ELECTRICAL PRODUCTS GROUP CONFERENCE

Dave Cote
Chairman & CEO
This report contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of fact, that address activities, events or developments that we or our management intend, expect, project, believe or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements are based on management’s assumptions and assessments in light of past experience and trends, current economic and industry conditions, expected future developments and other relevant factors. They are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by our forward-looking statements. Our forward-looking statements are also subject to risks and uncertainties, which can affect our performance in both the near- and long-term. We identify the principal risks and uncertainties that affect our performance in our Form 10-K and other filings with the Securities and Exchange Commission.
Key Messages

• HON Business Model Working
  - Reflected In The Results, Achievement Of 2014 Targets

• What’s Next For HON
  - Breakthrough Innovations Driven By Differentiated Processes And Technologies

• We Will Continue To Outperform
  - Meaningful Inflection Points Contemplated In Next 5 Year Plan

Exciting Time For Honeywell
Evolution Of Honeywell

HON Evolution

2002
Addressing The Portfolio / Legacy Issues

2004
Building Performance Culture, Gaining Momentum

2006
Executing Strategies / Enablers Working

2008
Built Financial Track Record

2010
Stronger Post Recession Performance

2012
Continuing To Outperform

2014
On Track To 2014 Targets, Compelling New Five Year Plan

The Evolution Continues
HON Business Model

One Honeywell Culture

- 5 Initiatives / 12 Behaviors
- Management Resource Review
  - Rigorous Business Review Process
  - CEO Interviews Top 200 Roles
- Trick Is In The Doing
  - The Machinery Needs To Work
  - Go Slow To Go Fast
  - Achieve Two Seemingly Conflicting Things
- Foundational Tools
  - Six Sigma, Cycle Time
  - ERP, CMMI
- Innovation Mindset
  - Breakthrough Ideas Every Year

Great Positions In Good Industries
- Acquisitions Are Incremental
  - Bolt On Or Consistent Business Model
- Balance
  - Long / Short Cycle
  - Early / Mid / Late Cycle
- Globalization Opportunity
- HOS Gold: Honeywell Operating Model
- VPD™: Velocity Product Development
- FT: Functional Transformation
- OEF: Organizational Effectiveness
- HUE: HON User Experience

Consistent Business Model That Applies Effectively To Every Honeywell Business ... And Generates Results
# 2Q14 Preview

<table>
<thead>
<tr>
<th>Sales Change</th>
<th>Margin Change</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aerospace</strong></td>
<td>~Flat</td>
<td>• Comm’l Growth - Mechanical</td>
</tr>
<tr>
<td>(1) - 1%</td>
<td></td>
<td>• D&amp;S Headwinds Moderate</td>
</tr>
<tr>
<td><strong>ACS w/o HPS</strong></td>
<td>8 - 10%</td>
<td>• End Markets Steady Growth</td>
</tr>
<tr>
<td></td>
<td>~3% Organic</td>
<td>• Acquisition Integration</td>
</tr>
<tr>
<td><strong>PMT w/ HPS</strong></td>
<td>3 - 5%</td>
<td>• UOP Up Double Digits</td>
</tr>
<tr>
<td></td>
<td>Up Slightly</td>
<td>• HPS Steady Growth</td>
</tr>
<tr>
<td><strong>Transportation</strong></td>
<td>5 - 7%</td>
<td>• EU LV Prod ~Flat - Slightly Up</td>
</tr>
<tr>
<td></td>
<td>Up ~200 bps</td>
<td>• New Platform Launches</td>
</tr>
<tr>
<td><strong>Honeywell</strong></td>
<td>3 - 5%</td>
<td>• Sales Of $10.0-$10.2B</td>
</tr>
<tr>
<td></td>
<td>~3% Organic</td>
<td>• Sales Of $10.0-$10.2B</td>
</tr>
</tbody>
</table>

**EPS $1.32 - $1.36, Up 8 - 11% Normalized For Tax**

*V% Adjusted to Expected Full Year 2014 Tax Rate of 26.5% Before Any Pension Mark-to-Market Adjustment*
## 2014 Financial Guidance Summary

($B except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014E $</th>
<th>V%</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>$39.1</td>
<td>$40.3 - 40.7</td>
<td>3 - 4%</td>
<td>• Organic Up ~3%</td>
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<tr>
<td><strong>Segment Profit</strong></td>
<td>$6.4</td>
<td>$6.7 - 6.9</td>
<td>5 - 9%</td>
<td>• Up 50 - 80 bps ex-M&amp;A</td>
</tr>
<tr>
<td><strong>Net Income, Proforma</strong></td>
<td>$4.0</td>
<td>$4.3 - 4.4</td>
<td>9 - 12%</td>
<td></td>
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<tr>
<td><strong>EPS, Proforma</strong></td>
<td>$4.97</td>
<td>$5.40 - 5.55</td>
<td>9 - 12%</td>
<td></td>
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<tr>
<td><strong>Free Cash Flow</strong></td>
<td>$3.4</td>
<td>$3.8 - 4.0</td>
<td>~15%</td>
<td>• Better W/C Performance</td>
</tr>
</tbody>
</table>

1) Proforma, V% Exclude Pension Mark-to-Market Adjustment, Assumes 26.5% ETR In 2014
2) Cash Flow From Operations Less Capital Expenditures; Definition Of Free Cash Flow No Longer Excludes NARCO Trust Establishment Payments, Cash Pension Contributions, And Cash Taxes Relating To The Sale Of Available For Sale Investments
3) Friction Materials Remains In Full Year Guidance Until Close

### Planning Assumptions

- 2H14 Organic Sales Growth Expected To Accelerate
- Restructuring Benefits Supporting Strong Margin Expansion
- F/X Headwind Likely 2H, Planning 2H Euro 1.30
- FY EPS Growth Linearity In-Line With Prior Years

**Confident In 2014 Outlook**
2014 Performance Vs. Targets

Sales

($B)

~6% CAGR

2009 $30.0
2014E $40.3
2014T $41.0

- Lower Global Growth
  - GDP ~3.1% vs. 3.5%
    Planning Assumption
- Unfavorable FX
  - Euro ~1.33 vs. 1.35
    Planning Assumption

~30% of Headwinds

Over $1.5B of Tailwinds

• More M&A

Segment Margin

~350 Bps

2009 13.3%
2014E 16.6
2014T 16.0

- Lower Global Growth
  - Limiting Volume Leverage
- Acquisition Impact
  - Early Accounting Treatment

~60 Bps of Headwinds

Delivering 2014 Targets Despite Headwinds
Growth Vs. Peers

Sales
(Index, YoY Growth)

EPS*
(Index, YoY Growth)

Op Margin*
(% Of Sales)

Peers: UTX, DHR, EMR, MMM

* HON Proforma, Excludes Pension Mark-to-Market Adjustments

Outperforming Sales | Earnings...With Margin Upside
More To Come

Honeywell

- Excellent Growth Trajectory
  - GPGI, Innovation, Improving Macros

- High Growth Regions
  - Success In China Key To Other HGRs

- HOS Gold
  - Executing The HON Operating Model

- Software Focus Intensifies
  - CMMI Level 5 Achievement

- Honeywell User Experience
  - Driving Customer Value, Experiences

- Robust Capital Allocation
  - Yielding Excess Returns

Businesses

- Aerospace
  - Significant Wins Ramp Next Five Years
  - Technology Differentiation…No One Else Has

- Automation & Control Solutions
  - Multi-Brand, Multi-Channel Strategy
  - Impressive Margin Runway

- Performance Materials & Technologies
  - Innovation Driving Growth, New Markets
  - High ROI Capex Investments

- Transportation Systems
  - A HON Technology Business
  - Explosive Growth Opportunity
2018 Organic Growth Targets

**Sales ($B)**

- **2013**: $39.1
- **2014E**: $40.7
- **2018T**: $46

**Segment Profit / Margin**

- **2013**: Segment Profit $16.3%, Segment Margin 16.3%
- **2014E**: Segment Profit $16.6%, Segment Margin 16.9%
- **2018T**: Segment Profit $18.5%, Segment Margin 20.0%

**Key Points**

- More Innovation
- Balanced Portfolio, With Lots Of Upside
- HGR Momentum
- HOS Gold Acceleration
- FT ➔ ~2 Points of Margin
- HUE Creates More Value

**Additional Information**

- 4-6% Organic CAGR
- Adding $7-12B Of Sales
- 45 - 75 Bps Per Year
- +220-370 Bps
# Cash – Next 5 Years

## Cash Flow From Operations

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>CAPEX</td>
<td>~$30-33B</td>
</tr>
<tr>
<td>Net M&amp;A, Other</td>
<td>~50% To Growth</td>
</tr>
<tr>
<td>Dividends</td>
<td>~50% Returned To Shareholders</td>
</tr>
<tr>
<td>Share Buy Back</td>
<td></td>
</tr>
</tbody>
</table>

## Deployment Priorities

- **Investing In High ROI CAPEX**
  - ~$5-6B Next 5 years; PMT Cycle Peaks 2015

- **Pay A Competitive Dividend**
  - Grow > Earnings

- **Strategic M&A**
  - Disciplined Valuation And Screening Process
  - Targeting $10B+ Over Next 5 Years

- **Opportunistic Share Buyback**
  - ~$5B To Hold Share Count ~ Flat

- **Pension 100% Funded 2013YE**

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**Cash Providing Flexibility To Generate Excess Returns**
2018 Targets + M&A

**Sales**

- **2013:** $39.1
- **2014E:** $40.3 - 40.7
- **2018T:** $46 - 51

**+$5-8B From M&A**

**Segment Profit / Margin**

- **2013:** 16.3%
- **2014E:** 16.6 - 16.9%
- **2018T:** ~18.5 - 20.0%

- **~$1.00 EPS**

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**M&A Upside Next 5 Years**

- **Targeting Attractive Adjacencies**
- **Lots Of M&A Capacity**

- **M&A Margin Headwind ~(50-100) Bps**
- **Expecting Continued Flawless Integration**
## Accretive M&A Strategy

### What You Should Expect
- **Strong Pipeline Of Potential Targets**
  - Constant Screening, Relentless Discipline

- **High Growth New Adjacencies**
  - Execution Driven By Business Strategy

- **Significant Synergies Achieved**
  - Targeting 6-8% Of Sales As Cost Synergies
  - Sales Synergies Expected (Not Factored In)

- **Disciplined Acquisition Framework**
  - IRR> WACC; Double Digit ROI By 5th Year

- **Best In Class Integration**
  - Accretive “All-In” Year 2

### Key Focus Areas
- **Aerospace**
  - Connectivity
  - Differentiated Technologies
  - Mechanical Components

- **Automation & Control Solutions**
  - More Bolt-on Possibilities
  - Adjacencies Aligned To Multi-Brand/Channel
  - Industrial Products

- **Performance Materials & Technologies**
  - Expanding UOP Capabilities

- **Transportation Systems**
  - Turbo Technologies
Basis For 2018 Targets

**Evolving Growth Strategy**

- **Excellent Growth Portfolio**
  - Great Positions In Good Industries
  - Diversity Of Opportunity
  - Technology Differentiation

- **Enablers Drive Margin Expansion**
  - HOS And VPD™ Maturity
  - FT Opportunity ~2 Points
  - OEF And Funded Restructuring = Tailwind

- **Robust Future**
  - Seed Planting Investments Sprout
  - Power Of One HON Culture
  - Strong Leadership And Execution

**What You Can Expect**

- **Meaningful Inflection Points**
  - Improving End Markets
  - High ROI Capex Driving Growth
  - Accelerated HGR Penetration

- **More Innovation**
  - HUE, VPD™ Driving Better Products, Faster

- **Software Core To What We Do**
  - CMMI Level 5 – Robust Development Process

- **Capital Allocation Upside**
  - Accretive M&A
  - Dividend, Share Repurchases

**More Innovation And Execution**
Portfolio – Great Positions In Good Industries

HON

Diversity Of Opportunity ... In Great Spaces

Note: 2014E Sales
Aligned To Key Macro Trends

Energy Efficiency
- Linked To ~50% Of Our Portfolio
- Connected Homes, Buildings, Industrial Facilities
- Increased Global Turbo Penetration

Clean Energy Generation
- Demand For Energy Expected To Double By 2030
- Natural Gas Processing Technology / Equipment
- Green Fuels For Transportation, Power And Heat

Safety And Security
- Security For Homes, Commercial And Ind. Buildings
- Personal Protection Equipment, Fire And Gas Detection
- Advanced In-Flight And On-The-Ground Avionics

Urbanization / HGR Development
- HGR Middle Class → From 1.3B To 2.4B People By 2020
- Aerospace Industry Expansion
- Clean Air Solutions

Customer Productivity
- Helping Customers Be Better, Faster, More Efficient
- In-Flight Communications And Productivity Solutions
- Mobility / Apps

Tailwinds For Growth
Well Balanced Portfolio

Portfolio Mix (% Of 2013 Sales)

- Long Cycle (ex-D&S)
- Defense & Space
- Commercial OE
- Late Cycle
- Mid Cycle
- Early Cycle

2013 vs. Prior Peak*(Organic Sales Growth vs. Peak)

- Commercial OE
- D&S
- TS
- BSD

HON Cycle Breakdown

- Early Cycle ~15%
- Mid Cycle ~50%
- Late Cycle ~35%

Global Expansion

2003

- Outside U.S. ~43%
- U.S. ~57%

2013

- Outside U.S. ~55%
- U.S. ~45%

* TS vs. 2007, All Other Businesses vs. 2008

~40% Of HON Sales

~9% CAGR

~3% CAGR

Balanced Portfolio With Strong Growth Prospects
High Growth Regions

HGR Sales

(HON Sales)

- **HGR** ~10%
- Other Developed ~33%
- U.S. ~57%

2003 2013

- ~15% CAGR
- +6% CAGR
- +3% CAGR

Total HON CAGR +6%

$22.1B $39.1B

Sales / Census

(Index, YoY Growth)

- HGR ~23%
- Other Developed ~32%
- U.S. ~45%

~320%

~150%

Focused Strategy Working
Expanding To Other Priority Countries

“Beach Head” Established, Incremental
Adds Primarily Customer Facing

HGRs Drive ~50% Of Growth Next 5 Years
Why We Lead

Aerospace
• Disruptive Technologies No One Else Has
• Connectivity, Cross Portfolio Innovation
• Unmatched Mechanical / Electronics Capability

Automation And Control Solutions
• Multi-Brand, Multi-Channel Strategy
• Huge HGR Upside
• Focused On HUE, Voice, Software/CMMI

Performance Materials And Technologies
• World Class Process Technologies
• High ROI Capacity Expansion
• Inventing New Molecules

Transportation Systems
• Technology Leadership
• Unique Aerospace Heritage
• Flawless Launch Capability

A Portfolio Differentiated With Technology And Innovation
HOS Gold

Targeting The Sweet Spot Of Growth And Productivity

Building Blocks
- Optimized Portfolio
- One HON Culture
- Best In Class Processes

Growth
- **VPD™ Bronze+ Maturity**
  - 2012: 8%
  - 2013: ~30%
  - 2014E: ~100%
  - 2018E: ~100%

Productivity
- **HOS Bronze+ Maturity**
  - 2010: 31%
  - 2012: 70%
  - 2014E: ~85%
  - 2018E: ~100%

130 VPD™ Units
- Breakthrough Technologies
- Innovative Market Leading Products
- HUE Best In Class Experiences

270 Plants
- Continuous Improvement Culture
- Consistent, Predictable Results
- Cross-Functional Engagement

HOS Gold
- 60 Enterprises
# HOS Gold Execution

## What It Means?

- **Continuous Improvement Beyond The Four Walls Of The Factory**
  - Driving Sustainable Improvements
  - Best In Class Execution
  - Comprehensive Enterprise Approach

- **VPD™ Plays A Key Part**
  - Measured By Quartile (Top/Bottom 10)
  - Maturity Based On SBG Specific Metrics
  - Technology Leadership Councils Driving New Product Value And Speed

- **Cross-Functional Engagement**
  - Incorporates SIOP Process, Pricing, Commercial Excellence

## What Does It Take?

- **General Management Ownership**
  - Order To Cash: Customer Demand To Delivery
  - NPI: End-To-End Product Life Cycle
  - Integrated With Business Strategy

- **Prerequisite:**
  - 100% VPD™ Bronze – All LOBs
  - 70% Conversion Cost HOS Silver
  - Broad Based Maturity Assessment

- **Performance Criteria:**
  - Sustained Best-in-Class Financial Performance
  - Relative Comparison To Macros/Peers
  - Proven Customer Experience Improvement

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**Deliver And Sustain Exceptional Performance Through Continuous Improvement**

**Measured By Key Financial Metrics**

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**HOS Gold = Executing The HON Operating Model**
Honeywell User Experience

<table>
<thead>
<tr>
<th>What Is It?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Creating Solutions That Are…</td>
</tr>
<tr>
<td>- Easier To Use</td>
</tr>
<tr>
<td>- More Intuitive</td>
</tr>
<tr>
<td>- More Efficient</td>
</tr>
<tr>
<td>- More Productive</td>
</tr>
<tr>
<td>- More Desirable</td>
</tr>
<tr>
<td>• Improving…</td>
</tr>
<tr>
<td>- The Customer Experience, Brand Value</td>
</tr>
<tr>
<td>- Our Innovation Process</td>
</tr>
<tr>
<td>• Tangible Business Outcomes</td>
</tr>
<tr>
<td>- New Products, Faster Growth</td>
</tr>
<tr>
<td>- Higher Margins</td>
</tr>
<tr>
<td>- Grow Market Share And Customer Loyalty</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Why Is It Different?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Systematic Process Focused On:</td>
</tr>
<tr>
<td>- Differentiated Brand Experience</td>
</tr>
<tr>
<td>- Users, Installers, Maintainers</td>
</tr>
<tr>
<td>- Best In Class Design Principles</td>
</tr>
<tr>
<td>• Trained 26k Key Leaders / Employees</td>
</tr>
<tr>
<td>- Integrated Into NPI/VPD™ At All Levels</td>
</tr>
<tr>
<td>- 2 Day Training For All 130 VPD™ Leaders</td>
</tr>
<tr>
<td>- CEO And Staff First To Attend Training</td>
</tr>
<tr>
<td>• 9 Design Studios In Key Locations</td>
</tr>
<tr>
<td>- Staffed With User Experience Experts</td>
</tr>
</tbody>
</table>

Integrated Into HON Operating Model

Compliance With Intent

Rapid “HUE” Acculturation → Higher Organic Sales
## Software Capability Maturity

### What Is It?

- **Capability Maturity Model Integration**
  - Software Process Certification
  - 5 Levels Of Maturity With Level 5 Highest
- **Ensuring…**
  - Successful Software Programs
  - Quality, Efficiency, Repeatability

### Why Is It Important To HON?

- **50%+ HON Engineers Do Software**
  - Performing At Highest Maturity Levels
  - Embedded Within VPD™
- **Software Core To HON Capabilities**
  - Faster Product Development Through Simulation / Design Tools
  - More Innovative Software Enabled Products
  - Expanding High Margin SaaS Sales
- **Helping Create Products That…**
  - Work More Reliably
  - Get To Market Faster
  - Higher Customer Value

### HON % Of Software Engineers Performing At CMMI Level 5

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2013</th>
<th>2015E</th>
</tr>
</thead>
<tbody>
<tr>
<td>HON</td>
<td>45%</td>
<td>62%</td>
<td>100%</td>
</tr>
</tbody>
</table>

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**Software Process, Products Uniquely Differentiated**

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*Honeywell*
Margin Expansion

Initiatives

- **Honeywell Operating System**
  - Driving Continuous Improvement

- **Direct Materials / Purchasing**
  - Focus On Supplier Quality And Performance

- **OEF**
  - Holistic Approach To People Cost

- **Functional Transformation**
  - Working Toward Best In Class

- **Restructuring Pipeline**
  - Strong Backlog Of Previously Funded Projects

Repositioning

- **Proactive Funding → Margin Expansion**
- **Pipeline Supports Growth Outlook**
- **Runrate Savings From Projects Remaining**

*Projects Funded Through 1Q14*
Organizational Effectiveness

- Grow Sales Faster Than Fixed Costs
- 65-90% Of Fixed Costs Are People
- Enablers → More Efficient And Effective Processes With Less People

Strong Driver Of Margin Expansion

More Efficient, More Effective Organization
Functional Transformation

## Functional Cost % Of Sales

- **2004**: 9.6%
- **2013**: 5.8%
- **Target**: ~4%

### What We’re Doing

- Common Processes And Tools
- Leveraging Common Systems
- Analytics/Reporting Driving Change
- Greater Speed And Efficiency
- HUE Design Culture
- Building/Expanding Centers Of Excellence

Driving ~2 Margin Points Of Upside Next Five Years

## ERP Deployment

- **2006**: 32%
- **2013**: 78%
- **Target**: ~100%

*Improvement: 380 bps*
Effective Leadership

**Business Performance**

- **+77%**
- **+170%**
- **+229%**

**Incentive Compensation**

- **+14%**
- (4%)

---

**Business Performance**

- 2003 Sales ($B): $22.1
- 2013 Sales ($B): $39.1
- 2003 Segment Profit ($B): $2.4
- 2013 Segment Profit ($B): $6.4
- 2003 EPS (Proforma)*: $1.51
- 2013 EPS (Proforma)*: $4.97
- 2003 Total ICP Spend ($M): $69.9
- 2013 Total ICP Spend ($M): $79.7
- 2003 ICP Employees: 740
- 2013 ICP Employees: 714

---

*Proforma, V% Exclude Pension Mark-to-Market Adjustment

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**Optimizing Leadership Impact**
Why HON Will Outperform

Organic Growth

- Robust New Product Pipeline
  - Propelled By HUE, VPD™, Software Capability/CMMI

- Accelerated Penetration Of High Growth Regions
  - End To End Local Capabilities Established

Margin Expansion

- Strong Cost Management
  - Improving Performance Level As We Continue To Grow

- Restructuring Tailwinds
  - High IRR Projects, Long-Term Benefits

Enablers

- HOS Gold
  - Delivering Growth And Productivity

- Functional Transformation
  - Reducing Cost While Improving Service Quality

Effective Cash Deployment

- Disciplined M&A Process
  - Strong Pipeline Of Potential Targets ($10B+ Spend ’14-’18)

- Attractive Returns To Shareholders
  - Create Long-Term Value

Pace Accelerates Over Next 5 Years

- ~1/2 pt
  - From HUE

- ~50%
  - Of Growth From HGRs

- ~$250M
  - Annualized Savings From 2013 Repo Funding

- ~100%
  - HOS Silver Deployment By 2018

- ~2 pts
  - From FT

- ~50%
  - To Growth

- ~50%
  - To Shareholders
Appendix

Reconciliation of non-GAAP Measures to GAAP Measures
Reconciliation Of Segment Profit To Operating Income Excluding Pension Mark-To-Market Adjustment And Calculation Of Segment Profit And Operating Income Margin Excluding Pension Mark-To-Market Adjustment

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
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<tbody>
<tr>
<td>Segment Profit</td>
<td>$2.4</td>
<td>$2.8</td>
<td>$3.2</td>
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<tr>
<td>Stock Based Compensation (1)</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Repositioning and Other (2,3)</td>
<td>(0.2)</td>
<td>(0.7)</td>
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<tr>
<td>Pension Ongoing Expense (2)</td>
<td>(0.1)</td>
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<td>Pension Mark-to-Market Adjustment (2)</td>
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<td>Other Postretirement Expense (2)</td>
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<td>(0.1)</td>
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<tr>
<td>Operating Income</td>
<td>$1.7</td>
<td>$1.8</td>
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<td>(0.2)</td>
<td>(0.1)</td>
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<td>Operating Income Excluding Pension Mark-to-Market Adjustment</td>
<td>$1.9</td>
<td>$1.9</td>
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<tr>
<td>Segment Profit</td>
<td>$2.4</td>
<td>$2.8</td>
<td>$3.2</td>
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<tr>
<td>÷ Sales</td>
<td>$22.1</td>
<td>$24.5</td>
<td>$26.5</td>
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<tr>
<td>Segment Profit Margin %</td>
<td>10.6%</td>
<td>11.4%</td>
<td>12.2%</td>
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<tr>
<td>Operating Income</td>
<td>$1.7</td>
<td>$1.8</td>
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<td>$24.5</td>
<td>$26.5</td>
</tr>
<tr>
<td>Operating Income Margin %</td>
<td>7.8%</td>
<td>7.2%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Operating Income Excluding Pension Mark-to-Market Adjustment</td>
<td>$1.9</td>
<td>$1.9</td>
<td>$2.7</td>
</tr>
<tr>
<td>÷ Sales</td>
<td>$22.1</td>
<td>$24.5</td>
<td>$26.5</td>
</tr>
<tr>
<td>Operating Income Margin Excluding Pension Mark-to-Market Adjustment</td>
<td>8.4%</td>
<td>7.6%</td>
<td>10.3%</td>
</tr>
</tbody>
</table>

(1) Stock Based Compensation included in Segment Profit.
(2) Included in cost of products and services sold and selling, general and administrative expenses.
(3) Includes repositioning, asbestos and environmental expenses.
<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segment Profit</strong></td>
<td>$4.0</td>
<td>$4.6</td>
<td>$4.8</td>
</tr>
<tr>
<td><strong>Stock Based Compensation</strong></td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td><strong>Repositioning and Other</strong></td>
<td>(0.5)</td>
<td>(0.5)</td>
<td>(1.1)</td>
</tr>
<tr>
<td><strong>Pension Ongoing (Expense)/Income</strong></td>
<td>-</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Pension Mark-to-Market Adjustment</strong></td>
<td>-</td>
<td>-</td>
<td>(3.3)</td>
</tr>
<tr>
<td><strong>Other Postretirement Income/(Expense)</strong></td>
<td>(0.1)</td>
<td>(0.2)</td>
<td>(0.1)</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>$3.3</td>
<td>$3.9</td>
<td>$0.3</td>
</tr>
<tr>
<td><strong>Pension Mark-to-Market Adjustment</strong></td>
<td>-</td>
<td>-</td>
<td>(3.3)</td>
</tr>
<tr>
<td><strong>Operating Income Excluding Pension Mark-to-Market Adjustment</strong></td>
<td>$3.3</td>
<td>$3.9</td>
<td>$3.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segment Profit</strong></td>
<td>$4.0</td>
<td>$4.6</td>
<td>$4.8</td>
</tr>
<tr>
<td><strong>÷ Sales</strong></td>
<td>$30.3</td>
<td>$33.5</td>
<td>$35.5</td>
</tr>
<tr>
<td><strong>Segment Profit Margin %</strong></td>
<td>13.1%</td>
<td>13.6%</td>
<td>13.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Income</strong></td>
<td>$3.3</td>
<td>$3.9</td>
<td>$0.3</td>
</tr>
<tr>
<td><strong>÷ Sales</strong></td>
<td>$30.3</td>
<td>$33.5</td>
<td>$35.5</td>
</tr>
<tr>
<td><strong>Operating Income Margin %</strong></td>
<td>10.9%</td>
<td>11.6%</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Income Excluding Pension Mark-to-Market Adjustment</strong></td>
<td>$3.3</td>
<td>$3.9</td>
<td>$3.6</td>
</tr>
<tr>
<td><strong>÷ Sales</strong></td>
<td>$30.3</td>
<td>$33.5</td>
<td>$35.5</td>
</tr>
<tr>
<td><strong>Operating Income Margin Excluding Pension Mark-to-Market Adjustment</strong></td>
<td>11.0%</td>
<td>11.5%</td>
<td>10.1%</td>
</tr>
</tbody>
</table>

(1) Included in cost of products and services sold and selling, general and administrative expenses.
(2) Includes repositioning, asbestos, environmental expenses and equity income adjustment (beginning 1/1/2008).
### Reconciliation Of Segment Profit To Operating Income Excluding Pension Mark-To-Market Adjustment And Calculation Of Segment Profit And Operating Income Margin Excluding Pension Mark-To-Market Adjustment

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace</td>
<td>$1,893</td>
<td>$1,835</td>
<td>$2,023</td>
<td>$2,279</td>
<td>$2,372</td>
</tr>
<tr>
<td>Automation and Control Solutions</td>
<td>1,588</td>
<td>1,770</td>
<td>2,083</td>
<td>2,232</td>
<td>2,437</td>
</tr>
<tr>
<td>Performance Materials and Technologies</td>
<td>605</td>
<td>749</td>
<td>1,042</td>
<td>1,154</td>
<td>1,271</td>
</tr>
<tr>
<td>Transportation Systems</td>
<td>61</td>
<td>353</td>
<td>485</td>
<td>432</td>
<td>498</td>
</tr>
<tr>
<td>Corporate</td>
<td>(156)</td>
<td>(222)</td>
<td>(276)</td>
<td>(218)</td>
<td>(227)</td>
</tr>
<tr>
<td><strong>Segment Profit</strong></td>
<td>$3,991</td>
<td>$4,485</td>
<td>$5,357</td>
<td>$5,879</td>
<td>$6,351</td>
</tr>
<tr>
<td>Stock Based Compensation (1)</td>
<td>(117)</td>
<td>(163)</td>
<td>(168)</td>
<td>(170)</td>
<td>(170)</td>
</tr>
<tr>
<td>Repositioning and Other (1, 2)</td>
<td>(493)</td>
<td>(626)</td>
<td>(794)</td>
<td>(488)</td>
<td>(699)</td>
</tr>
<tr>
<td>Pension Ongoing (Expense)/Income (1)</td>
<td>(287)</td>
<td>(185)</td>
<td>(105)</td>
<td>(36)</td>
<td>90</td>
</tr>
<tr>
<td>Pension Mark-to-Market Adjustment (1)</td>
<td>(741)</td>
<td>(471)</td>
<td>(1,802)</td>
<td>(957)</td>
<td>(51)</td>
</tr>
<tr>
<td>Other Postretirement Income/(Expense) (1)</td>
<td>15</td>
<td>(29)</td>
<td>86</td>
<td>(72)</td>
<td>(20)</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>$2,368</td>
<td>$3,011</td>
<td>$2,574</td>
<td>$4,156</td>
<td>$5,501</td>
</tr>
<tr>
<td>Pension Mark-to-Market Adjustment (1)</td>
<td>(741)</td>
<td>(471)</td>
<td>(1,802)</td>
<td>(957)</td>
<td>(51)</td>
</tr>
<tr>
<td><strong>Operating Income Excluding Pension Mark-to-Market Adjustment</strong></td>
<td>$3,109</td>
<td>$3,482</td>
<td>$4,376</td>
<td>$5,113</td>
<td>$5,552</td>
</tr>
</tbody>
</table>

| Segment Profit       | $3,991    | $4,485    | $5,357    | $5,879    | $6,351    |
| Segment Profit Margin % | 13.3%    | 13.9%     | 14.7%     | 15.6%     | 16.3%     |

| Operating Income      | $2,368    | $3,011    | $2,574    | $4,156    | $5,501    |
| Operating Income Margin % | 7.9%      | 9.3%      | 7.0%      | 11.0%     | 14.1%     |

| Operating Income Excluding Pension Mark-to-Market Adjustment | $3,109 | $3,482 | $4,376 | $5,113 | $5,552 |
| Operating Income Margin Excluding Pension Mark-to-Market Adjustment | 10.4% | 10.8% | 12.0% | 13.6% | 14.2% |

---

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

(2) Includes repositioning, asbestos, environmental expenses and equity income adjustment.
## Reconciliation Of Segment Profit To Operating Income And Calculation Of Segment Profit And Operating Income Margins

### ($M)

<table>
<thead>
<tr>
<th>Segment</th>
<th>2Q13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace</td>
<td>$583</td>
</tr>
<tr>
<td>Automation and Control Solutions</td>
<td>$585</td>
</tr>
<tr>
<td>Performance Materials and Technologies</td>
<td>$320</td>
</tr>
<tr>
<td>Transportation Systems</td>
<td>$126</td>
</tr>
<tr>
<td>Corporate</td>
<td>($55)</td>
</tr>
<tr>
<td><strong>Segment Profit</strong></td>
<td>$1,559</td>
</tr>
<tr>
<td>Stock Based Compensation</td>
<td>(37)</td>
</tr>
<tr>
<td>Repositioning and Other</td>
<td>(182)</td>
</tr>
<tr>
<td>Pension Ongoing (Expense) Income</td>
<td>25</td>
</tr>
<tr>
<td>OPEB (Expense) Income</td>
<td>20</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>$1,385</td>
</tr>
</tbody>
</table>

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

### (2) Includes repositioning, asbestos, environmental expenses and equity income adjustment.
### Reconciliation Of Cash Provided By Operating Activities To Free Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$4,335</td>
</tr>
<tr>
<td>Expenditures for Property, Plant and Equipment</td>
<td>(947)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$3,388</td>
</tr>
</tbody>
</table>

Previously, we defined free cash flow as cash provided by operating activities, less cash expenditures for property, plant and equipment, cash pension contributions, NARCO Trust establishment payments and cash taxes relating to the sale of available for sale investments.

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$4,335</td>
</tr>
<tr>
<td>Expenditures for Property, Plant and Equipment</td>
<td>(947)</td>
</tr>
<tr>
<td>Cash Pension Contributions</td>
<td>156</td>
</tr>
<tr>
<td>NARCO Trust Establishment Payments</td>
<td>164</td>
</tr>
<tr>
<td>Cash Taxes Relating to the Sale of Available for Sale Investments</td>
<td>100</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$3,808</td>
</tr>
</tbody>
</table>
# Reconciliation Of EPS To EPS, Excluding Pension Mark-to-Market Adjustment

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

(1) Utilizes weighted average shares of 862.1 million. Mark-to-market uses a blended tax rate of 33.5% for 2003.

(2) Utilizes weighted average shares of 862.3 million. Mark-to-market uses a blended tax rate of 30.0% for 2004.

(3) Utilizes weighted average of 852.3 million. Mark-to-market uses a blended tax rate of 32.3% for 2005.
## Reconciliation Of EPS To EPS, Excluding Pension Mark-to-Market Adjustment

<table>
<thead>
<tr>
<th></th>
<th>2006 (1)</th>
<th>2007 (2)</th>
<th>2008 (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>$2.77</td>
<td>$3.35</td>
<td>$1.08</td>
</tr>
<tr>
<td>Pension Mark-To-Market Adjustment</td>
<td>0.02</td>
<td>0.01</td>
<td>2.74</td>
</tr>
<tr>
<td>EPS, Excluding Pension Mark-to-Market Adjustment</td>
<td>$2.79</td>
<td>$3.36</td>
<td>$3.82</td>
</tr>
</tbody>
</table>

(1) Utilizes weighted average shares of 826.3 million. Mark-to-market uses a blended tax rate of 28.6% for 2006
(2) Utilizes weighted average shares of 774.2 million. Mark-to-market uses a blended tax rate of 30.8% for 2007
(3) Utilizes weighted average shares of 743.5 million. Mark-to-market uses a blended tax rate of 38.2% for 2008
Reconciliation Of EPS To EPS, Excluding Pension Mark-to-Market Adjustment

<table>
<thead>
<tr>
<th></th>
<th>2009&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>2010&lt;sup&gt;(2)&lt;/sup&gt;</th>
<th>2011&lt;sup&gt;(3)&lt;/sup&gt;</th>
<th>2012&lt;sup&gt;(4)&lt;/sup&gt;</th>
<th>2013&lt;sup&gt;(5)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>$2.05</td>
<td>$2.59</td>
<td>$2.61</td>
<td>$3.69</td>
<td>$4.92</td>
</tr>
<tr>
<td>Pension Mark-to-Market Adjustment</td>
<td>0.64</td>
<td>0.41</td>
<td>1.44</td>
<td>0.79</td>
<td>0.05</td>
</tr>
<tr>
<td>EPS, Excluding Pension Mark-to-Market Adjustment</td>
<td>$2.69</td>
<td>$3.00</td>
<td>$4.05</td>
<td>$4.48</td>
<td>$4.97</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Utilizes weighted average shares of 755.7 million. Mark-to-market uses a blended tax rate of 34.4% for 2009
<sup>(2)</sup> Utilizes weighted average shares of 780.9 million. Mark-to-market uses a blended tax rate of 32.3% for 2010
<sup>(3)</sup> Utilizes weighted average shares of 791.6 million. Mark-to-market uses a blended tax rate of 36.9% for 2011
<sup>(4)</sup> Utilizes weighted average shares of 791.9 million. Mark-to-market uses a blended tax rate of 35.0% for 2012
<sup>(5)</sup> Utilizes weighted average shares of 797.3 million. Mark-to-market uses a blended tax rate of 25.5% for 2013
**Calculation Of EPS At Tax Rate Of 26.5%**

($M except per share amounts)

<table>
<thead>
<tr>
<th>Description</th>
<th>2Q13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Before Taxes</td>
<td>$1,329</td>
</tr>
<tr>
<td>Taxes at 26.5%</td>
<td>352</td>
</tr>
<tr>
<td>Net Income at 26.5% Tax Rate</td>
<td>$977</td>
</tr>
<tr>
<td>Less: Net Income Attributable to the Noncontrolling Interest</td>
<td>1</td>
</tr>
<tr>
<td>Net Income Attributable to Honeywell at 26.5% Tax Rate</td>
<td>$976</td>
</tr>
<tr>
<td>Weighted Average Number of Shares Outstanding - Assuming Dilution</td>
<td>798.1</td>
</tr>
<tr>
<td>EPS at 26.5% Tax Rate</td>
<td>$1.22</td>
</tr>
</tbody>
</table>
## Discontinued Operations Reconciliation

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