

United States
Securities and Exchange Commission
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-8974

Honeywell International Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

22-2640650

(I.R.S. Employer
Identification No.)

115 Tabor Road

Morris Plains, New Jersey

(Address of principal executive offices)

07950

(Zip Code)

(973) 455-2000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Non-Accelerated filer (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 746,929,832 shares of Common Stock outstanding at March 31, 2018.

Honeywell International Inc.
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[Cautionary Statement about Forward-Looking Statements](#)

This report contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are those that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future. They are based on management’s assumptions and assessments in the light of past experience and trends, current economic and industry conditions, expected future developments and other relevant factors. They are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by our forward-looking statements, including with respect to any changes in or abandonment of the proposed spin-offs. Our forward-looking statements are also subject to risks and uncertainties, which can affect our performance in both the near- and long-term. These forward-looking statements should be considered in the light of the information included in this report and our other filings with the Securities and Exchange Commission, including, without limitation, the Risk Factors, as well as the description of trends and other factors in Management’s Discussion and Analysis of Financial Condition and Results of Operations, set forth in our 2017 Annual Report on Form 10-K.

PART I. FINANCIAL INFORMATION

The financial statements and related footnotes as of March 31, 2018 should be read in conjunction with the financial statements for the year ended December 31, 2017 contained in our 2017 Annual Report on Form 10-K.

ITEM 1. FINANCIAL STATEMENTS

Honeywell International Inc.
Consolidated Statement of Operations
(Unaudited)

	Three Months Ended March 31,	
	2018	2017
	(Dollars in millions, except per share amounts)	
Product sales	\$ 8,234	\$ 7,540
Service sales	2,158	1,952
Net sales	<u>10,392</u>	<u>9,492</u>
Costs, expenses and other		
Cost of products sold	5,905	5,381
Cost of services sold	1,288	1,148
	<u>7,193</u>	<u>6,529</u>
Selling, general and administrative expenses	1,475	1,422
Other (income) expense	(268)	(258)
Interest and other financial charges	83	75
	<u>8,483</u>	<u>7,768</u>
Income before taxes	1,909	1,724
Tax expense	458	392
Net income	<u>1,451</u>	<u>1,332</u>
Less: Net income attributable to the noncontrolling interest	13	6
Net income attributable to Honeywell	<u>\$ 1,438</u>	<u>\$ 1,326</u>
Earnings per share of common stock - basic	<u>\$ 1.92</u>	<u>\$ 1.74</u>
Earnings per share of common stock - assuming dilution	<u>\$ 1.89</u>	<u>\$ 1.71</u>
Cash dividends per share of common stock	<u>\$ 0.7450</u>	<u>\$ 0.6650</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

Honeywell International Inc.
Consolidated Statement of Comprehensive Income
(Unaudited)

	Three Months Ended March 31,	
	2018	2017
	(Dollars in millions)	
Net income	\$ 1,451	\$ 1,332
Other comprehensive income (loss), net of tax		
Foreign exchange translation adjustment	91	248
Prior service credit (cost)	—	(46)
Actuarial (gains) losses recognized	2	2
Prior service (credit) cost recognized	(18)	(16)
Pension and other postretirement benefits adjustments	(16)	(60)
Effective portion of cash flow hedges recognized in other comprehensive income (loss)	(32)	(13)
Less: Reclassification adjustment for gains (losses) included in net income	(18)	23
Changes in fair value of effective cash flow hedges	(14)	(36)
Other comprehensive income (loss), net of tax	61	152
Comprehensive income	1,512	1,484
Less: Comprehensive income attributable to the noncontrolling interest	18	9
Comprehensive income attributable to Honeywell	\$ 1,494	\$ 1,475

The Notes to Consolidated Financial Statements are an integral part of this statement.

Honeywell International Inc.
Consolidated Balance Sheet
(Unaudited)

	March 31, 2018	December 31, 2017
(Dollars in millions)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,897	\$ 7,059
Short-term investments	2,383	3,758
Accounts receivable - net	8,778	8,866
Inventories	4,766	4,613
Other current assets	1,763	1,706
Total current assets	<u>25,587</u>	<u>26,002</u>
Investments and long-term receivables	737	667
Property, plant and equipment - net	6,083	5,926
Goodwill	18,520	18,277
Other intangible assets - net	4,462	4,496
Insurance recoveries for asbestos related liabilities	404	411
Deferred income taxes	402	236
Other assets	4,753	3,372
Total assets	<u>\$ 60,948</u>	<u>\$ 59,387</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 6,641	\$ 6,584
Commercial paper and other short-term borrowings	5,406	3,958
Current maturities of long-term debt	143	1,351
Accrued liabilities	6,565	6,968
Total current liabilities	<u>18,755</u>	<u>18,861</u>
Long-term debt	12,738	12,573
Deferred income taxes	2,782	2,894
Postretirement benefit obligations other than pensions	495	512
Asbestos related liabilities	1,178	1,173
Other liabilities	7,221	5,930
Redeemable noncontrolling interest	5	5
SHAREOWNERS' EQUITY		
Capital - common stock issued	958	958
- additional paid-in capital	6,250	6,212
Common stock held in treasury, at cost	(16,834)	(15,914)
Accumulated other comprehensive loss	(2,174)	(2,235)
Retained earnings	29,395	28,255
Total Honeywell shareowners' equity	<u>17,595</u>	<u>17,276</u>
Noncontrolling interest	179	163
Total shareowners' equity	<u>17,774</u>	<u>17,439</u>
Total liabilities, redeemable noncontrolling interest and shareowners' equity	<u>\$ 60,948</u>	<u>\$ 59,387</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

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

	Three Months Ended March 31,	
	2018	2017
(Dollars in millions)		
Cash flows from operating activities:		
Net income	\$ 1,451	\$ 1,332
Less: Net income attributable to the noncontrolling interest	13	6
Net income attributable to Honeywell	1,438	1,326
Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities:		
Depreciation	179	170
Amortization	109	101
Repositioning and other charges	193	129
Net payments for repositioning and other charges	(141)	(137)
Pension and other postretirement income	(254)	(183)
Pension and other postretirement benefit payments	(36)	(24)
Stock compensation expense	52	50
Deferred income taxes	46	(42)
Other	2	14
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:		
Accounts receivable	(61)	23
Inventories	(163)	(286)
Other current assets	(43)	(25)
Accounts payable	57	115
Accrued liabilities	(242)	(291)
Net cash provided by operating activities	1,136	940
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(140)	(168)
Proceeds from disposals of property, plant and equipment	2	24
Increase in investments	(583)	(1,256)
Decrease in investments	1,838	825
Other	(123)	(29)
Net cash provided by (used for) investing activities	994	(604)
Cash flows from financing activities:		
Proceeds from issuance of commercial paper and other short-term borrowings	6,676	2,468
Payments of commercial paper and other short-term borrowings	(5,329)	(2,467)
Proceeds from issuance of common stock	60	221
Proceeds from issuance of long-term debt	3	11
Payments of long-term debt	(1,246)	(5)
Repurchases of common stock	(940)	(310)
Cash dividends paid	(556)	(503)
Other	(116)	(33)
Net cash used for financing activities	(1,448)	(618)
Effect of foreign exchange rate changes on cash and cash equivalents	156	149
Net increase (decrease) in cash and cash equivalents	838	(133)
Cash and cash equivalents at beginning of period	7,059	7,843
Cash and cash equivalents at end of period	\$ 7,897	\$ 7,710

The Notes to Consolidated Financial Statements are an integral part of this statement.

Honeywell International Inc.
Notes to Consolidated Financial Statements
(Unaudited)
(Dollars in millions, except per share amounts)

Note 1. Basis of Presentation

In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position of Honeywell International Inc. and its consolidated subsidiaries ("Honeywell" or "the Company") at March 31, 2018 and 2017 and the results of operations and cash flows for the three months ended March 31, 2018 and 2017. The results of operations and cash flows for the three months ended March 31, 2018 should not necessarily be taken as indicative of the entire year.

We report our quarterly financial information using a calendar convention; the first, second and third quarters are consistently reported as ending on March 31, June 30 and September 30. It has been our practice to establish actual quarterly closing dates using a predetermined fiscal calendar, which requires our businesses to close their books on a Saturday in order to minimize the potentially disruptive effects of quarterly closing on our business processes. The effects of this practice are generally not significant to reported results for any quarter and only exist within a reporting year. In the event that differences in actual closing dates are material to year-over-year comparisons of quarterly or year-to-date results, we will provide appropriate disclosures. Our actual closing dates for the three months ended March 31, 2018 and 2017 were March 31, 2018 and April 1, 2017.

Note 2. Summary of Significant Accounting Policies

The accounting policies of the Company are set forth in Note 1 to Consolidated Financial Statements contained in the Company's 2017 Annual Report on Form 10-K. We include herein certain updates to those policies.

Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation.

Sales Recognition—Product and service sales are recognized when or as we transfer control of the promised products or services to our customer. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. Service sales, principally representing repair, maintenance and engineering activities are recognized over the contractual period or as services are rendered. Sales under long-term contracts with performance obligations satisfied over time are recognized using either an input or output method. We recognize revenue over time as we perform on these contracts because of the continuous transfer of control to the customer. With control transferring over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. We generally use the cost-to-cost input method of progress for our contracts because it best depicts the transfer of control to the customer that occurs as we incur costs. Under the cost-to-cost method, the extent of progress towards completion is measured based on the proportion of costs incurred to date to the total estimated costs at completion of the performance obligation. Provisions for anticipated losses on long-term contracts are recorded in full when such losses become evident, to the extent required.

The customer funding for costs incurred for nonrecurring engineering and development activities of our products under agreements with commercial customers is deferred and subsequently recognized as revenue as products are delivered to the customers. Additionally, expenses incurred, up to the customer agreed funded amount, are deferred as an asset and recognized as cost of sales when products are delivered to the customer. The deferred customer funding and costs result in recognition of deferred costs (asset) and deferred revenue (liability) on our Consolidated Balance Sheet.

Revenues for our mechanical service programs are recognized as performance obligations are satisfied over time, with recognition reflecting a series of distinct services using the output method.

The terms of a contract or the historical business practice can give rise to variable consideration due to, but not limited to, cash-based incentives, rebates, performance awards, or credits. We estimate variable consideration at the most likely amount we will receive from customers. We include estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized for such transaction will not

Honeywell International Inc.
Notes to Consolidated Financial Statements
(Unaudited)
(Dollars in millions, except per share amounts)

occur, or when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available to us.

Aerospace Sales Incentives— We provide sales incentives to commercial aircraft manufacturers and airlines in connection with their selection of our aircraft equipment, predominately wheel and braking system hardware, avionics, and auxiliary power units, for installation on commercial aircraft. These incentives consist of free or deeply discounted products, credits for future purchases of product or upfront cash payments. These costs are generally recognized in the period incurred as cost of products sold or as a reduction to relevant sales, as appropriate.

Pension Benefits—On January 1, 2018, we retrospectively adopted the new accounting guidance on presentation of net periodic pension costs. That guidance requires that we disaggregate the service cost component of net benefit costs and report those costs in the same line item or items in the Consolidated Statement of Operations as other compensation costs arising from services rendered by the pertinent employees during the period. The other non-service components of net benefit costs are required to be presented separately from the service cost component.

Following the adoption of this guidance, we continue to record the service cost component of Pension ongoing (income) expense in Costs of products and services sold and Selling, general and administrative expenses. The remaining components of net benefit costs within Pension ongoing (income) expense, primarily interest costs and assumed return on plan assets, are now recorded in Other (income) expense. We will continue to recognize net actuarial gains or losses in excess of 10% of the greater of the fair value of plan assets or the plans' projected benefit obligation (the corridor) annually in the fourth quarter each year (MTM Adjustment). The MTM Adjustment will also be reported in Other (income) expense.

Recent Accounting Pronouncements—We consider the applicability and impact of all Accounting Standards Updates (ASUs) issued by the Financial Accounting Standards Board (FASB). ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on our consolidated result of operations, financial position and cash flows (Consolidated Financial Statements).

In February 2016, the FASB issued guidance on accounting for leases which requires lessees to recognize most leases on their balance sheets for the rights and obligations created by those leases. The guidance requires enhanced disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases that will be effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted. We expect to adopt the requirements of the new standard effective January 1, 2019. The guidance requires the use of a modified retrospective approach. We are currently evaluating our lease portfolio to assess the impact to the Consolidated Financial Statements as well as planning for adoption and implementation of this standard, which includes assessing the impact on information systems and internal controls.

In August 2017, the FASB issued amendments to hedge accounting guidance. These amendments are intended to better align a company's risk management strategies and financial reporting for hedging relationships. Under the new guidance, more hedging strategies will be eligible for hedge accounting and the application of hedge accounting is simplified. In addition, the new guidance amends presentation and disclosure requirements. The guidance is effective for fiscal years beginning after December 15, 2018 with early adoption permitted, including for interim periods within those years. The guidance requires the use of a modified retrospective approach. We are currently evaluating the impact of the guidance on our consolidated financial statements and whether we will early adopt this guidance.

In February 2018, the FASB issued guidance that allows for an entity to elect to reclassify the income tax effects on items within accumulated other comprehensive income resulting from U.S. tax reform to retained earnings. The guidance is effective for fiscal years beginning after December 15, 2018 with early adoption permitted, including interim periods within those years. We are currently evaluating the impact of this standard on our Consolidated Financial Statements and whether we will make the allowed election.

Honeywell International Inc.
Notes to Consolidated Financial Statements
(Unaudited)
(Dollars in millions, except per share amounts)

Note 3. Repositioning and Other Charges

A summary of repositioning and other charges follows:

	Three Months Ended March 31,	
	2018	2017
Severance	\$ 31	\$ 20
Asset impairments	47	2
Exit costs	8	1
Reserve adjustments	(1)	6
Total net repositioning charge	85	29
Asbestos related litigation charges, net of insurance	51	50
Probable and reasonably estimable environmental liabilities	57	50
Total net repositioning and other charges	\$ 193	\$ 129

The following table summarizes the pretax distribution of total net repositioning and other charges by income statement classification:

	Three Months Ended March 31,	
	2018	2017
Cost of products and services sold	\$ 130	\$ 136
Selling, general and administrative expenses	22	(7)
Other (income) expense	41	-
	\$ 193	\$ 129

The following table summarizes the pretax impact of total net repositioning and other charges by segment:

	Three Months Ended March 31,	
	2018	2017
Aerospace	\$ 70	\$ 73
Home and Building Technologies	4	(1)
Performance Materials and Technologies	4	3
Safety and Productivity Solutions	7	(4)
Corporate	108	58
	\$ 193	\$ 129

In the quarter ended March 31, 2018, we recognized repositioning charges totaling \$86 million including severance costs of \$31 million related to workforce reductions of 1,153 manufacturing and administrative positions mainly in Aerospace and Safety and Productivity Solutions. The workforce reductions were primarily related to site transitions to more cost-effective locations. The repositioning charge included asset impairments of \$47 million primarily in our Corporate segment related to the write-down of a legacy property in connection with its planned disposition.

In the quarter ended March 31, 2017, we recognized repositioning charges totaling \$23 million including severance costs of \$20 million related to workforce reductions of 622 manufacturing and administrative positions across our segments. The workforce reductions were primarily related to cost savings actions taken in connection with our productivity and ongoing functional transformation initiatives and with site transitions, mainly in Aerospace, to more cost-effective locations. Also, \$6 million of net reserve adjustments increased the previously established

Honeywell International Inc.
Notes to Consolidated Financial Statements
(Unaudited)
(Dollars in millions, except per share amounts)

accruals, primarily for severance in Aerospace, due mainly to lower attrition than anticipated and higher expected severance payments.

The following table summarizes the status of our total repositioning reserves:

	Severance Costs	Asset Impairments	Exit Costs	Total
December 31, 2017	\$ 442	\$ -	\$ 71	\$ 513
Charges	31	47	8	86
Usage - cash	(62)	-	(17)	(79)
Usage - noncash	-	(47)	-	(47)
Foreign currency translation	7	-	-	7
Adjustments	(2)	-	1	(1)
March 31, 2018	<u>\$ 416</u>	<u>\$ -</u>	<u>\$ 63</u>	<u>\$ 479</u>

Certain repositioning projects in 2018 and 2017 included exit or disposal activities, the costs related to which will be recognized in future periods when the actual liability is incurred. Such exit and disposal costs are not expected to be significant.

Note 4. Other (Income) Expense

	Three Months Ended March 31,	
	2018	2017
Interest income	\$ (50)	\$ (31)
Pension ongoing income – non-service	(304)	(242)
Other postretirement income – non-service	(6)	(4)
Equity income of affiliated companies	(11)	(6)
Foreign exchange	(1)	20
Separation costs	55	-
Other (net)	49	5
	<u>\$ (268)</u>	<u>\$ (258)</u>

Separation costs are associated with our previously announced spin-offs of our Homes and Global Distribution business and Transportation Systems business, and are primarily for costs incurred for third party services.

Other (net) includes an asset impairment in our Corporate segment related to the write-down of a legacy property in connection with its planned disposition. Refer to Note 3 *Repositioning and Other Charges* for further details of transactions recognized.

Note 5. Earnings Per Share

<u>Basic</u>	Three Months Ended March 31,	
	2018	2017
Net income attributable to Honeywell	\$ 1,438	\$ 1,326
Weighted average shares outstanding	750.6	763.1
Earnings per share of common stock	\$ 1.92	\$ 1.74

Honeywell International Inc.
Notes to Consolidated Financial Statements
(Unaudited)
(Dollars in millions, except per share amounts)

<u>Assuming Dilution</u>	Three Months Ended March 31,	
	2018	2017
Net income attributable to Honeywell	\$ 1,438	\$ 1,326
<u>Average Shares</u>		
Weighted average shares outstanding	750.6	763.1
Dilutive securities issuable - stock plans	10.4	10.8
Total weighted average shares outstanding	761.0	773.9
Earnings per share of common stock - assuming dilution	\$ 1.89	\$ 1.71

The diluted earnings per share calculations exclude the effect of stock options when the options' assumed proceeds exceed the average market price of the common shares during the period. For the three months ended March 31, 2018 and 2017, the weighted average number of stock options excluded from the computations was 1.1 million and 2.1 million. These stock options were outstanding at the end of each of the respective periods.

As of March 31, 2018 and 2017, total shares outstanding were 746.9 million and 762.3 million and as of both March 31, 2018 and 2017, total shares issued were 957.6 million.

Note 6. Revenue Recognition and Contracts with Customers

Adoption

On January 1, 2018, the Company adopted new guidance on revenue from contracts with customers using the modified retrospective method applied to contracts that were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under the new guidance, while prior period amounts are not adjusted and continue to be reported in accordance with previous guidance.

We recorded a net decrease to opening retained earnings of \$75 million as of January 1, 2018, for the cumulative impact of adopting the new guidance. The impact primarily related to the change in accounting for mechanical service programs (change from input to output method, resulting in unbilled receivables (within Accounts receivable – net) and deferred revenue (within Accrued liabilities) being eliminated through Retained earnings) and for customer funding and the related costs incurred for nonrecurring engineering and development activities (deferral of revenues and related incurred costs until products are delivered to customers, resulting in increases in both deferred costs (assets) and deferred revenue (liability) by approximately \$1.1 billion at adoption).

Honeywell International Inc.
Notes to Consolidated Financial Statements
(Unaudited)
(Dollars in millions, except per share amounts)

	Balance at December 31, 2017	New Revenue Standard Adjustment	Balance at January 1, 2018
ASSETS			
Current assets:			
Accounts receivable - net	\$ 8,866	\$ (149)	\$ 8,717
Inventories	4,613	(10)	4,603
Deferred income taxes	236	40	276
Other assets	3,372	1,082	4,454
LIABILITIES			
Current liabilities:			
Accrued liabilities	6,584	(48)	6,536
Deferred income taxes	2,894	1	2,895
Other liabilities	5,930	1,084	7,014
SHAREOWNERS' EQUITY			
Retained earnings	28,255	(75)	28,180
Noncontrolling interest	\$ 163	\$ 1	\$ 164

Under the modified retrospective method of adoption, we are required to disclose the impact to revenues had we continued to follow our accounting policies under the previous revenue recognition guidance. We estimate that the impact to revenues for the quarter ended March 31, 2018 would have been a decrease of approximately \$120 million, which is primarily due to the net impact of the classification change and deferral impact of nonrecurring engineering and development activities, and the net impact from service programs with certain amounts being recognized that would have previously been deferred, and certain amount being deferred that would have previously been recognized.

Refer to Note 2 *Summary of Significant Accounting Policies* for a summary of our significant policies for revenue recognition.

Disaggregated Revenue

Honeywell has a comprehensive offering of products and services, including software and technologies, that are sold to a variety of customers in multiple end markets. See the following table and related discussions by operating segment for details.

Honeywell International Inc.
Notes to Consolidated Financial Statements
(Unaudited)
(Dollars in millions, except per share amounts)

	Three Months Ended March 31, 2018
<u>Aerospace</u>	
Commercial Original Equipment	\$ 695
Commercial Aftermarket	1,268
Defense Services	1,086
Transportation Systems	928
	3,977
<u>Home and Building Technologies</u>	
Products and Software	519
Distribution (ADI)	638
Connected Buildings	209
Building Solutions	562
Building Products	505
	2,433
<u>Performance Materials and Technologies</u>	
UOP	612
Process Solutions	894
Smart Energy	320
Specialty Products	277
Fluorine Products	431
	2,534
<u>Safety and Productivity Solutions</u>	
Safety and Retail	551
Productivity Products	329
Warehouse and Workflow Solutions	367
Sensing & Internet-of-Things (IoT)	201
	1,448
	\$ 10,392

Aerospace – A global supplier of products, software and services for aircraft and vehicles. Products include aircraft propulsion engines, auxiliary power units, environmental control systems, integrated avionics, electric power systems, hardware for engine controls, flight safety, communications, and navigation, satellite and space components, aircraft wheels and brakes, turbochargers and thermal systems. Software includes engine controls, flight safety, communications, navigation, radar and surveillance systems, internet connectivity and aircraft instrumentation. Services are provided to customers for the repair, overhaul, retrofit and modification of propulsion engines, auxiliary power units, avionics and mechanical systems and aircraft wheels and brakes.

Home and Building Technologies – A global provider of products, software, solutions and technologies. Products include controls and displays for heating, cooling, indoor air quality, ventilation, humidification, combustion, lighting and home automation; sensors, switches, control systems and instruments for measuring pressure, air flow, temperature and electrical current; access control; video surveillance; fire detection; remote patient monitoring systems; and installation, maintenance and upgrades of systems that keep buildings safe, comfortable and productive. Software includes monitoring and managing heating, cooling, indoor air quality, ventilation, humidification, combustion, lighting and home automation; advanced applications for home/building control and optimization; video surveillance; and to support remote patient monitoring systems. Installation, maintenance and upgrade services of products used in commercial building applications for heating, cooling, maintaining indoor air quality, ventilation, humidification, combustion, lighting, video surveillance and fire safety.

Performance Materials and Technologies – A global provider of products, software, solutions and technologies. Products include catalysts, absorbents, equipment and high-performance materials, devices for

Honeywell International Inc.
Notes to Consolidated Financial Statements
(Unaudited)
(Dollars in millions, except per share amounts)

measurement, regulation, control and metering of gases and electricity, and metering and communications systems for water utilities and industries. Software is provided to support process technologies supporting automation and to monitor a variety of industrial processes used in industries such as oil and gas, chemicals, petrochemicals, metals, minerals and mining industries. Services are provided for installation and maintenance of products.

Safety and Productivity Solutions – A global provider of products, software and solutions. Products include personal protection equipment and footwear, gas detection devices, mobile computing, data collection and thermal printing devices, automation equipment for supply chain and warehouse automation and custom-engineered sensors, switches and controls. Software and solutions are provided to customers for supply chain and warehouse automation, to manage data and assets to drive productivity and for computing, data collection and thermal printing.

For a summary by disaggregated product and services sales for each segment, refer to Note 12 *Segment Financial Data*.

We recognize revenue arising from performance obligations outlined in contracts with our customers that are satisfied at a point in time and over time. The disaggregation of our revenue based off timing of recognition is as follows:

	Three Months Ended March 31, 2018
Products, transferred point in time	69%
Products, transferred over time	10
Net product sales	79
Services, transferred point in time	7
Services, transferred over time	14
Net service sales	21
Net sales	100%

Contract Balances

Progress on satisfying performance obligations under contracts with customers and the related billings and cash collections are recorded on the Consolidated Balance Sheet in Accounts receivable - net and Other assets (the current and noncurrent portions, respectively, of unbilled receivables (contract assets) and billed receivables) and Accrued liabilities and Other liabilities (the current and noncurrent portions, respectively, of customer advances and deposits (contract liabilities)). Unbilled receivables (contract assets) arise when the timing of cash collected from customers differs from the timing of revenue recognition, such as when contract provisions require specific milestones to be met before a customer can be billed. Those assets are recognized when the revenue associated with the contract is recognized prior to billing and derecognized when billed in accordance with the terms of the contract. Contract liabilities are recorded when customers remit contractual cash payments in advance of us satisfying performance obligations under contractual arrangements, including those with performance obligations to be satisfied over a period of time. Contract liabilities are derecognized when revenue is recorded, either when a milestone is met triggering the contractual right to bill or when the performance obligation is satisfied.

Contract balances are classified as assets or liabilities on a contract-by-contract basis at the end of each reporting period.

Honeywell International Inc.
Notes to Consolidated Financial Statements
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The following table summarizes our contract assets and liabilities balances:

	2018
Contract assets - January 1	\$ 1,721
Contract assets - March 31	1,672
Change in contract assets - increase (decrease)	\$ (49)
Contract liabilities - January 1	\$ (2,973)
Contract liabilities - March 31	(3,081)
Change in contract liabilities - (increase) decrease	\$ (108)
Net change	\$ (157)

The net change was primarily driven by the receipt of advance payments from customers exceeding reductions from recognition of revenue as performance obligations were satisfied and related billings. For the quarter ended March 31, 2018, we recognized revenue of \$581 million that was previously included in the beginning balance of contract liabilities.

When contracts are modified to account for changes in contract specifications and requirements, we consider whether the modification either creates new or changes the existing enforceable rights and obligations. Contract modifications that are for goods or services that are not distinct from the existing contract, due to the significant integration with the original good or service provided, are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and our measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis. When the modifications include additional performance obligations that are distinct and at relative stand-alone selling price, they are accounted for as a new contract and performance obligation, which are recognized prospectively.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is defined as the unit of account. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. When our contracts with customers require highly complex integration or manufacturing services that are not separately identifiable from other promises in the contracts and, therefore, not distinct, then the entire contract is accounted for as a single performance obligation. In situations when our contract includes distinct goods or services that are substantially the same and have the same pattern of transfer to the customer over time, they are recognized as a series of distinct goods or services. For any contracts with multiple performance obligations, we allocate the contract's transaction price to each performance obligation based on the estimated relative standalone selling price of each distinct good or service in the contract. For product sales, each product sold to a customer typically represents a distinct performance obligation. In such cases, the observable standalone sales are used to determine the stand alone selling price.

Performance obligations are satisfied as of a point in time or over time. Performance obligations are supported by contracts with customers, providing a framework for the nature of the distinct goods, services or bundle of goods and services. The timing of satisfying the performance obligation is typically indicated by the terms of the contract. The following table outlines our performance obligations disaggregated by segment.

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Notes to Consolidated Financial Statements
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	March 31, 2018
Aerospace	\$ 8,257
Home and Building Technologies	6,176
Performance Materials and Technologies	7,072
Safety and Productivity Solutions	1,764
	\$ 23,269

Performance obligations recognized as of March 31, 2018 will be satisfied over the course of future periods. Our disclosure of the timing for satisfying the performance obligation is based on the requirements of contracts with customers. However, from time to time, these contracts may be subject to modifications, impacting the timing of satisfying the performance obligations. Performance obligations expected to be satisfied within one year and greater than one year are 58% and 42%.

The timing of satisfaction of our performance obligations does not significantly vary from the typical timing of payment. Typical payment terms of our fixed-price over time contracts include progress payments based on specified events or milestones, or based on project progress. For some contracts we may be entitled to receive an advance payment.

We have applied the practical expedient for certain revenue streams to exclude the value of remaining performance obligations for (i) contracts with an original expected term of one year or less or (ii) contracts for which we recognize revenue in proportion to the amount we have the right to invoice for services performed.

Note 7. Accounts Receivable—Net

	March 31, 2018	December 31, 2017
Trade	\$ 8,975	\$ 9,068
Less - Allowance for doubtful accounts	(197)	(202)
	\$ 8,778	\$ 8,866

Trade receivables include \$1,667 million and \$1,853 million of unbilled balances under long-term contracts as of March 31, 2018 and December 31, 2017. These amounts are billed in accordance with the terms of the customer contracts to which they relate.

Note 8. Inventories

	March 31, 2018	December 31, 2017
Raw materials	\$ 1,216	\$ 1,193
Work in process	827	790
Finished products	2,761	2,669
	4,804	4,652
Reduction to LIFO cost basis	(38)	(39)
	\$ 4,766	\$ 4,613

Honeywell International Inc.
Notes to Consolidated Financial Statements
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Note 9. Long-term Debt and Credit Agreements

	March 31, 2018	December 31, 2017
Two year floating rate Euro notes due 2018	\$ -	\$ 1,199
1.40% notes due 2019	1,250	1,250
Three year floating rate notes due 2019	250	250
Two year floating rate notes due 2019	450	450
1.80% notes due 2019	750	750
0.65% Euro notes due 2020	1,232	1,199
4.25% notes due 2021	800	800
1.85% notes due 2021	1,500	1,500
1.30% Euro notes due 2023	1,539	1,499
3.35% notes due 2023	300	300
2.50% notes due 2026	1,500	1,500
2.25% Euro notes due 2028	924	900
5.70% notes due 2036	441	441
5.70% notes due 2037	462	462
5.375% notes due 2041	417	417
3.812% notes due 2047	445	445
Industrial development bond obligations, floating rate maturing at various dates through 2037	22	22
6.625% debentures due 2028	201	201
9.065% debentures due 2033	51	51
Other (including capitalized leases and debt issuance costs), 5.2% weighted average maturing at various dates through 2025	347	288
	<u>12,881</u>	<u>13,924</u>
Less: current portion	(143)	(1,351)
	<u>\$ 12,738</u>	<u>\$ 12,573</u>

On January 29, 2018, the Company completed an exchange offer for any and all of its outstanding 3.812% Notes due 2047, which had not been registered ("Unregistered Notes") under the Securities Act of 1933, as amended ("Securities Act") for an equal principal amount of new 3.812% Notes due 2047 which had been registered under the Securities Act ("Registered Notes"). 99.4% of the Unregistered Notes were exchanged for Registered Notes, representing 99.4% of the principal amount of the Company's outstanding 3.812% Notes due 2047.

On February 22, 2018, the Company paid its Two year floating rate Euro notes.

On February 16, 2018, the Company entered into a \$1.5 billion 364-Day Credit Agreement (Second 364-Day Credit Agreement) with a syndicate of banks. The Second 364-Day Credit Agreement is maintained for general corporate purposes.

As of March 31, 2018, there are no outstanding borrowings under any of our credit agreements.

Note 10. Financial Instruments and Fair Value Measures

Our credit, market, foreign currency and interest rate risk management policies are described in Note 14, *Financial Instruments and Fair Value Measures* of Notes to Consolidated Financial Statements in our 2017 Annual Report on Form 10-K.

Honeywell International Inc.
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The following table sets forth the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis:

	March 31, 2018	December 31, 2017
Assets:		
Foreign currency exchange contracts	\$ 15	\$ 17
Available for sale investments	2,542	3,916
Interest rate swap agreements	\$ 24	\$ 44
Liabilities:		
Foreign currency exchange contracts	\$ 107	\$ 70
Interest rate swap agreements	79	52
Cross currency swap agreements	\$ 66	\$ -

The foreign currency exchange contracts, interest rate swap agreements, and cross currency swap agreements are valued using broker quotations, or market transactions in either the listed or over-the-counter markets. As such, these derivative instruments are classified within level 2. The Company also holds investments in commercial paper, certificates of deposits, and time deposits that are designated as available for sale and are valued using published prices based off observable market data. As such, these investments are classified within level 2. The Company also holds available for sale investments in U.S. government and corporate debt securities valued utilizing published prices based on quoted market pricing, which are classified within level 1.

The carrying value of cash and cash equivalents, trade accounts and notes receivables, payables, commercial paper and short-term borrowings contained in the Consolidated Balance Sheet approximates fair value. The following table sets forth the Company's financial assets and liabilities that were not carried at fair value:

	March 31, 2018		December 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Long-term receivables	\$ 336	\$ 323	\$ 296	\$ 289
Liabilities				
Long-term debt and related current maturities	\$ 12,881	\$ 13,513	\$ 13,924	\$ 14,695

The Company determined the fair value of the long-term receivables by discounting based upon the terms of the receivable and counterparty details including credit quality. As such, the fair value of these receivables is considered level 2. The Company determined the fair value of the long-term debt and related current maturities utilizing transactions in the listed markets for identical or similar liabilities. As such, the fair value of the long-term debt and related current maturities is also considered level 2.

Interest rate swap agreements are designated as hedge relationships with gains or losses on the derivative recognized in interest and other financial charges offsetting the gains and losses on the underlying debt being hedged. For the three months ended March 31, 2018 and 2017, we recognized losses of \$46 million and \$11 million in earnings on interest rate swap agreements. Gains and losses on the hedging instruments are fully offset by losses and gains on the underlying debt being hedged.

We also economically hedge our exposure to changes in foreign exchange rates principally with forward contracts. These contracts are marked-to-market with the resulting gains and losses recognized in earnings offsetting the gains and losses on the non-functional currency denominated monetary assets and liabilities being hedged. For the three months ended March 31, 2018 and 2017, we recognized \$129 million and \$34 million of expense in Other (income) expense.

Honeywell International Inc.
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Note 11. Accumulated Other Comprehensive Income (Loss)

Changes in Accumulated Other Comprehensive Income (Loss) by Component

	Foreign Exchange Translation <u>Adjustment</u>	Pension and Other Postretirement Benefits <u>Adjustments</u>	Changes in Fair Value of Effective Cash Flow Hedges	<u>Total</u>
Balance at December 31, 2017	\$ (1,981)	\$ (202)	\$ (52)	\$ (2,235)
Other comprehensive income (loss) before reclassifications	91	-	(32)	59
Amounts reclassified from accumulated other comprehensive income	-	(16)	18	2
Net current period other comprehensive income (loss)	<u>91</u>	<u>(16)</u>	<u>(14)</u>	<u>61</u>
Balance at March 31, 2018	<u>\$ (1,890)</u>	<u>\$ (218)</u>	<u>\$ (66)</u>	<u>\$ (2,174)</u>

	Foreign Exchange Translation <u>Adjustment</u>	Pension and Other Postretirement Benefits <u>Adjustments</u>	Changes in Fair Value of Effective Cash Flow Hedges	<u>Total</u>
Balance at December 31, 2016	\$ (1,944)	\$ (879)	\$ 109	\$ (2,714)
Other comprehensive income (loss) before reclassifications	248	(46)	(13)	189
Amounts reclassified from accumulated other comprehensive income	-	(14)	(23)	(37)
Net current period other comprehensive income (loss)	<u>248</u>	<u>(60)</u>	<u>(36)</u>	<u>152</u>
Balance at March 31, 2017	<u>\$ (1,696)</u>	<u>\$ (939)</u>	<u>\$ 73</u>	<u>\$ (2,562)</u>

Note 12. Segment Financial Data

We globally manage our business operations through four reportable operating segments. Segment information is consistent with how management reviews the businesses, makes investing and resource allocation decisions and assesses operating performance.

Honeywell's senior management evaluates segment performance based on segment profit. Each segment's profit is measured as segment income (loss) before taxes excluding general corporate unallocated expense, interest and other financial charges, stock compensation expense, pension and other postretirement income (expense), repositioning and other charges, and other items within Other (income) expense.

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	Three Months Ended	
	March 31,	
	2018	2017
Net Sales		
Aerospace		
Products	\$ 2,728	\$ 2,396
Services	1,249	1,150
Total	3,977	3,546
Home and Building Technologies		
Products	2,083	1,951
Services	350	318
Total	2,433	2,269
Performance Materials and Technologies		
Products	2,063	1,940
Services	471	413
Total	2,534	2,353
Safety and Productivity Solutions		
Products	1,360	1,253
Services	88	71
Total	1,448	1,324
	<u>\$ 10,392</u>	<u>\$ 9,492</u>
Segment Profit		
Aerospace	\$ 893	\$ 796
Home and Building Technologies	416	377
Performance Materials and Technologies	519	483
Safety and Productivity Solutions	231	194
Corporate	(64)	(61)
Total segment profit	<u>1,995</u>	<u>1,789</u>
Interest and other financial charges	(83)	(75)
Stock compensation expense ^(a)	(52)	(50)
Pension ongoing income ^(b)	248	179
Other postretirement income ^(b)	6	4
Repositioning and other charges ^(c)	(193)	(129)
Other ^(d)	(12)	6
Income before taxes	<u>\$ 1,909</u>	<u>\$ 1,724</u>

(a) Amounts included in Selling, general and administrative expenses.

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

(c) Amounts included in Cost of products and services sold, Selling, general and administrative expenses, and Other income/expense.

(d) Amounts include the other components of Other income/expense not included within other categories in this reconciliation. Equity income of affiliated companies is included in segment profit.

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Note 13. Pension Benefits

Net periodic pension benefit costs for our significant defined benefit plans include the following components:

	Three Months Ended			
	U.S. Plans		Non-U.S. Plans	
	March 31,		March 31,	
	2018	2017	2018	2017
Service cost	\$ 35	\$ 43	\$ 7	\$ 9
Interest cost	143	147	37	35
Expected return on plan assets	(357)	(315)	(115)	(99)
Amortization of prior service (credit)	(11)	(11)	-	-
	<u>\$ (190)</u>	<u>\$ (136)</u>	<u>\$ (71)</u>	<u>\$ (55)</u>

In the first quarter of 2018, the asset mix of our U.S. Qualified Pension Plan (the "Plan") was changed. Fixed income assets were increased to approximately 50% of the Plan's total assets and matched with the liability profile of the Plan. The Plan's remaining assets are comprised of return-seeking assets including, equity securities, private equity investments and real estate investments. We review our asset allocations on a regular basis in order to achieve our long-term investment objectives on a risk adjusted basis.

Note 14. Commitments and Contingencies

Environmental Matters

Our environmental matters are described in Note 19 *Commitments and Contingencies* of Notes to Consolidated Financial Statements in our 2017 Annual Report on Form 10-K.

The following table summarizes information concerning our recorded liabilities for environmental costs:

December 31, 2017	\$ 595
Accruals for environmental matters deemed probable and reasonably estimable	57
Environmental liability payments	(23)
Other	1
March 31, 2018	<u>\$ 630</u>

Environmental liabilities are included in the following balance sheet accounts:

	March 31, 2018	December 31, 2017
Accrued liabilities	\$ 226	\$ 226
Other liabilities	404	369
	<u>\$ 630</u>	<u>\$ 595</u>

We do not currently possess sufficient information to reasonably estimate the amounts of environmental liabilities to be recorded upon future completion of studies, litigation or settlements, and neither the timing nor the amount of the ultimate costs associated with environmental matters can be determined although they could be material to our consolidated results of operations and operating cash flows in the periods recognized or paid. However, considering our past experience and existing reserves, we do not expect that environmental matters will have a material adverse effect on our consolidated financial position.

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Onondaga Lake, Syracuse, NY—In 2016, we largely completed a dredging/capping remedy of Onondaga Lake pursuant to a consent decree approved by the United States District Court for the Northern District of New York in January 2007. Some additional long-term monitoring and maintenance activities will continue, as required by the consent decree. Honeywell is also conducting remedial investigations and activities at other sites in Syracuse. We have recorded reserves for these investigations and activities where appropriate, consistent with the accounting policy described above. On March 14, 2018, the United States District Court for the Northern District of New York entered a consent decree between Honeywell, the United States and the State of New York resolving the federal and state claims for natural resource damages at the Onondaga Lake Superfund Site.

Asbestos Matters

Honeywell is a defendant in asbestos related personal injury actions related to two predecessor companies:

- North American Refractories Company (“NARCO”), which was sold in 1986, produced refractory products (bricks and cement used in high temperature applications). Claimants consist largely of individuals who allege exposure to NARCO asbestos-containing refractory products in an occupational setting.
- Bendix Friction Materials (“Bendix”) business, which was sold in 2014, manufactured automotive brake parts that contained chrysotile asbestos in an encapsulated form. Claimants consist largely of individuals who allege exposure to asbestos from brakes from either performing or being in the vicinity of individuals who performed brake replacements.

The following tables summarize information concerning NARCO and Bendix asbestos related balances:

Asbestos Related Liabilities

	Bendix	NARCO	Total
December 31, 2017	\$ 616	\$ 907	\$ 1,523
Accrual for update to estimated liability	47	8	55
Asbestos related liability payments	(48)	(2)	(50)
March 31, 2018	<u>\$ 615</u>	<u>\$ 913</u>	<u>\$ 1,528</u>

Insurance Recoveries for Asbestos Related Liabilities

	Bendix	NARCO	Total
December 31, 2017	\$ 123	\$ 312	\$ 435
Probable insurance recoveries related to estimated liability	4	-	4
Insurance receipts for asbestos related liabilities	(10)	(1)	(11)
March 31, 2018	<u>\$ 117</u>	<u>\$ 311</u>	<u>\$ 428</u>

NARCO and Bendix asbestos related balances are included in the following balance sheet accounts:

	March 31, 2018	December 31, 2017
Other current assets	\$ 24	\$ 24
Insurance recoveries for asbestos related liabilities	404	411
	<u>\$ 428</u>	<u>\$ 435</u>
Accrued liabilities	\$ 350	\$ 350
Asbestos related liabilities	1,178	1,173
	<u>\$ 1,528</u>	<u>\$ 1,523</u>

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NARCO Products –In connection with NARCO’s emergence from bankruptcy on April 30, 2013, a federally authorized 524(g) trust (NARCO Trust) was established for the evaluation and resolution of all existing and future NARCO asbestos claims. Both Honeywell and NARCO are protected by a permanent channeling injunction barring all present and future individual actions in state or federal courts and requiring all asbestos related claims based on exposure to NARCO asbestos-containing products to be made against the NARCO Trust. The NARCO Trust reviews submitted claims and determines award amounts in accordance with established Trust Distribution Procedures approved by the Bankruptcy Court which set forth the criteria claimants must meet to qualify for compensation including, among other things, exposure and medical criteria that determine the award amount. In addition, Honeywell provided, and continues to provide, input to the design of control procedures for processing NARCO claims, and has on-going audit rights to review and monitor the claims processor’s adherence to the established requirements of the Trust Distribution Procedures.

Honeywell is obligated to fund NARCO asbestos claims submitted to the NARCO Trust which qualify for payment under the Trust Distribution Procedures (Annual Contribution Claims), subject to annual caps of \$140 million in 2018 and \$145 million for each year thereafter. However, the initial \$100 million of claims processed through the NARCO Trust (the Initial Claims Amount) will not count against the annual cap and any unused portion of the Initial Claims Amount will roll over to subsequent years until fully utilized. In 2015, Honeywell filed suit against the NARCO Trust in Bankruptcy Court alleging breach of certain provisions of the Trust Agreement and Trust Distribution Procedures. The parties agreed to dismiss the proceeding without prejudice pursuant to an 18 month Standstill Agreement. Claims processing continued during this period as the parties attempted to resolve disputed issues. The Standstill Agreement expired on October 12, 2017. Notwithstanding its expiration, claims processing continues, and Honeywell continues to negotiate and attempt to resolve remaining disputed issues (that is instances where Honeywell believes the Trust is not processing claims in accordance with established Trust Distribution Procedures). Honeywell reserves its right to seek judicial intervention should negotiations fail or prove futile. As of March 31, 2018, Honeywell has not made any payments to the NARCO Trust for Annual Contribution Claims.

Honeywell is also responsible for payments due to claimants pursuant to settlement agreements reached during the pendency of the NARCO bankruptcy proceedings that provide for the right to submit claims to the NARCO Trust subject to qualification under the terms of the settlement agreements and Trust Distribution Procedures criteria (Pre-established Unliquidated Claims), which amounts are estimated at \$150 million and are expected to be paid during the initial years of trust operations (\$5 million of which has been paid since the effective date of the NARCO Trust). Such payments are not subject to the annual cap described above.

Our consolidated financial statements reflect an estimated liability for Pre-established Unliquidated Claims (\$145 million), as well as unsettled claims pending as of the time NARCO filed for bankruptcy protection and operating and legal costs related to the Trust (collectively \$25 million) and for the estimated value of future NARCO asbestos claims expected to be asserted against the NARCO Trust (\$743 million). The estimate of future NARCO claims was prepared in 2002, in the same year NARCO filed for bankruptcy protection, using NARCO tort system litigation experience based on a commonly accepted methodology used by numerous bankruptcy courts addressing 524(g) trusts. Accordingly, the estimated value of future NARCO asbestos claims was prepared before there was data on claims filings and payment rates in the NARCO Trust under the Trust Distribution Procedures and also prepared when the stay of all NARCO asbestos claims was in effect (which remained in effect until NARCO emerged from Bankruptcy protection). Some critical assumptions underlying this commonly accepted methodology included claims filing rates, disease criteria and payment values contained in the Trust Distribution Procedures, estimated approval rates of claims submitted to the NARCO Trust and epidemiological studies estimating disease instances. The estimated value of the future NARCO liability reflects claims expected to be asserted against NARCO over a fifteen year period. This projection resulted in a range of estimated liability of \$743 million to \$961 million. We believe that no amount within this range is a better estimate than any other amount and accordingly, we have recorded the minimum amount in the range. Given the Trust’s lack of sufficient claims processing experience since NARCO emerged from bankruptcy protection, it is not yet possible to reliably estimate future claim costs based on actual Trust experience.

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Our insurance receivable corresponding to the estimated liability for pending and future NARCO asbestos claims reflects coverage which reimburses Honeywell for portions of NARCO-related indemnity and defense costs and is provided by a large number of insurance policies written by dozens of insurance companies in both the domestic insurance market and the London excess market. We conduct analyses to estimate the probable amount of insurance that is recoverable for asbestos claims. While the substantial majority of our insurance carriers are solvent, some of our individual carriers are insolvent, which has been considered in our analysis of probable recoveries. We made judgments concerning insurance coverage that we believe are reasonable and consistent with our historical dealings and our knowledge of any pertinent solvency issues surrounding insurers.

Projecting future events is subject to many uncertainties that could cause the NARCO-related asbestos liabilities or assets to be higher or lower than those projected and recorded. Given the uncertainties, we review our estimates periodically, and update them based on our experience and other relevant factors. Similarly, we will reevaluate our projections concerning our probable insurance recoveries in light of any changes to the projected liability or other developments that may impact insurance recoveries.

Bendix Products—The following tables present information regarding Bendix related asbestos claims activity:

	Three Months Ended March 31,	Years Ended December 31,	
	2018	2017	2016
Claims Activity			
Claims unresolved at the beginning of period	6,280	7,724	7,779
Claims filed	625	2,645	2,830
Claims resolved	(685)	(4,089)	(2,885)
Claims unresolved at the end of period	6,220	6,280	7,724
Disease Distribution of Unresolved Claims			
	March 31,	December 31,	
	2018	2017	2016
Mesothelioma and other cancer claims	2,981	3,062	3,490
Nonmalignant claims	3,239	3,218	4,234
Total claims	6,220	6,280	7,724

Honeywell has experienced average resolution values per claim excluding legal costs as follows:

	Years Ended December 31,				
	2017	2016	2015	2014	2013
			(in whole dollars)		
Malignant claims	\$ 56,000	\$ 44,000	\$ 44,000	\$ 53,500	\$ 51,000
Nonmalignant claims	\$ 2,800	\$ 4,485	\$ 100	\$ 120	\$ 850

It is not possible to predict whether resolution values for Bendix-related asbestos claims will increase, decrease or stabilize in the future.

Our consolidated financial statements reflect an estimated liability for resolution of pending (claims actually filed as of the financial statement date) and future Bendix-related asbestos claims. We have valued Bendix pending and future claims using average resolution values for the previous five years. We update the resolution values used to estimate the cost of Bendix pending and future claims during the fourth quarter each year.

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The liability for future claims represents the estimated value of future asbestos related bodily injury claims expected to be asserted against Bendix over the next five years. Such estimated cost of future Bendix-related asbestos claims is based on historic claims filing experience and dismissal rates, disease classifications, and resolution values in the tort system for the previous five years. In light of the uncertainties inherent in making long-term projections, as well as certain factors unique to friction product asbestos claims, we do not believe that we have a reasonable basis for estimating asbestos claims beyond the next five years. The methodology used to estimate the liability for future claims is similar to that used to estimate the liability for future NARCO-related asbestos claims.

Our insurance receivable corresponding to the liability for settlement of pending and future Bendix asbestos claims reflects coverage which is provided by a large number of insurance policies written by dozens of insurance companies in both the domestic insurance market and the London excess market. Based on our ongoing analysis of the probable insurance recovery, insurance receivables are recorded in the financial statements simultaneous with the recording of the estimated liability for the underlying asbestos claims. This determination is based on our analysis of the underlying insurance policies, our historical experience with our insurers, our ongoing review of the solvency of our insurers, judicial determinations relevant to our insurance programs, and our consideration of the impacts of any settlements reached with our insurers.

Honeywell believes it has sufficient insurance coverage and reserves to cover all pending Bendix-related asbestos claims and Bendix-related asbestos claims estimated to be filed within the next five years. Although it is impossible to predict the outcome of either pending or future Bendix-related asbestos claims, we do not believe that such claims would have a material adverse effect on our consolidated financial position in light of our insurance coverage and our prior experience in resolving such claims. If the rate and types of claims filed, the average resolution value of such claims and the period of time over which claim settlements are paid (collectively, the Variable Claims Factors) do not substantially change, Honeywell would not expect future Bendix-related asbestos claims to have a material adverse effect on our results of operations or operating cash flows in any fiscal year. No assurances can be given, however, that the Variable Claims Factors will not change.

Other Matters

We are subject to a number of other lawsuits, investigations and disputes (some of which involve substantial amounts claimed) arising out of the conduct of our business, including matters relating to commercial transactions, government contracts, product liability, prior acquisitions and divestitures, employee benefit plans, intellectual property, and environmental, health and safety matters. We recognize a liability for any contingency that is probable of occurrence and reasonably estimable. We continually assess the likelihood of adverse judgments of outcomes in these matters, as well as potential ranges of possible losses (taking into consideration any insurance recoveries), based on a careful analysis of each matter with the assistance of outside legal counsel and, if applicable, other experts. Included in these other matters are the following:

Honeywell v. United Auto Workers (UAW) et. al—In September 2011, the UAW and certain Honeywell retirees (Plaintiffs) filed a suit in the Eastern District of Michigan (the District Court) alleging that a series of Master Collective Bargaining Agreements (MCBAs) between Honeywell and the UAW provided the retirees with rights to lifetime, vested healthcare benefits that could never be changed or reduced. Plaintiffs alleged that Honeywell had violated those vested rights by implementing express limitations (CAPS) on the amount Honeywell contributed toward healthcare coverage for the retirees. Honeywell subsequently answered the UAW's complaint and asserted counterclaims, including for breach of implied warranty.

Between 2014 and 2015, Honeywell began enforcing the CAPS against former employees. In response, the UAW and certain of the Plaintiffs filed a motion seeking a ruling that the MCBAs do not limit Honeywell's obligation to contribute to healthcare coverage for those retirees.

On March 29, 2018, the District Court issued its opinion resolving all pending summary judgment motions, except for Honeywell's counterclaim for breach of implied warranty which remains outstanding.

Honeywell International Inc.
Notes to Consolidated Financial Statements
(Unaudited)
(Dollars in millions, except per share amounts)

In the opinion, the District Court held that the MCBAs do not promise retirees vested, lifetime benefits that survive expiration of the MCBAs. Based on this ruling, Honeywell has informed the UAW and the retirees that it intends to terminate their healthcare coverage benefits altogether as of July 31, 2018.

However, the District Court also held that Honeywell is obligated under the MCBAs to pay the "full premium" for retiree healthcare rather than the capped amount. Based on this ruling, Honeywell would be required to pay monetary damages to retirees for any past years in which Honeywell paid less than the "full premium" of their healthcare coverage. Such damages would be limited, depending on the retiree group, to a two to three year period ending when the 2017 MCBA went into effect, and Honeywell would have no ongoing obligation to continue funding healthcare coverage for subsequent periods. Honeywell has appealed the District Court's ruling on this "full premium" damages issue, and it is confident that the Sixth Circuit Court of Appeals will reverse the District Court on that issue. In the event the Sixth Circuit were to sustain the District Court's ruling on this issue, Honeywell would be liable for damages of at least \$12 million.

Given the uncertainty inherent in litigation and investigations (including the specific matter referenced above), we do not believe it is possible to develop estimates of reasonably possible loss in excess of current accruals for these matters (other than as specifically set forth above). Considering our past experience and existing accruals, we do not expect the outcome of these matters, either individually or in the aggregate, to have a material adverse effect on our consolidated financial position. Because most contingencies are resolved over long periods of time, potential liabilities are subject to change due to new developments, changes in settlement strategy or the impact of evidentiary requirements, which could cause us to pay damage awards or settlements (or become subject to equitable remedies) that could have a material adverse effect on our results of operations or operating cash flows in the periods recognized or paid.

ITEM 2.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (MD&A)**
(Dollars in millions, except per share amounts)

The following MD&A is intended to help the reader understand the results of operations and financial condition of Honeywell International Inc. and its consolidated subsidiaries ("Honeywell" or "the Company") for the three months ended March 31, 2018. The financial information as of March 31, 2018 should be read in conjunction with the consolidated financial statements for the year ended December 31, 2017 contained in our 2017 Annual Report on Form 10-K.

On January 1, 2018, the Company adopted a new accounting standard that resulted in the components of net periodic pension cost and net periodic postretirement benefit cost other than service costs to no longer be presented in Cost of products and services sold and Selling, general and administrative expenses, but to instead be presented within Other (income) expense. See Note 2 *Summary of Significant Accounting Policies* and Note 4 *Other (Income) Expense* of Notes to Consolidated Financial Statements for further details.

On January 1, 2018, the Company adopted new accounting guidance on revenue from contracts with customers, using the modified retrospective method applied to contracts that were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under that guidance, while prior period amounts are not adjusted and continue to be reported in accordance with the previous guidance. See Note 6 *Revenue Recognition and Contracts with Customers* of Notes to Consolidated Financial Statements for further details.

A. Results of Operations – three months ended March 31, 2018 compared with the three months ended March 31, 2017

Net Sales

	Three Months Ended March 31,	
	2018	2017
Net sales	\$ 10,392	\$ 9,492
% change compared with prior period	9%	

The change in net sales compared to the prior year period is attributable to the following:

	<u>Three Months</u>
Volume	4%
Price	1%
Foreign currency translation	4%
	<u>9%</u>

A discussion of net sales by segment can be found in the Review of Business Segments section of this MD&A. The foreign currency translation impact is principally driven by the strengthening of the Euro, British Pound and Chinese Renminbi against the U.S. Dollar. In addition to the drivers noted above, there was a lesser impact from the adoption of the new revenue recognition standard.

Cost of Products and Services Sold

	Three Months Ended March 31,	
	2018	2017
Cost of products and services sold	\$ 7,193	\$ 6,529
% change compared with prior period	10%	
Gross margin percentage	30.8%	31.2%

Cost of products and services sold increased principally due to higher direct material costs of approximately \$610 million (driven primarily by higher sales volumes and foreign currency translation, partially offset by productivity net of inflation).

Gross margin percentage decreased primarily due to lower gross margin in Aerospace and Performance Materials and Technologies (approximately 0.4 percentage point impact collectively).

Selling, General and Administrative Expenses

	Three Months Ended March 31,	
	2018	2017
Selling, general and administrative expenses	\$ 1,475	\$ 1,422
% of sales	14.2%	15.0%

Selling, general and administrative expenses increased primarily driven by the unfavorable impact from foreign currency translation and higher repositioning charges allocated to selling, general and administrative expenses, partially offset by the favorable impact of productivity, net of inflation.

Other (Income) Expense

	Three Months Ended March 31,	
	2018	2017
Other (income) expense	\$ (268)	\$ (258)

Other (income) expense increased primarily due to an increase in pension ongoing income – non-service which was partially offset by separation costs associated with the announced spin-offs of our Homes and Global Distribution business and Transportation Systems business.

Tax Expense

	Three Months Ended March 31,	
	2018	2017
Tax expense	\$ 458	\$ 392
Effective tax rate	24.0%	22.7%

The effective tax rate increased for the quarter primarily due to decreased tax benefits from employee share-based payments and tax reserves, partially offset by tax benefits from U.S. tax reform.

The effective tax rate for the three months ended in 2018 was higher than the U.S. federal statutory rate of 21% primarily as a result of state income taxes and U.S. tax reform's expansion of the anti-deferral rules that impose U.S. taxes on foreign earnings.

The effective tax rate for the three months ended 2017 was lower than the U.S. federal statutory rate of 35% resulting in part from non-U.S. earnings taxed at lower rates and from benefits from manufacturing incentives.

On December 22, 2017, the U.S. enacted tax reform that instituted fundamental changes to the taxation of multinational corporations. As a result of the tax reform, we recorded a provisional tax charge at December 31, 2017 of \$1.9 billion related to the mandatory transition tax and \$2.1 billion related to taxes on undistributed foreign earnings that are no longer intended to be permanently reinvested. We recorded a provisional amount because certain information related to the computation of earnings and profits, distributable reserves, and foreign exchange gains and losses is not readily available; some of the testing dates to determine taxable amounts have not yet occurred; and there is limited information from federal and state taxing authorities regarding the application and interpretation of the recently enacted legislation. In accordance with current SEC guidance the Company will report the impact of final provisional amounts in the reporting period in which the accounting is completed, which will not exceed one year from the date of enactment of the tax reform.

As of March 31, 2018, the Company has not completed the accounting for any of the tax effects of the tax reform described above and there have been no material changes to our estimated amounts. Accordingly, there has been no change to the provisional amounts previously recorded and there is no impact to the March 31, 2018 effective tax rate for such provisional amounts.

The effective tax rate can vary from quarter to quarter for unusual or infrequently occurring items, such as the tax impacts from the resolution of income tax audits, changes in tax laws, employee share-based payments, revisions to the provisional amounts from U.S. tax reform, internal restructurings or pension mark-to-market adjustments.

Net Income Attributable to Honeywell

	Three Months Ended	
	March 31,	
	2018	2017
Net income attributable to Honeywell	\$ 1,438	\$ 1,326
Earnings per share of common stock – assuming dilution	\$ 1.89	\$ 1.71

Earnings per share of common stock – assuming dilution increased primarily driven by increased segment profit across all segments and increased pension and other postretirement income partially offset by a higher effective tax rate, higher repositioning and other charges, and separation costs associated with the announced spin-offs of our Homes and Global Distribution business and Transportation Systems business.

Review of Business Segments

	Three Months Ended March 31,		
	2018	2017	% Change
<u>Aerospace sales</u>			
Commercial Aviation Original Equipment	\$ 695	\$ 611	14%
Commercial Aviation Aftermarket	1,268	1,201	6%
Defense and Space	1,086	950	14%
Transportation Systems	928	784	18%
Total Aerospace sales	3,977	3,546	
<u>Home and Building Technologies sales</u>			
Homes	1,157	1,055	10%
Buildings	1,276	1,214	5%
Total Home and Building Technologies sales	2,433	2,269	
<u>Performance Materials and Technologies sales</u>			
UOP	612	577	6%
Process Solutions	1,214	1,109	9%
Advanced Materials	708	667	6%
Total Performance Materials and Technologies sales	2,534	2,353	
<u>Safety and Productivity Solutions sales</u>			
Safety	551	521	6%
Productivity Solutions	897	803	12%
Total Safety and Productivity Solutions sales	1,448	1,324	
Net sales	<u>\$ 10,392</u>	<u>\$ 9,492</u>	

Aerospace

	Three Months Ended March 31,		
	2018	2017	% Change
Net sales	\$ 3,977	\$ 3,546	12%
Cost of products and services sold	2,790	2,468	
Selling, general and administrative expenses and other	294	282	
Segment profit	<u>\$ 893</u>	<u>\$ 796</u>	12%

Factors Contributing to Year-Over-Year Change	2018 vs. 2017	
	Three Months Ended	
	March 31,	
	Sales	Segment Profit
Organic growth/ Operational segment profit	8%	6%
Foreign currency translation	3%	4%
Acquisitions, divestitures and other, net	1%	2%
Total % change	12%	12%

Aerospace sales increased primarily due to organic sales growth, the favorable impact of foreign currency translation and the impact of the adoption of the new revenue recognition accounting standard (included within Acquisitions, divestitures and other, net in the table above).

- Commercial Original Equipment sales increased by 14% (increased 9% organic) primarily due to increased demand from air transport, regional, and business aviation original equipment manufacturers (OEM), lower OEM incentives and the impact from the classification of nonrecurring engineering and development funding resulting from the adoption of the new revenue recognition accounting standard.
- Commercial Aftermarket sales increased by 6% (increased 4% organic) primarily driven by increased spares shipments to air transport and regional customers and the impact to service program revenues resulting from the adoption of the new revenue recognition accounting standard.
- Defense and Space sales increased by 14% (increased 13% organic) primarily driven by growth in U.S. defense.
- Transportation Systems sales increased 18% (increased 7% organic) primarily driven by higher volumes in light vehicle gas turbos and commercial vehicles and the favorable impact of foreign currency translation.

Aerospace segment profit increased due to an increase in operational segment profit, the favorable impact of currency translation, and the impact on service programs from the adoption of the new revenue recognition accounting standard. The increase in operational segment profit was driven primarily by higher organic sales volumes, lower OEM incentives, partially offset by the favorable impact of non-recurring customer contract close-outs and renewals in the prior year and inflation impacts. Cost of products and services sold increase primarily driven by higher organic sales, the impact of foreign currency translation and inflation.

Home and Building Technologies

In the first quarter of 2018, the Home and Building Technologies segment made organizational changes to further align its businesses under Homes and Buildings reporting, respectively.

	Three Months Ended		
	March 31,		
	2018	2017	% Change
Net sales	\$ 2,433	\$ 2,269	7%
Cost of products and services sold	1,586	1,480	
Selling, general and administrative expenses and other	431	412	
Segment profit	\$ 416	\$ 377	10%

Factors Contributing to Year-Over-Year Change	2018 vs. 2017 Three Months Ended March 31,	
	Sales	Segment Profit
Organic growth/ Operational segment profit	2%	5%
Foreign currency translation	5%	5%
Total % change	7%	10%

Home and Building Technologies sales increased primarily due to the favorable impact of foreign currency translation and organic sales growth.

- Sales in Homes increased by 10% (increased 6% organic) due to higher organic growth across the Products and Software and Distribution (ADI) businesses and the favorable impact of foreign currency translation.
- Sales in Buildings increased by 5% (flat organic) principally due to the favorable impact of foreign currency translation. Organic sales growth in Building Solutions was offset by lower volumes in Building Products.

Home and Building Technologies segment profit increased due to higher operational segment profit and the favorable impact of foreign currency translation. The increase in operational segment profit is primarily due to the favorable impact from price partially offset by higher sales of lower margin offerings. Cost of products and services sold increased primarily due to the impact of foreign currency translation and higher sales volume.

Performance Materials and Technologies

	Three Months Ended March 31,		
	2018	2017	% Change
Net sales	\$ 2,534	\$ 2,353	8%
Cost of products and services sold	1,681	1,547	
Selling, general and administrative expenses and other	334	323	
Segment profit	\$ 519	\$ 483	7%

Factors Contributing to Year-Over-Year Change	2018 vs. 2017 Three Months Ended March 31,	
	Sales	Segment Profit
Organic growth/ Operational segment profit	3%	3%
Foreign currency translation	5%	4%
Total % change	8%	7%

Performance Materials and Technologies sales increased due to the favorable impact of foreign currency translation and an increase in organic sales volumes.

- UOP sales increased by 6% (increased 3% organic) driven by the favorable impact of foreign currency translation and by increases primarily in catalyst and engineering revenues, partially offset by lower gas processing project revenues.
- Process Solutions sales increased by 9% (increased 4% organic) driven by the favorable impact of foreign currency translation and by increases primarily in smart energy, maintenance and migration services, and thermal solutions revenues.

Advanced Materials sales increased by 6% (increased 1% organic) driven by the favorable impact of foreign currency translation and by increases primarily in fluorine products revenues.

Performance Materials and Technologies segment profit increased primarily due to the favorable impact of foreign currency translation and an increase in operational segment profit. The increase in operational segment profit is primarily due to productivity, net of inflation, higher organic sales volume and pricing, partially offset by higher sales of lower margin products and continued investments for growth. Cost of products and services sold increased primarily due to foreign currency translation and higher organic sales volumes, partially offset by productivity, net of inflation.

Safety and Productivity Solutions

	Three Months Ended March 31,		
	2018	2017	% Change
Net sales	\$ 1,448	\$ 1,324	9%
Cost of products and services sold	949	864	
Selling, general and administrative expenses and other	268	266	
Segment profit	\$ 231	\$ 194	19%
	2018 vs. 2017		
	Three Months Ended		
	March 31,		
Factors Contributing to Year-Over-Year Change	Sales	Segment Profit	
Organic growth/ Operational segment profit		6%	14%
Foreign exchange		3%	5%
Total % change		9%	19%

Safety and Productivity Solutions sales increased due to organic sales growth and the favorable impact of foreign currency translation.

- Sales in Safety increased by 6% (increased 2% organic) due to increased sales volume in the Retail business and the favorable impact of foreign currency translation.
- Sales in Productivity Solutions increased 12% (increased 8% organic) due to increased organic sales volume at Intelligrated and the favorable impact of foreign currency translation.

Safety and Productivity Solutions segment profit increased primarily due to an increase in operational segment profit and the favorable impact of foreign currency translation. The increase in operational segment profit was primarily driven by an increase in sales volume and productivity, net of inflation, partially offset by higher sales of lower margin categories. Cost of products and services sold increased primarily due to higher organic sales and the impact of foreign currency translation, partially offset by productivity, net of inflation.

Repositioning

Cash spending related to our repositioning actions was \$79 million in the three months ended March 31, 2018 and was funded through operating cash flows. In 2018, we expect cash spending for repositioning actions to be approximately \$250 million and to be funded through operating cash flows.

B. Liquidity and Capital Resources

Cash Flow Summary

	Three Months Ended March 31,	
	2018	2017
Cash provided by (used for):		
Operating activities	\$ 1,136	\$ 940
Investing activities	994	(604)
Financing activities	(1,448)	(618)
Effect of exchange rate changes on cash	156	149
Net increase (decrease) in cash and cash equivalents	<u>\$ 838</u>	<u>\$ (133)</u>

Cash provided by operating activities increased by \$196 million primarily due to decreased cash tax payments of \$191 million.

Cash provided by investing activities increased by \$1,598 million primarily due to a net \$1,686 million decrease in investments, primarily short term marketable securities, partially offset by an increase of \$94 million in settlement payments of foreign currency exchange contracts used as economic hedges on certain non-functional currency denominated monetary assets and liabilities.

Cash used for financing activities increased by \$830 million primarily due to an increase in net repurchases of common stock of \$791 million and an increase in cash dividends paid of \$53 million.

Liquidity

The Company continues to manage its businesses to maximize operating cash flows as the primary source of liquidity. In addition to our available cash and operating cash flows, additional sources of liquidity include committed credit lines, short-term debt from the commercial paper market, long-term borrowings, as well as access to the public debt and equity markets. We continue to balance our cash and financing uses through investment in our existing core businesses, debt reduction, acquisition activity, share repurchases and dividends.

We continuously assess the relative strength of each business in our portfolio as to strategic fit, market position, profit and cash flow contribution in order to upgrade our combined portfolio and identify business units that will most benefit from increased investment. We identify acquisition candidates that will further our strategic plan and strengthen our existing core businesses. We also identify business units that do not fit into our long-term strategic plan based on their market position, relative profitability or growth potential. These businesses are considered for potential divestiture, restructuring or other repositioning actions subject to regulatory constraints.

In 2018, we are not required to make contributions to our U.S. pension plans. We plan to make contributions of cash and/or marketable securities of approximately \$140 million (\$99 million of marketable securities were contributed in January 2018) to our non-U.S. plans in 2018 to satisfy regulatory funding requirements. The timing and amount of contributions to both our U.S. and non-U.S. plans may be impacted by a number of factors, including the funded status of the plans.

In the three months ended March 31, 2018, the Company repurchased \$940 million of outstanding shares. Under the Company's previously approved \$8 billion share repurchase program, \$6.8 billion remained available as of March 31, 2018 for additional share repurchases. Honeywell presently expects to repurchase outstanding shares from time to time to offset the dilutive impact over the long-term of employee stock-based compensation plans, including future option exercises, restricted unit vesting and matching contributions under our savings plans. Additionally, we will seek to reduce share count via share repurchases as and when attractive opportunities arise. The amount and timing of future repurchases may vary depending on market conditions and the level of operating, financing and other investing activities.

See Note 9 *Long-term Debt and Credit Agreements* of Notes to Consolidated Financial Statements for additional discussion of items impacting our liquidity.

C. Other Matters

Litigation

We are subject to a number of lawsuits, investigations and claims (some of which involve substantial amounts) arising out of the conduct of our business. See Note 14 *Commitments and Contingencies* of Notes to Consolidated Financial Statements for further discussion of environmental, asbestos and other litigation matters.

Critical Accounting Policies

Sales Recognition on Long-Term Contracts—We recognize sales for long-term contracts with performance obligations satisfied over time using either an input or output method. We recognize revenue over time as we perform on these contracts based on the continuous transfer of control to the customer. With control transferring over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. We generally use the cost-to-cost input method of progress for our contracts because it best depicts the transfer of control to the customer that occurs as we incur costs. Under the cost-to-cost method, the extent of progress towards completion is measured based on the proportion of costs incurred to date to the total estimated costs at completion of the performance obligation. Due to the nature of the work required to be performed on many of our performance obligations, the estimation of total revenue and cost at completion requires judgment. Contract revenues are largely determined by negotiated contract prices and quantities, modified by our assumptions regarding contract options, change orders, incentive and award provisions associated with technical performance and price adjustment clauses (such as inflation or index-based clauses). Cost estimates are largely based on negotiated or estimated purchase contract terms, historical performance trends and other economic projections. Significant factors that influence these estimates include inflationary trends, technical and schedule risk, internal and subcontractor performance trends, business volume assumptions, asset utilization, and anticipated labor agreements. Revenue and cost estimates are regularly monitored and revised based on changes in circumstances. Impacts from changes in estimates of net sales and cost of sales are recognized on a cumulative catch-up basis, which recognizes in the current period the cumulative effect of the changes on current and prior periods based on a performance obligation's percentage of completion. Anticipated losses on long-term contracts are recognized when such losses become evident. We maintain financial controls over the customer qualification, contract pricing and estimation processes to reduce the risk of contract losses.

The financial information as of March 31, 2018 should be read in conjunction with the consolidated financial statements for the year ended December 31, 2017 contained in our 2017 Annual Report on Form 10-K.

For a discussion of the Company's critical accounting policies, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2017 Annual Report on Form 10-K.

Recent Accounting Pronouncements

See Note 2 *Summary of Significant Accounting Policies* of Notes to Consolidated Financial Statements for a discussion of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risks

For a discussion of the Company's quantitative and qualitative disclosures about market risks, see Item 7A. Quantitative and Qualitative Disclosures About Market Risks, in our 2017 Annual Report on Form 10-K. As of March 31, 2018, there has been no material change in this information.

Item 4. Controls and Procedures

Honeywell management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act)) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that such disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q to ensure information required to be disclosed in the reports that Honeywell files or submits under the Exchange Act is recorded, processed, summarized, and reported

within the time periods specified in the Securities and Exchange Commission rules and forms, and that it is accumulated and communicated to our management, including our Chief Executive Officer, our Chief Financial Officer, and our Controller, as appropriate, to allow timely decisions regarding required disclosure. There have been no changes that have materially affected, or are reasonably likely to materially affect, Honeywell's internal control over financial reporting that have occurred during the period covered by this Quarterly Report on Form 10-Q.

Part II. Other Information

Item 1. Legal Proceedings

General Legal Matters

We are subject to a number of lawsuits, investigations and claims (some of which involve substantial amounts) arising out of the conduct of our business. See Note 14 *Commitments and Contingencies* of Notes to Consolidated Financial Statements for a discussion of environmental, asbestos and other litigation matters.

Environmental Matters Involving Potential Monetary Sanctions in Excess of \$100,000

None.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Honeywell purchased 6,146,680 shares of its common stock, par value \$1 per share, in the quarter ended March 31, 2018. Under the Company's previously approved \$8 billion share repurchase program, \$6.8 billion remained available as of March 31, 2018 for additional share repurchases. The following table summarizes Honeywell's purchase of its common stock for the quarter ended March 31, 2018:

Period	Issuer Purchases of Equity Securities			(d) Approximate Dollar Value of Shares that May Yet be Purchased Under Plans or Programs (Dollars in millions)
	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	
January 2018	-	-	-	\$7,737
February 2018	3,930,000	\$154.80	3,930,000	\$7,129
March 2018	2,216,680	\$149.80	2,216,680	\$6,797

Item 5. Other Information

Iran Threat Reduction and Syrian Human Rights Act of 2012

Under the Iran Threat Reduction and Syrian Human Rights Act of 2012, which added Section 13(r) of the Securities Exchange Act of 1934, Honeywell is required to disclose in its periodic reports if it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with entities or individuals designated pursuant to certain Executive Orders. All of our activities in Iran during the three months ended March 31, 2018, including the activities disclosed below, were conducted by our non-U.S. subsidiaries under General License H, (ii) under General License I, or (iii) under a specific license issued by U.S. Treasury's Office of Foreign Assets Control (OFAC), and otherwise in compliance with all applicable laws, including sanctions regulations administered by OFAC.

In the three months ended March 31, 2018, the non-U.S. subsidiaries of our UOP business, part of Performance Materials and Technologies, engaged in the following activities related to Iran's oil, gas and/or petrochemical sectors:

- Delivered services to Iranian counterparties pursuant to new and existing contracts, which resulted in revenue of approximately \$6.7 million (expected total value of these contracts is approximately \$82.9 million).
- Sold non-U.S. origin products to non-U.S. third-parties for end-use in Iran pursuant to new and existing contracts, which resulted in revenue of approximately \$10.2 million (expected total value of these contracts is approximately \$13.3 million).

We intend to continue doing business in Iran under General Licenses H and I or under a specific license issued by OFAC, and otherwise in compliance with all applicable laws. Such activities may require additional disclosure pursuant to Section 13(r) of the Act.

Item 6. Exhibits

- (a) See the Exhibit Index on page 40 of this Quarterly Report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Honeywell International Inc.

Date: April 20, 2018

By: /s/ Jennifer H. Mak
Jennifer H. Mak
Vice President and Controller
(on behalf of the Registrant
and as the Registrant's
Principal Accounting Officer)

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1*	Letter Agreement dated April 1, 2016 between Honeywell and Rajeev Gautam (filed herewith)
10.2*	Honeywell Supplemental Savings Plan, as amended and restated (filed herewith)
10.3*	Honeywell Deferred Incentive Compensation Plan, as amended and restated (filed herewith)
10.4	364-Day Credit Agreement, dated as of February 16, 2018, among Honeywell International Inc., the banks, financial institutions and other institutional lenders parties thereto, JPMorgan Chase Bank, N.A., as administrative agent, Goldman Sachs Bank USA, as syndication agent, Bank of America, N.A., Barclays Bank PLC, Citibank, N.A., Deutsche Bank AG New York Branch, as documentation agents, and JPMorgan Chase Bank, N.A. and Goldman Sachs Bank USA, as joint lead arrangers and co-book managers (incorporated by reference to Exhibit 10.1 to Honeywell's Form 8-K filed February 20, 2018)
11	Computation of Per Share Earnings⁽¹⁾
12	Computation of Ratio of Earnings to Fixed Charges (filed herewith)
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
101.INS	XBRL Instance Document (filed herewith)
101.SCH	XBRL Taxonomy Extension Schema (filed herewith)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase (filed herewith)
101.DEF	XBRL Taxonomy Extension Definition Linkbase (filed herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase (filed herewith)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase (filed herewith)

(1) Data required is provided in Note 5 *Earnings Per Share* of Notes to Consolidated Financial Statements.

The Exhibits identified above with an asterisk (*) are management contracts or compensatory plans or arrangements.



April 1, 2016

Mr. Rajeev Gautam
50 E. Algonquin Road
Des Plaines, Illinois 60017

Re: Promotion

Dear Rajeev:

I am pleased to confirm our offer to you to become President and CEO, Honeywell Performance Materials & Technologies, located in Morris Plains, New Jersey, and reporting to Darius Adamczyk. In this position, you will become an Executive Officer of Honeywell. The effective date of your promotion will be April 4, 2016 ("Effective Date"), subject to the terms and conditions of this letter agreement ("Agreement").

In connection with your new role, you will be entitled to the following compensation and benefits package, contingent upon the approval of the Management Development and Compensation Committee ("MDCC") of the Company's Board of Directors (expected to be approved at its meeting currently scheduled for April 25, 2016):

COMPENSATION

Base Salary: Retroactive to the Effective Date, your annual base salary will be increased to \$700,000. Base salary reviews occur annually and any adjustments are generally at the end of the first quarter of the calendar year. Adjustments are based on your performance and other relevant factors. You will next be eligible for a base salary review in March of 2017.

Annual Incentive Compensation: Retroactive to the Effective Date, your target incentive compensation opportunity will be increased to 80% of your annual cash base salary earnings during the year. For 2016, your incentive compensation award will be prorated based on the number of days your target incentive was 50%, and the number of days your target incentive will be 80%. Incentive compensation awards are paid in the first quarter of the following year.

Annual Long-Term Incentive Awards: You will be eligible for annual equity awards with the size and mix determined by the MDCC based on your performance and future career potential with Honeywell. The terms of all long-term incentive awards are governed by the terms of the applicable stock plan and the relevant award agreements.

Long-Term Incentive Awards: In addition to the annual long-term incentive awards already granted to you on February 25, 2016, and subject to the approval of the MDCC at its meeting currently scheduled for April 25, 2016, you will receive the following additional long-term incentives awards for 2016 in connection with this promotion:

- 50,000 Stock Options with a grant date of May 2, 2016; and
- 8,700 Growth Plan Units for the 2016-2017 performance cycle.

These additional awards will be granted under the terms of the applicable Stock Incentive Plan of Honeywell International Inc. and its Affiliates (the “Stock Incentive Plan”) and governed by the relevant award agreements. The Stock Options will vest ratably over four years.

OTHER EXECUTIVE BENEFITS

You will also be entitled to the following Executive Benefits:

- *Vacation*: You will be eligible for five (5) weeks vacation.
- *Excess Liability Insurance*: Honeywell will pay the annual premium for an Excess Liability Insurance policy that provides \$10,000,000 of coverage per occurrence.
- *Executive Severance*: The Honeywell International Inc. Severance Plan for Designated Officers currently provides for 18 months of base salary continuation and target bonus if your employment is involuntary terminated for a reason other than Cause (as defined in the severance plan document in effect when you terminate employment). You will be required to execute a release of claims against Honeywell and its affiliates and related parties and you may be required to agree to certain non-solicitation, non-disclosure and non-competition covenants as a condition of receiving executive severance benefits. For additional information, please consult the actual plan document.

RELOCATION

A condition of the offer is that you agree to relocate to the Morris Plains, New Jersey area. You will be eligible for relocation assistance in accordance with the Company’s Officer Level relocation guidelines. You will be contacted by a representative from our relocation vendor after you return your signed offer letter to initiate the relocation process.

STOCK OWNERSHIP GUIDELINES FOR HONEYWELL OFFICERS

As an Executive Officer of the Corporation, you will be required to hold four (4) times your annual base salary in Honeywell shares in accordance with the Corporation’s Stock Ownership Guidelines. The following table provides an overview of the Stock Ownership Guidelines. A copy of the Stock Ownership Guidelines policy document will be separately provided to you.

Honeywell Shares Counted for Ownership Purposes:	<ul style="list-style-type: none"> · Unvested restricted stock units (RSUs) · Deferred restricted stock units · Shares in tax qualified and non-qualified savings plans · Private holdings
Ownership Threshold:	· 4X base salary
Retention Requirements:	<ul style="list-style-type: none"> · Indefinite holding requirement until ownership threshold is met for net gain shares from RSU vesting, payment of deferred RSUs and all stock option exercises · One year for net gain shares from RSU vesting and all stock option exercises (Note: payment of deferred RSUs are exempt from the one year minimum hold requirement)
Time Limit:	<ul style="list-style-type: none"> · No time requirement to meet ownership threshold · Must meet threshold in order to sell stock

INTELLECTUAL PROPERTY AND NON-COMPETITION AGREEMENTS

As a condition of this employment offer, you are required to execute, in the form attached hereto, (i) Honeywell's "Employee Agreement Relating to Trade Secrets, Proprietary and Confidential Information" ("IP Agreement"), and (ii) the "Honeywell International Inc. Noncompete Agreement for Senior Executives" ("Noncompete Agreement"), both of which are attached hereto.

ACCEPTANCE OF OFFER

Please indicate your acceptance of this offer by signing this letter in the space provided and returning it, along with an executed copy of the IP Agreement and Noncompete Agreement, to me.

Honeywell has a long and distinguished history. But, more importantly, we are a company with a terrific future and a great place to work. Our performance culture drives growth for us and competitive advantage for our customers. We hire the best people; give them every possible opportunity to learn, grow, and develop; and reward them for their contributions. We offer career paths that span product lines, job types, businesses, and countries.

Rajeev, we are excited to be extending this offer to you and look forward to working with you in your expanded role. Your experience and background is an asset to our Company.

If you have any questions or need any further information about our offer, please contact me directly.

Congratulations,

/s/ Mark R. James
Mark R. James
Honeywell International Inc.
Senior Vice President
Human Resources, Procurement and Communications

Read and Accepted:

/s/ Rajeev Gautam

RAJEEV GAUTAM

4/4/16

Date

All businesses experience changing conditions. Accordingly, we reserve the right to change work assignments, reporting relationships and staffing levels to meet business needs, and your employment

with Honeywell will be on an “at will” basis. This means that there is no guarantee of employment for any specific period, and either you or Honeywell may terminate your employment at any time.

The descriptions of benefits and perquisites described in this offer letter are for general information purposes only and are not intended to modify any plan document, summary plan description (“SPD”) or prospectus. For a complete description of any benefit or perquisite, you may request a copy of the applicable plan document, SPD or prospectus. The Company reserves the right to modify, amend or terminate any benefit plan or perquisite in its sole and absolute discretion.

HONEYWELL INTERNATIONAL NONCOMPETE AGREEMENT FOR SENIOR EXECUTIVES

In consideration of my transfer, promotion, or hire into my role as a Senior Executive of the company, my employment, continued employment, compensation and the equipment, materials, facilities and the Trade Secrets, Proprietary and Confidential Information supplied to me, I agree to the following:

1. Noncompetition. I acknowledge that in the course of my employment with or provision of services to Honeywell, I have and will become familiar with Trade Secrets, Proprietary and Confidential Information concerning Honeywell, its businesses and employees, including but not limited to, Honeywell's business methods, business systems, strategic plans, plans for acquisition or disposition of products, expansion plans, financial status and plans, financial data, customer lists and data, and personnel information. I understand and agree that as part of my continued employment with Honeywell, I will continue to have access to and receive Trade Secrets, Proprietary and Confidential Information concerning Honeywell. I further acknowledge that Honeywell operates in a very competitive business environment and my services are and will be of special, unique and extraordinary value to Honeywell. I further acknowledge that I have been given and will continue to be given access to, and develop relationships with, customers of Honeywell at the time and expense of Honeywell and have and will continue to receive training, experience and expertise from Honeywell that make my services of special, unique and extraordinary value to Honeywell. I further acknowledge and agree that I will not, directly or indirectly, at any time during or after my employment with Honeywell, except in the course of performing my duties at Honeywell, disclose, disseminate, make available or use Honeywell's Trade Secrets, Proprietary and Confidential Information.

I agree that, during my employment and for a period of two (2) years following my Termination of Employment with Honeywell for any reason, I will not become employed by, perform services for, or otherwise become associated with (as an employee, officer, director, principal, agent, manager, partner, co-partner or consultant or any other individual or representative role) a Competing Business (as defined below). This restriction shall apply to any Competing Business that conducts business in the same or substantially similar geographic area in which any Honeywell business, for which I was employed or performed services in a job covered by this Program during the Look Back Period, conducts business or plans to conduct business as of my Termination of Employment. I acknowledge (i) that Honeywell's business is conducted throughout the United States and around the world, (ii) notwithstanding the state of incorporation or principal office of Honeywell, it is expected that Honeywell will have business activities and have valuable business relationships within its industry throughout the United States and around the world, and (iii) as part of my responsibilities, I may be conducting business throughout the United States and around the world in furtherance of Honeywell's business and its relationships.

A "Competing Business" shall mean any business, person, entity or group of business entities, regardless of whether organized as a corporation, partnership (general or limited), joint

venture, association or other organization, that (i) conducts or is planning to conduct a business similar to and/or in competition with any business conducted or planned by any Honeywell business for which I (A) was employed or performed services in a job covered by this Program, or (B) had knowledge of operations over the Look Back Period, or (ii) designs, develops, produces, offers for sale or sells a product or service that can be used as a substitute for, or is generally intended to satisfy the same customer needs for, any one or more products or services designed, developed, manufactured, produced or offered for sale or sold by any Honeywell business for which I (X) was employed or performed services in a job covered by this Program, or (Y) had knowledge of operations during the Look Back Period. I acknowledge that I will be deemed to have knowledge of a business if I received, was in possession of or otherwise had access to Trade Secrets, Proprietary and Confidential Information regarding such business. For purposes of illustration only, I acknowledge and understand that each of the corporations or entities (and any related entities, subsidiaries, affiliates or successors) set forth on the Addendum attached hereto is a Competing Business as of the date hereof. I further acknowledge and agree that the Addendum attached hereto is not an exhaustive list and is not intended to include all of Honeywell's current or future competitors, which I acknowledge may include other persons or entities in the future. I further acknowledge and understand that if I have any questions about whether any prior Honeywell position which I have held over the last two years is subject to this Program and shall be used to identify Competing Businesses, I should contact my Human Resource representative.

Honeywell recognizes that some businesses, persons, entities, or group of businesses that are Competing Businesses as defined above may also have lines of business or parts of their business that do not compete with Honeywell as defined above, and the restrictions contained herein are not intended to include such lines of business or parts of their businesses. I understand and agree that if I intend to become employed by, perform services for, or otherwise become associated with (as an employee, officer, director, principal, agent, manager, partner, co-partner or consultant or any other individual or representative role) a Competing Business as defined above, it is presumed that the restriction contained herein applies. I further understand and agree that if I do not believe the restriction contained herein should apply, I must demonstrate to Honeywell that I will only be employed by, perform services for, or otherwise become associated with (as an employee, officer, director, principal, agent, manager, partner, co-partner or consultant or any other individual or representative role) a line of business in, or part of, a Competing Business that does not compete with Honeywell as defined above.

2. Reasonableness of Restrictions and Validity. I agree that the terms of this Agreement are reasonable and do not impose a greater restraint than necessary to protect Honeywell's legitimate protectable business interests, including the protection of its Trade Secrets, Proprietary and Confidential Information. It is the desire and intent of the parties hereto that the provisions of this Agreement shall be enforced to the fullest extent legally-permissible. Accordingly, if any particular provision(s) of this Agreement shall be adjudicated to be overbroad, invalid or unenforceable, the court may modify or sever such provision(s), such modification or deletion to apply only with respect to the operation of such provision(s) in the particular jurisdiction in which such adjudication is made. In addition, if any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing it so as to be enforceable to the extent compatible with the applicable law as it shall then appear. The remaining provisions of this Agreement shall remain in full force and effect. I also agree that the parties shall request that a court of competent jurisdiction not invalidate or ignore the terms of this Agreement, but instead honor this provision by reforming

or modifying any overbroad or otherwise invalid terms to the extent necessary to render the terms valid and enforceable and then enforcing the Agreement as so reformed or modified.

3. Remedies. I acknowledge that a remedy at law for any breach or threatened breach of the provisions of this Agreement would be inadequate and therefore agree that Honeywell shall be entitled to injunctive relief in case of any such breach or threatened breach. I acknowledge and agree Honeywell may apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive relief (without posting a bond or other security) in order to enforce or prevent any violation of the provisions of this Agreement, and that money damages would not be an adequate remedy for any breach of the provisions of this Agreement. I acknowledge and agree that a violation of this Agreement would cause irreparable harm to Honeywell, and I covenant that I will not assert in any proceeding that a violation or further violation of this Agreement: (i) will not result in irreparable harm to Honeywell; or (ii) could be remedied adequately at law. Honeywell's right to injunctive relief shall be cumulative and in addition to any other remedies available at law or equity. In the event that a court determines that I have breached or threatened to breach this Agreement, I agree to reimburse Honeywell for all attorneys' fees and costs incurred in enforcing the terms of this Agreement. However, nothing contained herein shall be construed as prohibiting Honeywell from pursuing any other remedies available for any such breach or threatened breach against me or my new employer, which may also include, but not be limited to, contract damages, lost profits and punitive damages.

4. Harm and Injunctive Relief. I agree and acknowledge that the restrictions contained in this Agreement do not preclude me from earning a livelihood, nor do they unreasonably impose limitations on my ability to earn a living. I further agree and acknowledge that the potential harm to Honeywell of the non-enforcement of this Agreement outweighs any potential harm to me from its enforcement by injunction or otherwise. I acknowledge that I have carefully read this Agreement and have given careful consideration to the restraints imposed upon me by this Agreement, and am in full accord as to their necessity for the reasonable and proper protection of Honeywell's legitimate protectable business interests, including the protection of its Trade Secrets, Proprietary and Confidential Information. I agree and acknowledge that I have been provided adequate and reasonable consideration in exchange for the obligations under this Agreement, including employment or continued employment by Honeywell, goodwill, access or continued access to Honeywell's Trade Secrets, Proprietary and Confidential Information, access or continued access to customers, and additional good and valuable consideration. I expressly acknowledge and agree that each and every restraint imposed by this Agreement is reasonable with respect to subject matter, duration and geographical scope.

5. Binding Agreement, Amendment, Successors. I acknowledge that the provisions of this Agreement are in addition to, and in no way intended to limit, restrict or narrow any prior or existing employment or other agreement with Honeywell. This Agreement does not replace or supersede any prior or existing employment or other agreement with Honeywell, but rather, shall be read in conjunction with such prior or existing agreements and shall be interpreted in a manner to provide Honeywell the maximum protection provided by all agreements I have with Honeywell. The terms of the restriction in Paragraph 1 and the other terms in this Agreement are to be read consistent with the terms of any other noncompete or other agreements that I have executed with Honeywell; provided, however, to the extent there is a conflict between/among such agreements, such agreements shall be construed as providing the broadest possible protections to Honeywell, even if such construction would require provisions of more than one such agreement to be given

effect. No waiver of this Agreement will be effective unless it is in writing and signed by Honeywell International's Senior Vice President for Human Resources and Communications or his/her designee. This Agreement may not be superseded or amended by any other agreement between myself and Honeywell unless such agreement specifically and expressly states that it is intended to supersede this Agreement and is executed by Honeywell International's Senior Vice President for Human Resources and Communications or his/her designee. This Agreement binds my heirs, executors, administrators, legal representatives and assigns and inures to the benefit of Honeywell and its successors and assigns.

6. Acknowledgement of Receipt. I acknowledge that I received a copy of this Agreement prior to accepting my transfer, promotion, or hire into my new role and that execution of this Agreement was an express condition of such transfer, promotion, or hire.

7. Effectiveness of Agreement. This Agreement becomes effective when I sign it, the obligations under it continue throughout the entire period of time I am employed by Honeywell, without regard to the business within Honeywell with which I am associated and these obligations will continue after, and survive, the end of my employment with Honeywell.

8. Notice to Future Employers. For the period of two (2) years immediately following the end of my employment with Honeywell, I will inform each new employer, prior to accepting employment, of the existence of this Agreement and provide that employer with a copy of it. Honeywell has the right to inform any future employer of the existence of this Agreement and to provide any future employers with a copy of it.

9. Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey without regard to its principles of conflicts of law. I hereby consent to the exclusive jurisdiction and venue in the federal and state courts of the State of New Jersey, Morris County, for the resolution of all disputes arising under, or relating to, this Agreement.

10. Additional Definitions.

"Honeywell" collectively identifies Honeywell International Inc. (a Delaware corporation having a place of business at Columbia Road and Park Avenue, Morris Township, Morris County, New Jersey), its predecessors, designees and successors and its past, present and future operating companies, divisions, subsidiaries, affiliates and other business units, including businesses acquired by purchase of assets, stock, merger or otherwise.

"Look Back Period" means the two (2) year period ending on the date of my Termination of Employment.

"Program" refers to the noncompete initiative implemented by Honeywell requiring that employees occupying certain Executive Level and Officer positions (Senior Executives) execute this noncompete Agreement.

"Trade Secrets, Proprietary and Confidential Information" means information which is not generally known in the industry in which Honeywell International is engaged, which may be disclosed to me or which I may learn, observe, discover or otherwise acquire during, or as a result

of, my employment by Honeywell and which includes, without limitation, any information, whether patentable, patented or not, relating to any existing or contemplated products, inventions, services, technology, ideas, concepts, designs, patterns, processes, compounds, formulae, programs, devices, tools, compilations of information, methods, techniques, and including information relating to any research, development, manufacture, purchasing, engineering, know-how, business plans, sales or market methods, methods of doing business, business systems, strategic plans, plans for acquisition or disposition of products, expansion plans, financial status and plans, financial data, personnel information, customer lists or data, customer usages or requirements, or supplier information, which is owned or licensed by Honeywell International or held by Honeywell International in confidence.

“Termination of Employment” means any separation from employment with Honeywell regardless of the reason, including any and all voluntary and involuntary reasons for termination. The termination date for purposes of this Agreement shall be the last day I actively perform services for Honeywell.

11. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of this Agreement.

I have carefully read this Agreement. I understand and accept its terms. I understand and agree that I will continue to be bound by the provisions of this Agreement after my employment with Honeywell has ended.

/s/ Rajeev Gautam

RAJEEV GAUTAM

Date: 4/4/16

**ADDENDUM TO
HONEYWELL INTERNATIONAL
NONCOMPETE AGREEMENT FOR SENIOR EXECUTIVES**

**RAJEEV GAUTAM
EMPLOYED AS
PRESIDENT AND CHIEF OPERATING OFFICER, PMT**

Pursuant to Paragraph 1 of your Honeywell International Noncompete Agreement for Senior Executives (“Noncompete Agreement”), this Addendum contains a list, for illustration purposes only, of specific competitors that are considered a “Competing Business,” as that term is used in your Noncompete Agreement, and are therefore covered by the restrictions contained in Paragraph 1 of your Noncompete Agreement. This list is not an exhaustive list and is not intended to include all of Honeywell’s, or your specific business’ or unit’s, current or future competitors, which you acknowledge in Paragraph 1 of your Noncompete Agreement may include other persons or entities now or in the future.

Based on your current role and responsibilities with Honeywell as President and Chief Operating Officer, Honeywell Performance Materials and Technologies, the following companies are considered key competitors to Honeywell Performance Materials and Technologies, and therefore, fall within the definition of a Competing Business as that term is used in your Noncompete Agreement:

**Emerson, Invensys, Aspen Tech, Accenture, IBM, Shell Global Solutions, Arkema, Axens, BASF, DSM, DuPont, Shell/Criterion,
Albermarle, Sinopec, Chevron Lummus Global, Solvay Fluor, Celanese**

As previously noted, this is not an exhaustive list and there may be other current and future persons or entities that would meet the definition of a Competing Business, as set forth in your Noncompete Agreement. In addition, pursuant to Paragraph 1 of your Noncompete Agreement, please note that the term Competing Business, as defined in your Noncompete Agreement, will include competitors of any Honeywell business in which you have worked in a job subject to the Program (as defined in your Noncompete Agreement) during the Look Back Period (as defined in your Noncompete Agreement). Accordingly, if you worked in multiple Honeywell businesses in covered positions during your tenure, it is very likely that the list of Competing Businesses subject to restriction under the terms of your Noncompete Agreement will be broader than the above illustrative list. If you have questions about whether any prior Honeywell position which you have held during the Look Back Period subjects you to similar restrictions, and will be used to identify Competing Business(es), you should contact your Human Resource representative.

HONEYWELL INTERNATIONAL INC.
Employee Agreement Relating to Trade Secrets,
Proprietary and Confidential Information

In consideration of my employment, continued employment, compensation, and the equipment, materials, facilities and Honeywell “Trade Secrets, Proprietary and Confidential Information” (as hereinafter defined) supplied to me, I understand and agree that:

- 1. Records of Inventions.** I will keep complete and current written records of all Inventions I Make during the period of time I am employed by Honeywell and promptly disclose all such Inventions in writing to Honeywell for the purpose of adequately determining Honeywell’s rights in each such Invention. I will supplement any such disclosures to the extent Honeywell may request that I do so. If I have any doubt as to whether or not to disclose an Invention to Honeywell, I will disclose it.
- 2. Disclosure of Inventions after Termination.** I will promptly and completely disclose in writing to Honeywell’s Law Department all Inventions which I Make during the one year immediately following the end of my employment by Honeywell which relate either to my work assignment at Honeywell or to Honeywell’s Trade Secrets, Proprietary and Confidential Information for the purpose of determining Honeywell’s rights in each such Invention before filing any application for patents on such Inventions. I will not file any patent application relating to any such Invention without the prior written consent of Honeywell’s Law Department. If I do not prove that I Made the Invention entirely after leaving Honeywell’s employment, the Invention is presumed to have been Made during the period of time I was employed by Honeywell. I acknowledge that the conditions of this paragraph are no greater than is necessary for protecting Honeywell’s interests in Honeywell’s Trade Secrets, Proprietary and Confidential Information and in Inventions to which it is rightfully entitled.
- 3. Ownership of Inventions.** Each and every Invention I Make during the period of time I am employed by Honeywell (a) which relates directly to the business of Honeywell or to Honeywell’s actual or demonstrably anticipated research or development, or (b) which results from any work I perform for Honeywell is the sole and exclusive property of Honeywell, and I agree to assign and hereby assign my entire right, title and interest in each such Invention to Honeywell. Each Invention I Make during the period of time I am employed by Honeywell for which no equipment, supplies, facilities or Honeywell Trade Secrets, Proprietary or Confidential Information was used and which was developed entirely on my own time is my property, unless (a) the Invention relates directly to the business of Honeywell or to Honeywell’s actual or demonstrably anticipated research or development, or (b) the Invention results from any work performed by me for Honeywell. If I assert any property right in an Invention I Make during the period of time I am employed by Honeywell, I will promptly notify Honeywell’s Law Department in writing.
- 4. Cooperation with Honeywell.** I will assist and fully cooperate with Honeywell in obtaining, maintaining, and asserting the fullest measure of legal protection, which Honeywell elects to obtain, maintain or assert for Inventions in which it has a property right. I will also assist and fully cooperate with Honeywell in defending Honeywell against claims of violation of the intellectual property rights of others. I will be paid my reasonable expenses in assisting, and cooperating with, Honeywell. I will execute any lawful document Honeywell requests me to execute relating to obtaining, maintaining, or asserting legal protection for any said Invention or in defending against claims of the violation of the intellectual property rights of others (including, but not limited to, executing applications, assignments, oaths, declarations, and affidavits) and I will make myself available for interviews, depositions and testimony. In the event that Honeywell is unable, after reasonable effort, to secure my signature on any document or documents needed to apply for or prosecute any patent, copyright, or other right or protection relating to an Invention, for any other reason whatsoever, I hereby irrevocably designate and appoint Honeywell and its duly authorized officers and agents as my agent and attorney-in-fact, to act for and on my behalf to execute and file any such application or

applications, and to do all other lawfully-permitted acts to further the prosecution and issuance of patents, copyrights, or similar protections thereon with the same legal force and effect as if executed by me.

5. **Pre-employment Inventions.** On Schedule A, which is an integral part of this agreement, I have completely identified (without disclosing any trade secret, proprietary or other confidential information) every Invention I Made before my employment by Honeywell in which I have an ownership interest and which is not the subject matter of an issued patent or a printed publication at the time I sign this agreement. If I become aware of any projected or actual use of any such Invention by Honeywell, I will promptly notify Honeywell in writing of said use. Except as to the Inventions listed on Schedule A or those which are the subject matter of an issued patent or a printed publication at the time I sign this agreement, I will not assert any rights against Honeywell with respect to any Invention Made before my employment by Honeywell.
6. **Honeywell's Trade Secrets, Proprietary and Confidential Information.** I will never, directly or indirectly, during or after my employment with Honeywell misappropriate, use or disclose Honeywell's Trade Secrets, Proprietary and Confidential Information except in furthering Honeywell's business nor will I disclose or disseminate at any time Honeywell's Trade Secrets, Proprietary and Confidential Information to anyone who is not an officer, director, employee, attorney or authorized agent of Honeywell without the prior written consent of Honeywell's Law Department unless the specific item of Honeywell's Trade Secrets, Proprietary and Confidential Information: (a) is now in, or hereafter, (through no breach of this agreement) becomes general public knowledge, or (b) prior to my disclosure, dissemination or use, was lawfully acquired by me without any obligation to retain the information in confidence. In this connection, I will not publish any of Honeywell's Trade Secrets, Proprietary and Confidential Information for dissemination outside Honeywell or file any patent application relating to any Invention I Make during the period of time I am employed by Honeywell without the prior written approval of Honeywell's Law Department. I will execute any agreement relating to the protection of Honeywell's Trade Secrets, Proprietary and Confidential Information or such information of any third party whose intellectual property Honeywell is under a legal obligation to protect if Honeywell requests that I do so. I will not engage without the prior written consent of Honeywell's Law Department, either during the period of time I am employed by Honeywell or for a period of two years following my Termination of Employment for any reason, in any activity or employment in the faithful performance of which it could be reasonably anticipated that I would use or disclose Honeywell's Trade Secrets, Proprietary and Confidential Information. All documents and tangible things embodying or containing Honeywell's Trade Secrets, Proprietary and Confidential Information are Honeywell's exclusive property. I have access to them solely for performing the duties of my employment by Honeywell. I will protect the confidentiality of their content and comply with all security policies and procedures, which may, from time to time, be established by Honeywell. I will return all of them and all copies, facsimiles and specimens of them and any other tangible forms of Honeywell's Trade Secrets, Proprietary and Confidential Information in my possession, custody or control to Honeywell before leaving the employment of Honeywell.

I understand that I have the right to use or practice any skill or expertise generally associated with my employment but not special or unique to Honeywell, but that I do not have the right to use, practice or disclose Honeywell's Trade Secrets, Proprietary and Confidential Information for my own benefit or for the benefit of any third party.

7. **Trade Secrets, Proprietary or Confidential Information from Previous Employment.** I certify that I have not, and will not, disclose or use during my employment by Honeywell, any trade secrets, proprietary or confidential information which I acquired as a result of any previous employment or under a contractual obligation of confidentiality before my employment by Honeywell. I understand that Honeywell has no interest in and will not accept disclosure by me of any trade secrets, proprietary or confidential information, which belongs to a third party. If I am ever placed in a position where I will be required or am given an assignment that will require me to use, directly or indirectly, any trade secrets, proprietary or confidential information of any person, previous employer or any third party, I will promptly inform Honeywell's Law

Department and my supervisor before I undertake any activity that would involve the use or disclosure of such information or present the appearance to any such third party that I have used or disclosed such information. If I fail to do so, Honeywell may elect not to indemnify me in the event of litigation and may take such other actions, as it deems appropriate, up to and including termination of my employment.

8. **Prior Restrictive Obligation.** On Schedule B, which is an integral part of this agreement, I have completely identified all prior obligations (written and oral), which restrict my ability to perform the duties of my employment by Honeywell, including all confidentiality agreements and covenants restricting future employment.
9. **Nonsolicitation of Honeywell Employees.** I acknowledge that Honeywell has invested, and will continue to invest, significant time and money to recruit and retain its employees. Therefore, recognizing that in the course of my employment I have obtained valuable information about Honeywell employees, their respective talents and areas of expertise, I agree that, during my employment and for a period of two years following my Termination of Employment from Honeywell for any reason, I will not directly or indirectly, for my own account or for others, (i) solicit (or assist another in soliciting) for employment or for the performance of services, (ii) offer or cause to be offered employment or other service engagement, or (iii) participate in any manner in the employment or hiring for services of any current or former Honeywell employee with whom I had contact or of whom I became aware in my last two years of Honeywell employment, unless it has been more than 12 months since that individual left Honeywell. Nor will I, for my own account or for others, in any way induce or attempt to induce such individual to leave the employment of Honeywell.
10. **Nonsolicitation of Honeywell Customers, Suppliers, Business Partners and Vendors.** I acknowledge that Honeywell has invested and will continue to invest significant time and money to develop valuable, continuing relationships with existing and prospective clients and customers of Honeywell. Therefore, recognizing that in the course of my employment I have obtained and/or will obtain valuable information about Honeywell customers, suppliers, business partners, and/or vendors, and their requirements, I agree that during my employment and for a period of two years following my Termination of Employment from Honeywell for any reason, I will not directly or indirectly, for my own account or for others, solicit or assist others in soliciting or attempt to solicit (or assist others in attempting to solicit), (i) any existing clients, customers, suppliers, business partners, and/or vendors of Honeywell with whom I had contact, or of whom I became aware while employed by Honeywell during the two-year period prior to my Termination of Employment, or (ii) any prospective clients, customers, suppliers, business partners, and/or vendors of Honeywell with whom I had contact and with whom Honeywell took significant steps to do business during the two-year period prior to my Termination of Employment, for the purpose or effect of inducing such existing or prospective clients, customers, suppliers, business partners, and/or vendors to cease doing business or reduce their business with Honeywell or to purchase, lease or utilize products or services that are competitive with, similar to, or that may be used as substitutes for any products or services offered by Honeywell.
11. **Notice to Future Employers.** For the period of two years immediately following the end of my employment by Honeywell, I will inform each new employer, prior to accepting employment, of the existence of this agreement and provide that employer with a copy of it. Honeywell has the right to inform any future employer of the existence of this agreement and to provide any future employers with a copy of it.
12. **Copyright.** As to all works prepared by me which are: (i) within the scope of my employment, or (ii) based upon information I acquired from Honeywell which is not normally made available to the public, or (iii) commissioned by Honeywell, but not within my scope of employment, I hereby agree to:
 - (a) Submit to Honeywell's Law Department and to my supervisor for approval for publication or oral dissemination;

- (b) Assign all right, title and interest in and to the copyright in all such works to Honeywell; and
- (c) Waive any claim of moral rights, author's rights, droit moral, or any equivalent rights to the extent necessary or permitted by law.

I hereby release and allow Honeywell to use, for any lawful purpose, any voice reproduction, photograph, or other video likeness of me made in the course of my employment.

13. **Acknowledgement of Receipt.** I acknowledge that I have received a copy of this agreement prior to accepting employment, continued employment or other consideration as recited herein and that execution of this agreement was an express condition of my employment, continued employment or receipt of other consideration recited herein.
14. **Effectiveness of Agreement.** I acknowledge that the provisions of this agreement are in addition to, and in no way intended to limit, restrict or narrow any prior or existing agreement with Honeywell. This agreement does not replace or supersede any prior or existing employment or other agreement with Honeywell, but rather, shall be read in conjunction with such prior or existing agreements and shall be interpreted in a manner to provide Honeywell the maximum protection and the most effective and complete assignment of inventions provided by all agreements I have with Honeywell. The terms of this agreement are to be read consistent with the terms of any other intellectual property, trade secret or confidentiality agreements that I have executed with Honeywell; provided, however, to the extent there is a conflict between/among such agreements, such agreements shall be read in concert and construed as providing the broadest possible protections to Honeywell, even if such construction would require provisions of more than one such agreement to be given effect. This agreement shall be deemed effective as of the first day of my employment by Honeywell and shall continue throughout the entire period of time I am employed by Honeywell and my obligations will continue after, and survive, the end of my employment by Honeywell.
15. **Identity of Future Employer.** Upon termination of my employment for any reason, if reasonably requested by Honeywell, I shall advise Honeywell of the name and address of my intended future employer.
16. **Remedies.** I acknowledge that a remedy at law for any breach or threatened breach of the provisions of this Agreement would be inadequate and therefore agree that Honeywell shall be entitled to injunctive relief in case of any such breach or threatened breach. In the event that a court determines that I have breached or threatened to breach this agreement, I agree to reimburse Honeywell for all attorneys' fees and costs incurred in enforcing the terms of the agreement. However, nothing contained herein shall be construed as prohibiting Honeywell from pursuing any other remedies available for any such breach or threatened breach against me or my then-current employer which may also include but not be limited to contract damages, lost profits and punitive damages.
17. **Successors; Binding Agreement.** This agreement binds my heirs, executors, administrators, legal representatives and assigns and inures to the benefit of Honeywell and its successors and assigns. Only a written amendment executed by both Honeywell and me can modify this agreement.
18. **Governing Law.** This agreement shall be governed by and construed in accordance with the laws of the State of New Jersey without regard to its principles of conflicts of law.
19. **Validity.** It is the desire and intent of the parties hereto that the provisions of this agreement shall be enforced to the fullest extent legally-permissible. Accordingly, if any particular provision(s) of this agreement shall be adjudicated to be invalid or unenforceable, the court may modify or sever such provision(s), such modification or deletion to apply only with respect to the operation of such provision(s) in the particular jurisdiction in which such adjudication is made. In addition, if any one or more of the provisions contained in this agreement shall for any reason be held to be excessively broad as to duration, geographical scope,

activity or subject, it shall be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear. The remaining provisions of this agreement shall remain in full force and effect.

20. Definitions

- (a) “Honeywell” collectively identifies Honeywell International Inc. (a Delaware corporation having a place of business at Columbia Road and Park Avenue, Morris Township, Morris County, New Jersey), its predecessors, designees and successors and its past, present and future operating companies, divisions, subsidiaries, affiliates and other business units, including businesses acquired by purchase of stock, merger or otherwise.
- (b) “Trade Secrets, Proprietary and Confidential Information” means information which is not generally known in the industry in which Honeywell is engaged, which may be disclosed to me or which I may learn, observe, discover or otherwise acquire during, or as a result of, my employment by Honeywell and which includes, without limitation, any information, whether patentable, patented or not, relating to any existing or contemplated products, inventions, services, technology, ideas, concepts, designs, patterns, processes, compounds, formulae, programs, devices, tools, compilations of information, methods, techniques, and including information relating to any research, development, manufacture, purchasing, engineering, know-how, business plans, sales or market methods, methods of doing business, customer lists, customer usages or requirements, or supplier information, which is owned or licensed by Honeywell or held by Honeywell in confidence.
- (c) “Invention” includes not only inventions (including, but not limited to, copyright works, trademarks, domain names, URLs, keywords, social media account or identification names, business networking/media account or identification names and mask works), but also innovations, improvements, discoveries, ideas and all other forms of intellectual property (including, but not limited to, copyright works and mask works) – whether or not any of the foregoing constitutes trade secret or other confidential information.
- (d) “Make” or “Made” when used in relation to Invention includes any one or any combination of (i) conception, (ii) reduction to practice, or (iii) development of an Invention and is without regard to whether I am a sole or joint inventor.
- (e) “Termination of Employment” shall be defined as any separation from employment with Honeywell regardless of the reason, including any and all voluntary and involuntary reasons for termination. The termination date for purposes of this Agreement shall be the last day I actively perform services for Honeywell.
- (f) “Solicit” or “soliciting” includes contacting, communicating with, marketing to, engaging or otherwise interacting with (whether initiated by me or not).

21. Headings Descriptive. The headings of the several paragraphs of this agreement are inserted for convenience only and shall not in any way affect the meaning or construction of this agreement.

/s/ Rajeev Gautam
RAJEEV GAUTAM

4/4/16
Date

SCHEDULE A

HAVE YOU MADE ANY INVENTIONS BEFORE THE TERM OF YOUR EMPLOYMENT WITH HONEYWELL, IN WHICH YOU HAVE AN OWNERSHIP INTEREST AND WHICH ARE NOT THE SUBJECT MATTER OF ISSUED PATENTS OR PRINTED PUBLICATIONS?

(If there are none, please enter the word "NONE")

NOTE: Please describe each such Invention without disclosing trade secrets, proprietary or confidential information.

[Attach additional sheets if more space is needed.]

SCHEDULE B

DO YOU HAVE ANY PRIOR OBLIGATIONS (WRITTEN OR ORAL) WHICH WOULD RESTRICT YOUR ABILITY TO PERFORM THE DUTIES OF YOUR EMPLOYMENT WITH HONEYWELL?

(If there are none, please enter the word "NONE")

NOTE: Please give date of, and parties to, obligations and the nature and substance of the restriction.

[Attach additional sheets if more space is needed.]

**HONEYWELL EXCESS BENEFIT PLAN
AND
HONEYWELL SUPPLEMENTAL SAVINGS PLAN
(amended and restated effective April 1, 2018)**

1. History. Honeywell International Inc. (the "Corporation") initially established an excess benefit plan effective January 1, 2006 when the Supplemental Non-Qualified Savings Plan For Highly Compensated Employees Of Honeywell International Inc. And Its Subsidiaries (Career Band 5 and Below) was merged with and into the Supplemental Non-Qualified Savings Plan for Highly Compensated Employees of Honeywell International Inc. and its Subsidiaries (Career Band 6 and above) and the resulting plan from this merger became known as the Supplemental Non-Qualified Savings Plan for Highly Compensated Employees of Honeywell International Inc. and its Subsidiaries.

Effective July 1, 2015, the Supplemental Non-Qualified Savings Plan for Highly Compensated Employees of Honeywell International Inc. and its Subsidiaries was then separated into two separate plans for all legal purposes in order to ensure its qualification as an excess benefit plan within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended. The following provisions constitute and govern the terms of those two plans as follows:

(a) The Excess Benefit Plan of Honeywell International Inc. and its Subsidiaries (the "Excess Benefit Plan") provides only for the benefits and contributions that would be provided under the Qualified Savings Plans but for any benefit or limitations set forth in the Code, including any amounts credited to each Participant's Account as of July 1, 2015, that would have been so characterized at the time such amounts were credited, and including (for purposes of clarity) all Employer Matching Contributions described in Subparagraph 5(b). The Excess Benefit Plan shall consist of, be governed by, and be subject to, the terms set forth below excluding Clause 5(a)(ii) and the other provisions of the Plan to the extent relating to Clause 5(a)(ii).

(b) The Supplemental Non-Qualified Savings Plan for Highly Compensated Employees of Honeywell International Inc. and its Subsidiaries (the "Supplemental Savings Plan") provides for all other benefits and contributions under the Plan. The Supplemental Savings Plan shall consist of, be governed by, and be subject to, the terms set forth below excluding Clause 5(a)(i) and Subparagraph 5(b) and the other provisions of the Plan to the extent relating to Clause 5(a)(i) and Subparagraph 5(b).

(c) Both the Excess Benefit Plan and the Supplemental Savings Plan are now part of a plan named the "Honeywell Excess Benefit Plan and the Honeywell Supplemental Savings Plan" and, unless the context specifically states otherwise, are collectively referred to herein as the "Plan."

(d) The Plan was last amended and restated, effective as of January 1, 2009, to implement changes required pursuant to and consistent with Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), and the corresponding regulations. The Plan is hereby amended and restated, effective as of April 1, 2018, to implement changes required or desired to reflect a change in the amount of Employer Matching Contributions, a change in the Plan record keeper, and to change the collective Plan name. This Plan document covers any Participant (as defined below) who was entitled to receive a benefit from the Plan as of March 31, 2018, but did not receive full payment of such benefit under the Plan as of such date, as well as any individual who becomes a Participant in the Plan on or after April 1, 2018. Plan benefit payments commencing before April 1, 2018 are governed by the terms of Plan as they existed before this amendment and restatement.

2. Eligibility. Any employee of the Corporation and its participating affiliates who is (i) the Chief Executive Officer of the Corporation or designated by the Corporation as an “officer” of the Corporation (an “Officer”), during the designated election period (the “Open Enrollment Period”) that occurs before the beginning of the applicable Plan Year (as defined below), or (ii) (A) an Executive level employee but not an Officer at any time during the Open Enrollment Period that occurs before the beginning of the applicable Plan Year, and (B) whose annual Base Annual Salary (as defined in Subparagraph 4(a)(i)) that is paid and posted to the Plan’s electronic recordkeeping system as of the last paydate in September of the Plan Year immediately preceding the applicable Plan Year exceeds the dollar limit for a highly compensated employee for the Plan Year under Section 414(q) of the Code, shall be eligible (an “Eligible Employee”) to participate in the Plan (subject to the limitations set forth in the following paragraph) and elect deferrals of Base Annual Salary for such Plan Year effective as of the first paydate of such Plan Year that follows the Open Enrollment Period.

Notwithstanding the foregoing, an Eligible Employee may only participate in the Plan for a Plan Year if such employee is eligible to participate in the Honeywell 401(k) Plan (formerly the Honeywell Savings and Ownership Plan) or any other savings plan designated as included by the Corporation from time to time (the “Qualified Savings Plans”), and has made an irrevocable election during the applicable Open Enrollment Period to defer Base Pay to the applicable Qualified Savings Plan. For purposes of this Plan, the “Plan Year” shall mean the calendar year.

3. Definitions. Capitalized terms not otherwise defined in the Plan have the respective meanings set forth in the applicable Qualified Savings Plans.

4. Participation.

(a) Time and Form of Election.

(i) Each Eligible Employee who wishes to participate in the Plan for a particular Plan Year (a “Participant”), must file a timely written or electronic deferral election (the “Election”) with the Plan Administrator during the applicable Open Enrollment Period. Such Eligible Employee shall designate in the Election that a portion (determined in accordance with Subparagraph 5(a)) of the Eligible Employee’s Base Pay as defined in the Qualified Savings Plan without regard to any benefit or contribution limitations under the Code or the applicable

Qualified Savings Plan and inclusive of salary deferred for the Plan Year under this Plan (“Base Annual Salary”), which would have been payable to such Eligible Employee during such Plan Year, in lieu of such payment, be credited to a deferred compensation account maintained under the Plan as an unfunded book entry account stated as a cash balance (the “Account”). On a Participant’s Election, the Participant shall also indicate the form of payment for all deferrals credited to the Participant’s Account, as described in Paragraph 7 below, and shall indicate if he wishes to change the default Change in Control election, as described in Paragraph 10 below.

(b) Election Changes. A Participant may not modify his deferral election for a particular Plan Year at any time during that Plan Year.

5. Contributions to Participants’ Accounts.

(a) Participant Deferred Contributions. For a particular Plan Year, a Participant may elect to defer an aggregate amount equal to (i) the difference between the maximum percentage of Base Annual Salary that the Participant may contribute for the Plan Year as Pre-tax Contributions and/or Roth Contributions under the Qualified Savings Plans (8% of Base Pay for 2018), without regard to any other limitations that may apply under the Code or the Qualified Savings Plans, and the actual Pre-tax Contributions and/or Roth Contributions the Participant contributes to the Qualified Savings Plans for the Plan Year, and/or (ii) from 1% to 25% (in whole percentages) of such Participant’s Base Annual Salary, without regard to any other limitations that may apply under the Code (collectively, “Participant Deferred Contributions”); provided, however, that a Participant who elects to defer any amount hereunder shall be required to make the maximum Pre-tax Contributions and/or Roth Contributions permissible under the Qualified Savings Plans for the applicable Plan Year (after giving effect to deferrals under the Plan or otherwise).

For the avoidance of doubt, all Participant Deferred Contributions to the Plan shall be deferred on a pre-tax basis. No after-tax contributions (such as Roth 401(k) contributions) shall be permitted. For purposes of any “spillover” of deferrals from the Qualified Savings Plans to the Excess Benefit Plan, any amounts that were contributed as Roth Contributions to the Qualified Savings Plans shall be contributed as pre-tax contributions to the Plan.

(b) Plan Employer Contributions. There shall be credited to the Participant’s Account employer contributions under the Plan (“Plan Employer Contributions”) in an aggregate amount equal to the difference between (i) the maximum Employer Matching Contributions that could be contributed for the Plan Year under the Qualified Savings Plans, without regard to any limitations that may apply under the Code or the Qualified Savings Plans, and (ii) the total amount of Employer Matching Contributions actually contributed to the Participant’s account under the Qualified Savings Plans.

Notwithstanding the foregoing:

(A) beginning April 1, 2018, the Plan Employer Contributions described in this Paragraph shall be credited to a Participant’s Account only if the Participant is actively employed by the Corporation or an affiliate on December 15th of the Plan Year, has died while actively employed by the Corporation or an affiliate during the Plan Year, or has

become disabled (as defined in the Qualified Savings Plan) while actively employed by the Corporation or an affiliate during the Plan Year, and

(B) only Participant Deferred Contributions described in Clause 5(a)(i) shall be used in determining the amount of Plan Employer Contributions to be credited to an Account for a Plan Year.

(c) Vesting. Participant Deferred Contributions and Plan Employer Contributions (collectively “Total Contribution Amounts”) and all amounts accrued with respect to Total Contribution Amounts in accordance with Paragraph 6, shall be vested at the time such amounts are credited to the Participant’s Account.

(d) Timing of Contributions. Effective for Plan Years beginning on and after January 1, 2017, the Participant Deferred Contributions described in Clause 5(a)(i) shall be credited to a Participant’s Account once the Participant has contributed the maximum Pre-tax Contributions and/or Roth Contributions for the Plan Year to the Qualified Savings Plans. The Participant Deferred Contributions described in Clause 5(a)(ii) shall be credited to a Participant’s Account each pay period during the Plan Year. The Plan Employer Contributions described in Section 5(b) shall be credited to a Participant’s Account at the same time Employer Matching Contributions are credited to the Participant account under the applicable Qualified Savings Plans.

6. The Participant’s Account.

(a) Types of Accounts. A Participant’s Account shall consist of two sub-accounts, as applicable: (1) a sub-account which consists of Participant Deferred Contributions and Plan Employer Contributions, and interest and earnings thereon, for amounts that were earned and vested as of December 31, 2004 (the “Grandfathered Account”), and (2) a sub-account which consists of Participant Deferred Contributions and Plan Employer Contributions, and interest and earnings thereon, for amounts that are earned and vested on or after January 1, 2005 (the “Non-Grandfathered Account”).

(b) Participant Deferred Contributions.

(i) Participant Deferred Contributions shall be credited to the Participant’s Account under the Plan as unfunded book entries stated as cash balances.

(ii) Participant Deferred Contributions credited to the Participant’s Account after December 31, 2004, and all Participant Deferred Contributions credited to a Participant’s Account under the Supplemental Non-Qualified Savings Plan For Highly Compensated Employees Of Honeywell International Inc. And Its Subsidiaries (Career Band 5 and Below) before January 1, 2006, shall accrue amounts (to be posted on the Valuation Date) equivalent to interest, compounded daily, at a rate based upon the cost to the Corporation of borrowing at a fixed rate for a 15-year term. The interest rate described in this paragraph is subject to change from Plan Year to Plan Year and shall be determined annually by the Chief Financial Officer of

the Corporation in consultation with the Treasurer of the Corporation before January 1 of each Plan Year.

(iii) Participant Deferred Contributions credited to the Participant's Account under the Supplemental Non-Qualified Savings Plan for Highly Compensated Employees of Honeywell International Inc. and its Subsidiaries (Career Band 6 and above) before January 1, 1994 or after the Participant has terminated employment shall accrue amounts (to be posted each Valuation Date) equivalent to interest, compounded daily, at a rate based upon the cost to the Corporation of borrowing at a fixed rate for a 15-year term. The interest rate described in this paragraph is subject to change from Plan Year to Plan Year and shall be determined annually by the Chief Financial Officer of the Corporation in consultation with the Treasurer of the Corporation before January 1 of each Plan Year.

(iv) Participant Deferred Contributions credited to the Participant's Account under the Supplemental Non-Qualified Savings Plan for Highly Compensated Employees of Honeywell International Inc. and its Subsidiaries (Career Band 6 and above) between January 1, 1994 and December 31, 2004, but before a Participant terminates employment, shall accrue amounts (to be posted each Valuation Date) equivalent to interest, compounded daily, at a rate that was determined annually by the Management Development and Compensation Committee (the "Committee") of the Board of Directors of the Corporation (the "Board"). This rate, once established for a Plan Year, remains in effect with respect to all Participant Deferred Contributions credited to the Participant's Account during such Plan Year until such amounts are distributed.

(c) Plan Employer Contributions. Plan Employer Contributions shall be credited to the Participant's Account under the Plan as unfunded book entries stated as shares of Common Stock (including fractional shares). The number of shares of Common Stock credited to a Participant's Account shall be determined by dividing the equivalent cash amount (as determined under Subparagraph 5(b)) by the closing price of Common Stock on the day that such Plan Employer Contributions are credited to the Participant's Account. Amounts equivalent to the dividends that would have been payable in respect of the Common Stock shall be credited to the Participant's Account as if reinvested in Common Stock, with the number of shares credited determined by dividing the equivalent cash dividend amount by the closing price of Common Stock on the date the dividends would have been payable. Amounts credited to the Participant's Account shall accrue amounts equivalent to interest and dividends, as the case may be, until distributed in accordance with the Plan.

(d) Grandfathered and Non-Grandfathered Accounts. The aggregate amount of the Participant's Deferred Contributions, plus interest and earnings credited thereon pursuant to this Paragraph 6 (collectively, the "Participant Deferred Contribution Amounts"), and the aggregate number of shares of Common Stock representing the Plan Employer Contributions, plus dividends reinvested pursuant to this Paragraph 6 (collectively the "Plan Employer Contribution Amounts," and together with Participant Deferred Contribution Amounts, the "Total Contribution Amounts") credited to the Participant's Grandfathered Account pursuant to this Paragraph 6, will hereinafter be referred to as "Grandfathered Contribution Amounts." Total

Contribution Amounts credited to a Participant's Non-Grandfathered Account will hereinafter be referred to as "Non-Grandfathered Contribution Amounts."

7. Distribution from Accounts.

(a) Form and Timing of Payment.

(i) Participant Deferred Contributions.

(A) 2006 Plan Year and Later. The aggregate amount of the Participant's Participant Deferred Contribution Amounts credited to the Participant's Non-Grandfathered Account for Plan Years beginning on or after January 1, 2006 shall be paid in one lump-sum in the January of the Plan Year that follows the Plan Year in which the Participant has a Separation from Service (as defined in Section 409A(a)(2)(A)(i) of the Code and its corresponding regulations) with the Corporation and its affiliates, unless the Participant elects in his Election for any such Plan Year that his Participant Deferred Contribution Amounts for such Plan Year be paid in substantially equal annual installments (not to exceed ten (10)) if his Separation from Service occurs on or after he attains age 55 and has completed ten (10) Years of Service (as defined below), in which case the first installment shall be paid in the January of the Plan Year that follows the Plan Year in which he has a Separation from Service and each remaining installment will be paid in each succeeding January.

Notwithstanding the foregoing, if the Participant is a "Specified Employee" (as defined below) at his Separation from Service, the payments provided in the immediately preceding paragraph shall be paid (or begin for installments) in (i) the January of the Plan Year that follows the Plan Year in which the Participant's Separation from Service with the Corporation and its affiliates occurs, if the Participant's Separation from Service occurs before July 1 of such Plan Year, or (ii) the July of the Plan Year that follows the Plan Year in which the Participant's Separation from Service with the Corporation and its affiliates occurs, if the Participant's Separation from Service occurs after June 30 of such Plan Year. If the Participant elected to receive his distribution in installments, after the first payment is made, each subsequent installment will be paid in the January of each Plan Year that follows until all installments are paid to the Participant.

(B) For purposes of this Plan, the term (i) "Years of Service" shall be determined using the Participant's most-recent adjusted service date, as reflected at the Participant's Separation from Service in the Company's records, and (ii) "Specified Employee" shall mean any Participant who, at any time during the twelve (12) month period ending on the identification date, is a specified employee under Section 409A of the Code, which determination of "specified employees," including the number and identity of persons considered "specified employees" and the identification date, shall be made by the Vice President – Compensation and Benefits (or his delegate) in accordance with the provisions of Sections 416(i) and 409A of the Code and the regulations issued thereunder.

(C) 2005 Plan Year. For the 2005 Plan Year only, the Participant Deferred Contribution Amounts credited to the Participant's Non-Grandfathered Account for

such Plan Year shall be paid in one lump-sum in January of the Plan Year immediately following the Plan Year in which the Participant has a Separation from Service with the Corporation and its affiliates.

Notwithstanding the foregoing, if at the time of the Participant's Separation from Service, the Participant is a Specified Employee the payment provided in the immediately preceding paragraph shall be paid in (i) the January of the Plan Year that follows the Plan Year in which the Participant's Separation from Service with the Corporation and its affiliates occurs, if the Participant's Separation from Service occurs before July 1 of such Plan Year, or (ii) the July of the Plan Year that follows the Plan Year in which the Participant's Separation from Service occurs, if the Participant's Separation from Service occurs after June 30 of such Plan Year. If the Participant elected to receive his distribution in the form of installments, after the first payment is made pursuant to the immediately preceding sentence, each subsequent installment will be paid in the January of each Plan Year that follows until all installments are paid to the Participant.

(D) Plan Years Before January 1, 2005. Each Participant made an election when he made a deferral election for Plan Years beginning before January 1, 2005, with respect to the distribution of the Participant Deferred Contribution Amounts credited to the Participant's Grandfathered Account pursuant to such election. A Participant elected to receive such amount in one lump-sum or in a number of annual installments (up to fifteen (15)). The lump-sum payment or the first installment shall be paid as soon as practicable during the month of January of such future calendar year as the Participant may designate or, if the Participant so elects, as soon as practicable during the month of January of the calendar year immediately following the year in which the Participant last contributed to the Plan or the year in which the Participant terminates employment with the Corporation and its affiliates. Subsequent installments shall be paid as soon as practicable during the month of January of each succeeding calendar year until the entire amount of the Participant Deferred Contribution Amounts credited to the Participant's Grandfathered Account have been paid.

(ii) Plan Employer Contributions. The distribution form and timing that apply to the Participant's Deferred Contribution Amounts for a Plan Year pursuant to Subparagraph 7(a)(i) above shall also apply to the form and timing of the distribution of the Plan Employer Contribution Amounts credited to the Participant's Account. Except to the extent otherwise provided with respect to fractional shares, all distributions of Plan Employer Contribution Amounts shall be made in Common Stock. Installments after the first installment payment, if applicable, shall be paid in the January of each succeeding calendar year until the entire amount of the Plan Employer Contribution Amounts have been paid. Any fractional shares of Common Stock shall be paid in an equivalent cash amount.

(iii) Calculation of Installment Payments. If installment payments are to be made to a Participant for any Plan Year, the amount of each installment shall be determined by (A) multiplying the balance of the Participant Deferred Contribution Amounts credited to the Participant for such Plan Year by a fraction, the numerator of which is one and the denominator of which is (x) the number of installments elected, reduced by (y) one for each annual installment previously received, and (B) multiplying the balance of the Plan Employer

Contribution Amount on the last Valuation Date of such Plan Year by a fraction, the numerator of which is one and the denominator of which is (x) the number of installments elected, reduced by (y) one for each annual installment previously received, and then rounding down to the next whole share of Common Stock; provided, however, the amount of the last installment shall consist of the amount remaining in the Participant's Account on the distribution date.

(b) Adjustment of Form of Distribution.

(i) 2005 Plan Year and Later. For Plan Years beginning on or after January 1, 2005, a Participant may not change the timing or payment form of distribution of the Non-Grandfathered Contribution Amounts credited to his Non-Grandfathered Account unless otherwise permitted by the Plan Administrator in its sole and absolute discretion in accordance with Code section 409A and its corresponding regulations.

(ii) 2004 Plan Year and Earlier. For Plan Years beginning before January 1, 2005, a Participant may change the timing and/or form of distribution of all or any portion of the Participant's Grandfathered Account only in accordance with Clause 7(c)(i).

(iii) Distribution Default for Amounts Credited to the Participant's Grandfathered Account.

(A) Distribution Default for Participant Deferred Contribution Amounts. Any Participant Deferred Contribution Amounts credited to a Participant's Grandfathered Account that are not covered by a timely distribution election shall be distributed to the Participant in one lump-sum as soon as practicable during the month of January of the calendar year immediately following the later of the calendar year in which the Participant last contributed to the Plan or the year in which the Participant terminates his employment with the Corporation and its affiliates (whether by reason of Retirement or otherwise); provided, however, if the Participant has made an election pursuant to Subparagraphs 10(a), 10(b) or 10(c), the lump sum payment shall be made within the ninety (90) day period following a Change in Control, as defined in Subparagraph 10(e).

(B) Distribution Default for Plan Employer Contribution Amounts. Any Plan Employer Contribution Amounts credited to a Participant's Grandfathered Account that are not covered by a timely distribution election shall be distributed to the Participant in Common Stock as soon as practicable during the month of January of the calendar year immediately following the later of the calendar year in which the Participant last contributed to the Plan or the calendar year in which the Participant terminates his employment with the Corporation and its affiliates (whether by reason of Retirement or otherwise); provided, however, if the Participant has made an election pursuant to Subparagraphs 10(a), 10(b) or 10(c), the distribution shall be made within the ninety (90) day period following a Change in Control, as defined in Subparagraph 10(e). Any fractional shares of Common Stock shall be paid in an equivalent cash amount.

(c) Changing Distribution Elections for Plan Years Before January 1, 2005.

(i) For Total Contribution Amounts credited to the Participant's Grandfathered Account, the Plan Administrator may from time to time allow a Participant to request new elections (other than with respect to any such amounts for which distributions have already commenced). The Plan Administrator shall reserve the right to accept or reject any such request at any time and such election shall be subject to such restrictions and limitations as the Plan Administrator shall determine in its sole discretion, provided that any new election shall generally be required to be made at least twelve (12) months before any scheduled payment date.

(ii) For Total Contribution Amounts credited to the Participant's Grandfathered Account, the Plan Administrator may allow a Participant to request an immediate distribution of all or a portion of such Participant's Grandfathered Account (including any portion for which distributions have already commenced). Any such immediate distribution shall be subject to a penalty equal to six percent (6%) of the amount requested to be distributed and shall be subject to the approval of the Plan Administrator and such other restrictions or conditions as may be established by the Plan Administrator from time to time.

8. Distribution on Death.

(a) Participant Deferred Contribution Amounts. If a Participant dies before all Participant Deferred Contribution Amounts credited to the Participant's Non-Grandfathered Account have been paid, the balance of the Participant Deferred Contribution Amounts in the Non-Grandfathered Account shall be paid in cash within sixty (60) days following the date of the Participant's death to the beneficiary designated by the Participant and filed with the Plan Administrator in the form and manner prescribed by the Plan Administrator. If a Participant dies before all Participant Deferred Contribution Amounts credited to the Participant's Grandfathered Account have been paid, the balance of the Participant Deferred Contribution Amounts in the Grandfathered Account shall be paid in cash as soon as practicable following the Participant's death to the beneficiary designated by the Participant and filed with the Plan Administrator in the form and manner prescribed by the Plan Administrator; provided, however, if the Participant made an election pursuant to Subparagraphs 10(a), 10(b) or 10(c) for Participant Deferred Contribution Amounts credited to the Participant's Grandfathered Account, such amount shall be paid within the ninety (90) day period following a Change in Control, as defined in Subparagraph 10(e). If (i) no beneficiary designation has been made, or (ii) the designated beneficiary has predeceased the Participant and no further designation has been made, then such balance shall be paid to the Participant's estate. A Participant may change the designated beneficiary at any time during the Participant's lifetime by filing a subsequent designation with the Plan Administrator in the form and manner prescribed by the Plan Administrator.

(b) Plan Employer Contribution Amounts. If a Participant dies before all Plan Employer Contribution Amounts credited to the Participant's Non-Grandfathered Account have been paid, the balance of the Plan Employer Contribution Amounts in such Participant's Non-Grandfathered Account shall be paid in Common Stock within sixty (60) days following the date of the Participant's death to the beneficiary designated by the Participant and filed with the Plan Administrator in the form and manner prescribed by the Plan Administrator. If a Participant

dies before all Plan Employer Contribution Amounts credited to the Participant's Grandfathered Account have been paid, the balance of the Plan Employer Contribution Amounts in such Participant's Grandfathered Account shall be paid in Common Stock as soon as practicable following the Participant's death to the beneficiary designated by the Participant and filed with the Plan Administrator in the form and manner prescribed by the Plan Administrator; provided, however, if the Participant has made an election pursuant to Subparagraphs 10(a), 10(b) or 10(c) for Plan Employer Contribution Amounts credited to the Participant's Grandfathered Account, such amount shall be paid within the ninety (90) day period following a Change in Control, as defined in Subparagraph 10(e). If (i) no such beneficiary designation has been made, or (ii) the designated beneficiary has predeceased the Participant and no further designation has been made, then such balance shall be paid to the Participant's estate. A Participant may change the designated beneficiary at any time during the Participant's lifetime by filing a subsequent designation with the Plan Administrator in the form and manner prescribed by the Plan Administrator. Any fractional shares of Common Stock shall be paid in an equivalent cash amount.

9. Payment in the Event of Hardship.

(a) Non-Grandfathered Account. For Plan Years beginning on or after January 1, 2005, a Participant may not receive a distribution in the event of hardship or unforeseeable emergency from his Non-Grandfathered Account unless otherwise permitted by the Plan Administrator in its sole and absolute discretion in accordance with Code section 409A and its corresponding regulations.

(b) Grandfathered Account. Upon receipt of a request from a Participant delivered in writing to the Plan Administrator along with a Certificate of Unavailability of Resources form, the Plan Administrator or his designee may cause the Corporation to accelerate payment of all or any part of the amount credited to the Participant's Grandfathered Account if it finds in its sole discretion that payment of such amounts in accordance with the Participant's prior Election would result in severe financial hardship to the Participant, and such hardship is the result of an unforeseeable emergency caused by circumstances beyond the control of the Participant. Acceleration of payment may not be made to the extent that such hardship is or may be relieved (a) through reimbursement or compensation by insurance or otherwise, or (b) by liquidation of the Participant's assets, to the extent the liquidation of assets would not itself cause severe financial hardship. Any distribution of Participant Deferred Contribution Amounts pursuant to this Subparagraph shall be made in cash, while any distribution of Plan Employer Contribution Amounts pursuant to this Subparagraph shall be made in Common Stock. Any fractional shares of Common Stock shall be paid in an equivalent cash amount.

10. Change in Control.

(a) Initial Lump-Sum Payment Election.

(i) Non-Grandfathered Contribution Amounts. Notwithstanding any election made pursuant to Paragraph 4 hereof, for Participant Deferred Contributions attributable to each Plan Year beginning on or after January 1, 2007, a Participant may designate as

part of his Election during the Open Enrollment Period for a Plan Year to have his Participant Deferred Contributions and corresponding Plan Employer Contributions for such Plan Year paid in a lump sum as soon as practicable following a Change in Control, but in no event later than ninety (90) days after such Change in Control (as defined below); provided however that if the event that constitutes a Change in Control does not qualify as a change in ownership or effective control of the Corporation, or in the ownership of a substantial portion of the assets of the Corporation, within the meaning of Section 409A(a)(2)(A)(v) of the Code and its corresponding regulations, a Change in Control shall not be deemed to have occurred for purposes of this clause (i).

(ii) Grandfathered Contribution Amounts. Notwithstanding any election made pursuant to Paragraph 4 for Grandfathered Contribution Amounts, each Participant filed a written election with the Plan Administrator as part of his Election to have his Grandfathered Contribution Amount paid in lump-sum as soon as practicable following a Change in Control (as defined below), but in no event later than ninety (90) days after such Change in Control.

(iii) Form of Consideration. Any distribution of Participant Deferred Contribution Amounts pursuant to this Paragraph 10 shall be made in cash, while any distribution of Plan Employer Contribution Amounts pursuant to this Paragraph 10 shall be made in Common Stock (or the common stock of any successor corporation issued in exchange for, or with respect to, Common Stock incident to the Change in Control). Any fractional shares of Common Stock (or the common stock of any successor corporation issued in exchange for, or with respect to, Common Stock incident to the Change in Control) shall be paid in an equivalent cash amount.

(b) Subsequent Lump-Sum Payment Election. For Grandfathered Contribution Amounts only, a Participant who did not make an election pursuant to Subparagraph 10(a)(ii) or who has revoked, pursuant to Subparagraph 10(c), an election previously made under Subparagraph 10(a)(ii) or this Subparagraph 10(b) may, before the earlier of a Change in Control or the beginning of the calendar year in which the election is to take effect, elect to have the aggregate amount credited to the Participant's Grandfathered Account for all calendar years commencing with the first calendar year beginning after the date the election is made, paid in lump-sum as soon as practicable following a Change in Control, but in no event later than ninety (90) days after such Change in Control.

(c) Revocation of Prior Change in Control Payment Elections. For Grandfathered Contribution Amounts only, a Participant may, before a Change in Control, file an election revoking any election made pursuant to Subparagraphs 10(a)(ii) or 10(b) or file a new lump sum payment election under this Paragraph 10 with respect to amounts previously credited to the Participant's Grandfathered Account. Any such revocation or new election shall be made at the time specified by the Plan Administrator and shall be subject to such restrictions and limitations as the Plan Administrator shall determine from time to time.

(d) Interest Equivalents. Notwithstanding anything to the contrary in the Plan, after a Change in Control, the Plan may not provide, or be amended to provide, interest accruals with

respect to Participant Deferred Contributions at rates lower than the rates in effect under Paragraph 6 immediately before the Change in Control.

(e) Definition of Change in Control. For purposes of the Plan, “Change in Control” means (a) any one person, or more than one person acting as a group (as defined under U.S. Department of Treasury Regulation (“Treasury Regulation”) § 1.409A-3(i)(5)(v)(B)) acquires ownership of stock of the Corporation that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Corporation; or (b) any one person, or more than one person acting as a group (as defined under Treasury Regulation § 1.409A-3(i)(5)(v)(B)) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Corporation possessing 30 percent or more of the total voting power of the stock of the Corporation; or (c) a majority of members of the Board of Directors of the Corporation (the “Board”) is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election; or (d) any one person, or more than one person acting as a group (as defined in Treasury Regulation § 1.409A-3(i)(5)(v)(B)) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Corporation and its subsidiaries on a consolidated basis that have a total gross fair market value equal to or more than 40 percent of the total gross fair market value of all of the assets of the Corporation and its subsidiaries on a consolidated basis immediately before such acquisition or acquisitions. For purposes of clause (d), “gross fair market value” means the value of the assets of the Corporation and its subsidiaries on a consolidated basis, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. The foregoing clauses (a) through (d) shall be interpreted in a manner that is consistent with the Treasury Regulations promulgated pursuant to Section 409A of the Code so that all, and only, such transactions or events that could qualify as a “change in control event” within the meaning of Treasury Regulation § 1.409A-3(i)(5)(i) shall be deemed to be a Change in Control for purposes of this Plan.

11. Administration.

(a) Plan Administrator. The Plan Administrator and “named fiduciary” for purposes of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) shall be the Senior Vice President-Human Resources and Communications of the Corporation (or the person acting in such capacity in the event such position is abolished, restructured or renamed). The Plan Administrator shall have the authority to appoint one (1) or more other named fiduciaries of the Plan and to designate persons, other than named fiduciaries, to carry out fiduciary responsibilities under the Plan, pursuant to Section 405(c)(1)(B) of ERISA. Any person acting on behalf of the Plan Administrator shall serve without additional compensation. The Plan Administrator shall keep or cause to be kept such records and shall prepare or cause to be prepared such returns or reports as may be required by law or necessary for the proper administration of the Plan.

(b) Powers and Duties of Plan Administrator. The Plan Administrator shall have the full discretionary power and authority to construe and interpret the Plan (including, without

limitation, supplying omissions from, correcting deficiencies in, or resolving inconsistencies or ambiguities in, the language of the Plan); to determine all questions of fact arising under the Plan, including questions as to eligibility for and the amount of benefits; to establish such rules and regulations (consistent with the terms of the Plan) as it deems necessary or appropriate for administration of the Plan; to delegate responsibilities to others to assist it in administering the Plan; to retain attorneys, consultants, accountants or other persons (who may be employees of the Corporation and its affiliates) to render advice and assistance as it shall determine to be necessary to effect the proper discharge of any duty for which it is responsible; and to perform all other acts it believes reasonable and proper in connection with the administration of the Plan. The Plan Administrator shall be entitled to rely on the records of the Corporation and its subsidiaries in determining any Participant's entitlement to and the amount of benefits payable under the Plan. Any determination of the Plan Administrator, including interpretations of the Plan and determinations of questions of fact, shall be final and binding on all parties.

(c) Indemnification. To the extent permitted by law, the Corporation shall indemnify the Plan Administrator from all claims for liability, loss, or damage (including payment of expenses in connection with defense against such claims) arising from any act or failure to act in connection with the Plan.

12. Claims Procedures and Appeals.

(a) A written request for a Plan benefit is a claim and the person making such claim is a claimant. Any claim must be made in writing and shall be deemed to be filed by a claimant when a written request is made by the claimant or the claimant's authorized representative which is reasonably calculated to bring the claim to the attention of the Plan Administrator.

(b) The Plan Administrator shall provide notice in writing to any claimant when a claim for benefits under the Plan has been denied in whole or in part. Such notice shall be provided within ninety (90) days of the receipt by the Plan Administrator of the claimant's claim or, if special circumstances require, and the claimant is so notified in writing, within one hundred eight (180) days of the receipt by the Plan Administrator of the claimant's claim. The notice shall be written in a manner calculated to be understood by the claimant and shall:

- (i) set forth the specific reasons for the denial of benefits;
- (ii) contain specific references to Plan provisions relative to the denial;
- (iii) describe any material and information, if any, necessary for the claim for benefits to be allowed, that had been requested, but not received by the Plan Administrator;
- (iv) advise the claimant that any appeal of the Plan Administrator's adverse determination must be made in writing to the Plan Administrator within sixty (60) days after receipt of the initial denial notification, and must set forth the facts upon which the appeal is based; and

(v) advise the claimant of his right to bring a civil action under Section 502(a) of ERISA, following an adverse benefit determination on review.

(c) When a claimant receives notice of denial of a claim or does not receive notification of acceptance or denial within ninety (90) days after submitting a claim, the claimant, either in person or by duly authorized representative, may:

(i) request, in writing, a review of the claim by the Plan Administrator;

(ii) review pertinent documents relating to the denial;

(iii) submit issues and comments in writing; and

(iv) request, in writing, a hearing with the Plan Administrator; provided that the claimant takes appropriate action within sixty (60) days after receiving notice of denial.

(d) The Plan Administrator shall make its decision with respect to a claim review promptly, but not later than sixty (60) days after receipt of the request. Such sixty (60) day period may be extended for another period of sixty (60) days if the Plan Administrator reviewing the claim finds that special circumstances require an extension of time for processing.

(e) The final decision of the Plan Administrator shall be in writing, (i) give specific reason(s) for the adverse decision, (ii) make specific references to the pertinent Plan provisions on which the decision is based, (iii) include a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits, and (iv) a statement describing any voluntary appeals procedures offered by the Plan and the claimant's right to obtain information about such procedures, and a statement of the claimant's right to bring an action under Section 502(a) of ERISA. All interpretations, determinations and decisions of the Plan Administrator in respect of any claim shall be made in its sole discretion based on the applicable Plan documents and shall be final, conclusive and binding on all parties.

(f) A claimant or potential claimant must file a claim with the Plan Administrator no later than one (1) year after the claimant or potential claimant knows, or should have known, the principal facts upon which their claim is based. Any legal action in connection with the Plan must be brought in the Federal District Court of New Jersey within the six (6) month period beginning on the date the claimant's claim and appeal rights are exhausted.

13. Miscellaneous.

(a) Anti-Alienation. The right of a Participant to receive any amount credited to the Participant's Account shall not be transferable or assignable by the Participant, except by will or by the laws of descent and distribution. To the extent that any person acquires a right to receive any amount credited to a Participant's Account hereunder, such right shall be no greater than that of an unsecured general creditor of the Corporation. Except as expressly provided herein, any

person having an interest in any amount credited to a Participant's Account under the Plan shall not be entitled to payment until the date the amount is due and payable. No person shall be entitled to anticipate any payment by assignment, pledge or transfer in any form or manner before actual or constructive receipt thereof.

(b) Section 409A. The Plan is intended to comply with the applicable requirements of Section 409A of the Code and its corresponding regulations and related guidance with respect to Non-Grandfathered Contribution Amounts credited to the Participant's Account, and shall be administered in accordance with Section 409A of the Code with respect to such Non-Grandfathered Contribution Amounts. Notwithstanding anything in the Plan to the contrary, elections to defer Non-Grandfathered Contribution Amounts under the Plan, and distributions of Non-Grandfathered Contribution Amounts, may only be made in a manner and upon an event permitted by Section 409A of the Code. To the extent that any provision of the Plan would cause a conflict with the requirements of Section 409A of the Code, or would cause the administration of the Plan to fail to satisfy the requirements of Section 409A of the Code, such provision shall be deemed null and void to the extent permitted by applicable law. Other than a valid Election, in no event shall a Participant, directly or indirectly, designate the Plan Year of payment with respect to Non-Grandfathered Accounts. For the avoidance of doubt, deferrals under the Plan are maintained on a Plan Year basis.

(c) Unsecured General Creditor. Neither the Corporation nor any of its subsidiaries shall be required to reserve or otherwise set aside funds, Common Stock or other assets for the payment of its obligations hereunder. However, the Corporation or any subsidiary may, in its sole discretion, establish funds for payment of its obligations hereunder. Any such funds shall remain assets of the Corporation or such subsidiary, as the case may be, and subject to the claims of its general creditors. Such funds, if any, shall not be deemed to be assets of the Plan. The Plan is intended to be unfunded for tax purposes and for purposes of Title I of ERISA.

(d) Withholding. The Corporation shall withhold from any distribution made from Participant Deferred Contribution Amounts the amount necessary to satisfy applicable federal, state and local tax withholding requirements. With respect to distributions of Plan Employer Contribution Amounts, the delivery of the shares of Common Stock shall be delayed until the Participant makes arrangements, pursuant to procedures to be adopted by the Plan Administrator, to satisfy the applicable federal, state and local tax withholding requirements. Each Participant, however, shall be responsible for the payment of all individual tax liabilities relating to any such benefits.

(e) Offset. To the maximum extent permitted under Section 409A of the Code and its corresponding regulations, if a Participant becomes entitled to a distribution of benefits under the Plan, and if at such time the Participant has outstanding any debt, obligation, or other liability representing an amount owing to the Corporation or any participating affiliate, then the Corporation may offset such amount owed to the Corporation or the participating affiliate against the amount of benefits otherwise distributable. Such determination shall be made by the Plan Administrator.

(f) Termination and Amendment. The Corporation may at any time amend or terminate the Plan, subject to the requirements of Section 409A of the Code with respect to the Non-Grandfathered Amounts. Notwithstanding the foregoing, and unless such amendment is required by Section 409A of the Code, the Plan may not, without the consent of an affected Participant, be amended in any manner which would (i) adversely affect such Participant's rights and expectations with respect to deferral amounts credited to such Participant's Account immediately before such amendment (including, but not limited to, any amendment which would adversely affect the rights or features applicable to, or any of the components that are taken into account in determining, the deferral amounts of any Participant hereunder), or (ii) with respect to any Participant who separates from service either during a Potential Change in Control Period (as defined below) or within two years following a Change in Control under circumstances entitling such Participant to severance benefits under the Corporation's Severance Plan for Corporate Staff Employees (Involuntary Termination Following a Change in Control) or Part II of the Corporation's Severance Plan for Designated Officers, adversely affect such Participant's rights and expectations with respect to Grandfathered Contribution Amounts to defer the receipt of severance payments pursuant to such plan. For purposes of the preceding sentence, a "Potential Change in Control Period" shall commence when: (A) the Corporation enters into an agreement, the consummation of which would result in the occurrence of a Change in Control; (B) the Corporation or any person or group publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control; (C) any person or group (other than the Corporation, any subsidiary or any savings, pension or other benefit plan for the benefit of employees of the Corporation or its subsidiaries) becomes the beneficial owner, directly or indirectly, of securities of the Corporation representing 15% or more of either the then outstanding shares of common stock of the Corporation or the combined voting power of the Corporation's then outstanding securities (not including in the securities beneficially owned by such person or group any securities acquired directly from the Corporation or its affiliates); or (D) the Board adopts a resolution to the effect that, for purposes of the Plan, a Potential Change in Control Period has commenced. The Potential Change in Control Period shall continue until the earlier of (I) a Change in Control, or (II) the adoption by the Board of a resolution stating that, for purposes of the Plan, the Potential Change in Control Period has expired.

(g) Benefit Statements. Each Participant shall receive periodic statements (not less frequently than annually) regarding the Participant's Account. Each such statement shall indicate the amount of the balances credited to the Participant's Account as of the end of the period covered by such statement.

(h) Legal Interpretation. This Plan and its provisions shall be construed in accordance with the laws of New Jersey to the extent such New Jersey law is not inconsistent with the provisions of ERISA. The text of this Plan shall, to the extent permitted by law, govern the determination of the rights and obligations created or referred to herein. Headings to the Sections, Paragraphs and Subparagraphs are for reference purposes only and do not limit or extend the meaning of any of the Plan's provisions.

(i) Gender; Number. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may read as the plural and the plural as the singular.

(j) Employment. The adoption and maintenance of this Plan shall not be deemed to constitute a contract between the Corporation or its subsidiaries and any employee or to be a consideration for or condition of employment of any person. No provision of the Plan shall be deemed to give any employee the right to continue in the employ of the Corporation or its subsidiaries or to interfere with the right of the Corporation or its subsidiaries to discharge any employee at any time without regard to the effect which such discharge might have upon the employee's participation in the Plan or benefits under it.

(k) Fiduciary Capacities. Any person or group of persons may serve in more than one fiduciary capacity with respect to the Plan. For purposes of this Subparagraph 13(k), the term "fiduciary" shall have the same meaning as in ERISA.

(l) Participants Subject to Section 16. Notwithstanding anything herein to the contrary, if any request and subject to Section 409A of the Code, election or other action under the Plan affecting a Participant subject to Section 16 of the Securities Exchange Act of 1934 should require the approval of the Committee to exempt such request, election or other action from potential liability under Section 16, then the approval of the Committee shall be obtained in lieu of the approval of the Plan Administrator.

HONEYWELL DEFERRED INCENTIVE COMPENSATION PLAN
(amended and restated effective April 1, 2018)

1. History. Honeywell International Inc. (the “Corporation”) previously established this supplemental non-qualified Honeywell Deferred Incentive Compensation Plan (formerly the Salary and Incentive Award Deferral Plan for Selected Employees of Honeywell International Inc. and its Affiliates) (the “Plan”) and has amended the Plan several times since its initial effective date, including an amendment and restatement effective January 1, 2009 to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and corresponding rules and regulations under Section 409A of the Code. This Plan document covers any Participant (as defined below) who was entitled to receive a benefit from the Plan as of March 31, 2018, but who did not receive full payment of such benefit under the Plan as of such date, as well as any individual who becomes a Participant in the Plan on or after April 1, 2018. Plan benefit payments commencing before April 1, 2018 are governed by the terms of the Plan as they existed prior to this amendment and restatement and are either grandfathered from the requirements of Section 409A of the Code or payable pursuant to a fixed schedule as required by, and in compliance with, Section 409A of the Code.

2. Eligibility. Any employee of the Corporation and its participating affiliates who is designated by the Corporation as an Executive level employee during the designated election period (the “Open Enrollment Period”) for the applicable Plan Year (as defined below) shall be eligible (an “Eligible Employee”) to participate in the Plan and elect deferrals of compensation (as described in Paragraph 4 below) for such Plan Year effective as of the January 1 of the Plan Year that follows the Open Enrollment Period. The Management Development and Compensation Committee (or its designee) (the “Committee”) shall designate the period prior to the applicable Plan Year that shall constitute the Open Enrollment Period, in its sole discretion; provided, however, in no event shall such Open Enrollment Period end later than the December 31 that precedes the Plan Year for which the election to participate in the Plan applies. For purposes of this Plan, the “Plan Year” shall mean the calendar year.

3. Participation. Each Eligible Employee who wishes to participate in the Plan for a particular Plan Year (a “Participant”) must file a deferral election (the “Election”) with the Committee during the Open Enrollment Period in the form and manner determined by the Committee, which election shall designate the portion of the compensation elements (as described in Paragraph 4 below) to be deferred for such Plan Year and the form in which such deferral amounts, and interest thereon, shall be distributed (as described in Paragraph 8 below). The compensation elements deferred for a particular Plan Year shall be credited to an unfunded deferred compensation account maintained for the Participant under the Plan (the “Participant Account” or “Account”). Except as otherwise may be permitted by Section 409A of the Code and the Committee, a Participant may not modify his or her deferral election for a Plan Year at any time during the Plan Year.

4. Contributions to Participant Accounts.

(a) Incentive Awards. During the Open Enrollment Period, an Eligible Employee may elect on his Election to defer up to 100% of the cash bonus payable (with such deferral in a whole percentage and 10% increment) to such Eligible Employee under the Honeywell International Inc. Incentive Compensation Plan for Executive Employees (or any successor plan), the Honeywell Capital Management LLC Incentive Compensation Plan (or any successor plan), the Honeywell Connected Enterprise Incentive Compensation Plan (or any successor plan), or any other similar annual incentive compensation plan covering Executive level employees that is designated by the Corporation as eligible for deferrals under this Plan (each an "Incentive Award"), for the performance period under the applicable incentive plan that begins in the Plan Year that commences after the Open Enrollment Period.

(b) Base Annual Salary. For Plan Years beginning before January 1, 2006, an Eligible Employee who was employed in Career Band 6 and above (or an Eligible Employee who occupied a position equivalent thereto) was permitted prior to the beginning of the applicable Plan Year (and with respect to a newly Eligible Employee, within 30 days after first becoming so eligible) to elect to defer an aggregate amount of base annual salary otherwise payable in such Plan Year (or with respect to a newly Eligible Employee, in the remainder of the Plan Year), exclusive of any bonus or any other compensation or allowance paid or payable by the Corporation or its affiliates (the "Base Annual Salary"). The amount deferred under this Paragraph 4(b) was not permitted to be greater than 50% of the Eligible Employee's Base Annual Salary for any pay period. Effective July 29, 2005, no new deferral elections were permitted under this Paragraph 4(b) for the remainder of the Plan Year beginning January 1, 2005. For Plan Years beginning on and after January 1, 2006, no Eligible Employee may elect to defer any portion of his Base Annual Salary under the Plan.

(c) Deferral Amounts. All amounts determined under this Paragraph 4 which are the subject of an Election (the "Deferral Amounts") shall, in accordance with the relevant Participant direction, be credited to the relevant Participant Account maintained under the Plan on the same day the Base Annual Salary or Incentive Award would otherwise have been payable.

(d) A Participant's Account shall consist of two sub-accounts, as applicable: (1) a sub-account which consists of (A) Base Annual Salary earned and vested as of December 31, 2001 and any earnings thereon, and (B) Incentive Awards earned as of December 31, 2001 and vested as of December 31, 2004 and any earnings thereon (with the total amounts described in (A) and (B) referred to as the "Grandfathered Account"), and (2) a sub-account which consists of (X) Base Annual Salary earned and vested on or after January 1, 2002 and any earnings thereon, and (Y) Incentive Awards earned on or after January 1, 2002 and vested on or after January 1, 2005 and any earnings thereon (with the amounts described in (X) and (Y) referred to as the "Non-Grandfathered Account"). Base Annual Salary, Incentive Awards and any earnings thereon that were earned in the Plan Years beginning January 1, 2002, January 1, 2003 and January 1, 2004 and that are credited to a Participant's Non-Grandfathered Account will be referred to herein as "2002-2004 Deferrals".

For the avoidance of doubt, the Grandfathered Account consists of deferrals and earnings attributable to Plan Years (also referred to as class years) beginning on or before January 1, 2001 and the Non-Grandfathered Account consists of deferrals and earnings attributable to Plan Years beginning on or after January 1, 2002.

5. Deferral Requirements.

(a) Plan Years Beginning On or After January 1, 2006. A Participant's Deferral Amounts under the Plan for Plan Years beginning on or after January 1, 2006 will be paid in one lump-sum payment to such Participant in the January of the Plan Year that follows the Plan Year in which the Participant has a Separation from Service (as defined in Section 409A(a)(2)(A)(i) of the Code and its corresponding regulations) with the Corporation and its affiliates, unless the Participant elects as part of his Election during the Open Enrollment Period that the Deferral Amounts for the Plan Year will instead be paid in substantially equal annual installments (not to exceed ten) if he has a Separation from Service with the Corporation and its affiliates on or after he attains age 55 and has completed ten Years of Service (as defined below), in which case the first installment shall commence in the January of the Plan Year that follows the Plan Year in which the Participant has a Separation from Service and each remaining installment will be paid to the Participant in each succeeding January.

Notwithstanding the foregoing, if at the time of the Participant's Separation from Service, the Participant is a Specified Employee (as defined below) the payments provided in the preceding paragraph shall be paid (or commence in the case of installments) in (i) the January of the Plan Year that follows the Plan Year in which the Participant's Separation from Service with the Corporation and its affiliates occurs, if the Participant's Separation from Service with the Corporation and its affiliates occurs prior to July 1 of such Plan Year, or (ii) the July of the Plan Year that follows the Plan Year in which the Participant's Separation from Service with the Corporation and its affiliates occurs, if the Participant's Separation from Service with the Corporation and its affiliates occurs after June 30 of such Plan Year. If the Participant elected to receive his distribution in the form of installment payments, after the first payment is made pursuant to the immediately preceding sentence, each subsequent installment will be paid to the Participant in the January of each Plan Year that follows until all installments are paid to the Participant.

Notwithstanding the foregoing, if the Participant dies after the Separation from Service but before the end of the Plan Year in which the Separation from Service occurs, or if a Specified Employee dies before the payment date described in the preceding paragraph, the Participant's beneficiary will receive the payment or payments in a lump sum within 60 days of the date of the Participant's death.

For purposes of this Plan, the term (i) "Years of Service" shall be determined using the Participant's most-recent adjusted service date, as reflected at the Participant's Separation from Service in the Company's records, and (ii) "Specified Employee" shall mean any Participant who, at any time during the twelve (12) month period ending on the identification

date, is a specified employee under Section 409A of the Code, which determination of “specified employees,” including the number and identity of persons considered “specified employees” and the identification date, shall be made by the Vice President – Compensation and Benefits (or his delegate) in accordance with the provisions of Sections 416(i) and 409A of the Code and the regulations issued thereunder.

(b) 2005 Plan Year. For the 2005 Plan Year, a Participant’s Deferral Amounts under the Plan for such Plan Year will be paid in one lump-sum payment to such Participant in the January of the Plan Year that follows the Plan Year in which the Participant has a Separation from Service with the Corporation and its affiliates, unless the Participant elected on his Election during the Open Enrollment Period that the Deferral Amounts for such Plan Year will instead be paid to such Participant at a Specified Time (as such term is defined in Section 409A(a)(2)(A)(iv) of the Code and its corresponding regulations), provided that the Specified Time is no sooner than January of the 2009 Plan Year (unless the Committee approved at the time of such election a shorter period of deferral) and in up to 15 annual installments.

Notwithstanding the foregoing, if at the time of the Participant’s Separation from Service the Participant is entitled to payment of the amounts deferred for the 2005 Plan Year because of his Separation from Service (and not because of the Specified Time designated, if any) and the Participant is a Specified Employee, the payments provided in the immediately preceding sentence on account of Separation from Service shall be paid (or commence payment in the case of installments) in (i) the January of the Plan Year that follows the Plan Year in which the Participant’s Separation from Service with the Corporation and its affiliates occurs, if the Participant’s Separation from Service with the Corporation and its affiliates occurs prior to July 1 of such Plan Year, or (ii) the July of the Plan Year that follows the Plan Year in which the Participant’s Separation from Service with the Corporation and its affiliates occurs, if the Participant’s Separation from Service with the Corporation and its affiliates occurs after June 30 of such Plan Year. Payment on account of a Specified Time shall be paid (or commence payment in the case of installments) to the Participant in January of the Plan Year elected by the Participant.

If the Participant elected to receive his distribution in the form of installment payments, after the first payment is made pursuant to the immediately preceding paragraph, each subsequent installment will be paid to the Participant in the January of each Plan Year that follows until all installments are paid to the Participant. Notwithstanding anything to the contrary in this Paragraph 5(b), if the Participant dies after the Separation from Service, but before the end of the Plan Year in which the Separation from Service occurs or if a Specified Employee dies before the payment date described in the preceding paragraph, the Participant’s beneficiary will receive the payment or payments in a lump sum within 60 days of the date of the Participant’s death.

(c) Plan Years Beginning Before January 1, 2005.

(i) Grandfathered Accounts. A Participant’s Deferral Amounts credited to a Participant’s Grandfathered Account under the Plan for Plan Years beginning before

January 1, 2005 shall be paid as soon as practicable during the month of January following the calendar year in which the Participant terminates employment; provided, however, amounts deferred under the Plan may be paid at such other date permitted to be designated by the Participant that provides for a minimum period of deferral of at least three years or such shorter period as may be approved by the Committee, which election was made at the time the Participant made the deferral election for such Plan Years. The Participant also elected at such time to receive such distribution in one lump-sum payment or in a number of substantially equal annual installments (provided the payment period may not include more than 30 such installments).

The lump-sum or the first installment shall be paid as soon as practicable during the month of January of the calendar year following termination of employment or such other calendar year validly designated by the Participant. Except as otherwise provided in Paragraphs 9, 10, and 11, all installment payments following the initial installment payment shall be paid in cash as soon as practicable during the month of January of each succeeding calendar year until the entire amount in the Account shall have been paid.

Notwithstanding the foregoing, in the event a Participant's employment with the Corporation is terminated either voluntarily (other than on account of retirement as defined in the qualified pension plan in which the Participant participates or for "good reason" under any applicable severance plan of the Corporation) or for "gross cause" (as defined in the AlliedSignal Inc. Severance Plan for Senior Executives), the Participant's Deferral Amounts for performance years beginning after 1997 for amounts deferred under Paragraph 4(a) hereof or after 1998 for amounts deferred under Paragraph 4(b) hereof (including any notional interest credited thereto) shall be distributed in a lump sum as soon as practicable in January of the calendar year following such termination of employment. Except as otherwise provided in Paragraph 5(d) or Paragraphs 9 or 10 or as approved by the Committee, no amount shall be withdrawn from a Participant's Account prior to the last day of the calendar year in which the Deferral Amounts were earned; the date the Participant reaches normal retirement age and is eligible to receive a benefit under a pension plan of the Corporation or one of its affiliates; the date of the Participant's death; or the date the Participant ceases to be employed by the Corporation or any of its affiliates.

(ii) Non-Grandfathered Accounts. A Participant's 2002-2004 Deferrals shall be paid during the month of January following the calendar year in which the Participant has a Separation from Service; provided, however, a Participant's 2002-2004 Deferrals may be paid at a Specified Time designated by the Participant that provides for a minimum period of deferral of at least three years or such shorter period as may have been approved by the Committee, which election was made prior to January 1 for the applicable Plan Year. The Participant also elected at such time to receive such distribution in one lump-sum payment or in a number of substantially equal annual installments (not exceeding 15).

Notwithstanding the foregoing, if at the time of the Participant's Separation from Service the Participant is entitled to payment of the 2002-2004 Deferrals because of his Separation from Service (and not because of the Specified Time designated, if any) and the Participant is a Specified Employee, the payments provided in the immediately preceding sentence on account of Separation from Service shall be paid (or commence payment in the case of installments) in (i) the January of the Plan Year that follows the Plan Year in which the Participant's Separation from Service with the Corporation and its affiliates occurs, if the Participant's Separation from Service with the Corporation and its affiliates occurs prior to July 1 of such Plan Year, or (ii) the July of the Plan Year that follows the Plan Year in which the Participant's Separation from Service with the Corporation and its affiliates occurs, if the Participant's Separation from Service with the Corporation and its affiliates occurs after June 30 of such Plan Year. Payment on account of a Specified Time shall be paid (or commence payment in the case of installments) to the Participant in January of the Plan Year elected by the Participant.

If the Participant elected to receive his distribution in the form of installment payments, after the first payment is made pursuant to the immediately preceding paragraph, each subsequent installment will be paid to the Participant in the January of each Plan Year that follows until all installments are paid to the Participant. Notwithstanding anything to the contrary in this subparagraph 5(c)(ii), if the Participant dies after the Separation from Service, but before the end of the Plan Year in which the Separation from Service occurs or if a Specified Employee dies before the payment date described in the preceding paragraph, the Participant's beneficiary will receive the payment or payments in a lump sum within 60 days of the date of the Participant's death.

(d) In-Service Withdrawal. A Participant may request an immediate withdrawal of all or a portion of the Deferral Amounts credited to a Participant's Grandfathered Account prior to the date described in subparagraph 5(c)(i) or prior to the date such portion of the Grandfathered Account has been completely withdrawn, provided that such a request and withdrawal shall be subject to the approval of the Corporation and such penalties, restrictions or conditions as may be established by the Corporation from time to time. The penalty shall be a percentage of the amount requested to be withdrawn, calculated as the difference between (a) 6%, and (b) 50% of the amount, if any, by which 10% exceeds the interest rate on 10-year U.S. Treasury Bonds on the first business day of the calendar quarter during which the withdrawal request is made.

6. Interest Equivalents. Deferral Amounts shall accrue additional amounts equivalent to interest ("Interest Equivalents"), compounded daily, from the date the Deferral Amount is credited to the Account to the date of distribution as set forth in this Paragraph 6.

(a) Non-Grandfathered Deferral Amounts.

(i) Deferral Amounts Credited for Plan Years On and After January 1, 2006. Deferral Amounts credited to a Participant's Non-Grandfathered Account for Plan Years beginning on or after January 1, 2006, and Deferral Amounts under Paragraph 4(a)

credited to a Participant's Non-Grandfathered Account in 2006 for the Election filed by the Participant for the 2005 Plan Year, shall accrue Interest Equivalents at an annual rate based upon the cost to the Corporation of borrowing at a fixed rate for a 15-year term. Such rate is subject to change from Plan Year to Plan Year with respect to amounts credited to a Participant's Non-Grandfathered Account for a particular Plan Year and shall be determined annually by the Chief Financial Officer of the Corporation in consultation with the Treasurer of the Corporation prior to January 1 of each Plan Year. Interest Equivalents described in this clause (i) shall be vested at the time such amounts are credited to the Participant's Non-Grandfathered Account. All Interest Equivalents credited to the Participant's Non-Grandfathered Account pursuant to this clause (i) shall be paid at the same time and in the same form as the corresponding Deferral Amounts for which the Interest Equivalents relate. The rate of notional interest established hereunder is set forth on Schedule A attached hereto and made a part hereof.

(ii) Deferral Amounts Credited for the 2005 Plan Year. Deferral Amounts under Paragraph 4(b) credited to a Participant's Non-Grandfathered Account in the 2005 Plan Year for the Election filed by the Participant for the 2005 Plan Year shall accrue Interest Equivalents at a single rate established by the Committee, in its sole discretion. Such rate is subject to change from Plan Year to Plan Year with respect to amounts credited to a Participant's Non-Grandfathered Account for the 2005 Plan Year and shall be determined annually by the Chief Financial Officer of the Corporation in consultation with the Treasurer of the Corporation prior to January 1 of each Plan Year.

The rate of notional interest established hereunder is set forth on Schedule A attached hereto and made a part hereof. Any portion of such rate designated as the "Contingent Rate" became nonforfeitable only if the Participant was still employed by the Corporation or any affiliate at the end of the third full calendar year in which the Deferral Amount related; provided, however, if a Participant terminated employment with the Corporation or an affiliate prior to such date for reasons other than gross cause, the Committee treated such portion as nonforfeitable if the Participant's employment with the Corporation or an affiliate was involuntarily terminated (including a termination for "good reason" under any applicable severance plan of the Corporation or an affiliate) or terminated for such reasons as the Committee determined from time to time in its sole discretion. All Interest Equivalents credited to the Participant's Non-Grandfathered Account pursuant to this clause (ii) shall be paid at the same time and in the same form as the corresponding Deferral Amounts for which the Interest Equivalents relate.

(iii) 2002-2004 Deferrals. 2002-2004 Deferrals shall accrue Interest Equivalents at a single rate established by the Committee, in its sole discretion. The rate established by the Committee did not exceed the greater of (i) 10% or (ii) 200% of the 10-year U.S. Treasury Bond rate at the time of determination. Such Interest Equivalents, once established for a Plan Year, shall remain in effect with respect to Deferral Amounts credited to the Participant's Non-Grandfathered Account for each such Plan Year until the Deferral Amounts are distributed.

The rate of notional interest established hereunder is set forth on Schedule A attached hereto and made a part hereof. Any portion of such rate designated as the "Contingent Rate" became nonforfeitable only if the Participant was still employed by the Corporation or any affiliate at the end of the third full calendar year in which the Deferral Amount related, provided, however, if a Participant had a Separation from Service with the Corporation or an affiliate before such date for reasons other than gross cause, the Committee treated such portion as nonforfeitable if the Participant's employment with the Corporation or an affiliate was involuntarily terminated (including a termination for "good reason" under any applicable severance plan of the Corporation or an affiliate) or was terminated for such reasons as the Committee determined from time to time in its sole discretion.

Notwithstanding the preceding sentence, if a Participant withdrew any portion of the Deferral Amount before the end of the third full calendar year following the calendar year to which the Deferral Amount relates, the amount of Contingent Rate interest credited with respect to such Deferral Amount at the time of withdrawal remains credited to such Account subject to the provisions of the preceding sentence but shall not be credited with any Interest Equivalents after such date ("Frozen Contingent Interest"). Notwithstanding anything in the Plan to the contrary, from and after the occurrence of a Change in Control (as defined below), the rate at which Deferral Amounts accrue Interest Equivalents may not be decreased.

(b) Grandfathered Deferral Amounts. Deferral Amounts credited to a Participant's Grandfathered Account shall accrue Interest Equivalents at a single rate established by the Committee, in its sole discretion, for all Deferral Amounts credited to such Grandfathered Account in each calendar year. The rate established by the Committee did not exceed the greater of (i) 10% or (ii) 200% of the 10-year U.S. Treasury Bond rate at the time of determination. Such Interest Equivalents, once established for a Plan Year, shall remain in effect with respect to Deferral Amounts credited to the Participant's Grandfathered Account during such Plan Year until the Deferral Amounts are distributed.

The rate of notional interest established hereunder is set forth on Schedule A attached hereto and made a part hereof. Any portion of such rate designated as the "Contingent Rate" became nonforfeitable only if the Participant was still employed by the Corporation or any affiliate at the end of the third full calendar year in which the Deferral Amount relates, provided, however, if a Participant terminated employment with the Corporation or an affiliate before such date for reasons other than gross cause, the Committee treated such portion as nonforfeitable if the Participant's employment with the Corporation or an affiliate was involuntarily terminated (including a termination for "good reason" under any applicable severance plan of the Corporation or an affiliate) or was terminated for such reasons as the Committee determined from time to time in its sole discretion.

Notwithstanding the preceding paragraph, if a Participant withdrew any portion of the Deferral Amount before the end of the third full calendar year following the calendar year to which the Deferral Amount relates, the amount of Contingent Rate interest credited with respect

to such Deferral Amount at the time of withdrawal became Frozen Contingent Interest. Notwithstanding anything in the Plan to the contrary, from and after the occurrence of a Change in Control, the rate at which Deferral Amounts accrue Interest Equivalents may not be decreased.

7. Participant Accounts. All amounts credited to a Participant's Account pursuant to Paragraphs 4 and 6 shall be unfunded general obligations of the Corporation, and no Participant shall have any claim to or security interest in any asset of the Corporation on account thereof.

8. Distribution from Accounts.

(a) Plan Years Beginning On and After January 1, 2006. Deferral Amounts and corresponding Interest Equivalents for Plan Years beginning on and after January 1, 2006 shall be paid to the Participant at the time and in the form as elected by the Participant on his Election for such Plan Year in accordance with the requirements of Paragraph 5(a).

(b) 2005 Plan Year. Deferral Amounts and corresponding Interest Equivalents for the Plan Year beginning on January 1, 2005 shall be paid to the Participant at the time and in the form as elected by the Participant on his Election for such Plan Year in accordance with the requirements of Paragraph 5(b).

(c) Plan Years Beginning Prior to January 1, 2005.

(i) Grandfathered Accounts. Deferral Amounts and corresponding Interest Equivalents credited to a Participant's Grandfathered Account shall be paid to a Participant at the time and in the form as elected by the Participant on his Election for such Plan Years in accordance with the requirements of subparagraph 5(c)(i).

(ii) Non-Grandfathered Accounts. 2002-2004 Deferrals shall be paid to a Participant at the time and in the form as elected by the Participant on his Election for such Plan Years in accordance with the requirements of subparagraph 5(c)(ii).

(iii) Special Election Change Applicable to Grandfathered Accounts. The Corporation may from time to time allow Participants to request new elections with respect to the distribution of Deferral Amounts and Interest Equivalents credited to their Grandfathered Accounts (other than any such amounts currently payable to a Participant). The Corporation shall reserve the right to accept or reject any such request at any time and such election shall be subject to such restrictions and limitations as the Corporation shall determine in its sole discretion, provided that any new election shall generally be required to be made at least 12 months prior to any scheduled payment date.

(d) Type of Distribution. All distributions from this Plan shall be paid in cash.

9. Distribution on Death. If a Participant dies after payments under this Plan have commenced but before all amounts credited to the Participant's Account have been distributed, the balance in the Account shall be paid as soon as practicable thereafter to the beneficiary

designated in writing by the Participant, but not later than 60 days after the date of the Participant's death. Payment to a beneficiary pursuant to a designation by a Participant shall be made in one lump sum cash payment. Such beneficiary designations shall be effective when received by the Corporation, and shall remain in effect until rescinded or modified by the Participant by an appropriate written direction.

Separate beneficiary designations shall be made for Incentive Awards deferred under Paragraph 4(a) and Interest Equivalents credited on such amounts and for Base Annual Salary deferred under Paragraph 4(b) and Interest Equivalents credited on such amounts. If no beneficiary is properly designated by the Participant for one or both portions of the Account, or if the designated beneficiary has predeceased the Participant, such balance in the applicable portion of the Account shall be paid to the estate of the Participant.

10. Payment in the Event of Hardship. For Deferral Amounts and Interest Equivalents credited to a Participant's Grandfathered Account, upon receipt of a request from a Participant, delivered in writing to the Corporation along with a hardship distribution form and supporting documentation of the hardship, the Senior Vice President – Human Resources and Communications (or his designee), may cause the Corporation to accelerate (or require the subsidiary of the Corporation which employs or employed the Participant to accelerate) payment of all or any part of the Deferral Amount and Interest Equivalents credited to the Participant's Account, if it finds in its sole discretion that payment of such amounts in accordance with the Participant's prior election under Paragraph 4 hereof would result in severe financial hardship to the Participant and such hardship is the result of an unforeseeable emergency caused by circumstances beyond the control of the Participant. An "unforeseeable emergency" means a severe financial hardship to the Participant resulting from (1) an illness or accident that occurs to the Participant, the Participant's spouse or the Participant's dependent (as defined in section 152(a) of the Code), (2) loss of the Participant's property due to casualty, or (3) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the Participant's control. The amount withdrawn cannot exceed the amount necessary to satisfy the emergency and estimated taxes the Participant will incur as a result of such distribution. Acceleration of payment may not be made under this Paragraph 10 to the extent that such hardship is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, or (ii) by liquidation of the Participant's assets, to the extent the liquidation of assets would not itself cause severe financial hardship.

11. Change in Control.

(a) Initial Lump Sum Election. Notwithstanding any election made pursuant to Paragraphs 4 and 5 hereof, a Participant (i) may file a written election with the Corporation to have the Deferral Amounts and Interest Equivalents credited to the Participant's Grandfathered Account paid in one lump-sum payment as soon as practicable following a Change in Control (as defined below), but in no event later than 90 days after such Change in Control, and (ii) may designate in his Election during the Open Enrollment Period for a particular Plan Year that Deferral Amounts and Interest Equivalents credited to the Participant's Non-Grandfathered Account for such Plan Year be paid in one lump-sum payment within 90 days after such Change

in Control. The Interest Equivalents on any Deferral Amount payable pursuant to this Paragraph 11(a) shall include the “Contingent Rate” credited to such Deferral Amount without regard to whether such amount has become nonforfeitable as provided in Paragraph 6 at the time the applicable Change in Control occurs.

(b) Revocation of Lump-Sum Election. A Participant may revoke an election made pursuant to clause (i) of Paragraph 11(a) (including an election not to be paid in one lump sum upon a Change in Control), but only for amounts credited to a Participant’s Grandfathered Account, by filing an appropriate written notice with the Corporation. A revocation notice filed pursuant to this Paragraph 11(b) shall be subject to such terms and conditions as the Corporation shall establish and shall be effective with respect to all of the Deferral Amounts and Interest Equivalents credited to a Participant’s Grandfathered Account. Any such election shall be subject to such restrictions and limitations as the Corporation shall determine in its sole discretion.

(c) Limitations on Elections. For purposes of a Participant’s election with respect to amounts covered by clause (i) of Paragraph 11(a) or a revocation of such election pursuant to Paragraph 11(b), such election shall not be effective unless filed with the Corporation at least 90 days prior to a Change in Control.

(d) Definition of Change in Control. For Plan Years beginning after April 1, 2018 and for purposes of the Plan, “Change in Control” means (a) any one person, or more than one person acting as a group (as defined under U.S. Department of Treasury Regulation (“Treasury Regulation”) § 1.409A-3(i)(5)(v)(B)) acquires ownership of stock of the Corporation that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Corporation; or (b) any one person, or more than one person acting as a group (as defined under Treasury Regulation § 1.409A-3(i)(5)(v)(B)) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Corporation possessing 30 percent or more of the total voting power of the stock of the Corporation; or (c) a majority of members of the Board of Directors of the Corporation (the “Board”) is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election; or (d) any one person, or more than one person acting as a group (as defined in Treasury Regulation § 1.409A-3(i)(5)(v)(B)) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Corporation and its subsidiaries on a consolidated basis that have a total gross fair market value equal to or more than 40 percent of the total gross fair market value of all of the assets of the Corporation and its subsidiaries on a consolidated basis immediately before such acquisition or acquisitions. For purposes of clause (d), “gross fair market value” means the value of the assets of the Corporation and its subsidiaries on a consolidated basis, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. The foregoing clauses (a) through (d) shall be interpreted in a manner that is consistent with the Treasury Regulations promulgated pursuant to Section 409A of the Code so that all, and only, such transactions or events that could qualify as a “change in control event” within the meaning of Treasury

Regulation § 1.409A-3(i)(5)(i) shall be deemed to be a Change in Control for purposes of this Plan.

12. Administration.

(a) Plan Administrator. The Plan Administrator and “named fiduciary” for purposes of the Employee Income Retirement Security Act of 1974, as amended (“ERISA”) shall be the Senior Vice President-Human Resources and Communications of the Corporation (or the person acting in such capacity in the event such position is abolished, restructured or renamed). The Plan Administrator shall have the authority to appoint one or more other named fiduciaries of the Plan and to designate persons, other than named fiduciaries, to carry out fiduciary responsibilities under the Plan, pursuant to Section 405(c)(1)(B) of ERISA. Any person acting on behalf of the Plan Administrator shall serve without additional compensation. The Plan Administrator shall keep or cause to be kept such records and shall prepare or cause to be prepared such returns or reports as may be required by law or necessary for the proper administration of the Plan.

(b) Powers and Duties of Plan Administrator. The Plan Administrator shall have the full discretionary power and authority to construe and interpret the Plan (including, without limitation, supplying omissions from, correcting deficiencies in, or resolving inconsistencies or ambiguities in, the language of the Plan); to determine all questions of fact arising under the Plan, including questions as to eligibility for and the amount of benefits; to establish such rules and regulations (consistent with the terms of the Plan) as it deems necessary or appropriate for administration of the Plan; to delegate responsibilities to others to assist it in administering the Plan; to retain attorneys, consultants, accountants or other persons (who may be employees of the Corporation or its subsidiaries) to render advice and assistance as it shall determine to be necessary to effect the proper discharge of any duty for which it is responsible; and to perform all other acts it believes reasonable and proper in connection with the administration of the Plan. The Plan Administrator shall be entitled to rely on the records of the Corporation and its subsidiaries in determining any Participant’s entitlement to and the amount of benefits payable under the Plan. Any determination of the Plan Administrator, including interpretations of the Plan and determinations of questions of fact, shall be final and binding on all parties.

(c) Indemnification. To the extent permitted by law, the Corporation shall indemnify the Plan Administrator from all claims for liability, loss, or damage (including payment of expenses in connection with defense against such claims) arising from any act or failure to act in connection with the Plan.

13. Claims Procedures and Appeals.

(a) A written request for a Plan benefit is a claim and the person making such claim is a claimant. Any claim must be made in writing and shall be deemed to be filed by a claimant when a written request is made by the claimant or the claimant’s authorized representative which is reasonably calculated to bring the claim to the attention of the Plan Administrator.

(b) The Plan Administrator shall provide notice in writing to any claimant when a claim for benefits under the Plan has been denied in whole or in part. Such notice shall be provided within 90 days of the receipt by the Plan Administrator of the claimant's claim or, if special circumstances require, and the claimant is so notified in writing, within 180 days of the receipt by the Plan Administrator of the claimant's claim. The notice shall be written in a manner calculated to be understood by the claimant and shall:

(i) set forth the specific reasons for the denial of benefits;

(ii) contain specific references to Plan provisions relative to the denial;

(iii) describe any material and information, if any, necessary for the claim for benefits to be allowed, that had been requested, but not received by the Plan Administrator;

(iv) advise the claimant that any appeal of the Plan Administrator's adverse determination must be made in writing to the Plan Administrator within 60 days after receipt of the initial denial notification, and must set forth the facts upon which the appeal is based; and

(v) advise the claimant of his right to bring a civil action under Section 502(a) of ERISA, following an adverse benefit determination on review.

(c) When a claimant receives notice of denial of a claim or does not receive notification of acceptance or denial within 90 days after submitting a claim, the claimant, either in person or by duly authorized representative, may:

(i) request, in writing, a review of the claim by the Plan Administrator;

(ii) review pertinent documents relating to the denial;

(iii) submit issues and comments in writing; and

(iv) request, in writing, a hearing with the Plan Administrator; provided that the claimant takes appropriate action within 60 days after receiving notice of denial.

(d) The Plan Administrator shall make its decision with respect to a claim review promptly, but not later than 60 days after receipt of the request. Such 60-day period may be extended for another period of 60 days if the Plan Administrator reviewing the claim finds that special circumstances require an extension of time for processing.

(e) The final decision of the Plan Administrator shall be in writing, (i) give specific reason(s) for the adverse decision, (ii) make specific references to the pertinent Plan provisions on which the decision is based, (iii) include a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and

other information relevant to the claimant's claim for benefits, and (iv) a statement describing any voluntary appeals procedures offered by the Plan and the claimant's right to obtain information about such procedures, and a statement of the claimant's right to bring an action under Section 502(a) of ERISA. All interpretations, determinations and decisions of the Plan Administrator in respect of any claim shall be made in its sole discretion based on the applicable Plan documents and shall be final, conclusive and binding on all parties.

(f) A claimant or potential claimant must file a claim with the Plan Administrator no later than one (1) year after the claimant or potential claimant knows, or should have known, the principal facts upon which their claim is based. Any legal action in connection with the Plan must be brought in the Federal District Court of New Jersey within the six (6) month period beginning on the date the claimant's claim and appeal rights are exhausted.

14. Miscellaneous.

(a) No Alienation of Benefits. Except insofar as may otherwise be required by law, no amount payable at any time under the Plan shall be subject in any manner to alienation by anticipation, sale, transfer, assignment, bankruptcy, pledge, attachment, charge, or encumbrance of any kind nor in any manner be subject to the debts or liabilities of any person and any attempt to so alienate or subject any such amount, whether presently or thereafter payable, shall be void. If any person shall attempt to, or shall alienate, sell, transfer, assign, pledge, attach, charge, or otherwise encumber any amount payable under the Plan, or any part thereof, or if by reason of such person's bankruptcy or other event happening at any such time such amount would be made subject to the person's debts or liabilities or would otherwise not be enjoyed by that person, then the Corporation, to the extent permitted under Section 409A of the Code, if it so elects, may direct that such amount be withheld and that same or any part thereof be paid or applied to or for the benefit of such person, the person's spouse, children or other dependents, or any of them, in such manner and proportion as the Corporation may deem proper.

(b) No Right or Interest in Corporation's Assets. Neither the Corporation nor any of its affiliates shall be required to reserve or otherwise set aside funds for the payment of obligations arising under this Plan. The Corporation may, in its sole discretion, establish funds, segregate assets or take such other action as it shall determine necessary or appropriate to secure the payment of its obligations arising under this Plan. This Plan is intended to be unfunded for tax purposes and for purposes of Title I of the ERISA. Nothing contained herein, and no action taken pursuant to the provisions of this Plan shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Corporation and any Participant or any other person. To the extent that any person acquires a right to receive payments under this Plan, such right shall be no greater than the right of an unsecured creditor of the Corporation.

(c) Amendment. The Corporation may amend, modify or terminate the Plan at any time, or from time to time; provided, however, that no change to the Plan shall impair the right of any Participant with respect to amounts then credited to an Account; and further provided that during a Potential Change in Control Period (as defined in Paragraph 14(i) hereof) and from and after the occurrence of a Change in Control, the Plan may not, without the consent of the

Participant, be amended in any manner which would adversely affect such Participant's rights and expectations with respect to Deferral Amounts credited to such Participant's Account immediately prior to such amendment, unless an amendment is required to comply with the requirements of Section 409A of the Code.

(d) Accounting. Each Participant shall receive periodic statements (not less frequently than annually) setting forth the cumulative Deferral Amounts and Interest Equivalents credited to, and any distributions from, the Participant's Account.

(e) Facility of Payments. If the Corporation shall find that any person to whom any amount is payable under the Plan is unable to care for his affairs because of illness or accident, or is a minor, or has died, then any payment due the person or the person's estate (unless a prior claim therefore has been made by a duly appointed legal representative), may, if the Corporation so elects in its sole discretion, be paid to the person's spouse, a child, a relative, an institution having custody of such person, or any other person deemed by the Corporation to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Corporation and the Plan therefore.

(f) Offset. To the maximum extent permitted under Section 409A of the Code and its corresponding regulations, if a Participant becomes entitled to a distribution of benefits under the Plan, and if at such time the Participant has outstanding any debt, obligation, or other liability representing an amount owing to the Corporation or any participating affiliate, then the Corporation may offset such amount owed to the Corporation or the participating affiliate against the amount of benefits otherwise distributable. Such determination shall be made by the Plan Administrator.

(g) Governing Law. The Plan is intended to constitute an unfunded deferred compensation arrangement for a select group of management or highly compensated personnel and all rights thereunder shall be governed by and construed in accordance with the laws of New Jersey.

(h) Withholding Taxes. The Corporation may make such provisions and take such action as it may deem necessary or appropriate for the withholding of any taxes which the Corporation or one of its affiliates is required by any law or regulation of any governmental authority, whether Federal, state, local or foreign, to withhold in connection with any benefits under the Plan, including, but not limited to, the withholding of appropriate sums from any amount otherwise payable to the Participant (or his beneficiary). Each Participant, however, shall be responsible for the payment of all individual tax liabilities relating to any such benefits.

(i) Potential Change in Control Period. A "Potential Change in Control Period" shall commence when: (i) the Corporation enters into an agreement, the consummation of which would result in the occurrence of a Change in Control; (ii) the Corporation or any person or group publicly announces an intention to take or to consider taking actions which, if consummated, would result in a Change in Control; (iii) any person or group (other than the Corporation, any subsidiary or any savings, pension or other benefit plan for the benefit of

employees of the Corporation or its subsidiaries) becomes the beneficial owner, directly or indirectly, of securities of the Corporation representing 15% or more of either the then outstanding shares of common stock of the Corporation or the combined voting power of the Corporation's then outstanding securities (not including in the securities beneficially owned by such person or group any securities acquired directly from the Corporation or its affiliates); or (iv) the Board adopts a resolution to the effect that, for purposes of the Plan, a Potential Change in Control Period has commenced. The Potential Change in Control Period shall continue until the earlier of (A) a Change in Control, or (B) the adoption by the Board of a resolution stating that, for purposes of the Plan, the Potential Change in Control Period has expired.

(j) Section 409A. The Plan is intended to comply with the applicable requirements of Section 409A of the Code and its corresponding regulations and related guidance with respect to amounts credited to the Non-Grandfathered Accounts of Participants, and shall be administered in accordance with Section 409A of the Code with respect to such Accounts. Notwithstanding anything in the Plan to the contrary, elections to defer compensation into Non-Grandfathered Accounts under the Plan, and distributions of Non-Grandfathered Accounts, may only be made in a manner and upon an event permitted by Section 409A of the Code. To the extent that any provision of the Plan would cause a conflict with the requirements of Section 409A of the Code, or would cause the administration of the Plan to fail to satisfy the requirements of Section 409A of the Code, such provision shall be deemed null and void to the extent permitted by applicable law. Other than a valid Election, in no event shall a Participant, directly or indirectly, designate the calendar year of payment with respect to Non-Grandfathered Accounts. For avoidance of doubt, deferrals under the Plan are maintained on a Plan Year basis.

**SCHEDULE A
NOTIONAL INTEREST RATES**

Deferred Incentive Awards

The following chart applies to: (A) Executive level employees for awards earned and deferred in and after 2014, (B) all employees for awards earned and deferred between 2003 and 2013, and (C) Band 6 and above employees for awards earned and deferred before 2003.

<u>Year Award Earned</u>	<u>Vested Rate</u>	<u>Contingent Rate</u>	<u>Total Rate</u>
1975 – 1992	Treasury bills +	N/A	Treasury bills +
	3%*	N/A	3%*
1993 – 1997	10%	N/A	10%
1998 – 2000	8%	3%	11%
2001- 2002	7%	3%	10%
2003	3%	5%	8%
2004 initial rate	3%	5%	8%
2005 initial rate **	8%**	N/A	8%**
2006 initial rate **	5.8%**	N/A	5.8%**
2007 initial rate **	5.8%**	N/A	5.8%**
2008 initial rate **	6.3%**	N/A	6.3%**
2009 initial rate **	7.2%**	N/A	7.2%**
2010 initial rate **	4.8%**	N/A	4.8%**
2011 initial rate **	3.84%**	N/A	3.84%**
2012 initial rate **	3.65%**	N/A	3.65%**
2013 initial rate **	2.90%**	N/A	2.90%**
2014 initial rate **	4.09%**	N/A	4.09%**
2015 initial rate **	3.66%**	N/A	3.66%**
2016 initial rate **	3.64%**	N/A	3.64%**
2017 initial rate **	2.69%**	N/A	2.69%**
2018 initial rate **	3.38%**	N/A	3.38%**

*/Three-month Treasury bill average rate for the immediately preceding calendar quarter as reported by the Federal Reserve Bank; rate changes each calendar quarter.

**/For periods on and after January 1, 2006, rate is based on the Corporation's 15-year borrowing rate and is subject to change annually.

Deferred Incentive Awards

The following chart applies to all employees other than Band 6 and above for awards earned and deferred before 2003.

<u>Year Award Earned</u>	<u>Vested Rate</u>	<u>Contingent Rate</u>	<u>Total Rate</u>
1975 – 1997	Treasury bills +	N/A	Treasury bills +
	3%*	N/A	3%*
1998 - 2002	6%	3%	9%

*/Three-month Treasury bill average rate for the immediately preceding calendar quarter as reported by the Federal Reserve Bank; rate changes each calendar quarter.

Deferred Salary (Band 6 and Above)

<u>Year Salary Earned</u>	<u>Vested Rate</u>	<u>Contingent Rate</u>	<u>Total Rate</u>
1994 – 1998	10%	N/A	10%
1999 – 2001	8%	3%	11%
2002 - 2002	7%	3%	10%
2003	3%	5%	8%
2004	3%	5%	8%
2005 initial rate**	3%	5%	8%

**/For periods on and after January 1, 2006, rate is subject to change.

**SCHEDULE B
PROVISIONS RELATING TO
HONEYWELL INC. EXECUTIVE DEFERRED COMPENSATION PLAN**

1. History. Honeywell Inc., a predecessor of the Corporation, previously established a supplemental non-qualified plan named the Honeywell Executive Deferred Compensation Plan (the "Honeywell Plan"). The Honeywell Plan was created to establish rules for the deferral and payment of deferred compensation earned under the Honeywell Inc. bonus plans named the "Honeywell Corporate Executive Compensation Plan," the "Honeywell Senior Management Performance Incentive Plan," and the "Multi-Year Incentive Program."

The Honeywell Plan was last amended and restated effective June 1, 1999. This Schedule B covers any participant in the Honeywell Plan who has not received full payment of his benefit under the Honeywell Plan as of April 1, 2018. Benefit payments commencing before April 1, 2018 are governed by the terms of the Honeywell Plan as they existed prior to this amendment and restatement and are grandfathered from the requirements of Section 409A of the Code.

2. Definitions. For purposes of this Schedule B, the following definitions shall apply:

(a) Account shall mean an unfunded, bookkeeping account maintained for a participant including amounts originally deferred under the Honeywell Plan and interest credits made pursuant to Section 3 of this Schedule B (or comparable provisions of the Honeywell Plan).

3. Interest Credits. An interest credit shall be made to the participant's Account as of (a) each February 15, and (b) the date as of which any distribution is made from the participant's Account, for the year or portion thereof then ended based on the average daily balance of the Account for such year or portion thereof. The rate of interest shall be 120% of the long-term Applicable Federal Rate published under section 1274(d) of the Code for the month in which the interest credit is made to the Account.

4. Distributions. The following provisions shall apply to distributions under this Schedule B.

(a) Commencement. A participant's Account shall be paid or commenced as of March 31 of the year specified by the Participant and in effect as of December 31, 2004. Actual payment shall occur as soon as administratively feasible thereafter.

(b) Forms of Payment. Subject to the provisions herein, an Account shall be paid under this Schedule B in a series of ten (10) substantially equal annual installments. The participant may elect to receive any benefit payable under this Schedule B in an optional form of payment; provided, however, that such election will not be effective until the lapse of thirteen (13) months following the date on which the election is accepted by the Plan Administrator. The optional distribution forms under this Schedule B are a single lump sum or a series of

substantially equal annual installments of any number from two (2) to nine (9). To be effective, the election of an optional distribution form must be made in the form and manner prescribed by the Plan Administrator and must be accepted by the Plan Administrator. Notwithstanding the foregoing, distribution shall be made in a single lump sum payment if the participant's termination of employment occurs before the date the participant has both reached age fifty-five (55) and has accrued ten (10) years of credited service for vesting as defined in the Honeywell Retirement Benefit Plan (Supplement T) portion of the Honeywell Retirement Earnings Plan or its applicable predecessor plan.

(c) Acceleration of Distribution with Forfeiture. A participant or beneficiary who is receiving distributions under this Schedule B may at any time elect to receive the remaining Account balance in a lump sum payment less ten percent (10%) which shall be forfeited. Lump sum payments under this Section 4(c) shall be made within sixty (60) days after the election to accelerate distribution is received by the Plan Administrator.

(d) Financial Hardships. If a participant incurs an unforeseeable emergency, the participant may make a written request to the Plan Administrator for a hardship withdrawal from the participant's Account. An unforeseeable emergency is a severe financial hardship to the participant resulting from a sudden and unexpected illness or accident of the participant or a dependent (as defined in section 152(a) of the Code) of the participant, loss of the participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant and which cannot be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the participant's assets, to the extent that the liquidation of such assets would itself cause severe financial hardship. Withdrawals of amounts because of an unforeseeable emergency are only permitted to the extent reasonably needed to satisfy the emergency need. The existence of severe financial hardship shall be determined consistent with sections 1.457-2(h)(4) and (5) of the Treasury Regulations.

5. Survivor Benefits.

(a) Survivor Benefits. If a participant dies after termination of employment but before distribution commences under this Schedule B, the Account shall be paid to the participant's designated beneficiary or beneficiaries at the time and in the form the Account would have been payable to the participant if the participant had survived until the date distribution would have commenced. If a participant dies after distribution commences under this Schedule B (or the terms of the prior Honeywell Plan), the participant's designated beneficiary shall be paid the unpaid installments, if any, under the form of distribution elected by the participant.

(b) Designation of Beneficiary. A participant or surviving beneficiary may designate, in the manner required by the Plan Administrator, a beneficiary or beneficiaries to receive the Account under this Schedule B in the event of the participant's (or surviving beneficiary's) death. The participant (or surviving beneficiary) may change or revoke any such designation from time to time. No designation or revocation shall be effective unless executed by the

participant (or surviving beneficiary) and actually received by the Plan Administrator before the participant's (or surviving beneficiary's) death. If the participant or surviving beneficiary dies without an effective beneficiary designation for the Account under this Schedule B, payment shall be made to the beneficiary or beneficiaries determined under the rules in the Honeywell 401(k) Plan governing failure of beneficiary designation. The Plan Administrator shall be the sole judge of the content, interpretation and validity of a purported beneficiary designation.

HONEYWELL INTERNATIONAL INC.
STATEMENT RE: COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
Three Months Ended
March 31, 2018
(Dollars in millions)

Determination of Earnings:	
Income before taxes	\$ 1,909
Add (Deduct):	
Amortization of capitalized interest	5
Fixed charges	92
Equity income, net of distributions	(11)
Total earnings, as defined	<u>\$ 1,995</u>
Fixed Charges:	
Rents ^(a)	\$ 9
Interest and other financial charges	83
	<u>92</u>
Capitalized interest	3
Total fixed charges	<u>\$ 95</u>
Ratio of Earnings to Fixed Charges	21.00

(a) Denotes the equivalent of an appropriate portion of rentals representative of the interest factor on all rentals other than for capitalized leases.

**CERTIFICATION PURSUANT TO
SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Darius Adamczyk, President and Chief Executive Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Honeywell International Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 20, 2018

By: /s/ Darius Adamczyk
Darius Adamczyk
President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas A. Szlosek, Senior Vice President and Chief Financial Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Honeywell International Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - e) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - a) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 20, 2018

By: /s/ Thomas A. Szlosek
Thomas A. Szlosek
Senior Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Honeywell International Inc. (the Company) on Form 10-Q for the period ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Darius Adamczyk, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 20, 2018

By: /s/ Darius Adamczyk
Darius Adamczyk
President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Honeywell International Inc. (the Company) on Form 10-Q for the period ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Thomas A. Szlosek, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 20, 2018

By: /s/ Thomas A. Szlosek
Thomas A. Szlosek
Senior Vice President and Chief Financial Officer