

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 15<sup>th</sup>, 2010 with your response.

I look forward to your response.

Very truly yours,

A handwritten signature in black ink, appearing to read 'm/d/wallace', written in a cursive style.

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  
President & CEO of Specialty Materials, Honeywell

Kate Adams  
Senior Vice President & General Counsel, Honeywell

David J. Anderson  
Senior Vice President & Chief Financial Officer, Honeywell

Ron Rothman  
President of Honeywell Security Group

Rajeev Guatam  
President & CEO of UOP LLC

Board of Directors

Gordon M. Bethune  
Retired Chairman & CEO of Continental Airlines, Inc.

Kevin Burke  
Chairman, President & CEO of Consolidated Edison, Inc.

Jaime Chico Pardo  
Co-Chairman of the Board of Telefonos de Mexico, S.A.B. de C.V. (TELMAX)

D. Scott David  
Chairman & CEO of UPS, Inc.

Linnet F. Deily  
Former Deputy U.S. Trade Representative & Ambassador

Clive R. Hollick  
Senior Adviser of Kohlberg Kravis Roberts & Co.

George Paz  
Chairman, President & CEO of Express Scripts, Inc.

**Bradley T. Sheares**

**Former CEO of Reliant Pharmaceuticals, Inc. & Former President of U.S. Human Health, Merck & Co., Inc.**

**John R. Stafford**

**Retired Chairman & CEO of Wyeth**

**Michael W. Wright**

**Retired Chairman, President & CEO of SUPERVALU INC.**