

Hello,

I hope you have had a good start to fall. Over the past few months as Honeywell has moved forward with our separation into three industry-leading independent companies, we have also taken **meaningful steps to reduce the complexity of our legacy liabilities**. In this note, we address some **Frequently Asked Investor Questions (FAIQ)** regarding these transactions. As always, we welcome any feedback and thank you for your ongoing interest in Honeywell.

All the best,

Sean

**Sean C. Meakim, CFA**

Vice President, Investor Relations and Strategic Finance  
**Honeywell International**

## **Frequently Asked Investor Questions (FAIQ) | Environmental and Asbestos Liabilities**

**Can you provide a brief background on Honeywell's environmental and asbestos liabilities prior to the recent transactions? Were there any offsets to these liabilities?**

### **Legacy Environmental Liabilities**

Due to past operations from decades ago (including of predecessor companies), Honeywell has incurred remedial response and voluntary cleanup costs for site contamination and is a party to lawsuits and claims associated with environmental and safety matters, including past production of products containing hazardous substances. As of June 30, 2025, the company had total **environmental reserves of \$0.8 billion**.

In conjunction with the [Resideo spin-off](#) in 2018, the company entered into an indemnification and reimbursement agreement (IRA), pursuant to which **Resideo had an obligation to make cash payments to Honeywell in amounts equal to 90% of Honeywell's annual net spending for certain environmental matters**. The amount payable to Honeywell was subject to a **cap of \$140 million per year**, and the obligation was to continue until the earlier of December 31, 2043, or December 31 of the third consecutive year during which the annual payment obligation was less than \$25 million. As of June 30, 2025, the company had **receivables from Resideo related to the IRA of \$0.8 billion** (matching the environmental reserves).

### **Legacy Asbestos Liabilities**

Honeywell is named in asbestos-related personal injury **claims related to its prior operating Bendix business**. As of June 30, 2025, the company had asbestos-related **liabilities of \$1.4 billion**. The company also has an insurance receivable corresponding to the liability for settlement of Bendix asbestos claims which reflects coverage provided by a large number of insurance policies. As of June 30, 2025, Honeywell's estimated **insurance receivable was \$0.1 billion**.

**What were the primary terms of the agreements to terminate the IRA with Resideo and divest Honeywell's asbestos liabilities?**

**Termination of the Resideo IRA**

On July 30, Resideo [agreed](#) to make a one-time cash payment to Honeywell of **\$1.6 billion in lieu of all future payments** to which the company was entitled pursuant to the IRA. The lump sum amount implies an attractive 5.5% discount rate were the maximum payments made through 2043. Resideo made the payment to Honeywell on August 13.

**Divestiture of Asbestos Liabilities**

On October 1, Honeywell [announced](#) that it will **contribute approximately \$1.4 billion in cash and its asbestos-related insurance receivables to divest all of its Bendix asbestos liabilities** and certain non-Bendix asbestos liabilities to Delticus, a corporate liability acquisition platform. Delticus will assume full responsibility for administering and resolving all current and future asbestos-related claims, and **Honeywell will be fully indemnified**.

**What are the one-time and ongoing results of these agreements on Honeywell's financials?**

Honeywell will receive **net cash proceeds of \$0.2 billion combined** from the two agreements.

With the **termination of the IRA**, Honeywell expects to record a **one-time gain of \$0.8 billion** in the third quarter, which will be excluded from the calculation of adjusted EPS. As a result of the **asbestos liability divestiture**, Honeywell expects to record a **loss of approximately \$0.1 billion**, which will be excluded from adjusted EPS.

Going forward, because Delticus is taking over these liabilities, the **combined transactions are expected to be modestly beneficial to cash flow** with the annual after-tax benefit of more than \$100 million from reduced asbestos-related cash costs more than offsetting the elimination of Resideo's IRA payments to Honeywell. There will be **no impact on segment profit**.

	Termination of Resideo IRA	Divestiture of Asbestos Liabilities	Net Effect
<b>One-time Cash Inflow / (Outflow)</b>	\$1.6B	(\$1.4B)	\$0.2B
<b>One-time Gain / (Loss)*</b>	\$0.8B	(\$0.1B)	\$0.7B
<b>Annual After-Tax Cash Flow</b>	(\$0.1B)	\$0.1B	\$0.0B

*\*Excluded from Adjusted EPS*

**Why is Honeywell pursuing these transactions now? How does Honeywell expect to benefit from them? What is the strategy for other legacy liabilities going forward?**

Each of the transactions offered **attractive terms as a whole**, and with the company pursuing separation into three industry-leading public companies, we believe this is an **opportune time to further simplify our balance sheet** ahead of the impending spin-offs.

Completing these transactions will cut Honeywell's administrative burdens, increase focus on our core business, and reduce the complexity of our financials. Streamlining liabilities will **free up management time and capital to pursue value-enhancing opportunities**. We will continue to look for additional ways to simplify and optimize our legacy liabilities going forward to maximize value creation for all our stakeholders as our separation approaches.

## **About Honeywell**

*Honeywell is an integrated operating company serving a broad range of industries and geographies around the world. Our business is aligned with three powerful megatrends – automation, the future of aviation, and energy transition – underpinned by our Honeywell Accelerator operating system and Honeywell Forge IoT platform. As a trusted partner, we help organizations solve the world's toughest, most complex challenges, providing actionable solutions and innovations through our Aerospace Technologies, Industrial Automation, Building Automation, and Energy and Sustainability Solutions business segments that help make the world smarter and safer, as well as more secure and sustainable. For more news and information on Honeywell, please visit [www.honeywell.com/newsroom](http://www.honeywell.com/newsroom).*

*Honeywell uses our Investor Relations website, [www.honeywell.com/investor](http://www.honeywell.com/investor), as a means of disclosing information which may be of interest or material to our investors and for complying with disclosure obligations under Regulation FD. Accordingly, investors should monitor our Investor Relations website, in addition to following our press releases, SEC filings, public conference calls, webcasts, and social media.*

## **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), including statements related to the proposed spin-off of the Company's Advanced Materials business into Solstice Advanced Materials, a standalone, publicly traded company, and the proposed separation of Automation and Aerospace Technologies. Forward-looking statements are those that address activities, events, or developments that we or our management intend, expect, project, believe, or anticipate 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, including Honeywell's current expectations, estimates, and projections regarding, among other things, the proposed spin-off of the Company's Advanced Materials business into Solstice Advanced Materials, a standalone, publicly traded company, and the proposed separation of Automation and Aerospace Technologies. 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, including the consummation of the spin-off of the Advanced Materials business into Solstice Advanced Materials and the proposed separation of Automation and Aerospace Technologies, and the anticipated benefits of each. 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 the impacts of tariffs and other trade barriers and restrictions, lower GDP growth or recession in the U.S. or globally, supply chain disruptions, capital markets volatility, inflation, and certain regional conflicts, which 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.*