Investor Conference
New York
February 23, 2009
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<thead>
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<th>Session</th>
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<tr>
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<td></td>
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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.
Introduction

Dave Cote
Chairman and CEO
We Are A Different Company

- Portfolio
- Culturally
- Operationally
- Financially
We Are A Different Company…Acquisitions

<table>
<thead>
<tr>
<th></th>
<th>02-08 Deals Completed</th>
<th>Sales At Acquisition</th>
<th>Key Transactions</th>
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<tr>
<td>Aerospace</td>
<td>9</td>
<td>$0.3B</td>
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<td></td>
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<td>Callidus</td>
<td></td>
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<td></td>
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<td>Hand Held</td>
<td>Automatic Identification and Data Collection</td>
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<td></td>
<td></td>
<td></td>
<td>Ensyn JV</td>
<td>Second Generation Biomass</td>
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Added $8B Great Positions In Good Industries
### We Are A Different Company…Divestitures

<table>
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<tr>
<th>Division</th>
<th>02-08 Deals Completed</th>
<th>Sales At Divestiture</th>
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<tr>
<td>Aerospace</td>
<td>5</td>
<td>$0.5B</td>
<td>Consumable Solutions</td>
<td>Nuts and Bolts Distribution</td>
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<td>Non-Core Novar</td>
<td>Check Printing / Aluminum</td>
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<td></td>
<td></td>
<td>Non-Core First Tech.</td>
<td>Auto Sensors / Safety</td>
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<td></td>
<td>Security Monitoring</td>
<td>Res. / Comm. Security Services</td>
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<td></td>
<td></td>
<td></td>
<td>Consumer Products</td>
<td>Fans, Heaters, Purifiers</td>
</tr>
<tr>
<td>Specialty Materials</td>
<td>13</td>
<td>$1.5B</td>
<td>Plastics</td>
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<td>Nylon</td>
<td>Carpet Fibers</td>
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<td>Industrial Wax</td>
<td>Industrial Products Additive</td>
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<td></td>
<td></td>
<td></td>
<td>Performance Fibers</td>
<td>High-Tenacity Polyester Fiber</td>
</tr>
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</table>

**Exited $4B Of Non-Core Businesses**
We Are A Different Company…Culturally

- Three Companies Brought Together In One Culture
- Five Initiatives and Twelve Behaviors
- Customer Focused
- Robust Talent Management / Assessment
- Long-Term Value Creation Mindset
- Accountable, Results Based
We Are A Different Company…Operationally

- Common Enablers (HOS, FT / ERP, VPD™)
- Sales and Marketing Excellence
- Global Mindset and Capabilities
  - From 40% to 50% Sales Outside US
- New Products / Innovation Driving Growth
- Customer Focused

Lots Of ‘Seed Planting’
We Are A Different Company…Financially

- Conservative Planning, Contingencies
- Strong Free Cash Flow Generation
- Proactive Repositioning Included In Reported Results
- Disciplined Capital Allocation
- Performance Track-Record
Our Financial Results Show It

**Sales**

- **10% CAGR**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales ($B)</th>
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<tbody>
<tr>
<td>2003</td>
<td>23.1</td>
</tr>
<tr>
<td>2004</td>
<td>23.1</td>
</tr>
<tr>
<td>2005</td>
<td>23.1</td>
</tr>
<tr>
<td>2006</td>
<td>23.1</td>
</tr>
<tr>
<td>2007</td>
<td>36.6</td>
</tr>
<tr>
<td>2008</td>
<td>36.6</td>
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</table>

**EPS**

- **20% CAGR**

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<th>EPS ($)</th>
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<tr>
<td>2003</td>
<td>1.50</td>
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<td>2005</td>
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<td>2006</td>
<td>2.00</td>
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<tr>
<td>2007</td>
<td>3.76</td>
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<tr>
<td>2008</td>
<td>3.76</td>
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</table>

**Free Cash Flow**

- **Doubled**

<table>
<thead>
<tr>
<th>Year</th>
<th>Free Cash Flow ($B)</th>
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<tbody>
<tr>
<td>2003</td>
<td>1.5</td>
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<td>2004</td>
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<td>2006</td>
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<td>2007</td>
<td>3.1</td>
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<td>2008</td>
<td>3.1</td>
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**ROI**

- **14+ Points**

<table>
<thead>
<tr>
<th>Year</th>
<th>ROI (%)</th>
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<tr>
<td>2003</td>
<td>11%</td>
</tr>
<tr>
<td>2004</td>
<td>11%</td>
</tr>
<tr>
<td>2005</td>
<td>11%</td>
</tr>
<tr>
<td>2006</td>
<td>11%</td>
</tr>
<tr>
<td>2007</td>
<td>25%</td>
</tr>
<tr>
<td>2008</td>
<td>25%</td>
</tr>
</tbody>
</table>

(1) ROI calculated as NIBI (net income plus after-tax interest) divided by Invested Capital (2 point average of the sum of the book value of equity and total debt).

**Outperforming And Creating Value**
A Much Tougher Environment Today

- 2009 Global GDP (1)%
- Consumer Confidence At All-Time Low
- 7.6% Unemployment and Climbing
- January PMI Index 35.6%
- Case-Shiller Index At Lowest Point Since January 2004
Seed Planting Helps...And Will Continue

- Expand Globally
- Introduce New Products and Services
- Benefit from Repositioning Launched Over 3 Years
- Control Hiring
- Drive Enablers

Honeywell Will Continue To Perform
Expanding Our Global Footprint

2002 Sales: $22B

- **US**: $13B
- **Europe**: $5B
- **US Export**: $2B
- **ROW**: $2B

2008 Sales: $37B

- **US**: $18B
- **Europe**: $9B
- **US Export**: $4B
- **ROW**: $5B

**Local / Global Capabilities**
Investing In Innovation

Velocity Product Development (VPD™)

Voice of Customer  Ideation  Technology Readiness Assessment  Integrated Development  Validate  Sales Launch

2008 Scorecard

Aerospace
$40B New Program Wins

ACS
400 New Product Introductions

Transportation
$3B+ New Engine Platforms

Specialty
400+ US Patents Filed

Fueling Growth In Existing And New Markets
Proactively Funding Repositioning

$M
$600

Restructuring Charges (’06–’08)
Cum. Projected Benefits

Reported EPS Growth
31% 25% 19%

2006 2007 2008 2009

Funded Through Operations / Gains

Introduction 15
Honeywell Investor Conference – February 23, 2009
Judiciously Managing Our Census

Developed Markets
- 2003: 90K
- 2008: 90K
- Flat

Emerging Markets
- 2003: 18K
- 2008: 38K
- +117%

Total Census
- 2003: 108K
- 2008: 128K
- +19%

08 vs. 03:
- Sales: +58%
- Segment Profit: +97%
- EPS: +150%

Driving Productivity
Investing in Honeywell Operating System

<table>
<thead>
<tr>
<th>% Manufacturing Cost Base</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<tbody>
<tr>
<td>Under HOS Deployment</td>
<td>50%</td>
<td>70%</td>
<td>80%</td>
<td>90%</td>
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<tr>
<td>HOS &quot;Bronze&quot; Certified</td>
<td>0%</td>
<td>1%</td>
<td>10%</td>
<td>40%</td>
</tr>
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</table>

Bronze Certification Requirements

- >95% Delivery to Customer Request
- >15% Improvement in Inventory
- >25% Reduction in Defects
- Improved Safety Maturity
- Sustainable Cultural Change
- Proven Organizational Capabilities
Investing In Functional Transformation / ERP

**Functional Costs**

2004 | 2008 | 2009E
---|---|---
$300M+ Savings | $100M+ Savings |  

**2009 ERP Rollout Targets**

- Aero: 65%
- ACS: 25%
- TS: 90%
- SM: 100%

**2009 Priorities**

- Strategic Sourcing
- End-to-End Process Optimization
- Flawless ERP Deployment
- Facilities Rationalization

**IT End-State**

- Data Centers from 100’s to 2
- Applications from 3,000 to 500
- IT Costs Halved from 2004 to 2011

**HOS For The Back-Office**
Our Businesses Are Well Positioned

Aerospace
- 2008: $12.7B Sales, $2.3B Profit
- Customer Focused Organization
- R&D/Sales/Marketing Leverage
- Technology Leadership
- Platform Wins Secure Future
- Divested Consumable Solutions
- Repositioning Benefits

ACS
- 2008: $14.0B Sales, $1.6B Profit
- New Products Pipeline
- Global Brands / Channel Strength
- Solutions Backlog
- Energy, Safety & Security Trends
- Successful Acquisition Program
- Repositioning Benefits

Stronger, Leaner And Better Positioned
Our Businesses Are Well Positioned

<table>
<thead>
<tr>
<th>Specialty Materials</th>
<th>Transportation Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 2008: $5.3B Sales, $0.7B Profit</td>
<td>• 2008: $4.6B Sales, $0.4B Profit</td>
</tr>
<tr>
<td>• UOP Contributions</td>
<td>• Technology Leadership</td>
</tr>
<tr>
<td>• Significant Divestitures</td>
<td>• Superior Cost Position</td>
</tr>
<tr>
<td>• Formula Pricing Protects Profit</td>
<td>• Emissions / Efficiency Sweet Spot</td>
</tr>
<tr>
<td>• IP Leadership</td>
<td>• Platform Wins Secure Future</td>
</tr>
<tr>
<td>• Repositioning Benefits</td>
<td>• Repositioning Benefits</td>
</tr>
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</table>

Focus On Relative Outperformance
Summary

- Strong Track-Record of Results
- Unprecedented Economic Headwinds
- Preparedness Essential
- ‘Seed Planting’ In Good Times and Bad
- Businesses Well Positioned
Today’s Presenters

Rob Gillette
President and CEO,
Aerospace

Joe Puishys
President,
Environmental & Combustion Controls

Roger Fradin
President and CEO,
Automation and Control Solutions

TK Kallenbach
Vice President, Marketing & Product Management, Aerospace

Adriane Brown
President and CEO,
Transportation Systems

Dr. Rajeev Gautam
President and CEO,
UOP

Andreas Kramvis
President and CEO,
Specialty Materials

Alex Ismail
President,
Turbo Technologies

Kate Adams
Vice President and General Counsel

Dave Anderson
Senior Vice President and CFO
Aerospace Overview

Financials

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<tr>
<th>Year</th>
<th>Sales ($)</th>
<th>Segment Margin %</th>
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<tr>
<td>2006</td>
<td>$11.1</td>
<td>17.0%</td>
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<tr>
<td>2007</td>
<td>$12.2</td>
<td>18.0%</td>
</tr>
<tr>
<td>2008</td>
<td>$12.7</td>
<td>18.2%</td>
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</table>

End Markets

- After-market: 48%
- OEM: 45%
- Services: 7%

Business Units

- D&S: 42%
- AT&R: 37%
- B&GA: 21%

Product Mix

- Electrical: 38%
- Mechanical: 55%
- Services: 7%

Strong Franchise Executing In Slowing Environment
Business Environment

- **Air Transport and Regional**
  - 2009 Global Flight Hours Down 2%; U.S. Down 4% to 5%
  - Some New Aircraft Backlog Risk in 2H2009; Significant Churn in 2010

- **Business and General Aviation**
  - Flight Hours Expected to Decline 15% in 2009
  - Number of Airplanes for Sale

- **Defense and Space**
  - New Administration Means Some Impact in 2010; Increasing in 2011
  - Protests, Program Stretch-Outs and Cancellations

Volatile Environment, Continuing To Change
### Recession – Then And Now

<table>
<thead>
<tr>
<th>2002</th>
<th>Today</th>
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<tbody>
<tr>
<td><strong>“Safety and Security”</strong></td>
<td><strong>“Economy”</strong></td>
</tr>
<tr>
<td>• 9/11, SARS</td>
<td>• Political Change, General Uncertainty</td>
</tr>
<tr>
<td>• World Events Centered Around Airline Industry</td>
<td>• World Events Centered Around Economic Crisis</td>
</tr>
<tr>
<td><strong>Inefficiency</strong></td>
<td><strong>Execution</strong></td>
</tr>
<tr>
<td><strong>Overruns</strong></td>
<td><strong>Product Cost</strong></td>
</tr>
<tr>
<td><strong>Customer Satisfaction</strong></td>
<td><strong>Flexibility</strong></td>
</tr>
<tr>
<td>• 4.9% Decrease in Flight Hours (YoY)</td>
<td>• Projected ~2% Decrease in Flight Hours (YoY)</td>
</tr>
<tr>
<td>• Slow Aircraft Build Rates</td>
<td>• Aircraft Orders Weak, Big Backlogs but Churn Growing</td>
</tr>
<tr>
<td>• 1.7% Growth in US GDP</td>
<td>• 2-3% Decline in US GDP, -1% in World GDP</td>
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<table>
<thead>
<tr>
<th>Old Aerospace</th>
<th>New Aerospace</th>
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<tbody>
<tr>
<td>12 P&amp;Ls</td>
<td>1 P&amp;L</td>
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<tr>
<td>Duplicative Marketing Organizations</td>
<td>Single Integrated Organization</td>
</tr>
<tr>
<td>Decentralized Functions</td>
<td>Centralized Functions</td>
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<td>Dispersed Customer &amp; Product Support</td>
<td>Integrated Customer &amp; Product Support</td>
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2009 Outlook

<table>
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<tr>
<th>Segment</th>
<th>Org. Growth</th>
<th>Drivers / Risks</th>
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<tr>
<td>AT&amp;R OE</td>
<td>↑</td>
<td>Deliveries 0% to 5%, CS Div. / Airline Liquidity</td>
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<tr>
<td>AT&amp;R AM</td>
<td>↓</td>
<td>Flight Hours (2)% / GDP, Inventory</td>
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<tr>
<td>B&amp;GA OE</td>
<td>↓</td>
<td>Deliveries (5)% to (10)% / OE Production Cuts, Timing</td>
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<tr>
<td>B&amp;GA AM</td>
<td>↓</td>
<td>TFE Flight Hours (15)% / Platform Mix</td>
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<tr>
<td>D&amp;S</td>
<td>↑</td>
<td>Base Defense Budget / Program Mix</td>
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</table>

<table>
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<th>($B)</th>
<th>2008</th>
<th>December 15 2009 Guidance</th>
<th>Current 2009 Guidance</th>
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<tr>
<td>Sales</td>
<td>$ 12.7</td>
<td>$ 12.2 - 12.7</td>
<td>$ 12.0 - 12.5</td>
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<tr>
<td>Segment Profit</td>
<td>2.3</td>
<td>2.3 - 2.4</td>
<td>2.2 - 2.4</td>
</tr>
</tbody>
</table>
What Aerospace Must Do In 2009

• Cost Actions

• Attack Cycle Time
  - React to Demand Changes Quickly
  - Buy and Hold Key Long-Lead Parts
  - ERP Implementation is Key
  - Velocity Product Development™ to Reduce Development Cycle

• Execute on Program Management
  - On or Under Budget
  - On Time to Protect Short and Long Cycle Revenues
Cost Reductions In Place For 2009

- **Labor**
  - External Hiring Freeze
  - Reduced Overtime and Subcontractor Costs
  - Unpaid Time Off Programs

- **Cost Actions**
  - Reduced SG&A Expenses (Functional Transformation)
  - Zero Merit Increases for All Managers

- **Indirect Costs**
  - Reduced Capital Expenditures
  - Controls on Travel
  - Strict Purchasing Approvals
Deliver Repositioning Benefits

**Proactive Funding**

- Restructuring Charges (‘06-‘08)
- Cum. Projected Benefits

**2009 Deliverables**

- **$90M Incremental Savings vs. 2008**
  - 40 Projects Completed
  - 16 Projects Staffed and in Process

- **Focus Areas**
  - Supply Chain Rationalization
  - Rooftop Consolidation
  - Regional Cost Structure Alignment

**Savings Support 2009 Profitability**
Honeywell Operating System Deployment

HOS Deployment Status

- Sites Deployed
  - 2007: 15
  - 2008: 36
  - 2009E: 41

- Bronze Certified
  - 2007: 0
  - 2008: 0
  - 2009E: 3

2009 Priorities

- Aligning Critical Mass of HOS Resources to Highest Impact Sites and Critical Initiatives:
  - Cost and Cycle Time Improvements

- 5 New HOS Deployments to Achieve >80% Conversion Cost Coverage

- A Minimum of 3 Sites to Attain Bronze Certification

Mature HOS Site Results

- Defects (PPM): 32% Improvement
- Delivery (OTTR): 4 pt Improvement
- Inventory (DOS): 8% Improvement
- Conversion Costs: 2+ pt Improvement

HOS Applying “One Aero” Focus To Drive Results
Cycle Time Reduction

- 20% of Part Numbers Drive 70% of Cost / Inventory

- System and Process Improvements
  - Create Flexibility to Respond to Demand Changes Quickly
  - Complete ERP Deployment

- Change How We Work
  - Combined Planning / Procurement Organization
  - HOS, Planning, System and Product Experts
  - More Systemic, Long Lasting Change; Less Fire Fighting

MAJOR PARTS CATEGORIES

- Engines – 17 parts, $1.3B
- Electronics – 189 parts, $0.4B
- Mechanical – 280 parts, $0.3B
Major Wins…

- HTF7000 Engine at Embraer and Gulfstream
- Airbus A350 Mechanical and Avionics
- NASA Crew Exploration Vehicle
- Gulfstream G650 Cockpit
- M1A1 Tank Engine
- Airline Maintenance

Well Positioned For Growth

+$70B WINS SINCE 2005
Drive Short Cycle Sales

• IntuVue 3-D Weather Radar
  - 3-D View of Weather Hazards
  - 26% Better Weather Avoidance Decisions
  - 50% Reduction in Turbulence
  - Over 1900 Orders
    ✷ $110M Value

$1.1B LIFETIME PROGRAM VALUE

• Certified and Flying on Boeing 777, 737 NG, Airbus A380, Military C-17
• Selected for Airbus A320, A330, A340, A350, Gulfstream G650
• 3,100+ Aircraft Total Program – Replaces F-16, F-18, Harrier
• DoD Plus 9 Allied Countries
• Three Aircraft Variants
  - Conventional – Air Force
  - Vertical – Marines
  - Carrier – Navy
• $3M HON Content Per Aircraft

$30B
LIFETIME PROGRAM VALUE

• 7 Years in Development 2002-09
• $20M Initial Honeywell Demo
• $500M Funded RD&E Budget
Summary

• Manage Costs

• Reduce Cycle Time
  - Customer Responsiveness
  - Working Capital

• Execute Programs for Short and Long Term
ACS Overview

**Financials**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales ($B)</th>
<th>Segment Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$11.0</td>
<td>11.1%</td>
</tr>
<tr>
<td>2007</td>
<td>$12.5</td>
<td>11.3%</td>
</tr>
<tr>
<td>2008</td>
<td>$14.0</td>
<td>11.6%</td>
</tr>
</tbody>
</table>

**2008 Highlights**

- Over 400 New Product Introductions
- Norcross, Metrologic and Callidus Acquisitions
- HOS Deployed at 21 New Sites
- $150M+ Repositioning Actions Initiated

**Business Units**

- Process Solutions 19%
- Building Solutions 20%
- Security & Data Collection 22%
- Life Safety 14%
- ECC 19%
- S&C 6%

**Geographic Mix**

- US 42%
- Europe 36%
- ROW 22%

*Strong Portfolio Performing Well*
### Market Outlook

<table>
<thead>
<tr>
<th>End Market</th>
<th>Market Growth</th>
<th>% Sales*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial New</td>
<td>↓</td>
<td>16%</td>
</tr>
<tr>
<td>Commercial Retrofit</td>
<td>←</td>
<td>27%</td>
</tr>
<tr>
<td>Residential New</td>
<td>↓</td>
<td>7%</td>
</tr>
<tr>
<td>Residential Retrofit</td>
<td>←</td>
<td>13%</td>
</tr>
<tr>
<td>Industrial (Process) New</td>
<td>↑</td>
<td>9%</td>
</tr>
<tr>
<td>Industrial (Process) Retrofit</td>
<td>↑</td>
<td>10%</td>
</tr>
<tr>
<td>Other (OEM, Gen. Industrial)</td>
<td>↓</td>
<td>18%</td>
</tr>
</tbody>
</table>

*Management Estimates

---

**End Markets Continue To Soften In 2009**
## ACS Positions

<table>
<thead>
<tr>
<th>Market Growth</th>
<th>% Sales*</th>
<th>ACS Positions</th>
<th>Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial New</td>
<td>↓</td>
<td>16%</td>
<td>#1 Building Controls, #1 Fire Systems, #3 Building Solutions</td>
</tr>
<tr>
<td>Commercial Retrofit</td>
<td>↔</td>
<td>27%</td>
<td>#1 Home Comfort, #1 Security</td>
</tr>
<tr>
<td>Residential New</td>
<td>↓</td>
<td>7%</td>
<td>#1 Home Comfort, #1 Security</td>
</tr>
<tr>
<td>Residential Retrofit</td>
<td>↔</td>
<td>13%</td>
<td>#2 Process Solutions</td>
</tr>
<tr>
<td>Industrial (Process) New</td>
<td>↑</td>
<td>9%</td>
<td>#2 Process Solutions</td>
</tr>
<tr>
<td>Industrial (Process) Retrofit</td>
<td>↑</td>
<td>10%</td>
<td>#3 Sensing, #3 Personal Protection</td>
</tr>
<tr>
<td>Other (OEM, Gen. Industrial)</td>
<td>↓</td>
<td>18%</td>
<td>#3 Sensing, #3 Personal Protection</td>
</tr>
</tbody>
</table>

*Management Estimates

---

**Strong Positions In Good Industries**
ACS Transformation

Global GDP Growth  
ACS Organic Growth

Then
- Underperforming Prior to Downturn
- Short-Term Focus
- No New Products
- Victim Mentality
- Weak Sales Force, Poor Marketing
- Internally Focused

Today
- Strong Backlog and Installed Base
- Intelligent Cost Control
- New Products and Growth Investments
- Winning Culture / Partner of Choice
- Sales and Marketing Excellence
- Expanded Portfolio, Global Presence
- Externally Focused

What’s Different?...Just About Everything
2009 Actions

**Achieve Repositioning Benefits**
- 85 Repositioning Projects in Process
- Savings Support Profitability Outlook

**Accelerate HOS Deployment**
- 26 New Deployments Scheduled
- Achieve Four-Fold Increase in Bronze Sites
- Drive Continued Profitability / WC Benefits

**Flawless ERP Rollout**
- 8,000 Users, 25% Sales on ERP by Year-End
- Functional Transformation Leverage

**Drive Acquisition Performance**
- $40B+ New Growth Headroom
- Integration Process Overdriving Synergies

**Growth**
- New Product Introductions
- Sales and Marketing Excellence
- Leveraging Size and Scale

*Specific Actions In Place To Protect 2009*
Delivering Repositioning Benefits

### Proactive Funding

- **Restructuring Charges (‘06-’08)**
- **Cum. Projected Benefits**

### 2009 Deliverables

- **$100M+ Incremental Repositioning Savings vs. 2008**
  - 50 Projects Completed
  - 85 Projects Staffed and in Process

- **Focus Areas**
  - Supply Chain Rationalization
  - Rooftop Consolidation
  - Regional Cost Structure Alignment

---

Savings Support 2009 Profitability
Honeywell Operating System Deployment

HOS Deployment Status

<table>
<thead>
<tr>
<th>Year</th>
<th>Sites Deployed</th>
<th>Bronze Certified</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>29</td>
<td>0</td>
</tr>
<tr>
<td>2008</td>
<td>50</td>
<td>5</td>
</tr>
<tr>
<td>2009E</td>
<td>76</td>
<td>20</td>
</tr>
</tbody>
</table>

2009 Priorities

• 26 New HOS Deployments
• 15 Sites Attain Bronze Certification
• Strategic Sourcing Opportunities
• Drive SIOP and Cycle Time Improvements

Mature HOS Site Results

- **Defects (PPM)**: 48% Reduction
- **Delivery (OTTR)**: 6 pt Improvement
- **Inventory (DOS)**: 7 Day Improvement
- **Conversion Cost**: 2+ pt Improvement

Tangible Benefits; Building Momentum
ERP Rollout

ERP Deployment Status

2009 Priorities

- 35+ “Go-Live” Sites
- 4,000+ New Users
- Europe, US, Asia Deployments
- Functional Transformation Leverage

Net ERP Benefits

$150M+ Run Rate

Successful Rollouts; Benefits Building
Driving Acquisition Performance

- **Gas Detection**
  - $2B Industry
  - Position / Performance
    - Leading Position (Zellweger + FT)
    - Fixed and Portable Presence
    - Exceeding Sales and Profit Targets
  - Synergy Drivers
    - G&A, R&D, Sales, Marketing Leverage
    - Channel Penetration

- **Personal Protection Equipment**
  - $18B Industry
  - Position / Performance
    - Leading Position (Norcross)
    - Exceeding Sales and Profit Targets
    - Additional Roll-Up Potential
  - Synergy Drivers
    - Synergies with Gas and HPS Positions
    - Factory Efficiency / Footprint
Driving Acquisition Performance

Industrial Combustion

- Position / Performance
  - Leading Position (Core ECC + Maxon + Callidus)
  - Combustion Technology Leverage

- Synergy Drivers
  - HPS Installed Base
  - G&A Optimization
  - Facility Rationalization

- $1B Industry

Lighting

- Position / Performance
  - Strong Base (ED&S + Ex-Or + Lonon)
  - Controls and China Focus

- Synergy Drivers
  - Technology Synergies (Controls, Wireless, HTSL)
  - Lonon China Factory Leverage

- $6B Industry

AIDC

- Position / Performance
  - Leading Position (Hand Held + Metrologic)
  - Presence in Attractive Verticals

- Synergy Drivers
  - SG&A Efficiencies
  - Metrologic China Factory Leverage

- $15B Industry

$20B+ New Growth Headroom
Growth: Sales Excellence

- Who Is Buying? / What Is Selling?
  - Customer Segmentation
  - Energy, Productivity & Safety

- Sales Force Deployment
  - Owning Customer Relationships
  - Leading By Example

- Mass Selling Model
  - High Impact
  - Cost Effective

- Helping Our Customers Sell
  - Tiger Training
  - Partner of Choice

- “De-Risk” The Buying Decision
  - Convert Fixed to Variable Cost
  - Leverage Size and Strength

Playing Offense
Growth: New Geographies, Adjacencies And Products

**New Geographies**
- Accelerating Emerging Region Penetration
  - India
  - China
  - Middle East
- East-for-East / East-to-West New Products

**New Adjacencies**
- Existing Products in New Markets
  - Life Safety into Marine, Industrial Safety
  - Security into Critical Infrastructure Protection
  - S&C into Life Safety Channels
  - Public-Private Partnership (P3) Opportunities
- VPD™…A Competitive Edge
  - Extending Our Technology / Cost Lead

**New Products**
- NPI Focus: Wireless, Controls, User Interface
- Creating New Markets

Growing Faster Than Markets
Growth: New Markets - World Of Wireless

- Industry’s First ‘Reliable’ Solution
  - Portable Personal Comfort Control

- Quicker and Easier To Install
  - 75% Less Time
  - Honeywell Wireless Technology

- Enables System Add-On Sales
  - Portable Comfort Control
  - Outdoor Temperature / Humidity
  - TrueSTEAM Humidifier
  - TrueZONE Climate Zoning
World Of Wireless

Video
## 2009 Outlook

### Diversified, Global Portfolio

<table>
<thead>
<tr>
<th>Segment</th>
<th>Org. Growth</th>
<th>Drivers / Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECC</td>
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<td>New Products / Res &amp; Non-Res Outlook</td>
</tr>
<tr>
<td>S&amp;C</td>
<td>↓</td>
<td>Global Penetration / Transport, Industrial Outlook</td>
</tr>
<tr>
<td>Life Safety</td>
<td>↑</td>
<td>Fire, Safety Regulations / Industrial Cap Ex</td>
</tr>
<tr>
<td>Security</td>
<td>↓</td>
<td>AIDC Acquisitions / Res &amp; Non-Res Outlook</td>
</tr>
<tr>
<td>Building Solutions</td>
<td>↑</td>
<td>Energy Efficiency Demand / Credit Markets</td>
</tr>
<tr>
<td>Process Solutions</td>
<td>↑</td>
<td>Process Optimization / Customer Op Ex</td>
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</table>

### Sales and Segment Profit

<table>
<thead>
<tr>
<th>($B)</th>
<th>2008</th>
<th>December 15 2009 Guidance</th>
<th>Current 2009 Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Profit</td>
<td>1.6</td>
<td>1.5 - 1.6</td>
<td>1.5 - 1.6</td>
</tr>
</tbody>
</table>

### 2008 vs. 2009 Guidance

- **Sales**: $14.0 vs. $13.0 - 13.5 vs. $13.1 - 13.5
- **Segment Profit**: 1.6 vs. 1.5 - 1.6 vs. 1.5 - 1.6

---

Honeywell Investor Conference – February 23, 2009
Summary

• Strong Portfolio Executing Well

• Planning for Even Tougher Market Conditions

• Businesses Well Positioned, Ready to Capitalize

• Prior Investments Will Drive Growth and Profitability

• Actions Underway to Protect 2009
Transportation Systems

Adriane Brown
President and CEO

Honeywell
Transportation Systems Overview

Financials

($B)

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<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>Segment Margin %</th>
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<tr>
<td>2006</td>
<td>$4.6</td>
<td>12.5%</td>
</tr>
<tr>
<td>2007</td>
<td>$5.0</td>
<td>11.6%</td>
</tr>
<tr>
<td>2008</td>
<td>$4.6</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

End Markets

- After-market 40%
- OE 60%

Business Units

- Turbo 60%
- FM 18%
- CPG 22%

Geographic Mix

- Europe 54%
- US 30%
- ROW 16%

Well Diversified Global Portfolio
Turbo Technologies

Industry Overview

- Global Sales / Production Declines
- Inventory Overhang, Launch Delays
- Smaller Vehicles Need Turbos
- CO₂ Regulations Drive Turbo Adoption
- Turbos Enable Fuel Efficient Vehicles

End Markets

- Legacy of Innovation
- $3B+ in New Platforms Won in 2008
- Broad Engine Range - 0.8L to 100L
- Diesel, Gasoline and Hybrid Engines
- Serve All Major OEM's

Battling Downturn, But In Sweet Spot For Growth
Consumer Products Group

Business Units
- Filtration 37%
- Ignition 18%
- Car Care 45%

End Markets
- Aftermarket 85%
- OE 15%

Industry Overview
- Record Low Consumer Confidence
- DIFM, Private Label Shifts
- Miles Driven Trending Down 3-5%
- Aging Car Parc Favors Aftermarket
- Car Parc Growth 1-2%

HON Position
-Leading Brands
- Strong Retail Presence
- DIY Segment Strength

Strong Brand Presence In Aftermarket Segment
Friction Materials

Business Units
- Passenger Vehicle 80%
- Commercial Vehicle 14%
- Rail 6%

End Markets
- After-market 40%
- OE 60%

Industry Overview
- OE / Tier I Suppliers Stressed
- OE Inventory Runoff Delays Recovery
- Continued Industry Consolidation
- Safety Regulation in Developed Markets
- Emerging Market Infrastructure Driving Rail and CV Growth

HON Position
- Global Brand Strength
- Strong European Foothold
- Passenger Vehicle Strength
- Expanding Into Commercial Vehicles and Rail

Expansion Beyond PV; Focusing On Costs
Western Europe Automotive Sector

Multiple Factors Impacting Extraordinary Downturn

- Record Low Consumer Confidence
- Limited Credit Availability
- Oil Price Shock
- Fuel Prices Slow Diesel Penetration

Previous Recession
- Limited Impact On Auto Sales
- Credit Available
- Oil Price Relatively Stable
- Rapid Diesel Penetration

Current Environment

Western Europe PV Sales (M Units)

Western Europe PV Sales (units)

WE Diesel Penetration

Western Europe Diesel Penetration

11 13 15
11 13 15


20% 35% 50% 65%
20% 35% 50% 65%
2009 Actions

Achieve Repositioning Benefits
- 30+ Repositioning Projects In Process
- $100M+ Incremental Savings vs. 2008

Drive Productivity Savings
- 100% of Manufacturing Cost Basis in HOS
- Increase Low Cost Region Sourcing
- Drive $100M+ HOS Productivity Benefits

Flawless Platform Launches
- More Than 55% Of New Turbo Platforms Won
- Global Gas and Diesel Launches

Capitalize On Efficiency / Emissions Trends
- Turbo Technology Available Today
- Benefits From Global Legislative Actions
Repositioning Benefits

Savings Help Offset Significant Volume Declines

- $100M+ Incremental Savings vs. 2008
  - 26 Projects Completed
  - 33 Projects Staffed and In Process

- Focus Areas
  - Turbo Organization Realignment
  - Rooftop Consolidation
  - Select Outsourcing
Honeywell Operating System Deployment

HOS Deployment Status

- Sites Deployed
- Bronze Certified

2009 Priorities

- All Sites in Full Scale Deployment
- 5 Sites Attain Bronze Certification
- SIOP, Cycle Time Improvements Critical
- Driving $100M+ HOS Productivity

TS HOS Site Results

- Defects (PPM) 22% Reduction
- Delivery (OTTR) 2 pt Improvement
- Inventory (DOS) 17% Improvement
- Conversion Cost 1+ pt Improvement

HOS Delivering Benefits In Volatile Environment
Supply Base Productivity

Material Cost

Global Sourcing Portfolio

- Easing Commodity Price Pressure
- Visibility into Supplier Liquidity
- Supplier Quality Improvements
- Localizing Supply Base to Operations
- India and China Sourcing Opportunities
- Supplier Rationalization (Down 12%)

Supply Base Opportunity Increasing In 2009
2009 Launches

Downsized Gas Turbos
- Q2 Launch on Lincoln MKS
- Honeywell Twin-Turbo
- Downsizing Engine From V8 to V6

Performance Diesels
- Q1 Launched on Jaguar XF 3.0L V6 D
- World’s First Sequential Boosting Turbo System Optimized for V-Engines

Small Diesels
- Q2 Launch on VW Golf 1.6L Diesel
- Most Popular Vehicle in Europe
- Next Generation VNT™

Commercial Vehicles
- Q4 Launch on Ford Scorpion
- Applying HON SST to 6.7L Engine

DIFM Campaign
- Launching Fram Advantage Program
- Targeting 35,000 Independent Repair Shops in North America

Jurid Globalization
- Extending Jurid Brand to US / Asia
- Targeting High Performance Segment

Focus On Flawless Launch Of Key Programs
Turbo - Long Term Growth Outlook

- Stringent Emissions Regulations Favor Turbo Technology
- “Green” Legislation Spurs Turbo Adoption
- Right Now Solution for Diesel, Gas and Hybrids
- Global Solution – Europe, Americas, Asia

2008 Wins Confirm Leadership In All Segments
2009 Outlook

<table>
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<tr>
<th>Segment</th>
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<td>PV Turbo</td>
<td>↓</td>
<td>New Platforms / EU OE Production, Delays</td>
</tr>
<tr>
<td>CV Turbo</td>
<td>↓</td>
<td>New Platforms / Global Transportation Outlook</td>
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<tr>
<td>CPG</td>
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<td>Cost Focus / DIFM &amp; Private Label Shifts</td>
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</tr>
<tr>
<td>Segment Profit</td>
<td>0.4</td>
<td>0.2 - 0.3</td>
<td>0.2 - 0.3</td>
</tr>
</tbody>
</table>

Challenging Industry Outlook
Summary

• Continuing to Align Businesses to Market Conditions

• Protecting Critical Product Investments

• Focus on Flawless Launches

• Turbo – An Energy Efficiency Enabler for Automakers
Specialty Materials Overview

Financials

($B)

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<td>$4.9</td>
<td>13.5%</td>
</tr>
<tr>
<td>2008</td>
<td>$5.3</td>
<td>13.7%</td>
</tr>
</tbody>
</table>

2008 Highlights

- Focus on Capital and Operating Excellence
- HOS Deployed at 13 Sites
- Strengthened Management Team
- Sales Excellence Initiative

Business Units

- Specialty Products 22%
- Fluorine Products 18%
- Resins and Chemicals 23%
- UOP 37%

Geographic Mix

- US 43%
- EMEAI 26%
- Americas 11%
- Asia Pacific 20%

Well Balanced Portfolio
Specialty Materials Transformation

2001: $3.3B

- Commodity
- Specialty

2008: $5.3B

- "Take or Pay" Contracts
- Commodity
- Specialty

- 2% Op Margin on $3.3B Sales
- Heavily Dependent on Hydrocarbon Feedstocks
- Limited IP Protection and Technology Focus

- 13.7% Op Margin on $5.3B Sales
- Contracts Limit Exposure to Raws
- $1.7B Acquisitions, $1.5B Divestures
- New Product Pipeline

Commodity Exposure Reduced From ~60% To 20%
Markets / Products

• Petroleum Refining
• Petrochemical Production
• Natural Gas Upgrading
• Renewable Fuels and Chemicals

Current Situation

• Oil Prices Stabilizing; Margins at Refiners Recovering
• Refining and Gas Business Steadier Than Petrochemicals
• Most Projects Multi-Year (2 to 5 Years)
• Backlog Currently Holding, but Potential New Projects Moving Out

Opportunities / Actions

• Key, Well-Timed Products to Help Refiners, e.g. Heavy Oil, Sour Crude
• Ability to Shift Resources to Most Active Parts of Business
• Opportunities in Diesel as Margin Spread Continues vs. Gasoline
• Opportunities for Refinery Operating Efficiencies
• Tapping Underserved Markets, e.g. High-Yield Natural Gas Cleaning
Fluorine Products

2008 Revenue: $0.9B

Markets / Products

• Refrigerants for Air Conditioning
• Blowing Agents for Energy-Efficient Spray Foam Insulation
• Nuclear Fuel
• Hydrofluoric Acid

Current Situation

• Significant Position in Less-Volatile Refrigerants Aftermarket
• Strong Patent Portfolio; Well-Positioned for Regulatory-Driven Changes on Refrigerants
• Raw Material Costs Improving
• Steady Demand For Our Key Products

Opportunities / Actions

• Enhancing Sales Force to Broaden and Better Penetrate Markets
• Operation Excellence Driving Productivity Gains and Reducing Cap-Ex Spend
Resins And Chemicals

2008 Revenue: $1.2B

Current Situation

• Pass-Through Contracts and Formula Pricing Protect Against Downside
• Low-Cost Position Allows Economical Operation When 50% of Industry is Shut Down
• Price Declines Generally Mitigated by Raw Materials Declines
• Some Recovery in Demand

Opportunities / Actions

• Sales and Marketing Hustle – Sales to New Applications and Geographies
• Operations Excellence Driving Productivity Gains and Reducing Cap-Ex Spend
• Safer, Non-Detonable Ammonium Nitrate Fertilizer (Sulf-N® 26) Progressing

Markets / Products

• Caprolactam for Global Nylon Industry
• Nylon Resin for Specialty Applications
• Ammonium Sulfate Fertilizer for Global Farming Industry

Honeywell Investor Conference – February 23, 2009
Specialty Products

Markets / Products
- Chemicals / Films for Healthcare
- Advanced Fiber and Composites for Ballistic Protection
- Materials / Technology for Semiconductor Production
- Additives for Plastics, Other

Current Situation
- Diverse Mix of End Markets – Some Markets Less Exposed Than Others
- Value-Based Pricing; Specialties Less Susceptible to Short-Term Price Pressure
- Weakness in Smaller Semiconductor-Related Business
- Raw Materials and Prices Declining; Focus on Maintaining Spreads
- Global Business – More Than 30% of Sales are Euro Denominated

Opportunities / Actions
- New Product Introduction Pipeline
- Enhancing Sales Force to Broaden and Better Penetrate Markets

2008 Revenue: $1.2B
Short-Term Actions

**Attack Fixed Costs**
- Specialty Chemicals / Performance Products Consolidation
- $70M Cost Actions Targeted
- Tight Controls on Indirect Spend

**Cost Reallocations**
- Headcount Reduced in Less Productive Areas and Reallocated to Core Areas
  - Process Engineering
  - Sales Force
  - India / China R&D

**Make Good Daily Business Decisions**
- Safety and Integrity Remain Top Priorities
- Achieve Excess of Price Over Raws
- Drive Quality and Delivery Improvement
- Cash Generation Takes Priority

**Capital**
- Enhanced Capital Allocation Process
- Plant-Level Strategic Planning to Optimize Capital Spending
- Shifting Capital Spend to Higher Return Projects

Proactively Addressing Downturn
## Portfolio Business Models

<table>
<thead>
<tr>
<th>Products</th>
<th>Nature of Business</th>
<th>Requirements to Win</th>
</tr>
</thead>
</table>
| **Fast-Cycle Product Development**  
(Specialty Products) | • Semiconductor Materials  
• Films  
• Additives | • Value Based on Impact in a Formulation/Application |
| • Expansive View of Opportunities  
• Quick Market Evaluation and Response and Focus  
• Rapid Application Development  
• Robust New Product Introduction Process |

| Technology Leadership  
(UOP) | • Process Technology for Refining, Petrochemicals and Natural Gas  
• Biofuels | • Know-How / IP Intensive  
• Process Know-How of Customers |
| • Develop / Commercialize World-Class R&D that Improves Customer Economics  
• Best Scientific Talent  
• Identify Process Improvement Opportunities |

| Molecule & Scale-Up  
(R&C, Fluorines, AF&C) | • Caprolactam  
• Refrigerants  
• Spectra® Fiber | • Asset-Intensive, Large Scale  
• Proprietary Manufacturing |
| • Large Scale-Up Capability  
• Continuous Plant Improvement  
• Advantaged Cost Position and Long-Term Productivity  
• Intellectual Property and Know-How  
• Smart Capital Spending |

---

**Focus On Developing Critical Capabilities For Each Area**
### Operational Excellence

#### Priorities

- **Fully Leverage HOS Activities**
  - 13 Sites in Development, Including 5 in 2008
  - Concentrate on Key Sites for 2009
- **Strategic Plans for All Critical Plants**
- **Smart Capital Spending**
- **Maintenance Excellence**
- **Reprioritize Capital Spend for Quicker Payback**
- **Add Process Engineers**

#### Hopewell Example

- **Production Began in 1954**
- **450-Acre Site**
- **Replacement Value: $1.5B**
- **Produces Caprolactam and Ammonium Sulfate (Fertilizer)**
- **Opportunities:**
  - Increase Output by 30-40M Pounds
  - Increase Op Income by $40-$50M Per Annum Over 4 Years

---

*Achieve Sustainable Competitive Advantage*
Growth - UOP

New Growth Opportunities In Refining

- Max Propylene
- LPG / Chemical Feedstock
- Gasoline
- Jet Fuel
- Diesel Fuel
- Heavy Oils
- Heavy Oil Processing – Cracks Residue into Lighter, More Desirable Fractions

UOP Operating Income

- Core + Growth
- Petrochem (BTX)

2001 2007 2013

Attractive Opportunities For Growth And Profitability
### Growth - UOP

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Market Driver</th>
<th>UOP Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gas Processing</strong></td>
<td>• Growth + Depletion = 8% / Year Demand</td>
<td>• New Membranes – Provide Higher Purity Output Gas</td>
</tr>
<tr>
<td></td>
<td>• Increasingly Dirty Gas Requiring Scrubbing and Processing</td>
<td>• Monetize Stranded Gas – Upgrade Methane to Transportable Forms</td>
</tr>
<tr>
<td></td>
<td>• Increasing Remote Gas</td>
<td></td>
</tr>
<tr>
<td><strong>Methanol to Olefins (MTO)</strong></td>
<td>• Convert Gas (Cheaper) to Propylene</td>
<td>• New Catalysts to Enable MTO, Convert Gas to Propylene</td>
</tr>
<tr>
<td></td>
<td>• Increasing Interest / Economic Benefits to Convert Other Methanol Sources</td>
<td>• Increasing Interest / Economic Benefits to Convert Other Methanol Sources</td>
</tr>
<tr>
<td><strong>Renewables</strong></td>
<td>• Energy Security</td>
<td>• Drop-In Fuel Replacement</td>
</tr>
<tr>
<td></td>
<td>• Renewable Mandates (e.g. U.S. Ethanol Mandate)</td>
<td>• Uses Non-Edible Feedstocks (vs. Competing With Food)</td>
</tr>
<tr>
<td></td>
<td>• Diversified Fuel Sources</td>
<td></td>
</tr>
</tbody>
</table>

**Sweetspot Of Global Energy Demands**

- Growth + Depletion = 8% / Year Demand
- Increasingly Dirty Gas Requiring Scrubbing and Processing
- Increasing Remote Gas
- Convert Gas (Cheaper) to Propylene
- Increasing Interest / Economic Benefits to Convert Other Methanol Sources
- Energy Security
- Renewable Mandates (e.g. U.S. Ethanol Mandate)
- Diversified Fuel Sources
- Drop-In Fuel Replacement
- Uses Non-Edible Feedstocks (vs. Competing With Food)
Growth - New Products

Low-Global-Warming Refrigerants

- More Stringent Regulations in Europe Aimed at Reducing Global Warming Impact from Refrigerants in Autos / Trucks
- New LGWP Product (HFO-1234yf) From Fluorine Products
- Near Drop-In Replacement for Existing Refrigerant
- Superior Life-Cycle Environmental Performance Compared With Alternatives Such as CO₂
- Major Auto Research Programs (SAE International, JAMA) Endorse HON Product as Best Alternative

Safer Fertilizer

- Proprietary Technology to Make Safer Fertilizer That is Harder to Weaponize
- Addresses Concerns Over Terrorist Use of Common Fertilizer
- Fuses Ammonium Nitrate With Ammonium Sulfate
- Received Safety Act Designation From U.S. Department of Homeland Security
- Successful Pilot Plant Scale up Proves Manufacturing Technology
- In Talks With Potential Partners

Solving Critical Needs
Growth - Increasing Market Reach

Enovate Insulation Example

• Key Ingredient for Closed-Cell Foam, Which Provides Superior Insulating Performance For Buildings and Homes
• Identify / Validate the Full Customer Set
• Prioritize Customers and Markets Based on Likelihood of Conversion
• Add Resources to Gain Critical Mass in High Priority Regions
• Teach Contractors / Builders to Sell our Product and Demonstrate How They Make More Money With Honeywell
• Spray Foam Insulation Has ~3% Share in a $17 Billion Market Space
• Market in Depth to 2,000 Contractors and 150,000 Builders

25% to 30% Energy Savings In Commercial Buildings
## 2009 Outlook

### ($B)  

<table>
<thead>
<tr>
<th>Segment</th>
<th>Org. Growth</th>
<th>Drivers / Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>UOP</td>
<td>↓</td>
<td>Refining, Petrochem, Gas / Reload Delays</td>
</tr>
<tr>
<td>R&amp;C</td>
<td>↓</td>
<td>Formula Pricing / Commodity Demand</td>
</tr>
<tr>
<td>Fluorines</td>
<td>↓</td>
<td>Pricing Actions / Construction, Auto Outlook</td>
</tr>
<tr>
<td>Electronic</td>
<td>↓</td>
<td>Key Customer Wins / Semiconductor Cap Ex</td>
</tr>
<tr>
<td>Specialty</td>
<td>↑</td>
<td>Niche New Products / Res &amp; Non-Res Outlook</td>
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</table>

### 2008 vs. 2009 Guidance

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<tbody>
<tr>
<td>Sales</td>
<td>$ 5.3</td>
<td>$ 4.7 - 5.1</td>
<td>$ 4.7 - 5.1</td>
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<tr>
<td>Segment Profit</td>
<td>0.7</td>
<td>0.6 - 0.7</td>
<td>0.6 - 0.7</td>
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</tbody>
</table>

### Outlook On Track
Summary

- Challenging Macro Environment
- Taking Action to Address Challenges
- Strategy Built Around Each Business Model
- Building Capabilities AND Delivering Earnings
- Mix of Strategic and Tactical Efforts – Deliver This Year and Plant the Seeds for Future Years
Energy Efficiency Focus

Kate Adams
Vice President and General Counsel
Honeywell Energy Efficiency Offerings

- **UOP Processes and Products**
- **Water Heater Controls**
- **Turbochargers**
- **Process Controls**
- **Energy Contracts**

**Residential, Commercial & Industrial Markets**

- **60% ACS Products and Services**
  - Improve Energy Efficiency
- **50% Specialty Materials**
  - Products and Services
  - Reduce Energy Consumption

**Aerospace**

- **50% Aerospace Products**
  - Enable Reduced Energy Consumption or Increased Flight Efficiency

**Specialty Materials**

- **50% Specialty Materials Products and Services**
  - Reduce Energy Consumption

**Transportation**

- **65% Transportation Systems Products**
  - Enable Increased Energy Efficiency or Reduced Emissions

---

**50% Of Portfolio Tied To Energy Efficiency**
### US Energy Consumption and Growth

<table>
<thead>
<tr>
<th>Sector</th>
<th>2005 Baseline</th>
<th>2030 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>33</td>
<td>40</td>
</tr>
<tr>
<td>Transportation</td>
<td>28</td>
<td>40</td>
</tr>
<tr>
<td>Residential</td>
<td>21</td>
<td>27</td>
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<tr>
<td>Commercial</td>
<td>18</td>
<td>27</td>
</tr>
<tr>
<td><strong>Total Quads</strong></td>
<td><strong>100</strong></td>
<td><strong>134</strong></td>
</tr>
</tbody>
</table>

**US Department of Energy Estimates That US Energy Consumption Will Increase 34 Quads by 2030**

Source: DOE Energy Information Administration, 2006 Annual Energy Outlook

---

1 Quad = One Quadrillion BTU’s ≈ 172M Barrels Of Oil
## Honeywell Impact on Industrial Applications

<table>
<thead>
<tr>
<th>Sector</th>
<th>2005 Baseline</th>
<th>2030 Forecast</th>
<th>HON Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
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<td>5</td>
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<td></td>
</tr>
</tbody>
</table>

*Source: DOE Energy Information Administration, 2006 Annual Energy Outlook*

### Honeywell Examples

- **Advanced Process Controls**
  - Save up to 10% of energy

- **UOP Processes / Products**
  - Save up to 15% of energy

- **Wireless Sensors**
  - Save up to 10% of energy

---

**Honeywell Products Could Save Five Quads**
# Honeywell Impact On Transportation

<table>
<thead>
<tr>
<th>Sector</th>
<th>2005 Baseline</th>
<th>2030 Forecast</th>
<th>HON Savings</th>
</tr>
</thead>
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<td></td>
</tr>
</tbody>
</table>

**Honeywell Examples**

- **Turbochargers**
  - Save 15% to 50%
- **Ecofining™**
  - Lowers GHG by 70%
- **APU Upgrades**
  - Save 5% to 15%

Source: DOE Energy Information Administration, 2006 Annual Energy Outlook

**Honeywell Products Could Save Eight Quads**
## Honeywell Impact On Residential Homes

<table>
<thead>
<tr>
<th>(Quads)</th>
<th>2005 Baseline</th>
<th>2030 Forecast</th>
<th>HON Savings</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Residential</td>
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<td>27</td>
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<td>Commercial</td>
<td>18</td>
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<tr>
<td>Total Quads</td>
<td>100</td>
<td>134</td>
<td></td>
</tr>
</tbody>
</table>

Source: DOE Energy Information Administration, 2006 Annual Energy Outlook

### Honeywell Examples

**Programmable Thermostats**
- Save 10% to 30%

**Spray Foam Insulation**
- Saves 30% to 40%

**Advanced Refrigerants**
- Save 5% to 10%

---

**Honeywell Products Could Save Three Quads**
## Honeywell Impact On Commercial Buildings

<table>
<thead>
<tr>
<th>Sector</th>
<th>(Quads)</th>
<th>2005</th>
<th>2030</th>
<th>HON Savings</th>
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</thead>
<tbody>
<tr>
<td>Industrial</td>
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<td>Residential</td>
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<tr>
<td><strong>Commercial</strong></td>
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<td>18</td>
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<tr>
<td><strong>Total Quads</strong></td>
<td></td>
<td>100</td>
<td>134</td>
<td></td>
</tr>
</tbody>
</table>

Source: DOE Energy Information Administration, 2006 Annual Energy Outlook

### Honeywell Examples

- **Energy Performance Contracts**
  - Save More Than 20%

- **Programmable Thermostats**
  - Save 15% to 20%

- **Spray Foam Insulation**
  - Saves 25% to 30%

---

Honeywell Products Could Save Six Quads
### Honeywell Impact On US Energy Demand

<table>
<thead>
<tr>
<th>(Quads)</th>
<th>2005 Baseline</th>
<th>2030 Forecast</th>
<th>HON Savings</th>
<th>2030 Potential</th>
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<td>Transportation</td>
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<td>Residential</td>
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<tr>
<td>Commercial</td>
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<td>27</td>
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<td>21</td>
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<tr>
<td>Total Quads</td>
<td>100</td>
<td>134</td>
<td>22</td>
<td>112</td>
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</tbody>
</table>

Source: DOE Energy Information Administration, 2006 Annual Energy Outlook

22 Quads Savings ≈ Fuel For 120M+ Vehicles, Electricity And Gas For 160M+ Homes
Honeywell Offerings Aligned With Agency Priorities

<table>
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<tbody>
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<tr>
<td>• Energy Saving Performance Contracting</td>
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<td>• Energy Management Systems</td>
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<td>and HVAC Controls for Buildings</td>
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<tr>
<td>• Advanced Process Controls</td>
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<td>and Industrial Facilities</td>
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<td>• Enovate® Spray Foam Insulation</td>
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<td><strong>AEROSPACE</strong></td>
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<td>• Engine / Fuel Technologies</td>
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</tbody>
</table>

Broad Honeywell Engagement
HON Organizational Alignment

• **Energy Steering Committee**
  – Cross Functional / Business, Chaired By CEO Cote
  – Coordinates HON Energy Messaging and Priorities
  – Proprietary Energy Efficiency Model
  – Clinton Climate Initiative, CCX, McKinsey Partnerships

• **Government Relations Energy Efficiency Efforts**
  – Global Reach: US, EMEA, India and China Presence
  – Aligned / Integrated With SBG Priorities / Leadership
  – Relationships With Key Agencies, Policymakers, NGO’s

*Honeywell Aligned To Drive EE Penetration*
Summary

• 50% Honeywell Portfolio Tied to Energy Efficiency

• Benefits of ‘Seed Planting’ Investments

• Products Available Today Save 22 Quads by 2030

• Engagement With Federal, State and Local Agencies

• Honeywell Organized / Aligned to Win

Tremendous Opportunity For Honeywell
Today’s Session

Joe Puishys, President Environmental Combustion & Controls, ACS
• 30+ Years Leadership Experience With Honeywell

TK Kallenbach, VP Marketing & Product Management, Aerospace
• 25+ Years Leadership Experience With Honeywell

Dr. Rajeev Gautam, President UOP, Specialty Materials
• 30+ Years Leadership Experience With UOP / Honeywell

Alex Ismail, President Turbo Technologies, Transportation Systems
• 10+ Years Leadership Experience With Honeywell

Honeywell Leaders Driving Energy Efficiency
Energy Efficiency At ACS

• Innovative Products and Solutions

• Large Installed Base
  - 150M+ Homes
  - 10M+ Buildings
  - 5,000+ Industrial Facilities
  - Hundreds of Utilities

• Favorable Macro Trends
  - Legislation / Funding
  - Reducing Energy / Maintenance Costs
  - Comfort, Convenience, Health

60% ACS Products and Services Related to Energy Efficiency

Global Leader In Delivery Of Energy Efficiency
Industrial

• Energy = Largest Input Cost

• Advanced Solutions Leadership
  
  *Energy Optimization*
  
  - Profit Optimizer™

• Industrial Combustion
  
  *Electronic Air Fuel Control*
  
  - SMARTFIRE™, SMARTLINK™

Industrial Process & Combustion Solutions Decrease Energy Use up to 35%

*Solutions To Monitor / Reduce Consumption & Emissions*
Buildings

- **Commercial Controls…The Foundation**
  - Building Management Systems

- **Facility Automation and Service**
  - Energy Mgmt and Information Systems
  - Lighting Controls
  - Sustainable Services

- **Renewable Energy**
  - Renewable Energy Scorecard

- **Energy Retrofits**
  - 5,000 Performance Contracts Completed

**Controls and Building Management Systems Decrease Energy Use By 15% to 20%**

*Combining Service And Technology To Cut Energy Costs*
Buildings Example – Ft. Bragg

• Energy Savings Performance Contract (ESPC)

• Reducing Energy Costs & Emissions
  
  - Total Energy Costs Down $70+ Million, $15 Million Annually
  
  - Carbon Dioxide Emissions Down More Than 650 Million Pounds

  *Ft. Bragg Energy Savings Removing 52,000 Cars From the Road Annually*

ESPCs Reduce Energy Use by 20%

Global Leader In Energy Services
Residential

• Leading Energy Saving Portfolio
  - Programmable Thermostats
  - Zoning
  - Humidification
  - Gas Valves
  - Solar Water Heaters

• Game-Changing Wireless Technology

• 150M+ Home Installed Base

Reducing Energy Bills Up to 33%

Extending Leadership Position Through Innovation
Utilities

- **Demand Response (DR)**
  - UtilityPro™
  - Baltimore Gas and Electric

- **Smart Meter**
  - Tallahassee Contract

- **Energy and Conservation**
  - New Jersey Comfort Partners

90% of Demand Response Thermostats are From Honeywell

*Working With Utilities To Make Smart Grid A Reality*
U.S. Stimulation

- Energy Efficiency Key Component of Stimulus Package
- Areas of Focus Aligned With ACS Capabilities
- Honeywell Positioned To Drive Adoption

ACS Aligned With Key Energy Efficiency Priorities
New / Emerging Technologies

- Self-Powered Wireless Devices
- Energy and Carbon Emissions Optimization
- Continuous Building Energy Optimization
- Optimal Deployment / Control Renewable Energy on Grid

Investing In Tomorrow’s Solutions
Favorable Macro Trends

- Energy Costs
- Green Movement
- Legislation
- Comfort / Convenience and Health
- Maintenance Costs

Well Positioned For Future Growth
Summary

• Global Leader in Energy Efficiency
• Robust Solutions and Products
• Aggressive New Technologies
Aerospace

TK Kallenbach
Vice President – Marketing & Product Management
Enabling Energy Efficiency

Revenue - $12.7B

- Mechanical 55%
- Electrical 38%
- Services 7%

“Efficient Upgraded & Future Aircraft”

Balanced Portfolio

Reduced Energy Consumption, Weight 51%
Efficient Upgraded And Future Aircraft

$1B Opportunity…Global Airlines

Reduced Energy Consumption, Weight 51%

51% Of Portfolio Addresses Traditional Energy Opportunities
Upgrading Today’s Aircraft

Auxiliary Power Unit Upgrades
- 5-15% More Efficient than Alternatives
- $500K Savings Annually at Typical Airline
- $5M+ Annual Potential Across the Fleet
- 3.8M Gallons Less Fuel
- 38K Tons Less CO₂

Carbon Brakes
- Up to 1,000 Pounds Per Aircraft Weight Reduction Versus Steel
- $40-70M Annual Fuel Savings Potential Across the Fleet
- 25-45M Gallons Less Fuel
- 250K-450K Tons Less CO₂

Cockpit Upgrades
- Less Weight / More Payload
- Better Situational Awareness and Reliability
- 70-80 lbs Weight Reduction for Display Upgrade
- 200 lbs Savings for an Integrated Cockpit Avionics Suite (Primus Epic)
- $1-$3M Per Year in Related Fuel Savings Across the Fleet
Future Of More Efficient Commercial Vehicles

A350 Integrated Mechanical Perimeter

- Unique Ability to Integrate and Optimize Systems
- Reduced Parts, Weight; Improved Performance
- $8.5B Fuel Savings Over 25 Years
- 2.3B Gallons Less Fuel
- 23M Tons Less CO₂
Future Of More Efficient Military Vehicles

F35 Power and Thermal Management System

- Combines Functions Traditionally Performed by Five Discrete Subsystems
- Smaller, Lighter Aircraft Uses Less Fuel
- Contribution to Increased Internal Payload, Superior Performance, Improved Mission Capability
- 20-30% Operations and Support Savings Over Current
- $3.2B Savings Over 25 Years
Battlefield Efficiency – Surveillance
Battlefield Efficiency – Surveillance

T-Hawk Micro Air Vehicle for Battlefield Surveillance

- 90%+ Less Fuel Than Helicopter
- Up to $4M Savings per Vehicle Annually
- 100K gal, 1,000 tons CO₂ Savings Annually
- 25 Currently in Iraq
- 96 Systems Ordered…$70M 2009 Revenue
Enabling Efficient Flight

$6B+ Opportunity…Global Airlines
Anatomy Of A Flight

Traditional Flight Profile

Fuel Use
737,
3 hour flight

2016 Gallons
$3025, 21T CO2
Flying Airplanes More Efficiently

Traditional Flight Profile

Fuel Use 737, 3 hour flight
2016 Gallons
$3025, 21T CO₂

ASPIRE Flight Profile

Fuel Use 737, 3 hour flight
1903 Gallons
$2855, 20T CO₂

Up To $6B Savings And 40M Tons CO₂ Reduction Possible Annually
Efficient Flight...“Clean Departures”

Global Opportunity
- $800M Annual Savings
- 0.5B Gallons of Fuel
- 1-2% Flight Time Savings

“Efficient Flight” Equipment
- $500K – 1000K per Aircraft

Key Airports
- Atlanta
- Dallas
- Others in Development

Key Airplanes
- B737/777/747
- A320/330/340/380
- Gulfstream / Dassault
Efficient Flight…“Fly Straight”

Global Opportunity
- $2.7B Annual Saving
- 1.8B Gallons of Fuel
- 3-5% Flight Time Savings

“Efficient Flight” Equipment
- $500K – 1000K per Aircraft

Key Airlines
- Continental
- Qantas
- NWA / Delta
- Singapore
- Emirates

Key Airplanes
- B737/777/747
- A320/330/340/380
- Gulfstream / Dassault
Efficient Flight…“Fly Straight”

Global Opportunity
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Key Airlines
- Continental
- Qantas
- NWA / Delta
- Singapore
- Emirates

Key Airplanes
- B737/777/747
- A320/330/340/380
- Gulfstream / Dassault

Southwest Airlines offers 30 flights per day between DAL and HOU
Efficient Flight…“Vertical Paths”

Animation Courtesy of UPS
Efficient Flight…“Don’t Dive & Drive”

Global Opportunity
- $2.0B Annual Saving
- 1.3B Gallons of Fuel
- B777 193 gal per Flight
- B747 334 gal per Flight

“Efficient Flight” Equipment
- $500K – 1000K per Aircraft
- SmartPath Precision Landing Ground System - $10M+ Annually
- Go Direct® RNP/RNAV Approaches – $3M+ Annually

Key Airlines
- Continental
- Qantas
- Japan Airlines
- Air New Zealand
- Singapore
- Emirates

Key Airplanes
- B737/777/747
- A320/330/340/380
- Gulfstream / Dassault
Honeywell Products Make This Work

$3.7B Annual Sales
Towards A Carbon Neutral World

Biofuels

- Honeywell – UOP Solutions
- Drop-in Replacement for Jet Fuel...Potential for Carbon Neutral Footprint
- Honeywell Test Started in 2006...Completed in F22, JSF and C17 Auxiliary Power Units
- 100% Reduction over Current Fuel
- 750M tons Less CO₂ Annually
- Continental, Air New Zealand, JetBlue, JAL are Leaders to Date
Summary

Honeywell Aerospace Revenue – $12.7B

- Recent Wins – A350 Mechanical Perimeter, A350 and A380 Flight Computer & FMS, Numerous A320 APU Retrofits
  - $1B+ Annual Savings

- Recent Wins – FAA ADS-B, SESAR, Go Direct® RNP Services, IntuVue® Weather Radar, Airbus Traffic Situational Awareness, EGPWS, TCAS, Navy T-Hawk MAV
  - $6B+ Annual Savings

80% Of Aero Portfolio Aimed At Energy Savings
Specialty Materials

Dr. Rajeev Gautam
President and CEO, UOP
SM Energy / Environment Offerings

Energy Efficiency

- Refining Technologies and Energy Management
- Refrigerants

Energy Self Sufficiency

- Renewable Fuels
- Foams

Environment

- Refrigerants
- Carbon Capture and Storage
## UOP Energy Efficiency Technologies

### The Opportunity

- Approximately 8% of the Energy in Crude Oil is Used During Refining
- New Catalysts Can Reduce Imports by Increasing U.S. Diesel Yields by 4 Billion Gallons per Year
- UOP Technologies Could Deliver Approximately 15% Energy Savings in an “Average” Refinery – Saving 115 Million Barrels of Oil Equivalent Per Year in the U.S.

### Energy Loss

<table>
<thead>
<tr>
<th>Energy Basis</th>
<th>100 BTU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Used: ~1.6 Million Barrels / Day Oil Equivalent in US</td>
<td></td>
</tr>
</tbody>
</table>

### UOP Offerings

- New Catalysts with Improved Yields
- Energy Management Services
- Remote Process Monitoring and Troubleshooting (Jointly Offered with Honeywell Process Solutions)
- Proprietary Equipment -- Divided Wall Columns, High-Performance Heat and Mass Transfer Equipment

---

**Energy Efficiency Can Significantly Reduce Energy Imports, Reduce GHG Emissions And Improve Refiners’ Operating Margins**
Processing Heavy Crude / Bottom Of The Barrel

Heavy Crude / Bottom of The Barrel

- Heavy Crudes / Crude Fractions are Becoming a Growing Percentage of Oil Consumed
- Heavy Feedstocks are Plentiful in the Americas
- Refineries that can Process Heavy Feedstocks are More Flexible and can Process Lower Cost Feedstocks
- Increased Yields from UOP’s Technology can Reduce Crude Consumption by 4% While Making the Same Amount of Transportation Fuels

UOP Offerings

- UOP is a Leader in Upgrading Technology:
  - Hydroprocessing
  - Crude Catalytic Cracking
  - Uniflex
- Uniflex (Slurry Hydrocracking), Introduced Last Year, Makes High-Value Diesel and Naphtha Instead of Low-Value Coke

More Products From Lower Cost Oil
Renewables: Green Diesel And Jet Fuel

- Commercial Technology to Produce “Green” Diesel from Biofeedstocks
  - Uses First- and Second-Generation Non-Food Feedstocks
  - Drop-in Replacement for Existing Fuel
  - Excellent Blending Component, Allowing Refiners to Expand Diesel Pool by Mixing in “Bottoms”

- Near-Commercial Bio-Jet Fuel Technology
  - DARPA-Funded Project to Develop Process Technology to Produce Military Jet Fuel (JP-8) from Renewable Sources
  - Leverage Ecofining Process Technology
  - Fuel Meets Stringent Requirements for Flash Point, Cold Temperature Performance, etc.
  - Three Commercial Demonstrations Completed with Boeing and Airline Partners: ANZ, CO, JAL

<table>
<thead>
<tr>
<th></th>
<th>Petrodiesel</th>
<th>Biodiesel</th>
<th>Green Diesel</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOx</td>
<td>Baseline</td>
<td>+10</td>
<td>-10 to 0</td>
</tr>
<tr>
<td>Cetane</td>
<td>40-55</td>
<td>50-65</td>
<td>75-90</td>
</tr>
<tr>
<td>Cold Flow Properties</td>
<td>Baseline</td>
<td>Poor</td>
<td>Excellent</td>
</tr>
<tr>
<td>Oxidative Stability</td>
<td>Baseline</td>
<td>Poor</td>
<td>Excellent</td>
</tr>
</tbody>
</table>
Energy From Waste Biomass - A New Platform

- Ensyn / UOP JV Enables Participation in Biomass to Power Options
- Phased Demonstration and Commercialization Enables Near-Term Opportunities

- Dry to ~5% Moisture
- Grind to Fine Particle
- Liquefy Biomass
- Create Pyrolysis Oil

- Heat Recycle

- Electricity Production
- Fuel Oil Substitution
- Transport Fuels (Gasoline, Jet Diesel)
- Chemicals (Resins, BTX)

Making Second-Generation Fuels A Reality
Refrigerants

**Energy-Efficient Refrigerant**

- On Average, 80% of Climate Impact of Applications Like Refrigeration or Air Conditioning Results from CO₂ Emissions Associated with the Energy Consumption of their Power Equipment

- Energy-Efficient HFCs Being Phased-in by Montreal Protocol

- Honeywell has Strong Patent Position for Main Stationary Replacement – R410a

- Helps OEMs Meet “13 SEER” Energy-Efficiency Requirements (More Refrigerant Needed to Increase Energy Efficiency)

- Refrigerators and Air Conditioners Using Honeywell Refrigerant Consume 5-10% Less Energy Than Comparable Cost Systems

**LGWP Refrigerant Platform**

- Developing Next-Generation Refrigerants with Lower-Global-Warming Potential to Meet Current and Anticipated Regulations

- Near-Commercial Offering for Mobile Air Conditioning

- Active Research Program for Stationary

Honeywell’s LGWP Mobile Solution Produces Less Total CO₂ Emissions Than Both Either the Current Refrigerant or Using CO₂ as a Refrigerant.
Closed-Cell Spray Foam Insulation

**Appliances**

- Closed-Cell Insulation Using Enovate is the Preferred Method of Insulation Refrigerators to Increase Energy Efficiency
- Key to Achieving Energy Star Ratings
- Better Insulation Performance by up to 15%
- Applications for Solar Water Heaters
- More Durable Foam – Retains Dimensions and Thermal Performance Better

**Residential / Commercial Insulation**

- Closed-Cell Insulation Using Enovate Provides Exceptional Air Sealing and R-Value
- Spray Foam Insulation Using Enovate Demonstrates 25-30% Better Energy Savings in Commercial Buildings Than Next Best Insulation and Increases Structural Stability
- NAHB Tests Have Also Demonstrated a 3-fold Increase in the Strength of Roofs and Walls Using This Insulation

*Patented For Spray Foam Applications*
Carbon Capture and Storage

Carbon Capture

- Carbon Capture and Storage Removes Carbon Dioxide and Sequesters it to Avoid GHG Release to the Atmosphere
- Allows Power Production From Domestic Coal Without High GHG Emissions
- “[CCS] is the Only Technology That Allows for the Continued Use of Coal for Power Generation, While at the Same Time Reducing Emissions Substantially.” – McKinsey (1)

UOP Offerings

- UOP is Currently a Leader in CO₂ Removal Technology
- Only Company to Offer CO₂ Solutions Based on Absorption, Adsorption and Membrane Separation Technologies – Complete Portfolio
- Installed Base of Over 600 Units for CO₂ Removal in Natural Gas Upgrading, Ammonia and Hydrogen Production
- Installed in Operating Integrated Gasification Combined Cycle (IGCC) Power Plants in U.S. and Europe

(1) Pathways to a Low Carbon Economy*, McKinsey and Co., 2009
Summary

• Specialty Materials Well Positioned With Technologies and Materials to Provide Energy Efficiency, Energy Self-Sufficiency and Reduced GHG Emissions

• Providing Energy Solutions for:
  - Oil and Gas Industries
  - Refrigeration
  - Residential / Commercial Use

• Leader in Technology for Fuels from Renewable Sources:
  - Lower GHG Emissions
  - Superior Fuel Properties
  - No Infrastructure Modification

Meeting The Energy Challenge
Transportation Systems

Alex Ismail
President, Turbo Technologies
Engine Dynamics Across Regions

US
- Average Engine Size: 3.6L
- Average mpg: 25
- Turbo Penetration: 5%
- Hybrid Penetration: 2%

W-Europe
- Average Engine Size: 1.8L
- Average mpg: 40
- Turbo Penetration: 62%
- Hybrid Penetration: 1%

China
- Average Engine Size: 1.8L
- Average mpg: 35
- Turbo Penetration: 13%
- Hybrid Penetration: <1%

• Small Engine + Turbo = Big Engine Power, Small Engine Economy

* 2008 Light Vehicle Sales

Turbos Drive Improved Fuel Efficiency
More Stringent Emissions Legislation

**Fuel Efficiency**

- **Europe**
  - Avg Engine Displacement: 3.6L
  - Converted to CAFE Test Cycle: 65 MPG
  - Trend: Increasing over the years

- **China**
  - Avg Engine Displacement: 1.8L
  - Converted to CAFE Test Cycle: 55 MPG
  - Trend: Increasing over the years

- **USA**
  - Avg Engine Displacement: 2.9L
  - Converted to CAFE Test Cycle: 50 MPG
  - Trend: Increasing over the years

**Engine Downsizing**

- **Europe**
  - Avg Engine Displacement: 3.6L
  - Trend: Decreasing to 1.4L by 2020

- **USA**
  - Avg Engine Displacement: 2.9L
  - Trend: Decreasing to 1.6L by 2020

- **China**
  - Avg Engine Displacement: 1.8L
  - Trend: Decreasing to 1.4L by 2020

**Source:** An and Sauer & Honeywell

**Source:** Global Insight & Honeywell

- **Downsizing Required to Meet Demand for More Fuel Efficiency**
- **Turbos: “No Compromise” Solution for Consumers – Performance**
- **Turbos Enable 30% Downsizing and 25% Lower Emissions**

**Turbos Benefit Consumers And Environment**
### Favorable Government And Tax Policies

#### '09 Stimulus
- Auto Aid, Gov’t Fleet, Highway
- Emission Reduction, New Fuels

#### Legislation & Tax
- CAFE 2020 – 40% Better MPG
- State Specific Energy Policies

#### Green Vehicles, Traffic Mgmt
- CO₂ Reduction Technologies

#### CO₂ Legislation – 40% lower CO₂
- Vehicle CO₂ Tax – Diesel Fuel Tax

#### Fuel Efficient Technologies
- Electric Power Vehicles

#### Small Engine Sales Tax Reduction
- Vehicle Trade-in Subsidies

- Up to $130B Global Stimulus to Accelerate Energy Efficiency
- Governments Leveraging Tax Policy to Drive Energy Agenda
- Legislation Favors Turbo Adoption – Proven Technology

### Global Funding Effort Towards Energy Efficiency
Turbo Penetration Outlook

- Growing Global Turbo Penetration – From 24% to 72% by 2020
- Turbos Installed on Gas, Diesel and Hybrid Engines
- Non Turbo Hybrids & Electric Vehicles – From 1% to 8% of Total

Global Turbo Penetration 3X By 2020

Source: Global Insight & Honeywell
Energy Efficiency From Well To Wheel

<table>
<thead>
<tr>
<th>% CO₂ Reduction</th>
<th>Cost / Vehicle</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gas / Diesel</strong></td>
<td>$1,600</td>
</tr>
<tr>
<td><strong>Hybrids</strong></td>
<td>$2,300</td>
</tr>
<tr>
<td><strong>Electrics</strong></td>
<td>$7,500</td>
</tr>
</tbody>
</table>

- Attractive Emission Reduction Potential from Gas / Diesel Engines
- Gas / Diesel: Available Technologies and Lower Cost / Vehicle
- Electrics: Emissions Subject to Efficiency of Grid and Higher Cost

**Turbo Gas / Diesel Engines = Attractive Cost / Benefit**

CO₂ reduction using CURRENT Energy Generation Technology.

*Source: McKinsey & Company-2009*
Honeywell Turbo Flagships

**Turbo Gasoline**
- 20% Better Fuel Economy vs. Non Turbo
- Downsizing from V8 to V6 – Ford EcoBoost
- Aerospace Material Science – High Temperature

**Turbo Hybrid**
- 30% Better Fuel Economy vs. Non Turbo
- Turbo and Hybrid Benefits on V8 engine

**Turbo Diesel**
- 40% Better Fuel Economy vs. Non Turbo
- 50 States Compliant - Ahead of 2020 CAFE
- +40M Vehicles Equipped with Honeywell Turbo

**Turbo Adoption On Gas, Hybrids And Diesel**
Honeywell Turbo New Business Profile

### New Business – Regions

<table>
<thead>
<tr>
<th>Region</th>
<th>2009 Revenue</th>
<th>2013</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td></td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Americas</td>
<td></td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td></td>
<td>17%</td>
<td></td>
</tr>
</tbody>
</table>

- **$3B+ New Business Wins in 2008** – Gas, Diesel, Hybrids
- **HOS and VPD™ Drive 20 Year Competitive Advantage**
- **HON Turbo Differentiation:** Aero, UOP, S&C Synergies

### Key Customers

- [Volkswagen](#)
- [Audi](#)
- [Fiat](#)
- [Mercedes](#)
- [Peg Perego](#)
- [Hyundai](#)
- [DAF](#)
- [Scania](#)
- [Perkins](#)
- [Toyota](#)
- [Honda](#)
- [Ford](#)
- [GM](#)
- [Isuzu](#)
- [MAN](#)
- [Perkins](#)
- [Caterpillar](#)
- [PACCAR](#)
- [Detroit Diesel](#)
- [John Deere](#)
- [MWM](#)
- [TOYOTA](#)
- [HONDA](#)
- [ISUZU](#)
- [Nissan](#)
- [China Yuchai](#)
- [Ashok Leyland](#)
- [Chery](#)
- [Saiic](#)
- [Huawei](#)

---

*Technology And Cost Leadership*
Summary

- Global Turbo Adoption Continuing
- Favorable Global Policies and Macro Trends
- Turbo Key Enabler of Energy Efficiency
- HON Technology and Cost Leadership
- HON Winning on All Fuels, All Regions, All Segments

Excellent Long Term Prospects For Turbo
Financial Summary

Dave Anderson
Senior Vice President and CFO
2009 Financial Summary

• Planning Assumptions Update

• FY09 and 1Q Guidance Update

• Cash and Productivity Drivers

• 2009 Cross-Organization Actions
2009 Planning

**Developed Markets**
- US GDP (3)% to (2)%
- EU GDP (2)% to (1)%

**Emerging Markets**
- China GDP 5 to 6%
- India GDP 4 to 5%

**Foreign Exchange**
- EURO / USD $1.25
- GBP / USD $1.45

**Commodities**
- Near Historical Lows
- 2H Opportunities
- + : Net Productivity, Repo Benefits
- - : Volume, FX
- 1H Comps Challenging

**Segment Margin**
- 100%+ Conversion
- Working Capital Turn Improvements
- Capital Expenditure Reductions

**Free Cash Flow**
- 100%+ Conversion
- Working Capital Turn Improvements
- Capital Expenditure Reductions

Global GDP (1)%
# Key Market Assumptions

<table>
<thead>
<tr>
<th>Business</th>
<th>HON 4Q08</th>
<th>2009 Drivers</th>
<th>2009 Planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT&amp;R</td>
<td>AM: 0%</td>
<td>Flight Hours</td>
<td>(2)%</td>
</tr>
<tr>
<td></td>
<td>OE: 13%*</td>
<td>OE Deliveries</td>
<td>0% to 5%</td>
</tr>
<tr>
<td>B&amp;GA</td>
<td>AM: 3%</td>
<td>TFE Flight Hours</td>
<td>(15)%</td>
</tr>
<tr>
<td></td>
<td>OE: 16%</td>
<td>OE Deliveries</td>
<td>(5)% to (10)%</td>
</tr>
<tr>
<td>Defense</td>
<td>4%</td>
<td>DOD Budget</td>
<td>3%</td>
</tr>
<tr>
<td>ACS – Developed</td>
<td>2%</td>
<td>US/EU Housing Sales</td>
<td>No Recovery</td>
</tr>
<tr>
<td></td>
<td></td>
<td>US/EU Non-Res</td>
<td>Downturn</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Retrofit / Regulation</td>
<td>Stable</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Industrial Cap/Op Ex</td>
<td>Cautious</td>
</tr>
<tr>
<td>ACS – Emerging</td>
<td>16%</td>
<td>New Construction</td>
<td>Moderating</td>
</tr>
<tr>
<td>Turbocharging</td>
<td>(44)%</td>
<td>Europe Auto Sales</td>
<td>(15)% to (20)%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Europe Diesel Penetration</td>
<td>(1) pts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Small Engine Shift</td>
<td>(4) pts</td>
</tr>
<tr>
<td>UOP</td>
<td>$1.7B Backlog</td>
<td>Refining / Gas / Petrochem</td>
<td>Slowing</td>
</tr>
</tbody>
</table>

## Challenging Market Conditions

151 Excluding CS Divestiture and Boeing Strike
## 2009 Guidance Summary

<table>
<thead>
<tr>
<th>($B)</th>
<th>December 15 Guidance</th>
<th>Current Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aerospace</strong></td>
<td>$12.2 - 12.7</td>
<td>$12.0 - 12.5</td>
</tr>
<tr>
<td><strong>ACS</strong></td>
<td>13.0 - 13.5</td>
<td>13.1 - 13.5</td>
</tr>
<tr>
<td><strong>Transportation</strong></td>
<td>3.6 - 4.0</td>
<td>3.5 - 3.9</td>
</tr>
<tr>
<td><strong>Specialty Materials</strong></td>
<td>4.7 - 5.1</td>
<td>4.7 - 5.1</td>
</tr>
<tr>
<td><strong>Total Sales</strong></td>
<td>$33.6 - 35.3</td>
<td>$33.3 - 35.1</td>
</tr>
<tr>
<td><strong>Aerospace</strong></td>
<td>$2.3 - 2.4</td>
<td>$2.2 - 2.4</td>
</tr>
<tr>
<td><strong>ACS</strong></td>
<td>1.5 - 1.6</td>
<td>1.5 - 1.6</td>
</tr>
<tr>
<td><strong>Transportation</strong></td>
<td>0.2 - 0.3</td>
<td>0.2 - 0.3</td>
</tr>
<tr>
<td><strong>Specialty Materials</strong></td>
<td>0.6 - 0.7</td>
<td>0.6 - 0.7</td>
</tr>
<tr>
<td><strong>Total Segment Profit</strong></td>
<td>$4.4 - 4.8</td>
<td>$4.4 - 4.8</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$2.4 - 2.7</td>
<td>$2.4 - 2.7</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>$3.20 - 3.55</td>
<td>$3.20 - 3.55</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>$3.0 - 3.2</td>
<td>&gt; 100% Net Income</td>
</tr>
</tbody>
</table>

### Latest Outlook

Net Income and EPS guidance is higher than the prior guidance provided on December 15, reflecting the improvement in our outlook, particularly for aerospace and specialty materials segments. The free cash flow guidance is also higher, reflecting the expectations of a significant improvement in cash flows resulting in a 100% capital return on net income.
2009 Sales And Segment Profit Walks

Changes Since Dec 15

- China and India Slow-Down
- Commercial Aerospace Weakness
- Electronic Materials Fall-Off
- Turbo Visibility
- Commodity, Productivity Benefits

Attainable Path To 2009 Guidance
### 1Q09 Preview

<table>
<thead>
<tr>
<th>($B)</th>
<th>Sales</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>Aerospace</strong> ~2.6 – 2.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Acq. / Div. -4% Estimated Impact</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• OE Deliveries Decline</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• ATR Flight Hours -4%, TFE Hours -25%</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>ACS</strong> ~3.0 – 3.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• FX -12%, Acq. +8% Estimated Impact</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Contribution from Acquisitions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Conversion of Solutions Backlog</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Transportation</strong> ~0.7 – 0.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• FX -8% Estimated Impact</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Continued Automotive Weakness</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Specialty</strong> ~0.9 – 1.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• FX -2% Estimated Impact</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• UOP Catalysts Decline, Negative Mix</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Continued R&amp;C, EM Weakness</td>
</tr>
</tbody>
</table>

**Reaffirming 1Q09**

**Sales ~$7.4B - $8.0B, EPS $0.50 – $0.60**
2009 Actions

Plan Conservatively
- In-Depth Business Reviews
- Continuous Monitoring and Adjustments

Drive Organic Growth
- New Product Introductions
- HOS Toolkit + Emerging Region Penetration

Deliver Productivity Benefits
- $100M+ Reduction In Functional Costs
- $350M+ Incremental Repositioning Savings

Generate Free Cash Flow
- Strong Cash Generation Track-Record
- Working Capital, Cap Ex Disciplines

Maintain Financial Flexibility
- Liquidity Focus
- Disciplined Capital Allocation
Emerging Region Growth

Gaining Share in Emerging Regions

China

India

GDP Growth
HON Growth

Financial Summary
156

Honeywell Investor Conference – February 23, 2009
HOS Example

Delivery (OTTR)
15 Point Improvement

2005 2008

83% 98%

Defects (PPM)
93% Reduction

2005 2008

328 22

Inventory (DOS)
5 Day Improvement

2005 2008

15 10

Conversion Cost
3 Point Improvement

2005 2008

11% 8%
2009 Productivity Actions

Functional Transformation
- Targeting $100M+ Reduction in Functional Costs
  - ~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

Repositioning Savings
- Benefits from $0.7B Proactive Actions ’06-’08
  - $350M+ Incremental Savings in 2009
  - Fixed Costs Aligned With Slow Growth Environment
Managing Global Census

Developed Regions ~Flat, Emerging Regions +117%

Total Census +19%

Emerging +117%

Developed +0%

08 vs. 03

2003 2004 2005 2006 2007 2008

200 220 240 260

80 100 120 140 160 180 200 220 240 260

Financial Summary

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Driving Productivity

- Total Census: +19%
- Sales: +58%
- Segment Profit: +97%
- EPS: +150%

08 vs. 03

Financial Summary
160

Honeywell Investor Conference – February 23, 2009
Free Cash Flow Conversion

Superior Cash Generation Track Record

2003: 120%
2004: 130%
2005: 107%
2006: 119%
2007: 129%
2008: 110%
2009E: >100%
Free Cash Flow Enablers

### Working Capital Turns

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>6.1</td>
</tr>
<tr>
<td>2009E</td>
<td>6.3</td>
</tr>
</tbody>
</table>

0.2 Turn Improvement

### Capital Expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
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<tbody>
<tr>
<td>2008</td>
<td>$0.9</td>
</tr>
<tr>
<td>2009E</td>
<td>$0.8</td>
</tr>
</tbody>
</table>

10% Reduction

### 2009 Priorities

- SIOP Forecasting Accuracy
- HOS Enabled Reductions in Cycle Time
- Leverage HON Size and Scale to Drive Working Capital Improvements
- “Zero-Base” Approach to Capital Expenditures
Liquidity Focus

- Strong Free Cash Flow Generation
- Contributions To US Pension Plan
- Reduce Debt Balances
- Disciplined Capital Deployment
- Maintain A1 / P1 Access
February Bond Offering

- $600 Million 3.875% Senior Notes Due 2014
- $900 Million 5% Senior Notes Due 2019
- Proceeds To Pay-Down Existing Debt
  - Commercial Paper
  - Current Maturities
Honeywell Playbook – Sales

- 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

- FT / ERP • Direct Materials • Census / Restructuring
  → Project Execution

- HOS Deployment
  → Deliver Benefits

- Cost Management
  → Specific Accountability

- FT / ERP • Direct Materials • Census / Restructuring
  → Strategic Sourcing

- HOS Deployment
  → Deliver Benefits

- Cost Management
  → Specific Accountability

Protect Bottom Line
Summary

• A Different Company

• We Have Been Preparing

• Organization Engaged and Focused

• Still Investing For Future
Summary

Dave Cote
Chairman and CEO
Summary

• Strong Track-Record of Results

• Unprecedented Economic Headwinds

• Preparedness Essential

• ‘Seed Planting’ In Good Times and Bad

• Businesses Well Positioned
Appendix

Reconciliation of non-GAAP Measures To GAAP Measures
### Reconciliation of Free Cash Flow to Cash Provided by Operating Activities and Calculation of Cash Flow Conversion

<table>
<thead>
<tr>
<th>($B)</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$2.2</td>
<td>$2.2</td>
<td>$2.4</td>
<td>$3.2</td>
<td>$3.9</td>
</tr>
<tr>
<td>Expenditures for Property, Plant and Equipment</td>
<td>($0.7)</td>
<td>($0.6)</td>
<td>($0.6)</td>
<td>($0.7)</td>
<td>($0.8)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$1.5</td>
<td>$1.6</td>
<td>$1.8</td>
<td>$2.5</td>
<td>$3.1</td>
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\[
\text{Free Cash Flow} = \frac{\text{Cash Provided by Operating Activities}}{\text{Net Income}} \times 100\%
\]

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<td>÷ Net Income</td>
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<td>$1.2</td>
<td>$1.6</td>
<td>$2.1</td>
<td>$2.4</td>
</tr>
<tr>
<td>Operating Cash Flow Conversion %</td>
<td>171%</td>
<td>181%</td>
<td>149%</td>
<td>154%</td>
<td>160%</td>
</tr>
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</table>

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<td>Cash Provided by Operating Activities</td>
<td>$3.9</td>
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<tr>
<td>Expenditures for Property, Plant and Equipment</td>
<td>(0.8)</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>3.1</td>
<td>2.9</td>
</tr>
<tr>
<td>Cash taxes relating to the sale of the Consumables Solution business</td>
<td>-</td>
<td>0.2</td>
</tr>
<tr>
<td>Free Cash Flow excluding cash taxes relating to the sale of the Consumables Solution business</td>
<td>$3.1</td>
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</tr>
<tr>
<td>Cash Provided by Operating Activities $3.9 $3.8 $3.9 $3.8 ÷ Net Income $2.4 2.8 2.4 2.8 Operating Cash Flow Conversion % 160% 136%</td>
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Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margin

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$36.6</td>
<td>$33.3 - $35.1</td>
</tr>
<tr>
<td>Cost of Products and Services Sold</td>
<td>(28.0)</td>
<td>(24.9) - (26.3)</td>
</tr>
<tr>
<td>Selling, General and Administrative Expenses</td>
<td>(5.0)</td>
<td>(4.6) - (4.8)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$3.6</td>
<td>$3.8 - $4.0</td>
</tr>
<tr>
<td>Stock Based Compensation (1)</td>
<td>0.1</td>
<td>~0.1</td>
</tr>
<tr>
<td>Repositioning and Other (1, 2)</td>
<td>1.0</td>
<td>0.3 - 0.4</td>
</tr>
<tr>
<td>Pension and OPEB Expense (1)</td>
<td>0.1</td>
<td>0.2 - 0.3</td>
</tr>
<tr>
<td>Segment Profit</td>
<td>$4.8</td>
<td>$4.4 - 4.8</td>
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</tbody>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
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<td>$3.8 - $4.0</td>
</tr>
<tr>
<td>÷ Sales</td>
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<td>$33.3 - $35.1</td>
</tr>
<tr>
<td>Operating Income Margin %</td>
<td>9.8%</td>
<td>~11.4%</td>
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</table>

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<tr>
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<td>$33.3 - $35.1</td>
</tr>
<tr>
<td>Segment Profit Margin %</td>
<td>13.3%</td>
<td>13.3 - 13.7%</td>
</tr>
</tbody>
</table>

(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 1'2008)