HON AND UTX: A UNIQUE AND COMPELLING OPPORTUNITY FOR SHAREHOLDERS

February 2016

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BENEFITS OF A UNIQUE INDUSTRIAL COMBINATION

• A Global Leader In Attractive End Markets Tied To Advantaged Secular Growth Themes
  - Technology Leadership with World-Class Aerospace, Buildings and Industrial Offerings

• World-Class Technology And Software Platforms

• Combined R&D Capacity Of Over $8B To Invest In Meaningful Growth Platforms

• Substantial Operating Benefits, Cost Synergy Potential – Estimated $3.5B In Cost Synergies, ~20% Op Margin

• Significant Commercial Opportunities To Drive Further Revenue Growth as Combined Company

• Highly Experienced Leadership Teams And Deep Bench of Talent Across A Global Organization

• Compelling, Transformational Opportunity for Both Sets of Shareholders; Meaningful Upfront Cash Proceeds + Substantial Value Creation for UTX

• Now is the Right Time – Unique Opportunity to Enhance Revenue and Earnings Growth While Taking Advantage of a Highly Favorable Financing Market

• Confident in a Bright Future for HON Independent of a Combination with UTX, but the Compelling Nature of a Combination is Undeniable

Seeking To Re-engage And Work Towards An Agreement
ELEMENTS OF CURRENT PROPOSAL

Proposed Structure

• Cash and Stock Transaction At $108/share or a 22% Premium to UTX’s share price as of 2/18/16 and a 24% Premium to 10-day VWAP

Consideration

• UTX Shareholders Receive $42.63 Per Share In Cash, Plus
• 0.614 shares of HON per current UTX share

Value Creation

• Over $39B In Value Creation for UTX Shareholders
• Over $72B In Value Creation To All Shareholders
• $3.5B Estimated Cost Synergies; ~$20/share in Synergy Value

Capital Structure

• Pro Forma 3.5x Net Debt / EBITDA Ratio With ~$36B New Debt Raised
• Strong Investment Grade Credit Rating With Rapid De-leveraging Profile

Leadership and Governance

• Chairman/CEO: David M. Cote
• “Best Of Both, Best Athlete” Management Philosophy For Combined Board of Directors and Management Team

$108/share with ~$36B in Immediate Cash Benefit
## STRENGTHENED FINANCIAL PROFILE

<table>
<thead>
<tr>
<th>Combined Metric</th>
<th>Transaction Impact</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scale</td>
<td>~$97B in sales</td>
<td>• Enhanced global scale with strong set of focused businesses</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>~20%</td>
<td>• Impact of synergies and operating efficiencies</td>
</tr>
<tr>
<td>EPS Growth</td>
<td>Double Digit +</td>
<td>• Cost synergy benefits plus deleveraging; revenue synergies all upside</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>~$10B Target 100% conversion</td>
<td>• Strong FCF plus working capital efficiencies</td>
</tr>
<tr>
<td>Balance Sheet/Credit Rating</td>
<td>Strong Investment Grade</td>
<td>• Strong balance sheet with rapid deleveraging; flexibility for investment</td>
</tr>
</tbody>
</table>

Enhanced Earnings Growth + Strong FCF
WELL-BALANCED COMBINED PORTFOLIO

**Geography**
(Source: 2015 Annual Reports)

- **HON**
  - Other Int'l: 31%
  - Europe: 22%
  - U.S.: 47%

- **UTX**
  - Other Int'l: 35%
  - Europe: 27%
  - U.S.: 38%

- **COMBINED**
  - Other Int'l: 33%
  - Europe: 25%
  - U.S.: 42%

**Cycle**

- **Early**: 15%
- **Mid**: 50%
- **Late**: 23%
- **Defense**: 12%
- **No Cycle**: 12%

- **Early**: 10%
- **Mid**: 28%
- **Late**: 26%
- **Defense**: 16%
- **No Cycle**: 20%

**Services vs. Products**
(Source: 2015 Annual Report)

- **Services**: 20%
- **Products**: 80%

- **Services**: 27%
- **Products**: 73%

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Diversified Exposure Plus Substantial Recurring Service Revenue
WELL-BALANCED COMBINED PORTFOLIO TO BETTER SERVE CUSTOMERS

HON

- Industrial 21%
- Homes & Buildings 24%
- Vehicles 9%
- Defense & Space 12%
- Oil & Gas 16%
- Commercial Aerospace 18%

~$40B

UTX

- Military Aerospace & Space 14%
- Commercial 50%
- Commercial Aerospace 36%

~$57B

A DIVERSIFIED GLOBAL BUSINESS LEADER

- Global Franchises
- High-Growth Regions Presence
- Strong Aftermarket Content
- Technology Leadership in Key Segments

~$97B

Note: Figures exclude Sikorsky.

Creates a ~$100B World Class Global Organization
## SIGNIFICANT SYNERGY OPPORTUNITY IDENTIFIED

### Anticipated Cost Synergies

<table>
<thead>
<tr>
<th>Category</th>
<th>Synergies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchasing/Raw Material Spend</td>
<td>~$3.5B, ~ 3.5% Of Combined Company Sales, Fully Realized By Year 4, consistent with experience and precedents</td>
</tr>
<tr>
<td>Indirect</td>
<td>• Electronics, Metals / Mechanical</td>
</tr>
<tr>
<td></td>
<td>• Purchase Volume Leverage</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>• Travel, Logistics, Supplies, Etc.</td>
</tr>
<tr>
<td>Corporate</td>
<td>• Benefits In Contract Manufacturing</td>
</tr>
<tr>
<td></td>
<td>• Real Estate Consolidation</td>
</tr>
<tr>
<td>Corporate Other</td>
<td>• Duplicative SG&amp;A Functions</td>
</tr>
<tr>
<td></td>
<td>• Complementary Businesses</td>
</tr>
<tr>
<td></td>
<td>• Finance, IT, HR, Legal, Etc.</td>
</tr>
<tr>
<td></td>
<td>• Public Company Costs</td>
</tr>
</tbody>
</table>

### Sales Synergy Upside

- Substantial Commercial Opportunities In A Combination
- Channel Expansion
- Vertical Segment Growth
- Geographic Expansion
- Product Pull-Through

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**Represented Substantial Capitalized Value Before Commercial Opportunities**
## BENEFITS TO COMMERCIAL AND DEFENSE CUSTOMERS

<table>
<thead>
<tr>
<th>Description</th>
<th>Benefits</th>
</tr>
</thead>
</table>
| **World-Class Technology** | • Use of fundamental technologies and R&D budget to wider array of aircraft systems and products  
• Comercially-derived R&D investments benefit DoD and offset concerns over fewer suppliers  
• HON brings software/connectivity capability to UTX mechanical products |
| • Aerospace industry requires heavy investments in technology while meeting aggressive price targets  
• Both companies are recognized technology & thought leaders  
• Software & connectivity are key capabilities for future growth |
| **Operational Efficiency** | • Meets OEMs demand for year-on-year productivity.  
• DoD benefits from flow-through of overhead savings on cost-reimbursement contracts |
| • Complementary business base enables better utilization of both company’s asset base and lower raw material costs |
| **Proven Track Record of Synergies** | • Reduction in SG&A, footprint, SKUs, and corporate overhead  
• “Great positions in good industry” analysis to determine best-in-class performance |
| • Cost efficiencies – driven by HOS & ACE systems  
• History of HON inorganic growth & asset utilization maximization |
| **Portfolio Fit** | • Highly complementary offerings will lead to product innovation  
• Limited overlap. Potential regulatory issues easily resolved |
| • Hybrid organizations – both commercial & defense  
• Common cultures – multi-industry aerospace Tier 1 suppliers |
SIGNIFICANT VALUE CREATION POTENTIAL

**VALUE PER SHARE TO UTX IN CURRENT PROPOSAL**

- **Current Share Price:** $88/share
- **Value of Current Offer:** $134/share

- **Premium to UTX Shareholders with Significant Upfront Cash**
- **Tremendous Synergy Opportunity Shared Between Shareholders**
- **Upside from Leverage on Combined Company Balance Sheet**
- **Stronger Financial Profile Allows for Potential Multiple Uplift**

**+$39B** Aggregate Incremental Value for UTX Shareholders

**Believe Combination is Strongly Worth Pursuing**
Creating One of the Best Industrial Companies in the World
DETAILS OF VALUE CREATION FOR UTX

**Immediate Premium + Cash**

<table>
<thead>
<tr>
<th></th>
<th>UTX Per Share ($)</th>
<th>Aggregate ($bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing Price (2/18/16)</td>
<td>$88.36</td>
<td>$73.6</td>
</tr>
</tbody>
</table>

**Offer**

- UTX shareholders receive cash: $42.63 $35.8
- UTX shareholders receive shares (0.614x HON Price of $106.47): 65.37 54.9
- Total Consideration: $108.00 $90.7
- % premium vs. 2/18/16 Close: +22%
- % premium vs. 10-Day VWAP: +24%
- Shares in HON: 515.7
  - % Ownership: 40%

**Significant Shareholder Value Creation**

**Value of NewCo**

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<tr>
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<th>UTX Per Share ($)</th>
<th>Aggregate ($bn)</th>
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<tbody>
<tr>
<td>UTX 2016 Consensus Net Income</td>
<td>$5.4</td>
<td></td>
</tr>
<tr>
<td>HON 2016 Consensus Net Income</td>
<td>5.2</td>
<td></td>
</tr>
<tr>
<td>Synergies Before Tax</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td>(Less): Interest and Taxes</td>
<td>(2.1)</td>
<td></td>
</tr>
<tr>
<td><strong>Pro Forma Net Income</strong></td>
<td><strong>$12.0</strong></td>
<td></td>
</tr>
<tr>
<td>HON 2016E P/E</td>
<td>16.1x</td>
<td></td>
</tr>
<tr>
<td><strong>Pro Forma HON Equity Value</strong></td>
<td><strong>$193.8</strong></td>
<td></td>
</tr>
<tr>
<td>Pro Forma HON Shares Outstanding</td>
<td>1,300.2</td>
<td></td>
</tr>
<tr>
<td><strong>Pro Forma HON Equity Value per Share</strong></td>
<td><strong>$149.08</strong></td>
<td></td>
</tr>
<tr>
<td>UTX per-share value = 0.614 x $149.08</td>
<td>$91.53</td>
<td></td>
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**Value to UTX**

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<th>UTX Per Share ($)</th>
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<tbody>
<tr>
<td>Cash</td>
<td>$42.63</td>
<td>$35.8</td>
</tr>
<tr>
<td>Share of HON Stock</td>
<td>91.53</td>
<td>76.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$134.16</strong></td>
<td><strong>$112.7</strong></td>
</tr>
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**Total Value Uplift**

- Total Value Uplift: $45.80 $39.1
- Total Value Uplift (%): +52%

**HON 2016E P/E**

- 16.1x

Notes:

- Figures above rounded. Calculation results based on non-rounded numbers.
- (a) Closing Price as of 2/18/16.
- (b) Assumes fully diluted shares of 833.0 at closing price and 839.9 at offer price.
- (c) 40% ownership based on 515.7 shares of 1,300.2 total pro forma HON shares.
- (d) Net income based on current median 2016 consensus for both companies.
- (e) Assumes 26.0% tax rate on incremental interest and synergies.
- (f) Assumes $35.8bn incremental debt raised in the transaction at 3.75% interest rate.
- (g) Includes interest impact (3.75% interest rate) of funding of $5.6bn total pre-tax cost to achieve synergies.