



MORGAN STANLEY LAGUNA CONFERENCE

Roger Fradin, Vice Chairman

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.

Today's Discussion

• Honeywell Delivering In Challenging Macro Environment

- Great Positions In Good Industries, HOS Gold Execution Helping Offset Macro Headwinds
- Continued Strong Margin Expansion
- Strong 1H 2015 Performance, EPS Up 10% Normalized For Tax⁽¹⁾

• On Track To Achieve Long-Term Targets

- Benefits From Growth Investments – High ROI CapEx, HGR, New Products
- Traction On Key Process Initiatives Delivering Significant Productivity Improvements
- Conservative Planning Mitigates Top-Line Headwinds

• Elster – Building On Our Acquisition Track Record

- Differentiated Gas Technologies, Adds Attractive Metering Adjacencies
- Creates New Platform For Organic And Inorganic Growth
- Melrose Industries plc Shareholders Approved Sale (Aug 21st); Expected 1Q 2016 Close, Impact To 2016 EPS Minor

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

First Half 2015 Financial Summary


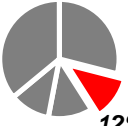


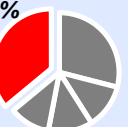
(\$M except per share amounts)

	<u>1H14</u>	<u>1H15</u>	
Sales	\$19,932	\$18,988	<ul style="list-style-type: none"> • 5% Decrease <ul style="list-style-type: none"> ◆ Core Organic Up 2%
Segment Profit	\$3,305	\$3,524	<ul style="list-style-type: none"> • 7% Increase <ul style="list-style-type: none"> ◆ 200 bps Margin Expansion
<i>Margin %</i>	16.6%	18.6%	
Net Income	\$2,116	\$2,310	<ul style="list-style-type: none"> • 9% Increase
<i>Attributable to Honeywell</i>			
EPS	\$2.66	\$2.91	<ul style="list-style-type: none"> • 9% Increase <ul style="list-style-type: none"> ◆ Up 10% Normalized For Tax ⁽²⁾
<i>Tax Rate</i>	26.3%	26.6%	
Free Cash Flow ⁽¹⁾	\$1,608	\$1,421	<ul style="list-style-type: none"> • (\$187M) Decrease <ul style="list-style-type: none"> ◆ Payment Of 4Q14 OEM Incentives

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 Planning Update

	% HON Sales	2015 YoY Outlook	What We're Seeing / Expecting
		<ul style="list-style-type: none"> – Neutral + 	
Non-Residential	 <p>29%</p>	✓	<ul style="list-style-type: none"> • Continued Commercial Growth (Fire, Security) • Good Growth In Americas, EMEA; Outperforming In China • Second Derivative Impact On HIS From Oil & Gas Slowdown • Slower Conversion in BSD, But Solid Backlog & Service Growth
Commercial Aftermarket	 <p>12%</p>	✓	<ul style="list-style-type: none"> • 2H15 Growth In-Line With Utilization • Continued R&O Growth – BGA And ATR • Lower BGA Spares As Planned (RMUs)
Defense & Space	 <p>12%</p>	✓	<ul style="list-style-type: none"> • U.S. Stabilizing, Services Growth In 2H15 • International Growth Continues But Tough Comp In 4Q
Oil & Gas	 <p>11%</p>	✓	<ul style="list-style-type: none"> • Ongoing CapEx Cuts, Project Delays; China Still Slow • UOP Order Declines; Active Int'l Gas Processing Opportunities • HPS Backlog Firm; Delays/Slowdown In Short & Long Cycle Orders • Global Project Quoting And Licensing Order Activity Encouraging
Aero OE, Turbo, Resi, Advanced Materials	 <p>36%</p>	✓	<ul style="list-style-type: none"> • Strong BGA Engine Shipments, ATR 4Q Pick-Up • Steady Short-Cycle Growth – Turbo, Residential • Advanced Materials Continued Momentum, Solstice Ramp

Elster Acquisition - Strategic Rationale

• Good Industry Where We Have Strong Experience

- Strong Global Market Forces Favorable To Natural Gas Including Legislation, Efficiency, Cost And Environmental Impact
- Electronic And Connected “Smart” Metering Requirements In All Major Global Regions For All Major Resources (Gas, Electricity, Water)
- Increasing Demands For Data Management And Energy Usage Analytics

Adds
~\$2B
Sales

• Great Position, Cohesive Fit With HON Portfolio

- Heating Assets Strengthen HON Gas Combustion Portfolio – From Components To Solutions Provider
- Differentiated, “Last Mile” Smart Metering Technology In \$11B Segment, With Strong Gas And Electricity Positions
- Gas Flow Control Technology Enhances Process Solutions Products Portfolio
- Extensive Data And Analytics Requirements = Opportunities To Leverage HON Software Expertise

~20%
Operating
Margin

• Significant Value Creation Opportunities

- Accretive Deployment Of Non-U.S. Cash
- Confidence In Attaining Deal Returns, Driven By HON Disciplined M&A Approach
- Strong Core Growth Boosted By HON R&D, Channel Pull-Through, HGR And Software Capabilities
- HOS Gold Deployment Further Drives NPI And Significantly Strengthens Supply Chain, Operations And Back Office
- New Platforms For Potential Inorganic Growth

~12.6x
2015E
Consensus
EBITDA

Elster Portfolio

GAS



- Products and Solutions for Measurement, Regulation, Control, and Application of Gases

ELECTRICITY



- Advanced Electricity Metering Products and Services Serving Utility Customers Globally
- Software and Data Analytics

WATER



- Metering and Communication Systems for Water Utilities and Industries

Attractive Gas Utility Meter Adjacency

Shift From Basic To Smart Meters

Opens Additional Avenue For Significant M&A Runway

**2014
Sales***

~\$1.1B

~\$0.3B

~\$0.2B

**2014
OM %**

~23%

~11%

~16%

*Assumes ~1.55 GBP/USD

Why HON M&A Works

Process

- **Tight Connection To Our Strategy**
 - Constant Screening, Relentless Discipline
 - No “Zeal For The Deal” Mentality
 - HON Strengths – Brand, Technology, Globalization, Channel
- **Buy What We Know**
 - Leverage Market Expertise
 - Acquisitions Close To The Core Or...
 - Business We Know By Analogy
 - GM / Business Ownership
- **Pipeline Building**
 - Hundreds Of Targets
 - New Idea Generation From Added Resources
 - Long Term Relationship Building

Discipline

- **Acquisition Framework Intact**
 - IRR>WACC; Double Digit ROI By 5th Year
 - Accretive “All-in” Year 2
- **Driving Significant Synergies**
 - Targeting 8%+ Of Sales As Cost Synergies
 - Maximum Focus On Sales Synergies
- **Experienced Due Diligence And Integration Teams**
 - Cross-Functional Expertise
 - “Best Of The Best” Management Team
- **Rigorous Internal Review Process**
 - Kill Bad Deals Early
 - Do Not Overpay

Why Own HON

- **Outperformance Continues Through New 5-Year Plan**
- **Businesses Well Positioned To Grow**
 - Aero And PMT Inflection Points
 - ACS Strong And Steady
 - Seed Planting Effective
- **HOS Gold Delivering Growth And Productivity**
- **Software An Increasing Driver**
- **Capital Deployment Upside**

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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>	1H14	1H15
Segment Profit	\$3,305	\$3,524
Stock Based Compensation ⁽¹⁾	(102)	(91)
Repositioning and Other ^(1, 2)	(348)	(276)
Pension Ongoing Income ⁽¹⁾	125	203
OPEB Expense ⁽¹⁾	(25)	(20)
Operating Income	<u>\$2,955</u>	<u>\$3,340</u>
Segment Profit	\$3,305	\$3,524
÷ Sales	<u>\$19,932</u>	<u>\$18,988</u>
Segment Profit Margin %	<u>16.6%</u>	<u>18.6%</u>
Operating Income	\$2,955	\$3,340
÷ Sales	<u>\$19,932</u>	<u>\$18,988</u>
Operating Income Margin %	<u>14.8%</u>	<u>17.6%</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.

Calculation Of EPS At Tax Rate Of 26.5%

(\$M except per share amounts)

	1H14	1H15
Income Before Taxes	\$2,934	\$3,226
Taxes at 26.5%	778	855
Net Income at 26.5% Tax Rate	\$2,156	\$2,371
Less: Net Income Attributable to the Noncontrolling Interest	46	58
Net Income Attributable to Honeywell at 26.5% Tax Rate	\$2,110	\$2,313
Weighted Average Number of Shares Outstanding - Assuming Dilution	795.9	793.4
EPS at 26.5% Tax Rate	\$2.65	\$2.92

Reconciliation Of Cash Provided By Operating Activities To Free Cash Flow

<i>(\$M)</i>	<u>1H14</u>	<u>1H15</u>
Cash Provided by Operating Activities	\$2,029	\$1,829
Expenditures for Property, Plant and Equipment	(421)	(408)
Free Cash Flow	<u>\$1,608</u>	<u>\$1,421</u>