Honeywell Reports 2009 Full-Year Sales of $30.9 Billion; Earnings Per Share of $2.85

Honeywell International

• Fourth Quarter Sales of $8.1 Billion and EPS of $0.91
• Record Cash Flow from Operations of $3.9 Billion and Free Cash Flow of $3.3 Billion in 2009
• Company Reaffirms 2010 Full-Year Financial Guidance

MORRIS TOWNSHIP, N.J., January 29, 2010 -- Honeywell **(NYSE: HON)** today announced full-year 2009 sales of $30.9 billion vs. $36.6 billion in 2008. Earnings per share were $2.85 vs. $3.76 in the prior year. Free cash flow was $3.3 billion (cash flow from operations of $3.9 billion less capital expenditures). Free cash flow conversion (free cash flow divided by net income) was 155% of net income for the full-year.

Fourth quarter sales were $8.1 billion versus $8.7 billion in 2008. Earnings per share were $0.91 versus $0.97 in the prior year fourth quarter. Free cash flow was $1.1 billion and cash flow from operations was $1.3 billion. Fourth quarter free cash flow conversion was 154% of net income.

“Honeywell continues to execute well, as evidenced by our strong fourth quarter finish and record free cash flow generation in 2009,” said Honeywell Chairman and Chief Executive Officer Dave Cote. “Despite a challenging year, we delivered on our financial commitments, while continuing to invest in new products, geographic expansion, and key process initiatives. The benefits from these investments give us strong momentum entering 2010. We introduced more than 600 new products last year and expanded our footprint in key emerging regions. While we continue to plan conservatively for 2010, we are encouraged by the improving order trends and stabilization in many of our end markets. Our focus on having great positions in good industries combined with our leading technologies linked to key mega-trends such as energy efficiency, safety, and security will drive growth at Honeywell as the economy recovers.”

Honeywell also reaffirmed its previously stated 2010 sales guidance of $31.3-32.2 billion, earnings per share of $2.20-2.40 and free cash flow of $2.4-2.7 billion (cash flow from operations of $3.1-3.4 billion).

Fourth Quarter Segment Highlights

Aerospace
• Sales were down 18% compared with the fourth quarter of 2008, primarily due to lower volumes in the commercial aerospace aftermarket, original equipment sales to Business and General Aviation and Defense sales, partially offset by higher original equipment sales to large air transports and logistics services.

• Segment profit was down 20% and segment margin decreased 60 bps to 18.6%, primarily due to volume declines, partially offset by cost savings initiatives and benefits from prior repositioning actions.
• Honeywell Technology Solutions Inc. (HTSI) won a $257 million contract from the Army Sustainment Command to provide logistics services for U.S. Army personnel in Iraq. For the next five years, Honeywell will provide logistics planning, supply services, maintenance management, and management of housing, facilities, property, and construction activities at 11 locations in Iraq for the 402nd Army Field Support Brigade.
• Honeywell's Enhanced Ground Proximity Warning System (EGPWS) for helicopters received technical design and production approval from the Federal Aviation Administration (FAA).
• Honeywell will provide the fuel-efficient 131-9A Auxiliary Power Unit (APU) to Air Arabia, the first and leading low-cost carrier in the Middle East and North Africa, in a deal worth $36 million. The Honeywell 131-9A APUs will be included on new A320 purchases through 2016.
• The U.S. Army will purchase additional Honeywell T55 engines and fielding kits for Chinook helicopters. More than 5,300 T55 engines have been built and the fleet has accumulated more than seven million hours of global operation.

Automation and Control Solutions
• Sales were down 4%, compared with the fourth quarter of 2008, resulting from slower economic growth in the U.S. and Europe, partially offset by the favorable impact of foreign exchange, continued growth in emerging regions, and the net favorable impact from acquisitions and divestitures.
• Segment profit was up 5% and segment margins increased 130 bps to 14.7% driven by cost savings initiatives and benefits from prior repositioning actions, more than offsetting the unfavorable impact of lower volumes and inflation.
• Building Solutions secured a $79 million renewable energy and building retrofit program with Eastern Illinois University. It combines energy-efficient facility upgrades with one of the largest biomass-fueled heating plants on a university campus and will help to reduce maintenance, improve infrastructure, and save approximately $140 million in energy and operating costs over the next two decades.
• Honeywell was awarded an $11.4 million grant from the Department of Energy (DOE) as part of the largest single energy grid modernization investment in U.S. history. The grant was awarded under the American Recovery and Reinvestment Act (ARRA) and Honeywell was one of only four non-utility companies to receive funding. Honeywell will use the grant to support a critical peak pricing response program to help commercial and industrial customers of Southern California Edison (SCE) automatically implement energy management strategies to reduce costs and improve efficiency. Honeywell has won an additional $82 million as a result of DOE grants over the past 18 months to fund efforts across its businesses in renewable energy, electric batteries, and biofuels.
• Scanning and Mobility signed a multi-year agreement with UPS to deploy nearly 100,000 mobile computers – making it one of the largest wins in the AIDC industry. UPS will replace its entire worldwide fleet of mobile computers with Honeywell products.
• Process Solutions introduced a set of solutions, including a facility-wide

greenhouse gas (GHG) emissions reporting dashboard, that can help U.S. process manufacturers comply with a new Environmental Protection Agency (EPA) regulation requiring specific facilities to track and report GHG emissions. The dashboard can meet this requirement in a simple, cost-effective, low-risk manner, and provide flexibility as environmental, regulatory, and operating conditions change in the future.

Transportation Systems
• Sales were up 13% compared with the fourth quarter of 2008, due to higher volumes of turbochargers globally and the favorable impact of foreign exchange.
• Segment profit was up from $6 million to $72 million and segment margins increased 670 bps to 7.4% driven by cost savings initiatives, benefits from prior period restructuring actions, and higher volumes.
• Turbo Technologies was awarded new platform wins with customers including Ford, Peugeot, Volkswagen, BMW, and Perkins, estimated at approximately $1 billion in revenue over the life of the programs. The platforms span the European, Asian, and U.S markets for both gasoline and diesel passenger and commercial vehicle applications and are expected to launch beginning in 2011.
• Honeywell continues to benefit from a high win-rate on attractive new turbo gas and turbo diesel platforms in 2010. The company unveiled its groundbreaking 3.5L EcoBoost on the Lincoln MKS, MKT, and Ford Taurus SHO, as well as the VNT™ DualBoost turbocharger on Ford's F350 all-new 6.7-Liter V-8 Power Stroke diesel engine.

Specialty Materials
• Sales were down 5% compared with the fourth quarter of 2008, resulting from lower volumes and the unfavorable impact of pass-through raw material price declines at our Resins and Chemicals business, partially offset by higher petrochemical catalyst sales and modest market recovery and inventory restocking within our Electronic Materials business.
• Segment profit was up 56% and segment margins increased 670 bps to 17.0% due to lower material costs, pricing initiatives, and cost savings initiatives.
• Specialty Materials announced it will establish a new 400,000 square-foot Technology Center in Gurgaon, India, to expand its global research capabilities in refining, petrochemical, and other technologies to better serve customers in the region. The center will open later this year and will house pilot plants for developing and demonstrating refining and petrochemical process technology developed by Honeywell’s UOP business, and process and applications development for fluorine products and nylon materials.
• Honeywell’s UOP signed an agreement with China National Petroleum Corp. to collaborate on a range of biofuel technologies and projects in China. The two companies will collaborate to demonstrate existing biofuel technology to produce green transportation fuels using feedstocks available within China.

Honeywell will discuss its results during its investor conference call today starting at 8:00 a.m. EST. To participate, please dial (719) 325-4921 a few minutes before the 8:00 a.m. start. Please mention to the operator that you are dialing in for Honeywell's investor conference call. The live webcast of the investor call will be available through the “Investor Relations” section of the company's Website

(http://www.honeywell.com/investor [1]). Investors can access a replay of the conference call from 11:00 a.m. EST, January 29, until midnight, February 5, by dialing (719) 457-0820. The access code is 6436779.

Honeywell (www.honeywell.com [2]) is a Fortune 100 diversified technology and manufacturing leader, serving customers worldwide with aerospace products and services; control technologies for buildings, homes, and industry; automotive products; turbochargers; and specialty materials. Based in Morris Township, N.J., Honeywell's shares are traded on the New York, London, and Chicago Stock Exchanges. For more news and information on Honeywell, please visit www.honeywellnow.com [3].

This release contains certain statements that may be deemed "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are based upon certain assumptions and assessments made by our management in light of their experience and their perception of historical trends, current economic and industry conditions, expected future developments and other factors they believe to be appropriate. The forward-looking statements included in this release are also subject to a number of material risks and uncertainties, including but not limited to economic, competitive, governmental, and technological factors affecting our operations, markets, products, services and prices. Such forward-looking statements are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by such forward-looking statements.

Contacts:
Media
Robert C. Ferris
(973) 455-3388
rob.ferris@honeywell.com
[4]
Investor Relations
Elena Doom
(973) 455-2222
elena.doom@honeywell.com [5]

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