



Financial Review

Dave Anderson

Senior Vice President and CFO



- **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

Consistent Strategy, Focus On Outperformance

Honeywell's Transformation

**From Laggard . . .
To Industry Leader**

**Allied Merger,
GE Take-Over
Attempt**

**Lost Money
Two
Consecutive
Years**

**Building
Performance
Culture,
Portfolio
Management**

**Executing
Strategies,
Built Financial
Track Record**

**Improved
During
Economic
Downturn**

**Record Sales
Growth,
Margin, WCT,
and FCF**

- Leadership Team Upgrade
- ~70 Acq / ~50 Div Since '02
- Dave Cote, CEO
- 5 Initiatives, One HON Culture

- Seed Planting Investments
- Sales Mix Outside U.S. 41% → 54%

- Performance Better This Recession
- Preserved Industrial Base

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

2000	2001-2002	2003-2004	2005-2008	2009	2010-2011
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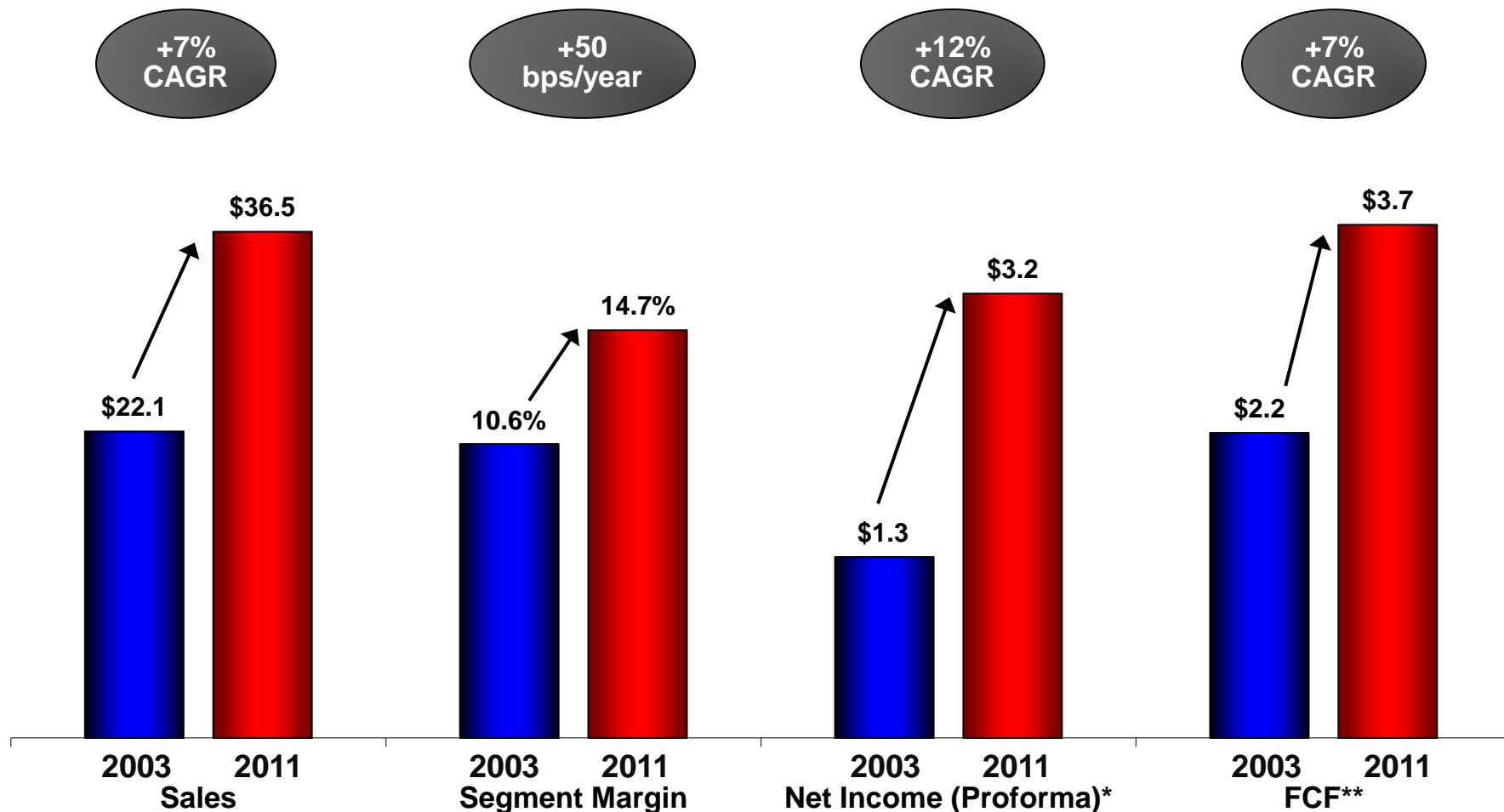
*Annualized Rate Based on 4Q 2011 Increase

Has Become A Top Performing Multi-Industrial

2003 – 2011 Track Record

Honeywell

(\$B)



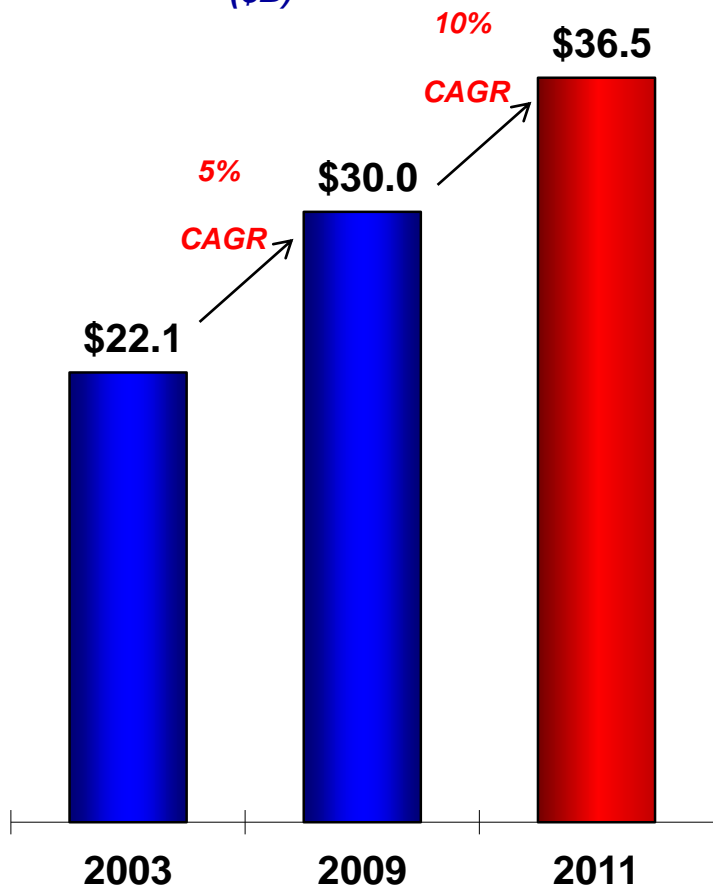
*Proforma Excludes Mark-to-Market Pension Adjustments; **FCF Prior to U.S. Cash Pension Contributions

Significant Growth All Key Metrics

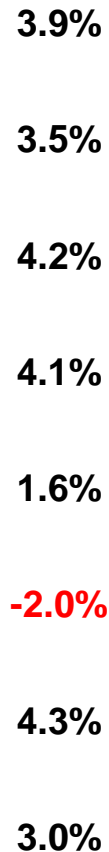
Organic Sales Growth

Sales Growth

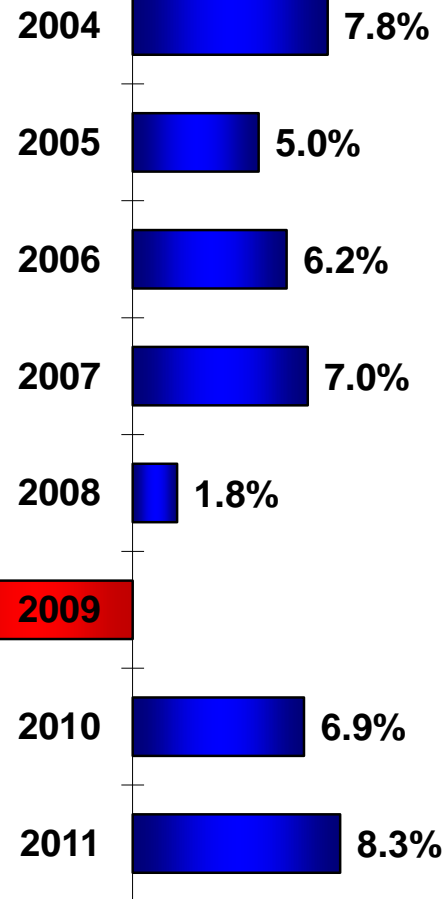
(\$B)



World GDP



Organic Growth



Record Organic Growth

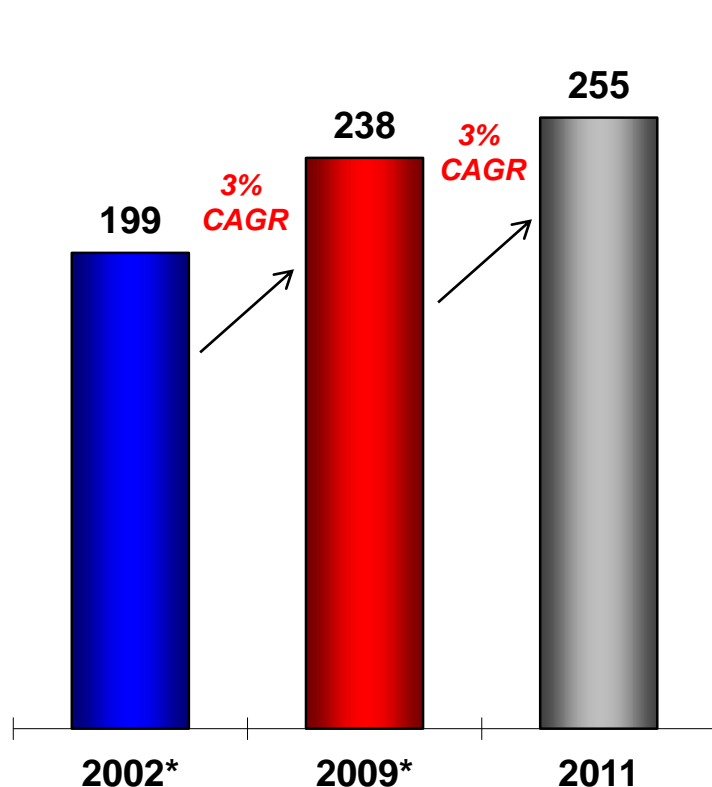
Record Organic Growth In 2010-2011

Sales / Segment Profit Per Employee

Honeywell

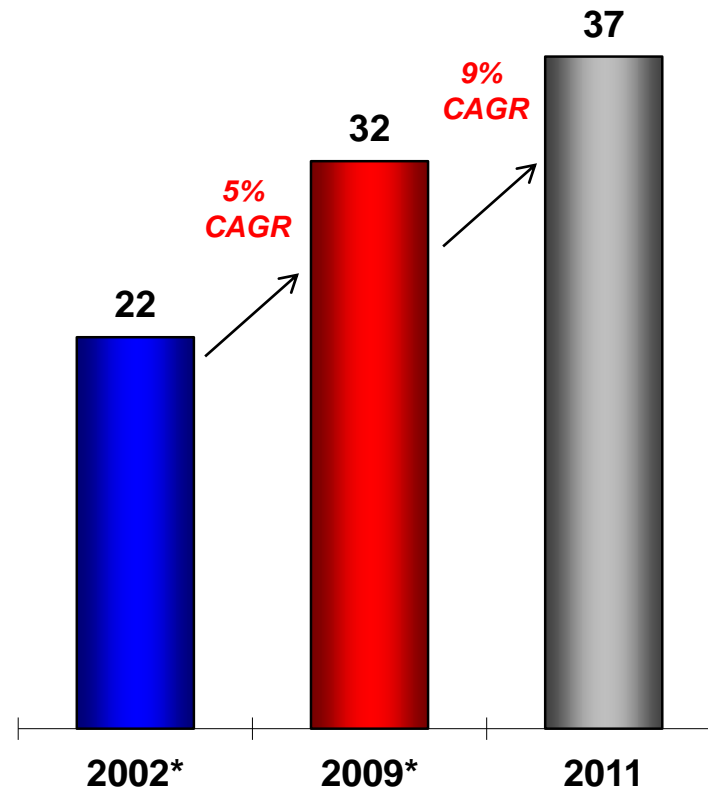
Sales / Employee (\$K)

28% Growth, 3% CAGR



Segment Profit / Employee (\$K)

72% Growth, 6% CAGR



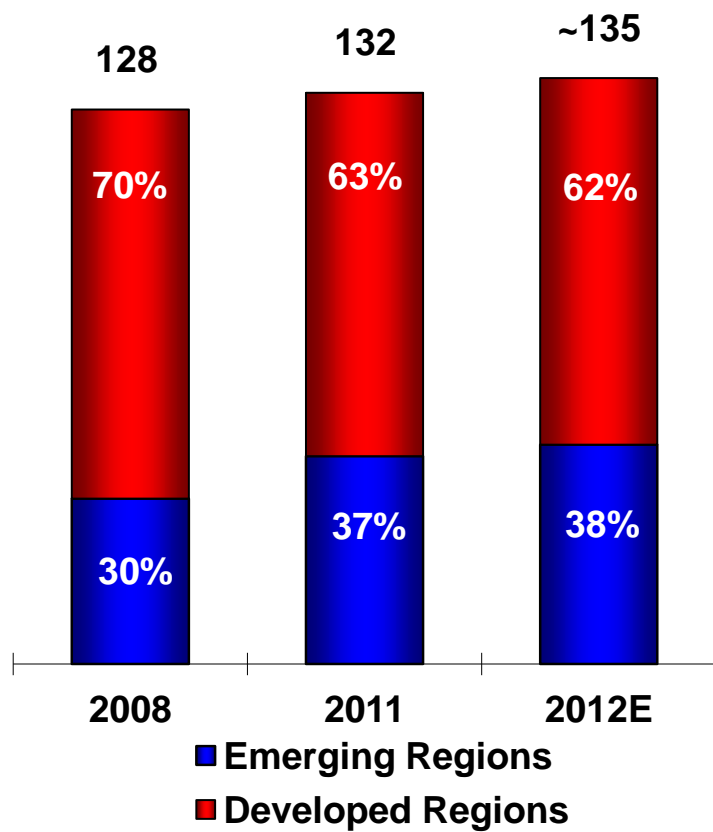
* Includes CPG

Simple (But Powerful) Measures Of Productivity

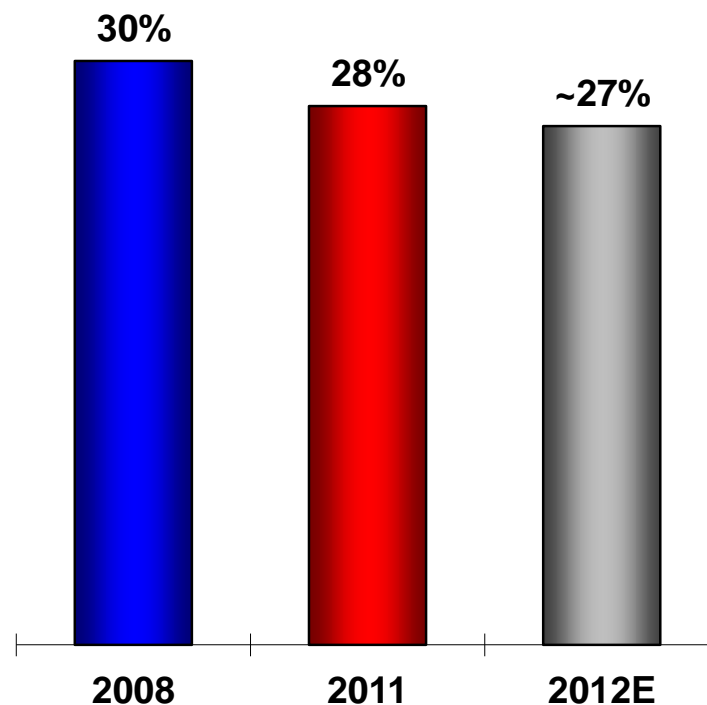
OEF Productivity

Honeywell

**Full Time
Headcount (K)**



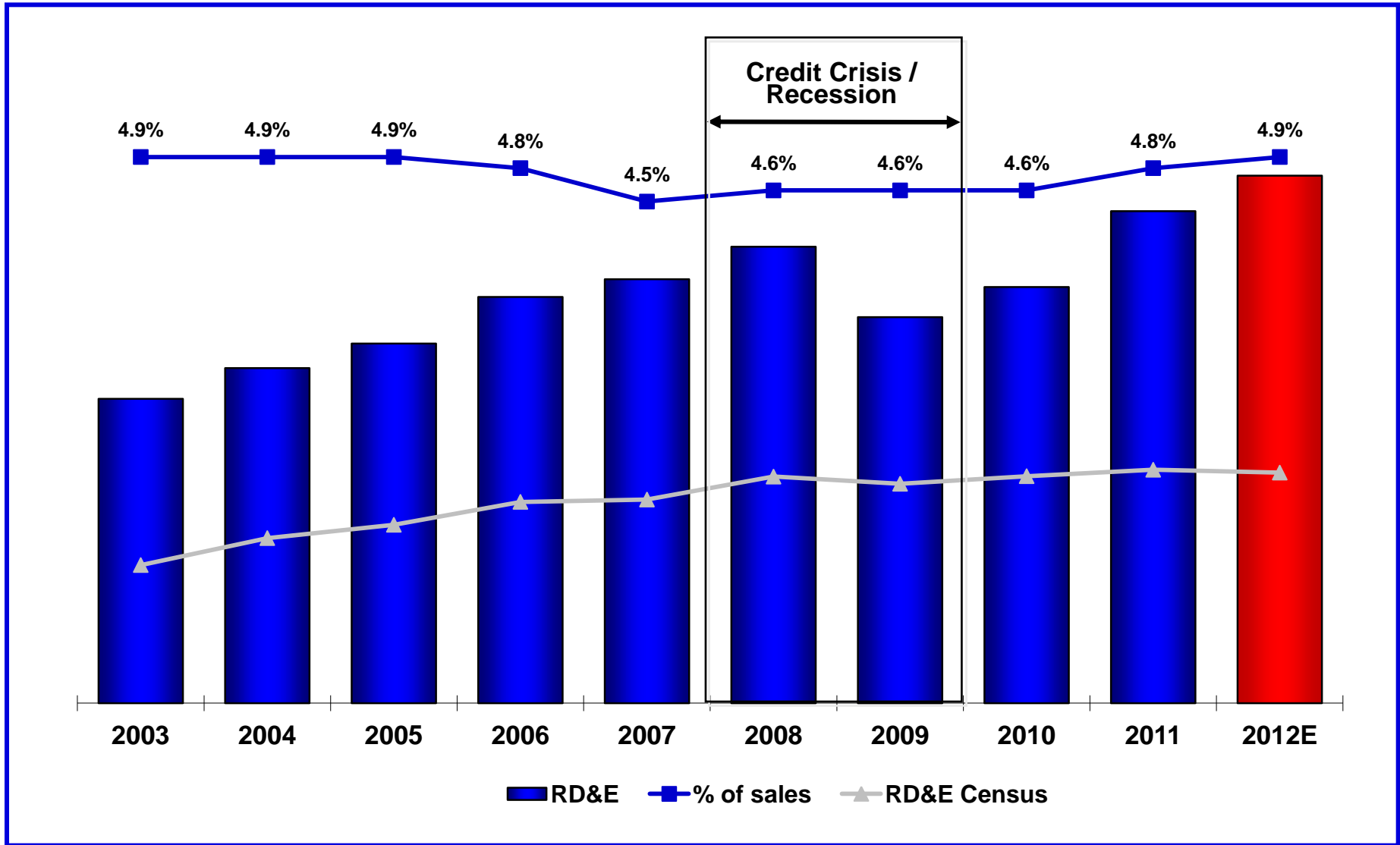
**Labor Cost (OEF)
As % Of Sales**



Operating Performance Delivered Through OEF

RD&E – Investing In Growth

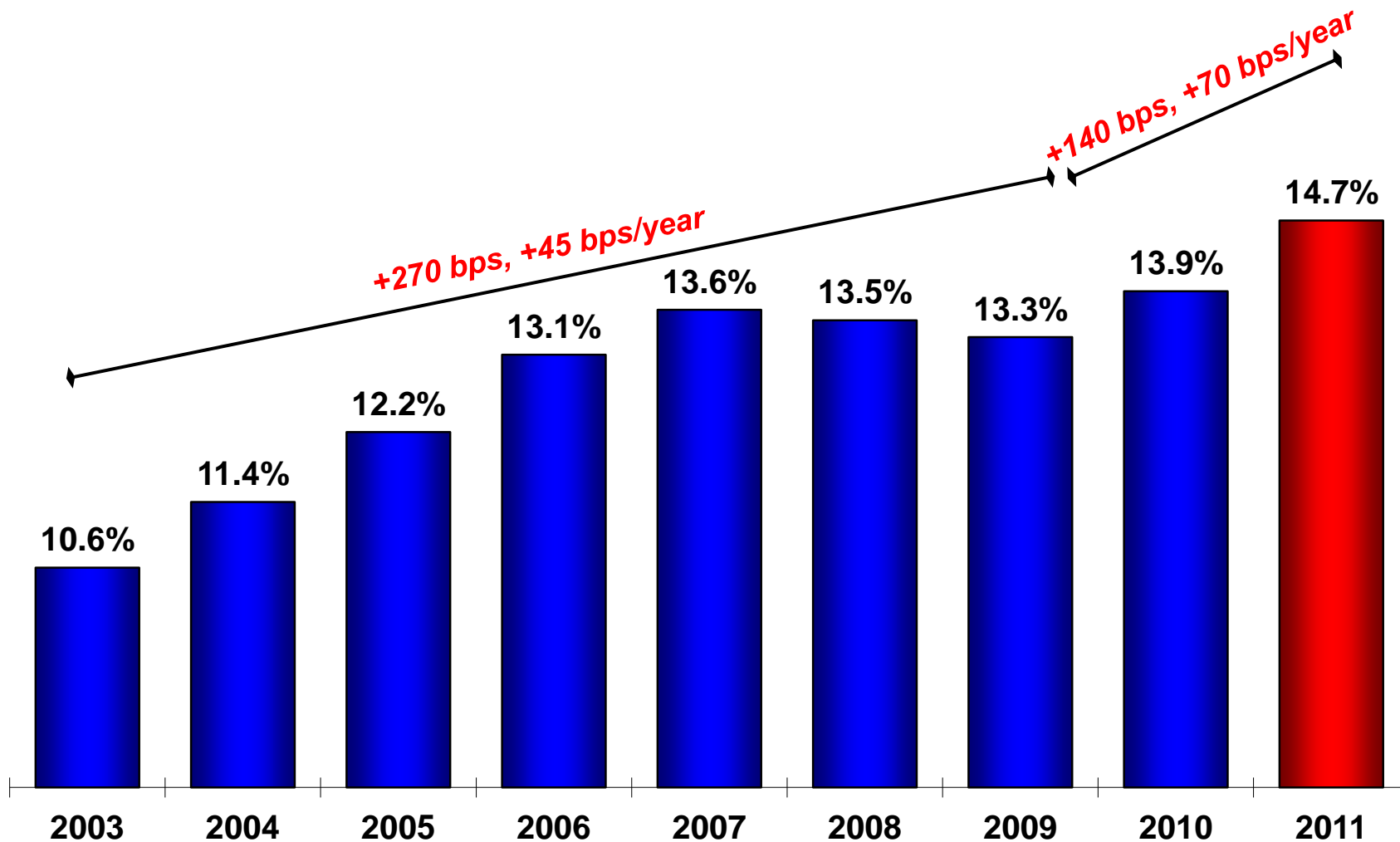
Honeywell



RD&E Effectiveness = New Product Leverage

Segment Margin Expansion

Honeywell

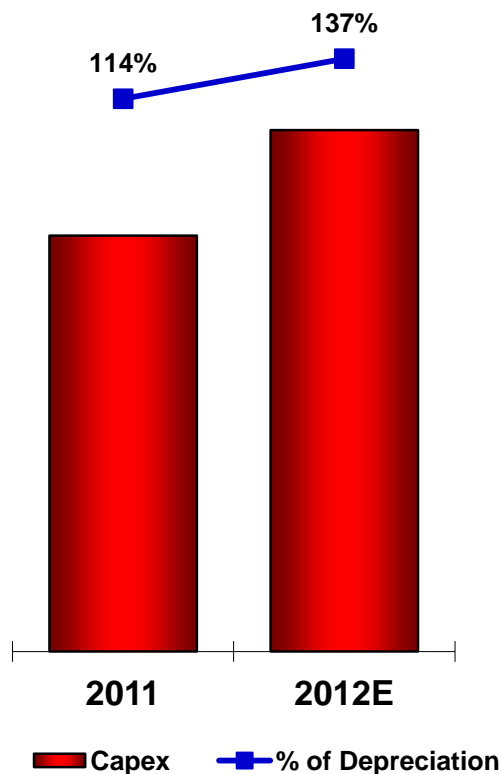


Note: All Years Exclude CPG

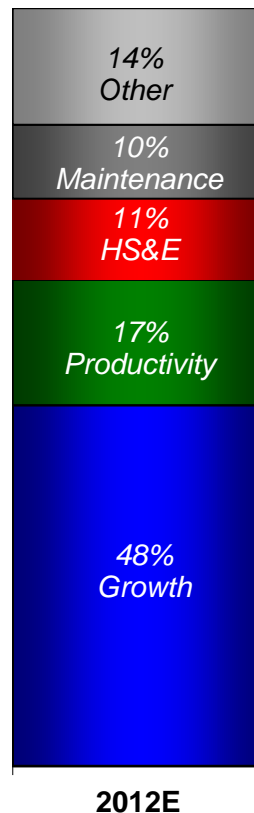
Accelerating Margin Expansion

Investing In Growth – Capex

Capital Spend



2012 Spend Profile



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

Honeywell

Consolidated (\$B except per share amounts)	2012 Financial Outlook	Growth 2012E vs. 2011
Sales	\$ 37.8 - 38.9	4% - 7%
Segment Profit	\$ 5.7 - 5.9	6% - 11%
Segment Margin	15.0% - 15.3%	30 bps - 60 bps
EPS from Cont. Ops ⁽¹⁾	\$ 4.25 - \$ 4.50	12% - 19%
EPS from Disc. Ops	-	
EPS ⁽¹⁾	\$ 4.25 - \$ 4.50	5% - 11%
Free Cash Flow ⁽²⁾	~\$ 3.5	~100% Conversion

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

Low End

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

High End

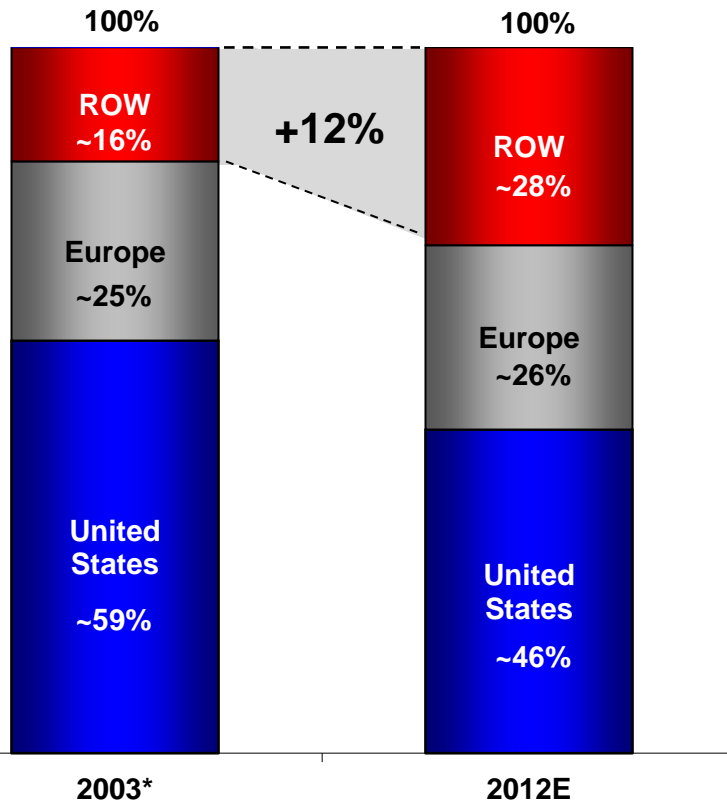
- + Stronger Global GDP Growth
- + Emerging Markets Overdrive
- + Favorable Mix – Commercial AM, UOP
- + Inflation / Productivity Better
- + Weaker Dollar – EUR > \$1.30

Reaffirming 2012 Outlook

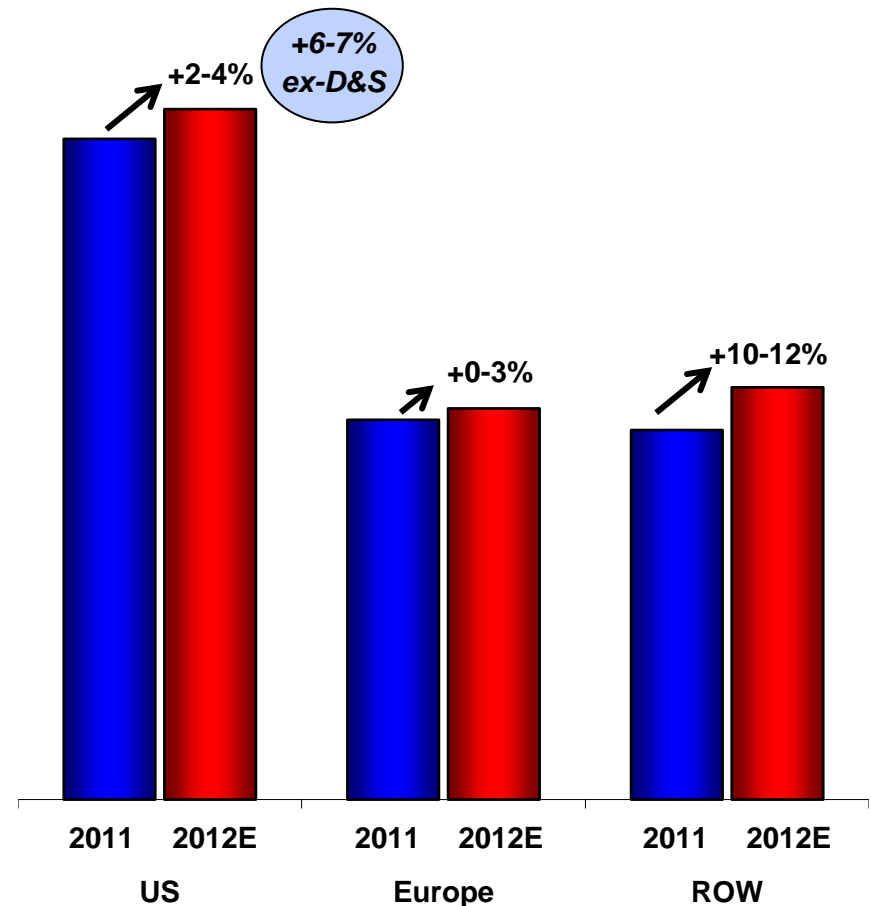
HON Sales – Geographic Growth

(% Of HON Sales)

Geographic Mix



Organic Sales Growth



*Includes CPG

Emerging Market Growth Driving YOY Improvement

- **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

Managing In Slower Growth Environment

	<u>Sales Change</u>	<u>Comments</u>
Aerospace	7 - 9%	<ul style="list-style-type: none"> • Commercial Strength Continues • Defense Flat YoY, Down Sequentially
ACS	2 - 4%	<ul style="list-style-type: none"> • Short Cycle Growth Moderates in ESS* • BSD*, Process Solutions Accelerate
PMT	12 - 15%	<ul style="list-style-type: none"> • UOP Strength, Adv. Materials Moderates • ~8-9% M&A Impact (Phenol Plant)
Transportation	~ Flat	<ul style="list-style-type: none"> • EU LV Production Down ~(8%) • New Launches, Diesel Penetration Offset
Honeywell	4 - 6%	<ul style="list-style-type: none"> • Total ~\$9.0 - \$9.2B

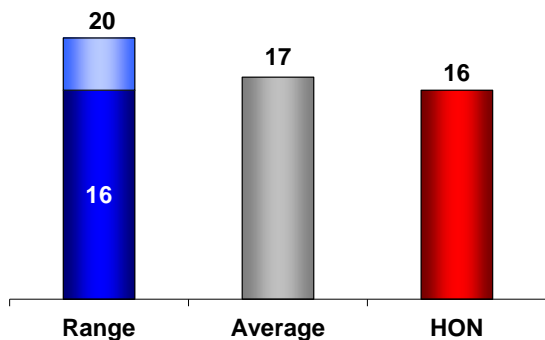
* ESS: Energy, Safety and Security (ACS Products Less ADI), HPS: Honeywell Process Solutions, BSD: Building Solutions and Distribution (Includes ADI)

Reported EPS \$0.96 - \$0.98, Up 9-11%
Continuing Ops EPS \$0.96 - \$0.98, Up 12-14%

Valuation Perspective

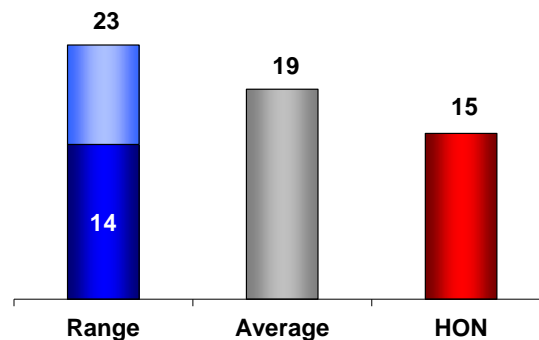
Valuation Metrics – 5 Years Ago

2007 P/E Ratio



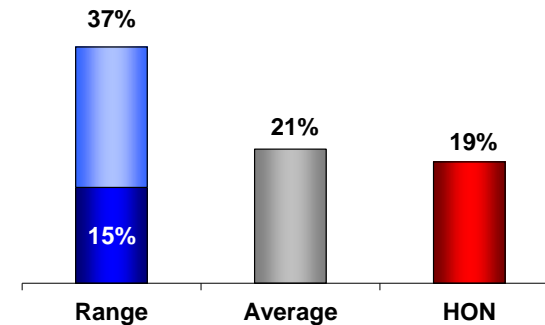
HON Lowest

2007 FCF Multiple



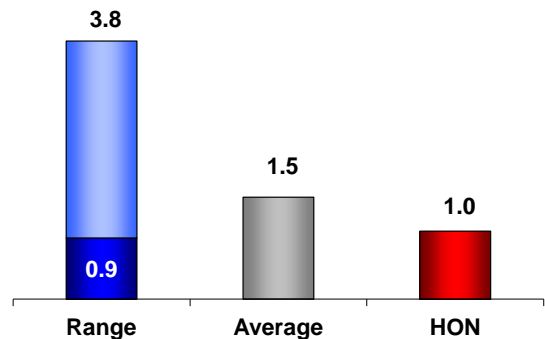
HON 2nd Lowest

2006 ROIC



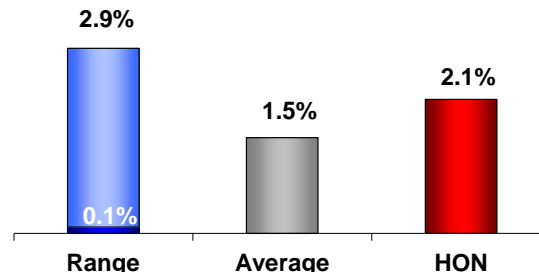
HON 3rd Highest

2007 PEG Ratio



HON 2nd Lowest

Dividend Yield



HON 3rd Highest

TSR*

	Honeywell	S&P 500
Compounded	107%	74%
2006	24	16
2005	8	5
2004	8	11
2003	43	29

Good Call Historically

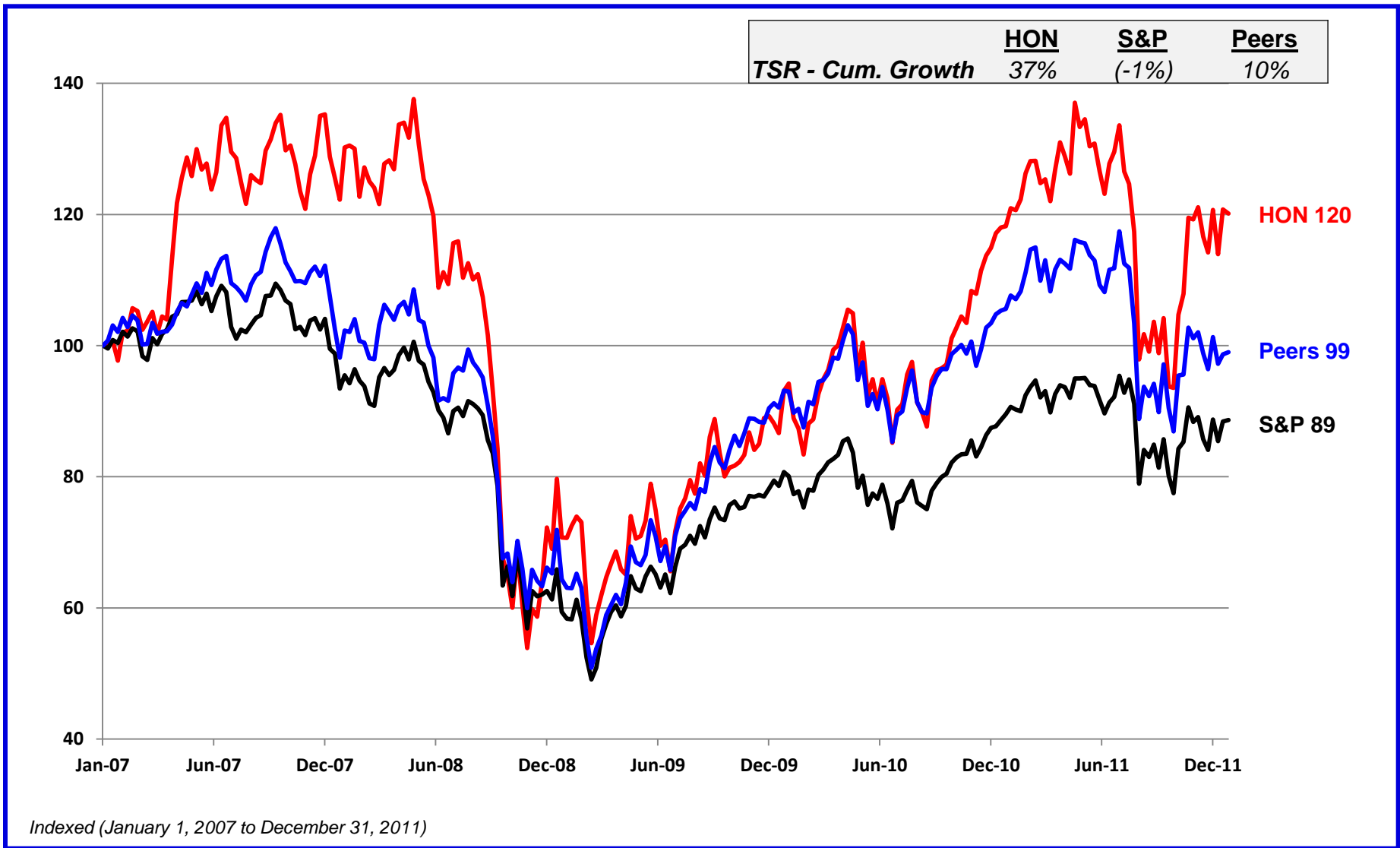
Range, average calculated using eight multi-industry peers; Honeywell 2/23/2007 closing stock price: \$47.69

*Total Shareholder Return

Good Performance And Undervalued = Upside

5 Year Share Price Performance

Honeywell

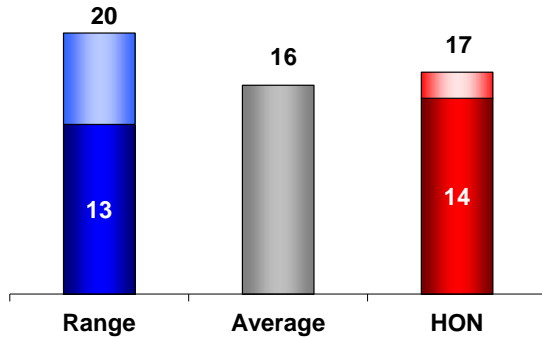


Indexed (January 1, 2007 to December 31, 2011)

Significantly Outperformed S&P And Peers

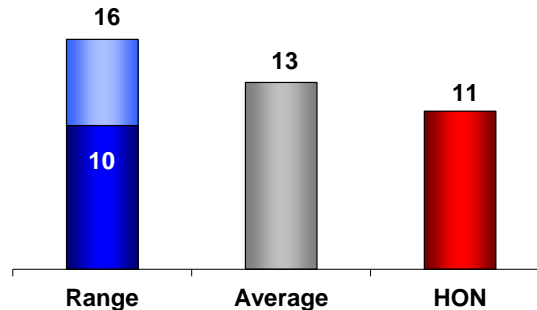
Valuation Metrics – 2 Years Ago

2010 P/E Ratio



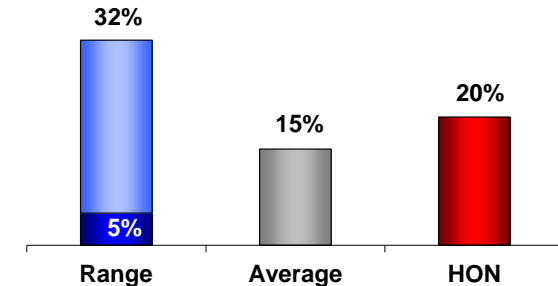
Pension Adjusted HON 14x

2010 FCF Multiple



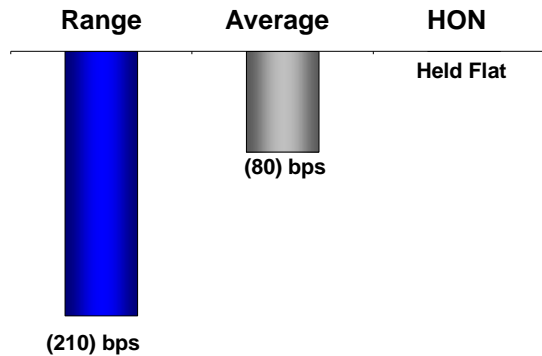
HON 2nd Lowest

2009 ROIC



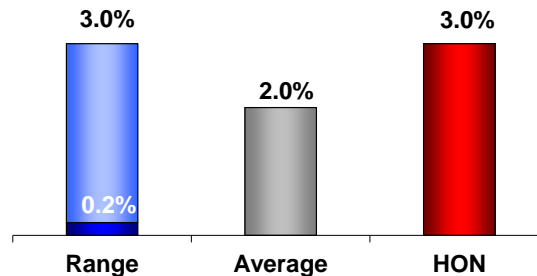
HON 2nd Highest

2009 Margin Change



HON Highest

Dividend Yield



HON Highest

TSR*

	Honeywell	S&P 500
Compounded	94%	46%
2009	24	26
2008	(45)	(37)
2007	39	5
2006	24	16
2005	8	5
2004	8	11
2003	43	29

Good Call Historically

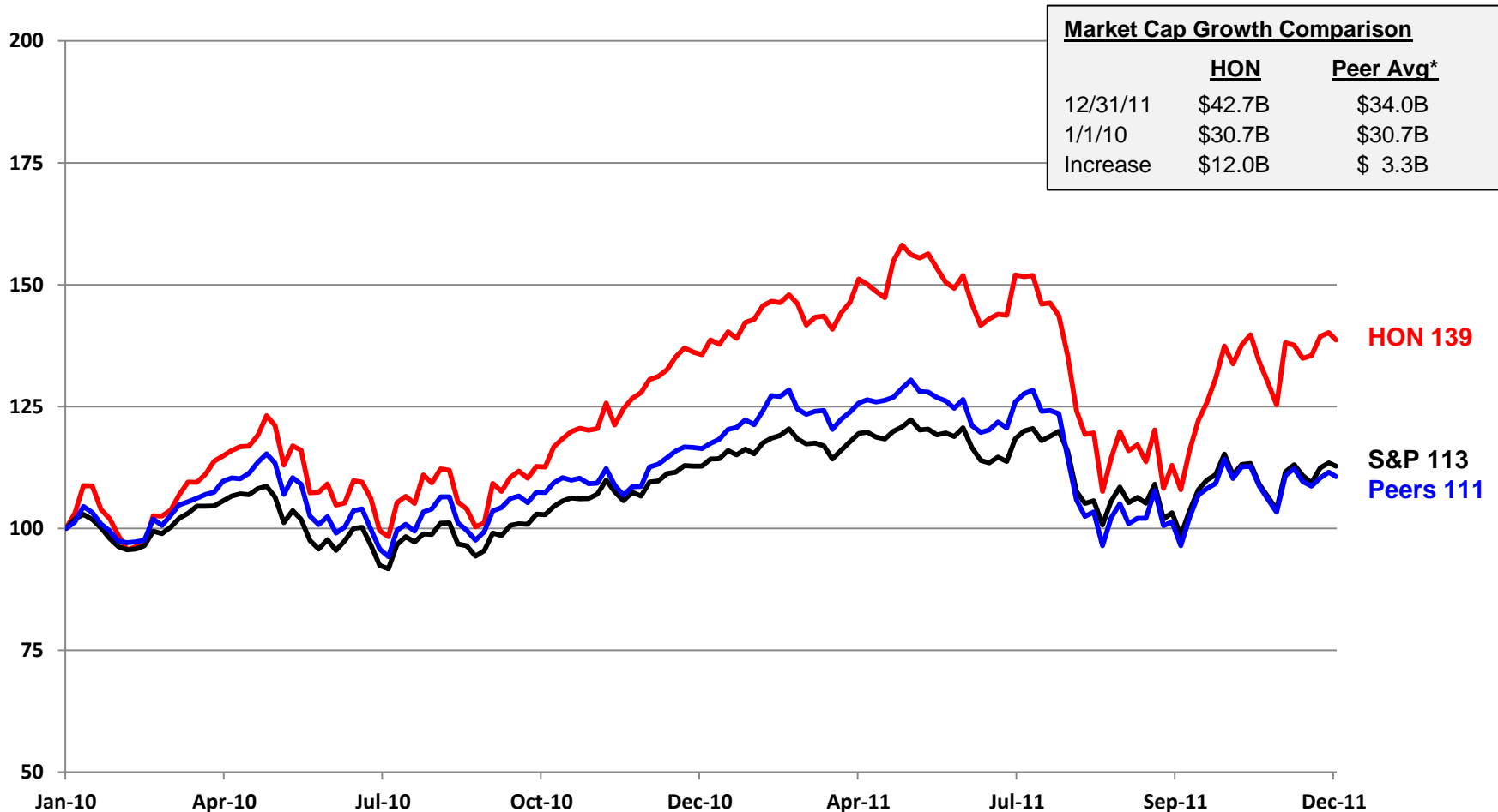
Range, average calculated using eight multi-industry peers; Honeywell 2/18/2010 closing stock price: \$39.85

*Total Shareholder Return

Good Performance And Undervalued = Upside

2 Year Share Price Performance

Honeywell



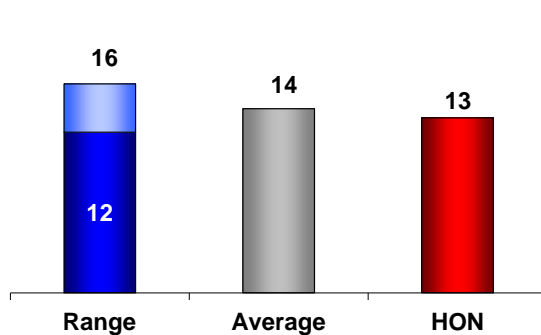
Indexed (January 1, 2010 to December 31, 2011)

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

\$12B Increase In HON Market Cap

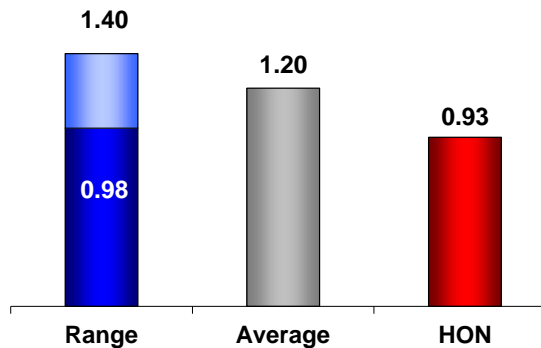
Valuation Metrics Today

2012 P/E Ratio



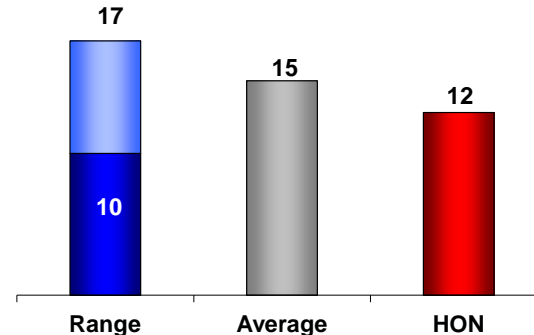
HON 3rd Lowest

2012 PEG Ratio



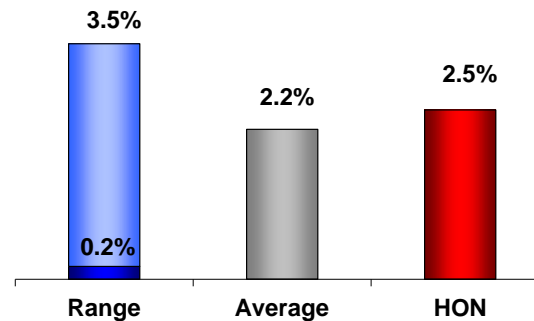
HON Lowest

2012 FCF Multiple



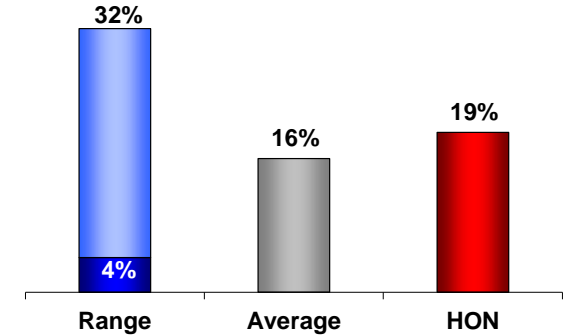
HON 2nd Lowest

Dividend Yield



HON Above Average

2011 ROIC



HON 3rd Highest

TSR*

	Honeywell	S&P 500
TSR*	213%	87%
2011	5	2
2010	39	15
2009	24	26
2008	(45)	(37)
2007	39	5
2006	24	16
2005	8	5
2004	8	11
2003	43	29

HON Outperformed

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

Honeywell

Key Areas

What's To Like

Aero Leverage

- *AM Strong, Complemented By Software Upgrades*
- *Winning on Growing Platforms – Upside Potential*

Long Cycle Backlog

- *Demand Drivers: Energy Infra., Generation, Efficiency*
- *Securing Major New Wins Across Portfolio*

High Growth Region Momentum

- *Growth Outpacing Regional GDP*
- *Expanding E4E, E2W to Other High Growth Countries*

Restructuring Tailwind

- *2012 Incremental Savings ~\$150M*
- *High IRR Projects, Long-Term Benefits*

HOS Acceleration

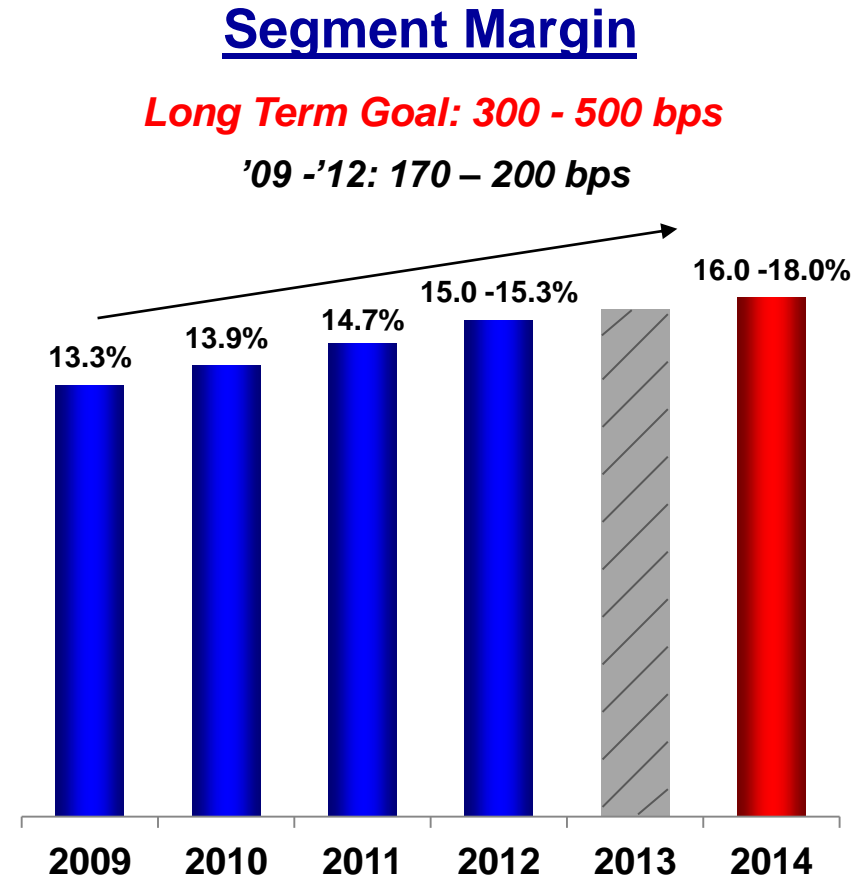
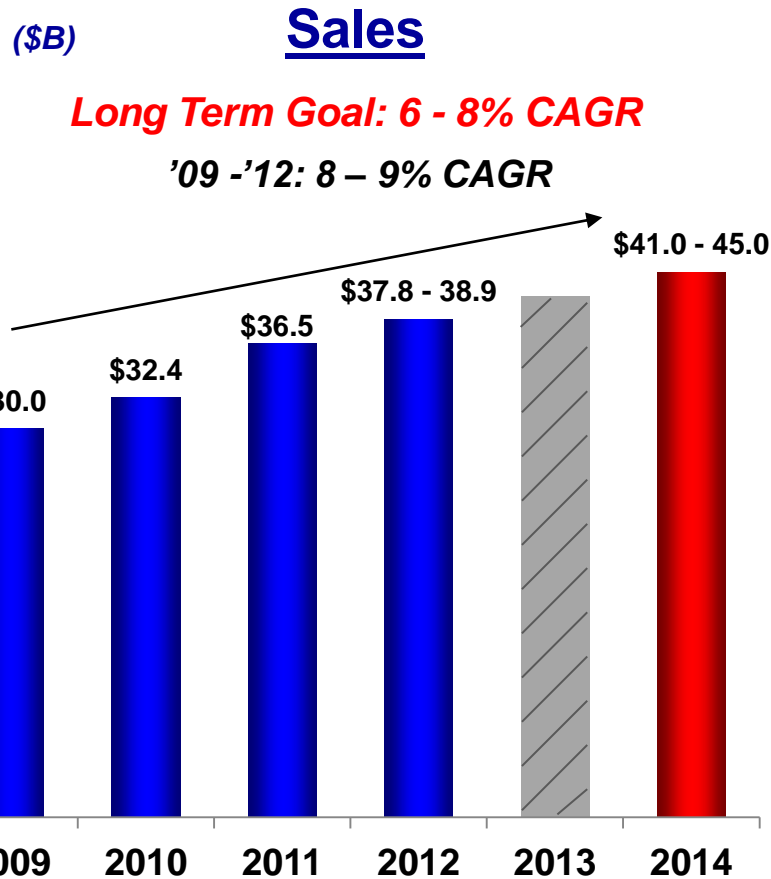
- *Bronze+ Site Deployment to Grow 50% in 2012*
- *20-30% Average Conversion Cost Productivity*

Acquisition Upside

- *Disciplined Process, Portfolio Transformation Evident*
- *More Integration Savings and Sales Upside*

Path To Industry Leading Performance

Long-Term Outlook



On Track To Achieve Long-Term Targets

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

Honeywell – A Premier Multi-Industrial