



COWEN AEROSPACE & DEFENSE CONFERENCE

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Honeywell

Forward Looking Statements

This presentation contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of fact, that address activities, events or developments that we or our management intend, expect, project, believe or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements are based on management’s assumptions and assessments in 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. We identify the principal risks and uncertainties that affect our performance in our Form 10-K and other filings with the Securities and Exchange Commission.

Definition Of Core Organic Growth

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

Highlights

4Q15

- 4Q15 EPS Of \$1.58, Up 10%
- Free Cash Flow Of \$1.6B, Up 17%; FCF Conversion 127%
- Funded ~\$60M In New Restructuring In 4Q15

FY15

- FY15 EPS Of \$6.10, Up 10%; Core Organic Sales Up 1%
- 6th Consecutive Year Of Double-Digit Earnings Growth
- Committed \$6B To M&A; \$2B In Share Repurchases

FY16

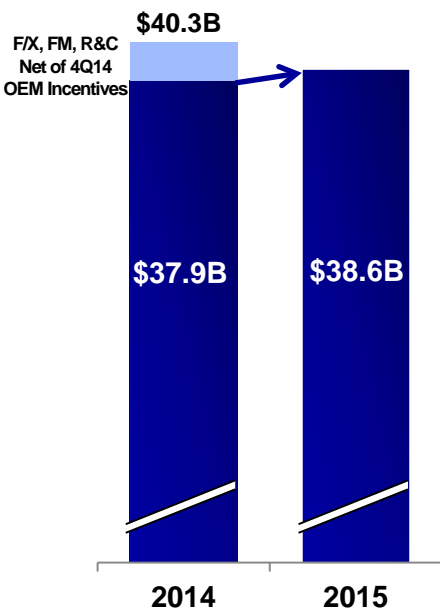
- Reaffirming 2016 Guidance, EPS \$6.45 - \$6.70, Up 6% - 10%
- Supporting Growth, Cautious On Sales, Planning Costs Conservatively
- While Seed Planting To Drive Results Now And In The Future

*EPS, V% Excludes Pension Mark-To-Market Adjustment

2015 Financial Summary

Sales

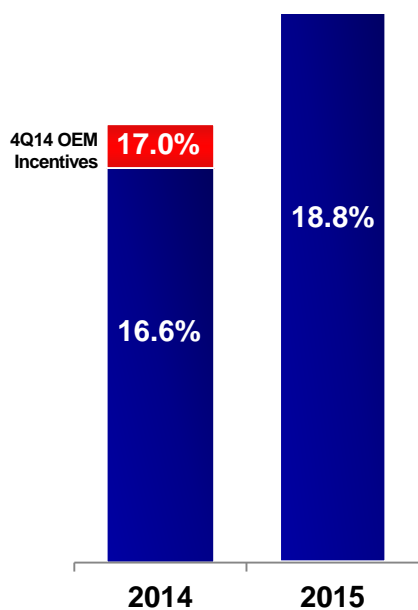
Up 1% Core Organic



- Good Growth In ESS, TS, And Commercial OE
- Reported Sales Down (4%)

Segment Margin

Up 220 bps
Up 180 bps Ex-4Q14
OEM Incentives



- Segment Profit \$7.3B, Up 8%, Or Up 5% Ex-4Q14 OEM Incentives
- +110 bps Of Operational Improvement

EPS

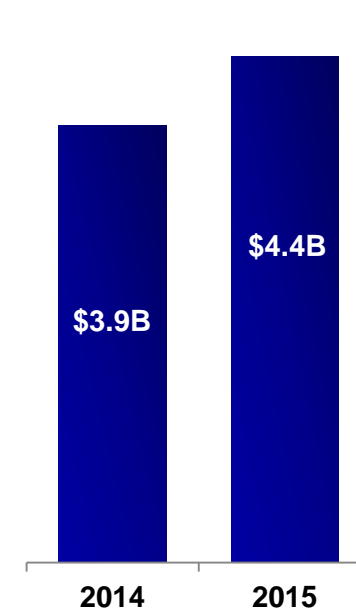
Up 10%



- Reported EPS \$6.04, Up 13% YoY
- Unfavorable Pension MTM Adjustment Of (\$0.06) vs. (\$0.23) In FY14

FCF

Up 11%



- FCF Conversion 91%
- Reinvestment Ratio At 1x Depreciation Yields ~100% FCF Conversion

EPS, % Exclude Any Pension Mark-to-Market Adjustment; FCF = Cash Flow From Operations Less Capital Expenditures; Reinvestment Ratio = Capital Expenditures / Depreciation

2016 End Market Planning Approach

	% HON Sales	Environment - Neutral +	Assessment
Non-Residential		✓	<ul style="list-style-type: none"> • No Change In End Market Outlook Versus December <ul style="list-style-type: none"> - End Markets Reasonably Stable - Plan Contemplated Weak O&G Macro (UOP Down MSD, HPS ~Flat) - No Change To Previous 2016 Guidance - Short-Term Cost Flexibility And Other Contingencies Mitigate Further Weakness • Planning Approach Intact <ul style="list-style-type: none"> - Supporting Growth - Cautious On Sales - Planning Costs And Spending Conservatively - Continuous Seed Planting
Commercial Aftermarket		✓	
Defense & Space		✓	
Oil & Gas		✓	
Vehicles		✓	
All Other (Aero OE, Advanced Materials, Resi)		✓	

What Will Be Different? - Update

What We Said In March

Potential For Larger Transactions

Foundation In Place For Growth Outside U.S.

Strong Balance Sheet







Uniquely Positioned To Acquire Multi-Industry Targets

Focus On Connectivity

What We Did

- Acquired Elster For ~\$5B
- Committed Over \$6B In Acquisitions
- 4 Acquisitions In Europe, 1 In Canada
- Deployment Of Non-U.S. Cash
- Increased Dividend Rate By 15% In '14 & '15
- ~\$2B In Opportunistic Share Repurchases
- Elster's Offerings Span ACS And PMT
- Gas, Water, and Electricity Segments
- Added Software And SatCom Offerings In Aero
- Leading End-To-End Connectivity Solutions

Strategic M&A Momentum

Elster		<ul style="list-style-type: none"> • A Global Leader In Gas Heating, Controls, Metering, And Advanced Technologies
COMDEV		<ul style="list-style-type: none"> • A Leading Global Manufacturer Of Space-Based Communications Components And Related Subsystems
Thomas Russell (Remaining 30% Stake)		<ul style="list-style-type: none"> • Develops Technology And Manufactures Modular Equipment To Process Natural Gas
Datamax-O'Neil		<ul style="list-style-type: none"> • A Global Manufacturer Of Fixed And Mobile Printers Used In A Variety Of Retail, Warehouse And Distribution, And Healthcare Applications
Sigma Aldrich (Research Chemicals)		<ul style="list-style-type: none"> • European Inorganics And Solvents Business Focused On High-Purity Research Chemicals, Including Industry Leading Fluka Brand
Satcom1		<ul style="list-style-type: none"> • A Leading Provider Of On Board Communications Routing Software, And Provider Of In-Flight Airtime And Consulting Services
Aviaso		<ul style="list-style-type: none"> • End-To-End Software As A Service Solution To Reduce Airline Fuel Consumption

Summary

2015 Another Year Of Outperformance



Set High Expectations And Delivered
Achieved Record Margins While Investing For Growth

Confident In 2016 Outlook



HON Playbook – Continue To Plan Conservatively, Operating Discipline
Ability To Quickly Right Size Cost Structure If Macro Weakens
Upside From Acquisition Integration Overdrive

Multi-Year Tailwinds



Seed Planting Benefits From Growth Investments
Restructuring Benefits Support Productivity And Margin Expansion

Honeywell

Appendix

Reconciliation of non-GAAP Measures to GAAP Measures

RECONCILIATION OF SEGMENT PROFIT TO OPERATING INCOME AND CALCULATION OF SEGMENT PROFIT AND OPERATING INCOME MARGINS

<i>(\$M)</i>	<u>2014</u>	<u>2015</u>
Segment Profit	\$6,696	\$7,256
Stock Based Compensation ⁽¹⁾	(187)	(175)
Repositioning and Other ^(1, 2)	(634)	(576)
Pension Ongoing Income ⁽¹⁾	254	430
Pension Mark-to-Market Adjustment ⁽¹⁾	(249)	(67)
OPEB Expense ⁽¹⁾	(49)	(40)
Operating Income	<u>\$5,831</u>	<u>\$6,828</u>
Segment Profit	\$6,696	\$7,256
÷ Sales	<u>\$40,306</u>	<u>\$38,581</u>
Segment Profit Margin %	<u>16.6%</u>	<u>18.8%</u>
Operating Income	\$5,831	\$6,828
÷ Sales	<u>\$40,306</u>	<u>\$38,581</u>
Operating Income Margin %	<u>14.5%</u>	<u>17.7%</u>

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

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

RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW AND CALCULATION OF FREE CASH FLOW CONVERSION

(\$M)	<u>4Q14⁽¹⁾</u>	<u>4Q15⁽²⁾</u>	<u>2014⁽¹⁾</u>	<u>2015⁽²⁾</u>
Cash Provided by Operating Activities	\$1,762	\$1,959	\$5,024	\$5,454
Expenditures for Property, Plant and Equipment	(414)	(388)	(1,094)	(1,073)
Free Cash Flow	<u>\$1,348</u>	<u>\$1,571</u>	<u>\$3,930</u>	<u>\$4,381</u>
Net Income, Attributable to Honeywell	\$956	\$1,194	\$4,239	\$4,768
Pension Mark-To-Market Adjustment, Net of Tax	179	43	179	43
Net income, Attributable to Honeywell, Excluding Pension Mark-to-Market Adjustment	<u>\$1,135</u>	<u>\$1,237</u>	<u>\$4,418</u>	<u>\$4,811</u>
Cash Provided by Operating Activities	\$1,762	\$1,959	\$5,024	\$5,454
÷ Net income, Attributable to Honeywell	\$956	\$1,194	\$4,239	\$4,768
Operating Cash Flow Conversion	<u>184%</u>	<u>164%</u>	<u>119%</u>	<u>114%</u>
Free cash flow	\$1,348	\$1,571	\$3,930	\$4,381
÷ Net income, Attributable to Honeywell, Excluding Pension Mark-to-Market Adjustment	\$1,135	\$1,237	\$4,418	\$4,811
Free Cash Flow Conversion	<u>119%</u>	<u>127%</u>	<u>89%</u>	<u>91%</u>

(1) Mark-to-market uses a blended tax rate of 28.1%.

(2) Mark-to-market uses a blended tax rate of 36.1%.

RECONCILIATION OF EPS TO EPS, EXCLUDING PENSION MARK-TO-MARKET ADJUSTMENT

	4Q14⁽¹⁾	4Q15⁽²⁾
EPS	<u>\$1.20</u>	<u>\$1.53</u>
Pension Mark-to-Market Adjustment	<u>0.23</u>	<u>0.05</u>
EPS, Excluding Pension Mark-to-Market Adjustment	<u><u>\$1.43</u></u>	<u><u>\$1.58</u></u>

(1) Utilizes weighted average shares of 794.1 million. Mark-to-market uses a blended tax rate of 28.1%.

(2) Utilizes weighted average shares of 780.8 million. Mark-to-market uses a blended tax rate of 36.1%.

RECONCILIATION OF EPS TO EPS, EXCLUDING PENSION MARK-TO-MARKET ADJUSTMENT

	<u>2009⁽¹⁾</u>	<u>2010⁽²⁾</u>	<u>2011⁽³⁾</u>	<u>2012⁽⁴⁾</u>	<u>2013⁽⁵⁾</u>	<u>2014⁽⁶⁾</u>	<u>2015⁽⁷⁾</u>
EPS	\$2.05	\$2.59	\$2.61	\$3.69	\$4.92	\$5.33	\$6.04
Pension Mark-to-Market Adjustment	0.64	0.41	1.44	0.79	0.05	0.23	0.06
EPS, Excluding Pension Mark-to-Market Adjustment	\$2.69	\$3.00	\$4.05	\$4.48	\$4.97	\$5.56	\$6.10

(1) Utilizes weighted average shares of 755.7 million. Mark-to-market uses a blended tax rate of 34.4%.

(2) Utilizes weighted average shares of 780.9 million. Mark-to-market uses a blended tax rate of 32.3%.

(3) Utilizes weighted average shares of 791.6 million. Mark-to-market uses a blended tax rate of 36.9%.

(4) Utilizes weighted average shares of 791.9 million. Mark-to-market uses a blended tax rate of 35.0%.

(5) Utilizes weighted average shares of 797.3 million. Mark-to-market uses a blended tax rate of 25.5%.

(6) Utilizes weighted average shares of 795.2 million. Mark-to-market uses a blended tax rate of 28.1%.

(7) Utilizes weighted average shares of 789.3 million. Mark-to-market uses a blended tax rate of 36.1%.

CORE ORGANIC SALES GROWTH RECONCILIATIONS

Honeywell	<u>2015</u>
Reported sales growth	(4%)
Foreign currency translation, acquisitions, divestitures and other	4%
Raw Materials Pricing in R&C	<u>1%</u>
Core organic sales growth	<u>1%</u>

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