Oppenheimer 6th Annual Industrials Conference

Roger Fradin
President and CEO, Automation and Control Solutions
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 ACS Overview

**Recent Highlights**
- ~450 New Product Introductions
- Sperian Over Performance & EMS Deal Close
- HOS Silver – 2 ACS Sites; 6 by 2012
- ~100 Active Repositioning Projects
- Investing For Growth and Margin Expansion

**Financials**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales ($B)</th>
<th>Segment Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$12.5</td>
<td>11.3%</td>
</tr>
<tr>
<td>2008</td>
<td>$14.0</td>
<td>11.6%</td>
</tr>
<tr>
<td>2009</td>
<td>$12.6</td>
<td>12.6%</td>
</tr>
<tr>
<td>2010</td>
<td>$13.8</td>
<td>12.9%</td>
</tr>
<tr>
<td>2011E</td>
<td>$15.4-15.6</td>
<td>~13.5%</td>
</tr>
</tbody>
</table>

**Business Units***
- Process Solutions 19%
- Building Solutions 18%
- Life Safety 21%
- S&C 4%
- HSM 4%
- Security 16%
- ECC 18%

**Sector Mix***
- Residential 17%
- Industrial 38%
- Infrastructure 19%
- Commercial 26%

**Geographic Mix***
- US 47%
- Europe 34%
- ROW 19%

*Based on 2011E Sales

Strength And Breadth Of Portfolio Unmatched
Outperforming the Market: 2008 – 1H11

- Gained Share Through Recession and Recovery
- Outperformed Global GDP 2x Over the Last 10 Years
**Significant Business Wins / Highlights**

### ECC
- Mitsubishi Electric
- Al Falah Community Centre
- ATAG

### Life Safety
- Telstra Telecom
- Kolkata Airport
- General Motors – R&D

### Security
- AVSX
- Casino Niagara
- Shenzhen Universiade

### Scanning & Mobility
- Starbucks
- UPS – *Great End-user Feedback*
- YT Express
- Foot Locker

- **Multi-Brand/Channel Strategies Driving Growth**
- **Beating Market Growth Across Gas Detection, Personal Protective Equipment and Fire Systems**
- **Growth in Connected Home, Remote Services, Integrated Security and IP Video**
- **EMS/LXE Compliments Industry Solution Portfolio**
Significant Business Wins / Highlights

**Sensing & Control**
- Goodrich Actuation Systems
- Instrumentation Lab
- BAE Systems
- Mainstream

**Building Solutions**
- Scottish and Southern Energy
- New Jersey Energy Perf. Contracts
- Dubai Airport
- Caspian Pipeline
- $50M High End Security Project

**Process Solutions**
- Petrofac for South Yoltan (Turkmenistan)
- Hoang Long Joint Operating Company, Vietnam
- Egina FPSO ICSS Project, Nigeria
- North Refineries Company, Iraq

- Record $500M New Business Pipeline
- Global Expansion of Demand Response, Major Security Solution Wins
- 18% YTD Sales Growth, Strong Orders
## ACS Positions

<table>
<thead>
<tr>
<th>End Market</th>
<th>Market Growth</th>
<th>ACS % Sales*</th>
<th>ACS Positions</th>
<th>Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial New</td>
<td>▶️  ▶️</td>
<td>13%</td>
<td>#1 Building Controls, #1 Fire Systems</td>
<td>• Energy Efficiency, • Safety, Regulation, • Installed Base, • CO₂ Reduction</td>
</tr>
<tr>
<td>Commercial Retrofit</td>
<td>▶️  ▶️</td>
<td>13%</td>
<td>#2 Building Solutions</td>
<td></td>
</tr>
<tr>
<td>Residential New</td>
<td>▶️  ▶️</td>
<td>8%</td>
<td>#1 Home Comfort, #1 Residential Security</td>
<td>• Energy Efficiency, • New Products, • Installed Base, • Emerging Market Middle Class</td>
</tr>
<tr>
<td>Residential Retrofit</td>
<td>▶️  ▶️</td>
<td>9%</td>
<td>#1 Res Combustion</td>
<td></td>
</tr>
<tr>
<td>Process Industrial</td>
<td>▶️  ▶️</td>
<td>21%</td>
<td>#2 Process Solutions</td>
<td>• EMR Infrastructure, • W2E Production shifts, • Installed Base</td>
</tr>
<tr>
<td>General Industrial</td>
<td>▶️  ▶️</td>
<td>17%</td>
<td>#3 Sensing, #1 Personal Protection, #1 Gas Detection</td>
<td>• Regulation, • New Products, • Installed Base</td>
</tr>
<tr>
<td>Other (Retail, Infra., Inst.)</td>
<td>▶️  ▶️</td>
<td>19%</td>
<td>#2 Scanning, #3 Mobility</td>
<td>• New Products, • Installed Base</td>
</tr>
</tbody>
</table>

*Management Estimates

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**End Market Uncertainty; Strong Positions Drive Outperformance**
Long-Term Growth Driver – Energy / Smart Grid

Underlying Dynamics

- Increasing Energy Prices
  - Traditional Supply Constrained
  - Renewables More Expensive

- Energy Users Being Exposed to “True Cost” of Energy
  - Move to Dynamic / Variable Pricing
  - Demand Response / Smart Grid

- Increasing Regulation
  - Efficiency Mandates
  - Emissions Mandates

- Energy Efficiency 1/3 Cost per Megawatt of New Capacity

How We’re Positioned

- > 50% of Portfolio Enables Energy Efficiency

- Leader in Residential, Commercial, and Industrial Controls

- Energy Users Need Controls to React to Variable Pricing

- Great Success with Dept. of Energy Grants

- Smart Grid: Leader in Demand Response

- Regulation Making Our Core Energy Efficiency Offerings More Valuable

Outstanding Position In Energy Efficiency
Smart Utilities Choosing Honeywell

State Grid of China
- First Auto DR project in Asia
- Largest utility in the world
- Investing $600B RMB over 10 years to construct a “robust smart grid”
- Tasked to develop and build systems to control 10% of peak load

Scottish and Southern Energy
- First Auto DR project in Europe
- Second largest utility in the U.K.
- Funded by Ofgem, Britain’s energy regulator in support of energy conservation / smart grid solutions

Southern California Edison
- Supported by DOE Smart Grid Investment Grant; HON only company to receive funding for Auto DR
- Largest energy grid modernization investment in U.S. history
- Program supporting ~700 commercial and industrial facilities

The Global Demand Response Leader
Long-Term Growth Driver – Safety & Security

Underlying Dynamics

- Growth in Higher Risk Regions
  - Natural Resources in Africa, ME, Stans

- More Stringent Safety Regulations
  - Enforcement Increasing in Emerging Regions

- Increasing Cost of an Incident
  - Lost time, Legal Action, Damaged Image

- Global Expansion of the Middle Class

- Heightened Awareness of Personal Safety

- Accessibility/Simplicity of Security Products

How We’re Positioned

- #1 Position
  - Fire, Security, Gas, Sensing, PPE

- Innovative Technology Solutions: Wireless Security, MAV, Video Analytics

- Enabling New Standards Through Innovation

- Leveraging our $17B Industrial Installed Base
# Long-Term Growth Drivers – Productivity & Outsourcing

## Productivity

**Underlying Dynamics**
- Yearly Need to Offset Inflation
- Pervasive Wireless Infrastructure

**How We’re Positioned**
- Increasing the Productivity of Our Channel Partners-Wirelessly Enabled
- Leader in Process Optimization
- Leading Position in AIDC Space

## Customer Outsourcing

**Underlying Dynamics**
- Economic Volatility / High Fixed Costs
- Rapid Advances in Technology

**How We’re Positioned**
- $2B+, 7,500 Employee Global Service Capability to Build On
- Embedding Service in Solutions
- Technology Enabling Remote Service
R&D Investment Up 90%
Resources Up 125%; Expanding in EM
Cycle Times Reduced 40%
NPI Up ~3X

Highly Developed Marketing Processes Means Products Hit the Mark
Six Sigma Design Process Means They Work the First Time

More Resources, More Efficient = More New Product Revenue
R&D Aligned To Growth Themes

**Energy / Smart Grid**
- RedLink Wireless
- Water Heater Controls
- Building Optimization
- Smart Grid Thermostats
- Commercial Demand Response
- Sustainability
- Energy Management Solutions

**Safety/Security**
- Gas Detectors
- Intelligent Fire Alarm Network
- Enhanced Safety Products
- TruStability Pressure Sensors
- Total Connect Applications
- Smart Home System

**Productivity/ Wireless**
- Wireless Sensors
- Next Generation Mobile Computing
- Ultra-Lightweight Mobile Computer
- Experion LS
- OneWireless Portfolio

Inventing New Markets, Enabled By Wireless

~$2B
~$2B
~$2.5B
Emerging Regions As Growth Driver

Emerging Regions Growth Trend

- Sustained Strong Growth
- Scaling Local Market NPI
- Strengthened Leadership Teams
- Significant Growth Investment
  - Technology
  - JVs
  - Sales Coverage

<table>
<thead>
<tr>
<th>Country</th>
<th>CAGR</th>
<th>% ACS</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>17%</td>
<td>8%</td>
</tr>
<tr>
<td>India</td>
<td>21%</td>
<td>4%</td>
</tr>
<tr>
<td>Middle East</td>
<td>16%</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Total ER</td>
<td>13%</td>
<td>~21%</td>
</tr>
</tbody>
</table>

Bringing Global Resources To Local Markets
## M&A Scorecard

<table>
<thead>
<tr>
<th>Acquisition</th>
<th>Description</th>
<th>EV/EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Building Controls</strong></td>
<td>• Fire, Security, Building Controls, Electric</td>
<td>~12x</td>
</tr>
<tr>
<td></td>
<td>• $1.1B in 2004. ~$130M Synergies</td>
<td>~5x</td>
</tr>
<tr>
<td><strong>Gas Detection</strong></td>
<td>• Petrochem, Semiconductor and Consumer Gas</td>
<td>~12x</td>
</tr>
<tr>
<td></td>
<td>• ~$785M in 2005/06</td>
<td>~4x</td>
</tr>
<tr>
<td><strong>AIDC</strong></td>
<td>• Imaging in Retail, Transport and Healthcare</td>
<td>~12x</td>
</tr>
<tr>
<td></td>
<td>• Leader in Bar Code Scanning Sub-Segment</td>
<td>~5x</td>
</tr>
<tr>
<td></td>
<td>• ~$785M in 2005/06</td>
<td>~5x <em>~7x</em></td>
</tr>
<tr>
<td><strong>Industrial Combustion</strong></td>
<td>• Combustion Controls &amp; Systems - Industrial Leader</td>
<td>~7x</td>
</tr>
<tr>
<td></td>
<td>• High Temp. Combustion &amp; Emission Systems (O&amp;G, Petrochemicals) - Ultra-Low NOX Emissions</td>
<td>~5x</td>
</tr>
<tr>
<td><strong>Energy/Smart Grid</strong></td>
<td>• SaaS for Utilities to Broadcast Price, Reliability Signals</td>
<td>~15x</td>
</tr>
<tr>
<td></td>
<td>• Entry in Commercial/Industrial Demand Response</td>
<td>~2x</td>
</tr>
<tr>
<td></td>
<td>• Software to Integrate and Manage Systems for Building Automation, etc. Over the Internet</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• $46M in 2005</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Leader in Commercial Building Sub Metering</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• $30M in 2010</td>
<td></td>
</tr>
<tr>
<td><strong>Personal Protection</strong></td>
<td>• Head-to-Toe Protection for the Fire Service, Utility, Industrial Safety, and Agricultural/Work Markets</td>
<td>~11x</td>
</tr>
<tr>
<td></td>
<td>• Respiratory, Eye, Hearing, Clothing, Footwear</td>
<td>~6x</td>
</tr>
</tbody>
</table>

**50+ Acquisitions, $5B Revenue → Great Track Record**
HOS Achievements

Suzhou, China Plant

Scanning & Mobility Products

Suzhou HOS Timeline

Site Results: Pre-HOS to Today

- Defects (PPM): 60% Reduction
- Delivery (OTTR): 4 pt Improvement
- Inventory (DOS): 10 Day Improvement
- Conversion Cost: ~30% Higher Productivity
- Safety: 100% Improvement in TCIR
ACS Margin Expansion

Op Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Vol Leverage</th>
<th>Op Excellence</th>
<th>FT &amp; ERP</th>
<th>Com'l Excellence</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>12.9%</td>
<td>+75–100 bps</td>
<td>+50–75 bps</td>
<td>+50–75 bps</td>
<td>15-16%</td>
</tr>
</tbody>
</table>

**Volume Leverage**
- OEF
- Indirects
- Fixed Cost Discipline

**Operational Excellence**
- HOS
- NPI & VPD™
- COPQ

**FT & ERP**
- Common Process
- Common System

**Commercial Excellence**
- Pricing
- Sales & Marketing Excellence

Strong Growth And Margin Expansion Outlook
ACS: Positioned To Outperform

• Diverse Portfolio Aligned to Key Macro Trends
• Gaining Share in Every Business
• New Product Innovation Driving Growth
• Acquisition Excellence
• Investing for Long Term Growth and Profitability