



September 14, 2016

MORGAN STANLEY LAGUNA CONFERENCE

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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.

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 Resins & Chemicals business of PMT. 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. A reconciliation of core organic sales growth to reported sales growth is provided in the Appendix.

Key Messages

Continued Slow Growth Environment

- Modest Core Organic Growth Improvement In 2H
- Improving UOP Orders And Backlog, Easing SPS Comps
- Strong Aero Aftermarket In ATR

Remain Committed To Five Year Plan

- Targeting Double Digit Earnings Growth, Dividend Growth > Earnings Growth
- Operating Initiatives Driving 45-75 bps Of Margin Improvement Annually
- Tailwinds From Restructuring Benefits, M&A, And F/X Hedges

Capital Deployment Activity Robust

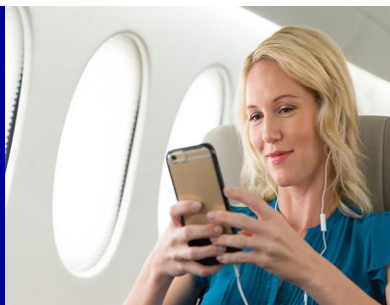
- \$15B+ Deployed Since 2015, Including ~\$8B In Acquisitions
- Execution On Integrations Driving Attractive Returns
- ~\$25B Of Balance Sheet Capacity Remains

**Normalized EPS V% Adjusted to Expected Full Year 2016 Tax Rate of 26.5%*

Recent Highlights

JetWave

*Earned Final Inmarsat
Certification*



- Supplemental Type Certificates (STCs) On Airbus A319, A340, Boeing B757, Bombardier G5000/G6000, Gulfstream 650... *More In Process!*
- Final Certificate Completes Process To Bring GX Aviation To Aerospace Market

UOP

*Broadened Catalyst
Offerings*



- Expanded Portfolio Of More Than Two Dozen Hydrotreating Catalysts To Produce Cleaner-Burning Fuels That Meet New Global Emissions Regulations
- Applying Expertise In Catalytic Chemistry To Compete Across Wide Range Of Hydroprocessing Technologies

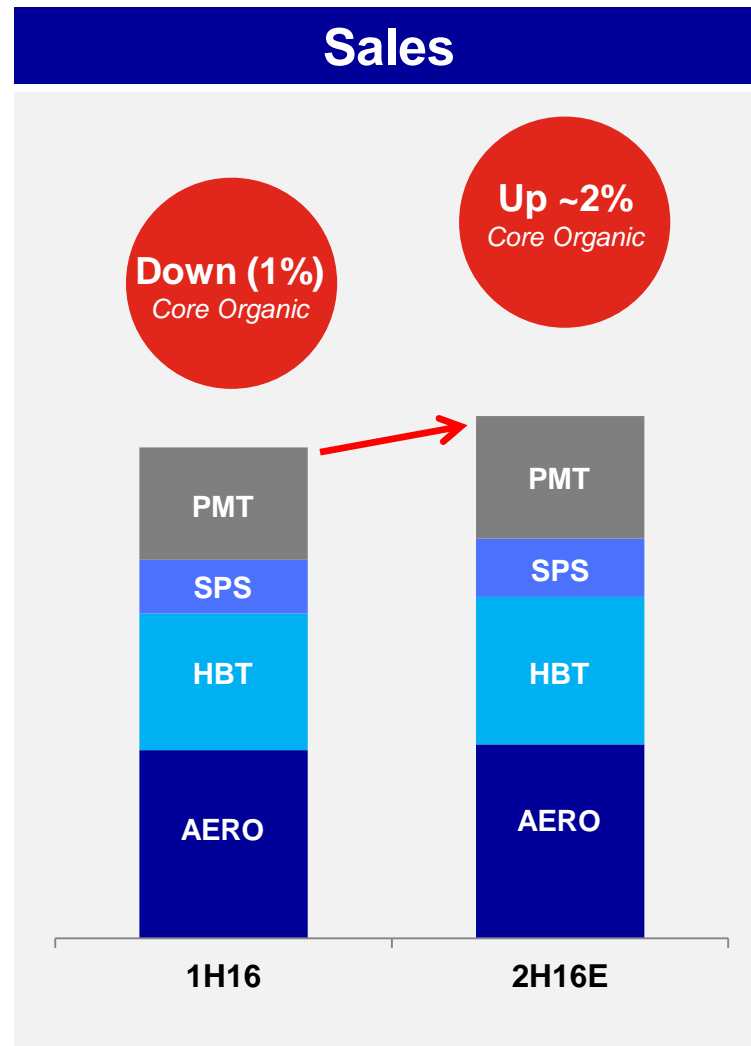
Lyric Round Thermostat

*Collaboration With
Amazon Devices*



- Collaboration Between Honeywell Lyric Round™/ Total Connect Comfort Thermostats And Amazon's Alexa-Enabled Devices
- Thermostats Can Connect To Other Home Products And Ecosystems - Flexible Solutions To Address Customers' Needs

2016 Sales Performance



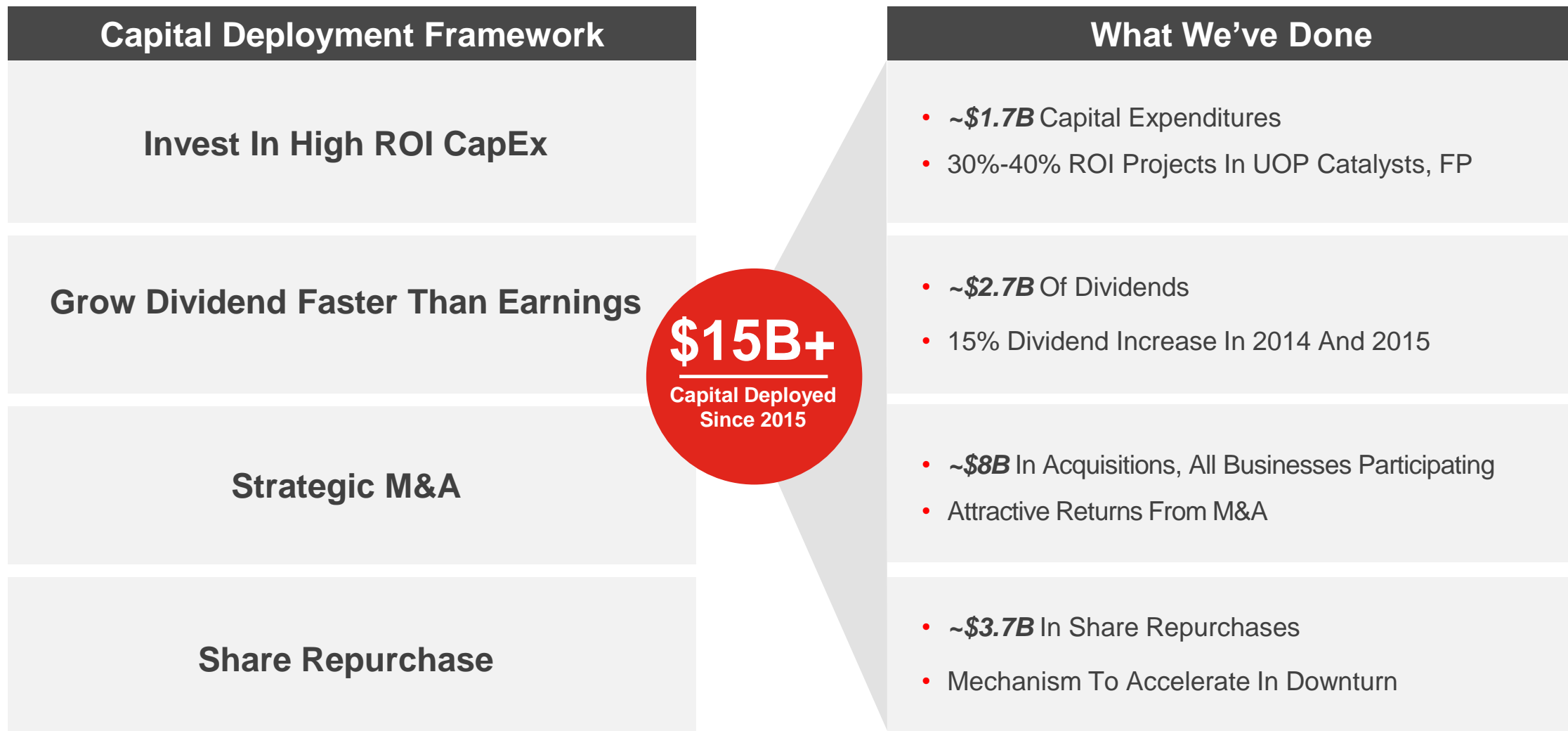
Commentary

- **PMT Strong 1H To 2H Acceleration**
 - Lapping 1H16 Declines - UOP Catalysts
 - UOP Orders Up ~50% Aug QTD, Backlog Up ~20%
- **HBT / SPS Flat To Up Modestly In 2H**
 - Building Solutions, Distribution Growth Moderates; Timing Of NPI
 - Easing SPS Comps
- **Strength In Aero Aftermarket Offset By OE, D&S Softness**
 - ATR Flight Hours Strong, OE Volumes Ramp
 - Biz Jet Softness, Higher ATR OEM Incentives

Business Update

	Business	Environment (+ Better / - Worse)	Commentary
AERO	Commercial OE	■	• Biz Jet Production Rates Reduced
	Commercial AM	✓	• Strong Air Transport Flight Hours; Spares And R&O Growth
	Defense & Space	■	• International Defense, Space, Commercial Helicopter Weakness
	Transportation Systems	✓	• Gas, Diesel Penetration; CV Declines Moderate
HBT / SPS	Home & Building Technologies	+	• Americas Distribution Strength; HBS Backlog Conversion
	Safety & Productivity Solutions	■	• S&PS Channel Headwinds; Lap USPS Win In 4Q
PMT	UOP	+	• Improved Equipment And Catalyst Orders And Backlog
	Process Solutions	✓	• Mega Project Conversion; Growth From Installed Base, Software
	Advanced Materials	✓	• Solstice Growth Continues

2015 - 2016 Capital Deployment



Data Reflects 2015 To 2016 August YTD Results

Summary

1

Modest Core Organic Growth Improvement In 2H

2

Further Runway For Margin Expansion

3

Attractive Returns From M&A

4

~\$25B Of Balance Sheet Capacity Remains

Appendix
Reconciliation Of Non-GAAP Measures
To GAAP Measures

Reconciliation of Core Organic Sales Growth

Honeywell	<u>1H16</u>
Reported Sales Growth	3%
Less: Foreign Currency Translation, Acquisitions, Divestitures and Other	4%
Less: Raw Materials Pricing in R&C	-
Core Organic Sales Growth	<u><u>(1%)</u></u>

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

(\$M)

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Segment Profit	\$6,351	\$6,696	\$7,256
Stock Based Compensation ⁽¹⁾	(170)	(187)	(175)
Repositioning and Other ^(1, 2)	(699)	(634)	(576)
Pension Ongoing Income ⁽¹⁾	90	254	430
Pension Mark-to-Market Adjustment ⁽¹⁾	(51)	(249)	(67)
OPEB Expense ⁽¹⁾	(20)	(49)	(40)
Operating Income	<u>\$5,501</u>	<u>\$5,831</u>	<u>\$6,828</u>
Segment Profit	\$6,351	\$6,696	\$7,256
÷ Sales	<u>\$39,055</u>	<u>\$40,306</u>	<u>\$38,581</u>
Segment Profit Margin %	<u>16.3%</u>	<u>16.6%</u>	<u>18.8%</u>
Operating Income	\$5,501	\$5,831	\$6,828
÷ Sales	<u>\$39,055</u>	<u>\$40,306</u>	<u>\$38,581</u>
Operating Income Margin %	<u>14.1%</u>	<u>14.5%</u>	<u>17.7%</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.

Honeywell