

February 1, 2019

## FOURTH QUARTER 2018 EARNINGS AND 2019 OUTLOOK

**Honeywell**

## Forward Looking Statements

*This presentation contains certain statements that may be deemed “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are based upon certain assumptions and assessments made by our management in light of their experience and their perception of historical trends, current economic and industry conditions, expected future developments and other factors they believe to be appropriate. The forward-looking statements included in this presentation are also subject to a number of material risks and uncertainties, including but not limited to economic, competitive, governmental, and technological factors affecting our operations, markets, products, services and prices. Such forward-looking statements are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by such forward-looking statements. Any forward-looking plans described herein are not final and may be modified or abandoned at any time. We identify the principal risks and uncertainties that affect our performance in our Form 10-K and other filings with the Securities and Exchange Commission.*

## Non-GAAP Financial Measures

*This presentation contains financial measures presented on a non-GAAP basis. Honeywell’s non-GAAP financial measures used in this presentation are as follows: segment profit, on an overall Honeywell basis, a measure by which we assess operating performance, which we define as operating income adjusted for certain items as presented in the Appendix; segment margin, on an overall Honeywell basis, which we define as segment profit divided by sales and which we adjust to exclude sales and segment profit contribution from Resideo and Garrett in 2018, if and as noted in the presentation; organic sales growth, which we define as sales growth less the impacts from foreign currency translation, acquisitions and divestitures for the first 12 months following transaction date, and impacts from adoption of the new accounting guidance on revenue from contracts with customers that arise solely due to non-comparable accounting treatment of contracts existing in the prior period; adjusted free cash flow, which we define as cash flow from operations less capital expenditures and which we adjust to exclude the impact of separation costs related to the spin-offs of Resideo and Garrett, if and as noted in the presentation; adjusted free cash flow conversion, which we define as adjusted free cash flow divided by net income attributable to Honeywell, excluding pension mark-to-market expenses, separation costs related to the spin-offs, and adjustments to the 4Q17 U.S. tax legislation charge, if and as noted in the presentation; and adjusted earnings per share, which we adjust to exclude pension mark-to-market expenses, as well as for other components, such as separation costs related to the spin-offs, the 4Q17 U.S. tax legislation charge, adjustments to such charge, and after-tax segment profit contribution from Resideo and Garrett in the periods noted in the presentation, net of spin indemnification impacts assuming both indemnification agreements were effective in such periods, if and as noted in the presentation. The respective tax rates applied when adjusting earnings per share for these items are identified in the presentation or in the reconciliations presented in the Appendix. Management believes that, when considered together with reported amounts, these measures are useful to investors and management in understanding our ongoing operations and in the analysis of ongoing operating trends. These metrics should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Refer to the Appendix attached to this presentation for reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures.*

# 2018 Results

	4Q	2018
Adjusted Earnings Per Share	\$1.91	\$8.01
Organic Sales Growth	6%	6%
Segment Margin Expansion	80 bps	60 bps
Adjusted Free Cash Flow	\$1.5B <i>105% Conversion</i>	\$6.0B <i>100% Conversion</i>
Capital Deployment	\$3.1B	\$7.6B

Up  
~12%

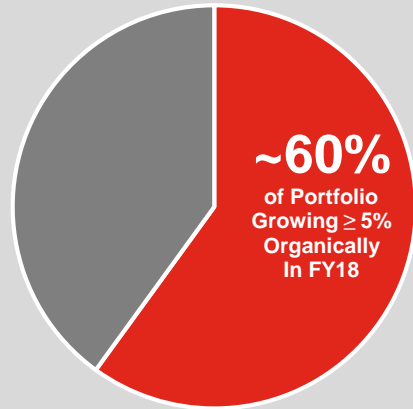
## Full-Year Highlights

- Exceeded high-end of initial full year adjusted EPS and adjusted free cash flow guidance despite spin dilution
- Continued growth across the portfolio, led by Commercial Aerospace, Defense, and Warehouse Automation (Intelligrated)
- Strong operational performance all year
  - Full-year segment profit excluding impact of spins up 11%
  - Funded smart growth investments, while maintaining productivity rigor
- Adjusted free cash flow conversion of 100%
  - Higher net income, working capital improvements
  - Adjusted FCF as a percent of sales improved 225 bps to 14%
  - Funded high-return CapEx of \$0.8B
- Continued disciplined capital deployment
  - \$4.0B share repurchases (\$1.7B in 4Q)
  - \$2.3B dividends, \$0.5B M&A

Adjusted EPS and adjusted EPS V% exclude pension mark-to-market, after-tax separation costs related to the spin-offs of Resideo and Garrett, the 4Q17 U.S. tax legislation charge and 2018 adjustments to such charge.  
Adjusted free cash flow and associated conversion exclude impacts from separation costs related to the spin-offs. Conversion also excludes pension mark-to-market and 2018 adjustments to the 4Q17 U.S. tax legislation charge.

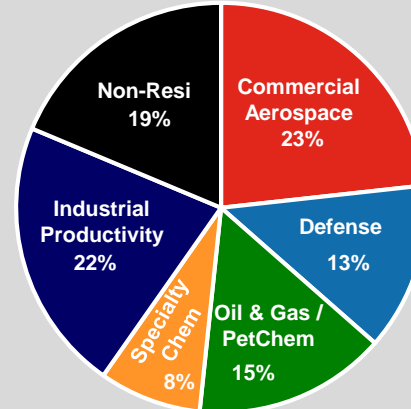
# Pivoting to the New Honeywell

## Leading Growth Story



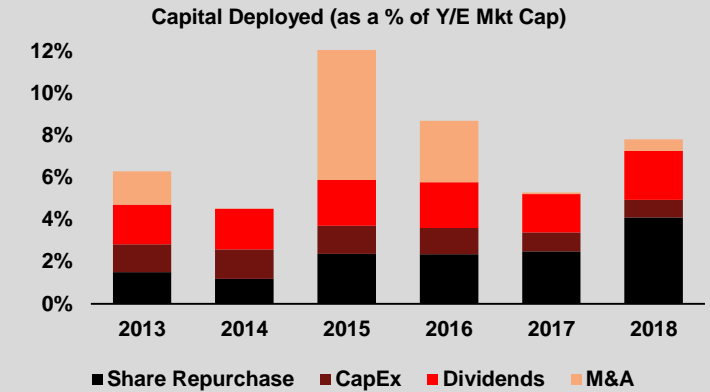
- Organic sales growth of 6% in 4<sup>th</sup> quarter and full-year 2018
- Commercial OE, defense, Intelligrated, and sensing and IoT growing more than 10% organically
- Long-cycle backlog up >15% heading into 2019

## Favorable End Market Exposure



- Focused end-market portfolio
- Increased long-cycle exposure in attractive, growing segments
- Reduced cyclicity via spins

## Balanced Capital Deployment



- 9 consecutive double-digit dividend increases since 2010
- Funded high-return CapEx to drive sustainable growth
- Ability to deploy over ~\$14B of cash

# Becoming a Premier Technology Company

1

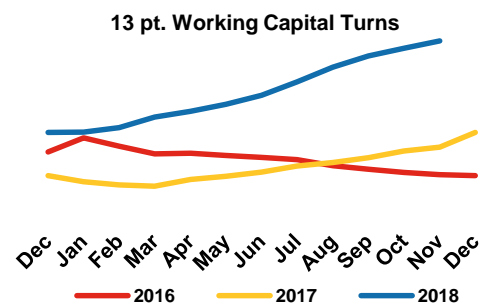
## Honeywell Connected Enterprise



- Established to enhance software development and commercialization of IoT capabilities
- Comprises 4,000 employees; including 1,800 software engineers and over 50% in high growth regions; building organization-wide digital culture
- Building organizational capabilities for product management, software selling, customer operations, and DevSecOps
- Driving a unified software strategy focused on application 'ease of use' and accelerating offering launches

2

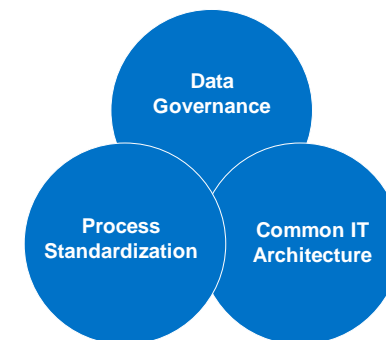
## Supply Chain Transformation



- Beginning to see improvement in working capital performance
- Next phase of transformation begins
  - Simplified footprint<sup>1</sup>
  - Consistent planning processes
  - Focused sourcing strategy
  - Data governance and analytics
  - Capability building at all levels
- Expect to complete over 3 - 5 years<sup>1</sup>
  - Led by Chief Supply Chain Officer

3

## Honeywell Digital



Building enterprise-wide capabilities rather than one-off solutions; digitizing manual processes through automation, allowing our leaders to focus on creating value for customers

- Improved decision making capabilities
- Efficient data capture analysis
- Process efficiency, resulting in improved working capital
- Ecosystem and partnership enablement
- Expect to complete over 3 - 5 years

<sup>1</sup> No decisions have been finalized. Subject to information sharing and consultation requirements where required.

# Key Priorities Update

Priority <i>Commitment</i>	2018 Result	Comments
<b>1</b> Accelerate Organic Growth <i>LSD - MSD</i>	6%	<ul style="list-style-type: none"> <li>Broad-based strength across the portfolio</li> <li>Growth investments generating returns</li> </ul>
<b>2</b> Expand Margins <i>30 - 50 bps</i> Improve Cash Conversion <i>~100% FCF Conversion</i>	60 bps	<ul style="list-style-type: none"> <li>Executed amid two complex spin-offs</li> <li>Funded over \$450M in repositioning in 2018 to drive further margin expansion</li> </ul>
<b>3</b> Become a Software-Industrial Company <i>~20% Software CAGR</i>	Double-Digit+ Growth in Connected Software	<ul style="list-style-type: none"> <li>Key investments, deep domain knowledge driving future growth opportunities</li> <li>Enhanced investment in R&amp;D, sales, marketing, and Sentience build out</li> </ul>
<b>4</b> More Aggressive Capital Deployment	\$7.6B	<ul style="list-style-type: none"> <li>10% dividend increase; deployed \$4.0B to share repurchases</li> <li>Completed 2 acquisitions (Transnorm, Ortloff Engineers)</li> <li>Completed 5 new Honeywell Ventures investments, totaling \$18M</li> </ul>

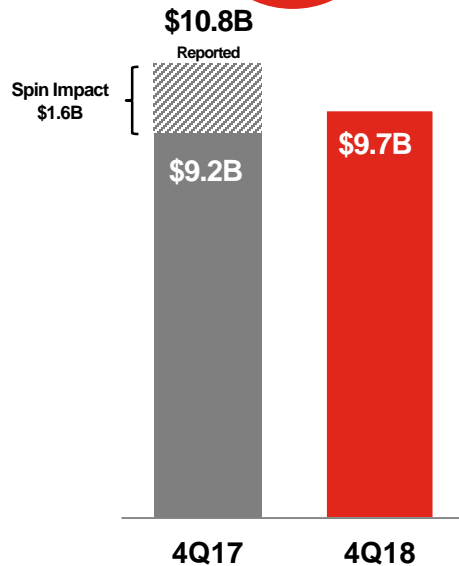
*Adjusted free cash flow and associated conversion exclude impacts from separation costs related to the spin-offs. Associated conversion also excludes pension mark-to-market and 2018 adjustments to the 4Q17 U.S. tax legislation charge.*

# 4Q18 Financial Summary

## Sales

Up 6%

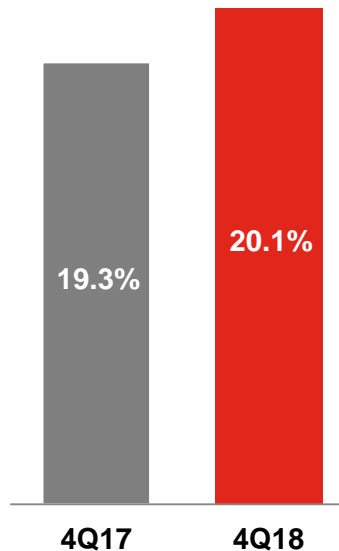
Organic



- + Business aviation OE, U.S. and international defense
- + SPS Intelligrated, sensing and IoT
- + Building products (fire)

## Segment Margin

Up 80 bps

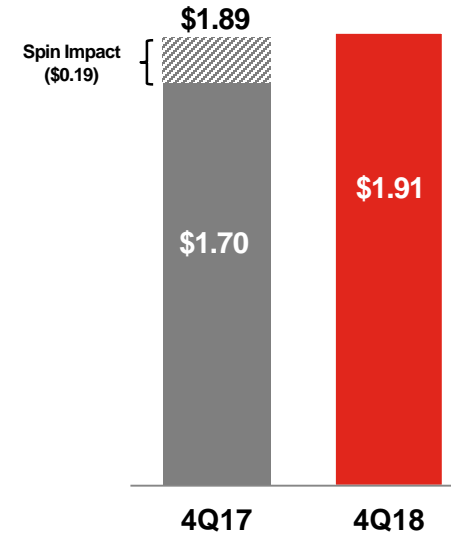


- + Higher sales volumes
- + Commercial Excellence
- + Productivity, repositioning benefits
- + Spin accretion

## Adjusted EPS

Up 12%

Ex-Spins

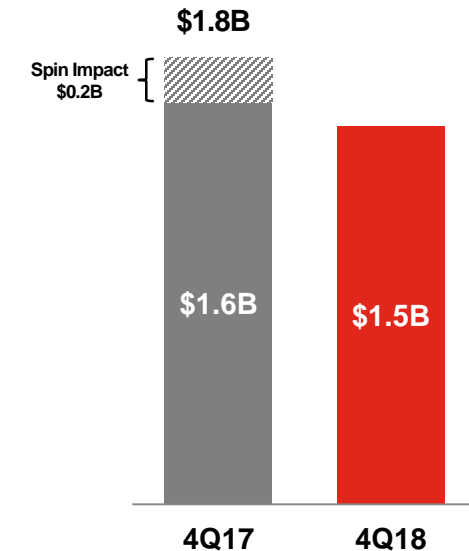


- + Segment profit growth ex-spins \$0.16
- + Lower share count \$0.06
- ~\$100M spin-related costs

## Adjusted FCF

105%

Conversion



- + 0.6x working capital turns improvement year-on-year
- Excludes ~\$0.2B in separation cost cash payments

Adjusted EPS and Adjusted EPS V% exclude pension mark-to-market, after-tax separation costs related to the spin-offs of Resideo and Garrett, the 4Q17 U.S. tax legislation charge and 2018 adjustments to such charge; adjusted EPS V% ex-spins also excludes after-tax segment profit from Garrett in 4Q17 and after-tax segment profit from Resideo in the months of November and December 2017, net of the spin indemnification impacts assuming both indemnification agreements were effective during these periods.

Adjusted free cash flow and associated conversion exclude impacts from separation costs related to the spin-offs. Associated conversion also excludes pension mark-to-market and 2018 adjustments to the 4Q17 U.S. tax legislation charge.

# 4Q 2018 Segment Results

(\$M)	Sales	Segment Margin change (bps)	Commentary	Highlights
Aero	<b>\$3,428</b> <i>Up 10% Organic</i>	<b>23.4%</b> <i>Up 50</i>	<ul style="list-style-type: none"> <li>+ Robust business aviation and defense shipment volumes</li> <li>+ Commercial aftermarket demand in avionics, navigation, and safety (mandates)</li> <li>+ Margin expansion driven by commercial excellence and impact of the Transportation Systems spin-off</li> </ul>	<ul style="list-style-type: none"> <li>- Backlog up double-digits</li> <li>- JetWave sales up ~30%</li> </ul>
HBT	<b>\$1,802</b> <i>Up 1% Organic</i>	<b>18.6%</b> <i>Up 100</i>	<ul style="list-style-type: none"> <li>+ Commercial fire products (global); Building Solutions projects in high growth regions</li> <li>+ Strength in Homes and ADI Global Distribution (month of October, prior to spin)</li> <li>- Declines in China air and water and Building Management Systems</li> </ul>	<ul style="list-style-type: none"> <li>- HBS project backlog up &gt;10%</li> <li>- Comm'l Fire orders up &gt;10%</li> </ul>
PMT	<b>\$2,802</b> <i>~Flat Organic</i>	<b>23.3%</b> <i>Up 200</i>	<ul style="list-style-type: none"> <li>+ Solstice® strength in Advanced Materials; UOP licensing, engineering and catalyst growth</li> <li>± Process Solutions services and field products demand offset by declines in smart energy and timing of large projects</li> <li>+ Margin expansion driven by commercial excellence, UOP catalyst shipments, and repositioning benefits</li> </ul>	<ul style="list-style-type: none"> <li>- HPS orders up &gt;10%</li> <li>- UOP backlog up HSD</li> </ul>
SPS	<b>\$1,697</b> <i>Up 15% Organic</i>	<b>16.0%</b> <i>Up 30</i>	<ul style="list-style-type: none"> <li>+ Continued growth in warehouse automation (Intelligrated) driven by large systems demand</li> <li>+ Higher volumes in sensing and IoT and retail; new mobility launches</li> <li>+ China and India double-digit sales growth led by industrial safety</li> </ul>	<ul style="list-style-type: none"> <li>- Intelligrated backlog up &gt;30%</li> <li>- Sensing and IoT sales up &gt;10%</li> </ul>

All references to orders and backlog percentages are calculated on an organic basis.



# 2019 Plan Overview

## Sales

**\$36.0B - \$36.9B**

*2% - 5% Organic Growth*

## Segment Margin

**20.7% - 21.0%**

*Up 110 - 140 bps*

*Up 30 - 60 bps Ex-Spins*

## EPS

**\$7.80 - \$8.10**

*Up 6% - 10%  
Ex-Spins*

## Adjusted Free Cash Flow

**\$5.4B - \$6.0B**

*95% - 100%  
Conversion*







- ± Long-cycle growth supported by strong backlog; cautious assumptions on short-cycle growth given uncertain macro
- + Balanced outlook with multiple cost levers in the event of a slowdown; plan assumes no recession
- + Adjusted free cash flow conversion remains near 100%
- + Minimal impact from tariffs expected in 2019 after mitigation actions
- + Planning at least (1%) share count reduction in 2019
- + Net below the line impact ~(\$80M)

Segment margin expansion ex-spins guidance excludes sales and segment profit contribution from Resideo and Garrett in 2018.

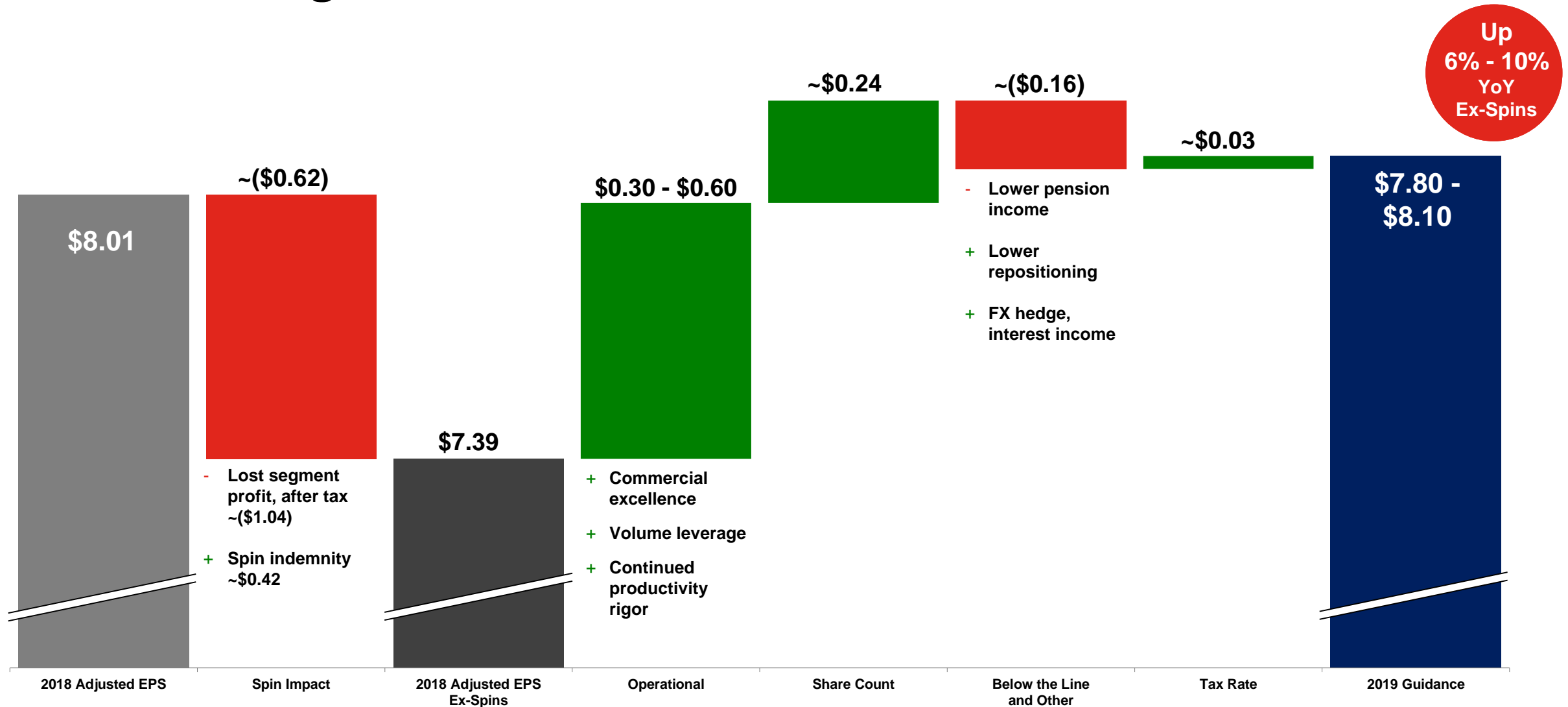
Adjusted free cash flow guidance and associated conversion excludes estimated payments of ~\$0.3B for separation costs incurred in 2018 related to the spin-offs of Resideo and Garrett.

EPS growth ex-spins guidance excludes pension mark-to-market in 2018, after-tax separation costs related to the spin-offs of Resideo and Garrett. Also excludes the after-tax segment profit contribution from the spin-offs in 2018, net of spin indemnification impacts assuming both indemnification agreements were effective for all of 2018, of \$0.62.

# 2019 Segment Outlook

	Primary End Market	Market Indicator	Organic Growth	Segment Commentary
Aero	Commercial Aerospace		~MSD+	<ul style="list-style-type: none"> <li>• Momentum continuing in narrow body and business jet deliveries</li> <li>• Aftermarket growth driven by flight hours, connected aircraft adoption, and mandates</li> <li>• Strength in U.S. and international defense, but with tough YoY comps</li> </ul>
	Defense & Space			
HBT	Non-Residential		~LSD	<ul style="list-style-type: none"> <li>• Building solutions strength driven by backlog conversion in high growth regions</li> <li>• Continued strength in commercial fire; modest growth in security products</li> <li>• Building management systems new product introductions</li> </ul>
PMT	Oil & Gas / PetroChem		~LSD+	<ul style="list-style-type: none"> <li>• Strength in UOP equipment and services; oil price volatility impacting project decision timing</li> <li>• Broad-based automation growth driven by short-cycle demand and connected plant offerings</li> <li>• Demand for low global warming refrigerants; specialty products high growth regions expansion</li> </ul>
	Specialty Chemicals			
SPS	Industrial Productivity		~MSD	<ul style="list-style-type: none"> <li>• Intelligrated demand at large customers driven by e-commerce growth, with tough YoY comps</li> <li>• Productivity products executing on new product and software introductions</li> <li>• Installed based strength in sensing and IoT; industrial safety demand in gas detection</li> </ul>

# 2019 Earnings Per Share



EPS growth ex-spins guidance excludes pension mark-to-market in 2018, after-tax separation costs related to the spin-offs of Resideo and Garrett. Also excludes the after-tax segment profit contribution from the spin-offs in 2018, net of spin indemnification impacts assuming both indemnification agreements were effective for all of 2018, of \$0.62. \$0.62 spin impact is calculated as the sum of Garrett after-tax spin segment profit through 3Q18 and Resideo after-tax spin segment profit through October 2018, net of spin indemnification impacts assuming it was in place for both Resideo and Garrett in the period prior to the spins effective dates, using a tax rate of 22% and weighted average share count of 753M.

# 1Q 2019 Preview

## Guidance

### Sales

**\$8.4B - \$8.6B**

Up 3% - 5% Organic

### Segment Margin

**20.3% - 20.6%**

Up 110 - 140 bps  
Up 30 - 60 bps  
Ex-Spins

### EPS

**\$1.80 - \$1.85**

Up 6% - 9%  
Ex-Spins

### Other

Effective Tax Rate:  
~22%

Minimal Net Below the Line  
Impact

## What We Are Seeing

- Continued strength in long-cycle businesses, led by business aviation OE, defense, UOP, and warehouse automation (Intelligrated)
- Short-cycle growth in air transport and defense aftermarket, sensing and IoT, and commercial fire
- Margin expansion driven by commercial excellence, benefits from previously funded repositioning, and spin accretion
- ~(\$0.25) earnings dilution YoY from spins, net of spin indemnity

*EPS growth ex-spins guidance excludes after-tax separation costs related to the spin-offs of Resideo and Garrett, and the after-tax segment profit contribution from the spin-offs, net of spin indemnification impacts assuming both indemnification agreements were effective in 1Q18. \$0.25 spin impact is calculated as the sum of Garrett and Resideo after-tax spin segment profit in 1Q18, net of spin indemnification impacts assuming it was in place for both Resideo and Garrett in the period prior to the spins effective dates, using a tax rate of 24% and weighted average share count of 761M. Segment margin expansion ex-spins guidance excludes sales and segment profit contribution from Resideo and Garrett in 1Q18. Net Below the Line Impact is the difference between segment profit and income before tax; impact includes interest and other financial charges, stock compensation expense, pension ongoing income, other post-retirement income, and repositioning and other charges. A reconciliation of segment profit to income before tax can be found in the appendix.*

# Summary

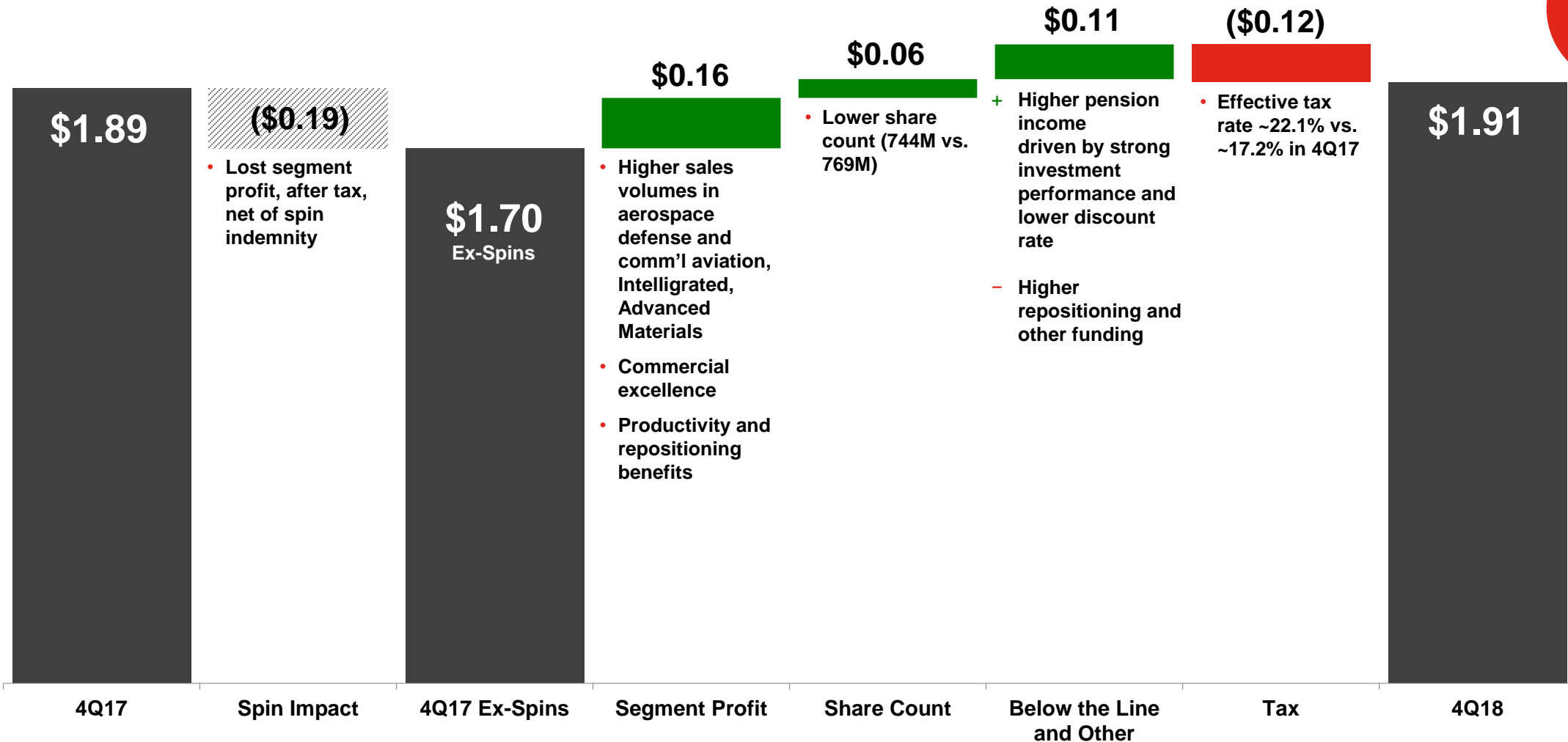
- **Delivered on our commitments in 2018 ... our say = our do**
- **Balanced end-market dynamics, multiple self-help levers to drive outperformance**
- **Expect strong sales and free cash flow growth with continued margin expansion**
- **Strong balance sheet; continuing smart and disciplined capital deployment strategy**
- **Transformation of Honeywell continues ... strong financial performance, improved operational execution, and enhanced software offerings**

# *Appendix*

# Key Inputs to 2019 Plan

	2019	Commentary
Pension / OPEB Income	~\$595M	<ul style="list-style-type: none"> <li>• Driven by shift to fixed income investments (now ~50% of investments)</li> <li>• U.S. plans currently ~106% funded</li> </ul>
Restructuring and Asbestos / Environmental	~\$415M	<ul style="list-style-type: none"> <li>• Repositioning funding expected ~\$350M</li> <li>• Asbestos and environmental expenses, net of indemnity ~\$65M</li> </ul>
Tax Rate	~22%	<ul style="list-style-type: none"> <li>• Lower rate driven by tax planning</li> </ul>
Share Count	~731M	<ul style="list-style-type: none"> <li>• Share count down ~(3%); based on 2018 repurchases (2% impact) and planned 2019 repurchases (at least 1% impact)</li> </ul>
CapEx	~\$800M	<ul style="list-style-type: none"> <li>• Growth-focused investments</li> </ul>

# 4Q 2018 Adjusted EPS



Adjusted EPS and Adjusted EPS V% exclude pension mark-to-market, after-tax separation costs related to the spin-offs of Resideo and Garrett, the 4Q17 U.S. tax legislation charge and 2018 adjustments to such charge; adjusted EPS V% ex-spins also excludes after-tax segment profit from Garrett in 4Q17 and after-tax segment profit from Resideo in the months of November and December 2017, net of the spin indemnification impacts assuming both indemnification agreements were effective during these periods. Effective tax rate excludes impacts from separation costs related to the spin-offs of GTX and REZI and adjustments to the 4Q17 U.S. tax legislation charge. \$0.19 spin impact is calculated as the sum of Garrett after-tax spin segment profit in 4Q17 and REZI after-tax spin segment profit in the months of November and December 2017, net of spin indemnification impacts assuming it was in place for both Resideo and Garrett in the period prior to the spins effective dates, using a tax rate of 17.2% and weighted average share count of 769M.



# 2018 Segment Sales Growth

	4Q Reported	4Q Organic	FY Reported	FY Organic
<b>Aerospace</b>	<b>(12%)</b>	<b>10%</b>	<b>5%</b>	<b>9%</b>
Commercial Aviation Original Equipment	11%	8%	14%	11%
Commercial Aviation Aftermarket	6%	5%	5%	5%
Defense & Space	17%	17%	15%	15%
Transportation Systems	N/A	N/A	(17%)	7%
<b>Honeywell Building Technologies</b>	<b>(31%)</b>	<b>1%</b>	<b>(5%)</b>	<b>3%</b>
Homes	(68%)	6%	(12%)	6%
Buildings	Flat	Flat	1%	Flat
<b>Performance Materials And Technologies</b>	<b>(2%)</b>	<b>~Flat</b>	<b>3%</b>	<b>2%</b>
UOP	1%	2%	3%	3%
Honeywell Process Solutions	(2%)	1%	4%	3%
Advanced Materials	(5%)	(3%)	2%	Flat
<b>Safety And Productivity Solutions</b>	<b>15%</b>	<b>15%</b>	<b>12%</b>	<b>11%</b>
Safety	3%	5%	5%	4%
Productivity Solutions	23%	23%	17%	16%

# Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margins

(\$M)	4Q18	4Q17	2018	2017	1Q18
Aerospace	\$3,428	\$3,902	\$15,493	\$14,779	\$3,977
Honeywell Building Technologies	1,802	2,615	9,298	9,777	2,433
Performance Materials and Technologies	2,802	2,854	10,674	10,339	2,534
Safety and Productivity Solutions	1,697	1,472	6,337	5,639	1,448
<b>Net sales</b>	<b>\$9,729</b>	<b>\$10,843</b>	<b>\$41,802</b>	<b>\$40,534</b>	<b>\$10,392</b>
Aerospace	\$801	\$893	\$3,503	\$3,288	\$893
Honeywell Building Technologies	335	461	1,608	1,650	416
Performance Materials and Technologies	652	607	2,328	2,206	519
Safety and Productivity Solutions	272	231	1,032	852	231
Corporate	(100)	(96)	(281)	(306)	(64)
<b>Segment profit</b>	<b>\$1,960</b>	<b>\$2,096</b>	<b>\$8,190</b>	<b>\$7,690</b>	<b>\$1,995</b>
Stock compensation expense <sup>(1)</sup>	(44)	(43)	(175)	(176)	(52)
Repositioning, Other <sup>(2,3)</sup>	(347)	(371)	(1,100)	(962)	(161)
Pension and other postretirement service costs <sup>(4)</sup>	(49)	(63)	(210)	(249)	(56)
<b>Operating income</b>	<b>\$1,520</b>	<b>\$1,619</b>	<b>\$6,705</b>	<b>\$6,303</b>	<b>\$1,726</b>
<b>Segment profit</b>	<b>\$1,960</b>	<b>\$2,096</b>	<b>\$8,190</b>	<b>\$7,690</b>	<b>\$1,995</b>
÷ Net sales	<b>\$9,729</b>	<b>\$10,843</b>	<b>\$41,802</b>	<b>\$40,534</b>	<b>\$10,392</b>
<b>Segment profit margin %</b>	<b>20.1%</b>	<b>19.3%</b>	<b>19.6%</b>	<b>19.0%</b>	<b>19.2%</b>
<b>Operating income</b>	<b>\$1,520</b>	<b>\$1,619</b>	<b>\$6,705</b>	<b>\$6,303</b>	<b>\$1,726</b>
÷ Net sales	<b>\$9,729</b>	<b>\$10,843</b>	<b>\$41,802</b>	<b>\$40,534</b>	<b>\$10,392</b>
<b>Operating income margin %</b>	<b>15.6%</b>	<b>14.9%</b>	<b>16.0%</b>	<b>15.6%</b>	<b>16.6%</b>

(1) Amounts 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) Amounts included in Cost of products and services sold and Selling, general and administrative expenses (service costs). (Note - Other income/expense includes non-service cost components).

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.

## Reconciliation of EPS to Adjusted EPS

	<b>4Q18</b>	<b>4Q17</b>	<b>2018</b>	<b>2017</b>
<b>Earnings (loss) per share of common stock - assuming dilution (EPS) <sup>(1)</sup></b>	<b>\$2.31</b>	<b>(\$3.32)</b>	<b>\$8.98</b>	<b>\$2.00</b>
<b>Pension mark-to-market</b>	<b>0.04</b>	<b>0.09</b>	<b>0.04</b>	<b>0.09</b>
<b>Separation costs <sup>(2)</sup></b>	<b>0.14</b>	<b>0.02</b>	<b>0.97</b>	<b>0.02</b>
<b>Impacts from U.S. Tax Reform</b>	<b>(0.58)</b>	<b>5.06</b>	<b>(1.98)</b>	<b>5.04</b>
<b>Impacts of dilution of weighted average number of shares outstanding (4Q17)</b>		<b>0.04</b>		
<b>Adjusted earnings per share of common stock - assuming dilution</b>	<b>\$1.91</b>	<b>\$1.89</b>	<b>\$8.01</b>	<b>\$7.15</b>

(1) For the three months ended December 31, 2018 and 2017, adjusted earnings per share utilizes weighted average shares of 743.9 million and of 758.8 million (due to loss per share; 769 million for adjusted earnings per share). For the twelve months ended December 31, 2018 and 2017, adjusted earnings per share utilizes weighted average shares 753.0 million and 772.1 million.

(2) For the three months and twelve ended December 31, 2018, separation costs of \$104 million and \$732 million including net tax impacts. For the three months and twelve months ended December 31, 2017, separation costs \$14 million including net tax impacts.

We believe Adjusted EPS is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

## Reconciliation of EPS to Adjusted EPS, Excluding Spin-off Impact

	<b>4Q18</b>	<b>4Q17</b>
Earnings (loss) per share of common stock - assuming dilution (EPS) <sup>(1)</sup>	\$2.31	(\$3.32)
Pension mark-to-market	0.04	0.09
Separation costs <sup>(2)</sup>	0.14	0.02
Impacts from U.S. Tax Reform	(0.58)	5.06
Impacts of dilution of weighted average number of shares outstanding (4Q17)		0.04
Adjusted earnings per share of common stock - assuming dilution	<u>\$1.91</u>	<u>\$1.89</u>
Less: EPS, attributable to spin-offs		<u>\$0.19</u>
Adjusted earnings per share of common stock - assuming dilution, excluding spin-off impact		<u><u>\$1.70</u></u>

(1) For the three months ended December 31, 2018 and 2017, adjusted earnings per share utilizes weighted average shares of 743.9 million and of 758.8 million (due to loss per share; 769 million for adjusted earnings per share).

(2) For the three months ended December 31, 2018 and 2017, separation costs of \$104 million and \$14 million including net tax impacts.

We believe Adjusted EPS is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

## Reconciliation of Organic Sales % Change

	<u>4Q18</u>	<u>2018</u>
<b>Honeywell</b>		
Reported sales % change	(10%)	3%
Less: Foreign currency translation	(1%)	1%
Less: Acquisitions, divestitures and other, net	<u>(15%)</u>	<u>(4%)</u>
Organic sales % change	<u>6%</u>	<u>6%</u>
<b>Aerospace</b>		
Reported sales % change	(12%)	5%
Less: Foreign currency translation	(1%)	1%
Less: Acquisitions, divestitures and other, net	<u>(21%)</u>	<u>(5%)</u>
Organic sales % change	<u>10%</u>	<u>9%</u>
<b>Honeywell Building Technologies</b>		
Reported sales % change	(31%)	(5%)
Less: Foreign currency translation	(2%)	1%
Less: Acquisitions, divestitures and other, net	<u>(30%)</u>	<u>(9%)</u>
Organic sales % change	<u>1%</u>	<u>3%</u>
<b>Performance Materials and Technologies</b>		
Reported sales % change	(2%)	3%
Less: Foreign currency translation	(2%)	1%
Less: Acquisitions, divestitures and other, net	<u>-</u>	<u>-</u>
Organic sales % change	<u>-</u>	<u>2%</u>
<b>Safety and Productivity Solutions</b>		
Reported sales % change	15%	12%
Less: Foreign currency translation	(1%)	1%
Less: Acquisitions, divestitures and other, net	<u>1%</u>	<u>-</u>
Organic sales % change	<u>15%</u>	<u>11%</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, 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.

## Reconciliation of Cash Provided by Operating Activities to Adjusted Free Cash Flow and Adjusted Free Cash Flow, Excluding Spin-off Impact

(\$M)	<u>4Q18</u>	<u>4Q17</u>
Cash provided by operating activities	\$1,559	\$2,172
Expenditures for property, plant and equipment	(\$306)	(418)
Free cash flow	1,253	1,754
Separation cost payments	\$233	-
Adjusted free cash flow	<u>\$1,486</u>	<u>\$1,754</u>
Spin-off Impact		<u>(177)</u>
Adjusted free cash flow, excluding spin-off impact		<u>\$1,577</u>

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

We believe adjusted free cash flow is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

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 Adjusted Free Cash Flow and Calculation of Adjusted Free Cash Flow Conversion

(\$M)	2017	4Q18	2018
Cash provided by operating activities	\$5,966	\$1,559	\$6,434
Expenditures for property, plant and equipment	(1,031)	(306)	(828)
Free cash flow	4,935	1,253	5,606
Separation cost payments	-	233	424
Adjusted free cash flow	<u>\$4,935</u>	<u>\$1,486</u>	<u>\$6,030</u>
Net income (loss) attributable to Honeywell	\$1,545	\$1,721	\$6,765
Separation costs, includes net tax impacts	14	104	732
Pension mark-to-market expense	67	28	28
Adjustments to 4Q17 U.S. tax legislation charge	3,891	(435)	(1,494)
Adjusted net income attributable to Honeywell	<u>\$5,517</u>	<u>\$1,418</u>	<u>\$6,031</u>
Cash provided by operating activities	\$5,966	\$1,559	\$6,434
÷ Net income (loss) attributable to Honeywell	<u>\$1,545</u>	<u>\$1,721</u>	<u>\$6,765</u>
Operating cash flow conversion	<u>386%</u>	<u>91%</u>	<u>95%</u>
Adjusted free cash flow	\$4,935	\$1,486	\$6,030
÷ Adjusted net income attributable to Honeywell	<u>\$5,517</u>	<u>\$1,418</u>	<u>\$6,031</u>
Adjusted free cash flow conversion %	<u>89%</u>	<u>105%</u>	<u>100%</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.

# Reconciliation of Cash Provided by Operating Activities to Adjusted Free Cash Flow

(\$B)	<b>2019E</b>
<b>Cash provided by operating activities</b>	<u>~\$5.9 - \$6.5</u>
<b>Expenditures for property, plant and equipment</b>	<u>~(0.8)</u>
<b>Free cash flow</b>	<u>~\$5.1 - \$5.7</u>
<b>Separation cost payments</b>	<u>~\$0.3</u>
<b>Adjusted free cash flow</b>	<u>~\$5.4 - \$6.0</u>

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

We believe adjusted free cash flow is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

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 EPS to Adjusted EPS

	<b>1Q18</b>
Earnings (loss) per share of common stock - assuming dilution (EPS) <sup>(1)</sup>	<u>\$1.89</u>
Separation costs <sup>(2)</sup>	0.06
Impacts from U.S. Tax Reform	-
Adjusted earnings per share of common stock - assuming dilution	<u>\$1.95</u>
Less: EPS, attributable to spin-offs	<u>\$0.25</u>
Adjusted earnings per share of common stock - assuming dilution, excluding spin-off impact	<u>\$1.70</u>

(1) Utilizes weighted average shares of approximately 761 million for three months ended March 31, 2018.

(2) For the three months ended March 31, 2018, separation costs of \$49 million including net tax impacts.

We believe adjusted earnings per share is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

## Calculation of Segment Profit Excluding Spin-off Impacts

<i>(\$M)</i>	<b>2018</b>	<b>2017</b>
Segment profit	<u>\$8,190</u>	<u>\$7,690</u>
Spin-off Impact <sup>(1)</sup>		<u>(281)</u>
<b>Segment profit excluding spin-off impacts</b>	<u><b>\$8,190</b></u>	<u><b>\$7,409</b></u>

(1) Amount computed as the portion of Aerospace and Honeywell Buildings Technology segment profit in 4Q17 for Transportation Systems and November and December 2017 for Homes and Global Distribution for 2017 compared to 2018.

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.

## Calculation of Segment Profit and Segment Margin Excluding Spin-off Impacts

(\$M)	<u>2018</u>	<u>1Q18</u>
Segment profit	\$8,190	\$1,995
Spin-off Impact <sup>(1)</sup>	(1,011)	(334)
<b>Segment profit excluding spin-off impacts</b>	<u><u>\$7,179</u></u>	<u><u>\$1,661</u></u>
Sales	\$41,802	\$10,392
Spin-off Impact <sup>(1)</sup>	(\$6,551)	(\$2,085)
<b>Sales excluding spin-off impacts</b>	<u><u>\$35,251</u></u>	<u><u>\$8,307</u></u>
<b>Segment margin excluding spin-off impacts</b>	<u><u>20.4%</u></u>	<u><u>20.0%</u></u>

(1) Amount computed as the portion of Aerospace and Honeywell Buildings Technology segment profit and sales in the applicable period (full year impacts for 2018 compared to 2019; 1Q18 impacts when compared to 1Q19) for Transportation Systems and Homes and Global Distribution spin-off businesses.

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.