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.
Honeywell Today

2008E Sales: $37.9B*

- 38% Aerospace
- 14% Transportation Systems
- 14% Automation & Control Systems
- 34% Specialty Materials

*Represents midpoint of 7/18/08 guidance range of $37.6 - $38.2B

Key Strategies

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

Geographic Split

- 38% US
- 62% Non-US

Cash Deployment Since 2003

- $7B+ Acquisitions
  - New Platforms, Higher Growth
- $8B+ Share Repurchases
- $3B+ Dividends

Balanced, Global Portfolio
ACS Key Themes

• Leading Global Franchise
  – Proven Financial Track Record
  – Favorable Macro Trends
  – Strength Through Diversification
  – Strong Presence Across Industry Landscape

• Investing for Growth
  – New Products
  – Acquisitions
  – Emerging Regions

• Focus on Accelerated Earnings Growth
  – Productivity Initiatives (FT / ERP, HOS)

**Strong Franchise, Investing For Growth**
ACS Financial Overview

Sales ($B)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
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<tbody>
<tr>
<td>2003</td>
<td>7.5</td>
</tr>
<tr>
<td>2004</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>12.5</td>
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</table>

Segment Profit ($B)

<table>
<thead>
<tr>
<th>Year</th>
<th>Segment Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>0.8</td>
</tr>
<tr>
<td>2004</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>1.4</td>
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</tbody>
</table>

CAGR 14%

- Significant Portfolio Contribution 2003-2007
  - 8% Organic Sales Growth, 14% Reported Sales Growth
  - $0.6B Segment Profit Growth

ACS A Key Contributor To Honeywell Growth
# Favorable Macro Trends

<table>
<thead>
<tr>
<th>Buildings</th>
<th>Macro Trends</th>
<th>HON Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Costs</td>
<td>Broad Content / Coverage</td>
<td></td>
</tr>
<tr>
<td>Safety / Security</td>
<td>Multi-Channel / Brand Strategy</td>
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</tr>
<tr>
<td>Regulation / Codes</td>
<td>25K Contracts (HBS)</td>
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</table>

<table>
<thead>
<tr>
<th>Homes</th>
<th>Macro Trends</th>
<th>HON Position</th>
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<tbody>
<tr>
<td>Convenience / Control</td>
<td>Premier Brands</td>
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</tr>
<tr>
<td>Energy Efficiency</td>
<td>Product Breadth / Vitality</td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>Channel Access / Partners</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Industrial</th>
<th>Macro Trends</th>
<th>HON Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Productivity</td>
<td>$17B Installed Base (HPS)</td>
<td></td>
</tr>
<tr>
<td>Safety / Security</td>
<td>Advanced Solutions</td>
<td></td>
</tr>
<tr>
<td>Monitor / Control</td>
<td>Product Breadth / Sensors</td>
<td></td>
</tr>
</tbody>
</table>

### Positioned To Capitalize On Key Trends
Strength Through Diversification

**By Business**

- HPS
- ECC
- S&C
- HBS
- HLS
- HSG

**By Channel**

- Distribution
- Products
- Services
- Projects

**By Geography**

- EMEA
- Asia
- NA

**By Vertical**

- NA Industrial
- ROW Residential
- ROW Commercial
- NA Commercial
- ROW Industrial
- NA Residential

**By Sale**

- Retrofit
- New

**Summary**

- 60% Products / 40% Solutions
- Global Presence
- Multi-Channel Strength
- Significant Retrofit Business
- End-Market Diversification

*Management Estimates

Well Balanced ACS Portfolio
### Strong Presence Across Industry Landscape

**Products**

| Honeywell | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Emerson   | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| GE        | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Johnson Controls | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Schneider | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Siemens  | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Tyco      | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| UTC       | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

**Projects & Services**

| Process Solutions | ✓ |
| Building Solutions | ✓ |

**Industry Growth %**

- 2-4
- 2-4
- 3-5
- 5-6
- 5-6
- 6-7
- 4

**ACS 2007 Growth %**

- 9
- 2
- 15
- 18
- 17
- 18

**Extending Leadership In Key Segments**
Innovation A Key ACS Differentiator

- Reinvigorated New Product Development Process
  - New Product Introductions Tripled Since 2002
  - Vitality Index 30% in 2007
  - 50% Increase in Development Capacity

- Delivering R&D Efficiency Through Common Processes
  - Reduced New Product Cycle Time by 30%
  - 2,000+ Engineers in Global Design Centers

- Improving Product Cost Through Value and Commodity Engineering
  - Value Engineering / Component Engineering
  - Commodity Engineering Leveraging ACS Scale
Investing For Growth: Acquisitions

**Proven Acquisition Track Record**
- Disciplined Global Process
- Aggressive Integration Focus

- ~40 ACS Acquisitions Since 2002
- Great Acquisition Platforms and Pipelines

**Strong Contributor to ACS Growth**
- Complements Organic Profile
- Emerging Market Opportunities

- ~$4B Revenues Acquired Since 2002
- Deals Executed in 13 Countries, Including India and China
- Adjacencies expanding addressable market
- 2008: Another Strong Deal Year

**Continue to Target Attractive Bolt-On Deals**
- Strengthen Core
- Attractive Adjacencies

- Core
  - Controls (ECC + Novar + Maxon)
  - Distribution (ADI + Gardiner + Burtek)

- Adjacencies
  - Gas Detection (Zellweger + FT)
  - Wiring Devices and Lighting Controls (ED&S, ExOr, Lonon)
  - AIDC (Hand Held + Metrologic)
  - Personal Protection Equipment (Norcross)

Acquisitions Core Competency
Growth – Gas Detection

Overview

• ~$2B Industry, 7% CAGR, Fragmented
  – Fixed and Portable Products

ACS Positioned to Win

• Leading Position
  – Zellweger + FT, $0.4B Sales

• Synergies across ACS

• Key Trends / Needs
  – Demand for Portable / Personal Protection
  – Ease of Use - Smaller Size, Greater Uptime
  – Higher Reliability - Fewer False Alarms
  – Increasing Regulations Driving Growth

Attractive New Growth Space For ACS
Growth – Data Collection

Overview

• ~$15B Industry, 10% CAGR, Fragmented
  – Scanning and Mobility Products

ACS Positioned to Win

• Strong Platform Acquired
  – Hand Held + Metrologic, $0.6B Sales

• Positions in all major scanning and mobile product categories: Laser, 1D & 2D Imaging, Fixed, Bioptics, OEM, services

• Strong in Transportation & Logistics, Retail & Healthcare verticals

• Attractive global footprint

• Core to ACS Customer Value Proposition
  – Innovation, Productivity, Safety and Security

• Complementary to existing technologies
  – Electronics, Wireless, Imaging

• Attractive Multi-Channel Model
Growth – Personal Protection Equipment

Overview

• ~$18B Industry, 5%+ CAGR, Fragmented
  – GSP, Fire Service and Electrical Safety

Key Trends / Needs

• Favorable Macro-Drivers Around Worker Safety and Productivity
• High Recurring Revenue Component
• Regulated Environment – OSHA, NFPA, ANSI

ACS Positioned to Win

• Leading Position in Key Segments
  – Norcross, $0.6B Sales

• Unique HON Gas, Personal Protection and Fire Detection Combination Offering

• Core to ACS Customer Value Proposition
  – Innovation, Productivity, Safety and Security

• Complementary to existing channels
  – Gas detection, Process Solutions

• Technology and Emerging Region Opportunities

Attractive New Growth Space For ACS
Growth – Industrial Combustion

Overview

• ~$1B Industry, 5%+ CAGR, Fragmented
  – Controls, Burners and Systems

ACS Positioned to Win

• Leading Position
  – ECC Core + Maxon

• Key Trends / Needs
  – Favorable Macro-Drivers Around Safety, Efficiency and Emissions
  – Regulation
  – Maximum Up-Time, Reliability
  – Integrated Solutions

• Complementary to leading ACS presence in Residential and Commercial Combustion

• Core to ACS Customer Value Proposition
  – Innovation, Productivity, Safety and Efficiency

• Well positioned to benefit from global industrialization and regulation

• Leveraging global ACS manufacturing and channel presence

Attractive New Growth Space For ACS
Investing For Growth: Emerging Regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Market Growth</th>
<th>ACS Growth YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>~8%</td>
<td>~15%</td>
</tr>
<tr>
<td>Middle East</td>
<td>10-15%</td>
<td>~25%</td>
</tr>
<tr>
<td>China</td>
<td>~9%</td>
<td>~40%</td>
</tr>
</tbody>
</table>
Productivity Initiatives: ERP And FT

- **Transformational Investment to Deliver World-Class Enterprise Backbone**
  - Standardizing Systems and Processes to Achieve World-Class G&A Productivity
  - Total ACS Estimated ERP Cost $350+ Million (~$55-$65 Million Annually)

- **Focus on Flawless Execution Across Complex ACS Structure**
  - 240+ Sites, 400+ Entities, 90+ Legacy Systems, 100 Countries, 24K Users

- **Initial Roll-Out Successful**
  - 2007 UK Pilot: 1,200 Business Users, 21 Sites, $0.6 Billion in Revenue
  - 2008: Adding 3,000 Business Users, $1.7 Billion Revenue

- **Targeting $150+ Million Run Rate Benefit When Fully Implemented**

---

Investing To Deliver Cost And Service Benefits
Productivity Initiatives: HOS

Honeywell Operating System

Annual ACS HOS Enabled Savings ($M)

- Broad-Based Initiative Driving Improved Safety, Quality, Delivery, Cost and Inventory
- Comprehensive Focus on Developing Common Operating System; Basis for Continuous Improvement

Progress

- 50% of Factory Cost under Full Scale HOS Development
- 75% of Factory Cost Target for 2008
- Expanding HOS to Non-Factory Sites

YoY Example Results – Mature Sites

- Quality Improvement of 34%
- Delivery Performance Improved 7 points
- Conversion Cost Productivity 7%
- Inventory Turns Improved 10%

Sustainable Improvement Focus
Summary

• Terrific Positions; Proven Portfolio Outpacing Industry Growth

• Favorable Trends Across the Board; Safety, Security and Energy Efficiency

• Investing for Growth; Innovation, Emerging Regions, Acquisitions

• Productivity Programs to Step-Up Earnings Growth