

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Product sales.....	\$ 8,052	\$ 7,744	\$ 23,671	\$ 23,398
Service sales.....	2,069	2,060	6,020	5,919
Net sales.....	<u>10,121</u>	<u>9,804</u>	<u>29,691</u>	<u>29,317</u>
Costs, expenses and other				
Cost of products sold (A).....	5,648	5,594	16,545	16,545
Cost of services sold (A).....	1,225	1,309	3,534	3,726
	<u>6,873</u>	<u>6,903</u>	<u>20,079</u>	<u>20,271</u>
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
	<u>8,338</u>	<u>8,172</u>	<u>24,406</u>	<u>24,302</u>
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.....	<u>\$ 1,348</u>	<u>\$ 1,240</u>	<u>\$ 4,066</u>	<u>\$ 3,775</u>
Earnings per share of common stock - basic.....	<u>\$ 1.77</u>	<u>\$ 1.62</u>	<u>\$ 5.33</u>	<u>\$ 4.93</u>
Earnings per share of common stock - assuming dilution.....	<u>\$ 1.75</u>	<u>\$ 1.60</u>	<u>\$ 5.26</u>	<u>\$ 4.86</u>
Weighted average number of shares outstanding - basic.....	<u>762.2</u>	<u>763.7</u>	<u>763.1</u>	<u>765.0</u>
Weighted average number of shares outstanding - assuming dilution.....	<u>771.4</u>	<u>774.4</u>	<u>773.1</u>	<u>776.3</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.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
<u>Net Sales</u>				
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.....	<u>\$ 10,121</u>	<u>\$ 9,804</u>	<u>\$ 29,691</u>	<u>\$ 29,317</u>

Reconciliation of Segment Profit to Income Before Taxes

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
<u>Segment Profit</u>				
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.....	<u>\$ 1,783</u>	<u>\$ 1,632</u>	<u>\$ 5,285</u>	<u>\$ 5,015</u>

(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)

	September 30, <u>2017</u>	December 31, <u>2016</u>
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.....	<u>1,136</u>	<u>1,152</u>
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.....	<u>2,194</u>	<u>1,603</u>
Total assets.....	<u>\$ 56,768</u>	<u>\$ 54,146</u>
LIABILITIES AND SHAREOWNERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 6,061	\$ 5,690
Commercial paper and other short-term borrowings.....	3,932	3,366
Current maturities of long-term debt.....	1,398	227
Accrued liabilities.....	<u>6,834</u>	<u>7,048</u>
Total current liabilities.....	18,225	16,331
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.....	<u>21,228</u>	<u>19,547</u>
Total liabilities, redeemable noncontrolling interest and shareowners' equity.....	<u>\$ 56,768</u>	<u>\$ 54,146</u>

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Cash flows from operating activities:				
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
Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities:				
Depreciation.....	180	182	534	546
Amortization	105	78	298	227
(Gain) loss on sale of non-strategic businesses and assets.....	-	(176)	-	(176)
Repositioning and other charges.....	230	302	583	567
Net payments for repositioning and other charges.....	(130)	(154)	(394)	(420)
Pension and other postretirement income.....	(189)	(153)	(562)	(471)
Pension and other postretirement benefit payments	(24)	(29)	(71)	(110)
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:				
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.....	<u>1,407</u>	<u>1,554</u>	<u>3,794</u>	<u>3,456</u>
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)
Proceeds from sales of businesses, net of fees paid.....	-	304	-	304
Other.....	(83)	106	(196)	158
Net cash used for investing activities.....	<u>(1,199)</u>	<u>(1,734)</u>	<u>(2,191)</u>	<u>(3,276)</u>
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 cash at spin-off.....	-	(38)	-	(38)
Other.....	(26)	(25)	(131)	(40)
Net cash (used for) provided by financing activities.....	<u>(804)</u>	<u>1,529</u>	<u>(2,387)</u>	<u>708</u>
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
Cash and cash equivalents at end of period.....	<u>\$ 7,389</u>	<u>\$ 6,431</u>	<u>\$ 7,389</u>	<u>\$ 6,431</u>

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.....	\$ 1,407	\$ 1,554	\$ 3,794	\$ 3,456
Expenditures for property, plant and equipment	(212)	(274)	(613)	(749)
Free cash flow.....	<u>\$ 1,195</u>	<u>\$ 1,280</u>	<u>\$ 3,181</u>	<u>\$ 2,707</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 Free Cash Flow and Calculation of Free Cash Flow Conversion

(Dollars in millions)

	Three Months Ended September 30, 2017
Cash provided by operating activities.....	\$ 1,407
Expenditures for property, plant and equipment	(212)
Free cash flow.....	<u>\$ 1,195</u>
Cash provided by operating activities.....	\$ 1,407
÷ Net income attributable to Honeywell.....	\$ 1,348
Operating cash flow conversion.....	<u>104%</u>
Free cash flow.....	\$ 1,195
÷ Net income attributable to Honeywell.....	\$ 1,348
Free cash flow conversion %.....	<u>89%</u>

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.

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 September 30,	
	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%	17.5%
Operating Income.....	\$ 1,801	\$ 1,534
÷ Sales.....	10,121	9,804
Operating Income Margin %.....	17.8%	15.6%

(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.
Calculation of Segment Profit Margin Excluding Mergers and Acquisitions (Unaudited)
 (Dollars in millions)

	Three Months Ended September 30, <u>2017</u>
Safety and Productivity Solutions	
Segment Profit excluding mergers and acquisitions.....	\$ 202
÷ Sales excluding mergers and acquisitions.....	<u>\$ 1,219</u>
Segment Profit Margin excluding mergers and acquisitions %.....	<u>16.6%</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 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.
Calculation of Earnings Per Share at 26% Tax Rate Excluding 3Q17 Additional Restructuring and 2016 Divestitures
(Unaudited)

(Dollars in millions, except per share amounts)

	Three Months Ended September 30,	
	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.....	<u>\$ 1,302</u>	<u>\$ 1,200</u>
Weighted average number of shares outstanding - assuming dilution.....	<u>771.4</u>	<u>774.4</u>
Earnings per share at 26% tax rate.....	\$ 1.69	\$ 1.55
Less: Earnings per share impact attributable to 2016 divestitures (1).....	-	0.04
Less: Earnings per share attributable to additional restructuring (2).....	(0.06)	-
Earnings per share of common stock - assuming dilution, at 26% tax rate, excluding additional restructuring and 2016 divestitures.....	<u>\$ 1.75</u>	<u>\$ 1.51</u>
Earnings per share of common stock - assuming dilution.....	\$ 1.75	\$ 1.60
Less: Earnings per share impact of normalizing to 26% tax rate.....	0.06	0.05
Less: Earnings per share impact attributable to 2016 divestitures (1).....	-	0.04
Less: Earnings per share attributable to additional restructuring (2).....	(0.06)	-
Earnings per share of common stock - assuming dilution, at 26% tax rate, excluding additional restructuring and 2016 divestitures.....	<u>\$ 1.75</u>	<u>\$ 1.51</u>

(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.

Honeywell International Inc.
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⁾	2016 ⁽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.....	<u>\$7.05 - \$7.10</u>	<u>\$ 6.46</u>

(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.