CIBC World Markets Industrial Conference

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October 3, 2007

Honeywell

Forward Looking Statements

Honeywell

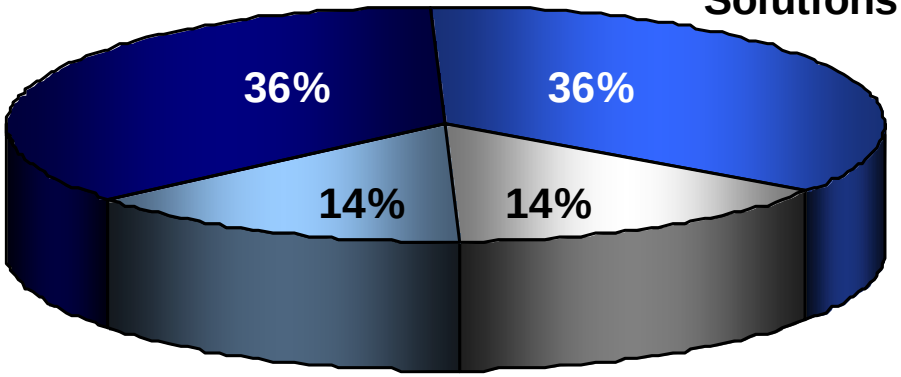
This report contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of fact, that address activities, events or developments that we or our management intend, expect, project, believe or anticipate will or may 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 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.

Portfolio Overview

Honeywell

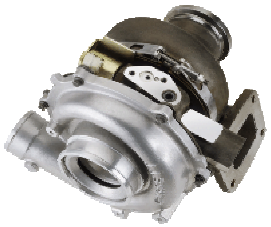
Aerospace

Automation & Control Solutions



Specialty Materials

Transportation Systems



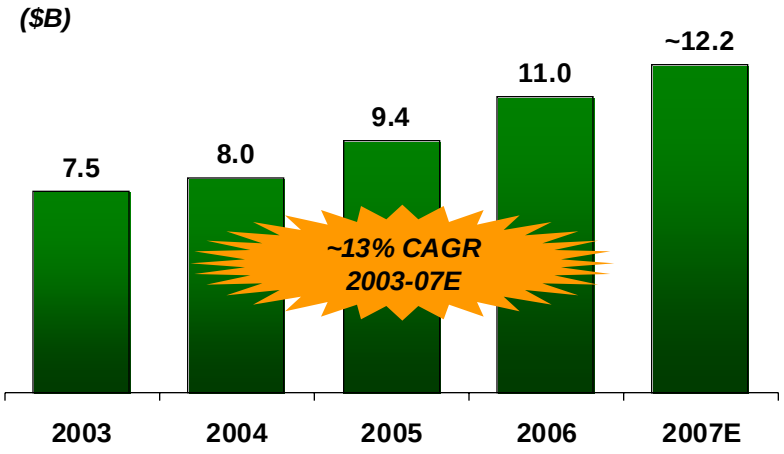
**** Pie Chart calculated using 2007E Sales***

Global Scope, Great Positions In Good Industries

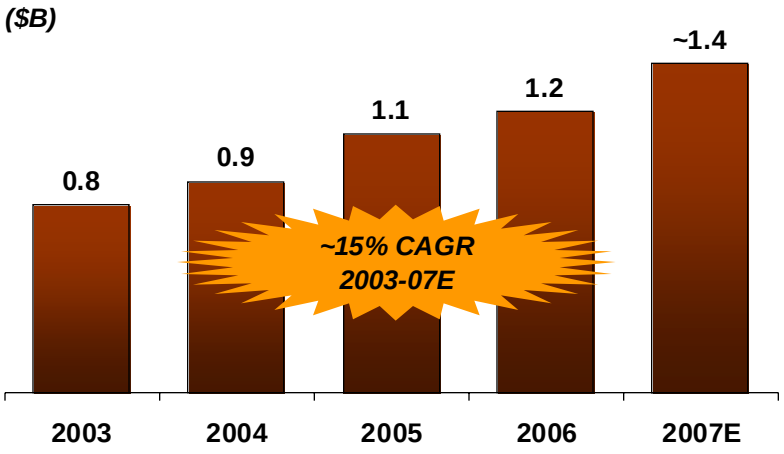
ACS – Summary

Honeywell

Sales



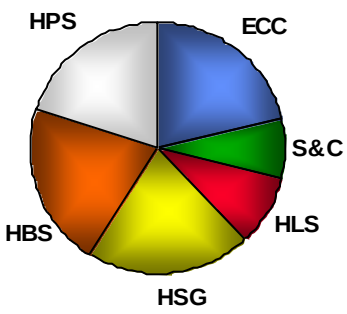
Segment Profit



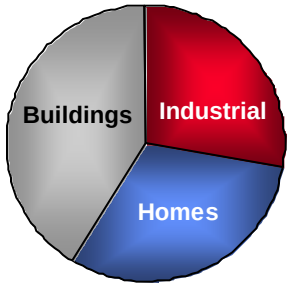
Transformation, Profile

	2002	2006
Sales	$7.0B	$11.0B
Organic Growth	(2%)	+10%

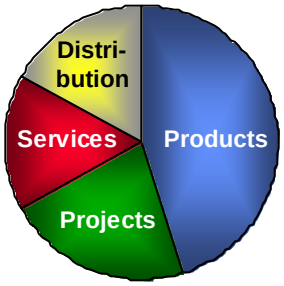
SBU



Vertical



Channel



** 2006 Profile*

Positioned To Outperform

ACS… Sustaining The Transformation

Honeywell

- **5%+ Organic Growth Will Continue**
  - Good Markets and Macro-trends (e.g., Security, Energy, Productivity, Safety, Convenience / Control)
  - Focus on Fastest Growing Segments (e.g., China, India, Infrastructure)
  - Gain Share on Strength of Brand, Products / Solutions and Channel Partners
  - Expand the Size of the Pie (e.g., Labor Replacement, New Services)
- **Segment Profit Will Grow Even Faster**
  - Fixed Cost Leverage From Growth
  - Productivity From Key Initiatives (HOS, FT) and SAP

A Great Foundation For The Future

Competitive Landscape

Honeywell

	Products					Projects & Services	
	Home Comfort Controls	Building Controls	Sensing	Security	Fire Systems	Process Solutions	Building Solutions
Honeywell	✓	✓	✓	✓	✓	✓	✓
Emerson	✓					✓	
GE			✓	✓	✓		
Johnson Controls		✓					✓
Schneider		✓	✓	✓			✓
Siemens	✓	✓	✓		✓	✓	✓
Tyco				✓	✓		
UTC	✓	✓		✓	✓		✓
Industry Growth %	*2-4*	*2-4*	*5*	*5-6*	*2-5*	*2-4*	*4*
ACS 2006 Orders Growth %	*4*		*10*	*11*	*9*	*17*	*12*

Expanding Leadership Position In All Segments

Growth Focus – Emerging Markets

Honeywell

Overview

- China – ~9% GDP Growth, Even Stronger in Infrastructure; Localization Key
- India – ~8% GDP Growth, Construction 10%, Strong Energy Infrastructure Growth
- Middle East – Major Projects Growing 15% (Airports, Buildings, Oil & Gas)

India

Strong Position Getting Stronger

- Build Upon #1 Position in Process Solutions, Building Solutions, Life Safety
- Infrastructure Focus
- New Investments in Security, Life Safety, Wiring
- Engineering / R&D Center Key Advantage

Middle East

Leveraging Installed Base

- #1 Position in Process and Building Solutions, Life Safety, Comfort Control
- O&G and Buildings Booming
- Preference for High-End Western Goods
- Well-Established Channel Partners

China

Remains Biggest Opportunity

- Aggressive Product Localization
- New Design Centers in Shanghai and Nanjing
- Infrastructure Focus

Investing To Outperform In Emerging Markets

Growth Focus – Build Presence In Buildings

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Broad Content Coverage

Controls

Fire

Security

Wiring

Integrated Systems

Services
- Mini-Retrofit
- Mechanical

Broad Market Coverage

Multi-Channel / Multi-Brand Strategy
- Excellent Channel Partners and Portfolio of Brands Covering Indirect Channel
- HBS Direct for High-End, Sophisticated Segments

Capitalizing on Trends

- Mega-Trends Favor ACS Offerings
  - Energy Cost / Scarcity
  - Security / Safety
  - End-User Influence
  - Regulation / Codes
- Leading With Innovation
  - Labor Replacement

SPYDER

  - Tridium Provides World-Class Integration Platform

Well Positioned To Grow

Growth Focus – Expand Content In The Home

Honeywell

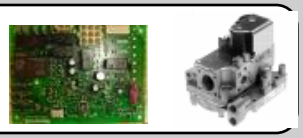
Strong Starting Position

- Premier Brand — Honeywell
- Strong Channel Partners
- Comfort Control

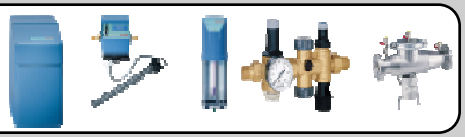
- Security & Fire

- Zoning & IAQ

- Combustion



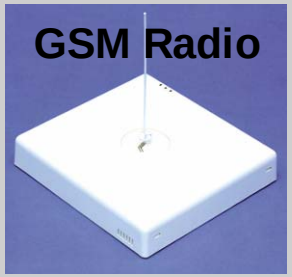
- Water



- Structured Wiring

Key New Products

GSM Radio



PowerVent Water Heater

6270 TOUCHCENTER

Capitalizing on Trends

- Convenience / Control
- Energy Efficiency
- Peace of Mind
- Health / Environment
- Disruptive Technology Shifts (e.g., VoIP)

Strong Presence Getting Stronger

Growth Focus – Sell More To Installed Base

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Honeywell Process Solutions (HPS)

- $17B Installed Base
- 5,000 Customers
- Global Service Footprint

Growth Initiatives

- Industrial Wireless
- Migrate / Expand DCS Base
- Advanced Solutions
- Corrosion Monitoring
- Gas Detection
- UOP

Honeywell Building Solutions (HBS)

- Great Relationships with Existing Customer Base
- >25,000 Service Contracts

Growth Initiatives

- Service-Base Management
- Mini-Retrofit
- Retro-Commissioning
- Mec. Maintenance
- Additional Content (e.g., Life Safety)

Broader And Deeper Relationships With Customers

Growth Focus – Gas Detection

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Overview

- ~$1.9B Industry, 7% CAGR
  - Fixed / Portable Market Split 50/50

Fixed

Portable

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

ACS Positioned to Win

- Leading Position ~$400M Sales
- Synergies with All ACS SBUs

Consumer CO

Transportation Gas Sensor

Fire & Gas Control System

Big New Growth Space For ACS

Growth Focus – Key Technologies

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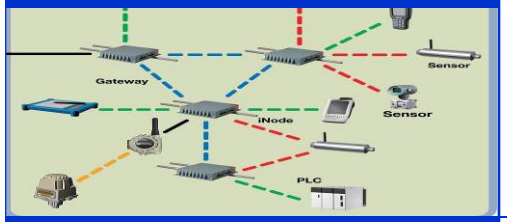
	Market / Technology Trends	*Key ACS Programs*
Sensors 	• Miniaturization • Wireless / Remote Sensing • Gas Detection and Evaluation	• Emissions Sensors • Gas / Chem / Fire Sensors • SAW Pressure and Torque • Nano-Enabled Sensors • Micro Gas Chromatograph
Wireless 	• Robust / Harsh Environments • Self-Defining Networks • Leverage Global Platforms (802.11, 802.15.4, GSM)	• Industrial Wireless (RAPTOR) • Wireless Location and Tracking • Next Generation Wireless • Wireless Home Systems
Security 	• Crowd Security / Surveillance • Identity Tracking • Biometric Access Control	• CFAIRS • Appearance Models • Cyber Security • tHz Trace Detection
Knowledge Services 	• "Intuitive Controls" • Intelligibility • Usability	• First Responder 3D Display • Tools Usability • Non-Linear Controller

Investing To Secure Future ACS Growth

Growth Focus – VPD™ (Thermostats)

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Beta

- **Designed in China**
- **Reuses 80% of Gamma**
- **26% Cycle Time Reduction**

Commercial Vision Pro

- **Reuses 95% of Vision Pro**
- **Commercial Feature Set**
- **75% Cycle Time Reduction**

Gamma

- **Reuses 80% of Delta**
- **29% Cycle Time Reduction**

Vision Pro

- **Customization Capability**
- **39% Cycle Time Reduction**

VPD™ Cycle Time Reduction Driven by Re-use

- **Knowledge and Expertise**
- **Standard Circuits**
- **Modular, Re-usable Software**

Supported by Electronics Excellence

More New Products, Built Off Existing Platforms

Delta IAQ

Omega

EU Gamma

Vision Pro Wireless

VPD™ – Getting More Out Of Our Growth Investments

Key Initiatives

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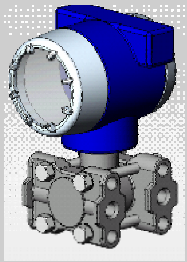
Value Engineering

- 2006 VE Savings up 60% vs. 2005
- 80 Dedicated VE Resources

VE Example #1 – HLS Fire Call Point

- Reduced Part Count by 92%!
- Reduced Cost by 33%!

VE Example #2 – HPS Transmitter



- Redesigned Meter Body and Purchased Components
- 30% Cost Reduction!

SAP Implementation

- Kicked Off in 2005
- First Implementation Underway in UK
- Full Rollout Globally by 2010
- Will Deliver $100M+ Savings
  - Finance, ISC, IT Primary Levers
  - Project Management for HBS / HPS
- Current ACS Structural Complexity
  - 100+ ACS Legacy ERPs
  - 800+ ACS Rooftops
- Best Practice Implementation
  - ~50% ACS SAP Leaders From Other SBGs With Implementation Experience

Continued Progress In Key Areas

Honeywell Operating System

Honeywell

Implementation Focus

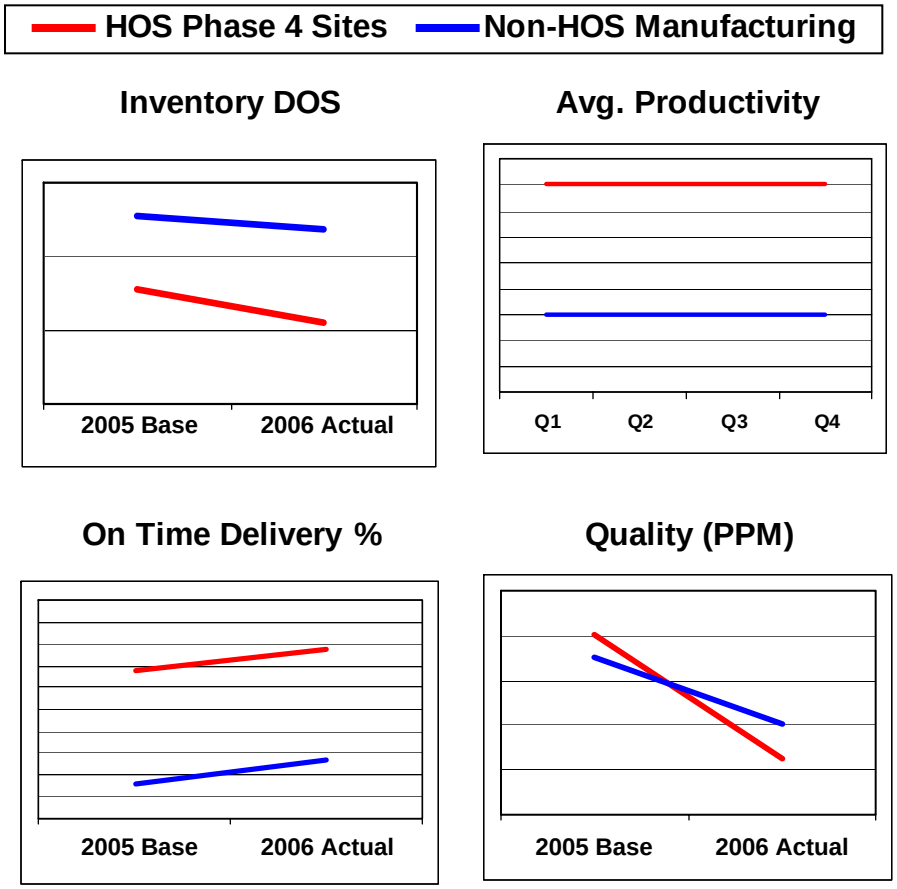
Comprehensive Focus on a Common Operating System … Not "Just" Lean & *Six Sigma Tools*

More Mature Sites Delivering Step-Change Results Across ACS

- **Emmen** – Improved Quality by 59%, Inventory by 52%
- **St Charles** – Improved Quality by 51%
- **Phx IM&C** – Improved Quality by 75%, Cost by 10%, Inventory by 24%
- **Freeport** – Improved Delivery by 7 Points, Cost by 9%

14 Factories Launched in 2006, Another 12 in 2007 Plus Pilots in Engineering and Distribution Centers

2006 Comparative Results



HOS And SIOP Readiness Assessments… Enablers Of Next-Level Performance Progress

Summary

Honeywell

- **Transformation That Began in 2002 Now Bearing Fruit… Strengthened Portfolio, Improving Performance**
- **Strong Growth From All ACS Businesses, Outperforming Their Peers**
- **ACS Structured to Deliver Double Digit Profit Growth and Margin Expansion**
- **High Quality Acquisitions – Both in The Past and The Future – Will Make a Great Franchise Even Better**

ACS A Major Contributor To Honeywell Growth

Honeywell