<table>
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<tr>
<td>11:15</td>
<td>Lunch</td>
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<tr>
<td>12:00</td>
<td>Introduction Technology and Innovation</td>
<td>Cote, Sheflin, Smith</td>
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<tr>
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<td>Q&amp;A</td>
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<td>1:05</td>
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<td>Financial Review Concluding Remarks</td>
<td>Anderson, Cote, Anderson, Cote</td>
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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.
Introduction

Dave Cote
Chairman and CEO
Key Messages

- **Strong Performance Track Record**
  - Performed Well in Last Recovery
  - Performed In This Recession

- **Continued Seed Planting**
  - New Products, R&D Investments
  - Key Process Enablers
  - Geographic Expansion

- **Outlook Through 2014 Is Very Bright**
  - Leveraged To Favorable Macro Trends
  - Strong Franchises In Growing Markets
Financial Track Record 2003-2008

Sales

($B) 10% CAGR

2003: $23.1
2008: $36.6

EPS

($) 20% CAGR

2003: $1.50
2008: $3.76

Free Cash Flow

($B) Doubled

2003: $1.5
2008: $3.1

ROI

(1) $11
2003: 11%
2008: 22%

(1) ROI calculated as NIBI (net income plus after-tax interest) divided by Invested Capital (2 point average of the sum of the book value of equity and total debt).

Executed Well
Sales

($B)

Last Recession

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$25.0</td>
</tr>
<tr>
<td>2001</td>
<td>$23.6</td>
</tr>
<tr>
<td>2002</td>
<td>$22.3</td>
</tr>
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Current Recession

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$36.6</td>
</tr>
<tr>
<td>2009</td>
<td>$30.9</td>
</tr>
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</table>

Much Bigger And More Precipitous Decline This Recession
Net Income

($B)

<table>
<thead>
<tr>
<th>Year</th>
<th>Last Recession</th>
<th>Current Recession</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$1.7</td>
<td>$2.8</td>
</tr>
<tr>
<td>2001</td>
<td>($0.2)</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>($0.3)</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td>$2.2</td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Lost money for 2 years

Down 23% in 1 year

Much Stronger Performance Than Last Recession
Free Cash Flow

($B)

**Last Recession**

- 2000: $1.1
- 2001: $1.1
- 2002: $1.7

**68% FCF Conversion**

**Current Recession**

- 2008: $3.1
- 2009: $3.3

**155% FCF Conversion**

Vastly Different Performance
Why?

• Great Positions In Good Industries
  – Proven Robust M&A Process
  – Differentiate With Technology

• One Honeywell Culture
  – Leadership Development

• Five Initiatives
  – Growth, Productivity, Cash, People, Enablers

• Seed Planting Continued
  – Robust New Product Pipeline
  – Geographic Expansion

A Much Better Company
V–Shape Is Possible

Shape Of Recovery Will Vary By Business
End Of De-Stocking – Supplier Effect

Index Point: Year 2008 = 100

- 2008: Customer End Market = 100
- 2009: Customer Orders On Us = 80
- 2009: Our Orders On Our Suppliers = 64
- 2009: Our Supplier Orders On Their Suppliers = 50

- 2009: Our Recovery = 13%
- 2010: Supplier Recovery = 41%
- 2010: Suppliers’ Supplier Recovery = 80%
### How Good Can It Be...

#### ($B)

<table>
<thead>
<tr>
<th>Sales</th>
<th>Segment Margins</th>
<th>FCF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>10% CAGR</strong></td>
<td>~50 bps / Yr</td>
<td><strong>15% CAGR</strong></td>
</tr>
<tr>
<td><strong>7% FX-Adj.</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Last Recovery
- **Sales**
  - 2003: $23.1B
  - 2008: $36.6B
- **Segment Margins**
  - 2003: 10.7%
  - 2008: 13.3%
- **FCF**
  - 2003: $1.5B
  - 2008: $3.1B

#### This Recovery
- **Sales**
  - 2009: $30.9B
  - 2014: $41-45B
- **Segment Margins**
  - 2009: 13.3%
  - 2014: 16-18%
- **FCF**
  - 2009: $3.3B
  - 2014: ~$5B

---

**Just Same Performance Yields Great Results ...**
# Base For Recovery

<table>
<thead>
<tr>
<th>Last Recovery</th>
<th>This Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Few New Products...Cupboard Bare</td>
<td>• Lots of New Products</td>
</tr>
<tr>
<td>• Global Presence Retrenched</td>
<td>• Accelerating Global Expansion</td>
</tr>
<tr>
<td>• Directionless</td>
<td>• Five Initiatives</td>
</tr>
<tr>
<td>• Fiefdoms</td>
<td>• One Honeywell</td>
</tr>
<tr>
<td>• Living for the Quarter</td>
<td>• Short Term <em>And</em> Long Term Focused</td>
</tr>
<tr>
<td>• M&amp;A Source of Write-Offs</td>
<td>• Robust Proven Acquisition Process</td>
</tr>
<tr>
<td>• Customer an Afterthought</td>
<td>• Customer Centric</td>
</tr>
<tr>
<td>• Aero Execution Weak</td>
<td>• Aero Winning With Customers</td>
</tr>
<tr>
<td>• ACS Stagnant</td>
<td>• ACS Invigorated</td>
</tr>
<tr>
<td>• SM Portfolio Bifurcation</td>
<td>• Specialty Materials Growing Margins</td>
</tr>
<tr>
<td>• Turbo Diesel Focus</td>
<td>• Turbo Win Rates</td>
</tr>
</tbody>
</table>

*And We're Building From A Much Better Base*
Cash Flow Outlook

2010 – 2014 Cumulative Free Cash Flow

~$18 – 20B

Effective Deployment

- Dividends
- Share Repurchase
- Acquisitions
- Debt Reduction

... With Lots Of Cash To Add Value
Growth And Productivity Drivers

- Favorable Macro Trends
  - Energy Efficiency, Safety & Security, Globalization
- Commercial Excellence Focus
  - Gaining Traction
- R&D Effectiveness
  - Enabling Differentiation, Velocity Product Development™ (VPD)
- Strong New Product Pipeline
  - Share Gains And Value Pricing
- Investing In High Growth Markets
  - China, India – A Much Bigger Opportunity
- Managing Cost Base And Census
  - Preserved Industrial Base, Organization Effectiveness (OEF)
- HOS Building Momentum
  - Productivity Gain With Bronze
- Functional Transformation (FT)
  - Costs Down 24% Since 2004
Favorable Macro Trends

**Energy Efficiency**
- Legislation / Funding
- Reducing Energy / Maintenance Costs
- Comfort, Convenience, Health

**Safety & Security**
- Health & Safety Regulations
- Air Traffic Management
- Flight Safety Concerns
- Bigger Middle Class

**Globalization**
- Growing Demand for Air Travel
- Global Demand for Refined Goods
- Urbanization

**Key Products / Technology**
- Smart Grid
- Green Fuels
- Turbochargers
- Air Traffic Mgmt Leader
- PPE / Gas Detection
- Homes/Buildings Safety Products
- Refinery Technologies
- Heavy Oil / Sour Gas
- Aerospace
**Commercial Effectiveness**

- **Relentless Focus On Customers**
  - Quality and Delivery Improved in Every Site
  - Implemented Effective VOC Process
  - Executing Well on New Programs

- **Sales Force Redeployment**
  - Drive Bigger Share of Demand
  - Grow Census in Growth Regions

- **Optimize Sales And Marketing “Bang For Buck”**
  - Increase Price / Margin
  - Reduce Cost to Serve

*Will Drive Greater Share ... And Margins*
Expanding R&D Capabilities Globally

**RD&E Spend**
- **2003**: $1.1B
- **2009**: $1.4B

**Census**
- **2003**: ~12K
- **2009**: ~20K

**New Patents**
- **2003**: 464
- **2009**: 881

**Patent Base**
- **2003**: ~20K
- **2009**: ~30K

**Effectiveness**
- Velocity Product Development™
- Avionics Modernization
- Platform Strategy in Every SBG
- CMMI → 50% Software Focused

More Resources + More Effective → More New Products
Plethora Of New Technologies

- Wireless Technology
  - Applications Enhance Productivity and Safety
  - Enabling New Market Opportunities

- Bio Renewables Process Technology
  - Honeywell Green Diesel™ and Honeywell Green Jet Fuel™
  - Conversion of Waste Plant Materials to Fuels

- Smart Grid
  - Integrates Energy Efficiency Systems
  - $100M Department of Energy Grants

Winning Share Through Innovation
...In Every Business

- **LGWP**
  - Low Global Warming Fluids for Refrigeration, A/C and Foaming Agents
    - $0.7B+
  - Regulations Driving Acceptance of 1234yf for Auto Air Conditioning

- **New Air Traffic Management And Flight Safety**
  - Increasing Flight Efficiency
    - $2B+
  - Flight Safety Enhancements

- **Turbochargers**
  - Lower Emissions
    - $10B+
  - ~20% Better Fuel Economy
  - Penetration into Gasoline Engines
China And India Lead Emerging Region Growth

Establishing Strong And Rapidly Growing Presence

- Winning Locally And Globally
- Leveraging Macro Trends
- Be The Local Competitor
- Forging Partnerships
- Hire The Right People
- $0.5B Investment Supports Growth

*Includes local destination and Aero OEM sales related to local aircraft
Grow Faster Than Markets

New Products

Emerging Markets

Terrific Base To Grow From
Managing Our Cost Base

**Cost Base**

- **Material**
  - $17.6

- **Organizational Efficiency**
  - $8.2
  - Sourcing Focus
  - Indirect Material – Usage and Price
  - With Better Quality and Delivery

- **Depreciation**
  - $1.0
  - Practices, Policies, Controls
  - Best People, Organized the Right Way
  - Careful Capital Spending

*Built Into HON’s Management System*
Preserved Our Industrial Base

**Developed Markets**
- 2003: 90K
- 2009: 83K
- (8)%

**Emerging Markets**
- 2003: 18K
- 2009: 38K
- +117%

**Total Census**
- 2003: 108K
- 2009: 121K
- +12%

09 vs. 03:
- Sales +34%
- Segment Profit +67%
- EPS +90%

Judicious Management In Good Times And Bad
HOS Productivity

HOS Deployment Sites

Highlights

• 60% Reduction in Safety Incidents
• 65% Reduction in Defects
• 7 Point Increase in Delivery
• 20-30% Conversion Cost Productivity
• 20% Reduction in Days of Supply

Building A 20 Year Competitive Advantage
Long Term Growth And Profitability Outlook

5-Year Revenue Growth

- 5-Year Segment Margin Growth

- $41 - 45B

- $31B

- $13.3% to 16-18% per year

- 2009 to 2014

- ~60 bps per year

- ~7% CAGR

- 2009 to 2014

Achievable Path To Long Term Outlook

- 6-8%+ Growth Driven By
  - New Products and Technologies (VPD™)
  - Favorable Macro Trends
  - Energy Efficiency
  - Emerging Region Penetration
  - Some Targeted Acquisitions

- Strong Margin Expansion
  - Improved Cost Structure
  - Volume Leverage
  - HOS, FT, Repo Contributions
  - Commercial Excellence
Roadmap To Long Term Value Creation

- **Great Positions In Good Industries**
  - Strong Global Franchises In Growing Markets
  - R&D Investment and VPD™ = Robust New Products
  - Emerging Regions Driving Growth

- **Path To Industry Leading Margins**
  - Structural Cost Takeout, Proactive Repositioning
  - Acceleration of HOS, Maturity of FT/ERP Investments

- **Continued Strong Cash Generation**
  - Enablers Drive Cash Firepower
  - Returns to Shareholders
Summary

• **Strong Performance Track Record**
  – Performed Well In Last Recovery
  – Performed In This Recession

• **Outlook Is Very Bright**
  – *Will Perform In This Recovery*
Today’s Presenters

Dan Sheflin  
**Vice President Technology**  
**Automation and Control Solutions**

Bob Smith  
**Vice President and CTO**  
**Engineering & Technology**  
**Aerospace**

Shane Tedjarati  
**President and CEO**  
**China and India**

Dr. Krishna Mikkilineni  
**President**  
**Technology Solutions**

Tim Mahoney  
**President and CEO**  
**Aerospace**

Andreas Kramvis  
**President and CEO**  
**Specialty Materials**

Roger Fradin  
**President and CEO**  
**Automation and Control Solutions**

Alex Ismail  
**President and CEO**  
**Transportation Systems**

Dave Anderson  
**Senior Vice President and CFO**
Today’s Fire Response

- First Alarm: Firefighters arrive at scene
- Assessment Situation
- Attack Fire
- Severe Damage to Property

Timeline:
- Minutes: 0, 5, 10, 15, 20

- ALARM
- TROUBLE
- SUPERVISORY
- SILENCED
- AC

Fire Alr Rst 3
4/17/2001 15:04
Superior Situational Awareness

FirstVision™

0 5 10 15 20 Minutes

First Alarm

Firefighters arrive at scene

Assess Situation

Attack Fire

Severe Damage to Property
Pin Point Location

Geospatial Location Accountability and Navigation System for Emergency Responders … DHS $9M Program ACS & Aerospace

FirstVision™ Display

HG1930 IMU
Doppler Radar
P400
TOA Ranging
Pressure Sensor
Unity™P25
Compatible Ad Hoc Mesh Communications GPS/DGPS
Wireless Revenue Growth

HTS Drives Wireless Platforms Across ACS

Released

**Industrial**
- OneWireless™ (HPS)
  ISA-100 Standard
- Sensors & Switches (S&C)

**Buildings**
- Dawn Lighting (ECC)
  Low Power Lighting Controls
- Kingfisher (ECC)
  Rapid Installation

**Homes**
- RedLink (NA) & IONA (EU) (ECC)
  Home Wireless
- DR T’stats (ECC)

2010

- Remote Services (HPS)
- Gas/Location (HLS) $18M
- HART Adapter (HPS)
  Add-on ISA100 Connectivity
- All Wireless Fire System (HLS)
- Zigbee Mesh VAV (ECC)
- In Home Energy Manager (ECC)
- Echo Wireless, Batteryless Switch (ECC)

2011 / 2012

- Wireless XNX
  Intrinsically Safe
- Impact Xtreme
  Multi Gas WiFi Location (<20 Ft)
- Low Cost Sensors (HPS)
- Building Energy Optimizer (HBS)
- Hotel Controls (ECC)
- Next Gen Home Controls (ECC)

Next Gen

- UWB Location (HLS)
  Infrastructure-less Location
- Low Cost & Power WiFi (HPS)
  Embedded WiFi
- Emergency Responder Location (HLS)
  <2 Foot Accuracy

$2B+ Revenue In 2014
Every SBU Engaged

Echo Switches $10M
All Wireless Fire Systems $25M
Wireless Sensor Platform $44M
Mobile Computing $74M
OneWireless™ Industrial Networks

$250M Incremental ACS Growth By 2014
OneWireless™ = One Honeywell

- ISA100 Industrial Wireless Standard Approved 09/09
- Wireless Worker Solutions – HSM Mobile Computers
- Wireless Transmitters – S&C Platform, HPS Radar Level
- Wireless Gas Detection – HLS Multi-Gas
Texas City – Before And After
Industrial Situation Awareness

• HLS Body-Worn Gas Detection, Location, Two-Way Communication
• Communicates Through HPS OneWireless™ System
• Location Manager Display … Monitor up to 1,000 People Per Site
  — Normal Operation – Safe Effective Deployment of People
  — Emergency – Evacuation to Muster Point and Man Down

Normal Operation

After Evacuation

$100M+ Opportunity
Energy Efficiency Across ACS

- Innovative, Game-Changing Products and Solutions
- Clinton Climate Initiative
- Energy Performance Contracts
- Smart Grid Wins
- Major Energy Savings and Emissions Reductions for Homes, Buildings, and Industrial Applications

60% of Products & Services Related to Energy Efficiency
Energy And GHG Emissions

Energy Efficiency

Greenhouse Gas Emissions
Energy Usage In The U.S.

US Energy Bill = $1T

Savings per Year

- Industrial $45B to $80B
- Buildings $60B to $100B
- Transportation $25B to $40B

Existing HON Technology Can Reduce Consumption By 20%
U.S. Industrial Energy Consumption

32%  Primary Energy Use

30%  CO₂ Emissions

27%  Electricity Consumption

35%  Gas Consumption

25%  Petroleum Consumption

Source: DOE Industrial Efficiency and Save Energy Now Reports
Industrial Energy Efficiency Offerings

**Improve Monitoring & Operation**
- Operator Effectiveness Tools to Operate Within Limits and Avoid Process Upsets
- Sensing to Detect Early Equipment Failure

**Reduce Waste & Improve Equipment Performance**
- Reduce Heat Leakage and Waste by Monitoring Performance
- Advanced Wireless Sensing Technologies to Determine Hot Spots / Leaks

**Online Control & Optimization**
- Optimize Energy Intensive Units With Advanced Control
- Balance Connected Processes to Avoid Loss of Yields
- Improve Startup and Shutdown

**Balance Supply & Demand**
- Purchase Energy Feedstock at Best Prices
- Accurately Forecast and Monitor Energy Demand With Planning Tools
- Sell Extra Energy to Grid

15% Efficiency Improvement Available Today
Future Industrial Sector Opportunities

Process/Automation Co-design

Sensor, Control and Process Co-design
- Co-optimized UOP Process Designs and Control Strategies
  Operability vs. Heat Integration
- Sensing Quality, Efficiency and Constraint Variables
- Low-Cost, Fast and Reliable Sensing

Clean Coal Technologies
Upfront Liquefaction, Oxy-fuel Combustion, Gasification and IGCC, CCS
- Packaged Automation and Control
- Sensors
- Coal Characterization
- Burner Technology
- Hg Removal

Renewables Processing Automation
Automation of Emerging Renewables Processing Technology
- Control Strategies/Platforms
- Unmanned Plants/Remote Supervision
- Small Scale, lower Cost, Repeatable Production Units

Extending AES Solutions
AES Extensions
- Combined Cycle, Gas Turbine and HRSG Systems
- Pulp and Paper Fired Heaters, Fueled on Waste Wood, Biomass, Black Liquor

25% Achievable With New Ideas
## Industrial Energy Efficiency – Refining

<table>
<thead>
<tr>
<th>Area of Saving</th>
<th>Energy Improvement %</th>
<th>Energy Saving MM$/yr</th>
<th>CO₂ Reduction kMt/yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve Monitoring and Operation</td>
<td>2-4</td>
<td>1.5-3</td>
<td>24-48</td>
</tr>
<tr>
<td>Online Control Optimization and Co-Design</td>
<td>2-6</td>
<td>1.5-2.5</td>
<td>24-36</td>
</tr>
<tr>
<td>Balance Supply and Demand</td>
<td>1-2</td>
<td>1-1.5</td>
<td>12-24</td>
</tr>
<tr>
<td>Reduce Waste</td>
<td>4-8</td>
<td>3-6</td>
<td>48-96</td>
</tr>
<tr>
<td>Energy Management</td>
<td>3-5</td>
<td>3-6</td>
<td>36-96</td>
</tr>
<tr>
<td>Incorporate Renewables (1000 BPD Ecofining Unit)</td>
<td>CO₂ Credit</td>
<td>4</td>
<td>116</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12 - 25</strong></td>
<td><strong>14 - 23</strong></td>
<td><strong>144 - 416</strong></td>
</tr>
</tbody>
</table>

*Basis: For a 100 kBPD refinery; nat. gas cost @ $6/MMbtu*
Solutions For Clean Energy

- Flambeau River Paper Mill (Wisconsin)
  - Biomass Gasification (Bio-Diesel, Bio-Wax and Steam)
  - ONE HON Solution
  - Operational and Business Readiness

- Huaneng Greengen Tianjin IGCC (China)

- ZeroGen (UOP:CO2/H2S)

- Future Gen (UOP:CO2/H2S)

Early Adopter Sales = $100M
GHG Emission Reporting

• EPA Mandating GHG Emission Reporting Starting 2010 for 8500 Industrial Sites (Greater Than 25K ton/yr of GHG)

• Honeywell Has Been Providing Environmental Emissions Monitoring and Reporting Solutions Since 1993

• Honeywell is Already Engaged With all Industries Represented in Mandate

• Offering Compliance Consulting Services, Continuous Emission Monitoring Systems

• Integrated Offering With Energy Dashboard to Enable Adherence to GHG Targets
U.S. Building Energy Consumption

Residential and Commercial Buildings

- 72% of US Electricity
- 55% of US Natural Gas
- 39% of GHG Emissions

Industry 32%

Buildings 40%

Residential 22%

Commercial 18%

Transportation 28%

DOE 2008

- Computers 1%
- Cooking 5%
- Electronics 7%
- Wet Clean 5%
- Refrigeration 8%
- Cooling 12%
- Lights 11%
- Water Heat 12%
- Heating 31%
- Other 4%

- Cooking 2%
- Computers 3%
- Refrigeration 4%
- Office Equipment 6%
- Ventilation 6%
- Water Heat 7%
- Cooling 13%
- Heating 14%
- Lights 26%
- Other 13%

72% of US Electricity
55% of US Natural Gas
39% of GHG Emissions
The Smart Grid Problem

![Graph showing the original load shape and energy efficiency with demand response highlighted.](image-url)

- **Original Load Shape**
- **Energy Efficiency**
- **Demand Response**
Smart Grids Benefits Available Today

- **Honeywell Technologies and Services are Enabling Energy Management in Residential, Commercial and Industrial**
  - 1 GW Residential Control / 6 GW Commercial Control
  - Massive Operational Savings
  - Many Projects Funded Through Guaranteed Savings

- **Investments in Energy Efficiency are Creating Green Jobs**

- **Technologies Exist Today to Make Smart Grids a Reality**

- **Wide Deployment of These Technologies Will Have Significant Environmental Impact as Well**
Residential UtilityPRO™ Smart Thermostat

Over One Million Demand Response Devices Installed
Over 1GW Total Load Can Be Shed On Demand
Residential Controls Of The Future

- Market Pricing Will Drive Need for More Control Points and Smarter Home Controls Driving Complexity for the Home Owner
Commercial Smart Grids In Action

- Example: Honeywell’s Novar Keeps Energy Consumption and Costs Low for Multi-Site Businesses and Reduces Peak Loads for Utilities
  - Novar Currently Manages 6 Gigawatts of Load

- Top Novar Multi-Site Customers

- Typical Results
  - 20-25% Energy Efficiency
  - 10-20% Peak Load Reduction

<table>
<thead>
<tr>
<th>Customer</th>
<th>Number of sites with Novar installed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walmart</td>
<td>4200</td>
</tr>
<tr>
<td>Dollar Tree</td>
<td>2400</td>
</tr>
<tr>
<td>Home Depot</td>
<td>2100</td>
</tr>
<tr>
<td>Lowes</td>
<td>1800</td>
</tr>
<tr>
<td>TJX (includes Marshalls and TJ Maxx)</td>
<td>1800</td>
</tr>
<tr>
<td>Staples</td>
<td>1500</td>
</tr>
<tr>
<td>Office Depot</td>
<td>1250</td>
</tr>
<tr>
<td>PetSmart</td>
<td>1134</td>
</tr>
<tr>
<td>Bed Bath Beyond</td>
<td>950</td>
</tr>
<tr>
<td>Toys R Us (includes Babys R Us)</td>
<td>847</td>
</tr>
<tr>
<td>Petco</td>
<td>800</td>
</tr>
<tr>
<td>Dick’s Sporting Goods</td>
<td>500</td>
</tr>
</tbody>
</table>

Negawatts Are Cheaper Than Megawatts
Energy Performance Contracts & Clinton Climate Initiative

- Energy Savings Performance Contracting (ESPC) Model
- Pioneered by Honeywell, Playing to HBS Strengths / History
- $5B+ Global Opportunity
- Adopted by CCI to Drive Global “Green” Agenda
- Top 40 World Cities Commitment
- Governments, Banks, Industry

Technology And Solutions Impacting The Environment
Commercial Building Optimization

Energy Usage

Avg. HBS Target Customer
$825K Energy Spend

15% Reduction

Unlocked Value Increases Over Time
Commercial Building Peak Performance

1. Fault Detection and Diagnostics
2. Equipment Performance Monitoring
3. Control System Optimization
4. Energy Management

Honeywell Installed Base = 25% US Buildings
Energy And Emissions Takeaways

• Leading Energy Efficiency and GHG Emissions Reduction Offerings

• HPS and UOP Offer Differentiated, Optimized, High Value Solutions for Clean Coal and Bio-fuels

• If Aggressively Applied Today, HON Technology Can Reduce Energy Consumption Up to 25% in Industrial Plants

• Major Player in Smart Grid Technology
  - Over 1% of US Grid Load Under HON Energy Management

• ONLY Provider of Turnkey Demand Response Programs for Commercial, Industrial and Residential Customers
Technology & Innovation

Bob Smith
Vice President and CTO, Aerospace
Technology Trends
Advanced Information Flow And Processing
Advanced Information Flow And Processing
Advanced Information Flow And Processing
Advanced Information Flow And Processing
Advanced Information Flow And Processing

HTF7500E IPPS

ASSISTING WITH APU INSTALLATION

ASSESS MAINTAINABILITY
Advanced Information Flow And Processing
Tight Integration And Interoperability

- Three types of integration in Aerospace
  - Volume driven
Tight Integration And Interoperability

• Three types of integration in Aerospace
  - Volume driven
  - Business driven
Tight Integration And Interoperability

- Three types of integration in Aerospace
  - Volume driven
  - Business driven
  - Environmental driven
Tight Integration And Interoperability
Safety And Security

![Graph showing I.E.D. Deaths By Year](image)

- I.E.D. Deaths
- Hostile Deaths

- Year 2004: 3 deaths
- Year 2005: 12 deaths
- Year 2006: 41 deaths
- Year 2007: 78 deaths
- Year 2008: 259 deaths
Safety And Security
Protection against biological and chemical hazards in the field.
Safety And Security

“Caution taxiway, caution taxiway"
Scarce Resources And Green Technology

TRADITIONAL FLIGHT PROFILE

FUEL USE
737
3 HOUR FLIGHT

2016 GALLONS
$3026, 21T CO2

FUTURE FLIGHT PROFILE

FUEL USE
737
3 HOUR FLIGHT

1903 GALLONS
$2855, 20T CO2
Scarce Resources And Green Technology
Scarce Resources And Green Technology
Pipeline For The Future
Pipeline For The Future

Target onset 100 ms 200 ms 300 ms
Pipeline For The Future
Honeywell Firsts . . .
• Advanced Helicopter Propulsion
• UAV Systems and Control
• Chinese Aviation Development
• Next-Generation Air Transport
• Safety and Efficiency In All Segments
Emerging Regions

Shane Tedjarati
President and CEO, China & India

Krishna Mikkilineni
President, Honeywell Technology Solutions
China And India Summary

• Significant Expansion In China and India Since 2003

• HON Technologies Aligned To Macro Trends
  – Energy Efficiency, Urbanization, Aerospace, Transportation

• China / India Success Stories Gaining Momentum
  – ACS, UOP, TS, Aero, Honeywell Technology Solutions (HTS)

• HON Strategic Mindset To Leverage Opportunity
  – Low Cost Source → Local Manufacturing → Local Market Penetration
  – Current Focus: East for East (E4E), and East to West (E2W)
Accelerating Growth

China Sales*

- ~35 Major Sites
- From ~1,000 to ~9,000 Employees
- $200M Investment Since 2003

India Sales*

- ~20 Major Sites
- From ~1,000 to ~10,000 Employees
- $250M Investment Since 2003

*Includes local destination and Aero OEM sales related to China / India aircraft

> 2x Revenue Growth Over Last 6 Years
## China Policy – Focused Industrial Growth

### Industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>Global Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>• Sales volume (China)</td>
</tr>
<tr>
<td>Mobile phone</td>
<td>• Sales volume (China)</td>
</tr>
<tr>
<td>Semi-conductor</td>
<td>• Sales value (China)</td>
</tr>
<tr>
<td>Refinery</td>
<td>• Production volume (China)</td>
</tr>
<tr>
<td>Power</td>
<td>• Electricity generation (China)</td>
</tr>
<tr>
<td>Construction</td>
<td>• Construction size (China)</td>
</tr>
<tr>
<td>Defense</td>
<td>• Import value</td>
</tr>
<tr>
<td>Commercial Aerospace</td>
<td>• Passenger traffic (China)</td>
</tr>
<tr>
<td></td>
<td>• Cargo traffic (China)</td>
</tr>
</tbody>
</table>

---

**Center Of Gravity Has Already Shifted**
China – Urbanization

Incremental numbers of cities by 2025
Type of cities, populations

- Mega > 10M
- Big 5-10M
- Mid 1.5-5M
- Small 0.5-1.5M
- Town < 0.5M

Increase in urban population by 2025 (M)

- Migration
- City Expansion
- Organic Growth
- New Cities
- Existing

GDP growth rate
2009 Q1-Q3 accumulated, %

- Hefei
- Changsha
- Chengdu Xi’an
- Shenyang
- Chongqing
- Beijing
- Shanghai

Highlights

- 221 Cities >1M Population (Europe Has 35 Today)
- >300M People to be Urbanized (Almost the Size of the U.S Population Today)
- Double-Digit Growth of Tier 2/3 Cities in the Midst of Global Recession

Unprecedented Transformation
India – Urbanization

Incremental Numbers of Cities by 2025
Type of Cities, Populations

<table>
<thead>
<tr>
<th>Type</th>
<th>1991</th>
<th>2010</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mega &gt;10M</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Big 5-10M</td>
<td>0</td>
<td>0</td>
<td>16</td>
</tr>
<tr>
<td>Mid 1-5M</td>
<td>0</td>
<td>0</td>
<td>19</td>
</tr>
<tr>
<td>Small 0.5-1M</td>
<td>0</td>
<td>0</td>
<td>328</td>
</tr>
<tr>
<td>Town &lt;0.5M</td>
<td>0</td>
<td>366</td>
<td>538</td>
</tr>
</tbody>
</table>

Increase in Urban Population by 2025 (M)

- **Highlights**
  - **135 Cities >1M Population**
  - **>150M People to be Urbanized**
  - **3x Growth in Housing Sector**
    Leading to Power and Cement Consumption Increase Due to Capacity Constraints

**Expecting Another 50% Increase In Urban Population**
<table>
<thead>
<tr>
<th>Area</th>
<th>2005 - 2009</th>
<th>2010 – 2015E</th>
<th>Key Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power Gen</td>
<td>$40</td>
<td>~$190</td>
<td>Shortages &amp; Losses; ~20,000 MW to be Added Annually</td>
</tr>
<tr>
<td>(Thermal, Nuclear, Renewable)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRANSPORT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roads</td>
<td>25</td>
<td>80</td>
<td>~37,000 Km Highways Program (@20 kms/ day)</td>
</tr>
<tr>
<td>Ports</td>
<td>8</td>
<td>16</td>
<td>10%+ Growth in Traffic; New Ports &amp; Modernization of Existing Infrastructure</td>
</tr>
<tr>
<td>Airports</td>
<td>10</td>
<td>16</td>
<td>Modernization and/or Expansion in 30 Airports</td>
</tr>
<tr>
<td>Railways</td>
<td>30</td>
<td>~70</td>
<td>Dedicated Freight Corridor Between Key Cities; Metro in Tier 1 &amp; 2 Cities</td>
</tr>
<tr>
<td>TELECOM</td>
<td>25</td>
<td>~70</td>
<td>Low Teledensity ~ 33%; Big Urban Rural Divide</td>
</tr>
</tbody>
</table>

Source: BCG analysis; IMA Asia Forecasting; Planning Commission of India; CMIE

India Infrastructure Spend

Infrastructure Spend Ramping Up 2-3x
China – Energy Efficiency

Government Drives Energy Efficiency
Tons of Coal Equivalent / RMB 10 k GDP

- Energy Efficiency Top National Government Imperative
- Real Investment Begun Last Two Years

Source: Government plans

Government Mandates = Investment And Innovation
India – Energy Efficiency

National Plan to Improve Energy Efficiency
Kg of Oil Equivalent / Thousand Rs of GDP

- Transmission Losses ~ 30%
- High Energy Theft

Geographic Mismatch of Energy Supply, Load Demand

Electricity Access Issue
- Majority Rural Households and 12% Urban Households Have no Access

Recent Estimates: $600B Investment Needed
# China Policy – HON Positioning

<table>
<thead>
<tr>
<th>China Focus</th>
<th>HON Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>• Turbo, CPG, Fluorine Products</td>
</tr>
<tr>
<td>Mobile phone</td>
<td>• Electronic Materials</td>
</tr>
<tr>
<td>Semi-conductor</td>
<td>• Electronic Materials</td>
</tr>
<tr>
<td>Refinery</td>
<td>• UOP, Process Solutions</td>
</tr>
<tr>
<td>Power</td>
<td>• Building Solutions, Process Solutions, Sensing &amp;</td>
</tr>
<tr>
<td></td>
<td>Control, Specialty Products, UOP</td>
</tr>
<tr>
<td>Construction</td>
<td>• Specialty Products, Life Safety, ECC, ACS Security,</td>
</tr>
<tr>
<td></td>
<td>Building Solutions, Fluorine Products</td>
</tr>
<tr>
<td>Commercial</td>
<td>• Aero ATR</td>
</tr>
<tr>
<td>Aerospace</td>
<td></td>
</tr>
</tbody>
</table>
Evolution Of ACS China

<table>
<thead>
<tr>
<th>Opportunistic</th>
<th>Labor Savings</th>
<th>Localization</th>
<th>Local Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Regional Sales “Office”</td>
<td>• Added Marketing Capability</td>
<td>• Segment Specific Offerings</td>
<td></td>
</tr>
<tr>
<td>• T1 Cities</td>
<td>• Built Engineering Capability – BPO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Western Products</td>
<td>• Modifying Western Products for Local Market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Manufacturing for Export</td>
<td>• T2 Cities</td>
<td></td>
<td>• Clean Sheet Design of Local Products</td>
</tr>
<tr>
<td>• Extended Manufacturing Footprint</td>
<td>• T3 / T4 Cities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Global Manufacturing COE</td>
<td>• Vertical and Segment Dedicated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Application of HOS</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2003 2006 2010

<table>
<thead>
<tr>
<th>Sales</th>
<th>$150M</th>
<th>$300M</th>
<th>$700M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Census</td>
<td>1,000</td>
<td>3,500</td>
<td>7,000</td>
</tr>
<tr>
<td>Investment</td>
<td>$20M</td>
<td>$65M</td>
<td>$90M</td>
</tr>
</tbody>
</table>
ACS: From Localization To Local Innovation

Example - Residential Security in China / India

<table>
<thead>
<tr>
<th>Products</th>
<th>Local Content</th>
<th>Price ($/Home)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid Segment: High-End Color Video Door Phone Network</td>
<td>• Import &amp; Local Sourcing</td>
<td>800 - 1,200</td>
</tr>
<tr>
<td>Mass Segment: Simple Video Door Phones (Color/BW)</td>
<td>• Local Design &amp; Mfg</td>
<td>100 - 200</td>
</tr>
<tr>
<td>Mass Segment: Residential Systems (Venus, Armor)</td>
<td>• Local VOC</td>
<td>90 - 200</td>
</tr>
</tbody>
</table>

Local Innovation = Profitable Mass Segment Growth
ACS India 2003 – 2009

Revenue

($M)

- HAIL Domestic
- Non-HAIL Domestic
- HAIL Export
- HAIL acquisition

CAGR

- 2003: 15%
- 2005: 32%
- 2007: 41%
- 2009: 8%

Net Income

($M)

- 2003: 3
- 2005: 13
- 2007: 21
- 2009: 35

CAGR

- 2003: NA
- 2005: 105%
- 2007: 30%
- 2009: 29%

Business Mix

- HAIL Focus: Process Industry, Construction & Infrastructure
- Created Significant Indirect Channels: 125 Sales, 200 Distributors, 2,000 Installers

Customers

- Diversified Solutions Across Verticals: Oil & Gas, Telecom, Power, Airports, Metros, Banks
- Major Customers: Reliance, Tata Group, Indian Oil, NTPC, Airtel, Nokia, Delhi Metro, Delhi Airport, ICICI Bank, Commonwealth Games, GMR Group, Apollo Hospitals

Operations

- 5 Factories Across India, HOS Extensively Deployed
- 3,700 Employees in 50 Cities
- 1,300 FTE’s Deliver 1.9M Hours to ACS Globally

Note: CAGR calculated over 2 years; Local Currency Equalized (net of Fx); Net Income includes ACS Engineering Support

2009 Orders Grew 22%
Energy Management Infrastructure

Context
- Low Generation Efficiency
- Investment in Power
- Environmental Issues
- Regulatory Compliance
- Aging Infrastructure

Focus
- Power Generation
  - Control Systems
- Industries
  - Captive Generation Control Systems
  - Supply & Demand Side Energy Efficiencies
- Distribution
  - Operational Efficiencies

Mid Market Solution
- Experion HS / LS
- Helped Increase in Market Share & Installed Base

Controller Customization
- Fast Loop Controllers
- Enabled 30% Revenue Increase From Untapped Markets

Distribution Health Mgmt.
- Transformer Monitoring Unit
- 10-15% Savings in Operational Costs for Utilities

Addressing $100M Power Industry Opportunity
SM India Technology Center

- $34 Million Investment to Build 400,000 Sq.-Ft Technology Space in Gurgaon, India
- Pilot Plants for Developing and Demonstrating Process Technology Developed by UOP
- Supports Existing India / China Revenues in Excess of $270M
- Process / Application Development for Fluorine Products and Nylon Materials
Micro Boosting: China & India

Aligned With Govt Imperatives

- Reduction in Engine Size, Promoting Fuel Efficiency
- Tighter Emission Norms
- Target Existing < 1 - 1.3L Vehicles

Collaboration With Chang’an

- A Major Customer
- Signed MOU (Mar 09)
- 1st Performance Engine Build-Up (Sept 09)
- Engine / Vehicle Performance Test (Nov 09)

Global Product Development Approach

Collaboration With Tata

- A Major Customer
- 1st Twin Cylinder Turbo Charged Diesel Engine in the World
- Opportunity to Serve New Segment of Passenger Vehicle Turbo Charging

$1.2B E4E And E2W Opportunity Over The Next 5 Years
Aero Emerging Region Opportunities

COMAC C919
- Multi-Billion Revenue Potential for Honeywell Over the Life of the Program
- China’s Entry into Narrow-Body Air Transport Market
- Development and Production Expected 2010 to 2035
- First Flight Expected in 2014; Deliveries Scheduled for 2016

Airline Wins
- $522M in Recent Contract Wins
- Airlines Include:
  - Air China
  - China Southern
  - Kingfisher
  - Cathy Pacific
  - Lufthansa Technik
  - Emirates

Jaguar
- $5B Lifetime Program Value
- Honeywell F125 Jet Engine
- Utilizes In-Region Engineering Capabilities

Changhe Z11
- $300M Lifetime Program Value
- Honeywell’s Continued Commitment to Chinese Aero industry
- Follow-on Platform Growth Aligns with HON Engine Product Line
- 25+ Year Production Cycle

Multi-Billion $ Potential Over Next Decade
## Aero: Building China’s Aerospace Industry

### Seed Planting Last 5 Years

- **New Organization With China Focus**
- **Expanded Engineering, Localized ISC**
- **Strengthened Gov’t Relationships***
- **Aggressive Approach to Pursuits**
  - 100% BFE win Rate in 2009 for 131-9A
  - Primus APEX on Y-12F
  - LTS-101 Engine on Z-11
- **Focus on Strategic Relationships**
  - HON / AVIC Framework Agreement
  - Aerospace Training Academy

### Drives Bright Future

- **C919: Competing on Major Systems**
  - COMAC Customer Business Team
- **Enhanced Cooperative Projects**
  - Expanded in-Country Manufacturing
  - Sourcing at a Higher Level of BOM
  - Joint Ventures With Key Suppliers
  - Exploring R&D Collaborations
- **Emerging Opportunities**
  - MA-700
  - New Civil Helicopter Platforms
  - New General Aviation Platforms
  - Ground stations (SmartPath)
  - Air Traffic Moderation

*China National Development and Reform Committee, China Ministry of Industry and Information Technology, Local Government*
Honeywell Technology Solutions (HTS)

HTS = Cross-Company Growth Enabler

- Customer / Manufacturing Proximity
- Program Management; System and Product Engineering; Advanced Technology

- Program Management
- Product Engineering
- Partnership Eco System
- Supply Chain

- Customer Management
- Product Roadmap
- Program Management
- Product and System Engineering & Integration
- Sales & Marketing

HTS-Brno
HTS-China
HTS-India
HON-SBUs
HTS: A True Competitive Advantage

China Census

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2009</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>230</td>
<td>1,300</td>
<td>1,750</td>
</tr>
</tbody>
</table>

India Census

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2009</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1,200</td>
<td>6,000</td>
<td>7,025</td>
</tr>
</tbody>
</table>

Patents*

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosures</td>
<td>550</td>
<td>707</td>
<td>909</td>
</tr>
<tr>
<td>Filed</td>
<td>87</td>
<td>187</td>
<td>82</td>
</tr>
</tbody>
</table>

*Including patents in Czech Republic

Key to Drive EMR Growth

- Market Orientation
- Innovation Focus With Core Capabilities
- Right Investment, Risk Tolerance
- Significant Scale and Integration
- Velocity – Fast Cycle Development

~9,000 Engineers Driving Growth And Productivity
Continued Seed Planting In Emerging Markets

1. New Products / Services for Adjacent and New Markets
2. Application of Current Products to New Markets
3. New Technology and Product Concept Incubation
4. Business Model Innovation

Delivered $200M Revenue In 2009

- Ideation, Needs
- Concept Dev’t, Plan
- Develop, Validate
- Launch

- Photo-voltaic solutions
- Modified Nylon for rail fasteners
- Energy & Water sub-metering
- DIY Solar Water heaters
- Gasoline turbo for passenger vehicles
- Converged building solutions
- In Home Energy displays
- Energy optimization for buildings
- Light weight DCS
- Energy management for buildings
### Executing East 4 East And East 2 West

<table>
<thead>
<tr>
<th></th>
<th>E4E</th>
<th>E2W</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On the Ground</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ISC Localization</td>
<td>- Local Sourcing</td>
<td>- Local Manufacturing</td>
</tr>
<tr>
<td></td>
<td>- Local Supply Base</td>
<td>- Local Supply Base</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>- Local Tech Support, QA &amp; Testing</td>
<td>- Customization &amp; Application Development</td>
</tr>
<tr>
<td></td>
<td>- Fully Developed Local Supply Base</td>
<td>- Full Product Ownership</td>
</tr>
<tr>
<td></td>
<td>- Build Direct Channel</td>
<td>- Local Manufacturing Base</td>
</tr>
<tr>
<td></td>
<td>- Tier 2/3 Cities</td>
<td>- Deepen Customer Relationships</td>
</tr>
<tr>
<td></td>
<td>- Rely on Distributors</td>
<td>- Fully Deployed Nation-Wide Network</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Local Partnership</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Multi-Brand</td>
</tr>
<tr>
<td><strong>Localized MNC</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- High-End</td>
<td>- Tailored Mid-Segment Offerings</td>
</tr>
<tr>
<td></td>
<td>- Selective Low-End</td>
<td>- Selective Low-End</td>
</tr>
<tr>
<td><strong>Chinese Competitor</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Trademark Registration &amp; Protection</td>
<td>- Full Local Marketing Capability &amp; Intelligence</td>
</tr>
<tr>
<td></td>
<td>- Detailed Measures to Protect “Know-How”</td>
<td>- Live With The Customer</td>
</tr>
<tr>
<td><strong>Global Challenger</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- World-Class Operation</td>
<td>- World-Class Operation</td>
</tr>
<tr>
<td></td>
<td>- Global Standards</td>
<td>- Global Standards</td>
</tr>
</tbody>
</table>

**Honeywell “Doing It All”**
Honeywell China / India Strategy

Growth & Markets
- Expand Local Manufacturing Faster
- Improve Response to Local Customer / Market Needs
- Actively Develop Local Partnerships, Channels

Innovation & Adaptation
- Product Cost Leadership
- Full Design and Development Capability, Full Product Ownership
- Technology Offerings Tailored to Local Markets

People & Culture
- Hire and Grow Tomorrow’s Leaders
- Support, Empower China and India Talent
- Operate Locally With Speed, Agility

Capitalize On Strong HON Potential
2009 – 2014 Growth Trajectory

**China**

*Sales*

- 15% CAGR from 2003 to 2014
- 16% CAGR from 2003 to 2009

**Census**

- ~1K in 2003
- ~15K in 2014

**India**

*Sales*

- 19% CAGR from 2003 to 2014

**Census**

- ~1K in 2003
- ~15K in 2014

*Includes local destination and Aero OEM sales related to China / India aircraft*
Aerospace

Tim Mahoney
President and CEO
Aerospace Transformation

**Segment Margin**

- '01: 12.0%
- '02: 13.0%
- '03: 14.0%
- '04: 15.0%
- '05: 16.0%
- '06: 17.0%
- '07: 18.0%
- '08: 19.0%
- '09: 17.6%
- '10: 13.2%

**Key Contributors**

- Efficient Structure
  - 3 Customer Facing Organizations
  - Fully Functionalized

- Strategic Repositioning
  - 6,500 Census, 60 Rooftops, 1.3M sq. ft. Reductions

- Enablers Driving Benefits
  - HOS, FT, VPD™, ERP
  - Customer Support

- Strong NPI / Win Rates
  - Primus Epic / APEX, EGPWS
  - Engines / APUs

- Globalization
  - Technology, Supply Base, Manufacturing

---

Dramatically Improved Business
Winning In The Marketplace

- Pursuits
  - Market Back Products / Services
    - $92B - OEM Wins
    - 91% - Airline Aftermarket Selections
    - $2B+ D&S Services Wins in ‘09
- Execution
  - Development Program Experience
    - 20% Less Software Cycle Time
    - 50% More Distributed Work
- Installed Base Support
  - Customer and Product Support
    - “Best in Class” Recognition
    - +65% - Net Promoter Score

Winning With OEMs And Installed Base
Aerospace Overview

Financials

- Segment Margin %: 18.0% in 2007, 18.2% in 2008, 17.6% in 2009

2009 Highlights

- New Company Since Last Downturn
- Next Gen Flight Management System
- Sole U.S. Leader for SESAR ATM
- Industry Firsts with SmartPath™, SmartRunway™, SmartLanding™, SmartView™ and Helo EGPWS/TAWS
- T-Hawk Award, Laureate Nomination
- 100% APU Selection in China
- Excellence – HOS, VPD™, ERP, FT

Impressive Performance In Downturn
# 2010 Outlook

<table>
<thead>
<tr>
<th>($B)</th>
<th>2010 Financial Outlook</th>
<th>Growth 2010E vs. 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$ 10.5 – 10.8</td>
<td>(2)% - 1%</td>
</tr>
<tr>
<td>Segment Profit</td>
<td>1.8 – 1.9</td>
<td>(2)% - 3%</td>
</tr>
<tr>
<td>Segment Margin</td>
<td>17.6% – 18.0%</td>
<td>Flat to 40 bps</td>
</tr>
</tbody>
</table>

## Macro Drivers
- Aftermarket Stabilization
- Improving Global Flying Hours
- Slower Commercial OEM Deliveries
- Flattish U.S. Defense Budgets
- Growing Role of Emerging Regions

## Focus Areas
- Recovery Planning / Supplier Capacity
- VPD™ & Global Product Development
- BizAv Retrofits, Mods & Upgrades
- International Growth
- Execute on Major Wins

## Executing Well In A Mixed Environment
HON Competitive Advantage “Flywheel”

- ATM Modernization Leadership
- Integrated Solutions
- Product Upgrades
- Service & Support
- Speed of Customer Solutions
- Customer Intimacy
- Innovation

Continuous Cycle Of Innovation
ATM Modernization

HON Capabilities

• Leader in Avionics, Onboard Intelligence
• Only US Company on SESAR
• Only Total System Solution

Solutions

• Legacy System Inefficient – Upgrade
  – Precision Navigation / Surveillance
  – Advanced Flight Planning / Controls
  – Data Communications / Displays

• ~$6B Annual Industry Value Created
  – Reduced Fuel and Emissions
  – Improved Schedule Certainty

• ~$2B Opportunity Over the Next 5 Years

HON In Sweet Spot Of ATM Shift From Ground To Air
Integrated Solutions

• Combines All Equipment, Functions, Components into Single System

• Reduced Weight
  • Increased Reliability
  • Lower OEM Manufacturing Costs

• Modular Software Upgrades

• Increased Speed to Market
  • No Hardware Changes
  • Reduced Downtime (Days to Hours)

**Electronics Example**
Primus Epic® / Apex™

• 300 lbs Lower Weight
• 50% Fewer Black Boxes
• 2x Higher Reliability

**Mechanical Example**
JSF

• 1,000 lbs Lower Weight
• 10” Length Reduction
• “Unbuildable” Without Integrated Solution

Capturing OEM, Retrofit And Upgrade Value Streams
Integrated Solutions – Helicopter Safety

Accident Rate Per 100K Flight Hours

- Helicopters = 42x Higher Accident Rate

Honeywell Solution

- Multi-Layered Technology Solutions
  - Weather Avoidance, Traffic Warnings, Terrain Visualization
  - Integrated or Standalone Optionality
- ~$2B Opportunity Over the Next 5 Years

Competitive Landscape

<table>
<thead>
<tr>
<th></th>
<th>HUMS</th>
<th>Mission Management</th>
<th>Weather Radar</th>
<th>Helicopter EGPWS</th>
<th>TCAS</th>
<th>Portable Nav</th>
<th>CVR/FDR</th>
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<tbody>
<tr>
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<td>✓</td>
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<td>Competitor A</td>
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<td>Competitor F</td>
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<tr>
<td>Competitor G</td>
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<td>Competitor I</td>
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<tr>
<td>Competitor J</td>
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<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Only Company With Full Safety Suite
Product Upgrades

HON Capabilities

- 3,000+ Engineers in India, China, Czech Republic Driving Customer Solutions
  - CMMI – Level 5 Capabilities
- Reuse / Reapplication of Core Software Architecture
  - High Incremental Profit Capture
- VPD™ Focus
  - 20% Improvement in Cycle Times
  - Capability / Capacity Utilization Model

SmartRunway™/SmartLanding™

- Runway Incidents Cost Airlines $1B annually – Delays, Inspections, Repairs and Injuries
- NTSB Top 10 Global Safety Concerns
- Software Updates to Existing Equipment; Less Than One Hour Installation
- >$250M Opportunity Over The Next 5 Years

High Velocity Upgrades Driving Customer Value
Service And Support

**HON Capabilities**

- Globally Located Product Support Organization, Close to the Customer
- 24/7/365 Technical Operations Center to Address Customer Inquiries
- Maximizing Efficiency of Customer Operations Through Upgrades
- Winning Business Through Superior Customer Support

**APU Retrofit Example**

- HON Leader in Advanced APUs, Both OEM and Retrofit
- HON APUs **Highest in Efficiency and Reliability** - Lowest Emissions
- APU Upgrades Provide >$500K **Annual Savings** at a Typical Airline
- Saves Over **3.8M Gallons of Fuel** and **38K Tons of CO₂**
- ~$100M **Opportunity** Over the Next 5 Years

---

**Competitive Advantage Through Customer Intimacy**
Air Transport & Regional

Industry Outlook

Why We Win

- Proven Reliability & Performance
  - APU, Avionics, ECS, Engine Components
- System Integration Capabilities
  - Mechanical Systems, Flight Controls
- Technology Leadership
  - EGPWS, IntuVue™ Radar, Runway Safety, Navigation
- Leading Customer Support

Differentiated Value For OEM Pursuits And Airlines Growth
Aftermarket Retrofit Strategy

Retrofits Driving Customer Value ➔ Airline Payback <18 Months

2010 2011 2012 2013

$200M+ Opportunity

Cost, Weight Reduction
• Comms Consolidation, Improvements
• Wheels and Brakes

Safety
• Surveillance for Safety
  – TCAS Upgrades
  – SmartRunway
  – SmartLanding
• Nitrogen Gen. System

Reliability
• APU Upgrades
• LED Lighting
• Displays Upgrade

Flight Efficiency
• Navigation Upgrades
• New Surveillance
  – Situation Awareness, Mandates
• FMS Upgrades
• New Communications
  – Datalink (Gatelink), SatCom
• Enhanced Displays

Airline Payback <18 Months
Business & General Aviation

Industry Outlook

Why We Win

- **Technology Leadership**
  - Primus Epic/APEX, Engine Efficiency, Runway Safety, Cabin Management

- **System Integration Capabilities**
  - Propulsion Systems, Primus Epic/APEX Avionics

- **Upgrade Solutions**
  - Navigation, Flight Management, Cockpit Displays, Safety

- **Leading Customer Support**

Differentiated Value For OEM Pursuits And Aftermarket Growth
Business Aviation Competitive Landscape

Aircraft

- Gulfstream G250
- Embraer L500/450
- Gulfstream G650

Competition

- ~$0.3B
- ~$2B
- ~$0.1B

Honeywell

- Engines
- APU
- ECS/CP
- Lighting

- ~$4B
- ~$24B
- ~$3B

Life of Program Value

High-Value Wins On Successful Platforms
Defense & Space

Industry Outlook

- $B
- $800
- $750
- $700
- $650
- $600
- $550
- $500

World Defense Budgets

- US
- Rest of World

US DOD Plan w/ Estimated Supplementals Post 2011
- Tech America

2009 2010 2011 2012 2013 2014

Why We Win

- Technology Leadership
  - Precision Navigation, Helicopter Engines, Counter IEDs
- System Integration Capabilities
  - Power Management Systems, Avionics, UAVs
- Logistics & Services
  - In-Theater Support, Asset Management, Predictive Maintenance
- Leading Customer Support

Well Positioned For International Growth
Defense & Space Realignment

New Structure

- Aligned With Customers
- Aftermarket and International Now Focused Businesses
- Customer Segmentation and Sales Force Deployment
- Flawless Go-to-Market and Sales Wins

Results

- Win Rate Up 32%
- 2008: 77%, 2009: 93%

Key International Pursuits

Jaguar
- $5B Lifetime Program Value
- Honeywell F125 Engine

Eastern European Aircraft
- Upgrades for Over 12,000 Helicopters

Realignment Driving Win Rates Above Market Growth
Honeywell Operating System

HOS Deployment Status

<table>
<thead>
<tr>
<th>Year</th>
<th>Sites Deployed</th>
<th>Bronze Certified</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>38</td>
<td>0</td>
</tr>
<tr>
<td>2009</td>
<td>47</td>
<td>5</td>
</tr>
<tr>
<td>2010</td>
<td>61</td>
<td>12</td>
</tr>
<tr>
<td>2014</td>
<td>76</td>
<td>0</td>
</tr>
</tbody>
</table>

2010 Priorities

- 14 New Deployments to Achieve 95% Manufacturing Cost Coverage
- 12 HOS Bronze Sites by Year End
- 70% of Aerospace Conversion Cost Coverage Matured to HOS Phase 4+

HOS Bronze Site Results

- Safety: 58% Reduction in TCIR
- Defects (PPM): 30% Reduction
- Inventory (DOS): 15% Reduction
- Productivity: 20% Improvement

HOS Delivering Tangible Results
Long Term Outlook

5-Year Revenue Growth Scenarios

<table>
<thead>
<tr>
<th>Revenue ($B)</th>
<th>2009</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10.8B</td>
<td>~13.4B</td>
</tr>
<tr>
<td>~7% CAGR</td>
<td>~4% CAGR</td>
<td></td>
</tr>
</tbody>
</table>

Segment Margin Growth Scenario

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>Volume (HOS, FT)</th>
<th>Enablers (HOS, FT)</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>17.6%</td>
<td>~21-23%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Growth Drivers

- **Better**
  - Faster Economic Recovery
  - Commercial Flight Hour / OE Strength
  - Defense $ Projections Flat as % of GDP

- **Worse**
  - Lower AT&R & B&GA OE Deliveries
  - Global Flying Hours > 2%
  - Bigger DOD Budget Cuts

Margin Drivers

- **Volume – Mix**
- **Globalization – Productivity**
- **Footprint Rationalization**
- **Execute VPD™, HOS & FT**

Well Positioned For Market Recovery
Summary

- Successful Aerospace Transformation – Impressive Performance in Downturn
- Building on Competitive Advantage Through Technology Leadership and World Class Customer Support
- Capitalizing on Operational Efficiency Gains
- Flawless Execution on Key Programs
- Positioned to Capture Industry Growth
- Expanding Global Focus and Reach

Continue To Win Through Differentiated Value
Specialty Materials
Andreas Kramvis
President and CEO
Honeywell
Specialty Materials Overview

Financials

- Sales ($B)
  - 2007: $4.9, 13.5%
  - 2008: $5.3, 13.7%
  - 2009: $4.1, 14.6%

2009 Highlights

- Increased Segment Margins Despite Difficult Environment
- Outperformed Industry Peers
- Strong Participation in Growth Segments
- Continued Seed Planting

Business Units

- Specialty Products: 20%
- Fluorine Products: 22%
- UOP: 38%
- Resins & Chemicals: 20%
- Other

Geographic Mix

- North America: 38%
- Europe/Africa: 13%
- Middle East: 2%
- Asia Pacific: 15%
- China: 10%
- India: 5%
- Latin America: 7%

Strong Performance Through Cycle
## Specialty Materials Outlook

<table>
<thead>
<tr>
<th>($B)</th>
<th>2010 Financial Outlook</th>
<th>Growth 2009 vs 2010E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$4.3 - $4.5</td>
<td>4% - 9%</td>
</tr>
<tr>
<td>Segment Profit</td>
<td>$0.6 - $0.7</td>
<td>0% - 15%</td>
</tr>
<tr>
<td><strong>Segment Margin</strong></td>
<td>14.2% - 14.8%</td>
<td>- 40bps - 20bps</td>
</tr>
</tbody>
</table>

### Macro Drivers
- Rising Energy Consumption Spurs Demand for Refined Products and Natural Gas Processing
- Global Economic and Industrial Production Growth as Recovery Takes Hold
- Continued Interest in Bio-Renewable Fuels and Energy Efficiency

### Business Drivers
- Operational and Marketing Excellence
- Manage Price-to-Raw Spreads
- Execute New Product Launches to Drive Growth
- Ongoing Disciplined Cost Management

---

**Targeting Strong 2010 Performance**
Business Transformation

SM Segment Profit* (pro forma with UOP)

A Different Business

- Market-Driven Company
- Stronger Portfolio
- Growth-Focused
  - New Products and Technologies
  - Increased Sales Force
  - Marketing Excellence
- Strong Fundamentals and Management Processes
- Robust Controls
- Smart Capital Investing
- HOS

*Dramatically Improved Business

*Includes 100% of UOP earnings for all periods
SM Performance vs. Industry Peers

Quarterly Segment Margin, SM vs. Industry Peers
Segment Margin, Percent

- Honeywell
- Specialty: Based on 40 companies
- Diversified: Based on 8 companies

Actions During Recession

- Maintained Growth/R&D Focus
- Launched New Products
  - >$100M Revenues in ‘09 NPI
  - ~300 Products in Pipeline
- Won ~$60M in Economic Stimulus
- Maintained Price/Raws Spread
- Flexed Manufacturing
- Strengthened Business Fundamentals

SM Outperformed Peer Group
**SM Regional Growth**

**Globalizing Technology**

**Regional Technical Sales & Support**
- Regional Business Structure to Increase Customer Intimacy
- Expand Tech Support in Middle East, Russia, China

**New India Technology Center**
- 400K-sq. ft. Center for Refining, Petrochemical, Other Technologies

**Shanghai Technology Center**
- Research Projects Realigned With SBEs
- Close-to-Customer Development

**Malaysia Engineering Capabilities**
- Close-to-Customer Engineering for Gas Processing
- Plans for Manufacturing Facility in 2012

**Revenue Mix Change**

<table>
<thead>
<tr>
<th>'09-14 CAGRs</th>
<th>Developed</th>
<th>Emerging</th>
</tr>
</thead>
<tbody>
<tr>
<td>EM +8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DM +3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Emerging Regions Drive Growth**
Diversified Business & Technology Portfolio

Technology Leadership

- Technology Licensing Model
- Invent, Demonstrate and License
- Ongoing Supply of Catalysts

New Molecule & Scale-Up

- Molecule Screening and Discovery
- Process Scale-Up Important
- Major Plant Investments Before Product Launch

Fast-Cycle App. Develop.

- VOC Drives New Product/Service Ideas
- Customizing Existing Technologies
- Fast Time to Market

Product Examples

- More From a Barrel of Oil
- Chemicals From Natural Gas & Coal
- Bio-Renewables
- Low-Global-Warming Platform
- Lithium-Ion Battery Technology
- Next-Generation Spectra® Fiber
- Asphalt Processing
- Photovoltaics
- New Nylon Resins

Over 80 New Product Launches In 2010
Environmental & Energy Technologies

Bio-Renewables

- Processes to Produce “Real” Fuels
- Six DOE Grants; Military Green Jet Fuel Contract
- Honeywell Green Diesel™
- Honeywell Jet Fuel™
  - Partnerships With Masdar, Boeing in Middle East; PetroChina in Asia
- Pyrolysis Technology Converts Ag and Wood Waste to Liquid Fuel

Low-Global-Warming and Solar

- LGWP Materials for Auto, Aerosol, Foam
  - Maintaining Leadership With Next-Generation Products in $1B Market
- Materials Optimize Performance / Lifespan of Photovoltaic and Solar Panels
  - PowerShield™ Backing Material Based on Barrier Films
  - SolARC™ Anti-Reflective Coatings Improves Efficiency/Power Output

Aligned With Macro Trends
UOP: Global Technology Leader

Refining Growth

- 5-Year Refining Growth Driven by Multiple Factors
- Superior Technology to Boost Yield, Efficiency, Meet Environmental Regs
- UOP Enabling Technology at Sweet Spot
- Well-Positioned to Capture Catalyst Demand

Catalyst Growth

- ~7% Growth
- ~2% Base Refining Growth

Natural Gas Growth

- 8% Growth
- Demand Growth
- Depletion

New Technologies Creating Opportunities
### Emerging Region Refinery Growth

#### Oil Demand Growth

- **Developed Regions**
- **Emerging Regions**

<table>
<thead>
<tr>
<th>Year</th>
<th>Developed</th>
<th>Emerging</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>35</td>
<td>30</td>
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<tr>
<td>2009</td>
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<td>2010</td>
<td>37</td>
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<tr>
<td>2011</td>
<td>38</td>
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<td>2012</td>
<td>39</td>
<td>38</td>
</tr>
<tr>
<td>2013</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>2014</td>
<td>41</td>
<td>42</td>
</tr>
</tbody>
</table>

Source: International Energy Agency

#### Emerging Regions Adding Capacity

- **Complex Refinery Technologies**
  - Hydrotreating
  - Hydrocracking
  - Heavy oil upgrading
  - Reforming
  - Fluid catalytic cracking

#### Complex Refinery Advantage

- **Less complex, small**
- **More complex, large**

<table>
<thead>
<tr>
<th>Margin $ per barrel</th>
<th>Low Demand</th>
<th>High Demand</th>
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</thead>
<tbody>
<tr>
<td>~$2</td>
<td>~$4</td>
<td>~$15</td>
</tr>
</tbody>
</table>

Source: International Energy Agency

#### UOP Technology Well-Positioned

- **UOP Well-Positioned With Differentiated Technologies for Larger, More Complex, Efficient Refineries**
- **Complex Refineries Better Maximize Value From Heavy and Light Crude Differentials**
- **$2-$10 a Barrel Advantage Allows Complex Refineries to Profitably Export to Developed Regions**

---

**UOP: Right Technologies, Global Position**
Examples Of UOP Breakthrough Technologies

Heavier Crude Oil

- Superior Uniflex™ Technology
- Provides Wider Use of Heavy Crudes and ~4 Percent Greater Yield
- Comparable Investment to Current Technologies (Coking)
- $400 Million Per Year of Additional Profit for a Typical New Refinery

Coal-to-Chemicals

- Syngas From Coal to Produce High-Value Chemicals (MTO)
- Lowers Oil Imports by Using Plentiful Resources in China, Russia, Other Areas
- Reduces Production Costs by 30-50%
- Attractive Investment Economics
  – $500 Million of Additional Profit Per 1 Million Tons of Production
Fluorine Products: A Global Leader

Strong Base Business

- HFC Refrigerants
- Blowing Agents
- Hydrofluoric Acid
- Nuclear Fuel Conversion

New Technology

- Low-Global-Warming-Potential Platform
  - Strong IP Position
  - Auto OEMs Endorsed Mobile Offering
  - Expanding Platform Offerings

New Applications

- HVAC Maintenance Fluid
- Low-Temperature Heat Recovery
- Safer HF for Refining Applications

New Adjacencies

- Closed-Cell Foam for Structural Enclosures
- Enovate™ PRO Contractor Program for Weatherization / Air Sealing

Strong IP Position, Focused On New Markets
Resins & Chemicals: Cost Leadership

Strong Base Business

- Largest Single-Site Producer of Caprolactam, AS Fertilizer
- Highly Competitive Cost Position
- Formula Pricing Helps Maintain Price / Raws Spread
- Smart Capital Investing to Boost Attainment, Productivity

Expanding Markets

- Higher-Value, Higher-Margin Products
- Expanded Asia Volume by > 60%
- Growing Sales Footprint in Emerging Regions Beyond China

New Products/Technologies

- Sulf-N® 26 Ammonium Sulfate Nitrate
- U.S. DHS SAFETY Act Designation
- Customized Resins for Engineered Plastics, Other Applications
- Transparent Resins for Fishing Net Applications

Higher Value, Higher Margin Product Focus
Specialty Products: New Applications Focus

**Strong Base Business**

- New Applications, Markets for Range of Existing Technologies
- $27 Million U.S. DOE Grant for Critical Lithium-ion Battery Technology
- >40 Product Introductions for 2010

**New Technologies**

- Lithium Hexafluorophosphate (LiPF6) for Lithium-ion Automotive Batteries
- New Materials for Advanced Semiconductors

**Adjacent Applications**

- Films and Anti-Reflective Coatings Protect / Improve Solar Panels
- Additives Allow for Lower Temperature Asphalt, Saving Energy

**Product Extensions**

- Higher-Strength Fibers and Lighter Shield Technology
- Extending Aclar® Barrier Films to New Segments

---

**Tremendous Focus On New Products**
Operations Performance

**Operations Excellence**

- HOS Driving Performance Gains

- Continue to Flex Manufacturing Operations to Match Customer Demand as Recovery Takes Hold

- Critical New Investment Decisions Made at Senior Leadership Levels

- Plant Strategic Plans Optimize Capital Spend, Reliability, Attainment

- World-Class Safety Performance

**HOS Deployment Status**

- Bronze Certified
- Sites Deployed

**Mature Site Results**

- Defects (PPM): 89% Reduction
- Delivery (OTTR): 2 pt Improvement
- Inventory (DOS): 5 day Improvement
- Conversion Cost: 19 pt Improvement
Long-Term Outlook

5-Year Revenue Growth Scenarios

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue ($B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 Actual</td>
<td>4.1B</td>
</tr>
<tr>
<td>2014 Forecast</td>
<td>5.7B</td>
</tr>
</tbody>
</table>

- 6% CAGR
- 7% CAGR

Growth Drivers

- Strengthening Market Demand and Growth in Adjacencies
- Strong IP Position and Robust NPI Process
  - 1,475 Active U.S. Patents
- Emerging Region Investment
- High-Value New Products
- Sales & Marketing Excellence

Margin Growth Scenarios

<table>
<thead>
<tr>
<th>Margin Growth Scenarios</th>
<th>2009</th>
<th>Sales/Mkt Excellence</th>
<th>New Products</th>
<th>HOS/FT</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Margin %</td>
<td>14.6%</td>
<td>+50-100 bps</td>
<td>+25-75 bps</td>
<td>+25-75 bps</td>
<td>16-18%</td>
</tr>
</tbody>
</table>

New Products / Emerging Regions Drive Growth

Specialty Materials

Honeywell Investor Conference – February 22, 2010
Primed For Economic Recovery

- Top-Tier Recession Performance
- Globally Well-Positioned for Macro and Upturn
- Excellent Business Fundamentals
- Full New-Product Pipeline
Honeywell ACS Overview

Strength And Breadth Of Portfolio Unmatched

Financials

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales ($B)</th>
<th>Segment Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$11.0</td>
<td>11.1%</td>
</tr>
<tr>
<td>2007</td>
<td>$12.5</td>
<td>11.3%</td>
</tr>
<tr>
<td>2008</td>
<td>$14.0</td>
<td>11.6%</td>
</tr>
<tr>
<td>2009</td>
<td>$12.6</td>
<td>12.6%</td>
</tr>
</tbody>
</table>

2009 Highlights

- ~400 New Product Introductions
- RMG and Callidus Acquisitions
- HOS Deployed at 21 New Sites
- ~100 Repositioning Projects
- Investing in High Impact Areas

Business Units

- Process Solutions 20%
- Building Solutions 20%
- Scanning & Mobility 5%
- Security 18%
- ECC 19%
- S&C 5%
- Life Safety 15%
- Security 18%

Geographic Mix

- US 41%
- Europe 37%
- ROW 22%
2009 Full Year Performance Relative To Competition

Note: Reported #s exclude certain 1-time adjustments; Intended data period was for the 2009 period. Change in Sales was calculated YOY; Change in OP margin is the basis points difference in operating margin % YOY.

If data was not available, the most recent available data for 9 month period was used.
Following firms had reported data through Dec 2009: HON, UTC, GE, Emerson, Yokogawa (forecast), 3M, MSA, Sperian (sales), TI, Freescale

Beating Our Competition
Significant Business Wins

Big Competitive Takeaways In 2009

ECC
- Bradford White
- Goodman
- Fushun – Petro China
- Top Home Improvement Retailer
- Carrier

Life Safety
- Nat’l Security Complex
- City Fire Departments
- Russia and Romania Fire Wins
- Major Pipelines

Security
- ADT, Broadview, Stanley renew Honeywell as POC
- Port of Miami, Seoul Metro
- Shanghai 2010 World Expo Site
- Norton Healthcare System

Winning Where The Growth Is

Continue To Be Partner Of Choice
Significant Business Wins

**S&C**
- Large Aircraft and Aerospace Manufacturers
- Large Industrial Mfgs
- Iljin Beijing Auto

**Building Solutions**
- Eastern Illinois University
- Florida Power and Light
- Minneapolis Public Housing
- Smart Grid for Dept of Energy

**Process Solutions**
- Flambeau River Biofuels Plant
- Tranzgaz S.A. Gas Network
- National Thermal Power Corp.

Winning With Innovative New Products

45% Growth In Energy And Smart Grid

Global Wins In Gas Chain And Renewables
Significant Business Wins

• Global Wins
  - Cia de Luz
  - Russian Post

• UPS Win-Major Competitive Takeaway

  “At the center of UPS's wireless innovation is a handheld device…made by Honeywell.”

  “UPS will deploy more than 100,000 of the Honeywell devices.”

  - InfoWeek
“The Treasury secretary cited Honeywell as a company that is pushing innovative, energy-efficient technologies despite the nation being in the midst of a recession”

--AP
## ACS Outlook

### R&D Aligned to Growth Themes
- Energy Efficiency and Lower Emissions
- Safety / Security / Compliance
- Productivity
- Inventing New Markets
- Wireless as Enabler

### Growth and Margin Focus Areas
- Emerging Markets
- Building on Our Industrial Channel
- Commercial Effectiveness
- HOS, SAP, Restructuring actions
- Favorable Long-Term Trends

### 2010 Financial Outlook

<table>
<thead>
<tr>
<th>($B)</th>
<th>2010</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$12.7 - 13.0</td>
<td>1% - 4%</td>
</tr>
<tr>
<td>Segment Profit</td>
<td>$1.6 - 1.7</td>
<td>0% - 4%</td>
</tr>
<tr>
<td><strong>Segment Margin</strong></td>
<td>12.6% - 12.9%</td>
<td>0 bps - 30 bps</td>
</tr>
</tbody>
</table>

**Diversified, Global Portfolio Strength**
## What’s Different During This Recovery

<table>
<thead>
<tr>
<th>Drivers</th>
<th>What’s Different</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Products</td>
<td>• Improved Vitality Index – 30% in 2009 (22% in 2004)</td>
</tr>
<tr>
<td></td>
<td>• Maintained Investment – Full NPI Pipeline</td>
</tr>
<tr>
<td>HOS</td>
<td>• Reduced Cycle Time . . . Improved Delivery</td>
</tr>
<tr>
<td></td>
<td>• Streamlined Logistics / Warehousing</td>
</tr>
<tr>
<td></td>
<td>• Engine for Ongoing Productivity</td>
</tr>
<tr>
<td>Global Footprint</td>
<td>• Capitalize on Local EMR Growth</td>
</tr>
<tr>
<td></td>
<td>• Improved Supply Chain . . . Shortened</td>
</tr>
<tr>
<td>Cost Structure</td>
<td>• Repositioning Drives Lower Cost Structure</td>
</tr>
<tr>
<td></td>
<td>• Improving Margin Conversion</td>
</tr>
<tr>
<td></td>
<td>• Improved Cost Control for Indirect Spend</td>
</tr>
<tr>
<td>Sales Excellence</td>
<td>• Improved Coverage, Win Rates, and Cost to Serve</td>
</tr>
<tr>
<td></td>
<td>• Strengthened Sales and Marketing Team</td>
</tr>
</tbody>
</table>

**What’s Different? . . . Just About Everything**
Long-Term Growth Driver – Energy / Emissions

Underlying Dynamics

• Increasing Energy Prices
  – Traditional Supply Constrained
  – Renewables More Expensive

• Energy Users Being Exposed to “True Cost” of Energy
  – Move to Dynamic / Variable Pricing
  – Demand Response / Smart Grid

• Increasing Regulation
  – Efficiency Mandates
  – Emissions Mandates

• Energy Efficiency 1/3 Cost per Megawatt of New Capacity

How We’re Positioned

• Over 50% of Portfolio Enables Energy Efficiency

• Leader in Residential, Commercial, and Industrial Controls

• Energy Users Need Controls to React to Variable Pricing

• Smart Grid: Leader in Demand Response

• Regulation Making Our Core Energy Efficiency Offerings More Valuable

Outstanding Position in Energy Efficiency
## Business Case For Energy Conservation

### Benefits

<table>
<thead>
<tr>
<th></th>
<th>Payback Period</th>
<th>Benefits Availability</th>
<th>Green?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>10-15 Years</td>
<td>2-3 Years</td>
<td>Not Optimal</td>
</tr>
<tr>
<td>Nuclear</td>
<td>20+ Years</td>
<td>5+ Years</td>
<td>OK</td>
</tr>
<tr>
<td>Renewables</td>
<td>Exceeds Useful Life of Asset</td>
<td>Varies</td>
<td>Good</td>
</tr>
<tr>
<td>(e.g. Solar)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>3-5 Years</td>
<td>Immediate</td>
<td>Excellent</td>
</tr>
</tbody>
</table>

- Energy Efficiency Is the Cheapest Source of Clean Power
- Demand Response Is an Essential Prerequisite
- Honeywell Products Leverage Existing Infrastructure

---

**Efficiency Is The “First Fuel”**
## Demand Response: Source Of Peak Power Capacity

<table>
<thead>
<tr>
<th>GENERATION ASSET</th>
<th>INSTALLED COST ($ / kW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Photovoltaic</td>
<td>$ 6,038</td>
</tr>
<tr>
<td>Solar Thermal</td>
<td>5,021</td>
</tr>
<tr>
<td>Wind Offshore</td>
<td>3,851</td>
</tr>
<tr>
<td>IGCC w/ CCS</td>
<td>3,496</td>
</tr>
<tr>
<td>Nuclear</td>
<td>3,300</td>
</tr>
<tr>
<td>IGCC</td>
<td>2,378</td>
</tr>
<tr>
<td>Scrubbed Coal</td>
<td>2,058</td>
</tr>
<tr>
<td>Wind</td>
<td>1,923</td>
</tr>
<tr>
<td>Distributed Gas – Peak</td>
<td>1,645</td>
</tr>
<tr>
<td>Distributed Generation – Base</td>
<td>1,370</td>
</tr>
<tr>
<td>Gas Plant</td>
<td>962</td>
</tr>
<tr>
<td>Demand Response (All-Inclusive)</td>
<td>$ 573</td>
</tr>
</tbody>
</table>

Demand Response 2-3x Cheaper Than Competing Sources Of Peak Generation
Long-Term Growth Driver – Safety & Compliance

Underlying Dynamics

• Increasing Cost of an Incident
  – Legal Action
  – Lost Time
  – Damaged Image

• Growth Occurring in Higher Threat Regions
  – Natural Resources in Africa, ME, ‘Stans

• More Stringent Safety Regulation
  – Enforcement Increasing in Emerging Regions

How We’re Positioned

• #1 Position in Fire, Security, Gas, Sensing; Leading Position in Personal Protective Solutions
  – Designed to Prevent Incidents

• Innovative Technology Solutions: Wireless Security, MAV, Video Analytics

• Enabling New Standards Through Innovation
Long-Term Growth Drivers – Productivity & Outsourcing

<table>
<thead>
<tr>
<th>Productivity</th>
<th>Customer Outsourcing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying Dynamics</td>
<td>Underlying Dynamics</td>
</tr>
<tr>
<td>• Yearly Need to Offset Inflation</td>
<td>• Economic Volatility / High Fixed Costs</td>
</tr>
<tr>
<td>• Low-Hanging Fruit Already Picked</td>
<td>• Rapid Advances in Technology</td>
</tr>
<tr>
<td>How We’re Positioned</td>
<td>How We’re Positioned</td>
</tr>
<tr>
<td>• Increasing the Productivity of Our Channel Partners-Wirelessly Enabled</td>
<td>• $2B+, 7,500 Employee Global Service Capability to Build On</td>
</tr>
<tr>
<td>• Leader in Process Optimization</td>
<td>• Embedding Service in Solutions</td>
</tr>
<tr>
<td>• Leading Position in AIDC Space</td>
<td>• Technology Enabling Remote Service</td>
</tr>
</tbody>
</table>

Global Leader In Productivity And Service Solutions
R&D Aligned To Growth Themes

Energy Efficiency/Smart Grid
- RedLink Wireless
- Water Heater Control
- Building Optimization
- Smart Grid Thermostats
- Commercial Demand Response
- Sustainability
- Energy Management Solutions

Safety/Security
- Gas Detectors
- Intelligent Fire Alarm Network
- Enhanced Safety Products
- TruStability Pressure Sensors
- Total Connect Applications
- Smart Home System

Productivity
- Wireless Sensors
- Next Generation Mobile Computing
- Ultra-Lightweight Mobile Computer
- Experion LS
- OneWireless Portfolio

Inventing New Markets, Enabled By Wireless
Emerging Regions As Growth Driver

EMR Growth Trend

- Sustained Strong Growth
- Developing Products for Local Market
- Strengthened Leadership Team
- Significant Growth Investments
  - Technology
  - JVs
  - Sales Coverage

<table>
<thead>
<tr>
<th>Country</th>
<th>CAGR</th>
<th>% ACS</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>18%</td>
<td>7%</td>
</tr>
<tr>
<td>India</td>
<td>16%</td>
<td>3%</td>
</tr>
<tr>
<td>Middle East</td>
<td>11%</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td>Total EMR</td>
<td>12%</td>
<td>~17%</td>
</tr>
</tbody>
</table>

$1.2B → $1.9B → $3.0B
12% CAGR ('06 – '14)
Leveraging Our Industrial Channel

**Gas Adjacency via RMG Acquisition**
- Global Leader in Natural Gas Measuring and Control Products, Services, and Integrated Solutions
- Excellent Industry Position, Strong Customer Loyalty
- 2009 Revenue: $257 Million

**Industrial As Channel For ACS**
- PPE
- Gas & Fire
- Critical Infrastructure Protection
- Combustion (Callidus)
- UOP
- S&C OneWireless

Expanding Our Global Industrial Footprint
Commercial Effectiveness In ACS

**What is CE?**
- Driving Sales & Marketing Excellence
- Measured as Effectiveness Ratio: Comm. Cost as % of Gross Margin

**Some Focus Areas**
- Pricing Excellence
- Marketing to Sales Linkage
- NPI Capability
- Go-to-Market Optimization
- Channel Strategy and Compensation
- Salesforce Deployment
- Sales Incentive Design
- Lean Sales
- MarCom Productivity
- One HON Sales Synergies
- Training and Coaching

**ACS Sales & Marketing Team**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>v 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>9,000</td>
<td>+3,500</td>
</tr>
<tr>
<td>Marketing</td>
<td>1,400</td>
<td>+ 600</td>
</tr>
</tbody>
</table>

*More Selling “Bang For Buck”*
Honeywell Operating System Deployment

HOS Deployment Status

- Expanding Reach Beyond Mfg
  - Non-Mfg Sites
  - Suppliers and Customers
  - Processes/Functions (CPS, VPD™, FT)

- 100% Bronze+ Certified by ‘13
  - 115+ Sites (Mfg & Non-Mfg)

Mature HOS Site Results

- Defects (PPM): 48% Reduction
- Delivery (OTTR): 6 pt Improvement
- Inventory (DOS): 7 Day Improvement
- Conversion Cost: +2 pt Improvement

Tangible Benefits; Building Momentum
ERP Rollout

ERP Deployment Status

- Europe, US Deployments
- Functional Transformation Leverage
- 100% of Sales on SAP by 2013
  - 28,000+ Users

Net ERP Benefits

Successful Rollouts; Benefits Building
Long Term Outlook

5-Year Revenue Growth Scenarios

<table>
<thead>
<tr>
<th>Revenue ($B)</th>
<th>2009</th>
<th>2014 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12.6B</td>
<td>19.4B</td>
</tr>
<tr>
<td></td>
<td></td>
<td>17.7B</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9% CAGR</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6% CAGR</td>
</tr>
<tr>
<td></td>
<td>7% CAGR</td>
<td></td>
</tr>
</tbody>
</table>

Margin Growth – Baseline Scenario

<table>
<thead>
<tr>
<th>OP Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
</tr>
<tr>
<td>2014</td>
</tr>
</tbody>
</table>

Growth Drivers

- **Better**
  - Faster Economic Recovery
  - Oil Price Stability Between $70-85/bbl
  - Accelerated Acquisitions

- **Worse**
  - Delayed Commercial Recovery
  - Extended EMEA Slowdown
  - Oil Price Volatility / Below $70/bbl

Margin Drivers

- Volume Leverage
- ERP & FT
- Operational Excellence, HOS & VPD™
- Commercial Excellence
Summary

- Strong Portfolio Positioned to Outperform
- Demonstrated Ability to Beat Competition
- Clear Path to Continued Margin Growth
- Investing for Growth and Profitability
- Well Positioned for Economic Recovery
TS Overview

Financials

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales ($B)</th>
<th>Segment Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$5.0</td>
<td>11.6%</td>
</tr>
<tr>
<td>2008</td>
<td>$4.6</td>
<td>8.8%</td>
</tr>
<tr>
<td>2009</td>
<td>$3.4</td>
<td>4.6%</td>
</tr>
<tr>
<td>2010</td>
<td>$3.6-3.8</td>
<td>8 - 9%</td>
</tr>
</tbody>
</table>

Businesses

- Turbo: 56%
- FM: 18%
- CPG: 26%
- After-market: 47%
- OE: 53%
- Europe: 47%
- Asia: 17%
- Americas: 36%

Top Stories

- Balanced Portfolio across Businesses, End Markets, Geographies
- Turbo Growth from New Launches, CPG Turnaround, FM Aftermarket
- Maintaining Strong Focus on Fixed Cost Reduction & Productivity
- Strengthening Cost and Technology Leadership: HOS, VPD™

Recovery Across All Businesses
### 2010 Vehicle Production

#### Headwind
- End of Cash for Clunkers
- Emission Pre-Buy - US
- European Economy

#### Impact TBD
- Diesel Penetration
- EU Production Scenarios
- Truck Industry Stabilization

#### Tailwind
- Turbo Penetration/Launches
- End of Inventory Destocking
- New Emission Mandates

---

**WORLD**

<table>
<thead>
<tr>
<th>Region</th>
<th>2009</th>
<th>2010</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAFTA</td>
<td>8.5</td>
<td>10.6</td>
<td>+23%</td>
</tr>
<tr>
<td>Europe</td>
<td>16.7</td>
<td>16.7</td>
<td>0%</td>
</tr>
<tr>
<td>China</td>
<td>12.5</td>
<td>13.4</td>
<td>+7%</td>
</tr>
<tr>
<td>India</td>
<td>2.3</td>
<td>2.6</td>
<td>+12%</td>
</tr>
<tr>
<td>Japan</td>
<td>7.7</td>
<td>8.9</td>
<td>+16%</td>
</tr>
<tr>
<td>Korea</td>
<td>3.4</td>
<td>3.5</td>
<td>+5%</td>
</tr>
<tr>
<td>South America</td>
<td>59.2</td>
<td>63.0</td>
<td>+7%</td>
</tr>
<tr>
<td>World</td>
<td>59.2</td>
<td>63.0</td>
<td>+7%</td>
</tr>
</tbody>
</table>

---

**Source:** Global Insight, Polk, J.D.Power, PSR, Honeywell

---

**Rebound From Difficult 2009**
2010 Aftermarket Macros

**Vehicle Park / Miles Driven**

- **US Trillions of Miles Driven**
  - 2.98
  - 2.90
  - 2.89
  - 2.91

- **EU Vehicle Park (M)**
  - 300
  - 323
  - 326
  - 330

- **N.A. Vehicle Park (M)**
  - 287
  - 298
  - 298
  - 299

**Aging US Vehicle Park**

- **Avg. Vehicle Age in Years**
  - **Cars**
  - **Trucks**

**Miles Driven Rebounding**

**Increased Car Park Size**

**Average Vehicle Age Up**

**Increase in Required Maintenance**

**Gradual Aftermarket Recovery**

Source: Miles Driven, Car Park (AAIA); CSM (Car Park)

Source: R.L. Polk, Martec analysis
## TS Core Segment Drivers – 2010

<table>
<thead>
<tr>
<th>Segment</th>
<th>HON Impact</th>
<th>Segment Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe LV Production</td>
<td>High</td>
<td>0%</td>
</tr>
<tr>
<td>WEU Turbo Diesel Penetration</td>
<td>High</td>
<td>2pts</td>
</tr>
<tr>
<td>Global Turbo Gas Penetration</td>
<td>Medium</td>
<td>2pts</td>
</tr>
<tr>
<td>Commercial Vehicle Production</td>
<td>Medium</td>
<td>10%</td>
</tr>
<tr>
<td>Global Aftermarket</td>
<td>High</td>
<td>1%</td>
</tr>
</tbody>
</table>

**Positive Macros – Turbo Launches Up 20%**
## TS What’s Different

### Last Recovery
- Vehicle Build Declined 5%
- Turbo Industry Steady Growth
- Turbo Diesel Focus
- Limited Presence in ER
- No Standardized Processes
- < 50 Launches/Year

### This Recovery
- Vehicle Build Declined 20%
- Turbo Industry Strong Rebound
- Turbo Diesel, Gas, Hybrids, CNG
- ER Engineering, Mfg & Sourcing
- HOS, VPD™ Culture & Advantage
- +100 Launches/Year, Full Pipeline

---

**A Stronger Company Exiting A Worse Recession**
Turbo Business Win Rate

$ Win Rate 2007-2009

Key Highlights
• 45% Win Rate on New Platforms
• Technology Leadership & Innovation
• Customer Excellence and Intimacy
• Flawless Launches
• HOS Competitive Advantage
• Aerospace Jet Engine Capabilities
• UOP Green Diesel Insights

Winning 2.5X More Than Closest Competitor
TS Technology Leadership & Innovation

### Turbo Hybrid
- Q1 Launch – BMW 4.4L V8
- Turbo Gasoline & Hybrid

### Turbo Gasoline / CNG
- Q3 Launch – Chevy Cruze 1.4L
- Small Turbo Gas in the US

### US Light Trucks
- Q1 Launch – Ford F-350 V8
- New Technology

### On-Highway Trucks
- Q1 Launch – Hino
- New Technology

### FRAM / Wal-Mart
- Q1 FRAM Re-Launch
- New Benefits, Packaging

### BENDIX / Network Group
- Q1 BENDIX Expansion US
- Improved Range, Catalog

---

100 New Engine Launches, Brand SoD Gain
## Turbo Technology Evolutions

<table>
<thead>
<tr>
<th></th>
<th>Vehicle</th>
<th>Driver Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Before</strong></td>
<td><img src="image" alt="2.0 L Engine" /> 2.0 L 3000 RPM</td>
<td><img src="image" alt="3 second Acceleration" /> 25 MPG</td>
</tr>
<tr>
<td><strong>Now</strong></td>
<td><img src="image" alt="1.8 L Engine" /> 1.8 L 3000 RPM</td>
<td><img src="image" alt="2.5 second Acceleration" /> 28 MPG</td>
</tr>
<tr>
<td><strong>Next</strong></td>
<td><img src="image" alt="1.5 L Engine" /> 1.5 L 2000 RPM</td>
<td><img src="image" alt="1.5 second Acceleration" /> 35 MPG</td>
</tr>
</tbody>
</table>

- Downsizing Required to Meet Demand for More Fuel Efficiency
- Turbos: “No Compromise” Solution for Consumers – Performance
- Next Generation Turbos Enable 25% Incremental Fuel Economy

*Turbo Innovation For Future Emissions*
Commercial Excellence

Customer Intimacy

- Early Development With Customers
- Full Product Range – All Fuels
- Global Footprint
- On Site With Customers

Launch Excellence

- Unique Portfolio Breadth
- Pipeline of 400 New Engines
- Field Experience Drives Reliability
- Global Program Management Tools

Intimacy And New Launches Drive Growth

2009 2010

100+ Launches

+20%
**TS HOS Deployment**

**HOS Deployment Status**


**Key Initiatives**

- 100% Sites Bronze and Above by 2014
- Extend HOS to Suppliers & Labs
- Quality & Reliability Differentiation
- Cost Leadership

**Mature HOS Site Results**

- **Defects (PPM)**: 73% Reduction
- **Delivery (OTTR)**: 7 pt Improvement
- **Inventory (DOS)**: 6 Day Improvement
- **Productivity**: 33% Improvement

**Building A 20 Year Competitive Advantage**
Aerospace & UOP Synergies

Aerospace Heritage

• High-Temp Material Development
• Advanced Bearing Technologies
• Turbine Blade Frequency Analysis
• Co-located Engineering Resources

UOP Green Diesel

• Powertrain & Emissions Knowledge
• Engine / Fuel Durability Evaluation
• Enabling Global Dieselization
• Extending Technology to Green Gas

Differentiation Thru HON Synergies
Turbo US Growth (An Emerging Region)

- **40% CAFE Improvement**
- **Turbo Pen. from 5% to +20%**
- **Turbo on Gas, Diesel & Hybrids**

**CAFE 2016 Requirements**

- **2008**
  - Car = 27.5 mpg
  - Truck = 23 mpg

- **2011**
  - Car = 30 mpg
  - Truck = 24 mpg

- **2016**
  - Car = 39 mpg
  - Truck = 30 mpg

- **Fuel Economy**
  - 25 mpg
  - 27.3 mpg
  - 35.5 mpg

- **Revenue Outlook**
  - **2009** $250M
  - **2014** $700M
  - 22% CAGR

- **Key Platform Launches**
  - Ford Ecoboost, GM Chevy Cruze, F250/F350
  - BMW, Audi, Mercedes

- **70% Share in US Light Truck Diesel**
Long Term Growth Drivers

Tightening Fuel Legislation

- Stricter Emission Legislation
- More Demand for Fuel Efficiency
- Shift to Smaller Engines

Macro Trends

- Legislation Favors Turbo Adoption
- Turbos Enable 20-40% Fuel Eco.
- Turbos: Hybrid, CNG, Gas, Diesel

Implications

Source: An and Sauer & Honeywell
Source: Global Insight & Honeywell – Includes Light & Commercial Vehicles
5-Year Revenue Growth Scenarios

Revenue ($B)

- 2009: 3.4B, 7% CAGR
- 2014: 4.7B, 9% CAGR

Margin Growth – Baseline Scenario

- Volume Leverage: +700 bps
- HOS Enabled: +100-200 bps
- FT & Cost Discipline: +100-200 bps
- 2014: 4.6% to 14-15%

Growth Drivers

- Turbo CAGR 10-12%
- Better
  - Faster Auto Industry Recovery
  - Faster US / China Turbo Adoption
  - WE Diesel Penetration Growth
- Worse
  - Diesel Penetration Flattening
  - Accelerated Shift to Smaller Engines
  - Stagnant Miles Driven

Margin Drivers

- Volume Leverage
- Fixed Cost Control
- Operational Excellence, HOS & VPD
- Emerging Region Penetration

Confident In Long Term Outlook
Today’s Discussion

• Strong Track Record 2003-2009

• Cost And Productivity Drivers

• Cash Generation And Legacy Update

• Outlook For 2010 And Beyond

Focus On Long Term Growth And Value Creation
HON Track Record

2003-2008 Summary

- Sales: 23.1%
- Segment Margin: 13.3%
- EPS: $1.50
- FCF: $3.76

2004-2009 Summary

- Sales: 36.6%
- Segment Margin: 10.7%
- EPS: $1.5
- FCF: $3.1

Sustained Strong Performance Despite Downturn
Valuation Metrics

**2010 P/E Ratio**

- **Range**: 20
- **Average**: 16
- **HON**: 17

- **HON Highest**: 16
- **HON 2nd Highest**: 13
- **HON Average Range**: 14

**Pension Adjusted HON 14x**

**2010 FCF Multiple**

- **Range**: 16
- **Average**: 13
- **HON**: 11

- **HON 2nd Lowest**: 10
- **HON 2nd Highest**: 15
- **HON Average Range**: 14

**2009 ROIC**

- **Range**: 32%
- **Average**: 15%
- **HON**: 20%

- **HON 2nd Highest**: 5%
- **HON Average Range**: 20%

**2009 Margin Change**

- **Range**: (210) bps
- **Average**: (80) bps
- **HON**: Held Flat

- **HON Highest**: (210) bps

**Dividend Yield**

- **Range**: 3.0%
- **Average**: 2.0%
- **HON**: 3.0%

- **HON Highest**: 0.2%

**Total Return**

<table>
<thead>
<tr>
<th>Year</th>
<th>Honeywell</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>24</td>
<td>26</td>
</tr>
<tr>
<td>2008</td>
<td>(45)</td>
<td>(37)</td>
</tr>
<tr>
<td>2007</td>
<td>39</td>
<td>5</td>
</tr>
<tr>
<td>2006</td>
<td>24</td>
<td>16</td>
</tr>
<tr>
<td>2005</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>2004</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>2003</td>
<td>43</td>
<td>29</td>
</tr>
</tbody>
</table>

**Compounded**

- 94%
- 46%

1) Range, average calculated using eight multi-industry peers
2) Honeywell 2/18/2010 closing stock price: $39.85
3) See Appendix for further details

**Good Performance And Undervalued = Upside**
Strong Margin Performance Over Time

**Gross Profit Margins**

- 2003: 23.5%
- 2009: 26.4%
- Increase: +290 bps

**Segment Profit Margins**

- 2003: 10.7%
- 2009: 13.3%
- Increase: +260 bps

**Key Contributors**

- **FT / Repo Actions**
  - Delivering Significant Benefits
- **HOS Building Momentum**
  - ~25% Productivity Gain with Bronze
- **Strong New Product Pipeline**
  - Share Gains and Value Pricing
- **Commercial Excellence Traction**
  - Sales and Marketing Effectiveness

**Increasing Sales Conversion**
Cash Deployment – 2003-2009

($B)

Inflows:

+ Divestitures 3.2
+ Net Debt Issuance 2.5
+ Other 1.3

Outflows:

- Acquisitions (8.8)
- Share Repurchase (9.2)
- Dividends (5.2)

Cash 1/1/03 $2.0
+ 2003-2009 FCF 17.0
- Net Outflows (16.2)

Cash 12/31/09 $2.8

$14.4B Cash Returned To Shareholders
M&A Track Record

• 2003-2009: 60 Transactions, ~$6B Sales Acquired

• Significant Growth Platforms (Novar, UOP, Gas Detection)

• Disciplined Identification, Due Diligence, Valuation

• Highly Effective Integration Process

• Active Pipeline; Business Ownership
Expanding Served Markets – M&A

<table>
<thead>
<tr>
<th>Acquisition</th>
<th>Adjacent Space</th>
<th>Market Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOVAR 2005</td>
<td>• Intelligent Building Solutions</td>
<td>• ~$20B</td>
</tr>
<tr>
<td></td>
<td>- Fire, Security, Building Controls, Datacom &amp; Electrical</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Purchased for $1.1B, Net of Non-Core Divestitures</td>
<td></td>
</tr>
<tr>
<td>UOP 2005</td>
<td>• Process Technology &amp; Equipment, Catalysts and Advanced Materials</td>
<td>• ~$5B</td>
</tr>
<tr>
<td></td>
<td>- Leader in Process Technology, Catalysts and Adsorbents for Refining, Petrochemical and Gas Processing</td>
<td></td>
</tr>
<tr>
<td>Zellweger Analytics 2006</td>
<td>• Gas Detection, Gas Sensing</td>
<td>• ~$3B</td>
</tr>
<tr>
<td></td>
<td>- Petrochem, Semiconductor and Consumer Gas Focus</td>
<td></td>
</tr>
</tbody>
</table>

Demonstrated New Acquisition Processes
## Expanding Served Markets – M&A

<table>
<thead>
<tr>
<th>Year</th>
<th>Acquisition</th>
<th>Adjacent Space</th>
<th>Market Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Honeywell Enraf • Oil &amp; Gas Storage, Transport and Blending Controls  • AIDC (Handheld Imaging)  - Imaging Focus in Transport and Healthcare Verticals  • Combustion Controls &amp; Systems (Gen. Industrial)</td>
<td>• ~$1B  • ~$15B  • ~$1B</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>AIDC (Laser Scanning)  - Leader in Bar Code Scanning Sub-Segment  • Personal Protection Equip.  • High Temp. Combustion &amp; Emission Systems (O&amp;G, Petrochemicals)</td>
<td>• ~$1B  • ~$15B  • ~$20B  • ~$1B</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>RMG • Natural Gas Storage, Transport and Distribution Controls</td>
<td></td>
<td>• ~$2B</td>
</tr>
</tbody>
</table>

**Attractive “Sub” Industries, Good Growth**
## Cost Management

<table>
<thead>
<tr>
<th>Prior Downturn</th>
<th>Today</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Deep Layoffs</td>
<td>• Preserved Industrial Base</td>
</tr>
<tr>
<td>— +30,000 Census Reduction</td>
<td>— Targeted Repositioning</td>
</tr>
<tr>
<td>— ~$7B Write-Offs</td>
<td>— Work Schedule Reductions</td>
</tr>
<tr>
<td>• Limited Cost Visibility</td>
<td>• Improved Cost Analytics</td>
</tr>
<tr>
<td>— Lacked Definitions / Systems</td>
<td>— Fixed / Variable</td>
</tr>
<tr>
<td>— “Across The Board” Cuts</td>
<td>— Material / Labor</td>
</tr>
<tr>
<td>• Slashed Growth Investments</td>
<td>• Continued Seed Planting</td>
</tr>
<tr>
<td>— Cupboards Bare</td>
<td>— Robust Product Pipeline</td>
</tr>
<tr>
<td>— Slowed Recovery 2003-2005</td>
<td>— Emerging Region Focus</td>
</tr>
</tbody>
</table>

*Gives Us Much Greater Flexibility*
Cost Management

Able To Hold Segment Profit % In 2009
2009 Productivity Actions

**Structural**
- $900M+ Reduction
  - Repositioning Benefits
  - Consolidated 117 Rooftops
  - $300M+ Permanent Indirect Cost Take-out

**Cyclical**
- $400M+ Reduction
  - Volume-Related
  - Significant Indirect Spend Reduction

**Policy Related Savings**
- $500M+ Reduction
  - Furlough, Incentive Comp Main Drivers
  - Partially Offset with Repositioning in 2010

Includes ongoing cost take-out from 2009 actions
Repositioning Roadmap

Prior Downturn

- HON/Allied Merger / Industrial Contraction
- Continuous Improvement / Acquisition Integration

Recent Downturn

- Credit Crisis / Recession

Well Prepared For Recent Downturn
Proactive Restructuring Benefits

<table>
<thead>
<tr>
<th>Year</th>
<th>Restructuring Charges</th>
<th>Projected Benefit (OI)</th>
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</thead>
<tbody>
<tr>
<td>2008</td>
<td>$(600)</td>
<td>$(300)</td>
</tr>
<tr>
<td>2009</td>
<td>$(300)</td>
<td>$250 Incremental OI</td>
</tr>
<tr>
<td>2010</td>
<td>$300</td>
<td>$300 Incremental OI</td>
</tr>
</tbody>
</table>

Funded Through Operations / Gains

Financial Review
Honeywell Investor Conference – February 22, 2010
Investing In Functional Transformation / ERP

Highlights – Since 2004

- Functional Costs Down 24%
- Census Down 2,200
- Emerging Market +30% from 15%
- Established Centers of Excellence
- Common ERP – SAP +60% Sales
- Automated Purchasing Tools
- Standard Processes, Common Data

2010 ERP Rollout Targets

- Aero: 75%
- ACS: 45%
- TS: 100%
- SM: 100%

HOS For The Back-Office
HOS Deployment

HOS Productivity

$M – Annual HOS Gross Savings

2009 2010 2011 2012

150 165 185 205

2010 - 2012 Initiatives

• All Sites Deployed
• 90% Sites Bronze by 2012
• Extend HOS to Suppliers & Labs
• Quality & Reliability Differentiation

Mature HOS Site Results

Defects (PPM)
65% Reduction

Baseline HOS Bronze

Delivery (OTTR)
7 pt Improvement

Baseline HOS Bronze

Inventory (DOS)
20% Reduction

Baseline HOS Bronze

Productivity
~25% Improvement

Baseline HOS Bronze

Building A 20 Year Competitive Advantage
2010 GDP Outlook

US GDP

Euro GDP

China GDP

India GDP

Global GDP

*Source: Global Insight
2010 Summary

Sales Walk

2009 Sales: $30.9
Emerging Regions
Developed Regions
Acquisitions (RMG, Callidus)
2010 Sales Midpoint: ~$31.7

Emerging Regions Driving Growth
## 2010 Guidance Summary

<table>
<thead>
<tr>
<th>($B)</th>
<th>2010 Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$ 31.3 - $ 32.2</td>
</tr>
<tr>
<td>Aerospace</td>
<td>10.5 - 10.8</td>
</tr>
<tr>
<td>ACS</td>
<td>12.7 - 13.0</td>
</tr>
<tr>
<td>Transportation</td>
<td>3.6 - 3.8</td>
</tr>
<tr>
<td>Specialty Materials</td>
<td>4.3 - 4.5</td>
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</table>

### Segment Margins

<table>
<thead>
<tr>
<th>($B)</th>
<th>2010 Guidance</th>
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<tbody>
<tr>
<td>Aerospace</td>
<td>17.6% - 18.0%</td>
</tr>
<tr>
<td>ACS</td>
<td>12.6% - 12.9%</td>
</tr>
<tr>
<td>Transportation</td>
<td>8.0% - 9.0%</td>
</tr>
<tr>
<td>Specialty Materials</td>
<td>14.2% - 14.8%</td>
</tr>
</tbody>
</table>

### Net Income

<table>
<thead>
<tr>
<th>($B)</th>
<th>2010 Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$  1.7 - 1.9</td>
</tr>
<tr>
<td>EPS</td>
<td>$  2.20 - 2.40</td>
</tr>
<tr>
<td>EPS, Excluding Pension</td>
<td>$ 2.97 - 3.17</td>
</tr>
</tbody>
</table>

### Free Cash Flow

<table>
<thead>
<tr>
<th>($B)</th>
<th>2010 Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Cash Flow</td>
<td>$  2.4 - 2.7</td>
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</table>

Confident In 2010 Outlook
# 1Q10 Update

<table>
<thead>
<tr>
<th>($B)</th>
<th>Sales</th>
<th>Comments</th>
</tr>
</thead>
</table>
| Aerospace | ~2.3 – 2.5 | • OE Deliveries Decline  
• Continued Spares Weakness  
• Defense Stable |
| ACS | ~3.0 – 3.1 | • Conditions Improving  
• FX +3%, Acq. +2% Estimated Impact  
• Building Solutions Backlog + EM |
| Transportation | ~0.9 – 1.0 | • FX +4% Estimated Impact  
• New Turbo Launches |
| Specialty | ~1.0 – 1.1 | • Raws +4% Estimated Impact  
• Lower UOP Catalysts |

**1Q10 Sales ~$7.2B - $7.6B**  
**EPS $0.40 – $0.45**
# 2014 GDP Outlook

**Global GDP**

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2014</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>51.0</td>
<td>59.1</td>
<td>4%</td>
</tr>
</tbody>
</table>

**US GDP**

- 2010: 13.4
- 2014: 15.1
- CAGR: 3%

**Euro GDP**

- 2010: 10.4
- 2014: 11.2
- CAGR: 2%

**China GDP**

- 2010: 3.7
- 2014: 5.2
- CAGR: 9%

**India GDP**

- 2010: 1.2
- 2014: 1.6
- CAGR: 8%

*Source: Global Insight*
HON Sales Growth

**Developed Markets**
- $27B in 2009
- $33 - 36B in 2014
- **+4 - 6% CAGR**

**Emerging Markets**
- $4B in 2009
- $8 - 9B in 2014
- **+13 - 15% CAGR**

**Total Sales**
- $31B in 2009
- $41 - 45B in 2014
- **+6 - 8% CAGR**

- **~$6 - 9B Growth**
- **~$4 - 5B Growth**
- **~$10 - 14B Growth**
2010 – 2014 Outlook By Business

AERO
- BGA Aftermarket 2010 Uptick, OE Recovery 2011
- U.S. Defense Flattish, International Growth

ACS
- Energy Efficiency Drives Retrofit Growth
- Commercial Construction Recovery Begins 2012
- Emerging Region Expansion, 13-15% CAGR

TS
- Turbo Penetration Plus New Launches Drive 10-12% CAGR
- Continued CPG Operational Improvement
- Aftermarket Business Grows With GDP

SM
- Global Energy Demand Drives UOP
- New Products and Markets Grow SM
- Further Emerging Region Penetration

Realistic Assumptions
Long Term HON Outlook

5-Year Revenue Growth

- ~$43B
- $31B
- 2009 → 2014
- 7% CAGR

5-Year Segment Margin Growth

- ~$16-18%
- 13.3%
- 2009 → 2014
- ~60 bps+ per year

Growth Factors

- 6-8%+ Growth Driven By
  - New Products and Technologies
  - Favorable Macro Trends
  - Energy Efficiency
  - Emerging Region Penetration
  - Some Targeted Acquisitions

- Strong Margin Expansion
  - Improved Cost Structure
  - Volume Leverage
  - HOS, FT, Repo Contributions
  - Commercial Effectiveness

Achievable Path To Long Term Outlook
Pension Accounting

Pension Expense % Of EPS

2011 Pension Expense

<table>
<thead>
<tr>
<th>Rate of Return</th>
<th>12/31/10 Discount Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.75%</td>
</tr>
<tr>
<td>6%</td>
<td>$1,020</td>
</tr>
<tr>
<td>9%</td>
<td>$1,000</td>
</tr>
<tr>
<td>12%</td>
<td>$970</td>
</tr>
</tbody>
</table>

- Asset Returns: 9% for 2010 to 2014; Discount Rate: 5.75% for 2010 and 6.25% thereafter
- Peer EPS for 2010 to 2014 based on Sell Side Analyst Consensus Estimates
- Peer Pension expense for 2010 to 2014 estimated using the same change ratio as HON peer adj Pension expense in those years

- Pension Expense Declines As % Starting 2011
- Sharp Pension Tailwind Begins 2012
Cash Outlook 2010 – 2014

Cash Flow Compounds, Legacy Declines As %

2003: 23% (470M)
2010: 19% (~610M)
2014: 13% (~700M)

17% CAGR
Legacy Update

**U.S. Pension**

- No Required Contributions 2010, 2011
- Proactive Pre-funding
- Anticipate Annual $450M-$550M After-Tax Cash Contribution, Beginning 2012

**Asbestos**

- NARCO Trust Timing Still Uncertain
- Annual NARCO Cap Declines to $110M After-Tax
- 2014 NARCO Range $10-$70M After-Tax

**Environmental**

- Total Number of Sites Stable
- Major Current Sites on Track
- Expense Projected to Decline Over 5 Year Period

---

**Total Legacy Declines In Out-Years**

- **U.S. Pension**
  - 2010: ~300 M (Cash), ~450 M (Stock)
  - 2014: ~450 M (Stock)

- **Asbestos**
  - 2010: 400 M (NARCO), ~110 M (Bendix)
  - 2014: ~110 M (Bendix)

- **Environmental**
  - 2010: 210 M
  - 2014: ~150 M
Cash Deployment 2010-2014

$22-24B

$12-14B

$6B

$4B

Continue To Build Long Term Value
Honeywell Investment Thesis

• Strong Global Franchises in Growing Markets
  – R&D Investment and VPD™ = New Product Leverage
  – 6-8% Sales Growth Reasonable and Sustainable

• Path to Industry Leading Margins
  – Structural Cost Take Out = Strong Operating Leverage
  – Acceleration of HOS, Maturity of ERP Investments
  – 60+ bps Increase in Segment Margin Per Year Attainable
Honeywell Investment Thesis (Cont’d)

• **Segment Profit / Margin Translates to EPS Acceleration**
  – Pension Headwind Converts to Tailwind in 2012
  – Proactive Repositioning Generating 1-2 Year Payback
  – Strong Double Digit EPS Growth Beginning 2011

• **Strong Cash Generation / Effective Deployment**
  – Ongoing Working Capital Improvement, Capex Within Target
  – Decline in Total Legacy Cash, Highly Disciplined M&A
  – Return to Shareholders Through Dividends, Share Repurchase
Summary

- **Strong Performance Track Record**
  - Performed Well In Last Recovery
  - Performed In This Recession
- **Continued Seed Planting**
  - New Products, R&D Investments
  - Key Process Enablers
  - Geographic Expansion
- **Outlook Through 2014 Is Very Bright**
  - Leveraged to Favorable Macro Trends
  - Strong Franchises in Growing Markets
  - *Will Perform In This Recovery*
Appendix
Reconciliation of non-GAAP Measures to GAAP Measures
Reconciliation of Free Cash Flow to Cash Provided by Operating Activities and Calculation of Cash Flow Conversion

<table>
<thead>
<tr>
<th>($B)</th>
<th>2000</th>
<th>2001</th>
<th>2002</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>$2.0</td>
<td>$2.0</td>
<td>$2.4</td>
<td>$2.2</td>
<td>$2.2</td>
<td>$2.4</td>
<td>$3.2</td>
<td>$3.9</td>
</tr>
<tr>
<td>Expenditures for Property, Plant and Equipment</td>
<td>($0.9)</td>
<td>($0.9)</td>
<td>($0.7)</td>
<td>($0.7)</td>
<td>($0.6)</td>
<td>($0.6)</td>
<td>($0.7)</td>
<td>($0.8)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$1.1</td>
<td>$1.1</td>
<td>$1.7</td>
<td>$1.5</td>
<td>$1.6</td>
<td>$1.8</td>
<td>$2.5</td>
<td>$3.1</td>
</tr>
</tbody>
</table>

Cash Provided by Operating Activities $2.0 $2.0 $2.4 $2.2 $2.2 $2.4 $3.2 $3.9
\[ \text{Net Income Attributable to Honeywell} = \frac{\text{Cash Provided by Operating Activities}}{\text{Net Income Attributable to Honeywell}} \]

Operating Cash Flow Conversion %

<table>
<thead>
<tr>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>120%</td>
<td>N/A</td>
<td>N/A</td>
<td>171%</td>
<td>181%</td>
<td>149%</td>
<td>154%</td>
<td>160%</td>
</tr>
</tbody>
</table>

Free Cash Flow $1.1 $1.1 $1.7 $1.5 $1.6 $1.8 $2.5 $3.1
\[ \text{Net Income Attributable to Honeywell} = \frac{\text{Free Cash Flow}}{\text{Net Income Attributable to Honeywell}} \]

Free Cash Flow Conversion %

<table>
<thead>
<tr>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>68%</td>
<td>N/A</td>
<td>N/A</td>
<td>120%</td>
<td>130%</td>
<td>107%</td>
<td>119%</td>
<td>129%</td>
</tr>
</tbody>
</table>
Reconciliation of Free Cash Flow to Cash Provided by Operating Activities and Calculation of Cash Flow Conversion

<table>
<thead>
<tr>
<th>$(B)$</th>
<th>2008</th>
<th>2009</th>
<th>2010E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$3.8</td>
<td>$3.9</td>
<td>$3.1 - 3.4</td>
</tr>
<tr>
<td>Expenditures for Property, Plant and Equipment</td>
<td>(0.9)</td>
<td>(0.6)</td>
<td>~ (0.7)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>2.9</td>
<td>3.3</td>
<td>$2.4 - 2.7</td>
</tr>
<tr>
<td>Cash taxes relating to the sale of the Consumables Solution business</td>
<td>0.2</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Free Cash Flow excluding cash taxes relating to the sale of the Consumables Solution business</td>
<td>$3.1</td>
<td>$3.3</td>
<td>$2.4 - 2.7</td>
</tr>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$3.8</td>
<td>$3.9</td>
<td>$3.1 - 3.4</td>
</tr>
<tr>
<td>÷ Net Income Attributable to Honeywell</td>
<td>$2.8</td>
<td>2.2</td>
<td>~ $1.8</td>
</tr>
<tr>
<td>Operating Cash Flow Conversion %</td>
<td>136%</td>
<td>183%</td>
<td>~180%</td>
</tr>
<tr>
<td>Free Cash Flow excluding cash taxes relating to the sale of the Consumables Solution business</td>
<td>$3.1</td>
<td>$3.3</td>
<td>$2.4 - 2.7</td>
</tr>
<tr>
<td>÷ Net Income Attributable to Honeywell</td>
<td>$2.8</td>
<td>2.2</td>
<td>~$1.8</td>
</tr>
<tr>
<td>Free Cash Flow excluding cash taxes relating to the sale of the Consumables Solution business Conversion %</td>
<td>110%</td>
<td>155%</td>
<td>~140%</td>
</tr>
</tbody>
</table>
# Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margin

<table>
<thead>
<tr>
<th>($B)</th>
<th>2003</th>
<th>2004</th>
<th>2008</th>
<th>2009</th>
<th>2010E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$23.1</td>
<td>$25.6</td>
<td>$36.6</td>
<td>$30.9</td>
<td>$31.3 - $32.2</td>
</tr>
<tr>
<td>Cost of Products and Services Sold</td>
<td>(18.2)</td>
<td>(20.7)</td>
<td>(28.0)</td>
<td>(23.2)</td>
<td>(24.2) - (24.7)</td>
</tr>
<tr>
<td>Selling, General and Administrative Expenses</td>
<td>(3.0)</td>
<td>(3.3)</td>
<td>(5.0)</td>
<td>(4.3)</td>
<td>(4.4) - (4.6)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$1.9</td>
<td>$1.6</td>
<td>$3.6</td>
<td>$3.4</td>
<td>$2.7 - $2.9</td>
</tr>
<tr>
<td>Stock Based Compensation (1)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1 - 0.2</td>
</tr>
<tr>
<td>Repositioning and Other (1, 2)</td>
<td>0.3</td>
<td>0.7</td>
<td>1.0</td>
<td>0.5</td>
<td>~0.4</td>
</tr>
<tr>
<td>Pension and OPEB Expense (1)</td>
<td>0.3</td>
<td>0.6</td>
<td>0.1</td>
<td>0.1</td>
<td>~0.9</td>
</tr>
<tr>
<td>Segment Profit</td>
<td>$2.5</td>
<td>$2.9</td>
<td>$4.8</td>
<td>$4.1</td>
<td>$4.1 - 4.4</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$1.9</td>
<td>$1.6</td>
<td>$3.6</td>
<td>$3.4</td>
<td>$2.7 - $2.9</td>
</tr>
<tr>
<td>÷ Sales</td>
<td>$23.1</td>
<td>$25.6</td>
<td>$36.6</td>
<td>$30.9</td>
<td>$31.3 - $32.2</td>
</tr>
<tr>
<td>Operating Income Margin %</td>
<td>8.3%</td>
<td>6.4%</td>
<td>9.8%</td>
<td>11.0%</td>
<td>8.6 - 8.9%</td>
</tr>
</tbody>
</table>

Segment Profit

<table>
<thead>
<tr>
<th>($B)</th>
<th>2003</th>
<th>2004</th>
<th>2008</th>
<th>2009</th>
<th>2010E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Profit</td>
<td>$2.5</td>
<td>$2.9</td>
<td>$4.8</td>
<td>$4.1</td>
<td>$4.1 - 4.4</td>
</tr>
<tr>
<td>÷ Sales</td>
<td>$23.1</td>
<td>$25.6</td>
<td>$36.6</td>
<td>$30.9</td>
<td>$31.3 - $32.2</td>
</tr>
<tr>
<td>Segment Profit Margin %</td>
<td>10.7%</td>
<td>11.4%</td>
<td>13.3%</td>
<td>13.3%</td>
<td>13.3 - 13.8%</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 (beginning 1’12008)
Calculation of Adjusted Gross Profit

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$23.1</td>
<td>$30.9</td>
</tr>
<tr>
<td>Cost of Products and Services Sold</td>
<td>(18.2)</td>
<td>(23.2)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>4.9</td>
<td>7.7</td>
</tr>
<tr>
<td>Pension and OPEB</td>
<td>0.3</td>
<td>0.0</td>
</tr>
<tr>
<td>Repositioning and Other</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>Adjusted Gross Profit</td>
<td>$5.4</td>
<td>$8.2</td>
</tr>
<tr>
<td>÷ Sales</td>
<td>$23.1</td>
<td>$30.9</td>
</tr>
<tr>
<td>Adjusted Gross Profit Margin %</td>
<td>23.5%</td>
<td>26.4%</td>
</tr>
</tbody>
</table>

(1) Includes repositioning, asbestos and environmental expense
Reconciliation of EPS to EPS, Excluding Pension

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010E</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>$2.85</td>
<td>~$2.20 - $2.40</td>
</tr>
<tr>
<td>Pension Expense</td>
<td>0.10</td>
<td>~$.77</td>
</tr>
<tr>
<td>EPS, Excluding Pension</td>
<td>2.95</td>
<td>~$2.97 - $3.17</td>
</tr>
</tbody>
</table>

(1) Assumes weighted average shares outstanding of 756 million and 780 million in 2009 and 2010, respectively and a 26.5% effective tax rate for both periods.
Valuation Metrics

Calculation Methodology

• Dividend Yield
  = Dividend per Share (Last Announced) ÷ 2/18/2010 Closing Stock Price

• FCF Multiple
  = 2/18/2010 Market Capitalization at Closing ÷ 2010 Estimated FCF

• ROIC
  = Net Income Before Interest ÷ Net Investment (2-point Average)
    • Net Income Before Interest = Net Income + After-tax Interest
    • Net Investment = Book Value of Equity + Total Debt

• P/E Ratio (2010)
  = 2/18/2010 Closing Stock Price ÷ 2010 Latest Consensus Estimate EPS

• PEG Ratio
  = 2010 P/E ÷ 2010 Estimated EPS Growth
    • 2010 Estimated EPS Growth = 2010 Latest Consensus Estimate EPS ÷ 2009 Actual Reported EPS

Eight Industry Peers

• COL, DHR, EMR, GE, ITT, MMM, TYC, UTX