

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

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

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FORM 10-Q

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934  
For the quarterly period ended March 31, 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

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UNITED TECHNOLOGIES CORPORATION

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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 March 31, 2014 there were 916,731,329 shares of Common Stock outstanding.



Table of Contents

UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES  
CONTENTS OF QUARTERLY REPORT ON FORM 10-Q  
Quarter Ended March 31, 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 Comprehensive Income for the quarters ended March 31, 2014 and 2013</u>	
<u>Condensed Consolidated Balance Sheet at March 31, 2014 and December 31, 2013</u>	<u>4</u>
<u>Condensed Consolidated Statement of Cash Flows for the quarters ended March 31, 2014 and 2013</u>	<u>5</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>6</u>
<u>Report of Independent Registered Public Accounting Firm</u>	<u>23</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>24</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>37</u>
<u>Item 4. Controls and Procedures</u>	<u>37</u>
<u>PART II – OTHER INFORMATION</u>	<u>39</u>
<u>Item 1. Legal Proceedings</u>	<u>39</u>
<u>Item 1A. Risk Factors</u>	<u>39</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>40</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>40</u>
<u>Item 6. Exhibits</u>	<u>40</u>
<u>SIGNATURES</u>	<u>42</u>
<u>EXHIBIT INDEX</u>	<u>43</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.

2

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Table of Contents

## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

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

(Dollars in millions, except per share amounts)	Quarter Ended March 31,	
	2014	2013
Net Sales:		
Product sales	\$10,692	\$10,255
Service sales	4,053	4,144
	14,745	14,399
Costs and Expenses:		
Cost of products sold	8,081	7,848
Cost of services sold	2,609	2,617
Research and development	624	610
Selling, general and administrative	1,596	1,627
	12,910	12,702
Other income, net	263	309
Operating profit	2,098	2,006
Interest expense, net	225	236
Income from continuing operations before income taxes	1,873	1,770
Income tax expense	567	418
Net income from continuing operations	1,306	1,352
Less: Noncontrolling interest in subsidiaries' earnings from continuing operations	93	82
Income from continuing operations attributable to common shareowners	1,213	1,270
Discontinued operations (Note 2):		
Income from operations	—	20
Loss on disposal	—	(15
Income tax expense	—	(9
Loss from discontinued operations attributable to common shareowners	—	(4
Net income attributable to common shareowners	\$1,213	\$1,266
Comprehensive income	\$1,238	\$908
Less: Comprehensive income attributable to noncontrolling interest	86	61
Comprehensive income attributable to common shareowners	\$1,152	\$847
Earnings Per Share of Common Stock - Basic:		
Income from continuing operations attributable to common shareowners	\$1.35	\$1.41
Net income attributable to common shareowners	\$1.35	\$1.40
Earnings Per Share of Common Stock - Diluted:		
Income from continuing operations attributable to common shareowners	\$1.32	\$1.39
Net income attributable to common shareowners	\$1.32	\$1.39
See accompanying Notes to Condensed Consolidated Financial Statements		



Table of Contents

UNITED TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEET  
(Unaudited)

(Dollars in millions)	March 31, 2014	December 31, 2013
Assets		
Cash and cash equivalents	\$4,477	\$4,619
Accounts receivable, net	11,537	11,458
Inventories and contracts in progress, net	10,992	10,330
Future income tax benefits, current	1,922	1,964
Other assets, current	892	1,071
Total Current Assets	29,820	29,442
Customer financing assets	1,105	1,156
Future income tax benefits	1,237	1,236
Fixed assets	18,869	18,661
Less: Accumulated depreciation	(9,974)	(9,795)
Fixed assets, net	8,895	8,866
Goodwill	28,216	28,168
Intangible assets, net	15,528	15,521
Other assets	6,428	6,205
Total Assets	\$91,229	\$90,594
Liabilities and Equity		
Short-term borrowings	\$188	\$388
Accounts payable	6,949	6,965
Accrued liabilities	15,678	15,335
Long-term debt currently due	116	112
Total Current Liabilities	22,931	22,800
Long-term debt	19,739	19,741
Future pension and postretirement benefit obligations	3,320	3,444
Other long-term liabilities	11,407	11,279
Total Liabilities	57,397	57,264
Commitments and contingent liabilities (Note 14)		
Redeemable noncontrolling interest	137	111
Shareowners' Equity:		
Common Stock	14,937	14,764
Treasury Stock	(20,760)	(20,431)
Retained earnings	41,205	40,539
Unearned ESOP shares	(124)	(126)
Accumulated other comprehensive loss	(2,941)	(2,880)
Total Shareowners' Equity	32,317	31,866
Noncontrolling interest	1,378	1,353
Total Equity	33,695	33,219
Total Liabilities and Equity	\$91,229	\$90,594
See accompanying Notes to Condensed Consolidated Financial Statements		

Table of Contents

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

	Quarter Ended March 31,	
(Dollars in millions)	2014	2013
Operating Activities of Continuing Operations:		
Income from continuing operations	\$1,306	\$1,352
Adjustments to reconcile income from continuing operations to net cash flows provided by operating activities of continuing operations:		
Depreciation and amortization	467	444
Deferred income tax provision (benefit)	44	(40)
Stock compensation cost	60	70
Change in:		
Accounts receivable	(66)	) 209
Inventories and contracts in progress	(712)	) (746)
Other current assets	(5)	) (56)
Accounts payable and accrued liabilities	262	395
Global pension contributions	(84)	) (29)
Other operating activities, net	63	(190)
Net cash flows provided by operating activities of continuing operations	1,335	1,409
Investing Activities of Continuing Operations:		
Capital expenditures	(333)	) (295)
Investments in businesses	(17)	) (24)
Dispositions of businesses	123	746
Decrease in customer financing assets, net	12	31
Increase in collaboration intangible assets	(142)	) (157)
Other investing activities, net	(85)	) 38
Net cash flows (used in) provided by investing activities of continuing operations	(442)	) 339
Financing Activities of Continuing Operations:		
Issuance (repayment) of long-term debt, net	6	(46)
Decrease in short-term borrowings, net	(200)	) (329)
Proceeds from Common Stock issued under employee stock plans	86	153
Dividends paid on Common Stock	(514)	) (465)
Repurchase of Common Stock	(335)	) (335)
Other financing activities, net	(38)	) 3
Net cash flows used in financing activities of continuing operations	(995)	) (1,019)
Discontinued Operations:		
Net cash used in operating activities	—	(715)
Net cash used in investing activities	—	(51)
Net cash flows used in discontinued operations	—	(766)
Effect of foreign exchange rate changes on cash and cash equivalents	(40)	) (18)
Net decrease in cash and cash equivalents	(142)	) (55)
Cash and cash equivalents, beginning of year	4,619	4,836
Cash and cash equivalents, end of period	4,477	4,781
Less: Cash and cash equivalents of businesses held for sale	—	14
Cash and cash equivalents of continuing operations, end of period	\$4,477	\$4,767

See accompanying Notes to Condensed Consolidated Financial Statements





Table of Contents

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

The Condensed Consolidated Financial Statements at March 31, 2014 and for the quarters ended March 31, 2014 and 2013 are unaudited, but in the opinion of management include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the results for the interim periods. The results reported in these Condensed Consolidated Financial Statements should not necessarily be taken as indicative of results that may be expected for the entire year. Certain reclassifications have been made to the prior year amounts to conform to the current year presentation. The financial information included herein should be read in conjunction with the financial statements and notes in our Annual Report to Shareowners (2013 Annual Report) incorporated by reference to our Annual Report on Form 10-K for calendar year 2013 (2013 Form 10-K).

Note 1: Acquisitions, Dispositions, Goodwill and Other Intangible Assets

Business Acquisitions and Dispositions. During the quarter ended March 31, 2014, our cash investment in business acquisitions was \$17 million, and consisted of a number of small acquisitions, primarily in our commercial businesses. As a result of the 2012 transactions related to IAE International Aero Engines AG (IAE), Pratt & Whitney holds a 61% net interest in the collaboration and a 49.5% ownership interest in IAE. IAE's business purpose is to coordinate the design, development, manufacturing and product support of the V2500 program through involvement with the collaborators. IAE retains limited equity with the primary economics of the V2500 program passed to the participants in the separate collaboration arrangement. As such, we have determined that IAE is a variable interest entity, and Pratt & Whitney its primary beneficiary under the criteria established in the FASB ASC Topic 810 "Consolidations" and has, therefore, been consolidated. The carrying amounts and classification of assets and liabilities for IAE in our Condensed Consolidated Balance Sheet as of March 31, 2014 are as follows:

(Dollars in millions)

Current assets	\$1,811
Noncurrent assets	1,096
Total assets	\$2,907
Current liabilities	\$1,990
Noncurrent liabilities	1,123
Total liabilities	\$3,113

Goodwill. Changes in our goodwill balances for the quarter ended March 31, 2014 were as follows:

(Dollars in millions)	Balance as of January 1, 2014	Goodwill resulting from business combinations	Foreign currency translation and other	Balance as of March 31, 2014
Otis	\$ 1,741	\$ 11	\$ (10 )	\$ 1,742
UTC Climate, Controls & Security	9,727	—	30	9,757
Pratt & Whitney	1,273	—	—	1,273
UTC Aerospace Systems	15,069	—	17	15,086
Sikorsky				