

December 16, 2016

HONEYWELL 2017 OUTLOOK

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 materially 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.

Definition Of Core Organic

Throughout this presentation, core organic sales growth refers to reported sales growth less the impacts from foreign currency translation, M&A and raw materials pass-through pricing in the former Resins & Chemicals business previously part of Performance Materials and Technologies. The raw materials pricing impact is excluded in instances where raw materials costs are passed through to customers, which drives fluctuations in selling prices not tied to volume growth.

2016 Update

Recent Highlights

Citation Hemisphere Win

*Announced
November 2016*



- Award Encompasses APU, Cockpit, And Mechanical Subsystems
- Connected Aircraft Solutions With Optional JetWave™ Satellite Communications
- Transoceanic Flight Management Systems Enables Operators To Reach Destinations Faster At Reduced Costs

Flowserve Collaboration

*Partnership On Industrial
Internet Of Things (IIoT)*



- Flowserve's Deep Domain Expertise In Flow Control Solutions Partnered With HON's Data Consolidation, Cyber Security And Software Development Capabilities
- Helps Customers Use IIoT To Minimize Unplanned Shutdowns And Safety Risks, Maximize Output And Optimize Supply Chain Strategies

Intelligrated Update

*Automation Technology
In e-Commerce And
Logistics*



- Intelligrated Progressing Well, Driving "One-Honeywell" Wins
- Significant New Orders Growth (+20%), Increasing Average Project Size
- Expect Double-Digit Revenue Growth In 2016 And 2017

4Q 2016 Update

EPS Up
10% YoY

	Sales	Margin Change (bps)	Recent Trends
Aero	(7%) - (9%) <i>(5%) - (7%) Core Organic</i>	Down (220) - (240) <i>Down (60) - (80) Ex-M&A, Other¹</i>	<ul style="list-style-type: none"> • No Change
HBT	15% - 16% <i>1% - 3% Core Organic</i>	Down (20) - (40) <i>Up 70 - 90 Ex-M&A</i>	<ul style="list-style-type: none"> + Higher Distribution Volume
PMT	(4%) - (5%) <i>2% - 4% Core Organic</i>	Up 410 - 430 <i>Up 490 - 510 Ex-M&A</i>	<ul style="list-style-type: none"> + Catalyst Orders Support 4Q Commitment + Strong Global Mega Project Orders
SPS	15% - 17% <i>(1%) - (3%) Core Organic</i>	Down (40) - (60) <i>Up 110 - 130 Ex-M&A</i>	<ul style="list-style-type: none"> - Productivity Products Declines
HON	1% - 3% <i>(2%) - Flat Core Organic</i>	Down (20) - (40) <i>Up 50 - 70 Ex-M&A</i>	<ul style="list-style-type: none"> - Higher Than Expected Tax Rate (~26%) • Debt Refinancing Charges ~\$0.1B • Expect ~\$0.4B Pension MTM Adjustment

¹ Excludes ~\$64M Increase In Aero OEM Incentives YoY

² Excludes \$0.05 Of 4Q15 Earnings From 2016 Divestitures

EPS, EPS V%, And Tax Rate Exclude Pension Mark-To-Market Adjustment And ~\$0.12 Impact From 4Q16 Debt Refinancing Charges

2016 Financial Summary

Sales

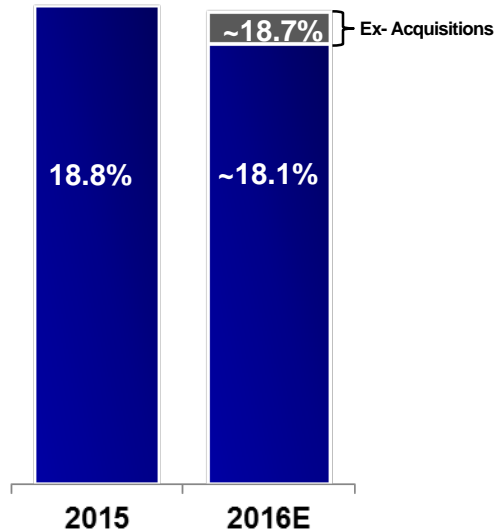
Up
2% - 3%
Reported



- Core Organic Down (1%) - (2%)
- Softness In Business Jets, Defense & Space, And Productivity Solutions

Segment Margin

Down
(~10) bps
Ex-Acquisitions



- + Restructuring Benefits, Productivity
- F/X Hedges, M&A Costs, Aero OEM Incentives, Lower Volume

EPS

Up ~8%



- Funding \$250M+ In Restructuring
- Peak Year For Aero OEM Incentives
- + Tax Rate ~24.7%

FCF

1.6X
CapEx Reinvestment Ratio



- Higher OEM Incentives
 - Foreign Exchange
 - Working Capital Turns
- Reinvestment Ratio = CapEx / Depreciation*

FCF = Cash Flow From Operations Less CapEx

EPS, EPS V%, And Tax Rate Exclude Pension Mark-To-Market Adjustment And ~\$0.12 Impact From 4Q16 Debt Refinancing Charges

2017 Priorities

Evolving Honeywell's Culture

Enhance Organic Growth

Transform To A Software-Industrial Company

Technology Differentiation And Clear Value Propositions

Improve The Customer Experience

Maintain And Enhance Productivity Rigor And Execution

CEO Key Priorities

1. Enhance Organic Growth

Commercial Excellence

HOS Gold And Breakthrough Initiatives

VPD Revitalization ... Focus On Technology Value Propositions

High Growth Regions ... Broaden Our Midmarket Presence And Enhance Results

Customer Experience Enhancement ... In All Touchpoints With Honeywell

2. Continue Margin Expansion

Committed To Five-Year Plan

Process Focus With Minimal Fixed-Cost Growth

Productivity Excellence ... Substantial Opportunity Remains (Sourcing, Footprint)

Lean Manufacturing ... Beyond Silver, World Class As A Target

Higher Value Software And Service Offerings

3. Become A Software-Industrial Company

Foster An Entrepreneurial Culture ... Internal Greenhouses To Incubate Growth

Connected Enterprises ... Customer-Centric Approach To Software

Standalone Software Target Of Double Digit Growth

Leverage Common IT Stack Across Connected Enterprises - Honeywell Sentience™ Platform

4. Smart Capital Deployment

Consistent M&A Approach ... Same Financial Metrics; Prefer Bolt-Ons Vs. Large Plays

Continue Portfolio Optimization To Enhance Growth

Keep Share Count Flat ... Opportunistic Share Repurchases

Grow Dividend Greater Than Earnings Through Five-Year Plan

Maintain High-Grade Rating For 25th Straight Year

2017 Plan

Sales

\$39.2B - \$40.1B

*1% - 3% Organic
Sales Growth*

Segment Margin

18.8% - 19.2%

*70 - 110 bps
YoY Expansion*

EPS

\$6.85 - \$7.10

*6% - 10% Growth
Ex-Divestitures¹*

Free Cash Flow

\$4.6B - \$4.7B

*8% - 11%
Growth*

¹ Excludes \$0.14 Contribution Of 2016 Divestitures At Weighted Average Share Count Of 775M

FCF = Cash Flow From Operations Less CapEx

EPS And EPS V% Exclude Pension Mark-To-Market Adjustment And ~\$0.12 Impact From 4Q16 Debt Refinancing Charges

2017 Outlook

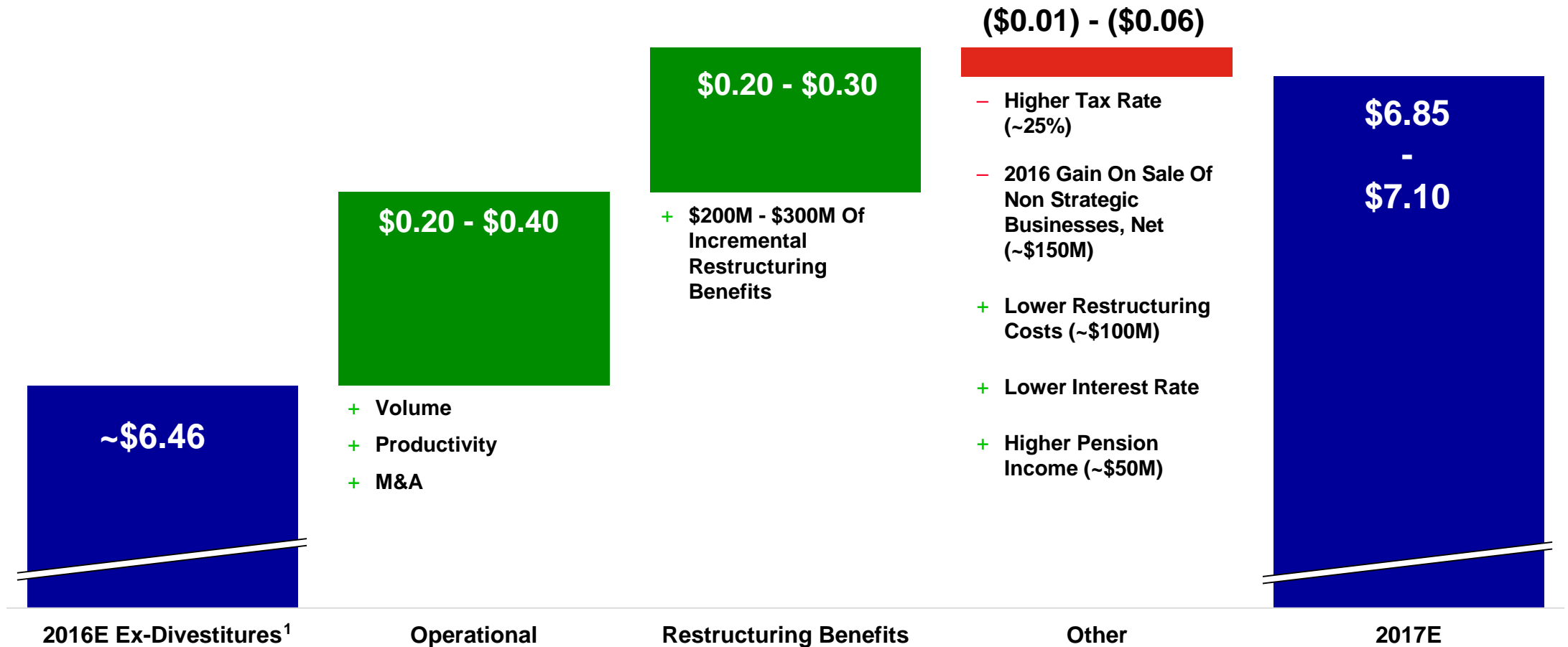
Honeywell Outlook By Market

End Market	HON Exposure	2016	2017	Key Drivers
Homes And Buildings		+	+	• New Products, Connected Offerings, M&A Leverage, China Growth
Commercial Aviation		-	-	• Business Jets Production Rates Slow, Aftermarket In-Line With Flight Hours
Oil And Gas		-	+	• Market Stabilizing, Sentiment Slightly Positive , UOP Pipeline Improving
Defense & Space		-	-	• Domestic Space Slowing; Challenges Remain In Commercial Helo
Industrial And Workers		-	+	• Easing Channel And Project Headwinds, Recovery In Safety
Turbos		+	+	• Global Turbo Penetration Continues; Commercial Vehicles Flat
Advanced Materials		+/-	+	• Solstice® Product Growth; Exited Resins & Chemicals

High Vs. Low End Of Guidance

	Low End	High End
AERO	<ul style="list-style-type: none"> • Flight Hours - AT: <4%; BGA: Flat To Down • Defense Spending: <(1%), Continuing Resolution Extension • Vehicle Production: <Flat 	<ul style="list-style-type: none"> • Flight Hours - AT: >5%; BGA: >2% • Defense Spending: >0.5% • Vehicle Production: >1%
HBT	<ul style="list-style-type: none"> • Global Residential Construction: <3.0% • Global Commercial Construction: <2.0% 	<ul style="list-style-type: none"> • Global Residential Construction: >3.5% • Global Commercial Construction: >2.5%
PMT	<ul style="list-style-type: none"> • O&G CapEx <2%; OpEx <4% • 2017 Average Oil Price: <\$50 Per Barrel 	<ul style="list-style-type: none"> • O&G CapEx >3%; OpEx >6% • 2017 Average Oil Price: >\$55 Per Barrel
SPS	<ul style="list-style-type: none"> • Industrial Production: <1% • E-Commerce Growth: <8% 	<ul style="list-style-type: none"> • Industrial Production: >2% • E-Commerce Growth: >10%
HON	<ul style="list-style-type: none"> • World GDP: <2.0% • GDP - EMEA: <1.0% China: <5.0%, India: <6.0% • Euro: <\$1.10 	<ul style="list-style-type: none"> • World GDP: >2.5% • GDP - EMEA: >1.5%, China: >6.5%, India: >7.5% • Euro: >\$1.15

Expected 2017 EPS



¹ Excludes \$0.14 Contribution Of 2016 Divestitures At Weighted Average Share Count Of 775M
EPS And EPS V% Exclude Any Pension Mark-to-Market Adjustment And ~\$0.12 Impact From 4Q16 Debt Refinancing Charges

2017 Financial Guidance Summary

Sales

Up
1% - 3%

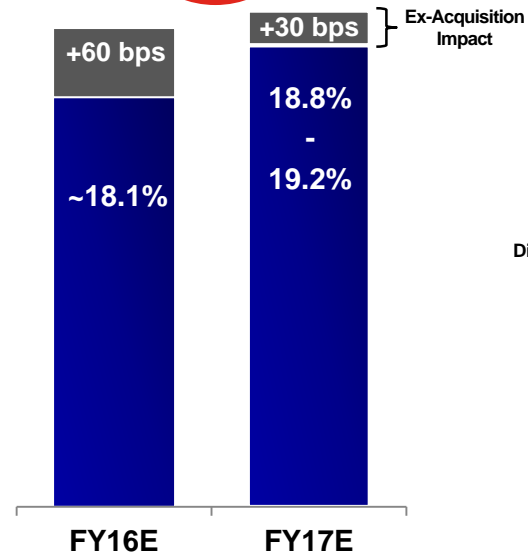
Organic



- Reported (1%) - 2%
- Acquisition Impact ~2%
- Divestiture Impact ~(3%)

Segment Margin

Up
70 - 110
bps



- Up 70 - 110 bps Reported
- Margin Expansion In All Segments
- \$200M - \$300M Restructuring Benefits

EPS

Up
6% - 10%

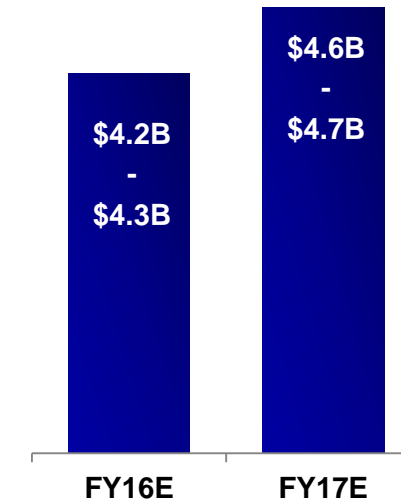
Ex-Divestitures



- Up 4% - 8% YoY Including Divestitures
- Strong Line Of Sight To Earnings Framework

FCF

Up
8% - 11%



- Conversion Improving Through Year End
- CapEx ~\$1.0B
- Working Capital Turns Improving

FCF = Cash Flow From Operations Less CapEx

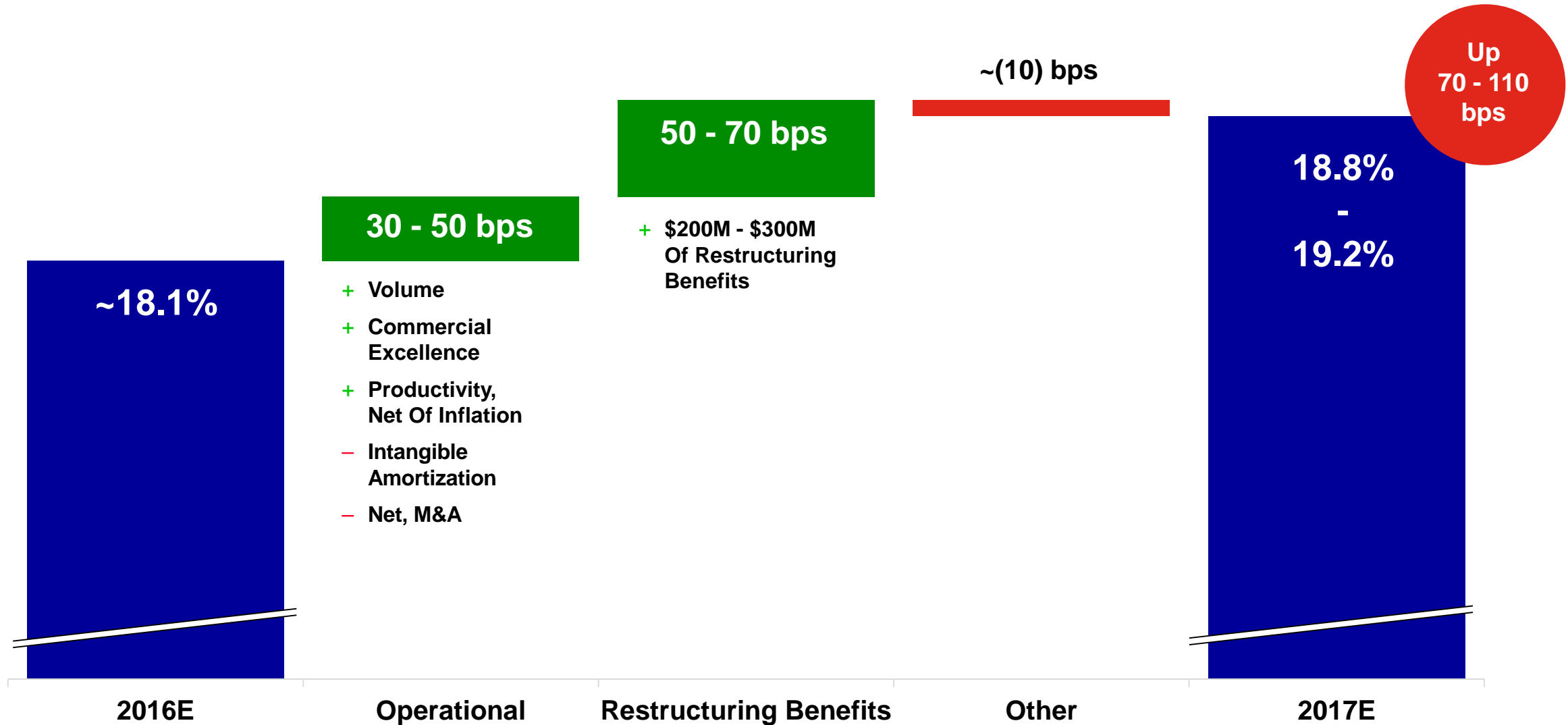
Changes Vs. 2016 Midpoint

EPS And EPS V% Exclude Pension Mark-To-Market Adjustment, ~\$0.12 Impact From 4Q16 Debt Refinancing Charges, And \$0.14 Contribution Of 2016 Divestitures At Weighted Average Share Count Of 775M

2017 Segment Outlook

	Sales	Sales Commentary	Segment Margin
Aero	\$14.2B - \$14.6B <i>Down (1%) - (4%) (2%) - 1% Organic</i>	<ul style="list-style-type: none"> • ATR Aftermarket Strength, JetWave™ Ramps • Continued Business Jet Weakness • U.S. Defense Improves; Int'l, Space, Comm'l Helo Down 	20.6% - 21.0% <i>Up 60 - 100 bps</i>
HBT	\$11.0B - \$11.2B <i>Up 3% - 5% Up 3% - 5% Organic</i>	<ul style="list-style-type: none"> • Growth In Products Businesses • Software Solutions And China Growth • New Product Introductions Ramp 	17.0% - 17.4% <i>Up 120 - 160 bps</i>
PMT	\$8.5B - \$8.7B <i>Down (6%) - (8%) Up 2% - 4% Organic</i>	<ul style="list-style-type: none"> • Capacity Expansions Deliver • UOP Recovery, Solstice® Growth • HPS Software And Service Offerings 	23.4% - 23.8% <i>Up 150 - 190 bps</i>
SPS	\$5.5B - \$5.6B <i>Up 17% - 19% Up 1% - 3% Organic</i>	<ul style="list-style-type: none"> • Channel Headwinds Moderate • Industrial Safety Improves • Double-Digit Growth In Intelligated 	15.3% - 15.7% <i>Up 50 - 90 bps Up 160 - 200 bps Ex-M&A</i>

Expected 2017 Segment Margin



Summary

- **Committed To 2014 - 2018 Five-Year Plan**
- **Targeting Double-Digit Earnings Growth In 2017**
- **Conservative 2017 Top Line In Continued Slow Growth Environment**
- **Attractive 2017 Margin Expansion - HOS, M&A Synergies, Repositioning**
- **Continuing Balanced And Prudent Capital Deployment Strategy**

EPS V% Excludes Pension Mark-To-Market Adjustment, ~\$0.12 Impact From 4Q16 Debt Refinancing Charges, And \$0.14 Contribution Of 2016 Divestitures At Weighted Average Share Count Of 775M

Appendix

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

(\$M)

	<u>4Q15</u>	<u>2015</u>
Aerospace	\$856	\$3,218
Home and Building Technologies	424	1,512
Performance Materials and Technologies	473	1,990
Safety and Productivity Solutions	181	746
Corporate	(54)	(210)
Segment Profit	\$1,880	\$7,256
Stock Compensation Expense ⁽¹⁾	(43)	(175)
Repositioning and Other ^(1, 2)	(158)	(576)
Pension Ongoing Income ⁽¹⁾	131	430
Pension Mark-to-Market Adjustment ⁽¹⁾	(67)	(67)
OPEB Expense ⁽¹⁾	(10)	(40)
Operating Income	\$1,733	\$6,828
Segment Profit	\$1,880	\$7,256
÷ Sales	\$9,982	\$38,581
Segment Profit Margin %	18.8%	18.8%
Operating Income	\$1,733	\$6,828
÷ Sales	\$9,982	\$38,581
Operating Income Margin %	17.4%	17.7%

(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

	4Q16E	2016E
(\$B)		
Segment Profit	\$1.8 - \$1.9	\$7.1 - \$7.2
Stock Compensation Expense ⁽¹⁾	~(0.1)	~(0.2)
Repositioning and Other ^(1, 2)	~(0.1)	~(0.6)
Pension Ongoing Income ⁽¹⁾	~0.2	~0.6
Pension Mark-to-Market Adjustment ⁽¹⁾	TBD	TBD
OPEB Income ⁽¹⁾	~0.0	~0.0
Operating Income	<u>\$1.8 - \$1.9</u>	<u>\$6.9 - \$7.0</u>
Segment Profit	\$1.8 - \$1.9	\$7.1 - \$7.2
÷ Sales	\$10.1 - \$10.3	\$39.4 - \$39.6
Segment Profit Margin %	<u>18.4% - 18.6%</u>	<u>~18.1%</u>
Operating Income	\$1.8 - \$1.9	\$6.9 - \$7.0
÷ Sales	\$10.1 - \$10.3	\$39.4 - \$39.6
Operating Income Margin %	<u>18.4% - 18.6%</u>	<u>~17.6%</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.

Reconciliation Of Cash Provided By Operating Activities To Free Cash Flow

(\$B)

Cash Provided by Operating Activities

Expenditures for Property, Plant and Equipment

Free Cash Flow

<u>2015</u>	<u>2016E</u>
\$5.5	\$5.2 - \$5.3
(1.1)	(1.1) - (1.0)
<u>\$4.4</u>	<u>\$4.2 - \$4.3</u>

Reconciliation Of EPS To EPS, Excluding Pension Mark-To-Market Adjustment, Debt Refinancing Charges And Contributions From Divestitures

	<u>4Q15⁽¹⁾</u>	<u>4Q16E⁽²⁾</u>
EPS	\$1.53	TBD
Pension Mark-to-Market Adjustment	0.05	TBD
Debt Refinancing Charges	-	~0.12
EPS, Excluding Pension Mark-to-Market Adjustment and Debt Refinancing Charges	<u>\$1.58</u>	<u>~\$1.74</u>
Less: Earnings Attributable to Divestitures	0.05	-
EPS, Excluding Pension Mark-to-Market Adjustment, Debt Refinancing Charges and Divestitures	<u><u>\$1.53</u></u>	<u><u>~\$1.74</u></u>

We believe EPS, excluding pension mark-to-market adjustment, debt refinancing charges and earnings contributions from divestitures is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. Management cannot reliably predict or estimate the the pension mark-to-market adjustment as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. We do not include an estimate for the pension mark-to-market adjustment in this reconciliation.

Reconciliation Of EPS To EPS, Excluding Pension Mark-To-Market Adjustment, Debt Refinancing Charges And Contributions From Divestitures

	<u>2016E⁽¹⁾</u>
EPS	TBD
Pension Mark-to-Market Adjustment	TBD
Debt Refinancing Charges	~0.12
EPS, Excluding Pension Mark-to-Market Adjustment and Debt Refinancing Charges	<u>~\$6.60</u>
Less: Earnings Attributable to Divestitures	~0.14
EPS, Excluding Pension Mark-to-Market Adjustment, Debt Refinancing Charges and Divestitures	<u><u>~\$6.46</u></u>

(1) Utilizes estimated weighted average shares of approximately 775 million.

We believe EPS, excluding pension mark-to-market adjustment, debt refinancing charges and earnings contributions from divestitures is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. Management cannot reliably predict or estimate the the pension mark-to-market adjustment as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. We do not include an estimate for the pension mark-to-market adjustment in this reconciliation.