FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C.
20549

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

For the quarterly period ended June 30, 1996

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period
from____________________________to__________________________

Commission file number 1-812

UNITED TECHNOLOGIES CORPORATION

DELAWARE 06-0570975

One Financial Plaza, Hartford, Connecticut 06101

(860) 728-7000

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 .

At June 30, 1996 there were 120,857,960 shares of Common Stock outstanding.

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

CONTENTS OF QUARTERLY REPORT ON FORM 10-Q

Quarter Ended June 30, 1996

UNITED TECHNOLOGIES CORPORATION
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CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

In Millions of Dollars (except per share amounts)	Three Months Ended June 30, 1996	1995
Revenues:		
Product sales	$ 4,773	$ 4,613
Service sales	1,229	1,161
Financing revenues and other income, net	41	66
	6,043	5,840
Costs and expenses:		
Cost of products sold	3,818	3,806
Cost of services sold	740	680
Research and development	274	233
Selling, general and administrative	709	672
Interest	56	67
	5,597	5,458
Income before income taxes and minority interests	446	382
Income taxes	151	132
Minority interests	36	32
Net Income	$ 259	$ 218
Earnings per share of common stock and common stock equivalents	$ 1.96	$ 1.65
Dividends per share of common stock	$ .55	$ .50
Average common and equivalent shares outstanding (in thousands)	131,163	130,964

See Accompanying Notes

UNITED TECHNOLOGIES CORPORATION
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CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

In Millions of Dollars (except per share amounts)	Six Months Ended June 30, 1996	1995
Revenues:		
Product sales	$ 8,932	$ 8,865
Service sales	2,418	2,227
Financing revenues and other income, net	85	92
	11,435	11,184
Costs and expenses:		
Cost of products sold	7,197	7,334
Cost of services sold	1,469	1,335
Research and development	524	451
Selling, general and administrative	1,392	1,301
Interest	114	129
	10,696	10,550
Income before income taxes and minority interests	739	634
Income taxes	250	220
Minority interests	66	61
Net Income	$ 423	$ 353
Earnings per share of common stock and common stock equivalents	$ 3.20	$ 2.68
Dividends per share of common stock	$ 1.10	$ 1.00
Average common and equivalent shares outstanding (in thousands)	131,157	130,376

See Accompanying Notes

UNITED TECHNOLOGIES CORPORATION
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CONDENSED CONSOLIDATED BALANCE SHEET

In Millions of Dollars	June 30, 1996 (Unaudited)	December 31, 1995
Assets		
Cash and cash equivalents	$ 1,075	$ 900
Accounts receivable, net	3,772	3,682
Inventories and contracts in progress, net	3,164	2,954
Future income tax benefits	917	950
Other current assets	286	466
Total Current Assets	9,214	8,952
Fixed assets	10,457	10,326
Less - accumulated depreciation	(6,174)	(5,906)
	4,283	4,420
Other assets	2,686	2,586
Total Assets	$ 16,183	$ 15,958
Liabilities and Shareowners' Equity		
Short-term borrowings	$ 247	$ 294
Accounts payable	1,986	2,084
Accrued liabilities	4,451	4,183
Long-term debt currently due	92	98
Total Current Liabilities	6,776	6,659
Long-term debt	1,543	1,649
Future pension and postretirement benefit obligations	1,441	1,399
Other long-term liabilities	1,863	1,832
Series A ESOP Convertible Preferred Stock	885	892
ESOP deferred compensation	(468)	(494)
	417	398
Shareowners' Equity:		
Common Stock	2,289	2,249
Treasury Stock	(1,350)	(1,168)
Retained earnings	3,522	3,252
Currency translation and pension liability adjustments	(318)	(312)
	4,143	4,021
Total Liabilities and Shareowners' Equity	$ 16,183	$ 15,958

See Accompanying Notes

UNITED TECHNOLOGIES CORPORATION
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

In Millions of Dollars	Six Months Ended June 30, 1996	1995
Cash flows from operating activities:		
Net income	$ 423	$ 353
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	424	421
Change in:		
Accounts receivable	(64)	161
Inventories and contracts in progress	(198)	(212)
Accounts payable and accrued liabilities	113	(18)
Other, net	340	140
Net Cash Flows from Operating Activities	1,038	845
Cash flows from investing activities:		
Capital expenditures	(307)	(331)
Acquisitions of business units	(155)	(17)
Dispositions of business units	30	88
Decrease in customer financing assets, net	31	170
Other, net	53	47
Net Cash Flows from Investing Activities	(348)	(43)
Cash flows from financing activities:		
Issuance of long-term debt	27	--
Repayments of long-term debt	(141)	(145)
Decrease in short-term borrowings, net	(69)	(87)
Dividends paid on Common Stock	(133)	(123)
Common Stock repurchase	(182)	(90)
Other, net	(19)	(1)
Net Cash Flows from Financing Activities	(517)	(446)
Effect of foreign exchange rate changes on cash and cash equivalents	2	13
Net Increase in Cash and Cash Equivalents	175	369
Cash and Cash Equivalents, Beginning of year	900	386
Cash and Cash Equivalents, End of period	$ 1,075	$ 755

See Accompanying Notes

UNITED TECHNOLOGIES CORPORATION
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The condensed consolidated financial statements at June 30, 1996 and for the three-month and six-month periods ended June 30, 1996 and 1995 are unaudited, but in the opinion of the Corporation include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods.

In the 1996 second quarter, the Corporation changed its classification of sales associated with Pratt & Whitney's strategic alliances and related collaborative arrangements on its engine programs. Collaboration participants' share of revenue, previously included in cost of sales, has been reclassified as a reduction of sales in the accompanying income statements for the three-month and six-month periods ended June 30, 1996. This reclassification was made to more clearly present Pratt & Whitney's production costs and operating activities.

The effect of this reclassification was to reduce revenues and cost of sales for the 1996 second quarter and six-month period by approximately $100 million and $200 million, respectively. This reclassification does not affect net income or assets. While 1995 amounts have not been reclassified, the impact on prior years would be comparable to that of 1996.

Contingent Liabilities

While there has been no significant change in the Corporation's material contingencies during 1996, the matters previously described in Note 15 of Notes to Financial Statements in the Corporation's Annual Report on Form 10-K for calendar year 1995 are summarized below.

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, product liability, 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.

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With respect to the unaudited condensed consolidated financial information of United Technologies Corporation for the three and six-month periods ended June 30, 1996 and 1995, Price Waterhouse LLP ("Price Waterhouse") reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated July 24, 1996 appearing below, states that they did not audit and they do not express an opinion on that unaudited condensed consolidated financial information. Price Waterhouse has not carried out any significant or additional audit tests beyond those which would have been necessary if their report had not been included. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. Price Waterhouse is not subject to the liability provisions of section 11 of the Securities Act of 1933 for their report on the unaudited condensed consolidated financial information because that report is not a "report" or a "part" of the registration statement prepared or certified by Price Waterhouse within the meaning of sections 7 and 11 of the Act.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
United Technologies Corporation

We have reviewed the accompanying condensed consolidated statement of operations of United Technologies Corporation and consolidated subsidiaries for the three and six-month periods ended June 30, 1996 and 1995, the condensed consolidated statement of cash flows for the six months ended June 30, 1996 and 1995, and the condensed consolidated balance sheet as of June 30, 1996. This financial information is the responsibility of the company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial information for it to be in conformity with generally accepted accounting principles.

We previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1995, and the related consolidated statements of operations and cash flows for the year then ended (not presented herein), and in our report dated January 24, 1996, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1995, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

Price Waterhouse LLP
Hartford, Connecticut
July 24, 1996

UNITED TECHNOLOGIES CORPORATION
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MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL POSITION

BUSINESS ENVIRONMENT

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. As world-wide businesses, these operations are affected by global as well as regional economic factors.

U.S. residential housing starts increased in the 1996 second quarter and six-month period compared to the same periods last year, while commercial construction starts in the U.S. decreased for the 1996 second quarter and six-month period compared to the same periods last year. U.S. commercial vacancy rates have made modest improvements from the 1992 peak.

North American car and light truck production was higher in the 1996 second quarter but was lower for the six-month period as compared to the 1995 periods, while European car sales in 1996 were higher in both the second quarter and the six-month period.

Worldwide airline profits improved during 1995 as a result of increased load factors. However, near term profitability at most U.S. airlines is being used to improve their financial condition and they have yet 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 into 1996.

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. As a result, the Corporation has continued to reduce its reliance on U.S. defense contracts.

Cost reduction continues to be a corporate-wide imperative, implemented by each business unit. Manufacturing costs and floor space 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.

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RESULTS OF OPERATIONS

Consolidated revenues and margin percentages were as follows:

In Millions of Dollars	Three Months Ended June 30, 1996	Three Months Ended June 30, 1995	Six Months Ended June 30, 1996	Six Months Ended June 30, 1995
Product sales	$ 4,773	$ 4,613	$ 8,932	$ 8,865
Service sales	1,229	1,161	2,418	2,227
Financing revenues and other income, net	41	66	85	92
Product margin %	20.0%	17.5%	19.4%	17.3%
Service margin %	39.8%	41.4%	39.2%	40.1%

Consolidated revenues increased 3% and 2% for the second quarter and six-month period of 1996, respectively, over the comparable periods of 1995. Foreign exchange translation had an unfavorable effect on revenue; excluding this effect, consolidated revenues increased 5% and 3% for the second quarter and six-month period of 1996 over the comparable 1995 periods. All segments, excluding Flight Systems, reported increased revenues in the second quarter, while in the six-month period increases at Otis, Carrier and Automotive were partially offset by decreases in Flight Systems. UTC's commercial and industrial segments increased 6% and 8% for the second quarter and six-month period of 1996. The aerospace segments decreased 1% and 6% for the second quarter and six-month period of 1996.

Financing revenues and other income decreased in the second quarter, from the comparable period in the prior year, as a result of the absence of a gain realized by Carrier in the second quarter of 1995 on the sale of a 49% joint venture interest in its Arkadelphia scroll compressor plant and lower financing revenues in 1996. Financing revenues and other income for the six-month period decreased principally due to the same effects as in the second quarter, partially offset by higher interest income and gains from miscellaneous asset sales.

Product margin as a percentage of sales increased 2.1 percentage points in the six-month period compared to last year primarily as a result of improved margin percentages at Pratt & Whitney, Carrier, and Flight Systems. Service margins as a percentage of sales decreased nine-tenths of a percentage point in the six-month period compared to last year with Otis, Carrier, and Pratt & Whitney all experiencing declines.

Research and development expenses increased $41 million (18%) and $73 million (16%) in the second quarter and six-month period of 1996, respectively, as compared to 1995. As a percentage of sales, research and development was 4.6% in the second quarter and six-month period of 1996 compared to 4.0% and 4.1% in the corresponding periods last year. The increase occurred in all segments, but principally at Pratt & Whitney's general aviation, government, and power generation businesses. Research and development expenses in 1996 are expected to increase from the spending level of 1995, but will remain between 4% and 5% of sales.

Selling, general and administrative expenses in the second quarter and six-month period of 1996 increased by $37 million (6%) and $91 million (7%) over the

1995 comparable periods. As a percentage of sales, these expenses increased two-tenths of a percentage point to 11.8% from 11.6% for the second quarter primarily due to higher expenses at Pratt & Whitney and lower sales at Flight Systems. For the six-month period these expenses increased six-tenths of a percentage point to 12.3% from 11.7% due to the same effects as in the second quarter and higher expenses for incentive based compensation plans in the first quarter.

Revenues and operating profits of the Corporation's principal business segments for the three-month and six-month periods ended June 30, 1996 and 1995 are as follows (in millions of dollars):

	Revenues		Operating Profits		Operating Profit Margin	
	1996	1995	1996	1995	1996	1995
Three Months Ended June 30,						
Otis	$ 1,401	$ 1,350	$ 129	$ 124	9.2%	9.2%
Carrier	1,634	1,529	155	130	9.5%	8.5%
Automotive	861	797	51	62	5.9%	7.8%
Pratt & Whitney	1,533	1,495	160	127	10.4%	8.5%
Flight Systems	646	703	61	59	9.4%	8.4%
Six Months Ended June 30,						
Otis	$ 2,704	$ 2,535	$ 246	$ 234	9.1%	9.2%
Carrier	2,959	2,660	210	159	7.1%	6.0%
Automotive	1,605	1,547	101	113	6.3%	7.3%
Pratt & Whitney	2,949	2,986	300	252	10.2%	8.4%
Flight Systems	1,284	1,516	110	104	8.6%	6.9%

Otis segment revenues for the second quarter and six-month period of 1996 were 4% and 7% higher than the comparable periods of 1995. Excluding the unfavorable impact of foreign exchange translation effects, 1996 revenues increased 9% for the second quarter and six-month period of 1996 over 1995 with all geographic regions showing an increase compared to last year.

Operating profits at Otis increased $5 million and $12 million in the second quarter and six-month period of 1996 compared to 1995. Excluding the effect of foreign currency translation, Otis' increase in operating profits would have been more than double the reported second quarter amount and the increase for the six-month period would have been fifty percent higher. Also included in the second quarter was a provision for the closure of a European manufacturing operation. All geographic regions showed an increase compared to last year.

Carrier segment revenues for the second quarter and six-month period of 1996 were 7% and 11% higher than the comparable periods of 1995, with foreign exchange translation effects having little impact. Revenues for the second quarter and six-month period increased in all geographic regions with particular strength in the North American and Asia Pacific regions.

Operating profits at Carrier increased $25 million and $51 million in the second quarter and six-month period of 1996 compared to 1995, with foreign exchange translation having little effect. Improvements were driven by continued growth in the Asia Pacific region, plus strong demand for residential and commercial air conditioning in North America.

Automotive segment revenues increased 8% and 4% in the second quarter and six-month period of 1996 as compared to 1995. The increase in revenues was a result of higher UTA vehicle content.

Operating profits at the Automotive segment decreased $11 million and $12 million in the second quarter and six-month period of 1996 compared to the same periods in 1995. UTA's results for the second quarter 1996 include effects of the agreement reached with Ford Motor Company, described in Item 1. Legal Proceedings appearing on page 14 of this Form 10Q, regarding UTA's participation in the costs of a Ford vehicle recall program. Excluding the costs associated with the recall, Automotive operating profits for the second quarter and six-month period of 1996 would have been higher as compared to 1995.

Pratt & Whitney revenues during the second quarter increased 3%, while decreasing 1% for the six-month period of 1996 as compared to 1995. Revenues for the 1996 second quarter and six-month periods reflect the impact of the change in classification of sales associated with Pratt & Whitney's strategic alliances and related collaborative arrangements on its engine programs as described in the accompanying Notes to Financial Statements. The effect of this reclassification was to reduce revenues and cost of sales for the 1996 second quarter and six-month period by approximately $100 million and $200 million, respectively. This reclassification does not affect operating profits or assets. While 1995 amounts have not been reclassified, the impact on prior years would be comparable to that of 1996. The second quarter benefited from increases in the commercial after-market, general aviation and government businesses.

Operating profits for Pratt & Whitney for the second quarter and six-month period of 1996 increased $33 million and $48 million over the comparable periods of 1995. The increase reflects continued margin improvements in the commercial, general aviation and government businesses, more than offsetting planned increases in research and development spending and higher selling, general and administrative expenses.

Flight Systems revenues decreased 8% and 15% in the second quarter and six-month period of 1996 compared to 1995. Revenue decline in the second quarter and six-month period of 1996 was the result of fewer helicopter shipments as compared to 1995.

Operating profits for Flight Systems increased $2 million and $6 million in the second quarter and six-month period of 1996 as compared to 1995. Second quarter results reflect improved operating profit at Hamilton Standard partially offset by lower helicopter volume at Sikorsky. Six-month results reflect continuing operating profit at Hamilton Standard and the absence of 1995 costs associated with selling the wafer fabrication facility of Hamilton Standard's Microelectronics Center, partially offset by lower 1996 helicopter volume at Sikorsky.

Interest expense decreased $11 million and $15 million in the second quarter and six-month period of 1996, to $56 million and $114 million, respectively. This decrease is mainly due to a reduced average borrowing level during the six-month period compared to last year as the Corporation continues to retire or extinguish debt with its improved cash flow.

The effective tax rate for the six month period of 1996 was 33.8%, compared to an effective tax rate of 34.8% for the six-month period of 1995. The Corporation has continued to reduce its effective income tax rate by implementing tax reduction strategies.

UNITED TECHNOLOGIES CORPORATION
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FINANCIAL POSITION AND LIQUIDITY

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 on satisfactory terms.

Set forth below is selected key cash flow data:

In Millions of Dollars	Six Months Ended June 30, 1996	Six Months Ended June 30, 1995
Operating Activities		
Net Cash Flows from Operating Activities	$ 1,038	$ 845
Investing Activities		
Capital expenditures	(307)	(331)
Acquisitions of business units	(155)	(17)
Dispositions of business units	30	88
Decrease in customer financing assets, net	31	170
Financing Activities		
Common Stock repurchase	(182)	(90)
Decrease in total debt	(159)	(204)
Decrease in net debt	(334)	(573)

Cash flows from operating activities were $1,038 million during the first six months of 1996 compared to $845 million for the corresponding period of 1995. The improvement resulted primarily from improved operating performance and working capital management.

Cash flows from investing activities were a use of funds of $348 million during the first six months of 1996 compared to a use of $43 million in the corresponding period of 1995. Capital expenditures in the six-month period of 1996 were $307 million, a $24 million decrease over the corresponding period of 1995. The Corporation expects 1996 full year capital spending to be comparable to 1995. During the first six months of 1996, the Corporation invested $155 million for the acquisition of business units, the largest two items being the purchase of a United Kingdom elevator company by Otis and UT Automotive's ownership increase in a European subsidiary, both in the second quarter. While the Corporation expects that changes in customer financing assets in 1996 will be a net use of funds, actual funding is subject to usage under existing customer financing commitments during the remainder of the year. The Corporation's total commitments to finance or arrange financing of commerical aircraft at June 30, 1996 was $1.3 billion.

The Corporation repurchased $182 million of common stock, representing 1.7 million shares, in the first six months of 1996 under previously announced stock repurchase programs. Share repurchase continues to be a significant use of our strong cash flows and serves to offset the dilutive effect resulting from the issuance of stock under stock-based employee benefit programs.

In June, the Corporation executed an in-substance defeasance of $88 million of its 9.5% Medium-Term Notes due in October 1997. In addition, the Corporation repurchased $48 million principal amount of its Medium-Term, Series B, Pharmaceutical Exchange Notes (PEN Notes) and cancelled an equivalent amount of the option and swap which hedged the appreciation portion of the obligation and effectively converted the payments to floating short-term interest rates. The Corporation is obligated to repurchase PEN Notes from time to time. The losses on these transactions, which were immaterial, are included in Financing revenues and other income.

Other selected financial data is as follows:

In Millions of Dollars	June 30, 1996	December 31, 1995	June 30, 1995
Cash and cash equivalents	$ 1,075	$ 900	$ 755
Total debt	1,882	2,041	2,239
Net debt (total debt less cash)	807	1,141	1,484
Shareowners' equity	4,143	4,021	3,928
Debt-to-total capitalization	31.2%	33.7%	36.3%
Net debt-to-total capitalization	16.3%	22.1%	27.4%

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.

Management believes that its existing cash position and other available sources of liquidity are sufficient to meet current and anticipated requirements for the foreseeable future.

SAFE HARBOR STATEMENT

This Report on Form 10-Q contains statements which, to the extent they are not historical fact, constitute "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All forward looking statements involve risks and uncertainties. The forward looking statements in this document are intended to be subject to the safe harbor protection provided by Sections 27A and 21E.

For a discussion identifying some important factors that could cause actual results to vary materially from those anticipated in the forward looking statements, such as the economic, political, climatic, currency, regulatory, technological and competitive changes which may affect the Corporation's operations, products, and markets, see the Corporation's Securities and Exchange Commission filings, including, but not limited to, the Corporation's 1995 Annual Report on Form 10-K. See particularly Form 10-K Item I - Business, the sections entitled "Description of Business by Industry Segment" and "Other Matters Relating to the Corporation's Business as a Whole," and Form 10-K Item 7 - Management's Discussion and Analysis of Results of Operations and Financial Position, which also may be found at pages 20 through 27 of the Corporation's 1995 Annual Report to Shareowners.

Part II - Other Information

Item 1. Legal Proceedings

The Corporations's Report on 10Q for the quarter ended March 31, 1996 disclosed (i) that lawsuits had been filed against Ford Motor Company ("Ford") and United Technologies Automotive ("UTA") alleging that certain ignition switches supplied by UTA to Ford were defective and (ii) that Ford had recalled certain vehicles to replace the ignition switch. In June, 1996, UTA reached agreement with Ford regarding UTA's participation in the costs of this recall. Ford has agreed to accept responsibility for all litigation and any resulting exposure relating to the subject ignition switches.

In July, 1995, the Corporation filed a multi-count complaint in the United States District Court in Delaware against Chromalloy Gas Turbine Corporation ("Chromalloy") alleging breach of contract and patent infringement by Chromalloy (United Technologies Corporation v. Chromalloy Gas Turbine Corporation, Civil action 95-444). In August, 1995, Chromalloy filed a four-count Original Petition against the Corporation in state court in Bexar County, Texas (Chromalloy Gas Turbine Corporation v. United Technologies Corporation, 95 CI-12541). In its Amended Petition, Chromalloy alleges that the Corporation violated the Texas Free Enterprise and Antitrust Act, engaged in unfair competition and tortiously interfered with Chromalloy's contractual relations. All of the claims relate to alleged actions of Pratt & Whitney ("P&W") relating to the repair of parts for commercial jet engines manufactured by P&W. In December, 1995, the Corporation filed counterclaims against Chromalloy in the Texas action for breach of contract, unfair competition and injunctive relief. Fact discovery generally closed in June, 1996. The case is currently in expert discovery, and a jury trial is scheduled to begin in August, 1996.

The Amended Petition did not specify the amount of damages allegedly suffered or being sought by Chromalloy. Various theories of Chromalloy's alleged damages were contained in their experts' damages reports which were first submitted in June and supplemented in July. Although the analysis set forth in the reports is somewhat unclear, the Corporation believes they indicate that Chromalloy is seeking up to $400 million in compensatory damages. If liability is found on the antitrust claim, damages could be trebled under Texas law. In addition, Chromalloy seeks punitive damages of an unspecified amount and an injunction against future P&W practices relating to the repair of P&W jet engine parts that Chromalloy claims are unlawful. The Corporation believes that its claims against Chromalloy are valid, Chromalloy's claims are without merit and resolution of this matter will not have a material adverse effect upon either results of operations, cash flows, or financial position of the Corporation. In view of the uncertainties inherent in litigation, however, no assurance can be given that the Corporation will not incur future liability in respect of this lawsuit.

Other than the matters discussed above, there has been no material change in legal proceedings during the second quarter of 1996. For a description of previously reported legal proceedings, refer to Part I, Item 3 - Legal Proceedings of the Corporation's Annual Report on Form 10K for calendar year 1995 and to Part II, Item 1 - Legal Proceedings of the Corporation's Report on Form 10Q for the quarter ended March 31, 1996.

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

(a) The Corporation held its Annual Meeting of Shareowners on April 23, 1996.

(b) The following individuals were nominated and elected to serve as directors:

Howard H. Baker, Jr., Antonia H. Chayes, Robert F. Daniell, George David, 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.

(c) The shareowners voted as follows on the following matters:

1. Election of directors. The voting result for each nominee is as follows:

NAME	VOTES FOR	VOTES WITHHELD
Howard H. Baker, Jr.	118,708,674	1,162,548
Antonia Handler Chayes	119,406,812	464,410
Robert F. Daniell	119,408,676	462,546
George David	119,361,819	509,403
Robert F. Dee	119,378,927	492,295
Charles W. Duncan, Jr.	119,409,944	461,278
Pehr G. Gyllenhammar	119,050,084	821,138
Gerald D. Hines	119,389,210	482,012
Charles R. Lee	119,427,613	443,609
Robert H. Malott	119,408,400	462,822
Harold A. Wagner	119,433,082	438,140
Jaqueline G. Wexler	119,377,523	493,699

2. Appointment of auditors. The proposal was approved by a count of 119,403,069 votes for, 312,600 votes against, and 155,553 votes abstaining.

3. A management proposal to approve the Non-employee Director Stock Option Plan was approved by a count of 92,385,855 votes for, 24,962,312 votes against, and 2,523,055 votes abstaining.

4. A shareowner proposal recommending that the Corporation provide to shareowners a list of all executives contractually entitled to receive a base salary in excess of $100,000 annually was rejected by a count of 20,873,614 votes for, 89,518,909 votes against, with 2,070,193 votes abstaining, and 7,408,506 broker non-votes.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

(11) Computation of per share earnings
(12) Computation of ratio of earnings to fixed charges
(15) Letter re unaudited interim financial information
(27) Financial data schedule (submitted electronically herewith)

(b) No reports on Form 8-K were filed during the quarter ended June 30, 1996.

SIGNATURES

Pursuant to the requirements 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

Dated: August 13, 1996

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

Dated: August 13, 1996

By: /s/ WILLIAM H.TRACHSEL
William H. Trachsel
Vice President and Secretary

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

EXHIBIT INDEX

Exhibit 11 - Computation of per share earnings

Exhibit 12 - Computation of ratio of earnings to fixed charges

Exhibit 15 - Letter re unaudited interim financial information

Exhibit 27 - Financial data schedule (submitted electronically herewith)

Exhibit 11

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

COMPUTATION OF PER SHARE EARNINGS

In Millions of Dollars (except per share amounts)	Three Months Ended June 30, 1996	Three Months Ended June 30, 1995
Net Income	$ 259	$ 218
Preferred Stock Dividend Requirement	8	7
Earnings applicable to Common Stock	251	211
ESOP Convertible Preferred Stock adjustment	6	5
Net earnings for calculation of primary and fully diluted earnings per share	$ 257	$ 216
Average number of common shares and common stock equivalents outstanding during period (four month-end average)	131,162,539	130,964,343
Fully diluted average number of common shares and common stock equivalents outstanding during period (four month-end average)	131,408,573	131,294,781
Primary earnings per common share	$ 1.96	$ 1.65
Fully diluted earnings per common share (Note 1)	$ 1.96	$ 1.64

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

/TABLE

Exhibit 11

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

COMPUTATION OF PER SHARE EARNINGS

In Millions of Dollars (except per share amounts)	Six Months Ended June 30, 1996	1995
Net Income	$ 423	$ 353
Preferred Stock Dividend Requirement	15	13
Earnings applicable to Common Stock	408	340
ESOP Convertible Preferred Stock adjustment	12	10
Net earnings for calculation of primary and fully diluted earnings per share	$ 420	$ 350
Average number of common shares and common stock equivalents outstanding during period (seven month-end average)	131,156,935	130,376,338
Fully diluted average number of common shares and common stock equivalents outstanding during period (seven month-end average)	131,581,328	131,125,451
Primary earnings per common share	$ 3.20	$ 2.68
Fully diluted earnings per common share (Note 1)	$ 3.19	$ 2.67

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

/TABLE

Exhibit 12

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

In Millions of Dollars	Six Months Ended June 30, 1996	1995
Fixed Charges:		
Interest on indebtedness	$ 114	$ 129
Interest capitalized	9	10
One-third of rents*	42	46
Total Fixed Charges	$ 165	$ 185
Earnings:		
Income before income taxes and minority interests	$ 739	$ 634
Fixed charges per above	165	185
Less: interest capitalized	(9)	(10)
	156	175
Amortization of interest capitalized	20	19
Total Earnings	$ 915	$ 828
Ratio of Earnings to Fixed Charges	5.55	4.48

* Reasonable approximation of the interest factor.

/TABLE

Exhibit 15

August 13, 1996

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549

Dear Sirs:

We are aware that United Technologies Corporation has incorporated by reference our report dated July 24, 1996 (issued pursuant to the provisions of Statement on Auditing Standards No. 71) in the Prospectus constituting part of its 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). We are also aware of our responsibilities under the Securities Act of 1933.

Yours very truly,

Price Waterhouse LLP

The schedule contains summary financial information extracted from the Condensed Consolidated Balance Sheet at June 30, 1996 (Unaudited) and the Condensed Consolidated Statement of Operations for the six months ended June 30, 1996 (Unaudited) and is qualified in its entirety by reference to such financial statements.

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6-MOS
DEC-31-1996
JAN-01-1996
JUN-30-1996
1,075
0
4,162
390
3,164
9,214
10,457
6,174
16,183
6,776
1,543
417
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2,289
1,854
16,183
8,932
11,435
7,197
8,666
524
0
114
739
250
423
0
0
0
423
3.20
3.20