Electrical Products Group

Dave Cote
Chairman and CEO

Longboat Key, Florida
May 18, 2009
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 Today

**2008 Sales:** $36.6B

**Recent Highlights**
- **Multi-Year Platform Wins**
  - $40B Aero, $3B Turbo, $0.4B Building Efficiency
- **Attractive Acquisitions**
  - Norcross, Metrologic, Callidus, IAC
- **Repositioning**
  - ~$470 Million Actions Initiated Since 2008

**Global Footprint**
- Rest of World: 49%
- US: 51%

**Portfolio Mix**
- Short Cycle: 58%
- Long Cycle: 42%

Balanced, Global Portfolio
Overview

• Delivering Results In Tough Environment
  – Businesses Executing On Aggressive Cost Actions
  – Commercial Aerospace Aftermarket, Transportation Biggest Challenges
  – Project Savings Support 2H / FY Outlook
  – Organization Committed to Cost and Earnings Delivery

• 2010 Framework
  – Preliminary View

• Seed Planting Supports Outlook
  – Executing Repositioning Projects
  – HOS, FT, VPD™ Benefits
  – Growth Investments
## 1Q09 Financial Summary

<table>
<thead>
<tr>
<th></th>
<th>1Q08</th>
<th>1Q09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$8,895</td>
<td>$7,570</td>
</tr>
<tr>
<td>Segment Profit</td>
<td>$1,249</td>
<td>$876</td>
</tr>
<tr>
<td>Margin %</td>
<td>14.0%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Net Income</td>
<td>$643</td>
<td>$397</td>
</tr>
<tr>
<td>EPS</td>
<td>$0.85</td>
<td>$0.54</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$571</td>
<td>$232</td>
</tr>
</tbody>
</table>

- **15% Decline**
  - (11)% Organic
  - 1% Acq. / Div.
  - (5)% F/X
- **30% Decline**
  - ACS +10 bps
  - TS (1210) bps
- **38% Decline**
  - Incl. $44M Net Repo.
- **36% Decline**
- **58% Conversion**

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**Good Performance In Tough Environment**
# 2Q09 Preview

<table>
<thead>
<tr>
<th>($B)</th>
<th>Sales</th>
<th>Comments</th>
</tr>
</thead>
</table>
| Aerospace | ~2.6 – 2.8 | • Acq. / Div. -4% Estimated Impact  
• OE Deliveries Decline  
• ATR Flight Hours -5% |
| ACS     | ~3.0 – 3.2 | • FX -12%, Acq. +5% Estimated Impact  
• Contribution from Acquisitions  
• Organic Solutions Growth |
| Transportation | ~0.7 – 0.8 | • FX -13% Estimated Impact  
• Continued Automotive Weakness |
| Specialty | ~1.0 – 1.1 | • UOP Catalysts Decline, Negative Mix  
• Continued R&C, EM Weakness |

## 2Q09 Sales

**~$7.4B - $8.1B**  
**EPS $0.55 – $0.65**
## Market Assumptions Summary

<table>
<thead>
<tr>
<th>Business</th>
<th>2009 Drivers</th>
<th>Current Update</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AT&amp;R</strong></td>
<td>Flight Hours</td>
<td>(4)%</td>
</tr>
<tr>
<td></td>
<td>OE Deliveries</td>
<td>0% to 5%</td>
</tr>
<tr>
<td><strong>B&amp;GA</strong></td>
<td>TFE Flight Hours</td>
<td>(15)%</td>
</tr>
<tr>
<td></td>
<td>OE Deliveries</td>
<td>(25)%+</td>
</tr>
<tr>
<td><strong>Defense</strong></td>
<td>DOD Budget</td>
<td>3%</td>
</tr>
<tr>
<td><strong>ACS – Developed</strong></td>
<td>US/EU Housing Sales</td>
<td>No Recovery</td>
</tr>
<tr>
<td></td>
<td>US/EU Non-Res</td>
<td>Downturn</td>
</tr>
<tr>
<td></td>
<td>Retrofit / Regulation</td>
<td>Stable</td>
</tr>
<tr>
<td></td>
<td>Industrial Cap/Op Ex</td>
<td>Weakening</td>
</tr>
<tr>
<td><strong>ACS – Emerging</strong></td>
<td>New Construction</td>
<td>Res Soft; Non-Res</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stable</td>
</tr>
<tr>
<td><strong>Turbocharging</strong></td>
<td>Europe Auto Sales</td>
<td>(15)% to (20)%</td>
</tr>
<tr>
<td></td>
<td>Europe Diesel Penetration</td>
<td>(5) pts</td>
</tr>
<tr>
<td></td>
<td>Small Engine Shift</td>
<td>(6) pts</td>
</tr>
<tr>
<td><strong>UOP</strong></td>
<td>Refining / Gas / Petrochem</td>
<td>Slowing</td>
</tr>
</tbody>
</table>

### Biggest Changes: Commercial Aero, Europe Turbo
Major Cost Actions

- **Census**
  - ~$470M Repositioning Actions Since 2008, Hiring Freeze

- **Purchasing**
  - $100M+ Benefit in 2H vs. 1H 2009; Capitalizing On Raws Declines

- **Furloughs**
  - $100M+ Benefit in 2009; Maintaining Core Workforce

- **Functional Transformation**
  - $100M+ Benefit in 2009; Better Service Quality At Lower Cost

- **Indirect**
  - Spend Down 19% in 1Q09; Controls Working
Judiciously Managing Our Census

**Developed Markets**

- 2003: 90K
- 2008: 90K

**Emerging Markets**

- 2003: 18K
- 2008: 38K

**Total Census**

- 2003: 108K
- 2008: 128K

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

**Driving Productivity**
2009 EPS Walk

Cost Actions Support 2H Performance
2010 Framework

Preliminary View Of 2010

Headwind

- Pension
- Commercial Aero OE
- Non-Res Construction

TBD

- ACS Short-Cycle
- Refining / Petrochemical
- Commodities / Pricing
- Emerging Markets
- FX

Tailwind

- Defense & Space
- Restructuring Savings
- HOS/FT/VPD™
- 2009 Inventory Destocking
  - Turbo Volumes
  - ACS Distribution
  - Commercial Aero AM
- Stimulus Projects
FT / HOS

Functional Costs
- $300M+ Savings
- $100M+ Savings

HOS Deployment
- 50% Under HOS Deployment
- 70% HOS Bronze Certified
- 80% Under HOS Deployment
- 90% HOS Bronze Certified

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

Bronze Certification Requirements
- >95% Delivery to Customer Request
- >15% Improvement in Inventory
- >25% Reduction in Defects
- Sustainable Cultural Change

Tangible Benefits Building Momentum
New Products And Services

Velocity Product Development (VPD™)

2008 Scorecard

Aerospace
$40B New Program Wins

ACS
400 New Product Introductions

Transportation
$3B+ New Engine Platforms

Specialty
400+ US PatentsFiled

Fueling Growth In Existing And New Markets
# Seed Planting

## Aerospace
- Flight Efficiency / New ATM
- Helicopter Safety
- UAV’s
- Defense Logistics

## Transportation Systems
- 55%+ Win Rate
- Next Generation VNT™
- Diesel, Gas, Hybrid Applications
- Aerospace Technology Sharing

## ACS
- Wireless Technology
- Gas Detection
- Energy Savings Performance
- Personal Protection Equipment

## Specialty Materials
- Green Diesel
- Heavy Oil Hydrocracking
- Methanol-to-Olefins
- Low Global Warming Refrigerants

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**Investing For The Future**
Helicopter Safety

**Accident Rate Per 100,000 Flight Hours**

- Civil Helicopter: 5.7
- Air Transport: 0.135

**42x Higher Accident Rate**

*NTSB Accident Database, US 2007*

**Honeywell Offerings**

- Enhanced Ground Proximity Warning System (EGPWS)
- Health and Usage Monitoring System (HUMS)
- Mission Management
- Portable Navigation
- Recorders
- Traffic Collision Avoidance System (TCAS)
- Weather Radar

**Only Company With Full Safety Suite**
UAV’s

**MQ-9 Reaper / Predator B**

- Honeywell Engines Offer Lowest Fuel Burn, Longest Time Between Overhauls In Class
- 225 Additional Orders From USAF

**T-Hawk Micro Air Vehicle**

- 90%+ Less Fuel Than Helicopter
- Up to $4M Savings per Vehicle Annually
- 25 Deployed in Iraq
- 96 Systems Ordered

**Sweetspot Of Defense Priorities**
## Wireless

### Buildings
- ECC *World of Wireless*
- Industry’s First ‘Reliable’ Solution
- 75% Savings On Installation
- Enables System Add-On Sales

### Industrial
- HPS *OneWireless*
- Installed at 500+ Sites
- Full Solutions Offering, Not Just Sensors
- Single Secure, Scalable and Reliable Network

### Aerospace
- Aero *Zing*
- Remote Engine Diagnostics – Proactive Trend Monitoring
- Improved Dispatch Availability and Operational Control

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**Leveraging Wireless Leadership Across Portfolio**
## Energy Efficiency

**Industrial**
- **Advanced Process Controls**
  - Save up to 10%
- **UOP Processes / Products**
  - Save up to 15%
- **Wireless Sensors**
  - Save up to 10%

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

### Residential
- **Programmable Thermostats**
  - Save 10% to 30%
- **Spray Foam Insulation**
  - Saves 30% to 40%
- **Advanced Refrigerants**
  - Save 5% to 10%

### Commercial
- **Energy Performance Contracts**
  - Save More Than 20%
- **Programmable Thermostats**
  - Save 15% to 20%
- **Spray Foam Insulation**
  - Saves 25% to 30%

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**HON Products / Services Could Reduce US Energy Consumption By 15% to 20%**
Enabling Efficient Flight

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
Honeywell Products Make This Work

**Navigation**
20K+ Units Installed

**SmartPath™**

**Radar**
10K+ Units Installed

**Weather**

**Flight Management**
15K Units Installed

**EGPWS**
35K Units Installed

**Communications**
100K+ Units Installed

**TCAS**
30K Units Installed

Full Suite Of Products, Technology Leadership
Energy Savings Performance Contracts

• Fort Bragg Example

• 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
### Turbo Platform Wins

<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></td>
<td>9%</td>
</tr>
<tr>
<td>Americas</td>
<td></td>
<td></td>
<td>11%</td>
</tr>
<tr>
<td>Asia</td>
<td></td>
<td></td>
<td>17%</td>
</tr>
</tbody>
</table>

- **$3B+ New Business Wins in 2008** – Gas, Diesel, Hybrids
- **Turbos Enable 30% Downsizing and 25% Lower Emissions**
- **HON Turbo Differentiation: Aero, UOP, S&C Synergies**

### Technology And Cost Leadership
Ecofining™ Green Diesel

- Superior technology that produces diesel, rather than an additive
- Uses First Generation and Second Generation (Non-Food) Feedstocks
- Uses existing refining infrastructure, can be transported via pipeline, and can be used in existing automotive fleet
- Two units licensed to refiners in Europe
- Excellent blending component, allowing refiners to expand diesel pool by mixing in “bottoms”
- Excellent results from carmaker tests

**Process Comparison vs. Biodiesel**

<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>

**Performance Comparison**

*Expand Fuel Supplies, Better Life-Cycle Climate Performance, But With Drop-In Performance Or Better*
Summary

• Honeywell Executing in Tough Environment
  – Delivered 1Q Results Including $0.04 Repositioning
  – Businesses Responding Well

• 2009 Outlook Supported By Aggressive Cost Actions
  – Projects Driving 2H Benefits
  – Organization Committed to Earnings Delivery

• Benefits of Seed Planting Continue
  – Repositioning, Key Initiatives, Growth Investments

Aggressively Managing Costs, Investing For Future
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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<thead>
<tr>
<th>($M)</th>
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<tbody>
<tr>
<td>Sales</td>
<td>$8,895</td>
<td>$7,570</td>
</tr>
<tr>
<td>Cost of Products and Services Sold</td>
<td>(6,672)</td>
<td>(5,756)</td>
</tr>
<tr>
<td>Selling, General and Administrative Expenses</td>
<td>(1,255)</td>
<td>(1,152)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$968</td>
<td>$662</td>
</tr>
</tbody>
</table>

Stock Based Compensation \(^{(1)}\) | 41 | 42 |
Repositioning and Other \(^{(1, 2)}\) | 213 | 117 |
Pension and OPEB Expense \(^{(1)}\) | 27 | 55 |
Segment Profit | $1,249 | $876 |

Operating Income | $968 | $662 |
÷ Sales | $8,895 | $7,570 |
Operating Income Margin % | 10.9% | 8.7% |

Segment Profit | $1,249 | $876 |
÷ Sales | $8,895 | $7,570 |
Segment Profit Margin % | 14.0% | 11.6% |

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

\(^{(2)}\) Includes repositioning, asbestos, environmental expenses and equity income (beginning ¥¥2008)
### Reconciliation of Free Cash Flow to Cash Provided by Operating Activities and Calculation of Cash Flow Conversion

<table>
<thead>
<tr>
<th>($M)</th>
<th>1Q08</th>
<th>1Q09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$721</td>
<td>$341</td>
</tr>
<tr>
<td>Expenditures for Property, Plant and Equipment</td>
<td>(150)</td>
<td>(109)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>571</td>
<td>232</td>
</tr>
</tbody>
</table>

**Free Cash Flow**

<table>
<thead>
<tr>
<th>($M)</th>
<th>1Q08</th>
<th>1Q09</th>
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</thead>
<tbody>
<tr>
<td>Cash Provided by Operating Activities</td>
<td>$721</td>
<td>$341</td>
</tr>
<tr>
<td>÷ Net Income</td>
<td>643</td>
<td>397</td>
</tr>
<tr>
<td>Operating Cash Flow Conversion %</td>
<td>112%</td>
<td>86%</td>
</tr>
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**Free Cash Flow**

<table>
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<tr>
<th>($M)</th>
<th>1Q08</th>
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<tbody>
<tr>
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<tr>
<td>÷ Net Income</td>
<td>643</td>
<td>397</td>
</tr>
<tr>
<td>Free Cash Flow Conversion %</td>
<td>89%</td>
<td>58%</td>
</tr>
</tbody>
</table>