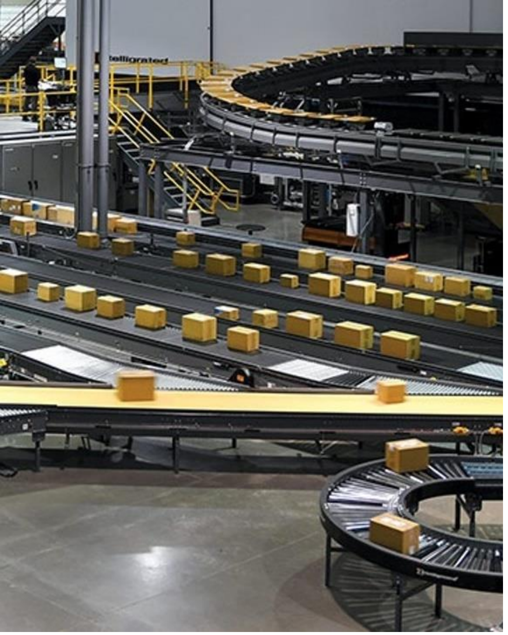
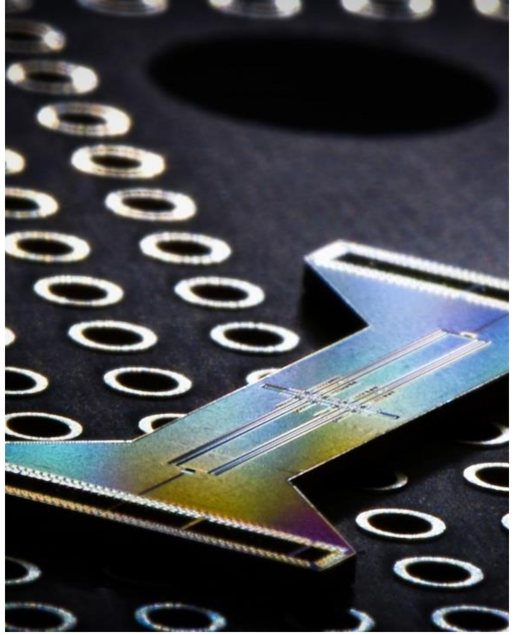



THIRD QUARTER 2023 EARNINGS RELEASE

OCTOBER 26, 2023

Honeywell

Forward Looking Statements

We describe many of the trends and other factors that drive our business and future results in this presentation. Such discussions contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements are those that address activities, events, or developments that management intends, expects, projects, believes or anticipates will or may occur in the future. They are based on management's assumptions and assessments in light of past experience and trends, current economic and industry conditions, expected future developments and other relevant factors, many of which are difficult to predict and outside of our control. They are not guarantees of future performance, and actual results, developments and business decisions may differ significantly from those envisaged by our forward-looking statements. We do not undertake to update or revise any of our forward-looking statements, except as required by applicable securities law. Our forward-looking statements are also subject to material risks and uncertainties, including ongoing macroeconomic and geopolitical risks, such as lower GDP growth or recession, capital markets volatility, inflation, and certain regional conflicts, that can affect our performance in both the near- and long-term. In addition, no assurance can be given that any plan, initiative, projection, goal, commitment, expectation, or prospect set forth in this presentation can or will be achieved. These forward-looking statements should be considered in light of the information included in this presentation, our Form 10-K and other filings with the Securities and Exchange Commission. Any forward-looking plans described herein are not final and may be modified or abandoned at any time.

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; Segment profit margin, on an overall Honeywell basis; Organic sales percentage; Free cash flow; Free cash flow excluding impact of settlements; Free cash flow margin; Adjusted earnings per share; Adjusted earnings per share excluding pension headwind; Adjusted income before taxes; Adjusted income 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.

3Q 2023 OVERVIEW

	3Q 2023 Actual	3Q 2023 Guidance
Adjusted Earnings Per Share	**$2.27** *$2.41 Excluding Pension Headwind*	$2.15 - $2.25
Organic Sales Growth	2%	1% - 4%
Segment Margin Expansion	80 bps	50 - 80 bps
Free Cash Flow	$1.6B	
Capital Deployment	**$2.0B** Share Repurchases, Dividends, Capital Expenditures, and M&A	

3Q 2023 Highlights

- Delivered on organic sales growth, segment margin expansion, and adjusted earnings per share commitments
- Orders were up 10% year over year and backlog up 8% year over year to a record $31.4B, driven by strength in Aerospace and our long-cycle businesses
- Organic sales growth driven by double-digit growth in commercial aviation, defense and space, and process solutions
- Segment margin of 22.6%, achieving high end of guidance range, led by HBT up 110 basis points
- Deployed $2.0B to share repurchases, dividends, capital expenditures, and M&A, including doubling share repurchases vs. Q2 to 5.3M shares

Adjusted EPS excluding pension headwind excludes the impact of the year-over-year decrease in pension ongoing and other postretirement income.

Delivered on All Commitments in the Third Quarter

RECENT ANNOUNCEMENTS

APU and Avionics Win

- **Overturned an incumbent** in the air transport space on **selectable APUs and avionics systems** on **roughly 200 new aircraft**.
- This win includes new aircraft deliveries from Boeing and Airbus over the next five years, **increasing our installed base and providing sustained growth opportunities**.

Carbon Capture Win

- Announced that **SK E&S will deploy Honeywell carbon capture technology** to help accelerate the energy transition in Korea and other parts of Southeast Asia.
- Honeywell's Advanced Solvent Carbon Capture (ASCC) system at a SK E&S natural gas power plant is specifically designed for post-combustion flue gas applications, **enabling greater than 95% carbon dioxide capture**.

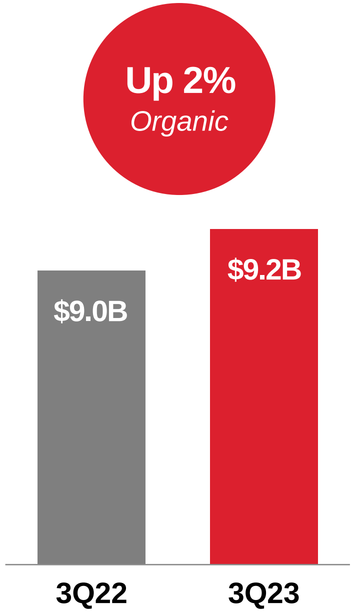
Forge for Buildings Win

- **Implemented Honeywell Forge for Buildings at One Bangkok**, the city's largest integrated district, to achieve sustainability goals especially on energy efficient buildings and improved business performance.
- One Bangkok, jointly developed by TCC Assets Co and Frasers Property Holdings, is currently the **largest software win for buildings in APAC with potential for additional expansion**.

Continue to Win Across Our Portfolio

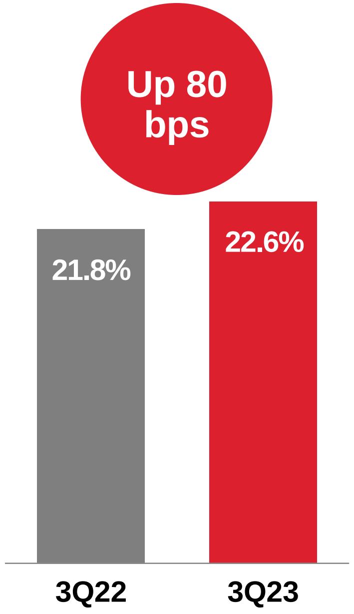
3Q 2023 FINANCIAL SUMMARY

Sales



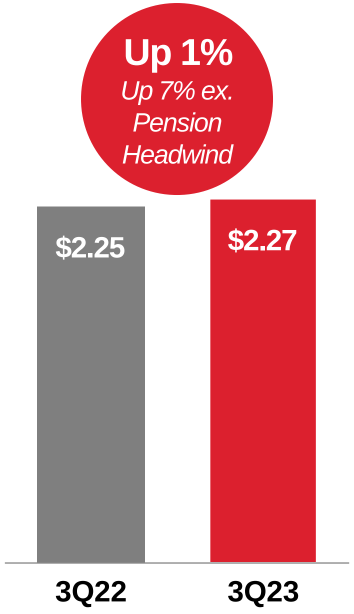
- \+ Double-digit organic growth in commercial aviation, defense and space, and process solutions
- – Headwinds in SPS as expected
- \+ Volume growth of 6% ex-SPS
- \+ Strong orders and backlog expansion

Segment Margin



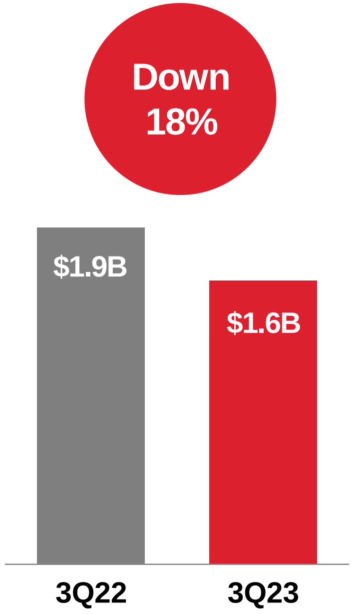
- \+ Margin expansion led by HBT
- \+ Business mix improvement
- \+ Continued sequential improvement in supply chains

Adjusted EPS



- \+ Higher segment profit
- \+ Lower share count (667M vs. 680M)
- – Higher adjusted effective tax rate (23.0% vs. 22.1%)
- – Higher interest expense and lower pension income

Free Cash Flow



- \+ Deployed $2.0B to share repurchases, dividends, capex, and M&A
- – Timing of tax payments

Adjusted EPS and adjusted EPS V% excludes 3Q22 Russian-related charges and a 3Q22 gain on sale of a Russian entity.

Strong Performance in Challenging Environment

4Q AND FY 2023 OUTLOOK

4Q Guidance		FY Guidance	
Sales **$9.6B - $9.9B** *Up 3% - 7% Organically*	**Segment Margin** **22.9% - 23.2%** *Flat - Up 30 bps*	**Sales** **$36.8B - $37.1B** *Up 4% - 5% Organically* **Prior: $36.7B - $37.3B, Up 4% - 6%**	**Segment Margin** **22.5% - 22.6%** *Up 80 - 90 bps* **Prior: 22.4% - 22.6%, Up 70 - 90 bps**
Adjusted EPS **$2.53 - $2.63** *Flat - Up 4%* *$2.67 - $2.77 excluding Pension Headwind or up 6% - 10%*	**Net Below the Line Impact** ($105M - $155M) **Effective Tax Rate** ~19% **Share Count** ~664M	**Adjusted EPS** **$9.10 - $9.20** *Up 4% - 5%* *$9.65 - $9.75 Excluding Pension Headwind or up 10% - 11%* **Prior: $9.05 - $9.25, Up 3% - 6%**	**Free Cash Flow** **$3.9B - $4.3B** *$5.1B - $5.5B Excluding Impact of Settlements* **Prior: $3.9B - $4.3B**

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 postretirement income, and repositioning and other charges. Adjusted EPS guidance and adjusted EPS V% guidance excludes 2Q23 net expense related to the NARCO Buyout and HWI Sale, 2Q23 and 1Q23 Russian-related charges, 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, 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. Adjusted EPS excluding pension headwind guidance and adjusted EPS V% excluding pension headwind guidance excludes the items previously described and the impact of the expected year-over-year decrease in pension ongoing and other postretirement income.

Raising Midpoint of Segment Margin Guide, Narrowing Sales and Adj. EPS Ranges

PRELIMINARY THOUGHTS ON 2024

Vertical Outlook

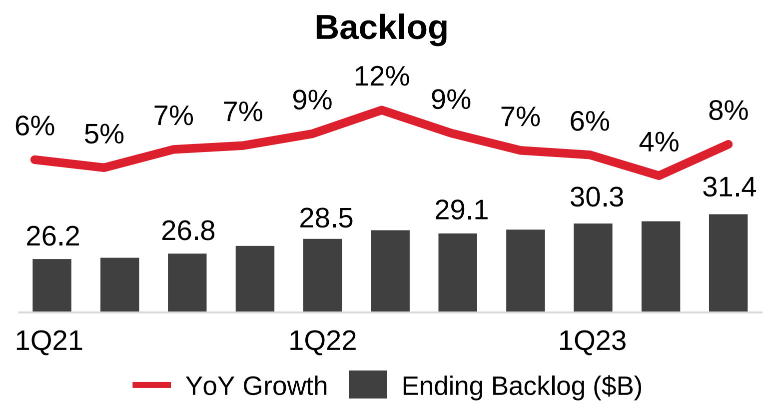
Fleet growth and replenishment, defense investment cycle

Automation tailwinds drive growth, **infrastructure** investments

Energy transition, capacity and infrastructure build out

Continued **strength in digitalization**

Resilient Portfolio



- Record backlog levels, driven by continued commercial success in Aero, PMT, and HBT
- Orders reaccelerating as demand generation improves

Honeywell Outlook

Growth:

- Long-cycle businesses, aftermarket services momentum
- Focus on new products and high growth regions to enable growth
- Timing of short-cycle recovery is key swing factor

Margin:

- Honeywell Accelerator playbook continues to drive margin expansion (direct material productivity and AI)
- Business mix improves as Aerospace strength continues, short cycle accelerates
- Price continues to offset inflation

Below the Line:

- Modest interest expense and pension pressure from current rate environment
- Repositioning spend ~in line with 2023

Cash:

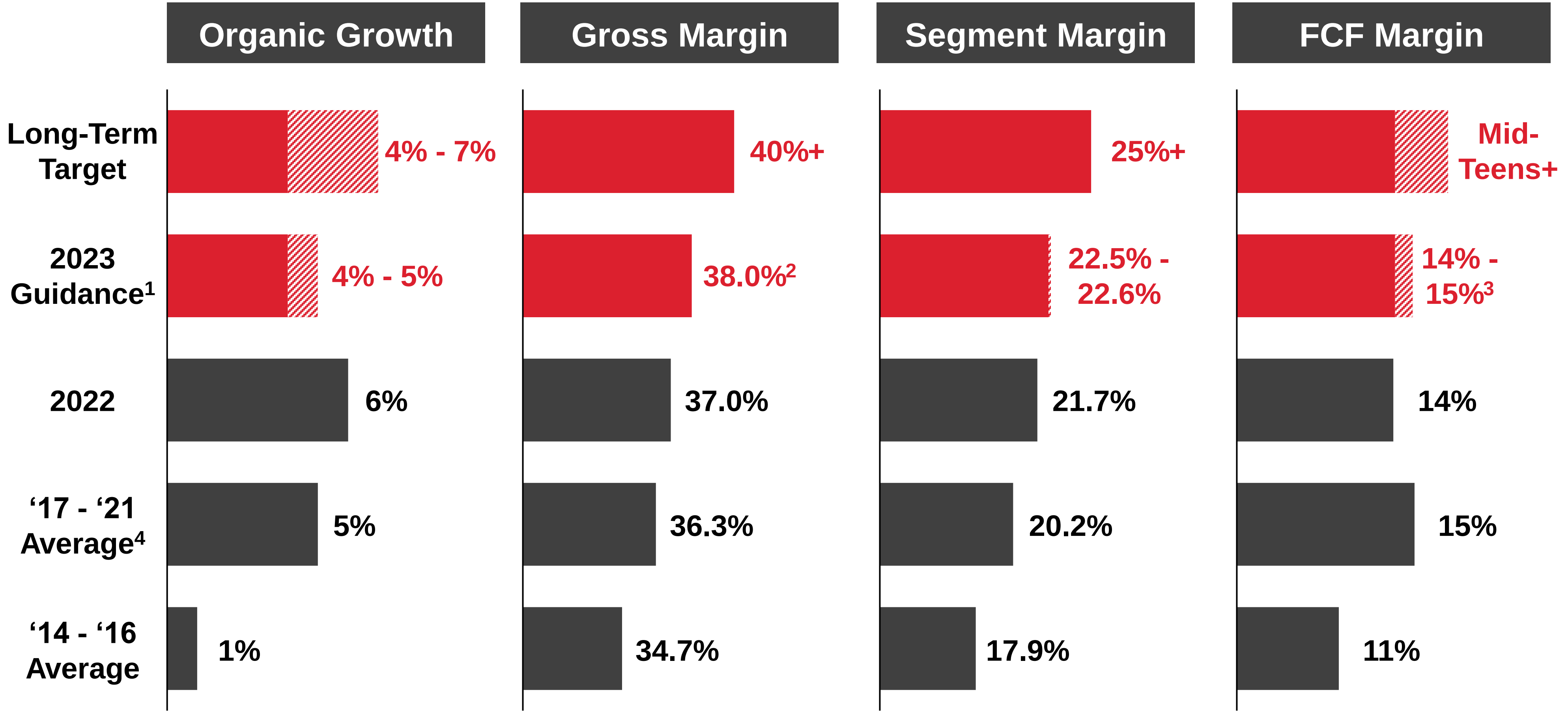
- Cash growth in line or above EPS growth; improvement from lack of settlements
- Beginning of multi-year inventory unwind, strong pipeline of growth capex

Portfolio:

- Robust M&A pipeline a focus for capital deployment
- Aligning segments to three key megatrends: automation, the future of aviation, and energy transition

2024 Outlook In Line with Long-Term Framework

LONG-TERM FINANCIAL PROGRESSION



Highlights

- Our markets and offerings underpin a **robust multi-year outlook**
- Honeywell will continue to **execute in all environments**; impeccable track record
- **Accelerator** provides a new lever to outperform; continue to raise the bar
- Our robust balance sheet and cash generation will fuel **accelerated capital deployment**

[1]Represents 2023 guidance where applicable, Honeywell has not provided 2023 gross margin guidance. [2]Represents gross margin from the last twelve months. Historical gross margin excludes company-funded R&D, in line with the reporting change made in 1Q23. [3]Excluding impact of settlements related to the NARCO Buyout, HWI Sale, and UOP Matters. [4]Excluding 2020.

Integrated Operating Company Delivering Value

SUMMARY

- Met or exceeded all guided metrics in the third quarter
- Double-digit orders growth supporting record high backlog of $31.4B
- External environment remains challenging for short cycle
- Continuing to execute on $25B+ capital deployment commitment
- Aligned to key megatrends, providing strong foundation for growth in 2024

Expect Strong Finish to 2023, Well Positioned for Growth in 2024

Appendix

3Q 2023 SEGMENT RESULTS

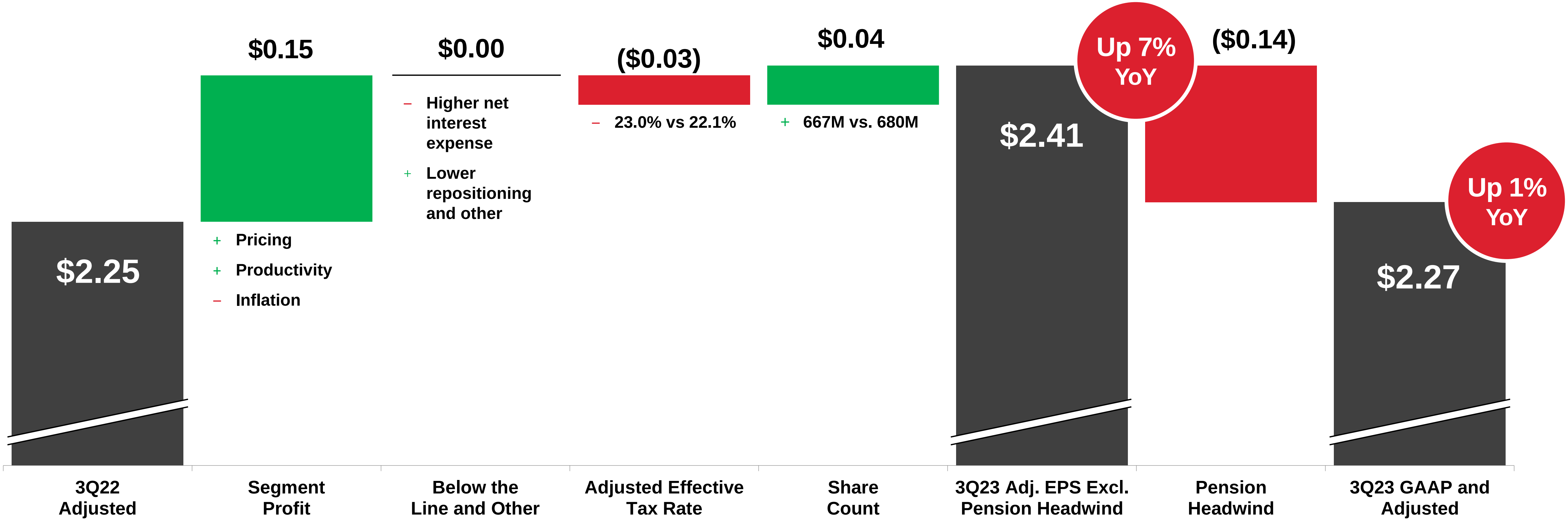
($M)	Sales	Segment Margin Change (bps)	Commentary
Aero	**$3,499** *Up 18% Organic*	**27.5%** *Flat bps*	• 10th consecutive quarter of double-digit growth in commercial aviation, aftermarket up over 20% • Defense and space sales up 18%, supply chain improvement enabling greater volumes • Margin flat as higher volume leverage and commercial excellence were offset by cost inflation and mix pressure in our original equipment business
HBT	**$1,530** *Flat Organic*	**25.2%** *Up 110 bps*	• Strong project execution driving growth in building solutions, project orders up double digits • Product sales down modestly on lower security demand • Margin expansion driven by productivity actions and commercial excellence, partially offset by cost inflation
PMT	**$2,867** *Up 3% Organic*	**22.1%** *Down (50) bps*	• Fourth consecutive quarter of double-digit growth in HPS; double-digit growth in aftermarket services • Strong gas processing and petrochemical catalyst shipments in UOP; third consecutive quarter of triple digit sustainable technology solutions orders growth • Margin contraction due to lower volumes in advanced materials
SPS	**$1,314** *Down (25%) Organic*	**14.5%** *Down (120) bps*	• Lower warehouse automation project volumes partially offset by double-digit aftermarket services growth, Intelligrated orders up double digits year over year and up over 50% sequentially • Productivity solutions and services impacted by short-cycle demand softness, sensing and safety technologies remains relatively resilient • Margin contraction driven by volume leverage partially offset by productivity and commercial excellence

Strong Long Cycle Performance, Executing in Challenging Environment

3Q 2023 SALES GROWTH

	3Q Reported	3Q Organic
Aerospace	**18%**	**18%**
Commercial Aviation Original Equipment	5%	5%
Commercial Aviation Aftermarket	22%	22%
Defense and Space	18%	18%
Honeywell Building Technologies	**0%**	**0%**
Products	(2%)	(3%)
Building Solutions	4%	4%
Performance Materials And Technologies	**5%**	**3%**
UOP	5%	6%
Process Solutions	15%	11%
Advanced Materials	(7%)	(8%)
Safety And Productivity Solutions	**(24%)**	**(25%)**
Sensing and Safety Technologies	(5%)	(5%)
Productivity Solutions and Services	(30%)	(31%)
Warehouse and Workflow Solutions	(43%)	(43%)

3Q 2023 EARNINGS PER SHARE BRIDGE



Adjusted EPS and adjusted EPS V% excludes 3Q22 Russian-related charges and a 3Q22 gain on sale of a Russian entity. Adjusted EPS excluding pension headwind and adjusted EPS V% excluding pension headwind excludes the items previously described and the impact of the year-over-year decrease in pension ongoing and other postretirement income.

Segment Profit Growth Driving EPS Improvement

FY 2023 GUIDANCE PROGRESSION

	Original Guidance (as of 4Q22 Earnings Call)	Previous Guidance (as of 1Q23 Earnings Call)	Previous Guidance (as of 2Q23 Earnings Call)	Updated Guidance
Sales	**$36.0B - $37.0B**	**$36.5B - $37.3B**	**$36.7B - $37.3B**	**$36.8B - $37.1B**
Organic Growth	*Up 2% - 5%*	*Up 3% - 6%*	*Up 4% - 6%*	*Up 4% - 5%*
Segment Margin	**22.2% - 22.6%**	**22.3% - 22.6%**	**22.4% - 22.6%**	**22.5% - 22.6%**
Margin Expansion	*Up 50 - 90 bps*	*Up 60 - 90 bps*	*Up 70 - 90 bps*	*Up 80 - 90 bps*
Net Below the Line Impact	($625M) - ($475M)	($625M) - ($500M)	($625M) - ($500M)	($575M) - ($525M)
Effective Tax Rate	~21%	~21%	~21%	~21%
Share Count	~672M	~670M	~670M	~669M
Adjusted EPS	**$8.80 - $9.20**	**$9.00 - $9.25**	**$9.05 - $9.25**	**$9.10 - $9.20**
Adjusted Growth	*Flat - Up 5%*	*Up 3% - 6%*	*Up 3% - 6%*	*Up 4% - 5%*
Adj. EPS ex. Pension Headwind	**$9.35 - $9.75**	**$9.55 - $9.80**	**$9.60 - $9.80**	**$9.65 - $9.75**
Adjusted Growth ex. Pension Headwind	*Up 7% - 11%*	*Up 9% - 12%*	*Up 10% - 12%*	*Up 10% - 11%*
Free Cash Flow	**$3.9B - $4.3B**	**$3.9B - $4.3B**	**$3.9B - $4.3B**	**$3.9B - $4.3B**
FCF Excluding Impact of Settlements	*$5.1B - $5.5B*	*$5.1B - $5.5B*	*$5.1B - $5.5B*	*$5.1B - $5.5B*

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 postretirement income, and repositioning and other charges. Adjusted EPS guidance and adjusted EPS V% guidance excludes 2023 Russian-related charges, 2023 net expense related to the NARCO Buyout and HWI Sale, 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. Adjusted EPS excluding pension headwind guidance and Adjusted EPS V% excluding pension headwind guidance excludes the items previously described and the impact of the expected year over year decrease in pension ongoing and other postretirement income.

Continuing to Perform in Challenging Environment

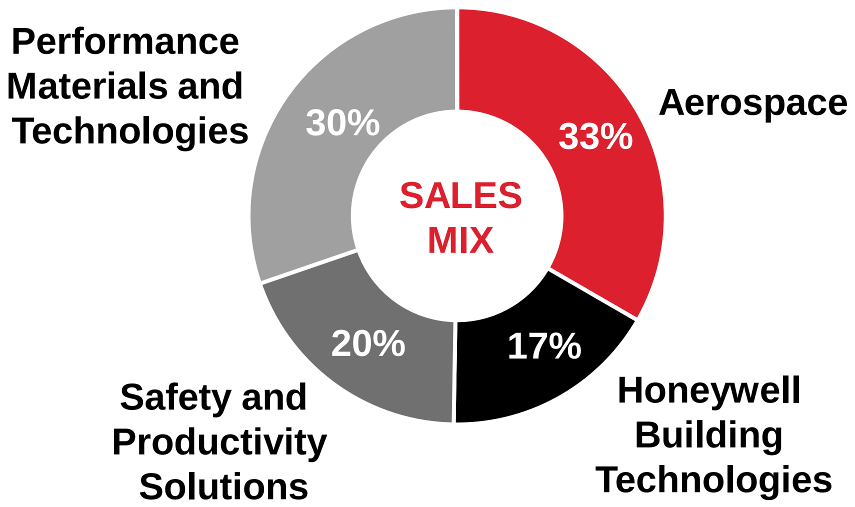
ADDITIONAL 2023 INPUTS

	3Q23	4Q23E	FY23E	Commentary
Pension / OPEB	$137M	~$140M	~$550M	• Significant increase in interest rates resulting in lower pension income year over year
Repositioning	($58M)	($45M - $85M)	($260M - $300M)	• Retaining capacity for high-return projects to support cost management and productivity initiatives
Other Below the Line	($194M)	($200M - $210M)	($815M - $825M)	• Increased year over year headwind from interest expense
Total Below the Line	($115M)	($105M - $155M)	($525M - $575M)	
Adjusted Effective Tax Rate	23%	~19%	~21%	
Share Count	667M	~664M	~669M	• Minimum 1% share count reduction
Corporate and Quantinuum	($90M)	(~$110M)	(~$400M)	• Segment profit for Corporate and Quantinuum

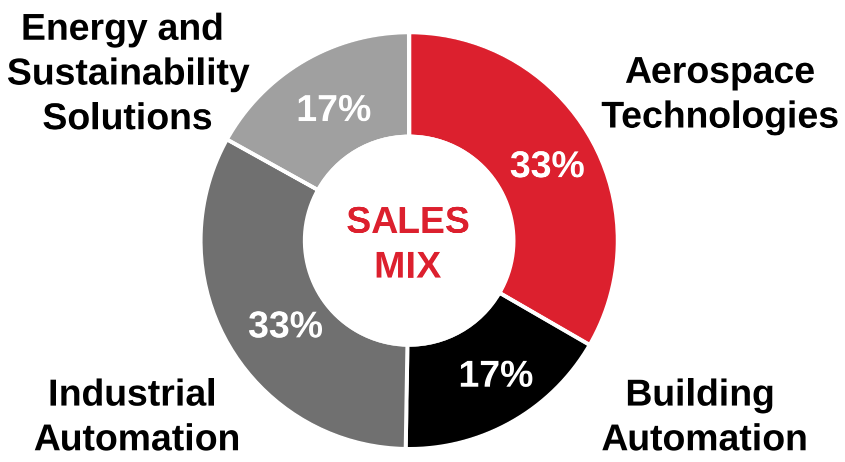
[1]*Other below the line includes asbestos, environmental expenses net of spin reimbursements, net interest, F/X, stock option expense, RSU expense, M&A, and other expense.*

HONEYWELL PORTFOLIO REALIGNMENT

Current Structure



New Structure as of 1Q24



- **Aligns business structure with distinct, compelling megatrends**
- Positions Honeywell **to better address the world's toughest challenges**
- Enables a **simpler, stronger strategic focus** and clearly **defines Honeywell's value proposition**
- Creates a **more focused framework for M&A**; bolt-on acquisitions and select dispositions to align to themes

Based on 2022 revenue. New structure percentages represent 2022 revenue, realigned to new reporting structure effective beginning first quarter 2024.

New Structure Enhances Organic and Inorganic Growth Strategies

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 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. 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 ORGANIC SALES % CHANGE

	3Q23
Honeywell	
Reported sales % change	3%
Less: Foreign currency translation	—%
Less: Acquisitions, divestitures and other, net	1%
Organic sales % change	2%
Aerospace	
Reported sales % change	18%
Less: Foreign currency translation	—%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	18%
Honeywell Building Technologies	
Reported sales % change	—%
Less: Foreign currency translation	—%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	—%
Performance Materials and Technologies	
Reported sales % change	5%
Less: Foreign currency translation	1%
Less: Acquisitions, divestitures and other, net	1%
Organic sales % change	3%
Safety and Productivity Solutions	
Reported sales % change	(24)%
Less: Foreign currency translation	1%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	(25)%

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 ORGANIC SALES % CHANGE

	2014	2015	2016	2017	2018	2019	2021	2022
Honeywell								
Reported sales % change	3%	(4)%	2%	3%	3%	(12)%	5%	3%
Less: Foreign currency translation	—%	(4)%	(1)%	—%	1%	(1)%	1%	(3)%
Less: Acquisitions, divestitures and other, net	—%	—%	4%	(1)%	(4)%	(16)%	—%	—%
Organic sales % change	3%	—%	(1)%	4%	6%	5%	4%	6%

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.

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

($M)	3Q22	4Q22	3Q23	2022
Operating income	$ 1,742	$ 1,813	$ 1,926	$ 6,427
Stock compensation expense (1)	50	25	39	188
Repositioning, Other (2,3)	128	233	100	942
Pension and other postretirement service costs (3)	32	33	17	132
Segment profit	$ 1,952	$ 2,104	$ 2,082	$ 7,689
Operating income	$ 1,742	$ 1,813	$ 1,926	$ 6,427
÷ Net sales	$ 8,951	$ 9,186	$ 9,212	$ 35,466
Operating income margin %	19.5 %	19.7 %	20.9 %	18.1 %
Segment profit	$ 1,952	$ 2,104	$ 2,082	$ 7,689
÷ Net sales	$ 8,951	$ 9,186	$ 9,212	$ 35,466
Segment profit margin %	21.8 %	22.9 %	22.6 %	21.7 %

(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 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 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 months ended September 30, 2022, three months ended December 31, 2022, and twelve months ended December 31, 2022, other charges include $17 million, $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.

(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 operating income to segment profit, on an overall Honeywell basis, has not been provided for all forward-looking measures of segment profit and segment profit 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 OPERATING INCOME TO SEGMENT PROFIT AND CALCULATION OF OPERATING INCOME AND SEGMENT PROFIT MARGINS

($M)	2014	2015	2016	2017	2018	2019	2021
Operating income	$ 5,622	$ 6,238	$ 6,051	$ 6,303	$ 6,705	$ 6,851	$ 6,200
Stock compensation expense (1)	187	175	184	176	175	153	217
Repositioning, Other (2,3)	590	569	674	962	1,100	598	636
Pension and other postretirement service costs (4)	297	274	277	249	210	137	159
Segment profit	$ 6,696	$ 7,256	$ 7,186	$ 7,690	$ 8,190	$ 7,739	$ 7,212
Operating income	$ 5,622	$ 6,238	$ 6,051	$ 6,303	$ 6,705	$ 6,851	$ 6,200
÷ Net sales	$ 40,306	$ 38,581	$ 39,302	$ 40,534	$ 41,802	$ 36,709	$ 34,392
Operating income margin %	14.0 %	16.2 %	15.4 %	15.6 %	16.0 %	18.7 %	18.0 %
Segment profit	$ 6,696	$ 7,256	$ 7,186	$ 7,690	$ 8,190	$ 7,739	$ 7,212
÷ Net sales	$ 40,306	$ 38,581	$ 39,302	$ 40,534	$ 41,802	$ 36,709	$ 34,392
Segment profit margin %	16.6 %	18.8 %	18.3 %	19.0 %	19.6 %	21.1 %	21.0 %

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

(2) Includes repositioning, asbestos, environmental expenses, equity income adjustment, and other charges. For the twelve months ended December 31, 2021, other charges includes $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, Selling, general and administrative expenses, and Other income/expense

(4) 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 EFFECTIVE TAX RATE TO ADJUSTED EFFECTIVE TAX RATE

($M)	3Q22	3Q23
Income before taxes	$ 1,981	$ 1,967
Russian-related charges	(16)	—
Gain on sale of Russian entities	(10)	—
Adjusted income before taxes	$ 1,955	$ 1,967
Income tax expense	$ 432	$ 452
Russian-related charges	—	—
Gain on sale of Russian entities	—	—
Adjusted income tax expense	$ 432	$ 452
Income tax expense	$ 432	$ 452
÷ Income before taxes	$ 1,981	$ 1,967
Effective tax rate	21.8 %	23.0 %
Adjusted income tax expense	$ 432	$ 452
÷ Adjusted income before taxes	$ 1,955	$ 1,967
Adjusted effective tax rate	22.1 %	23.0 %

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 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 measure that is useful to investors and management as an ongoing representation of our tax rate excluding one-off and unusual transactions. This measure 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 EPS TO ADJUSTED EPS AND ADJUSTED EPS EXCLUDING PENSION HEADWIND

	3Q22	4Q22	3Q23	FY2022	4Q23E	2023E
Earnings per share of common stock - diluted (1)	$ 2.28	$ 1.51	$ 2.27	$ 7.27	$2.53 - $2.63	$9.09 - $9.19
Pension mark-to-market expense (2)	—	0.65	—	0.64	No Forecast	No Forecast
Expense related to UOP Matters (3)	—	(0.01)	—	0.07	—	—
Russian-related charges (4)	(0.02)	0.01	—	0.43	—	—
Gain on sale of Russian entities (5)	(0.01)	(0.02)	—	(0.03)	—	—
Net expense related to the NARCO Buyout and HWI Sale (6)	—	0.38	—	0.38	—	0.01
Adjusted earnings per share of common stock - diluted	$ 2.25	$ 2.52	$ 2.27	$ 8.76	$2.53 - $2.63	$9.10 - $9.20
Pension headwind (7)	—	—	0.14	—	~0.14	~0.55
Adjusted earnings per share of common stock excluding Pension headwind - diluted	$ 2.25	$ 2.52	$ 2.41	$ 8.76	$2.67 - $2.77	$9.65 - $9.75

(1) For the three months ended September 30, 2023, and 2022, adjusted earnings per share utilizes weighted average shares of approximately 667.0 million and 679.6 million, respectively. For the three months ended December 31, 2022, adjusted earnings per share utilizes weighted average shares of approximately 676.5 million. For the twelve months ended December 31, 2022, adjusted earnings per share utilizes weighted average shares of approximately 683.1 million. For the three months ended December 31, 2023, and twelve months ended December 31, 2023, expected earnings per share utilizes weighted average shares of approximately 664 million and 669 million, respectively.

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

(3) For the three months and twelve months ended December 31, 2022, the adjustments were a benefit of $5 million and an expense of $45 million, respectively, without tax benefit, due to an expense related to UOP matters.

(4) For the twelve months ends December 31, 2023, the adjustment was $1 million, without tax expense. For the three months ended September 30, 2022, the adjustment was $16 million, without tax expense, 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 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 twelve months ended December 31, 2022, the adjustment was $297 million, without tax benefit, to exclude charges and the accrual of reserves related to outstanding accounts receivable, 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.

(5) For the three months ended September 30, 2022, and December 31, 2022, the adjustments were $10 million and $12 million, respectively, without tax expense, due to the gain on sale of Russian entities. For the twelve months ended December 31, 2022, the adjustment was $22 million, without tax expense, due to the gain on sale of Russian entities.

(6) For the twelve months ended December 31, 2023, the adjustment was $8 million, net of tax benefit of $3 million, due to net expense related to the NARCO Buyout and HWI Sale. For the three and twelve months ended December 31, 2022, the adjustment was $260 million, net of tax benefit of $82 million, due to the net expense related to the NARCO Buyout and HWI Sale.

(7) For the three months ended September 30, 2023, the adjustment is the decline of $92 million of pension ongoing and other postretirement income compared to the three months ended September 30, 2022, net of tax expense of $28 million. For the three and twelve months ended December 31, 2023, the adjustment is the forecasted decline of approximately $95 million and $370 million, respectively, of pension ongoing and other postretirement income between the comparative periods in 2022 and 2023, net of estimated tax expense of approximately $20 million and $100 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 an actual or forecasted decline of pension ongoing and other postretirement income between the comparative periods in 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 CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW

($M)	3Q22	3Q23
Cash provided by operating activities	**$ 2,083**	**$ 1,809**
Capital expenditures	**(184)**	**(249)**
Garrett cash receipts	**—**	**—**
Free cash flow	**$ 1,899**	**$ 1,560**

We define free cash flow as cash provided by operating activities less cash for capital expenditures plus cash receipts from Garrett.

We believe that free cash flow is a non-GAAP measure 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 measure 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 CALCULATION OF FREE CASH FLOW MARGIN

($M)	2014	2015	2016	2017	2018	2019	2021	2022
Cash provided by operating activities	$ 5,080	$ 5,519	$ 5,498	$ 5,966	$ 6,434	$ 6,897	$ 6,038	$ 5,274
Capital expenditures	(1,094)	(1,073)	(1,095)	(1,031)	(828)	(839)	(895)	(766)
Garrett cash receipts	—	—	—	—	—	—	586	409
Free cash flow	$ 3,986	$ 4,446	$ 4,403	$ 4,935	$ 5,606	$ 6,058	$ 5,729	$ 4,917
Separation cost payments	—	—	—	—	424	213	—	—
Adjusted free cash flow	$ 3,986	$ 4,446	$ 4,403	$ 4,935	$ 6,030	$ 6,271	$ 5,729	$ 4,917
Cash provided by operating activities	$ 5,080	$ 5,519	$ 5,498	$ 5,966	$ 6,434	$ 6,897	$ 6,038	$ 5,274
÷ Net sales	$ 40,306	$ 38,581	$ 39,302	$ 40,534	$ 41,802	$ 36,709	$ 34,392	$ 35,466
Operating cash flow margin %	13 %	14 %	14 %	15 %	15 %	19 %	18 %	15 %
Free cash flow	$ 3,986	$ 4,446	$ 4,403	$ 4,935	$ 6,030	$ 6,271	$ 5,729	$ 4,917
÷ Net sales	$ 40,306	$ 38,581	$ 39,302	$ 40,534	$ 41,802	$ 36,709	$ 34,392	$ 35,466
Free cash flow margin %	10 %	12 %	11 %	12 %	14 %	17 %	17 %	14 %

We define free cash flow as cash provided by operating activities less cash for capital expenditures 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 measures 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 measures 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 IMPACT OF SETTLEMENTS

	2023E ($B)
Cash provided by operating activities	**~$4.9 - $5.3**
Capital expenditures	**~(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 for capital expenditures plus anticipated cash receipts from Garrett. We define free cash flow excluding impact of settlements as free cash flow less settlements related to the NARCO Buyout, HWI Sale, and UOP Matters.

We believe that free cash flow and free cash flow excluding impact of settlements are non-GAAP measures 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 measures 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.