

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

	Three Months Ended	
	March 31,	
	2017	2016
Product sales.....	\$ 7,540	\$ 7,619
Service sales.....	1,952	1,903
Net sales.....	<u>9,492</u>	<u>9,522</u>
Costs, expenses and other		
Cost of products sold (A).....	5,237	5,349
Cost of services sold (A).....	1,119	1,198
	<u>6,356</u>	<u>6,547</u>
Selling, general and administrative expenses (A).....	1,349	1,280
Other (income) expense.....	(12)	(18)
Interest and other financial charges.....	75	85
	<u>7,768</u>	<u>7,894</u>
Income before taxes.....	1,724	1,628
Tax expense.....	392	402
Net income.....	1,332	1,226
Less: Net income attributable to the noncontrolling interest.....	6	10
Net income attributable to Honeywell.....	<u>\$ 1,326</u>	<u>\$ 1,216</u>
Earnings per share of common stock - basic.....	<u>\$ 1.74</u>	<u>\$ 1.58</u>
Earnings per share of common stock - assuming dilution.....	<u>\$ 1.71</u>	<u>\$ 1.56</u>
Weighted average number of shares outstanding - basic.....	<u>763.1</u>	<u>767.9</u>
Weighted average number of shares outstanding - assuming dilution.....	<u>773.9</u>	<u>779.6</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.

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

<u>Net Sales</u>	Three Months Ended March 31,	
	2017	2016
Aerospace	\$ 3,546	\$ 3,705
Home and Building Technologies.....	2,553	2,477
Performance Materials and Technologies.....	2,069	2,281
Safety and Productivity Solutions.....	1,324	1,059
Total.....	<u>\$ 9,492</u>	<u>\$ 9,522</u>

Reconciliation of Segment Profit to Income Before Taxes

<u>Segment Profit</u>	Three Months Ended March 31,	
	2017	2016
Aerospace	\$ 796	\$ 798
Home and Building Technologies.....	389	360
Performance Materials and Technologies.....	471	461
Safety and Productivity Solutions.....	194	150
Corporate.....	<u>(61)</u>	<u>(49)</u>
Total segment profit.....	1,789	1,720
Other income (expense) (A).....	6	12
Interest and other financial charges.....	(75)	(85)
Stock compensation expense (B).....	(50)	(53)
Pension ongoing income (B).....	179	150
Other postretirement income (B).....	4	9
Repositioning and other charges (B).....	<u>(129)</u>	<u>(125)</u>
Income before taxes.....	<u>\$ 1,724</u>	<u>\$ 1,628</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)

	March 31, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 7,710	\$ 7,843
Short-term investments.....	1,885	1,520
Accounts receivable - net.....	8,155	8,177
Inventories.....	4,652	4,366
Other current assets.....	1,178	1,152
Total current assets.....	23,580	23,058
Investments and long-term receivables.....	533	587
Property, plant and equipment - net.....	5,816	5,793
Goodwill	17,827	17,707
Other intangible assets - net.....	4,592	4,634
Insurance recoveries for asbestos related liabilities.....	407	417
Deferred income taxes.....	337	347
Other assets.....	1,687	1,603
Total assets.....	\$ 54,779	\$ 54,146
LIABILITIES AND SHAREOWNERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 5,805	\$ 5,690
Commercial paper and other short-term borrowings.....	3,415	3,366
Current maturities of long-term debt.....	1,271	227
Accrued liabilities.....	6,790	7,048
Total current liabilities.....	17,281	16,331
Long-term debt.....	11,181	12,182
Deferred income taxes.....	414	486
Postretirement benefit obligations other than pensions.....	546	473
Asbestos related liabilities.....	1,002	1,014
Other liabilities.....	3,877	4,110
Redeemable noncontrolling interest.....	3	3
Shareowners' equity.....	20,475	19,547
Total liabilities, redeemable noncontrolling interest and shareowners' equity.....	\$ 54,779	\$ 54,146

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

	Three Months Ended March 31,	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Net income	\$ 1,332	\$ 1,226
Less: Net income attributable to the noncontrolling interest.....	6	10
Net income attributable to Honeywell	<u>1,326</u>	<u>1,216</u>
Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities:		
Depreciation.....	170	179
Amortization	101	74
Repositioning and other charges.....	129	125
Net payments for repositioning and other charges.....	(137)	(134)
Pension and other postretirement income.....	(183)	(159)
Pension and other postretirement benefit payments	(24)	(38)
Stock compensation expense	50	53
Deferred income taxes.....	(42)	48
Other.....	14	88
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:		
Accounts receivable.....	23	(208)
Inventories.....	(286)	(241)
Other current assets.....	(25)	(54)
Accounts payable	115	(113)
Accrued liabilities	(291)	(517)
Net cash provided by operating activities.....	<u>940</u>	<u>319</u>
Cash flows from investing activities:		
Expenditures for property, plant and equipment.....	(168)	(194)
Proceeds from disposals of property, plant and equipment.....	24	1
Increase in investments.....	(1,256)	(836)
Decrease in investments.....	825	880
Cash paid for acquisitions, net of cash acquired.....	-	(1,056)
Other.....	(29)	9
Net cash used for investing activities.....	<u>(604)</u>	<u>(1,196)</u>
Cash flows from financing activities:		
Proceeds from issuance of commercial paper and other short-term borrowings.....	2,468	6,300
Payments of commercial paper and other short-term borrowings.....	(2,467)	(8,750)
Proceeds from issuance of common stock.....	221	105
Proceeds from issuance of long-term debt.....	11	4,448
Payments of long-term debt.....	(5)	(419)
Repurchases of common stock.....	(310)	(1,156)
Cash dividends paid	(503)	(499)
Payments to purchase the noncontrolling interest.....	-	(238)
Other.....	(33)	(14)
Net cash used for financing activities.....	<u>(618)</u>	<u>(223)</u>
Effect of foreign exchange rate changes on cash and cash equivalents.....	<u>149</u>	<u>118</u>
Net decrease in cash and cash equivalents.....	(133)	(982)
Cash and cash equivalents at beginning of period.....	<u>7,843</u>	<u>5,455</u>
Cash and cash equivalents at end of period.....	<u>\$ 7,710</u>	<u>\$ 4,473</u>

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

	Three Months Ended March 31,	
	2017	2016
Cash provided by operating activities.....	\$ 940	\$ 319
Expenditures for property, plant and equipment	(168)	(194)
Free cash flow.....	\$ 772	\$ 125

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)

	Three Months Ended March 31,	
	2017	2016
Segment Profit.....	\$ 1,789	\$ 1,720
Stock compensation expense (A).....	(50)	(53)
Repositioning and other (A, B).....	(135)	(131)
Pension ongoing income (A).....	179	150
Other postretirement income (A).....	4	9
Operating Income	<u>\$ 1,787</u>	<u>\$ 1,695</u>
Segment Profit.....	\$ 1,789	\$ 1,720
÷ Sales.....	<u>9,492</u>	<u>9,522</u>
Segment Profit Margin %.....	<u>18.8%</u>	<u>18.1%</u>
Operating Income.....	\$ 1,787	\$ 1,695
÷ Sales.....	<u>9,492</u>	<u>9,522</u>
Operating Income Margin %.....	<u>18.8%</u>	<u>17.8%</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.

We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Honeywell International Inc.
Calculation of Segment Profit Margin Excluding Mergers and Acquisitions (Unaudited)
(Dollars in millions)

	Three Months Ended March 31,	
	2017	2016
Safety and Productivity Solutions		
Segment Profit excluding mergers and acquisitions.....	\$ 190	\$ 149
÷ Sales excluding mergers and acquisitions.....	\$ 1,080	\$ 1,041
Segment Profit Margin excluding mergers and acquisitions %.....	17.6%	14.3%

We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

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

	Three Months Ended March 31, 2017
Honeywell	
Reported sales % change.....	-
Less: Foreign currency translation.....	(1)%
Less: Acquisitions and divestitures, net.....	(1)%
Organic sales % change.....	<u>2%</u>
Aerospace	
Reported sales % change.....	(4)%
Less: Foreign currency translation.....	(1)%
Less: Acquisitions and divestitures, net.....	(3)%
Organic sales % change.....	<u>-</u>
Home and Building Technologies	
Reported sales % change.....	3%
Less: Foreign currency translation.....	(2)%
Less: Acquisitions and divestitures, net.....	2%
Organic sales % change.....	<u>3%</u>
Performance Materials and Technologies	
Reported sales % change.....	(9)%
Less: Foreign currency translation.....	(1)%
Less: Acquisitions and divestitures, net.....	(13)%
Organic sales % change.....	<u>5%</u>
Safety and Productivity Solutions	
Reported sales % change.....	25%
Less: Foreign currency translation.....	(1)%
Less: Acquisitions and divestitures, net.....	23%
Organic sales % change.....	<u>3%</u>

We believe organic sales growth 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.
Calculation of Earnings Per Share at 25% Tax Rate Excluding 2016 Divestitures (Unaudited)
(Dollars in millions, except per share amounts)

	Three Months Ended March 31,	
	2017	2016
Income before taxes	\$ 1,724	\$ 1,628
Taxes at 25%.....	431	407
Net income at 25% tax rate.....	\$ 1,293	\$ 1,221
Less: Net income attributable to the noncontrolling interest.....	6	10
Net income attributable to Honeywell at 25% tax rate.....	<u>\$ 1,287</u>	<u>\$ 1,211</u>
Weighted average number of shares outstanding - assuming dilution.....	<u>773.9</u>	<u>779.6</u>
Earnings per share at 25% tax rate.....	\$ 1.66	\$ 1.55
Earnings per share impact attributable to 2016 divestitures (1).....	-	0.05
Earnings per share of common stock - assuming dilution, at 25% tax rate, excluding 2016 divestitures.....	<u>\$ 1.66</u>	<u>\$ 1.50</u>
Earnings per share of common stock - assuming dilution.....	\$ 1.71	\$ 1.56
Earnings per share impact of normalizing to 25% tax rate.....	0.05	0.01
Earnings per share impact attributable to 2016 divestitures (1).....	-	0.05
Earnings per share of common stock - assuming dilution, at 25% tax rate, excluding 2016 divestitures.....	<u>\$ 1.66</u>	<u>\$ 1.50</u>

(1) Earnings per share attributable to 2016 divestitures uses weighted average shares of 779.6 million and a blended tax rate of 36.0% for three months ended March 31, 2016.

We believe earnings per share adjusted to expected 2017 full-year tax rate at 25% 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 Earnings Per Share to Earnings Per Share, Excluding Pension Mark-to-Market Expense, Debt Refinancing Expense and Earnings Attributable to 2016 Divestitures (Unaudited)

	Twelve Months Ended	
	December 31,	
	2017E ⁽¹⁾	2016 ⁽²⁾
Earnings per share of common stock - assuming dilution (EPS).....	TBD	\$ 6.20
Pension mark-to-market expense.....	TBD	0.28
Debt refinancing expense.....	-	0.12
EPS, excluding pension mark-to-market expense and debt refinancing expense.....	\$6.90 - \$7.10	6.60
Earnings attributable to 2016 divestitures.....	-	(0.14)
EPS, excluding pension mark-to-market expense, debt refinancing expense and earnings attributable to 2016 divestitures.....	\$6.90 - \$7.10	\$ 6.46

(1) Utilizes weighted average shares of approximately 774 million and an expected effective tax rate of approximately 25%

(2) Utilizes weighted average shares of 775.3 million. Pension mark-to-market expense uses a blended tax rate of 21.3%. Debt refinancing expense uses a tax rate of 26.5%. Earnings attributable to 2016 divestitures use a blended tax rate of 33.9%.

We believe EPS, excluding pension mark-to-market expense, debt refinancing expense and earnings attributable to 2016 divestitures is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. 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. We therefore do not include an estimate for the pension mark-to-market expense in this reconciliation. Management is not currently forecasting an impact to earnings per share arising from a debt refinancing or divestiture transaction. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change.