

Hello,

Below we highlight a few key updates from late in 4Q22 that we believe are important considerations for investors as we start 2023. As a reminder, we plan to report our 4Q22 results and issue our 2023 outlook on Thursday, February 2<sup>nd</sup> and will host our related conference call at 8:30am ET before the market opens (webcast link [here](#)).

Additionally, mark your calendars for our upcoming **2023 Investor Conference** on May 11<sup>th</sup>. This publicly webcasted event will feature presentations, panel discussions, and Q&A sessions with Honeywell's senior leadership, including our Chairman and CEO Darius Adamczyk.

As always, your questions and feedback are welcome. Thanks for your interest in Honeywell.

Best,  
Sean

**Sean C. Meakim, CFA**  
Vice President, Investor Relations  
**Honeywell International**

## **Update on Recent Settlements and Impact on Financials**

Honeywell made significant strides in the fourth quarter to **de-risk our balance sheet** by successfully concluding two legacy liabilities. In December, we announced court approval of a [definitive agreement with the NARCO trust](#) providing for the elimination of Honeywell's asbestos funding obligations to the Trust in exchange for an upfront cash payment of \$1.325 billion, compared to Honeywell's reserve of \$0.7 billion and our ongoing obligation to fund the trust's operating expenses (we estimate our related expenses to be \$50-60 million in 2022). Then, in December, HarbisonWalker International Holdings (HWI, the post-bankruptcy surviving entity of NARCO) entered into a definitive agreement to be acquired by private equity firm Platinum Equity. Once the sale is complete, we expect to receive net proceeds from the Trust related to the sale of approximately \$300 million.

Also in December, Honeywell [reached an agreement with the DOJ, SEC, and the Brazilian authorities](#) to resolve previously disclosed anti-corruption investigations into Honeywell's historical operations in Brazil in relation to Petrobras and relating to historical conduct **more than a decade ago** involving the intermediary Unaoil. As part of the agreement, Honeywell will pay a total of approximately \$200 million in penalties. The agreement has entirely resolved the Petrobras and Unaoil matters.

Honeywell previously disclosed that we expect to pay both the NARCO and Petrobras settlements during the first quarter of 2023, which will result in **one-time free cash flow headwinds** of approximately \$1.5 billion. However, the net proceeds from the Trust related to the HWI sale will add \$0.3 billion of FCF later in the year, lowering the net impact on FCF to about \$1.2 billion. Honeywell's reserves of \$0.7 billion for previous ongoing asbestos obligations and \$0.2 billion for Petrobras will reduce the impact of these payments on our consolidated financial statements. **A complete detail of the impact of the settlements on our financials will be provided when we report our 4Q22 results in early February.**

## Other Recent Honeywell News

In December, Honeywell [successfully delivered its one-millionth tactical-grade inertial measurement unit](#) (IMU) from our manufacturing facility in Minneapolis. IMUs are used in a wide variety of applications across all of aerospace, including unmanned aerial vehicles, and are trusted by millions of passengers every day. These devices are manufactured to perform for more than a decade without the need for maintenance, using gyroscopes and accelerometers to sense rotation and acceleration accurately even under the most challenging conditions.

Also in December, [Honeywell and Johnson Matthey \(JM\) announced we will work together](#) to deploy low carbon hydrogen solutions. The companies will offer JM's innovative LCH™ technology, coupled with Honeywell's leading carbon capture technology to produce lower carbon intensity hydrogen (blue hydrogen) at scale. Ready to be deployed today, this offering will provide project developers a new option for producing clean hydrogen.

Finally, Honeywell released its [predictions for emerging trends that will help shape building operations and technologies in 2023](#) and beyond. Top experts at Honeywell revealed insights on opportunities to make buildings more sustainable, safer and occupant focused. The predictions for 2023 included:

1. The acceleration of the 'Electrify Everything' movement
2. Cybersecurity embedded and integrated into digital innovation
3. Dynamically responsive buildings will be possible
4. Cities will look to build energy resilience into operational plans

## **About Honeywell**

*Honeywell ([www.honeywell.com](http://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](http://www.honeywell.com/newsroom).*

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## **Forward Looking Statements**

*This publication contains certain statements that may be deemed "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future are forward looking statements. Such statements are based upon certain assumptions and assessments made by our management in light of their experience and their perception of historical trends, current economic and industry conditions, expected future developments and other factors they believe to be appropriate. The forward-looking statements included in this publication are also subject to a number of material risks and uncertainties, including but not limited to economic, competitive, governmental, technological, COVID-19 public health factors or impacts of the Russia-Ukraine conflict affecting our operations, markets, products, services and prices. Such forward-looking statements are not guarantees of future performance, and actual results, and other developments, including the potential impact of the COVID-19 pandemic, the Russia-Ukraine conflict, and business decisions may differ from those envisaged by such forward-looking statements. Any forward-looking plans described*

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