ACQUISITION OF ELSTER

July 28, 2015

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.

Honeywell

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

- **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

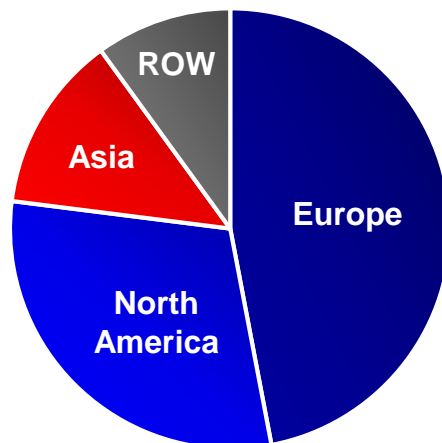- **Significant Value Creation Opportunities**
  - Accretive Deployment Of Non-U.S. Cash
  - Confidence In Attaining Deal Returns, Driven By HON Disciplined M&A Approach
  - Strong Core Growth Boosted By HON R&D, Channel Pull-Through, HGR And Software Capabilities
  - HOS Gold Deployment Further Drives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

Adds ~$2B Sales

~20% Operating Margin

~12.6x 2015E Consensus EBITDA
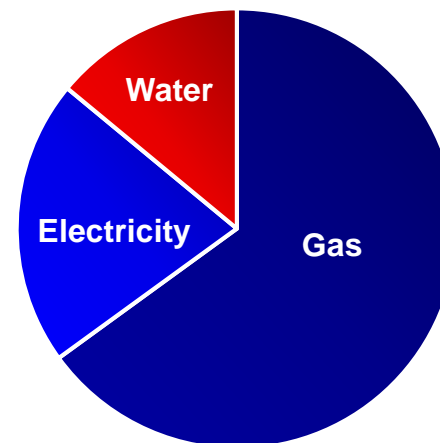
Great Fit For Honeywell

ELSTER OVERVIEW

- **Residential, Commercial And Industrial Combustion And Control Solutions**
  - World Leader In Measurement And Flow Of Natural Gas, Electricity And Water
  - Extensive Installed Utility Base

- **2015E Financials: Sales ~$1.8B* (£1.1B), Op. Margin ~20%**
  - Comprises Gas (65%), Electricity (21%) And Water (14%) Businesses
  - 6,800 Employees Worldwide
  - Major Locations In The U.S., Germany, U.K., And Slovakia

Geographies	Products

ROW
Asia
Europe
North America

Water
Electricity
Gas

Assumes ~1.55 GBP/USD

Great Positions In Good Industries Globally

ELSTER PORTFOLIO

GAS	**ELECTRICITY**	**WATER**

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

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

- 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

Strong Fit With Existing Gas Portfolio

FINANCIAL HIGHLIGHTS

Offer Details

- ~$5.1B (£3.3B) Sales Price
- ~12.6x 2015E Consensus EBITDA
- Principally Funded With Non-U.S. Cash

Financial Metrics

- Double Digit ROI In Year 5 With Continued Expansion
- Targeting 8%+ Cost Synergies
- No Impact To 2015 Guidance

Transaction Closing

- Expected To Close In First Quarter Of 2016
- Subject To Melrose Industries plc Shareholder Approval, Regulatory Review
- Impact To 2016 EPS Minor

Attractive Value Creation Opportunity

SUMMARY

- **Acquiring Great Positions In Good Industries**

- **Strong Fit Within HON Portfolio**

- **Confidence In Achieving Deal Returns – Upside From HOS Gold**

- **Platform For Future Growth**

Building On Honeywell Acquisition Track Record