

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C.  
20549

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

For the quarterly period ended September 30, 1994

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

United Technologies Building, Hartford, Connecticut 06101

(203) 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  No

At September 30, 1994 there were 124,658,499 shares of Common Stock outstanding.

PAGE

UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

CONTENTS OF QUARTERLY REPORT ON FORM 10-Q

Quarter Ended September 30, 1994

Page

Part I - Financial Information

Item 1. Financial Statements:

Condensed Consolidated Statement of Operations for the three months ended September 30, 1994 and 1993	1
Condensed Consolidated Statement of Operations for the nine months ended September 30, 1994 and 1993	2
Condensed Consolidated Balance Sheet at September 30, 1994 and December 31, 1993	3
Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 1994 and 1993	4
Notes to Condensed Consolidated Financial Statements	5
Report of Independent Accountants	7

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Position	8
--	---

Part II - Other Information

Item 1. Legal Proceedings	14
---------------------------	----

Item 6. Exhibits and Reports on Form 8-K	14
--	----

Signatures	15
------------	----

Exhibit Index	
---------------	--

UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
(Unaudited)

In Millions of Dollars (except per share amounts)	Three Months Ended September 30,	
	1994	1993
<b>Revenues:</b>		
Product sales	\$ 4,094	\$ 4,055
Service sales	1,041	1,001
Financing revenues and other income, net	118	72
	5,253	5,128
<b>Costs and expenses:</b>		
Cost of products sold	3,361	3,289
Cost of services sold	652	625
Research and development	229	263
Selling, general and administrative	611	608
Interest	59	60
	4,912	4,845
Income before income taxes and minority interests	341	283
Income taxes	118	99
Minority interests	29	27
Net Income	\$ 194	\$ 157
Preferred Stock Dividend Requirement	\$ 10	\$ 11
Earnings Applicable to Common Stock	\$ 184	\$ 146
<b>Per share of Common Stock:</b>		
Primary earnings	\$ 1.43	\$ 1.16
Fully diluted earnings	\$ 1.35	\$ 1.08
Dividends	\$ .50	\$ .45
<b>Average shares outstanding (in thousands):</b>		
Primary	127,975	126,518
Fully diluted	140,471	139,266



UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
(Unaudited)

In Millions of Dollars (except per share amounts)	Nine Months Ended September 30,	
	1994	1993
<b>Revenues:</b>		
Product sales	\$ 12,154	\$ 12,288
Service sales	3,032	3,001
Financing revenues and other income, net	394	273
	15,580	15,562
<b>Costs and expenses:</b>		
Cost of products sold	10,058	10,092
Cost of services sold	1,892	1,891
Research and development	730	832
Selling, general and administrative	1,862	1,895
Interest	178	192
	14,720	14,902
Income before income taxes and minority interests	860	660
Income taxes	310	242
Minority interests	78	67
Net Income	\$ 472	\$ 351
Preferred Stock Dividend Requirement	\$ 32	\$ 32
Earnings Applicable to Common Stock	\$ 440	\$ 319
<b>Per share of Common Stock:</b>		
Primary earnings	\$ 3.42	\$ 2.55
Fully diluted earnings	\$ 3.24	\$ 2.40
Dividends	\$ 1.40	\$ 1.35
<b>Average shares outstanding (in thousands):</b>		
Primary	128,772	125,467
Fully diluted	141,319	138,272



UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET  
(Unaudited)

In Millions of Dollars	September 30, 1994	December 31, 1993
Assets		
Cash and short-term cash investments	\$ 544	\$ 421
Accounts receivable	3,439	2,981
Future income tax benefits	619	794
Inventories and contracts in progress, net	3,139	3,153
Other current assets	162	357
Total Current Assets	7,903	7,706
Fixed assets	10,184	9,796
Less - accumulated depreciation	(5,704)	(5,231)
	4,480	4,565
Other assets	3,313	3,347
Total Assets	\$ 15,696	\$ 15,618
Liabilities and Shareowners' Equity		
Short-term debt	\$ 914	\$ 1,020
Accounts payable	1,613	1,815
Accrued liabilities	2,962	2,965
Accrued restructuring costs	154	245
Other current liabilities	1,001	875
Total Current Liabilities	6,644	6,920
Future income taxes payable	195	177
Long-term debt	1,894	1,939
Other long-term liabilities	2,965	2,808
Series A ESOP Convertible Preferred Stock	919	822
ESOP deferred charge and note receivable	(691)	(646)
	228	176
Shareowners' Equity:		
Common Stock	2,131	2,075
Treasury stock	(841)	(677)
Retained earnings	2,730	2,466
Deferred foreign currency translation adjustments	(211)	(227)
Minimum pension liability adjustment	(39)	(39)
	3,770	3,598
Total Liabilities and Shareowners' Equity	\$ 15,696	\$ 15,618





UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(Unaudited)

In Millions of Dollars	Nine Months Ended September 30,	
	1994	1993
Cash flows from operating activities:		
Net income	\$ 472	\$ 351
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	623	599
(Increase) decrease in accounts receivable and inventories, net of progress payments	(362)	380
Increase (decrease) in:		
Accounts payable and accrued liabilities	(273)	(710)
Future income taxes payable and future income tax benefits	115	15
Advances on sales contracts	120	55
Other, net	205	180
Net Cash Flows from Operating Activities	900	870
Cash flows from investing activities:		
Purchases of fixed assets	(489)	(551)
Acquisitions of business interests	(106)	-
Dispositions of business interests	238	-
(Increase) decrease in customer financings, net	17	(274)
Other, net	35	33
Net Cash Flows from Investing Activities	(305)	(792)
Cash flows from financing activities:		
Issuance of long-term debt	31	17
Repayments of long-term debt	(150)	(575)
Increase (decrease) in short-term borrowings, net	(50)	588
Dividends paid on Common and ESOP Preferred Stocks	(209)	(199)
Common Stock repurchase	(164)	-
Other, net	68	8
Net Cash Flows from Financing Activities	(474)	(161)
Effect of foreign exchange rate changes on cash and short-term cash investments	2	(17)
Net Increase (Decrease) in Cash and Short-Term Cash Investments	123	(100)
Cash and Short-Term Cash Investments, Beginning of year	421	354
Cash and Short-Term Cash Investments, End of period	\$ 544	\$ 254
Supplemental Disclosure of Cash Flow Information:		
Interest paid, net of amounts capitalized	\$ 134	\$ 171
Income taxes paid, net of refunds	147	114



UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

The condensed consolidated financial statements at September 30, 1994 and for the three-month and nine-month periods ended September 30, 1994 and 1993 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. Certain 1993 amounts have been reclassified to conform with the presentation at September 30, 1994.

In January 1994, the Corporation issued 1.4 million additional Series A Convertible Preferred shares to the ESOP. As required, these shares are accounted for under the November 1993 AICPA Statement of Position (SOP) 93-6, "Employers' Accounting for Employee Stock Ownership Plans," and are considered outstanding when they are committed to employee accounts. Adoption of SOP 93-6 is optional for previous ESOP Convertible Preferred shares, all of which are considered outstanding under the Corporation's current accounting methods. The Corporation is considering a fourth quarter 1994 adoption of SOP 93-6 for the previous ESOP Convertible Preferred shares with effect from January 1, 1994, which would result in restatement of each of the 1994 quarters. The principal impact of such adoption would be 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. It is not expected that adoption of SOP 93-6, including the recognition of the cumulative effect of this change, will materially impact full year earnings per share.

While there has been no significant change in the Corporation's material contingencies during 1994, the matters previously described in Note 13 of Notes to Financial Statements in the Corporation's Annual Report on Form 10K for calendar year 1993 are summarized below.

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 has been identified as a potentially responsible party under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or Superfund) for environmental remediation at 89 federal Superfund sites, many of which relate to formerly-owned businesses. Additionally, the Corporation is potentially responsible for remediation under federal, state and/or local regulations at other sites. The Corporation has adequately provided for its share of future remediation and related expenditures at Superfund and other known sites for which it may have some remediation responsibility.

The Corporation has instituted legal proceedings against its insurers seeking insurance coverage for remediation costs, property damage, third party liability and related costs. The two suits against the Corporation's insurers who hold third party liability policies have resulted in settlements with many of the defendants. However, since all defendants have not settled, the cases continue and it is expected that they will last several years. The case against the holders of the Corporation's property damage insurance policies is proceeding and no settlements have been made in that case. Potential insurance reimbursements are not recorded. The Corporation believes that expenditures



UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

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.

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 also has other commitments and contingent liabilities related to legal proceedings and matters arising out of the normal course of business. Management believes that resolution of these matters will not have a material adverse effect upon the results of operations, financial position, or cash flows of the Corporation.



UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

With respect to the unaudited condensed consolidated financial information of United Technologies Corporation for the three and nine-month periods ended September 30, 1994 and 1993, 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 October 19, 1994 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 nine-month periods ended September 30, 1994 and 1993, the condensed consolidated statement of cash flows for the nine months ended September 30, 1994 and 1993, and the condensed consolidated balance sheet as of September 30, 1994. 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, 1993, and the related consolidated statements of operations, of cash flows and of changes in shareowners' equity for the year then ended (not presented herein), and in our report dated January 26, 1994, 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, 1993, when read in conjunction with the consolidated financial statements from which it has been derived, is fairly stated in all material respects in relation thereto.

PRICE WATERHOUSE LLP

Hartford, Connecticut  
October 19, 1994





UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

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

BUSINESS ENVIRONMENT

The Corporation's major business units serve commercial property and residential housing, government and commercial aerospace, and automotive manufacturing customers. Like many businesses, these operations are increasingly affected by global, as well as regional, economic cycles. While the U.S. economy continues to strengthen, the results of key international economies are mixed and are expected to continue to exert a negative influence on the Corporation's results of operations in the near term.

U.S. residential housing starts continued to increase, up 19% in the first nine months of 1994 over the same period in 1993, however, commercial construction starts remain weak. U.S. commercial vacancy rates have improved only marginally from the 1992 peak of 18%. Construction activity in Europe and Japan remains weak while activity in China and other Asia-Pacific countries continues to be strong.

North American car and light truck production increased 12% (1,153,000 units) in the first nine months of 1994 over the comparable period in 1993. Although slightly improved, the European market continues to be adversely affected by the lingering recession in Europe and is expected to underperform the North American market in the near future.

Although several domestic airlines have begun to show improved profitability for the first time in several years, the commercial airline industry continues to be adversely affected by and respond to global market weakness. The financial performance of the Corporation's Pratt & Whitney segment and, to a lesser extent, the Flight Systems segment is directly correlated to the commercial aerospace industry. The Pratt & Whitney segment is a major supplier of commercial aircraft engines and spare parts. The Flight Systems segment, through Hamilton Standard, provides fuel and environmental control systems and propellers for commercial aircraft. While the order rates for commercial aircraft engine spare parts have shown modest improvement, new commercial aircraft volumes continue to decrease.

The U.S. Defense industry continues to experience significant downsizing, and further consolidation within the industry is expected. As a result, the Corporation has continued to reduce its reliance on U.S. Defense contracts over the past few years. This trend has been partially offset by increased foreign military sales.

In the first quarter of 1994, certain revisions were made in the Corporation's segment reporting. The Corporation's USBI and Chemical Systems businesses have been reclassified into the Pratt & Whitney segment from the Flight Systems segment. In addition, the non-UT Automotive portion of the Automotive segment, a small amount representing the remainder of the former Industrial Products segment, and the Other segment have been reclassified to Financing Revenues and Other Income. These segment reporting changes are intended to align external reporting with the manner in which the operating units are managed and measured from an internal profitability perspective. Previously reported segment information has been restated to reflect these changes.



UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

RESULTS OF OPERATIONS

In Millions of Dollars	Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
	1994	1993	1994	1993
Product sales	\$ 4,094	\$ 4,055	\$ 12,154	\$ 12,288
Service sales	1,041	1,001	3,032	3,001
Financing revenues and other income, net	118	72	394	273

Consolidated revenues increased \$125 million and \$18 million for the three-month and nine-month periods ended September 30, 1994, respectively, from the comparable 1993 periods. Increases in sales volumes in the Carrier, Otis and Automotive segments were partially offset by the impact of continuing reductions in commercial aerospace volumes in the Pratt & Whitney and Flight Systems segments. Financing revenues and other income increased in the 1994 third quarter and nine-month periods by \$46 million and \$121 million, respectively, from the corresponding 1993 periods. The increase in the third quarter is principally due to more events than in the comparable 1993 quarter which give rise to financing revenues and other income including miscellaneous asset sales, insurance litigation settlements and interest income. Other income in the 1994 nine-month period includes \$87 million realized in the Flight Systems segment on the sale of the equity share holdings in Westland Group plc. in April 1994.

Revenues for the Corporation's principal business segments for the three-month and nine-month periods ended September 30, 1994 and 1993 and analysis of the variations for 1994 compared to 1993 follow:

In Millions of Dollars	Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
	1994	1993	1994	1993
Pratt & Whitney	\$ 1,376	\$ 1,433	\$ 4,214	\$ 4,679
Flight Systems	768	893	2,428	2,529
Carrier	1,363	1,209	3,721	3,384
Otis	1,158	1,087	3,348	3,286
Automotive	606	528	1,914	1,733

Pratt & Whitney segment revenues for the third quarter of 1994 and the nine-month period ended September 30, 1994 decreased \$57 million (4%) and \$465 million (10%), respectively, from the comparable 1993 periods. During the 1994 periods, shipments of commercial engines and sales of government spare parts were lower than the 1993 periods. Also, the 1993 second quarter included revenues resulting from the renegotiation of certain aircraft leases. These reductions during the first nine months of 1994 were partially offset by higher commercial spare parts sales and military engine shipments. Commercial spare parts sales and military engine shipments during the 1994 third quarter were essentially unchanged from the same period in 1993.

Third quarter 1994 Flight Systems segment revenues decreased \$125 million (14%) from the comparable quarter of 1993. Excluding the gain on the sale of the equity share holdings in Westland Group plc. which was recognized in the second quarter of 1994, segment revenues for the nine-month period decreased \$188 million (7%) from the same period in 1993. Revenues decreased in both periods of 1994 from 1993 primarily as a result of lower helicopter volumes at



UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

Sikorsky, continuing reductions in commercial aerospace volumes at Hamilton Standard, and the absence of Norden revenues.

Carrier segment revenues increased \$154 million (13%) and \$337 million (10%) for the three-month and nine-month periods ended September 30, 1994, respectively, over the comparable 1993 periods. Revenues in the 1994 third quarter were higher in all geographic regions and at Carrier Transicold. Revenues in the European region for the nine-month period remained lower than the comparable 1993 period primarily due to lower volumes.

Otis segment revenues for the third quarter of 1994 and the nine-month period ended September 30, 1994 increased \$71 million (7%) and \$62 million (2%), respectively, over the comparable 1993 periods. Increased revenues in the Pacific Rim, in part as a result of the consolidation of the operations in China earlier in 1994 were partially offset by lower revenues in Europe and Latin America. The impact of the translation of foreign currency revenues into U.S. dollars was a negative \$67 million for the 1994 nine-month period and a favorable \$22 million for the 1994 third quarter.

Revenues from the Automotive segment increased \$78 million (15%) and \$181 million (10%) in the 1994 third quarter and nine-month period, respectively, over comparable 1993 amounts primarily due to higher North American industry volumes and increased European market penetration. North American car and light truck production was up 16% in the third quarter of 1994 from the third quarter of 1993 and increased approximately 12% in the 1994 nine-month period over the corresponding 1993 period.

Margin information on the Corporation's product and service sales for the three-month and nine-month periods ended September 30, 1994 and 1993 follows:

In Millions of Dollars	Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
	1994	1993	1994	1993
Cost of products sold	\$ 3,361	\$ 3,289	\$ 10,058	\$ 10,092
Product margin %	17.9%	18.9%	17.2% *	17.9%
Cost of services sold	652	625	1,892	1,891
Service margin %	37.4%	37.6%	37.6%	37.0%

\* Product margin percentage for the nine months ended September 30, 1994 was 17.9% before the impact of charges for downsizing and other actions described below.

Product margins during the third quarter of 1994 were lower than the same period in 1993 principally as a result of higher costs associated with the introduction of new products and lower production volumes at Hamilton Standard. Product margins showed stability or improvement at all of the Corporation's other business units for the quarter.

Operating profits in the Corporation's principal business segments for the three-month and nine-month periods ended September 30, 1994 and 1993 and analysis of the variations for 1994 compared to 1993 are presented below.

In the 1994 second quarter management approved certain volume related downsizing and other actions at Pratt & Whitney and at the Hamilton Standard division of Flight Systems. These included workforce reduction plans at Pratt & Whitney in Canada and at Hamilton Standard, the writedown of property held for sale, the closure and consolidation of certain facilities and, at Hamilton Standard, the disposition of certain lower margin product lines. These actions



UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

resulted in charges of \$50 million and \$35 million, respectively, in the Pratt & Whitney and Flight Systems results for the second quarter.

In Millions of Dollars	Quarter Ended September 30,		Nine Months Ended September 30,		
	1994	1993	1994		1993
			With	Without	
Pratt & Whitney	\$ 110	\$ 58	\$ 247	\$ 297	\$ 104
Flight Systems	57	91	203	151	242
Carrier	127	114	252	252	207
Otis	111	100	309	309	292
Automotive	31	20	131	131	111

Operating profits for 1994 are shown above with and without the effect of the downsizing and other actions described above and of the \$87 million gain realized in Flight Systems on the sale of the equity share holdings in Westland Group plc. For analysis and comparison, the discussions below of the nine-month period will be based on 1994 operating results without the effect of the downsizing charges and the Westland gain.

Pratt & Whitney segment operating profits increased \$52 million and \$193 million for the 1994 third quarter and nine-month period, respectively, from the comparable 1993 periods. Pratt's operating profit increased in both periods of 1994 from 1993 primarily as a result of the benefits of cost reduction programs and lower research and development spending, and for the nine-month period, higher commercial spare parts sales partially offset by the impact of higher manufacturing cost estimates on commercial engine contracts, principally related to higher initial production costs on the PW4084 engine.

Flight Systems operating profits decreased \$34 million (37%) and \$91 million (38%) in the three-month and nine-month periods ended September 30, 1994, respectively, from the corresponding 1993 periods. Operating profits decreased in both periods of 1994 from 1993 primarily as a result of continuing reductions in commercial aerospace volumes at Hamilton Standard, the absence of Norden results, and for the 1994 third quarter, lower helicopter volumes at Sikorsky. Lower 1994 results at Hamilton Standard are expected to negatively impact full year results for the Flight Systems segment.

Carrier segment operating profits for the third quarter and nine-month period ended September 30, 1994 increased \$13 million (11%) and \$45 million (22%), respectively, over the comparable 1993 periods primarily due to improved results in North America and at Carrier's Transcold business. The increases were further supplemented by improved European results during the 1994 third quarter as compared to the corresponding quarter in 1993.

Segment operating profits for Otis in the third quarter and first nine-months of 1994 increased from the comparable 1993 periods \$11 million (11%) and \$17 million (6%), respectively. Operating profits increased in all regions with the exception of Latin America. Increases in the Pacific Rim were particularly strong for the periods, in part from the increased investment made in China earlier in the year which allowed for full consolidation.

Automotive segment operating profits for the three-month and nine-month periods ended September 30, 1994 increased \$11 million (55%) and \$20 million (18%), respectively, over the comparable 1993 periods. The increases are primarily attributable to higher sales volumes and the absence of the 1993 third





UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

quarter charges to rationalize certain manufacturing operations in Europe. Partially offsetting the 1994 increases were higher launch costs in support of new business awards in North America.

Research and development expenses decreased \$34 million (13%) and \$102 million (12%) in the third quarter and first nine-months of 1994, respectively, from the comparable 1993 periods. The decreases occurred mainly at Pratt & Whitney where the development phases of the PW4084 and PW4168 commercial engine programs are reaching maturity.

Selling, general and administrative expenses for the third quarter of 1994 remained essentially unchanged from the corresponding period in 1993 and decreased \$33 million (2%) in the 1994 nine-month period from 1993. The nine-month decrease resulted principally from the effects of the Corporation's restructuring efforts initiated in the first quarter of 1992 which have increasingly reduced ongoing general and administrative expenses. Such decrease in the 1994 third quarter was offset by sales volume related increases at Carrier, the consolidation of Otis operations in China in early 1994 and the unfavorable translation impact of the U.S. dollar.

Interest expense decreased \$1 million (2%) and \$14 million (7%) in the third quarter and first nine months of 1994, respectively, primarily as a result of the Corporation's cash management and debt reduction programs, partially offset by the effect of slightly higher interest rates.

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, 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 from the Consolidated Statement of Cash Flows:

In Millions of Dollars	Nine Months Ended September 30,	
	1994	1993
Net Cash Flows from Operating Activities	\$ 900	\$ 870
Purchases of fixed assets	\$ (489)	\$ (551)
Acquisitions of business interests	(106)	-
Dispositions of business interests	238	-
Customer financing activities, net	17	(274)
Other investing activities	35	33
Net Cash Flows from Investing Activities	\$ (305)	\$ (792)
Net Cash Flows from Financing Activities	\$ (474)	\$ (161)

Cash inflow from operations was \$900 million during the nine-month period ended September 30, 1994 versus \$870 million in the corresponding period of 1993. The impact of the Corporation's improved operating performance was offset by the \$150 million payment made during the 1994 second quarter to the U.S.



UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

Government for a previously reported settlement by Sikorsky Aircraft. The amount of the settlement was accrued in prior years.

During 1994, the Corporation received proceeds of approximately \$238 million primarily from the sales of the equity share holdings in Westland Group plc. and the net operating assets (excluding real property) of its Norden subsidiary. Also during 1994, the Corporation invested \$106 million for acquisitions, principally to acquire minority shareowners' interests in Otis and Carrier subsidiaries in Europe.

Financing activities include the use of \$164 million for the repurchase, commencing in April 1994, of approximately 2.6 million shares of the Corporation's common stock under a previously announced program to repurchase shares to counter the dilutive effect of shares issued under employee compensation and benefit programs.

Selected financial data as of September 30, 1994, December 31, 1993 and September 30, 1993 follows:

In Millions of Dollars	September 30, 1994	December 31, 1993	September 30, 1993
Net working capital	\$ 1,259	\$ 786	\$ 631
Current asset ratio	1.2 to 1	1.1 to 1	1.1 to 1
Short-term borrowings and current portion of long-term debt	\$ 914	\$ 1,020	\$ 1,152
Long-term debt	1,529	1,560	1,645
Capital lease obligations	365	379	385
Shareowners' equity	3,770	3,598	3,485
Debt to total capitalization	43%	45%	48%

The Corporation's ratio of debt to total capitalization at September 30, 1994 decreased five percentage points from the same date one year earlier as a result of operating results and improved cash flow.

As previously disclosed, the Corporation filed a registration statement with the Securities and Exchange Commission on January 19, 1994 pursuant to its plan to sell to the public a 40 percent equity interest in UT Automotive, the Corporation's Automotive segment. The Corporation deferred action on the offering of 17.8 million shares of UT Automotive in light of market conditions, and the offering has been withdrawn.

For a description of the Corporation's material contingencies, refer to Notes to Condensed Consolidated Financial Statements at pages 5 and 6 of this report and Part I, Item 3 - Legal Proceedings of the Corporation's Annual Report on Form 10K for calendar year 1993.



UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

Part II - Other Information

Item 1. Legal Proceedings

As previously reported, the Corporation, in March 1992, received a subpoena from the Department of Defense Inspector General requesting documents in connection with Pratt & Whitney's sale 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, the Civil Division of the Department of Justice is also investigating and has indicated its intent to pursue this matter under the False Claims Act. The Department of Justice has calculated single damages as \$10 million and, under the False Claims Act, these damages could be trebled. Management believes that resolution of this matter will not have a material adverse effect upon the results of operations, financial position, cash flows, or competitive position of the Corporation.

Other than the matter described above, there has been no material change in legal proceedings during the third quarter of 1994. (For a description of previously reported legal proceedings, refer to Part 1, Item 3 - Legal Proceedings of the Corporation's Annual Report on Form 10K for calendar year 1993 and to Part II, Item 1 - Legal Proceedings of the Corporation's reports on Form 10Q for the first and second quarters of calendar year 1994.)

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.

(b) No Reports on Form 8-K were filed during the quarter ended September 30, 1994.



UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

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: November 14, 1994 By: Stephen F. Page  
Stephen F. Page  
Executive Vice President and  
Chief Financial Officer

Dated: November 14, 1994 By: George E. Minnich  
George E. Minnich  
Vice President and Controller

Dated: November 14, 1994 By: 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





UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

COMPUTATION OF PER SHARE EARNINGS

In Millions of Dollars (except per share amounts)	Three Months Ended	
	September 30, 1994	1993
Earnings applicable to Common Stock	\$ 184	\$ 146
Add back of Common Stock dividend upon assumed conversion of ESOP Preferred Stock	6	4
Fully diluted net earnings for period	\$ 190	\$ 150
Average number of common shares outstanding during period (four month-end average)	127,975,384	126,517,907
Fully diluted average number of common shares outstanding, assuming all outstanding convertible securities had been converted on the dates of issue	140,471,050	139,265,793
Primary earnings per common share	\$ 1.43	\$ 1.16
Fully diluted earnings per common share	\$ 1.35	\$ 1.08

PAGE

Exhibit 11

UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

COMPUTATION OF PER SHARE EARNINGS

In Millions of Dollars (except per share amounts)	Nine Months Ended	
	September 30, 1994	1993

Earnings applicable to Common Stock	\$	440	\$	319
Add back of Common Stock dividend upon assumed conversion of ESOP Preferred Stock		18		12
Fully diluted net earnings for period	\$	458	\$	331
Average number of common shares outstanding during period (ten month-end average)		128,771,788		125,467,437
Fully diluted average number of common shares outstanding, assuming all outstanding convertible securities had been converted on the dates of issue		141,318,873		138,272,299
Primary earnings per common share	\$	3.42	\$	2.55
Fully diluted earnings per common share	\$	3.24	\$	2.40

PAGE



UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

In Millions of Dollars	Nine Months Ended September 30,	
	1994	1993
Fixed Charges:		
Interest on indebtedness	\$ 178	\$ 192
Interest capitalized	17	23
One-third of rents*	76	76
 Total Fixed Charges	 \$ 271	 \$ 291
Earnings:		
Income before income taxes and minority interests	\$ 860	\$ 660
 Fixed charges per above	 271	 291
Less: interest capitalized	(17)	(23)
	254	268
 Amortization of interest capitalized	 32	 31
 Total Earnings	 \$ 1,146	 \$ 959
 Ratio of Earnings to Fixed Charges	 4.23	 3.30

\* Reasonable approximation of the interest factor.

November 14, 1994

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 October 19, 1994 (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, and 33-6452) and Form S-8 (Nos. 33-45440, 33-11255, 33-26580, 33-26627, 33-28974, 33-51385, 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 September 30, 1994 (Unaudited) and the Condensed Consolidated Statement of Operations for the nine months ended September 30, 1994 (Unaudited) and is qualified in its entirety by reference to such financial statements.

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9-MOS		
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	JAN-01-1994	
	SEP-30-1994	544
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		3.24