# Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Presenter(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10:30</td>
<td>Introduction</td>
<td>Dave Cote</td>
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<tr>
<td></td>
<td>Automation and Control Solutions</td>
<td>Roger Fradin</td>
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<tr>
<td></td>
<td>Growth Through Acquisitions</td>
<td>Anne Madden, Mark Levy</td>
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<td></td>
<td>Performance Materials and Technologies</td>
<td>Andreas Kramvis, Ian Shankland</td>
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<tr>
<td></td>
<td>Q&amp;A</td>
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<tr>
<td>12:20</td>
<td>Lunch Breakout</td>
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<td>Transportation Systems</td>
<td>Alex Ismail</td>
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<td>Honeywell Operating System</td>
<td>Pasquale Abruzzese, Mike Owens</td>
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<td>Aerospace</td>
<td>Tim Mahoney</td>
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<tr>
<td></td>
<td>Q&amp;A</td>
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<tr>
<td>2:15</td>
<td>Break</td>
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<td></td>
<td>High Growth Regions</td>
<td>Shane Tedjarati</td>
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<td></td>
<td>Financial Review</td>
<td>Dave Anderson</td>
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<td></td>
<td>Q&amp;A</td>
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<td></td>
<td>Concluding Remarks</td>
<td>Dave Cote</td>
</tr>
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<td>3:25</td>
<td>End</td>
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</table>
The materials to be presented at the Honeywell 2012 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 and CEO
Evolution Of Investor Expectations

HON Consistently Delivering

Can HON Operate As One Company?
- Asbestos / Environmental Steady
- Pension Accounting Change

Will HON Blow The Cash?
- 2011 vs. 2003: Up +410 bps
- 2011 vs. 2007: Up +110 bps
- Disciplined M&A Approach
- Returned Cash To Shareholders (Dividends + Share Buybacks)

Can HON Meaningfully Expand Margins?

Will HON Resolve The Legacy Issues?

Will The Strategies Change In The Downturn?
- Continued Seed Planting, NPI
- Managed Costs, Held Margin Rates

Will HON Achieve The 2014 Targets?
- On Track

2002  |  2003  |  2005  |  2007  |  2009  |  2011

Does Honeywell Deserve A Premium Multiple?
Why A Premium Multiple

• Honeywell Transformation Delivering Results
  - Strong 2002-2011 Financial Track Record
  - Did What We Said We Would Do
  - Delivering “Top Of The Heap” Stock Price And Shareholder Value

• Consistent Execution of Strategy
  - Leadership In Place, Playbook Is Working
  - Better Portfolio, More Efficient Operations
  - More Upside From Key Initiatives – M&A, HOS, VPD™, FT

• Evolution Will Continue – Best Is Yet To Come
  - Great Positions: NPI/VPD™ Driving Greater Value
  - Good Industries: Macro Trends Provide Tailwind For Growth
  - Achieve 2014 Targets → Differentiate HON
Financial Strength Last 10 Years

Significant Growth In All Key Metrics

* Proforma Excludes one-time / unusual charges; **FCF Prior to U.S. Cash Pension Contributions
Shareholder Return

Stock Price Appreciation

2/19/2002 $32.65

HON
+84%

S&P
+26%

2/17/2012 $60.10

Outpacing Overall Market

Dividend Growth*

2002 $0.75

HON
+98%

S&P
+78%

2011 $1.49

Returning Greater Value To Shareholders Through Dividend Increases

* Based on (dividend yield)*(share price) as of 12/31/2002 and 12/31/2011

Great Return To Shareholders
### A Decade Of Transformation

#### HON Evolution

<table>
<thead>
<tr>
<th>Year</th>
<th>Initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>5 Initiatives Will Be Core To HON’s DNA</td>
</tr>
<tr>
<td>2004</td>
<td>Addressing The Portfolio</td>
</tr>
<tr>
<td>2005</td>
<td>Addressing The Legacy Issues</td>
</tr>
<tr>
<td>2006</td>
<td>HOS, VPD™, And FT Are Working</td>
</tr>
<tr>
<td>2007</td>
<td>Still A Lot Of Opportunity To Grow</td>
</tr>
<tr>
<td>2008</td>
<td>HON Performs In Good Times And Bad</td>
</tr>
<tr>
<td>2009</td>
<td>We’ll Keep Seed Planting In Downturn</td>
</tr>
<tr>
<td>2010</td>
<td>Ready To Capitalize On The Recovery</td>
</tr>
<tr>
<td>2011</td>
<td>We Will Hit Our 2014 Targets</td>
</tr>
<tr>
<td>2012</td>
<td>The Best Is Yet To Come!</td>
</tr>
</tbody>
</table>

#### What You Should Expect

**HON Evolution**
- **Then**
  - Past IS NOT Prologue
  - Needed To Build A Solid Foundation, New Track Record

**Past IS Prologue**
- **Now**
  - Expect Top Tier Performance To Continue

**Consistency Of Strategy Leads To Amazing Results**
## The Evolution Continues

<table>
<thead>
<tr>
<th>What Stays The Same</th>
<th>Strategies Evolve</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Execution Fundamentals</strong></td>
<td></td>
</tr>
<tr>
<td>- Focus On Basics → Go Slow To Go Fast</td>
<td></td>
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<tr>
<td>- Make Sure The Machinery Works</td>
<td></td>
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<tr>
<td>- Do What We Say We’re Going To Do</td>
<td></td>
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<tr>
<td>- Achieve Two Seemingly Conflicting Things</td>
<td></td>
</tr>
<tr>
<td>- Disciplined M&amp;A</td>
<td></td>
</tr>
<tr>
<td>- Trick Is In The Doing</td>
<td></td>
</tr>
<tr>
<td><strong>Robust Future</strong></td>
<td></td>
</tr>
<tr>
<td>- Seed Planting, Look Beyond This Quarter</td>
<td></td>
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<tr>
<td>- Cash Generation Focus</td>
<td></td>
</tr>
<tr>
<td>- Conservative Bookkeeping</td>
<td></td>
</tr>
<tr>
<td><strong>Strong Portfolio</strong></td>
<td></td>
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<tr>
<td>- Diversity Of Opportunities</td>
<td></td>
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<tr>
<td>- Technology Differentiates</td>
<td></td>
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<tr>
<td>- Avoid Rapidly Changing Technology</td>
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Stay Hungry, Stay Smart, Stay Disciplined, Stay Flexible

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Investor Returns Continue
Great Positions In Good Industries (GPGI)

- **Great Positions**
  - Enable HON To Grow Sales Faster Than The End Markets We Serve
  - Supported By New Product Introductions, Geographic Growth, Technology Leadership

- **In Good Industries**
  - Provide A Tailwind For Growth By Leveraging Favorable Macro Trends
  - Good Balance Of Short And Long Cycle Businesses

- **Disciplined Portfolio Management**
  - Acquisitions: Targeting Smart, High Growth Adjacencies
  - Divestitures: Exiting Non-Core, Slow Growth, Commodity Businesses
### GPGI Examples

<table>
<thead>
<tr>
<th>AERO</th>
<th>ACS</th>
<th>PMT</th>
<th>TS</th>
</tr>
</thead>
</table>
| • Globalization  
• Safety & Security  
• Energy Efficiency  
• Energy Gen | • Global OE Wins Outpacing Platform Growth  
• Mix Shift To High Growth Regions  
• Unmatched Safety And Efficiency Wins  
• D&S International Opportunities | • Globalization  
• Safety & Security  
• Energy Efficiency  
• Energy Gen | • Globalization  
• Safety & Security  
• Energy Efficiency  
• Energy Gen |
| • Top Tier Leadership Position Across Segments  
• New Products Driving Growth, Pricing Opportunity  
• 50% of Growth Coming From High Growth Regions  
• ACS Portfolio Strongly Linked to Energy Efficiency | | • Refining / Petrochemical / Gas Investment  
• Leading Global Resins Supplier  
• New Products / Molecules / Refrigerants  
• Regulations Providing Tailwind | • Globalization  
• Safety & Security  
• Energy Efficiency  
• Energy Gen |
| • Fuel Efficiency And Emissions Legislation  
• Win Rate Exceeds Launches In All Segments  
• Global Turbo Penetration Multiyear High  
• Leveraging Linkages With Other SBGs | | | |
GPGI: Portfolio Transformation

Expanding In Adjacent High Growth Spaces

$36.5B

Honeywell Core 98%

$22.3B*

Honeywell Core 79%

~70 Acquisitions $10B Annual Sales

~50 Divestitures $6B Annual Sales

* Includes CPG As Reported

Building Growth Profile Of The Company
# GPGI: M&A Growth Profile

## Key Acquisitions

<table>
<thead>
<tr>
<th>Great Position</th>
<th>Good Industry</th>
<th>Growth Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Novar (ACS)</td>
<td>Building Controls</td>
<td>5-7%</td>
</tr>
<tr>
<td>UOP (PMT)</td>
<td>Energy Infrastructure</td>
<td>8-10%</td>
</tr>
<tr>
<td>First Technology (ACS)</td>
<td>Gas Detection</td>
<td>6-8%</td>
</tr>
<tr>
<td>Handheld, Metrologic, EMS (ACS)</td>
<td>Customer Productivity</td>
<td>5-7%</td>
</tr>
<tr>
<td>Norcross (ACS)</td>
<td>Personal Protection</td>
<td>6-8%</td>
</tr>
<tr>
<td>Sperian (ACS)</td>
<td>Personal Protection</td>
<td>6-8%</td>
</tr>
<tr>
<td>EMS (Aero)</td>
<td>Satellite Communications</td>
<td>5-7%</td>
</tr>
</tbody>
</table>

## Key Divestitures

<table>
<thead>
<tr>
<th>OK Position</th>
<th>OK Industry</th>
<th>Fit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plastics (PMT)</td>
<td>Engineering Plastics</td>
<td></td>
</tr>
<tr>
<td>Consumer Products (ACS)</td>
<td>Fans, Heaters, Etc.</td>
<td></td>
</tr>
<tr>
<td>Security Monitoring (ACS)</td>
<td>Security</td>
<td></td>
</tr>
<tr>
<td>Industrial Waxes (PMT)</td>
<td>Industrial Additives</td>
<td></td>
</tr>
<tr>
<td>Nylon (PMT)</td>
<td>Carpet Fibers</td>
<td></td>
</tr>
<tr>
<td>Consumable Solutions (Aero)</td>
<td>Aero Fasteners</td>
<td></td>
</tr>
<tr>
<td>CPG (TS)</td>
<td>Consumer Auto</td>
<td></td>
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</tbody>
</table>

- **Adding Higher Growth**
- **Technology / Engineering Driven**
- **Core To Honeywell**

- **Exiting Slower Growth**
- **Commodity / Low Tech**
- **Non-Core To Honeywell**

<table>
<thead>
<tr>
<th>Annual Sales</th>
<th>$10B</th>
<th>Since 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Sales</td>
<td>$6B</td>
<td>Since 2002</td>
</tr>
</tbody>
</table>
One Honeywell

• Operate As One Company
  - Reinforced Continually
  - “Glue-Building” Through Functional Councils, Senior Leadership Meeting, Process Enablers, Global Town Halls, And Awards

• Robust Management Resource Review (MRR)
  - Three Times Annually For Top 200
  - Very Robust Succession Planning
  - CEO / HR Leader Interview Final Candidate For Top 200

• Getting The Fundamentals Right
  - Goal Deployment Before Year-End
  - Appraisals Before March 31
  - Salary And Bonus Differentiation Curves
Growth: From / To

New Products

- 500+ Launches Per Year
- Cupboards Bare
- From → To

Global Expansion

- (% Of HON Sales)
- From → To
- U.S.: 41% → 59%
- Non-U.S.: 54% → 46%

High Growth Regions

- ~$7B
- From → To
- China & India: ~17% CAGR
- Other HGR: ~$2B

Seed Planting

Expanding Internationally

Exposure To Fast Growing Economies

Pace Continues
# Growth: Top Programs

<table>
<thead>
<tr>
<th>2014 Incremental Sales</th>
<th>Growth Program</th>
</tr>
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<tbody>
<tr>
<td>$2B+</td>
<td>• Refining Technologies</td>
</tr>
<tr>
<td></td>
<td>• Heavy Oil / Sour Gas</td>
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<tr>
<td></td>
<td>• New Aero Platform Wins</td>
</tr>
<tr>
<td></td>
<td>• Wireless Solutions</td>
</tr>
<tr>
<td>$2B+</td>
<td>• Air Traffic Management Leader</td>
</tr>
<tr>
<td></td>
<td>• Flight Safety Products</td>
</tr>
<tr>
<td>$1B+</td>
<td>• Personal Protection Equipment / Gas Detection</td>
</tr>
<tr>
<td></td>
<td>• Homes &amp; Buildings Safety Products</td>
</tr>
<tr>
<td>$1B+</td>
<td>• Low Global Warming Potential Products</td>
</tr>
<tr>
<td></td>
<td>• Smart Grid / Demand Response</td>
</tr>
<tr>
<td></td>
<td>• Energy Management Services</td>
</tr>
<tr>
<td></td>
<td>• Next-Generation Turbos</td>
</tr>
<tr>
<td>$1B+</td>
<td>• Natural Gas Storage / Distribution / Treatment</td>
</tr>
<tr>
<td></td>
<td>• Renewable “Green” Energy</td>
</tr>
<tr>
<td></td>
<td>• Shale Gas</td>
</tr>
<tr>
<td></td>
<td>• Lithium-Ion Batteries</td>
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**Investments Aligned With Favorable Macro Trends**
Growth: Research And Development

**Effective Use Of R&D To Drive Margin Expansion**

**RD&E Investment**
- 2003: $1.1B
- 2011: $1.8B

**Census**
- 2003: ~12K
- 2011: ~22K

**Resources Up >75%, Deployed Smartly**

**Patents**
- 2003: 464
- 2011: 1,045
- 2003: ~20K
- 2011: ~33K

**R&D Effectiveness**
- Robust Velocity Product Development™
  - VPD™ An Integrated, Cross HON Strategy
  - Platform Strategy In Every SBG
  - Software Reuse, Simulation Tools
  - CMMI: 50%+ Engineering / Software Focused

- Higher Value, Reduced Cycle Time
  - Differentiated Offerings That Are Valued
  - Right Products On Time, Every Time
Growth: Following Our Own Message

Safety

- Standardized Injury Rate (TCIR)
  - Industry Average
  - HON
  - HON 70% Lower!
  - Ahead Of TCIR Target Using HON Products, Consistent Standards
  - Incorporated Into HOS

Energy Intensity

- (EE / Sales $)
  - 2004
  - 2011
  - ~35% More Efficient
  - Driving EE Through HON Tech
  - Energy Savings From ‘10-11 Projects ~$20M (Annualized)
  - Most Project Paybacks ~1 Yr

Greenhouse Gases

- (Green House Gas Units)
  - 2004
  - 2011
  - ~55% Less Emission
  - Set Aggressive Public Targets
  - Met Them… Ahead Of Plan

Helping Us Grow

- Expanding Safety Services Model
- HBS / Utility Partnerships Piloting Automated DR
- HON Technologies Enabling Further Improvements

Sustainability A Cornerstone Of HON Culture
Productivity: More Efficient Footprint

**Rooftop Consolidation**

- **Sales**: $25.6B → $36.5B
- **Footprint Improvement**: $20.7 → $28.0
- **Net M&A**: ~600
- **Consolidations**: ~(550)
- **Footprint**: ~1,250 → ~1,300

**Regional Footprint**

- **Developed**
  - **Footprint**: 47M → 48M
  - **Sales**: $499 → $607
  - **Sales $ / SqFt**: $47M → $48M

- **Emerging**
  - **Footprint**: 7M → 14M
  - **Sales**: $358 → $518
  - **Sales $ / SqFt**: $358 → $518

**Note**: As Reported

**Aggressively Integrating Acquisition Footprint**

**Aligning Footprint For Global Growth**

Supporting Profitable Global Expansion
Productivity: Census Management

<table>
<thead>
<tr>
<th></th>
<th>Census</th>
<th>OEF</th>
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<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Developed</td>
</tr>
<tr>
<td>2003</td>
<td>108K</td>
<td>88K</td>
</tr>
<tr>
<td>2012E</td>
<td>135K</td>
<td>84K</td>
</tr>
<tr>
<td></td>
<td>+25%</td>
<td>(4%)</td>
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2012E vs. 2003: Sales ~75%  EPS ~190%*

* Proforma Excludes Mark-to-Market pension adjustments

- **Satisfy Competing Objectives**
  - Maximize Labor Cost Efficiency
  - Maintain High Quality Talent

- **Common Tools And Processes**
  - Global HR Reporting Tool
  - Fixed / Variable OEF
  - OEF By Function
  - OEF Walks

Optimizing Total Employee Cost

**More Efficient, More Effective Organization**
Productivity: Material Cost

**Strategies**

- **Internal Focus: Manage Cost And Consumption**
  - Value Engineering Devoted To Driving Projects That Reduce Cost
  - Expand Sourcing In Emerging Markets
  - Mitigate Commodity Exposure Through Alternative Materials, Pass Through Pricing, Hedging

- **External Focus: Manage Suppliers**
  - Outsource Non-Strategic Spend
  - Focus On Supplier Quality And Development
  - Partnering To Improve Supplier Performance

**Impact**

2010

- Direct Material: 40.6%
- Indirect: 13.4%
- OEF: 28.7%
- Depreciation: OI 13.9%

2011

- Direct Material: 41.4%
- Indirect: 13.1%
- OEF: 27.9%
- Depreciation: OI 14.7%

*Improving Margins*

**Relentless Focus On Quality, Cost And Consumption**
Cash: Generation

**Free Cash Flow**

- **2003**: $2.2
- **2011**: $3.7
- **2014**: +100% FCF Conversion

**Working Capital Turns**

- **2003**: 4.6
- **2011**: 6.9
- **2014**: HOS, Cycle Time Drives Further Improvement

**Key Points**

- FCF Conversion Averaged ~130% Since 2003
- Operating Disciplines = High Quality Earnings
- ~$3B Cash From WC Turns Improvement
- Cycle Time Improvement Opportunity

*FCF and FCF Conversion shown prior to U.S. cash pension contributions*
Cash: Deployment

From 2003-2011

- Dividends: 24%
- Share Buy Back: 34%
- Net M&A: 20%
- CAPEX: 22%

To 2012-2014

- Dividends: ~25%
- Share Buy Back, Net M&A, Other: ~50%
- CAPEX: ~25%

Significant Cash Returned To Shareholders

Opportunistic, No Must Haves/Sells

Reinvestment Ratio >1

Note: Deployment percentages based on cash flow from operations net of other cash flow activities, primarily change in debt.
People: Performance Culture

<table>
<thead>
<tr>
<th>Incentive Program</th>
<th>Measurement Criteria</th>
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<tbody>
<tr>
<td><strong>Short Term</strong></td>
<td><strong>Improving Alignment With Shareholders</strong></td>
</tr>
<tr>
<td>Bonus Plan</td>
<td>Income + Cash + Working Capital</td>
</tr>
<tr>
<td>Annual</td>
<td>Now</td>
</tr>
<tr>
<td>• Covers 700 People</td>
<td></td>
</tr>
<tr>
<td>• 20% Of Top Mgmt Comp</td>
<td></td>
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<tr>
<td><strong>Medium Term</strong></td>
<td></td>
</tr>
<tr>
<td>Growth Plan</td>
<td>Organic Sales + ROI + Margin Expansion</td>
</tr>
<tr>
<td>Biennial</td>
<td>New For 2012</td>
</tr>
<tr>
<td>• Senior Leadership</td>
<td></td>
</tr>
<tr>
<td>• 20% Of Top Mgmt Comp</td>
<td></td>
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<tr>
<td><strong>Long Term</strong></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>Options Focused More Weight For Top</td>
</tr>
<tr>
<td>• Weighting And Options Focus Increases With Level</td>
<td></td>
</tr>
<tr>
<td>• 40% Of Top Mgmt Comp</td>
<td></td>
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</table>

Margin Rate Growth Emphasized In Growth Plan

- Honeywell Investor Conference – March 7, 2012
People: Growth Plan

Evolution

Growth Plan Formula Evolving

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Half Organic Sales Growth</td>
<td>1/3rd Margin Expansion</td>
</tr>
<tr>
<td>Half ROI</td>
<td>1/3rd Organic Sales Growth</td>
</tr>
<tr>
<td>1/3rd ROI</td>
<td>1/3rd ROI</td>
</tr>
</tbody>
</table>

Linked To Shareholder Interest

Note: Excludes M&A

2012 – 2013 Cycle Targets

2011 Actual
Segment Margin: 14.7%

2012 – 2013 Cumulative Margin Expansion: ~130 bps

2014 Target
Segment Margin: 16-18%

Payout

200%
100%
50%

Aligned To 2014 Targets

Note: Excludes M&A
Enablers: Common Tools And Processes

**Enablers**

**Building On Prior Expertise**

**Then**
- Lean
- Six Sigma
- Digital Works

**Now**
- **Honeywell Operating System**
  - Driving Sustainable Improvements In Safety, Quality, Delivery, Cost, And Inventory Management
  - Providing A Rigor That Improves Service To The Customer And Value To Honeywell

- **Functional Transformation (FT)**
  - Creating One Honeywell, Common Processes, Lowering Overhead
  - FT Success Enabled By ERP

- **Velocity Product Development (VPD™)**
  - Business Led Cross-Functional Approach
  - Driving Value For The Customer, Margin Expansion For Honeywell

**Benefits**

Dramatic Results Already, Still More Opportunity
Honeywell Operating System

HOS Deployment

- Continuous Improvement Beyond The 4 Walls Of The Factory
- Maturity Yields Integrated Business Model Performance Differentiation
- Accelerating Bronze Deployment → Company 100% By 2014

HOS Framework Evolves Over Time

Four Walls Of The Factory
- Lean, 6σ Culture
- Building Deployment Skills

Cross Functional Integration
- SIOP / Procurement

Speed To Market
- New Products, VPD™
- 25% Productivity Increase
- 80% Quality Improvement

Total Business System
- Setting The Bar High
- Sustaining Performance

Accelerated Deployment, Continuous Improvement
FT And ERP

- Finance, HR, IT, And Sourcing
- FT % Of Sales Down (320) bps Since 2004

- ~70% Of Honeywell Sales On SAP
- Early Benefits, Bigger Benefits To Come

**Common Processes Continue To Yield Benefits**
Long-Term Outlook – At The Halfway Point

($B) Sales

Long Term Goal: 6 - 8% CAGR
‘09 -’12: 8 – 9% CAGR

2009 2010 2011 2012 2013 2014
$30.0 $32.4 $36.5 $37.8 - 38.9 $41.0 - 45.0

Segment Margin

Long Term Goal: 300 - 500 bps
‘09 -’12: 170 – 200 bps

2009 2010 2011 2012 2013 2014
13.3% 13.9% 14.7% 15.0 -15.3% 16.0 -18.0%

On Track To Achieve Long-Term Targets
The Best Is Yet To Come

- Building Off Of An Increasingly Robust Foundation
  - Accelerated Outperformance From HON During Last Two Years

- Strategies Will Continue To Evolve To Meet Business Needs
  - Expectation Of Top Tier Performance Is Constant

- Great Positions In Good Industries
  - Solid Portfolio Well Aligned To Leverage Key Macro Trends

- More Upside From Initiatives
  - HOS, Acquisition Integrations, Repositioning Benefits

- On Track To Achieve 2014 Targets, Robust Future Beyond
  - Seed Planting For Future Growth, Driving New Products And Technologies
Today’s Presenters

Automated and Control Solutions
Roger Fradin
President and CEO

Performance Materials and Technologies
Andreas Kramvis
President and CEO

Transportation Systems
Alex Ismail
President and CEO

Aerospace
Tim Mahoney
President and CEO

High Growth Regions
Shane Tedjarati
President and CEO

Financial Overview
Dave Anderson
Senior VP and CFO

Growth Through Acquisitions
Anne Madden
VP Global Mergers and Acquisitions
Mark Levy
President Life Safety

R&D Effectiveness
Ian Shankland
VP and CTO Performance Materials and Technologies

Honeywell Operating System
Pasquale Abruzzese
VP Transportation Systems, Integrated Supply Chain
Mike Owens
VP Aerospace, Integrated Supply Chain

Moderator, Q&A
Elena Doom
VP Investor Relations
Automation & Control Solutions

Roger Fradin
President and CEO
Honeywell Automation And Control Solutions

**Financials**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>Segment Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$12.6</td>
<td>12.6%</td>
</tr>
<tr>
<td>2010</td>
<td>$13.7</td>
<td>12.9%</td>
</tr>
<tr>
<td>2011</td>
<td>$15.5</td>
<td>13.4%</td>
</tr>
<tr>
<td>2012E</td>
<td>$16.0 – $16.5</td>
<td>13.8 – 14.0%</td>
</tr>
</tbody>
</table>

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

**Sector Mix**

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

**Geographic Mix**

- Americas 48%
- Europe 31%
- ROW 21%

Note: 2011 Sales

**Strength And Breadth Of Portfolio Unmatched**
ACS Track Record

Sales

Segment Profit

Segment Margin

($B)

$7.5

$15.5

~2X Growth

2003

2011

$0.8

$2.1

~3X Growth

2003

2011

11.3%

13.4%

+210 bps

2003

2011

Strong Sales Growth And Margin Expansion
ACS Portfolio Dynamics

**Balanced Portfolio Mix**

<table>
<thead>
<tr>
<th>ESS</th>
<th>HPS</th>
<th>BSD</th>
</tr>
</thead>
<tbody>
<tr>
<td>~50%</td>
<td>~20%</td>
<td>~30%</td>
</tr>
</tbody>
</table>

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

**Honeywell Process Solutions**

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

Growing Faster Than Served Markets, Continued Margin Expansion Runway

- **10% Sales CAGR (‘06-'11):** NPI, New Wins, EM 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**
## 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>• Continued Strength in EM</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 1H Softness Due to Difficult Comps, China Credit Tightening and EMEA Uncertainty</td>
</tr>
<tr>
<td>Residential</td>
<td>17%</td>
<td></td>
<td>• Modest Growth in U.S.; EMEA Flat</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• NPI and Energy Efficiency Drive Growth Above GDP</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Improving 1H to 2H ’12</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• HVAC Headwind 1H Due to Slow Heating Demand</td>
</tr>
<tr>
<td>Commercial</td>
<td>26%</td>
<td></td>
<td>• Improving Conditions in U.S. Offset By Economic Uncertainty 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></td>
<td></td>
<td></td>
<td>• Some Moderation in Emerging Regions</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>• U.S. and EM Strength Partially Offset By European Uncertainty</td>
</tr>
</tbody>
</table>

**More Challenging Global Macro Environment**
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

Energy Efficiency

Productivity

Wireless
Building Our Great Positions: 2011 Progress

Safety

**Highlights**
- Acquired King’s Safetywear, Fire Sentry
- Successful Sperian Integration
- HLS Cross-Selling on Track to $200M Goal

**Innovations**
- 80+ New Safety Products
- Smart PPE: Enabled Safety Products, Safety Community
- Build-Out Key Platforms: TruStability® Pressure Sensors and Limitless™ Wireless Solutions

Security

**Highlights**
- $300M in Critical Infrastructure Orders
- Key Wins: Casino Niagara, Houston Airport System, Heathrow Terminal 2, Belaya Dacha Outlet Village Moscow

**Innovations**
- Total Connect 2.0
- LynxTouch
- MAXPRO NVR-XE
- Faster Emergency Response School Systems
Building Our Great Positions: 2011 Progress

Energy Efficiency

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

**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
- Starbucks
- 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

Accelerating Scale And Speed Of New Product Introductions
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
- Communication
- Wi-Fi, Cell, BlueTooth
- Location, Zoning
- GPS, RSSI
- Access Control
- Biometrics, RFID
- Video Compliance
- Image Recognition
- Emergency Communication

Digitally Enabled Worker

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
The Connected Home: Honeywell Total Connect

- Offers Homeowners and Light Commercial Building Owners Ability To:
  - Remotely Access and Control Security, HVAC, Lighting, Video Look-In and Locks From Tablet, Smartphone and Web Portal
  - Ensure Property is Safe and Secure and Occupants are Comfortable
  - Engage a Contractor for Repair, Replacement Upgrades
  - Receive Diagnostic Information on System Performance

- Segment Opportunity
  - Current Installed Base: 150M Homes, 10M Buildings
  - Security, HVAC and CE Contractors
  - Brick & Mortar and Online Retailers

Customer Value
- Full Suite of Mobility Offerings
- Proactive Decision-Making for Energy, Repair, Safety and Security Decision

Business Value
- Expands Reach of Existing Channels and Offerings
- Extends Applications for Recurring Revenue

Leveraging The Prevalence Of Broadband And Mobile Devices
Mobility: From No Presence To Leading Position

Product Portfolio

2003
No AIDC Presence

2008

2012
HON VPD™

Customer Value

• Dolphin™ 99EX Secured Industry Standard Status Among T&L Customers
• Mobility Performance, Durability & Reliability Plus Service Made Simple™ Offers Piece of Mind
• Remote Mastermind™ for Mobility Connects Customers with Their Field Assets
• Broadest Portfolio in $15B AIDC Industry

Business Value

• Velocity Product Development™ Resulted in Rapid Mobility NPI
• Secured Key Mobility Accounts: UPS, Starbucks, Exapaq, Grupo Modelo
• Mobility Connects Customer Base to Enhance Both Support and Products
• Mobility Drives Market Growth

Great Position In Growing B2B Mobility Industry
PlantCruise: New Mid-Market Control System

Experion: Largest Capital Projects in The World

- Shah Gas
- Shell GTL
- LA Wastewater
- 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

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 Emerging Regions
- Improved Cost Position to Drive Better Growth and Increased Margins

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

Globalization

($B)

- U.S.
- ROW

2003

- $3.9 (53%)
- $3.6 (47%)

2011

- $6.1 (40% ~ 6% CAGR)
- $9.4 (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><strong>Enhanced Core</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building Controls</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>novar</td>
<td>#1</td>
<td>#1</td>
<td>~12x</td>
<td>~5x</td>
</tr>
<tr>
<td>Energy/Smart Grid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Akuacom</td>
<td>New Market</td>
<td>#1</td>
<td>~15x</td>
<td>~2x</td>
</tr>
<tr>
<td><strong>New Adjacencies</strong></td>
<td></td>
<td></td>
<td></td>
<td></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*
### The Honeywell M&A Playbook

<table>
<thead>
<tr>
<th>Growth</th>
<th>Productivity</th>
<th>Cash</th>
<th>People</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Sales Excellence</td>
<td>• HON Operating System</td>
<td>• Receivables, Payables and Cash Processes</td>
<td>• Respectfully Combine Cultures</td>
</tr>
<tr>
<td>• Marketing and Pricing Excellence</td>
<td>• Value Engineering</td>
<td>• SIOP</td>
<td>• Best of Both Talent</td>
</tr>
<tr>
<td>• Advanced R&amp;D and HTS Labs</td>
<td>• Functional Transformation</td>
<td>• Cycle Time Reductions</td>
<td>• Employer of Choice (Training, Career Path, Comp.)</td>
</tr>
<tr>
<td>• NPI/VPD™</td>
<td>• Direct Materials</td>
<td></td>
<td>• HON Performance and Development</td>
</tr>
<tr>
<td>• Electronics and Wireless Excellence</td>
<td>• Indirect Expenses</td>
<td></td>
<td>• Health, Safety, Environmental</td>
</tr>
<tr>
<td>• One Honeywell</td>
<td>• Factory Transitions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Globalization</td>
<td>• Six Sigma</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Gov’t Relations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Acquisitions Process</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Process Drives Our Successful Track Record**
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

- 363% Improvement
- 11 Pt Improvement
- 29% Reduction
- 31% Improvement

SAP / FT

- 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

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

Process Initiatives (HOS, FT and VPD™)


12.9% +75–100 bps +50–75 bps +50–75 bps 15-16%

Strong Growth And Margin Expansion Outlook
Long-Term Outlook Update

**Sales**

*Long Term Target: 6 - 9% CAGR*

2012 Up 3 - 6%

($B)

2010: $13.7
2011: $15.5
2012: $16.0 - 16.5
2013: $17.4 - 19.4
2014: $18.0 - 19.0

**Segment Margin**

*Long Term Goal: 15.0 - 16.0%*

2012 Expanding ~50 bps

2010: 12.9%
2011: 13.4%
2012: 13.8 - 14.0%
2013: 15.0 - 16.0%
2014: 15.0 - 16.0%

On Track To Deliver Five-Year Plan
ACS – The Best Is Yet To Come

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

Anne Madden
Vice President Global M&A

Mark Levy
President Life Safety
M&A Process Transformation

• M&A Critical Element of Long Term Growth Story
  - When Done Right, Value Enhancing

• Historically Mixed Track Record
  - Discipline Lost in the Zeal for the Deal

• Analyzed 10 Years of Acquisitions (1992-2002)
  - Scorecard: Poor Acquisition Performance

• Failure Modes Beyond Strategic Miss
  - Poor Ownership/Integration, Overestimated Sales Synergies

• Designed New Core Process
  - Identification → Due Diligence → Valuation → Integration

Complete M&A Process Redesign
## Disciplined Acquisitions Process

<table>
<thead>
<tr>
<th>Identification</th>
<th>Due Diligence</th>
<th>Valuation</th>
<th>Integration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Then: Pre-Dave Cote</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Hey, That’s for Sale</td>
<td>• Zeal for the Deal</td>
<td>• Sales Synergies Incl.</td>
<td>• Joe’s Retiring…</td>
</tr>
<tr>
<td>• Deal is the Strategy</td>
<td>• Ignore Findings</td>
<td>• Realization Rate Low</td>
<td>• Delayed Start</td>
</tr>
<tr>
<td><strong>Now: Last 10 Years</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Strategy Comes First</td>
<td>• Functional Expertise</td>
<td>• Cost Synergies Only</td>
<td>• Best People Full-Time</td>
</tr>
<tr>
<td>• Constant Screening</td>
<td>• Relentless Discipline</td>
<td>• Rigorously Scoped</td>
<td>• Mgmt Development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Price Part of Strategy</td>
<td>• Planning Starts at DD</td>
</tr>
</tbody>
</table>

**Robust Pipeline**

**Kill Bad Deals**

**Never Overpay**

**Great Track Record**

Novar, Zellweger, First Tech, Metrologic, Norcross, Sperian, And UOP ...Smartly Adding To Great Positions In Good Industries
# HON Portfolio Reshaping

**Aero**
- Condition Based Maintenance
- Satellite Communications
- Performance-based Logistics

**ACS**
- Gas Detection
- AIDC
- PPE
- Building Controls
- Oil and Gas Monitoring
- Industrial Combustion
- Energy / Smart Grid

**PMT**
- UOP Process Technology and Catalysts
- Membrane Technology
- Strategic Upstream Supply

**TS**
- Explore Potential High Growth, High Margin, Technology Adjacencies

---

**Added: Higher Growth, Technology-Oriented Businesses**

- Condition Based Maintenance
- Satellite Communications
- Performance-based Logistics
- Gas Detection
- AIDC
- PPE
- Building Controls
- Oil and Gas Monitoring
- Industrial Combustion
- Energy / Smart Grid
- UOP Process Technology and Catalysts
- Membrane Technology
- Strategic Upstream Supply
- Explore Potential High Growth, High Margin, Technology Adjacencies

---

**Exited: Slower Growth, Low Tech, Non-Core Businesses**

- Consumable Solutions / Aero Fasteners
- Consumer Products (Fans, Heaters, Etc.)
- Automotive Sensors
- Plastics
- Industrial Waxes
- Nylon
- Dozens of Others...
- CPG: Automotive Consumer Products Group

---

**Disciplined And Smart: ~70 Acquisitions, ~50 Divestitures ...Great Track Record**
Integration Best Practices

- Full-Time Integration Leader and Cross-Functional Team
- Measuring Performance Against Detailed Written Plan
- Best of the Best Talent Selection
- Realign Personal Goals and Incentives
- Best Practices Transfer From Target
- Visibility of Senior Management
- Develop Annual Operating Plan
- Carefully Vetted IT Integration
- Institute HON Compliance Processes
- Continuous Communications – CEO Reviews

Effective Integration ➔ Key To Acquisition Success
Life Safety – A Decade Of Transformation

Growth By Business Segment

- 22% CAGR '01-'11
- ~$0.4B
- ~$4B

2001 Legacy Novar Analytics FT Norcross Sperian King’s 2012

Geographic Growth

2001

Driven By Superior Global Footprint, Sales Synergies
## Attractive Life Safety Space

- **Large, Growing and Fragmented Space**
  - Attractive Market Opportunity – $38B by 2016
  - Growth in All Global Regions

- **High Profitability Potential**
  - Op Margin 15% - 25%

- **Highly Regulated by Codes And Standards**
  - OSHA, ANSI, NFPA, NIOSH, CSA, etc.

- **Great Synergy: Sales and Distribution**
  - Cross Selling in Vertical End Markets

- **Ability to Drive Innovation**
  - Extending Portfolio From Products to Software and Services

---

**Expanded Addressable Market From $3B To $38B**
# Going After New Spaces

## Diligence
- Deep Understanding of Core Fire Customers
- Evaluated Larger Adjacent Spaces with Higher Growth Potential
- Sought Complementary Portfolio Offerings
- Identified Potential Disruptive Technologies
- Focused on Ability to Differentiate with Innovation
- Assessed 15-25% Operating Margin Potential
- Ensured Cost, Sales and Global Distribution Synergies

## Gas
- Legacy Fire Business Maturity
- Gas Detection a Key Customer Priority → Complemented Legacy Product Portfolio
- No Clear Gas Leader
- Technology Differentiation → Gas Sensors an Art
- Identified Leading Gas Providers
- Zellweger: Industrial Gas Detection, Global Footprint, New Channels and Verticals → Oil and Gas, Semiconductors
- First Technology: Portable Gas Detection, Complementary Fit with Zellweger, Lens to Protective Safety Gear
- Scale in Gas Sensors → HON Leader

## PPE
- Gas Channels Selling Protective Safety Gear
- Highly Fragmented Space → No One Player >5% Market Share
- Identified 2 Potential Candidates → Norcross, Sperian
- Norcross: Fire Service, Utility, Industrial Safety and Agriculture
- Sperian: Respiratory, Hearing, Clothing, Fall Protection
- Combination Created First Head-to-Toe Product Portfolio
- Adding Key Bolt-ons: King’s Safety Footwear
- Scale in PPE → HON Leader
- Cross-Selling, Vertical and Global Expansion Opportunities

---

Extending Into Well-Known, Attractive Adjacencies
**World Class Integration Expertise**

**Integration Model Powered By Honeywell Toolkit**

<table>
<thead>
<tr>
<th>Model Execution</th>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Align Goals with Strategic Plan</td>
<td>• Highly Profitable Global Leader</td>
</tr>
<tr>
<td>• Set Expectations, One HON Culture</td>
<td>• Growth &gt; Industry – All Businesses</td>
</tr>
<tr>
<td>• Deploy Full-time Integration Team</td>
<td>• World-Class “Expert” Organizations</td>
</tr>
<tr>
<td>• Align Processes, Systems, Branding</td>
<td>• Integrations on Time / on Budget</td>
</tr>
<tr>
<td>• Focus on Innovation, Customers and Globalization</td>
<td>• Operational Performance Enhanced By HOS Silver/Bronze Certifications</td>
</tr>
<tr>
<td>• Retain Best Practices From Both Sides</td>
<td>• Improved Supply Chain Metrics: DOS, OTTR, Cycle Time</td>
</tr>
<tr>
<td>• Assess “Best of Both” Talent</td>
<td>• Cost Synergies Achieved Early</td>
</tr>
<tr>
<td>• Operational Report Outs - CEO 360 Day Reviews</td>
<td>• Satisfied Customers, Increased Interest in End-to-End Offerings</td>
</tr>
<tr>
<td></td>
<td>• Technology Innovation Creating New Global Customer Opportunities</td>
</tr>
</tbody>
</table>

**Proven, Repeatable Model**
Gas Detection Performance

- Global Leader
- 2X Industry Growth
- Highly Profitable, Cash Follows
- Sustainable Factory Productivity
- Robust Technology Platform

Sales

Segment Profit

*Management Estimate
HLS Transformation

Results

- Unprecedented Growth: 10X Since 2000
- Expanded Margins Faster Than Sales
- Far Exceeding Acquisition Model Synergy Assumptions
- Increased R&D Investment Across All Acquired Businesses
- Integration Best Practices Driving Cost Synergies
- Best in Class Organizational Model
- Unified Powerful Brands Under Honeywell Umbrella
- Real Traction on Sales Synergies
- Broad Cross-SBG Selling Program → On Track to Overdrive $200M+
Disciplined Acquisition Framework

- Attractive Sub-Industries
- Aligns to Favorable Macro Trends
- Build Upon Leading Franchises
- Achieve 6-8% Cost Synergies
- Accretive “All-In” Year 2
- ROI > 10% 5th Year

Disciplined Acquisition Process Yields Above Average Growth, Margin Expansion and Double-Digit ROI
Summary

• Consistent Deployment of Process Disciplines

• Successful Execution Driven by Business Strategy

• Integrating Lessons Learned Across Portfolio

• World Class Integration Yielding Impressive Results

• While Nothing Individually Transformative…

When Taken Together, We’ve Transformed Over Time
Honeywell Performance Materials And Technologies

Financials

Recent Highlights

- Delivered Record Performance – Profit, Segment Margin, Cash
- Established New Game-Changing Technologies
- Improved Plants With Many Running at Record Levels
- Expanded Global Presence and Sales

Business Units

Geographic Mix

Note: 2011 Sales
A Transformed Business

Now
• Record Profitability
• Strong Mix of Growth Businesses with Strong Position in a Range of Good Industries
• Differentiated Product Line
• Robust NPI Pipeline with Game-Changing Technologies
• Strong Management and Processes
• Global Player, with 58% of Sales Outside U.S.

Then
• Barely Profitable
• Bad Mix of Businesses
• Undifferentiated Products, Competing on Price
• Limited IP Protection and Technology Focus
• Underperforming Management
• Over 76% of Sales in U.S.

Segment Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>1.7%</td>
</tr>
<tr>
<td>2002</td>
<td>2.8%</td>
</tr>
<tr>
<td>2003</td>
<td>4.3%</td>
</tr>
<tr>
<td>2004</td>
<td>5.3%</td>
</tr>
<tr>
<td>2005</td>
<td>7.9%</td>
</tr>
<tr>
<td>2006</td>
<td>12.3%</td>
</tr>
<tr>
<td>2007</td>
<td>13.5%</td>
</tr>
<tr>
<td>2008</td>
<td>13.7%</td>
</tr>
<tr>
<td>2009</td>
<td>14.6%</td>
</tr>
<tr>
<td>2010</td>
<td>15.8%</td>
</tr>
<tr>
<td>2011</td>
<td>18.4%</td>
</tr>
</tbody>
</table>
Strong Management Driving Results

<table>
<thead>
<tr>
<th>Differentiator</th>
<th>Mechanism</th>
<th>Annual Segment Margin, PMT vs. Industry Peers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analytical Capabilities and Innovation Engine</td>
<td>Technology Investments and VPD™ Process</td>
<td>Segment Margin, Percent</td>
</tr>
<tr>
<td>Plant Performance and Process Technology</td>
<td>HOS and Plant Strategic Plans</td>
<td></td>
</tr>
<tr>
<td>Sales and Marketing Excellence</td>
<td>Global Demand Capture and Sales Force Deployment</td>
<td></td>
</tr>
<tr>
<td>Operating Approach and Leadership</td>
<td>Business Decision Week</td>
<td></td>
</tr>
</tbody>
</table>

![Graph showing annual segment margin comparison between Honeywell, Specialty, and Diversified segments from 2005 to 2011.]

* Specialty and Diversified based on average of companies reporting FY11 actuals.
PMT Core Strategies

Operational Excellence

HOS
Increased Attainment
Yield Improvements
Debottlenecking
Plant Strategic Plans
Safety

New Product Introductions

Molecule Scale-Up
Technology Leadership
Application Development

Globalization and Market Creation

High-Growth Region R&D
Global Demand Capture
Strong Governance And Processes

Sales and Marketing Excellence

Sales Force Deployment
Regionalization
Pricing Excellence

Long-Term Growth

Investments / Partnering
Leveraging Technology Pipeline
Project Execution

Successfully Implemented At PMT
Operations: Electronic Materials

HOS Paying Dividends In Production

<table>
<thead>
<tr>
<th>Product 1 – Asia</th>
<th>Product 2 – U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory</td>
<td>-45%</td>
</tr>
<tr>
<td>Walking Distance</td>
<td>-87%</td>
</tr>
<tr>
<td>Part Traffic Distance</td>
<td>-50%</td>
</tr>
<tr>
<td>Lead Time</td>
<td>-55%</td>
</tr>
<tr>
<td>Crew Size</td>
<td>-50%</td>
</tr>
<tr>
<td>Manufacturing Conversion Cost</td>
<td>-50%</td>
</tr>
<tr>
<td>Inventory</td>
<td>-60%</td>
</tr>
<tr>
<td>Walking Distance</td>
<td>-70%</td>
</tr>
<tr>
<td>Part Traffic Distance</td>
<td>-85%</td>
</tr>
<tr>
<td>Lead Time</td>
<td>-82%</td>
</tr>
<tr>
<td>Crew Size</td>
<td>-50%</td>
</tr>
<tr>
<td>Manufacturing Conversion Cost</td>
<td>-28%</td>
</tr>
</tbody>
</table>
## New Products: UOP

<table>
<thead>
<tr>
<th>Technology</th>
<th>Description</th>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Oleflex™ Technology</strong></td>
<td>Produces Propylene (in High Demand) for Plastics From Natural Gas at Lower Cost</td>
<td>✓ Six Contracts, Including Five in China, in 2011</td>
</tr>
<tr>
<td><strong>ADS-47 Adsorbents</strong></td>
<td>Improves Yield for In-demand Building Blocks for Plastics in Current/New Plants</td>
<td>✓ First Sale in 2011</td>
</tr>
<tr>
<td><strong>E-911 Adsorbents</strong></td>
<td>Filter Materials Remove Radioactive Contaminants From Water</td>
<td>✓ Cleaning Radioactive Water in Fukushima, Japan</td>
</tr>
<tr>
<td><strong>Uniflex™ Process Technology</strong></td>
<td>Processes Heavy Oils and Offers 4 to 10% Additional Transport Fuel Per Barrel</td>
<td>✓ First License to Pakistan's National Refining Ltd.</td>
</tr>
<tr>
<td><strong>Methanol-to-Olefins Technology</strong></td>
<td>Produces Low-Cost Plastic From Natural Gas/Coal Rather Than Oil</td>
<td>✓ First License in China, a Key Market for the Technology</td>
</tr>
</tbody>
</table>

**Groundbreaking Technologies Established In 2011**
Globalization: Resins And Chemicals

Caprolactam
- Critical Ingredient for Making Nylon Used in Carpeting, Clothing, Engineered Plastics

Nylon Resin
- Used in Applications From Food Packaging to Automotive

Ammonium Sulfate
- Effective Fertilizer Used Globally for a Range of Plants and Crops

Driving Global Growth
- Doubled Sales From Outside U.S. for Key Products Over the Last Four Years
- 41% of Sales Outside the U.S.
- Moved From Distributors to Direct Sales to Extract More Value
- >40 New Customers in Asia in 2011
- Leveraging Global Technology Centers of Excellence to Engineer for Local Markets

Major U.S. Export
Collaborative, Online Process to Identify and Prioritize ~500 Opportunities Per Year

- Value Prop
- Economics
- Pilot and Trial
- Customer Value
- Pricing
- Launch
- <1 month
- 6-12 months
- <2 months

- 18% of Sales From New Products Launched Since 2008
- ~175 New Customers in 2011
- Current NPI Pipeline: ~$1B Sales/Year in 2016
- Applications Ranging From Lightweight Ballistic Materials to Asphalt Additives

Fast-Cycle, New Product Machine
Growth: Fluorine Products

Solstice™ 1234yf For Mobile A/C

- Global Warming Potential of 4 vs. 1430 for Current Refrigerant
- Comparable Cooling Efficiency to Current Refrigerant
- Near Drop-in Replacement, Saving Significant Cost for Customer vs. Alternative
- Meeting New European Regulations
- Significant Customer Wins
- Strong Patent Position
- $1.5B Opportunity

Opportunity

- High Growth Opportunity
- HON Only a Minor Producer of Current Mobile A/C Refrigerant Today

Superior Environmental Performance

- 30% Lower Emissions vs. Alternative

Source: Goldman Sachs Japan 2011
Transformed New Product Introductions

10 Years Ago

- Limited Metrics
- Stage Gates, But No Business Ownership
- Technology, Rather Than Business, Process
- No Management of Entire Portfolio
- Little Data on R&D and NPI Performance
- Poor Ability to Forecast Sales Impact From NPI
- Little Investment in Game-Changing Technologies

Today

- Good Metrics
- Business Leaders Engaged at the Highest Level – CEO and VP/GMs
- True Cross-Functional Engagement
- Value Propositions Guiding Decision Making
- Top-level Management of Portfolio Ensures Prioritization of Resources
- Enhanced Ability to Forecast Sales Impact From NPI
- Investing in Game-Changing Technologies

People, Processes And Portfolio Keys To Success
## People

### The Right People....
- 1,100 Scientists
- ~400 Ph.D.s
- 2,800 Process Engineers
- 3,915 Patents Globally

### ... In The Right Places Globally
- 8 Technology Centers of Excellence
- Newest Facilities in India and China, Developing Products/Applications for Local/Global Markets
- Increased Global Process Engineering Capabilities

### Recognized Researchers In Their Fields

<table>
<thead>
<tr>
<th>Year</th>
<th>Award Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>Ben Christolini – ACS Earle B. Barnes Award for Leadership in Chemical Research Management</td>
</tr>
<tr>
<td>2011</td>
<td>Gavin Towler – AIChE Fuels &amp; Petrochemicals Division Award</td>
</tr>
<tr>
<td>2010</td>
<td>UOP-ENI Green Jet &amp; Diesel team – AIChE Sustainable energy award</td>
</tr>
<tr>
<td>2010</td>
<td>Jeff Bricker – ACS National Award for Creative Invention</td>
</tr>
<tr>
<td>2009</td>
<td>Rajiv Singh – ACS Schoellkopf Medal Award</td>
</tr>
<tr>
<td>2008</td>
<td>Ian Shankland – Perkin Medal</td>
</tr>
<tr>
<td>2005</td>
<td>UOP – National Medal of Technology</td>
</tr>
</tbody>
</table>

### “Punching Above Our Weight”
- PMT Ranks No. 4 in Its Sector for Innovation, Placing it Among Companies of Much Larger Scale and Sales
- Issued Patents at Record Levels
- Invention Disclosures at Record Levels
Velocity Product Development Process

Stage 1: Definition of Needs
- General Manager is the Owner
- Business and Technology Co-Leaders
- All Functions Involved

Stage 2: Business Case
- Proof of Concept Testing
- Voice of the Customer

Stage 3: Product And Process Development
- Application Testing, Piloting, Basic Engineering
- Product Qualification, Regulatory Approvals

Stage 4: Commercial Readiness
- Scale-Up, Plant Design and Engineering
- Demonstration Runs, Customer Qualification, Launch Plan

Stage 5: Launch

Fast Cycle Applications
- Leverages Existing Technologies and Capabilities
- Technology and Marketing Agility
- Applications Expertise
- Lower Resources and Capital

Cycle Time: 6 Months to 2 Years

Technology Leadership
- Technology Licensing Model
- Strong Research Pipeline
- New Materials Discovery
- Process Development and Pilot Plants
- Technology Peer Reviews
- Customer / Demonstration Runs

Cycle Time: 2 to 5 Years

New Molecule
- Molecule Discovery
- Regulatory Approvals
- Asset and Capital Investments
- Process Development and Scale-Up
- Front-End Engineering
- Technology Peer Reviews

Cycle Time: 5 to 10 Years

Common Process Tailored For Three Business Models
### Superior Performance

<table>
<thead>
<tr>
<th>9mm V50 (fps)</th>
<th>Law Enforcement and Federal Agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Today's High End Vest</td>
<td>$50M+</td>
</tr>
<tr>
<td>Vest with Spectra X</td>
<td></td>
</tr>
<tr>
<td>15% Better Ballistics</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weight (lbs)</th>
<th>Special Ops</th>
</tr>
</thead>
<tbody>
<tr>
<td>Today's High End Vest</td>
<td>$60M+</td>
</tr>
<tr>
<td>Vest with Spectra X</td>
<td></td>
</tr>
<tr>
<td>15% Lighter Weight</td>
<td></td>
</tr>
</tbody>
</table>

### Application

- **Law Enforcement and Federal Agencies**: $50M+
- **Special Ops**: $60M+
- **Military Vests**: $100M+
- **Military Helmets**: $60M+

---

"This is the best stuff we’ve ever shot ... you have a winner." CEO, Leading Vest Manufacturer

---

**Leveraging Breakthrough Fiber Technology Across Multiple Segments**
### New Molecule: LGWP Materials

**Extending Solstice™ LGWP Platform**

<table>
<thead>
<tr>
<th>Environment</th>
<th>Performance</th>
<th>Safety</th>
<th>Cost-to-Serve</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerosol / Insulation Panels</td>
<td>Foam Insulation / Solvents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solstice 1234ze</td>
<td>Solstice 1233zd</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Opportunity**

- Extends and Expands HON Position
- Demand for Energy-Efficient Insulation Driving Future Growth
- Strong Patent Positions
- Good Customer Acceptance

**Leveraging Assets**

Using Existing Products/Technology As Feedstocks for New Products

<table>
<thead>
<tr>
<th>Existing Products</th>
<th>New Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>240</td>
<td>245fa</td>
</tr>
<tr>
<td>1233zd</td>
<td>1234ze</td>
</tr>
</tbody>
</table>

**Creating Value For Global Customers**

- Global Warming Potential of 6 vs. 1430
- Global Warming Potential of 7 vs. 1030
- Meets All Requirements
- Improved Energy Efficiency
- Non-Flammable
- Non-Flammable
- Economic in Use Today
- Near Drop-in Replacement

- $300M
- $300M
# Technology Leadership: UOP

## Technology Focus Areas

<table>
<thead>
<tr>
<th>Process Technology</th>
<th>Competitive Advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Providing Refiners, Petrochemical Producers More Feedstock Flexibility, Higher Yields</td>
<td></td>
</tr>
<tr>
<td>• Processing Heavier Crudes and Getting More Out of Each Barrel of Oil</td>
<td></td>
</tr>
<tr>
<td>• Removing Broader Group of Contaminants From Natural Gas</td>
<td></td>
</tr>
<tr>
<td>• Making Processing Units Smaller and More Robust for Off-shore Applications</td>
<td></td>
</tr>
<tr>
<td>• Boosting Yields in Both Current and New Process Operations</td>
<td></td>
</tr>
<tr>
<td>• Moving into Adjacencies, New Applications</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Catalyts and Adsorbents</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Allowing Refiners to Produce Real Fuels From Biofeedstocks Such as Algae</td>
<td></td>
</tr>
<tr>
<td>• Processing Solid Biomass Such as Forest Waste to Transportation Fuels</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Renewables</th>
</tr>
</thead>
<tbody>
<tr>
<td>• More Than 100 Pilot Plants to Test Process Technologies</td>
</tr>
<tr>
<td>• High-Throughput Screening to Rapidly Evaluate Catalysts and Materials</td>
</tr>
<tr>
<td>• Ability to Evaluate Materials at the Atomic Level</td>
</tr>
<tr>
<td>• Advanced Computer Modeling and Simulation</td>
</tr>
</tbody>
</table>

---

**Extending UOP Technology Leadership**
New Product Portfolio Metrics

- Prioritized and Reduced Number of Projects
- Concentrated Resources on Top Projects
- Accelerated Execution

- Increased Portfolio Value
- Increasing New Product Sales as % of Total Sales Over Five-Year Period
- Mix of New Products Shift – More New vs. Replacement Products

- Track and Measure New Product Programs Each Month
- Exceeded our New Product Forecast Each of the Last Two Years
Gas Share of Global Energy to Grow From 21% to 25% by 2035

Source: US Energy Information Administration

35
70
105
140
175
210
245
280

2008 2015 2020 2025 2030 2035

Trillion cubic feet

Worldwide Natural Gas Demand

Global Energy Demand Tracks GDP

Source: US Energy Information Administration

2008 2015 2020 2025 2030 2035

Quadrillion Btu

Worldwide Energy Demand

Underlying Growth Trends In UOP Sweet Spot

Refining Opportunity

Capacity Replacement
Regional Factors
National Security
Environ. Reg.

Base Oil Demand
Refining Growth

5-8% Growth

~1.3%

Petrochemical Example

“On-Purpose” Production
Conventional Production

Demand for “On-Purpose” Propylene Expected to Nearly Triple From 2010 to 2020

2011 2015 2020

KMTA

Worldwide Energy Demand

Underlying Growth Trends In UOP Sweet Spot

Natural Gas Opportunity

Natural Gas Opportunity

Source: US Energy Information Administration

2008 2015 2020 2025 2030 2035

Trillion cubic feet

Worldwide Natural Gas Demand
## UOP Adding Value

### Boosting Diesel Yield
- Highest Yield, Lowest Sulfur Technology; 200+ Units Globally
- Technology to Improve Fuel Quality; 300+ Units Globally
- Catalysts Optimize Yields and Profitability

Average $15B Investment

<table>
<thead>
<tr>
<th>Customer Result</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in Feedstock Value ($/MT)</td>
<td>$270</td>
</tr>
<tr>
<td>Incremental Conversion to Higher-Value Fuels</td>
<td>60%</td>
</tr>
<tr>
<td>Customer Value Created</td>
<td>$2.3B</td>
</tr>
</tbody>
</table>

### Upgrading Heavier Crude
- Industry-leading Conversion (90%+) to Fuels with Less By-products
- Process to Convert Contaminated Feedstocks into Gasoline

Average $1B Investment

<table>
<thead>
<tr>
<th>Customer Result</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in High-Value Fuel Conversion</td>
<td>4-6%</td>
</tr>
<tr>
<td>Increase in Refiner Margins</td>
<td>50%</td>
</tr>
<tr>
<td>Customer Value Created</td>
<td>$300M</td>
</tr>
</tbody>
</table>

### Optimizing Refineries
- Configuration
- Design Optimization
- Design Services
- Training/Start-Up
- Front-End Engineering Design
- Energy Savings

Average $10B Investment

<table>
<thead>
<tr>
<th>Customer Result</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in Refinery Margins vs. Base Design</td>
<td>20%</td>
</tr>
<tr>
<td>Reduction in Construction Cycle Time</td>
<td>1 yr</td>
</tr>
<tr>
<td>Customer Value Created</td>
<td>$2B</td>
</tr>
</tbody>
</table>
Advanced Materials Transformation

Segment Profit Growth

- More Than Doubled Segment Profit Since 2008 High Point
- Pricing, Operations Excellence Driving Results
- Creating New Markets
- Executing Robust NPI Pipeline
- Investing in New Plants for Growth

Highlights

Strong NPI Pipeline

- Asphalt Additives
- Low-Global-Warming Products
- Resins for Fishing Nets
- Films for PV Panels
- Spectra® Helmets

Businesses Performing Strongly
Advanced Materials Highlights

Fluorine Products

- Achieved Record Profitability
- Launched Solstice™ Mobile A/C Refrigerant (HFO-1234yf), Gas Blowing Agent (HFO-1234ze) and Liquid Blowing Agent (HFO-1233zd) and Secured ~$1B in New Contracts
- Created Sinochem JV to Expand 245fa Blowing Agent in Asia

Resins And Chemicals

- Achieved Record Profitability
- Daily Rigor on Price
- Effective Global Reach
- Designed and Licensed First Sulf-N® 26 Lower Explosive Fertilizer Plant
- Acquired Phenol Facility; Diversified Cumene Supply for Hopewell Production

Game-Changing Technology

Specialty Products

- Achieved Record Profitability and New Products
- Launched Expansion Plans for Aclar, Photovoltaics and Asphalt
- Continued Success in New-Product Commercialization
- Breakthrough Spectra® X Gaining Traction in the Market

Electronic Materials

- Major Wins in the Differentiated Space of Targets, Electronic Polymers and PV
- Significant Wins in Electronic Chemicals
- Gains With Key Customers to Grow in Semiconductor Down Cycle

NPI Driving Growth

Global Position and Reach

Fast-Cycle

Large Molecule

Adjacent Market Growth

Physical Vapor Deposition Target
Truly Global

- New/Expanded Regional Technical Sales and/or Support
- New/Expanded Technology Development Capabilities
- New/Expanded Procurement Capabilities
- New/Expanded Project Engineering Capabilities

India Technology Center

- Expands Global Research Capabilities For:
  - Refining, Petrochemical
  - Low-Global-Warming Products
  - Nylon and Additives Applications
- First UOP Pilot Plants Outside U.S.
- Close-to-Customer Technology Development

Approaching 50% Of Sales From High Growth Regions In 2012
Becoming The Chinese Competitor

Step 1: Establish Strong R&D and Technology Presence

Step 2: Enhance Sales and Marketing Presence

Step 3: Strategic Acquisitions and In-Country Manufacturing

Import Goods from Developed Regions

Strongly Competitive

Sales

Time

- Joint Venture With Sinochem to Produce Blowing Agents
- Expand SUOP Catalyst Production
- Expanded Direct Customer Base for Caprolactam, Resin
- Doubling UOP Sales Force in China
- Shanghai Lab Expanded to Serve Local Customers
- >$80M in 2011 Sales From New Products Developed At the Lab

Strengthening High-Growth Region Leverage
Honeywell Operating System

HOS Deployment Status

- Sites Deployed
- Bronze Certified
- Silver Certified

HOS Results

Observed Improvement for Plants Reaching Bronze Status

- Safety (TCIR): 64% Reduction
- Quality (PPM): 65% Reduction
- Delivery (OTTR): 3 pt Improvement
- Inventory (DOS): 7 day Improvement
- Cost Improvement: 12%

Nearly 50% of Conversion Cost in Bronze or Silver

HOS Driving Gains In Production
## Business And End Market Update

<table>
<thead>
<tr>
<th>Business</th>
<th>Current Environment</th>
<th>Great Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UOP</strong></td>
<td>• Continued Global Investments to Meet Refined Product Demand</td>
<td>• Sustained Technology Leadership Position in Key, Emerging Refining Technology</td>
</tr>
<tr>
<td></td>
<td>• High Win Rates and Execution of Backlog Driving Strong Results</td>
<td>• Natural Gas Emerging As Growth Opportunity</td>
</tr>
<tr>
<td><strong>Resins &amp; Chemicals</strong></td>
<td>• Overall Tight Caprolactam Supply/Demand, But Prices Moderating Off 2011 Highs</td>
<td>• Lowest-Cost Position in Key Products</td>
</tr>
<tr>
<td></td>
<td>• Fertilizer Demand Steady, But Prices Moderating Off Late 2011 Highs</td>
<td>• Strong, Growing Position in Emerging Regions</td>
</tr>
<tr>
<td><strong>Fluorine Products</strong></td>
<td>• Moderation From Record Price Levels Due to Increased Supply on Key Products</td>
<td>• Recognized Leader in Refrigerants, Blowing Agents, Solvents</td>
</tr>
<tr>
<td></td>
<td>• Three New Low-Global-Warming Molecules</td>
<td>• Next-Generation Low-Global-Warming-Potential Products Drive Growth</td>
</tr>
<tr>
<td><strong>Specialty Products</strong></td>
<td>• Continued Strength in Armor, Films</td>
<td>• Attractive Businesses Serving Niche Segments in Larger Markets</td>
</tr>
<tr>
<td></td>
<td>• New Product Wins Gaining Traction</td>
<td>• Fast-Cycle Expertise With Robust New Product Pipeline and Marketing Capabilities</td>
</tr>
<tr>
<td><strong>Electronic Materials</strong></td>
<td>• Weaker Demand Expected Through At Least Q1 Due to Continued Inventory Drain</td>
<td>• Strong Positions With Key Industry Players</td>
</tr>
<tr>
<td></td>
<td>• Moderate Growth in Second Half of 2012 As Inventory Rebuilds</td>
<td>• Expanding Into Attractive Adjacencies</td>
</tr>
</tbody>
</table>

---

**Great Positions In Good Industries**
Long-Term Outlook Update

Sales

Long Term Target: 7 - 9% CAGR

2012 Up 8 - 10%

($B)

Segment Margin

Long Term Goal: 16 - 18%

Overdriving Long-Term Targets
Summary

• Operating Margins at Record Levels

• Outperforming Peers

• Strong Management Structure, Disciplined Process

• Robust New Product Pipeline, Investing for Growth

• Growing Globally in Presence, Sales
Transportation Systems

Alex Ismail
President and CEO
Top Stories

- Fuel Efficiency and Emissions Regulation Drive Long-Term Growth
- Win Rate and New Launches Supporting Growth Faster Than Industry
- Technology Leadership Across All Fuels, Segments and Geographies
- Operational Transformation: HOS Advantage, FM Turnaround in Progress

Margin Expansion On Flat Revenues
2012 Automotive Industry Macros

**North America**
- **2011**: 12.9
- **2012**: 13.8
- **Growth**: +7%

**Europe**
- **2011**: 18.5
- **2012**: 18.7
- **Growth**: +7%

**China**
- **2011**: 2.7
- **2012**: 2.6
- **Growth**: -8%

**Japan**
- **2011**: 8.1
- **2012**: 9.3
- **Growth**: +14%

**South America**
- **2011**: 4.4
- **2012**: 4.7
- **Growth**: +6%

**South Korea**
- **2011**: 4.6
- **2012**: 4.6
- **Growth**: 0%

**India**
- **2011**: 0.5
- **2012**: 0.5
- **Growth**: +15%

**Headwind**
- EU Recession
- EU Declining Production

**Impact TBD**
- Tighter Credit for Cars
- Material & Metals Inflation
- $/Euro FX Rate

**Tailwind**
- ~100 Turbo Launches
- Global Turbo Penetration
- EU Diesel Penetration

**Turbo Penetration Offsetting EU Production Decline**

*Source: LV - Global Insight; CV - JD Power, PSR*
Tightening Fuel Regulation

- **Turbocharging** – A “No Compromise” Solution to Consumers
  - Small-Engine Fuel Economy – Large-Engine Performance
  - Enables Up to 35% Fuel Efficiency with Same Horsepower

Fleet average fuel economy and green house gas emissions standards standardized by CAFE-converted MPG

**More Stringent Regulation Drives Turbo Adoption**
 Turbo Industry Outlook

- Turbo Penetration Accelerates; Significant Upside Remains
- Turbo Gas Growing Quickly, But Turbo Diesel Still Majority of Volume

HON Has Great Position In Good Industry
Honeywell Differentiation Drivers

- Technology And Innovation Leadership
  - One Honeywell Advantage
  - Aerospace Technology
  - Flawless Launches

- All Segments, All Fuels, All Regions
  - Growth in Gas/CV Segments
  - Geographic Expansion
  - ER End-to-End Capabilities

- Operational Excellence
  - HOS Competitive Advantage
  - Customer Satisfaction
  - Cost Leadership

HON Positioned To Lead The Industry Growth
Honeywell Advantage

- One Honeywell – Jet Engines (AERO), Controls (ACS), Green Fuels (PMT)
- Largest Global Customer Base – Unique Engineering Insight
- 100+ Million Turbos Shipped – Launch Expertise and Field Experience

Setting Turbo Industry Standards For All Vehicles
Key Turbo Launches

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Gasoline Turbo Growth

Flagship Platforms

- VW Passat 1.8L Driving U.S. Gas Growth
- Mercedes-AMG S63 5.5L High Performance Twin Turbo
- SAIC/Roewe 550 1.8L Gasoline Turbo for China
- Chevy Cruze 1.4L U.S. Bestseller – 42MPG

Key Launches

- Audi
- BMW
- Mercedes-Benz
- Volkswagen
- Ford
- GM
- Peugeot
- Renault
- Fiat
- Hyundai
- Subaru
- Brilliance
- Chery
- Geely

Highlights

- 20% Industry Volume CAGR Through 2016 From Increased Turbo Pen.
- Strong Growth Through New Launches in US, EU, China

New Product Range Drives HON Growth Globally
Commercial Vehicle Turbo Growth

Flagship Platforms

- Caterpillar C175 / 3500
  Enabling Tier4 Emissions

- MAN 10.5/12.4L
  Latest EU Fuel-Efficient Technology

- Hino 4.0L Dutro
  Medium Duty On-Highway

- Weifang Diesel 10L
  First China-Specific Product

Key Launches

- Cat
- John Deere
- IVECO
- MAN
- Scania
- Volvo
- MAN
- Scania
- IVECO
- MAN
- Scania
- IVECO

Highlights

- 7% Industry Volume CAGR Through 2016 From New Emission Standards
- Leveraging Aerospace Technologies to Introduce Advanced Innovations

Innovation Across Broadest Range Of Products
Europe Turbo Growth

Regulation

2020 Target
67 MPG

Turbo Industry Sales

+8% CAGR

Source: Global Insight, PSR, JD Power, Honeywell

Highlights

• 8% Industry Volume CAGR; Diesel Volume More Than Double Gasoline

• Technology Lead in Premium and Small Engines with New Products

Strengthening Leadership In Largest Turbo Region
China Turbo Growth

Regulation

2020 Target
55 MPG

Turbo Industry Sales

+16% CAGR

2011
4M
2012
6M
2014
2016
7M

Gasoline

Diesel

Source: Global Insight, PSR, JD Power, Honeywell

Highlights

• 16% Industry Volume CAGR Driven By Increased Turbo Adoption
• Best-in-Class R&D Facilities Drive Local Innovation Speed – End-to-End

Becoming Local Chinese Competitor
North America Turbo Growth

Regulation

![2020 Target 47 MPG](Image)

2011

2020 Target
47 MPG

Turbo Industry Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Gasoline</th>
<th>Diesel</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2M</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>4M</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>5M</td>
<td></td>
</tr>
</tbody>
</table>

Source: Global Insight, PSR, JD Power, Honeywell

Highlights

- 17% Industry Volume CAGR Driven By Increased Turbo Adoption
- Leading Turbo Adoption in Passenger Cars – Chevrolet, VW, Ford

Flagship Launches Across All Segments
HOS – Honeywell Operating System

**TS HOS Status**

- **Silver**: 62%
- **Bronze**: 15%
- **Full Scale Deployment**: 23%

**% Manufacturing Cost**

**Highlights**

- Turbo 100% Silver in 2012
- Customer Satisfaction
- Enabling Faster Growth
- Step Improvements in Cost
- Sustainable Culture Change
Long-Term Outlook Update

Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales ($B)</th>
<th>Long Term Target: ~7% CAGR</th>
<th>Long Term Goal: 14 - 15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$3.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>$3.9 - $4.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>$4.0 - $4.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
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</tbody>
</table>

Segment Margin

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>11.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>12.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>12.7-13.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>14.0-15.0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

On Track To Achieve Targets
Summary

- Fuel Efficiency Regulations Drive Long-Term Growth
- Win Rate and Launches Drive Growth Faster Than Industry
- Leadership in All Fuels, Segments, Geographies
- Operational Excellence Through HOS

Multi-Year Profitable Growth
Honeywell Operating System

Pasquale Abruzzese
VP Transportation Systems
Integrated Supply Chain

Mike Owens
VP Aerospace
Integrated Supply Chain

Honeywell
Driving Growth With HOS

- Quality
- Delivery
- Safety
- Productivity
- Inventory

Customer Satisfaction → Accelerated Growth Rate
Cost Leadership → Op Margin Expansion

HOS Maturity Drives Top And Bottom Line Results
### HOS: A Shift In Mindset

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Down Plant Leadership</td>
<td>Leaders Acting as Coach</td>
</tr>
<tr>
<td>Project Based Improvements</td>
<td>Continuous Improvements</td>
</tr>
<tr>
<td>Operators as Doers</td>
<td>Operators as Doers and Thinkers</td>
</tr>
<tr>
<td>Unrealized Improvement Ideas</td>
<td>Rapid Problem Solving Culture</td>
</tr>
</tbody>
</table>

**People Working Smarter Not Harder**
### Driving Continuous Improvement

**Improvement Ideas**

- **100,000+ New Ideas Annually**
- **Input Locally/Implemented Globally**

**Process**

<table>
<thead>
<tr>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Daily walk of 2.7km</strong></td>
<td><strong>Daily walk of 150 meters</strong></td>
</tr>
</tbody>
</table>

- **Reduced Inventory by 50%**
- **Operator Led Improvements**
Process Standardization

**Visual Management**
- Rapid Problem Solving on Floor
- Learning Shared Across Sites

**Capacity Optimization**
- +25% Output / Square Feet
- Space Available for Growth

**HOS Implementation From 3 Years To 1 Year**
HOS Evolution

Bronze
- Four Walls of the Factory
- Continuous Improvement
- Lean Tools

Silver
- Cross Functional Integration
- Sales and Ops Planning
- Procurement

Gold
- Speed to Market
- New Products VPD™
- Total Business System

HOS Now Impacts All Aspects Of Business Model
Turbo Operations Overview

- Full Product Range 1L to 100L
- Global Footprint – 13 Countries
- Global Sourcing – 30 Countries
- Just in Time Delivery
- 10,000 SKUs
- 1,000+ Suppliers

Manufacturing
CORE Technology

Supply Chain
Component Suppliers

People Culture

Broad Portfolio; Complex Global Supply Chain
Key Results: Silver Turbo HOS Sites

- Industry Best in Class Performance
- Customer Satisfaction and Cost Leadership

Long Term Competitive Advantage
HOS: Turbocharging Growth

- **Quality**
- **Delivery**
- **Safety**
- **Productivity**
- **Inventory**

**Customer Satisfaction** → **Accelerated Growth Rate**

**Transportation Systems Sales**

<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>$3.2</td>
<td>$3.9</td>
<td>$3.9-$4.0</td>
<td>$4.0-$4.4</td>
<td></td>
</tr>
</tbody>
</table>

**Transportation Systems Segment Margin**

<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>11.1%</td>
<td>12.6%</td>
<td>12.7-13.0%</td>
<td>14.0-15.0%</td>
<td></td>
</tr>
</tbody>
</table>

Great Position in Growing Industry
Aero HOS – Building On TS Success

% Aero Manufacturing Cost

Year End 2011

- HOS Now Deployed Across All Aero Sites
- Leveraging HON-Wide HOS Success
- Silver/Bronze Sites Productivity Up 50%

Silver 6%
Bronze 35%
Full Scale Deployment 59%
Accelerating Aero HOS Deployment

Deployment Timing – Honeywell Aerospace

% of Conversion Costs By Phase

- HOS Deployed
- Bronze Sites
- Silver Sites

100% Of Manufacturing HOS Bronze+ By 2014
Aerospace Operations Overview

- 84 Product Lines/10 Product Families
- Global Footprint - 17 Countries
- Global Sourcing - 41 Countries
- Plan for Every Part Delivery
- 80,000 SKUs
- 14,000 Suppliers

CORE Technology

Technology

Suppliers

Supply Chain

People Culture

Accelerating Productivity And Flexibility Through HOS
HOS Silver – Minneapolis Site

**Best Practices**

- Accountability Down to Shop Floor
- Processes to Enables Issue Escalation
- Sites Connected to WW Functions

**Employee Culture**

- Empowerment of Operators
- Leadership Support and Coaching
- Employee Driven Improvements

### Delivery

- Before Bronze: 60%
- Silver: -26%

### Quality/PPM

- Before Bronze: -60%
- Silver: +240bps

### Productivity Rate

- Before Bronze: +125%

### Inventory

- Before Bronze: -26%

---

Customer Improvement Without Walls
“Overall, HOS provides the framework for gains in productivity and quality beyond that typical in manufacturing. It is an industry best practice.”

“HOS is engrained, and it is evident that leadership is committed.”

“[Recent] results are strong evidence that key ISC initiatives rolled out at the site...including HOS projects are paying huge dividends.”
HOS – A Jet Engine For Growth

• Foundation of Continuous Improvement Culture
• Building Upon Lean Tools and Standardization
• Reaching Beyond the Factory Walls
• Customer Satisfaction and Cost Leadership

HOS Accelerates Growth Rate And Margin Expansion
Honeywell Aerospace

Financials

- Com Rev ($B): $10.7
- D&S Rev ($B): $11.5
- Seg Mgn %: 18.3%

- 2010: 17.2%
- 2011: 17.6%
- 2012E: 18.6%

Businesses

- Business Units
- Commercial Regional Mix

- Asia-Pac: 11%
- EMEA: 27%
- Americas: 62%

- D&S: 42%
- BGA: 19%
- ATR: 39%

Highlights

- Transformed, Customer Centric Organization
- Leading Portfolio and Technology
- Robust Commercial Up-Cycle
- Winning in The Marketplace – New Platforms and Aftermarket
- Manageable Defense Environment

Great Position In A Good Industry
## Transformed Organization

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Organized</td>
<td>Customer Facing Organization</td>
</tr>
<tr>
<td>Bid Everything – Product-led Pursuits</td>
<td>Marketing/Product Management Excellence – Integrated Platform/Product Pursuits</td>
</tr>
<tr>
<td>Non-integrated Portfolio</td>
<td>Compete Across Portfolio, RMU Opportunities</td>
</tr>
<tr>
<td>Minimal Sales People Outside U.S. Census: ~500 HC, or ~20% S&amp;M</td>
<td>2x Int’l Sales &amp; Marketing Presence Census: ~1000, or ~40% S&amp;M</td>
</tr>
<tr>
<td>Federated Engineering Organization</td>
<td>Distributed Centers of Excellence</td>
</tr>
<tr>
<td>4 Walls of the Factory</td>
<td>Network Capacity, Cross-Functional Capability</td>
</tr>
<tr>
<td>Higher Cost Structure</td>
<td>Less G&amp;A; More Efficient R&amp;D, S&amp;M</td>
</tr>
<tr>
<td>Capitalized Sales Incentives</td>
<td>100% Expense Drives Better Decision Making</td>
</tr>
</tbody>
</table>

**Customer Centric Organization... Strong Competitive Advantage**
Strong Aerospace Outlook

Sales

$11.5B

Comm’l OE 19%

Comm’l AM 36%

D&S 45%

2011

CAGR 4%

~$13B

Comm’l OE ~25%

Comm’l AM ~35%

D&S ~40%

2014

Key Recent Wins

• >$20B in Unannounced OEM Orders Across the Portfolio
  - $9B Propulsion, $7B Avionics
  - $4B Mechanical Systems

• $2.5B Airline Wins 2011
  - $400M in APAC Wins in Q411

• $2.7B in D&S Wins 2011
  - Defense Book-to-Bill > 1

Winning Momentum Drives Aero Growth Outlook
## Strong Pipeline Of New High Impact Aircraft

<table>
<thead>
<tr>
<th>Aircraft</th>
<th>Status</th>
<th>Honeywell's Platform Position</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gulfstream G650</td>
<td>Certified Deliveries Underway</td>
<td>Avionics APU ECS/CP Lighting</td>
<td>~$3B</td>
</tr>
<tr>
<td>Embraer L500/450</td>
<td>Engine Operational</td>
<td>Engines APU ECS/CP Cabin Mgmt Systems</td>
<td>~$24B</td>
</tr>
<tr>
<td>A350</td>
<td>Simulator Operational</td>
<td>Avionics APS AMS Perimeter CPCS</td>
<td>~$18B</td>
</tr>
<tr>
<td>COMAC C919</td>
<td>Signed Initial Joint Venture</td>
<td>APU Brakes Flight Controls Avionics</td>
<td>~$16B</td>
</tr>
<tr>
<td>10 Unannounced</td>
<td>Won Development Underway</td>
<td>Avionics Engines ECS/CP Components</td>
<td>~$20B</td>
</tr>
</tbody>
</table>

**Broad, Unmatched Wins**
Expansive Product Breadth

Delivering New Innovations

• Enhanced Safety Products
• Air Traffic Modernization
• Innovative Mechanical and Electronic Solutions
• Airborne Connectivity
New Safety Innovations – Available Now

Smart Runway

“Approaching Runway Three-Four Left”

Reduces Runway Incursions

- Improves Safety of Landing and Taxi
- Reduces Pilot Workload
- Lowers Incident Costs
  - Currently 30 Runway Excursions/Year

Smart Landing

Reduces Landing Risk

- 3,000 Units Sold
- Certified for 10,000+ Aircraft
- 30,000+ Total Aircraft Available
- $500M Growth Opportunity

New Innovations Address Highest Safety Issues
Delivering ATM Benefits

- ATM Modernizing Worldwide to Increase Capacity, Reliability, Safety and Affordability
- HON Leading Way with Integrated Comms, Nav, Surveillance and Automation Solutions That Provide Unmatched Customer Value
- >$50B Addressable Market for Honeywell

Honeywell Offering Examples

<table>
<thead>
<tr>
<th>Category</th>
<th>Market</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comms</td>
<td>$8B</td>
<td>- Satcoms (EMS) - Now</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- VHF Radios - Now</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Datalink - Now</td>
</tr>
<tr>
<td>Surveillance</td>
<td>$8B</td>
<td>- SmartView - Now</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- GBAS - Now</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Multi-Sys GNSS - 2016</td>
</tr>
<tr>
<td>Navigation</td>
<td>$24B</td>
<td>- ADS-B Out - Now</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Displays - Now</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- ADS-B In - 2013</td>
</tr>
<tr>
<td>Automation</td>
<td>$12B</td>
<td>- On-Board Auto Flight Routing - 2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Auto Tower (With HON ACS) - 2020</td>
</tr>
</tbody>
</table>

End to End System Solutions

Flight Planning

- Taxi To Gate
- Approach/Landing
- Cruise
- Taxi To Runway
- Take-Off/Climb

Monetizing ATM Solutions Today
Mechanical And Electronic Innovations

Electric Taxi

- APU-Driven Taxi
  - Saves Fuel
  - Reduces Engine Maintenance Costs
  - No Pushback Tug Required
  - Lower Emissions
  - ~$10B Opportunity Size

Integrated Controls

- APEX Cockpit Control of HON Mechanical Systems
  - Cabin Pressure with FMS
  - Distinctive Capability
  - Sold on 90% of APEX Systems

Pushing Beyond Traditional Boundaries
Airborne Connectivity Offerings

• Demand for Connectivity Rapidly Growing
  - Double to >8K Aircraft by 2014

• Integration of EMS Into HON Creates Industry’s Strongest Offering:
  - Broadest Product Range
  - Industry Leading Technology
  - HON “Smarts” Inside >75% of Other’s Products
  - Largest Installed Base – Every ATR Broadband Solution

• Ability to Combine Satcom with Other HON Products to Create New Offerings

Great Position With Differentiated Technology
Honeywell Defense & Space

D&S Sales

$5.3

$5.0

~(1%) CAGR

2011

2012E

2013E

2014E

Highlights

- Highly Diversified Across 300+ Platforms
  - Less Than 3% Exposure on Any One

- Low Exposure to War Spending
  - ~20% of U.S. DOD Spending, ~5% of HON

- Benefits of Balanced Portfolio Next 5 Years
  - Modest Decline vs. Broad Market Outlook

- Aligning Resources to Capture Growth Areas
  - Investing in Modifications / Upgrades
  - Position for Wins in High Growth Regions – South Korea, India, Israel, Middle East

- Broad Based Service Offerings
  - Performance Based Logistics Product Maintenance
  - Service Life Extensions – Safety, Efficiency

Little Exposure To DoD War Spending
Defense & Space Opportunities

Aftermarket / RMU Growth

• Capabilities: Propulsion, SATCOM, Navigation
• Operational Efficiency: Condition Based Maint.
• Modernization: Navigation, Displays
• Safety: Terrain Avoidance, Weather Radar

Focused International Growth

• Jaguar Re-Engine
• Modernization
• Local Platforms
• Helicopters
• Fighters
• Upgrades

Opportunities Offset DoD Budget Declines
Commercial Aero Outlook

Air Transport & Regional Outlook

- HON Well Positioned on Growing Fleets
- Key New Aircraft Entering Service
  - 2011: B787, B747-8
  - 2014: A350
  - 2016: C919, 320NEO, 737Max
- Existing Production Rates Rising
  - Narrow Bodies, B777, A330
- Backlog At Historic Highs

Business & General Aviation Outlook

- High HON Content on High Growth Aircraft
- Key High Content Aircraft Entering Service
  - 2012: G650, G280
  - 2013: Legacy 450/500, Falcon 2000S
- 7 More Unannounced Wins EIS in 2015-2018
  - Avionics and Mechanical Systems

HON Growth Outpacing Market
Commercial Aftermarket Drivers

Global ATR Flight Hours

- ~8M Flight Hours Above Previous Cycle
- 650+ Net Aircraft Out of Warranty vs. Parked
- ~400 A/C > 16 Years Old Returned to Service
- Oil Prices and RASM Support Continued Growth

Regional Share Of Flight Activity

- EM Mix Expanded ~20 Pts Last 10 Years
- Offsets Slower Growth in Developed Regions
- Increased Balance Reduces Volatility
- Growth Outlook Driven by New A/C Deliveries

Flight Hour Growth Continues
Emerging Regions Increasing Share
Huge Install Base Opportunity For Upgrades

- Improves Safety, Increases Readiness and Reduces Operating Costs
- US Army Equipped Aircraft Getting 5-8% Improved Readiness and Fewer In-flight Aborts
- 176 CH-47 AC Already Equipped
- $350M+ Market Opportunity

~$225M Short-Cycle Sales Target In 2012

Customer Needs Driving RMU Adoption

- Reduces Risk of Fuel Tank Fire by Replacing Oxygen with Nitrogen
- OE Production Began in 2010
- Retrofits are Mandated By 2017
- $300M+ Program Value

~$450M Short-Cycle Sales Target In 2012

Commercial Upgrade:
Nitrogen Generation System

- DEFENSE UPGRADE:
Health Monitoring System for CH-47 Chinook Helicopter

~$450M Short-Cycle Sales Target In 2012

~24,000 ATR Aircraft

~50,000 BGA Aircraft

~40,000 Aircraft D&S

~50,000 Aircraft ATR

~25,000 Aircraft BGA

~40,000 Aircraft D&S

Honeywell

Aerospace

14

Honeywell Investor Conference – March 7, 2012
# Broadening Our Global Reach

## In Past
- PHOENIX-CENTRIC
  - Phoenix-based R&D
  - Limited International Manufacturing
  - U.S. DoD Focused
  - Limited in China
  - Limited in India
  - Domestic Aftermarket Focus

## China / India Success
- CHINA
  - Major C919 Winner
  - High Aftermarket Win Rate
  - Local Capabilities
    - Supply Chain
    - RDE Capability
    - Sales and Support Coverage
  - Commercial MRO Licensee
  - Mahindra General Aviation

- INDIA
  - Jaguar Re-Engine
  - HAL Platform Engines
    - Helicopter
    - Trainer
  - Commercial MRO Licensee
  - Mahindra General Aviation

## New Growth Regions
- BRAZIL
  - Helicopter RMUs for Oil & Gas
  - Commercial MRO Licensee
  - Airline Growth

- TURKEY
  - Airline Selectables
  - Helo Upgrades
  - F-16, UAVs, Trainers

- INDONESIA
  - Engines to Indonesian Aero
  - Airline Selectables
  - F-16, Helo Safety Upgrades

- UNITED ARAB EMIRATES
  - Emirates Airlines Satcom
  - Regional Depot Established
  - Chinook Fleet Modernization

- VIETNAM
  - Developing MRO Capability
  - Airline Strategic Partnering

---

**Replicating Success Across High Growth Regions**
Execution: Honeywell Enablers Deliver

HOS Deployment Status

- Sites Deployed
- Bronze Certified

Silver Site Performance Example

- Inventory DOS 38% Better
- Quality PPM 98% Better
- Delivery OTR 27 pts Higher
- Productivity 8.6 pts Higher

Net ERP Benefits

- Europe, APAC, U.S. Deployments
- Functional Transformation Leverage
- 100% of Sales on SAP in 2014

Run Rate

HOS Delivering Results And Sustaining Our Future
Execution: VPD™ Generates Results

**Previous State**

- **Point Products**
  - Flight Management Systems, Avionics, Engines

- **Unique Components**
  - Controllers, Display Processors

- **Unique Parts and Tools**
  - Operating Systems, Printed Board Assemblies

---

**Core Program Investment**

- **Multiple Applications**
  - Next Generation FMS, Primus Apex, External Lighting

- **Multi-Use Modules**

- **Standard Parts and Common Tools**

---

VPD™ Strengthens R&D Power

**Significant VPD™ Progress**

- >$300M in Productivity Through 2016
- 68% Reduction in New Part Introductions
- $860M in Core Investment Through 2016

- Simulations Reducing Rig Tests >80%
- Sourcing Approvals 61% Faster
- >3,000 S/W Engineers @ CMMI Level 5

**Significant Driver Of Increased R&D Effectiveness**
Long-Term Outlook Update

**Sales**

*Long Term Target: 4 - 6% CAGR*

2012 Up 3 - 5%

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales ($B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$10.7</td>
</tr>
<tr>
<td>2011</td>
<td>$11.5</td>
</tr>
<tr>
<td>2012</td>
<td>$11.8 - 12.1</td>
</tr>
<tr>
<td>2013</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>$12.7 - 13.3</td>
</tr>
</tbody>
</table>

**Segment Margin**

*Long Term Goal: 21 - 23%*

2012 Expanding 70 - 100 bps

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>17.2</td>
</tr>
<tr>
<td>2011</td>
<td>17.6</td>
</tr>
<tr>
<td>2012</td>
<td>18.3 - 18.6</td>
</tr>
<tr>
<td>2013</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>21-23%</td>
</tr>
</tbody>
</table>
Why We Outperform

• Transformed, Customer-Centric Organization
  - 2x International Sales and Marketing Presence
  - More Efficient Cost Structure, Higher Incremental Margins

• Leading Portfolio And Technologies
  - Benefiting From Robust Commercial Up-Cycle
  - Strong Backlog \(\rightarrow\) Growth Outlook Offsetting Defense

• Near- and Long-Term Growth Prospects
  - Customer Needs Driving Near-Term RMU Sales
  - ATR and BGA Outpacing Industry Growth
The World Continues To Shift

The Past 10 Years

• Globalization a Major Driver
  - HGRs Now ~30% of Global GDP vs. ~20%
  - >50% World GDP Growth From HGRs
  - Focus on China and India the Right Call

(Real GDP, $T)

2001  |  2011
---|---
$2.2 | $5.5
$5.8 | $8.8
$8.0 | $14.3

Source: Global Insight

The Next 10 Years

• HGRs Continue to Drive Growth
  - China and India Growth Continues, But…
  - Expand Focus to Larger Population of HGRs
  - Next 8 Needs Best Align with HON Strengths

(Real GDP, $T)

2011  |  2021
---|---
$5.5 | $11.7
$8.8 | $13.4
$14.3 | $25.1

Significant Opportunity

Source: Global Insight

HGRs A Significant Growth Engine
China And India Focus: The Right Call

HON China And India

Sales

($B)

<table>
<thead>
<tr>
<th>Year</th>
<th>India</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>$0.7</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td>$2.4</td>
</tr>
<tr>
<td>2014E</td>
<td>~$4</td>
<td></td>
</tr>
</tbody>
</table>

17% CAGR
~16% CAGR

Census

(K employees)

<table>
<thead>
<tr>
<th>Year</th>
<th>India</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>~2K</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td>25K</td>
</tr>
<tr>
<td>2014E</td>
<td>~30K</td>
<td></td>
</tr>
</tbody>
</table>

~4% CAGR

Key Drivers

• Unqualified Executive Sponsorship
• Dedicated, Locally Capable Leaders
• Deep Local Expertise and Insights
• E4E Product Development and Supply Chain Platform

“A Significant Growth Contributor And Great Foundation”

People

Marketing

R&D / ENG

Supply Chain

Segment

Sales / Channel

“Become THE Chinese Competitor”
## Lessons From China / India Success

### The Playbook

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Unqualified Executive Sponsorship</td>
</tr>
<tr>
<td>2</td>
<td>Dedicated, Locally Capable Leaders</td>
</tr>
<tr>
<td>3</td>
<td>Deep Local Expertise and Insights</td>
</tr>
<tr>
<td>4</td>
<td>E4E Product Development and Supply Chain Platform</td>
</tr>
<tr>
<td>5</td>
<td>“Become THE Chinese Competitor”</td>
</tr>
</tbody>
</table>

### Actions

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.</strong> Invested in ~70 Sites in China and India</td>
<td></td>
</tr>
<tr>
<td><strong>2.</strong> ~17% CAGR (2005-2010) in Front Office HC</td>
<td></td>
</tr>
<tr>
<td><strong>3.</strong> Census 25,000</td>
<td></td>
</tr>
<tr>
<td><strong>4.</strong> Senior Local Leaders, &lt;50 Expats</td>
<td></td>
</tr>
<tr>
<td><strong>5.</strong> &gt;300 Local Marketing Experts</td>
<td></td>
</tr>
<tr>
<td><strong>6.</strong> Long Term Government and Customer Relationships Established</td>
<td></td>
</tr>
<tr>
<td><strong>7.</strong> Full Local R&amp;D Capability and Authority</td>
<td></td>
</tr>
<tr>
<td><strong>8.</strong> Broad Mid-segment Product Range</td>
<td></td>
</tr>
<tr>
<td><strong>9.</strong> Operate As the Local Competitor</td>
<td></td>
</tr>
<tr>
<td><strong>10.</strong> Innovate At China Speed</td>
<td></td>
</tr>
</tbody>
</table>

---

**Upgrading Local Capabilities Generates Great Returns**
HGR Core Strategies

**Growth Geographies**
- China and India Provide a Strong Base
- Take HGR “Playbook” to Other Key Regions
- Leverage Existing HGR Platform

**E4E / E2W Platform**
- R&D
- Supply Chain
- Manufacturing

**Global Energy And Resources**
- Resource-led Entry and Pull Through of Other Businesses
- ONE-HON Focus on Major Energy Trends

**Global D&S**
- Focus on Fast Growing HGR Defense Markets
- Targeted Entry and Resourcing

**Follow The Money**
- Follow HGR Companies Investing / Building Abroad
- >80 Chinese and Turkish Contractors in Top 225

**Global Foundation for Functional Support**
Government Relations, Human Resources, Legal, Communications

Integrated Strategy To Accelerate HGRs
E4E Platform

A Different Mid-Segment

• ~2.3B HGR Middle Class By 2020, But a Different Middle Class
  - <$10k World, vs. Developed >$30k*

New Global Players

• Chinese/Indian Competitors Expanding Globally

HON E4E Products

Halo Series Thermostats

PlantCruise by Experion

Youjie 3300

N-6000 Intelligent Fire Alarm System

*Nominal GDP per capita

E4E Design

• “Global Capabilities, Local Needs”
• Full Local R&D

E4E Manufacturing

• “Global Quality, Local Competitiveness”
• Strong Supply Chain Platform

E4E Sales

• “Global Brand, Local Channels”
• Local Distribution and Partnership

E4E Engine And Products For The Mid-Segment
Growth: Next 8 + Singles And Doubles

The Next 8

- Russia
- Brazil
- Mexico
- Indonesia
- Turkey
- South Africa
- Poland
- Thailand

2015 GDP ($T)

- $2.8
- $3.2
- $1.4
- $1.3
- $1.0
- $0.5
- $0.7
- $0.5

- Focused Mgmt Attention
- In-country “Adults”
- Strong Local Marketing
- Use Existing Supply Chain, and R&D Platform
- Expand Into Mid-segment
- Expand Sales, Channels

Singles And Doubles

- Middle East
- Africa
- Stans
- Other Latin America

- Bolster Existing Footprint
- Many Emerging Economies
- Resource Play
- Follow the Money
- Resource Play
- Accelerate
- Pick Emerging Winners

Apply Proven Formula To Key Geographies
### Opportunities Heat Map

<table>
<thead>
<tr>
<th></th>
<th>ACS</th>
<th>AERO</th>
<th>PMT</th>
<th>TS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>HPS</td>
<td>HBS</td>
<td>Other ACS</td>
<td>OEM</td>
</tr>
<tr>
<td>Russia</td>
<td>HPS</td>
<td>HBS</td>
<td>Other ACS</td>
<td>OEM</td>
</tr>
<tr>
<td>Mexico</td>
<td>HPS</td>
<td>HBS</td>
<td>Other ACS</td>
<td>OEM</td>
</tr>
<tr>
<td>Turkey</td>
<td>HPS</td>
<td>HBS</td>
<td>Other ACS</td>
<td>OEM</td>
</tr>
<tr>
<td>South Africa</td>
<td>HPS</td>
<td>HBS</td>
<td>Other ACS</td>
<td>OEM</td>
</tr>
<tr>
<td>Poland</td>
<td>HPS</td>
<td>HBS</td>
<td>Other ACS</td>
<td>OEM</td>
</tr>
<tr>
<td>Indonesia</td>
<td>HPS</td>
<td>HBS</td>
<td>Other ACS</td>
<td>OEM</td>
</tr>
<tr>
<td>Thailand</td>
<td>HPS</td>
<td>HBS</td>
<td>Other ACS</td>
<td>OEM</td>
</tr>
</tbody>
</table>

- **Significant Opportunity**: Green
- **Concrete Opportunity**: Light Green
- **Limited Opportunity**: Yellow

**Significant Opportunities Across SBG’s**
Global Energy And Resources

Top 30 HGR Energy Countries
Oil & Gas Reserves and Production

Resource-led Geographical Entry
- Pull Through of Other Businesses

Capture Broad Energy And Resource Opportunities

Capitalize On Key Energy Trends
Energy Efficiency
Alternative Energy
Energy Security

* Excluding Iran, Sudan

Countries ranked 1-10
Countries ranked 11-20
Countries ranked 21-30
Inaccessible countries
Top 30 HGR Countries By Defense Spend
Selected 2010 Military Expenditure (USD $B)

Required Elements for Success

Country Executive + Local GR + Local D&S Executives + D.C. Coordination

Countries ranked 1-10
Countries ranked 11-20
Countries ranked 21-30

Middle East & North Africa: $92B
India: $41B
South Korea: $28B
Southeast Asia: $28B
Brazil: $34B
Turkey: $18B
### Vietnam Example

#### Capabilities

- **One Honeywell Team**
  - Country Leader with Extensive O&G Experience
  - Training for Staff and Agents / Distributors

- **Continue To Build Capabilities**
  - Government Relations (Ministry of Industry & Trade, Ministry of Construction)
  - Technical Project Support
  - Set up Channels for Spec-In Projects

- **Reinforce Compliance**
  - Processes, Code of Conduct
  - Training for Staff and Agents / Distributors

#### Approach

- **One-HON Joint Project Pursuits**
  - Gov’t projects
  - Commercial Buildings
  - 5* Hotel/Resorts

- **Key Partnerships**
  - PetroVietnam
  - Civil Aviation Administration
  - Ministry of Construction

- **One-HON Project WINs**
  - Nghi Son Refinery (>200M next 4 years, UOP/HPS/Callidus/HLS/Maxon/HSG)
  - Nam Con Son LPG 2 ($13M, UOP/HPS)

- **Sales Growing Fast**
  - 2010: $28
  - 2011: $45
  - 2012E: $103
  - +63%
  - +127%
HON HGR Sales Outlook

- **Strong China and India Growth Over Last Decade**
  - Over 20% CAGR Driven By HON Playbook, E4E Strategy
  - Growth Expected to Continue Helping HON Meet 2014 Long Term Targets

- **Leverage Next 8 to Continue HGR Growth**
  - China and India Base, Core Strategies Facilitate Acceleration
  - Next 8 Growth Accelerating to 20%+ vs. 13% Prior

Next 8 Growth Accelerated To China/India Speeds
Summary

- **Great Progress in Globalization Over Past 10 Years**
  - 20% of HON Sales From High Growth Regions, Up 11 Pts
  - HGR Organization Census in Place to Support Future Growth

- **Initial Focus on China and India the Right Call**
  - Driver of More Than 25% of Global Growth
  - A Strong Foundation and a “Playbook” for Other High Growth Regions

- **East for East - Foundation for the New Global Mid-Segment**
  - Serve Both the <$10K and the >$30K Middle Class

- **Integrated HGR Approach Contributing Over 50% of HON Growth**
  - Growth Geographies
  - Global Energy and Resources
  - Global Defense and Space
  - Follow the Money

**HON Well Positioned To Capitalize On HGR Expansion**
Today’s Discussion

• Honeywell’s Transformation 2003 - 2011
  – Portfolio Management, Emerging Region Growth
  – Execution Of Key Initiatives, Significant Productivity

• 2011 Performance And 2012 Outlook
  – Delivered Top-Tier Performance In 2011
  – Prepared For Tougher 2012

• Compelling Investment Opportunity
  – Consistency Of Strategy, Execution, Value Creation
  – On Track To 2014 Sales, Margin And Cash Targets
Honeywell’s Transformation

From Laggard . . .

To Industry Leader

Allied Merger, GE Take-Over Attempt

Lost Money Two Consecutive Years

Executive Team Upgrade

~70 Acq / ~50 Div Since ‘02

Dave Cote, CEO

5 Initiatives, One HON Culture

Building Performance Culture, Portfolio Management

Executing Strategies, Built Financial Track Record

Improved During Economic Downturn

Record Sales Growth, Margin, WCT, and FCF

- Dividend $1.49/Share*
- 10-Year TSR 135%

Performance Better This Recession

Preserved Industrial Base

Seed Planting Investments

Sales Mix Outside U.S. 41% → 54%


*Annualized Rate Based on 4Q 2011 Increase

Has Become A Top Performing Multi-Industrial
2003 – 2011 Track Record

($B)

+7% CAGR

$36.5

14.7%

$3.2

+50 bps/year

$2.2

2003 Sales 2011

2003 Segment Margin 2011

2003 Net Income (Proforma)* 2011

2003 FCF** 2011

$22.1

10.6%

$1.3

$3.7

2003

2011

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

Significant Growth All Key Metrics
Organic Sales Growth

**Sales Growth ($B)**

- 2003: $22.1
- 2009: $30.0
- 2011: $36.5

**World GDP**

- 2003: 3.9%
- 2004: 7.8%
- 2005: 5.0%
- 2006: 6.2%
- 2007: 7.0%
- 2008: 1.8%
- 2009: 4.3%
- 2010: 6.9%
- 2011: 8.3%

**Organic Growth**

- 2003: 3.9%
- 2004: 7.8%
- 2005: 5.0%
- 2006: 6.2%
- 2007: 7.0%
- 2008: 1.8%
- 2009: 4.3%
- 2010: 6.9%
- 2011: 8.3%

**Record Organic Growth in 2010–2011**

CAGR:

- 2004: 10%
- 2005: 6.9%
- 2006: 7.0%
- 2007: 6.2%
- 2008: 5.0%
- 2009: 3.9%
- 2010: 4.3%
- 2011: 8.3%

**World GDP ($B)**

- 2003: $22.1
- 2009: $30.0
- 2011: $36.5


**Notes:**

- CAGR: Compound Annual Growth Rate
- Record Organic Growth

**Source:** Honeywell Investor Conference – March 7, 2012
Simple (But Powerful) Measures Of Productivity

Sales / Segment Profit Per Employee

Sales / Employee ($K)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales / Employee ($K)</th>
<th>Growth Rate</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002*</td>
<td>199</td>
<td>3% CAGR</td>
<td></td>
</tr>
<tr>
<td>2009*</td>
<td>238</td>
<td>3% CAGR</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>255</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Segment Profit / Employee ($K)

<table>
<thead>
<tr>
<th>Year</th>
<th>Segment Profit / Employee ($K)</th>
<th>Growth Rate</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002*</td>
<td>22</td>
<td>5% CAGR</td>
<td></td>
</tr>
<tr>
<td>2009*</td>
<td>32</td>
<td>9% CAGR</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>37</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Includes CPG
OEF Productivity

Operating Performance Delivered Through OEF

Full Time Headcount (K)

<table>
<thead>
<tr>
<th>Year</th>
<th>Emerging Regions</th>
<th>Developed Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>2011</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>2012E</td>
<td>38%</td>
<td>~135%</td>
</tr>
</tbody>
</table>

Labor Cost (OEF) As % Of Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Emerging Regions</th>
<th>Developed Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>2011</td>
<td>28%</td>
<td>63%</td>
</tr>
<tr>
<td>2012E</td>
<td>~27%</td>
<td>~27%</td>
</tr>
</tbody>
</table>
RD&E – Investing In Growth

RD&E Effectiveness = New Product Leverage

Credit Crisis / Recession

RD&E % of sales
RD&E Census


4.9% 4.9% 4.9% 4.8% 4.5% 4.6% 4.6% 4.6% 4.8% 4.9%

RD&E Effectiveness = New Product Leverage
Segment Margin Expansion

Accelerating Margin Expansion

Note: All Years Exclude CPG
Investing In Growth – Capex

**Capital Spend**

- 2011: 114%
- 2012E: 137%

**2012 Spend Profile**

- **14% Other**
- **10% Maintenance**
- **11% HS&E**
- **17% Productivity**
- **48% Growth**

**Major Growth Projects**

- **PMT**
  - LGWP Refrigerants
- **ACS**
  - New Product Introductions
- **PMT**
  - Photovoltaics
- **TS**
  - HTT Slovakia Plant
- **Aero**
  - COMAC C-919 Development
- **TS**
  - FM Romania Plant
- **TS**
  - FM Chongqing, China Plant
- **PMT**
  - Hopewell Factory Expansion
- **ACS**
  - HLS Nantong Glove Factory

**Funding High Return Growth Projects**
2012 Outlook
# 2012 Financial Guidance Summary

## Consolidated ($B except per share amounts) 2012 Financial Outlook Growth 2012E vs. 2011

<table>
<thead>
<tr>
<th></th>
<th>Low End</th>
<th>High End</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$37.8 - 38.9</td>
<td>4% - 7%</td>
</tr>
<tr>
<td>Segment Profit</td>
<td>$5.7 - 5.9</td>
<td>6% - 11%</td>
</tr>
<tr>
<td><strong>Segment Margin</strong></td>
<td>15.0% - 15.3%</td>
<td>30 bps - 60 bps</td>
</tr>
<tr>
<td><strong>EPS from Cont. Ops</strong></td>
<td>$4.25 - $4.50</td>
<td>12% - 19%</td>
</tr>
<tr>
<td><strong>EPS from Disc. Ops</strong></td>
<td>~$3.5</td>
<td>~100% Conversion</td>
</tr>
<tr>
<td>EPS</td>
<td>$4.25 - $4.50</td>
<td>5% - 11%</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>~$3.5</td>
<td>~100% Conversion</td>
</tr>
</tbody>
</table>

1) Proforma, V% Compared to 2011 Proforma Excluding Any Mark-to-Market Pension Adjustments
2) Prior to Cash Contributions to Pension Plans and NARCO Trust in 2012

## Reaffirming 2012 Outlook

- Lower Global GDP Growth
- Emerging Markets Moderate Further
- Unfavorable Mix – ACS Products, PMT
- Inflation / Productivity Worse
- Stronger Dollar – EUR < $1.30

+ Stronger Global GDP Growth
+ Emerging Markets Overdrive
+ Favorable Mix – Commercial AM, UOP
+ Inflation / Productivity Better
+ Weaker Dollar – EUR > $1.30
HON Sales – Geographic Growth

Emerging Market Growth Driving YOY Improvement

Geographic Mix

<table>
<thead>
<tr>
<th>Region</th>
<th>2003*</th>
<th>2012E</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>~59%</td>
<td>~46%</td>
</tr>
<tr>
<td>Europe</td>
<td>~25%</td>
<td>~26%</td>
</tr>
<tr>
<td>ROW</td>
<td>~16%</td>
<td>+12%</td>
</tr>
</tbody>
</table>

Organic Sales Growth

<table>
<thead>
<tr>
<th>Region</th>
<th>2011</th>
<th>2012E</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>+0-3%</td>
<td>+10-12%</td>
</tr>
<tr>
<td>Europe</td>
<td>+6-7% ex-D&amp;S</td>
<td>+10-12%</td>
</tr>
<tr>
<td>ROW</td>
<td>+2-4%</td>
<td>+10-12%</td>
</tr>
</tbody>
</table>

*Includes CPG
2012 End Market Update

• What We Are Seeing
  – Commercial Aero Strength Continues – OE And AM
  – Moderate Declines In D&S, Program Ramp-downs And Completions
  – Industrial Strength Continues – UOP, HPS, Industrial Safety
  – Res / Non-Res Construction Still Soft; Emerging Regions Slower Growth
  – Europe Short-cycle Macros Weak – ESS, Turbo LV Production

• What We Are Expecting
  – Commercial Aero OE Accelerates → 2x Commercial Aftermarket Growth
  – D&S Outlook – Manageable Declines, Sales Stabilize In 2013
  – UOP, HPS, BSD Multi-Year Outlook Robust; Long Cycle BTB >1
  – Europe Macro Headwinds Continue, Easier Comps 2H12
  – China Growth Outlook Likely To Improve 2H12
# 1Q12 Update

<table>
<thead>
<tr>
<th>Sales Change</th>
<th>Comments</th>
</tr>
</thead>
</table>
| Aerospace    | • Commercial Strength Continues  
              | • Defense Flat YoY, Down Sequentially |
| ACS          | • Short Cycle Growth Moderates in ESS*  
              | • BSD*, Process Solutions Accelerate |
| PMT          | • UOP Strength, Adv. Materials Moderates  
              | • ~8-9% M&A Impact (Phenol Plant) |
| Transportation | • EU LV Production Down ~(8%)  
                | • New Launches, Diesel Penetration Offset |
| Honeywell    | • Total ~$9.0 - $9.2B |

* ESS: Energy, Safety and Security (ACS Products Less ADI), HPS: Honeywell Process Solutions, BSD: Building Solutions and Distribution (Includes ADI)
Valuation Perspective
Valuation Metrics – 5 Years Ago

**2007 P/E Ratio**

- **Range**: 20, 17, 16
- **Average**: 16, 14, 15
- **HON**: 14, 19, 15

**HON Lowest**

**2007 PEG Ratio**

- **Range**: 3.8, 1.5, 1.0
- **Average**: 1.5, 1.5, 1.5
- **HON**: 0.1, 0.1, 0.1

**HON 2nd Lowest**

**2007 FCF Multiple**

- **Range**: 23, 19, 15
- **Average**: 14, 1.5, 2.1
- **HON**: 15, 19, 19

**HON 2nd Lowest**

**Dividend Yield**

- **Range**: 2.9%, 1.5%, 2.1%
- **Average**: 0.1%, 1.5%, 2.1%
- **HON**: 2.1%, 2.1%, 2.1%

**HON 3rd Highest**

**2006 ROIC**

- **Range**: 37%, 21%, 19%
- **Average**: 15%, 19%, 19%
- **HON**: 15%, 21%, 19%

**HON 3rd Highest**

**TSR***

<table>
<thead>
<tr>
<th>Year</th>
<th>Honeywell</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>24</td>
<td>16</td>
</tr>
<tr>
<td>2005</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>2004</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>2003</td>
<td>43</td>
<td>29</td>
</tr>
</tbody>
</table>

*Total Shareholder Return

Good Performance And Undervalued = Upside
**5 Year Share Price Performance**

*Indexed (January 1, 2007 to December 31, 2011)*

*Significantly Outperformed S&P And Peers*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>37%</td>
<td>(-1%)</td>
<td>10%</td>
</tr>
</tbody>
</table>

Indexed (January 1, 2007 to December 31, 2011)
Valuation Metrics – 2 Years Ago

**2010 P/E Ratio**

- **Range**: 20, 16, 17
- **Average**: 13, 14
- **HON**: 14

**2010 FCF Multiple**

- **Range**: 16, 13, 11
- **Average**: 10, 10
- **HON**: 10

**2009 ROIC**

- **Range**: 32%, 15%, 20%
- **Average**: 32%, 15%
- **HON**: 20%

**Pension Adjusted HON 14x**

**2009 Margin Change**

- **Range**: (210) bps, (80) bps
- **Average**: Held Flat
- **HON**: (210) bps

**Dividend Yield**

- **Range**: 3.0%, 2.0%, 3.0%
- **Average**: 3.0%, 2.0%
- **HON**: 3.0%

**TSR* (Total Shareholder Return)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Honeywell</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>24</td>
<td>26</td>
</tr>
<tr>
<td>2008</td>
<td>(45)</td>
<td>(37)</td>
</tr>
<tr>
<td>2007</td>
<td>39</td>
<td>5</td>
</tr>
<tr>
<td>2006</td>
<td>24</td>
<td>16</td>
</tr>
<tr>
<td>2005</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>2004</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>2003</td>
<td>43</td>
<td>29</td>
</tr>
</tbody>
</table>

**HON 2nd Lowest**

**HON 2nd Highest**

**HON Highest**

**Good Call Historically**

Range, average calculated using eight multi-industry peers; Honeywell 2/18/2010 closing stock price: $39.85

*Total Shareholder Return
## 2 Year Share Price Performance

### Market Cap Growth Comparison

<table>
<thead>
<tr>
<th></th>
<th>HON</th>
<th>Peer Avg*</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/11</td>
<td>$42.7B</td>
<td>$34.0B</td>
</tr>
<tr>
<td>1/1/10</td>
<td>$30.7B</td>
<td>$30.7B</td>
</tr>
<tr>
<td>Increase</td>
<td>$12.0B</td>
<td>$ 3.3B</td>
</tr>
</tbody>
</table>

Indexed (January 1, 2010 to December 31, 2011)

*Illustrative Market Cap Growth Based on HON 1/1/2010 Market Cap and Peer Group Avg Share Price Performance*
Valuation Metrics Today

2012 P/E Ratio

- HON 3rd Lowest
- 2012 PEG Ratio
- 2012 P/E Ratio

2012 FCF Multiple

- HON 2nd Lowest
- Dividend Yield

2011 ROIC

- HON 3rd Highest
- TSR*

<table>
<thead>
<tr>
<th>Year</th>
<th>Honeywell</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>213%</td>
<td>87%</td>
</tr>
<tr>
<td>2010</td>
<td>39%</td>
<td>15%</td>
</tr>
<tr>
<td>2009</td>
<td>24%</td>
<td>26%</td>
</tr>
<tr>
<td>2008</td>
<td>(45)%</td>
<td>(37)%</td>
</tr>
<tr>
<td>2007</td>
<td>39%</td>
<td>5%</td>
</tr>
<tr>
<td>2006</td>
<td>24%</td>
<td>16%</td>
</tr>
<tr>
<td>2005</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>2004</td>
<td>8%</td>
<td>11%</td>
</tr>
<tr>
<td>2003</td>
<td>43%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Range, average calculated using eight multi-industry peers; Honeywell 2/29/2012 closing stock price: $59.57

*Total Shareholder Return 12/31/02 Through 2/29/2012

Compelling Investment Opportunity
## HON Differentiators

<table>
<thead>
<tr>
<th>Key Areas</th>
<th>What’s To Like</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aero Leverage</td>
<td>• AM Strong, Complemented By Software Upgrades</td>
</tr>
<tr>
<td></td>
<td>• Winning on Growing Platforms – Upside Potential</td>
</tr>
<tr>
<td>Long Cycle Backlog</td>
<td>• Demand Drivers: Energy Infra., Generation, Efficiency</td>
</tr>
<tr>
<td></td>
<td>• Securing Major New Wins Across Portfolio</td>
</tr>
<tr>
<td>High Growth Region Momentum</td>
<td>• Growth Outpacing Regional GDP</td>
</tr>
<tr>
<td></td>
<td>• Expanding E4E, E2W to Other High Growth Countries</td>
</tr>
<tr>
<td>Restructuring Tailwind</td>
<td>• 2012 Incremental Savings ~$150M</td>
</tr>
<tr>
<td></td>
<td>• High IRR Projects, Long-Term Benefits</td>
</tr>
<tr>
<td>HOS Acceleration</td>
<td>• Bronze+ Site Deployment to Grow 50% in 2012</td>
</tr>
<tr>
<td></td>
<td>• 20-30% Average Conversion Cost Productivity</td>
</tr>
<tr>
<td>Acquisition Upside</td>
<td>• Disciplined Process, Portfolio Transformation Evident</td>
</tr>
<tr>
<td></td>
<td>• More Integration Savings and Sales Upside</td>
</tr>
</tbody>
</table>
Long-Term Outlook

On Track To Achieve Long-Term Targets

**Sales**

- Long Term Goal: 6 - 8% CAGR
- '09 -'12: 8 – 9% CAGR

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$30.0</td>
</tr>
<tr>
<td>2010</td>
<td>$32.4</td>
</tr>
<tr>
<td>2011</td>
<td>$36.5</td>
</tr>
<tr>
<td>2012</td>
<td>$37.8 - 38.9</td>
</tr>
<tr>
<td>2013</td>
<td>$41.0 - 45.0</td>
</tr>
<tr>
<td>2014</td>
<td></td>
</tr>
</tbody>
</table>

**Segment Margin**

- Long Term Goal: 300 - 500 bps
- '09 -’12: 170 – 200 bps

<table>
<thead>
<tr>
<th>Year</th>
<th>Segment Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>13.3%</td>
</tr>
<tr>
<td>2010</td>
<td>13.9%</td>
</tr>
<tr>
<td>2011</td>
<td>14.7%</td>
</tr>
<tr>
<td>2012</td>
<td>15.0 - 15.3%</td>
</tr>
<tr>
<td>2013</td>
<td>16.0 - 18.0%</td>
</tr>
<tr>
<td>2014</td>
<td></td>
</tr>
</tbody>
</table>
Honeywell Investment Thesis

• Consistency Of Strategy And Execution
  – Robust New Product Pipeline Driving Organic Growth
  – Aero OE / AM Momentum, Long-Cycle Demand Drivers

• Accelerated Penetration Of High Growth Markets
  – China / India Remain Core To Growth → E4E Strategy Working
  – HGRs Driving >50% Of Honeywell Growth Through 2014

• Path To 2014 Performance Targets
  – Focus On Growth Investments And Operating Discipline
  – Acceleration Of HOS, Restructuring Tailwind, M&A Integration Upside

• Strong Cash Generation / Effective Deployment
  – Ongoing Working Capital Improvement, Disciplined Investments
  – Attractive Returns To Shareholders – Dividends, Share Repurchases
Summary

Dave Cote
Chairman and CEO
Summary

• **Building Off Of An Increasingly Robust Foundation**
  - Strong Set Of Tools And Enablers Driving Benefits
  - Great Leadership In Place, Organized The Right Way
  - **Accelerated Outperformance** From HON During Last Two Years

• **Honeywell Will Continue To Evolve**
  - Great Positions In Good Industries, One Honeywell, 5 Initiatives
  - Execution Fundamentals Persist, Improvement Pace Continues
  - Stay Hungry, Smart, Disciplined and **Flexible**

• **Unparalleled Commitment To Shareholders Will Persist**
  - On Track To Meet Long Term Targets
  - Strong Cash Generation, **Returning Value To Shareholders**
  - Generating Strong Results Today, Seed Planting For Tomorrow
Appendix
Reconciliation Of Non-GAAP Measures To GAAP Measures
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

<table>
<thead>
<tr>
<th></th>
<th>2003 (1)</th>
<th>2004 (1)</th>
<th>2005 (1)</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Profit</td>
<td>$2.4</td>
<td>$2.8</td>
<td>$3.2</td>
<td>$4.0</td>
<td>$4.6</td>
</tr>
<tr>
<td>Stock Based Compensation (2)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>(0.1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Repositioning and Other (2, 3)</td>
<td>(0.2)</td>
<td>(0.7)</td>
<td>(0.4)</td>
<td>(0.5)</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Pension Expense-ongoing (2)</td>
<td>(0.1)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.1</td>
</tr>
<tr>
<td>Pension Expense-mark to market (2)</td>
<td>(0.2)</td>
<td>(0.1)</td>
<td>(0.0)</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>OPEB Income (Expense) (2)</td>
<td>(0.2)</td>
<td>(0.2)</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$1.7</td>
<td>$1.8</td>
<td>$2.7</td>
<td>$3.3</td>
<td>$3.9</td>
</tr>
</tbody>
</table>

**Segment Profit**

- Stock Based Compensation included in Segment Profit.
- Stock Based Compensation included in cost of products and services sold and selling, general and administrative expenses.
- Includes repositioning, asbestos and environmental expenses.

**Operating Income**

- Segment Profit Margin %
- Operating Income Margin %

Honeywell Investor Conference – March 7, 2012
Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margin

<table>
<thead>
<tr>
<th>($B)</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Profit</td>
<td>$4.8</td>
<td>$4.0</td>
<td>$4.5</td>
<td>$5.4</td>
<td>$5.7 - 5.9</td>
</tr>
<tr>
<td>Stock Based Compensation (1)</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>(0.2)</td>
<td>(0.2)</td>
<td>~($0.2)</td>
</tr>
<tr>
<td>Repositioning and Other (1, 2)</td>
<td>(1.1)</td>
<td>(0.5)</td>
<td>(0.6)</td>
<td>(0.8)</td>
<td>~($0.4)</td>
</tr>
<tr>
<td>Pension Expense-ongoing (1)</td>
<td>0.1</td>
<td>(0.3)</td>
<td>(0.2)</td>
<td>(0.1)</td>
<td>~($0.1)</td>
</tr>
<tr>
<td>Pension Expense-mark to market (1)</td>
<td>(3.3)</td>
<td>(0.7)</td>
<td>(0.5)</td>
<td>(1.8)</td>
<td>TBD</td>
</tr>
<tr>
<td>OPEB Income (Expense) (1)</td>
<td>(0.1)</td>
<td>0.0</td>
<td>(0.0)</td>
<td>0.1</td>
<td>~($0.1)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$0.3</td>
<td>$2.4</td>
<td>$3.0</td>
<td>$2.6</td>
<td>$4.9 - 5.1</td>
</tr>
<tr>
<td>Segment Profit</td>
<td>$4.8</td>
<td>$4.0</td>
<td>$4.5</td>
<td>$5.4</td>
<td>$5.7 - 5.9</td>
</tr>
<tr>
<td>÷ Sales</td>
<td>$35.5</td>
<td>$30.0</td>
<td>$32.4</td>
<td>$36.5</td>
<td>$37.8 - 38.9</td>
</tr>
<tr>
<td>Segment Profit Margin %</td>
<td>13.5%</td>
<td>13.3%</td>
<td>13.9%</td>
<td>14.7%</td>
<td>15.0 - 15.3%</td>
</tr>
</tbody>
</table>

| Operating Income | $0.3   | $2.4   | $3.0   | $2.6   | $4.9 - 5.1 |
| ÷ Sales | $35.5  | $30.0  | $32.4  | $36.5  | $37.8 - 38.9 |
| Operating Income Margin % | 0.8%   | 7.9%   | 9.3%   | 7.0%   | 13.0 - 13.3% |

(1) Included in cost of products and services sold and selling, general and administrative expenses.
(2) Includes repositioning, asbestos, environmental expenses and equity income (beginning 1/1/2008).
Reconciliation of EPS to EPS, Excluding Mark-to-Market Pension Adjustment (Proforma)

<table>
<thead>
<tr>
<th></th>
<th>2002 (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS, Previously Reported</td>
<td>($0.31)</td>
</tr>
<tr>
<td>Effect of Pension Accounting Change</td>
<td>(1.95)</td>
</tr>
<tr>
<td>EPS</td>
<td>($2.26)</td>
</tr>
<tr>
<td>Mark-To-Market Pension Adjustment</td>
<td>1.87</td>
</tr>
<tr>
<td>Asbestos Related Litigation Charges, net of tax</td>
<td>1.23</td>
</tr>
<tr>
<td>Business Impairment Charges, net of tax</td>
<td>0.69</td>
</tr>
<tr>
<td>Repositioning Charges, net of tax</td>
<td>0.48</td>
</tr>
<tr>
<td>EPS, Excluding Mark-to Market Pension Adjustment (Proforma)</td>
<td>$2.01</td>
</tr>
</tbody>
</table>

(1) Utilizes weighted average shares outstanding and the effective tax rate for the period. Mark-to-market uses a tax rate of 38% for 2002.
Reconciliation of EPS to EPS, Excluding Mark-to-Market Pension Adjustment (Proforma)

<table>
<thead>
<tr>
<th></th>
<th>2003 (1)</th>
<th>2011 (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>$1.39</td>
<td>$2.61</td>
</tr>
<tr>
<td>Mark-To-Market Pension Adjustment</td>
<td>0.12</td>
<td>1.44</td>
</tr>
<tr>
<td>EPS, Excluding Mark-to-Market Pension Adjustment (Proforma)</td>
<td>$1.51</td>
<td>$4.05</td>
</tr>
</tbody>
</table>

(1) Utilizes weighted average shares outstanding and the effective tax rate for the period. Mark-to-market uses a tax rate of 33.5% and 36.9% for 2003 and 2011, respectively.
# Reconciliation of Free Cash Flow, Prior to U.S. Pension Cash Contributions, to Cash Provided By Operating Activities and Calculation of Cash Flow Conversion

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$2.4</td>
<td>$2.2</td>
<td>$2.8</td>
</tr>
<tr>
<td>Expenditures for Property, Plant and Equipment</td>
<td>(0.7)</td>
<td>(0.7)</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$1.7</td>
<td>$1.5</td>
<td>$2.0</td>
</tr>
<tr>
<td>US Pension Cash Contributions</td>
<td>0.1</td>
<td>0.7</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Free Cash Flow, prior to U.S. Pension Cash Contributions</strong></td>
<td><strong>$1.8</strong></td>
<td><strong>$2.2</strong></td>
<td><strong>$3.7</strong></td>
</tr>
<tr>
<td>Net Income Attributable to Honeywell</td>
<td>($1.8)</td>
<td>$1.2</td>
<td>$2.1</td>
</tr>
<tr>
<td>Mark-to-Market pension adjustment, net of tax (1)</td>
<td>1.5</td>
<td>0.1</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Net Income Attributable to Honeywell</strong></td>
<td><strong>($0.3)</strong></td>
<td><strong>$1.3</strong></td>
<td><strong>$3.2</strong></td>
</tr>
<tr>
<td><strong>Excluding Mark-to-Market Pension Adjustment (Proforma)</strong></td>
<td><strong>N/A</strong></td>
<td><strong>183%</strong></td>
<td><strong>137%</strong></td>
</tr>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$2.4</td>
<td>$2.2</td>
<td>$2.8</td>
</tr>
<tr>
<td>+ Net Income Attributable to Honeywell Excluding Mark-to-Market Pension Adjustment (Proforma)</td>
<td>($0.3)</td>
<td>$1.3</td>
<td>$3.2</td>
</tr>
<tr>
<td><strong>Operating Cash Flow Conversion %</strong></td>
<td><strong>N/A</strong></td>
<td><strong>170%</strong></td>
<td><strong>115%</strong></td>
</tr>
<tr>
<td>Free Cash Flow, prior to U.S. Pension Cash Contributions</td>
<td>$1.8</td>
<td>$2.2</td>
<td>$3.7</td>
</tr>
<tr>
<td>+ Net Income Attributable to Honeywell Excluding Mark-to-Market Pension Adjustment (Proforma)</td>
<td>($0.3)</td>
<td>$1.3</td>
<td>$3.2</td>
</tr>
<tr>
<td><strong>Free Cash Flow Conversion % (2)</strong></td>
<td><strong>N/A</strong></td>
<td><strong>170%</strong></td>
<td><strong>115%</strong></td>
</tr>
</tbody>
</table>

(1) Mark-to-market uses a tax rate of 38%, 33.5% and 36.9% for 2002, 2003 and 2011, respectively.

(2) Reflects Free Cash Flow prior to U.S. pension cash contributions and net income excluding the impact of mark-to-market pension adjustment.
## Discontinued Operations Reconciliation

<table>
<thead>
<tr>
<th>($B)</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales - Total Honeywell</td>
<td>$22.3</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>1.0</td>
<td>1.1</td>
<td>1.2</td>
<td>1.1</td>
</tr>
<tr>
<td>Sales - Continuing Operations</td>
<td>$21.3</td>
<td>$22.1</td>
<td>$24.5</td>
<td>$26.5</td>
<td>$30.3</td>
</tr>
</tbody>
</table>
Valuation Metrics

Calculation Methodology

• Dividend Yield
  = Annualized Dividend per Share (Last Announced) ÷ 2/29/2012 Closing Stock Price

• FCF Multiple
  = 2/29/2012 Market Capitalization at Closing ÷ 2011 FCF*

• ROIC
  = Net Income Before Interest** ÷ Net Investment (2-Point Average)
  - Net Income Before Interest = Net Income Attributable to Honeywell (or Peer) + After-Tax Interest
  - Net Investment = Book Value of Equity + Total Debt

• P/E Ratio (2012)
  = 2/29/2012 Closing Stock Price ÷ 2012 Consensus Estimate EPS

• PEG Ratio
  = 2012 P/E ÷ Analysis for Consensus Five Year EPS Growth Rate

Eight Industry Peers

• COL, DHR, EMR, GE, ITW, MMM, TYC, UTX

*HON FCF Prior to U.S. Cash Pension Contributions; **HON Reflects Proforma Excluding Mark-to-Market Pension Adjustment