

Honeywell Well Positioned to Weather Potential Cuts In U.S. Defense Budgets

- **U.S. DoD Continues to Refine Budget Outlook and Call Upon Key Suppliers for Solutions**
- **Honeywell to Help Military Cut Costs, Increase Energy Efficiency, and Enhance Capabilities**
- **Honeywell Planning Aligns with Defense Cuts Consistent with Previously Announced Guidance**

MORRIS TOWNSHIP, N.J., Feb. 7, 2012 /PRNewswire/ -- Honeywell (NYSE: HON) today will discuss its Defense and Space (D&S) strategy and reiterate its financial guidance for the business for the remainder of 2012 and through 2014 at the Cowen & Company Annual Aerospace/Defense Conference in New York, NY.

"We have been in active dialogue with our Defense customer base and are very attuned to the budget challenges and ongoing need for creative responses and solutions," said Mike Madsen, Vice President, Honeywell Defense and Space. "We understand this requires new thinking on how to best serve your customer given new market dynamics. We believe Honeywell is well positioned in this environment with our organizational structure, since we share a common supply chain and engineering workforce between our commercial and defense businesses. This flexibility allows us to more quickly adapt and flex our workforce to support our growing commercial business and simultaneously meet the changing needs and demands of the military. We already have a very efficient organization coming out of the commercial downturn of 2008/2009, and this will serve us well as we face the challenges in the defense business that lay ahead."

"Over the past few years, Honeywell has done a terrific job in expanding into international markets and attractive adjacencies that fit with our great position in good industries approach. In addition, we're working closely with the Department of Defense (DoD) in providing retrofits and upgrades, which are improving efficiency and safety, while extending the life of several proven platforms. We're also using our company-wide expertise in energy efficiency to help DoD save millions of gallons of fuel per year. Through these programs and others, we're offering real solutions based on existing Honeywell technologies and programs to help the military cut costs while actually enhancing mission capability."

Detailed examples include:

- Upgrades for the C-130 including an improved APU and 40kVA generator combination with improved hot day airflow, greater electric power capability, lower maintenance cost, and a portable palletized SATCOM system with hatch mounted antennae that weighs just 41 lbs and allows for high bandwidth global satellite data communications.
- Air Traffic Modernization (ATM) equipment that can enable more efficient routing and reduced fuel burn for existing cargo/transport aircraft while increasing safety and asset utilization. Honeywell is a leader in ATM technology and is the only U.S. company that is a member of SESAR (Single European Sky ATM Research), and the only company that can offer an entire ATM solution from ground stations to cockpit equipment.
- Performance Based Logistics (PBL) programs with the U.S. DoD driving reduced cost and increased asset utilization. Examples include Auxiliary Power Unit (APU) PBLs with the U.S. Air Force and Navy, with expanding international opportunities as well.
- Advanced weather radar systems for the C-5, C-130, and other DoD aircraft that allow safer operations in a greater range of environmental conditions.
- Sharing and using our deep experience in commercial and military programs on how to calculate and measure energy savings and structure energy savings contracts in a way that ensures bottom line results for the DoD.

- Expanding our product and services business into International markets and attractive adjacencies, such as our active pursuit of the CTS-800 engine offerings for the Korean and Japanese light helicopter programs, the Indian Jaguar engine retrofit, TALIN product opportunities in India and elsewhere, and space system offerings.

"Once implemented, our technologies will be real 'game-changers' in helping the military become more efficient without sacrificing functionality, precision, or the safety of our Country. Fuel efficiency really translates to greater combat capability," concluded Madsen.

Honeywell forecasts modest declines in its D&S business going forward following a 2% decline in 2011. The company expects a 4-5% decline in D&S in 2012, which is consistent with previously announced guidance, and sees stabilization some time in 2013, followed by a return to slow growth in 2014.

Honeywell (<http://www.honeywell.com/>) 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 performance 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 <http://www.honeywellnow.com/>.

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 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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