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October 16, 2012

The Honorable Mark Begich
United States Senate
111 Russell Senate Office Building
Washington, DC 20510

Dear Senator Begich:

Thank you for your letter dated October 3, 2012 to Dave Cote and for your interest in our XTRATUF boots. Dave has asked me to respond in my role as Senior Vice President of Global Government Relations to address the questions raised in your letter. Let me first reaffirm that the satisfaction of our customers is our number one priority. We believe that this commitment is realized by delivering top-quality products and services at a fair price and by rapidly responding to our clients' requests and future needs.

We are proud that XTRATUF has achieved a "cult-like" status in Alaska as the preferred boot among commercial fishermen and the general public. It is a reputation that we have built through decades of delivering the best quality product to our customers, and one that we know we have to work hard to keep every day.

Honeywell is committed to producing products of the highest quality, from footwear to our space and commercial avionics, to our complex industrial and home controls and energy saving turbochargers.

When we learn of product quality or customer service issues, we respond rapidly. In the case of our XTRATUF boots, we first became aware of quality complaints in April of this year. We responded as follows:

- First, we immediately began the process of listening to and learning from our customers to understand and address their issues in the most efficient and comprehensive way possible.
- Next, we re-enforced with distributors and retailers that we would continue to offer our "replacement guarantee" program – no questions asked. We also posted messages on our XTRATUF website and through social media encouraged customers to contact us for an immediate replacement.
- We have personally responded to every customer complaint. Questions and concerns about XTRATUF came to us by phone, email, website and Facebook. We have dedicated

resources to respond to all customer concerns, guaranteeing a refund or replacement of the product as needed.

- By the second week in May, we implemented extensive improvements at our production facility, including improved training for the operators and enhanced work processes to ensure more consistent application of the adhesives and foxing placement on the base of the boots – the key quality issues identified through our customer meetings and inspections of the products returned by our customers.
- From May to early June, we completed a 100% visual inspection of all inventory at our distribution centers and worked with our distributors and retailers to remove questionable products from their inventories.
- Since July, we have conducted comprehensive field and laboratory testing of XTRATUF boots that were manufactured both before and after the manufacturing improvements had been implemented. The field trials allow us to monitor boots actually in use by our customers to confirm our improvements are indeed meeting our quality expectations. In addition, we are working with a third-party laboratory to test XTRATUF boots under extreme conditions previously not tested (e.g. exposure to very cold temperatures and extended chemical exposure). The data from these field and laboratory tests will give us additional information on the strength and reliability of our XTRATUF boots and guide our continued product improvement.

We believe we have taken the appropriate actions to ensure the quality issues have been resolved and that we are again delivering the quality, performance and durability our customers have come to expect from XTRATUF boots. We will, however, continue to rigorously monitor product quality and promptly address any issues that might arise.

As you acknowledge in your letter, there is intense pressure to reduce manufacturing costs in order to remain competitive in the marketplace. As a leader in the safety footwear segment, we must regularly assess our operations to ensure that we are operating as efficiently as possible to deliver high quality products at competitive prices. Our customers demand nothing less.

The Rock Island facility came to us through a safety products acquisition. After extensive analysis, we concluded that we could not remain competitive continuing to manufacture our XTRATUF boots at the 90-year-old facility. We simply could not bring the site up to the health and safety, productivity and modern day lean manufacturing standards in which Honeywell operates and remain competitive. Instead, we chose to integrate the portfolio into one of our existing manufacturing centers.

For your reference, I note that none of our direct XTRATUF competitors currently manufacture their products in the United States. Honeywell continues to manufacture other products at a remaining Rock Island facility.

Finally, you asked whether our decision to move our production from Rock Island was influenced by the United States tax code. Our decision was based solely on the considerations outlined above and the tax code was not a factor in our decision.

We agree that the current U.S. international tax rules are not competitive. President Obama and Governor Romney agree that the current 35% corporate tax rate is too high and ought to be reformed. Furthermore, the United States is the only country of the G-8 nations -- and one of only six of the 34 member countries of the Organization for Economic Cooperation and Development -- that taxes a company's income wherever it's earned around the world.

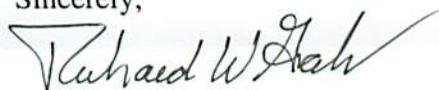
Our business competitors pay tax only in the jurisdiction where they earn income and have tax systems that allow global companies to move their capital around the world without incurring tax penalties. We hope that Congress will undertake comprehensive tax reform that transitions the current system to lower rates and enhances the competitiveness of U.S. based companies. We would appreciate your leadership in this endeavor to help create a more vibrant American economy.

We would be happy to brief you and your staff further on this matter and respond to any questions which you may have. In the future, we always stand ready to respond to your concerns and hope that you will reach out to us directly.

We also want to extend an invitation to visit our Honeywell Technology Experience, located in our Washington D.C. office. Honeywell is proud to be a major contributor to the U.S. economy, with nearly 55,000 employees working in more than 400 R&D, manufacturing, sales, service and operational centers across all 50 States, generating over \$21 billion in U.S. based revenues. We would enjoy the opportunity to share with you the many ways that Honeywell is innovating to make the world safer and more secure, more energy efficient and productive.

Should you have any questions, please do not hesitate to contact me via phone at 202-662-2612 or email at richard.graber@honeywell.com.

Sincerely,



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