

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
Product sales.....	\$ 7,434	\$ 8,646	\$ 32,848	\$ 32,317
Service sales.....	2,295	2,197	8,954	8,217
Net sales.....	<u>9,729</u>	<u>10,843</u>	<u>41,802</u>	<u>40,534</u>
Costs, expenses and other				
Cost of products sold (A).....	5,400	6,194	23,634	23,176
Cost of services sold (A).....	1,285	1,346	5,412	4,968
	<u>6,685</u>	<u>7,540</u>	<u>29,046</u>	<u>28,144</u>
Selling, general and administrative expenses (A).....	1,524	1,684	6,051	6,087
Other (income) expense.....	(290)	(129)	(1,149)	(963)
Interest and other financial charges.....	90	81	367	316
	<u>8,009</u>	<u>9,176</u>	<u>34,315</u>	<u>33,584</u>
Income before taxes.....	1,720	1,667	7,487	6,950
Tax expense (benefit).....	(20)	4,174	659	5,362
Net income (loss).....	1,740	(2,507)	6,828	1,588
Less: Net income attributable to the noncontrolling interest.....	19	12	63	43
Net income (loss) attributable to Honeywell.....	<u>\$ 1,721</u>	<u>\$ (2,519)</u>	<u>\$ 6,765</u>	<u>\$ 1,545</u>
Earnings (loss) per share of common stock - basic.....	<u>\$ 2.34</u>	<u>\$ (3.32)</u>	<u>\$ 9.10</u>	<u>\$ 2.03</u>
Earnings (loss) per share of common stock - assuming dilution.....	<u>\$ 2.31</u>	<u>\$ (3.32)</u>	<u>\$ 8.98</u>	<u>\$ 2.00</u>
Weighted average number of shares outstanding - basic.....	<u>734.0</u>	<u>758.8</u>	<u>743.0</u>	<u>762.1</u>
Weighted average number of shares outstanding - assuming dilution.....	<u>743.9</u>	<u>758.8 (B)</u>	<u>753.0</u>	<u>772.1</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.

(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, separation costs, and impact from the Tax Cuts and Jobs Act of 2017 ("U.S. Tax Reform"). 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 December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
Earnings (loss) per share of common stock - assuming dilution.....	\$ 2.31	\$ (3.32)	\$ 8.98	\$ 2.00
Pension mark-to-market expense (1).....	0.04	0.09	0.04	0.09
Separation costs.....	0.14	0.02	0.97	0.02
Impacts from U.S. Tax Reform	(0.58)	5.06	(1.98)	5.04
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, separation costs, and impacts from Tax Reform.....	<u>\$ 1.91</u>	<u>\$ 1.89</u>	<u>\$ 8.01</u>	<u>\$ 7.15</u>

(1) Pension mark-to-market expense uses a blended tax rate of 24% for 2018 and 23% for 2017.

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
<u>Net Sales</u>				
Aerospace	\$ 3,428	\$ 3,902	\$ 15,493	\$ 14,779
Honeywell Building Technologies.....	1,802	2,615	9,298	9,777
Performance Materials and Technologies.....	2,802	2,854	10,674	10,339
Safety and Productivity Solutions.....	1,697	1,472	6,337	5,639
Total.....	<u>\$ 9,729</u>	<u>\$ 10,843</u>	<u>\$ 41,802</u>	<u>\$ 40,534</u>

Reconciliation of Segment Profit to Income Before Taxes

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
<u>Segment Profit</u>				
Aerospace	\$ 801	\$ 893	\$ 3,503	\$ 3,288
Honeywell Building Technologies.....	335	461	1,608	1,650
Performance Materials and Technologies.....	652	607	2,328	2,206
Safety and Productivity Solutions.....	272	231	1,032	852
Corporate.....	<u>(100)</u>	<u>(96)</u>	<u>(281)</u>	<u>(306)</u>
Total segment profit.....	1,960	2,096	8,190	7,690
Interest and other financial charges.....	(90)	(81)	(367)	(316)
Stock compensation expense (A).....	(44)	(43)	(175)	(176)
Pension ongoing income (B).....	247	167	992	713
Pension mark-to-market expense (B).....	(37)	(87)	(37)	(87)
Other postretirement income (B).....	8	5	32	21
Repositioning and other charges (C,D).....	(335)	(387)	(1,091)	(973)
Other (E)	<u>11</u>	<u>(3)</u>	<u>(57)</u>	<u>78</u>
Income before taxes.....	<u>\$ 1,720</u>	<u>\$ 1,667</u>	<u>\$ 7,487</u>	<u>\$ 6,950</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)

	December 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 9,287	\$ 7,059
Short-term investments.....	1,623	3,758
Accounts receivable - net.....	7,508	8,866
Inventories.....	4,326	4,613
Other current assets.....	1,618	1,706
Total current assets.....	24,362	26,002
Investments and long-term receivables.....	742	667
Property, plant and equipment - net.....	5,296	5,926
Goodwill	15,546	18,277
Other intangible assets - net.....	4,139	4,496
Insurance recoveries for asbestos related liabilities.....	437	479
Deferred income taxes.....	382	251
Other assets.....	6,869	3,372
Total assets.....	\$ 57,773	\$ 59,470
LIABILITIES AND SHAREOWNERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 5,607	\$ 6,584
Commercial paper and other short-term borrowings.....	3,586	3,958
Current maturities of long-term debt.....	2,872	1,351
Accrued liabilities.....	6,859	6,968
Total current liabilities.....	18,924	18,861
Long-term debt.....	9,756	12,573
Deferred income taxes.....	1,713	2,664
Postretirement benefit obligations other than pensions.....	344	512
Asbestos related liabilities.....	2,269	2,260
Other liabilities.....	6,402	5,930
Redeemable noncontrolling interest.....	7	5
Shareowners' equity.....	18,358	16,665
Total liabilities, redeemable noncontrolling interest and shareowners' equity.....	\$ 57,773	\$ 59,470

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
Cash flows from operating activities:				
Net income (loss).....	\$ 1,740	\$ (2,507)	\$ 6,828	\$ 1,588
Less: Net income attributable to the noncontrolling interest.....	19	12	63	43
Net income (loss) attributable to Honeywell	1,721	(2,519)	6,765	1,545
Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities:				
Depreciation.....	163	183	721	717
Amortization	91	100	395	398
(Gain) loss on sale of non-strategic businesses and assets.....	-	7	-	7
Repositioning and other charges.....	335	387	1,091	973
Net payments for repositioning and other charges.....	(133)	(234)	(652)	(628)
Pension and other postretirement income.....	(218)	(85)	(987)	(647)
Pension and other postretirement benefit payments	(13)	(35)	(80)	(106)
Stock compensation expense	44	43	175	176
Deferred income taxes.....	(104)	2,529	(586)	2,452
Other.....	(531)	1,680	(694)	1,642
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:				
Accounts receivable.....	(367)	(274)	(236)	(682)
Inventories.....	(44)	141	(503)	(259)
Other current assets.....	(138)	(581)	218	(568)
Accounts payable	267	520	733	924
Accrued liabilities	486	310	74	22
Net cash provided by operating activities.....	1,559	2,172	6,434	5,966
Cash flows from investing activities:				
Expenditures for property, plant and equipment.....	(306)	(418)	(828)	(1,031)
Proceeds from disposals of property, plant and equipment.....	11	40	15	86
Increase in investments.....	(1,177)	(2,594)	(4,059)	(6,743)
Decrease in investments.....	1,398	1,621	6,032	4,414
Cash paid for acquisitions, net of cash acquired.....	(484)	(10)	(535)	(82)
Other.....	152	(22)	402	(218)
Net cash provided by (used for) investing activities.....	(406)	(1,383)	1,027	(3,574)
Cash flows from financing activities:				
Proceeds from issuance of commercial paper and other short-term borrowings.....	4,591	4,893	23,891	13,701
Payments of commercial paper and other short-term borrowings.....	(4,942)	(4,924)	(24,095)	(13,532)
Proceeds from issuance of common stock.....	25	57	267	520
Proceeds from issuance of long-term debt.....	1	1,199	27	1,238
Payments of long-term debt.....	(27)	(223)	(1,330)	(292)
Repurchases of common stock.....	(1,692)	(1,554)	(4,000)	(2,889)
Cash dividends paid.....	(603)	(565)	(2,272)	(2,119)
Pre-separation funding	1,197	-	2,801	-
Spin-off cash.....	(179)	-	(179)	-
Other.....	(1)	(12)	(142)	(143)
Net cash provided by (used for) by financing activities.....	(1,630)	(1,129)	(5,032)	(3,516)
Effect of foreign exchange rate changes on cash and cash equivalents.....	(39)	10	(201)	340
Net increase (decrease) in cash and cash equivalents.....	(516)	(330)	2,228	(784)
Cash and cash equivalents at beginning of period.....	9,803	7,389	7,059	7,843
Cash and cash equivalents at end of period.....	\$ 9,287	\$ 7,059	\$ 9,287	\$ 7,059

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,	
	2018	2017	2018	2017
Segment profit.....	\$ 1,960	\$ 2,096	\$ 8,190	\$ 7,690
Stock compensation expense (A).....	(44)	(43)	(175)	(176)
Repositioning, Other (B,C).....	(347)	(371)	(1,100)	(962)
Pension and other postretirement service costs (D).....	(49)	(63)	(210)	(249)
Operating income	<u>\$ 1,520</u>	<u>\$ 1,619</u>	<u>\$ 6,705</u>	<u>\$ 6,303</u>
Segment profit.....	\$ 1,960	\$ 2,096	\$ 8,190	\$ 7,690
÷ Net sales.....	<u>\$ 9,729</u>	<u>\$ 10,843</u>	<u>\$ 41,802</u>	<u>\$ 40,534</u>
Segment profit margin %.....	<u>20.1%</u>	<u>19.3%</u>	<u>19.6%</u>	<u>19.0%</u>
Operating income.....	\$ 1,520	\$ 1,619	\$ 6,705	\$ 6,303
÷ Net sales.....	<u>\$ 9,729</u>	<u>\$ 10,843</u>	<u>\$ 41,802</u>	<u>\$ 40,534</u>
Operating income margin %.....	<u>15.6%</u>	<u>14.9%</u>	<u>16.0%</u>	<u>15.6%</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 Organic Sales % Change (Unaudited)

	Three Months Ended December 31, 2018	Twelve Months Ended December 31, 2018
Honeywell		
Reported sales % change.....	(10)%	3%
Less: Foreign currency translation.....	(1)%	1%
Less: Acquisitions, divestitures and other, net.....	(15)%	(4)%
Organic sales % change.....	<u>6%</u>	<u>6%</u>
Aerospace		
Reported sales % change.....	(12)%	5%
Less: Foreign currency translation.....	(1)%	1%
Less: Acquisitions, divestitures and other, net.....	(21)%	(5)%
Organic sales % change.....	<u>10%</u>	<u>9%</u>
Honeywell Building Technologies		
Reported sales % change.....	(31)%	(5)%
Less: Foreign currency translation.....	(2)%	1%
Less: Acquisitions, divestitures and other, net.....	(30)%	(9)%
Organic sales % change.....	<u>1%</u>	<u>3%</u>
Performance Materials and Technologies		
Reported sales % change.....	(2)%	3%
Less: Foreign currency translation.....	(2)%	1%
Less: Acquisitions, divestitures and other, net.....	-	-
Organic sales % change.....	<u>-</u>	<u>2%</u>
Safety and Productivity Solutions		
Reported sales % change.....	15%	12%
Less: Foreign currency translation.....	(1)%	1%
Less: Acquisitions, divestitures and other, net.....	1%	-
Organic sales % change.....	<u>15%</u>	<u>11%</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, acquisitions, net of divestitures, and non-comparable impacts from adoption of the new revenue recognition standard. 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 Cash Provided by Operating Activities to Adjusted Free Cash Flow and Calculation of Adjusted Free Cash Flow Conversion (Unaudited)
(Dollars in millions)

	Twelve Months Ended December 31, 2018	Twelve Months Ended December 31, 2017
Cash provided by operating activities.....	\$ 6,434	\$ 5,966
Expenditures for property, plant and equipment	(828)	(1,031)
Free cash flow.....	5,606	4,935
Separation cost payments.....	424	-
Adjusted free cash flow.....	<u>\$ 6,030</u>	<u>\$ 4,935</u>
Net income attributable to Honeywell.....	\$ 6,765	\$ 1,545
Separation costs, includes net tax impacts.....	732	14
U.S. Tax Reform.....	(1,494)	3,891
Pension mark-to-market.....	28	67
Adjusted net income attributable to Honeywell.....	<u>\$ 6,031</u>	<u>\$ 5,517</u>
Cash provided by operating activities.....	\$ 6,434	\$ 5,966
÷ Net income (loss) attributable to Honeywell.....	\$ 6,765	\$ 1,545
Operating cash flow conversion.....	<u>95%</u>	<u>386%</u>
Adjusted free cash flow.....	\$ 6,030	\$ 4,935
÷ Adjusted net income attributable to Honeywell.....	\$ 6,031	\$ 5,517
Adjusted free cash flow conversion %.....	<u>100%</u>	<u>89%</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 Cash Provided by Operating Activities to Adjusted Free Cash Flow (Unaudited)

(Dollars in millions)

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017
Cash provided by operating activities.....	\$ 1,559	\$ 2,172
Expenditures for property, plant and equipment	(306)	(418)
Free cash flow.....	1,253	1,754
Separation cost payments.....	233	-
Adjusted free cash flow.....	<u>\$ 1,486</u>	<u>\$ 1,754</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 (loss) per Share to Adjusted Earnings per Share, Excluding Spin-off Impact (Unaudited)

	Three Months Ended	
	December 31,	
	2018	2017
Earnings (loss) per share of common stock - assuming dilution (1).....	\$ 2.31	\$ (3.32)
Pension mark-to-market expense.....	0.04	0.09
Separation costs (2).....	0.14	0.02
Impacts from U.S. Tax Reform.....	(0.58)	5.06
Impacts of dilution of weighted average number of shares outstanding.....		0.04
Adjusted earnings per share of common stock - assuming dilution.....	\$ 1.91	\$ 1.89
Less: EPS, attributable to spin-offs.....		\$ 0.19
Adjusted earnings per share of common stock - assuming dilution, excluding spin-off impact.....		<u>1.70</u>

(1) For the three months ended December 31, 2018 and 2017, adjusted earnings per share utilizes weighted average shares of approximately 743.9 million and 769 million.

(2) For the three months ended December 31, 2018 and 2017, separation costs of \$104 million and \$14 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 (Unaudited)

	<u>Twelve Months Ended December 31, 2018 (\$M)</u>	<u>Twelve Months Ended December 31, 2019 (\$B)</u>
Cash provided by operating activities.....	\$ 6,434	~\$5.9 - \$6.5
Expenditures for property, plant and equipment	(828)	~(0.8)
Free cash flow.....	5,606	~5.1 - 5.7
Separation cost payments.....	424	~0.3
Adjusted free cash flow.....	<u>\$ 6,030</u>	<u>~\$5.4 - \$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.