



FOURTH QUARTER 2019 EARNINGS AND 2020 OUTLOOK

JANUARY 31, 2020

Honeywell

Forward Looking Statements

This presentation 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 presentation are also subject to a number of material risks and uncertainties, including but not limited to economic, competitive, governmental, and technological factors affecting our operations, markets, products, services and prices. Such forward-looking statements are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by such forward-looking statements. Any forward-looking plans described herein are not final and may be modified or abandoned at any time. We identify the principal risks and uncertainties that affect our performance in our Form 10-K and other filings with the Securities and Exchange Commission.

Non-GAAP Financial Measures

This presentation contains financial measures presented on a non-GAAP basis. Honeywell's non-GAAP financial measures used in this presentation are as follows: segment profit, on an overall Honeywell basis, a measure by which we assess operating performance, which we define as operating income adjusted for certain items as presented in the Appendix; segment margin, on an overall Honeywell basis, which we define as segment profit divided by sales and which we adjust to exclude sales and segment profit contribution from Resideo and Garrett in 2018, if and as noted in the presentation; organic sales growth, which we define as sales growth less the impacts from foreign currency translation, and acquisitions and divestitures for the first 12 months following transaction date; adjusted free cash flow, which we define as cash flow from operations less capital expenditures and which we adjust to exclude the impact of separation costs related to the spin-offs of Resideo and Garrett, if and as noted in the presentation; adjusted free cash flow conversion, which we define as adjusted free cash flow divided by net income attributable to Honeywell, excluding pension mark-to-market, separation costs related to the spin-offs, and adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge, if and as noted in the presentation; and adjusted earnings per share, which we adjust to exclude pension mark-to-market expenses in 2018, as well as for other components, such as separation costs related to the spin-offs, adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge, and after-tax segment profit contribution from Resideo and Garrett in the periods noted in the presentation, net of spin reimbursement impacts assuming both indemnification and reimbursement agreements were effective in such periods, if and as noted in the presentation. The respective tax rates applied when adjusting earnings per share for these items are identified in the presentation or in the reconciliations presented in the Appendix. Management believes that, when considered together with reported amounts, these measures are useful to investors and management in understanding our ongoing operations and in the analysis of ongoing operating trends. These metrics should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Refer to the Appendix attached to this presentation for reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures.

2019 RESULTS

4Q Highlights

- Growth across the portfolio, led by Commercial Aerospace, Defense, Building Technologies, and Process Solutions
- Strong orders in Intelligrated, Defense, and Process Automation contributed to a 10% year-over-year increase in long-cycle backlog
- Generated $2.3 billion of adjusted free cash flow, with conversion of 154%
- Acquired Rebellion Photonics, a provider of innovative, intelligent, visual gas monitoring solutions

Full Year Highlights

- 5% organic growth at the high end of our initial guidance driven by strength in Aerospace, Process Solutions, and Building Technologies
- Executing our strategy with strong "Say / Do" on our commitments
- Launched a new brand campaign to highlight some of our most exciting innovations
- Ranked #13 on Forbes' World's Most Reputable Companies for Corporate Responsibility

	4Q 2019 Actual	FY 2019 Actual	2019 Initial Guide	Long-Term Commitments
Adjusted Earnings Per Share	$2.06	$8.16 (Up 10% Ex-Spins)	$7.80 - $8.10	Growth greater than Peers
Organic Sales Growth	2%	5%	2% - 5%	LSD - MSD
Segment Margin Expansion	130 bps *90 bps Ex-Spins*	150 bps *70 bps Ex-Spins*	110 - 140 bps *30 – 60 bps Ex-Spins*	30 - 50 bps
Adjusted Free Cash Flow	$2.3B 154% Conversion	$6.3B (Up 17% Ex-Spins) 105% Conversion	$5.4B - $6.0B 95% - 100% Conversion	~100% Conversion
Capital Deployment	$1.8B Share Repurchases, Dividends, CapEx, M&A, and Ventures	$7.8B Share Repurchases, Dividends, CapEx, M&A and Ventures		Aggressive Deployment; Dividend and EPS Growth Aligned

Segment margin ex-spins and segment profit ex-spins exclude sales and segment profit contribution from Resideo and Garrett in 2018. Adjusted EPS and adjusted EPS V% ex-spins excludes pension mark-to-market, 2018 after-tax separation costs related to the spin-offs of Resideo and Garrett, the 2018 after-tax segment profit contribution from the spin-offs, net of spin reimbursement impacts assuming both indemnification and reimbursement agreements were effective in 2018, and adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge. Adjusted free cash flow excludes impacts from separation costs related to the spin-offs. Adjusted free cash flow conversion also excludes pension mark-to-market and adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge.

A Very Strong Year in Uncertain Environment

PREMIER TECHNOLOGY TRANSFORMATION UPDATE

Honeywell Connected Enterprise

- Drove double-digit connected software growth
- Commercialized Honeywell Forge enterprise performance management software for a variety of industries, including aircraft, buildings, industrial, cybersecurity, and workers
- Transitioning to recurring sales model

Targeting 20%+ Software Sales CAGR

Supply Chain Transformation

Streamline Supply Chain

Seamless, Touchless Integrated Planning

World-Class Procurement

Data, Analytics, and Digital Supply Chain

Talent Excellence

- Continued focus on working capital
- Improved productivity, net of inflation
- Established global supply base management strategies for 11 categories
- Streamlined distribution and manufacturing footprint

On track to drive $0.5B+ run-rate benefits and $1B inventory reduction long-term

Honeywell Digital

Robust Data Management

Simpler Scalable Processes

Connected Systems

Digital Capabilities

- Rationalized over 500 software applications
- Cleansed 5.2 million critical master data records
- Reduced ERP systems from 71 to 51
- Reduced websites by 58%
- Establishing standard enterprise processes and technology platforms

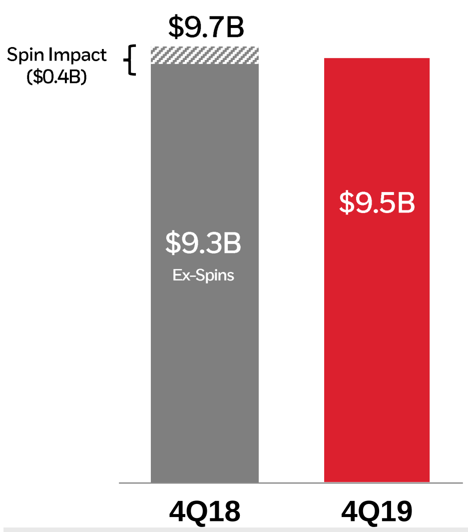
Targeting $0.5B+ run-rate benefits across sales, productivity, and working capital

Significant Progress on Transformation Initiatives

4Q 2019 FINANCIAL SUMMARY

Sales

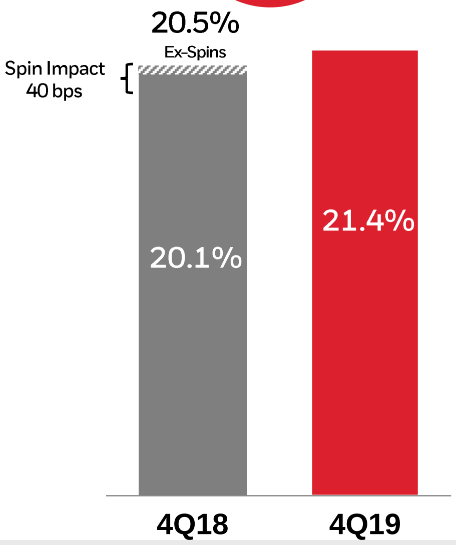
Up 2%
Organic



+ Broad-based Aerospace demand
+ Fire and building management products
+ Process Solutions and UOP equipment
- Tough comps in Intelligrated

Segment Margin

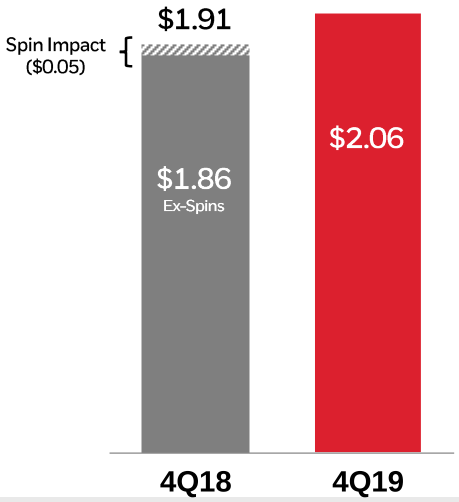
Up 130 bps



+ Commercial excellence
+ Productivity, repositioning benefits
+ Spin accretion (+40 bps)

Adjusted EPS

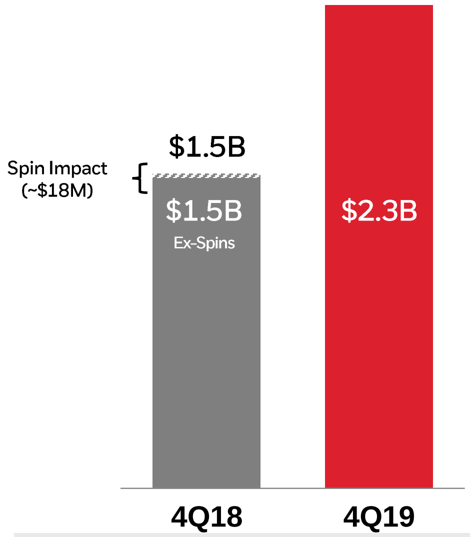
Up 11%
Ex-Spins



+ Segment profit growth (ex-spins)
+ Lower share count (723M vs. 744M)
+ Lower adjusted ETR (19.8% vs. 22.1%)
- Lower pension income

Adjusted FCF

154%
Conversion



+ Deployed $1.4B to share repurchases and dividends
+ Tenth consecutive double-digit dividend increase

Segment margin ex-spins and segment profit ex-spins exclude sales and segment profit contribution from Resideo in 4Q18. Adjusted EPS and adj. EPS V% ex-spins excludes pension mark-to-market, 4Q18 after-tax separation costs related to the spin-offs, the 4Q18 after-tax segment profit contribution from the spin-off of Resideo, net of spin reimbursement impacts assuming the indemnification and reimbursement agreement was effective in 4Q18, and 4Q18 adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge. $0.05 spin impact is calculated as 4Q18 after-tax segment profit contribution from the spin-off, net of spin reimbursement impacts assuming the indemnification and reimbursement agreement was effective in 4Q18 using a tax rate of 22.1% and weighted average share count of 744M. Adjusted free cash flow excludes impacts from separation costs related to the spin-offs. Adjusted free cash flow conversion also excludes pension mark-to-market and adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge.

Overdelivered on Margin, EPS, and Cash

4Q 2019 SEGMENT RESULTS

($M)	Sales	Segment Margin Change (bps)	Commentary
Aero	$3,661 *Up 7% Organic*	26.1% *Up 270*	+ Continued strength in U.S. and international defense and space; backlog up double-digits + Demand for business aviation OE; strength in air transport aftermarket + Margin expansion driven by commercial excellence, aftermarket volumes, and productivity
SPS	$1,515 *Down 11% Organic*	12.7% *Down 330*	± Gas sensing sales growth driven by China, offset by declines in Safety (PPE) ± Intelligrated sales impacted by project timing as expected; robust orders (up >100%) and backlog (up >30%); double-digit growth in services - Declines in productivity products as expected due to destocking
HBT	$1,463 *Up 3% Organic*	20.3% *Up 170*	+ Continued demand in commercial fire, with orders up 10%; growth in security and building management products + Connected building up double-digits - Softness in building solutions projects
PMT	$2,857 *Up 3% Organic*	22.5% *Down 80*	+ Strong sales, orders, and backlog growth in Process Solutions ± Robust equipment and petrochemical catalyst sales in UOP; lower gas processing volumes - Advanced Materials impacts from continued illegal HFC imports into Europe; specialty products demand softness

Strong Performance in Aero and HBT; Robust Long-Cycle Orders

2020 PLANNING ASSUMPTIONS

- Successful implementation of Phase 1 U.S. – China agreement and a continued productive environment for Phase 2
- General stability in the Middle East; ongoing U.S. presence in Iraq
- Minimal economic impact for China and the global economy from the coronavirus
- Minimal investment delay due to U.S. election results
- Boeing 737 MAX returning to service roughly at mid-year
- Current global economic environment expected to continue throughout 2020

Guidance Ranges Reflect Limited 2020 Business Disruption

2020 SEGMENT OUTLOOK

	Primary End Market	Market Indicator	Organic Growth Rate	Segment Commentary
Aero	Commercial Aerospace Defense & Space		**LSD to MSD**	• Significant headwinds from 737 MAX production delays; taking actions to mitigate impact • Strong aftermarket growth in commercial aerospace • Defense business remains strong; backlog up double-digits; growth at more moderate rates in 2020
SPS	Industrial Productivity		**Flat to LSD**	• Intelligrated growth driven by strong 2H 2019 orders; continued strong growth in services • Productivity products executing recovery plan; expecting return to growth in 2H 2020 • Slowing in industrial safety (retail, personal protective equipment) and sensing and IoT
HBT	Non-Residential		**-LSD to +LSD**	• Continued strength in commercial fire; modest growth in security products • Building management systems strength continues in the near term; monitoring market developments • Lower projects orders in building solutions; softness in energy performance projects business
PMT	Oil & Gas / PetroChem Specialty Chemicals		**Flat to LSD**	• Healthy backlog in UOP and HPS; mega projects driving process automation growth • Continued slowdown in U.S. O&G midstream gas processing; monitoring Middle East macro; short-cycle uncertainty, primarily in smart energy and thermal solutions • Advanced Materials declines from continued illegal HFC imports into Europe

End Markets Mixed; Long-Cycle Backlog Supports Growth

2020 PLAN OVERVIEW

Guidance

Sales	Segment Margin
$36.7B – $37.8B Up 0% – 3% Organic	**21.3% – 21.6%** Up 20 – 50 bps
EPS	**Free Cash Flow**
$8.60 – $9.00 Up 5% – 10% Adjusted	**$5.7B – $6.2B**

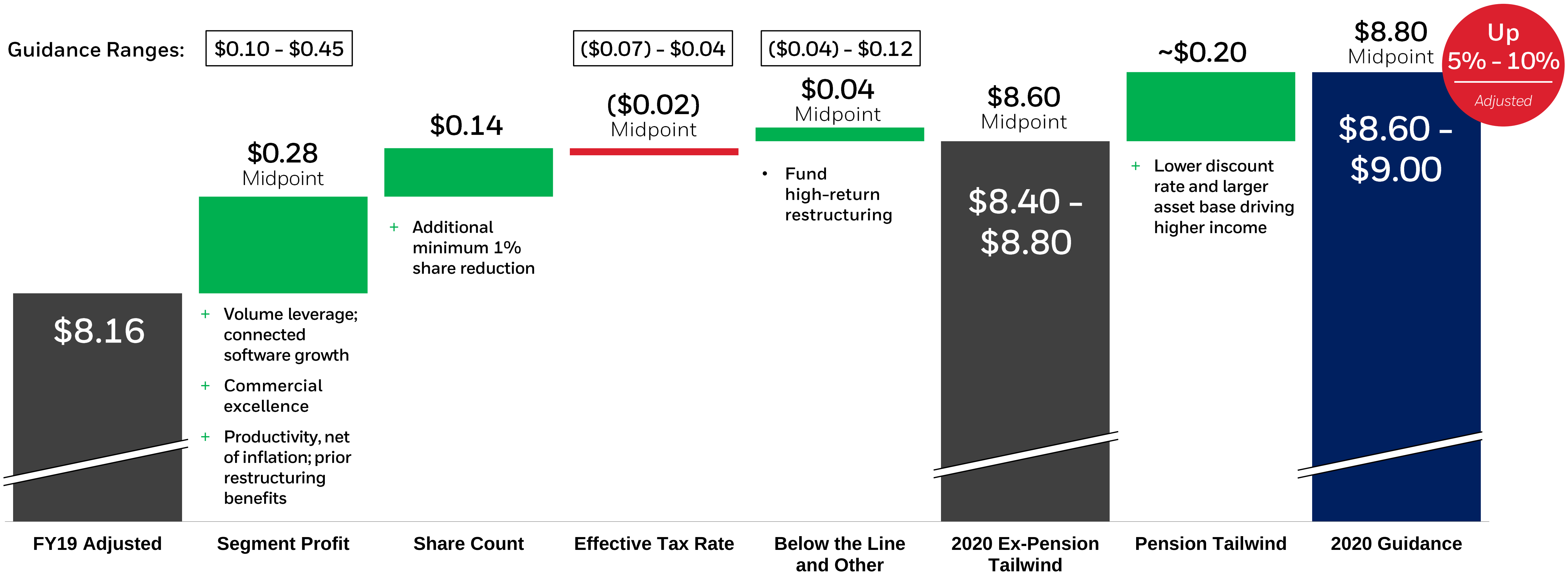
What We Expect

- Long-cycle growth supported by healthy backlog
- Remaining cautious on macro outlook, short-cycle risks
- Headwinds from 737 MAX production delays
- Margin expansion driven by ongoing initiatives
- Net below the line income of $100M – $250M
  - Pension / OPEB income ~$830M; continued capacity for repositioning
- Effective tax rate of 21% – 22%
- Expect ~718M weighted average share count
- Planning for higher capex and some 2020 cash headwinds

Net below the line impact is the difference between segment profit and income before tax. Impact includes interest and other financial charges, stock compensation expense, pension ongoing income, other post-retirement income, and repositioning and other charges. Adjusted EPS V% guidance excludes pension mark-to-market and adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge in 2019.

Prepared to Deliver Another Strong Year

2020 EARNINGS PER SHARE BRIDGE



Adjusted EPS V% guidance excludes pension mark-to-market and adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge in 2019.

High-Quality Earnings Driven by Segment Profit Expansion

1Q 2020 PREVIEW

Guidance

Sales

$8.7B - $9.0B

Down (2%) - Up 2% Organic

Segment Margin

20.6% - 20.9%

Up 20 – 50 bps

EPS

$2.02 - $2.07

Up 5% - 8%

Other

Effective Tax Rate:
21% - 22%

Share Count: ~720M

What We Expect

- Slower growth in Aerospace due to headwinds from 737 MAX production delays; minimal impact from coronavirus
- Intelligrated sales declines vs. strong 1Q 2019 comps (growth expected the rest of 2020); productivity products stabilized with growth expected in 2H 2020
- Continued strength in building products; softer project sales in building solutions
- Strength in HPS process automation and services, and UOP equipment; declines in Advanced Materials; cautious on short-cycle
- Margin expansion driven by commercial excellence, productivity rigor, and benefits from previously-funded repositioning

Cautious Start to 2020 – 1Q Toughest Comps for the Year

SUMMARY

- Strong 2019 operational performance through volatile macro environment
- Executing on core priorities and strategy; delivered on our commitments
- Balanced portfolio poised for continued performance despite macro headwinds
- Remain cautious on macro environment; multiple factors still fluid for 2020
- Bringing innovative and connected offerings to market; continuing progress on transformation initiatives

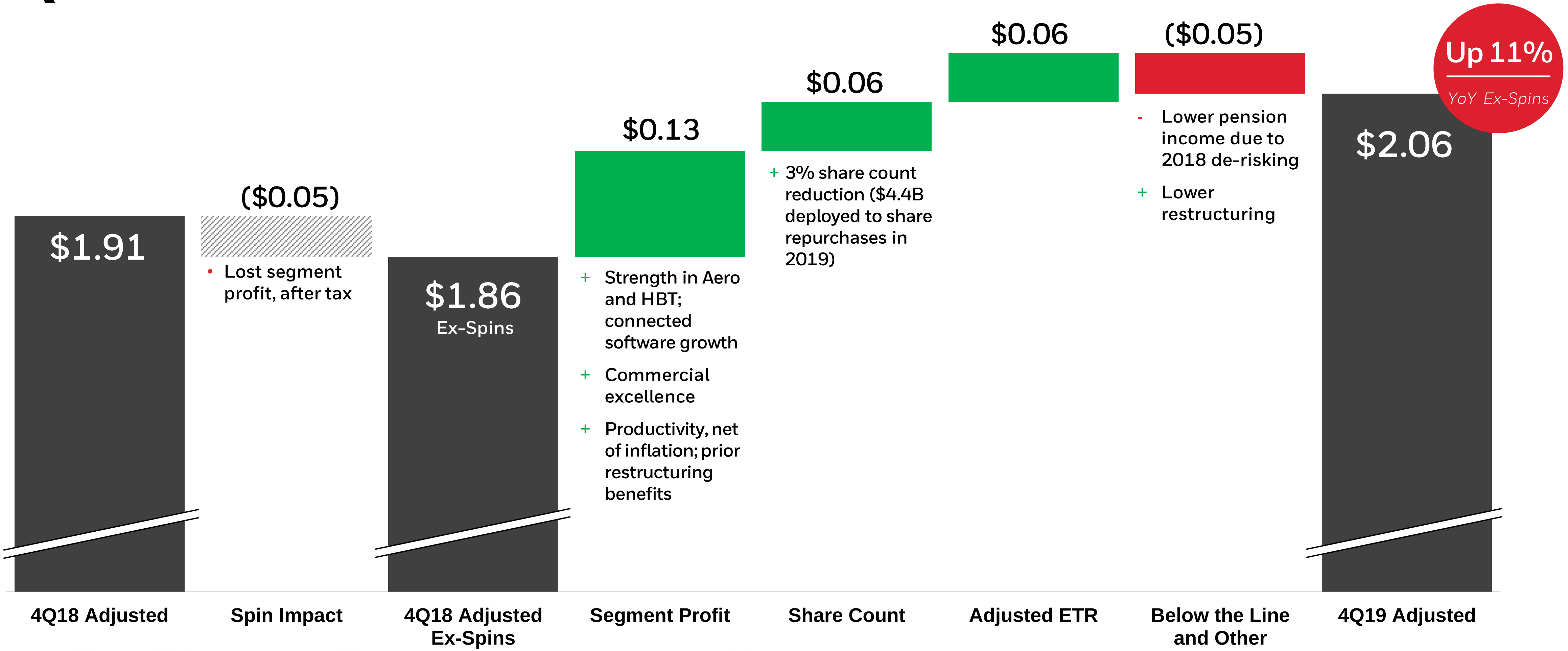
Positioned for Success in 2020 and Beyond

Appendix

2019 SALES GROWTH

	4Q Reported	4Q Organic	FY Reported	FY Organic
Aerospace	**7%**	**7%**	**(9%)**	**9%**
Commercial Aviation Original Equipment	4%	4%	6%	6%
Commercial Aviation Aftermarket	6%	6%	7%	7%
Defense & Space	9%	9%	14%	14%
Honeywell Building Technologies	**(19%)**	**3%**	**(39%)**	**5%**
Buildings	4%	3%	6%	5%
Performance Materials And Technologies	**2%**	**3%**	**1%**	**4%**
UOP	3%	3%	2%	3%
Honeywell Process Solutions	5%	6%	3%	6%
Advanced Materials	(4%)	(4%)	(2%)	Flat
Safety And Productivity Solutions	**(11%)**	**(11%)**	**(4%)**	**(4%)**
Safety	(6%)	(5%)	(3%)	(1%)
Productivity Solutions	(13%)	(13%)	(4%)	(6%)

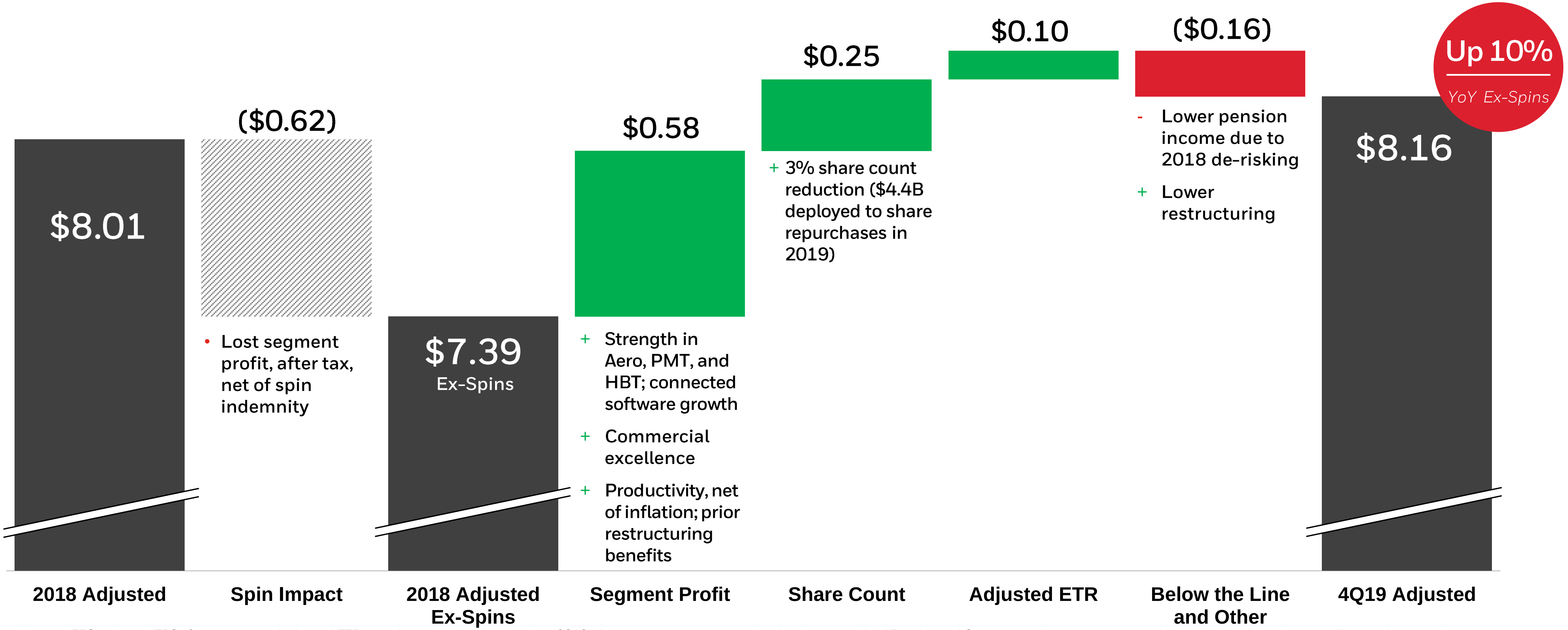
4Q 2019 ADJUSTED EPS BRIDGE



Adjusted EPS, adjusted EPS V% ex-spins, and adjusted ETR exclude after-tax separation costs related to the spin-offs, the 4Q18 after-tax segment profit contribution from the spin-off of Resideo, net of spin reimbursement impacts assuming the indemnification and reimbursement agreement was effective in 4Q18, and 4Q18 adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge. $0.05 spin impact is calculated as the 4Q18 after-tax segment profit contribution from the spin-off of Resideo, net of spin reimbursement impacts assuming the indemnification and reimbursement agreement was effective in 4Q18, using a tax rate of 22.1% and weighted average share count of 744M. Net below the line impact is the difference between segment profit and income before tax. Impact includes interest and other financial charges, stock compensation expense, pension ongoing income, other post-retirement income, and repositioning and other charges.

High-Quality Earnings; Operational Outperformance

FY 2019 ADJUSTED EPS BRIDGE



Adjusted EPS, adjusted EPS V% ex-spins, and adjusted ETR exclude pension mark-to-market, 2018 after-tax separation costs related to the spin-offs of Resideo and Garrett, the after-tax segment profit contribution from the spin-offs, net of spin reimbursement impacts assuming both indemnification and reimbursement agreements were effective for all of 2018, and adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge. $0.62 spin impact is calculated as the 2018 after-tax segment profit contribution from the spin-offs of Resideo and Garrett, net of spin reimbursement impacts assuming the indemnification and reimbursement agreement was effective for all of 2018, using a tax rate of 22% and weighted average share count of 753M. Net below the line impact is the difference between segment profit and income before tax. Impact includes interest and other financial charges, stock compensation expense, pension ongoing income, other post-retirement income, and repositioning and other charges.

Delivered High-Quality Earnings in 2019

BELOW THE LINE INPUTS

Income / (Expense)	2019	2020E	Commentary
Pension / OPEB	$639M	~$830M	• Larger asset base from robust 2019 portfolio returns and lower discount rates reducing expenses result in higher pension income
Repositioning	($433M)	($375M - $500M)	• Retain capacity for high-return projects to support productivity initiatives
Other Below the Line	($263M)	($205M – $230M)	• Asbestos and environmental expenses, net of indemnity; net interest; F/X, stock option expense, RSU expense, M&A and other expenses
Total Below the Line (Ex-Pension MTM)	($57M)	$100M - $250M	

Pension mark-to-market (MTM) was $123M in 2019

RECONCILIATION OF SEGMENT PROFIT TO OPERATING INCOME AND CALCULATION OF SEGMENT PROFIT AND OPERATING INCOME MARGINS

($M)	4Q18	1Q19	4Q19	2018	2019
Aerospace	$3,428	$3,341	$3,661	$15,493	$14,054
Honeywell Building Technologies	1,802	1,389	1,463	9,298	5,717
Performance Materials and Technologies	2,802	2,572	2,857	10,674	10,834
Safety and Productivity Solutions	1,697	1,582	1,515	6,337	6,104
Net sales	$9,729	$8,884	$9,496	$41,802	$36,709
Aerospace	$801	$838	$954	$3,503	$3,607
Honeywell Building Technologies	335	271	297	1,608	1,165
Performance Materials and Technologies	652	564	643	2,328	2,433
Safety and Productivity Solutions	272	212	192	1,032	790
Corporate	(100)	(76)	(54)	(281)	(256)
Segment profit	$1,960	$1,809	$2,032	$8,190	$7,739
Stock compensation expense (1)	(44)	(41)	(41)	(175)	(153)
Repositioning, Other (2,3)	(347)	(93)	(259)	(1,100)	(598)
Pension and other postretirement service costs (4)	(49)	(33)	(37)	(210)	(137)
Operating income	$1,520	$1,642	$1,695	$6,705	$6,851
Segment profit	$1,960	$1,809	$2,032	$8,190	$7,739
÷ Net sales	$9,729	$8,884	$9,496	$41,802	$36,709
Segment profit margin %	20.1%	20.4%	21.4%	19.6%	21.1%
Operating income	$1,520	$1,642	$1,695	$6,705	$6,851
÷ Net sales	$9,729	$8,884	$9,496	$41,802	$36,709
Operating income margin %	15.6%	18.5%	17.8%	16.0%	18.7%

(1) Amounts included in Selling, general and administrative expenses.
(2) Includes repositioning, asbestos, environmental expenses and equity income adjustment.
(3) Amounts included in Cost of products and services sold, Selling, general and administrative expenses, and Other income/expense.
(4) Amounts 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, particularly 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. 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.

RECONCILIATION OF ORGANIC SALES % CHANGE

Honeywell	4Q18	1Q19	4Q19	2018	2019
Reported sales % change	(10%)	(15%)	(2%)	3%	(12%)
Less: Foreign currency translation	(1%)	(3%)	-	1%	(1%)
Less: Acquisitions, divestitures and other, net	(15%)	(20%)	(4%)	(4%)	(16%)
Organic sales % change	6%	8%	2%	6%	5%
Aerospace					
Reported sales % change	(12%)	(16%)	7%	5%	(9%)
Less: Foreign currency translation	(1%)	-	-	1%	-
Less: Acquisitions, divestitures and other, net	(21%)	(26%)	-	(5%)	(18%)
Organic sales % change	10%	10%	7%	9%	9%
Honeywell Building Technologies					
Reported sales % change	(31%)	(43%)	(19%)	(5%)	(39%)
Less: Foreign currency translation	(2%)	(3%)	(1%)	1%	(2%)
Less: Acquisitions, divestitures and other, net	(30%)	(49%)	(21%)	(9%)	(42%)
Organic sales % change	1%	9%	3%	3%	5%
Performance Materials and Technologies					
Reported sales % change	(2%)	2%	2%	3%	1%
Less: Foreign currency translation	(2%)	(3%)	(1%)	1%	(3%)
Less: Acquisitions, divestitures and other, net	-	-	-	-	-
Organic sales % change	-	5%	3%	2%	4%
Safety and Productivity Solutions					
Reported sales % change	15%	9%	(11%)	12%	(4%)
Less: Foreign currency translation	(1%)	(3%)	(1%)	1%	(2%)
Less: Acquisitions, divestitures and other, net	1%	2%	1%	-	2%
Organic sales % change	15%	10%	(11%)	11%	(4%)

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, acquisitions, net of divestitures and non-comparable impacts from adoption of the new revenue recognition standard. 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.

RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO ADJUSTED FREE CASH FLOW AND CALCULATION OF ADJUSTED FREE CASH FLOW CONVERSION

($M)	4Q18	4Q19	2018	2019
Cash provided by operating activities	$1,559	$2,614	$6,434	$6,897
Expenditures for property, plant and equipment	(306)	(335)	(828)	(839)
Free cash flow	1,253	2,279	5,606	6,058
Separation cost payments	233	13	424	213
Adjusted free cash flow	$1,486	$2,292	$6,030	$6,271
Net income (loss) attributable to Honeywell	$1,721	$1,562	$6,765	$6,143
Separation costs, includes net tax impacts	104	-	732	-
Pension mark-to-market expense	28	94	28	94
Impacts from U.S. Tax Reform	(435)	(167)	(1,494)	(281)
Adjusted net income attributable to Honeywell	$1,418	$1,489	$6,031	$5,956
Cash provided by operating activities	$1,559	$2,614	$6,434	$6,897
÷ Net income (loss) attributable to Honeywell	$1,721	$1,562	$6,765	$6,143
Operating cash flow conversion	91%	167%	95%	112%
Adjusted free cash flow	$1,486	$2,292	$6,030	$6,271
÷ Adjusted net income attributable to Honeywell	$1,418	$1,489	$6,031	$5,956
Adjusted free cash flow conversion %	105%	154%	100%	105%

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.

RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO ADJUSTED FREE CASH FLOW

($M)	4Q18	4Q19	2018	2019	2020E($B)
Cash provided by operating activities	$1,559	$2,614	$6,434	$6,897	~$6.6 - $7.1
Expenditures for property, plant and equipment	(306)	(335)	(828)	(839)	~(0.9)
Free cash flow	1,253	2,279	5,606	6,058	~$5.7 - $6.2
Separation cost payments	233	13	424	213	-
Adjusted free cash flow	$1,486	$2,292	$6,030	$6,271	~$5.7 - $6.2

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

We believe adjusted free cash flow is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

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.

CALCULATION OF SEGMENT PROFIT EXCLUDING SPIN-OFF IMPACT AND SEGMENT MARGIN EXCLUDING SPIN-OFF IMPACT

($M)	4Q18	4Q19	2018	2019
Segment profit	$1,960	$2,032	$8,190	$7,739
Spin-off Impact(1)	(48)	-	(1,011)	-
Segment profit excluding spin-off impacts	$1,912	$2,032	$7,179	$7,739
Sales	$9,729	$9,496	$41,802	$36,709
Spin-off Impact(1)	($390)	-	($6,551)	-
Sales excluding spin-off impacts	$9,339	$9,496	$35,251	$36,709
Segment margin excluding spin-off impacts	20.5%	21.4%	20.4%	21.1%

(1) Amount computed as the portion of Aerospace and Honeywell Building Technologies segment profit and sales in the applicable prior year period for Transportation Systems and Homes and Global Distribution spin-off businesses.

RECONCILIATION OF EPS TO ADJUSTED EPS, AND ADJUSTED EPS EXCLUDING SPIN-OFF IMPACT

	4Q18	1Q19	4Q19	2018	2019
Earnings (loss) per share of common stock - assuming dilution (EPS) (1)	$2.31	$1.92	$2.16	$8.98	$8.41
Pension mark-to-market expense (2)	0.04	-	0.13	0.04	0.13
Separation costs (3)	0.14	-	-	0.97	-
Impacts from U.S. Tax Reform	(0.58)	-	(0.23)	(1.98)	(0.38)
Adjusted earnings per share of common stock - assuming dilution	$1.91	$1.92	$2.06	$8.01	$8.16
Less: EPS, attributable to spin-offs	$0.05			$0.62	
Adjusted earnings per share of common stock - assuming dilution, excluding spin-off impact	$1.86			$7.39	

(1) For the three months ended December 31, 2019 and 2018, adjusted earnings per share utilizes weighted average shares of approximately 722.6 million and 743.9 million. For the three months ended March 31, 2019, adjusted earnings per share utilizes weighted average shares of approximately 738.8 million.For the twelve months ended December 31, 2019 and 2018, adjusted earnings per share utilizes weighted average shares of approximately $730.3 million and 753.0 million.

(2) Pension mark-to-market expense uses a blended tax rate of 24% for 2019 and 2018.

(3) For the three months and twelve ended December 31, 2018, separation costs of $104 million and $732 million including net tax impacts.

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.

CALCULATION OF ADJUSTED FREE CASH FLOW EXCLUDING SPIN-OFF IMPACT

($M)	4Q18	4Q19	2018	2019
Cash provided by operating activities	$1,559	$2,614	$6,434	$6,897
Expenditures for property, plant and equipment	(306)	(335)	(828)	(839)
Free cash flow	1,253	2,279	5,606	6,058
Separation cost payments	233	13	424	213
Adjusted free cash flow	$1,486	$2,292	$6,030	$6,271
Spin-off Impact (1)	(18)		(668)	
Adjusted free cash flow, excluding spin-off impact	$1,468		$5,362	

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

(1) Amount computed as the portion of Aerospace and Honeywell Building Technologies free cash flow in the applicable prior year period for Transportation Systems and Homes and Global Distribution spin-off businesses.

Honeywell