## Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Presenters</th>
</tr>
</thead>
<tbody>
<tr>
<td>10:00</td>
<td>Introduction</td>
<td>Cote</td>
</tr>
<tr>
<td></td>
<td>Automation and Control Solutions</td>
<td>Fradin, Sheflin, Uttley</td>
</tr>
<tr>
<td></td>
<td>Specialty Materials</td>
<td>Kramvis, Gautam, Hahn</td>
</tr>
<tr>
<td></td>
<td>Q&amp;A</td>
<td></td>
</tr>
<tr>
<td>12:05</td>
<td>Lunch &amp; Technology Showcase</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aerospace</td>
<td>Mahoney, Smith, Esposito</td>
</tr>
<tr>
<td></td>
<td>Transportation Systems</td>
<td>Ismail, Balis, Paja</td>
</tr>
<tr>
<td></td>
<td>Q&amp;A</td>
<td></td>
</tr>
<tr>
<td>2:15</td>
<td>Break &amp; Technology Showcase</td>
<td></td>
</tr>
<tr>
<td></td>
<td>High Growth Regions: China and India</td>
<td>Tedjarati</td>
</tr>
<tr>
<td></td>
<td>Financial Review</td>
<td>Anderson</td>
</tr>
<tr>
<td></td>
<td>Q&amp;A</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Concluding Remarks</td>
<td>Cote</td>
</tr>
<tr>
<td>3:45</td>
<td>End</td>
<td></td>
</tr>
</tbody>
</table>
Forward Looking Statements

This report contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of fact, that address activities, events or developments that we or our management intend, expect, project, believe or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements are based on management’s assumptions and assessments in light of past experience and trends, current economic and industry conditions, expected future developments and other relevant factors. They are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by our forward-looking statements. Our forward-looking statements are also subject to risks and uncertainties, which can affect our performance in both the near- and long-term. We identify the principal risks and uncertainties that affect our performance in our Form 10-K and other filings with the Securities and Exchange Commission.
Introduction

Dave Cote
Chairman and CEO
How We Run The Company

• Great Positions In Good Industries
  – Grow Sales Faster Than Our Markets
  – Disciplined Acquisition Process

• One Honeywell
  – Single Company with Strong Performance Culture

• Five Initiatives (Growth, Productivity, Cash, People, Enablers)
  – Expand Margin Rates: Grow Sales Faster Than Fixed Costs
  – Seed Planting: New Products, Services, Technologies, Geographies and Process Improvements

Relentless Execution Drives Performance
Historical Performance

($B) except EPS

Sales 23.1 36.6
Segment Margin 10.7% 13.3%
EPS (Proforma) $1.51 $3.82
FCF 1.5 3.1

Performance Showed In Previous Recovery
Performance Better In This Recession

*Last recession shown as originally reported; 2008 and 2009 on proforma basis*
Recovery Performance

($B)

Sales

Margin Rate %

2008 2009 2010 2011E

36.6

30.9

33.4

35.0 - 36.0

13.3%

13.3%

13.8%

14.5-14.8%

HON More Efficient Company

Addressed Fixed Costs
Aggressively In Recession

Can Generate Same Income
With $3.5B Less In Sales
Outlook Update...One Year Later

Performance On Track With 5 Year Targets

Revenue

Long Term Goal: 6 - 8% CAGR

Segment Margin

Long Term Goal: 300 - 500 bps
Annualized: ~60 bps/Year

Previous View

Current View
Great Positions In Good Industries

### Aerospace
- Avionics Strength, Gaining Share
- Engine and APU Wins
- Air Traffic Modernization → Upside
- Defense Portfolio Breadth

**Commercial Macro Trends More Than Offset U.S. Defense Outlook**

### ACS
- Gaining Share in Every Business
- New Products Driving Growth
- Acquisition Excellence
- Leveraged to Global Industrial Recovery

**In The Middle Of Several Macro Trends**

### Specialty Materials
- UOP Breakthrough Technologies
- LGWP Fluorines → New Markets
- Resins & Chem Low Cost Producer
- Focused on New Products/Applications

**In Sweet Spot Of Macro Trends**

### Transportation
- Turbo Winning ~50% of Global Orders
- Relentless Focus on Cost and Technology
- FM Transformation Ongoing
- Continued CPG Performance

**Lower Emission, Fuel Economy ++**

**Terrific Portfolio → Technology Differentiation Key**
We’re Excited About Our Growth Prospects

<table>
<thead>
<tr>
<th>Energy Efficiency</th>
<th>Energy Generation</th>
<th>Safety &amp; Security</th>
<th>Globalization</th>
</tr>
</thead>
</table>

### Key Trends

- Legislation / Funding
- Reducing Energy / Maintenance Costs
- Comfort, Convenience, Health

- Growing Demand for Energy
- CO₂ Regulations
- Emerging Region Growth
- Nat Gas Discovery / Usage

- Health & Safety Regulations
- Air Traffic Management
- Flight Safety Concerns
- Bigger Middle Class

- Growing Demand for Air Travel
- Global Demand for Refined Goods
- Urbanization

### Key Products / Technology

- Smart Grid / DR
- Energy Mgmt Services
- Turbochargers
- LGWP

- Nat Gas Storage & Treatment Technologies
- Green Fuels
- Shale Gas
- Lithium-Ion Batteries

- Air Traffic Mgmt Leader
- PPE / Gas Detection
- Homes and Buildings Safety Products

- Refinery Technologies
- Heavy Oil / Sour Gas
- Aerospace

**HON Technologies Well Positioned**
Global Investment

Global Investment Rate As % of Global GDP

Historical Trend (Nominal)  Historical Trend (Real)  Projected Trend (Real)

Source: McKinsey Global Institute

At Beginning Of New Investment Boom
Industrial Production And Industry Growth

(Real Industrial Production – 2002 Indexed at 100)

Regional Industrial Production

U.S. Production By Industry

Growth Driven By Emerging Markets

Overall Positive Trends

Industrial Recovery → Significant Window For Growth
### Positioned For Growth

<table>
<thead>
<tr>
<th>Portfolio Mix</th>
<th>‘03 Revenues</th>
<th>%</th>
<th>’11 Revenues*</th>
<th>%</th>
<th>2010-2014E Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home &amp; Buildings</td>
<td>5.1</td>
<td>22</td>
<td>8.9</td>
<td>26</td>
<td>5 - 7%</td>
</tr>
<tr>
<td>Commercial Aerospace</td>
<td>4.6</td>
<td>20</td>
<td>5.8</td>
<td>17</td>
<td>9 - 11%</td>
</tr>
<tr>
<td>Defense</td>
<td>4.2</td>
<td>18</td>
<td>5.2</td>
<td>15</td>
<td>(2) - (4)%</td>
</tr>
<tr>
<td>Global Industrial Infrastructure</td>
<td>1.6</td>
<td>7</td>
<td>4.8</td>
<td>14</td>
<td>9 - 11%</td>
</tr>
<tr>
<td>Transportation Systems</td>
<td>3.7</td>
<td>16</td>
<td>3.5</td>
<td>10</td>
<td>8 - 10%</td>
</tr>
<tr>
<td>Advanced Materials</td>
<td>3.2</td>
<td>14</td>
<td>3.3</td>
<td>9</td>
<td>3 - 5%</td>
</tr>
<tr>
<td>PPE / Industrial Safety</td>
<td>-</td>
<td>-</td>
<td>2.1</td>
<td>6</td>
<td>6 - 8%</td>
</tr>
<tr>
<td>Customer Productivity</td>
<td>0.7</td>
<td>3</td>
<td>1.1</td>
<td>3</td>
<td>5 - 7%</td>
</tr>
</tbody>
</table>

*Excludes CPG

---

**Expanding Exposure To High Growth Industries**
# Leverage HON Technology / Platforms

<table>
<thead>
<tr>
<th>Top 10 Growth Programs</th>
<th>Incremental 2014 Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Next-Gen Turbos</td>
<td>1,100</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>700</td>
</tr>
<tr>
<td>Safety &amp; Security (non-Aero)</td>
<td>600</td>
</tr>
<tr>
<td>New Aero Engine Applications</td>
<td>550</td>
</tr>
<tr>
<td>Flight Safety</td>
<td>545</td>
</tr>
<tr>
<td>Wireless Solutions</td>
<td>500</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>415</td>
</tr>
<tr>
<td>Air Traffic Modernization</td>
<td>330</td>
</tr>
<tr>
<td>Low Global Warming Potential Products</td>
<td>170</td>
</tr>
<tr>
<td>Renewable Energy</td>
<td>115</td>
</tr>
</tbody>
</table>

**NPI Delivering Long-Term Growth**
Disciplined Acquisitions Process

Identification → Valuation → Due Diligence → Integration

From

- Hey, That’s for Sale
- Deal is the Strategy
- Sales Synergies Incl.
- Realization Rate Low
- Zeal for the Deal
- Ignore Findings
- Joe’s Retiring…
- Delayed Start

To

- Constant Screening
- Strategy Comes First
- Cost Synergies Only
- Rigorously Scoped
- Functional Expertise
- Relentless Discipline
- Best People Full-Time
- Mgmt Development
- Start Immediately

Robust Pipeline → Don’t Overpay → Kill Bad Deals → Great Track Record

Novar, Zellweger, First Tech, Metrologic, Norcross, Sperian, And UOP …Adds To Great Positions In Good Industries
Portfolio Transformation

**U.S. / Non-U.S.**

- 2003: U.S. 58%, Non-U.S. 42%
- 2011*: U.S. 46%, Non-U.S. 54%

**Short / Long Cycle**

- 2003: Short 39%, Long 61%
- 2011*: Short 57%, Long 43%

**Sectors**

- Advanced Materials: 14%
- Automotive: 16%
- PPE/Industrial Safety: 10%
- Homes & Buildings: 22%
- Aero & Defense: 38%
- Great Positions In Good Industries

*Excludes CPG

Better Positioned For Higher Growth
# Five Initiatives - Growth

<table>
<thead>
<tr>
<th>Four Pillars</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Do a Great Job for Customers Every Day</td>
<td>➢ Better Delivery</td>
</tr>
<tr>
<td></td>
<td>➢ PPM Reduced ~70%</td>
</tr>
<tr>
<td></td>
<td>➢ Still More to Do</td>
</tr>
<tr>
<td>• Sales &amp; Marketing Excellence</td>
<td>➢ Much Better, Lots of Opportunity</td>
</tr>
<tr>
<td></td>
<td>➢ Sales Deployment, Marketing Integration to</td>
</tr>
<tr>
<td></td>
<td>VPD™</td>
</tr>
<tr>
<td>• Global Growth</td>
<td>➢ From 42% to 54% Sales Outside U.S.</td>
</tr>
<tr>
<td></td>
<td>➢ 3/4 of World GDP Outside U.S.</td>
</tr>
<tr>
<td></td>
<td>➢ Emerging Regions Especially Good</td>
</tr>
<tr>
<td>• New Products and Services</td>
<td>➢ Technology Differentiation</td>
</tr>
<tr>
<td></td>
<td>➢ Very Full Pipeline</td>
</tr>
</tbody>
</table>

Lots Of Upside Here... Both In Markets And Our Opportunity
Emerging Markets And New Products

($B)

Emerging Market Sales

- Tripled EM Sales from 2003 to 2010
  - EM Sales from 10% to 23% of HON*
- Targeting High Growth through 2014
  - Outpacing GDP
  - EM Share to 30%+

New Product Sales

- >550 Products Introduced in 2010
- $15B+ 5-Year Cumulative Opportunity
- VPD™ Driving Quicker Development
- NPI Process for Targeted Launches

*Aerospace excluded from EM percentage calculation
Expanding R&D Capabilities Globally

**RD&E Spend**
- 2003: $1.1B
- 2010: $1.5B

*Spend Up 36%

**Census**
- 2003: ~12K
- 2010: ~20K

*Resources Up 64%

**New Patents**
- 2003: 464
- 2010: 1,104

**Patent Base**
- 2003: ~20K
- 2010: ~31K

**Effectiveness**
- HON Ranked Among Best China R&D Centers*
- Velocity Product Development™
- NPI and Technology Driving Growth
- Platform Strategy in Every SBG
- CMMI → 50% Software Focused

*2010 Global Entrepreneur Magazine

More Resources + More Effective → More New Products
Five Initiatives - Productivity

- Integrated Purchasing with Engineering
- Constantly Watchful on Commodities

Material Productivity*

<table>
<thead>
<tr>
<th>Year</th>
<th>($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>43</td>
</tr>
<tr>
<td>2010</td>
<td>74</td>
</tr>
</tbody>
</table>

OEF Productivity (% of Revenue)

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26.5%</td>
<td>24.6%</td>
</tr>
</tbody>
</table>

+190 bps Improvement

*Net of Inflation, Excludes Changes in Volume and Inflation Offset By Customer Pass-Through Pricing

Best Material And Best Organization, At Lowest Cost...Need To Do Both
Raw Materials

Weighted Average Index of Key Commodities

Top HON Commodities:
- Nickel
- Natural Gas
- Copper
- Aluminum
- Steel
- Platinum
- Ethylene Glycol
- Titanium

Expecting Continued Inflation

Planning Range

Index of Top 8 HON Material Commodities; 2000 = 100
Census

**Developed Markets**

- 2003: 88K
- 2008: 90K
- 2011E: 85K

(3%)

**Emerging Markets**

- 2003: 20K
- 2008: 38K
- 2011E: 50K

+153%

**Total Census**

- 2003: 108K
- 2008: 128K
- 2011E: 135K

+25%

‘11E vs. ‘03:
- Sales ~55%
- Segment Profit ~110%
- EPS ~145%

- More Effective And Efficient Organization
- Big Emerging Regions Presence
Cash Generation

2000 - 2001

- Lost Money in 2001
- Poor Working Capital Discipline
- Weak Cash Conversion

2009 - 2010

- High Quality Earnings Biggest Driver
- Improving Working Capital Utilization
- Managing Capital Spending Growth

Continued Strong Cash Generation → Opportunity And Flexibility
Cash Deployment

Cash Flow From Operations*

- $6.2B Dividend Payments
- Increase Dividends per Share by 61%
- $9.2B Share Repurchase
- Hold Share Count Flat Going Forward
- Increased Authorization to $3B
- $9.0B Acquisitions
- Net of $3.2B Strategic Divestitures
- $5.6B Capital Spending
- 108% Reinvestment Ratio

*Deployment percentages based on cash flow from operations net of other cash flow activities, primarily change in debt

Smart Use Of Cash
• One Honeywell From 3 Separate Cultures
  – Reinforced Continually
  – “Glue-Building” Through Functional Councils, Senior Leadership Meeting, Process Enablers, Global Town Halls, and Awards

• 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

Leadership Team Keeps Getting Better...Best Ever
Incentive Programs

• **Bonus Plan – Annual**
  – Net Income, FCF, Working Capital Turns
  – Performance vs. Prior Years Critical
  – Do “What’s Fair”
  – Covers 700 People – All Differentiated
  – 20% of Top Management Comp

• **Growth Plan – Biennial**
  – Organic Sales (50%), ROI Growth (50%)
  – For Businesses – Business (50%), Company (50%) – One Honeywell
  – 20% of Top Management Comp

• **Equity – Long Term**
  – Weighting Increases with Level
  – 40% of Top Management Comp

Management Strongly Aligned With Investors
Enablers

HOS Deployment Sites

- Performance Differentiation
- 10 Silver Certified by End of 2011
- Company 100% by 2014

FT

- 2010 Savings of $84M
- 66% Honeywell Revenue on SAP
- Process Standardization

Rigorous Focus On Robust Processes...
## Enablers

<table>
<thead>
<tr>
<th>VPD™</th>
<th>6σ</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Focused, Business Led, Cross-Functional Teams</td>
<td>• Best Set of Process Analysis and Improvement Tools</td>
</tr>
<tr>
<td>• Improved Tools to Understand True Customer Needs and Values</td>
<td>• Data Based Decision Making</td>
</tr>
<tr>
<td>• Up to 30% Cycle Time and 50% Development Cost Reductions Through Greater Platform Use</td>
<td>• Foundation for HOS, VPD™, and FT</td>
</tr>
<tr>
<td>• Improving “Flawless Launch” and Sales Follow-Through</td>
<td>• DFSS Creates Robust Products Based On Customer Needs</td>
</tr>
<tr>
<td>• Leveraging HOS Experience to Optimize VPD™ Deployment Process</td>
<td>• All Eligible Existing Workforce Trained; New Employees Trained as Hired</td>
</tr>
</tbody>
</table>

*Right Products On Time, Every Time*  
*Foundation For All Processes*

...Leads To 20 Year Competitive Advantage
Why We Will Outperform

- Great Positions In Good Industries
  - Well Positioned With Favorable Macros Trends
  - R&D Investments and Emerging Regions Driving Growth
  - M&A Reinforces “Right Portfolio”
- Continue To Execute
  - Progress on One Honeywell Culture, 5 Initiatives, Best People
  - Robust Process Enablers Accelerating Margin Performance
- Strong Cash Generation, Balanced Cash Deployment
  - Enablers Drive Cash Firepower
  - Returns to Shareholders

Relentless Focus Driving Results
Summary

- Strong Performance **Will** Continue
  - Seed Planting Constant
  - Lots of Cash to Add Further Value
- Strong Leadership Team
- Culture of **Performance**
- Management Strongly Aligned with Investors
- **Excited** About Long-Term Targets
# Today’s Presenters

<table>
<thead>
<tr>
<th>Automation and Control Solutions</th>
<th>Specialty Materials</th>
<th>Aerospace</th>
<th>Transportation Systems</th>
<th>China and India</th>
<th>Financial Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roger Fradin</td>
<td>Andreas Kramvis</td>
<td>Tim Mahoney</td>
<td>Alex Ismail</td>
<td>Shane Tedjarati</td>
<td>Dave Anderson</td>
</tr>
<tr>
<td>President &amp; CEO</td>
<td>President &amp; CEO</td>
<td>President &amp; CEO</td>
<td>President &amp; CEO</td>
<td>President &amp; CEO</td>
<td>Senior Vice President &amp; CFO</td>
</tr>
<tr>
<td>Dan Sheflin</td>
<td>Rajeev Gautam</td>
<td>Bob Smith</td>
<td>Craig Balis</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VP Technology</td>
<td>President &amp; CEO, UOP</td>
<td>VP Technology</td>
<td>VP Engineering</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tony Uttley</td>
<td>Terrence Hahn</td>
<td>Carl Esposito</td>
<td>David Paja</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VP Strategy &amp; Marketing</td>
<td>VP GM, Fluorine Products</td>
<td>VP Marketing</td>
<td>VP Marketing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Automation and Control Solutions

Roger Fradin
President and CEO

Honeywell
ACS Overview

Recent Highlights

- ~450 New Product Introductions
- Sperian, Matrikon, Akuacom, Peha & E-Mon Acquisitions
- First Silver HOS Site – Trieste, Italy (HLS)
- ~100 Active Repositioning Projects
- Investing For Growth and Margin Expansion

Financials

- ~450 New Product Introductions
- Sperian, Matrikon, Akuacom, Peha & E-Mon Acquisitions
- First Silver HOS Site – Trieste, Italy (HLS)
- ~100 Active Repositioning Projects
- Investing For Growth and Margin Expansion
Significant Business Wins

ECC
- Bradford White
- Paradip Refinery
- Baxi, DeDietrich, Remeha

Life Safety
- Australia’s Clem Jones Tunnel
- Stanley Convergent Solutions
- Landis+Gyr

Security
- MGM CityCenter
- Obel Tower, Northern Ireland
- Gas Extremadura, Spain

Scanning & Mobility
- UPS
- Grupo Modelo
- Starbucks

- Double-Digit Revenue Growth Driven by NPI
- Beating Market Growth Across Gas Detection, Personal Protective Equipment and Fire Systems
- Growth in IP Video and Integrated Security
- Innovation, End User Focus Driving Share Gains
Significant Business Wins

Sensing and Control
- Simclar Industrial
- Airbus A350
- GE Healthcare

Building Solutions
- White Oak Federal Research Center
- Dongguan Crystal Garments Co.
- Princess Noura University
- Electrabel
- China Smart Grid Pilot

Process Solutions
- Shah Gas Development Project
- ExxonMobil LNG Project
- PetroChina West-to-East II Pipeline
- Wintershall Netherlands B.V.

- Record $500M New Business Pipeline
- 20% Growth In Energy And Smart Grid
- Orders Up 20%, Backlog Up 26%
### Well Positioned For Growth

<table>
<thead>
<tr>
<th>Market Trend</th>
<th>ACS % Sales&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>ACS Positions</th>
<th>HON Growth Drivers</th>
</tr>
</thead>
</table>
| Commercial New | 13% | #1 Building Controls #1 Fire Systems #3 Building Solutions | • Energy Efficiency  
| | | | • Safety, Regulation  
| | | | • Installed Base  
| | | | • CO₂ Reduction  
| | | | • EMR Growth  
| Commercial Retrofit | 13% | |  
| Residential New | 8% | #1 Home Comfort #1 Security #1 Res Combustion | • Energy Efficiency  
| | | | • New Products  
| | | | • Installed Base  
| | | | • Emerging Market Middle Class  
| Residential Retrofit | 9% | |  
| Process Industrial | 21% | #2 Process Solutions | • Process Optimization  
| | | | • Energy Efficiency  
| | | | • Legacy Migrations  
| General Industrial | 17% | #1 Sensing<sup>(2)</sup> #1 Personal Protection | • Regulation  
| | | | • New Products  
| | | | • Installed Base  
| Other (Retail, Infra., Inst.) | 19% | #2 Scanning #4 Mobility #3 Building Solutions | • Energy Efficiency  
| | | | • New Products  
| | | | • PPP/LT Op Contracts  
| | | | • Installed Base  

<sup>(1)</sup> Management Estimates  
<sup>(2)</sup> Excluding Automotive (recent divestiture)

---

**Strong Positions In Good Industries**
Long-Term Growth Driver – Energy / Smart Grid

Underlying Dynamics

• Increasing Energy Prices
  – Traditional Supply Constrained
  – Renewables More Expensive

• Energy Users Being Exposed to “True Cost” of Energy
  – Move to Dynamic / Variable Pricing
  – Demand Response / Smart Grid

• Increasing Regulation
  – Efficiency Mandates
  – Emissions Mandates

• Energy Efficiency 1/3 Cost per Megawatt of New Capacity

How We’re Positioned

• > 50% of Portfolio Enables Energy Efficiency

• Leader in Residential, Commercial, and Industrial Controls

• Energy Users Need Controls to React to Variable Pricing

• Great Success with Dept. of Energy Grants

• Smart Grid: Leader in Demand Response

• Regulation Making Our Core Energy Efficiency Offerings More Valuable

Outstanding Position In Energy Efficiency
Smart Grid = Connecting Supply & Demand

Generation & Transmission
Customer Issues

- Peak Demand 2x Base
  - Peak Cost 10x Base

- Intermittent Renewables

- Demand-Side Cheaper Than Supply-Side → Incentives Not in Place

- Utilities Focused on Infrastructure (e.g. Smart Meters), but Smart Meters Don’t Help Consumers Control Demand
  - Applications Lagging

- Consumer and PUC Backlash
  - Cost Without Benefit

Honeywell Smart Grid
Position

- HON Controls Impact 20% of Electrical Load (Demand)
  - Residential, Comm. & Ind.

- Turnkey Utility Programs
  - Customer Acquisition
  - Installation
  - Ongoing Services

- Energy Efficiency + Demand Response
  - Same Capability, Systems

- Auto DR Leader
  - Integrates Renewables

Honeywell Delivers On The Promise Of The Smart Grid
Long-Term Growth Driver – Safety & Security

Underlying Dynamics

- Growth in Higher Risk Regions
  - Natural Resources in Africa, ME, Stans
- More Stringent Safety Regulations
  - Enforcement Increasing in Emerging Regions
- Increasing Cost of an Incident
  - Lost Time, Legal Action, Damaged Image
- Global Expansion of the Middle Class
- Heightened Awareness of Personal Safety
- Accessibility/Simplicity of Security Products

How We’re Positioned

- #1 Positions
  - Fire, Security, Gas, Sensing, PPE
- Innovative Technology Solutions: Wireless Security, MAV, Video Analytics
- Enabling New Standards Through Innovation
- Leveraging Our $17B Industrial Installed Base

Leading Provider Of Safety And Security Solutions
Long-Term Growth Drivers – Productivity & Outsourcing

Honeywell

Global Leader In Productivity And Service Solutions

**Productivity**

*Underlying Dynamics*
- Yearly Need to Offset Inflation
- Pervasive Wireless Infrastructure

*How We’re Positioned*
- Increasing the Productivity of Our Channel Partners-Wirelessly Enabled
- Leader in Process Optimization
- Leading Position in AIDC Space

**Customer Outsourcing**

*Underlying Dynamics*
- Economic Volatility / High Fixed Costs
- Rapid Advances in Technology

*How We’re Positioned*
- $2B+, 7,500 Employee Global Service Capability to Build On
- Embedding Service in Solutions
- Technology Enabling Remote Service
R&D Aligned To Growth Themes

- RedLink Wireless
- Water Heater Controls
- Building Optimization
- Smart Grid Thermostats
- Commercial Demand Response
- Sustainability
- Energy Management Solutions

- Gas Detectors
- Intelligent Fire Alarm Network
- Enhanced Safety Products
- TruStability Pressure Sensors
- Total Connect Applications
- Smart Home System

- Wireless Sensors
- Next Generation Mobile Computing
- Ultra-Lightweight Mobile Computer
- Experion LS
- OneWireless Portfolio

Inventing New Markets, Enabled By Wireless
Strong Commercial Excellence Capabilities

What is CE?
• Driving Sales & Marketing Excellence
• Effectiveness Measured as a Ratio: Comm. Cost as % of Gross Margin

Robust Capability Set
• Pricing Excellence
• Marketing to Sales Linkage
• NPI Capability
• Go-to-Market Optimization
• Channel Strategy and Compensation
• Lean Sales and Diagnostics
• One HON Sales Synergies
• Talent On-Boarding and Development

ACS Sales & Marketing Team

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>v 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>9,000</td>
<td>+3,900</td>
</tr>
<tr>
<td>Marketing</td>
<td>1,500</td>
<td>+700</td>
</tr>
<tr>
<td>Margin Rate %</td>
<td>~13%</td>
<td>+160 bps</td>
</tr>
</tbody>
</table>

Driving A High Return On Commercial Investment
Emerging Regions As Growth Driver

Emerging Regions Growth Trend

- Sustained Strong Growth
- Scaling Local Market NPI
- Strengthened Leadership Team
- Significant Growth Investment
  - Technology
  - JVs
  - Sales Coverage

<table>
<thead>
<tr>
<th>Country</th>
<th>CAGR</th>
<th>% ACS</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>17%</td>
<td>8%</td>
</tr>
<tr>
<td>India</td>
<td>21%</td>
<td>4%</td>
</tr>
<tr>
<td>Middle East</td>
<td>16%</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Total ER</strong></td>
<td>13%</td>
<td>~21%</td>
</tr>
</tbody>
</table>

Bringing Global Resources To Local Markets
Leveraging Our Industrial Channel

**Industrial As Channel For ACS**

- Personal Protective Equipment (PPE)
- Gas & Fire
- Critical Infrastructure Protection
- Combustion (Callidus)
- UOP
- S&C OneWireless

**One Honeywell Examples**

- HSM Expanding into Industrial Offerings with HPS Field Advisor
- Vindicator Portfolio Provides Perimeter Security for Critical Industrial Applications
- Connecting Industrial Customers to the Smart Grid in Southern California
  - HPS, HBS, ECC

**Unique Competitive Advantage For Honeywell**
Trieste HOS Achievements

Trieste, Italy Plant

System Sensor Products

HOS Silver

Site Results: Pre-HOS to Silver

- Defects (PPM): 40% Reduction
- Delivery (OTTR): 5 pt Improvement
- Inventory (DOS): 7 Day Improvement
- Conversion Cost: ~50% Higher Productivity
- Safety: 75% Improvement in TCIR

Implementing HOS Improved Competitive Advantage
ERP Rollout

**Cumulative Benefits**

(Run Rate)

<table>
<thead>
<tr>
<th>Year</th>
<th>~$50M</th>
<th>~$150M</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Transformation**

- **Administrative Cost Reduction**
  - Single Global Back Office
  - Single IT Instance
  - Efficient Server Framework
- **Strategic Enhancements**
  - M&A Integration
  - Tax Efficient Structuring
- **Commercial & Operational Benefits**
  - Single Vendor Master … Enhance Purchasing Leverage
  - Single Customer Master … Enhanced CRM and Value
  - E-commerce and SIOP Platforms

- 30,000+ End-State Users
- 30% Currently Complete…2014 Target Finish
- 2011 Focus on Americas
# M&A: A Growth Strategy And Core Competency

<table>
<thead>
<tr>
<th>Discipline</th>
<th>Honeywell Strategies</th>
</tr>
</thead>
</table>
| **Identification** | ➢ Origination Driven by Business Strategy → Buy What We Know  
➢ Business Ownership – Start to Finish  
➢ Dedicated BD Resources Yielding Large, Attractive & Active Pipeline |
| **Valuation** | ➢ Deal Discipline – Value on Cost Synergies ONLY  
➢ Sales Synergies Represent Upside Potential and Rigorously Pursued  
➢ Unsentimental Process → Willing to Walk Away |
| **Due Diligence** | ➢ Thorough Process with Strong Functional Expertise  
➢ Integration Team Involved and Held Accountable → Relentless |
| **Integration** | ➢ Staffed with HON Top Talent – the “Face” of HON to the Acquired Co.  
➢ Business & Cultural Integration Plan Approved Day One (at Closing)  
➢ Continuous CEO Review 360 Days → Management Scorecard  
➢ Track and Share Integration Best Practices Pan-HON |

---

**GM Ownership, Deep Pipeline, Cost-Based Valuation → Deal Discipline**
Applying Honeywell Process Discipline To M&A

### Core Processes:
Strategic Planning, Annual Operating Discipline, Talent Management

<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 &amp; 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</td>
</tr>
<tr>
<td>• NPI/VPD™</td>
<td>• Direct Materials</td>
<td>• Smart Tax Structuring</td>
<td>(Training, Career Path, Comp.)</td>
</tr>
<tr>
<td>• Electronics and Wireless Excellence</td>
<td>• Indirect Expenses</td>
<td></td>
<td>• HON Performance &amp; Development</td>
</tr>
<tr>
<td>• One Honeywell</td>
<td>• Factory Transitions</td>
<td></td>
<td>• Health, Safety, Environmental</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>

**Tools Enable...Culture Sustains**
## M&A Scorecard

<table>
<thead>
<tr>
<th>Acquisition</th>
<th>Description</th>
<th>EV/EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Controls</td>
<td>• Fire, Security, Building Controls, Electric</td>
<td>~12x</td>
</tr>
<tr>
<td></td>
<td>• $1.1B in 2004. ~$130M Synergies</td>
<td>~5x</td>
</tr>
<tr>
<td>Gas Detection</td>
<td>• Petrochem, Semiconductor and Consumer Gas</td>
<td>~12x</td>
</tr>
<tr>
<td></td>
<td>• ~$785M in 2005/06</td>
<td>~4x</td>
</tr>
<tr>
<td>AIDC</td>
<td>• Imaging in Retail, Transport and Healthcare</td>
<td>~12x</td>
</tr>
<tr>
<td></td>
<td>• Leader in Bar Code Scanning Sub-Segment</td>
<td>~5x</td>
</tr>
<tr>
<td></td>
<td>• $1.1B in 2007/08</td>
<td>~15x</td>
</tr>
<tr>
<td>Industrial Combustion</td>
<td>• Combustion Controls &amp; Systems - Industrial Leader</td>
<td>~7x</td>
</tr>
<tr>
<td></td>
<td>• High Temp. Combustion &amp; Emission Systems</td>
<td>~5x</td>
</tr>
<tr>
<td></td>
<td>(O&amp;G, Petrochemicals) - Ultra-Low NOX Emissions</td>
<td>~2x</td>
</tr>
<tr>
<td>Energy/Smart Grid</td>
<td>• SaaS for Utilities to Broadcast Price, Reliability Signals</td>
<td>~15x</td>
</tr>
<tr>
<td></td>
<td>• Entry in Commercial/Industrial Demand Response</td>
<td>~2x</td>
</tr>
<tr>
<td></td>
<td>• Software to Integrate and Manage Systems for Building Automation, etc.</td>
<td>~11x</td>
</tr>
<tr>
<td></td>
<td>• Over the Internet</td>
<td>~6x</td>
</tr>
<tr>
<td></td>
<td>• $46M in 2005</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Leader in Commercial Building Sub Metering</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• $30M in 2010</td>
<td></td>
</tr>
<tr>
<td>Personal Protection</td>
<td>• Head-to-Toe Protection for the Fire Service, Utility, Industrial Safety,</td>
<td>~11x</td>
</tr>
<tr>
<td></td>
<td>• Agricultural/Work Markets</td>
<td>~6x</td>
</tr>
<tr>
<td></td>
<td>• Respiratory, Eye, Hearing, Clothing, Footwear</td>
<td></td>
</tr>
</tbody>
</table>

50+ Acquisitions, $5B Revenue → Great Track Record
Case Study: Strategic Expansion Into The Safety Market

- Fits HLS Strategy to Protect and Save Lives
- Large, Growing and Fragmented Space
  - Growth in All Global Regions
  - $20B+ Highly Fragmented Market
  - Opportunity to be Leading Player and Drive Scale
- High Profit Potential
- Consumable Business
  - Recurring Revenue Source
- Highly Regulated by Codes and Standards
  - OSHA, ANSI, NFPA, NIOSH, etc.
  - Similar to Fire & Gas Detection
- Great Channel / Sales Synergy
  - Brand and Channel Management Skills
  - Complementary with Norcross / Gas Detection
  - Industrial Channel Leverage
  - Emerging Market Opportunity
- Low Historical R&D → Opportunity
  - Drive Differentiation and New Markets with Incremental Investment (NPI/VPD™)
  - Embed Electronic Safety Devices Into the PPE Space
## Building Our PPE Portfolio

<table>
<thead>
<tr>
<th>Product Offering</th>
<th>Norcross Strength</th>
<th>Sperian Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head</td>
<td>![Green Circle]</td>
<td>![Green Circle]</td>
</tr>
<tr>
<td>Eye &amp; Face</td>
<td></td>
<td>![Green Circle]</td>
</tr>
<tr>
<td>Hearing</td>
<td></td>
<td>![Green Circle]</td>
</tr>
<tr>
<td>Fall Protection</td>
<td>![Green Circle]</td>
<td>SCBA</td>
</tr>
<tr>
<td>Firefighter Gear</td>
<td>![Green Circle]</td>
<td>Leather</td>
</tr>
<tr>
<td>Electrical Safety</td>
<td>![Green Circle]</td>
<td></td>
</tr>
<tr>
<td>Gloves</td>
<td>![Green Circle]</td>
<td></td>
</tr>
<tr>
<td>Footwear</td>
<td>Rubber</td>
<td>Leather</td>
</tr>
</tbody>
</table>

**Complementary Portfolios, Strong Leadership Positions**
Unmatched Scale And Global Reach

**Norcross Revenue Mix**
- EMEA: 18%
- APAC: 2%
- Americas: 80%

**Sperian Revenue Mix**
- APAC: 7%
- EMEA: 51%
- Americas: 42%

**Honeywell Safety Products Revenue Mix Today**
- APAC: 4%
- EMEA: 31%
- Americas: 63%

Unparalleled Global Footprint, Scale
## Honeywell Combined PPE Offering

### Most Complete Head-To-Toe Offering In PPE Space
Honeywell Life Safety: A Diversified, Growth Business

**Line of Business Growth**

- $432M
- $3B+ Est.

<table>
<thead>
<tr>
<th>Year</th>
<th>Legacy</th>
<th>Novar</th>
<th>Analytics</th>
<th>FT</th>
<th>Norcross</th>
<th>Sperian</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Growth Drivers:**

- **Addressable Market**
  - Expanded from $3B – $20+B

- **Gas & PPE Expected**
  - Growth >2x GDP

- **Channel, Brand & NPI Leverage**
  - Ability to Outperform Market Growth

- **Target Rich M&A Environment**

**Geographic Growth**

- **Americas**
  - 71%

- **EMEA**
  - 25%

- **A/P**
  - 4%

- **Fire**
  - 37%

- **Gas**
  - 13%

- **PPE**
  - 49%

**Expanding Into High Growth Segments**
Outlook Update…One Year Later

On Track To Deliver 5 Year Plan ... Early

<table>
<thead>
<tr>
<th>($B)</th>
<th>Revenue</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>$14.7-15.1</td>
<td>13.6-13.9%</td>
</tr>
<tr>
<td>2014</td>
<td>~$18-19</td>
<td>15.0 - 16.0%</td>
</tr>
</tbody>
</table>

**Previous Target:** 6 – 9% CAGR  
**Tracking To High End:** 9% Through 2011  
**Long Term Goal:** 50 - 70 bps Per Year  
**Ahead of Margin Target**
Margin Expansion

Op Margin

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

Volume Leverage
- OEF
- Indirects
- Fixed Cost Discipline

Operational Excellence
- HOS
- NPI & VPD™
- COPQ

FT & ERP
- Common Process
- Common System

Commercial Excellence
- Pricing
- Sales & Marketing Excellence

Strong Growth And Margin Expansion Outlook
Honeywell Innovation
Honeywell Innovation

• New Products are the #1 Driver of Honeywell Growth and Profitability
  - Enables Growth in Current Markets; Entrance into Adjacencies
  - Drives Emerging Markets Growth and Penetration
  - Provides Immense Sales Force Leverage
  - Removes Cost, Drives Pricing Power
  - Adds Value to an Acquisition
  - Invent New Markets and Applications; Enabling Above Market Performance

# New Products
~550 Per Year

New Product Revenue
~$4B
~$5B

Top R&D Initiatives
Revenue Opportunity
~$1.5B
~$6B

Robust Pipeline
Driving Growth

5 Yr Cumulative Opportunity >$15B

New Products Fueling Profitable Growth
Velocity Product Development (VPD™)

VPD™: Integrated Strategies, Processes, Tools and Culture to Bring Products That Customers Want to Market Faster

- Consistent Methodology Across Businesses
- Connects Business Strategy to Innovation Process
  - Tight Linkage to Honeywell Operating Systems (HOS)
- Delivers Innovation Customers Value
- Drives Cycle Time, On Time Performance
- Maximizes ROI / Efficiency of R&D

A Management System, Not An Engineering Process
# Driving Great Innovation

<table>
<thead>
<tr>
<th>Culture</th>
<th>Skills &amp; Tools</th>
<th>Leadership</th>
<th>Local Strategies</th>
</tr>
</thead>
</table>
| • Intellectual Curiosity & Passion  
• Marketing and Technology Linkage  
• Design is the Highest Leverage Point in Process  
• Technologists with Deep Front and Back-End Knowledge  
• Evolving Culture → Adopting Best Practices from M&A | • Voice of the Customer (VOC) from Start to Finish  
• Innovation Workshops, Teardowns, Rapid Prototyping, QFD/Six Sigma  
• Software (CMMI5) and Platform Strategy | • Lean Portfolio Management  
• Connects Business Strategy to Innovation Process  
• Similar to “Lean Manufacturing”  
• Drives Cycle Time, On Time performance | • Integrating Global Engineering – Tools & Processes  
• Innovate Locally  
• Win Globally |

Marrying Small Company Speed With Big Company Resources
Speed Is In Our DNA

Honeywell Scanning & Mobility and Honeywell Security Group

- Speed to Market is Critical Success Factor
  - Months, Not Years
- Rapid Convergence of Technology

- Drive Sense of Urgency
- Faster Cycle Time = Speed
- Rapid Innovations Brought Back into Other Businesses
  - Example: Display Technology

Differentiate With Rapid Time To Market
Leveraging Honeywell Portfolio Advantage

Honeywell Aerospace: Source of Unique Technology Assets

- Most Demanding Environments on the Planet
- Real-Time Control Systems
- Mission Critical Applications

Transference of Technology:
- Turbo Technology
- Commercial Control Systems
- Better Sensors
- Unique Wireless Capability

Honeywell Specialty Materials: Source of Real World Learning

- Unparalleled Access to Real World VOC Data:
  - Process Control Systems
  - Critical Infrastructure Protection
  - PPE Technology
  - Wireless Applications

Leveraging Cross-Honeywell Technology And Best Practices Drives Competitive Advantage
Honeywell VPD™ Progress – 2005 To 2010

- Cycle Time Reduced 30%
- Development Costs Reduced 50%
- ~3x New Products Launched Annually
- Strengthened VOC and Cross Functional Engagement
- Significant Sourcing Leverage
- $10B+ New Product Revenue

Maximizing R&D Investment → Fueling Growth
Innovation – Lifeblood For ACS Growth

- R&D Investment up 90%
- Resources up 125%; Expanding EM Resources
- Cycle Times Reduced 40%
- NPI Up ~3X
- Highly Developed Marketing Processes Means Products Hit the Mark
- Six Sigma Design Process Means they Work the First Time

>$6B Of Lifetime Value Of New Product Revenue
ACS: Positioned for Growth

• Leveraged to Key Macro Trends

• Demonstrated Ability to Beat Competition

• Leading with New Product Innovation

• Investing for Growth and Profitability

• Positioned to Win in a Rebounding Economy
Automation & Control Solutions Technology Showcase

Dan Sheflin, Vice President and CTO
Tony Uttley, Vice President Global Strategy & Marketing
ACS Customer Priorities

Safety

Security

Energy Efficiency

Productivity

Wireless
Safety

Process Safety Incidents Cost The U.S. Petrochem Industry $20B Per Year!

- Shell Norco - $314M
- Unocal Lemont - $167M
- Qatar Petroleum - $167M
- BP Texas City - $1,700M
- Total La Mede - $500M
- KNPC - $412M
- Georgia-Pacific Naheola - $35M
- Phillips Pasadena - $1,400M
- Petrobras - $2,000M+
- Stone Container Panama City - $100M
- Shell Bintulu - $275M
- Pemex Cactus Gas - $139M

Source: ASM Consortium

Safety Is The #1 Priority For Industrial Customers
When Problems Happen
The Reality Of The Situation

An HSE Report Quotes:

• **275** alarms in the **11** minutes before the explosion
• “...warnings of the developing problem were lost in the plethora of instrument alarms triggered in the control room, many of which were unnecessary and registering with increasing frequency, so operators were unable to appreciate what was actually happening ...”
Honeywell Unique Among DCS Suppliers

Operator Training Simulators

Honeywell: #1
Invensys: #2
Emerson: ☓
Yokogawa: ☓

Simplified Alarm Management

Matrikon: #1
Honeywell: #2
Emerson: ☓
Yokogawa: ☓

$125M Incremental ACS Growth By 2015
The Scale Of The Problem Is Increasing

Shell GTL, Al-Dahirah, Qatar
OneWireless™ Industrial Networks

$210M Incremental ACS Growth By 2015
OneWireless™ Comprehensive Solutions

Unique OneWireless™ Solutions

- Mobile Control Room
- Mobile PDAs
- Gas Detection
- Collaboration Camera
- Video
- Equipment Health Monitoring

Only OneWireless™ Offers This Range Of Solutions!
OneWireless™ Situational Awareness

Wireless Gas Detection and Location

- Track up to 7,000 People and Assets
- Deploy Resources During Normal Operation
- Control Room is Aware of Where People are During Process Startups and Disruptions ... the Most Dangerous Times

Honeywell: #1
Invensys: ☞
Emerson: ☞ ☞
Yokogawa: ☞ ☞

Safety Every Day
OneWireless™ Emergency Response

- Monitor Safe Evacuation During Emergencies
- Track and Deploy Emergency Responders
- Allows Command and Control of Emergency Response

Wireless Gas Detection and Location

Honeywell: #1
Invensys: ☐
Emerson: ☐☐
Yokogawa: ☐☐

Safety In The Most Dangerous Situations
OneWireless™ Simplifies Safety

RFID Tagged Protective Equipment

Handheld Reader

Globally Unique
‘Digital Fingerprint’

Automated Compliance Records

- Assure That Proper Protective Equipment is Worn
- Assure That Emergency Responder Training is Current
- Assure That all Protective Equipment is Tested and Calibrated

Addresses Customer Safety And Liability Concerns
Communication Is Critical
Intelligent Hearing Solutions

Clear Communications In The Harshest Environments
Security
Honeywell Created The Market…

…for Wireless Residential Security

Before Wireless
- 2 People, 2 days For an Installation
- Installers Had to be Skilled Technicians
- Up Front End-User Cost Was +$2,000

Now
- 1 Person, ½ day For an Installation
- Installers Can be Unskilled Labor
- Up Front End-User Cost Less Than $200

Radically Reduced Cost – Changed Whole Dynamics
Honeywell Redefines The Market
Full Range Of Wireless Connectivity

Wireless Sensors
- Full Family

Network
- Reliable Secure Connections

User Interfaces
- Simple Intuitive Interfaces

Video
- Easy Installation

Remote Control
- Over 140 Devices

Simple, Portable, Secure
State-Of-The-Art Portable & Remote Offering

- Easiest Installation
- Best in Class End-User Applications
- High Quality Portable Viewing
- Simple iPhone/iPad/Android Interface
- Unmatched Security
Productivity
New Products Driven From Customer Need

- Key Retail Metric: Sales per Hour
- Un-readable Bar Codes are a Significant Negative Contributor
- Longer Check-Out Lines and Wait Time
- Unhappy Customers and Missed Sales Opportunities
- Typical Solution: Add Employees

Using Voice Of The Customer To Solve Problems
Patented Scanner Reads “Hard To Read” Bar Codes
Energy Efficiency
Honeywell Is A Pivotal Player In Energy

20% OF U.S. ENERGY IS TIED TO HONEYWELL PRODUCTS.

~800kWh

Honeywell Offerings Control 800 BILLION KWh!
## Energy Efficiency Cheapest Source Of Fuel

<table>
<thead>
<tr>
<th>Source</th>
<th>Payback Period</th>
<th>Benefits Availability</th>
<th>Green?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>10-15 Years</td>
<td>2-3 Years</td>
<td>Not Optimal</td>
</tr>
<tr>
<td>Nuclear</td>
<td>20+ Years</td>
<td>5+ Years</td>
<td>OK</td>
</tr>
<tr>
<td>Renewables (e.g. Solar)</td>
<td>Exceeds Useful Life of Asset</td>
<td>Variable</td>
<td>Good</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>3-5 Years</td>
<td>Immediate</td>
<td>Excellent</td>
</tr>
</tbody>
</table>

- Energy Efficiency is the Cheapest Source of Clean Power
- Demand Response is an Essential Prerequisite
- Honeywell Products Leverage Existing Infrastructure

**DR Addresses Peak Demand & Renewable Integration**
Energy Efficiency = Demand Response

Energy Efficiency

- Slow
- Permanent
- Always
- kWh Saved

Demand Response

- Fast
- A Few Hours
- 10-20x/Year
- kW Shed

Questions:
- How Fast?
- How Long?
- How Often?
- How Measured?
Robust ACS Smart Grid Offering

• Coverage Across Transmission, Distribution, Home/Building and Distributed Generation

• Connecting Key Data Nodes Across the Grid and Controlling the Loads

Growing In Attractive New Markets

Commercial & Industrial

Residential
## Comprehensive Energy Efficiency Portfolio

<table>
<thead>
<tr>
<th>Industrial Process Efficiency</th>
<th>Energy Efficiency, Demand Response &amp; Smart Grid</th>
<th>Energy Performance Contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>BioMass Power</td>
<td>Auto Demand Response</td>
<td>Remote Building Optimization</td>
</tr>
<tr>
<td>Real-Time Energy Management</td>
<td>Lighting Controls</td>
<td>Energy Retrofits</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Green Buildings</td>
<td>Reduced Emissions</td>
<td></td>
</tr>
<tr>
<td>Sustainability Services</td>
<td>Carbon Capture</td>
<td>Advanced Combustion</td>
</tr>
<tr>
<td>Energy Submetering</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

~50% Of ACS Portfolio Linked To Energy Efficiency
## Wireless Revenue Growth

<table>
<thead>
<tr>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Next Gen</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industrial</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OneWireless™</td>
<td>Wireless Control Room</td>
<td>Wireless Intrinsically Safe Gas Detection</td>
<td>Location in GPS Denied Environments</td>
</tr>
<tr>
<td>Sensors &amp; Switches</td>
<td>Wireless Control Room</td>
<td>Wireless Gas and Location</td>
<td></td>
</tr>
<tr>
<td><strong>Commercial</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Monitoring Sensors</td>
<td>Mobile Computing</td>
<td>All Wireless Fire System</td>
<td></td>
</tr>
<tr>
<td>Scene Lighting</td>
<td>Commercial Lighting</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Residential</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand Response Thermostats</td>
<td>Internet Connected Security</td>
<td>Commercial Lighting</td>
<td></td>
</tr>
<tr>
<td>RedLink Home Energy Manager</td>
<td>Internet Connected Home</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$2.5B Revenue in 2014

**Inventing New Markets With Wireless**
Every ACS Business Engaged

Sensors & Switches $44M  Commercial Lighting $60M  Mobile Computing $108M
Specialty Materials Overview

Financials

2010 Highlights

- Strong Recovery Post Economic Downturn
- $220M in Revenues From New Products
- Record Production in 18 Unit Operations
- Continued Seed Planting for Future Growth

Business Units

UOP

Advanced Materials

Geographic Mix

North America

Latin America

EMEA

Asia Pacific

Strong Performance Through Cycle
Management Multi Year Roadmap

Operational Excellence
- HOS
- Increased Attainment
- Yield Improvements
- Debottlenecking
- Plant Strategic Plans

New Product Introductions
- Molecule Scale-up
- Technology Leadership
- Application Development

Globalization & Market Creation
- Emerging Region R&D
- Global Demand Capture
- Strong Governance and Processes

Sales & Marketing Excellence
- Sales Force Deployment
- Regionalization
- Pricing Excellence

Long-Term Growth
- Investments / Partnering
- Leveraging Technology Pipeline
- Project Execution

Op Margin
- 2009: 14.6%
- 2014: 16-18%

Structured Approach To Investment And Growth
Key Differentiators

<table>
<thead>
<tr>
<th>Differentiator</th>
<th>Mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Approach &amp; Leadership</td>
<td>Business Decision Week</td>
</tr>
<tr>
<td>Analytical Capabilities &amp; Innovation Engine</td>
<td>Technology Investments &amp; VPD™ Process</td>
</tr>
<tr>
<td>Plant Performance &amp; Process Technology</td>
<td>HOS &amp; Plant Strategic Plans</td>
</tr>
</tbody>
</table>

Annual Segment Margin, SM vs. Industry Peers
Segment Margin, Percent

- Honeywell
- Specialty
- Diversified

Specialty based on 40 companies, Diversified based on 8 companies, reporting as of 3/1/11
UOP Overview

Segments

- Petrochemicals
- Gas & Hydrogen
- Refining
- Manufacturing Adsorbents and Aluminas

Financials

Sales $B

- 2009: $1.6
- 2011E: $1.9
- 9% CAGR

Geographic Mix

- Latin America
- North America
- Asia Pacific
- EMEA

Products

- Process Technology and Equipment
  Licensing, Services and Equipment for Refining, Petrochemical and Gas Processing Industries
- Catalysts, Adsorbents and Specialties
  Materials for Process Technology and Manufacturing
- Renewable Energy and Chemicals
  Process Technology for Transportation Fuels and Chemicals

Industry Leading Technology And Solutions
UOP Industry Landscape

Global Energy Demand Tracks GDP

- **Oil**
- **Natural Gas**

Source: US Energy Information Administration

Refining Opportunity

- Capacity Replacement
- Environ. Reg.
- Regional Factors
- National Security
- Refining Growth

~1.4%

Natural Gas Opportunity

- Demand Growth
- Depletion
- 8% Growth

Base Load

Petrochemical Opportunity

Example: On-Purpose Propylene (kMTA)

- 5-8% Growth
- 11% Growth

Source: CMAI Feb. 2010
Typical Refinery Process

- **Crude Distillation**
- **Desalted Crude Oil**
- **Atmospheric Gas Oil**
- **Naphtha**
- **Kerosene**
- **Middle Distillate**

**Gas Concentration** → **Amine Guard** → **H2 Plant** → **Polybed PSA**

- **Light Straight Run** → **Hydrotreating**
- **Light Naphtha Isomerization** → **Reforming**
- **FCC** → **Catalytic Condensation** → **Ca Isomerization** → **Alkylation**

**Vacuum Distillation** → **Hydrocracking** → **Hydrotreating**

- **Hydrotreating** in different stages

**Transportation Fuels**:
- **Diesel**
- **Jet Fuel**

**Petrochem Feed & Other**:
- **LPG**
- **Propylene**

**Bottom of the Barrel**:
- **Asphalt**
- **Fuel Oil**
- **Solid Fuel**

**Typical Refinery Process**: $10B+ Typical Investment

**UOP Technologies Critical To Refinery Investments**
Common Set Of Customer Challenges

- Crude Feedstock Quality
- Petrochemical Yields
- Diesel Yields
- Optimizing Flexibility & Margins
- Bottom of Barrel Upgrades

UOP Optimized Technology Maximizes Refinery NPV
Upgrading Lower Quality Crude

Heavy Crude Increasing As Feedstock

UOP Technology Leadership

- **UOP Uniflex™** Delivers Industry Leading Conversion (90%+) to Transportation Fuels While Minimizing Residue By-Products
- **UOP Residue FCC** Process Cost-Effectively Converts Moderate to Severely Contaminated Feedstocks Into Gasoline

Ability to Refine Provides Margin Lift

Actual Customer Result

- Increase in High-Value Fuel Conversion: 4-6%
- Increase in Refiner Margins: 50%
- Customer Value Created: $300M
Boosting Petrochemical Yield

Margin Lift Opportunity for Refiners

- World Leader in Para-xylene Technology With Large Global Installed Base

- Lowest Cost, Most Energy Efficient Para-xylene Technology with Largest Single Train in Operation

Strong Demand for Para-xylene

- Increase in Feedstock Value ($/MT) $450
- Improvement in Energy Efficiency 30%
- Customer Value Created $450M

Source: UOP & SBA-CCI

Specialty Materials
Boosting Diesel Yield

Diesel Demand > Other Fuels

- UOP Unicracking™ is Highest Yield, Lowest Sulfur Diesel Technology
  - > 200 Units Globally
- UOP Unionfining™ Improves Quality to Meet More Stringent Fuel Regulations
  - > 300 Units Globally
- Hydrocracking and Hydrotreating Catalysts Optimize Yields and Profitability

Regulation Driving Reduced Sulfur Content

- Increase in Feedstock Value ($/MT) $270
- Incremental Conversion to Higher Value Fuels 60%
- Customer Value Created $2.3B

Specialty Materials
Integrated Solutions To Optimize Refinery Flexibility And Margins

Complex Refinery Advantage

- Less Complex, Small: ~$2
- More Complex, Large: ~$4
- Higher Demand: ~$15

Source: International Energy Agency

UOP Capabilities

- Configuration
- Training & Start-Up
- Design Basis Optimization
- Front-End Engineering Design
- Process Design Services

Optimized for Dynamic Inputs and Outputs

- Feedstock Type, Quality and Cost
- Output Demand and Price
- Regulatory Changes
- Environmental Footprint
- Schedule and Project Cost

Actual Customer Result

- Increase in Refinery Margins vs. Base Design: 20%
- Reduction in Construction Cycle Time: 1 yr
- Customer Value Created: $2B
## Solutions For Growing Energy Demand

<table>
<thead>
<tr>
<th>Drivers</th>
<th>UOP Technology</th>
</tr>
</thead>
</table>
| **Natural Gas Processing** | • Growing Global Demand for Natural Gas  
• New Technology for Additional Offshore Gas Recovery  
✓ Leading Membrane Technology for Contamination Removal  
✓ New Applications for Off-Shore Installations |
| **Green Fuels** | • Global Liquid Fuel Demand / Regulation  
• Climate Change Concerns  
✓ Honeywell Green Diesel™ and Green Jet Fuel™ Technology  
✓ Real Fuels/Drop-in Replacements |
| **Fuel from Biomass** | • Climate Change Concerns  
• Availability of Cheap Waste Biomass  
✓ RTP Technology Produces Liquid Fuel From Waste  
✓ Working to Upgrade to Transportation Fuels |
| **Plastics from Gas/Coal** | • Abundant Coal / Gas in Emerging Regions Such as China  
• Growing Interest to Produce Higher-Value Plastics  
✓ Methanol-to-Olefin Technology  
✓ Successful Demonstration with European Partner |

---

**UOP Leader In Next-Generation Technologies**

Specialty Materials

Honeywell Investor Conference – March 9, 2011
Why Customers Choose UOP

- Recognized Leader in Process Technology with History of Reliability and Excellence
- Strong Portfolio of Patent-Protected Technologies
- Deep Customer Intimacy
- Global Reach and Capabilities
- Continuous R&D to Improve Process / Product Offerings

2003 National Medal of Technology Recipient

“For more than 85 years of sustained technical leadership and innovation for the petroleum refining and petrochemical industries; and for the invention and commercialization of adsorbents, catalysts, process plants, and process technology”
Advanced Materials Overview

Segments

- Fluorine Products
- Resins & Chemicals
- Specialty Products

Financials

- Sales $B
  - 2009: $2.6
  - 2011E: $3.3
  - 13% CAGR

Geographic Mix

- North America
- Latin America
- EMEA
- Asia Pacific

Business Models

- New Molecule & Scale-Up
  - Fluorine Products
  - Resins & Chemicals
- Application Development
  - Specialty Products

Great Positions In Good Industries
Fluorine Products

2011E Sales: $1.0B

Winning in the Marketplace

Heat Transfer / Refrigerants
Residential / Commercial / Supermarket / Mobile Applications

Structural Enclosures
Insulation / Roofing / Weatherization Solutions for Residential / Commercial and Appliances

Nuclear Services
Conversion Capabilities and Inventory Management

Process Aids
Differentiated Enabling Aerosol, Solvent and Catalyst Materials

Growing Faster Than End Markets

(1) Source: American Chemistry Council
(2) Source: Actuals: The Association of Home Appliance Manufacturers; 2011 Estimate: Honeywell
Regulatory Requirements Driving Change

CFCs
- Ozone
- Global Warming

HCFCs
- Ozone
- Global Warming

HFCs
- Ozone
- Global Warming

HFOs
- Ozone
- Global Warming

Fragmented Industry Participants
Low Barriers to Entry

Many Industry Participants
Low Barriers to Entry

Several Industry Participants
High Technology Needed
Intellectual Property Critical

Select Industry Participants
Higher Technology Needed
Intellectual Property Critical

Montreal Protocol / Ozone Depletion Concerns

Kyoto Protocol / Global Warming Concerns

Honeywell At Forefront Of Regulatory Transition
LGWP Solution For Auto Air Conditioning

Problem / Opportunity

- **Europe:** Regulates Use of Refrigerant with Global Warming Potential (GWP) Below 150 for New Vehicle Types
- **U.S.:** Trade-off with CAFE Tailpipe Emission for LGWP Refrigerant Replacement
- **Demand:** Global Annual Light Vehicle Builds Expected to be 94M by 2019

Honeywell Solution

- **Environment:** Global Warming Potential of 4 vs. 1430 for Current HFC
- **Performance:** Better Cooling Efficiency vs. CO₂ Alternative
- **Safety:** SAE Tested / Approved
- **Cost:** Enables Lowest Cost to Serve Air Conditioning System

Superior Environmental Performance

![Graph showing AC related CO₂ emissions (vehicle lifetime)]

- HFC (Existing Technology)
- HFO (HON Solution)
- CO₂ (Competing Solution)

- ~30% Lower Emissions vs. CO₂ Alternative

New Global Platform For HON - $300M+ Opportunity

Lower Cost Per Vehicle

![Chart showing cost savings vs. CO₂ Alternative]

- HFC (Existing Technology)
- HFO (HON Solution)
- CO₂ (Competing Solution)

- ~$100 / Vehicle Savings vs. CO₂ Alternative
LGWP Solutions For Other Applications

- **Aerosol / Insulation Panels**
  - Environment: GWP of 6 vs. 1430
  - Performance: Meets All Requirements
  - Safety: Non-Flammable
  - Cost-to-Serve: In Use Today
  - Annual Sales Opportunity: ~$100M

- **Foam Insulation / Solvents**
  - Environment: GWP of 7 vs. 1030
  - Performance: Improved Energy Efficiency
  - Safety: Non-Flammable
  - Cost-to-Serve: Near Drop-in Replacement
  - Annual Sales Opportunity: ~$200M

- **Stationary Air Conditioning**
  - Environment: >50% GWP Reduction
  - Performance: Same Energy Efficiency
  - Safety: Safer Than Hydrocarbons
  - Cost-to-Serve: Solutions by Applications
  - Annual Sales Opportunity: ~$300M

**Strong Pipeline Based On Proven Platform**
Resins And Chemicals

2011E Sales: $1.1B

Growth Drivers

- Capro Demand >> Supply
  - Asia Driving 60% of Global Growth

- Increased Competitive Advantage via HOS

- Expanding Global R&D Capabilities
  - Sulf-N® 26, Fishing Filament for Asia,
    Lubricated Nylon for Engineered Plastics

Resins
Caprolactam
Key Ingredient in Making Nylon Resins and Fibers

Nylon 6 Resin
Used in the Manufacture of a Wide Range of Product

Ammonium Sulfate Fertilizer
Caprolactam Co-Product Used for Crops and Lawns

Chemical Intermediates
Co-Products From Caprolactam Used in the Production of Various Chemicals

Strong Global Franchise
Specialty Products

2011E Sales: $1.2B

Growth Drivers

- Sales Force Deployment Capturing Rich Opportunity Pipeline
- Strong Application Development Engine
- Penetrating Attractive Adjacencies and Upgrading Mix

**e.g.**

- Lithium Hexafluorophosphate (LiPF6) for Lithium-ion Automotive Batteries
- Films and Anti-Reflective Coatings Protect / Improve Solar Panels
- Additives Allow for Lower Temperature Asphalt, Saving Energy
- Higher-Strength Fibers and Lighter Shield Technology

**Fast Cycle New Product Engine**
Strong VPD™ Process

**Overview**

- Rigorous Stage-Gate Process Tailored to Support Three Business Models:
  - New Molecule Scale-Up
  - Technology Leadership
  - Application Development

- Business Process, Not Just Technology

- Clear Cross-Functional Linkages and Deliverables

- Leveraging Strong Technology & IP Base: 2,700 U.S. Patents, 6,100 Patents Worldwide

**Robust Pipeline**

- Define Opportunity
- Development
- Scale-Up & Launch

$2.4B Pipeline

- 100 Projects
- 60 Projects
- 65 Projects

**Delivering Results**

- Launches Up 50%
- Revenues Up 120%

**Strong Process Engine Driving Sustainable Growth**
Operations Performance

Operational Excellence

• HOS Deployment Driving Results

• Plant Strategic Plans (STRAP) Optimize Capital Spend, Reliability, Attainment

• World-Class Safety Performance

Daily Monitoring Rigor

HOS Deployment Status

- Bronze Certified
- Sites Deployed

2009 2010 2014E

HOS Mature Site Results

• Safety (TCIR): 47% Reduction
• Defects (PPM): 71% Reduction
• Delivery (OTTR): 3.5 pt Improvement
• Inventory (DOS): 5 day Improvement
• Unit Conversion Cost: 12% Improvement
Performance Example – ‘09 vs. ‘10 Results

Geismar, LA Plant

HOS Phase 4

Key Fluorine Products Production Facility

Increased Competitive Advantage Through HOS
# Sales & Marketing Excellence

## Key Actions Deployed

### Sales Force Deployment
- Developing Robust Sales Processes
- Enabling Sales into Adjacent Markets
- Creating Market-Focused Mindset

### Channel Management
- Driving Value Chain Competitive Strategy
- Creating Pull-Through Channel Demand

### Pricing Excellence
- Deployed Transactional/Value Based Strategies
- Enhanced Value Capture/Negotiation Process

### New Product Development
- Robust NPI Pipeline Process
- VPD™ Front-End Qualification Tied to Customer Value

## Successes

- PE Wax and Foam Sales Deployment
- Regionalized UOP
- Weatherization Launch
- New Adsorbents
- Value Pricing
- $220M in Revenue

## Objectives

- EMR Penetration
- Adjacency Expansions
- New Market Creation
- Continue Value Chain Creation
- Drive Regional Technology Model
- Tools to Optimize Price Elevation
- Extension into Adjacent Markets
- Innovation to Grow Pipeline
- Expand Pilot Plant Capabilities

---

Specialty Materials
121

Honeywell Investor Conference – March 9, 2011
SM Regional Growth

- Expand Tech Support in ME, Russia, China, Brazil
- New India Tech Center for Refining, Other Technologies
- New Malaysian Engineering Center for Gas Processing; Manufacturing Facility in 2012
- Realigned Shanghai Lab Activities to Match Business Goals

🌟 New/Expanded Regional Technical Sales and/or Support
🌟 New/Expanded Technology Development Capabilities

Emerging Regions Driving ~2/3 Growth Through 2014
Outlook Update…One Year Later

Previous Target: 5 – 7% CAGR
Tracking to High End of Range

Long Term Goal: 30 - 70 bps Per Year
Significant Progress Towards Margin Target

Tracking Ahead…Well Positioned For Growth
Summary

• Transformed Business Driving Industry Leading Returns
  - Strong Performance Through Downturn and Recovery
  - Outlook Positive, Outperforming Targets

• Technologies Aligned With Macro Trends
  - Innovation Engine Feeds Robust New Product Pipeline
  - Solutions Delivering Substantial HON and Customer Value

• Investing for Long-Term Growth
  - Funding Development and Scale-up of Breakthrough Technologies
  - Significant Value Creation Potential