

Honeywell Building Solutions: Recipient of the 2008 North American Energy Service Company Green Innovation of the Year Award

2008

Honeywell

Award Description: The Frost & Sullivan Green Innovation of the Year Award is presented to a company that has demonstrated unique product design and development initiatives, which is aligned with a sustainable and environmentally conscious objective within its industry sector. This Award signifies the company's identification of a unique and revolutionary solution with significant environmental benefits, while presenting tremendous market potential simultaneously. Moreover, the Award also signifies that the company's overall business strategy is sound and poised for success.

Research Methodology: Product innovation, focused on environmental priorities and long-term sustainability, is assessed regularly through continuous monitoring amongst market participants within specific industry sectors. Frost & Sullivan's analyst teams perform extensive interviews with companies within specific industries to evaluate their products, technologies and business strategies. In addition, research within that market space is performed to benchmark the Award recipient's product line against others. Also considered are elements such as strategic alliances, expected time to market, environmental soundness, long-term green strategies, and management advocacy behind the success of the product.

Due to its unmatched leadership in providing its customers with the most environmentally and economically feasible renewable technologies, the Frost & Sullivan Green Innovation of the Year Award in 2008 is presented to Honeywell. With its renewable energy profiling model, Honeywell is marking its path as the market leader in innovation through helping its customers identify and implement renewable energy solutions that are not only environmentally sound, but are profitable as well.

Honeywell is a market leader in helping its customers reduce operating costs and reinvesting the savings into facility improvements and adding to the bottom line. Their team of experts has helped put customers on the path to more than \$5 billion in energy and operational savings. Honeywell uses its knowledge and understanding of the shifting energy landscape to develop a full-circle strategy that actively monitors and controls its customers' energy supply, energy-using assets, and the real-time interaction between supply and demand.

In response to this intricately difficult industry challenge, Honeywell is the first to introduce an all-encompassing renewable energy profiling model that allows the company's energy efficiency team to accurately and seamlessly direct its customers to renewable solutions that will bring maximized economic return. The importance in finding the renewable technology that makes the best environmental and business sense is the core element upon which Honeywell's profiling model is based. The model allows Honeywell to isolate where the markets are for specific renewable energy technologies that provide strong economic drivers for its customers.

The general concept behind Honeywell's renewable energy profiling model is basically modeling the imperative variables of a renewable energy project against every potential customer in North America and thus calculating which renewable markets are viable and beneficial for any given customer. Honeywell then offers a number of ways to finance projects, including performance contracts and power purchase agreements (where Honeywell owns the asset and sells the power to the client), along with others. Traditionally, when dealing with a customer that expresses interest in solar power, an ESCO would typically tout its pedigree by highlighting its past projects or its impressive balance sheet. Honeywell's innovative approach allows them to bypass the process of taking a customer's time by trying to shoehorn a renewable technology that may or may not be economical, and then trying to sell them on the Honeywell's experience and credentials.

The profiling model enables Honeywell to lead customers directly to the technologies that will offer the strongest economic drivers right away,

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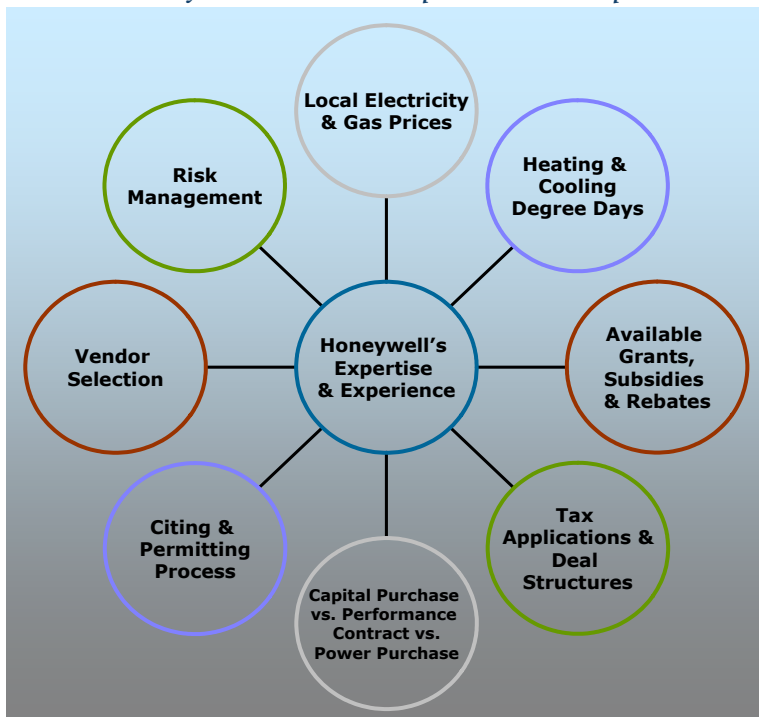
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providing an optimum advantage for customers who are not only motivated by environmental stewardship but also by economic value. As early as a first call with a customer or upon receipt of an RFP submittal, by using its profiling model, Honeywell can immediately offer an informed, data-driven discussion by coming prepared to talk about what kinds of economic drivers there are for the different renewable technologies. Honeywell possesses the capability to look at a particular customer and get an impressively accurate idea of what the simple expected payback would be for all the different types of renewable energy solutions available. This helps the company prepare for an informed discussion about energy efficiency and renewable energy, always with a goal of building economic value for customers.

In order to construct this innovative profiling model, Honeywell has drawn from its two greatest assets: its broad expertise throughout a myriad of energy industries, and its depth of experience with virtually every customer type in North America and at any location. Honeywell determined that in order to offer its customers more options and to help customers identify the technologies that would make the most environmental and economic sense, there would be an extensive amount of research and data required. In order to isolate where the actual markets were for the varying renewable technologies, Honeywell would need to know a number of different variables for its customers to consider. Honeywell examines all of these variables and then models them against a collected database of every Honeywell customer across North American - a database so extensive that it covers every potential customer on the continent.

Honeywell's commitment to further development and utilization of green energy and to help its customers apply it feasibly demonstrates a set of best practices that have been recognized by Frost & Sullivan research. Frost & Sullivan proudly awards Honeywell as the recipient of the 2008 Green Innovation of the Year Award and expects Honeywell to further its role as an innovative market leader in the long term.

How Honeywell Does It: Expertise and Experience



Measurement Criteria: Specific measurement criteria used to determine the final Award recipient are as follows:

Product Profile

- Product platform characterized by long-term sustainability
- Streamlined design that enhances product efficiency
- Adaptability and responsiveness of the product to address changing environmental needs and priorities

Business Commitment

- Entrepreneurial dexterity in incorporating conservation into the business concept
- Development of product solutions to address concerns regarding climate change
- Industry's acknowledgement of the green initiative in question, by way of financial support, strategic support, and recognition as a pioneering venture

Environmental Accountability

- Demonstration of obligatory responsibility in reducing environmental burden as part of the solution (e.g. cradle to grave solution)
- Inherent features that enhances adoption / participation rate
- Creation of collective accountability towards reducing the impact of climate change, dependency on finite resources and ecological footprint

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