

# 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.*

- **Strong Year To Date Performance**

- Organic Sales Up 3%; Segment Margin 16.9%, Up 60 bps; 11% EPS Growth

- **Confident In 2014 Outlook**

- Increased Low-End Of EPS Guidance Three Times

- **Strong Prospects For 2015**

- Modest Organic Sales Growth, Margin Expansion Continue → Path To Strong Earnings

- **We Will Continue To Outperform**

- Meaningful Inflection Points Contemplated In Next 5 Year Plan

*Exciting Time For Honeywell*

# 3Q14 YTD Financial Summary

Honeywell

(\$M except per share amounts)

	<u>3Q13 YTD</u>	<u>3Q14 YTD</u>	
<b>Sales</b>	\$28,668	\$30,040	<ul style="list-style-type: none"> <li>• <b>5% Increase</b> <ul style="list-style-type: none"> <li>◆ Organic Up 3%</li> </ul> </li> </ul>
<b>Segment Profit</b>	\$4,682	\$5,064	<ul style="list-style-type: none"> <li>• <b>8% Increase</b> <ul style="list-style-type: none"> <li>◆ 60 bps Margin Expansion</li> </ul> </li> </ul>
<i>Margin %</i>	16.3%	16.9%	
<b>Net Income</b>	\$2,977	\$3,283	<ul style="list-style-type: none"> <li>• <b>10% Increase</b></li> </ul>
<i>Attributable to Honeywell</i>			
<b>EPS</b>	\$3.73	\$4.13	<ul style="list-style-type: none"> <li>• <b>11% Increase</b> <ul style="list-style-type: none"> <li>◆ Up 12% Normalized For Tax*</li> </ul> </li> </ul>
<i>Tax Rate</i>	24.5%	25.7%	
<b>Free Cash Flow</b> **	\$2,120	\$2,582	<ul style="list-style-type: none"> <li>• <b>22% Increase</b></li> </ul>

\* V% Adjusted to Expected Full Year 2014 Tax Rate of 26.5% Before Any Pension Mark-to-Market Adjustment

\*\* Cash Flow from Operations Less Capital Expenditures

*Strong Year-To-Date Performance*

# FY14 Segment Guidance

Honeywell

	Sales		Segment Margin	
	\$	Change	%	Change
<b>Aero</b>	~\$15.7B	~Flat ~1% Organic	~19.5%	Up ~140 bps
<b>ACS</b>	~\$14.4B	~7% ~3% Organic	~15%	Up ~50 bps Up ~70 bps ex-M&A
<b>PMT</b>	~\$10.2B	~4%	~18%	Up ~20 bps
<b>HON</b>	\$40.3 - 40.4B	3 - 4% ~3% Organic	~17%	Up ~70 bps

*EPS \$5.50 - \$5.55, Up 11 - 12% YoY\**

# 2015 Planning Framework

## Preliminary Outlook

## Highlights

Aero

*Commercial OE*



- BGA Outperforms Market, ATR 2H Acceleration

*Commercial AM*



- R&O Improves, More Maintenance Events

*Defense & Space*



- U.S. Stabilizing, Int'l Driving Growth

*Transportation Systems*



- Global Turbo Gas Penetration, New Launches

ACS

*Energy, Safety And Security*



- Commercial And Industrial Increasing Momentum

*Building Solutions & Dist*



- Backlog Supports Acceleration

PMT

*UOP*



- Robust Backlog; Growth From Plant Investments

*Process Solutions*



- Projects, Services, And Software Growth

*Advanced Materials*



- New Product Commercialization, Solstice Ramp

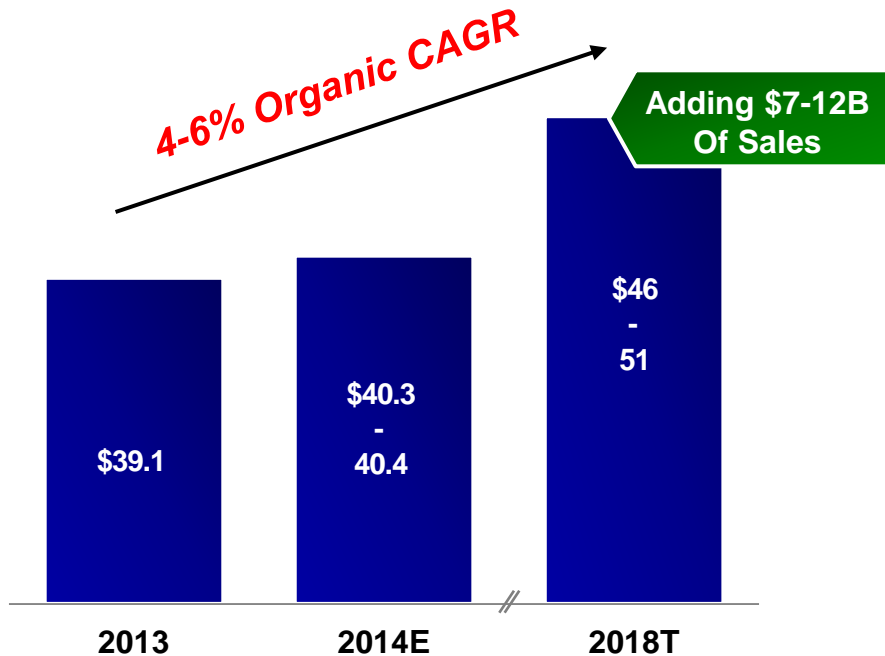
Key: = Better Than 2014 = Similar To 2014 = Worse Than 2014

*On Track To 5-Year Targets*

# 2018 Organic Growth Targets

## Sales

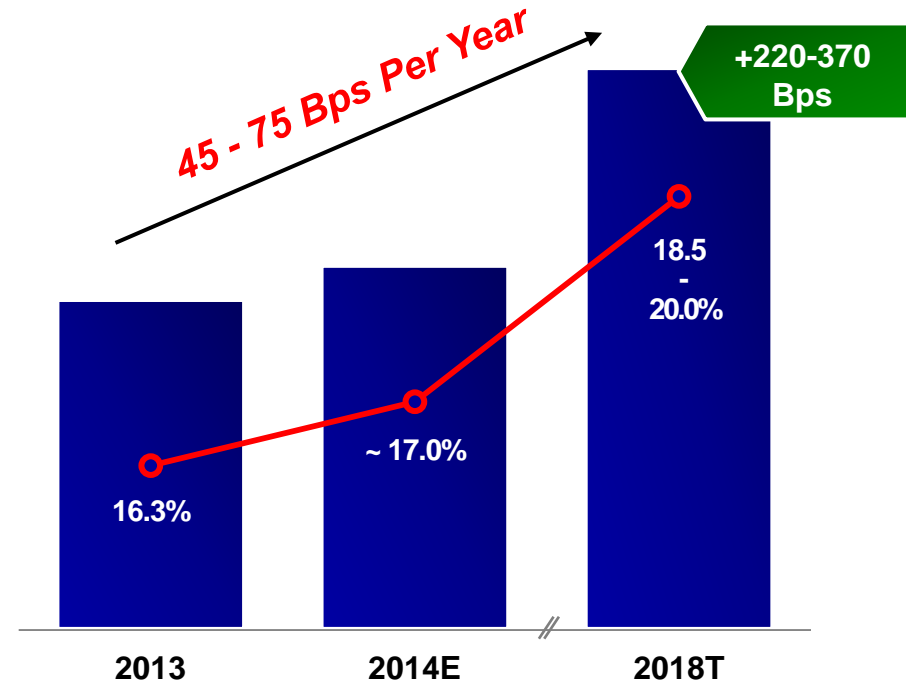
(\$B)



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

## Segment Profit / Margin

— Segment Profit  
 ● Segment Margin

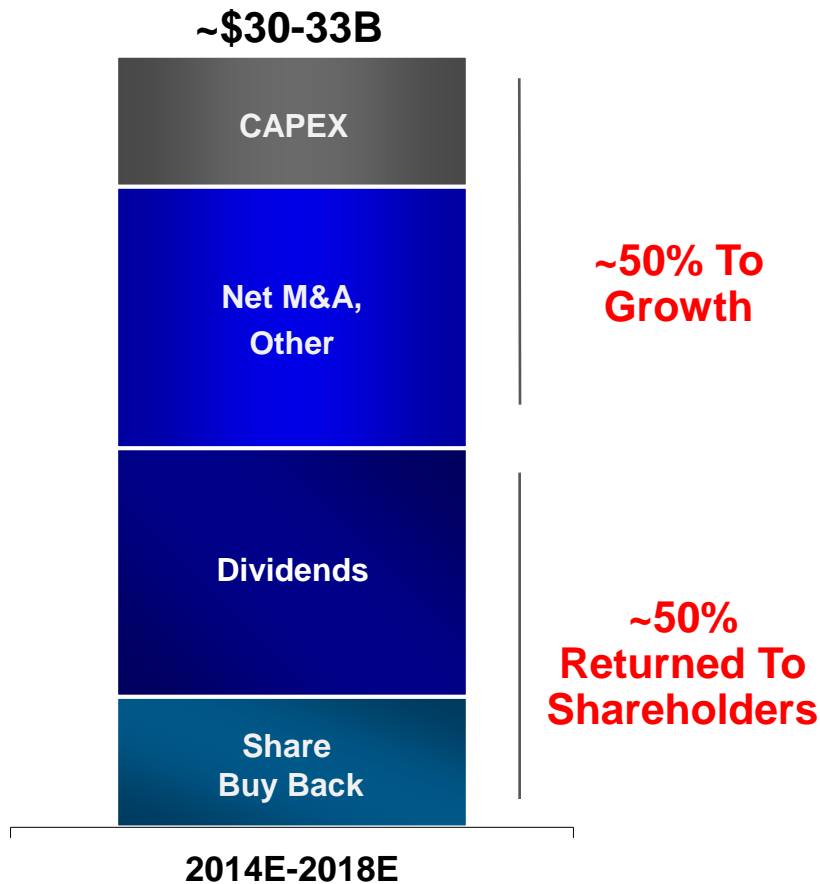


- HOS Gold Acceleration
- FT → ~2 Points of Margin
- HUE Creates More Value

*Targeting Double Digit Earnings Growth*

# Cash – Next 5 Years

## Cash Flow From Operations



## Deployment Priorities

- **Investing In High ROI CAPEX**
  - ~\$5-6B Next 5 years; PMT Cycle Peaks 2015
- **Pay A Competitive Dividend**
  - Grow > Earnings
- **Strategic M&A**
  - Disciplined Valuation And Screening Process
  - Targeting \$10B+ Over Next 5 Years
- **Opportunistic Share Buyback**
  - ~\$5B To Hold Share Count ~ Flat
- **Pension 100% Funded 2013YE**

*Cash Providing Flexibility To Generate Excess Returns*



# Why Own HON

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*

**Honeywell**

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*Appendix*  
*Reconciliation of non-GAAP Measures*  
*to GAAP Measures*

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# Reconciliation Of Segment Profit To Operating Income And Calculation Of Segment Profit And Operating Income Margins

**Honeywell**

(\$M)	<u>3Q13 YTD</u>	<u>3Q14 YTD</u>
Segment Profit	\$4,682	\$5,064
Stock Based Compensation <sup>(1)</sup>	(129)	(143)
Repositioning and Other <sup>(1, 2)</sup>	(450)	(480)
Pension Ongoing Income <sup>(1)</sup>	68	187
OPEB Expense <sup>(1)</sup>	(7)	(37)
Operating Income	<u>\$4,164</u>	<u>\$4,591</u>
Segment Profit	\$4,682	\$5,064
÷ Sales	<u>\$28,668</u>	<u>\$30,040</u>
Segment Profit Margin %	<u>16.3%</u>	<u>16.9%</u>
Operating Income	\$4,164	\$4,591
÷ Sales	<u>\$28,668</u>	<u>\$30,040</u>
Operating Income Margin %	<u>14.5%</u>	<u>15.3%</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.

# Reconciliation Of Segment Profit To Operating Income And Calculation Of Segment Profit And Operating Income Margins

**Honeywell**

<i>(\$M)</i>	<b>2013</b>
Segment Profit	\$6,351
Stock Based Compensation <sup>(1)</sup>	(170)
Repositioning and Other <sup>(1, 2)</sup>	(699)
Pension Ongoing Income <sup>(1)</sup>	90
Pension Mark-to-Market Adjustment <sup>(1)</sup>	(51)
OPEB Expense <sup>(1)</sup>	(20)
Operating Income	<u>\$5,501</u>
Segment Profit	\$6,351
÷ Sales	<u>\$39,055</u>
Segment Profit Margin %	<u>16.3%</u>
Operating Income	\$5,501
÷ Sales	<u>\$39,055</u>
Operating Income Margin %	<u>14.1%</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.

# Reconciliation Of Segment Profit To Operating Income And Calculation Of Segment Profit And Operating Income Margins

<b>(\$B)</b>	<b>2014E</b>
Segment Profit	\$6.8 - 6.9
Stock Based Compensation <sup>(1, 3)</sup>	~(0.2)
Repositioning and Other <sup>(1, 2, 3)</sup>	~(0.6)
Pension Ongoing Income <sup>(1, 3)</sup>	~0.2
Pension Mark-to-Market Adjustment <sup>(1)</sup>	TBD
OPEB Expense <sup>(1, 3)</sup>	~(0.1)
Operating Income	<u>\$6.2 - 6.3</u>
Segment Profit	\$6.8 - 6.9
÷ Sales	<u>\$40.3 - 40.4</u>
Segment Profit Margin %	<u>~ 17.0%</u>
Operating Income	\$6.2 - 6.3
÷ Sales	<u>\$40.3 - 40.4</u>
Operating Income Margin %	<u>~ 15.6%</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.

(3) Amounts less than \$50M are rounded down to zero.

## Calculation Of EPS At Tax Rate Of 26.5%

**Honeywell**

*(\$M except per share amounts)*

	<u>3Q13 YTD</u>	<u>3Q14 YTD</u>
Income Before Taxes	\$3,973	\$4,514
Taxes at 26.5%	1,053	1,196
Net Income at 26.5% Tax Rate	\$2,920	\$3,318
Less: Net Income Attributable to the Noncontrolling Interest	21	71
Net Income Attributable to Honeywell at 26.5% Tax Rate	<u>\$2,899</u>	<u>\$3,247</u>
Weighted Average Number of Shares Outstanding - Assuming Dilution	797.5	795.6
EPS at 26.5% Tax Rate	<u>\$3.64</u>	<u>\$4.08</u>

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

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	<b>2013<sup>(1)</sup></b>
<b>EPS</b>	<u><b>\$4.92</b></u>
<b>Pension Mark-to-Market Adjustment</b>	<u><b>0.05</b></u>
<b>EPS, Excluding Pension Mark-to-Market Adjustment</b>	<u><u><b>\$4.97</b></u></u>

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



## Reconciliation Of Cash Provided By Operating Activities To Free Cash Flow

**Honeywell**

	<u>3Q13 YTD</u>	<u>3Q14 YTD</u>
<i>(\$M)</i>		
Cash Provided by Operating Activities	\$2,667	\$3,262
Expenditures for Property, Plant and Equipment	(547)	(680)
Free Cash Flow	<u>\$2,120</u>	<u>\$2,582</u>