High Growth Regions
Shane Tedjarati
President and CEO
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)

$8.0
$5.8
$2.2

2001

+4% CAGR

$8.8
$5.5

2011

$14.3

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)

$14.3
$8.8
$5.5

2011

Significant Opportunity

$25.1
$13.4

2021

$14.3
$8.8
$5.5

$25.1
$13.4

Source: Global Insight

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

## HON China And India

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (B)</th>
<th>Census (K employees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>$0.7</td>
<td>~2K</td>
</tr>
<tr>
<td>2011</td>
<td>$2.4</td>
<td>25K</td>
</tr>
<tr>
<td>2014E</td>
<td>~$4</td>
<td>~30K</td>
</tr>
</tbody>
</table>

- **India** | **China**

### Key Drivers

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

### Chart Description

- **Sales Growth**
  - 2003: $0.7B
  - 2011: $2.4B (17% CAGR)
  - 2014E: ~$4B
- **Census Growth**
  - 2003: ~2K employees
  - 2011: 25K employees (~4% CAGR)
  - 2014E: ~30K employees

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"Become THE Chinese Competitor"
## Lessons From China / India Success

### The Playbook

1. **Unqualified Executive Sponsorship**
   - Invested in ~70 Sites in China and India
   - ~17% CAGR (2005-2010) in Front Office HC

2. **Dedicated, Locally Capable Leaders**
   - Census 25,000
   - Senior Local Leaders, <50 Expats

3. **Deep Local Expertise and Insights**
   - >300 Local Marketing Experts
   - Long Term Government and Customer Relationships Established

4. **E4E Product Development and Supply Chain Platform**
   - Full Local R&D Capability and Authority
   - Broad Mid-segment Product Range

5. **“Become THE Chinese Competitor”**
   - Operate As the Local Competitor
   - Innovate At China Speed

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**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

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

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

ComfortPoint

Halo Series Thermostats

N-6000 Intelligent Fire Alarm System

PlantCruise by Experion

Youjie 3300

China Micro Gas Turbo

*Nominal GDP per capita

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

### The Next 8

<table>
<thead>
<tr>
<th>Country</th>
<th>2015 GDP ($T)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>$2.8</td>
</tr>
<tr>
<td>Brazil</td>
<td>$3.2</td>
</tr>
<tr>
<td>Mexico</td>
<td>$1.4</td>
</tr>
<tr>
<td>Indonesia</td>
<td>$1.3</td>
</tr>
<tr>
<td>Turkey</td>
<td>$1.0</td>
</tr>
<tr>
<td>South Africa</td>
<td>$0.5</td>
</tr>
<tr>
<td>Poland</td>
<td>$0.7</td>
</tr>
<tr>
<td>Thailand</td>
<td>$0.5</td>
</tr>
</tbody>
</table>

- **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**
  - Bolster Existing Footprint

- **Africa**
  - Many Emerging Economies
  - Resource Play
  - Follow the Money

- **Stans**
  - Resource Play
  - Accelerate

- **Other Latin America**
  - Pick Emerging Winners

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**Apply Proven Formula To Key Geographies**

High Growth Regions

Honeywell Investor Conference – March 7, 2012
## Opportunities Heat Map

<table>
<thead>
<tr>
<th>High Growth Regions</th>
<th>ACS</th>
<th>AERO</th>
<th>PMT</th>
<th>TS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>HPS</td>
<td>Other ACS</td>
<td>D&amp;S</td>
<td>After-market</td>
</tr>
<tr>
<td>Russia</td>
<td>HBS</td>
<td>OEM</td>
<td>UOP</td>
<td>HTT, FM</td>
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<tr>
<td>Mexico</td>
<td>Airline</td>
<td>Adv. Materials</td>
<td>TS</td>
<td></td>
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</tr>
</tbody>
</table>

**Legend:**
- **Significant Opportunity**
- **Concrete Opportunity**
- **Limited Opportunity**

**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

* Excluding Iran, Sudan

Capture Broad Energy And Resource Opportunities

Capitalize On Key Energy Trends
- Energy Efficiency
- Alternative Energy
- Energy Security

Latin America

Middle East & North Africa

Sub-Saharan Africa

Stans

Southeast Asia

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

* Excluding Iran, Sudan
Global D&S Heat Map

Top 30 HGR Countries By Defense Spend
Selected 2010 Military Expenditure (USD $B)

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

Required Elements for Success

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

Global – Local Effort

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

Vietnam An Example Of Success For Approach

• 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