



October 21, 2016

HONEYWELL THIRD QUARTER 2016
Earnings Release

Honeywell

Forward Looking Statements

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

Definition Of Core Organic

Throughout this presentation, core organic sales growth refers to reported sales growth less the impacts from foreign currency translation, M&A and raw materials pass-through pricing in the Resins & Chemicals business of PMT. The raw materials pricing impact is excluded in instances where raw materials costs are passed through to customers, which drives fluctuations in selling prices not tied to volume growth. A reconciliation of core organic sales growth to reported sales growth is provided in the Appendix.

Contemplated 4Q16 Debt Refinancing

This release is not an offer to buy or sell or a solicitation of an offer with respect to any new debt offering or any liability management transactions.

Key Messages

Tough 3Q16

- EPS Of **\$1.60** As Signaled On Oct 7th, Or **\$1.67** Excluding \$0.07 Deployed To Restructuring
- Many Moving Parts - ACS Realignment, Intelligrated Acquisition, HTSI Sale, ASIX Spin
- Slower Macro Environment - Weakness In Business Jets, Defense, Productivity Solutions

Strong Visibility To 4Q

- UOP Returns To Growth, Significant Solstice Ramp
- Home And Buildings, Transportation Systems Steady
- Benefits From 3Q Restructuring Begin To Materialize

Favorable 2017 Set-Up

- Momentum From 4Q Continues; Investing Heavily For The Future
- Long-Cycle Backlog Firming, Inflections Intact
- Significant 2016 Headwinds Do Not Repeat In 2017
- Conservative Planning Given Current State Of End Markets

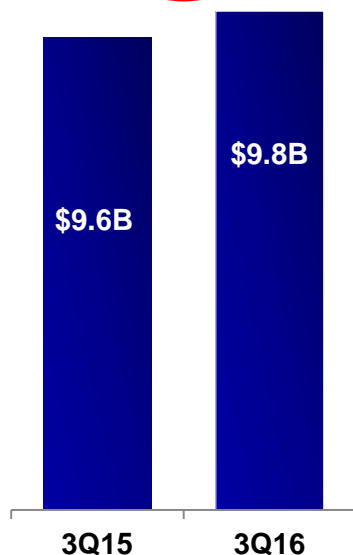
**4Q / FY EPS, V% Exclude Any Pension Mark-to-Market Adjustment And Contemplated Debt Refinancing Charges*

3Q 2016 Financial Summary

Sales

Up 2%

Reported

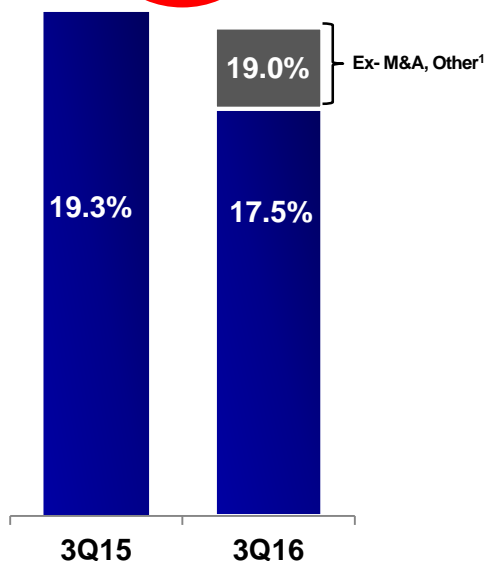


- Core Organic Down 3%
- Softness In Business Jets, Defense & Space, And Productivity Solutions

Segment Margin

Down 30 bps

Ex-M&A,
Other

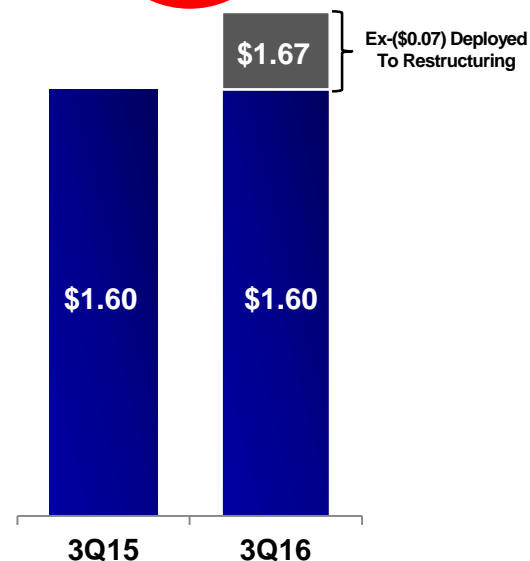


- Segment Profit \$1.7B
- Softer Volumes End Of Quarter
- Incremental Aero OEM Incentives, M&A Integration Costs

EPS

Up 4%

Ex-(\$0.07)
Restructuring

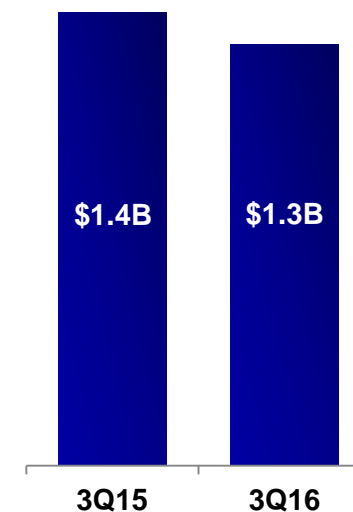


- EPS Increase From Stock Comp. And Gain From HTSI Sale Largely Deployed
- Funded ~\$250M Restructuring And Other Actions

FCF

103%

FCF Conversion



- 150% Reinvestment Ratio
- YTD Share Repurchases ~\$1.9B

Reinvestment Ratio = CapEx / Depreciation

¹ Excludes ~\$125M Increase In Aero OEM Incentives YoY

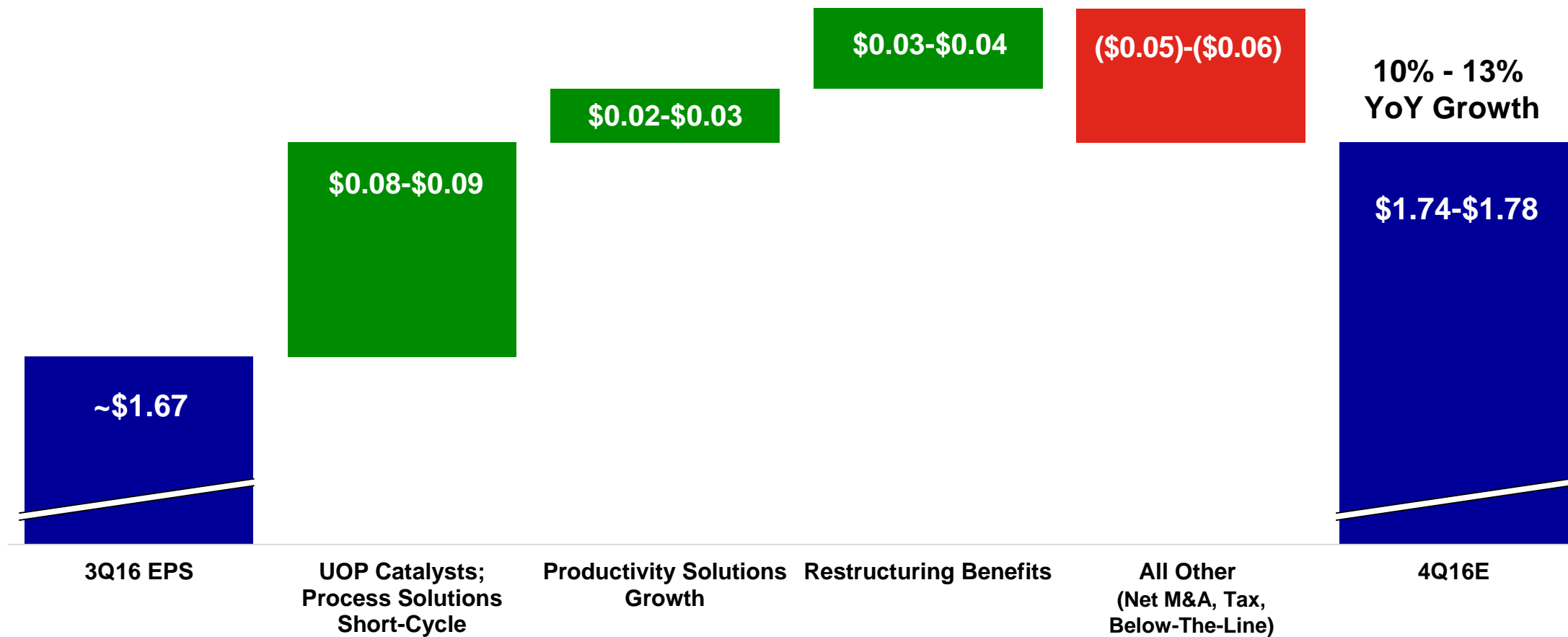
FCF = Cash Flow From Operations Less CapEx

3Q16 Segment Results

(\$M)	Sales	Margin Change (bps)	Commentary
Aero	\$3,601 Down (6%) Down (6%) Core Organic	18.4% Down (340) Down (60) ex-M&A, Other ¹	<ul style="list-style-type: none"> Reported Sales Down (2%) Excl. OEM Incentives Increase¹ BGA, D&S, Comm'l Helo Weak ATR R&O, Turbo Light Vehicle Gas Steady
HBT	\$2,701 Up 17% Up 5% Core Organic	16.3% Down (130) Down (20) ex-M&A	<ul style="list-style-type: none"> China, India, Americas Growth Building Solutions Growth In Energy And Service Higher Distribution Vs. Products Sales Impacts Margins
PMT	\$2,329 Up 2% Down (3%) Core Organic	21.6% Up 80 Up 70 ex-M&A	<ul style="list-style-type: none"> Gas Processing, Licensing Declines; Catalyst Growth Process Solutions Project Conversion, Solstice® Growth Productivity And Catalyst Volumes Driving Margin Expansion
SPS	\$1,173 Down (2%) Down (8%) Core Organic	14.7% Down (140) Down (90) ex-M&A	<ul style="list-style-type: none"> Industrial Safety And Retail Slow Continued Channel Headwinds USPS Tough Comps In Productivity

¹ Excludes ~\$125M Increase In Aero OEM Incentives YoY

3Q16 To 4Q16 EPS Bridge



3Q16 EPS Excludes (\$0.07) Restructuring In 3Q Associated With First Half Benefit From Stock Comp.

4Q16E EPS, V% Exclude Any Pension Mark-to-Market Adjustment And Contemplated Debt Refinancing Charges

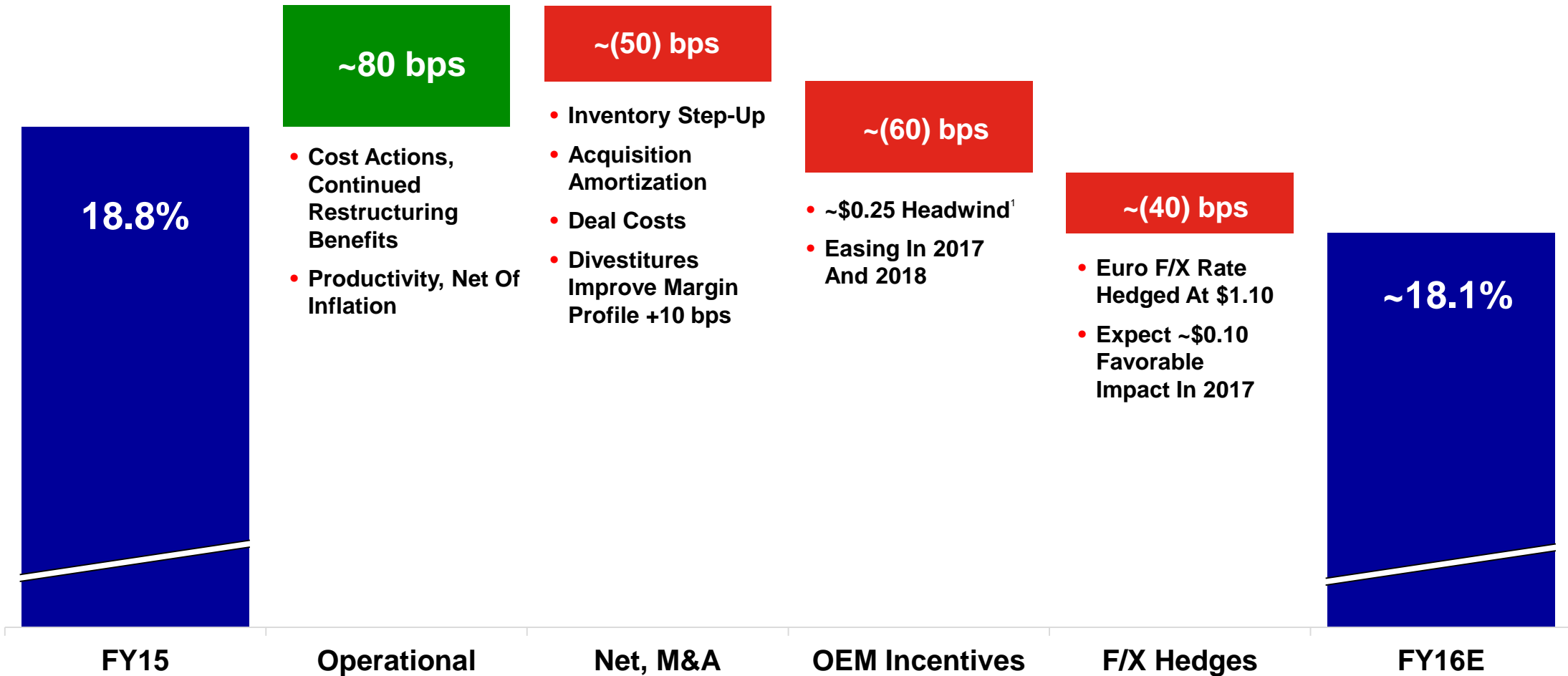
4Q16 Preview

**\$10.1B -
\$10.3B**
Total HON
Sales

	Sales	Margin Change (bps)	Assumptions
Aero	(7%) - (9%) <i>(5%) - (7%) Core Organic</i>	Down (220) - (240) <i>Down (60) - (80) ex-M&A, Other¹</i>	<ul style="list-style-type: none"> • Sales Down (3%) - (5%) Excl. OEM Incentives Increase • Business Jets, Defense & Space Weakness • R&O Moderating, Spares Growth In Line With Flight Hours • Defense 4Q Outlook Firming; Turbo Penetration Steady
HBT	15% - 16% <i>1% - 3% Core Organic</i>	Down (20) - (40) <i>Up 70 - 90 ex-M&A</i>	<ul style="list-style-type: none"> • New Product Introductions Ramp • Strong Growth In China And India • Building Solutions Service Bank Growth
PMT	(4%) - (5%) <i>2% - 4% Core Organic</i>	Up 410 - 430 <i>Up 490 - 510 ex-M&A</i>	<ul style="list-style-type: none"> • Oil Prices Stabilizing ... Expect ~\$50 At Year End • Strong Visibility To UOP Backlog; Significant Solstice Growth • Margins Improve Due To Higher Volumes, Productivity, AdvanSix Spin
SPS	15% - 17% <i>(1%) - (3%) Core Organic</i>	Down (40) - (60) <i>Up 110 - 130 ex-M&A</i>	<ul style="list-style-type: none"> • Absence Of Headwind From USPS Deployment • Moderating Channel Headwinds, Easing Safety Products Comps • Favorable Impact From Intelligrated
HON	1% - 3% <i>(2%) - Flat Core Organic</i>	Down (20) - (40) <i>Up 50 - 70 ex-M&A</i>	<ul style="list-style-type: none"> • Proactive Cost Management To Address 3Q16 Slowdown • M&A Synergies Ramping • Lower Share Count (~1%), Effective Tax Rate ~25%

¹ Excludes ~\$64M Increase In Aero OEM Incentives YoY; EPS, V%, Tax Rate Exclude Pension Mark-To-Market Adjustment And Contemplated Debt Refinancing Charges

Expected Full-Year 2016 Segment Margin Bridge



¹ Represents ~\$263M Increase In OEM Incentives YoY

2016 Financial Guidance Summary

Total Honeywell

Sales

\$39.4 - \$39.6B

Up 2 - 3%

(1) - (2)% Core Organic

Segment Margin

~18.1%

Down ~(70) bps

~(10) bps ex-M&A

EPS

\$6.60 - \$6.64

Up 8 - 9%

FCF

\$4.2 - \$4.3B

1.6X CapEx
Reinvestment Ratio

By Segment

Sales

Margin

Aero

\$14.7B - \$14.8B

~(3%)

~(3)% Core Organic

~20.0%

Down ~(110) bps

Down ~(90) bps ex-M&A

HBT

\$10.7B - \$10.8B

~17%

~4% Core Organic

~15.8%

Down ~(70) bps

Up ~50 bps ex-M&A

PMT

~\$9.3B

~(2%)

~(3)% Core Organic

~21.9%

Up ~90 bps

Up ~100 bps ex-M&A

SPS

~\$4.7B

~Flat

~(6)% Core Organic

~14.8%

Down ~(100) bps

Down ~(30) bps ex-M&A

EPS, V% Exclude Any Pension Mark-to-Market Adjustment And Contemplated Debt Refinancing Charges; Reinvestment Ratio = CapEx / Depreciation

2017 Inflections Intact

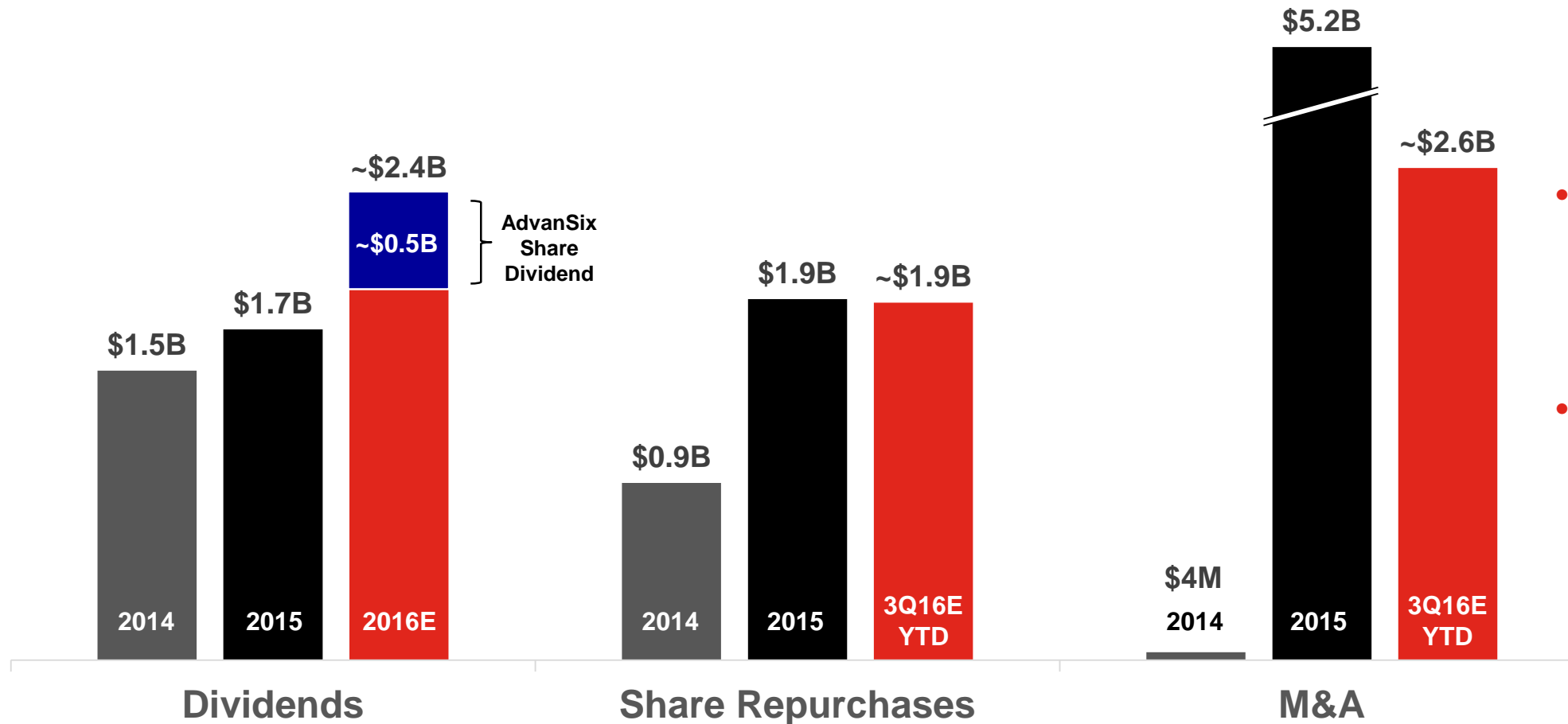
End Market	HON Exposure	3Q 2016	FY 2017	Commentary On End Market Performance
Homes And Buildings		+	+	• New Product Introduction, Connected Offerings, Installed Base Expansion
Commercial Aviation		-	-	• Slowing Business Jets Production Rates, Air Transport OE Ramps
Oil And Gas		-	+	• Lap Market Headwinds, UOP Backlog Improving (+15% As Of 3Q)
Defense & Space		-	-	• Domestic Space Slowing; Reduced Funding And Program Ramp Downs
Industrial And Workers		-	+	• Channel Headwinds, USPS Comp
Vehicles		+	+	• Global Turbo Penetration Increasing
Advanced Materials		+/-	+	• Solstice [®] Product Growth; Exiting Resins & Chemicals Business

2017 Preview

	2016	2017	Comments
Core Organic Sales Growth	<p>2% - 3% Reported</p> <p>(1%) - (2%) Core Organic</p>	<p>Low Single Digit</p>	<ul style="list-style-type: none"> + Inflections Still Intact, Weakness Moderates In UOP And Productivity Solutions + Improving Orders And Backlog In UOP + Solstice® Growth Greater Than 25% + Aerospace Connected Offerings, A350 Ramp + New Markets Via M&A Yielding Higher Growth Rates - Business Jet, Commercial Helo, U.S. Space Declines - Slower Macro Environment Than Expected At March Investor Day
Segment Margin	<p>~18.1%</p> <p>Down ~(10) ex-M&A</p>	<p>45 - 75 bps Improvement</p>	<ul style="list-style-type: none"> + Benefits From HOS Gold, Capex, R&D Investments And Portfolio Actions + Incremental Restructuring Benefits Over \$175M In 2017 From 3Q16 Restructuring + M&A Growth And Synergy Realization + Euro Hedged At \$1.15 In 2017 Vs. \$1.10 In 2016
EPS	<p>\$6.60 - \$6.64</p> <p>Up 8 - 9%</p>	<p>Targeting Double-Digits</p> <p><i>Excl. AdvanSix, HTSI</i></p>	<ul style="list-style-type: none"> + Lower Interest Expense + Deployment Of On-Going Stock Comp. Benefit To Fund Restructuring

EPS, % Exclude Any Pension Mark-to-Market Adjustment And Contemplated Debt Refinancing Charges

Substantial Capital Put To Work For Shareowners



- Attractive Returns From Nine Acquisitions Over Past 18 Months
- Continuing To Improve Growth Profile Through Acquisitions And Divestitures

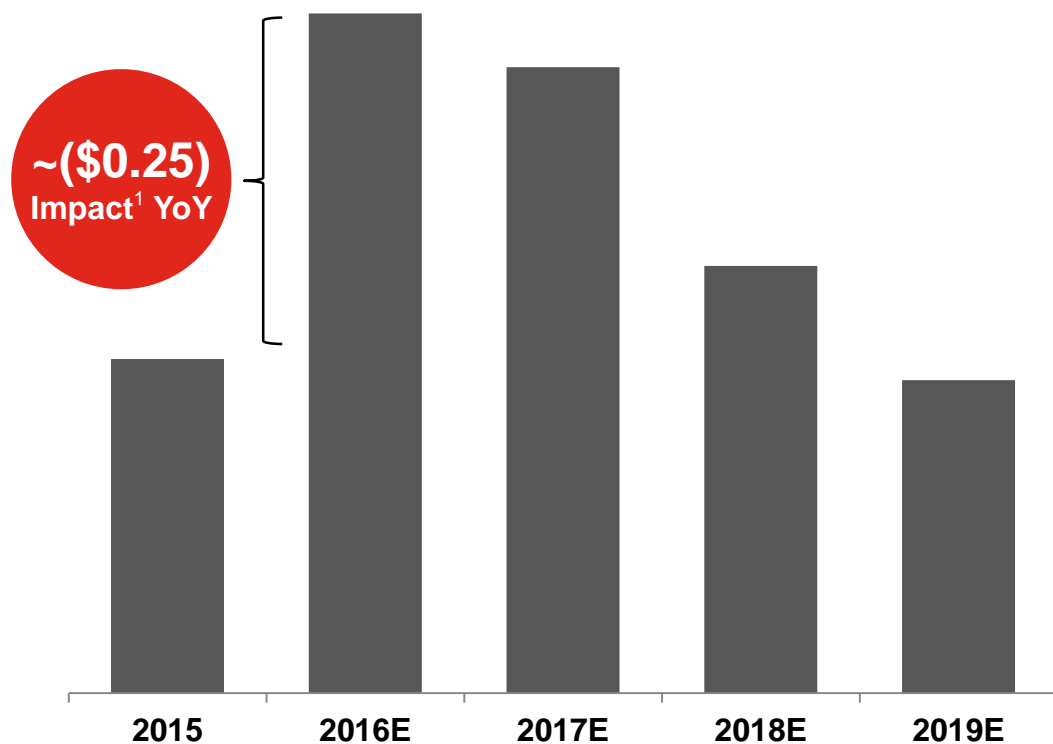
Honeywell

Improving Growth Profile Through Portfolio Management

	Market Size, Growth	Portfolio Offering
Elster	~\$11B, ~5% CAGR	<ul style="list-style-type: none"> Advanced Gas Heating, Controls And Metering
Intelligrated	~\$20B, 8%-10% CAGR	<ul style="list-style-type: none"> Warehouse Automation And Software, Addressing e-Commerce Trend
Xtralis	8% CAGR	<ul style="list-style-type: none"> Smoke Detection, Advanced Perimeter Security And Video Analytics Software
Com Dev	New \$7B+ Connectivity Market	<ul style="list-style-type: none"> Space-Based Communications Components And Related Subsystems
SatCom1		<ul style="list-style-type: none"> On-Board Communications Routing Software, In-Flight Airtime and Consulting
Aviaso		<ul style="list-style-type: none"> Software As A Service That Reduces Airline Fuel Consumption
Movilizer		<ul style="list-style-type: none"> Industry-Leading Cloud-Based Productivity Platform For Field Service Applications
Sigma Aldrich (Research Chemicals)	~2.5% CAGR	<ul style="list-style-type: none"> Leading Brands In High-Purity Research Chemicals Market
Divestitures	Low Growth	<ul style="list-style-type: none"> Resins And Chemicals: Cyclical Commodity Chemicals Business Honeywell Technology Solutions: Less Technology Differentiation

Building An Industry-Leading Aerospace Installed Base

OEM Incentive Investments (All Expensed As Incurred)



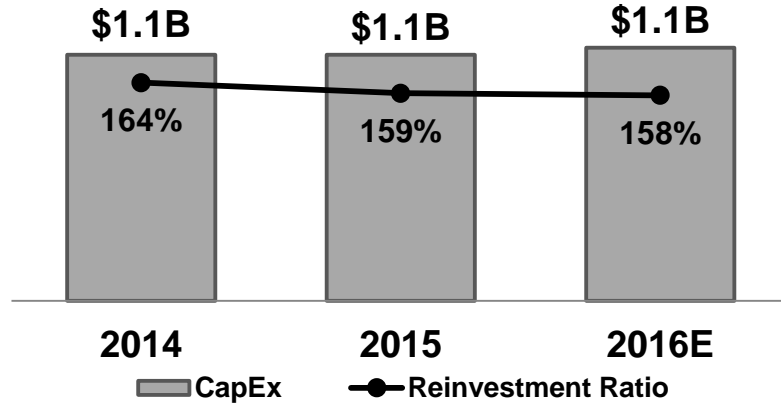
¹ Represents ~\$263M Increase In OEM Incentives YoY

- Large Wins On The Right Platforms Accelerate Growth
- 17 New Aircraft Launching; 200+ New Products
- Massive Installed Base
- Conservative Accounting For Incentives – Expensed As Incurred

Honeywell

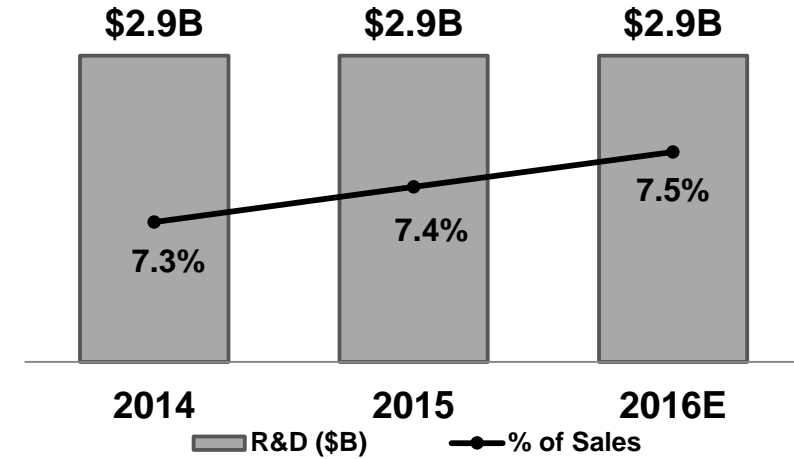
Investing Significantly To Grow The Business

High ROI Capital Expenditures



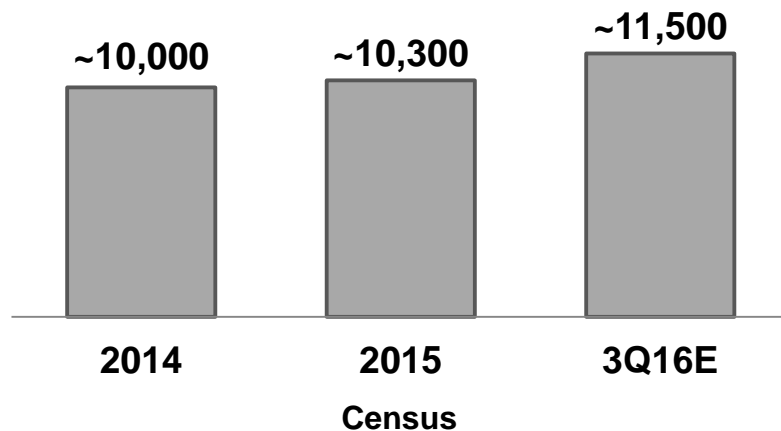
Reinvestment Ratio = CapEx / Depreciation

R&D >7% Of Sales

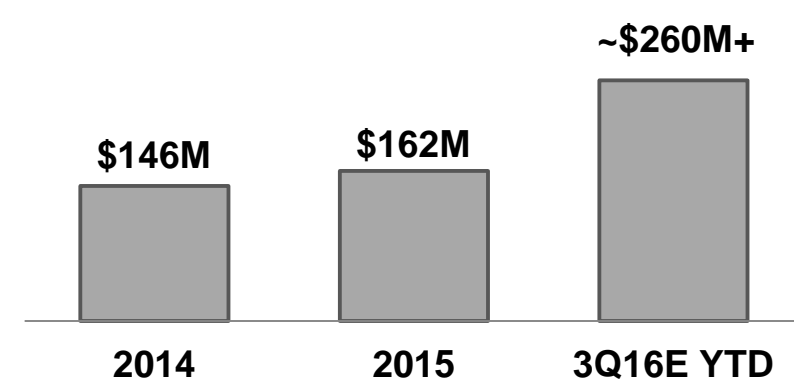


R&D Includes Customer-Funded R&D

Growth In Sales Employees



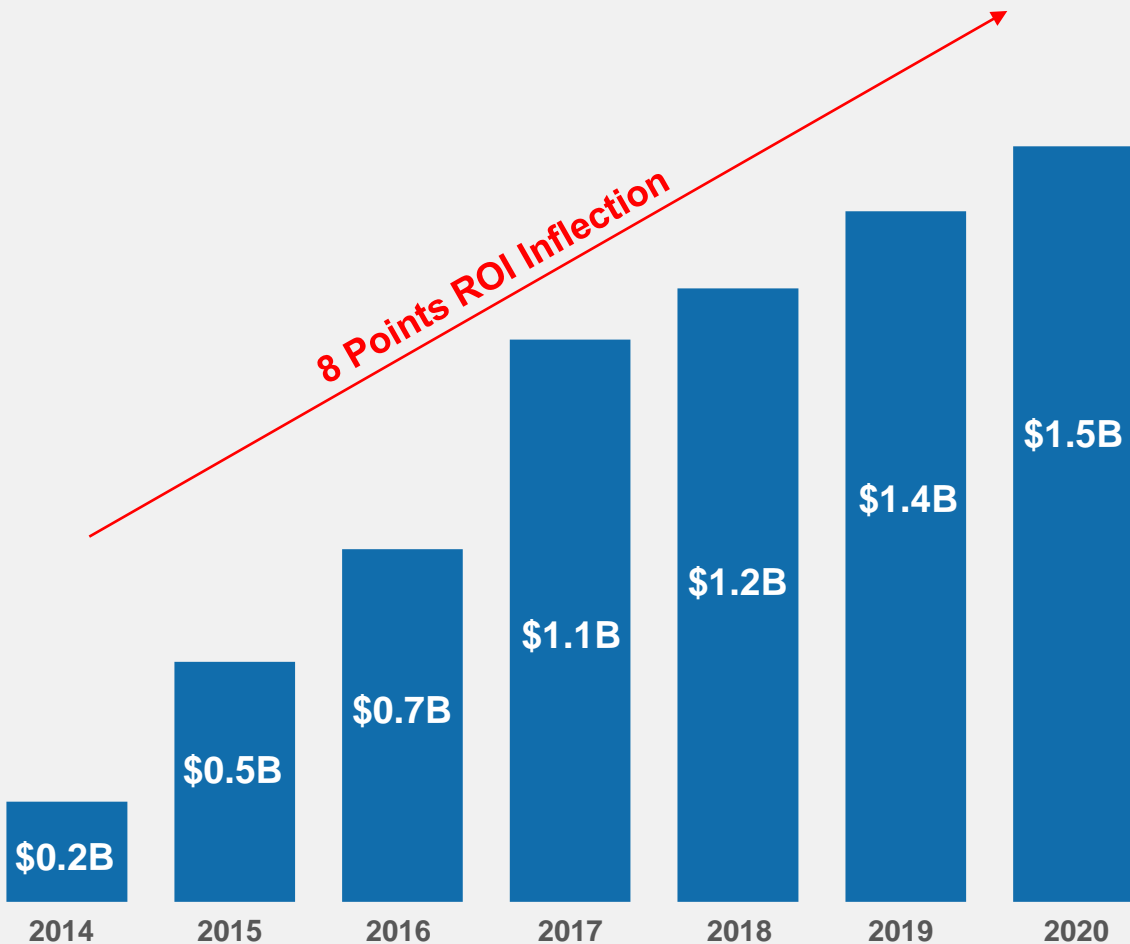
Restructuring Investments, Included In EPS



Honeywell

PMT Sales Growth From Smart Capital Investments

Revenue From Growth Capital Projects



New Capacity Additions Deliver High ROI

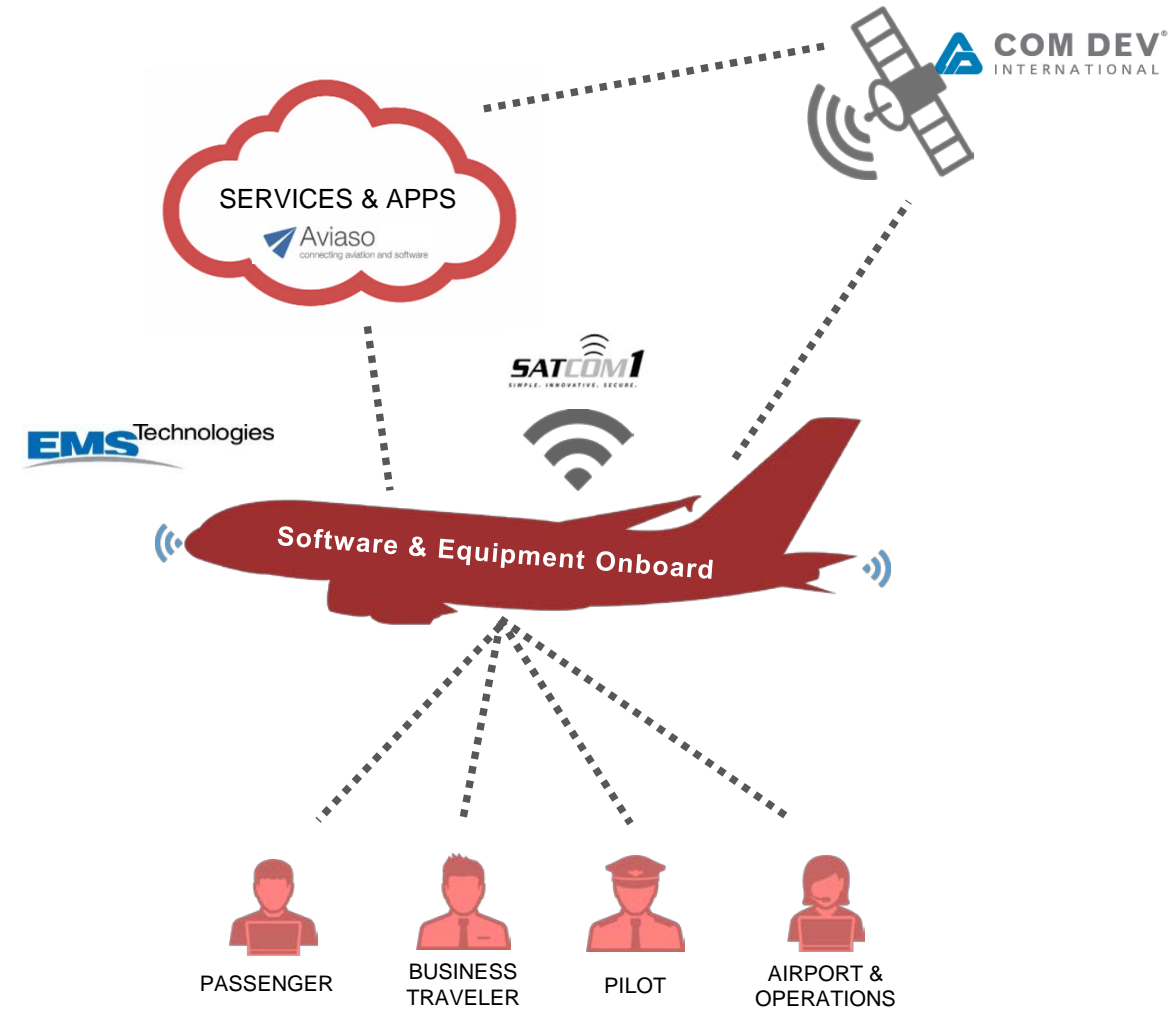
- Capital Investments Delivering 30% - 40% Returns
- Low-Global-Warming-Potential HFO Demand Converts To \$1B+ Solstice[®] Sales Per Year By 2020
- Kigali Amendment To Montreal Protocol Creates Additional Global Solstice Demand Beyond Five-Year Plan
- UOP Catalyst Capacity Expansion Supported By Large Installed Base Driving Robust Demand

Information As Of Honeywell's March 2016 Annual Investor Conference

Honeywell

Leading The Connected Aircraft Evolution






- Fast Network ●—● Inside 95% Commercial Satellites
- Airtime ●—● Exclusive Inmarsat Network | Airtime Offering
- Hardware | Equipment ●—● JetWave™
- Software Expertise ●—● Cockpit, Mechanical Leadership
- Content Delivery ●—● Easier, Faster Digital Delivery Of Upgrades (RMUs) Via Software
- Services | App Store ●—● GoDirect Services And Apps



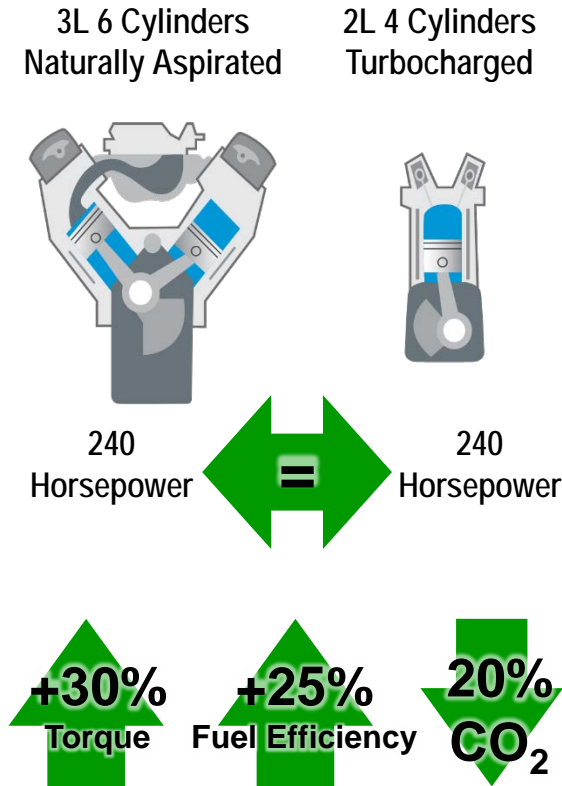
Honeywell

Golden Age Of Turbos

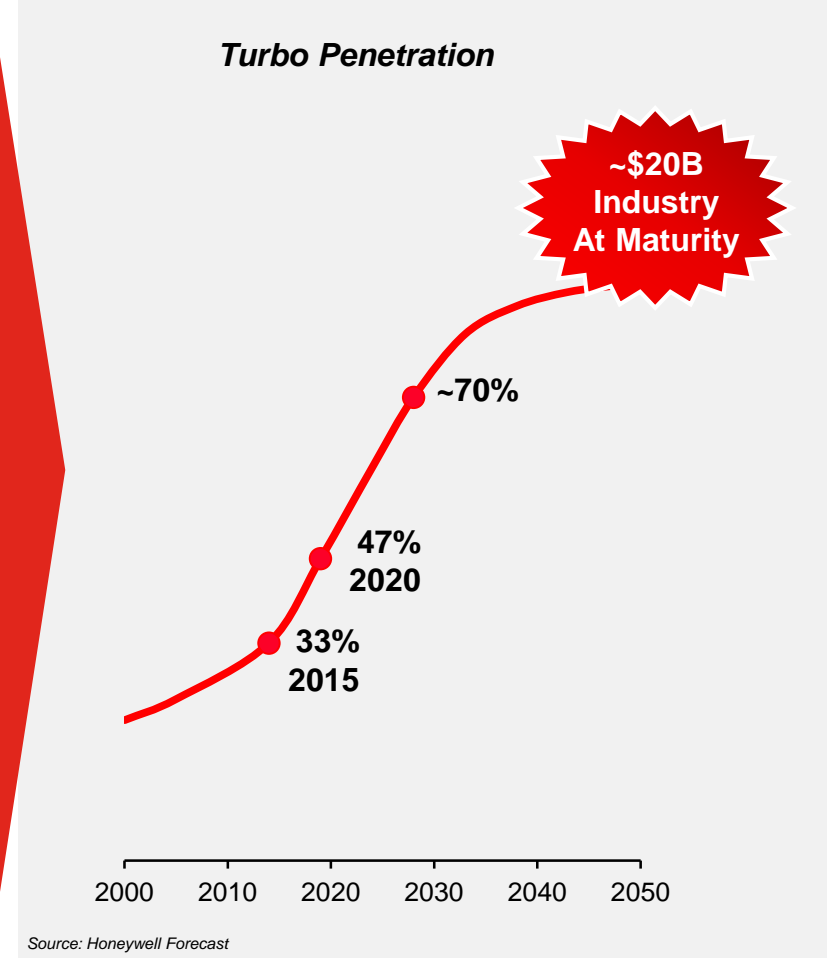
Regulations Becoming More Stringent

	<i>Enacted Targets*</i>	<i>Recent Upgrades</i>
	54 MPG	~24% Improvement By 2021 Real Driving Emissions From 2017
	48 MPG	~39% Improvement By 2020 Small Engines Incentives Euro 5 [†] From 2017
	56 MPG	~54% Improvement By 2025 Commercial Vehicles CO ₂ Target Redefinition
	49 MPG	~17% Improvement By 2022 Euro 6 [†] From 2020
	41 MPG	~11% Improvement By 2017

Turbo No-Compromise Solution

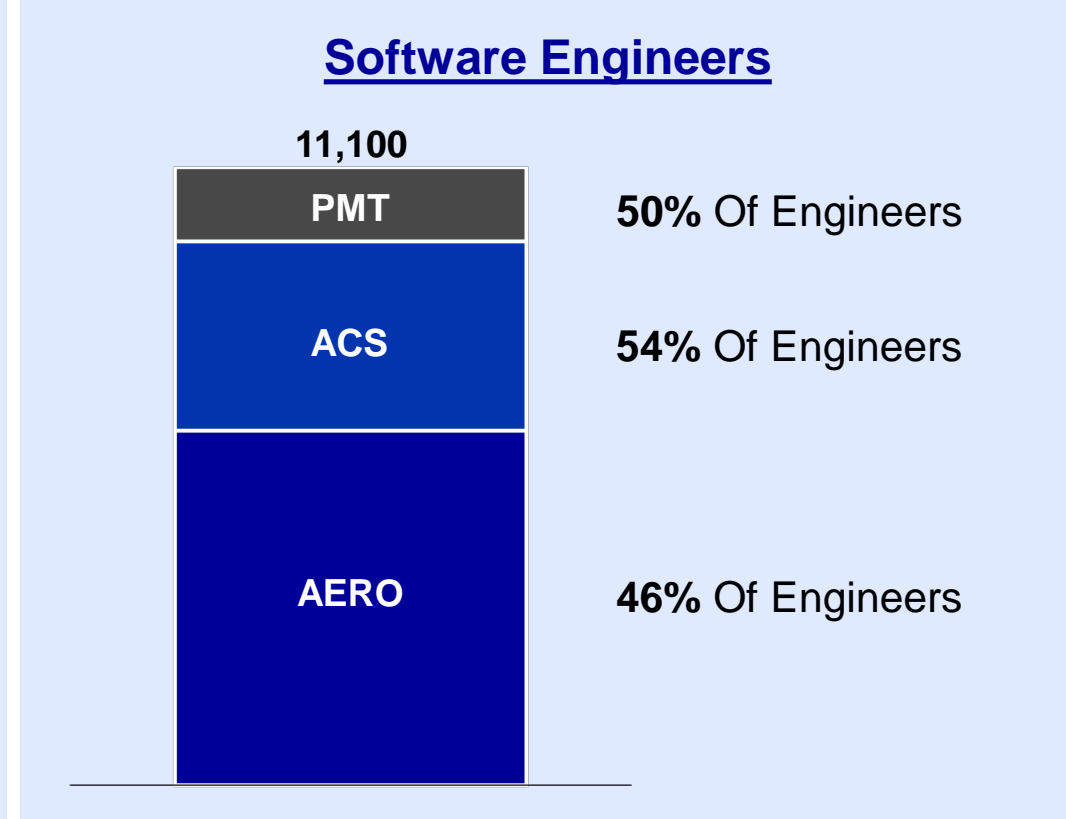
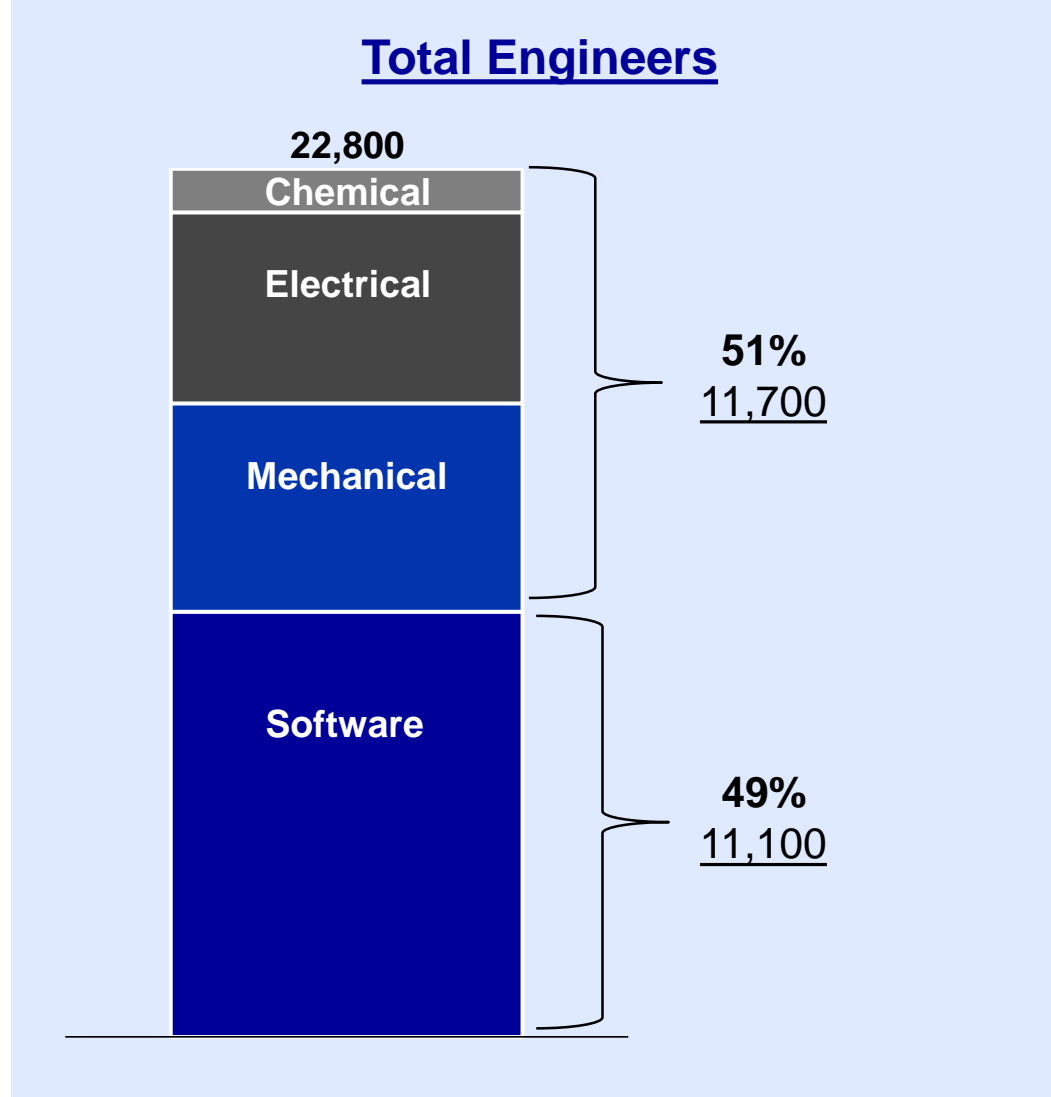


~Half Of All Vehicles Turbocharged By 2020



* Source ICCT Fuel Economy Standards – August 2015 Light Vehicles Only. MPG Improvement vs 2014 Levels.
 † Equivalent Standards to Euro 5 (5mg/km PM, 60-180mg/km NOx) and Euro 6 (5mg/km PM, 60-80mg/km NOx)

Half Our Engineers Developing Software Today



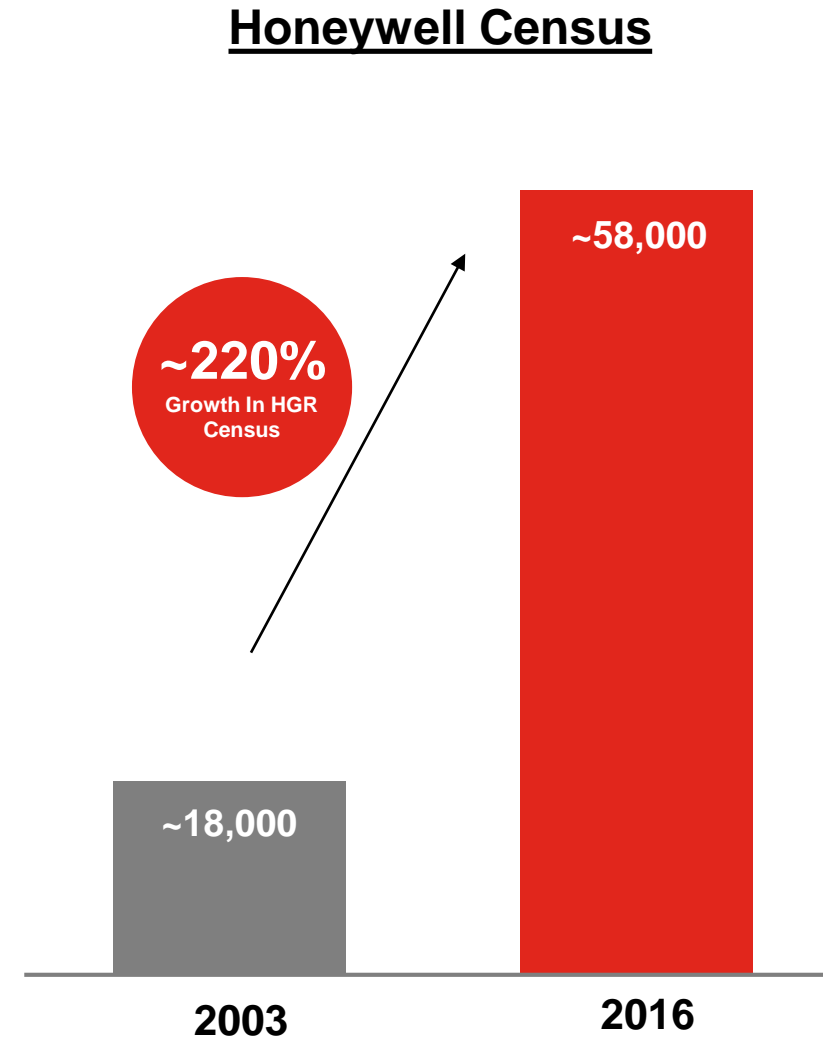
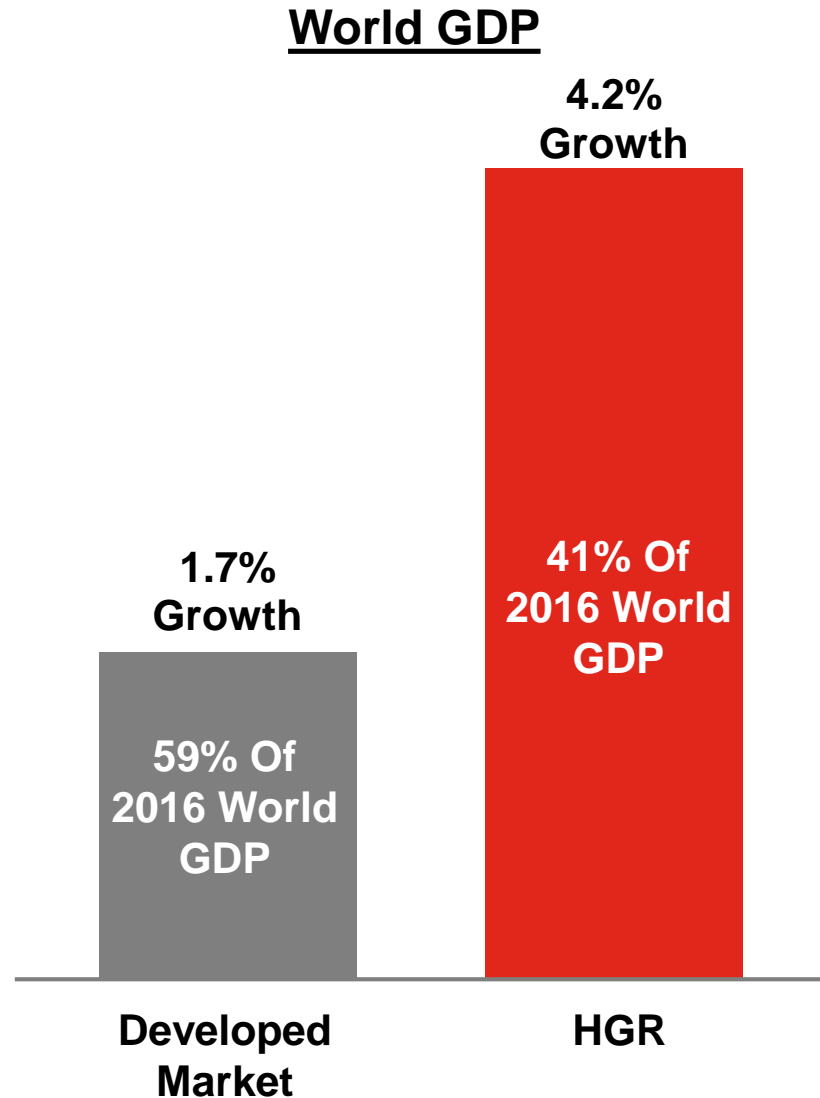
Why Successful?

- CMMI Level 5 Across Company
- 77% Of HOS Gold Breakthrough Goals
- Simulation, Product Enablement, Business Levels

CMMI = Capability Maturity Model Integration

Honeywell

High Growth Regions Penetration



Honeywell

Source: IHS Global Insight
Growth Rate Is 20 Year CAGR From 2015 To 2035

A Strong Portfolio Aligned To Favorable Macro Trends

Market Drivers

Flight Hours Growing, Demand For Connectivity

Turbo Penetration Increasing

Internet Of Things (IoT) Growing

HGR Growth In Urbanization And Infrastructure

3Q Bottom For HON Oil & Gas

Demand For Low-Global-Warming-Potential

Increasing Energy Efficiency Standards

Why We Win

Aerospace Leading The Connected Aircraft Era With JetWave™ Solution

Industry Leading Turbo Technology And Global Scale

Half Our 23,000 Engineers Developing Software Today

Differentiated HGR Presence And Strategies

Investing For Growth Through Smart Capital Investments

Environmentally Friendly Refrigerants In Advanced Materials

Nearly 50% Of HON Portfolio Dedicated To Energy Solutions

Honeywell

Summary

- **Continuation Of Slower Macro Environment**
- **Deployment Of Gains To Enhance Future Earnings And Cash**
- **Confident In 4Q Acceleration**
- **Favorable Set-Up Into 2017 – Targeting Double Digit Earnings Growth**
- **Beyond 2017 – Well-Positioned To Outperform For Long Time To Come!**

Appendix

Segment Sales Detail

	Reported	Core Organic
Aerospace	(6%)	(6%)
Commercial Aviation OE	(26%)	(25%)
Commercial Aviation Aftermarket	1%	1%
Defense & Space	(6%)	(6%)
Transportation Systems	4%	3%
Home And Building Technologies	17%	5%
Products	26%	1%
Distribution	7%	8%
Performance Materials And Technologies	2%	(3%)
UOP	(12%)	(10%)
Honeywell Process Solutions	17%	3%
Advanced Materials	~Flat	(2%)
Safety And Productivity Solutions	(2%)	(8%)
Safety	(4%)	(3%)
Productivity Solutions	(1%)	(12%)

Automation And Control Solutions Realignment

Home And Building Technologies (HBT)

~\$10.7B
FY16E
Sales

Home And Building Products (~\$6.0B)

Honeywell Security & Fire

- Access Control
- CCTV
- Fire Alarms And Controls
- Intrusion Detection

Environmental & Energy Solutions

- Building And HVAC Controls
- Connected Homes
- Smart Grid
- Smart Metering (Elster)

Home And Building Distribution (~\$4.7B)

Honeywell Building Solutions

- Connected Buildings
- Energy
- Installation
- Security
- Service

ADI Global Distribution

- Wholesale Distributor Of Security And Low Voltage Products

Safety And Productivity Solutions (SPS)

~\$4.7B
FY16E
Sales

Safety Solutions (~\$2.1B)

- Connected Workers
- Gas Detection
- Personal Protective Equipment
- Retail Footwear
- Safety Products

Productivity Solutions (~\$2.6B)

- Warehouse Automation
- Mobility
- Printers And Media
- Sensors
- Scanning
- Voice And Workflow Solutions

Industrial Combustion / Thermal Business (FY16E Sales ~\$0.5B) Reclassified To PMT In New Reporting Structure (Previously Part Of E&ES)

Recast Financials - Sales Summary

\$M	2015				FY 2015	2016	
	Q1	Q2	Q3	Q4		Q1	Q2
Aerospace	\$3,607	\$3,827	\$3,820	\$3,983	\$15,237 <i>(2%) Reported</i> <i>2% Core Organic</i>	\$3,705 <i>3% Reported</i> <i>3% Core Organic</i>	\$3,779 <i>(1%) Reported</i> <i>(2%) Core Organic</i>
Home And Building Technologies	\$2,093	\$2,280	\$2,313	\$2,475	\$9,161 <i>(3%) Reported</i> <i>3% Core Organic</i>	\$2,477 <i>18% Reported</i> <i>8% Core Organic</i>	\$2,676 <i>17% Reported</i> <i>4% Core Organic</i>
Performance Materials And Technologies	\$2,403	\$2,455	\$2,279	\$2,338	\$9,475 <i>(10%) Reported</i> <i>(2%) Core Organic</i>	\$2,281 <i>(5%) Reported</i> <i>(8%) Core Organic</i>	\$2,434 <i>(1%) Reported</i> <i>(4%) Core Organic</i>
Safety And Productivity Solutions	\$1,110	\$1,213	\$1,199	\$1,186	\$4,708 <i>(1%) Reported</i> <i>2% Core Organic</i>	\$1,059 <i>(5%) Reported</i> <i>(4%) Core Organic</i>	\$1,102 <i>(9%) Reported</i> <i>(8%) Core Organic</i>
Honeywell	\$9,213	\$9,775	\$9,611	\$9,982	\$38,581 <i>(4%) Reported</i> <i>1% Core Organic</i>	\$9,522 <i>3% Reported</i> <i>1% Core Organic</i>	\$9,991 <i>2% Reported</i> <i>(2%) Core Organic</i>

Source: Honeywell International Inc. Form 8-K Furnished October 6, 2016

Note: The Information Above Reflects Honeywell's New Reporting Segment Structure And Move Of Industrial Combustion/Thermal Business To Performance Materials And Technologies

Recast Financials - Segment Profit Summary

\$M	2015				FY 2015	2016	
	Q1	Q2	Q3	Q4		Q1	Q2
Aerospace	\$752 20.8%	\$777 20.3%	\$833 21.8%	\$856 21.5%	\$3,218 240 bps 21.1%	\$798 70 bps 21.5%	\$791 60 bps 20.9%
Home And Building Technologies	\$324 15.5%	\$356 15.6%	\$408 17.6%	\$424 17.1%	\$1,512 120 bps 16.5%	\$360 (90) bps 14.5%	\$412 (20) bps 15.4%
Performance Materials And Technologies	\$519 21.6%	\$524 21.3%	\$474 20.8%	\$473 20.2%	\$1,990 310 bps 21.0%	\$461 (140) bps 20.2%	\$520 10 bps 21.4%
Safety And Productivity Solutions	\$176 15.9%	\$196 16.2%	\$193 16.1%	\$181 15.3%	\$746 140 bps 15.8%	\$150 (170) bps 14.2%	\$173 (50) bps 15.7%
Honeywell	\$1,721 18.7%	\$1,803 18.4%	\$1,852 19.3%	\$1,880 18.8%	\$7,256 220 bps 18.8%	\$1,720 (60) bps 18.1%	\$1,847 10 bps 18.5%

Source: Honeywell International Inc. Form 8-K Furnished October 6, 2016

Note: The Information Above Reflects Honeywell's New Reporting Segment Structure And Move Of Industrial Combustion/Thermal Business To Performance Materials And Technologies And Excludes Corporate/Other

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

(\$M)	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16
Aerospace	\$752	\$777	\$833	\$856	\$3,218	\$798	\$791	\$663
Home and Building Technologies	324	356	408	424	1,512	360	412	441
Performance Materials and Technologies	519	524	474	473	1,990	461	520	503
Safety and Productivity Solutions	176	196	193	181	746	150	173	172
Corporate	(50)	(50)	(56)	(54)	(210)	(49)	(49)	(59)
Segment Profit	\$1,721	\$1,803	\$1,852	\$1,880	\$7,256	\$1,720	\$1,847	\$1,720
Stock Compensation Expense ⁽¹⁾	(52)	(39)	(41)	(43)	(175)	(53)	(43)	(49)
Repositioning and Other ^(1, 2)	(139)	(137)	(142)	(158)	(576)	(131)	(122)	(290)
Pension Ongoing Income ⁽¹⁾	100	103	96	131	430	150	151	146
Pension Mark-to-Market Adjustment ⁽¹⁾	-	-	-	(67)	(67)	-	-	-
OPEB (Expense) Income ⁽¹⁾	(9)	(11)	(10)	(10)	(40)	9	8	7
Operating Income	\$1,621	\$1,719	\$1,755	\$1,733	\$6,828	\$1,695	\$1,841	\$1,534
Segment Profit	\$1,721	\$1,803	\$1,852	\$1,880	\$7,256	\$1,720	\$1,847	\$1,720
÷ Sales	\$9,213	\$9,775	\$9,611	\$9,982	\$38,581	\$9,522	\$9,991	\$9,804
Segment Profit Margin %	18.7%	18.4%	19.3%	18.8%	18.8%	18.1%	18.5%	17.5%
Operating Income	\$1,621	\$1,719	\$1,755	\$1,733	\$6,828	\$1,695	\$1,841	\$1,534
÷ Sales	\$9,213	\$9,775	\$9,611	\$9,982	\$38,581	\$9,522	\$9,991	\$9,804
Operating Income Margin %	17.6%	17.6%	18.3%	17.4%	17.7%	17.8%	18.4%	15.6%

(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.

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

(\$B)	2016E
Segment Profit	<u>\$7.1 - \$7.2</u>
Stock Compensation Expense ⁽¹⁾	~(0.2)
Repositioning and Other ^(1, 2)	~(0.6)
Pension Ongoing Income ⁽¹⁾	~0.6
Pension Mark-to-Market Adjustment ⁽¹⁾	TBD
OPEB (Expense) Income ⁽¹⁾	~0.0
Operating Income	<u><u>\$6.9 - \$7.0</u></u>
Segment Profit	\$7.1 - \$7.2
÷ Sales	<u>\$39.4 - \$39.6</u>
Segment Profit Margin %	<u>~18.1%</u>
Operating Income	\$6.9 - \$7.0
÷ Sales	<u>\$39.4 - \$39.6</u>
Operating Income Margin %	<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.

Calculation Of Segment Profit Margin Excluding Mergers And Acquisitions

<i>(\$M)</i>	<u>3Q16</u>
Honeywell	
Segment Profit Excluding Mergers and Acquisitions	\$1,654
÷ Sales Excluding Mergers and Acquisitions	<u>\$9,230</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u>17.9%</u>
Aerospace	
Segment Profit Excluding Mergers and Acquisitions	\$658
÷ Sales Excluding Mergers and Acquisitions	<u>\$3,559</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u>18.5%</u>
Home and Building Technologies	
Segment Profit Excluding Mergers and Acquisitions	\$416
÷ Sales Excluding Mergers and Acquisitions	<u>\$2,384</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u>17.4%</u>
Performance Materials and Technologies	
Segment Profit Excluding Mergers and Acquisitions	\$473
÷ Sales Excluding Mergers and Acquisitions	<u>\$2,195</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u>21.5%</u>
Safety and Productivity Solutions	
Segment Profit Excluding Mergers and Acquisitions	\$166
÷ Sales Excluding Mergers and Acquisitions	<u>\$1,092</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u>15.2%</u>

Reconciliation Of Core Organic Sales Growth

	2015	1Q16	2Q16	3Q16
Honeywell				
Reported Sales Growth	(4%)	3%	2%	2%
Less: Foreign Currency Translation, Acquisitions, Divestitures and Other	(4%)	3%	4%	5%
Less: Raw Materials Pricing in R&C	(1%)	(1%)	-	-
Core Organic Sales Growth	1%	1%	(2%)	(3%)
Performance Materials and Technologies				
Reported Sales Growth	(10%)	(5%)	(1%)	2%
Less: Foreign Currency Translation, Acquisitions, Divestitures and Other	(4%)	4%	4%	5%
Less: Raw Materials Pricing in R&C	(4%)	(1%)	(1%)	-
Core Organic Sales Growth	(2%)	(8%)	(4%)	(3%)
Advanced Materials				
Reported Sales Growth	(10%)	10%	(3%)	-
Less: Foreign Currency Translation, Acquisitions, Divestitures and Other	(3%)	3%	2%	2%
Less: Raw Materials Pricing in R&C	(11%)	(4%)	(3%)	-
Core Organic Sales Growth	4%	11%	(2%)	(2%)

Throughout this presentation, core organic sales growth refers to reported sales growth less the impacts from foreign currency translation, M&A and raw materials pass-through pricing in the Resins & Chemicals business of PMT. The raw materials pricing impact is excluded in instances where raw materials costs are passed through to customers, which drives fluctuations in selling prices not tied to volume growth.

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

(\$M)

	<u>3Q15</u>	<u>3Q16</u>
Cash Provided by Operating Activities	\$1,693	\$1,554
Expenditures for Property, Plant and Equipment	(277)	(274)
Free Cash Flow	<u>\$1,416</u>	<u>\$1,280</u>
Free Cash Flow	\$1,416	\$1,280
÷ Net Income Attributable to Honeywell	<u>1,264</u>	<u>1,240</u>
Free Cash Flow Conversion %	<u>112%</u>	<u>103%</u>

Reconciliation Of EPS To EPS, Excluding Pension Mark-To-Market Adjustment, Debt Refinancing Expenses And OEM Incentives

	4Q15⁽¹⁾	2015⁽²⁾
EPS	\$1.53	\$6.04
Pension Mark-to-Market Adjustment	0.05	0.06
Debt Refinancing Expenses	-	-
EPS, Excluding Pension Mark-to-Market Adjustment and Debt Refinancing Expenses	\$1.58	\$6.10

(1) Utilizes weighted average shares of 780.8 million. Mark-to-market uses a blended tax rate of 36.1%.

(2) Utilizes weighted average shares of 789.3 million. Mark-to-market uses a blended tax rate of 36.1%.