



Barclays Industrial Select Conference

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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 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.

- **HON Set High Expectations In 2012 And Delivered**
 - Top-Tier Margin Expansion Driving Record Full Year EPS Up 11% To \$4.48*
 - Continued Seed Planting Investments, Strong Pipeline Of New Wins
- **Confident In 2013 Outlook**
 - Modest Macro Expectations: World GDP Growth ~2.5%, Continued Political Uncertainty
 - Order Rates Mixed: Short Cycle Pockets Of Growth, Long Cycle Moderating
 - Conservatively Planning Costs, Staying Flexible, Ongoing Restructuring In Progress
- **2014 Long Term Targets In Focus**
 - Impressive New Product Pipeline, Business Wins Setting Up 2014 Tailwinds
 - Continued Margin Expansion Driven By Enablers: HOS, VPD™, FT/OEF
 - Planning Framework Suggests Continued Momentum Across Portfolio

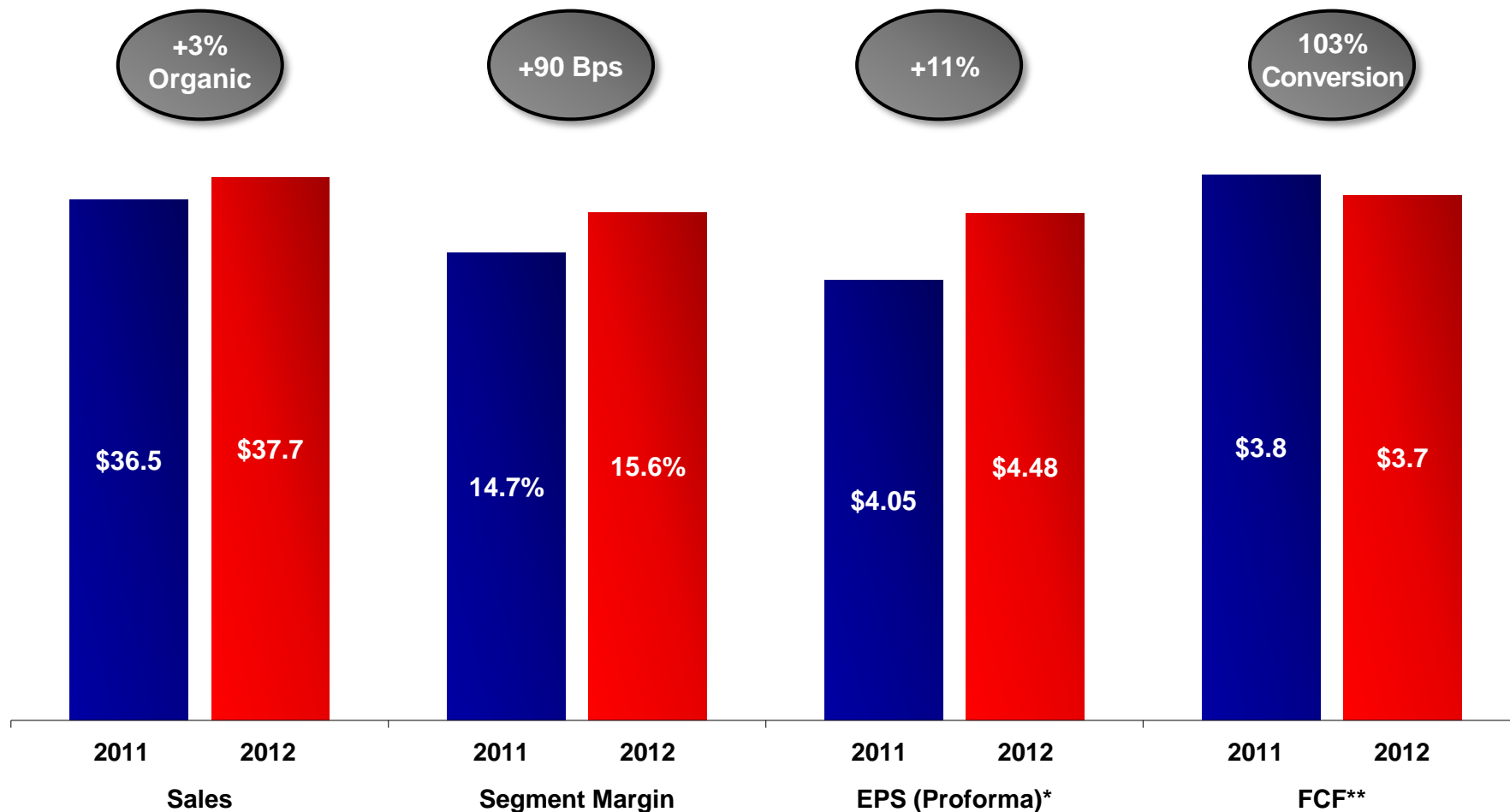
**Proforma Excludes Pension Mark-to-Market (MTM) Adjustment*

HON Delivered In 2012 While Investing For Future

2012 Summary

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(\$B, except per share amount)



* Proforma Excludes Pension Mark-to-Market (MTM) Adjustment

** FCF and FCF Conversion Prior to Cash Pension Contributions; 2012 FCF Includes 11% Increase in CapEx vs. 2011

HON Delivered In Challenging 2012 Environment

- **What We Are Seeing**

- Continued Commercial Aero Growth, Despite Difficult Comps
- Moderate Declines In U.S. Defense; International Growth
- Significant Investment In Long Term Oil And Gas Opportunities
- Res / Non-Res Showing Modest Signs Of Improvement
- Emerging Region Growth Regaining Momentum

- **What We Are Expecting**

- Commercial Aftermarket Growth Moderates
- ACS, TS, PMT Short Cycle – Easier 2H 2013 Comps
- D&S – Likely Sequestration Scenario Near Term
- Continued Strong Productivity Driven By HOS/FT/OEF, Ongoing Restructuring
- Europe Macro Headwinds Continue, Modest Headwind From FX

Managing Well In A Slow Growth Environment

2013 Financial Guidance Summary

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(\$B except per share amounts)

	<u>2012</u>	<u>2013E</u>	<u>V%</u>	<u>Comments</u>
Sales	\$37.7	\$39.0 - 39.5	4 - 5%	• Organic Up 1 - 3%
Segment Profit	\$5.9	\$6.2 - 6.4	5 - 9%	
Segment Margin	15.6%	15.8 - 16.1%	20 - 50 bps	• Up 40 - 60 bps Ex-Acquisitions
Net Income, Proforma ¹	\$3.5	\$3.8 - 4.0	7 - 12%	
Attributable to Honeywell				
EPS ¹	\$4.48	\$4.75 - 4.95	6 - 11%	• Shares ~Flat To 4Q 2012
Free Cash Flow ²	\$3.7	~\$3.7	~ Flat	• Capex Investment

1) Proforma, V% Exclude Any Pension Mark-to-Market Adjustment

2) Free Cash Flow (Cash Flow from Operations Less Capital Expenditures) Prior to Any NARCO Related Payments and Cash Pension Contributions

Low End

- Lower Global GDP Growth
- High Growth Regions Moderate Further
- Unfavorable Mix – Commercial OE, Adv Mat
- Inflation / Productivity Worse
- Stronger Dollar – EUR < \$1.25

High End

- + Stronger Global GDP Growth
- + High Growth Regions Overdrive
- + Favorable Mix – ACS-ESS, UOP
- + Inflation / Productivity Better
- + Weaker Dollar – EUR > \$1.25

Balanced Outlook For 2013

HON: What You Should Expect

Honeywell

- **Delivering 2013 Despite Challenging Macro Environment**
- **Staying Flexible, Planning Costs Conservatively**
- **Focused On Execution, Committed To 2014 Targets**
- **Ongoing Investments In New Products, Markets Drive Growth**
- **Further Penetrating High Growth Markets**
- **Strong Cash Generation, Effective Deployment Driving Value**

Delivering Top Tier Performance

Appendix
Reconciliation of non-GAAP Measures
to GAAP Measures

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

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(\$M)	<u>2011</u>	<u>2012</u>
Segment Profit	\$5,357	\$5,879
Stock Based Compensation ⁽¹⁾	(168)	(170)
Repositioning and Other ^(1, 2)	(794)	(488)
Pension Ongoing Expense ⁽¹⁾	(105)	(36)
Pension Mark-to-Market Adjustment ⁽¹⁾	(1,802)	(957)
OPEB Income (Expense) ⁽¹⁾	86	(72)
Operating Income	<u>\$2,574</u>	<u>\$4,156</u>
Pension Mark-to-Market Adjustment ⁽¹⁾	(1,802)	(957)
Operating Income Excluding Pension Mark-to-Market Adjustment	<u>\$4,376</u>	<u>\$5,113</u>
Segment Profit	\$5,357	\$5,879
÷ Sales	<u>\$36,529</u>	<u>\$37,665</u>
Segment Profit Margin %	<u>14.7%</u>	<u>15.6%</u>
Operating Income (Loss)	\$2,574	\$4,156
÷ Sales	<u>\$36,529</u>	<u>\$37,665</u>
Operating Income (Loss) Margin %	<u>7.0%</u>	<u>11.0%</u>
Operating Income Excluding Pension Mark-to-Market Adjustment	\$4,376	\$5,113
÷ Sales	<u>\$36,529</u>	<u>\$37,665</u>
Operating Income Margin Excluding Pension Mark-to-Market Adjustment	<u>12.0%</u>	<u>13.6%</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

Reconciliation Of Cash Provided By Operating Activities To Free Cash Flow, Prior To Cash Pension Contributions And Calculation Of Cash Flow Conversion % Honeywell

<i>(\$M)</i>	2011	2012
Cash Provided by Operating Activities	\$2,833	\$3,517
Expenditures for Property, Plant and Equipment	(798)	(884)
Free Cash Flow	\$2,035	\$2,633
Cash Pension Contributions	1,745	1,039
Free Cash Flow, prior to Cash Pension Contributions	\$3,780	\$3,672
Net Income Attributable to Honeywell	\$2,067	\$2,926
Mark-to-Market Pension Adjustment, Net of Tax ⁽¹⁾	1,137	622
Net Income Attributable to Honeywell Excluding Mark-to-Market Pension Adjustment	\$3,204	\$3,548
Cash Provided by Operating Activities	\$2,833	\$3,517
÷ Net Income Attributable to Honeywell	2,067	2,926
Operating Cash Flow Conversion %	137%	120%
Free Cash Flow, prior to Cash Pension Contributions	\$3,780	\$3,672
÷ Net Income Attributable to Honeywell Excluding Mark-to-Market Pension Adjustment	3,204	3,548
Free Cash Flow Conversion %, prior to Cash Pension Contributions	118%	103%

(1) Mark-to-market uses a blended tax rate of 36.9% and 35.0% for 2011 and 2012, respectively.

Reconciliation Of EPS To EPS, Excluding Pension Mark-to-Market Adjustment **Honeywell**

	2011 ⁽¹⁾	2012 ⁽¹⁾
EPS	\$2.61	\$3.69
Pension Mark-to-Market Adjustment	1.44	0.79
EPS, Excluding Pension Mark-to-Market Adjustment	\$4.05	\$4.48

(1) Utilizes weighted average shares of 791.6 and 791.9 million for 2011 and 2012, respectively. Mark-to-market uses a blended tax rate of 36.9% and 35.0% for 2011 and 2012, respectively.