

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

	Three Months Ended	
	March 31,	
	2018	2017
Product sales.....	\$ 8,234	\$ 7,540
Service sales.....	2,158	1,952
Net sales.....	<u>10,392</u>	<u>9,492</u>
Costs, expenses and other		
Cost of products sold (A).....	5,905	5,381
Cost of services sold (A).....	1,288	1,148
	<u>7,193</u>	<u>6,529</u>
Selling, general and administrative expenses (A).....	1,475	1,422
Other (income) expense.....	(268)	(258)
Interest and other financial charges.....	83	75
	<u>8,483</u>	<u>7,768</u>
Income before taxes.....	1,909	1,724
Tax expense.....	458	392
Net income.....	1,451	1,332
Less: Net income attributable to the noncontrolling interest.....	13	6
Net income attributable to Honeywell.....	<u>\$ 1,438</u>	<u>\$ 1,326</u>
Earnings per share of common stock - basic.....	<u>\$ 1.92</u>	<u>\$ 1.74</u>
Earnings per share of common stock - assuming dilution.....	<u>\$ 1.89</u>	<u>\$ 1.71</u>
Weighted average number of shares outstanding - basic.....	<u>750.6</u>	<u>763.1</u>
Weighted average number of shares outstanding - assuming dilution.....	<u>761.0</u>	<u>773.9</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.

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

<u>Net Sales</u>	Three Months Ended March 31,	
	2018	2017
Aerospace	\$ 3,977	\$ 3,546
Home and Building Technologies.....	2,433	2,269
Performance Materials and Technologies.....	2,534	2,353
Safety and Productivity Solutions.....	1,448	1,324
Total.....	<u>\$ 10,392</u>	<u>\$ 9,492</u>

Reconciliation of Segment Profit to Income Before Taxes

<u>Segment Profit</u>	Three Months Ended March 31,	
	2018	2017
Aerospace	\$ 893	\$ 796
Home and Building Technologies.....	416	377
Performance Materials and Technologies.....	519	483
Safety and Productivity Solutions.....	231	194
Corporate.....	<u>(64)</u>	<u>(61)</u>
Total segment profit.....	1,995	1,789
Interest and other financial charges.....	(83)	(75)
Stock compensation expense (A).....	(52)	(50)
Pension ongoing income (B).....	248	179
Other postretirement income (B).....	6	4
Repositioning and other charges (C,D).....	(193)	(129)
Other (E)	<u>(12)</u>	<u>6</u>
Income before taxes.....	<u>\$ 1,909</u>	<u>\$ 1,724</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)

	<u>March 31,</u> 2018	<u>December 31,</u> 2017
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 7,897	\$ 7,059
Short-term investments.....	2,383	3,758
Accounts receivable - net.....	8,778	8,866
Inventories.....	4,766	4,613
Other current assets.....	<u>1,763</u>	<u>1,706</u>
Total current assets.....	25,587	26,002
Investments and long-term receivables.....	737	667
Property, plant and equipment - net.....	6,083	5,926
Goodwill	18,520	18,277
Other intangible assets - net.....	4,462	4,496
Insurance recoveries for asbestos related liabilities.....	404	411
Deferred income taxes.....	402	236
Other assets.....	<u>4,753</u>	<u>3,372</u>
Total assets.....	<u>\$ 60,948</u>	<u>\$ 59,387</u>
LIABILITIES AND SHAREOWNERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 6,641	\$ 6,584
Commercial paper and other short-term borrowings.....	5,406	3,958
Current maturities of long-term debt.....	143	1,351
Accrued liabilities.....	<u>6,565</u>	<u>6,968</u>
Total current liabilities.....	18,755	18,861
Long-term debt.....	12,738	12,573
Deferred income taxes.....	2,782	2,894
Postretirement benefit obligations other than pensions.....	495	512
Asbestos related liabilities.....	1,178	1,173
Other liabilities.....	7,221	5,930
Redeemable noncontrolling interest.....	5	5
Shareowners' equity.....	<u>17,774</u>	<u>17,439</u>
Total liabilities, redeemable noncontrolling interest and shareowners' equity.....	<u>\$ 60,948</u>	<u>\$ 59,387</u>

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

	Three Months Ended March 31,	
	2018	2017
Cash flows from operating activities:		
Net income	\$ 1,451	\$ 1,332
Less: Net income attributable to the noncontrolling interest.....	13	6
Net income attributable to Honeywell	1,438	1,326
Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities:		
Depreciation.....	179	170
Amortization	109	101
(Gain) loss on sale of non-strategic businesses and assets.....	-	-
Repositioning and other charges.....	193	129
Net payments for repositioning and other charges.....	(141)	(137)
Pension and other postretirement income.....	(254)	(183)
Pension and other postretirement benefit payments	(36)	(24)
Stock compensation expense	52	50
Deferred income taxes.....	46	(42)
Other.....	2	14
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:		
Accounts receivable.....	(61)	23
Inventories.....	(163)	(286)
Other current assets.....	(43)	(25)
Accounts payable	57	115
Accrued liabilities	(242)	(291)
Net cash provided by operating activities.....	<u>1,136</u>	<u>940</u>
Cash flows from investing activities:		
Expenditures for property, plant and equipment.....	(140)	(168)
Proceeds from disposals of property, plant and equipment.....	2	24
Increase in investments.....	(583)	(1,256)
Decrease in investments.....	1,838	825
Other.....	(123)	(29)
Net cash provided by (used for) investing activities.....	<u>994</u>	<u>(604)</u>
Cash flows from financing activities:		
Proceeds from issuance of commercial paper and other short-term borrowings.....	6,676	2,468
Payments of commercial paper and other short-term borrowings.....	(5,329)	(2,467)
Proceeds from issuance of common stock.....	60	221
Proceeds from issuance of long-term debt.....	3	11
Payments of long-term debt.....	(1,246)	(5)
Repurchases of common stock.....	(940)	(310)
Cash dividends paid	(556)	(503)
Other.....	(116)	(33)
Net cash used for financing activities.....	<u>(1,448)</u>	<u>(618)</u>
Effect of foreign exchange rate changes on cash and cash equivalents.....	156	149
Net increase (decrease) in cash and cash equivalents.....	838	(133)
Cash and cash equivalents at beginning of period.....	7,059	7,843
Cash and cash equivalents at end of period.....	<u>\$ 7,897</u>	<u>\$ 7,710</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 March 31,	
	2018	2017
Segment Profit.....	\$ 1,995	\$ 1,789
Stock compensation expense (A).....	(52)	(50)
Repositioning and other (B, C).....	(163)	(135)
Pension and other postretirement service costs (C).....	(56)	(63)
Operating Income	<u>\$ 1,724</u>	<u>\$ 1,541</u>
Segment Profit.....	\$ 1,995	\$ 1,789
÷ Sales.....	<u>10,392</u>	<u>9,492</u>
Segment Profit Margin %.....	<u>19.2%</u>	<u>18.8%</u>
Operating Income.....	\$ 1,724	\$ 1,541
÷ Sales.....	<u>10,392</u>	<u>9,492</u>
Operating Income Margin %.....	<u>16.6%</u>	<u>16.2%</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 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 March 31, 2018
Honeywell	
Reported sales % change.....	9%
Less: Foreign currency translation.....	4%
Less: Acquisitions, divestitures and other, net.....	-
Organic sales % change.....	5%
Aerospace	
Reported sales % change.....	12%
Less: Foreign currency translation.....	3%
Less: Acquisitions, divestitures and other, net.....	1%
Organic sales % change.....	8%
Home and Building Technologies	
Reported sales % change.....	7%
Less: Foreign currency translation.....	5%
Less: Acquisitions, divestitures and other, net.....	-
Organic sales % change.....	2%
Performance Materials and Technologies	
Reported sales % change.....	8%
Less: Foreign currency translation.....	5%
Less: Acquisitions, divestitures and other, net.....	-
Organic sales % change.....	3%
Safety and Productivity Solutions	
Reported sales % change.....	9%
Less: Foreign currency translation.....	3%
Less: Acquisitions, divestitures and other, net.....	-
Organic sales % change.....	6%

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 Free Cash Flow, Excluding Separation Cost Payments(Unaudited)

(Dollars in millions)

	Three Months Ended March 31,	
	2018	2017
Cash provided by operating activities.....	\$ 1,136	\$ 940
Expenditures for property, plant and equipment	(140)	(168)
Free cash flow.....	996	772
Separation cost payments.....	10	-
Free cash flow, excluding separation cost payments.....	<u>\$ 1,006</u>	<u>\$ 772</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 Earning per Share to Earning per Share, Excluding Separation Costs (Unaudited)

	Three Months Ended	
	March 31,	
	2018	2017
Earnings per share of common stock - assuming dilution (1).....	\$ 1.89	\$ 1.71
Separation costs (2).....	0.06	-
Earnings per share of common stock - assuming dilution, excluding separation costs.....	<u>\$ 1.95</u>	<u>\$ 1.71</u>

(1) For the three months ended March 31, 2018 and 2017, utilizes weighted average shares of approximately 761.0 million and 773.9 million.

(2) Separation costs of \$55 million (\$49 million net of tax) uses a blended tax rate of 11%.

We believe earnings per share, excluding separation costs 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, 2017
Segment Profit	\$	7,690
Stock compensation expense (A).....		(176)
Repositioning and other (B, C).....		(1,010)
Pension and other postretirement service costs (C).....		(247)
Operating Income	\$	6,257
Segment Profit.....	\$	7,690
÷ Sales.....	\$	40,534
Segment Profit Margin %.....		19.0%
Operating Income.....	\$	6,257
÷ Sales.....	\$	40,534
Operating Income Margin %.....		15.4%

(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 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, 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, Separation Costs and Impacts from Tax Legislation
(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 legislation.....	4.86	TBD
EPS, excluding pension mark-to-market expense, separation costs, and impacts from tax legislation.....	<u>\$7.11</u>	<u>\$7.85 - \$8.05</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 legislation 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 legislation as the amounts are provisional. We therefore do not include an estimate for the pension mark-to-market expense, separation costs, or adjustments to charges from tax legislation 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 Cost Payments and Impacts
from Tax Legislation (Unaudited)
(Dollars in billions)

	Twelve Months Ended December 31, 2018
Cash provided by operating activities.....	TBD
Expenditures for property, plant and equipment	TBD
Free cash flow.....	TBD
Separation cost payments.....	TBD
Impacts from tax legislation.....	TBD
Free cash flow, excluding separation cost payments and impacts from tax legislation.....	~\$5.3 - \$5.9

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 cost payments 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 cost payments or impacts from tax reform in this reconciliation.