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.
Key Messages

• HON Has Outperformed
  - Top Tier Execution Evident In Results
  - Exceptional Shareholder Return

• We Will Continue To Outperform
  - Effective Business Model
  - Lots Of Runway
  - Restructuring Tailwinds

The Evolution Continues
HON Business Model

One Honeywell Culture

- 5 Initiatives / 12 Behaviors
- Management Resource Review
  - Rigorous Business Review Process
  - DMC Interviews Top 200 Roles
- Trick Is In The Doing
  - The Machinery Needs To Work
- Foundational Tools
  - Six Sigma
  - Cycle Time
  - ERP
- Seed Planting

Portfolio

Applied To

Processes

- Great Positions In Good Industries
- Acquisitions Are Incremental
  - Bolt On Or Consistent Business Model
- Balance
  - Long / Short Cycle
  - Early / Mid / Late Cycle
- Globalization Opportunity

HOS: Honeywell Operating System

VPD: Velocity Product Development

FT: Functional Transformation

OEF: Organizational Effectiveness

Consistent Business Model That Applies Effectively To Every Honeywell Business ... And Generates Results
The Trick Is In The Doing…

Growing Sales
(HON Sales)

Expanding Margins
(HON Segment Margins)

Returning Value
(Total Shareholder Return)

Deliver Exceptional Value For The Customer
Stay Focused On Cost
Value To Shareholders

... And Reflected In The Results
Growth vs. Peers

Sales

Op Margin*

EPS*

Peers: UTX, DHR, EMR, MMM

* HON Proforma, Excludes Pension Mark-to-Market Adjustment
Accelerating Growth

2001 to 2004*

(Index, YoY Growth)

2004 to 2012

Rebuilding HON Foundation

Transformed Business: Growing Faster Than End Markets

* Includes CPG

Honeywell Growth Trajectory Fundamentally Changed
Great Positions In Good Industries (GPGI)

Great Positions

- Differentiate With Technology
  - … But Not In Rapidly Changing Markets

- Highly Defensible Positions
  - Specialized Technology And Resources
  - Brand And Channel Strength

- Avoid Government Subsidy
  - Business Merits Must Stand On Their Own

- Opportunistic Bolt-On M&A
  - Acquire In Areas We Know / Understand
  - Disciplined Acquisition Process
  - No Must Haves

Enable Us To Grow Sales Faster Than The End Markets We Serve

Good Industries

- Globalization
- Safety & Security
- Energy Efficiency
- Energy Generation
- Customer Productivity

Strong End Markets That Provide A Tailwind For Growth

Tailwind For Growth
GPGL: Good Industries Positioned For Growth

Diversity Of Opportunity ... In Great Spaces
Honeywell

Cycle Alignment

(Sales, YoY)

Outlook Assumes Continued Slow Growth Economy
Global Expansion

HON HGR Sales

HON Sales

- **HGR** ~9%
- Other Developed ~32%
- U.S. ~59%

2003 | 2012
---|---
$22.1B | $37.7B

**Total HON CAGR**

+6%

- HGR 21%
- Other Developed 33%
- U.S. 46%

**Macro Tailwinds**

(Real GDP Growth, Base 2012 World GDP Of ~$55T)

- **HGR** ~60%
- Other Developed ~20%
- U.S. ~20%

2013 - 2023

**HGR’s Driving 60% Of GDP Increase Over The Next 10 Yrs**

- Over 50% HGR GDP Expansion From China & India
- Expanding HGR Middle Class
- Increasing Demand For Tech
- Local Competitors Globalizing

**Still Strong Spending Power, But Less Growth**

Source: Global Insight

Non-U.S. Sales Up From 41 To 54%

75% Of World GDP Outside U.S.

HGR Opportunity Tailwind For Growth
Innovation Culture

Aerospace
- Mechanical Components
- Satcom/Connectivity Solutions

Automation and Control Solutions
- Connected Home, Smart Wi-Fi Thermostats, Attune Advisory Service
- Experion Collaboration Station

Performance Materials and Technologies
- Gas-to-Chemicals And Heavy Crude Upgrading Technologies
- Solstice™ LGWP Refrigerants And Blowing Agents

Transportation Systems
- Ball Bearing Turbochargers
- Air Bearing Technology

Lots Of New Products ➤ Faster Growth ➤ Higher Margins
Managing Costs

Focus Areas

- **Engage Suppliers**
  - Focus On Supplier Quality And Development
  - Outsource Non-Strategic Spend
  - Partnering To Improve Supplier Performance
  - Expand Sourcing In Emerging Markets

- **Manage Consumption And Census**
  - Value Engineering Devoted To Driving Projects That Reduce Cost
  - Mitigate Commodity Exposure Through Alternative Materials, Pass Through Pricing, Hedging
  - OEF Focus: Growing Sales While Holding Fixed Costs Flat

<table>
<thead>
<tr>
<th>Focus Areas</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Engage Suppliers</strong></td>
<td></td>
</tr>
<tr>
<td>- Focus On Supplier Quality And Development</td>
<td></td>
</tr>
<tr>
<td>- Outsource Non-Strategic Spend</td>
<td></td>
</tr>
<tr>
<td>- Partnering To Improve Supplier Performance</td>
<td></td>
</tr>
<tr>
<td>- Expand Sourcing In Emerging Markets</td>
<td></td>
</tr>
<tr>
<td><strong>Manage Consumption And Census</strong></td>
<td></td>
</tr>
<tr>
<td>- Value Engineering Devoted To Driving Projects That Reduce Cost</td>
<td></td>
</tr>
<tr>
<td>- Mitigate Commodity Exposure Through Alternative Materials, Pass Through Pricing, Hedging</td>
<td></td>
</tr>
<tr>
<td>- OEF Focus: Growing Sales While Holding Fixed Costs Flat</td>
<td></td>
</tr>
</tbody>
</table>

Disciplined Cost Management Helping Improve Margins
**Census**

**Developed Markets**

(Index, YoY Growth)

Sales
- 2003: 80
- 2006: 130
- 2009: 180
- 2012: 230

Census
- 2003: 100
- 2006: 148
- 2009: 192
- 2012: 248

Driving Productivity Through FT / OEF

**High Growth Regions**

Sales
- 2003: 80
- 2006: 130
- 2009: 180
- 2012: 230

Census
- 2003: 100
- 2006: 251
- 2009: 301
- 2012: 395

Leveraging Established Support Base

"Beach Head" Established, Incremental Adds Primarily Customer Facing

**Note:** 2003 To 2009 Census Includes CPG

**HON Sales Up Over 3x Census Since 2003**
Organizational Alignment

Effective Leadership

- One HON Performance Culture
  - Common Processes And Tools
  - Getting The Fundamentals Right
  - Goal Deployment By Year End, Reviews By Mar 31
  - Salary and Bonus Differentiation Curves

- Limited Reorganizations
  - Minimizing Disruption To The Business

- Strong Cross SBG Linkages
  - “Glue-Building” Through Functional Councils, Senior Leadership Meeting, Process Enablers, Global Town Halls, And Awards

- Effective Succession Planning
  - Management Resource Review (MRR) Three Times Annually For Top 200 Leaders
  - CEO / HR Leader Interview Final Candidate For Top 200 Roles

Organized The Right Way

- EPS* +197%
- Seg Profit +150%
- Sales +71%
- ICP Spend +13%
- Leadership Census (6%)

* Proforma Excludes Pension Mark-to-Market Adjustment

Optimizing Leadership Impact
Driving Productivity

**Honeywell Operating System**

**Quicker Deployments**
- Launch To Bronze:
  - 2007: 34
  - 2012: 15
- Bronze To Silver:
  - 2008: 26
  - 2012: 14

**Honeywell Operating System (HOS)**
- Months:
  - Bronze To Silver implemented:
    - ~10x

**More Ideas**
- Improvement Ideas Implemented:
  - ~10x

**HON Silver Site Example**
- Cumulative Productivity, $M:
  - Bronze Cert:
    - Yr 1: 0
    - Yr 2: 2
    - Yr 3: 4
    - Yr 4: 6
    - Yr 5: 8
    - Yr 6: 10
    - Yr 7: 12
  - Silver Cert:
    - Yr 1: 0
    - Yr 2: 6
    - Yr 3: 10
    - Yr 4: 14
    - Yr 5: 18
    - Yr 6: 22
    - Yr 7: 26
  - Silver:
    - Yr 1: 0
    - Yr 2: 12
    - Yr 3: 20
    - Yr 4: 28
    - Yr 5: 36
    - Yr 6: 44
    - Yr 7: 52
  - Bronze:
    - Yr 1: 0
    - Yr 2: 6
    - Yr 3: 12
    - Yr 4: 18
    - Yr 5: 24
    - Yr 6: 30
    - Yr 7: 36
  - FSD:
    - Yr 1: 0
    - Yr 2: 6
    - Yr 3: 12
    - Yr 4: 18
    - Yr 5: 24
    - Yr 6: 30
    - Yr 7: 36
  - HOS Start:
    - Yr 1: 0
    - Yr 2: 2
    - Yr 3: 4
    - Yr 4: 6
    - Yr 5: 8
    - Yr 6: 10
    - Yr 7: 12
  - Pre HOS:
    - Yr 1: 0
    - Yr 2: 2
    - Yr 3: 4
    - Yr 4: 6
    - Yr 5: 8
    - Yr 6: 10
    - Yr 7: 12

**Functional Transformation**

**Leveraging Common Systems**
- % Of 2012 Sales On ERP:
  - Aero: ~90%
  - ACS: ~50%
  - PMT: 100%
  - TS: 100%

**Total HON Results**
- FT = HOS Applied To Staff Functions:
  - 2004: 9.5%
  - 2012: 6.2%
  - 2014E: ~5.5%

**Holding Fixed Costs ~Flat, Growing Sales**
Cash Deployment An Opportunity To Differentiate HON

Free Cash Flow* (Free Cash Flow, $B)

$2.2

$3.7

2003

2013E

FCF Conversion Of ~125% Since 2003*

Balanced Cash Deployment

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

* Free Cash Flow, FCF Conversion Prior to Any NARCO Related Payments and Cash Pension Contributions
### 2013 End Market Trends

#### Honeywell Outperforming Key End Markets

<table>
<thead>
<tr>
<th>Category</th>
<th>Trend</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial AM</td>
<td>Up Low SD</td>
<td>Growth Moderating, Difficult Comps</td>
</tr>
<tr>
<td>Commercial OE</td>
<td>Up Mid SD</td>
<td>Production Ramp-ups; Difficult Comps 1H13</td>
</tr>
<tr>
<td>Defense &amp; Space</td>
<td>Down (~3-4%)</td>
<td>Sequestration</td>
</tr>
<tr>
<td>Energy, Safety, and Security</td>
<td>Up Low SD</td>
<td>Res / Non-Res Modest Improvement</td>
</tr>
<tr>
<td>Process Solutions</td>
<td>Up Low SD</td>
<td>Backlog Conversion, Project Delays</td>
</tr>
<tr>
<td>Building Solutions, And Dist.</td>
<td>Up Low SD</td>
<td>Challenging Investment Environment</td>
</tr>
<tr>
<td>Advanced Materials</td>
<td>Up Low SD</td>
<td>Easier 2H Comps</td>
</tr>
<tr>
<td>UOP</td>
<td>Up ~10%</td>
<td>Continuing To Build Backlog</td>
</tr>
<tr>
<td>Passenger Vehicles</td>
<td>~Flat To Up Slightly</td>
<td>EU Signs Of Stabilization; 2H Comps Improve</td>
</tr>
<tr>
<td>Commercial Vehicles</td>
<td>~Flat To Up Slightly</td>
<td>Global Launches; 2H China Improvement</td>
</tr>
</tbody>
</table>

*Note: Organic Sales Change*
### 2013 Financial Guidance Summary

($B except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013E</th>
<th>V%</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>$37.7</td>
<td>$38.8 - 39.3</td>
<td>3 - 4%</td>
<td>Organic Up 1 - 2%</td>
</tr>
<tr>
<td><strong>Segment Profit</strong></td>
<td>$5.9</td>
<td>$6.2 - 6.4</td>
<td>5 - 8%</td>
<td></td>
</tr>
<tr>
<td><strong>Segment Margin</strong></td>
<td>15.6%</td>
<td>15.9 - 16.2%</td>
<td>30 - 60 bps</td>
<td>Up 50 - 80 bps Ex-Acquisitions</td>
</tr>
<tr>
<td><strong>Net Income¹</strong></td>
<td>$3.5</td>
<td>$3.8 - 4.0</td>
<td>8 - 12%</td>
<td></td>
</tr>
<tr>
<td><strong>EPS¹</strong></td>
<td>$4.48</td>
<td>$4.80 - 4.95</td>
<td>7 - 11%</td>
<td></td>
</tr>
<tr>
<td><strong>Free Cash Flow²</strong></td>
<td>$3.7</td>
<td>~$3.7</td>
<td>~ Flat</td>
<td>Capex Investment</td>
</tr>
</tbody>
</table>

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

### Planning Assumptions

- **Aero** - Commercial AM Improvement Expected In 2H; D&S Down (3)-(4)%
- **ACS** - Modest Growth In ESS; HPS/BSD Slow Growth In 2H
- **PMT** - Adv. Materials Improvement In 2H; UOP Mix Impact 2H
- **TS** - Weak Europe; New Launches Ramping And Easier Comps 2H
- **HON** - Continued Strong Sales Conversion / Productivity / Seed Planting

### Confident In 2013 Outlook
On Track To 2014 Targets Despite Macro Headwinds

**Long Term Outlook Update**

**Sales**

- **($B)**
- **6 - 8% CAGR**
- **$3.0B of Headwinds**
  - Lower Global Growth
    - GDP of ~3.2% vs. 3.5% planning assumption
  - Unfavorable FX
    - Euro of ~1.30 vs. 1.35 Planning Assumption
- **$0.5B of Tailwinds**
  - Acquisitions
    - M&A Ahead Of Plan

**Segment Margin**

- **300 - 500 Bps**
- **~50 Bps of Headwinds**
  - Lower Global Growth
    - Limiting Volume Leverage
  - Acquisitions
    - Working On Execution Of Acquisition Integration Savings

- **2009**
  - Sales: $30.0
  - Segment Margin: 13.3%
- **2013E**
  - Sales: $38.8
  - Segment Margin: 16.2%
- **2014T**
  - Sales: $41.0
  - Segment Margin: 16.0%
  - **15.9 Bps**
  - **16.2%**
  - **16.0%**

- **2009**
  - Sales: $30.0
  - Segment Margin: 13.3%
- **2013E**
  - Sales: $38.8
  - Segment Margin: 16.2%
- **2014T**
  - Sales: $41.0
  - Segment Margin: 18.0%
# HON Growth Drivers: Next 5 Years

<table>
<thead>
<tr>
<th>Business</th>
<th>Incremental Opportunity</th>
<th>Key Growth Drivers</th>
</tr>
</thead>
</table>
| Aero     | ~$3B                    | • Winning On The Right Platforms  
          |                         | • Leveraging Connectivity Offerings Across Product Lines  
          |                         | • Differentiating With Unique Mech. / Elec. Integration |
| ACS      | ~$4.5B                  | • Increased High Growth Region Penetration  
          |                         | • Strong Pipeline Of New Product Introductions  
          |                         | • Differentiating As Leading Player In Fragmented Mkts |
| PMT      | ~$2.5B                  | • Robust UOP Backlog, High ROI Capex Deployment  
          |                         | • New HFO Applications And Expanded Adoption  
          |                         | • Differentiating Through Step Change Innovations |
| TS       | ~$1B                    | • Increased Turbo Penetration In The U.S. And China  
          |                         | • Winning An Outsized Portion Of Available Opportunities  
          |                         | • Differentiating With Technology Leadership |

**Over $11B In High Margin Sales On The Horizon**
## Evolution Of Honeywell... Continues

### Consistent Business Model

- **Foundation Of Execution**
  - Focus On Basics → Go Slow To Go Fast
  - Make Sure The Machinery Works
  - Do What We Say We’re Going To Do
  - Achieve Two Seemingly Conflicting Things
  - Disciplined M&A
  - Trick Is In The Doing

- **One Honeywell Culture**
  - Functional Councils
  - Leadership Meetings
  - Common Tools And Enablers
  - Global Town Halls And Awards

### Evolving Growth Strategy

- **Great Positions In Good Industries**
  - Diversity Of Opportunity
  - Adjacent, Bolt-On Acquisitions
  - Penetrating High Growth Regions

- **Continuous Innovation**
  - Differentiated Offerings That Are Valued
  - Right Products On Time, Every Time

- **Restructuring Tailwind**
  - Full Pipeline Of Projects

- **Robust Future**
  - Seed Planting, Look Beyond This Quarter
  - Big Process Enablers - Critical Mass

### Getting The Fundamentals Right

**Constantly Evaluating / Improving Growth Strategy**

**Investing In Innovation, Consistent Execution**
Why HON Will Outperform

• A Terrific Portfolio For Growth
  - Great Positions In Good Industries = Growing Sales Faster Than Market, Peers

• One Honeywell Culture Working Well
  - Continue Top Tier Execution

• Improved Internal Processes Driving Margin Expansion
  - Tools / Enablers Evolving, Now Moving Fast

• Lots Of Runway For Future Growth
  - The More We Do, The More Opportunity We Uncover

Well Positioned To Deliver 2013, 2014 And Beyond
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

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Profit</td>
<td>$2.4</td>
<td>$2.8</td>
<td>$3.2</td>
</tr>
<tr>
<td>Stock Based Compensation (1)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Repositioning and Other (2, 3)</td>
<td>(0.2)</td>
<td>(0.7)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Pension Ongoing Expense (2)</td>
<td>(0.1)</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Pension Mark-to-Market Adjustment (2)</td>
<td>(0.2)</td>
<td>(0.1)</td>
<td>(0.0)</td>
</tr>
<tr>
<td>OPEB Income (Expense) (2)</td>
<td>(0.2)</td>
<td>(0.2)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$1.7</td>
<td>$1.8</td>
<td>$2.7</td>
</tr>
<tr>
<td>Pension Mark-to-Market Adjustment (2)</td>
<td>(0.2)</td>
<td>(0.1)</td>
<td>(0.0)</td>
</tr>
<tr>
<td>Operating Income Excluding Pension Mark-to-Market Adjustment</td>
<td>$1.9</td>
<td>$1.9</td>
<td>$2.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Profit</td>
<td>$2.4</td>
<td>$2.8</td>
<td>$3.2</td>
</tr>
<tr>
<td>+ Sales</td>
<td>$22.1</td>
<td>$24.5</td>
<td>$26.5</td>
</tr>
<tr>
<td>Segment Profit Margin %</td>
<td>10.6%</td>
<td>11.4%</td>
<td>12.2%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$1.7</td>
<td>$1.8</td>
<td>$2.7</td>
</tr>
<tr>
<td>+ Sales</td>
<td>$22.1</td>
<td>$24.5</td>
<td>$26.5</td>
</tr>
<tr>
<td>Operating Income Margin %</td>
<td>7.9%</td>
<td>7.2%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Operating Income Excluding Pension Mark-to-Market Adjustment</td>
<td>$1.9</td>
<td>$1.9</td>
<td>$2.7</td>
</tr>
<tr>
<td>+ Sales</td>
<td>$22.1</td>
<td>$24.5</td>
<td>$26.5</td>
</tr>
<tr>
<td>Operating Income Margin Excluding Pension Mark-to-Market Adjustment</td>
<td>8.4%</td>
<td>7.6%</td>
<td>10.3%</td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th>($B)</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Profit</td>
<td>$4.0</td>
<td>$4.6</td>
<td>$4.8</td>
<td>$4.0</td>
<td>$4.5</td>
<td>$5.4</td>
</tr>
<tr>
<td>Stock Based Compensation <em>(1)</em></td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>(0.2)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Repositioning and Other <em>(1, 2)</em></td>
<td>(0.5)</td>
<td>(0.5)</td>
<td>(1.1)</td>
<td>(0.5)</td>
<td>(0.6)</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Pension Ongoing Expense <em>(1)</em></td>
<td>0.0</td>
<td>0.1</td>
<td>0.1</td>
<td>(0.3)</td>
<td>(0.2)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Pension Mark-to-Market Adjustment <em>(1)</em></td>
<td>0.0</td>
<td>0.0</td>
<td>(3.3)</td>
<td>(0.7)</td>
<td>(0.5)</td>
<td>(1.8)</td>
</tr>
<tr>
<td>Other Postretirement Income/(Expense) <em>(1)</em></td>
<td>(0.1)</td>
<td>(0.2)</td>
<td>(0.1)</td>
<td>0.0</td>
<td>(0.0)</td>
<td>0.1</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$3.3</td>
<td>$3.9</td>
<td>$0.3</td>
<td>$2.4</td>
<td>$3.0</td>
<td>$2.6</td>
</tr>
<tr>
<td>Pension Mark-to-Market Adjustment <em>(1)</em></td>
<td>$0.0</td>
<td>$0.0</td>
<td>($3.3)</td>
<td>($0.7)</td>
<td>($0.5)</td>
<td>($1.8)</td>
</tr>
<tr>
<td>Operating Income Excluding Pension Mark-to-Market Adjustment</td>
<td>$3.3</td>
<td>$3.9</td>
<td>$3.6</td>
<td>$3.1</td>
<td>$3.5</td>
<td>$4.4</td>
</tr>
</tbody>
</table>

| Segment Profit | + Sales | $30.3 | $33.5 | $35.5 | $30.0 | $32.4 | $36.5 |
| Segment Profit Margin % | 13.1% | 13.6% | 13.5% | 13.3% | 13.9% | 14.7% |

| Operating Income | + Sales | $30.3 | $33.5 | $35.5 | $30.0 | $32.4 | $36.5 |
| Operating Income Margin % | 10.9% | 11.6% | 0.8% | 7.9% | 9.3% | 7.0% |

| Operating Income Excluding Pension Mark-to-Market Adjustment | + Sales | $30.3 | $33.5 | $35.5 | $30.0 | $32.4 | $36.5 |
| Operating Income Margin Excluding Pension Mark-to-Market Adjustment | 11.0% | 11.5% | 10.1% | 10.4% | 10.8% | 12.0% |

*(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 (beginning 1/1/2008).
### 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

<table>
<thead>
<tr>
<th>($M)</th>
<th>2012</th>
<th>2013E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Profit</td>
<td>$5,879</td>
<td>$6,200 - 6,400</td>
</tr>
<tr>
<td>Stock Based Compensation (1)</td>
<td>(170)</td>
<td>~(200)</td>
</tr>
<tr>
<td>Repositioning and Other (1, 2)</td>
<td>(488)</td>
<td>(450) - (500)</td>
</tr>
<tr>
<td>Pension Ongoing (Expense) Income (1)</td>
<td>(36)</td>
<td>~75</td>
</tr>
<tr>
<td>Pension Mark-to-Market Adjustment (1)</td>
<td>(957)</td>
<td>TBD</td>
</tr>
<tr>
<td>OPEB Expense (1)</td>
<td>(72)</td>
<td>~(80)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$4,156</td>
<td>$5,545 - 5,695</td>
</tr>
<tr>
<td>Pension Mark-to-Market Adjustment (1)</td>
<td>(957)</td>
<td>TBD</td>
</tr>
<tr>
<td>Operating Income Excluding Pension Mark-to-Market Adjustment</td>
<td>$5,113</td>
<td>$5,545 - 5,695</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Profit</td>
<td>$5,879</td>
<td>$6,200 - 6,400</td>
</tr>
<tr>
<td>+ Sales</td>
<td>$37,665</td>
<td>$38,800 - 39,300</td>
</tr>
<tr>
<td>Segment Profit Margin %</td>
<td>15.6%</td>
<td>15.9 - 16.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>$4,156</td>
<td>$5,545 - 5,695</td>
</tr>
<tr>
<td>+ Sales</td>
<td>$37,665</td>
<td>$38,800 - 39,300</td>
</tr>
<tr>
<td>Operating Income Margin %</td>
<td>11.0%</td>
<td>14.3 - 14.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income Excluding Pension Mark-to-Market Adjustment</td>
<td>$5,113</td>
<td>$5,545 - 5,695</td>
</tr>
<tr>
<td>+ Sales</td>
<td>$37,665</td>
<td>$38,800 - 39,300</td>
</tr>
<tr>
<td>Operating Income Margin Excluding Pension Mark-to-Market Adjustment</td>
<td>13.6%</td>
<td>14.3 - 14.6%</td>
</tr>
</tbody>
</table>

(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 Adjustment

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

(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

<table>
<thead>
<tr>
<th>Year</th>
<th>EPS</th>
<th>Pension Mark-To-Market Adjustment</th>
<th>EPS, Excluding Pension Mark-to-Market Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$2.77</td>
<td>0.02</td>
<td>$2.79</td>
</tr>
<tr>
<td>2007</td>
<td>$3.35</td>
<td>0.01</td>
<td>$3.36</td>
</tr>
<tr>
<td>2008</td>
<td>$1.08</td>
<td>2.74</td>
<td>$3.82</td>
</tr>
<tr>
<td>2009</td>
<td>$2.05</td>
<td>0.64</td>
<td>$2.69</td>
</tr>
<tr>
<td>2010</td>
<td>$2.59</td>
<td>0.41</td>
<td>$3.00</td>
</tr>
<tr>
<td>2011</td>
<td>$2.61</td>
<td>1.44</td>
<td>$4.05</td>
</tr>
<tr>
<td>2012</td>
<td>$3.69</td>
<td>0.79</td>
<td>$4.48</td>
</tr>
</tbody>
</table>

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

### ($B)

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

(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

### ($B) 2008

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

(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

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Provided by Operating Activities ($B)</td>
<td>$3.9</td>
<td>$4.2</td>
<td>$2.8</td>
<td>$3.5</td>
</tr>
<tr>
<td>Expenditures for Property, Plant and Equipment</td>
<td>(0.6)</td>
<td>(0.6)</td>
<td>(0.8)</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Free Cash Flow ($B)</td>
<td>$3.3</td>
<td>$3.6</td>
<td>$2.0</td>
<td>$2.6</td>
</tr>
<tr>
<td>Cash Pension Contributions</td>
<td>0.3</td>
<td>0.6</td>
<td>1.8</td>
<td>1.1</td>
</tr>
<tr>
<td>Free Cash Flow, Prior to Cash Pension Contributions ($B)</td>
<td>$3.6</td>
<td>$4.2</td>
<td>$3.8</td>
<td>$3.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income Attributable to Honeywell ($B)</td>
<td>$1.5</td>
<td>$2.0</td>
<td>$2.1</td>
<td>$2.9</td>
</tr>
<tr>
<td>Pension Mark-to-Market Adjustment, net of tax (1)</td>
<td>0.5</td>
<td>0.3</td>
<td>1.1</td>
<td>0.6</td>
</tr>
<tr>
<td>Net Income Attributable to Honeywell, Excluding Pension Mark-to-Market Adjustment ($B)</td>
<td>$2.0</td>
<td>$2.3</td>
<td>$3.2</td>
<td>$3.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Provided by Operating Activities ($B)</td>
<td>$3.9</td>
<td>$4.2</td>
<td>$2.8</td>
<td>$3.5</td>
</tr>
<tr>
<td>÷ Net Income Attributable to Honeywell ($B)</td>
<td>$1.5</td>
<td>$2.0</td>
<td>$2.1</td>
<td>$2.9</td>
</tr>
<tr>
<td>Operating Cash Flow Conversion %</td>
<td>255%</td>
<td>208%</td>
<td>137%</td>
<td>120%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Cash Flow, Prior to Cash Pension Contributions ($B)</td>
<td>$3.6</td>
<td>$4.2</td>
<td>$3.8</td>
<td>$3.7</td>
</tr>
<tr>
<td>÷ Net Income Attributable to Honeywell ($B)</td>
<td>$2.0</td>
<td>$2.3</td>
<td>$3.2</td>
<td>$3.5</td>
</tr>
<tr>
<td>Free Cash Flow Conversion %</td>
<td>177%</td>
<td>180%</td>
<td>118%</td>
<td>103%</td>
</tr>
</tbody>
</table>

(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

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales - Total Honeywell</td>
<td>$23.1</td>
<td>$25.6</td>
<td>$27.7</td>
<td>$31.4</td>
</tr>
<tr>
<td>Sales - CPG</td>
<td>1.0</td>
<td>1.1</td>
<td>1.2</td>
<td>1.1</td>
</tr>
<tr>
<td>Sales - Continuing Operations</td>
<td>$22.1</td>
<td>$24.5</td>
<td>$26.5</td>
<td>$30.3</td>
</tr>
</tbody>
</table>
# Supplemental

## HON Business Structure

- **Aero: Aerospace**
  - ATR: Air Transport & Regional
  - BGA: Business & General Aviation
  - D&S: Defense & Space
- **ACS: Automation and Control Solutions**
  - ESS: Energy, Safety & Security
  - HPS: Honeywell Process Solutions
  - BSD: Building Solutions & Distribution
- **PMT: Performance Materials and Technologies**
  - Adv Mat: Advanced Materials
- **TS: Transportation Systems**
  - HTT: Honeywell Turbo Technologies
  - FM: Friction Materials
- **HGR: High Growth Regions**

## HON Business Cycle

- **Early Cycle** (~15% of HON Sales)
  - Sensing & Control (S&C) - ACS
  - Specialty Products (SP) - PMT
  - Electronic Materials (HEM) - PMT
  - Turbo Technologies - TS
  - Friction Materials - TS
- **Mid Cycle** (~50% of HON Sales)
  - Commercial Aftermarket (ATR/BGA) - Aero
  - Environmental & Combustion Controls (ECC) - ACS
  - Life Safety (HLS) - ACS
  - Security (HSG) - ACS
  - Scanning & Mobility (HSM) - ACS
  - Building Solutions (HBS) - ACS
  - Resins & Chemicals (R&C) - PMT
  - Fluorine Products (FP) - PMT
- **Late Cycle** (~35% of HON Sales)
  - Aero OE (ATR/BGA) - Aero
  - Defense & Space (D&S) - Aero
  - Process Solutions (HPS) - ACS
  - UOP - PMT

## Tools / Enablers

- **HOS: Honeywell Operating System**
  - FSD: Full Scale Deployment
- **FT: Functional Transformation**
- **OEF: Organizational Effectiveness**
- **VPD™: Velocity Product Development**