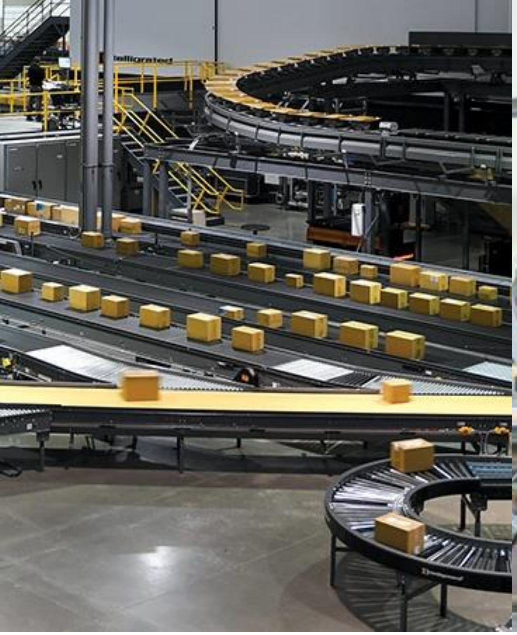




THIRD QUARTER 2022
EARNINGS RELEASE

OCTOBER 27, 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 our performance in our Form 10-K and other filings with the Securities and Exchange Commission.

Non-GAAP Financial Measures

This release contains financial measures presented on a non-GAAP basis. Honeywell's non-GAAP financial measures used in this release 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; Segment margin, on an overall Honeywell basis; Segment margin excluding the impact of Quantinuum; Expansion in segment profit margin percentage; Expansion in segment profit margin percentage excluding Quantinuum; Organic sales growth; Organic sales growth excluding lost Russian Sales; Organic sales growth excluding COVID-driven mask sales and lost Russian sales; Free cash flow; Free cash flow excluding Quantinuum; Adjusted earnings per share; Adjusted income before taxes; Adjusted tax expense; and Adjusted effective tax rate, if and as noted in the release. 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.

3Q 2022 OVERVIEW

	3Q 2022 Actual	3Q 2022 Guidance
Adjusted Earnings Per Share	$2.25	$2.10 – $2.20
Organic Sales Growth	9% *Up 10% Excluding Impact of Lost Russian Sales[1]*	7% – 11% *Up 8% – 12% Excluding Impact of Lost Russian Sales[1]*
Segment Margin Expansion	60 bps *Up 90 bps Excluding Impact of Quantinuum*	(30) – Flat bps *Up 10 - 40 bps Excluding Impact of Quantinuum*
Free Cash Flow	$1.9B	
Capital Deployment	$1.2B Share Repurchases, Dividends, and Capital Expenditures	

3Q 2022 Highlights

- Adjusted earnings per share and segment margin expansion above the high end of guidance range
- Organic sales growth of 9% driven by double digit growth in advanced materials, commercial aerospace, building products, and building solutions
- Segment margin of 21.8%, exceeding the high end of guidance range by 60 bps, with expansion in all four segments
- Generated $1.9B of free cash flow, up over 100% YoY; on track to meet full year FCF guidance
- Aerospace and PMT orders up double digits; Intelligrated orders down as expected

[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 3Q22 adjustments to prior charges and charges directly attributable to the initial suspension and wind down of businesses and operations in Russia and 3Q22 gain on sale of a Russian entity.

Overdelivered on Our Commitments in Challenging Environment

COMPANY / BOARD LEADERSHIP ANNOUNCEMENTS

Leadership Team Update

Lucian Boldea
President and CEO,
Honeywell Performance Materials & Technologies

- Honeywell named Lucian Boldea to take over for Vimal Kapur as CEO of PMT
- Boldea previously held a variety of leadership roles in the chemical process industry, building skills and expertise as a technologist, chemist, and business leader of geographically diverse global businesses, with the majority of the revenue outside the U.S.
- Track record of success growing sustainability businesses

Board of Directors Update

Robin Watson
Former CEO,
John Wood Group PLC

- Honeywell's board of directors has elected Robin Watson to its board of directors as an independent director. Robin will also sit on Honeywell's audit committee
- Watson has extensive experience across the globe, unlocking opportunities in carbon capture, hydrogen, bio-refining, minerals processing, and solar and wind energy
- Well-established track record of implementing strategic change and operational delivery

Outstanding Additions to the Honeywell Team

RECENT ANNOUNCEMENTS IN SUSTAINABILITY

Sustainable Aviation Fuel (SAF)

- Announced a new, **innovative Ethanol-to-jet-fuel (ETJ) processing technology** that allows producers to convert corn-based, cellulosic, or sugar-based ethanol into SAF.
- By utilizing Honeywell's ETJ technology and an integrated, modular construction approach, producers can **build new SAF capacity more than a year faster** than is possible with traditional construction.

Solstice® Capacity Expansion

- Announced the opening of a new plant that is Honeywell's **first large-scale manufacturing site for Solstice® Air**, a near-zero global warming potential (GWP) medical propellant for use in respiratory inhalers.[1]
- Partnered with Navin Fluorine and **commenced production of Solstice® products at a new plant in Gujarat, India**, expanding our production capacity to meet customer demand around the globe.

Environmental Sustainability Index

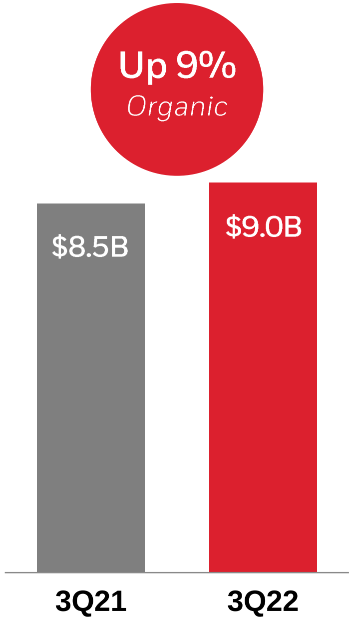
- Released first **quarterly, global report showing sustainability decision makers' sentiment** on progress, year-ahead plans, and meeting 2030 goals.
- **Energy evolution and efficiency is the current top priority**, followed by emissions reduction, pollution prevention, and circularity / recycling. Leaders feel good about past / current progress.

[1]*Awaiting FDA Approval.*

Expanding Our Leadership in Innovation and Sustainability

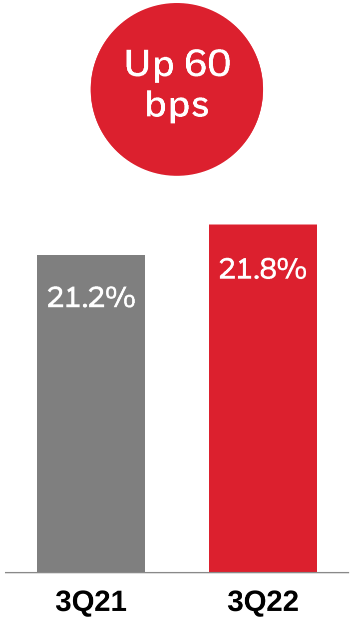
3Q 2022 FINANCIAL SUMMARY

Sales



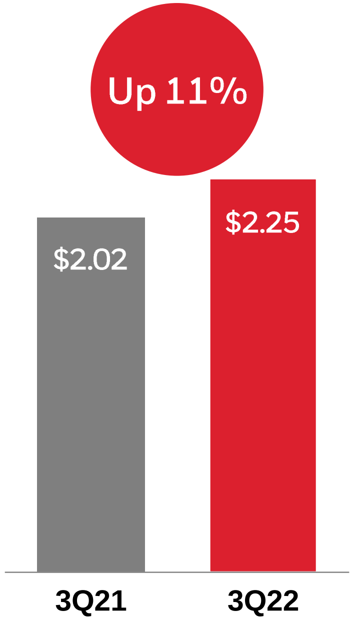
+ Double digit organic growth in HBT, PMT, and Aerospace
+ Strategic pricing actions
- FX headwinds
- Warehouse automation volumes

Segment Margin



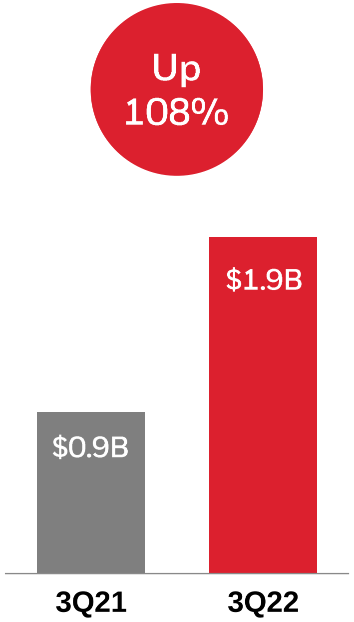
+ Commercial excellence in the face of inflation
+ Margin expansion in all segments
- Continued supply chain challenges

Adjusted EPS



+ Higher segment profit
+ Lower share count (680M vs. 699M)
+ Lower adjusted effective tax rate (22.1% vs. 22.9%)
- Lower pension income, FX headwinds

Free Cash Flow

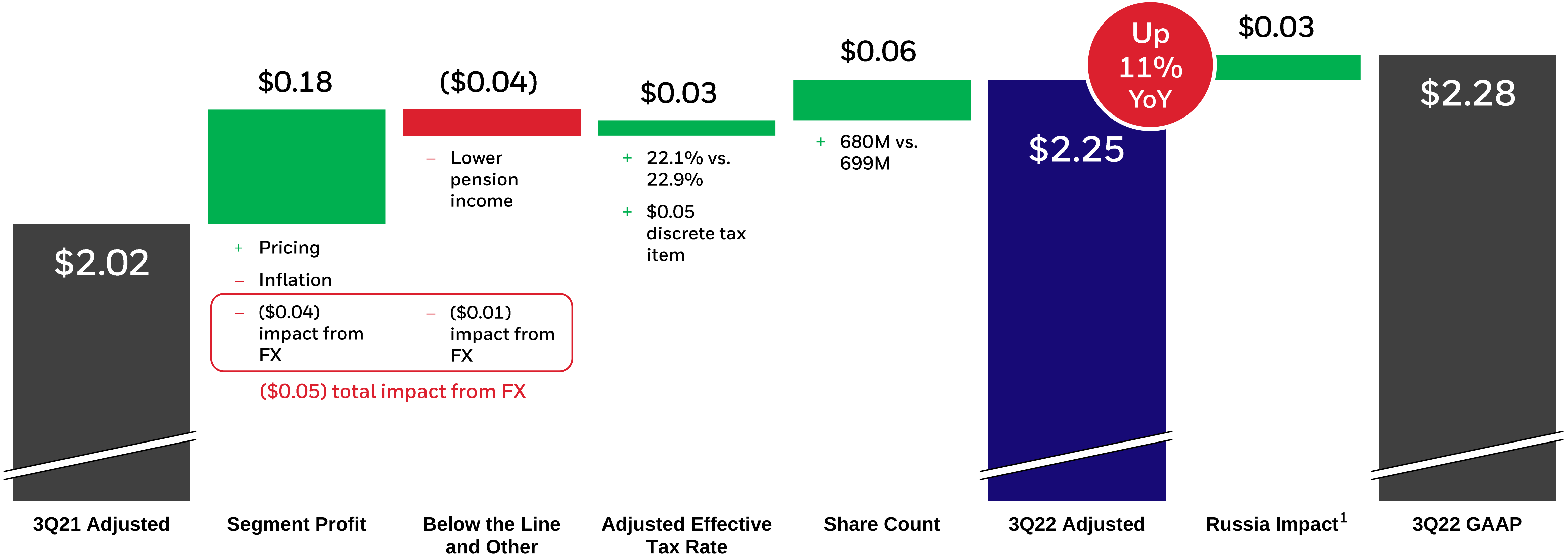


+ Deployed $1.2B to share repurchases, dividends, and capex
+ Positive contribution from working capital driven by receivables and inventory
+ Higher net income
+ Lower cash taxes

Adjusted EPS and adjusted EPS V% excludes 3Q22 adjustments to prior charges and charges directly attributable to the initial suspension and wind down of businesses and operations in Russia, 3Q22 gain on sale of a Russian entity, 3Q21 gain on sale of retail footwear business, 3Q21 expense related to UOP matters, and 3Q21 changes in fair value for Garrett equity securities.

Strong Performance Across the Board in Difficult Environment

3Q 2022 EARNINGS PER SHARE BRIDGE



[1]Includes Russian-related charges and gain on sale of Russian entity

Adjusted EPS and adjusted EPS V% excludes 3Q22 adjustments to prior charges and charges directly attributable to the initial suspension and wind down of businesses and operations in Russia, 3Q22 gain on sale of a Russian entity, 3Q21 gain on sale of retail footwear business, 3Q21 expense related to UOP matters, and 3Q21 changes in fair value for Garret equity securities.

3Q22 Adjusted EPS Growth Driven by Segment Profit and Lower Share Count

4Q AND FY 2022 OUTLOOK

4Q Guidance		FY Guidance	
Sales $9.1B - $9.4B *Up 10% - 13% Organically* *Up 11% - 14% Excluding Impact of Lost Russian Sales*	**Segment Margin** 22.8% - 23.2% *Up 140 - 180 bps* *Up 170 - 210 bps Excluding Impact of Quantinuum*	**Sales** $35.4B - $35.7B *Up 6% - 7% Organically* *Up 8% - 9% Excluding Impact of COVID-Driven Mask Sales Declines and Lost Russian Sales* Prior: $35.5B - $36.1B, Up 5% - 7%	**Segment Margin** 21.6% - 21.8% *Up 60 - 80 bps* *Up 90 - 110 bps Excluding Impact of Quantinuum* Prior: 21.3% - 21.7%, Up 30 - 70 bps
Adjusted EPS $2.46 - $2.56 *Up 18% - 22%*	Net Below the Line Impact ($61M) - $14M Effective Tax Rate ~19% Share Count ~676M	**Adjusted EPS** $8.70 - $8.80 *Up 8% - 9%* Prior: $8.55 - $8.80, Up 6% - 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, 3Q YTD charges and accrual of reserves directly attributable to the initial suspension and wind down of businesses and operations in Russia, and 3Q22 gain on sale of a Russian entity. EPS V% also excludes the 1Q21 gain on sale of the retail footwear business, 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 of equity securities, and a 4Q21 pension mark-to-market expense.

Raising Full-Year Guidance Despite FX and Operational Headwinds

PRELIMINARY THOUGHTS ON 2023

Vertical Outlook

Continued **flight hour improvement**, defense returns to growth

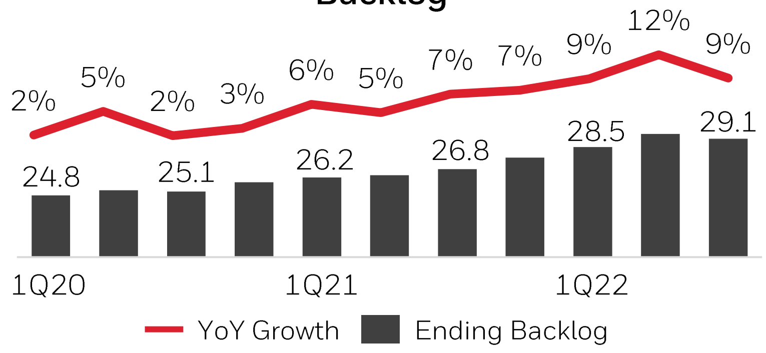
Sustainability drives growth, tailwinds from **infrastructure investment**

Increase in customer capex across energy

Warehouse automation softness, **potential recession impact** in short-cycle

Resilient Portfolio

Backlog



- Record 2022 orders and backlog
- 2022 backlog growth driven by Aerospace and PMT

Honeywell Outlook

Operational Drivers:

- Expected growth in top line with margin expansion; free cash flow growth roughly aligned with EPS growth rate (excluding pension income impact)
- Aerospace and PMT, our two largest businesses, will lead growth and profitability
- Moderate growth in HBT driven by sustainability and HGRs
- SPS volume will be down (Intelligrated), but margin rate will show substantial improvement

Other Key Dynamics:

- Sequential improvement continues in supply chain constraints
- Record backlog to draw from if market conditions deteriorate
- Anticipate a favorable acquisition market in 2023; expect portfolio shaping to continue
- Due to higher interest rates, pension will be a significant EPS headwind; plan substantially overfunded, no impact on cash

Well-Positioned, Resilient Portfolio Will Drive Growth in Revenue, Margin, and EPS

Environmental | Social | Governance

ENVIRONMENTAL EXCELLENCE

Emissions Reductions

>90% — **Reduction in Scope 1 and Scope 2** greenhouse gas intensity since 2004

SBTi — **Committed to set a Scope 3 emissions target** aligned with the Science Based Targets initiative (SBTi)

2035 — Pledged to be **carbon neutral in our facilities and operations** by 2035

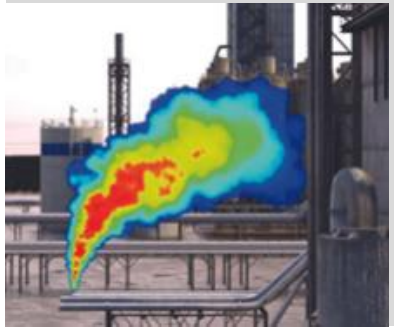
17 — Honeywell sites have achieved **ISO 50001, the global standard** for energy management

ESG-Oriented Customer Solutions

Energy Evolution

- Technology to produce SAF from a variety of feedstocks
- Hydrogen fuel cells for electric propulsion systems

Environmental Transformation



- Solstice low global warming products to reduce emissions
- Gas Cloud Imaging to catch leaks faster

Circular Economy

- UpCycle Process Technology has potential to recycle up to 90% of waste plastics[1]
- Recycle used plane parts, smart meters, and HPS parts, reducing landfill volumes

Health, Safety, and Security

- IAQ solutions to improve energy efficiency and occupant well-being
- Cybersecurity solutions to protect customer information

For more information on Honeywell's portfolio of ESG-oriented offerings, see our recently published 2022 ESG report, which can be found on our investor relations website here. [1]When used in conjunction with other chemical and mechanical recycling processes. Assumes sorting and collection improves to recover most waste plastic, and chemical recycling, including Honeywell UOP UpCycle Process, is widely deployed. The 90 percent of waste plastics that could be recycled may change depending on the number of consumers or communities that have access to recycle waste plastics or the availability of recycle facilities. Honeywell UOP analysis of US EPA Advancing Sustainable Materials Management: Facts and Figures 2018 and IHSMarkit 2019 world polymer consumption data.

Reducing Our Environmental Impact – Enabling Customers to Do the Same

SUMMARY

- Overdelivered on 3Q guidance in a challenging operating environment; strong cash flow
- Margin expansion in all four segments, double digit organic sales growth in HBT, PMT, and Aero
- Raised full year guidance despite a ~15-cent impact vs. initial guidance from FX and lost Russian sales
- 9% year over year backlog growth in the third quarter; 2022 backlog remains at record levels

Portfolio Well Positioned to Drive Profitable Growth in 2023

Appendix

3Q 2022 SEGMENT RESULTS

($M)	Sales	Segment Margin Change (bps)	Commentary
Aero	**$2,976** *Up 10% Organic*	**27.5%** *Up 40 bps*	• Commercial aviation sales up over 25%; lower defense volumes • Supply chain remains challenged; past due backlog up from second quarter • Margin expansion led by commercial excellence, partially offset by cost inflation
HBT	**$1,526** *Up 19% Organic*	**24.1%** *Up 60 bps*	• 23% organic sales growth in building products; strength in fire products and building management systems • Increased project volumes driving 13% organic sales growth in building solutions • Margin expansion driven by pricing actions, partially offset by cost inflation
PMT	**$2,720** *Up 14% Organic*	**22.6%** *Up 40 bps*	• 33% organic growth in advanced materials, with ongoing strength across the portfolio • UOP returned to growth, led by improvement in gas processing and demand for refining catalysts • Margin expansion driven by favorable pricing, partially offset by cost inflation
SPS	**$1,727** *Down (4%) Organic*	**15.7%** *Up 250 bps*	• Double digit growth in advanced sensing and gas detection • Lower warehouse automation and personal protective equipment volumes • Segment margin at highest level since 4Q18; expansion driven by favorable pricing and favorable business mix, partially offset by cost inflation

Margin Expansion Across All Four Business Segments

3Q 2022 SALES GROWTH

	3Q Reported	3Q Organic
Aerospace	**9%**	**10%**
Commercial Aviation Original Equipment	30%	30%
Commercial Aviation Aftermarket	24%	24%
Defense and Space	(11%)	(10%)
Honeywell Building Technologies	**11%**	**19%**
Products	16%	23%
Building Solutions	5%	13%
Performance Materials And Technologies	**8%**	**14%**
UOP	6%	6%
Honeywell Process Solutions	(2%)	6%
Advanced Materials	26%	33%
Safety And Productivity Solutions	**(7%)**	**(4%)**
Sensing and Safety Technologies	(2%)	3%
Productivity Solutions and Services	(2%)	2%
Warehouse and Workflow Solutions	(16%)	(15%)

FY 2022 GUIDANCE PROGRESSION

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

Incremental Headwinds Absorbed vs. Initial Guidance

- ($350M) lost Russian sales
- ($700M) Intelligrated sales impact
- Slower supply recovery
- ($750M) sales FX impact
- ($0.08) adjusted EPS FX impact

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

2022 FX IMPACTS

	FY22E	Highlights
Current Year over Year FX Impact	($1.1B) Sales ($0.19) Adj. EPS	• Ongoing strength in the U.S. Dollar has driven materially higher foreign currency impacts than previously anticipated • On a year-over-year basis, we expect $1.1B of sales impact
Incremental FX Impact vs. Initial Guidance	($750M) Sales ($0.08) Adj. EPS	• Compared to our original guidance in February, we are experiencing $750M of incremental sales headwinds from FX movement • **Despite these headwinds, we are upgrading the low end of our adjusted EPS guidance range by $0.15**, reflecting our confidence in our ability to more than offset these FX headwinds

Raising Guidance Despite Increasing FX Headwinds

ADDITIONAL 2022 INPUTS

	3Q22	4Q22E	FY22E	Commentary
Pension / OPEB	$257M	~$272M	~$1,050M	• Maintaining asset base with higher discount rates, resulting in lower pension income
Repositioning and Other	($84M)	($86M - $136M)	($375M - $425M)	• Narrowing full-year range by $25M; retain capacity for high-return projects to support cost management and productivity initiatives; enabling an appropriate cost base for 2023
Other Below the Line[1]	($170M)	($172M - $197M)	($725M - $750M)	• Increasing full-year range to account for higher interest income, lower asbestos liability, and lower stock comp expense
Total Below the Line	$3M	($61M) - $14M	($50M - $125M)	• Repositioning and other and other below the line exclude Russian-related reserves and impairments
Adjusted Effective Tax Rate	22%	~19%	~22%	
Share Count	680M	~676M	~683M	• At least a $4B share repurchase commitment in 2022
Corporate and Quantinuum	($120M)	(~$127M)	(~$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*

NON-GAAP FINANCIAL MEASURES

The following information provides definitions and reconciliations of certain non-GAAP financial measures presented in this presentation to which these reconciliations are 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 judgements 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 MARGINS

($M)	3Q21	4Q21	3Q22	2021
Aerospace	$ 2,732	$ 2,896	$ 2,976	$ 11,026
Honeywell Building Technologies	1,370	1,404	1,526	5,539
Performance Materials and Technologies	2,510	2,605	2,720	10,013
Safety and Productivity Solutions	1,861	1,752	1,727	7,814
Corporate and All Other	—	—	2	—
Net Sales	$ 8,473	$ 8,657	$ 8,951	$ 34,392
Aerospace	$ 740	$ 839	$ 818	$ 3,051
Honeywell Building Technologies	322	296	368	1,238
Performance Materials and Technologies	558	598	615	2,120
Safety and Productivity Solutions	245	189	271	1,029
Corporate and All Other	(72)	(71)	(120)	(226)
Segment Profit	$ 1,793	$ 1,851	$ 1,952	$ 7,212
Stock compensation expense (1)	(56)	(45)	(50)	(217)
Repositioning, Other (2,3)	(117)	(245)	(128)	(636)
Pension and other postretirement service costs (3)	(45)	(43)	(32)	(159)
Operating income	$ 1,575	$ 1,518	$ 1,742	$ 6,200
Segment profit	$ 1,793	$ 1,851	$ 1,952	$ 7,212
÷ Net sales	$ 8,473	$ 8,657	$ 8,951	$ 34,392
Segment profit margin %	21.2 %	21.4 %	21.8 %	21.0 %
Operating income	$ 1,575	$ 1,518	$ 1,742	$ 6,200
÷ Net sales	$ 8,473	$ 8,657	$ 8,951	$ 34,392
Operating income margin %	18.6 %	17.5 %	19.5 %	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 September 30, 2022, other charges include a benefit of $16 million primarily related to a favorable foreign exchange revaluation on an intercompany loan with a Russian affiliate, in addition to the recovery of outstanding accounts receivable previously reserved against, partially offset by additional charges for called guarantees, related to the initial suspension and wind down of our businesses and operations in Russia. For the three months ended September 30, 2022, and three and twelve months ended December 31, 2021, other charges include $17 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 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, 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. 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)	3Q21	4Q21	3Q22	2021
Operating income	$ 1,575	$ 1,518	$ 1,742	$ 6,200
Add: Quantinuum operating loss(1)	15	21	39	62
Operating income Excluding Quantinuum	$ 1,590	$ 1,539	$ 1,781	$ 6,262
Segment profit	$ 1,793	$ 1,851	$ 1,952	$ 7,212
Add: Quantinuum Segment Loss (1)	15	21	39	62
Segment Profit Excluding Quantinuum	$ 1,808	$ 1,872	$ 1,991	$ 7,274
Net Sales	$ 8,473	$ 8,657	$ 8,951	$ 34,392
Less: Quantinuum Net Sales	1	2	2	5
Net Sales Excluding Quantinuum	$ 8,472	$ 8,655	$ 8,949	$ 34,387
Operating income margin % excluding Quantinuum	18.8 %	17.8 %	19.9 %	18.2 %
Segment profit margin % excluding Quantinuum	21.3 %	21.6 %	22.2 %	21.2 %
Expansion in operating income margin % excluding Quantinuum	Not Reported	Not Reported	110 bps	Not Reported
Expansion in segment profit margin % excluding Quantinuum	Not Reported	Not Reported	90 bps	Not Reported
Expansion in operating income margin %	Not Reported	Not Reported	90 bps	Not Reported
Expansion in segment profit margin %	Not Reported	Not Reported	60 bps	Not Reported

(1) For the three months ended September 30, 2021, and December 31, 2021, and the twelve months ended December 31, 2021, Quantinuum operating loss and segment loss includes the operating loss and 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, 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 excluding Quantinuum as segment profit excluding segment profit attributable to Quantinuum. We define segment profit margin excluding Quantinuum, as segment profit excluding Quantinuum divided by net sales excluding 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 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. 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, 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. 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

	3Q22
Honeywell	
Reported sales % change	6%
Less: Foreign currency translation	(3)%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	9%
Sales decline attributable to lost Russian sales	1%
Organic sales % change excluding Russian sales	10%
Aerospace	
Reported sales % change	9%
Less: Foreign currency translation	(1)%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	10%
Honeywell Building Technologies	
Reported sales % change	11%
Less: Foreign currency translation	(8)%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	19%
Performance Materials and Technologies	
Reported sales % change	8%
Less: Foreign currency translation	(6)%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	14%
Safety and Productivity Solutions	
Reported sales % change	(7)%
Less: Foreign currency translation	(3)%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	(4)%

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

	3Q21	4Q21	3Q22	FY2021	4Q22E	2022E
Earnings per share of common stock - diluted (1)	$ 1.80	$ 2.05	$ 2.28	$ 7.91	$2.46 - $2.56	$8.21 - $8.31
Pension mark-to-market expense (2)	—	0.05	—	0.05	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)	(0.01)	—	—	(0.11)	—	—
Expense related to UOP Matters (6)	0.23	—	—	0.23	—	0.07
Russian-related Charges (7)	—	—	(0.02)	—	—	0.43
Gain on sale of Russian entity (8)	—	—	(0.01)	—	—	(0.01)
Adjusted earnings per share of common stock - diluted	$ 2.02	$ 2.09	$ 2.25	$ 8.06	$2.46 - $2.56	$8.70 - $8.80

(1) For the three months ended September 30, 2022, and 2021, adjusted earnings per share utilizes weighted average shares of approximately 679.6 million and 698.9 million, respectively. For the three months ended December 31, 2021, adjusted earnings per share utilizes weighted average shares of approximately 695.8 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 December 31, 2022, and twelve months ended December 31, 2022, expected earnings per share utilizes weighted average shares of approximately 676 million and 683 million, respectively.

(2) Pension mark-to-market expense uses a 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, 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, 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 expense of $1 million and $19 million, respectively, due to the gain on sale of the retail footwear business.

(6) For the twelve months ended December 31, 2022, the adjustment was $50 million, without tax benefit, due to an expense related to UOP matters. For the three months ended September 30, 2021, and 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 September 30, 2022, the adjustment was $16 million, without tax benefit, primarily related to a favorable foreign exchange revaluation on an intercompany loan with a Russian affiliate, in addition to the recovery of outstanding accounts receivable previously reserved against, partially offset by additional charges for called guarantees, 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 $293 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, called guarantees, and a tax valuation allowance related to the initial suspension and wind down of our businesses and operations in Russia.

(8) For the three months ended September 30, 2022, the adjustment was $10 million, without tax benefit, due to the gain on sale of a Russian entity.

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

($M)	3Q21	3Q22
Cash provided by operating activities	**$ 1,119**	**$ 2,083**
Expenditures for property, plant and equipment	**(208)**	**(184)**
Garrett cash receipts	**—**	**—**
Free cash flow	**$ 911**	**$ 1,899**

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 EFFECTIVE TAX RATE TO ADJUSTED EFFECTIVE TAX RATE

($M)	3Q21	3Q22
Income before taxes	$ 1,700	$ 1,981
Russian-Related Charges	—	(16)
Gain on sale of Russian entity	—	(10)
Gain on sale of retail footwear business	(5)	—
Changes in fair value for Garrett equity securities	2	—
Expense related to UOP Matters	160	—
Adjusted income before taxes	$ 1,857	$ 1,955
Income tax expense	$ 427	$ 432
Gain on sale of retail footwear business	(1)	—
Adjusted income tax expense	$ 426	$ 432
Income tax expense	$ 427	$ 432
÷ Income before taxes	$ 1,700	$ 1,981
Effective Tax Rate	25.1 %	21.8 %
Adjusted income tax expense	$ 426	$ 432
÷ Adjusted income before taxes	$ 1,857	$ 1,955
Adjusted effective tax rate %	22.9 %	22.1 %

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 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	**~$5.2 - $5.6**
Expenditures for property, plant and equipment	**~(0.9)**
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