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.
Specialty Materials Overview

Financials

- Sales: $4.1 in 2009, $4.7 in 2010, $5.6-$5.7 in 2011E
- Segment Margin %: 14.6% in 2009, 15.8% in 2010, ~18.5% in 2011E

Recent Highlights

- Record 3Q 2011 Performance
  - Sales up 25%, Op. Margins @ 17.3%
- Securing Major Wins Across Portfolio
  - Robust backlog; strong energy demand
- Sunoco Phenol Acquisition Closed
  - Secured critical raw material input

Business Units

- UOP
- Advanced Materials

Geographic Mix

- North America
- Latin America
- EMEA
- Asia Pacific

Strong Performance Through Cycle
## Business And End Market Update

<table>
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<tr>
<th>Business</th>
<th>Current Environment</th>
<th>2012 Assumptions</th>
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<tbody>
<tr>
<td>UOP</td>
<td>• Continued global investments to meet refined product demand</td>
<td>• Backlog conversion key growth driver</td>
</tr>
<tr>
<td></td>
<td>• High win rates and execution of backlog driving strong results</td>
<td>• Continued high win rates on global refining &amp; petrochemical capacity investments</td>
</tr>
<tr>
<td>Resins &amp; Chemicals</td>
<td>• Overall tight caprolactam supply / demand, however China prices moderating</td>
<td>• Volume growth, phenol accretion</td>
</tr>
<tr>
<td></td>
<td>• High crop prices spurring fertilizer (AS) demand</td>
<td>• Continued tight supply / demand environment</td>
</tr>
<tr>
<td>Fluorine Products</td>
<td>• Moderation from record price levels due to increased supply</td>
<td>• Continued pricing pressure</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Emerging Region volume growth</td>
</tr>
<tr>
<td>Specialty Products</td>
<td>• Continued strength in Armor, Aclar</td>
<td>• Successful new product launches</td>
</tr>
<tr>
<td></td>
<td>• New product wins</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Pockets of softening demand</td>
<td></td>
</tr>
<tr>
<td>Electronic Materials</td>
<td>• Weaker demand following 1H inventory build due to supply uncertainties (Japan quake)</td>
<td>• Moderate growth driven by mobile device market and new applications</td>
</tr>
</tbody>
</table>

**Environment Positive, However Uncertainty Overhang**
Key Differentiators

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<th>Differentiator</th>
<th>Mechanism</th>
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<td>Operating Approach &amp; Leadership</td>
<td>Business Decision Week</td>
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<td>Analytical Capabilities &amp; Innovation</td>
<td>Technology Investments &amp;</td>
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<tr>
<td>Engine</td>
<td>VPD™ Process</td>
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<tr>
<td>Plant Performance &amp; Process Technology</td>
<td>HOS &amp; Plant Strategic Plans</td>
</tr>
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</table>

**Driving Superior Financial Performance**

**Annual Segment Margin, SM vs. Industry Peers**

Segment Margin, Percent

- **Peer “Crown Jewels”**
- **Honeywell SM**
- **Specialty**

Peer “Crown Jewels” based on UTX Otis, TYC ADT, EMR Process Management, DHR Test & Measurement, MMM Industrial Segments

“Specialty” based on 40 Specialty Chemical companies

Reporting as of 11/29/11
<table>
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<th>Model</th>
<th>Business</th>
<th>Characteristics</th>
<th>Product Examples</th>
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</thead>
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<tr>
<td>New Molecule &amp; Scale-Up</td>
<td>Fluorine Products</td>
<td>• Molecule screening and discovery</td>
<td>Low-Global-Warming Platform</td>
</tr>
<tr>
<td></td>
<td>Resins &amp; Chemicals</td>
<td>• Process scale-up important</td>
<td>Lithium-Ion Battery Technology</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Major plant investments before product launch</td>
<td>New Nylon Resins</td>
</tr>
<tr>
<td>Technology Leadership</td>
<td>UOP</td>
<td>• Technology licensing model</td>
<td>More From A Barrel Of Oil</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Invent, demonstrate and license</td>
<td>Chemicals From Natural Gas &amp; Coal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Ongoing supply of catalysts</td>
<td>Bio-Renewables</td>
</tr>
<tr>
<td>Fast-Cycle App. Develop.</td>
<td>Specialty Products</td>
<td>• VOC drives new product/service ideas</td>
<td>Asphalt Processing</td>
</tr>
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<td></td>
<td></td>
<td>• Customizing existing technologies</td>
<td>Photovoltaic Materials</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Fast time to market</td>
<td>Next-Generation Spectra® Fiber</td>
</tr>
</tbody>
</table>

**Strong Technology And Business Alignment**
Fluorine Products: 2011E Sales ~$1.1B

Leading Positions

- Heat Transfer / Refrigerants
  - Residential / Commercial / Supermarket / Mobile Applications
- Structural Enclosures
  - Insulation / Roofing / Weatherization Solutions for Residential / Commercial and Appliances
- Nuclear Services
  - Conversion Capabilities and Inventory Management
- Industrial Products
  - Differentiated Enabling Aerosol, Solvent and Catalyst Materials

Winning In The Marketplace

- US Housing Starts (1)
- HON HVAC Refrigerant Volume
- US Housing Starts (1)
- Refrigerator Shipments (2)
- HON Foam Volume

Growth Exceeding Macros

(1) Source: American Chemistry Council
(2) Source: Actuals: The Association of Home Appliance Manufacturers; 2011 Estimate: Honeywell
Next-Generation LGWP Solutions

**Environment:**
- Aerosol / Insulation Panels: GWP of 6 vs. 1430
- Foam Insulation / Solvents: GWP of 7 vs. 1030

**Performance:**
- Mobile Air-Conditioning: GWP of 4 vs. 1430
- Foam Insulation / Solvents: Improved Energy Efficiency

**Safety:**
- Non-Flammable
- Improved Energy Efficiency

**Cost-to-Serve:**
- Mobile Air-Conditioning: Near Drop-in Replacement
- Aerosol / Insulation Panels: In Use Today
- Stationary Air Conditioning: Near Drop-in Replacement

**Annual Sales Opportunity:**
- Mobile Air-Conditioning: ~$300M
- Aerosol / Insulation Panels: ~$100M
- Foam Insulation / Solvents: ~$200M
- Stationary Air Conditioning: ~$300M

Bank of America Merrill Lynch 2011 Industrials Conference – December 6, 2011
**Resins And Chemicals: 2011E Sales ~$1.4B**

**Leading Positions**

- **Caprolactam**
  - Key Ingredient in Making Nylon Resins and Fibers

- **Nylon 6 Resin**
  - Used in the Manufacture of a Wide Range of Products

- **Ammonium Sulfate**

- **Phenol / Intermediates**
  - Phenol, Acetone and Co-Products From Caprolactam / Phenol Used in the Production of Various Chemicals

**Growth Drivers**

- **Capro Demand >> Supply**
  - Asia Driving 60% of Global Growth

- **Increased Competitive Advantage via HOS**

- **Expanding Global R&D Capabilities**
  - Sulf-N® 26, Fishing Filament for Asia, Flexible Packaging

**Strong Global Franchise**
Specialty Products: 2011E Sales ~$1.2B

**Strong Niche Positions**

- **Performance Materials** ~$0.8B
  - Healthcare, Solar and Industrial Applications
- **Electronic Materials** ~$0.4B
  - Semiconductor Targets, Polymers and Chemicals

**Summary**

- Attractive businesses serving niche segments in larger markets
- Solutions represent small % of total cost, but deliver high value or critical need
- Global applications development capabilities reduce customer conversion cycle-times and drive new market creation
- Funding high return, incremental, organic growth investments...Potential bolt-on acquisition opportunities
# Fast Cycle Applications Engine

**Performance Films**
- Highest Moisture Barrier
- Best Cost / Performance
- High Growth Industries

**High Strength Fibers**
- Lightest Weight
- Best Ballistic Performance
- Mission Critical Applications

**Specialty Additives**
- Small % Of Costs
- High Value Add
- Fragmented; Profitable Niches

**Electronic Materials**
- Niche Applications
- High Barriers To Entry
- Extending To New Markets

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**Leverage Technology Platforms To Create New Markets**
Financials

Sales $B

$1.6 2009

9% CAGR

$1.9 2011E

Geographic Mix

Latin America

EMEA

North America

Asia Pacific

Segments

Petrochemicals

Gas & Hydrogen

Manufacturing Adsorbents and Aluminas

Products

Process Technology and Equipment
Licensing, Services and Equipment for Refining, Petrochemical and Gas Processing Industries

Catalysts, Adsorbents and Specialties
Materials for Process Technology and Manufacturing

Renewable Energy and Chemicals
Process Technology for Transportation Fuels and Chemicals
## Current UOP Landscape

<table>
<thead>
<tr>
<th>What You Are Seeing</th>
<th>Implication To UOP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerging Region Growth</td>
<td>• Continued capacity investment driven by energy security needs and local demand</td>
</tr>
</tbody>
</table>
| Improved Refining Margins | • Refinery utilization is increasing  
• Product prices closing gap on crude  
• US refiner upgrading investments to capitalize on U.S. West Texas Intermediate pricing advantage vs. Brent |
| Shale Gas Development | • Increased unconventional gas development creating natural gas liquids recovery/processing opportunities  
• Stimulated US petrochemical projects |
| Oil Price Volatility | • Limited impact due to short-term swings  
• Long-term pricing drives investment economics |
| Financial Uncertainty | • Financing challenges causing some project delays  
• Renewed focus on most economically viable projects |
| Mid East Unrest | • Upstream project delays  
• Limited impact on downstream capacity additions |
UOP Positioning In Energy Supply Chain

<table>
<thead>
<tr>
<th>Input</th>
<th>UOP Technologies</th>
<th>End Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude Oil</td>
<td>Process technology, catalysts, equipment and services for fuel and petrochemical feedstock production.</td>
<td>• Gasoline&lt;br&gt;• Diesel&lt;br&gt;• LPG&lt;br&gt;• Petrochemical feedstock</td>
</tr>
<tr>
<td>Petrochemical Feedstocks</td>
<td>Process technology, catalysts, equipment and services to produce para-xylene, propylene, phenol and LAB.</td>
<td>Chemicals used to produce:&lt;br&gt;• Water bottles&lt;br&gt;• Textiles&lt;br&gt;• Plastics&lt;br&gt;• Detergents</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>Treating technologies, adsorbents and services to remove contaminants from natural gas prior to distribution.</td>
<td>Natural gas for residential, commercial and power</td>
</tr>
<tr>
<td>Renewables</td>
<td>Process technology, catalysts, equipment and services to produce real fuels from a range of biofeedstocks, from forest residuals to algae.</td>
<td>• Honeywell Green Diesel&lt;br&gt;• Honeywell Green Jet&lt;br&gt;• Oil for electricity generation and transportation fuels</td>
</tr>
</tbody>
</table>

Unique Technologies To Boost Supply Of Key Products
Typical Refinery Process

UOP Technologies Critical To Refinery Investments

• Produce more high-margin petrochemical feedstock
• Produce more high-demand diesel
• Produce cleaner fuels to meet regulations
• Optimize refineries and boost margins
• Process cheaper, but more difficult-to-refine heavier crudes
• Upgrade bottom-of-the-barrel to higher quality, higher margin products
UOP Industry Landscape - Refining

Global Energy Demand Tracks GDP

Source: US Energy Information Administration

- Oil
- Natural Gas

Refining Capacity Additions

2012-2016

Equivalent to 30 new refineries

Refining Opportunity

- Capacity Replacement
- Regional Factors
- National Security
- 5-8% Growth

Base Oil Demand

Summary

- Energy Demand Tracks GDP, However;
  - EM capacity additions ~5x of NA/EU
  - Demand mix, environmental, security, other factors drive refining growth
  - Changing crude inputs require refinery upgrades
  - Greater demand for energy efficiency and optimization

Underlying Growth Trends In UOP Sweet Spot
Boosting Diesel Yield

Diesel Demand > Other Fuels

UOP Technology Leadership

UOP Unicracking™ is highest yield, lowest sulfur diesel technology

- > 200 units globally

UOP Unionfining™ improves quality to meet more stringent fuel regulations

- > 300 units globally

Hydrocracking and Hydrotreating Catalysts optimize yields and profitability

Actual Customer Result

1. Increase in Feedstock Value ($/MT) $270
2. Incremental Conversion to Higher Value Fuels 60%
3. Customer Value Created $2.3B
Upgrading Lower Quality Crude

**Heavy Crude Increasing As Feedstock**

- **Global Heavy Crude Production (KBPD)**

  - **Source:** Purvin & Gertz 4Q10 Price & Margin Update

**Ability To Refine Provides Margin Lift**

- **Light Sweet Cracking**
- **Light Sour Cracking**
- **Heavy Sour Coking**

  - **Source:** Purvin & Gertz

**UOP Technology Leadership**

- **UOP Uniflex™** delivers industry leading conversion (90%+) to transportation fuels while minimizing residue by-products
- **UOP Residue FCC** process cost-effectively converts moderate to severely contaminated feedstocks into gasoline

**Actual Customer Result**

- **Increase in High-Value Fuel Conversion**: 4-6%
- **Increase in Refiner Margins**: 50%
- **Customer Value Created**: $300M

*Source: Purvin & Gertz 4Q10 Price & Margin Update*
Integrated Solutions To Optimize Refinery Flexibility And Margins

Complex Refinery Advantage

- Less Complex, Small
  - Low Demand: ~$2
  - High Demand: ~$5 [+200%]

- More Complex, Large
  - Low Demand: ~$4
  - High Demand: ~$15 [+100%]

Source: International Energy Agency

Optimized For Dynamic Inputs And Outputs

- Feedstock type, quality and cost
- Output demand and price
- Regulatory changes
- Environmental footprint
- Schedule and project cost

UOP Capabilities

- Configuration
- Training & Start-Up
- Front-End Engineering Design
- Process Design Services
- Design Basis Optimization

Actual Customer Result

- Increase in Refinery Margins vs. Base Design: 20%
- Reduction in Construction Cycle Time: 1 yr
- Customer Value Created: $2B

Source: International Energy Agency

Bank of America Merrill Lynch 2011 Industrials Conference – December 6, 2011
**Para-xylene Demand**

*Para-xylene used to manufacture clear plastic water bottles, polyester etc.*

- Demand driven by EM, primarily China (11% CAGR) and Mid-East (13% CAGR)
- Additional 12 Million MT of capacity required by 2016 (~ 15 plants)

**Propylene Supply/Demand**

- Propylene (olefins) are used in the production of polymers used for plastics
- Demand driven by EM growth in packaging and automotive
- Traditional supply sources reducing due to use of ethane cracking (vs. naptha) in ME
- Additional 14 Million MT of capacity required by 2016 (~ 25 plants)
Boosting Petrochemical Yield

Strong Demand For Para-xylene

Polyester Fibers
Globalization and shift to synthetics from natural fibers

P.E.T. Bottles
Globalization and penetration into existing non-plastic applications

UOP Technology Leadership

✓ World leader in para-xylene technology with large global installed base

✓ Lowest cost, most energy efficient para-xylene technology with largest single train in operation

Margin Lift For Customers

<table>
<thead>
<tr>
<th>Product</th>
<th>Market Value $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude Oil</td>
<td>~$600 / ton</td>
</tr>
<tr>
<td>Transportation Fuels</td>
<td>~$450 / ton</td>
</tr>
<tr>
<td>Para-xylene (P-X)</td>
<td>$450</td>
</tr>
</tbody>
</table>

Actual Customer Result

- Increase in Feedstock Value ($/MT): $450
- Improvement in Energy Efficiency: 30%
- Customer Value Created: $450M

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Boosting Propylene Supply…Today

Unique UOP Path To Propylene

Traditional Route to Propylene

Crude → Naptha or Gas Oil → Propylene

Unique UOP Oleflex Technology

Gas Field → Propane → On-purpose Propylene

Margin Lift For Customers

Increase in Feedstock Value ($/MT) $550
Improvement in Energy Efficiency 30%
Customer Value Created $200M

World leader in on-purpose propylene (Oleflex) technology with largest installed base

Lowest cost, most energy efficient technology with largest single train in basic engineering design

Actual Customer Result

$550
$200M

Bank of America Merrill Lynch 2011 Industrials Conference – December 6, 2011
New Routes To Propylene / Ethylene

Next-Gen UOP Path To Propylene / Ethylene

Traditional Route to Propylene

Crude ➔ Naptha or Gas Oil ➔ Propylene

Unique UOP MTO Technology

Coal ➔ Methanol ➔ On-purpose Propylene / Ethylene

Margin Lift For Customers

Coal: ~$1300 / ton
Methanol: ~$590 / ton
Propylene: $450M

UOP Technology Leadership

✓ UOP pioneering methanol-to-olefin (MTO) technology to produce olefins from feedstocks other than petroleum
✓ Successful demonstration plant in Belgium with partner Total Petrochemicals
✓ Beachhead project win in China with Wison Clean Energy Company

Actual Customer Result

- Increase in Feedstock Value ($/MT): $590
- Reduction in Production Costs: 40-60%
- Customer Value Created: $450M
Recent UOP Wins

• Won six “on-purpose” propylene technology contracts, including five in China

• Cornerstone win with China’s Wison (Nanjing) Clean Energy Company Ltd to license MTO (methanol-to-olefins) technology

• Won contracts to provide gas processing technology for floating production, storage and offloading (FPSO) vessels

• UOP adsorbents are now being used to remove radioactive contaminants from seawater in Japan following the damage to the Fukushima incident

• Received approval for Green Jet Fuel use in passenger flights and conducted the first transatlantic flight to be powered by renewable jet fuel. Other firsts included the first commercial US flight, first established route and the first China flight on renewable jet
SM Global Reach

High Growth Regions

India
Latin America
China / SE Asia
Mid East
Africa
FSU

~$2.8B in 2012
~45% of Total Sales

High Growth Regions Driving ~60% Growth Through 2016

- New/Expanded Regional Technical Sales and/or Support
- New/Expanded Technology Development Capabilities
- New/Expanded Procurement Capabilities
- New/Expanded Project Engineering Capabilities
Operational Excellence

Plants Outperforming Prior Peak

Example: Mobile, AL
Catalysts - HOS Bronze
- 2008: Volume Up 3%, Conversion Cost Down 9%

Example: Orange, TX
Wax Additives - HOS Bronze
- 2007: Volume Up 10%, Conversion Cost Up 1%

Example: Pottsville, PA
Aclar Film - HOS Bronze
- 2008: Volume Up 26%, Conversion Cost Down 16%

Example: Spokane, WA
Semiconductor Targets - HOS Bronze
- 2011: Volume Up 24%, Conversion Cost Down 18%

HOS Deployment Status

- Gold
- Silver
- Bronze
- HOS Deployed
- HOS Preparation

Disciplined Decision Making

- Strategic Plans across all plants
- Daily monitoring rigor
- High return investments:
  - Systematic debottlenecking of existing assets
  - Never replace in kind
  - Fund attractive growth opportunities

Maximizing Existing Manufacturing Assets
Technology Excellence

Technology Advantage

• Industry leading R&D investments
  – 1,000+ technologists, including 400 PhDs
  – Leading edge equipment & processes

• IP portfolio
  – 2,700 U.S. patents
  – Rich pipeline with breakthrough technologies

• Global resource base
  – ‘One Honeywell’ Centers of Excellence
  – East-to-West and East-for-East capabilities

Pipeline Focus, Health And Velocity

- # Active Projects
  - 2009: 324, 2011: 213 (↓34%)

- Yr 5 Gross Sales Potential ($B)
  - 2009: 2.1, 2011: 4.0 (↑90%)

- Current Yr Launch Sales ($M)
  - 2009: 100, 2011: 200 (↑100%)

Next-Gen Solutions

- Natural Gas
- Asphalt Additives
- Green Jet / Diesel
- Photovoltaic Materials

Contribution To Growth

- 2011: New 50%, Replacement 50%
- 2016: New 75%, Replacement 25%

Delivering Results Today...Rich Pipeline Fuels Growth
Summary

• Business Continuing To Drive Industry Leading Returns
  - Strong performance through downturn and recovery
  - Outlook positive, outperforming targets

• Technologies Aligned With Macro Trends
  - Innovation engine feeds robust new product pipeline
  - Solutions delivering substantial HON and customer value

• Investing For Long-Term Growth
  - Funding development and scale-up of breakthrough technologies
  - Significant value creation potential