



Sanford Bernstein Strategic Decisions

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Honeywell

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.

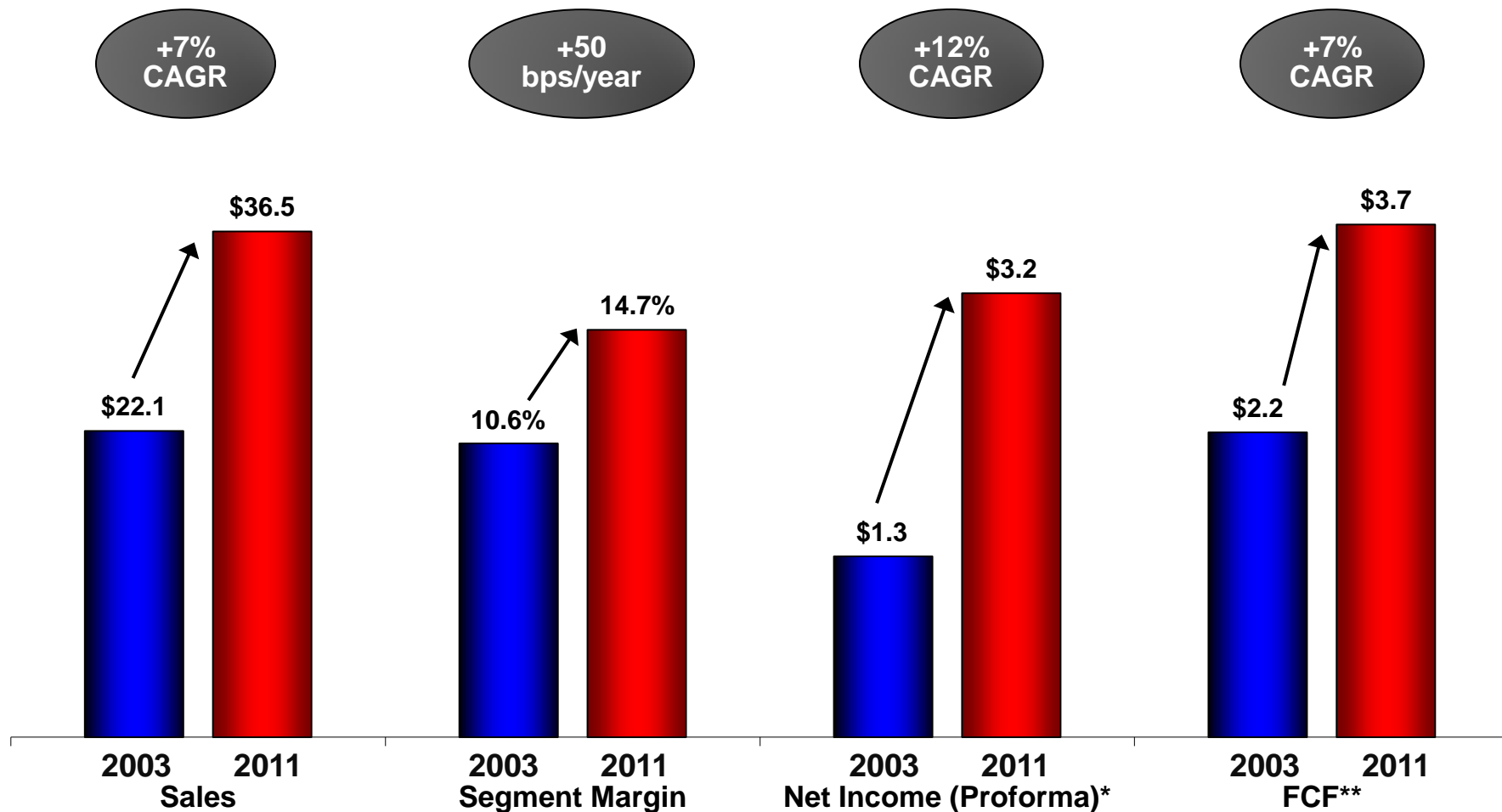
- **Honeywell's Transformation 2003 - 2011**
 - Portfolio Management, Emerging Region Growth
 - Execution Of Key Initiatives, Significant Productivity
- **1Q Strong Start To 2012, Raised Full Year Outlook**
 - Balanced View Of Global Macro Environment
 - Execution Reflected In Raised 2012 Outlook
- **Compelling Investment Opportunity**
 - Consistency Of Strategy, Execution, Value Creation
 - On Track To 2014 Sales, Margin And Cash Targets

HON Continues To Evolve And Outperform

2003 – 2011 Track Record

Honeywell

(\$B)

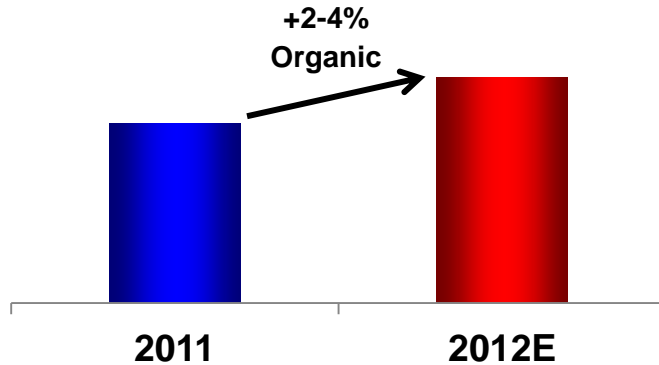


*Proforma Excludes Mark-to-Market Pension Adjustments; **FCF Prior to U.S. Cash Pension Contributions

Significant Growth All Key Metrics

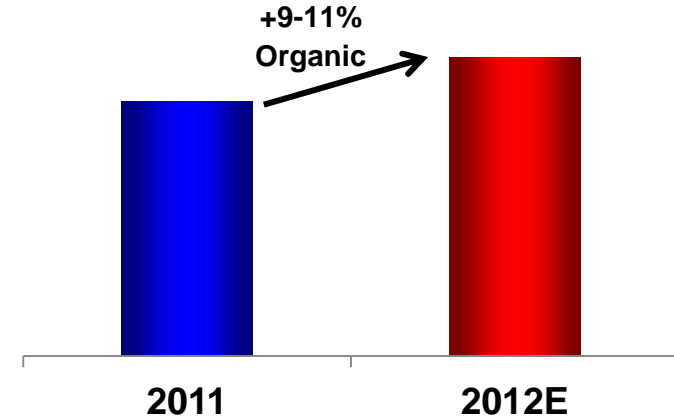
HON Sales – 2012 Outlook

Short Cycle*

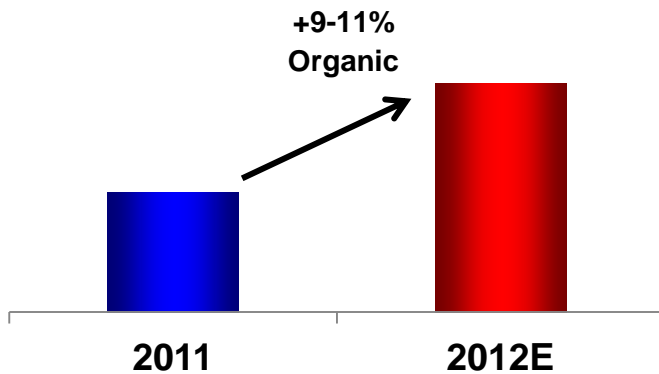


* Excludes CPG

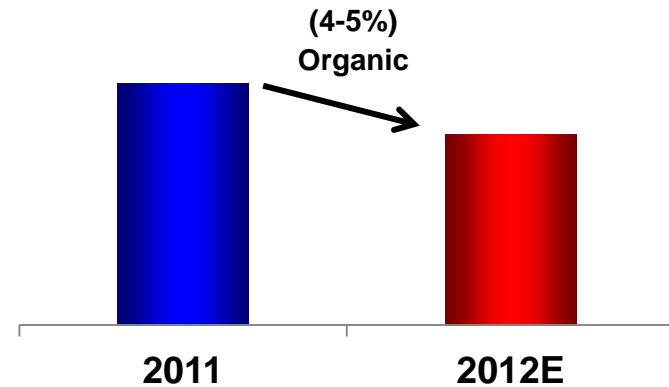
Commercial Aftermarket



Long Cycle Ex Defense



Defense & Space



Outlook Reflects Key Macro/Regional Environment

2012 Financial Guidance Summary

Honeywell

Consolidated (\$B except per share amounts)	2012 Financial Outlook	Growth 2012E vs. 2011
Sales	\$ 38.0 - 38.6	4% - 6%
Segment Profit	\$ 5.8 - 6.0	8% - 12%
Segment Margin	15.3% - 15.5%	60 bps - 80 bps
EPS from Cont. Ops ⁽¹⁾	\$ 4.35 - \$ 4.55	9% - 14%
EPS from Disc. Ops	-	
EPS ⁽²⁾	\$ 4.35 - \$ 4.55	7% - 12%
Free Cash Flow ⁽³⁾	~\$ 3.5	~100% Conversion

1) Proforma (Ongoing Operations); V% Excludes Any Mark-to-Market Pension Adjustments and Excludes 3Q11 Repo and Other Actions Funded by CPG Gain (in Disc. Ops)

2) Proforma, V% Excludes Any Mark-to-Market Pension Adjustments

3) Free Cash Flow (Cash Flow from Operations Less Capital Expenditures) Prior to Any NARCO Related Payments and Cash Pension Contributions

2H Planning Assumptions

- **Aero** - Commercial AM Moderates, D&S Down (6)-(8)% In 2H
- **ACS** - Improved 2H Outlook, New Products And Geographies
- **PMT** - Stronger 1H Catalyst Shipments, Tougher 2H Comps UOP
- **TS** - Weaker Europe LV / China CV Production, New Launches Offset
- **HON** - Strong Sales Conversion / Productivity / Seed Planting

Consistent Outlook

HON – What You Should Expect

- **Robust New Product Pipeline Driving Organic Growth**
- **Accelerated Penetration of High Growth Markets**
- **Positive Price / Direct Materials Spread**
- **~25% Sales Conversion**
- **Smart Repositioning Funded Through BTL Gains**
- **Strong Cash Flow Generation >100% Conversion**
- **Effective Cash Deployment → Long-Term Value**

Delivering Top Tier Performance

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)	<u>2003</u> ⁽¹⁾	<u>2011</u>	<u>2012E</u>
Segment Profit	\$2.4	\$5.4	\$5.8 - 6.0
Stock Based Compensation ⁽²⁾	0.0	(0.2)	~(\$0.2)
Repositioning and Other ^(2, 3)	(0.2)	(0.8)	~(\$0.4)
Pension Expense-ongoing ⁽²⁾	(0.1)	(0.1)	~(\$0.1)
Pension Expense-mark to market ⁽²⁾	(0.2)	(1.8)	TBD
OPEB Income (Expense) ⁽²⁾	(0.2)	0.1	~(\$0.1)
Operating Income	<u>\$1.7</u>	<u>\$2.6</u>	<u>\$5.0 - 5.2</u>
Segment Profit	\$2.4	\$5.4	\$5.8 - 6.0
÷ Sales	<u>\$22.1</u>	<u>\$36.5</u>	<u>\$38.0 - 38.6</u>
Segment Profit Margin %	<u>10.6%</u>	<u>14.7%</u>	<u>15.3 - 15.5%</u>
Operating Income	\$1.7	\$2.6	\$5.0 - 5.2
÷ Sales	<u>\$22.1</u>	<u>\$36.5</u>	<u>\$38.0 - 38.6</u>
Operating Income Margin %	<u>7.9%</u>	<u>7.0%</u>	<u>13.2 - 13.5%</u>

(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, environmental expenses and equity income adjustment (beginning 1/1/2008).

Reconciliation of EPS to EPS, Excluding Mark-to-Market Pension Adjustment and 3Q11 Repositioning and Other Actions Funded By CPG Gain

Honeywell

	2011 ⁽¹⁾
EPS - Continuing Operations	<u>\$2.35</u>
Mark-to-Market Pension Adjustment	<u>\$1.44</u>
EPS - Continuing Operations, excluding Mark-to-Market Pension Adjustment	<u>\$3.79</u>
3Q11 Repositioning and Other Actions Funded by CPG gain	<u>\$0.22</u>
EPS - Continuing Operations, excluding Mark-to-Market Pension Adjustment and 3Q11 Repositioning and Other Actions Funded by CPG gain	<u><u>\$4.01</u></u>
	2011 ⁽¹⁾
EPS	<u>\$2.61</u>
Mark-to-Market Pension Adjustment	<u>1.44</u>
EPS, excluding Mark-to-Market Pension Adjustment	<u><u>\$4.05</u></u>

(1) Utilizes weighted average shares outstanding of 7916 million and the effective tax rate for the period. Mark-to-market uses a tax rate of 36.9%.

Reconciliation of Free Cash Flow, Prior to U.S. Pension Cash Contributions, to Cash Provided By Operating Activities and Reconciliation of Net Income Attributable to Honeywell to Net Income Attributable to Honeywell Excluding Mark-to-Market Pension Adjustment (Proforma)

Honeywell

(\$B)	<u>2003</u>	<u>2011</u>
Cash Provided by Operating Activities	\$2.2	\$2.8
Expenditures for Property, Plant and Equipment	(0.7)	(0.8)
Free Cash Flow	\$1.5	\$2.0
US Pension Cash Contributions	0.7	1.7
Free Cash Flow, prior to U.S. Pension Cash Contributions	\$2.2	\$3.7
Net Income Attributable to Honeywell	\$1.2	\$2.1
Mark-to-Market pension adjustment, net of tax ⁽¹⁾	0.1	1.1
Net Income Attributable to Honeywell Excluding Mark-to-Market Pension Adjustment (Proforma)	\$1.3	\$3.2

(1) Mark-to-market uses a tax rate of 33.5% and 36.9% for 2003 and 2011, respectively.

Discontinued Operations Reconciliation

Honeywell

	<u>2003</u>
(\$B)	
Sales - Total Honeywell	<u>\$23.1</u>
Sales - CPG	<u>1.0</u>
Sales - Continuing Operations	<u><u>\$22.1</u></u>