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.
ACS Overview

Roger Fradin
President and CEO
ACS Investor Day: 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)
Proven Financial Track Record

ACS A Key Contributor To Honeywell Growth

- Significant portfolio contribution 2003-2007
  - 5% Organic Sales Growth, 13% Reported Sales Growth
  - $500+ Million Segment Profit Growth
# Favorable Macro Trends

## Macro Trends

### Buildings
- Energy Costs
- Safety / Security
- Regulation / Codes

### Homes
- Convenience / Control
- Energy Efficiency
- Technology

### Industrial
- Productivity
- Safety / Security
- Monitor / Control

## HON Position

### Buildings
- Broad Content / Coverage
- Multi-Channel / Brand Strategy
- 25K Contracts (HBS)

### Homes
- Premier Brands
- Product Breadth / Vitality
- Channel Access / Partners

### Industrial
- $17B Installed Base (HPS)
- Advanced Solutions
- Product Breadth / Sensors

## Positioned To Capitalize On Key Trends
Strength Through Diversification

Well Balanced ACS Portfolio

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

* Management Estimates
### Strong Presence Across Industry Landscape

#### Products

<table>
<thead>
<tr>
<th></th>
<th>Home Comfort Controls</th>
<th>Building Controls</th>
<th>Sensing</th>
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<tr>
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#### Projects & Services

<table>
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<th>Building Solutions</th>
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</table>

**Industry Growth %**

- Honeywell: 2-4, Emerson: 2-4, GE: 2-4, Johnson Controls: 3-5, Schneider: 5-6, Siemens: 5-6, Tyco: 6-7, UTC: 4

**ACS 2007 Growth %**

- Honeywell: 9, Emerson: 3, GE: 15, Johnson Controls: 15, Schneider: 16, Siemens: 15, Tyco: 15, UTC: 15

**Extending Leadership In Key Segments**
Investing For Growth: New Product Development

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

Reinvigorated New Product Development Process

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

Innovation A Key ACS Differentiator
Investing For Growth: Acquisitions

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

- 33 Acquisitions Signed or Closed Since 2002
- Great Acquisition Platforms and Pipelines

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

- $3B+ Revenues Acquired Since 2002
- Deals Executed in 10 Countries

**Continue to Target Attractive Bolt-On’s**
- Strengthen Core
- Attractive Adjacencies

**Acquisitions Core Competency**
- Core
  - Building Controls (ECC + Novar)
  - Distribution (ADI + Gardiner + Burtek)
- Adjacencies
  - Gas Detection (Zellweger + FT)
  - Automatic Identification and Data Collection (Hand Held)
## Spotlight On Hand Held Products

### Company Overview
- Revenues ~$300 Million
- Strong Global Presence and Technology
- #1 in Fast Growing 2D Imaging
- Good Position in Rugged Mobile Wireless Devices
- Serves Attractive Verticals Including Healthcare and Transportation

### AIDC Segment
- Automatic Identification and Data Collection Segment is Large ($14B+) and Growing (10%+)
- Favorable Macro-Drivers Around Productivity, Asset Tracking / Security and Mobility
- Short User Payback and Technology Adoption Driving Global Growth

### Fit with ACS
- Core to ACS Customer Value Proposition
  - Innovation, Productivity, Safety and Security
- Complementary to existing technologies
  - Electronics, Wireless, Imaging
- Attractive Multi-Channel Model

---

**Attractive Growth Platform For Honeywell**
Investing For Growth: Emerging Regions

Market Growth

China: ~9%
India: ~8%
Middle East: 10-15%

ACS Growth

China: 20%
India: 50%
Middle East: 30%

Investing To Outperform In Emerging Markets
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, 23K Users

- Initial Roll-Out Successful
  - UK Pilot; 1,200 FTE’s, 21 Sites

- Targeting $150+ Million Run Rate Benefit When Fully Implemented
  - Less Than 10% Complete to Date; Estimate Savings > Costs in 2009

$150+ Million Run Rate
Honeywell Operating System

Annual ACS HOS Enabled Savings ($M)

- Broad-Based Initiative Driving Reduced COGS
- 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

Example Results

- Emmen – 50%+ Quality, Inventory Improvement
- St Charles – 50%+ Quality Improvement
- Phoenix – 75% Quality, 24% Inventory Improvement

Sustainable Improvement Focus
ACS Margin Walk 2006 – 2007

2006-2007 Closed Acquisitions

- First Technology
- Gardiner
- Sempra
- ActivEye

High ROI Solutions Mix

<table>
<thead>
<tr>
<th>Growth</th>
<th>Margin</th>
<th>ROI</th>
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</thead>
<tbody>
<tr>
<td>Products</td>
<td>~7%</td>
<td>~15%</td>
</tr>
<tr>
<td>Solutions and Distribution</td>
<td>~15%</td>
<td>~7%</td>
</tr>
</tbody>
</table>

Expanding Organic Margins... Acquisitions And Solutions Accelerating Growth
Organic Growth – Future Outlook

- Well Positioned to Deliver 5%+ Organic Revenue Growth
- Productivity Initiatives in Place to Drive Earnings Acceleration
- Continue to Aggressively Pursue Value-Creating Growth

ACS Margin Rate Walk 2007-2012

Core Initiatives To Drive Margin Expansion
ACS Investor Day: 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
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

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007E</th>
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<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>$23.1</td>
<td>$25.6</td>
<td>$27.6</td>
<td>$31.4</td>
<td>~$34.2</td>
</tr>
<tr>
<td><strong>Cost of Products and Services Sold</strong></td>
<td>(18.2)</td>
<td>(20.7)</td>
<td>(21.5)</td>
<td>(24.1)</td>
<td>~(26.0)</td>
</tr>
<tr>
<td><strong>Selling, General and Administrative Expenses</strong></td>
<td>(3.0)</td>
<td>(3.3)</td>
<td>(3.7)</td>
<td>(4.2)</td>
<td>~(4.2)</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>$1.9</td>
<td>$1.6</td>
<td>$2.4</td>
<td>$3.1</td>
<td>~$3.7</td>
</tr>
<tr>
<td><strong>FAS 123R, Stock Option Expense</strong>&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.1</td>
<td>~0.1</td>
</tr>
<tr>
<td><strong>Repositioning and Other Charges</strong>&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>0.3</td>
<td>0.7</td>
<td>0.4</td>
<td>0.5</td>
<td>~0.5</td>
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<tr>
<td><strong>Pension and OPEB Expense</strong>&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>0.3</td>
<td>0.6</td>
<td>0.6</td>
<td>0.4</td>
<td>~0.3</td>
</tr>
<tr>
<td><strong>Segment Profit</strong></td>
<td>$2.5</td>
<td>$2.9</td>
<td>$3.4</td>
<td>$4.1</td>
<td>~$4.6</td>
</tr>
<tr>
<td><strong>Operating Income</strong>&lt;sup&gt;÷&lt;/sup&gt; <strong>Sales</strong></td>
<td>$1.9</td>
<td>$1.6</td>
<td>$2.4</td>
<td>$3.1</td>
<td>~$3.7</td>
</tr>
<tr>
<td><strong>Operating Income Margin %</strong></td>
<td>8.3%</td>
<td>6.4%</td>
<td>8.9%</td>
<td>9.9%</td>
<td>~10.8%</td>
</tr>
<tr>
<td><strong>Segment Profit</strong>&lt;sup&gt;÷&lt;/sup&gt; <strong>Sales</strong></td>
<td>$2.5</td>
<td>$2.9</td>
<td>$3.4</td>
<td>$4.1</td>
<td>~$4.6</td>
</tr>
<tr>
<td><strong>Segment Profit Margin %</strong></td>
<td>10.7%</td>
<td>11.4%</td>
<td>12.2%</td>
<td>13.0%</td>
<td>~13.5%</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Included in costs of products and services sold and selling, general and administrative expenses.
Environmental And Combustion Controls

- Transformed to Leading Global Player
- Strong Acquisition and Organic Growth Record
- Significantly Enhanced Segment and Product Position
Products And Segments

Residential Segment ~50%

Installed Base: 100M+ Homes

Thermostats: Leader
Key Competitors: White Rogers

Indoor Air Quality Leader
Key Competitors: Research Products

Gas Valves Leader
Key Competitors: Emerson, Sit

Whole House Filtration Leader
Key Competitors: Research Products, Trane

Wiring Devices / UK Leader
Key Competitors: Legrand, Crabtree

Commercial Segment ~50%

Installed Base: 5M+ Buildings

Jin Mao Tower- Shanghai

Hearst Building- New York

T5, Heathrow- London

Key Competitors: JCI, Siemens, Danfoss

Comprehensive Product Portfolio
2007 Highlights

• Strong Performance Despite US Residential Softness
  - Revenues up 9%

• Continued Growth in Emerging Regions
  - China, India up Strongly
  - New Factories in China and India

• Investing for Growth Through Acquisitions
  - Ex-Or (Commercial Lighting Controls, UK)
  - LONON JV (Wiring Devices and Lighting, China)
  - MAXON (Industrial Combustion Controls, US)

• 30% of 2007 Revenue from New Products

• New Customer Wins
Favorable Macro Trends

- Energy Costs
- Green Movement
- Legislation
- Growing Wealth
- Comfort / Convenience and Health
- Maintenance Costs / Safety

- Energy Efficient Programmable Controls
- Lighting Controls
- Comfort / Clean Air
- Efficient Gas Valves

Well Positioned For Future Growth
Multi-Channel Strategy

Big Box Retail
- Watsco
- Johnstone Supply
- Ferguson

Wholesale HVAC
- Lennox
- Baxi
- Carrier
- Vaillant

OEM

Multi-Site
- Wal-Mart
- RBS
- Home Depot
- Circuit City

System Integrators

HBS

Multiple Channels; Diverse Customer Base
Why We Win In The Market Place

1. Understanding Customers Needs, Driving NPI
2. Superior R&D and Product Marketing Expertise
3. World Class Electronics Capabilities
4. Great Brands, Strong Reach, Excellent Customer Service
5. Leading Edge Sales and Channel Marketing Deployment
6. Strategic Acquisitions Integrated Seamlessly

Proven Long Term Growth Strategies
Productivity Initiatives

• Electronics Excellence
  - Reduced Cycle Times and Warranty; Improved Speed to Market
  - 99% First Pass Yield

• Initiatives Delivering Optimal Cost Structure
  - Global Manufacturing and Sourcing Footprint
  - HOS, FT

• Emerging Region Sourcing
  - Electronics and Raw Materials

• Systematic Value Engineering and Component Engineering

• Sales Force Productivity via Deployment

• Pricing Excellence
  - Transactional; Value Pricing
Electronics Excellence

2002

• Developed World Class Electronics Capabilities
• Focus on Rapid, High Quality Introductions
• Effective Sales and Marketing Deployment

Today

Actions

• Sales up 85% in North America Over 5 years
• Significant Gains from Competition
• Expanded Market

Results

Winning With Shift To Electronics
Electronics Enabling New Space Growth

Multiple Thermostat Platforms

Ability to Differentiate by Channel, Application, Customer:
- Trade
- OEM
- Retailer
- Homes
- Buildings

“Upping The Ante”
- BAS Systems
- Vision Pro IAQ System
- OEM Protocols
- Security
- Wireless
- Enviracom

World Class Design, Manufacturing And Marketing
Wireless As Growth Enabler

Residential

Commercial

Lighting

Remote Sites

Labor Savings And Flexibility Benefits
Entering Adjacencies Through Innovation

**Hot Water Controls**

**Then**

- 50+ Year Old Electromechanical Technology
- Significant Position by Two Key Competitors
- $100M+ Opportunity Annually
- No Power Available at Installation

**Now**

- Flame-Powered Electronic Control
- Enables Better Control, Displays, Energy Savings and Convenience
- Segment Expands to $150M+
- Strong Patent Position
- Significant Orders Received

**Attractive New Segment**
Increasing Content Through Innovation

**Typical European “Combi” Boiler**

- 2002 Content
- +65% to 2007 Content
- +20% to 2010 Content

**After Sales Opportunities**

- Expanding Take In And Outside Of Appliance
Quantitative Sales And Marketing Deployment

Methodology

- Quantitative Data Driven Systems
- Proscriptive
- Flexible Targeting and Segmentation

Then

- 140 Sales People
- Calling on 10,000+ Customers
- Flat Sales

Now

- 98 Sales People
- Calling on 4000 Customers
- ~10% Growth

Closing The Big Opportunities Globally
Quantitative Sales And Marketing Deployment

Programs

University Meetings Training Forums Loyalty Programs

Events

Installer Base

Go To Market

Push Pull

25K+ Installers Reached Globally In Person Annually
Multi-Brand Strategy Example

2002

Honeywell

2007

Honeywell
ALERTON
TREND
CENTRALINE
by Honeywell

More Bids Per Opportunity While Doing a Better Job of Meeting Specs

New Yankee Stadium

New Mets Stadium

Winning With Multiple Channels And Brands
Investing For Growth: Acquisitions

<table>
<thead>
<tr>
<th>Acquisition</th>
<th>Key Strength</th>
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<td>Aube - 2004</td>
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<td>• Technology</td>
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<td>• Channels</td>
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<td>• Adjacencies</td>
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<td>ED&amp;S - 2005</td>
<td>• Technology</td>
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<td>• Channels</td>
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<td></td>
<td>• Brands</td>
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<td>Tridium - 2005</td>
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<td></td>
<td>• Fundamental Enabler</td>
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<td>Ex-Or - 2007</td>
<td>• Adjacencies – Cross Channels</td>
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<tr>
<td></td>
<td>• Technology</td>
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<tr>
<td>Maxon - 2007</td>
<td>• Technology</td>
</tr>
<tr>
<td></td>
<td>• Adjacencies</td>
</tr>
</tbody>
</table>

Successful Acquisition Track Record
Acquisition Success: Tridium Operating System

Then

• No Common Operating System
• Difficult Internet Access
• Difficult Tools and Hardware Solutions
• Long Development Cycles
• High Install Costs

Now

• Common, Open Operating System
• Easy Internet Access
• Collapse of Control Levels and Ease of Use
• Much Shorter Development Cycles
• Lower Install and Configuration Costs
• Industry Standard

New Segments

Telecomm Alarm Management  Industrial Control  Medical Equipment

Key Operating Systems And Applications
**Acquisition Success: Novar Multi-Site Retail**

**Novar Today**

- Big Box Retail Theaters

**Complete Solutions Provider to the Multi-Site Market**

- Energy Savings
- Reducing Maintenance Costs
- Ensuring Food Safety
- Providing Safe, Comfortable Environment

**Expanding Applications Market**

- Small Box Retail
- Casual Dining
- Big Box
- Grocery Super Centers
- Banks
- C-Store

**Size**

- Simple
- Complex

**Sophistication**

- Large

**Growth Enablers**

- Technology Investments Enable Entry into Smaller Footprint Stores
- Geographic Expansion - EMEA, China, India
- Global Energy Awareness

**Novar Bringing Additional Attractive Opportunities**
Emerging Regions: China Localization

2002

HON Electromechanical

Local Competitor Electronic

2007

HON Electronic

ECC Factory and R&D Center in Tianjin

Winning In China Is A Top Priority
Emerging Regions: Winning In China

Homes

Buildings

Gasification

Products For China With Future Export Potential

... resulting in Petrochina and CNOOC’s aggressive plans of over US$15 billion investment in the China gas distribution market
Synergies With Other ACS Businesses

- Breadth of ACS Portfolio Strengthens ECC Position

  - HBS
    - Channel Access
  
  - Security
    - Wireless and Display Technology
    - Home Comfort / Security Interoperability
  
  - S&C
    - Sensor Technology
  
  - Life Safety
    - Gas Detection

Broad Portfolio Enhances Channel And Technical Depth
ECC Key Themes

• **Leading Global Franchise**
  - Comprehensive Product Portfolio
  - Multi-Brand, Multi-Channel Strategy
  - Well Positioned for Energy Efficiency Macro Trends
  - Strong Global Presence

• **Investing for Growth**
  - New Products Winning in Core and Adjacent Segments
  - Successful Acquisition Track Record

• **Focus on Accelerated Earnings Growth**
  - Proven Long-Term Productivity Initiatives
Honeywell Process Solutions

Jack Bolick
President
Honeywell Process Solutions (HPS)

2007: $2.4B Sales

Creating New Installed Base
- Refining, Chemicals
- Oil & Gas, Power
- Life Sciences, Mining, Paper

Advanced Solutions

Lifecycle Services

HPS Delivers Automation Expertise To Process Industries
Industrial Automation Landscape

- **Continuous Process**
  - Refinery
  - Petrochem
  - Paper

- **Hybrid**
  - Metals
  - Spec Chem
  - Power

- **Discrete Manufacturing**
  - Auto
  - F&B Packaging

- **Field Devices (Sensors)**

- **Control (DCS)**

- **Advanced Solutions (Optimization)**

- **PLCs/Drives/Motors**

- **HPS**

- **Invensys**

- **EMR**

- **ABB- Automation**

- **Yokogawa**
2007 Highlights

• **Sales up 16%**
  – Strong Lifecycle Services and Advanced Solutions Growth

• **Continued Growth in Emerging Regions**
  – India, China, Middle East, Eastern Europe up Strong

• **Successful New Product Introductions**
  – Great Industry Acceptance of New Experion R300 Platform

• **Enraf Acquisition Adds Complementary Radar Level and Metering Products**
### Leading Positions

#### Advanced Solutions
- Manufacturing Execution Systems (MES)
- Simulation
- Optimization

#### Distributed Control Systems

#### Safety Systems
# Great Positions In Good Industries

<table>
<thead>
<tr>
<th>Refining</th>
<th>Pulp &amp; Paper</th>
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<td>Emerson</td>
<td>Yokogawa</td>
<td>ABB</td>
<td>Invensys</td>
</tr>
</tbody>
</table>

HPS Business Model

Creating New Installed Base

Solutions for Greenfield / Brownfield Projects / Third Party Replacements

Mining Installed Base

Lifecycle Services

Performance Improvement

Advanced Solutions

Installed Base
7,500 Sites
28,000 systems
$17B+

Business Model Accelerated By Open Systems
Grow Lifecycle Services: Mine The Installed Base

- Allows **On-Line Migration** Without Any Loss in Production
- Continuous Customer Support
- Best-In-Class Execution
  - 2,500 Employees Focused on Lifecycle Services

*High Value Predictable Income Stream*
New Lifecycle Services Accelerating Mix Shift

Reliability and Process Safety Services
• Honeywell Leads Abnormal Situation Management Consortium
• Offer Early Event Detection, Alarm Optimization, Automated Procedural Operations, Corrosion Management

Open System Services
• Increasing Technology Churn, Cyber Security and Interoperability Concerns, Retiring Workforce
• Offer Network Management, Data Recovery, Remote Diagnostics

Well Positioned For New Global Service Opportunities
Accelerating Growth With Wireless

Wireless Driving New Applications

- Automated Field Inspection
- Asset Tracking
- Inventory Management
- People Location Tracking
- Safety and Security
- Corrosion Monitoring
- Mobile Workers
- Energy Management
- Equipment Reliability

- Honeywell Growing at 3x Industry

Delivering Wireless Solutions, Not Just Sensors
Accelerating Growth With Wireless

- 35 Million Wireless Sensors Installed Across ACS
- 300 + Patents
- Now Into 2nd Generation of Industrial Wireless Solutions
- 500+ Sites Using HPS Solutions

Honeywell Advantage

<table>
<thead>
<tr>
<th>Customer Needs</th>
<th>OneWireless (HPS)</th>
<th>Next Best Alternative</th>
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<tbody>
<tr>
<td>Security</td>
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<tr>
<td>Scalability</td>
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<td>Reliability</td>
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<td>Battery-Life</td>
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<tr>
<td>One Network for Multiple Needs</td>
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</table>
Accelerating Growth With Wireless

Honeywell Positioned to Win with **OneWireless** Solution

Not just Sensors

**Range of solutions – Available NOW**

- **Wireless Infrastructure**
  - Multi-Functional Network
  - Reliable and Secure
  - Standards-Based

- **Services**
  - Assessment, Installation, Maintenance
  - Lifecycle Services Across the World

- **Sensors**
  - Wireless Corrosion Monitoring, Acoustic, Vibration, Location, Pressure, Temperature, Level, …..

- **Applications**
  - People Tracking, Mobile Station, Automation Field Inspection, Equipment Health Monitoring, …..

**HPS ... Leading The Way In Industrial Wireless**
Grow Installed Base: Synergies With UOP

- UOP
  - Leading Process Licensor for Refining / Petrochemicals

- HPS
  - Leading Process Automation for Refinery / Petrochemical

= Unique Value Proposition
  - Faster Commissioning
  - Optimal Performance
  - Big Win Already on the Books--$100M+ Refinery

Winning With UOP “Inside” Strategy
Grow Installed Base: Leveraging ACS Portfolio

- New Regulation Driving Safety and Security
- Industrial Security
- Fire and Gas (F&G)
- Big Wins Already on Books
  - e.g. $20M F&G at Indian Refinery

Not Just ‘Control’ But Also ‘Safety And Security’
Grow Installed Base: Winning With I-MAC

Integrated Main Automation Contractor (I-MAC)

• Best-In-Class Project Execution Across All Levels
  - Optimize Plant from Day 1
  - Reduce Project Schedule by 3 Man Months
  - Reduce Total Installed Cost 25%

• Big Wins Already On The Books
  - $100M+ Gas-to-Liquid (GTL) Terminal
  - $100M+ New Refinery Units

Schedule Compression + Resource Constraints - Use I-MAC
Growing In High Growth Regions

India: $500M market
- Leader in Process Automation
- Local Solutions

HON: 68% YOY

Middle East: $1.2B market
- Operating for 30+ Years. Present in 11 Countries
- Solutions for Oil and Gas, Refining, Petrochem

HON: 22% YOY

Canada & LAR: $2.2B market
- 50% of the Oil Sands Capacity Automated by Honeywell

HON: 17% YOY

China: $1.2B market
- Strong Local Presence but Could do More.
- Factory, Development Center, Full Service Capability

HON: 13% YOY

Strong Presence In Emerging Regions
Grow Installed Base: Expand Into Adjacent Verticals

- Batch Chemicals & Life Sciences
- Industrial Power, Energy Efficiency & GHG Abatement
- Alternate Fuels: Ethanol, Coal Gasification
- Oil & Gas Storage & Transportation

Targeting Growth In Attractive Adjacent Verticals
Enraf Acquisition: Expansion Into Adjacent Verticals

• High Growth Vertical
  - Regional Energy Imbalances
  - Increasing Blending Requirements (e.g. Biofuels)

• Leading Position

• Opportunity to Create a Superior Integrated Solution
  - OneWireless Integration
  - Integrated Applications

Terminal Automation – Solution Map

- Terminal Automation Software
- DCS and SCADA
- Tank Gauging
- Loading Comp.
- Blenders
- ESD
- Proving Comp
- Control Valves
- Flow Meters
- Meter Prover
- Access Control

Leading Position In Terminal Automation
HPS Key Themes

• Leading Global Franchise
  - Largest Installed Base
  - Leading Positions in Key Segments
  - Strong Global Presence

• Investing For Growth
  - Leader in Industrial Wireless - OneWireless
  - Attractive Adjacent Acquisition - Enraf

• Focus on Accelerated Earnings Growth
  - Lifecycle Services Emphasis
Honeywell ACS Technology

Dan Sheflin
Vice President Technology ACS
ACS Technology Goals

- Deliver Aggressive Organic Growth
- Create World Class Cost Structure
- Deliver Margin Expansion - Design OUT Product Cost
- VPD™ - Cycle Time Reduction Increases Development Capacity and Speed to Market
- Deliver Advanced Research for Next Generation Products

Constantly Extend Honeywell’s Technology Lead
VPD™ - New Product Introduction Factory

People and Process
- Common Processes and Metrics Drive Predictable Growth
- 50% Increase in Engineering Capacity Through Global Engineering and Cycle Time Reduction
- R&D Constant as % of Sales

Results
- Vitality from 20% to > 30%
- 3X New Product Introductions ‘03 to ‘07

50% Net Increase In NPI Capacity Drives Growth
VPD™ Delivers Real Business Impact

Residential Security Summer Program

Winning With 1 Year NPI Cycle
- Continuous Customer Focus and VOC
- Highly Customizable Platform
- Rapid Prototypes
- Rapid Production Ramp

10X Growth Through Reduced NPI Cycle Time
Innovating Regionally

Design Centers
- India – Bangalore, Pune
- China – Shanghai, Nanjing, Tianjin
- Over 2000 Engineers Focused on Global and Local Designs

Regional Autonomy
- P&L Leader Has Dedicated Engineers Focused on Customers and Products
- P&L Leader Follows Global New Product Development Processes
- Engineers Participate Directly in VOC
- Engineers in Close Proximity to Factory that Builds Regional Products
- Drives Speed to Market

Local Autonomy Leads To Rapid Customer Response
VPD™ One Wireless Platform

- Steel Mill, Tuscaloosa, AL

Complete Wi-Fi Connectivity
- Everything Coexists
- Connectivity
- Consistency
- Lowest Cost Implementation

- Refinery, Old Ocean, TX

OneWireless Transforming The Industrial Enterprise
VPD™ Platform Reuse Across ACS

HPS OneWireless Network … Designed for the Toughest Industrial Environments

OneWireless Building Blocks DIRECTLY Applied to Other ACS Businesses

S&C Smart Valve Positioning  ECC End to End Wireless Building Controls

Design Reuse Reduces Time To Market > 40%
Innovating To Drive Improved Margins

Value Engineering (VE) … Designing OUT Product Cost

- Standardization of Designs Leverages Volume Across Brands
- Standardization of Components and Materials Leverages Volume With Suppliers
- VE Focus on Competitive Teardowns and Production Line Walkthroughs
- VE Training … Aggressive Goals for Acquired Companies
- Dedicated Resources Drive Results

VE Driving Value For Customers And HON
Welcome To The Honeywell ACS Labs


- Lab Structure
  - Sensors and Wireless
  - Knowledge Management
- Partner with External Customers (DARPA, DITRA, DOE) to Develop Breakthrough Technologies Relevant to ACS
- Partner with ACS Businesses to Deliver Emerging Technologies to New Products and Services
- Drive Innovation and Technology Across Honeywell Businesses

Relevant Breakthrough Research
Innovating Across Honeywell

Advanced Gas Analysis
Honeywell Aerospace Ring Laser Gyro
Creates a Completely New Gas Detection Platform

Third generation Solar Cells
Honeywell ACS and SM Combine to Bring Operational Excellence to 3rd Generation Nano Solar Cells
Step-Out Innovation: Total Awareness

**CFAIRS** Combined Facial and Iris Recognition
- Standoff Iris Detection
- Identify Anyone Anywhere There Is a Camera

**Video Analytics**
- Active Eye Commercial Expertise
- Appearance Models Uniquely Identify Targets

Redefining Video Surveillance
Step-Out Innovation: First Responders

Extends Notifier’s Technology Edge
Step-Out Technologies

Micro Fuel Cell
- High Power Density
- Lightweight
- Strong IP Portfolio

PHASED GC/MS
- Deep Miniaturization
- Gas Detection, Constituents and Concentrations

tHz Imaging
- Active tHz Imaging
- Strong IP Portfolio
- Extends Deep Expertise and IP in Electro-Optics

SAW Torque
- Tight Closed Loop Control of Drive Train
- Drivability, Traction Control

Focused Efforts Underway, Improving Metrics
Technology Key Themes

• New Products are the Life Blood of Our Businesses
  - NPI Pipeline Is Reinvigorated
  - Strong Portfolio Management Processes Embedded in Every P&L
  - Innovation Is Unleashed Everywhere
    - Global Autonomy to Innovate with Customers
    - Technology Sharing Among HON Businesses Drives Breakthroughs
    - Technology Sharing of Platforms Among ACS Businesses Drives Speed to Market

• Step Out Research will Deliver Tomorrow’s New Products
  - Partnered with Internal and External Customers on Highly Relevant Advanced and Applied Research

Technology Drives Profitable Growth At ACS
Honeywell Building Solutions

Joe Puishys
President
Honeywell Building Solutions (HBS) Profile

2007: $2.6B Sales

- Global Reach / Footprint
- Growing Offering Portfolio
- Strong Customer Base
- Productivity Culture

Proven Foundations, Great Success, High ROI
HBS Profile

Macro Trends

• Rising Operating Costs
  - Life-Cycle Cost Focus for New Installations
  - Efficiency Focus on Life Extensions / Retrofits

• Energy Efficiency and Reliability Concerns

• Infrastructure / Border Security Awareness

• Global Airport Construction / Expansion

Favorable Macro Dynamics
How Does HBS Fit Within ACS?

ACS Direct Channel To Market For Hi-End Systems
2007 Highlights

• Solid Growth Across the Board
  - Sales up 15%
  - Energy and Environment up 40%+
  - Critical Infrastructure Protection up 200%+

• Strong Leading Indicators
  - Backlog and Service Bank up

• Great Wins Around the Globe
  - Pleasanton Schools Solar- $7M
  - City of Quincy - $31M
  - Dubai Airport, ME - $14M
  - Beijing National Stadium - $11M
Margin Expansion Focus

• Margin Improvement Track Record (2005-2007)
  - Projects GM up 100 bps
  - Service Contracts GM up 500 bps

• Key Offerings in Emerging High Value Segments
  - Energy and Environment
  - Critical Infrastructure Protection
  - Airports

• Service Focus To Drive Further Improvements
  - Data Driven Targeting of Strategic, Service-Rich Projects
  - Installed Base Mining via Increased Service Offering

Increasing Contributions To ACS Bottom-Line
A Great Growth Story

Core and Emerging Segments
- Projects and Service
- Energy and Environment
- Airport Systems
- Integrated Security

Globalization
- India
- Middle East
- China

Innovation
- Next Generation Systems
- Wireless
- Internet Convergence

Aligned To Global Macro-Trends
Sell More To Installed Base

• 25,000+ Service Contracts Base
• Increasing Share of Wallet
• Delivering Life-cycle Value
  - 15% Energy Optimization Savings
  - Remote Monitoring and Diagnostics
  - Public-Private-Partnerships (PPP)
Service Conversion Initiative

Solution Focus

- Optimizing Project Selection Process
- Integrated Solutions
- Complex Fire
- Airport Solutions

Growth Segments

- Renewable Energy
- Critical Infrastructure Protection
- India
- Middle East
- China

Win The Right Customers, Serve Them Forever

Focused Efforts Underway, Improving Metrics
Integrated Solutions

• Converged Buildings
• Advanced Energy Management
• Design Process Involvement

Differentiated Integrated Solutions Capabilities
Critical Infrastructure Protection

• Benefiting from Macro Trends: Regulations and Global Demand

• “One Honeywell”: All Businesses Under One Umbrella

• Growing Presence in Fastest Growing Markets

• Global Delivery, Local Services

Business Value From Security Partnership

Honeywell Chemical Plant, Geismar Louisiana
Advanced Radar & Video Technology
Trillo Nuclear Power Plant, Spain
Energy And Environment

- Addressing Energy Challenges
  - Security, Diversity and Reliability
  - Increasing Costs
  - Efficiency
  - Renewables

- Track Record of Customer Results
- Aligned to Customer Segments
- Fast Growing Global Presence

Proven Leadership In Energy Value Delivery
Clinton Climate Initiative

- Global “Green” Agenda
- Top 40 World Cities Commitment
- Governments, Banks, Industry

- Energy Savings Performance Contracting (ESPC) Model
- $5B+ Opportunity
- Playing to HBS Strengths / History

Technology And Solutions Impacting The Environment
Airport Systems

• Terminal Comfort, Safety and Security
• Peak Capacity Increase with No New Infrastructure
  - Incheon (Seoul, Korea)
• Complementing Honeywell’s Aerospace Capabilities

Complete Ground-Side Offering
India

• Significant Participation in India’s Construction Boom
• Services Growth Riding on “Outsourcing” Mindset
• Energy Opportunity Towards Sustainable Development
• Award Winning Service, Install, Energy and Leadership

Great Success Story, Even More Exciting Prospects
Middle East

- Growing Presence: UAE, KSA, Qatar
- Wall-to-Wall Capabilities
- One Stop Shop for Solutions and Services
- No. 1 in Middle East, 50%+ Growth

Large Opportunities, Expanding Capabilities
Next Generation Systems

- Designed for Efficiency
  - Energy Costs ↓20%
  - Operating Costs ↓30%
- Web-Enabled, Connect Anywhere
- Controls and Mechanical Diagnostics
- Wireless Control
HBS Key Themes

• Leading Global Franchise
  - Portfolio Aligned to Macro Trends

• Investing For Growth
  - Broader Customer Relations
  - Globalization
  - Innovation Leadership

• World Class ROI Business
  - Focus on Service and High Value Emerging Segments
  - Key Contributor to ACS Returns

More Efficient, More Secure, More Comfortable
Honeywell Sensing & Control

Beth Wozniak
President
Sensing & Control

2007E: $0.9B Sales

- Broad Sensor and Switch Portfolio
- Extensive Application Expertise
- Mission Critical Applications

- Custom Packaging Expertise
- High Reliability

Building On A Great Sensor Portfolio
2007 Highlights

• Growth In Attractive Segments
  - Asia-Pacific up 20%
  - Expansion in Medical and Aerospace Segments
  - Building World-Class Distribution

• Transforming Business Mix
  - 140+ New Products Introduced – up 18% vs. 2006
  - Managing out of Non-Core, Low-Profit Segments

• Global Expansion
  - Nanjing Manufacturing and Design Center

New Products, Emerging Regions Driving Growth
A Foundation Of Innovation

- Solid state sensors
  - RF Inductive
  - Magnetic Hall Effect
  - Pressure Micro-structure
  - Flow Micro-bridge
  - Advanced Thick Film
  - Transportation solutions

- Snap Action Mechanisms
  - Vane sensors
  - Automotive solutions

- Limit switch
  - Enclosed switches
  - Thermal & airflow sensors

- Toggle switches
  - Pressure sensors

- MICRO SWITCH™
  - V3 “Victory”
  - Industrial solutions

- MICRO SWITCH™
  - Snap Action Mechanisms
  - Thermal & airflow sensors

- MICRO SWITCH™
  - Enclosed switches
  - Industrial & Machine Safety solutions

Broad Range Of Technologies, Innovation, Industries Served
Well Positioned In Attractive Verticals

**Aerospace**
- Industry Size: $2B
- '07-'12 Industry Growth: 5-7%

**Industrial**
- Industry Size: $13B
- '07-'12 Industry Growth: 4-5%

**Medical**
- Industry Size: $6B
- '07-'12 Industry Growth: 7-10%

**Transportation**
- Industry Size: $11B
- '07-'12 Industry Growth: 8-10%

**Test & Measurement**
- Industry Size: $11B
- '07-'12 Industry Growth: 5-6%

**Key Industry Drivers:**
- Weight Reduction
- Increased Safety
- Increased Safety
- Productivity and Energy Efficiency
- Chronic Conditions Increasing
- Home Health Care Increasing
- Reduced Emissions
- Fuel/Energy Efficiency
- Improved Reliability
- Safety Regulations

**HON New Products:**
- Optical Switching
- Pressure and Position Sensing
- Safety Switches
- Wireless Sensors
- “Combi” Sensor
- Miniature Sensors
- Surface Acoustic Wave (SAW) Pressure and Torque
- Particulate Matter Sensor
- Configurable Sensors
- Wireless Sensors

**New Products Aligned With Key Segment Drivers**
Growing Sensor Needs Across Honeywell

- **Aerospace**
  - Commercial, Military, Sensing and Switching Applications

- **Automation & Control Solutions**
  - Building Solutions
  - Environmental Combustion and Control
  - Life Safety
  - Process Solutions
  - Security

- **Transportation**
  - Turbocharger Position Sensing

Providing Honeywell With Competitive Advantage
Increasing Sensor Content

Safety

Tail Pipe Emissions for On-board Diagnostics
- NOx
- Particulate Matter

Emissions After Treatment Control
- NOx for SCR Control
- Particulate Matter

Hour Meters

Performance

Transmission Sensors
- Torque
- Speed
- Position

EGR Pressure / Temperature
- Silicon MEMS
- RTD

Engine Sensors
- Cam and crank
- Turbocharger Speed
- NOx
- Particulate Matter
- Pressure Switches

Energy Efficiency

Anti-lock Brake Sensors
- Pressure Switches
- Passive and Active Magnetic Wheel Speed Sensors

Power Train Control
- Model Based Multivariable Control
- EGR/VNT Control

Sensor Content Increase of 8X from 1995 to 2012

Engine Oil / Fuel Quality

Tire Pressure Monitoring

Safety

Performance

Emissions

Energy Efficiency

Sensor Content Increase of 8X from 1995 to 2012
Increased Need For Safety And Information

Wireless
- Test Stands
  - Pressure
  - Force
  - Torque
  - Load Cells
- Pressure
  - Hydraulic
  - Air Pressure
  - Load Cells

Safety
- Force
  - Strain Gauge
  - Piezoelectric
  - Torque
- Rotary and Linear Position
  - Encoders
  - Vector Hall
  - MR Array
  - Position Transducers
- Thermal
  - Thermister
    (Welding)
  - Current Sensing
- Safety
  - Light Curtains
  - Safety Mats
  - Door Interlocks
  - Solenoid Gate
    Switches
  - Control Relays
  - E-stop / Buttons
  - Cable Pull Switch

Diagnostics

Low Power / Energy Efficient

Well Positioned To Capitalize On Trends
Growth Through Distribution

Strong Relationships With World-Class Distribution
## Attractive Test And Measurement Opportunity

### Attractive Segment
- $11B Market Growing 2-3X GDP
- Increasing Sensor Content in Testing Applications
- Buyers Are Engineers Focused on Performance
- Fragmented Segment (4,000+ Players in NA)

### S&C Well Positioned
- Building on Sensotec and Lebow Acquisitions
- Utilizing Core S&C Technologies
- Serving Core S&C Customers
Emerging Regions: Winning In China

Nanjing, China: Manufacturing and Research & Design

- 40% Growth
- Focus on Industrial, Transportation and Test and Measurement
- Nanjing Design and Manufacturing Center
- Local Channel Expansion
- Repair and Calibration Facility for Test and Measurement

Growing In China Is A Top Priority
Emerging Regions: Winning In India

- 70% Growth
- Focus on Industrial, Transportation and Aerospace
- Research, Design and Application Engineering
- Product Localization and Manufacturing

Positioned For Success In India Market
Focus On Margin Expansion

- Simplifying the Business to Drive Volume Leverage
  - Product Platform Strategy
  - Continued Refinement of Product Portfolio

- Improving Our Cost Structure
  - Emerging Region Design, Sourcing and Production

- Driving Productivity
  - HOS, VE/CE

- Commercial Focus on Margins
  - Shift Mix to Higher Value Segments
  - Disciplined Pricing

Clear Path to Grow Margins
S&C Key Themes

• Building on Leading Franchise
  - Transforming the Business
  - Well Positioned for Macro Trends

• Investing for Growth
  - New Products and Innovation
  - Emerging Regions

• Focused on Margin Expansion
  - Productivity Initiatives - HOS
  - Value Engineering

Strong Sensor Portfolio, Positioned For Growth