



**BANK OF AMERICA GLOBAL
INDUSTRIALS & EU AUTOS CONFERENCE**

DAVE ANDERSON
SENIOR VICE PRESIDENT AND CFO

Honeywell



Forward Looking Statements

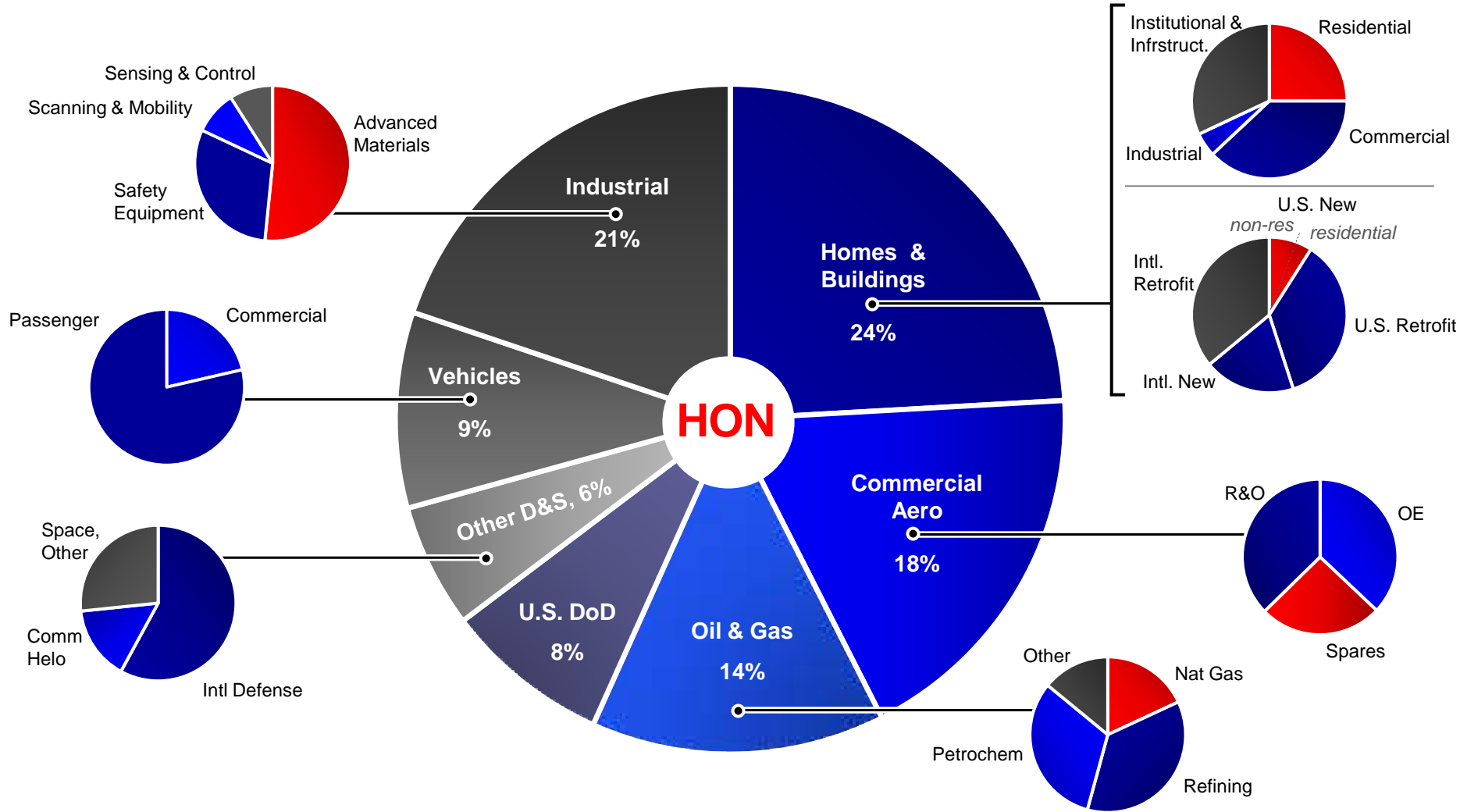
This report contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of fact, that address activities, events or developments that we or our management intend, expect, project, believe or anticipate will or may 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*
 - Finished 2012 With Record Backlog, Strong Pipeline Of New Wins
- **Confident In 2013 Outlook**
 - Executing On Attractive Opportunities, Despite Continued Macro Challenges
 - Conservatively Planning Costs, Staying Flexible, Ongoing Repo
- **Seed Planting Continues For Future Growth**
 - Continued Evolution Of Processes, Tools, And Enablers
 - Impressive Growth Opportunities, Execution Of Process → Upside
- **Setting Up For Outperformance Again In 2014 And Beyond**
 - Returning Cash To Shareholders
 - Top Tier Performance Yields Top Tier Returns

* Proforma Excludes Pension Mark-to-Market Adjustment

Consistent Strategy, Focus On Outperformance

Diversity Of Opportunity

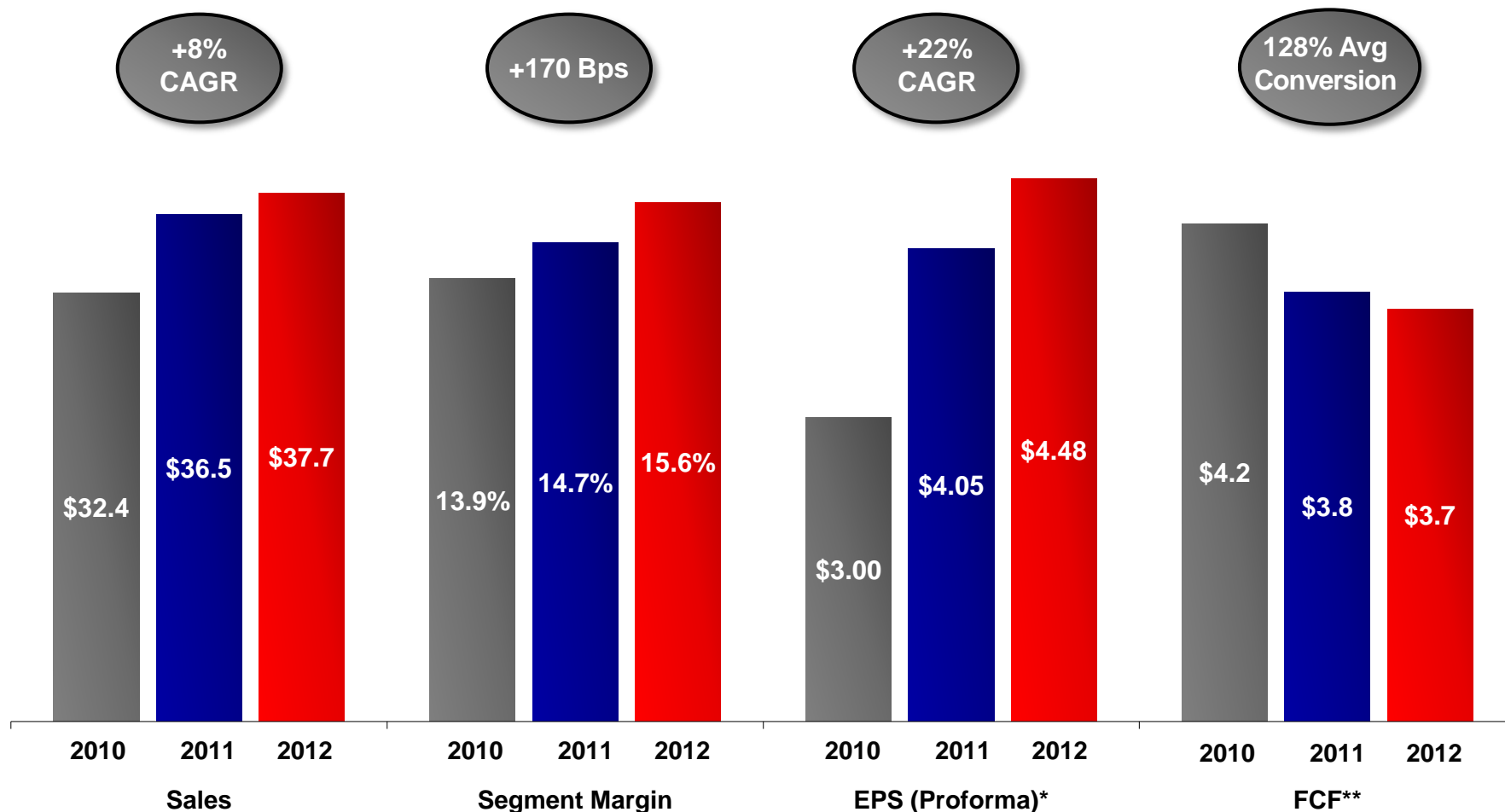


Breadth Of Attractive, Growing Market Spaces

Performance Summary

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(\$B, except per share amount)



* Proforma Excludes Pension Mark-to-Market 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

Growing Faster Than End Markets

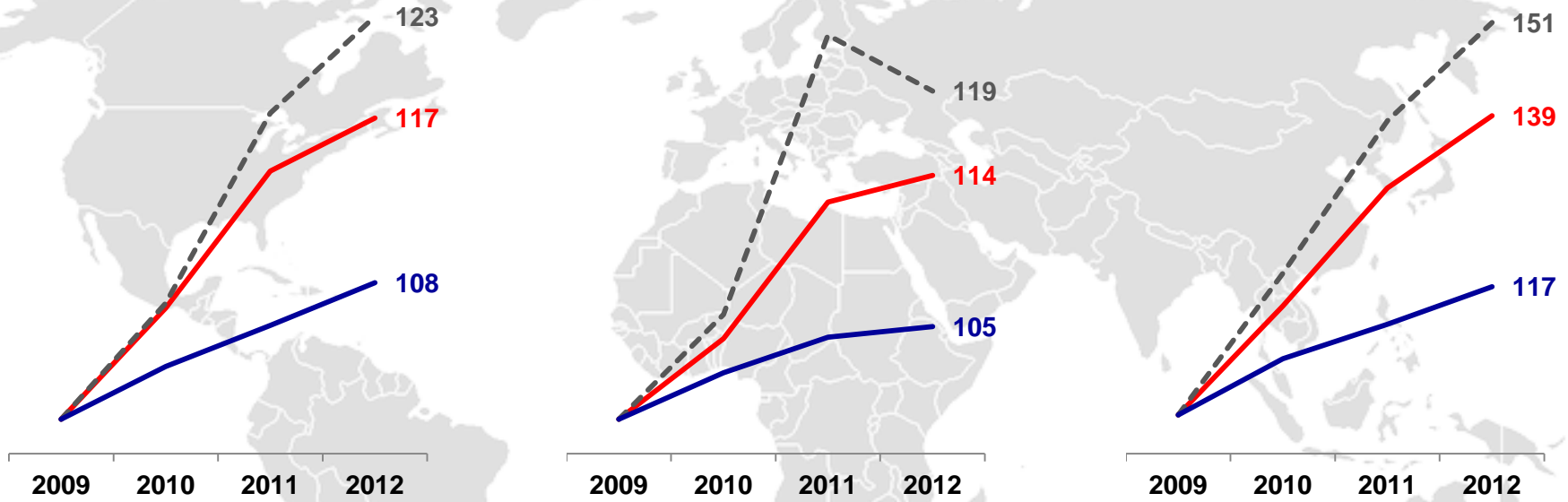
Honeywell

(Index, YoY Growth)

Americas

EMEA

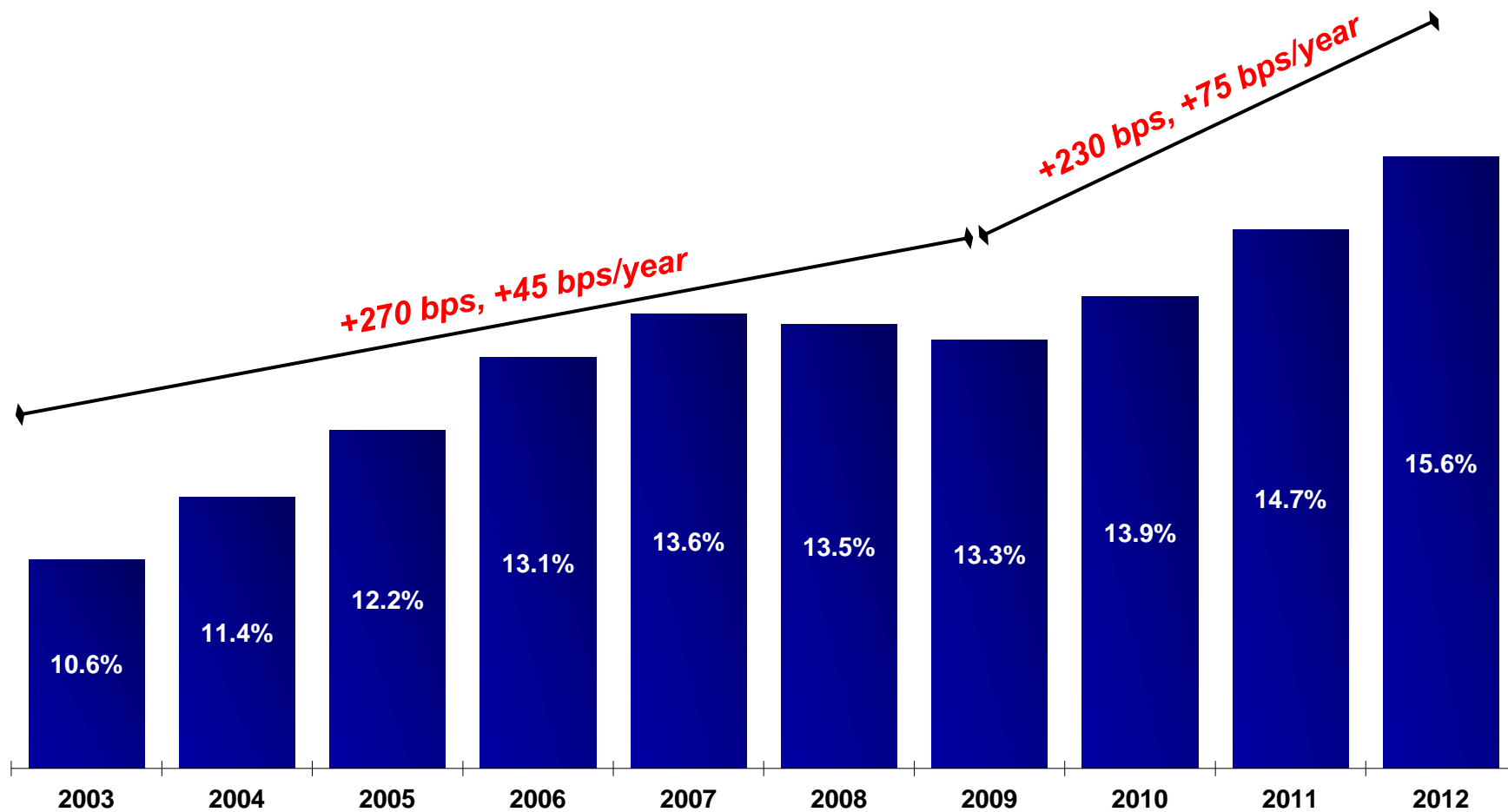
Asia Pac



Meaningfully Exceeding GDP Growth In Every Region

Segment Margin Expansion

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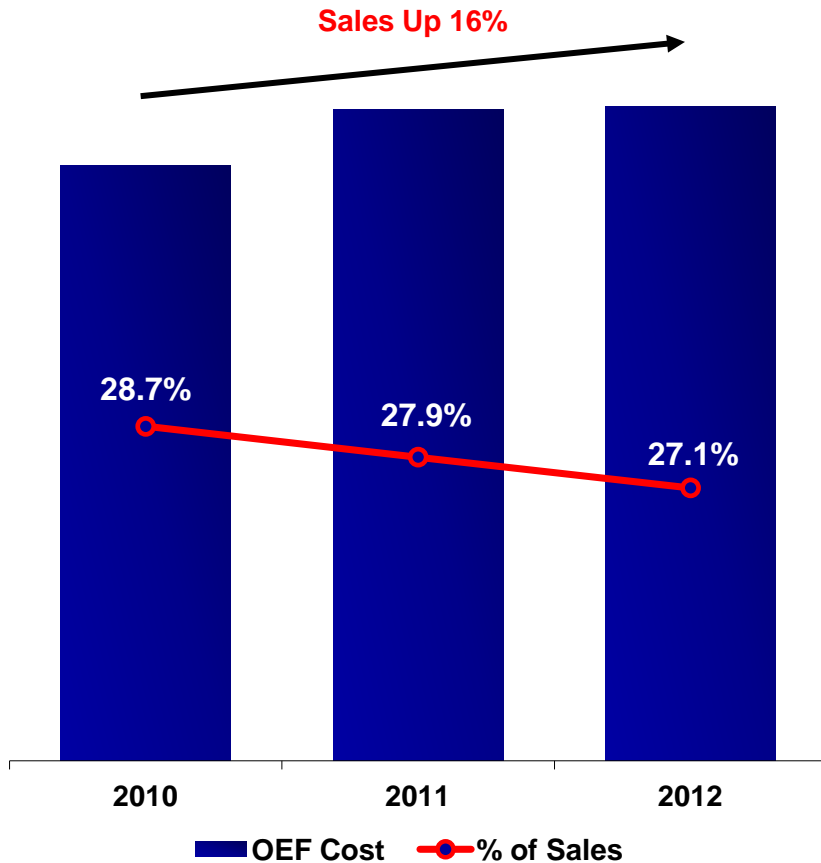


Note: All Years Exclude CPG

Accelerating Margin Expansion

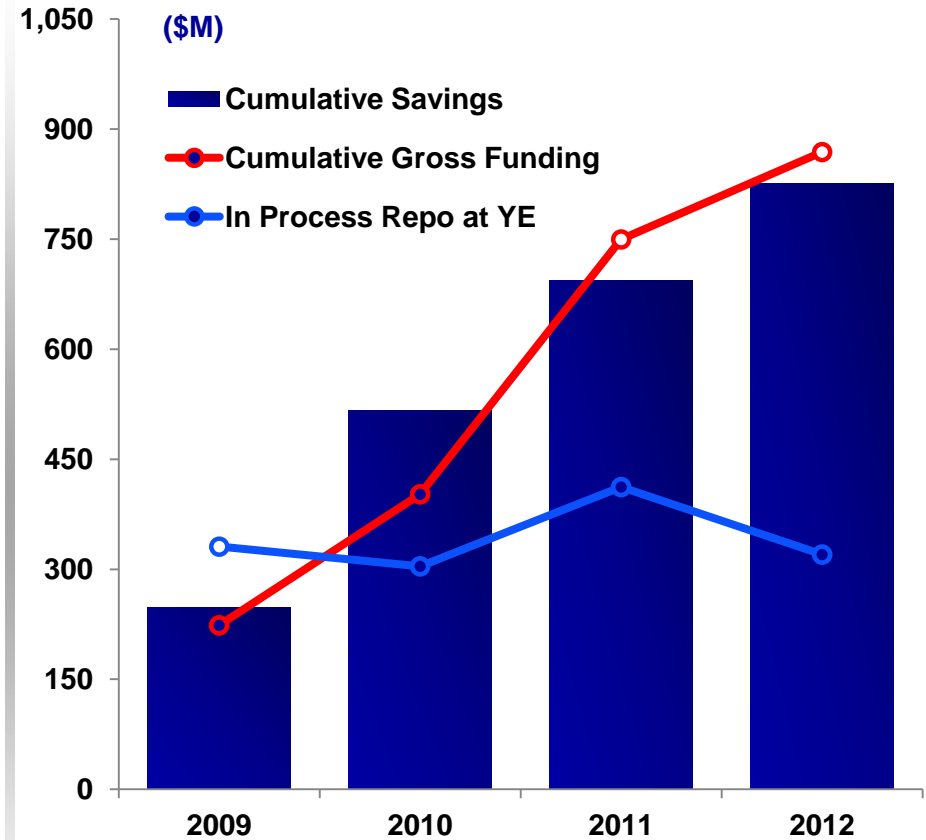
Organizational Effectiveness

OEF



Holistic Approach To People Cost

Repositioning



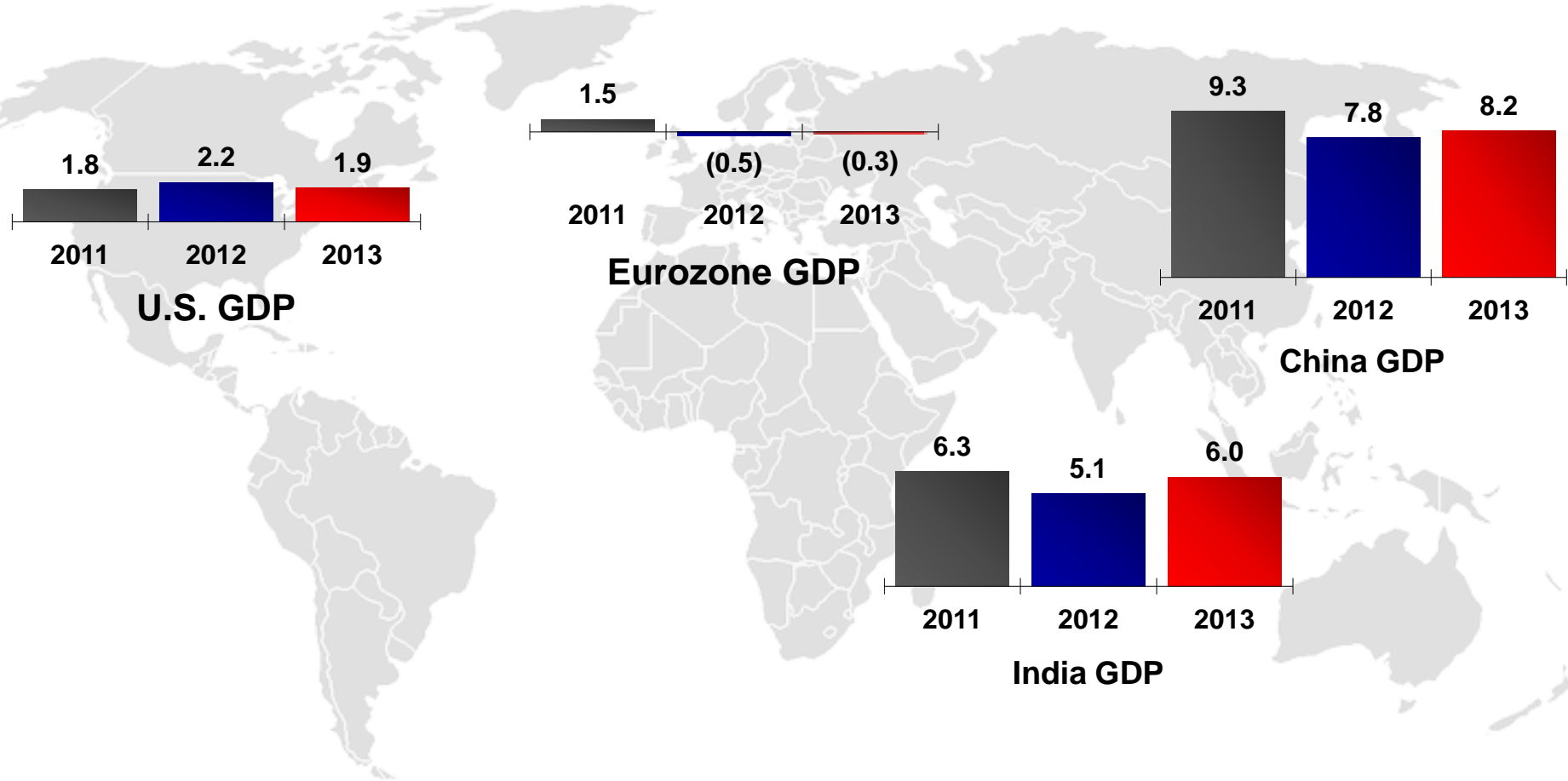
Healthy Pipeline Of Project Savings

Driving Sustainable Productivity Improvements

2013 Outlook

GDP By Region

(% Change in GDP)








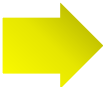




	<u>2011</u>	<u>2012</u>	<u>2013</u>
Global GDP	3.0%	2.6%	2.6%

Source: Global Insight

Continued Slow Growth Macro Environment

2013 End Market Trends

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Aero	Commercial AM	 Up Mid SD	Growth Moderating, Difficult Comps
	Commercial OE	 Up Mid SD	Production Ramp-ups; Difficult Comps 1H13
	Defense & Space	 Down (~3%)	Likely Sequestration Scenario
ACS	Energy, Safety, and Security	 Up Low SD	Res / Non-Res Modest Improvement
	Process Solutions	 Up Low SD	Strong Backlog Conversion, Project Delays
	Building Solutions, And Dist.	 Up Low SD	Challenging Investment Environment
PMT	Advanced Materials	 Up Low SD	Easier 2H Comps
	UOP	 Up ~10%	Continuing To Build Backlog
TS	Passenger Vehicles	 ~ Flat To Up Slightly	EU Headwinds Continue; 2H Comps Improve
	Commercial Vehicles	 ~ Flat To Up Slightly	Global Launches; 2H China Improvement

Note: Organic Sales Change

Honeywell Outperforming Key End Markets

2013 Full Year Guidance

Honeywell

(\$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%	
<i>Segment Margin</i>	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%	
<i>Attributable to Honeywell</i>				
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

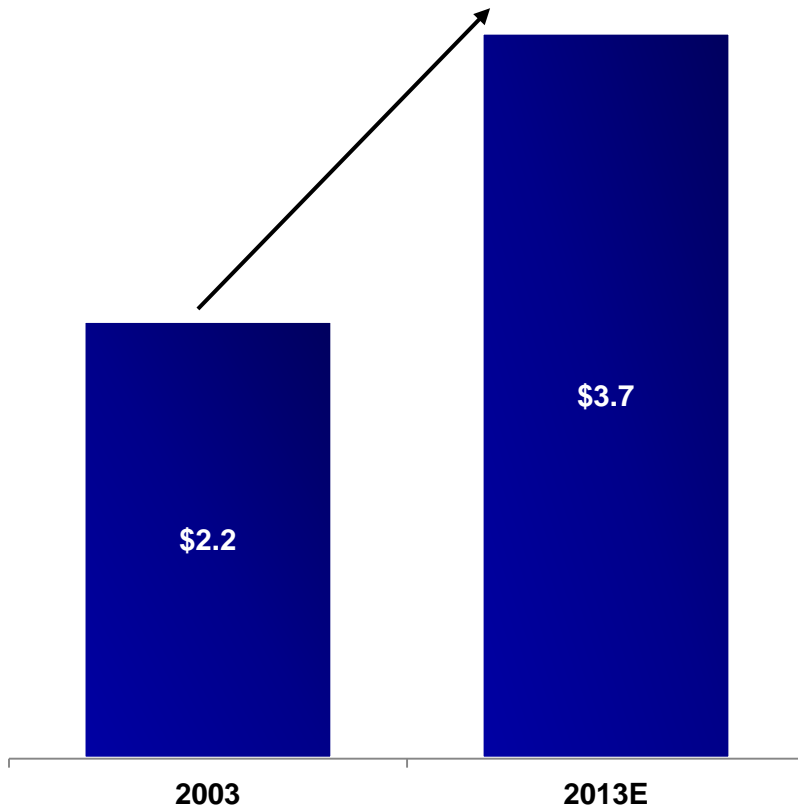
High End

- + 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

Free Cash Flow

(Free Cash Flow, \$B)



FCF Conversion Of ~125% Since 2003*

Deployment Priorities

- 1. Investing In High ROI CAPEX**
 - Driving Organic Growth
- 2. Pay A Competitive Dividend**
 - Returning Cash To Shareholders
- 3. Strategic M&A**
 - Strong Pipeline Of Potential Targets
 - Disciplined Valuation And Screening Process
 - Flawless Integration
- 4. Opportunistic Share Buyback**
 - Holding Share Count ~ Flat To 4Q 2012
- 5. Pension**
 - U.S. Contributions Next 3 Years Unlikely

Balanced Cash Deployment

Strong Cash Flow And Smart Deployment

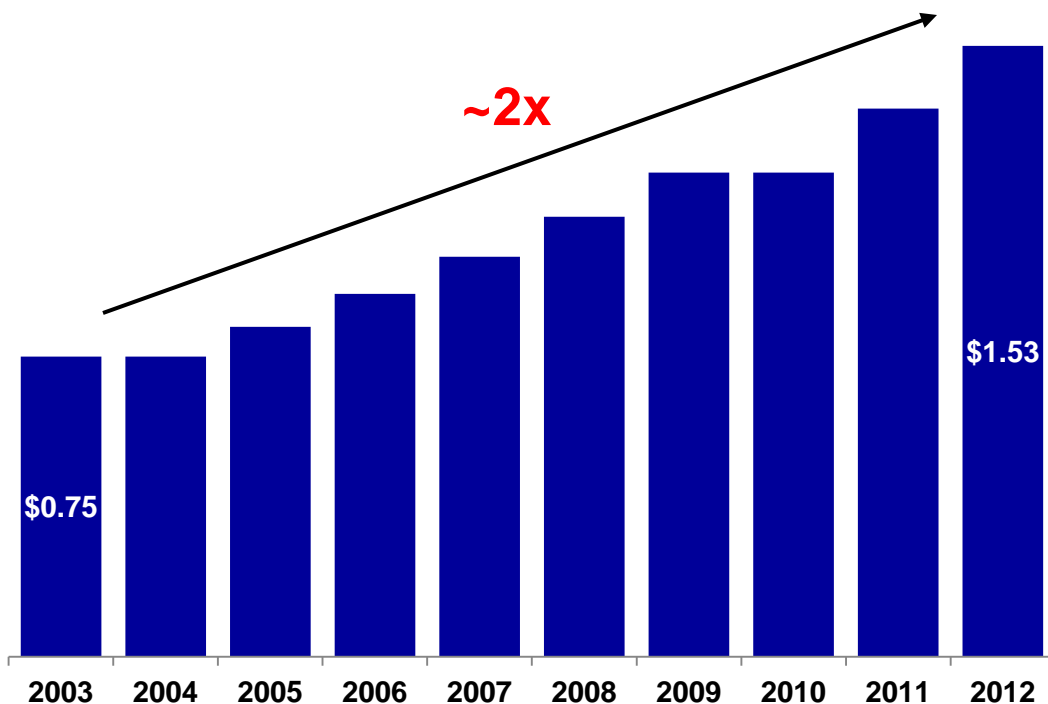
* Free Cash Flow Conversion Excluding Cash Pension Contributions

Returning Value To Shareholders

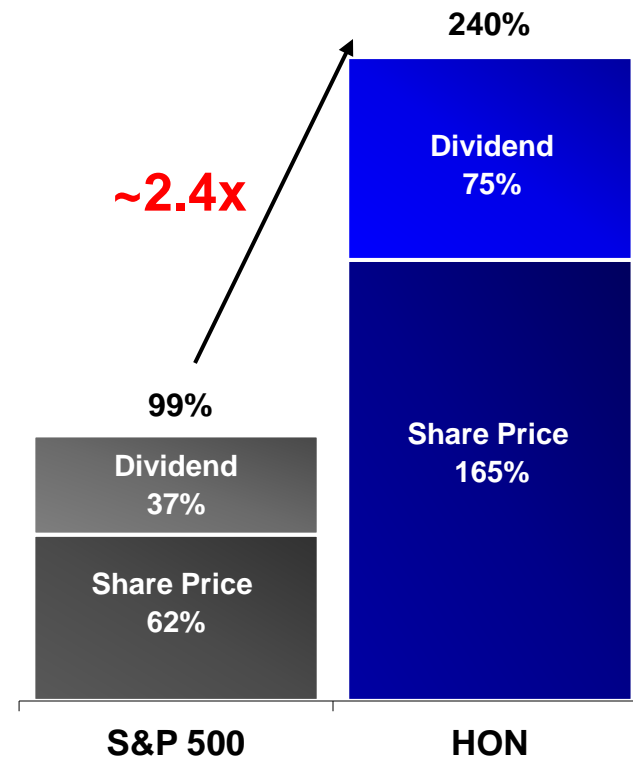
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Dividend History

(Cash Dividend Per Share)



10-Year TSR*



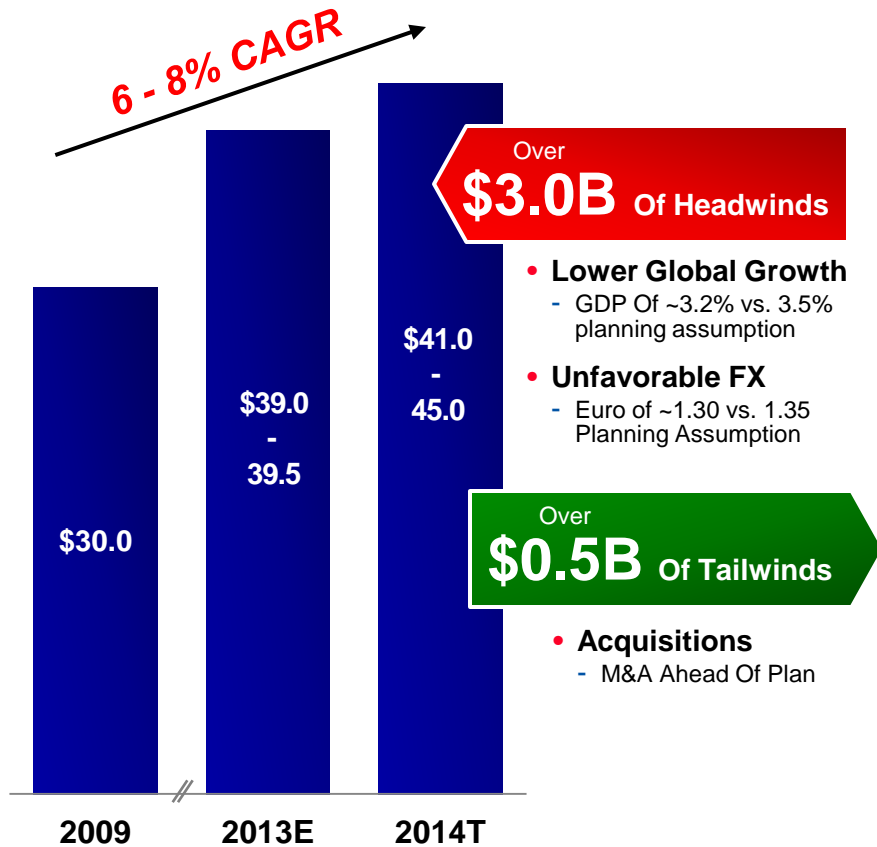
* Total Shareholder Return From 1/1/2003 To 12/31/2012

Cash Deployment Contributing To Strong TSR

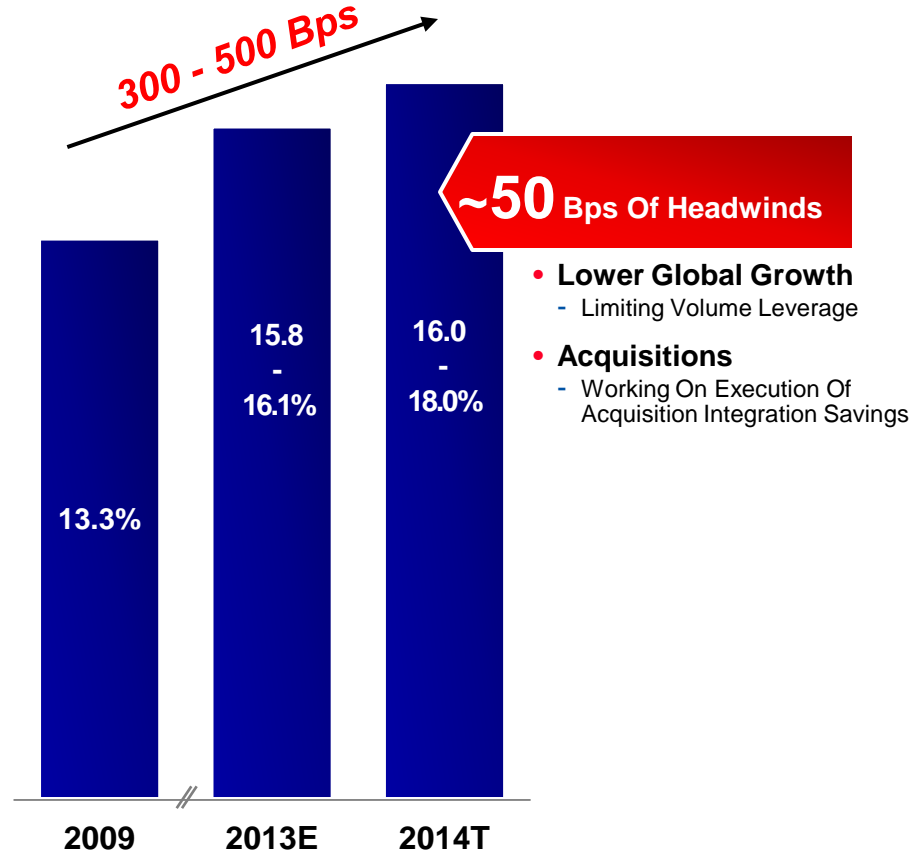
Long Term Outlook Update

Sales

(\$B)



Segment Margin



On Track To 2014 Targets Despite Macro Headwinds

Why Own HON

Honeywell

Key Areas

What's To Like

On Track To LT Targets

- 2012 Performance, 2013 Plan → Path To 2014
- Investments In Seed Planting Support Future Growth

Robust Margin Leverage

- Maximizing Labor Cost Efficiency Through OEF
- Executing On Sustainable Productivity Actions

Growth Tailwinds

- Favorable Macros, Global Expansion, Innovation Culture
- \$11B Incremental Opportunities Next 5 Years

Strong Capital Deployment

- CAPEX To Fund High Growth / High Margin Projects
- Investing To Expand Capabilities In High Growth Regions

Returning Cash To Shareholders

- Committed To Grow Dividends - 10% Increase In 4Q 2012
- Smart Share Buyback : Keeping Share Count ~Flat To 4Q12

Acquisition Upside

- Disciplined Process, Portfolio Transformation Evident
- More Integration Savings And Sales Upside

Lots Of Positives

Appendix
Reconciliation of non-GAAP Measures
to GAAP Measures

Reconciliation Of Segment Profit To Operating Income Excluding Pension Mark-To-Market Adjustment And Calculation Of Segment Profit And Operating Income Margin Excluding Pension Mark-To-Market Adjustment

Honeywell

(\$B)	<u>2003</u>	<u>2004</u>	<u>2005</u>
Segment Profit	\$2.4	\$2.8	\$3.2
Stock Based Compensation ⁽¹⁾	0.0	0.0	0.0
Repositioning and Other ^(2, 3)	(0.2)	(0.7)	(0.4)
Pension Ongoing Expense ⁽²⁾	(0.1)	0.0	0.0
Pension Mark-to-Market Adjustment ⁽²⁾	(0.2)	(0.1)	(0.0)
OPEB Income (Expense) ⁽²⁾	(0.2)	(0.2)	(0.1)
Operating Income	<u>\$1.7</u>	<u>\$1.8</u>	<u>\$2.7</u>
Pension Mark-to-Market Adjustment ⁽²⁾	(0.2)	(0.1)	(0.0)
Operating Income Excluding Pension Mark-to-Market Adjustment	<u><u>\$1.9</u></u>	<u><u>\$1.9</u></u>	<u><u>\$2.7</u></u>
Segment Profit	\$2.4	\$2.8	\$3.2
÷ Sales	<u>\$22.1</u>	<u>\$24.5</u>	<u>\$26.5</u>
Segment Profit Margin %	<u>10.6%</u>	<u>11.4%</u>	<u>12.2%</u>
Operating Income	\$1.7	\$1.8	\$2.7
÷ Sales	<u>\$22.1</u>	<u>\$24.5</u>	<u>\$26.5</u>
Operating Income Margin %	<u>7.9%</u>	<u>7.2%</u>	<u>10.1%</u>
Operating Income Excluding Pension Mark-to-Market Adjustment	\$1.9	\$1.9	\$2.7
÷ Sales	<u>\$22.1</u>	<u>\$24.5</u>	<u>\$26.5</u>
Operating Income Margin Excluding Pension Mark-to-Market Adjustment	<u>8.4%</u>	<u>7.6%</u>	<u>10.3%</u>

(1) Stock Based Compensation included in Segment Profit.

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

(3) Includes repositioning, asbestos and environmental expenses.

Reconciliation Of Segment Profit To Operating Income Excluding Pension Mark-To-Market Adjustment And Calculation Of Segment Profit And Operating Income Margin Excluding Pension Mark-To-Market Adjustment

Honeywell

(\$B)	2006	2007	2008	2009	2010	2011	2012
Segment Profit	\$4.0	\$4.6	\$4.8	\$4.0	\$4.5	\$5.4	\$5.9
Stock Based Compensation ⁽¹⁾	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
Repositioning and Other ^(1, 2)	(0.5)	(0.5)	(1.1)	(0.5)	(0.6)	(0.8)	(0.5)
Pension Ongoing Expense ⁽¹⁾	0.0	0.1	0.1	(0.3)	(0.2)	(0.1)	(0.0)
Pension Mark-to-Market Adjustment ⁽¹⁾	0.0	0.0	(3.3)	(0.7)	(0.5)	(1.8)	(1.0)
Other Postretirement Income/(Expense) ⁽¹⁾	(0.1)	(0.2)	(0.1)	0.0	(0.0)	0.1	(0.1)
Operating Income	\$3.3	\$3.9	\$0.3	\$2.4	\$3.0	\$2.6	\$4.2
Pension Mark-to-Market Adjustment ⁽¹⁾	\$0.0	\$0.0	(\$3.3)	(\$0.7)	(\$0.5)	(\$1.8)	(\$1.0)
Operating Income Excluding Pension Mark-to-Market Adjustment	\$3.3	\$3.9	\$3.6	\$3.1	\$3.5	\$4.4	\$5.1
Segment Profit	\$4.0	\$4.6	\$4.8	\$4.0	\$4.5	\$5.4	\$5.9
÷ Sales	\$30.3	\$33.5	\$35.5	\$30.0	\$32.4	\$36.5	\$37.7
Segment Profit Margin %	13.1%	13.6%	13.5%	13.3%	13.9%	14.7%	15.6%
Operating Income	\$3.3	\$3.9	\$0.3	\$2.4	\$3.0	\$2.6	\$4.2
÷ Sales	\$30.3	\$33.5	\$35.5	\$30.0	\$32.4	\$36.5	\$37.7
Operating Income Margin %	10.9%	11.6%	0.8%	7.9%	9.3%	7.0%	11.0%
Operating Income Excluding Pension Mark-to-Market Adjustment	\$3.3	\$3.9	\$3.6	\$3.1	\$3.5	\$4.4	\$5.1
÷ Sales	\$30.3	\$33.5	\$35.5	\$30.0	\$32.4	\$36.5	\$37.7
Operating Income Margin Excluding Pension Mark-to-Market Adjustment	11.0%	11.5%	10.1%	10.4%	10.8%	12.0%	13.6%

(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 (beginning 1/1/2008).

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

	2003 ⁽¹⁾	2004 ⁽²⁾	2005 ⁽³⁾
EPS, Previously Reported	\$1.50	\$1.45	\$1.92
Effect of Pension Accounting Change	(0.11)	0.22	0.29
EPS	\$1.39	\$1.67	\$2.21
Pension Mark-To-Market Adjustment	0.12	0.07	0.03
EPS, Excluding Pension Mark-to-Market Adjustment	\$1.51	\$1.74	\$2.24

(1) Utilizes weighted average shares outstanding and the effective tax rate for the period. Mark-to-market uses a blended tax rate of 33.5% 2003.

(2) Utilizes weighted average shares outstanding and the effective tax rate for the period. Mark-to-market uses a blended tax rate of 30.0% 2004.

(3) Utilizes weighted average shares outstanding and the effective tax rate for the period. Mark-to-market uses a blended tax rate of 32.3% 2005.

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

	<u>2006</u> ⁽¹⁾	<u>2007</u> ⁽²⁾	<u>2008</u> ⁽³⁾	<u>2009</u> ⁽⁴⁾	<u>2010</u> ⁽⁵⁾	<u>2011</u> ⁽⁶⁾	<u>2012</u> ⁽⁷⁾
EPS	\$2.77	\$3.35	\$1.08	\$2.05	\$2.59	\$2.61	\$3.69
Pension Mark-To-Market Adjustment	0.02	0.01	2.74	0.64	0.41	1.44	0.79
EPS, Excluding Pension Mark-to-Market Adjustment	<u>\$2.79</u>	<u>\$3.36</u>	<u>\$3.82</u>	<u>\$2.69</u>	<u>\$3.00</u>	<u>\$4.05</u>	<u>\$4.48</u>

(1) Utilizes weighted average shares outstanding and the effective tax rate for the period. Mark-to-market uses a blended tax rate of 28.6% 2006.

(2) Utilizes weighted average shares outstanding and the effective tax rate for the period. Mark-to-market uses a blended tax rate of 30.8% 2007.

(3) Utilizes weighted average shares outstanding and the effective tax rate for the period. Mark-to-market uses a blended tax rate of 38.2% 2008.

(4) Utilizes weighted average shares outstanding and the effective tax rate for the period. Mark-to-market uses a blended tax rate of 34.4% 2009.

(5) Utilizes weighted average shares outstanding and the effective tax rate for the period. Mark-to-market uses a blended tax rate of 32.3% 2010.

(6) Utilizes weighted average shares outstanding and the effective tax rate for the period. Mark-to-market uses a blended tax rate of 36.9% 2011.

(7) Utilizes weighted average shares outstanding and the effective tax rate for the period. Mark-to-market uses a blended tax rate of 35.0% 2012.

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

Honeywell

(\$B)	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Cash Provided by Operating Activities	\$2.2	\$2.3	\$2.4	\$3.2	\$3.9
Expenditures for Property, Plant and Equipment	(0.7)	(0.7)	(0.6)	(0.7)	(0.8)
Free Cash Flow	\$1.5	\$1.6	\$1.8	\$2.5	\$3.1
Cash Pension Contributions	0.7	0.0	0.1	0.2	0.2
Free Cash Flow, Prior to Cash Pension Contributions	<u>\$2.2</u>	<u>\$1.6</u>	<u>\$1.9</u>	<u>\$2.7</u>	<u>\$3.3</u>
Net Income Attributable to Honeywell	\$1.2	\$1.4	\$1.9	\$2.3	\$2.6
Pension Mark-to-Market Adjustment, net of tax ⁽¹⁾	0.1	0.1	0.0	0.0	0.0
Net Income Attributable to Honeywell Excluding Pension Mark-to-Market Adjustment	<u>\$1.3</u>	<u>\$1.5</u>	<u>\$1.9</u>	<u>\$2.3</u>	<u>\$2.6</u>
Cash Provided by Operating Activities	\$2.2	\$2.3	\$2.4	\$3.2	\$3.9
÷ Net Income Attributable to Honeywell	1.2	\$1.4	\$1.9	\$2.3	\$2.6
Operating Cash Flow Conversion %	<u>183%</u>	<u>156%</u>	<u>129%</u>	<u>140%</u>	<u>151%</u>
Free Cash Flow, Prior to Cash Pension Contributions	\$2.2	\$1.6	\$1.9	\$2.7	\$3.3
÷ Net Income Attributable to Honeywell Excluding Pension Mark-to-Market Adjustment	\$1.3	\$1.5	\$1.9	\$2.3	\$2.6
Free Cash Flow Conversion %	<u>170%</u>	<u>113%</u>	<u>96%</u>	<u>120%</u>	<u>129%</u>

(1) Mark-to-market uses a blended tax rate of 33.5%, 30.0%, 32.3%, 28.6%, 30.8% 2003 through 2007, respectively.

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

Honeywell

(\$B)	<u>2008</u>
Cash Provided by Operating Activities	\$3.8
Expenditures for Property, Plant and Equipment	<u>(0.9)</u>
Free Cash Flow	\$2.9
Cash taxes relating to the sale of the Consumables Solutions business	<u>0.2</u>
Free cash flow excluding cash taxes relating to the sale of the Consumables Solutions business	\$3.1
Cash Pension Contributions	<u>0.1</u>
Free Cash Flow, Prior to Cash Pension Contributions	<u><u>\$3.2</u></u>
Net Income Attributable to Honeywell	\$0.8
Pension Mark-to-Market Adjustment, net of tax ⁽¹⁾	<u>2.0</u>
Net Income Attributable to Honeywell Excluding Pension Mark-to-Market Adjustment	<u><u>\$2.8</u></u>
Cash Provided by Operating Activities	\$3.8
÷ Net Income Attributable to Honeywell	<u>\$0.8</u>
Operating Cash Flow Conversion %	<u><u>470%</u></u>
Free Cash Flow, Prior to Cash Pension Contributions	\$3.2
÷ Net Income Attributable to Honeywell Excluding Pension Mark-to-Market Adjustment	<u>\$2.8</u>
Free Cash Flow Conversion %	<u><u>110%</u></u>

(1) Mark-to-market uses a blended tax rate of 38.2% for 2008.

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

Honeywell

(\$B)	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Cash Provided by Operating Activities	\$3.9	\$4.2	\$2.8	\$3.5
Expenditures for Property, Plant and Equipment	(0.6)	(0.6)	(0.8)	(0.9)
Free Cash Flow	\$3.3	\$3.6	\$2.0	\$2.6
Cash Pension Contributions	0.3	0.6	1.8	1.1
Free Cash Flow, Prior to Cash Pension Contributions	<u>\$3.6</u>	<u>\$4.2</u>	<u>\$3.8</u>	<u>\$3.7</u>
Net Income Attributable to Honeywell	\$1.5	\$2.0	\$2.1	\$2.9
Pension Mark-to-Market Adjustment, net of tax ⁽¹⁾	0.5	0.3	1.1	0.6
Net Income Attributable to Honeywell Excluding Pension Mark-to-Market Adjustment	<u>\$2.0</u>	<u>\$2.3</u>	<u>\$3.2</u>	<u>\$3.5</u>
Cash Provided by Operating Activities	\$3.9	\$4.2	\$2.8	\$3.5
÷ Net Income Attributable to Honeywell	\$1.5	\$2.0	\$2.1	\$2.9
Operating Cash Flow Conversion %	<u>255%</u>	<u>208%</u>	<u>137%</u>	<u>120%</u>
Free Cash Flow, Prior to Cash Pension Contributions	\$3.6	\$4.2	\$3.8	\$3.7
÷ Net Income Attributable to Honeywell Excluding Pension Mark-to-Market Adjustment	\$2.0	\$2.3	\$3.2	\$3.5
Free Cash Flow Conversion %	<u>177%</u>	<u>180%</u>	<u>118%</u>	<u>103%</u>

(1) Mark-to-market uses a blended tax rate of 34.4%, 32.3%, 36.9% and 35.0% for 2009 through 2012, respectively.

Discontinued Operations Reconciliation

Honeywell

(\$B)	2003	2004	2005	2006
Sales - Total Honeywell	\$23.1	\$25.6	\$27.7	\$31.4
Sales - CPG	1.0	\$1.1	\$1.2	1.1
Sales - Continuing Operations	\$22.1	\$24.5	\$26.5	\$30.3