

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

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Product sales	\$ 6,233	\$ 5,885	\$ 19,281	\$ 17,933
Service sales	2,240	1,912	6,454	5,804
Net sales	<u>8,473</u>	<u>7,797</u>	<u>25,735</u>	<u>23,737</u>
Costs, expenses and other				
Cost of products sold ⁽¹⁾	4,463	4,315	13,748	12,852
Cost of services sold ⁽¹⁾	1,283	1,068	3,710	3,341
	<u>5,746</u>	<u>5,383</u>	<u>17,458</u>	<u>16,193</u>
Selling, general and administrative expenses ⁽¹⁾	1,152	1,103	3,595	3,524
Other (income) expense	(215)	62	(1,023)	(546)
Interest and other financial charges	90	101	263	264
	<u>6,773</u>	<u>6,649</u>	<u>20,293</u>	<u>19,435</u>
Income before taxes	1,700	1,148	5,442	4,302
Tax expense (benefit)	427	367	1,274	816
Net income	1,273	781	4,168	3,486
Less: Net income attributable to the noncontrolling interest	16	23	54	66
Net income attributable to Honeywell	<u>\$ 1,257</u>	<u>\$ 758</u>	<u>\$ 4,114</u>	<u>\$ 3,420</u>
Earnings per share of common stock - basic	<u>\$ 1.82</u>	<u>\$ 1.08</u>	<u>\$ 5.93</u>	<u>\$ 4.85</u>
Earnings per share of common stock - assuming dilution	<u>\$ 1.80</u>	<u>\$ 1.07</u>	<u>\$ 5.86</u>	<u>\$ 4.81</u>
Weighted average number of shares outstanding - basic	<u>690.6</u>	<u>702.6</u>	<u>693.6</u>	<u>704.8</u>
Weighted average number of shares outstanding - assuming dilution	<u>698.9</u>	<u>709.6</u>	<u>702.0</u>	<u>711.6</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)

<u>Net Sales</u>	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Aerospace	\$ 2,732	\$ 2,662	\$ 8,130	\$ 8,566
Honeywell Building Technologies	1,370	1,305	4,135	3,763
Performance Materials and Technologies	2,510	2,252	7,408	6,867
Safety and Productivity Solutions	1,861	1,578	6,062	4,541
Total	<u>\$ 8,473</u>	<u>\$ 7,797</u>	<u>\$ 25,735</u>	<u>\$ 23,737</u>

Reconciliation of Segment Profit to Income Before Taxes

<u>Segment Profit</u>	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Aerospace	\$ 740	\$ 617	\$ 2,212	\$ 2,082
Honeywell Building Technologies	322	282	942	794
Performance Materials and Technologies	558	442	1,522	1,373
Safety and Productivity Solutions	245	219	840	610
Corporate	(72)	(7)	(155)	(73)
Total segment profit	<u>1,793</u>	<u>1,553</u>	<u>5,361</u>	<u>4,786</u>
Interest and other financial charges	(90)	(101)	(263)	(264)
Stock compensation expense ⁽¹⁾	(56)	(40)	(172)	(118)
Pension ongoing income ⁽²⁾	261	197	809	593
Other postretirement income ⁽²⁾	18	13	53	40
Repositioning and other charges ^(3,4)	(96)	(144)	(338)	(486)
Other ⁽⁵⁾	(130)	(330)	(8)	(249)
Income before taxes	<u>\$ 1,700</u>	<u>\$ 1,148</u>	<u>\$ 5,442</u>	<u>\$ 4,302</u>

(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 of affiliated companies is included in segment profit.

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,087	\$ 14,275
Short-term investments	1,049	945
Accounts receivable - net	7,239	6,827
Inventories	4,967	4,489
Other current assets	1,691	1,639
Total current assets	26,033	28,175
Investments and long-term receivables	1,243	685
Property, plant and equipment - net	5,514	5,570
Goodwill	16,963	16,058
Other intangible assets - net	3,637	3,560
Insurance recoveries for asbestos related liabilities	330	366
Deferred income taxes	760	760
Other assets	9,711	9,412
Total assets	<u>\$ 64,191</u>	<u>\$ 64,586</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 6,116	\$ 5,750
Commercial paper and other short-term borrowings	3,559	3,597
Current maturities of long-term debt	3,344	2,445
Accrued liabilities	7,188	7,405
Total current liabilities	20,207	19,197
Long-term debt	14,346	16,342
Deferred income taxes	2,372	2,113
Postretirement benefit obligations other than pensions	225	242
Asbestos-related liabilities	1,765	1,920
Other liabilities	7,155	6,975
Redeemable noncontrolling interest	7	7
Shareowners' equity	18,114	17,790
Total liabilities, redeemable noncontrolling interest and shareowners' equity	<u>\$ 64,191</u>	<u>\$ 64,586</u>

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

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:				
Net income	\$ 1,273	\$ 781	\$ 4,168	\$ 3,486
Less: Net income attributable to the noncontrolling interest	16	23	54	66
Net income attributable to Honeywell	1,257	758	4,114	3,420
Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities:				
Depreciation	171	166	506	480
Amortization	137	89	427	268
Gain on sale of non-strategic businesses and assets	(5)	—	(95)	—
Repositioning and other charges	96	144	338	486
Net payments for repositioning and other charges	(147)	(343)	(505)	(652)
Pension and other postretirement income	(279)	(210)	(862)	(633)
Pension and other postretirement benefit payments	(2)	(14)	(29)	(37)
Stock compensation expense	56	40	172	118
Deferred income taxes	88	(12)	189	(289)
Reimbursement receivables charge	—	350	—	350
Other	171	(84)	(106)	(369)
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:				
Accounts receivable	(292)	(161)	(419)	615
Inventories	(245)	47	(516)	(284)
Other current assets	(226)	140	(324)	246
Accounts payable	(23)	(96)	379	(460)
Accrued liabilities	362	193	106	167
Net cash provided by operating activities	1,119	1,007	3,375	3,426
Cash flows from investing activities:				
Expenditures for property, plant and equipment	(208)	(249)	(614)	(615)
Proceeds from disposals of property, plant and equipment	4	10	18	17
Increase in investments	(592)	(700)	(1,989)	(2,371)
Decrease in investments	575	1,045	1,906	2,634
Receipts from Garrett Motion Inc.	—	—	375	—
Receipts (payments) from settlements of derivative contracts	111	(158)	88	(75)
Cash paid for acquisitions, net of cash acquired	(7)	—	(1,334)	—
Proceeds from sales of businesses, net of fees paid	13	—	203	—
Net cash used for investing activities	(104)	(52)	(1,347)	(410)
Cash flows from financing activities:				
Proceeds from issuance of commercial paper and other short-term borrowings	1,282	1,412	3,640	8,577
Payments of commercial paper and other short-term borrowings	(1,282)	(1,418)	(3,637)	(8,512)
Proceeds from issuance of common stock	57	66	171	163
Proceeds from issuance of long-term debt	2,482	3,004	2,509	10,105
Payments of long-term debt	(2,520)	(3,019)	(3,355)	(4,237)
Repurchases of common stock	(650)	(164)	(2,499)	(2,149)
Cash dividends paid	(646)	(636)	(1,950)	(1,921)
Other	(41)	(14)	(74)	(54)
Net cash provided by (used for) financing activities	(1,318)	(769)	(5,195)	1,972
Effect of foreign exchange rate changes on cash and cash equivalents	(37)	72	(21)	(19)
Net increase (decrease) in cash and cash equivalents	(340)	258	(3,188)	4,969
Cash and cash equivalents at beginning of period	11,427	13,778	14,275	9,067
Cash and cash equivalents at end of period	\$ 11,087	\$ 14,036	\$ 11,087	\$ 14,036

- MORE -

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

	Three Months Ended September 30, 2021
Honeywell	
Reported sales % change	9%
Less: Foreign currency translation	1%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	8%
Aerospace	
Reported sales % change	3%
Less: Foreign currency translation	—%
Less: Acquisitions, divestitures and other, net	1%
Organic sales % change	2%
Honeywell Building Technologies	
Reported sales % change	5%
Less: Foreign currency translation	2%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	3%
Performance Materials and Technologies	
Reported sales % change	11%
Less: Foreign currency translation	1%
Less: Acquisitions, divestitures and other, net	1%
Organic sales % change	9%
Safety and Productivity Solutions	
Reported sales % change	18%
Less: Foreign currency translation	1%
Less: Acquisitions, divestitures and other, net	(4)%
Organic sales % change	21%

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.

Honeywell International Inc.

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

	<u>Three Months Ended September 30,</u>		<u>Twelve Months</u>
	<u>2021</u>	<u>2020</u>	<u>Ended</u>
			<u>December 31,</u>
			<u>2020</u>
Segment profit	\$ 1,793	\$ 1,553	\$ 6,665
Stock compensation expense ⁽¹⁾	(56)	(40)	(168)
Repositioning, Other ^(2,3)	(117)	(161)	(641)
Pension and other postretirement service costs ⁽⁴⁾	(45)	(41)	(160)
Operating income	\$ 1,575	\$ 1,311	\$ 5,696
Segment profit	\$ 1,793	\$ 1,553	\$ 6,665
÷ Net sales	\$ 8,473	\$ 7,797	\$ 32,637
Segment profit margin %	21.2 %	19.9 %	20.4 %
Operating income	\$ 1,575	\$ 1,311	\$ 5,696
÷ Net sales	\$ 8,473	\$ 7,797	\$ 32,637
Operating income margin %	18.6 %	16.8 %	17.5 %

(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.

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.

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

	Three Months Ended September 30,		Twelve Months Ended December 31,
	2021	2020	2020
Earnings per share of common stock - assuming dilution ⁽¹⁾	\$ 1.80	\$ 1.07	\$ 6.72
Pension mark-to-market expense ⁽²⁾	—	—	0.04
Separation related tax adjustment ⁽³⁾	—	—	(0.26)
Changes in fair value for Garrett equity securities ⁽⁴⁾	—	—	—
Garrett-related adjustments ⁽⁵⁾	—	0.49	0.60
Gain on sale of retail footwear business ⁽⁶⁾	(0.01)	—	—
Expense related to UOP Matters ⁽⁷⁾	0.23	—	—
Adjusted earnings per share of common stock - assuming dilution	\$ 2.02	\$ 1.56	\$ 7.10

- (1) For the three months ended September 30, 2021 and 2020, adjusted earnings per share utilizes weighted average shares of approximately 698.9 million and 709.6 million. For the twelve months ended December 31, 2020, adjusted earnings per share utilizes weighted average shares of 711.2 million.
- (2) Pension mark-to-market expense uses a blended tax rate of 25% for 2020.
- (3) For the twelve months ended December 31, 2020, separation related tax adjustment of \$186 million, net of tax, includes the favorable resolution of a foreign tax matter related to the spin-off transactions.
- (4) For the three months ended September 30, 2021, the adjustment was \$2 million net of tax due to changes in fair value for Garrett equity securities.
- (5) For the three months ended September 30, 2020, the adjustment was \$350 million net of tax due to the non-cash charges associated with the reduction in value of reimbursement receivables due from Garrett. For the twelve months ended December 31, 2020, the adjustment was \$427 million net of tax due to the non-cash charges associated with the reduction in value of reimbursement receivables due from Garrett, net of proceeds from settlement of related hedging transactions.
- (6) For the three months ended September 30, 2021, the adjustment was \$4 million net of tax due to the gain on sale of the retail footwear business.
- (7) For the three months ended September 30, 2021, the adjustment was \$160 million with no tax benefit due to an expense related to UOP matters.

We continue to cooperate with investigations by the U.S. Department of Justice (DOJ), the Securities and Exchange Commission (SEC) and the Brazilian authorities relating to our use of third parties who previously worked for our UOP business in Brazil in relation to Petr leo Brasileiro S.A. (Petrobras) in connection with a project awarded in 2010. The investigations focus on compliance with the U.S. Foreign Corrupt Practices Act and similar Brazilian laws (the UOP Matters), and involve, among other things, document production and interviews with former and current management and employees. The DOJ and the SEC are also examining a matter involving a foreign subsidiary's prior contract with Unaoil S.A.M. in Algeria executed in 2011. We continue to be engaged in discussions with the authorities with respect to a potential comprehensive resolution of these matters.

As the discussions are both ongoing and at different stages with regards to each respective authority, there can be no assurance as to whether we will reach a resolution with such authorities or as to the potential timing, terms, or collateral consequences of any such resolution. As a result, we cannot predict the ultimate outcome of these UOP Matters or the potential impact on the Company. Based on available information to date, we estimate that a potential comprehensive resolution of these UOP Matters would result in a probable loss of at least \$160 million, and we have recorded a charge in this amount in our Consolidated Statement of Operations, and have accrued a corresponding liability on the Consolidated Balance Sheet.

Honeywell International Inc.

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

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020
Cash provided by operating activities	\$ 1,119	\$ 1,007
Expenditures for property, plant and equipment	(208)	(249)
Garrett cash receipts	—	—
Free cash flow	911	758
Net income attributable to Honeywell	1,257	758
Changes in fair value for Garrett equity securities ⁽¹⁾	2	—
Garrett related adjustment ⁽²⁾	—	350
Gain on sale of retail footwear business ⁽³⁾	(4)	—
Expense related to UOP Matters ⁽⁴⁾	160	—
Adjusted net income attributable to Honeywell	\$ 1,415	\$ 1,108
Cash provided by operating activities	\$ 1,119	\$ 1,007
÷ Net income (loss) attributable to Honeywell	\$ 1,257	\$ 758
Operating cash flow conversion %	89 %	133 %
Free cash flow	\$ 911	\$ 758
÷ Adjusted net income attributable to Honeywell	\$ 1,415	\$ 1,108
Adjusted free cash flow conversion %	64 %	68 %

(1) The adjustment due to changes in fair value for Garrett equity securities.

(2) For the three months ended September 30, 2020, the adjustment was \$350 million net of tax due to the noncash charge associated with the reduction in value of reimbursement receivables due from Garrett.

(3) The adjustment due to a after-tax gain on sale of the retail footwear business.

(4) The adjustment due to an expense related to UOP matters.

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 believe that free cash flow is a non-GAAP metric 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 metric 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. For forward looking information, we do not provide cash flow conversion guidance on a GAAP basis as management cannot reliably predict or estimate, without unreasonable effort, the pension mark-to-market expense and the changes in fair value for Garrett equity securities. Pension mark-to-market is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change. Changes in fair value of Garrett equity securities cannot be forecasted due to the inherent nature of changing conditions in the overall market.

Honeywell International Inc.
Reconciliation of Cash Provided by Operating Activities to Free Cash Flow (Unaudited)

	Twelve Months Ended December 31, 2021(E) (\$B)
Cash provided by operating activities	~\$5.9 - \$6.2
Expenditures for property, plant and equipment	~(1)
Garrett cash receipts	0.4
Free cash flow	<u>~\$5.3 - \$5.6</u>

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 believe that free cash flow is a non-GAAP metric 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 metric 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. For forward looking information, we do not provide cash flow conversion guidance on a GAAP basis as management cannot reliably predict or estimate, without unreasonable effort, the pension mark-to-market expense or changes in fair value of Garrett equity securities. Pension mark-to-market is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change. Changes in fair value of Garrett equity securities cannot be forecasted due to the inherent nature of changing conditions in the overall market.

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

	Twelve Months Ended December 31, 2021(E)
Earnings per share of common stock - assuming dilution ⁽¹⁾	\$7.87 - \$7.97
Gain on sale of retail footwear business ⁽²⁾	(0.11)
Garrett-related adjustments ⁽³⁾	0.01
Expense related to UOP Matters ⁽⁴⁾	0.23
Adjusted earnings per share of common stock - assuming dilution	\$8.00 - \$8.10

- (1) For the twelve months ended December 31, 2021, expected earnings per share utilizes weighted average shares of approximately 701 million.
- (2) For the twelve months ended December 31, 2021, the adjustment was \$76 million net of tax due to the gain on sale of the retail footwear business.
- (3) For the twelve months ended December 31, 2021, adjustment was \$7 million net of tax due to a non-cash charge associated with a further reduction in value of reimbursement receivables following Garrett's emergence from bankruptcy on April 30, 2021.
- (4) For the twelve months ended December 31, 2021, adjustment was \$160 million with no tax benefit due to an expense related to UOP matters.

We believe adjusted earnings per share 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 any potential future one-time items, such as pension mark-to-market or changes in fair value for Garrett equity securities, without unreasonable effort. Pension mark-to-market expense is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change. Changes in fair value for Garrett equity securities cannot be forecasted due to the inherent nature of changing conditions in the overall market.