

Barclays Capital Industrial Select Conference

Dave Anderson
Senior Vice President and CFO

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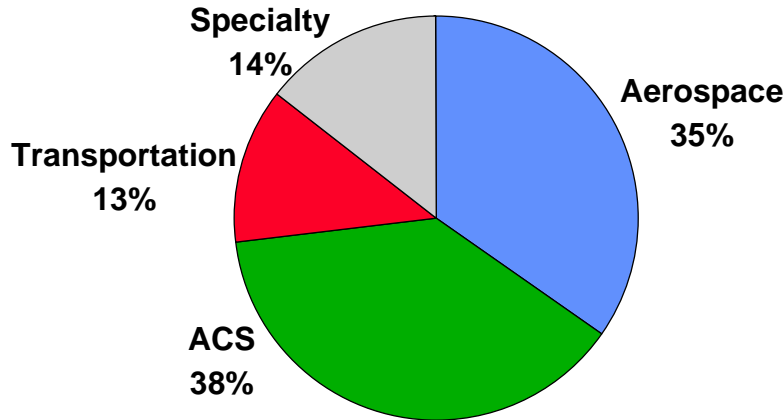
Honeywell

Forward Looking Statements

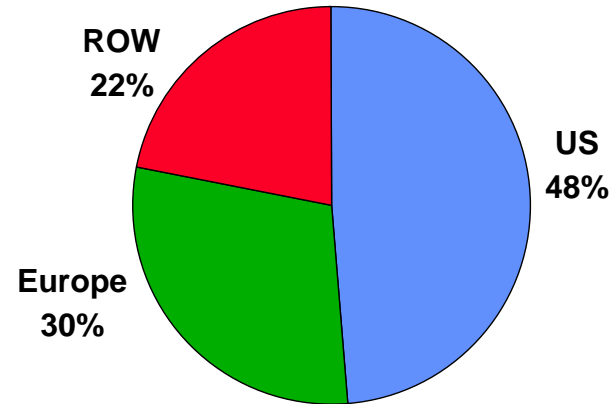
This report contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of fact, that address activities, events or developments that we or our management intend, expect, project, believe or anticipate will or may 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 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 Overview

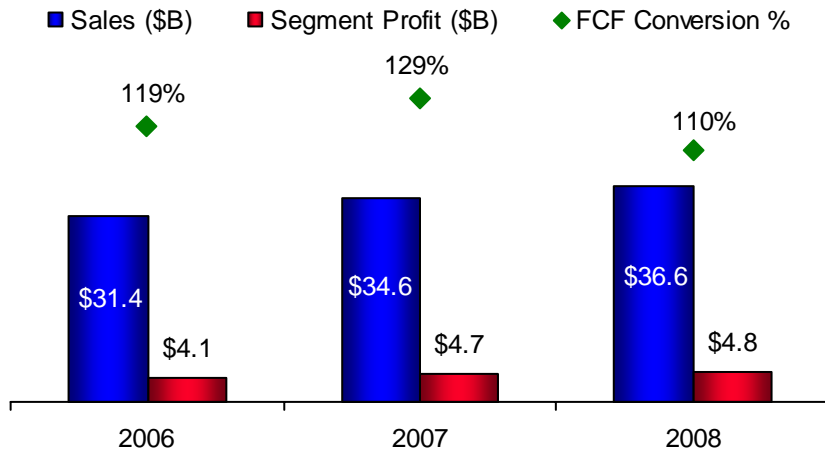
Segments



Geographic Mix



Financials



Key Initiatives

- Velocity Product Development™
- Honeywell Operating System
- Functional Transformation
- Acquisition and Divestiture Process

The New Honeywell

2008 Highlights

Honeywell

Multi-Year Contract Wins

- \$40B+ Aerospace Programs
- \$0.4B+ Building Efficiency Projects
- \$4B+ Turbo Platforms

Attractive New Products

- HTF 7500 Engine
- Wireless Sensing Technology
- UOP Heavy Oil Hydrocracking

Portfolio Management

- Norcross, Metrologic Acquisitions
- Consumable Solutions Divestiture

Effective Capital Deployment

- \$1.2B Acquisitions / Divestitures, Net
- \$1.4B Share Repurchases
- \$0.8B Dividends

Proactive Repositioning

- \$0.4B Actions (\$0.7B '06-'08)
- Funded Through Operations / Gains

Key Initiative Execution

- 70% Sites HOS Initiated
- ERP Progress / FT Savings
- VPD™ Contributions Increasing

Building Long-Term Value

Fourth Quarter 2008 Results

Honeywell

<i>(M)</i>	<u>4Q07</u>	<u>4Q08</u>	
Sales	\$9,275	\$8,712	<ul style="list-style-type: none"> • 6% Decline <ul style="list-style-type: none"> ◆ (4)% Organic ◆ 2% Acq. / Div. ◆ (4)% F/X
Segment Profit	\$1,274	\$1,160	<ul style="list-style-type: none"> • 9% Decline <ul style="list-style-type: none"> ◆ ACS + 110 bps ◆ TS (1030) bps
<i>Margin %</i>	<i>13.7%</i>	<i>13.3%</i>	
Net Income	\$689	\$707	<ul style="list-style-type: none"> • 3% Growth <ul style="list-style-type: none"> ◆ Repo. Offsets Taxes
EPS	\$0.91	\$0.97	<ul style="list-style-type: none"> • 7% Growth <ul style="list-style-type: none"> ◆ Lower Sharecount
Free Cash Flow*	\$1,130	\$1,093	<ul style="list-style-type: none"> • 155% Conversion

Good Performance In Tough Environment

Full Year 2008 Results

Honeywell

<i>(M)</i>	<u>FY07</u>	<u>FY08</u>	
Sales	\$34,589	\$36,556	<ul style="list-style-type: none"> • 6% Growth <ul style="list-style-type: none"> ◆ 2% Organic ◆ 3% Acq. / Div. ◆ 1% F/X
Segment Profit	\$4,654	\$4,845	<ul style="list-style-type: none"> • 4% Growth <ul style="list-style-type: none"> ◆ <i>Margin Expansion</i> ◆ <i>3 of 4 Segments</i>
<i>Margin %</i>	<i>13.5%</i>	<i>13.3%</i>	
Net Income	\$2,444	\$2,792	<ul style="list-style-type: none"> • 14% Growth <ul style="list-style-type: none"> ◆ <i>Including \$424M Repo.</i>
EPS	\$3.16	\$3.76	<ul style="list-style-type: none"> • 19% Growth <ul style="list-style-type: none"> ◆ <i>Lower Sharecount</i>
Free Cash Flow*	\$3,144	\$3,073	<ul style="list-style-type: none"> • 110% Conversion

Another Great Year

Developed Markets

- US GDP (3)% to (2)%
- EU GDP (2)% to (1)%

Global GDP
(1)% to 0%

Emerging Markets

- China GDP 5 to 6%
- India GDP 4 to 5%

Foreign Exchange

- EURO / USD \$1.25
- GBP / USD \$1.45

Commodities

- Nickel Down 80%+ From Peak
- Natural Gas Down 55%+ From Peak

Segment Margin

- + : Net Productivity, Repo Benefits
- - : Volume, FX
- 1H Comps Challenging

Free Cash Flow

- 100%+ Conversion
- Working Capital Contribution
- High Quality Earnings Stream

Macro Assumptions Supporting Outlook

Key Market Assumptions

Honeywell

Business	HON 4Q08	2009 Drivers	2009 Planning
AT&R	AM: 0% OE: 13%*	Flight Hours OE Deliveries	(2)% 0% to 5%
B&GA	AM: 3% OE: 16%	TFE Flight Hours OE Deliveries	(15)% (5)% to 0%
Defense	4%	DOD Budget	3%
ACS – Developed	2%	US/EU Housing Sales US/EU Non-Res Retrofit / Regulation Industrial Cap/Op Ex	No Recovery Downturn Stable Cautious
ACS – Emerging	16%	New Construction	Moderating
Turbocharging	(44)%	Europe Auto Production Europe Diesel Penetration Small Engine Shift	(20)% to (15)% (1) pts (4) pts
UOP	\$1.6B Backlog	Refining / Gas / Petrochem	Slowing

Challenging Market Conditions

2009 Financial Guidance Update

Honeywell

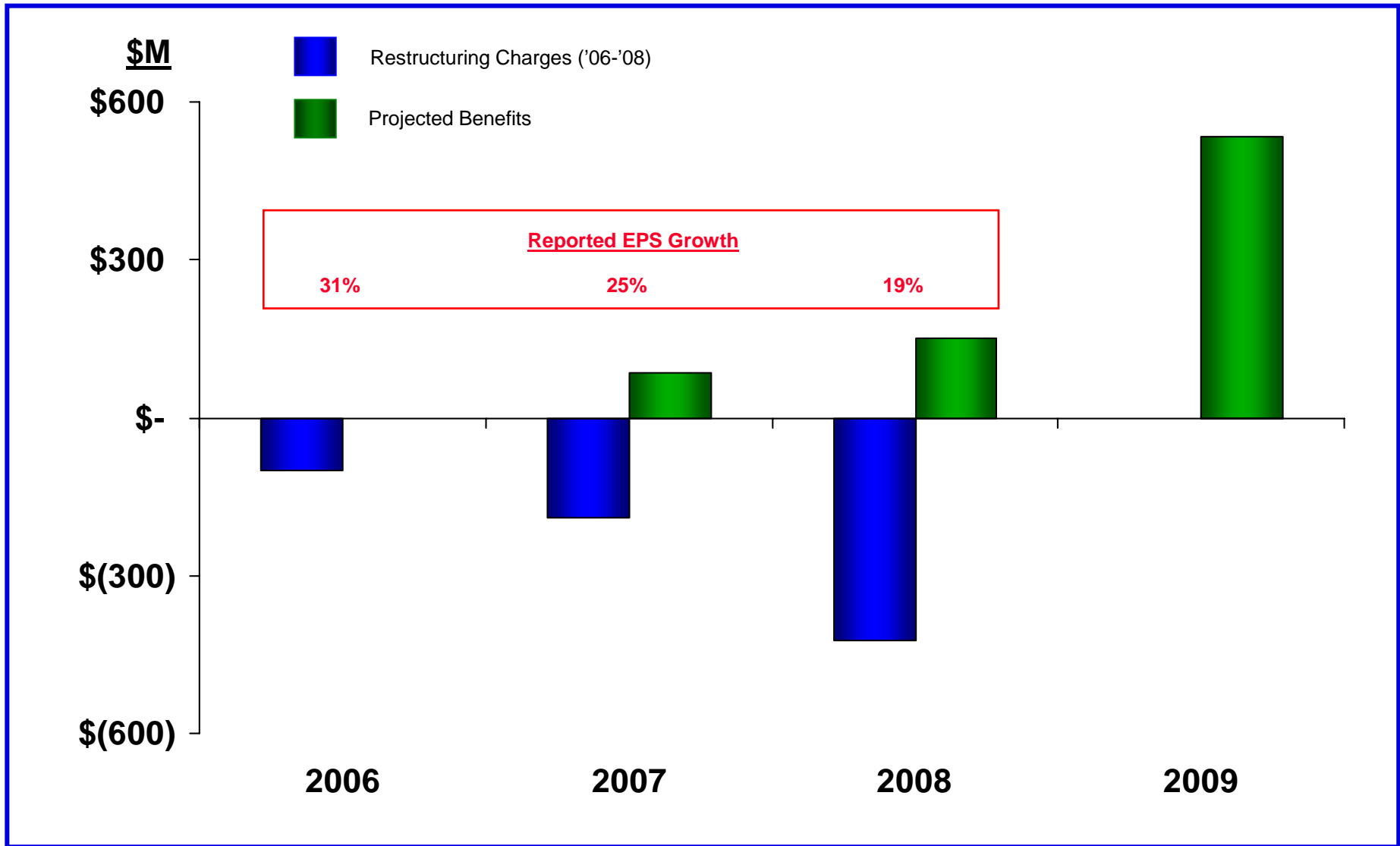
Consolidated (\$B)	2009 Financial Outlook	Growth 2009E vs. 2008E
Sales	\$ 33.6 - 35.3	(8)% - (4)%
<i>Organic (LCE)</i>		(4)% - 1%
Segment Profit	4.4 - 4.8	(8)% - 0%
<i>Segment Margin</i>	13.2% - 13.7%	(10) bps - 40 bps
Net Income	2.4 - 2.7	(14)% - (4)%
EPS	\$3.20 - 3.55	(15)% - (6)%
Free Cash Flow	>100% Conversion	

Status Since December 15 Guidance

- + Pension Plan Returns -29% vs. -33%
- + Euro ~\$1.30 Spot vs. \$1.25 Plan
- + ACS Performance
- + Commodity Costs
- + Productivity Savings
- Pension Discount Rate 6.95% vs. 7.5%
- China and India Slow-Down
- Commercial Aerospace Weakness
- Electronic Materials Demand
- Earnings and Cash Non-Linearity

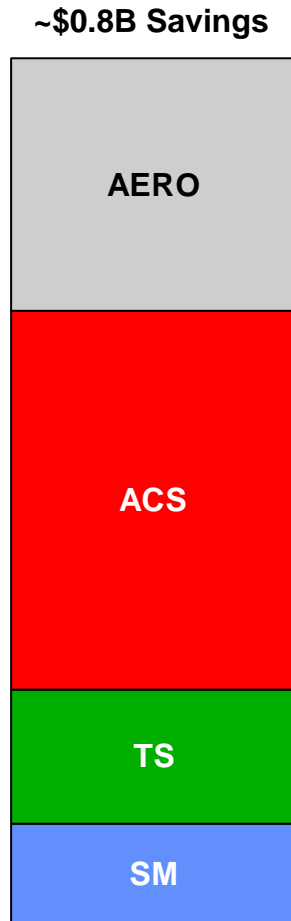
Fluid Economic Environment

Restructuring Benefits



Funded Through Operations / Gains

2009 Productivity Actions



Functional Transformation

- Targeting Functional Cost at 5.3% of Sales
 - 60% Total Sales on SAP
 - 40% Reduction in Supplier Base
 - Consolidating 75 Rooftops

Honeywell Operating System

- 80% Manufacturing Cost Base Initiated (~160 Sites)
 - 40 Sites Attain Bronze Certification
 - >95% Delivery to Customer Request
 - >15% Improvement in Inventory
 - >25% Reduction in Defects
 - Improved Safety Maturity

Repositioning Savings

- Benefits from \$0.7B Proactive Actions '06-'08
 - \$0.5B+ Savings in 2009
 - Fixed Costs Aligned With Slow Growth Environment

Projects Identified And Actionable

1Q09 Preview

Honeywell

<i>(\$B)</i>	<u>Sales</u>	<u>Comments</u>
Aerospace	~2.6 – 2.8	<ul style="list-style-type: none">• Acq. / Div. -4% Estimated Impact• OE Deliveries Decline• ATR Flight Hours -4%, TFE Hours -25%
ACS	~3.0 – 3.2	<ul style="list-style-type: none">• FX -12%, Acq. +8% Estimated Impact• Contribution from Acquisitions• Conversion of Solutions Backlog
Transportation	~0.7 – 0.8	<ul style="list-style-type: none">• FX -8% Estimated Impact• Continued Automotive Weakness
Specialty	~0.9 – 1.0	<ul style="list-style-type: none">• FX -2% Estimated Impact• UOP Catalysts Decline, Negative Mix• Continued R&C, EM Weakness

1Q09 Sales ~\$7.4B - \$8.0B
EPS \$0.50 – \$0.60

Honeywell Playbook - Sales

Honeywell

- **Delivery & Quality** → **HOS Toolkit**
- **Pricing** → **Advanced Analytics**
- **New Products** → **VPD™ Leverage**
- **Emerging Market Growth** → **Design / Source Locally**
- **Acquisition Leverage** → **Synergy Benefits**

Grow Faster Than Served Markets

Honeywell Playbook – Segment Profit

Honeywell

- FT / ERP → Project Execution
- HOS Deployment → Deliver Benefits
- Cost Management → Specific Accountability
- Direct Materials → Strategic Sourcing
- Census / Restructuring → Deliver Savings

Protect Bottom Line

- **Strong 2008 Finish in Tough Environment**
- **Anticipating Challenging 1H 2009**
- **Comparisons More Favorable in 2H 2009**
- **Reaffirming 2009 EPS Guidance**

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

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<i>(\$M)</i>	4Q07	4Q08
Sales	\$9,275	\$8,712
Cost of Products and Services Sold	(7,013)	(6,523)
Selling, General and Administrative Expenses	(1,205)	(1,179)
Operating Income	<u>\$1,057</u>	<u>\$1,010</u>
Stock Based Compensation ⁽¹⁾	11	21
Repositioning and Other ^(1, 2)	135	105
Pension and OPEB Expense ⁽¹⁾	71	24
Segment Profit	<u>\$1,274</u>	<u>\$1,160</u>
Operating Income	\$1,057	\$1,010
÷ Sales	\$9,275	\$8,712
Operating Income Margin %	<u>11.4%</u>	<u>11.6%</u>
Segment Profit	\$1,274	\$1,160
÷ Sales	\$9,275	\$8,712
Segment Profit Margin %	<u>13.7%</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 (beginning 1/1/2008)

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

Honeywell

<i>(\$M)</i>	4Q07	4Q08
Cash Provided by Operating Activities	\$1,440	\$1,259
Expenditures for Property, Plant and Equipment	(310)	(332)
Free Cash Flow	1,130	927
Cash taxes relating to the sale of the Consumable Solutions business	-	166
Free Cash Flow excluding cash taxes relating to the sale of the Consumables Solution business	<u>1,130</u>	<u>1,093</u>
Cash Provided by Operating Activities	\$1,440	\$1,259
÷ Net Income	689	707
Operating Cash Flow Conversion %	<u>209%</u>	<u>178%</u>
Free Cash Flow excluding cash taxes relating to the sale of the Consumables Solution business	\$1,130	\$1,093
÷ Net Income	689	707
Free Cash Flow excluding cash taxes relating to the sale of the Consumables Solution business Conversion %	<u>164%</u>	<u>155%</u>

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

Honeywell

(\$B)	<u>2006</u>	<u>2007</u>	<u>2008</u>
Sales	\$31.4	\$34.6	\$36.6
Cost of Products and Services Sold	(24.1)	(26.3)	(28.0)
Selling, General and Administrative Expenses	(4.2)	(4.6)	(5.0)
Operating Income	<u>\$3.1</u>	<u>\$3.7</u>	<u>\$3.6</u>
Stock Based Compensation ⁽¹⁾	0.1	0.1	0.1
Repositioning and Other ^(1, 2)	0.5	0.6	1.0
Pension and OPEB Expense ⁽¹⁾	0.4	0.3	0.1
Segment Profit	<u>\$4.1</u>	<u>\$4.7</u>	<u>\$4.8</u>
Operating Income	\$3.1	\$3.7	\$3.6
÷ Sales	\$31.4	\$34.6	\$36.6
Operating Income Margin %	<u>9.9%</u>	<u>10.7%</u>	<u>9.8%</u>
Segment Profit	\$4.1	\$4.7	\$4.8
÷ Sales	\$31.4	\$34.6	\$36.6
Segment Profit Margin %	<u>13.0%</u>	<u>13.5%</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 (beginning 1/1/2008)

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

Honeywell

(\$B)	<u>2008</u>	<u>2009E</u>
Sales	\$36.6	\$33.6 - \$35.3
Cost of Products and Services Sold	(28.0)	(25.2) - (26.5)
Selling, General and Administrative Expenses	(5.0)	(4.6) - (4.8)
Operating Income	<u>\$3.6</u>	<u>\$3.8 - \$4.0</u>
Stock Based Compensation ⁽¹⁾	0.1	~0.1
Repositioning and Other ^(1, 2)	1.0	0.3 - 0.4
Pension and OPEB Expense ⁽¹⁾	0.1	0.2 - 0.3
Segment Profit	<u>\$4.8</u>	<u>\$4.4 - 4.8</u>
Operating Income	\$3.6	\$3.8 - \$4.0
÷ Sales	<u>\$36.6</u>	<u>\$33.6 - \$35.3</u>
Operating Income Margin %	<u>9.8%</u>	<u>~11.3%</u>
Segment Profit	\$4.8	\$4.4 - 4.8
÷ Sales	<u>\$36.6</u>	<u>\$33.6 - \$35.3</u>
Segment Profit Margin %	<u>13.3%</u>	<u>13.2 - 13.7%</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 (beginning 1/1/2008)

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

Honeywell

(\$B)	<u>2006</u>	<u>2007</u>	<u>2008</u>
Cash Provided by Operating Activities	\$3.2	\$3.9	\$3.8
Expenditures for Property, Plant and Equipment	(0.7)	(0.8)	(0.9)
Free Cash Flow	2.5	3.1	2.9
Cash taxes relating to the sale of the Consumables Solution business	-	-	0.2
Free Cash Flow excluding cash taxes relating to the sale of the Consumables Solution business	<u>\$2.5</u>	<u>\$3.1</u>	<u>\$3.1</u>
Cash Provided by Operating Activities	\$3.2	\$3.9	\$3.8
÷ Net Income	\$2.4	\$2.4	2.8
Operating Cash Flow Conversion %	<u>154%</u>	<u>160%</u>	<u>136%</u>
Free Cash Flow excluding cash taxes relating to the sale of the Consumables Solution business	\$2.5	\$3.1	\$3.1
÷ Net Income	\$2.1	\$2.4	\$2.8
Free Cash Flow excluding cash taxes relating to the sale of the Consumables Solution business Conversion %	<u>119%</u>	<u>129%</u>	<u>110%</u>

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