Forward Looking Statements

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

• HON 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

Processes

Applied To

• 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
2014 Performance Vs. Targets

Sales

- $30.0 (2009)
- $41.0 - 45.0 (2014E)
- $40.3 - 40.7 (2014T)

($B)

~6% CAGR

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

- More M&A

Segment Margin

- 13.3% (2009)
- 16.6 - 16.9% (2014E)
- 16.0 - 18.0% (2014T)

~350 Bps

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

-60 Bps Of Headwinds

Over $1.5B Of Tailwinds

 Delivering 2014 Targets Despite Headwinds
### Growth Vs. Peers

#### Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Honeywell</th>
<th>Peer Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>110</td>
<td>110</td>
</tr>
<tr>
<td>2011</td>
<td>121</td>
<td>120</td>
</tr>
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<td>2012</td>
<td>120</td>
<td>110</td>
</tr>
<tr>
<td>2013</td>
<td>121</td>
<td>120</td>
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</table>

#### EPS*

<table>
<thead>
<tr>
<th>Year</th>
<th>Honeywell</th>
<th>Peer Average</th>
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</thead>
<tbody>
<tr>
<td>2010</td>
<td>10.8%</td>
<td>8%</td>
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<tr>
<td>2011</td>
<td>16.0%</td>
<td>11%</td>
</tr>
<tr>
<td>2012</td>
<td>16.8%</td>
<td>14%</td>
</tr>
<tr>
<td>2013</td>
<td>14.2%*</td>
<td>17%</td>
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</table>

#### Op Margin*

<table>
<thead>
<tr>
<th>Year</th>
<th>Honeywell</th>
<th>Peer Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>8%</td>
<td>10.8%</td>
</tr>
<tr>
<td>2011</td>
<td>11%</td>
<td>12.8%</td>
</tr>
<tr>
<td>2012</td>
<td>14%</td>
<td>14.8%</td>
</tr>
<tr>
<td>2013</td>
<td>16.8%</td>
<td>17%</td>
</tr>
</tbody>
</table>

**Peers:** UTX, DHR, EMR, MMM

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

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**Outperforming Sales | Earnings...With Margin Upside**
2018 Organic Growth Targets

Sales

($B)

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

4-6% Organic CAGR

Adding $7-12B Of Sales

Segment Profit / Margin

Segment Profit
Segment Margin

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

45 - 75 Bps Per Year

Adding $7-12B

+220-370 Bps

• More Innovation
• Balanced Portfolio, With Lots Of Upside
• HGR Momentum

• HOS Gold Acceleration
• FT → ~2 Points of Margin
• HUE Creates More Value

Targeting Double Digit Earnings Growth
### 2018 Targets By SBG

<table>
<thead>
<tr>
<th></th>
<th>Sales CAGR</th>
<th>Segment Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5-Year</td>
<td>2018T</td>
</tr>
<tr>
<td>Aero</td>
<td>3 - 5%</td>
<td>22 - 23%</td>
</tr>
<tr>
<td>ACS</td>
<td>4 - 6%</td>
<td>16.7 - 18.2%</td>
</tr>
<tr>
<td>PMT</td>
<td>5 - 6%</td>
<td>21 - 22.5%</td>
</tr>
<tr>
<td>TS</td>
<td>6 - 9% Turbo</td>
<td>16 - 17%</td>
</tr>
</tbody>
</table>

**All Businesses Contributing...With More To Come**
Cash – Next 5 Years

**Cash Flow From Operations**

- **CAPEX**
  - ~$30-33B

- **Net M&A, Other**
  - ~50% To Growth

- **Dividends**
  - ~50% Returned To Shareholders

- **Share Buy Back**

**2014E-2018E**

**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**

---

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

- Targeting Attractive Adjacencies
- Lots Of M&A Capacity

M&A Upside Next 5 Years

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

Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>Segment Profit</th>
<th>Segment Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$39.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014E</td>
<td>$40.3</td>
<td>$46 - 51</td>
<td>16.3%</td>
</tr>
<tr>
<td>2018T</td>
<td>$46</td>
<td>$51</td>
<td>16.6% - 16.9%</td>
</tr>
</tbody>
</table>

Segment Profit / Margin

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

+$5-8B

6-9% CAGR

~$1.00 EPS
## 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
Portfolio – Great Positions In Good Industries

Diversity Of Opportunity ... In Great Spaces

Note: 2014E Sales

Honeywell

HON

Industrial

Homes & Buildings
23%

Commercial Aero
18%

Oil & Gas
16%

U.S. DoD
7%

Other D&S, 5%

Vehicles
9%

Passenger

Space, Other

Comm Helo

Intl Defense

Advanced Materials

Sensing & Control

Scanning & Mobility

Safety Equipment

Residential Institutional & Infrastruct.

Industrial

Commercial

U.S. New
non-res

Intl. Retrofit

Intl. New

U.S. Retrofit

R&O

OE

Other

Nat Gas

Spare

Refining

Petrochem

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)

- Short Cycle
- Long Cycle (ex-D&S)
- Defense & Space
- Comm’l Aero AM

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:
  - U.S. ~57%
  - Outside U.S. ~43%
  - Sales: $22.1B
- 2013:
  - U.S. ~45%
  - Outside U.S. ~55%
  - Sales: $39.1B

* 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)

<table>
<thead>
<tr>
<th>Category</th>
<th>2003</th>
<th>2013</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>HGR</td>
<td>$22.1B</td>
<td>$39.1B</td>
<td></td>
</tr>
<tr>
<td>Other Developed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Growth Rate</th>
<th>2003</th>
<th>2013</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total HON CAGR</td>
<td>+6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HGR CAGR</td>
<td>+15%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Developed CAGR</td>
<td>+6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. CAGR</td>
<td>+3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sales / Census

(Index, YoY Growth)

- **HGR Sales**
- **HGR Census**

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

“Beach Head” Established, Incremental Adds Primarily Customer Facing

Focused Strategy Working

Expanding To Other Priority Countries

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

Growth

VPD™ Bronze+ Maturity

2012 2013 2014E 2018E

8% ~30% ~100%

HOS Bronze+ Maturity

2010 2012 2014E 2018E

31% 70% ~85% ~100%

Productivity

130 VPD™ Units

Breakthrough Technologies

Innovative Market Leading Products

HUE Best In Class Experiences

Continuous Improvement Culture

Consistent, Predictable Results

Cross-Functional Engagement

270 Plants

Building Blocks

Optimized Portfolio

One HON Culture

Best In Class Processes

Targeting The Sweet Spot Of Growth And Productivity
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

---

Deliver And Sustain Exceptional Performance Through Continuous Improvement

Measured By Key Financial Metrics

HOS Gold = Executing The HON Operating Model
Honeywell User Experience

<table>
<thead>
<tr>
<th>What Is It?</th>
<th>Why Is It Different?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Creating Solutions That Are…</td>
<td>• Systematic Process Focused On:</td>
</tr>
<tr>
<td>- Easier To Use</td>
<td>- Differentiated Brand Experience</td>
</tr>
<tr>
<td>- More Intuitive</td>
<td>- Users, Installers, Maintainers</td>
</tr>
<tr>
<td>- More Efficient</td>
<td>- Best In Class Design Principles</td>
</tr>
<tr>
<td>- More Productive</td>
<td>• Trained 26k Key Leaders / Employees</td>
</tr>
<tr>
<td>- More Desirable</td>
<td>- Integrated Into NPI/VPD™ At All Levels</td>
</tr>
<tr>
<td>• Improving…</td>
<td>- 2 Day Training For All 130 VPD™ Leaders</td>
</tr>
<tr>
<td>- The Customer Experience, Brand Value</td>
<td>- CEO And Staff First To Attend Training</td>
</tr>
<tr>
<td>- Our Innovation Process</td>
<td>- Focus Of Last 2 Senior Leadership Mtgs</td>
</tr>
<tr>
<td>• Tangible Business Outcomes</td>
<td>• 9 Design Studios In Key Locations</td>
</tr>
<tr>
<td>- New Products, Faster Growth</td>
<td>- Staffed With User Experience Experts</td>
</tr>
<tr>
<td>- Higher Margins</td>
<td></td>
</tr>
<tr>
<td>- Grow Market Share And Customer Loyalty</td>
<td></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

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

- 45% in 2011
- 62% in 2013
- 100% in 2015E

**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

Software Process, Products Uniquely Differentiated
**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**

*Includes Anticipated 1Q14 Projects*
Organizational Effectiveness

**OEF**

- Margins Up 330-360 bps
- 16.6-16.9%

**Sales / Census**

- Segment Margin
- OEF % Of Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Segment Margin</th>
<th>OEF % Of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>13.3%</td>
<td>29.6%</td>
</tr>
<tr>
<td>2011</td>
<td>14.7%</td>
<td>27.9%</td>
</tr>
<tr>
<td>2014E</td>
<td></td>
<td>26.6%</td>
</tr>
</tbody>
</table>

**Strong Driver Of Margin Expansion**

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

**More Efficient, More Effective Organization**
Functional Transformation

**Functional Cost % Of Sales**

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

- **380 bps Improvement**

**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%

**More To Do In IT / Finance**
## Long Term Outlook

<table>
<thead>
<tr>
<th></th>
<th>2010-2014E</th>
<th>2014E-2018E</th>
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</thead>
<tbody>
<tr>
<td><strong>ORGANIC SALES</strong></td>
<td>~6% CAGR</td>
<td>+4-6% CAGR</td>
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<tr>
<td></td>
<td>Exiting Recession</td>
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</tr>
<tr>
<td><strong>MARGIN</strong></td>
<td>~16.8%</td>
<td>18.5-20%</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>~16% CAGR</td>
<td>Double-Digit Growth</td>
</tr>
<tr>
<td><strong>FCF</strong></td>
<td>~$19B</td>
<td>$25-28B</td>
</tr>
<tr>
<td><strong>M&amp;A SPEND</strong></td>
<td>~$4B</td>
<td>$10B+</td>
</tr>
<tr>
<td><strong>DIVIDEND</strong></td>
<td>Calibrated To Earnings Growth</td>
<td>Grow &gt; Earnings</td>
</tr>
</tbody>
</table>

*Aggressive But Achievable Outlook*
Why HON Will Outperform

Organic Growth

• Robust New Product Pipeline
  - Propelled By HUE, VPD™, Software Capability/CMMI
  ~1/2 pt From HUE

• Accelerated Penetration Of High Growth Regions
  - End To End Local Capabilities Established
  ~50% Of Growth From HGRs

Margin Expansion

• Strong Cost Management
  - Improving Performance Level As We Continue To Grow
  ~$250M Annualized Savings From 2013 Repo Funding

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

Enablers

• HOS Gold
  - Delivering Growth And Productivity
  ~100% HOS Silver Deployment By 2018

• Functional Transformation
  - Reducing Cost While Improving Service Quality
  ~2 pts From FT

Effective Cash Deployment

• Disciplined M&A Process
  - Strong Pipeline Of Potential Targets ($10B+ Spend ’14-’18)
  ~50% To Growth

• Attractive Returns To Shareholders
  - Create Long-Term Value
  ~50% To Shareholders

Pace Accelerates Over Next 5 Years
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>
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<th></th>
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<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>
<td>-</td>
</tr>
<tr>
<td>Repositioning and Other (1,2,3)</td>
<td>(0.2)</td>
<td>(0.7)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Pension Ongoing Expense (2)</td>
<td>(0.1)</td>
<td>-</td>
<td>0.0</td>
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<tr>
<td>Pension Mark-to-Market Adjustment (2)</td>
<td>(0.2)</td>
<td>(0.1)</td>
<td>(0.0)</td>
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<tr>
<td>Other Postretirement Expense (2)</td>
<td>(0.2)</td>
<td>(0.2)</td>
<td>(0.1)</td>
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<tr>
<td>Operating Income</td>
<td>$1.7</td>
<td>$1.8</td>
<td>$2.7</td>
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<tr>
<td>Pension Mark-to-Market Adjustment (2)</td>
<td>(0.2)</td>
<td>(0.1)</td>
<td>(0.0)</td>
</tr>
<tr>
<td>Operating Income Excluding Pension Mark-to-Market Adjustment</td>
<td>$1.9</td>
<td>$1.9</td>
<td>$2.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segment Profit</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$22.1</td>
<td>$24.5</td>
<td>$26.5</td>
</tr>
<tr>
<td>Segment Profit Margin %</td>
<td>10.6%</td>
<td>11.4%</td>
<td>12.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Income</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$22.1</td>
<td>$24.5</td>
<td>$26.5</td>
</tr>
<tr>
<td>Operating Income Margin %</td>
<td>7.8%</td>
<td>7.2%</td>
<td>10.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Income Excluding Pension Mark-to-Market Adjustment</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$22.1</td>
<td>$24.5</td>
<td>$26.5</td>
</tr>
<tr>
<td>Operating Income Margin Excluding Pension Mark-to-Market Adjustment</td>
<td>8.4%</td>
<td>7.6%</td>
<td>10.3%</td>
</tr>
</tbody>
</table>

(1) Stock Based Compensation included in Segment Profit.
(2) Included in cost of products and services sold and selling, general and administrative expenses.
(3) Includes repositioning, asbestos and environmental expenses.
## Reconciliation Of Segment Profit To Operating Income Excluding Pension Mark-To-Market Adjustment And Calculation Of Segment Profit And Operating Income Margin Excluding Pension Mark-To-Market Adjustment

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>($B)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment Profit</td>
<td>$4.0</td>
<td>$4.6</td>
<td>$4.8</td>
</tr>
<tr>
<td>Stock Based Compensation (^{(1)})</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Repositioning and Other (^{(1, 2)})</td>
<td>(0.5)</td>
<td>(0.5)</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Pension Ongoing (Expense)/Income (^{(1)})</td>
<td>-</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Pension Mark-to-Market Adjustment (^{(1)})</td>
<td>-</td>
<td>-</td>
<td>(3.3)</td>
</tr>
<tr>
<td>Other Postretirement Income/(Expense) (^{(1)})</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>Pension Mark-to-Market Adjustment (^{(1)})</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>
<tr>
<td>Segment Profit</td>
<td>$4.0</td>
<td>$4.6</td>
<td>$4.8</td>
</tr>
<tr>
<td>÷ Sales</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>
<tr>
<td>Operating Income</td>
<td>$3.3</td>
<td>$3.9</td>
<td>$0.3</td>
</tr>
<tr>
<td>÷ Sales</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>
<tr>
<td>Operating Income Excluding Pension Mark-to-Market Adjustment</td>
<td>$3.3</td>
<td>$3.9</td>
<td>$3.6</td>
</tr>
<tr>
<td>÷ Sales</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>(1)</td>
<td>(117)</td>
<td>(163)</td>
<td>(168)</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 |
| + Sales              | 29,951 | 32,350 | 36,529 | 37,665 | 39,055 |
| **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 |
| + Sales              | 29,951 | 32,350 | 36,529 | 37,665 | 39,055 |
| **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 |
| + Sales | 29,951 | 32,350 | 36,529 | 37,665 | 39,055 |
| **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 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(^{(1)})</th>
<th>2010(^{(2)})</th>
<th>2011(^{(3)})</th>
<th>2012(^{(4)})</th>
<th>2013(^{(5)})</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><strong>$2.69</strong></td>
<td><strong>$3.00</strong></td>
<td><strong>$4.05</strong></td>
<td><strong>$4.48</strong></td>
<td><strong>$4.97</strong></td>
</tr>
</tbody>
</table>

\(1\) Utilizes weighted average shares of 755.7 million. Mark-to-market uses a blended tax rate of 34.4% for 2009.

\(2\) Utilizes weighted average shares of 780.9 million. Mark-to-market uses a blended tax rate of 32.3% for 2010.

\(3\) Utilizes weighted average shares of 791.6 million. Mark-to-market uses a blended tax rate of 36.9% for 2011.

\(4\) Utilizes weighted average shares of 791.9 million. Mark-to-market uses a blended tax rate of 35.0% for 2012.

\(5\) Utilizes weighted average shares of 797.3 million. Mark-to-market uses a blended tax rate of 25.5% for 2013.
### Reconciliation Of Cash Provided By Operating Activities To Free Cash Flow And Calculation Of Cash Flow Conversion Percentage

<table>
<thead>
<tr>
<th></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>$2,253</td>
<td>$2,442</td>
<td>$3,211</td>
<td>$3,911</td>
</tr>
<tr>
<td>Expenditures for Property, Plant and Equipment</td>
<td>(629)</td>
<td>(684)</td>
<td>(733)</td>
<td>(767)</td>
</tr>
<tr>
<td></td>
<td>$1,624</td>
<td>$1,758</td>
<td>$2,478</td>
<td>$3,144</td>
</tr>
<tr>
<td>Cash Pension Contributions</td>
<td>74</td>
<td>70</td>
<td>296</td>
<td>204</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$1,698</td>
<td>$1,828</td>
<td>$2,774</td>
<td>$3,348</td>
</tr>
<tr>
<td>Net Income Attributable to Honeywell</td>
<td>$1,442</td>
<td>$1,886</td>
<td>$2,289</td>
<td>$2,594</td>
</tr>
<tr>
<td>Pension Mark-to-Market Adjustment, Net of Tax (a)</td>
<td>58</td>
<td>21</td>
<td>20</td>
<td>9</td>
</tr>
<tr>
<td>Net Income Attributable to Honeywell Excluding Pension Mark-to-Market Adjustment</td>
<td>$1,500</td>
<td>$1,907</td>
<td>$2,309</td>
<td>$2,603</td>
</tr>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$2,253</td>
<td>$2,442</td>
<td>$3,211</td>
<td>$3,911</td>
</tr>
<tr>
<td>÷ Net Income Attributable to Honeywell</td>
<td>1,442</td>
<td>1,886</td>
<td>2,289</td>
<td>2,594</td>
</tr>
<tr>
<td>Operating Cash Flow Conversion %</td>
<td>156%</td>
<td>129%</td>
<td>140%</td>
<td>151%</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$1,698</td>
<td>$1,828</td>
<td>$2,774</td>
<td>$3,348</td>
</tr>
<tr>
<td>÷ Net Income Attributable to Honeywell</td>
<td>1,500</td>
<td>1,907</td>
<td>2,309</td>
<td>2,603</td>
</tr>
<tr>
<td>Excluding Pension Mark-to-Market Adjustment</td>
<td>113%</td>
<td>96%</td>
<td>120%</td>
<td>129%</td>
</tr>
</tbody>
</table>

(1) Mark-to-market uses a blended tax rate of 30.0%, 32.3%, 28.6% and 30.8% for 2004 through 2007, respectively.
Reconciliation Of Cash Provided By Operating Activities To Free Cash Flow And Calculation Of Cash Flow Conversion Percentage

<table>
<thead>
<tr>
<th>($M)</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$3,791</td>
</tr>
<tr>
<td>Expenditures for Property, Plant and Equipment</td>
<td>(884)</td>
</tr>
<tr>
<td></td>
<td>$2,907</td>
</tr>
<tr>
<td>Cash Pension Contributions</td>
<td>143</td>
</tr>
<tr>
<td>Cash Taxes Relating to the Sale of the Consumable Solutions Business</td>
<td>166</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$3,216</td>
</tr>
<tr>
<td>Net Income Attributable to Honeywell</td>
<td>$806</td>
</tr>
<tr>
<td>Pension Mark-to-Market Adjustment, Net of Tax (a)</td>
<td>2,033</td>
</tr>
<tr>
<td>Net Income Attributable to Honeywell</td>
<td></td>
</tr>
<tr>
<td>Excluding Pension Mark-to-Market Adjustment</td>
<td>$2,839</td>
</tr>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$3,791</td>
</tr>
<tr>
<td>÷ Net Income Attributable to Honeywell</td>
<td>806</td>
</tr>
<tr>
<td>Operating Cash Flow Conversion %</td>
<td>470%</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$3,216</td>
</tr>
<tr>
<td>÷ Net Income Attributable to Honeywell</td>
<td></td>
</tr>
<tr>
<td>Excluding Pension Mark-to-Market Adjustment</td>
<td>2,839</td>
</tr>
<tr>
<td>Free Cash Flow Conversion %</td>
<td>113%</td>
</tr>
</tbody>
</table>

(1) Mark-to-market uses a blended tax rate of 38.2% in 2008.
Reconciliation Of Cash Provided By Operating Activities To Free Cash Flow And Calculation Of Cash Flow Conversion Percentage

<table>
<thead>
<tr>
<th>($M)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$3,946</td>
<td>$4,203</td>
<td>$2,833</td>
<td>$3,517</td>
<td>$4,335</td>
</tr>
<tr>
<td>Expenditures for Property, Plant and Equipment</td>
<td>($609)</td>
<td>(651)</td>
<td>(798)</td>
<td>(884)</td>
<td>(947)</td>
</tr>
<tr>
<td></td>
<td>3,337</td>
<td>$3,552</td>
<td>$2,035</td>
<td>$2,633</td>
<td>$3,388</td>
</tr>
<tr>
<td>Cash Pension Contributions</td>
<td>265</td>
<td>651</td>
<td>1,745</td>
<td>1,039</td>
<td>156</td>
</tr>
<tr>
<td>NARCO Trust Establishment Payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>164</td>
</tr>
<tr>
<td>Cash Taxes Relating to the Sale of Available for Sale Investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$3,602</td>
<td>$4,203</td>
<td>$3,780</td>
<td>$3,672</td>
<td>$3,808</td>
</tr>
</tbody>
</table>

Net Income Attributable to Honeywell

<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></td>
<td>$1,548</td>
<td>$2,022</td>
<td>$2,067</td>
<td>$2,926</td>
<td>$3,924</td>
</tr>
<tr>
<td>Pension Mark-to-Market Adjustment, net of tax (1)</td>
<td>486</td>
<td>319</td>
<td>1,137</td>
<td>622</td>
<td>38</td>
</tr>
</tbody>
</table>

Net Income Attributable to Honeywell
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></td>
<td>$2,034</td>
<td>$2,341</td>
<td>$3,204</td>
<td>$3,548</td>
<td>$3,962</td>
</tr>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$3,946</td>
<td>$4,203</td>
<td>$2,833</td>
<td>$3,517</td>
<td>$4,335</td>
</tr>
<tr>
<td>÷ Net Income Attributable to Honeywell</td>
<td>1,548</td>
<td>2,022</td>
<td>2,067</td>
<td>2,926</td>
<td>3,924</td>
</tr>
<tr>
<td>Operating Cash Flow Conversion %</td>
<td>255%</td>
<td>208%</td>
<td>137%</td>
<td>120%</td>
<td>110%</td>
</tr>
</tbody>
</table>

Free Cash Flow

<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></td>
<td>$3,602</td>
<td>$4,203</td>
<td>$3,780</td>
<td>$3,672</td>
<td>$3,808</td>
</tr>
<tr>
<td>÷ Net Income Attributable to Honeywell</td>
<td>2,034</td>
<td>2,341</td>
<td>3,204</td>
<td>3,548</td>
<td>3,962</td>
</tr>
<tr>
<td>Free Cash Flow Conversion %</td>
<td>177%</td>
<td>180%</td>
<td>118%</td>
<td>103%</td>
<td>96%</td>
</tr>
</tbody>
</table>

(1) Mark-to-market uses a blended tax rate of 34.4%, 32.3%, 36.9%, 35.0% and 25.5%, in 2010, 2011, 2012 and 2013, respectively.
<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 Ops</td>
<td>$22.1</td>
<td>$24.5</td>
<td>$26.5</td>
<td>$30.3</td>
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</tbody>
</table>