Oppenheimer 7th Annual Industrials Conference

Roger Fradin
President and CEO, Automation and Control Solutions
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 Automation And Control Solutions

Financials

Sales
Segment Margin %

2009
$12.6
12.6%

2010
$13.7
12.9%

2011
$15.5
13.4%

2012E
$16.0 – $16.3
13.9 – 14.2%

Disciplined Execution

• Diversified, Balanced Portfolio
• Aligned to Key Global Macro Trends
• Growth Outpacing Global GDP
• Accelerating Margin Rate Expansion
• Strong Momentum, Winning in the Market

Business Units

Process Solutions 20%
Building Solutions 18%
Scanning & Mobility 3%
Life Safety 21%
Security 16%
ECC 18%
S&C 4%

Sector Mix

Infra 20%
Comm 25%
Res 16%
Ind 39%

Geographic Mix

ROW 21%
Americas 48%
Europe 31%

Note: 2011 Sales

Strength And Breadth Of Portfolio Unmatched
ACS Track Record

Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales ($B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>$7.5</td>
</tr>
<tr>
<td>2011</td>
<td>$15.5</td>
</tr>
</tbody>
</table>

Segment Profit

<table>
<thead>
<tr>
<th>Year</th>
<th>Segment Profit ($B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>$0.8</td>
</tr>
<tr>
<td>2011</td>
<td>$2.1</td>
</tr>
</tbody>
</table>

Segment Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Segment Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>11.3%</td>
</tr>
<tr>
<td>2011</td>
<td>13.4%</td>
</tr>
</tbody>
</table>

~2X Growth

~3X Growth

Strong Sales Growth And Margin Expansion
ACS Portfolio Dynamics

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**ESS ~50%**

*Energy, Safety & Security*

*Environmental and Combustion Controls, Life Safety, Security, Scanning and Mobility, Sensing and Control*

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**HPS ~20%**

*Honeywell Process Solutions*

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**BSD ~30%**

*Building Solutions & Distribution*

*Building Solutions, ADI (Security and Fire Distribution)*

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**Growing Faster Than Served Markets, Continued Margin Expansion Runway**

- 10% Sales CAGR (‘06-‘11): NPI, New Wins, HGR Expansion and M&A
- High-teens Margins; +100 bps/yr Last 3 Years
- 8% Sales CAGR (‘06-‘11): Adv. Solutions and Projects DD Growth
- Low-teens Margins with Room for Expansion
- 3% Sales CAGR (‘06-‘11): DD Energy Sales CAGR Last 5 Yrs
- Mid Single-digit Margins Overall; Service Margins Mid-teens

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**Balanced Portfolio Mix**
## ACS End Market Environment

<table>
<thead>
<tr>
<th>End Market</th>
<th>% Sales</th>
<th>Outlook</th>
<th>2012 Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>38%</td>
<td></td>
<td>• Backlog Conversion Key Growth Driver</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Capital Spending Remains Robust in Process Industrial</td>
</tr>
<tr>
<td>Residential</td>
<td>17%</td>
<td></td>
<td>• U.S. Stabilizing; Europe Weak</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• NPI, Security Penetration and Energy Efficiency Drive Growth</td>
</tr>
<tr>
<td>Commercial</td>
<td>26%</td>
<td></td>
<td>• Improving Trends in U.S. Offset By Economic Conditions in Europe</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Energy Efficiency Retrofit Continues to Drive Developed Region Growth</td>
</tr>
<tr>
<td>Other</td>
<td>19%</td>
<td></td>
<td>• Backlog Conversion Drives Growth (Institutional / Infrastructure)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Scanning &amp; Mobility Channel Penetration and NPI</td>
</tr>
</tbody>
</table>

### More Challenging Global Macro Environment
# Outlook By Business

## ESS ~50%
(Sales $B, Organic YoY %)
- 1H12E: 0 - 1%
- 2H12E: 3 - 5%
- 1H12E: $4.0
- 2H12E: $1.5

## HPS ~20%
- 1H12E: 7 - 8%
- 2H12E: 5 - 7%
- 1H12E: $2.3
- 2H12E: $2.3

## BSD ~30%
- 1H12E: 6 - 7%
- 2H12E: 8 - 10%

## Great Execution In A Slower Growth Environment

- **• Europe and China Weak 1H**
- **• Good Growth From Security, HSM**
- **• 2H Short Cycle Growth Improves**
  - Easier 2H Comps, Particularly ECC
- **• Solid Execution of Big Projects**
- **• Capital Spending Remains Robust**
  - Primarily Oil & Gas, Chemicals
- **• Strong Project Backlog Conversion**
  - Driving Growth in All Regions
- **• Distribution Strength in Americas**
  - Partially Offset By Weakness in Europe
ACS Core Strategies

• Great Positions in Good Industries

• Commercial Excellence / Growth Mindset

• Innovation Through Technology and NPI

• Globalization and High Growth Region Expansion

• Continue to Grow Through Strategic Acquisitions

• Leverage Core Process Initiatives
# Great Positions In Good Industries

<table>
<thead>
<tr>
<th>Segment</th>
<th>Position</th>
<th>Market Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Comfort Controls</td>
<td>1</td>
<td>Energy Savings, Productivity</td>
</tr>
<tr>
<td>Building Controls</td>
<td>1</td>
<td>Energy Efficiency, Emissions Legislation, Safety</td>
</tr>
<tr>
<td>Residential Combustion</td>
<td>1</td>
<td>Energy Savings, Comfort, IAQ</td>
</tr>
<tr>
<td>Sensing</td>
<td>3</td>
<td>Safety, Construction, Healthcare Innovations</td>
</tr>
<tr>
<td>Security</td>
<td>1</td>
<td>Security, Productivity, New Technology Adoption</td>
</tr>
<tr>
<td>Fire Systems</td>
<td>1</td>
<td>Safety, Codes and Regulations, Comm. Construction</td>
</tr>
<tr>
<td>Personal Protective Equipment</td>
<td>1</td>
<td>Safety, Codes and Regulations, Cost of Incidents</td>
</tr>
<tr>
<td>Gas Detection</td>
<td>1</td>
<td>Safety, Codes and Regulations, Industrial Production</td>
</tr>
<tr>
<td>AIDC – Scanning and Mobility</td>
<td>2</td>
<td>Productivity, Security, New Technology Evolution</td>
</tr>
<tr>
<td>Process Solutions</td>
<td>2</td>
<td>Safety, Security and Energy Efficiency, Installed Base</td>
</tr>
<tr>
<td>Building Solutions</td>
<td>2</td>
<td>Energy Efficiency, Sustainability, IT Convergence</td>
</tr>
</tbody>
</table>
ACS Aligned To Global Macro Trends

Safety

Security

Wireless

Energy Efficiency

Productivity

Honeywell
# Building Our Great Positions

## Safety

<table>
<thead>
<tr>
<th>Highlights</th>
<th>Innovations</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Acquired King’s Safetywear, Fire Sentry</td>
<td>• 80+ New Safety Products</td>
</tr>
<tr>
<td>• Successful Sperian Integration</td>
<td>• Smart PPE: Enabled Safety Products, Safety Community</td>
</tr>
<tr>
<td>• HLS Cross-Selling on Track to $200M Goal</td>
<td>• Build-Out Key Platforms: TruStability® Pressure</td>
</tr>
<tr>
<td>• Key Sensor Wins: CAMC, Goodrich</td>
<td>Sensors and Limitless™ Wireless Solutions</td>
</tr>
<tr>
<td>Actuation Systems, Boeing, ResMed</td>
<td></td>
</tr>
</tbody>
</table>

## Security

<table>
<thead>
<tr>
<th>Highlights</th>
<th>Innovations</th>
</tr>
</thead>
<tbody>
<tr>
<td>• $300M in Critical Infrastructure Orders</td>
<td>• Total Connect 2.0</td>
</tr>
<tr>
<td>• Key Wins: Casino Niagara, Houston Airport</td>
<td>• LynxTouch</td>
</tr>
<tr>
<td>System, Heathrow Terminal 2, Belaya Dacha</td>
<td>• MAXPRO NVR-XE</td>
</tr>
<tr>
<td>Outlet Village Moscow</td>
<td>• Faster Emergency Response School Systems</td>
</tr>
</tbody>
</table>
Building Our Great Positions

Energy Efficiency

**Highlights**
- $500M in New Energy Savings Performance Contracts (ESPCs)
- Smart Grid Wins: China, Europe, Hawaii
- Caspian Pipeline Consortium, Gatwick Airport, Rosneft, Wal-Mart China & Brazil

**Innovations**
- Largest Awardee of DOE Grants
- Attune™ - Advisory Services Launch
- Comfort Point Open – 2nd Generation

Productivity

**Highlights**
- $1B in New Oil & Gas Orders
- Shell Pearl GTL Plant: $300M
- City of L.A. Wastewater: $88M
- EMS Technologies Acquisition
- First UPS DIAD V Units Shipped

**Innovations**
- Universal I/O in Safety Systems, PlantCruise
- Dolphin 99EX, Scanphone, Xenon Color, Youjie
# Commercial Excellence / Growth Mindset

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer An Afterthought</td>
<td>Customer Focused/Winning with Customers</td>
</tr>
<tr>
<td>Fiefdoms</td>
<td>Cross-ACS and HON Collaboration</td>
</tr>
<tr>
<td>Global Presence Retrenched</td>
<td>Accelerated Global Expansion</td>
</tr>
<tr>
<td>Living for the Quarter</td>
<td>Short and Long-term Focused</td>
</tr>
<tr>
<td>Minimal People Investment</td>
<td>Invested in People – Talent, Training, Compensation</td>
</tr>
<tr>
<td>Census: Sales-5,100; Marketing-800</td>
<td>Census: Sales-9,000; Marketing-1,650</td>
</tr>
<tr>
<td>Marketing vs. Sales</td>
<td>Tight Marketing-to-Sales Linkage</td>
</tr>
<tr>
<td>Weak Compensation Linkage</td>
<td>Increased Variable Pay, Cost Leverage</td>
</tr>
<tr>
<td>Negative Pricing</td>
<td>Analytic Pricing Tools – Positive Price</td>
</tr>
</tbody>
</table>

Driving A High Return On Commercial Investment
Innovation: Lifeblood For ACS Growth

New Products - #1 Driver Of Honeywell Growth And Profitability

- R&D Investment up 90%
- Resources up 125%
- Cycle Times Reduced 40%
- NPI up ~3X
Smart PPE: Worker Safety...In The Digital Age

Integrating More Technology Into And With Traditional PPE Equipment

Digitally Enabled Equipment

- Identification, RFID, Bar Codes
- Sensing & Actuation
  - Chem, Mech, Electrical
- Identification
  - Biometrics, RFID
- Sensing
  - Vital Signs, Hazards

Digitally Enabled Worker

- Communication
  - Wi-Fi, Cell, BlueTooth
- Location, Zoning
  - GPS, RSSI
- Access Control
  - Biometrics, RFID
- Video Compliance
  - Image Recognition
- Emergency Communication

Digitally Enabled Site

Customer Value

- End-to-end Solution That will Improve Compliance and Safety Outcomes
- Minimizes Complexity and Costs Associated with Managing Compliance

Business Value

- Significant PPE Product Differentiation; Unique HON Capability
- Broader Solution Pull Through, with Recurring SaaS Revenue Streams

Extending Product Leadership To Solutions Model; Driving New Sales Opportunities
PlantCruise: New Mid-Market Control System

Experion: Largest Capital Projects in The World

- Shah Gas
- LA Wastewater
- Shell GTL
- ExxonMobil PNG

- Re-Engineered by China and India w/ China Supply
- Monetizing Experion IP: 9 Month Intro - VPD™
- China Launch: $6M in Wins Before Intro!
  Next: India, Southeast Asia, Latin America

Mid Markets in Emerging Countries: $1B Total Market

Customer Value
- Superior Control System Offering Providing Better Safety, Reliability, Efficiency at Price Point Competitive with Local Chinese Suppliers
- Easier to Use and Faster to Configure

Business Value
- Growth in Underserved Chemicals, Power and Metals Markets in High Growth Regions
- Improved Cost Position to Drive Better Growth and Increased Margins

$100M HPS Opportunity In Underserved Market
Globalization and High Growth Region Expansion

**Globalization**

- 2011: $9.4 billion
- 2003: $3.9 billion
- ROW: 53% in 2003, 47% in 2011
- U.S.: 40%~6% CAGR
- ROW: 60%~13% CAGR

**High Growth Regions**

- Matching Customer Footprint
- Strengthened Leadership Teams
- Scaling Local Market NPI

**Projected 2016 Sales:**
- China: ~$2B
- India: ~$1B
- Mid. East: ~$1B

Empowering Local Teams To Drive Growth
# Growth Driver: Strategic Acquisitions

<table>
<thead>
<tr>
<th>Acquisitions</th>
<th>Position Before</th>
<th>Position Today</th>
<th>EV/EBITDA Headline</th>
<th>EV/EBITDA Expectation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Controls</td>
<td>#1</td>
<td>#1</td>
<td>~12x</td>
<td>~5x</td>
</tr>
<tr>
<td>Energy/Smart Grid</td>
<td>New Market</td>
<td>#1</td>
<td>~15x</td>
<td>~2x</td>
</tr>
<tr>
<td>Personal Protection</td>
<td>None</td>
<td>#1</td>
<td>~11x</td>
<td>~6x</td>
</tr>
<tr>
<td>Gas Detection</td>
<td>None</td>
<td>#1</td>
<td>~12x</td>
<td>~4x</td>
</tr>
<tr>
<td>Industrial Combustion</td>
<td>None</td>
<td>#2</td>
<td>~7x</td>
<td>~5x</td>
</tr>
<tr>
<td>AIDC</td>
<td>None</td>
<td>#2</td>
<td>~12x</td>
<td>~5x</td>
</tr>
</tbody>
</table>

**Building Great Positions In $50B High Growth Industries**
Making Our Business Better

Honeywell Operating System

- 133 Sites in Full Scale Deployment
  - 94% of Conversion Costs
- 7 Silver and 66 Bronze Sites
  - 50% of Factory Footprint
- All Global Sites Bronze by 2014; 50% Silver by 2016

Typical HOS Results From Launch To Silver

**Benefits**

- Backbone for All Business Processes
- 58% Complete at End 2012
- Lookback Process for Continued Enhancements at Live Sites

**Process Initiatives Enabling Margin Expansion**
**Margin Expansion**

**Segment Margin**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>12.9%</td>
<td>+75–100 bps</td>
<td>+75–100 bps</td>
<td>+50–75 bps</td>
<td>+50–75 bps</td>
<td>15–16%</td>
</tr>
</tbody>
</table>

**Process Initiatives (HOS, FT and VPD™)**

**Volume Leverage**
- OEF
- Indirects
- Fixed Cost Discipline

**Operational Excellence**
- HOS
- NPI and VPD™
- COPQ

**FT and ERP**
- Common Process
- Common System

**Commercial Excellence**
- Pricing
- Sales and Marketing Excellence

**Strong Growth And Margin Expansion Outlook**
Long-Term Outlook Update

**Sales**

*Long Term Target: 6 - 9% CAGR*

2012 Up 3 - 5%

($B)

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$13.7</td>
<td>$15.5</td>
<td>$16.0 - 16.3</td>
<td>$17.4 - 19.4</td>
<td></td>
</tr>
</tbody>
</table>

**Segment Margin**

*Long Term Goal: 15.0 - 16.0%*

2012 Expanding 50 - 80 bps

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>12.9%</td>
<td>13.4%</td>
<td>13.9-14.2%</td>
<td>15.0 - 16.0%</td>
<td></td>
</tr>
</tbody>
</table>

On Track To Deliver Five-Year Plan

Oppenheimer 7th Annual Industrials Conference – May 16, 2012
ACS – The Best Is Yet To Come

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