RBC GLOBAL INDUSTRIALS

CARL ESPOSITO
VP, MARKETING & PRODUCT MANAGEMENT
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.
Aerospace Overview

Financials

<table>
<thead>
<tr>
<th>Year</th>
<th>ATR Sales</th>
<th>BGA Sales</th>
<th>D&amp;S Sales</th>
<th>Segment Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$10.7</td>
<td></td>
<td></td>
<td>17.2%</td>
</tr>
<tr>
<td>2011</td>
<td>$11.5</td>
<td></td>
<td></td>
<td>17.6%</td>
</tr>
<tr>
<td>2012</td>
<td>$12.0</td>
<td></td>
<td></td>
<td>18.9%</td>
</tr>
<tr>
<td>2013E</td>
<td>$12.1-12.2</td>
<td></td>
<td></td>
<td>19.6-19.8%</td>
</tr>
</tbody>
</table>

2012 Highlights

- **Large Air Transport Continued Growth**
  - Original Equipment (OE) Growth Strong - 11% Growth
  - Flight Hour Growth Tempered Throughout 2012

- **BGA Market Flat, HON Growing**
  - Growth >20% Despite Flat OE Market
  - Strong BGA Aftermarket Growth Vs. Low Utilization

- **Defense Weathering Modest Declines**
  - HON D&S Down (-3%)
  - Partially Offset By International Growth

Business Split

- ATR OE: 13%
- BGA OE: 8%
- D&S OE US: 18%
- D&S OE Int’l: 4%
- D&S AM US: 15%
- D&S AM Int’l: 5%

Geographic Mix

- United States: 65%
- Europe: 17%
- Asia: 9%
- Other: 9%

Strong 2012, Well Positioned For Future
Aerospace Macro Drivers

**Commercial Flight Hour Growth**

- Air Transport
- Regional
- Total ATR

**Regional Share Of Flight Activity**

- Asia Pac
- EMEA
- Americas

**OE Deliveries**

- ATR
- BGA

**Parked Aircraft**

Planning For A Continued Challenging Macro Environment
## Big Wins – Last 3 Years

<table>
<thead>
<tr>
<th>ATR</th>
<th>BGA</th>
<th>D&amp;S</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$16B</strong></td>
<td>COMAC C919</td>
<td><strong>$1.5B</strong></td>
</tr>
<tr>
<td>$4.0B</td>
<td>$6B Bombardier CL350 HTF 7000 Engine</td>
<td>U.S. Army TIGER</td>
</tr>
<tr>
<td><strong>$2.8B</strong></td>
<td>$3.6B Bombardier TFE Engine</td>
<td><strong>$0.9B</strong></td>
</tr>
<tr>
<td><strong>$2.7B</strong></td>
<td>Unannounced Win Mechanical</td>
<td>U.S. Air DoD</td>
</tr>
<tr>
<td><strong>$1.4B</strong></td>
<td>Unannounced Win Integrated Cockpit</td>
<td>Logistics Services</td>
</tr>
<tr>
<td>~$1B</td>
<td>Unannounced Win Mechanical</td>
<td><strong>$0.7B</strong></td>
</tr>
<tr>
<td><strong>$28B</strong></td>
<td>PC-24 and Other AM &amp; OE Programs</td>
<td>$0.5B</td>
</tr>
<tr>
<td><strong>$19B</strong></td>
<td>... And Many Others</td>
<td>NASA Goddard Space Flight Center</td>
</tr>
<tr>
<td><strong>$15B</strong></td>
<td>... And Many Others</td>
<td>Unannounced Helo Systems</td>
</tr>
<tr>
<td><strong>$0.2B</strong></td>
<td>... And Many Others</td>
<td>U.S. Army AGT1500 Abrams Engine</td>
</tr>
</tbody>
</table>

**Winning Big In All Segments**
### Strong Pipeline Of New High Impact Aircraft

**HONEYWELL’S PLATFORM POSITION**

<table>
<thead>
<tr>
<th>Aircraft</th>
<th>Avionics</th>
<th>Engines</th>
<th>APUs</th>
<th>ECS/CP</th>
<th>Components</th>
<th>Other</th>
<th>Honeywell Value</th>
<th>Competitor Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Embraer 2nd Gen E-Jet</td>
<td></td>
<td>NA</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td></td>
<td>~$3B</td>
<td>&lt;$1B</td>
</tr>
<tr>
<td>Boeing 737 Max</td>
<td></td>
<td>NA</td>
<td></td>
<td></td>
<td>TBD</td>
<td></td>
<td>~$4B</td>
<td>$2B (Displays)</td>
</tr>
<tr>
<td>Airbus A350</td>
<td></td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>~$18B</td>
<td>$6-$9B (Avionics and Components)</td>
</tr>
<tr>
<td>COMAC C919</td>
<td></td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>~$16B</td>
<td>&lt;$16B (Avionics, ECS and Other)</td>
</tr>
<tr>
<td>Gulfstream 650</td>
<td></td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>~$3B</td>
<td>----</td>
</tr>
<tr>
<td>Embraer L500/450</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>~$24B</td>
<td>~$2B (Avionics)</td>
</tr>
<tr>
<td>Bombardier CL350 (Engine), Pilatus PC-24 (Avionics) and 10 Unannounced</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>~$23B</td>
<td>TBD</td>
</tr>
<tr>
<td>Alenia Aermacchi M-346</td>
<td></td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>~1.5B</td>
<td>~$0.5B</td>
</tr>
</tbody>
</table>

**Honeywell Value**

**Competitor Value**

**Broad, Unmatched Wins**
Expansive Portfolio

Crew Interface
- Commercial Crew Interface & Displays
- Commercial Software Products
- Flight Management Systems
- Military Crew Interface
- Navigation Database & RNP Services

Safety & Information Management
- Cabin Mgmt System
- Comm/Nav Radios
- DataLink/Data Mgmt & Recorders
- Long Range Communication
- Ground Proximity
- Radar
- Traffic Surveillance
- Integrated Surveillance
- SATCOM (Mi and Commercial) – Products And Services

Navigation Systems & Sensors
- Commercial Navigation Systems
- Defense & Space Navigation Systems
- Inertial Sensors – Accelerometers
- Inertial Sensors – Gyros
- Non-Inertial Sensors
- Magnetics & Personal Nav Systems
- Precision Landing Systems
- Radiation-Hardened Components
- Space Navigation
- Tactical Navigation Grade Systems

Propulsion
- AGT1500
- ALF502/LF507
- CFE738
- F124/F125
- HTF7000
- HTS900
- LTS101
- T55
- TFE731
- TPE331

Platform Systems / High Integrity Controls
- Integrated Avionics System
- Real-time Information In A Tactical Environment (RITE)
- Space Systems
- Electronic Eng Controls
- Flight Controls
- Space Pointing & Stabilization

Aero Services
- Vibration Monitoring/HUMS
- Zing™ Remote
- Maintenance Services Incl PBL
- Flight Support Services
- Logistics
- Physical And Cyber Security
- Technical Services
- Health, IT

Mechanical Sub Systems
- Air & Thermal Systems
- Auxiliary Power Units
- Electric Power
- EM Actuation
- Valves And Electro-Hydraulics

Mechanical Components
- Wheels & Brakes
- Lighting

Solutions Focused On Safety, Cost, And Efficiency
Large Installed Base Upgrade Opportunity

Market Needs Create Upgrade Opportunities

<table>
<thead>
<tr>
<th>Efficiency</th>
<th>Safety</th>
<th>Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved Aircraft Routing</td>
<td>Improved Situational Awareness</td>
<td>Increased Dispatch Rate</td>
</tr>
<tr>
<td>Avoid Inclement Weather</td>
<td>Avoid Runway Excursions And Incursions</td>
<td>Reduction In Delays &amp; Cancellations</td>
</tr>
<tr>
<td>Reduced Fuel Burn</td>
<td>Incorporate Mandates</td>
<td>Enhanced Passenger Productivity</td>
</tr>
</tbody>
</table>

Driving Upgrade Growth

Growth % From 2008 Base

Upgrade Growth Trend (17% CAGR)

> $700M Short-Cycle Sales Target In 2013
Managing Current Defense Landscape

U.S. DoD Baseline Budget

FY12 Presidential Budget Request
FY13 Presidential Budget Request
Full Sequestration / HON Planning

Reference Point For Savings
$486B In DoD Cuts
$975B In DoD Cuts

HON Impact

2.0
3.0
4.0
5.0
6.0

2012-2014 CAGR (2%)
2014-2017 CAGR ~3%

Full Sequestration Scenario Built In To Forecast

Full Sequestration Impact To 2013, Covered By Contingency
D&S Growth Opportunities

Retrofits / Modifications / Upgrades
- **Capability**: Propulsion, SATCOM, Navigation
- **Productivity**: Condition Based Maintenance
- **Life Extension**: Navigation, Displays
- **Safety**: Terrain Avoidance, Weather Radar

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAGR</td>
<td></td>
<td>5.1%</td>
<td>7.6%</td>
<td>4.9%</td>
<td>1.2%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**International**
- **People**: In Region/Country Addressing Local Needs
- **Channels**: OEM/Commands/Partners
- **Products**: Significant Refresh Opportunities

International Defense Budget Growing

Focused On Safety, Efficiency, And Productivity

HON Well Positioned Despite DoD Spending Cuts
Aerospace Structure

- **3 Customer Facing Organizations**
  - Single Point Of Contact For Customer
  - Aligned With Market Verticals

- **Integrated Product Roadmaps Owned By M&PM**
  - 84 Product Lines, 10 Product Families

- **Proactive Cost Management**
  - Aggressive Indirect Cost Reduction Since 2010

- **Shared Support Structure**
  - Engineering Resources Shared Across Projects, Businesses
  - Single Supply Chain Drives Sourcing And Mfg Efficiencies
  - Centralized Back-Office Functions (Finance, IT, HR)
  - Common Systems (SAP) Support Structure

**Matrix Organization Provides Flexibility**
HOS: 2012 Performance

Quality

(Defects, PPM)

<table>
<thead>
<tr>
<th>Full Scale Deployment</th>
<th>Bronze</th>
<th>Silver</th>
</tr>
</thead>
</table>

63% Improvement

Inventory

(Days Of Supply)

<table>
<thead>
<tr>
<th>Full Scale Deployment</th>
<th>Bronze</th>
<th>Silver</th>
</tr>
</thead>
</table>

28% Improvement

Delivery

(OTTR)

<table>
<thead>
<tr>
<th>Full Scale Deployment</th>
<th>Bronze</th>
<th>Silver</th>
</tr>
</thead>
</table>

+15 pt Improvement

Productivity

(Net Productivity %)

<table>
<thead>
<tr>
<th>Full Scale Deployment</th>
<th>Bronze</th>
<th>Silver</th>
</tr>
</thead>
</table>

+100 bps Improvement

HOS Delivering Results And Sustaining Our Future
## HON Growth Drivers

<table>
<thead>
<tr>
<th>Business</th>
<th>Recent Wins*</th>
<th>Key Growth Drivers</th>
</tr>
</thead>
</table>
| **Commercial OE Wins**| ~$18B        | • **Winning On The Right Platforms**  
  - Uniquely Broad Mechanical And Electrical Portfolio  
  - New Developing Market (HGR) Platforms  
  - Upgrades To Large Installed Base |
| **Components**        | ~$4B         | • **Differentiated Products and Technologies**  
  - Reducing Fuel Consumption  
  - Shift From Pneumatics / Hydraulics To Electro-Mechanical  
  - More Precise, Lower Size, Lower Weight Sensors |
| **Connectivity**      | ~$3B         | • **Capitalizing on EMS Acquisition and Technology**  
  - Exclusive Inmarsat/GX Aviation Partnership  
  - Leading Broadband To Aircraft Evolution |
| **International Defense** | ~$1B        | • **International Defense Budgets Growing**  
  - Historically Underserved  
  - History Of Wins: Israeli M-346 Trainer F124 Engine  
  - > $200M in Unannounced International RMU Wins |

*Lifetime Value*

**>$25B In High Margin Recent Wins → Future Growth**
Summary

• Delivering Strong Results And More To Come
  - Investing In Differentiated Products And Technologies
  - Driving Efficiency, Productivity, And Transparency

• Growing On The Right Platforms; Well-Positioned In New Areas
  - Unique Combination Of Mechanical And Electrical Offerings
  - Connectivity, EGTS, SmartLanding / SmartRunway, Mech Components

• Organizational Structure And Capability Working Well
  - More Efficient Cost Structure, Higher Incremental Margins
  - Enablers Reaching Critical Mass → More Margin Expansion Runway