

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Product sales.....	\$ 8,079	\$ 8,035	\$ 15,619	\$ 15,654
Service sales.....	1,999	1,956	3,951	3,859
Net sales.....	<u>10,078</u>	<u>9,991</u>	<u>19,570</u>	<u>19,513</u>
Costs, expenses and other				
Cost of products sold (A).....	5,660	5,602	10,897	10,951
Cost of services sold (A).....	1,190	1,219	2,309	2,417
	<u>6,850</u>	<u>6,821</u>	<u>13,206</u>	<u>13,368</u>
Selling, general and administrative expenses (A).....	1,381	1,329	2,730	2,609
Other (income) expense.....	(10)	1	(22)	(17)
Interest and other financial charges.....	79	85	154	170
	<u>8,300</u>	<u>8,236</u>	<u>16,068</u>	<u>16,130</u>
Income before taxes.....	1,778	1,755	3,502	3,383
Tax expense.....	378	428	770	830
Net income.....	1,400	1,327	2,732	2,553
Less: Net income attributable to the noncontrolling interest.....	8	8	14	18
Net income attributable to Honeywell.....	<u>\$ 1,392</u>	<u>\$ 1,319</u>	<u>\$ 2,718</u>	<u>\$ 2,535</u>
Earnings per share of common stock - basic.....	<u>\$ 1.82</u>	<u>\$ 1.73</u>	<u>\$ 3.56</u>	<u>\$ 3.31</u>
Earnings per share of common stock - assuming dilution.....	<u>\$ 1.80</u>	<u>\$ 1.70</u>	<u>\$ 3.51</u>	<u>\$ 3.26</u>
Weighted average number of shares outstanding - basic.....	<u>764.2</u>	<u>763.3</u>	<u>763.6</u>	<u>765.5</u>
Weighted average number of shares outstanding - assuming dilution.....	<u>774.0</u>	<u>774.9</u>	<u>774.0</u>	<u>777.2</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 June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Aerospace .....	\$ 3,674	\$ 3,779	\$ 7,220	\$ 7,484
Home and Building Technologies.....	2,736	2,676	5,289	5,153
Performance Materials and Technologies.....	2,239	2,434	4,308	4,715
Safety and Productivity Solutions.....	1,429	1,102	2,753	2,161
Total.....	<u>\$ 10,078</u>	<u>\$ 9,991</u>	<u>\$ 19,570</u>	<u>\$ 19,513</u>

Reconciliation of Segment Profit to Income Before Taxes

<u>Segment Profit</u>	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Aerospace .....	\$ 819	\$ 791	\$ 1,615	\$ 1,589
Home and Building Technologies.....	420	412	809	772
Performance Materials and Technologies.....	524	520	995	981
Safety and Productivity Solutions.....	214	173	408	323
Corporate.....	(67)	(49)	(128)	(98)
Total segment profit.....	1,910	1,847	3,699	3,567
Other income (expense) (A).....	(1)	(7)	5	5
Interest and other financial charges.....	(79)	(85)	(154)	(170)
Stock compensation expense (B).....	(44)	(43)	(94)	(96)
Pension ongoing income (B).....	184	151	363	301
Other postretirement income (B).....	6	8	10	17
Repositioning and other charges (B).....	(198)	(116)	(327)	(241)
Income before taxes.....	<u>\$ 1,778</u>	<u>\$ 1,755</u>	<u>\$ 3,502</u>	<u>\$ 3,383</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)

	<u>June 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents.....	\$ 7,877	\$ 7,843
Short-term investments.....	1,944	1,520
Accounts receivable - net.....	8,442	8,177
Inventories.....	4,651	4,366
Other current assets.....	1,150	1,152
Total current assets.....	24,064	23,058
Investments and long-term receivables.....	570	587
Property, plant and equipment - net.....	5,718	5,793
Goodwill .....	18,038	17,707
Other intangible assets - net.....	4,566	4,634
Insurance recoveries for asbestos related liabilities.....	401	417
Deferred income taxes.....	357	347
Other assets.....	1,954	1,603
Total assets.....	\$ 55,668	\$ 54,146
<b>LIABILITIES AND SHAREOWNERS' EQUITY</b>		
Current liabilities:		
Accounts payable.....	\$ 5,971	\$ 5,690
Commercial paper and other short-term borrowings.....	3,803	3,366
Current maturities of long-term debt.....	1,378	227
Accrued liabilities.....	6,829	7,048
Total current liabilities.....	17,981	16,331
Long-term debt.....	11,329	12,182
Deferred income taxes.....	329	486
Postretirement benefit obligations other than pensions.....	537	473
Asbestos related liabilities.....	998	1,014
Other liabilities.....	3,941	4,110
Redeemable noncontrolling interest.....	3	3
Shareowners' equity.....	20,550	19,547
Total liabilities, redeemable noncontrolling interest and shareowners' equity.....	\$ 55,668	\$ 54,146

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Cash flows from operating activities:				
Net income .....	\$ 1,400	\$ 1,327	\$ 2,732	\$ 2,553
Less: Net income attributable to the noncontrolling interest.....	8	8	14	18
Net income attributable to Honeywell .....	1,392	1,319	2,718	2,535
Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities:				
Depreciation.....	184	185	354	364
Amortization .....	92	75	193	149
Repositioning and other charges.....	224	140	353	265
Net payments for repositioning and other charges.....	(127)	(132)	(264)	(266)
Pension and other postretirement income.....	(190)	(159)	(373)	(318)
Pension and other postretirement benefit payments .....	(23)	(43)	(47)	(81)
Stock compensation expense .....	44	43	94	96
Deferred income taxes.....	(50)	134	(92)	182
Other.....	(22)	(113)	(8)	(25)
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:				
Accounts receivable.....	(299)	(149)	(276)	(357)
Inventories.....	(12)	29	(298)	(212)
Other current assets.....	22	(84)	(3)	(138)
Accounts payable .....	199	113	314	-
Accrued liabilities .....	13	225	(278)	(292)
Net cash provided by operating activities.....	<u>1,447</u>	<u>1,583</u>	<u>2,387</u>	<u>1,902</u>
Cash flows from investing activities:				
Expenditures for property, plant and equipment.....	(233)	(281)	(401)	(475)
Proceeds from disposals of property, plant and equipment.....	1	-	25	1
Increase in investments.....	(1,073)	(985)	(2,329)	(1,821)
Decrease in investments.....	1,016	905	1,841	1,785
Cash paid for acquisitions, net of cash acquired.....	(15)	(28)	(15)	(1,084)
Other.....	(84)	43	(113)	52
Net cash used for investing activities.....	<u>(388)</u>	<u>(346)</u>	<u>(992)</u>	<u>(1,542)</u>
Cash flows from financing activities:				
Proceeds from issuance of commercial paper and other short-term borrowings.....	2,568	4,394	5,036	10,694
Payments of commercial paper and other short-term borrowings.....	(2,368)	(4,168)	(4,835)	(12,918)
Proceeds from issuance of common stock.....	155	138	376	243
Proceeds from issuance of long-term debt.....	5	25	16	4,473
Payments of long-term debt.....	(25)	(51)	(30)	(470)
Repurchases of common stock.....	(682)	(477)	(992)	(1,633)
Cash dividends paid .....	(546)	(458)	(1,049)	(957)
Payments to purchase the noncontrolling interest.....	-	-	-	(238)
Other.....	(72)	(1)	(105)	(15)
Net cash used for financing activities.....	<u>(965)</u>	<u>(598)</u>	<u>(1,583)</u>	<u>(821)</u>
Effect of foreign exchange rate changes on cash and cash equivalents.....	73	(67)	222	51
Net decrease in cash and cash equivalents.....	167	572	34	(410)
Cash and cash equivalents at beginning of period.....	7,710	4,473	7,843	5,455
Cash and cash equivalents at end of period.....	<u>\$ 7,877</u>	<u>\$ 5,045</u>	<u>\$ 7,877</u>	<u>\$ 5,045</u>

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Cash provided by operating activities.....	\$ 1,447	\$ 1,583	\$ 2,387	\$ 1,902
Expenditures for property, plant and equipment .....	(233)	(281)	(401)	(475)
Free cash flow.....	<u>\$ 1,214</u>	<u>\$ 1,302</u>	<u>\$ 1,986</u>	<u>\$ 1,427</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)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Segment Profit.....	\$ 1,910	\$ 1,847	\$ 3,699	\$ 3,567
Stock compensation expense (A).....	(44)	(43)	(94)	(96)
Repositioning and other (A, B).....	(209)	(122)	(344)	(253)
Pension ongoing income (A).....	184	151	363	301
Other postretirement income (A).....	6	8	10	17
Operating Income .....	\$ 1,847	\$ 1,841	\$ 3,634	\$ 3,536
Segment Profit.....	\$ 1,910	\$ 1,847	\$ 3,699	\$ 3,567
÷ Sales.....	10,078	9,991	19,570	19,513
Segment Profit Margin %.....	<u>19.0%</u>	<u>18.5%</u>	<u>18.9%</u>	<u>18.3%</u>
Operating Income.....	\$ 1,847	\$ 1,841	\$ 3,634	\$ 3,536
÷ Sales.....	10,078	9,991	19,570	19,513
Operating Income Margin %.....	<u>18.3%</u>	<u>18.4%</u>	<u>18.6%</u>	<u>18.1%</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 June 30, 2017
<b>Safety and Productivity Solutions</b>	
Segment Profit excluding mergers and acquisitions.....	\$ 182
÷ Sales excluding mergers and acquisitions.....	\$ 1,096
Segment Profit Margin excluding mergers and acquisitions %.....	16.6%

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 June 30, 2017
<b>Honeywell</b>	
Reported sales % change.....	1%
Less: Foreign currency translation.....	(1)%
Less: Acquisitions and divestitures, net.....	(1)%
Organic sales % change.....	3%
<b>Aerospace</b>	
Reported sales % change.....	(3)%
Less: Foreign currency translation.....	(1)%
Less: Acquisitions and divestitures, net.....	(4)%
Organic sales % change.....	2%
<b>Home and Building Technologies</b>	
Reported sales % change.....	2%
Less: Foreign currency translation.....	(2)%
Less: Acquisitions and divestitures, net.....	-
Organic sales % change.....	4%
<b>Performance Materials and Technologies</b>	
Reported sales % change.....	(8)%
Less: Foreign currency translation.....	(1)%
Less: Acquisitions and divestitures, net.....	(13)%
Organic sales % change.....	6%
<b>Safety and Productivity Solutions</b>	
Reported sales % change.....	30%
Less: Foreign currency translation.....	(1)%
Less: Acquisitions and divestitures, net.....	30%
Organic sales % change.....	1%

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.

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.  
Calculation of Earnings Per Share at 25% Tax Rate Excluding Additional Restructuring and 2016 Divestitures  
(Unaudited)  
(Dollars in millions, except per share amounts)

	Three Months Ended June 30,	
	2017	2016
Income before taxes .....	\$ 1,778	\$ 1,755
Taxes at 25%.....	445	439
Net income at 25% tax rate.....	\$ 1,333	\$ 1,316
Less: Net income attributable to the noncontrolling interest.....	8	8
Net income attributable to Honeywell at 25% tax rate.....	<u>\$ 1,325</u>	<u>\$ 1,308</u>
Weighted average number of shares outstanding - assuming dilution.....	<u>774.0</u>	<u>774.9</u>
Earnings per share at 25% tax rate.....	\$ 1.71	\$ 1.69
Less: Earnings per share attributable to 2016 divestitures (1).....	-	0.05
Less: Earnings per share attributable to additional restructuring (2).....	(0.09)	-
Earnings per share of common stock - assuming dilution, at 25% tax rate, excluding additional restructuring and 2016 divestitures.....	<u>\$ 1.80</u>	<u>\$ 1.64</u>
Earnings per share of common stock - assuming dilution.....	\$ 1.80	\$ 1.70
Less: Earnings per share impact of normalizing to 25% tax rate.....	0.09	0.01
Less: Earnings per share attributable to 2016 divestitures (1).....	-	0.05
Less: Earnings per share attributable to additional restructuring (2).....	(0.09)	-
Earnings per share of common stock - assuming dilution, at 25% tax rate, excluding additional restructuring and 2016 divestitures.....	<u>\$ 1.80</u>	<u>\$ 1.64</u>

(1) Earnings per share attributable to 2016 divestitures uses a blended tax rate of 32.3% for three months ended June 30, 2016.

(2) The Company has and continues to have an ongoing level of restructuring activities, for which there is a planned amount of restructuring-related charges. Additional restructuring represents only amounts that are incremental to those planned restructuring amounts. For the three months ended June 30, 2017, the Company funded \$117 million of restructuring, \$90 million of which was incremental to the planned amount. This additional restructuring was enabled by a lower than expected effective tax rate for the period. We believe that the exclusion of this additional restructuring provides a more comparable measure of year-on-year results. Earnings per share attributable to additional restructuring uses a tax rate of 25% for three months ended June 30, 2017.

We believe earnings per share adjusted to normalize for the expected effective tax rate of 25% for the most recently completed fiscal quarter (as presented in prior guidance for such quarter) and to exclude the 2016 divestitures 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 Segment Profit to Operating Income and Calculation of Segment Profit  
and Operating Income Margins (Unaudited)  
(Dollars in millions)

	Twelve Months Ended December 31, 2016
Segment Profit.....	\$ 7,186
Stock compensation expense (A).....	(184)
Repositioning and other (A, B).....	(679)
Pension ongoing income (A).....	601
Pension mark-to-market expense (A).....	(273)
Other postretirement expense (A).....	32
Operating Income.....	\$ 6,683
Segment Profit.....	\$ 7,186
÷ Sales.....	\$ 39,302
Segment Profit Margin %.....	18.3%
Operating Income.....	\$ 6,683
÷ Sales.....	\$ 39,302
Operating Income Margin %.....	17.0%

(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.

A quantitative reconciliation of segment profit, on an overall Honeywell basis, to operating income has not been provided for 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 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 <sup>(1)</sup>	2016 <sup>(2)</sup>
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.....	\$7.00 - \$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.....	<u>\$7.00 - \$7.10</u>	<u>\$ 6.46</u>

(1) Utilizes weighted average shares of approximately 774 million and an expected effective tax rate of 24%.

(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.

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

	Twelve Months Ended December 31,	
	2017E	2016
Cash provided by operating activities.....	\$5.7 - \$5.8	\$5.5
Expenditures for property, plant and equipment .....	~(1.1)	(1.1)
Free cash flow.....	\$4.6 - \$4.7	\$4.4

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

We believe 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.