Honeywell Reports Second Quarter Sales Up 8% to $8.2 Billion and Reported Earnings Per Share of $0.60

Honeywell International

• Strong Organic Sales Growth of 8%
• EPS of $0.78 Excluding Non-Cash Pension Expense, Up 24% Versus Prior Year
• Operating Cash Flow: $1.1Billion; Free Cash Flow: $1.0 Billion
• Raising Full-Year Outlook: EPS $2.40-2.50, FCF $3.1-3.3 Billion

MORRIS TOWNSHIP, N.J., July 23, 2010 -- Honeywell **(NYSE: HON)** today announced second quarter 2010 sales were up 8% to $8.2 billion versus $7.6 billion in the second quarter of 2009 and earnings were up 24% excluding non-cash pension expense to $0.78 per share compared to $0.63 per share in the prior year. On a reported basis, earnings per share were $0.60, flat compared to second quarter last year. Cash flow from operations was $1,090 million and free cash flow (cash flow from operations less capital expenditures) was $975 million, compared to $1,009 million in the second quarter of last year. On a year-to-date basis, cash flow from operations was $1,833 million versus $1,467 million in 2009, and free cash flow was $1,648 million compared to $1,241 million in the first half of last year.

“We believe the recovery is happening, with improving demand in both our short- and long-cycle businesses. However, given ongoing economic uncertainties, we remain cautious about the near-term outlook,” said Honeywell Chairman and CEO Dave Cote. “Turbochargers and general industrial products continue to rebound, and we’re starting to see a sequential up-tick in commercial aerospace orders. Our improved 2010 outlook reflects our strong first half performance and the continued momentum we’re seeing in our businesses, but, as usual, we’ll maintain a conservative stance in our planning assumptions and operating disciplines for the remainder of the year.”

“We continue to focus on growth and productivity,” continued Cote. “We expect that favorable global macro trends like safety, security, and energy efficiency, combined with our continued investments in new technologies, emerging markets, and our process initiatives will enable the company to continue to grow and outperform now and over the long-term.”

Honeywell expects 2010 sales of $32.4-32.9 billion, earnings in the range of $2.40-2.50 per share on a reported basis ($3.14-3.24, excluding non-cash pension expense), and free cash flow of $3.1-3.3 billion (cash flow from operations of $3.8-4.0 billion).

Segment Highlights
Aerospace
• Sales were down 3% compared with the second quarter of 2009, primarily due to

lower original equipment manufacturer (OEM) sales and amounts recognized for payments to Business and General Aviation (BGA) OEM customers to offset pre-production costs, and lower airlines maintenance events, partially offset by growth in BGA spares sales and Defense logistics services.
• Segment profit was down 2% and segment margin was flat at 16.7%, primarily due to volume declines, BGA OEM payments mentioned above, and the absence of prior year labor cost actions, offset by cost savings initiatives and benefits from prior repositioning actions.
• Honeywell was selected by Commercial Aircraft Corporation of China, Ltd. (COMAC) to provide flight controls and wheels and brakes for the new C919 single-aisle commercial airliner. These new programs follow the previously-announced program award by COMAC for Honeywell to supply its 131-9 Auxiliary Power Unit (APU) and associated equipment for the C919. The total value of programs awarded to Honeywell by COMAC is more than $11 billion over the life of the programs.
• Honeywell will provide its full suite of safety avionics, including its IntuVue™ 3-D advanced weather radar, to VRG Linhas Aereas S.A. for $40 million over the life of the contract, including aftermarket support, beginning in 2013. IntuVue improves safety by detecting weather hazards earlier and at longer ranges than traditional systems. IntuVue also reduces pilot workload through automatic operation and intuitive displays and weighs less than other systems, making it more cost effective and energy efficient.
• Honeywell was selected by the United States Air Force Global Positioning Satellite III Program to supply newly designed Inertial Measurement Units (IMU) to accurately position satellites in orbit in a contract worth $45 million. The new Honeywell IMU was developed for space applications that must survive harsh natural and man-made environments while providing extremely precise measurements and long mission life.

Automation and Control Solutions
• Sales were up 7%, compared with the second quarter of 2009, primarily due to growth in all regions, general industrial recovery, growth in energy efficiency-related projects, and new product introductions, partially offset by softness in residential markets in developed regions.
• Segment profit was up 16% and segment margins increased 90 bps to 12.4% driven by increased volumes, cost savings initiatives, and benefits from prior repositioning actions, partially offset by the absence of prior year labor cost actions.
• Process Solutions has entered into an Integrated Main Automation Contractor consulting project with Abu Dhabi Gas Development Company Ltd. for its Shah Gas Development Project, leveraging its full technology portfolio to help the site operate safely, reliably, and efficiently. The first phase of the project is valued at more than $80 million, with a total potential of more than $200 million over subsequent phases. The Shah Gas Development Project is one of the largest and most complex projects in the industry and is expected to process 1 billion cubic feet of gas per day at full production capacity in 2014.
• Process Solutions announced it has been selected by PetroChina to provide the control and safety systems for the world’s longest gas pipeline, which will transport approximately 30 billion cubic yards of natural gas per year. Honeywell’s Experion® Process Knowledge System® will be the main integration and control software platform at the pipeline’s control stations.

• Honeywell signed a $17.3 million contract with the City of Tallahassee, Fla. to implement a series of demand response and energy efficiency programs, building on the Energy Smart PLUS program and smart metering network the city launched in 2008. The new programs will help Tallahassee manage peak demand by reducing strain on the electrical grid and, by 2012, the city expects to have the potential to reduce more than 35 megawatts of peak energy use and generate more than 6,300 megawatt-hours in annual savings.
• Honeywell announced its offer to acquire Sperian Protection, a leader in personal protection equipment (PPE) design and manufacturing. The company will be integrated within Honeywell's Life Safety business, which will benefit from significant synergies, including expanded access to global manufacturing and distribution channels and a strong retail presence. The combined business will offer a full range of complementary "head to toe" products for those who work in environments where safety is paramount, including the general industrial, construction, fire service, and electrical safety segments.

Transportation Systems
• Sales were up 30% compared with the second quarter of 2009, due to higher sales across all businesses globally.
• Segment profit was up $90 million and segment margins increased 810 bps to 11.3% driven by higher volumes, increased productivity, and benefits from prior repositioning actions, partially offset by the absence of prior year labor cost actions.
• Honeywell Turbo Technologies was awarded new gasoline and diesel platform wins with customers including Renault-Nissan, Audi, VW, Hyundai, Volvo Trucks, and MWM, estimated at more than $1 billion in revenue over the life of the programs. The platforms span the U.S., European, Asian, and South American markets for both passenger and commercial vehicle applications and are expected to launch beginning in 2012. Year-to-date platform wins are estimated at more than $2 billion in revenue over the life of the programs.
• Honeywell's variable geometry turbo (VGT) technology was featured on the Audi R15 TDI vehicles at the 2010 24 Hours of Le Mans in June, helping Audi claim a clean sweep of the podium stand (first, second, and third place), while breaking the distance record for the race.

Specialty Materials
• Sales were up 20% compared with the second quarter of 2009, resulting from higher volumes due to improved global markets, petrochemical catalyst demand, and the favorable impact of pass-through raw material price increases at our Resins and Chemicals business.
• Segment profit was up 43% and segment margins increased 270 bps to 17% due to higher sales volumes, commercial excellence, cost controls, and productivity, partially offset by material inflation and the absence of prior year labor cost actions.
• General Motors has signed a supply agreement with Honeywell Fluorine Products for a new refrigerant for use in automotive air conditioning systems (HFO-1234yf). In addition to its non-ozone depleting characteristics, HFO-1234yf has a 99.7% lower global warming potential than the current refrigerant, helping General Motors meet new environmental regulations in the United States and Europe. Honeywell Fluorine Products also announced the intent to form a manufacturing joint venture with DuPont to produce HFO-1234yf. Under the agreement, DuPont and Honeywell

will share financial and technological resources with the intent to jointly design, construct, and operate a world-scale manufacturing facility.
• UOP was selected as one of Boeing's 2009 suppliers of the year because of its crucial role in supporting Boeing's biofuel flight test program and research projects. Honeywell's Green Jet Fuel™, produced from sustainable sources, such as algae, camelina, and jatropha, supported flight tests with Air New Zealand, Continental Airlines, Japan Airlines, and KLM Royal Dutch Airlines. It has also powered a U.S. Navy F/A-18 Super Hornet (the "Green Hornet") in the first supersonic flight supporting the Navy's efforts to certify alternative fuels.

Honeywell will discuss its results during its investor conference call today starting at 8:00 a.m. EDT. To participate, please dial (719) 457-2657 a few minutes before the 8:00 a.m. EDT 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. EDT, July 23, until midnight, July 30, by dialing (719) 457-0820. The access code is 3243337.

Honeywell International (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.

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