



2011 Citi Global 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.

1H11 Financial Summary

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<i>(\$M)</i>	<u>1H10</u>	<u>1H11</u>	
Sales	\$15,462	\$17,758	<ul style="list-style-type: none"> • 15% Increase <ul style="list-style-type: none"> ◆ 9% Organic
Segment Profit	\$2,085	\$2,561	<ul style="list-style-type: none"> • 23% Increase <ul style="list-style-type: none"> ◆ Margin Expansion All Segments (ex-Aero OE Payments)
<i>Margin %</i>	13.5%	14.4%	
Net Income	\$1,055	\$1,515	<ul style="list-style-type: none"> • 44% Increase
<i>Attributable to Honeywell</i>			
<i>EPS From Cont. Ops</i>	\$1.32	\$1.86	
<i>EPS From Disc. Ops</i>	\$0.04	\$0.04	
EPS	\$1.36	\$1.90	<ul style="list-style-type: none"> • 40% Increase
Free Cash Flow	\$1,648	\$1,406	<ul style="list-style-type: none"> • 93% Conversion

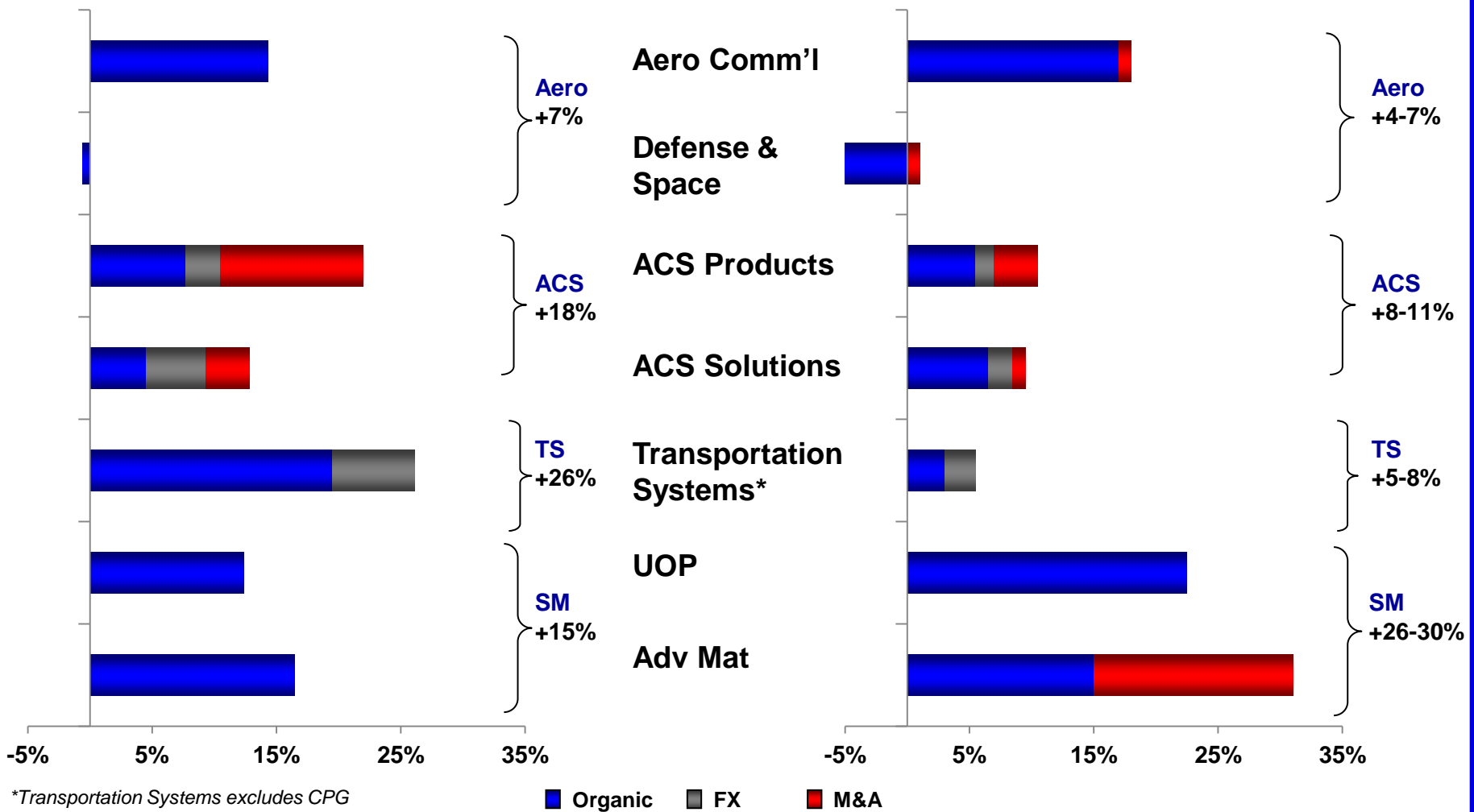
* 1H 2011 FCF Shown Excluding \$1B U.S. Pension Contribution

Terrific Start To 2011

1H To 2H 2011 Comparison - Segments

1H11 Sales Growth

2H11E Sales Growth



Healthy Growth; Confident In Outlook

1H To 2H 2011 Comparison

	<u>1H11</u>	<u>2H11E</u>	
Sales Growth	15%	~9 - 12%	<ul style="list-style-type: none"> • Continued 2H Growth <ul style="list-style-type: none"> ◆ F/X +1-2% ◆ Acq/Div +2-3%
Organic Growth	9%	~5 - 8%	
Segment Margin	14.4%	~14.4 - 14.7%	<ul style="list-style-type: none"> • FY11 up 50 - 70 bps <ul style="list-style-type: none"> ◆ SM Pricing Moderates ◆ M&A Impact
Margin Expansion	+90 bps	+ 20 - 50 bps	
Tax Rate	27.4%	~25.5%	<ul style="list-style-type: none"> • FY11 ~26.5% <ul style="list-style-type: none"> ◆ Likely ETR Variability Between 3Q and 4Q
Share Count	798	~790	<ul style="list-style-type: none"> • FY11 ~795M <ul style="list-style-type: none"> ◆ ~\$1B Share Buyback

*Note: Reflects Continuing Operations

Ties To FY Guidance \$3.85 - \$4.00

3Q11 Guidance Summary

Honeywell

	<u>\$</u>	<u>EPS</u>	<u>Comments</u>
Sales	\$9.1 - 9.4B		<ul style="list-style-type: none"> • Healthy Organic Growth
Segment Profit	\$1.3 - 1.4B	\$1.19 - 1.24	<ul style="list-style-type: none"> • Continued Margin Expansion
Ongoing BTL	(\$250 - 275M)	(\$0.23 - 0.25)	<ul style="list-style-type: none"> • CPG and OPEB Gains Fully Offset in Continued Ops
OPEB Gain	~\$105M	~\$0.10	
Repo & Other	(\$310 - 340M)	~(\$0.31)	
Continuing Ops	\$600 - 630M	\$0.75 - 0.80	<ul style="list-style-type: none"> • Likely Variability in ETR Between 3Q and 4Q
Net Income @ 26.5%			
Discontinued Ops	~\$165M	~\$0.21	<ul style="list-style-type: none"> • Includes Gain on Sale of CPG
Net Income - CPG			
Net Income	\$760 - 800M	\$0.96 - 1.01	<ul style="list-style-type: none"> • No Change in Guidance

Gains	\$0.31
Offsets	(\$0.31)

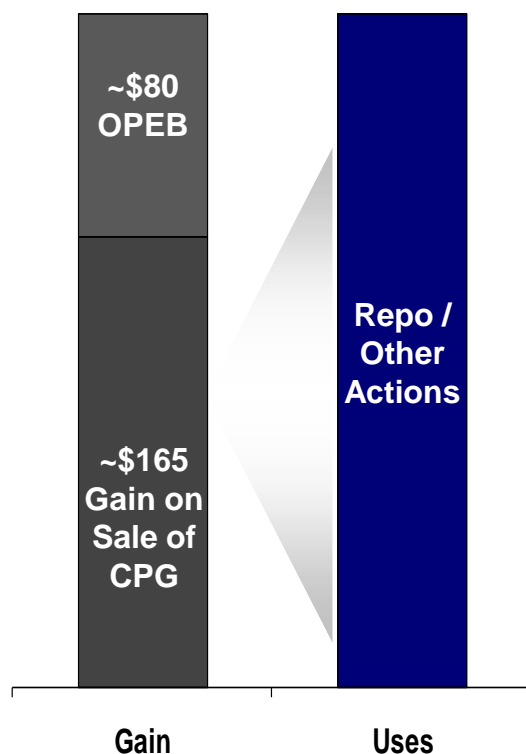
*Note: Assumes Share Count ~790 million

Operating Earnings Expected Near High-End

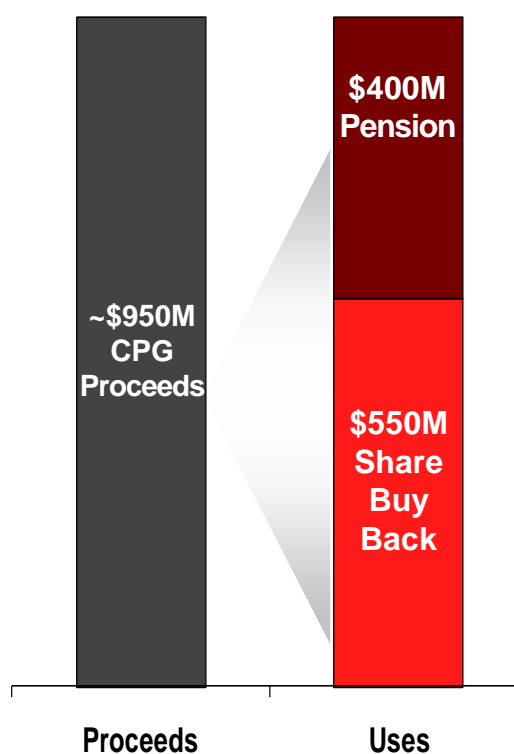
3Q Deployment Actions

Gain Deployment

\$M, After-tax



Cash Deployment



Comments

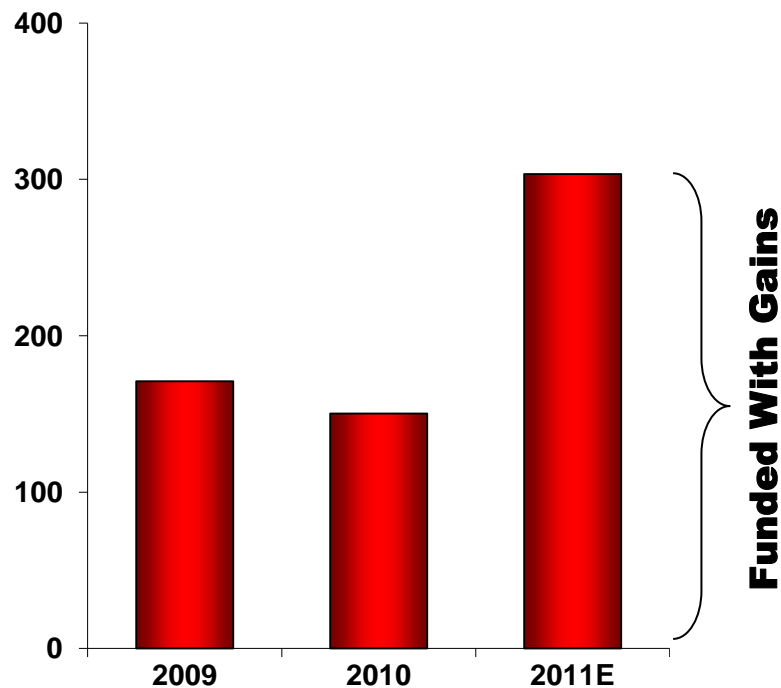
- Full Deployment of One-time Gains and Cash Proceeds
- Provides Additional Flexibility in Current Slow Growth Environment
- Funding High Cost Structural Transitions
- Continuing to Build Emerging Market Capabilities
- Share Buyback and Pension Funding - Provides Add'l 2012 Flexibility

Smart Deployment Of Gains And Proceeds

Repositioning Update

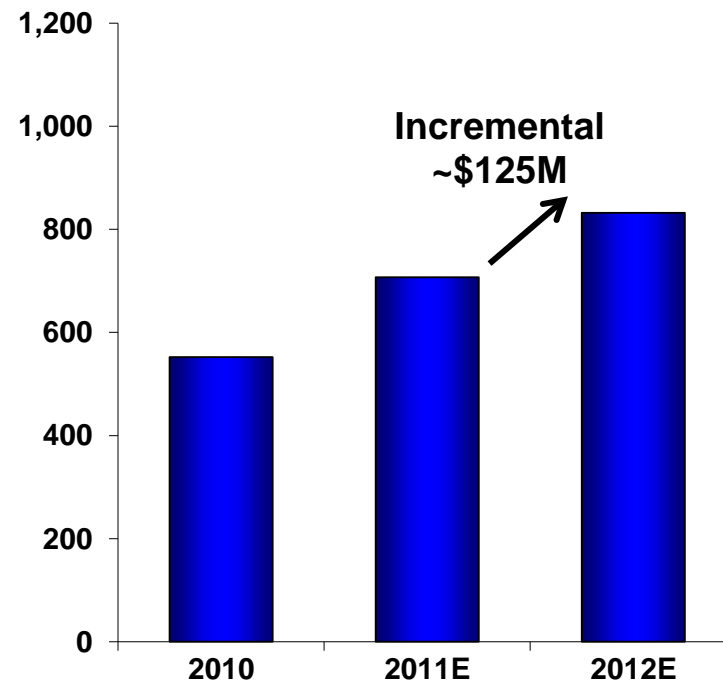
(\$M)

Repositioning Charges



- \$0.6B Repositioning Since 2009
- 3Q11 Repositioning ~3/4 FY11 Charges
- Longer Payback Periods, High IRRs

Cumulative Savings*



- Projects Providing Tailwinds in 2012 and Beyond
- Repositioning Aligned to Macro Trends (Business, Regional)

* Cumulative Savings on Repositioning Actions Since 2008

Planning Ahead Of Slow Growth Economy

2011 Financial Guidance Summary

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Consolidated (\$B)	2011 Financial Outlook	Growth 2011E vs. 2010
Sales	\$ 36.1 - 36.7	12% - 14%
Segment Profit	5.2 - 5.4	16% - 19%
Segment Margin	14.4% - 14.6%	50 bps - 70 bps
EPS From Cont. Ops ⁽¹⁾	\$ 3.60 - \$ 3.75	
EPS From Disc. Ops ⁽¹⁾	~\$0.25	
EPS ⁽²⁾	\$ 3.85 - \$ 4.00	28% - 33%
Free Cash Flow ⁽³⁾	\$ 3.5 - 3.7	~Flat

1) Includes CPG gain deployment 3Q11

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

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

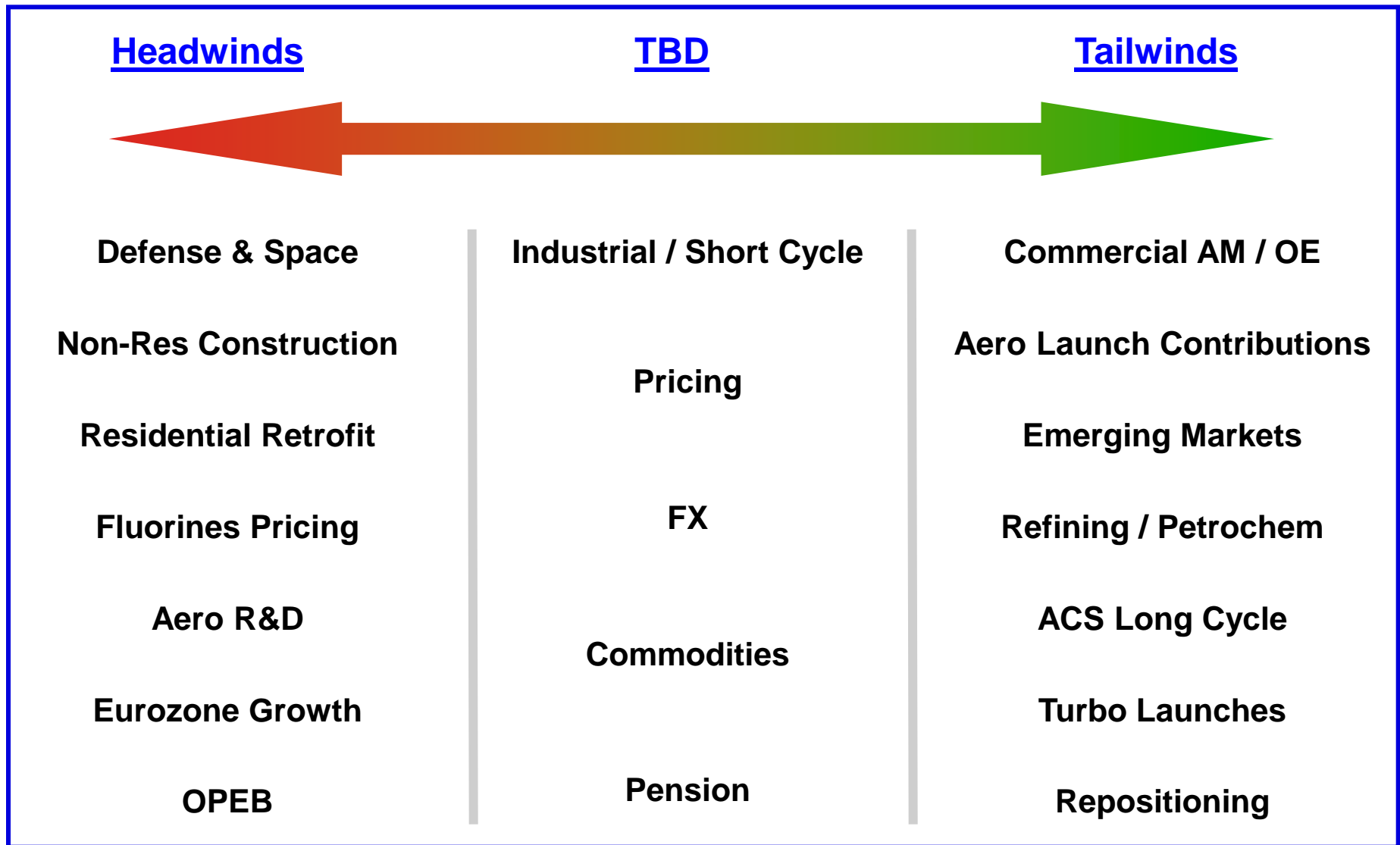
Range Outlook

- Euro ~1.35
- Macro Economy Slows
- UOP Timing
- + Euro ~1.40
- + Macro Economy Stable and Growing
- + Commercial Aero AM, SM Price/Raws

On Track For Outstanding Year

2012 Planning Framework

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Balanced Initial View Of 2012

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, Post-Disc Ops

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(\$M)	<u>1H10</u>	<u>1H11</u>	<u>2H10</u>
Sales	\$15,462	\$17,758	\$16,888
Cost of Products and Services Sold	(11,634)	(13,088)	(13,087)
Selling, General and Administrative Expenses	(2,200)	(2,480)	(2,418)
Operating Income	<u>\$1,628</u>	<u>\$2,190</u>	<u>\$1,383</u>
Stock Based Compensation ⁽¹⁾	86	91	77
Repositioning and Other ^(1, 2)	281	250	345
Pension Expense-ongoing ⁽¹⁾	96	57	89
Pension Expense-mark to market ⁽¹⁾	0	0	471
OPEB (Income) Expense ⁽¹⁾	(6)	(27)	35
Segment Profit	<u>\$2,085</u>	<u>\$2,561</u>	<u>\$2,400</u>
Operating Income	\$1,628	\$2,190	\$1,383
÷ Sales	<u>\$15,462</u>	<u>\$17,758</u>	<u>\$16,888</u>
Operating Income Margin %	<u>10.5%</u>	<u>12.3%</u>	<u>8.2%</u>
Segment Profit	\$2,085	\$2,561	\$2,400
÷ Sales	<u>\$15,462</u>	<u>\$17,758</u>	<u>\$16,888</u>
Segment Profit Margin %	<u>13.5%</u>	<u>14.4%</u>	<u>14.2%</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>1H10</u>	<u>1H11</u>
Cash Provided by Operating Activities	\$1,833	\$695
Expenditures for Property, Plant and Equipment	<u>(185)</u>	<u>(289)</u>
Free Cash Flow	\$1,648	\$406
U.S. Pension Cash Contributions	<u>0</u>	<u>1,000</u>
Free Cash Flow, excluding U.S. Pension Cash Contributions	\$1,648	\$1,406
Cash Provided by Operating Activities	\$1,833	\$695
÷ Net Income Attributable to Honeywell	<u>1,055</u>	<u>1,515</u>
Operating Cash Flow Conversion %	<u>174%</u>	<u>46%</u>
Free Cash Flow, excluding U.S. Pension Cash Contributions	\$1,648	\$1,406
÷ Net Income Attributable to Honeywell	<u>1,055</u>	<u>1,515</u>
Free Cash Flow Conversion %, excluding U.S. Pension Cash Contributions	<u>156%</u>	<u>93%</u>

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margin, Post-Disc Ops

Honeywell

(\$B)	<u>2010</u>	<u>3Q11E</u>	<u>2H11E</u>	<u>2011E</u>
Sales	\$32.4	\$9.1 - 9.4	\$18.3 - 18.9	\$36.1 - 36.7
Cost of Products and Services Sold	(24.7)	(6.9) - (7.1)	(13.7) - (14.1)	(26.8) - (27.1)
Selling, General and Administrative Expenses	(4.6)	~(1.3)	(2.5) - (2.6)	(5.0) - (5.1)
Operating Income	<u>\$3.1</u>	<u>\$0.9 - 1.0</u>	<u>\$2.1 - 2.2</u>	<u>\$4.3 - 4.5</u>
Stock Based Compensation ⁽¹⁾	\$0.2	~0.0	~0.1	~0.2
Repositioning and Other ^(1, 2)	\$0.5	~0.4	~0.5	~0.7
Pension Expense-ongoing ⁽¹⁾	\$0.2	~0.0	~0.0	~0.1
Pension Expense-mark to market ⁽¹⁾	\$0.5	0.0	TBD	TBD
OPEB (Income) Expense ⁽¹⁾	\$0.0	~(0.1)	~(0.1)	~(0.1)
Segment Profit	<u>\$4.5</u>	<u>\$1.3 - 1.4</u>	<u>\$2.6 - 2.8</u>	<u>\$5.2 - 5.4</u>
Operating Income	\$3.1	\$0.9 - 1.0	\$2.1 - 2.2	\$4.3 - 4.5
÷ Sales	<u>\$32.4</u>	<u>\$9.1 - 9.4</u>	<u>\$18.3 - 18.9</u>	<u>\$36.1 - 36.7</u>
Operating Income Margin %	<u>9.6%</u>	<u>10.0 - 10.4%</u>	<u>11.3 - 11.7%</u>	<u>11.9 - 12.2%</u>
Segment Profit	\$4.5	\$1.3 - 1.4	\$2.6 - 2.8	\$5.2 - 5.4
÷ Sales	<u>\$32.4</u>	<u>\$9.1 - 9.4</u>	<u>\$18.3 - 18.9</u>	<u>\$36.1 - 36.7</u>
Segment Profit Margin %	<u>13.9%</u>	<u>14.2 - 14.5%</u>	<u>14.4 - 14.7%</u>	<u>14.4 - 14.6%</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

Honeywell

	<u>2011E</u>
(\$B)	
Cash Provided by Operating Activities	\$2.9 - 3.1
Expenditures for Property, Plant and Equipment	~(0.8)
Free Cash Flow	\$2.1 - 2.3
U.S. Pension Cash Contributions ⁽¹⁾	~1.4
Free Cash Flow, excluding U.S. Pension Cash Contributions	<u>\$3.5 - 3.7</u>

(1) Represents cash contributions to date.

Reconciliation of Net Income, Attributable to Honeywell and EPS to Net Income and EPS, Excluding Mark-to-Market Pension Expense

Honeywell

	2010
<i>(\$M except per share amounts)</i>	
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
	2010 ⁽¹⁾
EPS	<u>\$2.59</u>
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%.