

November 14, 2006

Honeywell International Inc.
Attn: Office of General Counsel
101 Columbia Road
Morristown, NJ 07962

Dear General Counsel of Honeywell:

The Project On Government Oversight (POGO) is overhauling and renewing its Federal Contractor Misconduct Database (www.pogo.org/db/index.cfm), a compilation of information from public resources regarding government contractors, including Honeywell. On October 18, 2005 and December 2, 2005, we sent you information regarding findings relevant to Honeywell, which we have enclosed for your reference. As of today, we have not received a response from your office.

A written response is certainly in the best interest of everyone involved. It is the best way for your company to go on record regarding this process and the instances identified; your letter will be posted in its entirety on the database. Several companies have already responded and have expressed appreciation for the opportunity to express their views. POGO would prefer to receive a response by November 30, 2006 to ensure it is included with the launch of our new database.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Scott Amey
General Counsel

Enclosure

Instances of Misconduct

1.

Cost/Labor Mischarge

Date: 04/04/1996 (Date of Settlement)

Misconduct Type: Defective Pricing

Contracting Party: Government Defense

Court Type: Civil

Amount: \$592,779

Disposition: Settlement

Synopsis: According to a GAO report cited by Senator Harkin and Representative DeFazio, Honeywell Information Systems paid \$592,779 to settle allegations of “cost/labor mischarge.”

Document(s):

Harkin/DeFazio Press Release

2.

Defective Products (2001)

Date: 11/01/2001 (Date of Settlement)

Misconduct Type: Other

Contracting Party: N/A

Court Type: Administrative

Amount: \$800,000

Disposition: Settlement

Synopsis: Honeywell Consumer Products (HCP) paid \$800,000 to settle the Consumer Product Safety Commission’s allegations of defective and unsafe humidifiers, baseboard heaters, and ceramic heaters created by HCP.

Document(s):

CPSC Press Release

3.

Failure to Report Hazardous Chemical Releases

Date: 09/09/2002 (Date of Fine)

Misconduct Type: Environment

Contracting Party: N/A

Court Type: Administrative

Amount: \$36,000

Disposition: Fine

Synopsis: “U.S. Environmental Protection Agency Region 5... settled an administrative complaint against Honeywell International for violation of federal laws on the reporting of hazardous chemical releases. The company... agreed to pay a \$36,000 fine.” “EPA alleged that fires on February 5, 1998, and December 17, 1999, at Honeywell’s tar plant at 1200 Zug Road,

Detroit, Mich., resulted in the release of coal tar. After the incident, the company failed to immediately notify the National Response Center and the Michigan State Emergency Response Commission. Honeywell also failed to provide written follow-up reports to the Michigan SERC and the city of Detroit's local emergency planning committee after the second fire. These reports are required as soon as practicable after such incidents.”

Document(s):
EPA Press Release

4.
Labor Law Violations
Date: 10/01/2002 (Date of Settlement)
Misconduct Type: Labor
Contracting Party: N/A
Court Type: Administrative
Amount: \$17,600,000
Disposition: Settlement

Synopsis: To settle allegations of labor law violations, Honeywell agreed to pay “a total of \$17.6 million in severance and other benefits to the over 500 former employees of the Allied Signal, Inc. plant in Stratford, Connecticut.” “The charges involved [Honeywell predecessor] Allied Signal's failure to honor the terms of its "Effects Bargaining Agreements" (EBA) with the Local Unions. The case arose in 1997 when Allied Signal announced that it would not continue the terms of the EBA. On April 12, 2000 the [National Labor Relations Board] issued an Order directing Allied Signal to comply with the terms of the EBA and begin paying severance benefits. Honeywell appealed the Board's Order to the Appeals Court, which on June 29, 2001, issued its Judgment enforcing the Order in full. Thereafter, representatives of Honeywell, UAW Locals 1010 and 376, and NLRB's Hartford, CT office (Region 34), entered into compliance discussions”

Document(s):
NLRB Press Release

5.
Labor Law Violations
Date: 10/01/2002 (Date of Settlement)
Misconduct Type: Labor
Contracting Party: N/A
Court Type: Administrative
Amount: \$17,600,000
Disposition: Settlement

Synopsis: To settle allegations of labor law violations, Honeywell agreed to pay “a total of \$17.6 million in severance and other benefits to the over 500 former employees of the Allied Signal, Inc. plant in Stratford, Connecticut.” “The charges involved [Honeywell predecessor] Allied Signal's failure to honor the terms of its "Effects Bargaining Agreements" (EBA) with the

Local Unions. The case arose in 1997 when Allied Signal announced that it would not continue the terms of the EBA. On April 12, 2000 the [National Labor Relations Board] issued an Order directing Allied Signal to comply with the terms of the EBA and begin paying severance benefits. Honeywell appealed the Board's Order to the Appeals Court, which on June 29, 2001, issued its Judgment enforcing the Order in full. Thereafter, representatives of Honeywell, UAW Locals 1010 and 376, and NLRB's Hartford, CT office (Region 34), entered into compliance discussions”

Document(s):
NLRB Press Release

6.
Neal v. Honeywell
Date: 11/08/1999 (Date of Judgment)
Misconduct Type: Labor
Contracting Party: Government Civilian
Court Type: Civil
Amount: \$1,950,000
Disposition: Judgment Against Defendant

Synopsis: “[D]uring the investigation [of a false claims case, Honeywell manager, Steve] Young began a campaign of intimidation against whoever had alerted his superiors. The parties dispute whether Young then knew Neal's identity but agree that he made plenty of threats. Young related to all who would listen his plans to ‘get’ the snitch, describing the whistleblower as ‘dead meat,’ and announcing his intention to ‘break his legs.’ Honeywell did nothing in response to these public threats, later asserting that it would only ‘add fuel to the fire’ to penalize Young for his intimidating words (or for his deeds: the eventual transfer was not a demotion...) But while Honeywell permitted Young to fulminate, it suggested that Neal leave town. Just before announcing the first steps it would be taking to discipline those responsible for the fraud, Honeywell chose to give Neal a one-month paid leave of absence ‘for her own safety.’ Bill Tyler, Neal's boss, harangued her repeatedly for reporting the fraud, then took away most of her responsibilities until less than a quarter of her duties remained. Neal took the hint and quit. Six years later she sued under the Act, claiming retaliatory discharge and harassment. A jury agreed with her accusations and awarded her \$ 550,000 for emotional distress (she accepted a remittitur to \$ 200,000), and \$ 40,000 in back pay (which, as a result of the statutorily-required doubling plus interest, the judge increased to \$ 150,000). The judge also awarded her \$ 1.6 million in attorneys' fees and costs.” See 191 F.3d 827 (7th Cir 1999)

7.
Patent Infringement and Illegal Monopolization
Date: 12/21/2001 (Date of Settlement)
Misconduct Type: Antitrust
Contracting Party: Non-Governmental
Court Type: Civil
Amount: \$440,000,000
Disposition: Settlement

Synopsis: “Northrop Grumman Corporation... reached a settlement agreement in antitrust and patent infringement lawsuits filed against Honeywell, Inc.... Under the agreement Honeywell has agreed to pay Northrop Grumman \$440 million in cash, \$220 million of which will be paid in 2001, with the balance due in July 2002. Northrop Grumman stated that the settlement agreement resolved all aspects of the litigation.” “The suits accused Honeywell of patent infringement and illegal monopolization of the inertial reference systems market for large commercial air transport, commuter and business aircraft.”

Document(s):

Northrop Grumman Press Release

8.

Unsubstantiated Product Claims

Date: 08/17/1998 (Date of Administrative Agreement)

Misconduct Type: Other

Contracting Party: N/A

Court Type: Administrative

Amount: \$0

Disposition: Administrative Agreement

Synopsis: “Honeywell, Inc., of Minneapolis, Minnesota, has agreed to settle Federal Trade Commission charges that the company made unsubstantiated efficiency and allergy relief claims for its Honeywell Air Purifiers — portable, room air cleaners designed for use in homes and offices, which contain enviraicare® True HEPA (high efficiency particulate air) filters. Honeywell is one of the country's leading manufacturers of air purifiers... The proposed agreement to settle the allegations would prohibit Honeywell from making certain efficacy claims about Honeywell Air Purifiers, enviraicare® True HEPA filters, or any other air cleaning product which is normally used for personal, family, or household purposes, unless at the time of making the claims it possesses and relies upon competent and reliable scientific evidence. Furthermore, claims that state or imply a level of performance under any set of conditions, such as household living conditions, must be substantiated by evidence that either relates to such conditions or that was extrapolated to such conditions by generally accepted procedures.”

Document(s):

FTC Press Release

9.

Violations of the Age Discrimination in Employment Act

Date: 10/04/2004 (Date of Settlement)

Misconduct Type: Labor

Contracting Party: N/A

Court Type: Civil

Amount: \$2,150,000

Disposition: Settlement

Synopsis: “The U.S. Equal Employment Opportunity Commission (EEOC)... resolved a class action employment discrimination lawsuit against Morristown, N.J.-based Honeywell International, a global diversified technology company with over 100,000 employees in 95 countries. EEOC's litigation alleged violations of the Age Discrimination in Employment Act of 1967 (ADEA) (29 USC § 621-634, et. seq.) at the company's headquarters and various regions nationwide by representatives of the former AlliedSignal Automotive Aftermarket (the makers of consumer car care items such as Prestone and Fram products), which Honeywell, Inc. acquired during a 1999 merger. According to EEOC's suit, a class of sales managers and representatives were either terminated or demoted in 1997 because of their age during a companywide reorganization. Assertedly, in many instances, younger workers with less experience were retained and/or offered those positions. The suit was filed in federal district court in New Jersey by the agency's Philadelphia District Office.”

Document(s):
EEOC Press Release

10.
Violations of the Americans with Disabilities Act
Date: 11/22/2002 (Date of Settlement)
Misconduct Type: Labor
Contracting Party: N/A
Court Type: Administrative
Amount: \$100,000
Disposition: Settlement

Synopsis: “The U.S. Equal Employment Opportunity Commission (Commission or EEOC)... has resolved a disability discrimination lawsuit against aerospace giant Honeywell for \$100,000 for a single charging party, as well as significant injunctive and remedial relief. The EEOC alleged that Honeywell, a large aerospace and systems control company employing over 100,000 people, violated the Americans with Disabilities Act of 1990 (42 USC § 1981, et. seq.) (ADA) when it engaged in a pattern of discrimination against Sherry Layne, a disability-rights activist who is hearing and visually impaired. According to the litigation, Honeywell discriminated against Ms. Layne by withdrawing an accommodation for her disability, involuntarily transferring her, failing to accommodate her disability, and discriminating against her because she sought an accommodation of her disability.”

Document(s):
EEOC Press Release

11.
Violations of Virginia's Environmental Regulations
Date: 11/30/2001 (Date of Settlement)
Misconduct Type: Environment
Contracting Party: Government Civilian
Court Type: Administrative
Amount: \$922,000

Disposition: Settlement

Synopsis: “Honeywell International, Inc.... agreed to pay a \$150,000 penalty and perform five special environmental projects worth \$772,000 to settle alleged violations of federal and state environmental regulations at a chemical manufacturing plant in Hopewell, Va.” “The federal government’s complaint, which was filed with the proposed settlement, alleges violations of the federal Clean Air Act and federal and state regulations on the storage and disposal of hazardous substances. The alleged violations include: * inadequate safeguards to prevent or repair leaks of hazardous organic air pollutants; * inadequate repair and recordkeeping of air conditioners and refrigeration units containing ozone-depleting chlorofluorocarbons (CFCs); * untimely and incomplete reporting of benzene emissions; * untimely reporting to federal, state, or local emergency response officials of releases of ammonia, nitrogen oxide, dichlorodifluoromethane, sulfuric acid, sulfur dioxide, caprolactam, and benzene; * untimely reporting to federal, state or local emergency response officials regarding the manufacturing, use or storage of several hazardous substances or toxic chemicals; and * violations of hazardous waste storage and disposal regulations.”

Document(s):
EPA Press Release

12.
Illegal Exportation of Chemicals
Date: 12/30/2003 (Date of Fine)
Misconduct Type: Import/Export
Contracting Party: N/A
Court Type: Administrative
Amount: \$36,000
Disposition: Fine

Synopsis: The U.S. Department of Commerce “charged that, between December 2001 and February 2002, Honeywell made 12 shipments of hydrogen fluoride to Mexico from its Geismar, Louisiana facility without the required Department of Commerce export licenses. Hydrogen fluoride is controlled because it can assist in the development of chemical weapons. Pursuant to the settlement, Honeywell will pay a civil penalty of \$36,000. Honeywell voluntarily self-disclosed the violations and cooperated fully with the investigation.”

Document(s):
DOC Press Release

13.
Violations of the False Claims Act
Date: 06/15/2006 (Date of Settlement)
Misconduct Type: Government Contract Fraud
Contracting Party: Government Defense
Court Type: Civil
Amount: \$2,600,000

Disposition: Settlement

Synopsis: "Honeywell International Inc. will pay the United States \$2.6 million to resolve allegations that the company violated the False Claims Act 31 U.S.C. § 3729, et seq., the Justice Department announced today. The government alleges that Honeywell did not properly test electrostatic protective metallic sheets which had been qualified by the Department of the Navy for use in packaging over 186,000 sensitive parts used by the Department of Defense (DoD) and the National Aeronautic and Space Administration (NASA)."

Document(s):
DOJ Press Release

14.

Operation and Maintenance Deficiencies

Date: 10/28/2002 (Date of Penalty Assessment)

Misconduct Type: Environment

Contracting Party: N/A

Court Type: Administrative

Amount: \$110,675

Disposition: Settlement

Synopsis: On October 28, 2002, the Louisiana Department of Environmental Quality issued a penalty assessment for \$110,675.39 for wastewater discharges, sampling deficiencies, and other violations of the Environmental Quality Act.

Document(s):
Settlement

15.

Excessive Harmful Emissions

Date: 08/26/2002 (Date of Consent Order)

Misconduct Type: Environment

Contracting Party: N/A

Court Type: Civil

Amount: \$69,705

Disposition: Administrative Agreement

Synopsis: On August 26, 2002, a consent order was issued by the Virginia Department of Environmental Quality, stating that Honeywell agreed to pay \$69,705 to settle alleged violations of environmental law and regulations, including the release of excessive harmful emissions.

Document(s):
Virginia Order

16.

Unauthorized Chemical Discharge

Date: 10/04/2002 (Date of Consent Order)
Misconduct Type: Environment
Contracting Party: N/A
Court Type: Civil
Amount: \$47,280
Disposition: Administrative Agreement

Synopsis: On October 4, 2002, the Virginia Department of Environmental Quality issued a consent order stating that Honeywell voluntarily agreed to pay \$47,280 to settle alleged environmental violations. These included several 2000 unauthorized discharges and a chemical spill in 2001.

Document(s):
Virginia Order

17.
Violation of Dredging Permits
Date: 03/31/2003 (Date of Consent Order)
Misconduct Type: Environment
Contracting Party: N/A
Court Type: Administrative
Amount: \$12,000
Disposition: Administrative Agreement

Synopsis: In January 2000, the Virginia Department of Environmental Quality issued a permit to Honeywell for dredging to provide adequate river depth for one of the company's structures. Honeywell allegedly failed to inform the DEQ that solids in the river exceeded the permit's provisions. According to a consent decree, Honeywell agreed to pay a civil charge of \$12,000.

Document(s):
Virginia Order

18.
Violations of Water Quality Standards
Date: 03/24/2004 (Date of Consent Decree)
Misconduct Type: Environment
Contracting Party: N/A
Court Type: Civil
Amount: \$30,000
Disposition: Settlement

Synopsis: In May 2003, Honeywell reported a discharge into a body of water, which the Virginia Department of Environmental Quality believed led to a fishkill. A cross-connection in a Honeywell plant sewer system allegedly caused the incident. In March 2004, Honeywell agreed to pay a civil charge of \$12,000 to settle the violations.

Document(s):
Virginia Order

19.
Violations of Virginia Waste Management Regulations
Date: 07/23/2004 (Date of Consent Decree)
Misconduct Type: Environment
Contracting Party: N/A
Court Type: Civil
Amount: \$13,150
Disposition: Settlement

Synopsis: In 2003, the Virginia Department of Environmental Quality conducted 2 inspections of one of Honeywell's facilities. Several violations of Virginia's waste management regulations were found. Honeywell agreed to pay a civil charge of \$13,150 to settle the violations.

20.
Equipment Violations and Unauthorized Discharges
Date: 09/29/2005 (Date of Consent Order)
Misconduct Type: Environment
Contracting Party: N/A
Court Type: Civil
Amount: \$2,400
Disposition: Settlement

Synopsis: In 2004, equipment failures at Honeywell subsidiary Honeywell Nylon's facility caused several unauthorized discharges of excessive carbon emissions. Honeywell Nylon agreed to pay \$2400 to settle the alleged violations.

Document(s):
Virginia Order

21.
Water Pollution and Contamination
Date: 02/17/2004 (Date of Consent Order)
Misconduct Type: Environment
Contracting Party: N/A
Court Type: Administrative
Amount: \$4,200,000
Disposition: Administrative Agreement

Synopsis: On February 17, 2004, the New York State Department of Environmental Conservation (DEC) announced that the department had "entered into consent orders with Honeywell International, Inc. to address contamination entering Onondaga Lake from certain locations in the surrounding area. Under an additional agreement with DEC, Honeywell...paid the State \$4.2 million in past oversight costs...Honeywell has paid \$4.2 million to the State for

past costs associated with the State's oversight activities. In addition, the consent orders signed by Honeywell and DEC begin the cleanup process at certain locations around Onondaga Lake."

22.

EEOC v. Honeywell, Inc. (Age Discrimination)

Date: 09/28/2004 (Date of Consent Decree)

Misconduct Type: Labor

Contracting Party: N/A

Court Type: Administrative

Amount: \$2,150,000

Disposition: Administrative Agreement

Synopsis: On September 28, 2004, Honeywell, Inc. and the Equal Employment Opportunity Commission signed a consent decree resolving claims that Honeywell "laid off, terminated, and demoted sales managers and sales representatives in various locations nationwide because of their age...The suit was resolved with a two-year consent decree that requires defendant to pay amounts ranging from \$275,000 to \$475,000 (which include attorney's fees and pension benefits) to six Charging Parties, and \$8,000 each to 25 class members, for a total of \$2,150,000."

Document(s):

EEOC Settlement Announcements

Pending Cases

Honeywell International Inc.

Asbestos Litigation (2004)

Date: 01/01/2004 (Date of 10-K Filing)

Misconduct Type: Health

Contracting Party: N/A

Court Type: Civil

Amount: \$0

Disposition: Pending

Synopsis: In connection with recognition of liabilities for asbestos related matters, we record asbestos related insurance recoveries that are deemed probable. In assessing the probability of insurance recovery, we make judgments concerning insurance coverage that we believe are reasonable and consistent with our historical dealings with our insurers, our knowledge of any pertinent solvency issues surrounding insurers and various judicial determinations relevant to our insurance programs. We have approximately \$1.3 billion in insurance coverage remaining that can be specifically allocated to North American Refractories Company (NARCO) related asbestos liabilities. We also have \$1.9 billion in coverage remaining for Bendix related asbestos liabilities although there are gaps in our coverage due to insurance company insolvencies, a comprehensive policy buy-back settlement with Equitas and certain uninsured periods, resulting in approximately 50 percent of these claims being reimbursable by insurance. Our insurance is with both the domestic insurance market and the London excess market. While the substantial majority of our insurance carriers are solvent, some of our individual carriers are insolvent, which has been considered in our analysis of probable recoveries. Projecting future events is

subject to various uncertainties that could cause the insurance recovery on asbestos related liabilities to be higher or lower than that projected and recorded. Given the inherent uncertainty in making future projections, we reevaluate our projections concerning our probable insurance recoveries in light of any changes to the projected liability, our recovery experience or other relevant factors that may impact future insurance recoveries. See Note 21 of Notes to Financial Statements in “Item 8. Financial Statements and Supplementary Data” for a discussion of management's judgments applied in the recognition and measurement of insurance recoveries for asbestos related liabilities.