



Financial Release

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Honeywell Forecasts 2015 Sales Of \$40.5-\$41.1 Billion, Proforma Earnings Per Share Of \$5.95-\$6.15, Up 8%-12%

- Company Also Reaffirms 2014 Earnings Outlook Of \$5.50-\$5.55**
- **Company Forecasts 2015 Organic Sales Growth Of ~4%, Up 1%-2% Reported**
 - **2015 Earnings Growth Driven By Sales Growth And Operational Performance**
 - **4Q \$0.14 BEAV Share Gain Funds Aerospace OEM Incentives - Net \$0 Impact**
 - **On Track To Achieving 2018 Long-Term Targets**

MORRIS TOWNSHIP, N.J., Dec. 15, 2014 /PRNewswire/ -- Honeywell (NYSE: HON) today announced its 2015 financial forecast and reaffirmed its 2014 earnings outlook reflected below:

4Q14 Guidance

	<u>Previous Guidance</u>	<u>BEAV Gain/ OEM Incentives</u>	<u>Revised Guidance</u>
Sales	\$10.3 - \$10.4B	~(\$184M)	\$10.1 - \$10.2B
<i>Reported Growth</i>	~Flat		~(2%)
<i>Organic Growth</i>	~3%		~3%
Segment Profit	\$1.7 - \$1.8B	~(\$184M)	~\$1.6B
Segment Margin	~17.3%		~15.9%
Operating Income Margin ¹	~16.3%		~14.7%
Below The Line			
<i>BEAV Share Sale</i>	-	~\$116M	~\$116M
<i>Tax Benefit</i>	-	~\$68M	~\$68M
Earnings Per Share ¹	\$1.37 - \$1.42	-	\$1.37 - \$1.42

1. Proforma, V% / BPS Exclude Any Pension Mark-to-Market Adjustment

FY14 Guidance

	<u>Previous Guidance</u>	<u>BEAV Gain/ OEM Incentives</u>	<u>Revised Guidance</u>
Sales	\$40.3 - \$40.4B	~(\$184M)	\$40.1 - \$40.2B
<i>Reported Growth</i>	3% - 4%		~3%
<i>Organic Growth</i>	~3%		~3%
Segment Profit	\$6.8 - \$6.9B	~(\$184M)	~\$6.7B

Segment Margin	~17.0%		~16.6%
Operating Income Margin ¹	~15.6%		~15.1%
Below The Line			
BEAV Share Sale	-	~\$116M	~\$116M
Tax Benefit	-	~\$68M	~\$68M
Earnings Per Share ¹	\$5.50 - \$5.55	-	\$5.50 - \$5.55

1. Proforma, V% / BPS Exclude Any Pension Mark-to-Market Adjustment

2015 Guidance

	2014 <u>Guidance</u>	2015 <u>Guidance</u>	Change <u>vs. 2014</u>
Sales	\$40.1 - \$40.2B	\$40.5 - \$41.1B	1% - 2%
Organic Growth			~4%
Segment Margin	~16.6%	17.6% - 17.9%	100 - 130 bps ³
Operating Income Margin ¹	~15.1%	16.7% - 17.0%	160 - 190 bps ³
Earnings Per Share ¹	\$5.50 - \$5.55	\$5.95 - \$6.15	8% - 12%
Free Cash Flow ²	~\$3.9	\$4.2 - \$4.3B	8% - 10%

1. Proforma, V% / BPS Exclude Any Pension Mark-to-Market Adjustment

2. Free Cash Flow (Cash Flow from Operations Less Capital Expenditures)

3. Segment Margin ex-OEM Incentives up 60 - 90 bps; Operating Margin ex-OEM Incentives up 110 - 140 bps

"We expect 2015 to be another strong year for Honeywell with across the board growth in sales, margin, EPS, and free cash flow," said Honeywell Chairman and CEO Dave Cote. "Our 2015 outlook tracks very well to the five year targets that we set for 2018 earlier this year. We sustained our 'seed planting' investments for the future, including innovating new products and technologies and expanding geographically, all of which will position the portfolio for continued growth. Similarly, we will use the gain on sale of B/E Aerospace shares in the fourth quarter to proactively fund Aerospace OEM incentives related to new platform wins. Our balanced portfolio mix of short- and long-cycle businesses, improving end markets, new product introductions, penetration in high-growth regions, and HOS Gold growth and productivity focus will all continue to drive Honeywell outperformance over the long term. While we're expecting only modest GDP growth in most regions around the world next year and will accordingly continue to be conservative in our cost and resource planning, our plan is to deliver higher organic growth, strong margin expansion, and double-digit earnings growth once again in 2015."

Honeywell will discuss its 2015 Outlook during its investor conference call today starting at 9:00 a.m. EST. To participate, please dial (800) 862-9098 (domestic) or (785) 424-1051 (international) a few minutes before the

9:00 a.m. EST start. Please mention to the operator that you are dialing in for Honeywell's 2015 Outlook Call or provide the conference code HON2015. The live webcast of the investor call as well as related presentation materials will be available through the "Investor Relations" section of the company's Website (<http://www.honeywell.com/investor>). Investors can access a replay of the conference call from 12:00 p.m. EST, December 15, until 11:59 p.m. EST, December 22, by dialing (800) 695-0974 (domestic) or (402) 220-1459 (international).

Honeywell (www.honeywell.com) is a Fortune 100 diversified technology and manufacturing leader, serving customers worldwide with aerospace products and services; control technologies for buildings, homes, and industry; turbochargers; and performance materials. For more news and information on Honeywell, please visit www.honeywellnow.com.

This release contains certain statements that may be deemed "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are based upon certain assumptions and assessments made by our management in light of their experience and their perception of historical trends, current economic and industry conditions, expected future developments and other factors they believe to be appropriate. The forward-looking statements included in this release are also subject to a number of material risks and uncertainties, including but not limited to economic, competitive, governmental, and technological factors affecting our operations, markets, products, services and prices. 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. 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.

Honeywell International Inc.

Reconciliation of Segment Profit to Operating Income Excluding Pension Mark-to-Market Adjustment and
Calculation of Segment Profit and Operating Income Margins Excluding Pension Mark-to-Market Adjustment (Unaudited)

(Dollars in billions)

	Three Months Ended December 31, 2014 Guidance
Segment Profit	~\$1.6
Stock compensation expense (A)	~(0.0)
Repositioning and other (A, B)	~(0.1)
Pension ongoing income (A)	~0.1
Pension mark-to-market adjustment (A)	TBD
Other postretirement expense (A)	~(0.0)
Operating Income	~\$1.5
Pension mark-to-market adjustment (A)	TBD
Operating Income excluding pension mark-to-market adjustment	~\$1.5
Segment Profit	~\$1.6

÷ Sales	\$10.1 - \$10.2
Segment Profit Margin %	~15.9%
Operating Income	~\$1.5
÷ Sales	\$10.1 - \$10.2
Operating Income Margin %	~14.7%
Operating Income excluding pension mark-to-market adjustment	~\$1.5
÷ Sales	\$10.1 - \$10.2
Operating Income Margin excluding pension mark-to-market adjustment %	~14.7%

(A) Included in cost of products and services sold and selling, general and administrative expenses.

(B) Includes repositioning, asbestos, environmental expenses and equity income adjustment.

We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Honeywell International Inc.

Reconciliation of Segment Profit to Operating Income Excluding Pension Mark-to-Market Adjustment and
Calculation of Segment Profit and Operating Income Margins Excluding Pension Mark-to-Market Adjustment (Unaudited)

(Dollars in billions)

	2014 Guidance
Segment Profit	~\$6.7
Stock compensation expense (A)	~(0.2)
Repositioning and other (A, B)	~(0.6)
Pension ongoing income (A)	~0.2
Pension mark-to-market adjustment (A)	TBD
Other postretirement expense (A)	~(0.1)
Operating Income	~\$6.1
Pension mark-to-market adjustment (A)	TBD
Operating Income excluding pension mark-to-market adjustment	~\$6.1
Segment Profit	~\$6.7
÷ Sales	\$40.1 - \$40.2
Segment Profit Margin %	~16.6%
Operating Income	~\$6.1
÷ Sales	\$40.1 - \$40.2
Operating Income Margin %	~15.1%
Operating Income excluding pension mark-to-market adjustment	~\$6.1
÷ Sales	\$40.1 - \$40.2
Operating Income Margin excluding pension mark-to-market adjustment %	~15.1%

- (A) Included in cost of products and services sold and selling, general and administrative expenses.
 (B) Includes repositioning, asbestos, environmental expenses and equity income adjustment.

We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Honeywell International Inc.

Reconciliation of Cash Provided by Operating Activities to Free Cash Flow (Unaudited)

(Dollars in billions)

	2014 Guidance
Cash provided by operating activities	~\$5.0
Expenditures for property, plant and equipment	~(1.1)
Free cash flow	~\$3.9

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, and to pay dividends, repurchase stock, or repay debt obligations prior to their maturities. This metric can also be used to evaluate our ability to generate cash flow from business operations and the impact that this cash flow has on our liquidity.

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SOURCE Honeywell