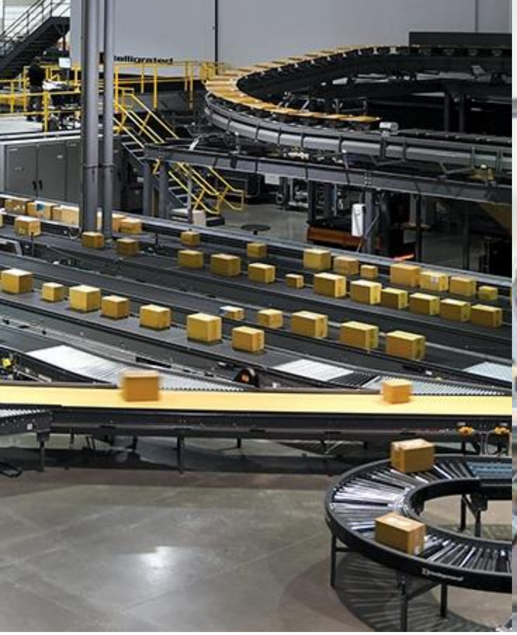




SECOND QUARTER 2022
EARNINGS RELEASE

JULY 28, 2022

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 or 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 profit excluding the impact of Quantinuum, which we define as segment profit excluding segment profit attributable to Quantinuum; Segment margin, on an overall Honeywell basis, which we define as segment profit divided by net sales; Segment margin excluding the impact of Quantinuum, which we define as segment profit excluding the impact of Quantinuum divided by net sales excluding Quantinuum; Segment profit margin percentage excluding Quantinuum, which we define as the year-over-year increase in segment profit margin percentage excluding the impact of Quantinuum; Expansion in segment profit margin percentage, which we define as the year-over-year increase in segment profit margin percentage; Expansion in segment profit margin percentage excluding Quantinuum, which we define as the year-over-year increase in segment profit margin percentage excluding Quantinuum; Organic sales growth, which we define as net sales growth less the impacts from foreign currency translation and acquisitions and divestitures for the first 12 months following transaction date; Organic sales growth excluding COVID-Driven Masks, which we define as organic sales excluding sales attributable to COVID-Driven Masks; Organic sales growth excluding COVID-driven mask sales and lost Russian sales, which we define as organic sales growth excluding any sales attributable to COVID-driven mask sales and substantial suspension and wind down of operations in Russia; Free cash flow, which we define as cash flow from operations less capital expenditures plus cash receipts from Garrett, if and as noted in the presentation; Free cash flow excluding Quantinuum which we define as free cash flow less free cash flow attributable to Quantinuum; Adjusted earnings per share, which we adjust 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 a tax valuation allowance, related to the initial suspension and wind down of our businesses and operations in Russia, expenses related to UOP matters, pension mark-to-market, changes in fair value for Garrett equity securities, a non-cash charge associated with the reduction in value of reimbursement receivables following Garrett's emergence from bankruptcy on April 30, 2021, and a gain on the sale of the retail footwear business, 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 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. Refer to the Appendix attached to this presentation for reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures.

2Q 2022 OVERVIEW

	2Q 2022 Actual	2Q 2022 Guidance
Adjusted Earnings Per Share	$2.10	$1.98 – $2.08
Organic Sales Growth	4% *Up 7% Excluding Impact of COVID-Driven Mask Sales Declines and Lost Russian Sales[1]*	(2%) – 2% *Flat – Up 4% Excluding Impact of COVID-Driven Mask Sales Declines and Lost Russian Sales[1]*
Segment Margin Expansion	50 bps *Up 80 bps Excluding Impact of Quantinuum*	10 – 50 bps *Up 40 - 80 bps Excluding Impact of Quantinuum*
Free Cash Flow	$0.8B	
Capital Deployment	$2.3B Share Repurchases, Dividends, and Capital Expenditures	

2Q 2022 Highlights

- Adjusted earnings per share and organic sales growth above the high end of guidance range
- Organic sales growth of 4% driven by strength in HBT, PMT, and Aero, partially offset by (3%) impact of lower COVID-mask demand and wind down of Russian operations
- Segment margin of 20.9%, meeting the high end of guidance range, with expansion in PMT, HBT, and Aero
- Ending backlog of $29.5B, up 12% year over year and up 3% sequentially from the first quarter
- Repurchased $1.4B of Honeywell shares in the second quarter, totaling $2.4B spent in the first half towards our commitment to repurchase $4B in shares in 2022

[1]Lost Russian sales is defined as the year-over-year decline in sales due to the decision to wind down our businesses and operations in Russia. This does not reflect management's estimate of 2022 Russian sales absent the decision to wind down our businesses and operations in Russia. Adjusted EPS excludes a 2Q22 expense related to UOP matters and 2Q22 charges and accrual of reserves directly attributable to the initial suspension and wind down of businesses and operations in Russia; Backlog beginning 1Q19 to 3Q21 are revised to reflect a prior period correction, which had no impact on our results of operations.

Another Quarter of Overdelivering on Our Commitments

LEADERSHIP ANNOUNCEMENTS

Vimal Kapur

Named: President and COO

- **Served Honeywell customers for 33 years**, including President and CEO of PMT (current), President and CEO of HBT, and President of Honeywell Process Solutions
- Achieved a **deep understanding of the Honeywell portfolio, our end markets, and our customers' needs**

Sheila Jordan

Named: SVP and Chief Digital Technology Officer

- Joined Honeywell in 2020 and has **led digital technology transformation**, including digital marketing and implementing the Enterprise Data Warehouse
- Will help construct and drive adoption for **transformation platform and deliver value across enterprise data activities**

Suresh Venkatarayalu

Named: SVP and Chief Technology and Innovation Officer

- Joined Honeywell in 1995 and has held multiple leadership positions, including **CTO of Honeywell, SPS, and Automation and Control Solutions**
- Leads **new product introduction processes, including development for breakthrough technologies**; oversees the Engineering and R&D functions and Honeywell Technology Solutions

Key focus areas for Darius:

- Change provides Darius with **additional flexibility to prioritize:**
  - Overarching strategy
  - Business development
  - Customer engagement
  - People development
- All functional leaders, including Vimal, will continue to report to Darius

Key focus areas for Vimal:

- **Presidents of all Honeywell Strategic Business Groups will report to Vimal**
- Drive execution of **key sustainability and digitalization solutions**
- Advance **integration of Honeywell Accelerator** throughout the organization
- Work closely with Darius to **drive continued profitable growth** of our operating businesses

Continuing to Evolve for the Next Phase of Honeywell's Transformation

RECENT ANNOUNCEMENTS

Urban Air Mobility Win

- Selected to supply flight control actuation and thermal management technologies for **Archer Aviation's eVTOL aircraft**
- Honeywell's flight controls and actuators provide the **critical precision** needed for Archer's aircraft to **operate safely** in dense urban environments, while Honeywell's thermal management system enables a **best-in-class in-cabin experience**

Carbon Capture Partnership

- Partnering with EnLink Midstream to **deliver carbon capture solutions** to industrial-scale CO_2 emitters within the U.S. Gulf Coast area
- **Proven Honeywell carbon capture technology** complements EnLink's extensive pipeline infrastructure and projected sequestration connections to provide full service, capital-efficient service offerings

Energy-Management-as-a-Service

- Honeywell's Carbon and Energy Management software enables building owners **to track and optimize energy performance** against carbon reduction goals, down to a device or asset level
- Carbon and Energy Management is the centerpiece of the new **Honeywell Buildings Sustainability Manager powered by Honeywell Forge** which helps building owners reduce the environmental impact of buildings while improving occupant well-being

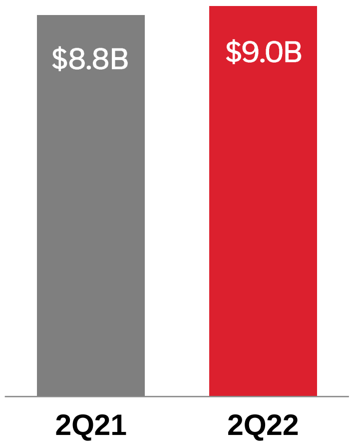
eVTOL = electric vertical takeoff and landing.

Honeywell Solutions Enabling a More Sustainable Future

2Q 2022 FINANCIAL SUMMARY

Sales

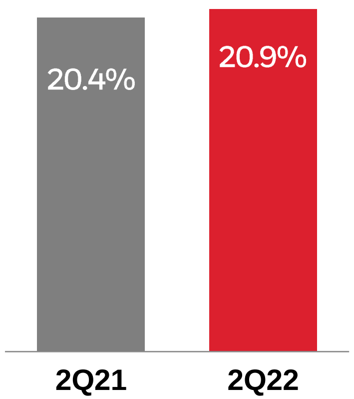
Up 4% *Organic*



+ Double-digit organic growth in HBT and PMT
+ Strategic pricing actions
- FX headwinds
- (3%) impact from COVID-mask demand and lost Russian sales

Segment Margin

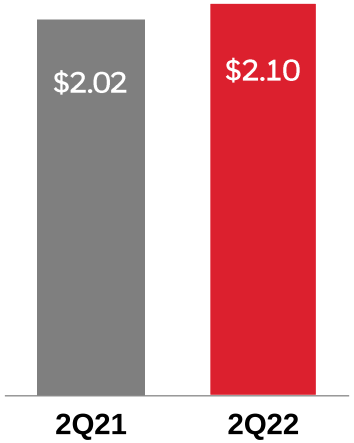
Up 50 bps



+ Pricing more than offset inflation
+ Margin expansion in PMT, HBT, and Aero
- Continued supply chain challenges

Adjusted EPS

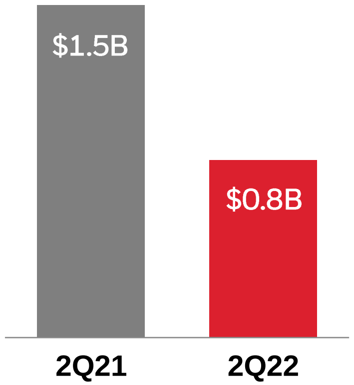
Up 4%



+ Lower share count (685M vs. 703M)
+ Higher segment profit
- Lower pension income
- Higher adjusted effective tax rate (23.4% vs. 23.0%)

Free Cash Flow

Down (43%)



+ Deployed $2.3B to share repurchases, dividends, and capex
- Increased working capital, aligned with prior expectations
- Lower Garrett cash receipts year over year

Adjusted EPS and adjusted EPS V% exclude a 2Q22 expense related to UOP matters, 2Q22 charges and accrual of reserves directly attributable to the initial suspension and wind down of businesses and operations in Russia, 2Q21 changes in fair value for Garrett equity securities, and a 2Q21 non-cash charge associated with a reduction in value of reimbursement receivables following Garrett's emergence from bankruptcy on April 30, 2021.

Increased Sales and Profitability Despite Continued Supply Challenges

3Q AND FY 2022 OUTLOOK

3Q Guidance

Sales
$8.9B - $9.2B
Up 7% - 11% Organically
Up 8% - 12% Excluding Impact of Lost Russian Sales

Segment Margin
20.9% - 21.2%
Down (30) - Flat bps
Up 10 - 40 bps Excluding Impact of Quantinuum

Adjusted EPS
$2.10 - $2.20
Up 4% - 9%

Net Below the Line Impact
($20M) - $30M
Effective Tax Rate
~24%
Share Count
~679M

FY Guidance

Sales
$35.5B - $36.1B
Up 5% - 7% Organically
Up 7% - 9% Excluding Impact of COVID-Driven Mask Sales Declines and Lost Russian Sales
Prior: $35.5B - $36.4B, Up 4% - 7%

Segment Margin
21.3% - 21.7%
Up 30 - 70 bps
Up 60 - 100 bps Excluding Impact of Quantinuum
Prior: 21.1% - 21.5%, Up 10 - 50 bps

Adjusted EPS
$8.55 - $8.80
Up 6% - 9%
Prior: $8.50 - $8.80, Up 5% - 9%

Free Cash Flow
$4.7B - $5.1B
$4.9B - $5.3B Excluding Impact of Quantinuum
Prior: $4.7B - $5.1B

- Guidance predicated on no major change to the macroeconomic outlook for 2022

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 guidance excludes a 2Q22 expense related to UOP matters and 1H22 charges and accrual of reserves directly attributable to the initial suspension and wind down of businesses and operations in Russia. Adjusted EPS V% also excludes the 1Q21 gain on sale of the retail footwear business, a 2Q21 non-cash charge associated with the reduction in value of reimbursement receivables due from Garrett, a 3Q21 expense related to UOP matters, changes in fair value for Garrett equity securities, and a 4Q21 pension mark-to market expense.

Raising Organic Sales Growth, Segment Margin, and EPS Outlook

RESILIENCY THROUGH THE CYCLE

Favorable End Market Exposures

Highly Resilient In Short Term

Commercial Aviation

+ Pent-up demand for business and leisure travel
+ International travel resumes

Defense

+ Increased defense budgets globally
+ Upcoming international restocking

Energy

+ Capital reinvestment cycle underway
+ Capacity additions needed to replace Russia supply, particularly for gas / LNG

Non-Residential

+ Infrastructure bill tailwinds
+ Focus on sustainability and healthy buildings

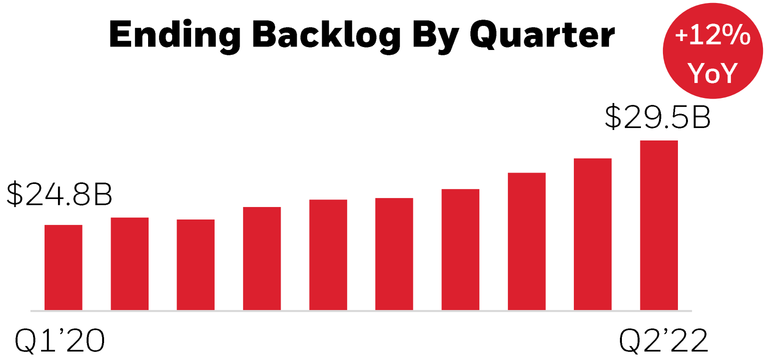
Other Medium-Term Strong End Markets

+ e-Commerce and Life Sciences

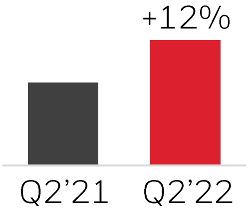
[1]*Based on 2021 sales.*

Robust Backlog

Ending Backlog By Quarter



Q2'22 Orders

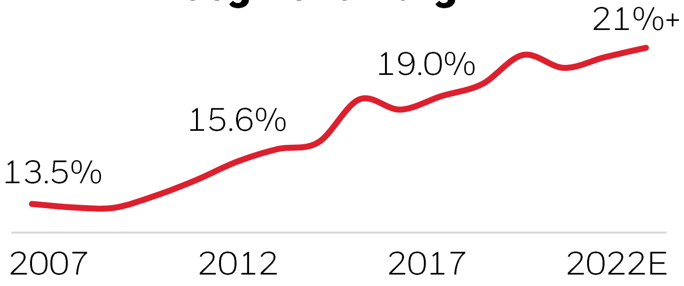


Q2'22 Backlog

- Long-cycle backlog growth of 12% in 2Q led by commercial aviation, building solutions, and process solutions projects
- Record-high backlog supports growth trajectory despite uncertainty in macroeconomic outlook

Demonstrated Execution

Segment Margin



- Honeywell Digital enabling targeted, strategic price actions to mitigate the impact of inflation
- Supply Chain transformation efforts have resulted in a more efficient and agile Honeywell
- Streamlined cost base from repositioning efforts and diligent cost management
- Completed strategic divestitures to reduce cyclicality and dilutive margins

Strong Outlook Underpinned by Orders and Backlog Position

COMMITTED TO SOCIAL GOOD

INCLUSION AND DIVERSITY

Honeywell Employee Networks

8
employee networks

9,000+
employees belong to at least one of these networks[1]

EMPLOYEES IN ACTION

Honeywell Ukraine Relief Fund

4,000+
volunteer hours[2]

$1M+
employee aid, Ukraine Relief Fund[3]

STEM EDUCATION

Honeywell Leadership Challenge Academy

40,000+
students impacted[2]

$2.5M+
committed to scholarships and career development[4]

SUSTAINABILITY

Partnerships with Swades Foundation and Americares India Foundation

10,000+
Indian households with access to drinking water and solar electricity[2]

7
Innovation Labs at global universities[1]

[1]As of June 2022; [2]Represents 2021 data; [3]Since the inception of the fund in March 2022; [4]Scholarships to be funded by end of 2022

Leveraging Resources and Expertise to Positively Impact Our Communities

SUMMARY

- Overdelivered on our 2Q guidance; commercial excellence in difficult operating environment
- Orders up 12% and closing backlog of $29.5B, up 12%, which will help drive growth for quarters to come
- Continuing to deploy capital to value creating opportunities; $2.4B in shares repurchased in 1H
- Raising midpoint of 2022 organic sales growth, adjusted eps growth, and segment margin guidance ranges
- Resilient end markets and strong execution position Honeywell to deliver differentiated results

Strong Execution in the First Half; Acceleration in the Second Half

Appendix

2Q 2022 SEGMENT RESULTS

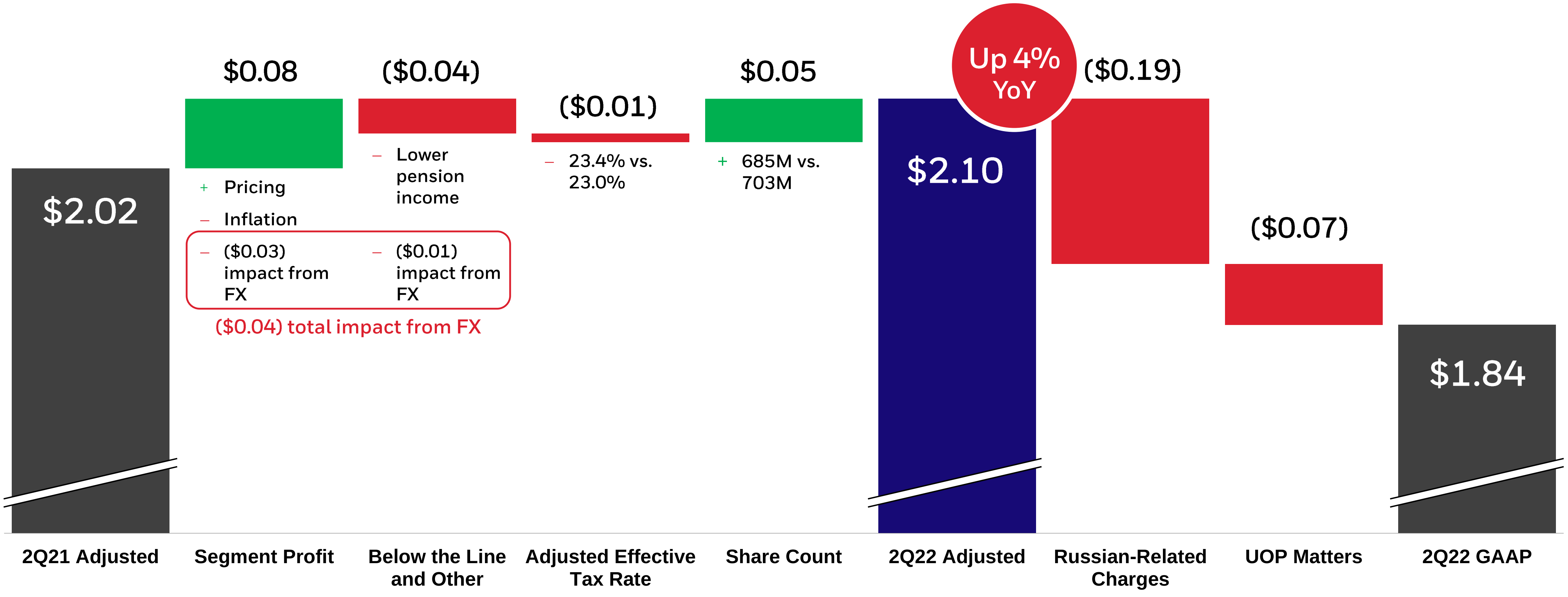
($M)	Sales	Segment Margin Change (bps)	Commentary
Aero	**$2,898** *Up 5% Organic*	**26.5%** *Up 80 bps*	• Commercial aftermarket and original equipment sales up approximately 20%, lower defense volumes • Challenged aerospace supply chain • Margin expansion as a result of commercial excellence partially offset by cost inflation
HBT	**$1,531** *Up 14% Organic*	**23.5%** *Up 110 bps*	• Sequential and year over year revenue growth in both building products and building solutions; double-digit orders growth • Backlog up double digits in building projects and services, modest supply improvements • Margin expansion driven by pricing actions partially offset by cost inflation
PMT	**$2,694** *Up 10% Organic*	**22.3%** *Up 150 bps*	• Continued strength in advanced materials; 21% organic growth • Process solutions orders growth over 15%, including double-digit orders in projects business • UOP sales down year over year due to timing of large equipment projects and lost Russian sales
SPS	**$1,829** *Down (10%) Organic*	**12.6%** *Down (140) bps*	• (5%) headwind from lower COVID-related mask demand; lower warehouse automation volumes • 25% growth in advanced sensing technologies; productivity solutions and services and gas detection up year over year and sequentially • Supply chain constraints remain a limiting factor in short-cycle sales growth

Sales Growth and Margin Expansion Across Majority of Portfolio

2Q 2022 SALES GROWTH

	2Q Reported	2Q Organic
Aerospace	**5%**	**5%**
Commercial Aviation Original Equipment	21%	22%
Commercial Aviation Aftermarket	19%	19%
Defense and Space	(12%)	(11%)
Honeywell Building Technologies	**9%**	**14%**
Products	15%	20%
Building Solutions	0%	6%
Performance Materials And Technologies	**6%**	**10%**
UOP	(1%)	(1%)
Honeywell Process Solutions	1%	7%
Advanced Materials	17%	21%
Safety And Productivity Solutions	**(12%)**	**(10%)**
Safety and Retail	(21%)	(18%)
Productivity Solutions and Services	14%	19%
Warehouse and Workflow Solutions	(26%)	(25%)
Advanced Sensing Technologies	21%	25%

2Q 2022 EARNINGS PER SHARE BRIDGE



Adjusted EPS and adjusted EPS V% exclude a 2Q22 expense related to UOP matters, 2Q22 charges and accrual of reserves directly attributable to the initial suspension and wind down of businesses and operations in Russia, 2Q21 changes in fair value for Garrett equity securities, and a 2Q21 non-cash charge associated with a reduction in value of reimbursement receivables following Garrett's emergence from bankruptcy on April 30, 2021.

2Q22 Adjusted EPS Growth Driven by Segment Profit and Lower Share Count

2022 SEGMENT OUTLOOK

	Primary End Market	Market Indicator	HON Organic Growth Rate	Segment Commentary
Aero	Commercial Aerospace Defense & Space	↗ →	**MSD**	• Commercial flight hour improvement continues, strong original equipment build rates • Supply chain to remain challenged throughout the second half • Stable U.S. defense budget, increased international defense budgets expected into 2023
HBT	Non-Residential	↗	**DD**	• Price actions offsetting inflation; supply improvements supporting volume growth • Continued customer investment in energy efficiency and healthy buildings solutions • Non-resi construction spending stable, supported by stimulus-driven infrastructure spending
PMT	Oil & Gas / PetroChem Specialty Chemicals	↗ ↗	**HSD**	• Strength across advanced materials portfolio; pricing tailwinds and capacity expansions • Continued orders momentum in process solutions and sustainable technology solutions • Near-term headwind from lost Russian sales; increased LNG capacity provides expanding opportunity set
SPS	Industrial Productivity e-Commerce	↗ ↘	**(MSD)**	• Strong demand for productivity solutions and services, advanced sensing technologies, and gas detection • Supply constraints continue into 2H22; sequential improvement expected each quarter • Lower volumes in warehouse automation / positive mix impact

Demand Remains Strong; Supply the Gating Factor

ADDITIONAL 2022 INPUTS

	2Q22	3Q22E	FY22E	Commentary
Pension / OPEB	$260M	~$260M	~$1,050M	• Maintaining asset base with higher discount rates, resulting in lower pension income
Repositioning and Other	($61M)	($50M - $90M)	($350M - $425M)	• Narrowing full-year range by $50M; retain capacity for high-return projects to support cost management and productivity initiatives
Other Below the Line[1]	($188M)	($180M - $190M)	($750M - $775M)	• Reducing full-year range by $50M to account for higher F/X, interest expense, and other items
Total Below the Line	$11M	($20M) - $30M	($50M - $150M)	• Repositioning and other and other below the line exclude Russian-related reserves and impairments
Adjusted Effective Tax Rate	23%	~24%	~22%	
Share Count	685M	~679M	684M - 687M	• $4B share repurchase commitment in 2022
Corporate and Quantinuum	($92M)	(~$125M)	($400M - $425M)	• 2022 includes full year net P&L investment in 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 expenses

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

($M)	2Q21	3Q21	2Q22	2021
Aerospace	$ 2,766	$ 2,732	$ 2,898	$ 11,026
Honeywell Building Technologies	1,407	1,370	1,531	5,539
Performance Materials and Technologies	2,552	2,510	2,694	10,013
Safety and Productivity Solutions	2,083	1,861	1,829	7,814
Corporate and All Other	—	—	1	—
Net Sales	$ 8,808	$ 8,473	$ 8,953	$ 34,392
Aerospace	$ 710	$ 740	$ 767	$ 3,051
Honeywell Building Technologies	315	322	360	1,238
Performance Materials and Technologies	530	558	601	2,120
Safety and Productivity Solutions	292	245	231	1,029
Corporate and All Other	(54)	(72)	(92)	(226)
Segment Profit	$ 1,793	$ 1,793	$ 1,867	$ 7,212
Stock compensation expense (1)	(39)	(56)	(53)	(217)
Repositioning, Other (2,3)	(119)	(117)	(180)	(636)
Pension and other postretirement service costs (3)	(37)	(45)	(33)	(159)
Operating income	$ 1,598	$ 1,575	$ 1,601	$ 6,200
Segment profit	$ 1,793	$ 1,793	$ 1,867	$ 7,212
÷ Net sales	$ 8,808	$ 8,473	$ 8,953	$ 34,392
Segment profit margin %	20.4 %	21.2 %	20.9 %	21.0 %
Operating income	$ 1,598	$ 1,575	$ 1,601	$ 6,200
÷ Net sales	$ 8,808	$ 8,473	$ 8,953	$ 34,392
Operating income margin %	18.1 %	18.6 %	17.9 %	18.0 %

(1) Amounts included in Selling, general and administrative expenses.

(2) Includes repositioning, asbestos, environmental expenses, equity income adjustment, and other charges. For the three months ended June 30, 2022, other charges include $67 million related to inventory reserves, 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 months ended June 30, 2022 and twelve months ended December 31, 2021, other charges include $6 million and $105 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 during the first and fourth quarters 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) Amounts included in Cost of products and services sold and Selling, general and administrative expenses.

We define segment profit as operating income, excluding stock compensation expense, pension and other postretirement service costs, and repositioning and other charges. 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 herewithin. Management cannot reliably predict or estimate, without unreasonable effort, the impact and timing on future operating results arising from items excluded from segment profit. 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 SEGMENT PROFIT TO SEGMENT PROFIT MARGIN % EXCLUDING QUANTINUUM

($M)	2Q21	3Q21	2Q22	2021
Segment profit	**$ 1,793**	**$ 1,793**	**$ 1,867**	**$ 7,212**
Add: Quantinuum Segment Loss [(1)]	**14**	**15**	**38**	**62**
Segment Profit Excluding Quantinuum	**$ 1,807**	**$ 1,808**	**$ 1,905**	**$ 7,274**
Net Sales	**$ 8,808**	**$ 8,473**	**$ 8,953**	**$ 34,392**
Less: Quantinuum Net Sales	**1**	**1**	**1**	**5**
Net Sales Excluding Quantinuum	**$ 8,807**	**$ 8,472**	**$ 8,952**	**$ 34,387**
Segment profit margin % excluding Quantinuum	**20.5 %**	**21.3 %**	**21.3 %**	**21.2 %**
Expansion in segment profit margin % excluding Quantinuum	**Not Reported**	**Not Reported**	**80 bps**	**Not Reported**
Expansion in segment profit margin %	**Not Reported**	**Not Reported**	**50 bps**	**Not Reported**

(1) For the three months ended June 30, 2021, and September 30, 2021, and the twelve months ended December 31, 2021, Quantinuum Segment Loss includes the segment loss of Honeywell Quantum Solutions, a wholly-owned subsidiary of Honeywell, prior to the November 29, 2021, combination of Honeywell Quantum Solutions and Cambridge Quantum Computing, resulting in the formation of Quantinuum.

We define segment profit as operating income, excluding stock compensation expense, pension and other postretirement service costs, and repositioning and other charges. We define segment profit excluding the impact of Quantinuum as segment profit excluding segment profit attributable to Quantinuum. We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

We define expansion in segment profit margin percentage as the year-over-year increase in segment profit margin percentage. We define expansion in segment profit margin percentage excluding Quantinuum as the year-over-year increase in segment profit margin percentage excluding Quantinuum. 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 and segment profit excluding the impact of Quantinuum, on an overall Honeywell basis, to operating income has not been provided for all forward-looking measures of segment profit and segment margin included herewithin. Management cannot reliably predict or estimate, without unreasonable effort, the impact and timing on future operating results arising from items excluded from segment profit. 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 SEGMENT PROFIT TO OPERATING INCOME AND CALCULATION OF SEGMENT PROFIT AND OPERATING INCOME MARGINS

($M)	2007	2012	2017
Operating income	$ 3,724	$ 4,156	$ 6,303
Stock compensation expense (1)	65	170	176
Repositioning, Other (2,3)	543	488	962
Pension and other postretirement service costs (3)	322	1,065	249
Segment profit	$ 4,654	$ 5,879	$ 7,690
Operating income	$ 3,724	$ 4,156	$ 6,303
÷ Net sales	$ 34,589	$ 37,665	$ 40,534
Operating income margin %	10.8 %	11.0 %	15.6 %
Segment profit	$ 4,654	$ 5,879	$ 7,690
÷ Net sales	$ 34,589	$ 37,665	$ 40,534
Segment profit margin %	13.5 %	15.6 %	19.0 %

(1) Amounts included in Selling, general and administrative expenses.
(2) Includes repositioning, asbestos, environmental expenses, equity income adjustment, and other charges.
(3) Amounts included in Cost of products and services sold and Selling, general and administrative expenses.

We define segment profit as operating income, excluding stock compensation expense, pension and other postretirement service costs, and repositioning and other charges. 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 herewithin. Management cannot reliably predict or estimate, without unreasonable effort, the impact and timing on future operating results arising from items excluded from segment profit. 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

	2Q22
Honeywell	
Reported sales % change	2%
Less: Foreign currency translation	(2)%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	4%
Sales decline attributable to COVID-driven masks	2%
Organic sales % change excluding COVID-driven masks	6%
Sales decline attributable to lost Russian sales	1%
Organic sales % change excluding COVID-driven masks and lost Russian sales	7%
Aerospace	
Reported sales % change	5%
Less: Foreign currency translation	—%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	5%
Honeywell Building Technologies	
Reported sales % change	9%
Less: Foreign currency translation	(6)%
Less: Acquisitions, divestitures and other, net	1%
Organic sales % change	14%
Performance Materials and Technologies	
Reported sales % change	6%
Less: Foreign currency translation	(4)%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	10%
Safety and Productivity Solutions	
Reported sales % change	(12)%
Less: Foreign currency translation	(2)%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	(10)%

We define organic sales percent 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.

We define organic sales growth excluding COVID-driven mask sales as organic sales growth excluding any sales attributable to COVID-driven mask sales. We define organic sales growth excluding COVID-driven mask sales and lost Russian sales as organic sales growth excluding any sales attributable to COVID-driven mask sales and substantial suspension and wind-down of operations in Russia. We believe organic sales growth excluding COVID-driven mask sales and organic sales growth excluding COVID-driven mask sales and lost Russian sales are 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, organic sales percent change excluding COVID-driven masks or organic sales percent change excluding COVID-driven masks and lost Russian sales 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

	2Q21	3Q21	2Q22	FY2021	3Q22E	2022E
Earnings per share of common stock - diluted [1]	**$ 2.04**	**$ 1.80**	**$ 1.84**	**$ 7.91**	**$2.10 - $2.20**	**$8.02 - $8.27**
Pension mark-to-market expense [2]	**—**	**—**	**—**	**0.05**	**—**	**No Forecast**
Changes in fair value for Garrett equity securities [3]	**(0.03)**	**—**	**—**	**(0.03)**	**—**	**—**
Garrett related adjustments [4]	**0.01**	**—**	**—**	**0.01**	**—**	**—**
Gain on sale of retail footwear business [5]	**—**	**(0.01)**	**—**	**(0.11)**	**—**	**—**
Expense related to UOP Matters [6]	**—**	**0.23**	**0.07**	**0.23**	**—**	**0.07**
Russian-related Charges [7]	**—**	**—**	**0.19**	**—**	**—**	**0.46**
Adjusted earnings per share of common stock - diluted	**$ 2.02**	**$ 2.02**	**$ 2.10**	**$ 8.06**	**$2.10 - $2.20**	**$8.55 - $8.80**

(1) For the three months ended June 30, 2022, and 2021, adjusted earnings per share utilizes weighted average shares of approximately 685.0 million and 702.5 million. For the three months ended September 30, 2021, adjusted earnings per share utilizes weighted average shares of approximately 698.9 million. For the twelve months ended December 31, 2021, adjusted earnings per share utilizes weighted average shares of approximately 700.4 million. For the three months ended September 30, 2022, and twelve months ended December 31, 2022, expected earnings per share utilizes weighted average shares of approximately 679 million and 686 million (the midpoint of the expected range of 684 million to 687 million), respectively.

(2) Pension mark-to-market expense uses a blended tax rate of 25% for 2021.

(3) For the three months ended June 30, 2021, and twelve months ended December 31, 2021, the adjustments were $16 million and $19 million, respectively, net of tax, due to changes in fair value for Garrett equity securities.

(4) For the three months ended June 30, 2021, and twelve months ended December 31, 2021, the adjustment was $7 million, net of tax, due to a non-cash charge associated with the reduction in value of reimbursement receivables following Garrett's emergence from bankruptcy on April 30, 2021.

(5) For the three months ended September 30, 2021, and twelve months ended December 31, 2021, the adjustments were $4 million and $76 million, respectively, net of tax, due to the gain on sale of the retail footwear business.

(6) For the three months ended June 30, 2022, and twelve months ended December 31, 2022, the adjustment was $50 million, with no tax benefit, due to an expense related to UOP matters. For the twelve months ended December 31, 2021, the adjustment was $160 million, with no tax benefit, due to an expense related to UOP matters.

(7) For the three months ended June 30, 2022, the adjustment was $126 million, with no tax benefit, to exclude charges and the accrual of reserves related to foreign exchange revaluation, inventory reserves, the write-down of other assets, impairment of property, plant and equipment, employee severance, and a tax valuation allowance, 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 $309 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 a tax valuation allowance, related to the initial suspension and wind down of our businesses and operations in Russia.

We believe adjusted earnings per share is a measure that is 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 CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW

($M)	2Q21	2Q22
Cash provided by operating activities	**$ 1,278**	**$ 789**
Expenditures for property, plant and equipment	**(185)**	**(158)**
Garrett cash receipts	**375**	**212**
Free cash flow	**$ 1,468**	**$ 843**

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 believe that free cash flow is a non-GAAP metric that is 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.

RECONCILIATION OF EXPECTED CASH PROVIDED BY OPERATING ACTIVITIES TO EXPECTED FREE CASH FLOW AND EXPECTED FREE CASH FLOW EXCLUDING QUANTINUUM

	2022E ($B)
Cash provided by operating activities	**~$5.5 - $5.9**
Expenditures for property, plant and equipment	**~(1.2)**
Garrett cash receipts	**0.4**
Free cash flow	**~$4.7 - $5.1**
Free Cash flow attributable to Quantinuum	**0.2**
Free cash flow excluding Quantinuum	**~$4.9 - $5.3**

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 Quantinuum as free cash flow less free cash flow attributable to Quantinuum.

We believe that free cash flow and free cash flow excluding Quantinuum 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