# JPMorgan Aviation & Transportation Conference

Rob Gillette
Aerospace President & CEO

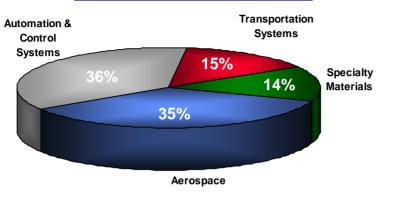
March 18, 2008

Honeywell

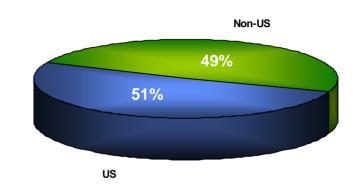
# **Forward Looking Statements**

This report contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of fact, that address activities, events or developments that we or our management intend, expect, project, believe or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements are based on management's assumptions and assessments in light of past experience and trends, current conditions, expected future developments and other relevant factors. They are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by our forward-looking statements. Our forward-looking statements are also subject to risks and uncertainties, which can affect our performance in both the near- and long-term. We identify the principal risks and uncertainties that affect our performance in our Form 10-K and other filings with the Securities and Exchange Commission.





#### **Geographic Split**



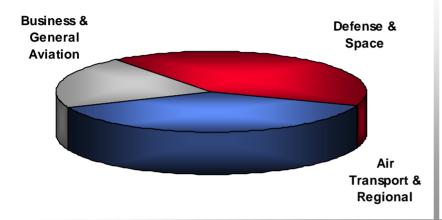
#### **Key Strategies**

- Great Positions In Good Industries
- Global Growth and Innovation
- HOS Implementation (Early Stage)
- FT / ERP Leverage

#### Cash Deployment '03-'07

- \$5.0B for 45 Acquisitions
  - New Platforms, Higher Growth
- \$7.8B Share Repurchases
- \$3.5B Dividends

#### **2007 Sales: \$12.2B**



#### **2007 Highlights**

- Sales up 10% to Record \$12.2B
- Segment Margin up 100 bps to 18.0%
- Airbus A350XWB Mechanical Win
- Dimensions International Acquisition

#### **2008 Financial Outlook**

• Revenues: \$12.8 - \$13.0B

Segment Profit: \$2.4 - \$2.5B

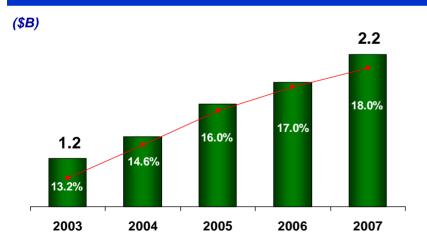
• Segment Margin: 18.7 – 19.0%

#### **2008 Priorities**

- Execution on Key AT&R Platforms
- High-Value B&GA Position Focus
- Expand Defense Logistics / Services
- 75% HOS Deployment

# Executing In A Favorable Environment





#### 2007 Highlights

#### Strong Financial Performance

- Sales up 10% to Record \$12.2B
- Segment Margin up 100 bps to 18.0%

#### Execution Focus

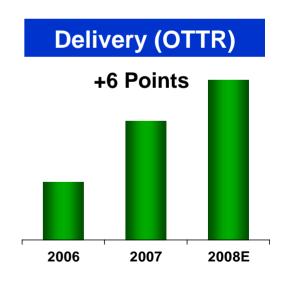
- Quality / Delivery Improvements
- Benefits from Reorganization
- Performance Culture
- Continued High Win Rates
- Strong Technology Pipeline

- 75% of Manufacturing Cost Base by Year End 2008
- Europe and Asia Deployments
- Strong Results in Productivity,
   Quality and Delivery at Mature HOS
   Sites









Breakthrough Performance / Competitive Advantage

#### **Enterprise Resource Planning**

- Improves Data Visibility
- Easier for Customers
- Will Replace 1,500 Systems
- 13 Sites Added in 2007
- 45 Sites Implemented to Date
- 60% of Aero Revenue
   Through ERP by Year-End

#### **Functional Transformation**

- Focused on Cost Reduction / Increased Value
- Standard Processes and Systems
- Common / Global Effort One Aero
- Process Re-Engineering / Simplification
- Puerto Rico Operations for ITAR Controlled Processes

Trends	Initiatives
Flight Efficiency	Air Traffic Management Growth Role     Safety Leader
Aftermarket Outsourcing	<ul> <li>Winning Profitable R&amp;O Business</li> <li>Spares, Storefronts, Logistics, Trading</li> </ul>
Competition and Business Model Change	<ul> <li>AT&amp;R: Larger, Integrated Work Packages</li> <li>B&amp;GA: Renewal, Win High-Value A/C Positions</li> <li>Services and Upgrades, Product Suites</li> </ul>
Growing Global Demand	<ul> <li>Sourcing and Customer Support in Asia / EMEA</li> <li>Expanding International B&amp;GA, D&amp;S Business</li> </ul>
Growing Defense Budget	Affordable Upgrades / Platforms     Logistics Opportunities

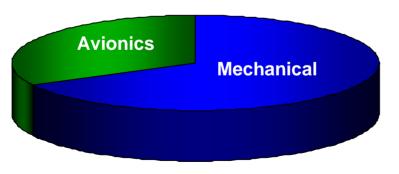
# Actions Aligned With Trends And Opportunities

Segment	% of Pursuits	Highlights
Air Transport and Regional	• 82% • Value of Wins = \$21B	<ul> <li>Airbus A350XWB Mechanical</li> <li>Boeing 747-800 FMS/NGS</li> <li>Bombardier CRJ1000 APU</li> <li>AirTran Airways</li> <li>Northwest Airlines Wheels and Brakes</li> </ul>
Business and General Aviation	• 80% • Value of Wins = \$1B	<ul> <li>Apex for Pilatus PC-12</li> <li>Dassault SwiftBroadBand System</li> <li>Comp Air TPE331 Engines</li> </ul>
Defense and Space	• 96% • Value of Wins = \$5B	<ul> <li>AGT 1500 Tank Engines</li> <li>JDAM Guided Munitions</li> <li>CH47 US Army</li> <li>CH47 RNLAF Upgrade</li> <li>Space Exploration Initiative</li> </ul>

### 90% Win Rate And +\$27B

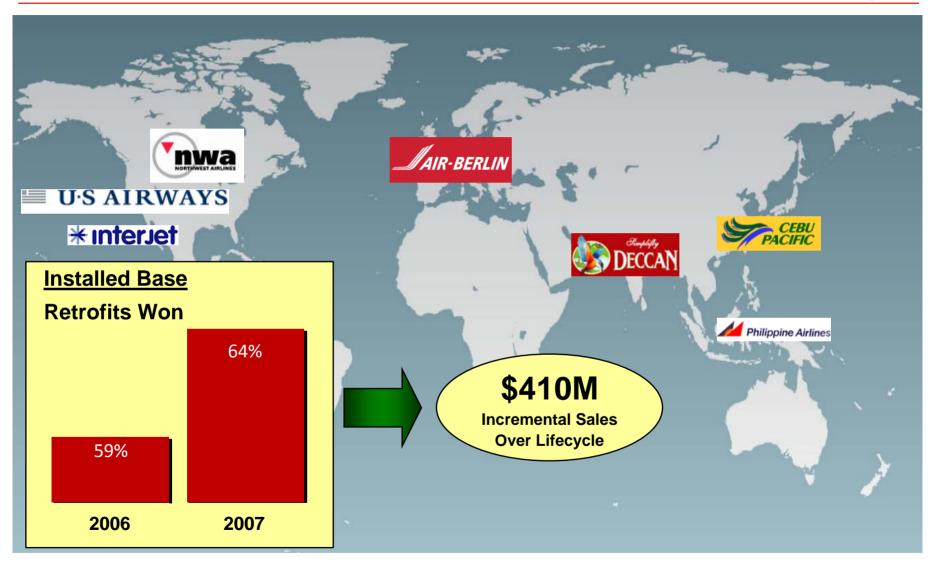
#### 2007 Sales \$4.6B





#### **Outlook and Strategy**

- Deliveries Strong Through 2011
  - Over 8,000 Aircraft on Order
- Faster Core Aftermarket Growth
  - Fleet and Flight Hour Growth 4-5% / Year
  - Mechanical Components / APU
- New Revenue Opportunities
  - Flight Efficiency
  - Safety Technologies / Systems
- Win High-Value Retrofits / Modifications / Upgrades (RMUs)
- Execute on 787 and A350XWB



# Growing Share With Retrofit Successes



#### **Program Details**

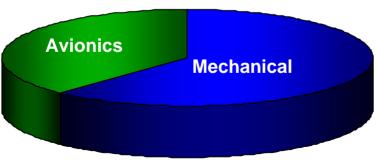
- \$1.4M Ship Set Value per Aircraft
- \$16B Total Revenue
- Pursuing Additional Avionics and Mechanical Bids in 2008

#### **Key Milestones**

- September 2007 Program Launch
- Mid 2009 First APU to test
- Mid 2009 System CDRs

#### 2007 Sales \$2.6B





#### **Outlook and Strategy**

- 60%+ of New Jet Sales Outside U.S.
  - Compared with 70+% U.S. Norms
  - Over 15K Jets Operating Adding 1K+ Annually
  - Record Backlog of Over 4,300 Jets
- Balanced Growth
  - HTF7000
  - Primus Epic<sup>®</sup> → Primus Apex<sup>™</sup> Re-use
  - RMUs and Spares
- Win Growth Platforms
  - 2012+ Medium- to Long-Range
  - Low-Risk, High Re-use
- Win Near-Term Growth
  - Aircraft Upgrades (Safety, Up-time)
  - Data, Software and Services

#### **Program Details**

- One of Safest Aircraft with Highest Technology in Modern Aviation
  - Primus Epic® Integrated Avionics with Synthetic Vision
  - Runway Awareness and Advisory System (RAAS)
  - Enhanced Ground Proximity Warning System
  - 3-Dimensional Weather Radar (A380/C17)
- Most Comfortable, Quiet Cabin
  - RE200 Auxiliary Power Unit
  - Environmental Control System
  - Cabin Pressure Control System
  - Air Turbine Starter
- \$3.0B Total Revenue for HON



**Gulfstream 650 Business Jet** 



**Primus Epic® Avionics with Synthetic Vision** 



**RE220 Auxiliary Power Unit (APU)** 

# Integrated Avionics Competitive Performance

#### **Primus Epic**



- High Value Programs Focus
- Most Advanced Cockpit
- 9 Wins Since 2000
- Promising Future

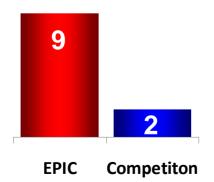
#### **Primus Apex**



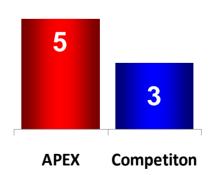
- Single-PilotOptimized Epic
- PC-12, Grob sp<sup>n</sup>
- Cutting-Edge, Easier to Fly
- •90 Pounds Lighter

"The combination of PC-12 and Primus APEX helps secure the future of Pilatus Aircraft." -- John Senior VP Pilatus Aircraft

#### **Head-to-Head Competition Since 2000**



#### **Head-to-Head Competition Since 2000**



Winning High-Value Integrated Avionics







#### Enhanced Synthetic Vision System

- Certified 12/2007 on G450 and G550
- First Part 25 Aircraft Certified
- 3 Years Ahead of Competition
- Multiple Technology Innovation Awards

#### Advanced Visualization and Safety

- Runway Advisories
- Sensor Integration

#### Advanced Navigation Procedures

- Precision Approach
- Precision Landing
- Next Gen Air Traffic Management

#### Upgrade Programs for Legacy Aircraft

- Display Conversions (GIV, GV, Others)
- Primus Epic Upgrade Programs
- Primus Apex Upgrade Programs



- More Than 340 Engines in Field
- Almost 325,000 Service Hours
- Zero In-Flight Shutdowns
- Industry-Leading 99.96%
   Dispatchability

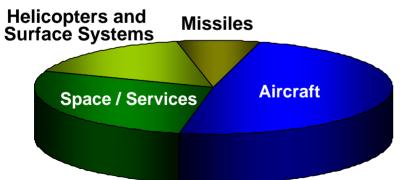
#### **Operator Commentary**

- "I'm a Pratt & Whitney guy, and I think these engines are the best."
- "They just sip fuel."
- "The engines are just perfect."
- "I have never had an engine that is so clean, fuel efficient and cost-effective to maintain, and believe me, I have seen my share."

# Superior Performance And Reliability

#### 2007 Sales \$5.0B





#### **Outlook and Strategy**

- FY08 Base Budget up 9%, 7% in FY09
  - Anticipate Supplementals Decline in '09-'10
- Aligned with DoD Priorities
  - Commercial Re-Use
  - Deliver Solutions for the Soldier
  - Grow through RMU Programs
- Invest in Logistics and Services
  - Reset
  - Continued Focus on M&A
  - Anti-Terrorism Force Protection
- Grow International Sector

- Successful Integration Expands Honeywell Capability and Revenue
  - Winning DoD "Reset" Contracts
  - Increased Scope / Support Contracts
  - Fuels Business Growth in Global Logistics and Emerging Regions
- Portfolio Synergies Improve Customer Support
  - Focused Execution with HOS and World-Class Advanced Repair Technologies
  - Investments in New Products Bring More Value to Expanded Base





(\$B)	2007 Reported	2008 Financial Outlook
Revenues	\$ 12.2	\$ 12.8 - 13.0
Segment Profit	2.2	2.4 - 2.5
Segment Margin	18.0%	18.7% - 19.0%

- Depth / Breadth of Technology and Platforms
- Continued Favorable Market Conditions
  - AT&R Growth Outlook Good
  - B&GA Continued Strong Global Demand
  - D&S Near Term Growth and High Funding Levels
- Performance Culture Focused on Execution

# Honeywell