

February 28, 2018

ANNUAL INVESTOR CONFERENCE

Honeywell
THE POWER OF **CONNECTED**

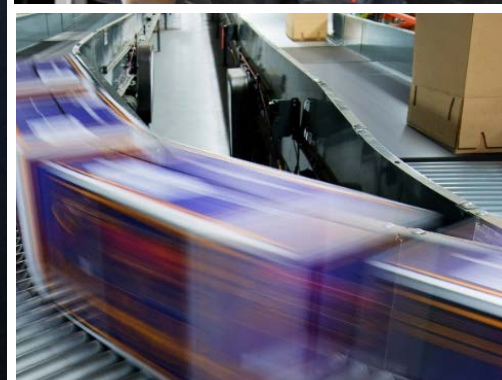
Forward Looking Statements

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, including statements regarding the timing of the spin-off transactions described herein, any dividends or liability allocation in connection with the spin-off transactions, cost savings to Honeywell or the separated businesses, and expected financial performance of the separated businesses including expected sales. Such statements are based upon certain assumptions and assessments made by our management in light of their experience and their perception of historical trends, available data regarding current economic and industry conditions, expected future developments and other factors they believe to be appropriate. Such assumptions include those regarding expected allocation of assets and liabilities of the separated businesses, the expected value drivers of the separated businesses, the expected timing of the spin-off transactions and projected industry growth rates, regulatory environments and market trends in the geographic regions and markets that the separated businesses intend to compete in, among other assumptions. 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, regulatory and technological factors affecting our operations, markets, products, services and prices, as well as the ability to effect the separations in a manner consistent with our intended transaction structures and timing or at all. 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 the Tax Cuts and Jobs Act of 2017 (“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 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; 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, the provisional charge related to Tax Legislation, and with respect to forward looking measures, adjustments to such provisional charge; free cash flow conversion excluding pension and OPEB, which we define as free cash flow excluding pension cash contributions and other postretirement benefit payments divided by net income attributable to Honeywell excluding pension mark-to-market expense, separation costs, the provisional charge related to Tax Legislation, pension ongoing income and other postretirement (income) expense, and with respect to forward looking measures, adjustments to such provisional tax charge; EBITDA, which we define as income before taxes excluding pension mark-to-market expense and separation costs and adjusted for interest and other financial charges, interest income and depreciation and amortization; 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. Forward looking quantitative reconciliations herein exclude separation costs because management cannot reliably predict or precisely estimate, without unreasonable effort, those costs given the preliminary nature of the estimates and exclude any adjustments to the provisional charge related to Tax Legislation as such charge is provisional.



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INTRODUCTION

Darius Adamczyk, President and CEO

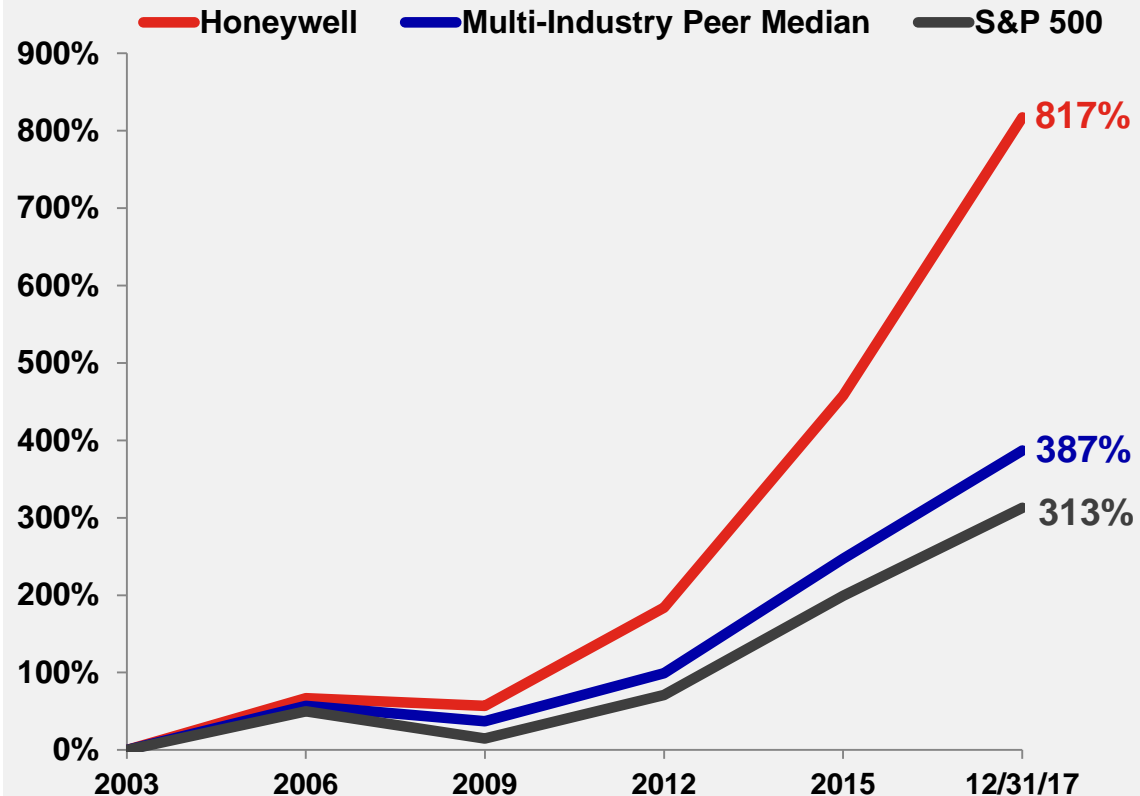
Honeywell
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Key Messages

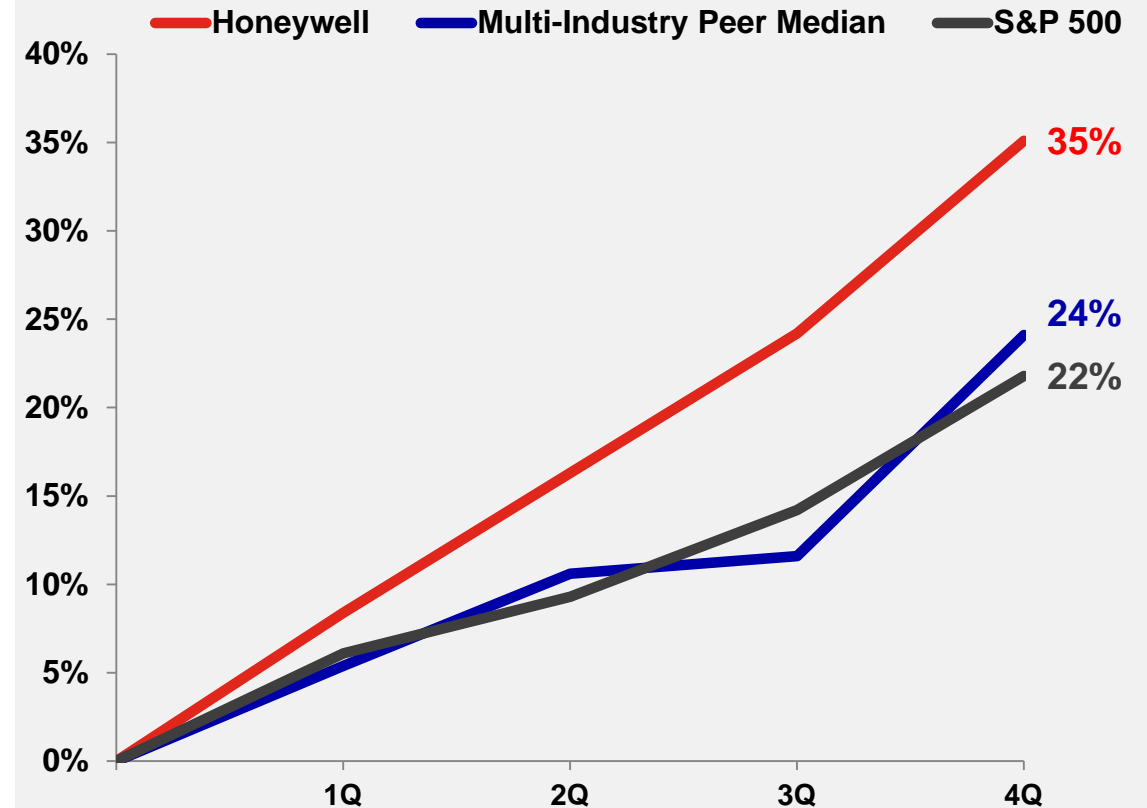
- **Outstanding performance in 2017 ... same will be true in 2018 and over the long-term**
- **Outperformed peers and delivered on every financial commitment**
- **Well positioned for 2018 with improving backlog; growth and productivity acceleration**
- **Strategic priorities stay consistent: enhanced organic growth, margin expansion, cash generation, transformation to a software industrial, and capital deployment**

Shareowner Value Creation

15-Year Total Shareowner Return



2017 Total Shareowner Return



Source: NASDAQ

Multi-Industry peers include General Electric (GE), United Technologies (UTX), 3M (MMM), and Emerson (EMR)

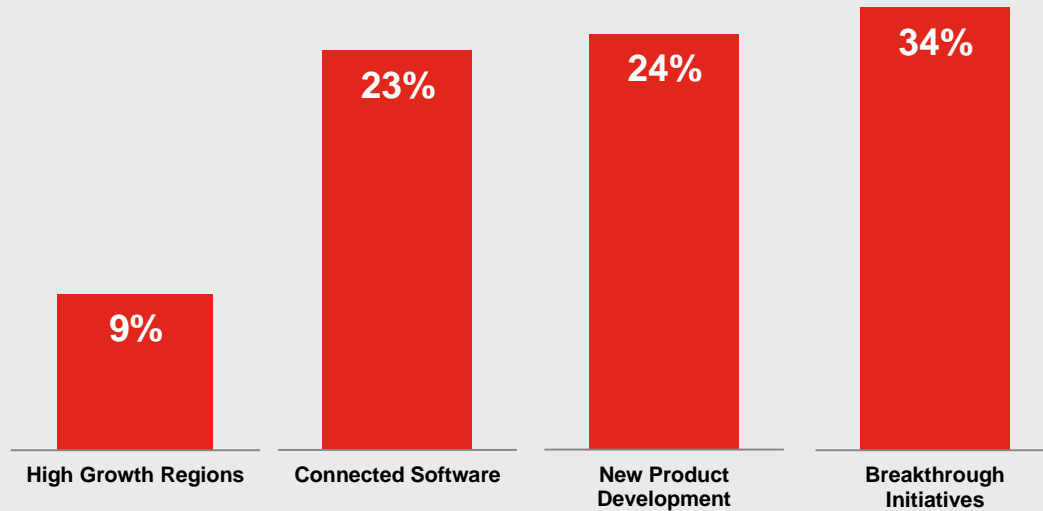
Key Priorities Update

	Commitment	2017 Result	Comments
1 Accelerate Organic Growth	1% - 3%	4%	<ul style="list-style-type: none"> Realizing benefits from growth investments, capacity expansion, commercial excellence, and M&A Expanding backlog, strong order rates
2 Expand Margins / Improve Cash Conversion	70 - 110 bps	70 bps	<ul style="list-style-type: none"> Significant expansion in segment margin via value capture and productivity
	\$4.6B - \$4.7B	\$4.9B	<ul style="list-style-type: none"> 90% FCF conversion, traction on working capital
3 Become a Software-Industrial Company	~20% CAGR for Software	23% Growth in Connected Software	<ul style="list-style-type: none"> Deep domain knowledge in Honeywell's end markets driving value via software Leveraging Honeywell Sentience to build end market-centric solutions
4 More Aggressive Capital Deployment	~\$5B Excluding CapEx	\$5.1B Excluding CapEx	<ul style="list-style-type: none"> Deployed \$2.9B to repurchase shares, 12% dividend increase M&A activity challenging, but added capabilities in cyber security, Fire, and China

1 Accelerate Organic Growth

2017 Growth Highlights

Up 4%
Organic Sales



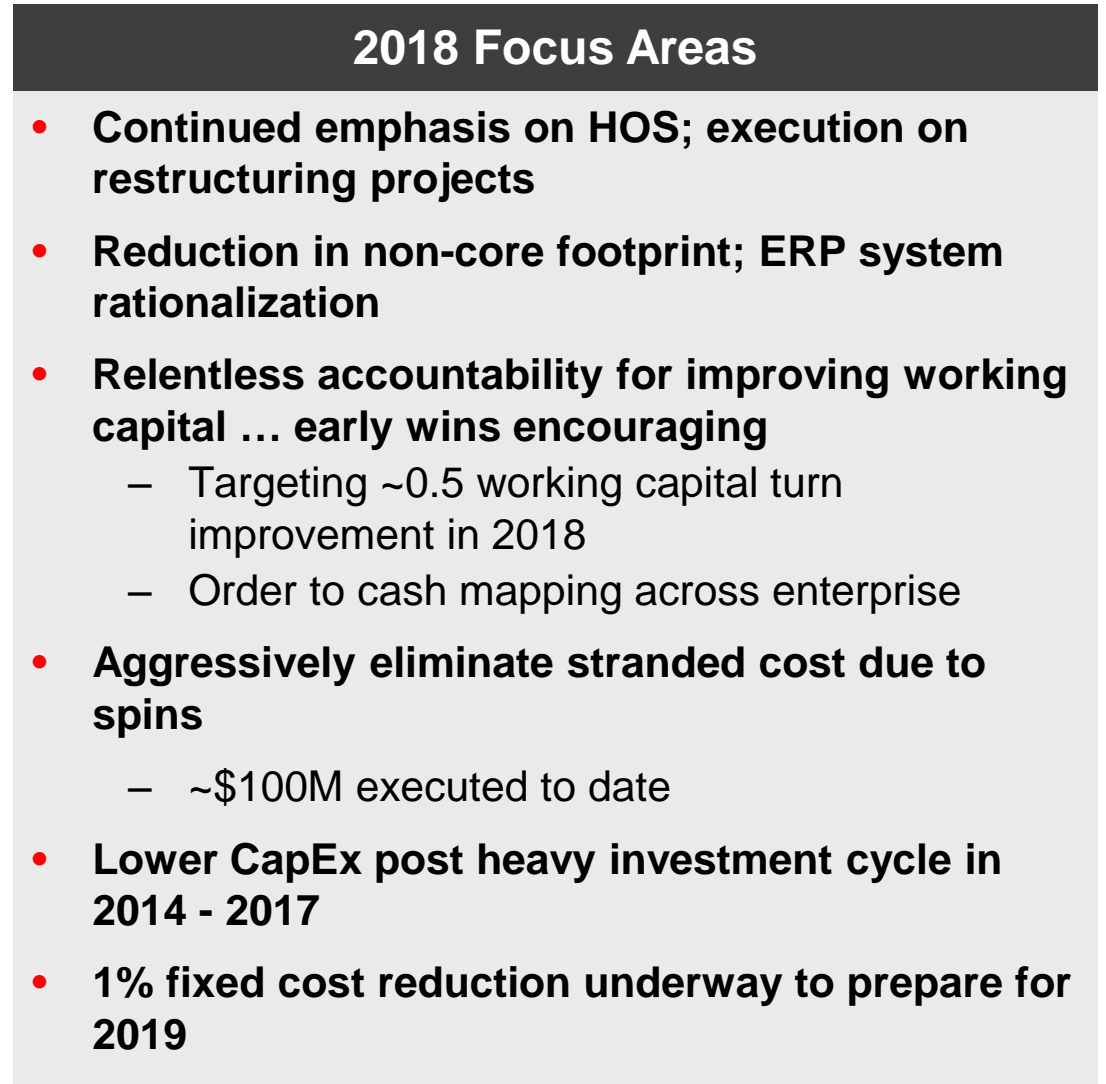
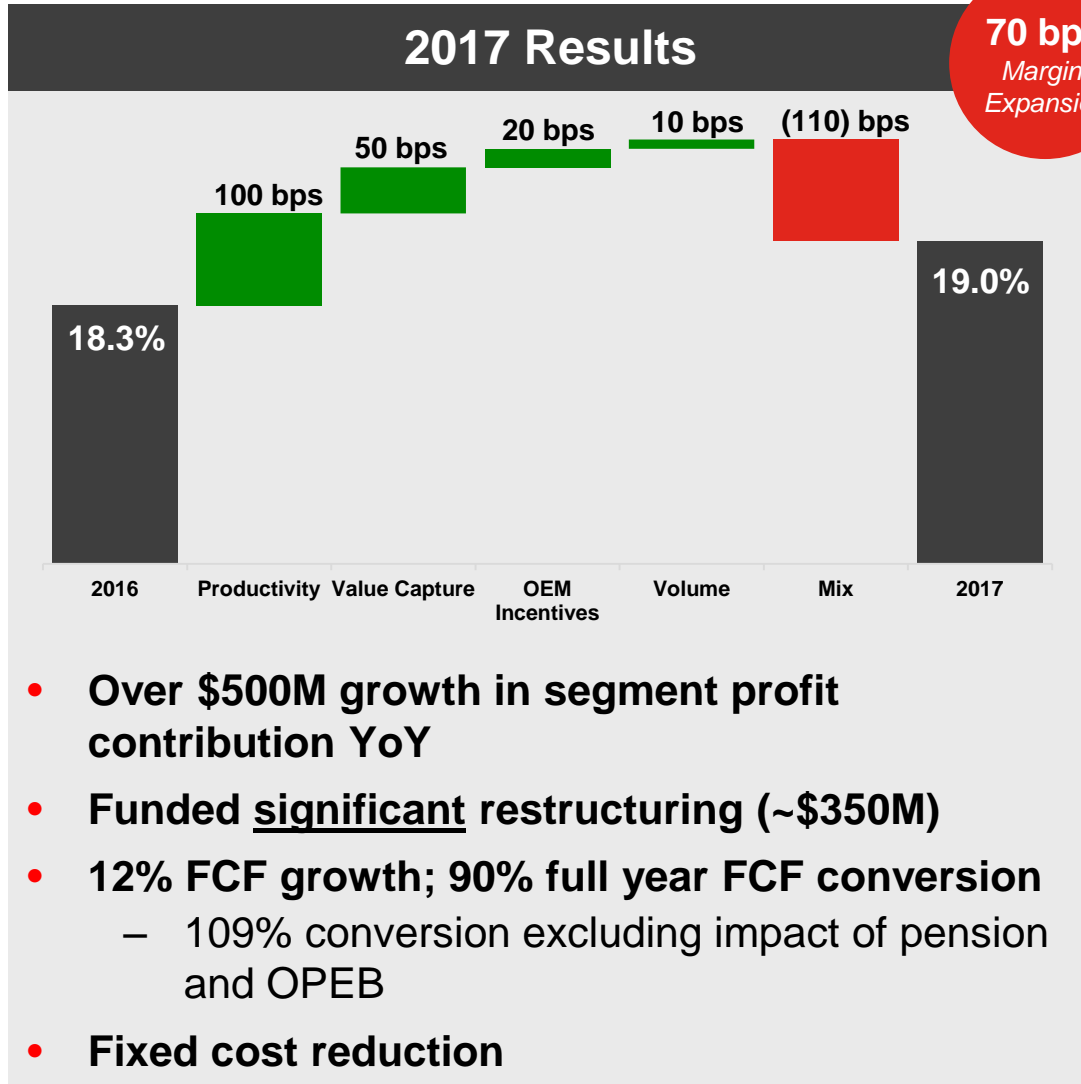
- Growth in China (25%), India (19%), and all HGR countries outpacing GDP
- Increasing sales coverage for breakthroughs, geographies, and software

Graph reflects YoY growth for each initiative

2018 Focus Areas

- Focus on key NPI metrics: 'Say/Do' and NPD as % of sales
- Revitalization of Velocity Product Development process with focus on new product development pipelines incorporating leading edge technologies
- Improving user experience through HUE
 - Targeting +10 point net promoter score improvement in 2018 (+2.4 point improvement in 2017)
- Developing impactful breakthrough offerings
 - All business units have 1 - 3 breakthrough growth pursuits
- Planning for 2X+ GDP growth in HGRs
 - China and India strategy maturing; Middle East and Latin America the next frontier

2 Expand Margins and Improve Cash Conversion

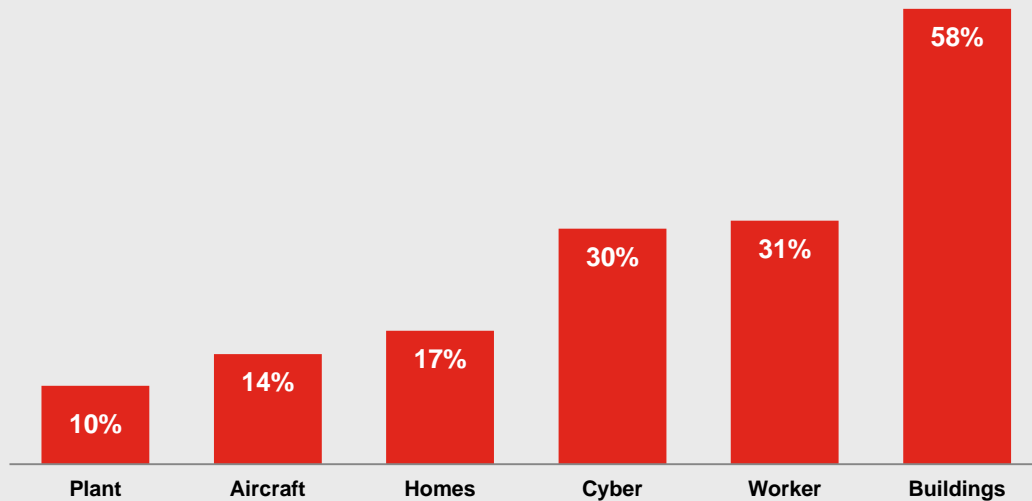


3 Become a Software-Industrial Company

2017 Results

23%
Connected
Software
Growth

Connected Enterprise Growth



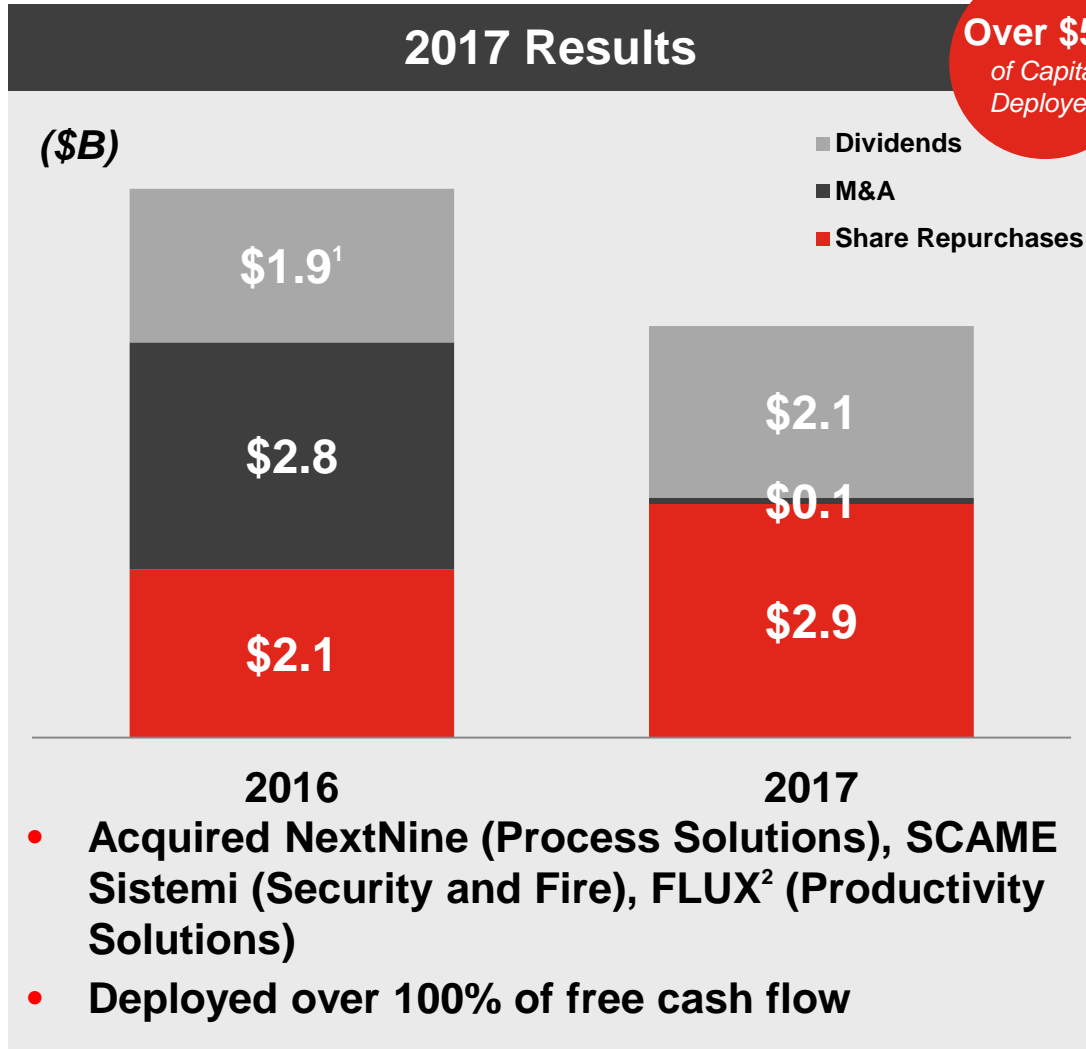
- ~\$1.5B of software sales
- Further buildout of Honeywell Sentience platform
- Secured key customer wins across all end market segments

Graph reflects YoY growth for each initiative

2018 Focus Areas

- ~20% CAGR in software sales
- Leveraging strong domain knowledge to build software for Connected offerings
- Integration of sensor and software into everything we develop
- Clear value propositions for all Connected offerings
- Customer partnerships to drive development of solutions which solve critical challenges
- Buildout of Connected ecosystem

4 More Aggressive Capital Deployment



Capital deployment figures in 2016 include ~\$238M purchase of remaining 30% stake in Thomas Russell

¹\$1.9B of 2016 dividends exclude ~\$515M AdvanSix spin-off share dividend

²FLUX investment and JV formation announced in December 2017 and closed in 1Q18

- 2018 Focus Areas**
- Tax restructuring to enable efficient cash repatriation
 - Dividend growth in-line with earnings growth post 2018
 - M&A remains top priority for residual cash
 - More aggressive buybacks in absence of bolt-on M&A
 - At a minimum, maintain flat share count
 - Shifting portfolio towards higher growth / higher margin end markets which drive superior cash generation

Building a Performance Culture

Principles

**Integrity and
Ethics**

**Supporting
Diversity**

**Workplace
Respect**

Behaviors

Have a Passion for Winning

- Beat the competition
- Fearless accountability for getting results

Be a Zealot for Growth

- Obsess over growth and customers
- Understand what creates value for customers

Think Big ... Then Make It Happen

- Be willing to re-examine almost anything
- Innovate with agility

Act with Urgency

- Move with lightning speed
- Use speed as a differentiator

Be Courageous

- Confront problems directly and face adversity head on
- Take on seemingly impossible goals

Go Beyond

- Over deliver on commitments

Inspire Greatness

- Set high expectations
- Achieve things you and your team never thought possible

Become Your Best

- Seek and accept feedback
- Bounce back from disappointments

2018 Guidance

	February Update		Outlook and Commentary
Sales \$41.8B - \$42.5B 2% - 4% <i>Organic Growth</i>	✓ Strong short-cycle orders ✓ Improving long-cycle backlog	Aero	• Narrow-body strength; growth in Connected Aircraft • Robust U.S. defense volumes; turbo growth acceleration
Segment Margin 19.3% - 19.6% 30 - 60 bps <i>Expansion</i>	✓ Driving value capture and mitigating inflation ✓ Executing restructuring projects	HBT	• Demand in High Growth Regions • New product introductions in Homes and Fire
EPS \$7.75 - \$8.00 Up 9% - 13%	✓ On track	PMT	• Strong backlog conversion; Connected Plant adoption • Continued Solstice® growth
Free Cash Flow \$5.2B - \$5.9B Up 5% - 20%	✓ Traction on working capital initiatives	SPS	• Sensing and IoT business acceleration • Intelligrated backlog conversion, int'l business capture

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

Free cash flow, FCF v% exclude separation costs and impacts from tax legislation

Guidance assumes high-end of expected full-year effective tax rate range of 22% - 23%

Organic Growth Drivers

Aerospace

Great
Positions on
the Right
Aircraft

- Strong backlog, record production rates; decoupled growth
- Connected aircraft solutions across all products – JetWave™, GoDirect®
- Turbo market penetration continues; new growth vectors in cyber and e-turbos

Home and Building Technologies

Strong Resi
and
Non-Resi
Environment

- Growth in connected offerings – recurring software and service sales
- New security DIY offerings; geographic expansion in ADI
- Leveraging installed base in Buildings

Performance Materials and Technologies

Industry-
Leading
Technology

- Breakthrough initiatives aligned to global mega trends
- Connected Plant and software transforming growth trajectory of Process Solutions
- Expanding Solstice® platform with new technology and to new verticals

Safety And Productivity Solutions

NPI in All
Businesses;
Strong
E-commerce
Demand

- Rapid innovation to drive \$1B+ in new offerings
- Intelligrated growth driven by e-commerce infrastructure buildout
- Software and connected solutions growing at 20%+ per year

Connected Enterprise

Connected Enterprise Strategy	<p>Portfolio – Industry-specific solutions</p> <p>Platform – Open architected, self-service, and scalable</p> <p>Partners – 3rd party services and apps; new routes to market</p> 	<p>Smart Investments to Drive Transformation and Profitable Growth</p>
Organized for Speed and Scale	<p>Three complementary and critical components define the organization:</p> <ul style="list-style-type: none"> • IoT Development (Honeywell Sentience) – driving economies of scale, speed • Software CoEs – agile development of next generation apps • Dedicated sellers – value based, SaaS focused, digitally proficient 	<p>3X Growth in Software Center of Excellence Talent</p>
Delivering Strong Results	<p>~ \$1.5B Software Sales and \$1B+ in Connected hardware</p> <p>\$4B+ pipeline with strong conversion - ~30% for Connected solutions</p> <p>75+ key Connected software offerings across all enterprises</p>	<p>23% YoY Connected Software Growth</p>
Delivering Customer Value	<p>Efficiency – 15% energy cut (Virgin Money); 4% fuel savings (Thomas Cook)</p> <p>Productivity – 50% reduction in maintenance-related delays (Cathay Pacific)</p> <p>Customer Satisfaction – 15% reduction in service calls (Wembley Stadium)</p>	<p>Measurable Value for All Solutions</p>

M&A Strategy

M&A Principles

- **Enhance growth profile**
- **Pipeline of bolt-on deals:** ideas generated and CEO-reviewed monthly
- **Technology differentiation critical**
 - Hybrid software / physical assets preferred
- **Low cyclical**
- **Strong alignment to mega trends**
- **Don't overpay**
- **Proven ability to integrate:** CEO reviews pre-close, day 30-60-90, quarterly thereafter

Enhancements in 2018

- **Target company identification**
 - Right-to-play adjacencies
 - Industrial technology and software / connected
 - Aligned to key Honeywell business attributes
- **Broaden M&A pipeline with focus on bolt-ons**
- **Redefine business development efforts to include JVs, minority investments, partnerships, etc., to enhance growth possibilities**
- **Relentless focus on cash generation in all acquisition assessments**
- **Accelerate venture investments to gain access to differentiated technologies**

Honeywell Ventures

Status

- Launched in 2017 with office established in Silicon Valley – two investments already made
- Focus on investments in early-stage companies, strategically aligned to HON's portfolio and software capabilities
- Already providing direct access to emerging technologies, start-up and VC ecosystem – 100's of new connections
- HON viewed as attractive partner via leverage of customer relationships, channels, and Honeywell Sentience platform



- Innovator in Industrial IoT (IIoT) edge ("fog") computing
- Unique analytics and machine learning technologies
- Predictive maintenance, asset performance management, and process optimization solutions

ELEMENT ANALYTICS™

- Leading "digital twin" player for dynamic digital representations of physical equipment and assets
- Automates and accelerates ability to deliver data analytics in complex customer environments (e.g., process industry)
- Pioneer in processing, managing and integrating large volumes of data

Spins Update

	Homes	Transportation Systems	Comments
	\$4.5B* 2017 Sales	\$3.1B* 2017 Sales	
Business Overview	<ul style="list-style-type: none"> Home comfort solutions Residential security solutions ADI, the leading wholesale distributor of security and low-voltage products 	<ul style="list-style-type: none"> Superior technology across engine types Technologies to address alternative powertrains (i.e., hybrid) Significant High Growth Region penetration 	<ul style="list-style-type: none"> Targeting ~\$3B cash to Honeywell between both spins Potential economic tradeoff between legacy liability payments from spins and dividend payment to Honeywell
Strategy / Growth Drivers	<ul style="list-style-type: none"> Connected Home Comprehensive home experience portfolio Expansion of ADI's distribution network 	<ul style="list-style-type: none"> Market leader in turbo technologies Increasing penetration across engine types and high growth regions Early player in automotive cybersecurity and software vehicle maintenance offerings 	<ul style="list-style-type: none"> Plan in place to eliminate 100% of stranded costs within 2 years Organization model and leadership appointments underway
Timing	<ul style="list-style-type: none"> End of 2018 	<ul style="list-style-type: none"> Now likely end of 3Q 	

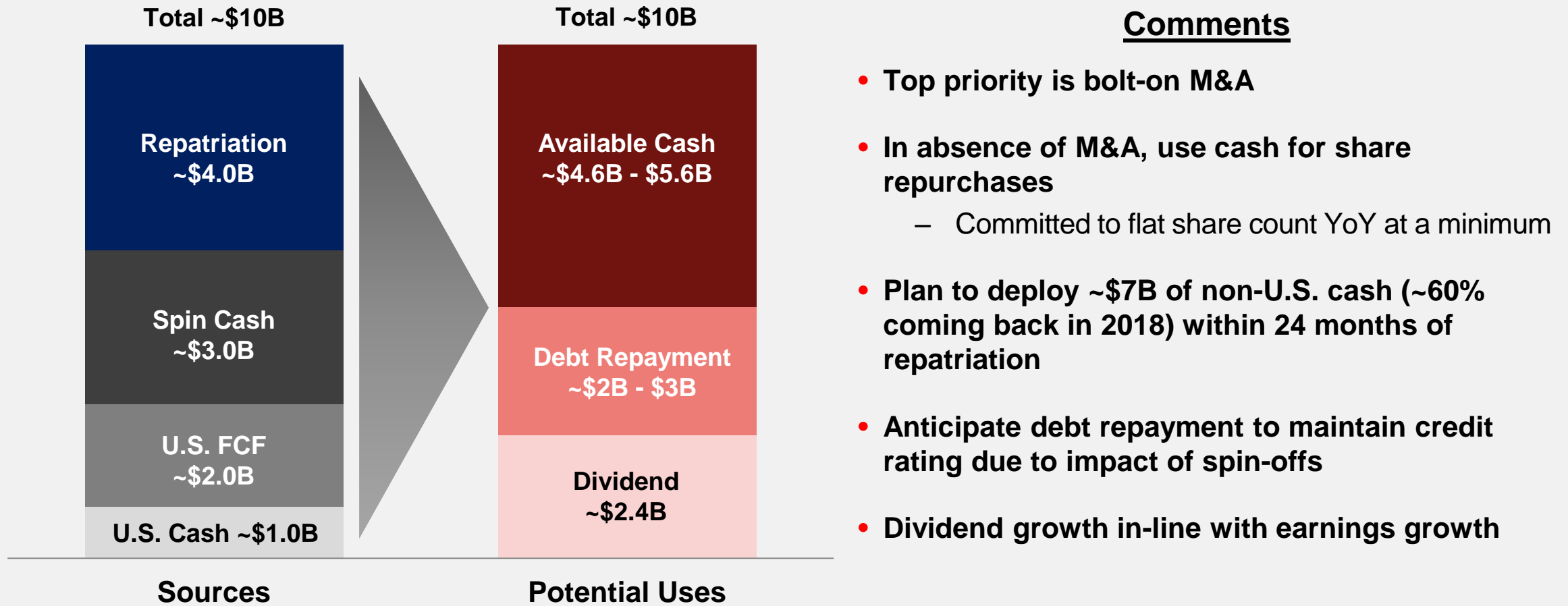
* Sales are preliminary and approximate estimates and subject to finalization of the contours of the spun-off businesses and finalization of the carve-out audits

U.S. Tax Reform Update

- **Enables greater cash mobility ... more optionality in capital deployment**
- **Lowers effective tax rate (now expected to be 22% - 23%)**
- **Requires global tax restructuring and enables legal entity consolidation**
 - ~1,000 global legal entities, opportunity to strengthen and simplify
- **Continue to plan for ~\$7B cash repatriation over two years**
- **U.S. becomes a more appealing market for investment**
- **Enables benefit to U.S. employees by increasing 401K match**

2018 U.S. Cash Availability

Sources and Potential Uses



2018E capacity excludes estimated separation costs

Long-Term Financial Plan

Strong Growth

- Continued organic sales growth and margin expansion
- EPS growth greater than peers

Robust Cash Generation

- Targeting ~100% FCF cash conversion
- World-class working capital management

Aggressive Capital Deployment

- Prioritizing high-ROI investments (CapEx, M&A)
- Continued dividend growth and opportunistic share repurchases; however, first priority is bolt-on M&A

Balance Sheet

- Target 2.3X - 2.5X gross leverage (per Moody's)
- Maintain premium credit rating

Long-Term Targets

3% - 5%*
Organic Growth

30 - 50 bps
Margin Expansion
per Year

~100%
Free Cash Flow
Conversion

Dividend Growth
In-Line with
Earnings Growth

**Given current economic conditions*

Summary

Outstanding performance in 2017

4%

2017
Organic Sales Growth

90%

2017
Free Cash Flow
Conversion

Strategic priorities stay consistent, initiatives are working

20%+

Growth in Connected
Enterprises

90% - 100%

2018E
Free Cash Flow
Conversion

Significant balance sheet firepower

~\$7B

Cash to
Be Repatriated

\$21B - \$22B

Cash Available to
Deploy Over Next
Three Years

Delivered in 2017 ... Positioned to Overdeliver in 2018 and Beyond

Today's Presenters

**Performance Materials
and Technologies**



Rajeev Gautam
President and CEO

Aerospace



Tim Mahoney
President and CEO

**Home and Building
Technologies**



Gary Michel
President and CEO

**Safety and Productivity
Solutions**



John Waldron
President and CEO

**Commercial Excellence
and Connected Enterprises**



Que Dallara
Chief Commercial Officer

High Growth Regions



Shane Tedjarati
*President
Global High Growth Regions*

Financial Review



Tom Szlosek
*Senior Vice President
and Chief Financial Officer*

What You Will See Today

Connected Aircraft

- Connected Aircraft
- Connected Cockpit
- Connected Cabin
- Connected Maintenance



Connected Home / Building

- Connected Home Experience
- Connected Buildings
 - Preventative Maintenance
 - Space Utilization
- Air and Water Solutions



Connected Plant

- Connected Enterprise
- Connected Process
- Connected Assets / People



Connected Supply Chain

- Connected Freight, Transportation, and Logistics
- Distribution Center / Vocollect
- Retail and Delivery
- Connected Worker Safety Suite





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PERFORMANCE MATERIALS AND TECHNOLOGIES
Rajeev Gautam, President and CEO

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PMT | Key Messages

Strong Outlook

- 2017 organic sales growth +8%, winning in the market – outpaced peer group in sales, margin expansion
- Long-cycle backlog +8% in 2017 – technology differentiation increasing win rates
- Tailwinds from stabilizing oil prices and alignment to high-growth market segments

Portfolio Positioned for Growth

- HPS transforming the automation market through connected/software enabled offerings
- Plastics demand, clean fuels, natural gas reshaping energy mix – UOP positioned to capture opportunity
- Solstice® growth >50% – expanding the platform increases the available market opportunity by 4x

Long-Term Segment Margin Expansion

- Acyclical growth vectors succeeding – margin expansion through the oil and gas market cycle
- Technology aligned to mega trends: connectivity, petrochemicals, clean energy, sustainability
- Monetization of large and growing installed base through services and software

PMT | Business Overview

Key Business Metrics | Full Year 2017

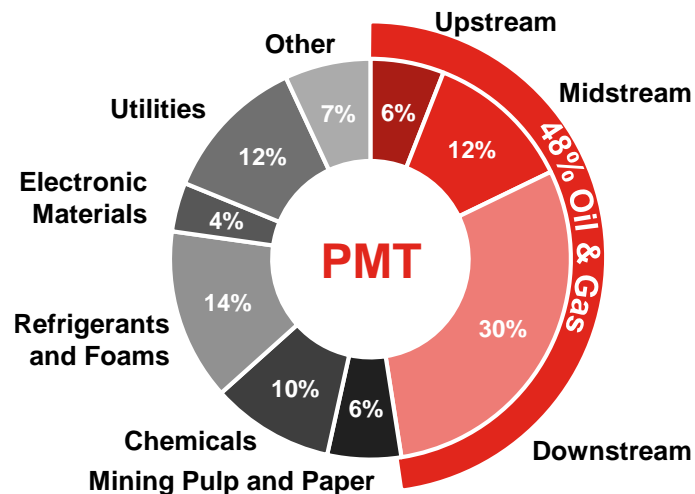
\$10.3B
2017 Sales

21.3%
Segment Margin

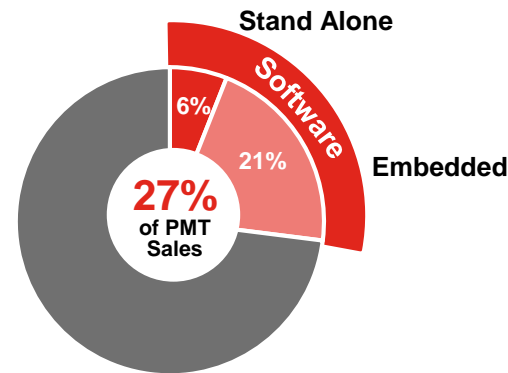
Transforming the PMT Portfolio

- ✓ Expanding high-value Connected Plant offerings
- ✓ Increasing aftermarket portfolio, catalysts, automation upgrades, migrations and services
- ✓ Completed NextNine acquisition to expand range of cyber security technologies and customer base
- ✓ Integration of Smart Energy into HPS to extend gas meter offering and enable growth into smart meters

Business Breakdown

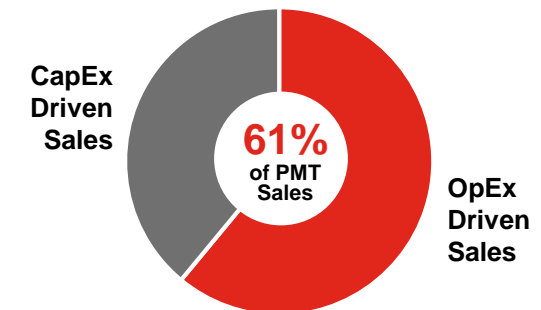


Increasingly Favorable Software Mix



Margin Accretive Software Sales

Capturing Significant OpEx Spend

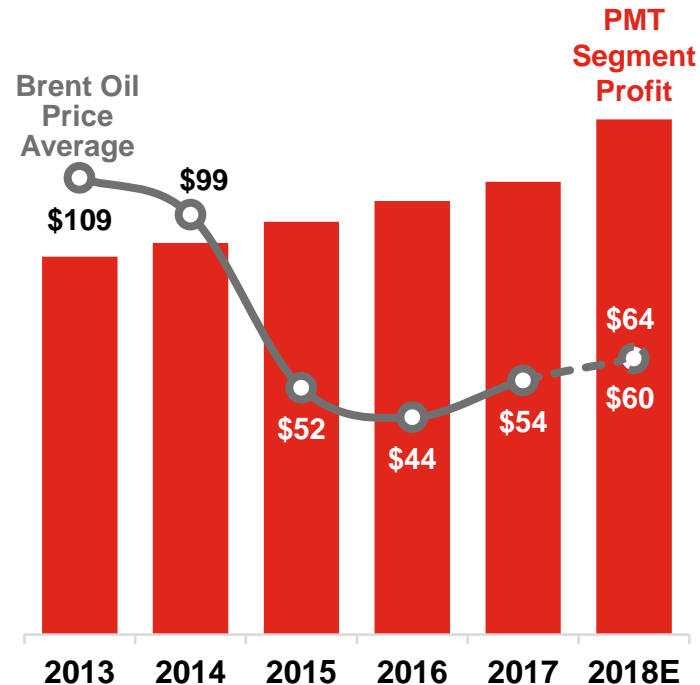


Reducing Business Cyclicity

Figures and charts representative of FY 2017 and include Smart Energy (now part of PMT)

PMT | Strong Growth Outlook

PMT Segment Profit vs. Oil Price

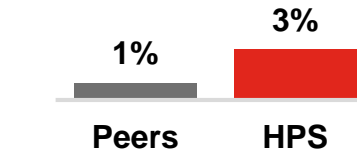


**Business Becoming Less Cyclical –
Margin Expansion Through
All Oil and Gas Cycles**

Brent oil price source: EIA projections and historical data

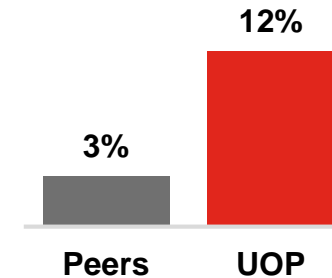
Winning in the Marketplace

HPS vs. Peers 2017 Sales



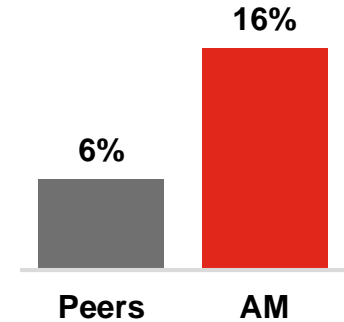
Peers growth: FY 2017 organic sales
HPS – FY 2017 organic sales growth

UOP vs. Peers 2017 Sales



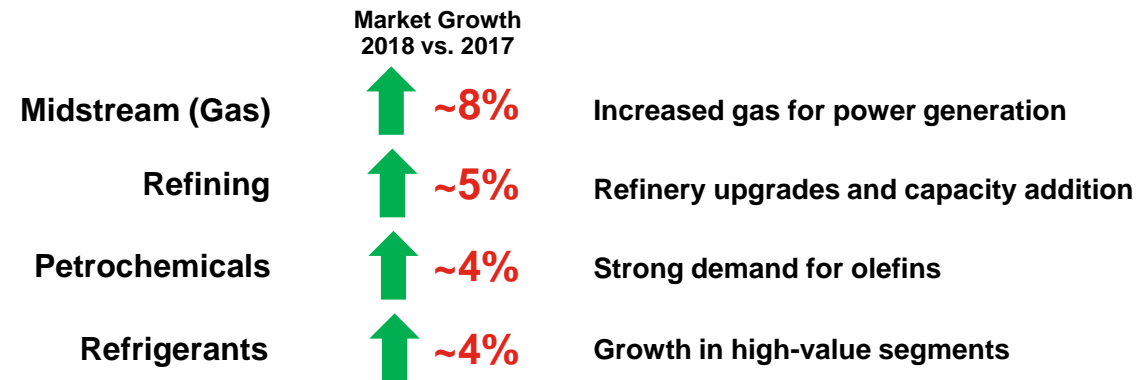
Peers growth: both 9-month and 12-month YoY reported
UOP – FY 2017 organic sales growth

Advanced Materials vs. Peers 2017 Sales



Peers growth: both 9-month and 12-month YoY reported
AM – FY 2017 organic sales growth

Portfolio Aligned to High-Growth Markets



PMT sales and segment profit has been adjusted to exclude the former Resins and Chemicals business

PMT | 2018 Plan Overview

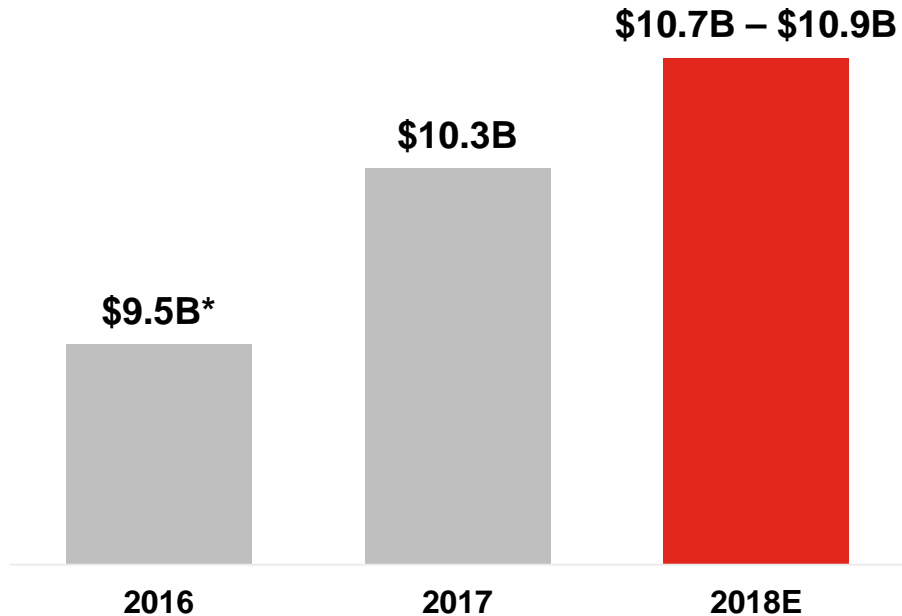
Sales

Up 3% – 5%

Organic
Growth

21.5% – 21.8%

Segment Margin
Up 20 – 50 bps



*Excludes the former Resins and Chemicals business; on a reported basis, 2016 was \$10.4B

2018 Growth Drivers

8%

Long-Cycle
Backlog Growth
Year End 2017

>60%

Breakthrough
Initiative Growth

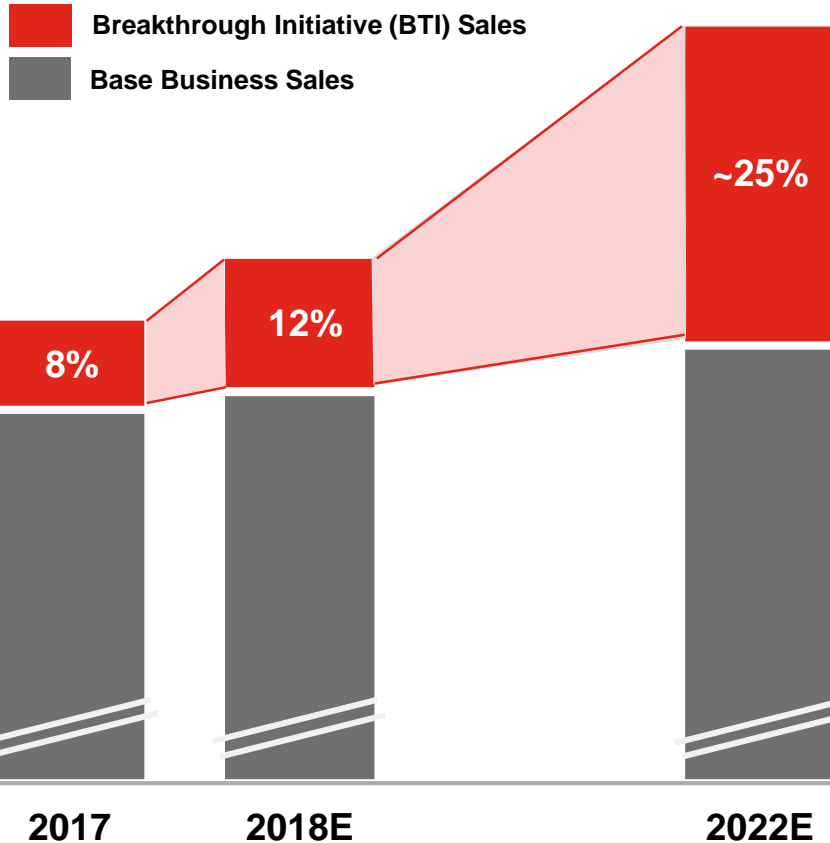
~130

New Product
Launches

- Strong end markets with growing demand; stable oil price
- Unique technology positions
- Leveraging installed base for aftermarket growth
- New offerings for Connected Plant and software
- Double-digit sales growth in High Growth Regions
- Volume leverage of new asset base

PMT | Positioned for Long-Term Growth

High Impact Breakthrough Growth



Global Mega Trends

Digitalization and Connectivity

+75%
Industrial executives
deploying IIoT in 2018

- Connected Plant
- Industrial cybersecurity **BTI**
- Smart supermarkets **BTI**

Emerging Region Middle Class

2x
Increase in plastics
demand in next 20 years

- Petrochemicals
- Pharmaceuticals, spec chemicals **BTI**
- Smart Energy

Environmental Sustainability

80%
of global fuels required to
be ultra low sulfur by 2028

- Clean fuels
- Midstream gas **BTI**
- Solstice® platform extensions

Next Generation Workforce

55%
Oil and Gas workforce
retires by 2023

- Plant and personnel safety **BTI**
- Connected people, competency **BTI**
- Connected Performance Services **BTI**

BTI = PMT Breakthrough Initiative

Global mega trends reference data from McKinsey Global Insights & New Plastics Economy, IHS Markit Specifications Database, Hays Oil & Gas Salary Guide

PMT | HPS – Transforming to Software-Industrial

Growth Acceleration

6%

**2017 HPS
Orders Growth**

\$500M

**Orders from
Breakthrough Growth
Initiatives**

Leverage Installed Base

Digital Migrations

+\$400M
Orders



Ensuring customer's intellectual property is preserved throughout the life of the production asset

Industrial Cybersecurity

+30%
Sales Growth



Years of proven cybersecurity technology and know-how to protect from external threats

Growth Vectors

Connected Plant Offerings

+14
New Offerings



Transforming people, process and asset data into actionable insights to improve bottom lines

Disrupting New Adjacencies

+\$50M
Orders in
Pharmaceutical



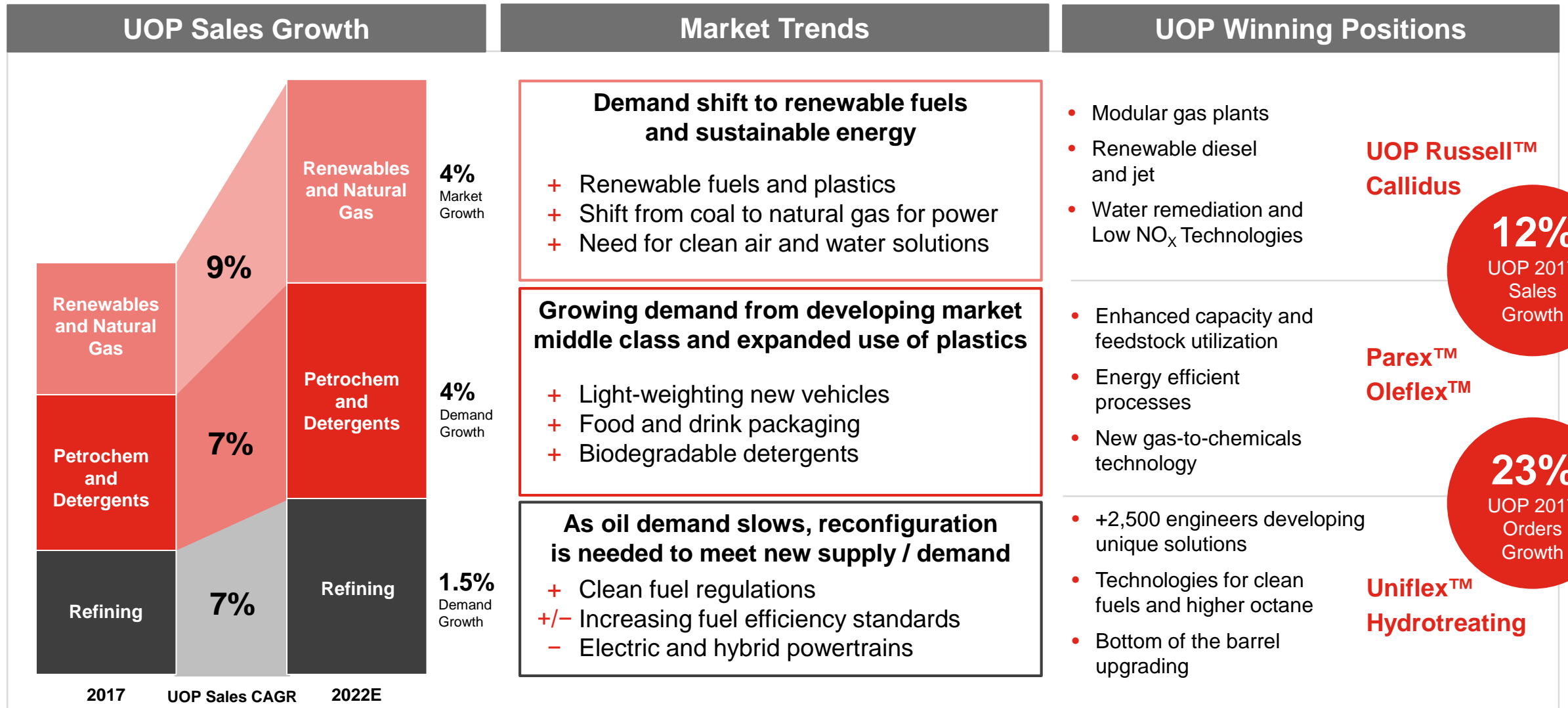
Step change in value with new software led offering enabling cloud recipe testing and unique visualization

20%
YoY Breakthrough
Orders Growth

**~200
bps**
2017 Margin
Expansion

All figures representative of FY 2017

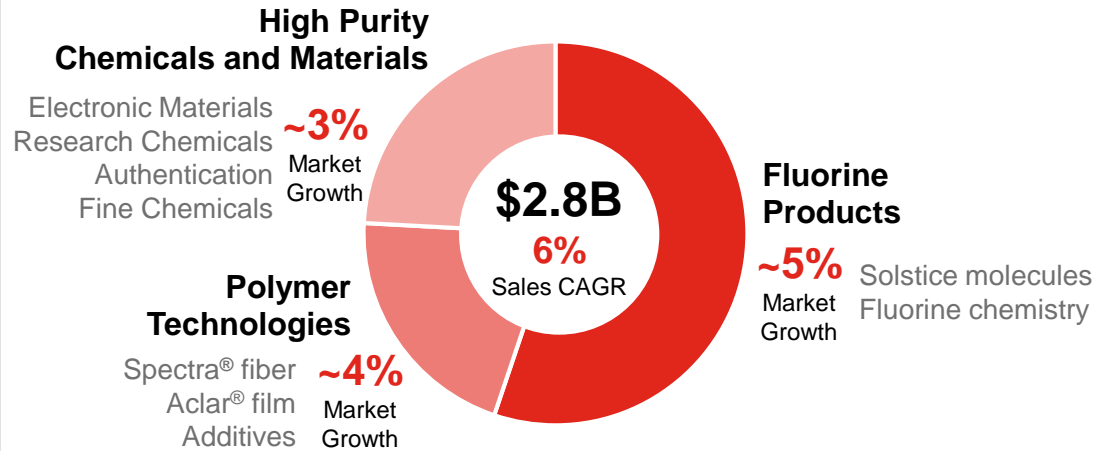
PMT | UOP – Winning Portfolio Driving Growth



PMT | Advanced Materials – Strong Positions in Growth Markets

Advanced Materials Portfolio

Business Breakdown



Growth Drivers

Environmental sustainability
Digitization, connected devices
Pharma and biotech
Safety and security
Middle class growth in HGRs*

Advanced Materials Offerings

Solstice Platform
Electronic Materials
Aclar, Research Chemicals
Spectra Fibers, Authentication
Specialty Additives

*HGRs = High Growth Regions

Note: Market growth and sales CAGRs are 2017-2022E

Solstice® Growth and Platform Expansion

\$3.6B

Solstice
Contracts*

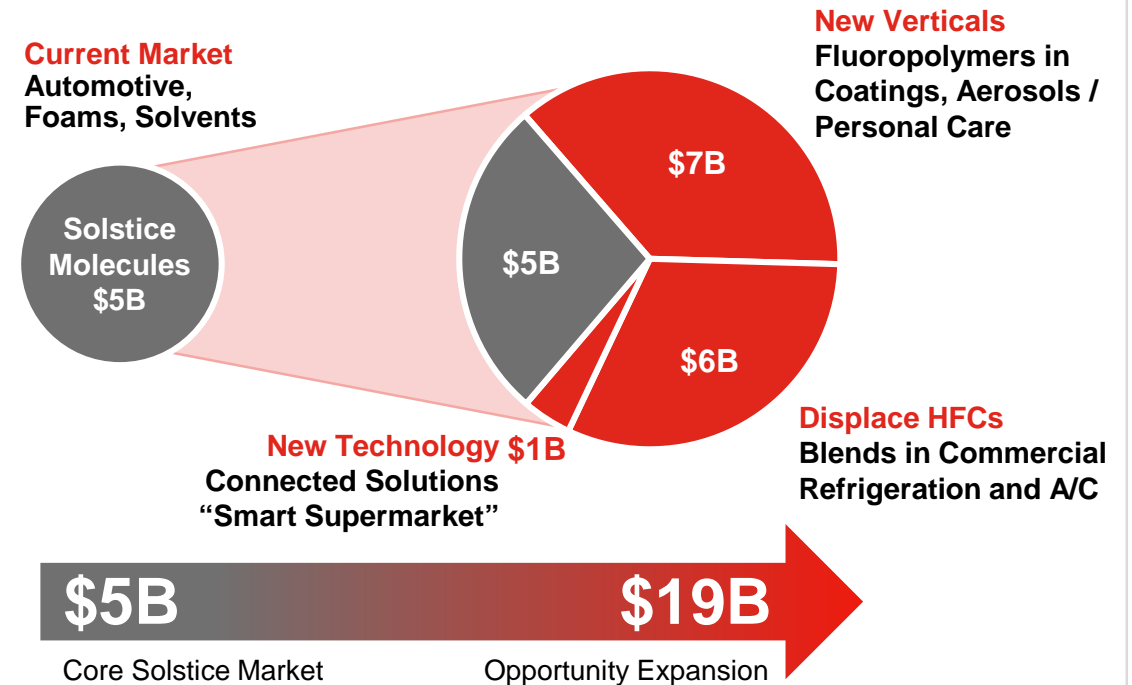
18%

Solstice CAGR
from 2017 – 2022E

*Includes firm orders and contractual minimum volumes

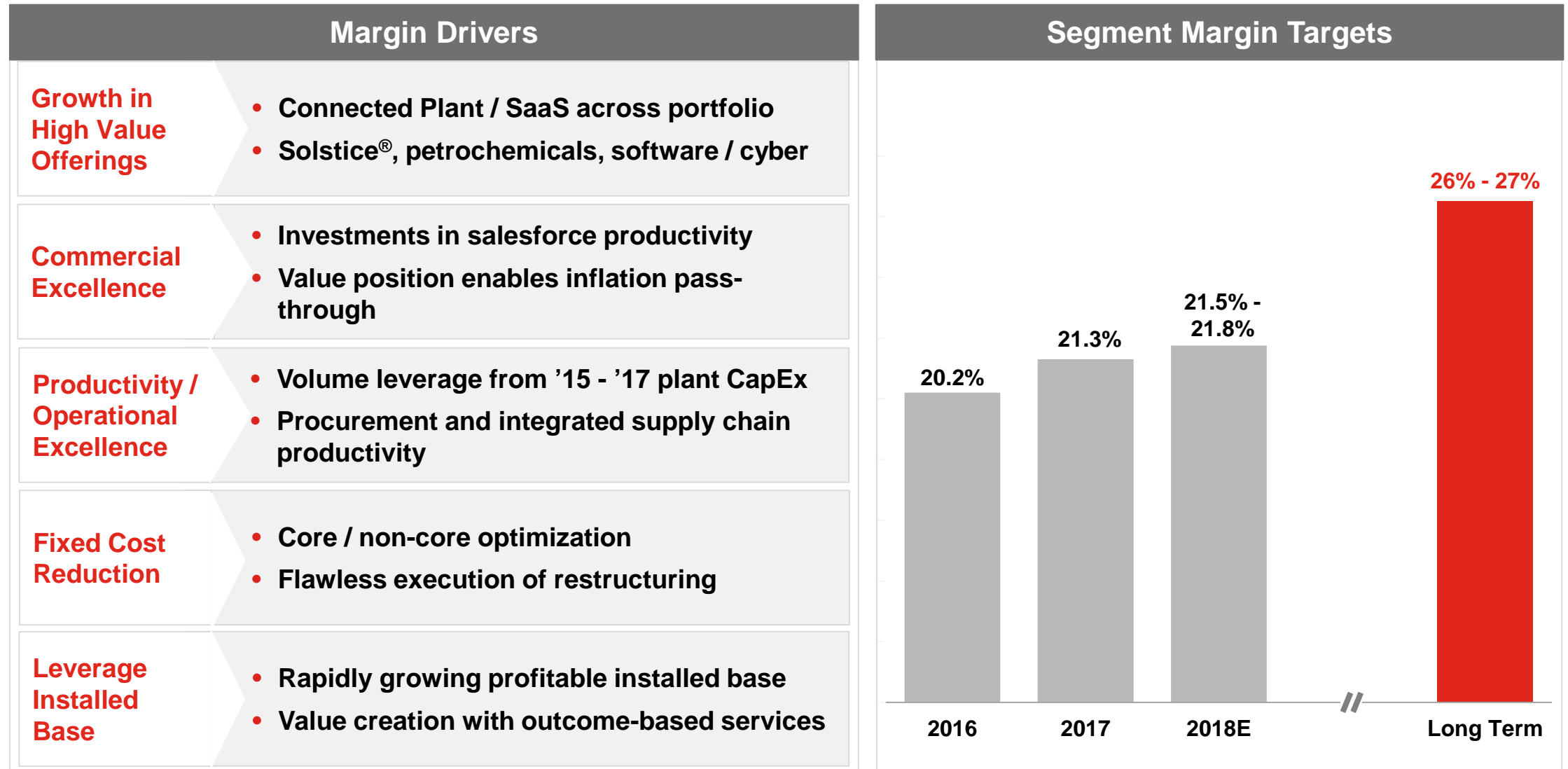
Solstice Opportunity Expansion

Total Addressable Market (2017 – 2022E)



Growth in Major Markets, ~4x Solstice Opportunity Expansion

PMT | Long-Term Margin Expansion Opportunities



PMT | Summary

Delivered in 2017, outperformed market and peers

+8%

2017 Organic
Sales Growth

21.3%

2017
Segment Margin

Confident in 2018, strong backlog to convert

+13%

2017 Orders
Growth

+8%

2017 Long-Cycle
Backlog Growth

Smart investment in Breakthrough Growth Initiatives

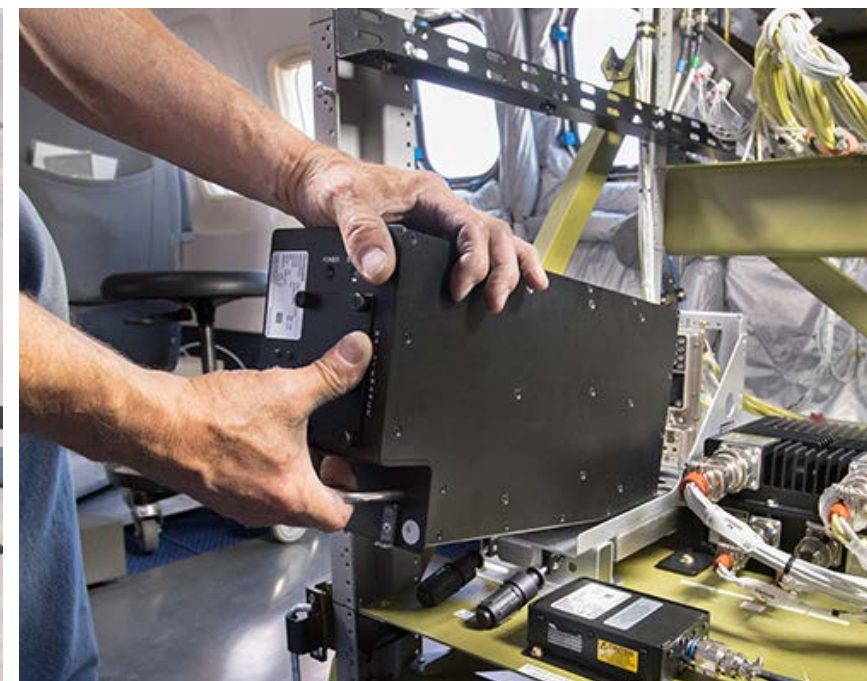
\$0.9B

2017 Sales from
Breakthrough Initiatives

~\$3B

2022E Sales from
Breakthrough Initiatives

Value Creation Continues, Will Outperform Market and Peer Group



February 28, 2018

AEROSPACE

Tim Mahoney, President and CEO

Honeywell

THE POWER OF **CONNECTED**

Key Messages

Near-Term Growth

- Strong aftermarket growth (6%) and industry-leading margin expansion (+190 bps) in 2017
- Core OEM growth – good positions (>75% win rate last 5 years) and production rate increases in all markets
- Installed base growth – full service solutions and long-term contracts (>\$800M GoDirect® Maintenance wins in '17)
- Accelerated, double-digit growth from connected, software, upgrades and High Growth Regions

How We're Differentiated

- Leading connected aircraft revolution, launching >80 connected offerings by 2019
- World-class HOS Gold delivering 2X - 3X material and labor productivity and industry-leading margin expansion
- Unmatched Transportation Systems portfolio across all engine types; >45% win rate

Long-Term Outlook

- Connected network on and off the aircraft – fully integrated GoDirect Maintenance, Flight and Cabin services
- Breakthrough growth into new markets – new business wins in drone services, industrial sensors and coatings
- Software-industrial transformation driving double-digit growth

Aerospace Business Overview

Key Business Metrics | Full Year 2017

\$14.8B

2017 Sales

22.2%

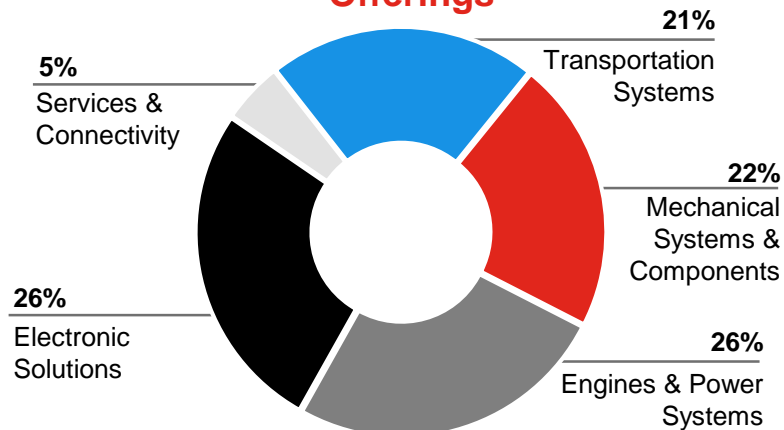
Segment Margin

Why We're Positioned to Win

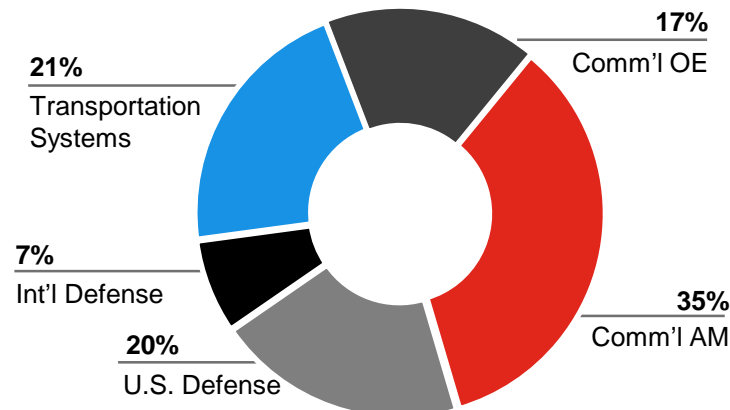
- ✓ Leveraging largest installed base in the industry
- ✓ Tremendous OEM win rates across the portfolio
- ✓ Decoupled growth through connected aircraft services and software offerings
- ✓ Continued productivity and efficiencies delivering results

Key Business Breakdown

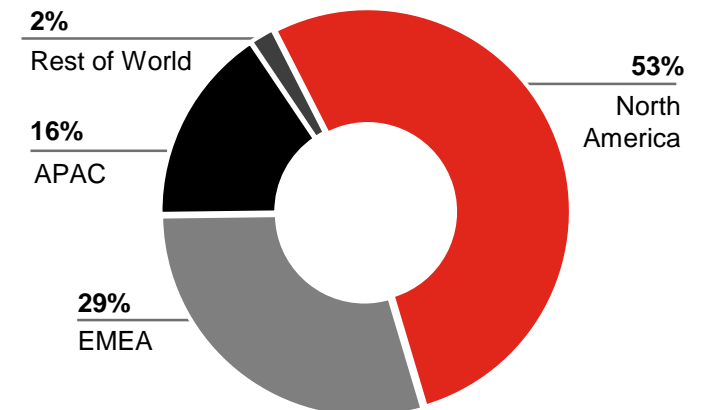
Offerings



Verticals



Geographies



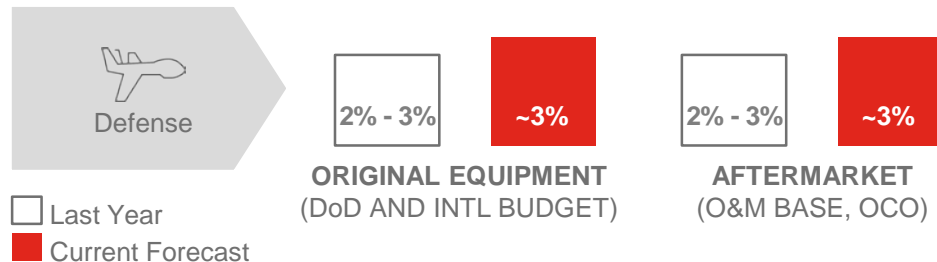
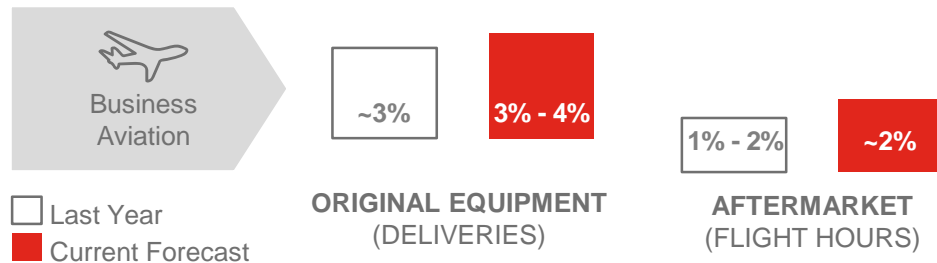
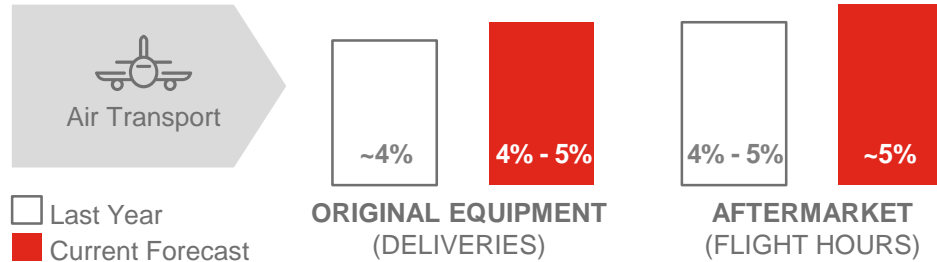
OEM Positions, Services and Software Offerings Fueling Growth

Aerospace Industry Dynamics

Dimensions	Key Trends	Honeywell Strategy
Customers	<ul style="list-style-type: none"> • Legacy OEMs consolidating; new global customers emerging • OEMs vertically integrating and targeting installed base • Airline core / non-core streamlining growing service demand 	<ul style="list-style-type: none"> • Technology differentiation, compelling customer value • Agreements with end customers around the world • Full service offerings; unique connected solutions
Competitors	<ul style="list-style-type: none"> • Active mergers and acquisitions to expand portfolios • Distracted by mergers and development program difficulties • In early stages of building services and surplus businesses 	<ul style="list-style-type: none"> • Demonstrated track record connecting broad portfolio • Excellence in development program execution • Expanding existing leading services and surplus businesses
New Markets / Entrants	<ul style="list-style-type: none"> • Drones, hybrid electric aircraft and urban mobility • Big data analytics from non-traditional competitors • Increase in new OEMs 	<ul style="list-style-type: none"> • Invest in disruptive technologies, products and processes • Continued discipline to pick the winners • Leverage Honeywell Sentience platform
Suppliers	<ul style="list-style-type: none"> • Vertical integration in certain areas • Critical material and capacity issues • Trading off installed base growth for OEM content 	<ul style="list-style-type: none"> • Core / non-core supply chain strategy • Rate readiness, flexible factories • Full life-cycle support/focus

Aerospace Industry Market Environment

Market Outlook – 2017 - 2022E CAGR



Source: Honeywell Market Projections

O&M – Operations and Maintenance; OCO – Overseas Contingency Operations

Key Drivers

- + Strong backlog, record production rates and new models drive growth
- + Healthy flight hour growth drives installed base consumption
- + Upgrades driven by mandates and insatiable demand for connectivity
- Growth moderated by in-warranty and legacy aircraft retirement

- + Signs of recovery with new platforms and renewed international demand
- + Slow but steady flight hour growth due to fleet demographics
- + Robust upgrades for connectivity, software and new technologies
- Decrease in used inventory but continued price and demand pressures

- + Healthy defense budget growth led by Department of Defense upcycle
- + International defense growth driven by indigenous programs
- + Near-term missiles / munitions sales strong
- Civil helicopter demand weak; recovery led by medium / heavy classes

Aerospace 2018 Plan Overview

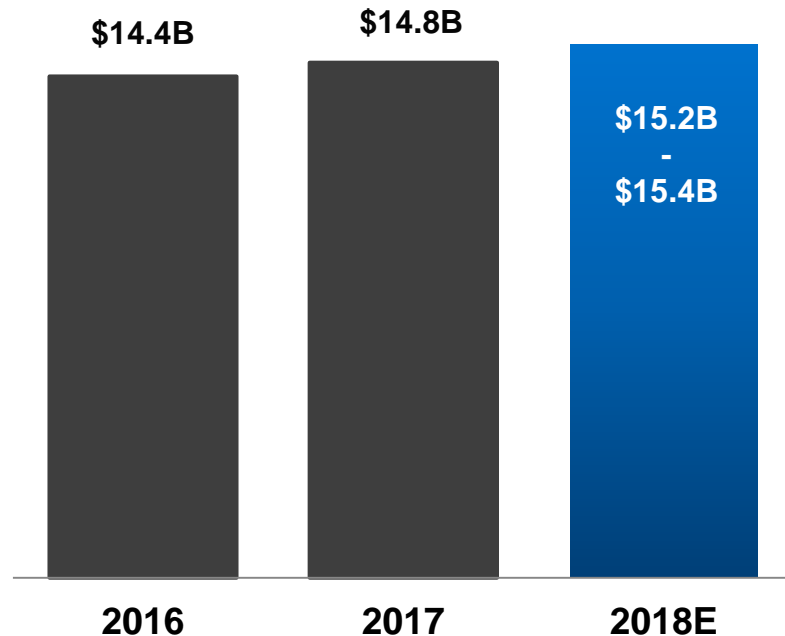
Sales

Up 1% – 3%

*Organic
Growth*

22.5% – 22.8%

*Segment Margin
Up 30 – 60 bps*



2018 Growth Drivers

30+

**New Products
Launching**

100+

**New Product /
Aircraft Certifications**

65+

**New Integrated
Service
Opportunities**

>45%

**2017 Turbo
Win Rate**

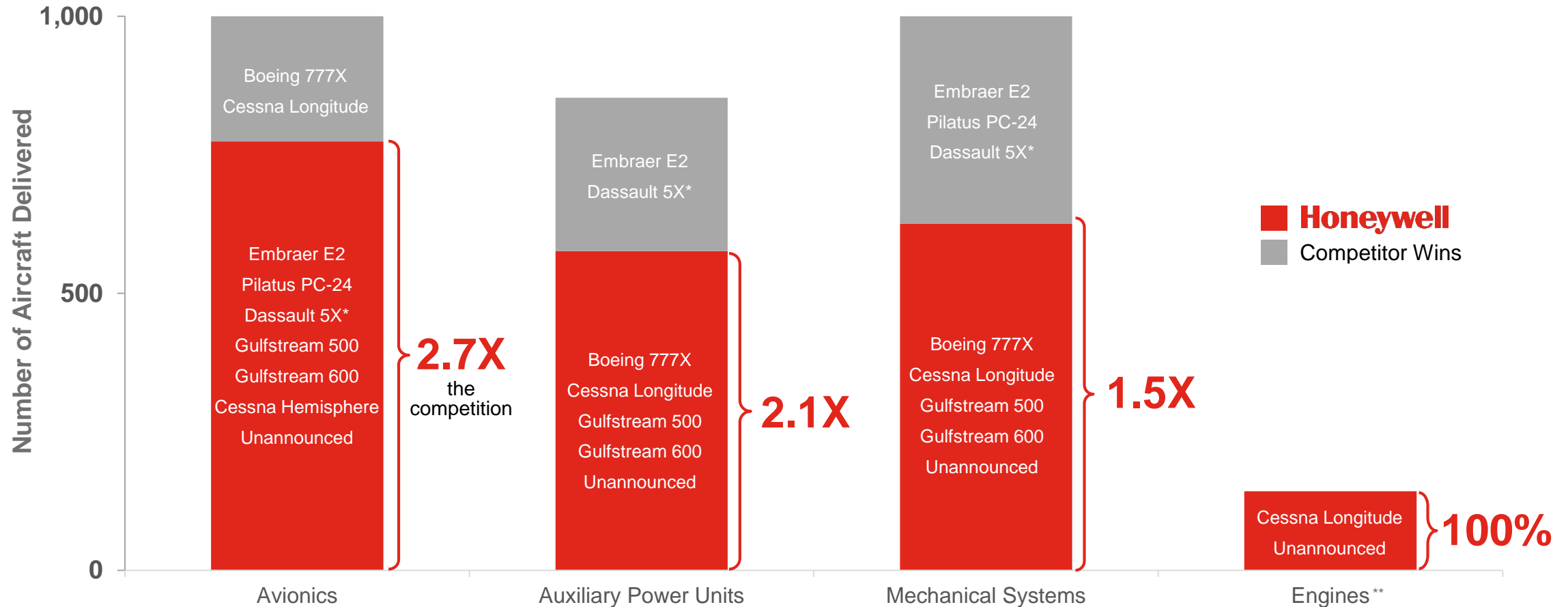
- Growth in software, services and connectivity (>60% growth in 2017)
- Increasing narrow-body aircraft production rates
- Strong commercial installed base growth
- Continuing shift to integrated services
- Robust U.S. defense volumes, growing international demand
- Lower customer incentives
- Substantial savings from repositioning activities

Aero sales for 2016 have been adjusted to exclude the divestiture of HTSI. On a reported basis, 2016 was \$14.8B. The difference between reported and the value presented above is due to this adjustment.

Unprecedented Wins Delivering Growth

New Aircraft Deliveries (2018E – 2022E)

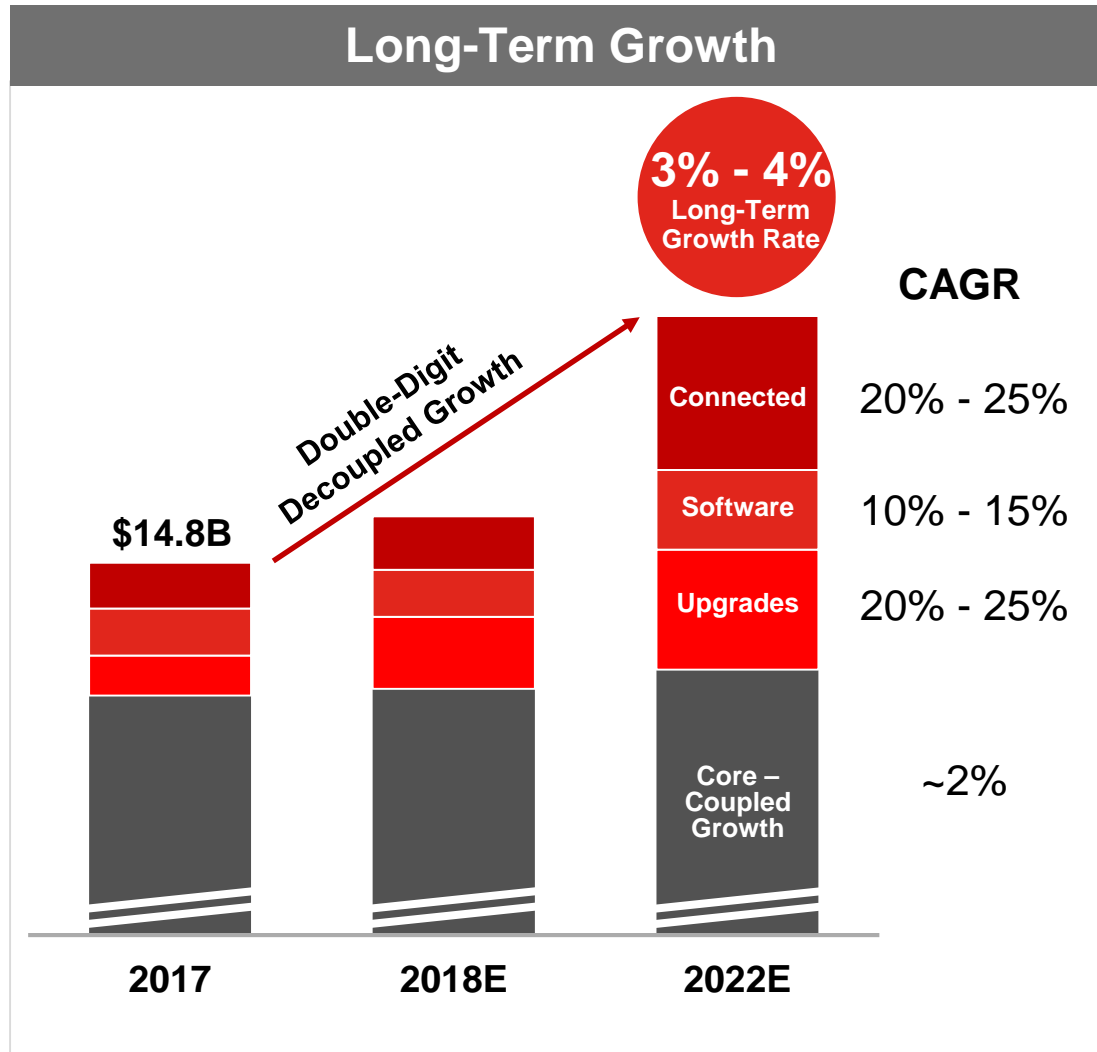
For Awarded Platforms with Future Entry into Service



*Dassault 5X - no anticipated change to avionics, just replaced Silvercrest with PW800 engine

**Segments where Honeywell competes

Aerospace Growth Drivers



Growth Drivers

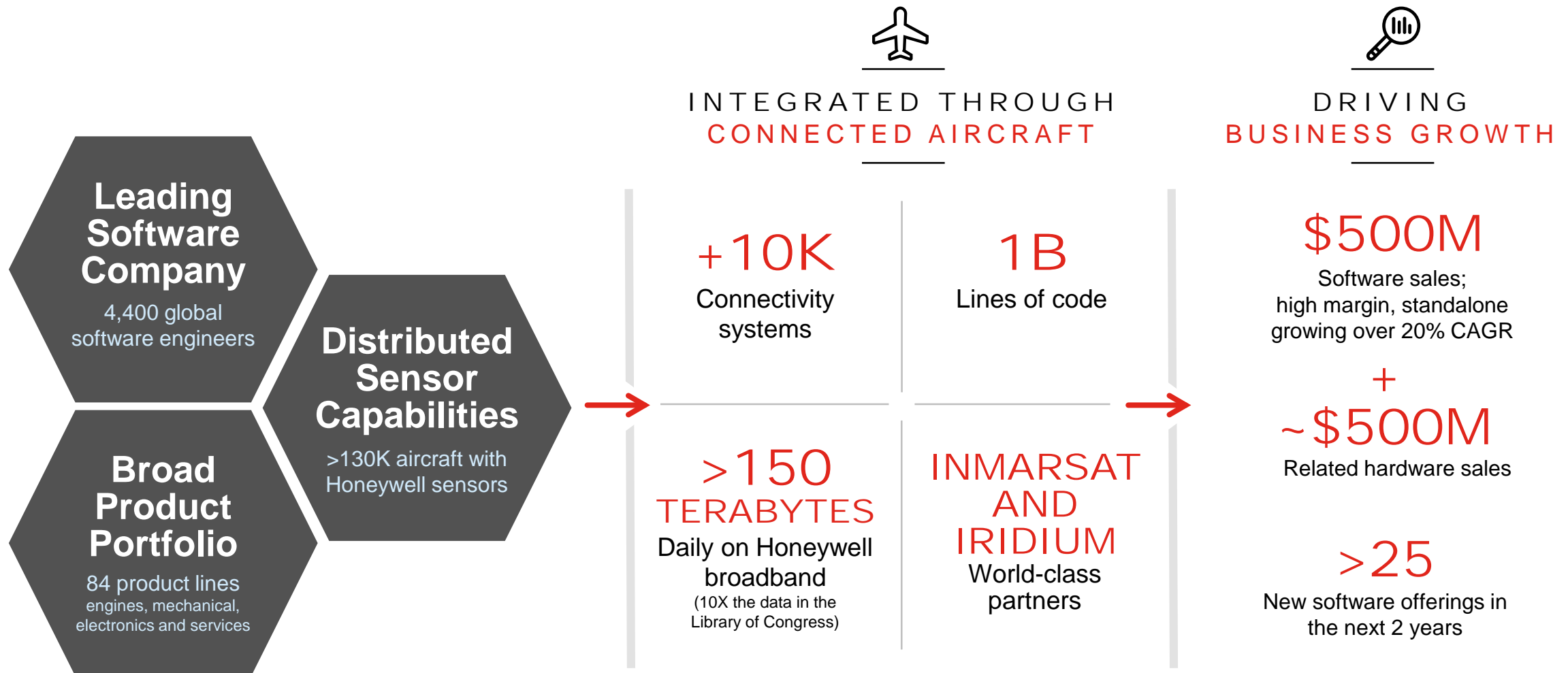
Decoupled Growth

- Connected aircraft and vehicle
 - Connected solutions across ALL products
 - Wide range of GoDirect® Services leveraging connectivity (Maintenance, Productivity)
- Software
 - Standalone software and services rapidly growing; many sold with monthly subscriptions (Connected FMS)
 - Embedded software and products
- Upgrades
 - Top 4 mandates alone > \$1B opportunity
 - Robust upgrade pipeline (digital cockpits for legacy aircraft, wireless data connectivity)

Core - Coupled Growth

- Value-added products on impactful platforms
- Retain and extend conventional installed base
- Headwind from legacy aircraft retirements
- Presence on new, emerging OEMs (COMAC, UAC)

Aerospace Software Growth



Creating the Connected Market

Connecting 80% of **109** Honeywell Aerospace products by 2019

CONNECTED STRATEGY

Honeywell equipment

GoDirect® Services for Honeywell products


Airtime sales

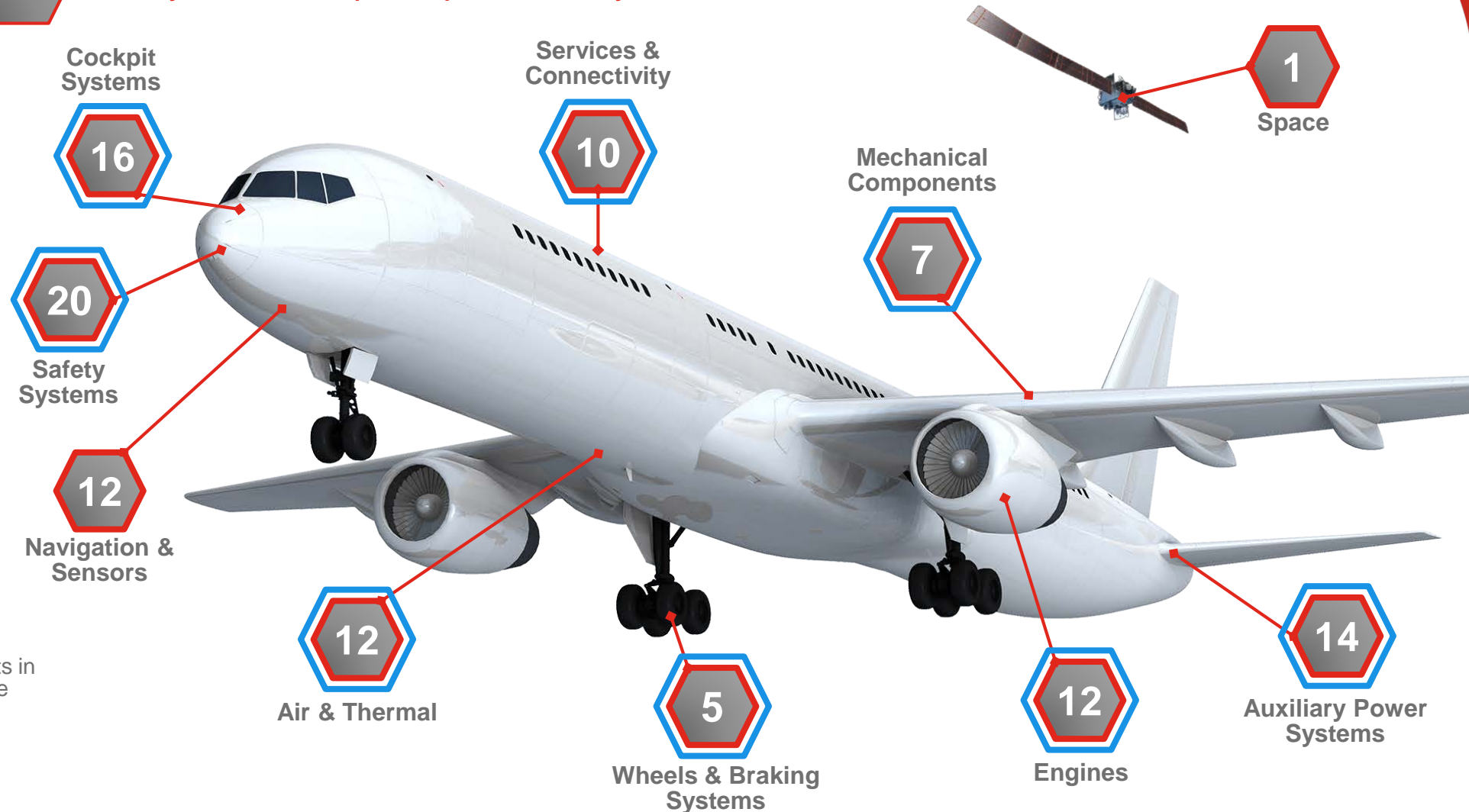
GoDirect Services for third-party equipment

Digitizing **30K** APUs, **25K** Engines, **20K** Braking Systems, **20K** Flight Management Systems.


LEGEND

 Number of connected products in applicable business enterprise

 Connected opportunities with non-Honeywell products



The Power of Connected: Real-World Solutions

	Value Proposition	Estimated Market Size	2018E Growth	2018E - 2022E CAGR
 Passenger	Honeywell's GoDirect® Cabin <ul style="list-style-type: none"> • In-air Wi-Fi as fast as your home or office • Control the cost – save up to \$100K per aircraft per year • Global coverage → even over oceans 	\$1.4B	50%	24%
 Pilot	Honeywell's GoDirect Flight Services <ul style="list-style-type: none"> • Up to 50% time reduction in flight planning • Reduce fuel consumption and emissions by up to 5% per year • Avoid weather and turbulence → get there on time 	\$3.3B	7%	17%
 Maintainer	Honeywell's GoDirect Maintenance Services <ul style="list-style-type: none"> • 99% success rate predicting potential failures • No fault found rate reduced to 1.5% • Avoid unplanned disruption → happy and comfortable passengers 	\$4.4B	45%	56%

Transportation Systems Overview




+60 Years of Experience

+155 Countries Served

13 Manufacturing Plants / 5 R&D Centers

+100 New Applications Each Year

+7,500 Product References to 1,500,000 Garages

			
	Turbochargers	Electrical Powertrain	Connected Vehicle Solutions
Industry Trends	Turbo % in light vehicle mix 47% → 62%	Electrified % in light vehicle mix 5% → 30%	Connected % in light vehicle mix 40% → 100%
Transportation Systems Solutions	<ul style="list-style-type: none"> Technology leadership in light and commercial vehicles Launching 10 new core turbo technologies per year Customized for each application: >45% win rate 	<ul style="list-style-type: none"> Hybrids to dominate and mostly turbocharged eBoosting solutions for hybrid vehicles: eTurbo High performance electric compressor for hydrogen fuel cell vehicles 	<ul style="list-style-type: none"> Vehicle monitoring solution: cybersecurity and vehicle health management Building on Honeywell cross-industry expertise Dedicated software centers and teams
Customer Benefits	<ul style="list-style-type: none"> Key enabler for fuel economy and emission standards compliance Best cost of ownership and productivity Standardized operations and global footprint 	<ul style="list-style-type: none"> Demonstrated expertise in high speed electric machine Optimized fuel economy and reduced NOx Electricity generation potential for further fuel economy improvement 	<ul style="list-style-type: none"> Proven solutions for aircrafts and critical infrastructures Partnership with key hardware Tier One suppliers (Lear, LG Electronics) Scalable offering for high volume applications

2017
2025

Long-Term Margin Expansion Opportunities

Margin Drivers

Growth In High Value Offerings

- Core business volume; increasing content per aircraft
- HGR mass-market, low cost carrier wins
- Growth in software, services and connectivity

Commercial Excellence

- Advance our sales excellence, tools and capability
- Process focus: HOS Gold, user experience, product development, pricing
- Differentiated breakthrough, greenhouse and new product launches

Productivity / Operational Excellence

- Order-to-cash cycle time improvement
- Unlocking cash from labor, material and indirect focus
- Improved producibility fueling 2X material productivity vs. 2017
- Continuous supplier engagement; 30% reduction in supply base

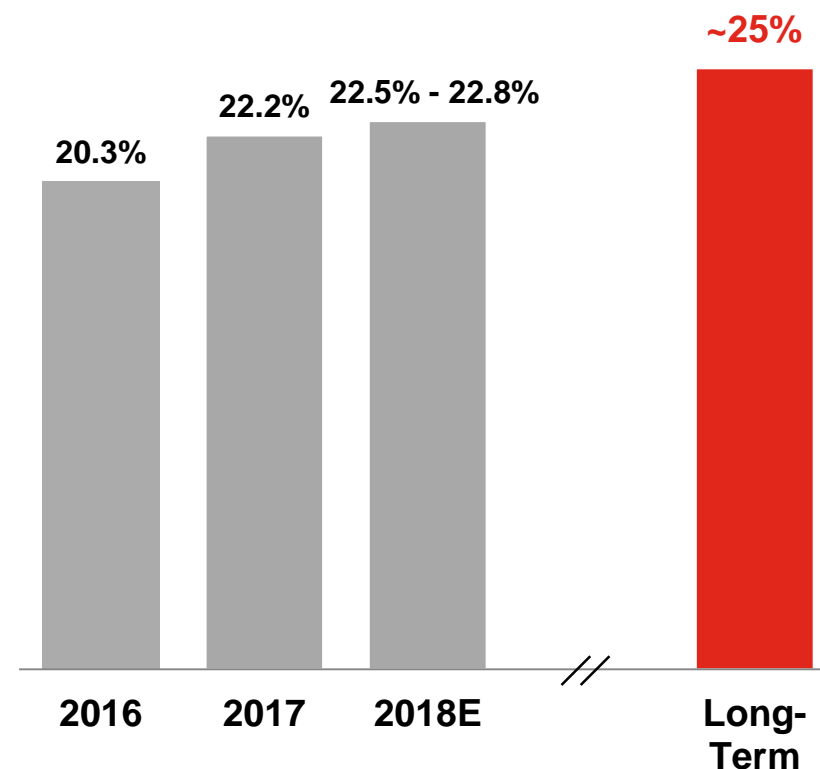
Fixed Cost Reduction

- Substantial benefits from restructuring
- 45% reduction in non-core footprint
- 3X increase in labor productivity
- 1% reduction in fixed costs per year

Drive to 25

- Unprecedented number of big wins
- ~70% reduction in incentives
- Continuous improvement in business processes

Segment Margin Targets



Summary

Delivered strong 2017 growth and margin expansion

22.2%

2017
Segment Margin

~14%

Connected Aircraft
Software Growth

Accelerating growth and performance year over year

~8%

Air Transport OE Unit
Delivery Growth

~2-3X

Material and Labor
Productivity Savings

Positioned to continue to outperform peers long-term

~\$1.3B

2022E Sales from
Growth Projects

~\$0.9B

2022E Sales from
Breakthrough Initiatives



February 28, 2018

HOME AND BUILDING TECHNOLOGIES

Gary Michel, President and CEO

Honeywell
THE POWER OF **CONNECTED**

HBT | Key Messages

Strong Outlook

- Core markets strong and growing (commercial buildings, homes, and distribution)
- Segment margin expansion through value selling, value engineering, and footprint and SKU simplification
- Strong NPI pipeline in growth segments addressing markets (cooling, connected, smart cities) totaling \$120B
- High Growth Regions (HGR) continuing to be double-digit growth driver

Portfolio Positioned for Growth

- Large installed base (10M buildings and 150M homes), loyal channels, brand strength, and broad portfolio
- Deep domain knowledge in critical systems (energy, comfort, maintenance, and security) driving solutions for owners, operators, users, and installers / servicers
- Extensive offerings and new product introductions engine in HGR (East-for-East) extending to developed markets (East-for-Rest)

Long-Term Outlook

- Offerings tied to megatrends: urbanization, energy efficiency, air and water quality, and IoT
- Installed base and robust channels enabling growth in next generation connected solutions, already growing +20%
- Executing strategy for Homes to excel as standalone business

Source: IHS Dec 17

HBT | Driving Improvement from 2017 to 2018

2017 Situation

- Americas Intrusion market decline due to shift to DIY solutions
- Slow to launch NPIs to compete in new growth segments
- Margin compression due to competitive pricing, complex footprint, and SKU proliferation
- Too slow to align organization to customer segments (Homes, Buildings)

Actions Taken

- Restructured organization aligned with customer segments
- Productivity programs, improved pricing analytics, and fixed cost reductions implemented
- Revitalized lean, operational excellence, Honeywell Operating System (HOS) deployment, commercial excellence, and SKU/footprint rationalization
- Streamlined product platforms improving cycle time and results in fire, commercial security and video, and building management systems

Source: IHS, Parks Associate

HBT | Business Overview

Key Business Metrics | Full Year 2017



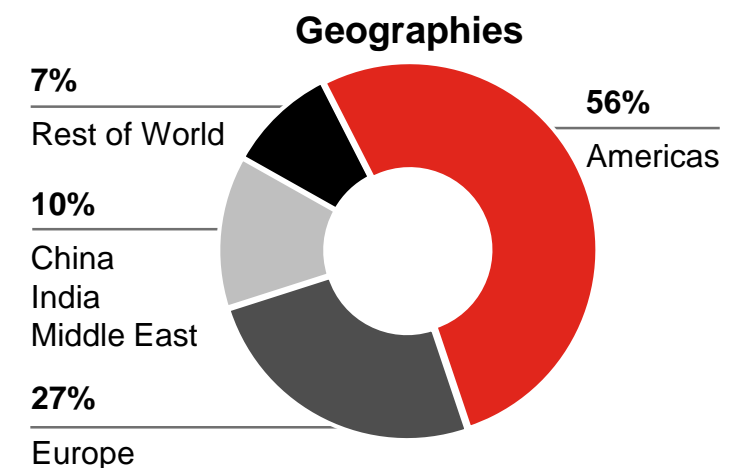
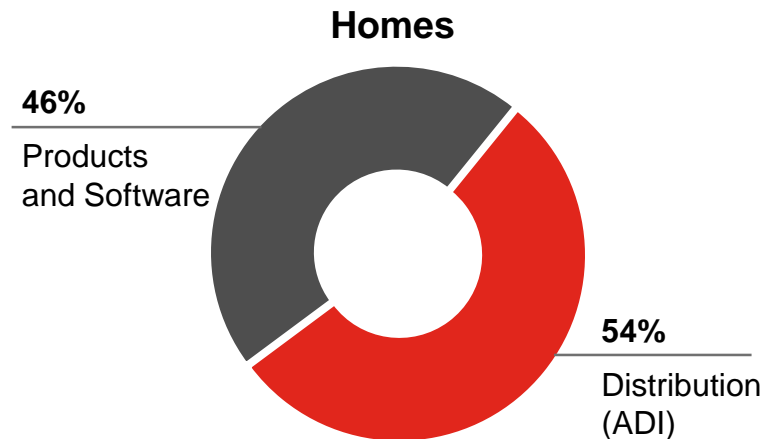
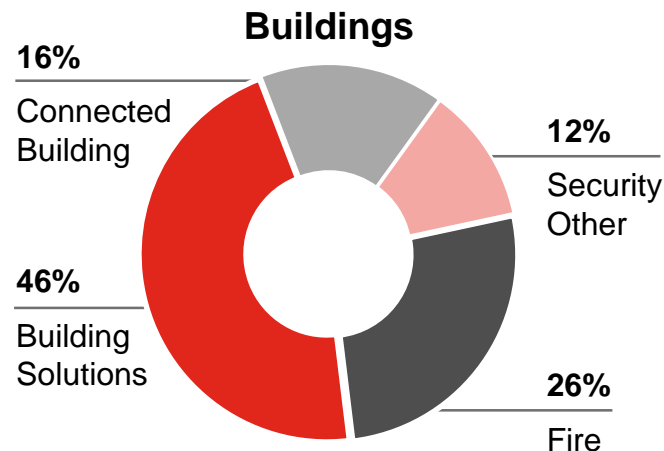
Why We're Positioned To Win

- ✓ Strong market positions
- ✓ Connected ecosystem servicing building owners, operators, end users, service providers
- ✓ Deep domain knowledge in homes and buildings
- ✓ Products optimized for critical systems and the entire building

Honeywell Installed Base

150 MILLION homes
10 MILLION buildings

Key Business Breakdown



HBT | Homes Overview

Products and Solutions

Largest global provider of products, solutions, and technologies that control energy efficiency, safety, security, and rich partner ecosystem

150M

Home Installed Base

100+

Year Heritage

\$19B

Total Addressable Market

Connected Homes

Strong and growing portfolio of connected devices and software with ecosystem partnerships



~20%

Software Growth Rate

Distribution

Pre-eminent global wholesale distributor of security and low voltage products

96K

Installers and Integrators

200

Branches Globally

Comfort and Care



Precise controls and optimization of heating, cooling, and humidity functions, home health monitoring, and related software to empower consumers and make homes more energy efficient and comfortable

Safety and Security



Self-monitored solutions for intrusion alarms and home video surveillance, water leak detection and prevention controls, and related software



Professionally installed and monitored intrusion alarm systems; including video surveillance and video alarm verification equipment, PaaS, and fire/CO alarms, and related software

Distribution



Wholesale distributor of security and low voltage products including video surveillance, intrusion detection, fire detection, and access control systems

Source: IHS

HBT | Buildings Overview

Building Products and Technologies

Leading portfolio of building controls, connected solutions and software for fire, security, environmental and energy management

10M

Building
Installed Base

\$100B

Total Addressable
Market

Key Verticals

Commercial Office
State/Fed Gov.
Healthcare
Higher Education
Data Center
Retail
Airport
Hospitality

Connected Buildings

Enabling new business models with strong and growing connected offerings

101M

Connectable
Edge Devices
Installed

~20%

Software
Growth Rate

Building Solutions

Global leader in installation, commissioning and maintenance of systems promoting safety, security, comfort, productivity and energy efficiency

\$750M+

Sales Annuity
15-20 Yr. Customer
Life Cycle

\$150M+

Annual HON
Product Pull-
Through

>60%

Return on
Investment

Fire



Controls and related software including fire panels, smoke/CO detectors, public address systems, and alarms, aspirating fire detection and voice alarms

Energy



Precise controls and optimization of energy usage, heating, cooling, humidity, space utilization, and related building management software

Air and Water



Monitoring and control for indoor air quality through air purification and ventilation controls, and water quality through filter and purification controls and related software

Security



Detection systems and related software including intrusion, access control, video surveillance and alarm verification for critical building and infrastructure

Building Solutions



Integrated software and hardware offering for complex buildings and structures, focusing on installation, integration and service

Source: IHS

HBT | 2018 Plan Overview

Sales

Up 1% - 3%

*Organic
Growth*

17.1% - 17.4%

*Segment Margin
Up 20 - 50 bps*

\$9.5B

\$9.8B

**\$10.0B -
\$10.2B**

2016

2017

2018E

2018 Growth Drivers

~20%

**Software Sales
Growth**

130

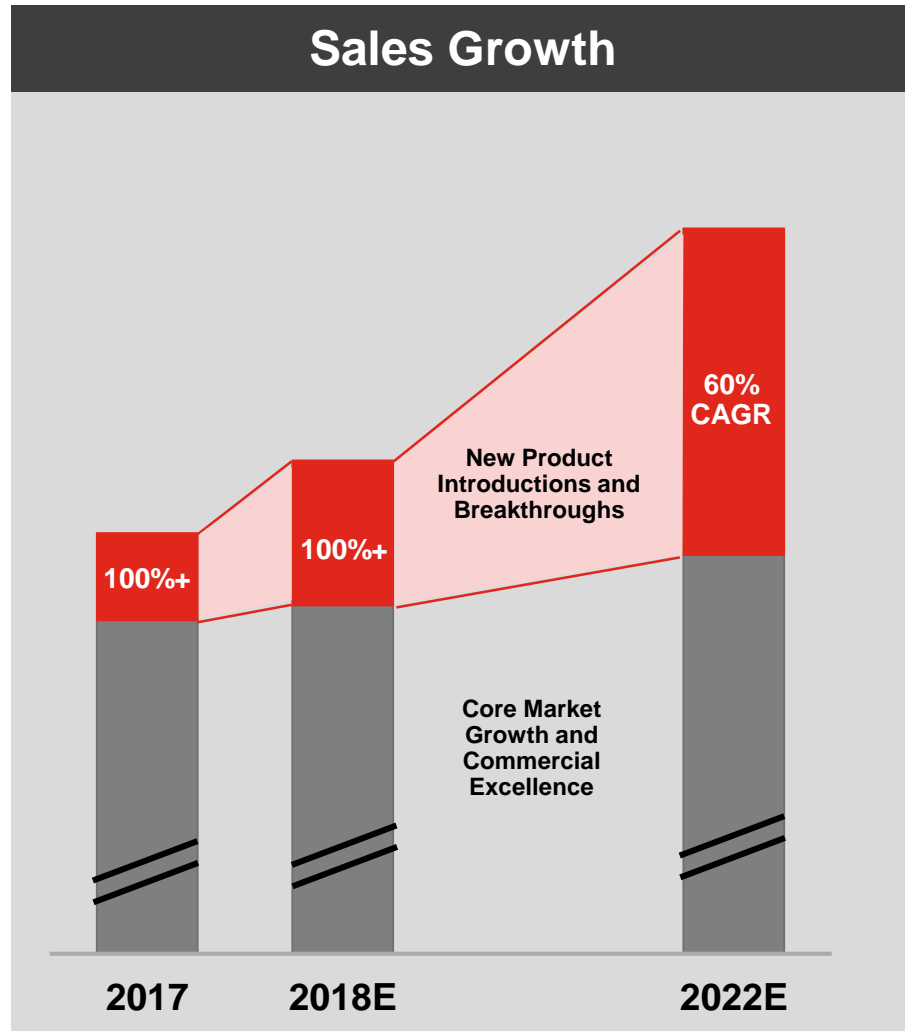
**New Connected
Launches**

15%+

**Growth in
HGRS**

- Strong NPI pipeline in fast growing segments, aligned to global megatrends
- New offerings in new addressable markets totaling +\$120B (cooling, connected buildings, and smart cities)
- Continued global market growth in core segments (fire, security, comfort)
- Continued strength in China and India; prior investments drive performance in other high growth regions
- East-for-Rest strategies leveraging investment across regions

HBT | Sales Growth



Global Megatrends

Urbanization

60%

world population in cities by 2030 (up 1B from 2017)

Air Quality and Clean Water

50%

population living with pollution (2.5x worse than World Health Organization standards)

Energy Efficiency

>30%

energy in commercial buildings wasted while global power demand continues to grow

Internet of Things

20%

CAGR 2015-2020 connected devices in smart homes and buildings

HBT Growth Vectors

- Smart cities **BTI**
- Multi-family homes
- Building Management, Fire, and Security Systems
- Air purification
- In-duct ventilation
- Water purification
- Space utilization solutions **BTI**
- Preventative maintenance software **BTI**
- New mini-split control solutions **BTI**
- Zoning **BTI**
- Energy performance contracts
- Smart utility programs
- Connected comfort, security, and safety solutions for homes and buildings, tied to customer needs
- Apps and consumption layer software
- Recurring revenue services

Source: Honeywell, United Nations, Worldmeters, Cisco, OECD, World Bank, IDC 2016, EY2015, EnergyStar

BTI: HBT Breakthrough Initiative

HBT | Software Industrial Transformation

Growth Acceleration

60%

CAGR 2018E-2022E
New Product
Introductions and
Breakthroughs

\$1 billion
market growing
10.3%

Secures home with all-in-one ease.
Features audio analytics, Alexa voice
control, smart sensors, facial recognition

**Smart
Home
Security**



**Preventive
Maintenance**



\$20 billion savings potential

Machine learning predicts
breakage, reduces downtime,
shows building performance
and delivers savings from day one

**Ductless
Mini-Split
Controller**



\$76 billion

ductless mini-split market
growing 15% in N. America

Intuitive control and monitoring through
touchpad or app, simplifies experience
for consumers and contractors

\$1.3 billion China water market
Air quality market growing 77%

Air and water purification provides safety,
comfort and peace of mind with features
uniquely addressing market needs

**Air and
Water**



**Occupant
Experience/
Space
Utilization**

50 billion

square feet under-
used office space

Honeywell occupant engagement,
sensors, and data improve building use
and open APIs expand capabilities



Source: Gensler, Cushman & Wakefield, Jones Lang LaSalle,
the British Council for Offices, Navigant, IHS, BRISA

HBT | Margin Expansion Opportunities

Margin Drivers

Growth in High Value Offerings

- New offerings aligned to megatrends
- Expansion of connected offerings yielding recurring revenue

Commercial Excellence

- Channel expansion for connected offerings
- East-for-Rest for value segments

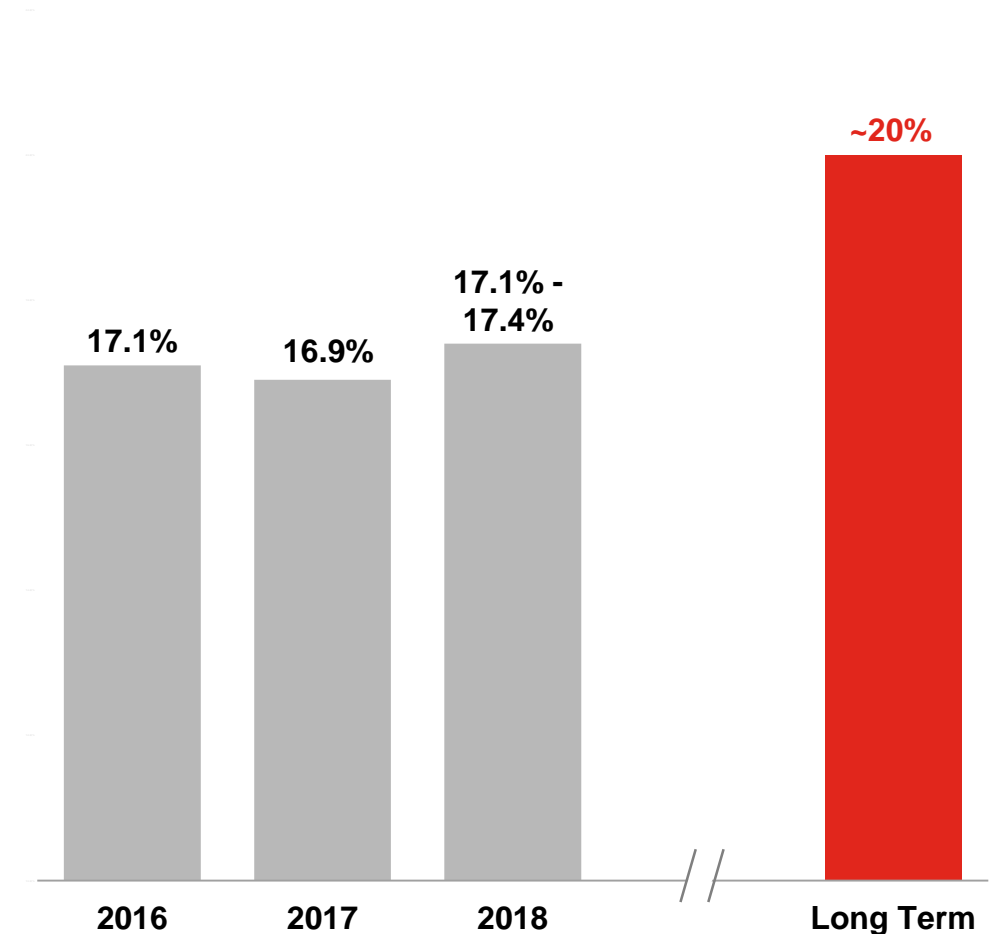
Productivity / Operational Excellence

- Stronger value capture and program analytics
- Value engineering and platforming
- Material productivity improvements

Fixed Cost Reduction

- Footprint consolidation: entities, factories
- 1% fixed cost reduction annually

Segment Margin Targets



HBT | Summary

2017 set strategic course for more profitable growth

+20%

2017 Software
Growth Rate

+15%

2017 China and India
Sales Growth

**Delivering margin expansion in 2018 through
Connected offerings**

**17.1% -
17.4 %**

2018E Segment Margin

~20%

2018E Software
Growth

Attractive new markets fueling long-term growth

\$120B

Market Size for New
Markets Entered
2017-18

~\$1B

Connected Buildings
Sales by 2022E



February 28, 2018

SAFETY AND PRODUCTIVITY SOLUTIONS

John Waldron, President and CEO

Honeywell
THE POWER OF **CONNECTED**

Key Messages

Strong Growth Outlook

- Connected Worker applications in growing high-risk safety environment
- Strong double-digit bookings, backlog, and sales growth at Intelligrated
- IIoT and digitization driving growth in sensors, data collection, and mobility

How We're Differentiated

- Leading Connected Worker, Supply Chain, and Distribution Center (DC) solutions – all on Honeywell Sentience
- World-class NPI machine, with \$1B+ in new offerings annually; anchored in China and HGR
- Leading Intelligrated warehouse automation technologies and solutions growing at 2X the market

Long-Term Margin Expansion

- Simplifying footprint and supply chain to reduce non-core by 50% long-term
- Software and Connected growing at 20%+ per year
- HOS World-Class delivering 50+ bps in annual productivity

Well-Positioned to Deliver Strong Growth and Margin Expansion

SPS Business Overview

Key Business Metrics | Full Year 2017

\$5.6B
2017 Sales

15.1%
Segment Margin

Why We're Positioned to Win

- ✓ Large, growing global installed base in expanding markets
- ✓ Deep domain, application, and solution expertise
- ✓ Robust pipeline of new product offerings and breakthrough initiatives
- ✓ Differentiated technology in voice, sensing, safety, and automation

Key Business Breakdown

Safety

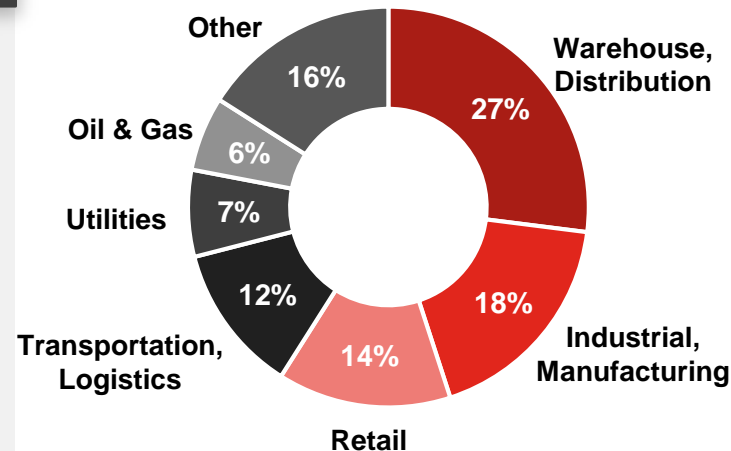
38% of SPS Portfolio

- Personal protective equipment (PPE)
- High-risk safety equipment
- Gas detection
- Retail

Key Trends

- Increasing regulation
- HGR greater compliance / adoption

Verticals



Productivity

62% of SPS Portfolio

- Sensors and IoT
- Data capture devices
- Workflow solutions
- Warehouse automation

Key Trends

- E-commerce growth
- Increasing automation and IIoT

Portfolio Aligned to Global Trends, Diversified Across Industries

SPS Portfolio

Safety Solutions

~\$26B
TAM*

Fall protection, respiratory, personal protective equipment and gas detection



Sensing and IoT

~\$17B
TAM*

High-precision sensors, switches and controls



LIMIT SWITCHES



LOAD CELL



PRESSURE
SENSOR

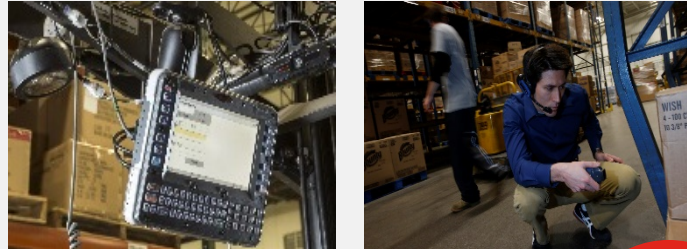


GAS SENSORS

Productivity Solutions

~\$14B
TAM*

Mobile computers, printers, data capture devices, and software solutions to improve worker productivity



Intelligrated Solutions

~\$29B
TAM*

Hardware, software and services to improve warehouse efficiency



Connected Solutions

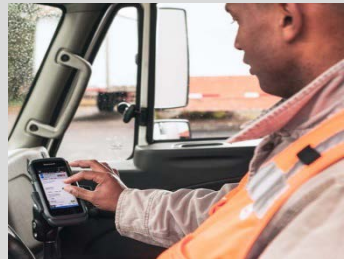
Connected Worker Solutions

- 20% reduction in safety incidents
- 30% increase in worker productivity



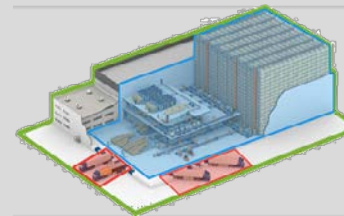
Connected Supply Chain Solutions

- 10% reduction in freight loss
- 20% increase in workflow productivity



Connected Distribution Center

- 30% increase in operational efficiency
- 60% increase in DC labor productivity



*TAM = total addressable market

Industry Macro Trends

Safety

~\$60B

U.S. employer annual payout for direct workers compensation costs¹



2.4M

Global annual deaths attributed to work-related hazards²



Supply Chain

+21%

Global e-commerce CAGR through 2020³



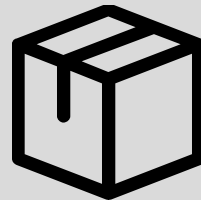
+4%

Global supply chain IT spend CAGR through 2020⁵



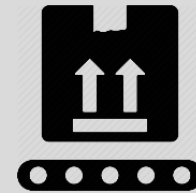
17%-28%

Global parcel volume CAGR through 2021⁴



1B+

Square feet of global warehouse space added in next 3 years⁶



Digitization

+11%

Global industrial IoT spend CAGR through 2020⁷



+23%

Global CAGR for installed base of industrial IoT devices through 2020⁸



Sources: 1) Liberty Mutual 2) ILO 3) eMarketer 4) Pitney Bowes 5) IT Spend in Retail, Wholesale and Transportation, IDC 6) JLL, Dodge, CBRE 7) PWC based on IDC data. Includes IoT market in manufacturing 8) IHS Markit

SPS 2018 Plan Overview

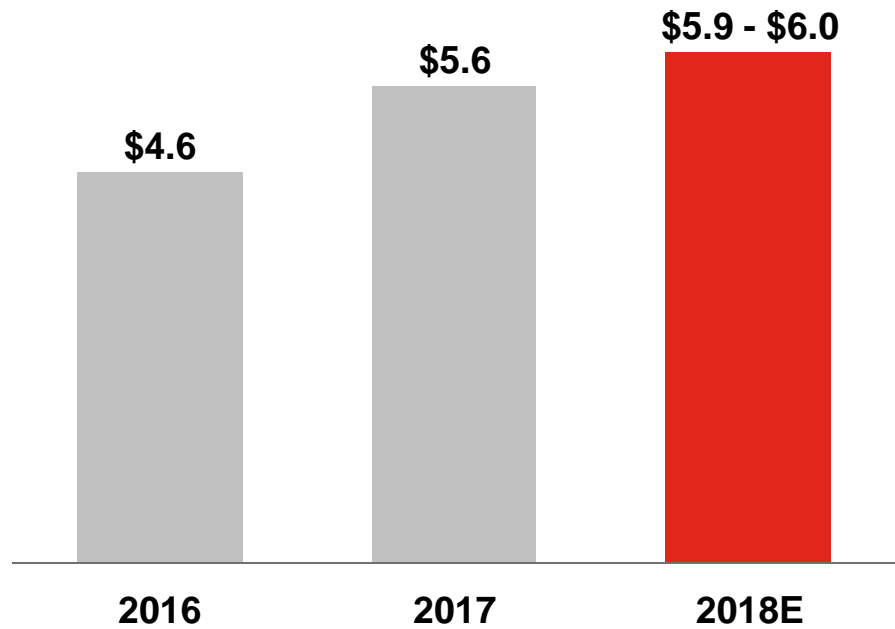
Sales

Up 4% - 6%

*Organic
Growth*

15.4% - 15.7%

*Segment Margin
Up 30 – 60 bps*



2018 Growth Drivers

\$1B+

New Offerings

+21%

E-commerce
Growth

+20%

Connected Solutions and
Breakthrough Growth

- Safety megatrends in regulation, compliance, and adoption
- Productivity Products next-generation mobility computing platform
- Robust Intelligrated orders and backlog
- Acceleration of Connected Worker, Supply Chain, and DC solutions
- Continued double-digit growth in China, India, and HGRs
- Strong productivity from HOS and Core / Non-Core

Positioned for Long-Term, Mid-Single-Digit Growth

Long-Term Growth Drivers

Base Innovation and Execution

- Rapid innovation to drive \$1B+ in new offerings
- Rigorous sales and channel deployment actions

Accelerate China, India, HGR Growth

- HGR E2R offerings targeting mass mid-segment
- China logistics software targeting 10M+ wholesalers

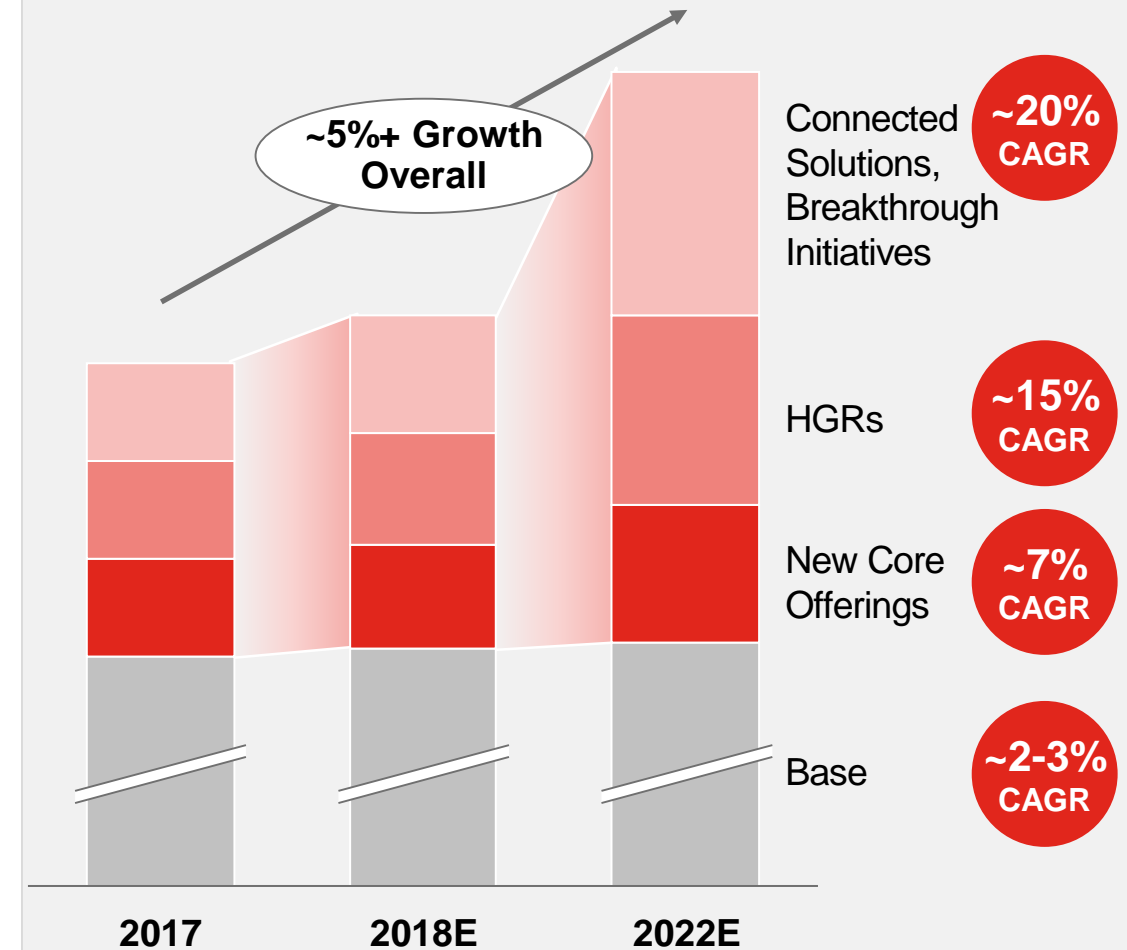
Connected Solutions

- Worker safety, compliance, field inspection solutions
- Supply Chain track/trace, delivery, and retail
- Connected DC reliability, throughput, productivity

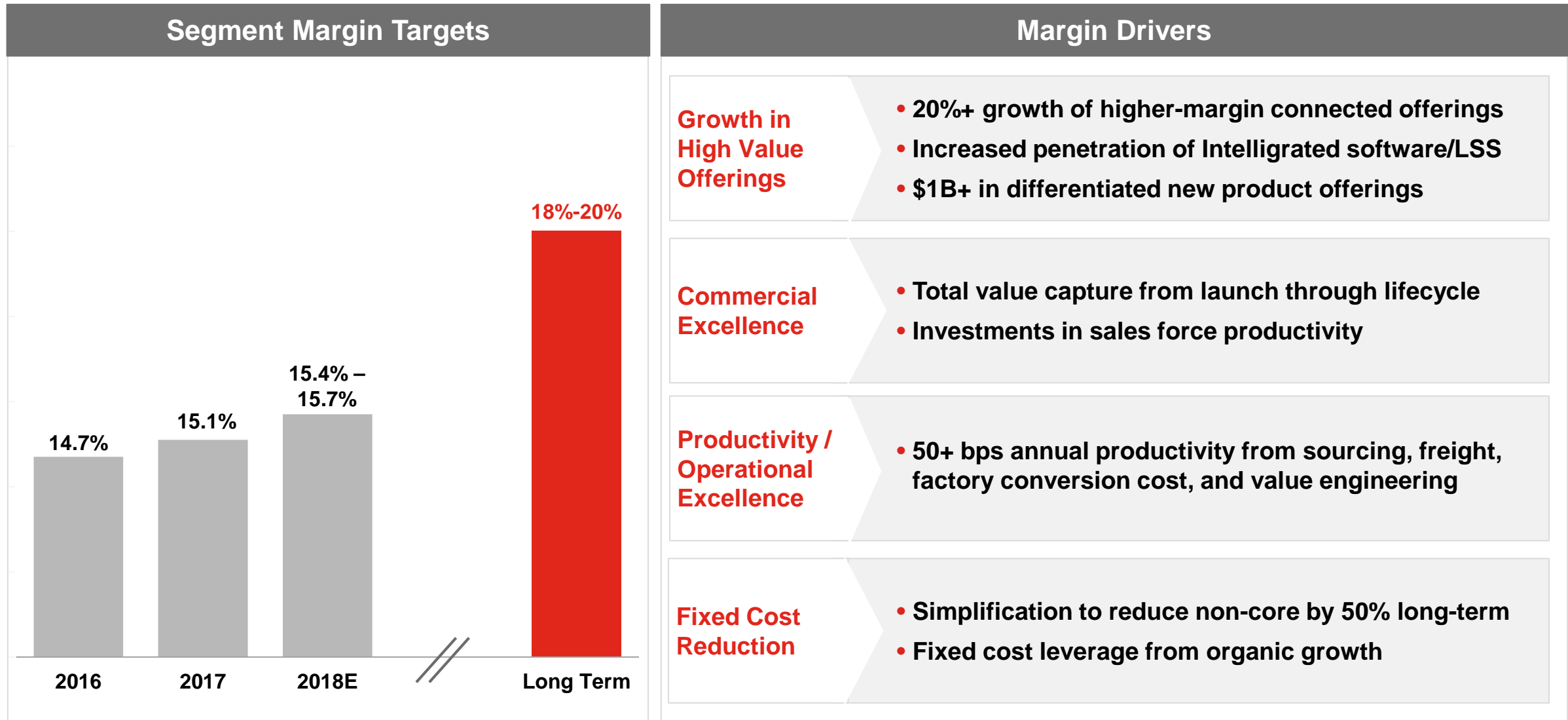
Execute on Breakthrough Initiatives

- \$10B+ DC automation opportunity in Europe/China
- \$1B+ upside in 2022 from breakthrough initiatives

Sales Growth

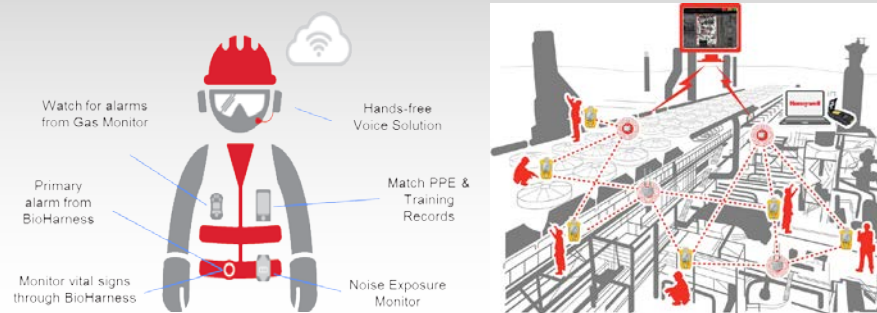


Long-Term Margin Expansion



The Power of Connected: Real-World Solutions

Connected Worker



Exposure Monitoring and Tracking of Workers

~\$6B
TAM*

- Safer workers and work environments
 - Improved safety compliance at lower cost
 - Enhanced worker productivity
-
- Real-time threat alerts; 20% reduction in incidents
 - Automated compliance reporting; 25% reduction in cost
 - Hearing management to reduce worker noise exposure

Customer Needs

SPS Value

Example Customers / Partners

COPEC

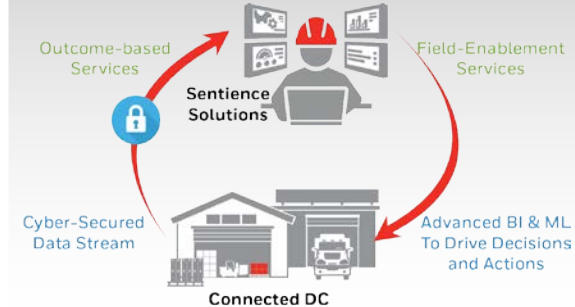
Vestas

bhpbilliton

**amec
foster
wheeler**

1. Honeywell Safety Suite Worker Compliance at the Jansen project

Connected Distribution Center



Enterprise Intelligence for Warehouse Automation

~\$3B+
TAM*

- Higher throughput and operational efficiency
 - Greater asset reliability and uptime
 - Enhanced labor productivity
-
- Increase warehouse productivity by 60%
 - Increase volume by 30%
 - Provide data-enabled services to improve system reliability

freshdirect

McKESSON
Empowering Healthcare

**BIG
LOTS!**

*TAM = total addressable market

Connected Worker: Amec Foster Wheeler



Leading engineering procurement company
serving energy and industrial segments



Project Scope

- Multi-year \$11B oil refinery construction project
- Ramping to 6,000 workers in 2018
- Multiple sub-contractors

Challenge

- Ensuring employee and contractor safety
- Enforcing health, safety, and environment compliance
- Labor availability and productivity

Honeywell Solution

- Honeywell Safety Suite software platform
- Training, PPE, and compliance management
- Plant and labor management software

Benefits

~\$50M
Target Savings

1. Efficient safety verifications / risk assessments, saving 30+ minutes per worker per day
2. Automatic worker readiness checks; training record and PPE inspection confirmation
3. Digital worker / asset records, enabling managers to check compliance anytime, anywhere

Connected Distribution Center: Fresh Direct



Online grocer focused on fresh format

Project Scope

- New 400,000 sq. ft. distribution center
- Supplying direct delivery to NYC and surrounding area
- Connected solution from initial order to delivery

Challenge

- Customer demands same day, on-time delivery
- Order assembled from frozen, chilled, ambient areas
- Tight fulfillment window to ensure freshness and quality

Honeywell Solution

- Fully integrated system processing 800K items per day
- Labor management to direct 300+ employees per shift
- Route-based shipments for 800+ trucks per day



Benefits

~\$8M+
Savings
per Site

1. Improved labor productivity through automation
2. Greater throughput, enabling Fresh Direct to grow customer orders by 50%+ by 2021
3. More accurate forecasting of shipping route times, improving customer service levels

Driving Breakthrough Growth Initiatives

New Adjacencies



Connected Parcel Dimensioning Solutions

- Solution to instantly and accurately measure 3-D objects
- Reduces time to measure by 80%
- 1% lower shipping costs

Intelligrated Expansion



International Warehouse Automation Opportunities

- Intelligrated is 90%+ U.S.-centric today
- Globalizing offer with local supply chain
- Targeting Europe, China, other HGRs

Global FLUX JV



FLUX Warehouse Management Software

- 500+ customers in China today
- Software solution aligned with Connected Distribution Center strategy
- Expand in China and take globally

Summary

Delivered in 2017 on margin expansion, Intelligrated growth

+180 bps

Margin Expansion
(ex-M&A)

Double-Digit+

Intelligrated
Growth

2018 growth supported by megatrends and new offerings

+21%

E-commerce
Industry Growth

\$1B+

New
Offerings

Long-term Connected solutions and breakthrough growth

20%

Connected /
Breakthrough
Growth

18% - 20%

Long-Term
Margin Target



February 28, 2018

COMMERCIAL EXCELLENCE AND CONNECTED ENTERPRISES
Que Dallara, Chief Commercial Officer

Honeywell
THE POWER OF **CONNECTED**

Our Foundation for Growth

From Individual Efforts...



- ~40 Gold Business Enterprises
- Many org structures and practices
- Limited functional leadership



- 30 HUE Studios
- ~300 industrial designers
- 50 PB (petabytes) of data



- ~9,000 cross-selling teams
- ~2,000 marketers
- ~9,000 customer service reps

...To a Networked and Integrated Organization



- New Chief Commercial Officer role driving **new growth capabilities** in HOS Gold
- Strategy, marketing, sales and service all linked. **Organization alignment** from top to bottom across all functions
- **Integrating people, process, technology**
- **Digitally enhance** our go-to-market
- New tools, practices and KPIs **deployed consistently** across all Gold Business Enterprises
- Rationalizing and reallocating **go-to-market investment**

How We Are Driving Growth Above Market

Growth Strategy

- Shift to high-growth and high-value markets
- Systematically expanding Honeywell's addressable markets through breakthroughs
- Investment in bigger, bolder, innovative new products
- Digitally enhance the customer's journey through excellent marketing, sales and service
- Develop critically connected software offerings

Execution Priorities

Enhancing Organic Growth

- 1 Velocity Product Development (VPD)
- 2 Breakthrough Initiatives (BTIs)
- 3 Commercial Excellence
- 4 Customer Experience
- 5 High Growth Regions (HGRs)
- 6 Software-Industrial Transformation

1 Velocity Product Development



- **Agile development** with rapid prototyping and early customer engagement
- Sensors, software and emerging technologies in new offerings

2017 Impact

+3%

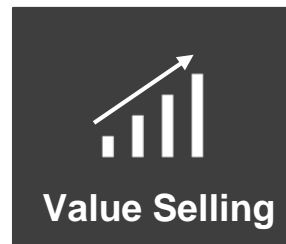
Increase in NPI Vitality*
(introduction of new metric)



- **Invigorate ideation** to generate impactful offerings aligned with mega trends and solving unmet customer needs (including **focus on software and services** in NPD pipeline)

~\$8B

NPD Pipeline
Annualized Sales



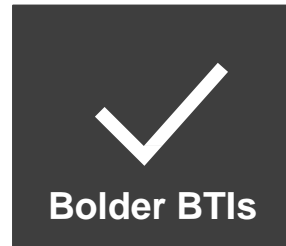
- Match value propositions to targeted customer segments
- Training and alignment of sales force to higher value offerings
Shift to **higher value solution sales** to maximize value capture

+25% YoY

NPI Sales

* NPI vitality defined as sales from last 3 years of NPIs as % of total sales

2 Breakthrough Initiatives



- **Robust hurdle levels** (\$50M - \$100M sales) and review process
- **Stepping out of comfort zone** into new adjacencies and software initiatives



- **8:4:2**, i.e. 8 ideas, 4 BTIs under incubation and 2 active BTIs per Gold Business Enterprise
- **Accountability and KPIs** for movement within the pipeline



- **Dedicated teams** untethered from the core for faster speed to market
- **Stretch goals** and metrics to encourage **entrepreneurial** spirit



- **Monthly review** and accountability discussion with CCO
- Alignment with **CEO priorities**

2017 Impact

+8% YoY
Number
of BTIs

+39% YoY
Businesses
with BTIs

+40% YoY
Average Sales per
BTI*

* Numbers calculated for "sales-generating" BTIs that exclude long-cycle opportunities with no sales initially

3 Commercial Excellence



- **Increased analytical support to sales force deployment based on share of demand for breakthroughs, geographies and software** funded by smart resource re-allocation, reducing manager spans and driving performance management actions

2017 Impact

+4% YoY
Sales
Census



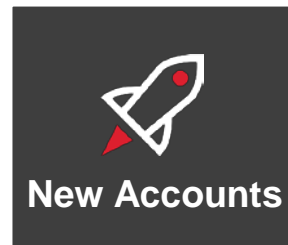
- **Methodical analytics-based impact** of more effective recruiting, on-boarding, training, coaching, value-selling tools and opportunity management reviews; one standard Honeywell sales incentive plan

+4.4% YoY
Sales \$
per Seller



- Significant **expansion of the future funnel** from creating more deals with both new and existing accounts and **rigorous CRM health check tracking**; Enterprise-level metrics consistently applied to each Gold Business Enterprise and selling unit

+28% YoY
Pipeline \$
Loading



- **New prospects** from more global sales capacity, targeted campaigns and **shift to outcome-based solutions**

+26% YoY
New Account
Growth

3 Commercial Excellence Use Case Examples

Challenge



SPS Sensing and IoT

Indirect (manufacturers' sales agents) unable to drive sensor demand

Solution

Rapid 6 month go-to-market model conversion to hire and train **new North American technical sales force**

Results

Direct solution selling approach: co-designed new sensor applications with direct customer engagement

\$76M

New Sales from Direct
Channel in First 6
Months

\$520M

New Pipeline
Built in 12 Months



Aerospace

Unable to capture large R&M aftermarket with **under resourced global sales team**

Rapid ramp-up of 176 new sales staff (recruiting, training and value selling experience) to capture underserved opportunities

Comprehensive Sales Excellence operations improving seller capability, KPIs, tools and whitespace analysis

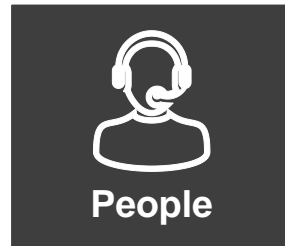
+52% YoY

Seller Census
Global Adds

\$345M

Year 1 Sales
28% Above Plan

4 Customer Experience



- **Expanding customer experience team**, established Customer Service Academy with hundreds of training modules, upgrading talent

2017 Impact

30%
Net Promoter Score
Improvement



- **Digital is key.** Analytics and productivity tools, branded e-commerce, omni-channel customer tools, automation as an efficiency driver, lower cost to serve

Up to 12%
Increase in Customer
Self-Service



- **Establish common marketing platform**, presence in key channels, 360° data lake for customer analytics and personalization, standard metrics, toolkits/processes, driving productivity and efficiency

20%
Cost Savings
Cross-HON marketing

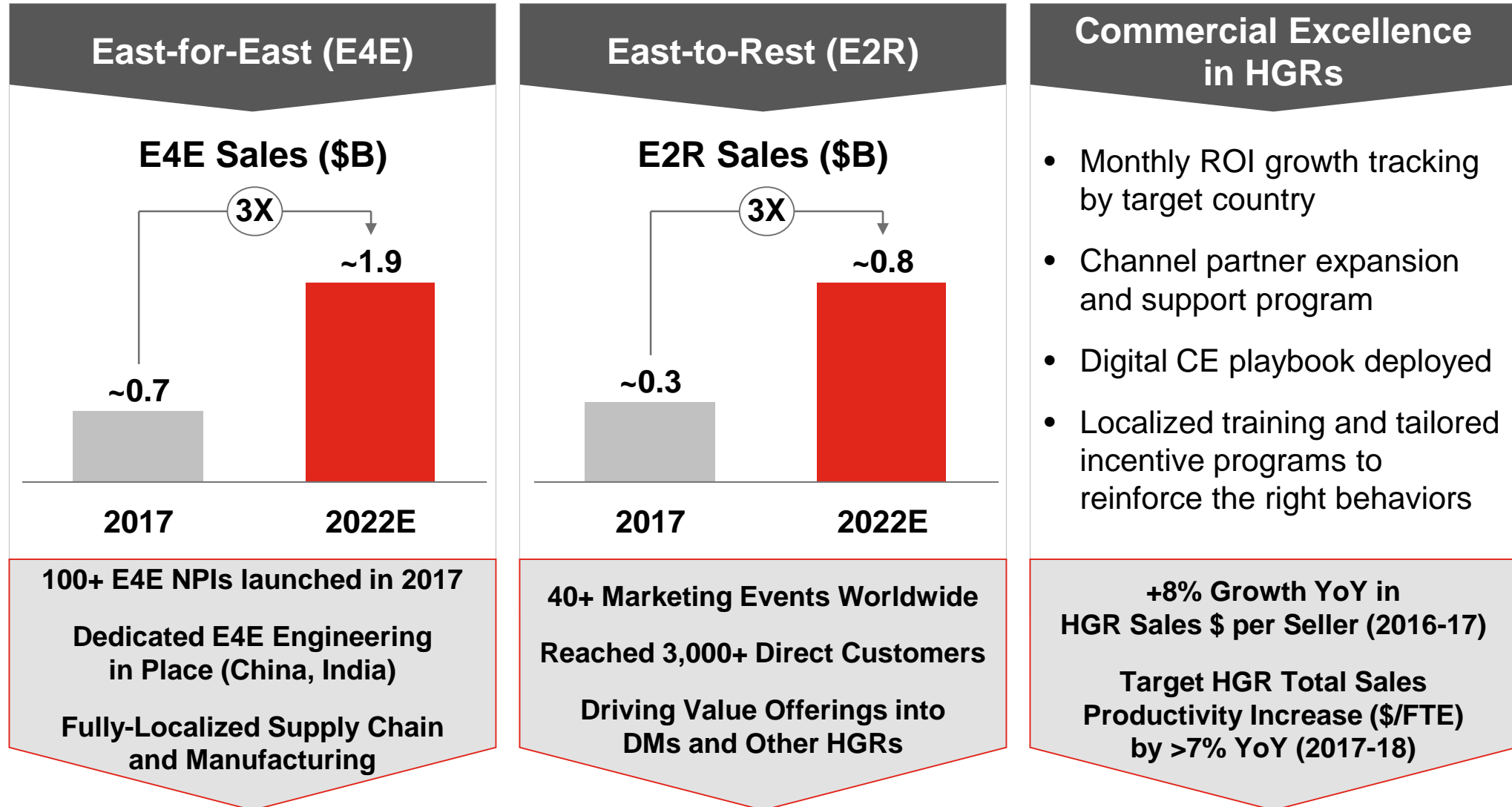


- **Investing in tools, skills and platforms** to deliver a simplified customer experience, process excellence and self-service support

~5%
Decrease in
Customer Effort*

**Measured through CES (Customer Effort Score) that indicates ease of doing business with Honeywell*

5 HGR Focus on Local NPIs and Commercial Excellence



6 Connected Enterprises and Software Across Our Segments

Key Business Metrics | Full Year 2017

~\$1.5B

Total Software Sales

23%

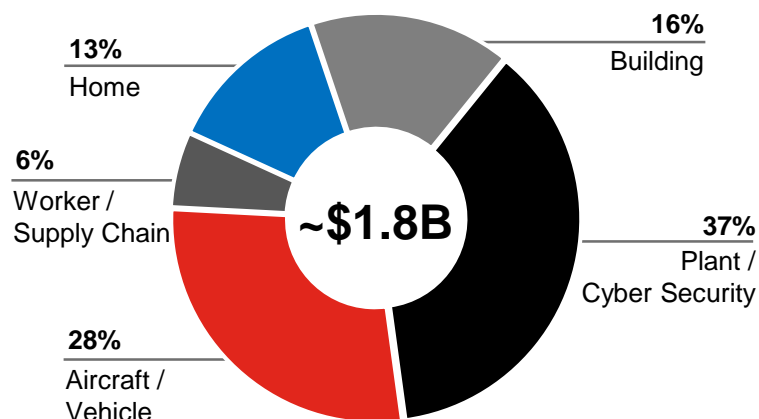
Connected Software Growth

Why We're Positioned to Win

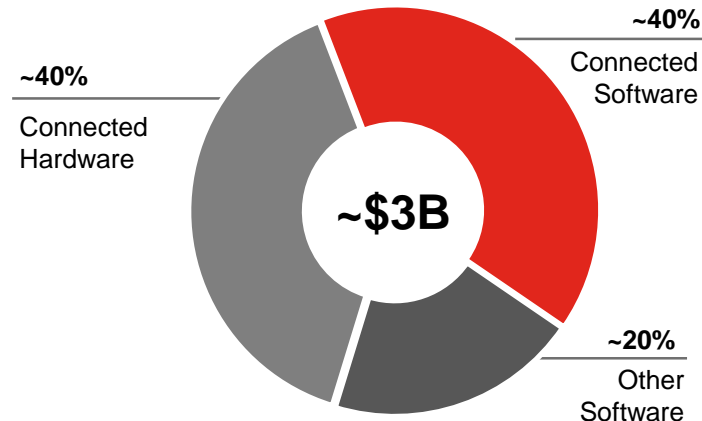
- ✓ Delivering *Critically Connected* Solutions
- ✓ Industry Focus with Deep Domain Expertise
- ✓ Credibility with Large Install Customer Base

Key Business Breakdown for 2018

Total Software 2018E



Total Sales Mix 2018E








Highlights

- 75+ Software Offerings
- \$4B+ 2017 YE Pipeline
- 3X Growth in Developers
- 50PB of Identified Data

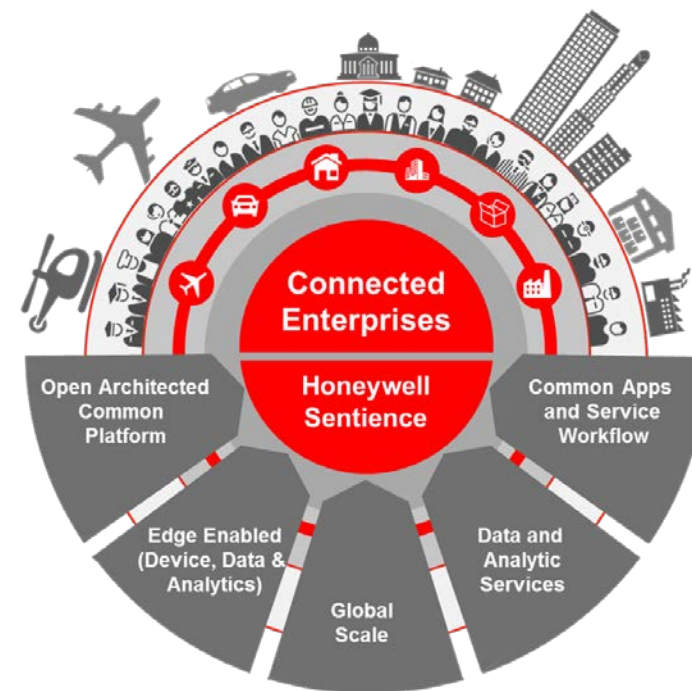
Profitable Growth While Investing in IoT and Software Solutions

⑥ Connected Enterprises | What Makes Us Different

Leveraging Our Strengths...

-  Strong track record in **data collection** and **control science**
-  Experienced team with deep domain
-  Focusing on industries we understand and have customer access
-  **Rigorous execution:** high Say / Do ratio
-  Investment closely tied to returns

... To Deliver End to End Customer Value



Connected Aircraft • Connected Vehicle • Connected Building
Connected Home • Connected Plant • Connected Worker
Connected Supply Chain • Cyber Security

6 Connected Enterprises | Critically Connected Solutions

Critically Connected Offerings

People

- Safety
- Compliance
- Productivity

- **Connected Worker (Remote Worker)** - Real-time monitoring addressing ~3 million preventable deaths annually
- **Connected Plant (Competency)** – Competency programs increase retention from 30% to 70%
- **Connected Plant (AR/VR Operator Training)** – Worker training helps reduce error rates by up to 40%



Process

- Efficiency
- Effectiveness
- Visibility

- **Connected Worker (Maintenance and Inspection)** – interactive voice 30% labor productivity increase
- **Connected Supply Chain (Freight Monitoring)** – Real time traceability reduces freight loss by up to 50%
- **Connected Plant (Optimization Advisor)** – Monitoring plant processes to improve uptime by as much as 5%



Assets

- Utilization
- Optimization
- Management

- **Connected Buildings (OBS)** – Identify maintenance issues 100 days sooner
- **Connected Aircraft (Predictive Maintenance)** – Real-time alerts reduce premature service by 15%
- **Connected Plant (Thermal IQ)** – Monitor combustion equipment increasing uptime ~5X



6 Connected Enterprises | Examples

Direct Store Delivery (DSD) for Coca-Cola



- **Challenge:** Manage critical operations of delivery, inventory management, and invoice reconciliation and settlement
- **Solution:** Provide best migration path and other critical information regardless of mobile device, either WinCE, IOS, or Android
- **Utilize Movilizer platform** to connect delivery drivers, full-service vending drivers, and field service technicians to system of record, SAP

20K+
Active Drivers



100%
System Availability
Online / Offline

\$10M+
Recurring Revenue
Pipeline

400K+
DSD Routes in
North America

GoDirect® Connected Maintenance at Cathay Pacific



- **Challenge:** Inoperative auxiliary power units (APU) in the summer causing delays and hot cabins for passengers
- **Solution:** Advanced analytics on aircraft and enterprise data to prevent schedule disruptions due to imminent part failure
- **Launched GoDirect Maintenance for APUs** to monitor system performance through algorithms to generate predictive alerts



35%
Reduction in
Operational
Disruptions



~99%
Prediction Accuracy
Rate

\$10M+
in New Product
Expansion
Opportunities

13
Additional Predictive
Solutions in Trial

6 Connected Enterprises | 2018 Focus and Tactics



Deliver Financially

- Deploy software as a service business models
- Profitably invest in capabilities and talent
- Drive innovation in High Growth Regions

20%+ Sales
Profitable Growth



Accelerate Connected Offerings

- Focus on ABCs – Analytics, Big Data, and Cyber Security
- Deliver real-time solutions at the edge
- Partner support for new micro-services and apps

Deploy **Critically Connected**
Industry-Specific
Solutions



Advance Honeywell Sentience

- Open architected – self-service and scalable
- Deep semantic models – data, asset and analytics
- Edge insights and visualization

Scale **World Class**
Software and IIoT
Platform



Build Out Centers of Excellence

- Accelerate software expertise in global CoEs
- IoT closed-loop training and certification
- Advance university and early career programs

Increase **Software**
Talent and Deliver **India**
and **China** CoEs

Summary

Enhancing Organic Growth

- 1 Velocity Product Development (VPD)
- 2 Breakthrough Initiatives (BTIs)
- 3 Commercial Excellence
- 4 Customer Experience
- 5 High Growth Regions (HGRs)
- 6 Software-Industrial Transformation

2018 Priorities

NPI Vitality +1%; commercial launch rigor

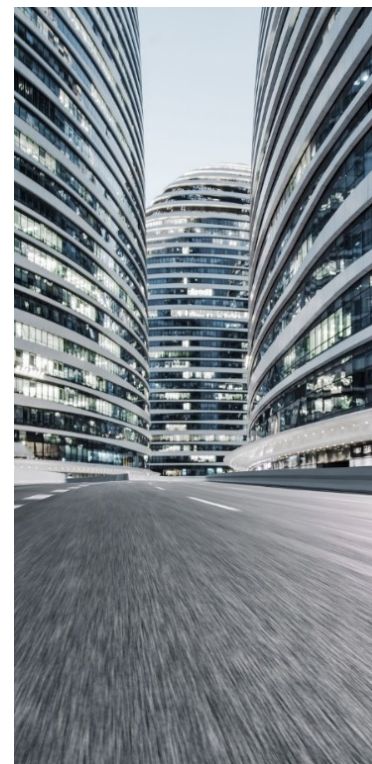
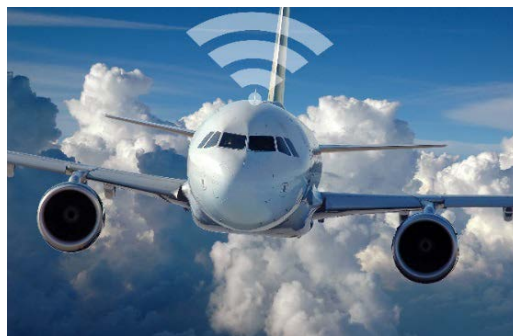
Roadmap to achieve BTI sales of +10% by 2023

Sales productivity +5%; account growth >10%

Improve Net Promoter and First Contact Resolution

Sales productivity +7%; sales conversion >2%

Sales growth >20%; launch new Connected NPIs



February 28, 2018

HIGH GROWTH REGIONS

Shane Tedjarati, President

Honeywell
THE POWER OF **CONNECTED**

A Look Back to Where It All Began: China

2004

*Assumed low single-digit growth in China
Considered multinational companies our main competitors*

\$500M

Total
China sales

<\$5M

East-for-East
(E4E) sales

<\$1M

East-to-Rest
(E2R) sales

\$300M

In local
sourcing*

~400

Sales and
Marketing
headcount

2017

*Planned for double-digit China growth as a baseline
Benchmarked ourselves against the best local companies*

6X

Increase
in
China sales

130X

Increase
in
E4E sales

270X

Increase
in
E2R sales

8X

Increase
in local
sourcing*

4X

Increase in
Sales and
Marketing

What Did We Do Differently?

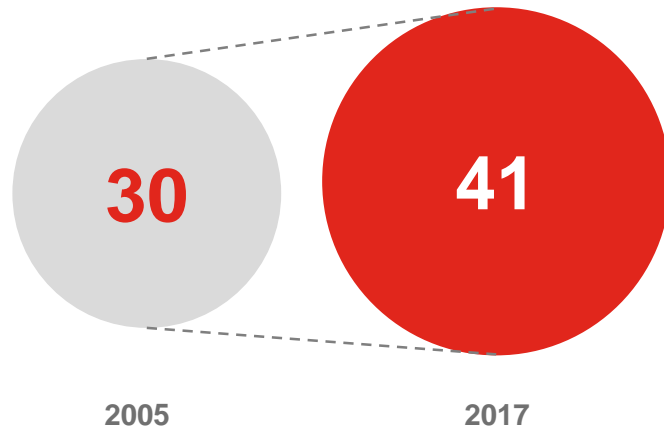
- ✓ Local leadership with profit-and-loss responsibility
- ✓ Local engineering, supply chain, and manufacturing
- ✓ Local, differentiated offerings in tune with local needs
- ✓ Local sales managers and deeper sales coverage
- ✓ Local speed and execution

*Total HON procurement in China

Extended the “China Playbook” to Rest of HGRs

Expanded Presence

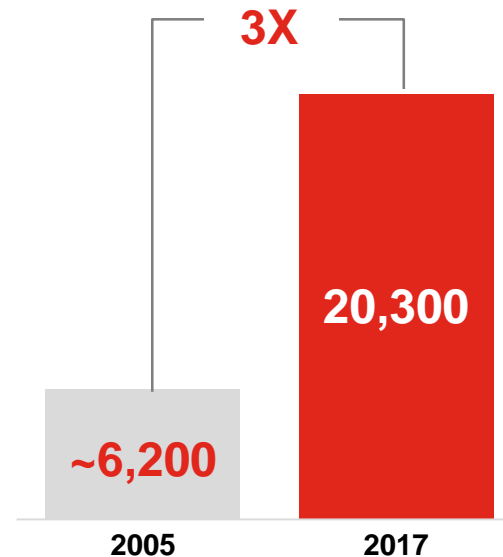
(# of HGR countries with
HON factories, offices, labs)



*Go to where the growth is:
countries poised for liftoff*

Invested in Talent

(Sales, Marketing, Engineering)



*Grew business through local
market insights and know-how*

Applied the “BCC” Framework

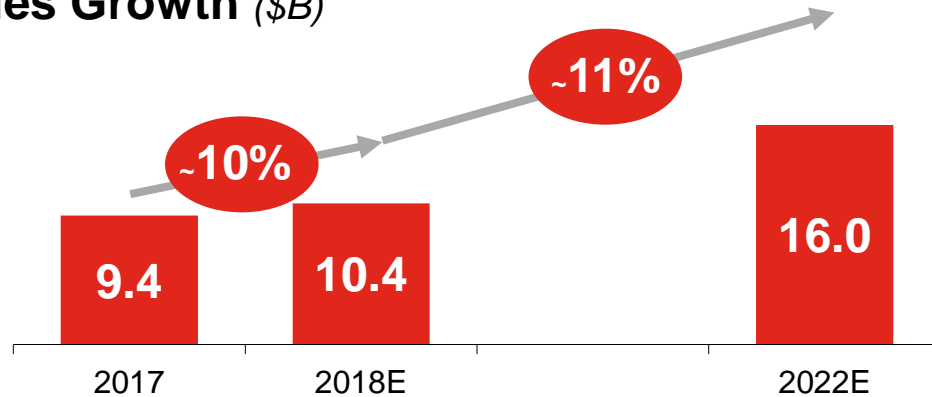


*Optimized for speed, cost,
and productivity*

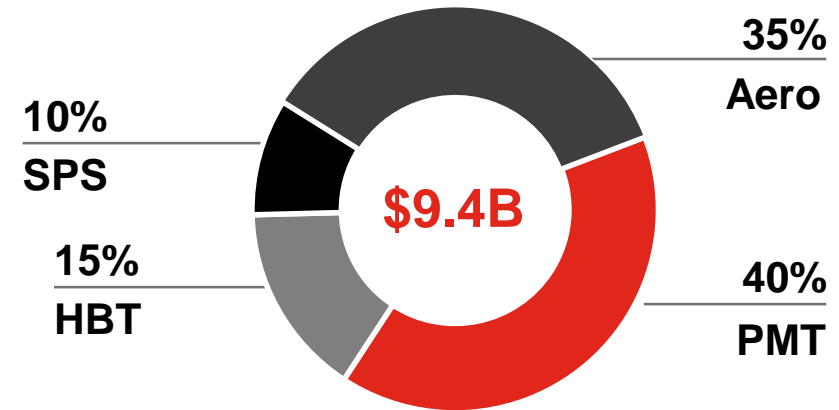
Focused Approach Enabled 3X Sales Growth over Past 12 Years

HGR Continues to Deliver Strong Financial Performance

Sales Growth (\$B)



2017 HGR Sales by Business



Regional Highlights

	2017 Sales (\$B)	YoY Organic Growth	2022E Sales (\$B)	2018E - 2022E Growth
CHINA	2.9	25%	5.0	11%
INDIA	0.8	19%	1.6	15%
MERTA*	2.9	10%	4.5	9%

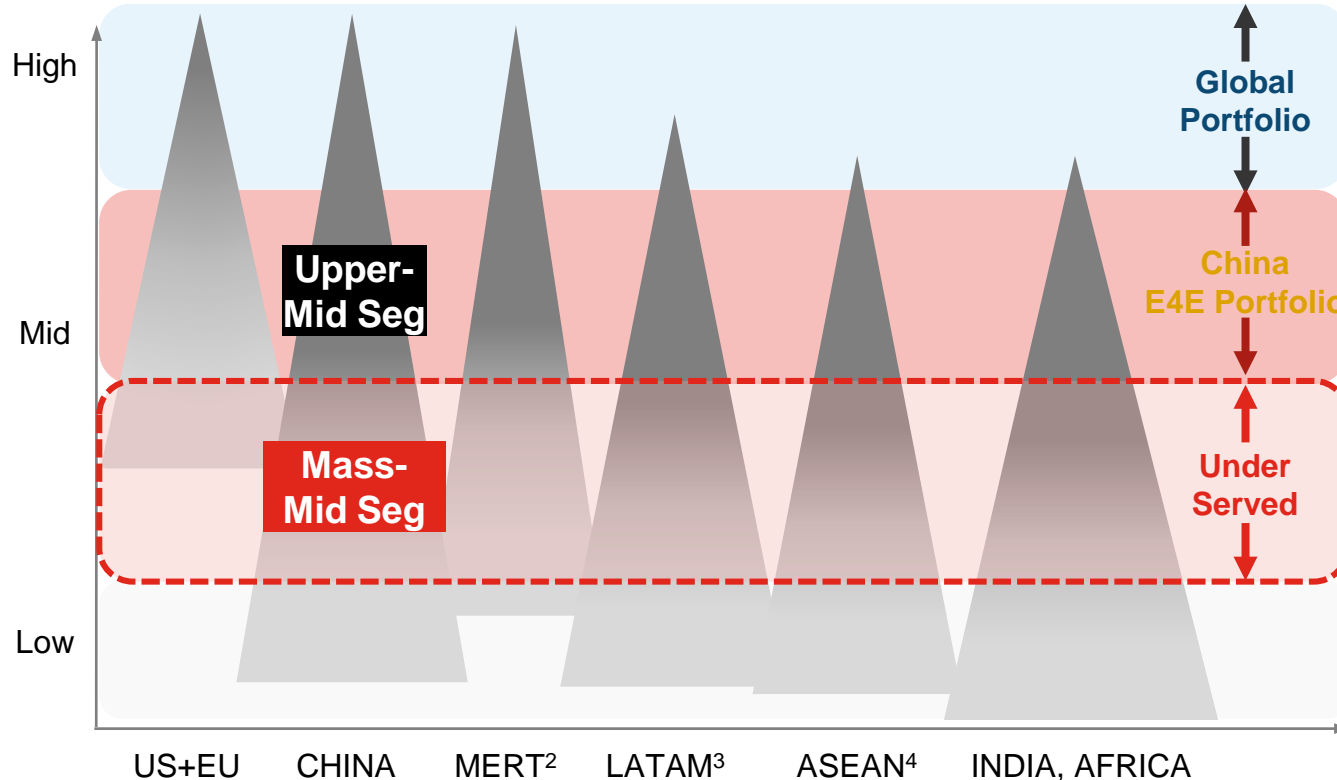
*Middle East, Russia, Turkey and Africa

Key Growth Drivers

- Government investments in “Belt and Road Initiative”
- “Made in China 2025” (advanced manufacturing)
- Industrial IoT upgrades to commercial buildings, transportation infrastructure
- Urban infrastructure efficiency (100 smart cities, smart meter rollouts)
- Sustainability regulations (auto emissions, air purification)
- Goods/services tax reform, digital initiatives (“India stack”)
- Saudi Vision 2030, NEOM new mega city, Dubai Expo 2020, Qatar FIFA 2022
- Turkish contractors expansion, large Aero/defense opportunities
- Skikda Refinery and petrochem complex, Tangier Industrial and Tech City

The Mass-Mid Segment Opportunity

Sizeable Underserved Segments in HGRs and DMs¹



¹ Developed markets

² MERT = Middle East, Russia and Turkey; ³ LATAM = Mexico, Brazil, Central and South America;

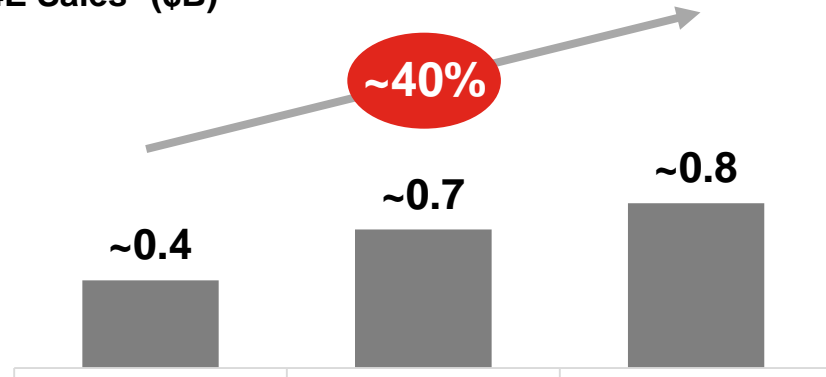
⁴ ASEAN = Malaysia, Philippines, Indonesia, Thailand, Vietnam, Laos, Myanmar

- Global and China-developed portfolios got us part of the way
 - China mid segment ≠ HGR mid segment
 - Mass-mid segment ≠ de-featuring China offerings
- Expanding E4E portfolio to address underserved segments
 - Including new effort on designing specifically for “mass-mid”
- Embracing strategic opportunity to sell “value-oriented” E2R offerings into DMs

East-for-East: Go Bigger, Faster, Bolder

2018E Growth

E4E Sales* (\$B)



Key Accelerators for 2018 Growth:

- Addition of China PMT E4E portfolio
- New “mass-mid segment” offerings from India
- Software NPIs designed to capitalize on HGR digitalization trends

*Total China E4E sales from HBT (not including ADI), SPS, PMT, and TS

Key E4E Achievements in 2017



India E4E

- India E4E teams set up in early 2017 across 4 businesses; 100+ dedicated engineers
- 30+ projects in execution phase, 10 launched in 2017
- Over 50% of projects focused on mass-mid segment



China E4E

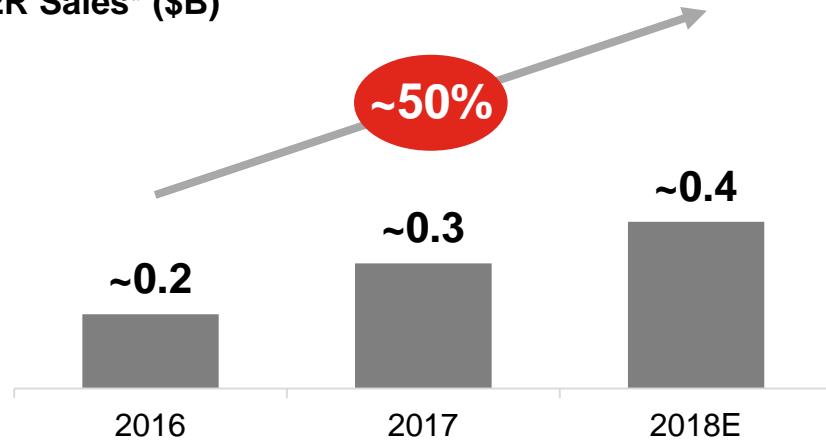
- 100+ China E4E NPI projects launched in 2017
- Focused on bigger impact, software-only NPIs
- Reduced NPI cycle time: concept-to-launch in 6-9 months
- Increased NPI vitality rates (up to 30%)

Broaden E4E Portfolio with Software, PMT and India Offerings

East-to-Rest: Taking It to Rest of the World

2018E Growth

E2R Sales* (\$B)



Key Accelerators for 2018 Growth:

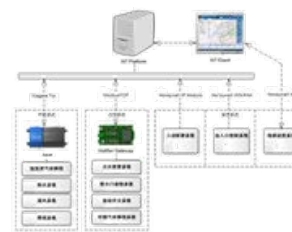
- Streamlined supply chain and logistics
- Tighter integration into HON global portfolios
- Investment in destination country resources
- Proactive and focused push into DMs

*Total external sales in destination countries

**Public address and voice alarm systems

Key E2R Achievements in 2017

- More than 7,000 E2R SKUs available today
- Held 40+ marketing events worldwide, reached over 3,000 direct customers
- Expanded into more HGRs: East Africa, South America
- Validated DM market demand, e.g. with PA/VA** sales in U.S. and Germany; Fire in Japan and Korea



Integrated Utility
Tunnel (IUT)
Software



Morley
Fire Alarm
Panel



EDA 60K
Handheld
Scanner



Single Cartridge
Air Purifying
Respirator (APR)



Wind Energy
Harness

E2R Now a Global Initiative; Not Just for HGRs

Software: Driving the Connected Enterprise in HGRs

HON Connected Enterprise Wins



UAE

Connected Plant solutions for enhanced asset performance and integrated IT systems across all Abu Dhabi refineries



ADNOC Refining



India

Command Control Center and proprietary surveillance software (DVM) for improved city management



Rajkot Smart City



Chile

Integrated software suite (Experion, Unisim, Sentinel, CPM) to enable large-scale remote operations center

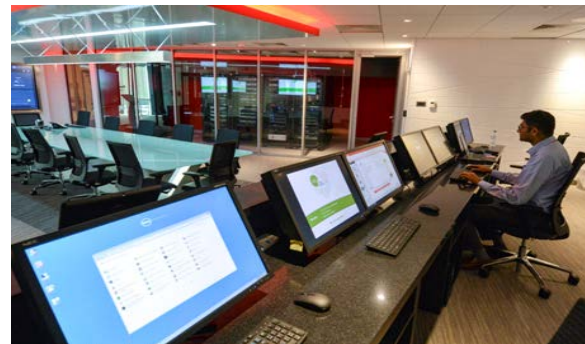


Kairos Mining

Enabling Software Development

- Industrial Cyber Security Tech Center launched in Dubai
- Standing up 2 new software development centers in India and China
- “Software Multipliers” program to identify and groom high-output, top-caliber developers

Dubai Cyber Security Center



Acquiring Critical Capabilities

Integrating complementary technologies and new software talent via strategic acquisitions

China smart logistics and connected warehouse solution



Israel cyber security solution for industrial environments

NEXTNINE
Connected ICS. Secured.

“Follow-the-Growth” to Win in Frontier Markets



China



2017 China “Belt and Road” Achievements

\$14B

Total direct investment

\$144B

New contract value

\$65B+

Cum. investment value
(‘14-’17)

11

Free trade agreements

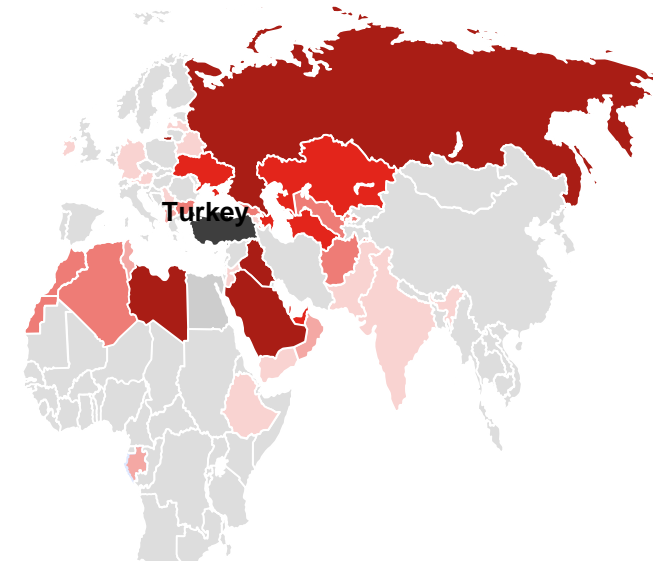
2017 Wins

- Ethiopia Bole airport
- Malabo airport
- Kuwait military academy
- New internal direct sales channels from China to Africa
- Vendor-of-choice for new airport infrastructure build-out

Source: China MOFCOM, ENR, HON analysis



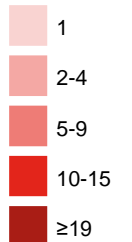
Turkey



\$25B+

Turkish EPCs
annual
overseas
contract value

Total number of
Turkish EPCs



2017 Wins

- Bahrain airport
- Kuwait support terminal
- Trans-Anatolian pipeline
- BOTAS LNG plant
- 6 new EPC* partnerships established

* Engineering, procurement and construction companies

HGR Summary

Delivered in 2017, outpaced GDP growth

\$9.4B

2017
HGR Sales

+9%

2017
Organic Sales Growth

Gaining significant traction for E4E and E2R in 2018

+\$1B

2018E
E4E and E2R Sales

+10%

2018E
Sales Growth

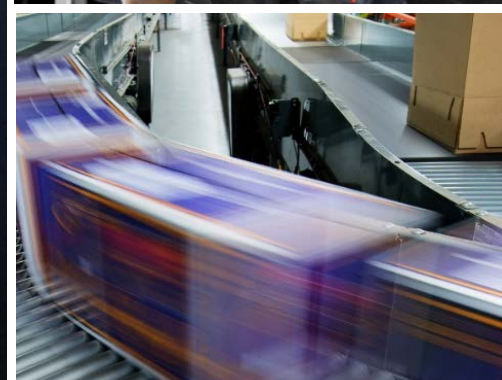
Solid growth trajectory with key strategies in place

\$16B

2022E
HGR Sales

+11%

2018E - 2022E
Sales Growth



February 28, 2018

FINANCIAL REVIEW

Thomas A. Szlosek, Senior Vice President and Chief Financial Officer

Honeywell
THE POWER OF **CONNECTED**

Financial Review

Perspectives on 2017

What to Expect in 2018

Portfolio

Balance Sheet and Capital Deployment

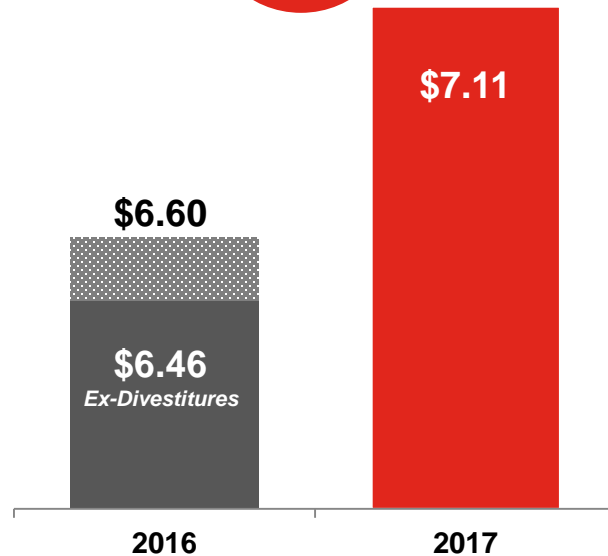
Spin Updates

Perspectives on 2017

2017 Performance

EPS

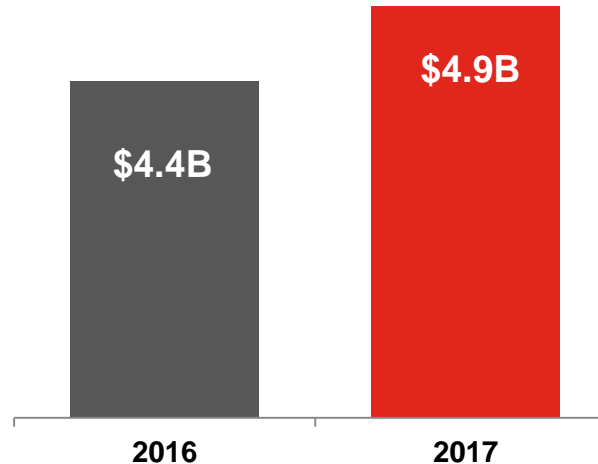
Up 10%



- \$0.49 of operational EPS growth
- +\$350M in restructuring

Free Cash Flow

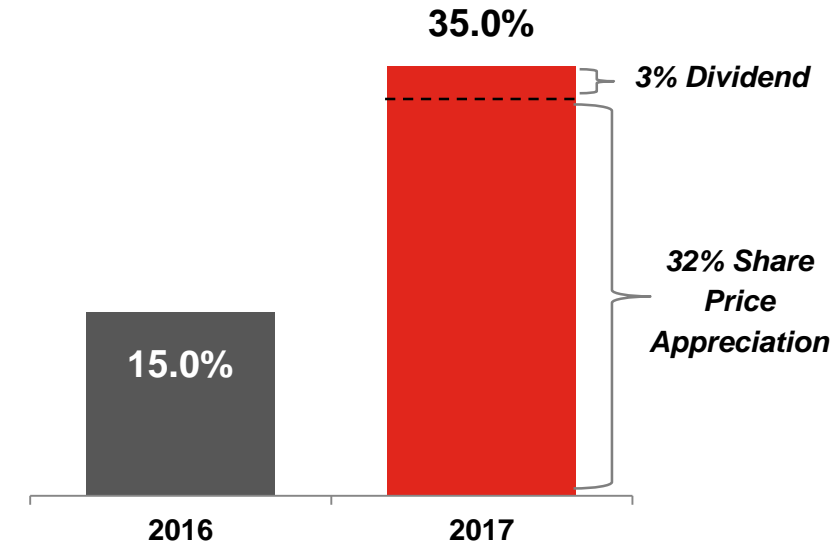
Up 12%



- 90% FCF conversion
- Better working capital, lower capex

Total Shareowner Return

170%
5-Year Total
Shareowner
Return



- Outpaced S&P 500 by ~1,300 bps
- 12% dividend increase

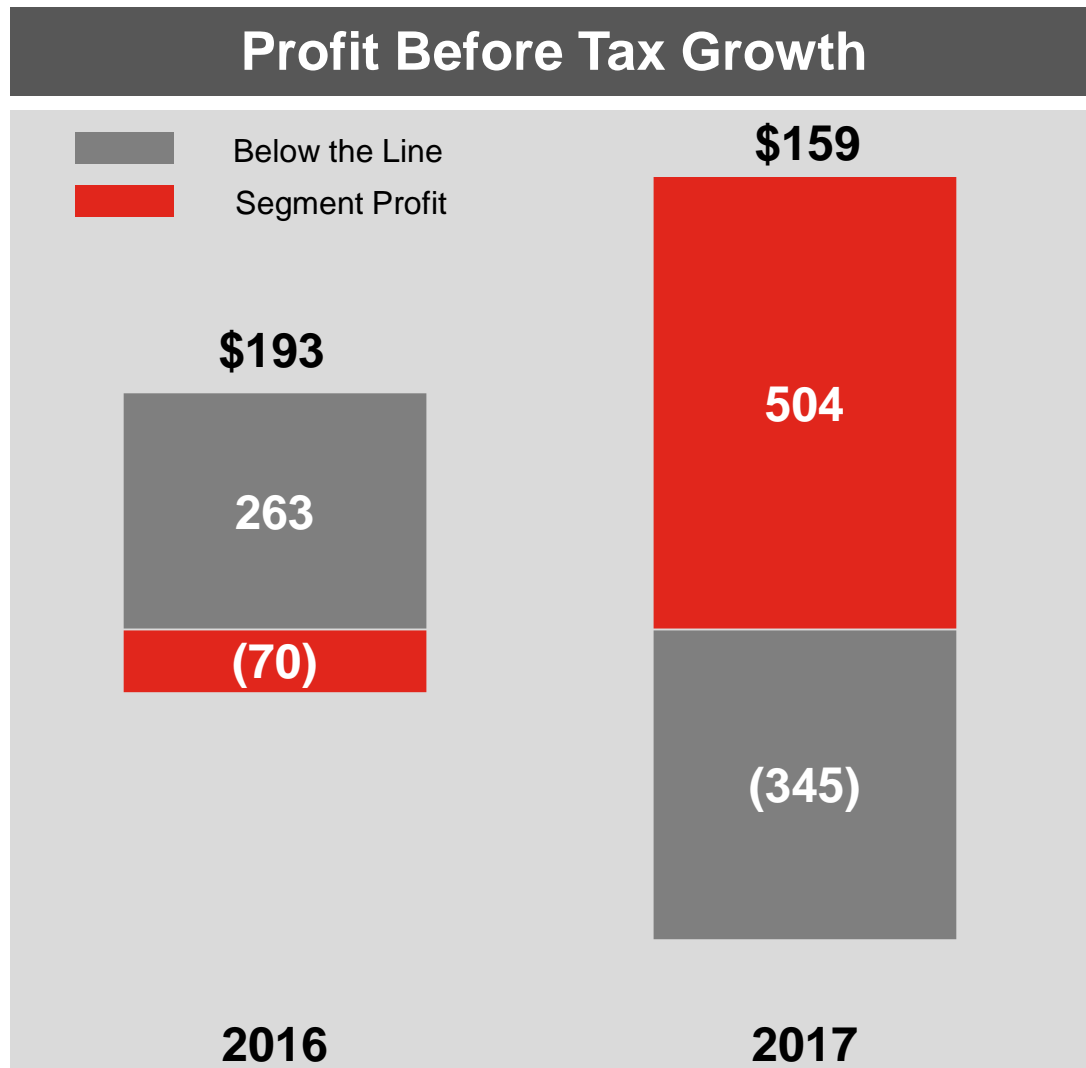
Operational EPS growth utilizes segment profit growth, weighted average shares of 775.3 million, and tax rate of 24.7%

All EPS figures exclude pension mark-to-market; 2016 EPS excludes 4Q16 debt refinancing and, where indicated, 2016 divestitures; 2017 EPS excludes separation costs and the provisional charge related to tax legislation
2017 EPS V% exclude pension mark-to-market, 2016 divestitures, 4Q16 debt refinancing, 2017 separation costs, and the provisional charge related to tax legislation

Organic Sales Growth

	2016	2017	
UOP	(16%)	+12%	Outpaced market recovery and peers
Productivity Solutions	(11%)	+6%	Intelligrated growth, mobility improving
Safety	(2%)	+4%	Growth in HGRs, new product introductions
Defense & Space	(6%)	+1%	Robust backlog, core U.S. defense demand
Commercial Aviation OE	(12%)	(2%)	Air transport +2%, business aviation (-9%)
All Other	<u>+4%</u>	<u>+4%</u>	
Total	<u>(1%)</u>	<u>+4%</u>	

High-Quality Earnings



Profit before tax growth and below the line exclude pension mark-to-market, 4Q16 debt refinancing, and 2017 separation costs

What Is Different?

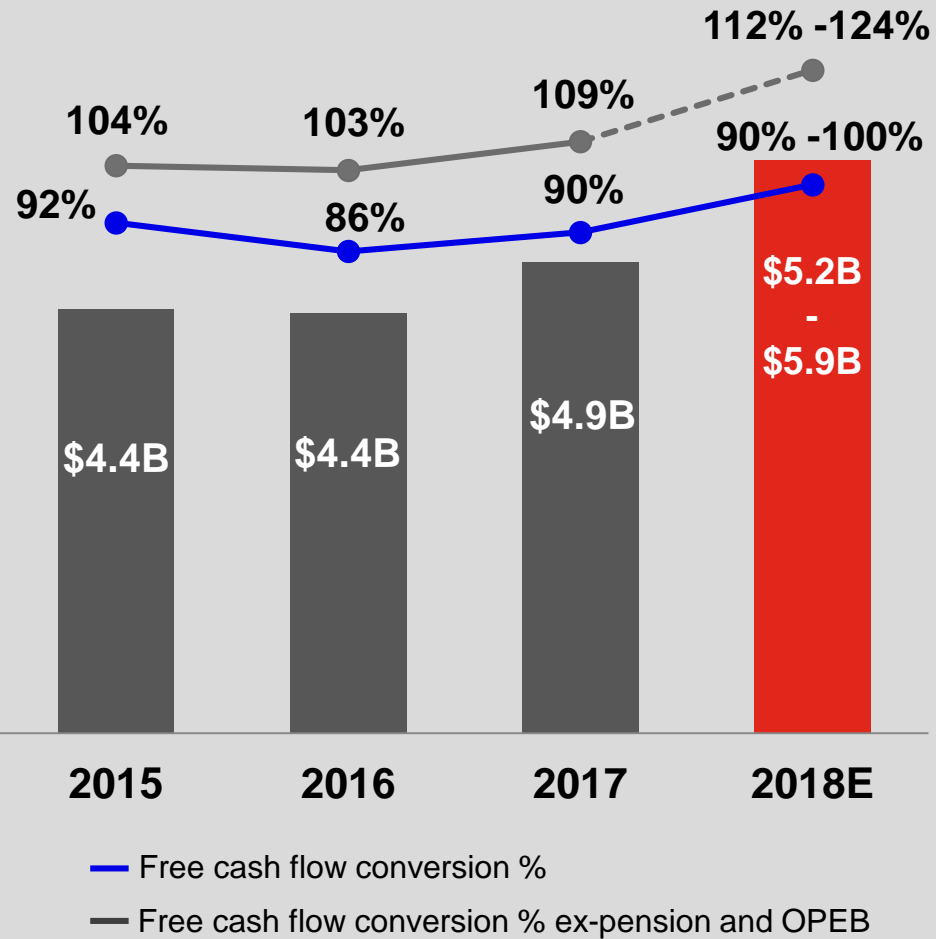
Strong turnaround on sales growth

Return to significant segment margin performance

Significant investments for growth and profitability

Strengthened portfolio for outperformance

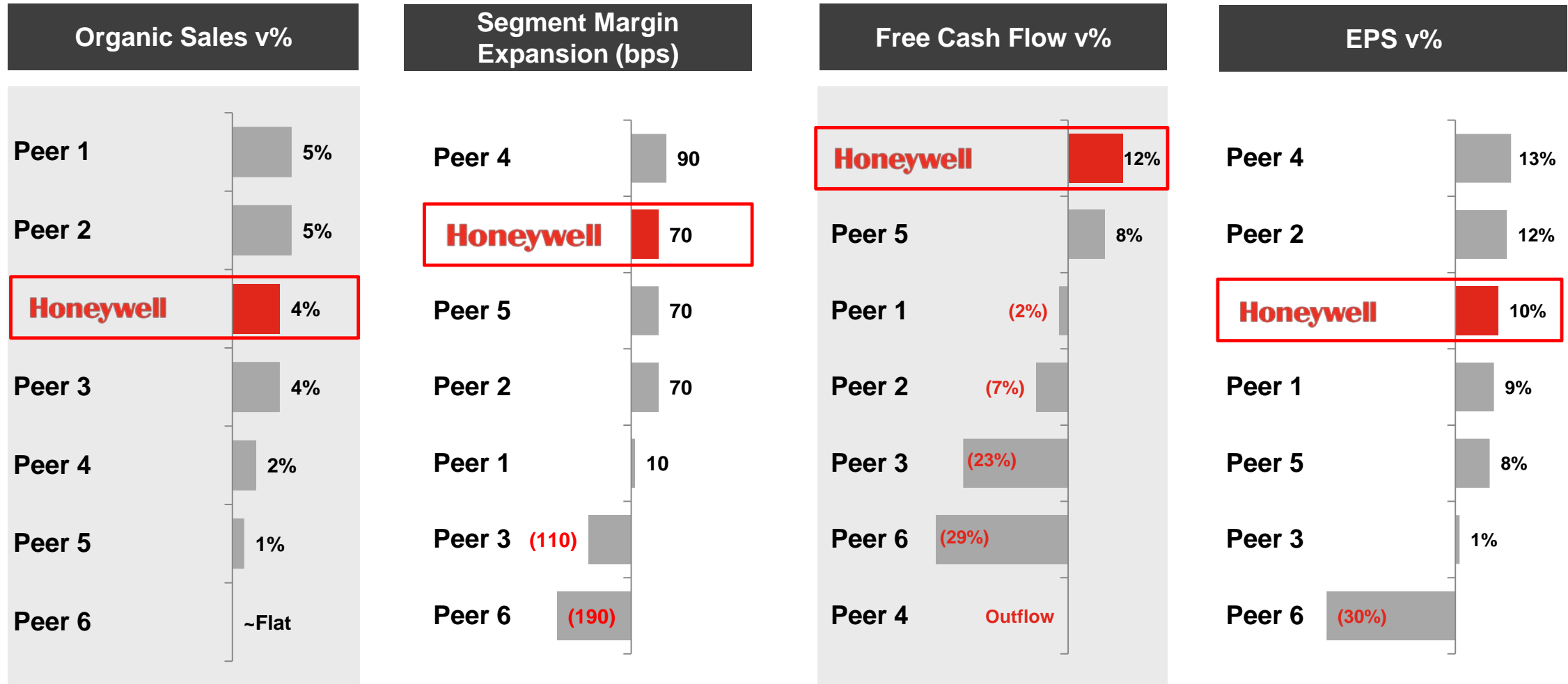
Free Cash Flow



Achieving 100% Conversion

- **Normalizing CapEx**
- **“All hands on deck” working capital focus**
 - Terms and past dues management
 - Order-to-cash cycle time reduction
 - Strong suppliers network
- **Pension income moderation improves conversion**
- **Over half of management compensation tied to FCF**

2017 Comparison Vs. Peers



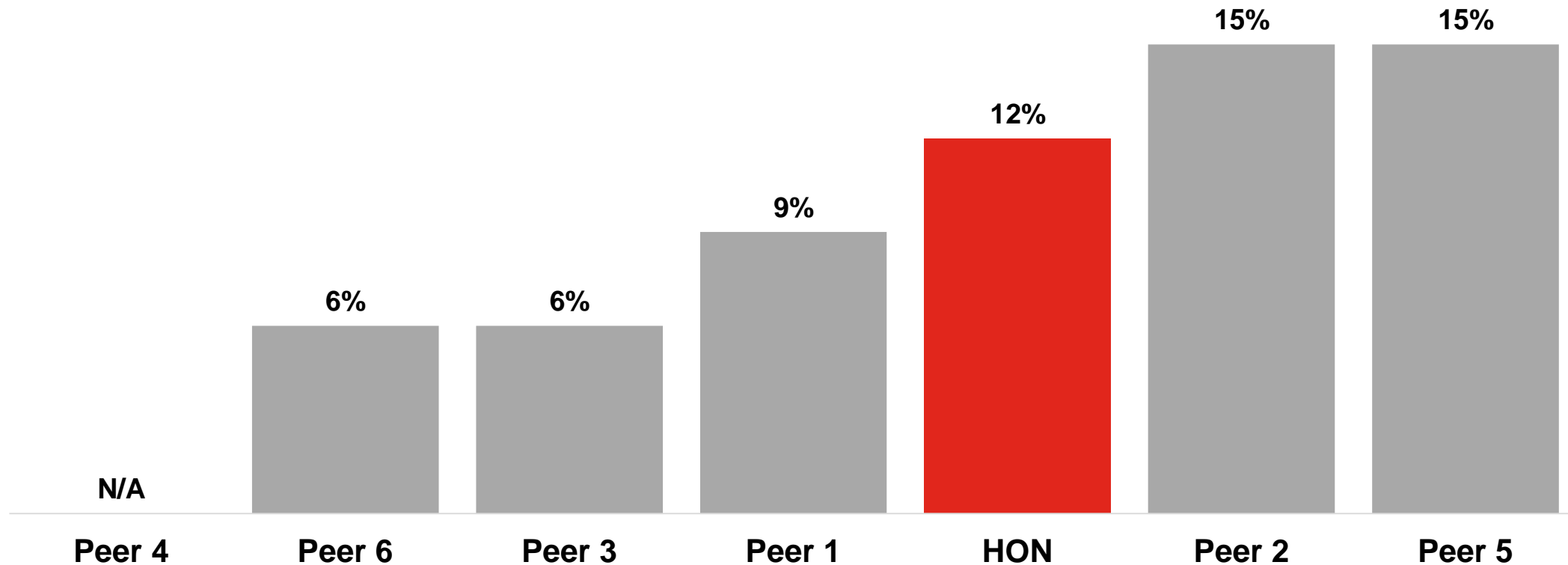
Peers include EMR, GE, IR, JCI, MMM, UTX

Peer organic sales, segment margin, free cash flow, and EPS reflects adjusted (non-GAAP) results

HON 2017 EPS V% excludes pension mark-to-market, 2016 divestitures, 4Q16 debt refinancing, 2017 separation costs, and the provisional charge related to tax legislation

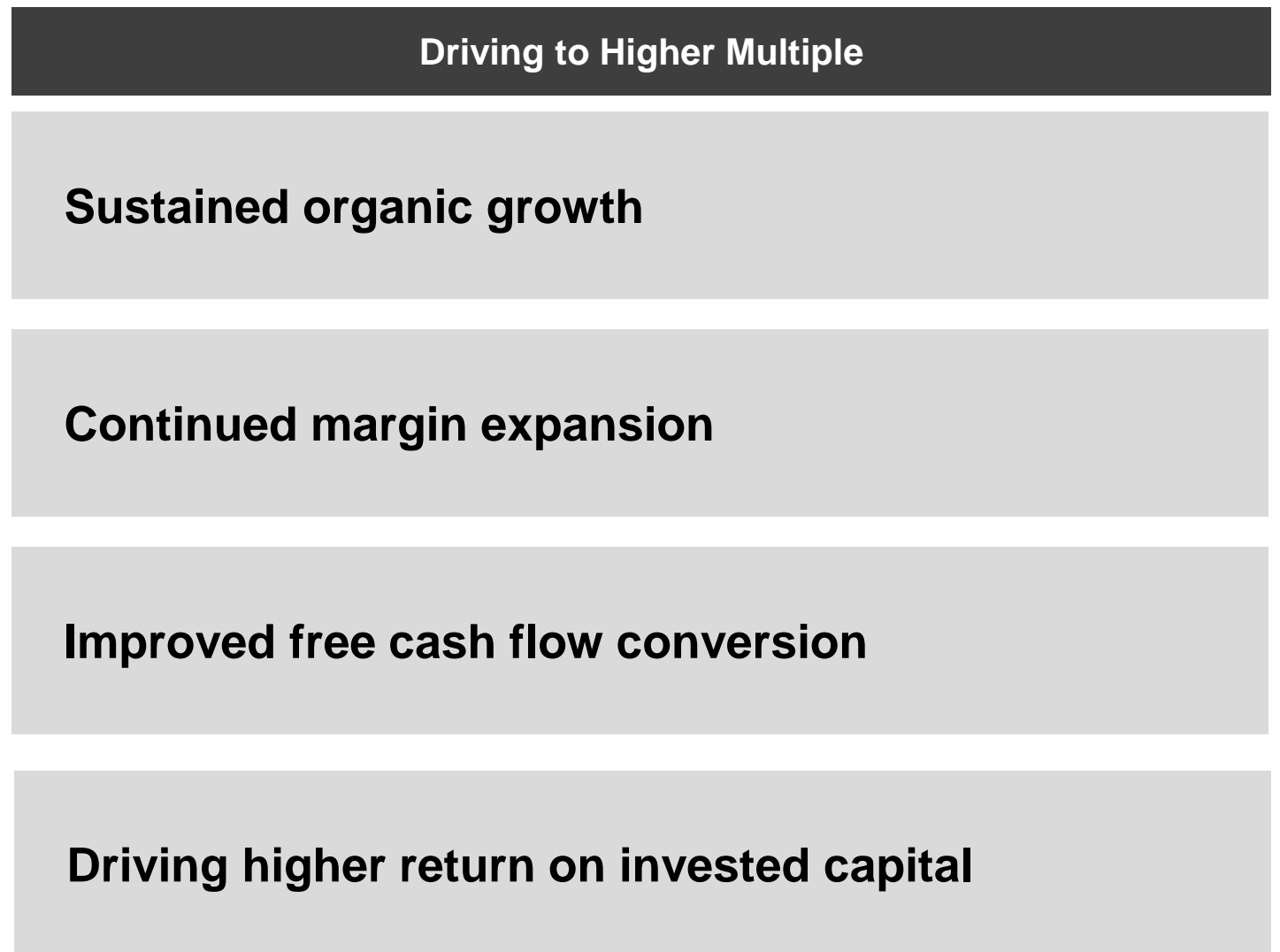
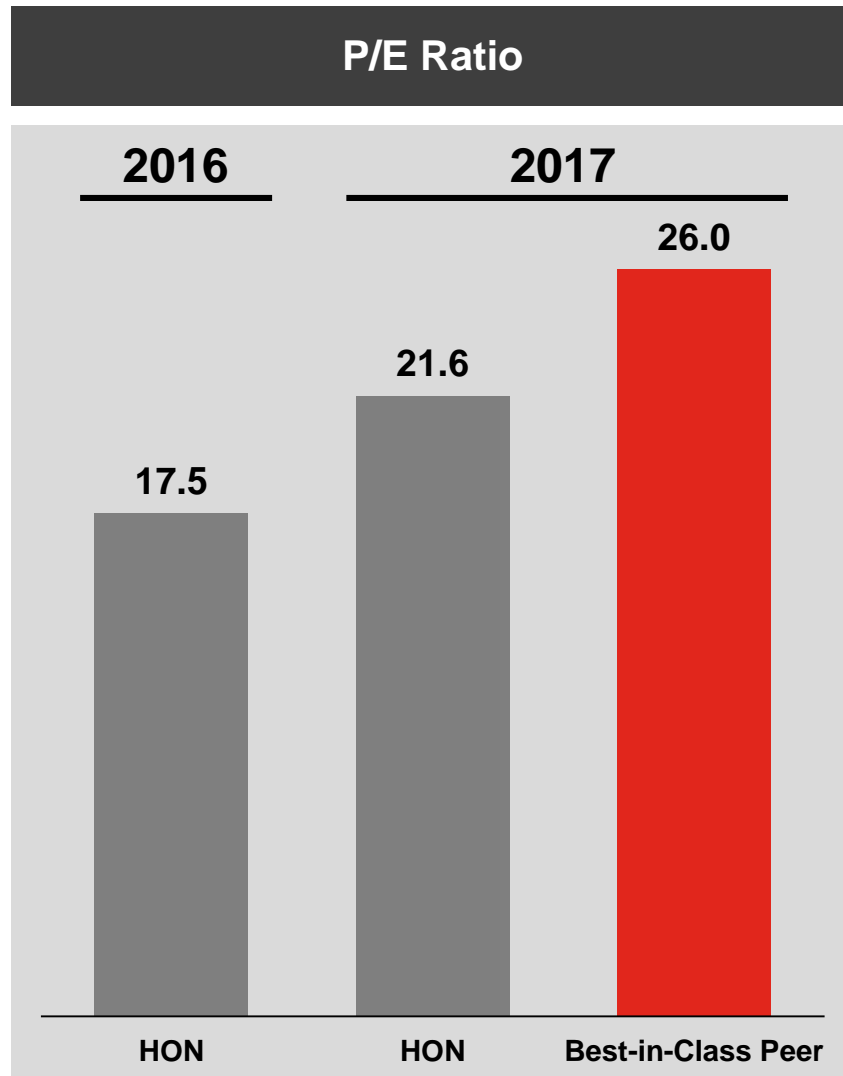
2017 Free Cash Flow Vs. Peers

Free Cash Flow % of Sales



Peers include EMR, GE, IR, JCI, MMM, UTX

HON Multiple



What to Expect in 2018

2018 Planning Backdrop

Macro Environment

- Global GDP growth strong (~3.3%)
- HON-served markets stable
 - + 5%* in 2018 flight hours; strong U.S defense, space activity slow
 - Stable oil prices (~\$60 per barrel)*, low-global-warming adoption continues
 - Deceleration in U.S. residential construction
- U.S. tax legislation adding momentum to growth

HON Growth Dynamics

















- Strong organic growth rate exiting 2017 (+6% in 4Q)
- Long-cycle backlog encouraging, but limited visibility on 2H18 short-cycle trends
- Favorable dynamics in HGRs, slower U.S. and Europe Growth
- Neutral F/X impact to P&L

Strong Operating Plan

- Critical focus on top-line execution, productivity, and cost control
- Solid tailwind from previously funded restructuring

**Source: Honeywell estimate, EIA*

2018 Outlook by End Market

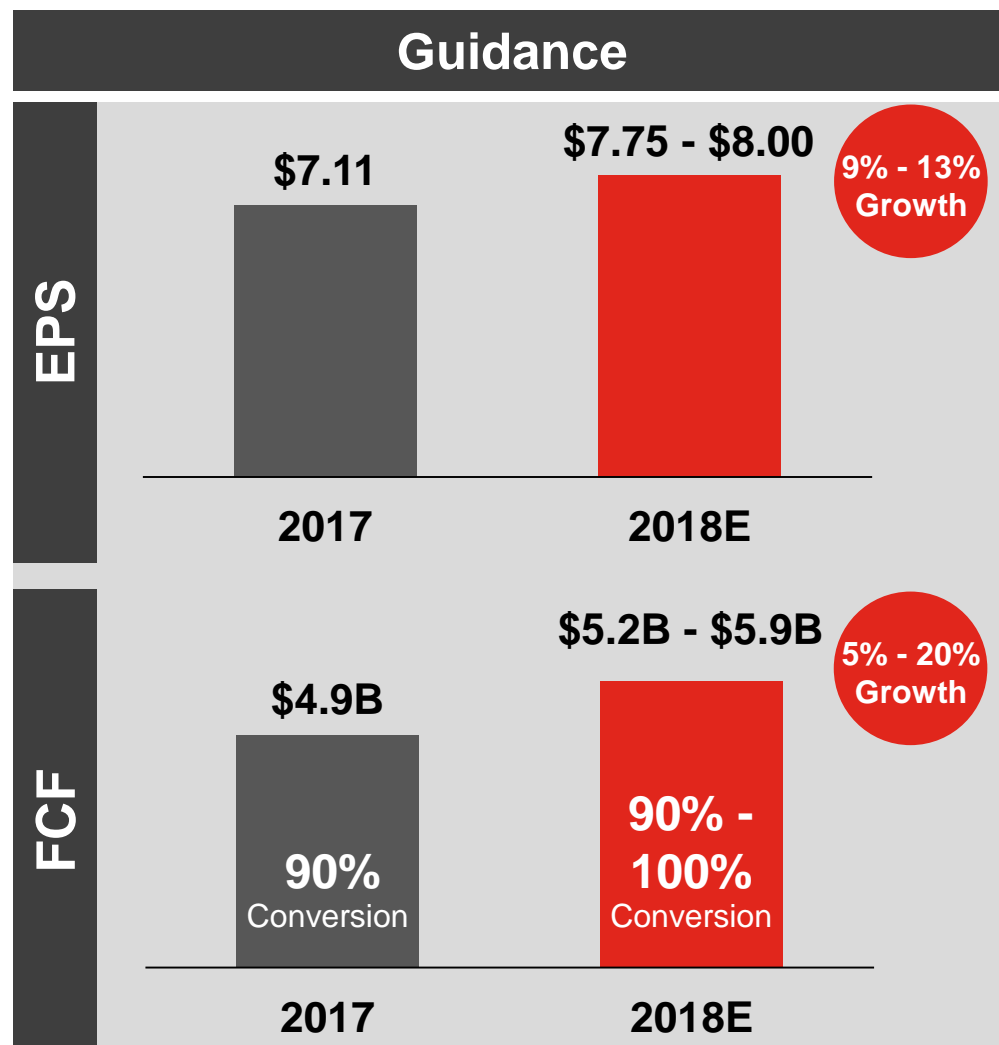
End Market	HON Exposure	2018	Market Dynamics
Aerospace			<ul style="list-style-type: none"> • New platform launches, signs of recovery in business jet OE
Defense & Space			<ul style="list-style-type: none"> • Strong U.S. defense; space activity slow, commercial helo beginning to recover
Buildings			<ul style="list-style-type: none"> • Favorable dynamics in HGRs, slower U.S. and Europe growth
Oil & Gas / PetroChem			<ul style="list-style-type: none"> • Stable oil prices, strong petrochem demand, U.S. shale gas activity continues
Specialty Chemicals			<ul style="list-style-type: none"> • Low-global-warming adoption continues; increased HGR infrastructure spending
Industrial Productivity			<ul style="list-style-type: none"> • Improving industrial activity, continued e-commerce growth, increasing automation
Homes			<ul style="list-style-type: none"> • Deceleration in U.S. residential construction, growth in Middle East and India
Turbos			<ul style="list-style-type: none"> • Higher gas penetration, lower diesel sales; strong off-highway CV demand

Favorable Growth Environment; Good Long-Cycle Momentum

Impact of U.S. Tax Reform

	Historical	Future
Effective Tax Rate	~26.5%	~22% - 23%
U.S. Taxation of Foreign Earnings	Majority deferred from U.S. taxation	Base broadening subjects substantial portion to U.S. taxation
Non-U.S. Withholdings on Earnings	Immaterial - permanently reinvested	Being assessed, requires careful planning and restructuring
Capital Structure	Excess liquidity in foreign cash	Improved access to global cash to fund aggressive U.S. deployment
Legal Entity Structure	Complicated with many entities	Simpler, with fewer entities and less administrative costs
Operations	Significant non-U.S. IP ownership and operations	Greater flexibility in location of IP ownership and operations

2018 Overview



EPS, EPS V% exclude separation costs, the provisional charge related to tax legislation and adjustments to such charge
 Free cash flow, FCF v% exclude separation costs and impacts from tax legislation
 Guidance assumes high-end of expected full-year effective tax rate range of 22% - 23%

Critical Elements

Make Growth More Pervasive

- 70% of businesses to grow >5%
- NPI Say/Do of 100%, VPD revitalization

Make Growth More Profitable

- Growth investments, commercial excellence
- Focus on material and operational productivity

Strong Cash and Working Capital

- Focus on 100% free cash flow conversion, normalized CapEx
- Targeting ~0.5 working capital turn improvement

Execute Transformation

- Become a software industrial — leverage HON Ventures
- Support day 1 readiness of SpinCos

1Q 2018 Update

Total Honeywell

Sales

\$9.9B - \$10.1B

Up 4% - 6%

2% - 4% *Organic*

Segment Margin

19.1% - 19.4%

Up 30 - 60 bps

EPS

\$1.87 - \$1.93

Up 9% - 13%

Other

Effective Tax Rate:
22% - 23%

What We Are Seeing

+ Robust U.S. defense and Commercial Aftermarket

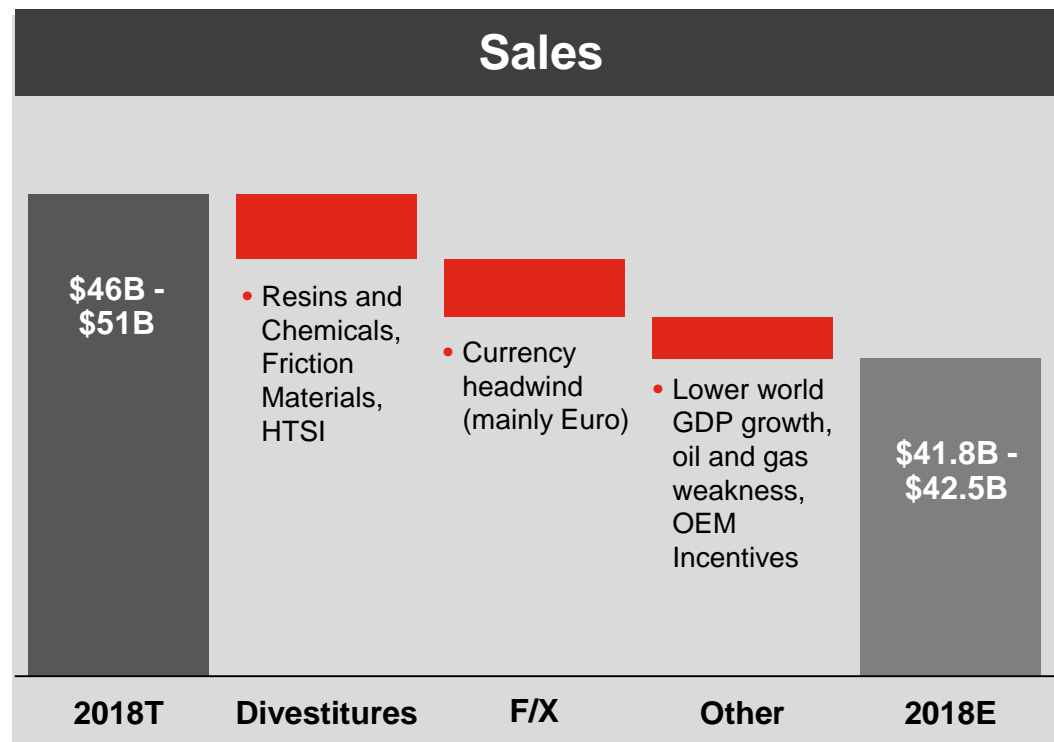
+ Strong backlog, good short cycle order rate

+ Continued Solstice[®] and Intelligrated growth

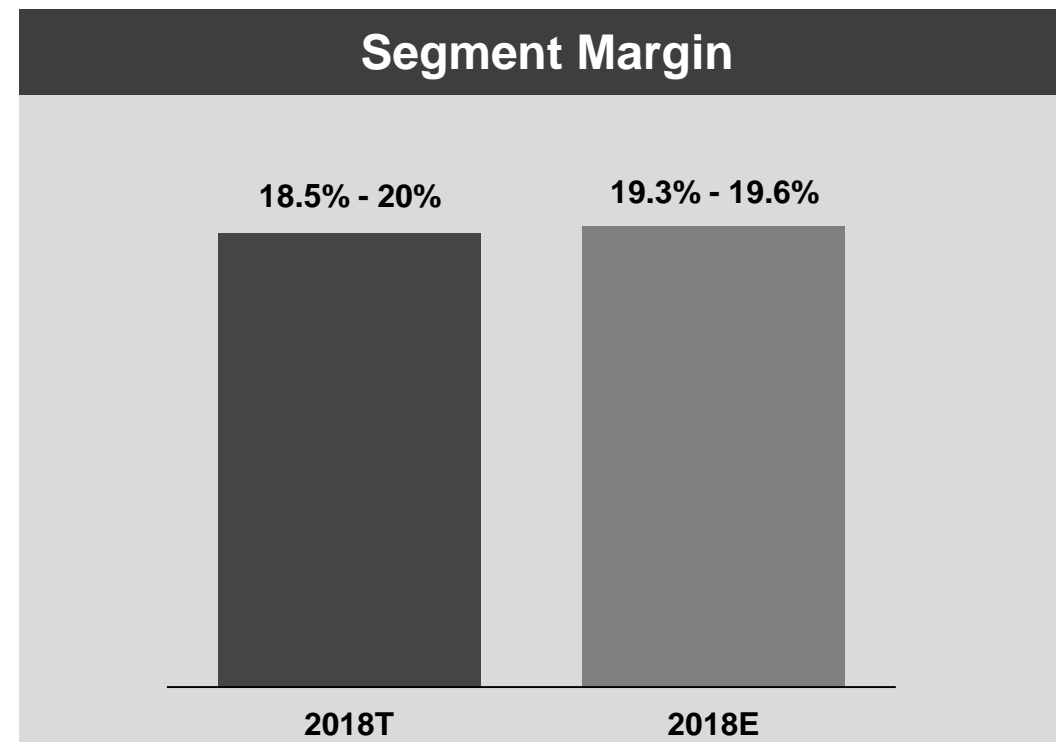
— Lower early-quarter volumes in Aero and PMT

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

5-Year Plan Update



- + Acquisitions, breakthroughs, double-digit software growth
- Currency, divestitures, lower GDP



- + Benefits from repositioning, productivity
- Acquisitions amortization, deal costs

Strong growth mitigating market headwinds

270 bps margin expansion from 2013 to 2017

Portfolio

HON Portfolio Model

Installed Base Expansion

Longer-cycle businesses

Deployment of new technology

Formidable barriers to entry

Credible positions with customers

Includes:

- Commercial Aviation OE
- Defense & Space
- UOP technology and equipment
- Building Solutions and Process Solutions projects
- Intelligrated
- Commercial buildings

40% of Portfolio
(~12% Average Segment Margin)

60% of Portfolio
(~24% Average Segment Margin)

Leveraging Installed Base

Shorter-cycle businesses

Traditional services and parts

Innovative outcome-based models

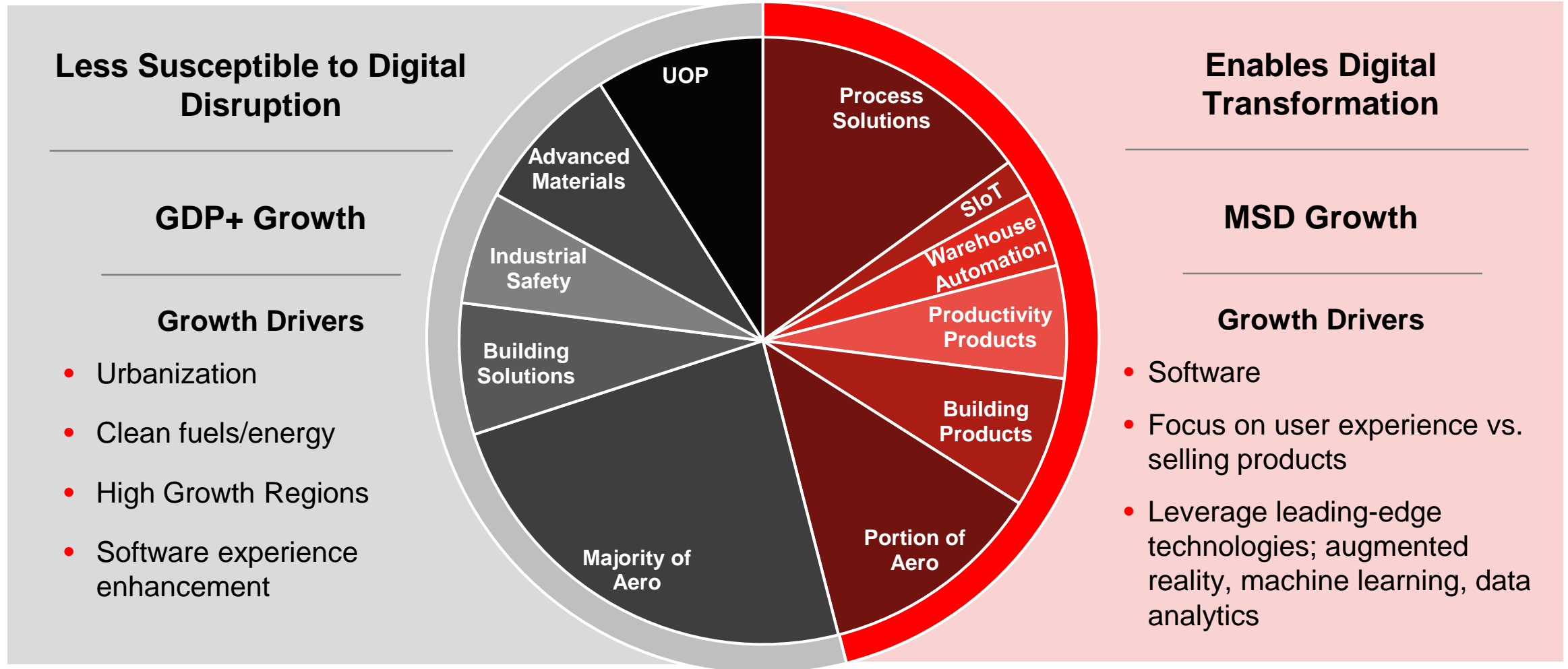
Software and other upgrades

Includes:

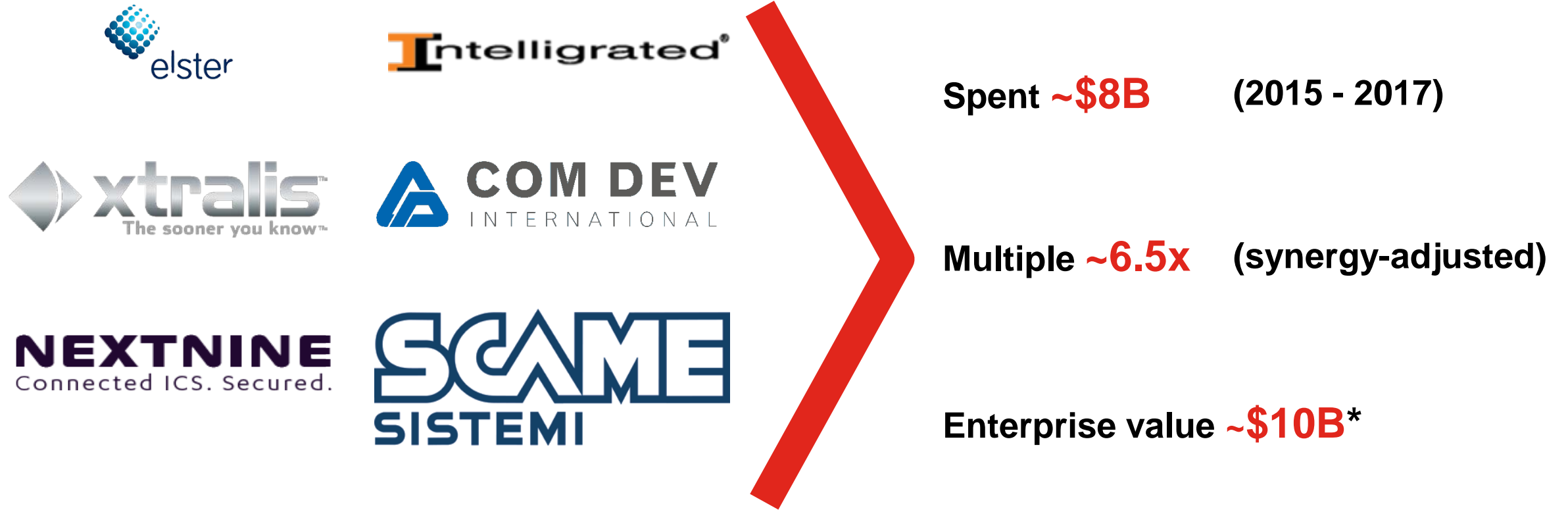
- Commercial Aviation Aftermarket
- UOP catalysts and Connected Plant
- Building Solutions and Process Solutions software and services
- Intelligrated

Lower Margin IB Build Enables Long-Term Services/Software Model

Future Honeywell Portfolio (After Spin-Offs)



Impact of Recent Acquisitions



*Based on EBITDA multiple of ~13X as of 2/21/2018

Balance Sheet and Capital Deployment

Balance Sheet

Cash and Short-Term Investments (\$11B)

- Globally invested with appropriate risk considerations
- Significant mobility enhancement from U.S. tax reform

Debt (\$18B)

- S&P A, Moody's A2
- Lowest weighted average cost of outstanding debt in peer group
- Lowered by SpinCo deleveraging, increased by EBITDA growth

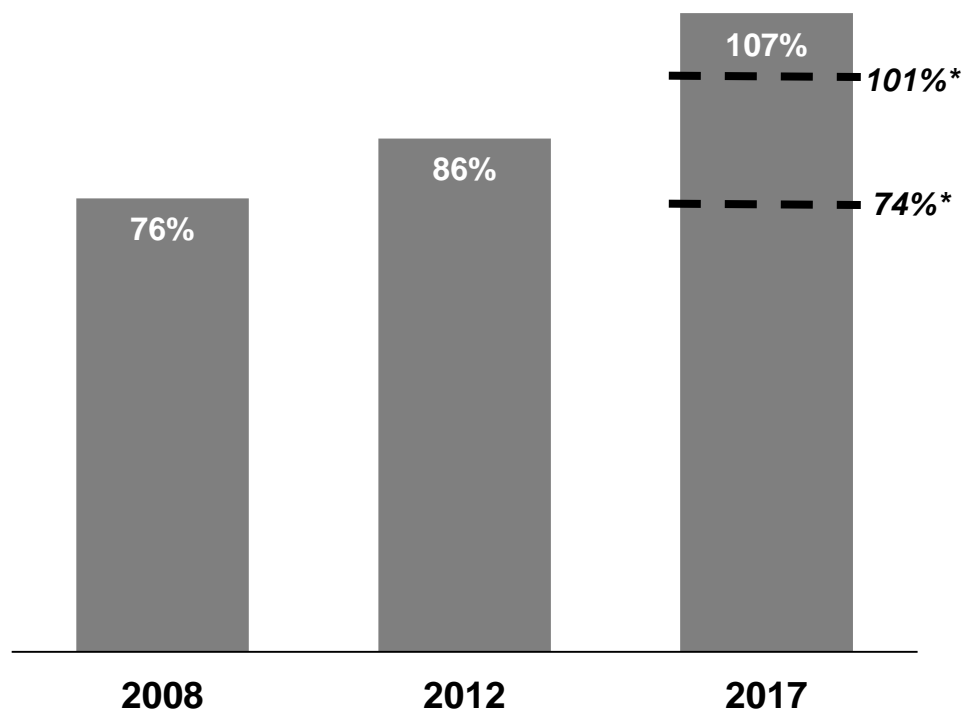
Pension

- U.S. qualified pension plan (71% of global PBO) currently 110% funded
- 50% de-risking of U.S. plan
- No impact to 2018 EPS guidance

U.S. qualified pension plan funded status reflective of 2/21/2018

Market De-Risking U.S. Qualified Pension Plan

Funded Status



*Represents peer funded status range for all U.S. plans; HON represents qualified plan only
Data as of 12/31/2017
3M, UTX, JCI, and GE included in peer comparison

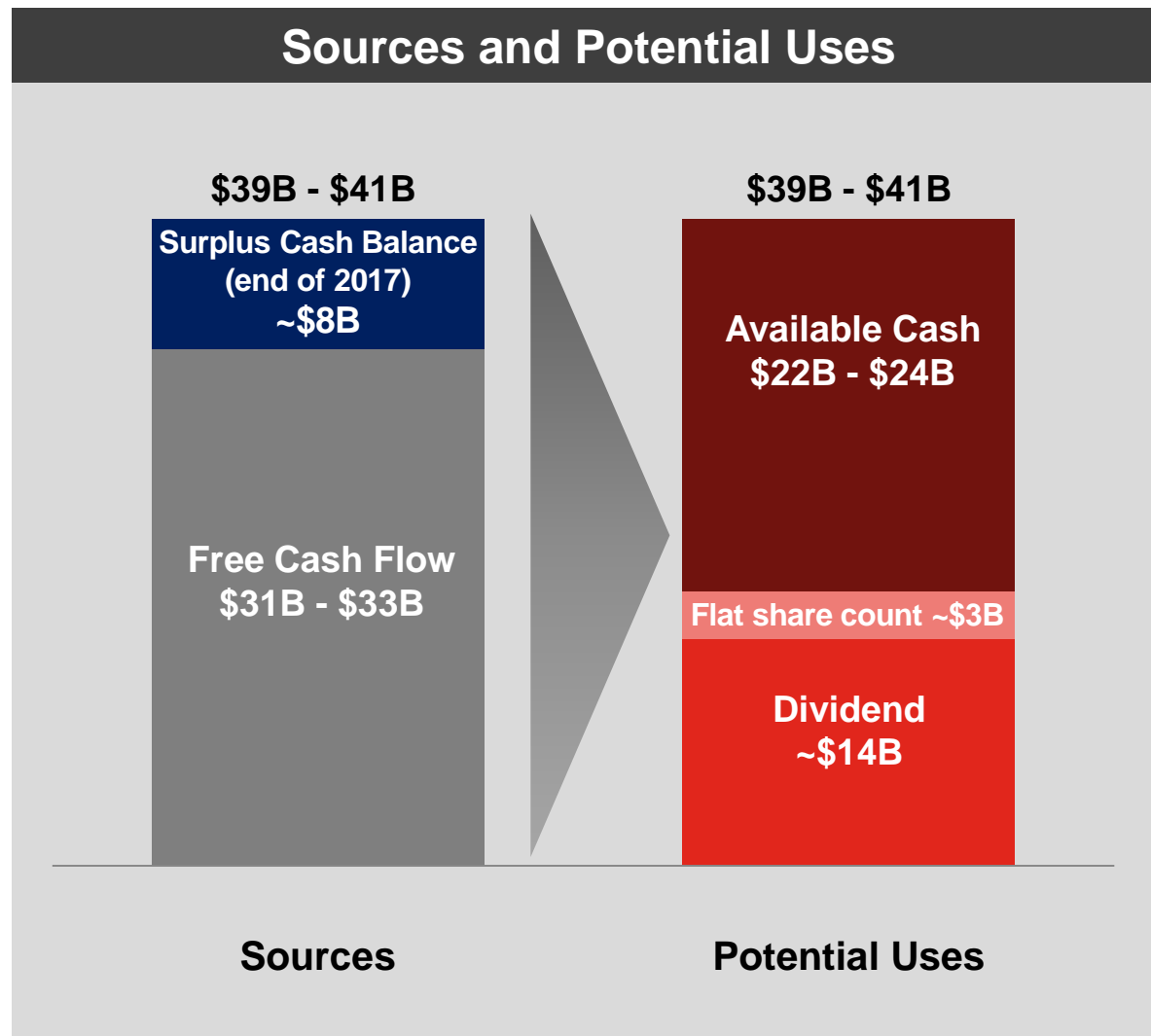
Plan Profile:

- ~75% of pension benefit obligation (PBO) relates to inactive employees and retirees
- No new entrants since 2013; benefit formulas moderated

De-Risking:

- Assets historically invested on return-seeking basis
(~80% equity and other investments)
- Asset portfolio performance has enabled market de-risking opportunity
- Re-weight assets to ~50% fixed income (Matched with liability profile)
- Expect modest impact on 2019 non-cash earnings
(No impact to 2018 EPS guidance)
- SpinCos absorb PBO at 100% funding

Global Capital Deployment Priorities (2018 - 2022)

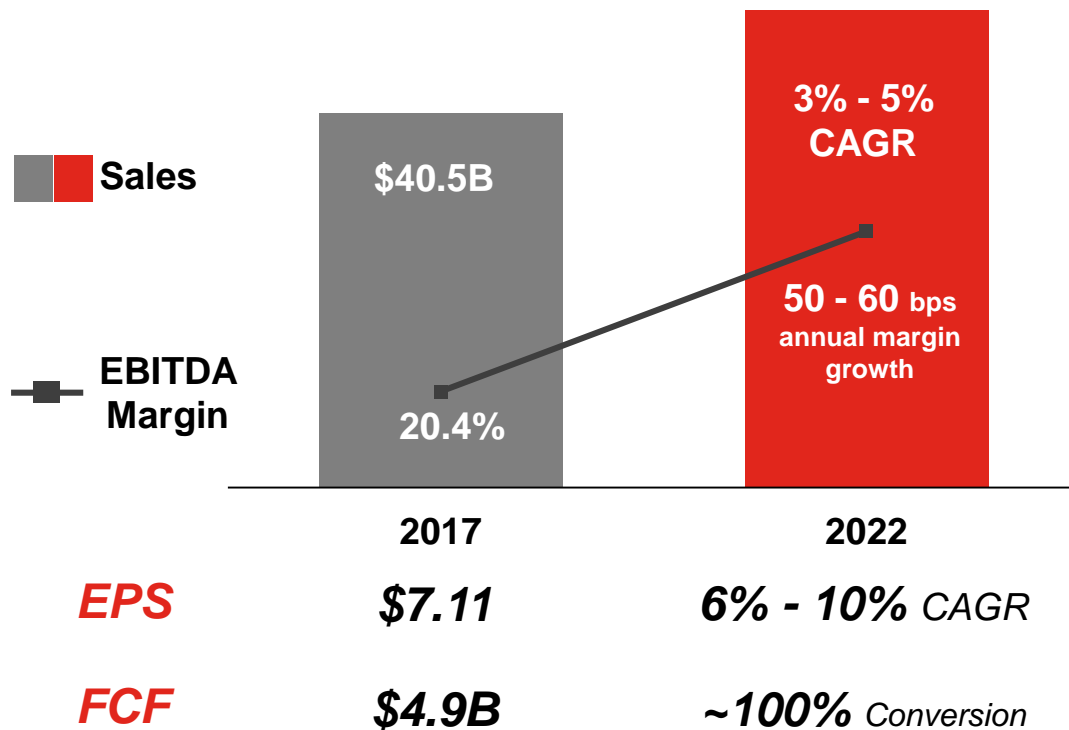


Surplus cash is cash and short-term investments in excess of \$3B

Commentary
<ul style="list-style-type: none"> Accelerating free cash flow growth
<ul style="list-style-type: none"> Preference for growth CapEx and bolt-on M&A
<ul style="list-style-type: none"> Growing dividend in-line with EPS growth
<ul style="list-style-type: none"> Opportunistic share repurchases
<ul style="list-style-type: none"> Continued strong credit rating

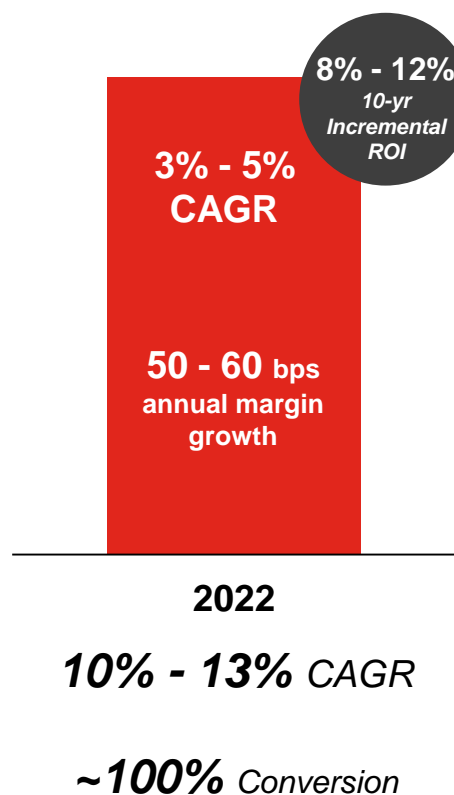
Illustrative Capital Deployment Scenarios

Illustrative Base Plan

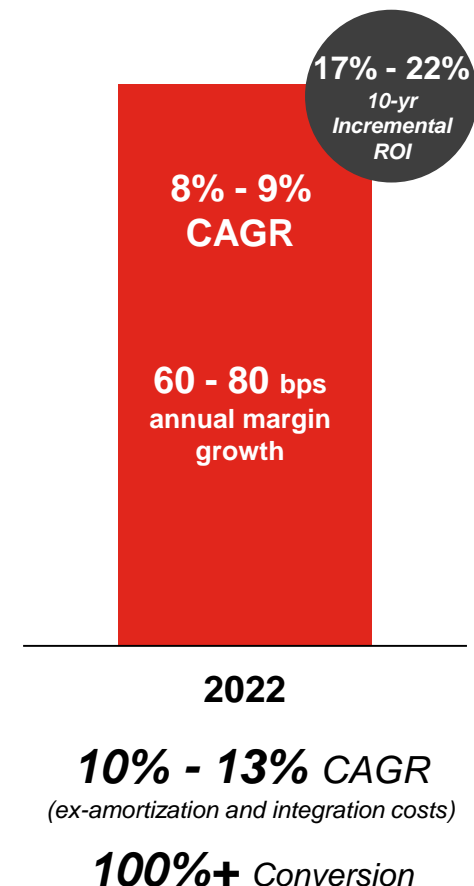


Illustrative deployment of ~75% of available capital

Share Repurchase Overlay



M&A Overlay



2017 EPS excludes pension mark-to-market, 2017 separation costs, and the provisional charge related to tax legislation

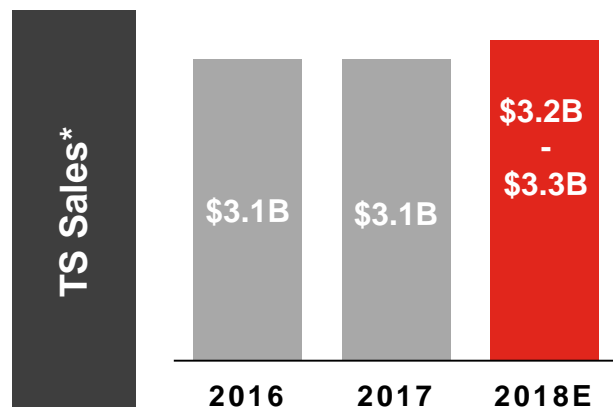
Spin Updates

Critical Separation Activity

	TS	Homes
Integrated Supply Chain (Commingled factories requiring separation)	-	~20
Global Real Estate (Commingled sites requiring separation)	~15	~30
Key Research and Development Centers	~5	~25
Carve-Out Financials Preparation	Substantially complete	Underway
Legal Entities Affected	~100	~225
Organization Model and Leadership	Largely complete	Key staffing underway
Information Technology (ERPs requiring carve out)	2	~20
Separation Critical to Obtain Tax-Free Status		

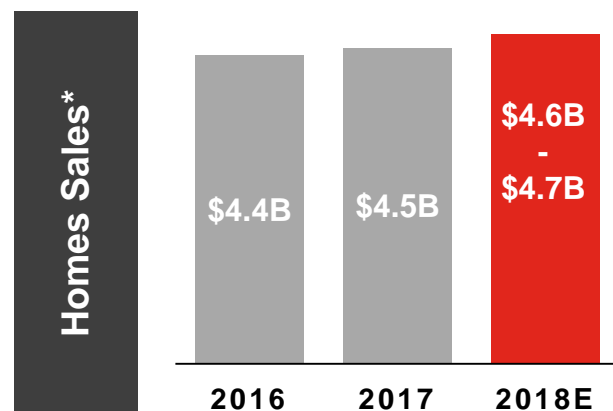
Targeting Completion by Year End

SpinCo Dimensions – Current View



Key Value Drivers

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



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

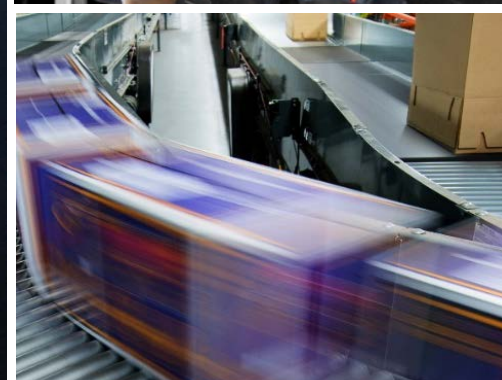
2018 Outlook

- Accelerated growth driven by gas
- Continued strength in commercial vehicles
- Modest decline in diesel
- New product introductions
- Geographic and product expansion
- Strong demand for Connected offerings

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

Summary

- **Outperformance in 2017 driven by emphasis on profitable growth, cash generation, and portfolio**
- **Attractive plan for 2018, continuing growth acceleration, maintaining margin expansion rigor**
- **Portfolio transformation in process, intend to accelerate cash deployment in next 24 months**
- **Healthy balance sheet with significant firepower**
- **Executing on key seed-planting initiatives**



February 28, 2018

APPENDIX

Reconciliation of Non-GAAP Measures to GAAP Measures

Honeywell
THE POWER OF **CONNECTED**

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

(\$M)	2016	2017
Aerospace	\$14,751	\$14,779
Home and Building Technologies	9,490	9,777
Performance Materials and Technologies	10,436	10,339
Safety and Productivity Solutions	4,625	5,639
Net Sales	<u>\$39,302</u>	<u>\$40,534</u>
Aerospace	\$2,991	\$3,288
Home and Building Technologies	1,621	1,650
Performance Materials and Technologies	2,112	2,206
Safety and Productivity Solutions	680	852
Corporate	(218)	(306)
Segment profit	<u>\$7,186</u>	<u>\$7,690</u>
Stock compensation expense ⁽¹⁾	(184)	(176)
Repositioning and other ^(2,3)	(679)	(1,010)
Pension ongoing income ⁽¹⁾	601	713
Pension mark-to-market expense ⁽¹⁾	(273)	(87)
Other postretirement income ⁽¹⁾	32	21
Operating income	<u>\$6,683</u>	<u>\$7,151</u>
Segment profit	\$7,186	\$7,690
÷ Sales	<u>\$39,302</u>	<u>\$40,534</u>
Segment profit margin %	<u>18.3%</u>	<u>19.0%</u>
Operating income	\$6,683	\$7,151
÷ Sales	<u>\$39,302</u>	<u>\$40,534</u>
Operating income margin %	<u>17.0%</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.

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

(\$M)	2013
Net Sales	\$39,055
Segment profit	\$6,351
Stock compensation expense ⁽¹⁾	(170)
Repositioning and other ^(2,3)	(699)
Pension ongoing income ⁽¹⁾	90
Pension mark-to-market expense ⁽¹⁾	(51)
Other postretirement income ⁽¹⁾	(20)
Operating income	\$5,501
Segment profit	\$6,351
÷ Sales	\$39,055
Segment profit margin %	16.3%
Operating income	\$5,501
÷ Sales	\$39,055
Operating income margin %	14.1%

(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.

Reconciliation of EPS to EPS, Excluding Pension Mark-to-Market Expense, Debt Refinancing Expense, Separation Costs, Impacts from Tax Legislation (“Tax Reform”) and Earnings Attributable to 2016 Divestitures

	2016 ⁽¹⁾	2017 ⁽²⁾	2018E
Earnings per share of common stock - assuming dilution (EPS)	\$6.20	\$2.14	TBD
Pension mark-to-market expense	0.28	0.09	TBD
Debt refinancing expense	0.12	-	TBD
Separation costs	-	0.02	TBD
Impacts from Tax Reform	-	4.86	TBD
EPS, excluding pension mark-to-market expense, debt refinancing expense, separation costs, and impacts from Tax Reform.	<u>\$6.60</u>	<u>\$7.11</u>	<u>\$7.75 - \$8.00</u>
Earnings 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>	<u>\$7.75 - \$8.00</u>

(1) 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%. Earnings attributable to 2016 divestitures uses a blended tax rate of 33.9%.

(2) 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.

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 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 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 pension mark-to-market expense, 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.

Reconciliation of EPS to EPS, Excluding Pension Mark-to-Market Expense, Separation Costs, and Impacts from Tax Reform

	1Q17	1Q18E
Earnings per share of common stock - assuming dilution (EPS)	\$1.71	TBD
Pension mark-to-market expense	-	-
Separation costs	-	TBD
Impacts from Tax Reform	-	TBD
EPS, Excluding pension mark-to-market expense, separation costs, and impacts from Tax Reform	<u>\$1.71</u>	<u>\$1.87 - \$1.93</u>

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 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 separation costs given the preliminary nature of the estimates, and any adjustments to charges from Tax Reform as the amounts are provisional. We therefore do not include an estimate for the pension mark-to-market expense, 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.

Reconciliation of Organic Sales % Change

UOP	2016	2017
Reported sales % change	(17%)	12%
Less: Foreign currency translation, Acquisitions and divestitures, net	(1%)	-
Organic sales % change	<u>(16%)</u>	<u>12%</u>
Productivity Solutions		
Reported sales % change	(1%)	36%
Less: Foreign currency translation, Acquisitions and divestitures, net	10%	(30%)
Organic sales % change	<u>(11%)</u>	<u>6%</u>
Safety		
Reported sales % change	(3%)	5%
Less: Foreign currency translation, Acquisitions and divestitures, net	(1%)	1%
Organic sales % change	<u>(2%)</u>	<u>4%</u>
Defense and Space		
Reported sales % change	(7%)	(7%)
Less: Foreign currency translation, Acquisitions and divestitures, net	(1%)	(8%)
Organic sales % change	<u>(6%)</u>	<u>1%</u>
Commercial Aviation OE		
Reported sales % change	(13%)	(2%)
Less: Foreign currency translation, Acquisitions and divestitures, net	(1%)	-
Organic sales % change	<u>(12%)</u>	<u>(2%)</u>
All Other		
Reported sales % change	9%	1%
Less: Foreign currency translation, Acquisitions and divestitures, net	5%	(3%)
Organic sales % change	<u>4%</u>	<u>4%</u>
Honeywell		
Reported sales % change	2%	3%
Less: Foreign currency translation, Acquisitions and divestitures, net	3%	(1%)
Organic sales % change	<u>(1%)</u>	<u>4%</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 Organic Sales % Change

Honeywell

Reported sales % change

Less: Foreign currency translation, Acquisitions and divestitures, net

Organic sales % change

4Q17
9%
3%
6%

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.

Reconciliation of Organic Sales % Change

Performance Materials and Technologies

Reported sales % change	2017
Less: Foreign currency translation, Acquisitions and divestitures, net	(1%)
Organic sales % change	(9%)
	8%

Process Solutions

Reported sales % change	3%
Less: Foreign currency translation, Acquisitions and divestitures, net	-
Organic sales % change	3%

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.

Calculation of Organic Sales % Change of Advanced Materials, Excluding Resins & Chemicals (spinoff)

	2017
Advanced Materials	
Reported sales % change	(16%)
Less: Foreign currency translation, Acquisitions and divestitures, net	(27%)
Organic sales % change	<u>11%</u>
 Excluding Resins & Chemicals	 (5%)
Organic sales % change, excluding Resins & Chemicals	<u>16%</u>

Calculation of Segment Profit Margin Excluding Mergers and Acquisitions

(\$M)

Safety and Productivity Solutions

Segment profit excluding mergers and acquisitions

÷ Sales excluding mergers and acquisitions

Segment profit margin excluding mergers and acquisitions %

2017

\$805

\$4,867

16.5%

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, Impacts from Tax Reform, and Debt Refinancing Expense

(\$M)	2015 ⁽¹⁾	2016 ⁽²⁾	2017 ⁽³⁾
Cash provided by operating activities	\$5,519	\$5,498	\$5,966
Expenditures for property, plant and equipment	(1,073)	(1,095)	(1,031)
Free Cash Flow	<u>\$4,446</u>	<u>\$4,403</u>	<u>\$4,935</u>
Net Income attributable to Honeywell	\$4,768	\$4,809	\$1,655
Pension mark-to-market expense, net of tax	43	215	67
Separation costs, net of tax	-	-	14
Impacts from Tax Reform	-	-	3,754
Debt refinancing expense, net of tax	-	93	-
Net income attributable to Honeywell, excluding pension mark-to-market expense, separation costs, impacts from Tax Reform, and debt refinancing expense	<u>\$4,811</u>	<u>\$5,117</u>	<u>\$5,490</u>
Cash provided by operating activities	\$5,519	\$5,498	\$5,966
÷ Net Income attributable to Honeywell	<u>\$4,768</u>	<u>\$4,809</u>	<u>\$1,655</u>
Operating cash flow conversion %	<u>116%</u>	<u>114%</u>	<u>360%</u>
Free Cash Flow	\$4,446	\$4,403	\$4,935
÷ Net income attributable to Honeywell, excluding pension mark-to-market expense, separation costs, impacts from Tax Reform and debt refinancing expense	<u>\$4,811</u>	<u>\$5,117</u>	<u>\$5,490</u>
Free cash flow conversion %, excluding pension mark-to-market expense, separation costs, impacts from Tax Reform and debt refinancing expense	<u>92%</u>	<u>86%</u>	<u>90%</u>

(1) Pension mark-to-market expense uses a blended tax rate of 36.1%

(2) Pension mark-to-market expense uses a blended tax rate of 21.3%, debt refinancing expense uses a tax rate of 26.5%.

(3) Pension mark-to-market expense uses a blended tax rate of 23%

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 Cash Provided by Operating Activities to Free Cash Flow Excluding Separation Costs and Impacts from Tax Reform And Calculation of Free Cash Flow Conversion Excluding Pension Mark-To-Market, Separation Costs, and Impacts from Tax Reform

(\$B)	2018E
Cash provided by operating activities	TBD
Separation costs	TBD
Impacts from Tax Reform	TBD
Expenditures for property, plant and equipment	~(0.9)
Free cash flow, excluding separation costs and impacts from Tax Reform	<u>~\$5.2 - \$5.9</u>
Net Income attributable to Honeywell	TBD
Pension mark-to-market expense, net of tax	TBD
Separation costs, net of tax	TBD
Impacts from Tax Reform	TBD
Net income attributable to Honeywell, excluding pension mark-to-market expense, separation costs, and impacts from Tax Reform	<u>~\$5.9</u>
Free Cash Flow	~\$5.2 - \$5.9
÷ Net income attributable to Honeywell, excluding pension mark-to-market expense, separation costs, and impacts from Tax Reform	<u>~\$5.9</u>
Free Cash Flow Conversion %	<u>~90% - 100%</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. For forward looking information, management cannot reliably predict or estimate, without unreasonable effort, the separation costs given the preliminary nature of the estimates or the amounts from Tax Reform as the charges are provisional. We therefore do not include an estimate for the separation costs or impacts from Tax Reform in this reconciliation.

Calculation of Free Cash Flow Excluding Pension Cash Contributions and Other Postretirement Benefit Payments, and Free Cash Flow Conversion, Excluding Pension Mark-to-Market Expense, Separation Costs, Impacts from Tax Reform, Debt Refinancing Expense, and Pension Ongoing and Other Postretirement (Income) Expense

(\$M)	2015	2016	2017	2018E ^(\$B)
Free Cash Flow	\$4,446	\$4,403	\$4,935	~\$5.2 - \$5.9
Pension cash contributions and other postretirement benefit payments	164	209	269	~0.2
Free Cash Flow, excluding pension cash contributions and other postretirement benefit payments	<u>\$4,610</u>	<u>\$4,612</u>	<u>\$5,204</u>	<u>~\$5.4 - \$6.1</u>
Net income attributable to Honeywell, excluding pension mark-to-market expense, separation costs, impacts from Tax Reform, and debt refinancing expense	\$4,811	\$5,117	\$5,490	~\$5.9
Pension ongoing (income) expense	(430)	(601)	(713)	~(1.0)
Other postretirement (income) expense	40	(32)	(21)	~-
÷ Net income attributable to Honeywell, excluding pension mark-to-market expense, separation costs, impacts from Tax Reform, debt refinancing expense, and pension ongoing and other postretirement (income) expense	<u>\$4,421</u>	<u>\$4,484</u>	<u>\$4,756</u>	<u>~\$4.9</u>
Free cash flow conversion %, excluding pension mark-to-market expense, separation costs, impacts from Tax Reform, debt refinancing expense, and pension ongoing and other postretirement (income) expense	<u>104%</u>	<u>103%</u>	<u>109%</u>	<u>~112% - 124%</u>

Reconciliation of Income Before Taxes to EBITDA

(\$M)	2017
Income before taxes	\$6,902
Pension mark-to-market expense	87
Separation costs	16
Adjusted Income before taxes	7,005
Interest and other financial charges	316
Interest Income	(151)
Depreciation and Amortization	1,115
EBITDA	<u>\$8,285</u>
 Net Sales	 \$40,534

We define EBITDA as Income before taxes adjusted for Interest and other financial charges, Interest income, and Depreciation and amortization.

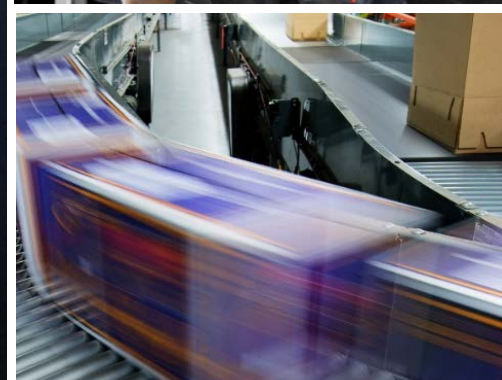
We believe EBITDA is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Reconciliation of Income Before Taxes to Income Before Taxes Excluding Pension Mark-to-Market, Debt Refinancing Expense and Separation Costs, and to Segment Profit

(\$M)	2015	2016	2017
Segment profit	\$7,256	\$7,186	\$7,690
Other income (expense) ⁽¹⁾	38	197	44
Interest and other financial charges	(310)	(338)	(316)
Stock compensation expense ⁽²⁾	(175)	(184)	(176)
Pension ongoing income ⁽²⁾	430	601	713
Other postretirement income (expense) ⁽²⁾	(40)	32	21
Repositioning and other charges ⁽²⁾	(546)	(648)	(971)
Income before taxes excluding pension mark-to-market, debt refinancing expense and separation costs	6,653	6,846	7,005
Pension mark-to-market expense ⁽²⁾	(67)	(273)	(87)
Debt refinancing expense ⁽¹⁾	-	(126)	-
Separation costs ⁽¹⁾	-	-	(16)
Income before taxes	<u>\$6,586</u>	<u>\$6,447</u>	<u>\$6,902</u>

(1) Equity income (loss) of affiliated companies is included in Segment Profit; excluding 4Q16 debt refinancing expense and 4Q17 separation costs

(2) Amounts included in cost of products and services sold and selling, general and administrative expenses.



February 28, 2018

SPEAKER BIOGRAPHIES

Honeywell
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Darius Adamczyk

President and Chief Executive Officer

Darius Adamczyk became President and CEO of Honeywell in April 2017 and was elected to the Company's Board of Directors in 2016. Previously, Adamczyk served as Honeywell's President and Chief Operating Officer, responsible for driving continued profitable growth of the Company's operating businesses through HOS Gold breakthrough growth strategies, including advanced software offerings that complement a diverse technology portfolio.

Prior to this role, Adamczyk served as President and CEO of Honeywell Performance Materials and Technologies (PMT), a global leader in the development of high-performance products and solutions, including low global warming refrigerants, specialty films for healthcare, leading technologies for the global refining and petrochemicals industry, and process solutions with \$9.3 billion in revenue in 2015. He also served as President of Honeywell Process Solutions (HPS), one of the world's leading suppliers of automation and control systems designing advanced software solutions that control and optimize refineries, oil and gas installations, pulp and paper mills, chemical, pharmaceutical, and power plants around the globe. HPS was incorporated into Honeywell PMT under Adamczyk's leadership.

Adamczyk became the President of Honeywell Scanning & Mobility in 2008 when Metrologic, where he was serving as Chief Executive Officer, was acquired by Honeywell. Adamczyk has held various leadership positions with Ingersoll Rand, including President of Air Solutions Group, President of the Heavy Industrial Business Segment, and Vice President of Business Development. From 1995 to 1999, Adamczyk served as a senior associate at global strategy and technology consulting firm Booz Allen Hamilton. He began his professional career as an electrical engineer at General Electric in 1988.

Adamczyk was born in Poland and emigrated to the United States at age 11. He has an MBA from Harvard University, a master's degree in computer engineering from Syracuse University, and a bachelor's degree in electrical and computer engineering from Michigan State University. Adamczyk also completed the GE Edison Engineering Program, as well as numerous executive development courses at Wharton and Duke, among other institutions.



Rajeev Gautam

President and CEO, Performance Materials and Technologies

Dr. Rajeev Gautam is President and CEO of Honeywell Performance Materials and Technologies (PMT), a global leader in providing advanced materials, process technologies and automation solutions, with sales of \$10.3 billion in 2017.

PMT delivers high-performance products and solutions including low-global-warming-potential refrigerants, automation and software for process industries, and process technologies for the refining, petrochemical and gas processing industries. The business also delivers a portfolio of advanced solutions via Honeywell Connected Plant, which helps the company's industrial customers turn data into insight that enables plants to run more efficiently and reliably.

Prior to this role, Gautam served as President of Honeywell UOP, one of the leading suppliers of process technologies that have formed the foundation for most of the world's refiners, efficiently producing gasoline, diesel, jet fuel, petrochemicals and renewable fuels. He also served as Vice President and Chief Technology Officer of PMT. During the last 30 years he has held key positions within UOP, spanning research and development, engineering, and marketing, including Vice President and Chief Technology Officer of UOP.

Gautam began his career with Union Carbide in 1978 and became part of UOP through a joint venture in 1988. Throughout his career Gautam has championed innovative solutions for industry needs and has been responsible for the development and commercialization of a broad range of catalytic and separations applications for the refining, petrochemical and gas processing industries.

Gautam earned a bachelor's degree in chemical engineering from the Indian Institute of Technology and a master's degree in chemical engineering from Drexel University. Additionally, he holds a doctorate in chemical engineering from the University of Pennsylvania and an MBA from the University of Chicago.



Tim Mahoney

President and CEO, Aerospace

Tim Mahoney is President and Chief Executive Officer of Honeywell Aerospace, Honeywell's largest business group. Headquartered in Phoenix, Arizona, Honeywell Aerospace is an innovative product and services leader serving the air transport, airline, business jet, defense, general aviation, helicopter, space and automotive markets. Aerospace is managed through five businesses: Electronic Solutions, Engines and Power Systems, Mechanical Systems and Components, Services and Connectivity, and Transportation Systems.

Prior to becoming CEO of Honeywell Aerospace, Mahoney served four years on the business's leadership team -- as President of the Business & General Aviation business, President of the Air Transport and Regional business, and as Chief Technology Officer. As Chief Technology Officer, Mahoney had global responsibilities for engineering, research and new product development, managing the company's R&D programs and more than 12,000 employees, and improving operational efficiency and engineering alignment for delivering new products to the market.

Previously, in his role leading the Air Transport and Regional business unit that serves the OEM, airline, and aftermarket segments of commercial aviation, Mahoney strengthened customer relationships and development program execution on major systems for new aircraft platforms. A 35-year veteran of the aerospace industry, Mahoney previously worked for Sikorsky Aircraft, where he held a series of increasingly significant leadership roles.

Mahoney earned a Bachelor of Science degree in mechanical engineering from the University of South Florida. Later in his aerospace career, he graduated from the Defense Systems Management College and Harvard Business School's highly regarded Program for Management Development.



Gary Michel

President and CEO, Home and Building Technologies

Gary Michel is President and CEO of Honeywell Home and Building Technologies, which develops connected offerings for homes and buildings, with products and technologies that operate in more than 150 million homes and 10 million buildings worldwide. Michel joined Honeywell in October 2017 from Ingersoll-Rand Company, where he has held a series of large leadership roles over 32 years.

Most recently, he served as Senior Vice President and President, Residential Solutions, a \$2.7 billion segment that he turned around over six years with substantial improvements in revenue, operating income, share gain, rapid-cycle commercialization processes and expansion of the technology platform. Michel has also led Ingersoll-Rand's Club Car; Road Development / Construction Technologies; and Utility Equipment / Construction Technologies businesses. Michel has held several other roles, including Executive Director, Corporate Development, and General Manager, Aftermarket Division, for Europe, the Middle East and Africa.

Michel earned his B.S. in mechanical engineering at Virginia Tech and his M.B.A. at the University of Phoenix. He serves as an independent director for Cooper Tire and Rubber Company.



John Waldron

President and CEO, Safety and Productivity Solutions

John Waldron is President and CEO of Honeywell's Safety and Productivity Solutions (SPS) business group. With \$5.6 billion in 2017 revenues, SPS technologies support the productivity and safety of more than half a billion workers worldwide with offerings such as rugged mobile computers, voice-enabled software and workflows, warehouse automation, bar-code scanners, printing solutions, gas sensing technologies and personal protective equipment.

Previously, Waldron served as President of Honeywell Sensing and Productivity Solutions, a leading global provider of sensor, switch and control solutions serving customers in the aerospace, medical, transportation, industrial and test equipment markets; high-performance data collection solutions; and life-cycle software and services solutions serving customers in vertical markets including retail, healthcare, transportation and logistics.

Waldron's prior roles include President of Honeywell Scanning and Mobility (HSM), Vice President and General Manager of the Americas region for HSM, and Vice President of Global Marketing for HSM, where Waldron was responsible for the overall direction and execution of the marketing function and served as Marketing Integration Leader for the acquisitions of Hand Held Products, Metrologic Instruments and EMS Technologies.

Waldron previously held a number of sales and marketing leadership positions in Honeywell Security Group and in the software industry. He began his professional career as an electrical engineer.

Waldron holds an MBA from the University of Notre Dame and a bachelor's degree in electrical engineering from the University of Dayton.



Que Dallara

Chief Commercial Officer

Que Thanh Dallara is Honeywell's Chief Commercial Officer. Dallara is responsible for helping Honeywell grow faster than the market through the development and delivery of strategy, marketing, and sales practices to consistently improve Honeywell's product portfolio, pricing, salesforce effectiveness, and customer decision journey. She is responsible for developing and operationalizing our strategic plan (STRAP) and annual operating plan (AOP); and leading HOS Gold, Honeywell's business system, which involves bringing together all our best practices, tools, and frameworks. Dallara is also responsible for helping Honeywell become a premier software-industrial company and for Honeywell's Connected Enterprises, including Honeywell Sentience, our IoT platform.

Prior to Honeywell, Dallara served in roles of increasing responsibility at TE Connectivity, a \$12.2 billion global leader in connectivity and sensor solutions. Most recently, she served as Senior Vice President, Corporate Strategy and Analytics, where she led the strategic growth process, performance management of business units, and big data analytics. Prior to that, she was Vice President and General Manager of TE Connectivity's Managed Connectivity business, where she turned around and scaled up an incubator business in intelligent cabling systems.

Earlier, Dallara was Vice President and General Manager of the Energy Americas business. Before TE Connectivity, Dallara served Microsoft Corporation as Senior Director, Strategy, M&A, Integration and Governance, for the Consumer Software & Services divisions. She drove strategies for Microsoft to enter mobile, search, online advertising, cloud services, and China. Dallara also held positions at itv|world, Telstra Corporation, and McKinsey & Company in Sydney, Australia.

Dallara earned a B.S. in Applied Mathematics and a Bachelor of Commerce, Finance, at the University of New South Wales, Australia, and an MBA at INSEAD in France.



Shane Tedjarati

President, Global High Growth Regions

Shane Tedjarati is responsible for driving Honeywell's business expansion in High Growth Regions of the world: Asia, Africa, Latin America, the Middle East and Eastern Europe.

Tedjarati has been instrumental in engineering Honeywell's success story, starting in China and India, and expanding globally to the High Growth Regions of the world where today Honeywell drives the majority of its growth.

Before coming to Honeywell, Tedjarati accumulated more than 20 years of consulting experience in various industries. He was the regional managing director for Deloitte Consulting (Greater China), where he worked with Chinese stated-owned enterprises and multi-national corporations to help them formulate and execute strategies for sustainable growth in China and abroad.

Tedjarati is a Henry Crown Fellow of Aspen Institute and also the co-founder of its Middle East Leadership Initiative and China Fellowship Program; special advisor to Chongqing and Wuhan Mayors; member of the advisory board of Antai College of Economics and Management Shanghai Jiao Tong University; and industry Co-Chair of China Leaders for Global Operations (CLGO), a dual master's degree program by MIT and Shanghai Jiao Tong University.

Tedjarati is an avid aviator. He has lived in China for more than 20 years and speaks six languages.



Thomas A. Szlosek

Senior Vice President and Chief Financial Officer

Tom Szlosek is Senior Vice President and Chief Financial Officer of Honeywell, a \$40 billion diversified technology and manufacturing leader, serving customers worldwide with products and software that address some of the world's most critical challenges around energy, safety, security, productivity and global urbanization.

Prior to this role, Szlosek was Vice President of Corporate Finance responsible for corporate tax, treasury, investor relations, audit, financial planning, and back office areas. From 2007 to 2013, Szlosek was Chief Financial Officer for Honeywell's largest business group at the time, Automation and Control Solutions (ACS), where he helped lead ACS to 50 percent growth in sales and a doubling of operating profits. He also helped transact 15 acquisitions valued at over \$3 billion. He served as Vice President and Controller of Honeywell from 2004 to 2007.

Prior to joining Honeywell, Szlosek spent eight years with General Electric Company, where he held various finance leadership roles, including CFO of GE Medical Systems Asia and CFO of GE Consumer Finance Europe. He was in the audit practice with Price Waterhouse for 10 years before joining GE.

Szlosek holds a bachelor's degree in accounting from the State University of New York at Geneseo and is a Certified Public Accountant.