

February 10, 2018

WHY OWN HONEYWELL (NYSE: HON)

Mark Macaluso, Vice President of Investor Relations

Honeywell
THE POWER OF **CONNECTED**

Forward Looking Statements

This presentation contains certain statements that may be deemed “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are based upon certain assumptions and assessments made by our management in light of their experience and their perception of historical trends, current economic and industry conditions, expected future developments and other factors they believe to be appropriate. The forward-looking statements included in this presentation are also subject to a number of material risks and uncertainties, including but not limited to economic, competitive, governmental, and technological factors affecting our operations, markets, products, services and prices, as well as the ability to effect the separations. Such forward-looking statements are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by such forward-looking statements, including with respect to any changes in or abandonment of the proposed separations. 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.

Non-GAAP Financial Measures

This presentation contains financial measures presented on a non-GAAP basis. Honeywell’s non-GAAP financial measures used in this presentation are as follows: segment profit, on an overall Honeywell basis, a measure by which we assess operating performance, which we define as operating income adjusted for certain items as presented in the Appendix; segment margin, on an overall Honeywell basis, which we define as segment profit divided by sales; organic sales growth, which we define as sales growth less the impacts from foreign currency translation and acquisitions and divestitures for the first 12 months following transaction date; free cash flow, which we define as cash flow from operations less capital expenditures and which we adjust to exclude separation costs and with respect to forward looking measures, adjustments to the provisional charge related to Tax Legislation, if and as noted in the presentation; and earnings per share, which we adjust to exclude pension mark-to-market expenses, as well as for other components, such as divestitures, debt refinancings, and exclusion of separation costs, the provisional charge related to Tax Legislation, and with respect to forward looking measures, adjustments to such provisional charge, if and as noted in the presentation. Other than references to reported earnings per share, all references to earnings per share in this presentation are so adjusted. The respective tax rates applied when adjusting earnings per share for these items are identified in the presentation or in the reconciliations presented in the Appendix. Management believes that, when considered together with reported amounts, these measures are useful to investors and management in understanding our ongoing operations and in the analysis of ongoing operating trends. These metrics should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Refer to the Appendix attached to this presentation for reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures.

A Strong Performance in 2017

\$7.11

Earnings Per Share
Up 10% YoY

4%

Organic Sales
Growth

70 bps

Segment Margin
Expansion

\$4.9B

Free Cash Flow
Up 12% YoY

~\$6.0B

Capital Deployment,
Including CapEx

EPS, EPS V% exclude pension mark-to-market, 2016 divestitures, 4Q16 debt refinancing, separation costs, and the provisional charge related to the Tax Cuts and Jobs Act of 2017

We Are a Premier Software-Industrial Company

Who is Honeywell?

- ✓ Leading technology supplier to aerospace, buildings, oil and gas, and industrial end markets
- ✓ \$40.5B in sales from ~70 countries, ~131,000 employees
- ✓ Evolving enterprise through growth, acquisitions, and portfolio enhancement
- ✓ Transforming into the leading software-industrial enterprise worldwide

Recent Shareowner Highlights

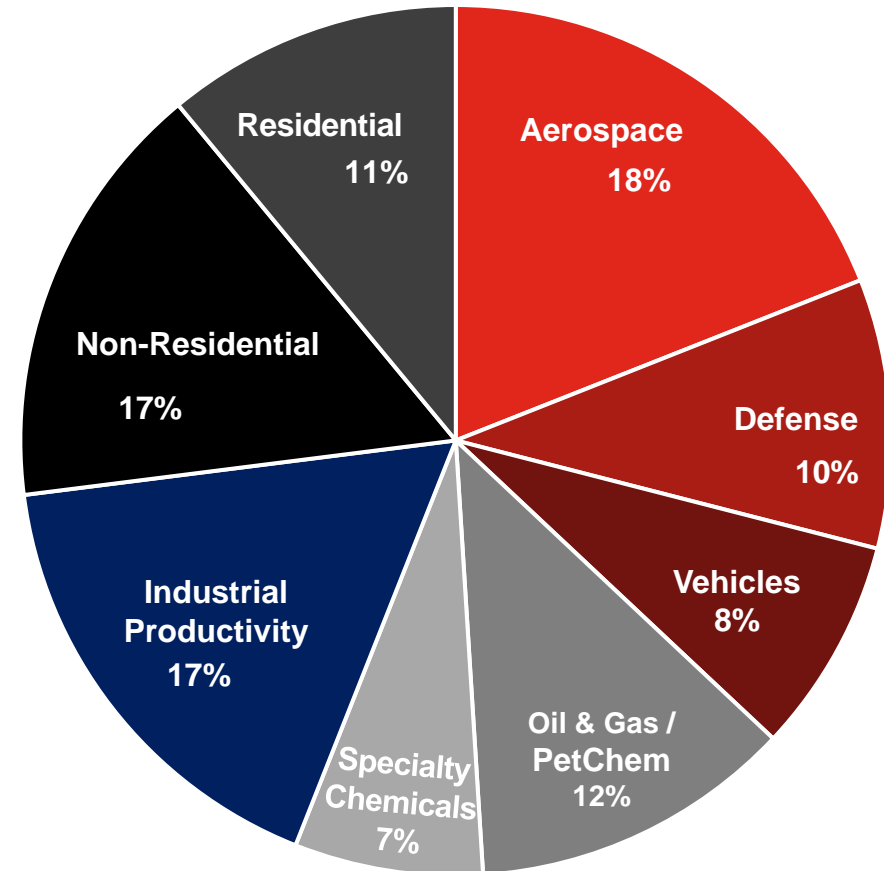
817%

15-Yr Total Shareowner Return
~2.6x S&P 500

12%

Dividend Increase in 2017
8th Double-Digit Increase Since 2010

Diversified Across End-Markets



End markets chart as of October 10th Portfolio Update presentation

Our Businesses Have Great Positions in Growing Industries

Segment	2017 Sales	Our Business	Why We Win
Aerospace	~\$14.8B	Our products are used on virtually every commercial and defense aircraft platform and in 100M+ vehicles worldwide and include aircraft propulsion, cockpit systems, satellite communications, and vehicle turbochargers.	<ul style="list-style-type: none"> • Big wins on the right aircraft • Largest installed base in the industry ... and growing
Home and Building Technologies	~\$9.8B	Our products, software and technologies are in more than 150 million homes and 10 million buildings worldwide helping customers control their comfort, security, and energy use.	<ul style="list-style-type: none"> • Comprehensive Connected Building offering improving performance and efficiency • Broadening software and services opportunities
Performance Materials and Technologies	~\$10.3B	We develop advanced materials, process technologies, automation solutions, and industrial software that are revolutionizing industries around the world.	<ul style="list-style-type: none"> • Offerings increasingly less dependent on oil and gas capex • Connected Plant enhancing customer operations • Solstice® low-global-warming products reduce carbon emissions across many industries
Safety and Productivity Solutions	~\$5.6B	We improve enterprise performance and worker productivity and safety with our scanning and mobile computers, software, warehouse automation solutions, and personal protective equipment.	<ul style="list-style-type: none"> • New, innovative product launches in Productivity business • Piloting Connected Worker with numerous customers

Our Businesses Share Attractive Characteristics

Honeywell Criteria

- **Great Positions**
 - Differentiated technology
 - Favorable competitive dynamics
 - Less susceptibility to disruption
 - Multiple management levers to drive improvement
- **Growing Industries**
 - Strong alignment to mega-trends – a sustainable growth business
 - Opportunity for high-return organic and inorganic investment
 - Manageable cyclicalities
 - Attractive industry profit profile

Enablers

- Continuous improvement and best practice creation through Honeywell Operating System (HOS) Gold
- Enhanced focus on differentiated innovation through velocity product development
- Honeywell Sentience (common IT platform used by all enterprises)
- Shared technology talent centers
- High Growth Regions 2.0 strategy (Becoming the Chinese Competitor, East-for-East, and East-for-Rest)
- The Honeywell brand

We Have Attractive Connected Offerings

Honeywell Sentience

Common IT stack
used by all enterprises

Honeywell

THE POWER OF **CONNECTED**

*Single platform that all Honeywell
businesses are using to build software
for connected offerings*

Enables Connectivity Advantage

**Value propositions aligned and iterated
with end customers**

11K+
Software
Engineers



AIRCRAFT + CONNECTED

130K total aircraft + JetWave™



PLANTS + CONNECTED

10K installed base + Connected Performance Services



SUPPLY CHAIN + CONNECTED

10K warehouses + Vocollect



BUILDINGS + CONNECTED

10M installed base + Smart Building

We Are Leading the Connected Aircraft Era

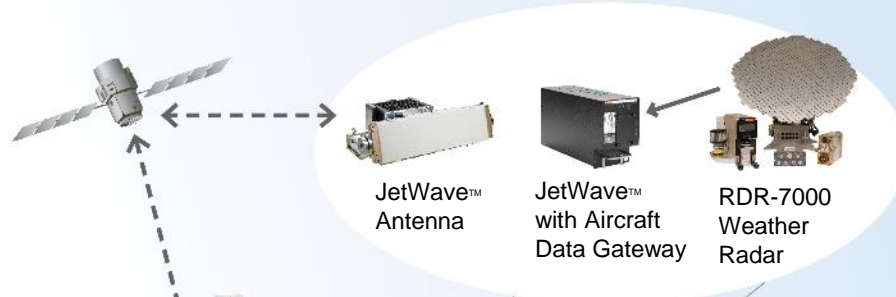
PRE-FLIGHT SERVICES

GoDirect™ Flight

- GoDirect™ Flight Bag Pro
- GoDirect™ Flight Planning
- GoDirect™ Flight Preview



GoDirect™
Services
(via Wi-Fi)



IN-FLIGHT SERVICES

Cabin Connectivity via JetWave™

GoDirect™ Cabin

- Services and Apps
- Airtime

GoDirect™ Flight

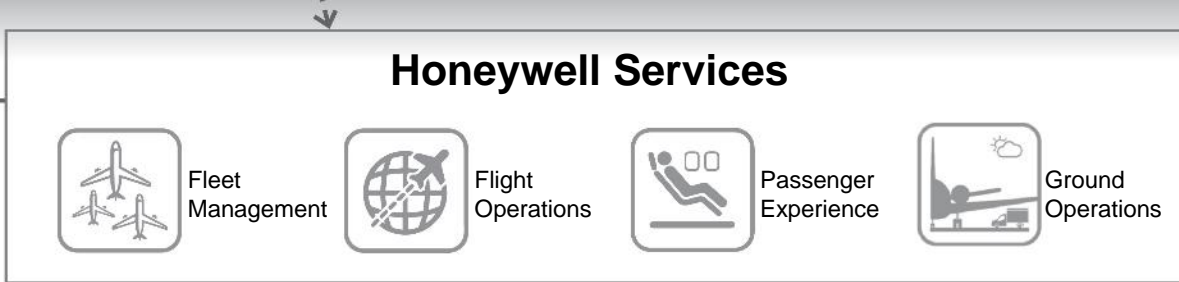
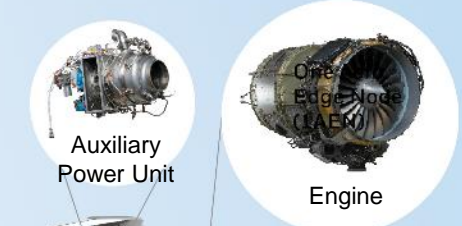
- GoDirect™ Flight Bag Pro
- GoDirect™ Flight Efficiency

POST-FLIGHT SERVICES

GoDirect™ Connected Maintenance

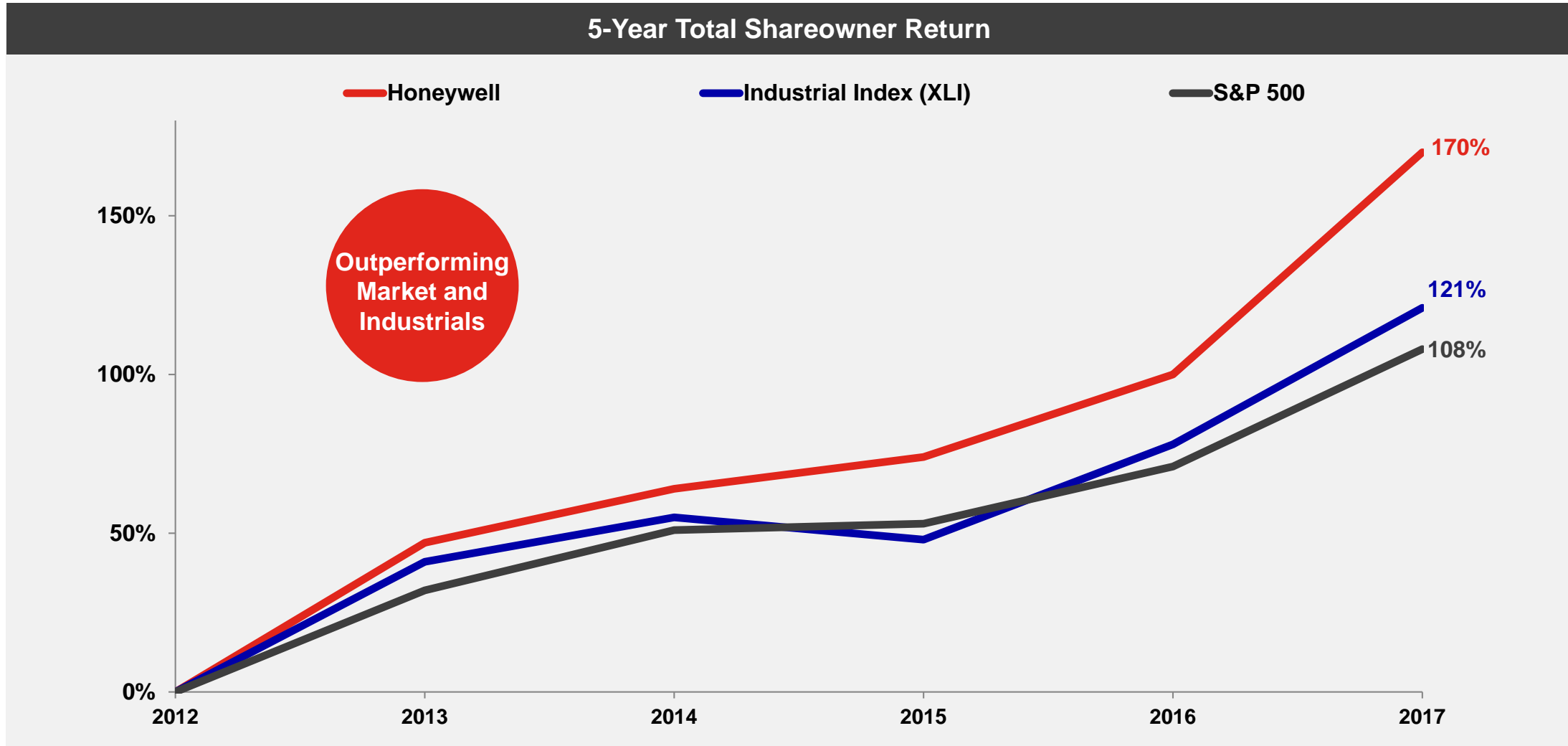
- Auxiliary Power Units
- Wheels and Brakes
- Environmental Control Systems
- Inertial Reference Systems

GoDirect™ Ground Handling



A connected aircraft anticipates opportunities and offers unique insights by harnessing the power of analytics with the confidence of a secure communication link to and from the aircraft.

We Consistently Outperform Our Peers and the Market



2017 5-year total shareowner return as of year-end 2017
Source: NASDAQ

We Deliver on Our Commitments

~10%
5-Year EPS
CAGR

✓ Met or Exceeded

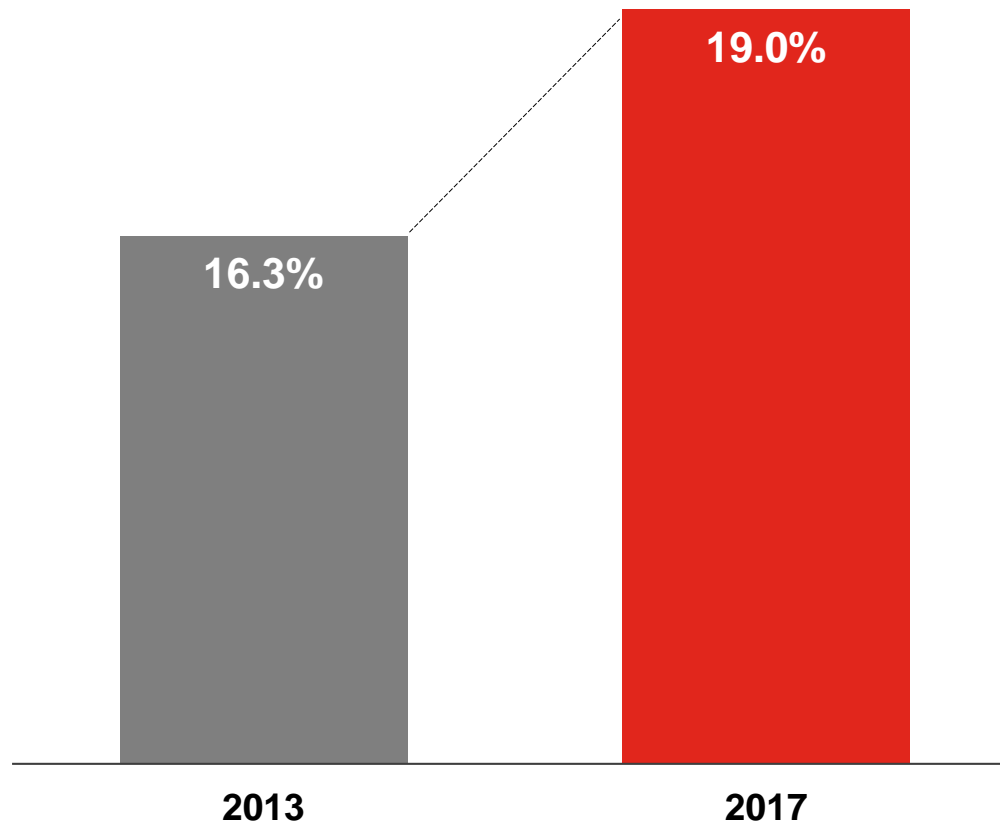
	<u>EPS V% Guidance</u>	<u>EPS V%</u>	<u>EPS</u>
2012	5% - 11% ✓	11%	\$4.48
2013	6% - 10% ✓	11%	\$4.97
2014	8% - 12% ✓	12%	\$5.56
2015	6% - 10% ✓	10%	\$6.10
2016	6% - 10% ✓	8%	\$6.60
2017	6% - 10% ✓	10%	\$7.11

All EPS figures exclude pension mark-to-market; 2016 EPS excludes 4Q16 debt refinancing; 2017 EPS excludes separation costs and the provisional charge related to the Tax Cuts and Jobs Act of 2017

All EPS V% exclude pension mark-to-market; 2016 EPS V% excludes 4Q16 debt refinancing; 2017 EPS V% excludes 2016 divestitures, 4Q16 debt refinancing, 2017 separation costs, and the provisional charge related to the Tax Cuts and Jobs Act of 2017

We Have Significant Margin Runway

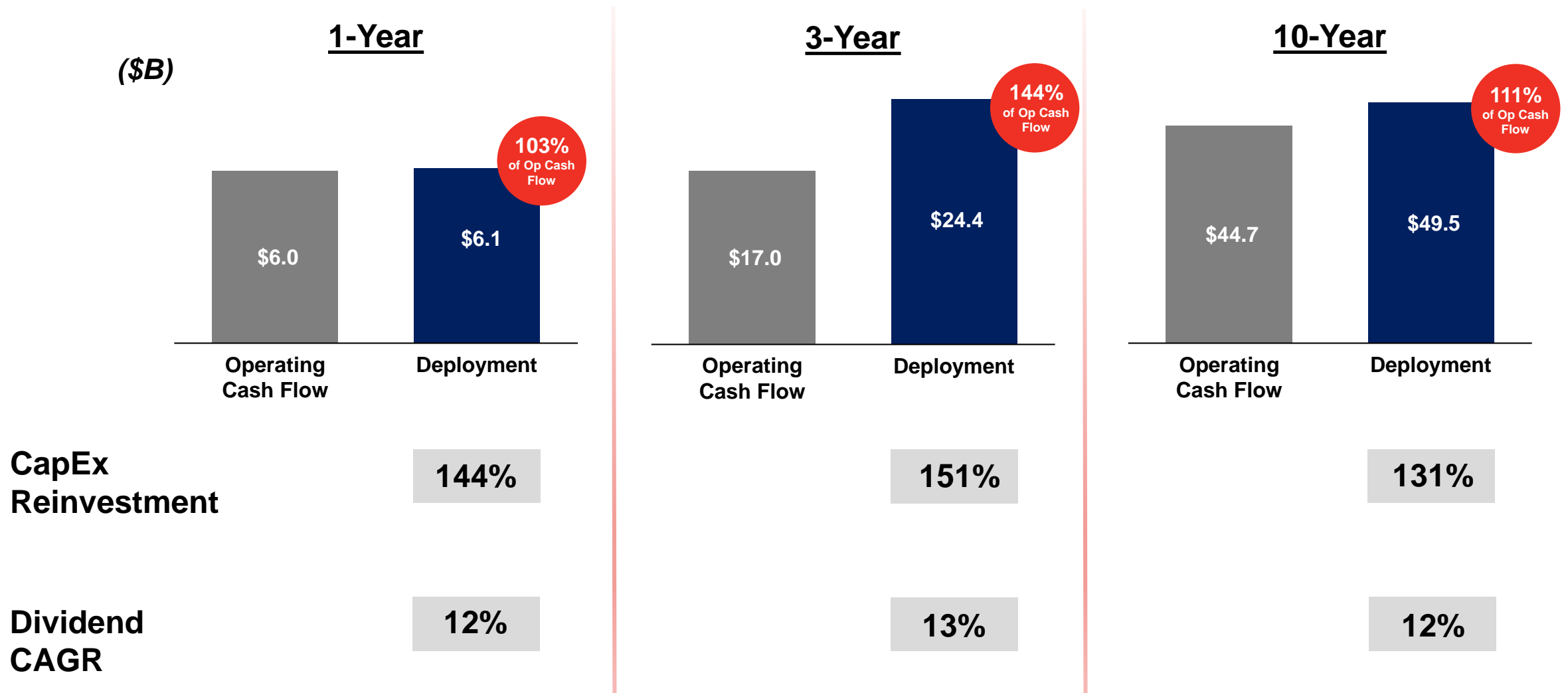
Segment Margin



What Are the Drivers?

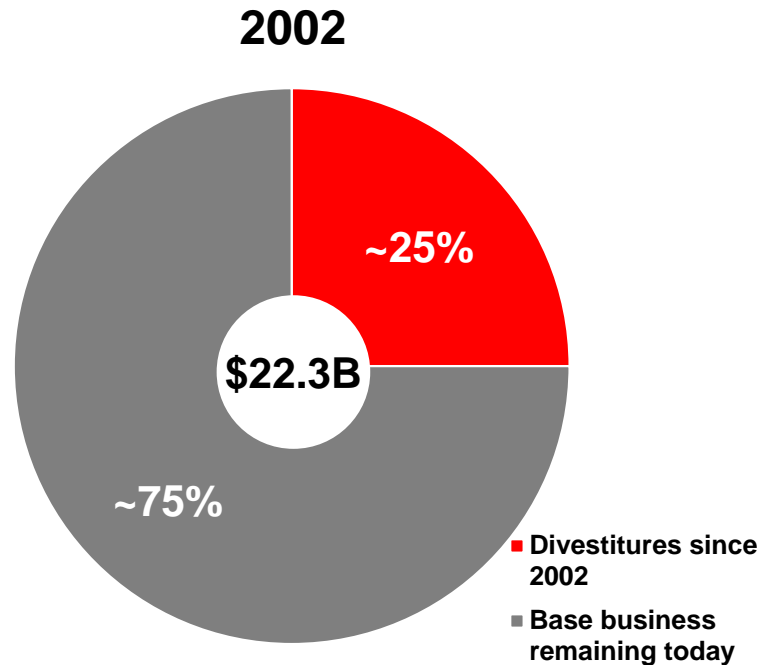
- ✓ Deployment of HOS integrated supply chain
- ✓ Material productivity breakthroughs
- ✓ Higher software content
- ✓ Restructuring actions, continued cost optimization
- ✓ Plant footprint reduction
- ✓ System standardization

We Aggressively Deploy Capital



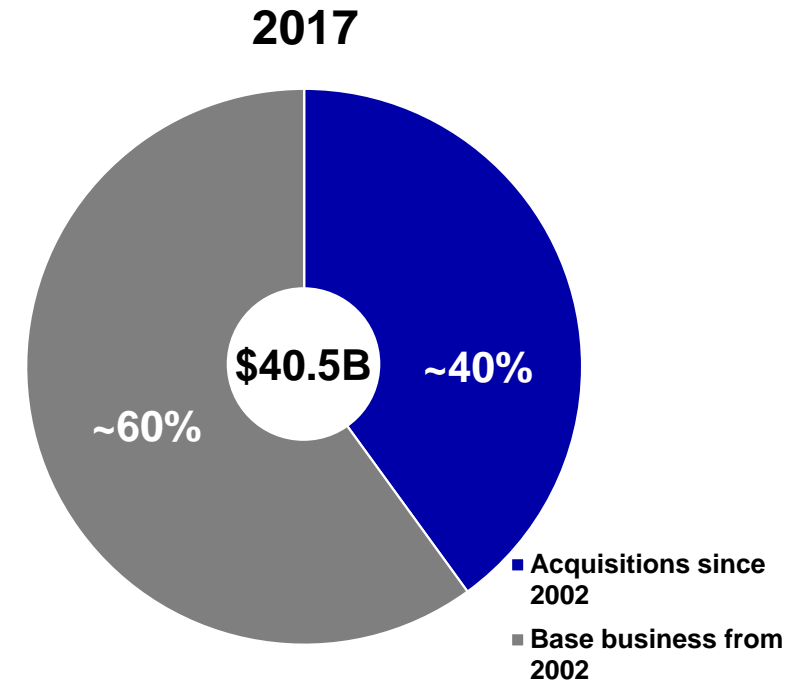
Capital deployment figures include dividends, share repurchases, M&A, and capital expenditures; also include 2016 ~\$238M purchase of remaining 30% stake in Thomas Russell and 2016 ~\$515M AdvanSix spin-off share dividend
 CapEx reinvestment = capital expenditures / depreciation

We Are Constantly Evolving Our Portfolio



Markets Exited

- Resins & Chemicals (Specialty Chemicals)
- Government Services (Defense)
- Consumer Products (Automotive)
- Consumable Solutions (Aerospace)
- Friction Materials (Automotive)
- Plastics / Nylon (Specialty Chemicals)



Markets Entered

- + Gas Detection
- + Scanning and Mobility
- + Gas Processing
- + Modular Gas Plants
- + Metering
- + Safety Products
- + Satellite Connectivity
- + Warehouse Automation

We Are Executing a Large Portfolio Transformation

Homes and Global Distribution

Leading product provider to global home HVAC controls and security market plus leading global fire and security distributor (ADI)

Annual sales: ~\$4.5B
Target credit rating: High yield

- ✓ Well-recognized brands
- ✓ Market-leading positions in its core spaces
- ✓ Connected home offering
- ✓ Leading global distribution channel in ADI

Transportation Systems

World leader in turbocharger technology for broad range of engine types across global automobile, truck and other vehicle markets

Annual sales: ~\$3.0B
Target credit rating: High yield

- ✓ Superior technology across engine types
- ✓ Global manufacturing footprint and scale
- ✓ Deep customer relationships with superior value proposition
- ✓ Experienced leadership team composed of industry experts



We Improve the World We Live In

Environmental and Social Governance



Honeywell integrates **health, safety,** and **environmental** considerations into everything we do, and observes the highest standards of **business ethics** and **corporate social responsibility** wherever we operate.

- ✓ Honeywell currently maintains a **AA rating** from **MSCI**

Corporate Citizenship



Honeywell **Hometown Solutions** develops programs and encourages **volunteerism** where Honeywell can make a real, lasting **impact**.

- ✓ Honeywell donated a record amount to the **Honeywell Humanitarian Relief Fund (HHRF)** in response to recent natural disasters

Employee Benefits

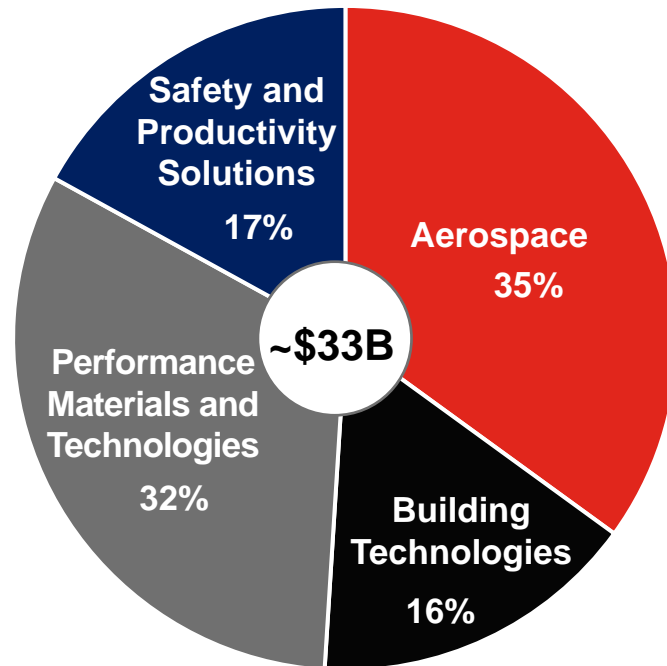


Honeywell remains committed to being an **employer of choice**, with **diversity** as the foundation of its **performance culture**.

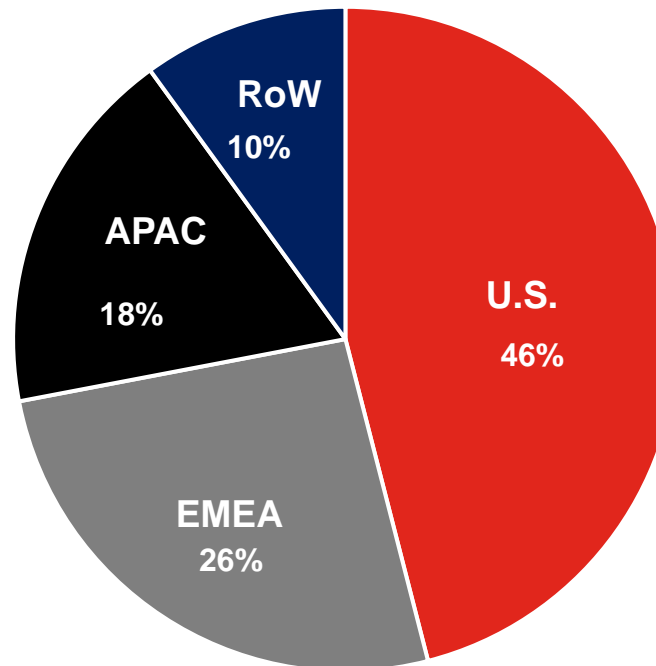
- ✓ U.S. tax reform enabled us to **increase our 401(k) employer match** for employees in the U.S.

Future Honeywell Will Be More Focused and Growth-Oriented

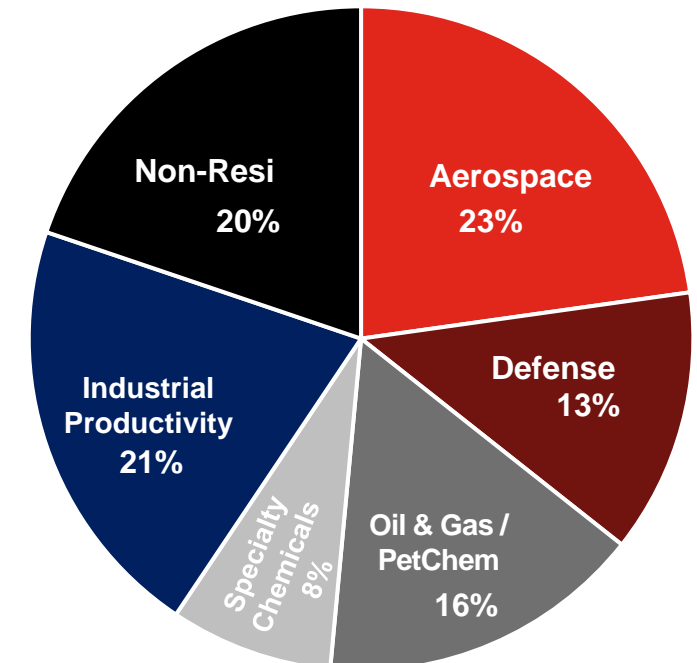
Business Sales



Regional Sales



End Market Sales



Future Honeywell end markets charts as of October 10th Portfolio Update presentation

Why You Should Own Honeywell

We have great positions in growing industries

We leverage core strengths to drive growth and margin expansion

We have a strong balance sheet and we are deploying it

We aggressively manage our portfolio

We will be the premier software-industrial company

We deliver on our commitments

Honeywell

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Presenter Biography

Mark Macaluso, Vice President of Investor Relations



Mark Macaluso is Vice President, Investor Relations, of Honeywell International and a member of the finance leadership team. In this role, Mark is the primary point of contact for Honeywell's shareowner base and Wall Street research analysts. The Investor Relations team manages over 90 events annually, with nearly 1,000 investor touchpoints on a global basis. Honeywell's IR team was recently recognized by Institutional Investor as the "Best Investor Relations Program" in the Electrical Equipment and Multi-Industry (EE/MI) space, and Mark received the top honor of "Best IR Professional." The Company's annual investor day was named "Best Analyst Day" for the third year in a row. Additionally, the team was named "Best In Industrials" in 2017 by *Global IR Magazine*.

Prior to this role, Mark served as a Director in Corporate Development, where he helped drive the company's global M&A activities, and as a Senior Business Development Manager in Honeywell Security, where he was responsible for leading efforts on acquisition and divestiture analysis. Prior to joining Honeywell, Mark was a Manager in the Transaction Services advisory group at PricewaterhouseCoopers LLP in New York, where he served PwC's middle-market private equity and corporate clients, including Honeywell. Prior to this, Mark spent four years in KPMG's Assurance practice in Boston, providing audit and advisory services to clients in the defense, financial services, and biotech industries. Mark earned a bachelor's degree in accounting from the Carroll School of Management at Boston College.

Non-GAAP Reconciliations

Reconciliation of Organic Sales % Change

Honeywell	<u>2017</u>
Reported sales % change	3%
Less: Foreign currency translation	-
Less: Acquisitions and divestitures, net	<u>(1%)</u>
Organic sales % change	<u><u>4%</u></u>

We define organic sales percent as the year-over-year change in reported sales relative to the comparable period, excluding the impact on sales from foreign currency translation and acquisitions, net of divestitures. We believe this measure is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

A quantitative reconciliation of reported sales percent change to organic sales percent change has not been provided for forward-looking measures of organic sales percent change because management cannot reliably predict or estimate, without unreasonable effort, the fluctuations in global currency markets that impact foreign currency translation, nor is it reasonable for management to predict the timing, occurrence and impact of acquisition and divestiture transactions, all of which could significantly impact our reported sales percent change.

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margins

(\$M)	2013	2017
Segment Profit	\$6,351	\$7,690
Stock compensation expense ⁽¹⁾	(170)	(176)
Repositioning and other ^(2, 3)	(699)	(1,010)
Pension ongoing income ⁽¹⁾	90	713
Pension mark-to-market expense ⁽¹⁾	(51)	(87)
Other postretirement income ⁽¹⁾	(20)	21
Operating Income	\$5,501	\$7,151
Segment Profit	\$6,351	\$7,690
÷ Sales	\$39,055	\$40,534
Segment Profit Margin %	16.3%	19.0%
Operating Income	\$5,501	\$7,151
÷ Sales	\$39,055	\$40,534
Operating Income Margin %	14.1%	17.6%

(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) Included in cost of products and services sold, selling, general and administrative expenses, and other income/expense.

We define segment profit as operating income, excluding stock compensation expense, pension ongoing income or expense, pension mark-to-market expense, other postretirement income or expense, and repositioning and other charges. We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

A quantitative reconciliation of segment profit, on an overall Honeywell basis, to operating income has not been provided for all forward-looking measures of segment profit and segment margin included herewithin. Management cannot reliably predict or estimate, without unreasonable effort, the impact and timing on future operating results arising from items excluded from segment profit, particularly pension mark-to-market expense as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. The information that is unavailable to provide a quantitative reconciliation could have a significant impact on our reported financial results. To the extent quantitative information becomes available without unreasonable effort in the future, and closer to the period to which the forward-looking measures pertain, a reconciliation of segment profit to operating income will be included within future filings.

Reconciliation of Cash Provided by Operating Activities to Free Cash Flow

<i>(\$M)</i>	2016	2017
Cash Provided by Operating Activities	<u>\$5,498</u>	<u>\$5,966</u>
Expenditures for Property, Plant and Equipment	<u>(1,095)</u>	<u>(1,031)</u>
Free Cash Flow	<u><u>\$4,403</u></u>	<u><u>\$4,935</u></u>

We define free cash flow as cash provided by operating activities less cash expenditures for property, plant and equipment.

We believe that this metric is useful to investors and management as a measure of cash generated by business operations that will be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisitions, pay dividends, repurchase stock or repay debt obligations prior to their maturities. This metric can also be used to evaluate our ability to generate cash flow from business operations and the impact that this cash flow has on our liquidity.

Reconciliation of EPS to EPS, Excluding Pension Mark-to-Market Expense, Debt Refinancing Expense, Separation Costs, Impacts from the Tax Cuts and Jobs Act of 2017 ("Tax Reform"), and Earnings Attributable to 2016 Divestitures

	2011 ⁽¹⁾	2012 ⁽²⁾	2013 ⁽³⁾	2014 ⁽⁴⁾	2015 ⁽⁵⁾	2016 ⁽⁶⁾	2017 ⁽⁷⁾
Earnings (loss) per share of common stock - assuming dilution (EPS)	\$2.61	\$3.69	\$4.92	\$5.33	\$6.04	\$6.20	\$2.14
Pension mark-to-market expense	1.44	0.79	0.05	0.23	0.06	0.28	0.09
Debt refinancing expense	-	-	-	-	-	0.12	-
Separation costs	-	-	-	-	-	-	0.02
Impacts from Tax Reform	-	-	-	-	-	-	4.86
EPS, excluding pension mark-to-market expense, debt refinancing expense, separation costs, and impacts from Tax Reform.	<u>\$4.05</u>	<u>\$4.48</u>	<u>\$4.97</u>	<u>\$5.56</u>	<u>\$6.10</u>	<u>\$6.60</u>	<u>\$7.11</u>
EPS, Attributable to 2016 Divestitures						(0.14)	-
EPS, excluding pension mark-to-market expense, debt refinancing expense, separation costs, impacts from Tax Reform, and 2016 divestitures						<u>\$6.46</u>	<u>\$7.11</u>

(1) Utilizes weighted average shares of 784.3 million. Pension mark-to-market expense uses a blended tax rate of 36.9%.

(2) Utilizes weighted average shares of 791.9 million. Pension mark-to-market expense uses a blended tax rate of 35.0%.

(3) Utilizes weighted average shares of 797.3 million. Pension mark-to-market expense uses a blended tax rate of 25.5%.

(4) Utilizes weighted average shares of 795.2 million. Pension mark-to-market expense uses a blended tax rate of 28.1%.

(5) Utilizes weighted average shares of 789.3 million. Pension mark-to-market expense uses a blended tax rate of 36.1%.

(6) Utilizes weighted average shares of 775.3 million. Pension mark-to-market expense uses a blended tax rate of 21.3%, debt refinancing expense uses a tax rate of 26.5%, and earnings attributable to 2016 divestitures uses a blended tax rate of 33.9%.

(7) Utilizes weighted average shares of 772.1 million. Pension mark-to-market expense uses a blended tax rate of 23%.

We believe EPS, excluding pension mark-to-market expense, debt refinancing expense, separation costs, impacts from Tax Reform, and earnings attributable to 2016 divestitures is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.