Honeywell

2013 Outlook

December 10, 2012

Forward Looking Statements

Honeywell

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.

2012 Performance vs. Guidance

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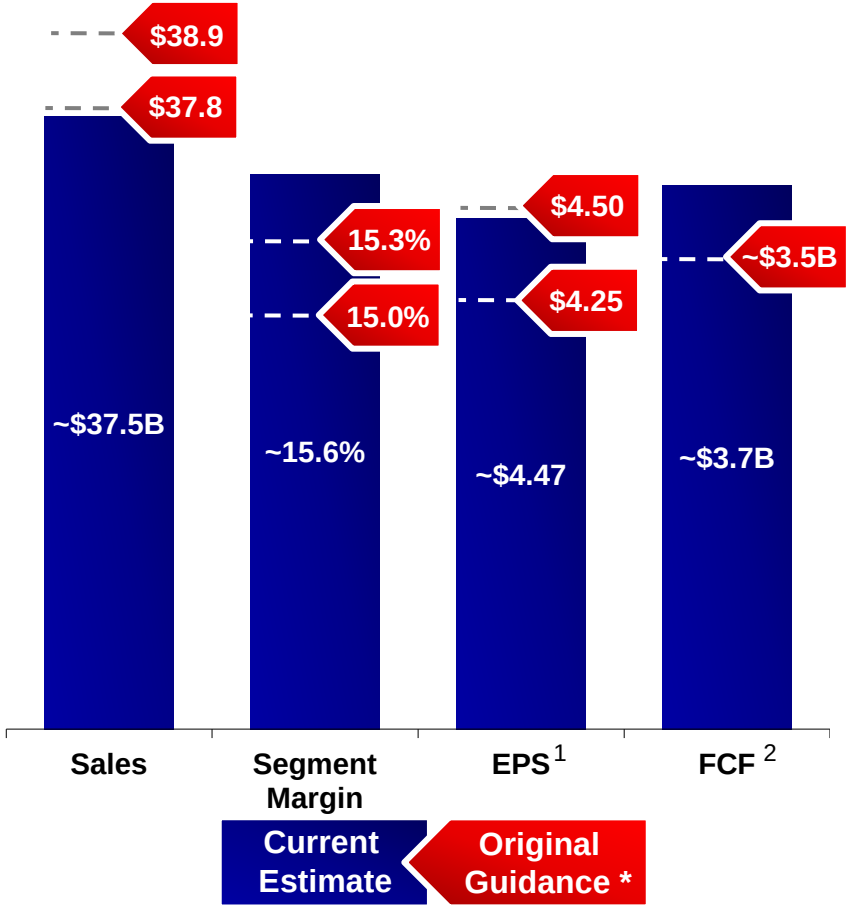
Financial Results

Setting And Meeting High Expectations…



Continued Investment

…While Continuing To Invest For Growth

- **Increased R&D Funding ~6% To $1.9B**
  - While Improving Effectiveness Through VPD™
- **Invested ~$100M Proactive Restructuring**
  - Generating ~$150M In 2013 Savings
- **Expanded Penetration Into HGRs**
  - Supporting Growth With Existing Foundation
- **CAPEX Up ~15%; High ROI Projects**
  - Reinvestment Ratio ~140%

1) *Proforma Excludes Any Pension Mark to Market (MTM) Adjustment*
2) *FCF Shown Prior to Cash Pension Contributions*

HON Outperformed In 2012 While Investing For Future

**Original Guidance From December 2011*

2012 Macro Headwinds

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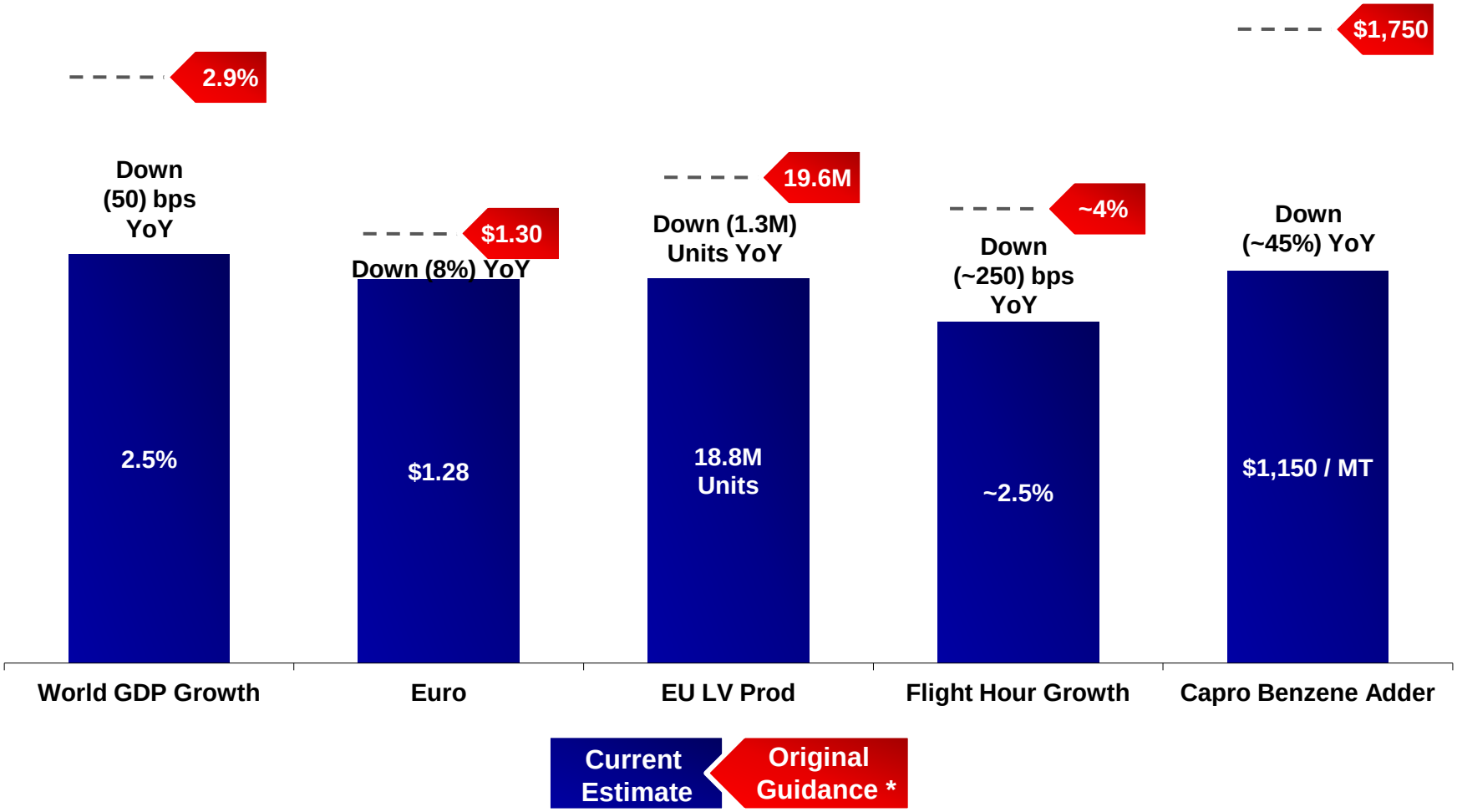
… Despite More Challenging End Market Conditions Than Planned



Strong 2012 Macro Headwinds Across All Businesses

**Original Guidance From December 2011*

2012 Summary

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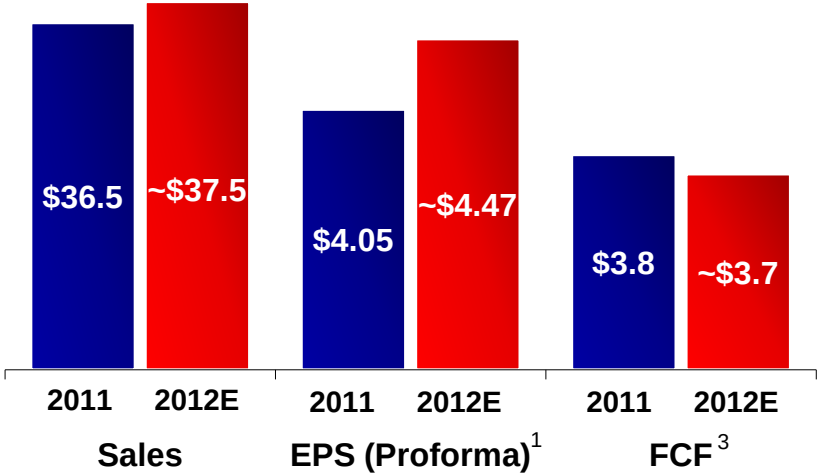
Financial Performance

($B except per share amounts)

	2011	2012E	V%
Sales	$36.5	~$37.5	~3%
Segment Profit	$5.4	~$5.9	~9%
Segment Margin	*14.7%*	*~15.6%*	*90 bps*
Earnings Per Share[1]	$4.05	~$4.47	~10%
EPS From Cont. Ops[2]	$4.01	~$4.47	~11%
Free Cash Flow[3]	$3.8	~$3.7	~(3%)
FCF Conversion[3]	*118%*	*~105%*	



Highlights / Drivers

- **Record Segment Margin; Up ~90 bps**
  - Robust Analytics And Cost Mgmt Capabilities
- **Proactively Funded Restructuring**
  - Benefits In 2012, 2013 And Beyond
- **Continued HOS Deployment**
  - ~70% Of Manufacturing Cost Base Bronze +
- **Strong Cost Controls Enabled By FT/OEF**
  - OEF Favorable As A % Of Sales
- **Continued Seed Planting → VPD™**
  - New Products And Emerging Markets

1) *Proforma, V% Excludes Any Pension Mark to Market (MTM) Adjustment*
2) *Proforma (Cont. Ops); Excludes Any Pension MTM Adjustment; V% Also Excludes 3Q11 Repo and Other Actions Funded by Gain on Sale of CPG (in Disc. Ops)*
3) *FCF and FCF Conversion Shown Prior to Cash Pension Contributions*

HON Delivered In Challenging 2012 Environment

HON Differentiators

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Key Areas	What's To Like
On Track To LT Targets	• *2012 Performance, 2013 Plan → Path To 2014* • *Investments In Seed Planting Support Future Growth*
Robust Margin Leverage	• *Maximizing Labor Cost Efficiency Through OEF* • *Executing On Sustainable Productivity Actions*
Restructuring Tailwind	• *2013 Incremental Savings ~$150M* • *High IRR Projects, Long-Term Benefits*
Strong Capital Deployment	• *CAPEX To Fund High Growth / High Margin Projects* • *Investing To Expand Capabilities In High Growth Regions*
Returning Cash To Shareholders	• *Committed To Grow Dividends - 10% Increase In 4Q 2012* • *Smart Share Buyback : ~5M Shares In 4Q 2012*
Acquisition Upside	• *Disciplined Process, Portfolio Transformation Evident* • *More Integration Savings And Sales Upside*

Lots Of Positives – Delivering Top Tier Performance

2013 Macro Outlook

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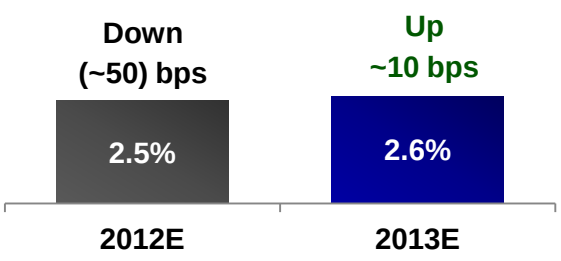
World GDP

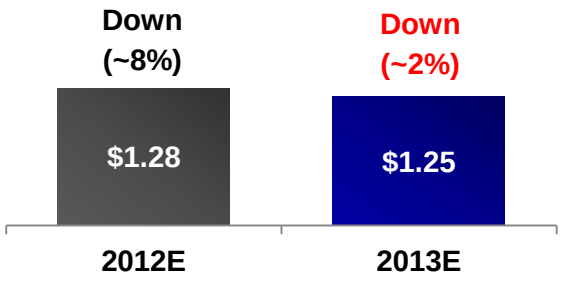
(YoY Growth %)



Source: Global Insight

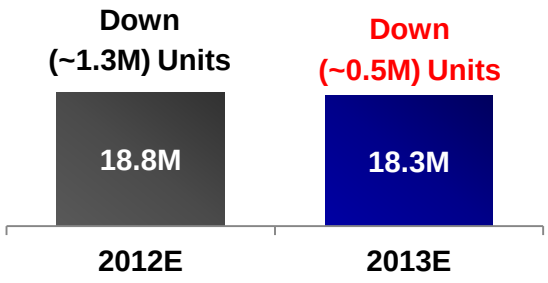
Euro

(USD: EUR)



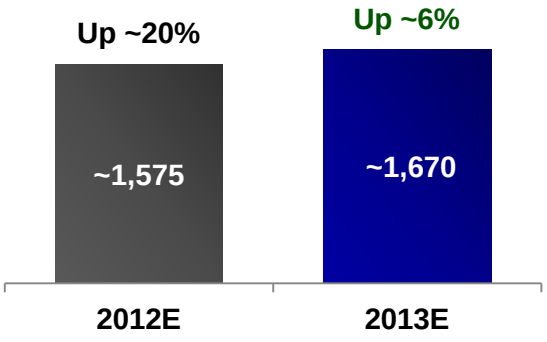
EU Light Vehicle Prod

(M Units)



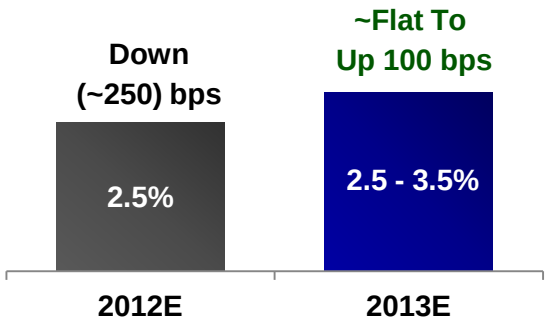
ATR OE Deliveries

(Units)



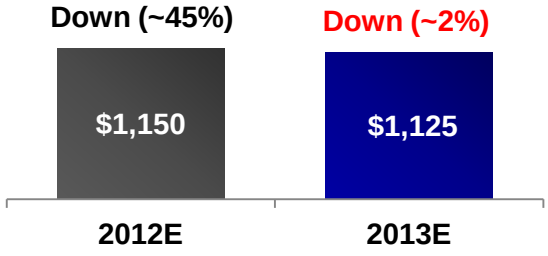
Flight Hours

(YoY Growth %)



Capro Pricing

($/MT)



Planning For A Continued Challenging Macro Environment

Honeywell Portfolio: 2013 Sales Outlook

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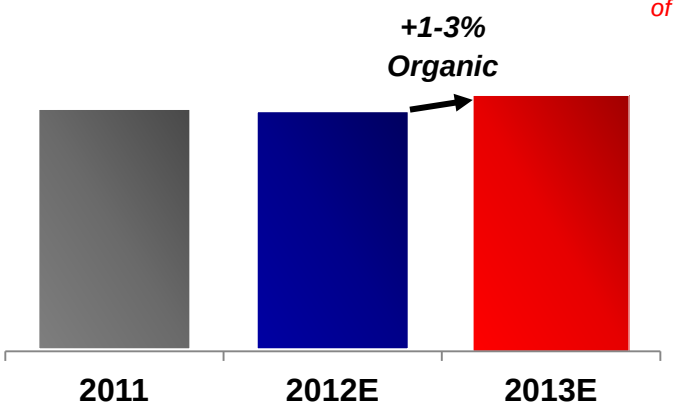
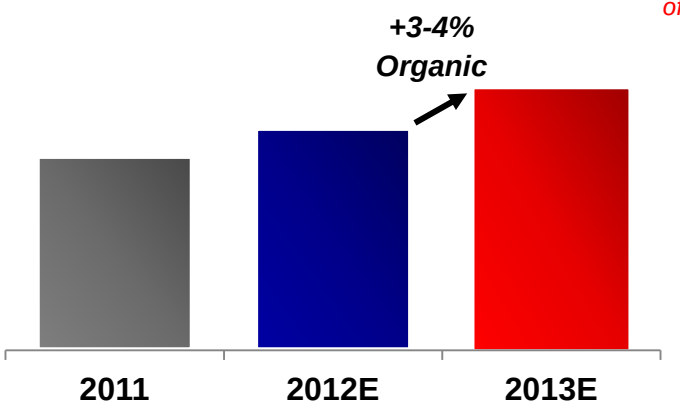
Short Cycle

~40% of HON



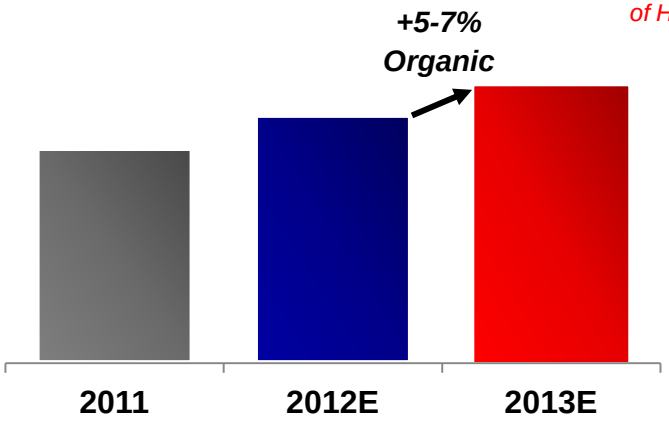
Long Cycle Ex Defense

~35% of HON



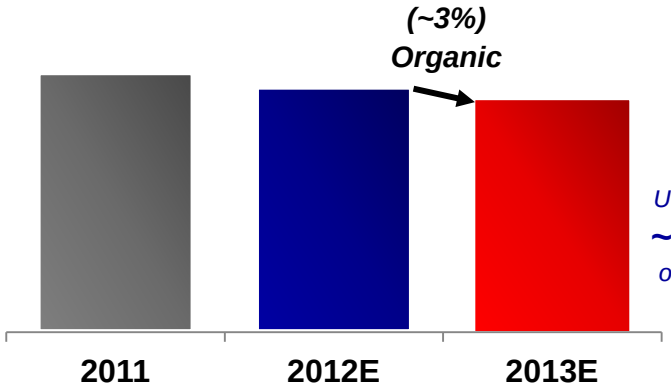
Commercial Aftermarket

~10% of HON



Defense & Space

~15% of HON



U.S. Def ~10% of HON

Outlook Reflects Key Macro/Regional Environment

HON Sales – Geographic Growth

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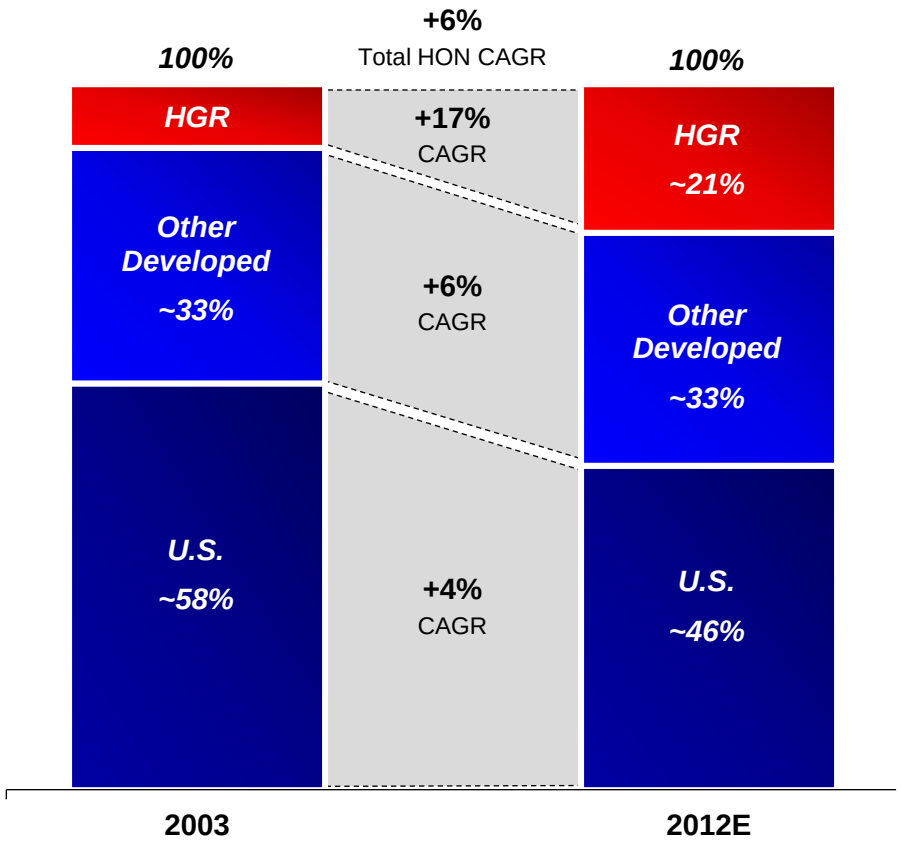
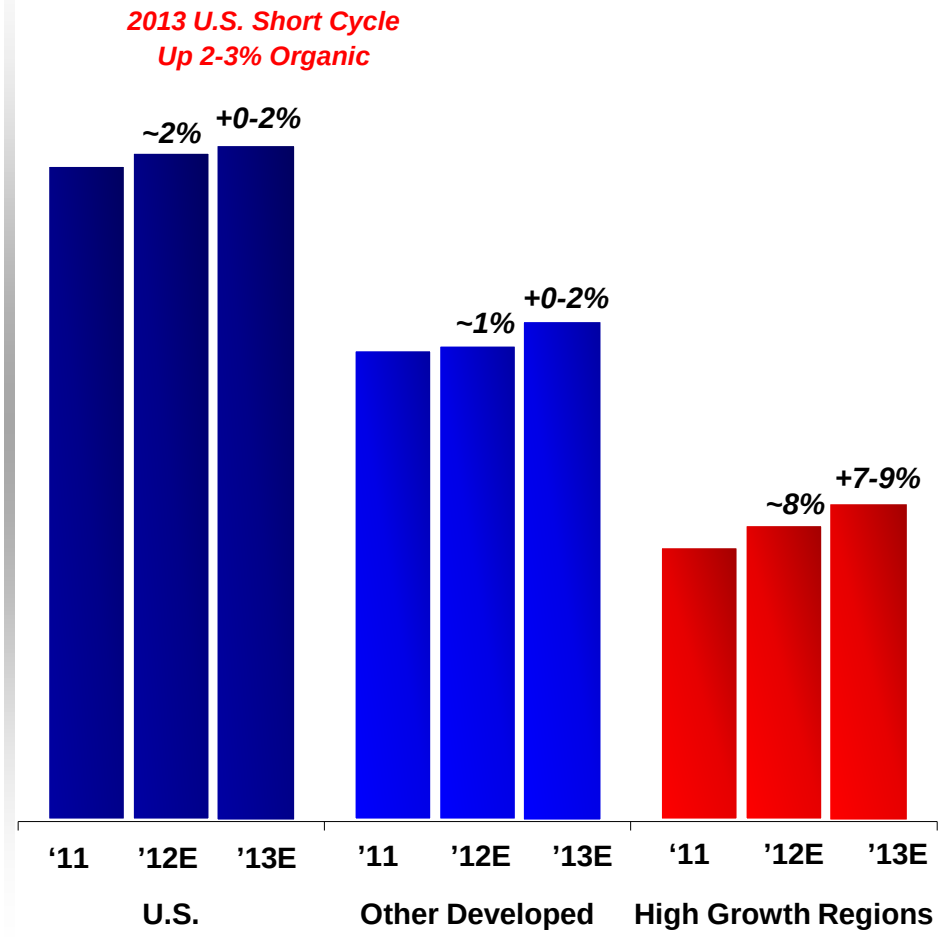
Geographic Exposure

(% Of HON Rev)



Organic Sales Growth

(YoY V%, Organic)



Note: Excludes CPG

High Growth Regions Driving YOY Improvement

2013 Segment Outlook

Honeywell

Segment	Sales Growth	Segment Margin Growth
Aero	**Up 1 - 3%**	**Up 50 - 70 bps**
• Commercial Aftermarket Growth Recouples To Flight Hours • Commercial OE Supported By Increased Deliveries • Scenario Planning For Defense, Expect Modest Declines		
ACS	**Up 3 - 5%**	**Up 10 - 40 bps** *Up 50 - 70 bps ex Intermec*
• Better Short-Cycle Comps, Some Easing Of Macro Headwinds • Slower Solutions Growth Supported By Backlogs • Enablers Helping Drive Improved Productivity		
PMT	**Up 11 - 13%**	**~ Flat - Up 20 bps**
• UOP + Thomas Russell Acquisition = Double Digit Growth • New Products / Applications Help Drive Advanced Materials • Increased Capex To Support Growth And Productivity		
TS	**~ Flat - Up 3%**	**Up 30 - 60 bps**
• EU LV Production Flat To Down Slightly YoY, Easier Comps 2H • Increased Turbo Penetration In U.S. And China • New Product Launches Driving Growth		

Strong Margin Expansion Continues

Intermec Acquisition

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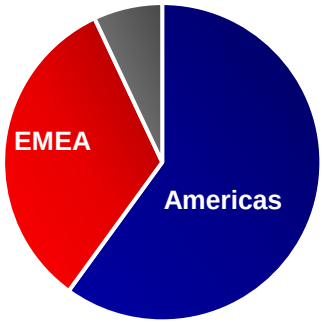
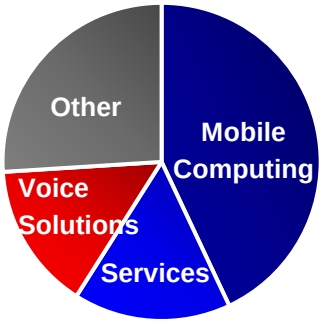
- **Enhances HON's Scale In Rugged Mobile Computing (2012E Sales ~$800M)**
  - Highly Complementary Portfolio Of Technologies, Expanding Reach And Distribution
  - Creates ~$1.6B Global Franchise For HON
- **Attractive Growth In AIDC / Productivity Space → 2x GDP Over Cycle**
  - RFID, Long Range Imaging, Remote Device Management And Services
  - Leading Position In Fast Growing Voice Technology
- **Building On HSM's Proven Acquisition Track Record – Handheld, Metrologic, EMS**
  - Significant Synergy Opportunities → 10x EBITDA Ex-Certain Corp Costs, ~5x Run-Rate Synergy Adj.
  - 2013 Dilution ~(3-4) Cents; Accretive 2014

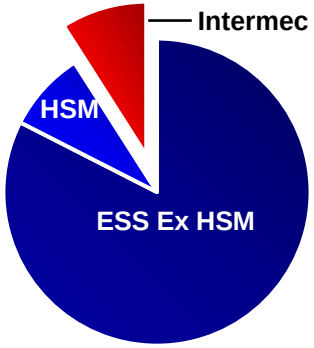
Geographies



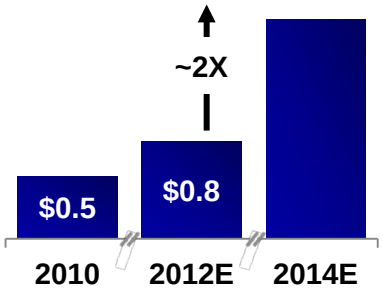
Products



ACS Short Cycle



HON Scanning & Mobility Sales



Post Synergies Valuation Consistent With ACS Track Record

Key Process Enablers

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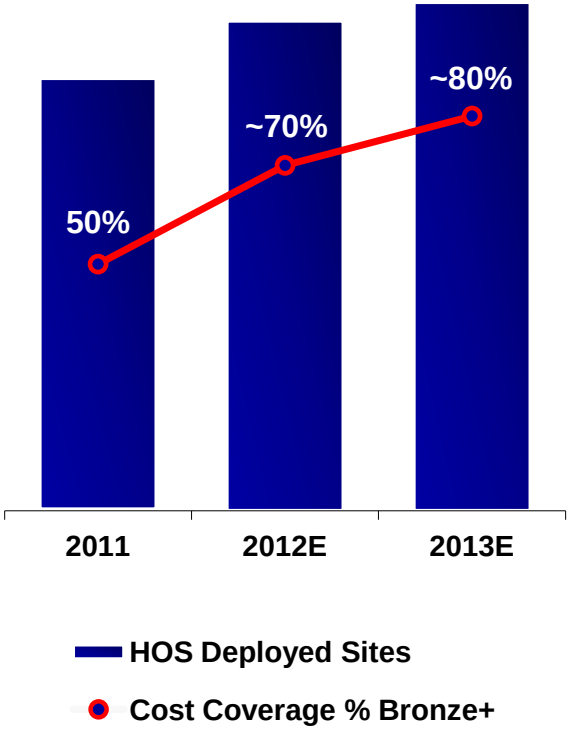
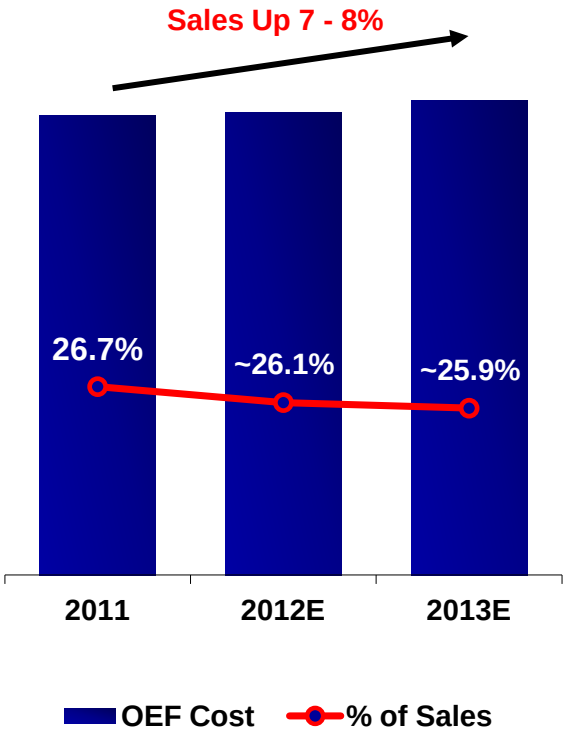
HOS Deployment



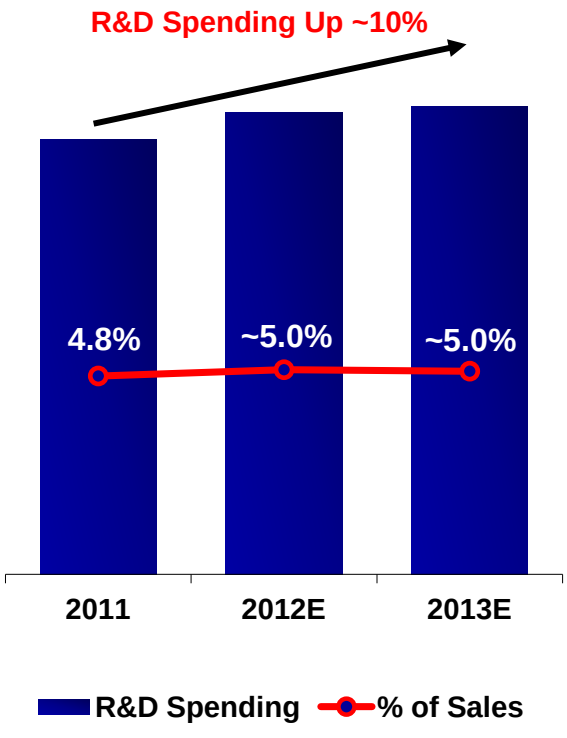
Key Productivity Driver

OEF / FT



Flexibility In Uncertain Environment

R&D / VPD™



More Products, More Efficiently

Driving Improvement In Cost, Efficiency, Competitiveness

2013 Financial Guidance Summary

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($B except per share amounts)	2012E	2013E	V%	Comments
Sales	**~$37.5**	**$39.0 - 39.5**	**4 - 5%**	• ***Organic Up 1 - 3%***
Segment Profit	**~$5.9**	**$6.2 - 6.4**	**5 - 9%**	
Segment Margin	*~15.6%*	*15.8 - 16.1%*	*20 - 50 bps*	• ***Up 40 - 60 bps Ex-Acquisitions***
Net Income, Proforma [1] ***Attributable to Honeywell***	**~$3.5**	**$3.8 - 4.0**	**7 - 12%**	
EPS [1]	**~$4.47**	**$4.75 - 4.95**	**6 - 11%**	• ***4Q12 Buyback: ~5M Shares***
Free Cash Flow [2]	**~$3.7**	**~$3.7**	**~ Flat**	• ***Capex Investment***

1) *Proforma, V% Excludes Any Pension Mark to Market Adjustment*
2) *Free Cash Flow (Cash Flow from Operations Less Capital Expenditures) Prior to Any NARCO Related Payments and Cash Pension Contributions*

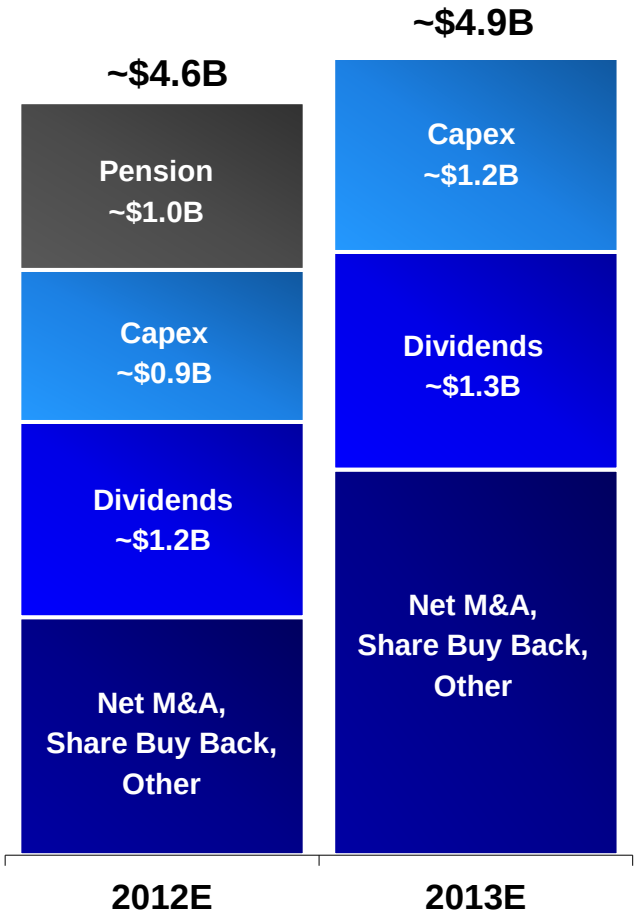
Low End	High End
- **Lower Global GDP Growth**	+ **Stronger Global GDP Growth**
- **High Growth Regions Moderate Further**	+ **High Growth Regions Overdrive**
- **Unfavorable Mix – ACS Products, Adv Mat**	+ **Favorable Mix – Commercial AM, UOP**
- **Inflation / Productivity Worse**	+ **Inflation / Productivity Better**
- **Stronger Dollar – EUR < $1.25**	+ **Weaker Dollar – EUR > $1.25**

Balanced Outlook For 2013

2013 Capital Deployment

Honeywell

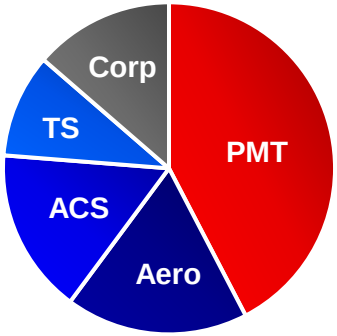
Cash Flow From Operations*



** Cash Flow From Operations Shown Prior to Cash Pension Contributions and Any NARCO Related Payments*

Allocation Priorities

2013 CAPEX By SBG



- **Investing In High ROI Projects**
  - Capacity Expansion
  - NPI Product Line Growth
  - Supporting New Business Wins
- **HON Committed To Competitive Dividend**
  - Accelerated Dividend Increase; Up 10% To $1.64** Per Year
- **Strategic Bolt-On M&A High Priority**
- **Share Repurchases To Hold 4Q Share Count ~Flat**
  - 4Q 2012 Buyback: ~5M Shares
- **No U.S. Pension Contributions Anticipated In 2013**

*** Annualized Rate Based On 4Q 2012 Increase*

Cash Providing Flexibility To Deliver Enhanced Value

Long-Term Outlook Update

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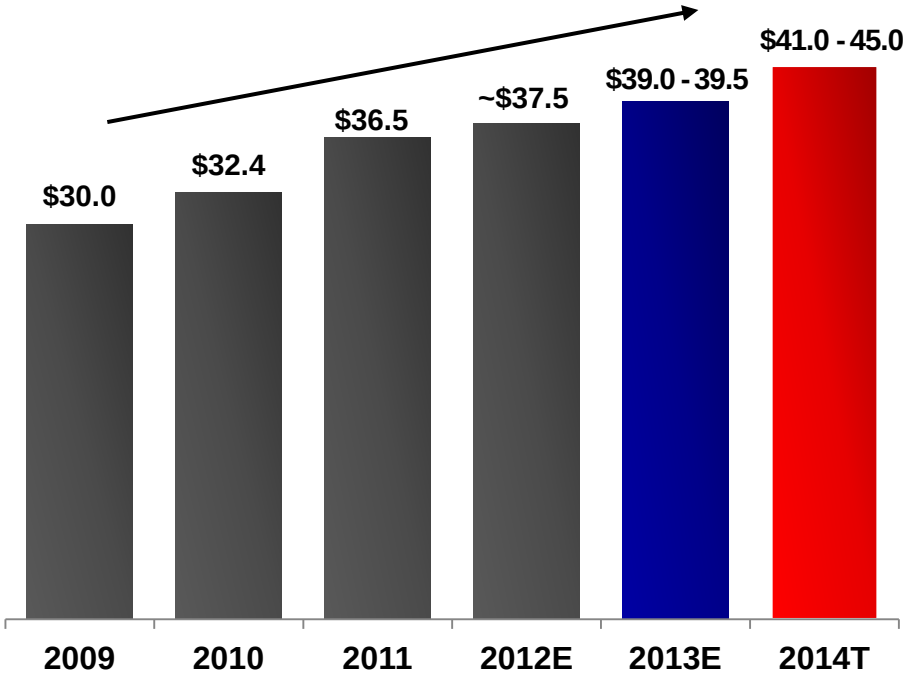
Sales

($B)

Long Term Goal: 6 - 8% CAGR

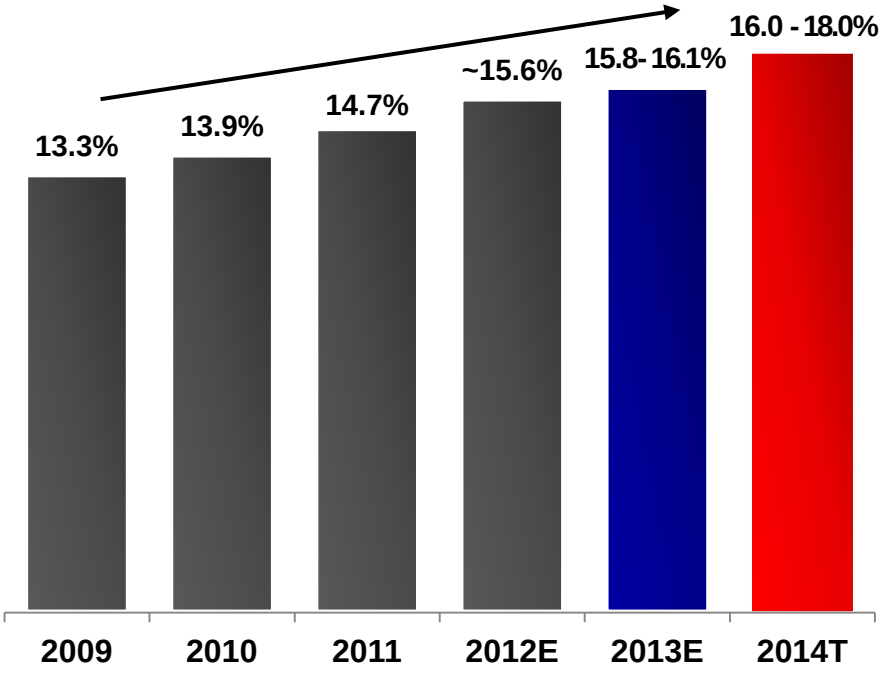
'09 -'13: ~7% CAGR



Segment Margin

Long Term Goal: 300 - 500 bps

'09 -'13: 250 – 280 bps



On Track To 2014 Targets

Long Term Outlook Planning Assumptions

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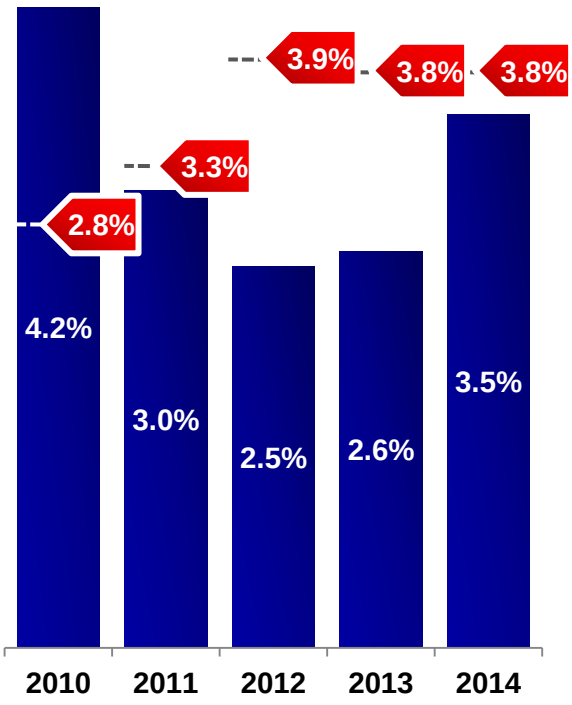
Global GDP

(Real GDP)



Cumulative Avg GDP Forecast Of 3.5% vs. Actual Avg. 3.2%

Euro

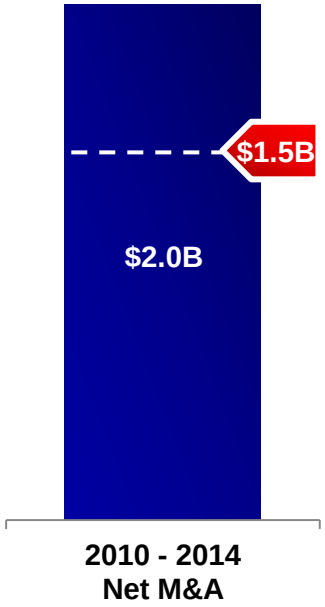
Euro Forecast $1.35 vs. Actual Avg $1.30

Current Estimate | Original Planning Assumptions *

Net M&A

(Sales, $B)

Acquisitions: ~$3.3B
Divestitures: ~$1.3B*



More Than Offsetting Margin Headwinds From Incremental M&A

** Includes CPG

Overcoming Headwinds In Long Term Results

*Original Planning Assumptions From February 2010

Summary

Honeywell

- **4Q 2012: Finishing Another Strong Year Despite Macro Headwinds**
  - Tracking Towards Mid-Point Of Guidance Range
  - Excellent Execution Into Year End, Positioning For Continued Growth In 2013
- **Staying Flexible Given Uncertain Outlook**
  - Funded Significant Restructuring Projects, Execution Underway
  - Tight Cost Discipline While Continuing To Invest In Future Growth
- **2013 Guidance Reinforces Top Tier Performance**
  - Planning For Strong Margin Expansion In Slow Growth Environment
  - Investments In Seed Planting Supports Achievement Of 2014 Targets

Continued Outperformance In 2013

Appendix

Reconciliation of non-GAAP Measures to GAAP Measures

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margin

Honeywell

($B)	2009	2010	2011
Segment Profit	$4.0	$4.5	$5.4
Stock Based Compensation [1]	(0.1)	(0.2)	(0.2)
Repositioning and Other [1, 2]	(0.5)	(0.6)	(0.8)
Pension Ongoing Expense [1]	(0.3)	(0.2)	(0.1)
Pension Mark-to-Market Adjustment [1]	(0.7)	(0.5)	(1.8)
OPEB Income (Expense) [1]	0.0	(0.0)	0.1
Operating Income	$2.4	$3.0	$2.6
Segment Profit	$4.0	$4.5	$5.4
÷ Sales	$30.0	$32.4	$36.5
Segment Profit Margin %	13.3%	13.9%	14.7%
Operating Income	$2.4	$3.0	$2.6
÷ Sales	$30.0	$32.4	$36.5
Operating Income Margin %	7.9%	9.3%	7.0%

(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 Margin

Honeywell

($M)	2012E
Segment Profit	~$5,900
Stock Based Compensation [1]	~(175)
Repositioning and Other [1, 2]	~(450)
Pension Ongoing Expense [1]	~(50)
Pension Mark-to-Market Adjustment [1]	TBD
OPEB Income (Expense) [1]	~(75)
Operating Income	~$5,150
Segment Profit	~$5,900
÷ Sales	~$37,500
Segment Profit Margin %	~15.6%
Operating Income	~$5,150
÷ Sales	~$37,500
Operating Income Margin %	~13.7%

(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 and 3Q11 Repositioning and Other Actions Funded By Gain on Sale of CPG Business (CPG Gain)

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	2011 (1)
EPS - Continuing Operations	$2.35
Pension Mark to Market Adjustment	1.44
EPS - Continuing Operations excluding Pension Mark to Market Adjustment	3.79
3Q11 Repositioning and Other Actions Funded by CPG Gain	0.22
EPS - Continuing Operations excluding Pension Mark to Market Adjustment and 3Q11 Repositioning and Other Actions Funded by CPG Gain	$4.01

	2011 (1)
EPS	$2.61
Pension Mark-to-Market adjustment	1.44
EPS, excluding Pension Mark to Market adjustment	$4.05

(1) Utilizes weighted average shares outstanding of 791.6 million and the effective tax rate for the period. Mark-to-market uses a blended tax rate of 36.9% for 2011.

Reconciliation of Cash Provided by Operating Activities to Free Cash Flow, Prior to Cash Pension Contributions and Calculation of Cash Flow Conversion

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($B)	2011
Cash Provided by Operating Activities	$2.8
Expenditures for Property, Plant and Equipment	(0.8)
Free Cash Flow	2.0
Cash Pension Contributions	1.8
Free Cash Flow, prior to Cash Pension Contributions	$3.8
Net Income Attributable to Honeywell	$2.1
Pension Mark-to-Market Adjustment, net of tax [(1)]	1.1
Net Income Attributable to Honeywell Excluding Pension Mark-to-Market Adjustment	$3.2
Cash Provided by Operating Activities	$2.8
÷ Net Income Attributable to Honeywell	2.1
Operating Cash Flow Conversion %	137%
Free Cash Flow, prior to Cash Pension Contributions	$3.8
÷ Net Income Attributable to Honeywell Excluding Pension Mark-to-Market Adjustment	$3.2
Free Cash Flow Conversion %, prior to Cash Pension Contributions	118%

(1) Mark-to-market uses a blended tax rate of 36.9% for 2011.

Reconciliation of Cash Provided by Operating Activities to Free Cash Flow, Prior to Cash Pension Contributions and Calculation of Cash Flow Conversion

Honeywell

($B)	2012E
Cash Provided by Operating Activities	~$3.6
Expenditures for Property, Plant and Equipment	(~0.9)
Free Cash Flow	~$2.7
Cash Pension Contributions	~1.0
Free Cash Flow, prior to Cash Pension Contributions	~$3.7
Cash Provided by Operating Activities	~$3.6
÷ Net Income Attributable to Honeywell	~3.5
Operating Cash Flow Conversion %	~103%
Free Cash Flow, prior to Cash Pension Contributions	~$3.7
÷ Net Income Attributable to Honeywell Excluding Pension Mark-to-Market Adjustment	~3.5
Free Cash Flow Conversion %, prior to Cash Pension Contributions	~105%