

News Release

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NEW HELICOPTER DELIVERIES EXPECTED TO REACH 3,750-4,250 BETWEEN 2010 AND 2014

New Helicopter Purchase Plans Continue to Reflect Cautious Buying Stance

Middle East and Latin America Post Increased Purchase Plans

Light Single and Twin Engine Models Remain Most Popular

PHOENIX, Feb. 25, 2010 – Honeywell (NYSE: HON) announced today that its 12th Turbine-Powered Civil Helicopter Purchase Outlook projects flat overall deliveries of new civil use helicopters during the five-year period 2010 – 2014 compared to the 2005 - 2009 period. Continued soft economic growth prospects in key markets, lingering tight credit conditions, high inventories of used current production models for sale, and weak new order intake are still constraining growth.

New OEM order intake remained weak throughout 2009; however, utilization of turbine-powered helicopters has begun to rise in the past few months. On an upbeat note, European usage rates moved into positive territory in November and December and the inventory growth of current production helicopters for sale has stabilized since July 2009. Deliveries in 2009 fell below peak 2008 levels and are expected to decline further in 2010 and 2011 as backlogs depleted over the last year will not support sustained deliveries until order rates significantly recover.

Five year purchase plans fell eight percent in 2010, after declining over 20 percent last year. The timing of new helicopter purchase plans indicates fairly firm plans for 2010, but exhibited considerable uncertainty thereafter with a notable decline in 2011-2012. Many operators surveyed said they remain undecided about the specific timing for their next new purchase, waiting for clearer signals of sustained economic recovery in their business or region. Honeywell's 2009

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survey data indicated a reduction in demand for new helicopters was likely during the 2009-2011 period. Actual industry performance in 2009 was weak and relatively consistent with survey projections. 2010 survey findings continue to indicate additional pressure on delivery rates is likely for the next one-to-two years absent a rapid recovery in order intake. Five-year new helicopter purchase expectations fell another 26 percent in North America and by 40 percent in Europe, which was relatively stable last year. In Latin America, purchase expectations were up significantly, increasing over 100 percent from sharply lower levels posted in 2009. Asia results declined modestly by about 10 percent over a year ago, and in Africa/Middle East purchase plans rose by 17 percent.

Expectations by product class were largely unchanged in 2010. Helicopter classes which contain larger, more expensive aircraft are still posting lower overall shares of interest than less expensive machines. Five-year expectations for medium twins were flat in 2010 after falling over 40 percent a year ago. Light single engine mentions rose about two percent while light twins fell by the same amount. Together, the light single and light twin class helicopters comprise about 74 percent over overall purchase plans measured in the survey. Trade up and trade down patterns of current owners stabilized somewhat in the 2010 survey with just over 80 percent of operators electing to buy new aircraft in the same size class as they currently operate. Thirteen percent of operators of intermediate and medium twins who plan to sell and replace their helicopters during the next five years plan to downsize to a light twin class helicopter, a figure more than one-third lower than a year ago. In contrast, about a quarter of light twin helicopter operators surveyed plan to purchase new helicopters in the next five years intend to move up in size to a medium class helicopter. In the 2009 survey, nine percent of all expected purchases were trade-downs versus only four percent in the 2010 survey. Trade-ups rose from 11 percent of all expected five year purchases in 2009 to 14 percent in 2010.

Corporate, emergency medical services (EMS), law enforcement and utility helicopters remain the most common uses for new helicopter purchases and are expected to account for more than 80 percent of all global new civil rotorcraft sales during the five-year forecast period. This finding is unchanged from the last several surveys.

Key findings from the annual survey of civil helicopter operators' purchase expectations are:

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- Estimated civil helicopter deliveries are expected to continue to decline in 2010, as order levels have been weak for a year or more, and backlogs are not sufficiently large to support recent delivery levels into 2010.
- New order intake in 2010 is expected remain soft and will not normalize until a sustained global economic recovery begins and aircraft financing becomes more available and affordable.
- Production of new helicopters is projected to decline in 2011 as well, based on continued uncertainty around purchase timing.
- The peak-to-trough decline in deliveries could exceed the post 2001 industry cycle in percentage terms, suggesting deliveries could dip near 2006-2007 annual rates in the next two years, and is consistent with prior year findings.

“Honeywell Aerospace’s 2010 survey continues to find avionics capabilities, lower operating costs and payload or power improvements, along with cabin volume as the top criteria operators consider when selecting new helicopters,” said Carl Esposito, Vice President, Marketing and Product Management, Honeywell Aerospace. “The decision to acquire new helicopters is nearly always driven by the age of current aircraft, which is usually reflected in an operator’s desire for better technology including up to date avionics, more range, more power, cargo or passenger capacity and lower operating costs. Safety and lower operating costs tend to be strong reasons for replacement especially in the tough economic environment faced by operators around the world. It is encouraging to see buyers invest in safety products, including our recently released helicopter TAWS and HUMS for new airframes and in retrofits for existing helicopters,” Esposito said.

In North America, Emergency Medical Services applications were the most frequently mentioned new helicopter use category with 29 percent of all mentions. Law enforcement use came in at 22 percent and corporate at 20 percent. Emphasis on security and police capabilities remained high this year after leading all use categories in 2009.

While the 2010 outlook continues to project annual turbine helicopter delivery levels declining in the near term, survey findings still indicate that underlying world demand could support annual delivery rates of over 1,000 units a year when the global economy is reestablished on a strong growth track later in the forecast period.

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Civil Turbine Helicopter Survey

The 2010 Turbine Powered Civil Helicopter Outlook is based on Honeywell's recently conducted customer expectations survey, an assessment of consensus forecasts, review of factory delivery rates and analysis of future new helicopter introductions. The 2010 outlook excludes uniformed military demand for civil helicopters, but resulting civil estimates do include government and security force demand.

This year's survey queried 1,074 chief pilots and flight department managers of companies operating over 2,150 helicopters worldwide. The survey excluded large fleet or "mega" operators which were interviewed separately. The input received from the large oil and gas support and EMS fleet operators is factored into the overall outlook in addition to the individual flight department responses. The survey detailed the types of aircraft operated and assessed specific plans to replace or add to the fleet with new aircraft.

The 2010 outlook presents a snapshot of the helicopter business at a point in time and does not reflect unforeseen events such as an unexpected economic downturn, the impact of government stimulus programs, sharp increases or decreases in fuel costs, a fuel availability crisis, imposition of heavy user fees or other unfavorable regulations/taxes that could affect results in future years. Nor does it include speculation of aircraft manufacturers to offer discounts or raise prices, which can have a significant influence on sales activity of affected models.

Purchase Expectations Survey Results

The 12th worldwide survey of civil helicopter operators' future purchase plans found moderately reduced demand for new aircraft over the next five years compared with last year's outlook. Purchase expectations fell about eight percent globally, measured on the basis of specific new helicopter purchase plans in 2010 over 2009 levels.

The survey continues to show that there was little trade-up expectation among the world operator base. Just as in 2009, around 80 percent of new purchases will be made to replace older aircraft in the same size/capability and price class. Less than 15 percent of operators plan to trade-up to more expensive and capable machines. There was only one segment with any significant trade up aspirations - the light twin class operators surveyed indicated that about 25 percent were considering moving to a medium twin class when planning a new purchase.

Buyer interest declined broadly in larger regional markets for the second year and there is every indication that demand is likely to continue to decline in the near future.

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Since 2003, over half of all European purchase expectations have consistently favored twin-engine models. This year's findings show 57 percent of European purchase plans falling in the multi-engine helicopter class. Regulations requiring twin-engine aircraft on flights over congested areas and other use limitations continue to shape the preferences of the European operators. Light twins were the most frequently mentioned multi-engine product segment, capturing over 37 percent of all European mentions. In another near repeat of last year's result, single engine models were strong for the fourth year in a row at 43 percent of expected purchases.

In North America, where there are no current or pending regulations requiring twin-engine aircraft; nearly 60 percent of planned purchases are for single-engine aircraft. This represents a reduction of around 10 percent in the popularity of light single models over the past four years. Much of the long-term shift in demand went to the light twin-engine category, which now stands at 22 percent in the 2010 survey. Medium twin interest in the current survey also rose several points over 2009 levels. In Latin America, 58 percent of planned purchases are for single-engine models, rebounding nearly 12 points after declines over the last three years. The increase in single-engine model interest in Latin America offset a 12 point drop in medium twin share within the region perhaps reflecting affordability concerns. Oil and gas support needs not reflected in the flight department survey tend to restore some of the intermediate class demand in the region. Operator preferences in Asia, the Middle East, Africa and Oceania still strongly favor twin-engine machines maintaining a 63-67 percent share in the 2010 survey though single-engine share of purchase plans is slightly higher this year.

"Honeywell's global demand projections now stand at 3,750 to 4,250 new helicopter deliveries during the period 2010-2014. The slow pace of economic recovery in the U.S. and Europe has continued to weigh on orders and helicopter utilization," said Esposito. "Though operations are showing signs of some improvement the outlook for new deliveries in the near-term, the industry still faces some headwinds."

More Than 30% of New Turbine Demand Expected in North America

North America continues to provide the greatest regional share of demand for new helicopters, accounting for 32 percent of planned future purchases, a lower share compared to last year's outlook. Buying plans fell 26 percent in this year's survey compared to 2009.

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Survey responses indicate that North America will still predominate in the purchase of light single-engine helicopters. On average, more than 59 percent of future new aircraft purchases in this region are expected to be light singles, though this is somewhat lower as noted, than prior trends.

Maintenance costs, avionics capabilities, aircraft age, cabin size and contract mandated upgrades were the most frequently mentioned factors for planning to purchase new aircraft.

European Share of Five Year Market Demand Declined

The survey shows a reduction in European global share, moving down to about 18 percent of the extrapolated five-year market in 2010 compared to 30 percent in 2008. The decrease in global share was the result of European expectations falling sharply after a steady year in 2009 while all other regions fell by lower percentages or in the case of Latin America and the Middle East, increased. Balanced buying plans again favored multi-engine machines compared to last year. As we moved further beyond the implementation of the single-engine operations regulations in Europe, the spike in planned orders and deliveries of twin engine helicopters has softened however, interest in less costly single-engine models has trended down during the last four years. More than 57 percent of five-year planned European purchases are for multi-engine models. The survey process attempts to account for Russian / CIS demand by including less detailed interviews with large fleet operators to augment the overall outlook. Based on Russian fleet operator expansion plans and business outlook shared with Honeywell, the survey based European share may be understated three-to-five percent.

European operators cite maintenance costs and updated technology/avionics capabilities as drivers for acquiring a new helicopter. Other important factors are aircraft age, cabin size and payload. The corporate and general utility use categories were most frequently mentioned by European respondents followed by EMS and law enforcement.

Asia, Pacific, Africa and Middle East Expected to Capture 20 Percent Global Share of Five Year Market

New aircraft purchase expectations fell 10 percent in Asia but increased 17 percent in Middle East/Africa compared to the 2009 survey. The recovery in oil prices contributed to the improved outlook in the Middle East. Despite improved economic prospects in Asia purchase plans fell. The likelihood this trend will continue should be low as outside of Japan, most Asian regional economies are leading the global economic recovery.

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Between 63 and 67 percent of future demand in these regions is expected to be for multi-engine craft. Operators cited maintenance costs, cabin size, and new technology/avionics most frequently as key reasons for replacing current helicopters. Intermediate and medium twins account for about 50 percent of five-year purchase plans. In Asia/Pacific about 29 percent of expected purchases will be for corporate applications, followed by oil exploration and a strong increase in law enforcement and EMS platforms. In Africa/Middle East, oil and gas support and utility applications remain most frequently mentioned at about 46 percent, followed by corporate use at 44 percent.

Latin America Purchase Expectations Rise Sharply

Latin America new helicopter expectations rose over 100 percent compared to the 2009 survey finding. On the heels of last year's steep decline in the region, a modest rebound would have an elevated percentage impact. Though recent findings have been somewhat volatile, this region is now accounting for about 30 percent of global five-year new aircraft demand based on the survey. Approximately 58 percent of expected new aircraft demand in the region is for single-engine helicopters. This statistic had been trending down for the past three years with light twins capturing the share and reaching 28 percent of all mentions in the 2009 survey. This year the trend reversed, with light-single models gaining about 12 points of share, but at the expense of medium twin-engine class models rather than light twins. Age, new technology/avionics, increased lift and safety features were most frequently mentioned as reasons for purchase. Corporate end use continues to be far and away the most popular application for new helicopters planned for purchase in Latin America at a 53 percent level. Law enforcement posted a strong gain to 15 percent coming in second, followed by oil and gas support and utility tied at 11 percent each. Notably, purchase plans for oil and gas support use expanded almost five fold in share within the region this year.

Demand by Helicopter Size Category

Light single-engine helicopters: Operators continue to express a strong preference for light single-engine helicopters in their purchase expectations, choosing this class of aircraft 50 percent of the time, a slightly higher level compared to the 2009 survey. Mentions for popular helicopters within this class include the Bell 206 series and 407, AgustaWestland A119, Eurocopter EC120, AS350/EC130, Robinson R66, Enstrom 480 and MD 500 and MD600 series. Regionally,

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the light single class is highly popular in North America, cited in 59 percent of new purchase expectations. Latin America operators also reported a strong preference for this class of equipment with 58 percent of regional demand. In Europe, regulations requiring multi-engine aircraft limit the appeal of single-engine models. Though sizable at about 43 percent, the average share of planned single-engine purchases in this region has also been trending down each year since 2006. Demand for single-engine models in Africa, Middle East, Asia and Oceania is relatively low compared to the Americas and Europe, falling in the 33-37 percent range.

Light Twins: Purchase expectation groupings for new helicopters in the light multi-engine class are exemplified by the Bell 429, Eurocopter EC135, AS355, AgustaWestland A109 series, and MD 902. Expectations for the future purchase of aircraft in this segment during the next five years account for just under a quarter of world demand in the 2010 survey a decline of about three points against the 2009 share for the class.

The largest regional demand for light twins will be in Europe, with a 37 percent projected share of total regional purchases, up one percentage point compared to 2009. Demand for light twins eroded slightly by one-to-two percent in all other regions except Asia Pacific which recorded a nearly 10 point decline.

Intermediate and Medium Twin Helicopters: Purchase mentions for new intermediate twin engine helicopters as a class were relatively steady compared to the 2009 survey. Popular models include the EC145 and AS365. Close to 60 percent of demand for intermediate twin class helicopters is in North America and Europe.

The medium twin class includes the AW139, S76 series, EC155, EC175 and Bell 412 models. These are especially popular in the oil and gas industry and specialized emergency services applications. The recovery in oil prices and the contract requirements in place with oil and gas support and EMS fleet operators will support a stronger outlook over the next few years. Close to 35 percent of world demand for this class is in the Asia/Africa and Middle East regions.

Heavy Lift Helicopters: Heavy lift helicopters continue to exhibit relatively low purchase expectation scores relative to the other classes of aircraft, with share of mentions running between 1 percent and 5 percent over the last four surveys. Heavy twin mentions were again relatively flat compared to the 2009 survey. As discussed in our previous outlooks, this low level of demand is to be expected, both as a function of higher prices for larger helicopters as well as the more narrowly defined applications such craft typically serve. Based on the level of oil and gas support and

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exploration being handled by large fleet operators, we feel that demand for this class of helicopter as well as the intermediate class may be somewhat understated in the survey feedback. Additional demand for this class aircraft often comes from governmental or “para-public” sources that this survey may not always reach including non military relief efforts and U.N. peacekeeping contract logistical support . Popular models include the EC225, S92, EH101, Mi8/17/172 and KA-32 series

Geographically, the bulk of projected demand for heavy helicopters is concentrated in Asia with 58 percent of 2010 heavy multi mentions.

Demand by Primary Use of New Turbine Helicopters

Corporate and Law Enforcement: Corporate and law enforcement were the leading applications for which operators said they would purchase new helicopters in the 2010 survey. The corporate segment, the largest use category, totaled about 36 percent of the projected world new turbine helicopter sales. Substantial demand exists for new corporate use helicopters in nearly all world regions. Close to 53 percent of all demand in Latin America is for corporate-use machines, followed by Europe at over 40 percent, Africa / Middle East at 31 percent, Asia at 29 percent followed by North America at a slightly increased rate of 20 percent.

The second most frequently mentioned use category for new aircraft purchases was law enforcement applications comprising 16 percent of total demand. The highest interest in law enforcement helicopters is in North America, accounting for about 22 percent of regional demand followed by Asia at nearly 18 percent.

Utility and Emergency Medical Services: World expectations for the purchase of new helicopters for utility and EMS usage were each measured at 15 percent of total demand this year. Utility helicopter demand was strong in North America and Europe, with a 15-16 percent share of mentions for these regions. Middle East and Africa operators reported a significant increase in utility helicopter purchase expectations which captured 32 percent of purchase plans in 2010. The increase may reflect some overlap of end use definition between utility and oil and gas support which fell unexpectedly in this region. Expected demand for EMS helicopters was very strong in North America, where 29 percent of all new aircraft mentions were for EMS aircraft followed by Europe where about 20 percent of regional demand is slated for this application.

Oil and Gas Support: The oil and gas production and exploration segment’s share of new aircraft rose to eight percent in the 2010 survey after posting a six percent share in 2009 and a nine percent

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share in the 2008 survey. This improvement is most certainly linked to the improvement in oil prices and the prospects for increased demand. Based on the makeup of the survey respondent pool, Honeywell feels these levels likely understate true demand levels in this segment. Additional research with mega-operators was used to augment the survey and is reflected in the overall demand and equipment class share projections in the outlook. Regional interest in new helicopters for this industry continues to be highest in Africa/Middle East at approximately 46 percent of that region's demand including the potential for demand overlap with the utility segment. Oil and gas support demand in Asia/Pacific followed with a 19 percent share of regional purchase plans.

Operators in other segments such as television news, tourism, firefighting and training continue to report projected requirements for new helicopters over the next five years at levels well below the applications discussed above. The only use segment in this group with any significant share of mentions was tourism and sightseeing, which captured 4.5 percent of global mentions.

Planned Turbine Helicopter Utilization Rate Growth

Overall, respondents reported using their turbine-powered helicopters between 350 and 550 hours during the past 12 months. Apart from North America, the averages are higher in emerging high growth regions like Asia and Africa/Middle East, Europe and Latin America had the lowest utilization rates.

Global survey data clearly indicates the vast majority of international operators plan to use their aircraft at least as much as or more than they did during the past 12 months. In North America and Europe, over 90 percent of respondents expect their utilization to be the same or greater than the prior 12 month period. Looking ahead, 95 percent of Latin America operators said their utilization would remain steady or rise again this year. Estimates for steady or higher utilization growth in Africa and the Middle East and Asia/Pacific operations run in the 92-to-94 percent range. All three regions have strong percentages of operators planning to increase utilization rates.

Although there is no global source for tracking actual helicopter utilization, Honeywell continues to receive inputs from several reliable industry sources that indicate turbine helicopter utilization has begun to recover from lows experienced in 2009. Survey responses indicate operation usage rates may rise by high single to low double digit rates in 2010. We are seeing progress in this regard in European flight activity already based on Eurocontrol flight cycle data

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through the end of 2009 and remain cautiously optimistic that operating levels will see modest growth in 2010.

Based in Phoenix, Arizona, Honeywell's aerospace business is a leading global provider of integrated avionics, engines, systems and service solutions for aircraft manufacturers, airlines, business and general aviation, military, space and airport operations.

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