

UNITED TECHNOLOGIES CORP /DE/
Form 10-Q
July 25, 2014
Table of Contents

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934
For the quarterly period ended June 30, 2014
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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes . No .

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes . No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes . No .

At June 30, 2014 there were 914,810,016 shares of Common Stock outstanding.

Table of Contents

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES
CONTENTS OF QUARTERLY REPORT ON FORM 10-Q
Quarter Ended June 30, 2014

	Page
<u>PART I – FINANCIAL INFORMATION</u>	<u>3</u>
<u>Item 1. Financial Statements:</u>	<u>3</u>
<u>Condensed Consolidated Statement of Operations for the quarters ended June 30, 2014 and 2013</u>	<u>3</u>
<u>Condensed Consolidated Statement of Operations for the six months ended June 30, 2014 and 2013</u>	<u>4</u>
<u>Condensed Consolidated Statement of Comprehensive Income for the quarters and six months ended June 30, 2014 and 2013</u>	<u>5</u>
<u>Condensed Consolidated Balance Sheet at June 30, 2014 and December 31, 2013</u>	<u>6</u>
<u>Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2014 and 2013</u>	<u>7</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>8</u>
<u>Report of Independent Registered Public Accounting Firm</u>	<u>26</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>27</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>43</u>
<u>Item 4. Controls and Procedures</u>	<u>43</u>
<u>PART II – OTHER INFORMATION</u>	<u>45</u>
<u>Item 1. Legal Proceedings</u>	<u>45</u>
<u>Item 1A. Risk Factors</u>	<u>46</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>46</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>46</u>
<u>Item 6. Exhibits</u>	<u>47</u>
<u>SIGNATURES</u>	<u>48</u>
<u>EXHIBIT INDEX</u>	<u>49</u>

United Technologies Corporation and its subsidiaries' names, abbreviations thereof, logos, and product and service designators are all either the registered or unregistered trademarks or tradenames of United Technologies Corporation and its subsidiaries. Names, abbreviations of names, logos, and products and service designators of other companies are either the registered or unregistered trademarks or tradenames of their respective owners. As used herein, the terms "we," "us," "our," "the Company," or "UTC," unless the context otherwise requires, mean United Technologies Corporation and its subsidiaries. References to internet web sites in this Form 10-Q are provided for convenience only. Information available through these web sites is not incorporated by reference into this Form 10-Q.

Table of Contents

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

(Dollars in millions, except per share amounts)	Quarter Ended June 30,		
	2014	2013	
Net Sales:			
Product sales	\$13,017	\$11,661	
Service sales	4,174	4,345	
	17,191	16,006	
Costs and Expenses:			
Cost of products sold	10,182	8,712	
Cost of services sold	2,749	2,840	
Research and development	666	631	
Selling, general and administrative	1,623	1,737	
	15,220	13,920	
Other income, net	384	421	
Operating profit	2,355	2,507	
Interest expense, net	206	217	
Income from continuing operations before income taxes	2,149	2,290	
Income tax expense	359	645	
Net income from continuing operations	1,790	1,645	
Less: Noncontrolling interest in subsidiaries' earnings from continuing operations	110	93	
Income from continuing operations attributable to common shareowners	1,680	1,552	
Discontinued operations (Note 2):			
Income from operations	—	43	
Loss on disposal	—	(25)
Income tax expense	—	(10)
Income from discontinued operations attributable to common shareowners	—	8	
Net income attributable to common shareowners	\$1,680	\$1,560	
Earnings Per Share of Common Stock - Basic:			
Income from continuing operations attributable to common shareowners	\$1.87	\$1.72	
Net income attributable to common shareowners	\$1.87	\$1.73	
Earnings Per Share of Common Stock - Diluted:			
Income from continuing operations attributable to common shareowners	\$1.84	\$1.70	
Net income attributable to common shareowners	\$1.84	\$1.71	
See accompanying Notes to Condensed Consolidated Financial Statements			

Table of Contents

UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

(Dollars in millions, except per share amounts)	Six Months Ended June 30,		
	2014	2013	
Net Sales:			
Product sales	\$23,709	\$21,916	
Service sales	8,227	8,489	
	31,936	30,405	
Costs and Expenses:			
Cost of products sold	18,263	16,560	
Cost of services sold	5,358	5,457	
Research and development	1,290	1,241	
Selling, general and administrative	3,219	3,364	
	28,130	26,622	
Other income, net	647	730	
Operating profit	4,453	4,513	
Interest expense, net	431	453	
Income from continuing operations before income taxes	4,022	4,060	
Income tax expense	926	1,063	
Net income from continuing operations	3,096	2,997	
Less: Noncontrolling interest in subsidiaries' earnings from continuing operations	203	175	
Income from continuing operations attributable to common shareowners	2,893	2,822	
Discontinued operations (Note 2):			
Income from operations	—	63	
Loss on disposal	—	(40)
Income tax expense	—	(19)
Income from discontinued operations attributable to common shareowners	—	4	
Net income attributable to common shareowners	\$2,893	\$2,826	
Earnings Per Share of Common Stock - Basic:			
Income from continuing operations attributable to common shareowners	\$3.21	\$3.13	
Net income attributable to common shareowners	\$3.21	\$3.14	
Earnings Per Share of Common Stock - Diluted:			