

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,	
	2016	2015	2016	2015
Product sales.....	\$ 7,964	\$ 7,960	\$ 31,362	\$ 30,695
Service sales.....	2,021	2,022	7,940	7,886
Net sales.....	<u>9,985</u>	<u>9,982</u>	<u>39,302</u>	<u>38,581</u>
Costs, expenses and other				
Cost of products sold (A).....	5,625	5,649	22,170	21,775
Cost of services sold (A).....	1,254	1,268	4,980	4,972
	6,879	6,917	27,150	26,747
Selling, general and administrative expenses (A).....	1,493	1,332	5,469	5,006
Other (income) expense.....	95	(4)	(102)	(68)
Interest and other financial charges.....	86	84	338	310
	<u>8,553</u>	<u>8,329</u>	<u>32,855</u>	<u>31,995</u>
Income before taxes.....	1,432	1,653	6,447	6,586
Tax expense.....	387	450	1,601	1,739
Net income.....	1,045	1,203	4,846	4,847
Less: Net income attributable to the noncontrolling interest.....	11	9	37	79
Net income attributable to Honeywell.....	<u>\$ 1,034</u>	<u>\$ 1,194</u>	<u>\$ 4,809</u>	<u>\$ 4,768</u>
Earnings per share of common stock - basic.....	<u>\$ 1.36</u>	<u>\$ 1.55</u>	<u>\$ 6.29</u>	<u>\$ 6.11</u>
Earnings per share of common stock - assuming dilution.....	<u>\$ 1.34</u>	<u>\$ 1.53</u>	<u>\$ 6.20</u>	<u>\$ 6.04</u>
Weighted average number of shares outstanding - basic.....	<u>762.4</u>	<u>771.8</u>	<u>764.3</u>	<u>779.8</u>
Weighted average number of shares outstanding - assuming dilution.....	<u>772.3</u>	<u>780.8</u>	<u>775.3</u>	<u>789.3</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.

Below is a reconciliation of earnings per share to earnings per share, excluding pension mark-to-market expense, debt refinancing expense 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. Earnings per share utilizes weighted average number of shares outstanding, assuming dilution, for the period.

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Earnings per share of common stock - assuming dilution.....	\$ 1.34	\$ 1.53	\$ 6.20	\$ 6.04
Pension mark-to-market expense (1).....	0.28	0.05	0.28	0.06
Debt refinancing expense (2).....	0.12	-	0.12	-
Earnings per share of common stock - assuming dilution, excluding pension mark-to-market expense and debt refinancing expense.....	\$ 1.74	\$ 1.58	\$ 6.60	\$ 6.10
Earnings attributable to 2016 Divestitures (3).....	-	(0.05)	(0.14)	(0.19)
Earnings per share of common stock - assuming dilution, excluding pension mark-to-market expense, debt refinancing expense, and 2016 divestitures.....	<u>\$ 1.74</u>	<u>\$ 1.53</u>	<u>\$ 6.46</u>	<u>\$ 5.91</u>

(1) Pension mark-to-market expense uses a blended tax rate of 21.3% and 36.1% for 2016 and 2015.

(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 30.8% for three months ended December 31, 2015, 33.9% for 2016 and 33.2% for 2015.

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

<u>Net Sales</u>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Aerospace	\$ 3,666	\$ 3,983	\$ 14,751	\$ 15,237
Home and Building Technologies.....	2,800	2,475	10,654	9,161
Performance Materials and Technologies.....	2,228	2,338	9,272	9,475
Safety and Productivity Solutions.....	1,291	1,186	4,625	4,708
Corporate.....	-	-	-	-
Total.....	\$ 9,985	\$ 9,982	\$ 39,302	\$ 38,581

Reconciliation of Segment Profit to Income Before Taxes

<u>Segment Profit</u>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Aerospace	\$ 739	\$ 856	\$ 2,991	\$ 3,218
Home and Building Technologies.....	470	424	1,683	1,512
Performance Materials and Technologies.....	566	473	2,050	1,990
Safety and Productivity Solutions.....	185	181	680	746
Corporate.....	(61)	(54)	(218)	(210)
Total segment profit.....	1,899	1,880	7,186	7,256
Other income (expense) (A).....	(103)	(1)	71	38
Interest and other financial charges.....	(86)	(84)	(338)	(310)
Stock compensation expense (B).....	(39)	(43)	(184)	(175)
Pension ongoing income (B).....	154	131	601	430
Pension mark-to-market expense (B).....	(273)	(67)	(273)	(67)
Other postretirement income (expense) (B).....	8	(10)	32	(40)
Repositioning and other charges (B).....	(128)	(153)	(648)	(546)
Income before taxes.....	\$ 1,432	\$ 1,653	\$ 6,447	\$ 6,586

(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, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 7,843	\$ 5,455
Accounts, notes and other receivables.....	8,818	8,075
Inventories.....	4,366	4,420
Investments and other current assets.....	2,031	2,103
Total current assets.....	23,058	20,053
Investments and long-term receivables.....	587	517
Property, plant and equipment - net.....	5,793	5,789
Goodwill	17,707	15,895
Other intangible assets - net.....	4,634	4,577
Insurance recoveries for asbestos related liabilities.....	417	426
Deferred income taxes.....	347	283
Other assets.....	1,603	1,776
Total assets.....	\$ 54,146	\$ 49,316
LIABILITIES AND SHAREOWNERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 5,690	\$ 5,580
Commercial paper and other short-term borrowings.....	3,366	5,937
Current maturities of long-term debt.....	227	577
Accrued liabilities.....	7,048	6,277
Total current liabilities.....	16,331	18,371
Long-term debt.....	12,182	5,554
Deferred income taxes.....	486	558
Postretirement benefit obligations other than pensions.....	473	526
Asbestos related liabilities.....	1,014	1,251
Other liabilities.....	4,110	4,348
Redeemable noncontrolling interest.....	3	290
Shareowners' equity.....	19,547	18,418
Total liabilities, redeemable noncontrolling interest and shareowners' equity.....	\$ 54,146	\$ 49,316

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Cash flows from operating activities:				
Net income	\$ 1,045	\$ 1,203	\$ 4,846	\$ 4,847
Less: Net income attributable to the noncontrolling interest.....	11	9	37	79
Net income attributable to Honeywell	1,034	1,194	4,809	4,768
Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities:				
Depreciation.....	180	169	726	672
Amortization	77	53	304	211
(Gain) loss on sale of non-strategic businesses and assets.....	(2)	2	(178)	1
Repositioning and other charges.....	128	153	695	546
Net payments for repositioning and other charges.....	(205)	(208)	(625)	(537)
Pension and other postretirement expense (income).....	111	(54)	(360)	(323)
Pension and other postretirement benefit payments	(33)	(38)	(143)	(122)
Stock compensation expense	39	43	184	175
Deferred income taxes.....	(70)	31	76	315
Excess tax benefits from share based payment arrangements.....	-	(12)	-	(81)
Other.....	227	(94)	194	57
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:				
Accounts, notes and other receivables.....	(200)	159	(770)	211
Inventories.....	215	250	(18)	230
Other current assets.....	39	191	117	80
Accounts payable	272	(4)	254	(17)
Accrued liabilities	230	128	233	(667)
Net cash provided by operating activities.....	<u>2,042</u>	<u>1,963</u>	<u>5,498</u>	<u>5,519</u>
Cash flows from investing activities:				
Expenditures for property, plant and equipment.....	(346)	(388)	(1,095)	(1,073)
Proceeds from disposals of property, plant and equipment.....	17	12	21	15
Increase in investments.....	(871)	(1,013)	(3,954)	(6,714)
Decrease in investments.....	1,023	2,537	3,681	6,587
Cash paid for acquisitions, net of cash acquired.....	(5)	(5,043)	(2,573)	(5,228)
Proceeds from sales of businesses, net of fees paid.....	(8)	(2)	296	1
Other.....	124	(33)	282	(102)
Net cash used for investing activities.....	<u>(66)</u>	<u>(3,930)</u>	<u>(3,342)</u>	<u>(6,514)</u>
Cash flows from financing activities:				
Net increase (decrease) in commercial paper and other short-term borrowings.....	(2,039)	2,254	(2,464)	4,265
Proceeds from issuance of common stock.....	23	36	409	186
Proceeds from issuance of long-term debt.....	4,735	12	9,245	60
Payments of long-term debt.....	(2,361)	(732)	(2,839)	(880)
Excess tax benefits from share based payment arrangements.....	-	12	-	81
Repurchases of common stock.....	(213)	(163)	(2,079)	(1,884)
Cash dividends paid	(505)	(465)	(1,915)	(1,726)
Payments to purchase the noncontrolling interest.....	-	-	(238)	-
AdvanSix pre-separation funding.....	-	-	269	-
AdvanSix pre-spin borrowing.....	-	-	38	-
AdvanSix cash at spin-off.....	-	-	(38)	-
Other.....	(2)	(4)	(42)	(65)
Net cash provided by (used for) financing activities.....	<u>(362)</u>	<u>950</u>	<u>346</u>	<u>37</u>
Effect of foreign exchange rate changes on cash and cash equivalents.....	(202)	(91)	(114)	(546)
Net increase (decrease) in cash and cash equivalents.....	1,412	(1,108)	2,388	(1,504)
Cash and cash equivalents at beginning of period.....	6,431	6,563	5,455	6,959
Cash and cash equivalents at end of period.....	<u>\$ 7,843</u>	<u>\$ 5,455</u>	<u>\$ 7,843</u>	<u>\$ 5,455</u>

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Cash provided by operating activities.....	\$ 2,042	\$ 1,963	\$ 5,498	\$ 5,519
Expenditures for property, plant and equipment	(346)	(388)	(1,095)	(1,073)
Free cash flow.....	<u>\$ 1,696</u>	<u>\$ 1,575</u>	<u>\$ 4,403</u>	<u>\$ 4,446</u>
Net income, attributable to Honeywell.....	\$ 1,034	\$ 1,194	\$ 4,809	\$ 4,768
Pension mark-to-market expense, net of tax (A).....	215	43	215	43
Debt refinancing expense (B).....	93	-	93	-
Net income, attributable to Honeywell, excluding pension mark-to-market expense and debt refinancing expense.....	<u>\$ 1,342</u>	<u>\$ 1,237</u>	<u>\$ 5,117</u>	<u>\$ 4,811</u>
Cash provided by operating activities.....	\$ 2,042	\$ 1,963	\$ 5,498	\$ 5,519
÷ Net income attributable to Honeywell.....	<u>\$ 1,034</u>	<u>\$ 1,194</u>	<u>\$ 4,809</u>	<u>\$ 4,768</u>
Operating cash flow conversion.....	<u>197%</u>	<u>164%</u>	<u>114%</u>	<u>116%</u>
Free cash flow.....	\$ 1,696	\$ 1,575	\$ 4,403	\$ 4,446
Net income, attributable to Honeywell, excluding pension mark-to-market expense and debt refinancing expense.....	<u>\$ 1,342</u>	<u>\$ 1,237</u>	<u>\$ 5,117</u>	<u>\$ 4,811</u>
Free cash flow conversion.....	<u>126%</u>	<u>127%</u>	<u>86%</u>	<u>92%</u>

(A) Pension mark-to-market expense uses a blended tax rate of 21.3% and 36.1% for 2016 and 2015.

(B) Debt refinancing expense uses a tax rate of 26.5% for 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 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,	
	2016	2015	2016	2015
Segment Profit.....	\$ 1,899	\$ 1,880	\$ 7,186	\$ 7,256
Stock compensation expense (A).....	(39)	(43)	(184)	(175)
Repositioning and other (A, B).....	(136)	(158)	(679)	(576)
Pension ongoing income (A).....	154	131	601	430
Pension mark-to-market expense (A).....	(273)	(67)	(273)	(67)
Other postretirement income (expense) (A).....	8	(10)	32	(40)
Operating Income	\$ 1,613	\$ 1,733	\$ 6,683	\$ 6,828
Pension mark-to-market adjustment (A).....	(273)	(67)	(273)	(67)
Debt refinancing expense.....	(126)	-	(126)	-
Operating Income excluding pension mark-to-market adjustment and debt refinancing expense.....	\$ 2,012	\$ 1,800	\$ 7,082	\$ 6,895
Segment Profit.....	\$ 1,899	\$ 1,880	\$ 7,186	\$ 7,256
÷ Sales.....	9,985	9,982	39,302	38,581
Segment Profit Margin %.....	19.0%	18.8%	18.3%	18.8%
Operating Income.....	\$ 1,613	\$ 1,733	\$ 6,683	\$ 6,828
÷ Sales.....	9,985	9,982	39,302	38,581
Operating Income Margin %.....	16.2%	17.4%	17.0%	17.7%
Operating Income excluding pension mark-to-market adjustment and debt refinancing expense.....	\$ 2,012	\$ 1,800	\$ 7,082	\$ 6,895
÷ Sales.....	9,985	9,982	39,302	38,581
Operating Income excluding pension mark-to-market adjustment and debt refinancing expense %.....	20.2%	18.0%	18.0%	17.9%

(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 December 31 2016
Honeywell	
Segment Profit excluding mergers and acquisitions.....	\$ 1,833
÷ Sales excluding mergers and acquisitions.....	\$ 9,284
Segment Profit Margin excluding mergers and acquisitions %.....	<u>19.7%</u>
Aerospace ⁽¹⁾	
Segment Profit excluding mergers and acquisitions and other.....	\$ 786
÷ Sales excluding mergers and acquisitions and other.....	\$ 3,677
Segment Profit Margin excluding mergers and acquisitions and other %.....	<u>21.4%</u>
Home and Building Technologies	
Segment Profit excluding mergers and acquisitions.....	\$ 436
÷ Sales excluding mergers and acquisitions.....	\$ 2,463
Segment Profit Margin excluding mergers and acquisitions %.....	<u>17.7%</u>
Performance Materials and Technologies	
Segment Profit excluding mergers and acquisitions.....	\$ 540
÷ Sales excluding mergers and acquisitions.....	\$ 2,093
Segment Profit Margin excluding mergers and acquisitions %.....	<u>25.8%</u>
Safety and Productivity Solutions	
Segment Profit excluding mergers and acquisitions.....	\$ 180
÷ Sales excluding mergers and acquisitions.....	\$ 1,105
Segment Profit Margin excluding mergers and acquisitions %.....	<u>16.3%</u>

(1) Other includes year-over-year incremental OEM incentives.

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)

	Twelve Months Ended December 31 2016
Honeywell	
Segment Profit excluding mergers and acquisitions.....	\$ 6,980
÷ Sales excluding mergers and acquisitions.....	\$ 37,023
Segment Profit Margin excluding mergers and acquisitions %.....	<u>18.9%</u>
Aerospace	
Segment Profit excluding mergers and acquisitions.....	\$ 2,992
÷ Sales excluding mergers and acquisitions.....	\$ 14,590
Segment Profit Margin excluding mergers and acquisitions %.....	<u>20.5%</u>
Home and Building Technologies	
Segment Profit excluding mergers and acquisitions.....	\$ 1,588
÷ Sales excluding mergers and acquisitions.....	\$ 9,374
Segment Profit Margin excluding mergers and acquisitions %.....	<u>16.9%</u>
Performance Materials and Technologies	
Segment Profit excluding mergers and acquisitions.....	\$ 1,959
÷ Sales excluding mergers and acquisitions.....	\$ 8,721
Segment Profit Margin excluding mergers and acquisitions %.....	<u>22.5%</u>
Safety and Productivity Solutions	
Segment Profit excluding mergers and acquisitions.....	\$ 670
÷ Sales excluding mergers and acquisitions.....	\$ 4,338
Segment Profit Margin excluding mergers and acquisitions %.....	<u>15.4%</u>

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 Core Organic Sales Growth (Unaudited)

	Three Months Ended December 31, <u>2016</u>	Twelve Months Ended December 31, <u>2016</u>
Honeywell		
Reported sales growth.....	-	2%
Less: Foreign currency translation, acquisitions, divestitures and other.....	1%	3%
Less: Raw materials pricing in R&C.....	-	-
Core organic sales growth.....	<u>(1%)</u>	<u>(1%)</u>
Performance Materials and Technologies		
Reported sales growth.....	(5%)	(2%)
Less: Foreign currency translation, acquisitions, divestitures and other.....	(10%)	1%
Less: Raw materials pricing in R&C.....	-	(1%)
Core organic sales growth.....	<u>5%</u>	<u>(2%)</u>

Throughout this press release, core organic sales growth refers to reported sales growth less the impacts from foreign currency translation, M&A and raw materials pass-through pricing in the former Resins & Chemicals business previously part of Performance Materials and Technologies. The raw materials pricing impact is excluded in instances where raw materials costs are passed through to customers, which drives fluctuations in selling prices not tied to volume growth.

We believe core 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.