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GARRETT AND RESIDEO PUBLICLY FILE FORM 10 REGISTRATION STATEMENTS; HONEYWELL RAISES 2018 GUIDANCE

- *Garrett Is a Global Leader in Turbocharger Technologies with Sales of $3.1 Billion in 2017*
- *Resideo Is a Global Leader in Home Comfort and Security with Sales of $4.5 Billion in 2017*
- *Garrett Spin-Off on Track for Completion at End of the Third Quarter of 2018, Resideo by the End of the Year*
- *Honeywell Raises Previously Announced 2018 Adjusted Earnings per Share Guidance[1] by Five Cents to Reflect Strong End Markets, Growing Orders and Backlog, and Impact from Bendix Asbestos Accounting Treatment*

MORRIS PLAINS, N.J., August 23, 2018 -- Honeywell (**NYSE: HON**) today announced that Garrett Motion Inc., the spin-off of Honeywell's Transportation Systems business, and Resideo Technologies, Inc., the spin-off of Honeywell's Homes and ADI Global Distribution business, have publicly filed Form 10 registration statements with the U.S. Securities and Exchange Commission (SEC). The filings mark an important step toward the companies' planned separations from Honeywell and the creation of two independent, publicly-traded companies. The Garrett spin is scheduled to be complete at the end of the third quarter, and the Resideo spin is scheduled to be complete by the end of the year.

Honeywell also announced that it has raised its full-year 2018 adjusted earnings per share guidance[1] by five cents to a new range of $8.10 to $8.20 primarily to reflect continued confidence in the strength of its end markets and growth in long-cycle orders and backlog, as well as an accounting change related to Bendix asbestos liabilities described below. Honeywell's 2018 guidance continues to reflect estimated full-year earnings for both spins.

"Today's announcement is a significant milestone in Honeywell's portfolio transformation. After the spins are complete, the remaining Honeywell portfolio will be more focused, with high-growth businesses in six attractive industrial end markets, each aligned to global mega trends including energy efficiency, infrastructure investment, urbanization and safety. Honeywell will have multiple platforms for continued organic growth and margin expansion and an even stronger balance sheet to continue our aggressive

[1] Adjusted EPS guidance excludes pension mark-to-market, separation costs related to the spin-offs of Resideo and Garrett, and adjustments to the 4Q17 U.S. tax legislation charge. EPS guidance includes estimated full-year earnings from the former Transportation Systems and Homes and ADI global distribution businesses. We do not publish forward-looking EPS guidance on a GAAP basis, as management cannot reliably predict and estimate, without unreasonable effort, pension mark-to-market expense as it is dependent on macroeconomic factors, such as changing interest rates and the return generated on invested pension plan assets, separation costs given the inherent uncertainty of any such estimates, and any adjustments to the 4Q17 U.S. tax legislation charge as the amounts are provisional and subject to change.

capital deployment strategy," said Greg Lewis, Senior Vice President and Chief Financial Officer of Honeywell.

"Honeywell's performance has been strong in the first half of 2018, with significant growth across our businesses, bolstered by growing orders and backlog, increasing free cash flow, and aggressive capital deployment. As previously communicated, after the Garrett and Resideo spins are complete, each company will fund a portion of Honeywell's legacy liabilities, making our balance sheet, earnings potential and ongoing cash flow generation even stronger than they are today. Our financial outlook is as positive as it has ever been, and today we raised our full-year earnings per share guidance to reflect our confidence that the outperformance will continue," Lewis continued.

"Garrett and Resideo are well-positioned for future success. Each has an impressive track record of innovation, differentiated technologies, a strong leadership team and significant opportunities for future growth. As independent, publicly-traded companies, both Garrett and Resideo will be better positioned to maximize shareowner value through focused strategic decision making and capital allocation tailored for their end markets," Lewis concluded.

About Garrett

Garrett is a global leader in turbocharger technologies, with a 60-year history of innovation, approximately 1,400 issued and pending patents, and approximately 7,500 employees. Garrett has a broad customer base that includes nearly all the world's top passenger and commercial vehicle manufacturers. Garrett's 2017 sales were approximately $3.1 billion across 160 countries. The Garrett Board of Directors intends to evaluate whether to pay a dividend to its shareowners once the spin-off is effective. The dividend decision will be based on the capital needs of the business and opportunities to retain future earnings for use in operation of the business and to fund future growth.

Garrett will host an Investor Day and product showcase on September 6 in New York City to highlight its market and technology leadership, world-class operations, and financial strength. Webcast participation information for those who are unable to attend the investor day will be available in advance of the event.

About Resideo

Resideo is a leading global provider of critical comfort and security solutions primarily in residential environments. Its ADI Global Distribution business is the leading wholesale distributor of security and low voltage products. In 2017, Resideo sales were approximately $4.5 billion. Honeywell will license the Honeywell Home brand to Resideo under a long-term agreement for use in certain of its home comfort and security hardware and software solutions. The Resideo Board of Directors intends to pay a regular dividend to shareowners once the spin-off is effective.

Resideo works with a network of more than 110,000 professional contractors, more than 3,000 distributors, and 1,200 original equipment manufacturers, major retailers and online merchants. More than 4.7 million customers use Resideo's connected devices in their homes, which provide them access to controls, monitoring and alerts. The ADI business has more than 200 physical locations in 17 countries, offering more than 350,000 products to more than 100,000 contractors.

Spin-Off Impact to Honeywell

Following the spins, Honeywell will have a simpler, more focused portfolio that operates in fewer end markets as we transform into a software-industrial company. The announced transactions are expected to strengthen Honeywell's already-strong financial position through a combination of one-time dividends and ongoing reimbursements from the spin companies for the majority of Honeywell's environmental and Bendix asbestos payments. On or around the effective date of each spin, Honeywell will receive one-time dividends from Garrett and Resideo, totaling approximately $3 billion. Honeywell intends to use the proceeds to pay down its debt and repurchase Honeywell shares. In addition, the Company intends to eliminate all of Honeywell's redundant functional, corporate and shared services costs caused by the two transactions by the end of 2019.

Garrett and Resideo will make payments to Honeywell under separate indemnification and reimbursement agreements that largely offset Honeywell's related legacy liability spending, including the Bendix asbestos liability that arises from the operations of the legacy Transportation Systems business. Under the indemnity agreements, 90% of Honeywell's Bendix asbestos and a subset of its environmental spending (net of 90% of related insurance receipts and certain other recoveries) is expected to be offset by future payments from Garrett and Resideo. In total, the indemnity agreement payments are expected to offset Honeywell's future legacy liability payments by as much as $315 million in respect of any year once both spins are complete. Assuming $350 million of expense in a year, the offset would be $315 million for such expenses, or approximately $0.40 of earnings per share (based on Honeywell's projected full-year 2018 weighted average share count of 754 million shares).

Indemnity Agreements and Capital Structure

Each spin's payment is capped to limit future uncertainty regarding their cash payment obligations to Honeywell. The Garrett payment is capped at $175 million, and the Resideo payment is capped at $140 million in respect of any year. Under the agreements, Honeywell will continue to effectively manage its Bendix and other asbestos claims and legacy environmental liabilities until such matters are resolved.

Honeywell carefully considered the financial operating requirements and capital needs of both spins in determining an appropriate capital structure for the new entities, and anticipates that the entities will have a strong financial foundation as independent, publicly-traded companies. Both companies are anticipated to have high-yield corporate credit ratings.

Accounting Treatment

In the course of preparing the Garrett spin and through the SEC review process, Honeywell reviewed the accounting treatment of its legacy asbestos liabilities. After careful deliberation, a decision was made to revise the accounting related to the time period associated with the determination of appropriate accruals for the legacy Bendix asbestos-related liability for unasserted claims. The prior accounting treatment applied a five-year time horizon; the revised treatment reflects the full term of the epidemiological projections through 2059.

The change was made in consideration of a number of factors, including the subjective nature of applying a five-year or any other fixed time horizon when estimating liability for unasserted claims, recent changes by several other registrants to accrue for unasserted asbestos claims over the full term of the epidemiological projections, and the desire to facilitate comparability among Honeywell, Garrett, and the companies' respective peers.

Honeywell's historic earnings per share in certain periods increased as a result of the changes to legacy liability expenses, with no impact on cash flow in any historical period. The accounting revision will have an immaterial positive impact to Honeywell's full-year 2018 adjusted earnings per share[1] as referenced above, but has no material impact on operating income and no impact to net sales, segment margin, or operating cash flow. The Company anticipates an immaterial increase to future earnings. It also does not impact Honeywell's A/A-2 credit rating.

Honeywell's Form 8-K, issued this morning, contains more information about the revised Bendix accounting. The Garrett Form 10 is reflective of the revised Bendix accounting treatment.

Supplemental materials can be found on the Company's website at investor.honeywell.com. The Company intends to update its 2018 full-year financial guidance as part of its earnings release after the spins are complete.

This release 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 release 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, as well as the ability to effect the separations. 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, including with respect to any changes in or abandonment of the proposed separations. 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.

This release contains financial measures presented on a non-GAAP basis. Honeywell's non-GAAP financial measures used in this release 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; segment margin, on an overall Honeywell basis, which we define as segment profit divided by sales; 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 when noted; and adjusted earnings per share, which is earnings per share adjusted to exclude pension mark-to-market expenses, as well as other components, such as separation costs related to the spin-offs, the 4Q17 U.S. tax legislation charge, and adjustments to such charge, if and as noted in the release. 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 release for reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures.

For additional information with respect to Garrett and Resideo and the proposed spin-offs, please refer to the Form 10 Registration Statements, as they may be further amended, on file with the Securities and Exchange Commission.

The spin-offs are subject to customary conditions and regulatory approvals, including final approval by Honeywell's board of directors. This communication shall not constitute an offer of any securities for sale, nor shall there be any offer, sale or distribution of securities in any jurisdiction in which such offer, sale or distribution would be unlawful prior to appropriate registration or qualification under the securities laws of such jurisdiction.

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Honeywell International Inc.

Reconciliation of Earnings Per Share to Adjusted Earnings Per Share (Unaudited)

	Twelve Months Ended December 31, 2018
Earnings per share of common stock - assuming dilution (EPS)	$ TBD
Pension mark-to-market expense	TBD
Separation costs	TBD
Adjustments to 4Q17 U.S. tax legislation charge	TBD
Adjusted EPS	$8.10 - $8.20

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. 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, the separation costs given the inherent uncertainty in the estimates, and any adjustments to the 4Q17 U.S. tax legislation charge as the amounts are provisional. We therefore do not include an estimate for the pension mark-to-market expense, separation costs, or adjustments to 4Q17 U.S. tax legislation charge in this reconciliation. EPS guidance includes estimated full-year earnings from the former Transportation Systems and Homes and ADI global distribution business. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change.