

# GABELLI AIRCRAFT SUPPLIERS CONFERENCE

**MIKE OWENS**

VP, AERO INTEGRATED SUPPLY CHAIN

**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.*

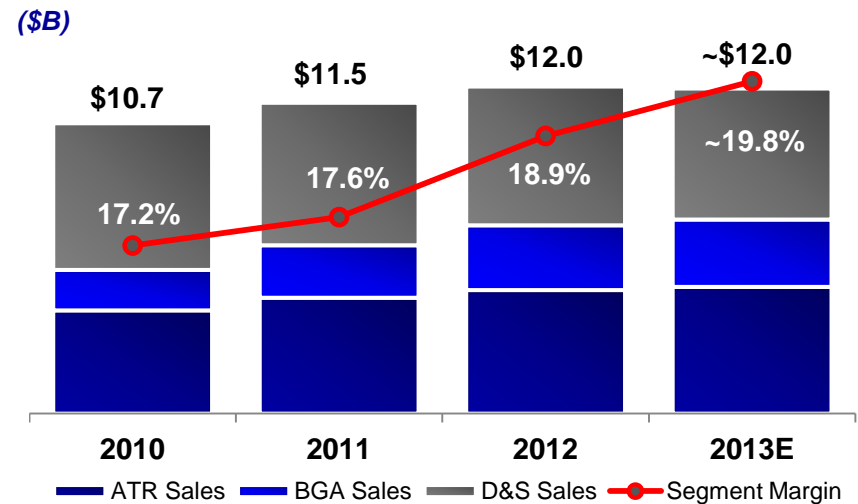
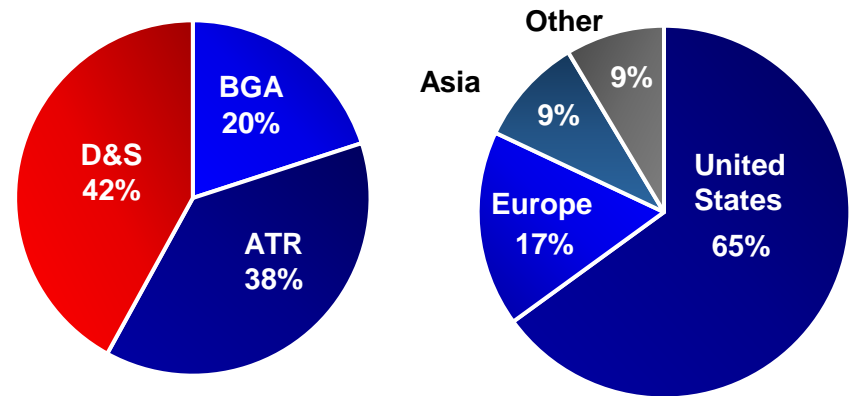
# Business Overview

## Honeywell Overview

(2012 Sales)



## Aerospace Financials

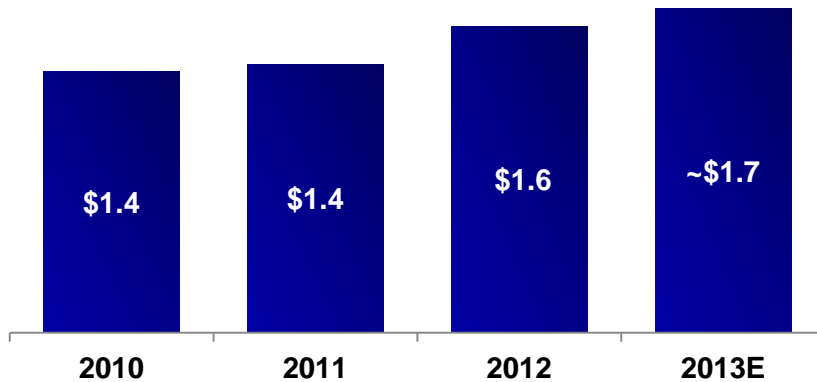


*Demonstrated Growth And Margin Expansion*

# Air Transport & Regional

## ATR OE

(Sales, \$B)



Well Positioned On Growing Fleets

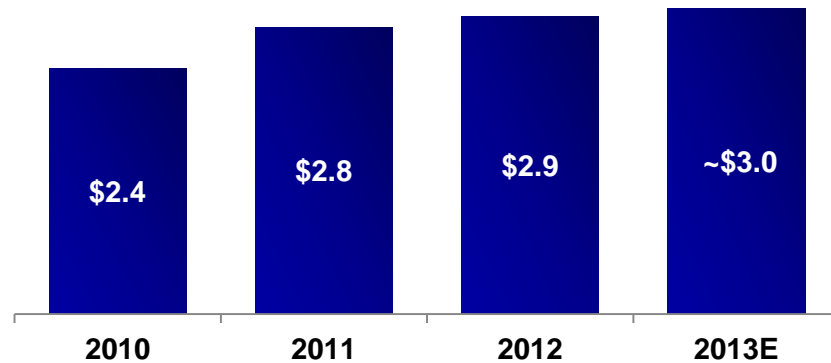
- Production Rates Rising On Key HON Platforms (737, 777, A380)
- A350 EIS 2014
- \$2.5B+ Airline Wins Annually

Maintaining Strong Win Rates

- A320 NEO, 737 Max, E2 E-Jet
- HGR Mix Expanding – Up 20 Pts
- Continued Demand For Services

## ATR Aftermarket

(Sales, \$B)



Expanded Scope of Offerings

- Safety And Efficiency Upgrades
- Cabin Connectivity
- Integrated Electric Taxi System

Global Flight Hours Expanding

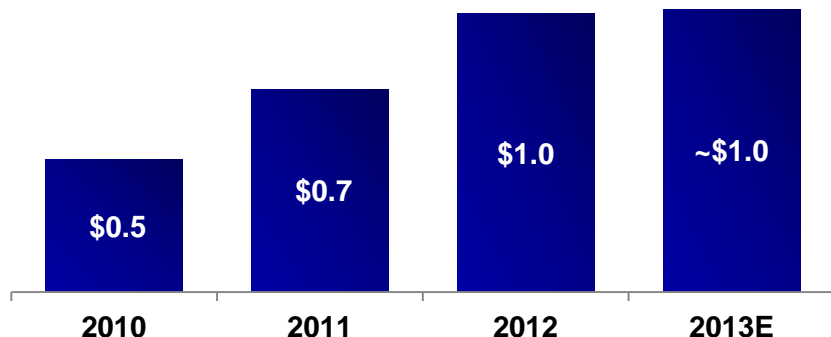
- Growth Supported By Record Production Rates
- Driven By Emerging High Growth Regions

*Strong Win Rates Fuel Continued Growth*

# Business & General Aviation

## BGA OE

(Sales, \$B)



Well Positioned On Growing Fleets

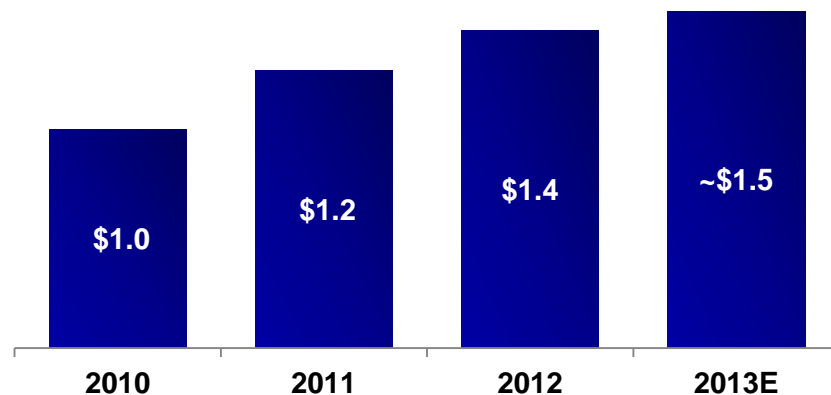
- High HON Content On High Growth Platforms
- G650, G280 EIS 2012
- Falcon 2000S, Legacy 450/500 '13/14

Maintaining Strong Win Rates

- Unannounced HTF 7000 Engine
- TFE 731-40 Engine (BMB LJ 70-75)
- Mechanical Subsystems (Gulfstream)

## BGA Aftermarket

(Sales, \$B)



Expanded Scope Of Offerings

- Broad Upgrade Pipeline Enhancing Growth
- Cabin Connectivity
- Mechanical Services Venues

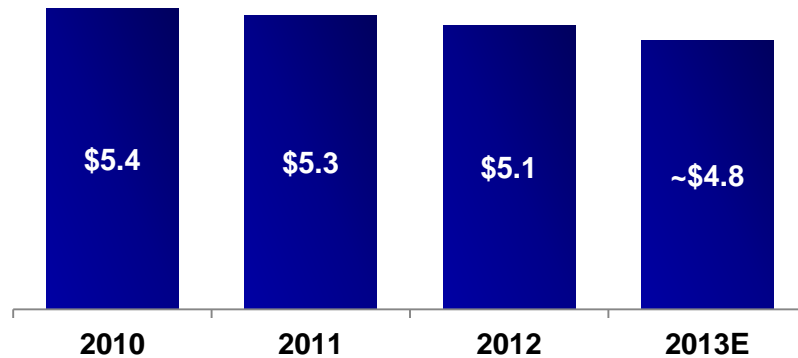
Sales Growth Outpacing Utilization

- RMU On Highest Value / Growth Programs
- Growth Opportunities In Avionics Services
- HTF Strong Growth In Flight Hours

*Picking The Winners In The Marketplace*

## Sales

(\$B)



### Aligning Resources To Achieve Growth

- Over \$1.5B International Growth Last 24 Months
- ~25% Of Sales Outside U.S.
- Commercial Helo Demand Accelerating

### Expanded Scope Of Offerings

- >40% Products Commercially Priced
- Broad-Based Service Offerings
- Leader In PBL / Incentive-Based Maintenance Models

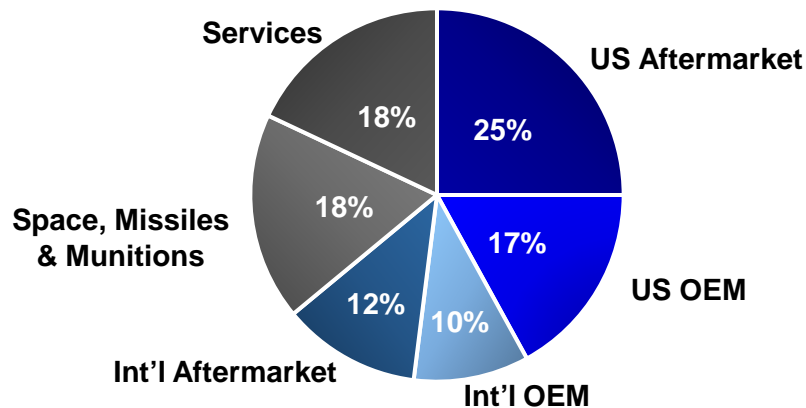
### Diversified And Well-Positioned

- Highly Diversified - 300+ Platforms
- Balanced Product And Service Portfolio
- Low Exposure To War Spending (< 4%)

### US Declines Anticipated

- Focused On Enduring Needs
- D&S Indirect Spend Down Over 20%
- Leveraging Shared Aero Support Structure

## Mix Profile



*Uniquely Positioned For Changing Landscape*

# Big Wins – Last 3 Years

ATR	BGA	D&S
<p><b>\$16B</b> <b>COMAC C919</b> APU, Flight Controls, Wheels &amp; Brakes, Navigation, Components</p>	<p><b>~\$6B</b> <b>Bombardier CL350</b> HTF 7000 Engine</p>	<p><b>\$0.9B</b> <b>U.S. Air Force</b> Performance Based Logistics</p>
<p><b>\$4.0B</b> <b>Boeing 737MAX</b> EBAS and Controllers</p>	<p><b>\$3.6B</b> <b>Bombardier</b> TFE Engine</p>	<p><b>\$0.4B</b> <b>Dept of Defense</b> Embedded GPS/INS Navigation Systems</p>
<p><b>\$2.8B</b> <b>Embraer G2</b> Avionics</p>	<p><b>\$3.7B</b> <b>Unannounced Win</b> Mechanical</p>	<p><b>\$0.7B</b> <b>Israeli Air Force</b> M-346 Trainer – F-124 engine</p>
<p><b>\$2.7B</b> <b>Components Wins</b></p>	<p><b>\$0.8B</b> <b>Unannounced Win</b> Integrated Cockpit</p>	<p><b>\$0.5B</b> <b>NASA Goddard Space Flight Center</b> (HTSI Logistics)</p>
<p><b>\$1.4B</b> <b>Airline Selectables</b></p>	<p><b>\$0.8B</b> <b>Unannounced Win</b> Mechanical</p>	<p><b>\$0.4B</b> <b>Bell 525</b> APU and ECS Systems</p>
<p><b>~\$1B</b> <b>Irkut MS-21</b> APU, Avionics</p>	<p><b>\$3.6B</b> <b>PC-24 and Other AM &amp; OE Programs</b></p>	<p><b>\$0.2B</b> <b>U.S. Army</b> AGT1500 Abrams Engine Production</p>
<p><i>... And Many Others</i></p>	<p><i>... And Many Others</i></p>	<p><i>... And Many Others</i></p>
 <p><b>\$28B</b> 2010-2012</p>	 <p><b>\$19B</b> 2010-2012</p>	 <p><b>\$15B</b> 2010-2012</p>

*Winning Big In All Segments*

# Aerospace Productivity Mindset

- **Integrated Product Roadmaps**

- RD&E Resources Used Across All Segments
- 84 Product Lines/10 Product Families

- **Leveraging Global Footprint**

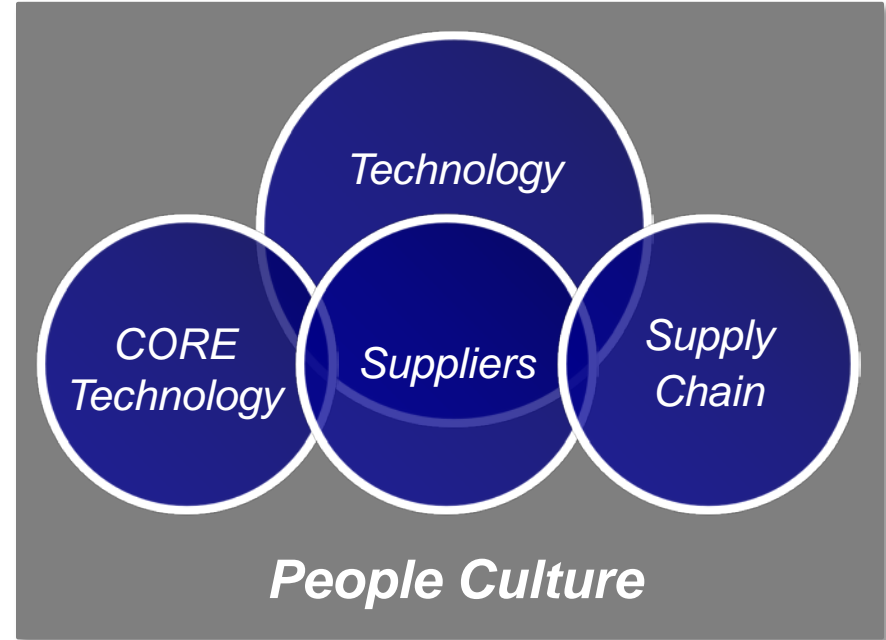
- Global Operations - 17 Countries
- Global Sourcing - 41 Countries

- **Reaching Beyond The Factory Walls**

- Plan Owner For Every Part (~80K SKUs)
- HOS Tools Supporting Supplier Rationalization / Partnering

- **Accelerating HOS Deployment, Driving Significant Productivity**

- Accelerating Time Required To Certify Through Benchmarking Across Sites And Regions
- Targeting ~70%+ Conv Costs Bronze/Silver Certified By End Of 2013
- Bronze/Silver Site Productivity Up 92 bps vs. FSD Sites



*Accelerating Productivity And Flexibility Through HOS*



## VPD™

- Improving New Product Introductions - Speed, Efficiency, Productivity
- Over \$300M In Productivity Through 2016
- Focusing On Core Product: 68% Reduction In New Part Introductions

## Globalization

- International Defense Budgets Growing 3-4 %
  - Growth In Middle East, Asia, And India
  - Strong Service Opportunities In Middle East, Europe, Asia
- Growth In Commercial Helicopters

## HOS

- Leveraging HON-Wide HOS Success To Accelerate Aero Results
- Built In Flexibility For Uncertain Environments
- Engagement Of Functional Organizations In HOS Execution As Path To Gold
- Silver/Bronze Sites: Improved OTTR Performance, Reduced Errors, Lower Inventory
- HSE Integration Driving Best In Class Safety Culture

*Enablers Driving Margin Acceleration*

# HOS: A Shift In Mindset

## From

- Top Down Plant Leadership
- Project Based Improvements
- Operators As Doers
- Unrealized Improvement Ideas

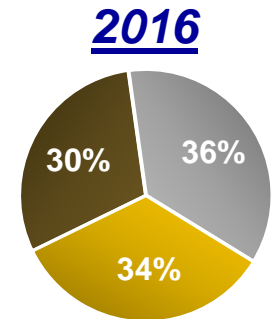
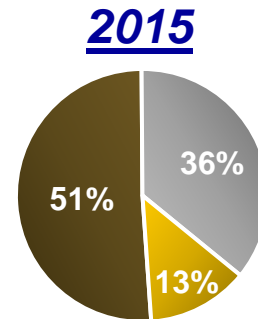
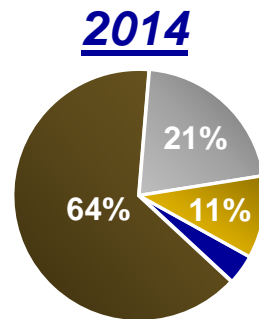
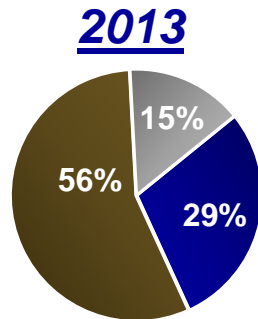
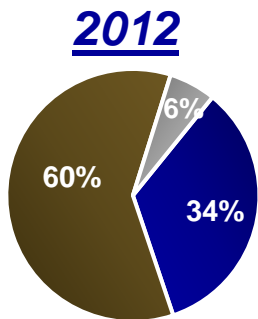
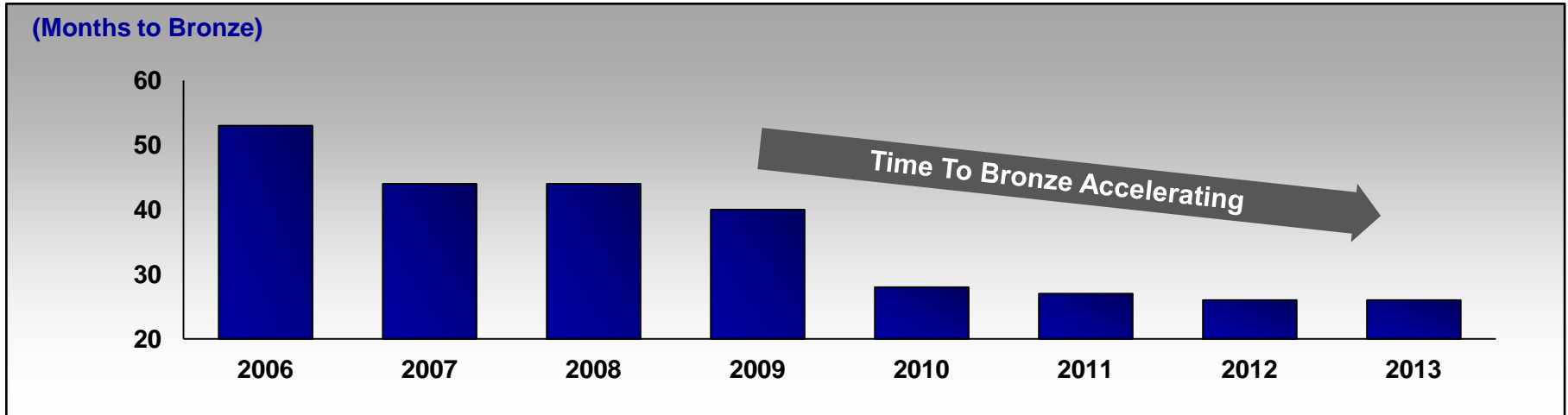
## To

- Leaders Acting As Coach
- Continuous Improvements
- Operators As Doers And Thinkers
- Rapid Problem Solving Culture

*People Working Smarter Not Harder*

# Accelerating Aero HOS Deployment

## Deployment Timing – Honeywell Aerospace



% of Conversion Costs By Phase

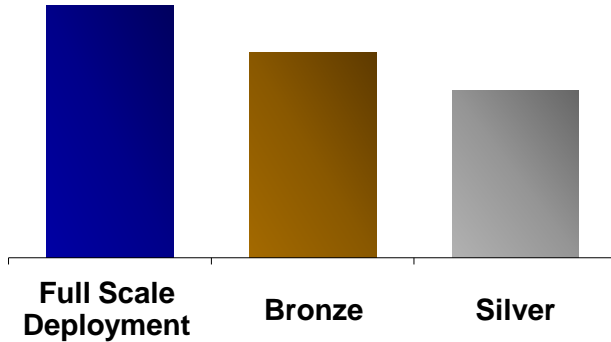
■ HOS Deployed   
 ■ Bronze Sites   
 ■ Silver Sites   
 ■ Gold Sites

*Approaching 100% Manufacturing HOS Bronze+ By 2014*

# HOS Performance

## Quality

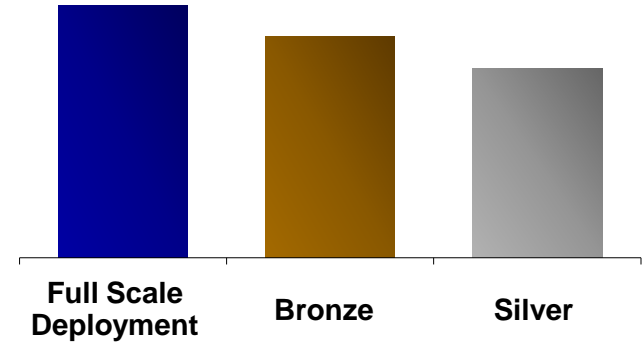
(Defects, PPM)



**>25% Improvement Vs. FSD\***

## Inventory

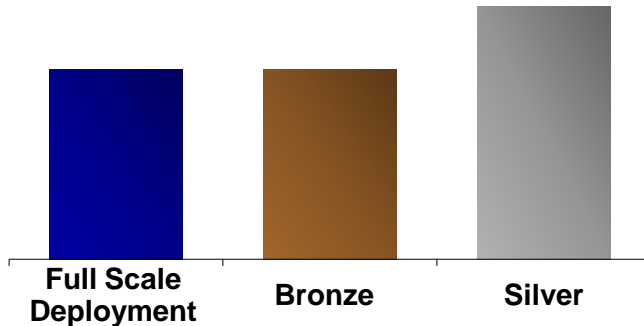
(Days Of Supply)



**>15% Improvement Vs. FSD\***

## Delivery

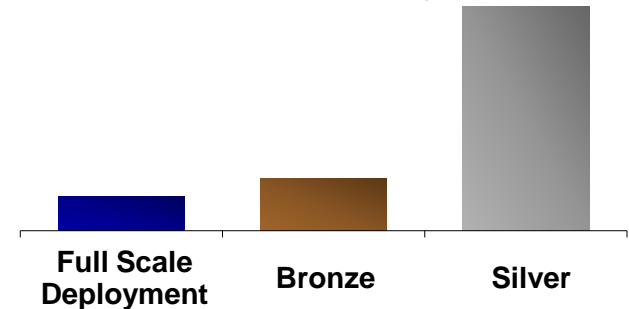
(OTTR)



**>10 Pt Improvement Vs. FSD\***

## Productivity

(Net Productivity %)



**>100 Bps Improvement Vs. FSD\***

*HOS Delivering Results And Sustaining Our Future*

- **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
- **Uniquely Positioned To Offset Near Term Macro Headwinds**
  - Maximizing R&D Impact By Winning On The Right Platforms
  - Growing International Business Helps Offset DoD Declines
- **Delivering Above Market Growth With More To Come**
  - Investing In Differentiated Products And Technologies
  - Driving Efficiency, Productivity, And Transparency

*Poised To Outperform: Innovation To Execution*