

May 12, 2010

The Honorable Mary L. Schapiro
Chairwoman
U.S. Securities and Exchange Commission Headquarters
100 F Street, NE
Washington, DC 20549

Re: Disclosing Business in Iran/Doing Business with the United States

Dear Chairwoman Schapiro:

United Against Nuclear Iran (UANI) is a non-partisan advocacy group that is united in a commitment to prevent Iran from acquiring nuclear weapons.

For over two years UANI has focused its efforts on urging businesses that operate in Iran to cease doing so. On February 4, 2009, we launched the Iran Business Registry (IBR). The IBR lists all those businesses known to operate in Iran. Because many companies avoided publicity around their Iran business and failed to disclose their Iran based business in regulatory filings, this list took much time and effort to compile. It is also likely incomplete.

We agree that the U.S. Government, as the world's largest purchaser of services and goods, should not do business with companies that do business with Iran. On June 30, 2009, we proposed model legislation that would require companies contracting with the U.S Government to disclose their Iran business and to require any such business to choose between doing business with the U.S Government and Iran. Companies that are existing U.S. contractors that also do business in Iran should be debarred from U.S contracting. A copy of UANI's model legislation is attached in Appendix 1.

On October 22, 2009, Representatives Ron Klein (FL-22) and John Mica (FL-7) introduced a close version of our model legislation entitled the *Accountability for Business Choices in Iran Act* (ABC Iran Act). It was included as an amendment to the proposed *Iran Refined Petroleum Sanctions Act* (IRPSA), albeit limited to the petroleum and communications sectors.

In the course of our requests to various companies to cease doing business in Iran a theme of response emerged. The typical response was that because a company's work in Iran was relatively *de minimis* to such company's balance sheet, the company argued that the Iran work was not "material" under the U.S. Securities laws. The companies would conclude that they were not obligated disclose their Iran business in their public regulatory filings. We believe that this analysis is wrong and that the failure to disclose Iran business is a violation of U.S. law.

Simply put, in the wake of the Iran's fraudulent election, the gross human rights violations that followed, Iran's defiance of international law, its support of the Iraqi insurgency against American troops, its leading role as a state sponsor of terror, the threat of domestic and international sanctions, and Iran's illegal pursuit of a nuclear weapon, it is far riskier and dangerous for companies to do business in Iran.

Companies doing business in Iran are subject to substantial risks, including dramatic reputational harm, the risk of domestic and international sanctions and potential divestment by state pension funds and large institutional shareholders. As you are aware, the U.S. House of Representatives and the U.S. Senate recently passed the *Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2009*. In certain industry sectors this legislation could result in even more drastic sanctions, including a complete freeze on company assets in the U.S., the loss of access to U.S. capital markets, a prohibition on carrying out financial transactions in U.S. dollars, and a ban on receiving U.S. government contracts, including oil and gas leases.

The world's leading auditors have concluded as much and in response to our urging KPMG pulled out of Iran as too risky a place for KPMG to do business. If Iran is too risky a place for the world's leading auditors to do business, those companies that make the misguided decision to continue their work in Iran are obligated to disclose such business in U.S. regulatory filings.

Much of the debate in this area has focused on "American" companies. However, what constitutes an American company in this context is far different than the traditional understanding of an American company. When a company avails itself of the U.S. capital markets, raising money through the sale of equity and debt securities to individual and institutional investors in the United States, the securities are sold pursuant to the U.S. Securities Act of 1933 and are registered under the U.S. Securities Exchange Act of 1934 and listed on various exchanges. Such companies are required to comply with the securities laws and regulations of the United States and to provide investors with timely, full and accurate disclosure of all material information concerning their operations and financial condition, as well as any risk factors that could affect their operations, financial position or future financial performance. Companies may be technically domiciled all over the world but still avail themselves of the U.S. public markets. For example, Royal Dutch Shell's corporate headquarters is located in The Netherlands, but Royal Dutch Shell is listed on the New York Stock Exchange and is active in the U.S. public markets. As such, they are subject to U.S. securities laws and regulations. They are for all practical purposes an "American" company. Such companies are oftentimes U.S. government contractors as well. Any such company should be obligated to disclose its Iran business.¹

Investors have made it clear that information regarding a company's business in Iran is important to their decision whether or not to invest in a company's securities and is, therefore, by

¹ Much has been made of the foreign subsidiary loophole where companies avoid sanctions by conducting their Iran operation through a foreign based subsidiary. The U.S. securities laws and regulations provide no such loophole and to the extent that companies operate business in Iran through a foreign subsidiary they are obligated to disclose such material business in their U.S. filings.

definition, material. A number of pension funds and other institutional investors have divested their portfolios of companies that do business in Iran or announced that they will make no further investments in such companies. Companies' disclosure documents must contain a thorough discussion of the substantial risks associated with their Iran-based business, including the risks posed by the ongoing movement by pension funds and other large institutional shareholders to divest from companies with business ties to Iran and other state sponsors of terrorism.

Recently, the *Wall Street Journal* reported that the Securities and Exchange Commission is conducting an investigation into businesses that operate in Iran as well as other state sponsors of terrorism. As chairwoman, you have also told Congress that the SEC was considering whether it should *per se require* disclosure of Iran business. (See Kara Scannell, "SEC Investigates Firms Doing Business in Iran," *Wall Street Journal*, May 5, 2010). UANI applauds the SEC for its action.

If the SEC takes definitive action to require companies to disclose their Iran business, no matter if apparently *de minimis* relative to their balance sheets, any misconception that businesses operating in Iran can avoid public disclosure and the harsh light of such exposure will be eliminated.

We ask that the SEC require companies to disclose any and all business that they conduct in Iran in their public regulatory filings.

UANI urges the SEC to require formally the disclosure of Iran business by: (1) issuing a staff interpretive release, which would clarify existing SEC regulations that require detailed disclosure regarding the extent of a company's business in Iran, or (2) adopting a new regulation under Regulation S-K in substance similar to the model regulation that is attached to this letter in Appendix 2.

Public regulatory disclosure of Iran business will facilitate the thorough identification of all companies that are doing business in Iran. Those companies should be ashamed of their decision to put short-term profits ahead of the important national security imperative of isolating the Iranian regime. Those companies should not be permitted to do business with the U.S.

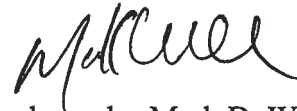
By way of example, companies like Honeywell, which received nearly \$13 billion in U.S taxpayer dollars in the past decade, should not be allowed to work in Iran. (See Jo Becker and Ron Nixon, "U.S. Enriches Companies Defying Its Policy on Iran," *New York Times*, March 6, 2010). Honeywell continues to make key contributions to the development of Iran's oil industry. According to the March 6th *New York Times* article, Universal Oil Products (UOP), a wholly-owned British subsidiary of Honeywell, continues to conduct business in Iran as "part of a consortium ... that is expanding and upgrading the Arak Refinery in Iran." Notably, "the project, budgeted to cost \$3.7 billion, could nearly triple gasoline production from 34,000 to 100,000 barrels per day." Given the vast size and importance of the Arak project, the Iranian regime and the Islamic Revolutionary Guard Corps ("IRGC") must be directly and extensively involved in the development of Arak.

It is simply wrong for companies like Honeywell to receive the benefit of U.S taxpayer dollars and also work for the brutal Iranian regime and the IRGC as it strengthens Iran's refined petroleum industry. Attached to this letter and marked as Appendix 3 is UANI's demand on Honeywell to cease its business in Iran. In response to UANI's demand, Honeywell has refused to cease its current Iran business. Accordingly, Honeywell should be debarred from U.S. government work.

We are happy to provide the SEC with any information regarding UANI's efforts in this area.

Thank for your attention to this matter.

Very truly yours,



Ambassador Mark D. Wallace

w/Attachment

cc: Adam J. Szubin
Director, Office of Foreign Assets Control, U.S. Department of the Treasury

Stuart A. Levey
Under Secretary for Terrorism and Financial Intelligence, U.S. Department of the Treasury

The Honorable Ted Deutch
United States House of Representatives, Florida's 19th District

The Honorable Howard L. Berman
Chairman, House of Representatives Committee on Foreign Affairs

The Honorable Ileana Ros-Lehtinen
Ranking Member, House of Representatives Committee on Foreign Affairs

The Honorable John F. Kerry
Chairman, U.S. Senate Committee on Foreign Relations

The Honorable Richard G. Lugar
Ranking Member, U.S. Senate Committee on Foreign Relations

APPENDIX 1: UANI MODEL LEGISLATION

A Bill

To ensure and certify that companies operating in the United States that receive U.S. government funds are not conducting business in Iran.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress, assembled,

SEC. 1. IRAN BUSINESS CERTIFICATION ACT.

This Act may be cited as the "Iran Business Certification Act".

SEC. 2. SENSE OF CONGRESS REGARDING THE DANGER OF IRAN'S UNACCEPTABLE AND ILLEGAL NUCLEAR PROGRAM

(a) SENSE OF CONGRESS.---It is the sense of Congress that---

- (1) the United States should continue to support diplomatic efforts in the International Atomic Energy Agency and the United Nations Security Council to end Iran's illicit nuclear activities;
- (2) businesses should not aid in Iran's illegal nuclear program;
- (3) the United States, European Union and United Nations Security Council sanctions have had an effect on Iran, and lower oil prices have also adversely affected Iran's economy. As a result Iran is now more susceptible than ever to economic pressure. Iran must feel that its economic isolation and foreign policy isolation has grown to the point of being unbearable to lay the groundwork for a diplomatic resolution of this matter;
- (4) Iran still relies on international companies that do business in Iran to support its fragile economy and changing the behavior of even a few of these companies will result in further stress to Iran's economy;
- (5) the many international companies who do business in Iran must be made to feel the pressure to pull out of Iran. Short-term economic profits cannot be a justification to circumvent even in spirit those international sanctions designed to thwart Iran from developing nuclear weapons;
- (6) with Iran's economy weakened, effective economic measures to isolate the regime may make the difference between a diplomatic resolution and a nuclear standoff. To make a diplomatic solution possible, international firms doing business in Iran must not continue to provide the last crutch of support to the Iranian economy; and
- (7) this Act seeks to prohibit those entities that do business with the United States from doing business with Iran.

SEC. 3. FINDINGS.

Congress makes the following findings:

- (1) On October 29, 1987 the President of the United States issued Executive Order 12613 imposing an import embargo on Iranian-origin goods and services in response to Iran's

“actively supporting terrorism as an instrument of state policy” and “aggressive and unlawful military action against U.S.-flag vessels and merchant vessels of other non-belligerent nations engaged in lawful and peaceful commerce in international waters of the Persian Gulf.”

- (2) On March 16, 1995 the President of the United States issued Executive Order 12957 prohibiting U.S. persons from entering into contracts that lead to the development of Iran's petroleum sector in response to the “actions and policies of the Government of Iran [that] constitute an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States.”
- (3) On May 6, 1995, the President of the United States issued Executive Order 12959 substantially tightening sanctions against Iran “to deal with the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States.”
- (4) On August 5, 1996 the Iran and Libya Sanctions Act was signed into law. In 2006, the title of this legislation was changed to the Iran Sanctions Act (ISA). The ISA notes that “the efforts of the Government of Iran to acquire weapons of mass destruction and the means to deliver them and its support of acts of international terrorism endanger the national security and foreign policy interests of the United States and those countries with which the United States shares common strategic and foreign policy objectives,” and therefore requires the President to sanction U.S. and foreign companies if the President determines that such companies have invested in Iran's petroleum or natural gas sectors.
- (5) On August 19, 1997, the President of the United States issued Executive Order 13059 clarifying Executive Orders 12957 and 12959 and confirming that virtually all trade and investment activities with Iran by U.S. persons, wherever located, are prohibited, “to deal with the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States...in response to the actions and policies of the Government of Iran,” and also expanded the import prohibition to cover goods or services owned or controlled by the Government of Iran.
- (6) On March 14, 2000 the Iran Nonproliferation Act was signed into law, “to provide for the application of measures to foreign persons who transfer to Iran certain goods, services, or technology, and for other purposes.”
- (7) On September 23, 2001, the President of the United States issued Executive Order EO 13224, allowing the President to block the assets of persons who commit, threaten to commit, or support terrorism. Several Iranian entities have been designated under EO 13224 including the Iranian Revolutionary Guard.

- (8) On June 28, 2005, the President of the United States issued Executive Order 13382 allowing the President to block the assets of proliferators of weapons of mass destruction and their supporters. On October 21, 2007, the President designated several Iranian entities, including the Iranian Revolutionary Guard and several Iranian banks.
- (9) On July 31, 2006 the United Nations Security Council passed Security Council Resolution 1696 noting with “serious concern” the many reports of the International Atomic Energy Agency (IAEA) Director General and resolutions of the IAEA Board of Governors related to Iran’s nuclear program. The resolution demanded that Iran suspend all its uranium enrichment and reprocessing activities and called on UN Member States to prevent the transfer of goods and services that could assist Iran in its uranium enrichment and reprocessing activities, or ballistic missiles programs.
- (10) On September 30, 2006 the Iran Freedom Support Act (IFSA) was signed into law “to hold the current regime in Iran accountable for its threatening behavior” and also provided that the President should initiate investigations upon the receipt of credible information that a U.S. or foreign person is investing in Iran's petroleum or natural gas sector in violation of the ISA and extended the ISA until December 31, 2011.
- (11) On December 23, 2006 the United Nations Security Council passed Security Council Resolution 1737 “reiterating its serious concern” with respect to Iran’s nuclear program, demanding that Iran halt its uranium enrichment and reprocessing activities and imposing sanctions on Iran. The resolution required Member States to take all necessary measures to prevent the supply of certain goods or technologies that could contribute to Iran's uranium enrichment, reprocessing, or heavy water-related activities, or to the development of a nuclear weapon, and prohibited Member States from procuring such products from Iran.
- (12) On March 24, 2007 the United Nations Security Council passed Security Council Resolution 1747 reemphasizing its “serious concern” with respect to Iran’s nuclear program, demanding that Iran halt its uranium enrichment and reprocessing activities and strengthening the existing sanctions on Iran. The resolution found that Iran had failed to comply with Resolutions 1696 and 1737 and prohibited Member States from procuring arms or related materials from Iran and called on Member States to prevent the export of goods listed on the UN Register on Conventional Arms to Iran. Resolution 1747 further expanded the list of persons whose assets must be frozen by Member States and resolution 1747 expanded the list of persons whose entry Member States must report to the UN Security Council.

- (13) Effective November 10, 2008, the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) revoked authorization for "U-turn" transfers involving Iran. As of that date, U.S. depository institutions are no longer authorized to process transfers involving Iran that originate and end with non-Iranian foreign banks.
- (14) On March 3, 2008 the United Nations Security Council passed Security Council Resolution 1803 reemphasizing its "serious concern" with respect to Iran's nuclear program, demanding that Iran halt its uranium enrichment and reprocessing activities and approving a new round of sanctions on Iran. The resolution noted with "serious concern" that Iran had not fully ceased its uranium enrichment and reprocessing activities as previously demanded by the Security Council. It expanded sanctions by prohibiting the export of additional sensitive goods and technologies to Iran. It also prohibited the entry of certain named individuals into Member States and expanded the list of persons whose assets must be frozen by Member States.

SEC. 4. CERTIFICATION.

- (a) Any company that has received federal funds since January 1, 2007 shall certify, under penalties of perjury, within 30 days of the effective date of this Act, and within 30 days of the end of each calendar year in which such company receives federal funds, that neither it nor any of its affiliates, directly or indirectly:
- (1) has engaged in any business or provided any goods or services in Iran other than the provision of goods or services to relieve human suffering in Iran or the dissemination of news and information worldwide via the Internet;
 - (2) has been a party to any agreement with any Iranian entity or the Government of Iran, or the owner of an interest in, any Iranian entity; or
 - (3) the owner or operator of any plant, property, equipment or other assets located in Iran.
- (b) The certification required under Section 4(a) shall be executed on behalf of the applicable company by an authorized officer of the company and shall not deviate from the language set forth therein.
- (c) In the event that a company is unable to make the certification required under Section 4(a) because it or one of its affiliates has engaged in one or more of the activities specified in clauses (1), (2) and (3) thereof, the company shall provide to the secretaries concerned, prior to the deadline for delivery of such certification, a detailed and precise description of such activities, such description to be provided under penalties of perjury.
- (d) The certifications provided under Section 4(a) and disclosures provided under Section 4(c) shall be publicly disclosed by the Secretary of the Treasury.

SEC. 5. ADMINISTRATION OF IRAN BUSINESS CERTIFICATION ACT.

- (a) MANAGEMENT.---The Secretaries concerned shall administer this Act.

SEC. 6. REPORT REQUIREMENT

- (a) No later than 90 days following the effective date of this Act and 90 days following the end of each calendar year, the Secretary of the Treasury shall submit a report to the Speaker of the House, the President Pro Tempore of the Senate, the Chair and Ranking Members of the House Committee on Financial Services, Senate Banking, Housing and Urban Affairs Committee, and the House and Senate Committees on Appropriations, explaining the extent to which all companies receiving federal funds or any of their affiliates, directly or indirectly:

- (1) has engaged in any business or provided any goods or services in Iran other than the provision of goods or services to relieve human suffering in Iran or the dissemination of news and information worldwide via the Internet;
- (2) has been a party to any agreement with any Iranian entity or the Government of Iran, or the owner of an interest in, any Iranian entity; or
- (3) the owner or operator of any plant, property, equipment or other assets located in Iran.

SEC. 7. DEFINITIONS.

In this Act:

- (1) SECRETARY CONCERNED.---The term “Secretary concerned” means---
- (a) with respect to administering U.S. federal government funds under the jurisdiction of the Secretary of the Treasury, the Secretary of the Treasury; and
 - (b) with respect to businesses operating in the U.S. under the jurisdiction of the Secretary of Commerce, the Secretary of Commerce.
- (2) COMPANY.---The term “company” means---
- (a) a sole proprietorship, organization, association, corporation, partnership, limited liability company, venture, or other entity, its subsidiary or affiliate; and
 - (b) includes a company owned or controlled, either directly or indirectly, by the government of a foreign country, that is established or organized under the laws of, or has its principal place of business in, such foreign country and includes U.S. subsidiaries of the same.
- (3) AFFILIATE.---The term “affiliate” means any individual or entity that directly or indirectly controls, is controlled by, or is under common control with, the company, including without limitation direct and indirect subsidiaries of the company.

- (4) ENTITY.---The term “entity” means a sole proprietorship, a partnership, limited liability corporation, association, trust, joint venture, corporation, or other organization.
- (5) FEDERAL FUNDS.---The term “federal funds” means a sum of money or other resources derived from U.S. taxpayers, which the U.S. government may provide to companies through government grants or loans, or through the terms of a contract with the federal government, or through the Emergency Economic Stabilization Act of 2008 “Troubled Asset Relief Program” or other similar and related transaction vehicles
- (6) GOVERNMENT OF IRAN.---The term “Government of Iran” includes the Government of Iran, any political subdivision, agency, or instrumentality thereof, and any person owned or controlled by, or acting for or on behalf of, the Government of Iran.
- (7) IRAN.---The term “Iran” means the territory of Iran and any other territory or marine area, including the exclusive economic zone and continental shelf, over which the Government of Iran claims sovereignty, sovereign rights, or jurisdiction, provided that the Government of Iran exercises partial or total de facto control over the area or derives a benefit from economic activity in the area pursuant to international arrangements.

APPENDIX 2

Proposed Regulation under the Securities Act of 1933

and the Securities Exchange Act of 1934

To be added as a new Regulation under Regulation S-K

Disclosure of Business In or With Iran

State whether, during the registrant's current and last completed fiscal years, the registrant or any of its subsidiaries or affiliates (including any foreign subsidiaries or affiliates), directly or indirectly (i) engaged in, caused, directed, participated in or profited from any commercial activity in Iran, (ii) was a party to any agreement with any Iranian entity or the government of Iran, (iii) was the owner of an interest in any Iranian entity or (iv) owned or operated any plant, property, equipment or other assets located in Iran.

If the registrant or any of its subsidiaries or affiliates have engaged in any of the activities described in clauses (i) through (iv) above during the registrant's current or last completed fiscal year, describe with particularity the nature and extent of such activities, the revenues and profits, if any, attributable to such activities, and whether the registrant or its applicable subsidiaries or affiliates intend to continue such activities.

For purposes of this section, the terms "Iran" and "Iranian entity" have the meanings set forth in 31 C.F.R. Part 535.301.

APPENDIX 3

[Page intentionally left blank. Please see following pages for UANI's letter to Honeywell.]

April 8, 2010

David M. Cote
Chairman & CEO
Honeywell International Inc.
101 Columbia Road
Morristown, NJ 07962

Re: Honeywell and Surveillance Projects in Iran

Dear Mr. Cote:

United Against Nuclear Iran (“UANI”) has learned that Honeywell is selling Honeywell Security products through authorized distributors in Iran. Such technologically-advanced products can be used for surveillance purposes and to secure oil pipelines and nuclear reactors. The purpose of this letter is to clarify those dealings.

UANI and its supporters believe that Honeywell’s decision to do business in Iran is wrong and has added Honeywell to our Iran Business Registry (“IBR”).

According to the Honeywell Business Conduct Guidelines:

Honeywell's Integrity and Compliance program reflects our vision and values. It helps our employees, representatives, contractors, consultants and suppliers worldwide comply with a high standard of business conduct. Honeywell employees are proud of their company's strong reputation for ethical conduct; this program helps protect that reputation. *Integrity and Compliance Program*, Honeywell.

Conducting business in Iran and providing surveillance products to Iran is certainly a violation of this creed.

In the face of overwhelming bipartisan support in the U.S. Congress to economically isolate Iran’s oil and natural gas industry, Honeywell continues to make key contributions to the development of Iran’s oil industry. According to a New York Times article published on March 6, 2010, Universal Oil Products (UOP), a wholly-owned British subsidiary of Honeywell, continues to conduct business in Iran as “part of a consortium with Axens, Technip, Sinopec Engineering Inc. and several Iranian firms that is expanding and upgrading the Arak Refinery in Iran.” Notably, “The project, budgeted to cost \$3.7 billion, could nearly triple gasoline production from 34,000 to 100,000 barrels per day.” Given the vast size and importance of the

Arak project, the Iranian regime and the Islamic Revolutionary Guard Corps (“IRGC”) must be directly and extensively involved in the development of Arak.

It is unconscionable the Honeywell is profiting from business dealings with the Iranian regime and the IRGC.

While we understand that you have pledged to the State Department that Honeywell will not undertake new investments in Iran, we deplore your decision to continue to aid Iran in its production of gasoline and to maintain sales of surveillance equipment in Iran.

As a leading U.S. federal contractor and the recipient of over \$12.9 billion in U.S. federal funds in the past decade, Honeywell profits from the U.S. government while at the same time undermining the strategic interests of the U.S. vis-à-vis Iran.

The nature of the sales of Honeywell’s Security Group into Iran is disconcerting. Honeywell Automation & Control Solutions describes itself as:

A global manufacturer of electronic security systems and solutions. It comprises Honeywell Security & Custom Electronics for intrusion and fire systems, networking solutions and Honeywell Systems Group for video matrix switching systems, DVR/networking, cameras and complete CCTV systems and for access control solutions from entry point to enterprise wide systems. *Honeywell Security Group - Middle East*, Honeywell website.

The Director of the Middle East & North Africa Regional Sales Office of the Honeywell Security Group, in correspondence, confirmed that Caspian Electronic of Iran is one of Honeywell’s authorized partners in the country. Mr. Nasr of Caspian Electronic stated that his company sells Honeywell Security products in Iran, additionally stating that Caspian has a “very strong resume in Security and surveillance markets.” He also stated that Caspian sells Honeywell security products as “CCTV, IP Network Cameras, Intrusion Alarms, and Access Control for Iranian markets.” We have grave concerns about the sales of such products in Iran and the purposes for which such products could be used, including and particularly for government surveillance activities against its own citizens.

There are other products listed in Honeywell Security’s Middle East catalog that could support the ability of the Iranian regime to secure its nuclear facilities and/or to monitor its own citizens. Honeywell’s Perimeter Intrusion Technology “has been approved by the U.S. Government for use in applications requiring up to DOD Nuclear Certified Equipment (NCE).” (“Honeywell Security Catalog 2008-2009,” page 4) Honeywell’s Vindicator Security Solutions is marketed as a product to secure “mission-critical installations such as military bases, nuclear power plants, oil refineries and pipelines.” (“Honeywell Security Catalog 2008-2009,” page 396).

Overall, this catalog features advanced security products which a responsible company would not sell into Iran.

As I am sure you are aware the IRGC is the dominant ideological entity in Iran that pervades Iran's society and economy. It oversees Iran's nuclear and missile programs, many of its vast engineering projects and is heavily involved in, if not the leader of, Iran's major oil and gas projects, such as those in South Pars and the Arak Refinery. Given the prevalence of Honeywell products in Iran it is clear that the IRGC is likely a major beneficiary, owner and/or operator of Honeywell's advanced technological equipment.

To this day Iran defies the international community by developing a secret and illegal nuclear weapon. It is the world's leading state sponsor of terrorism – supporting groups such as Hamas and Hezbollah. Iran has supported the Iraqi insurgency resulting in the deaths of heroic American soldiers. The human rights violations that the Iranian regime perpetrated on its own people in the wake of last year's fraudulent Iranian election were appalling. Yet, Honeywell very comfortably does business in Iran.

UANI calls on Honeywell to clarify, definitively, whether it does business (through an affiliate or subsidiary) with the IRGC and whether its equipment in Iran is used in the security of Iran's nuclear facilities or the surveillance and repression of the Iranian population. Such use would, of course, be cause for great concern by the international community. Simply put, given the extensive use and availability of Honeywell equipment in Iran, Honeywell has some tough questions that it must answer.

What steps does Honeywell take within Iran's closed society to reach assurance that its equipment can, in no way, be used to support Iran's illegal nuclear program?

What steps does Honeywell take within Iran's closed society to reach assurance that its surveillance equipment can in no way be used to by the regime to repress the Iranian people?

What steps does Honeywell take within Iran's closed society to reach assurance that its products are not used by the IRGC?

Given Iran's sponsorship of terrorism, its pursuit of an illegal nuclear weapon and its gross human rights violation why would Honeywell sell its equipment into Iran even for benign purposes?

Do Honeywell's vows of corporate responsibility not apply to sponsors of terrorism?

Does the convenience of operating in Iran through a foreign subsidiary absolve Honeywell of its obligations under its Global Code of Conduct?

UANI calls on Honeywell to cease doing business in Iran. By conducting business in Iran, Honeywell provides support to the Iranian regime. For Iran, the decision to continue to pursue nuclear weapons comes down to a simple cost-benefit analysis: Do the benefits of having a nuclear capability outweigh the costs of international economic isolation? Honeywell, by ceasing its business dealings in Iran, can send a clear message to Iran that it will not conduct business with a regime that is illegally developing nuclear weapons, and that brutally represses its own people.

General Electric recently partnered with UANI and signed the Iran Business Declaration, affirming that it will not do business in Iran. Caterpillar, Ingersoll Rand, and Huntsman have severed their business ties in Iran. KPMG, an expert in business risk, determined that doing business in Iran was too risky and therefore ended its business in Iran. We urge Honeywell to immediately cease all business dealings in Iran, including the sale of security products and to cease participating in projects related to the Arak Refinery.

We write also to call your attention to a very serious issue involving deficiencies in your company's public filings, specifically, your company's ongoing failure to disclose any of Honeywell's activities in, and risks of doing business with, Iran.

As you know, Honeywell frequently avails itself of the U.S. capital markets, raising billions of dollars through the sale of its equity and debt securities to individual and institutional investors in the United States. As your company's securities are sold pursuant to the U.S. Securities Act of 1933 and are registered under the U.S. Securities Exchange Act of 1934 and listed on the New York Stock Exchange, you are required to comply with the securities laws and regulations of the United States and to provide investors with timely, full and accurate disclosure of all material information concerning your operations and financial condition, as well as any risk factors that could affect your operations, financial position or future financial performance. In particular, U.S. Securities and Exchange Commission ("SEC") regulations require you to disclose with specificity the nature and extent of, and the risks associated with, your business activities involving state sponsors of terrorism such as Iran.

A review of your company's filings with the SEC reveals zero disclosure regarding your company's dealings with Iran. Such a failure to disclose is a violation of SEC requirements. Investors have a legal right to know how Honeywell's overall business could be affected as a result of your violations of the SEC's disclosure obligations and existing U.S. laws, such as the Iran Sanctions Act. In addition to your failure to adequately disclose the risk of sanctions, your SEC filings do not contain any discussion of the substantial risks posed by the ongoing movement by pension funds and other large institutional shareholders to divest from companies with business ties to countries such as Iran, which support terrorism and threaten global security.

As a result of your failure to disclose your business in Iran, you are exposing the company to the risk of enforcement actions by the SEC as well as shareholder class actions. We are furnishing copies of this letter to the SEC and the New York Stock Exchange and have urged each of them to launch a full investigation into Honeywell's disclosure practices. UANI will continue monitoring your disclosures with regard to your Iran business.

Please be advised that UANI, with the support of its tens of thousands of activists, will take any and all action we deem necessary to hold Honeywell accountable for its inappropriate business relationships in Iran and its unlawful and inadequate disclosure related to such business. In the event Honeywell continues its business operations in Iran and fails to adequately disclose the risks of such business, UANI will pursue appropriate legal action against Honeywell, will call on the New York Stock Exchange to delist Honeywell and will assist the many Honeywell shareholders who oppose Honeywell's activities in Iran.

Honeywell is a great company that employs many Americans in these tough times and neither UANI nor its tens of thousands of activists seek to gratuitously harm Honeywell's business. But Honeywell's business in Iran must stop and UANI's activists are prepared to take appropriate and legal steps to ostracize Honeywell for its irresponsible actions related to its business in Iran.

Given the urgent nature of this issue please let me hear from you on or before April 15th, 2010 with your response.

I look forward to your response.

Very truly yours,



Ambassador Mark D. Wallace

cc: **Mary L. Schapiro**
Chairwoman, United States Securities Exchange Commission

Adam J. Szubin
Director, Office of Foreign Assets Control, U.S. Department of the Treasury

Duncan L. Niederauer
Chief Executive Officer, New York Stock Exchange

Xavier Rolet
Chief Executive Officer, London Stock Exchange Group

Tim Mahoney
President & CEO of Aerospace, Honeywell

Roger Fradin
President & CEO of Automation and Control Solutions, Honeywell

Alex Ismail
President & CEO of Transportation Systems, Honeywell

Andreas Kramvis
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