

June 2, 2008

Honeywell International, Inc.
101 Columbia Road
Morristown, NJ 07962

Dear Sir or Madam:

Sometime in the next few weeks, the Project On Government Oversight (POGO) will update its Federal Contractor Misconduct Database (<http://www.contractormisconduct.org/>), a compilation of information from public resources regarding government contractors, including Honeywell. On October 18, 2005, December 2, 2005 and November 14, 2006, we sent Honeywell information regarding findings in POGO's database. As of today, we have not received a response from you. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to Honeywell, please be assured that any response received by POGO will be posted on the website along with the data.

The biggest change we will be making to the database is the inclusion of more federal contractors (the top 100). We are also adding new instances that we have found in recent months and updating instances already in the database with new information. Please note that the database also includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

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

Sincerely,

Neil Gordon
Investigator

Enclosure

Instances

1. Asbestos Litigation

Date: 02/16/2007 (Date of 10-K Filing)

Misconduct Type: Labor

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: Unknown

Disposition: Settlement

Synopsis: For several years, Honeywell has been trying to settle tens of thousands of asbestos-related injury claims involving its former brick and cement making unit, the North American Refractories Company (NARCO), and Bendix, a former unit of AlliedSignal, which merged with Honeywell. According to Honeywell's February 2007 Form 10-K, the company estimates its liability for settlement of pending and future NARCO-related asbestos claims as of December 31, 2006 and 2005 at \$1.3 and \$1.8 billion, respectively, and estimates its liability for settlement of pending and future Bendix-related asbestos claims as of December 31, 2006 at \$528 million.

2. Cost/Labor Mischarge

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

Misconduct Type: Cost/Labor Mischarge

Enforcement Agency: Defense – General

Contracting Party: Defense - General

Court Type: undisclosed/unknown

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 mischarging.”

3. Defective Products (2001)

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

Misconduct Type: Consumer Affairs

Enforcement Agency: CPSC

Contracting Party: None

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.

4. Failure to Report Hazardous Chemical Releases

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

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

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."

5. Labor Law Violations

Date: 10/01/2002 (Date of Settlement)

Misconduct Type: Labor

Enforcement Agency: NLRB

Contracting Party: None

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"

6. Local 144 Nursing v. Honeywell International (Securities Fraud)

Date: 06/04/2004 (Date of Settlement)

Misconduct Type: Securities

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$100,000,000

Disposition: Settlement

Synopsis: To settle allegations of securities fraud surrounding the merger of Honeywell and Allied Signal, Inc., Honeywell agreed to pay \$100 million to shareholders who purchased Honeywell common stock between December 1, 1999 and June 19, 2000.

7. Neal v. Honeywell

Date: 11/08/1999 (Date of Judgment)

Misconduct Type: Labor

Enforcement Agency: Non-Governmental

Contracting Party: Defense - Army

Court Type: Civil

Amount: \$1,872,116

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.” The Seventh Circuit Court of Appeals subsequently reduced the award of costs by \$77,884.

8. Patent Infringement and Illegal Monopolization

Date: 12/21/2001 (Date of Settlement)

Misconduct Type: Antitrust

Enforcement Agency: Non-Governmental

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.”

9. Unsubstantiated Product Claims

Date: 12/17/1997 (Date of Settlement)

Misconduct Type: Consumer Affairs

Enforcement Agency: FTC

Contracting Party: None

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."

10. Violations of the Age Discrimination in Employment Act

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

Misconduct Type: Labor

Enforcement Agency: EEOC

Contracting Party: None

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."

11. Violation of the Americans with Disabilities Act

Date: 11/22/2002 (Date of Settlement)

Misconduct Type: Labor

Enforcement Agency: EEOC

Contracting Party: None

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.”

12. Violations of Virginia and Federal Environmental Regulations

Date: 11/30/2001 (Date of Settlement)

Misconduct Type: Environment

Enforcement Agency: Multiple Agencies

Contracting Party: None

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.”

13. Illegal Exportation of Chemicals to Mexico

Date: 12/30/2003 (Date of Fine)

Misconduct Type: Import/Export

Enforcement Agency: Commerce

Contracting Party: None

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.”

14. Violations of the False Claims Act (Department of Defense and NASA)

Date: 06/15/2006 (Date of Settlement)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Multiple Agencies

Contracting Party: Multiple Agencies

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)."

15. Violations of the Louisiana Environmental Quality Act

Date: 06/03/2003 (Date of Settlement)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Administrative

Amount: \$91,000

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. Subsequently, Honeywell and the DEQ agreed to settle the matter for \$91,000.

16. Excessive Harmful Emissions (Virginia)

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

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

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.

17. Unauthorized Chemical Discharge (Virginia)

Date: 10/04/2002 (Date of Consent Order)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

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.

18. Violation of Dredging Permit (Virginia)

Date: 03/31/2003 (Date of Consent Order)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

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.

19. Violations of Water Quality Standards (Virginia)

Date: 03/24/2004 (Date of Consent Decree)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

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.

20. Violations of Virginia Waste Management Regulations

Date: 07/23/2004 (Date of Consent Order)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Civil

Amount: \$13,150

Disposition: Settlement

Synopsis: In 2003, the Virginia Department of Environmental Quality conducted two 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.

21. Unauthorized Discharges of Excessive Carbon Emissions (Virginia)

Date: 09/29/2005 (Date of Consent Order)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

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.

22. Water Pollution and Contamination (New York)

Date: 02/17/2004 (Date of Announcement)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

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."

23. EEOC v. Honeywell, Inc. (Age Discrimination)

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

Misconduct Type: Labor

Enforcement Agency: EEOC

Contracting Party: None

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."

24. Negligently Causing the Release of Hazardous Air Pollutants

Date: 09/13/2007 (Date of Sentencing)

Misconduct Type: Environment

Enforcement Agency: Multiple Agencies

Contracting Party: None

Court Type: Criminal

Amount: \$12,000,125

Disposition: Pleaded Guilty

Synopsis: In July 2003, a toxic chemical release at Honeywell's Baton Rouge, Louisiana plant killed employee Delvin Henry. In February 2007, Honeywell pled guilty to one count of negligently causing the release of hazardous air pollutants and negligently placing another person in imminent danger of death, in violation of the federal Clean Air Act. Honeywell was sentenced to two years probation and ordered to pay an \$8 million criminal fine, \$4 million in restitution (\$2,000,000 to Henry's three children, \$2,000,000 to the community) and a \$125 special assessment.

25. Defective Seat Belt

Date: 02/15/2007 (Date of Verdict)

Misconduct Type: Consumer Affairs

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$9,750,000

Disposition: Judgment Against Defendant

Synopsis: A federal jury ordered Honeywell International Inc. to pay \$24 million in damages to the parents of Lauren Frazier, who died when a seat belt manufactured by Honeywell failed in an accident in which her Chevrolet Tahoe flipped over. The jury found the seat belt defective and attributed 5 percent of the fault to General Motors and 95 percent to Honeywell. In August 2007, the judge reduced the award to \$9.75 million.

Pending Instances

Music Piracy Network at British Office

Date: 07/02/2007 (Date of Investigation - approx.)

Misconduct Type: Intellectual Property

Enforcement Agency: International

Contracting Party: None

Court Type: Criminal

Amount: \$0

Disposition: Pending

Synopsis: According to media reports, Honeywell is being investigated by the police for an alleged illegal music filesharing network operating out of a British office. Strathclyde Police, together with the UK record labels' trade association, served a warrant on the company's Motherwell premises in July 2007. It is alleged that thousands of music files were illegally shared on the company's servers.

British Columbia Airplane Crash

Date: 12/20/2005 (Date of Report)

Misconduct Type: Consumer Affairs

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$0

Disposition: Pending

Synopsis: Two people were killed when a charter twin-engine turbo-prop aircraft crashed in British Columbia in December 2005. A report released by the Transportation Safety Board of Canada concluded that a device that mixes fuel and air was prone to cracking and was partly responsible for the engine failure that caused the crash. The airline, Nav Air Charter Inc., sued the manufacturer of the aircraft, Mitsubishi Heavy Industries, and the manufacturer of the engine, Honeywell International, for their role in the crash. The lawsuit blames Honeywell for negligently failing to use reasonable care in the design, manufacture, distribution and after-market support of the allegedly defective device, called a combustion plenum.