

HONEYWELL INTERNATIONAL INC  
Form DEFA14A  
March 27, 2017

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A  
(Rule 14a-101)**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

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Check the appropriate box:

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Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Honeywell International Inc.**

(Name of Registrant as Specified In Its Charter)

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**Forward Looking Statements** This presentation 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 market, economic, legislative, political, regulatory and industry conditions, expected future developments and other relevant factors. Actual capital deployment will depend on timing and final details of changes to tax code as well as then current market and operating conditions. Forward looking statements are not guarantees of future performance, and actual results, developments and business decisions may differ 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. **Peer Comparison** Peer comparisons use certain non - GAAP financial information that both Honeywell and each peer company utilize in their financial disclosures and investor presentations . Each peer company adjusts its GAAP financial results in a different manner and their presentation of this non - GAAP information is subject to change from time to time. **Non - GAAP Financial Measures** This presentation contains financial measures presented on a non - GAAP basis. Honeywell’s non - GAAP financial measures include core organic sales growth (as defined below); segment profit, 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, which we define as segment profit divided by sales; free cash flow, which we define as cash flow from operations less capital expenditures; and free cash flow conversion, which we define as free cash flow divided by net income excluding pension mark - to market expenses and debt refinancing charges. Non - GAAP financial measures also include earnings per share adjusted to exclude pension mark - to - market expenses, and as applicable, fourth quarter 2016 debt refinancing charges and the impact of 2016 divestitures. The respective tax rates applied when adjusting earnings per share to exclude these items and when calculating free cash flow conversion 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 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. 1

Agenda 2 • Review Of Honeywell 2016 Financial Performance » Financial Performance V ersus Peer Group And Multi - Industry Peers • Engagement With Shareowners In 2016 • Executive Compensation: 2016 Actions and Significant Program Changes • Governance Changes In 2016: Strengthening The Lead Director Role

Homes & Buildings 27% Comm'l Aero 19% Int'l Defense 3% U.S. Defense/ Services 8% Oil & Gas 15% Chemical & Specialty Products 8% TS 8% Industrial & Workers 12% Honeywell: An Industrial & Aerospace Technology Company Building A Smarter, Safer, And More Sustainable World 3 Who We Are ~\$95B Market Cap ~\$39B In Sales ~\$7B Segment Profit ~ 54% International • Honeywell invents and manufactures technologies that address some of the world's most critical challenges around energy , safety , security, productivity and global urbanization — Pioneering the connected aircraft in Aerospace — Connecting homes and buildings in Home and Building Technologies — Automating processes and developing advanced materials in Performance Materials and Technologies — Driving worker and warehouse productivity in Safety and Productivity Solutions — ~ 131,000 employees across 70 countries Diversified Across End - Markets Unique Scale and Non - U.S. Presence 225, 38, 28 64, 64, 64 217, 217, 217 0, 0, 168 TOTAL \$39.3B SALES 127, 127, 127

2016 Performance Relative To Peers 2016 Marked Another Year Of Outperformance By Honeywell 4 Sales EPS  
2.0% 1.1% 6.4% Comp Peer Median Multi-Industry Peer Median HON Net Income 12.0% 13.0% 16.3% Comp Peer  
Median Multi-Industry Peer Median HON ROIC \* 7.4% 6.3% 8.2% Comp Peer Median Multi-Industry Peer Median  
HON - 0.9% 0.7% 1.9% Comp Peer Median Multi-Industry Peer Median HON Comp Peer Median Reflects  
Compensation Peer Group Median; Multi - Industry Peer Median Includes EMR, GE, MMM, And UTX; Peer Median  
Net Income And EPS Reflect Adjusted (Non - GAAP) Results \* ROIC = Adjusted Net Income Before Interest · Net  
Investment (2 - Point Average) Adjusted Net Income Before Interest = Net Income (Honeywell Ex - Pension MTM  
And 4Q16 Debt Refinancing Expenses) + After - Tax Inter est EPS For Honeywell Excludes Pension Mark - To -  
Market Adjustment And Impact From 4Q16 Debt Refinancing Charges Net Investment = Book Value Of Equity +  
Total Debt

Honeywell Key Financial Metrics (2014 – 2016) Consistent Results While Continuing To Invest In The Business

Metric	2014	2015	2016
Return On Invested Capital *	17.6%	17.7%	16.3%
EPS	\$5.56	\$6.10	\$6.60
1-Yr TSR Ex. F/X, M&A, Divestitures, & OEM Incentives	21.7%	35.7%	19.3%
2-Yr TSR Ex. F/X, M&A, Divestitures, & OEM Incentives	16.6%	18.8%	18.3%
3-Yr TSR Ex. F/X, M&A, Divestitures, & OEM Incentives	17.9%	19.3%	19.8%
Segment Margin	\$35.1	\$36.0	\$35.9
Free Cash Flow	\$4.0B	\$4.4B	\$4.4B
Sales Ex. F/X, M&A, Divestitures, & OEM Incentives	15%	228%	139%
Honeywell's Total Cumulative Shareowner Return (TSR)	1 - Year	3 - Year	5 - Year
	10 - Year	10 - Year	10 - Year
Dave Cote Tenure (15 Years)	86 th Percentile	100 th Percentile	100 th Percentile

Compensation Peer Group \* ROIC = Adjusted Net Income Before Interest · Net Investment (2 - Point Average)  
 Adjusted Net Income Before Interest = Net Income (Honeywell Ex - Pension MTM And 4Q16 Debt Refinancing Expenses) + After - Tax Interest Net Investment = Book Value Of Equity + Total Debt  
 TSR Calculated As Of December 31, 2016; EPS Excludes Pension Mark - To - Market Adjustment And Impact From 4Q16 Debt Refinancing Charges



Return Measures (3 - Year Average Compared To Peer Group) Return Measures Demonstrate Long - Term Sustainability Of Results

Measure	HON	Peer Median	Multi-Industry Peer Median
ROIC*	6.2%	8.0%	9.8%
Return On Assets	20.4%	21.3%	26.2%
Return On Equity	12.5%	13.1%	17.2%
3 - Yr TSR	24.1%	13.9%	35.7%

Note: Reflects 2014 - 2016 Fiscal Year Data; Comp Peer Median Reflects Compensation Peer Group Median; Multi - Industry Peer Median Includes EMR, GE, MMM, UTX

\*ROIC = Adjusted Net Income Before Interest · Net Investment (2 - Point Average)

Adjusted Net Income Before Interest = Net Income (Honeywell Ex - Pension MTM And 4Q16 Debt Refinancing Expenses) + After - Tax Interest Net Investment = Book Value Of Equity + Total Debt

ROA = Adjusted Net Income · Total Assets (2 - Point Average)

ROE = Adjusted Net Income · Total Shareowner Equity (2 - Point Average)

TSR Calculated As Of December 31, 2016

Shareowner Outreach 7

Engagement with Shareowners In 2016 Significant Level Of Communication Between Board And Shareowners 8 • Unprecedented Level Of Engagement With Honeywell Shareowners In 2016 • During Summer/Fall, Extended Invitations To 32 Largest Shareowners Representing 45% Of Outstanding Shares For Open Dialogue On Compensation And Governance • 16 Shareowners Accepted Our Invitation Representing Approximately 1/3 Of Honeywell Shares • Lead Director And Chair Of Compensation Committee Participated In 8 Of These Meetings, Often Face - To - Face Outreach To Our Shareowners • Most Shareowners Supportive And In Agreement With Changes To Our Executive Compensation Plans » Some Shareowners Wanted Assurance That Compensation Changes Would Help Create Long - Term Value And Were Not An Overreaction To 2016 ' Say - On - Pay ' Vote Outcome • Appreciative Of Our Responsiveness In Strengthening The Lead Director Role • Comfortable With The Transparency And Level Of Disclosure Related To CEO Succession Plan • Supportive of Honeywell's ESG Profile and Board Diversity and Skill Set What We Learned From Engagement

Executive Compensation 9

Summary of Compensation Program Changes Demonstrating Responsiveness To Shareowners 10 2016 2018 2017  
LINK TO STRATEGY & PERFORMANCE Long Term Incentive Compensation (“LTI”) Directly aligns the interest of our executives with shareowners. Options only have value for executives if the operating performance results in stock price appreciation. Stock Options: • Ramp down weighting Focuses executives on the achievement of specific financial performance goals directly aligned with our operating and strategic plans . 3 - Year Performance Plan: • Stock - based PSUs • Ramp up weighting • Will include TSR and financial metrics Stock Options: • CEO and whole leadership team: 25% of LTI 3 - Year Performance Plan • CEO and whole leadership team: ~50% of LTI • Stock - based PSUs • Will include TSR and financial metrics Stock Options: • CEO: 66% of LTI • Other NEOs: 48% of LTI Biennial Growth Plan Units: • CEO: 34% of LTI • Other NEOs : 24% of LTI Encourages key executive retention. 100% of award based on TSR relative to peers. Restricted Stock Units: • CEO and whole leadership team: 25 % of LTI • Time - based for retention Performance - based Restricted Stock Units: • CEO: None • Other NEOs: 28% of LTI • 3 - Year Relative TSR Base Salary To attract and compensate high - performing and experienced leaders at a competitive level of cash compensation. Base salaries are determined based on scope of responsibility, years of experience and individual performance. Annual Incentive Compensation Program (“ICP”) To motivate and reward executives for achieving annual corporate, SBG and functional goals in key areas of financial and operational performance . Cash award; 80% based on formulaic determination against pre - established financial metrics. 20% based on assessment of individual performance. Prior year actual award as baseline ( last year we will use this approach). Cash award; 80% based on formulaic determination against pre - established financial metrics. 20% based on assessment of individual performance. Reset annual baseline award for the CEO and the whole leadership team to their annual target ICP as a percent of base pay . Restricted Stock Units: • None

Initial Steps Taken In Significant Exec Comp Program Transformation 11 2016 Total Annual Direct Compensation – MDCC View • 100% Of The Performance RSUs Contingent On 3 - year relative TSR Against Peers (Vs. 30% Previously) • New Approach To Determine Annual Bonus (ICP) Amounts – Last Year Using Prior Year Actual As Baseline • Last Year With Heavier Weight In Stock Options; Last Year With Biennial Grants Of RSUs And 2 - year GPUs NEO Position Base Salary Annual Bonus Stock Options Performance Restricted Stock Units (A)(C) 2016 - 2017 Growth Plan (B)(C) Total Annual Direct Compensation (C) David M. Cote Chairman & CEO \$1,890,000 \$5,700,000 \$9,348,000 \$0 \$4,750,000 \$21,688,000 Thomas A. Szlosek Chief Financial Officer \$840,000 \$850,000 \$2,337,000 \$1,337,500 \$1,250,000 \$6,614,500 Darius Adamczyk Chief Operating Officer \$1,120,383 \$1,450,000 \$3,896,000 \$1,671,875 \$2,000,000 \$10,138,258 Timothy O. Mahoney Aerospace - President & CEO \$917,019 \$850,000 \$2,726,500 \$2,006,250 \$1,250,000 \$7,749,769 Krishna Mikkilineni SVP - Engineering, Ops and IT \$717,678 \$725,000 \$2,181,200 \$1,471,250 \$1,000,000 \$6,095,128 (C) Reflects MDCC's view that 50% of value of 2016 - 2017 biennial awards should be attributed to each of 2016 and 2017. Under SEC requirements for the Proxy Summary Compensation Table, 100% of the Performance RSUs are reported in the 2017 Proxy as 2016 compensation (in year granted) and 100% of the actual earned 2016 - 2017 Growth Plan awards will be reported in the 2018 Proxy as 2017 compensation (in the last fiscal year in performance period ) even though payments made in 2018 and 2019. (A) Performance Restricted Stock Units with 100% of payout tied to Honeywell's relative TSR performance against Compensation Peer Group over 3 years , followed by longer - term vesting period (3 - 5 for Mahoney; 3 - 5 - 7 for others). Last biennial grant before compensation program changes. (B) Annualized target value of biennial Growth Plan award for the 2016 - 2017 performance cycle. Last 2 - year cycle before compensation program changes.

2016 RSUs – 100% Performance Contingent Performance Features Added To Last Biennial RSUs; No RSUs In 2017  
12 • First Action After 2016 Shareowners Meeting. • Number Earned Based On HON's 3 - Year Cumulative TSR  
Relative To The 2016 Compensation Peer Group. • Target Number Of Shares Earned At 50 th Percentile. No S  
hares Paid If Perform Below 35 th Percentile . Up To 200% Of Target Shares Earned For Performance At Or  
Above The 75 th Percentile. Extrapolate For Intermediate R - TSR Points. • Longer Vesting Periods To Strengthen  
Retention. NEO Target # of Shares (1) Grant Date Value (2) Vesting (3) Attributed to 2016 (4) Thomas A. Szlosek  
20,000 \$2,675,000 33% in 3 years; 33% in 5 year; 34% in 7 years \$1,337,500 Darius Adamczyk 25,000 \$3,343,750  
33% in 3 years; 33% in 5 year; 34% in 7 years \$1,671,875 Timothy O. Mahoney 30,000 \$4,012,500 50% in 3 years;  
50% in 5 year \$2,006,250 Krishna Mikkilineni 22,000 \$2,942,500 33% in 3 years; 33% in 5 year; 34% in 7 years  
\$1,471,250 (1) Performance RSUs with 100% of payout tied to Honeywell's relative TSR performance against  
Compensation Peer Group over 3 - years, followed by longer - term vesting. (2) Based on grant date value of \$133.75,  
which reflects performance features. Valuation conducted by independent valuation company . (3) Reflects longer  
time - vesting period. First 3 - years corresponds with the relative - TSR performance period. (4) Reflects annualized  
value attributed to the 2016 Compensation year by the Committee. Last biennial cycle prior to program changes.

ICP – Change in Approach For 2016 More Defined Approach Implemented - Improved Visibility 13 Quantitative (80% of Target ICP) - Based on Performance Against Pre-Established ICP Goals Corporate ICP Metric 2016 ICP Goal (Target)\* 2016 Target V. 2015 Actual 2016 Actual Achievement Metric Funding \*\* 5.0/ (2.5) ICP Metric Weight Funding % EPS \$6.575 +8% \$6.60 100.4% 101.9% 50% 51.0% FCF (\$M) \$4,700 +7% \$4,403 93.7% 84.1% 50% 42.0% \* midpoint of initial guidance range. \*\* based on leverage table. Qualitative (20% of Target ICP) - MDCC Decision Based on 2016's Significant Accomplishments, Including: • Outperformance vs. Peers on Sales, EPS, Net Income and ROIC • Significant Success in Capital Deployment - ASIX Spin-off to Shareowners; HTSI Divestiture and Gain Deployment - Acquisitions (3 closed; 8 integrated in 2016), \$8 Billion+ Debt Restructuring, Capex, R&D, Repositioning, OEM Incentives - Grew Dividend by 12% and Repurchased \$2.1B in Shares • Execution on CEO and Other Leadership Transitions • Portfolio Realignment (ACS split into HBT & SPS) All NEOs - Range of ICP Payouts: Funding % Weighting Payout Range Quantitative: Range of ICP Payout Based on Formula (1) 85.6% - 93.0% x 80% = 68.5% - 74.4% Qualitative: Range of MDCC Decisions Based on Individual Assessment 128% - 186% x 20% = 25.6% - 37.2% TOTAL 2016 ICP - RANGE OF ACTUAL PAYOUTS: 94.5% - 111.6% (1) Quantitative Portion for NEO employed in SBG based 50% on Corporate and 50% on SBG-level Net Income and FCF performance against pre-established ICP goals. Corp. Level Goals 93.0% Quantitative (80% for Corp. NEO before Qualitative) :



Final Grant of Growth Plan Units Was in 2016 Growth Plan Financial Targets Are Extremely Rigorous 14 • Grants Made I n February 2016: Payout Occurs 50% In March 2018 And 50% In March 2019 • Aggressive Targets Set For 2016 - 2017 Two - Year Performance Cycle • MDCC Retroactively Decided to Convert CEO Grant For Settlement In Shares Instead Of Cash (200%) (7.5% CAGR) (+180 bps) (+430 bps) Target \$83.132 19.6% 22.8% (100%) (5.1% CAGR) (+130 bps) (+330 bps) 1/3 Weight 1/3 Weight 1/3 Weight 20.1% 23.8% TOTAL REVENUE (\$ billions) ROI EXPANSION (2.6% CAGR) (+80 bps) 22.3% (+280bps) SEGMENT MARGIN EXPANSION (50%) Maximum PAYOUT RANGE \$86.041 2016-2017 GROWTH PLAN GOALS - TOTAL HONEYWELL \$80.222Threshold 2-Year Total 2-Year Change 2-Year Change 19.1% Rigor Of Goals 24.8% 23.8% 23.3% Total Revenue : At Target, HON Revenues Need To Grow At 5.1% CAGR In '16 - '17 (Versus 1.5% Actual CAGR In '14 - '15) Segment Margin : At Target, HON Must Expand Margins To 19.6%, Versus 17.3% In '14 - '15 ROI : At Target, HON Must Improve ROI By 330 bps vs. '14 - '15 ROI Actual Of 20.3% (Adjusted For Acquisitions)

Evolution Of Honeywell Executive Compensation, 2016 - 2018 Changes To CEO Compensation Address Both Mix And Magnitude 15 9% 26% 22% 43% CEO - 2016 Base Salary ICP 2-Yr Growth Plan Stock Options 9% 17% 38% 18% 18% CEO - 2018 (approximate) Base Salary ICP 3-Yr Performance Stock Units Stock Options RSUs • By 2018, We Will Have Reduced Time - Based Options From 43% To 18% Of TDC • 100% Cash - Based GPUs with 2 - Year Non - Overlapping Performance Periods Replaced With Performance Stock Units with 3 - Year Overlapping Performance Periods • LTI Weighting Shifted In Favor of Performance Stock Units with Payout Tied To Objective Metrics and 3 - Year Relative TSR (New Element Added To CEO Compensation Mix). Relative TSR Threshold At 35 th Percentile 2018 Comparative Magnitude Vs. Peers ~ 50 th Percentile

Governance Changes in 2016 16

Responding To Shareowners: Lead Director Role Changes Strengthening Scope Of Lead Director Role 17 • Lead Director Position Will Now Be Permanent (Eliminating One - Year Rotation Based On Seniority) • The Board Intends To Biennially Review The Lead Director's Performance And , As Appropriate , Re - Elect Or Elect One Of Its Members • Mr. Jaime Chico Pardo To Serve As Lead Director Through April 2018 Annual Meeting • Board Believes That Mr. Chico Pardo Best Meets Selection Criteria • Relinquished Role As Chairman Of Retirement Plans Committee, Replaced By Dr. Bradley T. Sheares • Selection Criteria For Lead Director Disclosed In 2017 Proxy: • Criteria Includes : Knowledge And Understanding Of Honeywell, Its Technologies And The End Markets That It Serves , Experience Leading a Large , Complex Organization , Global Outlook , And Effective Communication Skills • Duties Of Lead Director Expanded: • New Duties Include : Providing Guidance On Key Strategic And Operational Board Agenda Topics , Periodic Consultation With Management About The Scope And Content Of Materials Provided To The Board, And Serving As Ex - Officio Member Of Each Board Committee

18 Appendix Reconciliation Of Non - GAAP Measures T o GAAP Measures

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margins 19 (\$M) 2014 2015 2016 Segment Profit \$6,696 \$7,256 \$7,186 Stock Compensation Expense (1) (187) (175) (184) Repositioning and Other (1, 2) (634) (576) (679) Pension Ongoing Income (1) 254 430 601 Pension Mark-to-Market Expense (1) (249) (67) (273) OPEB (Expense) Income (1) (49) (40) 32 Operating Income \$5,831 \$6,828 \$6,683 Segment Profit \$6,696 \$7,256 \$7,186 ÷ Sales \$40,306 \$38,581 \$39,302 Segment Profit Margin % 16.6% 18.8% 18.3% Operating Income \$5,831 \$6,828 \$6,683 ÷ Sales \$40,306 \$38,581 \$39,302 Operating Income Margin % 14.5% 17.7% 17.0% (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 EPS to EPS, Excluding Pension Mark - to - Market and Debt Refinancing Expenses 20 2014 (1)  
2015 (2) 2016 (3) EPS \$5.33 \$6.04 \$6.20 Pension Mark-to-Market Expense 0.23 0.06 0.28 Debt Refinancing Expense  
- - 0.12 EPS, Excluding Pension Mark-to-Market and Debt Refinancing Expenses \$5.56 \$6.10 \$6.60 (1) Utilizes  
weighted average shares of 795.2 million. Pension mark-to-market expense uses a blended tax rate of 28.1%. (2)  
Utilizes weighted average shares of 789.3 million. Pension mark-to-market expense uses a blended tax rate of 36.1%.  
(3) Utilizes weighted average shares of 775.3 million. Pension mark-to-market expense uses a blended tax rate of  
21.3% and debt refinancing expense uses a tax rate of 26.5%

Reconciliation of Net Income to Net Income, Excluding Pension Mark - to - Market and Debt Refinancing Expenses  
21 (\$M) 2015 (1) 2016 (2) Net Income, Attributable to Honeywell \$4,768 \$4,809 Pension Mark-to-Market Expense,  
Net of Tax 43 215 Debt Refinancing Expense, Net of Tax - 93 Net Income, Excluding Pension Mark-to-Market and  
Debt Refinancing Expenses \$4,811 \$5,117 (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% and debt refinancing expense uses a tax rate of  
26.5%.



Reconciliation of Cash Provided by Operating Activities to Free Cash Flow 22 (\$B) 2014 2015 2016 Cash Provided  
by Operating Activities \$5.1 \$5.5 \$5.5 Expenditures for Property, Plant and Equipment (1.1) (1.1) (1.1) Free Cash  
Flow \$4.0 \$4.4 \$4.4