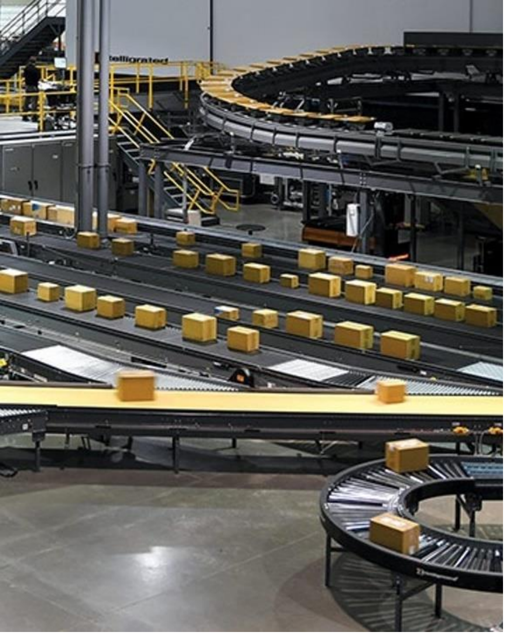
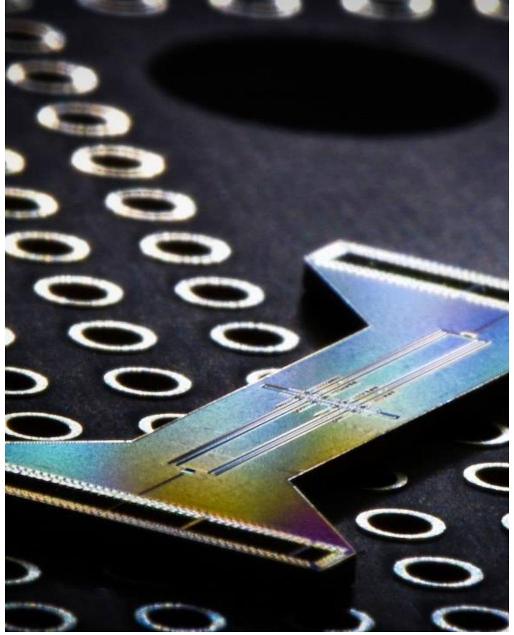



FOURTH QUARTER 2022 EARNINGS AND 2023 OUTLOOK

FEBRUARY 2, 2023

Honeywell

Forward Looking Statements

This presentation 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 presentation are also subject to a number of material risks and uncertainties, including but not limited to economic, competitive, governmental, technological, COVID-19 public health factors or impacts of the Russia-Ukraine conflict affecting our operations, markets, products, services, and prices. Such forward-looking statements are not guarantees of future performance, and actual results, and other developments, including the potential impact of the COVID-19 pandemic, the Russia-Ukraine conflict, and business decisions may differ from those envisaged by such forward-looking statements. Any forward-looking plans described herein are not final and may be modified or abandoned at any time. We identify the principal risks and uncertainties that affect our performance in our Form 10-K and other filings with the Securities and Exchange Commission.

Non-GAAP Financial Measures

This presentation contains financial measures presented on a non-GAAP basis. Honeywell’s non-GAAP financial measures used in this presentation are as follows: Segment profit, on an overall Honeywell basis, a measure by which we assess operating performance, which we define as operating income adjusted for certain items as presented in the Appendix; Segment margin, on an overall Honeywell basis; Organic sales growth; Free cash flow; Free cash flow excluding the Impact of Settlements; Free cash flow margin; Adjusted earnings per share; Adjusted earnings per share excluding pension headwind; Adjusted income before taxes; Adjusted tax expense; and Adjusted effective tax rate, if and as noted in the presentation. Management believes that, when considered together with reported amounts, these measures are useful to investors and management in understanding our ongoing operations and in the analysis of ongoing operating trends. These measures should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Certain measures presented on a non-GAAP basis represent the impact of adjusting items net of tax. The tax-effect for adjusting items is determined individually and on a case-by-case basis. Refer to the Appendix attached to this presentation for reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures.

2022 RESULTS

	FY 2022 Actual	4Q 2022 Actual	4Q 2022 Guidance
Adjusted Earnings Per Share	**$8.76** Up 9% YoY	**$2.52** Up 21% YoY	**$2.46 – $2.56**
Organic Sales Growth	**6%**	**10%**	**10% – 13%**
Segment Margin Expansion	**70 bps**	**150 bps**	**140 – 180 bps**
Free Cash Flow	**$4.9B** Down (14%) YoY	**$2.1B** Down (18%) YoY	
Capital Deployment	**$7.9B** Share Repurchases, Dividends, Capital Expenditures, and M&A	**$2.3B** Share Repurchases, Dividends, and Capital Expenditures	

4Q 2022 Highlights

- Delivered on organic sales, segment margin expansion, and adjusted EPS commitments
- Double-digit organic sales growth driven by HBT, PMT, and Aero
- 150 bps margin expansion, led by SPS up 940 bps
- $2.3B capital deployed to share repurchases, dividends, and high-return capex

Full Year Highlights

- Above high end of initial guidance for segment margin and adjusted EPS despite significant top line headwinds due to FX and the wind down of our operations in Russia
- 70 bps margin expansion with 100+ bps expansion in SPS and HBT
- Generated $4.9B of FCF, achieving full-year guidance
- Maintained best-in-class balance sheet

Adjusted EPS excludes 2022 pension mark-to-market expense, 4Q22 benefit and FY22 expense related to UOP matters, Russian-related Charges, Gain on sale of Russian Entities, and Net expense related to the NARCO Buyout and HWI sale.

Overdelivered Despite Challenging Environment in 2022

ASBESTOS TRUST SETTLEMENT DETAILS

	Income Statement Impact
NARCO Trust Buyout	($1,325M)
Existing Reserve	$688M
Expected Proceeds from HWI Sale	$295M[1]
Impact Before Taxes	($342M)
Tax Effect	$82M
4Q22 GAAP Impact	($260M)

[1]*Estimated based on NARCO Trust tax and other expenses*

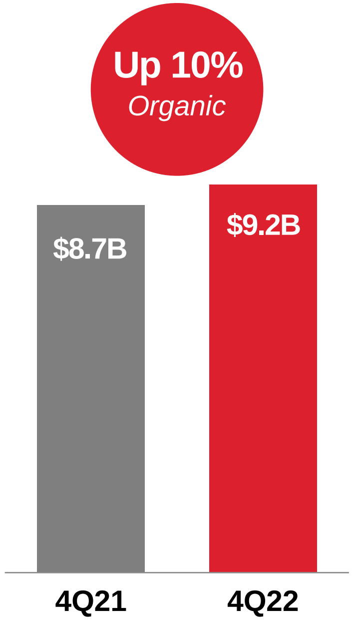
Background and Key Details

- **Honeywell's predecessor, Allied Corporation, owned NARCO from 1979 to 1986**, at which time Allied Corporation sold NARCO and entered into a cross-indemnity agreement for asbestos-related claims
- Honeywell established its **initial liability for NARCO asbestos claims in 2002**
- **The NARCO Trust was established in 2013** upon NARCO emerging from bankruptcy, with HarbisonWalker International (HWI) becoming the reorganized and renamed entity
- Honeywell retained evergreen funding obligation – a ~$700M existing liability plus ongoing expenses to operate the Trust and manage legal disputes
- Entered into a **buyout agreement** with the NARCO Trust regarding Honeywell's legacy asbestos liabilities which received final court approval in December 2022
- Cash payment was made to the Trust in the January 2023, providing a **one-time headwind of ($1.3B) to free cash flow** that will be partially offset by a $295M[1] benefit for Honeywell's rights to the net proceeds from the sale of HWI to be completed later in 2023
- Key benefits for Honeywell:
  - **Eliminates evergreen funding obligation**
  - Removes future quarterly asbestos charges related to NARCO
  - Further enhances the quality of the balance sheet
  - **De-risks future unpredictability**

Significantly De-Risking Honeywell's Legacy Liabilities

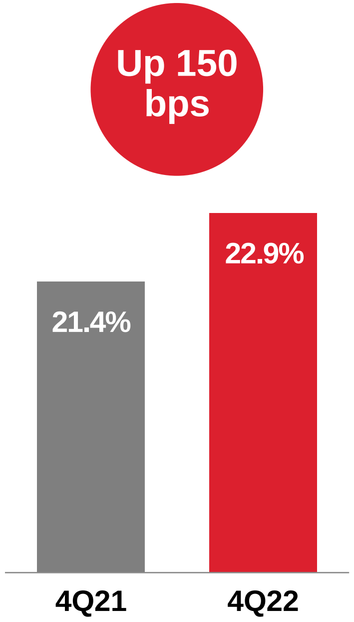
4Q 2022 FINANCIAL SUMMARY

Sales



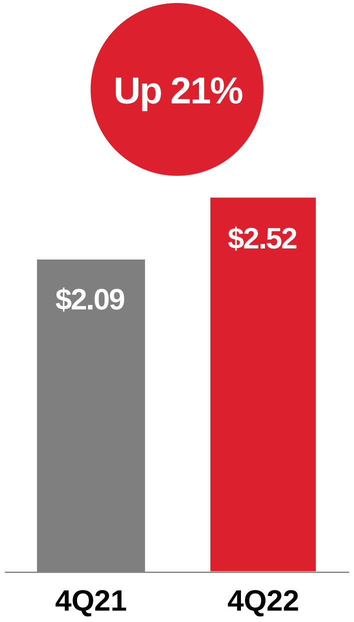
+ Double-digit organic growth in HBT, PMT, and Aerospace
+ Price / cost management
+ Strength in long-cycle businesses
- FX headwinds

Segment Margin



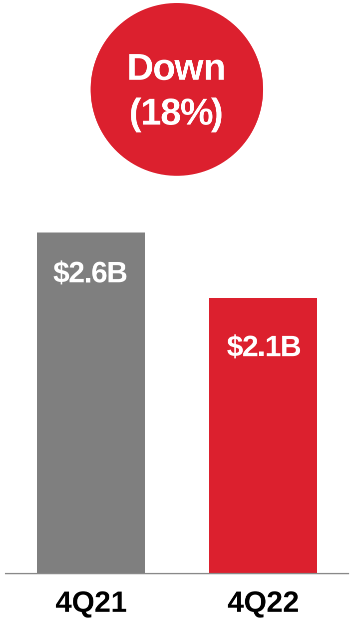
+ Commercial excellence more than offset inflation
+ Highest ever segment margin in SPS
± Continued supply chain challenges, though some sequential improvement

Adjusted EPS



+ Higher segment profit
+ Lower share count (677M vs. 696M)
+ Lower adjusted effective tax rate (16.3% vs. 19.7%)
- Higher Interest expense

Free Cash Flow



+ Deployed $2.3B to share repurchases, dividends, and capex
- Lower working capital release due to higher receivables and inventory
- Lower Garrett cash receipts year over year

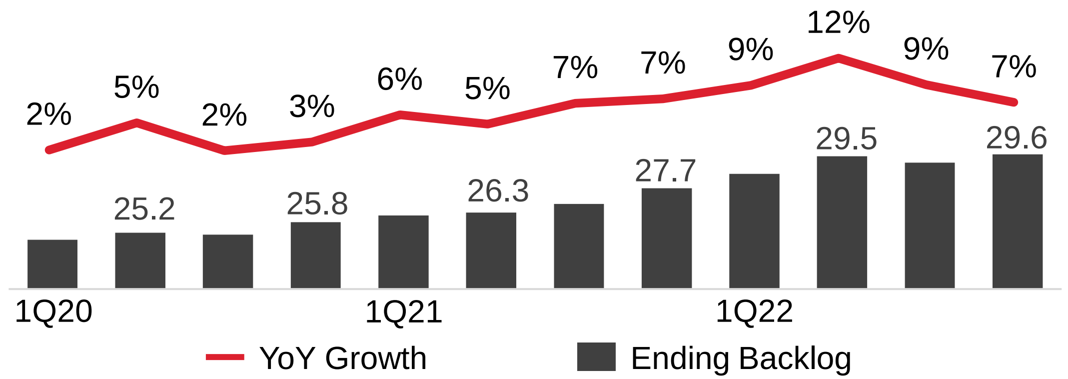
Adjusted EPS and adjusted EPS V% excludes 4Q22 pension mark-to-market expense, 4Q22 benefit related to UOP matters, 4Q22 Russian-related Charges, 4Q22 Gain on sale of Russian Entities, 4Q22 Net expense related to the NARCO Buyout and HWI sale, 4Q21 Pension mark-to-market expense, and 4Q21 Changes in fair value for Garrett equity securities.

Operational Excellence in Challenging Environment

KEY MACRO AND END MARKET DYNAMICS

What We are Seeing	What it Means for Honeywell
+ Aerospace build rate and flight hour improvement	+ Strong sales growth across commercial aerospace
+ Modestly improving supply chain in Aero and semis	+ Past due backlog reduction and progress toward balance sheet normalization
+ Emphasis on energy security and investment in new sources	+ Demand for traditional energy offerings in addition to sustainable solutions
+ Global government stimulus tailwinds	+ Continued demand for sustainable building technologies and renewable fuels
± Moderating but still elevated inflation	± Greater balance between volume and price contribution to revenue growth
- COVID-19 concerns in China, particularly in 1Q23	± Potential sales headwinds in the first half; potential tailwind for 2H
- Short-cycle business headwinds	- Potential decreased orders in SPS and HBT
- Increased interest rate environment	- Reduced non-cash pension income in 2023, higher net interest expense

Orders and Backlog Progression



Orders Highlights

- 8% organic orders growth in 2022, with double-digit growth in Aerospace, PMT, and HBT
- Double-digit HCE organic orders growth in 2022
- 2% organic orders growth in 4Q22, including sequential growth in Aerospace, PMT, and SPS

Well-Positioned for Growth in Challenging 2023 Environment

FY 2023 OUTLOOK

FY Guidance	
Sales **$36.0B - $37.0B** *Up 2% - 5% Organically*	**Segment Margin** **22.2% - 22.6%** *Up 50 - 90 bps*
Adjusted EPS **$8.80 - $9.20** *Flat - Up 5%* *$9.35 - $9.75 Excluding Pension Headwind or up 7% - 11%*	**Free Cash Flow** **$3.9B - $4.3B** *$5.1B - $5.5B Excluding Impact of Settlements*

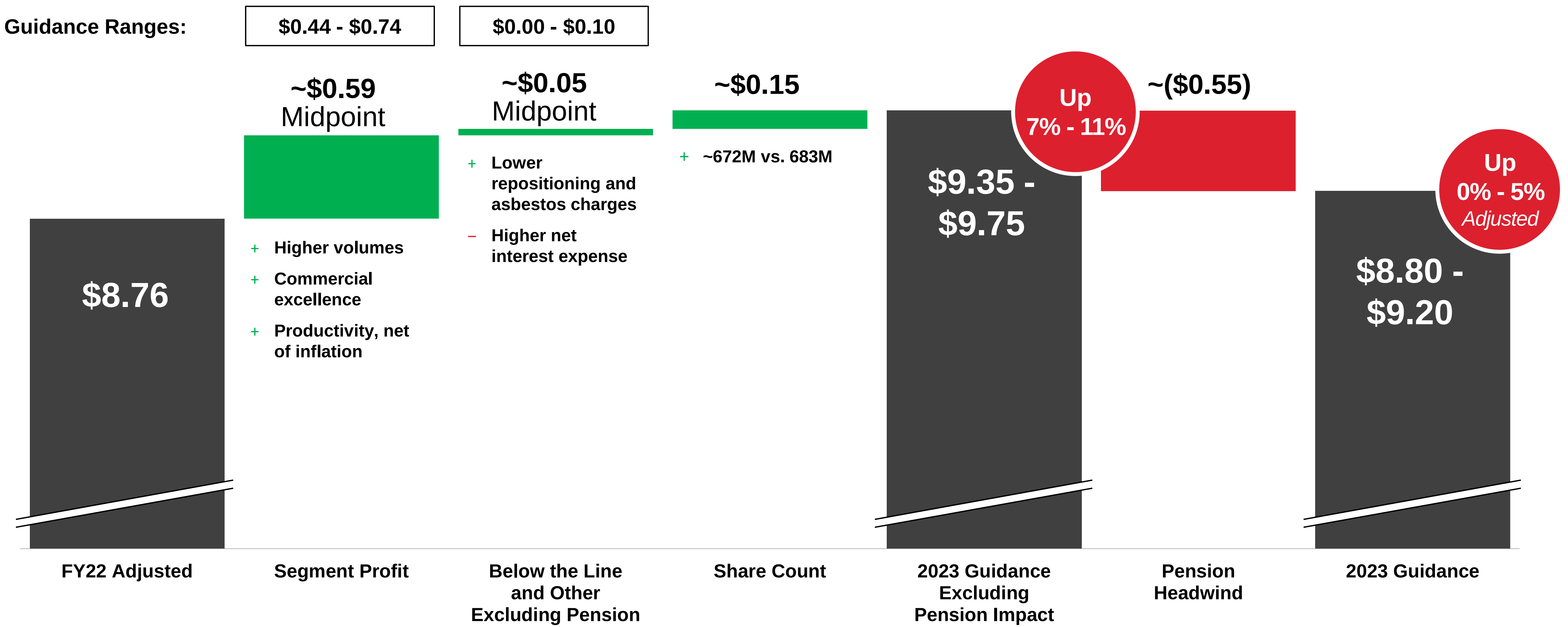
Commentary

- Organic sales growth in Aerospace, HBT, and PMT
- Larger contribution to sales growth from volume vs. 2022
- Maintain positive price / cost on lower inflation impact
- Sequential supply chain improvement throughout the year
- Short cycle demand softness, particularly in SPS
- Reduced pension income and higher net interest expense year over year, partially offset by lower repositioning
- Minimum 1% share count reduction
- Capital deployment in line with 3-year $25B target from Investor Day

Adjusted EPS V% guidance excludes 2022 Expense related to UOP matters, 2022 Russian-related Charges, 2022 Gain on sale of Russian Entities, and 2022 Net expense related to the NARCO Buyout and HWI sale.

Strong Guidance Despite Economic Uncertainty

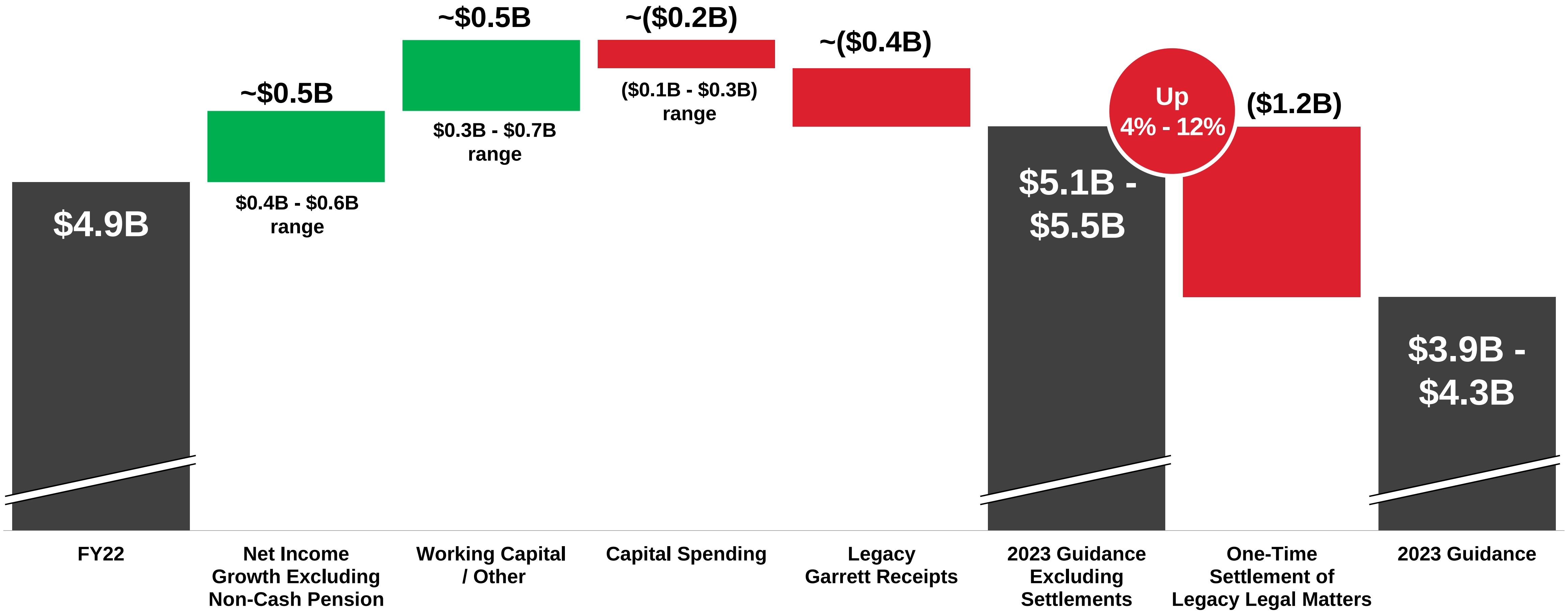
2023 EARNINGS PER SHARE BRIDGE



Adjusted EPS and adjusted EPS V% excludes 2022 Expense related to UOP matters, 2022 Russian-related Charges, 2022 Gain on sale of Russian Entities, and 2022 Net expense related to the NARCO Buyout and HWI sale.

Operational Model in Action; Adjusted EPS Growth Despite Pension Impact

2023 FREE CASH FLOW BRIDGE



Aligned with EPS Growth Excluding One-Time Settlements

1Q 2023 OUTLOOK

1Q Guidance

Sales
$8.3B - $8.6B
Up 1% - 5% Organically

Segment Margin
21.4% - 21.8%
Up 30 - 70 bps

Adjusted EPS
$1.86 - $1.96
Down 3% - Up 3%
$2.00 - $2.10 excluding Pension Headwind or up 5% - 10%

Net Below the Line Impact
($165M - $210M)
Effective Tax Rate
21% - 22%
Share Count
~675M

Commentary

- Sequential supply chain improvement continues
- Potential headwinds from COVID-19 in China
- Continued strength in long-cycle Aerospace and PMT segments
- SPS margins remain strong, though some sales headwinds in short-cycle
- Settlement of legacy legal matters driving one-time headwind to free cash flow
- Operational challenges driving 1Q headwinds in advanced materials

Net below the line impact is the difference between segment profit and income before tax. Impact includes interest and other financial charges, stock compensation expense, pension ongoing income, other post-retirement income, and repositioning and other charges. Adjusted EPS V% guidance excludes 1Q22 Russian-related Charges.

Good Start to 2023 with Sequential Improvement to Follow

SUMMARY

- Met or exceeded initial guidance for 2022 despite over $2 billion in top line headwinds
- Record backlog provides strong foundation for growth in 2023
- Well-positioned in resilient, long-cycle end markets that are poised for growth
- Achieved $4 billion share repurchase target, best-in-class balance sheet enables M&A activity in 2023 and beyond

Honeywell

2023 Investor Day
New York, NY | May 11

Building on last March's investor day, Honeywell's Chairman and CEO Darius Adamczyk and senior leaders will provide an update on our strategy, innovations, and breakthrough growth opportunities through presentations and Q&A panels.

Strong Finish to 2022, Well-Positioned for Further Growth in 2023

Appendix

FY 2022 GUIDANCE PROGRESSION

	Initial Guidance (as of 4Q21 Earnings Call)	Revised Guidance (as of 1Q22 Earnings Call)	Revised Guidance (as of 2Q22 Earnings Call)	Revised Guidance (as of 3Q22 Earnings Call)	Actual Results
Sales *Organic Growth*	**$35.4B - $36.4B** *Up 4% - 7%*	**$35.5B - $36.4B** *Up 4% - 7%*	**$35.5B - $36.1B** *Up 5% - 7%*	**$35.4B - $35.7B** *Up 6% - 7%*	**$35.5B** *Up 6%*
Segment Margin *Margin Expansion*	**21.1% - 21.5%** *Up 10 - 50 bps*	**21.1% - 21.5%** *Up 10 - 50 bps*	**21.3% - 21.7%** *Up 30 - 70 bps*	**21.6% - 21.8%** *Up 60 - 80 bps*	**21.7%** *Up 70 bps*
Net BTL	($100M) - $50M	($100M) - $50M	($150M) - ($50M)	($125M) – ($50M)	($127M)
Effective Tax Rate	~22%	~22%	~22%	~22%	~21%
Share Count	~693M	684M - 687M	684M - 687M	~683M	683M
Adjusted EPS *Adjusted Growth*	**$8.40 - $8.70** *Up 4% - 8%*	**$8.50 - $8.80** *Up 5% - 9%*	**$8.55 - $8.80** *Up 6% - 9%*	**$8.70 - $8.80** *Up 8% - 9%*	**$8.76** *Up 9%*
Free Cash Flow	**$4.7B - $5.1B**	**$4.7B - $5.1B**	**$4.7B - $5.1B**	**$4.7B - $5.1B**	**$4.9B**

Overdelivered on Original Guidance Despite ~$2B in Sales Headwinds

4Q 2022 SEGMENT RESULTS

($M)	Sales	Segment Margin Change (bps)	Commentary
Aero	**$3,204** *Up 11% Organic*	**27.8%** *Down (120) bps*	• 23% organic growth in commercial aviation; 7 consecutive quarters of double-digit growth • Defense and Space volumes slightly lower year over year, but 15% sales growth sequentially • Margin contraction as a result of higher sales of lower margin products, partially offset by commercial excellence
HBT	**$1,514** *Up 15% Organic*	**24.8%** *Up 370 bps*	• 21% organic growth in building products; supply chain improvements enabling volume growth • Third consecutive quarter of double-digit organic growth in building projects • Margin expansion driven by commercial excellence, partially offset by cost inflation
PMT	**$2,860** *Up 15% Organic*	**22.0%** *Down (100) bps*	• 20% organic growth in advanced materials driven by strength in fluorine products • Strength in projects and lifecycle solutions and services within process solutions • Over 50% growth in petrochemical catalyst orders, return to growth in process technologies despite lost Russian sales
SPS	**$1,607** *Down (5%) Organic*	**20.2%** *Up 940 bps*	• Growth in sensing and safety technologies driven by sensing business • Lower volumes in warehouse automation and productivity solutions and services • Highest ever segment margin for SPS, driven by commercial excellence, improved sales mix, and productivity partially offset by volume leverage and cost inflation

Sales Growth and Margin Expansion Across Majority of Portfolio

4Q 2022 SALES GROWTH

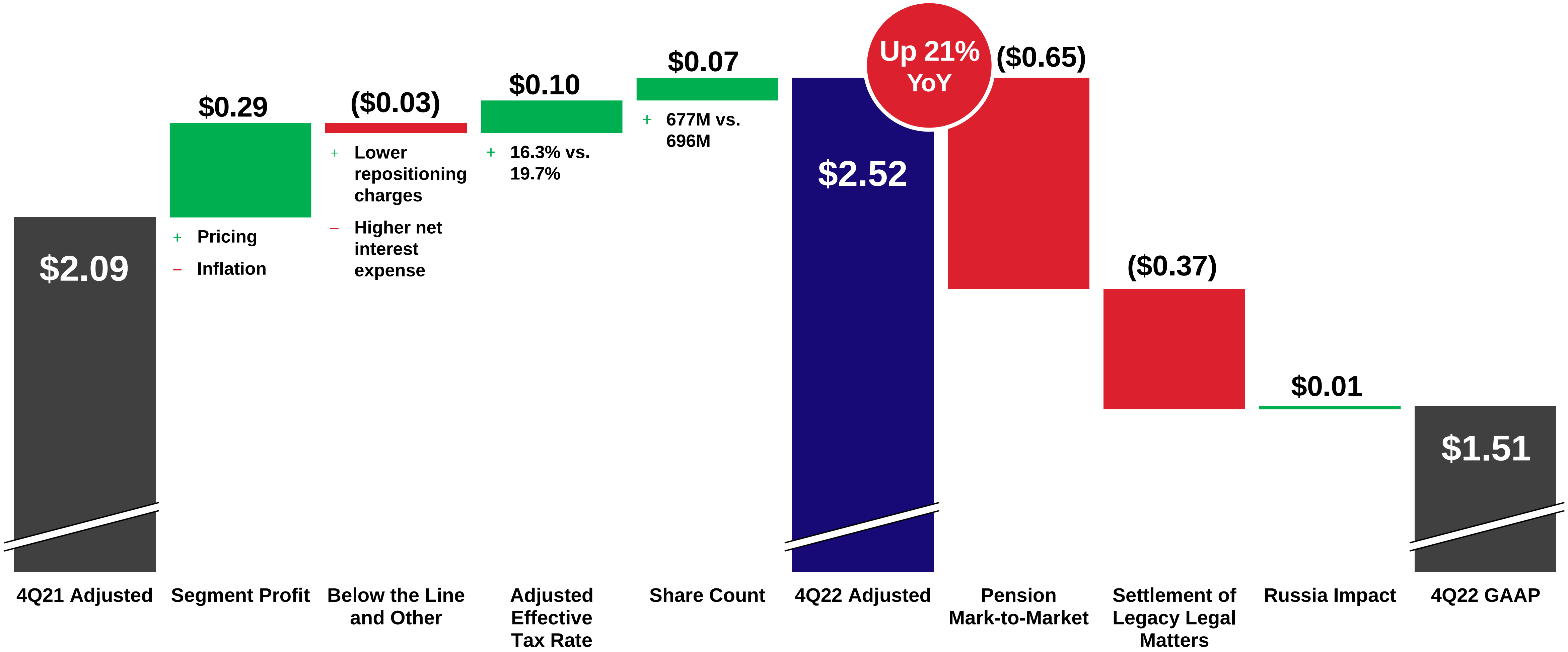
	4Q Reported	4Q Organic	FY Reported	FY Organic
Aerospace	**11%**	**11%**	**7%**	**8%**
Commercial Aviation Original Equipment	25%	25%	21%	22%
Commercial Aviation Aftermarket	21%	22%	23%	23%
Defense and Space	(3%)	(3%)	(10%)	(9%)
Honeywell Building Technologies	**8%**	**15%**	**8%**	**14%**
Products	15%	21%	15%	20%
Building Solutions	(1%)	8%	0%	6%
Performance Materials And Technologies	**10%**	**15%**	**7%**	**11%**
UOP	12%	13%	2%	3%
Honeywell Process Solutions	6%	12%	3%	8%
Advanced Materials	14%	20%	18%	22%
Safety And Productivity Solutions	**(8%)**	**(5%)**	**(12%)**	**(9%)**
Sensing and Safety Technologies	(3%)	2%	(9%)	(5%)
Productivity Solutions and Services	(18%)	(15%)	0%	4%
Warehouse and Workflow Solutions	(6%)	(6%)	(21%)	(20%)

FY 2022 SEGMENT RESULTS

($M)	Sales	Segment Margin Change (bps)	Commentary
Aero	**$11,827** *Up 8% Organic*	**27.3%** *Down (40) bps*	• Commercial aviation sales up 23% on increased build rates and flight hours • Supply chain challenges limited volume growth; Defense and Space sales down year over year • Margin contraction as a result of cost inflation and higher sales of lower margin products, partially offset by commercial excellence
HBT	**$6,000** *Up 14% Organic*	**24.0%** *Up 160 bps*	• Strong growth in building products led by fire products and building management systems • Supply chain constraints (primarily semiconductors) limited volumes and increased past due backlog • Margin expansion driven by commercial excellence, partially offset by cost inflation
PMT	**$10,727** *Up 11% Organic*	**21.9%** *Up 70 bps*	• 11% organic growth despite approximately 3% headwind from lost Russian sales • Over 20% organic growth in advanced materials driven by strength in fluorine products • Double-digit organic orders growth across the portfolio
SPS	**$6,907** *Down (9%) Organic*	**15.6%** *Up 240 bps*	• Excluding the impact of COVID-driven mask demand, strong growth in sensing and safety technologies • Warehouse automation projects demand softness, but continued strength in aftermarket services business • 240 basis points of margin expansion on commercial excellence, improved mix, and productivity actions

Delivered on Our Commitments in Challenging Environment

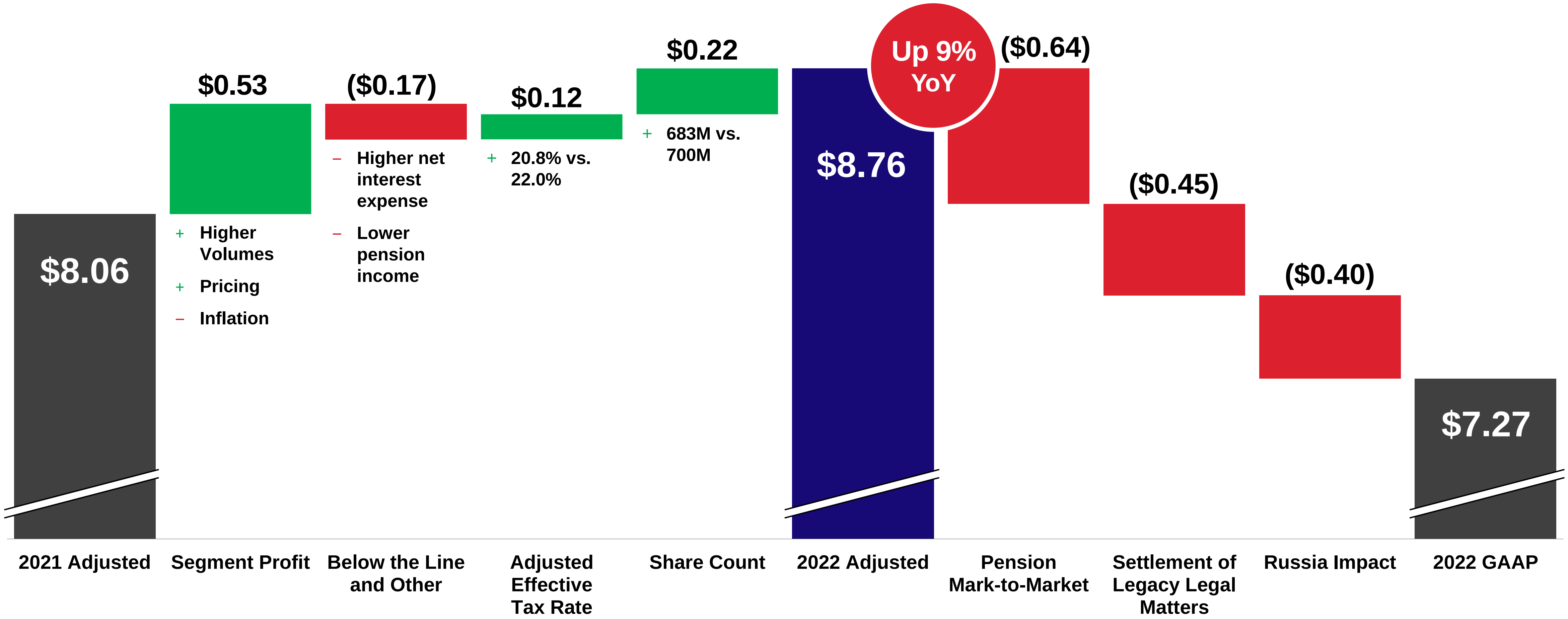
4Q 2022 EARNINGS PER SHARE BRIDGE



Adjusted EPS and adjusted EPS V% excludes 4Q22 pension mark-to-market expense, 4Q22 benefit related to UOP matters, 4Q22 Russian-related charges, 4Q22 Gain on sale of Russian Entities, 4Q22 Net expense related to the NARCO Buyout and HWI sale, 4Q21 Pension mark-to-market expense and 4Q21 Changes in fair value for Garrett equity securities.

4Q22 Adjusted EPS Mainly From Strong Segment Profit Growth

2022 EARNINGS PER SHARE BRIDGE



Adjusted EPS and adjusted EPS V% excludes 2022 pension mark-to market expense, 2022 expense related to UOP matters, 2022 Russian-related Charges, 2022 Gain on sale of Russian Entities, 2022 Net expense related to the NARCO Buyout and HWI sale, 2021 pension mark-to market expense, 2021 Changes in fair value for Garrett equity securities, 2021 Garrett related adjustments, 2021 Gain on sale of retail footwear business, and 2021 Expense related to UOP matters.

2022 Adjusted EPS Growth Driven by Segment Profit

2023 SEGMENT OUTLOOK

	Primary End Market	HON Organic Growth Rate	Segment Commentary
Aero	Commercial Aerospace Defense and Space	HSD - LDD	• Progressive recovery in the aerospace supply chain enabling increased volumes • Continued improvement in build rates and flight hours, particularly widebody, supporting commercial aviation growth • Return to growth in Defense and Space; convert strong order book into sales
HBT	Non-Residential	LSD	• Increased financing costs likely to impact private investment; elevated backlogs and stimulus-led institutional demand provide some buffer • Capitalize on strong 2022 book-to-bill • Secular trends of sustainability and energy efficiency support long-term demand
PMT	Oil & Gas / PetroChem Specialty Chemicals	MSD	• 2022 orders strength and fall-off of Russia headwinds drives growth in UOP • Inflation Reduction Act and other legislation provides increased demand for sustainable technology solutions • Additional capacity from 2022 capital expenditures enables another strong year in advanced materials
SPS	Industrial Productivity e-Commerce	(MSD - HSD)	• Potential short-cycle recession impact on sensing and safety technologies and productivity solutions and services • Reduced investment in warehouse automation capacity leads to demand trough in 2023 • Continued operational improvements and shifting mix enables another year of margin expansion

Overall Favorable End Market Outlook in 2023

ADDITIONAL 2023 INPUTS

	2022	2023E	1Q23E	Commentary
Pension / OPEB	$1,034M	~$550M	~$140M	• Significant increase in interest rates resulting in lower pension income
Repositioning and Other	($411M)	($200M - $325M)	($80M - $120M)	• Retaining capacity for high-return projects to support cost management and productivity initiatives; ramping down from COVID-19 pandemic peaks
Other Below the Line[1]	($750M)	($825M - $850M)	($225M - $230M)	• Increased headwind from interest expense
Total Below the Line	($127M)	($475M - $625M)	($165M - $210M)	
Adjusted Effective Tax Rate	21%	~21%	21% - 22%	
Share Count	683M	~672M	~675M	• Minimum 1% share count reduction
Corporate and Quantinuum	($412M)	(~$450M)	(~$130M)	• Segment profit for Corporate and Quantinuum

[1]*Other below the line includes asbestos, environmental expenses net of spin reimbursements, net interest, F/X, stock option expense, RSU expense, M&A, and other expense.*

NON-GAAP FINANCIAL MEASURES

The following information provides definitions and reconciliations of certain non-GAAP financial measures presented in this presentation to which this reconciliation is attached to the most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles (GAAP).

Management believes that, when considered together with reported amounts, these measures are useful to investors and management in understanding our ongoing operations and in the analysis of ongoing operating trends. These metrics should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Certain metrics presented on a non-GAAP basis represent the impact of adjusting items net of tax. The tax-effect for adjusting items is determined individually and on a case-by-case basis. Included below are reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures. Other companies may calculate these non-GAAP measures differently, limiting the usefulness of these measures for comparative purposes.

Management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitations of these non-GAAP financial measures are that they exclude significant expenses and income that are required by GAAP to be recognized in the consolidated financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expenses and income are excluded or included in determining these non-GAAP financial measures. Investors are urged to review the reconciliation of the non-GAAP financial measures to the comparable GAAP financial measures and not to rely on any single financial measure to evaluate Honeywell’s business.

RECONCILIATION OF SEGMENT PROFIT TO OPERATING INCOME AND CALCULATION OF SEGMENT PROFIT AND OPERATING INCOME MARGIN

($M)	4Q21	4Q22	1Q22	2021	2022
Aerospace	$ 2,896	$ 3,204	$ 2,749	$ 11,026	$ 11,827
Honeywell Building Technologies	1,404	1,514	1,429	5,539	6,000
Performance Materials and Technologies	2,605	2,860	2,453	10,013	10,727
Safety and Productivity Solutions	1,752	1,607	1,744	7,814	6,907
Corporate and All Other	—	1	1	—	5
Net sales	$ 8,657	$ 9,186	$ 8,376	$ 34,392	$ 35,466
Aerospace	$ 839	$ 890	$ 753	$ 3,051	$ 3,228
Honeywell Building Technologies	296	375	336	1,238	1,439
Performance Materials and Technologies	598	628	510	2,120	2,354
Safety and Productivity Solutions	189	325	253	1,029	1,080
Corporate and All Other	(71)	(114)	(86)	(226)	(412)
Segment profit	$ 1,851	$ 2,104	$ 1,766	$ 7,212	$ 7,689
Stock compensation expense [1]	(45)	(25)	(60)	(217)	(188)
Repositioning, Other [2,3]	(245)	(233)	(401)	(636)	(942)
Pension and other postretirement service costs [3]	(43)	(33)	(34)	(159)	(132)
Operating income	$ 1,518	$ 1,813	$ 1,271	$ 6,200	$ 6,427
Segment profit	$ 1,851	$ 2,104	$ 1,766	$ 7,212	$ 7,689
÷ Net sales	$ 8,657	$ 9,186	$ 8,376	$ 34,392	$ 35,466
Segment profit margin %	21.4 %	22.9 %	21.1 %	21.0 %	21.7 %
Operating income	$ 1,518	$ 1,813	$ 1,271	$ 6,200	$ 6,427
÷ Net sales	$ 8,657	$ 9,186	$ 8,376	$ 34,392	$ 35,466
Operating income margin %	17.5 %	19.7 %	15.2 %	18.0 %	18.1 %

(1) Included in Selling, general and administrative expenses.

(2) Includes repositioning, asbestos, environmental expenses, equity income adjustment, and other charges. For the three months ended December 31, 2022, other charges include an expense of $7 million primarily related to a loss on the sale of inventory due to the initial suspension and wind down of our business and operations in Russia. For the twelve months ended December 31, 2022, other charges include an expense of $250 million related to reserves against outstanding accounts receivables, contract assets, and inventory, as well as the write-down of other assets and employee severance related to the initial suspension and wind down of our businesses and operations in Russia. For the three and twelve months ended December 31, 2022, other charges include $9 million and $41 million, respectively, of incremental long-term contract labor cost inefficiencies due to severe supply chain disruptions (attributable to the COVID-19 pandemic) relating to the warehouse automation business within the Safety and Productivity Solutions segment. These costs include incurred amounts and provisions for anticipated losses recognized when total estimated costs at completion for certain of the business' long-term contracts exceeded total estimated revenue. These certain costs represent unproductive labor costs due to unexpected supplier delays and the resulting downstream installation issues, demobilization and remobilization of contract workers, and resolution of contractor disputes. For the three and twelve months ended December 31, 2021, other charges include $105 million of incremental long-term contract labor cost inefficiencies due to severe supply chain disruptions (attributable to the COVID-19 pandemic) relating to the warehouse automation business within the Safety and Product Solutions segment. These costs include incurred amounts and provisions for anticipated losses recognized during the fourth quarter when total estimated costs at completion for certain of the business' long-term contracts exceeded total estimated revenue. These certain costs represent unproductive labor costs due to unexpected supplier delays and the resulting downstream installation issues, demobilization and remobilization of contract workers, and resolution of contractor disputes.

(3) Included in Cost of products and services sold and Selling, general and administrative expenses.

We define segment profit, on an overall Honeywell basis, as operating income, excluding stock compensation expense, pension and other postretirement service costs, and repositioning and other charges. We define segment profit margin, on an overall Honeywell basis, as segment profit divided by net sales. We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

A quantitative reconciliation of segment profit, on an overall Honeywell basis, to operating income has not been provided for all forward-looking measures of segment profit and segment margin included herein. Management cannot reliably predict or estimate, without unreasonable effort, the impact and timing on future operating results arising from items excluded from segment profit, particularly pension mark-to-market expense as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. The information that is unavailable to provide a quantitative reconciliation could have a significant impact on our reported financial results. To the extent quantitative information becomes available without unreasonable effort in the future, and closer to the period to which the forward-looking measures pertain, a reconciliation of segment profit to operating income will be included within future filings.

RECONCILIATION OF ORGANIC SALES % CHANGE

	4Q22	2022
Honeywell		
Reported sales % change	6%	3%
Less: Foreign currency translation	(4)%	(3)%
Less: Acquisitions, divestitures and other, net	—%	—%
Organic sales % change	10%	6%
Aerospace		
Reported sales % change	11%	7%
Less: Foreign currency translation	—%	(1)%
Less: Acquisitions, divestitures and other, net	—%	—%
Organic sales % change	11%	8%
Honeywell Building Technologies		
Reported sales % change	8%	8%
Less: Foreign currency translation	(8)%	(6)%
Less: Acquisitions, divestitures and other, net	1%	—%
Organic sales % change	15%	14%
Performance Materials and Technologies		
Reported sales % change	10%	7%
Less: Foreign currency translation	(5)%	(4)%
Less: Acquisitions, divestitures and other, net	—%	—%
Organic sales % change	15%	11%
Safety and Productivity Solutions		
Reported sales % change	(8)%	(12)%
Less: Foreign currency translation	(3)%	(3)%
Less: Acquisitions, divestitures and other, net	—%	—%
Organic sales % change	(5)%	(9)%

We define organic sales percentage as the year-over-year change in reported sales relative to the comparable period, excluding the impact on sales from foreign currency translation and acquisitions, net of divestitures, for the first 12 months following the transaction date. We believe this measure is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

A quantitative reconciliation of reported sales percent change to organic sales percent change has not been provided for forward-looking measures of organic sales percent change because management cannot reliably predict or estimate, without unreasonable effort, the fluctuations in global currency markets that impact foreign currency translation, nor is it reasonable for management to predict the timing, occurrence and impact of acquisition and divestiture transactions, all of which could significantly impact our reported sales percent change.

RECONCILIATION OF EPS TO ADJUSTED EPS AND ADJUSTED EPS EXCLUDING PENSION HEADWIND

	4Q21	4Q22	1Q22	2021	2022	1Q23E	2023E
Earnings per share of common stock - assuming dilution (EPS) (1)	$ 2.05	$ 1.51	$ 1.64	$ 7.91	$ 7.27	$1.86 - $1.96	$8.80 - $9.20
Pension mark-to-market expense (2)	0.05	0.65	—	0.05	0.64	No Forecast	No Forecast
Changes in fair value for Garrett equity securities (3)	(0.01)	—	—	(0.03)	—	—	—
Garrett related adjustments (4)	—	—	—	0.01	—	—	—
Gain on sale of retail footwear business (5)	—	—	—	(0.11)	—	—	—
Expense related to UOP Matters (6)	—	(0.01)	—	0.23	0.07	—	—
Russian-related Charges (7)	—	0.01	0.27	—	0.43	—	—
Gain on sale of Russian Entities (8)	—	(0.02)	—	—	(0.03)	—	—
Net expense related to the NARCO Buyout and HWI sale (9)	—	0.38	—	—	0.38	—	—
Adjusted earnings per share of common stock - assuming dilution	$ 2.09	$ 2.52	$ 1.91	$ 8.06	$ 8.76	$1.86 - $1.96	$8.80 - $9.20
Pension headwind (10)	—	—	—	—	—	~0.14	~0.55
Adjusted earnings per share of common stock excluding Pension headwind - diluted	$ 2.09	$ 2.52	$ 1.91	$ 8.06	$ 8.76	$2.00 - $2.10	$9.35 - $9.75

(1) For the three months ended December 31, 2022, and 2021, adjusted earnings per share utilizes weighted average shares of approximately 676.5 million and 695.8 million, respectively. For the three months ended March 31, 2022, adjusted earnings per share utilizes weighted average shares of approximately 691.3 million. For the twelve months ended December 31, 2022, and 2021, adjusted earnings per share utilizes weighted average shares of approximately 683.1 million and 700.4 million, respectively. For the three months ended March 31, 2023, and twelve months ended December 31, 2023, expected earnings per share utilizes weighted average shares of approximately 675 million and 672 million, respectively.

(2) Pension mark-to-market expense uses a blended tax rate of 16%, net of tax expense of $83 million for 2022 and blended tax rate of 25%, net of tax expense of $10 million for 2021.

(3) For the three and twelve months ended December 31, 2021, the adjustments were $5 million and $19 million, net of tax expense of $0 million and $5 million, respectively, due to changes in fair value for Garrett equity securities.

(4) For the twelve months ended December 31, 2021, the adjustment was $7 million, without tax benefit, to a non-cash charge associated with a reduction in value of reimbursement receivables following Garrett's emergence from bankruptcy on April 30, 2021.

(5) For the twelve months ended December 31, 2021, the adjustment was $76 million, net of tax expense of $19 million, due to the gain on sale of the retail footwear business.

(6) For the three and twelve months ended December 31, 2022, the adjustment was a benefit of $5 million and expense of $45 million, without tax benefit, due to an expense related to UOP matters. For the twelve months ended December 31, 2021, the adjustment was $160 million, without tax benefit, due to an expense related to UOP matters.

(7) For the three months ended December 31, 2022, the adjustment was $4 million, without tax benefit, to exclude expenses primarily related to a loss on the sale of inventory offset by favorable foreign exchange revaluation on an intercompany loan with a Russian affiliate related to the initial suspension and wind down of our business and operations in Russia. For the three months ended March 31, 2022, the adjustment was $183 million, without tax benefit, to reserve against outstanding accounts receivable, contract assets, and impairments of other assets related to the initial suspension and wind down of our businesses and operations in Russia. For the twelve months ended December 31, 2022, the adjustment was $297 million, including a tax valuation allowance benefit of $2 million, to exclude charges and the accrual of reserves related to outstanding accounts receivable and contract assets, impairment of intangible assets, foreign exchange revaluation, inventory reserves, the write-down of other assets, impairment of property, plant and equipment, employee severance, and called guarantees related to the initial suspension and wind down of our businesses and operations in Russia.

(8) For the three and twelve months ended December 31, 2022, the adjustment was $12 million and $22 million, respectively, without tax benefit, due to the gain on sale of a Russian entities.

(9) For the three and twelve months ended December 31, 2022, the adjustment was $260 million, net of tax expense of $82 million, due to the net expense related to the NARCO Buyout and HWI sale.

(10) For the three and twelve months ended December 31, 2023, the adjustments are the forecasted decline of approximately $95 million and $375 million of pension ongoing income between the respective periods of 2022 and 2023, net of estimated tax expense of approximately $25 million and $105 million, respectively

We define adjusted earnings per share as diluted earnings per share adjusted to exclude various charges as listed above. We define adjusted earnings per share excluding pension headwind as adjusted earnings per share adjusted for a forecasted decline of pension ongoing income between 2022 and 2023. We believe adjusted earnings per share and adjusted earnings per share excluding pension headwind are measures that are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. For forward looking information, management cannot reliably predict or estimate, without unreasonable effort, the pension mark-to-market expense as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. We therefore do not include an estimate for the pension mark-to-market expense. Based on economic and industry conditions, future developments, and other relevant factors, these assumptions are subject to change.

RECONCILIATION OF EFFECTIVE TAX RATE TO ADJUSTED EFFECTIVE TAX RATE

($M)	4Q21	4Q22	2021	2022
Income before taxes	$ 1,793	$ 1,189	$ 7,235	$ 6,379
Pension mark-to-market	40	523	40	523
Changes in fair value for Garrett equity securities	(5)	—	(24)	—
Garrett related adjustment	—	—	7	—
Gain on sale of retail footwear business	—	—	(95)	—
Expense related to UOP Matters	—	(5)	160	45
Russian-related Charges	—	4	—	295
Gain on sale of Russian Entity	—	(12)	—	(22)
Net expense related to the NARCO Buyout and HWI sale	$ —	342	$ —	342
Adjusted income before taxes	$ 1,828	$ 2,041	$ 7,323	$ 7,562
Income tax expense	$ 351	$ 168	$ 1,625	$ 1,412
Pension mark-to-market	10	83	10	83
Changes in fair value for Garrett equity securities	—	—	(5)	—
Gain on sale of retail footwear business	—	—	(19)	—
Russian-related Charges	—	—	—	(2)
Gain on sale of Russian Entity	—	—	—	—
Net expect related to the NARCO Buyout and HWI sale	—	82	—	82
Adjusted income tax expense	$ 361	$ 333	$ 1,611	$ 1,575
Income tax expense	$ 351	$ 168	$ 1,625	$ 1,412
÷ Income before taxes	$ 1,793	$ 1,189	$ 7,235	$ 6,379
Effective tax rate	19.6 %	14.1 %	22.5 %	22.1 %
Adjusted income tax expense	$ 361	$ 333	$ 1,611	$ 1,575
÷ Adjusted income before taxes	$ 1,828	$ 2,041	$ 7,323	$ 7,562
Adjusted effective tax rate %	19.7 %	16.3 %	22.0 %	20.8 %

We define adjusted income before taxes as income before taxes adjusted for items presented above. We define adjusted income tax expense as income tax expense adjusted for items presented above. We define effective tax rate as income tax expense divided by income before taxes. We define adjusted effective tax rate as adjusted income tax expense divided by adjusted income before taxes.

We believe that adjusted effective tax rate is a non-GAAP metric that is useful to investors and management as an ongoing representation of our tax rate excluding one-off and unusual transactions. This metric can be used to evaluate our tax rate on our recurring operations. For forward looking information, we do not provide effective tax rate guidance on a GAAP basis as management cannot reliably predict or estimate, without unreasonable effort, the pension mark-to-market expenses and other one-off and unusual transactions.

RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW AND CALCULATION OF FREE CASH FLOW MARGIN

($M)	4Q22	2022
Cash provided by operating activities	$ 2,366	$ 5,274
Expenditures for property, plant and equipment	(241)	(766)
Garrett cash receipts	—	409
Free cash flow	$ 2,125	$ 4,917
Cash provided by operating activities	$ 2,366	$ 5,274
÷ Net sales	$ 9,186	$ 35,466
Operating cash flow margin %	25.8 %	14.9 %
Free cash flow	$ 2,125	$ 4,917
÷ Net sales	$ 9,186	$ 35,466
Free cash flow margin %	23.1 %	13.9 %

We define free cash flow as cash provided by operating activities less cash expenditures for property, plant and equipment plus cash receipts from Garrett. We define free cash flow margin as free cash flow divided by net sales.

We believe that free cash flow and free cash flow margin are non-GAAP metrics that are useful to investors and management as a measure of cash generated by operations that will be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisitions, pay dividends, repurchase stock, or repay debt obligations prior to their maturities. These metrics can also be used to evaluate our ability to generate cash flow from operations and the impact that this cash flow has on our liquidity.

RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW AND FREE CASH FLOW TO FREE CASH FLOW EXCLUDING THE IMPACT OF SETTLEMENTS

($B)	2023E
Cash provided by operating activities	**~$4.9 - $5.3**
Expenditures for property, plant and equipment	**~(1.0)**
Garrett cash receipts	**—**
Free cash flow	**~$3.9 - $4.3**
Impact of settlements	**~1.2**
Free cash flow excluding impact of settlements	**~$5.1 - $5.5**

We define free cash flow as cash provided by operating activities less cash expenditures for property, plant and equipment plus anticipated cash receipts from Garrett. We define free cash flow excluding the Impact of Settlements as free cash flow less settlements related to the NARCO Buyout, HWI sale, and UOP Matters. We define free cash flow margin as free cash flow divided by net sales.

We believe that free cash flow and free cash flow excluding the Impact of Settlements are non-GAAP metrics that are useful to investors and management as a measure of cash generated by operations that will be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisitions, pay dividends, repurchase stock or repay debt obligations prior to their maturities. This metric can also be used to evaluate our ability to generate cash flow from operations and the impact that this cash flow has on our liquidity.

Honeywell