

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

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Product sales.....	\$ 8,646	\$ 7,964	\$ 32,317	\$ 31,362
Service sales.....	2,197	2,021	8,217	7,940
Net sales.....	<u>10,843</u>	<u>9,985</u>	<u>40,534</u>	<u>39,302</u>
Costs, expenses and other				
Cost of products sold (A).....	6,114	5,625	22,659	22,170
Cost of services sold (A).....	1,382	1,254	4,916	4,980
	<u>7,496</u>	<u>6,879</u>	<u>27,575</u>	<u>27,150</u>
Selling, general and administrative expenses (A).....	1,631	1,493	5,808	5,469
Other (income) expense.....	18	95	(67)	(102)
Interest and other financial charges.....	81	86	316	338
	<u>9,226</u>	<u>8,553</u>	<u>33,632</u>	<u>32,855</u>
Income before taxes.....	1,617	1,432	6,902	6,447
Tax expense.....	4,016	387	5,204	1,601
Net income (loss).....	<u>(2,399)</u>	<u>1,045</u>	<u>1,698</u>	<u>4,846</u>
Less: Net income attributable to the noncontrolling interest.....	12	11	43	37
Net income (loss) attributable to Honeywell.....	<u>\$ (2,411)</u>	<u>\$ 1,034</u>	<u>\$ 1,655</u>	<u>\$ 4,809</u>
Earnings (loss) per share of common stock - basic.....	<u>\$ (3.18)</u>	<u>\$ 1.36</u>	<u>\$ 2.17</u>	<u>\$ 6.29</u>
Earnings (loss) per share of common stock - assuming dilution.....	<u>\$ (3.18)</u>	<u>\$ 1.34</u>	<u>\$ 2.14</u>	<u>\$ 6.20</u>
Weighted average number of shares outstanding - basic.....	<u>758.8</u>	<u>762.4</u>	<u>762.1</u>	<u>764.3</u>
Weighted average number of shares outstanding - assuming dilution.....	<u>758.8 (B)</u>	<u>772.3</u>	<u>772.1</u>	<u>775.3</u>

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

(B) Due to a loss for the period, no incremental shares are included because the effect would be antidilutive.

Below is a reconciliation of earnings per share to earnings per share, excluding pension mark-to-market expense, debt refinancing expense, separation costs, impact from the Tax Cuts and Jobs Act of 2017 ("Tax Reform"), and earnings attributable to 2016 divestitures. We believe this measure is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. For the three months ended December 31, 2017, earnings per share utilizes weighted average number of shares outstanding, assuming dilution of 769.0 million.

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Earnings (loss) per share of common stock - assuming dilution.....	\$ (3.18)	\$ 1.34	\$ 2.14	\$ 6.20
Pension mark-to-market expense (1).....	0.09	0.28	0.09	0.28
Debt refinancing expense (2).....	-	0.12	-	0.12
Separation costs.....	0.02	-	0.02	-
Impacts from Tax Reform	4.88	-	4.86	-
Earnings attributable to 2016 divestitures (3).....	-	-	-	(0.14)
Impact of dilution of weighted average number of shares outstanding.....	0.04	-	-	-
Earnings per share of common stock - assuming dilution, excluding pension mark-to-market expense, debt refinancing expense, separation costs, impacts from Tax Reform, and 2016 divestitures.....	<u>\$ 1.85</u>	<u>\$ 1.74</u>	<u>\$ 7.11</u>	<u>\$ 6.46</u>

(1) Pension mark-to-market expense uses a blended tax rate of 23% and 21.3% for 2017 and 2016.

(2) Debt refinancing expense uses a tax rate of 26.5% for 2016.

(3) Earnings attributable to 2016 divestitures use a blended tax rate of 33.9% for 2016.

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

<u>Net Sales</u>	<u>Three Months Ended</u> <u>December 31,</u>		<u>Twelve Months Ended</u> <u>December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Aerospace	\$ 3,902	\$ 3,666	\$ 14,779	\$ 14,751
Home and Building Technologies.....	2,615	2,488	9,777	9,490
Performance Materials and Technologies.....	2,854	2,540	10,339	10,436
Safety and Productivity Solutions.....	1,472	1,291	5,639	4,625
Total.....	<u>\$ 10,843</u>	<u>\$ 9,985</u>	<u>\$ 40,534</u>	<u>\$ 39,302</u>

Reconciliation of Segment Profit to Income Before Taxes

<u>Segment Profit</u>	<u>Three Months Ended</u> <u>December 31,</u>		<u>Twelve Months Ended</u> <u>December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Aerospace	\$ 893	\$ 739	\$ 3,288	\$ 2,991
Home and Building Technologies.....	461	449	1,650	1,621
Performance Materials and Technologies.....	607	587	2,206	2,112
Safety and Productivity Solutions.....	231	185	852	680
Corporate.....	<u>(96)</u>	<u>(61)</u>	<u>(306)</u>	<u>(218)</u>
Total segment profit.....	2,096	1,899	7,690	7,186
Other income (expense) (A).....	(26)	(103)	28	71
Interest and other financial charges.....	(81)	(86)	(316)	(338)
Stock compensation expense (B).....	(43)	(39)	(176)	(184)
Pension ongoing income (B).....	167	154	713	601
Pension mark-to-market expense (B).....	(87)	(273)	(87)	(273)
Other postretirement income (B).....	5	8	21	32
Repositioning and other charges (B).....	<u>(414)</u>	<u>(128)</u>	<u>(971)</u>	<u>(648)</u>
Income before taxes.....	<u>\$ 1,617</u>	<u>\$ 1,432</u>	<u>\$ 6,902</u>	<u>\$ 6,447</u>

(A) Equity income (loss) of affiliated companies is included in segment profit.

(B) Amounts included in cost of products and services sold and selling, general and administrative expenses.

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

	December 31, <u>2017</u>	December 31, <u>2016</u>
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 7,059	\$ 7,843
Short-term investments.....	3,758	1,520
Accounts receivable - net.....	8,866	8,177
Inventories.....	4,613	4,366
Other current assets.....	<u>1,706</u>	<u>1,152</u>
Total current assets.....	26,002	23,058
Investments and long-term receivables.....	667	587
Property, plant and equipment - net.....	5,926	5,793
Goodwill	18,277	17,707
Other intangible assets - net.....	4,496	4,634
Insurance recoveries for asbestos related liabilities.....	411	417
Deferred income taxes.....	236	347
Other assets.....	<u>3,372</u>	<u>1,603</u>
Total assets.....	<u>\$ 59,387</u>	<u>\$ 54,146</u>
LIABILITIES AND SHAREOWNERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 6,584	\$ 5,690
Commercial paper and other short-term borrowings.....	3,958	3,366
Current maturities of long-term debt.....	1,351	227
Accrued liabilities.....	<u>6,968</u>	<u>7,048</u>
Total current liabilities.....	18,861	16,331
Long-term debt.....	12,573	12,182
Deferred income taxes.....	2,894	486
Postretirement benefit obligations other than pensions.....	512	473
Asbestos related liabilities.....	1,173	1,014
Other liabilities.....	5,930	4,110
Redeemable noncontrolling interest.....	5	3
Shareowners' equity.....	<u>17,439</u>	<u>19,547</u>
Total liabilities, redeemable noncontrolling interest and shareowners' equity.....	<u>\$ 59,387</u>	<u>\$ 54,146</u>

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

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Cash flows from operating activities:				
Net income (loss)	\$ (2,399)	\$ 1,045	\$ 1,698	\$ 4,846
Less: Net income attributable to the noncontrolling interest.....	12	11	43	37
Net income (loss) attributable to Honeywell	(2,411)	1,034	1,655	4,809
Adjustments to reconcile net income (loss) attributable to Honeywell to net cash provided by operating activities:				
Depreciation.....	183	180	717	726
Amortization	100	77	398	304
(Gain) loss on sale of non-strategic businesses and assets.....	7	(2)	7	(178)
Repositioning and other charges.....	438	128	1,021	695
Net payments for repositioning and other charges.....	(234)	(205)	(628)	(625)
Pension and other postretirement (income) expense.....	(85)	111	(647)	(360)
Pension and other postretirement benefit payments	(35)	(33)	(106)	(143)
Stock compensation expense	43	39	176	184
Deferred income taxes.....	2,370	(70)	2,294	76
Other.....	1,680	227	1,642	194
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:				
Accounts receivable.....	(274)	(55)	(682)	(547)
Inventories.....	141	215	(259)	(18)
Other current assets.....	(581)	(106)	(568)	(106)
Accounts payable	520	272	924	254
Accrued liabilities	310	230	22	233
Net cash provided by operating activities.....	<u>2,172</u>	<u>2,042</u>	<u>5,966</u>	<u>5,498</u>
Cash flows from investing activities:				
Expenditures for property, plant and equipment.....	(418)	(346)	(1,031)	(1,095)
Proceeds from disposals of property, plant and equipment.....	40	17	86	21
Increase in investments.....	(2,594)	(871)	(6,743)	(3,954)
Decrease in investments.....	1,621	1,023	4,414	3,681
Cash paid for acquisitions, net of cash acquired.....	(10)	(5)	(82)	(2,573)
Proceeds from sales of businesses, net of fees paid.....	-	(8)	-	296
Other.....	(22)	124	(218)	282
Net cash used for investing activities.....	<u>(1,383)</u>	<u>(66)</u>	<u>(3,574)</u>	<u>(3,342)</u>
Cash flows from financing activities:				
Proceeds from issuance of commercial paper and other short-term borrowings.....	4,893	2,848	13,701	18,997
Payments of commercial paper and other short-term borrowings.....	(4,924)	(4,887)	(13,532)	(21,461)
Proceeds from issuance of common stock.....	57	23	520	409
Proceeds from issuance of long-term debt.....	1,199	4,735	1,238	9,245
Payments of long-term debt.....	(223)	(2,361)	(292)	(2,839)
Repurchases of common stock.....	(1,554)	(213)	(2,889)	(2,079)
Cash dividends paid	(565)	(505)	(2,119)	(1,915)
Payments to purchase the noncontrolling interest.....	-	-	-	(238)
AdvanSix pre-separation funding.....	-	-	-	269
AdvanSix pre-spin borrowing.....	-	-	-	38
AdvanSix cash at spin-off.....	-	-	-	(38)
Other.....	(12)	(2)	(143)	(42)
Net cash (used for) provided by financing activities.....	<u>(1,129)</u>	<u>(362)</u>	<u>(3,516)</u>	<u>346</u>
Effect of foreign exchange rate changes on cash and cash equivalents.....	10	(202)	340	(114)
Net (decrease) increase in cash and cash equivalents.....	(330)	1,412	(784)	2,388
Cash and cash equivalents at beginning of period.....	7,389	6,431	7,843	5,455
Cash and cash equivalents at end of period.....	<u>\$ 7,059</u>	<u>\$ 7,843</u>	<u>\$ 7,059</u>	<u>\$ 7,843</u>

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 December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
Segment Profit.....	\$ 2,096	\$ 1,899	\$ 7,690	\$ 7,186
Stock compensation expense (A).....	(43)	(39)	(176)	(184)
Repositioning and other (B, C).....	(422)	(136)	(1,010)	(679)
Pension ongoing income (A).....	167	154	713	601
Pension mark-to-market expense (A).....	(87)	(273)	(87)	(273)
Other postretirement income (A).....	5	8	21	32
Operating Income	<u>\$ 1,716</u>	<u>\$ 1,613</u>	<u>\$ 7,151</u>	<u>\$ 6,683</u>
Segment Profit.....	\$ 2,096	\$ 1,899	\$ 7,690	\$ 7,186
÷ Sales.....	10,843	9,985	40,534	39,302
Segment Profit Margin %.....	<u>19.3%</u>	<u>19.0%</u>	<u>19.0%</u>	<u>18.3%</u>
Operating Income.....	\$ 1,716	\$ 1,613	\$ 7,151	\$ 6,683
÷ Sales.....	10,843	9,985	40,534	39,302
Operating Income Margin %.....	<u>15.8%</u>	<u>16.2%</u>	<u>17.6%</u>	<u>17.0%</u>

(A) Included in cost of products and services sold and 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.

We define segment profit as operating income, excluding stock compensation expense, pension ongoing income or expense, pension mark-to-market expense, other postretirement income or expense, 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, particularly pension mark-to-market expense as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. 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 Organic Sales % Change (Unaudited)

	Three Months Ended December 31, 2017	Twelve Months Ended December 31, 2017
Honeywell		
Reported sales % change.....	9%	3%
Less: Foreign currency translation.....	3%	-
Less: Acquisitions and divestitures, net.....	-	(1)%
Organic sales % change.....	<u>6%</u>	<u>4%</u>
Aerospace		
Reported sales % change.....	6%	-
Less: Foreign currency translation.....	1%	-
Less: Acquisitions and divestitures, net.....	-	(2)%
Organic sales % change.....	<u>5%</u>	<u>2%</u>
Home and Building Technologies		
Reported sales % change.....	5%	3%
Less: Foreign currency translation.....	2%	-
Less: Acquisitions and divestitures, net.....	-	1%
Organic sales % change.....	<u>3%</u>	<u>2%</u>
Performance Materials and Technologies		
Reported sales % change.....	12%	(1)%
Less: Foreign currency translation.....	3%	-
Less: Acquisitions and divestitures, net.....	-	(9)%
Organic sales % change.....	<u>9%</u>	<u>8%</u>
Safety and Productivity Solutions		
Reported sales % change.....	14%	22%
Less: Foreign currency translation.....	2%	-
Less: Acquisitions and divestitures, net.....	-	17%
Organic sales % change.....	<u>12%</u>	<u>5%</u>

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 Organic Sales % Change (Unaudited)

	Three Months Ended December 31, 2017
UOP	
Reported sales % change.....	15%
Less: Foreign currency translation.....	3%
Less: Acquisitions and divestitures, net.....	-
Organic sales % change.....	12%
 AM	
Reported sales % change.....	22%
Less: Foreign currency translation.....	3%
Less: Acquisitions and divestitures, net.....	-
Organic sales % change.....	19%

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.

Honeywell International Inc.

Reconciliation of Cash Provided by Operating Activities to Free Cash Flow and Calculation of Free Cash Flow Conversion, Excluding Pension Mark-to-Market Expense, Separation Costs, and Impacts from Tax Reform (Unaudited)
(Dollars in millions)

	Three Months Ended December 31, 2017	Twelve Months Ended December 31, 2017
Cash provided by operating activities.....	\$ 2,172	\$ 5,966
Expenditures for property, plant and equipment	(418)	(1,031)
Free cash flow.....	<u>\$ 1,754</u>	<u>\$ 4,935</u>
Net income (loss), attributable to Honeywell.....	\$ (2,411)	\$ 1,655
Pension mark-to-market expense, net of tax (A).....	67	67
Impacts from separation costs, net of tax.....	14	14
Impacts from Tax Reform.....	3,754	3,754
Net income, attributable to Honeywell, excluding pension mark-to-market expense, separation costs and Tax Reform.....	<u>\$ 1,424</u>	<u>\$ 5,490</u>
Cash provided by operating activities.....	\$ 2,172	\$ 5,966
÷ Net income (loss) attributable to Honeywell.....	\$ (2,411)	\$ 1,655
Operating cash flow conversion.....	<u>-90%</u>	<u>360%</u>
Free cash flow.....	\$ 1,754	\$ 4,935
÷ Net income attributable to Honeywell, excluding pension mark-to-market expense, separation costs and impacts from Tax Reform.....	\$ 1,424	\$ 5,490
Free cash flow conversion %, excluding pension mark-to-market expense, separation costs and impacts from Tax Reform.....	<u>123%</u>	<u>90%</u>

(A) Pension mark-to-market expense uses a blended tax rate of 23% and 21.3% for 2017 and 2016.

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 Cash Provided by Operating Activities to Free Cash Flow (Unaudited)
(Dollars in millions)

	Three Months Ended December 31, 2016	Twelve Months Ended December 31, 2016
Cash provided by operating activities.....	\$ 2,042	\$ 5,498
Expenditures for property, plant and equipment	(346)	(1,095)
Free cash flow.....	<u>\$ 1,696</u>	<u>\$ 4,403</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 Earnings Per Share to Earnings Per Share, Excluding Pension Mark-to-Market Expense, Separation Costs and Impacts from Tax Reform
(Unaudited)

	Twelve Months Ended December 31, 2017 ⁽¹⁾	Twelve Months Ended December 31, 2018
Earnings per share of common stock - assuming dilution (EPS).....	\$2.14	TBD
Pension mark-to-market expense.....	0.09	TBD
Separation costs.....	0.02	TBD
Impacts from Tax Reform.....	4.86	TBD
EPS, excluding pension mark-to-market expense, separation costs, and impacts from Tax Reform.....	<u>\$7.11</u>	<u>\$7.75- \$8.00</u>

(1) Utilizes weighted average shares of approximately 772.1 million for full year. Pension mark-to-market expense uses a blended tax rate of 23%.

We believe earnings per share, excluding pension mark-to-market expense, separation costs and impacts from Tax Reform is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. For forward looking information, management cannot reliably predict or estimate, without unreasonable effort, the pension mark-to-market expense as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets, the separation costs given the preliminary nature of the estimates, and any adjustments to charges from Tax Reform as the charges are provisional. We therefore do not include an estimate for the pension mark-to-market expense, separation costs, or adjustments to charges from Tax Reform in this reconciliation. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change.

Honeywell International Inc.

Reconciliation of Cash Provided by Operating Activities to Free Cash Flow Excluding Separation Costs and Impacts from Tax Reform (Unaudited)

(Dollars in billions)

	Twelve Months Ended December 31, 2018
Cash provided by operating activities.....	TBD
Separation costs.....	TBD
Impacts from Tax Reform.....	TBD
Expenditures for property, plant and equipment	~(0.9)
Free cash flow.....	<u>~\$5.2 - \$5.9</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. For forward looking information, management cannot reliably predict or estimate, without unreasonable effort, the separation costs given the preliminary nature of the estimates or the amounts from Tax Reform as the charges are provisional. We therefore do not include an estimate for the separation costs or impacts from Tax Reform in this reconciliation.