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 economic and industry 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.
Agenda

• Introductions

• SM Overview
  Kramvis

• New Products & Technology
  Shankland

• Resins & Chemicals
  Bhatia

• Fluorine Products
  Hahn

• Q&A

• Lunch with SM Leadership Team

• Wrap-Up (~2pm)
Specialty Materials

Andreas Kramvis
President and CEO
Overview

Financials

($B)

Sales

Segment Margin %

2007

2008

2009

2010E

$4.9

$5.3

$4.1

$4.6-$4.8

13.5%

13.7%

14.6%

~15%

Performance

- Increased segment margins despite difficult environment
- Outperformed industry peers
- Strong participation in growth segments
- Continued seed planting

Strong Performance Through Cycle
Business Transformation

Segment Profit*

$B

A Different Business

- Last recession/recovery:
  - Bloated portfolio of businesses, most losing money
  - Undifferentiated products
  - Limited IP, few new products
  - More than two-thirds of sales in the U.S.

- This recession/recovery:
  - Streamlined portfolio of nimble, profitable winners
  - Performance culture
  - Strong IP position and robust new product pipeline
  - Truly global business

*Includes 100% of UOP earnings for all periods

Dramatically Improved Business
UOP Update

• **What We Are Seeing**
  - Difficult refining market in developed regions – capacity rationalization
  - Significant capacity additions in emerging regions
  - Private sector project financing remain a challenge
  - UOP winning new energy infrastructure projects globally
  - Strong double digit orders growth off depressed 1H09 levels

• **What We Are Expecting**
  - Global demand for oil and refined products continues
  - Tighter fuel product specifications & diesel growth drive retrofit investments
  - Clean power to drive natural gas growth
  - Continued interest in bio-renewable fuels and energy efficiency

**Delivering Results, Poised For Growth**
# Key Products and End Markets

**UOP**
- Process Technology
- Catalysts and Adsorbents
- Engineering/Equipment
- Services
- Biofuels Technology

**Fluorine Products**
- Refrigerants
- Blowing Agents for Foam Insulation
- Refining Process Aids
- Nuclear Conversion

**Resins & Chemicals**
- Caprolactam (Key Nylon Ingredient)
- Nylon Resin
- Ammonium Sulfate Fertilizer

**Specialty Products**
- Ballistic Protection
- Plastics Processing Additives
- Protective Films
- Advanced Semiconductor Materials

**Differentiated Product Portfolio**
Key Differentiators

<table>
<thead>
<tr>
<th>Differentiator</th>
<th>Mechanism</th>
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</thead>
<tbody>
<tr>
<td>Operating Approach &amp; Leadership</td>
<td>Business Decision Week</td>
</tr>
<tr>
<td>Analytical Capabilities &amp; Innovation Engine</td>
<td>Technology Investments &amp; NPI Process</td>
</tr>
<tr>
<td>Plant Performance &amp; Process Technology</td>
<td>HOS &amp; Plant Strategic Plans</td>
</tr>
</tbody>
</table>

Quarterly Segment Margin, SM vs. Industry Peers

Segment Margin, Percent

- Honeywell
- Specialty
- Diversified

- Specialty: Based on 40 companies
- Diversified: Based on 8 companies

Driving Superior Financial Performance
## Management Multi Year Roadmap

### Cash Generation
- **Operational Excellence**
  - HOS
  - Increase attainment
  - Reduce fixed cost/lb
  - Improve CapEx-to-depreciation ratios
  - Yield improvements
  - Focus capital on quick impact
  - Long-term plan by plant

### Three Business Models

#### Molecule Scale-up
- Feedstock sourcing
- Scale up: lab to commercial scale
- Continuous plant improvement

#### Technology Leadership
- Basic R&D
- Process/engineering design

#### Application Development
- Opportunity identification
- Application devl/Stage gate
- Quickly develop and validate profitable offerings

### Globalization & Market Creation
- **Global Execution**
  - R&D capability in low-cost regions
  - Strong governance and process (BDW, PAC, Six Sigma)

### Expand Channels, Maximize Value
- **Sales and Marketing Excellence**
  - Sales Force Deployment
  - Regionalize UOP structure
  - Transactional pricing
  - Value pricing... focus on NPI

### Investments For Growth
- **Operational Execution**
  - Execution on large projects
  - Fund long-term horizon investments with superior returns
  - Maximize plant capacity / debottleneck & economically increase plant attainment

---

**Structured Approach To Investment And Growth**
## Three Business Models

<table>
<thead>
<tr>
<th>Model</th>
<th>Business</th>
<th>Characteristics</th>
<th>Product Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Molecule &amp; Scale-Up</strong></td>
<td>Fluorine Products</td>
<td>• Molecule screening and discovery</td>
<td>Low-Global-Warming Platform</td>
</tr>
<tr>
<td></td>
<td>Resins &amp; Chemicals</td>
<td>• Process scale-up important</td>
<td>Lithium-Ion Battery Technology</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Major plant investments before product launch</td>
<td>New Nylon Resins</td>
</tr>
<tr>
<td><strong>Technology Leadership</strong></td>
<td>UOP</td>
<td>• Technology licensing model</td>
<td>More From a Barrel of Oil</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Invent, demonstrate and license</td>
<td>Chemicals From Natural Gas &amp; Coal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Ongoing supply of catalysts</td>
<td>Bio-Renewables</td>
</tr>
<tr>
<td><strong>Fast-Cycle App. Develop.</strong></td>
<td>Specialty Products</td>
<td>• VOC drives new product/service ideas</td>
<td>Asphalt Processing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Customizing existing technologies</td>
<td>Photovoltaic Materials</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Fast time to market</td>
<td>Next-Generation Spectra® Fiber</td>
</tr>
</tbody>
</table>

**Strong Technology And Business Alignment**
## Technology Overview

### Innovation Legacy
- 31 of 36 refining technologies in use today
- 1st & 2nd generation CFC replacements
- 85% of world’s biodegradable detergents
- CO₂ Membranes for Natural Gas Clean-Up
- Spectra Shield
- Homopolymer PCTFE

### Strengths Today
- Industry leading R&D investments
  - 1,000+ technologists, including 400 with PhDs
  - Leading edge equipment and processes
- IP portfolio
  - 2,700 U.S. patents
  - Rich new product pipeline
  - Game changing technologies
- Global resource base
  - ‘One Honeywell’ Centers of Excellence
  - E2W and E4E

### Future Growth Examples
- 3rd gen, HFC replacements (LGWP)
- Green Jet Fuel & Green Diesel
- High Purity LiPF6 for Hybrid-Electric Vehicles
- Waste Biomass to Fuels
- Next Generation Photovoltaic Materials
- Methanol-to-Olefins

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**Innovation Engine In Place; Growth Aligned With Macro Trends**

SM Investor Day – September 13, 2010
### Key New Product Strategies

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Results</th>
</tr>
</thead>
</table>
| 1. Multi-year, multi-tier product plans | • Win the war, not a battle  
• Correct sequencing and strong customer acquisition  
• Allow for competitive reaction |
| 2. Aim significantly ahead of competitive positions | • Preempt best market positions  
• Lead, do not get blindsided  
• Hard for competitors to catch up |
| 3. Higher value and higher price (change rules of game!) | • Market not commoditized  
• Create new markets and new applications to expand market  
• Much harder to copy |
| 4. Meaningful value for all users | • Ensure all players in supply chain benefit |

**Never Stop Innovating And Keep Upping The Ante**
### New Product Bets Winning

#### New Molecule
- Scale-up Investments
  - Foam blowing agents
  - LGWP refrigerant for autos
  - LGWP blowing agents
  - LiPF6 for new batteries

#### Technology Leadership
- Extending Competitive Advantage
  - Methanol-to-Olefins
  - Green Jet
  - Fuel from biomass
  - Floating Liquid NG
  - New catalysts

#### Application Development
- Delivering Commercial Sales Today
  - Asphalt
  - Spectra X
  - Weatherization
  - SolARC
  - PV Backsheet
  - New additives
  - New resins
  - 300mm targets
Managing Plant Performance

Daily Monitoring of Production

HOS Deployment Status

Business Decision Week Reviews

Mature Site Results

- Defects (PPM): 89% reduction
- Delivery (OTTR): 2 pt improvement
- Inventory (DOS): 5 day improvement
- Conversion Cost: 19 pt improvement

Operations Driving Results
Plant Strategic Plans

Process Technology Implementation

Process Technology Gaps

Competitive & Emerging Technologies

Technology Development Plan

Multifunctional Implementation Teams

- Process R&D
- Technology Improvement
- Process Engineering

Enablers / Capabilities
- Process Modeling
- Process Scale-up
- Process Fundamentals
- Process Analytics
- External Benchmarking

Structured Approach For Competitive Advantage
Plant Performance Example – ‘09 vs. ‘10 Results

Geismar, LA Plant

HOS Phase 4

Cost

Energy Usage/Unit

Conversion Cost

Production Rate

Key Fluorine Products Production Facility

G 245fa

Up 30%

Hydrofluoric Acid

Up 24%

G 125

Up 8%

Driving Increased Competitive Advantage
## Sales & Marketing Excellence

### Key Actions Deployed

<table>
<thead>
<tr>
<th>Sales Force Deployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Developing robust sales processes</td>
</tr>
<tr>
<td>✓ Enabling sales into adjacent markets</td>
</tr>
<tr>
<td>✓ Creating market-focused mindset</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Channel Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Driving value chain competitive strategy</td>
</tr>
<tr>
<td>✓ Creating pull-through channel demand</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pricing Excellence</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Deployed Transactional/Value based strategies</td>
</tr>
<tr>
<td>✓ Enhanced value capture/negotiation process</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New Product Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Robust NPI pipeline process</td>
</tr>
<tr>
<td>✓ NPD front-end qualification tied to customer value</td>
</tr>
</tbody>
</table>

### Successes

- PE Wax and foam sales deployment
- Regionalized UOP
- Weatherization launch
- New adsorbents
- Value Pricing
- $200M in revenue

### Objectives

- Regionalization (ME/FSU)
- Continued adjacencies expansion
- Takeaways / Conversions
- Expanding share of demand
- Continue value chain creation
- Drive regional tech centers to develop customer intimacy
- Tools to optimize price elevation
- Further extend value-based/transaction pricing into adjacent markets
- Innovation to grow pipeline
- Expand pilot plant capabilities
- New fast cycle application development
Emerging Region Investments

- Regional UOP business structure; Expand tech support in ME, Russia, China

- New India Tech center for refining, petrochemical, other technologies

- New Malaysian engineering center for gas processing; Manufacturing facility in 2012

- Realigned Shanghai Lab activities to match business goals; close-to-customer development
Market Assumptions and Outlook

**Energy & Power Generation**
- Emerging region growth
- OECD capacity rationalization
- Natural gas growth, increasing demand for acid removal
- Renewables – Increased legislative clarity / Govt funding

**Refining & Petrochemicals**
- Industry shift to cleaner fuels / diesel creating opportunities
- Petrochemical growth in key emerging markets
- Investment constraints due to capital market tightness, low margins, regulation

**Housing & Construction**
- Sluggish recovery in residential construction
- Nonresidential markets expected to decline through 2011

**Industrial Applications**
- Increasing demand for higher performing products
- Favorable regulatory environment supports new LGWP offering
- Tight global caprolactam supply
- Demand for energy efficiency, performance creating opportunities
- Fertilizer demand steady

**Semiconductor & Electronics**
- Semiconductor demand growth, reaching cycle peak in 2013
- Increasing electronics demand for new products & applications

*Stable Outlook, Monitoring Trends Closely*
Summary

• Strong performance through downturn and recovery
  - Transformed business driving industry leading returns
  - Outlook stable, monitoring trends closely

• Differentiators delivering sustained outperformance
  - Operating Approach and Leadership…BDW
  - Innovation Engine…NPI
  - Plant Performance…HOS

• Robust new product pipeline and investments driving future growth
  - Breakthrough technologies aligned with macro trends
  - Sales and Marketing excellence delivering results
Specialty Materials

Dr. Ian Shankland
Vice President and Chief Technology Officer

Honeywell
Core Technologies

**Technology Leadership**

- **Refining**: Fluid Catalytic Cracking, Alkylation, Isomerization, Reforming, Hydrogen, Heavy Oil Treating
- **Petrochemical**: Aromatics, Derivatives, Olefins, Detergents, Adsorbents
- **Natural Gas**: Treating, Separations, Conversion, Adsorbents
- **Bio-fuels**: Ecofining, Rapid Thermal Pyrolysis

**New Molecule**

- **Fluorine** Chemistries
- **Fluorocarbon** Technology
- **Nylon 6 Resin + Fertilizer**
- **Uni-directional Ballistic Armor Composites**

**Fast Cycle Applications**

- **Low Molecular Weight Polyethylene Additives**
- **SiO Anti-reflective Coatings & Masking Agents**
- **Barrier Films / Film Lamination**
- **Sputtering Targets / High Purity Metals**
Global R&D Centers of Excellence

Resources Aligned To Drive Innovation Across SM Portfolio

1,000+ technologists, Including 400 with PhDs

- Des Plaines, IL
- Morristown, NJ
- Colonial Heights, VA
- Sunnyvale, CA
- Seelze, Germany
- New Delhi, India
- Shanghai, China
- Spokane, WA
- Buffalo, NY

Technology Leadership
New Molecule
Fast Cycle

400K-sq. ft. Technology Center for UOP technologies, Fluorine Products and Resins & Chemicals
New Product Development Process

Overview

- Rigorous stage-gate process tailored to support SM’s three business models
- Business process, not just technology
- Clear cross-functional linkages and deliverables
- Leveraging strong technology & IP base

Emphasis on Quality

- Marketing focus on front-end
  - Voice of the Customer & Value Equation
- R&D + Engineering execution focus
  - Applications, Process Development & Piloting, Front End Engineering Design
  - Technology peer reviews
- Rigorous leadership oversight
  - Monthly Business Decision Week reviews

Robust NPD Pipeline

- Define Opportunity
- Development
- Scale-Up & Launch

$2.4B Pipeline

100 Projects
60 Projects
65 Projects

Delivering Results

Launches
Revenues

Up 43%
Up 100%

Strong Process Engine Driving Sustainable Growth
New Product Development by Business Model

**Stage 1**
- Definition of Needs
- Voice of The Customer

**Stage 2**
- Proof of Concept Testing
- Business Case

**Stage 3**
- Application Testing
- Piloting
- Basic Engineering
  - Product Qualification
  - Regulatory Approvals

**Stage 4**
- Scale-Up, Plant Design & Engineering
  - Demonstration Runs
  - Customer Qualification
  - Launch Plan

**Stage 5**
- Launch

**Fast Cycle Applications**
- Leverages existing technologies & capabilities
- Technology & marketing agility
- Applications expertise
- Lower resources & capital
- Cycle time 6 months-2 years

**Technology Leadership**
- Technology licensing model
- Process development & pilot plants
- Technology peer reviews
- Customer / demonstration runs
- Strong research pipeline
- Cycle time 2-4 years

**New Molecule**
- Molecule discovery
- Regulatory approvals
- Asset & capital investments
- Process development & scale-up
- Front-end engineering
- Technology peer reviews
- Cycle time ~ 7 years

Common Process Tailored For Three Business Models
Low-Global-Warming Platform

HFO-1234yf
- Direct replacement for existing mobile A/C refrigerant
- Strong patent protection
- SAE endorsement
- Stationary A/C & refrigeration applications

HFO-1234ze
- Blowing agent for polystyrene board foam
- Advanced aerosols
- Stationary A/C & refrigeration applications

HBA-2
- Blowing agent for closed-cell spray foam, refrigerators etc.
- Precision cleaning solvent for electronics, aerospace, medical
- Chiller applications

Superior Environmental Footprint For Auto A/C

Extending Technology Leadership
Safer Fertilizer

A New Fertilizer

- Proprietary double-salt of ammonium nitrate (AN) with ammonium sulfate (AS)

Non-Detonable, Less Explosive

- Does not detonate
- Less explosive potential AN
- Excellent fertilizer

Fusion

- Granulation & pastillation operating conditions demonstrated in pilot plant
- Validated granulated product physical and chemical properties from pilot tests
- Currently testing alternative prilling method in pilot scale plant
- Give producers additional manufacturing options

Effective, Safer Solution
High Purity Li-ion Battery Electrolytes (LiPF6)

HON Position

• $27M in government funding
  – First domestic supplier
• Leveraging existing Honeywell fluorine technologies
  – Inherently higher purity
  – Significant cost advantage
• Security of supply

Addressable Market

Automotive
• 20% HEV
• 6% EV & EREV

Existing Applications
• Electronics, Power Tools, Industrial

Scale Up Timeline

Today 2015 2020

$Millions

Significant Automotive Upside

95 210 340

>3 kg LiPF6 ~$150 / vehicle

>1 gram LiPF6 ~$0.03 / phone

Addressable Market

Government Funded Opportunity In Attractive Battery Segment
Asphalt Program

Honeywell Value Proposition

Polymer Addition Rate (Cost)
- 8% saving

Viscosity (Workability)
- 43% improvement

Temperature (GHG Reduction)
- 60° lower

Commercialization Timeline

U.S.  
2009  
Trial  
2015  
Commercial Sales

Europe  
Testing  
Trial  
Commercial sales

India  
Testing  
Trial  
Commercial Sales

China  
Testing  
Trial  
Commercial Sales

Leveraging Existing Technology Via Applications Knowledge
PV Module Packaging

**Critical Component**

PV Module Backsheet Market:
- $420M in 2010 → $800M by 2015
- ~14% CAGR

**PV Module Construction**

**HON Value Proposition**

- **Attractive Market**
  - Broad based global growth
- **Strong Technology Position**
  - Leveraging HON Films technology
  - Next-generation product launch in 2011
  - Leading cost/service life value proposition
- **HON an attractive Partner**
  - Integrated customer facing supply chain
  - Quality and brand
  - Innovation mindset, credible technology partner
- **Robust pipeline of current and potential customers**
  - ~$100M of revenue potential

<table>
<thead>
<tr>
<th>Backsheet Barrier Performance</th>
<th>Moisture Intrusion Rate (g – water/mm/m²-day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aclar®</td>
<td>0.5</td>
</tr>
<tr>
<td>Halar®</td>
<td>1.3</td>
</tr>
<tr>
<td>Tedlar® G2</td>
<td>3.8</td>
</tr>
<tr>
<td>Tedlar® G1</td>
<td>6.0</td>
</tr>
<tr>
<td>Kynar®</td>
<td>7.5</td>
</tr>
</tbody>
</table>

Lower Moisture Intrusion Rate → Longer Module Service Life

Leveraging Technology And One Honeywell To Drive Growth
Spectra X – Light Weight Armor Platform

Spectra X Performance

“This is the best stuff we’ve ever shot...you have a winner.”
CEO, Leading Vest Manufacturer

15% Better Ballistics

15% Lighter Weight

Launch

2010

Application

Law Enforcement +
Federal Agencies

Opportunity

$50M+

2011

Law Enforcement +
Special Ops

$60M+

2012

Military Vests

$100M+

2012

Military Helmets

$60M+

Leveraging Breakthrough Fiber Technology Across Multiple Segments
Honeywell Green Jet & Diesel Technology

Feedstocks:
- Rapeseed
- Tallow
- Jatropha
- Soybean
- Algal Oils
- Palm Oil
- Camelina
- Greases

- Leveraging >90 years of refining technology experience to make real fuels from a range of biofeedstocks
- Uses existing refining, transport and engine infrastructure with no modification

Leveraging Refining Technology Leadership
Renewables: Green Diesel And Jet Fuel

**Honeywell Green Diesel**

- Superior technology that produces real diesel, rather than an additive
- Uses existing refining and pipeline infrastructure
- Drop-in replacement for existing automotive fleet
- Excellent blending component

**Superior Performance**

<table>
<thead>
<tr>
<th></th>
<th>Petrodiesel</th>
<th>Biodiesel</th>
<th>Honeywell Green Diesel</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NOx</strong></td>
<td>Baseline</td>
<td>+10</td>
<td>-10 to 0</td>
</tr>
<tr>
<td><strong>Cetane</strong></td>
<td>40-55</td>
<td>50-65</td>
<td>75-90</td>
</tr>
<tr>
<td><strong>Cold Flow Properties</strong></td>
<td>Baseline</td>
<td>Poor</td>
<td>Excellent</td>
</tr>
<tr>
<td><strong>Oxidative Stability</strong></td>
<td>Baseline</td>
<td>Poor</td>
<td>Excellent</td>
</tr>
</tbody>
</table>

**Honeywell Green Jet Fuel**

- Leverage Ecofining process technology
- Fuel meets stringent requirements for flash point, cold temperature performance, etc.
- Four successful demonstration flights with major airlines, engine makers
- Supply contract with U.S. Navy and Air Force

**Technology Solutions Available Today**
Energy From Waste Biomass - A New Platform

Rapid Thermal Process (RTP)

- Biomass Preparation
  - Dry to ~5% Moisture
  - Grind to Fine Particle

- Fast Pyrolysis
  - Liquefy Biomass
  - Create Pyrolysis Oil

- Heat Recycle

- Electricity Production

- Fuel Oil Substitution

- Transport Fuels (Gasoline, Jet Diesel)

- Chemicals (Resins, BTX)

- Ready for Demonstration
- 3 Years to Complete R&D

- Fuel oil substitution by pyrolysis oil can provide 70%-90% lifecycle GHG reduction over fossil fuels for combustion
- RTP units coupled with “diesel” generator sets are an attractive distributed electrical generation technology
- R&D underway to transform pyrolysis oil to conventional transportation fuel and chemical raw materials

Valuable Fuels From Waste Plant Matter
Gasification technology to produce high-value chemicals from feedstocks other than petroleum

- Successful demonstration at pilot plant in Belgium with partner Total Petrochemicals
- Lowers oil imports by using plentiful resources in China, Russia, other areas
- Reduces production costs by 30-50%
- Attractive investment economics
- $500 million of additional customer profit per 1 million tons of production
Heavy Crude Process Technology

Superior Uniflex™ process technology for heavy oil – and driving more fuel yield from a barrel of oil.

- Comparable investment to current technologies (coking)
- Distillate yield increased from 30% to 35%-40%
- $400 million per year of additional profit for a typical new refinery
- Advanced characterization work for heavy crudes at new India Technology Center

Increasing Oil Barrel Yields
Summary

• **Portfolio** – Robust Pipeline Of New Technologies & Products

• **Process** – Focused On Discipline, Execution & Quality

• **People** – World Class Scientists & Engineers
Resins & Chemicals Overview

<table>
<thead>
<tr>
<th>Products</th>
<th>Revenue by Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caprolactam</td>
<td>Caprolactam</td>
</tr>
<tr>
<td>Key ingredient in making nylon resins and fibers</td>
<td>Ammonium Sulfate</td>
</tr>
<tr>
<td>Nylon 6 Resin</td>
<td>Resins</td>
</tr>
<tr>
<td>Used in the manufacture of a wide range of product</td>
<td>Intermediates</td>
</tr>
<tr>
<td>Ammonium Sulfate Fertilizer</td>
<td>2010 Revenues: ~$1B</td>
</tr>
<tr>
<td>Caprolactam co-product is used for crops and lawns</td>
<td>Asia</td>
</tr>
<tr>
<td>Chemical Intermediates</td>
<td>North America</td>
</tr>
<tr>
<td>Intermediate materials used in the production of Nylon 6</td>
<td>Latin America</td>
</tr>
</tbody>
</table>

- One of the lowest-cost producers of critical nylon ingredients
- Significant portion of production under long-term agreements and formula pricing agreements help protect against raw fluctuations
- Growing global sales, new products
Transformed Business

- Chronically unprofitable business
- Customers backwards integrated
- No scale or leverage

Nylon Business

- Highly profitable
- Long-term contracts, formula pricing
- Retained two best manufacturing assets
  - Lowest cost base
  - Complex processes
  - Unmatchable size and scale presents barrier to entry
- Growing globally, expanding margins
- Launching new products

Well Positioned, Lowest Cost Position

2005 Divestiture

Retained Caprolactam and Nylon Resin Production Operations to form Resins & Chemicals

Divested Unattractive Fiber Production Operations
R&C Positioning in Nylon Supply Chain

Caprolactam → Nylon 6 Resin

Ammonium Sulfate

Resins & Chemicals
Key Products Today

Divested in 2005

Injection Molding
Injection Molding

Film Converter
Film Producer

Plastic Compounding

Textile Fabric

Tire Cord Fabric

Fiber Extrusion

End Markets
Textile

Carpet

Tires

Engineering Plastics

Food Packaging

Key Supply Agreements In Place
Supply and Demand Dynamics

Caprolactam Supply and Demand

- Announced additional capacity will not meet growing demand
- Caprolactam demand largely follows global GDP, driving by key sectors: automotive, housing, clothing, food packaging
- Global demand CAGR ~2.5 percent

2010 Demand By Region

- Moderate recovery in Americas and EMEA driven by plastics
- China and India continue to lead global Nylon growth

2010 Demand By End Use

- Films fastest growing segment
- Favorable substitution opportunities vs. nylon 6,6 in plastics and carpet
- Tire cord growth in emerging regions to slow with radialization

Capacity Utilization Tight For Foreseeable Future
Ammonium Sulfate

- Low-cost producer
- Value sell: AS provide unique benefits, desirable source of nitrogen
- Dedicated commercial and sales team and regional agronomists
- Expanding sales to new countries and continents
- Supported more than 50 research projects a year worldwide for over 15 years

Global Nitrogen Fertilizer Market

- Urea 54%
- Ammonium Nitrate Based 14%
- Compounded Fertilizers 17%
- Ammonium Sulfate 3%
- Ammonia 2%
- Other 8%

R&C Fertilizer Business

Penetrating New Global Markets
Global Sales and R&D

- Leveraging global centers of excellence to engineer for local markets
- Moved from distributors to direct sales to extract more value

Globalized R&D And Sales Footprint

Increasing, Diversifying Sales

- China
- Southeast Asia
- South America
- India

Caprolactam and Resins Volumes

2007

2010

60%+ CAGR
Resins & Chemicals Manufacturing Footprint

Raw Materials
- Sulfur
- Phenol
- Natural Gas

Hopewell, VA Plant
- World’s largest single-site producer of caprolactam and ammonium sulfate fertilizer
- Running plants at capacity

Chesterfield, VA Plant
- Largest U.S. site for Nylon 6 production
- Resins in wide range of viscosity and specifications

Aegis® Nylon 6 Resins

Sulf-N® Ammonium Sulfate Fertilizer
Nadone® Cyclohexanone Naxol® Cyclohexanol
Flake and Molten Caprolactam

Significant Operational Experience
Making Plants More Efficient

Driving Hopewell STRAP

- Structured work process to identify, inspect and repair critical equipment
- Enables safe, sustainable operations by addressing keys to unplanned outages
- Risk Priority Number (RPN) drives prioritization
  - RPN = Probability * Frequency of Occurrence * Severity

Enhanced Plant Performance

Cross functional improvement path drives step change performance

Leveraging Process Technology

- Improved process fundamentals and on-line process analytics drive yield benefits
- Integrated process modeling and simulation enables real-time optimization
- Future India lab pilot plant capability supports process scale-up

Driving Operations Excellence
Plant Performance Example – ‘09 vs. ‘10 Results

Hopewell, VA Plant

Production Rate

Caprolactam

Up 8%

Ammonium Sulfate

Up 12%

Yield

Defects

Down 1%

Energy Usage

Down 6%

Conversion Cost

Down 8%

Utilities

Down 15%

Driving Increased Competitive Advantage
New Product Example – Sulf-N® 26 Fertilizer

Highlights

- Technology fuses ammonium nitrate (a fertilizer and explosive) with ammonium sulfate (a fertilizer and fire retardant)
- Non-detonable, significantly reduced explosive potential
- Much harder to weaponize -- is less effective than sugar or sawdust
- Only fertilizer awarded SAFETY Act Designation by U.S. DHS
- Desirable form of nitrogen (nitrates) and provides superior yields in crops, fruits and vegetables
- Advanced discussions with demonstration plant partner in the U.S.
- Active global partnering effort

Superior Performance With Improved Safety
New Product Examples

**Fishing Filament Applications**

- Fishing line and nets
- Asia-for-Asia application development
- Global cross-functional team (China/India/SE Asia/ U.S.)
- Formulation designs based on customer’s CTQ’s / QFD’s
- Engineering resin to be transparent, more flexible and to boost viscosity
- Qualified new 1st generation offering at 25 customers in Asia and South America

**Lubricated Nylon**

- Designed for engineering plastics applications in U.S., Southeast Asia India and re-export China markets
- Optimizing resins to meet Asia filament customer requirements:
  - Reduce cycle time
  - Higher heat resistance
  - Higher strength
- Leveraging Shanghai labs, expanding to new India labs

Driving Above Market Growth
Summary

• Global Business, Strong Growth in China
• Well Positioned in Key Nylon Materials
• Market Tightness to Continue
• Driving Superior Plant Performance
• Expanding Global R&D
• Driving New, Higher Value Product Launches
Fluorine Products
Terrence Hahn
Vice President, General Manager
Energy Efficiency And Environmental Compliance

Current Generation

- Montréal Protocol Compliance
- Insulation and Energy Efficiency
- Differentiated Safe Delivery

Next Generation

- Kyoto Protocol / Global Warming Reduction
- Mobile and Stationary Air Conditioning
- Aerosols / Solvents / Blowing Agents

New Applications / Adjacencies

- Downstream Value Chain growth
- Energy Efficiency Solutions

Built On Fluorine Technology Expertise

World-Class Research Base

Buffalo, NY
Shanghai, China
Delhi, India

Innovation Leadership

- Patents: Comprehensive Position
- Technology: Proven Processes and Know-how
- Best People:
  - Industry Experts
  - Perkin Medal Award Winner
Market Focused And Customer Value Driven

Structural Enclosures
Heat Transfer / Refrigerants
Nuclear Energy
Industrial Process Aids

Fluorine Products Portfolio

Increasing Earnings And Margin

2010 Revenue Estimate: ~$1B

Operating Income $:

2007 + 2.3%
2008 + 4.0%
2009 + 1.2%
2010E
Materials Evolution...

CFCs → HCFCs → HFCs → LGWP

- CFCs: Excellent Performance, Ozone Depletion Potential, Very High Global Warming Potential
- HCFCs: Excellent Performance, Reduced Ozone Depletion Potential, High Global Warming Potential
- HFCs: Excellent Performance, Zero Ozone Depletion Potential, High Global Warming Potential
- LGWP: Excellent Performance, Zero Ozone Depletion Potential, Low Global Warming Potential

Higher Requirements = Higher Technology
Driven By Regulation...

Montreal Protocol / Ozone Depletion Concerns

- CFCs
  - Excellent Performance
  - Ozone Depletion Potential
  - Very High Global Warming Potential

- HCFCs
  - Excellent Performance
  - Reduced Ozone Depletion Potential
  - High Global Warming Potential

- HFCs
  - Excellent Performance
  - Zero Ozone Depletion Potential
  - High Global Warming Potential

- LGWP
  - Excellent Performance
  - Zero Ozone Depletion Potential
  - Low Global Warming Potential

New Product Creation Critical To Success
... Allows Honeywell To Remain A Leader

CFCs
Fragmented Industry Participants
Low Barriers to Entry

HCFCs
Many Industry Participants
Low Barriers to Entry

HFCs
Several Industry Participants
High Technology Needed
Intellectual Property Critical

LGWP
Select Industry Participants
Higher Technology Needed
Intellectual Property Critical

Only Most Capable Companies Able To Meet Need
Leading Supplier To HVAC / Refrigeration Industry

Residential
- Residential Whole House
- Window Unit

Commercial
- Packaged Rooftop
- Packaged Terminal A/C

Refrigeration
- Supermarket & Deli Cases
- Supermarket Freezer Cases

HVAC Refrigerant Conversions

- Broadest Range of Refrigerants for Diverse Applications
- Demand Drivers:
  - US Conversion to 410A
  - Increasing Penetration of Air Conditioning in Asia
- Carrier / Haier Supplier Awards
- Market Development with HON ACS

HON HVAC Refrigerant Revenue

- Americas 60%
- Japan 15%
- China 13%
- Asia Other 4%
- Europe 8%

*Source: American Chemistry Council

2010 Estimate

Technology Shift Drives Growth
Insulation And Energy Efficiency Specialists

**Market / Demand Growth**

- US Housing Starts
- Refrigerator Shipments
- HON Foam Volume

**Superior Insulation**

- 2X Better Performance than Fiberglass

**Enablers**

- NA Patent Position for Blowing Agent
- Applications and Process Technology
- Energy Star Requirements

**Technology Trumps Recession**

- Demand drivers:
  - Energy Efficiency Drives Demand for Superior Insulating Materials
  - Increasing Penetration of HON Closed-cell Insulations Replacing Alternatives

(1) Source: American Chemistry Council
(2) Source: The Association of Home Appliance Manufacturers
Next Generation Low-Global-Warming Auto Refrigerant

**Opportunity**

- **Global Light Vehicle Builds (M)**
  - 2010E: 66.9
  - 2019E: 94.8

**Auto OEM Acceptance**

- Global Warming Potential of 4 vs. 1430
- Comparable Cooling Efficiency
- Near Drop-in Replacement
- SAE International Tested / Recommended
- Access with HON Turbo Relationships

**New Regulation**

- **Europe**: New Vehicle Types to Use Refrigerants with GWP Below 150
- **US**: Trade-off with CAFE Tailpipe Emission for LGWP Refrigerant Replacement

**Customer Wins / Interim Supply**

- Joint Technology Development for OEMs
- Shared Investment for Manufacturing
- Supply of Product to Begin 4Q 2011

*Source: Global Insight

**Growing With New Air Conditioning Segment**

First OEM Contract
Next Generation LGWP Solution Attributes

**Blowing Agents**

- **Environment:** GWP of 7 vs. 1030
- **Performance:** Improved Energy Efficiency
- **Safety:** Non Flammable
- **Cost-to-Serve:** Near Drop In Replacement

**Aerosol**

- **Environment:** GWP of 6 vs. 1430
- **Performance:** Meets all Requirements
- **Safety:** Non Flammable
- **Cost-to-Serve:** Economic in Use Today

**Stationary Air Conditioning**

- **Environment:** +50% GWP Reduction
- **Performance:** Same Energy Efficiency
- **Safety:** Safer than Hydrocarbons
- **Cost to Serve:** Solutions by Application

**Comprehensive Pipeline Across Broad Applications**
**Strong Positions From Differentiated Capabilities**

### Differentiated Capabilities

<table>
<thead>
<tr>
<th>Hydrofluoric Acid</th>
<th>Refineries</th>
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<tbody>
<tr>
<td>• Fleet Safety</td>
<td></td>
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<tr>
<td>• Technical Service</td>
<td></td>
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<tr>
<td>• Customer Training</td>
<td></td>
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<tr>
<td><strong>Boron Trifluoride</strong></td>
<td></td>
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<tr>
<td>• Delivery Safety</td>
<td></td>
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<tr>
<td>• High Purity</td>
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<td>• Sole U.S. Plant</td>
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<thead>
<tr>
<th>Uranium Hexafluoride</th>
<th>Nuclear Power</th>
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<tbody>
<tr>
<td>• Unique Chemistry</td>
<td></td>
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<tr>
<td>• NRC Licensed</td>
<td></td>
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<tr>
<td>• Sole U.S. Converter</td>
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### High Value End Markets

- Electronic
- Synthetic Lubricants
- Nuclear Storage
- Nuclear Power

*Allows Honeywell To Serve High Value Segments*
Market Expansion Opportunities

**Downstream Value Growth**

- Levers Material and Applications Skillset
- Honeywell Branded End Use Offerings
- Market Penetration with HON ACS

**Market Driven Energy Solutions**

- Energy Efficient Temporary Structures
- Improved / Safer Soldier Environment

**Heat Recovery Solution**

- Efficiently Recovering Waste Heat
- No Greenhouse Gas Electrical Power

*From Ingredient Supplier To Solutions Provider*
Honeywell Fluorine Products

- Value Creating Portfolio Of Energy Efficiency And Environmental Compliance Solutions
- Technology Leadership Enables Growth And Profitability
- Market And Application Depth For Next Generation
- Committed To Current And Future Needs of Core Markets and Expanding with New Solutions