

Electrical Products Group

Dave Cote
Chairman and CEO

Longboat Key, Florida
May 17, 2010

Honeywell

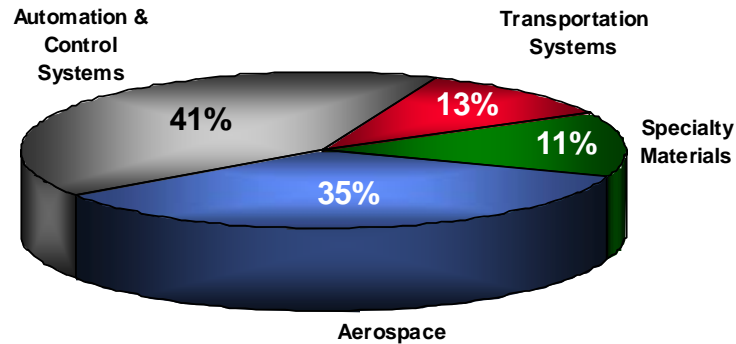
Forward Looking Statements

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 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.

Honeywell Today

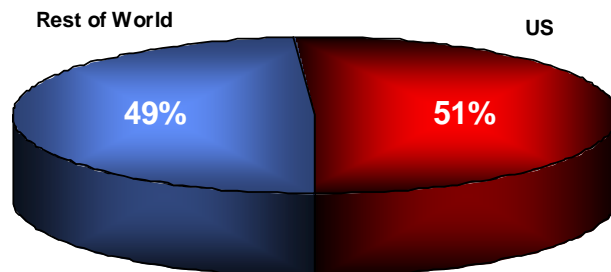
2009 Sales: \$30.9B



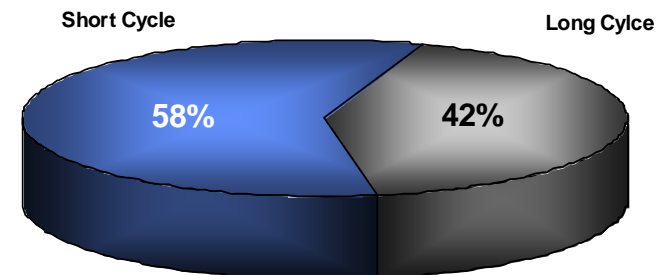
Recent Highlights

- **Performed Well In Downturn**
 - Great Positions In Good Industries
- **Disciplined Cost Focus**
 - Resources More Effective
- **Continued Seed Planting**
 - Winning Share with New Products & Technologies

Global Footprint



Portfolio Mix



Balanced, Global Portfolio

Overview

- **Strong Performance Track Record**
 - Performed Well In Last Recovery
 - Performed In This Recession
- **1Q Represents Great Start to 2010**
 - Strong Operating Margin Leverage
 - Growth In Earnings (Ex-Pension)
- **Continued Seed Planting**
 - New Products, R&D Investments
 - Key Process Enablers
 - Geographic Expansion
- **Outlook Through 2014 Is Very Bright**
 - Leveraged To Favorable Macro Trends
 - Strong Franchises In Growing Markets

Financial Summary

Honeywell

<i>(M)</i>	<u>1Q09</u>	<u>1Q10</u>	
Sales	\$7,570	\$7,776	<ul style="list-style-type: none"> • 3% Increase <ul style="list-style-type: none"> ◆ 3% F/X
Segment Profit	\$876	\$1,036	<ul style="list-style-type: none"> • 18% Increase <ul style="list-style-type: none"> ◆ ACS +200 bps ◆ TS +1000 bps ◆ SM +300 bps
<i>Margin %</i>	<i>11.6%</i>	<i>13.3%</i>	
Net Income	\$397	\$386	<ul style="list-style-type: none"> • 3% Decline
<i>Attributable to Honeywell</i>			
EPS	\$0.54	\$0.50	<ul style="list-style-type: none"> • 7% Decline <ul style="list-style-type: none"> ◆ 21% Increase Ex-Pension
<i>EPS, Ex-Pension</i>	<i>\$0.56</i>	<i>\$0.68</i>	
Free Cash Flow	\$232	\$673	<ul style="list-style-type: none"> • 174% Conversion <ul style="list-style-type: none"> ◆ 127% Ex Non-Cash Pension

Strong Earnings Growth Ex-Pension

2Q10 Preview

Honeywell

(\$B)	<u>Sales</u>	<u>Comments</u>
Aerospace	~2.5 – 2.6	<ul style="list-style-type: none">• Sequential Commercial Improvement• Defense Seasonal Uptick
ACS	~3.2 – 3.3	<ul style="list-style-type: none">• Short Cycle Upturn Continues• Acq. +1% Estimated Impact
Transportation	~0.9 – 1.0	<ul style="list-style-type: none">• EU LV Production ~ Flat To 1Q• F/X Flat To Prior Year
Specialty	~1.1 – 1.2	<ul style="list-style-type: none">• Continued End Market Improvement• Formula Pricing +4% Estimated Impact

2Q10 Sales ~\$7.8B - \$8.1B, Up 3-7%
EPS \$0.53 – \$0.57

2010 Financial Guidance Summary

Honeywell

Consolidated (\$B)	2010 Financial Outlook	Growth 2010E vs. 2009
↑ Revenues	\$ 31.5 - 32.3	1% - 4%
↑ Segment Margin	13.6% - 13.9%	30 - 60bps
↑ EPS	\$ 2.30 - 2.45	(14)% - (19)%
EPS, Excl. Pension*	\$ 3.07 - 3.22	4% - 9%
↑ Free Cash Flow	\$ 2.8 - 3.1	(7)% - (16)%
Conversion	~ 150%	

* Pension Expense Excluded from 2009 and 2010E

Low End

- Slower Aero Recovery
- Supplier Readiness
- Material Inflation, F/X

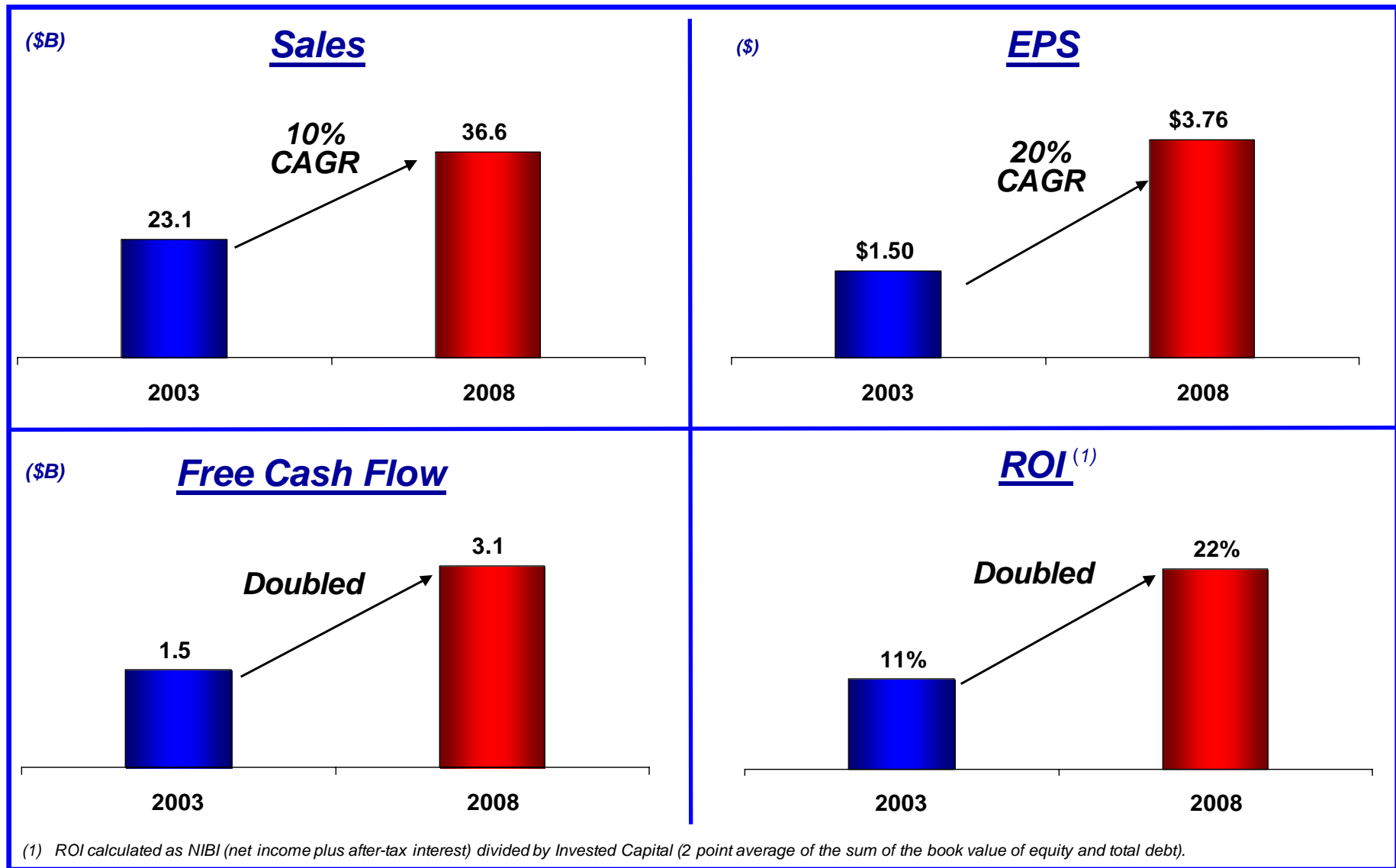
High End

- + Larger Volume Rebound
- + New Products / EM Penetration
- + Greater Indirect and Labor Savings

1Q Strength Reflected In Current FY Outlook

Financial Track Record 2003-2008

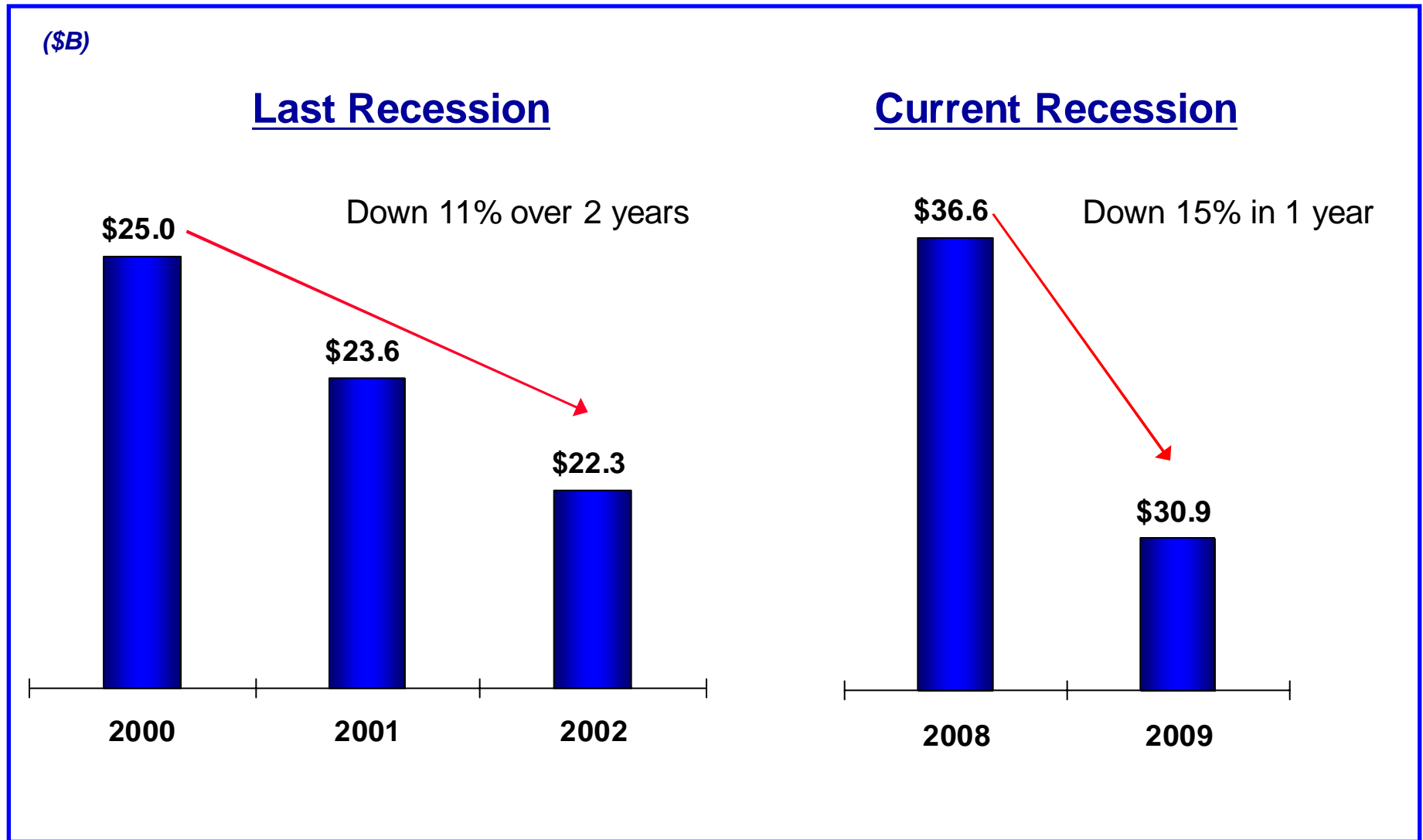
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Executed Well

Sales

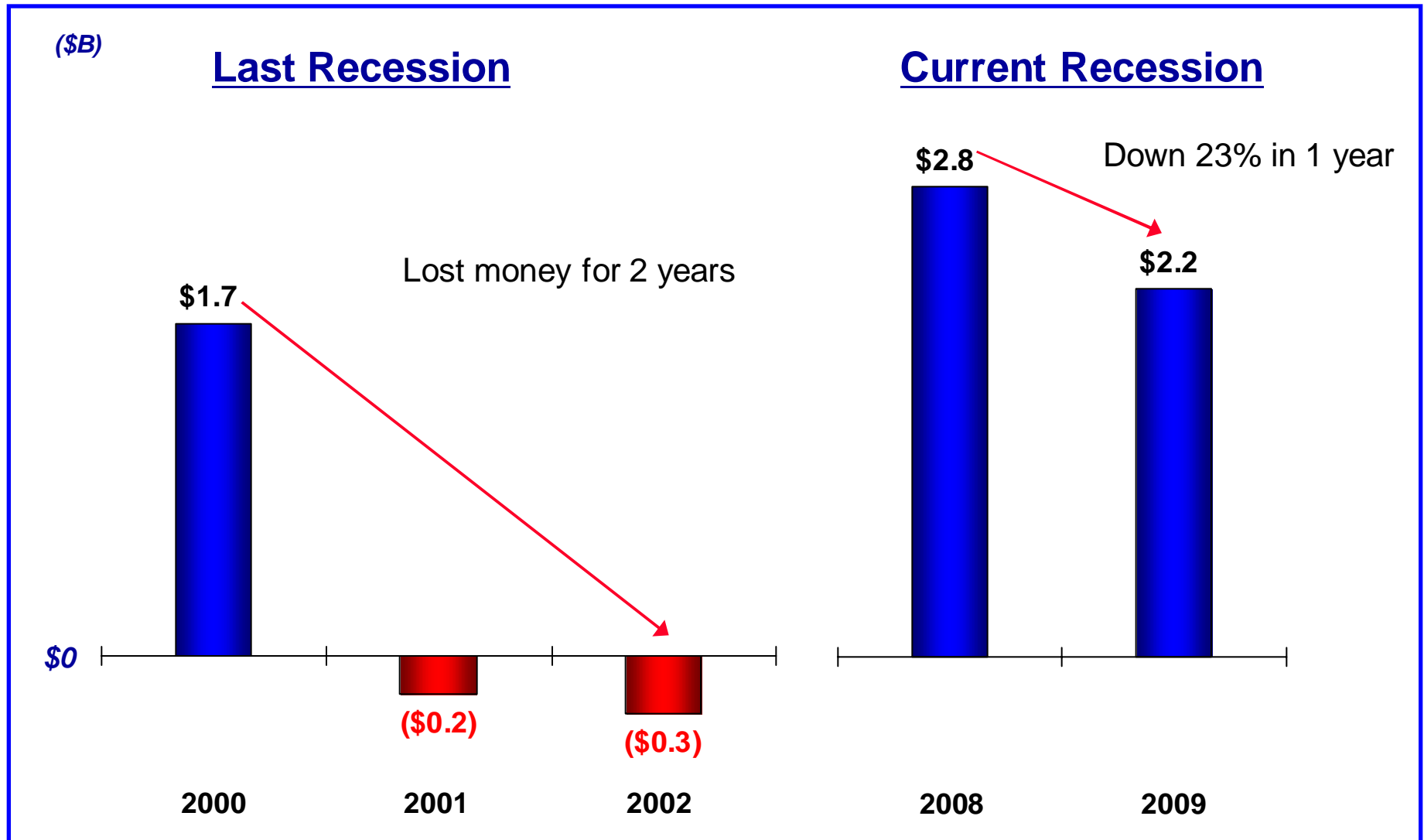
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Much Bigger And More Precipitous Decline This Recession

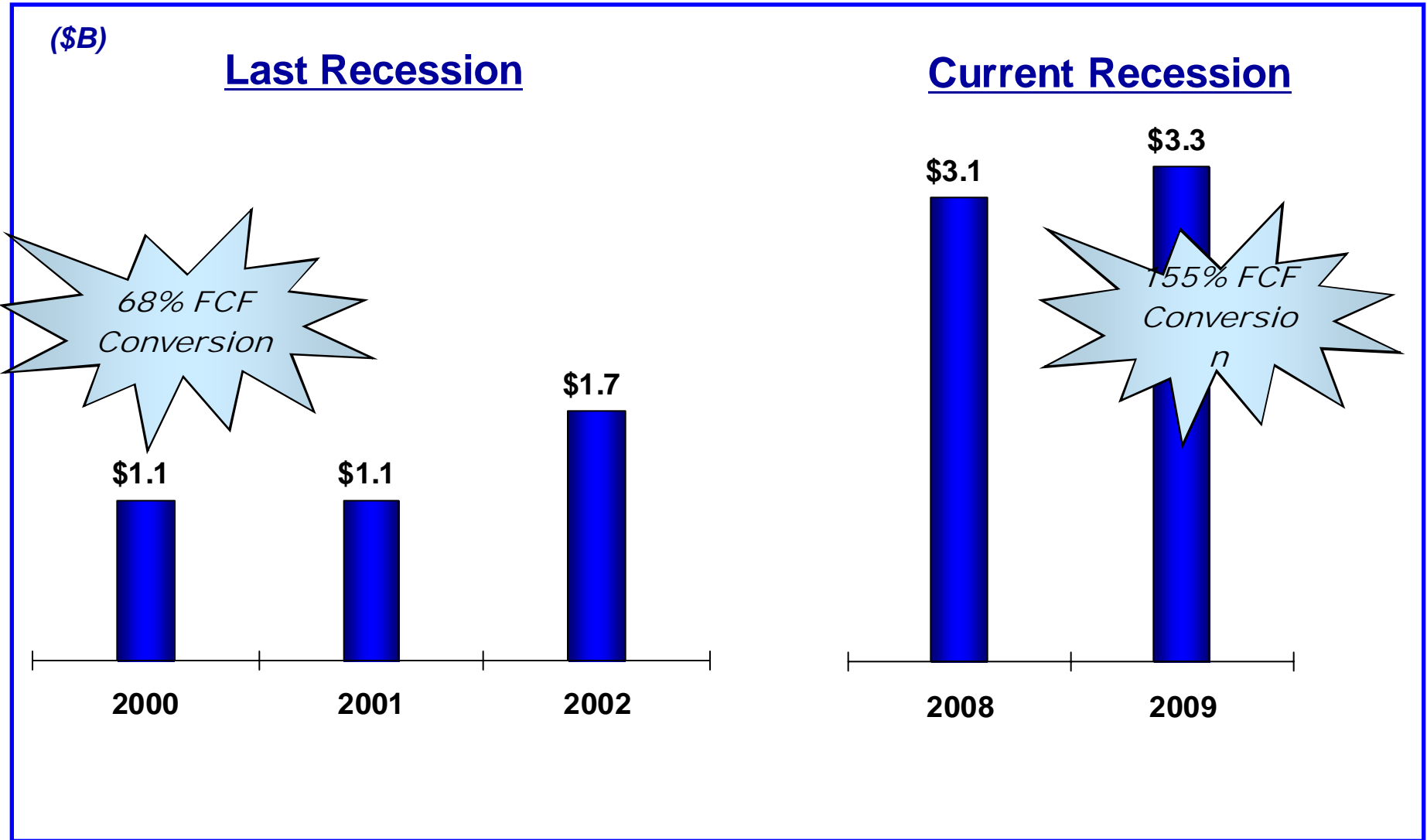
Net Income

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Much Stronger Performance Than Last Recession

Free Cash Flow



Vastly Different Performance

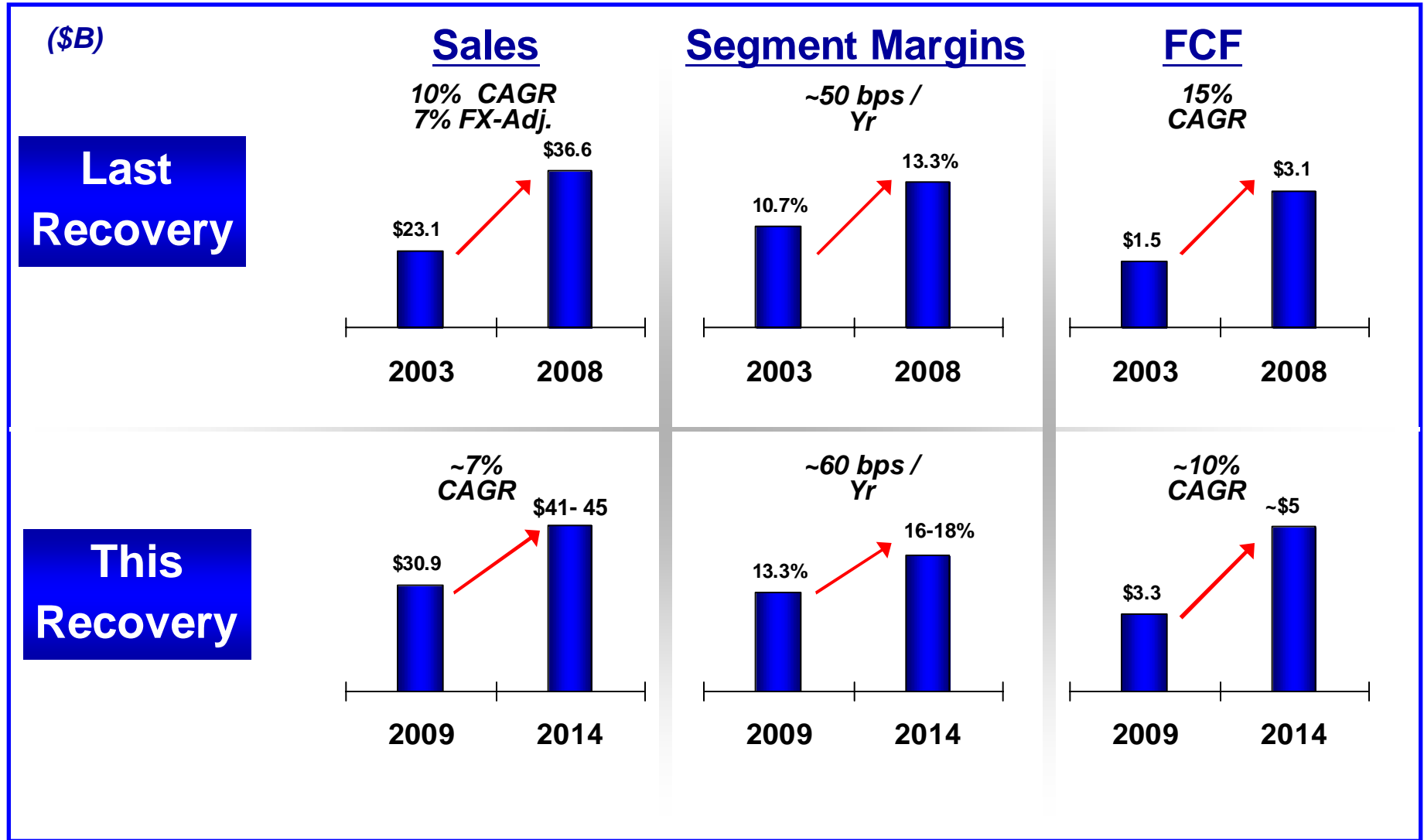
Why?

Honeywell

- **Great Positions In Good Industries**
 - Proven Robust M&A Process
 - Differentiate With Technology
- **One Honeywell Culture**
 - Leadership Development
- **Five Initiatives**
 - Growth, Productivity, Cash, People, Enablers
- **Seed Planting Continued**
 - Robust New Product Pipeline
 - Geographic Expansion

A Much Better Company

How Good Can It Be...



Just Same Performance Yields Great Results ...

Base For Recovery

Honeywell

Last Recovery

- Few New Products...Cupboard Bare
- Global Presence Retrenched
- Directionless
- Fiefdoms
- Living for the Quarter
- M&A Source of Write-Offs
- Customer an Afterthought
- Aero Execution Weak
- ACS Stagnant
- SM Portfolio Bifurcation
- Turbo Diesel Focus

This Recovery

- Lots of New Products
- Accelerating Global Expansion
- Five Initiatives
- One Honeywell
- Short Term And Long Term Focused
- Robust Proven Acquisition Process
- Customer Centric
- Aero Winning With Customers
- ACS Invigorated
- Specialty Materials Growing Margins
- Turbo Win Rates

... And We're Building From A Much Better Base ...

Cash Flow Outlook

**2010 – 2014 Cumulative
Free Cash Flow**



~\$18 – 20B

Effective Deployment

- **Dividends**
- **Share Repurchase**
- **Acquisitions**
- **Debt Reduction**

... With Lots Of Cash To Add Value

Growth And Productivity Drivers

Honeywell

- **Favorable Macro Trends**
 - *Energy Efficiency, Safety & Security, Globalization*
- **Commercial Excellence Focus**
 - *Gaining Traction*
- **R&D Effectiveness**
 - *Enabling Differentiation, Velocity Product Development™ (VPD)*
- **Strong New Product Pipeline**
 - *Share Gains And Value Pricing*
- **Investing In High Growth Markets**
 - *China, India – A Much Bigger Opportunity*
- **Managing Cost Base And Census**
 - *Preserved Industrial Base, Organization Effectiveness (OEF)*
- **HOS Building Momentum**
 - *Productivity Gain With Bronze*
- **Smart Acquisitions**
 - *First Class Track Record*

HON Playbook Working...

Favorable Macro Trends

Honeywell

Energy Efficiency



Safety & Security



Globalization



Key Trends

- Legislation / Funding
- Reducing Energy / Maintenance Costs
- Comfort, Convenience, Health
- Health & Safety Regulations
- Air Traffic Management
- Flight Safety Concerns
- Bigger Middle Class
- Growing Demand for Air Travel
- Global Demand for Refined Goods
- Urbanization

Key Products / Technology

- Smart Grid
- Green Fuels
- Turbochargers
- Air Traffic Mgmt Leader
- PPE / Gas Detection
- Homes/Buildings Safety Products
- Refinery Technologies
- Heavy Oil / Sour Gas
- Aerospace

HON Technologies Well Positioned

Commercial Effectiveness

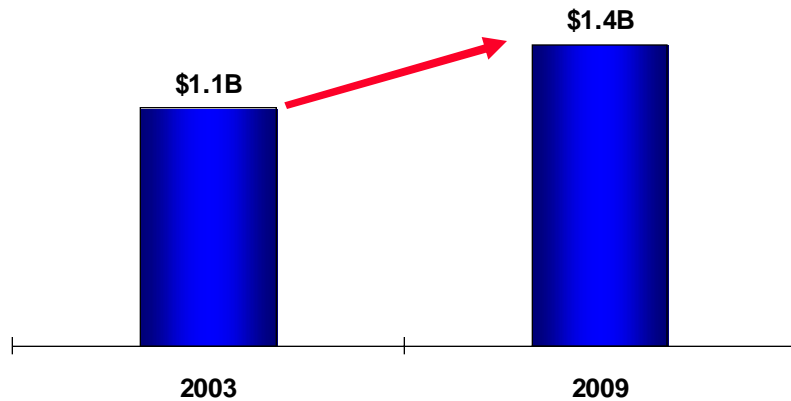
Honeywell

- **Relentless Focus On Customers**
 - Quality and Delivery Improved in Every Site
 - Implemented Effective VOC Process
 - Executing Well on New Programs
- **Sales Force Redeployment**
 - Driving Bigger Share of Demand
 - Growing Census in Growth Regions
- **Optimize Sales And Marketing “Bang For Buck”**
 - Value-based Pricing
 - Reduce Cost to Serve

Will Drive Greater Share ... And Margins

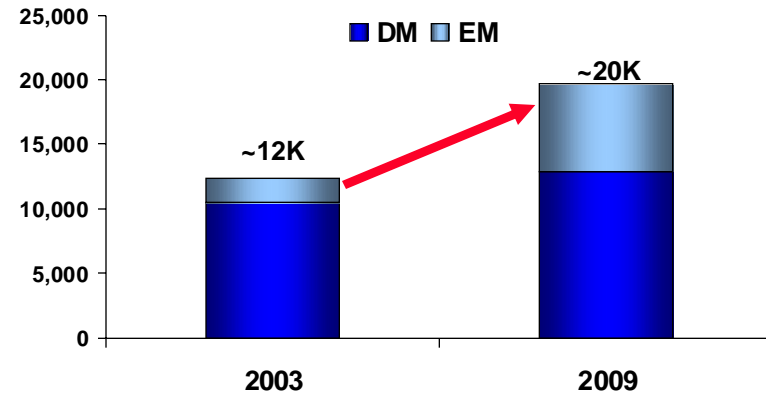
Expanding R&D Capabilities Globally

RD&E Spend



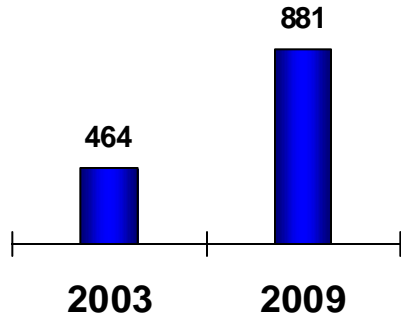
Spend Up 26%

Census

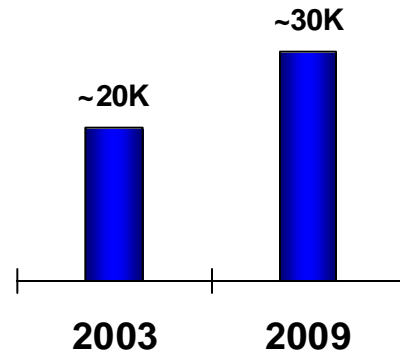


Resources Up 59%

New Patents



Patent Base



Effectiveness

- Velocity Product Development TM
- Avionics Modernization
- Platform Strategy in Every SBG
- CMMI → 50% Software Focused

More Resources + More Effective → More New Products

Plethora Of New Technologies

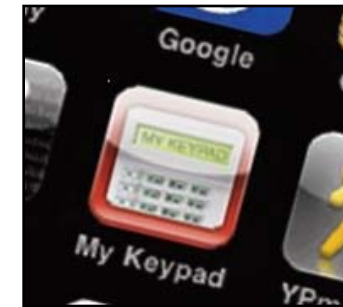
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2010 - 2014

- Wireless Technology

- Applications Enhance Productivity and Safety
- Enabling New Market Opportunities

\$2B+



- Bio Renewables Process Technology

- Honeywell Green Diesel™ and Honeywell Green Jet Fuel™
- Conversion of Waste Plant Materials to Fuels

\$0.4B+



- Smart Grid

- Integrates Energy Efficiency Systems
- \$100M Department of Energy Grants

\$1B+



Winning Through Innovation

...In Every Business

Honeywell

- LGWP

2010 - 2014

- Low Global Warming Fluids for Refrigeration, A/C and Foaming Agents
- Regulations Driving Acceptance of 1234yf for Auto Air Conditioning

\$0.7B+



- New Air Traffic Management And Flight Safety

- Increasing Flight Efficiency
- Flight Safety Enhancements

\$2B+



- Turbochargers

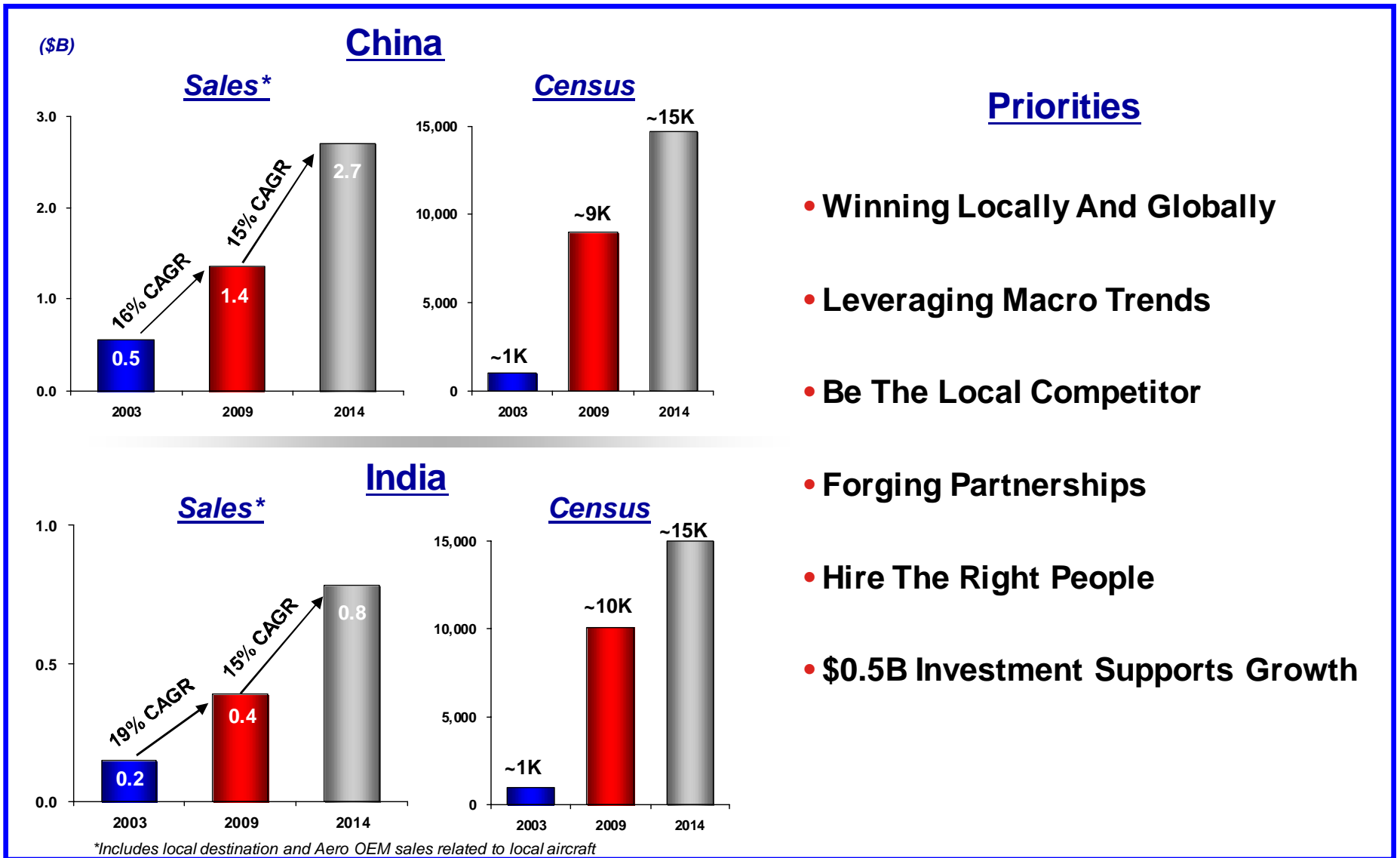
- Lower Emissions
- ~20% Better Fuel Economy
- Penetration into Gasoline Engines

\$10B+



Winning Through Innovation

China And India Lead Emerging Region Growth

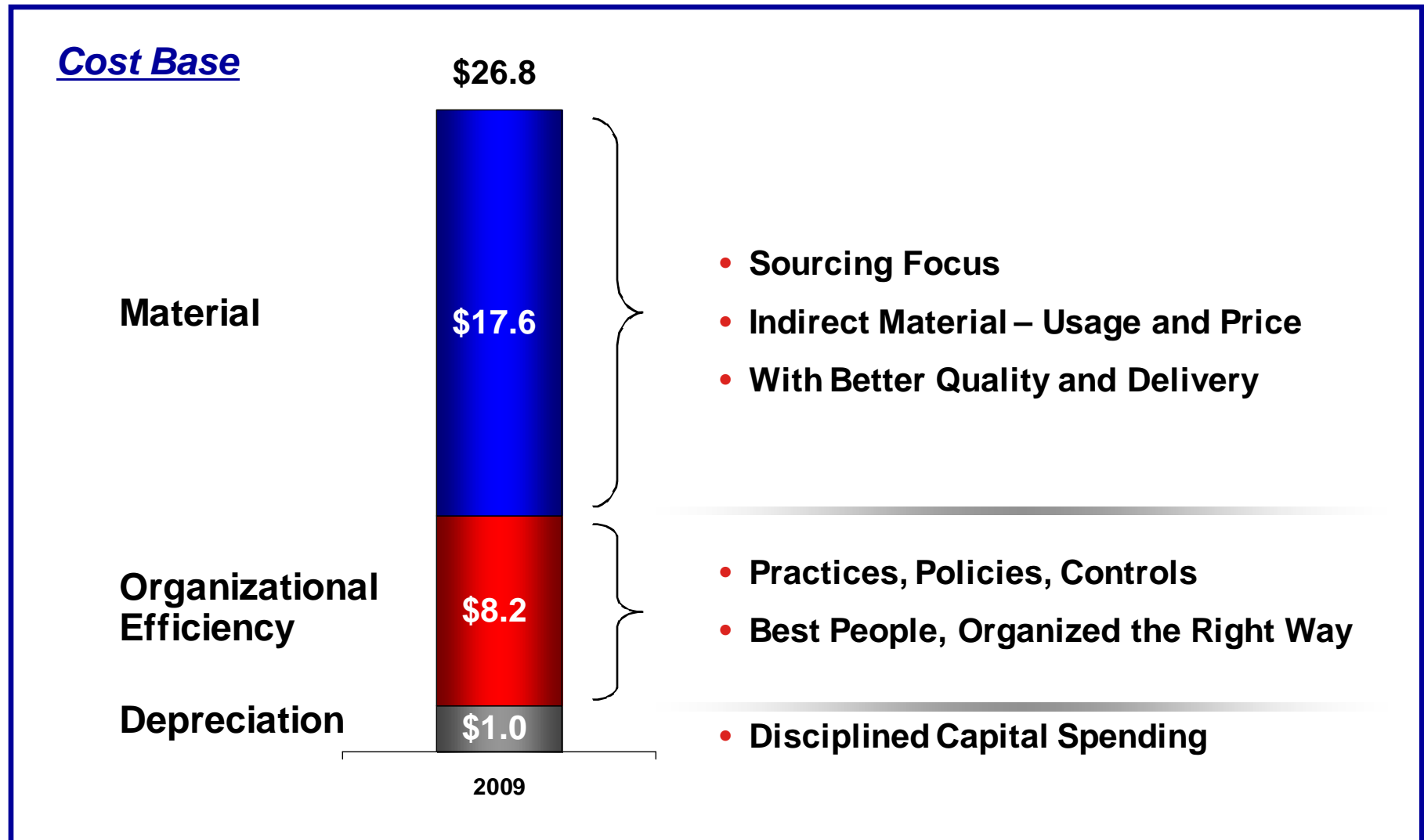


Priorities

- Winning Locally And Globally
- Leveraging Macro Trends
- Be The Local Competitor
- Forging Partnerships
- Hire The Right People
- \$0.5B Investment Supports Growth

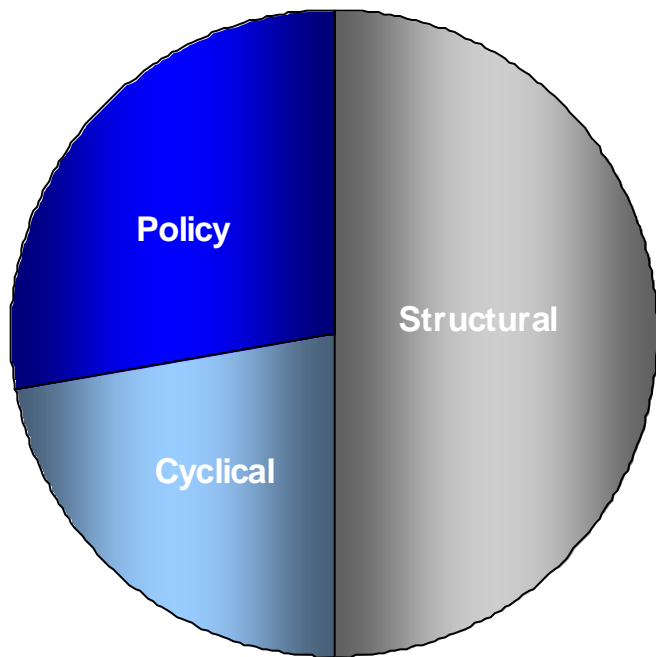
Establishing Strong And Rapidly Growing Presence

Managing Our Cost Base



Built Into HON's Management System

2009 Productivity Actions



Includes ongoing cost take-out from 2009 actions

Structural

- **\$900M+ Reduction**

- Repositioning Benefits
- Consolidated 117 Rooftops
- \$300M+ Permanent Indirect Cost Take-out

Cyclical

- **\$400M+ Reduction**

- Volume-Related
- Significant Indirect Spend Reduction

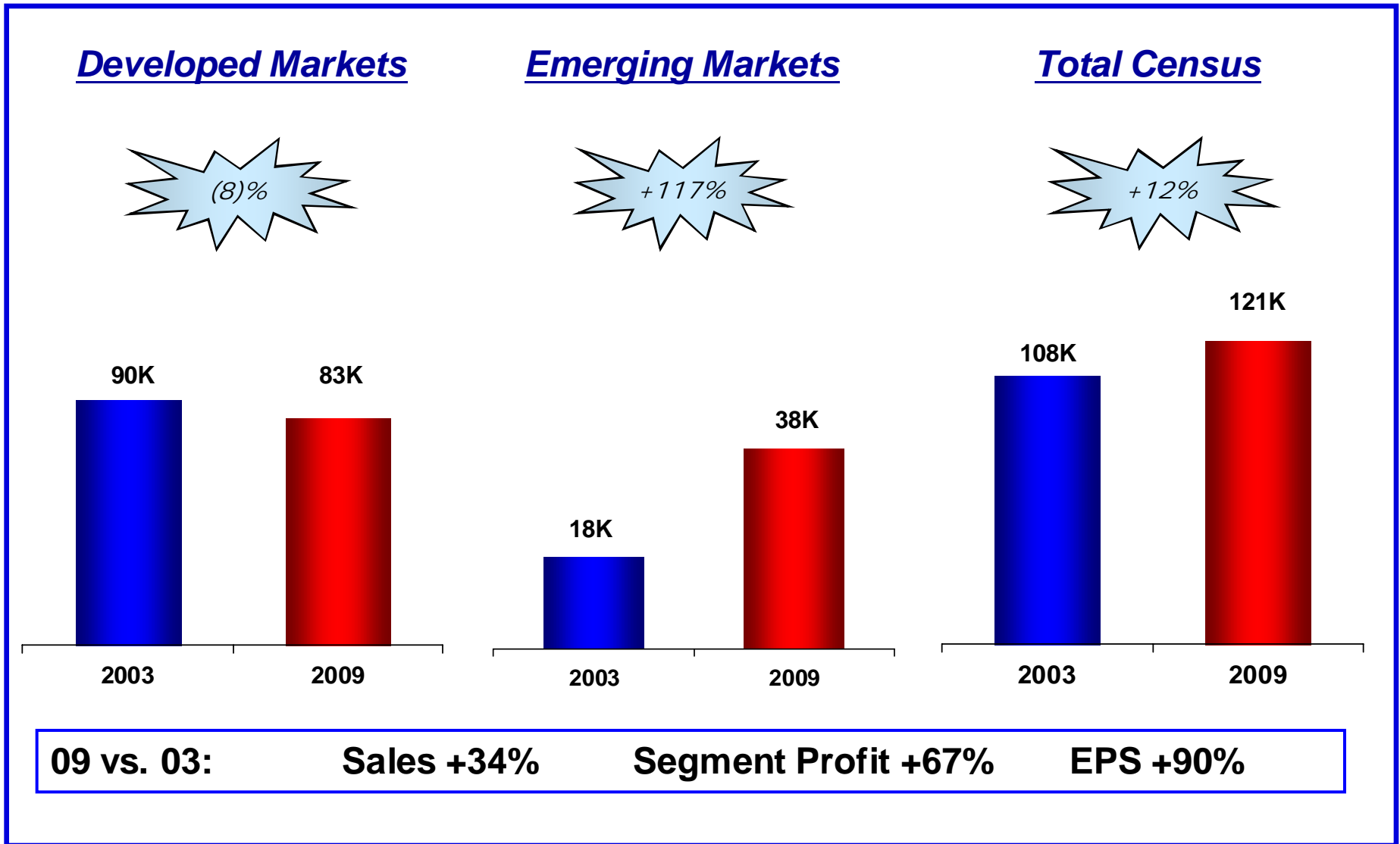
Policy Related Savings

- **\$500M+ Reduction**

- Furlough, Incentive Comp Main Drivers
- Partially Offset with Repositioning in 2010

Significant Permanent Cost Take-Out

Preserved Our Industrial Base



Judicious Management In Good Times And Bad

M&A Track Record

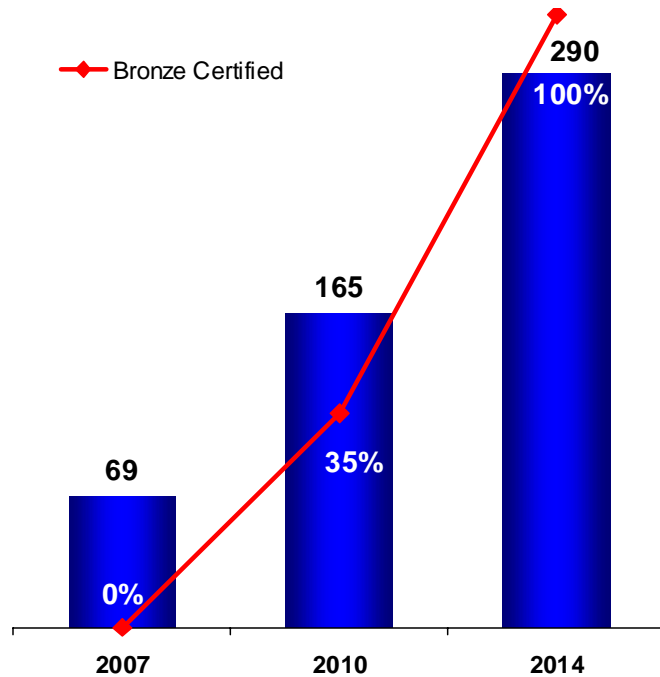
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- **2003-2009: 60 Transactions, ~\$6B Sales Acquired**
- **Significant Growth Platforms (Novar, UOP, Gas Detection, PPE)**
- **Disciplined Identification, Due Diligence, Valuation**
- **Highly Effective Integration Process**
- **Active Pipeline; Business Ownership**

Performance Outstripped Valuation Models

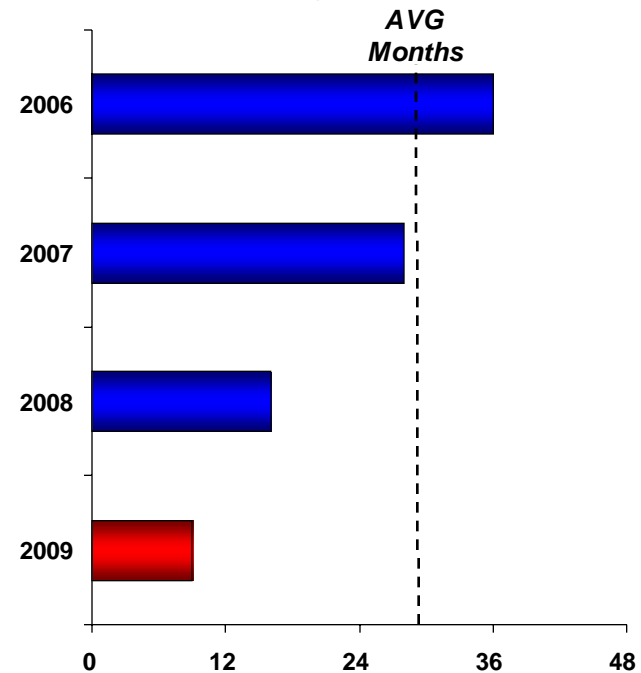
HOS Acceleration

HOS Productivity Savings



- 90% Sites Bronze By 2012
- Extend To Suppliers & Labs
- Quality & Reliability Differentiation

HOS Deployment Duration



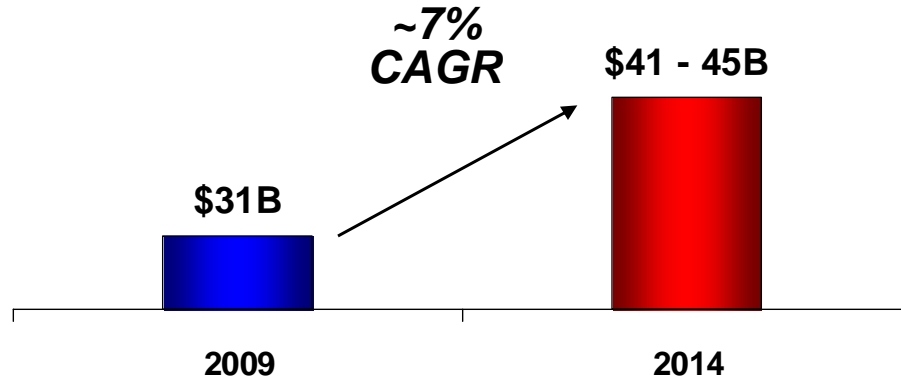
- Go Slow To Go Fast
- New Sites Have Strong Foundation
- All Start by 2011, Bronze by 2013

Building A 20 Year Competitive Advantage

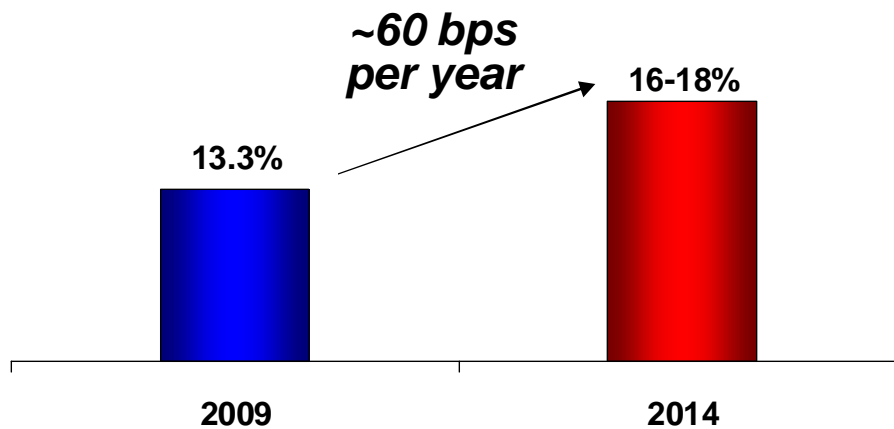
Long Term Growth And Profitability Outlook

Honeywell

5-Year Revenue Growth



5-Year Segment Margin Growth



Growth Factors

- **6-8%+ Growth Driven By**
 - New Products and Technologies (VPD™)
 - Favorable Macro Trends
 - Energy Efficiency
 - Emerging Region Penetration
 - Some Targeted Acquisitions
- **Strong Margin Expansion**
 - Improved Cost Structure
 - Volume Leverage
 - HOS, FT, Repo Contributions
 - Commercial Excellence

Achievable Path To Long Term Outlook

Roadmap To Long Term Value Creation

Honeywell

- **Great Positions In Good Industries**
 - Strong Global Franchises In Growing Markets
 - R&D Investment and VPD™ = Robust New Products
 - Emerging Regions Driving Growth
- **Path To Industry Leading Margins**
 - Structural Cost Takeout, Proactive Repositioning
 - Acceleration of HOS, Maturity of FT/ERP Investments
- **Continued Strong Cash Generation**
 - Key Enablers Drive Cash Firepower
 - Returns to Shareholders

We've Done It Before...

- **Great Start to 2010**
 - Notable Rates of Change in TS, SM, ACS Short-Cycle
 - Clear Evidence Things Getting Better
- **Increased Full-Year Guidance**
 - Continued Short Cycle Improvement
 - Strong Operating Leverage and Continued Margin Expansion
 - Good Earnings Growth (Ex-Pension)
- **Benefits of Seed Planting Continue**
 - Growth Investments, Key Initiatives, Repositioning

Bright Outlook For Honeywell

Appendix
Reconciliation of non-GAAP Measures
to GAAP Measures

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margin

Honeywell

(\$M)	<u>1Q09</u>	<u>1Q10</u>
Sales	\$7,570	\$7,776
Cost of Products and Services Sold	(5,756)	(5,982)
Selling, General and Administrative Expenses	(1,152)	(1,136)
Operating Income	<u>\$662</u>	<u>\$658</u>
Stock Based Compensation ⁽¹⁾	42	50
Repositioning and Other ^(1, 2)	117	146
Pension Expense ⁽¹⁾	26	200
OPEB (Income) Expense ⁽¹⁾	29	(18)
Segment Profit	<u>\$876</u>	<u>\$1,036</u>
Operating Income	\$662	\$658
÷ Sales	<u>\$7,570</u>	<u>\$7,776</u>
Operating Income Margin %	<u>8.7%</u>	<u>8.5%</u>
Segment Profit	\$876	\$1,036
÷ Sales	<u>\$7,570</u>	<u>\$7,776</u>
Segment Profit Margin %	<u>11.6%</u>	<u>13.3%</u>

(1) Included in cost of products and services sold and selling, general and administrative expenses

(2) Includes repositioning, asbestos, environmental expenses and equity income

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margin

Honeywell

(\$B)	2009	2010E
Sales	\$30.9	\$31.5 - \$32.3
Cost of Products and Services Sold	(23.2)	(24.4) - (24.8)
Selling, General and Administrative Expenses	(4.3)	(4.2) - (4.4)
Operating Income	<u>\$3.4</u>	<u>\$2.9 - \$3.1</u>
Stock Based Compensation ⁽¹⁾	0.1	0.1 - 0.2
Repositioning and Other ^(1, 2)	0.5	0.4 - 0.5
Pension and OPEB Expense ⁽¹⁾	0.1	0.9
Segment Profit	<u>\$4.1</u>	<u>\$4.3 - 4.5</u>
Operating Income	\$3.4	\$2.9 - \$3.1
÷ Sales	\$30.9	\$31.5 - \$32.3
Operating Income Margin %	<u>11.0%</u>	<u>9.2 - 9.6%</u>
Segment Profit	\$4.1	\$4.3 - 4.5
÷ Sales	\$30.9	\$31.5 - \$32.3
Segment Profit Margin %	<u>13.3%</u>	<u>13.6 - 13.9%</u>

(1) Included in cost of products and services sold and selling, general and administrative expenses

(2) Includes repositioning, asbestos, environmental expenses and equity income

Reconciliation of Free Cash Flow to Cash Provided by Operating Activities and Calculation of Cash Flow Conversion

Honeywell

(\$M)	1Q09	1Q10
Cash Provided by Operating Activities	\$341	\$743
Expenditures for Property, Plant and Equipment	(109)	(70)
Free Cash Flow	\$232	\$673
Cash Provided by Operating Activities	\$341	\$743
÷ Net Income Attributable to Honeywell	\$397	\$386
Operating Cash Flow Conversion %	86%	192%
Free Cash Flow	\$232	\$673
÷ Net Income Attributable to Honeywell	\$397	\$386
Free Cash Flow Conversion %	58%	174%

Reconciliation of Free Cash Flow to Cash Provided by Operating Activities and Calculation of Cash Flow Conversion

Honeywell

	2010E
(\$B)	
Cash Provided by Operating Activities	\$3.5 - \$3.8
Expenditures for Property, Plant and Equipment	~(0.7)
Free Cash Flow	\$2.8 - \$3.1
Cash Provided by Operating Activities	\$3.5 - \$3.8
÷ Net Income Attributable to Honeywell	~\$1.9
Operating Cash Flow Conversion %	~190%
Free Cash Flow	\$2.8 - \$3.1
÷ Net Income Attributable to Honeywell	~\$1.9
Free Cash Flow Conversion %	~150%

Calculation of Cash Flow Conversion, Excluding Pension Expense

Honeywell

	1Q10
(\$M)	
Net Income Attributable to Honeywell	\$386
Pension Expense, net of tax	142
Net Income Attributable to Honeywell, Excluding Pension	\$528
Free Cash Flow	\$673
÷ Net Income Attributable to Honeywell, Excluding Pension	\$528
Free Cash Flow Conversion %, Excluding Pension	127%

Reconciliation of EPS to EPS, Excluding Pension

Honeywell

(\$B)	<u>1Q09⁽¹⁾</u>	<u>1Q10⁽¹⁾</u>	<u>2009⁽¹⁾</u>	<u>2010E⁽²⁾</u>
EPS	\$0.54	\$0.50	\$2.85	~\$2.30 - \$2.45
Pension Expense	~0.03	0.18	0.10	~\$0.77
EPS, Excluding Pension	<u>\$0.56</u>	<u>\$0.68</u>	<u>\$2.95</u>	<u>~\$3.07 - \$3.22</u>

(1) Utilizes weighted average shares outstanding and the effective tax rate for the period.
 (2) Assumes weighted average shares outstanding of 780 million and a 26.5% effective tax rate for 2010 guidance.

Honeywell