Honeywell

2009 Outlook

December 15, 2008

Forward Looking Statements

Honeywell

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

2008 Highlights

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Multi-Year Contract Wins

- $40B+ Aerospace Programs
- $0.4B+ Building Efficiency Projects
- $4B+ Turbo Platforms

Attractive New Products

- HTF 7500 Engine
- Wireless Sensing Technology
- UOP Heavy Oil Hydrocracking

Portfolio Management

- Norcross, Metrologic Acquisitions
- Consumable Solutions Divestiture

Effective Capital Deployment

- $1.2B Acquisitions/Divestitures, Net
- $1.4B Share Repurchases
- $0.8B Dividends

Proactive Repositioning

- $0.4B Actions YTD ($0.7B ‘06-’08)
- Funded Through Operations / Gains

Key Initiative Execution

- 70% Sites HOS Initiated
- ERP Progress / FT Savings
- VPD™ Contributions Increasing

Building Long-Term Value

2008 Financial Summary

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(B)	2007	2008E	
Aerospace	$12.2	$12.7	• 4% Growth
Automation & Control	12.5	14.0	• 12% Growth
Transportation Systems	5.0	4.6	• 8% Decline
Specialty Materials	4.9	5.3	• 9% Growth
Total Sales	**$34.6**	**$36.6**	• **6% Growth** ◆ 3% Acq./Div. Impact ◆ 1% F/X Impact
EPS	**$3.16**	**$3.76 – 3.80**	• **~20% Growth**
Free Cash Flow	**$3.1**	**$3.2**	• **100%+ Conversion**

Very Good Year In Tough Environment

Restructuring Benefits

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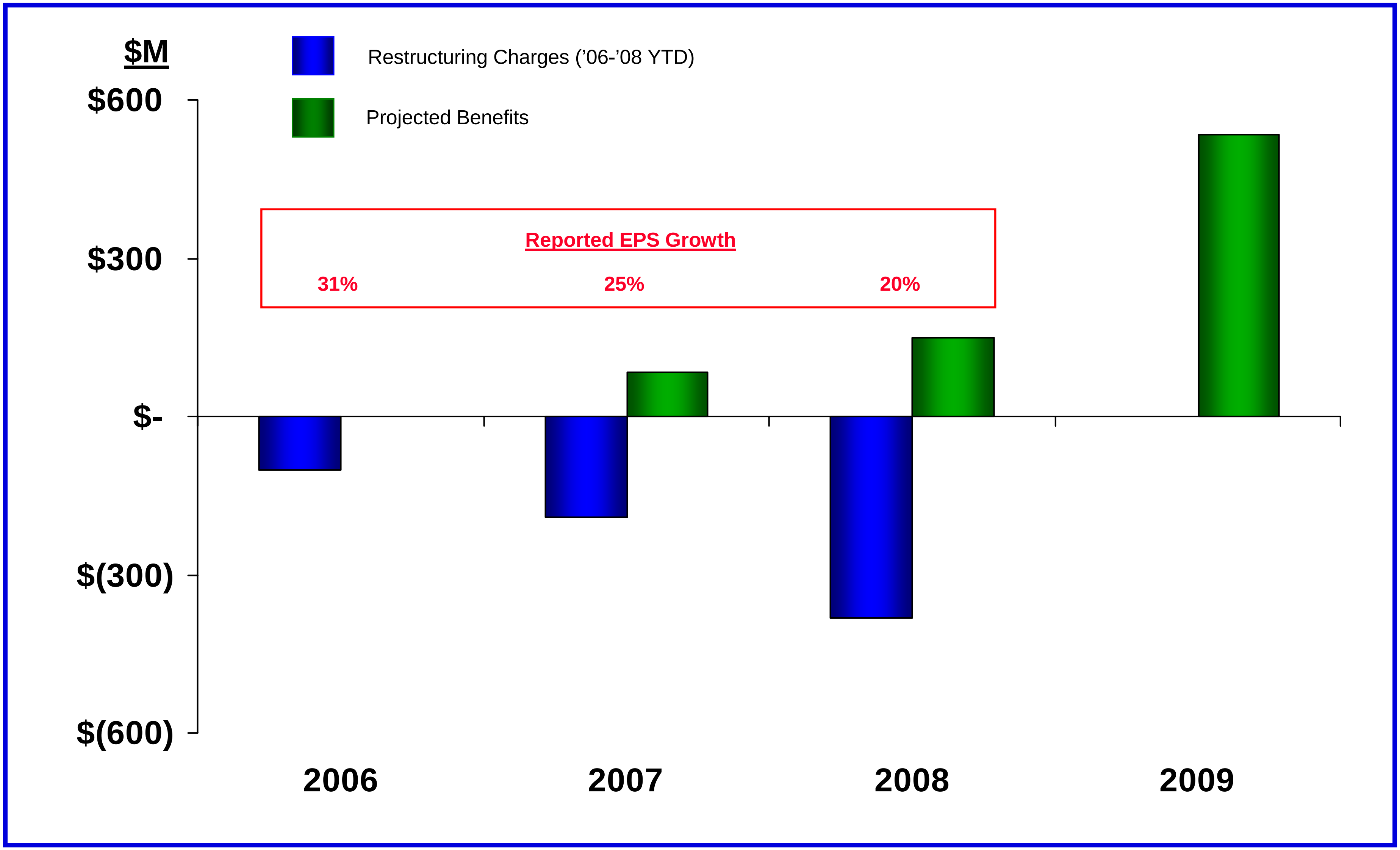

Funded Through Operations / Gains

2009 Planning

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Developed Markets	• US GDP (2)% to (1)% • EU GDP (1)% to 0%
Emerging Markets	• China GDP 7 to 8% • India GDP 5 to 6%
Foreign Exchange	• EURO/USD $1.25 • GBP/USD $1.45
Commodities	• Nickel Down 80%+ From Peak • Natural Gas Down 55%+ From Peak
Segment Margin	• + : Net Productivity, Repo Benefits • - : Volume, FX • 1H Comps Challenging
Free Cash Flow	• 100%+ Conversion • Working Capital Contribution • High Quality Earnings Stream

Global GDP 1%

Macro Assumptions Supporting Outlook

Key Market Assumptions

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Business	HON 4Q08E	2009 Drivers	2009 Planning
AT&R	AM: 0% to 1% OE: (10)%*	Flight Hours OE Deliveries	(2)% to (1)% 0% to 5%
B&GA	AM: 0% to 1% OE: 15%	TFE Flight Hours OE Deliveries	(15)% to (10)% 0% to 5%
Defense	5%	DOD Budget	3%
ACS – Developed	~Flat	US/EU Housing Sales US/EU Non-Res Retrofit / Regulation Industrial Cap/Op Ex	No Recovery Downturn Stable Cautious
ACS – Emerging	10%	New Construction	Moderating
Turbocharging	(45)%	Europe Auto Production Europe Diesel Penetration Small Engine Shift	(20)% to (10)% (1) pts (4) pts
UOP	$1.6B Backlog	Refining / Gas / Petrochem	Slowing

Challenging Market Conditions

*Excluding CS Divestiture

2009 Financial Guidance Summary

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Consolidated ($B)	2009 Financial Outlook	Growth 2009E vs. 2008E
Sales	$ 33.6 - 35.3	(8)% - (4)%
Organic (LCE)		*(4)% - 1%*
Segment Profit	4.4 - 4.8	(8)% - (0)%
Segment Margin	*13.2% - 13.7%*	*0 bps - 50 bps*
Net Income	2.4 - 2.7	(14)% - (4)%
EPS	$3.20 - 3.55	(15)% - (6)%
Free Cash Flow	$ 3.0 - 3.2	(6)% - 0%

Low End

– **Lower Global Growth**

– **Unfavorable Mix - Aero OE / AM, ACS Products / Solutions**

– **Inflation / Productivity Worse**

– **Lower Pension Discount Rate**

– **Euro < $1.25**

High End

\+ **Stronger Global Growth**

\+ **Favorable Mix - Aero OE / AM, ACS Products / Solutions**

\+ **Inflation / Productivity Better**

\+ **Higher Pension Discount Rate**

\+ **Euro > $1.25**

Planning For Tough Environment In 2009

Excludes impact of acquisition related costs (FAS 141(R))

Aerospace

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($B)	2009 Financial Outlook	Growth 2009E vs. 2008E
Sales	$ 12.2 - 12.7	(4)% - 0%
Segment Profit	2.3 - 2.4	(3)% - 4%
Segment Margin	*18.6% - 19.0%*	*20 bps - 60 bps*

2009 Sales Walk

	Sales	Growth
2008E	**$ 12.7**	**4%**
ATR	0.0	
BGA	(0.0)	
D&S	0.1	
Organic	0.1	1%
FX	-	0%
Acq/Div	(0.3)	(2)%
2009E *	**$ 12.5**	**(2)%**

*represents midpoint of guidance range

Segment	Org. Growth	Drivers / Risks
AT&R OE	↑	Deliveries 0% to 5%, CS Div. / Airline Liquidity
AT&R AM	↓	Flight Hours (2)% to (1)% / GDP, Inventory
B&GA OE	↔	Deliveries 0% to 5% / OE Production Cuts, Timing
B&GA AM	↓	TFE Flight Hours (15)% to (10)% / Platform Mix
D&S	↑	Base Defense Budget / Program Mix

Strong Franchise Executing In Slower Environment

Automation And Control Solutions

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($B)	2009 Financial Outlook	Growth 2009E vs. 2008E
Sales	$ 13.0 - 13.5	(7)% - (4)%
Segment Profit	1.5 - 1.6	(7)% - 1%
Segment Margin	*11.4% - 11.8%*	*10 bps - 50 bps*

2009 Sales Walk

	Sales	Growth
2008E	**$ 14.0**	**12%**
Products	(0.1)	
Solutions	0.1	
Organic	0.0	0%
FX	(1.2)	(9)%
Acq/Div	0.4	3%
2009E *	**$ 13.2**	**(6)%**

*represents midpoint of guidance range

Segment	Org. Growth	Drivers / Risks
ECC	↑	New Products / Res & Non-Res Outlook
S&C	↓	Global Penetration / Transport, Industrial Outlook
Life Safety	↑	Fire, Safety Regulations / Industrial Cap Ex
Security	↓	AIDC Acquisitions / Res & Non-Res Outlook
Building Solutions	↑	Energy Efficiency Demand / Credit Markets
Process Solutions	↑	Process Optimization / Customer Op Ex

Diversified, Global Portfolio

Transportation Systems

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($B)	2009 Financial Outlook	Growth 2009E vs. 2008E
Sales	$ 3.6 - 4.0	(22)% - (14)%
Segment Profit	0.2 - 0.3	(39)% - (24)%
Segment Margin	*6.9% - 7.9%*	*(200) bps - (100) bps*

2009 Sales Walk

	Sales	Growth
2008E	**$ 4.6**	**(8)%**
Turbo	(0.2)	
CPG/FM	(0.2)	
Organic	(0.4)	(8)%
FX	(0.4)	(9)%
Acq/Div	-	0%
2009E *	**$ 3.8**	**(18)%**

*represents midpoint of guidance range

Segment	Org. Growth	Drivers / Risks
PV Turbo	↓	New Platforms / EU OE Production, Delays
CV Turbo	↓	New Platforms / Global Transportation Outlook
CPG	↓	Cost Focus / DIFM & Private Label Shifts
Friction	↓	Cost Focus / EU OE & AM Outlook

Challenging Industry Outlook

Specialty Materials

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($B)	2009 Financial Outlook	Growth 2009E vs. 2008E
Sales	$ 4.7 - 5.1	(11)% - (3)%
Segment Profit	0.6 - 0.7	(12)% - (1)%
Segment Margin	*13.5% - 13.9%*	*(10) bps - 30 bps*

2009 Sales Walk

	Sales	Growth
2008E	**$ 5.3**	**9%**
UOP	(0.0)	
Other	(0.2)	
Organic	(0.3)	(5)%
FX	(0.1)	(2)%
Acq/Div	0.0	0%
2009E *	**$ 4.9**	**(7)%**

*represents midpoint of guidance range

Segment	Org. Growth	Drivers / Risks
UOP	↓	Refining, Petrochem, Gas / Reload Delays
R&C	↓	Formula Pricing / Commodity Demand
Fluorines	↓	Pricing Actions / Construction, Auto Outlook
Electronic	↓	Key Customer Wins / Semiconductor Cap Ex
Specialty	↑	Niche New Products / Res & Non-Res Outlook

Better Positioned Portfolio

Components Of Organic Sales

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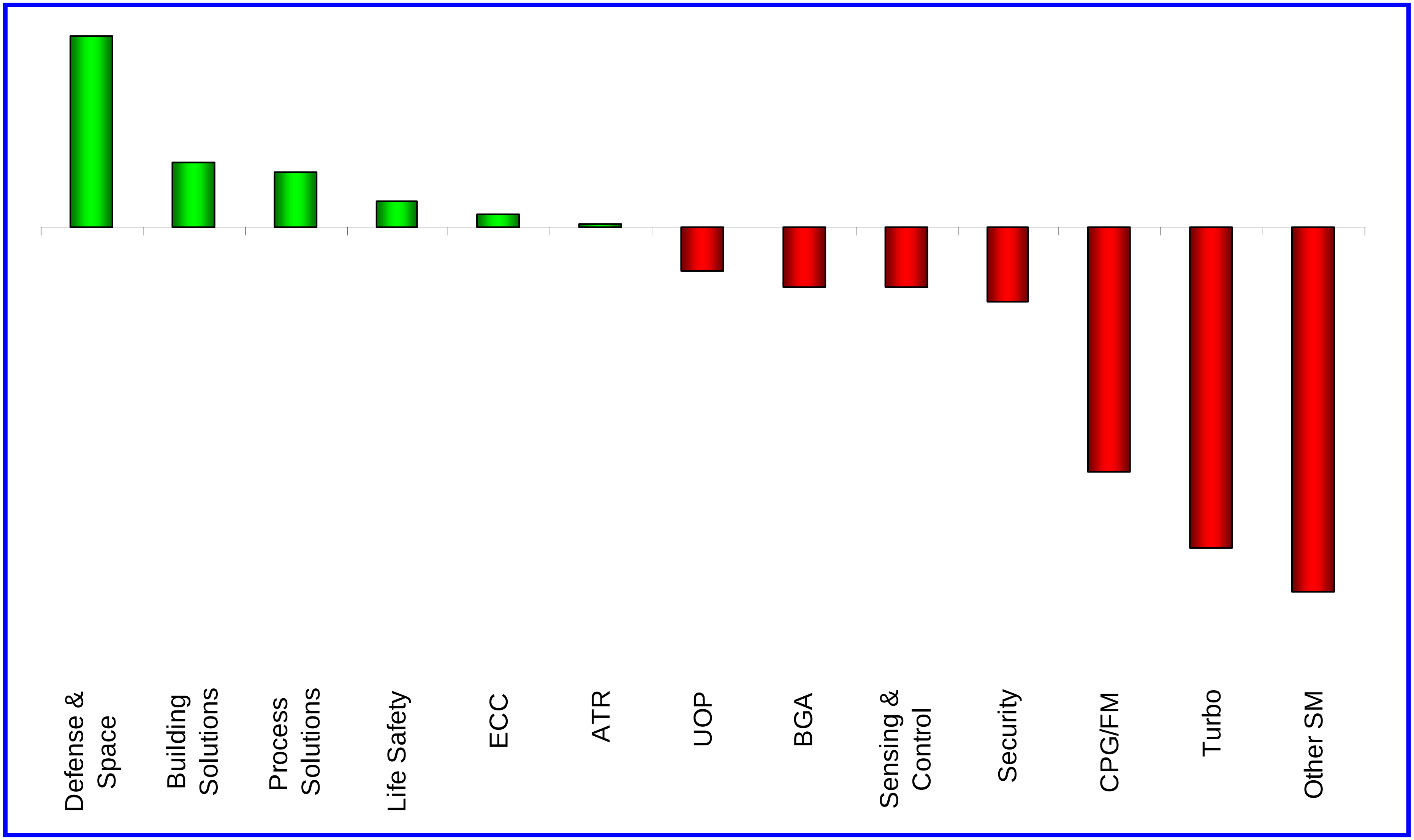

Backlog, New Products Supporting Outlook

2009 Sales and Segment Profit Walks

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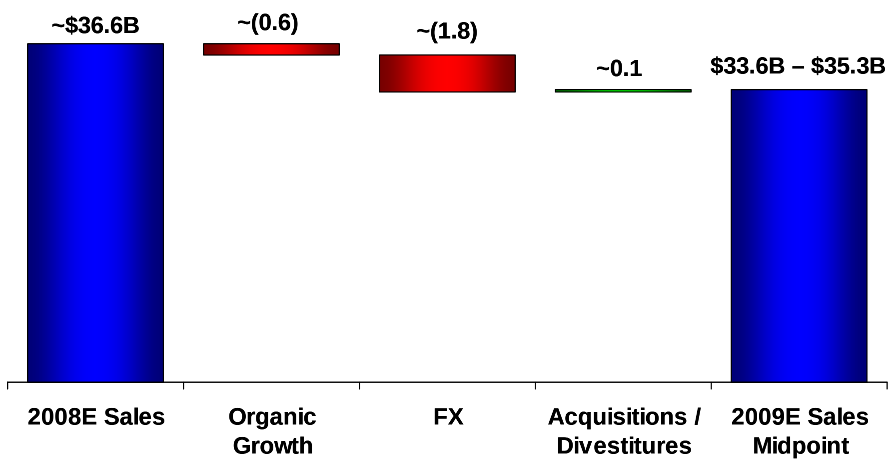
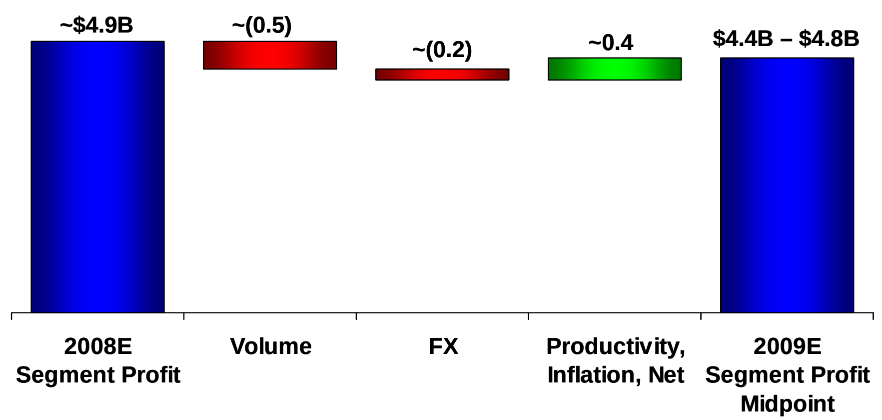
Sales Walk



- **Developed Regions (10)% to (5)%**
- **Emerging Regions 5% to 10%**
- **EURO / USD $1.25 (vs. ~$1.47 '08)**

Segment Profit Walk



- **Repositioning Benefits**
- **HOS Productivity**
- **Procurement Opportunities**

Attainable Path To 2009 Guidance

2009 Productivity Actions

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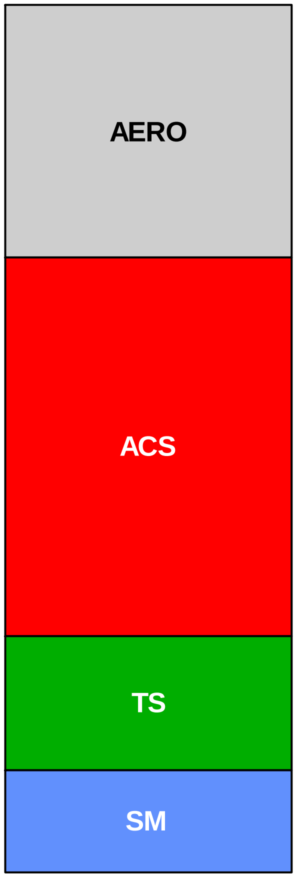

Functional Transformation

- **Targeting Functional Cost at 5.3% of Sales**
  - **60% Total Sales on SAP**
  - **40% Reduction in Supplier Base**
  - **Consolidating 75 Rooftops**

Honeywell Operating System

- **80% Manufacturing Cost Base Initiated (~160 Sites)**
  - **40 Sites Attain Bronze Certification**
    - **>**95% Delivery to Customer Request
    - >15% Improvement in Inventory
    - >25% Reduction in Defects
    - Improved Safety Maturity

Repositioning Savings

- **Benefits from $0.7B Proactive Actions '06-'08**
  - **$0.5B+ Savings in 2009**
  - **Fixed Costs Aligned With Slow Growth Environment**

Projects Identified And Actionable

Other Planning Assumptions

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P&L Expense	($M)
Pension	~130
OPEB	~120
Environmental	~150
Net Asbestos	~150
Repo and Other	~40
	~590

Pension Expense Sensitivity

Rate of Return	Discount Rate 7.00%	Discount Rate **7.5%**	Discount Rate 8.0%
(27%)	169	70	35
(33%)	228	**130**	55
(39%)	286	189	94

U.S. Pension Plan Funding - Base Case Assumptions

- No mandatory contributions in 2009
- $1B proactive funding
  - Contribution of HON Shares
    - 2009 average diluted share count 755-760 estimated
  - Over next 5 quarters starting 4Q08

2009 Summary

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- **Global Economic Downturn**
  - **Biggest Impacts in US and Europe**
  - **Slower Growth in Emerging Regions**
- **Achievable Top Line / Cost Management**
  - **Demand and Foreign Currency Headwinds**
  - **Lower Commodity Cost Opportunities**
  - **Benefits from Ongoing Repositioning**
- **In-Depth Business Review Process**
  - **Bottom-up, Top-down Planning Approach**
  - **Delivering Margin Expansion; 100%+ Free Cash Flow Conversion**
  - **Contingencies In Place**

Preparing To Outperform Again

Appendix

Reconciliation of non-GAAP Measures to GAAP Measures

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margin

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($B)	2008E	2009E
Sales	~$36.6	$33.6 - 35.3
Cost of Products and Services Sold	~(28.0)	(25.2) - (26.5)
Selling, General and Administrative Expenses	~(5.0)	(4.6) - (4.8)
Operating Income	~$3.6	$3.8 - 4.0
Stock Based Compensation [1]	~0.1	~0.1
Repositioning and Other [1, 2]	~1.1	0.3 - 0.4
Pension and OPEB Expense [1]	~0.1	0.2 - 0.3
Segment Profit	~$4.9	$4.4 - 4.8
Operating Income	~$3.6	$3.8 - 4.0
÷ Sales	~$36.6	$33.6 - 35.3
Operating Income Margin %	~9.8%	~11.3%
Segment Profit	~$4.9	$4.4 - 4.8
÷ Sales	~$36.6	$33.6 - 35.3
Segment Profit Margin %	~13.2%	13.2 - 13.7%

(1) Included in cost of products and services sold and selling, general and administrative expenses

(2) Includes repositioning, asbestos, environmental expenses and equity income (beginning 1/1/2008)

Reconciliation of Free Cash Flow to Cash Provided by Operating Activities and Calculation of Cash Flow Conversion

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($B)	2008E	2009E
Cash Provided by Operating Activities	~$4.0	$3.9 - 4.1
Expenditures for Property, Plant and Equipment	~(0.9)	~(0.9)
Free Cash Flow (1)	~$3.2	$3.0 - 3.2
Cash Provided by Operating Activities	~$4.0	$3.9 - 4.1
÷ Net Income	~$2.8	~$2.6
Operating Cash Flow Conversion %	~143%	~154%
Free Cash Flow	~$3.2	$3.0 - 3.2
÷ Net Income	~$2.8	~$2.6
Free Cash Flow Conversion %	~114%	~119%

(1) Excludes taxes relating to the sale of the Consumable Solutions business

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