Honeywell

2015 Outlook

December 15, 2014

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.

Overview

Honeywell

- **Confident In 2014 Outlook → 4Q On Track**
  - 4Q14: ~3% Organic Sales Growth; EPS $1.37-$1.42, Up 10-15% YoY
  - FY14: ~3% Organic Sales Growth; EPS $5.50-$5.55, Up 11-12% YoY
  - Deployment Of BEAV Share Gain Funding Aerospace OEM Incentives
- **Strong Prospects For 2015**
  - Short-Cycle Steady Growth; Long-Cycle Orders and Backlog Momentum
  - High ROI Capex, New Products And High Growth Region Investments Paying Off
  - HOS Gold: Growth And Productivity Focus → From Plant To Complete Business Enterprise
  - Conservative Cost And F/X Planning In Continued Slow Growth Environment
- **Outlook In-Line With Long-Term Targets**
  - Accelerating Top-Line And Double Digit Earnings Growth
  - Traction On Key Process Initiatives, Executing Sustainable Productivity Actions
  - Multi-Year Tailwinds Remain – Aligned To Enduring Macro Trends

Important Notes: EPS Proforma, V% Exclude Any Pension Mark-to-Market Adjustment

Continued Outperformance Across Portfolio

4Q14 Gains And Deployment

Honeywell

BEAV Share History

- **Sold Consumables Solutions Business To BEAV In 2008**
- **Proceeds Of ~$900M In Cash + 6M BEAV Shares (~$150M)**
  - *Tax Attributes On Share Sale Realized In 4Q14*
- **Realized Value Of BEAV Shares Sold ~$500M**
- **All Gains Deployed To Fund Restructuring, Aero OEM Incentives And Other Actions**
- **Net After-Tax Impact Of Gain Deployment = $0**

4Q14 Actions

($M)	Pre-Tax	Tax	After-Tax
GAIN			
BEAV Share Sale	~$116	~($2)	~$114
DEPLOYMENT			
Aero OEM Incentives	~($184)	~$70	~($114)
Net	***~($68)***	***~$68***	***$0***

Deployment Considerations

- **Significant Mechanical And Avionics OE Wins Require Milestone Based OEM Incentives**
  - *OEM Incentives Expensed As Incurred*
- **Milestones Realigned In 4Q14 To Mitigate Future Headwinds**
  - *Gain Offsets Impact Of Realigned Incentives*
- **$100B+ Pipeline Of New Wins Fuels Growth**
- **Positions Aero Well For Growth And Margin Expansion Over 5-Yr Plan**

Deployment Yields Benefits Beyond 2015

4Q14 Guidance Summary

Honeywell

	Prior Guidance	BEAV Gain & OEM Incentives	Revised Outlook
Sales (HON)	**$10.3-$10.4B**	**~($184M)**	**$10.1-$10.2B**
Reported Growth	*~Flat*		*~(2%)*
Organic Growth	*~3%*		*~3%*
Sales (Aero)	*$3.9-$4.0B*	*~($184M)*	*$3.7-$3.8B*
Reported Growth	*~(3%)*		*~(7%)*
Organic Growth	*~2%*		*~2%*
Seg Profit (HON)	**$1.7-$1.8B**	**~($184M)**	**~$1.6B**
Margin Change (HON)	*~120 bps*		*~(20) bps*
Margin Change (Aero)	*~200 bps*		*~(130) bps*
Below The Line			
BEAV Share Sale	–	~$116M	~$116M
Tax Benefit	–	~$68M	~$68M
Net Income	**~$1.1B**	**$0**	**~$1.1B**
EPS[1]	**$1.37-$1.42**	**–**	**$1.37-$1.42**
EPS V%	*Up 10-15%*		*Up 10-15%*

No Change To Organic Growth

No Change To Net Income Or EPS

EPS Impact = $0

1) *EPS Proforma, V% Exclude Pension Mark-to-Market (MTM) Adjustment (Expect Int'l Pension MTM Adjustment Of $300-$400M)*

4Q EPS Guidance On Track

2014 Summary

Honeywell

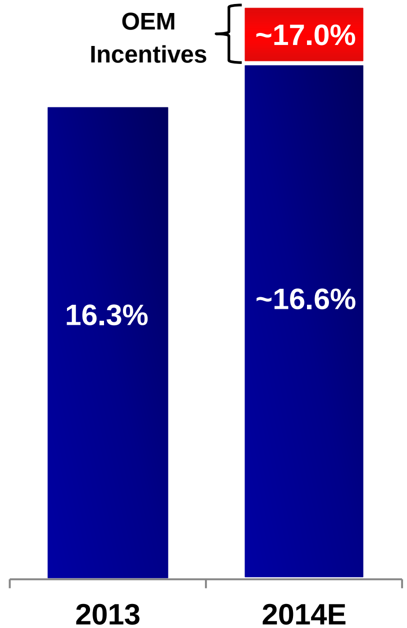
Sales

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 11 - 12%

Raised EPS Guidance Three Times

FCF

Up ~15%

Capex Up ~15% YoY
15% Dividend Increase

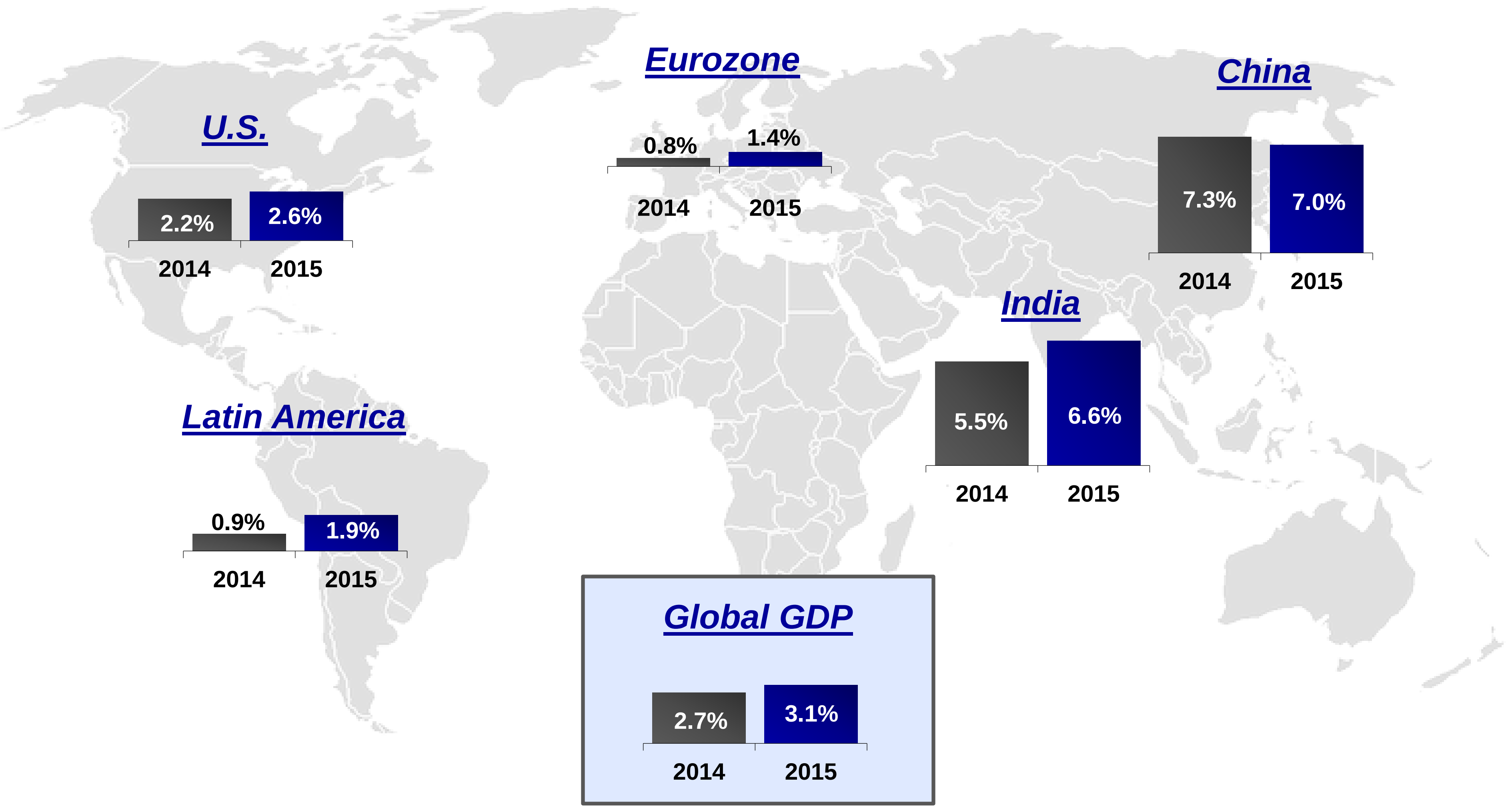
Important Notes:
EPS Proforma, V% Exclude Any Pension Mark-to-Market Adjustment; Assumes FY14 ETR Of ~25.7%; FCF = Cash Flow From Operations Less Capital Expenditures

Another Year Of Double-Digit EPS Growth

2014 - 2015 GDP Forecast

Honeywell

(Projected Real YoY Growth)



Source: Global Insight

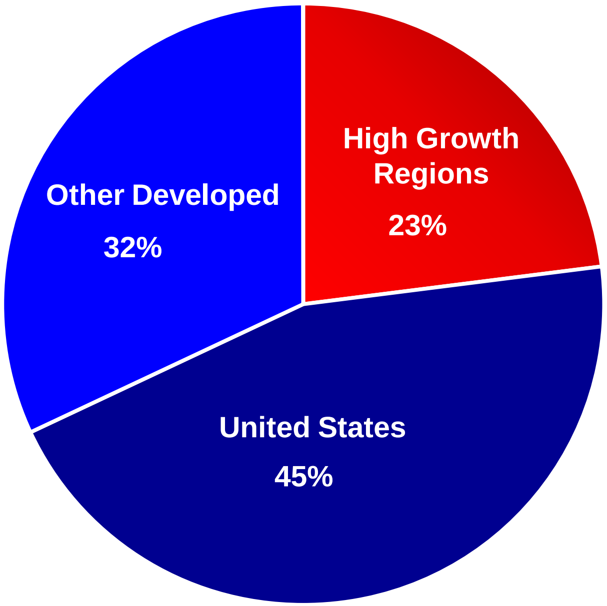
Expecting Modest GDP Growth

HON Sales – Geographic Growth

Honeywell

Geographic Exposure

(% Of HON 2014E Sales)

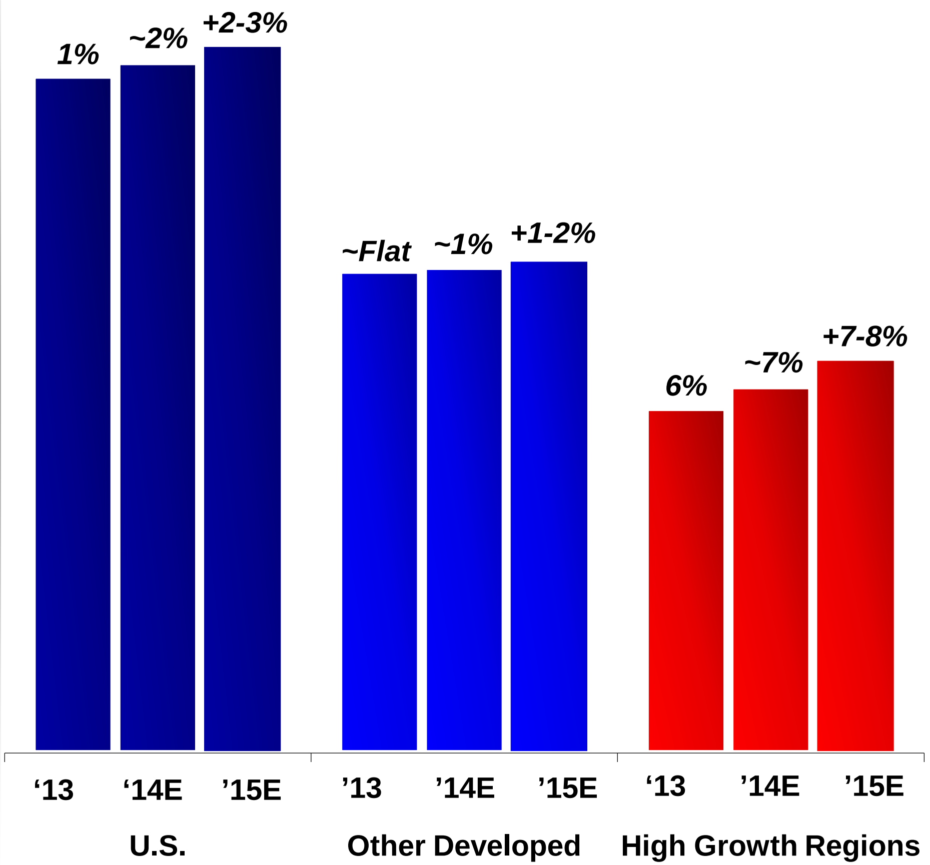


Balanced Geographic Mix

Focused HGR Strategy Working

Organic Sales Growth

(YoY V%, Organic)



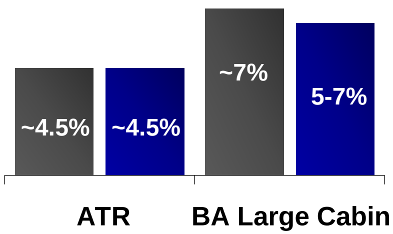
U.S. Steady Growth, HGRs Provide Tailwind

2015 Aerospace Outlook

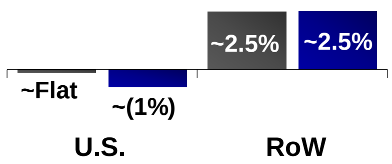
Honeywell

2014 – 2015 Industry Drivers

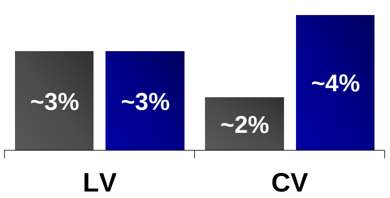
Aero Flight Hours
(Global YoY Growth)



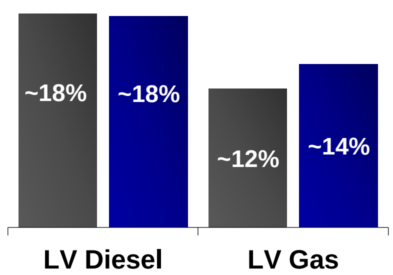
Defense Spending
(YoY Growth)



Vehicle Production
(Global YoY Growth)



Turbo Penetration
(Global Penetration %)



Key: *2014E* *2015E*

Source: Global Insight and Company Estimates

Sales	Segment Margin
Up 2 - 3% Organic	**Up 50 - 80 bps** **ex-4Q14 OEM Incentives**
(1%) - 1% Reported	*Up 150 - 180 bps Reported*

- Commercial OE Growth Driven By BGA New Platforms
- Commercial AM Accelerates – Spares And R&O Growth
- International Defense & Space Growth Outpaces Market
- Turbo Gas Penetration, New Platform Wins
- Continued Strong Margin Expansion

Business Unit	Growth Rate *(Organic)*
Commercial OE	**Low SD**
Commercial AM	**Mid SD**
Defense & Space	**Low SD**
Transportation Systems	**Mid to High SD**

Continued Strong Sales Conversion

2015 ACS Outlook

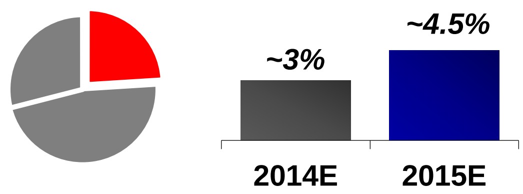
Honeywell

2014 – 2015 Industry Drivers

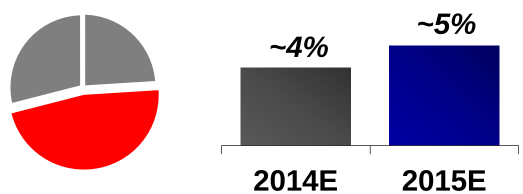
Vertical	% ACS	Industry Growth

(Projected Real YoY Growth)

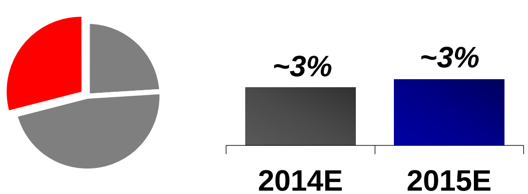
Residential



Commercial



Industrial



Sales	Segment Margin
Up 4 - 5% Organic *1% - 3% Reported*	**Up 60 – 90 bps**

- New Product Introductions, Major Wins And High Growth Regions Driving Short-Cycle Growth
- Building Solutions Backlog And Service Bank Growth
- Connected ACS Drives Further Margin Expansion Opportunity

Business Unit	Growth Rate *(Organic)*
Energy, Safety & Security	**Mid SD**
Building Solutions & Distribution	**Low to Mid SD**

Source: Global Insight
Global Residential and Commercial Construction, Industrial Production

Continued Organic Growth And Margin Expansion

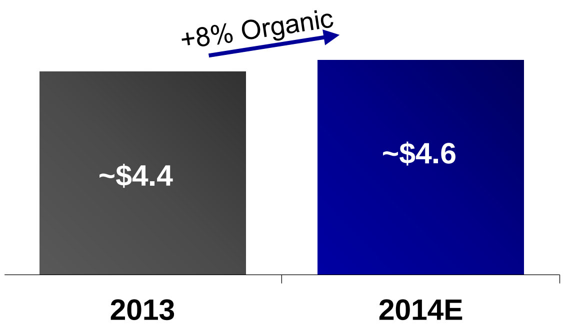
2015 PMT Outlook

Honeywell

2014 – 2015 Drivers

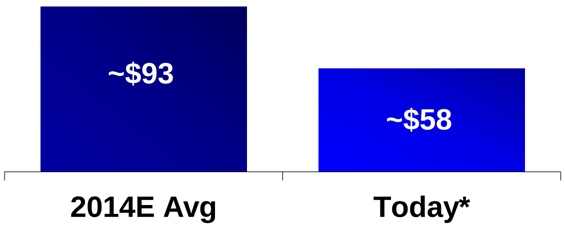
Long-Cycle Backlog

($B)



WTI Crude Oil

($ Per Barrel)



- UOP/HPS Upstream Exposure Limited (10-15%)
- Larger, Low-Cost Customer Base (Better Cost Structure)
- Minimal Backlog Impact

*Source: Global Insight and Company Estimates; *As Of December 12, 2014*

Sales	Segment Margin
Up 4 - 5% Organic *1% - 3% Reported*	**Up 80 – 110 bps**

- Strong Orders And Backlog Support Long Cycle Sales Acceleration
- Mid And Downstream Oil & Gas Investments Continue
- PMT Plants Coming Online, Elevated CapEx On High ROI Projects
- New Product Commercialization, Solstice Ramp

Business Unit	Growth Rate *(Organic)*
UOP	**High SD**
Process Solutions	**Mid SD**
Advanced Materials	**Low to Mid SD**

Capacity Driving Growth In 2015 And Beyond

Impact Of Oil Price Declines

Honeywell

	Business	HON Exposure	Impact: -	Impact: Neutral	Impact: +	What We're Seeing / Expecting
First Derivative	***Upstream (E&P)***	*Low*	✓			• UOP/HPS Exposure Limited (10-15%) • High Cost Marginal Producers Curtailing New Spend • NOC Dependence On Oil Exports Delaying Projects
First Derivative	***Midstream / Downstream***	*High*			✓	• Refined Product Demand, Investment Downstream • Gas/Liquid Measurement And Handling Also Positive
First Derivative	***Resins & Chemicals***	*Medium*		✓		• Formula Pricing Model Protects Profitability, Higher OI Margin Rates
First Derivative	***Operating Expenses***	*Medium*			✓	• Direct Favorable Impact To Freight, Utilities And Other Indirect Spend • Indirect Impact To Other Material Spend
Second Derivative	***Comm'l Aero***	*Medium*		✓		• Improved Airline Profitability
Second Derivative	***ACS***	*Low*		✓		• Overall Demand Side Favorability • Industrial Product Portfolio Regulation Driven
Second Derivative	***Turbo***	*Medium*		✓		• Lower Prices At The Pump Drives Demand For Autos • Growth Driven By Fuel Efficiency, Emissions Regs
Second Derivative	**HGRs**	*Medium*		✓		• China, India, Other HGRs Benefit From Lower Oil • Temporary Declines In Russia (Both Oil And F/X) • Middle East Infrastructure Investment Continues

Minimal Impact To 2015…Continuing To Monitor

2015 Financial Guidance Summary

Honeywell

($B except per share amounts)

	2014E	2015E	V%	Comments
Sales	**$40.1 - 40.2**	**$40.5 - 41.1**	**1 - 2%**	• ***Organic Up ~4%***
Segment Profit	**~$6.7**	**$7.1 - 7.4**	**6 - 10%**	
Segment Margin	*~16.6%*	*17.6 - 17.9%*	*100 - 130 bps*	• ***60-90 bps ex-4Q14 OEM Incentives***
Net Income, Proforma(1) ***Attributable to Honeywell***	**~$4.4**	**$4.7 - 4.9**	**8 - 12%**	
EPS, Proforma(1)	**$5.50 - 5.55**	**$5.95 - 6.15**	**8 - 12%**	
Free Cash Flow	**~$3.9**	**$4.2 - 4.3**	**8 - 10%**	• ***Capex Reinvestment Ratio***(2) ***~190%***

1) *Proforma, V% Exclude Any Pension Mark-to-Market Adjustment*
2) *Capex Reinvestment Ratio = Capital Expenditures / Depreciation*

Planning Assumptions

- **Planning Euro F/X Rate At ~1.20 At The Mid Point; ~50% Hedged At ~1.26**
  - *~($0.6B) Sales Headwind And ~($0.10) EPS Impact*
- **Below The Line Stable – Pension Upside Offset By Restructuring**
- **Ongoing Restructuring Benefits, Continued Productivity From HOS Gold, FT, OEF**
- **Expecting Full Year 2015 Tax Rate Of 26.5%**
- **Holding Share Count ~Flat To 2014 Levels**

Balanced Outlook For 2015

Summary

Honeywell

- **4Q 2014: Finishing Another Strong Year**
  - Delivering On Our 2014 Commitments: ~3% Organic Sales Growth, ~30 bps Margin Expansion[(1)], EPS[(2)] Up 11-12%
  - Deployment Of BEAV Share Gain, Positioning Aero For Future Growth
- **2015 Organic Sales Growth ~4%**
  - Seed Planting Benefits From Growth Investments
  - Tight Cost Discipline While Continuing To Invest In Future Growth
- **Foundation In Place For Strong 2015 Performance**
  - HOS Gold Evolution Encompasses Complete Business Enterprise
  - Restructuring Benefits Support Productivity And Margin Expansion

1) ~70 bps Margin Expansion ex-Aero OEM Incentives; 2) EPS Proforma, V% Exclude Any Pension Mark-to-Market Adjustment

On Track To Achieve Long Term Targets

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

Honeywell

($M)	4Q13	2013
Aerospace	$769	$2,870
Automation and Control Solutions	570	1,983
Performance Materials and Technologies	400	1,725
Corporate	(70)	(227)
Segment Profit	$1,669	$6,351
Stock Based Compensation [(1)]	(41)	(170)
Repositioning and Other [(1, 2)]	(249)	(699)
Pension Ongoing Income [(1)]	22	90
Pension Mark-to-Market Adjustment [(1)]	(51)	(51)
OPEB Expense [(1)]	(13)	(20)
Operating Income	$1,337	$5,501
Segment Profit	$1,669	$6,351
÷ Sales	$10,387	$39,055
Segment Profit Margin %	16.1%	16.3%
Operating Income	$1,337	$5,501
÷ Sales	$10,387	$39,055
Operating Income Margin %	12.9%	14.1%

(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

Honeywell

($B)	4Q14E	2014E
Segment Profit	~$1.6	~$6.7
Stock Based Compensation (1, 3)	~(0.0)	~(0.2)
Repositioning and Other (1, 2)	~(0.1)	~(0.6)
Pension Ongoing Income (1)	~0.1	~0.2
Pension Mark-to-Market Adjustment (1)	TBD	TBD
OPEB Expense (1, 3)	~(0.0)	~(0.1)
Operating Income	~$1.5	~$6.1
Segment Profit	~$1.6	~$6.7
÷ Sales	$10.1 - 10.2	$40.1 - 40.2
Segment Profit Margin %	~15.9%	~16.6%
Operating Income	~$1.5	~$6.1
÷ Sales	$10.1 - 10.2	$40.1 - 40.2
Operating Income Margin %	~14.7%	~15.1%

(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

Honeywell

($B)	2013	2014E
Cash Provided by Operating Activities	$4.3	~$5.0
Expenditures for Property, Plant and Equipment	(0.9)	~(1.1)
Free Cash Flow	$3.4	~$3.9

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

Honeywell

	4Q13[1]	2013[2]
EPS	$1.19	$4.92
Pension Mark-to-Market Adjustment	0.05	0.05
EPS, Excluding Pension Mark-to-Market Adjustment	$1.24	$4.97

(1) Utilizes weighted average shares of 797.0 million. Mark-to-market uses a blended tax rate of 25.5%.

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