

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Product sales	\$ 6,990	\$ 8,703	\$ 13,703	\$ 16,937
Service sales	2,253	2,216	4,424	4,374
Net sales	<u>9,243</u>	<u>10,919</u>	<u>18,127</u>	<u>21,311</u>
Costs, expenses and other				
Cost of products sold (1)	4,848	6,202	9,470	12,107
Cost of services sold (1)	1,246	1,412	2,503	2,698
	<u>6,094</u>	<u>7,614</u>	<u>11,973</u>	<u>14,805</u>
Selling, general and administrative expenses (1)	1,387	1,528	2,750	3,003
Other (income) expense	(305)	(316)	(590)	(584)
Interest and other financial charges	85	95	170	178
	<u>7,261</u>	<u>8,921</u>	<u>14,303</u>	<u>17,402</u>
Income before taxes	1,982	1,998	3,824	3,909
Tax expense	426	718	832	1,177
Net income	<u>1,556</u>	<u>1,280</u>	<u>2,992</u>	<u>2,732</u>
Less: Net income attributable to the noncontrolling interest	15	13	35	26
Net income attributable to Honeywell	<u>\$ 1,541</u>	<u>\$ 1,267</u>	<u>\$ 2,957</u>	<u>\$ 2,706</u>
Earnings per share of common stock - basic	<u>\$ 2.13</u>	<u>\$ 1.70</u>	<u>\$ 4.07</u>	<u>\$ 3.62</u>
Earnings per share of common stock - assuming dilution	<u>\$ 2.10</u>	<u>\$ 1.68</u>	<u>\$ 4.02</u>	<u>\$ 3.57</u>
Weighted average number of shares outstanding - basic	<u>723.2</u>	<u>745.5</u>	<u>726.4</u>	<u>748.0</u>
Weighted average number of shares outstanding - assuming dilution	<u>733.0</u>	<u>755.0</u>	<u>735.9</u>	<u>758.0</u>

(1) 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>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Aerospace	\$ 3,508	\$ 4,058	\$ 6,849	\$ 8,035
Honeywell Building Technologies	1,450	2,546	2,839	4,979
Performance Materials and Technologies	2,735	2,698	5,307	5,232
Safety and Productivity Solutions	1,550	1,617	3,132	3,065
Total	<u>\$ 9,243</u>	<u>\$ 10,919</u>	<u>\$ 18,127</u>	<u>\$ 21,311</u>

Reconciliation of Segment Profit to Income Before Taxes

<u>Segment Profit</u>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Aerospace	\$ 907	\$ 918	\$ 1,745	\$ 1,811
Honeywell Building Technologies	300	427	571	843
Performance Materials and Technologies	644	597	1,208	1,116
Safety and Productivity Solutions	191	267	403	498
Corporate	(72)	(64)	(148)	(128)
Total segment profit	1,970	2,145	3,779	4,140
Interest and other financial charges	(85)	(95)	(170)	(178)
Stock compensation expense (1)	(34)	(38)	(75)	(90)
Pension ongoing income (2)	148	250	299	498
Other postretirement income (2)	11	6	23	12
Repositioning and other charges (3,4)	(126)	(266)	(210)	(457)
Other (5)	98	(4)	178	(16)
Income before taxes	<u>\$ 1,982</u>	<u>\$ 1,998</u>	<u>\$ 3,824</u>	<u>\$ 3,909</u>

- (1) Amounts included in Selling, general and administrative expenses.
- (2) 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).
- (3) Amounts included in Cost of products and services sold, Selling, general and administrative expenses, and Other income/expense.
- (4) Includes repositioning, asbestos, and environmental expenses.
- (5) 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>June 30, 2019</u>	<u>December 31, 2018</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 8,225	\$ 9,287
Short-term investments	1,718	1,623
Accounts receivable - net	7,407	7,508
Inventories	4,600	4,326
Other current assets	1,818	1,618
Total current assets	<u>23,768</u>	<u>24,362</u>
Investments and long-term receivables	747	742
Property, plant and equipment - net	5,260	5,296
Goodwill	15,573	15,546
Other intangible assets - net	3,933	4,139
Insurance recoveries for asbestos related liabilities	422	437
Deferred income taxes	259	382
Other assets	7,788	6,869
Total assets	<u>\$ 57,750</u>	<u>\$ 57,773</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 5,602	\$ 5,607
Commercial paper and other short-term borrowings	3,558	3,586
Current maturities of long-term debt	4,017	2,872
Accrued liabilities	6,717	6,859
Total current liabilities	<u>19,894</u>	<u>18,924</u>
Long-term debt	8,608	9,756
Deferred income taxes	1,722	1,713
Postretirement benefit obligations other than pensions	326	344
Asbestos related liabilities	2,226	2,269
Other liabilities	6,907	6,402
Redeemable noncontrolling interest	7	7
Shareowners' equity	18,060	18,358
Total liabilities, redeemable noncontrolling interest and shareowners' equity	<u>\$ 57,750</u>	<u>\$ 57,773</u>

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

	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>				
Net income	\$ 1,556	\$ 1,280	\$ 2,992	\$ 2,732
Less: Net income attributable to the noncontrolling interest	15	13	35	26
Net income attributable to Honeywell	<u>1,541</u>	<u>1,267</u>	<u>2,957</u>	<u>2,706</u>
Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities:				
Depreciation	172	193	335	372
Amortization	123	95	221	204
Repositioning and other charges	126	266	210	457
Net payments for repositioning and other charges	(51)	(187)	(85)	(328)
Pension and other postretirement income	(159)	(256)	(322)	(510)
Pension and other postretirement benefit payments	(15)	(8)	(45)	(44)
Stock compensation expense	34	38	75	90
Deferred income taxes	(36)	67	44	114
Other	9	76	5	78
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:				
Accounts receivable	(100)	158	98	97
Inventories	(52)	(26)	(273)	(189)
Other current assets	(22)	217	(239)	174
Accounts payable	21	167	(8)	224
Accrued liabilities	87	(206)	(161)	(448)
Net cash provided by (used for) operating activities	<u>1,678</u>	<u>1,861</u>	<u>2,812</u>	<u>2,997</u>
<b>Cash flows from investing activities:</b>				
Expenditures for property, plant and equipment	(171)	(199)	(312)	(339)
Proceeds from disposals of property, plant and equipment	8	1	10	3
Increase in investments	(1,048)	(1,204)	(2,274)	(1,787)
Decrease in investments	1,367	1,670	2,163	3,508
Other	110	343	70	220
Net cash provided by (used for) investing activities	<u>266</u>	<u>611</u>	<u>(343)</u>	<u>1,605</u>
<b>Cash flows from financing activities:</b>				
Proceeds from issuance of commercial paper and other short-term borrowings	3,796	6,073	7,114	12,749
Payments of commercial paper and other short-term borrowings	(3,796)	(6,823)	(7,115)	(12,152)
Proceeds from issuance of common stock	233	67	378	127
Proceeds from issuance of long-term debt	9	2	29	5
Payments of long-term debt	(71)	(31)	(84)	(1,277)
Repurchases of common stock	(1,900)	(764)	(2,650)	(1,704)
Cash dividends paid	(597)	(560)	(1,203)	(1,116)
Other	(2)	(2)	(32)	(118)
Net cash provided by (used for) financing activities	<u>(2,328)</u>	<u>(2,038)</u>	<u>(3,563)</u>	<u>(3,486)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(16)</u>	<u>(249)</u>	<u>32</u>	<u>(93)</u>
Net increase (decrease) in cash and cash equivalents	(400)	185	(1,062)	1,023
Cash and cash equivalents at beginning of period	8,625	7,897	9,287	7,059
Cash and cash equivalents at end of period	<u>\$ 8,225</u>	<u>\$ 8,082</u>	<u>\$ 8,225</u>	<u>\$ 8,082</u>

Honeywell International Inc.  
Reconciliation of Organic Sales % Change (Unaudited)

	<u>Three Months Ended June 30, 2019</u>
<b>Honeywell</b>	
Reported sales % change	(15)%
Less: Foreign currency translation	(2)%
Less: Acquisitions, divestitures and other, net	(18)%
Organic sales % change	<u>5%</u>
<b>Aerospace</b>	
Reported sales % change	(14)%
Less: Foreign currency translation	—%
Less: Acquisitions, divestitures and other, net	(25)%
Organic sales % change	<u>11%</u>
<b>Honeywell Building Technologies</b>	
Reported sales % change	(43)%
Less: Foreign currency translation	(2)%
Less: Acquisitions, divestitures and other, net	(46)%
Organic sales % change	<u>5%</u>
<b>Performance Materials and Technologies</b>	
Reported sales % change	1%
Less: Foreign currency translation	(3)%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	<u>4%</u>
<b>Safety and Productivity Solutions</b>	
Reported sales % change	(4)%
Less: Foreign currency translation	(2)%
Less: Acquisitions, divestitures and other, net	2%
Organic sales % change	<u>(4)%</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, and acquisitions, net of divestitures. 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 Segment Profit to Operating Income and Calculation of Segment Profit and Operating IncomeMargins (Unaudited)

(Dollars in millions)

	<b>Three Months Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
Segment profit	\$ 1,970	\$ 2,145
Stock compensation expense (1)	(34)	(38)
Repositioning, Other (2,3)	(137)	(279)
Pension and other postretirement service costs (4)	(37)	(51)
Operating income	<u>\$ 1,762</u>	<u>\$ 1,777</u>
Segment profit	\$ 1,970	\$ 2,145
÷ Net sales	\$ 9,243	\$ 10,919
Segment profit margin %	<u>21.3%</u>	<u>19.6%</u>
Operating income	\$ 1,762	\$ 1,777
÷ Net sales	\$ 9,243	\$ 10,919
Operating income margin %	<u>19.1%</u>	<u>16.3%</u>

(1) Included in Selling, general and administrative expenses.

(2) Includes repositioning, asbestos, environmental expenses and equity income adjustment.

(3) Included in Cost of products and services sold, Selling, general and administrative expenses and Other income/expense.

(4) 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.

## Honeywell International Inc.

Reconciliation of Earnings per Share to Adjusted Earnings per Share and Adjusted Earnings per Share Excluding Spin-off Impact (Unaudited)

	Three Months Ended June 30,		Twelve Months Ended
	2019	2018	December 31,
			2018
Earnings per share of common stock - assuming dilution (1)	\$ 2.10	\$ 1.68	\$ 8.98
Pension mark-to-market expense	—	—	0.04
Separation costs (2)	—	0.46	0.97
Impacts from U.S. Tax Reform	—	(0.02)	(1.98)
Adjusted earnings per share of common stock - assuming dilution	\$ 2.10	\$ 2.12	\$ 8.01
Less: EPS, attributable to spin-offs		0.19	0.62
Adjusted earnings per share of common stock - assuming dilution, excluding spin-off impact		\$ 1.93	\$ 7.39

(1) For the three months ended June 30, 2019 and 2018, adjusted earnings per share utilizes weighted average shares of approximately 733.0 million and 755.0 million. For the twelve months ended December 31, 2018, adjusted earnings per share utilizes weighted average shares of approximately 753.0 million.

(2) For the three months ended June 30, 2018, separation costs of \$354 million (\$346 million net of tax) includes \$291 million of tax costs we incurred in the restructuring of the ownership of various legal entities in anticipation of the spin-off transactions ("frictional tax costs") and \$63 million (\$55 million net of tax) of other separation costs. For the twelve months ended December 31, 2018, separation costs of \$732 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 and Calculation of Adjusted Free Cash Flow Conversion (Unaudited)  
(Dollars in millions)

	<u>Three Months Ended June 30, 2019</u>	<u>Three Months Ended June 30, 2018</u>
Cash provided by operating activities	\$ 1,678	\$ 1,861
Expenditures for property, plant and equipment	(171)	(199)
Free cash flow	1,507	1,662
Separation cost payments	28	67
Adjusted free cash flow	<u>\$ 1,535</u>	<u>\$ 1,729</u>
Net income attributable to Honeywell	\$ 1,541	\$ 1,267
Separation costs, includes net tax impacts	—	346
Adjustments to 4Q17 U.S tax legislation charge	—	(12)
Adjusted net income attributable to Honeywell	<u>\$ 1,541</u>	<u>\$ 1,601</u>
Cash provided by operating activities	\$ 1,678	\$ 1,861
÷ Net income (loss) attributable to Honeywell	<u>\$ 1,541</u>	<u>\$ 1,267</u>
Operating cash flow conversion	<u>109%</u>	<u>147%</u>
Adjusted free cash flow	\$ 1,535	\$ 1,729
÷ Adjusted net income attributable to Honeywell	<u>\$ 1,541</u>	<u>\$ 1,601</u>
Adjusted free cash flow conversion %	<u>100%</u>	<u>108%</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 IncomeMargins (Unaudited)

(Dollars in millions)

	<b>Twelve Months Ended December 31, 2019</b>
Segment profit	\$ 8,190
Stock compensation expense (1)	(175)
Repositioning, Other (2,3)	(1,100)
Pension and other postretirement service costs (4)	<u>(210)</u>
Operating income	<u>\$ 6,705</u>
Segment profit	\$ 8,190
÷ Net sales	<u>\$ 41,802</u>
Segment profit margin %	<u>19.6%</u>
Operating income	\$ 6,705
÷ Net sales	<u>\$ 41,802</u>
Operating income margin %	<u>16.0%</u>

(1) Included in Selling, general and administrative expenses.

(2) Includes repositioning, asbestos, environmental expenses and equity income adjustment.

(3) Included in Cost of products and services sold, Selling, general and administrative expenses and Other income/expense.

(4) 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 margin, on an overall Honeywell basis, to operating income margin has not been provided for all forward-looking measures of segment profit margin included herewithin, however, operating income margin is expected to be up 210 to 240 bps in 2019 full year, with the differences between segment profit margin and operating income margin driven by expected full year stock compensation expense, repositioning and other, and pension and other postretirement service costs.

Honeywell International Inc.  
Calculation of Segment Profit Excluding Spin-off Impact and Segment Margin Excluding Spin-off Impact  
(Dollars in millions)

	<u>Twelve Months Ended December 31, 2018</u>
Segment profit	\$ 8,190
Spin-off impact (1)	<u>(1,011)</u>
Segment profit excluding spin-off impact	<u>\$ 7,179</u>
Sales	\$ 41,802
Spin-off impact (1)	<u>(6,551)</u>
Sale excluding spin-off impact	<u>\$ 35,251</u>
Segment profit margin % excluding spin-off impact	<u>20.4%</u>

(1) Amount computed as the portion of Aerospace and Honeywell Building Technologies segment profit and sales in the applicable prior year period for Transportation Systems and Homes and Global Distribution spin-off businesses.

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

	<b>Twelve Months Ended December 31, 2019(E) (\$B)</b>
Cash provided by operating activities	~\$6.2 - \$6.5
Expenditures for property, plant and equipment	~(0.8)
Free cash flow	~5.4 - 5.7
Separation cost payments	~0.3
Adjusted free cash flow	<u>~\$5.7 - \$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.