

Honeywell International Inc.
Consolidated Statement of Operations (Unaudited)
(Dollars in millions, except per share amounts)

	Three Months Ended	
	March 31,	
	2019	2018
Product sales.....	\$ 6,713	\$ 8,234
Service sales.....	2,171	2,158
Net sales.....	<u>8,884</u>	<u>10,392</u>
Costs, expenses and other		
Cost of products sold (A).....	4,622	5,905
Cost of services sold (A).....	1,257	1,286
	<u>5,879</u>	<u>7,191</u>
Selling, general and administrative expenses (A).....	1,363	1,475
Other (income) expense.....	(285)	(268)
Interest and other financial charges.....	85	83
	<u>7,042</u>	<u>8,481</u>
Income before taxes.....	1,842	1,911
Tax expense.....	406	459
Net income.....	1,436	1,452
Less: Net income attributable to the noncontrolling interest.....	20	13
Net income attributable to Honeywell.....	<u>\$ 1,416</u>	<u>\$ 1,439</u>
Earnings per share of common stock - basic.....	<u>\$ 1.94</u>	<u>\$ 1.92</u>
Earnings per share of common stock - assuming dilution.....	<u>\$ 1.92</u>	<u>\$ 1.89</u>
Weighted average number of shares outstanding - basic.....	<u>729.7</u>	<u>750.6</u>
Weighted average number of shares outstanding - assuming dilution.....	<u>738.8</u>	<u>761.0</u>

(A) Cost of products and services sold and selling, general and administrative expenses include amounts for repositioning and other charges, the service cost component of pension and other postretirement (income) expense, and stock compensation expense.

Honeywell International Inc.
Segment Data (Unaudited)
(Dollars in millions)

<u>Net Sales</u>	Three Months Ended March 31,	
	2019	2018
Aerospace	\$ 3,341	\$ 3,977
Honeywell Building Technologies.....	1,389	2,433
Performance Materials and Technologies.....	2,572	2,534
Safety and Productivity Solutions.....	1,582	1,448
Total.....	<u>\$ 8,884</u>	<u>\$ 10,392</u>

Reconciliation of Segment Profit to Income Before Taxes

<u>Segment Profit</u>	Three Months Ended March 31,	
	2019	2018
Aerospace	\$ 838	\$ 893
Honeywell Building Technologies.....	271	416
Performance Materials and Technologies.....	564	519
Safety and Productivity Solutions.....	212	231
Corporate.....	(76)	(64)
Total segment profit.....	1,809	1,995
Interest and other financial charges.....	(85)	(83)
Stock compensation expense (A).....	(41)	(52)
Pension ongoing income (B).....	151	248
Other postretirement income (B).....	12	6
Repositioning and other charges (C,D).....	(84)	(191)
Other (E)	80	(12)
Income before taxes.....	<u>\$ 1,842</u>	<u>\$ 1,911</u>

- (A) Amounts included in Selling, general and administrative expenses.
(B) Amounts included in Cost of products and services sold and Selling, general and administrative expenses (service costs) and Other income/expense (non-service cost components).
(C) Amounts included in Cost of products and services sold, Selling, general and administrative expenses, and Other income/expense.
(D) Includes repositioning, asbestos, and environmental expenses.
(E) Amounts include the other components of Other income/expense not included within other categories in this reconciliation. Equity income (loss) of affiliated companies is included in segment profit.

Honeywell International Inc.
Consolidated Balance Sheet (Unaudited)
(Dollars in millions)

	<u>March 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 8,625	\$ 9,287
Short-term investments.....	2,059	1,623
Accounts receivable - net.....	7,307	7,508
Inventories.....	4,548	4,326
Other current assets.....	1,795	1,618
Total current assets.....	24,334	24,362
Investments and long-term receivables.....	747	742
Property, plant and equipment - net.....	5,276	5,296
Goodwill	15,555	15,546
Other intangible assets - net.....	4,039	4,139
Insurance recoveries for asbestos related liabilities.....	429	437
Deferred income taxes.....	362	382
Other assets.....	7,818	6,869
Total assets.....	\$ 58,560	\$ 57,773
LIABILITIES AND SHAREOWNERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 5,582	\$ 5,607
Commercial paper and other short-term borrowings.....	3,514	3,586
Current maturities of long-term debt.....	4,000	2,872
Accrued liabilities.....	6,497	6,859
Total current liabilities.....	19,593	18,924
Long-term debt.....	8,598	9,756
Deferred income taxes.....	1,850	1,713
Postretirement benefit obligations other than pensions.....	333	344
Asbestos related liabilities.....	2,246	2,269
Other liabilities.....	6,977	6,402
Redeemable noncontrolling interest.....	7	7
Shareowners' equity.....	18,956	18,358
Total liabilities, redeemable noncontrolling interest and shareowners' equity.....	\$ 58,560	\$ 57,773

Honeywell International Inc.
Consolidated Statement of Cash Flows (Unaudited)
(Dollars in millions)

	Three Months Ended March 31,	
	2019	2018
Cash flows from operating activities:		
Net income.....	\$ 1,436	\$ 1,452
Less: Net income attributable to the noncontrolling interest.....	20	13
Net income attributable to Honeywell	1,416	1,439
Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities:		
Depreciation.....	163	179
Amortization	98	109
Repositioning and other charges.....	84	191
Net payments for repositioning and other charges.....	(34)	(141)
Pension and other postretirement income.....	(163)	(254)
Pension and other postretirement benefit payments	(30)	(36)
Stock compensation expense	41	52
Deferred income taxes.....	80	47
Other.....	(4)	2
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:		
Accounts receivable.....	198	(61)
Inventories.....	(221)	(163)
Other current assets.....	(217)	(43)
Accounts payable	(29)	57
Accrued liabilities	(248)	(242)
Net cash provided by operating activities.....	<u>1,134</u>	<u>1,136</u>
Cash flows from investing activities:		
Expenditures for property, plant and equipment.....	(141)	(140)
Proceeds from disposals of property, plant and equipment.....	2	2
Increase in investments.....	(1,226)	(583)
Decrease in investments.....	796	1,838
Other.....	(40)	(123)
Net cash (used for) provided by investing activities.....	<u>(609)</u>	<u>994</u>
Cash flows from financing activities:		
Proceeds from issuance of commercial paper and other short-term borrowings.....	3,318	6,676
Payments of commercial paper and other short-term borrowings.....	(3,319)	(5,329)
Proceeds from issuance of common stock.....	145	60
Proceeds from issuance of long-term debt.....	20	3
Payments of long-term debt.....	(13)	(1,246)
Repurchases of common stock.....	(750)	(940)
Cash dividends paid.....	(606)	(556)
Other.....	(30)	(116)
Net cash used for financing activities.....	<u>(1,235)</u>	<u>(1,448)</u>
Effect of foreign exchange rate changes on cash and cash equivalents.....	48	156
Net (decrease) increase in cash and cash equivalents.....	(662)	838
Cash and cash equivalents at beginning of period.....	9,287	7,059
Cash and cash equivalents at end of period.....	<u>\$ 8,625</u>	<u>\$ 7,897</u>

Honeywell International Inc.
Reconciliation of Organic Sales % Change (Unaudited)

	Three Months Ended March 31, 2019
Honeywell	
Reported sales % change.....	(15)%
Less: Foreign currency translation.....	(3)%
Less: Acquisitions, divestitures and other, net.....	(20)%
Organic sales % change.....	8%
Aerospace	
Reported sales % change.....	(16)%
Less: Foreign currency translation.....	-
Less: Acquisitions, divestitures and other, net.....	(26)%
Organic sales % change.....	10%
Honeywell Building Technologies	
Reported sales % change.....	(43)%
Less: Foreign currency translation.....	(3)%
Less: Acquisitions, divestitures and other, net.....	(49)%
Organic sales % change.....	9%
Performance Materials and Technologies	
Reported sales % change.....	2%
Less: Foreign currency translation.....	(3)%
Less: Acquisitions, divestitures and other, net.....	-
Organic sales % change.....	5%
Safety and Productivity Solutions	
Reported sales % change.....	9%
Less: Foreign currency translation.....	(3)%
Less: Acquisitions, divestitures and other, net.....	2%
Organic sales % change.....	10%

We define organic sales percent as the year-over-year change in reported sales relative to the comparable period, excluding the impact on sales from foreign currency translation, and acquisitions, net of divestitures. We believe this measure is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

A quantitative reconciliation of reported sales percent change to organic sales percent change has not been provided for forward-looking measures of organic sales percent change because management cannot reliably predict or estimate, without unreasonable effort, the fluctuations in global currency markets that impact foreign currency translation, nor is it reasonable for management to predict the timing, occurrence and impact of acquisition and divestiture transactions, all of which could significantly impact our reported sales percent change.

Honeywell International Inc.

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margins (Unaudited)

(Dollars in millions)

	Three Months Ended March 31,	
	2019	2018
Segment profit.....	\$ 1,809	\$ 1,995
Stock compensation expense (A).....	(41)	(52)
Repositioning, Other (B,C).....	(93)	(161)
Pension and other postretirement service costs (D).....	(33)	(56)
Operating income	<u>\$ 1,642</u>	<u>\$ 1,726</u>
Segment profit.....	\$ 1,809	\$ 1,995
÷ Net sales.....	<u>\$ 8,884</u>	<u>\$ 10,392</u>
Segment profit margin %.....	<u>20.4%</u>	<u>19.2%</u>
Operating income.....	\$ 1,642	\$ 1,726
÷ Net sales.....	<u>\$ 8,884</u>	<u>\$ 10,392</u>
Operating income margin %.....	<u>18.5%</u>	<u>16.6%</u>

(A) Included in Selling, general and administrative expenses.

(B) Includes repositioning, asbestos, environmental expenses and equity income adjustment.

(C) Included in Cost of products and services sold, Selling, general and administrative expenses and Other income/expense.

(D) Included in Cost of products and services sold and Selling, general and administrative expenses.

We define segment profit as operating income, excluding stock compensation expense, pension and other postretirement service costs, and repositioning and other charges. We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

A quantitative reconciliation of segment profit, on an overall Honeywell basis, to operating income has not been provided for all forward-looking measures of segment profit and segment margin included herewithin. Management cannot reliably predict or estimate, without unreasonable effort, the impact and timing on future operating results arising from items excluded from segment profit. The information that is unavailable to provide a quantitative reconciliation could have a significant impact on our reported financial results. To the extent quantitative information becomes available without unreasonable effort in the future, and closer to the period to which the forward-looking measures pertain, a reconciliation of segment profit to operating income will be included within future filings.

Honeywell International Inc.

Reconciliation of Earnings per Share to Adjusted Earnings per Share and Adjusted Earnings per Share Excluding Spin-off Impact (Unaudited)

	Three Months Ended March 31,		Twelve Months Ended December 31,
	2019	2018	2018
Earnings per share of common stock - assuming dilution (1).....	\$ 1.92	\$ 1.89	\$ 8.98
Pension mark-to-market expense.....	-	-	0.04
Separation costs (2).....	-	0.06	0.97
Impacts from U.S. Tax Reform.....	-	-	(1.98)
Adjusted earnings per share of common stock - assuming dilution.....	<u>\$ 1.92</u>	<u>\$ 1.95</u>	<u>\$ 8.01</u>
Less: EPS, attributable to spin-offs.....		0.25	0.62
Adjusted earnings per share of common stock - assuming dilution, excluding spin-off impact.....		<u>\$ 1.70</u>	<u>\$ 7.39</u>

(1) For the three months ended March 31, 2019 and 2018, adjusted earnings per share utilizes weighted average shares of approximately 738.8 million and 761 million. For the twelve months ended December 31, 2018, adjusted earnings per share utilizes weighted average shares of approximately 753 million.

(2) For the three months ended March 31, 2018, separation costs of \$49 million including net tax impacts. For the twelve months ended December 31, 2018, separation costs of \$732 million including net tax impacts.

We believe adjusted earnings per share, excluding spin-off impact, is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Honeywell International Inc.

Reconciliation of Cash Provided by Operating Activities to Adjusted Free Cash Flow and Calculation of Adjusted Free Cash Flow
Conversion (Unaudited)
(Dollars in millions)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Cash provided by operating activities.....	\$ 1,134	\$ 1,136
Expenditures for property, plant and equipment	(141)	(140)
Free cash flow.....	993	996
Separation cost payments.....	165	10
Adjusted free cash flow.....	<u>\$ 1,158</u>	<u>\$ 1,006</u>
Net income attributable to Honeywell.....	\$ 1,416	\$ 1,439
Separation costs, includes net tax impacts.....	-	49
Adjusted net income attributable to Honeywell.....	<u>\$ 1,416</u>	<u>\$ 1,488</u>
Cash provided by operating activities.....	\$ 1,134	\$ 1,136
÷ Net income (loss) attributable to Honeywell.....	\$ 1,416	\$ 1,439
Operating cash flow conversion.....	<u>80%</u>	<u>79%</u>
Adjusted free cash flow.....	\$ 1,158	\$ 1,006
÷ Adjusted net income attributable to Honeywell.....	\$ 1,416	\$ 1,488
Adjusted free cash flow conversion %.....	<u>82%</u>	<u>68%</u>

We define free cash flow as cash provided by operating activities less cash expenditures for property, plant and equipment.

We believe that this metric is useful to investors and management as a measure of cash generated by business operations that will be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisitions, pay dividends, repurchase stock or repay debt obligations prior to their maturities. This metric can also be used to evaluate our ability to generate cash flow from business operations and the impact that this cash flow has on our liquidity.

Honeywell International Inc.

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margins (Unaudited)

(Dollars in millions)

	Twelve Months Ended December 31 2018	
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Segment profit.....	\$	8,190
Stock compensation expense (A).....		(175)
Repositioning, Other (B,C).....		(1,100)
Pension and other postretirement service costs (D).....		(210)
Operating income	<u>\$</u>	<u>6,705</u>
Segment profit.....	\$	8,190
÷ Net sales.....	<u>\$</u>	<u>41,802</u>
Segment profit margin %.....		<u>19.6%</u>
Operating income.....	\$	6,705
÷ Net sales.....	<u>\$</u>	<u>41,802</u>
Operating income margin %.....		<u>16.0%</u>

(A) Included in Selling, general and administrative expenses.

(B) Includes repositioning, asbestos, environmental expenses and equity income adjustment.

(C) Included in Cost of products and services sold, Selling, general and administrative expenses and Other income/expense.

(D) Included in Cost of products and services sold and Selling, general and administrative expenses.

We define segment profit as operating income, excluding stock compensation expense, pension and other postretirement service costs, and repositioning and other charges. We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

A quantitative reconciliation of segment profit, on an overall Honeywell basis, to operating income has not been provided for all forward-looking measures of segment profit and segment margin included herewithin. Management cannot reliably predict or estimate, without unreasonable effort, the impact and timing on future operating results arising from items excluded from segment profit. The information that is unavailable to provide a quantitative reconciliation could have a significant impact on our reported financial results. To the extent quantitative information becomes available without unreasonable effort in the future, and closer to the period to which the forward-looking measures pertain, a reconciliation of segment profit to operating income will be included within future filings.

Honeywell International Inc.
Calculation of Segment Profit Excluding Spin-off Impact and Segment Margin Excluding Spin-off Impact
 (Dollars in millions)

	Twelve Months Ended December 31 2018
Segment profit.....	\$ 8,190
Spin-off impact (A).....	(1,011)
Segment profit excluding spin-off impact.....	\$ 7,179
Sales.....	\$ 41,802
Spin-off impact (A).....	(6,551)
Sale excluding spin-off impact.....	\$ 35,251
Segment profit margin % excluding spin-off impact.....	20.4%

(A) Amount computed as the portion of Aerospace and Honeywell Building Technologies segment profit and sales in the applicable prior year period for Transportation Systems and Homes and Global Distribution spin-off businesses.

Honeywell International Inc.
Reconciliation of Cash Provided by Operating Activities to Adjusted Free Cash Flow (Unaudited)

	Twelve Months Ended December 31, 2018 (\$M)	Twelve Months Ended December 31, 2019 (E)(\$B)
Cash provided by operating activities.....	\$ 6,434	~\$6.0 - \$6.5
Expenditures for property, plant and equipment	(828)	~(0.8)
Free cash flow.....	5,606	~5.2 - 5.7
Separation cost payments.....	424	~0.3
Adjusted free cash flow.....	<u>\$ 6,030</u>	<u>~\$5.5 - \$6.0</u>

We define free cash flow as cash provided by operating activities less cash expenditures for property, plant and equipment.

We believe that this metric is useful to investors and management as a measure of cash generated by business operations that will be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisitions, pay dividends, repurchase stock or repay debt obligations prior to their maturities. This metric can also be used to evaluate our ability to generate cash flow from business operations and the impact that this cash flow has on our liquidity.