



THIRD QUARTER 2019
EARNINGS RELEASE

OCTOBER 17, 2019

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, and acquisitions and divestitures for the first 12 months following transaction date; 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, separation costs related to the spin-offs, and adjustments to the charges taken in connection with 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 in 2018, as well as for other components, such as separation costs related to the spin-offs, adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation 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.

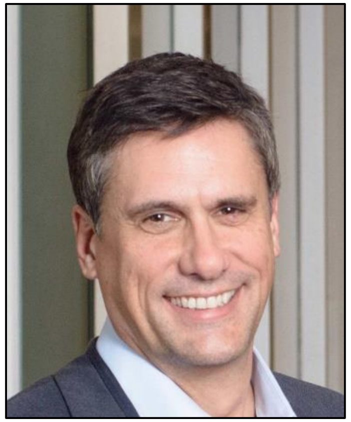
COMPANY / BOARD LEADERSHIP APPOINTMENTS

MIKE MADSEN
President and CEO, Aerospace

- Started his career with Honeywell; has 30+ years of leadership experience
- Previously led Aerospace Integrated Supply Chain, Defense and Space, and held roles in Air Transport and Regional

TIM MAHONEY
Sr. Vice President, Enterprise Transformation

- Has led Aerospace for past 10 years, will ensure a smooth transition in 4Q
- Will oversee Honeywell Digital, modernizing core functions and driving efficiencies



JEFF KIMBELL
Sr. Vice President, Chief Commercial Officer

- Oversees sales and marketing organizations
- Responsible for driving organic growth
- Joins Honeywell from McKinsey's Transformation practice

DEBORAH FLINT
Director

- Joined Honeywell's Board of Directors as an independent Director
- CEO of Los Angeles World Airports
- Deep experience in critical infrastructure, connected buildings and advanced security solutions

The Right Leadership Team in Place to Continue to Deliver Results

RECENT HIGHLIGHTS AND WINS

Released the Honeywell Forge Cybersecurity Platform which improves cybersecurity performance at a single site or across an enterprise by increasing visibility of vulnerabilities and threats, mitigating risks, and improving cybersecurity management efficiency.

Kuwait Integrated Petroleum Industries Co will adopt Honeywell technology and production systems for its Al-Zour integrated refinery and petrochemical plant. The plant will be the largest ever constructed in Kuwait.

Honeywell ranked thirteenth on Forbes' 2019 World's Most Reputable Companies for Corporate Responsibility list. Our position on this list is a testament to all we have done and continue to do to be strong advocates for the environment, our diverse employee base, and our communities.

Businesses Continue to Win and Innovate

STRONG THIRD QUARTER

	Actual	Guidance
Organic growth driven by Aerospace, Process Solutions, and Building Technologies	**3%** Organic Sales Growth	**2% - 4%**
Strong operational performance; 21.2% segment margin	**180 bps** Segment Margin Expansion *80 bps Ex-Spins*	**120 - 140 bps** *20 - 40 bps Ex-Spins*
Segment profit up 8% and adjusted EPS up 9%, ex-spins; funded over $70M of high-return repositioning	**$2.08** Adjusted Earnings Per Share	**$1.97 - $2.02**
On track to deliver $5.7B to $6.0B adjusted free cash flow for the year	**$1.3B** Adjusted Free Cash Flow	
Continuing aggressive capital deployment strategy • *$3.7B share repurchases through 3Q19 vs. $2.3B through 3Q18* • *10% dividend increase; 10th double-digit increase since 2010* • *Announced acquisition of TruTrak; closed three Honeywell Ventures investments*	**$5.5B** Total Share Repurchase, Dividends, M&A YTD	

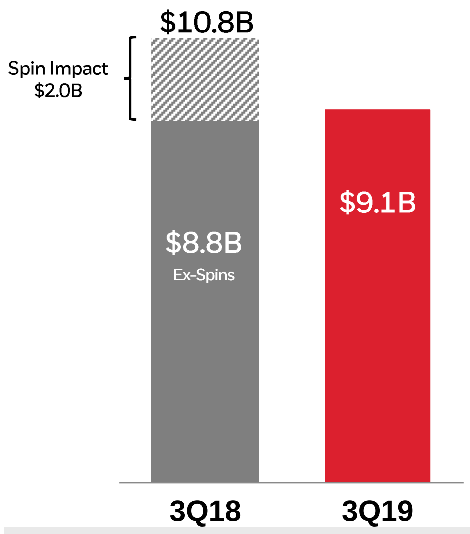
Segment margin ex-spins and segment profit ex-spins exclude sales and segment profit contribution from Resideo and Garrett in 3Q18.
Adjusted EPS and adjusted EPS V% ex-spins excludes 3Q18 after-tax separation costs related to the spin-offs of Resideo and Garrett, the 3Q18 after-tax segment profit contribution from the spin-offs, net of spin indemnification impacts assuming both indemnification agreements were effective in 3Q18, and adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge. Adjusted free cash flow excludes impacts from separation costs related to the spin-offs.

Outstanding Performance Highlighted by 180 bps Margin Expansion

3Q 2019 FINANCIAL SUMMARY

Sales

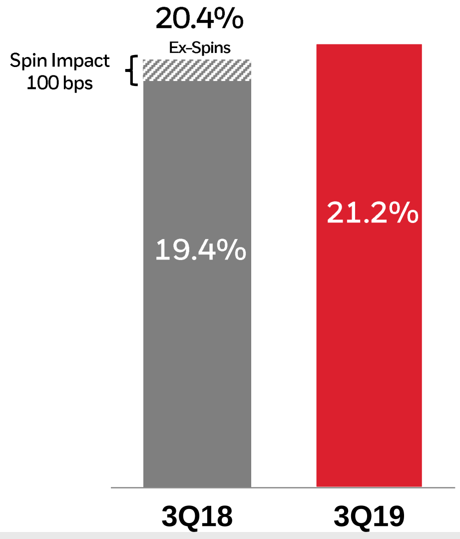
Up 3%
Organic



+ Broad-based Aerospace demand
+ Building products and software
+ Process automation
- SPS contraction

Segment Margin

Up 180 bps



+ Commercial excellence and repositioning benefits
+ Spin accretion (+100 bps)

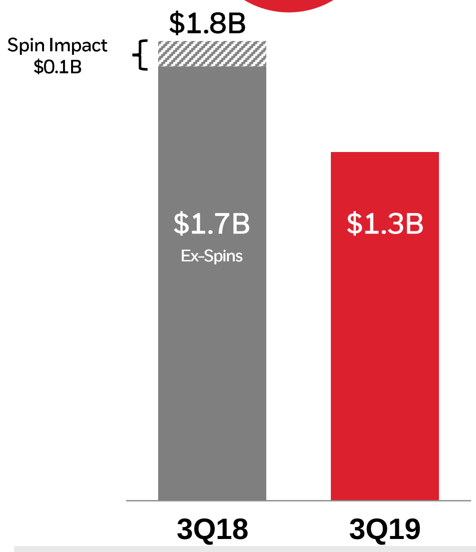
Adjusted EPS

Up 9%
Ex-Spins

+ Segment profit growth (ex-spins), lower share count (727M vs. 752M)
- Lower pension income, higher repositioning

Adjusted FCF

85%
Conversion

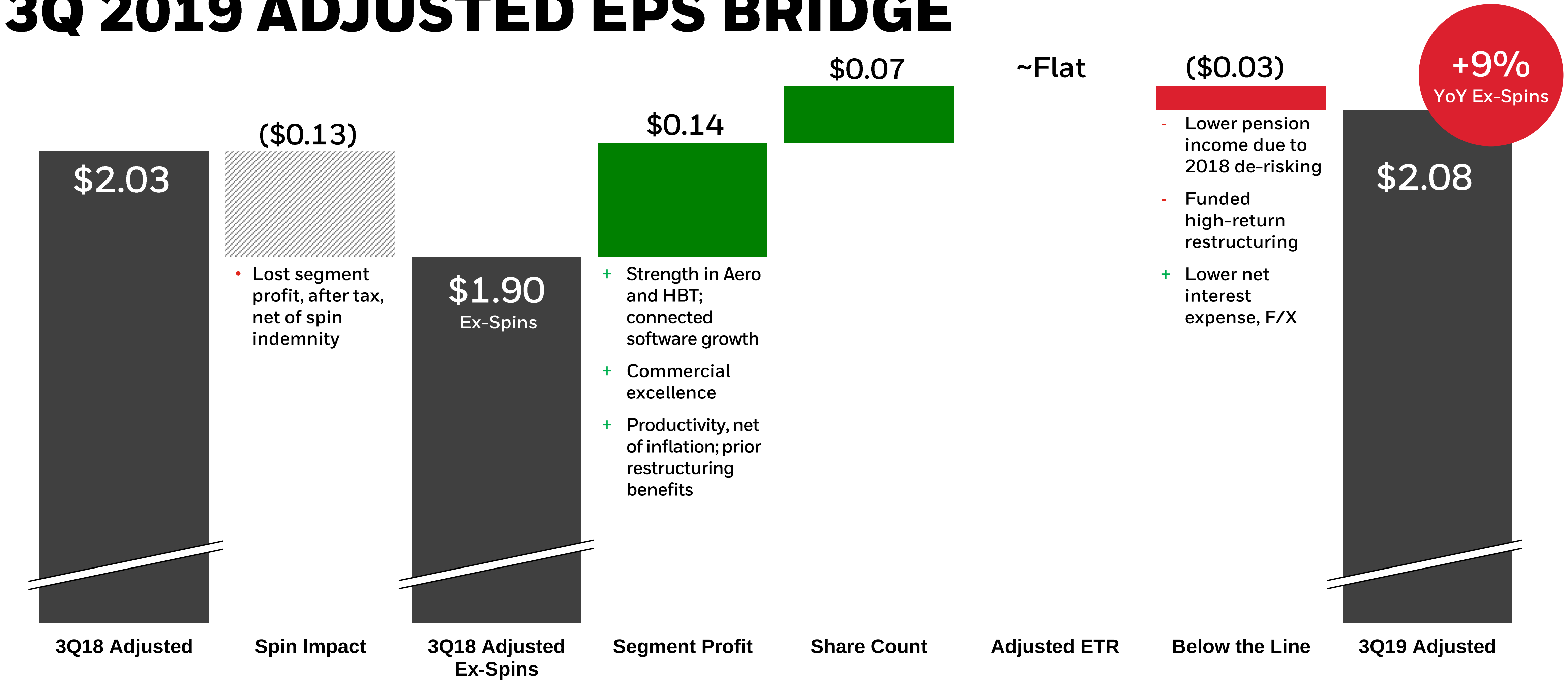


+ YTD adjusted FCF $4.0B, up YoY ex-spins
- Timing associated with projects businesses

Segment margin ex-spins and segment profit ex-spins exclude sales and segment profit contribution from Resideo and Garrett in 3Q18. Adjusted EPS and adj. EPS V% ex-spins excludes 3Q18 after-tax separation costs related to the spin-offs of Resideo and Garrett, the 3Q18 after-tax segment profit contribution from the spin-offs, net of spin indemnification impacts assuming both indemnification agreements were effective in 3Q18, and adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge. $0.13 spin impact is calculated as 3Q18 Garrett and Resideo after-tax spin segment profit contribution, 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 21.9% and weighted average share count of 752M. Adjusted free cash flow excludes impacts from separation costs related to the spin-offs. Adjusted free cash flow conversion also excludes adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge.

Overdelivered on 3Q Commitments

3Q 2019 ADJUSTED EPS BRIDGE



Adjusted EPS, adjusted EPS V% ex-spins, and adjusted ETR exclude after-tax separation costs related to the spin-offs of Resideo and Garrett, the after-tax segment profit contribution from the spin-offs, net of spin indemnification impacts assuming both indemnification agreements were effective in 3Q18, and adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge. $0.13 spin impact is calculated as 3Q18 Garrett and Resideo after-tax spin segment profit contribution, 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 21.9% and weighted average share count of 752M. 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.

High-Quality Earnings; Operational Outperformance

3Q 2019 SEGMENT RESULTS

($M)	Sales	Segment Margin Change (bps)	Commentary
Aero	$3,544 *Up 10% Organic*	25.6% *Up 350*	+ Continued strength in U.S. and international defense and space + Broad-based commercial OE and aftermarket demand (air transport and business aviation) + Margin expansion driven by commercial excellence, productivity, net of inflation, and spin accretion
HBT	$1,415 *Up 3% Organic*	21.0% *Up 390*	+ Continued strength in commercial fire and building management products + Margin expansion driven by spin accretion ± Projects growth in building solutions (Americas, airports), offset by declines in energy
PMT	$2,670 *Up 3% Organic*	21.8% *Up 60*	+ Robust sales, orders, and backlog growth in Process Solutions ± Strong licensing and refining catalysts sales in UOP; lower gas processing volumes - Advanced Materials impacted by illegal HFC imports into Europe
SPS	$1,457 *Down 8% Organic*	13.4% *Down 320*	+ Continued growth in gas detection (industrial safety) ± Robust Intelligrated orders, double-digit growth in services; sales impacted by project timing - Declines in productivity products (distributor destocking, fewer large project rollouts)

Strong Performance in Aero, HBT, and PMT

4Q 2019 PREVIEW

Guidance	
Sales	**$9.5B – $9.7B**
Organic Growth	*Up 2% - 4%*
Segment Margin	**20.7% – 21.0%**
Margin Growth	*Up 60 - 90 bps*
Margin Growth Ex-Spins	*Up 20 - 50 bps*
Net Below the Line Impact	~($155M)
Adjusted Effective Tax Rate	20% - 21%
Share Count	~723M
Adjusted EPS	**$2.00 – $2.05**
Adjusted Growth Ex-Spins	*Up 8% - 10%*

What We Expect

- Growth in Aerospace, building products and software, process automation, and services in HPS and UOP
- Continued headwinds from illegal HFC imports into Europe, Intelligrated project timing, and destocking in productivity products
- Robust bookings in the quarter, particularly in Aerospace and Intelligrated
- Margin expansion driven by commercial excellence, benefits of previously-funded restructuring, and spin accretion
- Strong operational execution and plans in place for a range of macroeconomic environments

Segment margin expansion ex-spins guidance excludes sales and segment profit contribution from Resideo in 4Q18.
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.
Adjusted EPS, adjusted EPS V% ex-spins, and adjusted ETR guidance excludes 4Q18 pension mark-to-market, 4Q18 after-tax separation costs related to the spin-offs, the 4Q18 after-tax segment profit contribution from the spin-off of Resideo, net of spin indemnification impacts assuming the indemnification agreement was effective in 4Q18, and 4Q18 adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge. $0.05 spin impact is calculated as the 4Q18 after-tax segment profit contribution from the spin-off, net of spin indemnification impacts assuming the indemnification agreement was effective in 4Q18, using a tax rate of 22.1% and weighted average share count of 744M.

Continued Performance Driven by Focused Execution

2019 FINANCIAL GUIDANCE SUMMARY

	Original Guidance (as of 4Q18 Earnings Call)	Prior Guidance (as of 1Q19 Earnings Call)	Prior Guidance (as of 2Q19 Earnings Call)	Updated Guidance
Sales	**$36.0B - $36.9B**	**$36.5B -$37.2B**	**$36.7B - $37.2B**	**$36.7B - $36.9B**
Organic Growth	*Up 2% - 5%*	*Up 3% - 6%*	*Up 4% - 6%*	*Up 4% - 5%*
Segment Margin	**20.7% - 21.0%**	**20.7% - 21.0%**	**20.7% - 21.0%**	**20.9% - 21.0%**
Margin Growth	*Up 110 - 140 bps*	*Up 110 - 140 bps*	*Up 110 - 140 bps*	*Up 130 - 140 bps*
Margin Growth Ex-Spins	*Up 30 - 60 bps*	*Up 30 - 60 bps*	*Up 30 - 60 bps*	*Up 50 - 60 bps*
Net Below the Line Impact	~($80M)	($60M) - ($70M)	~($120M)	~($70M)
Adj. Effective Tax Rate	~22%	~22%	~22%	~22%
Weighted Average Share Count	~731M	~731M	~731M	~730M
Adjusted EPS	**$7.80 - $8.10**	**$7.90 - $8.15**	**$7.95 - $8.15**	**$8.10 - $8.15**
Adjusted Growth Ex-Spins	*Up 6% - 10%*	*Up 7% - 10%*	*Up 8% - 10%*	*Up ~10%*
Adjusted FCF	**$5.4B - $6.0B**	**$5.5B - $6.0B**	**$5.7B - $6.0B**	**$5.7B - $6.0B**
Conversion	*95% - 100%*	*95% - 100%*	*98% - 100%*	*98% - 100%*

Segment margin expansion ex-spins guidance excludes sales and segment profit contribution from Resideo and Garrett in 2018. 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. Adjusted EPS, adjusted EPS V% ex-spins, and adjusted ETR guidance excludes 2018 pension mark-to-market, 2018 after-tax separation costs related to the spin-offs of Resideo and Garrett, and adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge. Also excludes the 2018 after-tax segment profit contribution from the spin-offs, net of spin indemnification impacts assuming both indemnification agreements were effective for all of 2018, of $0.62. 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. Adjusted free cash flow conversion guidance also excludes pension mark-to-market and adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge.

Raised Low End of Adjusted EPS Guidance by Additional $0.15

PRELIMINARY THOUGHTS ON 2020

2020 Drivers	Honeywell Implications

Macro/Geographic Outlook

- Ongoing uncertainty in the macroeconomic environment
- Tariffs, trade tensions, and economic instability remains
- Europe recession and Brexit risk continues

Verticals Outlook

- Commercial flight hours growth, ramping of platforms that recently entered into service, potential mix shifts
- Stable defense budget spending
- Non-residential construction growth with slight moderation
- Global LNG demand; slowdown in U.S. O&G midstream gas processing continues
- Warehouse automation and e-commerce growth

Honeywell Implications

- Robust orders and an 8% increase in long-cycle backlog in 3Q drive continued growth
- Margin expansion driven by ongoing transformation initiatives and benefits from previously funded repositioning
- Multiple levers to protect profit in case of market slowdown; planning for further repositioning in 2020
- Significant balance sheet capacity with the ability to generate strong returns through M&A and share repurchases

Positioned to Perform in Uncertain Macro Environment

SUMMARY

- Strong operational performance through first three quarters
- Raised full-year segment margin and adjusted EPS guidance
- Expect fourth quarter adjusted EPS of $2.00 - $2.05, up 8% - 10% ex-spins
- Continued to execute on core priorities; double-digit growth in connected software
- Business well-positioned for 2020

Adjusted EPS and adjusted EPS V% ex-spins guidance excludes pension mark-to-market, 4Q18 after-tax separation costs related to the spin-offs, the 4Q18 after-tax segment profit contribution from the spin-off of Resideo, net of spin indemnification impacts assuming the indemnification agreement was effective in 4Q18, and 4Q18 adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge.

Strong Year-to-Date Performance; Executing on Our Strategy

Appendix

3Q 2019 SEGMENT SALES RESULTS

	Reported	Organic
Aerospace	**(12%)**	**10%**
Commercial Aviation Original Equipment	7%	7%
Commercial Aviation Aftermarket	6%	6%
Defense & Space	16%	17%
Honeywell Building Technologies	**(44%)**	**3%**
Building Technologies	7%	3%
Performance Materials and Technologies	**1%**	**3%**
UOP	(1%)	Flat
Process Solutions	5%	7%
Advanced Materials	(3%)	(2%)
Safety and Productivity Solutions	**(7%)**	**(8%)**
Safety	(1%)	Flat
Productivity Solutions	(11%)	(13%)

RECONCILIATION OF SEGMENT PROFIT TO OPERATING INCOME AND CALCULATION OF SEGMENT PROFIT AND OPERATING INCOME MARGINS

($M)	3Q18	3Q19
Aerospace	$4,030	$3,544
Honeywell Building Technologies	2,517	1,415
Performance Materials and Technologies	2,640	2,670
Safety and Productivity Solutions	1,575	1,457
Net sales	$10,762	$9,086
Aerospace	$891	$908
Honeywell Building Technologies	430	297
Performance Materials and Technologies	560	582
Safety and Productivity Solutions	262	195
Corporate	(53)	(54)
Segment profit	$2,090	$1,928
Stock compensation expense (1)	(41)	(37)
Repositioning, Other (2,3)	(313)	(109)
Pension and other postretirement service costs (4)	(54)	(30)
Operating income	$1,682	$1,752
Segment profit	$2,090	$1,928
÷ Net sales	$10,762	$9,086
Segment profit margin %	19.4%	21.2%
Operating income	$1,682	$1,752
÷ Net sales	$10,762	$9,086
Operating income margin %	15.6%	19.3%

(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.

RECONCILIATION OF ORGANIC SALES % CHANGE

	3Q19
Honeywell	
Reported sales % change	(16%)
Less: Foreign currency translation	(1%)
Less: Acquisitions, divestitures and other, net	(18%)
Organic sales % change	3%
Aerospace	
Reported sales % change	(12%)
Less: Foreign currency translation	-
Less: Acquisitions, divestitures and other, net	(22%)
Organic sales % change	10%
Honeywell Building Technologies	
Reported sales % change	(44%)
Less: Foreign currency translation	(1%)
Less: Acquisitions, divestitures and other, net	(46%)
Organic sales % change	3%
Performance Materials and Technologies	
Reported sales % change	1%
Less: Foreign currency translation	(2%)
Less: Acquisitions, divestitures and other, net	-
Organic sales % change	3%
Safety and Productivity Solutions	
Reported sales % change	(7%)
Less: Foreign currency translation	(1%)
Less: Acquisitions, divestitures and other, net	2%
Organic sales % change	(8%)

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.

RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO ADJUSTED FREE CASH FLOW AND CALCULATION OF ADJUSTED FREE CASH FLOW CONVERSION

($M)	3Q18	3Q19
Cash provided by operating activities	$1,878	$1,471
Expenditures for property, plant and equipment	(183)	(192)
Free cash flow	1,695	1,279
Separation cost payments	114	7
Adjusted free cash flow	$1,809	$1,286
Net income (loss) attributable to Honeywell	$2,338	$1,624
Separation costs, includes net tax impacts	233	-
Impacts from U.S. Tax Reform	(1,047)	(114)
Adjusted net income attributable to Honeywell	$1,524	$1,510
Cash provided by operating activities	$1,878	$1,471
÷ Net income (loss) attributable to Honeywell	$2,338	$1,624
Operating cash flow conversion	80%	91%
Adjusted free cash flow	$1,809	$1,286
÷ Adjusted net income attributable to Honeywell	$1,524	$1,510
Adjusted free cash flow conversion %	119%	85%

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

	9M19	2019E ($B)
Cash provided by operating activities	$4,283	~$6.2 - $6.5
Expenditures for property, plant and equipment	(504)	~(0.8)
Free cash flow	3,779	~5.4 - 5.7
Separation cost payments	200	~$0.3
Adjusted free cash flow	$3,979	~$5.7 - $6.0

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

We believe that this metric is useful to investors and management as a measure of cash generated by business operations that will be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisitions, pay dividends, repurchase stock or repay debt obligations prior to their maturities. This metric can also be used to evaluate our ability to generate cash flow from business operations and the impact that this cash flow has on our liquidity. For forward looking information, we do not provide cash flow conversion guidance on a GAAP basis as 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.

RECONCILIATION OF SEGMENT PROFIT TO OPERATING INCOME AND CALCULATION OF SEGMENT PROFIT AND OPERATING INCOME MARGINS

($M)	4Q18	2018
Segment profit	$1,960	$8,190
Stock compensation expense (1)	(44)	(175)
Repositioning, Other (2,3)	(347)	(1,100)
Pension and other postretirement service costs (4)	(49)	(210)
Operating income	$1,520	$6,705
Segment profit	$1,960	$8,190
÷ Net sales	$9,729	$41,802
Segment profit margin %	20.1%	19.6%
Operating income	$1,520	$6,705
÷ Net sales	$9,729	$41,802
Operating income margin %	15.6%	16.0%

(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 120 to 150 for the quarter and 230 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. For forward looking information, a reconciliation of segment profit margin to operating income margin is not provided as management cannot reliably predict or estimate, without unreasonable effort, the apportionment of the amount attributable to the reconciling items between segment profit margin and operating income margin due to the uncertainty of each respective item.

CALCULATION OF SEGMENT PROFIT EXCLUDING SPIN-OFF IMPACT AND SEGMENT MARGIN EXCLUDING SPIN-OFF IMPACT

($M)	3Q18	4Q18	2018
Segment profit	$2,090	$1,960	$8,190
Spin-off Impact[(1)]	(299)	(48)	(1,011)
Segment profit excluding spin-off impact	$1,791	$1,912	$7,179
Sales	$10,762	$9,729	$41,802
Spin-off Impact[(1)]	($1,994)	($390)	($6,551)
Sales excluding spin-off impact	$8,768	$9,339	$35,251
Segment margin excluding spin-off impact	20.4%	20.5%	20.4%

(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.

RECONCILIATION OF EPS TO ADJUSTED EPS, AND ADJUSTED EPS EXCLUDING SPIN-OFF IMPACT

	3Q18	4Q18	3Q19	2018
Earnings per share of common stock - assuming dilution (EPS) (1)	$3.11	$2.31	$2.23	$8.98
Pension mark-to-market expense	-	0.04	-	0.04
Separation costs (2)	0.31	0.14	-	0.97
Impacts from U.S. Tax Reform	(1.39)	(0.58)	(0.15)	(1.98)
Adjusted earnings per share of common stock - assuming dilution	$2.03	$1.91	$2.08	$8.01
Less: EPS, attributable to spin-offs	$0.13	$0.05		$0.62
Adjusted earnings per share of common stock - assuming dilution, excluding spin-off impact	$1.90	$1.86		$7.39

(1) For the three months ended September 30, 2018, utilizes weighted average shares of 752.0 million. For the three months ended December 31, 2018, utilizes weighted average shares of 743.9 million.For the twelve months ended December 31, 2018, adjusted earnings per share utilizes weighted average shares 753.0 million.

(2) For the three months ended September 30, 2018, separation costs of $233 million including net tax impacts. For the three months ended December 31, 2018, separation costs of $104 million including net tax impacts. 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. For forward looking information, management cannot reliably predict or estimate, without unreasonable effort, the pension mark-to-market expense as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. We therefore do not include an estimate for the pension mark-to-market expense. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change.

CALCULATION OF ADJUSTED FREE CASH FLOW EXCLUDING SPIN-OFF IMPACT

($M)	3Q18	9M18
Cash provided by operating activities	$1,878	$4,875
Expenditures for property, plant and equipment	(183)	(522)
Free cash flow	1,695	4,353
Separation cost payments	114	191
Adjusted free cash flow	$1,809	$4,544
Spin-off Impact (1)	(111)	(650)
Adjusted free cash flow, excluding spin-off impact	$1,698	$3,894

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

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