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, 1998

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, 1998 there were 228,029,546 shares of Common Stock outstanding.

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

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Quarter Ended June 30, 1998

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

In Millions of Dollars (except per share amounts)	Quarter Ended June 30, 1998	1997
Revenues:		
Product sales	$ 5,333	$ 5,146
Service sales	1,347	1,286
Financing revenues and other income, net	(15)	51
	6,665	6,483
Costs and expenses:		
Cost of products sold	4,131	4,081
Cost of services sold	847	807
Research and development	320	316
Selling, general and administrative	750	727
Interest	47	49
	6,095	5,980
Income before income taxes and minority interests	570	503
Income taxes	182	162
Minority interests	28	37
Net Income	$ 360	$ 304
Earnings per share of common stock:		
Basic	$ 1.54	$ 1.26
Diluted	$ 1.44	$ 1.19
Dividends per share of common stock	$ .36	$ .31
Average number of shares outstanding (in thousands)		
Basic	229,132	235,831
Diluted	249,098	255,024

See accompanying Notes to Condensed Consolidated Financial Statements

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, 1998	1997
Revenues:		
Product sales	$ 10,058	$ 9,791
Service sales	2,646	2,527
Financing revenues and other income, net	72	99
	12,776	12,417
Costs and expenses:		
Cost of products sold	7,918	7,841
Cost of services sold	1,672	1,583
Research and development	628	587
Selling, general and administrative	1,481	1,429
Interest	96	97
	11,795	11,537
Income before income taxes and minority interests	981	880
Income taxes	313	286
Minority interests	48	66
Net Income	$ 620	$ 528
Earnings per share of common stock:		
Basic	$ 2.63	$ 2.17
Diluted	$ 2.48	$ 2.05
Dividends per share of common stock	$ .67	$ .62
Average number of shares outstanding (in thousands):		
Basic	229,240	236,574
Diluted	248,923	255,588

See accompanying Notes to Condensed Consolidated Financial Statements

UNITED TECHNOLOGIES CORPORATION
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CONDENSED CONSOLIDATED BALANCE SHEET

In Millions of Dollars	June 30, 1998 (Unaudited)	December 31, 1997
Assets		
Cash and cash equivalents	$ 718	$ 755
Accounts receivable, net	4,259	3,789
Inventories and contracts in progress, net	3,073	3,173
Future income tax benefits	1,279	1,111
Other current assets	284	420
Total Current Assets	9,613	9,248
Fixed assets	10,622	10,655
Less - accumulated depreciation	(6,491)	(6,393)
	4,131	4,262
Other assets	3,714	3,209
Total Assets	$ 17,458	$ 16,719
Liabilities and Shareowners' Equity		
Short-term borrowings	$ 221	$ 217
Accounts payable	2,043	1,978
Accrued liabilities	5,318	4,993
Long-term debt currently due	100	123
Total Current Liabilities	7,682	7,311
Long-term debt	1,221	1,275
Future pension and postretirement benefit obligations	1,279	1,267
Other long-term liabilities	2,533	2,343
Series A ESOP Convertible Preferred Stock	849	865
ESOP deferred compensation	(397)	(415)
	452	450
Shareowners' Equity:		
Common Stock	2,604	2,488
Treasury Stock	(2,746)	(2,472)
Retained earnings	4,981	4,558
Accumulated other non-shareowner changes in equity	(548)	(501)
	4,291	4,073
Total Liabilities and Shareowners' Equity	$ 17,458	$ 16,719

See accompanying Notes to Condensed Consolidated Financial Statements

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

In Millions of Dollars	Six Months Ended June 30, 1998	1997
Operating activities:		
Net income	$ 620	$ 528
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	428	430
Deferred income tax benefit	(165)	(165)
Change in:		
Accounts receivable	(385)	(179)
Inventories and contracts in progress	172	41
Accounts payable and accrued liabilities	379	244
Other current assets	123	64
Other, net	130	129
Net cash flows provided by operating activities	1,302	1,092
Investing activities:		
Capital expenditures	(329)	(350)
Acquisitions of business units	(434)	(101)
Dispositions of business units	-	35
(Increase) decrease in customer financing assets, net	(125)	25
Other, net	33	91
Net cash flows used in investing activities	(855)	(300)
Financing activities:		
Issuance of long-term debt	2	1
Repayments of long-term debt	(81)	(56)
Increase (decrease) in short-term borrowings, net	5	(8)
Dividends paid on Common Stock	(154)	(147)
Common stock repurchase	(277)	(302)
Other, net	36	29
Net cash flows used in financing activities	(469)	(483)
Effect of foreign exchange rate changes on Cash and cash equivalents	(15)	(23)
Net (decrease) increase in cash and cash equivalents	(37)	286
Cash and cash equivalents, beginning of year	755	1,127
Cash and cash equivalents, end of period	$ 718	$ 1,413

See accompanying Notes to Condensed Consolidated Financial Statements

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

The Condensed Consolidated Financial Statements at June 30, 1998 and for the quarters and six-month periods ended June 30, 1998 and 1997 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 reclassifications have been made to prior year amounts to conform to the current year presentation.

In the first quarter of 1998, the Corporation adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." The Statement requires disclosure of total non-shareowner changes in equity in interim periods and additional disclosures of the components of non-shareowner changes in equity on an annual basis. Total non-shareowner changes in equity includes all changes in equity during a period except those resulting from investments by and distributions to shareowners. The specific components include: net income, deferred gains and losses resulting from foreign currency translation and minimum pension liability adjustments. Total non-shareowner changes in equity were $310 million and $573 million in the second quarter and six-month period of 1998, compared to $291 million and $416 million in the same periods of 1997.

In June of 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" which must be adopted by January 1, 2000. The Corporation is evaluating the impact of the new requirement. At this time, management does not expect implementation will result in a material impact on the Corporation's financial position, results of operations or cash flows.

Contingent Liabilities

While there has been no significant change in the Corporation's material contingencies during 1998, the matters previously described in Note 14 of the Notes to Consolidated Financial Statements in the Corporation's Annual Report, incorporated by reference in the Corporation's Annual Report on Form 10-K for calendar year 1997, 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.

Environmental investigatory, remediation, operating and maintenance costs are accrued when it is probable that a liability has been incurred and the amount 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 based on an evaluation of currently available facts with respect to each individual site including existing technology, current laws and regulations and prior remediation experience. For sites with multiple responsible parties, the Corporation considers its likely proportionate share of the anticipated remediation costs and the ability of the other parties to fulfill their obligations in establishing a provision for those costs. Liabilities with fixed or reliably determinable future cash payments are discounted.

The Corporation has had insurance in force over its history with a number of insurance companies and has commenced litigation seeking indemnity and defense

under these insurance policies in relation to its environmental liabilities. The litigation is expected to last several years. Environmental liabilities are not reduced by potential insurance reimbursements.

As discussed above, the Corporation has accrued for the costs of environmental remediation activities and periodically reassesses these amounts. Management believes that losses materially in excess of amounts accrued are not reasonably possible.

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

UNITED TECHNOLOGIES CORPORATION
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Earnings Per Share

In Millions of Dollars (except per share amounts)	Quarter Ended June 30, 1998	Quarter Ended June 30, 1997	Six Months Ended June 30, 1998	Six Months Ended June 30, 1997
[S]			[C]	[C]
Net Income	$ 360	$ 304	$ 620	$ 528
ESOP Stock dividends	(8)	(8)	(16)	(16)
Basic earnings	352	296	604	512
ESOP Stock adjustment	7	7	13	13
Diluted earnings	$ 359	$ 303	$ 617	$ 525
Average shares (thousands):				
Basic	229,132	235,831	229,240	236,574
Stock awards	6,408	6,005	6,115	5,906
ESOP Stock	13,558	13,188	13,568	13,108
Diluted	249,098	255,024	248,923	255,588
Basic earnings per share	$ 1.54	$ 1.26	$ 2.63	$ 2.17
Diluted earnings per share	$ 1.44	$ 1.19	$ 2.48	$ 2.05

UNITED TECHNOLOGIES CORPORATION
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With respect to the unaudited condensed consolidated financial information of United Technologies Corporation for the quarters and six-month periods ended June 30, 1998 and 1997, PricewaterhouseCoopers LLP ("PricewaterhouseCoopers") reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated July 22, 1998 appearing below, states that they did not audit and they do not express an opinion on that unaudited condensed consolidated financial information. PricewaterhouseCoopers 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. PricewaterhouseCoopers is not subject to the liability provisions of section 11 of the Securities Act of 1933 ("the Act") 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 PricewaterhouseCoopers within the meaning of sections 7 and 11 of the Act.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareowners of
United Technologies Corporation

We have reviewed the accompanying condensed consolidated statement of operations of United Technologies Corporation and consolidated subsidiaries for the quarters and six months ended June 30, 1998 and 1997, the condensed consolidated statement of cash flows for the six months ended June 30, 1998 and 1997, and the condensed consolidated balance sheet as of June 30, 1998. 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, 1997, and the related consolidated statements of operations, of changes in shareowners' equity and of cash flows for the year then ended (not presented herein), and in our report dated January 22, 1998 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, 1997, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers LLP
Hartford, Connecticut
July 22, 1998

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

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

BUSINESS ENVIRONMENT

The Corporation's operations are classified into five principal business segments. Otis, Carrier and UT Automotive subsidiaries serve customers in the commercial property, residential housing and automotive industries. Pratt & Whitney and the Flight Systems segment, which includes Sikorsky Aircraft and Hamilton Standard, serve commercial and government customers in the aerospace industry. As worldwide businesses, these operations are affected by global and regional economic factors. However, the diversity of the Corporation's businesses and global market presence has helped limit the impact of any one industry or the economy of any single country on the consolidated results.

Economic growth rates in the Asia Pacific region slowed during the latter part of 1997. Tightening of credit in Asia has restricted available financing for new construction and slowed the completion of projects currently underway, resulting in less activity compared to recent years. While recognizing that the Asian economic downturn may continue beyond 1998, management believes the long-term economic growth prospects of the region remain intact. Therefore, the Corporation's Asian investment strategy continues to focus on the long-term infrastructure requirements of the region.

U.S. residential housing starts increased in the second quarter and six-month period of 1998 compared to the same periods of 1997. Commercial construction activity was essentially flat in the second quarter while increasing in the six-month period of 1998 compared to the same periods of 1997. U.S. commercial property vacancy rates continued to improve.

North American car and light truck production was lower in the second quarter and six-month period of 1998 compared to the same periods of 1997, primarily as a result of the General Motors strike. European car sales increased in the second quarter and six-month period of 1998 compared to the same periods of 1997.

Worldwide airline profits, traffic growth and load factors have been a reliable indicator for new aircraft and after-market orders. U.S. and European airlines are experiencing strong levels of profitability driven primarily by higher traffic growth, improved yields and major cost reduction programs. Airlines in the Asia Pacific region have suffered declines in operating results reflecting weaker local economies. This erosion in earnings has resulted in a decrease in new orders for aerospace products and cancellations or deferrals of existing orders throughout the industry.

The defense portion of the Corporation's aerospace businesses continues to respond to a changing global political environment. The U.S. defense industry continues to downsize and consolidate in response to continued pressure on U.S. defense spending.

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RESULTS OF OPERATIONS

Consolidated revenues and margin percentages were as follows:

In Millions of Dollars	Quarter Ended June 30, 1998	Quarter Ended June 30, 1997	Six Months Ended June 30, 1998	Six Months Ended June 30, 1997
Sales	$ 6,680	$ 6,432	$ 12,704	$ 12,318
Financing revenues and other income, net	(15)	51	72	99
Revenues	$ 6,665	$ 6,483	$ 12,776	$ 12,417
Gross margin %	25.5%	24.0%	24.5%	23.5%

Consolidated revenues for the second quarter and six-month period of 1998 increased 3% over the same periods of 1997. Excluding the unfavorable impact of foreign currency translation, revenues would have increased 5% in both the second quarter and six-month period of 1998 compared to the same periods of 1997, driven by growth at Carrier, Pratt & Whitney and Flight Systems.

Financing revenues and other income, net, decreased $66 million and $27 million in the second quarter and six-month period of 1998 from the same periods of 1997. The second quarter results reflect costs of Pratt & Whitney's repurchase of a small interest from a participant in a commercial engine program and lower interest income. The year-to-date amounts also include the favorable settlement of a contract dispute with the U.S. Government which occurred in the first quarter of 1998.

Gross margin as a percentage of sales increased 1.5 and 1.0 percentage points in the second quarter and six-month period of 1998 compared to the same periods of 1997, primarily due to improvements at Pratt & Whitney and UT Automotive.

Research and development expenses increased $4 million (1%) and $41 million (7%) in the second quarter and six-month period of 1998 compared to 1997. The increase in the six-month period is due to higher expenses in all segments, but principally Pratt & Whitney and UT Automotive. As a percentage of sales, research and development was 4.8% and 4.9% in the second quarter and six-month period of 1998 compared to 4.9% and 4.8% in the second quarter and six-month period of 1997. Research and development expenses in 1998 are expected to increase from 1997, but are expected to be approximately 5% of sales.

Selling, general and administrative expenses increased $23 million (3%) and $52 million (4%) in the second quarter and six-month period of 1998 over the same periods of 1997 primarily due to increases at Carrier, largely due to acquisitions and Pratt & Whitney. These expenses decreased as a percentage of sales to 11.2% in the second quarter of 1998 from 11.3% in the second quarter of 1997 while increasing as a percentage of sales to 11.7% in the six-month period of 1998 from 11.6% in the six-month period of 1997.

The effective tax rate for the six-month period of 1998 was 31.9%, compared to an effective tax rate of 32.5% for the six-month period of 1997. The Corporation has continued to lower its effective income tax rate by implementing tax reduction strategies.

Revenues and operating profits of the Corporation's principal business segments for the quarters and six-month periods ended June 30, 1998 and 1997 are as follows (in millions of dollars):

	Revenues		Operating Profits		Operating Profit Margin	
	1998	1997	1998	1997	1998	1997
Quarter Ended June 30,						
Otis	$ 1,337	$ 1,397	$ 140	$ 133	10.5%	9.5%
Carrier	1,878	1,691	195	167	10.4%	9.9%
UT Automotive	756	782	45	33	6.0%	4.2%
Pratt & Whitney	1,974	1,944	248	210	12.6%	10.8%
Flight Systems	756	685	73	70	9.7%	10.2%
Six Months Ended June 30,						
Otis	$ 2,659	$ 2,765	$ 238	$ 264	9.0%	9.5%
Carrier	3,376	3,078	213	237	6.3%	7.7%
UT Automotive	1,485	1,523	94	64	6.3%	4.2%
Pratt & Whitney	3,890	3,663	541	392	13.9%	10.7%
Flight Systems	1,432	1,420	138	141	9.6%	9.9%

Otis revenues decreased 4% in the second quarter and six-month period of 1998 compared to 1997. Excluding the unfavorable impact of foreign currency translation, revenues would have been flat in the second quarter and increased 1% in the six-month period of 1998, with increases in Europe and the Americas, largely offset by declines in Asia.

Otis operating profits increased $7 million (5%) in the second quarter and decreased $26 million (10%) in the six-month period of 1998 compared to 1997. The increase in the second quarter of 1998 reflects improvements in Europe and the Americas, partially offset by declines in Asia and the unfavorable impact of foreign currency translation. The 1998 year-to-date results include charges in the first quarter related to salaried workforce reductions and the consolidation of manufacturing and engineering facilities. Excluding these charges, 1998 year-to-date operating profits increased.

Carrier revenues increased 11% and 10% in the second quarter and six-month period of 1998 compared to 1997. Excluding the unfavorable impact of foreign currency translation, revenues would have increased 15% and 14% in the second quarter and six-month period of 1998, due to the impact of 1997 acquisitions and increases in the Americas, Europe and transport refrigeration operations, partially offset by declines in Asia.

Carrier operating profits increased $28 million (17%) in the second quarter and decreased $24 million (10%) in the six-month period of 1998 compared to 1997. The 1998 second quarter results reflect improvement in the transport refrigeration operations, the Americas, Europe and the impact of 1997 acquisitions, partially offset by declines in Asia and the unfavorable impact of foreign currency translation. The 1998 year-to-date results include charges in the first quarter related to workforce reductions, plant closures and implementation of a new manufacturing strategy in the rotary chiller business. Excluding these charges, 1998 year-to-date operating profits increased.

UT Automotive revenues decreased 3% and 2% in the second quarter and six-month period of 1998 compared to 1997 reflecting declines in the electrical and interiors businesses and the unfavorable impact of foreign currency translation, partially offset by improvement in Europe.

UT Automotive operating profits increased $12 million (36%) and $30 million (47%) in the second quarter and six-month period of 1998 compared to 1997. The second quarter results reflect improvement in the interiors business and in Europe, partially offset by declines in the electrical business. In addition, the 1997 second quarter results included charges related to administrative workforce reductions and a provision for a plant closure. The six-month results reflect improvement in all businesses. The strike at General Motors did not have a significant impact on second quarter 1998 results. However, the loss of General Motors volume for an extended period could have a negative effect on UT Automotive's financial performance, although any impact on the Corporation as a whole would not be significant.

Pratt & Whitney revenues increased 2% and 6% in the second quarter and six-month period of 1998 compared to 1997. The 1998 second quarter increase reflects higher U.S. Government development revenues, commercial engine shipments and volumes in the after-market business. The six-month results also reflect the favorable settlement of a contract dispute with the U.S. Government which occurred in the first quarter of 1998.

Operating profits for Pratt & Whitney increased $38 million (18%) and $149 million (38%) in the second quarter and six-month period of 1998 compared to 1997, reflecting higher commercial engine margins and after-market volumes, partially offset by the cost to repurchase a small interest from a participant in a commercial engine program and higher selling, general and administrative expenses. The six-month results also reflect the favorable settlement of a contract dispute with the U.S. Government which occurred in the first quarter of 1998.

Flight Systems revenues increased 10% and 1% in the second quarter and six-month period of 1998 compared to 1997, primarily due to increased revenues at Hamilton Standard which were also favorably impacted by the first quarter 1998 acquisition of a French aerospace components manufacturer. Lower helicopter shipments at Sikorsky in the first quarter impacted the six-month results.

Operating profits for Flight Systems increased $3 million (4%) in the second quarter while decreasing $3 million (2%) in the six-month period of 1998 compared to 1997. The second quarter increase is due to improvements at Hamilton Standard, which was favorably impacted by the first quarter 1998 acquisition of a French aerospace components manufacturer offset by a charge for workforce and other cost reduction actions. In the six-month period of 1998, declines at Sikorsky were largely offset by improvement at Hamilton Standard.

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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. Significant factors affecting the management of liquidity are cash flows generated from operating activities, capital expenditures, acquisitions, customer financing requirements, common stock repurchases, 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, 1998	1997
Operating Activities		
Net cash flows from operating activities	$ 1,302	$ 1,092
Investing Activities		
Capital expenditures	(329)	(350)
Acquisitions of business units	(434)	(101)
Dispositions of business units	-	35
(Increase) decrease in customer financing assets, net	(125)	25
Financing Activities		
Common Stock repurchase	(277)	(302)
Decrease in total debt	(73)	(52)
Decrease in net debt	(36)	(338)

Cash flows provided by operating activities were $1,302 million during the first six months of 1998 compared to $1,092 million for the first six months of 1997. The improvement resulted from improved operating and working capital performance.

Cash flows used in investing activities were a use of funds of $855 million during the first six months of 1998 compared to a use of $300 million in the first six months of 1997. Capital expenditures in the six-month period of 1998 were $329 million, a $21 million decrease from the corresponding period of 1997. The Corporation invested $434 million in the acquisition of businesses, including Pratt & Whitney's investment in an overhaul and repair joint venture in Singapore, Hamilton Standard's acquisition of a French aerospace components manufacturer and Carrier's investment in an air conditioning manufacturer in the Philippines. Customer financing activity was a net use of cash of $125 million in the six-month period of 1998, compared to a net source of cash of $25 million in 1997, primarily as a result of first quarter 1998 funding for an airline customer. While the Corporation expects 1998 customer financing activity 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 commercial aircraft and related equipment at June 30, 1998 were approximately $1.1 billion.

The Corporation repurchased $277 million of common stock, representing 3.1 million shares, in the first six months of 1998 under previously announced stock

repurchase programs. Share repurchase continues to be a significant use of the Corporation's strong cash flows and serves to offset the dilutive effect resulting from the issuance of stock under stock-based employee benefit programs.

Other selected financial data is as follows:

In Millions of Dollars	June 30, 1998	December 31, 1997	June 30, 1997
Cash and cash equivalents	$ 718	$ 755	$ 1,413
Total debt	1,542	1,615	1,733
Net debt (total debt less cash)	824	860	320
Shareowners' equity	4,291	4,073	4,333
Debt-to-total capitalization	26%	28%	29%
Net debt-to-total capitalization	16%	17%	7%

The Corporation manages its worldwide cash requirements considering 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 when 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. Management anticipates the level of debt-to-capital will increase during the balance of the year in order to satisfy its various cash flow requirements, including acquisition spending and continued share repurchases.

YEAR 2000

The Corporation continues to assess its exposure related to the impact of the Year 2000 date issue which is attributable to the fact that many computer programs use only two digits to identify a year in a date field. The Corporation's products and key financial and operational systems are being reviewed and, where required, detailed plans have been, or are being, developed and implemented on a schedule intended to permit the Corporation's computer systems and products to continue to function properly. The Year 2000 date conversion effort is expected to increase costs in 1998, 1999 and 2000. Based on the information obtained to date, management does not expect these conversion costs will have a material adverse impact on the Corporation's financial position, results of operations or cash flows. The schedule for completion and the estimated conversion costs are based on management's estimates, which include assumptions of future events, including items such as availability of qualified resources. The Corporation could be adversely impacted by the Year 2000 date issue if the conversion schedule and cost estimates for its internal systems are not met or if suppliers, customers and other businesses do not address this issue successfully. Management continues to assess these risks in order to reduce the impact on the Corporation.

SAFE HARBOR STATEMENT

This report on Form 10-Q contains statements which, to the extent they are not historical fact, constitute "forward looking statements" under the securities laws. All forward looking statements involve risks, uncertainties and other factors that may cause the actual results, performance and achievements of the Corporation to differ materially from those contemplated or projected, forecasted, estimated, budgeted, expressed or implied by or in such forward looking statements. The forward looking statements in this document are intended to be subject to the safe harbor protection provided under the securities laws.

For additional information identifying economic, political, climatic, currency, regulatory, technological, competitive and some other important factors which may affect the Corporation's operations, products and markets and could cause actual results to vary materially from those anticipated in the forward looking statements, see the Corporation's Securities and Exchange Commission filings, including, but not limited to, the discussion included in the Business section of the Corporation's 1997 Annual Report on Form 10-K under the headings "Description of Business by Industry Segment" and "Other Matters Relating to the Corporation's Business as a Whole".

Part II - Other Information

Item 1 - Legal Proceedings

There have been no material developments with respect to legal proceedings during the second quarter of 1998. For a description of previously reported legal proceedings, refer to Part 1, Item 3 - Legal Proceedings of the Corporation's Annual Report on Form 10-K for calendar year 1997 and Part II, Item 1 - Legal Proceedings of the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998.

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

(a) The Corporation held its Annual Meeting of Shareowners on April 30, 1998.

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

Antonia H. Chayes, George David, Charles W. Duncan, Jr., Jean-Pierre Garnier, Pehr G. Gyllenhammar, Karl J. Krapek, Charles R. Lee, Robert H. Malott, William J. Perry, Frank P. Popoff, Andre Villeneuve, 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
Antonia Handler Chayes	227,986,969	936,048
George David	228,029,823	893,194
Charles W. Duncan, Jr.	228,019,982	903,035
Jean-Pierre Garnier	228,110,006	813,011
Pehr G. Gyllenhammar	226,180,428	2,742,589
Karl J. Krapek	227,994,595	928,422
Charles R. Lee	228,108,621	814,396
Robert H. Malott	228,025,627	897,390
William J. Perry	228,037,717	885,300
Frank P. Popoff	228,094,618	828,399
Andre Villeneuve	228,116,964	806,053
Harold A. Wagner	228,119,751	803,266
Jacqueline G. Wexler	227,941,801	981,216

2. The reappointment of the Corporation's independent public accountants was approved by a count of 227,813,019 votes for, 737,384 votes against, and 372,614 votes abstaining.

3. A shareowner proposal recommending that the Corporation adopt term limits for future outside directors was rejected by a count of 6,512,118 votes for and 195,922,937 votes against, with 10,099,630 votes abstaining and 16,388,332 broker non-votes.

4. A shareowner proposal recommending that the Corporation adopt criteria for the bidding, acceptance and implementation of military contracts was rejected by a count of 27,981,294 votes for and 169,352,199 votes against, with 15,201,192 votes abstaining and 16,388,332 broker non-votes.

5. A shareowner proposal recommending that the Corporation establish guidelines and reporting provisions for corporate political contributions was rejected by a count of 20,361,451 votes for and 186,627,009 votes against, with 5,546,225 votes abstaining and 16,388,332 broker non-votes.

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits:

(12) Statement re 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, 1998.

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: July 24, 1998	By: /s/ David J. FitzPatrick David J. FitzPatrick Senior Vice President and Chief Financial Officer
Dated: July 24, 1998	By: /s/ Jay L. Haberland Jay L. Haberland Vice President and Controller
Dated: July 24, 1998	By: /s/ William H. Trachsel William H. Trachsel Senior Vice President, General Counsel and Secretary

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

EXHIBIT INDEX

PAGE

Exhibit 12

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES

STATEMENT RE COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

In Millions of Dollars	Six Months Ended June 30, 1998		Six Months Ended June 30, 1997	
Fixed Charges:				
Interest on indebtedness	$	96	$	97
Interest capitalized		6		5
One-third of rents*		41		43
Total Fixed Charges	$	143	$	145
Earnings:				
Income before income taxes and minority interests	$	981	$	880
Fixed charges per above		143		145
Less: interest capitalized		(6)		(5)
		137		140
Amortization of interest capitalized		16		19
Total Earnings	$	1,134	$	1,039
Ratio of Earnings to Fixed Charges		7.93		7.17

* Reasonable approximation of the interest factor.
/TABLE

Exhibit 15

July 24, 1998

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

Ladies and Gentlemen:

We are aware that United Technologies Corporation has included our report dated July 22, 1998 (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. 333-26331, 33-46916, 33-40163, 33-34320, 33-31514, 33-29687, and 33-6452) and in the Registration Statements on Form S-8 (Nos. 333-21853, 333-18743, 333-21851, 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,

PricewaterhouseCoopers LLP

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This schedule contains summary financial information extracted from the Condensed Consolidated Balance Sheet at June 30, 1998 (Unaudited) and the Condensed Consolidated Statement of Operations for the six months ended June 30, 1998 (Unaudited) and is qualified in its entirety by reference to such financial statements.

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6-MOS
DEC-31-1998
JAN-01-1998
JUN-30-1998
718
0
4,642
383
3,073
9,613
10,622
6,491
17,458
7,682
1,221
452
0
2,604
1,687
17,458
10,058
12,776
7,918
9,590
628
0
96
981
313
620
0
0
0
620
2.63
2.48

The [EPS-PRIMARY] amount represents BASIC earnings per share and the [EPS-DILUTED] amount represents DILUTED earnings per share in accordance with Statement of Financial Accounting Standards No. 128, Earnings Per Share.