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.
Aerospace

Tim Mahoney
President and CEO

Honeywell
Aerospace Overview

Financials

- **Sales ($B)**:
  - 2008: $12.7
  - 2009: $10.8
  - 2010: $10.7
  - 2011E: $10.8 - 11.2

- **Segment Margin %**:
  - 2008: 18.2%
  - 2009: 17.6%
  - 2010: 17.2%
  - 2011E: 17.8%

Recent Highlights

- **New Business Since Last Downturn**
  - Well Positioned for Global Growth
  - Building Backlog with Significant Customer Wins:
    - B&GA: >$50B (G650, G250, Legacy 450/500, 5 Unannounced…)
    - AT&R: >$40B (A350, C919 …)
    - D&S: >$9B (CH-47, F35, Orion, Trident, M386 …)
  - A 15% Lower Fixed Cost Structure
    - Reduced 7,700 Census, 63 Rooftops, 1.7M ft²

- **Portfolio and Technology Focus**
  - Unified Customer Approach Winning More Content
  - Unique Position and Strong Portfolio to Capture Next Wave of Growth

- **Impressive Performance In Downturn**
- **Positioned For Strong Performance Through 2020**
Margin Performance

Higher Sales Conversion

% Segment Margin
$B Sales

+440 bps

13.2% 17.6%

$8.8 $10.8

Last Cycle

2003 2009

~35% Sales Conversion

+480 bps

17.2% ~22.0%

$10.7 ~$13.0

Current Cycle

2010 2014E

~45% Sales Conversion

Key Contributors

• More Efficient Structure
• Robust New Product Launches/Win Rates
• Software Models/Upgrades Growth
• Strategic Repositioning
• Enablers Enhancing Benefits

Margin Rate Improvement Walk

Platform & Content Growth
Software & Aftermarket Mix
Net Productivity (Leverage and HOS, OEF, FT)
Defense Pressure
Technology Investment

2010

80 - 120 bps

275 - 325 bps

250 - 350 bps (70 - 120 bps)

(100 - 150 bps)

~22.0%

2014

Margin Runway Surpasses Prior Peak

Aerospace

Honeywell

Honeywell Investor Conference – March 9, 2011
Industry Outlook

- Strong Aircraft Delivery Expansion Cycle Expected
- Higher Production Rates for Existing Aircraft, New Models Entering Service
- Flight Hours Exceed Prior Peak in 2010 and 2011
- U.S. Defense Appropriations Peaked in 2010
- Budgetary Pressures on Future/Troubled Programs
- Defense Funding Emphasis Shifts to Resets, Cyber and Asymmetric Threats
- International Defense Growth in MEA, India, APAC

Commercial Recovery More Than Offsets Defense Decline
Defense & Space Outlook

**D&S Sales Outlook**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$5.4B</td>
</tr>
<tr>
<td>2014</td>
<td>$5.1B</td>
</tr>
</tbody>
</table>

$5.4B - $5.1B (−2%) CAGR

**Highlights**

- **Highly Diversified Across 300+ Platforms**
  - No More 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**
  - International, Asymmetric, Services

- **Investing in New Technologies to Meet Evolving Needs**
  - Soldier Systems, UAS

**Mix Profile**

- **OEM** 22%
- **Aftermarket** 21%
- **International (OEM & Aftermarket)** 13%
- **Space, Missiles & Munitions** 18%
- **Services** 26%

Defense Decline Manageable
Strategic Defense & Space Growth

Expanding in Strong International Markets

Growth Through Service Offerings

Service Life Extension Programs/Upgrades
- C-17: Formation Flight System Upgrade
- Bell 407: New Engine Upgrade Offering
- Avionics, APU and Component Upgrades: CH-47, UH-60, AH-64, C-130, F-15, F-18, F-16, B-1B, Mi-17

Services Expansion
- Performance-Based Logistics Programs
- HTSI Expansion – Uptime/Availability Services, Pull-Thru of SM, ACS Products

International Growth
- Mods/Upgrades to Western, Russian Platforms (CBM, Avionics, APUs)
- HTSI and Product Growth in Saudi Arabia, South Korea, India, SE Asia, and E. Europe
- China Commercial Helos (AC311, AC425)

Increasing Int’l Presence, Extending Into Adjacencies
### Commercial Aero Outlook

#### Air Transport & Regional Outlook

- **HON OE CAGR 5%+**
- **Aircraft Delivery CAGR 4%+**

#### Business & General Aviation Outlook

- **HON OE CAGR 20%+**
- **Biz Jet Delivery CAGR 7%+**

#### Highlights

- HON Well Positioned on Growing Fleets
- Backlog at Historic Highs
- Narrowbody Production Increases Near Term
- A350 – Significant Platform Win
- Secured Major Role on C919
- Continued ATM Uptake

### Industry Outlook + Share Gains = Outperformance
**Strong Competitive Advantages**

<table>
<thead>
<tr>
<th>Strategy</th>
<th>System Solutions For Winning Platforms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• In-Depth Understanding of Customer Needs</td>
</tr>
<tr>
<td></td>
<td>• Needs-Based Innovation</td>
</tr>
<tr>
<td></td>
<td>• Selective Pursuit of Market-Winning Platforms</td>
</tr>
<tr>
<td></td>
<td>• Double Down, Win Big on Those Platforms</td>
</tr>
<tr>
<td>Portfolio</td>
<td>Unmatched Offerings</td>
</tr>
<tr>
<td></td>
<td>• Broadest Portfolio in Aerospace</td>
</tr>
<tr>
<td></td>
<td>• System and Multi-System Wins</td>
</tr>
<tr>
<td></td>
<td>• Long-Term Customer Partnerships</td>
</tr>
<tr>
<td></td>
<td>• Industry Technology Leader</td>
</tr>
<tr>
<td>Execution</td>
<td>Development Program Expertise</td>
</tr>
<tr>
<td></td>
<td>• Efficient Global Engineering Network</td>
</tr>
<tr>
<td></td>
<td>• Product Reuse Drives Speed to Market</td>
</tr>
<tr>
<td>Installed Base Support</td>
<td>Complete Lifecycle Support</td>
</tr>
<tr>
<td></td>
<td>• Aftermarket Support a Competitive Advantage</td>
</tr>
<tr>
<td></td>
<td>• Expanded Global Support Network to Grow Share</td>
</tr>
</tbody>
</table>

**Large Installed Base, Differentiated Portfolio & Support**
### Aligned To Macro Trends

#### Changing Market Landscapes

<table>
<thead>
<tr>
<th><strong>Commercial OE</strong></th>
<th><strong>Opportunities for Honeywell</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• New AT/BA Aircraft OEMs</td>
<td>• Winning with New Customers – COMAC, AVIC</td>
</tr>
<tr>
<td>• Many New Platform/Upgrade Initiatives</td>
<td>• Picking the Winning Platforms and Sub-Systems</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Commercial Aftermarket</strong></th>
<th><strong>Opportunities for Honeywell</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Flight Hours Growing</td>
<td>• Leverage Existing Positions on BFE</td>
</tr>
<tr>
<td>• Changing Operator Business Practices</td>
<td>• Deliver Efficiency, Safety Value to Operators</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Defense &amp; Space</strong></th>
<th><strong>Opportunities for Honeywell</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Traditional ‘Big Program Spending’ Declines</td>
<td>• Targeted International Focus and Growth</td>
</tr>
<tr>
<td>• Needs Shifting From Conventional to “Hybrid”</td>
<td>• Leverage Commercial Solutions and Upgrades</td>
</tr>
</tbody>
</table>

**Well Positioned To Capture Favorable Macros ➔ Upside Potential**
Picking The Winning Platforms, Sub-Systems

Top Honeywell B&GA Customers Growing the Fastest

Systems Leadership in AT&R Evidenced by Win Rate

- **Next Generation Avionics Leader**
  - Safety Revolution Sky to Ground
  - Air Traffic Modernization Leader

- **Most Efficient Mechanical Systems**
  - Optimized Perimeters
  - Winning, Improving Auxiliary Power

- **Expanding Components Positions**
  - Low-Cost Engineering, Sourcing
  - Needs-Based Engineering

- **Maintenance, Solutions Leader**
  - Strong Win Rates on Operator Options
    - 2010-14E: APU 75%, Avionics 60%
    - Strong Growth Platforms: 737NG, 777, 787, A320, A330, A350

Strategic Wins, Delivering High-Value Growth
### Great Positions On Newer Aircraft

<table>
<thead>
<tr>
<th>Aircraft</th>
<th>Honeywell’s Platform Position</th>
<th>Competition</th>
</tr>
</thead>
<tbody>
<tr>
<td>A350</td>
<td>Avionics, APS, AMS Perimeter, CPCS</td>
<td>~$18B</td>
</tr>
<tr>
<td>Embraer L500/450</td>
<td>Engines, APU, ECS/CP, Cabin Mgmt Systems</td>
<td>~$24B</td>
</tr>
<tr>
<td>Gulfstream G650</td>
<td>Avionics, APU, ECS/CP, Lighting</td>
<td>~$3B</td>
</tr>
<tr>
<td>Unannounced 1</td>
<td>Avionics, Other TBD</td>
<td>~$7B</td>
</tr>
<tr>
<td>Unannounced 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unannounced 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unannounced 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unannounced 5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Broad, Unmatched Wins**
Winning With New Customers

• Three of Four C919 Wins Involve Joint Ventures With Companies in China
  - Forging New Relationships With In-Country Suppliers That Will Help Honeywell Aerospace Win Other Programs

• AVIC/Honeywell Steering Committee
  - Provides Forum for Capturing Business Beyond the C919 Program
    - AC-311
    - Y12F

• Ground Floor With New OEMs
  - Business Aviation
  - General Aviation
  - Helicopters
  - Air Traffic Modernization

Expanding Established Asia Presence & Partnerships
## Delivering Efficiency Value To Operators

<table>
<thead>
<tr>
<th>Customer Need</th>
<th>Core Efficiency Offerings</th>
<th>Area of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced Energy Consumption / Weight</td>
<td>Integrated Avionics</td>
<td>&gt;$90B</td>
</tr>
<tr>
<td></td>
<td>APU</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Carbon Brakes</td>
<td></td>
</tr>
<tr>
<td>Efficient Flight</td>
<td>Navigation Systems</td>
<td>&gt;$45B</td>
</tr>
<tr>
<td></td>
<td>Precision Landing &amp; GNSS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Flight Path Management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commercial Displays</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Surveillance/Situational Awareness</td>
<td></td>
</tr>
<tr>
<td>Valued Services</td>
<td>Other Aero Products and Services</td>
<td>&gt;$15B</td>
</tr>
</tbody>
</table>

(2011-15E)

### Valued Services: Benefits of Honeywell APU Retrofits

- Typical Airline’s Savings Through Upgrades: **$500K/Year**
- Fuel Savings = **3,200 Gallons** or **$9,000 per Aircraft per Year**
- CO₂ Emissions Reduction = **11 tons per Aircraft per Year**

---

**80% Of Aero Portfolio Offers Significant Energy Savings**
Execution: Honeywell Enablers Deliver

HOS Deployment Status

Results from HOS Bronze Sites

2010 vs. baseline

- 62% Improvement in Safety
- 54% Fewer Quality Defects
- 35% Inventory (Days of Supply) Reduction
- 50% Higher Productivity

Net ERP Benefits

- Europe, APAC, U.S. Deployments
- Functional Transformation Leverage
- 100% of Sales on SAP in 2012

Run Rate

- $180M+
- $220M

Traction On Key Enablers → Competitive Advantage
## Execution: VPD™ Generates Results

### VPD™ Strengthens R&D Power

<table>
<thead>
<tr>
<th>Previous State</th>
<th>Core Program Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Point Products</td>
<td>• Multiple Applications</td>
</tr>
<tr>
<td>• Unique Components</td>
<td>• Multi-Use Modules</td>
</tr>
<tr>
<td>– Controllers, Display Processors</td>
<td></td>
</tr>
<tr>
<td>• Unique Parts and Tools</td>
<td>• Standard Parts and Common Tools</td>
</tr>
<tr>
<td>– Operating Systems, Printed Board Assemblies</td>
<td></td>
</tr>
<tr>
<td>• Multi-Use Modules</td>
<td></td>
</tr>
</tbody>
</table>

### Significant VPD™ Progress

- >$300M in Productivity Through 2015
- 68% Reduction in New Part Introductions
- $9M Reduction in Engineering Tools in 2010
- Simulations Reducing Rig Tests >80%
- Prototyping Yielding >27% Reductions
- >3000 S/W Engineers @ CMMI Level 5

**Significant Driver Of Increased RD&E Effectiveness**
Outlook Update … One Year Later

Current Growth Outlook Reflects Defense Softness

**Revenue**

*Previous Target: 4 – 7% CAGR*

*Current Target: 3 – 6% CAGR*

<table>
<thead>
<tr>
<th>Year</th>
<th>Previous View</th>
<th>Current View</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$10.8</td>
<td>$10.8</td>
</tr>
<tr>
<td>2010</td>
<td>$10.7</td>
<td>$10.8-11.2</td>
</tr>
<tr>
<td>2011</td>
<td>$10.8</td>
<td>$12.7-13.3</td>
</tr>
<tr>
<td>2014</td>
<td>$12.7</td>
<td>$13.3</td>
</tr>
</tbody>
</table>

**Segment Margin**

*Long Term Goal: 70 - 90 bps Per Year*

*On Track*

<table>
<thead>
<tr>
<th>Year</th>
<th>Previous View</th>
<th>Current View</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>17.6%</td>
<td>17.2%</td>
</tr>
<tr>
<td>2010</td>
<td>17.6%</td>
<td>17.8-18.2%</td>
</tr>
<tr>
<td>2011</td>
<td>17.2%</td>
<td>17.8-18.2%</td>
</tr>
<tr>
<td>2014</td>
<td>21.0%</td>
<td>23.0%</td>
</tr>
</tbody>
</table>

*Previous View* | *Current View*
ATM: Another Competitive Differentiator

>$70B Global Air Traffic Modernization Opportunity Next 15 years
  • Funding and Investment Motivated by Critical Need and Broad Benefits

Honeywell the Only Systems - Level Solution Provider
  • International Industry Influence – SESAR, Others
  • Powerful Product and Technology Offerings Spanning All ATM Domains

Capturing Current, Near-Term and Long-Term Market Needs
  • ~$1B Sales in 2011 → Growing 7% CAGR
  • Accretive to Segment Margins

### Honeywell Product Lines For ATM
- Precision Navigation Systems
- Precision Guidance and Landing
- Flight Management Systems
- Cockpit Displays and Controls
- Safety Suites – Terrain, Traffic, Weather
- Radios and Communications
- On-Board Datalinks

**Big Market, Big Opportunity ... We’re Excited!**
Aerospace Technology Showcase

Bob Smith, Vice President, Technology
Carl Esposito, Vice President, Marketing
Air Travel An Economic Engine

Continued Global Expansion Drives Air Traffic
# Crowded Skies, Inadequate Infrastructure

<table>
<thead>
<tr>
<th>Developed Markets</th>
<th>Modernizing Air Traffic Management Will Achieve Benefits For:</th>
<th>Emerging Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>$41 Billion</td>
<td>Passengers</td>
<td>$9 Billion</td>
</tr>
<tr>
<td></td>
<td>Annual Impact of Delays on U.S. Economy</td>
<td>India’s Need for Airport-Wise Infrastructure</td>
</tr>
<tr>
<td>$40 Billion</td>
<td>Operators</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td>U.S. Market Size for Air Traffic Modernization Over Next 15 Years</td>
<td>Outlook for China’s Annual Civil Aviation Growth</td>
</tr>
<tr>
<td>20 Million</td>
<td>Environment</td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td>Number of Annual Flights in Europe by 2030</td>
<td>Southwest Asia’s Aircraft Demand Over Next 20 Years (9% Annual Air Traffic Growth)</td>
</tr>
</tbody>
</table>

- **Critical Need → Broad Benefits Driving Investment In Air Traffic Modernization**
Air Traffic Modernization Defined

ATM is About Updating a Complex Air Traffic Management System Whose Primary Objective is to Safely and Efficiently Accommodate Increased Demand for Flight Through Airspace.

• Primary Safety Objective:

Assure Safe Separation Between Aircraft on the Airport Surface and in the Airspace

• Primary Efficiency Objective:

Minimize the Cost of Operating Flights Through the System, Both Under Normal Conditions, and in the Face of Disruptions Due to Weather or Other Causes

Air Traffic Management Concept Baseline Definition, NEXTOR Report #RR-97-3
Symptoms Of Today’s Congested System

Passengers Experience Frustrations In All Phases Of Flight
Global Traffic Growth + Limited Existing Infrastructure
Only Provider Of System Solutions

Honeywell’s Long-Term Area of Opportunity >$70 Billion

$: Estimated Area of Opportunity 2010-2024

Design of Airspace

Safety Systems

Navigation Aids

Infrastructure Security

Data Links

Hazard Surveillance & Avoidance

Situational Awareness

Ground & Aircraft Equipment

Human Factors

Radio Communications

Flight Routing

Uniquely Positioned To Lead Air Traffic Modernization
The Flight Experience … Modernized

Taxi to Gate
Straight to an Open Gate

Flight Planning
Predictable, Reliable, Punctual Departures and Arrivals

Approach/Landing
Continuous Decent on Direct Approach

Taxi to Runway
No Delay in Getting Airborne

Cruise
Smooth Ride on Planned Route

Take-Off/Climb
Continuous Climb for Shorter Flight and More Productive Time

Faster Travel, More Efficient Operations
What It Takes To Modernize

- Regulatory and Operational Standards
- More Intelligence on the Aircraft
  - Equipment Upgrades
  - Pilot-Friendly Data Delivery
  - Need Spans Entire User Base:
    - General Aviation
    - Business Aviation
    - Commercial Transport
    - Military Platforms
- Integration of Many Complex Systems
- Advanced Technologies

Honeywell Product Lines For ATM

<table>
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<tr>
<td>Radios and Communications</td>
</tr>
<tr>
<td>On-Board Datalinks</td>
</tr>
</tbody>
</table>

Revenue CAGR 6.5%

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0.9B</td>
<td>$1.24B</td>
</tr>
</tbody>
</table>

Honeywell Has What It Takes To Grow From All ATM Areas
HON At The Forefront

- Active in Multiple FAA NextGen Projects and Working Groups
  - ADS-B Surface Indicating and Alerting; ADS-B In Trail Procedures
  - Data Communications Avionics
  - Aircraft
  - Environmental
  - Network Centric Operations

- Honeywell and Single European Sky ATM Research (SESAR)
  - Only U.S. Based Member Company
  - Participating in 23 Projects, Leading 7

- Initiating ATM Cooperation in China

- Expansive Installed Base and Technology Portfolio:
  - Honeywell Content on Nearly 1 out of 2 Aircraft in Service Today
  - Breadth of HON Offerings Span All ATM Technology Domains

Honeywell Contributing To System Standards And Providing System Solutions
With Breadth Of ATM Solutions

Ground Logistics/ Take-off

Honeywell Technologies Span All Phases Of Flight

Efficient Use of Airspace For Safe & Comfortable Cruise

Self-Separation

Traffic/Weather Surveillance

Precision Navigation

Arrival/Landing

SmartRunway

SmartLanding

Continuous Descent Approach
On The Taxiway

Problem:
- At Least One Runway Incident Happens Daily Worldwide
- Global Industry Cost = $1 Billion/Year in Passenger Injuries and Aircraft Maintenance
- Runway Safety One of NTSB’s Most Wanted Safety Improvements

Honeywell Solution: SmartRunway
- Improves Situational Awareness With Timely Positional Advisories and Graphical Alerts
- Spans Taxi, Takeoff, Final Approach and Landing
- Builds on the Runway Awareness and Advisory System Found in Over 1,500 Aircraft

Expanding Our Lead In Safety Products
In The Air

Problem:

• Stepped Approaches Are Inefficient and Generate Workload in the Air Traffic System
• Does Not Leverage the Efficiency Gained by Simply Pulling Engines to Idle

Honeywell Solution

• Utilize the FMS to Manage Top-of-Descent Approaches and Glide to Destination
• Requires Tight Integration with ATM
• Up to $6B of Fuel Savings per Year, Plus the Associated Flight Time
• Potential to Reduce Annual CO₂ by 40M Tons

Honeywell Has Most Widely Installed Inertial Nav System And Flight Management System
On Landing

**Problem:**

- Each Year, $6 Billion Lost in Economic Efficiencies Due to Air Traffic Delays -- 70% or $4.2 Billion Attributed to Weather
- From May-October 2010, 37% of Flight Delays Were Attributable to Weather

**Honeywell Solution: SVS/EVS**

- Provides Real-Time Depiction of Outside Terrain as it Would Appear on a Clear Day
- Enables Aircraft to Safely Land in Bad Weather, Saving Time and Relieving Air Traffic Congestion
- Builds on Best-in-Class Terrain Database Now Installed on >55,000 Aircraft
HON’s Leading ATM Position

- **Right Relationships**
  - Contributing to Global ATM Standards
  - Engaged in Key Trials With Major Airlines Globally

- **Strong Portfolio** to Capitalize Early and Broadly

- **Technologies** Needed to Modernize System-Wide

- **>30% Growth** in ATM Next 5 Years

Boeing 737NG and Airbus A320 family represent half of all air transport aircraft flying
Why We Win

• Great Positions, Unmatched Technologies
  - Well Positioned With Favorable Commercial Macro Trends
  - Robust Backlog – Sustainable Growth Outlook

• Execution Focus
  - More Efficient Cost Structure, Higher Incremental Margins This Cycle
  - Realigning Resources to Mitigate Defense Pressures

• Near- and Long-Term Growth Prospects
  - Explosive BGA OE Outlook Next 5 Years
  - Delivering Above ATR Replacement Cycle
  - ATM → Industry Position, Breadth of Solutions, Differentiated Opportunity
**Top Stories**

- Win Rate and New Launches Supporting Growth Faster Than Industry
- Full Pipeline of New Products and Innovative Technologies
- Strengthening Cost and Technology Leadership – HOS, VPD™
- Key Focus: Deliver CPG Operational Performance Thru Closing

---

**Segment Margin Above Pre-Recession Levels**
Favorable Macro Trends

**Tightening Fuel Legislation**
- More Stringent Emission Standards
- Demand for Fuel Efficiency
- Shift to Smaller Engines

**Turbo Growth**
- Global New Vehicle Build (millions)
  - 2010: 81 (Boosted: 22, Non-Boosted: 59)
  - 2015: 35 (Boosted: 22, Non-Boosted: 63)
- Turbo Industry CAGR: 10%

**Implications**
- Legislation Favors Turbo Adoption
- Turbos Enable 20 - 40% Fuel Economy
- Turbos: Hybrid, CNG, Gas, Diesel

*Source: Global Insight & Honeywell – Includes Light & Commercial Vehicles*
2011 Vehicle Production & Turbo Penetration

NAFTA

- World: 6.6M, +5%, 7M, +13%

- NAFTA: 0.8M, +8%, 0.9M, +11%

- Light Vehicles: 11.9M, 11%, 12.8M, 13%

- Commercial Vehicles: 19.5M, 65%, 19.9M, 69%

Europe

- China: 2.5M, +6%, 2.6M, +6%

- India: 0.6M, +19%, 0.7M, +19%

- Europe: 16.8M, 18%, 17.9M, 20%

- South Korea: 4.2M, +1%, 4.3M, +1%

- World: 74.6M, 28%, 78.0M, 30%

- South America: 4.1M, +5%, 4.3M, +5%

• Commercial Vehicles
• Light Vehicles
• Turbo Penetration

Impact TBD

- EU Prod Forecasts +1 to +4%
- Oil Prices & Mid East Turmoil
- New Vehicle Launch Success

Headwind

- EU Austerity Programs
- Commodity Prices Up

Tailwind

- 100+ Turbo Launches
- WEU LV Diesel Pen +2 to +4 pts
- CV Recovery +9%

Global Production Recovery & Turbo Acceleration

Source: Global Insight, Polk, PSR, Honeywell

Transportation Systems

Honeywell Investor Conference – March 9, 2011
Turbo Business Win Rate

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## Key Launches

### Small Gasoline
- Chevrolet Cruze 1.4L
- Small Gasoline Turbo for U.S.

### Diesel Light Vehicles
- Mercedes 3.0L Ball-Bearing
- Industry First U.S./EU

### China Passenger Cars
- Chery G5/G6 2.0L
- Gasoline Turbo for China

### Off-Highway
- CAT Tier 4i – 3.3L to 100L
- Global Off-Highway Vehicles

### On-Highway Trucks
- Hino Medium-Duty 6.4L/7.7L
- Ball-Bearing – U.S./Asia-Pac

### New Friction Technology
- Hybrid Materials for VW MQB
- Global Vehicle Launch

---

**100+ New Launches Globally**
Friction Materials Transformation

Brand & Technology Leadership

• New Manufacturing Technology
• New Advanced Materials – Best Braking Perf.
• Leading Brands – Bendix and Jurid
• Serving Autos, Trucks, Rail, Aero

Commercial Excellence

• High Win Rate, Flawless Launches
• China Growth - New Plant – Q4-2011
• Developing Full Range for China
• Aftermarket and OE Globally

Investing In Technology And Cost Leadership
Honeywell Operating System

**Key Initiatives**

- 100% Mfg Cost Addressed
- Quality and Cost Leadership
- Extend to Supplier and Labs

**5 Silver Sites in 2011**

**Example: HOS Silver Results**

- **Quality (PPM)**
  - 74% improvement
- **Delivery (OTTR)**
  - Up 3 pts to 99%
- **Inventory (DOS)**
  - Over 50% improvement
- **Productivity (YoY)**
  - Over 40% improvement

HOS A Significant Competitive Advantage
Emerging Regions – Rate Of Change

Key Messages

• Accelerating Pace of Emerging Regions (ER) Capabilities
• Leading ER Capabilities in Engineering, Sourcing & Manufacturing
• Products Designed for ER, Made in ER – Local Innovation & Speed

Outstanding Rate Of Change In Emerging Regions
Honeywell Turbo U.S. Growth (An Emerging Regions)

- Favorable Legislation – CAFE for Cars & Trucks, Off-Hwy Emissions
- Turbo Penetration Growth in Light Vehicles – From 5% to 20%+ by 2015
- Launches Across All Segments – Trucks, Cars, Off-Highway

**Revenue Outlook**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2015</th>
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<tbody>
<tr>
<td>CV</td>
<td>$0.4B</td>
<td></td>
</tr>
<tr>
<td>LV</td>
<td></td>
<td>$0.9B</td>
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+17% CAGR

**U.S. Customers**

- GM
- Ford
- BMW
- Mercedes
- Chrysler
- Audi
- Volkswagen
- CAT
- Hino
- Volvo
- MTU
- Detroit Diesel

*CAFE Legislation Drives Turbo Acceleration*
TS Outlook Update...One Year Later

Revenue

Previous Target: 7% CAGR
Current Outlook Ahead: 10% CAGR

Segment Margin

Long Term Goal: 14 - 15% by 2014
Ahead of Target, Potential Upside

2009 2010 2011 2014

Current View

Previous View

Excludes CPG for All Years

2010-2011 Ahead Of Expectations
2011 Priorities

Growth & Technology
- Continued Strong Win Rate
- Technology Differentiation & Innovation
- China, India & Aftermarket Expansion

Productivity & Cost
- Strengthening ER Capabilities
- HOS & VPD™ Differentiation
- Productivity & Cost Leadership

Flawless Launches & Developments
- 100+ New Launches
- 500+ Engines in Pipeline
- All Segments, All Regions, All Customers

Continued Strong Performance For 2011
Technology Showcase

Craig Balis, Vice President, Engineering
David Paja, Vice President, Marketing
Honeywell Turbo Technologies
Turbo + Small Engine = Fuel Economy

- Turbo Enables Up to 35% Fuel Efficiency with Same HP
- Small Engine Fuel Economy – Large Engine Performance

Turbo Offers “No Compromise” Solution To Consumers
Honeywell Differentiation Drivers

- **Technology & Innovation Leadership**
  - Emissions/Fuel Economy Products In All Segments

- **Global Engineering Strength**
  - 500+ New Engine Pipeline, 100+ Launches/Year

- **Emerging Region Advantage**
  - Largest ER Presence; End to End Local Ownership

*HON Positioned To Lead The Industry Growth*
Honeywell Turbo Technology & Innovation

This Slide Has Been Omitted
The Honeywell Advantage

Aerospace Heritage

- High-Temp Material Development
- Advanced Bearing Technologies
- Proprietary Design Tools

Honeywell Portfolio

- UOP Diesel/Emissions Knowledge
- ACS Engine Controls Expertise
- Aero Predictive Reliability Capabilities

One Honeywell A Key Differentiator With Customers
Honeywell Global Engineering Strength

**Customer Intimacy**
- Close-to-Customer Sites
- Global R&D and Lab Centers

**Global Engineering Efficiency**
- Platforms Re-use
  - Serving 500 Engines
- Scaleable Systems
  - for 1L to 100L Engines
- Standard Simulation and Design Tools

**Honeywell Differentiators**
- Largest Global Customer Base – Unique Engineering Insight
- 100+ Million Turbos Shipped – Field Experience Drives Reliability
- Leading Technology Position Protected by Extensive IP

*Unique Engineering Insight And Global Execution*
Honeywell Turbo Vehicle Range

- From India 0.8L Tata Nano to CAT 100L Mining Truck
- All Segments, All Regions, All Fuels, All Customers

Inventing Turbo Industry Standards For All Vehicles
Honeywell Light Vehicles Portfolio

**Light Vehicles Turbo Diesel**

- **Industry-Leading VNT™**
- **Unique Ball Bearing Technology**
- **Broadest Two-Stage Range**

*Enabled Savings Vs. Conventional Non-Turbo U.S. Gasoline Engine*

*Up to 35% Improved Fuel Economy*
*Up to 40% Improved Fuel Economy*
*Up to 40% Improved Fuel Economy*

**Industry CAGR †**

<table>
<thead>
<tr>
<th>2010</th>
<th>2015</th>
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<tbody>
<tr>
<td>+6%</td>
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</table>

**Light Vehicles Turbo Gasoline**

- **First Gasoline Turbo + Hybrid**
- **Engine Integration +1,900 °F Material Science**
- **Disruptive Next-Gen Technology**

*Source: Global Insight*

*Up to 20% Improved Fuel Economy*
*Up to 25% Improved Fuel Economy*
*Up To 35% Improved Fuel Economy*

**Industry CAGR †**

<table>
<thead>
<tr>
<th>2010</th>
<th>2015</th>
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<tr>
<td></td>
<td>+24%</td>
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† Source: Global Insight

Pioneers In Technology And Fuel Efficiency
Honeywell Commercial Vehicles Portfolio

Commercial Vehicles On-Highway

- Patented DualBoost Design
  - LIGHT-DUTY TRUCKS

- VNT DutyDrive with Ball Bearing Techno
  - MEDIUM-DUTY TRUCKS

- High-Efficiency Aero Innovation
  - HEAVY-DUTY TRUCKS

- Up to 80% Reduction in Emissions* (SMALL OFF-HWY)
- Up to 5% Improved Fuel Economy* (MEDIUM-DUTY TRUCKS)
- Up to 5% Improved Fuel Economy* (HEAVY-DUTY TRUCKS)

Industry CAGR†

- +7%
- 2010 2015

Commercial Vehicles Off-Highway

- Tier 4i Two-Stage “First”
  - SMALL OFF-HWY

- Tier 4i EGR “First”
  - MEDIUM OFF-HWY

- Unique Extra-Large Range
  - LARGE OFF-HWY

- Up to 50% Reduction in Emissions**
- Up to 50% Reduction in Emissions**
- Up to 30% Reduction in Emissions**

Industry CAGR†

- +10%
- 2010 2015

† Source: JD Power, PSR, Honeywell Estimates

Enabling Truck CAFÉ & New Global Emissions

* Enabled savings vs. Baseline US’07 Engines
** Enabled savings vs. Baseline Tier 3 Engines; Tier 3 for Small/Medium, Tier 1 for Large
Honeywell New Product Excellence

**New Product Introduction**
- **Opportunity**
  - 500+ Engines
  - All OEs
  - Aftermarket
  - Motorsports
- **Development**
  - Re-usable Product Platforms
  - Engine Integration
- **Launch**
  - Global Footprint
  - Global Supply Chain
  - Global Program Management

**Launch Excellence**
- 100+ Launches Annually
- Standard Processes Globally
- Largest Scale
- Balanced Across Regions

**Honeywell Differentiators**
- Early Co-Development With Customers – Unique Engineering Insight
- Execution Excellence – Dedicated Global Customer Teams
- HOS & VPD™ – Long-Term Competitive Advantage

Flawless Launch Execution Driving Future Growth
Honeywell Emerging Region Advantage

India
• Local Product Dev. for Small Diesel
• Cost Innovation Exported Globally
• Honeywell Tech Center – 6,000 Engrs.

China
• Local Product Dev. for All Verticals
• Manufacturing Tech. & Material Science
• Honeywell Tech Center – 1,400 Engrs.

Honeywell Differentiators
• Local Companies Requiring Higher Technology – Demanding Consumers
• Unique Capability in End-to-End Development – Faster Product Cycles
• Best-in-Class R&D Facilities – Honeywell Technology Centers

Becoming The Local Turbo Competitor
Summary

• Industry Leader Through Technology – Past and Future

• Fuel-Efficiency Drives 10+ Year Roadmap and Growth

• Aerospace Synergies, Global Honeywell Capabilities

• Unique Engineering Insight and Launch Execution Capabilities

• Becoming the Local Turbo Competitor in China & India