


May 22, 2018

ELECTRICAL PRODUCTS GROUP CONFERENCE

Darius Adamczyk, Chairman and CEO

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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.

Information regarding the impact of Tax Legislation consists of preliminary estimates which are forward-looking statements and are subject to change, possibly materially, as the firm completes its financial statements. Information regarding the impact of Tax Legislation is based on our current calculations, as well our current interpretations, assumptions and expectations relating to Tax Legislation, which are subject to further change.

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, acquisitions and divestitures for the first 12 months following transaction date, and impacts from adoption of the new accounting guidance on revenue from contracts with customers that arise solely due to non-comparable accounting treatment of contracts existing in the prior period; free cash flow, which we define as cash flow from operations less capital expenditures and which we adjust to exclude impact of separation cost and adjustments to the provisional charge related to Tax Legislation, if and as noted in the presentation; free cash flow conversion, which we define as free cash flow divided by net income attributable to Honeywell excluding pension mark-to-market expenses, separation costs, and the provisional charge related to Tax Legislation; and earnings per share, which we adjust to exclude pension mark-to-market expenses, as well as for other components, such as separation costs, the provisional charge related to Tax Legislation, and 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.

Key Takeaways

- Strong start to 2018, second quarter and full year on track
- Momentum in business aviation, U.S. defense, and process and warehouse automation
- Continued progress on strategic priorities, becoming the premier Software-Industrial company
- Spins progressing well – in-line with previously announced timelines
- Aggressively deploying capital, enhanced cash availability with repatriation

Honeywell Extremely Well Positioned for 2018 and Beyond

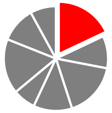
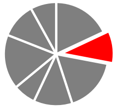
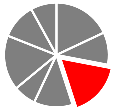
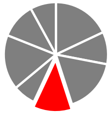
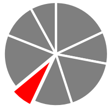
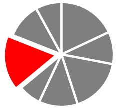
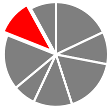
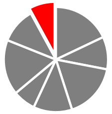
CEO Priority Update

Priority	Initial Long-Term Outlook	2017	1Q18 Update
✓ Accelerate Organic Growth	+LSD - MSD	4%	5%
✓ Expand Margins	+30 - 50 bps	+70 bps	+40 bps
Improve Cash Conversion	100%	90%	30% YoY FCF Increase
✓ Become a Software-Industrial Company	~20% CAGR for Software Sales	23% Connected Software Growth	Double-Digit Connected Software Growth
✓ More Aggressive Capital Deployment	Prioritizing high-ROI Investments Growing dividend ≈ earnings Opportunistic share repurchases	$2.9B Share Repurchases	~$950M Share Repurchases

- Highest 1Q organic sales, EPS and free cash flow growth in three years
- Outstanding sales performance in Aerospace, Intelligrated, Process Solutions; momentum from new product introductions
- Continued investments in Commercial Excellence, material productivity, and repositioning

Say = Do

End-Market Update

End Market	HON Exposure	2018	Market Dynamics
Aerospace		↗	• ~7%[1] flight hour growth in 1Q; increased OE delivery rates
Defense & Space		↗	• Strong U.S. defense demand, higher defense spending; comm’l helo activity resuming
Buildings		→	• Strength in non-residential construction continues; strong APAC and EMEA outlook
Oil & Gas / PetroChem		↗	• Oil prices at 3-year high; U.S. natural gas activity surging
Specialty Chemicals		→	• Adoption of low-global-warming solutions continues
Industrial Productivity		↗	• Positive outlook for warehouse automation investment
Homes		→	• U.S. housing starts grew 10.5%[2] YoY in April
Turbos		→	• Strong gas and off-highway CV demand, higher gas / lower diesel penetration

Sources: 1) Honeywell estimate; 2) United States Census Bureau

Favorable Growth Environment in Key End Markets

2Q18 Update

2Q18 Guidance

Sales

$10.7B - $10.8B

6% - 7% Reported

3% - 4% Organic

Segment Margin

19.3% - 19.5%

Up 30 - 50 bps

EPS

$1.97 - $2.03

Up 9% - 13%

What We Are Seeing

Aero
- Comm'l OE and U.S. Defense strength continues
- Commercial Aftermarket Repair and Overhaul demand remains strong
- Gas turbo demand (China, EU), comm'l vehicle growth continues

HBT
- Global growth in Homes products and ADI
- Strength in commercial fire

PMT
- UOP licensing and equipment; continued Solstice® strength
- Short-cycle strength in Process Solutions

SPS
- Intelligrated growth supported by strong orders and backlog
- Strength in Safety, Sensing; new Mobility product launches

EPS, EPS V% exclude separation costs and adjustments to the provisional charge related to tax legislation

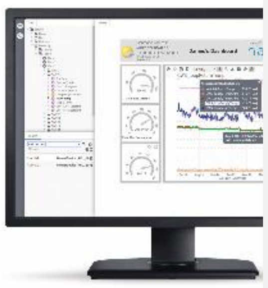
Reaffirming 2Q18 and Full Year 2018 Guidance

The Power of Connected – Recent Highlights

Aerospace

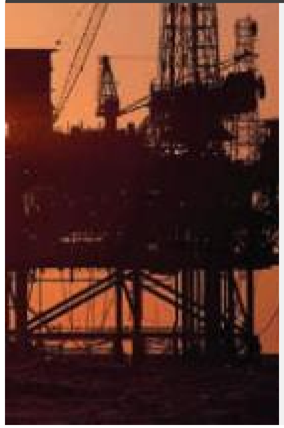
International Airlines Group will deploy GoDirect™ Flight Efficiency software to reduce carbon emissions and boost fuel savings across its fleet of 500+ aircraft.

Home and Building Technologies



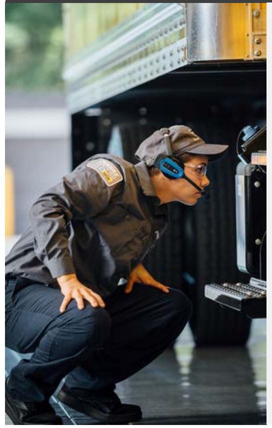
Dubai Civil Defence is managing 5,000 connected buildings using Tridium Niagara software.

Performance Materials and Technologies



Honeywell Process Solutions is **connecting 14 offshore oil platforms in the Caribbean** for a major oil and gas customer to improve operational efficiency while reducing costs.

Safety and Productivity Solutions

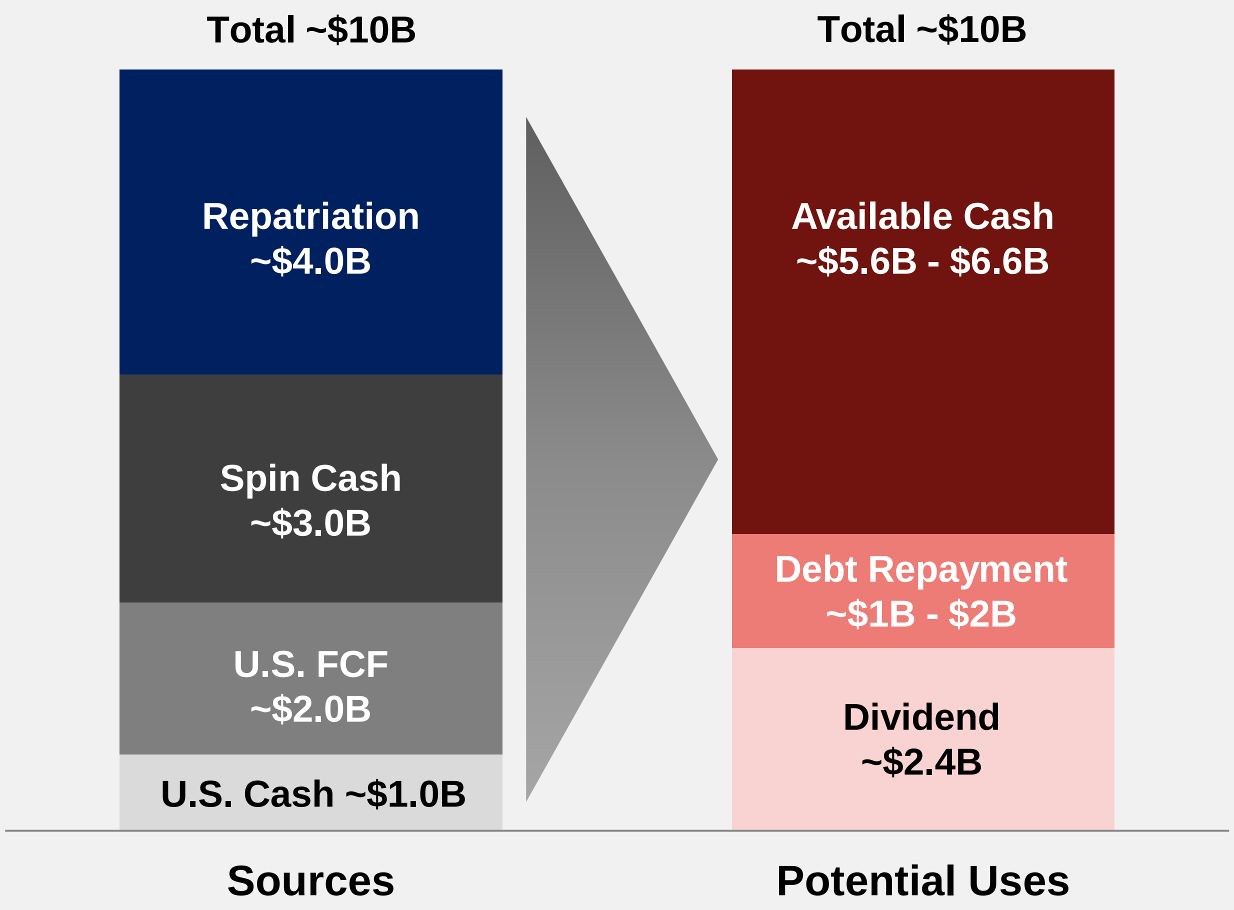


Penske Truck Leasing implemented Honeywell Voice Solutions to maintain its fleet. Workers make fewer errors, have higher job satisfaction rates and are more productive in their work.

New Connected Offerings Driving Growth

2018 U.S. Cash Availability

Sources and Potential Uses



Comments

- Top priority remains bolt-on M&A
- ~$950M of share repurchases in 1Q; following our repurchase framework
- Plan to repatriate ~$4B+ of non-U.S. cash in 2018 is on track
- Dividend growth in-line with earnings growth

2018E capacity excludes estimated separation costs

Committed to Aggressive Capital Deployment

Capital Deployment in Today's M&A Environment

M&A Environment

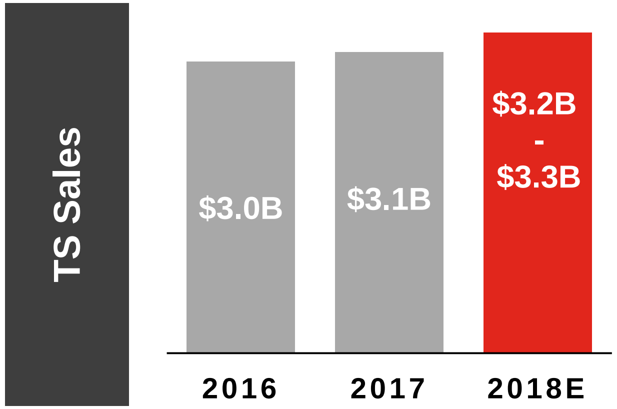
- **Record trading and transaction comparables … looking for growth**
- **Expensive assets**
  - Low interest rates
  - Private equity "dry powder" at record levels
- **Competitive environment**
  - Industrial asset scarcity
  - Multi-industry peers all chasing industrial technology, software assets

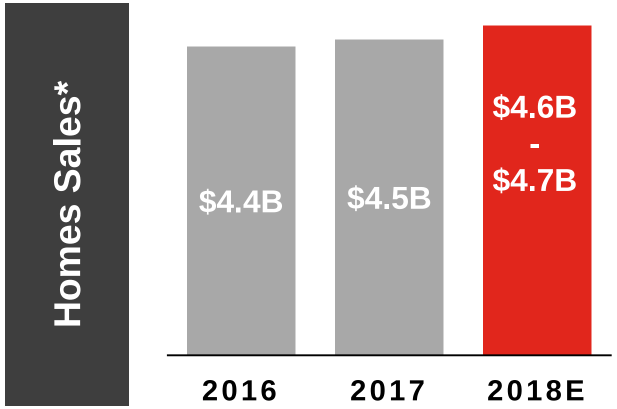
HON Focus

- **Abide by M&A priorities**
  - Technology differentiation is critical
  - Low cyclicality
  - Strong alignment to mega-trends
- **Maintain discipline in environment of elevated valuations**
- **Seek bolt-ons in core and market adjacencies**
  - Focus on deal pipeline expansion
- **Early stage relationship building, avoid the auction**
  - "Be first, be fast"
  - HON as the buyer of choice
- **Reemphasis on SBG-specific M&A activities**

Relentlessly Pursuing Deals while Maintaining Disciplined Approach

SpinCo Update





Key Value Drivers

- Global footprint and scale
- Superior technology across engine types
- Productivity and cost leadership
- High Growth Regions position
- Superior customer value proposition
- Growth vectors in e-turbo and cyber

- Unparalled installed base
- Market-leading positions in its core spaces
- Comprehensive Connected Home offering
- Leading global distribution channel in ADI

Update

- Appointed leaders for each SpinCo
- Completed confidential submission of first Form 10 for Transportation Systems for SEC review
- On track to eliminate 100% of stranded costs by end of 2019
- Anticipate using SpinCo dividend for minimum debt repayment to maintain credit rating, with remainder targeted toward share repurchases

**Sales are preliminary and approximate estimates and subject to finalization of the contours of the spun-off business and finalization of the carve-out audit*

Spin Execution Progressing as Planned

Leadership Update

Greg Lewis, CFO (Effective August 3)

- Lewis named VP, Corporate Finance, in a transition role that will lead him to become Senior VP and CFO on August 3rd
- Most recently VP, EIM, where he oversaw the elimination of 32 ERP systems and put HON on path to achieve $50M in cost savings over the next few years
- Prior to that, served as VP and CFO of Automation and Control Solutions (ACS) business group

Olivier Rabiller, President and CEO of Transportation Systems Spin-Off

- Rabiller has led Transportation Systems business since July 2016
- Previous roles at Transportation Systems included VP and General Manager for High Growth Regions, Business Development, and Aftermarket; VP and General Manger, Aftermarket; VP of Sourcing; VP of Customer Management for Passenger Vehicles; VP of European Sales and Customer Management

Bin Shen, President of Honeywell China

- Extensive experience in business portfolio transformation, developing and implementing effective strategies, defining new product experiences, and capitalizing on growth opportunities
- Expert in digital product development, M&A, ecosystem partnerships, venture and incubation, and data analytical marketing
- Previously VP of Corporate Strategy and New Business Development at Verizon Communications

Mike Nefkens, President and CEO of Homes Spin-Off

- Experienced technology executive with a strong customer focus and proven record of delivering innovative solutions and shareholder value
- Previously served as executive vice president and general manager, Enterprise Services, Hewlett Packard Enterprise
- Led the successful spinoff-merger of this business into DXC Technology in 2017

Key New Leadership Appointments

Summary

- 1Q a great start to 2018; continue to make significant progress on key priorities
- Momentum in many key end markets providing tailwinds for growth
- Financial performance on track, reaffirming 2Q and full-year 2018 guidance
- Strong balance sheet, continuing to aggressively deploy capital
- Spins progressing well – key leadership appointments announced

Honeywell Investment Thesis Becoming Even More Compelling

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Appendix

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

($M)	2016	1Q17	2017	1Q18
Aerospace	$14,751	$3,546	$14,779	$3,977
Home and Building Technologies	9,490	2,269	9,777	2,433
Performance Materials and Technologies	10,436	2,353	10,339	2,534
Safety and Productivity Solutions	4,625	1,324	5,639	1,448
Net Sales	$39,302	$9,492	$40,534	$10,392
Aerospace	$2,991	$796	$3,288	$893
Home and Building Technologies	1,621	377	1,650	416
Performance Materials and Technologies	2,112	483	2,206	519
Safety and Productivity Solutions	680	194	852	231
Corporate	(218)	(61)	(306)	(64)
Segment profit	$7,186	$1,789	$7,690	$1,995
Stock compensation expense (1)	(184)	(50)	(176)	(52)
Pension and other postretirement service costs (2)	(277)	(63)	(247)	(56)
Repositioning and other (3,4)	(679)	(135)	(1,010)	(163)
Operating income	$6,046	$1,541	$6,257	$1,724
Segment profit	$7,186	$1,789	$7,690	$1,995
÷ Sales	$39,302	$9,492	$40,534	$10,392
Segment profit margin %	18.3%	18.8%	19.0%	19.2%
Operating income	$6,046	$1,541	$6,257	$1,724
÷ Sales	$39,302	$9,492	$40,534	$10,392
Operating income margin %	15.4%	16.2%	15.4%	16.6%

(1) Amounts included in Selling, general and administrative expenses.
(2) Amounts included in Cost of products and services sold and Selling, general and administrative expenses (service costs). (Note - Other income/expense includes non-service cost components).
(3) Includes repositioning, asbestos, environmental expenses and equity income adjustment.
(4) Included in Cost of products and services sold, Selling, general and administrative expenses, and Other income/expense.

Certain amounts in the prior year reconciliation have been reclassified to conform with current year presentation, including changes made due to the adoption of the accounting standard related to classification of pension and other postretirement benefit costs.

We define segment profit as operating income, excluding stock compensation expense, pension and other postretirement service costs, 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 Organic Sales % Change

Honeywell	2017	1Q18
Reported sales % change	3%	9%
Less: Foreign currency translation	-	4%
Less: Acquisitions, divestitures and other, net	(1%)	-
Organic sales % change	4%	5%

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, acquisitions, net of divestitures and in 2018, the non-comparable impacts from adoption of the new revenue recognition standard. 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 Cash Provided by Operating Activities to Free Cash Flow and Calculation of Free Cash Flow Conversion, Excluding Pension Mark-to-Market Expense, Separation Costs, and Impacts from Tax Reform

($M)	2017
Cash provided by operating activities	$5,966
Expenditures for property, plant and equipment	(1,031)
Free cash flow	4,935
Net Income attributable to Honeywell	$1,655
Pension mark-to-market expense, net of tax (1)	$67
Impacts from separation costs, net of tax	$14
Impacts from tax reform	$3,754
Net income attributable to Honeywell, excluding pension mark-to-market expense, separation costs and tax reform	$5,490
Cash provided by operating activities	$5,966
÷ Net income attributable to Honeywell	$1,655
Operating cash flow conversion %	360%
Free cash flow	$4,935
÷ Net income attributable to Honeywell, excluding pension mark-to-market expense, separation costs, and impacts from tax reform	$5,490
Free cash flow conversion %, excluding pension mark-to-market expense, separation costs, and impacts from tax reform	90%

(1) Pension mark-to-market expense uses a blended tax rate of 23% for 2017.

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

We believe free cash flow is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

We believe that free cash flow conversion %, excluding pension mark-to-market expense, separation costs, and impacts from tax reform 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.

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Reconciliation of Cash Provided by Operating Activities to Free Cash Flow, Excluding Separation Cost Payments

($M)	1Q17	1Q18
Cash provided by operating activities	$940	$1,136
Expenditures for property, plant and equipment	(168)	(140)
Free cash flow	772	996
Separation cost payments	-	10
Free cash flow, excluding separation cost payments	$772	$1,006

We believe free cash flow, excluding separation cost payments is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

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

Reconciliation of EPS to EPS, Excluding Separation Costs and Impacts from Tax Reform

	2Q17	2Q18E
Earnings per share of common stock - assuming dilution (EPS)	$1.80	TBD
Separation costs	-	TBD
Impacts from tax reform	-	TBD
EPS, excluding pension mark-to-market expense, separation costs, and impacts from tax reform	$1.80	$1.97 - $2.03

We believe earnings per share, excluding pension mark-to-market expense, separation costs and impacts from tax reform is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. For forward looking information, management cannot reliably predict or estimate, without unreasonable effort, the separation costs given the preliminary nature of the estimates, and any adjustments to charges from tax reform as the charges are provisional. We therefore do not include an estimate for the separation costs or adjustments to charges from tax reform in this reconciliation. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change.