

Honeywell Reports Third Quarter 2015 Sales Of \$9.6 Billion; EPS Of \$1.60 Per Share; Confirms 2015 EPS Guidance At ~\$6.10, Up ~10%

- **Third Quarter EPS Up 9% Reported, Up 10% Normalized at 26.5% Tax Rate**
- **Core Organic Sales Growth 1%*; Segment Margin Improvement of 190 bps to 19.3%**
- **Reported Sales Down 5% Due to F/X, Lower Pass-Through Pricing (Resins & Chemicals)**
- **Announced Acquisition of Elster, A Leader in Thermal Gas Solutions and Metering Technology**

MORRIS PLAINS, N.J., Oct. 16, 2015 /PRNewswire/ -- Honeywell (NYSE: HON) today announced results for the third quarter of 2015:

Total Honeywell

(\$ Millions, except Earnings Per Share)

| | <u>3Q 2014</u> | <u>3Q 2015</u> | <u>Change</u> |
|--|----------------|----------------|---------------|
| Sales | 10,108 | 9,611 | (5%) |
| Segment Margin | 17.4% | 19.3% | 190 bps |
| Operating Income Margin | 16.2% | 18.3% | 210 bps |
| Earnings Per Share | \$1.47 | \$1.60 | 9% |
| Earnings Per Share (At 26.5% Tax Rate) | \$1.43 | \$1.57 | 10% |
| Cash Flow from Operations | 1,233 | 1,666 | 35% |
| Free Cash Flow ⁽¹⁾ | 974 | 1,389 | 43% |

(1) Cash Flow from Operations Less Capital Expenditures

"Honeywell delivered another strong quarter of earnings growth and exceptional margin expansion," said Honeywell Chairman and CEO Dave Cote. "On 1% core organic sales growth, segment margins expanded 190 basis points driven by new product introductions, our key process initiatives including HOS Gold, continued productivity improvements, and the benefits from ongoing restructuring projects. In a slower growth environment, we generated earnings growth of 10% when normalized for tax, reaching the high end of our EPS guidance range. This included \$34 million in net restructuring charges in the quarter, which position us for continued long-term margin expansion. In addition, Free Cash Flow for the quarter of \$1.4 billion increased 43%, with Free Cash Flow conversion of 110%. We are confirming our full-year EPS guidance at approximately \$6.10, representing estimated full-year earnings growth of approximately 10% and our sixth consecutive year of double-digit earnings growth. We also announced the \$5.1 billion acquisition of Elster in July, and are on track to close in the first quarter of 2016. Looking ahead to 2016, we're planning for a continuation of the slow growth macro environment, but we expect to deliver continued margin expansion and earnings outperformance driven by our balanced portfolio, relentless seed planting in new products and technologies, High Growth Region penetration, over \$300 million of funded restructuring, and the deployment of our key process initiatives."

2015 Full-Year Guidance

| | <u>Prior Guidance</u> | <u>Current Guidance</u> | <u>Change vs. 2014</u> |
|---------------------|-----------------------|-------------------------|-------------------------|
| Sales | \$39.0 - \$39.6B | ~\$38.7B | (~4%) |
| Core Organic Growth | ~3% | ~2% | |
| Segment Margin | 18.4% - 18.6% | ~18.8% | ~220 bps ⁽²⁾ |

| | | | |
|--|-----------------|----------------|-------------------------|
| Operating Income Margin (Ex-Pension MTM) | 17.5% - 17.7% | ~17.9% | ~280 bps ⁽³⁾ |
| Earnings Per Share (Ex-Pension MTM) | \$6.05 - \$6.15 | ~\$6.10 | ~10% |
| Free Cash Flow ⁽¹⁾ | \$4.2 - \$4.3B | \$4.2 - \$4.3B | 8% - 10% |

1. Cash Flow from Operations Less Capital Expenditures
2. Segment Margin ex-4Q14 \$184M OEM Incentives Up ~180 bps
3. Operating Margin ex-4Q14 \$184M OEM Incentives Up ~240 bps

Third Quarter Segment Performance

Aerospace

| (\$ Millions) | <u>3Q 2014</u> | <u>3Q 2015</u> | <u>% Change</u> |
|----------------|----------------|----------------|-----------------|
| Sales | 3,895 | 3,820 | (2%) |
| Segment Profit | 790 | 833 | 5% |
| Segment Margin | 20.3% | 21.8% | 150 bps |

- Sales for the third quarter were up 2% on a core organic basis, and were down 2% reported driven by the unfavorable impact of foreign currency and the Friction Materials divestiture. Commercial OE sales were up 4% on a core organic basis (3% reported) driven by strong Business and General Aviation (BGA) engine shipments. Commercial Aftermarket sales were up 3% on a core organic basis (2% reported) driven by continued growth in repair and overhaul activities, partially offset by a decline in RMU (Retrofit, Modifications, and Upgrades) sales in BGA. Defense & Space sales increased 2% on a core organic basis (1% reported) driven by strong international growth, partially offset by lower sales to the U.S. government. Transportation Systems sales were up 1% on a core organic basis driven by new platform launches and higher gas turbo penetration on passenger vehicles, partially offset by lower commercial vehicle production. TS sales were down 16% reported due to the unfavorable impact of foreign currency and the Friction Materials divestiture.
- Segment profit was up 5% and segment margins expanded 150 bps to 21.8%, driven by commercial excellence, productivity net of inflation, foreign currency hedges, and the favorable impact of the Friction Materials divestiture, partially offset by the margin impact of higher OE shipments and continued investments for growth.

Automation and Control Solutions

| (\$ Millions) | <u>3Q 2014</u> | <u>3Q 2015</u> | <u>% Change</u> |
|----------------|----------------|----------------|-----------------|
| Sales | 3,671 | 3,571 | (3%) |
| Segment Profit | 583 | 614 | 5% |
| Segment Margin | 15.9% | 17.2% | 130 bps |

- Sales for the third quarter were up 3% on a core organic basis and down 3% reported driven by the unfavorable impact of foreign currency. Energy, Safety, and Security (ESS) sales increased 4% on a core organic basis (down 1% reported) driven primarily by continued growth in Security and Fire (HSF) and Sensing & Productivity Solutions (S&PS). Building Solutions & Distribution (BSD) sales increased 1% on a core organic basis (down 6% reported) driven by continued strength in Americas Distribution

partially offset by slower Building Solutions backlog conversion.

- Segment profit was up 5% and segment margins expanded 130 bps to 17.2% driven by productivity net of inflation, higher volume, and commercial excellence, partially offset by continued investments for growth.
- On July 28, 2015, we signed a definitive agreement to acquire the Elster Division of Melrose Industries plc, a leading provider of thermal gas solutions for commercial, industrial, and residential heating systems and gas, water, and electricity meters, including smart meters and software and data analytics solutions, for approximately \$5.1 billion. Elster also manufactures flow computers and regulators for the gas industry. Elster had reported 2014 revenues of \$1.7 billion. We anticipate the acquisition will close in the first quarter of 2016, pending regulatory review. Upon closing, we expect that Elster will primarily be integrated into our Automation and Control Solutions segment.

Performance Materials and Technologies

| <i>(\$ Millions)</i> | <u>3Q 2014</u> | <u>3Q 2015</u> | <u>% Change</u> |
|----------------------|----------------|----------------|-----------------|
| Sales | 2,542 | 2,220 | (13%) |
| Segment Profit | 444 | 461 | 4% |
| Segment Margin | 17.5% | 20.8% | 330 bps |

- Sales were down 3% on a core organic basis and down 13% reported driven by the unfavorable impact of foreign currency and lower raw materials pass-through pricing in Resins & Chemicals. The decrease in core organic sales was primarily driven by lower UOP gas processing, equipment and licensing sales, and lower volume in HPS associated with projects and field products weakness, partially offset by higher UOP catalyst shipments and higher volume in Fluorine Products.
- Segment profit was up 4% and segment margins increased 330 bps to 20.8%, driven by productivity net of inflation, commercial excellence, and the favorable impact of raw materials pass-through pricing in Resins & Chemicals (pricing model protects profit dollars), partially offset by continued investments for growth.

Honeywell will discuss its results during its investor conference call today starting at 9:30 a.m. EDT. To participate on the conference call, please dial (888) 634-7543 (domestic) or (719) 457-2631 (international) approximately ten minutes before the 9:30 a.m. EDT start. Please mention to the operator that you are dialing in for Honeywell's third quarter 2015 earnings call. The live webcast of the investor call as well as related presentation materials will be available through the "Investor Relations" section of the company's Website (www.honeywell.com/investor). Investors can hear a replay of the conference call from 12:30 p.m. EDT, October 16, until 12:30 p.m. EDT, October 23, by dialing (888) 203-1112 (domestic) or (719) 457-0820 (international). The access code is 669711.

Honeywell (www.honeywell.com) is a Fortune 100 diversified technology and manufacturing leader, serving customers worldwide with aerospace products and services; control technologies for buildings, homes, and industry; turbochargers; and performance materials. For more news and information on Honeywell, please visit www.honeywellnow.com.

This release contains certain statements that may be deemed "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are based upon certain assumptions and assessments made by our management in light of their experience and their perception of historical trends, current economic and industry conditions, expected future developments and other factors they believe to be appropriate. The forward-looking statements included in this release are also subject to a number of material risks and uncertainties, including but not limited to economic, competitive, governmental, and technological factors affecting our operations, markets, products, services and prices. Such forward-looking statements are not guarantees of future performance, and actual results, developments and business decisions

may differ from those envisaged by such forward-looking statements. We identify the principal risks and uncertainties that affect our performance in our Form 10-K and other filings with the Securities and Exchange Commission.

**Throughout this press release, core organic sales growth refers to reported sales growth less the impacts from foreign currency translation, M&A and raw materials pass-through pricing in the Resins & Chemicals business of PMT. The raw materials pricing impact is excluded in instances where raw materials costs are passed through to customers, which drives fluctuations in selling prices not tied to volume growth. A reconciliation of core organic sales growth to reported sales growth is provided in the attached financial tables.*

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

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|----------|-------------------|-----------|
| | September 30, | | September 30, | |
| | 2015 | 2014 | 2015 | 2014 |
| Product sales | \$ 7,573 | \$ 8,090 | \$ 22,735 | \$ 24,213 |
| Service sales | 2,038 | 2,018 | 5,864 | 5,827 |
| Net sales | 9,611 | 10,108 | 28,599 | 30,040 |
| Costs, expenses and other | | | | |
| Cost of products sold (A) | 5,372 | 5,860 | 16,126 | 17,686 |
| Cost of services sold (A) | 1,282 | 1,268 | 3,704 | 3,705 |
| | 6,654 | 7,128 | 19,830 | 21,391 |
| Selling, general and administrative expenses (A) | 1,202 | 1,344 | 3,674 | 4,058 |
| Other (income) expense | (24) | (21) | (64) | (159) |
| Interest and other financial charges | 72 | 77 | 226 | 236 |
| | 7,904 | 8,528 | 23,666 | 25,526 |
| Income before taxes | 1,707 | 1,580 | 4,933 | 4,514 |
| Tax expense | 431 | 388 | 1,289 | 1,160 |
| Net income | 1,276 | 1,192 | 3,644 | 3,354 |
| Less: Net income attributable to the noncontrolling interest | 12 | 25 | 70 | 71 |
| Net income attributable to Honeywell | \$ 1,264 | \$ 1,167 | \$ 3,574 | \$ 3,283 |
| Earnings per share of common stock - basic | \$ 1.62 | \$ 1.49 | \$ 4.57 | \$ 4.18 |
| Earnings per share of common stock - assuming dilution | \$ 1.60 | \$ 1.47 | \$ 4.51 | \$ 4.13 |
| Weighted average number of shares outstanding - basic | 780.4 | 784.5 | 782.5 | 784.6 |

| | | | | |
|---|-------|-------|-------|-------|
| Weighted average number of shares outstanding - assuming dilution | 789.5 | 795.0 | 792.1 | 795.6 |
|---|-------|-------|-------|-------|

(A) Cost of products and services sold and selling, general and administrative expenses include amounts for repositioning and other charges, pension and other postretirement (income) expense, and stock compensation expense.

Honeywell International Inc.

Segment Data (Unaudited)

(Dollars in millions)

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|------------------|-------------------|------------------|
| | September 30, | | September 30, | |
| <u>Net Sales</u> | 2015 | 2014 | 2015 | 2014 |
| Aerospace | \$ 3,820 | \$ 3,895 | \$ 11,254 | \$ 11,756 |
| Automation and Control Solutions | 3,571 | 3,671 | 10,388 | 10,640 |
| Performance Materials and Technologies | 2,220 | 2,542 | 6,957 | 7,644 |
| Total | <u>\$ 9,611</u> | <u>\$ 10,108</u> | <u>\$ 28,599</u> | <u>\$ 30,040</u> |

Reconciliation of Segment Profit to Income Before Taxes

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|--------|-------------------|----------|
| | September 30, | | September 30, | |
| <u>Segment Profit</u> | 2015 | 2014 | 2015 | 2014 |
| Aerospace | \$ 833 | \$ 790 | \$ 2,362 | \$ 2,252 |
| Automation and Control Solutions | 614 | 583 | 1,697 | 1,587 |
| Performance Materials and Technologies | 461 | 444 | 1,473 | 1,392 |
| Corporate | (56) | (58) | (156) | (167) |
| Total segment profit | 1,852 | 1,759 | 5,376 | 5,064 |
| Other income (A) | 15 | 11 | 39 | 132 |
| Interest and other financial charges | (72) | (77) | (226) | (236) |
| Stock compensation expense (B) | (41) | (41) | (132) | (143) |
| Pension ongoing income (B) | 96 | 62 | 299 | 187 |
| Other postretirement expense (B) | (10) | (12) | (30) | (37) |
| Repositioning and other charges (B) | (133) | (122) | (393) | (453) |

| | | | | |
|---------------------|----------|----------|----------|----------|
| Income before taxes | \$ 1,707 | \$ 1,580 | \$ 4,933 | \$ 4,514 |
|---------------------|----------|----------|----------|----------|

(A) Equity income (loss) of affiliated companies is included in segment profit.

(B) Amounts included in cost of products and services sold and selling, general and administrative expenses.

Honeywell International Inc.
Consolidated Balance Sheet (Unaudited)

(Dollars in millions)

| | September 30, 2015 | December 31, 2014 |
|--|-----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 6,563 | \$ 6,959 |
| Accounts, notes and other receivables | 7,936 | 7,960 |
| Inventories | 4,441 | 4,405 |
| Deferred income taxes | 739 | 722 |
| Investments and other current assets | 3,800 | 2,145 |
| Total current assets | <u>23,479</u> | <u>22,191</u> |
| Investments and long-term receivables | 471 | 465 |
| Property, plant and equipment - net | 5,451 | 5,383 |
| Goodwill | 12,684 | 12,788 |
| Other intangible assets - net | 2,071 | 2,208 |
| Insurance recoveries for asbestos related liabilities | 414 | 454 |
| Deferred income taxes | 329 | 404 |
| Other assets | 1,726 | 1,558 |
| Total assets | <u>\$ 46,625</u> | <u>\$ 45,451</u> |
| LIABILITIES AND SHAREOWNERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 5,363 | \$ 5,365 |
| Short-term borrowings | 4 | 51 |
| Commercial paper | 3,696 | 1,647 |
| Current maturities of long-term debt | 1,268 | 939 |
| Accrued liabilities | 6,036 | 6,771 |
| Total current liabilities | <u>16,367</u> | <u>14,773</u> |
| Long-term debt | 5,599 | 6,046 |
| Deferred income taxes | 499 | 236 |
| Postretirement benefit obligations other than pensions | 892 | 911 |
| Asbestos related liabilities | 1,198 | 1,200 |

| | | |
|---|------------------|------------------|
| Other liabilities | 3,903 | 4,282 |
| Redeemable noncontrolling interest | 271 | 219 |
| Shareowners' equity | 17,896 | 17,784 |
| Total liabilities, redeemable noncontrolling interest and shareowners' equity | <u>\$ 46,625</u> | <u>\$ 45,451</u> |

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

| | Three Months Ended | | Nine Months Ended | |
|---|--------------------|--------------|-------------------|--------------|
| | September 30, | | September 30, | |
| | 2015 | 2014 | 2015 | 2014 |
| Cash flows from operating activities: | | | | |
| Net income | \$ 1,276 | \$ 1,192 | \$ 3,644 | \$ 3,354 |
| Less: Net income attributable to the noncontrolling interest | 12 | 25 | 70 | 71 |
| Net income attributable to Honeywell | <u>1,264</u> | <u>1,167</u> | <u>3,574</u> | <u>3,283</u> |
| Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities: | | | | |
| Depreciation | 168 | 166 | 503 | 499 |
| Amortization | 51 | 61 | 158 | 199 |
| (Gain) loss on sale of non-strategic businesses and assets | (1) | 1 | (1) | 11 |
| Gain on sale of available for sale investments | - | - | - | (105) |
| Repositioning and other charges | 133 | 122 | 393 | 453 |
| Net payments for repositioning and other charges | (114) | (167) | (329) | (301) |
| Pension and other postretirement income | (86) | (50) | (269) | (150) |
| Pension and other postretirement benefit payments | (36) | (38) | (84) | (123) |
| Stock compensation expense | 41 | 41 | 132 | 143 |
| Deferred income taxes | 158 | 187 | 284 | 255 |
| Excess tax benefits from share based payment arrangements | (13) | (22) | (69) | (71) |
| Other | (13) | (274) | 90 | (207) |
| Changes in assets and liabilities, net of the effects of acquisitions and divestitures: | | | | |
| Accounts, notes and other receivables | 302 | (104) | 52 | (529) |
| Inventories | 5 | (57) | (20) | (279) |
| Other current assets | (73) | 49 | (111) | 181 |
| Accounts payable | 11 | 54 | (13) | 154 |
| Accrued liabilities | (131) | 97 | (795) | (151) |
| Net cash provided by operating activities | <u>1,666</u> | <u>1,233</u> | <u>3,495</u> | <u>3,262</u> |
| Cash flows from investing activities: | | | | |
| Expenditures for property, plant and equipment | (277) | (259) | (685) | (680) |
| Proceeds from disposals of property, plant and equipment | - | 1 | 3 | 12 |
| Increase in investments | (1,835) | (1,415) | (5,701) | (3,139) |
| Decrease in investments | 1,991 | 1,181 | 4,050 | 2,124 |

| | | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| Cash paid for acquisitions, net of cash acquired | - | (2) | (185) | (4) |
| Proceeds from sales of businesses, net of fees paid | 1 | 156 | 3 | 157 |
| Other | 81 | (96) | (69) | (109) |
| Net cash used for investing activities | <u>(39)</u> | <u>(434)</u> | <u>(2,584)</u> | <u>(1,639)</u> |
| Cash flows from financing activities: | | | | |
| Net increase (decrease) in commercial paper | 901 | (400) | 2,049 | 550 |
| Net (decrease) increase in short-term borrowings | (19) | 1 | (38) | (5) |
| Proceeds from issuance of common stock | 25 | 45 | 150 | 206 |
| Proceeds from issuance of long-term debt | 34 | 34 | 48 | 79 |
| Payments of long-term debt | (91) | (1) | (148) | (607) |
| Excess tax benefits from share based payment arrangements | 13 | 22 | 69 | 71 |
| Repurchases of common stock | (1,235) | (138) | (1,721) | (689) |
| Cash dividends paid | (410) | (365) | (1,261) | (1,101) |
| Other | - | (7) | - | (7) |
| Net cash used for financing activities | <u>(782)</u> | <u>(809)</u> | <u>(852)</u> | <u>(1,503)</u> |
| Effect of foreign exchange rate changes on cash and cash equivalents | (236) | (144) | (455) | (114) |
| Net increase (decrease) in cash and cash equivalents | <u>609</u> | <u>(154)</u> | <u>(396)</u> | <u>6</u> |
| Cash and cash equivalents at beginning of period | 5,954 | 6,582 | 6,959 | 6,422 |
| Cash and cash equivalents at end of period | <u>\$ 6,563</u> | <u>\$ 6,428</u> | <u>\$ 6,563</u> | <u>\$ 6,428</u> |

Honeywell International Inc.

Reconciliation of Cash Provided by Operating Activities to Free Cash Flow (Unaudited)

(Dollars in millions)

| | Three Months Ended | |
|--|--------------------|---------------|
| | September 30, | |
| | 2015 | 2014 |
| Cash provided by operating activities | \$ 1,666 | \$ 1,233 |
| Expenditures for property, plant and equipment | (277) | (259) |
| Free cash flow | <u>\$ 1,389</u> | <u>\$ 974</u> |
| Free cash flow | \$ 1,389 | \$ 974 |
| ÷ Net income, attributable to Honeywell | 1,264 | 1,167 |
| Free cash flow conversion | <u>110%</u> | <u>83%</u> |

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

We believe that this metric is useful to investors and management as a measure of cash generated by business operations that will be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisitions, and to pay

dividends, repurchase stock, or repay debt obligations prior to their maturities. This metric can also be used to evaluate our ability to generate cash flow from business operations and the impact that this cash flow has on our liquidity.

Honeywell International Inc.

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margins (Unaudited)

(Dollars in millions)

| | Three Months Ended | | Nine Months Ended | |
|----------------------------------|--------------------|-----------|-------------------|-----------|
| | September 30, | | September 30, | |
| | 2015 | 2014 | 2015 | 2014 |
| Segment Profit | \$ 1,852 | \$ 1,759 | \$ 5,376 | \$ 5,064 |
| Stock compensation expense (A) | (41) | (41) | (132) | (143) |
| Repositioning and other (A, B) | (142) | (132) | (418) | (480) |
| Pension ongoing income (A) | 96 | 62 | 299 | 187 |
| Other postretirement expense (A) | (10) | (12) | (30) | (37) |
| Operating Income | \$ 1,755 | \$ 1,636 | \$ 5,095 | \$ 4,591 |
| Segment Profit | \$ 1,852 | \$ 1,759 | \$ 5,376 | \$ 5,064 |
| ÷ Sales | \$ 9,611 | \$ 10,108 | \$ 28,599 | \$ 30,040 |
| Segment Profit Margin % | 19.3% | 17.4% | 18.8% | 16.9% |
| Operating Income | \$ 1,755 | \$ 1,636 | \$ 5,095 | \$ 4,591 |
| ÷ Sales | \$ 9,611 | \$ 10,108 | \$ 28,599 | \$ 30,040 |
| Operating Income Margin % | 18.3% | 16.2% | 17.8% | 15.3% |

(A) Included in cost of products and services sold and selling, general and administrative expenses.

(B) Includes repositioning, asbestos, environmental expenses and equity income adjustment.

We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Honeywell International Inc.

Calculation of EPS at 26.5% Tax Rate (Unaudited)

(Dollars in millions, except per share amounts)

| | Three Months Ended | |
|---------------------|--------------------|----------|
| | September 30, | |
| | 2015 | 2014 |
| Income before taxes | \$ 1,707 | \$ 1,580 |

| | | |
|---|----------|----------|
| Taxes at 26.5% | 452 | 419 |
| Net income at 26.5% tax rate | \$ 1,255 | \$ 1,161 |
| Less: Net income attributable to the noncontrolling interest | 12 | 25 |
| Net income attributable to Honeywell at 26.5% tax rate | \$ 1,243 | \$ 1,136 |
| Weighted average number of shares outstanding - assuming dilution | 789.5 | 795.0 |
| EPS at 26.5% tax rate | \$ 1.57 | \$ 1.43 |

We believe EPS adjusted to expected full-year tax rate at 26.5% is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Honeywell International Inc.
Reconciliation of Core Organic Sales Growth (Unaudited)

| | Three Months Ended September 30, |
|--|-------------------------------------|
| | 2015 |
| Honeywell | |
| Reported sales growth | (5)% |
| Foreign currency translation, acquisitions, divestitures and other | 5% |
| Raw materials pricing in R&C | 1% |
| Core organic sales growth | 1% |
| PMT | |
| Reported sales growth | (13)% |
| Foreign currency translation, acquisitions, divestitures and other | 5% |
| Raw materials pricing in R&C | 5% |
| Core organic sales growth | (3)% |

Throughout this press release, core organic sales growth refers to reported sales growth less the impacts from foreign currency translation, M&A and raw materials pass-through pricing in the Resins & Chemicals business of PMT. The raw materials pricing impact is excluded in instances where raw materials costs are passed through to customers, which drives fluctuations in selling prices not tied to volume growth.

We believe core organic sales growth is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Honeywell International Inc.

Reconciliation of Segment Profit to Operating Income Excluding Pension Mark-to-Market Adjustment and
Calculation of Segment Profit and Operating Income Margins Excluding Pension Mark-to-Market Adjustment (Unaudited)

(Dollars in billions)

| | <u>2015 Guidance</u> |
|---|----------------------|
| Segment Profit | ~\$7.3 |
| Stock compensation expense (A) | ~(0.2) |
| Repositioning and other (A, B) | ~(0.5) |
| Pension ongoing income (A) | ~0.4 |
| Pension mark-to-market adjustment (A) | TBD |
| Other postretirement expense (A) | ~(0.0) |
| | <hr/> |
| Operating Income | ~\$6.9 |
| Pension mark-to-market adjustment (A) | TBD |
| | <hr/> |
| Operating Income excluding pension mark-to-market adjustment | ~\$6.9 |
| | <hr/> |
| Segment Profit | ~\$7.3 |
| + Sales | ~\$38.7 |
| | <hr/> |
| Segment Profit Margin % | ~18.8% |
| | <hr/> |
| Operating Income | ~\$6.9 |
| + Sales | ~\$38.7 |
| | <hr/> |
| Operating Income Margin % | ~17.9% |
| | <hr/> |
| Operating Income excluding pension mark-to-market adjustment | ~\$6.9 |
| + Sales | ~\$38.7 |
| | <hr/> |
| Operating Income Margin excluding pension mark-to-market adjustment % | ~17.9% |
| | <hr/> |

(A) Included in cost of products and services sold and selling, general and administrative expenses.

(B) Includes repositioning, asbestos, environmental expenses and equity income adjustment.

We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Honeywell International Inc.

Reconciliation of Segment Profit to Operating Income Excluding Pension Mark-to-Market Adjustment and
Calculation of Segment Profit and Operating Income Margins Excluding Pension Mark-to-Market Adjustment (Unaudited)

(Dollars in millions)

| | Twelve Months Ended | |
|---|---------------------|--------|
| | December 31, | |
| | 2014 | |
| Segment Profit | \$ | 6,696 |
| Stock compensation expense (A) | | (187) |
| Repositioning and other (A, B) | | (634) |
| Pension ongoing income (A) | | 254 |
| Pension mark-to-market adjustment (A) | | (249) |
| Other postretirement expense (A) | | (49) |
| Operating Income | \$ | 5,831 |
| Pension mark-to-market adjustment (A) | | (249) |
| Operating Income excluding pension mark-to-market adjustment | \$ | 6,080 |
| Segment Profit | \$ | 6,696 |
| + Sales | \$ | 40,306 |
| Segment Profit Margin % | | 16.6% |
| Operating Income | \$ | 5,831 |
| + Sales | \$ | 40,306 |
| Operating Income Margin % | | 14.5% |
| Operating Income excluding pension mark-to-market adjustment | \$ | 6,080 |
| + Sales | \$ | 40,306 |
| Operating Income Margin excluding pension mark-to-market adjustment % | | 15.1% |

(A) Included in cost of products and services sold and selling, general and administrative expenses.

(B) Includes repositioning, asbestos, environmental expenses and equity income adjustment.

We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Honeywell International Inc.

Reconciliation of Earnings Per Share to Earnings Per Share, Excluding Pension Mark-to-Market Adjustment

Unaudited

| | Twelve Months Ended | |
|-----------------------------------|---------------------|------|
| | December 31, | |
| | 2014 | |
| EPS | \$ | 5.33 |
| Pension mark-to-market adjustment | | 0.23 |

EPS, excluding pension mark-to-market adjustment

\$ 5.56

We believe EPS, excluding pension mark-to-market adjustment, is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

EPS utilizes weighted average shares outstanding - assuming dilution of 795.2 million. Mark-to-market uses a blended tax rate of 28.1%.

Honeywell International Inc.
Reconciliation of Cash Provided by Operating Activities to Free Cash Flow (Unaudited)
(Dollars in millions)

| | Twelve Months Ended December 31, 2014 |
|--|---|
| Cash provided by operating activities | \$ 5,024 |
| Expenditures for property, plant and equipment | (1,094) |
| Free cash flow | \$ 3,930 |

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

We believe that this metric is useful to investors and management as a measure of cash generated by business operations that will be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisitions, and to pay dividends, repurchase stock, or repay debt obligations prior to their maturities. This metric can also be used to evaluate our ability to generate cash flow from business operations and the impact that this cash flow has on our liquidity.

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SOURCE Honeywell

