

BARCLAYS INDUSTRIAL SELECT

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Honeywell



Forward Looking Statements

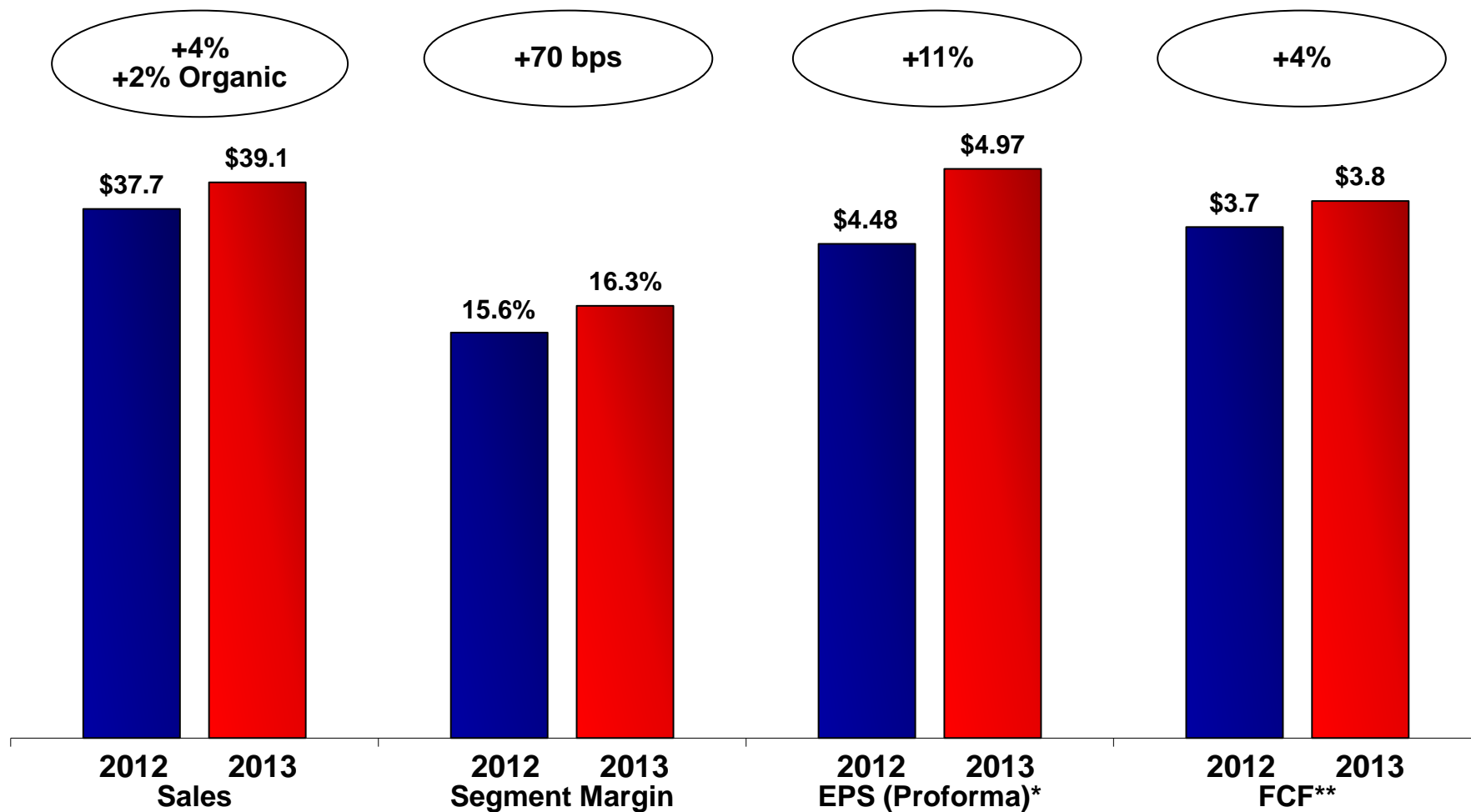
This report contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of fact, that address activities, events or developments that we or our management intend, expect, project, believe or anticipate will or may 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.

- **2013 Another Year Of Outperformance**
 - Set High Expectations And Delivered
 - Achieved Record Margins While Investing For Growth
- **Confident In 2014 Outlook**
 - 2013 Exit Rates – Signs Of Stability / Improving Trends Overall, Macro Uncertainty Remains
 - HON Playbook – Operating Disciplines Provide Tailwinds
- **Multi-Year Tailwinds**
 - Seed Planting Benefits From Growth Investments, VPD™, HOS, HGR, High ROI Capex
 - Approved Pipeline Restructuring Yields Savings In 2014 And Beyond
- **March 5th Investor Conference**
 - Achieving 2014 Targets, Issuing New 5 Year Targets
 - More Innovation And Strong Execution

Multi-Year Positive Outlook

2013 Performance

(\$B, except per share amount)



*Proforma, V% Exclude Pension Mark-to-Market Adjustment

**FCF Shown Prior to Any NARCO Trust Establishment Payments, Cash Pension Contributions, and Cash Taxes Relating to the Sale of Available for Sale Investments

Honeywell Delivers Again In 2013

2014 Financial Guidance Summary

Honeywell

(\$B except per share amounts)

	<u>2013</u>	<u>2014E</u>	<u>V%</u>	<u>Comments</u>
Sales	\$39.1	\$40.3 - 40.7	3 - 4%	• Organic Up ~3%
Segment Profit	\$6.4	\$6.7 - 6.9	5 - 9%	
<i>Segment Margin</i>	16.3%	16.6 - 16.9%	30 - 60 bps	• Up 50 - 80 bps ex-M&A
Net Income, Proforma ¹	\$4.0	\$4.2 - 4.4	8 - 12%	
<i>Attributable to Honeywell</i>				
EPS, Proforma ¹	\$4.97	\$5.35 - 5.55	8 - 12%	
Free Cash Flow ²	\$3.8	\$3.8 - 4.0	~Flat - 5%	• PMT Capex Investment

1) Proforma, V% Exclude Pension Mark-to-Market Adjustment, Assumes 26.5% ETR In 2014

2) Free Cash Flow (Cash Flow from Operations Less Capital Expenditures) Prior to Any NARCO Trust Establishment Payments, Cash Pension Contributions, and Cash Taxes Relating to the Sale of Available for Sale Investments

Planning Assumptions

- **1Q14 Margin Expansion Impacted By M&A, Lower UOP Parex CAS Shipments**
- **Restructuring And Other Actions To Offset Incremental 1Q14 Gains ~\$0.10**
- **Friction Materials Remains In Full Year Guidance → Update Upon Close**
- **FY EPS Growth Linearity In-Line With Prior Years**

Confident In Reaffirmed Outlook

1Q14 Preview

Honeywell

	<u>Sales Change</u>	<u>Margin Change</u>	<u>Comments</u>
Aerospace	(2) - 0%	Down Slightly	<ul style="list-style-type: none">• Lower Regional OE Sales• D&S Headwinds
ACS	6 - 8% <i>2 - 4% Organic</i>	~Flat <i>Up ~50 bps Ex-M&A</i>	<ul style="list-style-type: none">• ESS Momentum• Acquisition Integration
PMT	4 - 6%	Down ~(150) bps	<ul style="list-style-type: none">• Unfavorable Pricing• Record 1Q13 Parex CAS
Transportation	5 - 7%	Up ~250 bps	<ul style="list-style-type: none">• EU LV Prod Up ~3%• F/X Headwind (~2%)
Honeywell	3 - 5% <i>2 - 4% Organic</i>	~Flat <i>Up 20-40 bps Ex-M&A</i>	<ul style="list-style-type: none">• Sales Of \$9.6-\$9.8B

*EPS \$1.23 - \$1.27, Up 6 - 10% Normalized For Tax**

Why HON Will Outperform

- **A Terrific Portfolio For Growth**
 - Great Positions In Good Industries = Growing Sales Faster Than Market, Peers
- **One Honeywell Culture Working Well**
 - Continue Top Tier Execution
- **Improved Internal Processes Driving Margin Expansion**
 - Tools / Enablers Evolving, Now Moving Fast
- **Lots Of Runway For Future Growth**
 - The More We Do, The More Opportunity We Uncover

Well Positioned To Deliver 2014 And Beyond

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)	<u>2012</u>	<u>2013</u>
Aerospace	\$2,279	\$2,372
Automation and Control Solutions	2,232	2,437
Performance Materials and Technologies	1,154	1,271
Transportation Systems	432	498
Corporate	<u>(218)</u>	<u>(227)</u>
Segment Profit	\$5,879	\$6,351
Stock Based Compensation ⁽¹⁾	(170)	(170)
Repositioning and Other ^(1, 2)	(488)	(699)
Pension Ongoing (Expense) Income ⁽¹⁾	(36)	90
Pension Mark-to-Market Adjustment ⁽¹⁾	(957)	(51)
OPEB Expense ⁽¹⁾	<u>(72)</u>	<u>(20)</u>
Operating Income	\$4,156	\$5,501
Pension Mark-to-Market Adjustment ⁽¹⁾	(957)	(51)
Operating Income Excluding Pension Mark-to-Market Adjustment	<u>\$5,113</u>	<u>\$5,552</u>
Segment Profit	\$5,879	\$6,351
÷ Sales	<u>37,665</u>	<u>39,055</u>
Segment Profit Margin %	<u>15.6%</u>	<u>16.3%</u>
Operating Income	\$4,156	\$5,501
÷ Sales	<u>\$37,665</u>	<u>\$39,055</u>
Operating Income Margin %	<u>11.0%</u>	<u>14.1%</u>
Operating Income Excluding Pension Mark-to-Market Adjustment	\$5,113	\$5,552
÷ Sales	<u>\$37,665</u>	<u>\$39,055</u>
Operating Income Margin Excluding Pension Mark-to-Market Adjustment	<u>13.6%</u>	<u>14.2%</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 Cash Provided By Operating Activities To Free Cash Flow And Calculation Of Cash Flow Conversion %

Honeywell

<i>(\$M)</i>	<u>2012</u>	<u>2013</u>
Cash Provided by Operating Activities	\$3,517	\$4,335
Expenditures for Property, Plant and Equipment	(884)	(947)
	<u>\$2,633</u>	<u>\$3,388</u>
Cash Pension Contributions	1,039	156
NARCO Trust Establishment Payments	-	164
Cash Taxes Relating to the Sale of Available for Sale Investments	-	100
Free Cash Flow	<u>\$3,672</u>	<u>\$3,808</u>
Net Income Attributable to Honeywell	\$2,926	\$3,924
Pension Mark-to-Market Adjustment, Net of Tax ⁽¹⁾	622	38
Net Income Attributable to Honeywell Excluding Pension Mark-to-Market Adjustment	<u>\$3,548</u>	<u>\$3,962</u>
Cash Provided by Operating Activities	\$3,517	\$4,335
÷ Net Income Attributable to Honeywell	<u>2,926</u>	<u>3,924</u>
Operating Cash Flow Conversion %	<u>120%</u>	<u>110%</u>
Free Cash Flow	\$3,672	\$3,808
÷ Net Income Attributable to Honeywell Excluding Pension Mark-to-Market Adjustment	<u>3,548</u>	<u>3,962</u>
Free Cash Flow Conversion %	<u>103%</u>	<u>96%</u>

(1) Mark-to-market uses a blended tax rate of 35.0% and 25.5%, in 2012 and 2013, respectively.

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

	<u>2012</u> ⁽¹⁾	<u>2013</u> ⁽²⁾
EPS	\$3.69	\$4.92
Pension Mark-to-Market Adjustment	0.79	0.05
EPS, Excluding Pension Mark-to-Market Adjustment	<u>\$4.48</u>	<u>\$4.97</u>

(1) Utilizes weighted average shares of 791.9 million. Mark-to-market uses a blended tax rate of 35.0%.

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

Calculation Of EPS At Tax Rate Of 26.5%

Honeywell

(\$M except per share amounts)

1Q13

Income Before Taxes	\$1,260
Taxes at 26.5%	\$334
Net Income at 26.5% Tax Rate	\$926
Less: Net Income Attributable to the Noncontrolling Interest	\$3
Net Income Attributable to Honeywell at 26.5% Tax Rate	\$923
Weighted Average Number of Shares Outstanding - Assuming Dilution	797.1
EPS at 26.5% Tax Rate	\$1.16