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, 2017

OR

o 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	22-2640650
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
115 Tabor Road Morris Plains, New Jersey	07950
(Address of principal executive offices)	(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 o

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 o

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 ☒	Accelerated filer o
Non-Accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o
	Emerging growth company o

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. o

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

There were 762,338,156 shares of Common Stock outstanding at March 31, 2017.

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. 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 2016 Annual Report on Form 10-K.

PART I. FINANCIAL INFORMATION

The financial statements and related footnotes as of March 31, 2017 should be read in conjunction with the financial statements for the year ended December 31, 2016 contained in our 2016 Annual Report on Form 10-K.

ITEM 1. FINANCIAL STATEMENTS

Honeywell International Inc.
Consolidated Statement of Operations
(Unaudited)

	Three Months Ended March 31,	
	2017	2016
	(Dollars in millions, except per share amounts)	
Product sales	$ 7,540	$ 7,619
Service sales	1,952	1,903
Net sales	9,492	9,522
Costs, expenses and other		
Cost of products sold	5,237	5,349
Cost of services sold	1,119	1,198
	6,356	6,547
Selling, general and administrative expenses	1,349	1,280
Other (income) expense	(12)	(18)
Interest and other financial charges	75	85
	7,768	7,894
Income before taxes	1,724	1,628
Tax expense	392	402
Net income	1,332	1,226
Less: Net income attributable to the noncontrolling interest	6	10
Net income attributable to Honeywell	$ 1,326	$ 1,216
Earnings per share of common stock - basic	$ 1.74	$ 1.58
Earnings per share of common stock - assuming dilution	$ 1.71	$ 1.56
Cash dividends per share of common stock	$ 0.6650	$ 0.5950

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, 2017	Three Months Ended March 31, 2016
	(Dollars in millions)	
Net income	$ 1,332	$ 1,226
Other comprehensive income (loss), net of tax		
Foreign exchange translation adjustment	248	122
Prior service credit (cost)	(46)	-
Actuarial losses (gains) recognized	2	3
Prior service (credit) cost recognized	(16)	(19)
Pension and other postretirement benefits adjustments	(60)	(16)
Effective portion of cash flow hedges recognized in other comprehensive income (loss)	(13)	(32)
Less: Reclassification adjustment for gains (losses) included in net income	23	(6)
Changes in fair value of effective cash flow hedges	(36)	(26)
Other comprehensive income (loss), net of tax	152	80
Comprehensive income	1,484	1,306
Less: Comprehensive income attributable to the noncontrolling interest	9	10
Comprehensive income attributable to Honeywell	$ 1,475	$ 1,296

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

Honeywell International Inc.
Consolidated Balance Sheet
(Unaudited)

	March 31, 2017	December 31, 2016
	(Dollars in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,710	$ 7,843
Short-term investments	1,885	1,520
Accounts receivable - net	8,155	8,177
Inventories	4,652	4,366
Other current assets	1,178	1,152
Total current assets	23,580	23,058
Investments and long-term receivables	533	587
Property, plant and equipment - net	5,816	5,793
Goodwill	17,827	17,707
Other intangible assets - net	4,592	4,634
Insurance recoveries for asbestos related liabilities	407	417
Deferred income taxes	337	347
Other assets	1,687	1,603
Total assets	$ 54,779	$ 54,146
LIABILITIES		
Current liabilities:		
Accounts payable	$ 5,805	$ 5,690
Commercial paper and other short-term borrowings	3,415	3,366
Current maturities of long-term debt	1,271	227
Accrued liabilities	6,790	7,048
Total current liabilities	17,281	16,331
Long-term debt	11,181	12,182
Deferred income taxes	414	486
Postretirement benefit obligations other than pensions	546	473
Asbestos related liabilities	1,002	1,014
Other liabilities	3,877	4,110
Redeemable noncontrolling interest	3	3
SHAREOWNERS' EQUITY		
Capital - common stock issued	958	958
- additional paid-in capital	5,927	5,781
Common stock held in treasury, at cost	(13,526)	(13,366)
Accumulated other comprehensive loss	(2,562)	(2,714)
Retained earnings	29,526	28,710
Total Honeywell shareowners' equity	20,323	19,369
Noncontrolling interest	152	178
Total shareowners' equity	20,475	19,547
Total liabilities, redeemable noncontrolling interest and shareowners' equity	$ 54,779	$ 54,146

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,	
	2017	2016
	(Dollars in millions)	
Cash flows from operating activities:		
Net income	$ 1,332	$ 1,226
Less: Net income attributable to the noncontrolling interest	6	10
Net income attributable to Honeywell	1,326	1,216
Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities:		
Depreciation	170	179
Amortization	101	74
Repositioning and other charges	129	125
Net payments for repositioning and other charges	(137)	(134)
Pension and other postretirement income	(183)	(159)
Pension and other postretirement benefit payments	(24)	(38)
Stock compensation expense	50	53
Deferred income taxes	(42)	48
Other	14	88
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:		
Accounts receivable	23	(208)
Inventories	(286)	(241)
Other current assets	(25)	(54)
Accounts payable	115	(113)
Accrued liabilities	(291)	(517)
Net cash provided by operating activities	940	319
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(168)	(194)
Proceeds from disposals of property, plant and equipment	24	1
Increase in investments	(1,256)	(836)
Decrease in investments	825	880
Cash paid for acquisitions, net of cash acquired	-	(1,056)
Other	(29)	9
Net cash used for investing activities	(604)	(1,196)
Cash flows from financing activities:		
Proceeds from issuance of commercial paper and other short-term borrowings	2,468	6,300
Payments of commercial paper and other short-term borrowings	(2,467)	(8,750)
Proceeds from issuance of common stock	221	105
Proceeds from issuance of long-term debt	11	4,448
Payments of long-term debt	(5)	(419)
Repurchases of common stock	(310)	(1,156)
Cash dividends paid	(503)	(499)
Payments to purchase the noncontrolling interest	-	(238)
Other	(33)	(14)
Net cash used for financing activities	(618)	(223)
Effect of foreign exchange rate changes on cash and cash equivalents	149	118
Net decrease in cash and cash equivalents	(133)	(982)
Cash and cash equivalents at beginning of period	7,843	5,455
Cash and cash equivalents at end of period	7,710	4,473

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

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, 2017 and 2016 and the results of operations and cash flows for the three months ended March 31, 2017 and 2016. The results of operations and cash flows for the three months ended March 31, 2017 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, 2017 and 2016 were April 1, 2017 and April 2, 2016.

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

Note 2. Recent Accounting Pronouncements

We consider the applicability and impact of all Accounting Standards Updates (ASUs). 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 May 2014, and in following related amendments, the FASB issued guidance on revenue from contracts with customers that will supersede most current revenue recognition guidance, including industry-specific guidance. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The effective date is for interim and annual periods beginning on or after December 15, 2017. The guidance permits the use of either a retrospective or cumulative effect transition method. We have not yet selected a transition method. We expect that our disclosures in our notes to consolidated financial statements related to revenue recognition will be significantly expanded under the new standard. The FASB has issued, and may issue in the future, interpretive guidance which may cause our evaluation to change. We believe we are following an appropriate timeline to allow for proper recognition, presentation and disclosure upon adoption effective the beginning of fiscal year 2018.

We are still finalizing the analysis to quantify the adoption impact of the new standard, but we do not currently expect it to have a material impact on our consolidated financial position or results of operations. Based on the evaluation of our current contracts and revenue streams, most will be recorded consistently under both the current and new standard. We expect the new standard will have no cash impact and, as such, does not affect the economics of our underlying customer contracts. However, we expect the guidance in certain areas, particularly in our Aerospace segment, to impact our current revenue recognition policies.

The current accounting policy for costs incurred for nonrecurring engineering and development activities of our Aerospace products under agreements with commercial customers is generally to expense as incurred. Any customer funding received for such efforts is recognized when earned as a reduction of cost of sales. Under the new guidance, customer funding for such expenses incurred must be assessed to determine whether the contract is within the scope of the new revenue standard, and if so, determine the appropriate timing of the recognition of funding and related income statement classification. We are continuing to evaluate the impact for these activities.

In addition, we expect revenues for our mechanical service programs at our Aerospace business to continue to be recognized over time and not point in time, but under the new guidance the timing may change to reflect the impact of recognition as a series of distinct services using the output method. With the adoption of the standard, certain unbilled receivables or deferred revenue will be eliminated through retained earnings, but we do not expect a material impact.

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 and will be effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted. The guidance requires the use of a modified retrospective approach. We are evaluating the impact of the guidance on our consolidated financial position, results of operations and related disclosures.

In January 2017, the FASB issued guidance to simplify the subsequent measurement of goodwill impairment. The new guidance eliminates the two-step process that required identification of potential impairment and a separate measure of the actual impairment. Goodwill impairment charges, if any, would be determined by reducing the goodwill balance by the difference between the carrying value and the reporting unit’s fair value (impairment loss is limited to the carrying value). This standard is effective for annual or any interim goodwill impairment tests beginning after December 15, 2019. The adoption of this standard is not expected to have a material impact on our consolidated financial statements.

In March 2017, the FASB issued guidance on presentation of net periodic pension cost and net periodic postretirement benefit cost. The new standard requires that an employer disaggregate the service costs components of net benefit cost. The employer is required to report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component, such as in other income and expense. The guidance is effective for fiscal years beginning after December 15, 2017. This guidance will impact the presentation of our consolidated financial statements. Our current presentation of service cost components is consistent with the requirements of the new standard. Upon our adoption of the new standard, we expect to present the other components within Other (income) expense (we currently present within Cost of products and services sold and Selling, general, and administrative expenses). All components will continue to be excluded from Segment Profit (see Note 10 Segment Financial Data).

(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, 2017	Three Months Ended March 31, 2016
Severance	$ 20	$ 28
Asset impairments	2	7
Exit costs	1	2
Reserve adjustments	6	(17)
Total net repositioning charge	29	20
Asbestos related litigation charges, net of insurance	50	53
Probable and reasonably estimable environmental liabilities	50	52
Total net repositioning and other charges	$ 129	$ 125

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

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Cost of products and services sold	$ 136	$ 105
Selling, general and administrative expenses	(7)	20
	$ 129	$ 125

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

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Aerospace	$ 73	$ 49
Home and Building Technologies	(1)	17
Performance Materials and Technologies	3	9
Safety and Productivity Solutions	(4)	(10)
Corporate	58	60
	$ 129	$ 125

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 factory transitions, mainly in Aerospace, to more cost-effective locations. Also, $6 million, net, of reserve adjustments increased the previously established accruals, primarily for severance in Aerospace, due mainly to lower attrition than anticipated and higher expected severance payments.

In the quarter ended March 31, 2016, we recognized repositioning charges totaling $37 million including severance costs of $28 million related to workforce reductions of 293 manufacturing and administrative positions mainly in Home and Building Technologies and Performance Materials and Technologies. The workforce reductions were primarily related to achieving acquisition-related synergies and outsourcing of certain packaging operations. Also, $17 million of previously established accruals, primarily for severance, in Home and Building Technologies, Safety and Productivity Solutions, and Performance Materials and Technologies, were returned to income primarily as a result of higher attrition than anticipated in prior severance programs resulting in lower required severance payments.

(Dollars in millions, except per share amounts)

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

	Severance Costs	Asset Impairments	Exit Costs	Total
December 31, 2016	$ 298	$ -	$ 33	$ 331
Charges	20	2	1	23
Usage - cash	(50)	-	(4)	(54)
Usage - noncash	-	(2)	-	(2)
Foreign currency translation	5	-	-	5
Adjustments and reclassifications	6	-	(8)	(2)
March 31, 2017	$ 279	$ -	$ 22	$ 301

Certain repositioning projects in 2017 and 2016 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. Earnings Per Share

	Three Months Ended March 31,	
Basic	**2017**	**2016**
Net income attributable to Honeywell	$ 1,326	$ 1,216
Weighted average shares outstanding	763.1	767.9
Earnings per share of common stock	$ 1.74	$ 1.58

	Three Months Ended March 31,	
Assuming Dilution	**2017**	**2016**
Net income attributable to Honeywell	$ 1,326	$ 1,216
Average Shares		
Weighted average shares outstanding	763.1	767.9
Dilutive securities issuable - stock plans	10.8	11.7
Total weighted average shares outstanding	773.9	779.6
Earnings per share of common stock	$ 1.71	$ 1.56

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, 2017 and 2016, the weighted average number of stock options excluded from the computations was 2.1 million and 8.4 million. These stock options were outstanding at the end of each of the respective periods.

(Dollars in millions, except per share amounts)

Note 5. Accounts Receivable

	March 31, 2017	December 31, 2016
Trade	$ 8,367	$ 8,449
Less - Allowance for doubtful accounts	(212)	(272)
	$ 8,155	$ 8,177

Trade receivables include $1,665 million and $1,626 million of unbilled balances under long-term contracts as of March 31, 2017 and December 31, 2016. These amounts are billed in accordance with the terms of customer contracts to which they relate.

Note 6. Inventories

	March 31, 2017	December 31, 2016
Raw materials	$ 1,193	$ 1,104
Work in process	787	775
Finished products	2,710	2,552
	4,690	4,431
Reduction to LIFO cost basis	(38)	(65)
	$ 4,652	$ 4,366

(Dollars in millions, except per share amounts)

Note 7. Long-term Debt

	March 31, 2017	December 31, 2016
Floating rate Euro notes due 2018	1,069	1,054
1.40% notes due 2019	1,250	1,250
Floating rate notes due 2019	250	250
0.65% Euro notes due 2020	1,069	1,054
4.25% notes due 2021	800	800
1.85% notes due 2021	1,500	1,500
1.30% Euro notes due 2023	1,335	1,317
3.35% notes due 2023	300	300
2.50% notes due 2026	1,500	1,500
2.25% Euro notes due 2028	801	790
5.70% notes due 2036	550	550
5.70% notes due 2037	600	600
5.375% notes due 2041	600	600
Industrial development bond obligations, floating rate maturing at various dates through 2037	30	30
6.625% debentures due 2028	216	216
9.065% debentures due 2033	51	51
Other (including capitalized leases and debt issuance costs), 0.5% weighted average maturing at various dates through 2023	531	547
	12,452	12,409
Less: current portion	(1,271)	(227)
	$ 11,181	$ 12,182

Note 8. 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 2016 Annual Report on Form 10-K.

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, 2017	December 31, 2016
Assets:		
Foreign currency exchange contracts	$ 104	$ 152
Available for sale investments	2,015	1,670
Interest rate swap agreements	61	69
Liabilities:		
Foreign currency exchange contracts	$ 7	$ 2
Interest rate swap agreements	52	48

The foreign currency exchange contracts and interest rate swap agreements are valued using broker quotations or market transactions in either the listed or over-the-counter markets. These derivative instruments are classified within level 2. The Company holds investments in certificates of deposits, time deposits and commercial paper that are designated as available for sale and are valued using published prices based on observable market data. 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.

(Dollars in millions, except per share amounts)

The carrying value of cash and cash equivalents, accounts receivable, 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, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Long-term receivables	$ 263	$ 253	$ 280	$ 273
Liabilities				
Long-term debt and related current maturities	$ 12,452	$ 13,070	$ 12,409	$ 13,008

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 as well.

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, 2017 and 2016, we recognized $11 million of losses and $29 million of gains in earnings on interest rate swap agreements. Gains and losses 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. We recognized $34 million and $32 million of expense in other (income) expense for the three months ended March 31, 2017 and 2016.

(Dollars in millions, except per share amounts)

Note 9. Accumulated Other Comprehensive Income (Loss)

Changes in Accumulated Other Comprehensive Income by Component

	Foreign Exchange Translation Adjustment	Pension and Other Postretirement Benefits Adjustments	Changes in Fair Value of Effective Cash Flow Hedges	Total
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)	248	(60)	(36)	152
Balance at March 31, 2017	$ (1,696)	$ (939)	$ 73	$ (2,562)

	Foreign Exchange Translation Adjustment	Pension and Other Postretirement Benefits Adjustments	Changes in Fair Value of Effective Cash Flow Hedges	Total
Balance at December 31, 2015	$ (1,892)	$ (644)	$ 1	$ (2,535)
Other comprehensive income (loss) before reclassifications	122	-	(32)	90
Amounts reclassified from accumulated other comprehensive income	-	(16)	6	(10)
Net current period other comprehensive income (loss)	122	(16)	(26)	80
Balance at March 31, 2016	$ (1,770)	$ (660)	$ (25)	$ (2,455)

(Dollars in millions, except per share amounts)

Note 10. 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. Segment profit is measured as segment income (loss) before taxes excluding general corporate unallocated expense, other income (expense), interest and other financial charges, stock compensation expense, pension and other postretirement income (expense), and repositioning and other charges.

	Three Months Ended March 31,	
Net Sales	2017	2016
Aerospace		
Products	$ 2,396	$ 2,490
Services	1,150	1,215
Total	3,546	3,705
Home and Building Technologies		
Products	2,217	2,197
Services	336	280
Total	2,553	2,477
Performance Materials and Technologies		
Products	1,674	1,884
Services	395	397
Total	2,069	2,281
Safety and Productivity Solutions		
Products	1,253	1,048
Services	71	11
Total	1,324	1,059
	$ 9,492	$ 9,522
Segment Profit		
Aerospace	$ 796	$ 798
Home and Building Technologies	389	360
Performance Materials and Technologies	471	461
Safety and Productivity Solutions	194	150
Corporate	(61)	(49)
Total segment profit	1,789	1,720
Other income[(a)]	6	12
Interest and other financial charges	(75)	(85)
Stock compensation expense[(b)]	(50)	(53)
Pension ongoing income[(b)]	179	150
Other postretirement income[(b)]	4	9
Repositioning and other charges [(b)]	(129)	(125)
Income before taxes	$ 1,724	$ 1,628

(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.

(Dollars in millions, except per share amounts)

Note 11. Pension Benefits

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

	Three Months Ended			
	U.S. Plans March 31,		Non-U.S. Plans March 31,	
	2017	2016	2017	2016
Service cost	$ 43	$ 48	$ 9	$ 12
Interest cost	147	150	35	47
Expected return on plan assets	(315)	(306)	(99)	(99)
Amortization of prior service (credit)	(11)	(11)	-	(1)
	$ (136)	$ (119)	$ (55)	$ (41)

Note 12. Commitments and Contingencies

Environmental Matters

Our environmental matters are described in Note 19, Commitments and Contingencies, of Notes to Consolidated Financial Statements in our 2016 Annual Report on Form 10-K.

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

December 31, 2016	$ 511
Accruals for environmental matters deemed probable and reasonably estimable	50
Environmental liability payments	(31)
Other	8
March 31, 2017	$ 538

Environmental liabilities are included in the following balance sheet accounts:

	March 31, 2017	December 31, 2016
Accrued liabilities	$ 252	$ 252
Other liabilities	286	259
	$ 538	$ 511

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.

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.

Honeywell has entered into a cooperative agreement with potential natural resource trustees to assess alleged natural resource damages relating to this site. It is not possible to predict the outcome or duration of this assessment, or the amounts of, or responsibility for, any damages.

(Dollars in millions, except per share amounts)

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, 2016	$ 641	$ 919	$ 1,560
Accrual for update to estimated liability	46	7	53
Asbestos related liability payments	(58)	(7)	(65)
March 31, 2017	$ 629	$ 919	$ 1,548

Insurance Recoveries for Asbestos Related Liabilities

	Bendix	NARCO	Total
December 31, 2016	$ 121	$ 319	$ 440
Probable insurance recoveries related to estimated liability	3	-	3
Insurance receipts for asbestos related liabilities	(12)	(1)	(13)
March 31, 2017	$ 112	$ 318	$ 430

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

	March 31, 2017	December 31, 2016
Other current assets	$ 23	$ 23
Insurance recoveries for asbestos related liabilities	407	417
	$ 430	$ 440
Accrued liabilities	$ 546	$ 546
Asbestos related liabilities	1,002	1,014
	$ 1,548	$ 1,560

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 processors' 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 the years 2017 and 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 that expires in October 2017. Claims processing will continue during this period subject to a defined dispute resolution process. As of March 31, 2017, 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), unsettled claims pending as of the time NARCO filed for bankruptcy protection ($31 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 is based on a commonly accepted methodology used by numerous bankruptcy courts addressing 524(g) trusts and also reflects disputes concerning implementation of the Trust Distribution Procedures by the NARCO Trust, a lack of sufficient trust claims processing experience, as well as the stay of all NARCO asbestos claims which remained in place throughout NARCO's Chapter 11 case. Some critical assumptions underlying this commonly accepted methodology include 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 future NARCO claims was originally established at the time of the NARCO Chapter 11 filing reflecting 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.

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.

(Dollars in millions, except per share amounts)

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

Claims Activity	Three Months Ended March 31, 2017	Years Ended December 31, 2016	2015
Claims Unresolved at the beginning of period	7,724	7,779	9,267
Claims Filed	709	2,830	2,862
Claims Resolved	(1,807)	(2,885)	(4,350)
Claims Unresolved at the end of period	6,626	7,724	7,779

Disease Distribution of Unresolved Claims	March 31, 2017	December 31, 2016	2015
Mesothelioma and Other Cancer Claims	3,057	3,490	3,772
Nonmalignant Claims	3,569	4,234	4,007
Total Claims	6,626	7,724	7,779

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

	Years Ended December 31, 2016	2015	2014	2013	2012
			(in whole dollars)		
Malignant claims	$ 44,000	$ 44,000	$ 53,500	$ 51,000	$ 49,000
Nonmalignant claims	$ 4,485	$ 100	$ 120	$ 850	$ 1,400

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.

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, employment, 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 July 2011, Honeywell filed an action in federal court (District of New Jersey) against the UAW and all former employees who retired under a series of Master Collective Bargaining Agreements (MCBAs) between Honeywell and the UAW seeking a declaratory judgment that certain express limitations on its obligation to contribute toward the healthcare coverage of such retirees (the CAPS) set forth in the MCBAs may be implemented, effective January 1, 2012. The UAW and certain retiree defendants filed a mirror suit in the Eastern District of Michigan alleging that the MCBAs do not provide for CAPS on the Company's liability for healthcare coverage. The New Jersey action was dismissed and Honeywell subsequently answered the UAW's complaint in Michigan and asserted counterclaims for fraudulent inducement, negligent misrepresentation and breach of implied warranty. The UAW filed a motion to dismiss these counterclaims. The court dismissed Honeywell's fraudulent inducement and negligent misrepresentation claims, but let stand the claim for breach of implied warranty. In the second quarter of 2014, the parties agreed to stay the proceedings with respect to those retirees who retired before the initial inclusions of the CAPS in the 2003 MCBA until the Supreme Court decided the *M&G Polymers USA, LLC v. Tackett* case. In a ruling on January 26, 2015, the Supreme Court held that retiree health insurance benefits provided in collective bargaining agreements do not carry an inference that they are vested or guaranteed to continue for life and that the "vesting" issue must be decided pursuant to ordinary principles of contract law. The stay of the proceedings has been lifted and the case is again proceeding. Based on the Supreme Court's ruling, Honeywell is confident that the CAPS will be upheld and that its liability for healthcare coverage premiums with respect to the putative class will be limited as negotiated and expressly set forth in the applicable MCBAs. In the event of an adverse ruling, however, Honeywell's other postretirement benefits for pre-2003 retirees would increase by approximately $129 million, reflecting the estimated value of these CAPS.

In December 2013, the UAW and certain of the plaintiffs filed a motion for partial summary judgment with respect to those retirees who retired after the initial inclusion of the CAPS in the 2003 MCBA. The UAW sought a ruling that the 2003 MCBA did not limit Honeywell's obligation to contribute to healthcare coverage for the post-2003 retirees. That motion remains pending. Honeywell is confident that the Court will find that the 2003 MCBA does, in fact, limit Honeywell's retiree healthcare obligation for post-2003 retirees. In the event of an adverse ruling, however, Honeywell's other postretirement benefits for post-2003 retirees would increase by approximately $95 million, reflecting the estimated value of these CAPS.

Joint Strike Fighter Investigation - In 2013 the Company received subpoenas from the Department of Justice requesting information relating primarily to parts manufactured in the United Kingdom and China used in the F-35 fighter jet. The Company is cooperating fully with the investigation. While we believe that Honeywell has complied with all relevant U.S. laws and regulations regarding the manufacture of these sensors, it is not possible to predict the outcome of the investigation or what action, if any, may result from it.

Given the uncertainty inherent in litigation and investigations (including the specific matters 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, 2017. The financial information as of March 31, 2017 should be read in conjunction with the consolidated financial statements for the year ended December 31, 2016 contained in our 2016 Annual Report on Form 10-K.

A. Results of Operations – three months ended March 31, 2017 compared with the three months ended March 31, 2016

Net Sales

	Three Months Ended March 31,	
	2017	2016
Net sales	$ 9,492	$ 9,522
% change compared with prior period	-	

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

	Three Months
Volume	2%
Foreign Exchange	(1)%
Acquisitions/Divestitures	(1)%
	-

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 weakening of the British Pound and Euro against the U.S. Dollar.

Cost of Products and Services Sold

	Three Months Ended March 31,	
	2017	2016
Cost of products and services sold	$ 6,356	$ 6,547
% change compared with prior period	(3)%	
Gross margin percentage	33.0 %	31.2%

Cost of products and services sold decreased principally due to lower labor costs of approximately $125 million and decreased direct and indirect material costs of approximately $80 million (driven primarily by productivity, net of inflation, and divestitures, net of acquisitions, and foreign currency translation, partially offset by higher sales volumes).

Gross margin percentage increased primarily due to higher gross margin in Aerospace and Performance Materials and Technologies (approximately 1.9 percentage point impact collectively) and increased pension and other postretirement income allocated to cost of products and services sold (approximately 0.1 percentage point impact), partially offset by higher repositioning and other charges allocated to cost of products and services sold (approximately 0.3 percentage point impact).

Selling, General and Administrative Expenses

	Three Months Ended March 31,	
	2017	2016
Selling, general and administrative expenses	$ 1,349	$ 1,280
% of sales	14.2%	13.4%

Selling, general and administrative expenses increased primarily driven by an increase in labor costs (principally attributed to acquisitions, net of divestitures, merit increases and investment for growth) and higher sales volumes, partially offset by lower repositioning charges allocated to selling, general and administrative expenses and the favorable impact from foreign currency translation.

Tax Expense

	Three Months Ended March 31,	
	2017	2016
Tax expense	$ 392	$ 402
Effective tax rate	22.7%	24.7%

The effective tax rate decreased for the quarter primarily due to the resolution of tax matters with non-U.S. jurisdictions and increased tax benefits from employee share-based payments, partially offset by increased expense for reserves and taxes on the unremitted earnings of certain foreign affiliates that are not deemed permanently reinvested.

The effective tax rates for the three months ended in 2017 and 2016 were lower than the U.S. federal statutory rate of 35% resulting in part from non-U.S. earnings taxed at lower rates, the vast majority of which we intend to permanently reinvest outside the United States, and from benefits from manufacturing incentives.

The Company currently expects the effective tax rate for 2017 to be approximately 25%. The effective tax rate can vary from quarter to quarter for unusual or infrequently occurring items, the resolution of income tax audits, changes in tax laws or other items such as pension mark-to-market adjustments and the tax impact from employee share-based payments.

Net Income Attributable to Honeywell

	Three Months Ended March 31,	
	2017	2016
Net income attributable to Honeywell	$ 1,326	$ 1,216
Earnings per share of common stock – assuming dilution	$ 1.71	$ 1.56

Earnings per share of common stock – assuming dilution increased, primarily driven by increased segment profit in Safety and Productivity Solutions, Home and Building Technologies and Performance Materials and Technologies, lower effective tax rate and higher pension and other postretirement income.

Review of Business Segments

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	% Change
Aerospace Sales			
Commercial Aviation Original Equipment	$ 611	$ 701	(13)%
Commercial Aviation Aftermarket	1,201	1,148	5%
Defense and Space	950	1,069	(11)%
Transportation Systems	784	787	-
Total Aerospace Sales	3,546	3,705	
Home and Building Technologies Sales			
Home and Building Products	1,441	1,398	3%
Home and Building Distribution	1,112	1,079	3%
Total Home and Building Technologies Sales	2,553	2,477	
Performance Materials and Technologies Sales			
UOP	577	568	2%
Process Solutions	825	837	(1)%
Advanced Materials	667	876	(24)%
Total Performance Materials and Technologies Sales	2,069	2,281	
Safety and Productivity Solutions Sales			
Safety	521	508	3%
Productivity Solutions	803	551	46%
Total Safety and Productivity Solutions Sales	1,324	1,059	
Net Sales	$ 9,492	$ 9,522	

Aerospace

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	% Change
Net sales	$ 3,546	$ 3,705	(4)%
Cost of products and service sold	2,468	2,682	
Selling, general and administrative expenses and other	282	225	
Segment profit	$ 796	$ 798	-

Factors Contributing to Year-Over-Year Change	2017 vs. 2016 Three Months Ended March 31, Sales	Segment Profit
Organic growth/ Operational segment profit	-	3%
Foreign exchange	(1)%	(1)%
Acquisitions and divestitures, net	(3)%	(2)%
Total % Change	(4)%	-

Aerospace sales decreased primarily due to the government services business divestiture and the unfavorable impact of foreign currency translation.

- Commercial Aviation Original Equipment sales decreased by 13% (decreased 13% organic) primarily due to lower shipments to business jet original equipment manufacturers (OEMs).

- Commercial Aviation Aftermarket sales increased by 5% (increased 5% organic) driven primarily by higher repair and overhaul activities and increased spares shipments to air transport and regional customers.

- Defense and Space sales decreased by 11% (flat organic) primarily due to the government services business divestiture. Organic sales are flat primarily due to growth in our core U.S. defense business, offset by lower sales in our commercial helicopter and space businesses.

- Transportation Systems sales were flat (increased 2% organic) driven primarily by higher commercial vehicle volumes and gas turbo penetration, offset by diesel turbo platform completions and the unfavorable impact of foreign currency translation.

Aerospace segment profit was flat primarily due to an increase in operational segment profit, offset by the government services business divestiture and the unfavorable impact of foreign currency translation. The increase in operational segment profit is driven primarily by restructuring benefits and pricing, partially offset by lower sales volumes to business jet OEMs. Cost of products and services sold decreased primarily due to the government services business divestiture, productivity, net of inflation, and restructuring benefits.

Home and Building Technologies

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	% Change
Net sales	$ 2,553	$ 2,477	3%
Cost of products and services sold	1,712	1,657	
Selling, general and administrative expenses and other	452	460	
Segment profit	$ 389	$ 360	8%

Factors Contributing to Year-Over-Year Change	2017 vs. 2016 Three Months Ended March 31, Sales	Segment Profit
Organic growth/ Operational segment profit	3%	9%
Foreign currency translation	(2)%	(2)%
Acquisitions and divestitures, net	2%	1%
Total % Change	3%	8%

Home and Building Technologies sales increased primarily due to organic sales growth and acquisitions partially offset by the unfavorable impact of foreign currency translation.

- Sales in Home and Building Products increased by 3% (increased 3% organic) principally due to organic growth and acquisitions partially offset by the unfavorable impact of foreign currency translation. Organic growth was primarily attributable to new product introductions in Environmental and Energy Solutions and volume growth in Security and Fire.

- Sales in Home and Building Distribution increased by 3% (increased 4% organic) principally due to organic growth partially offset by the unfavorable impact of foreign currency translation. Organic sales growth was primarily driven by increased sales volume in the global distribution business.

Home and Building Technologies segment profit increased due to higher operational segment profit and acquisitions, partially offset by the unfavorable impact of foreign currency translation. The increase in operational segment profit is primarily due to restructuring benefits and volume partially offset by investments for growth. Cost of products and services sold increased primarily due to higher sales volume and acquisitions partially offset by the impact of foreign currency translation.

Performance Materials and Technologies

	Three Months Ended March 31,		
	2017	2016	% Change
Net sales	$ 2,069	$ 2,281	(9)%
Cost of products and services sold	1,315	1,528	
Selling, general and administrative expenses and other	283	292	
Segment profit	$ 471	$ 461	2%

Factors Contributing to Year-Over-Year Change	2017 vs. 2016 Three Months Ended March 31, Sales	Segment Profit
Organic growth/ Operational segment profit	5%	15%
Foreign currency translation	(1)%	(2)%
Acquisitions and divestitures, net	(13)%	(11)%
Total % Change	(9)%	2%

Performance Materials and Technologies sales decreased due to divestitures and the unfavorable impact of foreign currency translation, partially offset by growth in organic sales volumes.

- UOP sales increased by 2% (increased 3% organic) driven primarily by higher gas processing revenues due to an increase in customer projects, partially offset by decreased licensing revenue.
- Process Solutions sales decreased by 1% (flat organic) driven primarily by decreased revenues in projects and lower field product sales, partially offset by higher revenue in software and services.
- Advanced Materials sales decreased by 24% (increased 11% organic) driven primarily by the spin-off of the former resins and chemicals business, partially offset by increased fluorine products volumes.

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

Safety and Productivity Solutions

	Three Months Ended March 31,		
	2017	2016	% Change
Net sales	$ 1,324	$ 1,059	25%
Cost of products and services sold	864	690	
Selling, general and administrative expenses and other	266	219	
Segment profit	$ 194	$ 150	29%

	2017 vs. 2016 Three Months Ended March 31,	
Factors Contributing to Year-Over-Year Change	Sales	Segment Profit
Organic growth/ Operational segment profit	3%	27%
Foreign exchange	(1)%	(1)%
Acquisitions and divestitures, net	23%	3%
Total % Change	25%	29%

Safety and Productivity Solutions sales increased primarily due to growth from acquisitions and organic sales volume, partially offset by the unfavorable impact of foreign currency translation.

- Sales in Safety increased by 3% (increased 3% organic) due to increased sales volume in the Industrial Safety business, partially offset by the unfavorable impact of foreign currency translation.

- Sales in Productivity Solutions increased 46% (increased 3% organic) principally due to growth from acquisitions, primarily Intelligrated, and organic growth in Workflow Solutions, partially offset by the unfavorable impact of foreign currency translation.

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

Repositioning

Our repositioning actions are expected to generate incremental pretax savings of $200 million to $300 million in 2017 compared with 2016 principally from planned workforce reductions. Cash spending related to our repositioning actions was $54 million in the three months ended March 31, 2017 and was funded through operating cash flows. In 2017, we expect cash spending for repositioning actions to be approximately $225 million and to be funded through operating cash flows.

B. Liquidity and Capital Resources

Cash Flow Summary

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Cash provided by (used for):		
Operating activities	$ 940	$ 319
Investing activities	(604)	(1,196)
Financing activities	(618)	(223)
Effect of exchange rate changes on cash	149	118
Net (decrease) increase in cash and cash equivalents	$ (133)	$ (982)

Cash provided by operating activities increased by $621 million primarily due to a $414 million favorable impact from working capital and an increase in net income of $106 million.

Cash used for investing activities decreased by $592 million primarily due to a decrease in cash paid for acquisitions of $1,056 million, partially offset by a net $475 million increase in investments, primarily short term marketable securities.

Cash used for financing activities increased by $395 million primarily due to a decrease in the net proceeds from debt issuances of $1,572 million, partially offset by a decrease in net repurchases of common stock of $962 million and the acquisition in 2016 of the remaining 30% noncontrolling interest of UOP Russell LLC of $238 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 2017, 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 $130 million ($89 million of marketable securities were contributed in January 2017) to our non-U.S. plans in 2017 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, 2017, the Company repurchased $310 million of outstanding shares. Under the Company's previously approved $5 billion share repurchase program, $3.8 billion remained available as of March 31, 2017 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. The amount and timing of future repurchases may vary depending on market conditions and the level of operating, financing and other investing activities.

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 12 Commitments and Contingencies of Notes to Consolidated Financial Statements for further discussion of environmental, asbestos and other litigation matters.

Critical Accounting Policies

The financial information as of March 31, 2017 should be read in conjunction with the consolidated financial statements for the year ended December 31, 2016 contained in our 2016 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 2016 Annual Report on Form 10-K.

Recent Accounting Pronouncements

See Note 2 Recent Accounting Pronouncements 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 2016 Annual Report on Form 10-K. As of March 31, 2017, 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 12 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 2,575,000 shares of its common stock, par value $1 per share, in the quarter ended March 31, 2017. Under the Company's previously approved $5 billion share repurchase program, $3.8 billion remained available as of March 31, 2017 for additional share repurchases. The following table summarizes Honeywell's purchase of its common stock for the quarter ended March 31, 2017:

Issuer Purchases of Equity Securities

Period	(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	(d) Approximate Dollar Value of Shares that May Yet be Purchased Under Plans or Programs (Dollars in millions)
February 2017	2,575,000	$120.35	2,575,000	$3,767

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, 2017, including the activities disclosed below, were conducted by our non-U.S. subsidiaries under General License H and otherwise in compliance with all applicable laws, including sanctions regulations administered by U.S. Treasury's Office of Foreign Assets Control (OFAC).

In the three months ended March 31, 2017, the 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 $12.5 million in the three months ended March 31, 2017, (expected total value of these contracts is approximately $48.3 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 $0.4 million in the three months ended March 31, 2017 (expected total value of these contracts is approximately $0.9 million).

In the three months ended March 31, 2017, the Process Solutions business, part of Performance Materials and Technologies, sold less than $0.1 million of non-U.S. origin products to distributors (including an Iranian distributor) for use in the gas distribution sector in Iran.

Our non-U.S. subsidiaries intend to continue doing business in Iran under General License H in compliance with all applicable laws, which sales may require additional disclosure pursuant to Section 13(r) of the Act.

Item 6. Exhibits

(a) See the Exhibit Index on page 33 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 21, 2017

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

Exhibit No.	Description
10.1*	Chief Executive Officer Business Continuity Agreement as approved by the Board of Directors of Honeywell International Inc. on June 28, 2016 (incorporated by reference to Exhibit 99.1 to Honeywell's Form 8-K filed June 28, 2016), and amended by the attached amendment (filed herewith)
10.2*	2016 Stock Incentive Plan of Honeywell International Inc. and its Affiliates – Form of Performance Plan Grant Agreement (filed herewith)
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 4 Earnings Per Share of Notes to Consolidated Financial Statements.

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

FIRST AMENDMENT TO BUSINESS CONTINUITY AGREEMENT

This First Amendment (this “First Amendment”) to the Business Continuity Agreement dated June 28, 2016 (the “BCA”) is made and entered into as of April 1, 2017 between Honeywell International Inc. (“Honeywell”) and David M. Cote. Capitalized terms used herein but otherwise not defined herein shall have the meaning ascribed thereto in the BCA.

Section 1 (“Service as Board Chairman”) is hereby amended by adding the following sentence to the end of the paragraph:

“Until such time as Mr. Adamczyk is granted a security clearance by the relevant governmental authorities and is no longer excluded from access to classified material, you will act as the most senior management official charged with the management of all activities related to the performance by Honeywell in respect of all classified contracts between Honeywell and the Department of Defense and any other Federal Government Contracting Activities (GCA) that requires security clearances in which Honeywell participates under any National Industrial Security Program.”

All other provisions of the BCA shall remain unchanged and in full force and effect. No further amendments or modifications shall be made to the BCA unless agreed to in writing by both Honeywell and Mr. Cote. This Agreement may be executed in multiple counterparts, with each such counterpart taken together constituting one and the same document until a consolidated execution of this agreement is accomplished.

[The remainder of this page left intentionally blank.]

In witness whereof, this First Amendment has been duly executed and delivered as of the date first written above by Honeywell and Mr. David M. Cote.

HONEYWELL INTERNATIONAL INC.

By:	/s/ D. Scott Davis
Name:	D. Scott Davis
Title:	Chairman, Management Development and Compensation Committee, Board of Directors

DAVID M. COTE

By:	/s/ David M. Cote

Exhibit 10.2

2016 STOCK INCENTIVE PLAN
OF HONEYWELL INTERNATIONAL INC. AND ITS AFFILIATES

PERFORMANCE PLAN GRANT AGREEMENT

EID:
EMPLOYEE NAME:
 # OF PERFORMANCE STOCK UNITS GRANTED:

This PERFORMANCE STOCK UNIT AGREEMENT made in Morris Plains, New Jersey, United States of America, as of the [GRANT DATE] (the "Grant Date"), between Honeywell International Inc. (the "Company") and the Company senior executive named above (the "Employee").

1. **Grant of Performance Award.** The Company has granted you a target number of Restricted Stock Units as a Performance Award ("Performance Stock Units"), subject to the terms of this Agreement and the terms of the 2016 Stock Incentive Plan of Honeywell International Inc. and Its Affiliates (the "Plan"). The target number of Performance Stock Units granted to you and covered by this Agreement is indicated above ("Target Award").

   The Company will hold the Performance Stock Units and [Additional Performance Stock Units (as defined in Section 4)] in a bookkeeping account on your behalf until they become payable or are forfeited or cancelled.

   The details for this grant can be found on the Morgan Stanley StockPlan Connect website at www.stockplanconnect.com. The Company reserves the right to change or correct any information contained on the Morgan Stanley website to reflect the terms of the Performance Award actually made by the Company on the Grant Date or the Plan.

2. **Definitions.** For purposes of this Agreement, the following definitions apply:

   a. "Actual Award" means (A) the product of (i) the Plan Payout Percentage (as determined under Section 3), and (ii) your Target Award[; plus (B) any Additional Performance Stock Units (as determined under Section 4)]. Notwithstanding anything in this Agreement to the contrary, the Committee may reduce the amount of your Actual Award in its sole discretion.

b. “Performance Cycle” means the [INSERT PERFORMANCE CYCLE DATES].

3. **Performance Measures.** The Plan Payout Percentage shall be determined based on [DESCRIBE PERFORMANCE MEASURES: actual performance against pre-set goals of (a) total revenue, (b) average return on investment, (c) average segment margin rate, and (d) Total Shareholder Return (collectively the “Performance Measures”) for the Performance Cycle, with each Performance Measure equally weighted (25% each). The Plan Payout for each Performance Measure other than Total Shareholder Return shall be determined at the Company level (“Corporate”) for eligible employees not assigned to one of the Company’s strategic business groups (“SBG”), and 50% at the Company level and 50% at the SBG level for other eligible employees.] For purposes of this determination, if an eligible employee transfers from one of the Company’s business units (i.e., an SBG or Corporate) to another during the Performance Cycle, their Actual Award will be prorated for the number of days actively employed in each business unit during the Performance Cycle.

[DESCRIBE ADDITIONAL PERFORMANCE MEASURES]

4. [INCLUDE IF DIVIDEND EQUIVALENTS ARE PROVIDED UNDER GRANT: **Dividend Equivalents.** Except as otherwise determined by the Committee, in its sole discretion, you will earn Dividend Equivalents in an amount equal to the value of any cash or stock dividends paid by the Company upon one Share of Common Stock for each unvested Performance Stock Unit or Additional Performance Stock Unit (as defined below) credited to your bookkeeping account on a dividend payment date. At the vesting date(s) specified in Section 6, such Dividend Equivalents shall be adjusted up or down based on your Actual Award. In the case of cash dividends, the Company shall credit to your bookkeeping account, on each dividend payment date, an additional number of Performance Stock Units (“Additional Performance Stock Units”) equal to (a) divided by (b), where (a) equals the total number of unvested Performance Stock Units and Additional Performance Stock Units, if any, subject to this Agreement on such date multiplied by the dollar amount of the cash dividend paid per Share of Common Stock on such date, and (b) equals the Fair Market Value of a Share on such date. If a dividend is paid to holders of Common Stock in Shares, the Company shall credit to you, on such dividend payment date, Additional Performance Stock Units equal to the total number of unvested Performance Stock Units and Additional Performance Stock Units subject to this Agreement on such date multiplied by the Share dividend paid per Share of Common Stock on such date. Additional Performance Stock Units are subject to the same restrictions, including but not limited to vesting, transferability and payment restrictions, that apply to the Performance Stock Units to which they relate. You will continue to earn Additional Performance Stock Units on unpaid Performance Stock Units and Additional Performance Stock Units that are held in your bookkeeping account until the vested Shares are paid to you.]

5. **Payment Amount.** Each Performance Stock Unit [and Additional Performance Stock Unit] represents one (1) Share of Common Stock. Your Actual Award will not exceed 200% of your Target Award.

6. **Vesting and Payment.** Except as otherwise provided in this Agreement, the vesting and payment of an Actual Award is contingent upon (i) the achievement of a Plan Payout Percentage based on performance as described in Section 3 and Attachment A, and (ii) you remaining actively employed by the Company on [DESCRIBE VESTING PROVISIONS] ("Vesting Date"). [In no event will Additional Performance Stock Units be paid if the related Performance Stock Units have not vested.]

   [INCLUDE IF PAYMENT PROVISIONS ARE THE SAME, OTHERWISE DESCRIBE PAYMENT PROVISIONS If earned, the Actual Award will be paid 50% in Shares rounded up to the nearest whole Share, with the net Shares held by you for at least one year from the Vesting Date. The remaining Actual Award will be converted and paid in cash, calculated by multiplying 50% of the Actual Award, stated in Shares, by the Fair Market Value of the Shares on the last trading day of the Performance Cycle.

   If an Actual Award is due, payment in cash and Shares will be made as soon as practicable following the Vesting Date, but in no event later than two and one-half months following the end of the year in which vesting occurs.

   The cash portion of your Actual Award shall be expressed in U.S. dollars. Cash payment shall be made in the same currency as your pay ("Local Currency"). In the event you receive pay in more than one Local Currency, the currency used for payment will be at the discretion of the Company or your employer. The Company will convert the cash portion of your Actual Award from U.S. dollars to your Local Currency using the exchange rate in effect for the compensation planning cycle in the year of payment (i.e., the same rate used for converting annual bonuses to local currency in the first quarter of the year of payment). No payments will be credited with interest, and you may not defer any portion of the Actual Award hereunder.]

7. **Termination of Employment.** Except as otherwise provided in this Agreement, if your Termination of Employment occurs for any reason other than death or Disability before the Vesting Date, any unvested Performance Stock Units [and Additional Performance Stock Units] will immediately be forfeited and your rights with respect to future payments under this Agreement will end.

8. **Death or Disability.** If your Termination of Employment occurs because of your death or you incur a Disability before the Vesting Date, you or your estate will receive the prorated value of your Actual Award. The prorated value of the Actual Award shall be determined by multiplying the Actual Award by a fraction, the numerator of which is the number of days you were actively employed before your death or Disability from your first eligibility date to the last day of the Performance Cycle, and the denominator of which is the total number of days from your first eligibility date to the last day of the Performance Cycle. Such prorated Actual Award, stated in Shares, shall be multiplied by the Fair Market Value of the Shares on the last trading day of the Performance Cycle and paid in cash as soon as practicable, but in no event later than two and one-half months following the end of the Performance Cycle. [Additional Performance Stock Units will be calculated on the prorated Actual Award as provided in Section 4.]

9. **Retirement.** For the avoidance of doubt, if your Termination of Employment occurs solely because of your Retirement at any age before the Vesting Date specified above, any unvested Performance Stock Units [and Additional Performance Stock Units] or unpaid Actual Award, as applicable, will immediately be forfeited and your rights with respect to future payments under this Agreement will end.

10. **Change in Control.** Notwithstanding anything in Sections 2 through 9 to the contrary, in the event of a Change in Control (as defined in the Plan), the following provisions apply:

    a. **Rollover of Performance Awards.** If adjusted or exchanged pursuant to Section 5.3(c) – (f) of the Plan, Performance Stock Units [and Additional Performance Stock Units] that have not vested or terminated as of the date of the Change in Control will continue to vest in accordance with the schedule described in Section 6 of this Agreement (or as adjusted if more favorable); provided, however, that (x) if you incur an involuntary Termination of Employment not for Cause (as defined in Section 2.7 of the Plan) or a voluntary Termination of Employment for Good Reason (as defined in Section 5.4(d) of the Plan) on or before the second anniversary of the date of the Change in Control and after the Performance Cycle has ended, your unpaid Actual Award will immediately vest in full and be paid in cash no later than the earlier of 90 days after the Termination of Employment or two and one-half months after the end of the calendar year in which the Termination of Employment occurs, or (y) if you incur an involuntary Termination of Employment not for Cause (as defined in Section 2.7 of the Plan) or a voluntary Termination of Employment for Good Reason (as defined in Section 5.4(d) of the Plan) during the two-year period following the Change in Control and before the Performance Cycle has ended, an amount equal to the Target Award, pro-rated to reflect the portion of the Performance Cycle that elapsed before such Termination of Employment, will be paid in cash no later than the earlier of 90 days after the Termination of Employment or two and one-half months after the end of the calendar year in which the Termination of Employment occurs.

    b. **Cashout of Performance Awards.** Unless adjusted or exchanged pursuant to Section 5.3(a) or 5.3(b) of the Plan (concerning rollover of outstanding awards in certain circumstances), Performance Stock Units [and Additional Performance Stock Units] that have not vested or terminated as of the date of the Change in Control will immediately vest. If the Change in Control occurs after the Performance Cycle has ended, you will receive your unpaid Actual Award. If the Change in Control occurs before the Performance Cycle has ended, the Actual Award will be based on the Target Award or other level of substantially achieved performance, as determined by the Committee prior to the Change in Control. No later than the earlier of 90 days after the date of the Change in Control or two and one-half months after the end of the calendar year in which the Change in Control occurs, you will receive for the Performance Stock Units [and Additional Performance Stock Units] a single cash payment equal to the product of the number of vested and outstanding Performance Stock Units [and Additional Performance Stock Units] as of the date of the Change in Control (including any Performance Stock Units [and Additional Performance Stock Units] that vest pursuant to this Section 10) and an amount equal to the greater of (i) the highest price per Share paid by the successor, as determined by the Committee, and (ii) the highest Fair Market Value during the period of 90 days that ends on the date of the Change in Control. Any securities or other property that is part or all of the consideration paid for Shares pursuant to the Change in Control will be valued at the higher of (x) the valuation placed on the securities or property by any entity that is a party with the Company to the Change in Control, or (y) the valuation placed on the securities or property by the Committee.

11. **Withholdings.** The Company or your local employer shall have the power and the right to deduct or withhold, or require you to remit to the Company or to your local employer, prior to any issuance or delivery of Shares, an amount sufficient to satisfy taxes imposed under the laws of any country, state, province, city or other jurisdiction, including but not limited to income taxes, capital gain taxes, transfer taxes, and social security contributions, and National Insurance Contributions, that are required by law to be withheld as determined by the Company or your local employer.

12. **Transfer of Performance Award.** You may not transfer the Performance Stock Units[, Additional Performance Stock Units] or any interest in such Units or any portion of your Actual Award except by will or the laws of descent and distribution or except as permitted by the Committee and as specified in the Plan. Any other attempt to dispose of your interest will be null and void.

13. **Requirements for and Forfeiture of Award.**

   a. **General.** This Award is expressly contingent upon you complying with the terms, conditions and definitions contained in this Section 13 and in any other agreement (including but not limited the Stock Option Agreement for the Option granted on February 25, 2011, if applicable) that governs your noncompetition with Honeywell, your nonsolicitation of Honeywell's employees, customers, suppliers, business partners and vendors, and/or your conduct with respect to Honeywell's trade secrets and proprietary and confidential information. For purposes of this Section 13, the term "Honeywell" is defined as Honeywell International Inc. (a Delaware corporation having a place of business at 115 Tabor Road, Morris Plains, New Jersey), its predecessors, designees and successors, as well as 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.

   b. **Remedies.**

      1. You expressly agree and acknowledge that the forfeiture provisions of subsection 13.b.2. of this Agreement shall apply if, from the Grant Date until the date that is twenty-four (24) months after your Termination of Employment for any reason, you (i) enter into an employment, consultation or similar agreement or arrangement (including any arrangement for service as an agent, partner, stockholder, consultant, officer or director) with any entity or person engaged in a business in which Honeywell is engaged if the business is competitive (in the sole judgment of the Committee) with Honeywell and the Committee has not approved the agreement or arrangement in writing, or

(ii) make any statement, publicly or privately (other than to your spouse and legal advisors), which would be disparaging (as defined below) to Honeywell or its businesses, products, strategies, prospects, condition, or reputation or that of its directors, employees, officers or members; provided, however, that nothing shall preclude you from making any statement in good faith which is required by any applicable law or regulation or the order of a court or other governmental body, or (iii) write or contribute to a book, article or other media publication, whether in written or electronic format, that is in any way descriptive of Honeywell or your career with Honeywell without first submitting a draft thereof, at least thirty (30) days in advance, to the Honeywell International Inc. Senior Vice President and General Counsel, whose judgment about whether such book, article or other media publication is disparaging shall be determinative; or such a book, article or other media publication is published after a determination that it is disparaging; provided, however, that nothing herein shall preclude you from reporting (in good faith) possible violations of federal law or regulation to any governmental agency or entity, including but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress, and/or any agency Inspector General, or making any other disclosures that are protected under the whistleblower provisions of federal or state law or regulation, or from otherwise making any statement (in good faith) which is required by any applicable law or regulation or the order of a court or other governmental body.

For purposes of this subsection 13.b.1, the term “disparaging” shall mean any statement or representation (whether oral or written and whether true or untrue) which, directly or by implication, tends to create a negative, adverse, or derogatory impression about the subject of the statement or representation or which is intended to harm the reputation of the subject of the statement or representation.

2. In addition to the relief described in any other agreement that governs your noncompetition with Honeywell, your nonsolicitation of Honeywell’s employees, customers, suppliers, business partners and vendors, and/or your conduct with respect to Honeywell’s trade secrets and proprietary and confidential information, if the Committee determines, in its sole judgment, that you have violated the terms of any such agreement or you have engaged in an act that violates subsection 13.b.1. of this Agreement, (i) any Performance Stock Units [and Additional Performance Stock Units] that have not vested under this Agreement shall immediately be cancelled, and you shall forfeit any rights you have with respect to such Units as of the date of the Committee’s determination, and (ii) you shall immediately deliver to the Company Shares and cash equal in value to the Actual Award you received during the period beginning twelve (12) months prior to your Termination of Employment and ending on the date of the Committee’s determination.

3. Notwithstanding anything in the Plan or this Agreement to the contrary, you acknowledge that the Company may be entitled or required by law, Company

policy or the requirements of an exchange on which the Shares are listed for trading, to recoup compensation paid to you pursuant to the Plan, and you agree to comply with any Company request or demand for recoupment.

14. **Restrictions on Payment of Shares.** Payment of Shares is subject to the conditions that, to the extent required at the time of exercise, (i) the Shares underlying the Award and/or Actual Award shall be duly listed, upon official notice of redemption, upon the New York Stock Exchange, and (ii) a Registration Statement under the Securities Act of 1933 with respect to the Shares shall be effective. The Company shall not be required to deliver any Common Stock until all applicable federal and state laws and regulations have been complied with and all legal matters in connection with the issuance and delivery of the Shares have been approved by counsel for the Company.

15. **Adjustments.** Any adjustments to this Performance Award will be governed by Section 5.3 of the Plan.

16. **Disposition of Securities.** By accepting the Performance Award, you acknowledge that you have read and understand (i) the Company's policy, and are aware of and understand your obligations under applicable securities laws in respect of trading in the Company's securities, and (ii) the Company's stock ownership guidelines as they apply to this Performance Award. The Company shall have the right to recover, or receive reimbursement for, any compensation or profit you realize on the disposition of Shares received to the extent that the Company has a right of recovery or reimbursement under applicable securities laws.

17. **Plan Terms Govern.** This Award (including the vesting and redemption of Performance Stock Units [or Additional Performance Stock Units], the disposition of any Shares received, the treatment of gain on the disposition of these Shares, and the treatment of Dividend Equivalents) are subject to the provisions of the Plan and any rules that the Committee may prescribe. The Plan document, as may be amended from time to time, is incorporated into this Agreement. Capitalized terms used in this Agreement have the meaning set forth in the Plan, unless otherwise stated in this Agreement. In the event of any conflict between the terms of the Plan and the terms of this Agreement, the Plan shall control. By accepting the Performance Award, you acknowledge that the Plan and the Plan prospectus, as in effect on the date of this Agreement, have been made available to you for your review. Without limiting the generality of the foregoing, you agree that all determinations made by the Committee of the Performance Metrics described in Section 3 (including but not limited to, Total Shareholder Return and the Company's ranking within the Compensation Peer Group) shall be final, binding and conclusive on you in accordance with Article III of the Plan.

18. **Personal Data.**

    a. By entering into this Agreement, and as a condition of the grant of this Performance Award, you expressly consent to the collection, use, and transfer of personal data as described in this Section to the full extent permitted by and in full compliance with applicable law.

b. You understand that your local employer holds, by means of an automated data file, certain personal information about you, including, but not limited to, name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares or directorships held in the Company, details of all Performance Stock Units or other entitlement to shares awarded, canceled, exercised, vested, unvested, or outstanding in your favor, for the purpose of managing and administering the Plan ("Data").

c. You understand that part or all of your Data may be also held by the Company or its Affiliates, pursuant to a transfer made in the past with your consent, in respect of any previous grant of Performance Stock Units or awards, which was made for the same purposes of managing and administering of previous award/incentive plans, or for other purposes.

d. You understand that your local employer will transfer Data to the Company or its Affiliates among themselves as necessary for the purposes of implementation, administration, and management of your participation in the Plan, and that the Company or its Affiliates may transfer data among themselves, and/or each, in turn, further transfer Data to any third parties assisting the Company in the implementation, administration, and management of the Plan ("Data Recipients").

e. You understand that the Company or its Affiliates, as well as the Data Recipients, are or may be located in your country of residence or elsewhere, such as the United States. You authorize the Company or its Affiliates, as well as the Data Recipients, to receive, possess, use, retain, and transfer Data in electronic or other form, for the purposes of implementing, administering, and managing your participation in the Plan, including any transfer of such Data, as may be required for the administration of the Plan and/or the subsequent holding of Shares on your behalf, to a broker or third party with whom the Shares may be deposited.

f. You understand that you may show your opposition to the processing and transfer of your Data, and, may at any time, review the Data, request that any necessary amendments be made to it, or withdraw your consent herein in writing by contacting the Company. You understand that withdrawing consent may affect your ability to participate in the Plan.

19. **Discretionary Nature and Acceptance of Performance Award**. By accepting this Performance Award, you agree to be bound by the terms of this Agreement and acknowledge that:

a. The Company (and not your local employer) is granting these Performance Stock Units [and Additional Performance Stock Units]. This Agreement is not derived from any preexisting labor relationship between you and the Company, but rather from a mercantile relationship.

b. The Company may administer the Plan from outside your country of residence and United States law will govern all Performance Stock Units [and Additional Performance Stock Units] granted under the Plan.

c. Benefits and rights provided under the Plan are wholly discretionary and, although provided by the Company, do not constitute regular or periodic payments.

d. The benefits and rights provided under the Plan are not to be considered part of your salary or compensation under your employment with your local employer for purposes of calculating any severance, resignation, redundancy or other end of service payments, vacation, bonuses, long-term service awards, indemnification, pension or retirement benefits, or any other payments, benefits or rights of any kind. You waive any and all rights to compensation or damages as a result of the termination of employment with your local employer for any reason whatsoever insofar as those rights result, or may result, from the loss or diminution in value of such rights under the Plan or your ceasing to have any rights under, or ceasing to be entitled to any rights under, the Plan as a result of such termination.

e. The grant of this Performance Award, and any future grant of Performance Stock Units [or Additional Performance Stock Units] under the Plan, is entirely voluntary, and at the complete discretion of the Company. Neither the grant of the Performance Stock Units[, the Additional Performance Stock Units] nor any future grant by the Company will be deemed to create any obligation to make any future grants, whether or not such a reservation is explicitly stated at the time of such a grant. The Company has the right, at any time and/or on an annual basis, to amend, suspend or terminate the Plan; provided, however, that no such amendment, suspension, or termination will adversely affect your rights hereunder.

f. The Plan will not be deemed to constitute, and will not be construed by you to constitute, part of the terms and conditions of employment. Neither The Company Inc. nor your local employer will incur any liability of any kind to you as a result of any change or amendment, or any cancellation, of the Plan at any time.

g. Participation in the Plan will not be deemed to constitute, and will not be deemed by you to constitute, an employment or labor relationship of any kind with the Company.

20. **Limitations.** Nothing in this Agreement or the Plan gives you any right to continue in the employ of the Company or any of its Affiliates or to interfere in any way with the right of the Company or any Affiliate to terminate your employment at any time. Payment of your Performance Stock Units [and Additional Performance Stock Units] is not secured by a trust, insurance contract or other funding medium, and you do not have any interest in any fund or specific asset of the Company by reason of this Performance Award or the account established on your behalf. You have no rights as a shareowner of the Company pursuant to the Performance Stock Units [and Additional Performance Stock Units] until Shares are actually delivered to you.

21. **Incorporation of Other Agreements.** This Agreement and the Plan constitute the entire understanding between you and the Company regarding the Performance Stock Units. This Agreement supersedes any prior agreements, commitments or negotiations concerning the Performance Stock Units [and Additional Performance Stock Units].

22. **Severability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the other provisions of the Agreement, which shall remain in full force and effect. Moreover, if any provision is found to be excessively broad in duration, scope or covered activity, the provision shall be construed so as to be enforceable to the maximum extent compatible with applicable law.

23. **Governing Law.** The Plan, this Agreement, and all determinations made and actions taken under the Plan or this Agreement shall be governed by the internal substantive laws, and not the choice of law rules, of the State of Delaware and construed accordingly, to the extent not superseded by applicable federal law.

24. **Agreement Changes.** The Company reserves the right to change the terms of this Agreement and the Plan without your consent to the extent necessary or desirable to comply with the requirements of Code section 409A, the Treasury regulations and other guidance thereunder.

25. **Acknowledgements and Acceptance.** By signing this Agreement (including via electronic signature), you agree that: (i) you have carefully read, fully understand and agree to all of the terms and conditions described in this Agreement, the Plan, the Plan's prospectus and all accompanying documentation; and (ii) you understand and agree that this Agreement and the Plan constitute the entire understanding between you and the Company regarding the Performance Award, and that any prior agreements, commitments, or negotiations concerning the Performance Award are replaced and superseded.

If you do not wish to accept this Award, you must contact Honeywell International Inc., Executive Compensation/4B-6, 115 Tabor Road, Morris Plains, New Jersey 07950 in writing.

Accepted by:

______________________________ ______________
Signature Date

HONEYWELL INTERNATIONAL INC.
STATEMENT RE: COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
Three Months Ended
March 31, 2017
(Dollars in millions)

Determination of Earnings:	
Income before taxes	$ 1,724
Add (Deduct):	
Amortization of capitalized interest	5
Fixed charges	85
Equity income, net of distributions	(6)
Total earnings, as defined	$ 1,808
Fixed Charges:	
Rents[a]	$ 10
Interest and other financial charges	75
	85
Capitalized interest	5
Total fixed charges	$ 90
Ratio of Earnings to Fixed Charges	**20.09**

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

EXHIBIT 31.1

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 21, 2017

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

EXHIBIT 31.2

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):

   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 21, 2017

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

EXHIBIT 32.1

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, 2017 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 21, 2017

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

EXHIBIT 32.2

**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, 2017 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 21, 2017

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