HONEYWELL INTERNATIONAL INC
Form DEF 14A
March 07, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement

[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

[X] Definitive Proxy Statement

[ ] Definitive Additional Materials

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Honeywell International Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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[X] No fee required.

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1) Amount Previously Paid:

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3) Filing Party:

4) Date Filed:

March 7, 2013

To Our Shareowners:

You are cordially invited to attend the Annual Meeting of Shareowners of Honeywell, which will be held at 10:30 a.m. on Monday, April 22, 2013 at our headquarters, 101 Columbia Road, Morris Township, New Jersey.

The accompanying notice of meeting and proxy statement describe the matters to be voted on at the meeting. At this year s meeting, you will be asked to elect directors, approve the appointment of the independent accountants, cast an advisory vote to approve executive compensation, and consider three shareowner proposals. The Board of Directors recommends that you vote FOR Proposals 1, 2, and 3 and AGAINST Proposals 4, 5 and 6.

YOUR VOTE IS IMPORTANT. We encourage you to read the proxy statement and vote your shares as soon as possible. Shareowners may vote via the Internet, by telephone or by completing and returning a proxy card. Specific voting instructions are set forth in the proxy statement and on both the Notice of Internet Availability of Proxy Materials and proxy card.

On behalf of the Board of Directors, I want to thank you for your continued support of Honeywell.

A map and directions to Honeywell s headquarters appear at the end of the proxy statement.

Sincerely,

DAVID M. COTE

Chairman and Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHAREOWNERS

The Annual Meeting of Shareowners of Honeywell International Inc. will be held on Monday, April 22, 2013 at 10:30 a.m. local time, at Honeywell s headquarters, 101 Columbia Road, Morris Township, New Jersey to consider and vote on the following matters described in the accompanying proxy statement:

Election of the twelve nominees listed in the accompanying proxy statement to the Board of Directors;

Approval of the appointment of PricewaterhouseCoopers LLP as independent accountants for 2013;

An advisory vote to approve executive compensation; and

If properly raised, three shareowner proposals described on pages 83-88 in the accompanying proxy statement;

and to transact any other business that may properly come before the meeting.

The Board of Directors has determined that shareowners of record at the close of business on February 22, 2013 are entitled to notice of and to vote at the meeting.

The Securities and Exchange Commission (SEC) has adopted a Notice and Access rule that allows companies to deliver a Notice of Internet Availability of Proxy Materials (Notice of Internet Availability) to shareowners in lieu of a paper copy of the proxy statement, related materials and the Company s Annual Report to Shareowners (the Proxy Materials). The Notice of Internet Availability provides instructions as to how shareowners can access the Proxy Materials online, contains a listing of matters to be considered at the meeting, and sets forth instructions as to how shares can be voted. Shares must be voted either by telephone, online or by completing and returning a proxy card. **Shares cannot be voted by marking, writing on and/or returning the Notice of Internet Availability. Any Notices of Internet Availability that are returned will not be counted as votes.** Instructions for requesting a paper copy of the Proxy Materials are set forth on the Notice of Internet Availability.

This Notice of Annual Meeting of Shareowners and related Proxy Materials are being distributed or made available to shareowners beginning on or about March 7, 2013.

By Order of the Board of Directors,

Jeffrey N. Neuman
Vice President and Corporate Secretary

Honeywell
101 Columbia Road
Morris Township, NJ 07962

March 7, 2013

Table of Contents *Page*

Reconciliation of non-GAAP financial measures used in the Compensation Discussion and Analysis section and elsewhere in this proxy statement, other than as part of disclosure of target levels, can be found in the Appendix. The Long-Term Targets referenced in the Compensation Discussion and Analysis section of this proxy statement represent forward-looking statements that are based on management s assumptions and assessments and are not guarantees of future performance.

2013 PROXY STATEMENT AT A GLANCE

The following executive summary is intended to provide a broad overview of the items that you will find elsewhere in this proxy statement. As this is only a summary, we encourage you to read the entire proxy statement for more information about these topics prior to voting.

Annual Meeting of Shareowners

Time and Date:	10:30 a.m., April 22, 2013
Place:	Honeywell 101 Columbia Road Morris Township, New Jersey
Record Date:	Shareowners as of February 22, 2013 are entitled to vote.
Admission:	Please follow the advance registration instructions on page 91.

Meeting Agenda and Voting Matters

Proposal		Board s Voting Recommendation	Page References (for more detail)
1.	Election of Directors	FOR EACH NOMINEE	1-7
2.	Approval of Independent Accountants	FOR	80
3.	Advisory Vote To Approve Executive Compensation	FOR	81-82
4.	Shareowner Proposal: Independent Board Chairman	AGAINST	83-85
5.	Shareowner Proposal: Right To Act By Written Consent	AGAINST	85-86
6.	Shareowner Proposal: Eliminate Accelerated Vesting In A Change In Control	AGAINST	87-88

Director Nominees (Proposal No. 1)

Each director nominee is elected annually by a majority of votes cast (see page 90 of this proxy statement for further detail).

Name	Age	Director Since	Independent	Committees
Gordon M. Bethune	71	1999	X	CGRC, MDCC
Kevin Burke	62	2010	X	AC, RPC
Jaime Chico Pardo	63	1999	X	CGRC, RPC (C)
David M. Cote	60	2002		NONE
D. Scott Davis	61	2005	X	AC, MDCC (C)

Linnet F. Deily	67	2006	X	AC, CGRC (C)
Judd Gregg	66	2011	X	AC, CGRC
Clive Hollick	67	2003	X	MDCC, RPC
Grace D. Lieblein	52	2012	X	CGRC, MDCC
George Paz	57	2008	X	CGRC, AC (C)
Bradley T. Sheares	56	2004	X	MDCC, RPC
Robin L. Washington	50	Nominated for Election	X	AC*, RPC*

AC	Audit Committee
CGRC	Corporate Governance and Responsibility Committee
MDCC	Management Development and Compensation Committee
RPC	Retirement Plans Committee
C	Chair
*	Upon Election to the Board

Attendance	Each director attended at least 75% of the aggregate number of Board and applicable Committee meetings.
Key Qualifications	Senior Leadership Experience, Industry/Global Experience, Financial Expertise, Regulated Industries/Government Experience, Public Company Board Experience (See pages 1-7 of this proxy statement for additional detail.)

Key Corporate Governance Best Practices

All directors are independent other than the CEO

Annual election of directors and majority voting in uncontested elections

Authority of the Chair of the Corporate Governance and Responsibility Committee to call special meetings of the Board at any time for any reason (instituted in 2012 in response to shareowner feedback)

Chair of the Corporate Governance and Responsibility Committee designated as a point of contact for shareowner communications (instituted in 2013 in response to shareowner feedback)

Right of shareowners holding at least 20% of the outstanding stock of the Company (excluding derivatives) to call a special meeting of shareowners

Elimination of super-majority voting provisions in the Company s organizational documents

Shareowner approval of poison pills

Recoupment of incentive compensation in the event of a significant restatement

Frequent engagement by management with major institutional investors

Auditors (Proposal No. 2)

The Board of Directors recommends a vote FOR the approval of the appointment of PricewaterhouseCoopers LLP (PwC) as the Company s independent accountants for 2013.

Type of Fees	2012	2011
	(in millions)	

Audit Fees	$ 20.3	$ 20.4
Audit-Related Fees	$ 1.5	$ 2.7
Tax Fees	$ 5.2	$ 6.4
All Other Fees	$	
Total	$ 27.0	$ 29.5

Advisory Vote To Approve Executive Compensation (Proposal No. 3)

We are requesting that the shareowners approve, on an advisory basis, the compensation of the Named Executive Officers as disclosed in this proxy statement. The Board recommends a vote FOR Proposal No. 3 as it believes that the 2012 compensation decisions and Honeywell s executive compensation programs align the interests of shareowners and executives by emphasizing variable, at-risk compensation largely tied to measurable performance goals utilizing an appropriate balance of near-term and long-term objectives. This proposal was supported by approximately 90% of the votes cast in each of 2012, 2011 and 2010. Please see the Compensation Discussion and Analysis, Summary Compensation Table and other tables and disclosures beginning on page 25 of this proxy statement for a full discussion of our executive compensation.

Performance Highlights

Record Year of Profitable Growth

Sales up 3% to $37.7 billion

Segment profit up 10%, with 90 basis points of margin expansion

Proforma Earnings Per Share (EPS) (excludes any pension mark-to-market adjustment) up 11% to $4.48

Free cash flow (FCF) of $3.7 billion (prior to cash pension contributions), reflecting 103% FCF conversion (excludes the impact of any pension mark-to-market adjustment on net income)

Creating Shareowner Value; Outperforming Market and Peers

Dividends: Dividend rate was increased by 10%, effective in the fourth quarter of 2012, the eighth increase of at least 10% in the last nine years

Share Repurchases: Repurchased 5.0 million shares in 2012 in order to return additional money to shareowners

Total Shareowner Return (TSR): Outperformed market and Honeywell s compensation peer group

Percentages reflect cumulative growth over the period.
Peer Median reflects Compensation Peer Group median (see pages 36-37 of this proxy statement). Honeywell percentile rank based on Compensation Peer Group.
As of December 31, 2012; 1-year period begins January 1, 2012, 3-year period begins January 1, 2010, 5-year period begins January 1, 2008.

Building for the Future Honeywell Enablers and Highlights of Seed Planting Investments

Management continues to drive long-term shareowner value through the on-going strengthening, expansion and utilization of Honeywell s key process initiatives that drive productivity and growth known as the Honeywell

Enablers :

- Ø *Honeywell Operating System* drives sustainable improvements in our manufacturing operations;
- Ø *Functional Transformation* Honeywell Operating System for our administrative functions;
- Ø *Velocity Product Development* brings together research and development (R&D), manufacturing, marketing and sales to successfully launch new products; and
- Ø *Organizational Efficiency* systematically applied initiatives to increase labor cost efficiency and employee productivity.

The Company completed $438 million (net of cash acquired) in acquisitions in 2012, including the acquisition of a 70% ownership interest in Thomas Russell L.L.C. (Thomas Russell Co.), a leader in technology and equipment for natural gas processing and treating, primarily serving the U.S. market.

Expansion of Honeywell s presence and sales in high growth regions and countries such as China, India, Eastern Europe, Middle-East, and Latin America.

R&D spending at 4.9% of revenues was targeted at such high growth areas as natural gas processing, low global warming refrigerants and blowing agents, and wireless control devices and technologies.

Capital expenditures grew 11% to $884 million including the construction or expansion of technology centers in India and Saudi Arabia.

The Company funded approximately $120 million of new restructuring actions which will provide continued productivity savings in years to come.

2012 Compensation Decisions

The table below highlights the 2012 total annual direct compensation actions for each Named Executive Officer. These actions are aligned with the strong Company performance described above (see pages 28-32 of this proxy statement for additional detail):

Named Executive Officer	Base Salary	Annual Bonus	Stock Options	Annualized Growth Plan Award (at Target)	2012 Total Annual Direct Compensation
David Cote	$ 1,800,000	$ 4,800,000	$ 9,289,000	$ 4,750,000	$ 20,639,000
David Anderson	$ 900,000	$ 1,225,000	$ 2,654,000	$ 1,375,000	$ 6,154,000
Roger Fradin	$ 1,050,000	$ 1,200,000	$ 2,654,000	$ 1,375,000	$ 6,279,000
Timothy Mahoney	$ 818,750	$ 900,000	$ 1,990,500	$ 1,050,000	$ 4,759,250
Andreas Kramvis	$ 687,500	$ 950,000	$ 1,658,750	$ 875,000	$ 4,171,250

Total annual direct compensation consists of:

<u>Base Salary</u>: The base salaries of Messrs. Cote, Anderson and Fradin remained unchanged for the fourth consecutive year. Only Messrs. Mahoney and Kramvis received salary increases in 2012.

<u>Annual Bonus</u>: The Named

Executive Officers received annual bonuses ranging from 110% to 152% of their target opportunities based in large part on three pre-established financial goals (EPS, FCF, and Working Capital Turns). Supplemental criteria were also considered: Honeywell s short- and long-term financial success such as year-to-year changes in revenue, segment profit and margin expansion; relevant industry and economic conditions; and the achievement of non-financial management objectives such as expanded sales in high growth regions, new product development and improved utilization of the Honeywell Enablers.

Stock Options: Each of the

Named Executive Officers received a stock option grant in 2012. Stock option awards and grant date values in 2012 were lower than 2011, but still represent the most significant component of an officer s total annual target long-term incentive opportunity (approximately two-thirds). Stock options are a long-term incentive vehicle that closely aligns the interests of shareowners and executives because executives realize value only if the stock price appreciates.

Growth Plan: The 2012-2013 Growth Plan performance cycle has three equally weighted performance goals: (i) total revenue, excluding the impact of acquisitions and divestitures; (ii) average return on investment; and (iii) segment margin expansion (added in 2012). If earned, these awards will be payable 50% in the first quarter of 2014 and 50% in the first quarter of 2015 contingent upon continued employment. The amounts shown above for the Annualized Growth Plan Awards reflect the potential target award value for the 2012-2013 performance cycle which will be payable only if the Company meets plan performance goals based on financial results for fiscal years 2012 and 2013.

Alignment of Pay with Performance

The graph below demonstrates the strong alignment over the past five years of shareowner value creation with CEO total annual direct compensation (Total ADC). Total ADC consists of base salary, annual incentive compensation award, annual stock option grant, and annualized Growth Plan award (see the section titled Compensation Discussion and Analysis beginning on page 25 of this proxy statement).

Vertical axis on the left side reflects the year-to-year performance indexed to 2007 base year TSR at 100. Prior year TSR is shown in order to correspond with the timing of compensation decisions during the first quarter of each year.

Other Key Aspects of Honeywell s Executive Compensation Practices

In addition to executive compensation practices that strongly link pay and performance, Honeywell executive compensation practices demonstrate best practice in several ways (see page 52 for additional detail):

Executive compensation decisions are made by the Management Development and Compensation Committee comprised of all independent directors and advised by an independent compensation consultant.

Honeywell s equity plans prohibit repricing and backdating and contain clawback and non-competition restrictions.

Honeywell eliminated tax gross-ups on perquisites and excise tax gross-ups for any new officers.

Shareowner Proposals (Proposal Nos. 4, 5 and 6)

Three shareowner proposals, if properly raised, will also be considered at the Annual Meeting. The Board of Directors recommends that shareowners vote AGAINST each of these proposals:

Proposal No. 4 which seeks to require the Board to separate the role of CEO and Chairman. The Board believes that separating the role of Chair/CEO will not improve the Company s performance. Requiring the Board to separate the role of Chair/CEO regardless of specific circumstances or Company performance risks considerable harm and is not in the interests of shareowners. Hence, whether and when to separate these roles should continue to be left to the discretion of the Board.

Proposal No. 5 which seeks to require the Board to allow shareowners to act by written consent. The Board believes that permitting shareowners to act by written consent outside of the formal shareowner meeting process disregards certain procedural protections necessary to prevent abuse, waste of Company resources and confusion by the shareowners. The lack of transparency and the ability of a small minority

v

of shareowners to hijack the Company via a written consent is not consistent with true shareowner democracy.

Proposal No. 6 which seeks to eliminate accelerated vesting of stock options and other equity in a change in control. The Board believes that accelerated vesting of equity awards in the event of a change in control transaction best aligns the interests of management and shareowners. When negotiating a change in control transaction on behalf of shareowners, executives should be focused solely on maximizing shareowner value and not on their own personal employment or career prospects. It is unlikely that Honeywell s senior executives would be retained by an acquiring company following completion of a merger or acquisition. Hence, if Proposal No. 6 is adopted, the incentive for Honeywell s senior executives to maximize shareowner value in a change in control transaction could be comprised.

The three shareowner proposals, the Company s opposing statements and the Board s recommendations that shareowners vote AGAINST these proposals are set forth on pages 83-88.

PROXY STATEMENT

This proxy statement is being provided to shareowners in connection with the solicitation of proxies by the Board of Directors for use at the Annual Meeting of Shareowners of Honeywell International Inc. (Honeywell or the Company) to be held on Monday, April 22, 2013.

Proposal No. 1: ELECTION OF DIRECTORS

Honeywell s directors are elected at each Annual Meeting of Shareowners and hold office for one-year terms or until their successors are duly elected and qualified. Honeywell s By-laws provide that in any uncontested election of directors (an election in which the number of nominees does not exceed the number of directors to be elected), any nominee who receives a greater number of votes cast FOR his or her election than votes cast AGAINST his or her election will be elected to the Board of Directors (see page 90 of this proxy statement for further detail). The Board has nominated twelve candidates for election as directors for a term ending at the 2014 Annual Meeting of Shareowners or when their successors are duly elected and qualified. All nominees except Ms. Washington are currently serving as directors. If prior to the Annual Meeting any nominee should become unavailable to serve, the shares represented by a properly signed and returned proxy card or voted by telephone or via the Internet will be voted for the election of such other person as may be designated by the Board, or the Board may determine to leave the vacancy temporarily unfilled or reduce the authorized number of directors in accordance with the By-laws.

The Board of Directors, acting through its Corporate Governance and Responsibility Committee (CGRC), is responsible for nominating a slate of director nominees who collectively have the complementary experience, qualifications, skills and attributes to guide the Company and function effectively as a Board. See Identification and Evaluation of Director Candidates on pages 15-16 of this proxy statement for further discussion. The CGRC believes that each of the nominees has key personal attributes that are important to an effective board: integrity, candor, analytical skills, the willingness to engage management and each other in a constructive and collaborative fashion, and the ability and commitment to devote significant time and energy to service on the Board and its Committees.

Listed below are other key experiences, qualifications and skills of our director nominees that are relevant and important in light of Honeywell s businesses and structure.

Senior Leadership Experience: Experience serving as CEO or a senior executive provides a practical understanding of how complex organizations like Honeywell function and hands-on leadership experience in core management areas, such as strategic and operational planning, financial reporting, compliance, risk management and leadership development.

Industry/Global Experience: Experience in industries, end-markets and growth segments that Honeywell serves, such as aerospace, automotive, construction, transportation, infrastructure, and energy efficiency, as well as key geographic markets where it operates, such as the United States, Latin America and Europe, enables a better understanding of the issues facing the Company s businesses.

Financial Expertise: We believe that an understanding of finance and financial reporting processes is important for our directors to monitor and assess the Company s operating and strategic performance and to ensure accurate financial reporting and robust controls. Our director nominees have relevant background and experience in capital markets, corporate finance, accounting and financial reporting and several satisfy the accounting or related financial management expertise criteria set forth in the New York Stock Exchange (NYSE) listing standards.

Regulated Industries/Government Experience: Honeywell is subject to a broad array of government regulations and demand for its products and services can be impacted by changes in law or regulation in areas such as safety, security and energy efficiency. Several of our directors have experience in regulated industries, providing them with insight and perspective in working constructively and proactively with governments and agencies, both foreign and domestic.

Public Company Board Experience: Service on the boards and board committees of other public companies provides an understanding of corporate governance practices and trends and insights into board management, relations between the board, the CEO and senior management, agenda-setting and succession planning.

Each of the nominees, other than Mr. Cote, is also independent of the Company and management. See Director Independence on pages 14-15 of this proxy statement.

In addition to the above, the CGRC also considered the specific experience described in the biographical details that follow in determining to nominate the individuals set forth below for election as directors.

The Board of Directors unanimously recommends a vote FOR the election of each of the director nominees.

NOMINEES FOR ELECTION

GORDON M. BETHUNE, Retired Chairman and Chief Executive Officer of Continental Airlines, Inc.

Mr. Bethune is the retired Chairman of the Board and Chief Executive Officer of Continental Airlines, Inc., an international commercial airline company. Mr. Bethune joined Continental Airlines, Inc. in February 1994 as President and Chief Operating Officer. He was elected President and Chief Executive Officer in November 1994 and Chairman of the Board and Chief Executive Officer in 1996, in which positions he served until his retirement in December of 2004. Prior to joining Continental, Mr. Bethune held senior management positions with the Boeing Company (where, among other things, he was responsible for the manufacture and design of the B757 and B737 aircraft programs), Piedmont Airlines, Inc., Western Airlines, Inc. and Braniff Airlines. He is licensed as a commercial pilot, type rated on the B757 and B767 airplanes and the DC-3 and is a licensed airframe and power plant mechanic. Mr. Bethune is also a director of Prudential

Financial Inc. and Sprint Nextel Corporation. He previously served as a director of Willis Group Holdings Ltd. (2004-2008). Mr. Bethune was a director of Honeywell Inc. from April 1999 to December 1999.

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Areas of Relevant Experience: Commercial airlines, including marketing, branding, cost control and restructuring, international operations and government regulation; aircraft manufacturing, design, maintenance and repair; financial services; insurance; talent management.

Director since 1999 Age 71

KEVIN BURKE, Chairman, President and Chief Executive Officer of Consolidated Edison, Inc. (Con Edison)

Mr. Burke joined Con Edison, a utility provider of electric, gas and steam services, in 1973 and has held positions of increasing responsibility in system planning, engineering, law, nuclear power, construction, and corporate planning. He served as Senior Vice President from July 1998 to July 1999, with responsibility for customer service and for Con Edison s electric transmission and distribution systems. In 1999, Mr. Burke was elected President of Orange &

Rockland Utilities, Inc., a subsidiary of Con Edison. He was elected President and Chief Operating Officer of Consolidated Edison Company of New York, Inc. in 2000 and elected Chief Executive Officer in 2005. Mr. Burke was appointed President and Chief Executive Officer of Con Edison in 2005, and elected Chairman in 2006. In addition, Mr. Burke is Chairman of the Board of Trustees of Consolidated Edison of New York, Inc. and Chairman of the Board of Directors of Orange & Rockland Utilities, Inc., both of which are affiliates of Con Edison.

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Areas of Relevant Experience: Energy production and distribution; energy efficiency; alternative sources of energy; engineering and construction; development of new service offerings; government regulation.

Director since 2010 Age 62

JAIME CHICO PARDO, President and Chief Executive Officer, ENESA, S.A. de C.V.

Mr. Chico Pardo has been President and Chief Executive Officer of ENESA, S.A. de C.V., a private fund investing in the energy and health care sectors in Mexico since March 2010. He previously served as Co-Chairman of the Board of Telefonos de Mexico, S.A.B. de C.V. (TELMEX), a telecommunications company based in Mexico City, from April 2009 until April 2010 and as its Chairman from October 2006 to April 2009 and its Vice Chairman and Chief Executive Officer from 1995 until 2006. Mr. Chico Pardo was Co-Chairman of the Board of IDEAL (Impulsora del Desarrollo y el Empleo en América Latina, S.A. de C.V.), a publicly listed company in Mexico engaged in investment in and management of infrastructure assets in Latin America, from 2006 until 2010. He was also Chairman of Carso Global Telecom, S.A. de C.V. from 1996 until 2010. Prior to joining TELMEX, Mr. Chico Pardo served as President and Chief Executive Officer of Grupo Condumex, S.A. de C.V., a manufacturer of products for the construction, automobile and telecommunications industries, and Euzkadi/General Tire de Mexico, a manufacturer of automotive and truck tires. Mr. Chico Pardo has also spent a number of years in the international and investment banking business. Mr. Chico Pardo is a director of AT&T, Inc. He previously served as a director of Grupo Carso, S.A. de C.V. (1991-2010) and the following of its affiliates: CICSA (Carso Infraestructura y Construcción S.A.B. de C.V.) (2008-2011), América Móvil, S.A.B. de C.V. (2001-2009); America Telecom, S.A.B. de C.V. (2001-2006); Carso Global Telecom, S.A. de C.V. (1996-2010); Telmex Internacional, S.A.B. de C.V. (2008-2010); TELMEX (1991-2010) and IDEAL (2006-2013). He also previously served as a Board member of three mutual funds in the American Funds family of mutual funds (2011-2013). Mr. Chico Pardo was a director of Honeywell Inc. from September 1998 to December 1999.

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Areas of Relevant Experience: Telecommunications; automotive; manufacturing; engineering; construction; management of infrastructure assets; international business, operations and finance.

Director since 1999 Age 63

DAVID M. COTE, Chairman and Chief Executive Officer of Honeywell International Inc.

Mr. Cote has been Chairman

and Chief Executive Officer since July 2002. He joined Honeywell as President and Chief Executive Officer in February 2002. Prior to joining Honeywell, he served as Chairman, President and Chief Executive Officer of TRW Inc., a provider of products and services for the aerospace, information systems and automotive markets, from August 2001 to February 2002. From February 2001 to July 2001, he served as TRW s President and Chief Executive Officer and from November 1999 to January 2001 he served as its President and Chief Operating Officer. Mr. Cote was Senior Vice President of General Electric Company and President and Chief Executive Officer of GE Appliances from June 1996 to November 1999. He is also a director of JPMorgan Chase & Co.

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Areas of Relevant Experience: Senior leadership roles in global, multi-industry organizations; ability to drive a consistent One Honeywell approach across a large multinational organization; detailed knowledge and unique perspective and insights regarding the strategic and operational opportunities and challenges, economic and industry trends, and competitive and financial positioning of the Company and its businesses; significant public policy experience, including service on the bipartisan National

Commission on Fiscal Responsibility and Reform and the Bipartisan Policy Center Energy Project, and as Co-Chair of the U.S.-India CEO Forum.

Director since 2002 Age 60

D. SCOTT DAVIS, Chairman and Chief Executive Officer of United Parcel Service, Inc. (UPS)

Mr. Davis joined UPS, a leading global provider of package delivery, specialized transportation and logistics services in 1986, and has served as Chairman and Chief Executive Officer since January 1, 2008. Prior to this, he served as Vice Chairman since December 2006 and as Senior Vice President, Chief Financial Officer and Treasurer since January 2001. Previously, Mr. Davis held various leadership positions with UPS, primarily in the finance and accounting areas. Prior to joining UPS, he was Chief Executive Officer of II Morrow Inc., a developer of general aviation and marine navigation instruments. Mr. Davis is a Certified Public Accountant. He previously served on the Board of the Federal Reserve Bank of Atlanta (2003-2009), serving as Chairman in 2009.

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Areas of Relevant Experience: Transportation and logistics services; international operations, global economic indicators and issues; public policy; financial reporting, accounting and controls.

Director since 2005 Age 61

LINNET F. DEILY, Former Deputy U.S. Trade Representative and Ambassador

Ms. Deily was Deputy U.S. Trade Representative and U.S. Ambassador to the World Trade Organization from 2001 to 2005. From 2000 until 2001, she was Vice Chairman of The Charles Schwab Corp. Ms. Deily served as President of the Schwab Retail Group from 1998 until 2000 and President of Schwab Institutional Services for Investment Managers from 1996 to 1998. Prior to joining Schwab, she was the Chairman of the Board, Chief Executive Officer and President of First Interstate Bank of Texas from 1990 until 1996. She is also a director of Chevron Corporation. Ms. Deily previously served as a director of Alcatel-Lucent (2006-2008) and Lucent Technologies, Inc. (2005-2006).

* * *

Areas of Relevant Experience: International trade; capital markets; banking; corporate finance; government and public policy; telecommunications and information services; refinery and petrochemical industries; financial reporting; accounting and controls.

Director since 2006 Age 67

JUDD GREGG, former U.S. Senator from New Hampshire

Senator Gregg has spent over three decades in public office, most recently serving as the United States Senator from the State of New Hampshire from January 1993 until January 2011. During his tenure in the Senate, Senator Gregg served on a number of key Senate Committees including Budget; Appropriations; Government Affairs; Banking, Housing and Urban Affairs; Commerce, Science and Transportation; Foreign Relations; and Health, Education, Labor and Pensions. He has served as the Chairman and Ranking Member of the Health, Education, Labor and Pensions Committee and the Chairman and Ranking Member of the Senate Budget Committee as well as chairman of various sub-committees. Senator Gregg served as a chief negotiator of the Emergency Economic Stabilization Act of 2008 and was the lead sponsor of the Deficit Reduction Act of 2005, and, along with the late Senator Ted Kennedy, co-authored the No Child Left Behind Act of 2001. In March 2010, Senator Gregg was appointed to President Obama s bipartisan National Commission on Fiscal Responsibility and Reform. From 1989 to 1993, Senator Gregg was the Governor of New Hampshire and prior to that was a U.S. Representative from 1981 to 1989. He is also a director of Intercontinental

Exchange, Inc.

* * *

Areas of Relevant Experience: Government and public policy; financial regulatory reform; banking; tax; capital markets; science, renewable technology and research; environmental protection and conservation; healthcare; foreign policy.

Director since 2011 Age 66

CLIVE HOLLICK, former Chief Executive Officer of United Business Media.

Lord Hollick was Chief Executive Officer of United Business Media and its predecessor companies from 1974 to 2005. United was a London-based, international information, broadcasting, financial services and publishing group. From 2005 to 2010, he was a partner, managing director and adviser to Kohlberg Kravis Roberts & Co., a private equity firm focusing on businesses in the media and financial services sectors. Lord Hollick is a partner of GP Bullhound LLP, a director of ProSiebenSat.1 Media AG and a member of the Advisory Board of Jefferies Inc. He previously served as a director of The Nielsen Company B.V. (2006-2009), Diageo plc (2001-2011), TRW Inc. (2000-2002) and BAE Systems (1992-1997).

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Areas of Relevant Experience: International media (information, broadcasting, publishing and online); financial services; marketing and branding; technology and innovation; operating environment and trends in European markets; mergers and acquisitions, including in a private equity context; public policy in the UK and Europe.

Director since 2003 Age 67

GRACE D. LIEBLEIN, Vice President Global Purchasing and Supply Chain of General Motors Corporation (GM)

Ms. Lieblein has served as Vice President, Global Purchasing and Supply Chain of GM, a company that designs, manufactures and markets cars, crossovers, trucks, and automobile parts worldwide, since December 2012. Prior to her current role, Ms. Lieblein served as the GM Brazil President and Managing Director from June 2011 until December 2012, the GM Mexico President and Managing Director from January 2009 until June 2011 and Vehicle Chief Engineer from October 2004 to January 2009. Ms. Lieblein joined GM in 1978 as a co-op student at the General Motors Assembly Division in Los Angeles and has held a variety of leadership positions at GM in engineering, product development and manufacturing.

* * *

Areas of Relevant Experience: Automotive; supply chain management; global manufacturing; engineering; product design and development; international business, operations and finance

Director since 2012 Age 52

GEORGE PAZ, Chairman, President and Chief Executive Officer of Express Scripts, Inc.

Mr. Paz has served as Chairman of the Board of Express Scripts, Inc., a pharmacy benefit management company, since May 2006, as Chief Executive Officer since April 2005 and as President since October 2003. He has served as a director of Express Scripts since January 2004. Mr. Paz joined Express Scripts as Senior Vice President and Chief Financial Officer in January 1998 and continued to serve as its Chief Financial Officer following his election as President until April 2004. Mr. Paz is a Certified Public Accountant.

* * *

Areas of Relevant Experience: Employee health benefits; tax; financial reporting; accounting and controls; corporate finance; insurance and risk management; mergers and acquisitions; capital markets; government regulation.

Director since 2008 Age 57

BRADLEY T. SHEARES, Former Chief Executive Officer of Reliant Pharmaceuticals, Inc., Former President, U.S. Human Health, Merck & Co., Inc.

Dr. Sheares served as Chief Executive Officer of Reliant Pharmaceuticals, Inc., a pharmaceutical company with integrated sales, marketing and development expertise that marketed a portfolio of branded cardiovascular pharmaceutical products, from January 2007 through its acquisition by GlaxoSmithKline plc in December 2007. Prior to joining Reliant, Dr. Sheares served as President of U.S. Human Health, Merck & Co., Inc. from March of 2001 until July 2006. Prior to that time, he served as Vice President, Hospital Marketing and Sales for Merck s U.S. Human Health business. Dr. Sheares joined Merck in 1987 as a research fellow in the Merck Research Laboratories and held a wide range of positions within Merck, in business development, sales, and marketing, before becoming Vice President in 1996. He is also a director of The Progressive Corporation, Covance Inc., and Henry Schein, Inc. Dr. Sheares previously served as a director of IMS Health Incorporated (2009-2010).

* * *

Areas of Relevant Experience: Healthcare; sales and marketing; advertising and promotion; brand management; research and development; complex regulatory and legal issues; risk management; mergers and acquisitions.

Director since 2004 Age 56

ROBIN L. WASHINGTON, Senior Vice President and Chief Financial Officer of Gilead Sciences, Inc. (Gilead).

Ms. Washington joined Gilead, a research-based biopharmaceutical company, as Senior Vice President and Chief Financial Officer in May 2008. In this role, she oversees Gilead s Global Finance, Investor Relations and Information Technology organizations. From 2006-2007, Ms. Washington served as Chief Financial Officer of Hyperion Solutions, an enterprise software company that was acquired by Oracle Corporation in March 2007. Prior to that, Ms. Washington spent nearly 10 years at PeopleSoft, a provider of enterprise application software, where she served in a number of executive positions, most recently in the role of Senior Vice President and Corporate Controller. Ms. Washington is a Certified Public Accountant. She previously served as a director of Tektronix, Inc. (acquired by Danaher Corporation) (2005-2007) and MIPS Technologies, Inc. (acquired by Imagination Technologies Group PLC) (2008-2013).

* * *

Areas of Relevant Experience: Healthcare; tax; financial reporting; accounting and controls; corporate finance; information technology; mergers and acquisitions; capital markets.

Nominated for Election	Age 50

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

The primary functions of Honeywell s Board of Directors are:

- To oversee management performance on behalf of shareowners;
- To ensure that the long-term interests of the shareowners are being served;
- To monitor adherence to Honeywell standards and policies;
- To promote the exercise of responsible corporate citizenship; and
- To perform the duties and responsibilities assigned to the Board by the laws of Delaware, Honeywell s state of incorporation.

BOARD MEETINGS

The Board of Directors held seven meetings during 2012. The average attendance at meetings of the Board and Board Committees during 2012 was 96%. During this period, all of the directors attended or participated in at least 75% of the aggregate of the total number of meetings of the Board of Directors and the total number of meetings held by all Committees of the Board of Directors on which each such director served.

BOARD LEADERSHIP STRUCTURE

The Board of Directors believes that Mr. Cote s service as both Chairman of the Board and CEO is in the best interest of the Company and its shareowners. Mr. Cote possesses detailed and in-depth knowledge of the issues, opportunities and challenges facing the Company and its businesses. Considering the size and complexity of the Company, Mr. Cote is best positioned to develop agendas that ensure that the Board s time and attention are focused on the most critical matters for the Company and its shareowners.

Mr. Cote s combined role enables decisive leadership, ensures clear accountability, and enhances the Company s ability to communicate its message and strategy clearly and consistently to the Company s shareowners, employees, customers and suppliers, particularly during periods of volatile economic and industry conditions. Mr. Cote has been instrumental in developing the Honeywell Enablers , important internal business processes which drive efficiency and service quality, bringing world-class products and services to markets faster and more cost-effectively for our customer. This has been beneficial in driving a unified One Honeywell approach to core operating processes across a global, multi-industry organization of approximately 132,000 employees.

Each of the directors other than Mr. Cote is independent and the Board believes that the independent directors provide effective oversight of management, including the CEO. Honeywell utilizes a Presiding Director position which rotates on a meeting-by-meeting basis in accordance with years of service on the Board. The Presiding Director leads executive sessions of the independent, non-employee directors at each meeting of the Board. Following each executive session, the Presiding Director meets with the Chairman to provide feedback on matters discussed in the executive session and input regarding future agenda items, information requests or other suggestions for future Board and Committee meetings. The Board believes that its Presiding Director system combined with the Board practices and procedures described below, rather than selection of a single individual to fill the role of Lead Director , encourages full engagement of all of the independent directors in the executive sessions, avoids unnecessary hierarchy, and appropriately and effectively balances the combined Chairman/CEO role.

The Board s Committees Audit, Corporate Governance and Responsibility, Management Development and Compensation, and Retirement Plans undertake extensive analysis and review of the Company s activities in key areas such as financial reporting, internal controls, compliance, corporate governance, succession planning and executive compensation.

The Board and its Committees perform an annual review of the agenda and subjects to be considered for each meeting. During that review, each Board and Committee member is free to raise subjects that are not on the agenda at any meeting and to suggest items for inclusion on future agendas.

Each Director is provided in advance written material to be considered at every meeting of the Board and has the opportunity to provide comments and suggestions.

The Board and its Committees provide feedback to management and management is required to answer questions raised by the directors during Board and Committee meetings.

The Chair of the Corporate Governance and

Responsibility Committee is permanently empowered and authorized to call special meetings of the Board at any time and for any reason (instituted in 2012 in response to shareowner feedback).

The Chair of the Corporate Governance and Responsibility Committee has been designated as a point of contact for shareowner communications (instituted in 2013 in response to shareowner feedback).

Although the Company believes that the combination of the Chairman and CEO roles is appropriate in the current circumstances, Honeywell s Corporate Governance Guidelines do not establish this approach as a fixed rule but as a matter that is best considered as part of the CEO succession planning process.

BOARD COMMITTEES

The Board currently has the following Committees: Audit; Corporate Governance and Responsibility; Management Development and Compensation; and Retirement Plans. Each Committee consists entirely of independent, non-employee directors. See Director Independence on pages 14-15. The charter of each Committee of the Board of Directors is available free of charge on our website, www.honeywell.com, under the heading Investor Relations (see Corporate Governance Board Committees) or by writing to Honeywell, 101 Columbia Road, Morris Township, NJ 07962, c/o Vice President and Corporate Secretary.

The table below lists the current membership of each Committee and the number of Committee meetings held in 2012.

Name	Audit	Corporate Governance and Responsibility	Management Development and Compensation	Retirement Plans
Mr. Bethune		X	X	

Mr. Burke	X			X
Mr. Chico Pardo		X		X *
Mr. Davis	X		X *	
Ms. Deily	X	X *		
Mr. Gregg	X	X		
Mr. Hollick			X	X
Ms. Lieblein		X	X	
Mr. Paz	X *	X		
Dr. Sheares			X	X
2012 Meetings	9	5	6	3

* Committee Chairperson

9

The primary functions of each of the Board Committees are described below.

AUDIT COMMITTEE

The primary functions of this Committee are to:

- Appoint (subject to shareowner approval), and be directly responsible for, the compensation, retention and oversight of, the firm that will serve as independent accountants to audit our financial statements and to perform services related to the audit (including the resolution of disagreements between management and the independent accountants regarding financial reporting);

- Review the scope and results of the audit with the independent accountants;

- Review with management and the independent accountants, prior to the filing thereof, the annual and interim financial results (including Management s Discussion and Analysis) to be included in Forms 10-K and 10-Q, respectively;

Consider the adequacy and effectiveness of our internal accounting controls and auditing procedures;

Review, approve and thereby establish procedures for the receipt, retention and treatment of complaints received by Honeywell regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;

Review material legal and compliance matters and the effectiveness of the Company s integrity and compliance program; and

Consider the accountants independence.

The Committee seeks to ensure the exercise of appropriate professional skepticism by the independent accountants by reviewing and discussing, among other things, management and auditor reports regarding significant estimates and judgments and the results of peer quality review and PCAOB inspections of the independent accountants, as well as review and pre-approval of all audit and non-audit services to be provided to Honeywell by the independent accountants in order to determine that such services would not adversely impact auditor independence and objectivity. The Committee also holds separate executive sessions at each in-person meeting with representatives of PricewaterhouseCoopers LLP, our independent accountants, and with Honeywell s Chief Financial Officer and Vice President Corporate Audit. The Board has determined that Mr. Paz, Mr. Burke, Mr. Davis and Ms. Deily satisfy the accounting or related financial management expertise requirements set forth in the NYSE listing standards, and has designated Mr. Paz as the audit committee financial expert , as such term is defined by the SEC. See page 79 for the Audit Committee Report.

CORPORATE GOVERNANCE AND RESPONSIBILITY COMMITTEE

The primary functions of this Committee are to:

Identify and evaluate potential Director candidates and recommend to the Board the nominees to be proposed by the Company for election to the Board;

Review and make a recommendation to the Board regarding whether to accept a resignation tendered by a Board nominee who does not receive a majority of votes cast for his or her election in an uncontested election of directors;

Review annually and recommend changes to the Corporate Governance Guidelines;

Lead the Board in its annual review of the performance of the Board and its Committees;

Review policies and make recommendations to the Board concerning the size and composition of the Board, the qualifications and criteria for election to the Board, retirement from the Board, compensation and benefits of non-employee directors, the conduct of business between Honeywell and any person or entity affiliated with a director, and the structure and composition of Board Committees; and

Review Honeywell s policies and programs relating to health, safety and environmental matters, equal employment opportunity and such other matters, including the Company s Code of Business Conduct, as may be brought to the attention of the Committee regarding Honeywell s role as a responsible corporate citizen.

See Identification and Evaluation of Director Candidates on pages 15-16 and Director Compensation on pages 17-19.

MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE

The Company s executive compensation program is administered by the Management Development and Compensation Committee. Each member of the Committee qualifies as an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (Internal Revenue Code). The primary functions of this Committee are to:

- Evaluate and approve executive compensation plans, policies and programs, including review and approval of executive compensation-related corporate goals and objectives;

- Review and approve the individual goals and objectives of the Company s executive officers;

- Evaluate the CEO s performance relative to established goals and objectives and, together with the other independent directors, determine and approve the CEO s compensation level;

- Review and determine the annual

salary and other remuneration (including under incentive compensation and equity-based plans) of all other officers;

Review and discuss with management, the Compensation Discussion and Analysis and other executive compensation disclosure included in this proxy statement;

Produce the annual Committee Report included in this proxy statement;

Review the management development program, including executive succession plans; and

Review or take such other action as may be required in connection with the bonus, stock and other benefit plans of Honeywell and its subsidiaries.

See page 55 for the Management Development and Compensation Committee Report.

Role of Consultant

The Committee has sole authority to retain and terminate a compensation consultant to assist in the evaluation of CEO or senior executive compensation. Under the Committee s established policy, its consultant cannot provide any other services to the Company. Since October 2009, the Committee has retained Pearl Meyer & Partners (PM&P) as its independent compensation consultant.

The Committee regularly reviews the services provided by its outside consultants and believes that PM&P is independent in providing executive compensation consulting services. The Committee conducted a specific review of its relationship with PM&P in 2013, and determined that PM&P s work for the Committee did not raise any conflicts of interest, consistent with the guidance provided under the Dodd-Frank Act, the SEC and the NYSE. In making this determination, the Committee reviewed information provided by PM&P on the following factors:

- Any other services provided to the Company by PM&P;
- Fees received by PM&P from the Company as a percentage of PM&P s total revenue;
- Policies or procedures maintained by PM&P to prevent a conflict of interest;
- Any business or personal relationship between the individual PM&P consultants assigned to the Honeywell relationship and any Committee member;
- Any business or personal relationship between the individual PM&P

consultants assigned to the Honeywell relationship, or PM&P itself, and Honeywell s executive officers; and

Any Company stock owned by the individual PM&P consultants assigned to the Honeywell relationship.

In particular, the Committee noted that PM&P did not provide any services to the Company or its management other than service to the Committee, and its services were limited to executive compensation consulting. Specifically it does not provide, directly or indirectly through affiliates, any non-executive compensation services, including, but not limited to, pension consulting or human resources outsourcing. The Committee continues to monitor the independence of its compensation consultant on a periodic basis.

PM&P compiles information and provides advice regarding the components and mix (short-term/long-term; fixed/variable; cash/equity) of the executive compensation programs of the Company and its Compensation Peer Group (see pages 36-37 of this proxy statement for further detail regarding the Compensation Peer Group) and analyzes the relative performance of the Company and the Compensation Peer Group with respect to stock performance and the financial metrics generally used in the programs. PM&P also provides information regarding emerging trends and best practices in executive compensation. In addition to information compiled by PM&P, the Committee also reviews general survey data compiled and published by third parties; neither the Committee nor the Company has any input into the scope of or the companies included in these third-party surveys.

While the Committee reviews information provided by PM&P regarding compensation paid by the Compensation Peer Group, as well as third-party survey data, as a general indicator of relevant market conditions, the Committee does not target a specific competitive position relative to the market in making its compensation determination. See Peer Group Compensation Data on pages 36-37 of this proxy statement for further discussion.

PM&P reports to the Committee Chair, has direct access to Committee members, attends Committee meetings either in person or by telephone, and meets with the Committee in executive session without management present.

Input From Senior Management

The Committee considers input from senior management in making determinations regarding the overall executive compensation program and the individual compensation of the executive officers. As part of the Company s annual planning process, the CEO, CFO and Senior Vice President Human Resources and Communications develop targets for the Company s incentive compensation programs and present them to the Committee. These targets are reviewed by the Committee to ensure alignment with the Company s strategic and annual operating plans, taking into account the targeted year-over-year and multi-year improvements as well as identified opportunities and risks. Based on performance appraisals, including an assessment of the achievement of pre-established financial and non-financial management objectives, together with a review of supplemental performance measures and prior compensation levels relative to performance, the CEO recommends base salary adjustments and cash and equity incentive award levels for the Company s other executive officers. See Compensation Discussion and Analysis beginning on page 25 of this proxy statement for additional discussion. Each year, the CEO presents to the Committee and the full Board his evaluation of each executive officer s contribution and performance over the past year, strengths and development needs and actions, and reviews succession plans for each of the executive officers.

RETIREMENT PLANS COMMITTEE

The primary functions of this Committee are to:

Appoint the trustees for funds of the employee pension benefit plans of

Honeywell and certain subsidiaries;

Review funding strategies;

Review investment policy for fund assets; and

Oversee members of the committees that direct the investment of pension fund assets.

BOARD S ROLE IN RISK OVERSIGHT

While senior management has primary responsibility for managing risk, the Board as a whole has responsibility for risk oversight, with review of certain areas being conducted by the relevant Board Committees that in turn report on their deliberations to the Board. The Board works with senior management to develop a broad portfolio view that considers and balances risk-taking for sustainable growth and competitive advantage in a manner consistent with the Company s long-term strategic plan with actions necessary to preserve assets and protect against losses. The oversight responsibility of the Board and its Committees is enabled by management reporting processes that are designed to provide visibility to the Board about the identification, assessment and management of critical risks and management s risk mitigation strategies and enable informed decision-making and intelligent risk-taking. These areas of focus include strategic, competitive, economic, operational, financial (accounting, credit, liquidity, and tax), legal, regulatory compliance, health, safety and environment, political, and reputational risks.

The Board and the Audit Committee review the Company s enterprise risk management program at least annually. Throughout the year, management regularly communicates with the Board and its Committees regarding the identification, assessment and mitigation of specific risks. The Board and its Committees oversee risks associated with their respective principal areas of focus, as summarized below. Each Committee meets in executive session with key management personnel and representatives of outside advisors (for example, the Vice President Corporate Audit meets in executive session with the Audit Committee).

Board/Committee	Primary Areas of Risk Oversight
Full Board	Strategic, financial and execution risks and exposures associated with the annual operating plan, and five-year strategic plan (including matters affecting capital allocation); major litigation and regulatory exposures and other current matters that may present material risk to the Company s operations, plans, prospects or reputation; acquisitions and divestitures (including through post-closing reviews); senior management succession planning.
Audit Committee	Risks and exposures associated with financial reporting, tax, accounting, disclosure, internal control over financial reporting, financial policies, investment guidelines, credit and liquidity and legal and compliance matters.
Corporate Governance and Responsibility Committee	Risks and exposures relating to Honeywell s programs and policies relating to corporate governance; director succession planning; diversity; health, safety, and environment.
Management Development and Compensation Committee	Risks and exposures associated with leadership assessment, management succession planning, and executive compensation programs and arrangements, including incentive plans.
Retirement Plans Committee	Risks and exposures associated with Honeywell s employee pension and savings plans, including their relative investment performance, asset allocation strategies and funded status.

DIRECTOR INDEPENDENCE

The Company s Corporate Governance Guidelines state that the Board intends that, at all times, a substantial majority of its directors will be considered independent under relevant NYSE and SEC guidelines. The Corporate Governance and Responsibility Committee conducts an annual review of the independence of the members of the Board and its Committees and reports its findings to the full Board. Based on the report and recommendation of the Corporate Governance and Responsibility Committee, the Board has determined that each of the non-employee nominees standing for election to the Board at the Annual Meeting Messrs. Bethune, Burke, Chico Pardo, Davis, Gregg, Hollick, Paz, and Sheares and Mses. Deily and Lieblein satisfies the independence criteria (including the enhanced criteria with respect to members of the Audit Committee) set forth in the applicable NYSE listing standards and SEC rules. Ms. Washington, who is standing for election to the Board for the first time, is also independent under these standards. Each Board Committee member qualifies as a non-employee director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act).

For a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationships (including vendor, supplier, consulting, legal, banking, accounting, charitable and family relationships) with Honeywell, other than as a director and shareowner. NYSE listing standards also impose certain per se bars to independence, which are based upon a director s relationships with Honeywell currently and during the three years preceding the Board s determination of independence.

The Board considered all relevant facts and circumstances in making its determinations, including the following:

No non-employee director or nominee receives any direct compensation from Honeywell other than under the director compensation program described on pages 17-19 of this proxy statement.

No immediate family member (within the meaning of the NYSE listing standards) of any non-employee director or nominee is an employee of Honeywell or otherwise receives direct compensation from Honeywell.

No non-employee director or nominee is an employee of Honeywell s independent accountants and no non-employee director or nominee (or any of their respective immediate family members) is a current partner of Honeywell s independent accountants, or was within the last three years, a partner or employee of Honeywell s independent accountants and personally worked on Honeywell s audit.

No non-employee director or nominee is a member, partner, or principal of any law firm, accounting firm or investment banking firm that receives any consulting, advisory or other fees from Honeywell.

No Honeywell executive officer is on the compensation committee of the board of directors of a company that employs any of our non-employee directors or nominees (or any of their respective immediate family members) as an executive officer.

No non-employee director or nominee (or any of their respective immediate family members) is indebted to Honeywell, nor is Honeywell indebted to any non-employee director or nominee (or any of their respective immediate family members).

No non-employee director or nominee serves as an executive officer of a charitable or other tax-exempt organization that received contributions from Honeywell.

Honeywell has commercial relationships (purchase and/or sale of products and services) with companies at which our directors serve as officers (UPS, Con Edison and General Motors). In each case, (i) the relevant products and services were provided on terms and conditions determined on an arm s-length basis and consistent with those provided by or to similarly situated customers and suppliers; (ii) the relevant director did not initiate or negotiate the relevant transaction, each of which was in the ordinary course of business of both companies, and (iii) the combined amount of such purchases and sales was less than 1% of the consolidated gross revenues of each of Honeywell and the other company in each of the last three completed fiscal years. This level is significantly below the relevant per se bar to independence set forth in the NYSE listing standards, which uses a 2% of total revenue threshold and applies it to each of purchases and sales rather than the combination of the two.

While a non-employee director s or nominee s service as an outside director of another company with which Honeywell does business is not within the NYSE per se independence bars and would generally not be expected to raise independence issues, the Board also considered those relationships and confirmed the absence of any material commercial relationships with any such company. Specifically, those commercial relationships were in the ordinary course of business for Honeywell and the other companies involved and were on terms and conditions available to similarly situated customers and suppliers.

The above information was derived from the Company s books and records and responses to questionnaires completed by the director nominees in connection with the preparation of this proxy statement.

IDENTIFICATION AND EVALUATION OF DIRECTOR CANDIDATES

The Board has determined that its Corporate Governance and Responsibility Committee shall, among other responsibilities, serve as the nominating committee. The Committee consists entirely of independent directors under applicable SEC rules and NYSE listing standards. The Committee operates under a written charter adopted by the Board of Directors. A copy of the charter is available free of charge on our website www.honeywell.com, under the heading Investor Relations (see Corporate Governance Board Committees), or by writing to Honeywell, 101 Columb Road, Morris Township, New Jersey 07962, c/o Vice President and Corporate Secretary. The Committee is charged with seeking individuals qualified to become directors, evaluating the qualifications of individuals suggested or nominated by third parties, and recommending to the Board the nominees to be proposed by the Company for election to the Board and actions with respect to individuals nominated by third parties. The Committee considers director candidates in anticipation of upcoming director elections and other potential or expected Board vacancies.

The Committee considers director candidates suggested by members of the Committee, other directors, senior management and shareowners. The Committee has retained, at the expense of the Company, a search firm to identify potential director candidates, and is also authorized to retain other external advisors for specific purposes, including performing background reviews of potential candidates. The search firm retained by the Committee has been provided guidance as to the particular experience, skills and other characteristics that the Board is seeking. The Committee has delegated responsibility for day- to-day management and oversight of the search firm engagement to the Company s Senior Vice President Human Resources and Communications.

Preliminary interviews of director candidates may be conducted by the Chairman of the Committee or, at his or her request, any other member of the Committee, the Chairman of the Board and/or a representative of the search firm retained by the Committee. Background material pertaining to director candidates is distributed to the members of the Committee for their review. Director candidates whom the Committee determines merit further consideration are interviewed by such other Committee members, directors and key senior management personnel as determined by the Chairman of the Committee. The results of these interviews are considered by the Committee in its deliberations.

The Committee annually reviews with the Board the requisite skills and characteristics of Board members, as well as the composition of the Board as a whole. This assessment includes a consideration of independence, diversity, age, skills, experience and industry backgrounds in the context of the needs of the Board and the Company, as well as the ability of current and prospective directors to devote sufficient time to performing their duties in an effective manner. Directors are expected to exemplify the highest standards of personal and professional integrity; and to constructively challenge management through their active participation and questioning. In particular, the Committee seeks directors with established strong professional reputations and expertise in areas relevant to the strategy and operations of the Company s businesses. The Committee conducts regular reviews of current directors in light of the considerations described above and their past contributions to the Board.

Our Commitment to Board Diversity

While the Company s Corporate Governance Guidelines do not prescribe a diversity policy or standards, as a matter of practice, the Committee is committed to enhancing both the diversity of the Board itself and the perspectives and values that are discussed in Board and Committee meetings. Our current Board composition reflects this approach and the Board s commitment to diversity:

Three director nominees are women (including two standing for election to the Board by shareowners for the first time)

Three director nominees are Hispanic;

Two director nominees are African-American; and

Two director nominees are non-U.S. citizens.

Shareowners wishing to recommend a director candidate to the Committee for its consideration should write to the Committee, in care of Vice President and Corporate Secretary, Honeywell, 101 Columbia Road, Morris Township, New Jersey 07962. To receive meaningful consideration, a recommendation should include the candidate s name, biographical data, and a description of his or her qualifications in light of the above criteria. Shareowners wishing to nominate a director should follow the procedures set forth in the Company s By-laws and described under Director Nominations on page 92 of this proxy statement.

This year, two director nominees, Grace D. Lieblein and Robin L. Washington, are nominated for election to the Board of Directors who have not previously been nominated for election to the Board by the shareowners. Mses. Lieblein and Washington were identified by a third-party search firm. Ms. Lieblein was elected to the Board by the directors, effective December 14, 2012.

The Company did not receive any recommendation of a director candidate from a shareowner, or group of shareowners, that beneficially owned more than 5% of Honeywell s common stock (Common Stock) for at least one year as of the date of recommendation.

DIRECTOR ORIENTATION AND CONTINUING EDUCATION

As part of the Company s director orientation program, new directors participate in one-on-one introductory meetings with Honeywell business and functional leaders and are given presentations by members of senior management on the

Company s strategic plans, financial statements and key issues, policies and practices. Directors may enroll in director continuing education programs at the Company s expense on corporate governance and critical issues associated with a director s service on a public company board. Our senior management meets regularly with the Board and, annually, meets and reviews with the Board the operating plan of the Company and each of our strategic business groups. The Board also periodically participates in site visits to the Company s facilities.

PROCESS FOR COMMUNICATING WITH BOARD MEMBERS

Shareowners, as well as other interested parties, may communicate directly with the Chair of the Corporate Governance and Responsibility Committee, the presiding director for an upcoming meeting or the non-employee directors as a group by writing to Honeywell, 101 Columbia Road, Morris Township, New Jersey 07962, c/o Vice President and Corporate Secretary. Communications may also be sent to individual directors at the above address. The Corporate Secretary of the Company reviews and promptly forwards communications to the directors as appropriate. Communication involving substantive accounting or auditing matters are forwarded to the Chair of the Audit Committee. Certain items that are unrelated to the duties and responsibilities of the Board will not be forwarded such as: business solicitation or advertisements; product or service related inquires; junk mail or mass mailings; resumes or other job-related inquires; spam and overly hostile, threatening, potentially illegal or similarly unsuitable communications.

DIRECTOR ATTENDANCE AT ANNUAL MEETINGS

The Company has no specific policy regarding director attendance at its Annual Meeting of Shareowners. Generally, however, Board and Committee meetings are held immediately preceding and following the Annual Meeting of Shareowners, with directors attending the Annual Meeting. All of the directors attended last year s Annual Meeting of Shareowners.

DIRECTOR COMPENSATION

The Corporate Governance and Responsibility Committee reviews and makes recommendations to the Board regarding the form and amount of compensation for non-employee directors. Directors who are employees of Honeywell receive no compensation for service on the Board. Honeywell s director compensation program is designed to enable continued attraction and retention of highly qualified directors and is designed to address the time, effort, expertise and accountability required of active Board membership. In general, the Corporate Governance and Responsibility Committee and the Board believe that annual compensation for non-employee directors should consist of both a cash component, designed to compensate members for their service on the Board and its Committees, and an equity component, designed to align the interests of directors and shareowners and, by vesting over time, to create an incentive for continued service on the Board.

ANNUAL COMPENSATION

Each non-employee director receives an annual Board cash retainer of $80,000. Each also receives a cash fee of $2,500 for each Board meeting attended, an annual cash retainer of $10,000 for each Board Committee on which he or she serves ($15,000 for Audit Committee), and an additional Committee Chair cash retainer of $15,000 for the Audit Committee and $10,000 for all other Board Committees. While no fees are generally paid for attending Committee meetings, a $1,000 cash fee is paid for attendance at a Committee meeting, or other extraordinary meeting related to Board business, which occurs apart from a regularly scheduled Board meeting.

At the commencement of each year, $60,000 in Common Stock equivalents is automatically credited to each director s account in the Deferred Compensation Plan for Non-Employee Directors, which amounts are only payable after termination of Board service, and are paid, in cash, as either a lump sum or in equal annual installments. Dividend equivalents are credited with respect to these amounts.

Beginning in 2012, each non-employee director received an annual equity grant with a target value of $75,000 consisting of 50% restricted stock units (RSUs) and 50% options to purchase shares of Common Stock at a price per share equal to the fair market value of a share of Common Stock on the date of grant, which is the date of the Annual Meeting of Shareowners. The options vest in equal annual installments over the four years following the grant date. The options also become fully vested at the earliest of the director s retirement from the Board on or after the mandatory retirement age set by the Board and in effect on the date of grant (currently age 72), death, disability or change in control, as set forth in the 2006 Stock Plan for Non-Employee Directors of Honeywell (the Non-Employee Director Plan) and the relevant award agreements. The RSUs will vest on the earliest of the third anniversary of the date of grant, the director s death or disability, or change in control. Prior to 2012, non-employee directors received options to purchase a fixed number of shares (5,000) rather than a target value equity grant split between options and RSUs.

DEFERRED COMPENSATION

A non-employee director may elect to defer, until a specified calendar year or termination of Board service, all or any portion of his or her annual cash retainers and fees, and have such compensation credited to his or her account in the Deferred Compensation Plan for Non-Employee Directors. Amounts credited either accrue interest (3.65% for 2012 and set at 2.90% for 2013) or are valued as if invested in a Honeywell Common Stock fund or one of the other funds available to participants in our employee savings plan. The unit price of the Honeywell Common Stock fund is increased to take dividends into account. In addition to payments at the termination of Board service, upon a change of control, as defined in the Non-Employee Director Plan, a director may receive, pursuant to a prior election, a lump-sum payment for amounts deferred before 2006.

The non-employee directors of the Company who were previously non-employee directors of Honeywell Inc. (Messrs. Bethune and Chico Pardo) participate in the legacy Honeywell Inc. Non-Employee Directors Fee and Stock Unit Plan.

The last fee deferral under this plan occurred on December 1, 1999. Since that date, deferred amounts are increased only by dividend equivalents. Payment will be made to a participating director in whole shares of Common Stock following the earlier of a change in control or the director s termination of Board service for any reason, in one payment or annual installments, as elected by the director.

OTHER BENEFITS

Non-employee directors are also provided with $350,000 in business travel accident insurance. They are also eligible to elect to receive $100,000 in term life insurance and medical and dental coverage for themselves and their eligible dependents which is consistent with similar coverage offered to the Company s active salaried employees. In September 2008, the Board determined that new directors would be responsible for paying premiums for term life insurance and medical and dental coverage which they elected to receive. Honeywell also matches, dollar for dollar, any charitable contribution made by a director to any qualifying educational institution or charity, up to a maximum of $25,000 in the aggregate per director, per calendar year. In addition, directors may utilize available Company aircraft for travel to and from Board and Committee meetings.

RESTRICTED STOCK UNIT GRANT UPON ELECTION TO BOARD

New non-employee directors receive a one-time grant of 3,000 RSUs upon their election to the Board that vest on the earliest of the fifth anniversary of continuous Board service, death, disability or change in control. During this period, the director will receive dividend equivalents that will be automatically reinvested into additional RSUs which vest according to the same schedule as the underlying RSUs to which they relate. The director may defer the receipt of the RSUs on substantially the same terms and conditions as officers of the Company with respect to new grants of RSUs.

STOCK OWNERSHIP GUIDELINES

Director stock ownership guidelines have been adopted under which each non-employee director, while serving as a director of the Company, must (i) hold Common Stock (including restricted shares and RSUs and/or Common Stock equivalents) with a market value of at least five times the annual cash retainer (or $400,000; up from the previous requirement of $300,000 in 2011) and (ii) hold net gain shares from option exercises for one year. Net gain shares means the number of shares obtained by exercising the option, less the number of shares the director sells to cover the exercise price of the options and pay applicable taxes. Directors have five years from election to the Board to attain the prescribed ownership threshold. All current directors other than Ms. Lieblein (elected to the Board on December 14, 2012) have attained the prescribed ownership threshold.

Director Compensation Fiscal Year 2012

Director Name	Fees Earned or Paid Cash(1) ($)	Stock Awards(2)(3) ($)	Option Awards(2)(4) ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(5) ($)	All Other Compensation(6) ($)	Total ($)
Gordon Bethune	$ 180,500	$ 37,519	$ 37,511	$ 42,858	$ 4	$ 298,392
Kevin Burke	$ 186,500	$ 37,519	$ 37,511		$ 25,004	$ 286,534
Jaime Chico Pardo	$ 186,000	$ 37,519	$ 37,511		$ 26,415	$ 287,445

D. Scott Davis	$ 197,500	$ 37,519	$ 37,511	$ 4,872	$ 1,217	$ 278,619
Linnet Deily	$ 196,000	$ 37,519	$ 37,511		$ 32,374	$ 303,404
Judd Gregg	$ 187,500	$ 37,519	$ 37,511		$ 4	$ 262,534
Clive Hollick	$ 178,500	$ 37,519	$ 37,511	$ 4,739	$ 38,142	$ 296,411
Grace Lieblein	$ 6,667	$ 185,010 (7)				$ 191,677
George Paz	$ 201,000	$ 37,519	$ 37,511		$ 25,004	$ 301,034
Bradley Sheares	$ 178,500	$ 37,519	$ 37,511	$ 9,030	$ 25,790	$ 288,350

(1) Includes all fees earned, whether paid in cash or deferred under the Deferred Compensation Plan for Non-Employee Directors (including amounts treated as deferred in the Honeywell Common Stock fund).

(2) The table below reflects all outstanding stock awards and option awards held at December 31, 2012 by each of the listed individuals.

Director Name	Outstanding Stock Awards at 12/31/12	Outstanding Option Awards at 12/31/12
Mr. Bethune	649	44,926
Mr. Burke.	3,896	12,926
Mr. Chico Pardo	649	44,926
Mr. Davis	649	32,926
Ms. Deily	649	32,926
Mr. Gregg	3,790	7,926
Mr. Hollick	649	42,926
Ms. Lieblein	3,000	
Mr. Paz	3,896	17,926
Dr. Sheares	649	37,926

(3) The amounts set forth in this column represent the aggregate grant date fair value of stock awards computed in accordance with FASB ASC Topic 718. The fair value of each stock award is estimated on the date of grant by averaging the high and low of the Company s stock price on the date of grant. Stock awards of 637 shares were made to Non-Employee Directors in April 2012 with a value of $58.90 per share. A more detailed discussion of the assumptions used in the valuation of stock awards made in fiscal year 2012 may be found in Note 20 of the Notes to the Financial Statements in the Company s Form

10-K for the year ended December 31, 2012.

(4) The amounts set forth in this column represent the aggregate grant date fair value of option awards computed in accordance with FASB ASC Topic 718. The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model. Option awards of 2,926 shares were made to non-employee directors in April 2012 with a Black-Scholes value of $12.82 per share. A more detailed discussion of the assumptions used in the valuation of option awards made in fiscal year 2012 may be found in Note 20 of the Notes to the Financial Statements in the Company s Form 10-K for the year ended December 31, 2012.

(5) Amounts included in this column reflect above-market earnings on deferred compensation. Amounts invested in cash under the Deferred Compensation Plan

for Non-Employee Directors are credited with the same rate of interest that applies to executives under the Honeywell Salary and Incentive Award Deferral Plan for Selected Employees. Deferrals for the 2006 plan year and later earn a rate of interest, compounded daily, based on the Company s 15-year cost of borrowing. The rate is subject to change annually. For 2012, this rate was 3.65%, and is set at 2.90% for 2013. Deferrals for the 2005 plan year earn a rate of interest, compounded daily, which was set at an above-market rate before the beginning of the plan year and is subject to change annually. Deferrals for the 2004 plan year and prior plan years earn a rate of interest, compounded daily, that was set at an above-market rate before the beginning of each plan year. This rate is fixed until the deferral is distributed.

(6) See Director Compensation Other Benefits above for a description of the

items included in the All Other Compensation column for 2012. Honeywell matched charitable contributions in the amounts of:

Director Name	Matched Charitable Contributions
Mr. Burke	$ 25,000
Mr. Chico Pardo	$ 25,000
Ms. Deily.	$ 25,000
Mr. Hollick.	$ 25,000
Mr. Paz	$ 25,000
Dr. Sheares	$ 25,000

(7) Reflects 3,000 RSUs granted to Ms. Lieblein upon her election to the Board in December 2012 with a value of $61.67 per share.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

APPLICABLE POLICIES AND PROCEDURES

The Company has written policies and procedures for approval or ratification of related person transactions. Article EIGHTH of Honeywell s Amended and Restated Certificate of Incorporation provides that a related or interested party transaction shall not be void or voidable if such transaction is duly authorized or ratified by a majority of the disinterested members of the Board of Directors. Consistent with SEC rules, a related or interested party transaction includes a transaction between the Company and a director, director nominee or executive officer of the Company or a beneficial owner of more than 5% of the Company s Common Stock or any of their respective immediate family members. Furthermore, the Honeywell Code of Business Conduct requires that each director and executive officer report to the Board of Directors on an ongoing basis any relationship or transaction that may create or appear to create a conflict between the personal interests of those individuals (or their immediate family members) and the interests of the Company. A conflict, or appearance of a conflict, might arise, for example, by accepting gifts or loans from a current or potential customer, supplier or competitor, owning a financial interest in, or serving in a business capacity with, an outside enterprise that competes with or does or wishes to do business with, the Company, serving as an intermediary for the benefit of a third party in transactions involving the Company or using confidential Company information or other corporate assets for personal profit.

If a conflict of interest or related party transaction is of a type or a nature that falls within the scope of oversight of a particular Board Committee, it is referred to that Committee for review. The Board or the responsible Committee thereof must review any potential conflict and determine whether any action is required, including whether to authorize, ratify or direct the unwinding of the relationship or transaction under consideration, as well as ensure that appropriate controls are in place to protect the Company and its shareowners. In making that determination, the Board or responsible Committee considers all relevant facts and circumstances, such as the benefits of the transaction to the Company; the terms of the transaction and whether they are arm s-length and in the ordinary course of the Company s business; the direct or indirect nature of the related person s interest in the transaction; the size and expected term of the transaction; and other facts and circumstances that bear on the materiality of the related person transaction under applicable law and listing standards.

In order to ensure that all material relationships and related person transactions have been identified, reviewed and disclosed in accordance with applicable policies, procedures and regulations, each director and officer also completes and signs a questionnaire at the end of each fiscal year that requests confirmation that there are no material relationships or related person transactions between such individuals and the Company other than those previously disclosed to the Company.

RELATED PERSON TRANSACTION

The Honeywell ADI business leases its administrative office building in Melville, New York at a current rent of approximately $1,023,000 per year. Subsequent to the time that ADI entered into this lease, the property was acquired by a partnership known as New Island Holdings. There have been no material amendments to the lease since the property was acquired by New Island Holdings. Each of Mr. Fradin, President and Chief Executive Officer, Honeywell Automation and Control Solutions and Mr. Kramvis, President and Chief Executive Officer, Honeywell Performance Materials and Technologies, is a limited partner in New Island Holdings, holding 12% and 9% ownership interests, respectively. The limited partners of New Island Holdings receive distributions based on total lease payments generated from the portfolio of buildings that the partnership owns, less applicable mortgage and other expenses.

STOCK OWNERSHIP INFORMATION

FIVE PERCENT OWNERS OF COMPANY STOCK

The following table sets forth information as to those holders known to Honeywell to be the beneficial owners of 5% or more of the outstanding shares of Common Stock as of December 31, 2012. State Street Corporation is listed in the table below because one of its subsidiaries (State Street Bank and Trust Company) holds 5.6% of our outstanding Common Stock as trustee for certain Honeywell savings plans. See notes below for additional details.

Name and Complete Mailing Address	Number of Shares	Percent of Common Stock Outstanding
State Street Corporation State Street Financial Center, One Lincoln Street, Boston, MA 02111	73,547,438 (1)	9.4% (2)
BlackRock Inc. 40 East 52nd Street, New York, NY 10022	42,876,733 (3)	5.47%
Massachusetts Financial Services Company 111 Huntington Avenue Boston, MA 02199	39,300,294 (4)	5.0%

(1) State Street Corporation has shared voting power and shared dispositive power in each case in respect of the 73,547,438 shares listed above.

State Street Bank and Trust Company, a subsidiary of State Street Corporation, has shared voting power and shared dispositive power in each case in respect of 57,369,620 shares included above.

(2) State Street Bank and Trust Company holds 5.6% of our outstanding Common Stock as trustee for certain Honeywell savings plans. Under the terms of the plans, State Street is required to vote shares attributable to any participant in accordance with instructions received from the participant and to vote all shares for which it does not receive instructions in the same ratio as the shares for which instructions were received.

(3) BlackRock Inc. has sole voting power

and sole dispositive power in respect of all 42,876,733 shares.

(4) Massachusetts Financial Services Company and certain related entities have sole voting power in respect of 32,279,653 shares and sole dispositive power in respect of all 39,300,294 shares.

STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth information as of February 22, 2013 with respect to the beneficial ownership of Common Stock by each director or director nominee, each executive officer named in the Summary Compensation Table herein, and by all directors (including nominees) and executive officers of Honeywell as a group. Except as otherwise noted, the individuals listed in the following table have the sole power to vote or transfer the shares reflected in the table.

Name(1)	Total Number of Shares(2)	Components of Beneficial Ownership (Number of Shares) Common Stock Beneficially Owned	Right To Acquire(3)	Other Stock-Based Holdings(4)
Gordon M. Bethune	65,515	5,000	38,981	21,534
Kevin Burke	19,854	8,000	6,981	4,873
Jaime Chico Pardo	84,334	19,410	38,981	25,943
David M. Cote	6,986,172	643,439	5,475,000	867,733
D. Scott Davis	50,328	11,000	26,981	12,347
Linnet F. Deily	37,730		26,981	10,749
Judd Gregg	12,058	2,000	3,231	6,827
Clive Hollick.	57,369	3,000	36,981	17,388
Grace D. Lieblein	985			985
George Paz.	20,081	1,000	11,981	7,100
Bradley T. Sheares.	48,402	2,212	31,981	14,209
Robin L. Washington(5)				
David J. Anderson	1,723,366	119,104	1,328,750	275,512
Roger Fradin.	1,568,275	120,641	1,328,750	118,884
Timothy Mahoney	481,431	44,950	430,100	6,381
Andreas Kramvis	585,916	29,987	551,000	4,929
All directors, nominees and executive officers as a group, including the above-named persons (21 people)	13,488,042	1,152,359	10,933,747	1,401,936

(1) c/o Honeywell International Inc., 101 Columbia Road, Morris Township, New Jersey 07962.

(2) The total beneficial ownership for any individual is less than 1% and the total for the group is approximately 1.72% of the shares of Common Stock

outstanding.

(3) Includes shares which the named individual or group has the right to acquire through the exercise of vested stock options, and shares which the named individual or group has the right to acquire through the vesting of performance shares, RSUs and stock options within 60 days of February 22, 2013.

(4) Includes shares and/or share-equivalents in deferred accounts, as to which no voting or investment power exists.

(5) Ms. Washington is a nominee for election to the Board at the 2013 Annual Meeting of Shareowners.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors, executive officers, and persons who own more than 10% of our Common Stock to file reports of ownership and changes in ownership of our Common Stock with the SEC. Based on the information available to us during fiscal year 2012, we believe that all applicable Section 16(a) filing requirements were met on a timely basis.

SEC FILINGS AND REPORTS; KEY CORPORATE GOVERNANCE DOCUMENTS

We maintain an internet website at http://www.honeywell.com. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, current Reports on Form 8-K, and any amendments to those reports, are available free of charge on our website under the heading Investor Relations (see SEC Filings & Reports) immediately after they are filed with or furnished to the SEC. Honeywell s Code of Business Conduct, Corporate Governance Guidelines and Charters of the

Committees of the Board of Directors are also available free of charge on our website under the heading Investor Relations (see Corporate Governance), or by writing to Honeywell, 101 Columbia Road, Morris Township, New Jersey 07962, c/o Vice President and Corporate Secretary. Honeywell s Code of Business Conduct applies to all directors, officers (including the Chief Executive Officer, Chief Financial Officer and Controller) and employees. Amendments to or waivers of the Code of Business Conduct granted to any of the Company s directors or executive officers will be published on our website.

SUSTAINABILITY; CORPORATE RESPONSIBILITY

Honeywell takes seriously its commitment to corporate social responsibility, protection of our environment, and creation of Sustainable Opportunity everywhere it operates. Honeywell s Sustainable Opportunity policy is based on the principle that by integrating health, safety, and environmental considerations into all aspects of its business, Honeywell protects its people and the environment, achieves sustainable growth and accelerated productivity, drives compliance with all applicable regulations, and develops the technologies that expand the sustainable capacity of our world. Nearly 50% of Honeywell s product portfolio is linked to energy efficiency, and the United States could reduce its energy consumption 20-25% by immediately and comprehensively adopting existing Honeywell technologies. (For additional detail, see our website, www.honeywell.com, under the heading Corporate Citizenship.)

Below are a few of Honeywell s environmental and safety goals and achievements:

Greenhouse Gas Reduction and Energy Efficiency: The majority of Honeywell s greenhouse gas emissions are reflected in public reports submitted to the U.S. Environmental Protection Agency and the United Kingdom Environmental Agency. In 2007, the Company established five-year greenhouse gas and energy efficiency objectives for its internal operations for the period 2007-2011. By the end of 2011, Honeywell reduced its greenhouse gas emissions by more than 30%, and increased its energy efficiency by more than 20%, in each case, from a 2004 baseline year. The Company is pursuing additional greenhouse gas and energy efficiency improvements through annual goals.

Water: Honeywell has developed a global inventory of water usage in its manufacturing operations. In 2013, the Company will be implementing water conservation projects at sites that are significant water consumers in areas that are experiencing water stress as defined by the World Resources Institute.

Safety: Honeywell has received worker safety awards from governments around the world. We maintain a Company-wide global Total Case Incident Rate (the number of occupational injuries and illnesses per 100 employees) of less than half of the combined U.S. averages of the industries in which we operate.

The Company s Heath, Safety and Environmental matters are managed by a global team of trained professionals with extensive knowledge and hundreds of years of collective experience in occupational health, hydrology, geology, engineering, safety engineering, industrial hygiene, materials management and energy efficiency. Honeywell utilizes a comprehensive Health, Safety, Environment and Remediation (HSER) Management System based on recognized third-party certified standards, including ISO 14001 and OHSAS 18001, and industry best practices. The management system is fully integrated into the Honeywell Operating System, which drives continuous sustainable operational improvement. Compliance with standards and regulatory requirements is monitored through a Company-wide, HSER-led audit process. The timely development and implementation of process improvements and corrective action plans are closely monitored.

Honeywell s Vice President of HSER reports to the Company s Senior Vice President & General Counsel and has overall responsibility for HSER and Sustainability programs. A Corporate Energy & Sustainability Team, led by the Vice President of HSER and the Vice President of Global Real Estate, helps drive the Company s greenhouse gas and energy efficiency goals. Progress on these goals is reported to Honeywell s CEO on a monthly basis and is reviewed with the Company s Board of Directors and its Corporate Governance and Responsibility Committee at least annually.

In addition, Honeywell s Integrity and Compliance program reflects our vision and values and helps our employees, representatives, contractors, consultants, and suppliers comply with a high standard of business conduct globally. At the core of the Integrity and Compliance program is the Company s Code of Business Conduct (the Code) which applies across the Company in all businesses and in all countries. The Code is a baseline set of requirements that enables employees to recognize and be aware of how to report integrity, compliance, and legal issues. In addition, the Code outlines the Company s pledge to recognize the dignity of each individual, respect each employee, provide compensation and benefits that are competitive, promote self-development through training that broadens work-related skills, and value diversity of perspectives and ideas. In our continuing effort to have a world class Integrity and Compliance program, in 2011, the Company revised the

Code to improve readability and to address emerging areas. The updated Code has included additional guidance on a number of topics, including data privacy, respect for human rights, and the appropriate use of information technology and social media.

Honeywell demonstrates its commitment to corporate social responsibility and community involvement through Honeywell Hometown Solutions, which focuses on five important societal needs that align with Honeywell s culture, products and people: Science and Math Education, Family Safety and Security, Housing and Shelter, Habitat and Conservation and Humanitarian Relief. These programs have delivered results in communities around the world, including teaching children potentially life-saving lessons to help prevent abduction and common childhood accidents, repairing homes and community centers for low-income, the elderly and disabled, academic programs that inspire students to pursue careers in Science, Technology, Engineering and Math (STEM), partnering with environmental organizations to provide students with unique learning opportunities and teaching tools for educators to promote science in the classroom, and helping Honeywell employees and communities recover from natural disasters such as Hurricane Sandy, the Colorado Springs Wildfires, the Great Japan Earthquake and Tsunami and the Mexicali, Haitian and Sichuan Earthquakes.

POLITICAL CONTRIBUTIONS AND EXPENDITURES

The Company engages responsibly in the political process. Our products and services are closely aligned with several key public policy priorities, including safety, security, energy efficiency and clean energy generation. The Corporate Governance and Responsibility Committee oversees the Company s political activities on behalf of the Board. The Committee receives an annual report on the Company s policies and practices regarding political contributions. Use of corporate funds for political expenditures requires the prior approval of the Company s Senior Vice President and General Counsel and is rarely approved. No corporate funds were used for political contributions to candidates and political parties in 2010, 2011, or 2012. In prior years, any corporate contributions were de minimis (less than $5,000). No corporate payments have been made, directly or indirectly, to influence the outcome of ballot measures. A description of our policy and procedures for political activity and contributions and a description of the non-partisan Honeywell International Political Action Committee (HIPAC), which is funded exclusively through voluntary contributions from eligible U.S.-based employees, are available on the Company s website at www.honeywell.com; see Investors/Corporate Governance/Political Contributions .

24

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

In this section, we review the objectives and elements of Honeywell s executive compensation program and discuss and analyze the 2012 compensation decisions regarding our Named Executive Officers (the CEO, CFO and three other most highly compensated executive officers):

David Cote Chairman and Chief Executive Officer

David Anderson Senior Vice President and Chief Financial Officer

Roger Fradin President and Chief Executive Officer Automation and Control Solutions

Timothy Mahoney President and Chief Executive Officer Aerospace

Andreas Kramvis President and Chief Executive Officer Performance Materials and Technologies

OVERVIEW

Honeywell is a diversified technology and manufacturing leader, with global businesses organized into four strategic business groups or SBGs: Aerospace, Automation and Control Solutions (ACS), Performance Materials and Technologies (PMT) and Transportation Systems (TS). We seek sustainable profitable growth through great positions in good industries. Our product and service offerings are aligned with important global macro trends safety, security, energy efficiency and infrastructure. Our focus is on continuous execution of a clear, consistent business strategy to deliver high quality earnings, make seed planting investments to build for the future and create long-term value for shareowners.

Our executive compensation program supports this focus through four key objectives:

Attract and Retain World-Class Leadership Talent with the leadership abilities and experience necessary to develop and execute business strategies, drive superior results, meet diverse challenges and build long-term shareowner value in an enterprise with the Company s scale, breadth, complexity and global footprint;

Pay for Superior Results and Sustainable Growth by rewarding and differentiating among executives based on the achievement of Company, SBG and functional objectives;

Drive Performance that Creates Shareowner Value by emphasizing variable, at-risk compensation with an appropriate balance of near-term and long-term objectives that align executive and shareowner interests; and

Manage Risk through Oversight and Compensation Design features and practices that balance short-term and long-term incentives, are not overly leveraged and cap maximum payments.

The annual direct compensation program has three basic elements:

Base salary;

Annual incentives cash awards under the Incentive Compensation Plan or ICP ; and

Long-term incentives (LTI) cash incentive awards under the Growth Plan (two-year, non-overlapping performance cycles) and equity awards in the form of stock options.

ALIGNMENT OF PAY WITH PERFORMANCE

For our Named Executive Officers, variable incentives made up 82%-91% of total compensation opportunity in 2012. The graph below demonstrates the strong alignment over the past five years of shareowner value creation and key operational metrics with CEO total annual direct compensation (Total ADC). Total ADC consists of base salary, ICP award, annual stock option grant, and annualized Growth Plan award.

(1) Reflects the year-to-year performance indexed to a 2007 base year for total shareowner return (TSR), and a 2008 base year for other performance metrics, at 100. Prior year TSR is shown to correspond with the timing of compensation decisions. TSR consists of stock price appreciation plus reinvested dividends.
(2) The 2012 CEO ADC bar includes 50% of the potential award payout for the 2012-2013 Growth Plan cycle, based on target performance. Actual payout value will be determined at the end of the two-year performance cycle. The 2010 and 2011 CEO ADC bars each include 50% of the actual award earned for the 2010-2011 Growth Plan performance cycle. Similarly, the 2008 CEO ADC bar includes 50% of the actual award earned under the 2007-2008 growth plan performance cycle. There was no Growth Plan award relating to 2009.
(3) Represents actual business performance for the year noted indexed to 2008.
(4) The TSR point above each column is the TSR for the preceding year as long-term incentive compensation decisions (annual stock options and biennial Growth Plan unit awards) are made in February with reference to prior year TSR as a measure of the alignment between pay and performance.
For 2012, our incentive pay elements are aligned with:

<u>Annual business results</u>: 2012 ICP awards are based on the Board of Directors Management Development and Compensation Committee s (Committee) evaluation of Company performance. The Committee considers, among other things, pre-established ICP goals for EPS, Free Cash Flow (FCF), and Working Capital Turns which are consistent with the Company s annual operating plan and external guidance. The Committee also evaluates other measures in

order to further correlate ICP awards to the Company s short- and long-term success. These include year-to-year changes in revenue, segment profit and margin expansion, relevant industry and economic conditions, and the achievement of non-financial management objectives such as expanded sales in high growth regions, new product development and improved utilization of the Honeywell Enablers, key process initiatives that drive productivity and growth (see the discussion of ICP on pages 38-39).

Future growth: Honeywell s Growth Plan is designed to focus executives on specific two-year financial goals that are aligned with business fundamentals. Awards are made every two years. Awards for a new two-year (2012-2013) performance cycle were made in 2012. The 2012-2013 Growth Plan metrics are total revenue (excluding the impact of acquisitions and divestitures), average return on investment and segment margin expansion (new goal for 2012-2013). The three metrics are equally weighted. If the Company achieves the 2012-13 Growth Plan metrics, executives will receive 50% of the cash payout in 2014 and 50% in 2015. The Company believes that the Growth Plan aligns compensation to the Company s Long-Term Targets (see page 31).

Shareowner value creation: Annual stock option awards are long-term incentives intended to motivate and reward executives for making strategic decisions and taking actions that drive year-over-year improvements in company performance that translate into future increases in the Company s stock price. Stock options are directly aligned with the interests of our shareowners because executives only realize value if the stock price appreciates. This alignment is further strengthened by the Company s Stock Ownership Guidelines that require executives to hold net gain shares from option exercises for at least a year after exercise. The one-year holding period increases the likelihood that any stock price appreciation will be sustainable because the executive must wait a year after exercise to realize value.

The Committee does not believe that the factoring of the various items it considers in making its compensation-related decisions for each Named Executive Officer should be, or can be, reduced to a linear formula. However, the Committee does believe in ensuring a clear alignment between pay and performance as evidenced by the strong correlation between TSR, financial performance and executive compensation.

SAY ON PAY

In 2012, shareowners were presented with an advisory vote to approve executive compensation which, for the third straight year, was approved by approximately 90% of the votes cast on the proposal. These results continue to demonstrate strong shareowner support for Honeywell s overall executive compensation objectives. The Committee takes into account the outcome of Say on Pay votes and discussions with investors when considering future executive compensation arrangements and potential changes to the executive compensation program.

Since our 2012 Annual Meeting, we have engaged in discussions with our institutional investors that highlight the financial performance of the Company and our track record of shareowner value creation. We have used these meetings as an opportunity to demonstrate the alignment between the Company s key performance objectives and the features of our incentive compensation program, and to provide context for understanding the decisions made by the Committee on executive pay. These discussions have generated constructive dialogue with our shareowners and an overall indication of support for our pay- for-performance philosophy and approach.

Upon considering Say on Pay votes and the outcome of investor discussions, the Committee did not make any material changes to the design of the compensation program in 2012.

2012 PERFORMANCE HIGHLIGHTS PROFITABLE GROWTH DESPITE A LOW GDP ENVIRONMENT, BUILDING FOR THE FUTURE, CREATING SHAREOWNER VALUE

2012 marked another year of impressive top- and bottom-line growth well ahead of competitors despite a continued challenging political and macro-economic environment. The Company overcame continued uncertainty associated with slower than expected economic growth in the United States, recession in the European Union, political unrest in the Middle East, and slowing growth in China and other emerging economies. Despite lower growth in World GDP and Industrial Production, Honeywell grew sales by 3%, while absorbing an approximate 2% foreign exchange headwind. Continued operational excellence contributed to strong sales conversion and margin expansion: earnings grew at a multiple of over three times sales growth, or 11% year-over-year. Margin expansion in 2012 did not come at the expense of future growth and seed planting: R&D spending at 4.9% of revenues and capital expenditures grew 11% to $884 million. The Company also strengthened its investment and commitment to the Honeywell Enablers. Further, the Company generated strong cash flows, which were deployed to fund investments in technology centers, new manufacturing capabilities and strategic bolt-on acquisitions, as well as return of capital to shareowners through an 11.5% increase in dividends paid (vs. 2011) and share repurchases. The company remains on track to achieve its 2014 sales and segment margin targets set in February 2010.

<u>Profitable Growth</u>

Setting the Bar High and Delivering Results:

Initial targets for sales, segment margins and EPS were set and communicated in December 2011.

The segment margin and EPS targets were achieved or exceeded despite a slower growth environment.

Sales results were just short of the target (after unfavorable foreign exchange movements of 2%), but remained ahead of growth in World GDP.

Target represents external guidance provided in December 2011

* Proforma, excludes any pension mark-to-market adjustment

New Levels of Peak Performance (2012 vs. 2011):

EPS (proforma, excludes any pension mark-to-market adjustment) was up 11% to $4.48.

Sales were up 3% to a new company record of $37.7 billion.

Segment margins increased 90 basis points to a record 15.6%, with segment profit up 10% to a new peak of $5.9 billion.

FCF remained strong at $3.7 billion and FCF conversion was 103% (prior to cash pension contributions and excluding the impact of any pension mark-to-market adjustment on net income). These positive results are after the impact of 2012 funding for capital expenditures of $884 million, an increase of 11% vs. 2011.

Dividends paid increased 11.5%

(vs. 2011).

Proforma, excludes any pension mark-to-market adjustment

* 2012 FCF prior to $1.0 billion cash pension contributions; 2011 FCF prior to $1.8 billion cash pension contributions.

** FCF Conversion = FCF/Net Income (excludes any pension mark-to-market adjustment); 2012 FCF Conversion prior to $1.0 billion cash pension contributions.

Continued to Outperform Peer Group:

Delivered impressive operational outperformance vs. the Compensation Peer Group.

Reflects calendar year 2012 results
* Refers to the median performance of the Company s 14-company Compensation Peer Group (see pages 36-37).
** Proforma EPS excludes any pension mark-to-market adjustment.

Building for the Future

Portfolio Evolution through Smart Acquisitions:

Honeywell continued to augment organic growth and expand capacity with disciplined acquisitions of companies with great positions in good industries, including;

Thomas Russell Co. (acquired 2012) is a leader in technology and equipment for natural gas processing and treating, primarily serving the U.S. market.

Ø Honeywell acquired a 70% stake in Thomas Russell Co. with an option to acquire the remaining

30% stake in the future.

- Ø By leveraging UOP s global footprint, Honeywell has the potential to expand Thomas Russell Co. into regions outside of the U.S. where natural gas exploration and production are growing rapidly.

Inncom (acquired 2012) is a manufacturer of advanced software-based energy management solutions and in-room controls for lodging, healthcare and educational institutions.

- Ø Inncom s business profile is well-aligned with Honeywell s core expertise. Inncom devices and solutions make guest rooms and common areas smarter and more energy efficient.

- Ø Inncom has strong relationships with global hospitality brands helping to expand channel access, as well as exposure to hospitals, colleges-universities and military housing facilities.

EMS Technologies (acquired 2011) is a leading provider of connectivity solutions for mobile networking, rugged mobile computers and satellite communications.

- Ø The value of this acquisition was demonstrated when post-closing, EMS Technologies was awarded an exclusive $2.8 billion contract to supply GX Aviation satellite network connectivity hardware to Inmarsat for its air transport and business aviation customers.

Rigorous Focus on Seed Planting to Support Future Growth and Improved Productivity:

Growth in 2012 segment margin and EPS were achieved without compromising future growth. The Company continued its long-term seed planting initiatives in several key areas:

R&D Spend at 4.9% of revenues was targeted at such high growth areas as natural gas processing, low global warming refrigerants and blowing agents, and wireless control devices and technologies.

Capital Expenditures increased 11% as Honeywell made investments for the future growth of key business units.

High Growth Region (HGR) Sales increased 8% organically vs. 2011 which brings overall HGR sales to approximately 20% of total revenue. Key seed planting actions taken in 2012 include:

Ø Appointed an HGR leader and continued to develop our leadership structure in key countries such as Indonesia, Turkey, Mexico, Brazil and Russia as well as in the Middle-East.

Ø Emphasized R&D efforts to develop and commercialize new products from technology centers located in our HGRs that can be produced and sold in HGRs.

Restructuring Actions were funded through operations to enable sustainable productivity:

- Ø Funded restructuring actions in 2012 totaling approximately $120 million gross ($53 million net).
- Ø Continued execution on previously funded projects to improve our cost structure; $323 million of restructuring projects still ongoing that will yield benefits in 2013 and beyond.

Continued Evolution of Core Operating Systems The Honeywell Enablers:

Honeywell continued to extend the use of the Honeywell Enablers to drive performance improvements compared to 2011:

The Honeywell Operating System (HOS) drives sustainable improvements in our manufacturing operations to generate exceptional performance in safety, quality, delivery, cost, and inventory management.

Functional Transformation (FT) is HOS for our administrative functions Finance, Legal, HR, IT and Purchasing standardizing the way we work, reducing costs and improving service quality. FT initiatives enabled a reduction in functional costs of 20 basis points to 6.2% of sales in 2012.

Velocity Product Development (VPD) is a process which brings together all of the functions necessary to successfully launch new products R&D, manufacturing, marketing and sales to increase the probability that in commercializing new technologies Honeywell delivers the right products at the right price.

Organizational Efficiency (OEF) is, in its simplest form, the cost of labor. Improvements in OEF represent the success of Honeywell s initiatives to increase labor cost efficiency and employee productivity. In 2012, our OEF initiatives reduced employee costs by 80 basis points as a percentage of 2012 sales while still growing sales and successfully retaining our workforce.

On Track to Achieve Long-Term Targets:

Honeywell s strong operational performance in 2012, together with the seed planting actions described above (as well as those in prior years), make the Company well positioned to achieve the five-year revenue and segment margin goals initially established in February 2010 (Long-Term Targets).

CAGR: compound annual growth rate

bps: basis points

31

Creating Value for Shareowners

Dividends: Honeywell s dividend rate was increased by 10%, effective in the fourth quarter of 2012, the eighth increase of at least 10% in the last nine years.

Share Repurchases: Honeywell repurchased 5.0 million shares in 2012 in order to return additional money to its shareowners.

Total Shareowner Return: Honeywell continues to outperform its peer group and the broader market. The following graph displays Honeywell s cumulative TSR growth relative to the S&P 500 Index and the Company s Compensation Peer Group for the one, three and five-year periods ending

December 31, 2012.

Percentages reflect cumulative growth over the period.

Peer Median Reflects Compensation Peer Group Median (see pages 36-37 of this proxy statement). Honeywell percentile rank based on Compensation Peer Group.

As of December 31, 2012; 1-year period begins January 1, 2012, 3-year period begins January 1, 2010, 5-year period begins January 1, 2008.

2012 COMPENSATION DECISIONS SUMMARY

Compensation decisions made for 2012 were aligned with the Company s strong operational performance and reflected continued emphasis on variable, at-risk compensation and long-term compensation that reinforces our focus on sustainable profitable growth and stock price appreciation.

The following charts display the target mix of total annual direct compensation for the CEO and other Named Executive Officers for 2012.

Fixed: Base Salary

Variable: Annual target ICP, stock options at grant date value, Growth Plan at annualized target value.

Short-Term: Base Salary and annual target ICP
Long-Term: Stock options at grant date value,
Growth Plan at annualized target value.

The following chart displays the mix of short-term vs. long-term compensation for our Compensation Peer Group.

Data from proxy statements filed by the companies in our Compensation Peer Group. See the Peer Group Compensation Data section below for a complete list of the companies in our Compensation Peer Group.

The Committee believes that placing greater emphasis on long-term incentives helps focus Company executives on creating sustainable long-term value for shareowners.

Based on the factors discussed in this Compensation Discussion and Analysis, the Committee took the following key compensation actions in 2012:

<u>Base salaries</u>: The base salaries of Messrs. Cote, Anderson and Fradin remained unchanged and have not been increased in any of the last four years. The base salaries of Messrs. Mahoney and Kramvis were increased in April of 2012 by 3.1% and 7.7%, respectively, based primarily on the performance of their respective SBGs and the Committee s view of their compensation positioning relative to the Compensation Peer Group.

<u>ICP awards</u>: The Committee determined to pay 2012 ICP bonuses to the Named Executive Officers in amounts ranging from 110% to 152% of their target opportunities based on the Company s performance against

the pre-established 2012 ICP goals, as well as versus prior year performance, relative performance against peers and other measures which correlate to the Company s short- and long-term success.

Long-term incentive (LTI) awards: In light of Company performance and in an effort to reinforce our goals of motivation and retention, the Named Executive Officers participated in the following LTI awards in 2012: Stock Options, Growth Plan participation, and performance-adjusted RSUs.

- Ø Stock Options: Each of the Named Executive Officers received a stock option grant in 2012. Stock option awards and grant date values in 2012 were lower than 2011 (grant date values were 5% to 24% lower) but still represent the most significant component of an officer s total annual target LTI opportunity (approximately two-thirds). In determining the stock option awards, the Committee considered the aggregate amount of vested and unvested equity held by the Named Executive Officers, as well as the annualized target value of the 2012 portion of the 2012-2013 two-year Growth Plan award made in February, 2012, in the context of market compensation data. All stock options vest ratably over four years.

- Ø Growth Plan Units. Under Honeywell s Growth Plan, units are granted every two years and earned based on achievement of specific two-year financial performance metrics. At target, Growth Plan awards represent approximately one-third of an officer s total annual target LTI opportunity. For the 2012-2013 performance cycle, the Growth Plan metrics are organic revenue growth, return on investment, and segment margin expansion (new goal for 2012-2013 see Long-Term Incentive Compensation (Cash) on page 42). If earned, awards will be paid in cash 50% in 2014 and 50% in 2015, contingent on continued employment by the executive on each applicable payment date. The two-year performance cycles of the Growth Plan do not overlap, so grants are not made annually and only one award cycle is in effect at any time.

Ø Performance-adjusted restricted stock units (RSUs). In connection with the annual succession planning review conducted by the Committee and the full Board in July 2012 (see Succession Planning on page 37), four Named Executive Officers were awarded discretionary RSUs with the target award subject to adjustment up or down by 30% based on Honeywell s relative TSR performance ranking against its Compensation Peer Group (as defined below). These RSUs were structured to vest over an extended period of time (three to seven years) in order to align with retention and succession planning objectives. The CEO did not receive a performance-adjusted RSU award in 2012 and has not received any RSUs for five years.

OUR PHILOSOPHY FOR COMPENSATION DECISIONS

General Considerations

The Committee considers many company and individual performance measures (discussed in detail herein) in making compensation decisions. The factors that generally shape the Committee s overall assessment of compensation include:

Overall operational and financial performance Corporate and SBG (as discussed above and below);

Stock price performance and TSR;

Named Executive Officer compensation history, including experience in the position (as discussed below);

Executive s individual record of performance consistent with the Honeywell Initiatives of Growth, Productivity, Cash, People and the

Honeywell Enablers (Honeywell Operating System, Velocity Product Development, Functional Transformation and Organizational Efficiency);

Executive s relative level of responsibility within Honeywell and the impact of his or her position on Honeywell s performance with recognition that both the amount and at-risk nature of the compensation should increase with the level of responsibility;

Executive s long-term leadership potential with Honeywell and associated retention risk (as discussed in Succession Planning on page 37);

The senior executive succession plan (see Succession Planning below);

Stock ownership levels (as discussed in Stock Ownership Guidelines below);

Annual share utilization and shareowner dilution levels resulting from the compensation plans;

Trends and best practices in executive compensation;

Peer group comparisons, including pay levels and practices for the competitive marketplace and company performance relative to the competitive marketplace (as discussed below);

Industry and macroeconomic conditions; and

- Results of the most recent annual Say on Pay vote and discussions with shareowners through the Company s outreach program.

Final compensation determinations are ultimately made by the Committee (together with the other independent directors in the case of the CEO) after review and evaluation of these considerations and the other items discussed in this Compensation Discussion and Analysis.

Compensation Mix

In setting total compensation, the Committee seeks to achieve the optimal balance between:

- Fixed and variable (or at-risk) pay elements;
- Short- and long-term pay elements; and
- Cash and equity-based elements.

The Company s executive compensation program is designed to emphasize variable elements that align compensation with performance and shareowner value. The mix of compensation elements for Named Executive Officers, and especially the CEO, is more heavily leveraged toward variable, performance-based compensation than for the balance of the executive population. The Committee also believes that the CEO should have greater emphasis on variable compensation than all other executives because his actions can have a greater influence on the performance of the Company.

The 2012 compensation elements that comprise target total annual direct compensation opportunity for the Named Executive Officers are shown below.

Compensation Element	Type of	Key Objectives

	Compensation	
Base Salary	Fixed Annual Cash	Attract and compensate high-performing and experienced leaders at a competitive level of cash compensation.
Annual ICP (Bonus) Awards	Variable Annual Cash	Motivate and reward executives for achieving annual corporate, SBG and functional goals in key areas of financial and operational performance.
Long-Term Incentive Awards Ø Growth Plan Units Ø Stock Options	Variable Ø Cash Ø Equity	The Growth Plan drives the achievement of specific two- year financial performance goals directly aligned with Honeywell s operating and strategic plans. Stock options only have realizable value for executives if the operating performance driven by the annual ICP and Growth Plan results in stock price appreciation.

For 2012, the target weighting of each of the elements of total annual direct compensation for the CEO and other Named Executive Officers was as follows:

The percentages above are based on target total ADC . The 2012 portion of the 2012-2013 Growth Plan award is included assuming that the Company achieves the target financial metrics over the course of the 2012-2013 measurement period. This does not correspond to, and is not a substitute for, percentages derived from the amounts required to be disclosed in the Summary Compensation Table and supplemental tables.

RSUs, including performance-adjusted RSUs, are not considered a component of a Named Executive Officer s target total annual direct compensation, as they are not granted on an annual basis, awards are discretionary so that executives receiving RSU awards in 2012 may not receive awards in a subsequent year and there is no target award level. Four Named Executive Officers received discretionary performance-adjusted RSUs in 2012 in connection with the annual succession planning review conducted by the Committee and the full Board. The CEO did not receive discretionary RSUs in 2012 and none of the Named Executive Officers received discretionary RSUs in 2011.

Peer Group Compensation Data

The Committee does not target a specific competitive position relative to the market for executive compensation. However, the Committee believes it is important to understand the relevant market for executive talent to ensure that the Company s executive compensation program supports the attraction and retention of highly qualified leaders.

The Committee annually assesses market conditions through a review of compensation data compiled by the Committee s independent compensation consultant regarding a peer group of companies (listed below) (the Compensation Peer Group) with whom the Company competes for talent and which have one or more of the following attributes:

- business operations in the industries and markets in which Honeywell participates;
- similar revenue and market capitalization;
- similar breadth of portfolio and complexity;
- global scope of operations and/or diversified product lines; and
- demonstrated competitor for executive talent.

The Committee believes that Honeywell executives are potentially attractive candidates for such companies because of their performance and visibility at Honeywell, and the depth of experience and management skill sets required to manage a global company of Honeywell s scope and complexity. The Committee regularly reviews the appropriateness of the Compensation Peer Group and the purposes for which it is used. The Committee did not make any changes to the Compensation Peer Group in 2012.

Compensation Peer Group

Alcoa	Johnson Controls
Boeing	Lockheed Martin
Dow Chemical	Northrop Grumman
DuPont	Raytheon
Emerson Electric	Textron
General Dynamics	3M
General Electric	United Technologies

Comparison with Compensation Peer Group (as of December 31, 2012)

	Revenues	**Market Capitalization**	**Employees**	**Three-Year TSR**	**Five-Year TSR**
Honeywell	$37.7 billion	$49.7 billion	132,000	75.3%	18.5%
Peer Median	$33.4 billion	$34.1 billion	89,938	30.6%	1.7%
Honeywell Percentile Rank	57th	73rd	67th	100th	83rd

Note: Reflects calendar year 2012 results.

TSR percentages reflect cumulative growth over the period.

For each Company in the Compensation Peer Group, the Committee reviews data including base salary, actual annual cash incentive compensation, total annual cash compensation, long-term incentive compensation and total annual direct compensation of the Named Executive Officers. The Committee also reviews general industry survey data published by third parties as a general indicator of relevant market conditions and pay practices and as a broader reference point for specific business units where the breadth and relevance of Compensation Peer Group data may not be as comprehensive as desired. Neither the Committee nor the Company has any input into the scope of or the companies included in these general industry surveys.

Compensation History

Each year, the Committee reviews each Named Executive Officer s three-year compensation history in total and with respect to each element of compensation, as well as projected payouts under the Company s retirement and deferred compensation plans, and prior non-recurring types of awards or grants (e.g., sign on or make whole awards upon joining Honeywell and RSU awards for retention and/or succession planning purposes). This enables the Committee to understand how each element of compensation interacts with the other elements and to see how current compensation decisions may affect future wealth accumulation and executive retention. The Committee considers historical award and/or grant levels when determining individual annual ICP awards and option grants, as well as the value and vesting dates of unvested equity holdings.

Succession Planning

The Committee recognizes that retention of highly qualified leadership talent is critical to the Company s continued performance and to successful succession planning. The Committee annually considers, and reviews with the full Board, succession candidates for the CEO and other senior leadership positions under both near-term and long-term planning scenarios, taking into account demonstrated performance, leadership qualities and potential to take on more complex responsibilities. As part of this process, the Committee considers the potential retention risk regarding incumbent senior executives and the identified succession candidates, the competitive landscape for executive talent, the specific succession planning time horizon for each senior executive position, and the extent of disruption likely to be caused by unplanned attrition. Since January 2004, all of the Company s open executive officer positions have been filled with executives promoted from within Honeywell.

Due to the sustained improvement in key performance metrics, strong long-term relative TSR outperformance and the breadth of our business operations, Honeywell s senior executives are recognized as industry leaders with backgrounds and experience that are highly attractive to competitors. The Committee believes that these leaders may be presented with other career opportunities given the scope and complexity of the Company and each of its business segments.

Where the Committee believes it to be necessary, it will take appropriate compensation actions to reinforce the succession plan and to guard against competitive activity. These retention actions are designed to:

- Motivate the executive to forego outside career opportunities;

- Generate value for the recipient only if he or she remains employed by the

Company for the period of time deemed optimal for succession planning purposes; and

Strengthen restrictive covenants (e.g., non-competition, non-solicitation) and/or provide for transition periods that will guard against competitive harm to the Company at the time of the executive s departure from the Company.

In connection with the annual succession planning review conducted by the Committee and the full Board in July 2012, four Named Executive Officers were awarded discretionary performance-adjusted RSUs with the target award subject to adjustment up or down by 30% based on Honeywell s relative TSR performance ranking against its Compensation Peer Group (as defined above). These RSUs were structured to vest over an extended period of time (three to seven years) in order to align with specific retention and succession planning objectives.

COMPENSATION ELEMENTS AND DECISIONS FOR 2012

Each element of Honeywell s executive compensation program is described below.

Base Salary. Base salaries are primarily based on scope of responsibility and years of experience. Decisions regarding salary adjustments are based on the Committee s evaluation of current performance, the assumption of material additional responsibilities and positioning relative to the Compensation Peer Group. In 2012, base salary was 9% of the CEO s total annual direct compensation and approximately 17% of total annual direct compensation for the other Named Executive Officers.

In 2012, the base salaries of Messrs. Cote, Anderson and Fradin remained unchanged. Base salary increases of 3.1% and 7.7% were approved in February 2012 (effective in April) for Messrs. Mahoney and Kramvis respectively, based on the Committee s view of the performance of their respective SBGs in the prior year and their compensation positioning relative to the Compensation Peer Group. It is anticipated that there will be no merit increases for any NEOs in 2013.

Annual Incentive Bonus (ICP). Each Named Executive Officer has an annual target ICP opportunity expressed as a percentage of base salary. The CEO s target opportunity is 175% of base salary, while the other Named Executive Officers have target opportunities equal to 100% of base salary. Individual ICP awards are capped at 200% of each Named Executive Officer s annual ICP target opportunity.

The aggregate annual ICP payout for all senior executive employees, including the Named Executive Officers, is limited to 2% of the Company s consolidated earnings, as such term is defined in the Incentive Compensation Plan approved by shareowners in 2011. Consolidated earnings excludes, among other things, the effects of any annual pension mark-to-market adjustment that recognizes net actuarial gains and losses outside the corridor (calculated as 10% of the greater of plan assets or projected benefit obligation) and extraordinary and unusual items.

At the beginning of each year, the Committee sets specific annual corporate financial objectives (Pre-Established ICP Goals) consistent with the Company s annual operating plan and external guidance which reflects then-current assumptions regarding macro-economic and key end-market conditions. At the end of the year, the Committee first determines whether the Company achieved the consolidated earnings targets necessary to fund the plan at the levels approved by shareowners, and determines the related funding caps. Next, the Committee determines actual ICP pool funding and individual ICP awards for the Named Executive Officers, at levels below the funding caps, based on achievement of the Pre-Established ICP Goals, as well as an evaluation of other key performance measures and relevant factors necessary to both ensure that the results against the Pre-Established ICP Goals are viewed in context and to recognize individual performance (Supplemental Criteria).

The Pre-Established ICP Goals are based on the following metrics:

Metric	Rationale for Metric
Earnings Per Share (EPS)	Measures delivery of shareowner value at the Corporate level
Free Cash Flow (FCF)	Measures the Company s ability to generate cash from operations that may be reinvested in its businesses, used to make acquisitions, or returned to shareowners in the form of dividends or share repurchases

Working Capital Turns (WCT[1])	Measures efficiency and effectiveness of the Company s business operations

(1) Defined as sales divided by working capital, which is trade accounts receivable plus inventory less accounts payable and customer advances.

Supplemental Criteria considered in determining ICP awards include:

Ø Other key performance measures which assess both the strength and degree of difficulty of actual corporate and SBG performance, such as:

- Year-over-year variance in revenue, segment profit and margin expansion;
- Performance vs. pre-recession/prior peak levels;
- Quality of earnings;
- Relative performance of SBGs or business units within each SBG;
- Relevant industry and economic conditions;
- Performance compared to companies in the Compensation Peer Group; and
- Degree of stretch in targets;

Ø Level of ICP awards relative to award levels and performance in prior years;

Ø Achievement of individual management objectives aligned with the Honeywell Initiatives and met through expanded use of the Honeywell Enablers; and

Ø Demonstrated leadership behaviors.

While emphasis is placed on the achievement of the EPS target, the Committee does not assign specific weights to the Pre-Established ICP Goals or Supplemental Criteria but looks at annual performance (absolute and relative) across all relevant metrics within the context of the overall strength or weakness of the economic environment and the Company s end markets.

2012 Pre-Established ICP Goals: Robust Targets and Results

Annual ICP targets are set to drive meaningful, sustainable improvement in key metrics on a year-over-year basis and to ensure progress toward attaining the Company s five-year plan goals. To fully assess results vs. target, the Committee considers both the absolute results and the strength of the comparable prior year results.

Consistent with the Company s planning and external guidance, the EPS target and EPS actual results set forth below exclude the impact of any pension mark-to-market adjustment, and the FCF target and FCF actual results are shown prior to cash pension contributions.

Performance vs. ICP Targets (T = Target; A = Actual)

	2012T	2012A
EPS (proforma)	$4.25 - $4.50	$4.48
FCF	$3.45 billion	$3.67 billion
WCT	7.1 turns	7.0 turns

Metrics shown above are at the Honeywell Corporate level. Each SBG also has corresponding objectives, with net income being used in lieu of EPS; unusual, infrequently occurring items, extraordinary items and any pension mark-to-market adjustment are excluded in determining achievement of Corporate and SBG objectives.

EPS (proforma): 2012 Target range represented a 5-11% increase over 2011 EPS of $4.05; 2012 Actual reflects an 11% increase over 2011 and record Company performance at the top of the Target range despite challenging global economic conditions.

FCF: 2012 Target recognized higher planned levels of capital expenditures and cash commitments. 2012 Actual exceeded Target by approximately $220 million with 103% free cash flow conversion (excludes the impact of any pension mark-to-market adjustment on net income), reflecting continued strong quality of earnings.

WCT: Although 2012 Actual was slightly lower than 2012 Target, WCT performance improved by 0.1 turns over 2011, representing a new record of performance by the Company.

2012 Supplemental Criteria:

Overall, 2012 financial results reflected a strong positive response to challenging global economic conditions and changes in outlook experienced during the year. Other key performance measures and factors considered by the Committee in determining ICP awards were:

10% segment profit improvement and segment margin expansion of 90 basis points to a record 15.6% for the Company;

3% organic sales growth driven by new product introductions, geographic expansion and commercial excellence;

Sales, segment profit, segment margin, proforma EPS, FCF (prior to cash pension contributions) and WCT all exceeded pre-recession (2008) levels;

Outperformance of peers on key operational and TSR metrics;

Continued progress toward attaining the Company s 2014 Long-Term Targets for sales and segment margin, and

The relative performance of the SBGs.

Individual ICP Awards.

Based on 2012 business results against the Pre-Established ICP Goals and the Supplemental Criteria discussed above, the Committee (and the independent members of the Board in the case of the CEO), in the first quarter of 2013, awarded annual ICP bonuses to the CEO and other Named Executive Officers in the following amounts:

Mr. Cote	$	4,800,000 *
Mr. Anderson	$	1,225,000
Mr. Fradin	$	1,200,000
Mr. Mahoney	$	900,000
Mr. Kramvis	$	950,000

* The Committee determined that only $4.3 million of Mr. Cote s 2012 ICP bonus should be used for calculating the pension value under the terms of Mr. Cote s pension plan. Mr. Cote s retirement benefits were agreed to by the Company in 2002 when Mr. Cote was first recruited to Honeywell. The $4.3

million of ICP bonus that will be used in Mr. Cote s pension formula is hereinafter referred to as 2012 Pensionable Bonus .

In determining Mr. Cote s ICP award, the Committee considered Honeywell s strong 2012 operating results, the relative performance of the Company versus its peers, continued investments made to position the Company for continued growth and other factors discussed in this Compensation Discussion and Analysis. In determining 2012 ICP awards for the other Named Executive Officers, the Committee considered overall Honeywell and individual performance, as well as the relevant SBG performance for Messrs. Fradin, Mahoney and Kramvis. See Named Executive Officers Performance & Direct Compensation for further discussion of individual performance highlights for each Named Executive Officer.

Long-Term Incentive Compensation (Equity and Cash). All LTI awards to officers are approved by the Committee (and by all of the independent directors in the case of the CEO). Since 2003, the Company has generally provided long-term incentive awards in a mix of annual stock option grants and cash-based Growth Plan Units (GPUs), with GPUs issued only in the first year of each two-year performance cycle.

In addition to annual LTI awards, the Committee periodically considers discretionary RSU awards as may be deemed necessary for retention, recruitment, and succession planning.

Long-Term Incentive Compensation (Equity). Annual stock option grants are made in February of each year during an open trading window period following the release of Honeywell s financial results for the preceding fiscal year. Equity grants are subject to vesting restrictions that require executives to remain employed with the Company to receive value.

Stock Options: Options are granted with an exercise price which is set equal to the fair market value of the Company s Common Stock on the grant date (see footnote (3) on page 56 for the basis used for determining fair value) and only have value to recipients if the stock price increases over the exercise price. Options granted to Named Executive Officers vest in equal 25% increments over a four-year period and represent approximately two-thirds of their target total annual LTI opportunity. The Committee considers both the estimated grant date fair value of stock options and the number of stock options in determining award size, as well as vested and unvested equity held by the Named Executive Officers.

The following stock option awards were made with respect to 2012:

CEO: In reviewing the LTI component of the CEO s total ADC in February of each year, the Committee considers the Company s operational performance and relative total shareowner return for the prior fiscal year, the value of similar incentive awards to chief executive officers at Compensation Peer Group companies, and awards previously made to Mr. Cote. In 2012, the Committee also considered the Company s sustained growth and consistent improvement over the course of Mr. Cote s tenure, the amount of vested and unvested equity he holds, the grant date fair value of any proposed award compared to prior years and the annualized target value of the 2012 portion of the 2012-2013 two-year Growth Plan award made in 2012. Based on these considerations, in February 2012, the Committee granted Mr. Cote stock options, subject to vesting requirements, to acquire 700,000 shares in recognition of his anticipated leadership in driving sustained financial and operational performance. The grant date value of the 2012 option award was 5% lower than the grant date value of the option award made to the CEO in 2011.

Other Named Executive Officers: For each of the other Named Executive Officers, the Committee considers the executive officer s performance in the prior fiscal year, his impact on overall Company performance and his potential to contribute to the future performance of the Company. In addition, the Committee considers the amount of vested and unvested equity each executive holds, the grant date fair value of any proposed award compared to prior years, the annualized target value of the 2012 portion of the 2012-2013 two-year Growth Plan award made in 2012, and the value of similar incentive awards to comparable named executive officers at Compensation Peer Group companies. Based on these considerations, in February 2012, the Committee granted each of the other Named Executive Officers a number of stock options as follows:

Mr. Anderson	200,000
Mr. Fradin	200,000
Mr. Mahoney	150,000
Mr. Kramvis	125,000

The grant date value of 2012 option awards to these other Named Executive Officers was 23% to 24% lower than the grant date value of option awards made to them in 2011.

Restricted Stock Units: RSUs represent a right to receive Company stock only if certain conditions are met (e.g., continued employment through a specific date and/or the attainment of certain performance conditions). RSUs are linked with shareowner value since their value rises or falls along with the stock price.

The Committee periodically grants RSUs on a discretionary basis for retention and succession planning purposes. Grants are not considered annually (e.g., no RSUs were granted to Named Executive Officers in 2011) and vest over an extended period of time (three to seven years). In July 2012, in connection with their succession plan reviews, the Committee awarded performance-adjusted RSUs to the following four Named Executive Officers, with the target grant amounts subject to a maximum 30% up or down adjustment based on Honeywell s relative TSR performance ranking against its Compensation Peer Group over both a one-year period (ending July 31, 2013) and 30-month period ending (December 31, 2014):

Mr. Anderson	44,000
Mr. Fradin	53,000
Mr. Mahoney	45,000
Mr. Kramvis	40,000

Long-Term Incentive Compensation (Cash). In 2003, the Company introduced the Growth Plan which provides cash based LTI awards to focus executives on achievement of specific two-year financial performance goals that are aligned with business fundamentals as a complement to stock options which are tied to stock price appreciation. The Growth Plan is designed to reward sustainable, profitable growth, consistent with the Honeywell Initiative on Growth and the Company s strategic plan. GPUs are awarded in February of the first year of a two-year performance cycle. The two-year performance cycles do not overlap (e.g., there will be no Growth Plan award in 2013 because the 2012-2013 performance cycle has not been concluded). For the Named Executive Officers, the Growth Plan represents approximately one-third of their target annual total LTI opportunity.

The Committee believes that a two-year performance cycle provides the necessary line of sight to set realistic targets aligned with Company objectives. Non-overlapping cycles avoid the potential confusion associated with different targets on the same metric in the same year. In order to promote retention, 50% of an earned award is paid in the first quarter of the year following the completion of a performance cycle and the remaining 50% is paid a year later (3.2 years after the commencement of the performance cycle), with each payment contingent on the executive being employed with Company on the date the payment is made.

The 2012-2013 Growth Plan performance cycle has three equally weighted performance goals: (i) total revenue, excluding the impact of acquisitions and divestitures, (ii) average return on investment (ROI), and (iii) segment margin expansion. Segment margin expansion was added as a performance metric in 2012 in order to focus executives on driving continued improvement in bottom line results despite the prospect of slower growth in the global environment and to directly align the Growth Plan goals with the Company s Long-Term Targets (see page 31).

The following table presents the 2012-2013 Growth Plan performance goals at the total Company level. Actual performance against these goals will be determined at the end of the two-year performance period.

2012-2013 Growth Plan Performance Goals (Total Company Level)

Performance Level	**Growth Plan Funding Level**	**Total Revenue[(1)]**		**ROI[(2)]**		**Segment Margin Expansion[(3)]**	
		2-Yr Total	CAGR	**2-Yr Avg.**	Change	**2-Yr Change**	2013 Margin
Below Threshold	0 %	**<$76.31 Billion**		**<22.9%**		**<50 bps**	<15.2 %
Threshold	50 %	**$76.31 Billion**	3 %	**22.9%**	50 bps	**50 bps**	15.2 %
Target	100 %	**$79.08 Billion**	6 %	**23.5%**	130 bps	**130 bps**	16.0 %
Maximum	200 %	**$81.85 Billion+**	8 %	**25.0%+**	210 bps	**210 bps+**	16.8 %+
Overall funding threshold = 1.25% EPS CAGR[(4)]							

(1) Total Revenue is cumulative total revenue for 2012 and 2013, excluding the impact of

acquisitions and divestitures.

(2) ROI is defined as the ratio of net income before interest expense to cash employed in the Company s businesses. ROI is a measure of the Company s ability to convert investments such as inventory, property, plant and equipment into profits. The ROI calculation excludes the impact of acquisitions and divestitures during the performance cycle and pension income/expense. The Growth Plan goal uses an arithmetic average of ROI for 2012 and 2013.

(3) Segment Margin Expansion represents the change in 2013 total company segment margins from the base year of 2011. The segment margin calculation excludes the impact of acquisitions and divestitures during the

performance cycle and pension income/expense.

(4) Per the terms of the Growth Plan, excludes pension income/expense.

Growth Plan performance goals are intended to complement, but not duplicate, the primary annual corporate financial objectives utilized for ICP purposes and are consistent with the Growth Plan s focus on sustainable improvement. Growth Plan performance targets for each goal were set at the beginning of the performance cycle. The revenue goal was set in February 2012 at a level above the Company s annual operating plan for 2012 and strategic plan targets for 2013 and reflects aggressive growth rates for the SBGs based on then-current projections of growth in our end markets. ROI goals were based on the two-year revenue targets and the projected income using 2012 annual operating plan and historical rates of incremental sales conversion of income for 2013. Net investment values were projected taking into account anticipated working capital improvements over the two-year period. Segment margin expansion targets were set to reflect progress needed to achieve the mid-point of the range of the Company s 2014 segment margin expansion goals consistent with external guidance.

At the end of a performance cycle, Growth Plan awards are determined on a purely formulaic basis. Each Growth Plan unit has a target value of $100, with performance goals weighted equally in determining final payout. For each performance goal, a minimum level of achievement (i.e., threshold) must be met before the plan will fund an award for that goal. In addition, no awards will be funded if the Company does not achieve 1.25% compound annual growth in EPS for the 2012-2013 period (excluding pension income/expenses). Plan payouts are capped at 200% of target to the extent plan maximums are met or exceeded. For SBG executives (Messrs. Kramvis, Fradin, and Mahoney), 50% of their potential payout for the 2012-2013 performance cycle will be based on achievement of total Company metrics, and the remaining 50% will be based on achievement of corresponding SBG objectives for their respective SBG. For Corporate executives (Messrs. Cote and Anderson), payouts will be based solely on the achievement of total Company-level metrics.

In order to focus the executive team on driving initiatives aimed at achieving these aggressive two-year performance goals, in February 2012, the Committee (and the independent members of the Board in the case of the CEO), granted the Named Executive Officers a number of GPUs as follows:

Mr. Cote	95,000
Mr. Anderson	27,500
Mr. Fradin	27,500
Mr. Mahoney	21,000
Mr. Kramvis	17,500

As noted above, half (50%) of any earned award will be paid in the first quarter of 2014, and the other half will be paid in the first quarter of 2015, contingent on the executive being employed with the Company on the date the payment is made.

Retirement Plans. The Company offers certain retirement benefits to our Named Executive Officers. Specifically, Named Executive Officers may participate in broad-based plans including a defined benefit pension plan and a 401(k) savings plan that provides matching Company contributions. The Company also maintains an unfunded supplemental retirement plan to replace the portion of an executive s pension benefit that cannot be paid under the broad-based plans because of Internal Revenue Service (IRS) limitations. In addition, certain Named Executive Officers, including the CEO, are entitled to supplemental retirement benefits that were provided under separate arrangements deemed necessary to either recruit the executive at the time of their hiring or retain the executive as circumstances demanded. These plans are explained in detail beginning on page 63.

The 2012 Change in Pension Value reflected on the Summary Compensation Table for Mr. Cote is not the result of a pension enhancement action taken by the Committee in 2012. Instead, the change is primarily due to two factors: (1) the impact of Mr. Cote s decision to forego an annual bonus for 2009 (as approved by the Committee); and (2) a decline in the discount rate. To be specific, in determining his 2012 year-end pension value using a pension formula based on his three-year final average compensation, Mr. Cote s annual bonus from 2009 (which was $0) was replaced with his 2012 Pensionable Bonus ($4.3 million). Over 70% of the change in Mr. Cote s 2012 aggregate pension value is attributable to this change in three-year final average compensation. Additionally, Mr. Cote s 2012 year-end pension value also increased due to a decline in the required discount rate used to determine reportable pension values from 4.89% at December 31, 2011 to 4.06% at December 31, 2012. Twenty-five percent of the change in Mr. Cote s 2012 aggregate pension value is attributable to this decline in discount rate. The combination of these two factors resulted in a year-over-year change in pension value that is anomalous and not reflective of a change in compensation philosophy or approach in 2012. Mr. Cote also attained the required minimum age under the provisions of the pension arrangement agreed at the time of his recruitment in 2002. Assuming no further declines in the assumed discount rate and consistent levels of pensionable compensation, Mr. Cote s pension value is expected to decline in future periods.

Nonqualified Deferred Compensation Plans. Executive officers (including the Named Executive Officers) may choose to participate in certain nonqualified deferred compensation plans to permit retirement savings in a tax-efficient manner. Executive officers can elect to defer up to 100% of their annual ICP awards. In addition, executive officers may also participate in the Honeywell Supplemental Savings Plan maintained in order to permit deferral of base salary that cannot be contributed to the Company s 401(k) savings plan due to IRS limitations. These amounts are matched by the Company only to the extent required to make up for a shortfall in the available match under the 401(k) savings plan due to such IRS limitations. Deferred compensation balances earn interest at a fixed rate based on the Company s 15-year cost of borrowing, which is subject to change on an annual basis (3.65% in 2012, set at 2.90% for 2013). Consistent with the long-term focus of the executive compensation program, matching contributions are treated as if invested in Company Common Stock. These plans are explained in detail beginning on page 68.

Benefits and Perquisites. Our Named Executive Officers are entitled to participate in Company-wide benefits such as life, medical, dental, accidental death and disability insurance that are competitive with other similarly-sized companies. The Named Executive Officers participate in these programs on the same basis as the rest of the Company s salaried employees. The Company maintains excess liability coverage for management personnel, including the Named Executive Officers. The CEO also receives additional life insurance benefits agreed at his time of hire in 2002 to replace lost benefits from his prior employer. The Company s security policy requires the CEO to use Company aircraft for all air travel (business or personal) to ensure the personal security of the CEO and protect the confidentiality of the Company s business, and to have home security and back-up power systems. The Company may also permit limited personal usage of Corporate aircraft by other executive officers.

NAMED EXECUTIVE OFFICERS PERFORMANCE & DIRECT COMPENSATION

In deciding upon the direct compensation of the Named Executive Officers, the Committee gave strong consideration to the Company s solid top- and bottom-line growth for 2012, on both an absolute and relative basis, despite challenging global economic conditions. The Committee has confidence that the leadership team is making appropriate seed planting investments that will drive future growth and differentiate Honeywell from its peers. The Committee also recognized that consistency in strategy, a focus on execution and smart decisions enabled Honeywell to fully recover and exceed levels of performance experienced prior to the 2008-2009 economic downturn and have kept the Company on track for meeting its five-year plan set out in 2010 (see Long-Term Targets on page 31).

* Proforma, excludes any pension mark-to-market adjustment

** 2012 FCF prior to cash pension contributions, 2008 FCF prior to cash pension contributions and also excludes cash taxes related to the sale of the Consumables Solutions business

Post-Recession Stock Performance

Indexed (January 1, 2009 to December 31, 2012); Comp Peers Reflects Compensation Peer Group Median

Set forth below is a discussion of the compensation actions for each Named Executive Officer, which reflects how the Committee viewed their 2012 performance. Included is a table summarizing the Committee s 2012 ADC actions for each Named Executive Officer. Discretionary RSU awards made in 2012 for retention and succession planning purposes which are not a part of ADC are also set forth in the tables. The tables in this section differ from, and are not a substitute for, the Summary Compensation Table, which presents similar information in the format required by the SEC.

David Cote Chairman and Chief Executive Officer

2012 Performance Summary:

Effectively led Honeywell to meeting or exceeding the 2012 expectations set at the start of the year despite challenging global economic conditions.

Resulted in segment margin expansion of 90 basis points to a new record of 15.6%, and EPS up 11% to $4.48.

Exceeded prior-year peaks on key financial metrics: EPS, segment profit, segment margin, working capital turns and sales.

Continued portfolio evolution through smart bolt-on acquisitions in adjacent, high growth, spaces.

Drove seed planting investments which will provide a tailwind for future growth and productivity.

Increased capital expenditures by 11%, including 16% in PMT to expand capacity in high growth, high margin product lines.

R&D spending at 4.9%, while also expanding the organization s focus on VPD to improve R&D effectiveness.

Continued focus on HGR penetration and capabilities, including appointing a HGR leader, resulting in an increase of 8 % organically.

Continued to advance and evolve Honeywell s key process initiatives and the Honeywell Enablers.

Honeywell Operating System over 70% of operations now at Bronze level or better.

David Cote:

Annual Compensation:		**2012**		**2011**
Base Salary	$	1,800,000	$	1,800,000
Annual ICP Award	$	4,800,000 (a)	$	4,300,000
Total Annual Cash Compensation	$	6,600,000	$	6,100,000
Growth Plan (Target)[b]	$	4,750,000	$	4,750,000
Stock Options[c]	$	9,289,000	$	9,726,250
Target Total Annual LTI Compensation	$	14,039,000	$	14,476,250
Growth Plan (Earned Increment above Target)[d]			$	4,750,000
Total Annual Direct Compensation	$	20,639,000	$	25,326,250

(a) The Committee

determined that only $4.3 million of Mr. Cote s 2012 ICP award should be used for calculating the pension value under the terms of Mr. Cote s pension formula.

(b) Represents the annualized value of Growth Plan Units for meeting the target performance goals. 2011 reflects the actual amount earned for the 2010-2011 performance cycle. 2012 reflects the potential target award value for the 2012-2013 performance cycle which will be payable only if the Company meets plan performance goals based on financial results for 2012 and 2013.

(c) 2012 700,000 stock options with a grant date

Black-Scholes value of $13.27 (vests over 4 years - exercise price of $59.87/share). 2011 775,000 stock options with a grant date Black-Scholes value of $12.55 (vests over 4 years - exercise price of $57.05/share).

(d) Represents the annualized value of Growth Plan Units earned for exceeding target performance goals. 2011 reflects the actual amount earned for exceeding target for the 2010-2011 performance cycle. Any 2012 amount will only be earned if the Company exceeds the 2012-2013 performance cycle goals based on financial results for 2012 and 2013.

The Committee recognized the consistently strong performance of the Company over the course of Mr. Cote s tenure with Honeywell (2002-2012), on both an absolute and relative basis. The following charts set forth a comparison of Honeywell s Long Term Stock Price Performance and TSR over the past 10 years versus both the S&P 500 and our Compensation Peer Group, demonstrating strong performance in comparison to both groups.

Long-term (10-Year) Stock Performance

Indexed (January 1, 2003 to December 31, 2012); Comp Peers Reflects Compensation Peer Group Median.

Percentages represent cumulative growth over the period.

The Committee also recognized Mr. Cote s ability to grow the revenue of the Company and deliver strong operational performance, while at the same time reducing the number of ICP-eligible employees and not materially increasing the aggregate level of annual ICP payments. Since Mr. Cote s first full year with Honeywell (2003), proforma EPS has increased 197% and segment profit has increased 150%. This strong performance was achieved with only a 13% increase in the amount of ICP paid in 2012 versus 2003 and 6% fewer ICP-eligible executives in 2012 compared to 2003.

* Proforma EPS (excludes any pension mark-to-market adjustment).

The Company does not define specific pay equity ratios for its senior executives or Named Executive Officers. The compensation disparity between the CEO and the other Named Executive Officers is primarily due to the CEO having significantly greater responsibilities for management and oversight of a diversified, global enterprise.

David Anderson Senior Vice President and Chief Financial Officer

2012 Performance Summary:

Drove working capital and cost reduction initiatives which contributed to the Company exceeding its plan and external guidance for segment margin, and meeting its commitment for EPS and FCF despite challenging global economic conditions.

Ensured balanced, disciplined deployment of capital which funded growth through strategic acquisitions, allowed reinvestment in the Company s businesses, and returned value to shareowners.

Continued to drive disciplined

acquisition valuation and integration processes, including maintaining a robust pipeline of new targets and conducting monthly assessments of actionable opportunities.

Enabled the Board to approve a return of value to shareowners by increasing the dividend 10% in the fourth quarter of 2012, consistent with the increase in 2011, and ahead of the traditional track record of increases in the first quarter.

Funded investment in technology centers and new manufacturing capacity.

Continued to drive sustainable productivity improvements through restructuring actions.

Funded approximately $120 million of gross restructuring projects through operations.

Maintained organizational focus on the significant pipeline of previously-funded restructuring projects.

Effectively led Honeywell s OEF and FT initiatives to improve customer satisfaction while reducing the cost to serve.

Organizational Efficiency productivity initiatives resulting in a reduction in employee costs of 80 basis points as a percentage of 2012 sales, while still growing sales and successfully retaining the workforce.

FT activities resulted in a reduction in functional costs of 20 basis points to a low of 6.2% of sales.

David Anderson:

Annual Compensation:	**2012**	**2011**

Base Salary	$	900,000	$	900,000
Annual ICP Award	$	1,225,000	$	1,225,000
Total Annual Cash Compensation	$	2,125,000	$	2,125,000
Growth Plan (Target)[(a)]	$	1,375,000	$	1,375,000
Stock Options[(b)]	$	2,654,000	$	3,451,250
Target Total Annual LTI Compensation	$	4,029,000	$	4,826,250
Growth Plan (Earned Increment above Target)[(c)]			$	1,375,000
Total Annual Direct Compensation	$	6,154,000	$	8,326,250
Non-Annual Retention Grant:				
Performance Adjusted RSUs[(d)]	$	2,789,160		

(a) Represents the annualized value of GPUs for meeting the target performance goals. 2011 reflects the actual amount earned for the 2010-2011 performance cycle. 2012 reflects the potential target award value for the 2012-2013 performance cycle which will be payable only if the Company meets plan performance goals based on financial results for 2012 and 2013.

(b) 2012 200,000 stock options with a grant date Black-Scholes value of $13.27 (vests over 4 years - exercise

price of $59.87/share).
2011 275,000 stock options with a grant date Black-Scholes value of $12.55 (vests over 4 years - exercise price of $57.05/share).

(c) Represents the annualized value of GPUs earned for exceeding target performance goals. 2011 reflects the actual amount earned for exceeding target for the 2010-2011 performance cycle. Any 2012 amount will only be earned if the Company exceeds the 2012-2013 performance cycle goals based on financial results for 2012 and 2013.

(d) 2012 Grant date fair value of 44,000 performance-adjusted RSUs at a grant date value of $63.39 issued for retention and succession planning purposes; vests over 3 years.

Roger Fradin President and Chief Executive Officer Automation and Control Solutions (ACS)

2012 Performance Summary:

Grew ACS sales 2% (3% organic) in a tough environment, outperforming its key end-markets and building on its leading positions.

Converted incremental sales at 43% bringing segment profit to $2.2 billion. Expanded ACS segment margin 70 basis points by driving price and productivity, net of inflation while continuing to invest for future growth.

Continued ACS global organic sales expansion in emerging markets, with the Middle East up 9%, India up 5%, and China up 1%.

Improved WCTs by 0.3 turns to 7.3

and delivered 103% FCF conversion.

Launched over 540 new products across the ACS portfolio, aligned to the mega-trends of energy efficiency, safety and security, and globalization. These new product launches are expected to drive $700 million to $800 million of future sales. Removed more than $80 million in cost from existing product designs.

Successfully completed key strategic acquisitions (Inncom and Saia-Burgess Controls) that expand ACS position and capabilities in intelligent building controls, building automation and energy management systems.

Significant wins in wireless mobile devices with new mobile computing solutions for Deutsche Post smart grid technologies and demand response deployments with the China State Grid and Hawaiian Electric; over 100 new Attune Software as a Service (SaaS) energy management advisory contracts; and entered into nearly $500 million of new energy savings performance contracts including the largest domestic energy retrofit project for the U.S. Air Force at Tinker Air Force Base.

Roger Fradin:

Annual Compensation:		2012		2011
Base Salary	$	1,050,000	$	1,050,000
Annual ICP Award	$	1,200,000	$	1,300,000
Total Annual Cash Compensation	$	2,250,000	$	2,350,000

Growth Plan (Target)(a)	$ 1,375,000	$ 1,375,000
Stock Options(b)	$ 2,654,000	$ 3,451,250
Target Total Annual LTI Compensation	$ 4,029,000	$ 4,826,250
Growth Plan (Earned Increment above Target)(c)		$ 1,361,250
Total Annual Direct Compensation	$ 6,279,000	$ 8,537,500
Non-Annual Retention Grant:		
Performance Adjusted RSUs(d)	$ 3,359,670	

(a) Represents the annualized value of GPUs for meeting the target performance goals. 2011 reflects the actual amount earned for the 2010-2011 performance cycle. 2012 reflects the potential target award value for the 2012-2013 performance cycle which will be payable only if the Company meets plan performance goals based on financial results for 2012 and 2013.

(b) 2012 200,000 stock options with a grant date Black-Scholes value of $13.27 (vests over 4 years - exercise price of $59.87/ share).

2011 275,000 stock options with a grant date Black-Scholes value of $12.55 (vests over 4 years - exercise price of $57.05/ share).

(c) Represents the annualized value of GPUs earned for exceeding target performance goals. 2011 reflects the actual amount earned for exceeding target for the 2010-2011 performance cycle. Any 2012 amount will only be earned if the Company exceeds the 2012-2013 performance cycle goals based on financial results for 2012 and 2013.

(d) 2012 Grant date fair value of 53,000 performance-adjusted RSUs at a grant date value of $63.39 issued for retention purposes; vests over 6 years.

Timothy Mahoney President and Chief Executive Officer Aerospace

2012 Performance Summary:

Grew Aerospace sales by 5%, driven by strong growth in both commercial original equipment and commercial aftermarket sales.

Increased year-over-year Aerospace segment profit by 13% to $2.3 billion, with segment margin expanding 130 basis points to 18.9%.

Successfully integrated the Aerospace portion of the EMS Technologies Acquisition and, as a result of the acquisition, captured a sole source position as the equipment manufacturer for the Ka satellite constellation with a total estimated value of $2.8

billion.

Secured wins with a total estimated value of approximately $3 billion in the Aerospace Components business.

Made significant progress in improving our delivery performance to our Customers.

Secured over $3.5 billion in new contract wins in Defense and Space (D&S) with approximately 25% secured outside the U.S. as a result of the D&S globalization efforts.

Entered into new or renewal contracts with Boeing worth approximately $7.6 billion for the Air Transport & Regional Aviation (ATR) business.

Won contracts with Embraer worth over

$2.8 billion across the Business & General Aviation and ATR businesses.

Timothy Mahoney:

Annual Compensation:		**2012**		**2011**
Base Salary	$	818,750	$	763,385
Annual ICP Award	$	900,000	$	800,000
Total Annual Cash Compensation	$	1,718,750	$	1,563,385
Growth Plan (Target)[(a)]	$	1,050,000	$	1,050,000
Stock Options[(b)]	$	1,990,500	$	2,635,500
Target Total Annual LTI Compensation	$	3,040,500	$	3,685,500
Growth Plan (Earned Increment above Target)[(c)]			$	546,000
Total Annual Direct Compensation	$	4,759,250	$	5,794,885
Non-Annual Retention Grant:				
Performance Adjusted RSUs[(d)]	$	2,852,550		

(a) Represents the annualized value of GPUs for meeting the target performance goals. 2011 reflects the actual amount earned for the 2010-2011 performance cycle. 2012 reflects the potential target award value for the 2012-2013 performance cycle which will be payable only if the Company meets plan performance goals based on financial results for 2012 and 2013.

(b) 2012 150,000 stock options with a grant date Black-Scholes value of $13.27 (vests over 4 years - exercise price of $59.87/ share).

2011 210,000 stock options with a grant date Black-Scholes value of $12.55 (vests over 4 years - exercise price of $57.05/ share).

(c) Represents the annualized value of GPUs earned for exceeding target performance goals. 2011 reflects the actual amount earned for exceeding target for the 2010-2011 performance cycle. Any 2012 amount will only be earned if the Company exceeds the 2012-2013 performance cycle goals based on financial results for 2012 and 2013.

(d) 2012 Grant date fair value of 45,000 performance-adjusted RSUs at a grant date value of $63.39 issued for retention purposes; vests over 7 years.

Andreas Kramvis President and Chief Executive Officer Performance Materials and Technologies (PMT)

2012 Performance Summary:

Increased PMT sales by 9% (4% organic) to $6.2 billion through new product offerings and the effective globalization of PMT; sales outside the U.S. accounted for 55% of the total. Record backlog at PMT was led by UOP, (UOP backlog exceeded $2.8 billion) and continued wins in the new solstice low global warming product platform.

Against a generally weakening margin environment for chemical businesses, increased PMT segment profit $112 million to a record $1.2 billion; and expanded, segment margin by 30 basis points to a record 18.7%.

Formed a new gas division within UOP and acquired 70% (with definitive agreement to acquire the rest) of Thomas Russell Co., a leader in cryogenic separation of natural gas liquids thus establishing a strong globally competitive presence in a high growth market.

Continued rigorous focus on new product introductions, improving development capabilities and global commercial excellence launched over 60 new products generating in excess of $300 million in 2012 sales. Enhanced technology growth platforms including gas to chemicals, low global warming refrigerants, blowing agents and solvents and oil and petrochemical catalysts.

Executed pricing, strategic sourcing, and supply chain management initiatives in a period of commodity volatility contributing to record profit and margin performance. Expanded sourcing capabilities in China, India, Brazil, and Malaysia to enhance productivity.

Invested to upgrade engineering

capabilities and operating effectiveness of PMT manufacturing facilities as well as initiated a record number of multi-year capital projects to enhance asset reliability, expand capacity to meet market demand, and improve productivity. Nineteen production units performed at new record levels in 2012.

Delivered significant year-over-year improvement in WCTs to 10.6 turns (1.9 turns improvement, 1.1 organically).

Andreas Kramvis:

Annual Compensation:		**2012**		**2011**
Base Salary	$	687,500	$	623,846
Annual ICP Award	$	950,000	$	875,000
Total Annual Cash Compensation	$	1,637,500	$	1,498,846
Growth Plan (Target)[(a)]	$	875,000	$	875,000
Stock Options[(b)]	$	1,658,750	$	2,196,250
Target Total Annual LTI Compensation	$	2,533,750	$	3,071,250
Growth Plan (Earned Increment above Target)[(c)]			$	875,000
Total Annual Direct Compensation	$	4,171,250	$	5,445,096

Non-Annual Retention Grant:		
Performance Adjusted RSUs[d]	$	2,535,600

(a) Represents the annualized value of GPUs for meeting the target performance goals. 2011 reflects the actual amount earned for the 2010-2011 performance cycle. 2012 reflects the potential target award value for the 2012-2013 performance cycle which will be payable only if the Company meets plan performance goals based on financial results for 2012 and 2013.

(b) 2012 125,000 stock options with a grant date Black-Scholes value of $13.27 (vests over 4 years - exercise price of $59.87/ share).

2011 175,000 stock options with a grant date Black-Scholes value of $12.55 (vests over 4 years - exercise price of $57.05/ share).

(c) Represents the annualized value of GPUs earned for exceeding target performance goals. 2011 reflects the actual amount earned for exceeding target for the 2010-2011 performance cycle. Any 2012 amount will only be earned if the Company exceeds the 2012-2013 performance cycle goals based on financial results for 2012 and 2013.

(d) 2012 Grant date fair value of 40,000 performance-adjusted RSUs at a grant date value of $63.39 issued for retention purposes; vests over five years.

OTHER COMPENSATION PRACTICES AND POLICIES

Best Practices

The Committee regularly reviews best practices in governance and executive compensation and has revised Honeywell s policies and practices over time to:

Upon a change in control, pay ICP awards at the time they would typically be paid (no acceleration) and based on business performance rather than target;

Guard the Company against competitive harm by obtaining enhanced restrictive covenants in connection with annual equity grants and certain succession planning actions;

Require executive officers to maintain specific stock ownership levels, holding Common Stock equal in value to at least four times their base salary (six times for the CEO). In 2012, eliminated the previous provision that suspended officer ownership requirements upon age 60 with 10 years of service (guidelines now apply to all officers at all times);

Require officers to hold the net shares from RSU vesting and the net gain shares from option exercises for at least one year (see Stock Ownership Guidelines below);

Add a relative TSR performance-based adjustment mechanism to discretionary RSU grants to officers and make a larger portion of the award performance-based (design improvement in 2012);

Require automatic reinvestment of dividend equivalents on RSUs into additional RSUs, which vest according to the same schedule as the underlying RSUs to which they relate;

Permit the recapture of incentive compensation from senior executives in the event of a significant financial restatement;

Permit the cancellation and

recovery of gains attributable to equity awards from employees who leave the Company to join a competitor;

Eliminate tax reimbursement payments (known as tax gross-ups) on both perquisites received by officers and excise taxes that may become due upon a change in control for new participants in the Company s severance plan (in each case, effective January 1, 2010);

Prohibit the Committee s independent compensation consultant from performing any services for the Company;

Eliminate the annual cash flexible perquisite allowance for executive officers;

Reduce the interest rate on deferred compensation by tying it to the Company s cost of capital;

Prohibit the granting of stock options with an exercise price less than the fair market value of the Company s Common Stock on the date of grant; and

Prohibit the repricing (reduction in exercise price) or reloading of stock options.

Risk Considerations

The Committee believes that the balanced utilization of the various elements of the Company s executive compensation program:

Supports the achievement of competitive revenue, earnings and cash performance in variable economic and industry conditions without undue risk; and

Mitigates the potential to reward risk-taking that may produce short-term results that appear in isolation to be favorable, but that may undermine the successful execution of the Company s long-term business strategy and destroy shareowner value.

The following risk oversight and compensation design features guard against excessive risk-taking:

Processes for developing strategic and annual operating plans, approval of capital investments, internal control over financial reporting and other financial, operational and compliance policies and practices (see page 13 of this proxy statement for a full discussion of the role of the Board of Directors in the risk oversight process);

Diversified nature of the Company s overall portfolio of businesses with respect to industries and markets served (types, long cycle/short cycle), products and services sold, and geographic footprint;

Review and approval of corporate, SBG and individual executive officer objectives by the Committee to ensure that these goals are aligned with the Company s annual operating and strategic plans, achieve the proper risk/reward balance, and do not encourage unnecessary or excessive risk-taking;

Positioning of base salaries consistent with executives responsibilities so that they are not motivated to take excessive risks to achieve a reasonable level of financial security;

Determination of incentive awards based on a review of a variety of indicators of performance, thus diversifying the risk associated with any single indicator of performance;

Design of long-term compensation to reward executives for driving sustainable, profitable, growth for shareowners;

Vesting periods for equity compensation awards that encourage executives to focus on sustained stock price appreciation;

The mix between fixed and variable, annual and long-term, and cash and equity compensation are designed to encourage strategies and actions that are in the Company s long-term best interests;

Incentive plans are not overly leveraged and cap the maximum payment; design features are intended to balance pay for performance with an appropriate level of risk taking. The Committee has discretionary authority to adjust annual ICP payments, which further reduces any business risk associated with such plan;

Adoption of clawback policies, which provide for the recoupment of incentive compensation paid to senior executives in event of a significant restatement of Company financial results;

Clawback provisions in the Company s

current stock plan that allow the Company to cancel shares or recover gains realized by an executive if non-competition provisions are violated;

Prohibition on hedging and pledging of shares by our executive officers and directors; and

Ownership thresholds in the Company s stock ownership guidelines that require Named Executive Officers to hold shares of Common Stock equal to four times their current annual base salary (six times for the CEO), as detailed below.

Accordingly, based upon the foregoing, the Company believes that the risks arising from its compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

Stock Ownership Guidelines

The Committee believes that executives will more effectively pursue the long-term interests of the Company s shareowners if these executives hold substantial amounts of stock. Accordingly, the Committee adopted minimum stock ownership guidelines in May 2003 for all executive officers.

Under these guidelines, the CEO must hold shares of Common Stock equal in value to six times his current annual base salary. Other executive officers are required to own shares equal in value to four times their current base salary. Shares used in determining whether these guidelines are met include shares held personally, share equivalents held in qualified and nonqualified retirement accounts, and RSUs. Executive officers have five years to meet these guidelines. Each of the Named Executive Officers has attained the prescribed ownership threshold.

In addition, the stock ownership guidelines require officers to hold for at least one year the net shares from an RSU vesting or the net gain shares of Common Stock that they receive by exercising stock options. Net shares means the number of shares obtained from an RSU vesting, less the number of shares withheld or sold to pay applicable taxes. Net gain shares means the number of shares obtained by exercising the option, less the number of shares the officer sells to cover the exercise price of the options and pay applicable taxes.

After the one-year holding period, officers may sell net shares or net gain shares, provided that, following any sale, they continue to hold shares of Common Stock in excess of the prescribed minimum stock ownership level.

Previously, the stock ownership guidelines were suspended for officers at or over age 60 who have at least ten years of service. In 2012, the ownership guidelines were amended to eliminate this provision. All officers of Honeywell remain subject to the stock ownership guidelines until such time as they are no longer an officer.

Recoupment

The Company s Corporate Governance Guidelines provide for the recoupment (or clawback) of incentive compensation paid to senior executives in the event of a significant restatement of financial results (a Restatement). Under the guidelines, the Board can seek recoupment if and to the extent that (i) the amount of incentive compensation was calculated based upon the achievement of financial results that were subsequently reduced due to a Restatement, (ii) the senior executive engaged in misconduct, and (iii) the amount of incentive compensation that would have been awarded to the senior executive had the financial results been properly reported would have been lower than the amount actually awarded. The complete text of the Corporate Governance Guidelines is posted on our website at www.honeywell.com (see Investor Relations Corporate Governance).

In the event that during the two-year period following an executive officer s termination of employment with Honeywell, he or she commences employment with or otherwise provides services to a Honeywell competitor without the Committee s prior approval, the Company reserves the right, for awards issued under the 2003, 2006 and 2011 Stock Incentive Plans, to (i) cancel all unexercised options and (ii) recover any gains attributable to options that were exercised, and any value attributable to GPUs and RSUs that were paid, during the period beginning six months before and ending two years after the executive officer s termination of employment.

In addition, the Company has entered into non-competition agreements with its executive officers that preclude them from going to work for a competitor for up to two years after termination of employment with Honeywell for any reason. The list of competitors and the duration of the non-competition covenant has been tailored, in each case, to the executive officer s position and the competitive threat presented thereby. Because money damages cannot adequately compensate Honeywell for violations of these non-competition covenants, the Company has a full range of equitable remedies at its disposal to enforce these agreements, including the application of injunctive relief.

Tax Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code restricts deductibility for federal income tax purposes of annual individual compensation in excess of $1 million to the Named Executive Officers (excluding the Chief Financial Officer) if certain conditions are not satisfied. Honeywell intends, to the extent practicable, to preserve deductibility of compensation paid to its Named Executive Officers while maintaining compensation programs that effectively attract, motivate and retain exceptional executives in a highly competitive environment.

The Company believes that its annual and long-term cash incentive and stock option awards qualify for full deductibility. The plans under which these awards are made have been approved by the shareowners and provide for awards that are eligible for deductibility as performance-based compensation. The Committee may use its discretion to set actual compensation below the maximum amount calculated by application of the relevant performance criteria. The Committee intended that all annual ICP payments earned by the Named Executive Officers for 2012 and all Growth Plan payments earned by the Named Executive Officers for 2012-2013 would be deductible for federal income tax purposes.

The Committee does not believe, however, that it would be in the best interests of the Company or its shareowners to restrict the Committee s discretion and flexibility (an integral part of our compensation philosophy) to design compensation plans and arrangements that may result in non-deductible compensation expenses. Accordingly, the

Committee from time to time has approved elements of compensation for certain Named Executive Officers that were consistent with the objectives of the Company s executive compensation program, but that were not fully deductible (which includes, among other things, the time-vested portion of RSU awards and a portion of the CEO s base salary, both of which occurred in 2012).

Pledging and Hedging Transactions in Company Securities

It is the Company s policy that pledging Honeywell s securities or using Honeywell s securities to support margin debt by executive officers and directors is prohibited. All other employees must exercise extreme caution in pledging Honeywell s securities or using Honeywell s securities to support margin debt.

It is the Company s policy that hedging by directors, executive officers and employees on the Company s restricted trading list is prohibited and is strongly discouraged for all other employees. For this purpose, hedging means purchasing financial instruments (including forward sale contracts, swaps, collars and interests in exchange funds) that are designed to offset any decrease in the market value of Company stock held, directly or indirectly by them, whether the stock was acquired pursuant to a compensation arrangement or otherwise.

In addition, no employee or director may engage in short sales of Honeywell securities. Also, selling or purchasing puts or calls or otherwise trading in or writing options on Honeywell s securities by employees, officers and directors is prohibited.

MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE REPORT

The Management Development and Compensation Committee reviewed and discussed Honeywell s Compensation Discussion and Analysis with management. Based on this review and discussion, the Committee recommended that the Board of Directors include the Compensation Discussion and Analysis in this proxy statement and the Form 10-K for the year ended December 31, 2012.

THE MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE

D. Scott Davis, Chair
Gordon M. Bethune
Clive Hollick
Grace D. Lieblein
Bradley T. Sheares

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During fiscal year 2012, all of the members of the Management Development and Compensation Committee were independent directors, and no member was an employee or former employee of Honeywell. No Committee member had any relationship requiring disclosure under Certain Relationships and Related Transactions on page 20 of this proxy statement. During fiscal year 2012, none of our executive officers served on the compensation committee (or its equivalent) or board of directors of another entity whose executive officer served on the Management Development and Compensation Committee.

SUMMARY COMPENSATION TABLE

Named Executive Officer and Principal Position	Year	Salary($)	Bonus($)[1]	Stock Awards($)[2]	Option Awards($)[3]	Non-Equity Incentive Plan Compensation($
David M. Cote						
Chairman of the	2012	$ 1,800,000	$ 4,800,000	$ 0	$ 9,289,000	$
Board and Chief	2011	$ 1,800,000	$ 4,300,000	$ 0	$ 9,849,750	$ 19,000,00
Executive Officer	2010	$ 1,800,000	$ 4,300,000	$ 0	$ 8,483,500	$
David J. Anderson						
Senior Vice	2012	$ 900,000	$ 1,225,000	$ 2,789,160	$ 2,654,000	$
President, Chief	2011	$ 900,000	$ 1,225,000	$ 0	$ 3,451,250	$ 5,500,00
Financial Officer	2010	$ 900,000	$ 1,150,000	$ 3,090,750	$ 2,455,750	$
Roger Fradin						
President & Chief	2012	$ 1,050,000	$ 1,200,000	$ 3,359,670	$ 2,654,000	$
Executive Officer	2011	$ 1,050,000	$ 1,300,000	$ 0	$ 3,451,250	$ 5,472,50
Automation and	2010	$ 1,050,000	$ 1,300,000	$ 3,068,000	$ 2,455,750	$
Control Solutions						
Timothy O. Mahoney						
President & Chief	2012	$ 818,750	$ 900,000	$ 2,852,550	$ 1,990,500	$
Executive Officer,	2011	$ 763,385	$ 800,000	$ 0	$ 2,635,500	$ 3,192,00
Aerospace	2010	$ 660,000	$ 700,000	$ 2,377,500	$ 1,875,300	$
Andreas C. Kramvis						
President & Chief	2012	$ 687,500	$ 950,000	$ 2,535,600	$ 1,658,750	$
	2011	$ 623,846	$ 875,000	$ 0	$ 2,196,250	$ 3,500,00

Executive Officer,										
Performance Materials and Technologies	2010	$	550,000	$	750,000	$	6,996,000	$	1,562,750	$

(1) Amounts reflect annual ICP awards. The Committee determined that only $4.3 million of Mr. Cote s 2012 ICP award should be used for calculating the pension value under the terms of Mr. Cote s pension formula. Mr. Cote s pension arrangement was established in 2002 when Mr. Cote was recruited to join Honeywell.

(2) Mr. Cote did not receive a stock award in 2012, 2011 or 2010. For the other Named Executive Officers, the 2012 amounts reflect the aggregate grant date fair value of performance-adjusted RSU awards, computed in accordance with FASB ASC Topic 718. For RSU awards made in 2012, the grant date fair value per share includes an assumption with respect to the achievement of the performance

adjustment attached to the award (refer to footnotes to the Outstanding Equity Awards table for a description of the performance adjustment). Specifically, the grant date fair value of the performance-adjusted RSUs granted in July 2012 was $63.39 per share, calculated in accordance with FASB ASC Topic 718 based on a multifactor Monte Carlo model which simulates Honeywell s stock price and TSR relative to each of the other companies in the Compensation Peer Group.

(3) Amounts reflect the aggregate grant date fair value of stock option awards computed in accordance with FASB ASC Topic 718, using the Black-Scholes option-pricing model at the time of grant, with the expected-term input derived from a risk-adjusted Monte Carlo simulation model that considers historical exercise behavior and probability-weighted movements in Honeywell s stock price over time. 2012 option awards were made on February 29,

2012 with a Black-Scholes value of $13.27 per share. A discussion of the assumptions used in the valuation of option awards made in fiscal year 2012 may be found in Note 20 of the Notes to the Financial Statements in the Company s Form 10-K for the year ended December 31, 2012.

(4) 2011 values reflect the full earned amount under the Growth Plan with respect to the 2010-2011 performance cycle, reported in a single year as required by applicable SEC rules. Actual payment of earned Growth Plan awards are made in two equal installments following the performance period and contingent on continued active employment on each applicable payment date. The first payment for the 2010-2011 Growth Plan performance cycle award was made in March 2012 and the second will be made in March 2013.

(5) 2012 values represent (a) the aggregate change in the present value of each Named Executive Officer s accumulated benefit under the Company s

pension plans from December 31, 2011 to December 31, 2012 (as disclosed in the Pension Benefits table on page 63 of this proxy statement) and (b) interest earned in 2012 on deferred compensation that is considered above-market interest under SEC rules (as discussed beginning on page 69 of this proxy statement). Each of these components is shown in the following table:

Named Executive Officer	Change in Aggregate Pension Value	Above Market Interest
David M. Cote	$ 16,481,850 (a)	$ 486,356
David J. Anderson	$ 1,112,435	$ 187,144
Roger Fradin	$ 511,539	$ 147,590
Timothy O. Mahoney	$ 1,440,708	$ 68,190
Andreas Kramvis	$ 191,508	$ 79,354

(a) No part of the 2012 change in aggregate pension value for Mr. Cote is the result of a pension enhancement action taken by the Committee in or for 2012. The change is primarily due to two factors: (1) the impact of replacing the zero bonus for 2009 (Mr. Cote agreed to forego a bonus in 2009 during the economic downturn) with his 2012 Pensionable Bonus ($4.3 million) in the determination of his final 3-year average pensionable earnings as required by the pension formula as of December 31, 2012, and (2) a decline in the discount rate required to be used to determine his reportable pension value as of December 31, 2012 (from 4.89% at December 31, 2011 to 4.06% at December 31, 2012). Over 70% of the 2012 change in Mr. Cote s aggregate pension value is attributable to the change in final average earnings (i.e., from the zero bonus year falling off) and 25% of the change is due to the decline in the discount rate.

As Mr. Cote s pension benefit

does not improve with additional years of service and he has now reached full retirement age under his pension arrangement, assuming no further declines in the assumed discount rate and consistent levels of pensionable compensation, Mr. Cote s pension value is expected to decline in future periods.

(6) For 2012, all other compensation consists of the following:

Item		**Mr. Cote**		**Mr. Anderson**		**Mr. Fradin**		**Mr. Mahoney**		**Mr. Kramvis**
Excess liability insurance(A)	$	1,000	$	1,000	$	1,000	$	1,000	$	1,000
Executive life insurance(B)	$	62,000								
Matching Contributions(C)	$	99,000	$	49,500	$	57,750	$	45,039	$	37,827
Personal use of Company aircraft(D)	$	162,337	$		$	94,589			$	20,055
Security Systems(E)	$	65,635								
Totals	$	389,972	$	50,500	$	153,339	$	46,039	$	58,882

(A) Represents the annual premiums paid by the Company to purchase excess liability insurance coverage for each Named Executive Officer.

(B) Under the terms of Mr. Cote s 2002 employment agreement, which was entered into upon his joining the Company, the Company is obligated to provide Mr. Cote with $10 million in life insurance coverage at the Company s cost. The Company reimbursed Mr. Cote a total of $62,000 for life insurance premiums paid by him in 2012.

(C) Represents total Company contributions to each Named Executive Officer s accounts in the tax-qualified Honeywell Savings and Ownership Plan and the non-tax-qualified Supplemental Savings Plan.

(D) For security reasons, Mr. Cote is required by Company policy to use Company aircraft for all business and personal travel. The amount shown for each Named Executive Officer represents the aggregate incremental cost of personal travel by the Named Executive Officer. This amount is calculated by multiplying the total number of personal flight hours times the average direct variable operating costs (expenses for aviation employees, business meals, aircraft maintenance, telecommunications, transportation charges, including but not limited to hangar and landing fees, aviation fuel, and commissaries) per flight hour for Company aircraft. The incremental cost of locating aircraft to the origin of a personal trip or returning aircraft from the completion of a personal trip is also included in this calculation. Use of Company aircraft saves substantial time and allows the CEO better access to employees and customers around the world. Over 98% of the use of Company aircraft is for business purposes.

(E) In accordance with the Company s CEO security plan, represents the total cost paid by the Company in 2012 for equipment and expenses relating to personal home security systems provided to Mr. Cote.

GRANTS OF PLAN-BASED AWARDS FISCAL YEAR 2012

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards[2]				Esti Inc
Named Executive Officer	**Award Type[1]**	**Grant Date**	**Units**	**Threshold($)**	**Target($)**	**Maximum($)**	**Threshold(**
David M. Cote	NQSO	2/29/12					
	GPU	2/29/12	95,000	$ 4,750,000	$ 9,500,000	$ 19,000,000	
David J. Anderson	NQSO	2/29/12					
	GPU	2/29/12	27,500	$ 1,375,000	$ 2,750,000	$ 5,500,000	
	RSU	7/25/12					30,800
Roger Fradin	NQSO	2/29/12					
	GPU	2/29/12	27,500	$ 1,375,000	$ 2,750,000	$ 5,500,000	
	RSU	7/25/12					24,500
	RSU	7/26/12					12,600
Timothy O. Mahoney	NQSO	2/29/12					
	GPU	2/29/12	21,000	$ 1,050,000	$ 2,100,000	$ 4,200,000	
	RSU	7/25/12					31,500
Andreas C. Kramvis	NQSO	2/29/12					
	GPU	2/29/12	17,500	$ 875,000	$ 1,750,000	$ 3,500,000	
	RSU	7/25/12					28,000

(1) Award Type:

NQSO = Nonqualified Stock Option

GPU = Growth Plan Unit

RSU = Performance-Adjusted Restricted Stock Unit

(2) Represents GPUs awarded for the performance period of January 1, 2012 through December 31, 2013. Any earned award is paid out in equal installments as follows: 50% in March 2014, and 50% in March 2015 subject to the Named Executive Officer s continued active employment on the applicable payment dates. Additional details can be found beginning on page 42 of this proxy statement.

(3) The amounts in the Target column represent the number of RSUs granted to the Named Executive Officers in July 2012. These RSUs are subject to a 30% performance adjustment (increase or decrease) based on Honeywell s relative TSR ranking against the Compensation Peer Group over both a one-year period (ending July 31, 2013) and 30-month period (ending December 31, 2014). All grants are eligible to receive dividend equivalents in the form of additional shares which vest in accordance with the vesting schedules of the underlying performance-adjusted RSUs so that dividend equivalents are only

paid when and to the extent that the performance-adjusted RSUs vest.

Vesting of the RSU awards is as follows, subject to continued active employment on the applicable vesting dates:

Mr. Anderson: 100% on July 25, 2015

Mr. Fradin: 100% of 35,000 RSUs on July 25, 2015 and 100% of 18,000 RSUs on July 26, 2018

Mr. Mahoney: 33% on July 25, 2015, 33% on July 25, 2017, and 34% on July 25, 2019

Mr. Kramvis: 50% on July 25, 2016 and 50% on July 25, 2017

(4) Represents annual stock options granted to the Named Executive Officers on the grant date. The stock options vest in equal annual installments over a period of four years.

(5) The grant date fair value of each stock option was $13.27 calculated in accordance with FASB ASC Topic 718, using the Black-Scholes option valuation model at the time of grant, with the expected-term input derived from a risk-adjusted Monte Carlo simulation model that considers historical exercise behavior and probability-weighted movements in Honeywell s stock price over time. The grant date fair value of the performance-adjusted RSU awards was $63.39 per share, calculated in accordance with FASB ASC Topic 718 based on a multifactor Monte Carlo model which simulates Honeywell s stock price and TSR relative to each of the other companies in the Compensation Peer Group.

DESCRIPTION OF PLAN BASED AWARDS

All NQSO, GPU and RSU awards granted to the Named Executive Officers in fiscal year 2012 were granted under the Company s 2011 Stock Incentive Plan and are governed by and subject to the terms and conditions of the 2011 Stock Incentive Plan and the relevant award agreements. A detailed discussion of stock options, GPUs and RSUs can be found beginning on page 41 of this proxy statement.

OUTSTANDING EQUITY AWARDS AT 2012 FISCAL YEAR-END

		Option Awards				Stock Awards	
Named Executive Officer	**Grant Year**	**Number of Securities Underlying Unexercised Options(#) Exercisable**	**Number of Securities Underlying Unexercised Options(#) Unexercisable**	**Option Exercise Price($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested(#)**	**Market of Sh or U of St That I Not Vest**
David M. Cote	2012		700,000 (2)	$ 59.87	2/28/22		
	2011	193,750	581,250 (3)	$ 57.05	2/24/21		
	2010	475,000	475,000 (4)	$ 40.17	2/25/20		
	2009	712,500	237,500 (5)	$ 28.35	2/23/19		
	2008	650,000		$ 58.48	2/25/18		
	2007	700,000		$ 47.38	2/25/17		
	2006	700,000		$ 42.32	2/16/16		
	2005	600,000		$ 36.51	2/1/15		
	2004	600,000		$ 35.65	2/5/14		
	Total	**4,631,250**	**1,993,750**			**0**	**$**
David J. Anderson	2012		200,000 (2)	$ 59.87	2/28/22	44,568 (6)	$ 2,8
	2011	68,750	206,250 (3)	$ 57.05	2/24/21		
	2010	137,500	137,500 (4)	$ 40.17	2/25/20	82,625 (7)	$ 5,2
	2009	206,250	68,750 (5)	$ 28.35	2/23/19		
	2008	160,000		$ 58.48	2/25/18		
	2007	175,000		$ 47.38	2/25/17		
	2006	175,000		$ 42.32	2/16/16		
	2005	150,000		$ 36.51	2/1/15		
	Total	**1,072,500**	**612,500**			**127,193**	**$ 8,0**
Roger Fradin	2012					18,232 (8)	$ 1,

	2012		200,000 (2)	$	59.87	2/28/22	35,452 (6)	$	2,2
	2011	68,750	206,250 (3)	$	57.05	2/24/21			
	2010	137,500	137,500 (4)	$	40.17	2/25/20	82,625 (9)	$	5,2
	2009	206,250	68,750 (5)	$	28.35	2/23/19			
	2008	160,000		$	58.48	2/25/18			
	2007	175,000		$	47.38	2/25/17			
	2006	175,000		$	42.32	2/16/16			
	2005	150,000		$	36.51	2/1/15			
	Total	**1,072,500**	**612,500**				**136,309**	**$**	**8,0**
Timothy O. Mahoney	2012		150,000 (2)	$	59.87	2/28/22	45,581 (10)	$	2,8
	2011	52,500	157,500 (3)	$	57.05	2/24/21			
	2010	105,000	105,000 (4)	$	40.17	2/25/20	63,558 (11)	$	4,0
	2009						8,099 (12)	$	5
	2009	30,000	10,000 (5)	$	28.35	2/23/19			
	2008						15,421 (13)	$	9
	2008	20,000		$	58.48	2/25/18			
	2007	20,000		$	47.38	2/25/17			
	2006	30,000		$	42.32	2/16/16	5,780 (14)	$	3
	2005	13,500		$	36.51	2/1/15			
	Total	**271,000**	**422,500**				**138,439**	**$**	**8,7**
Andreas C. Kramvis	2012		125,000 (2)	$	59.87	2/28/22	40,516 (15)	$	2,5
	2011	43,750	131,250 (3)	$	57.05	2/24/21			
	2010	87,500	87,500 (4)	$	40.17	2/25/20	105,929 (16)	$	6,7
	2010						50,846 (17)	$	3,2
	2009	131,250	43,750 (5)	$	28.35	2/23/19			
	2008	66,000		$	56.35	3/31/18	38,166 (18)	$	2,4
	2008	14,000		$	58.48	2/25/18			
	2007	16,000		$	47.38	2/25/17			
	2006	30,000		$	42.32	2/16/16			
	Total	**388,500**	**387,500**				**235,457**	**$**	**14,9**

(1) Market value determined using the closing market price of $63.47 per share of Common Stock on December 31, 2012.

(2) 2012 option grants vest in four annual installments at the rate of 25% per year. Installments vest on March 1, 2013, March 1, 2014, March 1, 2015, and March 1, 2016.

(3) 2011 option grant vests in four annual installments at the rate of 25% per year. The first installment vested on February 25, 2012. The remaining installments will vest on February 25, 2013, February 25, 2014 and February 25, 2015.

(4) 2010 option grant vests in four annual installments at the rate of 25% per year.

The first two installments vested on February 26, 2011 and February 26, 2012. The remaining installments will vest on February 26, 2013 and February 26, 2014.

(5) 2009 option grant vests in four annual installments at the rate of 25% per year. The first three installments vested on February 24, 2010, February 24, 2011 and February 24, 2012. The remaining installment will vest on February 24, 2013.

(6) These RSUs will vest 100% on July 25, 2015. RSUs reflected here include dividend equivalents granted through December 31, 2012 which were reinvested as additional unvested

RSUs that will vest based on the same vesting schedule of the RSUs to which they relate. These RSUs are subject to a performance adjustment with the target grant subject to a 30% upward or downward adjustment based on Honeywell s relative TSR performance ranking against its Compensation Peer Group over both a one-year period (ending July 31, 2013) and 30-month period (ending December 31, 2014).

(7) These RSUs will vest 50% on October 6, 2013, and 50% on October 6, 2014. RSUs reflected here include dividend equivalents granted through December 31, 2012 which were reinvested as additional

unvested RSUs that will vest based on the same vesting schedule of the RSUs to which they relate. These outstanding RSUs reflect the impact of a positive 20% performance adjustment as a result of Honeywell s relative TSR performance ranking against its Compensation Peer Group being in the top third over both the one-year period ended June 30, 2011 (Honeywell ranked #3 of 15) and 30-month period ending December 31, 2012 (Honeywell ranked #1 of 15).

(8) These RSUs will vest 100% on July 26, 2018. RSUs reflected here include dividend equivalents granted through December 31,

2012 which were reinvested as additional unvested RSUs that will vest based on the same vesting schedule of the RSUs to which they relate. These RSUs are subject to a performance adjustment with the target grant subject to a 30% upward or downward adjustment based on Honeywell s relative TSR performance ranking against its Compensation Peer Group over both a one-year period (ending July 31, 2013) and 30-month period (ending December 31, 2014).

(9) These RSUs will vest 100% on October 7, 2014. RSUs reflected here include dividend equivalents granted through December 31, 2012 which

were reinvested as additional unvested RSUs that will vest based on the same vesting schedule of the RSUs to which they relate. These outstanding RSUs reflect the impact of a positive 20% performance adjustment as a result of Honeywell s relative TSR performance ranking against its Compensation Peer Group being in the top third over both the one-year period ended June 30, 2011 (Honeywell ranked #3 of 15) and 30-month period ending December 31, 2012 (Honeywell ranked #1 of 15).

(10) These RSUs will vest 33% on each of July 25, 2015 and July 25, 2017, with the remaining RSUs vesting

on July 25, 2019. RSUs reflected here include dividend equivalents granted through December 31, 2012 which were reinvested as additional unvested RSUs that will vest based on the same vesting schedule of the RSUs to which they relate. These RSUs are subject to a performance adjustment with the target grant subject to a 30% upward or downward adjustment based on Honeywell s relative TSR performance ranking against its Compensation Peer Group over both a one-year period (ending July 31, 2013) and 30-month period (ending December 31, 2014).

(11) These RSUs will vest 33% on each of

October 6, 2013 and October 6, 2015, with the remaining RSUs vesting on October 6, 2017. RSUs reflected here include dividend equivalents granted through December

31, 2012 which were reinvested as additional unvested RSUs that will vest based on the same vesting schedule of the RSUs to which they relate. These outstanding RSUs reflect the impact of a positive 20% performance adjustment as a result of Honeywell s relative TSR performance ranking against its Compensation Peer Group being in the top third over both the one-year period ended June 30, 2011 (Honeywell ranked #3 of 15) and 30-month period ending December 31, 2012 (Honeywell ranked #1 of 15).

(12) 49% of these RSUs will vest on July 31, 2014, with the remaining RSUs vesting on July 31,

2016. RSUs reflected here include dividend equivalents granted through December 31, 2012 which were reinvested as additional unvested RSUs that will vest based on the same vesting schedule of the RSUs to which they relate.

(13) 49% of these RSUs will vest on February 26, 2013, with the remaining RSUs vesting on February 26, 2015. RSUs reflected here include dividend equivalents granted through December 31, 2012 which were reinvested as additional unvested RSUs that will vest based on the same vesting schedule of the RSUs to which they relate.

(14) These RSUs will vest on

June 28, 2013.

(15) These RSUs will vest 50% on each of July 25, 2015 and July 25, 2017. RSUs reflected here include dividend equivalents granted through December 31, 2012 which were reinvested as additional unvested RSUs that will vest based on the same vesting schedule of the RSUs to which they relate. These RSUs are subject to a performance adjustment with the target grant subject to a 30% upward or downward adjustment based on Honeywell s relative TSR performance ranking against its Compensation Peer Group over both a one-year period (ending July 31, 2013) and 30-month period (ending December 31,

2014).

(16) These RSUs will vest 100% on October 26, 2014. RSUs reflected here include dividend equivalents granted through December 31, 2012 which were reinvested as additional unvested RSUs that will vest based on the same vesting schedule of the RSUs to which they relate. These RSUs are subject to a performance adjustment with the target grant subject to a 25% upward or downward adjustment based on Honeywell s relative TSR performance ranking against its Compensation Peer Group over a four-year period ending September 30, 2014.

(17) These RSUs will vest 50%

on October 7, 2013, and 50% on October 7, 2015. RSUs reflected here include dividend equivalents granted through December 31, 2012 which were reinvested as additional unvested RSUs that will vest based on the same vesting schedule of the RSUs to which they relate. These outstanding RSUs reflect the impact of a positive 20% performance adjustment as a result of Honeywell s relative TSR performance ranking against its Compensation Peer Group being in the top third over both the one-year period ended June 30, 2011 (Honeywell ranked #3 of 15) and 30-month period ending December 31, 2012

(Honeywell ranked #1 of 15).

(18) 49% of these RSUs will vest on July 25, 2013, with the remaining RSUs vesting on July 25, 2015. RSUs reflected here include dividend equivalents granted through December 31, 2012 which were reinvested as additional unvested RSUs that will vest based on the same vesting schedule of the RSUs to which they relate.

OPTION EXERCISES AND STOCK VESTED FISCAL YEAR 2012

	Option Awards		Stock Awards	
Named Executive Officer	**Number of Shares Acquired on Exercise (#)(1)**	**Value Realized on Exercise ($)(2)**	**Number of Shares Acquired on Vesting (#)(3)**	**Value Realized on Vesting ($)(4)**
David M. Cote	600,000 (5)	$ 22,596,060	671,113 (6)	$ 38,279,770
David J. Anderson	412,000 (7)	$ 12,649,654	43,206 (8)	$ 2,560,812
Roger Fradin	225,000 (9)	$ 6,704,775	60,206 (10)	$ 3,558,882
Timothy O. Mahoney	6,000 (11)	$ 165,485	20,118 (12)	$ 1,188,637
Andreas Kramvis	55,000 (13)	$ 1,401,500	27,004 (14)	$ 1,600,508

(1) Represents the total number of stock options exercised during 2012 before the sale of option shares to cover the option exercise price, transaction costs and applicable taxes.

(2) Represents in the money value of stock options at exercise calculated as (a) times (b) where (a) equals the difference between the market price at exercise

and the exercise price, and (b) equals the total number of options exercised. The individual totals may include multiple exercise transactions during the year. Pursuant to Honeywell s Stock Ownership Guidelines, an officer must hold after-tax net gain shares from an options exercise for at least one year before they can be sold.

(3) Represents the total number of RSUs that vested during 2012 before share withholding for taxes and transaction costs, and without considering prior deferral elections.

(4) Represents the total

value of RSUs at the vesting date calculated as (a) times (b), where (a) equals the average of the high and low share price of one share of Common Stock on the day of vesting, and (b) equals the total number of RSUs that vested. The individual totals may include multiple vesting transactions during the year. Pursuant to Honeywell s Stock Ownership Guidelines, an officer must hold after-tax net shares from an RSU vesting for at least one year before they can be sold.

(5) Relates to options originally granted in February 2003 with a 10-year term. In connection

with the stock option exercise, shares were sold to cover the payment of the exercise price and the applicable taxes due upon exercise with Mr. Cote retaining a total of 209,489 net gain shares. Net gain shares must be held at least one year before they can be sold.

(6) Represents multiple RSU vesting transactions, including 378,200 RSUs granted to Mr. Cote in February 2002 at the time of his recruitment to Honeywell with a 10-year vesting schedule. Of the total number of RSUs vesting in 2012, Mr. Cote deferred receipt of 507,818 shares until

the year following his separation of service from Honeywell. Of the remaining 163,295 RSUs not subject to prior deferral elections, after withholding shares sufficient to cover applicable taxes and fees due upon vesting, Mr. Cote retained a total of 93,371 net shares. Net shares must be held at least one year before they can be sold.

(7) Relates to options originally granted in July 2003 and February 2004, each with a 10-year term. In connection with these stock option exercises, shares were sold to cover the payment of the exercise price and the

applicable taxes due upon exercise with Mr. Anderson retaining a total of 117,290 net gain shares. Net gain shares must be held at least one year before they can be sold.

(8) The payout of the 43,206 shares acquired upon the vesting of these RSUs has been deferred and will be paid to Mr. Anderson in ten equal annual installments commencing the year following his separation of service from Honeywell.

(9) Relates to options originally granted in February 2003 and February 2004, each with a 10-year term. In connection with these

stock option exercises, shares were sold to cover the payment of the exercise price and the applicable taxes due upon exercise with Mr. Fradin retaining a total of 58,783 net gain shares. Net gain shares must be held at least one year before they can be sold.

(10) After withholding shares sufficient to cover applicable taxes and fees due upon vesting of RSUs, Mr. Fradin retained a total of 32,403 net shares. Net shares must be held at least one year before they can be sold.

(11) Relates to options originally granted in February 2004 with a 10-year term. In connection with this stock option exercise, shares were sold to cover the payment of the exercise price and the applicable taxes due upon exercise with Mr. Mahoney retaining a total of 1,535 net gain shares. Net gain shares must be held at least one year before they can be sold.

(12) Of the total number of RSUs vesting in 2012, Mr. Mahoney deferred receipt of 3,938 shares until a future period. Of the remaining 16,181

RSUs not subject to a prior deferral election, after withholding shares sufficient to cover applicable taxes and fees due upon vesting, Mr. Mahoney retained a total of 11,220 net shares. Net shares must be held at least one year before they can be sold.

(13) Relates to options originally granted in February 2004 and February 2005, each with a 10-year term. In connection with these stock option exercises, shares were sold to cover the payment of the exercise price and the applicable taxes due upon

exercise with Mr. Kramvis retaining a total of 12,195 net gain shares. Net gain shares must be held at least one year before they can be sold.

(14) After withholding shares sufficient to cover applicable taxes and fees due upon vesting of RSUs, Mr. Kramvis retained a total of 17,262 net shares. Net shares must be held at least one year before they can be sold.

PENSION BENEFITS

The following table provides summary information about the pension benefits that have been earned by our Named Executive Officers under two pension plans, the Honeywell International Inc. Supplemental Executive Retirement Plan (the SERP) and the Honeywell International Inc. Retirement Earnings Plan (the REP). The SERP and REP benefits depend on the length of each Named Executive Officer s employment with us (and companies that have been acquired by us and, with respect to Mr. Anderson, service with certain prior employers). This information is provided in the table below under the column entitled Number of years of credited service. The column in the table below entitled Present value of accumulated benefit represents a financial calculation that estimates the cash value today of the full pension benefit that has been earned by each Named Executive Officer. It is based on various assumptions, including assumptions about how long each Named Executive Officer will live and future interest rates. Additional details about the pension benefits for each Named Executive Officer follow the table.

Pension Benefits Fiscal Year 2012

Named Executive Officer	Plan Name	Number of Years of Credited Service (#)	Present Value of Accumulated Benefits ($)[2]
David M. Cote	REP	10.9	$ 108,362
	SERP	10.9	$ 52,541,421
	Total		$ 52,649,783
David J. Anderson	REP	9.5 (1)	$ 149,636
	SERP	13.1 (1)	$ 9,152,095
	Total		$ 9,301,731
Roger Fradin	REP	36.6	$ 1,045,188
	SERP	36.6	$ 1,585,774
	Total		$ 2,630,962
Timothy O. Mahoney	REP		