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.
High Growth Regions

Shane Tedjarati
President and CEO, China & India
China And India Summary

• China and India Quickly Emerged From the Downturn
• Both Regions Well Positioneded for Sustainable Growth
  – Emerging Regions → High Growth Regions
• HON Technologies Aligned to Macro Trends
  – Energy Efficiency, Urbanization, Aerospace, Transportation
• HON Success Stories – “Becoming the Chinese Competitor”
  – ACS, UOP, TS, Aero, Honeywell Technology Solutions (HTS)
• HON Strategic Mindset to Leverage Opportunity
  – Low Cost Source → Local Manufacturing → Local Market Penetration
  – Current Focus: East for East (E4E), and East to West (E2W)
Accelerating Growth

• ~35 Major Sites
• From ~1K to ~11K Employees
• $200M Investment Since 2003

• ~20 Major Sites
• From ~1K to ~11K Employees
• $250M Investment Since 2003

*Includes Local Destination and Aero OEM Sales Related to China / India Aircraft

Close To 3x Revenue Growth Over Last 7 Years
# Contribution To World GDP Growth

**Forecast Contribution to World GDP Growth***

<table>
<thead>
<tr>
<th>Region</th>
<th>2011</th>
<th>2015 Developed</th>
<th>2015 EM</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>21.9</td>
<td>19.3</td>
<td>18.5</td>
</tr>
<tr>
<td>United States</td>
<td>8.8</td>
<td>7.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Russia</td>
<td>4.7</td>
<td>3.2</td>
<td>3.0</td>
</tr>
<tr>
<td>Japan</td>
<td>4.2</td>
<td>4.0</td>
<td>3.9</td>
</tr>
<tr>
<td>India</td>
<td>3.9</td>
<td>4.7</td>
<td>4.7</td>
</tr>
<tr>
<td>Middle East**</td>
<td>3.3</td>
<td>3.9</td>
<td>3.9</td>
</tr>
<tr>
<td>Brazil</td>
<td>3.0</td>
<td>2.3</td>
<td>2.2</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2.2</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>France</td>
<td>2.1</td>
<td>2.4</td>
<td>2.1</td>
</tr>
<tr>
<td>Korea</td>
<td>1.8</td>
<td>1.6</td>
<td>1.8</td>
</tr>
<tr>
<td>Germany</td>
<td>1.7</td>
<td>2.2</td>
<td>1.7</td>
</tr>
<tr>
<td>Mexico</td>
<td>1.7</td>
<td>2.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Canada</td>
<td>2.7</td>
<td>1.4</td>
<td>1.2</td>
</tr>
<tr>
<td>Italy</td>
<td>1.0</td>
<td>0.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Spain</td>
<td>1.0</td>
<td>1.3</td>
<td>1.3</td>
</tr>
<tr>
<td>Australia</td>
<td>1.0</td>
<td>1.3</td>
<td>1.3</td>
</tr>
</tbody>
</table>

*Source: IMF World Economic Outlook Database

*China and India Will Contribute ~20% to HON’s Global Growth Over Next 5 Years*
China Economic Outlook

Rebalancing Economic Growth in 2011
- Gov’t Influence Through Fiscal Policy Remains Unchanged With the Exit of Stimulus Package
- Share of Global Exports Keeps Strong
- Boosting Consumption by Narrowing Income Gap, Wage Increase, etc.

Macro-Risks Carefully Managed
- Tightening Monetary Policies Expected 1st Half 2011
- Credit Control, e.g., Monitoring Local Government Debt
- Curb Speculation in Property Sector

Contribution to Real GDP Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption</th>
<th>Investment</th>
<th>Net Export</th>
<th>Total GDP Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>7.0</td>
<td>6.0</td>
<td>2.7</td>
<td>14.2</td>
</tr>
<tr>
<td>2008</td>
<td>6.0</td>
<td>4.5</td>
<td>4.5</td>
<td>14.1</td>
</tr>
<tr>
<td>2009</td>
<td>5.8</td>
<td>6.1</td>
<td>3.7</td>
<td>15.6</td>
</tr>
<tr>
<td>2010</td>
<td>4.9</td>
<td>4.8</td>
<td>0.7</td>
<td>10.3</td>
</tr>
<tr>
<td>2011E</td>
<td>4.3</td>
<td>4.3</td>
<td>0.3</td>
<td>9.4</td>
</tr>
</tbody>
</table>

Source: IHS Global Insight
India Economic Outlook

• Balanced Upturn in 2011
  - Domestic Consumption Story Still Strong and Core Growth Driver
  - Continued Investment in Physical Infrastructure – Power, Airports, Rail and Roads

• Fiscal Deficit Under Control
  - ~20% Growth in Direct Tax Collections
  - 3G Spectrum Auctions Helped Reduce Fiscal Deficit By ~100 bps

• Inflation Remains a Concern
  - Food Inflation Remains at Average 15%+ Levels
  - Central Bank Has Increased Lending Rates By 150 bps In Last 12 Months

Contribution to Real GDP Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption</th>
<th>Investment</th>
<th>Net Export</th>
<th>Net Export + Investment + Net Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>5.7</td>
<td>1.4</td>
<td>(1.4)</td>
<td>2.7</td>
</tr>
<tr>
<td>2008</td>
<td>7.9</td>
<td>3.6</td>
<td>(0.9)</td>
<td>11.6</td>
</tr>
<tr>
<td>2009</td>
<td>6.8</td>
<td>1.8</td>
<td>(1.9)</td>
<td>8.7</td>
</tr>
<tr>
<td>2010</td>
<td>8.5</td>
<td>5.3</td>
<td>(2.2)</td>
<td>11.8</td>
</tr>
<tr>
<td>2011E</td>
<td>8.3</td>
<td>4.3</td>
<td>(1.7)</td>
<td>13.9</td>
</tr>
</tbody>
</table>

Source: IHS Global Insight
China Macro Trends

Urbanization

Incremental Numbers of Cities by 2025
Type of Cities, Populations

- 221 Cities >1M Population (Europe Has 35 Today)
- 300M People to be Urbanized (Almost the Size of the U.S. Population Today)
- Accelerated Economic Growth from Central, West and Northeast Regions

New & Clean Energy

Target of Energy Efficiency Improvement
Tons of Coal / RMB10,000 GDP

- Positioned as the Prioritized and Key Industry in The 12th National Five-Year Plan (2011-2015)
- ~20% CAGR Planned by 2020: Capacity of Solar and Wind Power, and Bio-fuel Usage
- Subsidy Policy for New Energy Vehicles, 20+ Nuclear Power Stations Under Construction, Push for Green and Smart Buildings, etc.

Significant Opportunities In A Maturing Market
India Macro Trends

- Government Regulations Falling in Place (NAPCC, Building Codes etc.)
- Mandatory Energy Efficiency Norms for Industry From April 2011 as Precursor to Perform-Achieve-Trade Scheme
- India Has the Second Largest Green (LEED) Building Footprint After U.S.

**Energy Efficiency**

**Greenhouse Gas Emissions Intensity / GDP**

<table>
<thead>
<tr>
<th>Year</th>
<th>Tonnes of CO2e/$1M PPP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>~30%</td>
</tr>
<tr>
<td>2005</td>
<td>~20-25%</td>
</tr>
<tr>
<td>2020E</td>
<td></td>
</tr>
</tbody>
</table>

**Infrastructure**

- Investment in Infrastructure Expected to Double to US$ 1 Tn Over 2012-17 With 50% Private Sector Participation
- Prime Ministerial Committee Leading Quarterly Reviews of Infrastructure Development
- Simplification of Investment Approval Processes (Single Window Clearances, Model Concession Agreements Etc.)
## Focused Industrial Growth – HON Positioning

<table>
<thead>
<tr>
<th>Industries</th>
<th>China/India Position</th>
<th>HON Position/Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>#1 Since 2009</td>
<td>• Turbo, Fluorine Products</td>
</tr>
<tr>
<td></td>
<td>(by Sales Volume)</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>#1 Since 2008</td>
<td>• Specialty Products, Life Safety, ECC, ACS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Security, Building Solutions, Fluorine Products</td>
</tr>
<tr>
<td>Semiconductors</td>
<td>#1 Since 2005</td>
<td>• Electronic Materials</td>
</tr>
<tr>
<td></td>
<td>(by Sales)</td>
<td></td>
</tr>
<tr>
<td>Commercial Aerospace</td>
<td>#2 Since 2006</td>
<td>• Aero ATR</td>
</tr>
<tr>
<td></td>
<td>(Passenger &amp; Cargo)</td>
<td></td>
</tr>
<tr>
<td>Power</td>
<td>#2 Since 1994</td>
<td>• Building Solutions, Process Solutions, Sensing &amp; Control,</td>
</tr>
<tr>
<td></td>
<td>(by Generation)</td>
<td>Specialty Products, UOP</td>
</tr>
<tr>
<td>Retailing</td>
<td>#3 Since 2004</td>
<td>• ECC, Scanning &amp; Mobility</td>
</tr>
<tr>
<td></td>
<td>(by Value)</td>
<td></td>
</tr>
<tr>
<td>Chemical</td>
<td>#4 Since 2005</td>
<td>• UOP, Process Solutions</td>
</tr>
<tr>
<td></td>
<td>(by Production)</td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td># 4 CV</td>
<td>• Turbo, Fluorine Products</td>
</tr>
<tr>
<td></td>
<td># 7 PV (# 4 by Exports)</td>
<td></td>
</tr>
<tr>
<td>Refinery</td>
<td># 5</td>
<td>• UOP, Process Solutions</td>
</tr>
<tr>
<td></td>
<td>(by Capacity)</td>
<td></td>
</tr>
<tr>
<td>Power</td>
<td># 5 by Generation Cap.</td>
<td>• Building Solutions, Process Solutions, Sensing &amp; Control,</td>
</tr>
<tr>
<td></td>
<td># 3 by T&amp;D Cap.</td>
<td>Specialty Products, UOP</td>
</tr>
<tr>
<td>Defense &amp; Homeland Security</td>
<td># 9 (by Spend)</td>
<td>• Aero D&amp;S Including Jaguar, Spectra Vests, CIP</td>
</tr>
</tbody>
</table>

### High Growth Regions

**India**

- Automotive # 7 PV (# 4 by Exports)
- Refinery # 5 (by Capacity)
- Power # 5 by Generation Cap. # 3 by T&D Cap.
- Defense & Homeland Security # 9 (by Spend)

---

**HON Well Positioned For Accelerated Shift**
## Executing East 4 East And East 2 West

### On the Ground

<table>
<thead>
<tr>
<th>ISC Localization</th>
<th>Local Sourcing</th>
<th>Local Manufacturing</th>
<th>Locally Competitive Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D</td>
<td>Local Tech Support, QA &amp; Testing</td>
<td>Customization and Application Development</td>
<td>Core Local COEs</td>
</tr>
<tr>
<td>Channel</td>
<td>Local Sales Force in Tier 1 &amp; Key A/C’s, Rely on Distributors</td>
<td>Build Direct Channel Tier 2/3 Cities, Deepen Customer Relationships</td>
<td>Fully Deployed Nationwide Network</td>
</tr>
<tr>
<td>Customer Segment</td>
<td>High-End</td>
<td>Tailored Mid-Segment Offerings</td>
<td>Significant Play in Mid-Segment, Selective Low-End</td>
</tr>
<tr>
<td>Marketing</td>
<td>Global Driven, Local Support</td>
<td>Full Local Marketing Capability &amp; Intelligence</td>
<td>Live With the Customer</td>
</tr>
<tr>
<td>IP</td>
<td>Trademark Registration and Protection</td>
<td>Detailed Measures to Protect “Know-How”</td>
<td>Patent Filing Mainly for Local Market</td>
</tr>
</tbody>
</table>

### Localized MNC

- Local Manufacturing
- Local Supply Base
- Customization and Application Development
- Fully Developed Local Supply Base

### Chinese Competitor

- Locally Competitive Operations
- Fully Developed Local Supply Base
- Core Local COEs
- Full Product Ownership
- Design-to-Cost

### Global Challenger

- World-Class Operation
- Global Standards
- Full Scale R&D – Global COE
- High Velocity
- Take Advantage of Global Channels
- Mid-Segment Offerings for the World
- Take Advantage of Global Relationships
- Patent Filing for Both Local and Global

---

### Winning Strategy

- High Growth Regions
- Honeywell Investor Conference – March 9, 2011
Becoming The Chinese Competitor – The Essence

Reality of “Chinese Competitors”

- **DREAM BIG**, and With a Long Term Vision
- Intelligent **RISK TAKING** in Building Scale and in Moving From the Core to Adjacencies
- **OPEN** Attitude to Less Familiar New Ideas, New Business Models, and New Technologies
- **ENTREPRENEURSHIP** and Ownership
- **“CAN DO” Attitude**
- **ADAPTIVE** to Market Changes
- Live With the **CUSTOMER**
- Particular About **SPEED** and Efficiency
- **RAPID** Decision Making and Strong **EXECUTION**
- Relentlessly Expand in **MID SEGMENT** and Seek for **COST REDUCTION**
- Releasing **TALENTS’** Potentials, Challenging Them, and Letting Them Succeed
- Quickly Evolving From Imitator to **INNOVATOR**

Infusing Flexibility And Agility Into HON DNA
“Become The Chinese Competitor” Checklist

1. Best in Class Cost Vis-a-Vis Local Companies in Mfg, Sourcing, Supply Chain, Logistics, etc.
   - Vendor Capability / Scalability
   - Local Autonomy

2. Local PAC Process With Real Adequate Local Authority, Local R&D / Eng Capability
   - Best in Class Vis-a-Vis Local Companies in New Product Launch

3. Best in Class Vis-a-Vis Local Companies in National Coverage
   - Requisite Flexibility in Pricing and Commercial Terms Based on Local Context

4. Share of Revenue From Mid-Segment

5. “Live With the Customer”
   - Visibility on Overall Sector, and Understanding of Competition Landscape

6. Best People Empowered
   - Local Decision on Local Hiring Based on Local Criteria, and Headcount Flexibility

Detailed Metrics To Benchmark And Track Progress
Cross Company Captive R&D

- Global Scalable Model, Leveraged Around the World
- Extensive Resources, Fully Integrated into All Businesses
- Global Program Management Reduces NPI Cycle Time with 24/7 Development
- Synergies with Global / Regional Marketing and Customers
- Cross Leverage of COEs, Platforms and Talent between Businesses
- CMMI (Level 5), ISO Certifications
- World Class Design-Test-Certification Lab Infrastructure

China Census
- 230 in 2003
- 1,300 in 2014

India Census
- 1,200 in 2003
- 4,900 in 2014
- 7,025 in 2014

R&D : 3 Countries, 7 Cities
Extended Presence : Russia, MENA, Brazil

Global R&D Enabling Competitive Advantage
**E4E/E2W – HLS China Total Solution**

**China Helps Create A Total Solution**

### Global

- Traditional Portfolio
  - Fire Alarm System
    - Fire Panel
    - Conventional Devices
    - Explosion-Proof Devices
    - Clip Devices
    - Flash Scan Devices

### China

- **NPI Products From China**
  - N-6000 Fire Alarm System
    - Targeting Mid-end Segment
  - Rp-1002plus Releasing Panel
  - XLS-1000 Aspiration System
  - Linear Heat Cable System
  - Electrical Leakage Monitoring System
  - Gas Detector
  - Flame Detector

- **Localized Products**
  - Onyx Series Fire Alarm System
  - New 3rd Party Interface
  - Conventional and Explosion-Proof Devices

- **China M&A**
  - PA Systems

**HLS Becoming The Chinese Competitor**

- Built Total Solution/One-Stop Offerings to Meet Customer Needs
- Through **Rigorous Application** of E4E Strategy, Key Success Factors:
  - **Local PAC Process** Allowing Speed to Customer (1 Yr vs. >2yrs on Average)
  - **Local Engineering** Based on Local Customer Needs
- Helped to Strengthen Already Extensive National Sales Networks
  - Total Solution Expedient for Distributors
- Consequently Strengthened Global Position – E2W
  - Rapidly Filled Global Product Gaps
  - New Products Sold to Other EMR and Potentially to Developed Countries

**Profitable Sales Grown From $18M To $75M At 20+% CAGR**
ECC LONON – Growth Platform

**Honeywell** (70% share)

**Process Improvement & Organization Restructuring**
- Reorganization of Sales Force
- Strengthening of Pricing Process
- Optimization of Product Portfolio

**Introduced HON Operating Processes**
- HOS
- Six Sigma
- Manufacturing Process Upgrade

**HON HSE**

**Improved Living Standards of Workers**

**Untouched**
- Founder with 30% Share
- Retained to Run the JV

**A Platform for Innovation – LED Lighting**

- $20M LED Wins With Wal-Mart in 2010 and Could Amount to $100M in 2015

**Wal-Mart Shekou Store**
- Annual Electricity Consumption, MWH
- 36% Saving On Energy Bill
- 291 Tons Less CO₂ Emission in One Outlet

- **Fast Reaction To Market Needs** - Completed Design, Testing, and Production Within 6 Months

- **Key Success Factors**
  - **Global Platform:** Brand, Quality, Assurance
  - **Local Organizational Competency:** Customer Understanding, Sales Network, Gov’t Relationship, Product Development
  - **Local Knowledge:** Industry Expertise and Sourcing Capability

**Platform For Large Opportunity In Energy Efficiency**
ACS: From Localization To Local Innovation

**Example - Residential Security in China / India**

<table>
<thead>
<tr>
<th>Products</th>
<th>Local Content</th>
<th>Price ($/Home)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Gateway</td>
<td>Import</td>
<td>2,000 - 3,000</td>
</tr>
<tr>
<td>High-End Color Video Door Phone Network</td>
<td>Value Eng/Customization</td>
<td></td>
</tr>
<tr>
<td>Simple Video Door Phones (Color/BW)</td>
<td>Import &amp; Local Sourcing</td>
<td>800 - 1,200</td>
</tr>
<tr>
<td>Residential Systems (Venus, Armor)</td>
<td>Localization</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Local Design &amp; Manufacturing</td>
<td>100 - 200</td>
</tr>
<tr>
<td></td>
<td>Next Gen Design</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Local VOC</td>
<td>90 - 200</td>
</tr>
<tr>
<td></td>
<td>Local Design</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Local Manufacturing</td>
<td></td>
</tr>
</tbody>
</table>

Local Innovation = Profitable Mass Segment Growth
HPS Strategy: Local Designs 4 Local

Experion

E4E Offering

Existing System

- Control and IO Designed for Higher End Customers
- Built in Cabinet Structured Designed for Large Scalability
- Server Grade PC’s and Higher End Platforms

New System

- Build Alternate Platform Offering Leveraging Experion Software and Existing Platforms
- China Local Designers
- In-Region Dedicated Product Mgmt, R&D and Ops Team
- Differentiated Branding, Go-to-Customer Strategy, etc.

Alternate Platform And Supply Chain For China
Aero: Building Local Aerospace Industry

**COMAC C919**
- APU, Engine Control, Installation Kit, and Starter Generator
- Primary Flight Controls
- Wheels and Brakes
- Avionics – IRS and Air Data

**NON C919 Focus**
- General Aviation
- Helicopters
- Air Traffic Management

**Seed Planting**
- New Organization With China Focus
- Expanded Engineering, Localized ISC
- Strengthened Gov’t Relationships
- Aggressive Approach to Pursuits
- Focus on Strategic Relationships

**A Brighter Future**
- COMAC C919: $16B+ Lifetime Value
- Emerging Opportunities and Cooperative Projects
- Reaping Rewards is Not All: Great Positioning, Becoming Chinese Player, Mindset Change, etc.

Positioning HON As Leading Player
# E4E Turbo In China And India

<table>
<thead>
<tr>
<th>Megatrends</th>
<th>Honeywell Solution</th>
<th>Turbo Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-Cost Microcars India</td>
<td>First 2-Cyl Diesel Turbo</td>
<td>Local Product Ownership</td>
</tr>
<tr>
<td>Microvan Growth China</td>
<td>Local Dev – Microgas Turbo</td>
<td>Local Sourcing</td>
</tr>
<tr>
<td>Growth of Tier 2/3 Cities China &amp; India</td>
<td>Local Dev – Light CV Turbos</td>
<td>Local Manufacturing</td>
</tr>
<tr>
<td>Infrastructure Investment &amp; Economic Growth China</td>
<td>China Heavy Duty CV Turbos</td>
<td></td>
</tr>
</tbody>
</table>

**Becoming The Local Turbo Competitor**
2010 – 2014 Growth Trajectory

China

Sales*

Census

India

Sales*

Census

*Includes local destination and Aero OEM sales related to China / India aircraft

Big Driver Of HON’s Future
Key Takeaways

• China and India Well Positioned For Sustainable Higher Growth

• HON Portfolio Aligned to Local Needs and Macro Trends
  – Mid-Segment, Energy Efficiency, Urbanization, Aerospace, Transportation

• HON Fully on Track For Local Design, Manufacturing, Selling
Driving Growth and Success in Local Regions →
HON Is “The Chinese Competitor”

• Combined With Top Int’l Management, Global Brands and
Channel – HON Executing E2W Strategies Globally
Today’s Discussion

• Honeywell Dramatically Transformed: 2003 - 2010
  – Strong Performance Through Cycle
  – Higher Growth, More Efficient Company

• Poised For Strong 2011
  – Industrial Recovery Continues
  – Orders and Backlog Support $35B+ Revenues

• On Track To Long-Term Outlook
  – 2014: ~$43B Revenues, ~17% Segment Margin
  – ~$20B Cumulative Cash Flow
Honeywell’s Transformation

Now Among Best In Class


Bottom Quartile Performance

Record Segment Margin and Cash Flow

Improved During Economic Downturn

Launched Five Initiatives, Key Enablers, One Honeywell

Built Performance Track Record

Lost Money Two Consecutive Years

Allied Merger, GE Take-Over Attempt

Top Tier Performance
## HON Track Record

**($B) except EPS**

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>23.1</td>
<td>33.4</td>
</tr>
<tr>
<td>Segment Profit</td>
<td>2.5</td>
<td>4.6</td>
</tr>
<tr>
<td>EPS (Proforma)</td>
<td>$1.51</td>
<td>$3.00</td>
</tr>
<tr>
<td>FCF</td>
<td>1.5</td>
<td>3.6</td>
</tr>
</tbody>
</table>

### Strong Performance Through Cycle

- **+5% CAGR**
- **+9% CAGR**
- **+10% CAGR**
- **+13% CAGR**
Revenue / Segment Profit Per Employee

Revenue / Employee ($K)

- 2003: $214
- 2010: $257
  - Increase: +20%

Segment Profit / Employee ($K)

- 2003: $23
- 2010: $36
  - Increase: +56%

Significant Increase in Productivity
Global Expansion

Emerging Market Sales ($B)

- 2003: 2.2
- 2010: 6.2

2.8x increase

Emerging Market Census (K)

- 2003: 19.6
- 2010: 44.8

2.3x increase

Significant Increase In Emerging Region Presence
Segment Margin / Sales Conversion

Segment Margin

- 2003: 10.7%  
  - 2010: 13.8%
  - +310 bps

Sales Conversion

- 2003: 2%
- 2010*: 39%
  - ~16x

*2010 shown as reported (21%) and excluding one-time 2009 labor actions (39%)

Higher Margin From Incremental Sales Conversion
Fixed Cost / Indirect Costs

Fixed Cost / Sales

- 2003: 37.7%
- 2010: 34.3%

Indirect Costs / Sales

- 2003: 16.7%
- 2010: 13.5%

Growing Sales Faster Than Fixed Cost And Indirect Costs
Cash Flow

Free Cash Flow ($B)

2003: 1.5
2010: 3.6

Free Cash Flow Less Dividends ($B)

2003: 0.9
2010: 2.6

• 2003 – 2010 Cash Conversion 122%
• Total Dividends Paid $6.2B
Return On Investment / Working Capital

**ROI Growth Supported By Higher Working Capital Turns**

**ROIC %**
- 2003: 14%
- 2010: 21%
- 1.5x increase

**Working Capital Turns**
- 2003: 4.6
- 2010: 6.8
- 1.5x increase
Capital Efficiency

- 108% Average Reinvestment Ratio
- Capital Efficiency = $2.9B Capital Avoidance
Disciplined Acquisition Criteria

- Attractive Sub-Industries
- Aligns To Favorable Macro Trends
- Build Upon Leading Franchises
- Achieve 6-8% Cost Synergies
- Accretive “All-In” Year 2
- ROI > 10% 5th Year

Disciplined Acquisition Process Yields Above Average Growth, Margin Expansion and Double-Digit ROI
Honeywell Investor Conference – March 9, 2011

HON Portfolio Evolution

~65 Acquisitions, 40 Divestitures Since 2003

Key Acquisitions

- First Technology ($718M)
- Dimensions ($230M)
- Enraf ($260M)
- Maxon Corp. ($185M)
- Hand Held Products ($390M)
- Norcross Safety Prods. ($1.2B)
- RMG Group ($400M)
- Akuacom
- Matrikon ($142M)
- Sperian Protection ($1B)

Key Divestitures

- ESSER Fire Alarms, Italy ($10M)
- Nylon Carpet Fibers ($300M)
- Security Printing Services, Novar ($800M)
- Indalex Aluminium Solns, Novar ($425M)
- Safety & Analysis, First Tech. ($95M)
- Automotive Prods., First Tech. ($90M)
- Consumable Solutions ($600M)

Adding Great Position In Good Industries

- Safety & Security
- Energy Efficiency / Smart Grid
- Global Expansion

Attractive Step-out Adjacencies

- $0.9B UOP Process Tech/Catalysts
- $1.2B Novar Building Controls
- $0.8B (net) Gas Detection Adjacency
- $0.8B HPS New Verticals and Adv. Sol.
- $0.3B Industrial Combustion
- $1.1B AIDC Build-out
- $0.2B Government Services (HTSI)
- $2.6B PPE Adjacency
- ~$8B M&A Spend

Financial Review

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Honeywell Investor Conference – March 9, 2011
## Acquisition Track Record

<table>
<thead>
<tr>
<th>Acquisition</th>
<th>Price/Sales</th>
<th>Price/EBITDA</th>
<th>ROI*</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>0.9x</td>
<td>12x</td>
<td>15%</td>
</tr>
<tr>
<td>B</td>
<td>1.9x</td>
<td>12x</td>
<td>13%</td>
</tr>
<tr>
<td>C</td>
<td>2.2x</td>
<td>13x</td>
<td>14%</td>
</tr>
<tr>
<td>D</td>
<td>1.6x</td>
<td>11x</td>
<td>12%</td>
</tr>
<tr>
<td>E</td>
<td>1.1x</td>
<td>5x</td>
<td>28%</td>
</tr>
</tbody>
</table>

*Year 5 Book ROI, Actual/Management Estimate; Integrated Businesses Combined

Creating Value And Building Attractive Segments
**Dividend / Market Cap**

**Dividend ($/share)**

- **2003**: $0.75
- **2010**: $1.33

+77% increase

**Market Cap ($B)**

- **2003**: $28.8B
- **2010**: $41.6B

+44% increase

*Dividends Declared

**Impressive Shareholder Return**
Valuation Metrics

2011 P/E Ratio

HON 4th Lowest

2011 PEG Ratio

HON Lowest

FCF Multiple

HON 4th Lowest

Dividend Yield

HON 4th Highest

2010 ROIC

HON 3rd Highest

Total Return*

<table>
<thead>
<tr>
<th>Year</th>
<th>Honeywell</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>39</td>
<td>15</td>
</tr>
<tr>
<td>2009</td>
<td>24</td>
<td>26</td>
</tr>
<tr>
<td>2008</td>
<td>(45)</td>
<td>(37)</td>
</tr>
<tr>
<td>2007</td>
<td>39</td>
<td>5</td>
</tr>
<tr>
<td>2006</td>
<td>24</td>
<td>16</td>
</tr>
<tr>
<td>2005</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>2004</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>2003</td>
<td>43</td>
<td>29</td>
</tr>
</tbody>
</table>

*Total Shareholder Return 12/31/02 Through 3/1/2011

Range, average calculated using eight multi-industry peers; Honeywell 3/1/2011 closing stock price: $56.45

Still Compelling Investment Opportunity
Poised For Strong 2011
2011 GDP Outlook

Continued Global Economic Recovery

<table>
<thead>
<tr>
<th>Country</th>
<th>2010 GDP</th>
<th>2011 GDP</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>13.2</td>
<td>13.7</td>
<td>+3%</td>
</tr>
<tr>
<td>Euro</td>
<td>10.5</td>
<td>10.7</td>
<td>+2%</td>
</tr>
<tr>
<td>China</td>
<td>3.8</td>
<td>4.2</td>
<td>+9%</td>
</tr>
<tr>
<td>India</td>
<td>1.2</td>
<td>1.3</td>
<td>+8%</td>
</tr>
<tr>
<td>Global</td>
<td>51.5</td>
<td>53.4</td>
<td>+4%</td>
</tr>
</tbody>
</table>

Source: Global Insight
## 2011 Market Assumptions

<table>
<thead>
<tr>
<th>Business</th>
<th>Key Drivers</th>
<th>Industry Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT&amp;R</td>
<td>Flight Hours</td>
<td>4% to 6%</td>
</tr>
<tr>
<td></td>
<td>OE Deliveries</td>
<td>8% to 10%</td>
</tr>
<tr>
<td>B&amp;GA</td>
<td>TFE Flight Hours</td>
<td>3% to 8%</td>
</tr>
<tr>
<td></td>
<td>OE Deliveries</td>
<td>(2)% to (7)%</td>
</tr>
<tr>
<td>Defense</td>
<td>DOD Budget</td>
<td>0% to 2%</td>
</tr>
<tr>
<td>ACS – Developed</td>
<td>US/EU Housing Starts</td>
<td>Mixed</td>
</tr>
<tr>
<td></td>
<td>US/EU Non-Res</td>
<td>Flat in 2011</td>
</tr>
<tr>
<td></td>
<td>Retrofit / Regulation</td>
<td>Moderate Growth</td>
</tr>
<tr>
<td></td>
<td>Industrial Cap/Op Ex</td>
<td>Stable</td>
</tr>
<tr>
<td>ACS – Emerging</td>
<td>New Construction</td>
<td>Growth</td>
</tr>
<tr>
<td>Turbocharging</td>
<td>Europe Auto Production</td>
<td>1% to 3%</td>
</tr>
<tr>
<td></td>
<td>Europe Diesel Penetration</td>
<td>3 pts</td>
</tr>
<tr>
<td></td>
<td>New Turbo Launches</td>
<td>100+</td>
</tr>
<tr>
<td>UOP, Process Solutions</td>
<td>Refining / Gas / Petrochem</td>
<td>Stable, EM Growth</td>
</tr>
</tbody>
</table>

**Overall Positive Framework For 2011**
Orders And Backlog

**Long Cycle**
- (Backlog $B)
- 2008: 12.2
- 2009: 12.6
- 2010: 14.7

**Short Cycle**
- (Orders $B)
- 1Q09: 3.9
- 2Q09
- 3Q09
- 4Q09
- 1Q10
- 2Q10
- 3Q10: 5.1
- 4Q10

- 2010 Book to Bill Greater Than 1.2
- Commercial OE Build Rates Improving
- Impressive Wins (Petrobras, Shah Gas)
- Orders Increased 7 Consecutive Qtrs
- 2010: All SBG’s Up YOY, Every Quarter
- Strong Demand in Turbo, Adv Materials

Positive Orders Momentum Entering 2011
2010 – 2011 SBU Revenue Growth

Organic Revenue Growth

- Commercial OE
- Commercial AM
- Defense & Space
- ACS Products
- ACS Solutions
- Turbo
- CPG
- UOP
- Advanced Materials

Aero
+1-5%

ACS
+4-8%

TS
+8-12%

SM
+7-10%

Commercial Business Up 5 – 20%
2010 – 2011 Regional Growth

GDP and Revenue Growth

- Americas: 5-6% GDP
- Europe: 6-8% GDP
- Middle East: 15%+ GDP
- China: 15%+ GDP
- India: 20%+ GDP
- Other Asia: 2-4% GDP

Excludes D&S

Outpacing Regional GDP
# 2011 Financial Guidance Summary

## Consolidated ($B) 2011 Financial Outlook Growth 2011E vs. 2010

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues $1</td>
<td>$35.0-36.0</td>
<td>5% - 8%</td>
</tr>
<tr>
<td>Segment Profit $1</td>
<td>5.1-5.3</td>
<td>10% - 15%</td>
</tr>
<tr>
<td>Segment Margin</td>
<td>14.5% - 14.8%</td>
<td>70 bps - 100 bps</td>
</tr>
<tr>
<td>Net Income</td>
<td>2.9-3.0</td>
<td>23% - 29%</td>
</tr>
<tr>
<td>EPS $2</td>
<td>$3.60-$3.80</td>
<td>20% - 27%</td>
</tr>
<tr>
<td>Free Cash Flow $3</td>
<td>$3.5-$3.7</td>
<td>~Flat - 4%</td>
</tr>
</tbody>
</table>

1) 2011 revenues and segment profit guidance excludes the impact of discontinued operations accounting treatment for CPG
2) Proforma, V% compared to 2010 proforma excluding any mark-to-market pension adjustments
3) FCF excluding any U.S. pension contributions in 2011

## December 15 Guidance Update

- **CPG Dilution**
- **Defense Budget Changes**
- **Ongoing Pension Expense**
- **Global Economic Outlook**

## Top Tier Performance Expected
Commodity Price Exposure

Top Commodities Weighting

- Titanium
- Aluminum
- Platinum
- Steel
- Ethylene
- Copper
- Natural Gas
- Nickel

Price Exposure

- ~75% Exposure To Price Fluctuation Covered
- ~25%
  - Exposure
  - Financial Hedge
  - Supplier Contracts
  - Customer Pass Through

~75% Exposure To Price Fluctuation Covered
Material Inflation Impact

Net Price/Materials Spread % of Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation</td>
<td>0.7%</td>
<td>1.3%</td>
<td>1.5%</td>
<td>1.0%</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

Honeywell Strategies

- Dynamic Pricing Tools
- Focused Resources in Every Business
- Leverage One Honeywell Buy
- Rolling 12-Month Forecasts
- Long-Term Supplier Contracts
- Emerging Regions Sourcing
- Value Engineering

Successfully Navigating Inflationary Environment
2009 – 2011E Repositioning

- 2011 Repositioning Funded Through Gains
- 2011 Repositioning To Drive 2012 – 2013 Upside

Repositioning Charges

Cumulative Savings

*$2011 Represents Repositioning Capacity
HOS And FT Benefits

**Conversion Cost Productivity**

- Bronze Sites Delivering ~25% Productivity Boost
- 20% Reduction in Days of Supply
- 7 Point Improvement in Delivery

**FT Costs ($B)**

- Process Standardization
- 2010 Savings of $84M
- 66% Honeywell Revenue on SAP
- >$0.5B Additional Cost Avoidance

1) Calculated as gross cost of goods sold productivity excluding direct materials
2) 2010 normalized to exclude the impact of 2009 labor cost actions that did not repeat in 2010
3) 2004 baseline adjusted for subsequent acquisitions and divestitures

---

Financial Review

Honeywell Investor Conference – March 9, 2011
2008 – 2011 Comparison

<table>
<thead>
<tr>
<th>($B)</th>
<th>Revenue</th>
<th>Labor</th>
<th>Indirect Spend</th>
<th>Segment Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 Actual</td>
<td>36.6</td>
<td>9.7</td>
<td>5.1</td>
<td>4.8</td>
</tr>
<tr>
<td>2011E</td>
<td>~35.5</td>
<td>~9.1</td>
<td>~5.2</td>
<td></td>
</tr>
</tbody>
</table>
## 1Q11 Preview

<table>
<thead>
<tr>
<th></th>
<th>Sales</th>
<th>V%</th>
<th>Conversion</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aero</td>
<td>~2.6</td>
<td>3-5%</td>
<td>15-20%</td>
<td>• Commercial AM Robust</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Defense Down ~(5%)</td>
</tr>
<tr>
<td>ACS</td>
<td>~3.6</td>
<td>14-16%</td>
<td>10-15%</td>
<td>• Industrial/Infrastructure Strong</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Net M&amp;A Sales Impact 8-9%</td>
</tr>
<tr>
<td>TS</td>
<td>~1.2</td>
<td>16-18%</td>
<td>25-30%</td>
<td>• EU LV Production Improved</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Global Turbo Launches Upside</td>
</tr>
<tr>
<td>SM</td>
<td>~1.3</td>
<td>16-18%</td>
<td>35-40%</td>
<td>• Improved UOP Demand</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Adv. Materials Momentum</td>
</tr>
</tbody>
</table>

### Financial Review

*1Q11 Sales ~$8.7B, Up ~12%
EPS ~$0.80, Up ~27%*
Strategic Framework
## Long-Term Planning Framework

<table>
<thead>
<tr>
<th>Qualitative</th>
<th>Quantitative</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Grow Faster Than Markets</td>
<td>• 6-8% Revenue Growth</td>
</tr>
<tr>
<td>• Traction on Key Initiatives</td>
<td>• 60 bps Annual Margin Expansion</td>
</tr>
<tr>
<td>• Setting and Meeting Expectations</td>
<td>• Double Digit EPS Growth</td>
</tr>
<tr>
<td>• Working Capital Improvements</td>
<td>• +100% Cash Conversion</td>
</tr>
<tr>
<td>• Disciplined Capital Allocation</td>
<td>• ~$2B Accretive Acquisitions</td>
</tr>
</tbody>
</table>
Global Investment Demand

- **Significant Increased Global Capital Investment**
- **HON Well Positioned To Capture Upside**

**Global Investment by Industry ($T)**

- **>25% of GDP by 2030**
- **Developed Regions to Upgrade Capital**
- **More Efficient Buildings, Factories**
- **Emerging Regions Investing in Infrastructure 2x Developed Regions**
- **HON in Sweet Spot**

Source: McKinsey Global Institute; values normalized at constant 2005 prices and exchange rates
Emerging Markets: Why We Win

Emerging Market Sales

- Investment in Growth Markets
- Leveraged to Key Growth Segments
- Localization → Local Innovation
- Strong Government Relationships
- Fully Developed Local Supply Base
- Hire and Grow Tomorrow’s Leaders
- Large 2010 Wins: COMAC, Petrobras, Shah Gas, East West Pipeline

Emerging Regions >30% Of HON Sales By 2014

*BPercent of Honeywell sales excludes Aerospace
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

'Re09-'11: 7-9% CAGR

'09-'11: 120 – 150 bps

'09-'11: 14.5 - 14.8%

13.3%  13.6%  13.8%  14.5 - 14.8%

$30.9  $31.7  $33.4  $35 - 36  $41- 45

2009  2010  2011  2014

13.3%  13.6%  13.8%

2009  2010  2011  2014

16 - 18%

$B
2011 – 2014 Cash Deployment

Significant Value Creation Potential
Pension Funded Status Update

2011 Funded Status

($B)

Liability: $20
Assets: $18

~90% At YE*

100% Funded Status If...

Discount Rate | Return on Assets
--- | ---
6.25% | 8.0%
6.00% | 11.0%
5.75% | 14.0%
5.50% | 17.0%
5.25% | 20.0%

*Box Denotes Current Assumptions

*8% Fund Return, 5.25% Disc. Rate

- Funding Very Close To 100%
- Accounting Change To MTM

Pension Not A Long Term Valuation Issue

Future Pension Funding Manageable
What You Should Expect

- Robust New Product Pipeline Driving Organic Growth
- Accelerated Penetration of High Growth Markets
- Positive Price / Direct Materials Spread
- 25%+ Sales Conversion
- Smart Repositioning Funded Through BTL Gains
- Capital Efficiency Improvement
- Working Capital Turns Growth Offsets Sales Growth
- Effective Cash Deployment → Long-Term Value
Summary

• Strong Performance Through Cycle
  – Great Positions in Good Industries – Organic & M&A
  – More Efficient, Global Company

• Relentless Focus and Execution
  – One Honeywell Culture, 5 Initiatives, Best People
  – Key Process Enablers, Accelerating Margin Performance

• On Track to Long-Term Outlook
  – Poised to Deliver Top Tier Performance
  – Strong Cash Generation, Balanced Deployment
  – Attractive Returns to Shareholders
Appendix
Reconciliation of non-GAAP Measures to GAAP Measures
<table>
<thead>
<tr>
<th></th>
<th>2000 (1)</th>
<th>2002 (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$25.0</td>
<td>$22.3</td>
</tr>
<tr>
<td>Cost of Products and Services Sold</td>
<td>(19.1)</td>
<td>(17.6)</td>
</tr>
<tr>
<td>Selling, General and Administrative Expenses</td>
<td>(3.1)</td>
<td>(2.8)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$2.8</td>
<td>1.9</td>
</tr>
<tr>
<td>Stock Based Compensation</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Repositioning and Other</td>
<td>0.8</td>
<td>0.6</td>
</tr>
<tr>
<td>Pension &amp; OPEB Expense</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Segment Profit</td>
<td>$3.6</td>
<td>$2.5</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$2.8</td>
<td>$1.9</td>
</tr>
<tr>
<td>÷ Sales</td>
<td>25.0</td>
<td>22.3</td>
</tr>
<tr>
<td>Operating Income Margin %</td>
<td>11.2%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Segment Profit</td>
<td>$3.6</td>
<td>$2.5</td>
</tr>
<tr>
<td>÷ Sales</td>
<td>$25.0</td>
<td>$22.3</td>
</tr>
<tr>
<td>Segment Profit Margin %</td>
<td>14.5%</td>
<td>11.3%</td>
</tr>
</tbody>
</table>

(1) As originally reported
(2) Included in cost of products and services sold and selling, general and administrative expenses
(3) Included in segment profit
## Reconciliation of Free Cash Flow to Cash Provided by Operating Activities and Calculation of Cash Flow Conversion

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$2.0</td>
<td>$2.0</td>
</tr>
<tr>
<td>Expenditures for Property, Plant and Equipment</td>
<td>($0.9)</td>
<td>($0.9)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$1.1</td>
<td>$1.1</td>
</tr>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$2.0</td>
<td>$2.0</td>
</tr>
<tr>
<td>÷ Net Income</td>
<td>$1.7</td>
<td>($0.1)</td>
</tr>
<tr>
<td>Operating Cash Flow Conversion %</td>
<td>120%</td>
<td>N/A</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$1.1</td>
<td>$1.1</td>
</tr>
<tr>
<td>÷ Net Income</td>
<td>$1.7</td>
<td>($0.1)</td>
</tr>
<tr>
<td>Free Cash Flow Conversion %</td>
<td>68%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

(1) As originally reported
## Reconciliation of EPS to EPS, Excluding mark-to-market pension expense

<table>
<thead>
<tr>
<th>Description</th>
<th>2003 (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS, Previously Reported</td>
<td>$1.50</td>
</tr>
<tr>
<td>Effect of Pension Accounting Change</td>
<td>(0.11)</td>
</tr>
<tr>
<td>EPS, Revised</td>
<td>1.39</td>
</tr>
<tr>
<td>Mark-To-Market Pension Adjustment</td>
<td>0.12</td>
</tr>
<tr>
<td>EPS (Proforma)</td>
<td>$1.51</td>
</tr>
</tbody>
</table>

(1) Utilizes weighted average shares outstanding and the effective tax rate for the period. Mark-to-Market uses a blended rate of 33.5%
Reconciliation of Free Cash Flow to Cash Provided by Operating Activities and Calculation of Cash Flow Conversion, excluding pension MTM adjustment

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$2.2</td>
<td>$2.3</td>
<td>$2.4</td>
<td>$3.2</td>
<td>$3.9</td>
<td>$3.8</td>
<td>$3.9</td>
<td>$4.2</td>
</tr>
<tr>
<td>Expenditures for Property, Plant and Equipment</td>
<td>(0.7)</td>
<td>(0.7)</td>
<td>(0.6)</td>
<td>(0.7)</td>
<td>(0.8)</td>
<td>(0.9)</td>
<td>(0.6)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>1.5</td>
<td>1.6</td>
<td>1.8</td>
<td>2.5</td>
<td>3.1</td>
<td>2.9</td>
<td>3.3</td>
<td>3.6</td>
</tr>
<tr>
<td>Cash taxes relating to the sale of the Consumables Solution business</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.2</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Free Cash Flow excluding cash taxes relating to the sale of the Consumables Solution business</td>
<td>$1.5</td>
<td>$1.6</td>
<td>$1.8</td>
<td>$2.5</td>
<td>$3.1</td>
<td>$3.1</td>
<td>$3.3</td>
<td>$3.6</td>
</tr>
<tr>
<td>Net Income Attributable to Honeywell</td>
<td>1.2</td>
<td>1.4</td>
<td>1.9</td>
<td>2.3</td>
<td>2.6</td>
<td>0.8</td>
<td>1.5</td>
<td>2.0</td>
</tr>
<tr>
<td>Mark-to-Market pension adjustment, net of tax</td>
<td>0.1</td>
<td>0.1</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>2.0</td>
<td>0.5</td>
<td>0.3</td>
</tr>
<tr>
<td>Net Income Attributable to Honeywell, excluding mark-to-market pension adjustment</td>
<td>1.3</td>
<td>1.5</td>
<td>1.9</td>
<td>2.3</td>
<td>2.6</td>
<td>2.8</td>
<td>2.0</td>
<td>2.3</td>
</tr>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$2.2</td>
<td>$2.3</td>
<td>$2.4</td>
<td>$3.2</td>
<td>$3.9</td>
<td>$3.8</td>
<td>$3.9</td>
<td>$4.2</td>
</tr>
<tr>
<td>÷ Net Income Attributable to Honeywell</td>
<td>1.2</td>
<td>1.4</td>
<td>1.9</td>
<td>2.3</td>
<td>2.6</td>
<td>0.8</td>
<td>1.5</td>
<td>2.0</td>
</tr>
<tr>
<td>Operating Cash Flow Conversion %</td>
<td>183%</td>
<td>156%</td>
<td>129%</td>
<td>140%</td>
<td>151%</td>
<td>470%</td>
<td>255%</td>
<td>208%</td>
</tr>
<tr>
<td>Free Cash Flow excluding cash taxes relating to the sale of the Consumables Solution business</td>
<td>1.5</td>
<td>1.6</td>
<td>1.8</td>
<td>2.5</td>
<td>3.1</td>
<td>3.1</td>
<td>3.3</td>
<td>3.6</td>
</tr>
<tr>
<td>÷ Net Income Attributable to Honeywell excluding mark-to-market pension adjustment</td>
<td>1.3</td>
<td>1.5</td>
<td>1.9</td>
<td>2.3</td>
<td>2.6</td>
<td>2.8</td>
<td>2.0</td>
<td>2.3</td>
</tr>
<tr>
<td>Free Cash Flow Conversion % (Proforma)</td>
<td>118%</td>
<td>108%</td>
<td>92%</td>
<td>107%</td>
<td>121%</td>
<td>108%</td>
<td>164%</td>
<td>152%</td>
</tr>
</tbody>
</table>
Reconciliation of Free Cash Flow to Cash Provided by Operating Activities, excluding U.S. pension contributions and Calculation of Cash Flow Conversion, excluding MTM pension expense

<table>
<thead>
<tr>
<th>Description</th>
<th>2011E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$3.3 - 3.5</td>
</tr>
<tr>
<td>Expenditures for Property, Plant and Equipment</td>
<td>~(-0.8)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$2.5 - 2.7</td>
</tr>
<tr>
<td>U.S. Pension Contributions</td>
<td>~1.0</td>
</tr>
<tr>
<td>Free Cash Flow, excluding U.S. Pension Contributions</td>
<td>$3.5 - 3.7</td>
</tr>
<tr>
<td></td>
<td>2003</td>
</tr>
<tr>
<td>--------------------</td>
<td>-------</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>$23.1</td>
</tr>
<tr>
<td><strong>Cost of Products and Services Sold</strong></td>
<td>(18.3)</td>
</tr>
<tr>
<td><strong>Selling, General and Administrative Expenses</strong></td>
<td>(3.0)</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>$1.8</td>
</tr>
<tr>
<td><strong>Stock Based Compensation</strong>&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Repositioning and Other</strong>&lt;sup&gt;(2, 3)&lt;/sup&gt;</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Pension Expense/(Income)-ongoing</strong>&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>(0.1)</td>
</tr>
<tr>
<td><strong>Pension Expense-mark to market</strong>&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>OPEB Expense</strong>&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Segment Profit</strong></td>
<td>$2.5</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>$1.8</td>
</tr>
<tr>
<td>÷ <strong>Sales</strong></td>
<td>23.1</td>
</tr>
<tr>
<td><strong>Operating Income Margin %</strong></td>
<td>7.8%</td>
</tr>
<tr>
<td><strong>Segment Profit</strong></td>
<td>$2.5</td>
</tr>
<tr>
<td>÷ <strong>Sales</strong></td>
<td>23.1</td>
</tr>
<tr>
<td><strong>Segment Profit Margin %</strong></td>
<td>10.7%</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Stock Based Compensation included in Segment Profit

<sup>(2)</sup> Included in cost of products and services sold and selling, general and administrative expenses

<sup>(3)</sup> Includes repositioning, asbestos, environmental expenses and equity income (beginning 1/1/2008)
Reconciliation of EPS to EPS, Excluding mark-to-market pension expense

<table>
<thead>
<tr>
<th></th>
<th>2008 (1)</th>
<th>2009 (1)</th>
<th>2010 (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EPS, Reported</strong></td>
<td>1.08</td>
<td>2.05</td>
<td>2.59</td>
</tr>
<tr>
<td><strong>Mark-To-Market Pension Adjustment</strong></td>
<td>2.74</td>
<td>0.64</td>
<td>0.41</td>
</tr>
<tr>
<td><strong>EPS, Excluding Mark-to-Market Pension Adjustment</strong></td>
<td><strong>$3.82</strong></td>
<td><strong>$2.69</strong></td>
<td><strong>$3.00</strong></td>
</tr>
</tbody>
</table>

(1) Utilizes weighted average shares outstanding and the effective tax rate for the period. Mark-to-Market uses a blended tax rate of 38.2%, 34.4%, & 32.3% for 2008, 2009, & 2010 respectively.
Valuation Metrics

Calculation Methodology

- **Dividend Yield**
  \[
  \text{Dividend Yield} = \frac{\text{Dividend per Share (Last Announced)}}{3/1/2011 \text{ Closing Stock Price}}
  \]

- **FCF Multiple**
  \[
  \text{FCF Multiple} = \frac{3/1/2011 \text{ Market Capitalization at Closing}}{2011 \text{ Estimated FCF}}
  \]

- **ROIC**
  \[
  \text{ROIC} = \frac{\text{Net Income Before Interest}}{\text{Net Investment (2-Point Average)}}
  \]
  - Net Income Before Interest = Net Income Attributable to Honeywell (or Peer) + After-Tax Interest
  - Net Investment = Book Value of Equity + Total Debt

- **P/E Ratio (2011)**
  \[
  \text{P/E Ratio (2011)} = \frac{3/1/2011 \text{ Closing Stock Price}}{2011 \text{ Latest Consensus Estimate EPS}}
  \]

- **PEG Ratio**
  \[
  \text{PEG Ratio} = \frac{2011 \text{ P/E}}{\text{Analysis for Consensus Five Year EPS Growth Rate}}
  \]

Eight Industry Peers

- COL, DHR, EMR, GE, ITT, MMM, TYC, UTX