

Lehman Brothers Industrial Select Conference

Dave Anderson, CFO
February 11, 2008

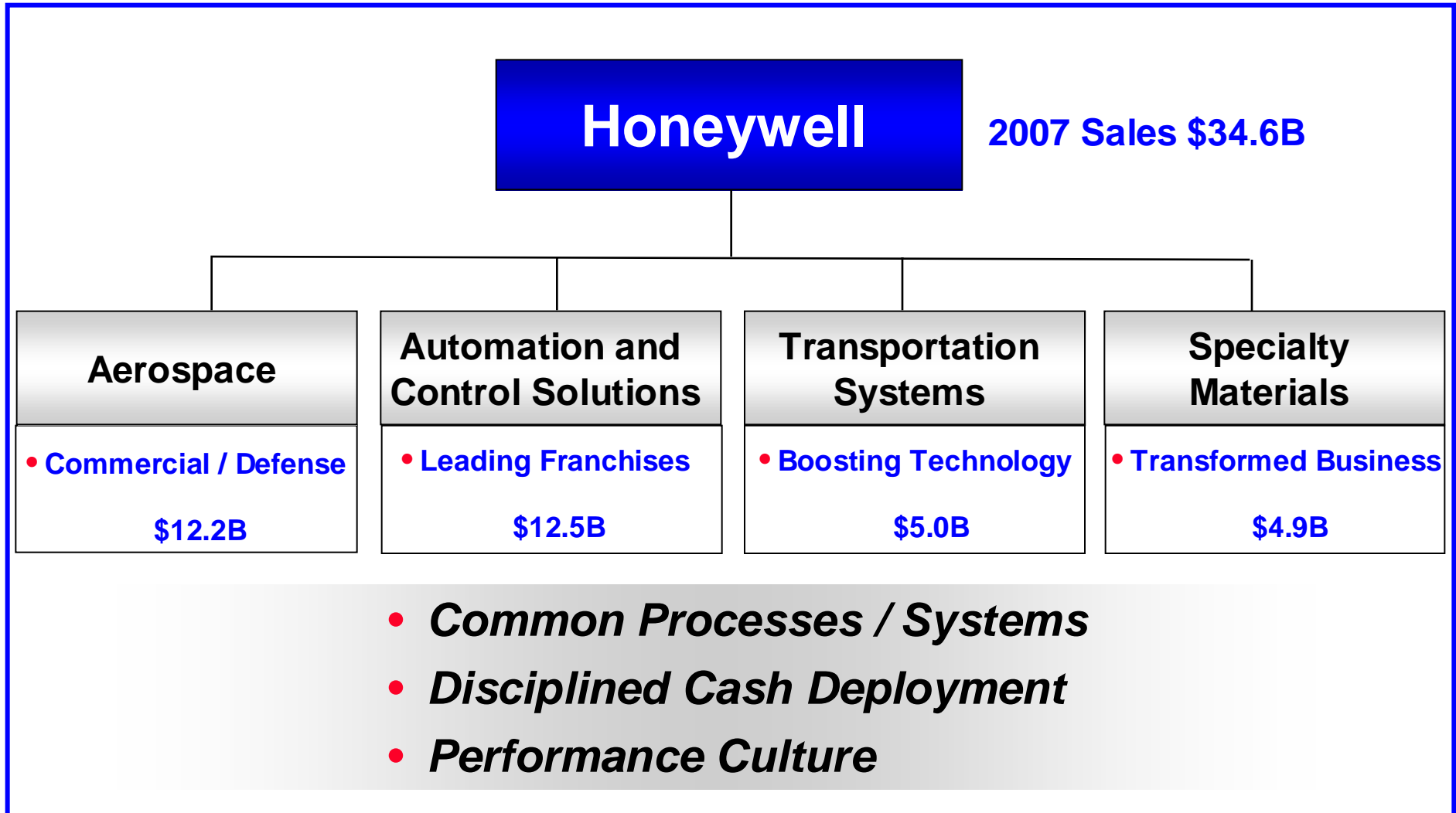
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Forward Looking Statements

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 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

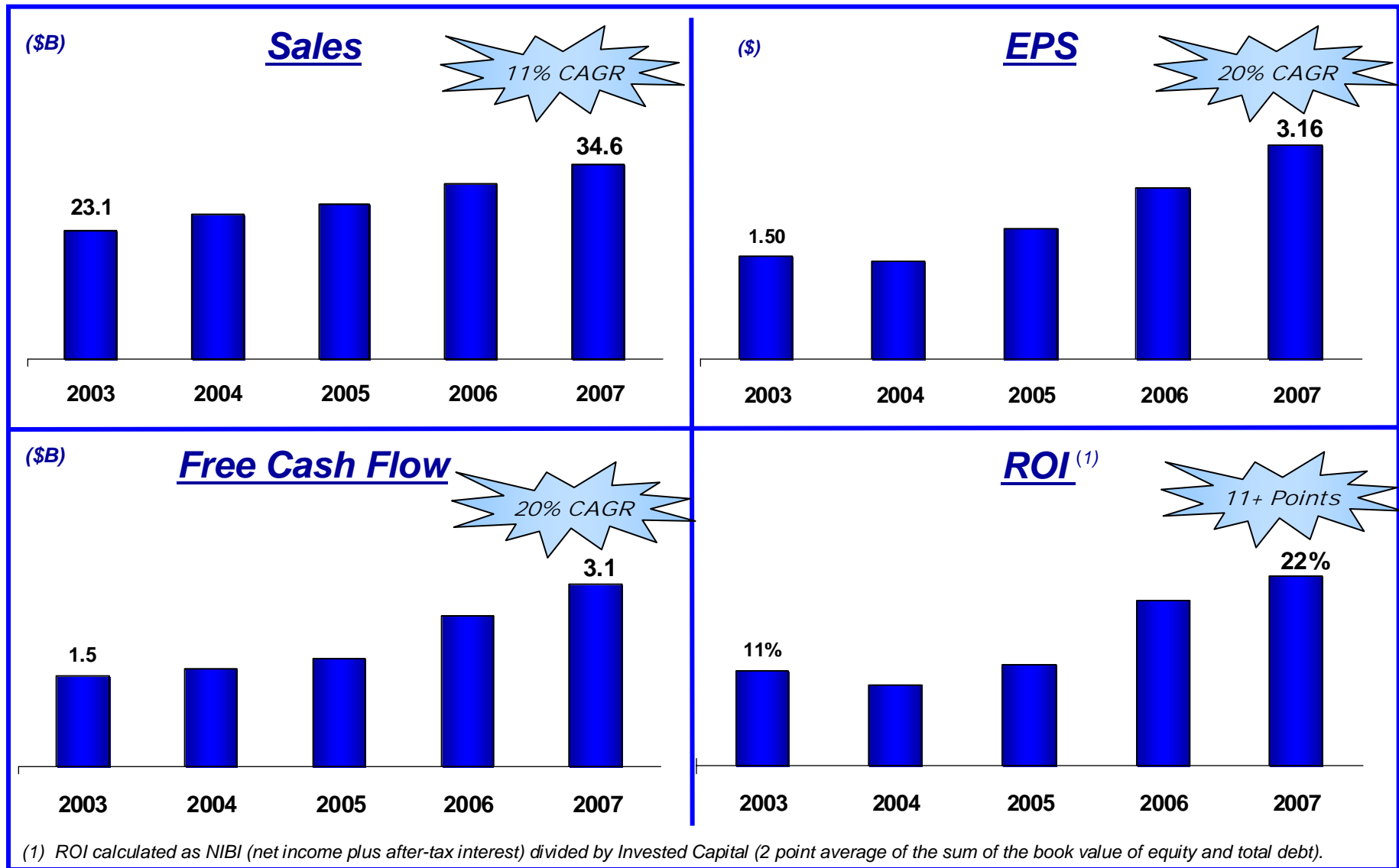
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Global Scope, Great Positions In Good Industries

2003 – 2007 Financials

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Track Record Continues

Honeywell Investment Thesis – Part 1

- **Strong Portfolio Aligned With Macro Trends**
 - Great Breadth and Depth of Technology
 - ~5% Organic Sales Growth Reasonable and Sustainable
 - Lots of Opportunity to Supplement With Focused Acquisitions
- **Profit / Margin Runway in Every Business**
 - Productivity, Fixed Cost Focus
 - Company Initiatives (HOS, FT) Create Upside
 - Target 1 Point Increase In Segment Margin Per Year

Well Positioned For Growth And Margin Expansion

Honeywell Investment Thesis – Part 2

- **Segment Profit / Margin Translates to EPS Acceleration**
 - Double Digit EPS Growth Reasonable and Sustainable
 - Below The Line Trend Flat / Down
 - Legacy Well Understood, Managed
- **Effective Cash Generation / Balanced Deployment**
 - 100% Cash Conversion and Increasing Free Cash Flow
 - Disciplined Business Investment, Acquisition Strategy
 - Return to Shareholders Through Dividends, Share Repurchase

*Translating Growth To EPS And Cash;
Balanced And Effective Cash Deployment*

2007 Financial Summary

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(\$B)	<u>2006</u>	<u>2007</u>	<u>V'06</u>
Sales <i>- Ex. Acq. / Div.</i>	\$31.4	\$34.6	10% 9%
Segment Profit <i>- Margin %</i>	\$4.1 13.0%	\$4.7 13.5%	14% 50 bps
EPS, Reported	\$2.52	\$3.16	25%
Free Cash Flow <i>Conversion</i>	\$2.5 119%	\$3.1 129%	27%

Another Terrific Year

2007 Cash Deployment

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(\$B)

Cash 1/1/07	\$1.2
+ 2007 FCF	3.1
- Net Outflows	<u>(2.5)</u>
Cash 12/31/07	<u>\$1.8</u>

Inflows:

+ Debt Issuance	3.0
+ Other	0.9

Outflows:

- Acquisitions	(1.2)
- Share Repurchase	(4.0)
- Dividends	(0.8)
- Debt Repayment	(0.4)

Effective Capital Allocation

- **\$1.2B Deployed for 12 Attractive Bolt-On's in 2007**

- Hand Held; Growth Platform in Attractive AIDC Segment
- Enraf; Leader in Mission Critical Terminal Automation
- Dimensions International; Sweet-Spot of DoD Logistics/Reset

- **Building on Successful Track Record**

- \$5B+ Deployed for 45 Transactions Since 2003
- Created Three New Growth Platforms (Gas Detection, UOP, AIDC)
- Disciplined Identification, Valuation, Due Diligence
- Highly Effective Integration Process

Building Core Competency

Acquisition Scorecard

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Novar

- Purchase Price \$2.4B
- Strong Technology, Market and Brand Positions
- Strengthened European Footprint
- Successful Non-Core Divestitures

Flawless Execution

UOP

- Purchase Price \$825M*
- Leading Technology, Installed Base and Customer Relationships
- Transformed SM Portfolio
- Sweet-Spot of Global Refining and Petrochemical Cycles

Great Price and Timing

First Technology

- Purchase Price \$723M
- Leader in Mobile Devices for Hazardous Gas Detection
- Complementary to Zellweger Buy
- Successful Non-Core Divestitures

Gas Detection Leadership

Hand Held

- Purchase Price \$390M
- Strong Global Presence and Technology
- Entry into Fast Growing 2D Imaging
- Good Position in Rugged Mobile Wireless Devices

Attractive Growth Platform

Driving Growth and Delivering Significant Value

Share Repurchases

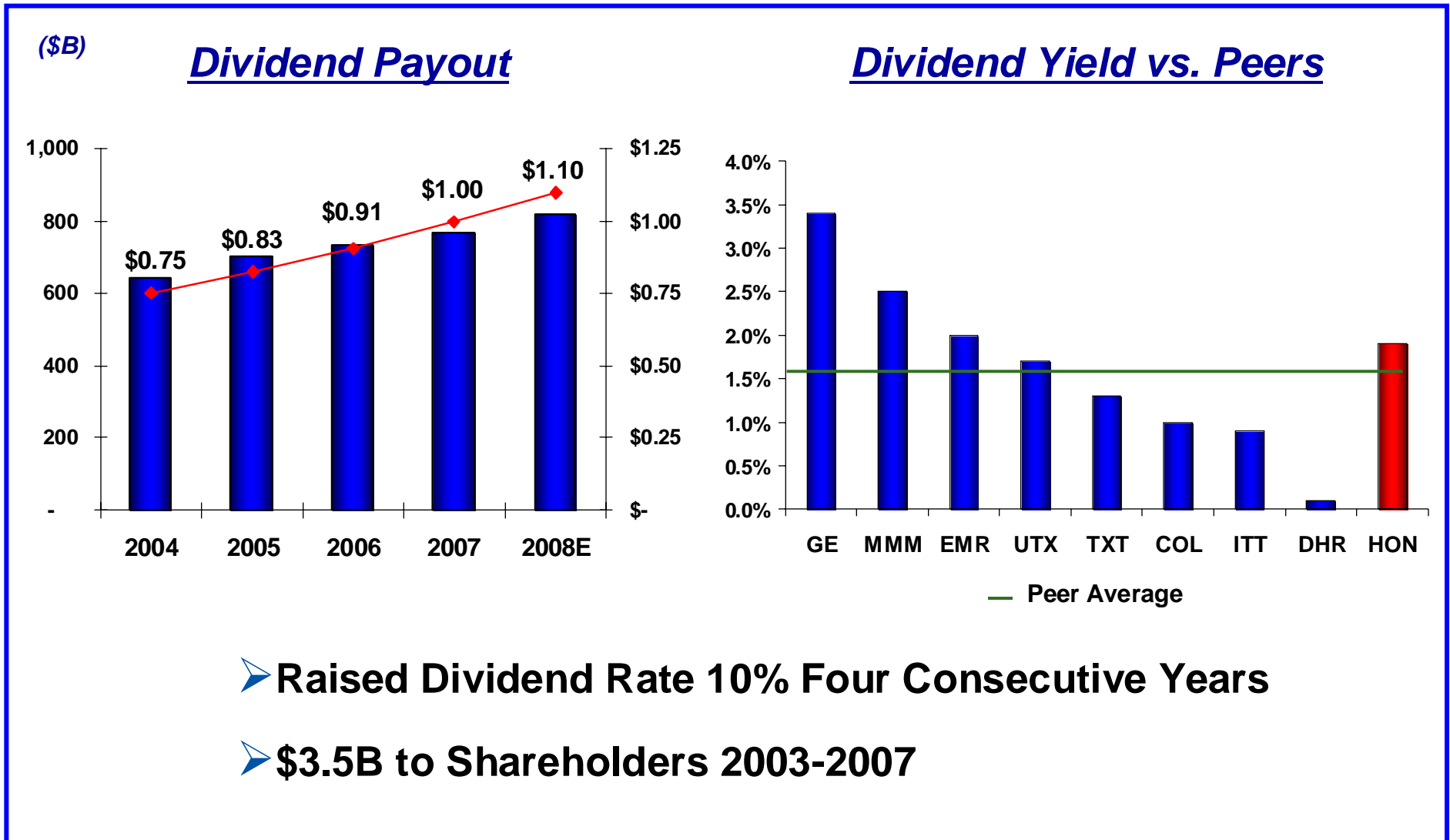
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	<u>Repurchased (M)</u>	<u>Amount (\$B)</u>	<u>Share Count*</u>	
2003	1.9	0.1	862	
2004	20.1	0.7	↓	
2005	30.6	1.1		
2006	45.4	1.9		
2007	<u>74.2</u>	<u>4.0</u>		774
	<u><u>172.2</u></u>	<u><u>7.8</u></u>		10% Decrease

- Average Purchase Price: \$45.14 per share
- Buyback IRR: 26% Return

Accelerating EPS Growth

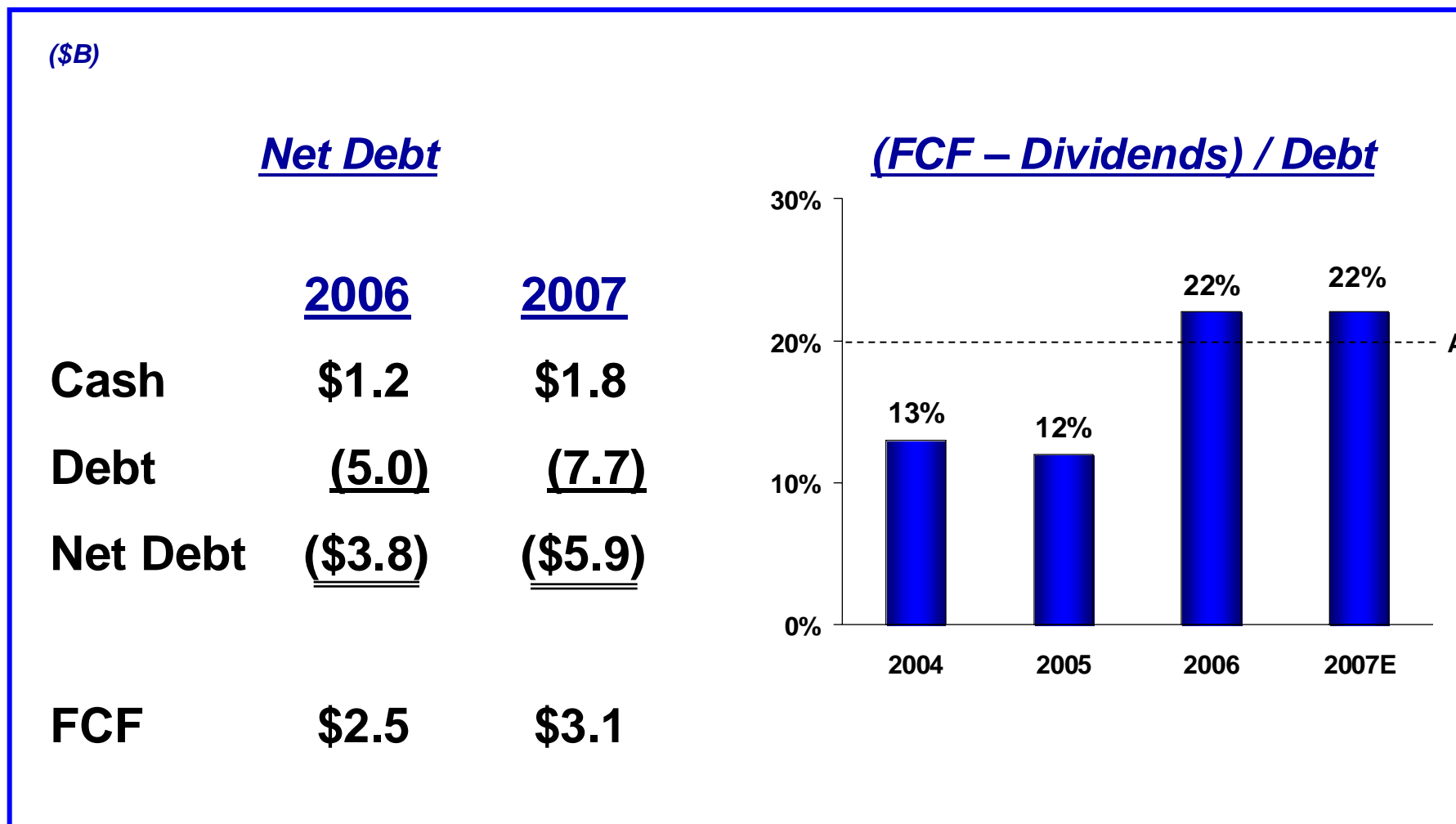
Increasing Dividend



Maintaining Competitive Dividend

Credit Metrics

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Maintaining Credit Metrics

2008 Key Market Assumptions

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Business	Drivers	Key Assumptions
AT&R	Flight Hours OE Deliveries	+5% +10%
B&GA	OE Deliveries	+9%
Defense	DOD Budget	+4%
ACS – Developed Markets	US Housing Starts US Non-Res Construction Retrofit / Regulation Europe	No Recovery Slower Growth Increasing Moderating
ACS – Emerging Markets	New Construction	Double Digit Growth
Passenger Vehicles	Europe Auto Production Europe Diesel Penetration	Flat to +2% +2 pts
Commercial Vehicles	NA Class 8 Truck Production	Rebounding
UOP	Refining and Petrochemicals	Continued Strength

Detailed Bottom-Up Analysis

2008 Financial Summary

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<i>(\$B)</i>	<u>2007</u>	<u>2008E</u>	<u>V'07</u>
Sales	\$34.6	\$36.1 – 36.7	4% - 6%
Segment Profit	\$4.7	\$5.0 – 5.2	8% - 13%
<i>- Margin %</i>	13.5%	14.0% - 14.3%	50 bps - 80 bps
EPS	\$3.16	\$3.65 – 3.80	16% - 21%
Free Cash Flow	\$3.1	\$3.2 – 3.4	2% - 8%
<i>Conversion</i>	129%	113%	

Opportunity To Differentiate

- **Strong Finish to 2007**
- **Continuing to Build Performance Track Record**
- **Company Well Positioned for 2008**
- **Investor Meeting February 25th**

Delivering In A Tougher Environment

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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

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(\$B)	2003	2004	2005	2006
Cash Provided by Operating Activities	\$2.2	\$2.2	\$2.4	\$3.2
Expenditures for Property, Plant and Equipment	(\$0.7)	(\$0.6)	(\$0.6)	(\$0.7)
Free Cash Flow	\$1.5	\$1.6	\$1.8	\$2.5
Cash Provided by Operating Activities	\$2.2	\$2.2	\$2.5	\$3.2
Net Income	\$1.3	\$1.2	\$1.6	\$2.1
÷ Operating Cash Flow Conversion %	171%	181%	149%	154%
Free Cash Flow	\$1.5	\$1.6	\$1.8	\$2.5
Net Income	\$1.3	\$1.2	\$1.6	\$2.1
÷ Free Cash Flow Conversion %	120%	130%	107%	119%

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

Honeywell

(\$B)	2006	2007
Sales	\$31.4	\$34.6
Cost of Products and Services Sold	(24.1)	(26.3)
Selling, General and Administrative Expenses	(4.2)	(4.6)
Operating Income	\$3.1	\$3.7
Stock Based Compensation ⁽¹⁾	\$0.1	\$0.1
Repositioning and Other Charges ⁽¹⁾	0.5	0.6
Pension and OPEB Expense ⁽¹⁾	0.4	0.3
Segment Profit	\$4.1	\$4.7
Operating Income	\$3.1	\$3.7
÷ Sales	\$31.4	\$34.6
Operating Income Margin %	9.9%	10.7%
Segment Profit	\$4.1	\$4.7
÷ Sales	\$31.4	\$34.6
Segment Profit Margin %	13.0%	13.5%

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

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

Honeywell

(\$B)	2006	2007
Cash Provided by Operating Activities	\$3.2	\$3.9
Expenditures for Property, Plant and Equipment	(0.7)	(0.8)
Free Cash Flow	<u>\$2.5</u>	<u>\$3.1</u>
Cash Provided by Operating Activities	\$3.2	\$3.9
÷ Net Income	<u>\$2.1</u>	<u>\$2.4</u>
Operating Cash Flow Conversion %	<u>154%</u>	<u>160%</u>
Free Cash Flow	\$2.5	\$3.1
÷ Net Income	<u>\$2.1</u>	<u>\$2.4</u>
Free Cash Flow Conversion %	<u>119%</u>	<u>129%</u>

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

Honeywell

(\$B)	2007	2008E
Sales	\$34.6	\$36.1 - 36.7
Cost of Products and Services Sold	(26.3)	(27.2) - (27.5)
Selling, General and Administrative Expenses	(4.6)	(4.7) - (4.9)
Operating Income	\$3.7	\$4.2 - 4.3
Stock Based Compensation ⁽¹⁾	\$0.1	~0.1
Repositioning and Other Charges ⁽¹⁾	0.6	0.5 - 0.6
Pension and OPEB Expense ⁽¹⁾	0.3	~0.2
Segment Profit	\$4.7	\$5.0 - 5.2
Operating Income	\$3.7	\$4.2 - 4.3
÷ Sales	\$34.6	\$36.1 - 36.7
Operating Income Margin %	10.7%	11.6 - 11.7%
Segment Profit	\$4.7	\$5.0 - 5.2
÷ Sales	\$34.6	\$36.1 - 36.7
Segment Profit Margin %	13.5%	14.0 - 14.3%

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

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

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(\$B)	2007	2008E
Cash Provided by Operating Activities	\$3.9	\$4.1 - 4.3
Expenditures for Property, Plant and Equipment	(0.8)	~(0.9)
Free Cash Flow	\$3.1	\$3.2 - 3.4
Cash Provided by Operating Activities	\$3.9	\$4.1 - 4.3
÷ Net Income	\$2.4	\$2.8 - 2.9
Operating Cash Flow Conversion %	160%	~147%
Free Cash Flow	\$3.1	\$3.2 - 3.4
÷ Net Income	\$2.4	\$2.8 - 2.9
Free Cash Flow Conversion %	129%	~116%