

UNITED TECHNOLOGIES CORP /DE/
Form 10-Q
July 29, 2016
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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, 2016
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
10 Farm Springs Road,
Farmington, Connecticut
06032
(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, 2016 there were 836,926,949 shares of Common Stock outstanding.

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AND SUBSIDIARIES
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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.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Quarter Ended		
	June 30,		
(Dollars in millions, except per share amounts)	2016	2015	
Net Sales:			
Product sales	\$10,634	\$10,660	
Service sales	4,240	4,030	
	14,874	14,690	
Costs and Expenses:			
Cost of products sold	7,933	7,839	
Cost of services sold	2,808	2,633	
Research and development	588	558	
Selling, general and administrative	1,451	1,426	
	12,780	12,456	
Other income, net	243	181	
Operating profit	2,337	2,415	
Interest expense, net	225	217	
Income from continuing operations before income taxes	2,112	2,198	
Income tax expense	593	626	
Net income from continuing operations	1,519	1,572	
Less: Noncontrolling interest in subsidiaries' earnings from continuing operations	99	111	
Income from continuing operations attributable to common shareowners	1,420	1,461	
Discontinued operations (Note 2):			
Income from operations	1	166	
Loss on disposal	(3) (28)
Income tax expense	(45) (58)
(Loss) income from discontinued operations	(47) 80	
Less: Noncontrolling interest in subsidiaries' earnings from discontinued operations	—	(1)
(Loss) income from discontinued operations attributable to common shareowners	(47) 81	
Net income attributable to common shareowners	\$1,373	\$1,542	
Earnings Per Share of Common Stock - Basic:			
Income from continuing operations attributable to common shareowners	\$1.72	\$1.67	
Net income attributable to common shareowners	\$1.66	\$1.76	
Earnings Per Share of Common Stock - Diluted:			
Income from continuing operations attributable to common shareowners	\$1.71	\$1.64	
Net income attributable to common shareowners	\$1.65	\$1.73	
See accompanying Notes to Condensed Consolidated Financial Statements			

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

(Dollars in millions, except per share amounts)	Six Months Ended	
	June 30,	
	2016	2015
Net Sales:		
Product sales	\$20,053	\$20,083
Service sales	8,178	7,927
	28,231	28,010
Costs and Expenses:		
Cost of products sold	15,020	14,838
Cost of services sold	5,375	5,140
Research and development	1,129	1,122
Selling, general and administrative	2,814	2,902
	24,338	24,002
Other income, net	389	589
Operating profit	4,282	4,597
Interest expense, net	448	434
Income from continuing operations before income taxes	3,834	4,163
Income tax expense	1,054	1,156
Net income from continuing operations	2,780	3,007
Less: Noncontrolling interest in subsidiaries' earnings from continuing operations	180	182
Income from continuing operations attributable to common shareowners	2,600	2,825
Discontinued operations (Note 2):		
Income from operations	1	257
Gain (loss) on disposal	15	(28)
Income tax expense	(52)	(86)
(Loss) income from discontinued operations attributable to common shareowners	(36)	143
Net income attributable to common shareowners	\$2,564	\$2,968
Earnings Per Share of Common Stock - Basic:		
Income from continuing operations attributable to common shareowners	\$3.15	\$3.19
Net income attributable to common shareowners	\$	