Honeywell

2012 Outlook

December 15, 2011

Forward Looking Statements

Honeywell

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

Honeywell

- **Confirming 2011: Sales ~$36.5B; EPS[1] ~$4.03; FCF ~$3.5B[2]**
  - **4Q in Line with Expectations**
  - **Short Cycle Growth Moderating, Long Cycle Sales Growth**
  - **Strong Cash Flow Generation, Pre-funding $250M Pension in 4Q**
- **Performance Confirms Strength of Portfolio and Execution**
  - **Robust New Product and Technology Pipeline**
  - **Emerging Regions Remain Strong, Leverage to Key Growth Themes**
  - **Traction on Key Process Initiatives – HOS/VPD™/FT → More to Come**
- **Balanced View of 2012**
  - **Challenging Macros, Expecting Slower Global Growth**
  - **Continued Segment Margin Increase → On Track for 2014 Targets**
  - **Maintaining Flexibility, Path to Double Digit Earnings Growth[1]**

1) Proforma excluding any impact of mark-to-market pension adjustment
2) FCF excluding $1.65B pension contributions in 2011E

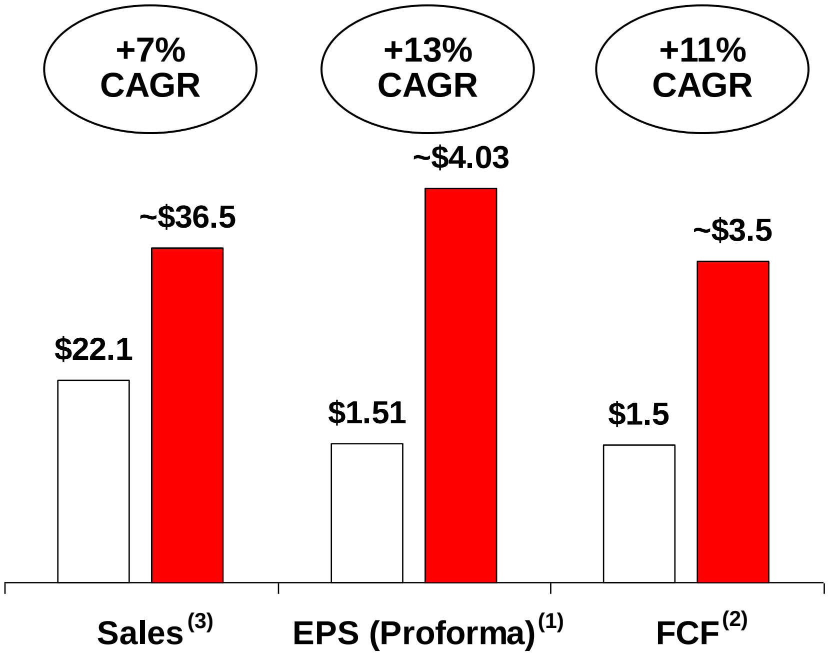
Strategies Working, Executing Well

2011 Summary

Honeywell

Consolidated ($B)	2011E	Growth 2011E vs. 2010
Sales	~$36.5	~13%
Segment Profit	~$5.3	~18%
Segment Margin	*~14.6%*	*~70 bps*
EPS from Cont. Ops (1)	~$3.77	~30%
EPS from Disc. Ops	$0.26	
EPS (1)	~$4.03	~34%
Free Cash Flow (2)	~$ 3.5	Flat
FCF Conversion	*~110%*	

2003 – 2011E Track Record



2011 Highlights

- **Good End Markets Overall**
- **Record Organic Growth Year → ~8%**
- **Segment Margin Growth ~70 bps**
- **Repositioning Benefits '12 and Beyond**
- **Continued Growth Investments → New Products and Emerging Markets**
- **Progress on Key Initiatives**
- **Strong Free Cash Flow Generation**
- **Effective, Balanced Cash Deployment**

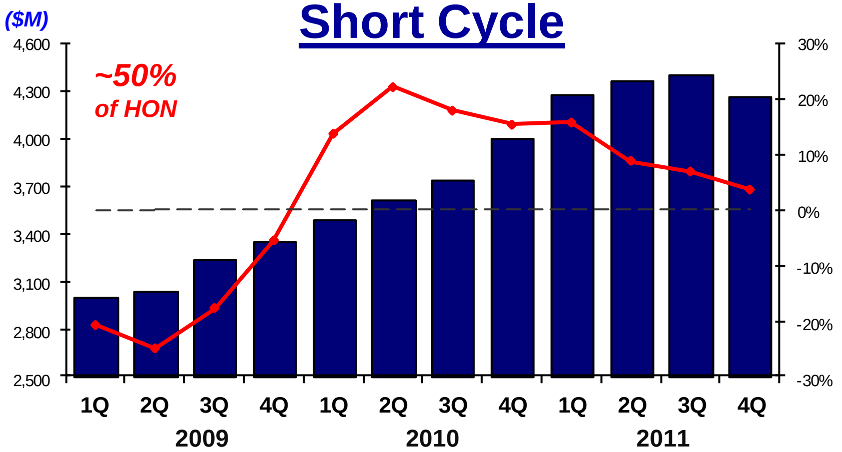
1) *Proforma, V% excludes any mark-to-market pension adjustments*
2) *2011E FCF excludes $1.65B pension contributions*
3) *Excludes CPG*

Continued Strong Financial Track Record

HON Portfolio

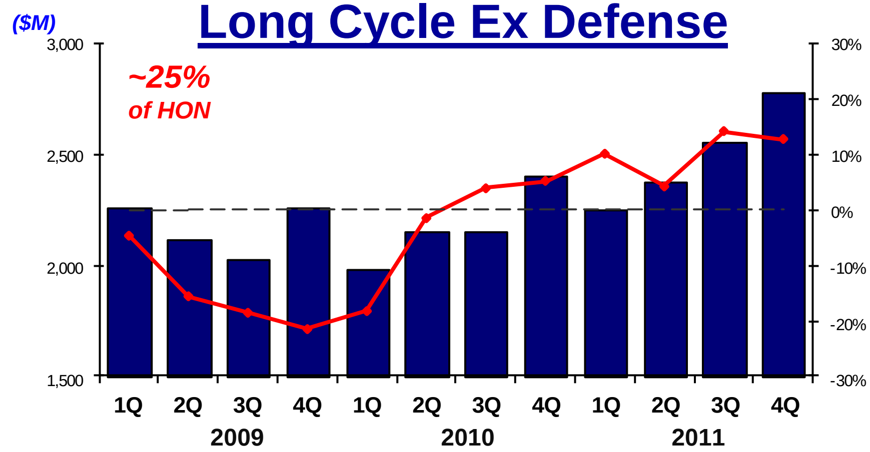
Honeywell

Short Cycle



*ACS Products + Advanced Materials + TS**

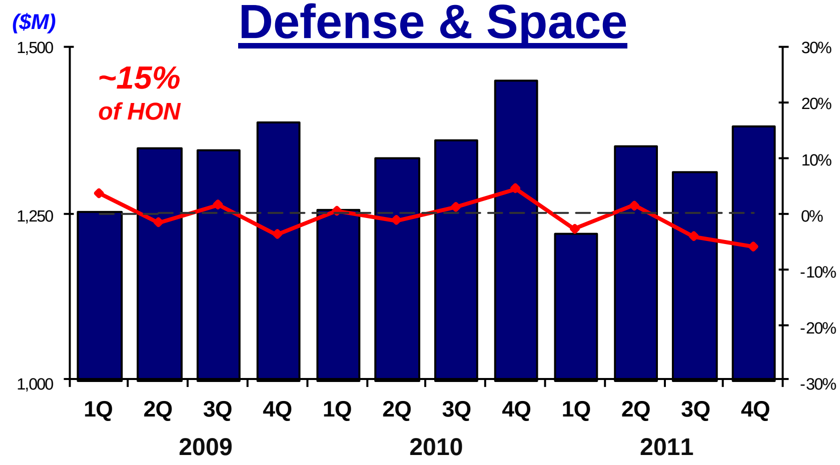
Long Cycle Ex Defense



Comm'l OE + ACS Solutions + UOP

Commercial Aftermarket

Defense & Space



** Excludes CPG*

Revenue — Organic Growth YOY

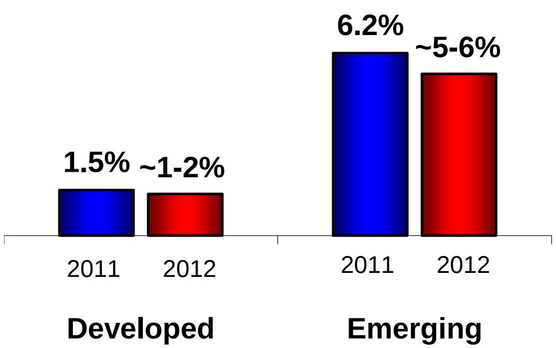
Short Cycle Trending Lower; Long Cycle, Comm'l AM Strong

Key Economic Indicators

Honeywell

GDP Growth

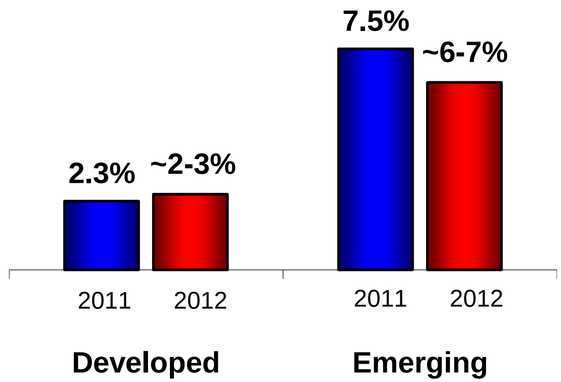
2012 Global GDP ~3%



Source: Global Insight

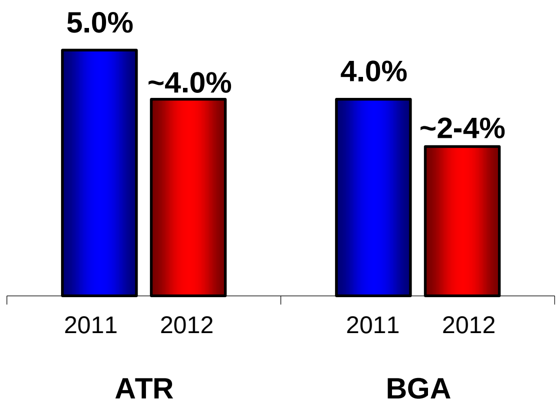
Industrial Prod Growth

2012 Global IP ~4%

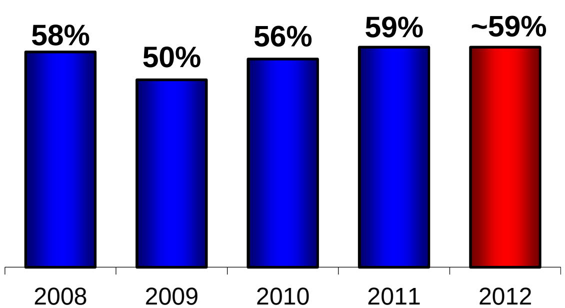


Source: Global Insight

Flight Hour Growth

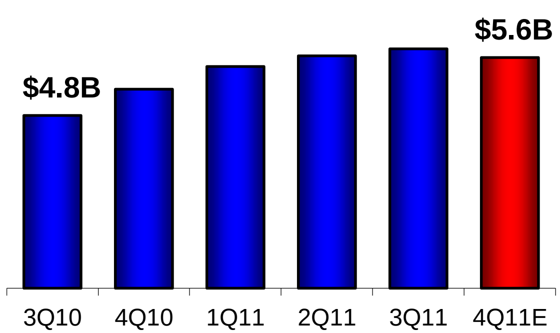


Diesel Penetration



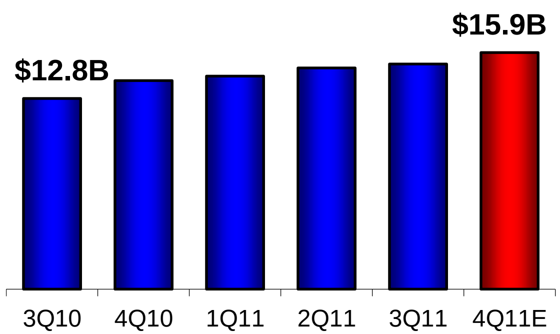
Western Europe Diesel Penetration

HON Short Cycle Orders*



** Excludes CPG*

HON Long Cycle Backlog

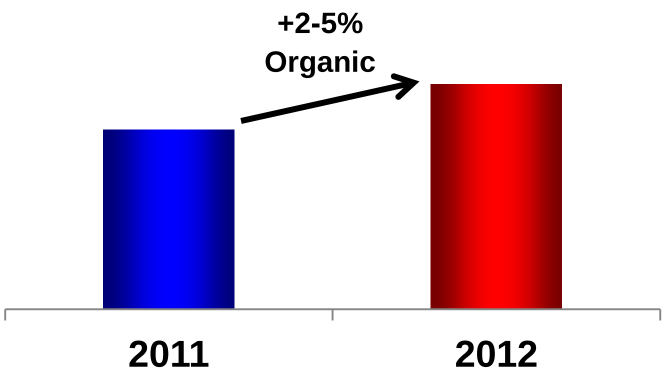


Planning For Tougher Macro Environment

HON Sales – 2012 Outlook

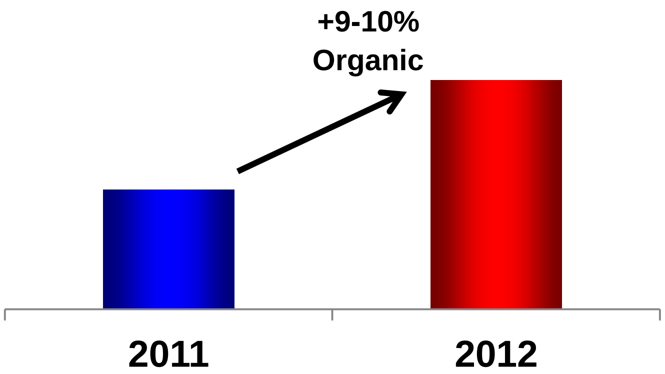
Honeywell

Short Cycle*

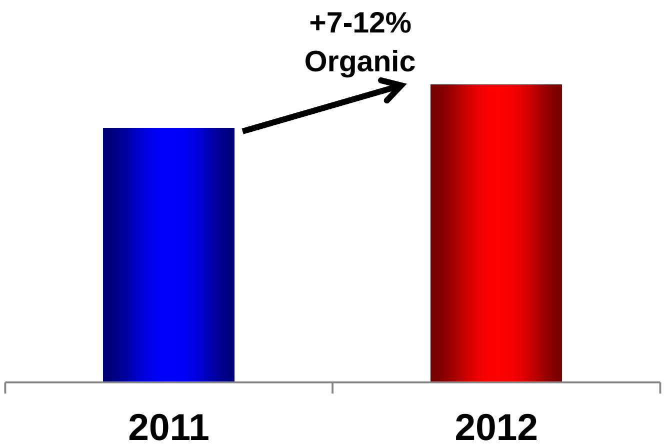


* Excludes CPG

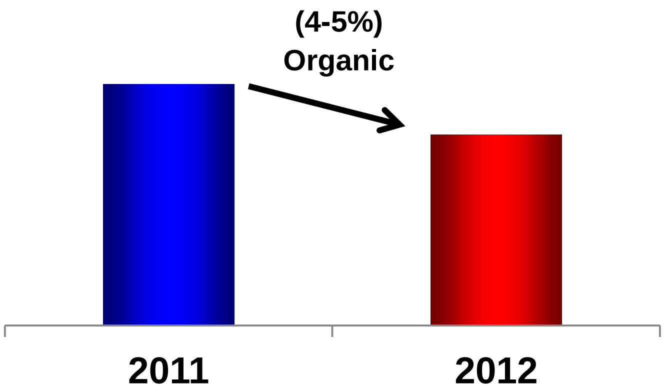
Long Cycle Ex Defense



Commercial Aftermarket



Defense & Space



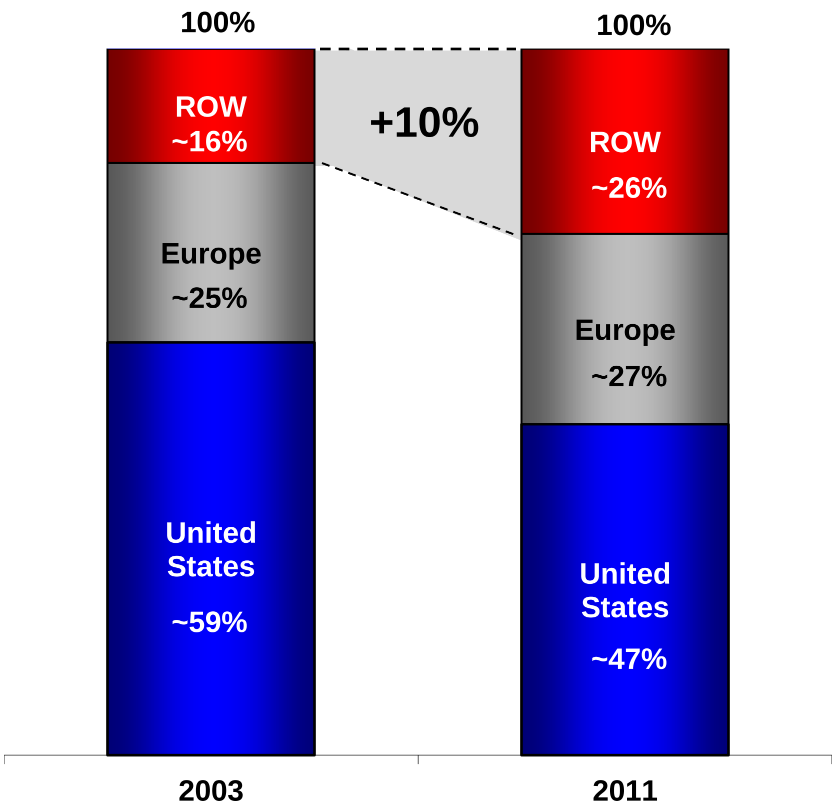
Outlook Reflects Key Macro/Regional Environment

HON Sales – Geographic Growth

Honeywell

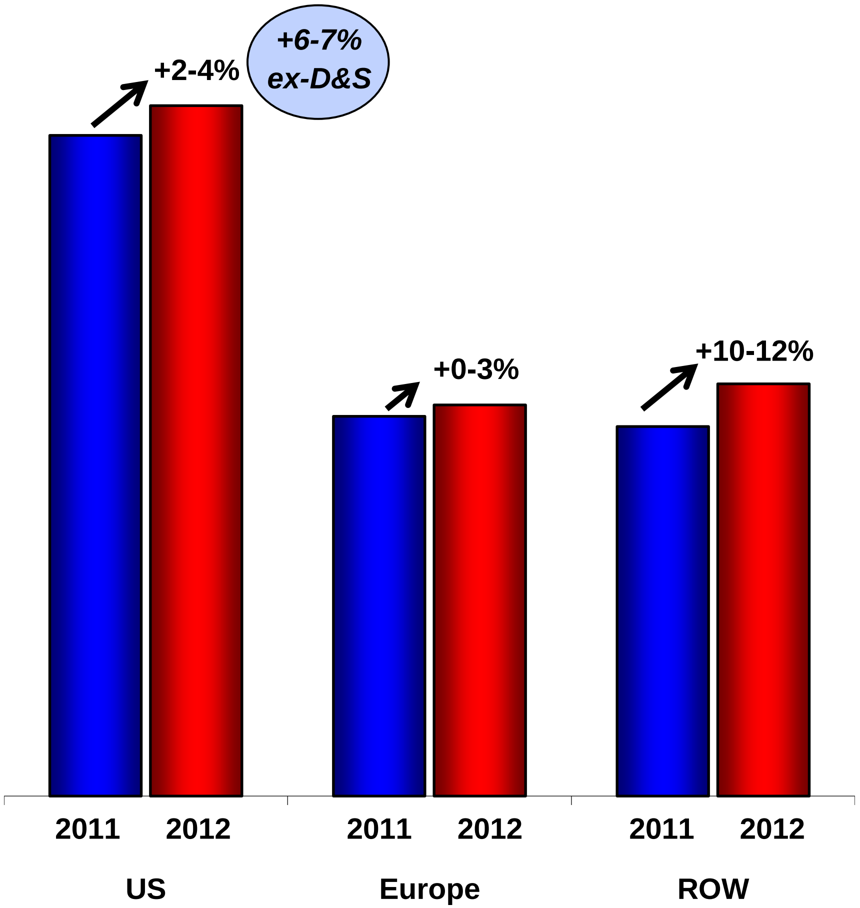
(% Of HON Rev)

Geographic Exposure



Note: Excludes CPG

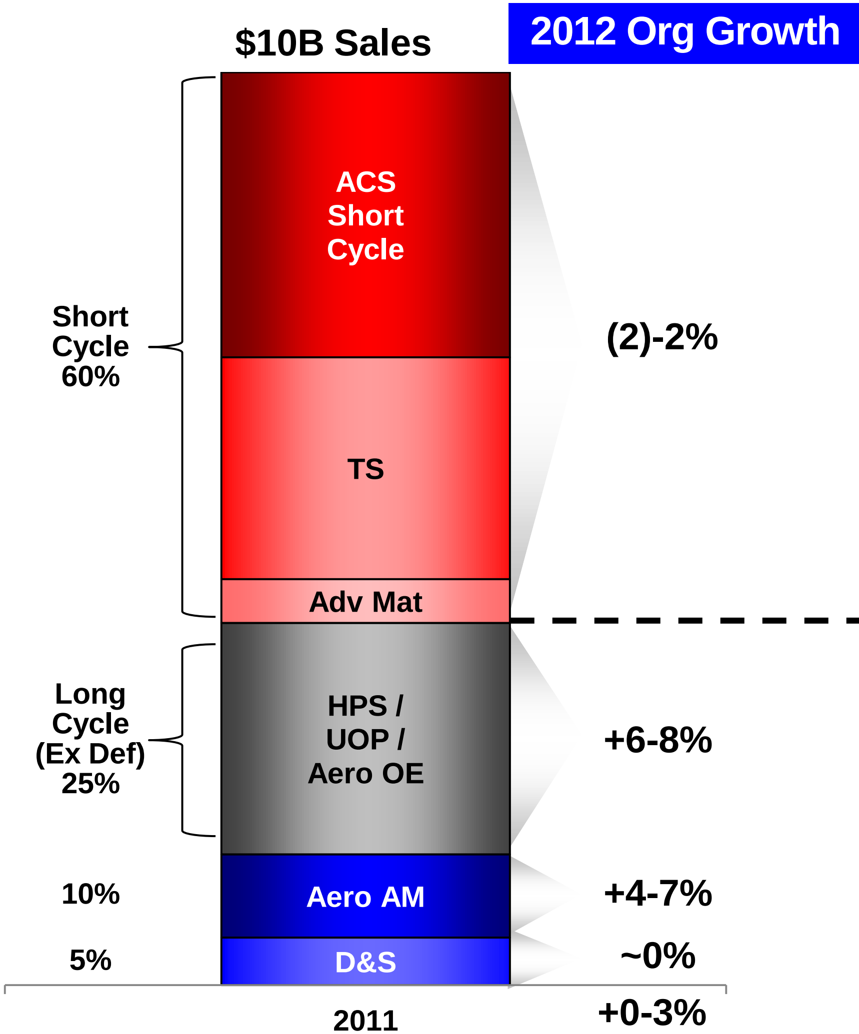
Organic Sales Growth



Emerging Market Growth Driving YOY Improvement

Europe Outlook

Honeywell



Key Assumptions

- Macro Uncertainty, 1H12 Recession Forecast
- Flat to Low Single-Digit HON Short Cycle Growth
- ACS Short Cycle Declines, Consistent with Orders
- Turbo New Launches More Than Offset LV Production Decline of -3 to -6%

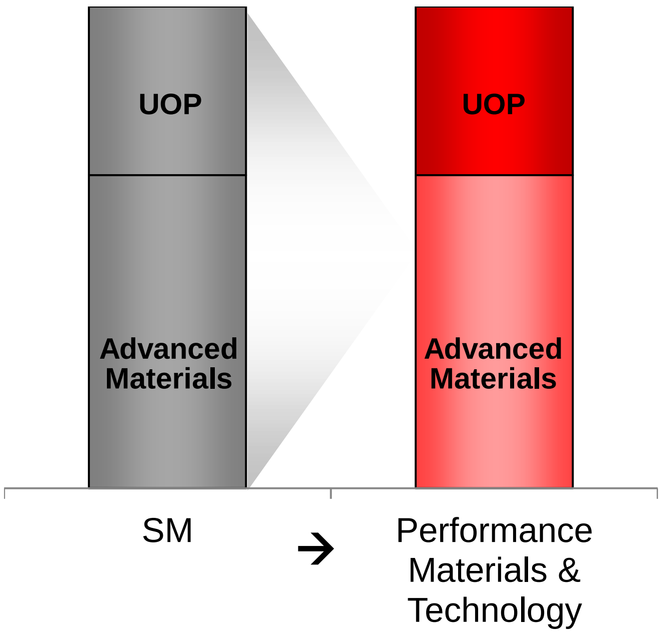
- HON Long Cycle Businesses Converting Backlog
- Aero OE Driven by Higher Airbus Build Rates
- Comm'l AM Driven by Flight Hours and RMUs
- D&S Flat with Budgets Down, Penetration Up

Europe Near-Term Slowing; GDP Downturn Assumed In Outlook

SBG Update

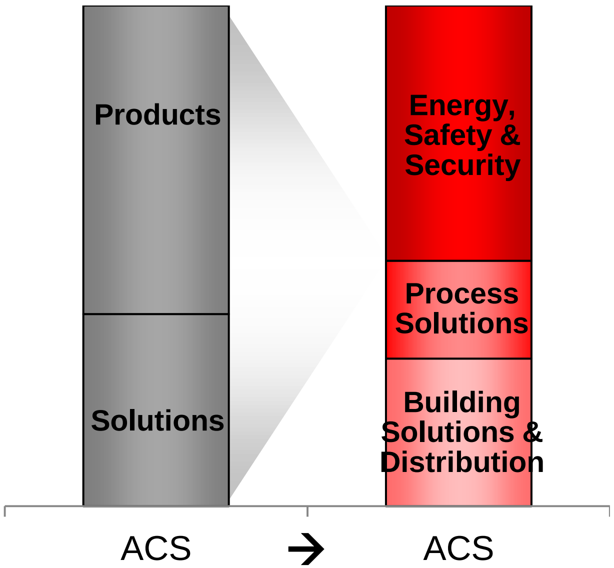
Honeywell

SM → PMT



- PMT More Representative of Portfolio and Technologies
- Fits with Growth Opportunities – Organic, M&A
- UOP Backlog and Market Demand Key Growth Driver 2012-2013

ACS → ESS, HPS, BSD



- Building Solutions & Distribution Combines HBS and ADI → Lower Margin, High ROI
- ACS Poised for Strong Incremental Margins 2012-2013 Driven by HPS and ESS
- More Representative of Key Markets Served

Better Focus On Key Markets And Technologies

ACS Portfolio

Honeywell

ESS	HPS	BSD
		

Homes / Buildings / Industrial Controls Leader

ESS	HPS	BSD
• #1 Building Controls & Sensing • #1 Personal Protection/Gas Detect • #1 Security/Fire Systems/Sensors	• #1 Advanced Solutions Applications • #2 Process Automation & Safety • Oil & Gas Measurement/Distribution Market Leader	• #2 Building Solutions • Energy, Critical Infrastructure (Airports, Emerging Regions) • Global Fire & Security Distributor

Growing Faster Than Served Markets, Continued Margin Expansion Runway

ESS	HPS	BSD
• 10% Sales CAGR (‘06-‘11E) – NPI, New Wins, EM Expansion & M&A • Short Cycle Moderation in 2012 • High-teens Margins; + 100 bps/yr Last 3 Years	• 8% Sales CAGR (‘06-‘11E); Adv. Solutions & Projects DD Growth • Long Cycle Backlog At All-time High; Strong Orders, Robust EM Expansion • Low-teens Margins with Room for Expansion	• 3% Sales CAGR (‘06-‘11E); DD Energy Sales CAGR Last 5 Yrs • Long Cycle Backlog Up 21% Driven by Building Solutions Wins • Mid Single-digit Margins Overall; Service Margins Mid-teens

•Industry Leader Where Great Technology Wins
•>50% Of Portfolio Enables Energy Efficiency

2012 Segment Outlook

Honeywell

Segment	Sales Growth	Segment Profit Growth
Aero	**Up Mid Single Digit**	**$150 – 200M**

- *Boeing/Airbus Increasing Production Rates; ATR Flight Hour Growth*
- *BGA Large Cabin Demand; Flight Activity Back to Prior Peak by ‘13*
- *U.S. Defense Budget Declines; Further Pressures Anticipated*

ACS	**Up Mid Single Digit**	**$150 – 200M**

- *Developed Markets Slowing Growth; China Tier II/III Strong*
- *Some Indications Comm’l Construction Picking Up; New Resi Weak*
- *Positive Outlook Refining, Oil & Gas, Mining*

PMT	**Up Low Double Digit**	**$50 – 100M**

- *Strong UOP Backlog; Increased Refining Utilization, Capacity Investment*
- *R&C Volume Growth / Phenol Plant Acquisition*
- *Continued Pricing Moderation*

TS	**Up Low Single Digit**	**$0 – 50M**

- *Turbo Penetration Continues Double Digit Growth; 100 New Launches*
- *Decline W. EU LV Production; W. EU Diesel Penetration Stable*
- *Share Gains in Gas, CV; Double Digit Growth in China and India*

Targeting >$400M Segment Profit Improvement

2012 Financial Guidance Summary

Honeywell

Consolidated ($B)	2012 Financial Outlook	Growth 2012E vs. 2011E
Sales	$ 37.8 - 38.9	4% - 7%
Segment Profit	$ 5.7 - 5.9	7% - 12%
Segment Margin	*15.0% - 15.3%*	*40 bps - 70 bps*
EPS from Cont. Ops (1)	$ 4.25 - $ 4.50	13% - 19%
EPS from Disc. Ops	-	
EPS (1)	$ 4.25 - $ 4.50	6% - 12%
Free Cash Flow (2)	~$ 3.5	~100% Conversion

1) Proforma, V% compared to 2011E proforma excluding any mark-to-market pension adjustments

2) Excludes cash contributions to pension plans and NARCO Trust in 2012

Low End

- – **Lower Global GDP Growth**
- – **Emerging Markets Moderate Further**
- – **Unfavorable Mix – ACS Products, PMT**
- – **Inflation / Productivity Worse**
- – **Stronger Dollar – EUR < $1.30**

High End

- \+ **Stronger Global GDP Growth**
- \+ **Emerging Markets Overdrive**
- \+ **Favorable Mix – Commercial AM, UOP**
- \+ **Inflation / Productivity Better**
- \+ **Weaker Dollar – EUR > $1.30**

Balanced Outlook For 2012

HON Differentiators

Honeywell

Key Areas	What's To Like
Aero Leverage	• *Aftermarket Strong, Complemented by SW Upgrades* • *Winning on Growing Platforms – Upside Potential*
Long Cycle Backlog	• *Demand Drivers: Energy Infra., Generation, Efficiency* • *Securing Major New Wins Across Portfolio*
Restructuring Tailwind	• *2012 Incremental Savings ~$150M* • *High IRR Projects, Long-Term Benefits*
HOS Acceleration	• *Bronze + Site Deployment to Grow 50% In 2012* • *20-30% Average Conversion Cost Productivity*
Emerging Region Momentum	• *Growth Outpacing Regional GDP* • *Expanding E4E, E2W to Other High Growth Countries*
Acquisition Upside	• *Disciplined Process, Portfolio Transformation Evident* • *More Integration Savings and Sales Upside*

Lots Of Positives – Path To High End Of Range

Long-Term Outlook Update

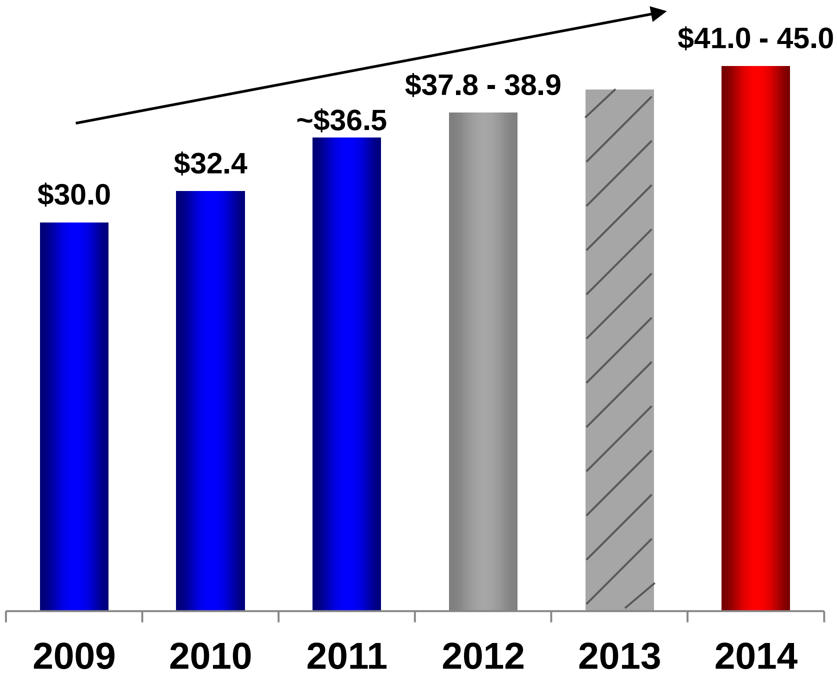
Honeywell

($B)

Sales

Long Term Goal: 6 - 8% CAGR

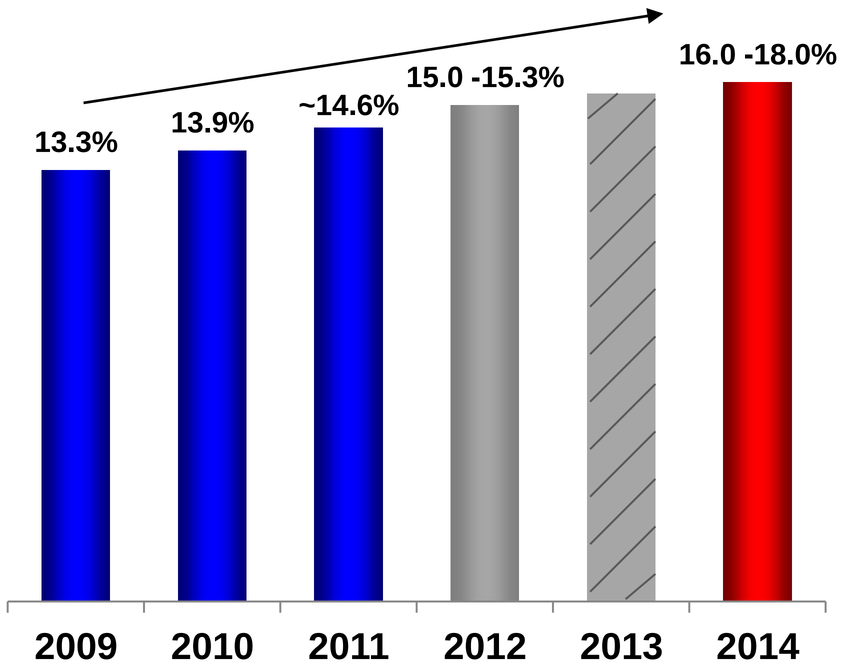
'09 -'12: 8 – 9% CAGR



Segment Margin

Long Term Goal: 300 - 500 bps

'09 -'12: 170 – 200 bps



Note: Excludes CPG

On Track To 5 Year Targets

2012 Summary

Honeywell

- **Grow Top Line Faster Than Markets / GDP**
  - **Drive New Products / Geographic Expansion / Accretive Acquisitions**
  - **Convert Robust Long Cycle Backlog**
- **Strong Operating Earnings and Cash Flow**
  - **Increase Conversion Entitlement – Commercial and R&D Effectiveness**
  - **Controlling Fixed Costs, Benefits from 2009-2011 Repositioning**
  - **Deliver Margin Expansion; ~100% Free Cash Flow Conversion**
- **Maintain Flexibility Given Continued Macro Uncertainty**
  - **Good Visibility to Known Tailwinds / Prudent Planning Assumptions**
  - **Aggressive Census, Cost Management (OEF, Indirect Spend)**
  - **Contingency at SBG / HON Levels; Additional Actions Identified**

Positioned To Outperform Again In 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

Honeywell

($B)	2009	2010	2011E
Sales	$30.0	$32.4	~$36.5
Cost of Products and Services Sold	(23.3)	(24.8)	~(27.0)
Selling, General and Administrative Expenses	(4.3)	(4.6)	~(5.1)
Operating Income	$2.4	$3.0	~4.4
Stock Based Compensation (1)	0.1	0.2	~0.2
Repositioning and Other (1, 2)	0.5	0.6	~0.7
Pension Expense-ongoing (1)	0.3	0.2	~0.1
Pension Expense-mark to market (1)	0.7	0.5	TBD
OPEB (Income) Expense (1)	0.0	0.0	~(0.1)
Segment Profit	$4.0	$4.5	~$5.3
Operating Income	$2.4	$3.0	~4.4
÷ Sales	30.0	32.4	~$36.5
Operating Income Margin %	8.0%	9.3%	~12.1%
Segment Profit	$4.0	$4.5	~$5.3
÷ Sales	30.0	32.4	~$36.5
Segment Profit Margin %	13.3%	13.9%	~14.6%

(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

Honeywell

($B)	2003	2010
Cash Provided by Operating Activities	$2.2	$4.2
Expenditures for Property, Plant and Equipment	(0.7)	(0.7)
Free Cash Flow	$1.5	$3.5

Reconciliation of EPS to EPS, Excluding Mark-to-Market Pension Adjustment

Honeywell

($B)	2003[1]
EPS (as reported)	$1.39
Mark-to-Market Pension Adjustment	0.12
EPS, Excluding Mark-to-Market Pension Adjustment	$1.51

(1) Utilizes weighted average shares outstanding and the effective tax rate for the period.

Reconciliation of EPS to EPS, Excluding Mark-to-Market Pension Adjustment

Honeywell

	2010 (1)
EPS from Continuing Operations	$2.49
Mark-To-Market Pension Adjustment	0.41
EPS from Continuing Operations, Excluding Mark-to-Market Pension Adjustment	$2.90
Discontinued Operations	0.10
EPS, Excluding Mark-to-Market Pension Adjustment	$3.00

(1) Utilizes weighted average shares outstanding and the effective tax rate for the period. Mark-to-Market uses a blended tax rate of 32.3% for the fourth quarter of 2010.

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

Honeywell

($M)	2011E
Cash Provided by Operating Activities	~$2,650
Expenditures for Property, Plant and Equipment	~(800)
Free Cash Flow	~$1,850
U.S. Pension Cash Contributions	~1,650
Free Cash Flow, Excluding Pension Cash Contributions	~$3,500
Cash Provided by Operating Activities	~$2,650
÷ Net Income Attributable to Honeywell	
Excluding Mark-to-Market Pension Adjustment	~3,200
Operating Cash Flow Conversion %	~83%
Free Cash Flow, Excluding U.S. Pension Cash Contributions	~$3,500
÷ Net Income Attributable to Honeywell	
Excluding Mark-to-Market Pension Adjustment	~3,200
Free Cash Flow Conversion % (Proforma)	~110%

Discontinued Operations Reconciliation

($B)	2003	2009	2010	2011E
Sales - Total Honeywell	$23.1	$31.0	$33.4	~$37.0
Sales - CPG	$1.0	$1.0	$1.0	$0.5
Sales - Continuing Operations	$22.1	$30.0	$32.4	~$36.5

Estimated 4Q11 Pension Mark To Market Adjustment and 2012 Ongoing Expense

Honeywell

Estimated 4Q 2011 MTM

($M)

Discount Rate	Rate of Return: -10%	-5%	0%	5%	8%
4.50%	4,008	3,268	2,538	1,798	1,374
4.75%	3,495	2,755	2,025	1,284	860
5.00%	2,995	2,254	1,524	784	360
5.25%	2,499	1,769	1,029	350	-
5.50%	2,037	1,297	600	10	-

Estimated 2012 Ongoing Expense

($M)

Discount Rate	Rate of Return: -10%	-5%	0%	5%	8%
4.50%	147	100	54	7	(21)
4.75%	158	111	64	17	(11)
5.00%	167	120	73	26	(2)
5.25%	175	128	81	34	6
5.50%	181	135	88	41	13

Note: Assumes $1.65B contribution in 2011 and additional pre-funding in 2012