



JP Morgan Industrials Conference

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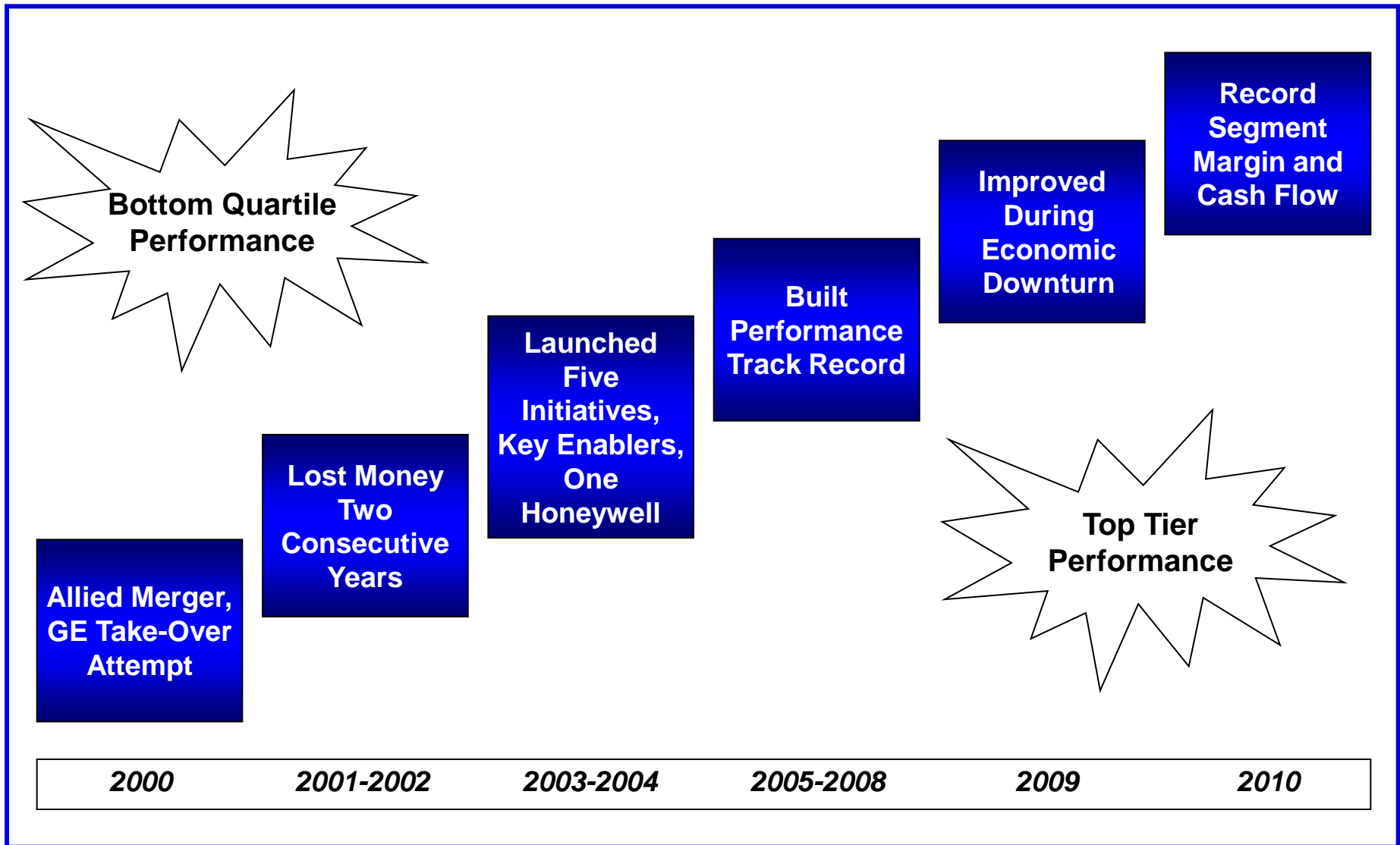
Honeywell

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.

Honeywell's Transformation

Honeywell



Now Among Best In Class

1Q11 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>	<i>13.3%</i>	<i>14.5%</i>	
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 Preview

Honeywell

(\$B)	<u>Sales</u>	<u>V%</u>	<u>Comments</u>
Aerospace	2.8 – 2.9	7 – 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
TS	1.1 – 1.2	12 – 15%	<ul style="list-style-type: none">• Improved Diesel Pen., New Launches• Monitoring Global Auto Production
SM	1.4 – 1.5	12 – 16%	<ul style="list-style-type: none">• Robust Advanced Materials Demand• Increased UOP Project Sales

2Q11 Sales \$9.1-9.3B, Up 12-14%
EPS \$0.94-\$0.98, Up 29-34%

• What We Are Seeing

- Aerospace Commercial AM Strong

- ◆ Commercial OE rebound underway
- ◆ Spares recovery outpaces flight hours, R&O activity increases
- ◆ Defense decline manageable – low single digits

- ACS Continued Improvement

- ◆ Short-cycle recovery – S&C, Safety Products, Gas Detection, Scanning & Mobility
- ◆ Double-digit growth in Emerging Regions
- ◆ Commercial project delays, residential construction still slow; retrofit activity picking up

- TS And SM Performing Well

- ◆ Turbo strong production rates and new launches; monitoring supply chain disruptions
- ◆ UOP continued end market improvement – strong double-digit growth
- ◆ Advanced Materials moderating as industry supply conditions stabilize

- Short-cycle Growth Moderating Due to YOY Comps

- ◆ U.S. recovery muted – anticipate lower 2011/2012 GDP growth
- ◆ Emerging markets remain robust

Recovery Continues But At Slower Pace

2011 Financial Guidance Summary

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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

Outlook Consistent

Long-Term Planning Framework

Honeywell

Qualitative

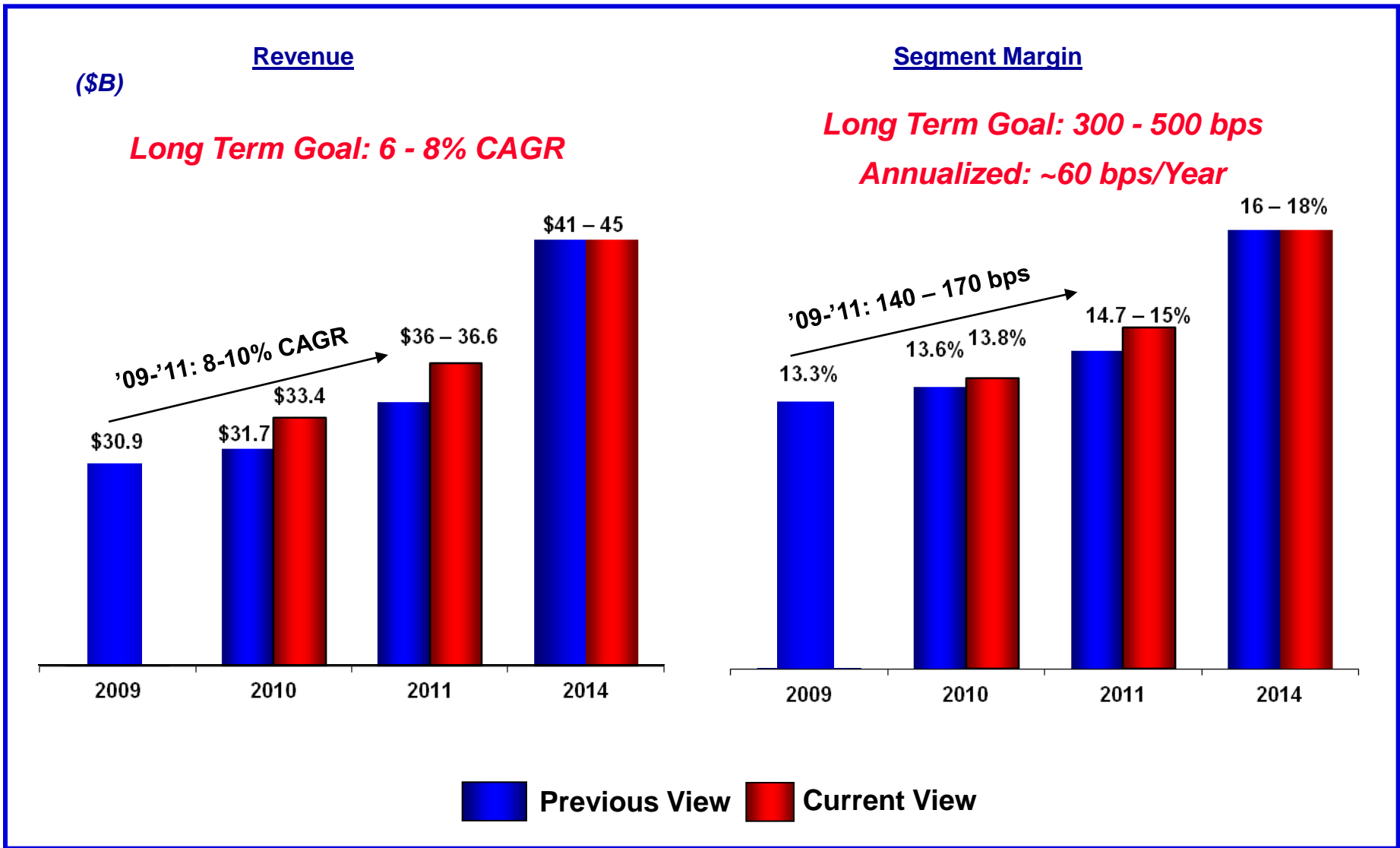
- **Grow Faster Than Markets**
- **Traction on Key Initiatives**
- **Setting and Meeting Expectations**
- **Working Capital Improvements**
- **Disciplined Capital Allocation**

Quantitative

- **6-8% Revenue Growth**
- **60 bps Annual Margin Expansion**
- **Double Digit EPS Growth**
- **+100% Cash Conversion**
- **~\$2B Accretive Acquisitions**

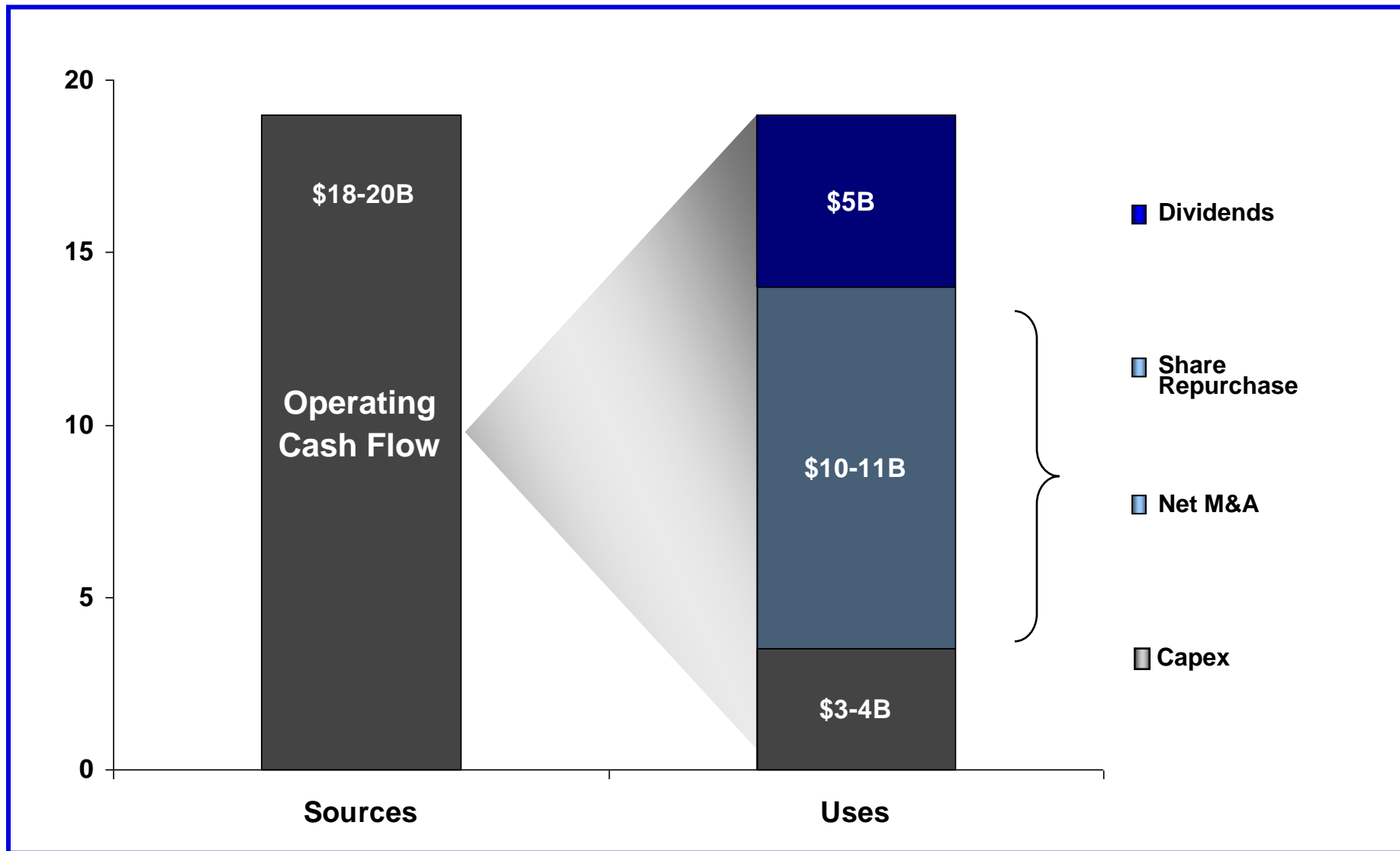
Robust Planning Framework

Outlook Update...One Year Later



Performance Ahead Of 5 Year Targets

2011 – 2014 Cash Deployment



Significant Value Creation Potential

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**

Delivering Top Tier Performance

Appendix

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>	<u>1Q10</u>	<u>1Q11</u>
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>

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

Honeywell

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

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

Honeywell

(\$B)	<u>2011E</u>
Cash Provided by Operating Activities	<u>\$3.3 - 3.5</u>
Expenditures for Property, Plant and Equipment	<u>~(0.8)</u>
Free Cash Flow	<u>\$2.5 - 2.7</u>
U.S. Pension Contributions	<u>~1.0</u>
Free Cash Flow, excluding U.S. Pension Contributions	<u><u>\$3.5 - 3.7</u></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 Net Income, Attributable to Honeywell and EPS to Net Income And EPS, Excluding Mark-to-Market Pension Expense

Honeywell

<i>(\$M)</i>	<u>2010</u>
Net Income Attributable to Honeywell	\$2,022
Mark-to-Market pension adjustment, net of tax	319
Net Income Attributable to Honeywell, excluding mark-to-market pension adjustment	<u>\$2,341</u>
Cash Provided by Operating Activities	\$4,203
Expenditures for Property, Plant and Equipment	<u>(651)</u>
Free Cash Flow	\$3,552
Free Cash Flow	\$3,552
÷ Net Income Attributable to Honeywell excluding mark-to-market pension adjustment	<u>2,341</u>
Free Cash Flow Conversion % (Proforma)	152%
	<u>2010 ⁽¹⁾</u>
EPS	\$2.59
Mark-To-Market Pension Adjustment	<u>0.41</u>
EPS, Excluding Mark-to-Market Pension Adjustment	<u><u>\$3.00</u></u>

(1) EPS utilizes weighted average shares outstanding and the effective tax rate for the period. Mark-to-Market uses a blended tax rate of 32.3%.