

HONEYWELL INTERNATIONAL INC
Form DEF 14A
March 10, 2016

**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.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

[] Preliminary Proxy Statement

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

[X] Definitive Proxy Statement

[] Definitive Additional Materials

[] Soliciting Material Pursuant to §240.14a-12

Honeywell International Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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3) Filing Party:

4) Date Filed:

**2016 PROXY STATEMENT
AND NOTICE OF ANNUAL MEETING OF SHAREOWNERS**

**EXTENDING COMPETITIVE ADVANTAGE WITH
HOS GOLD**

What is HOS Gold? In 2014, we publicly announced the creation of HOS Gold, an end-to-end business management process focused on customers and markets, strategy development and execution, robust management, standardized work and cross functional engagement. HOS Gold focuses on growing sales and becoming more productive, integrating all of our major internal process initiatives into a total business operating system.

We believe that HOS Gold is a competitive differentiator that will enable us to deliver sustainable, exceptional financial and operating performance.

HOS Gold integrates all of our major internal process initiatives into a total business operating system.

March 10, 2016

To Our Shareowners:

You are cordially invited to attend the Annual Meeting of Shareowners of Honeywell, which will be held at 10:30 a.m. on Monday, April 25, 2016 at our new headquarters, 115 Tabor Road, Morris Plains, New Jersey 07950.

The accompanying notice of meeting and proxy statement describe the matters to be voted on at the meeting. At this year's meeting, you will be asked to elect directors, approve the appointment of the independent accountants, cast an advisory vote to approve executive compensation, approve two stock plans, one for employees and one for non-employee directors, and consider three shareowner proposals.

The Board of Directors recommends that you vote FOR each of the following proposals:

Proposal 1: Election of Directors

Proposal 2: Approval of Independent Accountants

Proposal 3: Advisory Vote To Approve Executive Compensation

Proposal 4: 2016 Stock Incentive Plan of Honeywell International Inc. and its Affiliates

Proposal 5: 2016 Stock Plan for Non-Employee Directors of Honeywell International Inc.

The Board of Directors recommends that you vote AGAINST each of the following shareowner proposals:

Proposal 6: Independent Board Chairman

Proposal 7: Right To Act By Written Consent

Proposal 8: Political Lobbying and Contributions

YOUR VOTE IS IMPORTANT. We encourage you to read the proxy statement and vote your shares as soon as possible. Shareowners may vote via the Internet, by telephone, by completing and returning a proxy card or by scanning the QR code provided on the next page in the Notice of Annual Meeting of Shareowners or on the proxy card. Specific voting instructions are set forth in the proxy statement and on both the Notice of Internet Availability of Proxy Materials and proxy card.

On behalf of the Board of Directors, I want to thank you for your continued support of Honeywell.

Sincerely,

David M. Cote

Chairman and Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHAREOWNERS

DATE Monday, April 25, 2016

TIME 10:30 a.m. local time

LOCATION Honeywell's New Headquarters, 115 Tabor Road, Morris Plains, New Jersey

RECORD DATE Close of business on February 26, 2016

March 10, 2016

Meeting Agenda:

- Election of the 12 nominees listed in the accompanying proxy statement to the Board of Directors.
- Approval of the appointment of Deloitte & Touche LLP as independent accountants for 2016.
- An advisory vote to approve executive compensation.
- Approval of the 2016 Stock Incentive Plan of Honeywell International Inc. and its Affiliates.
- Approval of the 2016 Stock Plan for Non-Employee Directors of Honeywell International Inc.
- If properly raised, three shareowner proposals described on pages 97-103 of the proxy statement.
- Transact any other business that may properly come before the meeting.

Important Notice of Internet Availability of Proxy Materials

The Securities and Exchange Commission's "Notice and Access" rule enables Honeywell to deliver a Notice of Internet Availability of Proxy Materials to shareowners in lieu of a paper copy of the proxy statement, related materials and the Company's Annual Report to Shareowners. It contains instructions on how to access our proxy statement and 2015 annual report and how to vote online.

Shares cannot be voted by marking, writing on and/or returning the Notice of Internet Availability. Any Notices of Internet Availability that are returned will not be counted as votes.

We encourage shareowners to vote promptly as this will save the expense of additional proxy solicitation. Shareowners of record on the Record Date are entitled to vote at the meeting or in the following ways:

By Telephone	By Internet	By Mail	By Scanning
In the U.S. or Canada, you can vote your shares by calling +1 (800) 690-6903.	You can vote your shares online at www.proxyvote.com . You will need the 12 digit control number on the Notice of Internet Availability or proxy card.	You can vote by mail by marking, dating and signing your proxy card or voting instruction form and returning it in the postage-paid envelope.	You can vote your shares online by scanning the QR code above. You will need the 12-digit control number on the Notice of Internet Availability or proxy card. Additional software may need to be downloaded.

This Notice of Annual Meeting of Shareowners and related Proxy Materials are being distributed or made available to shareowners beginning on or about March 10, 2016.

By Order of the Board of Directors,

Jeffrey N. Neuman

Vice President and Corporate Secretary

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Reconciliation of non-GAAP financial measures used in the Compensation Discussion and Analysis section and elsewhere in this proxy statement, other than as part of disclosure of target levels, can be found in the Appendix. The Long-Term Targets referenced in the Compensation Discussion and Analysis section of this proxy statement represent forward-looking statements that are based on management's assumptions and assessments and are not guarantees of future performance.

PROXY SUMMARY

This proxy summary is intended to provide a broad overview of the items that you will find elsewhere in this proxy statement. As this is only a summary, we encourage you to read the entire proxy statement for more information about these topics prior to voting.

ANNUAL MEETING OF SHAREOWNERS

TIME AND DATE April 25, 2016, 10:30 a.m.

PLACE Honeywell's new Headquarters, 115 Tabor Road, Morris Plains, New Jersey

RECORD DATE Shareowners as of February 26, 2016 are entitled to vote.

ADMISSION Please follow the advance registration instructions on [page 106](#).

MEETING AGENDA AND VOTING MATTERS

Proposal	Board's Voting Recommendation	Page References (for more detail)
<u>No. 1</u> Election of Directors	FOR (each nominee)	pp. 1-6
<u>No. 2</u> Approval of Independent Accountants	FOR	pp. 77-78
<u>No. 3</u> Advisory Vote To Approve Executive Compensation	FOR	pp. 79-80
<u>No. 4</u> 2016 Stock Incentive Plan of Honeywell International Inc. and its Affiliates	FOR	pp. 81-89
<u>No. 5</u> 2016 Stock Plan for Non-Employee Directors of Honeywell International Inc.	FOR	pp. 90-96
<u>No. 6</u> Shareowner Proposal: Independent Board Chairman	AGAINST	pp. 97-99
<u>No. 7</u> Shareowner Proposal: Right To Act By Written Consent	AGAINST	pp. 99-101
<u>No. 8</u> Shareowner Proposal: Political Lobbying and Contributions	AGAINST	pp. 101-103

2015 PERFORMANCE HIGHLIGHTS

Continued to Deliver on Commitments

· Earnings Per Share (“EPS”)* up 10% to \$6.10. This marks ourth6 consecutive year of double digit earnings growth.

Sales of \$38.6 billion, up 1% on a core organic basis; down 4% reported. The difference between core organic and reported is due to the impact of foreign currency translation, acquisitions, divestitures and Aerospace OEM incentive payments (-4%) and lower raw materials pass-through pricing in the Resins & Chemicals business of Performance Materials and Technologies (“PMT”) (-1%).

· Segment profit up 8% to new peak of \$7.3 billion, with 220 basis points of segment margin expansion⁽¹⁾.

· Free cash flow (“FCF”)** of \$4.4 billion; up 11%. Includes \$1.1 billion in capital expenditures.

2015 PERFORMANCE VS. 2014 PERFORMANCE

* EPS, V% exclude pension mark-to-market adjustment

** FCF = Cash Flow From Operations Less Capital Expenditures

As reported. If 2014 Sales and Segment Margin were adjusted to exclude the impact of \$184 million of incentives (1) to commercial aerospace original equipment manufacturers (“OEM Incentives”) in 4Q 2014, 2015 reported Sales would be down 5% and 2015 Segment Margins would be up 180 bps.

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Proxy Summary > 2015 Performance Highlights

Shareowner Value Creation

Dividends: We increased our dividend rate by 15%, effective in the fourth quarter of 2015. This is the 11th increase of at least 10% in the last ten years.

Share Repurchases: We repurchased 18.8 million shares in 2015, more than offsetting any dilution to shareowners from employee share plans.

Total Shareowner Return (“TSR”): We continued our track record of delivering consistently strong returns to our investors.

5-YEAR CUMULATIVE TSR

(Total Shareowner Return %)

Comp Peer Median or “Comp” reflects Compensation Peer Group Median; Percentile rank is HON relative to all Comp Peer Companies. Multi-Industry Peer Median or “Multi” includes 4 companies in our Compensation Peer Group with the most similar profile to HON. TSR measurements as of market close on December 31, 2015.

2015 Operational Performance vs. Peers:

We had another year of strong operational performance against both our Compensation Peer Group and Multi-Industry Peers.

Note: *In ensuring alignment between pay and performance, our compensation committee compares Honeywell's financial performance to the median performance of both our compensation peer group and a multi-industry peer group comprised of GE, EMR, MMM and UTX. This comparison is done using certain non-GAAP financial*

information that both Honeywell and each peer company utilizes in its financial disclosure and investor presentations. For Honeywell, we exclude the pension mark-to-market adjustment from Net Income and EPS. With regard to the peer group medians, each peer company adjusts its GAAP financial results for net income and EPS in a different manner and their presentation of this non-GAAP information is subject to change from time to time.

**ROIC = Adjusted Net Income Before Interest divided by Net Investment (2-Point Average)*

Adjusted Net Income Before Interest = Net Income (HON excludes pension mark-to-market adjustment) + After-Tax Interest

Net Investment = Book Value of Equity + Total Debt

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Proxy Summary > Executive Compensation Snapshot

EXECUTIVE COMPENSATION SNAPSHOT**2015 Total Annual Direct Compensation for Each Named Executive Officer (NEO)**

2015 total annual direct compensation for the Named Executive Officers (NEOs) is shown below from the Committee's perspective, which annualizes earned Growth Plan awards due to non-overlapping performance cycles.

NEO	Position	Base Salary	Annual Bonus	Annual Stock Options	Annualized Growth Plan ^(A)	Total Annual Direct Compensation ^(B)
<u>David M. Cote</u>	CEO	\$1,890,000	\$5,700,000	\$10,338,000	\$7,125,000	\$25,053,000
Thomas A. Szlosek	CFO	\$829,077	\$850,000	\$2,153,750	\$1,500,000	\$5,332,827
Roger Fradin	Vice-Chairman	\$1,050,000	\$1,300,000	\$3,101,400	\$2,068,000	\$7,519,400
Timothy O. Mahoney	Aero President & CEO	\$907,462	\$900,000	\$3,015,250	\$1,862,500	\$6,685,212
Andreas C. Kramvis	Vice-Chairman	\$850,000	\$1,050,000	\$2,842,950	\$1,488,000	\$6,230,950

(A) No Growth Plan award was made in 2015; last grant was made in 2014. 50% of the earned award for the completed 2014-2015 (2-year) performance cycle is attributed to 2015 and shown on the table above to reflect the fact that Growth Plan performance cycles do not overlap, consistent with how the Committee plans executive compensation.

(B) Reflects Committee's view of how annual compensation should be determined, which differs from the methodology required by the SEC for purposes of the Summary Compensation Table.

Alignment of CEO Pay with Company Performance (5-years)

The graph below demonstrates the alignment over the past five years of shareowner value creation and key operational metrics with CEO total annual direct compensation, or "Total ADC," which consists of base salary, annual Incentive Compensation Plan ("ICP") award, annual stock option grant, and annualized Growth Plan award.

CEO COMPENSATION ALIGNMENT WITH COMPANY PERFORMANCE AND TSR

Reflects the year-to-year performance indexed to a 2010 base year for total shareowner return (“TSR”), and a 2011
(1) base year for other performance metrics, at 100. Prior year TSR is shown to correspond with the timing of annual compensation decisions.

The 2015 and 2014 CEO Total ADC bars include 50% of the actual earned award for the 2014-2015 Growth Plan cycle consistent with how the Management Development and Compensation Committee views compensation
(2) (2014 bar recast to reflect actual Growth Plan performance attributable to 2014). The 2013 and 2012 CEO Total ADC bars each include 50% of the actual award earned for the 2012-2013 Growth Plan cycle. The 2011 CEO Total ADC bar includes 50% of the actual award earned for the 2010-2011 Growth Plan performance cycle.

(3) EPS, V% exclude pension mark-to-market adjustment.

TSR consists of stock price appreciation plus reinvested dividends. The TSR point above each column is the TSR for the preceding year as long-term incentive compensation decisions (annual stock options and biennial Growth
(4) Plan Unit awards) are generally made in February with reference to prior year TSR performance as one of the key considerations in aligning pay and performance.

(5) The box at the top of the 2014 bar represents the value of a special award of performance stock options granted in December 2014 for retention purposes; target value of \$5 million; vests 100% on December 31, 2017, if earned.

See Compensation Discussion and Analysis beginning on page 25 for more details on 2015 Executive Compensation.

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Proxy Summary > Executive Compensation Payments Vs. Long-Term Performance

EXECUTIVE COMPENSATION PAYMENTS VS. LONG-TERM PERFORMANCE

Indicative of our ability to grow revenues while increasing profitability is how effectively we've managed executive compensation expense since Mr. Cote became our CEO. Since 2003, our total ICP payments have increased only 16% and we have actually *reduced* the number of ICP-eligible executives by 6%. Yet, over that same period, EPS has increased 304%⁽¹⁾, total sales have increased 75%, segment profit has increased 209%, and free cash flow has increased 184%. If we had allowed the number of ICP-eligible executives and ICP spend to increase at the same rate as EPS (up 304%), today we would have 2,989 ICP-eligible executives (versus 699) and our ICP expense in 2015 would be \$283 million (versus \$81 million). We believe keeping the number of ICP-eligible executives low is particularly important because each additional incentive-eligible executive is a potential source of bureaucracy: while acting with the best intentions, highly paid executives risk distracting the organization from the day-to-day, critical task of delivering high-quality products and services to customers. Honeywell has delivered best-in-class operational and financial performance with fewer incentive-eligible executives, thereby further distinguishing ourselves versus our peers.

In addition, also since 2003, our long-term TSR has significantly outperformed the S&P 500, our 14-company Compensation Peer Group, and our multi-industry peers as reflected in the chart below. This demonstrates that our focus on operational efficiency has translated into real relative value for our shareowners.

CEO TRACK RECORD — STRONG BUSINESS PERFORMANCE — EFFECTIVELY MANAGING ICP SPEND

Business Performance ICP Plan (Total Company)

⁽¹⁾ EPS, V% exclude pension mark-to-market adjustment.

⁽²⁾ Free Cash Flow = Cash Flow From Operations Less Capital Expenditures.

LONG-TERM CUMULATIVE TSR

100th Percentile vs. Peers

Peer Median Reflects Compensation Peer Group Median; Honeywell Percentile rank versus our Compensation Peer Group; Multi-Industry Peer Median Includes GE, EMR, MMM and UTX; Cumulative TSR for period of 1/1/2003–12/31/2015

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Proxy Summary > Corporate Governance Practices

CORPORATE GOVERNANCE PRACTICES

Our Board of Directors oversees management performance on behalf of the shareowners, to ensure that the long-term interests of the shareowners are being served, to monitor adherence to Honeywell standards and policies, and to promote the exercise of responsible corporate citizenship.

GOVERNANCE HIGHLIGHTS

- All directors are independent other than Proxy Access the CEO.
- All Board committees are independent.
- .
- Independent Lead Director. *In 2015, we proactively adopted a proxy access by-law amendment that is substantially similar to the 2010 SEC proxy access rule. Our Board took this action based on the feedback we received from our large shareowners during discussions held in the course of 2015. See page 23.*
- Annual election of directors.
- .
- Majority voting in uncontested elections.
- Chair of the Corporate Governance and Responsibility Committee or Lead Director can call special meetings of the Board at any time for any reason.
- Lead Director designated as a point of contact for shareowner communications.
- Three Audit Committee members are designated “audit committee financial experts”.
- A diverse Board—of our independent directors, 27% are women, 27% are Hispanic, 18% are African American and 18% are non-U.S. citizens.
- Shareowner right to call a special meeting.
- Simple majority vote requirements to amend charter and approve mergers and acquisitions.
- No poison pill in place; Board will seek shareowner approval if a shareowner rights plan is adopted.
- Robust year-round shareowner engagement, including discussions between larger shareowners and a director.
- Regular executive sessions of independent directors.
- Risk oversight by full Board and Committees, including strengthened cyber security oversight by the Audit Committee and full Board.
- Strong commitment toward corporate social responsibility and sustainability.
- No use of corporate funds for political contributions and careful oversight of political lobbying activities.

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Proposal No. 1: Election of Directors > Director Nominations Skills and Criteria

PROXY STATEMENT

This proxy statement is being provided to shareowners in connection with the solicitation of proxies by the Board of Directors for use at the Annual Meeting of Shareowners of Honeywell International Inc. (“Honeywell” or the “Company”) to be held on Monday, April 25, 2016.

PROPOSAL NO. 1: ELECTION OF DIRECTORS

Honeywell’s directors are elected at each Annual Meeting of Shareowners and hold office for one-year terms or until their successors are duly elected and qualified. Honeywell’s By-laws provide that in any uncontested election of directors (an election in which the number of nominees does not exceed the number of directors to be elected), any nominee who receives a greater number of votes cast “FOR” his or her election than votes cast “AGAINST” his or her election will be elected to the Board of Directors.

The Board has nominated 12 candidates for election as directors. If any nominee should become unavailable to serve prior to the Annual Meeting, the shares represented by a properly signed and returned proxy card or voted by telephone, via the Internet or by scanning the QR code will be voted for the election of such other person as may be designated by the Board. The Board may also determine to leave the vacancy temporarily unfilled or reduce the authorized number of directors in accordance with the By-laws.

Directors may serve until the Annual Meeting of Shareowners immediately following their 72nd birthday. The Board of Directors waived the mandatory retirement age policy in favor of Mr. Gordon Bethune and re-nominated him for both the 2014 and 2015 Annual Meetings of Shareowners. In accordance with the waiver, Mr. Bethune will retire at the 2016 Annual Meeting.

DIRECTOR NOMINATIONS SKILLS AND CRITERIA

The Corporate Governance and Responsibility Committee (“CGRC”) is responsible for nominating a slate of director nominees who collectively have the complementary experience, qualifications, skills and attributes to guide the Company and function effectively as a Board. The CGRC believes that each of the nominees has key personal attributes that are important to an effective board: integrity, candor, analytical skills, the willingness to engage management and each other in a constructive and collaborative fashion, and the ability and commitment to devote

significant time and energy to service on the Board and its Committees.

Listed below are other key experiences, qualifications and skills of our director nominees that are relevant and important in light of Honeywell's businesses and structure.

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Proposal No. 1: Election of Directors > Director Nominations Skills and Criteria

DIRECTOR SKILLS AND QUALIFICATIONS CRITERIA

Senior Leadership