

# **Aerospace**

## **Investor Meeting**

### **Paris Air Show**

**Rob Gillette**  
**Aerospace President & CEO**

**June 19, 2007**

**Honeywell**

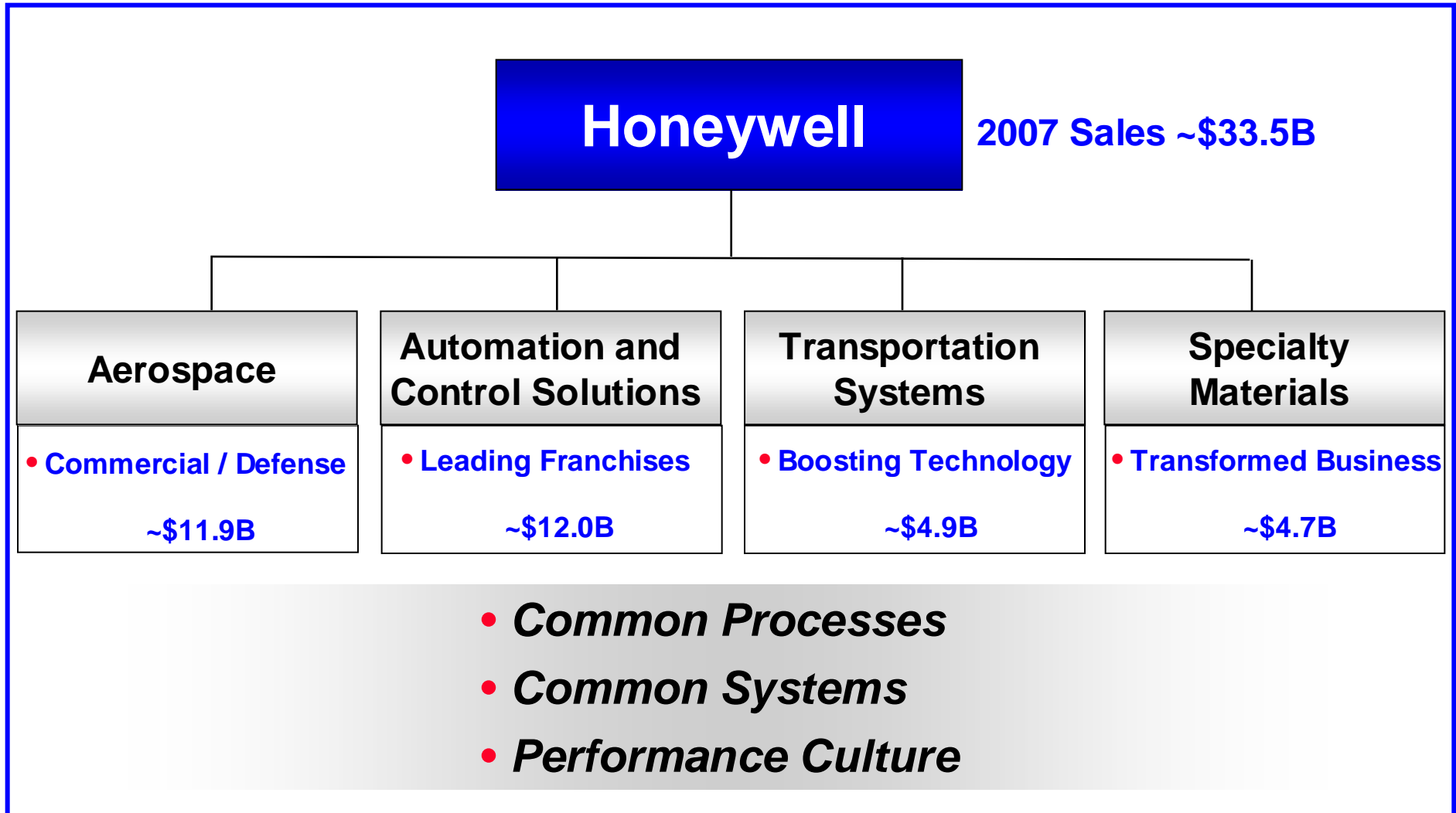
# Forward Looking Statements

---

*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

Honeywell

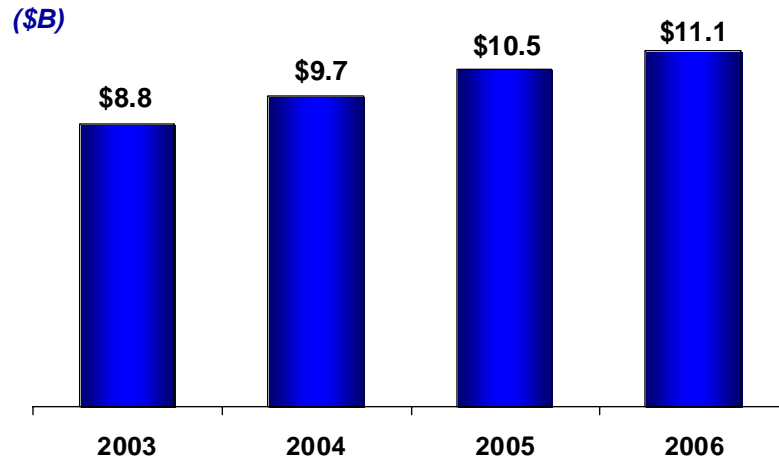


*Global Scope, Great Positions In Good Industries*

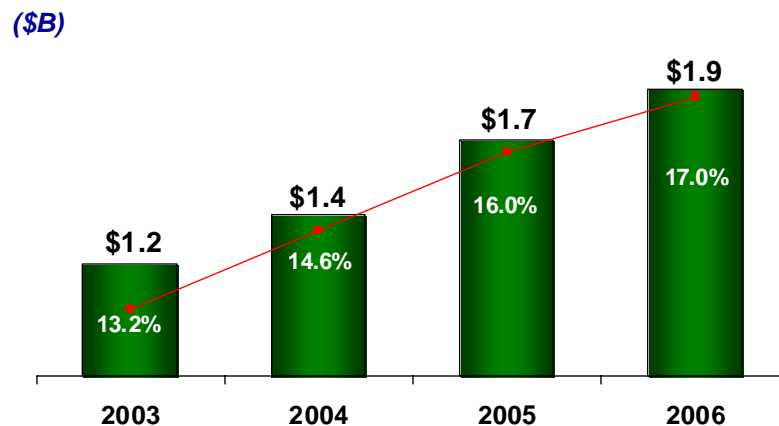
# Aerospace Overview

Honeywell

## Sales



## Segment Profit / Margin



## Highlights

- **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

## Commercial Platform Breadth

### **Air Transport**

60+ platforms



### **Regional Transport**

30+ platforms



### **Business Jets**

~120 platforms



### **General Aviation**

100+ platforms



### **Helicopters**

20+ programs



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

## Defense & Space Platform Breadth

### **Aircraft**

60+ platforms



### **Helicopters**

20+ platforms



### **Surface Vehicles**

10+ platforms



### **Missile Systems**

40+ systems



### **Space**

40+ programs



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

*\*Excludes missiles & missile systems*

***Strong Base, Diverse Platforms, Products, Customers***

# Industry Outlook

Honeywell

	AT&R	B&GA	D&S
<b>Key Indicators</b>	<ul style="list-style-type: none"> <li>• Traffic Growth</li> <li>• Airline Profits</li> </ul>	<ul style="list-style-type: none"> <li>• GDP Growth</li> <li>• Emerging OEMs</li> <li>• Global Demand</li> </ul>	<ul style="list-style-type: none"> <li>• DOD Budget</li> <li>• Reset</li> <li>• International</li> </ul>
<b>Strategic Priorities</b>	<ul style="list-style-type: none"> <li>• Narrow Body</li> <li>• A/M Growth</li> <li>• Asset Availability</li> </ul>	<ul style="list-style-type: none"> <li>• Engines / Mechanical</li> <li>• New Pursuits</li> <li>• RMUs / Services</li> </ul>	<ul style="list-style-type: none"> <li>• Helicopters</li> <li>• Guidance / Nav</li> <li>• Aftermarket</li> </ul>
<b>Mega Trends</b>	<ul style="list-style-type: none"> <li>• Airline Biz Model</li> <li>• New Platforms</li> <li>• Air Traffic</li> <li>• Emerging Markets</li> </ul>	<ul style="list-style-type: none"> <li>• Med-Large A/C</li> <li>• Entry of VLJs</li> <li>• Price / Part 25</li> <li>• MRO Mergers</li> </ul>	<ul style="list-style-type: none"> <li>• GWOT / Iraq</li> <li>• Reduce Costs</li> <li>• Industry Shifts</li> <li>• Budget Dynamics</li> </ul>
<b>HON Implications</b>	<ul style="list-style-type: none"> <li>• Lifecycles / Spares</li> <li>• OEM Differentiation</li> <li>• Free Flight</li> </ul>	<ul style="list-style-type: none"> <li>• New Engines</li> <li>• Point Products</li> <li>• Upgrades / Services</li> </ul>	<ul style="list-style-type: none"> <li>• Logistics / Services</li> <li>• Data Security</li> <li>• Force Protection</li> </ul>

*Positive Outlook In All Segments, Priorities Aligned*

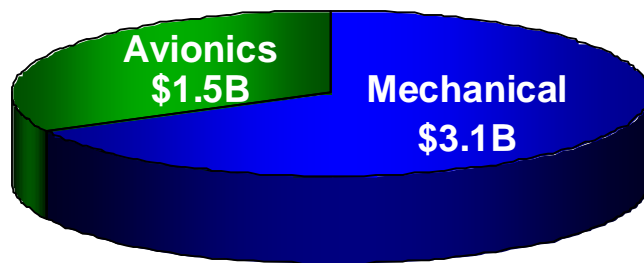
# Air Transport & Regional

Honeywell

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

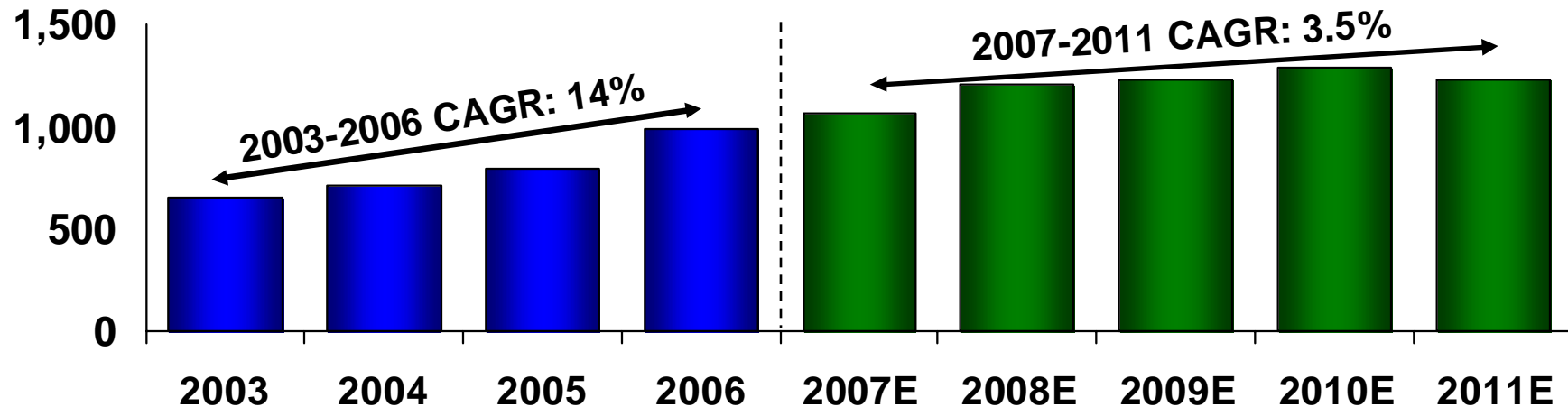
*Strong Aftermarket, Poised For New Platforms*

# AT&R Aircraft Deliveries - Strong Outlook

Honeywell

## AT&R Deliveries\*

2003 – 2011E



\*Jets >70 seats

### 2003-2006

- Strong International Demand
- Driven by Narrow Body Orders

### 2007-2011E

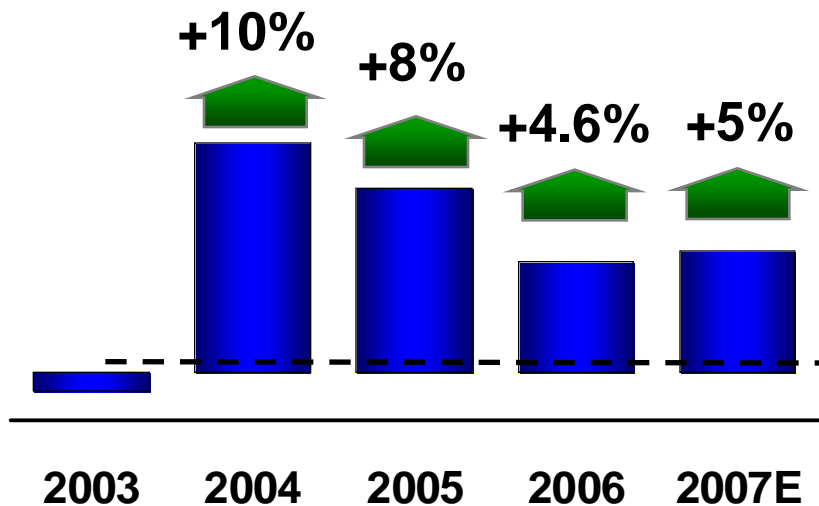
- 787, A380 Entry into Service
- Post 2011 Some Scale Back Prior to Narrow Body Replacement

*Continued Strength Through 2010*



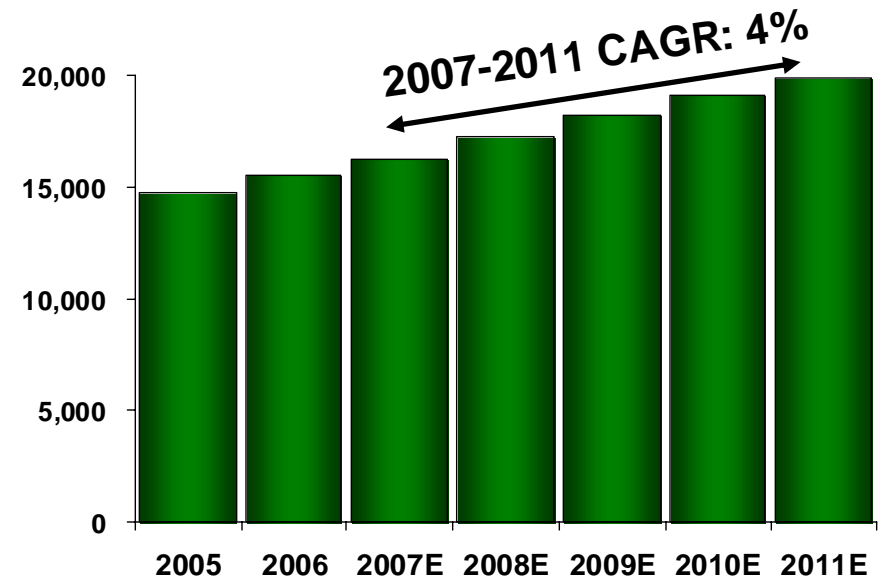
# AT&R Installed Base - Aftermarket Momentum Honeywell

## 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*

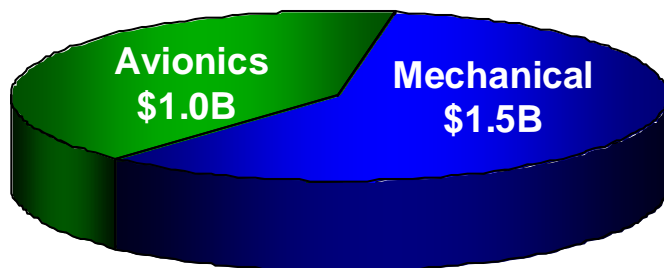
# Business & General Aviation

Honeywell

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

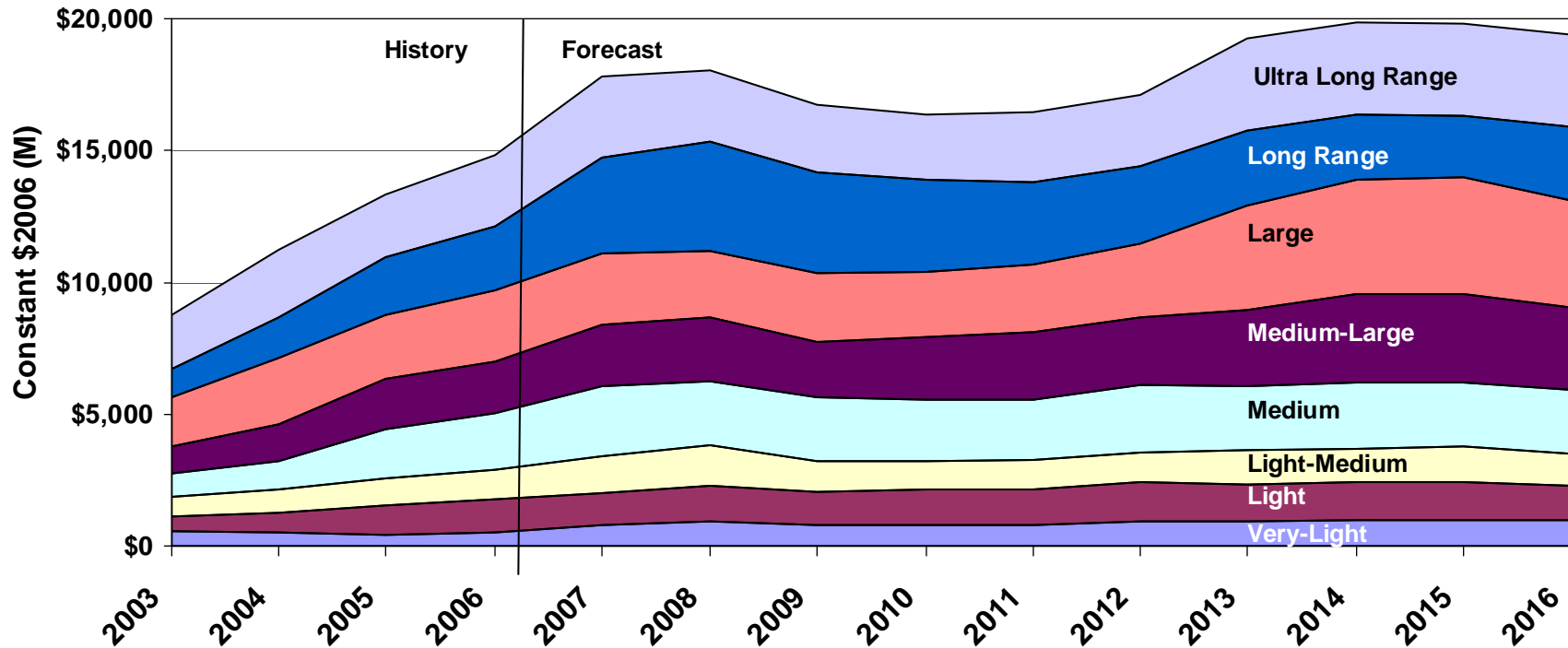
- **Win High-Value Content on Growth Platforms**
  - 2012+ Expansion of Medium to Long-Range
  - OEM Priorities → Low-Risk, High Re-use
- **New Growth Near Term**
  - Retrofit, Modifications and Upgrades (Safety, Up-time)
  - Data, Software and Services

*New Product And Service Offerings*

# B&GA Delivery Outlook

Honeywell

## 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*

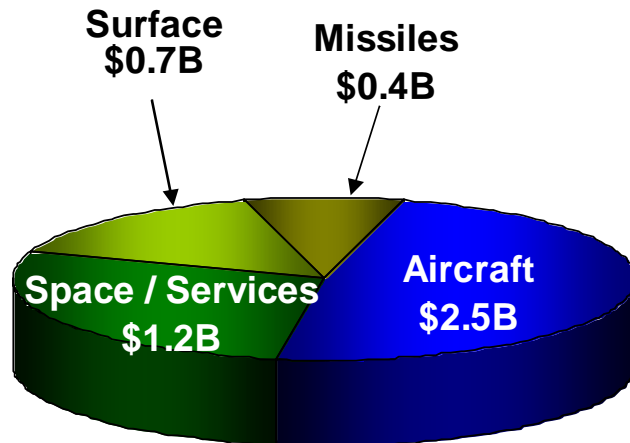
# Defense & Space

Honeywell

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

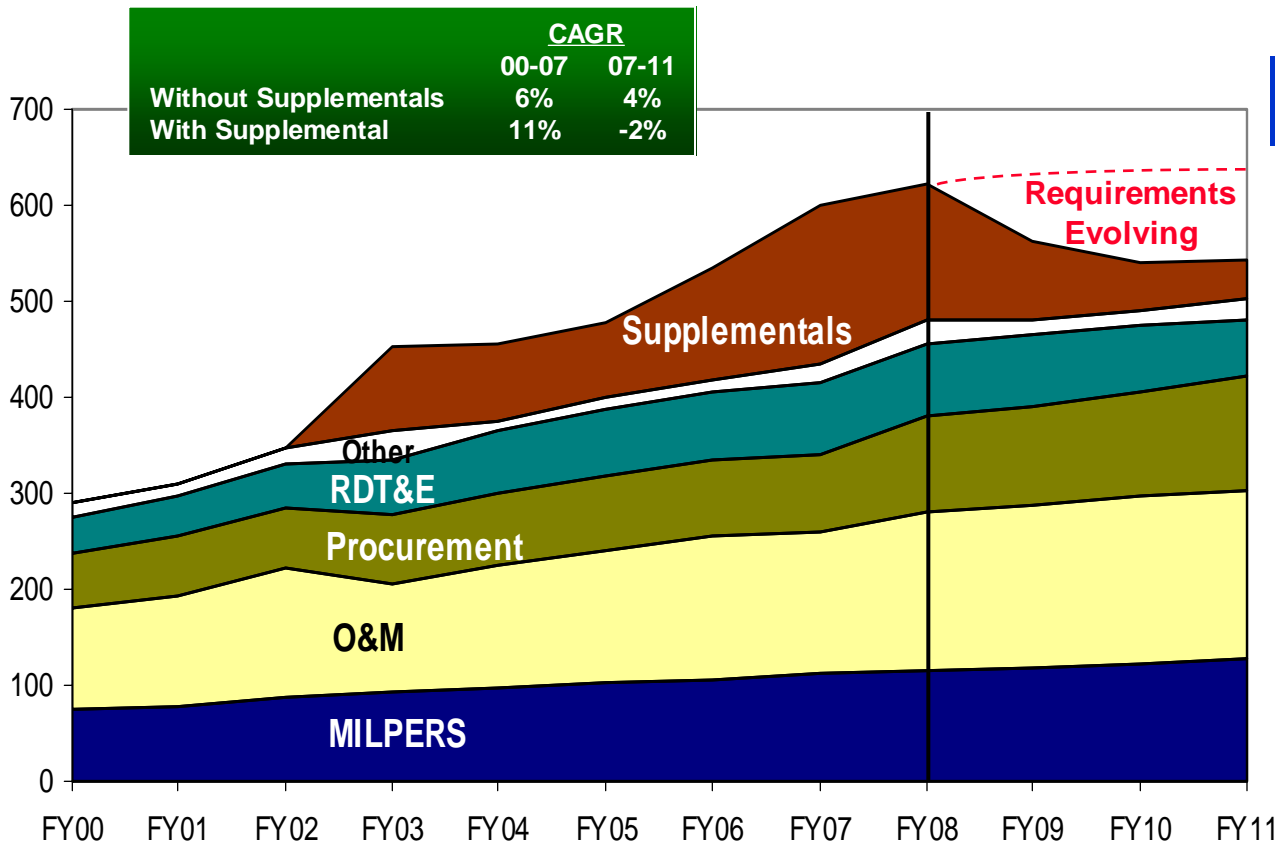
## Imperatives

- 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

(\$B)



## 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**