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
- **Light Vehicle Production**
  - 2011: 12.9 M Units
  - 2012: 13.8 M Units
  - Growth: +7%

### Europe
- **Light Vehicle Production**
  - 2011: 20.1 M Units
  - 2012: 18.5 M Units
  - Decline: -8%

### China
- **Light Vehicle Production**
  - 2011: 17.2 M Units
  - 2012: 18.7 M Units
  - Growth: +7%

### Japan
- **Light Vehicle Production**
  - 2011: 8.1 M Units
  - 2012: 9.3 M Units
  - Growth: +14%

### South Korea
- **Light Vehicle Production**
  - 2011: 4.6 M Units
  - 2012: 4.6 M Units
  - No Change: 0%

### South America
- **Light Vehicle Production**
  - 2011: 4.4 M Units
  - 2012: 4.7 M Units
  - Growth: +6%

### India
- **Light Vehicle Production**
  - 2011: 3.6 M Units
  - 2012: 4.2 M Units
  - 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

**Vehicle Production (M Units)**

Source: LV - Global Insight; CV - JD Power, PSR

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**Turbo Penetration Offsetting EU Production Decline**
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

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**

*Source: Global Insight, PSR, JD Power, Honeywell*
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
Brillance

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

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<td>Enabling Tier4 Emissions</td>
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<td>MAN 10.5/12.4L</td>
<td>Latest EU Fuel-Efficient Technology</td>
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<td>Hino 4.0L Dutro</td>
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<td>Weifang Diesel 10L</td>
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## Key Launches

- Caterpillar C175 / 3500
- MAN 10.5/12.4L
- Hino 4.0L Dutro
- Weifang Diesel 10L

## Highlights

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

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Innovation Across Broadest Range Of Products
Europe Turbo Growth

Regulation

2020 Target
67 MPG

Turbo Industry Sales

Source: Global Insight, PSR, JD Power, Honeywell

Highlights

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

Strengthening Leadership In Largest Turbo Region
China Turbo Growth

Regulation

2020 Target
55 MPG

2011

Turbo Industry Sales

+16% CAGR

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

**Turbo Industry Sales**

- 2011: 2M
- 2014: 4M
- 2016: 5M

**Highlights**

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

Source: Global Insight, PSR, JD Power, Honeywell

Flagship Launches Across All Segments
Friction Materials Transformation

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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

Twenty-Year Competitive Advantage
Long-Term Outlook Update

Sales

($B)
Long Term Target: ~7% CAGR
2010 – 2014: +6 - 8% CAGR

Segment Margin

Long Term Goal: 14 - 15%
2010 - 2014: ~290 - 390 bps Margin Expansion

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