

Honeywell International Inc.
Consolidated Statement of Operations (Unaudited)
(Dollars in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Product sales	\$ 5,743	\$ 6,990	\$ 12,048	\$ 13,703
Service sales	1,734	2,253	3,892	4,424
Net sales	<u>7,477</u>	<u>9,243</u>	<u>15,940</u>	<u>18,127</u>
Costs, expenses and other				
Cost of products sold (1)	4,163	4,848	8,537	9,470
Cost of services sold (1)	1,113	1,246	2,273	2,503
	<u>5,276</u>	<u>6,094</u>	<u>10,810</u>	<u>11,973</u>
Selling, general and administrative expenses (1)	1,183	1,387	2,421	2,750
Other (income) expense	(291)	(305)	(608)	(590)
Interest and other financial charges	90	85	163	170
	<u>6,258</u>	<u>7,261</u>	<u>12,786</u>	<u>14,303</u>
Income before taxes	1,219	1,982	3,154	3,824
Tax expense (benefit)	120	426	449	832
Net income	<u>1,099</u>	<u>1,556</u>	<u>2,705</u>	<u>2,992</u>
Less: Net income attributable to the noncontrolling interest	18	15	43	35
Net income attributable to Honeywell	<u>\$ 1,081</u>	<u>\$ 1,541</u>	<u>\$ 2,662</u>	<u>\$ 2,957</u>
Earnings per share of common stock - basic	<u>\$ 1.54</u>	<u>\$ 2.13</u>	<u>\$ 3.77</u>	<u>\$ 4.07</u>
Earnings per share of common stock - assuming dilution	<u>\$ 1.53</u>	<u>\$ 2.10</u>	<u>\$ 3.74</u>	<u>\$ 4.02</u>
Weighted average number of shares outstanding - basic	<u>702.3</u>	<u>723.2</u>	<u>705.9</u>	<u>726.4</u>
Weighted average number of shares outstanding - assuming dilution	<u>708.1</u>	<u>733.0</u>	<u>712.6</u>	<u>735.9</u>

(1) Cost of products and services sold and selling, general and administrative expenses include amounts for repositioning and other charges, the service cost component of pension and other postretirement (income) expense, and stock compensation expense.

Honeywell International Inc.
Segment Data (Unaudited)
(Dollars in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net Sales				
Aerospace	\$ 2,543	\$ 3,508	\$ 5,904	\$ 6,849
Honeywell Building Technologies	1,177	1,450	2,458	2,839
Performance Materials and Technologies	2,218	2,735	4,615	5,307
Safety and Productivity Solutions	1,539	1,550	2,963	3,132
Total	\$ 7,477	\$ 9,243	\$ 15,940	\$ 18,127

Reconciliation of Segment Profit to Income Before Taxes

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Segment Profit				
Aerospace	\$ 528	\$ 907	\$ 1,465	\$ 1,745
Honeywell Building Technologies	250	300	512	571
Performance Materials and Technologies	419	644	931	1,208
Safety and Productivity Solutions	213	191	391	403
Corporate	(25)	(72)	(66)	(148)
Total segment profit	1,385	1,970	3,233	3,779
Interest and other financial charges	(90)	(85)	(163)	(170)
Stock compensation expense (1)	(34)	(34)	(78)	(75)
Pension ongoing income (2)	198	148	396	299
Other postretirement income (2)	14	11	27	23
Repositioning and other charges (3,4)	(280)	(126)	(342)	(210)
Other (5)	26	98	81	178
Income before taxes	\$ 1,219	\$ 1,982	\$ 3,154	\$ 3,824

- (1) Amounts included in Selling, general and administrative expenses.
- (2) Amounts included in Cost of products and services sold and Selling, general and administrative expenses (service costs) and Other income/expense (non-service cost components).
- (3) Amounts included in Cost of products and services sold, Selling, general and administrative expenses, and Other income/expense.
- (4) Includes repositioning, asbestos, and environmental expenses.
- (5) Amounts include the other components of Other income/expense not included within other categories in this reconciliation. Equity income (loss) of affiliated companies is included in segment profit.

Honeywell International Inc.
Consolidated Balance Sheet (Unaudited)
(Dollars in millions)

	June 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,778	\$ 9,067
Short-term investments	1,349	1,349
Accounts receivable - net	6,717	7,493
Inventories	4,753	4,421
Other current assets	1,724	1,973
Total current assets	28,321	24,303
Investments and long-term receivables	626	588
Property, plant and equipment - net	5,327	5,325
Goodwill	15,518	15,563
Other intangible assets - net	3,551	3,734
Insurance recoveries for asbestos related liabilities	379	392
Deferred income taxes	106	86
Other assets	9,776	8,688
Total assets	<u>\$ 63,604</u>	<u>\$ 58,679</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 5,366	\$ 5,730
Commercial paper and other short-term borrowings	3,531	3,516
Current maturities of long-term debt	967	1,376
Accrued liabilities	7,477	7,476
Total current liabilities	17,341	18,098
Long-term debt	17,591	11,110
Deferred income taxes	1,461	1,670
Postretirement benefit obligations other than pensions	317	326
Asbestos related liabilities	1,894	1,996
Other liabilities	6,627	6,766
Redeemable noncontrolling interest	7	7
Shareowners' equity	18,366	18,706
Total liabilities, redeemable noncontrolling interest and shareowners' equity	<u>\$ 63,604</u>	<u>\$ 58,679</u>

Honeywell International Inc.
Consolidated Statement of Cash Flows (Unaudited)
(Dollars in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Cash flows from operating activities:				
Net income	\$ 1,099	\$ 1,556	\$ 2,705	\$ 2,992
Less: Net income attributable to the noncontrolling interest	18	15	43	35
Net income attributable to Honeywell	1,081	1,541	2,662	2,957
Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities:				
Depreciation	161	172	314	335
Amortization	89	123	179	221
Repositioning and other charges	280	126	342	210
Net payments for repositioning and other charges	(198)	(51)	(309)	(85)
Pension and other postretirement income	(211)	(159)	(423)	(322)
Pension and other postretirement benefit payments	(9)	(15)	(23)	(45)
Stock compensation expense	34	34	78	75
Deferred income taxes	(219)	(36)	(277)	44
Other	(106)	9	(285)	5
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:				
Accounts receivable	735	(100)	776	98
Inventories	(168)	(52)	(331)	(273)
Other current assets	(60)	(22)	106	(239)
Accounts payable	(310)	21	(364)	(8)
Accrued liabilities	381	87	(26)	(161)
Net cash provided by (used for) operating activities	<u>1,480</u>	<u>1,678</u>	<u>2,419</u>	<u>2,812</u>
Cash flows from investing activities:				
Expenditures for property, plant and equipment	(227)	(171)	(366)	(312)
Proceeds from disposals of property, plant and equipment	—	8	7	10
Increase in investments	(1,023)	(1,048)	(1,671)	(2,274)
Decrease in investments	746	1,367	1,589	2,163
Receipts (payments) from settlements of derivative contracts	(204)	110	83	70
Net cash provided by (used for) investing activities	<u>(708)</u>	<u>266</u>	<u>(358)</u>	<u>(343)</u>
Cash flows from financing activities:				
Proceeds from issuance of commercial paper and other short-term borrowings	3,710	3,796	7,165	7,114
Payments of commercial paper and other short-term borrowings	(3,721)	(3,796)	(7,094)	(7,115)
Proceeds from issuance of common stock	31	233	97	378
Proceeds from issuance of long-term debt	5,974	9	7,101	29
Payments of long-term debt	(93)	(71)	(1,218)	(84)
Repurchases of common stock	(62)	(1,900)	(1,985)	(2,650)
Cash dividends paid	(650)	(597)	(1,285)	(1,203)
Other	(2)	(2)	(40)	(32)
Net cash provided by (used for) financing activities	<u>5,187</u>	<u>(2,328)</u>	<u>2,741</u>	<u>(3,563)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	98	(16)	(91)	32
Net increase (decrease) in cash and cash equivalents	6,057	(400)	4,711	(1,062)
Cash and cash equivalents at beginning of period	7,721	8,625	9,067	9,287
Cash and cash equivalents at end of period	<u>\$13,778</u>	<u>\$ 8,225</u>	<u>\$13,778</u>	<u>\$ 8,225</u>

Honeywell International Inc.
Reconciliation of Organic Sales % Change (Unaudited)

	Three Months Ended June 30, 2020
Honeywell	
Reported sales % change	(19)%
Less: Foreign currency translation	(1)%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	(18)%
Aerospace	
Reported sales % change	(28)%
Less: Foreign currency translation	—%
Less: Acquisitions, divestitures and other, net	(1)%
Organic sales % change	(27)%
Honeywell Building Technologies	
Reported sales % change	(19)%
Less: Foreign currency translation	(2)%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	(17)%
Performance Materials and Technologies	
Reported sales % change	(19)%
Less: Foreign currency translation	(2)%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	(17)%
Safety and Productivity Solutions	
Reported sales % change	(1)%
Less: Foreign currency translation	(2)%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	1%

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. We believe this measure is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Honeywell International Inc.

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income
Margins (Unaudited)
(Dollars in millions)

	Three Months Ended June 30,	
	2020	2019
Segment profit	\$ 1,385	\$ 1,970
Stock compensation expense (1)	(34)	(34)
Repositioning, Other (2,3)	(295)	(137)
Pension and other postretirement service costs (4)	(38)	(37)
Operating income	<u>\$ 1,018</u>	<u>\$ 1,762</u>
Segment profit	\$ 1,385	\$ 1,970
÷ Net sales	<u>\$ 7,477</u>	<u>\$ 9,243</u>
Segment profit margin %	<u>18.5 %</u>	<u>21.3 %</u>
Operating income	\$ 1,018	\$ 1,762
÷ Net sales	<u>\$ 7,477</u>	<u>\$ 9,243</u>
Operating income margin %	<u>13.6 %</u>	<u>19.1 %</u>

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

(2) Includes repositioning, asbestos, environmental expenses and equity income adjustment.

(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 as operating income, excluding stock compensation expense, pension and other postretirement service costs, and repositioning and other charges. We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Honeywell International Inc.
Reconciliation of Earnings per Share to Adjusted Earnings per Share (Unaudited)

	Three Months Ended June 30,	
	June 30, 2020	June 30, 2019
Earnings per share of common stock - assuming dilution (1)	\$ 1.53	\$ 2.10
Separation-related tax adjustment (2)	(0.27)	—
Adjusted earnings per share of common stock - assuming dilution	<u>\$ 1.26</u>	<u>\$ 2.10</u>

(1) For the three months ended June 30, 2020 and 2019, adjusted earnings per share utilizes weighted average shares of approximately 708.1 million and 733.0 million.

(2) For the three months ended June 30, 2020, separation-related tax adjustment of \$186 million (\$186 million net of tax) includes the favorable resolution of a foreign tax matter related to the spin-off transactions.

We believe adjusted earnings per share, excluding spin-off impact, is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. For forward looking information, management cannot reliably predict or estimate, without unreasonable effort, the pension mark-to-market expense as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. We therefore do not include an estimate for the pension mark-to-market expense. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change.

Honeywell International Inc.

Reconciliation of Cash Provided by Operating Activities to Adjusted Free Cash Flow and Calculation of Adjusted Free Cash Flow Conversion (Unaudited)
(Dollars in millions)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019
Cash provided by operating activities	\$ 1,480	\$ 1,678
Expenditures for property, plant and equipment	(227)	(171)
Free cash flow	1,253	1,507
Separation cost payments	—	28
Adjusted free cash flow	\$ 1,253	\$ 1,535
Net income attributable to Honeywell	1,081	1,541
Separation-related tax adjustment	(186)	—
Adjusted net income attributable to Honeywell	\$ 895	\$ 1,541
Cash provided by operating activities	\$ 1,480	\$ 1,678
÷ Net income (loss) attributable to Honeywell	\$ 1,081	\$ 1,541
Operating cash flow conversion	137 %	109 %
Adjusted free cash flow	\$ 1,253	\$ 1,535
÷ Adjusted net income attributable to Honeywell	\$ 895	\$ 1,541
Adjusted free cash flow conversion %	140 %	100 %

We define free cash flow as cash provided by operating activities less cash expenditures for property, plant and equipment.

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