Hello,

I trust you are well as 2025 winds down. This morning, Honeywell published a Form 8-K containing supplemental financial information that reflects our updated reporting structure, set to become effective in 2026. We also announced that we will begin reporting our Advanced Materials business unit as discontinued operations beginning the fourth quarter of 2025 following the successful spin of Solstice. As a result of this reclassification, we adjusted our 2025 adjusted sales, segment margin, adjusted EPS, and free cash flow guidance. Excluding this discrete item, we are re-affirming the company's expectations for fourth quarter performance.

We also provided an update on the previously disclosed Flexjet-related litigation because of progress made in settlement negotiations. We expect to record a one-time charge in the fourth quarter as a result. While the charge will affect our GAAP financial results, it will not impact our non-GAAP metrics and, therefore, does not influence our guidance.

To summarize the key takeaways from this morning's 8-K and press release, we answer some Frequently Asked Investor Questions (FAIQ) below.

Thank you for the continued interest and engagement. Please reach out with any additional questions. We hope you have an enjoyable holiday season.

All the best,
Sean

Sean C. Meakim, CFA
Vice President, Investor Relations and Strategic Finance
Honeywell International

Frequently Asked Investor Questions (FAIQ) | Updated Reporting Structure 8-K

Why is Honeywell re-segmenting the business (after two years in the current structure)? What is the rationale for the change?

In October, we announced a plan to streamline our business segment structure to align to our strategy for delivering the future of automation ahead of the Aerospace spin-off. Beginning in the first quarter of 2026, we intend to report four business segments: **Aerospace Technologies**, **Building Automation**, **Industrial Automation**, and **Process Automation and Technology**.

- Process Automation and Technology will include:
    - **UOP** (process technology, catalysts, and connected services), including recent acquisitions of LNG and Sundyne
    - **Core Process Solutions**[1] (projects, aftermarket services, and software for process plants)

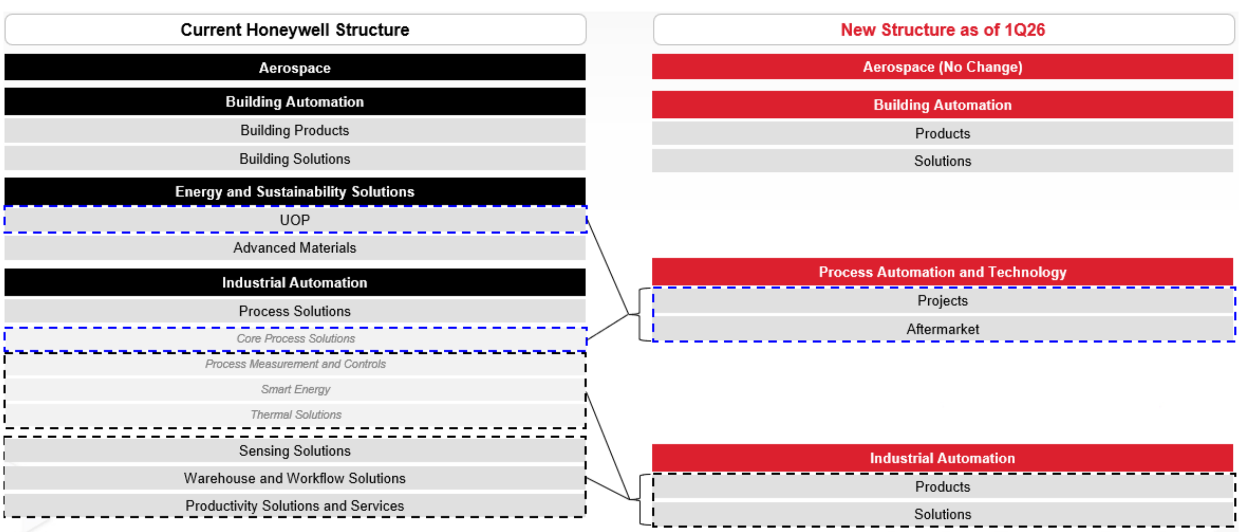
- **Industrial Automation** will continue to include:
  - **Process Measurement and Controls**[1] (detection and measurement devices, software, and services)
  - **Smart Energy**[1] (utilities devices, software, and services)
  - **Sensing Solutions** (sensors for OEMs)
  - **Thermal Solutions**[1] (industrial heat control solutions)
  - **Warehouse and Workflow Solutions** and **Productivity Solutions and Services** (both being evaluated for strategic alternatives as previously announced)
- **Building Automation** will continue to report Building Products and Building Solutions (with ~5% software sales shifting from Products to Solutions).
- **Aerospace Technologies** will be unchanged.

[1]Process Solutions, currently within Industrial Automation, includes core process solutions, process measurement and controls, smart energy, and thermal solutions. Process measurement and controls, smart energy, and thermal solutions will remain with Industrial Automation under the new construct, while core process solutions will be included in the new reporting segment Process Automation and Technology.

The three Automation segments will also each report two business units focused on cohesive, synergistic business models, which will **match our reporting to the way we deliver value to customers** and accelerate our **unified automation strategy**. We aim to **grow our installed base** in two ways: 1) selling **mission-critical products** through channel and 2) delivering **strategic projects** for customers. We then **leverage this vast installed base** by providing customers with **high-value, outcomes-based solutions** through a combination of **aftermarket software** and **services**.

A summary of Honeywell's supplemental financial information is at the end of this newsletter. For more details, including quarterly splits, please see the Form 8-K.

Please use the following links to learn more about our vision for the future of automation and our differentiated business model.



Why is Advanced Materials (AM) being moved to discontinued operations now? What is the financial impact of the change for Honeywell and the Energy and Sustainability Solutions segment?

In connection with the completion of the Solstice spin-off on October 30, 2025, the **AM business will be reported as discontinued operations effective beginning in the fourth quarter of 2025**, and retrospectively for all comparative periods reported.

The 8-K contains certain non-GAAP supplemental financial information **for both the planned segment realignment** and **the reclassification of AM to discontinued operations**. The tables at the end of this newsletter, leveraging information available in the 8-K, present our **updated sales mix and segment margin guidance resulting from these changes**. Corporate expenses historically allocated to AM (and not eligible to be a part of discontinued operations) are now included in Corporate and All Other segment profit. This results in lower **Honeywell segment margin from continuing operations** in FY 2024 and the first three quarters of FY 2025 by ~50 bps and ~60 bps, respectively, compared to prior reporting. The company has already been actively right-sizing its cost structure for the AM spin and is proceeding towards fully eliminating these corporate expenses in the coming quarters. Please refer to the full filing for additional details.

Due to the change in reporting for the current period and prior comparable periods, we are **adjusting segment guidance for Energy and Sustainability Solutions** as shown in the following table. We **otherwise re-affirm expectations** for the fourth quarter and full year.

	4Q 2025		FY 2025	
	October Guidance	Current Guidance	October Guidance	Current Guidance
Organic Growth				
Energy and Sustainability Solutions	(LSD)	(MSD) - (LSD)	Flat - Up	~Flat
Segment Margin				
Energy and Sustainability Solutions			Down (~1%) y/y	Down (~2%) y/y

How will the Flexjet-related charge impact fourth quarter guidance and results? What is the estimated cash impact of a settlement and will it occur in the fourth quarter as well?

On December 22, 2025, Honeywell provided an update on the previously announced Flexjet-related litigation based on negotiations to date. We expect to record a **one-time charge in the fourth quarter of 2025**, which will reduce fourth quarter and full-year 2025 GAAP sales by ~$310 million (a portion of the charge is accounted for as contra-revenue) and operating income by ~$370 million. However, **the charge will not impact non-GAAP financial metrics**. Given the one-time nature of its impact on sales, we provide adjusted sales as a non-GAAP metric as a useful measure of ongoing operations for investors.

We currently expect any settlements as part of the Flexjet-related litigation to include **one-time cash payments of approximately $470 million in total**. While negotiations on a settlement are progressing toward resolution, we are **not in a position to comment on the ultimate timing** of a potential settlement and resulting one-time cash payments.

Because the Flexjet-related charge will not impact our non-GAAP financial metrics, it **does not change our full-year or fourth quarter 2025 guidance**.

There can be no assurance that any settlements will be reached, and the foregoing financial impacts are subject to change based on the final terms of any such settlements.

Supplemental Sales and Segment Profit Information for New Segment Structure

($M)	Fiscal Year Ended Dec 31, 2024			Nine Months Ended Sept 30, 2025		
Net Sales			*Sales Mix (%)*			*Sales Mix (%)*
Aerospace Technologies	$	15,458	*45%*	$	12,990	*47%*
Building Automation	$	6,540	*19%*	$	5,396	*19%*
Process Automation and Technology	$	5,919	*17%*	$	4,656	*17%*
Industrial Automation	$	6,776	*19%*	$	4,618	*17%*
Corporate and All Other	$	24		$	24	
Total Net sales from continuing operations	**$**	**34,717**		**$**	**27,684**	
Segment Profit			*Segment Margin (%)*			*Segment Margin (%)*
Aerospace Technologies	$	3,988	*25.8%*	$	3,375	*26.0%*
Building Automation	$	1,681	*25.7%*	$	1,421	*26.3%*
Process Automation and Technology	$	1,464	*24.7%*	$	1,088	*23.4%*
Industrial Automation	$	1,113	*16.4%*	$	701	*15.2%*
Corporate and All Other	$	(579)		$	(377)	
Total segment profit from continuing operations	**$**	**7,667**	*22.1%*	**$**	**6,208**	*22.4%*

Impact from Reclassifying Advanced Materials to Discontinued Operations

($M)	Fiscal Year Ended Dec 31, 2024				Nine Months Ended Sept 30, 2025			
			Change vs. prior reporting				*Change vs. prior reporting*	
Net sales from continuing and discontinued operations	$	38,498			$	30,582		
Net sales from continuing operations	**$**	**34,717**	***$***	***(3,781)***	**$**	**27,684**	***$***	***(2,898)***
Segment profit from continuing and discontinued operations	$	8,699			$	7,031		
Segment profit from continuing operations	**$**	**7,667**	***$***	***(1,032)***	**$**	**6,208**	***$***	***(823)***
Segment margin from continuing and discontinued operations		22.6%				23.0%		
Segment margin from continuing operations		**22.1%**		***(50) bps***		**22.4%**		***(60) bps***

About Honeywell

Honeywell is an integrated operating company serving a broad range of industries and geographies around the world, with a portfolio that is underpinned by our Honeywell Accelerator operating system and Honeywell Forge platform. As a trusted partner, we help organizations solve the world's toughest, most complex challenges, providing actionable solutions and innovations for aerospace, building automation, industrial automation, process automation, and process technology, 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.

Forward Looking Statements

We describe many of the trends and other factors that drive our business and future results in this release. Such discussions contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, including statements related to the proposed separation of Automation and Aerospace Technologies, the realignment of the Company's reportable business segments, the Company's full year guidance, the accounting impact of any potential settlement of the Flexjet-related litigation matters, and the evaluation of strategic alternatives for the Productivity Solutions and Services and Warehouse and Workflow Solutions businesses. 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 the Company's realignment of its reportable business segments, the Company's current expectations, estimates, and projections regarding the proposed separation of Automation and Aerospace Technologies, the accounting impact of any potential settlements of the Flexjet-related litigation matters, and the evaluation of strategic alternatives for the Productivity Solutions and Services and Warehouse and Workflow Solutions businesses. 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 changes in or application of trade and tax laws and policies, including 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, 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 release can or will be achieved. These forward-looking statements should be considered in light of the information included in this release, our Form 10-K and other filings with the SEC. Any forward-looking plans described herein are not final and may be modified or abandoned at any time.*

Appendix

Non-GAAP Financial Measures

The following information provides definitions and reconciliations of certain non-GAAP financial measures presented in this press release 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.

Honeywell International Inc.

Reconciliation of Operating Income to Segment Profit, Calculation of Operating Income and Segment Profit Margins

(Unaudited)

(Dollars in millions)

	Nine Months Ended September 30, 2025		
	Total Company	Continuing Operations	Discontinued Operations[1]
Operating income	**$ 5,838**	**$ 5,048**	**$ 790**
Stock compensation expense[2]	154	146	8
Repositioning, Other[3,4]	564	545	19
Pension and other postretirement service costs[5]	48	45	3
Amortization of acquisition-related intangibles[6]	410	407	3
Acquisition-related costs[7]	2	2	—
Impairment of assets held for sale	15	15	—
Segment profit	**$ 7,031**	**$ 6,208**	**$ 823**
Operating income	$ 5,838	$ 5,048	$ 790
÷ Net sales	$ 30,582	$ 27,684	$ 2,898
Operating income margin %	**19.1 %**	**18.2 %**	**27.3 %**
Segment profit	$ 7,031	$ 6,208	$ 823
÷ Net sales	$ 30,582	$ 27,684	$ 2,898
Segment profit margin %	**23.0 %**	**22.4 %**	**28.4 %**

	Twelve Months Ended December 31, 2024		
	Total Company	Continuing Operations	Discontinued Operations[1]
Operating income	**$ 7,441**	**$ 6,449**	**$ 992**
Stock compensation expense[2]	194	189	5
Repositioning, Other[3,4]	292	265	27
Pension and other postretirement service costs[5]	65	61	4
Amortization of acquisition-related intangibles[6]	415	411	4
Acquisition-related costs[7]	25	25	—
Indefinite-lived intangible asset impairment[2]	48	48	—
Impairment of assets held for sale	219	219	—
Segment profit	**$ 8,699**	**$ 7,667**	**$ 1,032**
Operating income	$ 7,441	$ 6,449	$ 992
÷ Net sales	$ 38,498	$ 34,717	$ 3,781
Operating income margin %	**19.3 %**	**18.6 %**	**26.2 %**
Segment profit	$ 8,699	$ 7,667	$ 1,032
÷ Net sales	$ 38,498	$ 34,717	$ 3,781
Segment profit margin %	**22.6 %**	**22.1 %**	**27.3 %**

1 Effective October 30, 2025, Honeywell completed the spin-off of its AM business into an independent, publicly traded company, Solstice Advanced Materials. The AM business had historically been part of the Energy and Sustainability Systems reportable segment. In connection with the spin-off, the AM business is reported as discontinued operations in all periods presented.

2 Included in Selling, general and administrative expenses.

3 Includes repositioning, asbestos, environmental expenses, equity income adjustment, and other charges.

4 Included in Cost of products and services sold and Selling, general and administrative expenses.

5 Included in Cost of products and services sold, Research and development expenses, and Selling, general and administrative expenses.

6 Included in Cost of products and services sold.

7 Included in Other (income) expense. Includes acquisition-related fair value adjustments to inventory and third-party transaction and integration costs.

We define operating income as net sales less total cost of products and services sold, research and development expenses, impairment of assets held for sale, 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, amortization of acquisition-related intangibles, certain acquisition- and divestiture-related costs and impairments, 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 operating income to segment profit will be included within future filings.

Acquisition amortization and acquisition- and divestiture-related costs are significantly impacted by the timing, size, and number of acquisitions or divestitures we complete and are not on a predictable cycle and we make no comment as to when or whether any future acquisitions or divestitures may occur. We believe excluding these costs provides investors with a more meaningful comparison of operating performance over time and with both acquisitive and other peer companies.