



April 21, 2017

FIRST QUARTER 2017
Earnings Release

Honeywell
THE POWER OF **CONNECTED**

Forward Looking Statements

This report contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of fact, that address activities, events or developments that we or our management intend, expect, project, believe or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements are based on management’s assumptions and assessments in light of past experience and trends, current economic and industry conditions, expected future developments and other relevant factors. They are not guarantees of future performance, and actual results, developments and business decisions may differ materially from those envisaged by our forward-looking statements. Our forward-looking statements are also subject to risks and uncertainties, which can affect our performance in both the near- and long-term. We identify the principal risks and uncertainties that affect our performance in our Annual Report on Form 10-K and other filings with the Securities and Exchange Commission.

Non-GAAP Financial Measures

This presentation contains financial measures presented on a non-GAAP basis. Honeywell’s non-GAAP financial measures used in this presentation are as follows: segment profit, on an overall Honeywell basis, a measure by which we assess operating performance, which we define as operating income adjusted for certain items as presented in the Appendix; segment margin, on an overall Honeywell basis, which we define as segment profit divided by sales; organic sales growth, which we define as sales growth less the impacts from foreign currency translation and acquisitions and divestitures for the first 12 months following transaction date; free cash flow, which we define as cash flow from operations less capital expenditures; and earnings per share, which we adjust to exclude pension mark-to-market expenses and to normalize quarterly earnings per share measures for the expected full-year tax rate, as well as for other components, such as divestitures and debt refinancings, as noted in the reconciliations presented in the Appendix. 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 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.

Strong Start To 2017

Beat High End Of Earnings Guidance By 2¢

Guidance

\$1.60 - \$1.64

Actual

\$1.66

\$1.71 Reported

+11%

Organic Sales Growth Accelerating

Flat - 2%

2%+

Strong Operational Performance In All Segments

50 - 80 bps

+70 bps

Segment Margin
Expansion

Outstanding First Quarter Free Cash Flow

6X+
YoY Increase

\$0.8B

EPS V% Excludes 2016 Divestitures, Normalized For Tax

First Quarter Highlights

Aerospace



- Honeywell **APU Now Standard** Equipment On Airbus A320
- Japan Airlines And India's Jet Airways Using **GoDirect™ Fuel Efficiency Software** To Reduce Fuel Use And Costs

Home And Building Technologies



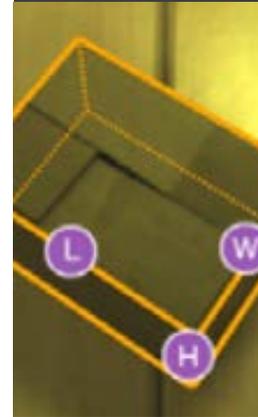
- **MAXPRO Cloud Launch** For Connected Buildings
- **Energy Efficiency Projects** At U.S. Air Force Base In Los Angeles; 21 FAA Facilities; Smart Airport Contracts In Turkey And Singapore

Performance Materials And Technologies



- UOP Technology And HPS Controls Selected By ZPC For **Largest Crude-To-Chemicals Complex** In China
- Providing **Largest Oleflex™ Unit** In EU
- Wantong Petrochemical Group Is Producing Ultra-Low Sulfur Diesel Using **UOP's New Hydrotreating Catalyst**

Safety And Productivity Solutions



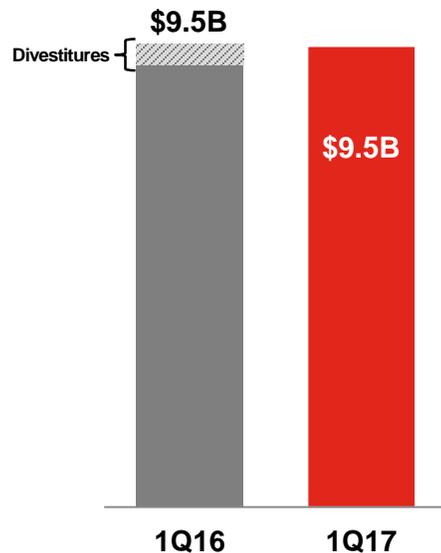
- **Introduced AutoCube** - Instantly Captures The Volume Of An Object With Extreme Precision
- **Four Safety Products Won Prestigious iF Design Awards**, Recognizing Results Of Honeywell User Experience (HUE) Effort

1Q 2017 Financial Summary

Sales

Up 2%+

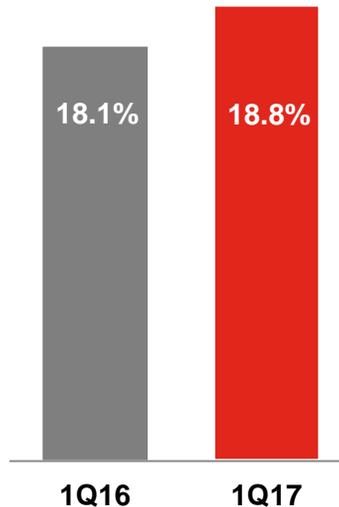
Organic



- Reported ~Flat
- + Commercial Aerospace Aftermarket, Advanced Materials, Distribution
- Business Jets

Segment Margin

Up 70 bps



- Segment Profit Up 8% Ex-Divestitures
- + All Segments Contribute
- + Productivity Net Of Inflation, Restructuring Benefits, Commercial Excellence

EPS

Up 11%

Ex-Divestitures,
Normalized For
Tax

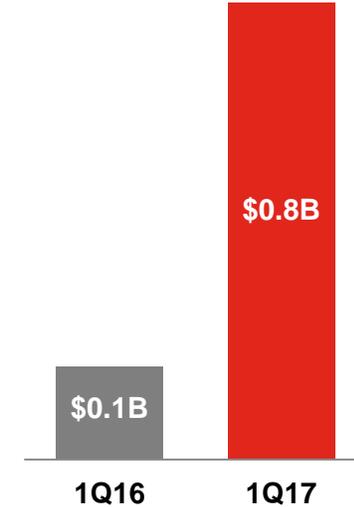


- Reported EPS Of \$1.71, Up 10%
- 1Q17 ETR Of 22.7%
- Expect FY ETR Of ~25%

FCF

Up 6X+

Vs. Prior Year

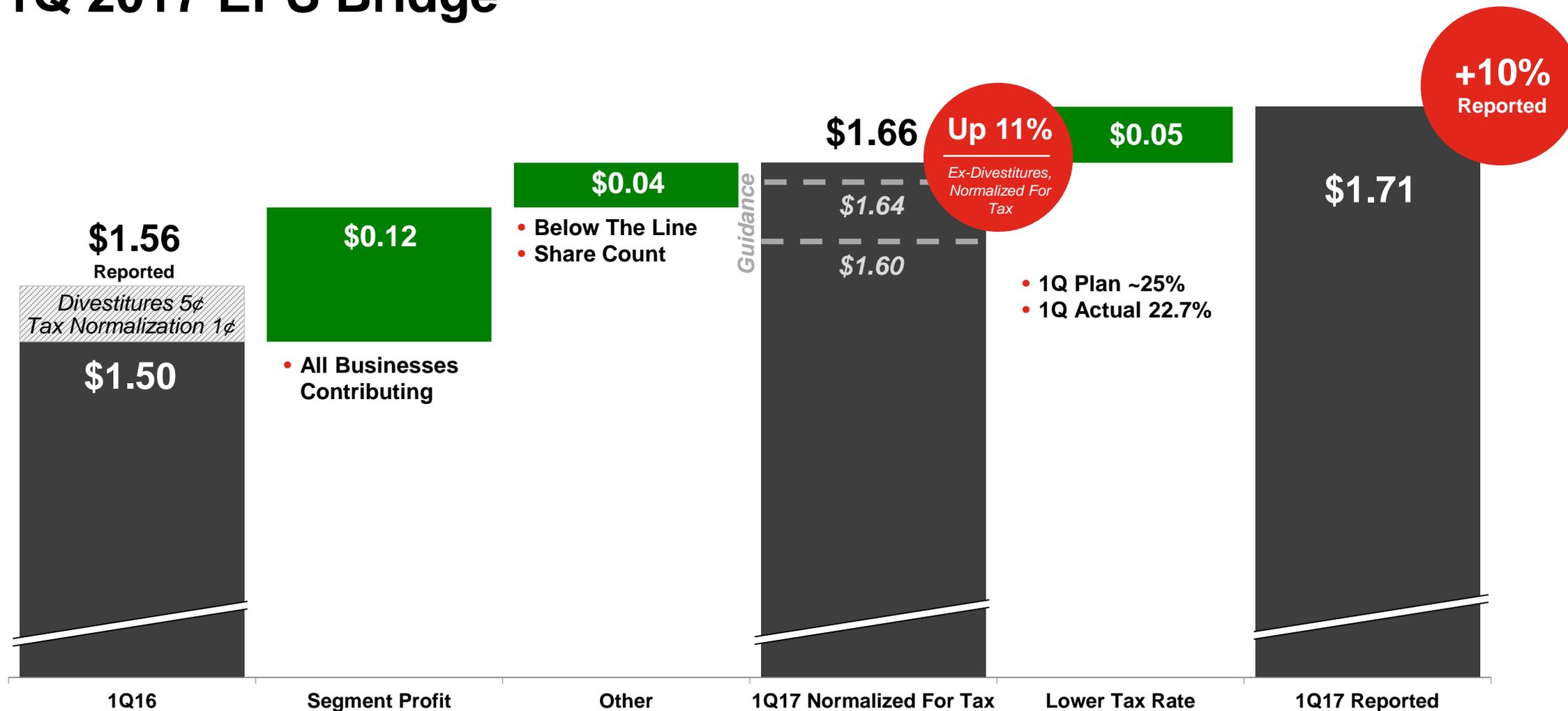


- + Performance Driven By Aerospace And Performance Materials And Technologies
- + Strong Working Capital

1Q 2017 Segment Results

(\$M)	Sales	Margin / Change (bps)	Commentary
Aero	\$3,546 Down (4%) ~Flat Organic	22.4% Up 90	<ul style="list-style-type: none"> + Strong Aftermarket In Air Transport + Light Vehicle Gas And Comm'l Vehicle Growth - Continued Softness In Business Jets, Space, And Helo
HBT	\$2,553 Up 3% Up 3% Organic	15.2% Up 70	<ul style="list-style-type: none"> + Continued Momentum In Distribution + China Air And Water Products Growth ± Repositioning Benefits; Impact Of Growth Investments
PMT	\$2,069 Down (9%) Up 5% Organic	22.8% Up 260	<ul style="list-style-type: none"> + Double-Digit Advanced Materials Organic Growth Led By Solstice® + UOP Modular Gas Processing Wins; Strong Orders For UOP And HPS + Margin Improvement From Productivity And Commercial Excellence
SPS	\$1,324 Up 25% Up 3% Organic	14.7% Up 50 Up 330 bps ex-M&A	<ul style="list-style-type: none"> + Higher Volumes In Safety And Workflow Solutions + Double-Digit Sales Growth At Intelligrated ± Productivity, Restructuring Benefits; M&A Impact

1Q 2017 EPS Bridge



What We Are Seeing

- + Momentum In Oil And Gas Sector**
- + Large Smart Meter Project Roll Outs**
- + Resilient Commercial Aviation Aftermarket**
- + Industrial Activity Improving (Safety, Warehouse)**
- Business Jet Deliveries Still Weak**

2Q 2017 Preview

**\$9.7B -
\$9.9B**
Total HON
Sales

	Sales	Segment Margin	Assumptions
Aero	(5%) - (7%) <i>(2%) - Flat Organic</i>	Up 70 - 100 bps	<ul style="list-style-type: none"> • Strong Aftermarket, Continued Comm'l Vehicle Growth • Business Jets Weakness Persists
HBT	(1%) - 1% <i>2% - 4% Organic</i>	Up 70 - 100	<ul style="list-style-type: none"> • Elster Smart Meter Program Roll-Outs • Continued Strength In Distribution, China
PMT	(10%) - (12%) <i>3% - 5% Organic</i>	Up 170 - 200	<ul style="list-style-type: none"> • Strong Orders Growth Across The Segment • UOP Licensing, Equipment; Advanced Materials Solstice®
SPS	26% - 28% <i>Flat - 2% Organic</i>	Up 30 - 60 <i>Up ~250 ex-M&A</i>	<ul style="list-style-type: none"> • Strong Safety, Sensing And Workflow Solutions Growth • Productivity And Restructuring Benefits, Intelligrated Impact
HON	(1%) - (3%) <i>Flat - 2% Organic</i>	Up 50 - 80	<ul style="list-style-type: none"> • Effective Tax Rate ~25%

2017 Financial Guidance Summary

Total Honeywell		By Segment	
<p>Sales</p> <hr/> <p>\$38.6 - \$39.5B</p> <p>Down (2%) - Flat 1% - 3% Organic</p>	<p>Segment Margin</p> <hr/> <p>19.0% - 19.4%</p> <p>Up 70 - 110 bps</p>	<p>Sales</p>	<p>Margin</p>
		<p>Aero</p> <p>\$14.0B - \$14.4B</p> <p>(2%) - (5%) (2%) - 1% Organic</p>	<p>20.9% - 21.3%</p> <p>Up 60 - 100</p>
		<p>HBT</p> <p>\$10.8B - \$11.0B</p> <p>2% - 4% 3% - 5% Organic</p>	<p>17.2% - 17.6%</p> <p>Up 140 - 180</p>
		<p>PMT</p> <p>\$8.4B - \$8.6B</p> <p>(8%) - (10%) 2% - 4% Organic</p>	<p>23.5% - 23.9%</p> <p>Up 140 - 180</p>
		<p>SPS</p> <p>\$5.4B - \$5.5B</p> <p>16% - 18% 1% - 3% Organic</p>	<p>15.6% - 16.0%</p> <p>Up 90 - 130 Up 160 - 200 ex- M&A</p>
<p>EPS</p> <hr/> <p>\$6.90 - \$7.10</p> <p>Up 7% - 10% Ex-Divestitures, Debt Refinancing</p>	<p>FCF</p> <hr/> <p>\$4.6 - \$4.7B</p> <p>Up 5% - 7%</p>		

Summary

- **All Segments Contributed To Strong First Quarter**
- **Improving Conditions Across Many End Markets**
- **Expect Second Quarter Earnings Up 7% - 10% Ex-2016 Divestitures**
- **Raising Low End Of 2017 EPS Guidance By 5¢ To \$6.90 - \$7.10**
- **Well-Positioned For The Remainder Of 2017**

Appendix

1Q17 Segment Sales Results

	Reported	Organic
Aerospace	(4%)	~Flat
Commercial Aviation Original Equipment	(13%)	(13%)
Commercial Aviation Aftermarket	5%	5%
Defense & Space	(11%)	~Flat
Transportation Systems	~Flat	2%
Home And Building Technologies	3%	3%
Products	3%	3%
Distribution	3%	4%
Performance Materials And Technologies	(9%)	5%
UOP	2%	3%
Honeywell Process Solutions	(1%)	~Flat
Advanced Materials	(24%)	11%
Safety And Productivity Solutions	25%	3%
Safety	3%	3%
Productivity Solutions	46%	3%

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

(\$M)	1Q16	2Q16	2016	1Q17
Aerospace	\$798	\$791	\$2,991	\$796
Home and Building Technologies	360	412	1,683	389
Performance Materials and Technologies	461	520	2,050	471
Safety and Productivity Solutions	150	173	680	194
Corporate	(49)	(49)	(218)	(61)
Segment Profit	\$1,720	\$1,847	\$7,186	\$1,789
Stock Compensation Expense ⁽¹⁾	(53)	(43)	(184)	(50)
Repositioning and Other ^(1, 2)	(131)	(122)	(679)	(135)
Pension Ongoing Income ⁽¹⁾	150	151	601	179
Pension Mark-to-Market Expense ⁽¹⁾	-	-	(273)	-
Other Postretirement Income ⁽¹⁾	9	8	32	4
Operating Income	\$1,695	\$1,841	\$6,683	\$1,787
Segment Profit	\$1,720	\$1,847	\$7,186	\$1,789
÷ Sales	\$9,522	\$9,991	\$39,302	\$9,492
Segment Profit Margin %	18.1%	18.5%	18.3%	18.8%
Operating Income	\$1,695	\$1,841	\$6,683	\$1,787
÷ Sales	\$9,522	\$9,991	\$39,302	\$9,492
Operating Income Margin %	17.8%	18.4%	17.0%	18.8%

(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.

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 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.

Calculation of Segment Profit Margin Excluding Divestitures

	1Q16
<i>(\$M)</i>	
Segment Profit Excluding Divestiture	\$1,655
÷ Sales Excluding Divestitures	\$9,088
Segment Profit Margin Excluding Divestitures %	18.2%

Calculation of Segment Profit Margin Excluding Mergers and Acquisitions

<i>(\$M)</i>	<u>1Q16</u>	<u>2Q16</u>	<u>2016</u>	<u>1Q17</u>
Safety and Productivity Solutions				
Segment Profit Excluding Mergers and Acquisitions	\$149	\$176	\$670	\$190
÷ Sales Excluding Mergers and Acquisitions	<u>\$1,041</u>	<u>\$1,099</u>	<u>\$4,338</u>	<u>\$1,080</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u>14.3%</u>	<u>16.0%</u>	<u>15.4%</u>	<u>17.6%</u>

Reconciliation of Organic Sales % Change

Honeywell	1Q17
Reported Sales % Change	-
Less: Foreign Currency Translation	(1%)
Less: Acquisitions and Divestitures, Net	(1%)
Organic Sales % Change	2%
Aerospace	
Reported Sales % Change	(4%)
Less: Foreign Currency Translation	(1%)
Less: Acquisitions and Divestitures, Net	(3%)
Organic Sales % Change	-
Home and Building Technologies	
Reported Sales % Change	3%
Less: Foreign Currency Translation	(2%)
Less: Acquisitions and Divestitures, Net	2%
Organic Sales % Change	3%
Performance Materials and Technologies	
Reported Sales % Change	(9%)
Less: Foreign Currency Translation	(1%)
Less: Acquisitions and Divestitures, Net	(13%)
Organic Sales % Change	5%
Safety and Productivity Solutions	
Reported Sales % Change	25%
Less: Foreign Currency Translation	(1%)
Less: Acquisitions and Divestitures, Net	23%
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.

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

Reconciliation of Cash Provided by Operating Activities to Free Cash Flow

<i>(\$M except for 2017E in \$B)</i>	<u>1Q16</u>	<u>2016</u>	<u>1Q17</u>	<u>2017E</u>
Cash Provided by Operating Activities	\$319	\$5,498	\$940	\$5.7 - \$5.8
Expenditures for Property, Plant and Equipment	(194)	(1,095)	(168)	~ (1.1)
Free Cash Flow	<u>\$125</u>	<u>\$4,403</u>	<u>\$772</u>	<u>\$4.6 - \$4.7</u>

Calculation of Earnings Per Share at 25% Tax Rate Excluding 2016 Divestitures

<i>(\$M except per share amounts)</i>	1Q16 ⁽¹⁾	2Q16 ⁽²⁾	1Q17
Income Before Taxes	\$1,628	\$1,755	\$1,724
Taxes at 25%	407	439	431
Net Income at 25% Tax Rate	\$1,221	\$1,316	\$1,293
Less: Net Income Attributable to the Noncontrolling Interest	10	8	6
Net Income Attributable to Honeywell at 25% Tax Rate	<u>\$1,211</u>	<u>\$1,308</u>	<u>\$1,287</u>
Weighted Average Number of Shares Outstanding - Assuming Dilution	779.6	772.4	773.9
Earnings Per Share at 25% Tax Rate	\$1.55	\$1.69	\$1.66
Earnings Per Share Attributable to 2016 Divestitures	0.05	0.05	
Earnings Per Share of Common Stock - Assuming Dilution, at 25% Tax Rate, Excluding 2016 Divestitures	<u>\$1.50</u>	<u>\$1.64</u>	<u>\$1.66</u>
Earnings Per Share of Common Stock - Assuming Dilution	\$1.56	\$1.66	\$1.71
Earnings Per Share Impact of Normalizing to 25% Tax Rate	0.01	(0.03)	0.05
Earnings Per Share Impact Attributable to 2016 Divestitures	0.05	0.05	-
Earnings Per Share of Common Stock - Assuming Dilution, at 25% Tax Rate, Excluding 2016 Divestitures	<u>\$1.50</u>	<u>\$1.64</u>	<u>\$1.66</u>

(1) Earnings per share attributable to 2016 divestitures utilizes weighted average shares of 779.6 million and a blended tax rate of 36.0%.

(2) Earnings per share attributable to 2016 divestitures utilizes weighted average shares of 772.4 million and a blended tax rate of 32.3%.

We believe earnings per share adjusted to expected full-year tax rate at 25% is a measure that is 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 and Earnings Attributable to 2016 Divestitures

	2016 ⁽¹⁾	2017E ⁽²⁾
Earnings Per Share of Common Stock - Assuming Dilution (EPS)	\$6.20	TBD
Pension Mark-to-Market Expense	0.28	TBD
Debt Refinancing Expense	0.12	-
EPS Attributable to 2016 Divestitures	(0.14)	-
EPS, Excluding Pension Mark-to-Market Expense, Debt Refinancing Expense and 2016 Divestitures	\$6.46	\$6.90 - \$7.10

(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 approximately 774 million and an expected effective tax rate of approximately 25%.

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