MORGAN STANLEY
CAPTAINS OF INDUSTRY SUMMIT

VIMAL KAPUR
President and
Chief Operating Officer

MAY 31, 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. 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 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, a measure by which we assess operating performance, which we define as operating income adjusted for certain items as presented in the Appendix; Segment margin, on an overall Honeywell basis; Organic sales growth; Free cash flow; Free cash flow excluding the impact of settlements; Free cash flow margin; Adjusted earnings per share; and Adjusted earnings per share excluding pension headwind, 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.

HON STRENGTHS ALIGNED TO MEGATRENDS

	MARKET GROWTH	EMERGING TRENDS	LEADING HONEYWELL POSITION
ENERGY TRANSITION	↑ DD	• Shift in energy pools • Emissions reductions	• Sustainable Technology Solutions • Sustainable Building Technologies • Advanced Materials
AUTOMATION	↑ MSD	• Labor and skill shortages • Capacity buildout • IoT	• Manufacturing / Warehouse / Building / Flight • Sensing Technologies
DIGITALIZATION	↑ DD	• Digital transformation	• Honeywell Connected Enterprise • Honeywell Forge • Honeywell Digital
AEROSPACE / eVTOL	↑ HSD / DD	• Urban transport / electrification • Multi-year commercial recovery	• Diversified Aero portfolio • Leader in UAS / UAM solutions

IoT: Internet of Things. eVTOL: electric vertical takeoff and landing. UAS: unmanned aerial systems. UAM: urban air mobility.

End Market Setup Positioned for Long Growth Runway

INCOMING CEO PRIORITIES

CONSISTENT, WINNING STRATEGY...

- Commitment to deliver our upgraded financial algorithm; say = do
- Commitment to evolve Honeywell transformation to outperform in all cycles
- Commitment to maintain and enhance our long-standing leadership in ESG

...WITH AREAS OF GREATER EMPHASIS

- Enhance robust innovation engine to accelerate organic sales growth
- Evolve Accelerator operating system to drive value through business model optimization
- Leverage transformed Honeywell to optimize portfolio and strategically deploy capital

A Strong Foundation in Place, Poised for Accelerated Growth

INNOVATION PLAYBOOK

WHAT IS THE SAME

- Continued R&D investments (4% - 5% of sales)
- Driving average 200 bps NPI Vitality increase each year

WHAT IS DIFFERENT

- Greater capital allocation toward new product categories
- Compounding benefits over time

Markets: New ↑

SAM EXPANSION

Increase Spend

Examples: Sensors for EVs, D&S Global Expansion, Solstice for Heat Pumps

BREAKTHROUGH INITIATIVES

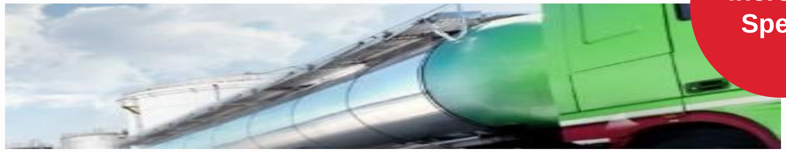
Examples: Quantinuum, Green Hydrogen, AAM

NPI VITALITY TO KEEP SHARE

NPI vitality has increased >1,000 bps in the last five years

SAM EXPANSION

Increase Spend



Examples: HCE, Sustainability Solutions, Aero Electrification

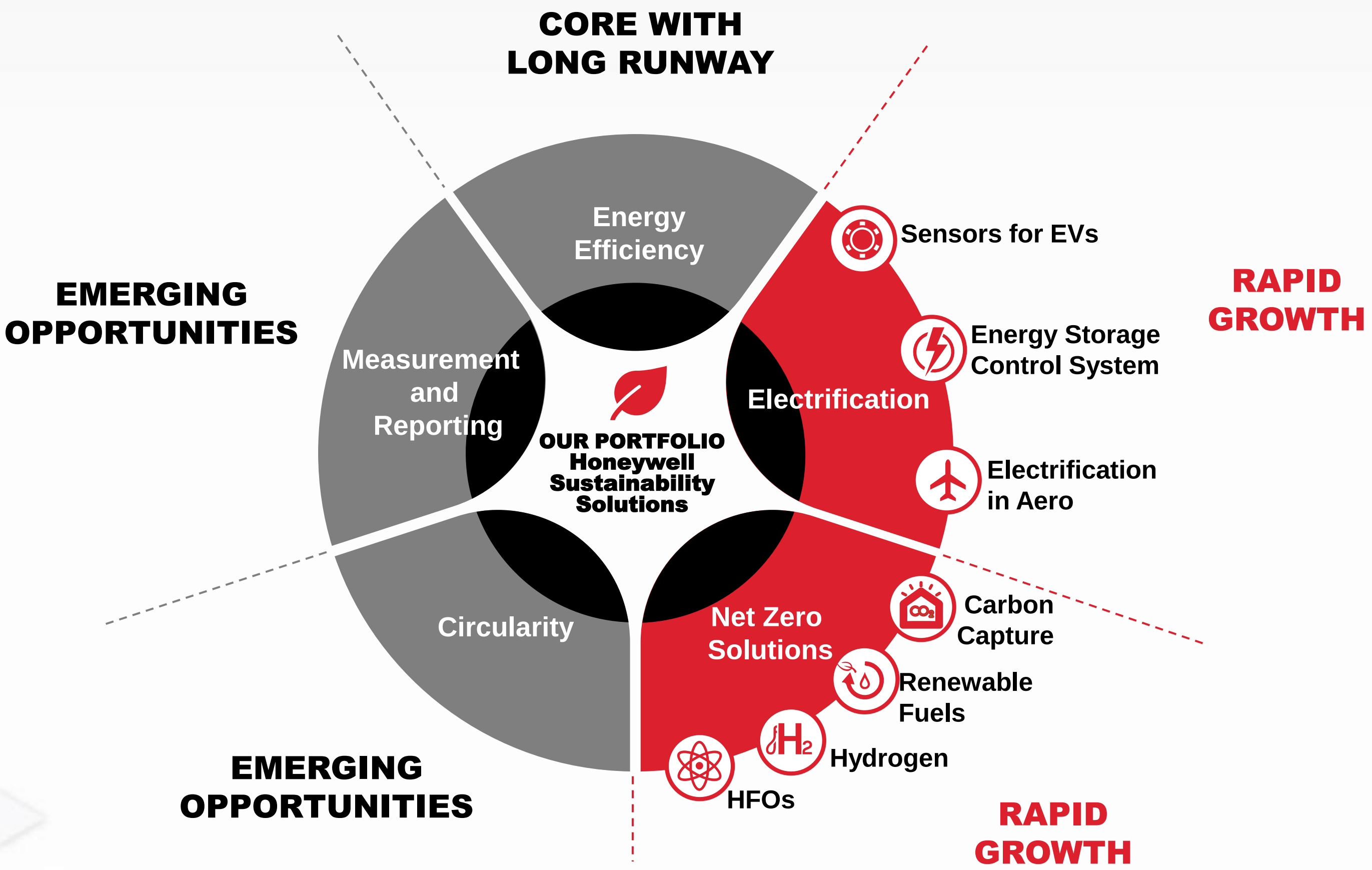
Existing → New

Offerings

EV: Electric Vehicles. AAM: Advanced Aerial Mobility.

SAM Expansion to Enable 2% Step Up to Organic Sales Growth

LEADERSHIP IN SUSTAINABLE SOLUTIONS



SUSTAINABILITY BUSINESS TARGETS

- Diversified portfolio across all SBGs
- Sustainable Technology Solutions ~$1B sales by 2026
- New focus areas:
  - Emissions monitoring
  - Sensors
  - Energy storage
  - Additional feedstocks for renewable fuels
  - Green hydrogen

Methodology for identifying ESG-oriented solutions is available at investor.honeywell.com (see ESG/ESG Information/Identification of ESG-Oriented Offerings).

Providing Sustainable Solutions Across Our Portfolio

PORTFOLIO GROWTH COMPOSITION

2022 Sales	Growth Platforms	Core Growth	Stable Base	Long-Term Target	Breakthrough Initiatives
$35.5B	DD	GDP+	~GDP	4% - 7% Organic Sales Growth	+1% - 2% Organic Sales Growth
	~15% of HON sales Margin > HON avg.	~55% of HON sales Margin ≈ HON Avg.	~30% of HON sales Margin ≈ HON Avg.		
	• Connected Enterprise[1] • Sensing Technologies • Sustainable Technologies	• Commercial Aerospace • Automation (Process, Building Products, and Warehouse) • Productivity Solutions	• Defense and Space • Building Solutions • Industrial Safety		• Quantinuum • Advanced Aerial Mobility • Green Hydrogen • Other BTIs
Investment Priorities:	• NPI New / BTIs • Growth capex	• NPI New / Core • Automation capex	• NPI New / Core • Automation capex		• NPI New / BTIs • Honeywell Ventures

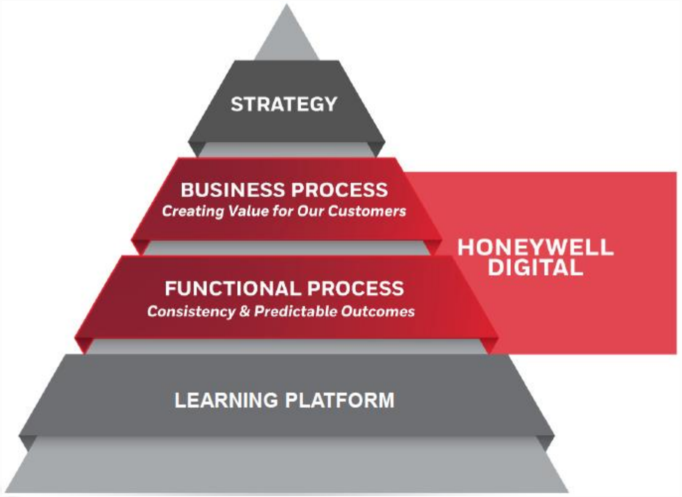
[1]Honeywell Connected Enterprise provides software product and service offerings across our reportable business segments.

Compelling Growth Model - Targeted Investment Dollars

HONEYWELL ACCELERATOR

WHAT IS ACCELERATOR?

Accelerator contains all the best practices, tools, and digital platforms to **deliver best-in-class performance**



WHAT PROGRESS HAVE WE MADE IN THE LAST 15+ YEARS?

2005 - 2016

Focused on supply chain

Delivered improved productivity in our ISC operations

2016 - 2022

Enhanced scope:

1. Improved commercial, ISC processes
2. Elevated customer experience
3. Invested in digital

Delivered margin expansion, initial digital threads

WHAT IS NEXT?

2023+

Next phase:

1. End-to-end business model standardization
2. Extract value from the digital thread
3. M&A benefit from integration excellence

Accelerating profitable growth

Culture of Execution; Taking Best-In-Class Operating System to the Next Level

BUSINESS MODEL STANDARDIZATION

Pivot from functional process excellence to business model value creation

NEW ACCELERATOR FRAMEWORK

Projects ~$6B	Services ~$7B	Products ~$21B	Standalone Software ~$2B
			Software and related sales ~$9B

CONSISTENT GLOBAL DESIGN MODELS AND DIGITIZED END-TO-END PROCESSES

Deliver Foundation for Profitable Growth	Improve Profitability and Cash Generation of Underperforming Businesses

Data represents 2022 sales.

Creating Value Through Instrumentation of Best Practices

IMPACT OF PIVOT TO ACCELERATOR

	PROJECTS	SERVICES	PRODUCTS	STANDALONE SOFTWARE
Organic Sales Growth • Innovation • Commercial Excellence	◔	◕	◕	●
Gross Margin • Operational Execution • Commercial Policy	◕	◑	◑	◕
Cash Generation • Operational Execution • Commercial Policy	●	◑	◑	◔
M&A Integration • Synergy Evaluation • Execution Rigor	●	●	●	●

VALUE PROPOSITION

- Lift GBEs to best-in-portfolio benchmark performance levels
- Instrument execution rigor, reducing variation and risk
- **100 - 200 bps of incremental segment margin expansion** potential over the long term

ACCELERATOR ADDS A THIRD LEVER FOR MARGIN EXPANSION BEYOND PRODUCTIVITY AND PRICE

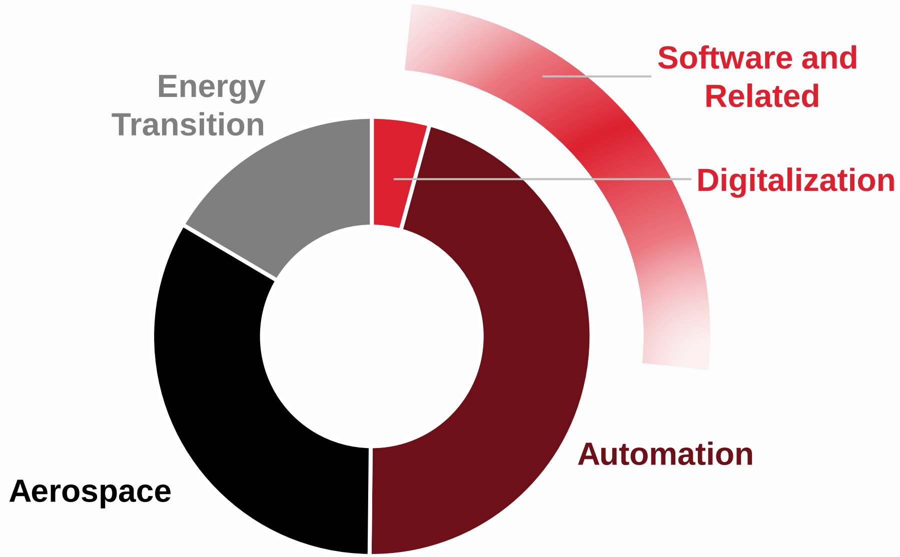
Outcome Potential for Each Business Model: ● = significant ○ = limited

Elevating Businesses to the Highest Honeywell Watermarks

PORTFOLIO SHAPING - INITIAL THOUGHTS

1 SIMPLIFICATION AND ALIGNMENT WITH MEGATRENDS

Current Indicative Sales



- Some pruning to adjust to above themes
- Bolt-on acquisitions

2 TARGETED PORTFOLIO OUTCOMES

	2022		TARGET
Recurring Revenue	32%	❯	35%+
Gross Margin	37%	❯	40%+
Segment Margin	22%	❯	25%+

Data represents 2022 sales. Honeywell gross margin excludes customer-funded R&D, in line with the reporting change made in 1Q23.

High-Grading Portfolio

CAPITAL DEPLOYMENT FOCUS

~$8B Deployed in 2022 in line with $25B Capital Deployment Commitment from 2022 Investor Day

$25B+
Re-upped commitment for 2023 - 2025

Additional Potential Deployment

Additional Capacity from Potential Divestitures

~$9B Dividends	~$3B Capex	$13B+ Share Repurchases and M&A	$11B - $14B Available Cash and Debt Capacity	

$36B - $39B
Total Capital Deployment Capacity

2023+ PRIORITIES

- Prioritize bolt-on M&A
- Reshape portfolio through strategic pruning
- Fund Honeywell innovation engine; capex focused on growth projects and automation
- Reduce share count by a minimum 1% annually via share repurchases

Note: Prior 2022 - 2024 of $25B+ commitment made in March 2022 Investor Day.

Re-upping $25B Capital Deployment Commitment for 2023 - 2025

SUMMARY

KEY POINTS	KEY METRICS	LONG-TERM TARGETS	2022 RESULTS	2023 GUIDANCE MIDPOINT
• Honeywell well-positioned as we enter **next phase of Transformation**	ORGANIC SALES GROWTH	4% - 7%	6% ✓	~5% ✓
• Clear priorities around **innovation and growth**	SEGMENT MARGIN EXPANSION	40 - 60 bps	70 bps ✓	75 bps ✓
• Next evolution of **Accelerator operating system**	FREE CASH FLOW MARGIN	**Mid-Teens+** Percent of Sales	**14%** of Sales ✓	**11%** of Sales ✓ 14% ex. impact of settlements
• Committed to driving our financial algorithm to **deliver superior returns for our shareholders**	CAPITAL DEPLOYMENT	Deploy at least $25B between 2023 - 2025	~$8B deployed in 2022	Not guided
• **Focused on capital deployment to accelerate growth**				

Poised for Growth in Next Phase for Honeywell

Honeywell

2023 UPDATE

2Q GUIDANCE

SALES
$9.0B - $9.2B
Up 1% - 4% Organically

SEGMENT MARGIN
21.8% - 22.2%
Up 90 - 130 bps

ADJUSTED EPS
$2.15 - $2.25
Up 2% - 7%
$2.29 - $2.39 Excluding Pension Headwind or up 9% - 14%

NET BELOW THE LINE IMPACT
($130M - $185M)

EFFECTIVE TAX RATE
~21%

SHARE COUNT
~671M

FY GUIDANCE

SALES
$36.5B - $37.3B
Up 3% - 6% Organically

SEGMENT MARGIN
22.3% - 22.6%
Up 60 - 90 bps

ADJUSTED EPS
$9.00 - $9.25
Up 3% - 6%
$9.55 - $9.80 Excluding Pension Headwind or up 9% - 12%

FREE CASH FLOW
$3.9B - $4.3B
$5.1B - $5.5B Excluding Impact of Settlements

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 and adjusted EPS V% guidance excludes a 1Q23 Russian-related benefit, 2Q22 expense related to UOP matters, 2Q22 Russian-related charges, 2022 expense related to UOP matters, 2022 Russian-related charges, 2022 gain on sales of Russian-related entities, 2022 net expense related to the NARCO buyout and HWI sale, and pension mark-to-market expense.

Second Quarter on Track; Confident in Full Year Outlook

VIMAL KAPUR

PRESIDENT AND CHIEF OPERATING OFFICER

Vimal Kapur is President and Chief Operating Officer of Honeywell. In this role, he creates new solutions to help customers drive their sustainability transformations and accelerate their digital transformation journeys. In addition, Vimal oversees Honeywell's operating system, Honeywell Accelerator, and oversees Honeywell's five strategic business groups. He was appointed to the Honeywell Board of Directors in March 2023 and will succeed Darius Adamczyk as Chief Executive Officer on June 1, 2023.

Vimal previously served as President and CEO of Honeywell Performance Materials and Technologies (PMT) and President and CEO of Honeywell Building Technologies (HBT) for three years before PMT. Prior to Vimal's HBT leadership role, he served as President of Honeywell Process Solutions (HPS) where he led the business through an oil and gas downturn and positioned it to emerge as an even stronger competitor in 2015. Before that, Vimal was Vice President and General Manager of the Advanced Solutions line of business for HPS, where he built the foundation of a strong software business.

Over a Honeywell career that has spanned more than three decades, Vimal has held several other key leadership positions, including Managing Director for Honeywell Automation India Limited (HAIL). Vimal graduated from Thapar Institute of Engineering in Patiala, India, as an electronics engineer with a specialization in instrumentation.

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. Included below are reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures. Other companies may calculate these non-GAAP measures differently, limiting the usefulness of these measures for comparative purposes.

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

RECONCILIATION OF ORGANIC SALES % CHANGE

Honeywell	2022
Reported sales % change	3%
Less: Foreign currency translation	(3%)
Less: Acquisitions, divestitures and other, net	-
Organic sales % change	6%

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.

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

($M)	2021	2022	2Q22
Operating income	**$6,200**	**$6,427**	**$1,601**
Stock compensation expense (1)	**217**	**188**	**53**
Repositioning, Other (2,3)	**636**	**942**	**180**
Pension and other postretirement service costs (4)	**159**	**132**	**33**
Segment profit	**$7,212**	**$7,689**	**$1,867**
Operating income	**$6,200**	**$6,427**	**$1,601**
÷ Net sales	**$34,392**	**$35,466**	**$8,953**
Operating income margin %	**18.0%**	**18.1%**	**17.9%**
Segment profit	**$7,212**	**$7,689**	**$1,867**
÷ Net sales	**$34,392**	**$35,466**	**$8,953**
Segment profit margin %	**21.0%**	**21.7%**	**20.9%**

(1) Amounts 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, 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 twelve months ended December 31, 2022, and 2021, other charges includes $41 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 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. For the three months ended June 30, 2022, other charges include $67 million related to inventory reserves, the write-down of other assets, and employee severance, related to the initial suspension and wind down of our businesses and operations in Russia.
(3) Amounts included in Cost of products and services sold, Selling, general and administrative expenses, and Other income/expense.
(4) Amounts included in Cost of products and services sold and Selling, general and administrative expenses.

We define segment profit as operating income, excluding stock compensation expense, pension and other postretirement service costs, and repositioning and other charges. We believe this measure is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

A quantitative reconciliation of segment profit, on an overall Honeywell basis, to operating income has not been provided for all forward-looking measures of segment profit and segment margin included herewithin. Management cannot reliably predict or estimate, without unreasonable effort, the impact and timing on future operating results arising from items excluded from segment profit. The information that is unavailable to provide a quantitative reconciliation could have a significant impact on our reported financial results. To the extent quantitative information becomes available without unreasonable effort in the future, and closer to the period to which the forward-looking measures pertain, a reconciliation of segment profit to operating income will be included within future filings.

RECONCILIATION OF ADJUSTED EPS TO EPS EXCLUDING PENSION HEADWIND

	2022	2Q22	2Q23E	2023E
Earnings per share of common stock - assuming dilution (EPS) (1)	$ 7.27	$ 1.84	$2.15 - $2.25	$9.00 - $9.25
Pension mark-to-market expense(2)	0.64	-	No Forecast	No Forecast
Expense related to UOP Matters(3)	0.07	0.07	-	-
Russian-related Charges(4)	0.43	0.19	-	-
Gain on sale of Russian Entities(5)	(0.03)	-	-	-
Net expense related to the NARCO Buyout and HWI Sale(6)	0.38	-	-	-
Adjusted earnings per share of common stock - assuming dilution	$ 8.76	$ 2.10	$2.15 - $2.25	$9.00 - $9.25
Pension headwind(7)	-	-	~0.14	~0.55
Adjusted earnings per share of common stock excluding pension headwind - assuming dilution	$ 8.76	$ 2.10	$2.29 - $2.39	$9.55 - $9.80

(1) For the twelve months ended December 31, 2022, adjusted earnings per share utilizes weighted average shares of 683.1 million. For the three months ended June 30, 2022, adjusted earnings per share utilizes weighted average shares of 685.0 million. For the three months ended June 30, 2023, and twelve months ended December 31, 2023, expected earnings per share utilizes weighted average shares of approximately 671 million and 670 million, respectively.

(2) Pension mark-to-market expense uses a blended tax rate of 16% for 2022.

(3) For the three months ended June 30, 2022, and twelve months ended December 31, 2022, the adjustment was an expense of $50 million and $45 million, respectively, without tax benefit, due to an expense related to UOP matters.

(4) For the three months ended June 30, 2022, the adjustment was $126 million, with no tax benefit, to exclude charges and the accrual of reserves related to foreign exchange revaluation, inventory reserves, the write-down of other assets, impairment of property, plant and equipment, employee severance, and a tax valuation allowance related to the initial suspension and wind down of our businesses and operations in Russia. For the twelve months ended December 31, 2022, the adjustment was $297 million, including a tax valuation allowance benefit of $2 million, 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. For the three months ended March 31, 2023, the adjustment was a $2 million benefit, without tax expense.

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

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

(7) For the three months ended March 31, 2023, the adjustment is the decline of $99 million of pension ongoing income compared to the three months ended March 31, 2022, and three months ended March 31, 2023, net of tax expense of $26 million. For the three and twelve months ended June 30, 2023, and December 31, 2023, the adjustment is the forecasted decline of approximately $95 million and $370 million, respectively, of pension ongoing income between the comparative periods in 2022 and 2023, net of estimated tax expense of approximately $25 million and $100 million, respectively.

We define adjusted earnings per share as diluted earnings per share adjusted to exclude various charges as listed in the preceding adjusted earnings per share reconciliation. We define adjusted earnings per share excluding pension headwind as adjusted earnings per share adjusted for an actual or forecasted decline of pension ongoing 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 AND CALCULATION OF FREE CASH FLOW MARGIN

($M)	2022
Cash provided by operating activities	$5,274
Expenditures for property, plant and equipment	(766)
Garrett cash receipts	409
Free cash flow	$4,917
Cash provided by operating activities	$5,274
÷ Net sales	$35,466
Operating cash flow margin %	15%
Free cash flow	$4,917
÷ Net sales	$35,466
Free cash flow margin %	14%

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

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

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

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

We define free cash flow as cash provided by operating activities less cash expenditures for property, plant and equipment plus anticipated cash receipts from Garrett. We define free cash flow excluding 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.