

Hello,

I trust you are well as we head into the holidays. We've had a busy fourth quarter at Honeywell with a ton of investor engagement, and in this note we recap our most critical updates as well as recent investor events. Please reach out if you have any questions or feedback. We wish you and your family a joyful holiday season and a productive New Year!

Best,
Sean

Sean C. Meakim, CFA

Vice President, Investor Relations

Honeywell International

Recent HON News

In October, Honeywell published the first edition of our [Environmental Sustainability Index](#) in partnership with Futurum Research. The index tracked sentiment from **over 600 business leaders** across eight industries, providing deeper insight into how business leaders assess the progress being made toward their organizations' sustainability commitments. The survey showed that leaders are confident regarding their past / current progress and **most focused on energy evolution and efficiency**. Honeywell is committed to actively guiding our customers across our end markets in achieving their carbon neutrality goals with our ready-now solutions.

In other ESG-related news, Honeywell [announced a new, innovative ethanol-to-jet fuel \(ETJ\) process](#) in October, including an [appearance by COO Vimal Kapur on CNBC's Closing Bell](#). The new process allows producers to convert corn-based, cellulosic, or sugar-based ethanol into sustainable aviation fuel (SAF). Depending on the feedstock, this enables our customers **to reduce GHG emissions by 80% on a total lifecycle basis** compared to petroleum-based jet fuel. Availability of feedstocks is one of the key limiting factors for SAF demand growth, and ethanol provides producers with a widely available, economically viable feedstock. This new ETJ process, along with our [Ecofining process](#), are helping Honeywell continue to drive the energy transition.

For more on our Sustainability Index and leadership in green fuels, check out [Chairman and CEO Darius Adamczyk's appearance on CNBC's Squawk Box](#) earlier this week.

Honeywell Connected Enterprise hosted Honeywell Connect 2022 in November, **launching 15 products** and providing **demonstrations of 22 products** that span our four segments to a group of nearly 150 customers. The new products included expanded operational technology (OT) [cybersecurity solutions](#), a slew of [enhancements for Honeywell Forge](#), and a new sustainability solution for [carbon emissions monitoring and optimization](#). The event showcased our excitement around the HCE portfolio while giving customers a chance to experience our products firsthand. These new products will help HCE continue the double-digit growth we have seen in the business throughout 2022.

We also announced a couple of exciting new joint ventures during the quarter. Our HCE team at PMT is [partnering with Saudi Aramco](#) to provide a set of end-to-end business **process automation solutions**, helping to maximize profitability and improve productivity, sustainability, and operational excellence on a global scale. Separately, our Safety and Sensing Technologies business in SPS is [partnering with](#)

[Nexceris](#) to help **make electric vehicles** safer by developing solutions to help prevent conditions leading to thermal runaway, a phenomenon that causes extremely high temperatures and can start fires.

Last week, the **U.S. Army awarded the Future Long-Range Assault Aircraft (FLRAA) contract** to Textron Bell and its tilt-rotor V-280 Valor design. **Honeywell has meaningful content on the V-280** with a multi-billion-dollar lifetime revenue potential, and we are excited to support our partners on this new platform. Honeywell will also continue to service the ~4,000 existing Army Black Hawks as the V-280 prepares to enter service around 2030.

Finally, in November we [announced a definitive agreement with the NARCO Trust](#) providing for the **elimination of Honeywell's funding obligations** to the Trust. Honeywell's current obligation is to fund asbestos-related claims and the Trust's operating expenses, which currently have no expiration date. The proposed buyout involves an upfront cash payment to the Trust of \$1.325B and compares to Honeywell's approximately \$0.7B current reserve and \$21M operating expenses in 2021. In addition, this week HarbisonWalker International Holdings (HWI), the reorganized entity that emerged from the NARCO bankruptcy, [entered into a definitive agreement](#) to be acquired by private equity firm Platinum Equity. The net proceeds from the sale of HWI will offset the financial statement impact of Honeywell's buyout by approximately \$300M. The agreement, coupled with the HWI sale, represents another **significant step in eliminating Honeywell's asbestos and environmental liabilities**, closing a reserve that was first established in 2002 while reducing the quarterly P&L impact to Honeywell.

Recent Investor Engagement

A few weeks ago, **Darius Adamczyk, Greg Lewis, Vimal Kapur, and Anne Madden**, our CEO, CFO, COO, and General Counsel respectively, joined our latest **Leadership Webcast Series** with **Melius Research analyst Scott Davis** for a round table discussion on Honeywell (replay available [here](#)). In the 45-minute conversation, our leadership team talked about the state of Honeywell's portfolio and potential opportunities for M&A in the next few years, our strong sustainability story, strategy for achieving our [accelerated long-term financial targets](#), and digitization and supply chain transformation efforts. Honeywell's century-plus history as a controls and automation company has generated above-market shareowner value for decades, and our value creation framework remains as relevant as ever, yet we are always evaluating our portfolio and today focused on adding bolt-on acquisitions as the valuation environment has become more conducive.

We hosted two investor field trips and technology demonstrations this quarter, one with **PMT CEO Lucian Boldea and the UOP leadership team** in Chicago (slides available [here](#)) and another with **Aerospace CEO Mike Madsen and the Advanced Air Mobility (AAM) and Avionics leadership teams** in Phoenix (slides available [here](#)). Honeywell is driving the energy transition through our Sustainable Technology Solutions business that will reach \$700M in sales by 2024, but UOP has over 100 years of innovation and technological leadership that underscores a bright future for its core businesses as well. We are a leader for AAM fly-by-wire and avionics technologies, and our suite of technologies is enabling a range of OEMs to bring to the world the future of flight.

Doug Wright, CEO of Honeywell Building Technologies, [presented at the Baird Global Industrials conference](#) in Chicago in November. Doug highlighted the strength we are seeing across our HBT portfolio, particularly in our high growth regions and institutional end markets that are supported by government stimulus and legislation. Another key topic of conversation was HBT's differentiation through technology. Honeywell is not only providing our sustainable and energy efficient offerings in

new construction, but also in legacy buildings, even when those buildings span multiple different generations of technology.

Honeywell CFO Greg Lewis attended the 10th Annual Credit Suisse Global Industrials Conference (slides available [here](#), replay available [here](#)) in Florida last week. Greg **reiterated the message from our 3Q22 earnings call** (including our 4Q22 guidance), emphasizing the powerful setup that Honeywell is seeing across its end markets that will allow us to grow EPS next year despite the accounting headwinds from our overfunded pension. Investor questions at the event were centered around Honeywell's M&A strategy and our plans for further optimizing our portfolio over the next few years. Greg emphasized that M&A remains a priority, especially now that Vimal has been brought on as COO to create more capacity for Darius. Honeywell's priority is bolt-on M&A in the \$1B to \$5B range.

About Honeywell

Honeywell (www.honeywell.com) delivers industry specific solutions that include aerospace products and services; control technologies for buildings and industry; and performance materials globally. Our technologies help everything from aircraft, buildings, manufacturing plants, supply chains, and workers become more connected to make our world smarter, safer, and more sustainable. For more news and information on Honeywell, please visit www.honeywell.com/newsroom.

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