

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Product sales	\$ 6,804	\$ 7,133	\$ 24,737	\$ 27,629
Service sales	2,096	2,363	7,900	9,080
Net sales	8,900	9,496	32,637	36,709
Costs, expenses and other				
Cost of products sold <sup>(1)</sup>	4,786	5,025	17,638	19,269
Cost of services sold <sup>(1)</sup>	1,190	1,303	4,531	5,070
	5,976	6,328	22,169	24,339
Selling, general and administrative expenses <sup>(1)</sup>	1,248	1,473	4,772	5,519
Other (income) expense	(129)	(164)	(675)	(1,065)
Interest and other financial charges	95	91	359	357
	7,190	7,728	26,625	29,150
Income before taxes	1,710	1,768	6,012	7,559
Tax expense	331	178	1,147	1,329
Net income	1,379	1,590	4,865	6,230
Less: Net income attributable to the noncontrolling interest	20	28	86	87
Net income attributable to Honeywell	\$ 1,359	\$ 1,562	\$ 4,779	\$ 6,143
Earnings per share of common stock - basic	\$ 1.94	\$ 2.19	\$ 6.79	\$ 8.52
Earnings per share of common stock - assuming dilution	\$ 1.91	\$ 2.16	\$ 6.72	\$ 8.41
Weighted average number of shares outstanding - basic	701.8	713.5	704.1	721.0
Weighted average number of shares outstanding - assuming dilution	710.0	722.6	711.2	730.3

- (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 December 31,</u>		<u>Twelve Months Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Aerospace	\$ 2,978	\$ 3,661	\$ 11,544	\$ 14,054
Honeywell Building Technologies	1,426	1,463	5,189	5,717
Performance Materials and Technologies	2,556	2,857	9,423	10,834
Safety and Productivity Solutions	1,940	1,515	6,481	6,104
<b>Total</b>	<b>\$ 8,900</b>	<b>\$ 9,496</b>	<b>\$ 32,637</b>	<b>\$ 36,709</b>

Reconciliation of Segment Profit to Income Before Taxes

<u>Segment Profit</u>	<u>Three Months Ended December 31,</u>		<u>Twelve Months Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Aerospace	\$ 822	\$ 954	\$ 2,904	\$ 3,607
Honeywell Building Technologies	305	297	1,099	1,165
Performance Materials and Technologies	478	643	1,851	2,433
Safety and Productivity Solutions	297	192	907	790
Corporate	(23)	(54)	(96)	(256)
Total segment profit	1,879	2,032	6,665	7,739
Interest and other financial charges	(95)	(91)	(359)	(357)
Stock compensation expense <sup>(1)</sup>	(50)	(41)	(168)	(153)
Pension ongoing income <sup>(2)</sup>	192	143	785	592
Pension mark-to-market expense	(44)	(123)	(44)	(123)
Other postretirement income <sup>(2)</sup>	17	12	57	47
Repositioning and other charges <sup>(3,4)</sup>	(89)	(240)	(575)	(546)
Other <sup>(5)</sup>	(100)	76	(349)	360
<b>Income before taxes</b>	<b>\$ 1,710</b>	<b>\$ 1,768</b>	<b>\$ 6,012</b>	<b>\$ 7,559</b>

- (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)

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 14,275	\$ 9,067
Short-term investments	945	1,349
Accounts receivable—net	6,827	7,493
Inventories	4,489	4,421
Other current assets	1,639	1,973
Total current assets	28,175	24,303
Investments and long-term receivables	685	588
Property, plant and equipment—net	5,570	5,325
Goodwill	16,058	15,563
Other intangible assets—net	3,560	3,734
Insurance recoveries for asbestos related liabilities	366	392
Deferred income taxes	760	86
Other assets	9,412	8,688
Total assets	<u>\$ 64,586</u>	<u>\$ 58,679</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 5,750	\$ 5,730
Commercial paper and other short-term borrowings	3,597	3,516
Current maturities of long-term debt	2,445	1,376
Accrued liabilities	7,405	7,476
Total current liabilities	19,197	18,098
Long-term debt	16,342	11,110
Deferred income taxes	2,113	1,670
Postretirement benefit obligations other than pensions	242	326
Asbestos related liabilities	1,920	1,996
Other liabilities	6,975	6,766
Redeemable noncontrolling interest	7	7
Shareowners' equity	17,790	18,706
Total liabilities, redeemable noncontrolling interest and shareowners' equity	<u>\$ 64,586</u>	<u>\$ 58,679</u>

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

	<u>Three Months Ended</u> <u>December 31,</u>		<u>Twelve Months Ended</u> <u>December 31,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>				
Net income	\$ 1,379	\$ 1,590	\$ 4,865	\$ 6,230
Less: Net income attributable to the noncontrolling interest	20	28	86	87
Net income attributable to Honeywell	1,359	1,562	4,779	6,143
Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities:				
Depreciation	164	173	644	673
Amortization	90	96	358	415
Repositioning and other charges	89	240	575	546
Net payments for repositioning and other charges	(181)	(219)	(833)	(376)
Pension and other postretirement income	(165)	(32)	(798)	(516)
Pension and other postretirement benefit payments	(10)	(28)	(47)	(78)
Stock compensation expense	50	41	168	153
Deferred income taxes	114	477	(175)	179
Reimbursement receivables charge	159	—	509	—
Other	34	(384)	(335)	(286)
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:				
Accounts receivable	54	89	669	11
Inventories	217	176	(67)	(100)
Other current assets	(55)	(362)	191	(430)
Accounts payable	475	207	15	118
Accrued liabilities	388	578	555	445
Net cash provided by (used for) operating activities	<u>2,782</u>	<u>2,614</u>	<u>6,208</u>	<u>6,897</u>
<b>Cash flows from investing activities:</b>				
Expenditures for property, plant and equipment	(291)	(335)	(906)	(839)
Proceeds from disposals of property, plant and equipment	40	2	57	43
Increase in investments	(865)	(1,035)	(3,236)	(4,253)
Decrease in investments	874	1,146	3,508	4,464
Receipts (payments) from settlements of derivative contracts	(74)	(143)	(149)	102
Cash paid for acquisitions, net of cash acquired	(261)	(46)	(261)	(50)
Net cash provided by (used for) investing activities	<u>(577)</u>	<u>(411)</u>	<u>(987)</u>	<u>(533)</u>
<b>Cash flows from financing activities:</b>				
Proceeds from issuance of commercial paper and other short-term borrowings	1,897	3,907	10,474	14,199
Payments of commercial paper and other short-term borrowings	(1,888)	(3,906)	(10,400)	(14,199)
Proceeds from issuance of common stock	230	73	393	498
Proceeds from issuance of long-term debt	20	1	10,125	2,726
Payments of long-term debt	(71)	(2,783)	(4,308)	(2,903)
Repurchases of common stock	(1,565)	(750)	(3,714)	(4,400)
Cash dividends paid	(671)	(644)	(2,592)	(2,442)
Other	(5)	(7)	(59)	(79)
Net cash provided by (used for) financing activities	<u>(2,053)</u>	<u>(4,109)</u>	<u>(81)</u>	<u>(6,600)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	87	65	68	16
Net increase (decrease) in cash and cash equivalents	239	(1,841)	5,208	(220)
Cash and cash equivalents at beginning of period	14,036	10,908	9,067	9,287
Cash and cash equivalents at end of period	<u>\$ 14,275</u>	<u>\$ 9,067</u>	<u>\$ 14,275</u>	<u>\$ 9,067</u>

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

	Three Months Ended December 31, 2020	Twelve Months Ended December 31, 2020
<b>Honeywell</b>		
Reported sales % change	(6)%	(11)%
Less: Foreign currency translation	1%	—%
Less: Acquisitions, divestitures and other, net	—%	—%
Organic sales % change	<u>(7)%</u>	<u>(11)%</u>
<b>Aerospace</b>		
Reported sales % change	(19)%	(18)%
Less: Foreign currency translation	—%	—%
Less: Acquisitions, divestitures and other, net	—%	—%
Organic sales % change	<u>(19)%</u>	<u>(18)%</u>
<b>Honeywell Building Technologies</b>		
Reported sales % change	(3)%	(9)%
Less: Foreign currency translation	1%	—%
Less: Acquisitions, divestitures and other, net	—%	—%
Organic sales % change	<u>(4)%</u>	<u>(9)%</u>
<b>Performance Materials and Technologies</b>		
Reported sales % change	(11)%	(13)%
Less: Foreign currency translation	1%	—%
Less: Acquisitions, divestitures and other, net	—%	—%
Organic sales % change	<u>(12)%</u>	<u>(13)%</u>
<b>Safety and Productivity Solutions</b>		
Reported sales % change	28%	6%
Less: Foreign currency translation	1%	—%
Less: Acquisitions, divestitures and other, net	—%	—%
Organic sales % change	<u>27%</u>	<u>6%</u>

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.

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)

	Three Months Ended December 31,		Three Months Ended September 30, 2020	Twelve Months Ended December 31,	
	2020	2019		2020	2019
Segment profit	\$ 1,879	\$ 2,032	\$ 1,553	\$ 6,665	\$ 7,739
Stock compensation expense <sup>(1)</sup>	(50)	(41)	(40)	(168)	(153)
Repositioning, Other <sup>(2,3)</sup>	(111)	(259)	(161)	(641)	(598)
Pension and other postretirement service costs <sup>(4)</sup>	(42)	(37)	(41)	(160)	(137)
Operating income	<u>\$ 1,676</u>	<u>\$ 1,695</u>	<u>\$ 1,311</u>	<u>\$ 5,696</u>	<u>\$ 6,851</u>
Segment profit	\$ 1,879	\$ 2,032	\$ 1,553	\$ 6,665	\$ 7,739
÷ Net sales	<u>\$ 8,900</u>	<u>\$ 9,496</u>	<u>\$ 7,797</u>	<u>\$ 32,637</u>	<u>\$ 36,709</u>
Segment profit margin %	<u>21.1 %</u>	<u>21.4 %</u>	<u>19.9 %</u>	<u>20.4 %</u>	<u>21.1 %</u>
Operating income	\$ 1,676	\$ 1,695	\$ 1,311	\$ 5,696	\$ 6,851
÷ Net sales	<u>\$ 8,900</u>	<u>\$ 9,496</u>	<u>\$ 7,797</u>	<u>\$ 32,637</u>	<u>\$ 36,709</u>
Operating income margin %	<u>18.8 %</u>	<u>17.8 %</u>	<u>16.8 %</u>	<u>17.5 %</u>	<u>18.7 %</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.

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 and Adjusted Earnings per Share Excluding Spin-off Impact (Unaudited)

	Three Months Ended December 31,		Three Months Ended September 30, 2020	Twelve Months Ended December 31,	
	2020	2019		2020	2019
Earnings per share of common stock - assuming dilution <sup>(1)</sup>	\$ 1.91	\$ 2.16	\$ 1.07	\$ 6.72	\$ 8.41
Pension mark-to-market expense <sup>(2)</sup>	0.05	0.13	—	0.04	0.13
Separation related tax adjustment <sup>(3)</sup>	—	—	—	(0.26)	—
Impacts from U.S. Tax Reform	—	(0.23)	—	—	(0.38)
Garrett related adjustment <sup>(4)(5)</sup>	0.11	—	0.49	0.60	—
Adjusted earnings per share of common stock - assuming dilution	\$ 2.07	\$ 2.06	\$ 1.56	\$ 7.10	\$ 8.16

- (1) For the three months ended December 31, 2020 and 2019, adjusted earnings per share utilizes weighted average shares of approximately 710.0 million and 722.6 million. For the twelve months ended December 31, 2020 and 2019, adjusted earnings per share utilizes weighted average shares of approximately 711.2 million and 730.3 million. For the three months ended September 30, 2020, adjusted earnings per share utilizes weighted average shares of approximately 709.6 million.
- (2) Pension mark-to-market expense uses a blended tax rate of 25% and 24% for 2020 and 2019.
- (3) For the twelve months ended December 31, 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.
- (4) For the three months ended September 30, 2020, the adjustment was \$350 million net of tax due to the non-cash charge associated with the reduction in value of reimbursement receivables due from Garrett.
- (5) For the three and twelve months ended December 31, 2020, adjustments were \$77 million and \$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.

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 December 31, 2020	Three Months Ended December 31, 2019	Three Months Ended September 30, 2020	Twelve Months Ended December 31, 2020	Twelve Months Ended December 31, 2019
Cash provided by operating activities	\$ 2,782	\$ 2,614	\$ 1,007	\$ 6,208	\$ 6,897
Expenditures for property, plant and equipment	(291)	(335)	(249)	(906)	(839)
Free cash flow	2,491	2,279	758	5,302	6,058
Separation cost payments	—	13	—	—	213
Adjusted free cash flow	<u>\$ 2,491</u>	<u>\$ 2,292</u>	<u>\$ 758</u>	<u>\$ 5,302</u>	<u>\$ 6,271</u>
Net income attributable to Honeywell	\$ 1,359	\$ 1,562	\$ 758	\$ 4,779	\$ 6,143
Separation related tax adjustment	—	—	—	(186)	—
Impacts from U.S. Tax Reform	—	(167)	—	—	(281)
Pension mark-to-market	33	94	—	33	94
Garrett related adjustment <sup>(1)(2)</sup>	77	—	350	427	—
Adjusted net income attributable to	<u>\$ 1,469</u>	<u>\$ 1,489</u>	<u>\$ 1,108</u>	<u>\$ 5,053</u>	<u>\$ 5,956</u>
Cash provided by operating activities	\$ 2,782	\$ 2,614	\$ 1,007	\$ 6,208	\$ 6,897
÷ Net income (loss) attributable to	<u>\$ 1,359</u>	<u>\$ 1,562</u>	<u>\$ 758</u>	<u>\$ 4,779</u>	<u>\$ 6,143</u>
Operating cash flow conversion	205 %	167 %	133 %	130 %	112 %
Adjusted free cash flow	<u>\$ 2,491</u>	<u>\$ 2,292</u>	<u>\$ 758</u>	<u>\$ 5,302</u>	<u>\$ 6,271</u>
÷ Adjusted net income attributable to Honeywell	<u>\$ 1,469</u>	<u>\$ 1,489</u>	<u>\$ 1,108</u>	<u>\$ 5,053</u>	<u>\$ 5,956</u>
Adjusted free cash flow conversion %	<u>170 %</u>	<u>154 %</u>	<u>68 %</u>	<u>105 %</u>	<u>105 %</u>

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

(2) For the three and twelve months ended December 31, 2020, adjustments were \$77 million and \$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.

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.



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

	<b>Twelve Months Ended December 31, 2021(E) (\$B)</b>
Cash provided by operating activities	~\$5.7 - \$6.1
Expenditures for property, plant and equipment	~(1)
Garrett cash receipts	0.4
Free cash flow	<u>~\$5.1 - \$5.5</u>

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

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 as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets.

Should the proposed reorganization plan contemplated in the Plan Support Agreement signed by Centerbridge, Oaktree, Honeywell, Garrett and certain other parties thereto (the "Reorganization Plan") be confirmed by the bankruptcy court, we will revise our definition of free cash flow to include cash payments from Garrett to Honeywell. We believe this revised definition will be useful to investors and management because, under the IRA and TMA, cash reimbursements from Garrett were classified as cash flow from operations, which offset cash payments made by the Company for asbestos and tax related matters. Should the Reorganization Plan be confirmed, the IRA and TMA will terminate, and instead of reimbursements classified as cash flow from operations, Honeywell will receive the cash payment stream contemplated under the Reorganization Plan. However, because the underlying reason for a cash payment stream from Garrett will not have changed, we believe that continuing to include cash payments from Garrett in free cash flow is useful to investors and management for comparability to prior periods.