



January 27, 2017

FOURTH QUARTER AND FULL YEAR 2016
Earnings Release

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.

Summary

4Q 2016

- High-Quality Finish To 2016 - EPS Of **\$1.74**, Up 14% Ex-Divestitures
- Double-Digit Growth In UOP And Solstice®, Continued Strength In Transportation Systems And Distribution
- Strong Segment Margin Expansion Of **90** bps Ex-M&A And FCF Of **\$1.7B**, Up 8%

FY 2016

- EPS Of **\$6.60**, Up 8% YoY
- Operational Segment Margin Improvement Of **80** bps, Funded Over \$250M Of Restructuring
- Significant Investments In Growth And Productivity, Continued Portfolio Enhancements

2017 Outlook

- Initiating 1Q17 EPS Guidance Of \$1.60 - \$1.64, Up **6% - 9%** Ex-2016 Divestitures
- Expect FY17 Organic Sales Growth Of **1% - 3%**
- Reaffirming 2017 EPS Of \$6.85 - \$7.10, Up **6% - 10%** Ex-2016 Divestitures

*EPS And EPS V% Exclude Pension Mark-To-Market Adjustment, Impact From 4Q16 Debt Refinancing Charges, And Earnings From Divestitures In 4Q15
Operational Segment Margin Excludes M&A, OEM Incentives, F/X, And Divestitures
FCF = Cash Flow From Operations Less CapEx*

Highlights

Notable Wins

- **Long-Cycle Backlog Firming** - Driven By Air Transport, Defense, Building Solutions, And UOP
- **Home And Building Technologies** Long-Term Contract With Tinker Air Force Base To Improve Energy Efficiency By 44%
- **UOP** Licensing Agreements In China For Unicracking™ And Methanol-To-Olefins Technology; Modular XCEED™ Bioreactor Technology Treating Wastewater From Produce Facility
- Finalized \$250M Advanced Meter Project With Entergy To Help Improve Electricity Service And Reliability For Customers
- Launch Of Security And Surveillance Systems And INNCOM Elements Line Of Guestroom Controls In India

Honeywell Sentience™ - Connected Enterprises

Connected Aircraft

- Over 400 Deliveries For JetWave™
- Dassault Falcon Supplemental Type Certificate



Connected Home

- Launched Lyric™ Security Controller And DIY Security Cameras



Connected Plant

- IIoT INspire™ Partnerships With Dover Energy Automation And Aereon
- Improved Refinery Performance At PetroVietnam And Delek Refining



Connected Retail

- Developed Retail IoT Solutions With Intel
- Sensors And Software To Track Goods In Supply Chain

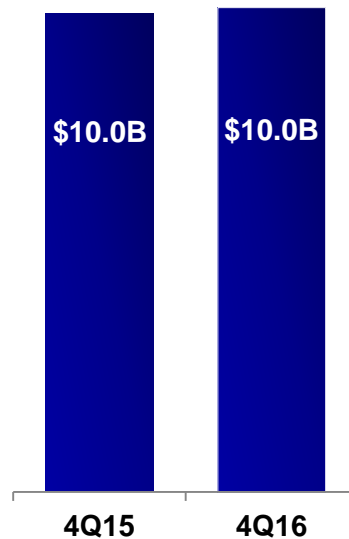


4Q 2016 Financial Summary

Sales

~Flat

Reported

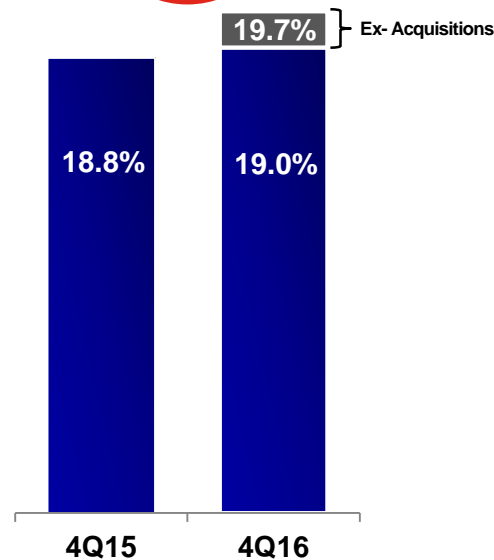


- Core Organic Down (1%)
- + UOP, Solstice®, Turbo, Distribution
- Business Jets, Defense & Space, Productivity Solutions

Segment Margin

Up 90 bps

Ex-M&A

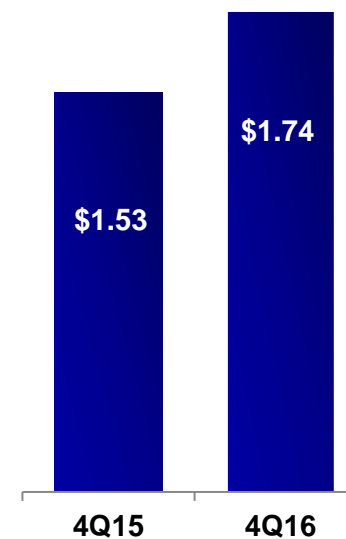


- Segment Profit \$1.9B
- + Higher Volumes In UOP/Solstice®, Productivity, Restructuring Benefits
- Aero OEM Incentives, M&A Integration Costs

EPS

Up 14%

Ex-Divestitures

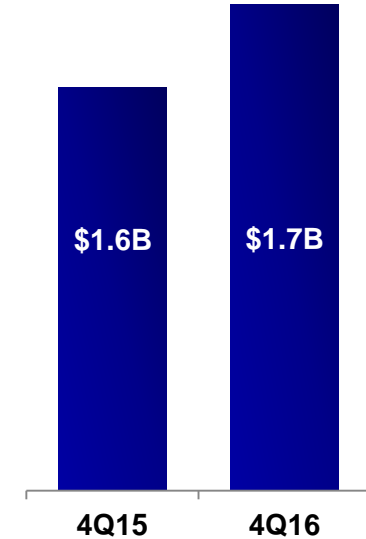


- Strongest EPS Growth In 2016
- Tax Rate Of 26.1%
- Reported EPS Of \$1.34 Due To Pension MTM, Debt Refinancing

FCF

126%

FCF Conversion



- + Up 8% YoY Driven By Working Capital Improvement
- + Reinvestment Ratio Of 190%+

FCF = Cash Flow From Operations Less CapEx
Reinvestment Ratio = CapEx / Depreciation

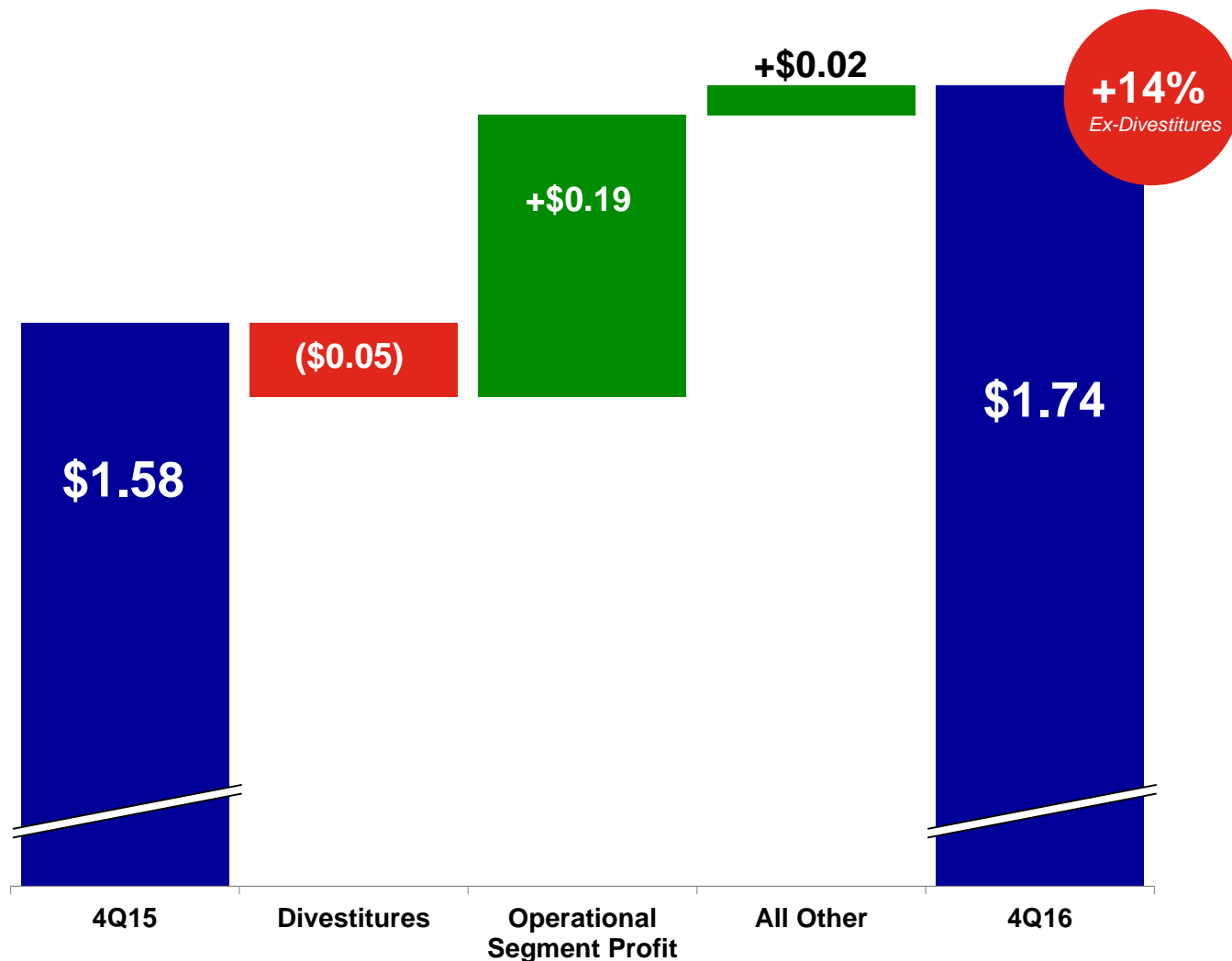
EPS, EPS V%, Tax Rate, And FCF Conversion Exclude Pension Mark-To-Market Adjustment And Impact From 4Q16 Debt Refinancing Charges; 4Q15 Excludes Earnings From Divestitures
Free Cash Flow Conversion = Free Cash Flow / Net Income Excluding Pension Mark-To-Market Adjustment And Debt Refinancing Charges

4Q 2016 Segment Results

(\$M)	Sales	Margin Change (bps)	Commentary
Aero	\$3,666 Down (8%) Down (5%) Core Organic	20.2% Down (130) Down (10) ex-M&A, Other ¹	<ul style="list-style-type: none"> - Continued Softness In Business Aviation - Program Completions In International Defense And Space + Turbo Light Vehicle Gas Growth In Europe And China
HBT	\$2,800 Up 13% Up 2% Core Organic	16.8% Down (30) Up 60 bps ex-M&A	<ul style="list-style-type: none"> + Elster Smart Energy Program Roll-Outs; New Product Introductions + Continued Growth In Distribution, China And India + Repositioning Benefits Materialize
PMT	\$2,228 Down (5%) Up 5% Core Organic	25.4% Up 520 Up 560 ex-M&A	<ul style="list-style-type: none"> + Strong UOP: Catalyst, Licensing, Equipment Growth + Solstice® Growth >50%; Process Solutions Software, Services Growth + Margins Improve From Productivity, Higher Licensing, Catalyst Sales
SPS	\$1,291 Up 9% Down (6%) Core Organic	14.3% Down (100) Up 100 ex-M&A	<ul style="list-style-type: none"> + Intelligrated Exceeding Expectations, Robust Project Backlog - Lower Volumes In Safety, Sensing, And Workflow Solutions - Supply Chain Delays

¹ Excludes ~\$48M Increase In Aero OEM Incentives YoY

4Q 2016 EPS Bridge



Divestitures

- Resins & Chemicals (Now AdvanSix)
- Aerospace Government Services Business

Operational Segment Profit

- + Productivity, Restructuring Benefits
- + UOP, Solstice® Volumes
- + New Product Introductions
- + Earnings From M&A

All Other

- + Below-The-Line Items, Share Count, Tax Rate
- M&A Costs, F/X, OEM Incentives

Operational Segment Profit Excludes M&A Costs, F/X Hedges, OEM Incentives, And Divestitures

EPS And EPS V% Exclude Pension Mark-To-Market Adjustment, Impact From 4Q16 Debt Refinancing Charges, And Earnings From Divestitures In 4Q15

FY 2016 Financial Summary

Total Honeywell		By Segment		
<p>Sales</p> <hr/> <p>\$39.3B Up 2% <i>(1%) Core Organic</i></p>	<p>Segment Margin</p> <hr/> <p>18.3% Down (50) bps <i>Up 10 bps Ex-M&A</i></p>			
		Aero	<p>Sales</p> <p>\$14.8B (3%) <i>(3%) Core Organic</i></p>	<p>Margin (bps)</p> <p>20.3% Down (80) <i>Down (60) ex-M&A</i></p>
		HBT	<p>\$10.7B 16% <i>4% Core Organic</i></p>	<p>15.8% Down (70) <i>Up 40 ex-M&A</i></p>
		PMT	<p>\$9.3B (2%) <i>Down (2%) Core Organic</i></p>	<p>22.1% Up 110 <i>Up 150 ex-M&A</i></p>
		SPS	<p>\$4.6B (2%) <i>Down (7%) Core Organic</i></p>	<p>14.7% Down (110) <i>Down (40) ex- M&A</i></p>
<p>EPS</p> <hr/> <p>\$6.60 Up 8%</p>	<p>FCF</p> <hr/> <p>\$4.4B 1.5X Reinvestment Ratio</p>			

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

FCF = Cash Flow From Operations Less CapEx; Reinvestment Ratio = CapEx / Depreciation

What We Are Seeing

- + Improving Sentiment In Oil And Gas Sector**
- + Defense And Space Backlog Firming**
- + Improving Construction Indicators**
- Business Jet Market Weakness Persists, Slower Aftermarket**
- Currency Headwinds Negated By Hedging Actions**

1Q 2017 Preview

**\$9.2B -
\$9.4B**
Total HON
Sales

	Sales	Margin Change (bps)	Assumptions
Aero	(5%) - (7%) <i>(1%) - (3%) Organic</i>	Up 40 - 70	<ul style="list-style-type: none"> • Strong Air Transport Deliveries And Flight Hours • Business Jets Weakness Persists • Growth In EU Diesel And China Gas Turbo Launches
HBT	1% - 3% <i>1% - 3% Organic</i>	Up 130 - 160	<ul style="list-style-type: none"> • New Connected Home Product Introductions • Conversion Of Energy Backlog In Building Solutions • Strong Air And Water Product Growth In China • Restructuring Benefits Materialize
PMT	(10%) - (12%) <i>3% - 5% Organic</i>	Up 190 - 220	<ul style="list-style-type: none"> • Significant Solstice® Ramp, Including Double-Digit Orders Growth • Growth In Process Solutions Software, Services Growth • Margins Improve Due To Productivity, Impact Of AdvanSix Spin
SPS	19% - 21% <i>(1%) - 1% Organic</i>	Down (10) - Up 20 <i>Up 150+ ex-M&A</i>	<ul style="list-style-type: none"> • Improving Order Outlook, New Product Introductions • Productivity And Restructuring Benefits Materialize • Impact From Intelligrated
HON	(2%) - (4%) <i>Flat - 2% Organic</i>	Up 50 - 80	<ul style="list-style-type: none"> • Below The Line ~Flat • Lower Share Count • Effective Tax Rate Consistent With 1Q 2016

EPS V% Excludes \$0.05 Of 1Q16 Earnings From 2016 Divestitures

2017 Financial Guidance Summary

Total Honeywell		By Segment	
<p>Sales</p> <hr/> <p>\$38.6 - \$39.5B Down (2%) - Flat 1% - 3% Organic</p>	<p>Segment Margin</p> <hr/> <p>19.0% - 19.4% Up 70 - 110 bps</p>	<p>Sales</p>	<p>Margin</p>
		<p>Aero</p> <p>\$14.0B - \$14.4B (2%) - (5%) (2%) - 1% Organic</p>	<p>20.9% - 21.3% Up 60 - 100</p>
		<p>HBT</p> <p>\$10.8B - \$11.0B 2% - 4% 3% - 5% Organic</p>	<p>17.2% - 17.6% Up 140 - 180</p>
		<p>PMT</p> <p>\$8.4B - \$8.6B (8%) - (10%) 2% - 4% Organic</p>	<p>23.5% - 23.9% Up 140 - 180</p>
		<p>SPS</p> <p>\$5.4B - \$5.5B 16% - 18% 1% - 3% Organic</p>	<p>15.6% - 16.0% Up 90 - 130 Up 160 - 200 ex- M&A</p>
<p>EPS</p> <hr/> <p>\$6.85 - \$7.10 Up 6% - 10% Ex-Divestitures¹</p>	<p>FCF</p> <hr/> <p>\$4.6 - \$4.7B Up 5% - 7%</p>		

¹ Excludes \$0.14 Contribution Of 2016 Divestitures At Weighted Average Share Count Of 775.3M
EPS, % Exclude Any Pension Mark-to-Market Adjustment And 4Q16 Debt Refinancing Charges

Summary

- **Terrific Finish To 2016 In Slow Growth Environment**
- **Strong Segment Margin And Free Cash Flow**
- **Expect First Quarter Earnings Up 6% - 9% Ex-2016 Divestitures**
- **Reaffirming 2017 Full Year Outlook**
- **Well-Positioned To Outperform!**

Appendix

4Q16 Segment Sales Results

	Reported	Core Organic
Aerospace	(8%)	(5%)
Commercial Aviation OE	(19%)	(19%)
Commercial Aviation Aftermarket	~Flat	~Flat
Defense & Space	(14%)	(6%)
Transportation Systems	1%	2%
Home And Building Technologies	13%	2%
Products	22%	(2%)
Distribution	4%	5%
Performance Materials And Technologies	(5%)	5%
UOP	6%	10%
Honeywell Process Solutions	10%	(1%)
Advanced Materials	(28%)	8%
Safety And Productivity Solutions	9%	(6%)
Safety	(5%)	(5%)
Productivity Solutions	21%	(6%)

FY16 Segment Sales Results

	Reported	Core Organic
Aerospace	(3%)	(3%)
Commercial Aviation OE	(13%)	(12%)
Commercial Aviation Aftermarket	3%	3%
Defense & Space	(7%)	(6%)
Transportation Systems	3%	4%
Home And Building Technologies	16%	4%
Products	27%	2%
Distribution	5%	7%
Performance Materials And Technologies	(2%)	(2%)
UOP	(17%)	(16%)
Honeywell Process Solutions	16%	4%
Advanced Materials	(5%)	3%
Safety And Productivity Solutions	(2%)	(7%)
Safety	(3%)	(2%)
Productivity Solutions	(1%)	(11%)

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

(\$M)

	4Q15	2015	1Q16	4Q16	2016
Aerospace	\$856	\$3,218	\$798	\$739	\$2,991
Home and Building Technologies	424	1,512	360	470	1,683
Performance Materials and Technologies	473	1,990	461	566	2,050
Safety and Productivity Solutions	181	746	150	185	680
Corporate	(54)	(210)	(49)	(61)	(218)
Segment Profit	\$1,880	\$7,256	\$1,720	\$1,899	\$7,186
Stock Compensation Expense ⁽¹⁾	(43)	(175)	(53)	(39)	(184)
Repositioning and Other ^(1, 2)	(158)	(576)	(131)	(136)	(679)
Pension Ongoing Income ⁽¹⁾	131	430	150	154	601
Pension Mark-to-Market Expense ⁽¹⁾	(67)	(67)	-	(273)	(273)
OPEB (Expense) Income ⁽¹⁾	(10)	(40)	9	8	32
Operating Income	\$1,733	\$6,828	\$1,695	\$1,613	\$6,683
Segment Profit	\$1,880	\$7,256	\$1,720	\$1,899	\$7,186
÷ Sales	\$9,982	\$38,581	\$9,522	\$9,985	\$39,302
Segment Profit Margin %	18.8%	18.8%	18.1%	19.0%	18.3%
Operating Income	\$1,733	\$6,828	\$1,695	\$1,613	\$6,683
÷ Sales	\$9,982	\$38,581	\$9,522	\$9,985	\$39,302
Operating Income Margin %	17.4%	17.7%	17.8%	16.2%	17.0%

(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.

Calculation Of Segment Profit Margin Excluding Mergers And Acquisitions

<i>(\$M)</i>	<u>4Q16</u>
Honeywell	
Segment Profit Excluding Mergers and Acquisitions	\$1,833
÷ Sales Excluding Mergers and Acquisitions	<u>\$9,284</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u>19.7%</u>
Aerospace ⁽¹⁾	
Segment Profit Excluding Mergers and Acquisitions and Other	\$786
÷ Sales Excluding Mergers and Acquisitions and Other	<u>\$3,677</u>
Segment Profit Margin Excluding Mergers and Acquisitions and Other %	<u>21.4%</u>
Home and Building Technologies	
Segment Profit Excluding Mergers and Acquisitions	\$436
÷ Sales Excluding Mergers and Acquisitions	<u>\$2,463</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u>17.7%</u>
Performance Materials and Technologies	
Segment Profit Excluding Mergers and Acquisitions	\$540
÷ Sales Excluding Mergers and Acquisitions	<u>\$2,093</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u>25.8%</u>
Safety and Productivity Solutions	
Segment Profit Excluding Mergers and Acquisitions	\$180
÷ Sales Excluding Mergers and Acquisitions	<u>\$1,105</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u>16.3%</u>

(1) Other includes year-over-year incremental OEM incentives.

Calculation Of Segment Profit Margin Excluding Mergers And Acquisitions

(\$M)

Honeywell

Segment Profit Excluding Mergers and Acquisitions	\$6,980
÷ Sales Excluding Mergers and Acquisitions	<u>\$37,023</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u><u>18.9%</u></u>

Aerospace

Segment Profit Excluding Mergers and Acquisitions	\$2,992
÷ Sales Excluding Mergers and Acquisitions	<u>\$14,590</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u><u>20.5%</u></u>

Home and Building Technologies

Segment Profit Excluding Mergers and Acquisitions	\$1,588
÷ Sales Excluding Mergers and Acquisitions	<u>\$9,374</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u><u>16.9%</u></u>

Performance Materials and Technologies

Segment Profit Excluding Mergers and Acquisitions	\$1,959
÷ Sales Excluding Mergers and Acquisitions	<u>\$8,721</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u><u>22.5%</u></u>

Safety and Productivity Solutions

Segment Profit Excluding Mergers and Acquisitions	\$670
÷ Sales Excluding Mergers and Acquisitions	<u>\$4,338</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u><u>15.4%</u></u>

Reconciliation Of Core Organic Sales Growth

	<u>4Q16</u>	<u>2016</u>
Honeywell		
Reported Sales Growth	-	2%
Less: Foreign Currency Translation, Acquisitions, Divestitures and Other	1%	3%
Less: Raw Materials Pricing in R&C	-	-
Core Organic Sales Growth	<u>(1%)</u>	<u>(1%)</u>
Performance Materials and Technologies		
Reported Sales Growth	(5%)	(2%)
Less: Foreign Currency Translation, Acquisitions, Divestitures and Other	(10%)	1%
Less: Raw Materials Pricing in R&C	-	(1%)
Core Organic Sales Growth	<u>5%</u>	<u>(2%)</u>
Advanced Materials		
Reported Sales Growth	(28%)	(5%)
Less: Foreign Currency Translation, Acquisitions, Divestitures and Other	(36%)	(6%)
Less: Raw Materials Pricing in R&C	-	(2%)
Core Organic Sales Growth	<u>8%</u>	<u>3%</u>

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.

Reconciliation Of Cash Provided By Operating Activities To Free Cash Flow And Calculation Of Free Cash Flow Conversion

<i>(\$M)</i>	4Q15	4Q16
Cash Provided by Operating Activities	\$1,963	\$2,042
Expenditures for Property, Plant and Equipment	(388)	(346)
Free Cash Flow	<u>\$1,575</u>	<u>\$1,696</u>
Net income, attributable to Honeywell	\$1,194	\$1,034
Pension mark-to-market expense net of tax ⁽¹⁾	43	215
Debt refinancing expense ⁽²⁾	-	93
Net income, attributable to Honeywell, excluding pension mark-to-market expense and debt refinancing expense	<u>\$1,237</u>	<u>\$1,342</u>
Cash Provided by Operating Activities	\$1,963	\$2,042
÷ Net Income Attributable to Honeywell	1,194	1,034
Operating Cash Flow Conversion %	<u>164%</u>	<u>197%</u>
Free Cash Flow	\$1,575	\$1,696
÷ Net income, attributable to Honeywell, excluding pension mark-to-market expense and debt refinancing expense	1,237	1,342
Free Cash Flow Conversion %	<u>127%</u>	<u>126%</u>

(1) Pension mark-to-market expense uses a blended tax rate of 21.3% and 36.1% for 2016 and 2015.

(2) Debt refinancing expense uses a tax rate of 26.5% for 2016.

Reconciliation Of Cash Provided By Operating Activities To Free Cash Flow

(\$M)

Cash Provided by Operating Activities
Expenditures for Property, Plant and Equipment
Free Cash Flow

2016

\$5,498

(1,095)

\$4,403

Reconciliation Of EPS To EPS, Excluding Pension Mark-To-Market Expense, Debt Refinancing Expense And Earnings Attributable To 2016 Divestitures

	<u>4Q15</u>	<u>1Q16</u>	<u>4Q16</u>	<u>2015</u>	<u>2016</u>
EPS	\$1.53	\$1.56	\$1.34	\$6.04	\$6.20
Pension Mark-to-Market Expense ⁽¹⁾	0.05	-	0.28	0.06	0.28
Debt Refinancing Expense ⁽²⁾	-	-	0.12	-	0.12
EPS, Excluding Pension Mark-to-Market Expense and Debt Refinancing Expense	<u>\$1.58</u>	<u>\$1.56</u>	<u>\$1.74</u>	<u>\$6.10</u>	<u>\$6.60</u>
EPS, Attributable to 2016 Divestitures ⁽³⁾	(0.05)	(0.05)	-	(0.19)	(0.14)
EPS, Excluding Pension Mark-to-Market Expense, Debt Refinancing Expense and 2016 Divestitures	<u><u>\$1.53</u></u>	<u><u>\$1.51</u></u>	<u><u>\$1.74</u></u>	<u><u>\$5.91</u></u>	<u><u>\$6.46</u></u>

(1) Pension mark-to-market expense uses a blended tax rate of 36.1% and 21.3% for 2015 and 2016.

(2) Debt refinancing expense uses a tax rate of 26.5% for 2016.

(3) 2016 divestitures use a blended tax rate of 30.8% for 4Q15, 36.0% for 1Q16, 33.2% for 2015 and 33.9% for 2016.

Reconciliation Of EPS To EPS, Excluding Pension Mark-To-Market Expense, Debt Refinancing Expense And Earnings Attributable To 2016 Divestitures

	<u>1Q17E ⁽¹⁾</u>	<u>2017E ⁽¹⁾</u>
EPS	TBD	TBD
Pension Mark-to-Market Expense	-	TBD
Debt Refinancing Expense	-	-
EPS, Excluding Pension Mark-to-Market Expense and Debt Refinancing Expense	<u>\$1.60 - \$1.64</u>	<u>\$6.85 - \$7.10</u>
EPS, Attributable to Divestitures	-	-
EPS, Excluding Pension Mark-to-Market Expense, Debt Refinancing Expense and Earnings Attributable to Divestitures	<u>\$1.60 - \$1.64</u>	<u>\$6.85 - \$7.10</u>

(1) Utilizes weighted average shares of approximately 772 million.

We believe EPS, excluding pension mark-to-market expense, debt refinancing expense and earnings attributable to 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 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. We therefore do not include an estimate for the pension mark-to-market expense in this reconciliation. Management is not currently forecasting an impact to earnings per share arising from any impact from a debt refinancing or divestiture transaction. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change.