Aerospace

Investor Meeting
Paris Air Show

Rob Gillette
Aerospace President & CEO

June 19, 2007
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.
Honeywell Overview

2007 Sales ~$33.5B

- Aerospace
  - Commercial / Defense ~$11.9B
- Automation and Control Solutions
  - Leading Franchises ~$12.0B
- Transportation Systems
  - Boosting Technology ~$4.9B
- Specialty Materials
  - Transformed Business ~$4.7B

- Common Processes
- Common Systems
- Performance Culture

Global Scope, Great Positions In Good Industries
Aerospace Overview

• Strong 2006 Financial Performance
  - Sales up 6% to Record $11.1B
  - Segment Margin up 1 Point to 17%

• Benefits of Organizational Change
  - $9.4B Key Wins; 86% Win Rate
  - Quality / Delivery Improvements

• Confident in Future Success
  - Strong Technology Pipeline
  - Performance Culture

• Another Great Year in 2007

Very Good 2006 And More To Come
Positioned For Growth

**Installed Base: ~300,000 Aircraft Worldwide**

- **Air Transport**
  - 60+ platforms

- **Regional Transport**
  - 30+ platforms

- **Business Jets**
  - ~120 platforms

- **General Aviation**
  - 100+ platforms

- **Helicopters**
  - 20+ programs

**Installed Base: 25,000+ Vehicles Worldwide***

- **Aircraft**
  - 60+ platforms

- **Helicopters**
  - 20+ platforms

- **Surface Vehicles**
  - 10+ platforms

- **Missile Systems**
  - 40+ systems

- **Space**
  - 40+ programs

*Excludes missiles & missile systems

**Strong Base, Diverse Platforms, Products, Customers**
# Industry Outlook

**Key Indicators**

<table>
<thead>
<tr>
<th>AT&amp;R</th>
<th>B&amp;GA</th>
<th>D&amp;S</th>
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</thead>
<tbody>
<tr>
<td>Traffic Growth</td>
<td>GDP Growth</td>
<td>DOD Budget</td>
</tr>
<tr>
<td>Airline Profits</td>
<td>Emerging OEMs</td>
<td>Reset</td>
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</tbody>
</table>

**Strategic Priorities**

<table>
<thead>
<tr>
<th>AT&amp;R</th>
<th>B&amp;GA</th>
<th>D&amp;S</th>
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</thead>
<tbody>
<tr>
<td>Narrow Body</td>
<td>Engines / Mechanical</td>
<td>Helicopters</td>
</tr>
<tr>
<td>A/M Growth</td>
<td>New Pursuits</td>
<td>Guidance / Nav</td>
</tr>
<tr>
<td>Asset Availability</td>
<td>RMUs / Services</td>
<td>Aftermarket</td>
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</tbody>
</table>

**Mega Trends**

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</thead>
<tbody>
<tr>
<td>Airline Biz Model</td>
<td>Med-Large A/C</td>
<td>GWOT / Iraq</td>
</tr>
<tr>
<td>New Platforms</td>
<td>Entry of VLJs</td>
<td>Reduce Costs</td>
</tr>
<tr>
<td>Air Traffic</td>
<td>Price / Part 25</td>
<td>Industry Shifts</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>MRO Mergers</td>
<td>Budget Dynamics</td>
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**HON Implications**

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</thead>
<tbody>
<tr>
<td>Lifecycles / Spares</td>
<td>New Engines</td>
<td>Logistics / Services</td>
</tr>
<tr>
<td>OEM Differentiation</td>
<td>Point Products</td>
<td>Data Security</td>
</tr>
<tr>
<td>Free Flight</td>
<td>Upgrades / Services</td>
<td>Force Protection</td>
</tr>
</tbody>
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**Positive Outlook In All Segments, Priorities Aligned**
Air Transport & Regional

2007E Sales $4.6B

Drivers

• Aftermarket MRO
• Mechanical Spares
• Narrow Body Deliveries

Strategic Priorities

• Single Aisle Wins
• Integrated Avionics
• Safety Technologies / Systems

Imperatives

• Win Product Renewals on Narrow Body Pursuits
• Airbus on Wide Body Development
• Grow AM With Emphasis on:
  - Mechanical Components / APU
  - Asset Availability
• Relentless Cost Reduction

Strong Aftermarket, Poised For New Platforms
AT&R Aircraft Deliveries - Strong Outlook

AT&R Deliveries*

2003 – 2011E

2003-2006

• Strong International Demand
• Driven by Narrow Body Orders

2007-2011E

• 787, A380 Entry into Service
• Post 2011 Some Scale Back Prior to Narrow Body Replacement

Continued Strength Through 2010
AT&R Installed Base - Aftermarket Momentum

**Worldwide Flight Hour Growth**

- Stabilizing at 4-6% YOY
- Asia-Pac Leads Growth
- Utilization Above Pre 9-11 Levels
- Increased Demand

**Worldwide Fleet Trends**

- Narrow Body Share Growing
- Retirements of Classic Aircraft Offset By Growth Platforms
- Asset Availability Emphasis

**Solid MRO Environment Ahead**
Business & General Aviation

2007E Sales $2.5B

Drivers

• Record A/C Deliveries
• More Globalized Demand
• Increased Utilization

Strategic Priorities

• Balanced Growth
  - Engines
  - Electronics
• Strengthen Execution
  - New Programs – On-Time, On-Cost
  - World-Class Customer Support

Imperatives

• Win High-Value Content on Growth Platforms
  - 2012+ Expansion of Medium to Long-Range
  - OEM Priorities → Low-Risk, High Re-use
• New Growth Near Term
  - Retrofit, Modifications and Upgrades (Safety, Up-time)
  - Data, Software and Services

New Product And Service Offerings
B&GA Delivery Outlook

Honeywell Business Jet Forecast, October 2006

- Industry Growth Through 2007 Driven by GDP, Fractional and Charter
- Survey Indicated Next 5 Years Will Level Off
  - GDP Slowdown Offset by More Global Demand
- 2007 Preliminary Outlook Continues to Strengthen

12,000 New Aircraft Worth $195B
Defense & Space

2007E Sales $4.8B

Drivers
• Global War On Terror
• Guidance and Navigation
• Reset and Space Programs

Strategic Priorities
• New Vehicles
• Navigation Technology Advances
• Total Logistics Solutions

Imperatives
• Tailor Technology to Customer Value
• Address Non-Traditional Threats
• Post War Equipment Repair / Reset
• Focus on Service I.T. Logistics

Diverse Business / Diverse Opportunities
D&S – DoD Budget Outlook

Strategic Priorities

- Equipment Reset
- Logistics
- Force Protection
- Special Forces / Classified
- Military Data Security
- Soldier Situational Awareness

Sources:
FY07 Greenbook / FY08 reflects FY08 submission, FY09-11 is current FY07 Budget – Supplemental data for 2007-8 per releases as of Feb. 2007

FY07 Budget Requests Match Strengths
Summary

• Depth / Breadth of Technology and Platforms

• Continued Favorable Market Conditions
  - AT&R – Growth Outlook Good
    ♦ Strong Presence All Platforms
    ♦ Installed Base / Aftermarket Growing
  - B&GA – Continues To Grow
    ♦ Well Represented on High Value Platforms
    ♦ Significant Growth in Installed Base
  - D&S – Outlook Good
    ♦ Space / Services Growth
    ♦ Lots of Additional Opportunities, Reset / Logistics

• Performance Culture Focused on Execution

• Confident in Financial Outlook

Continued Top Line Growth / Margin Expansion
Honeywell