Automation and Control Solutions

Investor Meeting
April 30, 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.
<table>
<thead>
<tr>
<th>Time</th>
<th>Agenda Item</th>
<th>Presenter</th>
</tr>
</thead>
<tbody>
<tr>
<td>10:00</td>
<td>ACS OVERVIEW</td>
<td>Fradin</td>
</tr>
<tr>
<td>10:30</td>
<td>HONEYWELL SECURITY GROUP</td>
<td>Cornett</td>
</tr>
<tr>
<td>11:15</td>
<td>Q&amp;A</td>
<td></td>
</tr>
<tr>
<td>11:30</td>
<td><strong>BREAK</strong></td>
<td></td>
</tr>
<tr>
<td>11:45</td>
<td>HONEYWELL LIFE SAFETY</td>
<td>Levy</td>
</tr>
<tr>
<td>12:30</td>
<td>Q&amp;A</td>
<td></td>
</tr>
<tr>
<td>12:45</td>
<td><strong>LUNCH</strong></td>
<td></td>
</tr>
<tr>
<td>1:45</td>
<td>HOS REVIEW, PLANT TOUR</td>
<td>DeSarla / Hakanson</td>
</tr>
<tr>
<td>3:00</td>
<td>DEPARTURES</td>
<td></td>
</tr>
</tbody>
</table>
ACS – Summary

2006 Highlights

• Strong Organic Growth, +10%; Broad Based Across all SBUs and Regions
  – China, India, Middle East up Big
  – Solutions Orders up 15%
  – 200+ New Products

• Solid Segment Profit Performance, +15%
  – Margin Impacted by 50 bps SAP / Acquisition Dilution

• Integrated: Novar, Zellweger; Closed: First Technology, Gardiner, Sempra

Strong 2006 Performance... 2007 Another Big Year
ACS... A Transformed Business

**Transformation**

<table>
<thead>
<tr>
<th>2002</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$7.0B</td>
</tr>
<tr>
<td>Organic Growth</td>
<td>(2%)</td>
</tr>
</tbody>
</table>

**Key Changes**

- Growth-Oriented Leadership Team... 5-Year Track Record
- “Fixed the Fundamentals”
- Globalization
- Productivity
- Major Investment in New Products / Offerings and Sales Capability / Capacity
- Sales and Marketing Excellence
- Proven Acquisition Model
- Teamwork

**2006 Profile**

- **SBU**
  - HPS
  - ECC
  - S&C
  - HLS
  - HBS
  - HSG

- **Vertical**
  - Industrial
  - Buildings
  - Homes

- **Channel**
  - Distribution
  - Services
  - Products
  - Projects

** Positioned To Outperform**
ACS... Sustaining The Transformation

• 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
2003 – 2007 ACS Margin Expansion

- Expanded Margins in Core by 280 bps Since 2003
- Investments Drive Future Growth and Margin Expansion

* 2007 margin excluding investments for future growth and mix
** Includes intangible amortization from acquisitions
## Competitive Landscape

### Products

<table>
<thead>
<tr>
<th>Products</th>
<th>Home Comfort Controls</th>
<th>Building Controls</th>
<th>Sensing</th>
<th>Security</th>
<th>Fire Systems</th>
<th>Process Solutions</th>
<th>Building Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honeywell</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Emerson</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>GE</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Johnson Controls</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Schneider</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Siemens</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Tyco</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>UTC</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

### Industry Growth %

<table>
<thead>
<tr>
<th>Industry Growth %</th>
<th>2-4</th>
<th>2-4</th>
<th>5</th>
<th>5-6</th>
<th>2-5</th>
<th>2-4</th>
<th>4</th>
</tr>
</thead>
</table>

### ACS 2006 Orders Growth %

| ACS 2006 Orders Growth % | 4 | 10 | 11 | 9 | 17 | 12 |

**Expanding Leadership Position In All Segments**
2007 Focus Areas

• Growth
  - Grow in Emerging Markets
  - Build Presence in Buildings
  - Expand Content in the Home
  - Sell More to Installed Base
  - Enable Energy Efficiency
  - Grow Position in New Gas Detection Space
  - More Sensors Everywhere
  - Invest in Key Technologies

• Margin Expansion
  - Fixed Cost Leverage From Growth
  - Productivity From Initiatives (HOS, FT) and SAP
Growth – Emerging Markets (~$1B Sales)

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 – Build Presence In Buildings

Well Positioned To Grow

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
  • Tridium Provides World-Class Integration Platform

ACS Overview
ACS Investor Meeting - April 30, 2007
Growth – Expand Content In The Home

Strong Starting Position

- Premier Brand

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 – Sell More To Installed Base

Honeywell Process Solutions (HPS)
- $17B Installed Base
- 5,000 Customers
- Global Service Footprint

Honeywell Building Solutions (HBS)
- Great Relationships with Existing Customer Base
- >25,000 Service Contracts

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

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

Broader And Deeper Relationships With Customers
# Growth – Enable Energy Efficiency

## U.S. Residential

<table>
<thead>
<tr>
<th>Energy Consumption – Base</th>
<th>Energy Consumption with HON-Like Technologies</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 (2005)</td>
<td>123 (2030)</td>
</tr>
<tr>
<td>100 (2005)</td>
<td>97 (2030)</td>
</tr>
</tbody>
</table>

**26 pt. Improvement!**

## U.S. Commercial

<table>
<thead>
<tr>
<th>Energy Consumption – Base</th>
<th>Energy Consumption with HON-Like Technologies</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 (2005)</td>
<td>149 (2030)</td>
</tr>
<tr>
<td>100 (2005)</td>
<td>104 (2030)</td>
</tr>
</tbody>
</table>

**45 pt. Improvement!**

## ACS Enabling Technologies

<table>
<thead>
<tr>
<th>Technology</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programmable Thermostat</td>
<td>10-30%</td>
</tr>
<tr>
<td>Zoning</td>
<td>5-10%</td>
</tr>
<tr>
<td>Humidity Controls</td>
<td>4-8%</td>
</tr>
<tr>
<td>Advanced Building Controls</td>
<td>5-10%</td>
</tr>
<tr>
<td>Programmable Thermostats</td>
<td>15-30%</td>
</tr>
<tr>
<td>Energy Performance Contracting</td>
<td>20-30%</td>
</tr>
</tbody>
</table>

Note: Consumption (indexed) measured in QuadBTUs

ACS ... Enabling Increased Energy Efficiency
Growth – Gas Detection

Overview

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

ACS Positioned to Win

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

Key Trends / Needs

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

Big New Growth Space For ACS
Growth – More Sensors Everywhere

Extensive Portfolio

#1 Globally
Honeywell

Well Positioned To Capitalize On Favorable Trends

Capitalizing on Trends…

- Megatrends Favor ACS Offerings
  - Safety / Security
  - Monitor & Control
  - Productivity
  - Energy Efficiency

- Leading with Innovation
  - Wireless
  - Miniaturization
  - Low Cost
  - Low Power
  - Rugged
  - Non-Intrusive

Investing in Next Generation of Sensors

Consumer Electronics
- Mobile Phones

Industrial
- Embedded OEM and Intelligent Sensing

Medical
- Respiratory

Transportation
- Diesel Emissions

Aerospace
- Pressure Sensors and Switches

Focused on Key Verticals

Speed & Direction, Position, Pressure, Thermal, Test & Measurement

Basic / Limit Switches, Custom Controls, Aerospace Products

Consumer
Sensor Module

Smart Position Sensor

Medical Respiratory

ACS Overview
13

ACS Investor Meeting - April 30, 2007
# Growth – Investment In Key Technologies

## Market / Technology Trends

<table>
<thead>
<tr>
<th>Sensors</th>
<th>Key ACS Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Miniaturization</td>
<td>• Emissions Sensors</td>
</tr>
<tr>
<td>• Wireless / Remote Sensing</td>
<td>• Gas / Chem / Fire Sensors</td>
</tr>
<tr>
<td>• Gas Detection and Evaluation</td>
<td>• SAW Pressure and Torque</td>
</tr>
<tr>
<td>• Emissions Sensors</td>
<td>• Nano-Enabled Sensors</td>
</tr>
<tr>
<td>• Gas / Chem / Fire Sensors</td>
<td>• Micro Gas Chromatograph</td>
</tr>
<tr>
<td>• SAW Pressure and Torque</td>
<td>• Micro Gas Chromatograph</td>
</tr>
<tr>
<td>• Nano-Enabled Sensors</td>
<td>• Micro Gas Chromatograph</td>
</tr>
<tr>
<td>• Micro Gas Chromatograph</td>
<td>• Micro Gas Chromatograph</td>
</tr>
</tbody>
</table>

## Wireless

<table>
<thead>
<tr>
<th>Wireless</th>
<th>Key ACS Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Robust / Harsh Environments</td>
<td>• Industrial Wireless (RAPTOR)</td>
</tr>
<tr>
<td>• Self-Defining Networks</td>
<td>• Wireless Location and Tracking</td>
</tr>
<tr>
<td>• Leverage Global Platforms (802.11, 802.15.4, GSM)</td>
<td>• Next Generation Wireless</td>
</tr>
<tr>
<td>• Industrial Wireless (RAPTOR)</td>
<td>• Wireless Home Systems</td>
</tr>
<tr>
<td>• Wireless Location and Tracking</td>
<td>• Wireless Location and Tracking</td>
</tr>
<tr>
<td>• Next Generation Wireless</td>
<td>• Wireless Home Systems</td>
</tr>
<tr>
<td>• Wireless Home Systems</td>
<td>• Wireless Home Systems</td>
</tr>
</tbody>
</table>

## Security

<table>
<thead>
<tr>
<th>Security</th>
<th>Key ACS Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Crowd Security / Surveillance</td>
<td>• CFAIRS</td>
</tr>
<tr>
<td>• Identity Tracking</td>
<td>• Appearance Models</td>
</tr>
<tr>
<td>• Biometric Access Control</td>
<td>• Cyber Security</td>
</tr>
<tr>
<td>• CFAIRS</td>
<td>• tHz Trace Detection</td>
</tr>
<tr>
<td>• Appearance Models</td>
<td>• tHz Trace Detection</td>
</tr>
</tbody>
</table>

## Knowledge Services

<table>
<thead>
<tr>
<th>Knowledge Services</th>
<th>Key ACS Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>• “Intuitive Controls”</td>
<td>• First Responder 3D Display</td>
</tr>
<tr>
<td>• Intelligibility</td>
<td>• Tools Usability</td>
</tr>
<tr>
<td>• Usability</td>
<td>• Non-Linear Controller</td>
</tr>
<tr>
<td>• First Responder 3D Display</td>
<td>• Non-Linear Controller</td>
</tr>
<tr>
<td>• Tools Usability</td>
<td>• Non-Linear Controller</td>
</tr>
</tbody>
</table>

## Investing To Secure Future ACS Growth
Growth – VPD™ (Thermostats)

**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**
# Growth – VPD™ (Vista)

## Vista Platform
- New Core Security System Control Panel
  - Standard Parts – Modular Code
  - Replace 8 Legacy Designs
  - Reuses 90% of Code, 100% Hardware
  - 46% Cycle Time Reduction

## Panel of Choice for Top Installers
- First Alert
- ADT
- Monitronics
- Protection One

## International
- Easy Language / Feature Conversions
- Reuses 85% of Code, 100% Hardware
- 29% Cycle Time Reduction

## New Opportunity – “Care Watch”
- Assists “At-Home” Caregivers
- Target 90% Reuse of Code

## Common Platform Easily Tailored To New Markets

### Connects to All Standard Security Peripherals and RF Products
- **RF Products**
  - Best in Class Performance
  - Wireless – Simple Installation

### User Interface Products
- Touch Screen, Intuitive

### Peripherals
- Wide Range of Input / Output Modules
Margin Expansion – Key Initiatives

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
Margin Expansion – HOS

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

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

- Transformation That Began in 2002 Now Bearing Fruit… Strengthened Portfolio, Improving Performance

- Strong Growth From All ACS Businesses in 2006… Outperforming Their Peers

- ACS Structured to Deliver Double Digit Profit Growth… and Margin Expansion… in 2007 and Beyond

- High Quality Acquisitions – Both in The Past and The Future – Will Make a Great Franchise Even Better

Strong Outlook For 2007 And Beyond
Honeywell Security Group Profile

2006: $2.4B Sales

- Intrusion $800M
- Video / CCTV $180M
- Access $120M
- ADI $1,800M

------------------------PRODUCTS------------------------

- Entrepreneurial Team
- Large and Loyal Dealer Base
- NPI Machine!

------------------------DISTRIBUTION------------------------

- Strong Distribution (ADI)
- Productivity Culture
- Growing Global Presence

Note: Product and Distribution revenues include internal sales

Great Success – Platform For Continued Growth
Honeywell Security Group

• Great Positions in Great Industries
  - Intrusion, Video, Access

• Clear Strategies to Grow the Business:
  - Doing More With our Current Customers
  - Growing our Presence in the Fastest Growing Markets
  - Innovation to Stay Ahead
  - Positioned to Benefit from Macro Trends

• Valuable Channel Presence Through ADI / Gardiner
Great Positions

Intrusion

Burglar and Fire Alarm Systems
Motion Detectors and Glassbreak Sensors
Structured Wiring / Home Networking Systems
Wire and Cable

Video Systems

Cameras and Domes
Digital Video Recorders (DVR’s)
IP Network Video Systems
Video Analytics

Access Systems

Entry-Level Systems (1-8 doors)
Enterprise-Wide Systems
Integration with Intrusion and Video
Visitor Management Systems

Leading In Intrusion And Access, Gaining In Video
Growth: Partner Of Choice

Driving Growth Through Customer Loyalty

Percent of Top 500 Customers Buying All 3 HON Product Lines

Q1 05: 19%  
Q4 05: 30%  
Q4 06: 46%
Growth: First Alert Professional

- 300 Independent Dealers with Over 600 Locations
- Brand and Product Differentiation
- Co-op Advertising
- Sales and Marketing Support
Growth: China

- Investing Locally (Sales, R&D, Marketing, Manufacturing)
- Designing to Fit China Market
- Leading new Technology Adoption
Growth: India

- Investing Early for Future Growth
- Opening 3 to 6 New ADI Branches per Year
- Leveraging Global Accounts

Continue Momentum To Establish Market Leadership
Growth: Middle East

Large Opportunity in Both Residential Buildings and Industrial

Security Product Spend

Industrial 30%

Building / Residential 70%

72% of Opportunity in 3 Countries: UAE, Saudi, Qatar

Top Wins
• Qatar – JBK
• UAE – Dubai Mall
• Lebanon – Souks
• Qatar – 5 Star Hotels
• UAE – Liberty House
• UAE – Sharjah College
• Saudi – Corniche

• Leveraging Honeywell Name / Partnering with HBS
• Building Dealer Network
• Key Market for Critical Infrastructure
• Huge Opportunity for Honeywell

Hiring Local Team To Address Opportunity
Growth: Next Generation Systems

- **Easiest Programming** (Self-Enrollment)
- **RF Two-Way Voice**
- **RF Video Sensors & Displays**
- **802.11 or HoneyNet Wireless**
- **Sleeker Designs**
- **Installation Configuration**
- **Remote Diagnostics**
- **Prompted Install Process**
- **Server**
- **Quickest Install**
- **Next Generation Wireless**
- **People Centric**
- **Remote Control, Email & Video from Cell, PDA or PC**
- **Generation X Webserver**
- **Downloadable Ringtones, Sounds, Language, Vocabulary, Voices**
- **RF Child Locator**
- **IP TV Interface**
- **Business Share Control & Look In**
- **Family Share Control & Look In**

**Strengthen Leadership With New Products**
Growth: Wireless

Intrusion Before Wireless...

- $1,500 – Cost to Wire
  2 Days

Honeywell’s Wireless Revolution

- $350 – Reduced Labor
  2 Hours

- Wireless Increases Sales Penetration
- Wireless Enables Profitable System Up-Sells

20 Million Transmitters Shipped In 5 Years
Honeywell Leads Wireless With Broadest Line And Best Performance
Growth: Home Systems

Intelligent Controls for Better Living

- Integrating Security, Lighting, Audio, HVAC
- Leader in Korea
- Fast-Growing in Asia Region ... Potential to Expand to ROW

Expand Globally Korea ➔ Asia ➔ ROW
Growth: HVAC Interoperability

Saving Energy and Lives

**Safety from Fire, CO**
- Smoke Detected
- Smoke is isolated
- Ventilators turned off
- Ventilators turned on
- Outside air saves lives

**Energy Savings**
- System Armed
- Thermostat sets back
- System Disarmed
- Thermostat set to normal

Integration of Core Honeywell Areas of Excellence

Honeywell Best Positioned In Industry
Growth: Integrated Solutions

Honeywell Has Unique Capability To Provide Integrated Solutions
Growth: Video Analytics

- Enhances Guard Productivity - Able to Monitor More Cameras
- Technology Needed to Detect / Retrieve Relevant Events
- Honeywell Integrates Video Analytics into Security Systems
- Position Strengthened by ActivEye Acquisition

Video Analytics Will Drive Integrated Solutions
Growth: Homebuilders

The Full Breadth of Honeywell’s Home Portfolio…

- Security Products
- Comfort Controls / Energy Management
- Whole House Indoor Air Quality (IAQ)
- Structured Wiring
- Whole House Water Solution
- Spray Foam Insulation

Offers Homebuyers…

- Comfort and Energy Efficiency
- Safety and Security
- Connectivity and Entertainment
Growth: New Communications

Conventional Land Lines Being Replaced
- Adopting Cell Phones and VoIP -

New Honeywell Communications Solutions with GSM Radio and Internet Back Up

Remote Access via PDA, PC and Cell Phone

Unique Opportunity
## Growth: Industrial Security

### Markets Served
- Chemical Plants
- Oil & Gas Exploration, Refineries, Pipelines
- LNG Terminals
- Nuclear Power Plants
- Mining Operations
- Pharmaceuticals / Life Sciences
- Airports
- Ports
- Borders

### Honeywell Offerings
- Design, Modeling, Simulation, assistance in security planning and risk assessments
- Broad systems integration
- Program and Project management services
- Lifecycle and maintenance services

---

**Global Presence**
Great Position In Distribution

- Expanding Services - One-Stop Shopping for Security and Low Voltage
- Expanding Geographies – Over 220 Branches in 25 Countries
- Expanding Product Line – Over 400 Vendors
- Gardiner Acquisition Gives Equivalent Distribution Presence in Europe

Extending The ADI Model Globally
Summary

• **Great Positions in Great Industries** (Intrusion, Video, Access)

• **Clear Strategies to Grow the Business:**
  - Doing More With our Current Customers (Partner of Choice, First Alert Programs)
  - Growing our Presence in the Fastest Growing Markets (China, India, Middle East)
  - Innovation (Strong NPI, Wireless, Integrated Systems, Home Systems, Video Analytics)
  - Positioned to Benefit From Macro Trends (New Communications, Industrial Security)

• **Valuable Channel Presence Through ADI / Gardiner**

---

A Great Platform For Growth
Honeywell Life Safety Profile

2006: $1.2B Sales

- Global Scope: Systems and Sensors
- Multi Brand and Channel Presence
- History of Exciting New Products
- Leading Smoke and Gas Technology
- Strong Dealer Partnerships
- Lowest Total Cost Solution, Global Mfg / Distribution, Productivity Culture
- Long-Term Track Record of Growth

Top Performing Business In Growing Industries
Honeywell Life Safety

• Leadership Positions in Great Industries

• A Transformed Business:
  - From North American to Global in Scope
  - From Fire Solutions to Life Safety

• Growth
  - Multi-Brand, Multi-Channel
  - Geographic Expansion
  - New Products
  - Acquisitions
  - NESCO
  - Codes and Standards
  - Synergies Across Honeywell Businesses

Great Position And Significant Growth Opportunities
Fire Control Systems

- Leading Fire Alarm Control Panel Manufacturer
- Multiple Brands and Channels
- Strong Dealer Partnerships

- Leader in Advanced Technologies
- Long History of New Products
- Complete Range of Applications

Leading Fire Position Across All 3 Channels
Sensor And Actuating Devices

- Leading System Smoke Detector Manufacturer
- Leading Brand and Service Reputation
- Breadth of Product Portfolio
- Technology Leadership in Detection and Notification

- Synergies with Honeywell Businesses
- Diversified Distribution Networks
- Manufacturing Excellence

**Key Ingredients To HLS Business Model**
Gas Detection Systems

- Global Industry Leadership
- Customer Relationships / Brand Strength
- Broad Fixed and Portable Product Portfolio Serving Diverse Segments
- Excellence in Detecting Widest Range of Flammable and Toxic Gas

- Proven Track Record in Technology Innovation and Commercialization
- Strong Regional Sales Presence, Multiple Distribution Channels
- Rapidly Growing in Emerging Regions
- Direct Field Service Capability

Leading Position In Gas Detection Globally
Life Care

Favorable Macro Trends

• Population Growing and Aging
• Nursing Shortage Continues
• Health Care Costs Rising
• Chronic Conditions Increasing
• Similar Trends Internationally

Incubation Phase

• Compelling Value Proposition: (Improves Agency Profitability and Patient Outcomes)
• New Management Talent
• New Product Introductions

Poised For Growth
## World Class Franchise

<table>
<thead>
<tr>
<th>Industry Growth:</th>
<th>Fire Systems</th>
<th>3-5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>HLS Growth:</td>
<td></td>
<td>10-12%</td>
</tr>
<tr>
<td>Growth Drivers:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety and Regulation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emerging Regions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety Regulations and Codes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emerging Geographies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil and Gas, Semicon, High Tech, Industrial Sector Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greater Use of Diagnostics, Communication</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Population Growth and Aging</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nursing Shortage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Care Costs Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chronic Conditions Increasing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Similar Trends Internationally</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Growing Faster Than Industry**
Accelerating Growth

From Americas To Global
Effective M&A Machine

Legacy Fire  Acquired

From Fire To Life Safety

Honeywell Fire Solutions  Honeywell Life Safety

$1.4B CAGR

8%+ CAGR

53%+ CAGR

22%+ CAGR
Growth: Multi-Brand/Channel - EMEA Fire Example

Multiple Brand Offerings / Channels For More Wins
Growth: Global Expansion - Asia Pacific

Strong And Growing Presence Across Region
Growth: Global Expansion - Middle East

**Brands**

- Fire Systems
  -Notifier By HON, Gent By HON, Esser By HON, MorleyIAS By HON, Ackermann Clino By HON, FCI By HON

- Gas Detection
  - Honeywell Analytics, BW Technologies

**Products**

- Emirates Mall (UAE), Jumeriah Beach Residence (UAE), Mecca Fort (KSA), Sohar Refinery (Oman)

**Key Projects**

- Strong And Growing Presence Across Region
Growth: New Products

**Fire Systems**
- Notifier Digital Voice Command
- Fire-Lite 50 pt. Intelligent Panel
- N – 6000 Chinese Panel

**Gas Detection**
- BW GasAlert Microclip
- S3000
- Impact Pro Safelink

**Life Care**
- Genesis 2
- Web Portal

**Robust New Product Pipeline**
Growth: NOVAR Acquisition – (4/05)

Well Positioned Brands

• Complementary Footprint and New Channels Across EMEA
• New Products and Technologies
• Global Market Access

Value Added

• Best Practice Integration
• Synergies Ahead of Plan

Improved Customer Reach In Europe
Growth: Gas Detection

- Identified Potential Targets, Including:
  - Zellweger Analytics – Pure Gas Detection – July 2005
  - First Technology – April 2006

- Integration Ahead of Plan

- Created Strong Global Gas Detection Company

$165M
Revenue

$222M (Gas)
Revenue

Successful Acquisition Strategy / Integration
Growth: Honeywell Fire Services

• Provides “Single Point of Contact” to Honeywell Fire Systems OEMs and Global Distribution Network

• Supports Distribution and National Accounts With Complete Design and Application Services

• Technical and Training Support

Key Account Wins:

Support Model Provides Quality And Consistency
HBS Intercompany Strategy “Wins”

Enables Access To Top Tier Project Segment
Summary

- Deep, Experienced Management Team
- Long Legacy of Growth
  - Fire Systems and Smoke Sensors
- Next Wave of Growth
  - Favorable Market Segments
  - Globalization, Urbanization, Safety Macro Trends
  - Acquisitions Making Strong Franchise Even Better
- Global Leadership Increasing

Strong Organic And Acquisitive Growth Opportunities
Honeywell Operating System

ACS Implementation

Joe DeSarla
Vice President – Integrated Supply Chain
Honeywell Operating System (HOS)

Integrated System Built on Six Sigma Foundation to Accelerate Safety, Quality, Delivery, Cost, and Inventory Improvement Across the Supply Chain

- “Standardized Work” - Basis for Continuous Improvement
- Work Designed to Enable Simple Visual Management
- Problems Fixed as They Occur – And Stay Fixed
- Leaders Own Process Improvement – Coach and Mentor Teams

Building A Permanent Advantage
Building On Our Six Sigma Foundation

Six Sigma
Tool Based

- Experts Lead the Process
- Project Focused Improvement
- Informal Best Practice Sharing

HOS
System Based

- Leaders Own the Process – Coach Teams
- Continuous Improvement (Kaizen)
- Institutionalized Knowledge Sharing

From Tool Kit To Integrated Business System
**HOS Will Drive Results**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety</td>
<td>Enabling the Path to World Class Performance</td>
</tr>
<tr>
<td>Quality</td>
<td>Targeting 2.5x the Historical Improvement Rate in Reducing Defects</td>
</tr>
<tr>
<td>Delivery</td>
<td>Improve Delivery Performance to a Minimum Level of 90%</td>
</tr>
<tr>
<td>Cost</td>
<td>Expect 1.5x the Historical Improvement Rate in Factory Conversion</td>
</tr>
<tr>
<td>Inventory</td>
<td>Targeting 1.5x the Historical Improvement in Inventory Performance</td>
</tr>
</tbody>
</table>

*HOS Enables Sustained Breakthrough Results*
## Mature Sites Seeing Results

<table>
<thead>
<tr>
<th>Metric</th>
<th>1st Year Impact - Honeywell</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety</td>
<td>10-30% Incident Reduction</td>
</tr>
<tr>
<td>Quality</td>
<td>25-90% Reduction in Customer Defeats</td>
</tr>
<tr>
<td>Delivery</td>
<td>15-20% Improvement</td>
</tr>
<tr>
<td>Cost</td>
<td>10-15% Reduction</td>
</tr>
<tr>
<td>Inventory</td>
<td>15-20% Improvement</td>
</tr>
</tbody>
</table>

Significant Improvement
HOS Deployments To Date - ACS

ACS Deployments underway include:

50+ Factories in Foundational Work

17 Factories in Full Scale Deployment

6 Pilots (Design, Integration and Distribution Centers)

Manufacturing As Initial Focus
Piloting Supply Chain Related Processes
Summary

• HOS Underway, and Early Deployments are Delivering on Expectations

• Will Accelerate as we Move to the Right, Based on Learning Curve and Solid Foundational Work

• HOS Being Deployed at Mature Lean Sites (St. Charles) and Sites Just Beginning Their Lean Work

• Pilot Activity Beginning Outside of Factory Processes

• Applying HOS Principles to Greenfield Sites (India & China), and Acquisitions

**HOS Driving Sustainable Improvement**
System Sensor Lean Journey

- Started in 1996, Like HOS was Initiated in The Factory
- Lean Promotion Office – Small Group Driving Change
- Strong Visual Management – Easy to See How The Cells / Operation are Running, Key to Enabling Material Flow and Pull Systems
- System Sensor Production System (SSPS) - Standard Work to Sustain Improvements and Plant Wide Focus
- Over Time, Moved from Factory to Business Focused
  - Operations
  - Design
  - Suppliers
  - Customer Service
  - Sales
- Applied to Life Safety Acquisitions to Facilitate Synergies and Improvements

SSPS And Lean Journey Key To Operating Results
Highlights To Notice On The Tour

- 5S (Cleanliness and Order)
- Visual Management
- Kaizen – Continuous Improvement
- Standardized Work
- Process Design For Flow and Quality
- Knowledge Sharing

Success Through Speed, Impact, Sustainability

Leaders Own and Drive the Process
Daily Management System
Enabling Structure
System Sensor

John Hakanson
President – Sensor & Devices
3 Components Of Success