

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Plan period ended December 31, 1996

Commission File Number 1-812

UNITED TECHNOLOGIES CORPORATION  
EMPLOYEE SAVINGS PLAN  
(Full title of the plan)

UNITED TECHNOLOGIES CORPORATION  
One Financial Plaza  
Hartford, Connecticut 06101  
(Name of issuer of the securities held pursuant to  
the plan and the address of its principal executive office)

FINANCIAL STATEMENTS OF THE UNITED TECHNOLOGIES CORPORATION  
EMPLOYEE SAVINGS PLAN

REPORT OF INDEPENDENT ACCOUNTANTS

To the Participants and Administrator of the  
United Technologies Corporation  
Employee Savings Plan

In our opinion, the accompanying statements of net assets available for benefits with fund information and the related statement of changes in net assets available for benefits with fund information present fairly, in all material respects, the net assets available for benefits of the United Technologies Corporation Employee Savings Plan at December 31, 1996 and December 31, 1995, and the changes in net assets available for benefits for the period ended December 31, 1996, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with 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.

PRICE WATERHOUSE LLP  
Hartford, Connecticut  
June 26, 1997

UNITED TECHNOLOGIES CORPORATION EMPLOYEE SAVINGS PLAN  
Statement of Net Assets Available for Benefits With Fund Information  
December 31, 1996  
(Thousands of Dollars, except unit value)

	Income Fund	Equity Fund	UTC Stock Fund	Global Fund	Loan Fund	ESOP Fund	Funds Combined
<b>Assets:</b>							
<b>Investments:</b>							
Beneficial interests in contracts issued by insurance companies, at cost plus accrued interest	\$ 2,920,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,920,121
Beneficial interests in Bankers Trust Company Pyramid Fixed Income Index Fund, at market	-	-	-	34,139	-	-	34,139
Beneficial interests in Bankers Trust Company Pyramid Equity Index Fund, at market	-	654,420	-	39,834	-	-	694,254
Beneficial interests in Bankers Trust Company Pyramid International Securities Index Fund, at market	-	-	-	44,878	-	-	44,878
United Technologies Corporation Common Stock, at market	-	-	328,760	-	-	-	328,760
United Technologies Corporation ESOP Preferred Stock, at market	-	-	-	-	-	1,758,882	1,758,882
Participant loans, at cost	-	-	-	-	53,658	-	53,658
Temporary investments, at cost plus accrued interest	121	-	34	-	-	1,512	1,667
<b>Total Investments</b>	<b>2,920,242</b>	<b>654,420</b>	<b>328,794</b>	<b>118,851</b>	<b>53,658</b>	<b>1,760,394</b>	<b>5,836,359</b>
Contributions and fund and plan transfers receivable	1,191	285	742	63	361	-	2,642
Accrued ESOP contribution receivable	-	-	-	-	-	80,132	80,132
<b>Total Assets</b>	<b>2,921,433</b>	<b>654,705</b>	<b>329,536</b>	<b>118,914</b>	<b>54,019</b>	<b>1,840,526</b>	<b>5,919,133</b>
<b>Liabilities:</b>							
Contributions and fund and plan transfers payable	20	269	-	404	-	780	1,473
Loans payable, net	348	(155)	504	(31)	(199)	-	467
Accrued interest on ESOP debt and notes payable	-	-	-	-	-	2,452	2,452
ESOP debt	-	-	-	-	-	445,300	445,300
Notes payable to United Technologies Corporation	-	-	-	-	-	79,233	79,233
<b>Total Liabilities</b>	<b>368</b>	<b>114</b>	<b>504</b>	<b>373</b>	<b>(199)</b>	<b>527,765</b>	<b>528,925</b>
<b>Net Assets Available for Benefits</b>	<b>\$ 2,921,065</b>	<b>\$ 654,591</b>	<b>\$ 329,032</b>	<b>\$ 118,541</b>	<b>\$ 54,218</b>	<b>\$ 1,312,761</b>	<b>\$5,390,208</b>
Units of participation	511,545,534	41,549,958	30,372,710	57,356,443	54,218,000	258,588,435	
Unit value	\$ 5.71	\$ 15.75	\$ 10.83	\$ 2.07	\$ 1.00	\$ 5.08	

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

UNITED TECHNOLOGIES CORPORATION EMPLOYEE SAVINGS PLAN  
Statement of Net Assets Available for Benefits With Fund Information  
December 31, 1995  
(Thousands of Dollars, except unit value)

	Income Fund	Equity Fund	UTC Stock Fund	Global Fund	Loan Fund	ESOP Fund	Funds Combined
<b>Assets:</b>							
<b>Investments:</b>							
Beneficial interests in contracts issued by insurance companies, at cost plus accrued interest	\$ 2,862,117	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,862,117
Beneficial interests in Bankers Trust Company Pyramid Fixed Income Index Fund, at market	-	-	-	26,777	-	-	26,777
Beneficial interests in Bankers Trust Company Pyramid Equity Index Fund, at market	-	479,711	-	33,752	-	-	513,463
Beneficial interests in Bankers Trust Company Pyramid International Securities Index Fund, at market	-	-	-	31,132	-	-	31,132
United Technologies Corporation Common Stock, at market	-	-	195,627	-	-	-	195,627
United Technologies Corporation ESOP Preferred Stock, at market	-	-	-	-	-	1,271,994	1,271,994
Participant loans, at cost	-	-	-	-	50,436	-	50,436
Temporary investments, at cost plus accrued interest	121	8	4,758	6	-	430	5,323
<b>Total Investments</b>	<b>2,862,238</b>	<b>479,719</b>	<b>200,385</b>	<b>91,667</b>	<b>50,436</b>	<b>1,272,424</b>	<b>4,956,869</b>

Contributions and fund and plan transfers receivable	921	4,990	3,138	2,799	326	-	12,174
Accrued ESOP contribution receivable	-	-	-	-	-	90,046	90,046
Total Assets	2,863,159	484,709	203,523	94,466	50,762	1,362,470	5,059,089
Liabilities:							
Contributions and fund and plan transfers payable	9,541	-	-	-	-	-	9,541
Loans payable, net	2,088	706	646	168	482	-	4,090
Accrued interest on ESOP debt and note payable	-	-	-	-	-	2,508	2,508
ESOP debt	-	-	-	-	-	481,600	481,600
Note payable to United Technologies Corporation	-	-	-	-	-	83,733	83,733
Accrued investment purchases	-	-	-	936	-	-	936
Total Liabilities	11,629	706	646	1,104	482	567,841	582,408
Net Assets Available for Benefits	\$ 2,851,530	\$ 484,003	\$ 202,877	\$ 93,362	\$ 50,280	\$ 794,629	\$ 4,476,681
Units of participation	537,129,738	37,844,580	26,614,066	50,182,173	50,280,000	170,235,991	
Unit value	\$ 5.31	\$ 12.79	\$ 7.62	\$ 1.86	\$ 1.00	\$ 4.67	

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

UNITED TECHNOLOGIES CORPORATION EMPLOYEE SAVINGS PLAN  
Statement of Changes in Net Assets Available for Benefits With Fund Information  
Period Ended December 31, 1996  
(Thousands of Dollars)

	Income Fund	Equity Fund	UTC Stock Fund	Global Fund	Loan Fund	ESOP Fund	Funds Combined
Additions to net assets attributed to:							
Investment Income:							
Net appreciation in fair value of investments	\$ -	\$ 119,932	\$ 85,746	\$ 12,098	\$ -	\$ 490,615	\$ 708,391
Interest	208,056	6	255	7	4,078	288	212,690
Dividends	-	-	5,083	-	-	64,083	69,166
Total Investment Income	208,056	119,938	91,084	12,105	4,078	554,986	990,247
Contributions:							
Participants'	82,760	38,773	12,013	11,006	-	-	144,552
Employer's	142	34	7	8	-	31,751	31,942
Total Contributions	82,902	38,807	12,020	11,014	-	31,751	176,494
Repayments on loans	16,679	5,688	2,019	1,472	(25,858)	-	-
Deductions from net assets attributed to:							
Distributions to participants	154,651	20,382	9,910	3,618	2,990	16,387	207,938
Loans to participants	18,052	6,232	2,892	1,523	(28,699)	-	-
Interest expense	-	-	-	-	-	45,232	45,232
Total Deductions	172,703	26,614	12,802	5,141	(25,709)	61,619	253,170
Inter-fund and inter-plan transfers	(65,399)	32,769	33,834	5,729	9	(6,986)	(44)
Net Increase	69,535	170,588	126,155	25,179	3,938	518,132	913,527
Net Assets Available for Benefits December 31, 1995	2,851,530	484,003	202,877	93,362	50,280	794,629	4,476,681
Net Assets Available for Benefits December 31, 1996	\$ 2,921,065	\$ 654,591	\$ 329,032	\$ 118,541	\$ 54,218	\$ 1,312,761	\$ 5,390,208

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

UNITED TECHNOLOGIES CORPORATION EMPLOYEE SAVINGS PLAN

Notes to Financial Statements

NOTE 1 - DESCRIPTION OF THE PLAN

General. The United Technologies Corporation (UTC) Employee Savings Plan (the Plan) is a defined contribution savings plan administered by UTC. It is subject

to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Generally, non-represented employees in participating business units of United Technologies Corporation (UTC) are eligible to participate in the Plan after completing one year of service. The following is a brief description of the Plan. For more complete information, participants should refer to the plan document which is available from UTC.

**Contributions and Vesting.** Participants may elect to contribute, through payroll deductions, between 2 and 16 percent of their total compensation. Participant contributions, plus actual earnings thereon, are fully vested at all times under the Plan.

UTC has established a leveraged Employee Stock Ownership Plan (ESOP) to fund the employer matching contributions to the Plan. The ESOP is primarily invested in UTC Series A ESOP Convertible Preferred Stock. UTC will match 60 percent of a participant's contributions, up to specified limits, in ESOP Preferred Stock (See Note 4). However, participants who have reached at least age 55 and have completed at least 10 years of continuous service may direct up to 50 percent, in multiples of 25 percent, of their ESOP account balances and future employer contributions to be invested in the other investment funds offered through the Plan. Generally, employer contributions, plus actual earnings thereon, become fully vested after two years of Plan participation.

**Participant Accounts.** Each participant's account is credited with the participant's contributions and allocations of (a) UTC's contributions and (b) Plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Forfeited balances of terminated participants' nonvested amounts are used to reduce future UTC contributions. For the period ended December 31, 1996, approximately \$ 236,000 of forfeitures were used to fund UTC's contributions.

**Investment Options.** Participants may elect to allocate the contributions in any whole percentage among the following funds. Participants are permitted to transfer their accounts between investment funds once per quarter in any whole percentage.

- . The Income Fund is invested in contracts issued by five insurance companies.

- . The Equity Fund is principally invested in the BT Pyramid Equity Index Fund, which is a commingled trust fund managed by Bankers Trust Company (BT), the Trustee, and includes a portfolio of common stocks replicating the Standard & Poor's Composite Index of 500 stocks.

- . The UTC Stock Fund consists principally of 4,962,417 and 4,123,840 shares of UTC Common Stock at December 31 1996 and 1995, respectively. Share amounts reflect the 2 for 1 stock split effective December 10, 1996.

- . The Global Fund is invested in almost equal proportions in three different funds managed by the Trustee: the BT Pyramid International Securities Index Fund, the BT Pyramid Fixed Income Index Fund and the BT Pyramid Equity Index Fund (as described above). The BT Pyramid International Securities Index Fund invests in four other international index funds managed by the Trustee. The BT Pyramid Fixed Income Index Fund invests primarily in obligations of

the U.S. Government and its agencies and other publicly traded, high-grade domestic debt instruments.

**Participant Loans Receivable.** Participants with at least two years of plan participation are allowed to borrow up to 50 percent of their vested account balances (excluding the ESOP). Loan amounts can range from \$1,000 to \$50,000 and must be repaid within 5 years. The loans are secured by the balance in the participant's account and bear interest at Bankers Trust's prime rate plus one percent. Principal and interest are paid ratably through payroll deductions.

**Payment of Benefits.** Generally, benefits are paid in a lump sum to a terminating participant. A participant terminating due to retirement may elect to receive benefits in installments over two to twenty years. At the participant's election, the portion of a lump sum distribution attributable to the UTC Stock Fund and ESOP may be paid in shares of UTC Common Stock instead of cash. Distributions in common stock for the period ended December 31, 1996 were approximately \$ 1,736,000.

**Other.** Participants who transfer to a new UTC location with a different savings

plan have the option of transferring their account balances in accordance with the provisions of the new savings plan.

#### NOTE 2 - SUMMARY OF ACCOUNTING PRINCIPLES

**Basis of Accounting.** The financial statements of the Plan are prepared under the accrual method of accounting. Benefits are recorded when paid.

**Master Trust.** The Plan's assets are kept in a Master Trust maintained by the Trustee. Under the Master Trust agreement, the assets of certain employee savings plans of UTC and its subsidiaries are combined. Participating plans purchase units of participation in the investment funds based on their monthly contribution to such funds and the unit value of the applicable investment fund at the end of the month. The unit value of each fund is determined at each month end by dividing the sum of uninvested cash, accrued income and the current value of investments by the total number of outstanding units in such funds. Income from the funds' investments increases the plans' unit values. Distributions to participants reduce the number of participation units held by the plans.

**Investment Valuation.** Except for the Income Fund, the Plan's investments are stated at fair value. The fair value of the Equity Fund, the UTC Stock Fund, and the Global Fund is determined by the Trustee by reference to published market data. The ESOP Preferred Stock's fair value is the higher of the guaranteed value (\$65) or twice the market value of UTC's Common Stock (See Note 4). The Income Fund's investment contracts are stated at contract value which represents contributions plus earnings, less Plan withdrawals.

**Plan Expenses.** Plan expenses are payable out of Plan assets, unless paid by the employer. The expenses for the 1996 plan year were paid by the employer.

**Use of Estimates.** The preparation of financial statements requires UTC to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates.

#### NOTE 3 - INVESTMENT CONTRACTS

Under these contracts, each insurance company guarantees repayment in full of the principal amount invested plus interest credited at a fixed rate for a specified period. Interest is credited to each contract based on an annual interest rate set each year by the individual insurance companies. This rate, which differs among contracts, takes into account any difference between prior

year credited interest and the actual amount of investment earnings allocable to the contract in accordance with the established allocation procedures of the insurance company. The weighted average rate for 1996 and 1995 were 7.5% and 7.25%, respectively. The following is a summary of the investment contracts held in the Income Fund and the portion allocable to the Plan:

(Thousands of Dollars)	December 31, 1996	December 31, 1995
CIGNA	\$ 1,512,307	\$ 1,566,944
Aetna	457,815	494,944
Travelers	388,845	432,342
Prudential	236,966	219,677
Metropolitan Life	782,764	587,847
	\$ 3,378,697	\$ 3,301,754
Amount of the contracts allocable to the Plan	\$ 2,920,121	\$ 2,862,117

#### NOTE 4 - EMPLOYEE STOCK OWNERSHIP PLAN

Since 1989, the ESOP has purchased approximately 14.5 million shares of \$1.00 par value Series A ESOP Convertible Preferred Stock, with a \$4.80 per share annual dividend from UTC. After the December 1996 UTC Common Stock split, each share of ESOP Preferred Stock (ESOP Share) is convertible into two shares of UTC's Common Stock. The ESOP financed the ESOP Share purchases with interest bearing promissory notes. See Notes 5 and 6.

Participants are allocated shares of ESOP Preferred Stock as they earn UTC's matching contributions. For the period ended December 31, 1996, participants were credited with matching contributions of \$54.4 million representing approximately 469,000 shares. Additionally, in lieu of receiving cash, participants are allocated ESOP Shares for dividends paid on their shares. During 1996, participants earned dividends of approximately \$30.1 million representing approximately 215,600 shares. ESOP Shares allocated are calculated at the higher of twice the month end price of UTC Common Stock or the \$65 guaranteed value.

ESOP Shares are released for allocation to participants as principal and interest payments are made on the debt. The ESOP uses the ESOP Shares' cash dividends and additional contributions from UTC to repay the principal and interest. The Employer Contributions presented in the Statement of Changes in Net Assets Available for Benefits include approximately \$27.7 million of additional cash contributions from UTC plus \$4.0 million of Employer Contributions receivable from UTC at December 31, 1996. The \$4.0 million is due to share allocations exceeding share releases during 1996. To the extent that ESOP Shares released through debt service payments are not sufficient to meet the allocation requirement, UTC is required to contribute additional ESOP Shares, UTC Common Stock or cash. The total Accrued ESOP contribution receivable is principally attributable to ESOP Share releases and will decrease as loan principal payments are made.

Shares allocated to a participant generally may not be distributed until the participant's termination, disability, retirement or death. Upon distribution, a participant may elect to receive either cash or two shares of UTC Common Stock for each ESOP Share valued at the higher of twice the market value of UTC's common stock or \$65. A participant cannot elect to receive the distribution in ESOP Shares.

The ESOP Fund's investment in ESOP Preferred Stock at period end is as follows:

(Thousands of Dollars, except share amounts)	December 31, 1996		December 31, 1995	
	Allocated	Total	Allocated	Total
Number of Shares	6,530,685	13,274,579	6,023,794	13,407,056
Guaranteed Value	\$ 424,495	\$ 862,848	\$ 391,547	\$ 871,459
Market	\$ 865,316	\$ 1,758,882	\$ 571,507	\$ 1,271,994

As discussed above, market is represented by the higher of the guaranteed value of \$65 per share or twice the month end price of UTC's Common Stock. As such, the market value of the ESOP Preferred Stock was \$132.5 and \$94.875 at December 31, 1996 and 1995, respectively. Further, the Net Assets Available for Benefits in the ESOP Fund at December 31, 1996 and 1995 include unrealized appreciation of approximately \$896.0 million and \$400.5 million, of which \$455.2 million and \$220.6 million is on unallocated shares.

The ESOP Preferred Stock is redeemable, in whole or in part, at the option of UTC at a redemption price of \$66.44 per share plus accrued and unpaid dividends. The redemption price decreases annually until it reaches \$65. However, upon notice to the Trustee of UTC's intention to redeem, the Trustee can convert each preferred share into two shares of UTC Common Stock if more beneficial to participants.

NOTE 5 - ESOP DEBT

In 1990, the Master Trust with UTC as guarantor executed a Note and Guaranty Agreement and issued \$660,000,000 of Series A, B, C and D notes (described below) representing the ESOP's permanent financing. The amounts outstanding under the Agreement, with interest rates and maturity dates, are as follows at December 31, 1996:

Note Series	Principal (000's)	Rate of Interest	Due
A	\$ 108,700	7.24%	1997 - 1999

B	286,600	7.68%	2000 - 2008
C	17,300	7.68%	2008
D	32,700	7.68%	2009
	\$ 445,300		

Required payments on these Notes, in aggregate, for the next five plan years are \$36.4 million in 1997, \$36.3 million in 1998, \$36.0 million in 1999, \$35.5 million in 2000, and \$35.0 million in 2001.

#### NOTE 6 - NOTE PAYABLE

The Note Payable is a promissory note to UTC issued in 1990, bearing interest at 10.5%, and due over the period 1997 to 2009. At December 31, 1996, \$79,233,000 was outstanding. Required principal payments on the Note for the next five years are \$4.6 million in 1997, \$4.6 million in 1998, \$4.8 million in 1999, \$4.9 million in 2000 and \$ 5.0 million in 2001.

#### NOTE 7 - PLAN TERMINATION

Although it has not expressed any intent to do so, UTC has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100 percent vested in their accounts.

#### NOTE 8 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following are reconciliations of net assets available for benefits and benefits paid from the financial statements to Form 5500:

(Thousands of Dollars)	December 31,	
	1996	1995
Net assets available for benefits per the financial statements	\$5,390,208	\$4,476,681
Amounts allocated to participant withdrawals	(38,084)	(24,765)
Net assets available for benefits per Form 5500	\$5,352,124	\$4,451,916
	Year Ended December 31, 1996	
Benefits paid to participants per the financial statements		\$ 207,938
Add: Amounts allocated to participant withdrawals at December 31, 1996		38,084
Less: Amounts allocated to participant withdrawals at December 31, 1995		(24,765)
Benefits paid to participants per Form 5500		\$ 221,257

Amounts allocated to participant withdrawals are recorded on Form 5500 for benefit claims that have been processed and approved for payment prior to December 31 but not yet paid as of that date.

#### NOTE 9 - TAX STATUS

The Internal Revenue Service has determined and informed UTC by letter dated September 23, 1996 that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan administrator and tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

#### NOTE 10 - SUBSEQUENT EVENTS

Effective January 1, 1997, Fidelity Institutional Retirement Services Company assumed the participant account recordkeeping responsibilities from Bankers Trust.

SIGNATURES

The Plan (or persons who administer the employee benefit plan), pursuant to the requirements of the Securities Exchange Act of 1934, has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

UNITED TECHNOLOGIES CORPORATION  
EMPLOYEE SAVINGS PLAN

Dated: June 26, 1997      By: /s/ Daniel P. O'Connell  
Daniel P. O'Connell  
Corporate Director, Employee Benefits and Human  
Resources Systems  
United Technologies Corporation

Exhibit 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 33-26627) of United Technologies Corporation of our report dated June 26, 1997 appearing in the United Technologies Corporation Employee Savings Plan's Annual Report on Form 11-K for the year ended December 31, 1996.

PRICE WATERHOUSE LLP  
Hartford, Connecticut  
June 26, 1997