

MORGAN STANLEY LAGUNA CONFERENCE SEPTEMBER 11, 2024

VIMAL KAPUR
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Honeywell

—
THE
FUTURE
IS
WHAT
WE
MAKE IT

Honeywell

FORWARD LOOKING STATEMENTS

We describe many of the trends and other factors that drive our business and future results in this presentation. Such discussions contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements are those that address activities, events, or developments that management intends, expects, projects, believes or anticipates will or may occur in the future. They are based on management's assumptions and assessments in light of past experience and trends, current economic and industry conditions, expected future developments and other relevant factors, many of which are difficult to predict and outside of our control. They are not guarantees of future performance, and actual results, developments and business decisions may differ significantly from those envisaged by our forward-looking statements. We do not undertake to update or revise any of our forward-looking statements, except as required by applicable securities law. Our forward-looking statements are also subject to material risks and uncertainties, including ongoing macroeconomic and geopolitical risks, such as lower GDP growth or recession, capital markets volatility, inflation, and certain regional conflicts, that can affect our performance in both the near- and long-term. In addition, no assurance can be given that any plan, initiative, projection, goal, commitment, expectation, or prospect set forth in this presentation can or will be achieved. These forward-looking statements should be considered in light of the information included in this presentation, our Form 10-K and other filings with the Securities and Exchange Commission. Any forward-looking plans described herein are not final and may be modified or abandoned at any time.

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; Segment profit margin, on an overall Honeywell basis; Organic sales percentage; Free cash flow; Adjusted free cash flow; Free cash flow excluding impact of settlements; Free cash flow margin excluding impact of settlements; Adjusted free cash flow margin; Adjusted earnings per share; and Adjusted earnings per share excluding pension headwind, if and as noted in the presentation. 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 measures should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Certain measures presented on a non-GAAP basis represent the impact of adjusting items net of tax. The tax-effect for adjusting items is determined individually and on a case-by-case basis. Refer to the Appendix attached to this presentation for reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures.

STRATEGIC PRIORITIES

1

ACCELERATE ORGANIC GROWTH

- Innovation playbook
- High growth regions
- Monetize installed base and scale software

2

EVOLVE ACCELERATOR OPERATING SYSTEM

- Integrated operating company
- Enhancing growth, margins, and cash generation
- Taking digital operations to the next level

3

OPTIMIZE PORTFOLIO

- Bolt-on acquisitions
- Divest non-core / simplify
- ↑ Recurring sales / gross margin

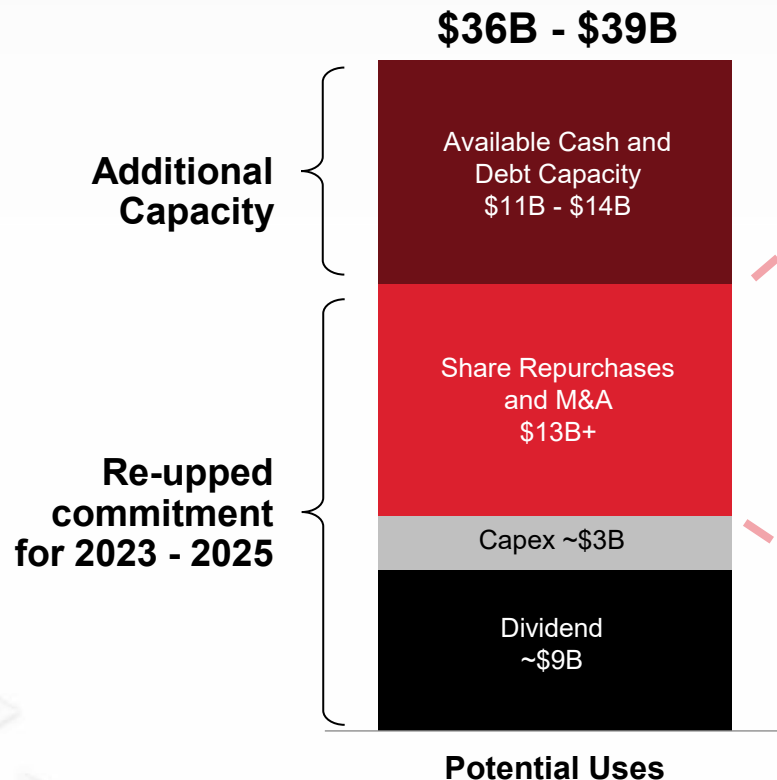
FOCUSED ON DELIVERING PROFITABLE GROWTH AND STRONG CASH GENERATION

Strategy Focused on Accelerating Value Creation

PORTFOLIO STRATEGY UNFOLDING

2023 - 2025 TARGET

PROGRESS TOWARD COMMITMENT



M&A

APPROXIMATELY \$10B ANNOUNCED SINCE 2023

Automation

LENEL: S2 / Unity / Supra

SCADAfence

COMPRESSOR CONTROLS CORPORATION

Future of Aviation

CAES PIONEERING ADVANCED ELECTRONICS

CIVITANAVI SYSTEMS®

Energy Transition

AIR PRODUCTS LNG

SHARE REPURCHASES

\$3.7B

Repurchases in 2023

2.2% share count reduction

\$1.2B

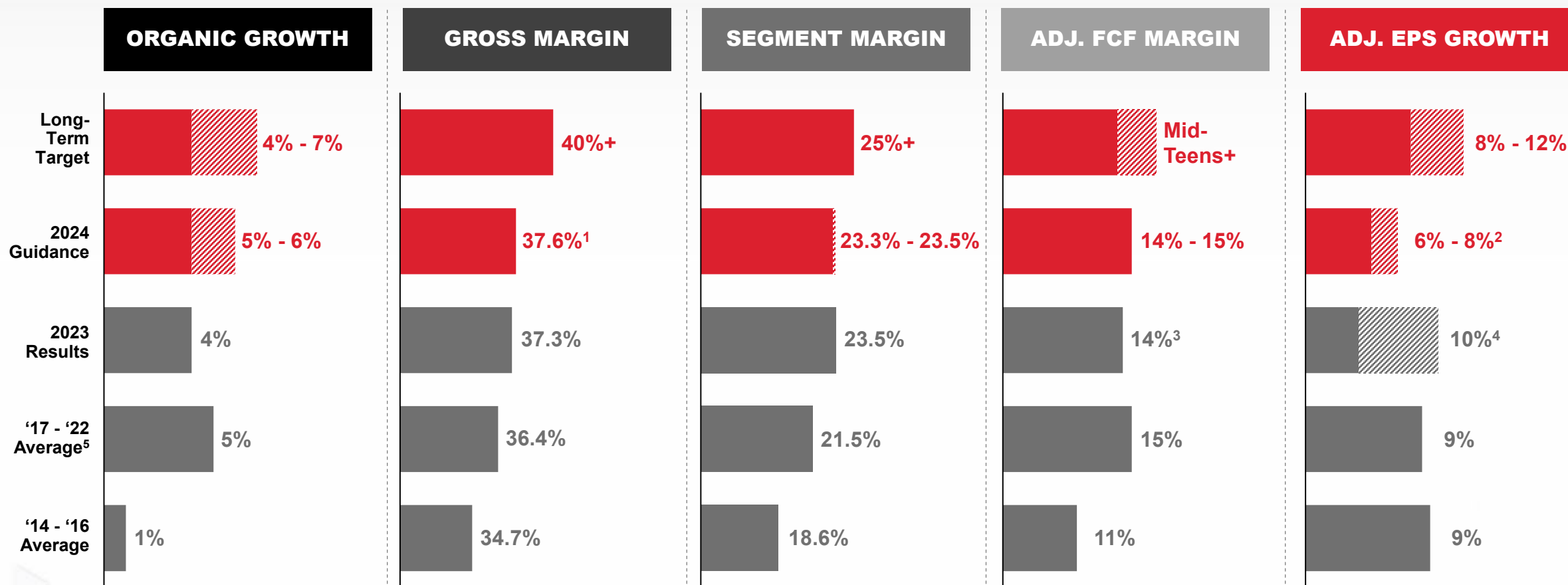
YTD Repurchases in 2024

On track for ~2% share count reduction

We define EBITDA as adjusted income before taxes adjusted for interest and other financial charges, interest income, and depreciation and amortization.

Already Committed to Deploy ~\$15B to M&A and Repurchases Since 2023

LONG-TERM FINANCIAL PROGRESSION



1. Represents gross margin from the last twelve months. Historical gross margin excludes company-funded R&D, in line with the reporting change made in 1Q23. 2. Adjusted EPS V% guidance excludes 2024 amortization of acquisition-related intangibles, 2024 acquisition-related costs, 2024 Russian-related charges, 2023 pension mark-to-market expense, 2023 amortization of acquisition-related intangibles, 2023 acquisition-related costs, 2023 Russian-related charges, 2023 net expense related to the NARCO Buyout and HWI sale, and 2023 adjustment to estimated future Bendix liability. 3. Excluding impact of settlements related to the NARCO Buyout, HWI Sale, and UOP Matters. 4. Adjusted EPS excluding pension headwind excludes the impact of the year-over-year decrease in pension ongoing and other postretirement income. 5. Excluding 2020.

Committed to Delivering on Our Long-Term Targets

Honeywell

3Q AND FY 2024 OUTLOOK

3Q GUIDANCE

SALES

\$9.8B - \$10.0B

Up 4% - 6% Organically

SEGMENT MARGIN

23.0% - 23.3%

Down (60) - (30) bps

ADJUSTED EPS

\$2.45 - \$2.55

Up 3% - 7%

NET BELOW THE LINE IMPACT

(\$185M - \$235M)

Effective tax rate Share count

~21%

~655M

FY GUIDANCE

SALES

\$39.1B - \$39.7B

Up 5% - 6% Organically

SEGMENT MARGIN

23.3% - 23.5%

Down (20) – Flat bps

ADJUSTED EPS

\$10.05 - \$10.25

Up 6% - 8%

FREE CASH FLOW

\$5.5B - \$5.9B

Up 4% - 11% excluding impact of prior year settlements

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 postretirement income, amortization of acquisition-related intangibles, certain acquisition-related costs, and repositioning and other charges. Adjusted EPS and Adjusted EPS V% guidance excludes 2024 amortization of acquisition-related intangibles, 2024 acquisition-related costs, 2024 Russian-related charges, 3Q24 amortization of acquisition-related intangibles, 3Q24 acquisition-related costs, 3Q23 amortization of acquisition-related intangibles, 3Q23 acquisition-related costs, 2023 pension mark-to-market expense, 2023 amortization of acquisition-related intangibles, 2023 acquisition-related costs, 2023 Russian-related charges, 2023 net expense related to the NARCO Buyout and HWI sale, and 2023 adjustment to estimated future Bendix liability.

Updated Guidance Incorporates Recently Announced CAES and LNG Acquisitions



VIMAL KAPUR

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Vimal Kapur is Chairman and Chief Executive Officer of Honeywell, an integrated operating company serving a broad range of industries and solving the world's toughest, most complex challenges.

Under his leadership, the company has aligned its portfolio to three powerful megatrends: automation, the future of aviation and energy transition. Vimal is relentlessly focused on accelerating growth through innovation, portfolio shaping, simplification and the Accelerator Operating System.

He became CEO in June 2023 and Chairman of the Board in June 2024. Prior to this, he was President and Chief Operating Officer of Honeywell.

As President and CEO of Performance Materials and Technologies (2021 – 2022), Vimal drove top- and bottom-line growth and established the sustainable technologies solutions business that produces many of the technologies necessary for the energy transition. During his time leading the strategic business group that focuses on Building Automation (2018 – 2021), this business took share from peers and significantly expanded margins during a global pandemic.

Previously, Vimal served as President of Honeywell Process Solutions (HPS), which he led through an oil and gas downturn, positioning it to emerge as an even stronger competitor.

He started his career at a Honeywell joint venture and eventually became the Managing Director of Honeywell Automation India Ltd. Vimal graduated from Thapar Institute of Engineering in Patiala, India, as an electronics engineer.

He is a member of the Business Council, Business Roundtable, Charlotte Executive Leadership Council and U.S.-India CEO Forum.

NON-GAAP FINANCIAL MEASURES

The following information provides definitions and reconciliations of certain non-GAAP financial measures presented in this presentation to which this reconciliation is attached to the most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles (GAAP).

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 measures should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Certain measures presented on a non-GAAP basis represent the impact of adjusting items net of tax. The tax-effect for adjusting items is determined individually and on a case-by-case basis. Other companies may calculate these non-GAAP measures differently, limiting the usefulness of these measures for comparative purposes.

Management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitations of these non-GAAP financial measures are that they exclude significant expenses and income that are required by GAAP to be recognized in the consolidated financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expenses and income are excluded or included in determining these non-GAAP financial measures. Investors are urged to review the reconciliation of the non-GAAP financial measures to the comparable GAAP financial measures and not to rely on any single financial measure to evaluate Honeywell's business.

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

(\$M)	3Q23	2023
Operating income	\$ 1,926	\$ 7,084
Stock compensation expense ¹	39	202
Repositioning, Other ^{2,3}	100	952
Pension and other postretirement service costs ³	17	66
Amortization of acquisition-related intangibles	87	292
Acquisition-related costs ⁴	1	2
Segment profit	\$ 2,170	\$ 8,598
Operating income	\$ 1,926	\$ 7,084
÷ Net sales	\$ 9,212	\$ 36,662
Operating income margin %	20.9 %	19.3 %
Segment profit	\$ 2,170	\$ 8,598
÷ Net sales	\$ 9,212	\$ 36,662
Segment profit margin %	23.6 %	23.5 %

1 Included in Selling, general and administrative expenses.

2 Includes repositioning, asbestos, environmental expenses, equity income adjustment, and other charges.

3 Included in Cost of products and services sold and Selling, general and administrative expenses.

4 Includes acquisition-related fair value adjustments to inventory.

We define operating income as net sales less total cost of products and services sold, research and development expenses, and selling, general and administrative expenses. We define segment profit, on an overall Honeywell basis, as operating income, excluding stock compensation expense, pension and other postretirement service costs, amortization of acquisition-related intangibles, certain acquisition-related costs, and repositioning and other charges. We define segment profit margin, on an overall Honeywell basis, as segment profit divided by net sales. 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 operating income to segment profit, on an overall Honeywell basis, has not been provided for all forward-looking measures of segment profit and segment profit margin included herein. 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 operating income to segment profit will be included within future filings.

Acquisition amortization and acquisition-related costs are significantly impacted by the timing, size, and number of acquisitions we complete and are not on a predictable cycle, and we make no comment as to when or whether any future acquisitions may occur. We believe excluding these costs provides investors with a more meaningful comparison of operating performance over time and with both acquisitive and other peer companies.

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

(\$M)	2014	2015	2016	2017	2018	2019	2021	2022
Operating income	\$ 5,622	\$ 6,238	\$ 6,051	\$ 6,303	\$ 6,705	\$ 6,851	\$ 6,200	\$ 6,427
Stock compensation expense ¹	187	175	184	176	175	153	217	188
Repositioning, Other ^{2,3}	590	569	674	962	1,100	598	636	942
Pension and other postretirement service costs ⁴	297	274	277	249	210	137	159	132
Amortization of acquisition-related intangibles	257	211	304	398	395	415	465	333
Segment profit	\$ 6,953	\$ 7,467	\$ 7,490	\$ 8,088	\$ 8,585	\$ 8,154	\$ 7,677	\$ 8,022
Operating income	\$ 5,622	\$ 6,238	\$ 6,051	\$ 6,303	\$ 6,705	\$ 6,851	\$ 6,200	\$ 6,427
÷ Net sales	\$ 40,306	\$ 38,581	\$ 39,302	\$ 40,534	\$ 41,802	\$ 36,709	\$ 34,392	\$ 35,466
Operating income margin %	14.0 %	16.2 %	15.4 %	15.6 %	16.0 %	18.7 %	18.0 %	18.1 %
Segment profit	\$ 6,953	\$ 7,467	\$ 7,490	\$ 8,088	\$ 8,585	\$ 8,154	\$ 7,677	\$ 8,022
÷ Net sales	\$ 40,306	\$ 38,581	\$ 39,302	\$ 40,534	\$ 41,802	\$ 36,709	\$ 34,392	\$ 35,466
Segment profit margin %	17.3 %	19.4 %	19.1 %	20.0 %	20.5 %	22.2 %	22.3 %	22.6 %

1 Included in Selling, general and administrative expenses.

2 Includes repositioning, asbestos, environmental expenses, equity income adjustment, and other charges. For the twelve months ended December 31, 2022, other charges include an expense of \$250 million related to reserves against outstanding accounts receivables, contract assets, and inventory, as well as the write-down of other assets and employee severance related to the initial suspension and wind down of our businesses and operations in Russia. For the twelve months ended December 31, 2022, and 2021, other charges includes \$41 million and \$105 million, respectively, of incremental long-term contract labor cost inefficiencies due to severe supply chain disruptions (attributable to the COVID-19 pandemic) relating to the warehouse automation business within the historical Safety and Product Solutions segment. These costs include incurred amounts and provisions for anticipated losses recognized when total estimated costs at completion for certain of the business' long-term contracts exceeded total estimated revenue. These certain costs represent unproductive labor costs due to unexpected supplier delays and the resulting downstream installation issues, demobilization and remobilization of contract workers, and resolution of contractor disputes.

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 operating income as net sales less total cost of products and services sold, research and development expenses, and selling, general and administrative expenses. We define segment profit, on an overall Honeywell basis, as operating income, excluding stock compensation expense, pension and other postretirement service costs, amortization of acquisition-related intangibles, certain acquisition-related costs, and repositioning and other charges. We define segment profit margin, on an overall Honeywell basis, as segment profit divided by net sales. 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 operating income to segment profit, on an overall Honeywell basis, has not been provided for all forward-looking measures of segment profit and segment profit margin included herein. 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 operating income to segment profit will be included within future filings.

Acquisition amortization and acquisition-related costs are significantly impacted by the timing, size, and number of acquisitions we complete and are not on a predictable cycle, and we make no comment as to when or whether any future acquisitions may occur. We believe excluding these costs provides investors with a more meaningful comparison of operating performance over time and with both acquisitive and other peer companies.

RECONCILIATION OF ORGANIC SALES PERCENT CHANGE

	2014	2015	2016	2017	2018	2019	2021	2022	2023
Honeywell									
Reported sales % change	3%	(4)%	2%	3%	3%	(12)%	5%	3%	3%
Less: Foreign currency translation	—%	(4)%	(1)%	—%	1%	(1)%	1%	(3)%	(1)%
Less: Acquisitions, divestitures and other, net	—%	—%	4%	(1)%	(4)%	(16)%	—%	—%	—%
Organic sales % change	3%	—%	(1)%	4%	6%	5%	4%	6%	4%

We define organic sales percentage 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.

RECONCILIATION OF EPS TO ADJUSTED EPS AND ADJUSTED EPS EXCLUDING PENSION HEADWIND

	3Q23	FY2023	3Q24E	2024E
Earnings per share of common stock - diluted ¹	\$ 2.27	\$ 8.47	\$2.28 - \$2.38	\$9.48 - \$9.68
Pension mark-to-market expense ²	—	0.19	No Forecast	No Forecast
Amortization of acquisition-related intangibles ³	0.10	0.35	0.15	0.48
Acquisition-related costs ⁴	0.01	0.01	0.02	0.07
Russian-related charges ⁵	—	—	—	0.02
Net expense related to the NARCO Buyout and HWI Sale ⁶	—	0.01	—	—
Adjustment to estimated future Bendix liability ⁷	—	0.49	—	—
Adjusted earnings per share of common stock - diluted	\$ 2.38	\$ 9.52	\$2.45 - \$2.55	\$10.05 - \$10.25
Pension headwind ⁸	0.14	0.55	No Forecast	No Forecast
Adjusted earnings per share of common stock excluding Pension headwind - diluted	\$ 2.52	\$ 10.07	\$2.45 - \$2.55	\$10.05 - \$10.25

1 For the three months ended September 30, 2023, and twelve months ended December 31, 2023, adjusted earnings per share utilizes weighted average shares of approximately 667.0 million and 668.2 million, respectively. For the three months ended September 30, 2024, and twelve months ended December 31, 2024, expected earnings per share utilizes weighted average shares of approximately 655 million.

2 Pension mark-to-market expense uses a blended tax rate of 18%, net of tax benefit of \$27 million, for 2023.

3 For the three months ended September 30, 2023, and twelve months ended December 31, 2023, acquisition-related intangibles amortization includes \$67 million and \$231 million, net of tax benefit of approximately \$20 million and \$61 million, respectively. For the three months ended September 30, 2024, and twelve months ended December 31, 2024, expected acquisition-related intangibles amortization includes approximately \$95 million and \$315 million, net of tax benefit of approximately \$25 million and \$85 million, respectively.

4 For the three months ended September 30, 2023, and twelve months ended December 31, 2023, the adjustment for acquisition-related costs, which is principally comprised of third-party transaction and integration costs and acquisition-related fair value adjustments to inventory, is approximately \$4 million and \$7 million, net of tax benefit of approximately \$2 million and \$2 million, respectively. For the three months ended September 30, 2024, and twelve months ended December 31, 2024, the expected adjustment for acquisition-related costs, which is principally comprised of third-party transaction and integration costs and acquisition-related fair value adjustments to inventory, is approximately \$15 million and \$45 million, net of tax benefit of approximately \$5 million and \$15 million, respectively.

5 For the twelve months ended December 31, 2023, the adjustment was a benefit of \$3 million, without tax expense. For the twelve months ended December 31, 2024, the expected adjustment is a \$17 million expense, without tax benefit, due to the settlement of a contractual dispute with a Russian entity associated with the Company's suspension and wind down activities in Russia.

6 For the twelve months ended December 31, 2023, the adjustment was \$8 million, net of tax benefit of \$3 million, due to net expense related to the NARCO Buyout and HWI Sale.

7 Bendix Friction Materials ("Bendix") is a business no longer owned by the Company. In 2023, the Company changed its valuation methodology for calculating legacy Bendix liabilities. For the twelve months ended December 31, 2023, the adjustment was \$330 million, net of tax benefit of \$104 million, (or \$434 million pre-tax) due to a change in the estimated liability for resolution of asserted (claims filed as of the financial statement date) and unasserted Bendix-related asbestos claims. The Company experienced fluctuations in average resolution values year-over-year in each of the past five years with no well-established trends in either direction. In 2023, the Company observed two consecutive years of increasing average resolution values (2023 and 2022), with more volatility in the earlier years of the five-year period (2019 through 2021). Based on these observations, the Company, during its annual review in the fourth quarter of 2023, reevaluated its valuation methodology and elected to give more weight to the two most recent years by shortening the look-back period from five years to two years (2023 and 2022). The Company believes that the average resolution values in the last two consecutive years are likely more representative of expected resolution values in future periods. The \$434 million pre-tax amount was attributable primarily to shortening the look-back period to the two most recent years, and to a lesser extent to increasing expected resolution values for a subset of asserted claims to adjust for higher claim values in that subset than in the modelled two-year data set. It is not possible to predict whether such resolution values will increase, decrease, or stabilize in the future, given recent litigation trends within the tort system and the inherent uncertainty in predicting the outcome of such trends. The Company will continue to monitor Bendix claim resolution values and other trends within the tort system to assess the appropriate look-back period for determining average resolution values going forward.

8 For the three months ended September 30, 2023, the adjustment is the decline of \$92 million of pension ongoing and other postretirement income compared to the three months ended September 30, 2022, net of tax expense of \$28 million. For the twelve months ended December 31, 2023, the adjustment was the decline of \$378 million of pension ongoing and other postretirement income between 2022 and 2023, net of tax expense of \$99 million.

We define adjusted earnings per share as diluted earnings per share adjusted to exclude various charges as listed above. We define adjusted earnings per share excluding pension headwind as adjusted earnings per share adjusted for an actual decline of pension ongoing and other postretirement income between the comparative periods in 2022 and 2023. We believe adjusted earnings per share and adjusted earnings per share excluding pension headwind are measures that are 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.

Acquisition amortization and acquisition-related costs are significantly impacted by the timing, size, and number of acquisitions we complete and are not on a predictable cycle and we make no comment as to when or whether any future acquisitions may occur. We believe excluding these costs provides investors with a more meaningful comparison of operating performance over time and with both acquisitive and other peer companies.

RECONCILIATION OF EPS TO ADJUSTED EPS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Earnings per share of common stock - diluted ¹	\$ 4.92	\$ 5.33	\$ 6.04	\$ 6.21	\$ 2.00	\$ 8.98	\$ 8.41	\$ 6.72	\$ 7.91	\$ 7.27
Pension mark-to-market expense ²	0.05	0.23	0.06	0.28	0.09	0.04	0.13	0.04	0.05	0.64
Amortization of acquisition-related intangibles ³	0.29	0.24	0.20	0.29	0.41	0.41	0.45	0.40	0.52	0.39
Debt refinancing expense ²	—	—	—	0.12	—	—	—	—	—	—
Separation costs ⁴	—	—	—	—	0.02	0.97	—	—	—	—
Impacts from U.S. Tax Reform	—	—	—	—	5.04	(1.98)	(0.38)	—	—	—
Separation related tax adjustment ⁵	—	—	—	—	—	—	—	(0.26)	—	—
Garrett related adjustments ⁶	—	—	—	—	—	—	—	0.60	0.01	—
Changes in fair value for Garrett equity securities ⁷	—	—	—	—	—	—	—	—	(0.03)	—
Gain on sale of retail footwear business ⁸	—	—	—	—	—	—	—	—	(0.11)	—
Expense related to UOP Matters ⁹	—	—	—	—	—	—	—	—	0.23	0.07
Russian-related charges ¹⁰	—	—	—	—	—	—	—	—	—	0.43
Gain on sale of Russian entities ¹¹	—	—	—	—	—	—	—	—	—	(0.03)
Net expense related to the NARCO Buyout and HWI Sale ¹²	—	—	—	—	—	—	—	—	—	0.38
Adjusted earnings per share of common stock - diluted	\$ 5.26	\$ 5.80	\$ 6.30	\$ 6.90	\$ 7.56	\$ 8.42	\$ 8.61	\$ 7.50	\$ 8.58	\$ 9.15

1 Adjusted earnings per share utilizes weighted average shares of 683.1 million, 700.4 million, 711.2 million, 730.3 million, 753.0 million, 772.1 million, 775.3 million, 789.3 million, 795.2 million, and 797.3 million for the years ended December 31, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, and 2013, respectively.

2 Pension mark-to-market expense uses a blended tax rate of 16%, 25%, 25%, 24%, 24%, 23%, 21%, 36.1%, 28.1%, and 25.5% for 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, and 2013, respectively. Debt refinancing expense uses a tax rate of 26.5%.

3 Acquisition-related intangibles amortization includes \$264 million, \$363 million, \$284 million, \$327 million, \$307 million, \$314 million, \$224 million, \$155 million, \$191 million, and \$233 million, net of tax benefit of approximately \$69 million, \$102 million, \$74 million, \$88 million, \$88 million, \$84 million, \$80 million, \$56 million, \$66 million, and \$86 million, for the years ended December 31, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, and 2013, respectively.

4 For the twelve months ended December 31, 2018, and 2017, separation costs were \$732 million and \$14 million, respectively, including net tax impacts.

5 For the twelve months ended December 31, 2020, separation-related tax adjustment of \$186 million includes the favorable resolution of a foreign tax matter related to the spin-off transactions.

6 For the twelve months ended December 31, 2021, the adjustment was \$7 million, without tax benefit, due to a non-cash charge associated with a reduction in value of reimbursement receivables following Garrett's emergence from bankruptcy on April 30, 2021. For the twelve months ended December 31, 2020, the adjustment was \$427 million, net of tax benefit of \$5 million, 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.

7 For the twelve months ended December 31, 2021, the adjustment was \$19 million, net of tax expense of \$5 million, due to changes in fair value for Garrett equity securities.

8 For the twelve months ended December 31, 2021, the adjustment was \$76 million, net of tax expense of \$19 million, due to the gain on sale of the retail footwear business.

9 For the twelve months ended December 31, 2022, and 2021, the adjustments were \$45 million and \$160 million, respectively, without tax benefit, due to an expense related to UOP matters.

10 For the twelve months ended December 31, 2022, the adjustment was \$297 million, without tax benefit, to exclude charges and the accrual of reserves related to outstanding accounts receivable, contract assets, impairment of intangible assets, foreign exchange revaluation, inventory reserves, the write-down of other assets, impairment of property, plant and equipment, employee severance, and called guarantees related to the initial suspension and wind down of our businesses and operations in Russia.

11 For the twelve months ended December 31, 2022, the adjustment was \$22 million, without tax expense, due to the gain on sale of a Russian entities.

12 For the twelve months ended December 31, 2022, the adjustment was \$260 million, net of tax benefit of \$82 million, due to the net expense related to the NARCO Buyout and HWI Sale.

We define adjusted earnings per share as diluted earnings per share adjusted to exclude various charges as listed above. We believe adjusted earnings per share is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Acquisition amortization and acquisition-related costs are significantly impacted by the timing, size, and number of acquisitions we complete and is not on a predictable cycle and we make no comment as to when or whether any future acquisitions may occur. We believe excluding these costs provides investors with a more meaningful comparison of operating performance over time and with both acquisitive and other peer companies.

RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW AND FREE CASH FLOW EXCLUDING THE IMPACT OF SETTLEMENTS AND CALCULATION OF FREE CASH FLOW MARGIN EXCLUDING IMPACT OF SETTLEMENTS

<i>(\$M)</i>	<u>2023</u>
Cash provided by operating activities	\$ 5,340
Capital expenditures	(1,039)
Free cash flow	<u>4,301</u>
Impact of settlements ¹	1,001
Free cash flow excluding impact of settlements	<u><u>\$ 5,302</u></u>
Cash provided by operating activities	\$ 5,340
÷ Net sales	<u>\$ 36,662</u>
Operating cash flow margin %	<u><u>15 %</u></u>
Free cash flow excluding impact of settlements	\$ 5,302
÷ Net sales	<u>\$ 36,662</u>
Free cash flow margin excluding impact of settlements %	<u><u>14 %</u></u>

1 For the twelve months ended December 31, 2023, impact of settlements was \$1,001 million, net of tax benefit of \$252 million, due to settlements related to the NARCO Buyout, HWI Sale, and UOP Matters.

We define free cash flow as cash provided by operating activities less cash for capital expenditures. We define free cash flow excluding impact of settlements as free cash flow less settlements related to the NARCO Buyout, HWI Sale, and UOP Matters. We define free cash flow margin excluding impact of settlements as free cash flow excluding impact of settlements divided by net sales.

We believe that free cash flow, free cash flow excluding impact of settlements, and free cash flow margin excluding impact of settlements are non-GAAP measures that are 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. These measures 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.

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

(\$M)	2014	2015	2016	2017	2018	2019	2021	2022
Cash provided by operating activities	\$ 5,080	\$ 5,519	\$ 5,498	\$ 5,966	\$ 6,434	\$ 6,897	\$ 6,038	\$ 5,274
Capital expenditures	(1,094)	(1,073)	(1,095)	(1,031)	(828)	(839)	(895)	(766)
Garrett cash receipts	—	—	—	—	—	—	586	409
Free cash flow	\$ 3,986	\$ 4,446	\$ 4,403	\$ 4,935	\$ 5,606	\$ 6,058	\$ 5,729	\$ 4,917
Separation cost payments	—	—	—	—	424	213	—	—
Adjusted free cash flow	\$ 3,986	\$ 4,446	\$ 4,403	\$ 4,935	\$ 6,030	\$ 6,271	\$ 5,729	\$ 4,917
Cash provided by operating activities	\$ 5,080	\$ 5,519	\$ 5,498	\$ 5,966	\$ 6,434	\$ 6,897	\$ 6,038	\$ 5,274
÷ Net sales	\$ 40,306	\$ 38,581	\$ 39,302	\$ 40,534	\$ 41,802	\$ 36,709	\$ 34,392	\$ 35,466
Operating cash flow margin %	13 %	14 %	14 %	15 %	15 %	19 %	18 %	15 %
Adjusted free cash flow	\$ 3,986	\$ 4,446	\$ 4,403	\$ 4,935	\$ 6,030	\$ 6,271	\$ 5,729	\$ 4,917
÷ Net sales	\$ 40,306	\$ 38,581	\$ 39,302	\$ 40,534	\$ 41,802	\$ 36,709	\$ 34,392	\$ 35,466
Adjusted free cash flow margin %	10 %	12 %	11 %	12 %	14 %	17 %	17 %	14 %

We define free cash flow as cash provided by operating activities less cash for capital expenditures plus cash receipts from Garrett. We define adjusted free cash flow as free cash flow plus separation cost payments. We define adjusted free cash flow margin as adjusted free cash flow divided by net sales.

We believe that free cash flow, adjusted free cash flow, and adjusted free cash flow margin are non-GAAP measures that are 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. These measures 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.

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

	<u>2024E</u> (\$B)
Cash provided by operating activities	~\$6.6 - \$7.0
Capital expenditures	~(1.1)
Free cash flow	<u>~\$5.5 - \$5.9</u>

We define free cash flow as cash provided by operating activities less cash for capital expenditures.

We believe that free cash flow is a non-GAAP measure 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 measure 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.