RBC Aerospace & Defense Conference

Tim Mahoney
President and CEO, Honeywell Aerospace
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.
Overview

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

### Financials

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales ($B)</th>
<th>Segment Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$12.7</td>
<td>18.2%</td>
</tr>
<tr>
<td>2009</td>
<td>$10.8</td>
<td>17.6%</td>
</tr>
<tr>
<td>2010</td>
<td>$10.7</td>
<td>17.2%</td>
</tr>
<tr>
<td>2011E</td>
<td>$11.0 – 11.4</td>
<td>17.8% - 18.2%</td>
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</tbody>
</table>

### 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, 6 Unannounced…)
    - AT&R: >$40B (A350, C919 …)
    - D&S: >$40B (F35, CH-47, M1 Abrams, AW139 …)
  - 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

### Business Units

- D&S 50%
- ATR 36%
- BGA 14%

### Commercial Mix

- Americas 61%
- EMEAI 28%
- Asia-Pac 11%
Margin Performance

Higher Sales Conversion

- % Segment Margin
- $B Sales

- +440 bps
- 17.6%
- $10.8
- Last Cycle

- +480 bps
- 17.2%
- $10.7
- Current Cycle

Key Contributors

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

Margin Rate Improvement Walk

- 2010
- 250 - 350 bps
- (70 - 120 bps)
- 2014
- ~22.0%

Margin Runway Surpasses Prior Peak

- 2003
- 13.2%
- $8.8

- 2009
- 17.6%
- $10.8

- 2010
- 17.2%
- $10.7

- 2014E
- ~$13.0

- 2014
- ~$13.0

~35% Sales Conversion

~45% Sales Conversion

Honeywell Aerospace
Industry Outlook

**New Aircraft Deliveries**

- ATR units
- BA units

**Defense Budgets**

- ROW
- OMB FY12

- Expecting a Cycle of Expansion in Aircraft Delivery
- Increasing Production Rates for Existing Aircraft, New Models Entering Service
- Expecting Flight Hour Growth to Moderate in 2H11 Due to Fuel Price Pressures
- U.S. Continuing Resolutions/Anticipated Budget Signal High Risk for Troubled Defense Programs
- Shift in Defense Funding 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</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$5.4B</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>$5.2B</td>
<td>(~2%)</td>
</tr>
<tr>
<td>2014</td>
<td>~$5.0B</td>
<td></td>
</tr>
</tbody>
</table>

Mix Profile

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

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

Defense Decline Manageable
Strategic Defense & Space Growth

Expanding in Strong International Markets

- India
  - Service Life Extension
  - Anti-Insurgent Capabilities
  - Jaguar Upgrade
- Pacific Rim
  - OEM Sales
  - RMUs and Support

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, C-130, M-346 …

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%+

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

Business & General Aviation Outlook

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

Highlights

- HON in the Sweet Spot of Industry Growth
- Significant HON Growth in 2011
- High HON Content Aircraft to Outgrow Others
- G250 / Embraer L500/450 – Significant HON Mechanical Content
- G650 + 6 Unannounced – High Avionics Value

Industry Outlook + Share Gains = Outperformance
## Aligned To Macro Trends

<table>
<thead>
<tr>
<th>Changing Market Landscapes</th>
<th>Opportunities for Honeywell</th>
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<tbody>
<tr>
<td><strong>Commercial OE</strong></td>
<td>• Winning with New Customers – COMAC, AVIC</td>
</tr>
<tr>
<td>• New AT/BA Aircraft OEMs</td>
<td>• Picking the Winning Platforms and Sub-Systems</td>
</tr>
<tr>
<td>• Many New Platform/Upgrade Initiatives</td>
<td>• Exciting Evolution at Traditional Customers</td>
</tr>
<tr>
<td></td>
<td>• Leveraging Core – APUs, W&amp;Bs, Lighting, Avionics …</td>
</tr>
<tr>
<td><strong>Commercial Aftermarket</strong></td>
<td>• Leverage Existing Positions on BFE</td>
</tr>
<tr>
<td>• Flight Hours Growing</td>
<td>• Deliver Efficiency, Safety Value to Operators</td>
</tr>
<tr>
<td>• Changing Operator Business Practices</td>
<td>• Spares Recovering; AM Recoupling to Flight Hours</td>
</tr>
<tr>
<td></td>
<td>• Discretionary Upgrades/Restocking Upside</td>
</tr>
<tr>
<td><strong>Defense &amp; Space</strong></td>
<td>• Targeted International Focus and Growth</td>
</tr>
<tr>
<td>• Traditional ‘Big Program Spending’ Declines</td>
<td>• Leverage Commercial Solutions and Upgrades</td>
</tr>
<tr>
<td>• Needs Shifting From Conventional to “Hybrid”</td>
<td>• Grow in New Spaces – Asymmetric Warfare, UAS</td>
</tr>
<tr>
<td></td>
<td>• Continue to Optimize Fixed Cost Base</td>
</tr>
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</table>

**Well Positioned To Capture Favorable Macros → Upside Potential**
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

>2,000 C919 Aircraft — ~$16B

Flight Control System

APU, Engine Control, Starter Generator

Avionics – IRS & Air Data

Wheels and Brakes

Y12F
Strong Competitive Advantages

**System Solutions For Winning Platforms**
- In-Depth Understanding of Customer Needs
- Needs-Based Innovation
- Selective Pursuit of Market-Winning Platforms
- Double Down, Win Big on Those Platforms

**Unmatched Offerings**
- Broadest Portfolio in Aerospace
- System and Multi-System Wins
- Long-Term Customer Partnerships
- Industry Technology Leader

**Development Program Expertise**
- Efficient Global Engineering Network
- Product Reuse Drives Speed to Market

**Complete Lifecycle Support**
- Aftermarket Support a Competitive Advantage
- Expanded Global Support Network to Grow Share

**Large Installed Base, Differentiated Portfolio & Support**
Great Positions in Good Industries

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**
Unmatched Offerings: An ATM View

>$70B Global Air Traffic Modernization Opportunity Next 15 years
  • With >30% growth over next 5 years

Right Relationships
  • Contributing to global ATM standards
    • Selected by Aviation Industry Corporation of China for first ATM lab there
    • Steady progress with SESAR (only U.S.-based member)
  • Engaged in key trials with major airlines

Strong Portfolio to Capitalize Early And Broadly

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

Uniquely Positioned To Lead Air Traffic Modernization
# Great Positions On Newer Aircraft

<table>
<thead>
<tr>
<th>Aircraft</th>
<th>Honeywell’s Platform Position</th>
<th>Competition</th>
</tr>
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<tbody>
<tr>
<td>A350</td>
<td><img src="image1" alt="Avionics" /></td>
<td>~$18B</td>
</tr>
<tr>
<td></td>
<td><img src="image2" alt="APS" /></td>
<td></td>
</tr>
<tr>
<td></td>
<td><img src="image3" alt="AMS Perimeter" /></td>
<td></td>
</tr>
<tr>
<td></td>
<td><img src="image4" alt="CPCS" /></td>
<td></td>
</tr>
</tbody>
</table>

| Embraer L500/450  | ![Engines](image5) | ~$24B | ~$2B |
|                   | ![APU](image6) |           | Avionics |
|                   | ![ECS/CP](image7) |           | Cabin Mgmt Systems |

| Gulfstream G650   | ![Avionics](image8) | ~$3B | ~$0.1B |
|                   | ![APU](image9) |           | Lighting |
|                   | ![ECS/CP](image10) |           |           |

| Unannounced 1     | ![Avionics](image11) | ~$11B | TBD |
|                   | Details Unannounced |           | Life of Program Value |
|                   | ![Unannounced](image12) |           |           |
|                   | ![Unannounced](image13) |           |           |
|                   | ![Unannounced](image14) |           |           |
|                   | ![Unannounced](image15) |           |           |

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**Honeywell’s Platform Position**

- A350
- Embraer L500/450
- Gulfstream G650
- Unannounced 1-6

**Competition**

- ~$18B
- ~$24B
- ~$3B
- ~$11B

**Broad, Unmatched Wins**
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