<table>
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<th>Time</th>
<th>Session</th>
<th>Speakers</th>
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<tr>
<td>10:00</td>
<td>Introduction</td>
<td>Dave Cote</td>
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<tr>
<td></td>
<td>HOS Gold</td>
<td>Andreas Kramvis</td>
</tr>
<tr>
<td></td>
<td>Growth Through Acquisitions</td>
<td>Roger Fradin</td>
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<tr>
<td></td>
<td>High Growth Regions</td>
<td>Shane Tedjarati</td>
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<tr>
<td></td>
<td>Q&amp;A Session</td>
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<tr>
<td>11:25</td>
<td>Technology Demos #1</td>
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<tr>
<td>11:45</td>
<td>Aerospace</td>
<td>Tim Mahoney, Terrence Hahn</td>
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<td></td>
<td>Automation and Control Solutions</td>
<td>Alex Ismail</td>
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<td>Q&amp;A Session</td>
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<td>1:00</td>
<td>Lunch Break and Technology Demos #2</td>
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<tr>
<td>1:45</td>
<td>Performance Materials and Technologies</td>
<td>Darius Adamczyk, Ken Gayer, Tom Szlosek</td>
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<td>Financial Review</td>
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<td></td>
<td>Q&amp;A Session</td>
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<td></td>
<td>Concluding Remarks</td>
<td>Dave Cote</td>
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<td>~3:00</td>
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Forward Looking Statements

The materials to be presented at the Honeywell 2015 Investor Conference contain “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.
INTRODUCTION
Dave Cote, Chairman & CEO

Honeywell
Key Messages

• Outperformance Continues
  - Yes…Still Undervalued Versus Peers

• Continues Through 2015, 2016, And Achievement Of New 5-Year Plan

• Businesses Well Positioned To Grow
  - Aero And PMT Inflection Points
  - ACS Strong And Steady
  - Seed Planting Effective

• HOS Gold – Seed Planting

• Software An Increasing Driver
  - More Than Half Of Engineers Developing Software

• Lots Of Cash Generated Over Five-Year Plan To Deploy
**HON Business Model**

<table>
<thead>
<tr>
<th>One Honeywell Culture</th>
<th>Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 5 Initiatives / 12 Behaviors</td>
<td>• Great Positions In Good Industries</td>
</tr>
<tr>
<td>• Management Resource Review</td>
<td>• Acquisitions Add Value</td>
</tr>
<tr>
<td>- CEO Interviews Top 200 Roles</td>
<td>• Balanced Portfolio</td>
</tr>
<tr>
<td>• Customer Focused</td>
<td>- Long / Short Cycle</td>
</tr>
<tr>
<td>• Trick Is In The Doing</td>
<td>- Early / Mid / Late Cycle</td>
</tr>
<tr>
<td>- The Machinery Needs To Work</td>
<td>• Globalization Continues</td>
</tr>
<tr>
<td>- Go Slow To Go Fast</td>
<td>• HOS Gold</td>
</tr>
<tr>
<td>- Achieve Two Seemingly Conflicting Things</td>
<td>- Initiatives Integrated</td>
</tr>
<tr>
<td>• Constantly Evolving</td>
<td>- Breakthrough Goals</td>
</tr>
<tr>
<td>• One Honeywell</td>
<td>• Functional Transformation</td>
</tr>
<tr>
<td>• Innovation Mindset</td>
<td>• Software Development</td>
</tr>
</tbody>
</table>

*Consistent Business Model That Generates Results*
Performance Vs. 2014 Long-Term Targets

Sales

- Net M&A Above Targets
- Lower Global Growth (GDP of ~3.0%) vs. Planning Assumption (3.5%)

Segment Margin

- Sales Leverage By Controlling Fixed Costs
- Process Initiatives Hugely Helpful
- Restructuring Benefits

Overcame Significant Economic Headwinds

Achieved 5-Year Plan Established Early 2010
2018 Organic Growth Targets

- Sales Headwinds ~$1-2B Over 5-Year Plan
  - Global GDP Growth, F/X
- Key Inflection Points In 2016 And 2017
- HGR Momentum Continues

- HOS Gold Acceleration Across 74 Enterprises
- FT Drives Margin Expansion
- Growth From HOS Gold, HUE, HGR, Software
- Restructuring Benefits

**Sales**

- 2013: $39.1
- 2014: $40.3
- 2015E: $40.5 - $41.1
- 2018T: $46 - $51

**Segment Margin**

- 2013: 16.3%
- 2014: 16.6%
- 2015E: 17.6% - 17.9%
- 2018T: 18.5% - 20.0%

4 - 6% CAGR
Adding $7 - $12B Of Sales

220 - 370 Bps
45 - 75 Bps Per Year
## 2018 Targets By Business

<table>
<thead>
<tr>
<th>Sales CAGR</th>
<th>Segment Margin</th>
<th>Op Margin* vs. Peers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5-Year</strong></td>
<td><strong>2018T</strong></td>
<td><strong>LT Target</strong></td>
</tr>
<tr>
<td>Aero</td>
<td>3 - 5%</td>
<td>21.2 - 22.1%</td>
</tr>
<tr>
<td>ACS</td>
<td>4 - 5%</td>
<td>16.6 - 18.3%</td>
</tr>
<tr>
<td>PMT</td>
<td>5 - 6%</td>
<td>19.8 - 21.1%</td>
</tr>
</tbody>
</table>

### 2018 Targets By Business

- **Aero**
  - Sales CAGR: 3 - 5%
  - Segment Margin: 21.2 - 22.1%
  - LT Target: ~25%

- **ACS**
  - Sales CAGR: 4 - 5%
  - Segment Margin: 16.6 - 18.3%
  - LT Target: ~20%

- **PMT**
  - Sales CAGR: 5 - 6%
  - Segment Margin: 19.8 - 21.1%
  - LT Target: ~25%

### Op Margin* vs. Peers

- **Honeywell**: 10.8%, 16.0%, 17.2%
- **Peer Average**: 11%, 14%, 17%, 15.1%

### Diagram

- **Peers**: UTX, DHR, EMR, MMM
- *HON Excludes Pension Mark-to-Market Adjustments

---

**All Businesses Contributing...With More To Come**
Portfolio – Great Positions In Good Industries

- **Industrial**
  - Oil & Gas: 16%
  - Vehicles: 9%
  - Other D&S: 5%
  - U.S. DoD: 7%

- **Homes & Buildings**
  - 24%

- **Commercial**
  - Commercial: 21%

- **Advanced Materials**
  - 18%

- **Other**
  - Sensing & Control
  - Scanning & Mobility
  - Safety Equipment

- **International Defense**
  - Comm’l Helo: 9%
  - Int’l Defense: 7%

- **Advanced Materials**
  - Residential
  - Commercial
  - OE

- **U.S. New**
  - Residential

- **Midstream**
  - Downstream
  - Upstream

- **Upstream**
  - R&O

- **Spares**

 Positioned In Good End Markets
## End Market Update

<table>
<thead>
<tr>
<th>End Market</th>
<th>HON Exposure</th>
<th>End Market Performance</th>
<th>HON Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homes &amp; Buildings</td>
<td>24%</td>
<td>• Resi/Comm’l Construction Spend Growing&lt;br&gt;• HGR Urbanization</td>
<td>• Presence In 150M Homes And 10M Buildings Globally&lt;br&gt;• Connected Solutions</td>
</tr>
<tr>
<td>Industrial</td>
<td>21%</td>
<td>• Increased Demand For Productivity Solutions&lt;br&gt;• Increased HGR Safety Standards</td>
<td>• Uniquely Addresses Growing Challenges In Safety/Productivity</td>
</tr>
<tr>
<td>Commercial Aero</td>
<td>18%</td>
<td>• OE Build Rates Ramp&lt;br&gt;• Strong Flight Hours Growth</td>
<td>• Well Positioned On The Right Platforms&lt;br&gt;• Connectivity Strategy</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>16%</td>
<td>• Capex Budgets Reduced&lt;br&gt;• Firm Refining Demand</td>
<td>• Limited Upstream Exposure&lt;br&gt;• Well Positioned Mid &amp; Downstream</td>
</tr>
<tr>
<td>Defense &amp; Space</td>
<td>12%</td>
<td>• U.S. DoD Budgets Stabilizing&lt;br&gt;• Global Threats Increasing</td>
<td>• International (~25% Of Portfolio) Growing Double-Digit&lt;br&gt;• Diversified On 300+ Platforms</td>
</tr>
<tr>
<td>Vehicles</td>
<td>9%</td>
<td>• Global Turbo Penetration ~43% By 2019 From ~33% Today</td>
<td>• &gt;40% Win Rate&lt;br&gt;• Outpacing Industry In Gasoline</td>
</tr>
</tbody>
</table>

**Balanced Portfolio With Strong Growth Prospects**
Outlook By Business

Aerospace
- Unprecedented Program Wins
- Continued Share Gains In Avionics
- Connectivity, Cross Portfolio Innovation
- Unmatched Mechanical / Electronics Capability
- Turbo Market Strong, Wins Significant

Automation And Control Solutions
- Aligned Well To Favorable Macro Trends
- Strong Organic Growth
- Connected Solutions For Homes / Buildings / Industrial
- Connected ACS Driving Efficiencies

Performance Materials And Technologies
- Winning In The New Oil Price Dynamic
- Strong Backlog
- High ROI Capacity Expansion
- HPS / UOP Synergies On Sales And NPI

Technology And Innovation Yields Growth
High Growth Regions

2014 Sales By Region

- High Growth Regions (HGR): 23%
- U.S.: 45%
- Other Developed: 32%

$40.3B

HGR Macro Tailwinds (Real GDP)

- ~6% CAGR
- ~5% CAGR

HON Position

- Global Economic Shift Into High Growth Regions Will Continue
- Positioned In The Right Places
- Deploying The One HON Business Model
- We Will Win Going Forward Driven By:
  - East-For-East Innovations
  - East-To-Rest Capabilities
  - One HON Strength In Key Verticals
  - Becoming THE Chinese Competitor (BCC)

HGRs Drive Significant Growth Over 5-Year Plan
HOS Gold – Growth And Productivity

What Is It?

• Company Analytically Broken Into 74 Gold Enterprises

• Brings All Best Practices Together To Focus On Total Enterprise

• X-Matrix Implementation

• Breakthrough Goals Established
  - Andreas Kramvis Involvement

• Monthly Reporting, Operating Plan And Strategic Planning Basis

• Provides Road Map For Exceeding Performance Commitments

Big Company Cost Effectiveness And Technical / Functional Excellence Married With Small Company Speed And Customer Responsiveness
Software Growth

Create Basis For Growth

Get The Machinery Right
- CMMI Level 5 In 2015
- This Is HUGE

Establish Centers Of Excellence
- Mobile Apps
- High Growth Regions
- Right…And Fast

Robust Ideation
- Value To Customer Foremost
- Business Model Has To Work
  - Often Forgotten In Companies

Three Levels
- Simulation
- Product Enablement
- Software As A Business

Market Introductions

Aero
- Primus Epic Upgrade Tool
- MyGDC (Global Data Center) Mobile App
- Navigation DB (Database) Delivery

ACS
- Tridium: Niagara Operating System
- AlarmNet
- VoCollect

PMT
- Cyber Risk Manager
- Mobile Alarm Mgmt
- Advanced Solutions

Machinery Effectiveness + Intelligent Ideation = $1B Current Revenue Growing 15% Annually
## Honeywell User Experience

### Accomplishments

**Creating Solutions That Are…**
- Easier To Use
- More Intuitive, Efficient, Productive and Desirable

**Institutionalized**
- All Business And Marketing Leaders Trained In Leading With HUE
- Dedicated HUE Professionals In Each Business
- 9 Design Studios Worldwide

**Comprehensively And Systematically Design For User, Installer And Maintainer**
- Common Sense Is Not So Common

### New Product Highlights

#### Smartline™ Transmitter
- Easy To Configure
- Interactive Display
- Reduces Install Time

#### Lyric Home Automation
- Geofencing Technology
- Motion Sensing Display
- Control From Anywhere

#### Air Touch
- Simplified User Interface Design
- On Device Diagnostics
- Easy Filter Replacement

---

**HUE Drives Organic Growth**
Cost Focus Continues

- **We’re Still Mindful That Sales Minus Costs Equals Income**
- **Sales Growth Leverages Fixed Costs**
- **Process Initiatives Yield Effectiveness And Efficiency**
  - HOS Gold
  - Functional Transformation
- **Funded Restructuring Of $315M At 2014 Year-End**
  - Lots More Ideas

Steady Focus And Seed Planting Yields Steady Improvement In Results

Lots Of Runway Ahead
Process Initiatives Yield Effectiveness And Productivity While Supporting Growth In HGRs

Developed Markets

(Index, YoY Growth)

Sales Up 56%
Census Down (7%)

High Growth Regions

(Index, YoY Growth)

Sales Up 334%
Census Up 156%
Cash Over 5-Year Plan

Cash Flow From Operations

- CAPEX
- Net M&A, Other
- Dividends
- Share Buyback

2014-2018E

~$30-33B

~50% To Growth

~50% Returned To Shareholders

Deployment Priorities

- Investing In High ROI CAPEX
  - ~$5-6B Over 5-Year Plan
  - PMT Capex Cycle Peaks 2015

- Pay A Competitive Dividend
  - Grow > Earnings → Payout Rate Increases
  - 15% Rate Increase In October 2014

- Strategic M&A
  - Targeting $10B+ Over 5-Year Plan
  - Investment In M&A Organization

- Opportunistic Share Buyback

Cash Providing Flexibility To Generate Excess Returns
2018 Targets + M&A

**Sales ($B)**

- 2013: $39.1
- 2014: $40.3
- 2015E: $40.5 - $41.1
- 2018T: $46 - $51

6 - 9% CAGR

+$5-8B From M&A

**Segment Profit / Margin**

- 2013: 16.3%
- 2014: 16.6%
- 2015E: 17.6% - 17.9%
- 2018T: 18.5% - 20.0%

**Cash Upside Over Organic 5-Year Plan**

- Tight Connection To Our Strategy
- Buy What We Know, Drive Adjacencies
- Consistently Overdrive Synergy Targets
- Expect Continued Flawless Integration
## Cash Deployment – NEW!

### Net Cash Position

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<th>(SB)</th>
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<tr>
<td>Cash</td>
<td>$8.4</td>
<td>(Mostly Outside U.S.)</td>
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<tr>
<td>Debt</td>
<td>($8.6)</td>
<td>(Mostly Inside U.S.)</td>
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<tr>
<td>Net Cash</td>
<td>($0.2)</td>
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</table>

### Benefits
- Limits Cash Buildup
- Preserves Firepower For Opportunistic Deployment To Acquisitions Or Share Repurchases

### Deployment Change
- Keep Net Cash At ~$1-2B
- Preference Remains M&A
- Cash >$1-2B Used For Incremental Share Repurchase
  - Retain Flexibility For M&A
  - Preserve Credit Rating
  - Maintain Tax Efficiency
- If No M&A, Will Communicate Alternative Plan

---

**Actively Utilizing The Balance Sheet To Drive TSR**
# Key Messages For Today

## HOS Gold
Andreas Kramvis – Vice Chairman

*Driving The Next Leg Of Growth And Productivity*

## Growth Through Acquisitions
Roger Fradin – Vice Chairman

*Delivering Value Through Disciplined Process*

## HGR
Shane Tedjarati – President & CEO

*Scale Of Opportunities Growing*

## Aero
Tim Mahoney – President & CEO
Terrence Hahn – President & CEO, TS

*Significant Wins Ramp, Inflection Point For Growth*

## ACS
Alex Ismail – President & CEO

*Well Positioned In Improving Verticals*

## PMT
Darius Adamczyk – President & CEO
Ken Gayer – VP & GM, Fluorine Products

*Growth Inflection From Capex Investments*

## Financial Review
Thomas Szlosek – Senior VP & CFO

*Consistently Outperforming Yet Still Undervalued*
HOS GOLD
Andreas Kramvis, Vice Chairman
HOS Evolution

- **Manufacturing**
  - 85% Of Manufacturing Cost Portfolio At HOS Bronze / Silver

- **Product Development**
  - VPD™ Bronze Lines Of Business Represent ~32% Of Sales, ~25% Of RD&E

- **Software**
  - 100% Of Software Engineers At CMMI Level 5 By End Of 2015

- **User Interface**
  - HUE ~20K Employees Trained; 300+ NPI Projects

**HOS Has Delivered Robust Performance**
HOS Gold Objectives

HOS Gold Is A Comprehensive Operating System That:

- Capitalizes On Strong Productivity Performance
- Implemented Throughout 74 Enterprises Across HON

And, In Addition:

- Blends Small-Cap Speed And Agility With Large-Cap Scale And Expertise
- Drives Breakthrough Growth Performance
Growth Profile Of HOS Gold Enterprises

Focus On Rapid Growth
Speed And Agility

Scale And Expertise
Manufacturing Excellence

HOS Gold

Large Company
Small Company

Superior Growth

74 HOS Gold Enterprises (Examples)

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
</table>
| Aero | 16  | • Propulsion  
|      |     | • Cockpit Systems  
|      |     | • Space  
|      |     | • Navigation  
|      |     | • HTT Global OEM  
|      |     | • Safety  
| PMT  | 14  | • Gas  
|      |     | • Petrochemicals  
|      |     | • Automation  
|      |     | • HFOs  
|      |     | • Gas Processing  
|      |     | • Process Technology  
| ACS  | 44  | • Building Control  
|      |     | • Security  
|      |     | • Fluid Control  
|      |     | • Sensing  
|      |     | • Test and Measurement  
|      |     | • Building Solutions  

Increasing Agility But Maintaining Economies Of Scale
HOS Gold: New Management Methods

<table>
<thead>
<tr>
<th>Management Operating System</th>
<th>Before</th>
<th>Today</th>
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<tbody>
<tr>
<td>16 Independent SBUs, President Owns</td>
<td>74 Integrated Gold Entities, GM Owns</td>
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<table>
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<tr>
<th>Objective Setting</th>
<th>Before</th>
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<tbody>
<tr>
<td>Mostly Incremental</td>
<td>Step-Change, Breakthrough</td>
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<tr>
<th>Investment Decisions</th>
<th>Before</th>
<th>Today</th>
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<tbody>
<tr>
<td>Allocated To 16 SBUs</td>
<td>Allocated To 74 Gold Entities</td>
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<table>
<thead>
<tr>
<th>People</th>
<th>Before</th>
<th>Today</th>
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<tbody>
<tr>
<td>SBU Level Thinking</td>
<td>Bench Of 74 “CEOs”</td>
<td></td>
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</table>

X-Matrix – Strategy Deployment

- Key Improvement Priorities
- 1st Year Objectives
- Targets To Improve
- 5 Year Breakthrough Objectives

Think Across Honeywell, Act With Agility & Relevance To Market
New Ways Of Running AOP And Strategic Plan
HOS Gold Learning

For 74 Gold Enterprise Leadership Teams

Business Acumen
Strategy Development and Deployment
Execution and MOS
Creating Capabilities
Process Enabler Excellence

General Manager-Focused Learning

For All Honeywell People Managers

Initiatives/Enablers Learning
Tools Training
Leadership Skills

Foundational Skills

Equipping Our Leaders For Success
HOS Gold Enterprise Financial Targets

Financial Metrics

- **Organic Sales Growth**
- **Profit**
- **Cash Conversion**

Breakthrough Objectives

- Growing 2x Targeted Segments
- Growth Rate >15% Higher Than Pre-Gold Units
- 50% Higher Than Peers In Segment
- Increasing % Of Growth From New Segments
- Days Of Supply Less Than Peer Group
- Cycle Time Improvements

Setting Up For Systematic New Market Creation And Adjacency Expansion

Providing Runway For Future Margin Expansion
HOS Gold: Enterprise Unit Status

1. Ensure Strong Foundations
   - Build Critical Capabilities And Expertise
   - Move Aggressively Into HGRs
   - Leverage HOS, VPD™
   - Fill New Product Pipeline
   - Drive Execution Through Core Management Processes

   Capitalize On Track Record Of Excellence

2. Identify / Invest Resources
   - Identify Breakthrough Strategies
   - Combine Software Expertise With Products/ Technologies
   - Push Into Adjacencies, New Markets
   - Align Resources/Reviews To Each Gold Enterprise

   Strong Objectives And Strategies Established

3. Routinely Outgrow Markets
   - Have A Portfolio Of Growth Initiatives Of Major Impact
   - Drive Strategies Across Product Lines And Portfolios
   - Deliver Growth In Adjacencies
   - Obtain Growth By Establishing New Markets
   - Develop Future Growth Platforms – Organically And Inorganically

   Market Outperformance Routinely Achieved

Drive Strong Productivity And Exceptional Growth

Enterprise Status

A Few Units
Most Units
A Few Units

Ensure Strong Foundations
Identify / Invest Resources
Routinely Outgrow Markets

Strong Objectives And Strategies Established
Market Outperformance Routinely Achieved
Drive Strong Productivity And Exceptional Growth
We Uniquely Enable Connectivity In Buildings Today

Breakthrough Example ACS: IoT For Buildings

Tridium: Niagara Operating System

Software platform integrates diverse systems and devices regardless of manufacturer, or communication protocol

- Energy Management
- Fault Diagnostics
- Parking Management
- Operations Management
- Identity Management
- Access Control
- Vendor Management
- Others…

Integration of Any Device
Open App Development
Services on Cloud
Data Collection, Analytics and Visualization

Buildings

HVAC
Power
Elevators

Security
Lighting
Café / Vending

Fire
Parking
Others…

Independent App Developers
**IoT For Buildings, Factories And Data Centers**

**Tridium: Niagara Operating System**

Software platform integrates diverse systems and devices regardless of manufacturer, or communication protocol.

- Energy Management
- Fault Diagnostics
- Parking Management
- Operations Management
- Identity Management
- Access Control
- Vendor Management
- Others…

**Integration of Any Device**

**Open App Development**

**Services on Cloud**

**Data Collection, Analytics and Visualization**

**Driving For Open Industrial “Internet Of Things”**
Breakthrough Example Aero: Weather Radar

We Recently Introduced A **Breakthrough** New Radar Which Shows The Weather In 3-D

*Enhancing Visibility To 320 Miles Out*
New **Breakthrough**: Linking Multiple Aircraft Via The Cloud To Share Radar And **See Thousands Of Miles Ahead**

**Another Step Change In Aviation Safety And Cost**
Breakthrough Example PMT: LGW Molecules

Multi-Billion $ New Breakthrough Markets Already Established

- Mobile Air Conditioning
- Building / Home Insulation
- Stationary Air Conditioning
- Precision Cleaning Solvents
- Appliance Insulation
- Propellants For Aerosols

Major Orders Secured In Growing Markets
Breakthrough Example PMT: LGW Molecules

Content Redacted
## Summary

<table>
<thead>
<tr>
<th>Icon</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td><img src="image" alt="Graph" /></td>
<td><strong>HOS Gold: A Systemic And Comprehensive Management Lever To Overdrive Growth, Achieve 5-Year Objectives</strong></td>
</tr>
<tr>
<td><img src="image" alt="Lightbulb" /></td>
<td><strong>Driving Entrepreneurial Approach Without Abandoning Discipline And Performance</strong></td>
</tr>
<tr>
<td><img src="image" alt="Link" /></td>
<td><strong>Small Company Agility With Big Company Resources</strong></td>
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<tr>
<td><img src="image" alt="Person" /></td>
<td><strong>Measured, Controlled, Systematic Way Of Placing Favorable Bets</strong></td>
</tr>
<tr>
<td><img src="image" alt="Person" /> <img src="image" alt="Currency" /></td>
<td><strong>Multiple New High Reward Bets Are Being Progressed</strong></td>
</tr>
</tbody>
</table>

**HOS Gold Already Operational, Underwriting 5-Year Plan**
GROWTH THROUGH ACQUISITIONS
Roger Fradin, Vice Chairman
Key Messages

Proven Track Record Through Disciplined Acquisition Framework, Best In Class Integration And Execution

• Building Leadership Positions Across Multiple Industries

• Robust Pipeline Of Potential Targets

• Continued Investment In M&A Resources – Ideation, Origination And Execution

Driving Incremental Value With Disciplined M&A

Building Great Positions In Good Industries
Our M&A Framework

**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
Building New Segments Through Acquisitions

**Scanning & Mobility**
- No Presence In 2007, A Leading Position Today
- Combined Company Technology, Sales Force Driving Growth
- Intermec Achieved ~150% Of Synergy Target
- Entered Attractive Printing, Voice Adjacencies Through Acquisitions

**Life Safety / Gas Detection**
- Large, Growing And Fragmented Space
- Highly Regulated By Codes And Standards
- Synergies Across Sales And Distribution Channels
- Extending Portfolio From Products To Software And Services

**Gas Processing**
- Expanding Position In Gas Value Chain To Accelerate Growth
- Proven Competitive Position With Equipment Offering
- Packaged Solutions – Faster, Modular, With Lower Risk
- Strong Orders And Backlog Growth
Acquisition Process Delivering Results

Built Leading AIDC Platform

- Leading Positions In Scanning And Mobility
- Good Position In Attractive Printing Space
- Scale And Significant Synergy Opportunities
- HON Winning In Marketplace (USPS, UPS)

Intermec Delivering Results

- Sales And Segment Profit Exceeding Plan
- ~150% Cost Synergies vs. Plan
- Combined HSM Organic Sales Up Double-Digit In 2014

Playbook Continued…

- Announced Acquisition Of Datamax-O'Neil In December 2014
- Intermec Best Practices Deployed To Datamax Integration
- Datamax Creates Global #2 Printing Platform In ~$1.5B Global Barcode Printing Segment
- Broad Portfolio Of Thermal Receipt And Label Printers

Purchase Price ~$185M

Headline EV/EBITDA ~11x

Synergy Adjusted EV/EBITDA* ~6x

* Based on 2017 Expected Results

Created ~$1.7B Global Franchise
# Key Focus Areas Over 5-Year Plan

## Aerospace
- Connectivity – Hardware And Services
- Differentiated Technologies – Cockpit Systems, Navigation
- Mechanical Components
- Turbo Technologies

## Automation & Control Solutions
- Adjacencies To Leverage Growth Themes Of Connected Worker, Homes, Buildings And Industrial
- Targets Aligned To Multi-Brand/Channel Strategy
- Complementary Software And Data Analytics Capabilities
- Focus On ESS With Differentiated Technology

## Performance Materials & Technologies
- Continue To Expand UOP Capabilities And Offerings
- Process Equipment For Hydrocarbon Supply Chain
- Build On HPS – Industrial Products (Valves, Pumps, Flow) And Software

Diverse Target Universe In Good End Market
What Will Be Different?

Beefed Up Origination Team Globally
- Added Deal Origination Talent Globally
- Renewed Pipeline Building Efforts Ongoing
- Great Track Record On Larger Deals – Novar, UOP, EMS, Russell
- Potential For Larger Transactions

Renewed Emphasis On Europe & China
- Strong Execution Track Record In Europe
- Foundation In Place For Growth Outside U.S.
- Ability To Globalize, Build On HGR Strategy

Financial And Management Capacity
- Strong Balance Sheet
- Strong Management Bench, “Battle Tested” Integration Team
- Confidence In Ability To Overdrive Synergy Targets

HON Differentiators
- Presence Of Vice-Chairmen To Support M&A Teams
- Deployment Of HOS Gold In Acquisition And Integration
- Uniquely Positioned To Acquire Multi-Industry Targets
- Continue To Acquire Leadership Talent Through Acquisitions

Building On Proven Track Record
HIGH GROWTH REGIONS
Shane Tedjarati, President & CEO
HGR Key Messages

**Driving Superior Performance And Value In High Growth Regions – Well Positioned For Growth In 2015 And Beyond**

- **East-For-East** Innovations
- **East-To-Rest** Capabilities
- **One Honeywell** Positioning In Key Verticals
- **Becoming THE Chinese Competitor**
- **Follow-The-Growth** Strategy

Addressing Global Demand In The World’s Fastest Growing Economies Through **Innovative Local** Products and Solutions, Focusing On The **Mid-Segment And Key Verticals**.
HGR Financial Overview

**HGR Sales ($B)**

- 10% CAGR From 2010-2014
- 23% Of HON Sales In 2014 (~10% In 2003)
- Presence In Key Regions Growing
- Continued Investments For Future Growth

**2014 Sales By Businesses**

- 27% ACS
- 41% PMT
- 32% AERO

**2014 Sales By Priority HGRs**

- Others**
- Mexico
- Russia
- SEA*
- Brazil
- India
- Middle East
- China

* South East Asia (SEA): Malaysia, Philippines and Thailand
** Others: Turkey, Indonesia and Vietnam
2014 Major Wins

Mexico
- HPS - 2 Major Refinery Upgrades
- Aero - Mexico Low Cost Carrier Wins
- ACS Win - Wal-Mart

Brazil
- Turbo Wins - Multiple Vehicle Platforms
- HBS - Major Airports
- D&S - Brazilian Lynx Helo Engine

Turkey
- HPS - Controls Upgrades At 2 Tupras Refineries
- Mechanical - Turkish Technic
- Building Solutions - İşbank Tech Center

China
- Turbo Wins - Multiple Vehicle Platforms
- Mechanical, Avionics & Services – Chinese Airlines
- Fire Systems - 13 Metro Lines
- 5 Gas-To-Chemicals Wins

Russia
- UOP Uniflex Deal - Mendeleev Group
- 6 HPS Project Wins

Middle East*
- W&B, APU & Avionics - Emirates, UAE
- Dubai Airport North Runway Rehabilitation
- Strong ACS Wins In UAE, Saudi, Qatar
- UOP - KEC Siba Gas Field Iraq
- HPS - Kuwait KNPC Refinery

India
- Avionics & Mechanical - India Low Cost Carrier
- Tata TALIN Co. - Production
- Turbo Wins - Multiple Vehicle Platforms
- HSM Solution - India Post Office

SEA**, Vietnam & Indonesia
- Avionics & APU - Vietnam VietJet Air
- Avionics & APU - Indonesia Lion Air
- UOP/HPS Greenfield Refinery Joint Win

* Middle East: Saudi Arabia, UAE, Kuwait, Qatar, Oman, Egypt, Iraq, Bahrain, Jordan, Lebanon and Yemen
** SEA: Malaysia, Philippines and Thailand

Strong Backlog For Growth In 2015
Macro Environment In Priority HGRs

High Growth Regions

Priority HGRs Contribute ~50% Of Global GDP Growth

Source: Global Insight (Jan 2015)

Legend:
- GDP: 2014 Real GDP @ 2010 $
- CAGR: 2014-2019 Real GDP CAGR

- ** Central Asia: Georgia, Azerbaijan, Turkmenistan, Tajikistan and Uzbekistan
- ** Middle East: Saudi Arabia, UAE, Kuwait, Qatar, Oman, Egypt, Iraq, Bahrain, Jordan, Lebanon and Yemen
- ** Includes SEA (Malaysia, Philippines and Thailand), Indonesia and Indochina (Vietnam, Cambodia, Laos, Myanmar)

- GDP: ~$1T
- CAGR: ~4%

- GDP: ~$2T
- CAGR: ~1%

- GDP: ~$1T
- CAGR: ~2%

- GDP: ~$2T
- CAGR: ~4%

- GDP: ~$2T
- CAGR: ~5%

- GDP: ~$2T
- CAGR: ~7%

- GDP: ~$2T
- CAGR: ~5%

- GDP: ~$8T
- CAGR: ~7%

- GDP: ~$1T
- CAGR: ~4%

- GDP: ~$2T
- CAGR: ~5%

~4B Population

~$20T Real ‘14 GDP

~5.3% Real GDP CAGR ’14-’19

~4B Population

~$20T Real ‘14 GDP

~5.3% Real GDP CAGR ’14-’19
• Expect Lower Oil Price To Drive Incremental GDP Growth (~0.5%-1.0%)
• However, Other Macro Factors May Come Into Play:
  - Savings From Oil Expenditure: Invest Or Withhold Spending?
  - Political Instability
  - Low PPIs/CPIs
  - Currency Fluctuation

Source: Frontier Strategy Group (Feb 2015), IHS Global Insight, Lit. Research
China: Growing Under The “New Normal”

What Is The “New Normal”

- Healthy Growth Rate $\rightarrow$ 6-7% GDP Growth
- Higher Quality $\rightarrow$ Urban Infrastructure, Middle Class Consumption, Private Enterprises
- More Sustainable $\rightarrow$ Energy, Environment, Health, Productivity

Tailwinds In The “New Normal”

- Infrastructure Investment Accelerated
  - RMB 10T Of Projects Approved In Dec ‘14
- >60 Tier 2/3 Cities Growing Above National Average $e.g.$ Xi’an 9.9%, Changsha 10.5%, Chongqing 10.8%, Nantong 10.5%
- New Directives In Air And Water Pollution
- “New Silk Road” Strategy – $40B To Establish Regional Infrastructure And Trading Routes
- Globalizing Chinese EPCs*
- Strengthening Geopolitical Position

* EPC: Engineering, Procurement And Construction

Decelerating Growth Rate…

$T, \text{ Real GDP @ 2010}$

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2010</th>
<th>2015E</th>
<th>2020E</th>
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<tr>
<td>GDP T</td>
<td>3.5</td>
<td>5.9</td>
<td>8.6</td>
<td>12.1</td>
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</tbody>
</table>

...But Still The Biggest Contributor To Global Growth

Share Of GDP Growth 2014-2019, Real GDP @ 2010 $\text{ }$

- China 25%
- US 19%
- India 7%
- UK 3%
- Germany 3%
- Japan 2%
- Brazil 2%
- Indonesia 2%
- Mexico 2%
- S. Korea 2%
- Others 33%

Source: Global Insight (Jan 2015)
HGR Core Strategy

Priority High Growth Regions

East-For-East (E4E)
- R&D
- Manufacturing
- Sales & Dist.

East-To-Rest (E2R)
Follow-The-Growth (FTG)

Energy & Efficiency
Cities & Buildings
Transportation & Infra.
Health & Safety
Defense & Security

One Honeywell & Integrated Solutions

Proven Strategy With Superior Execution
Becoming THE Chinese Competitor (BCC)

Challenges Facing Multi-National Companies (MNCs)

- Global Challengers (5+ Players, $1B+ Total Revenue)
- ER Players (50+ Players, $1B+ Total Revenue)
- Innovators (120+ Players)
- Mature Imitators (1,500+ Players)
- Garage Imitators (6,500+ Players)

MNCs
- Exporters
- ER Producers
- Localized MNCs
- Mid-Market Players
- Mass Marketers

HON Methodic Response

- Global Challenger
- Chinese Competitor
- Localized MNC
- On-The-Ground

- Gain Speed And Flexibility
- Localize Business Model
- Enrich Mid-Segment NPI
- Put Our Best “Generals” On The Toughest Front

Implementing From China And India To Other HGRs
### Challenges

China Presented Several Challenges For HON’s Turbo Business:

- Unlike In The EU, Engines In China Are Mostly Gasoline-Based, Not Diesel
- Our Gen I Turbo For LCV Didn’t Meet Chinese Needs: High Cost And Required Maintenance

### Actions

**Localization Of R&D**
- Local Authority
- Leverage Global Resources
- Functions Co-Located

**Localization Of Supplier Base**
- Local Sourcing And Manufacturing
- Concurrent Engineering Support

**Re-Development Of Gen II Turbo**

**Cost Reduction** Through Standardization, Yield Improvement And Cycle Time Reduction

### Results

- **Significantly Improved Performance And User Experience**
- **Reduced NPI Cycle Time By 50%**
- **Reduced Cost By 17% While Maintaining Margin**
- **Sales Up 65% In 2014**
East-For-East: Addressing Local Needs

- Expanding Manufacturing And R&D Facilities
- Empowering Local Teams In Product Development And Supply Chain Management
- Enriching Mid-Segment Offerings
- Enhancing Honeywell User Experience

**Addressing Environmental Concerns**
- Home Water Purifier
  - Ultrafiltration/Reverse Osmosis Technologies, Target High And Mid-Segment
- Humidity Sensor for PM2.5 Detection
  - Improves Accuracy Of PM2.5 Measurement

**Improving Energy Efficiency And Emission**
- Micro Gas Turbo
  - For Engine Sized 0.8-1.2L
- Gen3 VNT™ Variable Nozzle Turbine Tech,
  - 35% Fuel Improvement

**Enhancing User Experience**
- IP Video Door Phone
  - Rich Features, Cost Competitive, Rapid R&D
- Heat Meter
  - Slanted UI For Viewing Angle, Cost Effective Design

*Indigenous Innovation To Win Mid-Segment*
East-For-East: Addressing Local Needs

Example: Holistic Air Quality Solution

At Home

Home Air Cleaner
- Target High/Mid-Segment
- Anti-PM2.5, OVOC
- Simplified User Interface Design
- BCC Speed - Launch In 6 Months
- Use E-Commerce Favored By Consumers

On-The-Go

Consumer Dust Mask
- Anti-PM2.5 For Outdoor Activities
- Multiple SKUs Addressing Different Needs
- Build Scale Using Both Physical And E-Commerce Channel
- Specs Upgraded Regularly

At Work

• Commercial Air Cleaner
  - Target Large Commercial Spaces
  - Anti-PM2.5, OVOC
  - Integrated Multiple Honeywell Technologies
  - Cross-SBG Team Collaboration
  - BCC Speed - Launch In 6 Months

Competing And Winning Like A Local Competitor
### East-To-Rest: Serving HGR Mid-Segment

#### E2R Concept

- **Similar Market Characteristics** Between China And Other HGRs:
  - Rapid Urbanization
  - Value-Driven Customers
  - Large Addressable Market In The Mid-Segment
  - Growing Number Of Mid-Segment Competitors

- **Vast Demand** For Products With **Good Quality At The Right Price**

- **Modify, Localize And Certify** Products To Meet Local Needs

#### Initiatives And Actions

- **Dedicated Team To Promote E2R Products In HGRs**
- **Promotion Through Expo And Road Shows** In China, Turkey, Russia, etc.

#### Successful E2R Product Introduction

- Thermostat
- Actuator
- Residential Detector
- Scanner
- PA/VA system
- IR Dome Camera
- IR Array Camera
- Iris Lens

**Continue To Roll Out And Expand Across HGRs**
Macro Trends Driving Long Term Sustainable Growth

By 2025
90% of Global New Urban Population, and 1 Billion New Middle Class Will Emerge In HGRs

Cities & Buildings
Energy & Efficiency
Transportation & Infra.
Health & Safety
Defense & Security
Focus On Key Verticals

2014: Winning In Key Verticals

Airports
- Dubai Airport Runway
- Brazil Airport Wins

Airlines
- India Low Cost Carrier
- Indonesia Lion Air

Cities & Buildings
- China SOHO
- Vietnam Smart Grid

Energy & Efficiency
- Russia Mendeleev
- Kuwait KNPC Refinery

One HON Value Proposition, Cross-SBU Collaboration
# Follow The Growth

## Chinese EPCs

- **2014 New Overseas Contract Value Of $192B (11.7% YoY Growth, 664 Projects With Value >$50M)**
- Asia And Africa Remain The Largest Markets
- Expand In Latin America, Middle East And Eastern Europe
- Financing, Credit, Insurance And Tax Support From Government

<table>
<thead>
<tr>
<th>Year</th>
<th>Value, $B</th>
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<tbody>
<tr>
<td>2012</td>
<td>117</td>
</tr>
<tr>
<td>2015</td>
<td>214</td>
</tr>
</tbody>
</table>

## Turkish EPCs

- **42 Turkish Firms On ENR’s**
  - 2014 Top 250 International Contractors List
- **Turkish Firms’ Revenue:**
  - $28.5B Total
  - ($20.5B From Overseas)
- **Government 2023 Goal:**
  - $100B In Overseas Contracts Per Year

## Turkish International EPCs Expanding

- **CAGR +22%**

## Strategy To Capture The Opportunity

- **Selectively Target More EPCs**
- **Build Multi-Layer Relationships:** “Headquarter + Local”
- **Partner With Key Customers In Major Pursuits**
- **Seamless One HON Global Execution**

*ENR: Engineering News-Record*
Africa: New Frontier For Growth

Rapid Economic Growth

Major Gas Discoveries

Young & Fast Growing Population

New Oil Reserves

Rapid Urbanization

Connected & Mobile

Strategy & Expansion Plan

• Expand Geographic Coverage (e.g. New Regional Offices In East Africa)

• Recruit Local Resources “Feet-On-Street”

• Drive One HON Commercial Execution

• Focus On Energy And Infrastructure Verticals

• Serve Global Customers And Partner With International EPCs In Africa

High Potential Region Despite Challenges
HGRs: The Growth Engine For HON

HGR Sales

2003 ~$2B

HGR Sales

2014 ~$9B

CAGR (2003-2015): ~14%

2015 ~$10B

CAGR (2015-2018): ~10%

2018 ~29%

HGRs Drive Significant Growth Over 5-Year Plan