HONEYWELL INTERNATIONAL INC
Form DEFA14A
March 20, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

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Honeywell International Inc.
(Name of Registrant as Specified In Its Charter)

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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4) Date Filed:

HONEYWELL SHAREOWNER ENGAGEMENT MATERIALS March / April 2018

F o r w ard L o oki n g Stateme n ts T h i s r e p ort c o nta i ns “forwar d - l o o k i ng statem e nt s ” w i th i n the me a n
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g s w i th the S ec u r i t i es a n d E xch a n g e C om m i ss i o n . Non - G A A P Disclaimer (a n d Use of Certain No
n - G A A P Peer Data By O ur Management Development and Compensation Committee) T h i s presentat i on co n
ta i ns f i n a nc i al me a sures presented on a n o n - G AA P b a s i s. H o n eywe ll ’ s n o n - G AA P f i n a nc i al me
a sures us e d i n t h i s presentat i on are as fo ll ows: se g me n t marg i n, on an ov e ra l l H o n eywe l l b a s i s, w h
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d e bt refinancing, a n d exc l us i on of se p arat i on costs, the prov i s i o n al ch a rge re l ated to t a x l e g i s l ati o
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i rectly comparab l e G AA P me a sures. F o r w ard l o o k i ng q u a n t i tative rec o nc ili ati o ns here i n exc l u d e
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n g a li g n me n t b e t w e e n p a y a n d p e rfor m a n ce, H o n eywe ll ’ s M a n a g ement, D ev e l o p me n t a n d
C ompens a t i on C om m i ttee compares H o n eywe ll ’ s f i n a nc i al p e rfor m a n ce to the me d i an p e rfor m a n
ce of b o th o u r 1 6 company compens a t i on p e e r g ro u p (w h i ch w e refer to h e re i n as o u r “ P e e r G r o u p
”) a n d a mu l ti - i n d u s try p e er gro u p c o mpri s ed of G eneral Electric (GE) , E merson Electric (EMR) , 3M
Corporation (MMM), a n d U nited Technologies (UTX) (wh i ch we refer to as o u r “ M u l t i - In d u s try P e e r G
ro u p ”). T h i s c o mp a r i s o n i s d o ne u s i ng c e rta i n no n - G AA P f i n a nc i al i nformati o n th a t b o th H
o n eywe l l a n d each p e er company uti li z es i n its f i n a nc i al d i sc l os u re and i nv e stor pres e nta t i o n s. F
o r H o n eywe ll , w e exc l u d e the p e ns i on mar k - t o - m a r ket a d j ust m e n t from N et Inc o me, EP S a n d
R OI C . W i th re g ard to the p e er group me d i a n s, e a ch p e er company a d j usts i ts G AA P f i n a nc i al res u
l ts for n e t inc o me a n d EP S i n a d i fferent ma n n e r a n d th e i r presentat i on of th i s n o n - G AA P i

nformati o n i s su b j ect to ch a n g e from t i me to t i me.

Agenda 2 • Overview of H one y w ell and Rece n t Finan c ial P e rformance • Update on Homes and Global Distribution and Transportation Systems Spin - offs • Long - Term Financial Plan Overview • E x ec u t i ve C o mpen s ation – Pro g ress on Pro g ram C h an g es • C o rporate G ov e rnan c e T opics: - C h an g es to H one y w ell ' s C o rporate G ov e rnan c e Guidelines - B o ard Lead e rship Structure: R e t i rement of H o ne y w ell ' s E x e c utive C h airman - Manag e ment Pro p os a l to R e duce Sh a re owner Thresh o ld N e ed e d to C all S pe c ial Me e t i ng from 20% to 15% - 2018 Shareowner Proposals • Board Oversight of Environmental and Social Issues

Honeywell Overview Building a Smarter, Safer, and More Sustainable World 3 Who is Honeywell? 817 % 15 - Yr Total Shareowner Return ~2.6x S&P 500 12% Dividend Increase in 2017 8th Double - Digit Increase Since 2010 x Leading technology supplier to aerospace, buildings, oil and gas, and industrial end markets x $40.5B in sales from ~70 countries, ~131,000 employees x Evolving enterprise through organic growth, acquisitions, and portfolio enhancement x Transforming into the leading software - industrial enterprise worldwide Diversified Across End - Markets Recent Shareowner Highlights 19% 10% 17% 17% 11% Aerospace Defense Oil & Gas / PetChem 12% Non - Residential Industrial Productivity Vehicles 8% Residential

Honeywell Businesses at a Glance Aligned to Key Global Macro Trends 4 Sales by business shown under current reporting structure and are not adjusted for the proposed Homes and Global Distribution an d Transportation Systems spins Aerospace Home and Building Technologies Performance Materials and Technologies Safety and Productivity Solutions Our products , software , and technologies are in more than 150 million homes and 10 million buildings worldwide helping customers control their comfort, security, and energy use. We develop advanced materials , process technologies , automation solutions , and industrial software that are revolutionizing industries around the world. We improve enterprise performance and worker safety and productivity with our scanning and mobile computers, software, warehouse automation solutions, and personal protective equipment. 27% UOP 34% PROCESS SOLUTIONS 16% FLUORINE PRODUCTS 11% SPECIALTY PRODUCTS 17% COMMERCIAL ORIGINAL EQUIPMENT 35% COMMERCIAL AFTERMARKET 20% U.S. DEFENSE 21% TRANSPORTATION SYSTEMS 7% INT'L DEFENSE 12% SMART ENERGY 24% BUILDING SOLUTIONS 25% DISTRIBUTION 29% ENVIRONMENTAL & ENERGY SOLUTIONS 22% SECURITY & FIRE 35% INDUSTRIAL SAFETY 4% RETAIL 22% PRODUCTIVITY PRODUCTS 5% WORKFLOW SOLUTIONS 21% WAREHOUSE AUTOMATION 13% SENSING & IoT 2017 Sales by Business Our products are used on virtually every commercial and defense aircraft platform and in 100M+ vehicles worldwide and include aircraft propulsion, cockpit systems, satellite communications, and vehicle turbochargers. $14.8B $9.8B $10.3B $5.6B

Strong Performance in 2017 Consistent Performance vs. Peers 5 EPS, EPS V% exclude pension mark - to - market, 2016 divestitures, 4Q16 debt refinancing, separation costs, and the provisional char ge related to tax legislation Return metrics re flect fi s c a l y ea r 201 5 - 201 7 th r ee - y ea r av erage s; p ee r me d ian re flects co m pen s a tion p ee r g r ou p me d ia n ; mult i - i ndu st r y p ee r me d ian i n clu de s EMR, GE, MMM, an d U TX. Re flects a d just e d (no n - GAAP) re s u lts. * Return on Invested Capital (ROIC) = A d just e d Ne t I n c o m e B e f or e I n t ere st Ne t I n v e st m en t (2 - P o int Av erage) A d just e d Ne t I n c o m e B e f or e I n t ere st = Ne t I n c o m e (Hone y w e ll E x - P en sion MTM) + Aft e r - Tax I n t ere st Ne t I n v e st m en t = B oo k Value of Equity + Total Debt ROIC * 6.3% 7.4% 9.9% Comp Peer Median Multi-Industry Peer Median HON Return On Assets 20.4% 20.6% 27.7% Comp Peer Median Multi-Industry Peer Median HON Return On Equity 12.6% 11.8% 16.8% Comp Peer Median Multi-Industry Peer Median HON $7. 1 1 E a rnin g s P e r S h are Up 10% Y oY 4% O r ga n ic S a l e s Growth 70 bps Segment M argin E x p a ns i on $4.9B Free Cash F l ow Up 12% Y oY ~$6.0B C a p i tal D e p l oyment, Includ i ng CapEx Three - Year Average Return Metrics Top - Tier Performance vs. Peers

Shareowner Value Creation Consistently Outperforming Peers and Market 6 15 - Year Total Shareowner Return 817% 313% 387% 0% 100% 200% 300% 400% 500% 600% 700% 800% 900% 2003 2006 2009 2012 2015 12/31/17 Honeywell Multi-Industry Peer Median S&P 500 Source: NASDAQ Multi - Industry peers include EMR, GE, MMM, and UTX 2017 Total Shareowner Return 35% 24% 22% 0% 5% 10% 15% 20% 25% 30% 35% 40% 1Q 2Q 3Q 4Q Honeywell Multi-Industry Peer Median S&P 500

Spins Update Spins on Track 7 Homes Transportation Systems Business Overview • Home comfort solutions • Residential security solutions • ADI, the leading wholesale distributor of security and low - voltage products • Superior technology across engine types • Technologies to address alternative powertrains (i.e., hybrid) • Significant High Growth Region penetration Strategy / Growth Drivers • Connected Home • Comprehensive home experience portfolio • Expansion of ADI’s distribution network • Market leader in turbo technologies • Increasing penetration across engine types and high growth regions • Early player in automotive cybersecurity and software vehicle maintenance offerings Timing • End of 2018 • Now likely end of 3Q $4.5B* 2017 Sales $3.1B* 2017 Sales • Targeting ~$3B cash to Honeywell between both spins • Potential economic tradeoff between legacy liability payments from spins and dividend payment to Honeywell • Plan in place to eliminate 100% of stranded costs within 2 years • Organization model and leadership appointments underway Comments * Sales are preliminary and approximate estimates and subject to finalization of the contours of the spun - off businesses and fin alization of the carve - out audits

Long - Term Financial Plan Foundation for Long - Term Value Creation 8 • Targeting ~100% FCF cash conversion • World - class working capital management • Prioritizing high - ROI investments (CapEx, M&A) • Continued dividend growth and opportunistic share repurchases; however, first priority is bolt - on M&A Robust Cash Generation Aggressive Capital Deployment • Target 2.3X - 2.5X gross leverage (per Moody's) • Maintain premium credit rating Balance Sheet • Continued organic sales growth and margin expansion • EPS growth greater than peers Strong Growth Long - Term Targets 3% - 5% * Organic Growth 30 - 50 bps Margin Expansion per Year ~100% Free Cash Flow Conversion Dividend Growth In - Line with Earnings Growth *Given current economic conditions

Executive Compensation - Responsive to Shareowner Feedback Say on Pay Vote Improved from 67% in 2016 to 93% in 2017 9 H e a r d From Some S h a r eo w ners in 2 0 16 • W a n ted b e t t er vis i b i l i ty i n to h o w o b j e ctive fin a nc i al metrics a n d d iscr e tion factor i n to d e termi n i n g p a y o u ts • Pref e rred res e t t i n g ICP b a se l i n e to tar g et e a ch y e a r i n ste a d of us i ng the pri o r y e a r act u al e a rn e d ICP a w ard as the b a se l i n e Changes Made F or 2 0 17 and Disclosed in Proxy x 8 0 % of tar g et ICP a w ard b a sed on p e rforma n ce a g a i nst pr e - est a b l is h ed g o a l s for EPS/N e t Inc o me a nd Free C a sh Flow x 2 0 % of tar g et ICP a w ard b a sed on q u a l itative ass e ssme n t of b u si n ess a n d i n d i vi d u a l p e rforma n ce x P a y o u ts ca p p e d at 2 0 0% of tar g et x R e set the a n n u al ICP b a se l i n e to be t he in d iv i d u a l ' s ICP t a r ge t a s a pe rc en ta g e o f ba se pa y (from 201 7 o n w ar d) Annual Incentive Compensa t ion P l an (ICP): Changes Ful l y I m ple m ent e d in 2017

Executive Compensation - Responsive to Shareowner Feedback Say on Pay Vote Improved from 67% in 2016 to 93% in 2017 10 H e a r d f rom Some S h a r eo w ners in 2 0 16 L TI M ix and G rant Practices • W anted lo w er w eight i ng i n stock opt i ons • Didn't like our pract i ce of granting RSUs on a bienn i al ba s is in Jul y . Appeared on e - o f f and r e sulted i n lumpy r e po r ting Cash - Based L TIP (G ro w th Plan) • Thought 2 - y ear no n - overlapp i ng performance c y cles w ere too short • Prefer r ed share - ba s ed prog ram vs. cas h - ba s ed • W anted at lea st one relative metric, such as relat i ve TSR, added to the plan Changes Made • Red u ced w eig h ti n g in st o ck o p ti o ns to 31% of L TI in 2017. F u rther reduced to 25% of L TI in 2018 • Disco n ti n ued bie n nial RSU grants. No RSUs granted in 2017. Phased back in f o r 2018 as part of an n ual L TI (25% of L TI) , w ith all gran t s mad e on same ti m ing x Eli m inates lu m py re p orting and ap p ea r an c e gr a nts are on e - o f f • Replaced t h e bie n nial cas h - based G ro w th Plan w ith Pe r f o rmance Share Unit Plan x Granted annually w ith 3 - y ear o v erlapping perfor m a n ce c y cles x 100% for m ulaic w ith perfor m a n c e m easured against three key operatio n al m etri c s and relati v e T SR (equally w eighted) x 50% of net shares earned paid in shares subject to stock holding require m e n ts x T arget w eight of 50% of L T I beginning in 2018 Lon g - T erm Incentives:

20 1 7 A n n u al Incentiv e C o m p ensa t ion Plan (IC P) • Qu a ntit a tive = C a l cu l at e d P a y o u t mu l tip l i e d by 8 0 % weighting = 1 2 0 .1 6 % x 8 0 % = 9 6% • Qu a l i tative = 2 0 % at T ar g et; c a n b e up t o 40% • Actual 2 0 1 7 A w a r d P a y o u t s f o r Corporate NEOs ranged from 116 % to 1 3 1 % of I n d i v i d ual T a r get A w a r d Similar approach for Strategic Business Unit (SBG) Presidents, but 50% based on Total HON performance and 50% based on SBG performance. 2017 ACTUAL RESULTS – 80 % Q U ANTITATIVE P O RTIO N FOR CORPORATE NEOs : * - 2 0 1 6 Act u a l r e s t a t e d t o e xcl u d e i mp a ct o f 2 0 1 6 H T S I d i v e st i t u r e an d t h e 20 1 6 s p in o f t h e Res i n s & C he m icals b u s i ne ss. 11 ICP Goal 2017 ICP Goal (Target) EPS Free Cash Flow $6.975 $4.650 billion 2017 Actual Performance $7.11 $4.935 billion 2017 Performance Metric Payout Percentage 109.7% 130.6% Exceeded the Target ICP Goal for 2017 Represented a 10.1% increase over 2016 Actual* New record-level of performance for the Company Exceeded the Target ICP Goal for 2017 Represented a 15% increase over 2016 Actual* New record-level performance for the Company Total Calculated (Formulaic) Payout: Corporate NEOs 120.16% Corporate NEO Weighting 50% 50% Calculated Payout Percentage 54.84% 65.32%

LTI Mix Transition - CEO Compensation LTI Mix Transition Complete in 2018 12 2016 - M r. C ote as C E O 2 0 17 & 2 0 18 M r. A d a mc z yk as C E O Inc l u d es a n n u a li z ed p a y o u t v a l ue f or f i n a l 2 0 1 6 - 2 0 17 Gro w th P l an c y c l e a n d 2 0 17 p o rt i on (5 0 %) of b i e n n i al R S U s g ra n ted i n 201 6 2016 - 2 0 17 Gro w th P l an p a y o u t = 61 % of T ar g et C as h - B as e d Gro w th P l an e li m i n a te d . 5 0 % i n Per f or m a n ce S tock U n i t A w ards. R S U s v est o v er 6 - y e a rs A l l a w ards g ra n ted i n February 2 0 1 8 Inc l u d es 2 0 1 6 - 2 0 17 Gro w th P l an at a n n u a li z ed tar g et v a l u e

Summary of Improved Procedures in Guidelines Commitment to Refreshment: 5 New Directors Since 2012 (Including Mr. Angove in 2018) 13 • New Board evaluation and refreshment procedures to ensure appropriate evolution of board skills, experience and backgrounds: - Lead Director now jointly responsible for leading process (together with Chair of Governance Committee) - Ensure self - evaluation process is leading to adequate Board refreshment - Updated questionnaire to elicit information about matching of skills to needs • Continuity of best practices: - Results of director surveys and questionnaires shared verbatim on anonymous basis with entire Board - Results discussed with full Board in Executive Session • Before recommending re - nomination of incumbent directors, Governance Committee will evaluate whether incumbents' skills and perspectives meet Honeywell's needs, both individually and collectively • Greater detail on selection and recruitment process for new Board members: - Lead Director now formally charged with responsibility for new director recruitment - Formal identification and prioritization of skill sets - Emphasis on leadership traits, personality, work ethic, independence, business experience and diversity of background - Process has yielded recently announced new Board member: Duncan B. Angove Incumbent and New Board Nominees Annual Self - Evaluation Process

Best - in - Class Board with Right Mix of Skills and Experiences Highly Qualified Board and Balanced Leadership 14 R i gh t B ala n ce o f I n stit u t i o n al Kno w l e dg e a n d F resh Pers p ecti v e* I nd e p e nd e n t a n d H i gh ly D i v erse O v ersi gh t* Of the Independent Directors: • 27% are Women • 27 % ar e H i s pani c • 9 % ar e A f ri c a n A m eri c a n • 18 % ar e N on - U . S . C i t i z en s Insider 8 % Independent 9 2% A v erage T enure: ~ 7.8 Y ears * Reflects anticipated co m position at ‘18 A G M 1 3 3 3 2 1 5 + Y e a rs 10 - 15 Y e a rs 6 - 9 Y e a rs 3 - 5 Y e a rs < 3 Y e a rs Broad Set of Backgrounds and Skills* Name 2018 T enu r e 2018 A ge S enior Le a der - ship In d us - t r ial Glo b al Fina n - cial Go v ’t Other P ub. Co. Di r e c tor E xpe r . Risk M gm t . In n o v ation & T e c hnolo g y M a r k e ting D . A damcz y k (Pr e s ident & C E O) 1 52 x x x x x x J. Chico P a r do (Le a d Di r e c to r) 18 68 x x x x x x x D. A ngo v e 0 51 x x x x x x W . A y er 3 63 x x x x x x x x K. Bu r ke 8 67 x x x x x x x x D. S . Da v is 12 66 x x x x x x x x L. Deily 12 72 x x x x x x x x J. G r egg 7 71 x x x x x x x C . Holl ic k 14 72 x x x x x x x G. Lieblein 5 57 x x x x x x G. P az 9 62 x x x x x x x x R. W a s hin g ton 5 55 x x x x x x

Board Structure Post Executive Chairman Cote Retirement Balanced Approach to Decision on Separation of Roles of Chair / CEO 15 Background • Hone y w el l ' s Chairman and fo r mer CE O , Dave Cote, is scheduled to r e tire at the April sha r eo w ne r s meeting • The Board c ondu c ted an ope n - m i nded, balan c ed discussion of w hether to cont i nue w ith separate roles of Chair and CEO or r e - comb i ne role s . • The Board c on c luded that shareo w ners are cur r ent l y be s t served by ha v ing M r . Ada m cz y k serve as Chairman and CEO K e y Consi d e r atio n s • In m i dst of t w o significant spi n - o f fs and strategic shift to be c om i ng a leading soft w are - industrial compan y , Hone y w ell w ill benef i t from ha v ing a comb i ned leadership structure • Hone y w el l ' s str o ng Lead D ir e ctor counte r balances a c ombined CE O /Chairman leade r ship str u ctu r e and p r ov i des an independent v oice in the Board room • O ur directors met 1:1 w ith many of our shareo w ners w ho ha v e d i f ferent perspectives on w hether separating the roles of Chair/CEO creates shareo w ner and s trategic value • No agreement among scholars as to w hether a comb i ned CE O /Chairman leadership structure creates shareo w ner value • T h e Board bel i eves that M r . Adamcz y k has the cha r acter and qual i ty o f leade r ship to se r ve in both r o les and that his serv i ce as both Chairman and CEO w ill enhan c e company performance • Honeywell's shareowners have historically benefited from a united leadership structure • Among Honeywell's 16 compensation peers, only one peer has separated the roles of Chair / CEO

Management Proposal to Reduce Threshold for Calling Special Meeting Management Special Meeting Proposal Consistent with HON Governance Best Practices 16 • Honeywell's Board will seek shareowner approval to reduce threshold for calling a special meeting from 20% to 15% - Proponent who submitted shareowner proposal to effect a 10 % reduction agreed to withdraw • Man a g e ment pro p o sal also simpli f ies text in Ho n e y w ell ' s Certi f ica t e of In c orporation for d eter m ining w h ether 15% threshold has b e en met - Propose d amendm ent for deter m ining w hat "o w ne r ship" means utilizes the sa me mechanism as the pro x y access provision that is used to determine w hether 3 % o w nership threshold has been met • Rationale for mana g ement pro p o sal: - Based on e x tensive eng a gem ent w ith sha r eo w n e rs, Board believes that a lo w er th r eshold w ill be app r eciated by many sha r eo w ne r s - Board revie w ed mechanism s for sha r eo w ner dem ocracy at p eers – e . g ., r ight to call special meeting and action by w ritte n conse nt – and found that a 15% threshold is lower than most peers and the vast majority of S&P500 companies with special meeting rights - Board believes this is a measu r ed, prudent w ay to inc r ease sha r eo w ner dem ocracy w ithout risk that min ority of shareo w n ers w ill abuse gove r nance mechanism s or be unduly disruptive

2018 Shareowner Proposals Year - Over - Year Shareowner Support for Management on These Proposals 17 Report on Lobbying Payments and Policy • HON in “First Tier” for fourth consecutive year according to CPA - Zicklin Index • Our rigorous compliance process ensures that HON’s political activities are lawful, properly disclosed and aligns with our Code of Business Conduct • HON’s lobbying activities and memberships in trade associations have not been a source of concern for our largest shareowners • HON has not made any political contributions using corporate funds since at least 2009 • HON submits public quarterly lobbying disclosures in accordance with federal law which provide timely and detailed information on lobbying expenditures • 6 th year that HON has received this proposal Independent Board Chairman • Board has chosen to recombine the roles of Chair and CEO in Darius Adamczyk • Board thoroughly explored the benefits and challenges of this decision • Factors the Board considered: » Degree to which a unified leadership structure would enable HON to successfully execute its significant portfolio restructuring » Evaluation of Mr. Adamczyk’s character and leadership skills » HON’s track record of outperformance under a unified leadership structure » Continuous strengthening of Lead Director role » View of most of HON’s shareowners that the Board has demonstrated the ability to make the right determination regarding its leadership structure • 10 th year that HON has received this proposal

Board Oversight of Environmental and Social (E&S) Issues Honeywell’s Board Takes Lead on E&S Issues 18 • Ho n e y w ell ’ s B oard o v e r s e es E&S issu es in three principal w a y s: » Corporate Governance and Responsibility Committee (CGRC) has primary “ju r isdict i on” for m anaging risks and opportunities associate d w ith E & S » Honey w ell has a ve r y robust, comprehe nsive Enterprise Risk Manag e ment (ERM) prog r am w hich cove r s these topics w ith significant eng a gem ent fro m the entire Board » Regular upd ates to the entire Board by va r ious members of senior manag e ment • CGRC regularly sc h e duled meetin g s: » CGRC meets at least annually w ith HON’s Vice President, Health, Safety, Environment, Product Stewardship and Sustainability, Senior Vice President, Government Relations, and Senior Vice President, HR, responsible for compliance and diversity • E RM process inclu des 1:1 input from th e Board (w hich has t r adi t ionally fo cused on E & S) w h ich is t h e n “flo w e d” d o w n th ro ugh th e risk ass e ssment pro cess • Pe r iodic prese ntatio ns to th e B oard on E&S s ubjec t s. In p ast 12 mon t h s, the se inclu d e: Overall Review of Sustainability Measures Sexual Harassment Compliance Programs Employee Diversity Initiatives Environmental Remediation Track Record Energy Efficiency Initiatives Safety Greenhouse Gas Reduction

Climate Change Reporting Robust CO 2 Emissions and Energy Efficiency Reporting 19 Honeywell rep o rts on its global greenhouse gas emis s ions publi c ly through C D P (form erly Carbon Di s clos u re Proje c t) and repo r ts s u bmit t ed to the U.S. E nvironmental Protection Agency and the United Kingdom En v iro n ment Agenc y . A quali f ied third pa r ty has provided limi t ed a s s u ra n ce per I S O 14064 - 3 of H oneywell ' s 20 1 1 - 2016 Scope 1 and Scope 2 green h ou s e gas emis s ions inven t ories. • Honeywell beat its first public goal to reduce global greenhouse gases by more than 30% and improve energy efficiency by more than 20% between 2004 and 2011. • A second five - year goal, set to reduce greenhouse gas emissions by an additional 15% per dollar of revenue from 2011 levels, was met three years early. • By 2019, Honeywell will reduce its greenhouse gas emissions per dollar of revenue from 2013 levels by an additional 10%.

Append i x 20

Reconciliation of EPS to EPS, Excluding Pension Mark - to - Market Expense, Debt Refinancing Expense, Separation Costs, Impacts from Tax Legislation ("Tax Reform"), and Earnings Attributable to 2016 Divestitures 21 (1) Utilizes weighted average shares of 775.3 million. Pension mark - to - market expense uses a blended tax rate of 21.3%, debt re financing expense uses a tax rate of 26.5%, and earnings attributable to 2016 divestitures uses a blended tax rate of 33.9%. (2) Utilizes weighted average shares of 772.1 million. Pension mark - to - market expense uses a blended tax rate of 23%. We believe EPS, excluding pension mark - to - market expense, debt refinancing expense, separation costs, impacts from tax reform, a nd earnings attributable to 2016 divestitures, is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. 2016 (1) 2017 (2) Earnings per share of common stock - assuming dilution (EPS) $6.20 $2.14 Pension Mark-to-Market Expense 0.28 0.09 Debt Refinancing Expense 0.12 - Impacts from Separation Costs - 0.02 Impacts from Tax Reform - 4.86 EPS, Excluding Pension Mark-to-Market Expense, Debt Refinancing Expense, Separation Costs and Impacts from Tax Reform $6.60 $7.11 EPS, Attributable to 2016 Divestitures (0.14) - EPS, Excluding Pension Mark-to-Market Expense, Debt Refinancing Expense, Separation Costs, Impacts from Tax Reform and 2016 Divestitures $6.46 $7.11

Reconciliation of Net Income Attributable to Honeywell to Net Income Attributable to Honeywell Excluding Pension Mark - to - Market Expense, Debt Refinancing Expense, Separation Costs, and Impacts from Tax Reform 22 (1) Pension mark - to - market expense uses a blended tax rate of 36.1%, 21.3% and 23% for 2015, 2016 and 2017. (2) Debt refinancing expense uses a tax rate of 26.5% for 2016. We believe net income , excluding pension mark - to - market expense, debt refinancing expense, separation costs, and impacts from tax reform, is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. ($M) 2015 2016 2017 Net Income Attributable to Honeywell $4,768 $4,809 $1,655 Pension Mark-to-Market Expense, Net of Tax (1) 43 215 67 Debt Refinancing Expense, Net of Tax (2) - 93 - Impacts from Separation Costs, Net of Tax - - 14 Impacts from Tax Reform - - 3,754 Net Income Attributable to Honeywell, Excluding Pension Mark-to-Market Expense, Debt Refinancing Expense, Separation Costs and Impacts from Tax Reform $4,811 $5,117 $5,490

Reconciliation of Organic Sales % Change 23 We define organic sales percent as the year - over - year change in reported sales relative to the comparable period, excluding the impact on sales from foreign currency translation and acquisitions, net of divestitures. We believe this measure is useful to investors and management in understanding our ongoing operations and in analysis of ongo ing operating trends. A quantitative reconciliation of reported sales percent change to organic sales percent change has not been provided for forw ard - looking measures of organic sales percent change because management cannot reliably predict or estimate, without unreasonable effort, the fluctuations in global currency markets that impact foreign cu rre ncy translation, nor is it reasonable for management to predict the timing, occurrence and impact of acquisition and divestiture transactions, all of which could significantly impact our reported sales percent change . 2017 Reported sales % change 3% Less: Foreign Currency Translation - Less: Acquisitions and Divestitures, Net (1%) Organic Sales % Change 4%

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margins 24 (1) Included in cost of products and services sold and selling, general and administrative expenses. (2) Includes repositioning, asbestos, environmental expenses and equity income adjustment. (3) Included in cost of products and services sold, selling, general and administrative expenses, and other income/expense. We define segment profit as operating income, excluding stock compensation expense, pension ongoing income or expense, pensio n m ark - to - market expense, other postretirement income or expense, and repositioning and other charges. We believe these measures are useful to investors and management in understanding our ongoi ng operations and in analysis of ongoing operating trends. A quantitative reconciliation of segment profit, on an overall Honeywell basis, to operating income has not been provided for al l forward - looking measures of segment profit and segment margin included herewithin . Management cannot reliably predict or estimate, without unreasonable effort, the impact and timing on future operating result s a rising from items excluded from segment profit, particularly pension mark - to - market expense as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan as sets. The information that is unavailable to provide a quantitative reconciliation could have a significant impact on our reported financial results. To the extent quantitative information becomes available wit hout unreasonable effort in the future, and closer to the period to which the forward - looking measures pertain, a reconciliation of segment profit to operating income will be included within future presentations . ($M) 2016 2017 Segment profit $7,186 $7,690 Stock compensation expense (1) (184) (176) Repositioning and other (2,3) (679) (1,010) Pension ongoing income (1) 601 713 Pension mark-to-market expense (1) (273) (87) Other postretirement income (1) 32 21 Operating income $6,683 $7,151 Segment profit $7,186 $7,690 ÷ Sales $39,302 $40,534 Segment profit margin % 18.3% 19.0% Operating income $6,683 $7,151 ÷ Sales $39,302 $40,534 Operating income margin % 17.0% 17.6%

Reconciliation of Cash Provided by Operating Activities to Free Cash Flow 25 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 wil l be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisiti ons , pay dividends, repurchase stock or repay debt obligations prior to their maturities. This metric can also be used to evaluate our ability to ge nerate cash flow from business operations and the impact that this cash flow has on our liquidity. ($M) 2016 2017 Cash Provided by Operating Activities $5,498 $5,966 Expenditures for Property, Plant and Equipment (1,095) (1,031) Free Cash Flow $4,403 $4,935