Honeywell

COWEN AERO & DEFENSE CONFERENCE

Roger Fradin
Vice Chairman

Forward Looking Statements

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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.

Overview

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- **2014 Another Year Of Outperformance**
  - Set High Expectations And Delivered
  - Achieved Record Margins While Investing For Growth
  - Short- And Long-Cycle Order Trends Improving, Backlog Remains Strong
- **Multi-Year Tailwinds**
  - Seed Planting Benefits From Growth Investments
  - Restructuring Benefits Support Productivity And Margin Expansion
  - Acquisitions Are Incremental
- **March 4th Investor Conference**
  - On Track To Achieve Long Term Targets
  - HOS Gold Evolution Encompasses Complete Business Enterprise

Multi-Year Positive Outlook

HON Business Model

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One Honeywell Culture

- **5 Initiatives / 12 Behaviors**
- **Management Resource Review**
  - Rigorous Business Review Process
  - CEO Interviews Top 200 Roles
- **Trick Is In The Doing**
  - The Machinery Needs To Work
  - Go Slow To Go Fast
  - Achieve Two Seemingly Conflicting Things
- **Foundational Tools**
  - Six Sigma, Cycle Time
  - ERP, CMMI
- **Innovation Mindset**
  - Breakthrough Ideas Every Year

Applied To

Portfolio

- **Great Positions In Good Industries**
- **Acquisitions Are Incremental**
  - Bolt On Or Consistent Business Model
- **Balance**
  - Long / Short Cycle
  - Early / Mid / Late Cycle
- **Globalization Opportunity**

Processes

- **HOS Gold:** Honeywell Operating Model
- **VPD™:** Velocity Product Development
- **FT:** Functional Transformation
- **OEF:** Organizational Effectiveness
- **HUE:** HON User Experience

Consistent Business Model That Generates Results

2014 Summary

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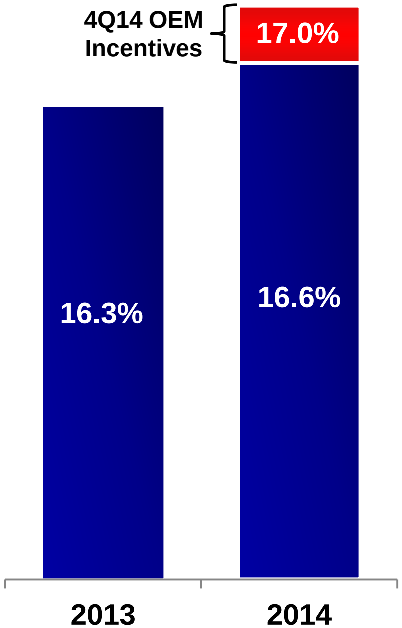
Sales

Up 3% Reported
3% Organic

NPI, HGR Penetration Offsetting Slow Macros

Segment Margin

Up 30 bps
70 bps ex-OEM Incentives



Record Margin Performance

EPS

Up 12%

Raised EPS Guidance Three Times

FCF

Up 16%

Capex Up 16% YoY
15% Dividend Increase

Important Notes:
EPS (Ex-Pension Mark-to-Market Adjustment); FCF = Cash Flow From Operations Less Capital Expenditures

5th Consecutive Year Of Double-Digit Earnings Growth

2018 Organic Growth Targets

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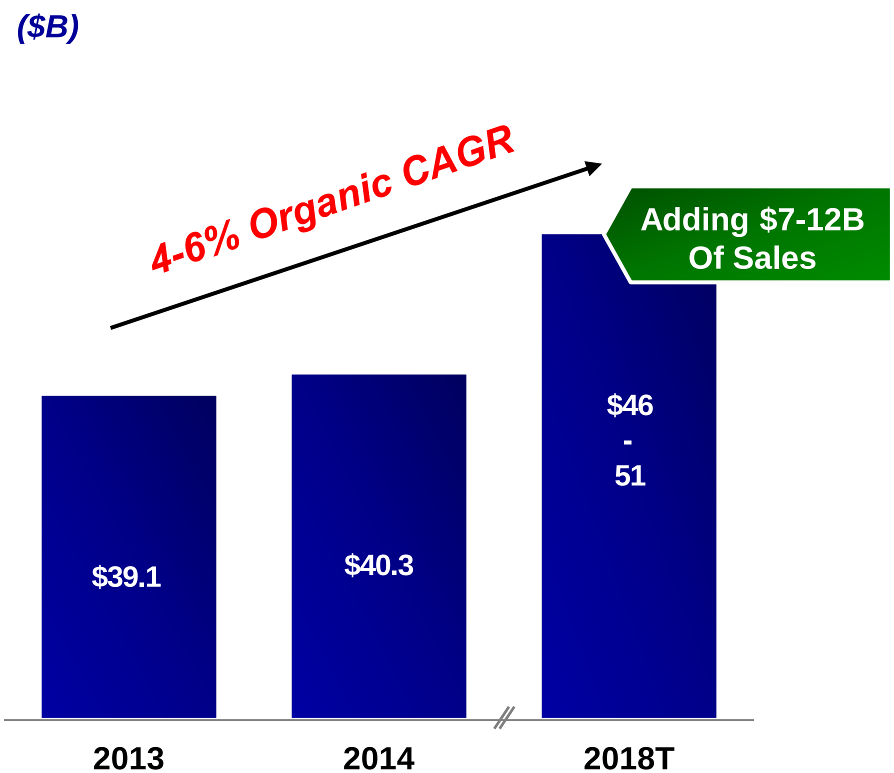
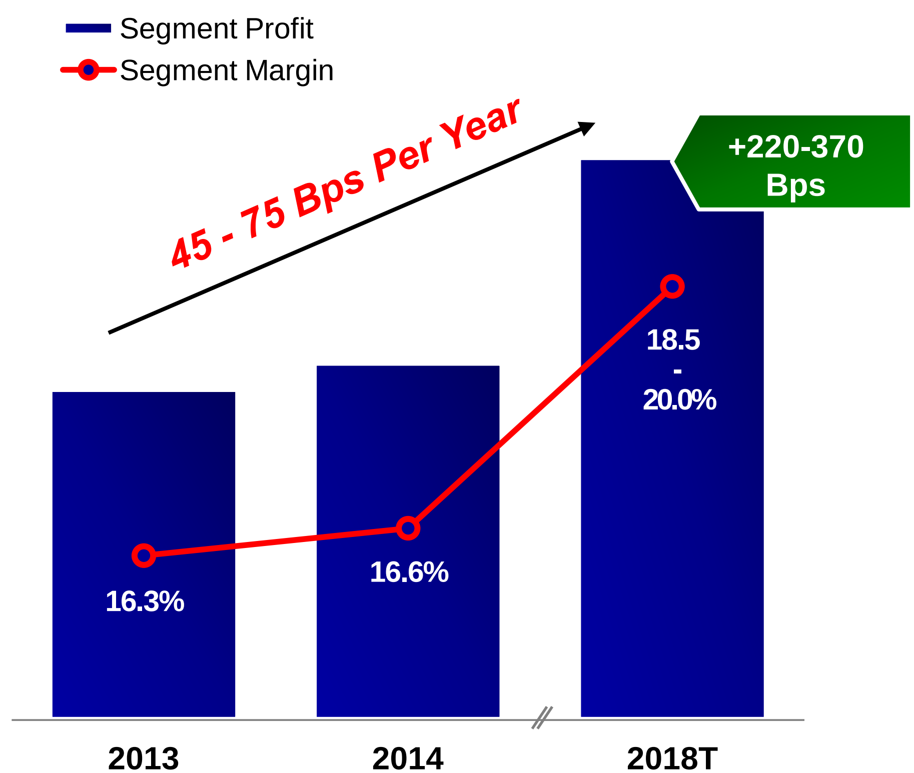
Sales



- More Innovation
- Balanced Portfolio, With Lots Of Upside
- HGR Momentum

Segment Profit / Margin



- HOS Gold Acceleration
- FT → ~2 Points of Margin
- HUE Creates More Value

Targeting Double Digit Earnings Growth

2018 Targets + M&A

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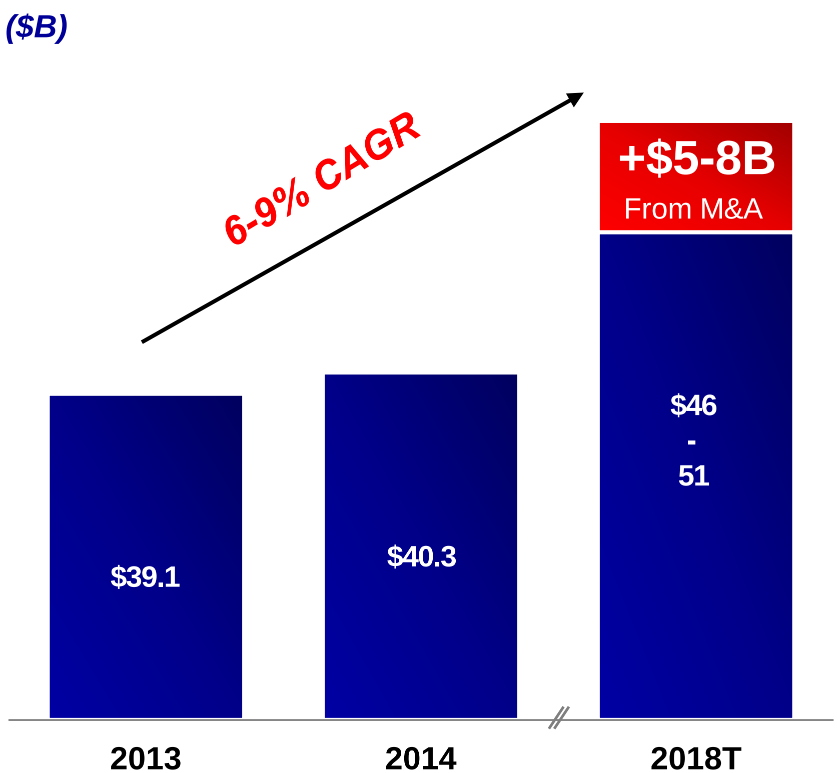
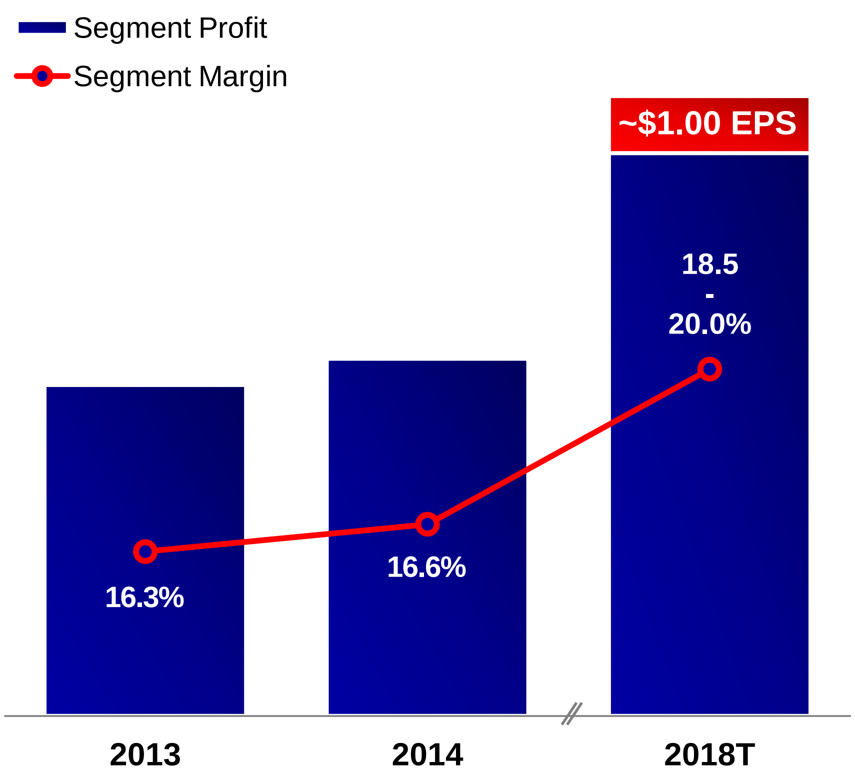
Sales



- Targeting Attractive Adjacencies
- Lots Of M&A Capacity

Segment Profit / Margin



- M&A Margin Headwind ~(50-100) Bps
- Expecting Continued Flawless Integration

M&A Upside Next 5 Years

Accretive M&A Strategy

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What You Should Expect

- **Strong Pipeline Of Potential Targets**
  - Constant Screening, Relentless Discipline
- **High Growth New Adjacencies**
  - Execution Driven By Business Strategy
- **Significant Synergies Achieved**
  - Targeting 6-8% Of Sales As Cost Synergies
  - Sales Synergies Expected (Not Factored In)
- **Disciplined Acquisition Framework**
  - IRR> WACC; Double Digit ROI By 5th Year
- **Best In Class Integration**
  - Accretive "All-In" Year 2

Key Focus Areas

- **Aerospace**
  - Connectivity
  - Differentiated Technologies
  - Mechanical Components
  - Turbo Technologies
- **Automation & Control Solutions**
  - More Bolt-on Possibilities
  - Adjacencies Aligned To Multi-Brand/Channel
- **Performance Materials & Technologies**
  - Expanding UOP Capabilities
  - Industrial Products

Building Great Positions In High Growth Industries

Why Own HON

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1 ***Organic Growth Accelerates***

- Focus On HGR Penetration
- Seed Planting – NPI, VPD™, And CapEx
- HUE And Technology Differentiation

2 ***More Margin Expansion***

- HOS/OEF/FT – Leverage Improvement
- Execute Restructuring Pipeline

3 ***Accretive M&A***

- Global Reach / Robust Pipeline
- High Growth Adjacencies
- Disciplined M&A Approach / Track Record

4 ***Capital Allocation Upside***

- CapEx – Funding High ROI Growth Investment
- Increase Dividend Payout Ratio Over Time
- Opportunistic Share Buyback

Consistent Strategy, Delivering Top Tier Performance

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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

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($M)	2013	2014
Segment Profit	$6,351	$6,696
Stock Based Compensation [1]	(170)	(187)
Repositioning and Other [1, 2]	(699)	(634)
Pension Ongoing Income [1]	90	254
Pension Mark-to-Market Adjustment [1]	(51)	(249)
OPEB Expense [1]	(20)	(49)
Operating Income	$5,501	$5,831
Segment Profit	$6,351	$6,696
÷ Sales	$39,055	$40,306
Segment Profit Margin %	16.3%	16.6%
Operating Income	$5,501	$5,831
÷ Sales	$39,055	$40,306
Operating Income Margin %	14.1%	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 Cash Provided By Operating Activities To Free Cash Flow

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($M)	2013	2014
Cash Provided by Operating Activities	$4,335	$5,024
Expenditures for Property, Plant and Equipment	(947)	(1,094)
Free Cash Flow	$3,388	$3,930

Reconciliation Of EPS To EPS, Excluding Pension Mark-to-Market Adjustment

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	2013[1]	2014[2]
EPS	$4.92	$5.33
Pension Mark-to-Market Adjustment	0.05	0.23
EPS, Excluding Pension Mark-to-Market Adjustment	$4.97	$5.56

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

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