15,958	$15,624
LIABILITIES AND SHAREOWNERS' EQUITY		
Short-term borrowings	$ 294	$ 402
Accounts payable	2,084	1,924
Accrued liabilities	4,183	4,071
Long-term debt currently due	98	156
Total Current Liabilities	6,659	6,553
Long-term debt	1,649	1,885
Future pension and postretirement benefit obligations	1,399	1,389
Future income taxes payable	130	196
Other long-term liabilities	1,233	1,110
Commitments and contingent liabilities (Notes 4 and 15)		
Minority interests in subsidiary companies	469	400
Series A ESOP Convertible Preferred Stock, $1 par value (Authorized-20,000,000 shares)		
Outstanding-13,407,056 and 13,619,115 shares	892	905
ESOP deferred compensation	(494)	(566)
	398	339
Shareowners' Equity:		
Capital Stock:		
Preferred Stock, $1 par value (Authorized-230,000,000 shares; none issued or outstanding)	--	--
Common Stock, $5 par value (Authorized-500,000,000 shares)		
Issued-141,919,740 and 140,154,766 shares	2,249	2,148
Treasury Stock (19,848,487 and 17,018,899 common shares at cost)	(1,168)	(947)
Retained earnings	3,252	2,790
Currency translation and pension liability adjustments	(312)	(239)
TOTAL SHAREOWNERS' EQUITY	4,021	3,752
TOTAL LIABILITIES AND SHAREOWNERS' EQUITY	$15,958	$15,624

See accompanying Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

In Millions of Dollars — Years Ended December 31	1995	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 750	$ 585	$ 487
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	844	840	815
Minority interests in subsidiaries' earnings	130	107	86
Gain on sale of Westland Group plc	--	(87)	--
Change in:			
Accounts receivable	149	(756)	45
Inventories and contracts	2	290	335
Other current assets	(179)	161	(55)
Accounts payable and accrued liabilities	283	239	73
Restructuring liabilities	(106)	(233)	(393)
ESOP deferred compensation	45	119	--
Other, net	126	92	115
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,044	1,357	1,508
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(780)	(759)	(846)
Increase in customer financing assets	(138)	(248)	(356)
Decrease in customer financing assets	373	545	148
Acquisitions of business units	(204)	(125)	--
Dispositions of business units	103	282	--
Other	(8)	16	28
NET CASH FLOWS FROM INVESTING ACTIVITIES	(654)	(289)	(1,026)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of long-term debt	--	25	27
Repayment of long-term debt	(299)	(207)	(636)
Increase (decrease) in short-term borrowings	(92)	(379)	403
Common Stock issued for employee stock plans and other	101	73	110
Dividends paid on Common and ESOP Preferred Stock	(252)	(238)	(267)
Common Stock repurchase	(221)	(270)	--
Dividends to minority interests and other	(111)	(102)	(16)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(874)	(1,098)	(379)
Effect of foreign exchange rate changes on cash and cash equivalents	(2)	(5)	(36)
Net Increase (Decrease) in Cash and Cash Equivalents	514	(35)	67
Cash and Cash Equivalents, Beginning of year	386	421	354
Cash and Cash Equivalents, End of year	$ 900	$ 386	$ 421
Supplemental Disclosure of Cash Flow Information:			
Interest paid, net of amounts capitalized	$ 220	$ 237	$ 239
Income taxes paid, net of refunds	461	248	179

See accompanying Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING PRINCIPLES

The consolidated financial statements include the accounts of the Corporation and its subsidiaries. International operating subsidiaries are included generally on the basis of fiscal years ending November 30. Intercompany transactions have been eliminated. Certain reclassifications have been made to prior year amounts to conform to the current year presentation. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS: Cash and cash equivalents includes cash on hand, demand deposits and short-term cash investments which are highly liquid in nature and have original maturities of three months or less.

INVENTORIES AND CONTRACTS IN PROGRESS: Inventories and contracts in progress are stated at the lower of cost or estimated realizable value and are primarily based on first-in, first-out (FIFO) cost or average cost methods; however, certain subsidiaries use the last-in, first-out (LIFO) method. Costs accumulated against specific contracts or orders are at actual costs. Materials in excess of requirements for contracts and orders currently in effect or anticipated have been written off.

Manufacturing tooling costs are charged to inventories or to fixed assets depending upon their nature, general applicability and useful lives. Tooling costs included in inventory are charged to cost of sales based on usage, generally within two years after they enter productive use.

Manufacturing costs are allocated to current production and firm contracts. General and administrative expenses are charged to expense as incurred.

FIXED ASSETS: Fixed assets are stated at cost. Depreciation is computed over the assets' useful lives using accelerated methods for aerospace operations and the straight-line method for other operations.

GOODWILL: Costs in excess of values assigned to the underlying net assets of acquired companies are included in other assets and are generally being amortized over periods ranging up to 40 years. On a periodic basis, the Corporation estimates the future undiscounted cash flows of the businesses to which goodwill relates to ensure that the carrying value of such goodwill has not been impaired.

REVENUE RECOGNITION: Sales under government and commercial fixed-price contracts and government fixed-price-incentive contracts are recorded at the time deliveries are made or, in some cases, on a percentage of completion basis. Sales under cost-reimbursement contracts are recorded as work is performed and billed. Sales of commercial aircraft engines sometimes require significant participation by the Corporation in aircraft financing arrangements; when appropriate, such sales are accounted for as operating leases. Sales under elevator and escalator installation and modernization contracts are accounted for under the percentage of completion method.

Prospective losses, if any, on contracts are provided for when the losses become anticipated. Loss provisions are based upon any excess of inventoriable manufacturing or engineering costs and estimated warranty and product guarantee costs over the net revenue from the products contemplated by the specific order. Contract accounting requires estimates of future costs over the performance period of the contract. These estimates are subject to change which can result in adjustments to margins on contracts in progress.

Service sales, representing aftermarket repair and maintenance activities, are recognized over the contractual period or as services are performed.

RESEARCH AND DEVELOPMENT: Research and development costs not specifically covered by contracts and those related to the Corporation-sponsored share of research and development activity in connection with cost-sharing arrangements are charged to operations as incurred.

HEDGING ACTIVITY: The Corporation uses derivative financial instruments, including swaps, forward contracts, and options, to manage foreign currency, interest rate, and raw material price exposures in the following five areas: foreign currency transactions (Note 13), foreign net assets (Note 13), customer financing assets (Note 4), debt (Note 9), and raw material requirements (Note 5). These derivative financial instruments are accounted for on an accrual basis and income and expense is generally recorded in the same category as that arising from the related asset or liability. Derivative financial instruments are viewed by the Corporation as risk management tools and are not used for speculative purposes.

Gains and losses on hedges of foreign currency exposure of net investments in subsidiaries are recorded in the currency translation account in Shareowners' equity.

For derivatives that hedge firm commitments, gains and losses are deferred and recognized when the associated hedged transaction occurs. For derivative instruments that hedge foreign currency denominated receivables and payables, gains and losses offset the effects of foreign exchange gains and losses from the associated hedged receivables and payables.

EARNINGS PER SHARE: In 1995 and 1994, primary earnings per share and fully diluted earnings per share computations are based on the average number of shares of Common Stock and common stock equivalents outstanding during the year. ESOP Convertible Preferred shares of the Corporation are considered common stock equivalents when committed to employees' savings plan accounts. See Note 2 below for discussion of the 1994 ESOP accounting change.

In 1993, primary earnings per share is computed on the average number of shares of Common Stock and common stock equivalents outstanding, with ESOP Convertible Preferred shares excluded from common stock equivalents. Fully diluted earnings per share reflects the maximum dilution of earnings per share where all of the ESOP Convertible Preferred shares of the Corporation are treated as if-converted.

2. ACCOUNTING AND REPORTING CHANGES

In the fourth quarter of 1994 the Corporation adopted, effective January 1, 1994, AICPA Statement of Position (SOP) 93-6, "Employers' Accounting for Employee Stock Ownership Plans." The principal impact of the accounting change on ongoing results is to consider as outstanding only those ESOP Convertible Preferred shares committed to employee accounts, to report as interest expense all interest on the debt of the ESOP trust and to report preferred stock dividends only on those shares considered as outstanding.

As a result of this change, the Corporation's pretax income for 1994 was reduced by $95 million, including a one-time charge of $51 million ($31 million after tax or $.23 per share). This one-time charge represents the cumulative difference between the expense determined under the new accounting method and that previously recognized from inception of the ESOP through January 1, 1994. The one-time charge has been recorded in Financing revenues and other income, less other deductions in the Consolidated Statement of Operations.

The 1994 ESOP accounting change, excluding the one-time charge, reduced 1994 pretax income by $44 million or $28 million after tax and reduced 1994 reported preferred stock dividends by $22 million. Those reductions in net income and preferred stock dividend requirements, and the reduction in ESOP shares considered outstanding of 8.5 million shares in 1994, have the combined effect of increasing 1994 earnings per share by $.18, excluding the one-time charge. Overall, earnings per share in 1994 was reduced by $.05 as a result of this accounting change.

3. BUSINESS DISPOSITIONS

During the second quarter of 1994, the Corporation sold its equity share holdings in Westland Group plc and the net operating assets (excluding real property) of its Norden subsidiary for proceeds totaling approximately $227 million. The Corporation recorded a pretax gain of $87 million on the Westland sale which is included in Financing revenues and other income, less other deductions in the Consolidated Statement of Operations. The impact of the Norden sale on the Corporation's results was not significant.

4. AIRLINE INDUSTRY AND CUSTOMER FINANCING ASSETS

The Corporation has significant receivables and other financing assets which result from its business activities with commercial airline industry customers totaling $1,637 million and $2,290 million at December 31, 1995 and 1994, respectively. These amounts primarily relate to Pratt & Whitney, UT Finance Corporation and Hamilton Standard.

Customer financing assets consist of the following:

In Millions of Dollars	1995	1994
Notes receivable	$193	$274
Leases receivable, less unearned income of $42 and $265	63	288
Products under lease	150	92
	406	654
Less: receivables due within one year	85	34
	$321	$620

Scheduled maturities of notes and leases receivable due after one year are as follows: $74 million in 1997, $26 million in 1998, $17 million in 1999, $16 million in 2000 and $38 million in 2001 and thereafter.

Customer aircraft financing activities are conducted principally through UT Finance Corporation, its consolidated subsidiaries and certain other customer financing operations.

The Corporation may sell customer financing assets from time to time based on current market conditions and other factors. To mitigate the exposure on certain fixed rate customer financing assets, the Corporation had entered into interest rate swap contracts related to receivables of $206 million at December 31, 1994. The expiration dates of the swap contracts were tied to the specific customer financing assets. The Corporation has no interest rate swap contracts related to customer financing assets at December 31, 1995.

The competitive commercial aircraft engine market often requires customer financing commitments. These commitments may be in the form of guarantees, secured debt or lease financing. At December 31, 1995, the Corporation had commitments to finance or arrange financing for approximately $990 million of commercial aircraft. The Corporation cannot currently predict the extent to which these commitments will be utilized, since certain customers may be able to obtain more favorable terms from other financing sources. From time to time, the Corporation also arranges for third party investors to assume a portion of its commitments. However, should all current commitments be exercised as scheduled, the maximum amounts that will be disbursed are as follows: $342 million in 1996, $357 million in 1997, $168 million in 1998 and $123 million in 1999. If exercised, the financing arrangements will be secured by assets with fair values exceeding the financed amounts. The interest rates on the financing commitments are established at the time they are funded.

The Corporation's customer financing activities also include leasing aircraft and subleasing the aircraft to customers. At December 31, 1995, the Corporation's rental commitments under long-term noncancelable operating leases aggregated $133 million ($10 million in each of the years 1996 through 2000, and $83 million through 2008) and $265 million at December 31, 1994. In some instances, customers have minimum lease terms which may result in sublease periods shorter than the Corporation's lease obligation.

At December 31, 1995, the Corporation also had approximately $176 million ($273 million at December 31, 1994) of residual value and other guarantees related to various commercial aircraft engine customer financing arrangements. Where applicable, the estimated fair market value of the assets securing these guarantees equaled or exceeded the related guarantees, after considering existing reserves.

The Corporation has a 33% interest in International Aero Engines AG (IAE), an international consortium of five shareholders for the V2500 commercial aircraft engine program. IAE may offer customer financing in support of V2500 engine sales. As of December 31, 1995, IAE has lease obligations under long-term noncancelable leases of approximately $365 million through 2021. These lease obligations are secured by aircraft which are subleased to customers under long-term leases, with short-term cancellation provisions, and whose fair values exceed the financed amounts. IAE has remaining commitments to provide approximately $400 million of similar lease financing. The shareholders of IAE have guaranteed IAE's lease obligations to the extent of their respective ownership interests. In the event any shareholder were to default on such guarantees, the other shareholders would be proportionately responsible. The Corporation's share of IAE lease commitments and guarantees is approximately $250 million at December 31, 1995 and 1994.

Allowances for possible losses relating to financing activities with commercial airline customers decreased to $274 million at December 31, 1995, from $373 million at December 31, 1994. The reduction is primarily due to the realization in 1995 of previously reserved losses on the disposition of customer financing assets and lease obligations.

5. INVENTORIES AND CONTRACTS IN PROGRESS

Inventories and contracts in progress consist of the following:

In Millions of Dollars	1995	1994
Inventories	$ 3,278	$ 3,357
Elevator and escalator contracts in progress	1,203	1,023
	4,481	4,380
Less:		
Progress payments, secured by lien, on United States Government contracts	(154)	(204)
Billings on contracts in progress	(1,373)	(1,221)
	$ 2,954	$ 2,955

The methods of accounting followed by the Corporation do not permit classification of inventories by categories, however, inventories consist primarily of raw materials and work in process. Contracts in progress relate to elevator and escalator contracts and include costs of manufactured components, accumulated installation costs and estimated earnings on incomplete contracts.

The Corporation's sales contracts in many cases are long-term contracts expected to be performed over periods exceeding twelve months. Approximately 55% and 58% of the total inventories and contracts in progress have been acquired or manufactured under such long-term contracts at December 31, 1995 and 1994, respectively. It is impracticable for the Corporation to determine the amounts of inventory scheduled for delivery under long-term contracts within the next twelve months.

If inventories which are valued using the LIFO method had been valued under the FIFO method, they would have been higher by $135 million at December 31, 1995 ($138 million at December 31, 1994).

To mitigate the exposure to certain raw material price changes, the Corporation has entered into raw material swap and option contracts of $136 million at December 31, 1995, that mature in 1996 and 1997.

6. FIXED ASSETS
Fixed assets consist of the following:

In Millions of Dollars	1995	1994
Land	$ 180	$ 164
Buildings and improvements	3,075	2,988
Machinery, tools and equipment	6,753	6,690
Under construction	318	351
	10,326	10,193
Accumulated depreciation	(5,906)	(5,661)
	$ 4,420	$ 4,532

Depreciation expense was $792 million in 1995, $793 million in 1994 and $777 million in 1993.

7. OTHER ASSETS
Other assets consist of the following:

In Millions of Dollars	1995	1994
Goodwill (net of accumulated amortization of $337 and $300)	$ 587	$ 582
Receivables due after one year	220	227
Investments	261	204
Prepaid pension costs and other	645	637
	$1,713	$1,650

Current and long-term accounts receivable at December 31, 1995 and 1994 include approximately $103 million and $96 million, respectively, representing retainage under contract provisions and amounts which are not presently billable because of lack of funding, final prices or contractual documents under government contracts or for other reasons. These items are expected to be collected in the normal course of business.

8. ACCRUED LIABILITIES
Accrued liabilities consist of the following:

In Millions of Dollars	1995	1994
Accrued salaries, wages and employee benefits	$ 994	$ 938
Service and warranty accruals	510	519
Advances on sales contracts	611	608
Income taxes payable	435	445
Other	1,633	1,561
	$4,183	$4,071

9. BORROWINGS AND LINES OF CREDIT
Short-term borrowings consist of the following:

In Millions of Dollars	1995	1994
Foreign bank borrowings	$219	$243
Commercial paper and notes	75	159
	$294	$402

The weighted-average interest rates applicable to short-term borrowings outstanding at December 31, 1995 and 1994 were 10.5% and 8.5%, respectively.

At December 31, 1995, the Corporation had credit commitments from banks totaling $1.1 billion under a Revolving Credit Agreement. The agreement provides for borrowings at prevailing interest rates up to the prime rate. The expiration date for the agreement is September 30, 1999 with a facility fee of .1% per year on the aggregate commitment. There were no borrowings under Revolving Credit Agreements during the two years ended December 31, 1995.

Principal payments required on long-term debt for the next five years are $98 million in 1996, $174 million in 1997, $91 million in 1998, $158 million in 1999 and $209 million in 2000. Long-term debt consists of the following:

In Millions of Dollars	1995 Debt Weighted Average Interest Rate	Maturity	1995	1994
Notes and other debt:				
Denominated in U.S. dollars	8.2%	1996-2021	$ 828	$1,025
Denominated in foreign currency	7.7%	1996-2030	28	42
Capital lease obligations	7.4%	1996-2029	409	457
ESOP debt	7.5%	1996-2009	482	517
			1,747	2,041
Less: long-term debt currently due			98	156

$1,649	$1,885

During 1995 the Corporation executed in-substance defeasances relating to $130 million of its debt. The Corporation deposited U.S. Government Securities into irrevocable trusts to cover the interest and principal payments on this debt. For financial reporting purposes, the debt has been considered extinguished, and the loss on these transactions, which was immaterial, is included in Financing revenues and other income, less other deductions.

The Corporation enters into interest rate contracts to decrease funding costs by managing the relative proportion of fixed and floating rate debt, to diversify sources of funding and to manage the scheduled maturities of debt. The Corporation had $18 million and $621 million of interest rate contracts which swap fixed interest rates for floating rates at December 31, 1995 and 1994, respectively. The expiration dates of the various contracts are tied to scheduled debt and capital lease obligation payment dates and extend to 2002.

In 1991, the Corporation entered into a $75 million structured financing arrangement. Under this arrangement, noteholders are entitled to receive the original principal plus an amount based on the appreciation in the Standard & Poors Pharmaceutical Index. The Corporation has hedged the appreciation portion of this obligation through an option and a swap which effectively converts the payments to floating short-term interest rates at a discount to that of commercial paper.

At December 31, 1994, the Corporation had a $100 million outstanding option which gave the counterparty the right to receive a fixed rate and pay a floating rate. This option mirrored the call provision in one of the Corporation's outstanding debt issues and effectively fixed the interest rate to the stated final maturity of the related debt. The option was terminated in 1995 when the underlying debt instrument was extinguished through an in-substance defeasance.

The percentage of total debt at floating interest rates after taking effect of the interest rate contracts is 18% and 42% at December 31, 1995 and 1994, respectively. The weighted average interest rates on long-term debt presented in the table include the effect of interest rate swap agreements.

CAPITALIZED INTEREST: During 1995, the Corporation and its consolidated subsidiaries capitalized $16 million ($19 million in 1994 and $29 million in 1993) of interest, to be depreciated over the lives of the related fixed assets.

10. TAXES ON INCOME

Significant components of income taxes (benefits) for each year are as follows:

In Millions of Dollars	1995	1994	1993
Current:			
United States:			
Federal	$105	$ 112	$ 6
State	21	25	22
Foreign	360	351	226
	486	488	254
Future:			
United States:			
Federal	(78)	(133)	4
State	(6)	2	22
Foreign	5	1	27
	(79)	(130)	53
	407	358	307
Benefits attributable to items credited to equity and goodwill	57	26	29
	$464	$ 384	$336

Future income taxes represent the tax effects of transactions which are reported in different periods for financial and tax reporting purposes. These differences consist of temporary differences, which are the tax effects of differences between the tax and financial reporting balance sheets, and tax carryforwards. The tax effects of temporary differences and carryforwards which gave rise to future income tax benefits and payables at December 31, 1995 and 1994 are as follows:

In Millions of Dollars	1995	1994
Future income tax benefits:		
Inventories and contracts	$ 393	$ 443
Fixed assets	(221)	(211)
Insurance and employee benefits	596	604
Warranty liability	191	217
Environmental and restructuring liabilities	238	258
Other items, net	308	193
Tax loss carryforwards	125	153
Tax credit carryforwards	224	221
Valuation allowance	(352)	(355)
	$1,502	$1,523
Future income taxes payable:		
Insurance and employee benefits	$ 7	$ 37
Fixed assets	99	117
Other items, net	36	62

$	142	$	216

Current and non-current future income tax benefits and payables within the same tax jurisdiction are offset for presentation in the Consolidated Balance Sheet. Valuation allowances have been established primarily for tax credit and tax loss carryforwards to reduce the future income tax benefits to amounts expected to be realized. Federal loss carryforwards arise from business acquisitions with significant restrictions as to their future realization and consequently are fully reserved.

The sources of income before income taxes and minority interests were:

In Millions of Dollars	1995	1994	1993
United States	$ 346	$ 244	$291
Foreign	998	832	618
	$1,344	$1,076	$909

United States income taxes have not been provided on undistributed earnings of international subsidiaries. The Corporation's intention is to reinvest these earnings permanently or to repatriate the earnings only when it is tax effective to do so. Accordingly, the Corporation believes that any United States tax on repatriated earnings would be substantially offset by U.S. foreign tax credits.

Differences between effective income tax rates and the statutory U.S. federal income tax rates are as follows:

	1995	1994	1993
Statutory U.S. federal income tax rate	35.0%	35.0%	35.0%
State and local income taxes, net of federal tax benefit	1.3	1.8	3.4
Varying tax rates of consolidated subsidiaries (including Foreign Sales Corporation)	(3.7)	(4.7)	(1.0)
Amortization of goodwill, without tax effect	0.5	0.6	0.5
Foreign tax credits	(1.7)	1.3	(0.4)
Other	3.1	1.7	(0.5)
Effective income tax rates	34.5%	35.7%	37.0%

Tax credit carryforwards at December 31, 1995 are $224 million and expire as follows: $21 million in 1998, $8 million in 1999, $1 million in 2000 and $194 million over an indefinite carry-forward period. Tax loss carryforwards at December 31, 1995 are $804 million and expire as follows:

In Millions of Dollars	Federal	State	Foreign
1996-2000	$ 5	$349	$60
2001-2005	26	99	2
2006-2010	--	205	--
Indefinite	--	--	58

11. EMPLOYEE BENEFIT PLANS

EMPLOYEE PENSION BENEFITS: The Corporation and its domestic subsidiaries have a number of defined benefit pension plans covering substantially all U.S. employees. Plan benefits are generally based on years of service and the employee's compensation during the last several years of employment. The Corporation's funding policy is based on an actuarially determined cost method allowable under Internal Revenue Service regulations. The funds are invested either in various securities by trustees or in insurance annuity contracts. Certain foreign subsidiaries have defined benefit pension plans or severance indemnity plans covering their employees.

In addition to the defined benefit plans covering U.S. and foreign employees discussed above, the Corporation makes contributions to multiemployer plans (predominantly defined benefit plans) covering certain employees in some of its U.S. operations.

Summarized below are the components of pension expense for defined benefit plans and multiemployer plans:

In Millions of Dollars	1995	1994	1993
Defined benefit plans:			
Service expense	$ 181	$ 192	$ 204
Interest expense	621	586	573
Actual return on assets	(1,279)	(193)	(1,024)
Net amortization and deferral of actuarial gains (losses)	576	(506)	305
Pension expense	$ 99	$ 79	$ 58
Pension expense of multiemployer plans	$ 25	$ 21	$ 19

The following table summarizes the funded status of the defined benefit pension plans:

In Millions of Dollars	December 31, 1995 Assets Exceed Accumulated Benefits	December 31, 1995 Accumulated Benefits Exceed Assets	December 31, 1994 Assets Exceed Accumulated Benefits	December 31, 1994 Accumulated Benefits Exceed Assets
Actuarial present value of benefit obligations:				
Vested	$5,311	$1,851	$4,536	$1,619
Nonvested	467	157	557	107
Accumulated benefit obligation	5,778	2,008	5,093	1,726
Effect of projected future salary increases	930	128	830	87
Projected benefit obligation for services rendered to date	6,708	2,136	5,923	1,813
Plan assets available for benefits	6,537	1,584	5,786	1,443
Projected benefit obligation in excess of plan assets	(171)	(552)	(137)	(370)
Unrecognized net loss	416	226	321	127
Unrecognized prior service cost	43	141	49	126
Unrecognized net asset at transition	(78)	(16)	(93)	(21)
Additional minimum liability recognized	--	(245)	--	(163)
Pension asset (liability) included in the Consolidated Balance Sheet	$ 210	$ (446)	$ 140	$ (301)

The pension funds are valued at September 30 of the respective years in the table above. Major assumptions used in the accounting for the defined benefit pension plans are shown in the following table as weighted averages.

December 31	1995	1994	1993
Discount rate	7.6%	8.3%	7.3%
Salary scale	5.0%	4.9%	5.1%
Expected return on assets	9.7%	9.7%	9.7%

EMPLOYEE HEALTH CARE AND INSURANCE BENEFITS: Substantially all domestic full-time employees who retire from the Corporation between age 55 and age 65, and certain foreign employees, are eligible to receive postretirement health care and life insurance benefits under various plans. Certain of these plans call for defined dollar benefits. Other plans are contributory defined benefit plans and include certain cost sharing features such as deductibles and co-payments. These benefits are generally funded on a pay-as-you-go basis. Certain retired employees of businesses acquired by the Corporation are covered under other health care plans that differ from current plans in coverage, deductibles, and retiree contributions.

Summary information on the Corporation's plans is as follows:

In Millions of Dollars December 31	1995	1994
Accumulated postretirement benefit obligation (APBO):		
Retirees	$461	$517
Fully eligible, active participants	11	27
Other active participants	216	244
	688	788
Less: plan assets at fair value	85	85
Postretirement benefit obligation in excess of plan assets	603	703
Unrecognized net gain	57	18
Unrecognized net reduction in prior service expense	244	210
Accrued postretirement benefit liability	$904	$931

The components of postretirement benefit expense are as follows:

In Millions of Dollars	1995	1994	1993
Service expense	$ 9	$ 12	$ 17
Interest expense	57	60	65
Actual return on plan assets	(6)	(7)	(7)
Net amortization and deferral of actuarial (gains) losses	(17)	(17)	(17)
Net postretirement benefit expense	$ 43	$ 48	$ 58

Discount rates of 7.7%, 8.4% and 7.4% were used to calculate the accumulated postretirement benefit obligation at December 31, 1995, 1994 and 1993, respectively. The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligation was 13.00% in 1995, declining by .75% per year to an ultimate rate of 8.25%. If the health care cost trend rate assumptions were increased by 1% per year, the APBO as of December 31, 1995 would be increased by approximately 7%. The effect of this change on the sum of the service expense and interest expense components of the postretirement benefit expense for 1995 would also be an increase of 7%.

CURTAILMENT: During 1995, 1994 and 1993, the Corporation recognized net pension and postretirement benefit curtailment losses of $10 million, $7 million and $56 million, respectively. These losses resulted from the net increase in the Corporation's benefit obligation for pension and postretirement benefits for certain employees affected by workforce reductions at several operating units and from enhanced early retirement benefits.

EMPLOYEE SAVINGS PLANS: In 1989, the Corporation established an Employee Stock Ownership Plan (ESOP) to fund the Corporation's match of employee contributions within its savings plan covering substantially all nonunion domestic employees. At that time, the Corporation's Board of Directors authorized 20,000,000 shares of Series A ESOP Convertible Preferred Stock (ESOP Preferred Stock), par value $1.00 per share, having a $4.80 dividend per year. Each share is convertible into one share of Common Stock and has a guaranteed value of $65. Because of the guaranteed value, the ESOP Preferred Stock is classified outside of permanent equity in the Consolidated Balance Sheet. The ESOP Preferred Stock is redeemable, by the Corporation, at a price of $66.92 per share. Upon notice of redemption, the ESOP Trustee has the right to convert each share of ESOP Preferred Stock into one share of Common Stock.

Since its inception, the ESOP has purchased approximately 14.5 million shares of Preferred Stock to fulfill the Corporation's current and estimated future matching requirements. External borrowing, guaranteed by the Corporation, was obtained for a portion of the share purchases and is reported as debt on the Consolidated Balance Sheet. Shares of ESOP Preferred Stock are committed to each employee based upon fair value at the date earned. To the extent that shares are not sufficient to fulfill the matching commitment, the Corporation must contribute additional ESOP Preferred Stock, Common Stock or cash. At December 31, 1995, 5.9 million shares had been committed to employees, leaving 7.5 million uncommitted shares in the ESOP trust, with an approximate fair value of $700 million.

Shares committed to employees generally may not be withdrawn until the employee's termination, disability, retirement or death. Upon withdrawal, shares of the ESOP Preferred Stock must be converted into the Corporation's Common Stock or, if the value of the Common Stock is less than the guaranteed value of the ESOP Preferred Stock, the Corporation must repurchase the shares at their guaranteed value.

The Corporation and a number of its subsidiaries have additional savings plans in which a portion of employee contributions is matched in cash by the employer. The amount expensed relating to contributions for all savings plans totaled $72 million, $84 million and $77 million for 1995, 1994, and 1993, respectively.

LONG-TERM INCENTIVE PLANS: The Corporation has a Long-Term Incentive Plan (1989 Plan) under which shares of Common Stock may be sold or awarded to officers and key employees.

The 1989 Plan authorizes various types of market-based incentive and performance-based awards. The exercise price of a stock option, as set at the time of the grant, will not be less than the fair market value of the shares on the date of grant. The maximum number of shares which may be utilized for awards granted during a given calendar year may not exceed 2% of the aggregate shares of Common Stock, common stock equivalents and treasury shares for the preceding year.

In 1995 the Board of Directors established the Special Retention and Stock Appreciation Program (the 1995 Plan) for certain key employees whose continued performance and retention is deemed to be important to the Corporation. Up to 1,000,000 award units can be granted under the 1995 Plan in any calendar year.

In June 1995 the Corporation granted a key group of senior executives 600,000 stock appreciation units under the 1995 Plan and 600,000 market-based incentive awards under the 1989 Plan, with a ten year term. The grant price of $78.25 represents the market value per share at the date of grant. They become exercisable only if the closing price of the Corporation's Common Stock averages $114.00 or higher for thirty consecutive days.

At December 31, 1995, stock options for 3,569,923 shares of Common Stock were exercisable at an average price of $47.73 per share.

A summary of the transactions under all Plans for the three years ended December 31, 1995 follows:

	Stock Options		Other
	Shares	Average Price	Incentive Awards
OUTSTANDING AT:			
DECEMBER 31, 1992	8,443,753	$46.30	590,325
Granted	1,395,273	47.36	438,865
Exercised/earned	(2,103,123)	44.62	(338,681)
Cancelled	(180,846)	48.21	(74,017)
DECEMBER 31, 1993	7,555,057	46.92	616,492
Granted	2,187,250	65.93	--
Exercised/earned	(1,559,085)	45.17	(493,388)
Cancelled	(87,086)	58.04	(49,029)
DECEMBER 31, 1994	8,096,136	52.27	74,075
Granted	2,193,500	66.94	984,500
Exercised/earned	(2,061,590)	47.30	(42,325)
Cancelled	(193,710)	62.98	(11,000)
DECEMBER 31, 1995	8,034,336	57.29	1,005,250

12. CHANGES IN SHAREOWNERS' EQUITY

In Millions of Dollars	1995	1994	1993
COMMON STOCK			
Balance at January 1	$ 2,148	$ 2,075	$ 1,965
Issued under employee plans (a)	101	73	110
BALANCE AT DECEMBER 31	$ 2,249	$ 2,148	$ 2,075
TREASURY STOCK			
Balance at January 1	$ (947)	$ (677)	$ (677)
Purchase of shares (b)	(221)	(270)	--
BALANCE AT DECEMBER 31	$(1,168)	$ (947)	$ (677)
RETAINED EARNINGS			
Balance at January 1	$ 2,790	$ 2,466	$ 2,247
Net income	750	585	487
Dividends on Common Stock (c)	(252)	(238)	(224)
Dividends on ESOP Preferred Stock (d)	(27)	(22)	(43)
Other	(9)	(1)	(1)
BALANCE AT DECEMBER 31	$ 3,252	$ 2,790	$ 2,466
CURRENCY TRANSLATION ADJUSTMENT			
Balance at January 1	$ (219)	$ (227)	$ (135)
Deferred foreign currency translation and hedging adjustments	(36)	(17)	(88)
Income (taxes) benefits	9	25	(4)
BALANCE AT DECEMBER 31	$ (246)	$ (219)	$ (227)
MINIMUM PENSION LIABILITY ADJUSTMENT			
Balance at January 1	$ (20)	$ (39)	$ (30)
Pension adjustment	(76)	32	(16)
Income (taxes) benefits	30	(13)	7
BALANCE AT DECEMBER 31	$ (66)	$ (20)	$ (39)

(a) 1,764,974, 1,442,261 and 2,273,625 shares issued, net of 227,561, 200,774, and 21,409 shares purchased and reissued in 1995, 1994 and 1993, respectively.
(b) 2,829,588 and 4,360,000 shares of Common Stock purchased in 1995 and 1994, respectively.
(c) $2.05, $1.90 and $1.80 per share in 1995, 1994 and 1993, respectively.
(d) $4.80 per share, net of income tax benefits of $18 million in 1993.

13. FOREIGN EXCHANGE

The Corporation conducts business in many different currencies and, accordingly, is subject to the inherent risks associated with foreign exchange rate movements. The financial position and results of operations of substantially all of the Corporation's significant foreign subsidiaries are measured using the local currency as the functional currency. The aggregate effects of translating the financial statements of these subsidiaries are deferred as a separate component of

Shareowners' equity. The Corporation had foreign currency net assets in nearly forty currencies, aggregating $1.5 billion and $1.6 billion at December 31, 1995 and 1994, respectively. The primary foreign currency net assets, each five percent or more of the Corporation's Shareowners' equity, are set forth below:

In Millions of Dollars	1995	1994
Currency:		
Canadian dollar	$299	$319
Spanish peseta	240	155
Japanese yen	191	190

In addition, the Corporation has net assets in the People's Republic of China and Hong Kong combined of $156 million and $136 million at December 31, 1995 and 1994, respectively.

At December 31, 1995 and 1994, the Corporation had $244 million and $469 million notional principal amount of outstanding currency swaps and forward exchange contracts to hedge its foreign net assets. These foreign currency hedges mature ratably over the period 1996 -- 2001.

Foreign currency commitment and transaction exposures are managed at the operating unit level as an integral part of the business. To the extent that foreign currency exposures cannot be offset or managed to an insignificant amount, then it is the Corporation's policy that these residual foreign currency commitment and transaction exposures be hedged. These hedges are executed by authorized management at the operating units and are scheduled to mature coincident with the timing of the underlying foreign currency commitments and transactions. Certain of these hedges involve the exchange of two foreign currencies according to local needs at foreign operations. Transactions that are hedged include foreign currency denominated receivables and payables on the balance sheet, firm purchase orders and firm sales commitments.

At December 31, 1995 and 1994, the Corporation had the following amounts related to forward foreign exchange contracts hedging foreign currency transaction and firm commitments:

In Millions of Dollars	1995	1994
Notional amount:		
Buy contracts	$2,011	$1,909
Sell contracts	495	485
Gains and losses explicitly deferred as a result of hedging firm commitments:		
Gains deferred	$ 24	$ 6
Losses deferred	(9)	(25)
	$ 15	$ (19)

The deferred gains and losses are expected to be recognized in income over the next two years as these transactions are realized.

14. FINANCIAL INSTRUMENTS

The Corporation operates internationally and, in the normal course of business, is exposed to continuous fluctuations in interest rates, currency values and raw material prices. These fluctuations can increase the costs of financing, investing, and operating the business. The Corporation manages this risk to acceptable limits through the use of derivatives to create offsetting positions in foreign currency, interest rate and raw materials markets. The Corporation views derivative financial instruments as risk management tools and is not party to any leveraged derivatives. The Corporation's policies prohibit speculation in derivatives.

The notional amounts of derivative contracts are presented in the applicable note to which the derivatives relate. The notional amounts do not represent the amounts exchanged by the parties, and thus are not a measure of the exposure of the Corporation through its use of derivatives. The amounts exchanged by the parties are normally based on the notional amounts and other terms of the derivatives, which relate to exchange rates, interest rates or raw material prices. The value of derivatives is derived from those underlying parameters and changes in the relevant rates or prices.

By nature, all financial instruments involve market risk and credit risk. The Corporation enters into derivative financial instruments with major investment grade financial institutions. The credit exposure is represented by the fair value of contracts with a positive value in the table below.

The Corporation has policies to monitor its credit risks of counterparties to derivative financial instruments. Pursuant to these policies the Corporation periodically performs mark-to-market valuations of its derivative instruments. The Corporation diversifies the counterparties used as a means to limit counterparty exposure and concentration of risk. Credit risk is assessed prior to entering into transactions and periodically thereafter. The Corporation does not anticipate nonperformance by any of these counterparties.

The following table presents the carrying amounts and fair values of the Corporation's financial instruments at December 31, 1995 and 1994. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Significant differences can arise between the fair value and carrying amount of financial instruments at historic cost.

The carrying amount and fair value of financial instruments is as follows:

In Millions of Dollars	December 31, 1995 Carrying Amount	December 31, 1995 Fair Value	December 31, 1994 Carrying Amount	December 31, 1994 Fair Value
Financial assets:				
Long-term receivables	$ 126	$ 121	$ 154	$ 136
Customer financing assets	154	153	263	256
Financial liabilities:				
Short-term borrowings	294	288	402	398
Long-term debt	1,338	1,588	1,584	1,569
Derivative Financial Instruments:				
Customer Financing Interest Rate Swaps (Note 4):				
In a receivable position	--	--	--	3
In a payable position	--	--	1	(18)
Raw Materials Hedges (Note 5):				
In a receivable position	11	(1)	--	--
In a payable position	4	3	--	--
Debt Interest Rate Hedges (Note 9):				
In a receivable position	23	30	3	(1)
In a payable position	23	29	7	7
Forward Exchange Contracts (Note 13):				
In a receivable position	45	65	36	49
In a payable position	18	14	37	39
Currency Swaps (Note 13):				
In a receivable position	1	(16)	1	(2)
In a payable position	89	65	80	77

The following methods and assumptions were used to estimate the fair value of those financial instruments included in the following categories:

CASH AND CASH EQUIVALENTS: The carrying amount approximates fair value because of the short maturity of those instruments.

INVESTMENTS, RECEIVABLES AND CUSTOMER FINANCING ASSETS: The fair values are based on quoted market prices for those or similar instruments. When quoted market prices are not available, an approximation of fair value is based upon projected cash flows discounted at an estimated current market rate of interest.

DEBT: The fair value of the Corporation's debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Corporation for debt of the same remaining maturities.

INTEREST RATE HEDGES, FOREIGN CURRENCY CONTRACTS AND RAW MATERIALS HEDGE AGREEMENTS: The fair value is the estimated amount that the Corporation would receive or pay to terminate the agreements at the reporting date.

FINANCING COMMITMENTS: The Corporation had outstanding financing commitments totaling approximately $1.0 billion and $1.3 billion at December 31, 1995 and 1994, respectively. Risks associated with changes in interest rates are negated by the fact that interest rates are variable during the commitment term and are set at the date of funding based on current market conditions, the fair value of the underlying collateral and the credit worthiness of the customers. As a result, the fair value of these financings is expected to equal the amounts funded. The fair value of the commitment itself is not readily determinable and is not considered significant. Additional information pertaining to these commitments is included in Note 4.

15. COMMITMENTS AND CONTINGENT LIABILITIES

LEASES

The Corporation and its consolidated subsidiaries occupy space and use certain equipment under lease arrangements. Rent expense in 1995, 1994 and 1993 under such arrangements was $265 million, $302 million and $344 million, respectively. Rental commitments at December 31, 1995 under long-term noncancelable operating leases are as follows (see Note 4 for lease commitments associated with customer financing arrangements):

In Millions of Dollars	
1996	$184
1997	133
1998	92
1999	70
2000	55
After 2000	190
	$724

ENVIRONMENTAL

The Corporation's operations are subject to environmental regulation by federal, state, and local authorities in the United States and regulatory authorities with jurisdiction over its foreign operations.

It is the Corporation's policy to accrue environmental investigatory and remediation costs when it is probable that a liability has been incurred by the Corporation for known sites and the amount of loss can be reasonably estimated. Where no amount within a range of estimates is more likely, the minimum is accrued. Otherwise, the most likely cost to be incurred is accrued. The measurement of the liability is based on an evaluation of currently available facts with respect to each individual site and takes into account factors such as existing technology, presently enacted laws and regulations, and prior experience in remediation of contaminated sites.

Where the Corporation is not the only party responsible for the remediation of a site, the Corporation considers its likely proportionate share of the anticipated remediation expense in establishing a provision for those costs. Included within the sites known to the Corporation are those sites at which the Corporation has been identified as a potentially responsible party under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or Superfund). Under the provisions of this statute, the Corporation may be held liable for all costs of environmental remediation without regard to the legality of the Corporation's actions resulting in the contamination. In estimating its liability for remediation, the Corporation considers its likely proportionate share of the anticipated remediation expense and the ability of the other potentially responsible parties to fulfill their obligations.

Some of the Corporation's liabilities, including certain Superfund liabilities, relate to facilities that were acquired by the Corporation with indemnities from the sellers or former owners. In estimating the potential liability at these sites, the Corporation has considered the indemnification separately from the liability.

The Corporation has had liability and property insurance in force over its history with a number of insurance companies, and the Corporation has commenced litigation seeking indemnity and defense under these insurance policies in relation to its environmental liabilities. Settlements to date, which have not been material, have been recorded upon receipt. While the litigation against the Corporation's historic liability insurers has concluded, it is expected that the case against the Corporation's property insurers will last several years. Environmental liabilities are not reduced by potential insurance reimbursements.

U.S. GOVERNMENT

The Corporation is now and believes that, in light of the current government contracting environment, it will be the subject of one or more government investigations. If the Corporation or one of its business units were charged with wrongdoing as a result of any of these investigations, the Corporation or one of its business units could be suspended from bidding on or receiving awards of new government contracts pending the completion of legal proceedings. If convicted or found liable, the Corporation could be fined and debarred from new government contracting for a period generally not to exceed three years. Any contracts found to be tainted by fraud could be voided by the Government.

The Corporation's contracts with the U.S. Government are also subject to audits. Like many defense contractors, the Corporation has received audit reports which recommend that certain contract prices should be reduced to comply with various government regulations. Some of these audit reports involve substantial amounts. The Corporation has made voluntary refunds in those cases it believes appropriate.

OTHER

The Corporation extends performance and operating cost guarantees, which are beyond its normal warranty and service policies, for extended periods on some of its products, particularly commercial aircraft engines. Liability under such guarantees is contingent upon future product performance and durability. The Corporation has accrued its estimated liability that may result under these guarantees.

The Corporation also has other commitments and contingent liabilities related to legal proceedings and matters arising out of the normal course of business.

The Corporation has accrued its liability for environmental investigation and remediation, performance guarantees, and other litigation and claims based on management's estimate of the probable outcome of these matters. While it is possible that the outcome of these matters may differ from the recorded liability, management believes that resolution of these matters will not have a material adverse effect upon either results of operations, cash flows, or financial position of the Corporation.

16. BUSINESS SEGMENT FINANCIAL DATA

The Corporation and its subsidiaries design, develop, manufacture and sell high-technology products, classified in five principal business segments.

Otis products include elevators and escalators, substantial service, maintenance and spare parts sold to a diversified international customer base in commercial real estate development.

Carrier products include heating, ventilating and air conditioning equipment, and transport and commercial refrigeration equipment and service to a diversified international customer base in commercial and residential real estate development.

Automotive products include electrical wiring systems, electromechanical and hydraulic devices, electric motors, car and truck interior trim components, steering wheels, instrument panels and other products for the automotive industry principally in North America and Europe.

Pratt & Whitney products are principally aircraft engines and substantial spare parts sold to a diversified customer base including international and domestic commercial airlines and aircraft leasing companies, aircraft manufacturers, regional and commuter airlines, and U.S. and non-U.S. governments. Pratt & Whitney also produces modified aircraft engines which are used for electrical power generation and other applications.

The Flight Systems segment includes Sikorsky Aircraft and Hamilton Standard, as well as Norden Systems through May 31, 1994. Sikorsky Aircraft products include helicopters and spare parts sold primarily to U.S. and non-U.S. governments. Hamilton Standard products include propellers and fuel and environmental control systems sold primarily to U.S. and non-U.S. governments, aerospace and defense prime contractors, and airframe and jet engine manufacturers. Hamilton Standard products also include fuel cells sold primarily to commercial manufacturers. Norden Systems products included cockpit and integrated display systems sold primarily to the U.S. Government.

Business segment information for the three years ended December 31, 1995 follows:

BUSINESS SEGMENTS

	Total Revenues			Operating Profits		
In Millions of Dollars	1995	1994	1993	1995	1994	1993
Otis	$ 5,287	$ 4,644	$ 4,418	$ 511	$ 421	$ 377
Carrier	5,456	4,919	4,480	354	278	226
Automotive	3,061	2,683	2,378	180	182	148
Pratt & Whitney	6,170	5,846	6,317	530	380	186
Flight Systems	2,947	3,218	3,555	209	282	355
Corporate items and eliminations	(119)	(113)	(67)	2	1	1
Total	$22,802	$21,197	$21,081	1,786	1,544	1,293
Financing revenues and other income, net				(23)	(17)	36
Interest expense				(244)	(275)	(251)
General corporate expenses				(175)	(176)	(169)
Consolidated income before income taxes and minority interests				$1,344	$1,076	$ 909

	Identifiable Assets			Capital Expenditures			Depreciation and Amortization		
In Millions of Dollars	1995	1994	1993	1995	1994	1993	1995	1994	1993
Otis	$ 2,613	$ 2,068	$ 1,689	$115	$101	$124	$108	$103	$ 97
Carrier	2,959	2,776	2,639	151	134	176	134	136	132
Automotive	1,875	1,818	1,548	140	151	141	122	106	96
Pratt & Whitney	4,215	4,221	4,437	240	226	256	314	323	320
Flight Systems	1,425	1,720	1,844	106	130	135	127	140	141
Corporate items and eliminations	2,871	3,021	3,461	28	17	14	39	32	29
Consolidated total	$15,958	$15,624	$15,618	$780	$759	$846	$844	$840	$815

GEOGRAPHIC AREAS

In Millions of Dollars	Total Revenues 1995	1994	1993	Intergeographic Revenues 1995	1994	1993	External Revenues 1995	1994	1993
United States operations	$13,968	$13,545	$13,786	$ 534	$ 457	$ 427	$13,434	$13,088	$13,359
International operations:									
Europe	4,769	4,119	3,988	170	144	92	4,599	3,975	3,896
Asia Pacific	3,024	2,461	2,094	317	180	159	2,707	2,281	1,935
Other	2,463	2,210	2,064	421	385	268	2,042	1,825	1,796
Corporate items and eliminations	(1,422)	(1,138)	(851)	(1,442)	(1,166)	(946)	20	28	95
Total	$22,802	$21,197	$21,081	$ --	$ --	$ --	$22,802	$21,197	$21,081

In Millions of Dollars	Operating Profits 1995	1994	1993	Identifiable Assets 1995	1994	1993
United States operations	$ 773	$ 746	$ 619	$ 7,110	$ 7,912	$ 7,849
International operations:						
Europe	457	399	348	2,540	2,199	1,839
Asia Pacific	235	200	177	2,078	1,524	1,397
Other	321	204	156	1,357	1,022	1,123
Corporate items and eliminations	--	(5)	(7)	2,873	2,967	3,410
Total	$1,786	$1,544	$1,293	$15,958	$15,624	$15,618

REVENUES: Total revenues by business segment and geographic area include intersegment and intergeographic sales and transfers between geographic areas. Generally, such sales and transfers are made at prices approximating those which the selling or transferring entity is able to obtain on sales of similar products to unaffiliated customers.

Revenues include sales under prime contracts and subcontracts to the U.S. Government, for the most part Pratt & Whitney and Flight Systems products, as follows:

In Millions of Dollars	1995	1994	1993
Pratt & Whitney	$1,841	$1,830	$1,930
Flight Systems	1,780	1,948	2,042

Sales to Ford Motor Company, Automotive's largest customer, comprised approximately 40%, 37% and 41% of Automotive's revenues in 1995, 1994 and 1993, respectively.

Revenues from United States operations include export sales as follows:

In Millions of Dollars	1995	1994	1993
Europe	$ 869	$ 737	$ 932
Asia Pacific	1,686	1,772	1,677
Other	712	599	894
	$3,267	$3,108	$3,503

Export sales include direct sales to commercial customers outside the United States and sales to the U.S. Government, commercial and affiliated customers which are known to be for resale to customers outside the United States.

IDENTIFIABLE ASSETS: Identifiable assets are those which are specifically identified with the business segments and geographic areas in which operations are conducted. General corporate assets consist principally of customer financing subsidiaries, future income tax benefits, and investments in other companies.

ELIMINATIONS: Eliminations made in reconciling business and geographic area data with the related consolidated amounts include intersegment sales and transfers between geographic areas, unrealized profits in inventory and similar items.

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

In Millions of Dollars (except per share amounts) Quarter Ended	March 31	June 30	September 30	December 31
1995				
Sales	$5,318	$5,774	$5,604	$5,928
Gross profit	1,135	1,288	1,279	1,322
Net income	135	218	210	187
Earnings per share of Common Stock and common stock equivalents	1.03	1.65	1.60	1.42
1994				
Sales	$4,745	$5,306	$5,135	$5,615
Gross profit	1,010	1,104	1,124	1,231
Net income	67	165	188	165
Earnings per share of Common Stock and common stock equivalents	0.50	1.23	1.41	1.26

COMPARATIVE STOCK DATA

	1995			1994		
Common Stock	High	Low	Dividend	High	Low	Dividend
First Quarter	69 1/2	62 1/4	$ .50	72	58	$ .45
Second Quarter	79 3/8	67 1/2	.50	68 1/4	60 3/4	.45
Third Quarter	88 5/8	78	.50	67 3/4	59 3/4	.50
Fourth Quarter	97 3/4	82 7/8	.55	64 1/2	55	.50

The Corporation's Common Stock is listed on the New York Stock Exchange. The high and low prices are based on the Composite Tape of the New York Stock Exchange. There were approximately 24,000 common shareowners of record at December 31, 1995.

Exhibit (21)

SUBSIDIARIES OF THE REGISTRANT

The companies listed below are direct or indirect subsidiaries of the Registrant. Their names and jurisdictions of incorporation are as follows:

United Technologies Automotive Holdings, Inc.	Delaware
Carrier Corporation	Delaware
Otis Elevator Company	New Jersey
Otis Europe S.A.	France
Pratt & Whitney Canada Inc.	Canada
Sikorsky Aircraft Corporation	Delaware

Other subsidiaries of the Registrant have been omitted from this listing since, considered in the aggregate or as a single subsidiary, they would not constitute a significant subsidiary.

Exhibit 24

UNITED TECHNOLOGIES CORPORATION

Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of UNITED TECHNOLOGIES CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints STEPHEN F. PAGE, IRVING B. YOSKOWITZ, WILLIAM H. TRACHSEL, AND GEORGE E. MINNICH, or any one of them, his true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to the Corporation's Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 5th day of February, 1996.

/s/ HOWARD H. BAKER, JR.
Howard H. Baker, Jr.

UNITED TECHNOLOGIES CORPORATION

Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of UNITED TECHNOLOGIES CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints STEPHEN F. PAGE, IRVING B. YOSKOWITZ, WILLIAM H. TRACHSEL, AND GEORGE E. MINNICH, or any one of them, her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to the Corporation's Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 5th day of February, 1996.

/s/ ANTONIA HANDLER CHAYES
Antonia Handler Chayes

UNITED TECHNOLOGIES CORPORATION

Power of Attorney

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 5th day of February, 1996.

/s/ ROBERT F. DANIELL
Robert F. Daniell

UNITED TECHNOLOGIES CORPORATION

Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of UNITED TECHNOLOGIES CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints STEPHEN F. PAGE, IRVING B. YOSKOWITZ, WILLIAM H. TRACHSEL, AND GEORGE E. MINNICH, or any one of them, his true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to the Corporation's Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 5th day of February, 1996.

/s/ GEORGE DAVID
George David

UNITED TECHNOLOGIES CORPORATION

Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of UNITED TECHNOLOGIES CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints STEPHEN F. PAGE, IRVING B. YOSKOWITZ, WILLIAM H. TRACHSEL, AND GEORGE E. MINNICH, or any one of them, his true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to the Corporation's Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 5th day of February, 1996.

/s/ ROBERT F. DEE
Robert F. Dee

UNITED TECHNOLOGIES CORPORATION

Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of UNITED TECHNOLOGIES CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints STEPHEN F. PAGE, IRVING B. YOSKOWITZ, WILLIAM H. TRACHSEL, AND GEORGE E. MINNICH, or any one of them, his true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to the Corporation's Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 5th day of February, 1996.

/s/ CHARLES W. DUNCAN, JR.
Charles W. Duncan, Jr.

UNITED TECHNOLOGIES CORPORATION

Power of Attorney

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 5th day of February, 1996.

/s/ PEHR G. GYLLENHAMMAR
Pehr G. Gyllenhammar

UNITED TECHNOLOGIES CORPORATION

Power of Attorney

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 5th day of February, 1996.

/s/ GERALD D. HINES
Gerald D. Hines

UNITED TECHNOLOGIES CORPORATION

Power of Attorney

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 5th day of February, 1996.

/s/ CHARLES R. LEE
Charles R. Lee

UNITED TECHNOLOGIES CORPORATION

Power of Attorney

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 5th day of February, 1996.

/s/ ROBERT H. MALOTT
Robert H. Malott

UNITED TECHNOLOGIES CORPORATION

Power of Attorney

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 5th day of February, 1996.

/s/ H. A. WAGNER
H. A. Wagner

UNITED TECHNOLOGIES CORPORATION

Power of Attorney

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this 5th day of February, 1996.

/s/ JACQUELINE G. WEXLER
Jacqueline G. Wexler

The schedule contains summary financial information extracted from the Consolidated Balance Sheet at December 31, 1995 and the Consolidated Statement of Operations for the year ended December 31, 1995 and is qualified in its entirety by reference to such financial statements.

1,000,000

YEAR
DEC-31-1995
JAN-01-1995
DEC-31-1995
900
0
4,029
347
2,954
8,952
10,326
5,906
15,958
6,659
1,649
398
0
2,249
1,772
15,958
17,972
22,802
14,793
17,600
963
0
244
1,344
464
750
0
0
0
750
5.70
5.70