Consolidated Statement of Operations (Unaudited)

(Dollars in millions, except per share amounts)

	Three Months Ended September 30,			Nine Month Septemb																
	2017		2017		2017		2017		2017		2017		2017		2016		2017			2016
Product sales	\$ 8	3,052	\$	7,744	\$	23,671	\$	23,398												
Service sales	2	2,069		2,060		6,020		5,919												
Net sales	10),121		9,804		29,691		29,317												
Costs, expenses and other																				
Cost of products sold (A)	5	5,648		5,594		16,545		16,545												
Cost of services sold (A)	1	,225		1,309		3,534		3,726												
	6	5,873		6,903		20,079		20,271												
Selling, general and administrative expenses (A)	1	,447		1,367		4,177		3,976												
Other (income) expense		(63)		(180)		(85)		(197)												
Interest and other financial charges		81		82		235		252												
	8	3,338		8,172		24,406		24,302												
Income before taxes	1	,783		1,632		5,285		5,015												
Tax expense		418		384		1,188		1,214												
Net income	1	,365		1,248		4,097		3,801												
Less: Net income attributable to the noncontrolling interest		17		8		31		26												
Net income attributable to Honeywell	\$ 1	,348	\$	1,240	\$	4,066	\$	3,775												
Earnings per share of common stock - basic	\$	1.77	\$	1.62	\$	5.33	\$	4.93												
Earnings per share of common stock - assuming dilution	\$	1.75	\$	1.60	\$	5.26	\$	4.86												
Weighted average number of shares outstanding - basic	7	62.2		763.7		763.1		765.0												
Weighted average number of shares outstanding - assuming dilution	7	71.4		774.4		773.1		776.3												

⁽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. <u>Segment Data (Unaudited)</u> (Dollars in millions)

		Three Mor Septem	-			Nine Months Ended September 30,			
Net Sales	2017		2016		2017			2016	
Aerospace	\$	3,657	\$	3,601	\$	10,877	\$	11,085	
Home and Building Technologies		2,790		2,701		8,079		7,854	
Performance Materials and Technologies		2,260		2,329		6,568		7,044	
Safety and Productivity Solutions		1,414		1,173		4,167		3,334	
Total	\$	10,121	\$	9,804	\$	29,691	\$	29,317	

Reconciliation of Segment Profit to Income Before Taxes

	Three Months Ended September 30,				Nine Months Septembe				
Segment Profit		2017		2016		2017			2016
Aerospace	\$	780	\$	663	;	\$	2,395	\$	2,252
Home and Building Technologies		458		441			1,267		1,213
Performance Materials and Technologies		526		503			1,521		1,484
Safety and Productivity Solutions		213		172			621		495
Corporate		(82)		(59)	_		(210)		(157)
Total segment profit		1,895		1,720			5,594		5,287
Other income (expense) (A)		49		169			54		174
Interest and other financial charges		(81)		(82)			(235)		(252)
Stock compensation expense (B)		(39)		(49)			(133)		(145)
Pension ongoing income (expense) (B)		183		146			546		447
Other postretirement income (expense) (B)		6		7			16		24
Repositioning and other charges (B)		(230)		(279)			(557)		(520)
Income before taxes	\$	1,783	\$	1,632		\$	5,285	\$	5,015

⁽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. <u>Consolidated Balance Sheet (Unaudited)</u> (Dollars in millions)

	Sept	September 30, 2017		ember 31, 2016
ASSETS		_		
Current assets:				
Cash and cash equivalents	\$	7,389	\$	7,843
Short-term investments		2,781		1,520
Accounts receivable - net		8,587		8,177
Inventories		4,751		4,366
Other current assets		1,136		1,152
Total current assets		24,644		23,058
Investments and long-term receivables		643		587
Property, plant and equipment - net		5,757		5,793
Goodwill		18,268		17,707
Other intangible assets - net		4,587		4,634
Insurance recoveries for asbestos related liabilities		411		417
Deferred income taxes		264		347
Other assets		2,194		1,603
Total assets	\$	56,768	\$	54,146
LIABILITIES AND SHAREOWNERS' EQUITY				
Current liabilities:				
Accounts payable	Φ	6,061	\$	5,690
Commercial paper and other short-term borrowings	Ψ	3,932	Ψ	3,366
Current maturities of long-term debt		1,398		227
Accrued liabilities		6,834		7,048
Total current liabilities		18,225	-	16,331
Total current liabilities		10,225		10,331
Long-term debt		11,453		12,182
Deferred income taxes		300		486
Postretirement benefit obligations other than pensions		530		473
Asbestos related liabilities		1,004		1,014
Other liabilities		4,025		4,110
Redeemable noncontrolling interest		3		3
Shareowners' equity		21,228		19,547
Total liabilities, redeemable noncontrolling interest and shareowners' equity	\$	56,768	\$	54,146

Honeywell International Inc. <u>Consolidated Statement of Cash Flows (Unaudited)</u> (Dollars in millions)

Case of the time of the propertial pacific time of the propertial pa	· · · · · · · · · · · · · · · · · · ·	Three Mon	ths Ended	Nine Months Ended			
Cash flows from oporating activities: \$ 1,365 \$ 1,248 \$ 4,007 \$ 3,301 Less: Net income attributable to the noncontrolling interest 17 8 31 26 Not income attributable to Honeywell to net cash provided by operating activities: 3775 34 54 546 542 542 <td< th=""><th></th><th>Septem</th><th>ber 30,</th><th>Septem</th><th>ber 30,</th></td<>		Septem	ber 30,	Septem	ber 30,		
Net income \$1,365 \$1,248 \$4,097 \$3,201 Less: Not income attributable to the nencontrolling interest 1,74 8 3,14 20 Not income attributable to Honeywell 1,348 1,240 4,066 3,775 Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities: Depreciation 180 182 5,54 546 Amortization 190 190 190 190 190 190 190 Repositioning and other charges 230 302 583 567 Repositioning and other charges 130 1614 183 183 145 Persion and other postretirement income 189 163 1652 147 Persion and other postretirement henefit payments 240 190 190 133 145 Other 190 190 190 190 190 190 190 190 Other 190 190 190 190 190 190 190 190 190 Other 190 190 190 190 190 190 190 190 190 Persion and other postretirement therefit payments 190 190 190 190 190 190 190 190 Other 190		2017	2016	2017	2016		
Less. Net income attributable to the noncontrolling interest	Cash flows from operating activities:						
Not income attributable to Honeywell Honeywell to Honeywell	Net income	\$ 1,365	\$ 1,248	\$ 4,097	\$ 3,801		
Adjustments to reconcile not income attributable to Honeywell to not each provided by operating activities:	Less: Net income attributable to the noncontrolling interest	17_	8	31_	26		
Cash provided by operating activities:	Net income attributable to Honeywell	1,348	1,240	4,066	3,775		
Depreciation	Adjustments to reconcile net income attributable to Honeywell to net						
Amortization	cash provided by operating activities:						
Claim loss on sale of non-strategic businesses and assets - (176)	Depreciation	180	182	534	546		
Repositioning and other charges. 230 302 583 567 Net payments for repositioning and other charges. (130) (154) (394) (420) Pension and other postretirement benefit payments. (189) (153) (562) (471) Pension and other postretirement benefit payments. (180) (160) (170) (110) Stock compensation expense. 39 49 133 145 Deferred income taxes. (30) (8) (80) (160) Other. (30) (8) (30) (80) (160) Accounts receivable. (102) (211) (400) (233) Other current assets. 16 138 13 - Accounts receivable. 100 295 (288) 3 Other current assets. 16 138 13 - Accounts receivable. 100 295 (288) 3 Net cash provided by operating activities. 1407 1,524 3,734 3,456 Cash flows	Amortization	105	78	298	227		
Net payments for repositioning and other charges. (130) (154) (394) (420) Pension and other postretirement benefit payments. (28) (29) (71) (110) Stock compensation expense. 39 49 133 145 Deferred income taxees. 16 (36) (38) (33) Changes in assets and liabilities, net of the effects of acquisitions and divestitures: 30 (132) (135) (408) (492) Inventories. (102) (21) (400) (233) Other current assets. 16 18 13 1 Accounts payable. 16 18 13 1 Accounts payable. 100 255 (288) 3 Net cash provided by operating activities. 100 255 (288) 3 Net cash flows from investing activities. 2 21 274 (61) 4 Expenditures for property, plant and equipment. 21 3 46 4 Increase in investments. 16 30 2793 <td>(Gain) loss on sale of non-strategic businesses and assets</td> <td>-</td> <td>(176)</td> <td>-</td> <td>(176)</td>	(Gain) loss on sale of non-strategic businesses and assets	-	(176)	-	(176)		
Pension and other postretirement income	Repositioning and other charges	230	302	583	567		
Pension and other postretirement benefit payments (24) (29) (71) (110)	Net payments for repositioning and other charges	(130)	(154)	(394)	(420)		
Stock compensation expense 39 49 133 145 Deferred income taxes 16 (36) (76) 146 Other (30) (8) (38) (33) Changes in assets and liabilities, net of the effects of acquisitions and divestitures:	Pension and other postretirement income	(189)	(153)	(562)	(471)		
Deferred income taxes	Pension and other postretirement benefit payments	(24)	(29)	(71)	(110)		
Other. (30) (8) (38) (33) Changes in assets and liabilities, net of the effects of acquisitions and divestitures: (132) (135) (408) (492) Accounts receivable. (102) (21) (400) (233) Other current assets. 16 138 13 - Accounts payable. 90 (18) 404 (18) Account point and experiments. 90 (18) 404 (18) Accounts payable. 90 (18) 404 (18) Accounts payable. 90 (18) 404 (18) Accounts provided by operating activities. 1,407 1,554 3,794 3,456 Cash flows from investing activities. Expenditures for property, plant and equipment. (212) (274) (613) (749) Proceeds from disposais of property, plant and equipment. 21 3 46 4 Increase in investments. 952 873 2,793 2,658 Cash paid for acquisitions, net of cash acquired. (57) (1,484) <td>Stock compensation expense</td> <td>39</td> <td>49</td> <td>133</td> <td>145</td>	Stock compensation expense	39	49	133	145		
Changes in assets and liabilities, net of the effects of acquisitions and divestitures: Accounts receivable	Deferred income taxes	16	(36)	(76)	146		
Accounts receivable	Other	(30)	(8)	(38)	(33)		
Accounts receivable (132) (135) (408) (492) Inventories (102) (21) (400) (233) Other current assets 16 138 13 - Accounts payable 90 (18) 404 (18) Accrued liabilities (10) 295 (288) 3 Net cash provided by operating activities 1,407 1,554 3,794 3,456 Cash flows from investing activities 2 2 (274) (613) (749) Expenditures for property, plant and equipment (212) (274) (613) (749) Proceeds from disposals of property, plant and equipment (1,820) (1,262) (4,149) (3,083) Decrease in investments (1,820) (1,262) (4,149) (3,083) Decrease in investments (957) (1,484) (72) (2,568) Proceeds from sales of businesses, net of fees paid - 304 - 304 Other (91) (1,199) (1,734)	Changes in assets and liabilities, net of the effects of						
Inventories	acquisitions and divestitures:						
Other current assets. 16 138 13 -Accounts payable 90 (18) 404 (18) Accound liabilities (10) 295 (288) 3 Net cash provided by operating activities 1,407 1,554 3,794 3,656 Cash flows from investing activities Expenditures for property, plant and equipment (212) (274) (613) (749) Proceeds from disposals of property, plant and equipment 21 3 46 4 Increase in investments. (1,820) (1,262) (4,149) (3,083) Decrease in investments. 952 873 2,793 2,658 Cash paid for acquisitions, net of cash acquired. (677) (1,484) (72) (2,568) Proceeds from sales of businesses, net of fees paid - 304 - 304 Other. (1,199) (1,734) (2,191) (3,276) Net cash used for investing activities. 3 106 (196) 158 Net cash used for investing activities. 3 3,772 5,455	Accounts receivable	(132)	(135)	(408)	(492)		
Accounts payable 90 (18) 404 (18) Accrued liabilities (10) 295 (288) 3 Net cash provided by operating activities 1,407 1,554 3,794 3,456 Cash flows from investing activities Texpenditures for property, plant and equipment (212) (274) (613) (749) Proceeds from disposals of property, plant and equipment 21 3 46 4 Increase in investments (1,820) (1,262) (4,149) (3,083) Decrease in investments 952 873 2,793 2,658 Cash paid for acquisitions, net of cash acquired (57) (1,484) (72) (2,568) Proceeds from sales of businesses, net of fees paid - 304 - 304 Other (83) 106 (196) 158 Net cash used for investing activities (1,199) (1,734) (2,191) (3,276) Cash flows from financing activities 3,772 5,455 8,808 16,149 16,149 Payenceeds from issuance	Inventories	(102)	(21)	(400)	(233)		
Accrued liabilities (10) 295 (288) 3 Net cash provided by operating activities (212) (274) (613) (749) (Other current assets	16	138	13	-		
Net cash provided by operating activities. 1,407 1,554 3,794 3,456 Cash flows from investing activities: Expenditures for property, plant and equipment. (212) (274) (613) (749) Proceeds from disposals of property, plant and equipment. 21 3 46 4 Increase in investments. (1,820) (1,262) (4,149) 3,083 Decrease in investments. 952 873 2,793 2,658 Cash paid for acquisitions, net of cash acquired. (57) (1,484) (72) (2,668) Proceeds from sales of businessess, net of fees paid. - 304 - 304 Other. (83) 106 (196) 158 Net cash used for investing activities. (1,199) (1,734) (2,191) (3,276) Cash flows from financing activities. (1,199) (1,734) (2,191) (3,276) Proceeds from issuance of commercial paper and other short-term borrowings. 3,772 5,455 8,808 16,149 Payments of long-term debt. 87 143 463 <td< td=""><td>Accounts payable</td><td>90</td><td>(18)</td><td>404</td><td>(18)</td></td<>	Accounts payable	90	(18)	404	(18)		
Cash flows from investing activities: Expenditures for property, plant and equipment. (212) (274) (613) (749) Proceeds from disposals of property, plant and equipment. 21 3 46 4 Increase in investments. (1,820) (1,262) (4,149) (3,083) Decrease in investments. 952 873 2,793 2,658 Cash paid for acquisitions, net of cash acquired. (57) (1,484) (72) (2,568) Cash paid for acquisitions, net of cash acquired. (57) (1,484) -72 (2,568) Proceeds from sales of businesses, net of fees paid. - 304 - 304 Other. (83) 106 (196) 158 Net cash used for investing activities. (1,199) (1,734) (2,191) (3,276) Cash flows from financing activities. 7 5,455 8,808 16,149 Proceeds from issuance of commercial paper and other short-term borrowings. 3,772 5,455 8,808 16,159 Proceeds from issuance of long-term debt. 23 37 39	Accrued liabilities	(10)	295	(288)	3_		
Expenditures for property, plant and equipment. (212) (274) (613) (749) Proceeds from disposals of property, plant and equipment. 21 3 46 4 Increase in investments. (1,820) (1,262) (4,149) (3,083) Decrease in investments. 952 873 2,793 2,658 Cash paid for acquisitions, net of cash acquired. (57) (1,484) (72) (2,568) Proceeds from sales of businesses, net of fees paid. - 304 - 304 Other. (83) 106 (196) 158 Net cash used for investing activities. (1,199) (1,734) (2,191) (3,276) Cash flows from financing activities. 3,772 5,455 8,808 16,149 Proceeds from issuance of commercial paper and other short-term borrowings. 3,772 5,455 8,808 16,149 Payments of commercial paper and other short-term borrowings. (3,773) (3,656) (8,608) (16,74) Proceeds from issuance of common stock. 87 143 463 366	Net cash provided by operating activities	1,407	1,554	3,794	3,456		
Expenditures for property, plant and equipment							
Proceeds from disposals of property, plant and equipment. 21 3 46 4 Increase in investments. (1,820) (1,262) (4,149) (3,083) Decrease in investments. 952 873 2,793 2,688 Cash paid for acquisitions, net of cash acquired. (57) (1,484) (72) (2,568) Proceeds from sales of businesses, net of fees paid. - 304 - 304 Other. (83) 106 (196) 158 Net cash used for investing activities. - 304 (2,191) (3,276) Cash flows from financing activities. - - 8,808 16,149 Payments of commercial paper and other short-term borrowings. 3,772 5,455 8,808 16,149 Payments of commercial paper and other short-term borrowings. (3,773) (3,656) (8,608) (16,574) Proceeds from issuance of common stock. 87 143 463 386 Proceeds from issuance of long-term debt. 23 37 39 4,510 Payments of long-term debt.	Cash flows from investing activities:						
Increase in investments	Expenditures for property, plant and equipment	(212)	(274)	(613)	(749)		
Decrease in investments. 952 873 2,793 2,658 Cash paid for acquisitions, net of cash acquired. (57) (1,484) (72) (2,568) Proceeds from sales of businesses, net of fees paid. - 304 - 304 Other. (83) 106 (196) 158 Net cash used for investing activities. (1,199) (1,734) (2,191) (3,276) Cash flows from financing activities. Troceeds from issuance of commercial paper and other short-term borrowings. 3,772 5,455 8,808 16,149 Payments of commercial paper and other short-term borrowings. (3,773) (3,656) (8,608) (16,574) Proceeds from issuance of common stock. 87 143 463 386 Proceeds from issuance of long-term debt. (39) (8) (69) (478) Repurchases of common stock. (39) (8) (69) (478) Repurchases of common stock. (343) (233) (1,335) (1,866) Cash dividends paid (505) (453) (1,554) (1,410)	Proceeds from disposals of property, plant and equipment	21	3	46	4		
Cash paid for acquisitions, net of cash acquired (57) (1,484) (72) (2,568) Proceeds from sales of businesses, net of fees paid. - 304	Increase in investments	(1,820)	(1,262)	(4,149)	(3,083)		
Proceeds from sales of businesses, net of fees paid. - 304 (196) - 304 (196) 158 Net cash used for investing activities. (1,199) (1,734) (2,191) (3,276) Cash flows from financing activities: - - 5,455 8,808 16,149 Proceeds from issuance of commercial paper and other short-term borrowings. 3,772 5,455 8,808 16,149 Payments of commercial paper and other short-term borrowings. (3,773) (3,656) (8,608) (16,574) Proceeds from issuance of common stock. 87 143 463 386 Proceeds from issuance of long-term debt. 23 37 39 4,510 Payments of long-term debt. (39) (8) (69) (478) Repurchases of common stock. (343) (233) (1,335) (1,866) Cash dividends paid (505) (453) (1,554) (1,410) Payments to purchase the noncontrolling interest. - - - - - - 228 - - 228 -	Decrease in investments	952	873	2,793	2,658		
Proceeds from sales of businesses, net of fees paid. - 304 (196) - 304 (196) 158 Net cash used for investing activities. (1,199) (1,734) (2,191) (3,276) Cash flows from financing activities: - - 5,455 8,808 16,149 Proceeds from issuance of commercial paper and other short-term borrowings. 3,772 5,455 8,808 16,149 Payments of commercial paper and other short-term borrowings. (3,773) (3,656) (8,608) (16,574) Proceeds from issuance of common stock. 87 143 463 386 Proceeds from issuance of long-term debt. 23 37 39 4,510 Payments of long-term debt. (39) (8) (69) (478) Repurchases of common stock. (343) (233) (1,335) (1,866) Cash dividends paid (505) (453) (1,554) (1,410) Payments to purchase the noncontrolling interest. - - - - - - 228 - - 228 -	Cash paid for acquisitions, net of cash acquired	(57)	(1,484)	(72)	(2,568)		
Net cash used for investing activities. (1,199) (1,734) (2,191) (3,276) Cash flows from financing activities: Proceeds from issuance of commercial paper and other short-term borrowings. 3,772 5,455 8,808 16,149 Payments of commercial paper and other short-term borrowings. (3,773) (3,656) (8,608) (16,574) Proceeds from issuance of common stock. 87 143 463 386 Proceeds from issuance of long-term debt. 23 37 39 4,510 Payments of long-term debt. (39) (8) (69) (478) Repurchases of common stock. (343) (233) (1,335) (1,866) Cash dividends paid (505) (453) (1,554) (1,410) Payments to purchase the noncontrolling interest. - - - - - (238) AdvanSix pre-separation funding. - 269 - 269 AdvanSix pre-spin borrowing. - 38 - 38 AdvanSix pre-spin borrowing. - 38 -		-	304	-	304		
Cash flows from financing activities: Proceeds from issuance of commercial paper and other short-term borrowings. 3,772 5,455 8,808 16,149 Payments of commercial paper and other short-term borrowings. (3,773) (3,656) (8,608) (16,574) Proceeds from issuance of common stock. 87 143 463 386 Proceeds from issuance of long-term debt. 23 37 39 4,510 Payments of long-term debt. (39) (8) (69) (478) Repurchases of common stock. (343) (233) (1,335) (1,866) Cash dividends paid (505) (453) (1,554) (1,410) Payments to purchase the noncontrolling interest. - - - (238) AdvanSix pre-separation funding. - - - (238) AdvanSix pre-sepin borrowing. - - 38 - 38 AdvanSix cash at spin-off. - - 38 - 38 AdvanSix cash at spin-off. - (38) - (38) Other. - (38) - (38) <td>Other</td> <td>(83)</td> <td>106</td> <td>(196)</td> <td>158_</td>	Other	(83)	106	(196)	158_		
Proceeds from issuance of commercial paper and other short-term borrowings. 3,772 5,455 8,808 16,149 Payments of commercial paper and other short-term borrowings. (3,773) (3,656) (8,608) (16,574) Proceeds from issuance of common stock. 87 143 463 386 Proceeds from issuance of long-term debt. 23 37 39 4,510 Payments of long-term debt. (39) (8) (69) (478) Repurchases of common stock. (343) (233) (1,335) (1,866) Cash dividends paid. (505) (453) (1,554) (1,410) Payments to purchase the noncontrolling interest. - - - - (238) AdvanSix pre-separation funding. - - - - 269 - 269 AdvanSix pre-spin borrowing. - - 38 - 38 AdvanSix cash at spin-off. - - (38) - (38) Other. (26) (25) (131) (40) <	Net cash used for investing activities	(1,199)	(1,734)	(2,191)	(3,276)		
Proceeds from issuance of commercial paper and other short-term borrowings. 3,772 5,455 8,808 16,149 Payments of commercial paper and other short-term borrowings. (3,773) (3,656) (8,608) (16,574) Proceeds from issuance of common stock. 87 143 463 386 Proceeds from issuance of long-term debt. 23 37 39 4,510 Payments of long-term debt. (39) (8) (69) (478) Repurchases of common stock. (343) (233) (1,335) (1,866) Cash dividends paid. (505) (453) (1,554) (1,410) Payments to purchase the noncontrolling interest. - - - - (238) AdvanSix pre-separation funding. - - - - 269 - 269 AdvanSix pre-spin borrowing. - - 38 - 38 AdvanSix cash at spin-off. - - (38) - (38) Other. (26) (25) (131) (40) <	Cook flows from financing activities						
Payments of commercial paper and other short-term borrowings. (3,773) (3,656) (8,608) (16,574) Proceeds from issuance of common stock. 87 143 463 386 Proceeds from issuance of long-term debt. 23 37 39 4,510 Payments of long-term debt. (39) (8) (69) (478) Repurchases of common stock. (343) (233) (1,335) (1,866) Cash dividends paid (505) (453) (1,554) (1,410) Payments to purchase the noncontrolling interest. - - - (238) AdvanSix pre-separation funding. - - 269 - 269 AdvanSix pre-spin borrowing. - - 38 - 38 AdvanSix cash at spin-off. - (38) - (38) Other. (26) (25) (131) (40) Net cash (used for) provided by financing activities. (804) 1,529 (2,387) 708 Effect of foreign exchange rate changes on cash and cash equivalents. 108 37 330 88 Net (decrease) increas		2.770	E 455	0.000	40.440		
Proceeds from issuance of common stock 87 143 463 386 Proceeds from issuance of long-term debt 23 37 39 4,510 Payments of long-term debt (39) (8) (69) (478) Repurchases of common stock (343) (233) (1,335) (1,866) Cash dividends paid (505) (453) (1,554) (1,410) Payments to purchase the noncontrolling interest - - - - (238) AdvanSix pre-separation funding - - 269 - 269 AdvanSix pre-spin borrowing - - 38 - 38 AdvanSix cash at spin-off - - (38) - 38 Other (26) (25) (131) (40) Net cash (used for) provided by financing activities. (804) 1,529 (2,387) 708 Effect of foreign exchange rate changes on cash and cash equivalents. 108 37 330 88 Net (decrease) increase in cash and ca		•	•	•	•		
Proceeds from issuance of long-term debt. 23 37 39 4,510 Payments of long-term debt. (39) (8) (69) (478) Repurchases of common stock. (343) (233) (1,335) (1,866) Cash dividends paid (505) (453) (1,554) (1,410) Payments to purchase the noncontrolling interest. - - - (238) AdvanSix pre-separation funding. - 269 - 269 AdvanSix pre-spin borrowing. - 38 - 38 AdvanSix cash at spin-off. - (38) - (38) Other. (26) (25) (131) (40) Net cash (used for) provided by financing activities. (804) 1,529 (2,387) 708 Effect of foreign exchange rate changes on cash and cash equivalents. 108 37 330 88 Net (decrease) increase in cash and cash equivalents. (488) 1,386 (454) 976 Cash and cash equivalents at beginning of period. 7,877 5,045 7,843 5,455		,	, ,	, ,	,		
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AdvanSix pre-spin borrowing	·	-	-	-	,		
AdvanSix cash at spin-off		-		-			
Other		-		-			
Net cash (used for) provided by financing activities		(00)	, ,	(404)	` ,		
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Net (decrease) increase in cash and cash equivalents	Net cash (used for) provided by financing activities	(804)	1,529	(2,387)			
Cash and cash equivalents at beginning of period 7,877 5,045 7,843 5,455							
		` ,	•	` ,			
Cash and cash equivalents at end of period	, , , , , , , , , , , , , , , , , , , ,						
	Cash and cash equivalents at end of period	\$ 7,389	\$ 6,431	\$ 7,389	\$ 6,431		

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
		2017 2016		2017			2016	
Cash provided by operating activities Expenditures for property, plant and equipment	\$	1,407 (212)	\$	1,554 (274)	\$	3,794 (613)	\$	3,456 (749)
Experialtures for property, plant and equipment		(212)		(274)		(613)		(749)
Free cash flow	\$	1,195	\$	1,280	\$	3,181	\$	2,707

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.

Reconciliation of Cash Provided by Operating Activities to Free Cash Flow and Calculation of Free Cash Flow Conversion (Dollars in millions)

Т	hree M	lonths Ended
	Sep	tember 30,
		2017
Cash provided by operating activities	\$	1,407
Expenditures for property, plant and equipment		(212)
Free cash flow	\$	1,195
Cash provided by operating activities	\$	1,407
÷ Net income attributable to Honeywell	\$	1,348
Operating cash flow conversion		104%
Free cash flow	\$	1,195
÷ Net income attributable to Honeywell		1,348
Free cash flow conversion %		89%

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

We define free cash flow conversion as free cash flow divided by net income attributable to Honeywell.

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.

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margins (Unaudited)

(Dollars in millions)

	Three Months Ended				
		,			
		2017		2016	
Segment Profit	\$	1,895	\$	1,720	
Stock compensation expense (A)		(39)		(49)	
Repositioning and other (B, C)		(244)		(290)	
Pension ongoing income (A)		183		146	
Other postretirement income (A)		6		7	
Operating Income	\$	1,801	\$	1,534	
Segment Profit	\$	1,895	\$	1,720	
÷ Sales	10,121			9,804	
Segment Profit Margin %		18.7%	1	7.5%	
Operating Income	\$	1,801	\$	1,534	
÷ Sales		10,121		9,804	
Operating Income Margin %		17.8%	1	5.6%	

- (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.
- (C) Included in cost of products and services sold, selling, general and administrative expenses, and other income/expense.

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. <u>Calculation of Segment Profit Margin Excluding Mergers and Acqusitions (Unaudited)</u> (Dollars in millions)

	Three M	onths Ended
	Septe	ember 30,
		2017
Safety and Productivity Solutions		
Segment Profit excluding mergers and acquisitions	\$	202
÷ Sales excluding mergers and acquisitions	\$	1,219
Segment Profit Margin excluding mergers and acquisitions %	1	6.6%

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
	September 30,
	2017
Honeywell	
Reported sales % change	3%
Less: Foreign currency translation	1%
Less: Acquisitions and divestitures, net	(3)%
Organic sales % change	5%
Aerospace	
Reported sales % change	2%
Less: Foreign currency translation	1%
Less: Acquisitions and divestitures, net	(3)%
Organic sales % change	4%
Home and Building Technologies	
Reported sales % change	3%
Less: Foreign currency translation	1%
Less: Acquisitions and divestitures, net	-
Organic sales % change	2%
Performance Materials and Technologies	
Reported sales % change	(3)%
Less: Foreign currency translation	1%
Less: Acquisitions and divestitures, net	(14)%
Organic sales % change	10%
Safety and Productivity Solutions	
Reported sales % change	21%
Less: Foreign currency translation	1%
Less: Acquisitions and divestitures, net	17%
Organic sales % change	3%

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. <u>Calculation of Earnings Per Share at 26% Tax Rate Excluding 3Q17 Additional Restructuring and 2016 Divestitures</u> (<u>Unaudited</u>)

(Dollars in millions, except per share amounts)

	-	nded 0,			
		2017	2016		
Income before taxes	\$	1,783	\$	1,632	
Taxes at 26%		464		424	
Net income at 26% tax rate	\$	1,319	\$	1,208	
Less: Net income attributable to the noncontrolling interest		17		8	
Net income attributable to Honeywell at 26% tax rate	\$	1,302	\$	1,200	
Weighted average number of shares outstanding - assuming dilution		771.4		774.4	
Earnings per share at 26% tax rate	\$	1.69 - (0.06)	\$	1.55 0.04 -	
excluding additional restructuring and 2016 divestitures	\$	1.75	\$	1.51	
Earnings per share of common stock - assuming dilution	\$	1.75 0.06 - (0.06)	\$	1.60 0.05 0.04	
excluding additional restructuring and 2016 divestitures	\$	1.75	\$	1.51	

- (1) Earnings per share attributable to 2016 divestitures utilizes weighted average shares of 774.4 million and a blended tax rate of 32.9% for the three months ended September 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. For the three months ended September 30, 2017, the Company funded approximately \$60 million of additional restructuring 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 26% for three months ended September 30, 2017.

We believe earnings per share adjusted to normalize for the expected effective tax rate of 26% 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.

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⁾	2()16 ⁽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	\$7.05 - \$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	\$7.05 - \$7.10	\$	6.46		

- (1) Utilizes weighted average shares of approximately 772 million and an expected effective tax rate of approximately 22%.
- (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.