<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Speakers</th>
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<tr>
<td>10:00</td>
<td>Introduction</td>
<td>Dave Cote</td>
</tr>
<tr>
<td></td>
<td>High Growth Regions</td>
<td>Shane Tedjarati, Norm Gilsdorf</td>
</tr>
<tr>
<td></td>
<td>Honeywell User Experience</td>
<td>Doug Beaudet, Bob Smith</td>
</tr>
<tr>
<td></td>
<td>Q&amp;A Session</td>
<td></td>
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<tr>
<td>11:20</td>
<td>Technology Demos #1</td>
<td></td>
</tr>
<tr>
<td>11:45</td>
<td>Automation and Control Solutions</td>
<td>Roger Fradin, Alex Ismail, Darius Adamczyk</td>
</tr>
<tr>
<td></td>
<td>Transportation Systems</td>
<td>Terrence Hahn</td>
</tr>
<tr>
<td></td>
<td>Performance Materials and Technologies</td>
<td>Andreas Kramvis</td>
</tr>
<tr>
<td></td>
<td>Q&amp;A Session</td>
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<tr>
<td>1:10</td>
<td>Lunch Break and Technology Demos #2</td>
<td></td>
</tr>
<tr>
<td>1:50</td>
<td>Aerospace</td>
<td>Tim Mahoney, Bob Smith</td>
</tr>
<tr>
<td></td>
<td>Financial Review</td>
<td>Dave Anderson, Tom Szlosek</td>
</tr>
<tr>
<td></td>
<td>Q&amp;A Session</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Concluding Remarks</td>
<td>Dave Cote</td>
</tr>
<tr>
<td>~3:00</td>
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</table>
The materials to be presented at the Honeywell 2014 Investor Conference contain “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 & CEO
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
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**

- **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**
**Evolution Led To Outperformance…**

<table>
<thead>
<tr>
<th>2010</th>
<th>2012</th>
<th>2014+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will HON Achieve The 2014 Targets?</td>
<td>Can HON Outperform In A Slow Growth Environment?</td>
<td>What’s Next For Honeywell?</td>
</tr>
<tr>
<td>- Emerging From Worst Recession In 80 Years</td>
<td>- Slow “Grind Higher” Macro Environment</td>
<td>- Modest Macro Acceleration, But Uncertainty Persists</td>
</tr>
<tr>
<td>- Issued 5 Year Targets For Sales, Segment Margin And Cash</td>
<td>- Europe / Defense Exposure Under Scrutiny</td>
<td>- Top Line Acceleration Key To Outperformance</td>
</tr>
<tr>
<td>- Targets Deemed Nice, But “Aspirational”</td>
<td>- Margin Expansion Opportunities</td>
<td>- Strong Balance Sheet Provides Upside</td>
</tr>
</tbody>
</table>

**Demonstrated Confidence With 2014 Targets**

**Double Digit EPS Growth, Achieved High End Of Guidance**

**Positioned To Outperform With New 2018 Targets**

... Despite Some Initial Doubts...
# 2014 Performance Vs. Targets

## Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales ($B)</th>
<th>CAGR %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$30.0</td>
<td></td>
</tr>
<tr>
<td>2014E</td>
<td>$40.3-$40.7</td>
<td>~6%</td>
</tr>
<tr>
<td>2014T</td>
<td>$41.0-45.0</td>
<td></td>
</tr>
</tbody>
</table>

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

## Segment Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin %</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>13.3%</td>
<td></td>
</tr>
<tr>
<td>2014E</td>
<td>16.6-16.9%</td>
<td>~350 Bps</td>
</tr>
<tr>
<td>2014T</td>
<td>16.0-18.0%</td>
<td>~60 Bps</td>
</tr>
</tbody>
</table>

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

---

Delivering 2014 Targets Despite Headwinds

About $3.0B of Headwinds

Over $1.5B of Tailwinds

~6% CAGR

~350 Bps

~60 Bps
**Growth Vs. Peers**

**Sales**

(Index, YoY Growth)

- **Honeywell**
- **Peer Average**

**EPS**

(Index, YoY Growth)

- **Honeywell**
- **Peer Average**

**Op Margin**

(% Of Sales)

Peers: UTX, DHR, EMR, MMM

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

**Outperforming Sales | Earnings...With Margin Upside**
## What You’ll Hear Today

<table>
<thead>
<tr>
<th>Honeywell</th>
<th>Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Excellent Growth Trajectory</strong></td>
<td><strong>Automation &amp; Control Solutions</strong></td>
</tr>
<tr>
<td>- GPGI, Innovation, Improving Macros</td>
<td>- Growth Drivers Across 3 Business Models</td>
</tr>
<tr>
<td></td>
<td>- Impressive Margin Runway</td>
</tr>
<tr>
<td><strong>High Growth Regions</strong></td>
<td><strong>Transportation Systems</strong></td>
</tr>
<tr>
<td>- Success In China Key To Other HGRs</td>
<td>- A HON Technology Business</td>
</tr>
<tr>
<td></td>
<td>- Explosive Growth Opportunity</td>
</tr>
<tr>
<td><strong>Software Focus Intensifies</strong></td>
<td><strong>Performance Materials &amp; Technologies</strong></td>
</tr>
<tr>
<td>- CMMI Level 5 Achievement</td>
<td>- Innovation Driving Growth, New Markets</td>
</tr>
<tr>
<td></td>
<td>- High ROI Capex Investments</td>
</tr>
<tr>
<td><strong>Honeywell User Experience</strong></td>
<td><strong>Aerospace</strong></td>
</tr>
<tr>
<td>- Driving Customer Value, Experiences</td>
<td>- Significant Wins Ramp Next Five Years</td>
</tr>
<tr>
<td></td>
<td>- Technology Differentiation…No One Else Has</td>
</tr>
<tr>
<td><strong>Robust Capital Allocation</strong></td>
<td></td>
</tr>
<tr>
<td>- Yielding Excess Returns</td>
<td></td>
</tr>
</tbody>
</table>

### More Exciting Things To Come
### 2018 Organic Growth Targets

#### Sales

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

#### Segment Profit / Margin

- 4-6% Organic CAGR
- Adding $7-12B Of Sales
- 45 - 75 Bps Per Year
- +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>Aero</td>
<td>3 - 5%</td>
<td>22 - 23% ~25%</td>
</tr>
<tr>
<td>ACS</td>
<td>4 - 6%</td>
<td>16.7 - 18.2% ~20%</td>
</tr>
<tr>
<td>PMT</td>
<td>5 - 6%</td>
<td>21 - 22.5% ~25%</td>
</tr>
<tr>
<td>TS</td>
<td>6 - 9% Turbo</td>
<td>16 - 17% ~20%</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
- Dividends
- Share Buy Back

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

2014E-2018E

Dividends

~50% Returned To Shareholders

Net M&A, Other

~50% To Growth

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

**Sales**

- **($B)**
- **6-9% CAGR**
- **+$5-8B**
  - **From M&A**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales ($B)</th>
<th>Segment Profit (%)</th>
<th>Segment Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$39.1</td>
<td>16.3%</td>
<td>n/a</td>
</tr>
<tr>
<td>2014E</td>
<td>$40.3</td>
<td>16.6%</td>
<td>16.9%</td>
</tr>
<tr>
<td>2018T</td>
<td>$46</td>
<td>18.5%</td>
<td>20.0%</td>
</tr>
</tbody>
</table>

**Segment Profit / Margin**

- **+ $5-8B**
- **~$1.00 EPS**

- **Targeting Attractive Adjacencies**
- **Lots Of M&A Capacity**
- **M&A Margin Headwind ~ (50-100) Bps**
- **Expecting Continued Flawless Integration**

---

**M&A Upside Next 5 Years**
### 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

---

**Building Great Positions In High Growth Industries**
Basis For 5 Year Plan

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

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 \(\rightarrow\) 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
- Comm’l Aero AM
- Short 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%

Sales ($B)

- 2003: $22.1B
- 2013: $39.1B

~9% CAGR ~3% CAGR

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

Balanced Portfolio With Strong Growth Prospects
High Growth Regions

HGR Sales

(HON Sales)

<table>
<thead>
<tr>
<th>Region</th>
<th>2003</th>
<th>2013</th>
<th>Total HON CAGR</th>
</tr>
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<tbody>
<tr>
<td>HGR</td>
<td>$22.1B</td>
<td></td>
<td>~10%</td>
</tr>
<tr>
<td>Developed</td>
<td></td>
<td>~33%</td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$19.1B</td>
<td>~57%</td>
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Sales / Census

(Index, YoY Growth)

<table>
<thead>
<tr>
<th>Region</th>
<th>2003</th>
<th>2013</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>HGR Sales</td>
<td>+6%</td>
<td>~23%</td>
<td>~23%</td>
</tr>
<tr>
<td>Other Developed</td>
<td>+15%</td>
<td>~32%</td>
<td>~32%</td>
</tr>
<tr>
<td>U.S.</td>
<td>+3%</td>
<td>~45%</td>
<td>~45%</td>
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</table>

Focused Strategy Working
Expanding To Other Priority Countries

HGRs Drive ~50% Of Growth Next 5 Years

“Beach Head” Established, Incremental Adds Primarily Customer Facing

Leveraging Established Support Base

Ramping Up Census To Support Growth
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

**Growth**

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

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

**Productivity**

- 130 **VPD™ Units**
- 270 **Plants**
- **Breakthrough Technologies**
- **Innovative Market Leading Products**
- **HUE Best In Class Experiences**
- **Continuous Improvement Culture**
- **Consistent, Predictable Results**
- **Cross-Functional Engagement**

**Building Blocks**

- **Optimized Portfolio**
- **One HON Culture**
- **Best In Class Processes**

**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

---

*Deliver And Sustain Exceptional Performance Through Continuous Improvement*
## Honeywell User Experience

### What Is It?
- **Creating Solutions That Are…**
  - Easier To Use
  - More Intuitive
  - More Efficient
  - More Productive
  - More Desirable
- **Improving…**
  - The Customer Experience, Brand Value
  - Our Innovation Process
- **Tangible Business Outcomes**
  - New Products, Faster Growth
  - Higher Margins
  - Grow Market Share And Customer Loyalty

*Integrated Into HON Operating Model*

---

### Why Is It Different?
- **Systematic Process Focused On:**
  - Differentiated Brand Experience
  - Users, Installers, Maintainers
  - Best In Class Design Principles
- **Trained 26k Key Leaders / Employees**
  - Integrated Into NPI/VPD™ At All Levels
  - 2 Day Training For All 130 VPD™ Leaders
  - CEO And Staff First To Attend Training
  - Focus Of Last 2 Senior Leadership Mtgs
- **9 Design Studios In Key Locations**
  - Staffed With User Experience Experts

*Compliance With Intent*
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**

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

**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

*Honeywell Investor Conference – March 5, 2014*
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

<table>
<thead>
<tr>
<th>($M)</th>
</tr>
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<tbody>
<tr>
<td>Funded*</td>
</tr>
<tr>
<td>450</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2014E</th>
<th>2015E</th>
<th>2016E</th>
</tr>
</thead>
<tbody>
<tr>
<td>~$100M Incremental</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Cumulative Savings

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

*Includes Anticipated 1Q14 Projects

Growing Sales Faster Than Fixed Costs
Organizational Effectiveness

More Efficient, More Effective Organization

**OEF**

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

**Sales / Census**

- **OEF** % Of Sales
- **Segment Margin**
- **OEF** Down (300) bps

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

**Strong Driver Of Margin Expansion**
Functional Transformation

**Functional Cost % Of Sales**

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2013</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>9.6%</td>
<td>5.8%</td>
<td>~4%</td>
</tr>
</tbody>
</table>

**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**

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2013</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deploy</td>
<td>32%</td>
<td>78%</td>
<td>~100%</td>
</tr>
</tbody>
</table>

More To Do In IT / Finance
Effective Leadership

**Business Performance**

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

**Incentive Compensation**

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

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

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

**Optimizing Leadership Impact**
## Long Term Outlook

<table>
<thead>
<tr>
<th></th>
<th>2010-2014E</th>
<th>2014E-2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ORGANIC SALES</strong></td>
<td>~6% CAGR, Exiting Recession</td>
<td>+4-6% CAGR</td>
</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
Key Messages For Today

**HGR**
Scale Of Opportunities → Round 2 Growth Engine

**HUE**
New Process, Real Examples Driving Organic Growth

**ACS**
Favorable Macros, Strong Positions, Room To Run

**TS**
Turbo Penetration, Inflection Point For Growth

**PMT**
Expanding UOP Markets, Payoff From Capex Investments

**AERO**
Significant Wins Ramp, Rapid Connectivity Take Up

**Financial Review**
Consistently Delivering, Outperformance Continues

*Exciting Time For Honeywell*
HIGH GROWTH REGIONS

Shane Tedjarati
President & CEO
Key Messages

Executing Proven Playbook
- HON Focused Strategy Around China And India
- Becoming THE Chinese Competitor
- East-For-East, East-To-Rest
- Scale Of China Opportunities - HON Sweet Spot

Expanding Playbook To Priority HGRs
- Leverage China Platform
- Strong Management Operating System For Execution
- Follow The Growth

Unprecedented Opportunities
- Growing Economies
- Rising Middle Class
- HON Emerging As A Global Challenger

Proven Playbook, Well Positioned For Growth
High Growth Regions

**HGR Evolution**

*14% CAGR (HGR Sales) 2003-2018*

- China
- Other HGRs

**China and India**
- East-For-East, East-To-Rest Platform
- Becoming THE Chinese Competitor
- HGR Playbook

**China**
- On The Ground Presence
- China Leadership Building
- Strong Macro Tailwind

**Priority HGRs**
- Double-Down In China
- Country Leadership In Place
- Strong Execution Of HGR Playbook In Other HGRs
- Follow The Growth

**Comprehensive HGR Strategy**

*China Growth Continues*

**China Became Largest Market Outside U.S.**

**BCC Playbook Introduced**

**Leverage China Platform To Priority HGRs**

2003 2008 2013 2018

Honeywell Investor Conference – March 5, 2014
HGR Performance

Financials

(HGR Sales, $B)

2003 2010 2011 2012 2013

~14% CAGR

China & India Other HGRs

Sales Profile

(HGR Sales, 2013)

Aero ACS PMT TS Other

Macro Tailwinds

(Real GDP)

High Growth Regions

Developed

2003 2013 2023

6.0% CAGR ~5.4% CAGR ~2.1% CAGR

Growing Faster Than End Markets

HON HGR Sales HGR Real GDP

China Brazil India Middle East Russia Mexico

China Other

+319%

+79%

HON Delivering In High Growth Regions
HGR Core Strategy

Core Growth Geographies

East-For-East (E4E) Product Platform

- R&D
- Manufacturing
- Selling

East-To-Rest (E2R)

Global Energy And Resources

Global Aerospace And Defense

Follow The Growth

Honeywell User Experience

Integrated Strategy For Growth
Round 1 - Point Of Convergence

### Priority HGR (Real GDP)
- 2003: $9.9T
- 2013: $19.0T

### U.S. (Real GDP)
- 2003: $13.4T
- 2013: $16.0T

**HON Priority HGR Sales ~1/3 Of U.S. Sales**

*Source: Global Insight*

 Lots Of Runway...
Economy Bigger Than…

The Netherlands

As Rich As…

Poland

Growing 8%+ p.a.

Jiangsu Province

Almost The Size Of and Richer Than…

Hungary

Growing 8%+ p.a.

City Of Changsha

GDP Of The Top 6 Cities In China
Today = Size Of China’s Entire Economy In 2002

If Counted As Separate Economies, 8 Of The Top 30 Countries Would Be Provinces Of China*

* The 30th Largest Country By Nom GDP = Colombia ($376B), Smaller Than 8 Chinese Provinces
Source: Global Insight, CEIC

...With Significant Growth Upside
Becoming THE Chinese Competitor (BCC)

Dimensions

- Segment
- Marketing
- R&D
- ISC
- People
- Sales/Channel

“Become THE Chinese Competitor”

Execution Excellence

<table>
<thead>
<tr>
<th></th>
<th>BCC</th>
<th>2013</th>
<th>2015 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESS (Excl. HLS-Fire)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HPS &amp; HBS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HTT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HLS-Fire</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Operating System

- Bi-Annual Chairman Review
- Quarterly Self-Assessment
- Benchmark Best Chinese Competitors
  - Select Strongest Competitors By SBU
  - Compare Against Best Practices
- Emphasis On Speed

HLS Fire Sales vs Fire Chinese Competitor Sales

- 19% CAGR ~$120M
- 8% CAGR 3% YoY ~$35M
## BCC Achievements

### Resource Investment (2007-2013)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2007-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ISC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R&amp;D</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*(China And India)*

### Local R&D And Engineering

- 9 Local PACs, Empowered And Aligned
- Resourced Ahead, ~20% CAGR
- ~1,700 Patents And Invention Disclosures
- HUE Enabled, With Speed
- 28% E4E Revenue In 2013*

### Mature Manufacturing In China

- 23 Plants, 19 In Tier 2+ Cities
- 13 HOS Silver, 5 HOS Bronze
- Cross Business Sourcing Synergies
- Continuous Localization
- Multi-User Sites

### Feet On The Street

- Increase Tier 2+ Cities Presence
- Successful “City Bee” Program
- Hiring With Speed
- ~10K Customer Visits To HON Tech. Experience Center In Shanghai

---

*China Only, Excluding Aero And UOP*
HUE In BCC – Hardhat Designed For Chinese

- Ergonomically Contoured, Dimensionally Sized
- Reinforce Brand Element And Enhance Strength By “H”-Shaped Rib
- Global Proven Technology, Quality And Performance Standards

Won “China Successful Design Award”
China Concerns

Top Concerns In China

- Air Pollution
- Food Safety
- Water Pollution

HON’s Response

Products That Protect Health, Safety And Environment

- Air Filter
- Water Filter
- PM2.5 Portable Masks
- Gas And Diesel Turbo
- Methanol-To-Olefins (MTO)
- HFO LBA For Refrigerator
- High Viscosity Packaging Product

HON Offerings Address Key Concerns

F90A/B Electronic Air Cleaner
SMF-10 Smart Faucet And Filter
Portable Masks
Desktop Water Purifier
EV Single-flow Ventilator
MTO
HRO-400 Water Purifier
Micro Turbo
High Viscosity Packaging
China’s Air Pollution

Severe Air Pollution In China

Honeywell Investor Conference – March 5, 2014

Addressing Immediate Local Concerns

China SOHO Project

- HON China Air Purifying Systems For 8 SOHO China Projects
- Air Quality Deemed Significant Value Proposition To Tenants
- HON Buildings Set Industry Standard
- Developer Praised HON On Social Media

Unhealthy / Heavily Polluted

Good / Moderate
PM2.5 Purified Air – A New Must For SOHO

• SOHO, THE FIRST To Provide PM2.5 Purified Air In All Developments
• Enhances Property Value And Attractiveness To Tenants

SOHO China Chairman Pan Shiyi Reports PM2.5 Levels At Galaxy SOHO Everyday On His Weibo (Chinese Twitter) To 16 Million Followers

Source: SOHO China

Strong Customer Validation
Strong 2013 Wins

**Russia, Turkey And Central Asia**
- Aero – Antonov AN-2 Upgrade TPE  ~$280M
- Aero/ACS – Boeing, Airbus, Domo Airport  ~$140M
- PMT – 4 Oleflex Units Shangdong / MTO  ~$140M

**China**
- TS – Fiat Gas And Weichai Power  ~$280M
- ATR – China Eastern And Air China  ~$140M
- PMT – 4 Oleflex Units Shangdong / MTO  ~$140M

**Brazil**
- Aero – Embraer New Regional Jet Program  ~$3B
- PMT – Petrobras FPSOs  ~$180M
- ACS – Petrobras RNEST Building Automation  ~$20M

**Middle East**
- Aero – Saudi F15 IFS Program Spares/Airports  ~$150M
- PMT – Ras Laffan Gas And Pakistan Refineries  ~$70M
- ACS – Saudi Arabia Aramco  ~$50M
- ACS – Kuwait KNPC Refinery  ~$40M

**Rest Of Asia**
- TS – Light Commercial Vehicle Diesel  ~$150M
- Aero – Vietnam & India APU, Chenai GBAS  ~$130M
- PMT – Nghi Son Refinery And Petrochem  ~$100M

Multi-Year Wins Enable Future HGR Expansion
Round 2 – Unprecedented Opportunity

Priority HGR

(Real GDP)
- 2003: $9.9T
- 2013: $19.0T
- 2014-2018 Growth: $5.2T

Developed

(Real GDP)
- 2003: $13.4T (US Only)
- 2013: $16.0T (US Only)
- 2014-2018 Growth: $3.5T (US + EU)

Source: Global Insight

Tremendous Growth Ahead
**Honeywell Priority High Growth Regions**

(2013 Real GDP; '13-'18 Real GDP CAGR)

**Key Geographies For Focused Investment**

- **Mexico**
  - GDP: ~$1T
  - Growth: ~4%

- **Brazil**
  - GDP: ~$2T
  - Growth: ~4%

- **Russia**
  - GDP: ~$2T
  - Growth: ~3%

- **Turkey & Central Asia**
  - GDP: ~$1T
  - Growth: ~5%

- **Middle East**
  - GDP: ~$2T
  - Growth: ~3%

- **India**
  - GDP: ~$2T
  - Growth: ~5%

- **China**
  - GDP: ~$8T
  - Growth: ~7%

- **Rest Of SEA**
  - GDP: ~$1T
  - Growth: ~5%

- **Indonesia**
  - GDP: ~$1T
  - Growth: ~6%

*Includes Turkey, Georgia, Azerbaijan, Turkmenistan, Tajikistan And Uzbekistan
** Includes Saudi Arabia, UAE, Kuwait, Qatar, Oman And Iraq
*** Includes Vietnam, Cambodia, Laos, Myanmar, Thailand, Malaysia And Philippines
### HGR Macro Trends

#### HON Sectors Opportunities

<table>
<thead>
<tr>
<th>Region</th>
<th>Multiples</th>
</tr>
</thead>
<tbody>
<tr>
<td>ME</td>
<td>~1.5x</td>
</tr>
<tr>
<td>Russia</td>
<td>~2.0x</td>
</tr>
<tr>
<td>Brazil</td>
<td>~2.0x</td>
</tr>
<tr>
<td>Mexico</td>
<td>~2.0x</td>
</tr>
<tr>
<td>Indonesia</td>
<td>~2.0x</td>
</tr>
<tr>
<td>Turkey</td>
<td>~2.0x</td>
</tr>
<tr>
<td>Vietnam</td>
<td>~2.0x</td>
</tr>
<tr>
<td>SEA**</td>
<td>~1.0x</td>
</tr>
<tr>
<td>China</td>
<td>~1.5x</td>
</tr>
<tr>
<td>India</td>
<td>~2.0x</td>
</tr>
</tbody>
</table>

*HON Macro* includes Refining, Chemicals, Construction, Other Mining And Aero

**SEA** includes Thailand, Malaysia, and Philippines

* Source: Global Insight, HON Estimate

### HGR Middle Class Rising

(Global Population, Billion People)

<table>
<thead>
<tr>
<th>Year</th>
<th>Wealthy &amp; Developed Middle Class</th>
<th>HGR Middle Class</th>
<th>Bottom of the Pyramid</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1.5</td>
<td>1.3</td>
<td>4.3</td>
</tr>
<tr>
<td>2020</td>
<td>1.5</td>
<td>2.4</td>
<td>3.8</td>
</tr>
</tbody>
</table>

In 10 Years, Chinese Household Income >$16K Will Quadruple To 265M, ~ As In US And Western Europe Today

* Middle Class = $10-100 Per Day Per Person Expenditure 2005 PPP

* Source: OECD, World Bank, McKinsey, UN, Global Insight

---

**HON Macros 1-2X GDP With Mid-Segment Focus**
Scale And Speed

China

• Strengthen Existing Platform
• Drive BCC To The Next Level
• Address China Concerns
• Deepen Mid-Segment Penetration

Other HGRs

• Fully Leverage China Platform
• Resource Ahead For Growth
• Strong Management Operating System For Execution
• Become Global Challenger

Everything Happens With Speed

Same Focus As China Round 1

Strengthen China | Accelerate Other HGRs
China, Platform For HGRs

Proven E4E Platform

East-To-Rest (E2R)

Turkey
Russia
Mexico
Brazil
...

- Proven Competitiveness And Demand
- Systematic And End-To-End Approach
- First Sales Completed; More Certified For Other HGR Markets
- Expanding To More Products And Broader Geographies

Comprehensive E4E Strategy
Design, Manufacturing And Sales

Achieved Significant Progress,
Scale And Speed

Targeting Global Mid-Segment
Technology Critical To Russia’s Development

Aerospace And Airports

Opportunity

- More Than 15 Major Airport Rebuilds
- Revamp AN-2 Service For Remote Cities
- Low Cost Airlines Introduction
- Growth In Fleet 7.9%, Flight Hours 7.4%
- Revitalization Of Aero Industry
- Intensive Safety Focus

Strategy

- Local Resourcing
- Strong Relationship With Local OEM’s
- Continue To Support Safety Focus
- One HON Approach To Airport Renewal

Dachas

Opportunity

$1B Annual Spend On Second Homes And Smart Homes Driven By Wireless And Mobility

Strategy

- HGR Playbook From China To Russia
- E4E With Local Cert. And Assembly
- Tier 2/3 With Strong Moscow/GR Focus

Target Customers: Certifier, DIY, Contractors

Aero Success In Addition To Oil & Gas
Middle East Strategies

**Saudi Arabia**

**Opportunity**
- $200B Investment – Airport, Metro, Infra.
- $55B Contracts To Be Awarded In 2014
- Non-Oil GDP At 5.1% In 2014

**Strategy**
- One ACS Country Leader
- E4E Localized Delivery For Mid-Tier
- Market Segmentation With Vertical Focus
  - Security COE To Capture Rapid CIP Growth
  - Partnerships For Metro/Air Opportunities

**Qatar**

**Opportunity**
- $200B Investment FIFA Driven – Transport (Rail And Port), Infrastructure
- $45B Lusail City, $35B Integrated Rail

**Strategy**
- FIFA Program Manager Across SBUs
- One Honeywell Aligned With FIFA Vision
- Resource Ahead For Growth
- Key Partnerships And GR Building

*One Honeywell Approach*
HUE In Middle East Mosques

**Kuwait’s Challenge**

- **53.8°C** Highest Temperature Recorded
- **3rd** World’s Largest Electricity Consumption
- **$30B** Gov’t Subsidy Needed By 2030
- **1300** Mosques, Mega Structure, Energy Hog

**Forecast**

- **A/C**: ~70% Of Kuwait’s Peak Power Demand
- **+7.8%** Default

**HON’s Solution**

*HON Programmable Thermostat*

- Valued Local Requirements
- Adapted To Variable Schedule
- Easy To Install And Operate
- Applicable To Both New And Existing Mosques
- Fast Return On Investment
- 18% Energy Saving, $1,500 Per Quarter
- Savings Used By Mullah To Fund Charitable Causes
- CO2 Emission Reduced 10T Per Quarter

**HON’s Opportunity**

- ~200 Kuwait Mosques With HON Thermostats
- HON Trusted Partner For Energy Savings
- In Saudi, >75,000 Mosques, >30,000 Mega Mosques

Meeting Unique Local Needs
Gas Flows – New Global Dynamics

(High Growth Regions)

Significant Global UOP And HPS Opportunities

Sources: IEA, BP, PFC Energy, EIA
Summary

• Moderate HGR Macro Outlook, HGR Continues To Outpace Macro
  - HGR GDP 4.3% Growth In 2013, 5.0% Growth In 2014
  - HGR Sales ~$9B In 2013, Continue With 1.5-2X GDP Growth In 2014 And Beyond

• Focused Strategy, Leverage HGR Playbook
  - Strong Geographic Presence – China As Pillar, Priority HGR Regions
  - Deepen East-For-East And Execute East-To-Rest

• Become THE Chinese Competitor
  - Local Leadership And Execution; Expand Mid-Segment Offerings
  - Enabled By HUE To Improve End-To-End Local Customer Experience

• Accelerate High Growth Region Expansion
  - Leverage China And India Platform
  - Feet On The Street, Smart Investment Yielding Results
USER EXPERIENCE

OLD SCHOOL

TV Remote Control

Honeywell Scanner

Complicated, Dated
Sonos Remote Control

5-Star Rating

Honeywell Dolphin 70e

New

Intuitive, Contemporary
Installers want a workstation that is as easy to install as an Internet TV.
Pilots want every day to be a clear day.

Greater Awareness And Better Landings
Field engineers want complex schematics at their fingertips.

Better Safety And Efficiency
Honeywell User Experience

Turbo Launch Portal

Engine developers want an easy way of tracking turbo development.

Closer To Customer, Value Of Speed
<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology-Centered Innovation</td>
<td>Human-Centered Innovation</td>
</tr>
<tr>
<td>- Pragmatic Products</td>
<td>- Empathetic Solutions</td>
</tr>
<tr>
<td>- Performance Focused</td>
<td>- User Performance Focused</td>
</tr>
<tr>
<td>- Rigid Development</td>
<td>- Iterative Development</td>
</tr>
<tr>
<td>- Narrow View Of Customer</td>
<td>- Broader View Of User Personas</td>
</tr>
<tr>
<td>- Product Specific Design</td>
<td>- Brand Design Language</td>
</tr>
</tbody>
</table>

Balance Of Business, Technical And User Needs
Honeywell User Experience

What Is User Experience?

Engage ➤ Sell ➤ Install ➤ Use ➤ Maintain ➤ Upgrade

- COGNITIVE SCIENCE
- ERGONOMICS
- ETHNOGRAPHY
- GRAPHIC DESIGN
- HUMAN FACTORS
- INDUSTRIAL DESIGN
- INTERACTION DESIGN
- PSYCHOLOGY
- USABILITY ENGINEERING

Great End To End Experiences At Every Touch Point
Iterative Design Process

**Phase 1**
- Iteration/Sprints
- Risk: Decreasing
- Value: Increasing

**Phase 2**
- Iteration/Sprints
- Risk: Decreasing
- Value: Increasing

**Phase 3**
- Iteration/Sprints
- Risk: Decreasing
- Value: Increasing

**Phase 4**
- Iteration/Sprints
- Risk: Decreasing
- Value: Increasing

**Phase 5**
- Iteration/Sprints
- Risk: Decreasing
- Value: Increasing

**Phase 6**
- Iteration/Sprints
- Risk: Decreasing
- Value: Increasing

**Decreasing Cycle Time, Increasing Value**
Honeywell User Experience

Rapid Prototyping Tools

Reduced Cycle Time

Before

Test Failure

After

Simulation Failure

Turbo Thermal Fatigue Testing

Software Enabled Differentiation
What This Means For Honeywell?

- **Customer Satisfaction**: 5
- **Premium**: 5-10%
- **Cost-to-Serve**: 10-20%
- **Volume**: 5-10%

*Drives Organic Growth*
“Simplicity is the ultimate sophistication.”

Leonardo da Vinci