

Electrical Products Group

Dave Cote
Chairman and CEO

Longboat Key, Florida
May 16, 2011

Honeywell

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

- **Strong Performance Track Record**
 - Performed Well In Recession
 - Performance Better This Recovery
- **1Q Represents Great Start to 2011**
 - Strong Growth and Operating Margin Leverage
 - Positive Momentum Reflected in Raised 2011 Outlook
- **Growth Reflects Continued Seed Planting**
 - New Products, R&D Investments
 - Key Process Enablers
 - Geographic Expansion
- **Performance Ahead of Long-term Targets**
 - Leveraged To Favorable Macro Trends
 - Great Positions in Good Industries

Financial Summary

Honeywell

<i>(\$M)</i>	<u>1Q10</u>	<u>1Q11</u>	
Sales	\$7,776	\$8,909	<ul style="list-style-type: none"> • 15% Increase <ul style="list-style-type: none"> ◆ 11% Organic
Segment Profit	\$1,036	\$1,290	<ul style="list-style-type: none"> • 25% Increase <ul style="list-style-type: none"> ◆ Margin Expansion in All SBGs
<i>Margin %</i>	13.3%	14.5%	
Net Income	\$489	\$705	<ul style="list-style-type: none"> • 44% Increase
<i>Attributable to Honeywell</i>			
EPS	\$0.63	\$0.88	<ul style="list-style-type: none"> • 40% Increase
Free Cash Flow	\$673	\$433*	<ul style="list-style-type: none"> • 61% Conversion Ex Pension <ul style="list-style-type: none"> ◆ W/C Reflects Higher Sales

* 1Q 2011 FCF Shown Excluding \$1B U.S. Pension Contribution

Strong Operating Earnings

2Q11 Sales Preview

Honeywell

(\$B)	<u>Sales</u>	<u>V%</u>	<u>Comments</u>
Aerospace	2.8 – 2.9	6 – 8%	<ul style="list-style-type: none"> • Commercial AM Strength Continues • Defense Continues Modest Decline
ACS	3.8 – 3.9	16 – 19%	<ul style="list-style-type: none"> • Con't. Organic Growth Across Portfolio • +8-9% Net M&A Impact
Transportation	1.1 – 1.2	12 – 16%	<ul style="list-style-type: none"> • Improved Diesel Pen., New Launches • Monitoring Global Auto Production
Specialty	1.4 – 1.5	14 – 18%	<ul style="list-style-type: none"> • Robust Advanced Materials Demand • Increased UOP Project Sales

2Q11 Sales \$9.1-9.4B, Up 12-16%
EPS \$0.94-\$0.98, Up 29-34%

2011 Financial Guidance Summary

Honeywell

Consolidated (\$B)	2011 Financial Outlook	Growth 2011E vs. 2010
Revenues ⁽¹⁾	\$ 36.0 - 36.6	8% - 10%
Segment Profit ⁽¹⁾	5.3 - 5.5	15% - 19%
Segment Margin	14.7% - 15.0%	90 bps - 120 bps
Net Income	3.0 - 3.1	29% - 34%
EPS ⁽²⁾	\$ 3.80 - \$ 3.95	27% - 32%
Free Cash Flow ⁽³⁾	\$ 3.5 - 3.7	~Flat

1) 2011 revenues and segment profit guidance excludes the impact of discontinued operations accounting treatment for CPG divestiture

2) Proforma, V% compared to 2010 proforma excluding any mark-to-market pension adjustments

3) FCF excluding cash contributions to U.S. pensions in 2011

Low End

- Slower Global Growth
- Broader Japan Implications
- Material Inflation, F/X

High End

- + Robust Commercial Aero AM Recovery
- + Strengthening Global Markets
- + Better Sales Conversion

1Q Performance Reflected In FY Outlook

How We Run The Company

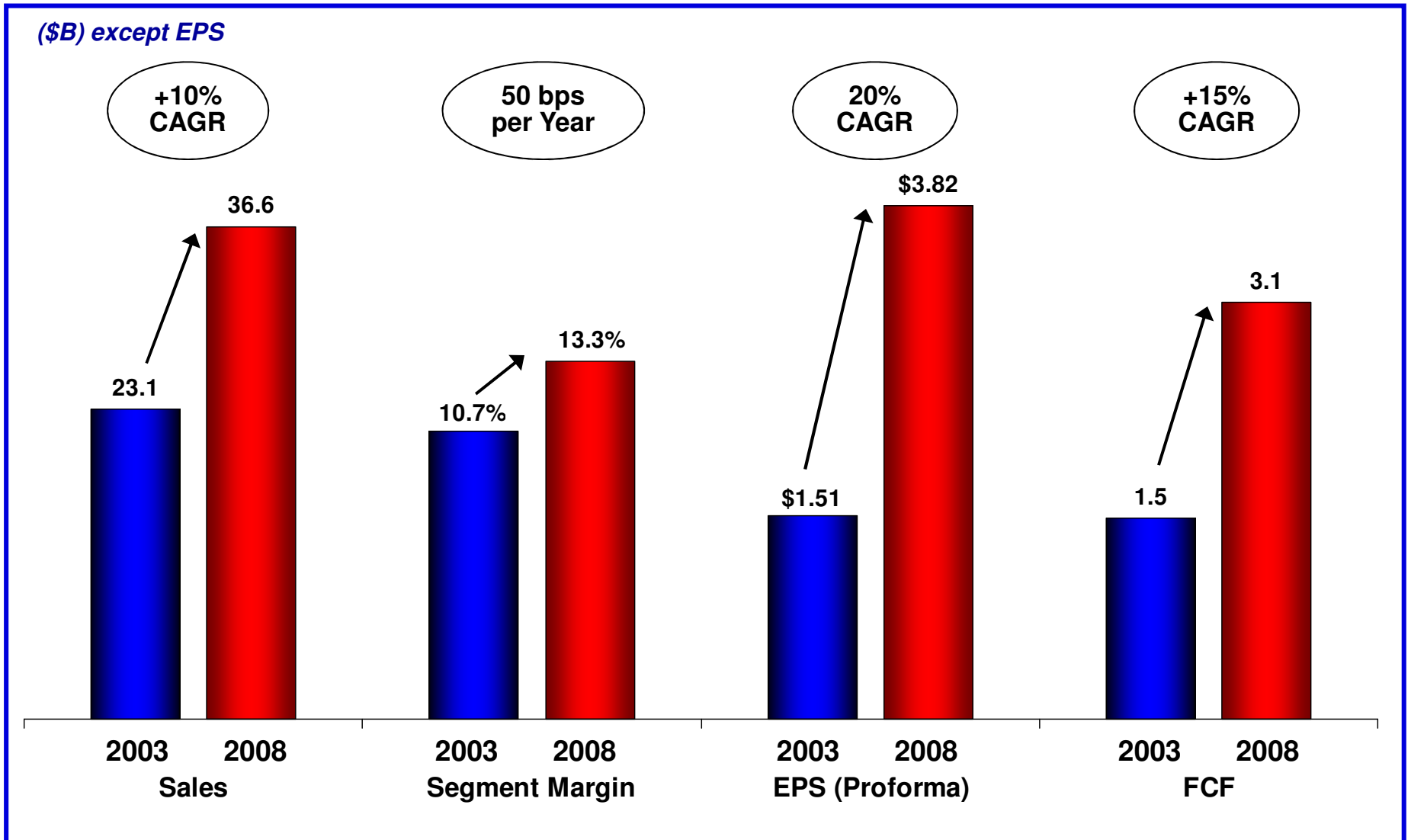
Honeywell

- **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

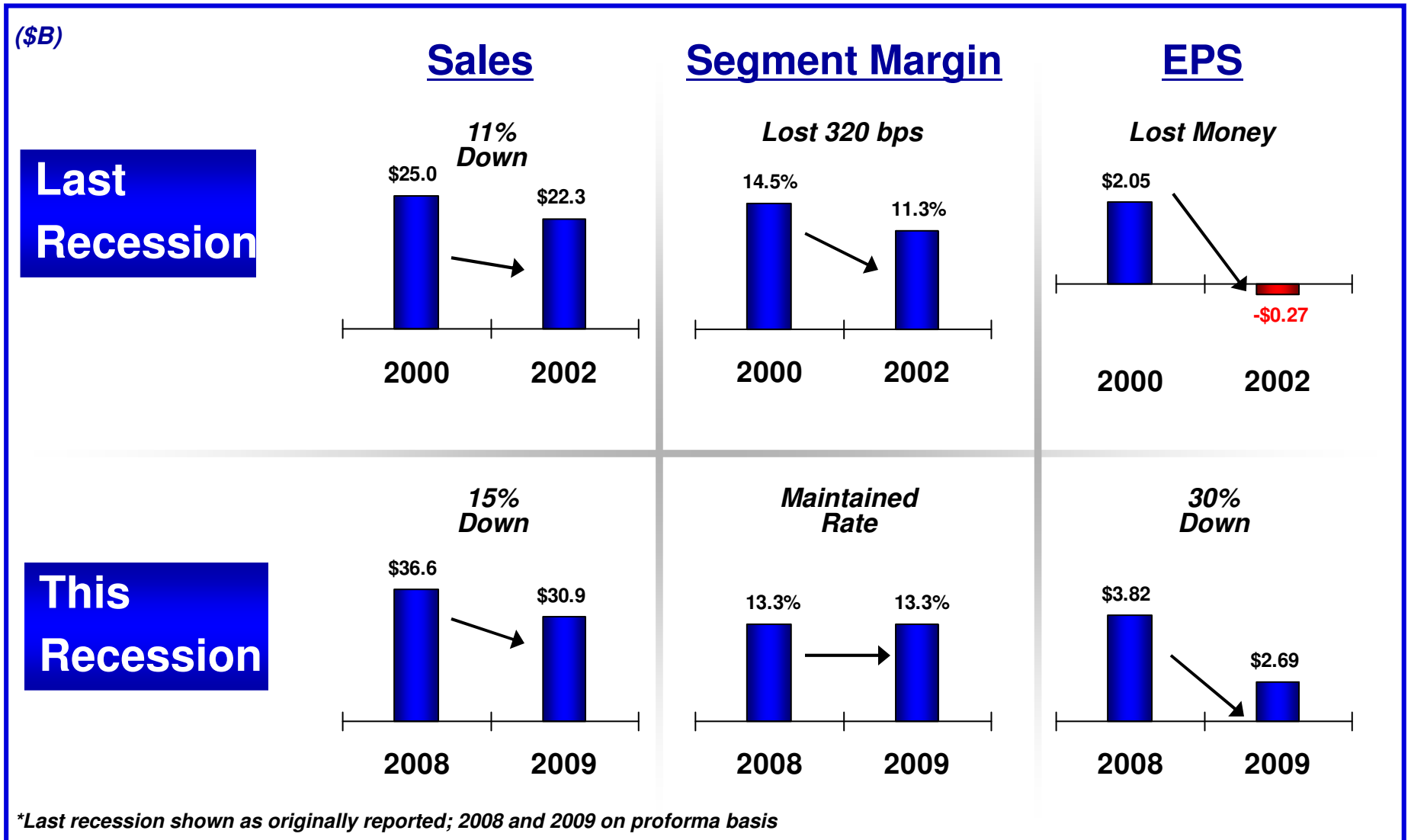
Historical Performance

Honeywell



Performance Showed In Previous Recovery

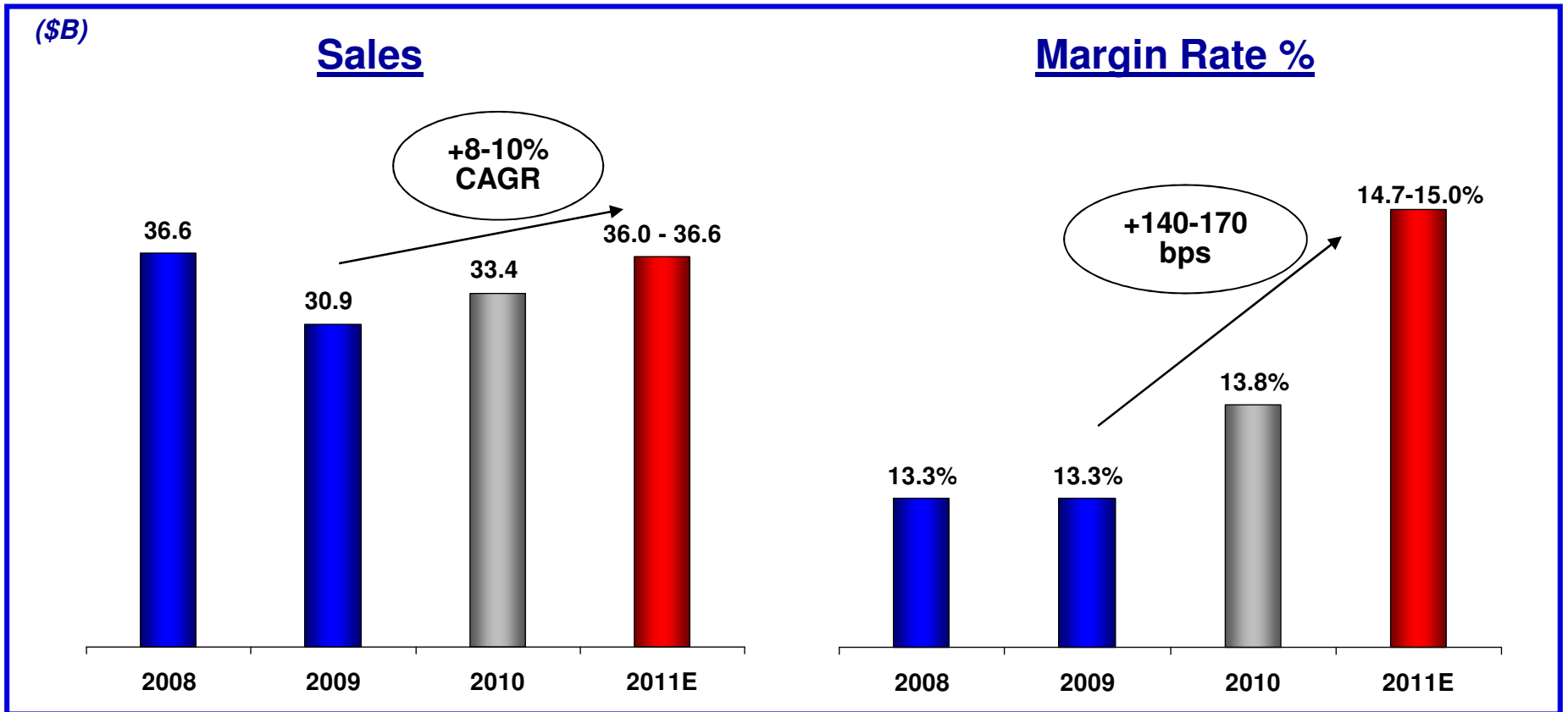
Recession Performance



Performance Better In This Recession

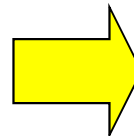
Recovery Performance

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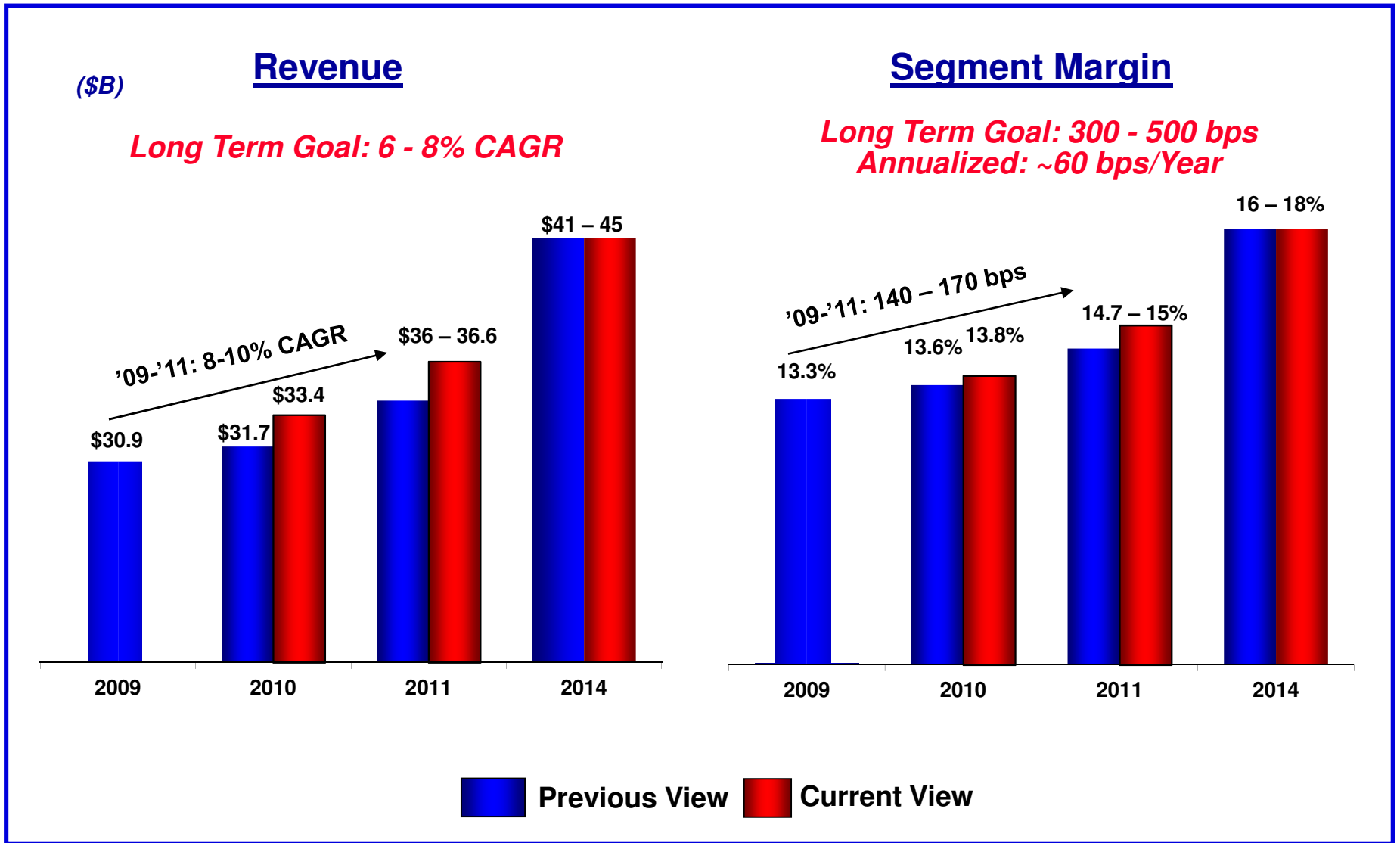
HON More Efficient Company

***Addressed Fixed Costs
Aggressively In Recession***



***Can Generate Same Income
With \$3.5B Less In Sales***

Outlook Update...One Year Later



Performance Ahead Of 5 Year Targets

Great Positions In Good Industries

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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

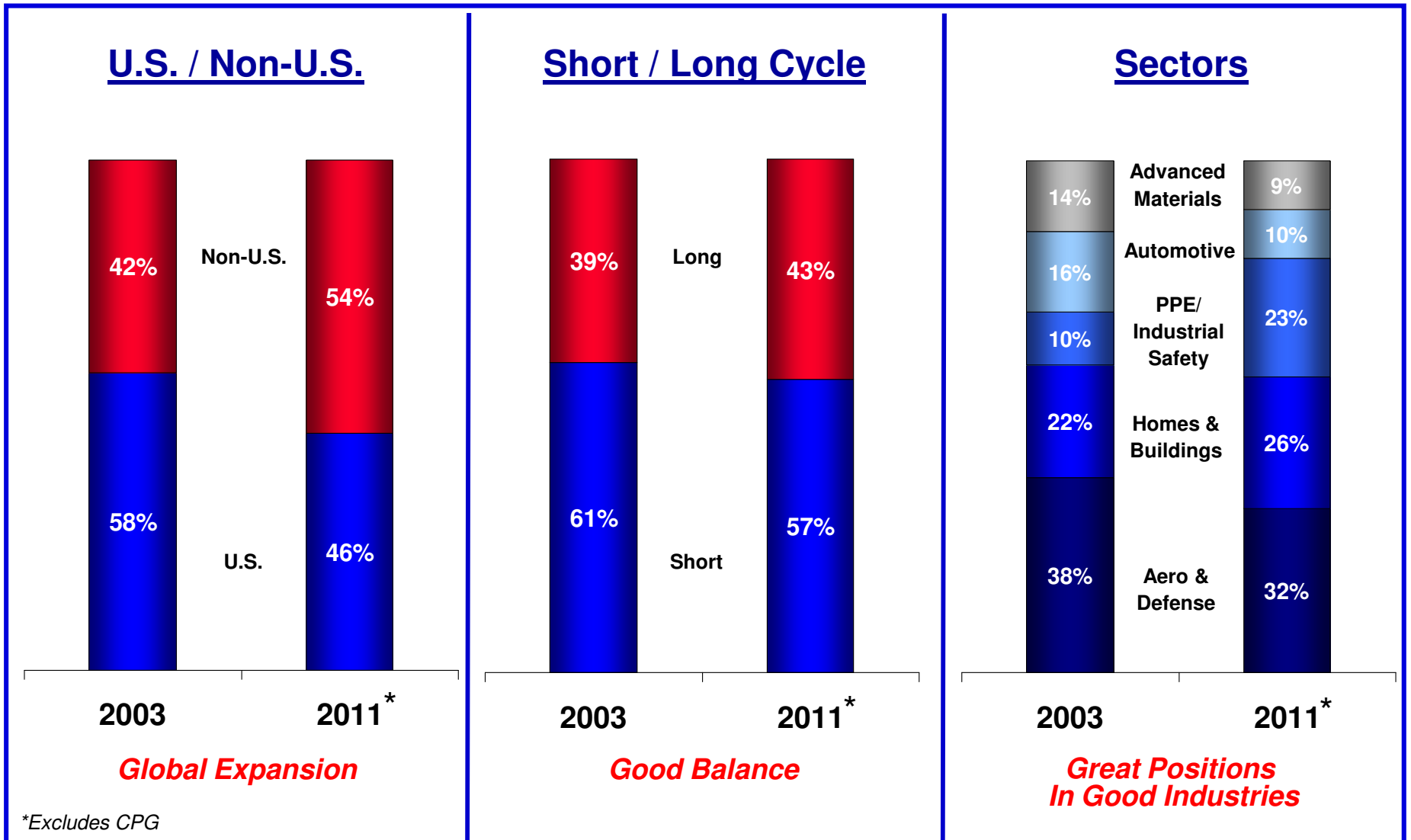
Transportation

- 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

HON Portfolio Overview



Better Positioned For Higher Growth

We're Excited About Our Growth Prospects Honeywell



Energy Efficiency

Energy Generation

Safety & Security

Globalization

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

Positioned For Growth

Honeywell

(\$B)

Portfolio Mix

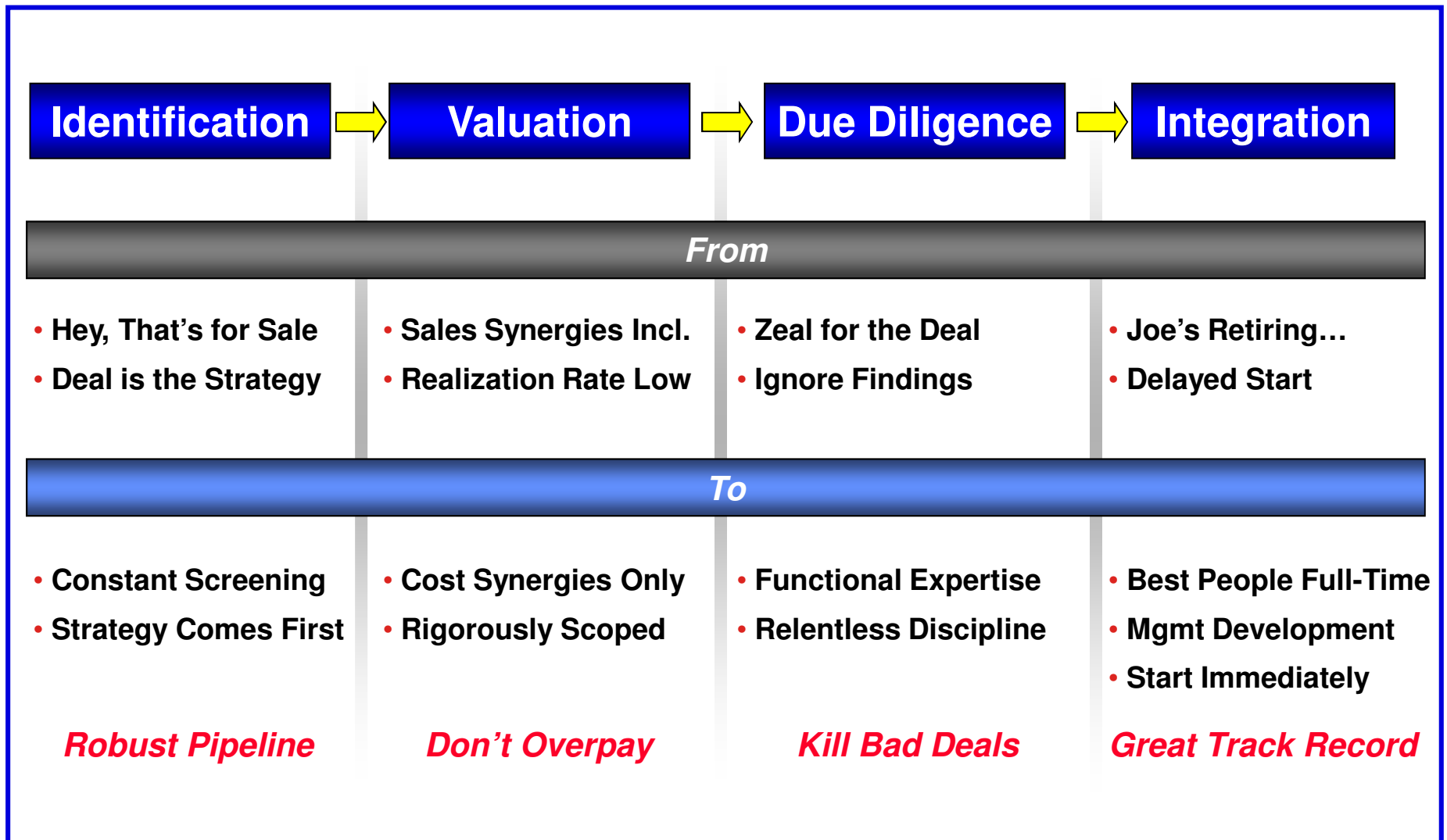
2010-2014E Growth

	<u>'03 Revenues</u>	<u>%</u>	<u>'11 Revenues*</u>	<u>%</u>	
Home & Buildings	5.1	22	9.1	25	5 - 7%
Commercial Aerospace	4.6	20	6.0	17	9 - 11%
Defense	4.2	18	5.2	15	(2) - (4)%
Global Industrial Infrastructure	1.6	7	4.9	14	9 - 11%
Transportation Systems	3.7	16	3.7	10	8 - 10%
Advanced Materials	3.2	14	3.6	10	3 - 5%
PPE / Industrial Safety	-	-	2.1	6	6 - 8%
Customer Productivity	0.7	3	1.2	3	5 - 7%

*Excludes CPG

Expanding Exposure To High Growth Industries

Disciplined Acquisitions Process



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

Five Initiatives - Growth

Four Pillars

- **Do a Great Job for Customers Every Day**

- **Sales & Marketing Excellence**

- **Global Growth**

- **New Products and Services**

Progress

- **Better Delivery**

- **PPM Reduced ~70%**

- **Still More to Do**

- **Much Better, Lots of Opportunity**

- **Sales Deployment, Marketing Integration to Velocity Product Development (VPD™)**

- **From 42% to 54% Sales Outside U.S.**

- **3/4 of World GDP Outside U.S.**

- **Emerging Regions Especially Good**

- **Technology Differentiation**

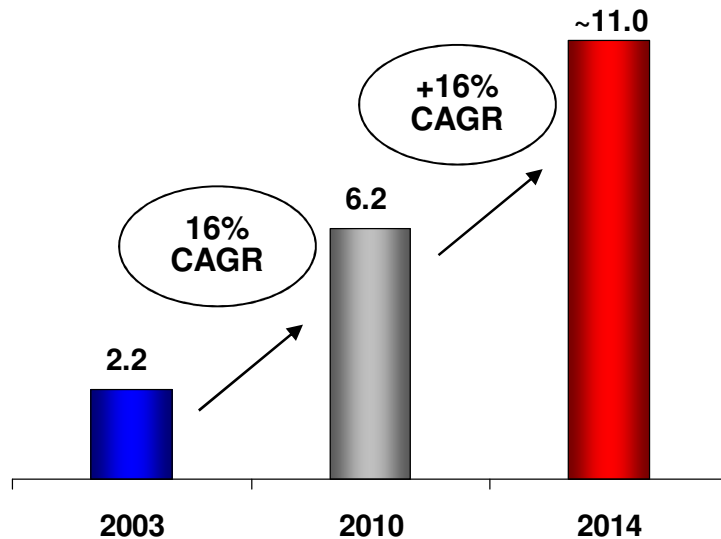
- **Very Full Pipeline**

***Lots Of Upside Here...
Both In Markets And Our Opportunity***

Emerging Markets And New Products

(\$B)

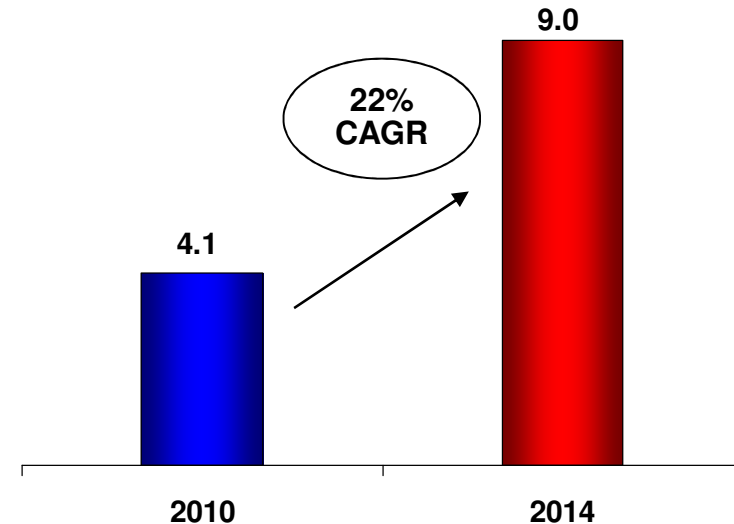
Emerging Market Sales



- 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%+

*Aerospace excluded from EM percentage calculation

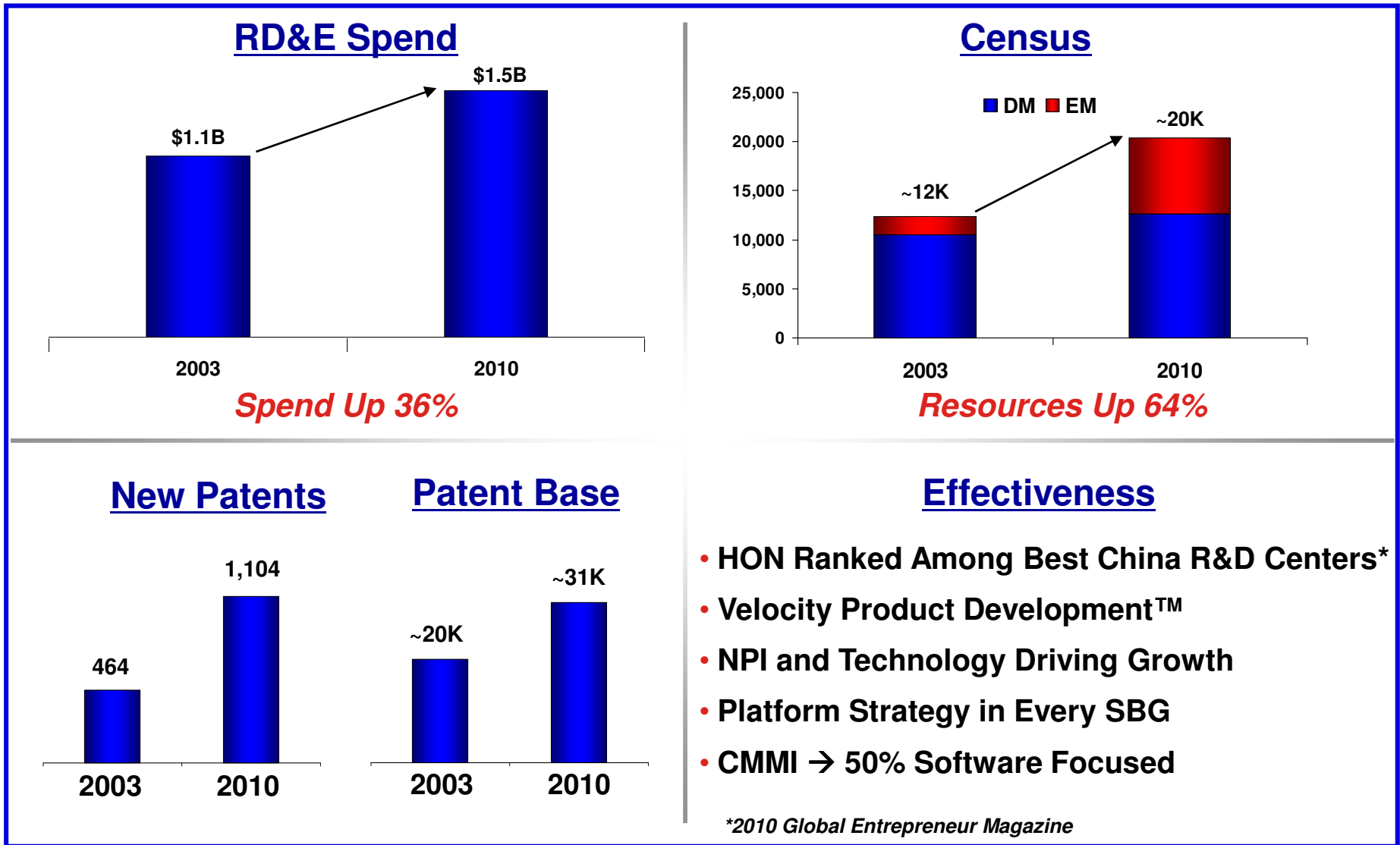
New Product Sales



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

Seed Planting For Accelerated Growth

Expanding R&D Capabilities Globally

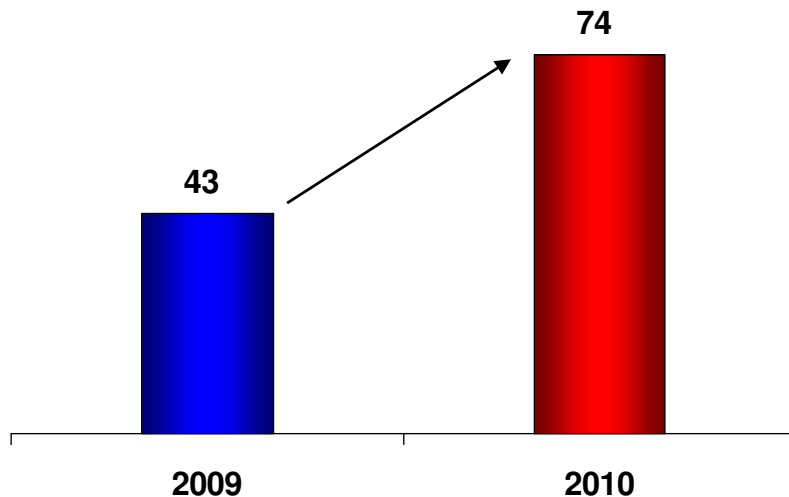


More Resources + More Effective → More New Products

Five Initiatives - Productivity

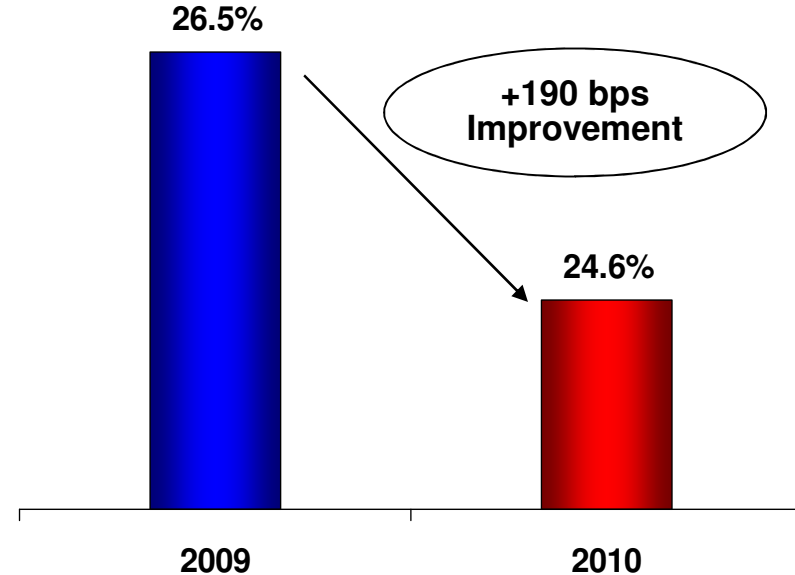
Material Productivity*

(\$M)



OEF Productivity

(% of Revenue)



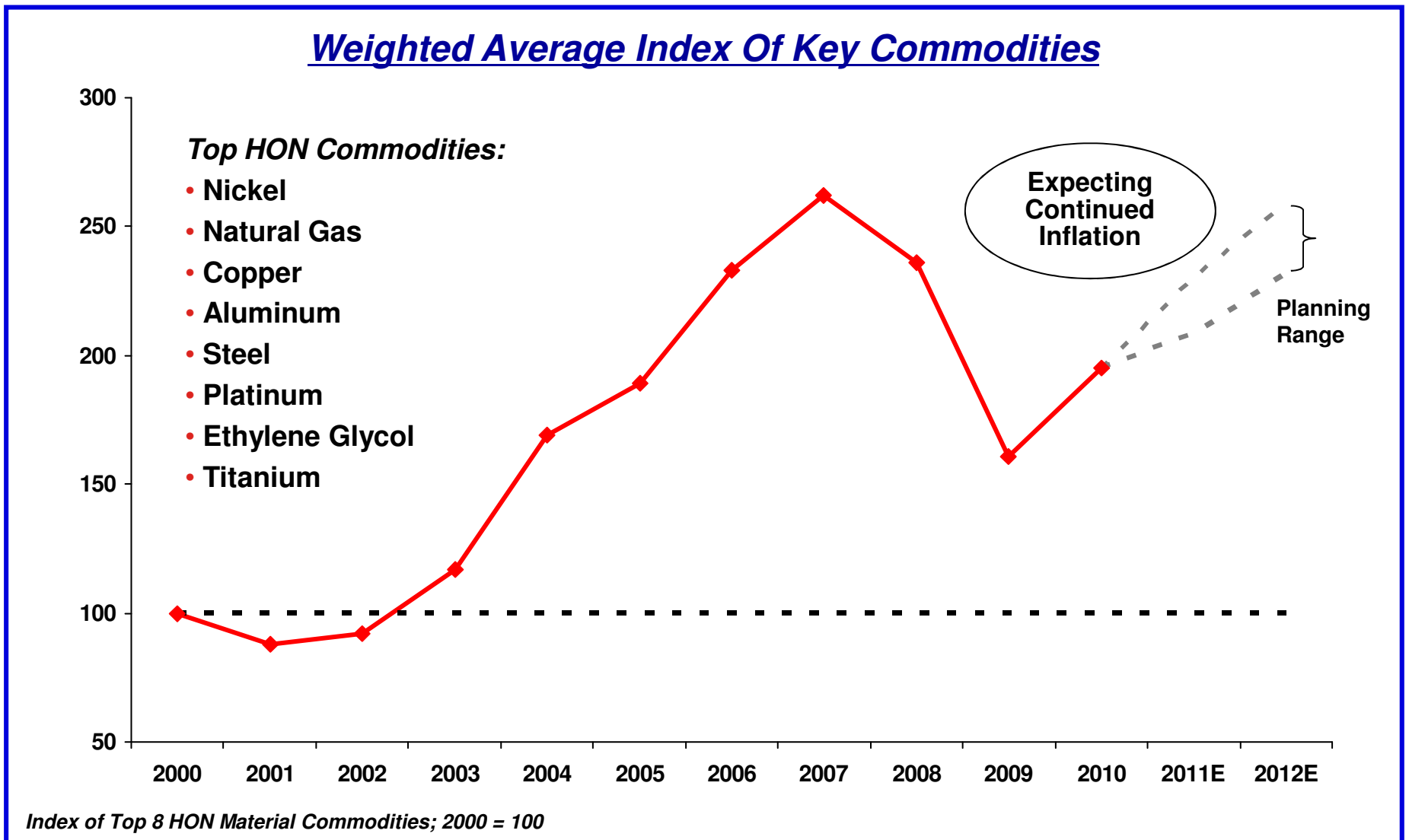
- Integrated Purchasing with Engineering
- Constantly Watchful on Commodities

- Enabled Smart Management in Downturn
- Biggest Driver of Fixed Costs

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

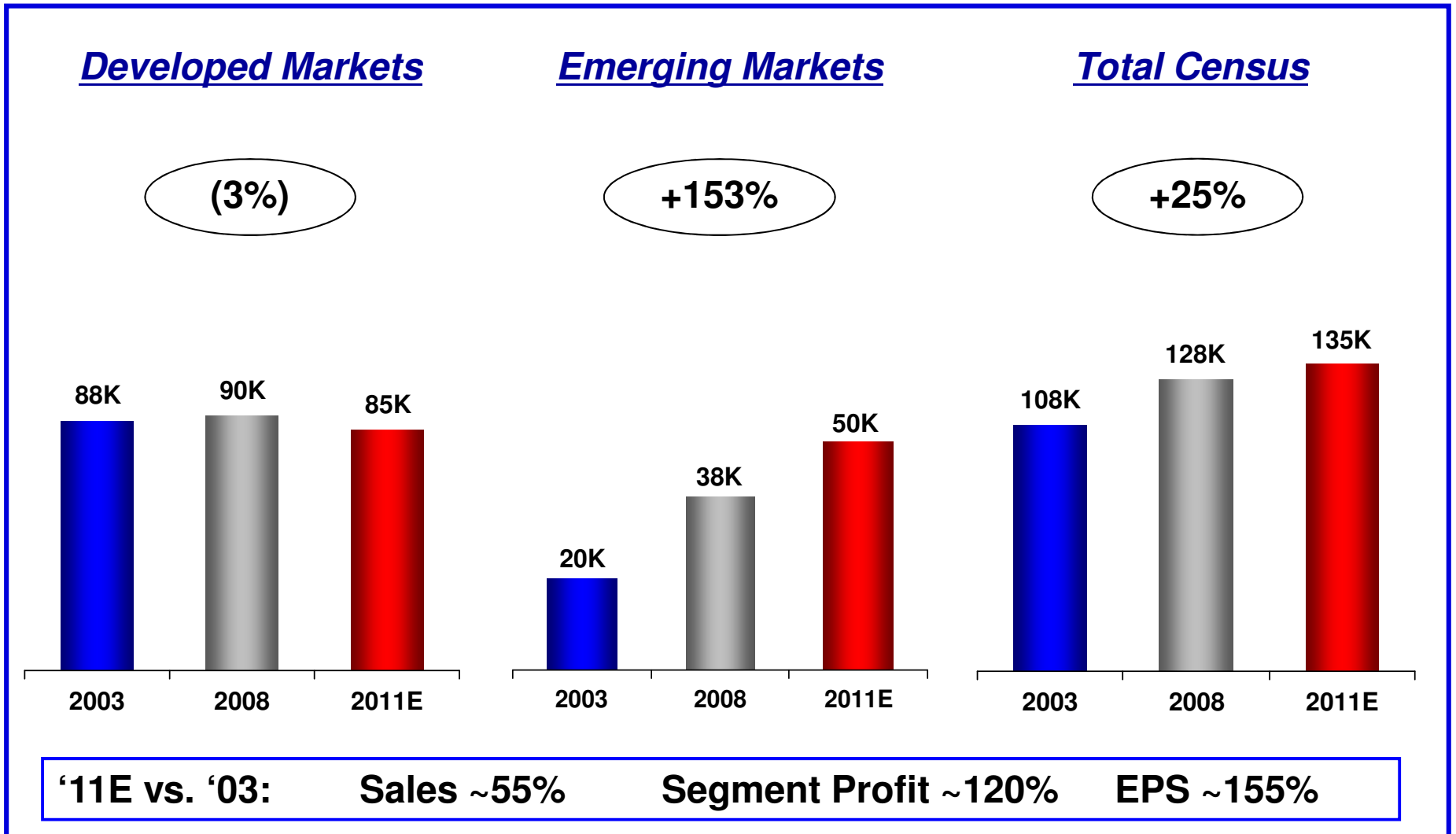
***Best Material And Best Organization,
At Lowest Cost...Need To Do Both***

Raw Materials



Planning For Continued Commodity Inflation

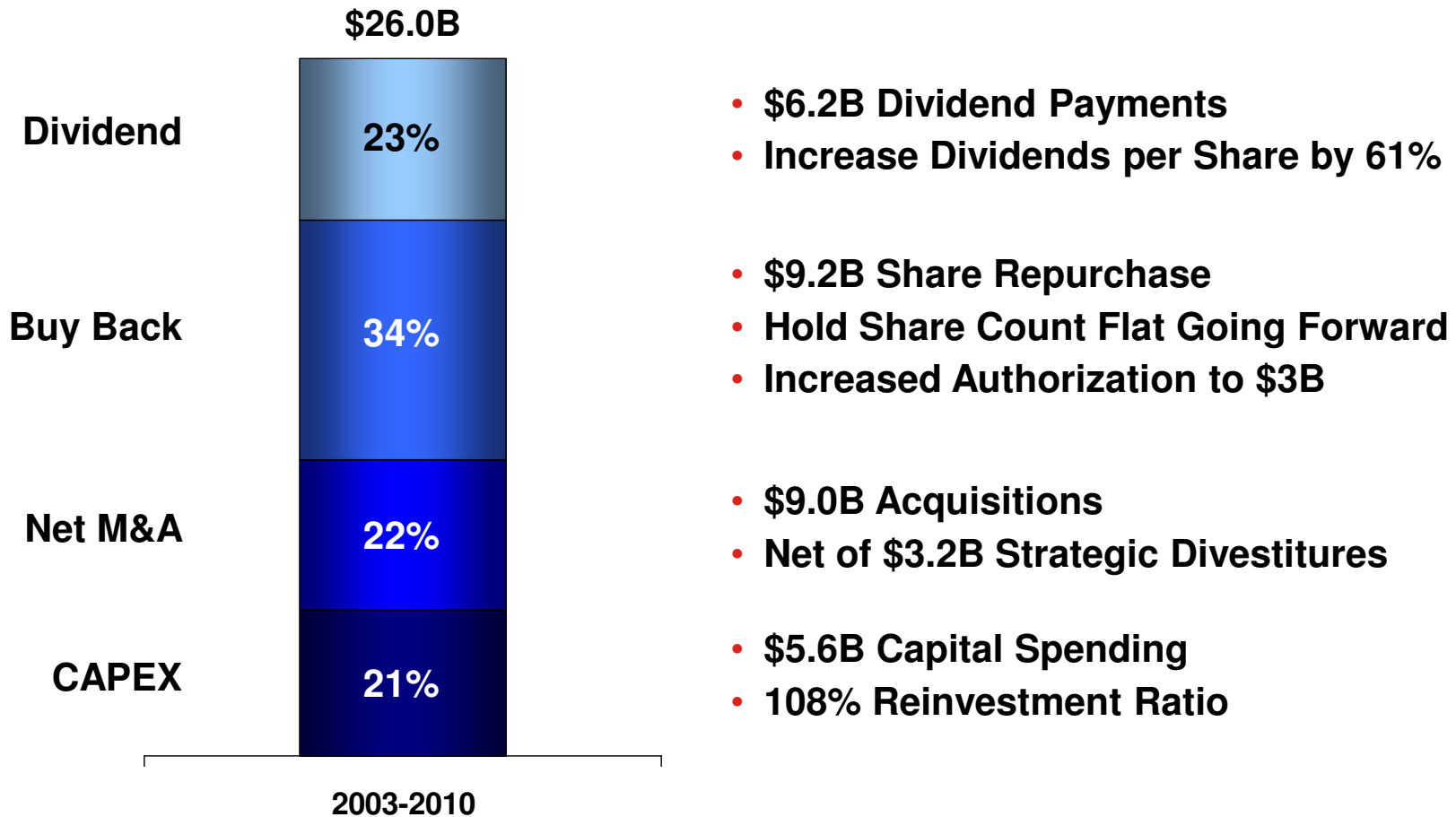
Census



• More Effective And Efficient Organization
• Big Emerging Regions Presence

Cash Deployment

Cash Flow From Operations*

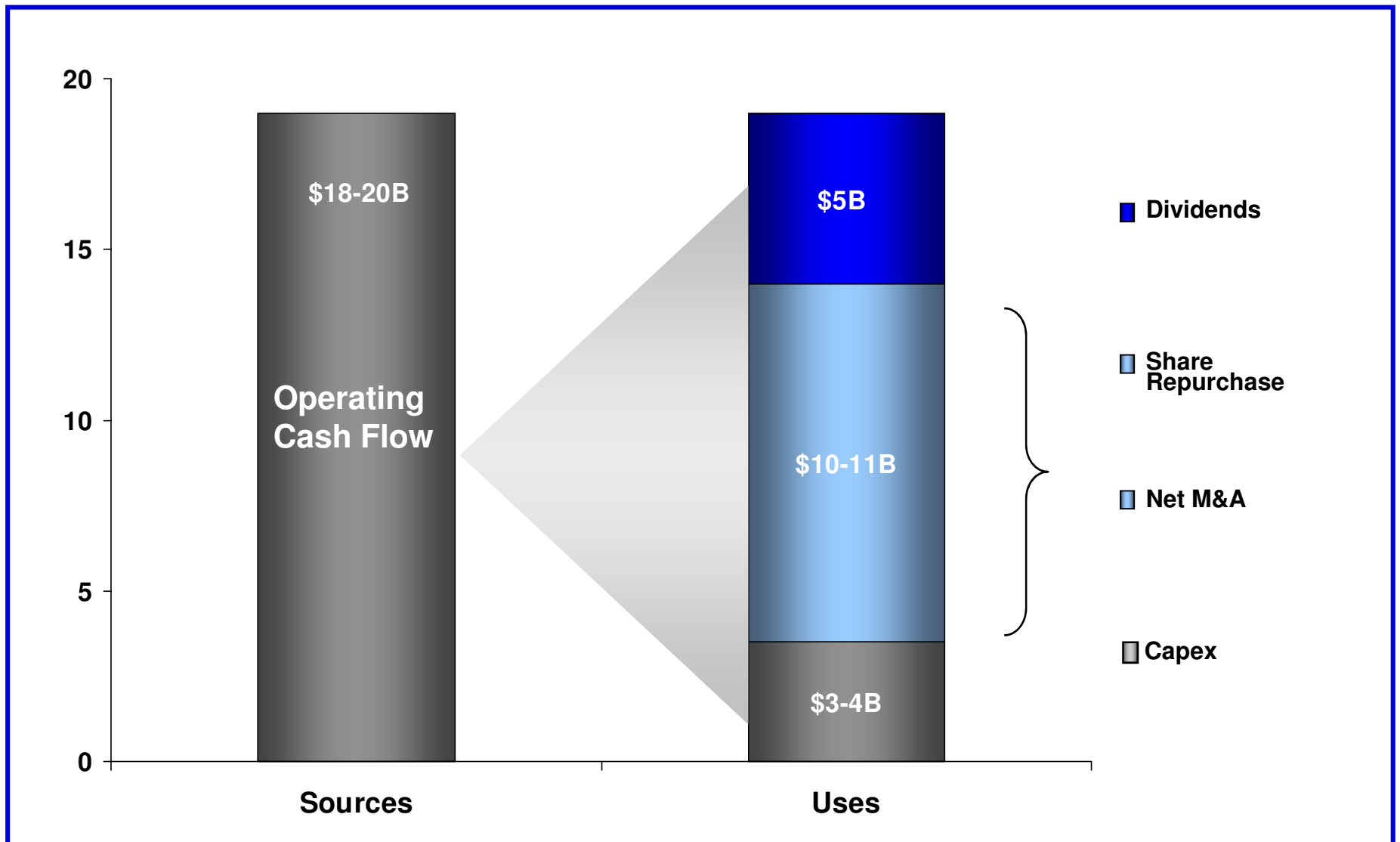


- \$6.2B Dividend Payments
- Increase Dividends per Share by 61%
- \$9.2B Share Repurchase
- Hold Share Count Flat Going Forward
- Increased Authorization to \$3B
- \$9.0B Acquisitions
- Net of \$3.2B Strategic Divestitures
- \$5.6B Capital Spending
- 108% Reinvestment Ratio

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

Smart Use Of Cash

2011 – 2014 Cash Deployment



Significant Value Creation Potential

- **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)**

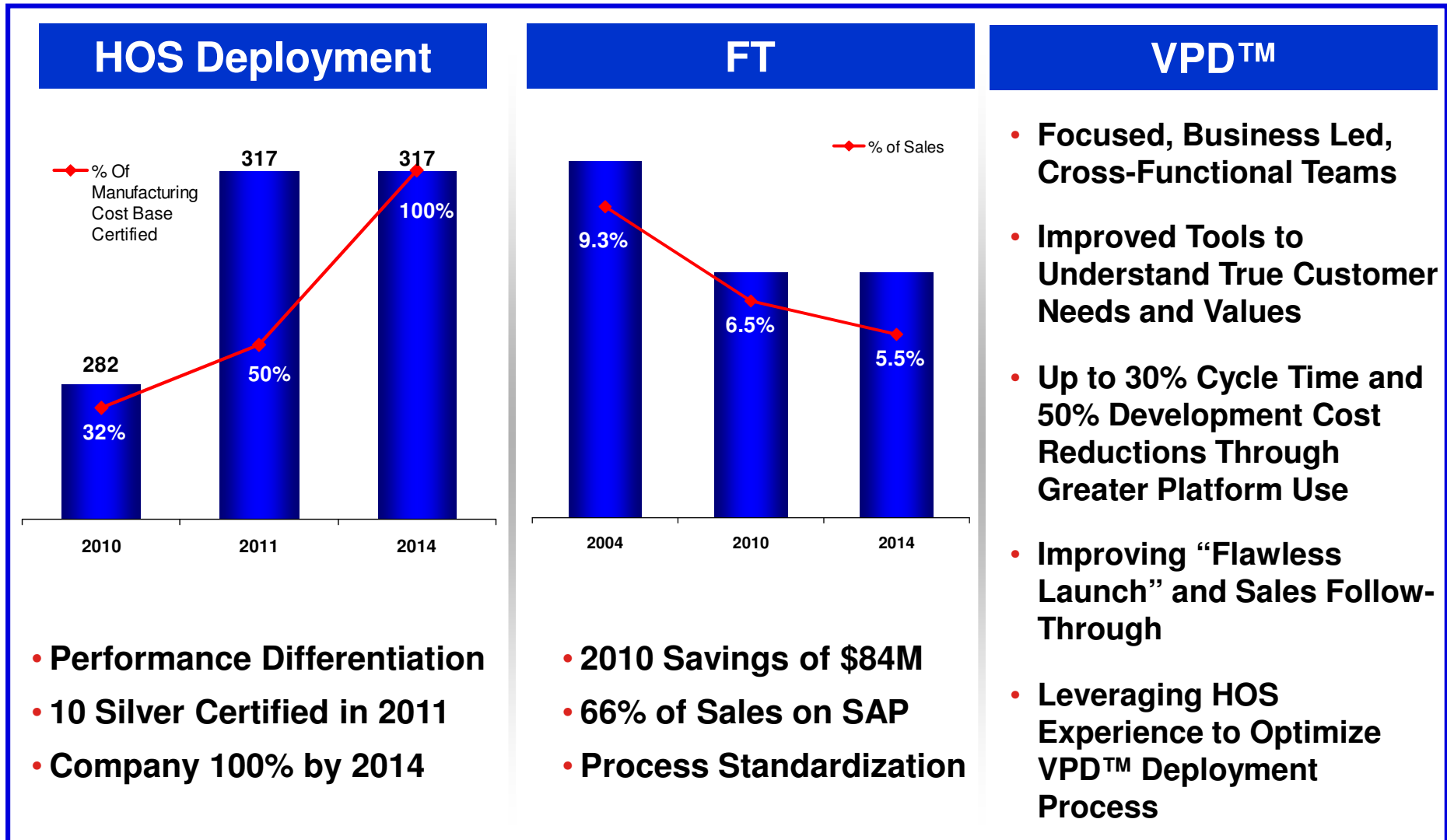
- Three Times Annually for Top 200
- Very Robust Succession Planning
- CEO / HR Leader Interview Final Candidate for Top 200

- **Getting The Fundamentals Right**

- Goal Deployment Before Year-end
 - Appraisals Before March 31
 - Salary and Bonus Differentiation Curves
 - Compensation Strongly Aligned with Investors
- } *Timing Reinforced in Process*

Leadership Team Keeps Getting Better...Best Ever

Key Process Enablers



Rigorous Focus On Robust Processes... Leads To 20 Year Competitive Advantage

HON Investment Thesis

Honeywell

What You Should Expect

- **Grow Sales 6-8% Annually**
- **Traction On Key Initiatives**
- **25%+ Sales Conversion**
- **60 BPS+ Annual Margin Expansion**
- **Double Digit Earnings Growth**
- **Capital Efficiency Improvement**
- **Effective Cash Deployment**

Why It's Believable

- **Growing 2-3 Pts Above End Markets**
- **Significant Increase In Productivity**
- **Increasing Sales Faster Than Fixed Costs**
- **Higher Margins From Incremental Sales**
- **Strong Performance Through the Cycle**
- **122% Average Cash Conversion**
- **\$15B+ Returned To Shareholders**

Performance Ahead Of 5-Year Targets

***Driving Sustainable Improvement...
Significant Value Creation Potential***

Appendix

Reconciliation of non-GAAP Measures to GAAP Measures

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margin

Honeywell

(\$B)	<u>2000</u> ⁽¹⁾	<u>2002</u> ⁽¹⁾
Sales	\$25.0	\$22.3
Cost of Products and Services Sold	(19.1)	(17.6)
Selling, General and Administrative Expenses	<u>(3.1)</u>	<u>(2.8)</u>
Operating Income	<u>\$2.8</u>	<u>1.9</u>
Stock Based Compensation ^(2, 3)	0.0	0.0
Repositioning and Other ⁽²⁾	0.8	0.6
Pension & OPEB Expense ^(2, 3)	<u>0.0</u>	<u>0.0</u>
Segment Profit	<u>\$3.6</u>	<u>\$2.5</u>
Operating Income	\$2.8	\$1.9
÷ Sales	<u>25.0</u>	<u>22.3</u>
Operating Income Margin %	<u>11.2%</u>	<u>8.5%</u>
Segment Profit	\$3.6	\$2.5
÷ Sales	<u>\$25.0</u>	<u>\$22.3</u>
Segment Profit Margin %	<u>14.5%</u>	<u>11.3%</u>

(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 EPS to EPS, Excluding mark-to-market pension expense

Honeywell

	<u>2003</u> ⁽¹⁾
EPS, Previously Reported	\$1.50
Effect of Pension Accounting Change	<u>(0.11)</u>
EPS, Revised	1.39
Mark-To-Market Pension Adjustment	<u>0.12</u>
EPS (Proforma)	<u><u>\$1.51</u></u>

(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

Honeywell

<i>(\$B)</i>	<u>2003</u>	<u>2008</u>	<u>2010</u>
Cash Provided by Operating Activities	\$2.2	\$3.8	\$4.2
Expenditures for Property, Plant and Equipment	(0.7)	(0.9)	(0.6)
Free Cash Flow	1.5	2.9	3.6
Cash taxes relating to the sale of the Consumables Solution business	0.0	0.2	0.0
Free Cash Flow excluding cash taxes relating to the sale of the Consumables Solution business	<u>\$1.5</u>	<u>\$3.1</u>	<u>\$3.6</u>
Net Income Attributable to Honeywell	1.2	0.8	2.0
Mark-to-Market pension adjustment, net of tax	0.1	2.0	0.3
Net Income Attributable to Honeywell, excluding mark-to-market pension adjustment	<u>1.3</u>	<u>2.8</u>	<u>2.3</u>
Cash Provided by Operating Activities	\$2.2	\$3.8	\$4.2
÷ Net Income Attributable to Honeywell	<u>\$1.2</u>	<u>\$0.8</u>	<u>\$2.0</u>
Operating Cash Flow Conversion %	<u>183%</u>	<u>470%</u>	<u>208%</u>
Free Cash Flow excluding cash taxes relating to the sale of the Consumables Solution business	1.5	3.1	3.6
÷ Net Income Attributable to Honeywell, excluding mark-to-market pension adjustment	<u>\$1.3</u>	<u>\$2.8</u>	<u>\$2.3</u>
Free Cash Flow Conversion % (Proforma)	<u>118%</u>	<u>108%</u>	<u>152%</u>

Reconciliation of Free Cash Flow to Cash Provided by Operating Activities, Excluding U.S. Pension Contributions and Calculation of Cash Flow Conversion

Honeywell

<i>(\$B)</i>	2011E
Cash Provided by Operating Activities	\$3.3 - 3.5
Expenditures for Property, Plant and Equipment	<u>~(0.8)</u>
Free Cash Flow	\$2.5 - 2.7
U.S. Pension Contributions	<u>~1.0</u>
Free Cash Flow, excluding U.S. Pension Contributions	<u>\$3.5 - 3.7</u>
Free Cash Flow, excluding U.S. Pension Contributions	\$3.5 - 3.7
÷ Net Income Attributable to Honeywell	
excluding mark-to-market pension adjustment	<u>3.0 - 3.1</u>
Free Cash Flow Conversion % (Proforma)	<u>115 - 120%</u>

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margin

Honeywell

(\$B)	2003 ⁽¹⁾	2008	2009	2010	2011E
Sales	\$23.1	\$36.6	\$30.9	\$33.4	\$36.0 - 36.6
Cost of Products and Services Sold	(18.3)	(31.2)	(24.0)	(25.6)	(26.5) - (27.2)
Selling, General and Administrative Expenses	(3.0)	(5.1)	(4.4)	(4.7)	(5.0) - (5.1)
Operating Income	<u>\$1.8</u>	<u>\$0.3</u>	<u>\$2.5</u>	<u>\$3.1</u>	<u>\$4.5 - 4.7</u>
Stock Based Compensation ⁽²⁾	0.0	0.1	0.1	0.2	~0.2
Repositioning and Other ^(2, 3)	0.3	1.1	0.5	0.6	~0.4
Pension Expense/(Income)-ongoing ⁽²⁾	(0.1)	(0.1)	0.3	0.2	~0.1
Pension Expense-mark to market ⁽²⁾	0.2	\$3.3	0.7	0.5	TBD
OPEB Expense ⁽²⁾	0.3	\$0.1	0.0	0.0	~0.1
Segment Profit	<u>\$2.5</u>	<u>\$4.8</u>	<u>\$4.1</u>	<u>\$4.6</u>	<u>\$5.3 - 5.5</u>
Operating Income	\$1.8	\$0.3	\$2.5	\$3.1	\$4.5 - 4.7
÷ Sales	<u>23.1</u>	<u>36.6</u>	<u>30.9</u>	<u>33.4</u>	<u>\$36.0 - 36.6</u>
Operating Income Margin %	<u>7.8%</u>	<u>0.8%</u>	<u>7.9%</u>	<u>9.4%</u>	<u>12.5 - 12.8%</u>
Segment Profit	\$2.5	\$4.8	\$4.1	\$4.6	\$5.3 - 5.5
÷ Sales	<u>23.1</u>	<u>36.6</u>	<u>30.9</u>	<u>33.4</u>	<u>\$36.0 - 36.6</u>
Segment Profit Margin %	<u>10.7%</u>	<u>13.3%</u>	<u>13.3%</u>	<u>13.8%</u>	<u>14.7 - 15.0%</u>

(1) Stock Based Compensation included in Segment Profit

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

(3) Includes repositioning, asbestos, environmental expenses and equity income (beginning 1/1/2008)

Reconciliation of EPS to EPS, Excluding mark-to-market pension expense

Honeywell

	<u>2008</u> ⁽¹⁾	<u>2009</u> ⁽¹⁾	<u>2010</u> ⁽¹⁾
EPS, Reported	1.08	2.05	2.59
Mark-To-Market Pension Adjustment	<u>2.74</u>	<u>0.64</u>	<u>0.41</u>
EPS, Excluding Mark-to-Market Pension Adjustment	<u>\$3.82</u>	<u>\$2.69</u>	<u>\$3.00</u>

(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.

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margin

Honeywell

<i>(\$M)</i>	<u>1Q10</u>	<u>1Q11</u>
Sales	\$7,776	\$8,909
Cost of Products and Services Sold	(5,858)	(6,610)
Selling, General and Administrative Expenses	(1,111)	(1,254)
Operating Income	<u>\$807</u>	<u>\$1,045</u>
Stock Based Compensation ⁽¹⁾	50	49
Repositioning and Other ^(1, 2)	146	142
Pension Expense-ongoing ⁽¹⁾	51	36
Pension Expense-mark to market ⁽¹⁾	0	0
OPEB (Income) Expense ⁽¹⁾	(18)	18
Segment Profit	<u>\$1,036</u>	<u>\$1,290</u>
Operating Income	\$807	\$1,045
÷ Sales	<u>\$7,776</u>	<u>\$8,909</u>
Operating Income Margin %	<u>10.4%</u>	<u>11.7%</u>
Segment Profit	\$1,036	\$1,290
÷ Sales	<u>\$7,776</u>	<u>\$8,909</u>
Segment Profit Margin %	<u>13.3%</u>	<u>14.5%</u>

(1) Included in cost of products and services sold and selling, general and administrative expenses

(2) Includes repositioning, asbestos, environmental expenses and equity income

Reconciliation of Free Cash Flow to Cash Provided by Operating Activities, Excluding U.S. Pension Contributions and Calculation of Cash Flow Conversion

Honeywell

<i>(\$M)</i>	1Q10	1Q11
Cash Provided by Operating Activities	\$743	(\$443)
Expenditures for Property, Plant and Equipment	(70)	(124)
Free Cash Flow	\$673	(\$567)
U.S. Pension Contributions	0	1,000
Free Cash Flow, excluding U.S. Pension Contributions	<u>\$673</u>	<u>\$433</u>
Cash Provided by Operating Activities	\$743	(\$443)
÷ Net Income Attributable to Honeywell	489	705
Operating Cash Flow Conversion %	<u>152%</u>	<u>(63%)</u>
Free Cash Flow, excluding U.S. Pension Contributions	\$673	\$433
÷ Net Income Attributable to Honeywell	489	705
Free Cash Flow Conversion %, excluding U.S. Pension Contribution	<u>138%</u>	<u>61%</u>