



GOLDMAN SACHS INDUSTRIALS CONFERENCE

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Honeywell

Forward Looking Statements

This report 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 movement, 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.

Today's Discussion

- **Strong Performance Through 3Q15**

- Core Organic Sales Up 2%
- Segment Margin Up 190 bps To 18.8%
- 10% EPS Growth Normalized For Tax⁽¹⁾
- Funded Over \$100M Net Restructuring Through 3Q15

- **Confident In 2015 Earnings Outlook**

- Confirming 2015 EPS Guidance At ~\$6.10, up 10% YoY⁽²⁾
- Driving Continued Margin Expansion – HOS Gold, Ongoing Restructuring Benefits
- Accelerated Planned Share Repurchases in 3Q15

- **2016: Path To Earnings Outperformance, Modest Sales Growth**

- Continued Benefits From Growth Investments – High ROI CapEx, HGR, New Products
- Traction On Key Process Initiatives And Restructuring Drives Productivity Improvements
- Announced Elster Acquisition, On Track To Close By 1Q 2016

1) V% Adjusted To Expected Full Year 2015 Tax Rate Of 26.5%

2) V% Exclude Pension Mark-To-Market Adjustment

Financial Summary Through 3Q15

	<u>Nine Months-Ended</u>		
	<u>3Q14</u>	<u>3Q15</u>	
<i>(\$M except per share amounts)</i>			
Sales	\$30,040	\$28,599	• 5% Decrease ◆ <i>Core Organic Up 2%</i>
Segment Profit	\$5,064	\$5,376	• 6% Increase ◆ <i>190 bps Margin Expansion</i>
<i>Margin %</i>	<i>16.9%</i>	<i>18.8%</i>	
Net Income	\$3,283	\$3,574	• 9% Increase
<i>Attributable to Honeywell</i>			
EPS	\$4.13	\$4.51	• 9% Increase ◆ <i>Up 10% Normalized For Tax ⁽²⁾</i>
<i>Tax Rate</i>	<i>25.7%</i>	<i>26.1%</i>	
Free Cash Flow ⁽¹⁾	\$2,582	\$2,810	• 9% Increase

1) Cash Flow from Operations Less Capital Expenditures

2) % Adjusted to Expected Full Year 2015 Tax Rate of 26.5% Before Any Pension Mark-to-Market Adjustment

2015 Segment Guidance Summary

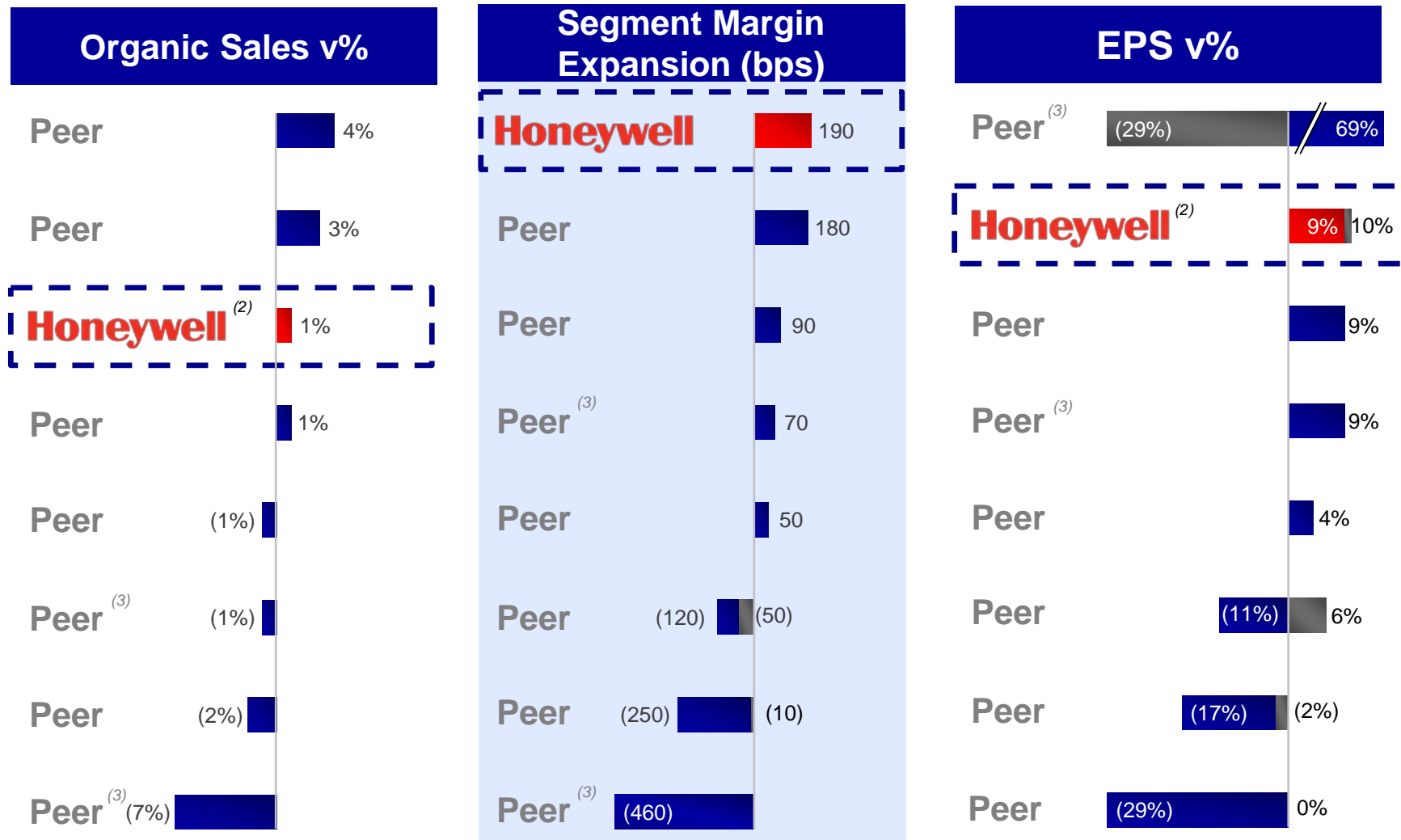
	Sales		Segment Margin	
	\$	Change	%	Change
Aero	~\$15.2B	(~2%) ~2% Core Organic	~21.1%	Up ~240 bps Up ~150 bps ex-4Q14 \$184M OEM Incentives
ACS	~\$14.1B	(~2%) ~3% Core Organic	~16.4%	Up ~120 bps
PMT	~\$9.3B	(~9%) (~1%) Core Organic	~20.8%	Up ~300 bps
HON	~\$38.7B	(~4%) ~2% Core Organic	~18.8%	Up ~220 bps Up ~180 bps ex-4Q14 \$184M OEM Incentives

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

2016 Initial Planning Framework

Business		% of Sales (2015E)	2016 YoY Outlook - Neutral +		Highlights
Aero	Commercial OE	7%	✓		<ul style="list-style-type: none"> Continued BGA Growth, ATR New Wins Ramp
	Commercial AM	12%		✓	<ul style="list-style-type: none"> R&O Momentum, Growth In-Line With Flight Hours
	Defense & Space	12%	✓		<ul style="list-style-type: none"> U.S. Stabilizing, Int'l Growing But Tougher Comps
	Transportation Systems	8%	✓		<ul style="list-style-type: none"> Global Gas Turbo Penetration, New Launches
ACS	Energy, Safety And Security	25%	✓		<ul style="list-style-type: none"> Products Growth Steady + Elster
	Building Solutions & Dist.	12%	✓		<ul style="list-style-type: none"> Backlog And Service Growth, Slower Conversion
PMT	UOP	8%	✓		<ul style="list-style-type: none"> Equip. Declines Taper; Continuing Catalyst Demand
	Process Solutions	7%		✓	<ul style="list-style-type: none"> Encouraging Backlog, Service Bank
	Advanced Materials	9%		✓	<ul style="list-style-type: none"> New Product Commercialization, Solstice Ramp
Corp	Other Corp	N/A	✓		<ul style="list-style-type: none"> Productivity, Restructuring Drive Margin Expansion Pension Income Roughly Neutral F/X Headwind ~\$0.15 EPS Impact

3Q15 Peer Group Earnings Recap



1) Segment Margin And Adjusted EPS As Per Peer Company Earnings Release

2) HON Sales V% Reflects Core Organic As Defined On Slide 2; EPS V% Adjusted to Expected Full Year 2015 Tax Rate of 26.5%

3) Reflects Fiscal 4Q15 Results (Quarter Ending As Of Sep 30, 2015)

Adjusted⁽¹⁾ Reported

Growth Through Acquisitions

Elster (ACS)

Platform
For Organic
& Inorganic
Growth



Sigma Aldrich (PMT)

Broadens
Research
Chemical
Portfolio



Aviaso (Aero)

Fuel
Efficiency
Software



Description

A Global Leader In Gas Heating, Controls, Metering, And Advanced Technologies

European Based Inorganics And Solvents Business Under Brands: Fluka, Hydranal, Chromasolv

A Leader In End-To-End Software As A Service To Reduce Airline Fuel Consumption

Rationale

Differentiated Gas Technologies; Attractive Smart Metering Capabilities

Accelerates Expansion Into High Margin Research And Lab Chemical Product Line Beyond High Purity Solvents

Expands Attractive Services & Software Offering To Airlines

Expands Globally And To Adjacent Customer Segments

Enhances HON Profile in HGRs

Why Own HON

- **Strong 3Q15 Earnings And Confident In 2015 Outlook**

- 3Q15 EPS Up 10% YoY⁽¹⁾, Expansion Of Segment Margin 190 bps To 19.3%
- Confirming 2015 EPS Guidance Of ~\$6.10, Up 10% YoY⁽²⁾

- **Path To 2016 Earnings Outperformance**

- Continued Benefits From Growth Investments – High ROI CapEx, HGR, New Products
- Traction On Key Process Initiatives And Restructuring Drives Productivity Improvements

- **Balance Sheet Capacity To Generate Excess Returns**

- Investing In High ROI CAPEX
- Pay A Competitive Dividend, 15% Dividend Rate Increase Announced October 2015
- Proven M&A Track Record Through Disciplined Framework
- Opportunistic Share Buyback To Keep Share Count Flat

1) V% Adjusted to Expected Full Year 2015 Tax Rate of 26.5%

2) V% Exclude Pension Mark-To-Market Adjustment

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

(\$M)	<u>3Q14</u>	<u>3Q15</u>	<u>3Q14YTD</u>	<u>3Q15YTD</u>
Aerospace	\$790	\$833	\$2,252	\$2,362
Automation and Control Solutions	583	614	1,587	1,697
Performance Materials and Technologies	444	461	1,392	1,473
Corporate	<u>(58)</u>	<u>(56)</u>	<u>(167)</u>	<u>(156)</u>
Segment Profit	\$1,759	\$1,852	\$5,064	\$5,376
Stock Based Compensation ⁽¹⁾	(41)	(41)	(143)	(132)
Repositioning and Other ^(1, 2)	(132)	(142)	(480)	(418)
Pension Ongoing Income ⁽¹⁾	62	96	187	299
OPEB Expense ⁽¹⁾	<u>(12)</u>	<u>(10)</u>	<u>(37)</u>	<u>(30)</u>
Operating Income	<u>\$1,636</u>	<u>\$1,755</u>	<u>\$4,591</u>	<u>\$5,095</u>
Segment Profit	\$1,759	\$1,852	\$5,064	\$5,376
÷ Sales	<u>\$10,108</u>	<u>\$9,611</u>	<u>\$30,040</u>	<u>\$28,599</u>
Segment Profit Margin %	<u>17.4%</u>	<u>19.3%</u>	<u>16.9%</u>	<u>18.8%</u>
Operating Income	\$1,636	\$1,755	\$4,591	\$5,095
÷ Sales	<u>\$10,108</u>	<u>\$9,611</u>	<u>\$30,040</u>	<u>\$28,599</u>
Operating Income Margin %	<u>16.2%</u>	<u>18.3%</u>	<u>15.3%</u>	<u>17.8%</u>

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

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margins

(\$M)

Segment Profit

2014

\$6,696

Stock Based Compensation ⁽¹⁾

(187)

Repositioning and Other ^(1, 2)

(634)

Pension Ongoing Income ⁽¹⁾

254

Pension Mark-to-Market Adjustment ⁽¹⁾

(249)

OPEB Expense ⁽¹⁾

(49)

Operating Income

\$5,831

Segment Profit

\$6,696

÷ Sales

\$40,306

Segment Profit Margin %

16.6%

Operating Income

\$5,831

÷ Sales

\$40,306

Operating Income Margin %

14.5%

(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 Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margins

(\$B)

Segment Profit

2015E

~\$7.3

Stock Based Compensation ⁽¹⁾

~(0.2)

Repositioning and Other ^(1, 2)

~(0.5)

Pension Ongoing Income ⁽¹⁾

~0.4

Pension Mark-to-Market Adjustment ⁽¹⁾

TBD

OPEB Expense ^(1, 3)

~(0.0)

Operating Income

~\$6.9

Segment Profit

~\$7.3

÷ Sales

~\$38.7

Segment Profit Margin %

~18.8%

Operating Income

~\$6.9

÷ Sales

~\$38.7

Operating Income Margin %

~17.9%

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

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

(3) Amounts less than \$50M are rounded down to zero.

Reconciliation Of Cash Provided By Operating Activities To Free Cash Flow

<i>(\$M)</i>	<u>3Q14 YTD</u>	<u>3Q15 YTD</u>
Cash Provided by Operating Activities	\$3,262	\$3,495
Expenditures for Property, Plant and Equipment	(680)	(685)
Free Cash Flow	<u>\$2,582</u>	<u>\$2,810</u>

Calculation of EPS at Tax Rate of 26.5%

(\$M except per share amounts)

	<u>3Q14</u>	<u>3Q15</u>	<u>3Q14YTD</u>	<u>3Q15YTD</u>
Income Before Taxes	\$1,580	\$1,707	\$4,514	\$4,933
Taxes at 26.5%	419	452	1,196	1,307
Net Income at 26.5% Tax Rate	\$1,161	\$1,255	\$3,318	\$3,626
Less: Net Income Attributable to the Noncontrolling Interest	25	12	71	70
Net Income Attributable to Honeywell at 26.5% Tax Rate	<u>\$1,136</u>	<u>\$1,243</u>	<u>\$3,247</u>	<u>\$3,556</u>
Weighted Average Number of Shares Outstanding - Assuming Dilution	795.0	789.5	795.6	792.1
EPS at 26.5% Tax Rate	<u>\$1.43</u>	<u>\$1.57</u>	<u>\$4.08</u>	<u>\$4.49</u>

Reconciliation of EPS to EPS, Excluding Pension Mark-to-Market Adjustment

	2014⁽¹⁾
EPS	<u>\$5.33</u>
Pension Mark-to-Market Adjustment	<u>0.23</u>
EPS, Excluding Pension Mark-to-Market Adjustment	<u><u>\$5.56</u></u>

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

Core Organic Sales Growth Reconciliations

Honeywell	<u>3Q15</u>	<u>3Q15YTD</u>
Reported sales growth	(5%)	(5%)
Foreign currency translation, acquisitions, divestitures and other	5%	6%
Raw Materials Pricing in R&C	1%	1%
Core organic sales growth	<u>1%</u>	<u>2%</u>

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