

Credit Suisse Electrical Equipment and Multi-Industry Conference

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August 9, 2007

Honeywell

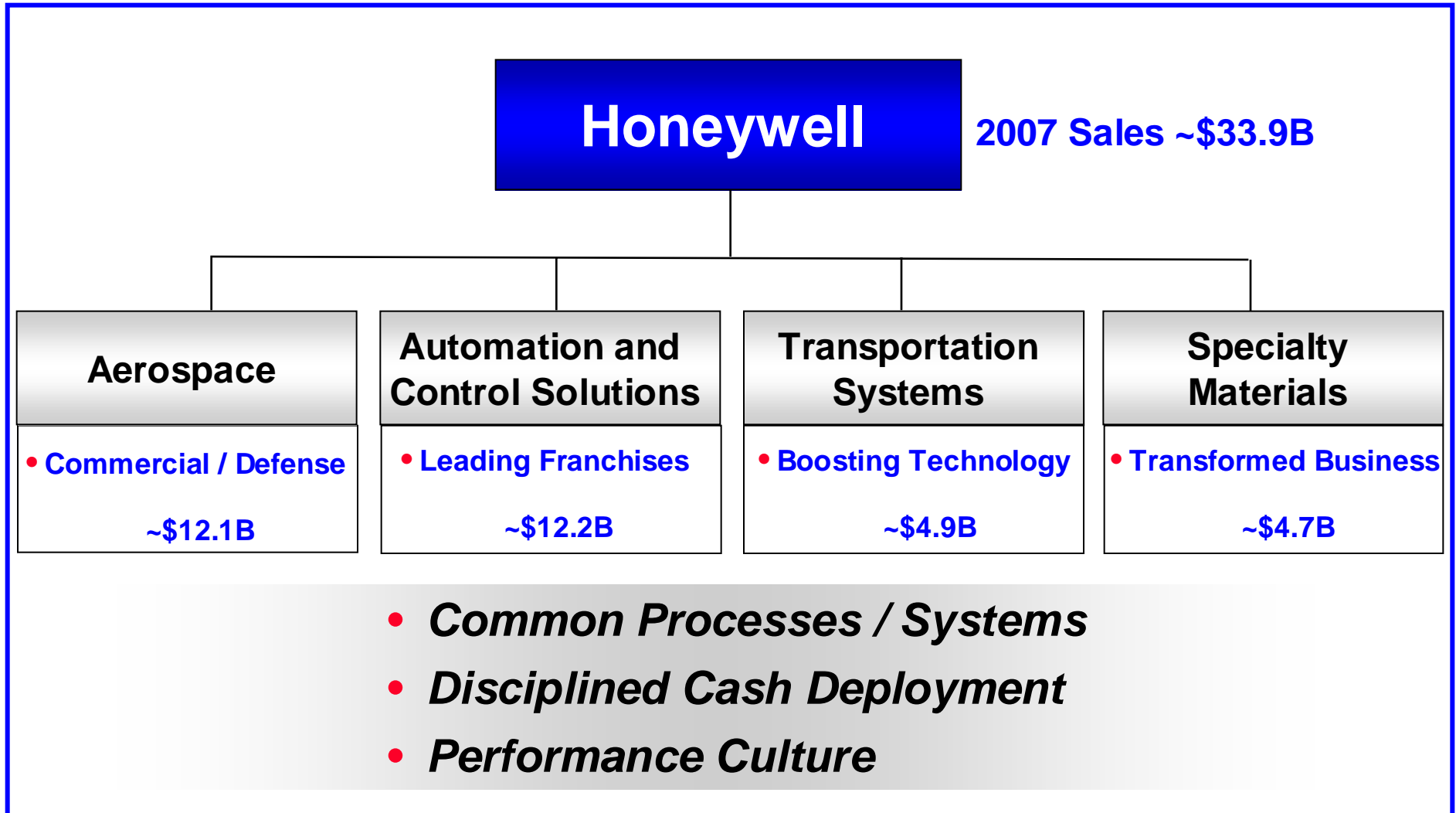
Forward Looking Statements

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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

1H Financial Summary

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<i>(M)</i>	<u>1H06</u>	<u>1H07</u>	
Sales	\$15,139	\$16,579	• 10% Growth ◆ 9% Organic ➢ 2% F/X Impact
Segment Profit	\$1,954	\$2,213	• 13% Growth
Margin %	12.9%	13.3%	• +40 bps
Net Income	\$957	\$1,137	• 19% Growth
EPS	\$1.15	\$1.44	• 25% Growth
Free Cash Flow	\$903	\$1,278	• 42% Increase

Great First Half

2007 Financial Summary

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	<u>2006</u>	<u>2007E</u>	<u>V'06</u>
Sales	\$31.4	~\$33.9	~8%
Segment Profit	\$4.1	\$4.6 - 4.7	12 - 15%
<i>Margin %</i>	13.0%	13.5 - 13.9%	50 - 90 bps
Net Income	\$2.1	\$2.4 - 2.5	14 - 19%
EPS	\$2.52	\$3.10 - 3.16	23 - 25%
Free Cash Flow	\$2.5	\$2.8 - 3.0	12 - 20%
Conversion	119%	+100%	

Raised Guidance

2007 Segment Overview

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(\$B)

	<u>Sales</u>		<u>Segment Margin</u>	
	<u>2007E</u>	<u>V'06</u>	<u>2007E</u>	<u>V'06</u>
Aerospace	~\$12.1	~9%	~17.8%	~80 bps
Automation & Control	~12.2	~11%	~11.5%	~40
Transportation Systems	~4.9	~6%	~12.6%	~10
Specialty Materials	<u>~4.7</u>	<u>~1%</u>	<u>~13.7%</u>	<u>~140</u>
Total	~\$33.9	~8%	13.5 - 13.9%	50 – 90 bps

Sales Growth And Margin Expansion

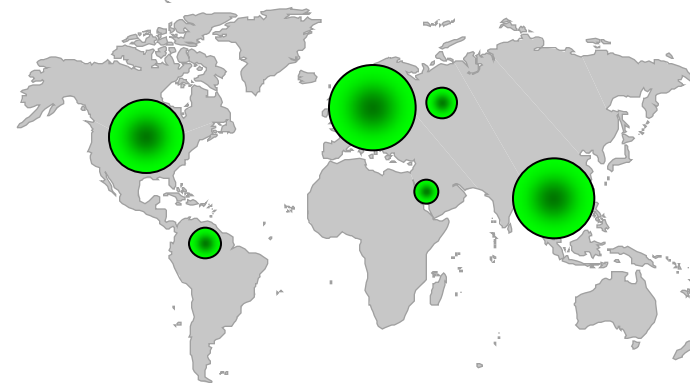
Chemical Industry Outlook

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Highlights

- **Global Chemicals Outlook Remains Strong**
- **Asian and Indian Markets Fuel Growth**
- **Capacity Expansion to Continue**
- **Product Differentiation Key to Profitable Growth**
- **Regulations Increasing Worldwide**
 - Energy Efficiency
 - Global Warming
 - Environmental Impact
- **Fuel and Energy Demand Increasing**

Global Chemical Industry



● Size of bubble = relative size of regional chemical industry (Source: ACC)

Megatrends

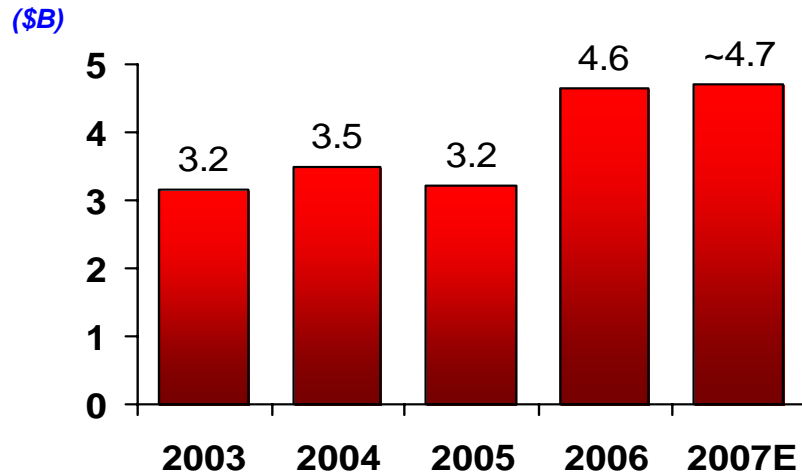
Energy	⇒	UOP Technology: Gas, Coal Conservation: Foam, Refrigerants Solar: Photovoltaics, Foam
Population	⇒	Personal Care Food & Pharma Packaging
Security	⇒	Spectra Lumilux Sulf-N 26
Environment	⇒	Low GWP Chemicals
Information/ Communication	⇒	Displays Dielectrics Thermal Management

Industry Outlook Favorable

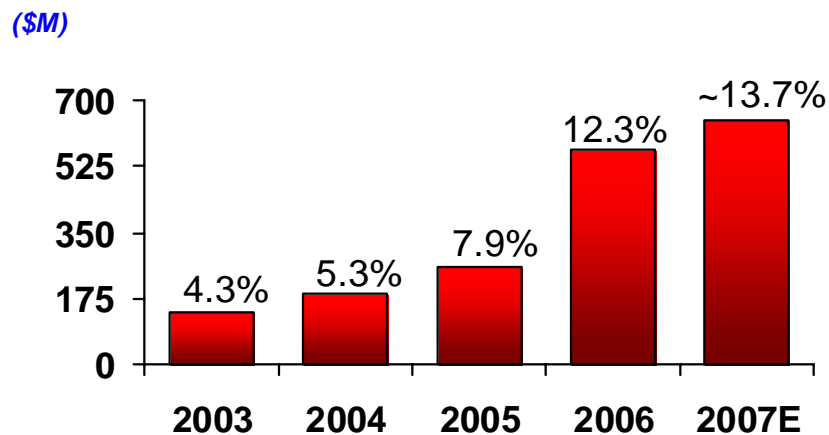
Specialty Materials Transformation

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Sales



Segment Profit / Margin



Highlights

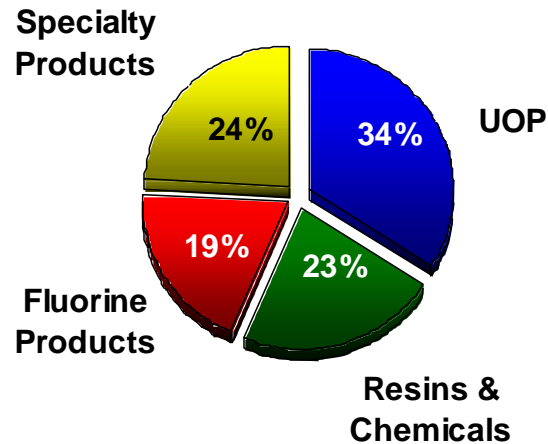
- **Significant Portfolio Transformation**
 - ~\$1.7 Billion Exited
 - ~\$1.7 Billion Added
- **Strong Organic Growth Throughout Transformation**
- **8 Points Segment Margin Expansion**
- **UOP Acquisition a Success**
- **Significantly Reduced Exposure to Raw Materials**
- **Increased Sales Outside U.S. From 37% to 51%**

Strong Value Creation

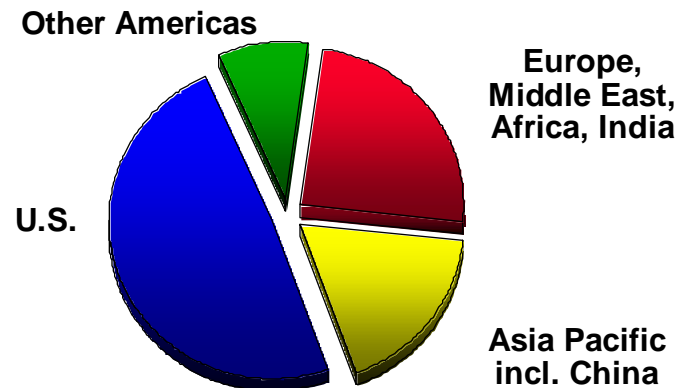
Portfolio Highlights

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Portfolio



Regional Sales



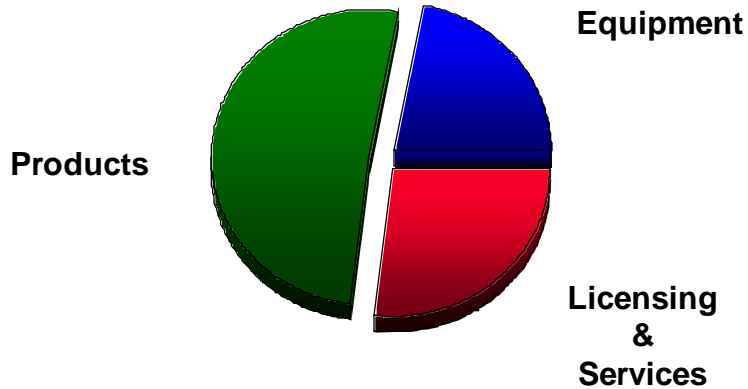
* Based on 2006 Sales

Highlights

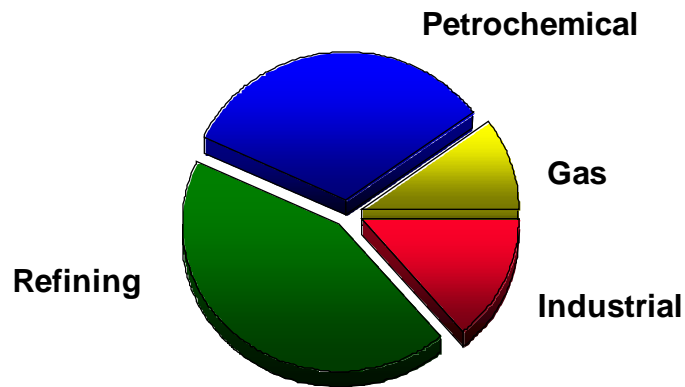
- **Organic Growth in Every Business**
 - Sales and Segment Profit
- **Disciplined Cost Management**
 - HOS
 - Functional Transformation
 - Productivity
 - Census
- **Successful UOP Integration; Benefits Across HON**
- **Investing for Growth**
 - Tripling Asian Lab Space
 - Renewable Energy Initiative
 - Low Global Warming Products
- **Aligned with Megatrends**
- **World-Class Safety Performance**

Portfolio Poised For Future Growth

Sales



Sales by Segment



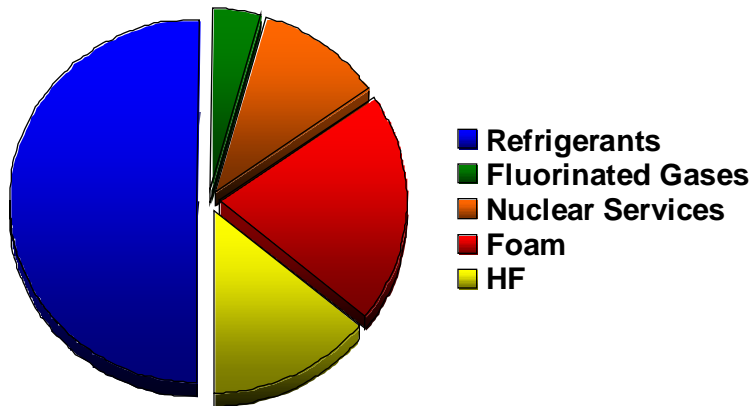
Highlights

- **Truly Global Business**
 - Present in Every Refinery Worldwide
- **Significant New Wins**
 - Greater Than 80% Win Rate on Key Technology Projects in 2006
- **Investing in Leading-Edge Technology**
 - More Than 1,100 Patents in Last 5 Years
- **Technology Crossover to Other HON Businesses**
 - UOP / TS Emission Control
 - UOP / ACS - HPS
- **New Opportunities**
 - Biofuels
 - Heavy Crude
 - Coal to Liquid
 - Gas Monetization (Methanol-to-Olefin)

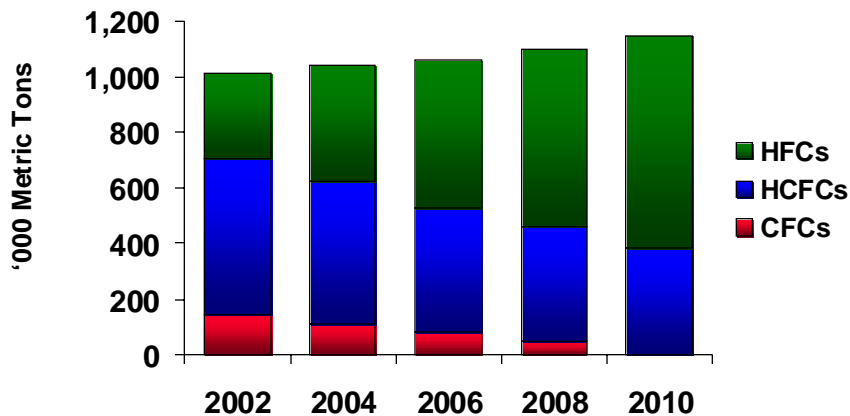
Great Investment At The Right Time

Fluorine Products

Sales



Fluorocarbon Demand



Highlights

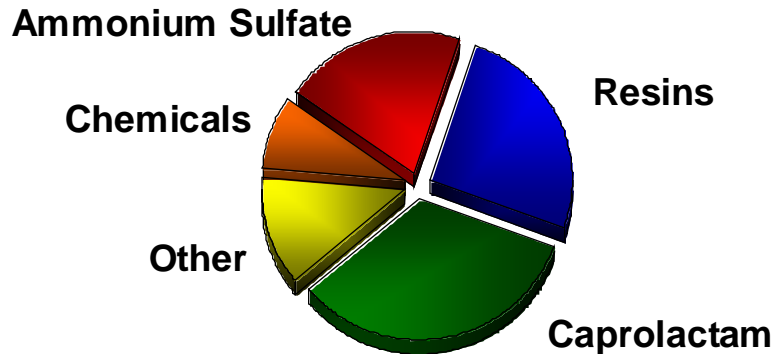
- **Refrigerant / Foam Growth Driven by:**
 - Increasing Regulation
 - Demand for Energy Efficiency
 - Strengthening Patent Portfolio
- **Near-Term Pressure from Auto Refrigerant Price and Residential Slowdown**
- **New Opportunities**
 - New Products to Address Global Warming
 - Nuclear Energy Renaissance
 - Geographic Expansion

Great Position, Focus On Next Generation

Resins And Chemicals

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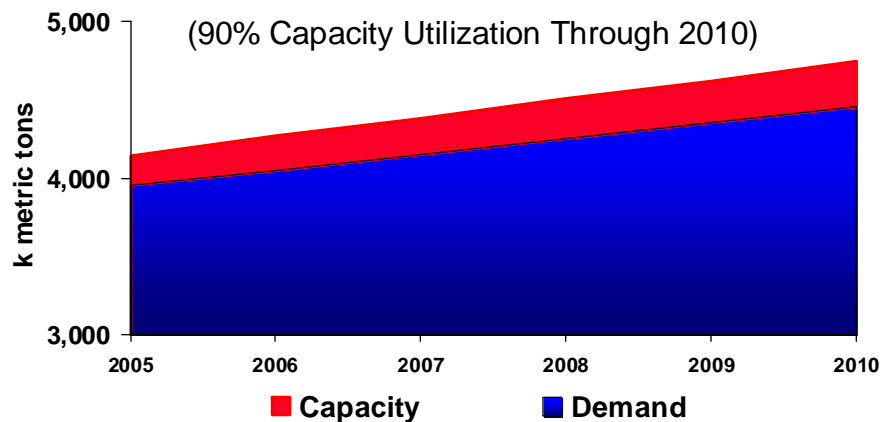
Sales



Highlights

- **World's Best Cost Position**
- **Margin Expansion, Productivity Improvements**
- **Long-Term Customer Agreements**
- **Formula Pricing Reduces Raw Materials Exposure**
- **Increasing Demand from China**
- **New Opportunities**
 - Ammonium Sulfate Used for Corn (Ethanol)
 - Ammonium Sulfate Nitrate: A Better, Significantly Safer Fertilizer

Caprolactam Will Remain Tight



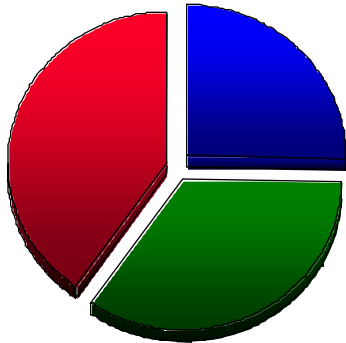
Big Turnaround With Focus On Growth

Specialty Products

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Sales

Performance
Products

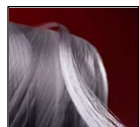


Specialty
Chemicals

Electronic
Materials



Electronic Materials: Metals and Chemicals for Semiconductors; New Technology for LCDs



Performance Products: Advanced Fibers and Composites, Additives, Specialty Films



Specialty Chemicals: High-Purity Solvents, Reagents; Customized Chemicals

Highlights

- **Organic Growth Focus**
- **Strong Technology Positions**
- **Increasing Global Presence**
- **New Opportunities:**
 - Materials for Semiconductors; Adjacent Markets
 - Advanced Fibers for Rope, Security Applications
 - Additives for Anti-Counterfeiting, Brand Security Applications
 - Solvents, Reagents for Drug Discovery

High Growth, Global, Technology-Driven Markets

- **SM Portfolio Transformation a Success**
- **Businesses Aligned with Worldwide Megatrends**
 - Safety & Security
 - Environment
 - Energy
- **Reduced Exposure to Raw Material Volatility**
- **Safety, HOS, VPD™ Fostering Growth and Driving Operational Improvement**

Well Positioned To Support HON Growth

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Appendix
Reconciliation of non-GAAP Measures
to GAAP Measures

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

<i>(\$M)</i>	1 H06	1 H07
Sales	\$15,139	\$16,579
Cost of Products and Services Sold	(11,627)	(12,641)
Selling, General and Administrative Expenses	(2,088)	(2,216)
Operating Income	<u>\$1,424</u>	<u>\$1,722</u>
FAS 123R, Stock Option Expense ⁽¹⁾	\$41	\$41
Repositioning and Other Charges ⁽¹⁾	245	304
Pension and OPEB Expense ⁽¹⁾	244	146
Segment Profit	<u>\$1,954</u>	<u>\$2,213</u>
Operating Income	\$1,424	\$1,722
÷ Sales	<u>\$15,139</u>	<u>\$16,579</u>
Operating Income Margin %	<u>9.4%</u>	<u>10.4%</u>
Segment Profit	\$1,954	\$2,213
÷ Sales	<u>\$15,139</u>	<u>\$16,579</u>
Segment Profit Margin %	<u>12.9%</u>	<u>13.3%</u>

(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

Honeywell

<i>(\$M)</i>	1H06	1H07
Cash Provided by Operating Activities	\$1,174	\$1,561
Expenditures for Property, Plant and Equipment	(271)	(283)
Free Cash Flow	<u>903</u>	<u>1,278</u>
Cash Provided by Operating Activities	\$1,174	\$1,561
÷ Net Income	<u>957</u>	<u>1,137</u>
Operating Cash Flow Conversion %	<u>123%</u>	<u>137%</u>
Free Cash Flow	\$903	\$1,278
÷ Net Income	<u>957</u>	<u>1,137</u>
Free Cash Flow Conversion %	<u>94%</u>	<u>112%</u>

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

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(\$B)	2006	2007E
Sales	\$31.4	~\$33.9
Cost of Products and Services Sold	(24.1)	(25.9) - (26.0)
Selling, General and Administrative Expenses	(4.2)	~(4.2)
Operating Income	\$3.1	\$3.7 - 3.8
FAS 123R, Stock Option Expense ⁽¹⁾	\$0.1	~0.1
Repositioning and Other Charges ⁽¹⁾	0.5	~0.5
Pension and OPEB Expense ⁽¹⁾	0.4	~0.3
Segment Profit	\$4.1	\$4.6 - 4.7
Operating Income	\$3.1	\$3.7 - 3.8
÷ Sales	\$31.4	~\$33.9
Operating Income Margin %	9.9%	10.9 - 11.2%
Segment Profit	\$4.1	\$4.6 - 4.7
÷ Sales	\$31.4	~\$33.9
Segment Profit Margin %	13.0%	13.5 - 13.9%

(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

Honeywell

(\$B)	2006	2007E
Cash Provided by Operating Activities	\$3.2	\$3.6 - 3.8
Expenditures for Property, Plant and Equipment	(0.7)	~(0.8)
Free Cash Flow	\$2.5	\$2.8 - 3.0
Cash Provided by Operating Activities	\$3.2	\$3.6 - 3.8
÷ Net Income	\$2.1	\$2.4 - 2.5
Operating Cash Flow Conversion %	154%	+140%
Free Cash Flow	\$2.5	\$2.8 - 3.0
÷ Net Income	\$2.1	\$2.4 - 2.5
Free Cash Flow Conversion %	119%	+100%