As filed with the Securities and Exchange Commission on August 23, 2018.

File No.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10

GENERAL FORM FOR REGISTRATION OF SECURITIES PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

Garrett Motion Inc.†

(Exact name of registrant as specified in its charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**82-4873189** **(I.R.S. Employer Identification Number)**
La Pièce 16, Rolle, Switzerland **(Address of Principal Executive Offices)**	**1180** **(Zip Code)**

Registrant's telephone number, including area code:
+41 21 695 30 00

Securities to be registered pursuant to Section 12(b) of the Act:

Title of Each Class to be so Registered	Name of Each Exchange on Which Each Class is to be Registered
Common Stock, par value $0.001 per share	**New York Stock Exchange**

Securities to be registered pursuant to Section 12(g) of the Act:
None.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company.

See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

† The registrant was formerly named Garrett Transportation Systems Inc. As of June 14, 2018, the registrant changed its name to Garrett Motion Inc.

Garrett Motion Inc.
Information Required in Registration Statement
Cross-Reference Sheet between the Information Statement and Items of Form 10

This Registration Statement on Form 10 incorporates by reference information contained in our Information Statement, which is **Exhibit 99.1** to this Registration Statement on Form 10.

Item No.	Name of Item	Location in Information Statement
1.	Business	See “Information Statement Summary,” “Business,” “The Spin-Off,” “Capitalization,” “Business,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Where You Can Find More Information”
1A.	Risk Factors	See “Risk Factors” and “Cautionary Statement Concerning Forward-Looking Statements”
2.	Financial Information	See “Capitalization,” “Selected Historical Combined Financial Data,” “Unaudited Pro Forma Combined Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”
3.	Properties	See “Business—Properties”
4.	Security Ownership of Certain Beneficial Owners and Management	See “Security Ownership of Certain Beneficial Owners and Management”
5.	Directors and Executive Officers	See “Management”
6.	Executive Compensation	See “Management” and “Compensation Discussion and Analysis”
7.	Certain Relationships and Related Transactions, and Director Independence	See “Risk Factors,” “Management” and “Certain Relationships and Related Party Transactions”
8.	Legal Proceedings	See “Business—Legal Proceedings”
9.	Market Price of and Dividends on the Registrant’s Common Equity and Related Shareholder Matters	See “The Spin-Off,” “Dividend Policy,” “Security Ownership of Certain Beneficial Owners and Management” and “Description of Our Capital Stock”
10.	Recent Sales of Unregistered Securities	See “Description of Our Capital Stock”
11.	Description of Registrant’s Securities to be Registered	See “Description of Our Capital Stock”
12.	Indemnification of Directors and Officers	See “Description of Our Capital Stock” and “Certain Relationships and Related Party Transactions—Agreements with Honeywell—Separation and Distribution Agreement”
13.	Financial Statements and Supplementary Data	See “Selected Historical Combined Financial Data,” “Unaudited Pro Forma Combined Financial Statements” and “Index to Combined Financial Statements” and the financial statements referenced therein
14.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	None
15.	Financial Statements and Exhibits	(a) Combined Financial Statements
		See “Index to Combined Financial Statements,” “Unaudited Pro Forma Combined Financial Statements” and the financial statements referenced therein
		(b) Exhibits
		See the Exhibit Index of this Registration Statement on Form 10

EXHIBIT INDEX

Exhibit Number	Exhibit Description
2.1	Form of Separation and Distribution Agreement between Honeywell International Inc. and the registrant**
2.2	Form of Transition Services Agreement between Honeywell International Inc. and the registrant**
2.3	Form of Tax Matters Agreement between Honeywell International Inc. and the registrant**
2.4	Form of Employee Matters Agreement between Honeywell International Inc. and the registrant**
2.5	Form of Intellectual Property Agreement between Honeywell International Inc. and the registrant**
2.6	Form of Trademark License Agreement between Honeywell International Inc. and the registrant**
2.7	Form of Indemnification and Reimbursement Agreement by and between AlliedSignal Aerospace Service Corp., Honeywell Asia Pacific Inc. and Honeywell International Inc**
3.1	Form of Amended and Restated Certificate of Incorporation of the registrant
3.2	Form of Amended and Restated By-Laws of the registrant
10.1	Offer Letter for Olivier Rabiller, dated May 2, 2018
10.2	Employment Contract for Alessandro Gili, dated May 2, 2018
10.3	Offer Letter of Daniel Deiro, dated June 1, 2018
10.4	Offer Letter of Thierry Mabru, dated June 1, 2018
10.5	Offer Letter of Craig Balis, dated June 1, 2018
21.1	List of subsidiaries of the registrant
99.1	Preliminary Information Statement
99.2	Pertinent pages from Honeywell International Inc.'s Proxy Statement, dated March 8, 2018, filed pursuant to Rule 14a-6 of the Securities Exchange Act of 1934
99.3	Pertinent pages from the Annual Report of Honeywell International Inc. on Form 10-K for the fiscal year ended December 31, 2017, filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

** Certain schedules and similar attachments have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The registrant hereby undertakes to furnish copies of any of the omitted schedules and similar attachments upon request by the U.S. Securities and Exchange Commission.

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused its Registration Statement on Form 10 to be signed on its behalf by the undersigned, thereunto duly authorized.

GARRETT MOTION INC.

By: /s/ Su Ping Lu
Name: Su Ping Lu
Title: President

DATED: August 23, 2018

Exhibit 2.1

SEPARATION AND DISTRIBUTION AGREEMENT

by and between

HONEYWELL INTERNATIONAL INC.

and

GARRETT MOTION INC.

Dated as of [   ], 2018

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SEPARATION AND DISTRIBUTION AGREEMENT, dated as of [ ], 2018, by and between HONEYWELL INTERNATIONAL INC., a Delaware corporation ("Honeywell"), and GARRETT MOTION INC., a Delaware corporation ("SpinCo"). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Article I.

R E C I T A L S

WHEREAS the board of directors of Honeywell has determined that it is in the best interests of Honeywell and its shareholders to create a new publicly traded company that will operate the SpinCo Business;

WHEREAS in furtherance of the foregoing, the board of directors of Honeywell has determined that it is appropriate and desirable to effect the transactions constituting the Reorganization, to transfer certain assets and liabilities to SpinCo, a wholly owned Subsidiary of Honeywell, on the terms and subject to the conditions of this Agreement and subsequently to distribute Honeywell's entire interest in SpinCo, by way of a dividend of stock to be made to holders of Honeywell Common Stock;

WHEREAS in furtherance of the foregoing, it is appropriate and desirable to effect the Spin-Off, as more fully described in this Agreement;

WHEREAS SpinCo has been incorporated solely for these purposes and has not engaged in activities except in preparation for the Spin-Off;

WHEREAS Honeywell and SpinCo have prepared, and SpinCo has filed with the Commission, the Form 10, which includes the Information Statement and sets forth appropriate disclosure concerning SpinCo and the Distribution;

WHEREAS Honeywell and SpinCo intend that certain steps of the Plan of Reorganization and the Distribution each qualify for its Intended Tax Treatment and for this Agreement to constitute a plan of reorganization within the meaning of Section 1.368-2(g) of the Treasury Regulations and a plan of liquidation within the meaning of Section 332 of the Code, as relevant; and

WHEREAS it is appropriate and desirable to set forth the principal corporate transactions required to effect the Spin-Off and certain other agreements that will govern certain matters relating to the Spin-Off and the relationship of Honeywell, SpinCo and their respective Subsidiaries following the Distribution.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. For the purposes of this Agreement, the following terms shall have the following meanings:

"Action" means any claim, complaint, petition, hearing, charge, demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority or any Federal, state, local, foreign or international arbitration or mediation tribunal.

"Adversarial Action" means (i) an Action by a member of the Honeywell Group, on the one hand, against a member of the SpinCo Group, on the other hand, or (ii) an Action by a member of the SpinCo Group, on the one hand, against a member of the Honeywell Group, on the other hand.

"Affiliate" of any Person means a Person that controls, is controlled by or is under common control with such Person. As used herein, "control" of any entity means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such entity, whether through ownership of voting securities or other interests, by Contract or otherwise; provided, however, that (i) SpinCo and the other members of the SpinCo Group shall not be considered Affiliates of Honeywell or any of the other members of the Honeywell Group and (ii) Honeywell and the other members of the Honeywell Group shall not be considered Affiliates of SpinCo or any of the other members of the SpinCo Group.

"Agent" means the distribution agent appointed by Honeywell to distribute to the Record Holders, pursuant to the Distribution, the shares of SpinCo Common Stock held by Honeywell.

"Agreement" means this Separation and Distribution Agreement, including the Schedules hereto.

"Ancillary Agreements" means the TMA, the EMA, the IPA, the Trademark License Agreement, the TSA, the Indemnification Agreement, the Data Transfer Agreement and any other instruments, assignments, documents and agreements executed in connection with the implementation of the transactions contemplated by this Agreement.

"Assets" means all assets, properties and rights of every kind and nature (including goodwill), wherever located (including in the possession of vendors or other third parties or elsewhere), whether real, personal or mixed, tangible or intangible, or accrued or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person, including the following:

(a) all accounting and other books, records and files, whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape, electronic recording or any other form;

(b) all apparatus, computers and other electronic data processing equipment, fixtures, machinery, furniture, office and other equipment, including hardware systems, circuits and other computer and telecommunication assets and equipment, automobiles, trucks, aircraft, rolling stock, vessels, motor vehicles and other transportation equipment, special and general tools, test devices, prototypes and models and other tangible personal property;

(c) all inventories of materials, parts, raw materials, supplies, work-in-process and finished goods and products;

(d) all interests in real property of whatever nature, including buildings, land, structures, improvements and fixtures thereon, and all easements and rights-of-way appurtenant thereto, and all leasehold interests, whether as owner, mortgagee or holder of a Security Interest in real property, lessor, sublessor, lessee, sublessee or otherwise;

(e) all interests in any capital stock or other equity interests of any Subsidiary or any other Person; all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person; all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person; all other investments in securities of any Person; and all rights as a partner, joint venturer or participant;

(f) all license agreements, leases of personal property, open purchase orders for raw materials, supplies, parts or services, unfilled orders for the manufacture and sale of products and other Contracts and all rights arising thereunder;

(g) all deposits, letters of credit, performance bonds and other surety bonds;

(h) all written technical information, data, specifications, research and development information, engineering drawings, operating and maintenance manuals and materials and analyses prepared by consultants and other third parties;

(i) all Intellectual Property Rights, and attorney opinions or reports related thereto concerning freedom-to-practice, technology due diligence and technology landscapes (whether held internally or by external counsel);

(j) all Contracts pursuant to which any license, option or similar right relating to Intellectual Property Rights has been granted or the use of Intellectual Property Rights is materially restricted (excluding, for the avoidance of doubt, contracts terminated pursuant to the terms of this Agreement or any Ancillary Agreement);

(k) all websites, databases, content, text, graphics, images, audio, video, data and other copyrightable works or other works of authorship including all translations, adaptations, derivations and combinations thereof, in each case to the extent not included in clause (i) of this definition;

(l) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, subscriber, customer and vendor data, correspondence and lists, product literature and other advertising and promotional materials, artwork, design, development and manufacturing files, vendor and customer drawings, formulations and specifications, server and traffic logs, quality records and reports and other books, records, studies, surveys, reports, plans, business records and documents, in each case to the extent not included in clause (i) of this definition;

(m) all prepaid expenses, trade accounts and other accounts and notes receivable (whether current or non-current);

(n) all claims or rights against any Person arising from the ownership of any other Asset, all rights in connection with any bids or offers, all Actions, judgments or similar rights, all rights under express or implied warranties, all rights of recovery and all rights of setoff of any kind and demands of any nature, in each case whether accrued or contingent, whether in tort, contract or otherwise and whether arising by way of counterclaim or otherwise;

(o) all rights under insurance policies and all rights in the nature of insurance, indemnification or contribution;

(p) all licenses (including radio and similar licenses), permits, consents, approvals and authorizations that have been issued by any Governmental Authority and all pending applications therefor;

(q) Cash, bank accounts, lock boxes and other deposit arrangements;

(r) interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements; and

(s) all goodwill as a going concern and other intangible properties.

"Cash" means cash, cash equivalents, bank deposits and marketable securities, whether denominated in United States dollars or otherwise.

"Cash Management Arrangements" means all cash management arrangements pursuant to which Honeywell or its Subsidiaries automatically or manually sweep cash from, or automatically or manually transfer cash to, accounts of SpinCo or any member of the SpinCo Group.

"Commission" means the Securities and Exchange Commission.

"Consents" means any consents, waivers authorizations, ratifications, permissions, exemptions or approvals from, or notification requirements to, any Person other than a member of either Group.

"Contract" means any contract, agreement or other legally binding instrument, including any note, bond, mortgage, deed, indenture, commitment, undertaking, promise, lease, sublease, license or sublicense or joint venture.

"Credit Support Instruments" has the meaning set forth in Section 3.01(a).

"D&O Policies" has the meaning set forth in Section 8.06.

"Data Transfer Agreement" means the Data Transfer Agreement dated as of the date of this Agreement by and between Honeywell and SpinCo.

"Debt Incurrence" has the meaning set forth in Schedule I.

"Determination" has the meaning set forth in the TMA.

"Dispute" has the meaning set forth in Section 11.02.

"Distribution" means the distribution by Honeywell to the Record Holders, on a pro rata basis, of all of the outstanding shares of SpinCo Common Stock owned by Honeywell on the Distribution Date.

"Distribution Date" means the date, determined by Honeywell in accordance with Section 5.03, on which the Distribution occurs.

"EMA" means the Employee Matters Agreement dated as of the date of this Agreement by and between Honeywell and SpinCo.

"Exchange" means the New York Stock Exchange.

"Exchange Act" means the Securities Exchange Act of 1934, together with the rules and regulations promulgated thereunder.

"Expected Surviving Guarantees" has the meaning set forth in Schedule XXI.

"First Post-Distribution Report" has the meaning set forth in Section 11.11.

"Form 10" means the registration statement on Form 10 filed by SpinCo with the Commission to effect the registration of SpinCo Common Stock pursuant to the Exchange Act in connection with the Distribution, as such registration statement may be amended or supplemented from time to time.

"Former Business" means any terminated, divested or discontinued businesses, operations or properties of either the Honeywell Group, the SpinCo Group, any of their respective members or any of their respective predecessors, in each case, prior to the Distribution.

"Governmental Approvals" means any notices, reports or other filings to be given to or made with, or any Consents, registrations or permits to be obtained from, any Governmental Authority.

"Governmental Authority" means any Federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other legislative, judicial, regulatory, administrative or governmental authority.

"Group" means either the Honeywell Group or the SpinCo Group, as the context requires.

"Hazardous Materials" means (i) any natural or artificial substance (whether solid, liquid, gas or other form of matter, noise, microorganism or electromagnetic field) that could cause harm to human health or the environment, including petroleum, petroleum products and byproducts, asbestos-containing materials, perfluoroalkyl substances, urea formaldehyde foam insulation, carcinogens, endocrine disrupters, lead-based paint, electronic, medical or infectious wastes, polychlorinated biphenyls, radon gas, radioactive substances, greenhouse gases and ozone-depleting substances and (ii) any other chemical, material, substance or waste that could result in Liability under, or that is prohibited, limited or regulated by or pursuant to, any HSE Law.

"Honeywell" has the meaning set forth in the preamble.

"Honeywell Account" means any bank or brokerage account owned by Honeywell or any other member of the Honeywell Group, including the Honeywell Accounts listed or described on Schedule XI.

"Honeywell Assets" means (a) all Assets of the Honeywell Group (other than Intellectual Property Rights), (b) the Honeywell Retained Assets, (c) any Assets held by a member of the SpinCo Group that are determined by Honeywell, in good faith, to be primarily related to or used primarily in connection with the business or operations of the Honeywell Business (unless otherwise expressly provided in connection with this Agreement), (d) all interests in the capital stock of, or other equity interests in, the members of the Honeywell Group (other than Honeywell), (e) the rights related to the Honeywell Portion of any Shared Contract and (f) the Honeywell IP. Notwithstanding the foregoing, the Honeywell Assets shall not include the SpinCo Assets.

"Honeywell Business" means the businesses and operations as currently or formerly conducted by Honeywell and its predecessors and its Subsidiaries other than the SpinCo Business.

"Honeywell Common Stock" means the common stock, $1.00 par value per share, of Honeywell.

"Honeywell Credit Support Instruments" has the meaning set forth in Section 3.01(a).

"Honeywell Disclosure Sections" means all information set forth in or omitted from the Form 10 or Information Statement to the extent relating to (a) the Honeywell Group, (b) the Honeywell Liabilities, (c) the Honeywell Assets or (d) the substantive disclosure set forth in the Form 10 relating to Honeywell's board of directors' consideration of the Spin-Off, including the section entitled "Reasons for the Spin-Off."

"Honeywell Group" means Honeywell and each of its Subsidiaries, including any Person that becomes a Subsidiary of Honeywell as a result of transactions that occur following the Distribution in accordance with the Plan of Reorganization, but excluding any member of the SpinCo Group.

"Honeywell HSE Liabilities" means any HSE Liability, whether occurring or arising prior to, on or after the Distribution Date, to the extent (a) resulting from or otherwise relating to (i) any compliance or noncompliance with any HSE Law in connection with the operation of the Honeywell Business or any Honeywell Asset, (ii) any Release of any Hazardous Material at, on, under, from or to any real property constituting a Honeywell Asset (including any exposure to, or further Release to any other location of, such Hazardous Material), (iii) any Release, offsite transportation, storage, disposal, treatment or recycling (or arrangement for such activities) of Hazardous Material in connection with the operation of the Honeywell Business (including any exposure to, or further Release to any other location of, such Hazardous Material) or (iv) any alleged personal or property exposure to Hazardous Materials (including those contained in any products currently or formerly manufactured, sold, distributed or marketed) in connection with the operation of the Honeywell Business or any Honeywell Asset or (b) otherwise resulting from or relating to the Honeywell Business or Honeywell Asset; provided that, in no case shall Honeywell HSE Liabilities include any SpinCo HSE Liabilities.

"Honeywell Indemnitees" has the meaning set forth in Section 6.02.

"Honeywell IP" has the meaning set forth in the IPA.

"Honeywell Liabilities" means, without duplication, the following Liabilities:

(a) all Liabilities of the Honeywell Group;

(b) all Liabilities to the extent relating to, arising out of or resulting from:

(i) the operation or conduct of the Honeywell Business as conducted at any time prior to the Distribution (including any Liability to the extent relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority), which act or failure to act relates to the Honeywell Business);

(ii) the operation or conduct of the Honeywell Business or any other business conducted by Honeywell or any other member of the Honeywell Group at any time after the Distribution (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority)); or

(iii) the Honeywell Assets;

(c) the Honeywell Retained Liabilities;

(d) all Honeywell HSE Liabilities;

(e) any obligations related to the Honeywell Portion of any Shared Contract;

(f) any Liabilities that are determined by Honeywell, in good faith prior to the Distribution, to be primarily related to the business or operations of the Honeywell Business (unless otherwise expressly provided in this Agreement); and

(g) all Liabilities to the extent relating to, arising out of or resulting from any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to the Honeywell Disclosure Sections.

Notwithstanding the foregoing, the Honeywell Liabilities shall not include the SpinCo Liabilities.

"Honeywell Policy Pre-Separation Insurance Claim" means any (a) claim made against the SpinCo Group or Honeywell Group and reported to the applicable insurer(s) prior to the Distribution Date in respect of an act or omission occurring prior to the Distribution Date that results in a Liability under a "claims-made-based" insurance policy of the Honeywell Group in effect prior to the Distribution Date or any extended reporting period thereof or (b) Action (whether made prior to, on or following the Distribution Date) in respect of a Liability occurring prior to the Distribution Date under an "occurrence-based" insurance policy of any member of the Honeywell Group in effect prior to the Distribution Date.

"Honeywell Portion" has the meaning set forth in Section 2.05(a).

"Honeywell Retained Assets" means the Assets to be retained by the Honeywell Group set forth on Schedule II.

"Honeywell Retained Liabilities" means the Liabilities to be retained by the Honeywell Group set forth on Schedule III.

"HSE Law" means any Law or Governmental Approvals, or any standard used by a Governmental Authority pursuant to any Law or Governmental Approvals, relating to (i) pollution, (ii) protection or restoration of the indoor or outdoor environment or natural resources, (iii) the transportation, treatment, storage or Release of, or exposure to, hazardous or toxic materials, (iv) the registration, manufacturing, sale, labeling or distribution of hazardous or toxic materials or products containing such materials (including the REACH Regulation and similar requirements), (v) process safety management or (vi) the protection of the public, worker health and safety or threatened or endangered species.

"HSE Liabilities" means all Liabilities relating to Hazardous Materials or relating to or arising under any applicable HSE Law or Governmental Approvals required or issued thereunder (including in either case any such Liability for corrective actions, removal, remediation or cleanup costs, investigation, monitoring or sampling obligations or costs, response costs, financial assurance obligations or costs, natural resources damages, medical and other costs related to personal injuries, property damage, costs, fines, penalties or other sanctions).

"Indemnification Agreement" means the Indemnification and Reimbursement Agreement dated as of the date of this Agreement by and among (i) Honeywell ASASCO, Inc., a corporation organized under the Laws of the State of Delaware, (ii) Honeywell ASASCO 2, Inc., a corporation organized under the Laws of the State of Delaware and (iii) Honeywell and the guarantee in respect of such Indemnification and Reimbursement Agreement entered into by each such party and the guarantor parties listed therein.

"Indemnifying Party" has the meaning set forth in Section 6.04(a).

"Indemnitee" has the meaning set forth in Section 6.04(a).

"Indemnity Payment" has the meaning set forth in Section 6.04(a).

"Information" means information, whether or not patentable, copyrightable or protectable as a trade secret, in written, oral, electronic or other tangible or intangible forms, stored in any medium now known or yet to be created, including studies, reports, records, books, Contracts, instruments, surveys, analyses, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications (including those by or to attorneys (whether or not subject to the attorney-client privilege)), memos and other materials (including those prepared by attorneys or under their direction (whether or not constituting attorney work product)) and other technical, financial, employee or business information or data, documents, correspondence, materials and files, in each case excluding any Intellectual Property Rights therein.

"Information Statement" means the Information Statement sent to the holders of Honeywell Common Stock in connection with the Distribution, as such Information Statement may be amended from time to time.

"Insurance Proceeds" means those monies:

(a) received by an insured (or its successor-in-interest) from an insurance carrier;

(b) paid by an insurance carrier on behalf of the insured (or its successor-in-interest); or

(c) received (including by way of setoff) from any third party in the nature of insurance, contribution or indemnification in respect of any Liability;

in any such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments), net of any costs or expenses incurred in the collection thereof and net of any Taxes resulting from the receipt thereof.

"Intellectual Property Rights" has the meaning set forth in the IPA.

"Intended Tax Treatment" has the meaning set forth in the TMA.

"Intercompany Accounts" has the meaning set forth in Section 2.03(a).

"Intercompany Agreements" has the meaning set forth in Section 2.03(a).

"Intercompany Leases" means the real property leases by and between (i) a member of the Honeywell Group, as lessor, and a member of the SpinCo Group, as lessee, or (ii) a member of the SpinCo Group, as lessor, and a member of the Honeywell Group, as lessee, in each case, as set forth on Schedule XIII under the caption "Leases."

"Intercompany Subleases" means the real property subleases (i) by and between a member of the Honeywell Group, as sublessor, and a member of the SpinCo Group, as sublessee, and (ii) by and between a member of the SpinCo Group, as sublessor, and a member of the Honeywell Group, as sublessee (if any), in each case as set forth on Schedule XIII under the caption "Subleases."

"Intercompany Real Estate Licenses" means the real property licenses by and between a member of the Honeywell Group and a member of the SpinCo Group set forth on Schedule XIII under the caption "Real Estate Licenses."

"IPA" means the Intellectual Property Agreement dated as of the date of this Agreement by and between Honeywell and SpinCo.

"Joint Action" has the meaning set forth in Section 6.10(c).

"Key Role" has the meaning set forth in Section 9.02.

"Law" means any statute, law, regulation, ordinance, rule, judgment, rule of common law, order, decree, Governmental Approval, concession, grant, franchise, license, agreement, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, whether now or hereinafter in effect and, in each case, as amended.

"Lease Assignments" means the assignments of real property leases and subleases by and between a member of the Honeywell Group, as assignor, and a member of the SpinCo Group, as assignee, in each case as set forth on Schedule XIII under the caption "Lease Assignments".

"Liabilities" means any and all claims, debts, demands, actions, causes of action, suits, damages, fines, penalties, obligations, prohibitions, accruals, accounts payable, reckonings, bonds, indemnities and similar obligations, agreements, promises, guarantees, make-whole agreements and similar obligations, and other liabilities and requirements, including all contractual obligations, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, and including those arising under any Law, Action, threatened or contemplated Action or any award of any arbitrator or mediator of any kind, and those arising under any Contract, including those arising under this Agreement, in each case, whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person. For the avoidance of doubt, Liabilities shall include attorneys' fees, the costs and expenses of all assessments, judgments, settlements and compromises, and any and all other costs and expenses whatsoever reasonably incurred in connection with anything contemplated by the preceding sentence (including costs and expenses incurred in investigating, preparing or defending against any such Actions or threatened or contemplated Actions).

"Local Transfer Agreement" means any agreement set forth on Schedule XXIII.

"Mixed Action" means (x) any Action identified on Schedule XVII or (y) any other Action in respect of which an Indemnifying Party may be obligated to provide indemnification pursuant to this Agreement that involves both Honeywell Assets or Honeywell Liabilities, on the one hand, and SpinCo Assets or SpinCo Liabilities, on the other hand.

"Party" means either party hereto, and "Parties" means both parties hereto.

"Person" means an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability company, any other entity and any Governmental Authority.

"Plan of Reorganization" has the meaning set forth in Section 2.01(a).

"REACH Regulation" means Regulation (EC) No. 1907/2006 on the Registration, Evaluation, Authorisation and Restriction of Chemicals, including any implementing legislation or regulations, in each case as may be amended.

"Real Estate Separation Documents" means the Intercompany Leases, the Intercompany Subleases, the Intercompany Real Estate Licenses and the Lease Assignments.

"Record Date" means the close of business on the date determined by the Honeywell board of directors as the record date for determining the shares of Honeywell Common Stock in respect of which shares of SpinCo Common Stock will be distributed pursuant to the Distribution.

"Record Holders" has the meaning set forth in Section 5.01(b).

"Release" means any actual or threatened release, spill, emission, discharge, flow (whether through constructed or natural ditches, pipes, watercourses, overland flows or other means of conveyance), leaking, pumping, pouring, dumping, injection, deposit, disposal, dispersal, leaching or migration into or through the indoor or outdoor environment (including ambient air, surface water, groundwater and surface or subsurface strata); provided that, for the avoidance of doubt, mere vehicular transportation from an initial location to an offsite location, without more, shall not be deemed to constitute a Release from that initial location to the offsite location.

"Reorganization" means the transactions described in the Plan of Reorganization.

"Representative" has the meaning set forth in Section 7.09.

"Security Interest" means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer or other encumbrance of any nature whatsoever.

"Separation" means (a) the Reorganization and (b) any other transfers of Assets and assumptions of Liabilities, in each case, between a member of one Group and a member of the other Group, provided for in this Agreement or in any Ancillary Agreement.

"Shared Contract" means any Contract of any member of either Group with a third party that relates in any material respect to both the SpinCo Business and the Honeywell Business set forth on Schedule IX.

"Specified Liabilities" means Claims (as defined in the Indemnification Agreement).

"SpinCo" has the meaning set forth in the preamble.

"SpinCo Account" means any bank and brokerage account owned by SpinCo or any other member of the SpinCo Group, including the SpinCo Accounts listed or described in Schedule X.

"SpinCo Assets" means, without duplication, the following Assets:

(a) all Assets held by the SpinCo Group (other than Intellectual Property Rights);

(b) all interests in the capital stock of, or other equity interests in, the members of the SpinCo Group (other than SpinCo) and all other equity, partnership, membership, joint venture and similar interests set forth on Schedule IV under the caption "Joint Ventures and Minority Investments";

(c) all Assets reflected on the SpinCo Business Balance Sheet, and all Assets acquired after the date of the SpinCo Business Balance Sheet that, had they been acquired on or before such date and owned as of such date, would have been reflected on the SpinCo Business Balance Sheet if prepared in accordance with GAAP applied on a consistent basis, subject to any dispositions of such Assets subsequent to the date of the SpinCo Business Balance Sheet;

(d) the Assets listed or described on Schedule V;

(e) the rights related to the SpinCo Portion of any Shared Contract;

(f) the SpinCo Real Property;

(g) the SpinCo IP;

(h) all other Assets that are expressly provided by this Agreement or any Ancillary Agreement as Assets to be assigned to or retained by, or allocated to, any member of the SpinCo Group; and

(i) all Assets held by a member of the Honeywell Group that are determined by Honeywell, in good faith prior to the Distribution, to be primarily related to or used or held for use primarily in connection with the business or operations of the SpinCo Business (unless otherwise expressly provided in connection with this Agreement).

Notwithstanding the foregoing, the SpinCo Assets shall not include (i) any Honeywell Retained Assets or (ii) any Assets that are determined by Honeywell, in good faith prior to the Distribution, to arise primarily from the business or operations of the Honeywell Business (unless otherwise expressly provided in this Agreement).

"SpinCo Business" means the business of designing, manufacturing and selling turbocharger, electric-boosting and connected vehicle technologies for light and commercial vehicle original equipment manufacturers and the aftermarket, as conducted by Honeywell and its Affiliates prior to the Distribution, including as described in the Information Statement; provided that the SpinCo Business shall not include any Former Business.

"SpinCo Business Balance Sheet" means the balance sheet of the SpinCo Business, including the notes thereto, as of [ ], included in the Information Statement.

"SpinCo Common Stock" means the common stock, $0.001 par value per share, of SpinCo.

"SpinCo Credit Support Instruments" has the meaning set forth in Section 3.02(a).

"SpinCo Entities" means the entities, the equity, partnership, membership, limited liability, joint venture or similar interests of which are set forth on Schedule IV under the caption "Joint Ventures and Minority Investments."

"SpinCo Group" means (a) SpinCo, (b) each Person that will be a Subsidiary of SpinCo immediately prior to the Distribution, including the entities set forth on Schedule IV under the caption "Subsidiaries", (c) each Person set forth on Schedule IV under the caption "Other" and (d) each Person that becomes a Subsidiary of SpinCo after the Distribution, including in each case any Person that is merged or consolidated with or into SpinCo or any Subsidiary of SpinCo and any Person that becomes a Subsidiary of SpinCo as a result of transactions that occur following the Distribution in accordance with the Plan of Reorganization.

"SpinCo HSE Liabilities" means any HSE Liability, whether occurring or arising prior to, on or after the Distribution Date, (x) of the SpinCo Group or (y) to the extent (a) resulting from or otherwise relating to (i) any compliance or noncompliance with any HSE Law in connection with the operation of the SpinCo Business or any SpinCo Real Property, (ii) any Release, transportation, storage, disposal, treatment or recycling (or arrangement for such activities) of any Hazardous Material at, on, under, from or to any SpinCo Real Properties (regardless of the source, or location of the impact, of such Release), including any exposure to, or further Release to any other location of, such Hazardous Material, (iii) any Release, transportation, storage, disposal, treatment or recycling (or arrangement for such activities) of Hazardous Material at any third-party location in connection with the operation of the SpinCo Business (including any exposure to, or further Release to any other location of, such Hazardous Material), (iv) any exposure to Hazardous Materials (including those contained in any products manufactured, sold, distributed or marketed) in connection with the SpinCo Business or any SpinCo Asset, (v) compliance with the requirements of any real property transfer law associated

with the Distribution or (vi) the transferred sites listed on Schedule VIII or (b) otherwise resulting from or relating to the SpinCo Business or any SpinCo Asset; provided, that, for the avoidance of doubt, any HSE Liability that is a Specified Liability, regardless of whether or not such HSE Liability resulted from, related to or was in connection with the SpinCo Business shall not constitute a SpinCo HSE Liability.

"SpinCo Indemnitees" has the meaning set forth in Section 6.03.

"SpinCo IP" has the meaning set forth in the IPA.

"SpinCo Liabilities" means, without duplication, the following Liabilities:

(a) all Liabilities of the SpinCo Group and the SpinCo Entities;

(b) all Liabilities to the extent relating to, arising out of or resulting from:

(i) the operation or conduct of the SpinCo Business as conducted at any time prior to the Distribution (including any Liability to the extent relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority), which act or failure to act relates to the SpinCo Business);

(ii) the operation or conduct of the SpinCo Business or any other business conducted by SpinCo or any other member of the SpinCo Group at any time after the Distribution (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority)); or

(iii) the SpinCo Assets;

(c) all Liabilities reflected as liabilities or obligations on the SpinCo Business Balance Sheet, and all Liabilities arising or assumed after the date of the SpinCo Business Balance Sheet that, had they arisen or been assumed on or before such date and been existing obligations as of such date, would have been reflected on the SpinCo Business Balance Sheet if prepared in accordance with GAAP applied on a consistent basis, subject to any discharge of such Liabilities subsequent to the date of the SpinCo Business Balance Sheet;

(d) all SpinCo HSE Liabilities;

(e) the Liabilities listed or described on Schedule VI;

(f) the obligations related to the SpinCo Portion of any Shared Contract;

(g) all other Liabilities that are expressly provided by this Agreement or any Ancillary Agreement as Liabilities to be assumed or retained by, or allocated to, any member of the SpinCo Group; and

(h) all Liabilities to the extent relating to, arising out of or resulting from any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in, or incorporated by reference into, the Form 10 and any other documents filed with the Commission in connection with the Spin-Off or as contemplated by this Agreement, other than with respect to the Honeywell Disclosure Sections.

Notwithstanding the foregoing, the SpinCo Liabilities shall not include (i) any Honeywell Retained Liabilities or (ii) any Liabilities that are determined by Honeywell, in good faith prior to the Distribution, to be primarily related to the business or operations of the Honeywell Business (unless otherwise expressly provided in this Agreement).

"SpinCo Policy Pre-Separation Insurance Claim" means any (a) claim made against the SpinCo Group or Honeywell Group and reported to the applicable insurer(s) prior to the Distribution Date in respect of an act or omission occurring prior to the Distribution Date that results in a Liability under a "claims-made-based" insurance policy of the SpinCo Group in effect prior to the Distribution Date or any extended reporting period thereof or (b) Action (whether made prior to, on or following the Distribution Date) in respect of a Liability occurring prior to the Distribution Date under an "occurrence-based" insurance policy of any member of the SpinCo Group in effect prior to the Distribution Date.

"SpinCo Portion" has the meaning set forth in Section 2.05(a).

"SpinCo Real Property" means the real property and real property interests identified in Schedule VII, and any fixtures or appurtenances associated therewith.

"Spin-Off" means the Separation and the Distribution.

"Subsidiary" of any Person means any corporation or other organization whether incorporated or unincorporated of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization, is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries.

"Surviving Honeywell Credit Support Instruments" has the meaning set forth in Section 3.01(a).

"Surviving SpinCo Credit Support Instruments" has the meaning set forth in Section 3.02(a).

"Tax Opinion Representations" has the meaning set forth in the TMA.

"Taxes" has the meaning set forth in the TMA.

"Third-Party Claim" means any written assertion by a Person (including any Governmental Authority) who is not a member of the Honeywell Group or the SpinCo Group of any claim, or the commencement by any such Person of any Action, against any member of the Honeywell Group or the SpinCo Group.

"Third-Party Proceeds" has the meaning set forth in Section 6.04(a).

"TMA" means the Tax Matters Agreement dated as of the date of this Agreement by and between Honeywell and SpinCo.

"Trademark License Agreement" means the Trademark License Agreement dated as of the date of this Agreement between Honeywell and SpinCo.

"TSA" means the Transition Services Agreement dated as of the date of this Agreement between Honeywell and SpinCo.

ARTICLE II

THE SEPARATION

Section 2.01 Transfer of Assets and Assumption of Liabilities.

(a) In accordance with the plan and structure set forth on Schedule I (such plan and structure being referred to herein as the "Plan of Reorganization") and to the extent not previously effected pursuant to the steps of the Plan of Reorganization that have been completed prior to the date of this Agreement, subject to Section 2.01(e), prior to the Distribution, the Parties shall, and shall cause their respective Group members to, execute such instruments of assignment or transfer and take such other corporate actions as are necessary to:

(i) transfer and convey to one or more members of the SpinCo Group all of the right, title and interest of the Honeywell Group in, to and under all SpinCo Assets not already owned by the SpinCo Group,

(ii) transfer and convey to one or more members of the Honeywell Group all of the right, title and interest of the SpinCo Group in, to and under all Honeywell Assets not already owned by the Honeywell Group,

(iii) cause one or more members of the SpinCo Group to assume all of the SpinCo Liabilities to the extent such Liabilities would otherwise remain obligations of any member of the Honeywell Group, and

(iv) cause one or more members of the Honeywell Group to assume all of the Honeywell Liabilities to the extent such Liabilities would otherwise remain obligations of any member of the SpinCo Group, in each case of clauses (i) through (iv) in the manner contemplated by the Plan of Reorganization.

Notwithstanding anything to the contrary, neither Party shall be required to transfer any Information except as required by Article VII or any insurance policies which are the subject of Article VIII; provided, that any Information in respect of the Specified Liabilities shall be governed by the Indemnification Agreement.

(b) In the event that it is discovered after the Distribution that there was an omission of (i) the transfer or conveyance by SpinCo (or a member of the SpinCo Group) to, or the acceptance or assumption by, Honeywell (or a member of the Honeywell Group) of any Honeywell Asset or Honeywell Liability, as the case may be, (ii) the transfer or conveyance by Honeywell (or a member of the Honeywell Group) to, or the acceptance or assumption by, SpinCo (or a member of the SpinCo Group) of any SpinCo Asset or SpinCo Liability, as the case may be, or (iii) the transfer or conveyance by one Party (or any other member of its Group) to, or the acceptance or assumption by, the other Party (or any other member of its Group) of any Asset or Liability, as the case may be, that, had the Parties given specific consideration to such Asset or Liability prior to the Distribution, would have otherwise been so transferred, conveyed, accepted or assumed, as the case may be, pursuant to this Agreement and the Ancillary Agreements the Parties shall use reasonable best efforts to promptly effect such transfer, conveyance, acceptance or assumption of such Asset or Liability, as the case may be. Any transfer, conveyance, acceptance or assumption made pursuant to this Section 2.01(b) shall be treated by the Parties for all purposes as if it had occurred prior to the Distribution, except as otherwise required by applicable Law or a Determination.

(c) In the event that it is discovered after the Distribution that there was a transfer or conveyance (i) by SpinCo (or a member of the SpinCo Group) to, or the acceptance or assumption by, Honeywell (or a member of the Honeywell Group) of any SpinCo Asset or SpinCo Liability, as the case may be, or (ii) by Honeywell (or a member of the Honeywell Group) to, or the acceptance or assumption by, SpinCo (or a member of the SpinCo Group) of any Honeywell Asset or Honeywell Liability, as the case may be, the Parties shall use reasonable best efforts to promptly transfer or convey such Asset or Liability back to the transferring or conveying Party or to rescind any acceptance or assumption of such Asset or Liability, as the case may be. Any transfer or conveyance made or acceptance or assumption rescinded pursuant to this Section 2.01(c) shall be treated by the Parties for all purposes as if such Asset or Liability had never been originally transferred, conveyed, accepted or assumed, as the case may be, except as otherwise required by applicable Law or a Determination.

(d) To the extent that any transfer or conveyance of any Asset (other than Shared Contracts, which are governed solely by Section 2.05; or the leasehold interests, subleasehold interests, license interests or other real property interests under the Real Estate Separation Documents, which are governed solely by Section 2.04); or acceptance or assumption of any Liability (other than Shared Contracts, which are governed solely by Section 2.05; or the leasehold interests, subleasehold interests, license interests or other real property interests under the Real Estate Separation Documents, which are governed solely by Section 2.04) required by this Agreement to be so transferred, conveyed, accepted or assumed shall not have been completed prior to the Distribution, the Parties shall use reasonable best efforts to effect such transfer, conveyance, acceptance or assumption as promptly following the Distribution as shall be practicable. Nothing in this Agreement shall be deemed to require the transfer or conveyance of any Assets or the acceptance or assumption of any Liabilities which by their respective terms (or the terms of any Contract relating to such Asset or Liability) or operation of Law cannot be so transferred, conveyed, accepted or assumed; provided, however, that the Parties shall use reasonable best efforts to obtain any necessary Governmental Approvals and other Consents for the transfer, conveyance, acceptance or assumption (as applicable) of all Assets and Liabilities required by this Agreement to be so transferred, conveyed, accepted or assumed. In the event that

any such transfer, conveyance, acceptance or assumption (as applicable) has not been completed effective as of the Distribution, the Party retaining such Asset or Liability (or the member of the Party's Group retaining such Asset or Liability) shall thereafter hold such Asset for the use and benefit of the Party entitled thereto (at the expense of the Party entitled thereto) and retain such Liability for the account, and at the expense, of the Party by whom such Liability should have been assumed or accepted pursuant to this Agreement, and take such other actions as may be reasonably requested by the Party to which (or to the Group of which) such Asset should have been transferred or conveyed, or by whom (or by the Group of whom) such Liability should have been assumed or accepted, as the case may be, in order to place such Party or the member of its Group, insofar as reasonably possible, in the same position as would have existed had such Asset or Liability been transferred, conveyed, accepted or assumed (as applicable) as and when contemplated by this Agreement, including in respect of possession, use, risk of loss, potential for gain and control over such Asset or Liability, as the case may be. As and when any such Asset or Liability becomes transferable or assumable, as the case may be, each Party shall, and shall cause the members of its Group to, use reasonable best efforts to promptly effect such transfer, conveyance, acceptance or assumption (as applicable). Any transfer, conveyance, acceptance or assumption made pursuant to this Section 2.01(d) shall be treated by the Parties for all purposes as if it had occurred immediately prior to the Distribution, except as otherwise required by applicable Law or a Determination.

(e) The Party retaining any Asset or Liability due to the deferral of the transfer and conveyance of such Asset or the deferral of the acceptance and assumption of such Liability pursuant to this Section 2.01 or otherwise shall not be obligated by this Agreement, in connection with this Section 2.01, to expend any money or take any action that would require the expenditure of money unless and to the extent the Party or the member of the Party's Group entitled to receive such Asset or intended to assume such Liability, as applicable, advances or agrees to reimburse it for the applicable expenditures.

(f) Without limiting any other provision hereof, in connection with the reorganization contemplated by Section 2.01(b), each of Honeywell and SpinCo will take, and will cause each member of its respective Group to take, such actions as are reasonably necessary to consummate the transactions contemplated by the Plan of Reorganization (whether prior to, at or after the Distribution). The Parties agree that the steps described in the Plan of Reorganization shall be effected in the order and manner prescribed in the Plan of Reorganization.

(g) In the event that Honeywell determines to seek novation with respect to any SpinCo Liability, SpinCo shall reasonably cooperate with, and shall cause the members of the SpinCo Group to reasonably cooperate with, Honeywell and the members of the Honeywell Group (including, where necessary, entering into appropriate instruments of assumption and, where necessary, SpinCo providing parent guarantees in support of the obligations of other members of the SpinCo Group) to cause such novation to be obtained, on terms reasonably acceptable to SpinCo, and to have Honeywell and the members of the Honeywell Group released from all liability to third parties arising after the date of such novation and in the event SpinCo determines to seek novation with respect to any Honeywell Liability, Honeywell shall reasonably cooperate with, and shall cause the members of the Honeywell Group to reasonably cooperate with, SpinCo and the members of the SpinCo Group (including,

where necessary, entering into appropriate instruments of assumption and, where necessary, Honeywell providing parent guarantees in support of the obligations of other members of the Honeywell Group) to cause such novation to be obtained, on terms reasonably acceptable to Honeywell, and to have SpinCo and the members of the SpinCo Group released from all liability to third parties arising after the date of such novation; provided that neither Party nor any member of its Group shall be required to contribute capital, pay or grant any consideration or concession in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person in order to cause such novation to be obtained (other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be reimbursed by the Party or the member of the Party's Group entitled to such Asset or intended to assume such Liability, as applicable, as promptly as reasonably practicable).

Section 2.02 Certain Matters Governed Exclusively by Ancillary Agreements. Each of Honeywell and SpinCo agrees on behalf of itself and the members of its Group that, except as explicitly provided in this Agreement or any Ancillary Agreement, (a) the TMA shall exclusively govern all matters relating to Taxes between such parties (except to the extent that tax matters relating to employee and employee benefits-related matters are addressed in the EMA), (b) the EMA shall exclusively govern the allocation of Assets and Liabilities related to employee and employee compensation and benefits-related matters, including the outstanding awards (equity- and cash-based) under existing equity plans with respect to employees and former employees of members of both the Honeywell Group and the SpinCo Group (except to the extent that employee compensation and benefits-related reimbursements are addressed in the TSA) (it being understood that any such Assets and Liabilities, as allocated pursuant to the EMA, shall constitute SpinCo Assets, SpinCo Liabilities, Honeywell Assets or Honeywell Liabilities, as applicable, hereunder and shall be subject to Article VI hereof), (c) the IPA shall exclusively govern the recordation of the transfers of any registrations or applications of Honeywell IP and SpinCo IP that is allocated hereunder, as applicable, and the use and licensing of certain Intellectual Property Rights identified therein between members of the Honeywell Group and members of the SpinCo Group, (d) the Trademark License Agreement shall exclusively govern all matters relating to the use and licensing of certain trademarks identified therein between members of the Honeywell Group and the SpinCo Group, (e) the TSA shall exclusively govern all matters relating to the provision of certain services identified therein to be provided by each Party to the other on a transitional basis following the Distribution and (f) the Indemnification Agreement shall exclusively govern all matters relating to indemnification by the SpinCo Group with respect to, management of Actions and dissemination of Information relating to and control of privileges and immunities in connection with or with respect to, the Specified Liabilities. Except as set forth in this Section 2.02, in the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of any Ancillary Agreement, the provisions of this Agreement shall control (unless the Ancillary Agreement explicitly provides otherwise)

Section 2.03 Termination of Agreements.

(a) Except as set forth in Section 2.03(b) or Section 2.03(b) or as otherwise provided by the Plan of Reorganization, in furtherance of the releases and other provisions of Section 6.01, effective as of the Distribution, SpinCo and each other member of the SpinCo Group, on the one hand, and Honeywell and each other member of the Honeywell

Group, on the other hand, hereby terminate any and all Contracts, arrangements, commitments and understandings, oral or written between such parties and in existence as of the Distribution Date ("Intercompany Agreements"), including all intercompany accounts payable or accounts receivable in effect or accrued as of the Distribution Date ("Intercompany Accounts"). No such terminated Intercompany Agreement or Intercompany Account (including any provision thereof that purports to survive termination) shall be of any further force or effect after the Distribution Date. Each Party shall, at the reasonable request of the other Party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing. The Parties, on behalf of the members of their respective Groups, hereby waive any advance notice provision or other termination requirements with respect to any Intercompany Agreement.

(b) The provisions of Section 2.03(a) shall not apply to any of the following Intercompany Agreements or Intercompany Accounts (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements (and each other Intercompany Agreement or Intercompany Account expressly contemplated by this Agreement or any Ancillary Agreement to be entered into by either Party or any other member of its Group); (ii) any Intercompany Agreements to which any third party is a party, including any Shared Contracts; (iii) any other Intercompany Agreements or Intercompany Accounts that this Agreement or any Ancillary Agreement expressly contemplates will survive the Distribution Date; and those Intercompany Agreements set forth on Schedule XIV.

(c) In connection with the termination of Intercompany Accounts described in Section 2.03(a), each of Honeywell and SpinCo shall cause each Intercompany Account between a member of the SpinCo Group, on the one hand, and a member of the Honeywell Group, on the other hand, outstanding as of the close of business on the business day immediately prior to the date of the Distribution to be settled on a net basis (whether via a dividend, a capital contribution, a combination of the foregoing or as otherwise agreed), in each case prior to the close of business on the date of the Distribution (except for any such intercompany payables or receivables arising pursuant to an Ancillary Agreement or any other Intercompany Agreement that this Agreement or any Ancillary Agreement expressly contemplates will survive the Distribution Date, which shall instead be settled in accordance with the terms of such Ancillary Agreement or other Intercompany Agreement); provided that all intercompany balances set forth on Schedule XXII shall be forgiven without any settlement or other action on the part of either of the Parties or the respective members of their respective Groups.

(d) (i) Honeywell and SpinCo each agrees to take, or cause the respective members of their respective Groups to take, prior to the Distribution (or as promptly as reasonably practicable thereafter), all actions necessary to amend all contracts or agreements governing (x) the Honeywell Accounts so that such Honeywell Accounts, if linked (whether by automatic withdrawal, automatic deposit or any other authorization to transfer funds from or to, hereinafter "linked") to any SpinCo Account, are de-linked from such SpinCo Accounts and (y) the SpinCo Accounts so that such SpinCo Accounts, if linked to any Honeywell Account, are de-linked from such Honeywell Accounts.

(ii) With respect to any outstanding checks issued by, or payments made by, Honeywell, SpinCo or any of their respective Subsidiaries prior to the Distribution, such outstanding checks shall be honored from and after the Distribution by the Person or Group owning the account on which the check is drawn, without limiting the ultimate allocation of Liability for such amounts under this Agreement or any Ancillary Agreement.

(iii) As between Honeywell and SpinCo (and the members of their respective Groups), except to the extent prohibited by applicable Law or a Determination, all payments and reimbursements received after the Distribution by either Party (or a member of its Group) to which the other Party (or a member of its Group) is entitled under this Agreement, shall be held by such Party (or the applicable member of its Group) in trust for the use and benefit of the Person entitled thereto and, within sixty (60) days of receipt by such Party (or the applicable member of its Group) of any such payment or reimbursement, such Party shall pay over, or shall cause the applicable member of its Group to pay over to the other Party (or the applicable member of its Group), the amount of such payment or reimbursement without right of setoff.

(e) Each of Honeywell and SpinCo shall, and shall cause their respective Subsidiaries to, take all necessary actions to remove each of SpinCo and SpinCo's Subsidiaries from all Cash Management Arrangements to which it is a party, in each case prior to the close of business on the business day immediately prior to the Distribution Date.

Section 2.04 Real Estate Separation Documents. Prior to the Distribution, the Parties shall, and shall cause their respective applicable Group members to, use reasonable best efforts to obtain and make any necessary Consents and enter into the Real Estate Separation Documents to make the Real Estate Separation Documents effective at or prior to the Distribution; provided, however, that nothing in this Agreement shall be deemed to require entering into any Real Estate Separation Document unless and until any necessary Consents are obtained or made, as applicable; provided further that neither Party nor any member of its Group shall be required to contribute capital, pay or grant any consideration or concession in any form (including providing any letter of credit, guaranty or other financial accommodation or the relinquishment or forbearance of any rights) to any Person in order to obtain or make any such Consent (other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees). In the event any such Consents have not been obtained prior to the Distribution, the Parties shall use reasonable best efforts to obtain or make such Consent as promptly as reasonably practicable following the Distribution and, upon receipt of such Consent, shall execute the applicable Real Estate Separation Document. If any Real Estate Separation Document is not effective prior to the Distribution, then the Parties shall, and shall cause their respective Group members to, cooperate in any reasonable and permissible arrangement to provide that, following the Distribution and until such time as the effectiveness of the applicable Real Estate Separation Document shall cease (or, with respect to any Lease Assignment, until the expiration or earlier termination of the real property lease subject to such Lease Assignment), a member of the SpinCo Group shall receive the interest in the benefits and obligations of SpinCo or the applicable member of the SpinCo Group under the proposed terms of such Real Estate Separation Document and a member of the Honeywell Group shall receive the interest in the benefits and obligations of Honeywell or the applicable member of the Honeywell Group under the proposed terms of such Real Estate Separation Document. In the event of a conflict between this Agreement and any Real Estate Separation Document, the applicable Real Estate Separation Document shall govern. To the extent any matter is not addressed in a Real Estate Separation Document, but is addressed in this Agreement, the terms of this Agreement shall control as to such matter.

Section 2.05 Shared Contracts.

(a) Except as set forth on Schedule IX, the Parties shall, and shall cause the members of their respective Groups to, use their respective reasonable best efforts to work together (and, if necessary and desirable, to work with the third party to such Shared Contract) in an effort to divide, partially assign, modify or replicate (in whole or in part) the respective rights and obligations under and in respect of any Shared Contract, such that (a) a member of the SpinCo Group is the beneficiary of the rights and is responsible for the obligations related to that portion of such Shared Contract relating to the SpinCo Business (the "SpinCo Portion"), which rights shall be a SpinCo Asset and which obligations shall be a SpinCo Liability, and (b) a member of the Honeywell Group is the beneficiary of the rights and is responsible for the obligations related to such Shared Contract not relating to the SpinCo Business (the "Honeywell Portion"), which rights shall be a Honeywell Asset and which obligations shall be a Honeywell Liability. Nothing in this Agreement shall require the division, partial assignment, modification or replication of a Shared Contract unless and until any necessary Consents are obtained or made, as applicable. If the Parties, or their respective Group members, as applicable, are not able to enter into an arrangement to formally divide, partially assign, modify or replicate such Shared Contract prior to the Distribution as contemplated by the previous sentence, then the Parties shall, and shall cause their respective Group members to, cooperate in any reasonable and permissible arrangement to provide that, following the Distribution and until the earlier of one year after the Distribution Date and such time as the formal division, partial assignment, modification or replication of such Shared Contract as contemplated by the previous sentence is effected, a member of the SpinCo Group shall receive the interest in the benefits and obligations of the SpinCo Portion under such Shared Contract and a member of the Honeywell Group shall receive the interest in the benefits and obligations of the Honeywell Portion under such Shared Contract, it being understood that no Party shall have Liability to the other Party for the failure of any third party to perform its obligations under any such Shared Contract.

(b) Nothing in this Section 2.05 shall require either Party or any member of their respective Groups to contribute capital, pay or grant any consideration or concession in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person (other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be reimbursed by the Party or the member of the Party's Group entitled to such Asset or intended to assume such Liability, as applicable, as promptly as reasonably practicable). For avoidance of doubt, reasonable out-of-pocket expenses, and recording or similar fees shall not include any purchase price, license fee or other payment or compensation for the procurement of any asset secured to replace an Asset in the course of a Party's obligation under Section 2.05(a).

Section 2.06 Disclaimer of Representations and Warranties. Each of Honeywell (on behalf of itself and each other member of the Honeywell Group) and SpinCo (on behalf of itself and each other member of the SpinCo Group) understands and agrees that, except as expressly set forth in this Agreement, any Ancillary Agreement or the Tax Opinion Representations, no party to this Agreement, any Ancillary Agreement or any other agreement or document contemplated by this Agreement or any Ancillary Agreement is representing or warranting in any way as to any Assets or Liabilities transferred or assumed as contemplated hereby or thereby, as to the sufficiency of the Assets or Liabilities transferred or assumed hereby or thereby for the conduct and operations of the SpinCo Business or the Honeywell Business, as applicable, as to any Governmental Approvals or other Consents required in connection therewith or in connection with any past transfers of the Assets or assumptions of the Liabilities, as to the value or freedom from any Security Interests of, or any other matter concerning, any Assets or Liabilities of such party, or as to the absence of any defenses or rights of setoff or freedom from counterclaim with respect to any claim or other Asset, including any accounts receivable, of any such party, or as to the legal sufficiency of any assignment, document or instrument delivered hereunder to convey title to any Asset or thing of value upon the execution, delivery and filing hereof or thereof, and each of Honeywell (on behalf of itself and each other member of the Honeywell Group) and SpinCo (on behalf of itself and each other member of the SpinCo Group) has relied only on the representations and warranties expressly contained in Section 12.01(c), in any Ancillary Agreement or the Tax Opinion Representations. Except as may expressly be set forth herein or in any Ancillary Agreement, any such Assets are being transferred on an “as is,” “where is” basis and the respective transferees shall bear the economic and legal risks that (a) any conveyance shall prove to be insufficient to vest in the transferee good and marketable title, free and clear of any Security Interest and (b) any necessary Governmental Approvals or other Consents are not obtained or that any requirements of Laws or judgments are not complied with.

Section 2.07 Waiver of Bulk-Sale and Bulk-Transfer Laws. SpinCo hereby waives compliance by each and every member of the Honeywell Group with the requirements and provisions of any “bulk-sale” or “bulk-transfer” Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the SpinCo Assets to any member of the SpinCo Group. Honeywell hereby waives compliance by each and every member of the SpinCo Group with the requirements and provisions of any “bulk-sale” or “bulk-transfer” Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Honeywell Assets to any member of the Honeywell Group.

Section 2.08 Cash Adjustment. Each of Honeywell and SpinCo agrees to take the actions set forth on Schedule XII.[1]

1 Note to Draft: This Schedule will set forth any cash transfers between Honeywell and SpinCo that will be completed in connection with the Spin-Off that are not otherwise set forth in this Agreement.

ARTICLE III

CREDIT SUPPORT

Section 3.01 Replacement of Honeywell Credit Support.

(a) SpinCo shall use reasonable best efforts to arrange, at its sole cost and expense and effective on or prior to the Distribution Date, the termination or replacement of all guarantees, covenants, indemnities, surety bonds, letters of credit or similar assurances or credit support ("Credit Support Instruments") provided by or through Honeywell or any other member of the Honeywell Group for the benefit of SpinCo or any other member of the SpinCo Group ("Honeywell Credit Support Instruments"), other than any of the Honeywell Credit Support Instruments set forth on Schedule XV (the "Surviving Honeywell Credit Support Instruments"), with alternate arrangements that do not require any credit support from Honeywell or any other member of the Honeywell Group, and shall use reasonable best efforts to obtain from the beneficiaries of such Credit Support Instruments written releases (which in the case of a letter of credit or bank guarantee would be effective upon surrender of the original Honeywell Credit Support Instrument to the originating bank and such bank's confirmation to Honeywell of cancelation thereof) indicating that Honeywell or such other member of the Honeywell Group will, effective upon the consummation of the Distribution, have no liability with respect to such Credit Support Instruments, in each case reasonably satisfactory to Honeywell.

(b) In furtherance of Section 3.01(a), to the extent required to obtain a removal or release from a Honeywell Credit Support Instrument, SpinCo or an appropriate member of the SpinCo Group shall execute an agreement substantially in the form of the existing Honeywell Credit Support Instrument or such other form as is agreed to by the relevant parties to such agreement, except to the extent that such existing Honeywell Credit Support Instrument contains representations, covenants or other terms or provisions (i) with which SpinCo or the appropriate member of the SpinCo Group would be reasonably unable to comply or (ii) which would be reasonably expected to be breached by SpinCo or the appropriate member of the SpinCo Group.

(c) If SpinCo is unable to obtain, or to cause to be obtained, all releases from Honeywell Credit Support Instruments pursuant to Sections 3.01(a) and 3.01(b) on or prior to the Distribution, (i) without limiting SpinCo's obligations under Article VI, SpinCo shall cause the relevant member of the SpinCo Group that has assumed the Liability with respect to such Credit Support Instrument to indemnify and hold harmless the guarantor or obligor for any Liability arising from or relating thereto in accordance with the provisions of Article VI and to, as agent or subcontractor for such guarantor or obligor, pay, perform and discharge fully all the obligations or other Liabilities of such guarantor or obligor thereunder, (ii) with respect to such Credit Support Instruments that are in the form of a letter of credit or bank guarantee, SpinCo shall provide Honeywell with letters of credit or guarantees, in each case issued by a bank reasonably acceptable to Honeywell, against losses arising from all such Credit Support Instruments, or if Honeywell agrees in writing, cash collateralize the full amount of any outstanding Credit Support Instrument with respect to which such release has not been obtained, (iii) except as set forth in Schedule XV, with respect to such Credit Support Instrument, each of Honeywell and SpinCo, on behalf of themselves and the members of their respective Groups, agree, except as otherwise expressly required by the terms of a Contract with a third party in effect as of the Distribution, not to renew or extend the term of, increase its obligations under or transfer to a third Person, any loan, guarantee, lease, sublease, license, Contract or other obligation for which the other Party or any member of the other Party's Group is or may be liable under such Credit Support Instrument unless all obligations of the other Party and the other members of the other Party's Group with respect thereto are thereupon terminated by documentation reasonably satisfactory in form and substance to the other Party and (iv) with respect to the Expected Surviving Guarantees, Honeywell and SpinCo shall take the actions set forth on Schedule XXI. The provisions of clauses (i), (ii) and (iii) of the foregoing sentence shall also apply to all Surviving Honeywell Credit Support Instruments.

Section 3.02 Replacement of SpinCo Credit Support.

(a) Honeywell shall use reasonable best efforts to arrange, at its sole cost and expense and effective on or prior to the Distribution Date, the termination or replacement of all Credit Support Instruments provided by or through SpinCo or any other member of the SpinCo Group for the benefit of Honeywell or any other member of the Honeywell Group ("SpinCo Credit Support Instruments"), other than any of the SpinCo Credit Support Instruments set forth on Schedule XVI (the "Surviving SpinCo Credit Support Instruments"), with alternate arrangements that do not require any credit support from SpinCo or any other member of the SpinCo Group, and shall use reasonable best efforts to obtain from the beneficiaries of such Credit Support Instruments written releases (which in the case of a letter of credit or bank guarantee would be effective upon surrender of the original SpinCo Credit Support Instrument to the originating bank and such bank's confirmation to SpinCo of cancelation thereof) indicating that SpinCo or such other member of the SpinCo Group will, effective upon the consummation of the Distribution, have no liability with respect to such Credit Support Instruments, in each case reasonably satisfactory to SpinCo.

(b) In furtherance of Section 3.02(a), to the extent required to obtain a removal or release from a SpinCo Credit Support Instrument, Honeywell or an appropriate member of the Honeywell Group shall execute an agreement substantially in the form of the existing SpinCo Credit Support Instrument or such other form as is agreed to by the relevant parties to such agreement, except to the extent that such existing SpinCo Credit Support Instrument contains representations, covenants or other terms or provisions (i) with which Honeywell or the appropriate member of the Honeywell Group would be reasonably unable to comply or (ii) which would be reasonably expected to be breached by Honeywell or the appropriate member of the Honeywell Group.

(c) If Honeywell is unable to obtain, or to cause to be obtained, all releases from SpinCo Credit Support Instruments pursuant to Section 3.02(a) and 3.02(b) on or prior to the Distribution, (i) without limiting Honeywell's obligations under Article VI, Honeywell shall cause the relevant member of the Honeywell Group that has assumed the Liability with respect to such Credit Support Instrument to indemnify and hold harmless the guarantor or obligor for any Liability arising from or relating thereto in accordance with the provisions of Article VI and to, as agent or subcontractor for such guarantor or obligor, pay, perform and discharge fully all the obligations or other Liabilities of such guarantor or obligor thereunder, (ii) with respect to such Credit Support Instruments that are in the form of a letter of credit or bank guarantee, Honeywell shall provide SpinCo with letters of credit or guarantees, in each case issued by a bank reasonably acceptable to SpinCo, against losses arising from all such Credit Support Instruments, or if SpinCo agrees in writing, cash collateralize the full amount of any outstanding Credit Support Instrument with respect to which such release has not been obtained and (iii) except as set forth in Schedule XVI, with respect to such Credit Support Instrument, each of Honeywell and SpinCo, on behalf of themselves and the members of their respective Groups, agree, except as otherwise expressly required by the terms of a Contract with

a third party in effect as of the Distribution, not to renew or extend the term of, increase its obligations under or transfer to a third Person, any loan, guarantee, lease, sublease, license, Contract or other obligation for which the other Party or any member of the other Party's Group is or may be liable under such Credit Support Instrument unless all obligations of the other Party and the other members of the other Party's Group with respect thereto are thereupon terminated by documentation reasonably satisfactory in form and substance to the other Party. The provisions of clauses (i), (ii) and (iii) of the foregoing sentence shall also apply to all Surviving SpinCo Credit Support Instruments.

Section 3.03 Manner of Indemnification. Any claims for indemnification under this Article III shall be made in the manner set forth in Section 6.05 and Section 6.06 and are subject to the provisions set forth in Sections 6.07, 6.08 and 6.09.

ARTICLE IV

ACTIONS PENDING THE DISTRIBUTION

Section 4.01 Actions Prior to the Distribution.

(a) Subject to the conditions specified in Section 4.02 and subject to Section 5.03, Honeywell and SpinCo shall use reasonable best efforts to consummate the Distribution. Such efforts shall include taking the actions specified in this Section 4.01.

(b) Prior to the Distribution, Honeywell shall mail notice of Internet availability of the Information Statement or the Information Statement to the Record Holders.

(c) SpinCo shall prepare, file with the Commission and use its reasonable best efforts to cause to become effective any registration statements or amendments thereto required to effect the establishment of, or amendments to, any employee benefit and other plans necessary or appropriate in connection with the transactions contemplated by this Agreement or any of the Ancillary Agreements.

(d) Honeywell and SpinCo shall take all such action as may be necessary or appropriate under the securities or blue sky laws of the states or other political subdivisions of the United States or of other foreign jurisdictions in connection with the Distribution.

(e) SpinCo shall prepare and file, and shall use reasonable best efforts to have approved prior to the Distribution, an application for the listing of the SpinCo Common Stock to be distributed in the Distribution on the Exchange, subject to official notice of distribution.

(f) Prior to the Distribution, Honeywell, in its capacity as sole stockholder of SpinCo, shall have duly elected to the SpinCo board of directors the individuals listed as members of the SpinCo board of directors in the Information Statement, and such individuals shall be the members of the SpinCo board of directors effective as of immediately after the Distribution; provided, however, that to the extent required by any Law or requirement of the Exchange or any other national securities exchange, as applicable, one independent

director shall be appointed by the existing board of directors of SpinCo prior to the date on which "when-issued" trading of the SpinCo Common Stock begins on the Exchange and begin his or her term prior to the Distribution and shall serve on SpinCo's Audit Committee, Compensation Committee and Nominating and Governance Committee.

(g) Prior to the Distribution, Honeywell shall deliver or cause to be delivered to SpinCo resignations, effective as of immediately after the Distribution, of each individual who will be an employee of any member of the Honeywell Group after the Distribution and who is an officer or director of any member of the SpinCo Group immediately prior to the Distribution.

(h) Immediately prior to the Distribution, the Amended and Restated Certificate of Incorporation and the Amended and Restated By-laws of SpinCo, each in substantially the form filed as an exhibit to the Form 10, shall be in effect.

(i) Honeywell and SpinCo shall, subject to Section 5.03, take all reasonable steps necessary and appropriate to cause the conditions set forth in Section 4.02 to be satisfied and to effect the Distribution on the Distribution Date.

(j) Prior to the Distribution, SpinCo shall make capital and other expenditures and operate its cash management, accounts payable and receivables collection systems in the ordinary course of business consistent with prior practice except as required in connection with the transactions contemplated by this Agreement and the Ancillary Agreements.

Section 4.02 Conditions Precedent to Consummation of the Distribution. Subject to Section 5.03, as soon as practicable after the date of this Agreement, the Parties shall use reasonable best efforts to satisfy the following conditions prior to the consummation of the Distribution. The obligations of the Parties to consummate the Distribution shall be conditioned on the satisfaction, or waiver by Honeywell, of the following conditions:

(a) The board of directors of Honeywell shall have authorized and approved the Separation and Distribution and not withdrawn such authorization and approval, and shall have declared the dividend of SpinCo Common Stock to Honeywell shareholders.

(b) Each Ancillary Agreement shall have been executed by each party to such agreement.

(c) The SpinCo Common Stock shall have been accepted for listing on the Exchange or another national securities exchange approved by Honeywell, subject to official notice of issuance.

(d) The Commission shall have declared effective the Form 10, no stop order suspending the effectiveness of the Form 10 shall be in effect and no proceedings for that purpose shall be pending before or threatened by the Commission.

(e) Honeywell shall have received the written opinion of each of Paul, Weiss, Rifkind, Wharton & Garrison LLP and Ernst & Young LLP, each of which shall remain in full force and effect, that, subject to the accuracy of and compliance with the relevant Tax Opinion Representations, the Distribution will qualify for its Intended Tax Treatment.

(f) The Reorganization shall have been completed in accordance with the Plan of Reorganization (other than those steps that are expressly contemplated to occur at or after the Distribution).

(g) No order, injunction or decree issued by any Governmental Authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Distribution shall be in effect, and no other event outside the control of Honeywell shall have occurred or failed to occur that prevents the consummation of the Distribution.

(h) No other events or developments shall have occurred prior to the Distribution that, in the judgment of the board of directors of Honeywell, would result in the Distribution having a material adverse effect on Honeywell or the shareholders of Honeywell.

(i) The actions set forth in Sections 4.01(b), (f), (g) and (h) shall have been completed.

The foregoing conditions are for the sole benefit of Honeywell and shall not give rise to or create any duty on the part of Honeywell or the Honeywell board of directors to waive or not waive such conditions or in any way limit the right of Honeywell to terminate this Agreement as set forth in Article XI or alter the consequences of any such termination from those specified in such Article. Any determination made by the Honeywell board of directors prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 4.02 shall be conclusive.

ARTICLE V

THE DISTRIBUTION

Section 5.01 The Distribution.

(a) SpinCo shall cooperate with Honeywell to accomplish the Distribution and shall, at the direction of Honeywell, use its reasonable best efforts to promptly take any and all actions necessary or desirable to effect the Distribution. Honeywell shall select any investment bank or manager in connection with the Distribution, as well as any financial printer, distribution agent and financial, legal, accounting and other advisors for Honeywell. Honeywell or SpinCo, as the case may be, will provide, or cause the applicable member of its Group to provide, to the Agent all share certificates and any information required in order to complete the Distribution.

(b) Subject to the terms and conditions set forth in this Agreement, (i) after completion of the Reorganization and on or prior to the Distribution Date, for the benefit of and distribution to the holders of Honeywell Common Stock as of the Record Date ("Record Holders"), Honeywell will deliver to the Agent all of the issued and outstanding shares of SpinCo Common Stock then owned by Honeywell or any other member of the Honeywell Group

and book-entry authorizations for such shares and (ii) on the Distribution Date, Honeywell shall instruct the Agent to distribute, by means of a pro rata dividend based on the aggregate number of shares of Honeywell Common Stock held by each applicable Record Holder, to each Record Holder (or such Record Holder's bank or brokerage firm on such Record Holder's behalf) electronically, by direct registration in book-entry form, the number of shares of SpinCo Common Stock to which such Record Holder is entitled based on a distribution ratio determined by Honeywell in its sole discretion. The Distribution shall be effective at 12:01 a.m. New York City time on the Distribution Date. On or as soon as practicable after the Distribution Date, the Agent will mail to each Record Holder an account statement indicating the number of shares of SpinCo Common Stock that have been registered in book-entry form in the name of such Record Holder.

Section 5.02 Fractional Shares. Record Holders holding a number of shares of Honeywell Common Stock on the Record Date that would entitle such holders to receive less than one whole share (in addition to any whole shares) of SpinCo Common Stock in the Distribution will receive cash in lieu of such fractional share. Fractional shares of SpinCo Common Stock will not be distributed in the Distribution nor credited to book-entry accounts. The Agent and Honeywell shall, as soon as practicable after the Distribution Date, (a) determine the number of whole shares and fractional shares of SpinCo Common Stock allocable to each Record Holder, (b) aggregate all fractional shares into whole shares and sell the whole shares obtained thereby in open market transactions at then prevailing trading prices on behalf of holders who would otherwise be entitled to fractional share interests and (c) distribute to each such holder, or for the benefit of each beneficial owner, such holder's or owner's ratable share of the net proceeds of such sale, based upon the average gross selling price per share of SpinCo Common Stock after making appropriate deductions for any amount required to be withheld under applicable Tax Law and less any brokers' charges, commissions or transfer Taxes. The Agent, in its sole discretion, will determine the timing and method of selling such fractional shares, the selling price of such fractional shares and the broker-dealer through which such fractional shares will be sold; provided, however, that the designated broker-dealer is not an Affiliate of Honeywell or SpinCo. Neither Honeywell nor SpinCo will pay any interest on the proceeds from the sale of fractional shares.

Section 5.03 Sole Discretion of Honeywell. Honeywell shall, in its sole and absolute discretion, determine the Record Date, the Distribution Date and all terms of the Distribution, including the form, structure and terms of any transactions or offerings to effect the Distribution and the timing of and conditions to the consummation thereof. In addition and notwithstanding anything to the contrary set forth below, Honeywell may at any time and from time to time until the Distribution decide to abandon the Distribution or modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution.

ARTICLE VI

MUTUAL RELEASES; INDEMNIFICATION

Section 6.01 Release of Pre-Distribution Claims.

(a) Except as provided in Section 6.01(c) or elsewhere in this Agreement or the Ancillary Agreements effective as of the Distribution, SpinCo does hereby, for itself and each other member of the SpinCo Group, their respective Affiliates, and to the extent it may legally do so, successors and assigns and all Persons who at any time on or prior to the Distribution have been shareholders, directors, officers, agents or employees of any member of the SpinCo Group (in each case, in their respective capacities as such), remise, release and forever discharge Honeywell and the other members of the Honeywell Group, their respective Affiliates, successors and assigns, and all Persons who at any time on or prior to the Distribution have been shareholders, directors, officers, agents or employees of any member of the Honeywell Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all SpinCo Liabilities whatsoever, whether at Law or in equity (including any right of contribution), whether arising under any Contract, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Distribution, including in connection with the Spin-Off and all other activities to implement the Spin-Off. This Section 6.01(a) shall not affect Honeywell's indemnification obligations with respect to Liabilities arising on or before the Distribution Date under Article IX of its Amended and Restated Certificate of Incorporation, as in effect on the date on which the event or circumstances giving rise to such indemnification obligation occur.

(b) Except as provided in Section 6.01(c) or elsewhere in this Agreement or the Ancillary Agreements, effective as of the Distribution, Honeywell does hereby, for itself and each other member of the Honeywell Group, their respective Affiliates, and to the extent it may legally do so, successors and assigns and all Persons who at any time on or prior to the Distribution have been shareholders, directors, officers, agents or employees of any member of the Honeywell Group (in each case, in their respective capacities as such), remise, release and forever discharge SpinCo, the other members of the SpinCo Group, their respective Affiliates, successors and assigns, and all Persons who at any time on or prior to the Distribution have been shareholders, directors, officers, agents or employees of any member of the SpinCo Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Honeywell Liabilities whatsoever, whether at Law or in equity (including any right of contribution), whether arising under any Contract, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Distribution, including in connection with the Spin-Off and all other activities to implement the Spin-Off.

(c) Nothing contained in Section 6.01(a) or (b) shall impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any Intercompany Agreement or Intercompany Account that is specified in Section 2.03(b) not to terminate as of the Distribution, in each case in accordance with its terms. Nothing contained in Section 6.01(a) or (b) shall release:

(i) any Person from any Liability provided in or resulting from any Contract among any members of the Honeywell Group or the SpinCo Group that is specified in Section 2.03(b) as not to terminate as of the Distribution, or any other Liability specified in such Section 2.03(b) as not to terminate as of the Distribution;

(ii) any Person from any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Ancillary Agreement;

(iii) any Person from any Liability provided in or resulting from any other Contract or agreement that is entered into after the Distribution between one Party (or a member of such Party's Group), on the one hand, and the other Party (or a member of such Party's Group), on the other hand;

(iv) any Person from any Liability that the Parties may have with respect to indemnification or contribution pursuant to this Agreement or any Ancillary Agreement for claims brought against the Parties, the members of their respective Groups or any of their respective directors, officers, employees or agents, by third Persons, which Liability shall be governed by the provisions of this Article VI or, if applicable, the appropriate provisions of the relevant Ancillary Agreement; or

(v) any Person from any Liability the release of which would result in the release of any Person not otherwise intended to be released pursuant to this Section 6.01.

(d) SpinCo shall not make, and shall not permit any other member of the SpinCo Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Honeywell or any other member of the Honeywell Group, or any other Person released pursuant to Section 6.01(a), with respect to any Liabilities released pursuant to Section 6.01(a). Honeywell shall not make, and shall not permit any other member of the Honeywell Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification against SpinCo or any other member of the SpinCo Group, or any other Person released pursuant to Section 6.01(b), with respect to any Liabilities released pursuant to Section 6.01(b).

(e) It is the intent of each of Honeywell and SpinCo, by virtue of the provisions of this Section 6.01, to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Distribution Date, between or among SpinCo or any other member of the SpinCo Group, on the one hand, and Honeywell or any other member of the Honeywell Group, on the other hand (including any contractual agreements or arrangements existing or alleged to exist

between or among any such members on or before the Distribution Date), except as set forth in Section 6.01(c) or elsewhere in this Agreement or in any Ancillary Agreement. At any time, at the request of the other Party, each Party shall cause each member of its respective Group to execute and deliver releases reflecting the provisions hereof.

Section 6.02 Indemnification by SpinCo. Subject to Section 6.04, SpinCo shall indemnify, defend and hold harmless Honeywell, each other member of the Honeywell Group and each of their respective former and current directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Honeywell Indemnitees"), from and against any and all Liabilities of the Honeywell Indemnitees relating to, arising out of or resulting from any of the following items (without duplication):

(a) the SpinCo Liabilities, including the failure of SpinCo or any other member of the SpinCo Group or any other Person to pay, perform or otherwise promptly discharge any SpinCo Liability in accordance with its terms;

(b) any breach by SpinCo or any other member of the SpinCo Group of this Agreement or any Ancillary Agreement unless such Ancillary Agreement expressly provides for separate indemnification therein (which shall be controlling); and

(c) any breach by SpinCo of any of the representations and warranties made by SpinCo on behalf of itself and the members of the SpinCo Group in Section 11.01(c).

Section 6.03 Indemnification by Honeywell. Subject to Section 6.04, Honeywell shall indemnify, defend and hold harmless SpinCo, each other member of the SpinCo Group and each of their respective former and current directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "SpinCo Indemnitees"), from and against any and all Liabilities of the SpinCo Indemnitees relating to, arising out of or resulting from any of the following items (without duplication):

(a) the Honeywell Liabilities, including the failure of Honeywell or any other member of the Honeywell Group or any other Person to pay, perform or otherwise promptly discharge any Honeywell Liability in accordance with its terms;

(b) any breach by Honeywell or any other member of the Honeywell Group of this Agreement or any Ancillary Agreement unless such Ancillary Agreement expressly provides for separate indemnification therein (which shall be controlling); and

(c) any breach by Honeywell of any of the representations and warranties made by Honeywell on behalf of itself and the members of the Honeywell Group in Section 11.01(c).

Notwithstanding anything to the contrary herein, the payment of any amount pursuant to the Indemnification Agreement shall not be indemnified pursuant to this Article VI.

Section 6.04 Indemnification Obligations Net of Insurance Proceeds and Third-Party Proceeds.

(a) The Parties intend that any Liability subject to indemnification or reimbursement pursuant to this Agreement will be net of (i) Insurance Proceeds that actually reduce the amount of, or are paid to the applicable Indemnitee in respect of, such Liability or (ii) other amounts recovered from any third party that actually reduce the amount of, or are paid to the applicable Indemnitee in respect of, such Liability ("Third-Party Proceeds"). Accordingly, the amount that either Party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification or reimbursement pursuant to this Agreement (an "Indemnitee") will be reduced by any Insurance Proceeds or Third-Party Proceeds theretofore actually recovered by or on behalf of the Indemnitee from a third party in respect of the related Liability. If an Indemnitee receives a payment required by this Agreement from an Indemnifying Party in respect of any Liability (an "Indemnity Payment") and subsequently receives Insurance Proceeds or Third-Party Proceeds in respect of such Liability, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if such Insurance Proceeds or Third-Party Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) An insurer that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or have any subrogation rights with respect thereto by virtue of the indemnification provisions hereof, it being expressly understood and agreed that no insurer or any other third party shall be entitled to a "wind-fall" (i.e., a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof. Subject to Section 6.10, each member of the Honeywell Group and SpinCo Group shall use reasonable best efforts to seek to collect or recover any Insurance Proceeds and any Third-Party Proceeds to which such Person is entitled in connection with any Liability for which such Person seeks indemnification pursuant to this Article VI; provided, however, that such Person's inability to collect or recover any such Insurance Proceeds or Third-Party Proceeds shall not limit the Indemnifying Party's obligations hereunder.

(c) The calculation of any Indemnity Payments required by this Agreement shall be subject to Section 5.04 of the TMA.

Section 6.05 Procedures for Indemnification of Third-Party Claims.

(a) If an Indemnitee shall receive notice or otherwise learn of a Third-Party Claim with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to this Agreement (including Article III), such Indemnitee shall give such Indemnifying Party written notice thereof as soon as reasonably practicable, but no later than thirty (30) days after becoming aware of such Third-Party Claim. Any such notice shall describe the Third-Party Claim in reasonable detail and shall include, (i) the basis for, and nature of, such Third-Party Claim, including the facts constituting the basis for such Third-Party Claim, (ii) the estimated amount of Losses that have been or may be sustained by the Indemnitee in connection with such Third-Party Claim and (iii) copies of all notices and

documents (including court papers) received by the Indemnitee relating to the Third-Party Claim; provided, however, that any such notice need only specify such information to the knowledge of the Indemnitee as of the date of such notice and shall not limit or prejudice any of the rights or remedies of any Indemnitee on the basis of any limitations on the information included in such notice, including any such limitations made in good faith to preserve the attorney-client privilege, work product doctrine or any other privilege. Notwithstanding the foregoing, the failure of any Indemnitee or other Person to give notice as provided in this Section 6.05(a) shall not relieve the related Indemnifying Party of its obligations under this Article VI, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice in accordance with this Section 6.05(a).

(b) The Indemnifying Party shall have the right, exercisable by written notice to the Indemnitee within thirty (30) calendar days after receipt of notice from an Indemnitee in accordance with Section 6.05(a) (or sooner, if the nature of such Third-Party Claim so requires), to assume and conduct the defense of such Third-Party Claim in accordance with the limits set forth in this Agreement with counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnitee; provided, however, that (x) SpinCo shall not be entitled to control the defense of any Third-Party Claim in respect of a Mixed Action and (y) the Indemnifying Party shall not have the right to control of the defense of any Third-Party Claim to the extent such Third-Party Claim seeks criminal penalties or injunctive or other equitable relief (other than any such injunctive or other equitable relief that is solely incidental to the granting of money damages).

(c) If the Indemnifying Party elects not to assume the defense of a Third-Party Claim (or is not permitted to assume the defense of such Third-Party Claim) in accordance with this Agreement, or fails to notify an Indemnitee of its election as provided in Section 6.05(b), such Indemnitee may defend such Third-Party Claim. If the Indemnifying Party elects (and is permitted) to assume the defense of a Third-Party Claim in accordance with the terms of this Agreement, the Indemnitees shall, subject to the terms of this Agreement, cooperate with the Indemnifying Party with respect to the defense of such Third-Party Claim.

(d) If the Indemnifying Party elects (and is permitted) to assume the defense of a Third-Party Claim in accordance with the terms of this Agreement, the Indemnifying Party will not be liable for any additional legal expenses subsequently incurred by the Indemnitee in connection with the defense of the Third-Party Claim; provided, however, that if the Indemnifying Party fails to take reasonable steps necessary to defend diligently such Third-Party Claim, or the nature of such Third-Party Claim changes such that the Indemnifying Party would no longer be entitled to assume the defense of such Third-Party Claim pursuant to Section 6.05(b), the Indemnitee may assume its own defense, and the Indemnifying Party will be liable for all reasonable costs or expenses paid or incurred in connection with such defense. The Indemnifying Party or the Indemnitee, as the case may be, shall have the right to participate in (but, subject to the prior sentence, not control), at its own expense, the defense of any Third-Party Claim that the other is defending as provided in this Agreement. In the event, however, that such Indemnitee reasonably determines that representation by counsel to the Indemnifying Party of both such Indemnifying Party and the Indemnitee could reasonably be expected to present such counsel with a conflict of interest, then the Indemnitee may employ separate counsel to represent or defend it in any such action or proceeding and the Indemnifying Party will pay the reasonable fees and expenses of such counsel.

(e) No Indemnifying Party shall consent to entry of any judgment or enter into any settlement of any Third-Party Claim without the consent of the applicable Indemnitee or Indemnitees; provided, however, that such Indemnitee(s) shall be required to consent to such entry of judgment or to such settlement that the Indemnifying Party may recommend if the judgment or settlement (i) contains no finding or admission of any violation of Law or any violation of the rights of any Person, (ii) involves only monetary relief which the Indemnifying Party has agreed to pay and (iii) includes a full and unconditional release of the Indemnitee. Notwithstanding the foregoing, in no event shall an Indemnitee be required to consent to any entry of judgment or settlement if the effect thereof is to permit any injunction, declaratory judgment, other order or other nonmonetary relief to be entered, directly or indirectly, against any Indemnitee.

(f) Whether or not the Indemnifying Party assumes the defense of a Third-Party Claim, no Indemnitee shall admit any liability with respect to, or settle, compromise or discharge, such Third-Party Claim without the Indemnifying Party's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed).

Section 6.06 Additional Matters.

(a) Any claim on account of a Liability that does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnitee to the related Indemnifying Party. Any failure by an Indemnitee to give notice shall not relieve the Indemnifying Party's indemnification obligations under this Agreement, except to the extent that the Indemnifying Party shall have been actually prejudiced by such failure. Such Indemnifying Party shall have a period of sixty (60) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 60-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such sixty-day (60-day) period or rejects such claim in whole or in part, such Indemnitee shall be free to pursue such remedies as may be available to such Party as contemplated by this Agreement.

(b) In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

Section 6.07 Remedies Cumulative. The remedies provided in this Article VI shall be cumulative and, subject to the provisions of Article X, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

Section 6.08 Survival of Indemnities. The rights and obligations of each of Honeywell and SpinCo and their respective Indemnitees under this Article VI shall survive the sale or other transfer by any Party or its Affiliates of any Assets or businesses or the assignment by it of any Liabilities.

Section 6.09 Limitation on Liability. Except as may expressly be set forth in this Agreement or any Ancillary Agreement, none of Honeywell, SpinCo or any other member of either Group shall in any event have any Liability to the other or to any other member of the other's Group, or to any other Honeywell Indemnitee or SpinCo Indemnitee, as applicable, under this Agreement for any indirect, special, punitive or consequential damages, whether or not caused by or resulting from negligence or breach of obligations hereunder and whether or not informed of the possibility of the existence of such damages; provided, however, that the provisions of this Section 6.09 shall not limit an Indemnifying Party's indemnification obligations hereunder with respect to any Liability any Indemnitee may have to any third party not affiliated with any member of the Honeywell Group or the SpinCo Group for any indirect, special, punitive or consequential damages. Notwithstanding the foregoing, nothing in this Section 6.09 shall limit the Liability of Honeywell, SpinCo or any other member of either Group to the other or to any other member of the other's Group, or to any other Honeywell Indemnitee or SpinCo Indemnitee, as applicable, with respect to breaches of Section 7.01, Section 7.04, Section 7.05, Section 7.07 or Section 7.09.

Section 6.10 Management of Existing Actions. This Section 6.10 shall govern the management and direction of pending Actions in which members of the Honeywell Group or the SpinCo Group are named as parties, but shall not alter the allocation of Liabilities set forth in Article II unless otherwise expressly set forth in this Section 6.10.

(a) From and after the Distribution, the SpinCo Group shall direct the defense or prosecution of any Actions set forth on Schedule XVIII.

(b) From and after the Distribution, the Honeywell Group shall direct the defense or prosecution of any Actions set forth on Schedule XIX.

(c) From and after the Distribution, the Parties shall separately but cooperatively manage (whether as co-defendants or co-plaintiffs) any Actions set forth in Schedule XX ("Joint Actions"). The Parties shall reasonably cooperate and consult with each other, and to the extent permissible and necessary or advisable, maintain a joint defense in a manner that would preserve for both Parties and their respective Affiliates any attorney-client privilege, joint defense or other privilege with respect to any Joint Action. Notwithstanding anything to the contrary herein, and except as set forth in Schedule XX, the Parties may jointly retain counsel (in which case the cost of counsel shall be shared equally by the Parties) or retain separate counsel (in which case each Party will bear the cost of its separate counsel) with respect to any Joint Action; provided that the Parties shall bear their own discovery costs and shall share equally joint litigation costs. In any Joint Action, each of Honeywell and SpinCo may pursue separate defenses, claims, counterclaims or settlements to those claims relating to the Honeywell Business or the SpinCo Business, respectively; provided that each Party shall in good faith make reasonable best efforts to avoid adverse effects on the other Party.

(d) To the maximum extent permitted by applicable Law, the rights to recovery of each Party's Subsidiaries in respect of any past, present or future Action are hereby delegated to such Party. It is the intent of the Parties that the foregoing delegation shall satisfy any Law requiring such delegation to be effected pursuant to a power of attorney or similar instrument. The Parties and their respective Subsidiaries shall execute such further instruments or documents as may be necessary to effect such delegation.

(e) No Party managing an Action pursuant to Section 6.10 shall consent to entry of any judgment or enter into any settlement of any such Action without the prior written consent of the other Party (not to be unreasonably withheld, conditioned or delayed); provided, however, that such non-managing Party shall be required to consent to such entry of judgment or to such settlement that the managing Party may recommend if the judgment or settlement (i) contains no finding or admission of any violation of Law or any violation of the rights of any Person, (ii) involves only monetary relief which the managing Party has agreed to pay and (iii) includes a full and unconditional release of the non-managing Party. Notwithstanding the foregoing, in no event shall a non-managing Party be required to consent to an entry of judgment or settlement if the effect thereof is to permit any injunction, declaratory judgment, other order or other nonmonetary relief to be entered, directly or indirectly, against the non-managing Party's Group.

ARTICLE VII

ACCESS TO INFORMATION; PRIVILEGE; CONFIDENTIALITY

Section 7.01 Agreement for Exchange of Information; Archives

(a) Except in the case of an Adversarial Action or threatened Adversarial Action, and subject to Section 7.01(b), each of Honeywell and SpinCo, on behalf of its respective Group, shall provide, or cause to be provided, to the other Party, at any time after the Distribution, as soon as reasonably practicable after written request therefor, any Information relating to time periods on or prior to the Distribution Date in the possession or under the control of such respective Group, which Honeywell or SpinCo, or any member of its respective Group, as applicable, reasonably needs (i) to comply with reporting, disclosure, filing or other requirements imposed on Honeywell or SpinCo, or any member of its respective Group, as applicable (including under applicable securities Laws), by any national securities exchange or any Governmental Authority having jurisdiction over Honeywell or SpinCo, or any member of its respective Group, as applicable, (ii) for use in any other judicial, regulatory, administrative or other proceeding or in order to satisfy audit, accounting, regulatory, litigation or other similar requirements or (iii) to comply with its obligations under this Agreement or any Ancillary Agreement. The receiving Party shall use any Information received pursuant to this Section 7.01(a) solely to the extent reasonably necessary to satisfy the applicable obligations or requirements described in clause (i), (ii) or (iii) of the immediately preceding sentence.

(b) Subject to the Data Transfer Agreement, in the event that either Honeywell or SpinCo determines that the disclosure of any Information pursuant to Section 7.01(a) could be commercially detrimental, violate any Law or Contract or waive or jeopardize any attorney-client privilege or attorney work product protection, such Party shall not

be required to provide access to or furnish such Information to the other Party; provided, however, that both Honeywell and SpinCo shall take all commercially reasonable measures to permit compliance with Section 7.01(a) in a manner that avoids any such harm or consequence. Both Honeywell and SpinCo intend that any provision of access to or the furnishing of Information pursuant to this Section 7.01 that would otherwise be within the ambit of any legal privilege shall not operate as waiver of such privilege.

(c) Honeywell and SpinCo each agrees that it will only process personal data provided to it by the other Group in accordance with the Data Transfer Agreement.

Section 7.02 Ownership of Information. Any Information owned by one Group that is provided to the requesting Party hereunder shall be deemed to remain the property of the providing Party. Except as specifically set forth herein, nothing herein shall be construed as granting or conferring rights of license or otherwise in any such Information.

Section 7.03 Compensation for Providing Information. Honeywell and SpinCo shall reimburse each other for the reasonable costs, if any, in complying with a request for Information pursuant to this Article VII. Except as may be otherwise specifically provided elsewhere in this Agreement, such costs shall be computed in accordance with SpinCo's or Honeywell's, as applicable, standard methodology and procedures, but shall not include any mark-up above actual costs.

Section 7.04 Record Retention. To facilitate the possible exchange of Information pursuant to this Article VII and other provisions of this Agreement, each Party shall use its reasonable best efforts to retain all Information in such Party's possession relating to the other Party or its businesses, Assets or Liabilities, this Agreement or the Ancillary Agreements in accordance with its respective record retention policies or such longer period as required by Law, this Agreement or the Ancillary Agreements. Each of Honeywell and SpinCo shall use their reasonable best efforts to maintain and continue their respective Group's compliance with all "litigation holds" applicable to any Information in its possession for the pendency of the applicable matter.

Section 7.05 Accounting Information. Without limiting the generality of Section 7.01 but subject to Section 7.01(b):

(a) Until the end of the first full fiscal year occurring after the Distribution Date (and for a reasonable period of time afterwards or as required by Law for Honeywell to prepare consolidated financial statements or complete a financial statement audit for any period during which the financial results of the SpinCo Group were consolidated with those of Honeywell), SpinCo shall use its reasonable best efforts to enable Honeywell to meet its timetable for dissemination of its financial statements and to enable Honeywell's auditors to timely complete their annual audit and quarterly reviews of financial statements. As part of such efforts, to the extent reasonably necessary for the preparation of financial statements or completing an audit or review of financial statements or an audit of internal control over financial reporting, (i) SpinCo shall authorize and direct its auditors to make available to Honeywell's auditors, within a reasonable time prior to the date of Honeywell's auditors' opinion or review report, both (x) the personnel who performed or will perform the annual audits

and quarterly reviews of SpinCo and (y) work papers related to such annual audits and quarterly reviews, to enable Honeywell's auditors to perform any procedures they consider reasonably necessary to take responsibility for the work of SpinCo's auditors as it relates to Honeywell's auditors' opinion or report and (ii) until all governmental audits are complete, SpinCo shall provide reasonable access during normal business hours for Honeywell's internal auditors, counsel and other designated representatives to (x) the premises of SpinCo and its Subsidiaries and all Information (and duplicating rights) within the knowledge, possession or control of SpinCo and its Subsidiaries and (y) the officers and employees of SpinCo and its Subsidiaries, so that Honeywell may conduct reasonable audits relating to the financial statements provided by SpinCo and its Subsidiaries; provided, however, that such access shall not be unreasonably disruptive to the business and affairs of the SpinCo Group.

(b) Until the end of the first full fiscal year occurring after the Distribution Date (and for a reasonable period of time afterwards or as required by Law), Honeywell shall use its reasonable best efforts to enable SpinCo to meet its timetable for dissemination of its financial statements and to enable SpinCo's auditors to timely complete their annual audit and quarterly reviews of financial statements. As part of such efforts, to the extent reasonably necessary for the preparation of financial statements or completing an audit or review of financial statements or an audit of internal control over financial reporting, (i) Honeywell shall authorize and direct its auditors to make available to SpinCo's auditors, within a reasonable time prior to the date of SpinCo's auditors' opinion or review report, both (x) the personnel who performed or will perform the annual audits and quarterly reviews of Honeywell and (y) work papers related to such annual audits and quarterly reviews, to enable SpinCo's auditors to perform any procedures they consider reasonably necessary to take responsibility for the work of Honeywell's auditors as it relates to SpinCo's auditors' opinion or report and (ii) until all governmental audits are complete, Honeywell shall provide reasonable access during normal business hours for SpinCo's internal auditors, counsel and other designated representatives to (x) the premises of Honeywell and its Subsidiaries and all Information (and duplicating rights) within the knowledge, possession or control of Honeywell and its Subsidiaries and (y) the officers and employees of Honeywell and its Subsidiaries, so that SpinCo may conduct reasonable audits relating to the financial statements provided by Honeywell and its Subsidiaries; provided, however, that such access shall not be unreasonably disruptive to the business and affairs of the Honeywell Group.

(c) In order to enable the principal executive officer(s) and principal financial officer(s) (as such terms are defined in the rules and regulations of the Commission) of Honeywell to make any certifications required of them under Section 302 or 906 of the Sarbanes-Oxley Act of 2002, SpinCo shall, within a reasonable period of time following a request from Honeywell in anticipation of filing such reports, cause its principal executive officer(s) and principal financial officer(s) to provide Honeywell with certifications of such officers in support of the certifications of Honeywell's principal executive officer(s) and principal financial officer(s) required under Section 302 or 906 of the Sarbanes-Oxley Act of 2002 with respect to Honeywell's Quarterly Report on Form 10-Q filed with respect to the fiscal quarter during which the Distribution Date occurs (unless such quarter is the fourth fiscal quarter), each subsequent fiscal quarter through the third fiscal quarter of the year in which the Distribution Date occurs and Honeywell's Annual Report on Form 10-K filed with respect to the fiscal year during which the Distribution Date occurs. Such certifications shall be provided in substantially the same form and manner as such SpinCo officers provided prior to the Distribution (reflecting any changes in certifications necessitated by the Spin-Off or any other transactions related thereto) or as otherwise agreed upon between Honeywell and SpinCo.

Section 7.06 Limitations of Liability.

(a) Each of Honeywell (on behalf of itself and each other member of the Honeywell Group) and SpinCo (on behalf of itself and each other member of the SpinCo Group) understands and agrees that neither Party is representing or warranting in any way as to the accuracy or sufficiency of any Information exchanged or disclosed under this Agreement.

(b) Neither Honeywell nor SpinCo shall have any Liability to the other Party in the event that any Information exchanged or provided pursuant to this Agreement that is an estimate or forecast, or that is based on an estimate or forecast, is found to be inaccurate in the absence of wilful misconduct by the providing Person. Neither Honeywell nor SpinCo shall have any Liability to the other Party if any Information is destroyed after reasonable best efforts by SpinCo or Honeywell, as applicable, to comply with the provisions of Section 7.04.

Section 7.07 Production of Witnesses; Records; Cooperation.

(a) Without limiting any of the rights or obligations of the Parties pursuant to Section 7.01 or Section 7.04, after the Distribution Date, except in the case of an Adversarial Action or threatened or contemplated Adversarial Action, each of Honeywell and SpinCo shall use their reasonable best efforts to make available, upon written request, (i) the former, current and future directors, officers, employees, other personnel and agents of the Persons in its respective Group (whether as witnesses or otherwise) and (ii) any books, records or other documents within its control or that it otherwise has the ability to make available, in each case, to the extent that such Person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action, Commission comment or review or threatened or contemplated Action, Commission comment or review (including preparation for any such Action, Commission comment or review) in which either Honeywell or SpinCo or any Person or Persons in its Group, as applicable, may from time to time be involved, regardless of whether such Action, Commission comment or review or threatened or contemplated Action, Commission comment or review is a matter with respect to which indemnification may be sought hereunder. The requesting Party shall bear all reasonable out-of-pocket costs and expenses in connection therewith.

(b) Without limiting the foregoing, Honeywell and SpinCo shall use their reasonable best efforts to cooperate and consult with each other to the extent reasonably necessary with respect to any Actions or threatened or contemplated Actions (including in connection with preparation for any such Action), other than an Adversarial Action or threatened or contemplated Adversarial Action.

(c) The obligation of Honeywell and SpinCo, pursuant to this Section 7.07, to use their reasonable best efforts to make available former, current and future directors, officers, employees and other personnel and agents or provide witnesses and experts, except in the case of an Adversarial Action or threatened or contemplated Adversarial Action, is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to make available employees and other officers without regard to whether such individual or the employer of such individual could assert a possible business conflict. Without limiting the foregoing, each of Honeywell and SpinCo agrees that neither it nor any Person or Persons in its respective Group will take any adverse action against any employee of its Group based on such employee's provision of assistance or information to each other pursuant to this Section 7.07.

Section 7.08 Privileged Matters.

(a) The Parties recognize that legal and other professional services that have been and will be provided prior to the Distribution (whether by outside counsel, in-house counsel or other legal professionals) have been and will be rendered for the collective benefit of each of the members of the Honeywell Group and the SpinCo Group, and that each of the members of the Honeywell Group and the SpinCo Group shall be deemed to be the client with respect to such services for the purposes of asserting all privileges which may be asserted under applicable Law in connection therewith. The Parties recognize that legal and other professional services will be provided following the Distribution, which services will be rendered solely for the benefit of the Honeywell Group or the SpinCo Group, as the case may be.

(b) The Parties agree as follows:

(i) Honeywell shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any privileged Information that relates solely to the Honeywell Business and not to the SpinCo Business, whether or not the privileged Information is in the possession or under the control of any member of the Honeywell Group or any member of the SpinCo Group. Honeywell shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any privileged Information that relates solely to any Honeywell Assets or Honeywell Liabilities and not any SpinCo Assets or SpinCo Liabilities in connection with any Actions that are now pending or may be asserted in the future, whether or not the privileged Information is in the possession or under the control of any member of the Honeywell Group or any member of the SpinCo Group; and

(ii) SpinCo shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any privileged Information that relates solely to the SpinCo Business and not to the Honeywell Business, whether or not the privileged Information is in the possession or under the control of any member of the SpinCo Group or any member of the Honeywell Group. SpinCo shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any privileged Information that relates solely to any SpinCo Assets or SpinCo Liabilities and not any Honeywell Assets or Honeywell Liabilities in connection with any Actions that are now pending or may be asserted in the future, whether or not the privileged Information is in the possession or under the control of any member of the SpinCo Group or any member of the Honeywell Group.

(iii) If the Parties do not agree as to whether certain information is privileged Information, then such Information shall be treated as privileged Information, and the Party that believes that such information is privileged Information shall be entitled to control the assertion or waiver of all privileges and immunities in connection with any such information until such time as it is finally judicially determined that such information is not privileged Information or unless the Parties otherwise agree.

(c) Subject to the remaining provisions of this Section 7.08, the Parties agree that Honeywell shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities not allocated pursuant to Section 7.08(b) in connection with any Actions or threatened or contemplated Actions or other matters that involve both Parties (or one or more members of their respective Groups) and in respect of which both Parties have Liabilities under this Agreement. Honeywell agrees, on behalf of itself and each member of the Honeywell Group, not to intentionally disclose or otherwise intentionally waive any such privilege or protection without consulting SpinCo. Upon the reasonable request of Honeywell or SpinCo, in connection with any Action or threatened or contemplated Action contemplated by this Article VII, other than any Adversarial Action or threatened or contemplated Adversarial Action, Honeywell and SpinCo will enter into a mutually acceptable common interest agreement so as to maintain to the extent practicable any applicable attorney-client privilege or work product immunity of any member of either Group.

(d) If any dispute arises between the Parties or any members of their respective Group regarding whether a privilege or immunity should be waived to protect or advance the interests of either Party or any member of their respective Groups, each Party agrees that it shall (i) negotiate with the other Party in good faith, (ii) endeavor to minimize any prejudice to the rights of the other Party and the members of its Group and (iii) not unreasonably withhold, delay or condition consent to any request for waiver by the other Party.

(e) Upon receipt by either Party, or by any member of its respective Group, of any subpoena, discovery or other request (or of written notice that it will or has received such subpoena, discovery or other request) that may reasonably be expected to result in the production or disclosure of privileged Information subject to a shared privilege or immunity or as to which the other Party has the sole right hereunder to assert a privilege or immunity, or if either Party obtains knowledge or becomes aware that any of its, or any member of its respective Group's, current or former directors, officers, agents or employees have received any subpoena, discovery or other requests (or have received written notice that they will or have received such subpoena, discovery or other requests) that may reasonably be expected to result in the production or disclosure of such privileged Information, such Party shall promptly notify the other Party of the existence of any such subpoena, discovery or other request and shall provide the other Party a reasonable opportunity to review the privileged Information and to assert any rights it or they may have, under this Section 7.08 or otherwise, to prevent the production or disclosure of such privileged Information; provided that if such Party is prohibited by applicable Law from disclosing the existence of such subpoena, discovery or other request, such Party shall provide written notice of such related information for which disclosure is not prohibited by applicable Law and use reasonable best efforts to inform the other Party of any related information such Party reasonably determines is necessary or appropriate for the other Party to be informed of to enable the other Party to review the privileged Information and to assert its rights, under this Section 7.08 or otherwise, to prevent the production or disclosure of such privileged Information.

(f) The Parties agree that their respective rights to any access to Information, witnesses and other Persons, the furnishing of notices and documents and other cooperative efforts between the Parties contemplated by this Agreement, and the transfer of privileged Information between the Parties and members of their respective Groups pursuant to this Agreement, shall not be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise. The Parties further agree that (i) the exchange by one Party to the other Party of any Information that should not have been exchanged pursuant to the terms of Section 7.09 shall not be deemed to constitute a waiver of any privilege or immunity that has been or may be asserted under this Agreement or otherwise with respect to such privileged Information and (ii) the Party receiving such privileged Information shall promptly return such privileged Information to the Party who has the right to assert the privilege or immunity.

Section 7.09 Confidential Information.

(a) Each of Honeywell and SpinCo, on behalf of itself and each Person in its respective Group, shall hold, and cause its respective directors, officers, employees, agents, accountants, subcontractors, counsel and other advisors and representatives (each, a "Representative") to hold, in strict confidence, not release or disclose and protect with at least the same degree of care, but no less than a reasonable degree of care, that it applies to its own confidential and proprietary information pursuant to policies in effect as of the Distribution Date, all confidential or proprietary Information concerning the other Group or its business that is either in its possession (including such Information in its possession prior to the Distribution) or furnished by the other Group or its respective Representatives at any time pursuant to this Agreement, and shall not use any such Information other than for such purposes as shall be expressly permitted hereunder, except, in each case, to the extent that such Information is (i) in the public domain through no fault of any member of the Honeywell Group or the SpinCo Group, as applicable, or any of its respective Representatives, (ii) later lawfully acquired from other sources by any of Honeywell, SpinCo or its respective Group, Representatives, as applicable, which sources are not themselves bound by a confidentiality obligation to the knowledge of any of Honeywell, SpinCo or Persons in its respective Group, as applicable, (iii) independently generated after the date hereof without reference to any proprietary or confidential Information of the Honeywell Group or the SpinCo Group, as applicable, or (iv) required to be disclosed by Law; provided, however, that the Person required to disclose such Information gives the applicable Person prompt, and to the extent reasonably practicable and legally permissible, prior notice of such disclosure and an opportunity to contest such disclosure and shall use reasonable best efforts to cooperate, at the expense of the requesting Person, in seeking any reasonable protective arrangements requested by such Person. In the event that such appropriate protective order or other remedy is not obtained, the Person that is required to disclose such Information shall furnish, or cause to be furnished, only that portion of such Information that is legally required to be disclosed and shall use reasonable best efforts to ensure that confidential treatment is accorded such Information. Notwithstanding the foregoing, each of Honeywell and SpinCo may release or disclose, or permit to be released or disclosed, any such confidential or proprietary Information concerning the other Group (x) to their respective Representatives who need to know such Information (who shall be advised of the obligations

hereunder with respect to such Information), and (y) to any nationally recognized statistical rating organization as it reasonably deems necessary, solely for the purpose of obtaining a rating of securities or other debt instruments upon normal terms and conditions; provided, however, that, with respect to clause (x) hereof, (i) such Representatives shall keep such Information confidential and will not disclose such Information to any other Person, (ii) such Representatives shall not use such non-public information in a manner that is detrimental to the interests of the Party whose Information is being disclosed and (iii) each Party agrees that it is responsible to the other Party for any action or failure to act that would constitute a breach or violation of this Section 7.09(a) by any such Representative; and, with respect to clause (y) hereof, the Party whose Information is being disclosed or released to such rating organization is promptly notified thereof.

(b) Without limiting the foregoing, when any confidential or proprietary Information concerning the other Group or its business is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, each of Honeywell and SpinCo will, promptly after the request of the other Party, either return all such Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other Party, as applicable, that it has destroyed such Information, other than, in each case, any such Information electronically preserved or recorded within any computerized data storage device or component (including any hard-drive or database) pursuant to automatic or routine backup procedures generally accessible only by legal, IT or compliance personnel.

ARTICLE VIII

INSURANCE

Section 8.01 Maintenance of Insurance. Until the Distribution Date, Honeywell shall (i) cause the members of the SpinCo Group and their respective employees, officers and directors to continue to be covered as insured parties under Honeywell’s policies of insurance in a manner which is no less favorable than the coverage provided for the Honeywell Group and (ii) permit the members of the SpinCo Group and their respective employees, officers and directors to submit claims arising from or relating to facts, circumstances, events or matters that occurred prior to the Distribution Date to the extent permitted under such policies. With respect to policies currently procured by SpinCo for the sole benefit of the SpinCo Group, SpinCo shall continue to maintain such insurance coverage through the Distribution Date in a manner no less favorable than currently provided. Except as otherwise expressly permitted in this Article VIII, Honeywell and SpinCo acknowledge that, as of immediately prior to the Distribution Date, Honeywell intends to take such action as it may deem necessary or desirable to remove the members of the SpinCo Group and their respective employees, officers and directors as insured parties under any policy of insurance issued to any member of the Honeywell Group by any insurance carrier effective immediately prior to the Distribution Date. The SpinCo Group will not be entitled on or following the Distribution Date, absent mutual agreement otherwise, to make any claims for insurance thereunder to the extent such claims are based upon facts, circumstances, events or matters occurring on or after the Distribution Date or, subject to Section 9.02, to the extent any claims are made pursuant to any Honeywell claims-made policies on or after the Distribution Date. No member of the Honeywell Group shall be deemed to have made any representation or warranty as to the availability of any coverage under

any such insurance policy. Notwithstanding the foregoing, Honeywell shall, and shall cause the other members of the Honeywell Group to, use reasonable best efforts to take such actions as are necessary to cause all insurance policies of the Honeywell Group that immediately prior to the Distribution provide coverage to or with respect to the members of the SpinCo Group and their respective employees, officers and directors to continue to provide such coverage with respect to acts, omissions or events occurring prior to the Distribution in accordance with their terms as if the Distribution had not occurred; provided, however, that in no event shall Honeywell be required to extend or maintain coverage under claims-made policies with respect to any claims first made against a member of the SpinCo Group or first reported to the insurer on or after the Distribution.

Section 8.02 Claims Under Honeywell Insurance Policies.

(a) On and after the Distribution Date, the members of each of the Honeywell Group and the SpinCo Group shall have the right to assert Honeywell Policy Pre-Separation Insurance Claims and the members of the SpinCo Group shall have the right to participate with Honeywell to resolve Honeywell Policy Pre-Separation Insurance Claims under the applicable Honeywell insurance policies up to the full extent of the applicable and available limits of liability of such policy. Honeywell shall have primary control over those Honeywell Policy Pre-Separation Insurance Claims for which the Honeywell Group or the SpinCo Group, respectively, bears the underlying loss, subject to the terms and conditions of the relevant policy of insurance governing such control. If a member of the SpinCo Group is unable to assert a Honeywell Policy Pre-Separation Insurance Claim because it is no longer an “insured” under a Honeywell insurance policy, then Honeywell shall, to the extent permitted by applicable Law and the terms of such insurance policy, assert such claim in its own name and deliver the Insurance Proceeds to SpinCo.

(b) With respect to Honeywell Policy Pre-Separation Insurance Claims, whether or not known or reported on or prior to the Distribution Date, SpinCo shall, or shall cause the applicable member of the SpinCo Group to, report such claims arising from the SpinCo Business as soon as practicable to each of Honeywell and the applicable insurer(s), and SpinCo shall, or shall cause the applicable member of SpinCo Group to, individually, and not jointly, assume and be responsible (including, upon the request of Honeywell, by reimbursement to Honeywell for amounts paid or payable by it) for the reimbursement liability (including any deductible, coinsurance or retention payment) related to its portion of the liability, unless otherwise agreed in writing by Honeywell. Each of Honeywell and SpinCo shall, and shall cause each member of the Honeywell Group and SpinCo Group, respectively, to, cooperate and assist the applicable member of the SpinCo Group and the Honeywell Group, as applicable, with respect to such claims. The applicable member of the SpinCo Group shall provide to Honeywell any collateral (or a letter of credit in an amount equal to the value of such collateral) in respect of the reimbursement obligations as may reasonably be requested by the insurers and, upon the request of Honeywell, any other collateral required by the insurers in respect of insurance policies under which Honeywell Policy Pre-Separation Insurance Claims may be recoverable based upon Honeywell’s reasonable estimate of the proportion of the requested collateral attributable to claims that may be made by the SpinCo Group. Honeywell agrees that Honeywell Policy Pre-Separation Insurance Claims of members of the SpinCo Group shall receive the same priority as Honeywell Policy Pre-Separation Insurance Claims of members of the Honeywell Group and be treated equitably in all respects, including in connection with deductibles, retentions and coinsurance.

Section 8.03 Claims Under SpinCo Insurance Policies.

(a) On and after the Distribution Date, the members of each of the SpinCo Group and the Honeywell Group shall have the right to assert SpinCo Policy Pre-Separation Insurance Claims and the members of the Honeywell Group shall have the right to participate with SpinCo to resolve SpinCo Policy Pre-Separation Insurance Claims under the applicable SpinCo insurance policies up to the full extent of the applicable and available limits of liability of such policy. SpinCo or Honeywell, as the case may be, shall have primary control over those SpinCo Policy Pre-Separation Insurance Claims for which the SpinCo Group or the Honeywell Group, respectively, bears the underlying loss, subject to the terms and conditions of the relevant policy of insurance governing such control. If a member of the Honeywell Group is unable to assert a SpinCo Policy Pre-Separation Insurance Claim because it is no longer an "insured" under a SpinCo insurance policy, then SpinCo shall, to the extent permitted by applicable Law and the terms of such insurance policy, assert such claim in its own name and deliver the Insurance Proceeds to Honeywell.

(b) With respect to SpinCo Policy Pre-Separation Insurance Claims, whether or not known or reported on or prior to the Distribution Date, Honeywell shall, or shall cause the applicable member of the Honeywell Group to, report such claims arising from the Honeywell Business as soon as practicable to each of SpinCo and the applicable insurer(s), and Honeywell shall, or shall cause the applicable member of Honeywell Group to, individually, and not jointly, assume and be responsible (including, upon the request of SpinCo, by reimbursement to SpinCo for amounts paid or payable by it) for the reimbursement liability (including any deductible, coinsurance or retention payment) related to its portion of the liability, unless otherwise agreed in writing by SpinCo. Each of SpinCo and Honeywell shall, and shall cause each member of the SpinCo Group and Honeywell Group, respectively, to, cooperate and assist the applicable member of the Honeywell Group and the SpinCo Group, as applicable, with respect to such claims. The applicable member of the Honeywell Group shall provide to SpinCo any collateral (or a letter of credit in an amount equal to the value of such collateral) in respect of the reimbursement obligations as may reasonably be requested by the insurers and, upon the request of SpinCo, any other collateral required by the insurers in respect of insurance policies under which SpinCo Policy Pre-Separation Insurance Claims may be recoverable based upon SpinCo's reasonable estimate of the proportion of the requested collateral attributable to claims that may be made by the Honeywell Group. SpinCo agrees that SpinCo Policy Pre-Separation Insurance Claims of members of the Honeywell Group shall receive the same priority as SpinCo Policy Pre-Separation Insurance Claims of members of the SpinCo Group and be treated equitably in all respects, including in connection with deductibles, retentions and coinsurance.

Section 8.04 Insurance Proceeds. Any Insurance Proceeds received by the Honeywell Group for members of the SpinCo Group or by the SpinCo Group for members of the Honeywell Group shall be for the benefit, respectively, of the SpinCo Group and the Honeywell Group. Any Insurance Proceeds received for the benefit of both the Honeywell Group and the SpinCo Group shall be distributed pro rata based on the respective share of the underlying loss.

Section 8.05 Claims Not Reimbursed. Honeywell shall not be liable to SpinCo for claims, or portions of claims, not reimbursed by insurers under any policy for any reason, including coinsurance provisions, deductibles, quota share deductibles, self-insured retentions, bankruptcy or insolvency of any insurance carrier(s), policy limitations or restrictions (including exhaustion of limits), any coverage disputes, any failure to timely file a claim by any member of the Honeywell Group or any member of the SpinCo Group or any defect in such claim or its processing. In the event that insurable claims of both Honeywell and SpinCo (or the members of their respective Groups) exist relating to the same occurrence, the Parties shall jointly defend and waive any conflict of interest necessary to the conduct of the joint defense and shall not settle or compromise any such claim without the consent of the other (which consent shall not be unreasonably withheld, conditioned or delayed subject to the terms and conditions of the applicable insurance policy). Nothing in this Section 8.05 shall be construed to limit or otherwise alter in any way the obligations of the Parties, including those created by this Agreement, by operation of Law or otherwise.

Section 8.06 D&O Policies. On and after the Distribution Date, Honeywell shall not, and shall cause the members of the Honeywell Group not to, take any action that would limit the coverage of the individuals who acted as directors or officers of SpinCo (or members of the SpinCo Group) prior to the Distribution Date under any directors and officers liability insurance policies or fiduciary liability insurance policies (collectively, "D&O Policies") maintained by the members of the Honeywell Group in respect of claims relating to a period prior to the Distribution Date. Honeywell shall, and shall cause the members of the Honeywell Group to, reasonably cooperate with the individuals who acted as directors or officers of SpinCo (or members of the SpinCo Group) prior to the Distribution Date in their pursuit of any coverage claims under such D&O Policies which could inure to the benefit of such individuals. Honeywell shall, and shall cause members of the Honeywell Group to, allow SpinCo and its agents and representatives, upon reasonable prior notice and during regular business hours, to examine the relevant D&O Policies maintained by Honeywell and members of the Honeywell Group pursuant to this Section 8.06. Honeywell shall provide, and shall cause other members of the Honeywell Group to provide, such cooperation as is reasonably requested by SpinCo in order for SpinCo to have in effect on and after the Distribution Date such new D&O Policies as SpinCo deems appropriate with respect to claims reported on or after the Distribution Date. Except as provided in this Section 8.06, the Honeywell Group may, at any time, without liability or obligation to the SpinCo Group, amend, commute, terminate, buy-out, extinguish liability under or otherwise modify any "occurrence-based" insurance policy or "claims-made-based" insurance policy (and such claims will be subject to any such amendments, commutations, terminations, buy-outs, extinguishments and modifications); provided, however, that Honeywell will notify SpinCo of any termination of any insurance policy.

Section 8.07 Insurance Cooperation. The Parties shall use reasonable best efforts to cooperate with respect to the various insurance matters contemplated by this Article VIII.

ARTICLE IX

FURTHER ASSURANCES AND ADDITIONAL COVENANTS

Section 9.01 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties shall, subject to Section 5.03, use reasonable best efforts, prior to, on and after the Distribution Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws and agreements to consummate and make effective the transactions contemplated by this Agreement.

(b) Without limiting the foregoing, prior to, on and after the Distribution Date, each Party shall cooperate with the other Party, without any further consideration, but at the expense of the requesting Party, (i) to execute and deliver, or use reasonable best efforts to execute and deliver, or cause to be executed and delivered, all instruments, including any instruments of conveyance, assignment and transfer as such Party may reasonably be requested to execute and deliver by the other Party, (ii) to make, or cause to be made, all filings with, and to obtain, or cause to be obtained, all Consents of any Governmental Authority or any other Person under any permit, license, Contract, indenture or other instrument, (iii) to obtain, or cause to be obtained, any Governmental Approvals or other Consents required to effect the Spin-Off and (iv) to take, or cause to be taken, all such other actions as such Party may reasonably be requested to take by the other Party from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement, the Ancillary Agreements and any transfers of Assets or assignments and assumptions of Liabilities hereunder and the other transactions contemplated hereby.

(c) On or prior to the Distribution Date, Honeywell and SpinCo, in their respective capacities as direct and indirect shareholders of their respective Subsidiaries, shall each ratify any actions that are reasonably necessary or desirable to be taken by SpinCo or any other Subsidiary of Honeywell, as the case may be, to effectuate the transactions contemplated by this Agreement.

(d) Prior to the Distribution, if either Party identifies any commercial or other service that is needed to ensure a smooth and orderly transition of its business in connection with the consummation of the transactions contemplated hereby, and that is not otherwise governed by the provisions of this Agreement or any Ancillary Agreement, the Parties will cooperate in determining whether there is a mutually acceptable arm’s-length basis on which the other Party will provide such service.

Section 9.02 Non-Solicit.

(a) SpinCo agrees that, for a period of 18 months following the Distribution Date, it shall not, and shall cause its Subsidiaries and Affiliates not to, without the prior written consent of Honeywell, directly or indirectly, on its own behalf or in the service or on behalf of others, hire or attempt to hire, whether as an employee, consultant, independent

contractor or otherwise, any (i) employee of the Honeywell Group employed in an executive managerial or functional capacity or a key technical or sales capacity (each of such roles, a "Key Role") or (ii) former employee of the Honeywell Group employed in a Key Role who was on the payroll of the Honeywell Group within six (6) months of the date of such hiring or attempted hiring by SpinCo or any SpinCo Subsidiary or Affiliate; provided that SpinCo and its Subsidiaries and Affiliates may hire any employee or former employee of the Honeywell Group, including any employee or former employee of the Honeywell Group employed in a Key Role, if such employee or former employee is hired more than six (6) months after the date after the Distribution Date in response to a general solicitation for employment by use of advertisements in the media that are not specifically directed at employees of Honeywell.

(b) Honeywell agrees that, for a period of 18 months following the Distribution Date, it shall not, and shall cause its Subsidiaries and Affiliates not to, without the prior written consent of SpinCo, directly or indirectly, on its own behalf or in the service or on behalf of others, hire or attempt to hire, whether as an employee, consultant, independent contractor or otherwise, any (i) employee of the SpinCo Group employed in a Key Role or (ii) former employee of the SpinCo Group employed in a Key Role who was on the payroll of the SpinCo Group within six (6) months of the date of such hiring or attempted hiring by Honeywell or any Honeywell Subsidiary or Affiliate; provided that Honeywell and its Subsidiaries and Affiliates may hire any employee or former employee of the SpinCo Group, including any employee or former employee of the SpinCo Group employed in a Key Role, if such employee or former employee is hired more than six (6) months after the date after the Distribution Date in response to a general solicitation for employment by use of advertisements in the media that are not specifically directed at employees of SpinCo.

(c) If a final and non-appealable judicial determination is made that any provision of this Section 9.02 constitutes an unreasonable or otherwise unenforceable restriction with respect to any particular jurisdiction, the provisions of this Section 9.02 will not be rendered void but will be deemed to be modified solely with respect to the applicable jurisdiction to the minimum extent necessary to remain in force and effect for the greatest period and to the greatest extent that such court determines constitutes a reasonable restriction under the circumstances.

ARTICLE X

TERMINATION

Section 10.01 Termination. This Agreement may be terminated by Honeywell at any time, in its sole discretion, prior to the Distribution.

Section 10.02 Effect of Termination. In the event of any termination of this Agreement prior to the Distribution, neither Party (nor any member of their Group or any of their respective directors or officers) shall have any Liability or further obligation to the other Party or any member of its Group under this Agreement or the Ancillary Agreements.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement may be executed in one or more counterparts, all of which counterparts shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party. This Agreement may be executed by facsimile or PDF signature and scanned and exchanged by electronic mail, and such facsimile or PDF signature or scanned and exchanged copies shall constitute an original for all purposes.

(b) This Agreement, the Ancillary Agreements and the Appendices, Exhibits and Schedules hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties with respect to the subject matter hereof other than those set forth or referred to herein or therein. In the event of conflict or inconsistency between the provisions of this Agreement or any Ancillary Agreement and the provisions of any Local Transfer Agreement, the provisions of this Agreement and any such any Ancillary Agreement shall prevail and remain in full force and effect; without limiting the foregoing, no Assets or Liabilities, other than SpinCo Assets and SpinCo Liabilities (in each case, as defined in this Agreement), shall be transferred by Seller (as defined in the Local Transfer Agreements) or accepted by Buyer (as defined in the Local Transfer Agreements) under the Local Transfer Agreements notwithstanding anything to the contrary therein (including the definition of SpinCo Assets and SpinCo Liabilities (in each case, as defined in the Local Transfer Agreements) therein). Each Party hereto shall, and shall cause each of its Subsidiaries to, implement the provisions of and the transactions contemplated by the Local Transfer Agreement in accordance with the immediately preceding sentence.

(c) Honeywell represents on behalf of itself and each other member of the Honeywell Group, and SpinCo represents on behalf of itself and each other member of the SpinCo Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform each of this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Ancillary Agreement to which it is a party has been (or, in the case of any Ancillary Agreement, will be on or prior to the Distribution Date) duly executed and delivered by it and constitutes, or will constitute, a valid and binding agreement of it enforceable in accordance with the terms thereof.

Section 11.02 Dispute Resolution. In the event that either Party, acting reasonably, forms the view that another Party has caused a material breach of the terms of this Agreement, then the Party that forms such a view shall serve written notice of the alleged breach on the other Parties and the Parties shall work together in good faith to resolve any such alleged breach within thirty (30) days of such notice (a "Dispute"). If any such alleged breach is not so resolved, then a senior executive of each Party shall, in good faith, attempt to resolve any such alleged breach within the following thirty (30) days of the referral of the matter to the senior executives. If no resolution is reached with respect to any such alleged breach in accordance with the procedures contained in this Section 11.02, then the Parties may seek to resolve such matter in accordance with Section 11.03, Section 11.04 and Section 11.06.

Section 11.03 Governing Law; Jurisdiction. Any disputes arising out of or relating to this Agreement, including to its execution, performance, or enforcement, shall be governed by, and construed in accordance with, the Laws of the State of New York, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof. Each Party irrevocably consents to the exclusive jurisdiction, forum and venue of any state or federal court sitting in New York City in the State of New York over any and all claims, disputes, controversies or disagreements between the Parties or any of their respective Affiliates, successors and assigns under or related to this Agreement or any of the transactions contemplated hereby, including their execution, performance or enforcement, whether in contract, tort or otherwise. Each of the Parties hereby agrees that it shall not assert and shall hereby waive any claim or right or defense that it is not subject to the jurisdiction of such courts, that the venue is improper, that the forum is inconvenient or any similar objection, claim or argument. Each Party agrees that a final judgment in any legal proceeding resolved in accordance with this Section 11.03, Section 11.04, Section 11.05 and Section 11.06 shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

Section 11.04 Waiver of Jury Trial. EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY INCLUDING THEIR EXECUTION, PERFORMANCE OR ENFORCEMENT, WHETHER IN CONTRACT, TORT OR OTHERWISE. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS.

Section 11.05 Court-Ordered Interim Relief. In accordance with Section 11.03 and Section 11.04, at any time after giving notice of a Dispute, each Party shall be entitled to interim measures of protection duly granted by a court of competent jurisdiction: (1) to preserve the status quo pending resolution of the Dispute; (2) to prevent the destruction or loss of documents and other information or things relating to the Dispute; or (3) to prevent the transfer, disposition or hiding of assets. Any such interim measure (or a request therefor to a court of competent jurisdiction) shall not be deemed incompatible with the provisions of Section 11.02, Section 11.03 and Section 11.04. Until such Dispute is resolved in accordance with

Section 11.02 or final judgment is rendered in accordance with Section 11.03 and Section 11.04, each Party agrees that such Party shall continue to perform its obligations under this Agreement and that such obligations shall not be subject to any defense or set-off, counterclaim, recoupment or termination.

Section 11.06 Specific Performance. Subject to Section 11.02 and Section 11.05, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the affected Party shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The other Party shall not oppose the granting of such relief on the basis that money damages are an adequate remedy. The Parties agree that the remedies at Law for any breach or threatened breach hereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at Law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived.

Section 11.07 Assignability. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of Law or otherwise by either Party without the prior written consent of the other Party. Any purported assignment without such consent shall be void. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns. Notwithstanding the foregoing, if any Party to this Agreement (or any of its successors or permitted assigns) (a) shall enter into a consolidation or merger transaction in which such Party is not the surviving entity and the surviving entity acquires or assumes all or substantially all of such Party's Assets, or (b) shall transfer all or substantially all of such Party's Assets to any Person, then, in each such case, the assigning Party (or its successors or permitted assigns, as applicable) shall ensure that the assignee or successor-in-interest expressly assumes in writing all of the obligations of the assigning Party under this Agreement, and the assigning Party shall not be required to seek consent, but shall provide written notice and evidence of such assignment, assumption or succession to the non-assigning Party. No assignment permitted by this Section 11.07 shall release the assigning Party from liability for the full performance of its obligations under this Agreement.

Section 11.08 Third-Party Beneficiaries. Except for the indemnification rights under this Agreement of any Honeywell Indemnitee or SpinCo Indemnitee in his, her or its respective capacities as such, (a) the provisions of this Agreement are solely for the benefit of the Parties hereto and are not intended to confer upon any Person except the Parties hereto any rights or remedies hereunder and (b) there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

Section 11.09 Notices. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when (a) delivered in person, (b) on the date received, if sent by a nationally recognized delivery or courier service or (c) upon the earlier of confirmed receipt or the fifth (5th) business day following the date of mailing if sent by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

If to Honeywell, to:

Honeywell International Inc.
115 Tabor Road
Morris Plains, NJ 07950
Attn: Senior Vice President and General Counsel
email:

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Attn: Scott A. Barshay
Steven J. Williams
email: sbarshay@paulweiss.com
swilliams@paulweiss.com
Facsimile: 212-492-0040

If to SpinCo, to:

Garrett Motion Inc.
[ ]
Attn: [ ]
email: [ ]

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Attn: Scott A. Barshay
Steven J. Williams
email: sbarshay@paulweiss.com
swilliams@paulweiss.com
Facsimile: 212-492-0040

Either Party may, by notice to the other Party, change the address to which such notices are to be given. Each Party agrees that nothing in this Agreement shall affect the other Party's right to serve process in any other manner permitted by Law (including pursuant to the rules for foreign service of process authorized by the Hague Convention).

Section 11.10 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon any such determination, any such provision, to the extent determined to be invalid, void or unenforceable, shall be deemed replaced by a provision that such court determines is valid and enforceable and that comes closest to expressing the intention of the invalid, void or unenforceable provision.

Section 11.11 Publicity. Each of Honeywell and SpinCo shall consult with the other, and shall, subject to the requirements of Section 7.09, provide the other Party the opportunity to review and comment upon, any press releases or other public statements in connection with the Spin-Off or any of the other transactions contemplated hereby and any filings with any Governmental Authority or national securities exchange with respect thereto, in each case prior to the issuance or filing thereof, as applicable (including the Information Statement, the Parties' respective Current Reports on Form 8-K to be filed on the Distribution Date, the Parties' respective Quarterly Reports on Form 10-Q filed with respect to the fiscal quarter during which the Distribution Date occurs, or if such quarter is the fourth fiscal quarter, the Parties' respective Annual Reports on Form 10-K filed with respect to the fiscal year during which the Distribution Date occurs (each such Quarterly Report on Form 10-Q or Annual Report on Form 10-K, a "First Post-Distribution Report")). Each Party's obligations pursuant to this Section 11.11 shall terminate on the date on which such Party's First Post-Distribution Report is filed with the Commission.

Section 11.12 Expenses. Except as otherwise expressly provided in this Agreement or in any Ancillary Agreement, (i) all third-party fees, costs and expenses incurred by either the Honeywell Group or the SpinCo Group in connection with effecting the Spin-Off prior to or on the Distribution Date, whether payable prior to, on or following the Distribution Date (but excluding, for the avoidance of doubt, any financing fees or interest payable in respect of any indebtedness incurred pursuant to the Debt Incurrence), will be borne and paid by Honeywell and (ii) all third-party fees, costs and expenses incurred by either the Honeywell Group or the SpinCo Group in connection with effecting the Spin-Off following the Distribution Date, whether payable prior to, on or following the Distribution Date, will be borne and paid by the Party incurring such fee, cost or expense. For the avoidance of doubt, this Section 11.12 shall not affect each Party's responsibility to indemnify Honeywell Liabilities or SpinCo Liabilities, as applicable, arising from the transactions contemplated by the Distribution.

Section 11.13 Headings. The article, section and paragraph headings contained in this Agreement, including in the table of contents of this Agreement, are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 11.14 Survival of Covenants. Except as expressly set forth in this Agreement, the covenants in this Agreement and the Liabilities for the breach of any obligations in this Agreement shall survive the Spin-Off and shall remain in full force and effect.

Section 11.15 Waivers of Default. No failure or delay of any Party (or the applicable member of its Group) in exercising any right or remedy under this Agreement or any Ancillary Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default.

Section 11.16 Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of each Party.

Section 11.17 Interpretation. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires. The terms "hereof," "herein," "herewith" and words of similar import, unless otherwise stated, shall be construed to refer to this Agreement as a whole (including all of the schedules hereto) and not to any particular provision of this Agreement. Article, Section or Schedule references are to the articles, sections and schedules of or to this Agreement unless otherwise specified. Any capitalized terms used in any Schedule to this Agreement or to any Ancillary Agreement but not otherwise defined therein shall have the meaning as defined in this Agreement or the Ancillary Agreement to which such Schedule is attached, as applicable. Any definition of or reference to any agreement, instrument or other document herein (including any reference herein to this Agreement) shall, unless otherwise stated, be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein, including in Section 11.15 above). The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless the context otherwise requires or unless otherwise specified. The word "or" shall not be exclusive. All references to "$" or dollar amounts are to lawful currency of the United States of America. In the event that an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring either Party by virtue of the authorship of any provisions hereof.

IN WITNESS WHEREOF, the Parties have caused this Separation and Distribution Agreement to be executed by their duly authorized representatives.

HONEYWELL INTERNATIONAL INC.

By: ______________________________
Name:
Title:

GARRETT MOTION INC.

By: ______________________________
Name:
Title:

[Signature Page to Separation and Distribution Agreement]

Exhibit 2.2

TRANSITION SERVICES AGREEMENT

by and between

HONEYWELL INTERNATIONAL INC.

and

GARRETT TRANSPORTATION I INC.

Dated as of [ ], 2018

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TRANSITION SERVICES AGREEMENT (this "Agreement"), dated as of [ ], 2018, by and between HONEYWELL INTERNATIONAL INC., a Delaware corporation ("Honeywell"), and GARRETT TRANSPORTATION I INC., a Delaware corporation ("TS Subsidiary").

RECITALS

WHEREAS, in connection with the contemplated Spin-Off of Garrett Motion Inc. ("SpinCo") and concurrently with the execution of this Agreement, Honeywell and SpinCo are entering into a Separation and Distribution Agreement (the "Separation Agreement");

WHEREAS, TS Subsidiary is a wholly owned subsidiary of SpinCo;

WHEREAS, each of Honeywell and TS Subsidiary may provide to the other certain services, as more particularly described in this Agreement, for a limited period of time following the Spin-Off; and

WHEREAS, each of Honeywell and TS Subsidiary desires to reflect the terms of their agreement with respect to such services.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged by this Agreement, Honeywell and TS Subsidiary, for themselves, their successors and assigns, agree as follows:

ARTICLE I

Definitions

Section 1.01 Definitions. As used in this Agreement, the following terms have the following meanings:

"Affiliate" has the meaning ascribed thereto in the Separation Agreement.

"Agreement" has the meaning ascribed thereto in the preamble.

"Ancillary Agreements" has the meaning ascribed thereto in the Separation Agreement.

"Applicable End Date" means, with respect to each Service, the date that is the Applicable Original Duration with respect to such Service following the Applicable Termination Date with respect to such Service.

"Applicable Original Duration" means, with respect to each Service, the duration of the period from the Distribution Date to the Applicable Termination Date with respect to such Service.

"Applicable Termination Date" means, with respect to each Service, the date that is twelve (12) months following the Distribution Date, or such earlier termination date specified with respect to such Service, as applicable, in Schedule A or Schedule B, as applicable.

"Assets" has the meaning ascribed thereto in the Separation Agreement.

"Certain Supplier Agreements" means any contract or agreement of any member of the Honeywell Group with a third party set forth on Schedule H.

"Computer Equipment" has the meaning ascribed thereto in Section 4.04.

"Computer Equipment Leases" has the meaning ascribed thereto in Section 4.04.

"Consents" has the meaning ascribed thereto in the Separation Agreement.

"Cost of Services" means, with respect to each Service, the amount specified with respect to such Service in Schedule A or Schedule B, as applicable, to be paid by a Service Recipient in respect of such Service to the Service Provider of such Service.

"Customer Receipt Payee" has the meaning ascribed thereto in Section 4.03(a).

"Customer Receipt Payment" has the meaning ascribed thereto in Section 4.03(a).

"Customer Receipt Payment Period" has the meaning ascribed thereto in Section 4.03(a).

"Data Transfer Agreement" has the meaning ascribed thereto in the Separation Agreement.

"Designated Work Product" means the work product developed during the term for Service Recipient's exclusive use as part of the provision of Services hereunder and that are listed or described on Schedule C.

"Dispute" has the meaning ascribed thereto in Section 9.01.

"Dispute Notice" has the meaning ascribed thereto in Section 9.02.

"Distribution" has the meaning ascribed thereto in the Separation Agreement.

"Distribution Date" has the meaning ascribed thereto in the Separation Agreement.

"Force Majeure Event" has the meaning ascribed thereto in Section 10.02.

"Governmental Authority" has the meaning ascribed thereto in the Separation Agreement.

"Group" means either the Honeywell Group or the SpinCo Group, as the context requires.

"Honeywell" has the meaning ascribed thereto in the preamble.

"Honeywell Business" has the meaning ascribed thereto in the Separation Agreement.

"Honeywell Group" has the meaning ascribed thereto in the Separation Agreement.

"Honeywell Indemnitees" has the meaning ascribed thereto in the Separation Agreement.

"Hourly Services" has the meaning ascribed thereto in Section 5.01(b).

"Hourly Services Expenses" has the meaning ascribed thereto in Section 5.01(b).

"Indemnitee" means a Honeywell Indemnitee or a SpinCo Indemnitee, as the context requires.

"Information" has the meaning ascribed thereto in the Separation Agreement.

"Insurance Proceeds" has the meaning ascribed thereto in the Separation Agreement.

"Intended Payee" has the meaning ascribed thereto in Section 4.03(a).

"Interruption" has the meaning ascribed thereto in Section 2.01(j).

"IT Agreements" has the meaning ascribed thereto in Section 4.05.

"Law" has the meaning ascribed thereto in the Separation Agreement.

"Liabilities" has the meaning ascribed thereto in the Separation Agreement.

"Misdirected Customer Payment" has the meaning ascribed thereto in Section 4.03(a).

"Monthly License Fee" has the meaning ascribed thereto in Section 3.03.

"Omitted Services" has the meaning ascribed thereto in Section 2.02(a).

"Other Areas" has the meaning ascribed thereto in Section 3.05.

"Party" means either party hereto, and "Parties" means both parties hereto.

"Person" has the meaning ascribed thereto in the Separation Agreement.

"Personal Data" has the meaning ascribed thereto in the Data Transfer Agreement.

"Processed" has the meaning ascribed thereto in the Data Transfer Agreement.

"Project Work" has the meaning ascribed thereto in Section 2.03.

"Project Work Request" has the meaning ascribed thereto in Section 2.03.

"Related Service" has the meaning ascribed thereto in Section 6.02.

"Resolution Committee" has the meaning ascribed thereto in Section 9.02.

"Separation Agreement" has the meaning ascribed thereto in the recitals.

"Service Charge" has the meaning ascribed thereto in Section 5.01(a).

"Service Coordinator" has the meaning ascribed thereto in Section 2.01(c).

"Service Extension" has the meaning ascribed thereto in Section 6.02.

"Service Provider" means any member of the SpinCo Group or the Honeywell Group, as applicable, in its capacity as the provider of any Services to any member of the Honeywell Group or the SpinCo Group, respectively.

"Service Recipient" means any member of the SpinCo Group or the Honeywell Group, as applicable, in its capacity as the recipient of any Services from any member of the Honeywell Group or the SpinCo Group, respectively.

"Services" means the individual services identified in Schedule A or Schedule B, as applicable.

"Shared Real Property" has the meaning ascribed thereto in Section 3.01.

"Shutdown" has the meaning ascribed thereto in Section 2.01(i).

"Spin-Off" has the meaning ascribed thereto in the Separation Agreement.

"SpinCo" has the meaning ascribed thereto in the preamble.

"SpinCo Business" has the meaning ascribed thereto in the Separation Agreement.

"SpinCo Group" has the meaning ascribed thereto in the Separation Agreement.

"SpinCo Indemnitees" has the meaning ascribed thereto in the Separation Agreement.

"Sub-Contractor" has the meaning ascribed thereto in Section 2.01(e).

"Subsidiary" has the meaning ascribed thereto in the Separation Agreement.

"Taxes" has the meaning ascribed thereto in Section 5.01(d).

"Termination Charges" has the meaning ascribed thereto in Section 6.05(d).

"Third-Party Claim" has the meaning ascribed thereto in the Separation Agreement.

ARTICLE II

Services

Section 2.01 Provision of Services.

(a) Commencing immediately after the Distribution, Honeywell shall, and shall cause the applicable members of the Honeywell Group to, (i) provide, or otherwise make available, to TS Subsidiary and the applicable members of the SpinCo Group the Services set forth in Schedule A and (ii) pay, perform, discharge and satisfy, as and when due, its and their respective obligations as Service Recipients under this Agreement, in each case in accordance with the terms of this Agreement.

(b) Commencing immediately after the Distribution, TS Subsidiary shall, and shall cause the applicable members of the SpinCo Group to, (i) provide, or otherwise make available, to Honeywell and the applicable members of the Honeywell Group the Services set forth in Schedule B and (ii) pay, perform, discharge and satisfy, as and when due, its and their respective obligations as Service Recipients under this Agreement, in each case in accordance with the terms of this Agreement.

(c) Each Service Recipient and its respective Service Provider shall cooperate in good faith with each other in connection with the performance of the Services hereunder. Each of Honeywell and TS Subsidiary agrees to appoint an employee representative (each such representative, a "Service Coordinator") who will have overall responsibility for implementing, managing and coordinating the Services pursuant to this Agreement on behalf of Honeywell and TS Subsidiary, respectively. Initially, the Service Coordinators will be the individuals set forth on Schedule E. Either Party may change its designated Service Coordinator at any time upon notice given to the other Party in accordance with Section 10.12. The Service Coordinators will consult and coordinate with each other on a regular basis, and no less frequently than monthly, during the term of this Agreement.

(d) The Service Provider shall determine the personnel who shall perform the Services to be provided by it. All personnel providing Services will remain at all times, and be deemed to be, employees or representatives solely of the Service Provider, responsible for providing such Services (or its Affiliates or Sub-Contractors) for all purposes, and not to be deemed employees or representatives of the Service Recipient. The Service Provider (or its Affiliates or Sub-Contractors) will be solely responsible for payment of (i) all compensation, (ii) all income, disability, withholding and other employment taxes and (iii) all medical benefit premiums, vacation pay, sick pay and other employee benefits payable to or with respect to personnel who perform Services on behalf of such Service Provider. All such personnel will be under the sole direction, control and supervision of the Service Provider and the Service Provider has the sole right to exercise all authority with respect to the employment, substitution, termination, assignment and compensation of such personnel.

(e) The Service Provider may, at its option, from time to time, delegate any or all of its obligations to perform Services under this Agreement to any one or more of its Affiliates or engage the services of other professionals, consultants or other third parties (each, a "Sub-Contractor") in connection with the performance of the Services; provided, however, that (i) the Service Provider shall remain ultimately responsible for ensuring that its obligations with respect to the nature, scope, quality and other aspects of the Services are satisfied with respect to any Services provided by any such Affiliate or Sub-Contractor and shall be liable for any failure of a Sub-Contractor to so satisfy such obligations (or if a Sub-Contractor otherwise breaches any provision hereof) and (ii) such Sub-Contractor agrees in writing to be bound by confidentiality provisions at least as restrictive to it as the terms of Section 10.05 of this Agreement. Except as agreed by the Parties in Schedule A or Schedule B or otherwise in writing, and subject to Section 2.01(g), any costs associated with engaging the services of an Affiliate of the Service Provider or a Sub-Contractor shall not affect the Cost of Services payable by the Service Recipient under this Agreement, and the Service Provider shall remain solely responsible with respect to payment for such Affiliate's or Sub-Contractor's costs, fees and expenses.

(f) The Services shall be performed in substantially the same manner, scope, time frame, nature and quality, with the same care, and to the same extent and service level as such Services (or substantially similar services) were provided to the SpinCo Business or the Honeywell Business, as applicable, immediately prior to the Distribution Date, unless the Services are being provided by a Sub-Contractor who is also providing the same services to the Service Provider or a member of such Service Provider's Group, in which case the Services shall be performed for the Service Recipient in the same manner, scope, time frame, nature and quality, with the same care, and to the same extent and service level as they are being performed for the Service Provider or such member of such Service Provider's Group, as applicable. If the Service Provider has not provided such Services (or substantially similar services) immediately prior to the Distribution Date and such Services are not being performed by a Sub-Contractor who is also providing the same services to such Service Provider's Group, then the Services shall be performed in a competent and professional manner consistent with industry standards. The Services shall be used solely for the operation of the SpinCo Business or the Honeywell Business, as applicable, for substantially the same purpose as used by the applicable Service Recipient immediately prior to the date of this Agreement.

(g) The Parties acknowledge that the Service Provider may make changes from time to time in the manner of performing Services (including in respect of those Services provided by a Sub-Contractor) if the Service Provider is making similar changes in performing the same or substantially similar Services for itself or other members of its Group; provided, however, that, unless expressly contemplated in Schedule A or Schedule B, such changes shall not affect the Cost of Services for such Service payable by the Service Recipient under this Agreement or decrease the manner, scope, time frame, nature, quality or level of the Services provided to the Service Recipient, except (i) upon prior written approval of the Service Recipient and (ii) any actual and reasonable increase to the Service Provider in the cost of providing a Service may be charged to the Service Recipient on a pass-through basis to the extent such actual and reasonable increase is applied on a non-discriminatory basis as compared to the Service Provider's Group.

(h) Nothing in this Agreement shall be deemed to require the provision of any Service by any Service Provider (or any Affiliate or Sub-Contractor of a Service Provider) to any Service Recipient if the provision of such Service requires the Consent of any Person (including any Governmental Authority), whether under applicable Law, by the terms of any

contract to which such Service Provider or any other member of its Group is a party or otherwise, unless and until, subject to the fourth-to-last sentence of this Section 2.01(h), such Consent has been obtained. The Service Provider shall use commercially reasonable efforts to obtain as promptly as possible any Consent of any Person that may be necessary for the performance of the Service Provider's obligations pursuant to this Agreement. Any fees, expenses or extra costs incurred in connection with obtaining any such Consents shall be paid by the Service Recipient, and the Service Recipient shall use commercially reasonable efforts to provide assistance as necessary in obtaining such Consents. In the event that the Consent of any Person, if required in order for the Service Provider to provide Services, is not obtained reasonably promptly after the Distribution Date, the Service Provider shall notify the Service Recipient and the Parties shall cooperate in devising an alternative manner for the provision of the Services affected by such failure to obtain such Consent and the Cost of Services associated therewith, such alternative manner and Cost of Services to be reasonably satisfactory to both Parties and agreed to in writing. If the Parties elect such an alternative plan, the Service Provider shall provide the Services in such alternative manner and the Service Recipient shall pay for such Services based on the alternative Cost of Services. The Services shall not include, and no Service Provider (or any Affiliate or Sub-Contractor of a Service Provider) shall be obligated to provide, any service the provision of which to a Service Recipient following the Distribution would constitute a violation of any Law. In addition, notwithstanding anything to the contrary herein, the Service Provider (and the Affiliates and Sub-Contractors of the Service Provider) will not be required to perform or to cause to be performed any of the Services for the benefit of any third party or any other Person other than the applicable Service Recipient. To the extent that any third-party proprietor of information or software to be disclosed or made available to any Service Recipient in connection with performance of the Services hereunder requires a specific form of non-disclosure agreement as a condition to its Consent to use the same for the benefit of the Service Recipient, or to permit the Service Recipient access to such information or software, the Service Recipient shall, as a condition to the receipt of such portion of the Services, execute (and shall cause its employees and Affiliates to execute, if required) any such form.

(i) If a Service Provider determines that it is necessary or appropriate to temporarily suspend a Service due to scheduled or emergency maintenance, modification, repairs, alterations or replacements (any such event, a "Shutdown"), Service Provider shall use commercially reasonable efforts to provide Service Recipient with reasonable prior notice of such Shutdown (including information regarding the nature and the projected length of such Shutdown), unless it is not reasonably practicable under the circumstances to provide such prior notice, and thereafter such Service Provider shall use commercially reasonable efforts to cooperate with Service Recipient to minimize any impact on the Services caused by such Shutdown.

(j) The Parties acknowledge that there may be unanticipated temporary interruptions in the provision of a Service, in each case for a period of less than forty-eight (48) hours (any such event, an "Interruption"). Service Provider shall use commercially reasonable efforts to provide Service Recipient with notice of such Interruption as soon as possible (including information regarding the nature and the projected length of such Interruption), and thereafter such Service Provider shall use commercially reasonable efforts to cooperate with Service Recipient to minimize any impact on the Services caused by such Interruption. The Service Provider shall not be excused from performance if it fails to use commercially reasonable efforts to remedy the situation causing such Interruption.

(k) In the event the obligations of Service Provider to provide any Service shall be suspended in accordance with Section 2.01(i) or Section 2.01(j), Service Provider and its Affiliates shall not have any liability whatsoever to Service Recipient arising out of or relating to such suspension of Service Provider's provision of such Service, except to the extent resulting from a breach by Service Provider of any agreement or covenant required to be performed or complied with by Service Provider pursuant to Section 2.01(i) or Section 2.01(j) (but subject to the other limitations on liability set forth in this Agreement).

(l) Neither Party nor any of their respective Affiliates shall have any obligation to purchase, upgrade, enhance or otherwise modify any computer hardware, software or network environment currently used by such Party or such Party's Affiliates, or to provide any support or maintenance services for any computer hardware, software or network environment that has been upgraded, enhanced or otherwise modified from the computer hardware, software or network environments that are currently used by such Party or such Party's Affiliates.

Section 2.02 Service Amendments and Additions.

(a) Within the first forty-five (45) days following the Distribution Date, each of Honeywell and TS Subsidiary may request the other Party to provide services that (i) were provided by the Honeywell Business or the SpinCo Business, as applicable, within the twelve (12) months prior to the Distribution Date and (ii) are reasonably necessary for the operation of the Honeywell Business or the SpinCo Business, as applicable, as conducted as of the Distribution Date ("Omitted Services"). Any request for an Omitted Service shall be in writing and shall specify, as applicable, (A) the type and the scope of the requested service, (B) who is requested to perform the requested service, (C) where and to whom the requested service is to be provided and (D) the proposed term for the requested service. The Parties shall discuss in good faith the terms under which such Omitted Services may be provided.

(b) If a Party agrees to provide Omitted Services pursuant to Section 2.02(a), then the Parties shall in good faith negotiate an amendment to Schedule A or Schedule B, as applicable, which will describe in detail the service, project scope, term, price and payment terms to be charged for such Omitted Services. Once agreed to in writing, the amendment to Schedule A or Schedule B, as applicable, shall be deemed part of this Agreement as of such date and the Omitted Services, as applicable, shall be deemed "Services" provided hereunder, in each case subject to the terms and conditions of this Agreement; provided, however, that no Service Provider shall be required to provide any Omitted Services, at any price, that would prevent, or be reasonably likely to prevent, or be inconsistent with the qualification of the Distribution as a tax-free transaction for U.S. federal, state and local income tax purposes.

Section 2.03 Migration Projects. Prior to the end of the applicable term, each Service Provider will provide the Service Recipient, upon written request (the "Project Work Request"), with such reasonable support as may be necessary to migrate the Services to the Service Recipient's internal organization or to a third party provider (the "Project Work"), including without limitation exporting and providing (subject to applicable Law and the Data Transfer Agreement) all relevant data and information of the applicable Service Recipient from the systems of the applicable Service Provider or any party performing the Services on its behalf. After the Service Provider receives the Project Work Request, the Parties shall meet to discuss and agree on

the scope and cost of the Project Work, taking into consideration the Service Provider's then-available resources. Where required for migrating the Services, Service Recipient's personnel will be granted reasonable access to the respective facilities of the Service Provider during normal business hours. Project Work may be out-sourced to external service partners (including those involving conversion programs or other programming, or extraordinary management supervision or coordination); provided that the Service Provider shall be responsible for the performance or non-performance of such partners. The Service Recipient shall pay its internal costs incurred in connection with all Project Work performed by its personnel and the internal costs of the Service Provider and the cost of all third-party providers engaged in completing a Project Work all shall be charged by the Service Provider to the Service Recipient on a pass-through basis. For the avoidance of doubt, any portion of the cost of Project Work associated with the setup of the Service Recipient's data warehousing infrastructure or hosting environment shall be charged by the Service Provider to the Service Recipient on a pass-through basis.

Section 2.04 No Management Authority. No Service Provider (or any Affiliate or Sub-Contractor of a Service Provider) shall be authorized by, or shall have any responsibility under, this Agreement to manage the affairs of the business of any Service Recipient, or to hold itself out as an agent or representative of the Service Recipient.

Section 2.05 Acknowledgement and Representation. Each Party understands that the Services provided hereunder are transitional in nature. Each Party understands and agrees that the other Party is not in the business of providing Services to third parties and, except as set forth in Section 6.02, that neither Party has any interest in continuing (i) any Service beyond the Applicable Termination Date or (ii) this Agreement beyond the expiration of all Applicable Termination Dates or the termination of all Services in accordance with Section 6.04. As a result, the Parties have allocated responsibilities and risks of loss and limited liabilities of the Parties as stated in this Agreement based on the recognition that each Party is not in the business of providing Services to third parties. Such allocations and limitations are fundamental elements of the basis of the bargain between the Parties and neither Party would be able or willing to provide the Services without the protections provided by such allocations and limitations. During the term of this Agreement, each Party agrees to work diligently and expeditiously to establish its own logistics, infrastructure and systems to enable a transition to its own internal organization or other third-party providers of the Services and agrees to use its reasonable good faith efforts to reduce or eliminate its and its Affiliates' dependency on the other Party's provision of the Services as soon as is reasonably practicable.

ARTICLE III

Real Estate

Section 3.01 Occupancy Rights. Each Service Provider set forth on Schedule F, with respect to the location set forth on such Schedule opposite such Service Provider's name (each, a "Shared Real Property"), hereby grants to the Service Recipient set forth on such Schedule opposite such Shared Real Property, a limited license for reasonable use and access to the space utilized by such Service Recipient or any member of its Group in the conduct of the Honeywell Business or the SpinCo Business, as applicable, as of the Distribution Date, for the sole purpose of transitioning the Honeywell Business or the SpinCo Business, as

applicable, and in accordance with the terms, covenants and conditions of this Article III. The Service Recipient's right to use and access the applicable Shared Real Property shall be consistent with the use and access afforded to the Honeywell Business or the SpinCo Business, as applicable, as of the Distribution Date. The Service Recipient's use shall include the right to use the fixtures, improvements and furnishings located within the Shared Real Property consistent with such use as of the Distribution Date.

Section 3.02 Use. Each Service Recipient shall use the applicable Shared Real Property (and the furnishings contained therein) for the same purposes as such Shared Real Property is utilized as of the Distribution Date and for no other purpose. The Shared Real Property may be occupied only by the personnel of the applicable Service Recipient reasonably required in furtherance of the activities of the Honeywell Business or the SpinCo Business, as applicable, or the other purposes set forth in this Agreement. The Service Recipient shall be responsible for pickup and delivery of goods at any common shipping dock at any Shared Real Property, and any shipments shall include proper labeling to distinguish the Service Recipient's goods from the Service Provider's goods.

Section 3.03 License Fee. Each Service Recipient shall pay a monthly gross license fee for its Shared Real Property as set out on Schedule F (each, a "Monthly License Fee"). The Monthly License Fee for each Shared Real Property shall be payable in advance on or before the first (1st) day of each calendar month of the term of the license. The Monthly License Fee for any period during the respective license term which is for less than one month shall be prorated.

Section 3.04 License Term. The license granted under this Article III will be effective as of immediately after the Distribution and will automatically expire at the earlier of (I) the end of the period set forth in Schedule F with respect to each Shared Real Property, or (II) the expiration date of the relevant underlying lease pertaining to each Shared Real Property (in which case the Service Provider shall provide to the Service Recipient written notice thirty (30) days prior to such expiration).

Section 3.05 Access and Common Areas. Unless otherwise specified on Schedule F, the Service Recipient (including its personnel) shall access the applicable Shared Real Property through existing employee entrances designated by the Service Provider. Access to any other areas ("Other Areas") in, on or about the applicable Shared Real Property (including conference room(s), break area(s), designated smoking area(s), restroom(s), machine shop(s), shipping/receiving area(s) and cafeteria(s) other than to the extent located within the Shared Real Property) shall be as otherwise designated by the Service Provider in its reasonable discretion. Except as otherwise expressly provided herein, the Service Recipient shall not access any other areas.

Section 3.06 Compliance with Service Provider's Policies. The Service Recipient shall comply with the Service Provider's reasonable policies and procedures, security requirements and rules and regulations with respect to the applicable Shared Real Property and the Service Recipient's occupancy of such Shared Real Property. Such policies may be changed from time to time upon reasonable prior notice at the applicable Service Provider's sole reasonable discretion.

Section 3.07 Insurance. Each Party agrees, during the term of this license, to cause its Service Recipients under this Article III to carry and maintain (i) commercial general liability insurance with a single combined liability limit of $5,000,000 per occurrence and (ii) workers compensation/employer's liability insurance with a liability limit of $1,000,000 per occurrence, and in the case of the policies described in clauses (i) and (ii), naming the applicable Service Provider (and other parties as may be reasonably required) as an additional insured, against liability with respect to accidents occurring on, in or about the applicable Shared Real Property or arising out of the use and occupancy of such Shared Real Property by the Service Recipient and its personnel and visitors. All such insurance policies shall contain a waiver of subrogation in the applicable Service Provider's favor. The Parties acknowledge that the Service Providers shall have no responsibility to insure or actively maintain any Service Recipient's personal property, including any Service Recipient's equipment and trade fixtures, located in the Shared Real Property. Notwithstanding the aforesaid liability limits, said limits shall not diminish or otherwise impact or affect the obligations of the Parties and their Service Recipients hereunder. The policy(s) maintained by the applicable Service Recipient shall be issued by a company licensed to do business in the country where the Shared Real Property is located and the applicable Service Recipient shall deposit a certificate evidencing the same with the applicable Service Provider on or before the Distribution Date. During the term of the license granted in Section 3.01, the applicable Service Providers under this Article III shall maintain insurance policies for the Shared Real Property as in effect as of the Distribution Date.

Section 3.08 Surrender. Upon the expiration or termination of the license granted under this Article III, each Service Recipient shall, at its sole cost and expense, (i) remove their personal property, equipment, trade fixtures and other goods and effects, and repair any damage to the Shared Real Property resulting from such removal, and (ii) otherwise quit and deliver up the Shared Real Property peaceably and quietly and in as good order and condition as the same were in on the Distribution Date, reasonable wear and tear, damage by fire and the elements excepted. In the event any Service Recipient fails to repair and perform the aforementioned facilities restoration and otherwise deliver the Shared Real Property as set forth above, the Service Provider or any member of its Group shall have the right to make said reasonable repairs and reasonably perform such facilities restoration, charge such Service Recipient or any member of its Group the reasonable costs of such repairs and restoration, and such Service Recipient or any member of its Group shall reimburse the Service Provider or the member of its Group, as applicable, within thirty (30) days of receipt of invoice. Any property left in the Shared Real Property after the expiration or termination of the license granted under this Article III shall be deemed to have been abandoned and the property of the Service Providers to dispose of as the Service Providers deem expedient and at the sole cost and expense of the Service Recipients.

Section 3.09 License Rights. The rights granted herein in favor of each Service Recipient are in the nature of a license and shall not create any leasehold or other estate or possessory rights in Shared Real Property, and if the license granted under this Article III expires or is terminated, the Service Recipient shall vacate the Shared Real Property, and any occupancy or activity of the Service Recipient thereafter in the Shared Real Property shall be considered a trespass.

Section 3.10 Relocation. Each Service Provider shall have the right, at its cost, to relocate the applicable Service Recipient to other area(s) of each Shared Real Property by providing the Service Recipient reasonable advance notice, provided that such relocation does not reduce the rights of the Service Recipient or increase the obligations of the Service Recipient under this Agreement or unreasonably interrupt the day-to-day operations of the Honeywell Business or the SpinCo Business, as applicable.

Section 3.11 Alterations. The Service Recipient shall not make any alterations, additions or improvements to the Shared Real Property.

Section 3.12 Controlling Provisions. In the event of a conflict between the terms of this Article III and any other provision in this Agreement with regard to the right to use the Shared Real Property specified in this Article III, the terms of this Article III shall control. In the event of a conflict between the terms of this Agreement and the terms set forth on Schedule F attached hereto, the terms of Schedule F shall control.

ARTICLE IV

Additional Arrangements

Section 4.01 Cooperation and Access.

(a) Service Recipients shall cooperate with the Service Providers to the extent necessary or appropriate to facilitate the performance of the Services in accordance with the terms of this Agreement. Without limiting the generality of the foregoing, (i) each Party shall make available on a timely basis to the other Party all information and materials requested by such Party to the extent reasonably necessary for the performance or receipt of the Services, (ii) each Party shall, and shall cause the members of its Group to, upon reasonable notice, give or cause to be given to the other Party and its Affiliates and Sub-Contractors reasonable access, during regular business hours and at such other times as are reasonably required, to the relevant premises and personnel to the extent reasonably necessary for the performance or receipt of the Services and (iii) each Party shall, and shall cause the members of its Group to, give the other Party and its Affiliates and Sub-Contractors reasonable access to, and all necessary rights to utilize, such Party’s, and its Group’s, information, facilities, personnel, assets, systems and technologies to the extent reasonably necessary for the performance or receipt of the Services.

(b) Each Party shall (and shall cause the members of its Group and its personnel and the personnel of its Affiliates and Sub-Contractors providing or receiving Services to): (i) not attempt to obtain access to or use any information technology systems of the other Party or any member of its Group, or any confidential Information, Personal Data or competitively sensitive information owned, used or Processed by the other Party, except where it has been granted in writing the right to do so or, to the extent reasonably necessary to do so, to provide or receive Services; (ii) maintain reasonable security measures to protect the systems of the other Party and the members of its Group to which it has access pursuant to this Agreement from access by unauthorized third parties; (iii) follow applicable Laws and all of the other Party’s security rules, access agreements, and procedures for restricting access and use, when allowed, to such other Party’s information technology systems; (iv) when on the property of the

other Party or any of its Affiliates, or when given access to any facilities, infrastructure or personnel of the other Party or any of its Affiliates, follow applicable Laws and all of the other Party's policies and procedures concerning health, safety, conduct and security which are made known to the Party receiving such access from time to time and (v) not disable, damage or erase or disrupt, interfere with or impair the normal operation of the information technology systems of the other Party or any member of its Group.

(c) Service Provider shall (i) immediately notify Service Recipient of any confirmed misuse, disclosure or loss of, or inability to account for, any Personal Data or any confidential or competitively sensitive Information, and any confirmed unauthorized access to Service Provider's facilities, systems or network, in each case, solely to the extent related to the Service Recipient; and Service Provider will investigate such confirmed security incidents and reasonably cooperate with Service Recipient's incident response team, supplying logs and other necessary information to mitigate and limit the damages resulting from such a security incident; provided that the Service Recipient agrees to reimburse Service Provider for time spent and actual travel expenses incurred in connection with any such investigation; and (ii) subject to applicable Law, use commercially reasonable efforts to comply with any commercially reasonable requests to assist Service Recipient with its electronic discovery obligations related to Services provided to the Service Recipient; provided that the Service Recipient agrees to reimburse Service Provider for time spent and actual travel expenses incurred for such response.

(d) In the event of a security breach that relates to the Services, the Parties shall, subject to any applicable Law, reasonably cooperate with each other regarding the timing and manner of (a) notification to their respective customers, potential customers, employees or agents concerning a breach or potential breach of security and (b) disclosures to appropriate Governmental Authorities.

(e) Notwithstanding anything to the contrary in this Agreement (but subject to the following proviso), any Personal Data transferred or otherwise made available to the other Party in connection with the Services shall be subject to the Data Transfer Agreement, and each Party agrees to abide by the applicable provisions thereof, to the extent related to such data; provided, however, that any Personal Data provided by Service Recipient to Service Provider under this Agreement shall only be used to the extent reasonably necessary for Service Provider to provide Services and solely for the applicable term of such Services.

Section 4.02 Intellectual Property.

(a) Each Party, on behalf of itself and its Affiliates, hereby grants to the other Party and to its Affiliates and Sub-Contractors providing Services under this Agreement a nonexclusive, nontransferable, world-wide, royalty-free, sublicensable license, for the term of this Agreement, to use the intellectual property owned by such Party and the members of its Group solely to the extent necessary for the other Party and the members of its Group to perform their obligations hereunder or receive the Services provided hereunder, as applicable.

(b) Subject to the terms of the Separation Agreement, each Service Provider acknowledges and agrees that the Designated Work Product is and shall remain the exclusive property of the applicable Service Recipient. The Service Provider acknowledges and agrees that, to the fullest extent permitted under applicable Law, the Designated Work Product is a "work made for hire," as that phrase is defined in the Copyright Act of 1976 (17 U.S.C. §101), for the Service Recipient. To the extent title to any Designated Work Product vests in the Service Provider by operation of Law, in its capacity as a Service Provider, hereby assigns (and shall cause any such other Service Provider, and any Affiliate or Sub-Contractor of such Service Provider, to assign) to the relevant Service Recipient all right, title and interest in and to such Designated Work Product, and the Service Provider shall (and shall cause any Affiliate or Sub-Contractor of such Service Provider to) provide such assistance and execute such documents as the Service Recipient may reasonably request to assign to the relevant Service Recipient all right, title and interest in and to such work product. Each Service Recipient acknowledges and agrees that it will acquire no right, title or interest to any work product resulting from the provision of the Services hereunder that is not Designated Work Product, and such work product shall remain the exclusive property of the Service Provider.

(c) The Parties acknowledge that it may be necessary for each of them to make proprietary or third-party software available to the other in the course and for the purpose of performing Services, subject to Section 2.01(h) in the case of third-party software. Each Party (i) shall comply with all known license terms and conditions applicable to any and all proprietary or third-party software made available to such Party by the other Party in the course of the provision of Services hereunder and (ii) agrees that it shall use reasonable efforts to identify and provide to the other Party a copy of the applicable license terms (or, solely with respect to open source software or other software with publicly available license terms, information sufficient to direct such other Party to a copy thereof) for any and all proprietary or third-party software first made available to such other Party as of or after the Distribution Date, solely to the extent such provision would not violate the providing Party's duty of confidentiality owed to any third party.

(d) Except as expressly specified in this Section 4.02, nothing in this Agreement will be deemed to grant one Party, by implication, estoppel or otherwise, any license rights, ownership rights or other rights in any intellectual property owned by the other Party (or any Affiliate or Sub-Contractor of the other Party).

Section 4.03 Customer Receipt Payments and Bank Account Transition Process.

(a) For a period of twelve (12) months following the Distribution ("Customer Receipt Payment Period"), in the event any payments related to trade receivables intended for the SpinCo Group or the Honeywell Group, as applicable (the "Intended Payee"), is incorrectly received by any member of the other Group (the "Customer Receipt Payee") such Customer Receipt Payee will, as soon as reasonably practicable, but in no event in more than ten (10) business days following receipt of such payment (the "Misdirected Customer Payment"), send the applicable Intended Payee through wire transfer an amount equal to the value of such payment (each, a "Customer Receipt Payment").

(b) For each Customer Receipt Payment, the Customer Receipt Payee must provide the applicable customer(s) payment details to allow the Intended Payee to identify the customer(s) and the related transaction(s) associated with the Customer Receipt Payment, including each customer's name, accounts receivable account number and payment amount. On or prior to the Distribution Date, each Party shall provide the other Party with the relevant contact information of the persons to send this information.

(c) The Intended Payee will pursue corrections to the banking details internally. If a member of the SpinCo Group or the Honeywell Group receives a Misdirected Customer Payment within the eleven (11) months following the Distribution, the Customer Receipt Payee will send a letter to the respective customer(s) every month following such payment for so long as such customer(s) continue to remit Misdirected Customer Payments (but in any event no longer than eleven (11) months following the Distribution), informing the customer of the need to use the correct bank account as designated by the Intended Payee. If such customer continues to send Misdirected Customer Payments in the eleventh (11th) month following the Distribution, the Customer Receipt Payee and the Intended Payee will send a final joint letter one month prior to the expiration of the Customer Receipt Payment Period.

(d) Each Party agrees to not send the other Party any Customer Receipt Payments from customers found on the U.S. Treasury Office of Foreign Assets Control's Specially-designated Nationals List or from any countries with which U.S. persons are prohibited from conducting business. Each Party agrees to not accept Customer Receipt Payments made in cash. Each Party agrees to immediately notify the other Party of any Customer Receipt Payments falling within the scope of this Section 4.03(d) and to cooperate with the other Party in taking any action recommended by the other Party in connection with such Customer Receipt Payments.

(e) All Customer Receipt Payments made by any Customer Receipt Payee to any Intended Payee hereunder shall be made by a wire transfer of immediately available funds in U.S. Dollars to a bank account designated in writing by the Intended Payee entitled to receive payment. Customer Receipt Payments may be bundled or sent on a per payment basis.

(f) All bank fees incurred for transmitting Customer Receipt Payments pursuant to this Section 4.03 will be paid by the Intended Payee and may be deducted from the applicable Customer Receipt Payments sent to the Intended Payee by the Customer Receipt Payee.

Section 4.04 Computer Leases. The Parties acknowledge that general computer equipment, including copy machines, servers, desktop personal computers, printers, laptops, and network and telephony equipment and environment (collectively, "Computer Equipment") is leased under Honeywell's hardware Refresh Program, through computer equipment leases with certain third-party providers (collectively, the "Computer Equipment Leases"). Lease payments, pursuant to the Computer Equipment Leases for Computer Equipment used or held for use primarily in the SpinCo Business as of the date hereof will be paid by Honeywell's Global Technology Services Group and all such lease payments in addition to other related charges (including associated sales and property Taxes) shall be charged by Honeywell to TS Subsidiary on a pass-through basis. TS Subsidiary shall be responsible for all fees, including fees for obtaining consents of lessors, associated with lease assignment, lease buyout and early lease termination imposed by the Computer Equipment lessors. Within ninety (90) days following the date hereof, TS Subsidiary must elect to exercise one of the following

options with respect to the Computer Equipment: (i) if acceptable to Computer Equipment lessor(s), enter into an assignment of any or all of the Computer Equipment Leases to TS Subsidiary or one or more of its Affiliates to be effected such that the SpinCo Business shall have use of the transferred Computer Equipment on substantially the same terms following the Computer Equipment Lease assignment as the SpinCo Business did prior to such assignment or (ii) negotiate and exercise a buy-out of any or all of the Computer Equipment Leases and the purchase of such Computer Equipment on terms agreed to by TS Subsidiary and the Computer Equipment lessors. Honeywell agrees to use commercially reasonable efforts to assist TS Subsidiary and the members of the SpinCo Group in exercising any of the options in the preceding sentence by facilitating discussions between the Computer Equipment lessors and TS Subsidiary. TS Subsidiary acknowledges that the hardware Refresh Program is limited to Honeywell's business units under confidential terms, conditions and pricing and cannot be extended to TS Subsidiary for additional equipment following the Distribution. Actual disposition of equipment must be completed within one (1) year from the date hereof.

Section 4.05 IT Agreements. Each Party acknowledges and agrees that the Services provided by a Service Provider through third parties or using third-party Intellectual Property are subject to the terms and conditions of any applicable agreements between the Service Provider and such third parties (such agreements, the "IT Agreements"), as set forth on Schedule G. The Service Provider shall use commercially reasonable efforts to obtain as promptly as possible any Consent of any Person that may be necessary for the performance of the Service Provider's obligations pursuant to this Agreement in accordance with Section 2.01(h) (it being understood that each Service Recipient shall only be granted access to IT Agreements during the term of this Agreement, and upon expiration of the applicable service term shall procure its own standalone license with the applicable third-party provider).

Section 4.06 Certain Supplier Agreements. Following the Distribution and until one year after the Distribution Date, Honeywell shall, and shall cause the members of the Honeywell Group to, cooperate in any reasonable and permissible arrangement to provide that SpinCo and the other members of the SpinCo Group shall receive the interest in the benefits and obligations under the Certain Supplier Agreements in accordance with the provisions of such Certain Supplier Agreement. Payments due to a third party for use of the Certain Supplier Agreements by the SpinCo Business shall either, at Honeywell's sole option, be (i) paid by the member of the SpinCo Group receiving the benefit of such Certain Supplier Agreement or (ii) paid by a member of the Honeywell Group and charged by Honeywell to TS Subsidiary on a pass-through basis. Any internal or third-party costs incurred by Honeywell in connection with Honeywell's cooperation in accordance with this Section 4.06 shall be charged by Honeywell to TS Subsidiary on a pass-through basis. Without limiting TS Subsidiary's obligations under Article VIII, TS Subsidiary shall indemnify and hold harmless the member of the Honeywell Group party to such Certain Supplier Agreement for any Liability arising out of, in connection with or by reason of TS Subsidiary's use of the Certain Supplier Agreements and Honeywell's cooperation in accordance with this Section 4.06.

ARTICLE V

Compensation

Section 5.01 Compensation for Services. In each case except as expressly provided in Schedule A or Schedule B:

(a) As compensation for each Service rendered pursuant to this Agreement, the Service Recipient shall be required to pay to the Service Provider a fee for the Service equal to the Cost of Services specified for such Service in Schedule A or Schedule B, as applicable (each fee constituting a "Service Charge").

(b) For Services with fees determined on an hourly basis (the "Hourly Services"), the Cost of Services are exclusive of any out-of-pocket third-party fees, costs and expenses that may be incurred by the Service Provider or any Sub-Contractor in connection with performing the Services. All of the costs and expenses described in this Section 5.01(b) ("Hourly Services Expenses") shall be charged by the Service Provider to the Service Recipient on a pass-through basis. For the avoidance of doubt, the Hourly Services Expenses shall be consistent with the Service Provider's general approach with respect to such types of costs and expenses; provided that with respect to any Service, the Service Recipient's prior written approval shall be required to the extent that Hourly Services Expenses exceed fifteen percent (15%) of the Service Charge paid and payable to the Service Provider for such Service in any calendar quarter.

(c) During the term of this Agreement, the amount of a Cost of Service for a Service may increase during a Service Extension, in accordance with Section 6.02.

(d) The amount of any actual and documented sales tax, value-added tax, goods and services tax or similar tax that is required to be assessed and remitted by the Service Provider in connection with the Services provided hereunder ("Taxes") will be promptly paid to the Service Provider by the Service Recipient in accordance with Section 5.02. Such payment shall be in addition to the Cost of Services set forth in Schedule A or Schedule B, as applicable (unless such Tax is expressly already accounted for in the applicable Cost of Services). Notwithstanding the foregoing, (i) in the case of value-added Taxes, the Service Recipient shall not be obligated to pay such Taxes, unless the Service Provider has issued to the Service Recipient a valid value-added tax invoice in respect thereof, and (ii) in the case of all Taxes, the Service Recipient shall not be obligated to pay such Taxes if and to the extent that the Service Recipient has provided any valid exemption certificates or other applicable documentation that would eliminate or reduce the obligation to collect or pay such Taxes.

(e) Either Party shall have the right to deduct or withhold from any payments otherwise payable under this Agreement such amounts as are required by applicable Law to be deducted or withheld with respect thereto and, to the extent such amounts are duly and timely remitted to the appropriate Governmental Authority, such deducted or withheld amounts shall be treated as paid to the other Party for all purposes of this Agreement; provided, however, that each Party shall notify the other Party in writing of any anticipated withholding at least fifteen (15) business days prior to making any such deduction or withholding and will cooperate with the other Party in obtaining any available exemption from or reduction of such deduction or withholding. The Party making such deduction or withholding shall promptly provide to the other Party tax receipts or other documents evidencing the payment of any such deducted or withheld amount to the applicable Governmental Authority.

Section 5.02 Payment Terms.

(a) The Service Provider shall bill the Service Recipient monthly in U.S. Dollars, within thirty (30) business days after the end of each month, or at such other interval specified with respect to a particular Service in Schedule A or Schedule B, as applicable, an amount equal to the aggregate Cost of Services due for all Services provided in such month or other specified interval, as applicable, plus any Taxes. Invoices shall set forth a description of the Services provided and reasonable documentation to support the charges thereon, which invoice and documentation shall be in the same level of detail and in accordance with the procedures for invoicing as provided to the Service Provider's other businesses. Invoices shall be directed to the Service Coordinator appointed by Honeywell or TS Subsidiary, as applicable, or to such other Person designated in writing from time to time by such Service Coordinator. The Service Recipient shall pay such amount in full within thirty (30) days after receipt of each invoice by wire transfer of immediately available funds to the account designated by the Service Provider for this purpose. If the thirtieth (30th) day falls on a weekend or a holiday, the Service Recipient shall pay such amount on or before the following business day. Each invoice shall set forth in reasonable detail the calculation of the charges and amounts and applicable Taxes for each Service during the month or other specified interval to which such invoice relates. In addition to any other remedies for non-payment, if any payment is not received by the Service Provider on or before the date such amount is due, then a late payment interest charge, calculated at the annual rate equal to the "Prime Rate" as reported on the thirtieth (30th) day after the date of the invoice in *The Wall Street Journal* (or, if such day is not a business day, the first business day immediately after such day), calculated on the basis of a year of 360 days and the actual number of days elapsed between the end of the thirty (30)-day payment period and the actual payment date, shall immediately begin to accrue and any such late payment interest charges shall become immediately due and payable in addition to the amount otherwise owed under this Agreement. The Parties shall cooperate to achieve an invoicing structure that minimizes taxes for both Parties, including by implementing a local-to-local invoicing structure where applicable.

(b) The Service Recipient shall notify the Service Provider promptly, and in no event later than thirty (30) days following receipt of the Service Provider's invoice, of any disputed amounts. If the Service Recipient does not notify the Service Provider of any disputed amounts within such thirty (30)-day period, then Service Recipient will be deemed to have accepted the Service Provider's invoice. Any objection to the amount of any invoice shall be deemed to be a Dispute hereunder subject to the provisions applicable to Disputes set forth in Article IX. The Service Recipient shall pay any undisputed amount, and all Taxes (whether or not disputed), in accordance with this Section 5.02. The Service Provider shall, upon the written request of a Service Recipient, furnish such reasonable documentation to substantiate the amounts billed, including listings of the dates, times and amounts of the Services in question where applicable and practicable. The Service Recipient may withhold any payments subject to a Dispute other than Taxes; provided that any disputed payments, to the extent ultimately determined to be payable to the Service Provider, shall bear interest as set forth in Section 5.02(a).

(c) Subject to Section 5.02(b), no Service Recipient shall withhold any payments to its Service Provider under this Agreement in order to offset payments due to such Service Recipient pursuant to this Agreement, the Separation Agreement, any Ancillary Agreement or otherwise, unless such withholding is mutually agreed by the Parties or is provided for in the final ruling of a court having jurisdiction pursuant to Section 10.07. Any required adjustment to payments due hereunder will be made as a subsequent invoice.

Section 5.03 DISCLAIMER OF WARRANTIES. WITHOUT LIMITATION TO THE COVENANTS RELATING TO THE PROVISION OF SERVICES SET FORTH IN SECTION 2.01(F), THE SERVICES TO BE PROVIDED UNDER THIS AGREEMENT ARE FURNISHED WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, NON-INFRINGEMENT OR FITNESS FOR ANY PARTICULAR PURPOSE. NO MEMBER OF THE HONEYWELL GROUP OR OF THE SPINCO GROUP, AS SERVICE PROVIDER, MAKES ANY REPRESENTATION OR WARRANTY THAT ANY SERVICE COMPLIES WITH ANY LAW, DOMESTIC OR FOREIGN.

Section 5.04 Books and Records. Honeywell and TS Subsidiary shall each, and shall each cause the members of their Group to, maintain complete and accurate books of account as necessary to support calculations of the Cost of Services for Services rendered by it or the other members of its Group as Service Providers and shall make such books available to the other, upon reasonable notice, during normal business hours; provided, however, that to the extent Honeywell's or TS Subsidiary's books, or the books of the members of their Group, contain Information relating to any other aspect of the Honeywell Business or the SpinCo Business, as applicable, Honeywell and TS Subsidiary shall negotiate a procedure to provide the other Party with necessary access while preserving the confidentiality of such other records.

ARTICLE VI

Term

Section 6.01 Commencement. This Agreement is effective as of the date hereof and shall remain in effect with respect to a particular Service until the occurrence of the Applicable Termination Date applicable to such Service (or, subject to the terms of Section 6.02, the expiration of any Service Extension applicable to such Service), unless earlier terminated (i) in its entirety or with respect to a particular Service, in each case in accordance with Section 6.03 or Section 6.04, or (ii) by mutual consent of the Parties. Notwithstanding anything to the contrary contained herein, if the Separation Agreement shall be terminated in accordance with its terms, this Agreement shall be automatically terminated and void ab initio with no further action by the Parties and shall be of no force and effect.

Section 6.02 Service Extension. Except as expressly provided in Schedule A or Schedule B, if the Service Recipient reasonably determines that it will require a Service to continue beyond the Applicable Termination Date or the end of a subsequent extension period, the Service Recipient may request the Service Provider to extend the term of such Service for the desired renewal period(s) (each, a "Service Extension") by written notice to the Service Provider no less than forty-five (45) days prior to end of the then-current Service term; provided that a Service

Recipient may only request to extend a Service that is included on Schedule D if it requests to extend all other Services that are designated on Schedule D as a Related Service with respect to such Service. The Service Provider shall respond to any such request for a Service Extension within fifteen (15) days of receipt and shall use commercially reasonable efforts to comply with such Service Extension request; provided, however, that (i) the Service Extensions with respect to each Service shall not extend the term of such Service to a date beyond the Applicable End Date applicable to such Service, (ii) the Service Provider will not be in breach of its obligations under this Section 6.02 if it is unable to comply with a Service Extension request through the use of commercially reasonable efforts, including where a Consent that is required in order for the Service Provider to continue to provide the applicable Service during the requested Service Extension cannot be obtained by the Service Provider through the use of commercially reasonable efforts, (iii) the Service Provider shall not be required to contribute capital, pay or grant any consideration or concession in any form (including by providing any letter of credit, guaranty or other financial accommodation) to any Person in order to obtain or make any Consent that is required in order for the Service Provider to continue to provide the applicable Service during the requested Service Extension (other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be reimbursed by the Service Recipient, as promptly as reasonably practicable) and (iv) each Service Extension is permissible under applicable Law and would not prevent, or be reasonably likely to prevent, or be inconsistent with the qualification of the Distribution as a tax-free transaction for U.S. federal, state and local income tax purposes. With respect to Schedule A or Schedule B, as applicable, the Cost of Services specified for such Service in Schedule A or Schedule B, as applicable, shall be amended to include (i) for the period from the Applicable Termination Date until the date that is one half of the Applicable Original Duration following the Applicable Termination Date, an incremental surcharge of 10% and (ii) for the period from the date that is one half of the Applicable Original Duration following the Applicable Termination Date to the Applicable End Date, an incremental surcharge of 20%. The Parties shall amend the terms of Schedule A or Schedule B, as applicable, to reflect the new Service term and Cost of Services within five (5) days following the Service Provider's agreement to a Service Extension, subject to the conditions set forth in this Section 6.02. Each such amended Schedule A or Schedule B, as applicable, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such agreement.

Section 6.03 Termination.

(a) This Agreement may be terminated:

(i) by either Honeywell or TS Subsidiary at any time upon written notice to the other Party (which notice shall specify the basis for such claim for breach of this Agreement), if the other Party materially breaches this Agreement (and the period for resolution of the Dispute relating to such breach set forth in Section 9.01 has expired), effective upon not less than thirty (30)-days' written notice of termination to the breaching Party, if the breaching Party does not cure such default within thirty (30) days after receiving written notice thereof from the non-breaching Party; or

(ii) except as otherwise provided by Law, by either Honeywell or TS Subsidiary at any time upon written notice to the other Party, if (i) the other Party is adjudicated as bankrupt, (ii) any insolvency, bankruptcy or reorganization proceeding is commenced by the other Party under any insolvency, bankruptcy or reorganization act, (iii) any action is taken by others against the other Party under any insolvency, bankruptcy or reorganization act and such Party fails to have such proceeding stayed or vacated within ninety (90) days or (iv) if the other Party makes an assignment for the benefit of creditors, or a receiver is appointed for the other Party which is not discharged within thirty (30) days after the appointment of the receiver.

Section 6.04 Partial Termination.

(a) If a Service Provider or Service Recipient materially breaches any of its respective obligations under this Agreement with respect to a Service (and the period for resolution of the Dispute relating to such breach set forth in Section 9.01 has expired), the non-breaching Service Recipient or Service Provider, as applicable, may terminate this Agreement with respect to the Service to which such obligations apply, effective upon not less than thirty (30)-days' written notice of termination to the breaching Party, if the breaching Party does not cure such default within thirty (30) days after receiving written notice thereof from the non-breaching Party. The termination of this Agreement with respect to any Service pursuant to this Section 6.04 shall not affect the Parties' rights or obligations under this Agreement with respect to any other Service.

(b) Except as otherwise provided in this Agreement or Schedule A or Schedule B, upon not less than sixty (60)-days' prior written notice, a Service Recipient shall be entitled to terminate one or more Services being provided by any Service Provider for any reason or no reason at all; provided that a Service Recipient may only terminate a Service that is included on Schedule D pursuant to this Section 6.04(b) if it simultaneously terminates all other Services that are designated on Schedule D as a Related Service with respect to such Service.

(c) In the event that a Service Provider reduces or suspends the provision of any Service due to a Force Majeure Event and such reduction or suspension continues for fifteen (15) days, the Service Recipient may immediately terminate such Service, upon written notice and without any obligations therefor, including any Service Charges in respect thereof.

Section 6.05 Effect of Termination.

(a) Each Party agrees and acknowledges that the obligations of each Party to provide the Services, or to cause the Services to be provided, hereunder shall immediately cease upon (i) the termination of any (or all) such Service(s) at the Applicable Termination Date applicable to each such Service (or, subject to the terms of Section 6.02, the expiration of any Service Extension applicable to such Service), (ii) termination of (A) this Agreement or (B) any particular Service, in each case in accordance with Section 6.04, or (iii) upon termination of the Agreement or any Service by mutual consent of the Parties. Upon cessation of the Service Provider's obligation to provide any Service, the Service Recipient shall stop using, directly or indirectly, such Service.

(b) Upon the request of the Service Recipient after the termination of a Service with respect to which the Service Provider holds books, records or files, including current and archived copies of computer files, (i) owned solely by the Service Recipient or its Affiliates and used by the Service Provider in connection with the provision of a Service pursuant to this

Agreement or (ii) created by the Service Provider and in the Service Provider's possession as a function of and relating solely to the provision of Services pursuant to this Agreement, such books, records and files shall either be returned to the Service Recipient or destroyed by the Service Provider, with certification of such destruction provided to the Service Recipient, other than, in each case, such books, records and files electronically preserved or recorded within any computerized data storage device or component (including any hard-drive or database) pursuant to automatic or routine backup procedures generally accessible only by legal, IT or compliance personnel, which such books, records and files will not be used by the Service Provider for any other purpose. The Service Recipient shall bear the Service Provider's reasonable, necessary and actual out-of-pocket costs and expenses associated with the return or destruction of such books, records or files. At its expense, the Service Provider may make one copy of such books, records or files for its legal files, subject to such Party's obligations under Section 10.05.

(c) In the event that any Service is terminated other than at the end of a month, and the Service Charge associated with such Service is determined on a monthly basis, the Service Provider shall bill the Service Recipient for the entire month in which such Service is terminated. The Parties acknowledge that there may be interdependencies among the Services being provided under this Agreement that may not be identified on Schedule A, Schedule B or Schedule D, as applicable, and agree that, if the Service Provider's ability to provide a particular Service in accordance with this Agreement is materially and adversely affected by the termination of another Service in accordance with Section 6.04, then the Parties shall negotiate in good faith to amend the Schedule A or Schedule B, as applicable, relating to such affected continuing Service.

(d) In the event of a termination under Section 6.04, the Service Recipient shall pay to the Service Provider any breakage or termination fees, and other termination costs payable by the Service Provider, solely as a result of the early termination of such Service, with respect to any resources or pursuant to any other third-party agreements that were used by the Service Provider to provide such Service (or an equitably allocated portion thereof, in the case of any such equipment, resources or agreements that also were used for purposes other than providing Services) ("Termination Charges"). The Service Provider will provide to the Service Recipient an invoice for the Termination Charges, within thirty (30) days following the date of any termination of a Service under Section 6.04 and will provide reasonable documentary evidence to substantiate such Termination Charges.

(e) In the event of any termination of this Agreement in its entirety or with respect to any Service, each Party, Service Provider and Service Recipient shall remain liable for all of their respective obligations that accrued hereunder prior to the date of such termination, including all obligations of each Service Recipient to pay any Service Charges due to any Service Provider hereunder.

(f) The following matters shall survive the termination of this Agreement, including the rights and obligations of each Party thereunder, in addition to any claim for breach arising prior to termination: Article I, Section 4.02(b), Article V, Article VII (including liability in respect of any indemnifiable Liabilities under this Agreement arising or occurring on or prior to the date of termination), this Section 6.05, Article IX, Article X and all confidentiality obligations under this Agreement.

ARTICLE VII

Indemnification; Limitation of Liability

Section 7.01 Indemnification by TS Subsidiary.

(a) TS Subsidiary, in its capacity as a Service Recipient and on behalf of each member of its Group in its capacity as a Service Recipient, shall indemnify, defend and hold harmless Honeywell and the other Honeywell Indemnitees from and against any and all Liabilities incurred by such Honeywell Indemnitee and arising out of, in connection with or by reason of any Services provided by any member of the Honeywell Group hereunder, except to the extent such Liabilities arise out of a Honeywell Group member's (i) breach of this Agreement, (ii) violation of Laws in providing the Services or (iii) gross negligence or willful misconduct in providing the Services.

(b) TS Subsidiary, in its capacity as a Service Provider and on behalf of each member of its Group in its capacity as a Service Provider, shall indemnify, defend and hold harmless Honeywell and the other Honeywell Indemnitees from and against any and all Liabilities incurred by such Honeywell Indemnitee and arising out of, in connection with or by reason of any Services provided by any member of the Honeywell Group hereunder, which Liabilities result from a SpinCo Group member's (i) breach of this Agreement, (ii) violation of Laws in providing the Services or (iii) gross negligence or willful misconduct in providing the Services.

Section 7.02 Indemnification by Honeywell.

(a) Honeywell, in its capacity as a Service Recipient and on behalf of each member of its Group in its capacity as a Service Recipient, shall indemnify, defend and hold harmless TS Subsidiary and the other SpinCo Indemnitees from and against any and all Liabilities incurred by such SpinCo Indemnitee and arising out of, in connection with or by reason of any Services provided by any member of the SpinCo Group hereunder, except to the extent such Liabilities arise out of a SpinCo Group member's (i) breach of this Agreement, (ii) violation of Laws in providing the Services or (iii) gross negligence or willful misconduct in providing the Services.

(b) Honeywell, in its capacity as a Service Provider and on behalf of each member of its Group in its capacity as a Service Provider, shall indemnify, defend and hold harmless TS Subsidiary and the other SpinCo Indemnitees from and against any and all Liabilities incurred by such SpinCo Indemnitee and arising out of, in connection with or by reason any Services provided by any member of the Honeywell Group hereunder, which Liabilities result from a Honeywell Group member's (i) breach of this Agreement, (ii) violation of Laws in providing the Services or (iii) gross negligence or willful misconduct in providing the Services.

Section 7.03 Indemnification Procedures. The provisions of Section 6.05 of the Separation Agreement shall govern claims for indemnification under this Agreement, provided that, for purposes of this Section 7.03, in the event of any conflict between the provisions of Section 6.05 of the Separation Agreement and this Article VII, the provisions of this Agreement shall control.

Section 7.04 Exclusion of Other Remedies. Without limiting the rights under Section 10.09, the provisions of Sections 7.01 and 7.02 shall, to the maximum extent permitted by applicable Law, be the sole and exclusive remedies of the Honeywell Group and the SpinCo Group, as applicable, for any Liability, whether arising from statute, principle of common or civil law, principles of strict liability, tort, contract or otherwise under this Agreement.

Section 7.05 Other Indemnification Obligations Unaffected. For avoidance of doubt, this Article VII applies solely to the specific matters and activities covered by this Agreement (and not to matters specifically covered by the Separation Agreement or the other Ancillary Agreements).

Section 7.06 Limitation on Liability.

(a) No Service Provider, in its capacity as such, nor any member of its Group acting in the capacity of a Service Provider, nor any Indemnitee thereof, shall be liable (whether such liability is direct or indirect, in contract or tort or otherwise) to the other Party (or any of such other Party's Indemnitees) for any Liabilities arising out of, related to or in connection with the Services or this Agreement, except to the extent that such Liabilities arise out of such Service Provider's (or a member of its Group's) (i) breach of this Agreement, (ii) violation of Laws in providing the Services or (iii) gross negligence or willful misconduct in providing the Services; provided that nothing in this Section 7.06 shall be deemed to limit a Service Recipient's rights under Section 7.06(d) regarding Insurance Proceeds in respect of Third-Party Claims.

(b) IN NO EVENT SHALL ANY SERVICE PROVIDER, IN ITS CAPACITY AS SUCH, NOR ANY MEMBER OF ITS GROUP ACTING IN THE CAPACITY OF A SERVICE PROVIDER, NOR ANY INDEMNITEE THEREOF, BE LIABLE, WHETHER IN CONTRACT, IN TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE TO THE SERVICE RECIPIENT (OR ANY OF ITS INDEMNITEES) FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES (INCLUDING LOSS OF PROFITS) AS A RESULT OF ANY BREACH, PERFORMANCE OR NON-PERFORMANCE BY SUCH SERVICE PROVIDER UNDER THIS AGREEMENT, EXCEPT AS MAY BE PAYABLE TO A CLAIMANT IN A THIRD-PARTY CLAIM.

(c) EACH GROUP'S TOTAL LIABILITY, IN ITS CAPACITY AS A SERVICE PROVIDER, TO THE OTHER GROUP ARISING OUT OF, RELATED TO OR IN CONNECTION WITH THE SERVICES OR THIS AGREEMENT FOR ALL CLAIMS SHALL NOT EXCEED IN THE AGGREGATE AN AMOUNT EQUAL TO THE TOTAL AMOUNT PAID TO IT FOR SERVICES UNDER THIS AGREEMENT; PROVIDED, HOWEVER, THAT, NOTWITHSTANDING THE FOREGOING, IN THE CASE OF ANY LIABILITY TO THE OTHER PARTY ARISING OUT OF A THIRD-PARTY CLAIM, EACH GROUP'S TOTAL LIABILITY IN ITS CAPACITY AS A SERVICE PROVIDER TO THE OTHER GROUP SHALL BE INCREASED BY AN AMOUNT EQUAL TO THE AMOUNT, IF ANY, OF ANY INSURANCE PROCEEDS THAT ARE ACTUALLY RECEIVED BY SUCH SERVICE PROVIDER IN ACCORDANCE WITH Section 7.06(d).

(d) If a Service Provider, in its capacity as such, or any member of its Group acting in the capacity of a Service Provider, or any Indemnitee thereof, shall be liable to the other Party for any Liability arising out of a Third-Party Claim, such Service Provider, at the request of the Indemnitee, shall use commercially reasonable efforts to pursue and recover any available Insurance Proceeds under applicable insurance policies. Promptly upon the actual receipt of any such Insurance Proceeds, such Service Provider shall pay such Insurance Proceeds to the applicable Indemnitee to the extent of the Liability arising out of the applicable Third-Party Claim. The Indemnitee shall, upon the request of such Service Provider and to the extent permitted under such Service Provider's applicable insurance policies, promptly pay directly to such Service Provider or to such Service Provider's insurer any reasonable costs or expenses incurred in the collection of such Indemnitee's portion of such Insurance Proceeds (including such Indemnitee's portion of applicable retentions or deductibles); provided, however, that in no event shall an Indemnitee's portion of such collection costs and expenses, applicable retentions and deductibles exceed the amount of Insurance Proceeds actually received by such Indemnitee.

ARTICLE VIII

Other Covenants

Section 8.01 Attorney-in-Fact. On a case-by-case basis, the Service Recipient shall execute documents necessary to appoint the Service Provider as its attorney-in-fact for the sole purpose of executing any and all documents and instruments reasonably required to be executed in connection with the performance by the Service Provider of any Service under this Agreement.

Section 8.02 Further Assurances. Each Party hereto shall take, or cause to be taken, any and all reasonable actions, including the execution, acknowledgment, filing and delivery of any and all documents and instruments that any other Party hereto may reasonably request in order to effect the intent and purpose of this Agreement and the transactions contemplated hereby.

ARTICLE IX

Dispute Resolution

Section 9.01 General. Except as expressly provided in this Article IX, the Parties shall resolve all disputes arising under or in connection with this Agreement (each, a "Dispute") in accordance with the following procedures set forth in this Article IX (including, for the avoidance of doubt, any Dispute relating to payments with respect to the Services).

Section 9.02 Resolution Committee. All Disputes will be first considered in person, by teleconference or by video conference by the Service Coordinators within five (5) business days after receipt of notice from either Party specifying the nature of the Dispute (a "Dispute Notice"). The Service Coordinators shall enter into negotiations aimed at resolving any such Dispute. If the Service Coordinators are unable to reach a resolution with respect to the Dispute within ten (10) business days after receipt of notice of the Dispute, the Dispute shall be referred to a Resolution Committee comprised of specified transition leaders (the "Resolution

Committee") from Honeywell and TS Subsidiary. On or prior to the Distribution Date, each Party shall provide the other Party with the name and relevant contact information for its respective initial Resolution Committee member, and either Party may replace its Resolution Committee members at any time with other persons of similar seniority by providing written notice in accordance with Section 10.12. The Resolution Committee will meet (by telephone or in person) during the next ten (10) business days and attempt to resolve the Dispute. In the event that the Resolution Committee is unable to reach a resolution with respect to the Dispute within ten (10) business days of the referral of the matter to the Resolution Committee, then the Dispute shall be referred to a senior executive of each Party in accordance with Section 9.03 and the Parties shall retain all rights with respect to remedies hereunder.

Section 9.03 Senior Executive Referral. If no resolution is reached with respect to any Dispute in accordance with Section 9.02, then a senior executive of each Party shall, in good faith, attempt to resolve any such Dispute within the following thirty (30) days of the referral of the matter to the senior executives. If no resolution is reached with respect to any such Dispute in accordance with the procedures contained in Section 9.02 and this Section 9.03, then the Parties may seek to resolve such matter in accordance with Section 10.07, Section 10.08 and Section 10.09.

Section 9.04 Court-Ordered Interim Relief. In accordance with this Section 9.04 and Section 10.08, at any time after giving notice of a Dispute, each Party shall be entitled to interim measures of protection duly granted by a court of competent jurisdiction: (1) to preserve the status quo pending resolution of the dispute; (2) to prevent the destruction or loss of documents and other information or things relating to the dispute; or (3) to prevent the transfer, disposition or hiding of assets. Any such interim measure (or a request therefor to a court of competent jurisdiction) shall not be deemed incompatible with the provisions of Section 10.07 and Section 10.08. Until such Dispute is resolved in accordance with this Article IX or final judgment is rendered in accordance with Section 10.07 and Section 10.08, each Party agrees that such Party shall continue to perform its obligations under this Agreement and that such obligations shall not be subject to any defense or set-off, counterclaim, recoupment or termination.

ARTICLE X

Miscellaneous

Section 10.01 Title to Equipment; Title to Data.

(a) Except as otherwise expressly provided herein, each of TS Subsidiary and Honeywell acknowledges that all procedures, methods, systems, strategies, tools, equipment, facilities and other resources used by any Service Provider in connection with the provision of Services shall remain the property of such Service Provider and shall at all times be under the sole direction and control of such Service Provider.

(b) Each of TS Subsidiary and Honeywell acknowledges that it will acquire no right, title or interest (including any license rights or rights of use) in any firmware or software, or the licenses therefor that are owned by the other Party or its Affiliates, Subsidiaries or divisions, by reason of the provision of the Services hereunder, except as expressly provided in Section 4.02.

Section 10.02 Force Majeure. In case performance of any terms or provisions hereof shall be delayed or prevented, in whole or in part, because of or related to compliance with any Law or requirement of any national securities exchange, or because of riot, war, public disturbance, strike, labor dispute, fire, explosion, storm, flood, earthquake, pandemic, shortage of necessary equipment, materials or labor, or restrictions thereon or limitations upon the use thereof, delays in transportation, act of God or act of terrorism, in each case, that is not within the control of the Party whose performance is interfered with and which, by the exercise of reasonable diligence, such Party is unable to prevent, or for any other reason which is not within the control of such Party whose performance is interfered with and which, by the exercise of reasonable diligence, such Party is unable to prevent (each, a "Force Majeure Event"), then, upon prompt written notice stating the date and extent of such interference and the cause thereof by such Party to the other Party, such Party shall be excused from its obligations hereunder during the period such Force Majeure Event or its effects continue, and no liability shall attach against either Party on account thereof; provided, however, that the Party whose performance is interfered with promptly resumes the required performance upon the cessation of the Force Majeure Event or its effects. No Party shall be excused from performance if such Party fails to use commercially reasonable efforts to remedy the situation and remove the cause and effects of the Force Majeure Event.

Section 10.03 Separation Agreement. The Parties agree that, in the event of a conflict between the terms of this Agreement and the Separation Agreement with respect to the subject matter hereof, the terms of this Agreement shall govern.

Section 10.04 Relationship of Parties. Nothing in this Agreement shall be deemed or construed by the Parties or any third party as creating a relationship of principal and agent, partnership or joint venture between the Parties, between Service Providers and Service Recipients or with any individual providing Services, it being understood and agreed that no provision contained herein, and no act of any Party or members of their respective Groups, shall be deemed to create any relationship between the Parties or members of their respective Groups other than the relationship set forth herein. Each Party and each Service Provider shall act under this Agreement solely as an independent contractor and not as an agent or employee of any other Party or any of such Party's Affiliates.

Section 10.05 Confidentiality. Each Party hereby acknowledges that confidential Information of such Party or members of its Group may be exposed to employees and agents of the other Party or its Group who have a need to know such confidential Information as a result of, or in connection with, the activities contemplated by this Agreement. Each Party agrees, on behalf of itself and its Affiliates, that such Party's obligation (and the obligation of members of its Group) to use and keep confidential such Information of the other Party or its Group shall be governed by Sections 7.01(c) and 7.09 of the Separation Agreement.

Section 10.06 Counterparts; Entire Agreement.

(a) This Agreement may be executed in one or more counterparts, all of which counterparts shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party. This Agreement may be executed by facsimile or PDF signature and scanned and exchanged by electronic mail, and such facsimile or PDF signature or scanned and exchanged copies shall constitute an original for all purposes.

(b) This Agreement, the Separation Agreement, the other Ancillary Agreements and the Exhibits and Schedules hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties with respect to the subject matter hereof other than those set forth or referred to herein or therein.

Section 10.07 Governing Law; Jurisdiction. Any disputes arising out of or relating to this Agreement, including, without limitation, to its execution, performance, or enforcement, shall be governed by, and construed in accordance with, the Laws of the State of New York, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof. Each Party irrevocably consents to the exclusive jurisdiction, forum and venue of any state or federal court sitting in New York City in the State of New York over any and all claims, disputes, controversies or disagreements between the Parties or any of their respective Affiliates, successors and assigns under or related to this Agreement or any of the transactions contemplated hereby, including, without limitation, to their execution, performance or enforcement, whether in contract, tort or otherwise. Each of the Parties hereby agrees that it shall not assert and shall hereby waive any claim or right or defense that it is not subject to the jurisdiction of such courts, that the venue is improper, that the forum is inconvenient or any similar objection, claim or argument. Each Party agrees that a final judgment in any legal proceeding resolved in accordance with Article IX this Section 10.07, Section 10.08 and Section 10.09 shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

Section 10.08 WAIVER OF JURY TRIAL. EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY INCLUDING, WITHOUT LIMITATION, THEIR EXECUTION, PERFORMANCE OR ENFORCEMENT, WHETHER IN CONTRACT, TORT OR OTHERWISE. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS.

Section 10.09 Specific Performance. Subject to Article IX, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the affected Party shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The other Party shall not oppose the granting of such relief on the basis that money damages are an adequate remedy. The Parties agree that the remedies at Law for any breach or threatened breach hereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at Law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived.

Section 10.10 Assignability. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of Law or otherwise by either Party without the prior written consent of the other Party. Any purported assignment without such consent shall be void. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns. Notwithstanding the foregoing, either Party may assign this Agreement without prior written consent in connection with (a) a merger transaction in which such Party is not the surviving entity and the surviving entity acquires or assumes all or substantially all of such Party's Assets, or (b) the sale of all or substantially all of such Party's Assets; provided, however, that the assignee or successor-in-interest expressly assumes in writing all of the obligations of the assigning Party under this Agreement, and the assigning Party provides written notice and evidence of such assignment, assumption or succession to the non-assigning Party. No assignment permitted by this Section 10.10 shall release the assigning Party from liability for the full performance of its obligations under this Agreement. Nothing in this Section 10.10 shall affect or impair a Service Provider's ability to delegate any or all of its obligations under this Agreement to one or more Affiliates or Sub-Contractors pursuant to Section 2.01(e).

Section 10.11 Third-Party Beneficiaries. Except for the indemnification rights under this Agreement of any Honeywell Indemnitee or SpinCo Indemnitee in his, her or its respective capacities as such, (a) the provisions of this Agreement are solely for the benefit of the Parties hereto and are not intended to confer upon any Person except the Parties hereto any rights or remedies hereunder and (b) there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

Section 10.12 Notices. All notices or other communications under this Agreement shall be in writing and shall be provided in the manner set forth in the Separation Agreement.

Section 10.13 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon any such determination, any such provision, to the extent determined to be invalid, void or unenforceable, shall be deemed replaced by a provision that such court determines is valid and enforceable and that comes closest to expressing the intention of the invalid, void or unenforceable provision.

Section 10.14 Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 10.15 Waivers of Default. No failure or delay of any Party (or the applicable member of its Group) in exercising any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default.

Section 10.16 Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of each Party.

Section 10.17 Interpretation. The rules of interpretation set forth in Section 11.17 of the Separation Agreement are incorporated by reference into this Agreement, *mutatis mutandis*.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

HONEYWELL INTERNATIONAL INC.

By: ______________________________

Name:

Title:

GARRETT TRANSPORTATION I INC.

By: ______________________________

Name:

Title:

FORM OF TAX MATTERS AGREEMENT (this "Agreement"), dated as of [•], 2018, by and between **HONEYWELL INTERNATIONAL INC.**, a Delaware corporation ("HII"), **GARRETT MOTION INC.**, a Delaware corporation ("SpinCo") and, solely for purposes of Section 3.02(g), **HONEYWELL ASASCO, INC.**, a Delaware corporation ("ASASCO") and **HONEYWELL ASASCO 2, INC.**, a Delaware corporation ("ASASCO 2" and, together with HII, SpinCo and ASASCO, the "Parties").

W I T N E S S E T H:

WHEREAS, as of the date of this Agreement, SpinCo is a wholly-owned subsidiary of HII and a member of the affiliated group of which HII is the common parent;

WHEREAS, pursuant to the Separation Agreement, HII and SpinCo have effected or agreed to effect (i) the Reorganization (the steps of which are described in Schedule [•] of the Separation Agreement) and (ii) the Distribution (together, the "Transactions");

WHEREAS, the Parties believe the Distribution will provide greater flexibility for management, capital requirements and growth of the SpinCo Business and will enable HII senior management to focus its time and resources on the development of the HII retained businesses;

WHEREAS the Parties intend that each of the applicable Transactions qualify for its Intended Tax Treatment;

WHEREAS, as a result of and upon the Distribution, SpinCo and its Subsidiaries will cease to be members of the Honeywell Group; and

WHEREAS, the Parties desire to allocate the Tax responsibilities, liabilities and benefits of transactions that occur on or prior to, and that may occur after, the Distribution Date and to provide for and address certain other Tax matters.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereby agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Definition of Terms. The following terms shall have the following meanings. Capitalized terms used but not defined in this Agreement shall have the meanings ascribed to them in the Separation Agreement.

"10% Acquisition Transaction" has the meaning set forth in Section 4.06.

"Accounting Firm" has the meaning set forth in Section 3.01(d).

"Active Trade or Business" means the active conduct (determined in accordance with Section 355(b) of the Code) of the trades or businesses described in the Tax Opinion Representations for purposes of satisfying the requirements of Section 355(b) of the Code as it applies to the Transactions with respect to the businesses conducted by members of the SpinCo Group that are the ATB Entities.

"Agreement" has the meaning set forth in the preamble.

"ATB Entities" means the entities listed on Schedule [•].

"Code" means the Internal Revenue Code of 1986, as amended.

"Determination" means (i) any final determination of liability in respect of a Tax that, under applicable Law, is not subject to further appeal, review or modification through proceedings or otherwise (including as a result of the expiration of a statute of limitations or period for the filing of claims for refunds, amended Tax Returns or appeals from adverse determinations), including a "determination" as defined in Section 1313(a) of the Code or execution of an IRS Form 870AD, or (ii) the payment of Tax by a Party (or its Subsidiary) that is responsible for payment of that Tax under applicable Law, with respect to any item disallowed or adjusted by a Taxing Authority, as long as the responsible Party determines that no action should be taken to recoup that payment and the other Party agrees.

"E&P" has the meaning set forth in Section 2.02(b)(iv).

"Euro" shall mean the single currency of the European Union as constituted by the Treaty on European Union and as referred to in the EMU Legislation.

"Gain Recognition Agreement" means any agreement to recognize gain that is described in Treasury Regulation Section 1.367(a)-8 and entered into in connection with the Transactions and to which any member of the Honeywell Group or the SpinCo Group is a party.

"Honeywell Group" means HII and each of its Subsidiaries, including any Person that becomes a Subsidiary of Honeywell as a result of transactions that occur following the Distribution in accordance with the Plan of Reorganization, but excluding any member of the SpinCo Group.

"Honeywell Separate Return" means a Tax Return of any member of the Honeywell Group (including any consolidated, combined, affiliated, unitary or similar Tax Return) that does not include, for all or any portion of the relevant taxable period, any member of the SpinCo Group.

"HII" has the meaning set forth in the preamble.

"HII Consolidated Group" means any consolidated, combined, affiliated, unitary or similar group of which (i) any member of the Honeywell Group is or was a member and (ii) any member of the SpinCo Group is or was a member.

"Indemnification Agreement" means the Indemnification and Reimbursement Agreement, dated as of [•], 2018, by and among ASASCO, ASASCO 2 and HII.

"Indemnifying Party" means a Party that has an obligation to make an Indemnity Payment.

"Indemnitee" means a Party that is entitled to receive an Indemnity Payment.

"Indemnity Payment" means an indemnity payment contemplated by this Agreement and the Separation Agreement. For the avoidance of doubt, any payments under the Indemnification Agreement shall not be treated as an Indemnity Payment hereunder.

"Intended Tax Treatment" means, with respect to each of the applicable Transactions, the U.S. Federal income tax consequences (if any) set forth for such Transaction in Appendix A.

"IRS" means the U.S. Internal Revenue Service.

"Joint Return" means any Tax Return (i) that includes both a member of the Honeywell Group and a member of the SpinCo Group or (ii) of an entity that reflects items attributable to both the Honeywell Business and the SpinCo Business.

"Ordinary Taxes" means Taxes other than (i) Transaction Taxes and (ii) Transfer Taxes incurred as a result of the Transactions.

"Parties" has the meaning set forth in the preamble.

"Post-Distribution Tax Period" means any taxable period (or portion thereof) beginning after the Distribution Date.

"Pre-Distribution Tax Period" means any taxable period (or portion thereof) that ends on or before the Distribution Date.

"Prime Rate" means the "prime rate" as published in The Wall Street Journal, Eastern Edition.

"Privilege" means all privileges, immunities or other protections from disclosure which may be asserted under applicable Law, including attorney-client privilege, business strategy privilege, joint defense privilege, common interest privilege and protection under the work-product doctrine.

"Proposed Acquisition Transaction" has the meaning set forth in Section 4.03(b).

"Protective Section 336(e) Election" means, with respect to an entity, a protective election under Section 336(e) of the Code and Section 1.336-2(j) of the Regulations (and any similar provision of U.S. state, local or non-U.S. Law for such jurisdictions as HII shall determine at its sole discretion) to treat the disposition of the Stock of such entity, pursuant to the Reorganization or the Distribution, as a deemed sale of the assets of such entity in accordance with Section 1.336-2(h) of the Regulations (or any similar provision of U.S. state, local or non-U.S. Law).

"Records" has the meaning set forth in Section 5.01.

"Refund Recipient" has the meaning set forth in Section 2.03.

"Regulations" means the Treasury regulations promulgated under the Code.

"Reportable Transaction" means a reportable or listed transaction as defined in Section 6011 of the Code or the Regulations promulgated thereunder, other than a loss transaction as defined in Regulations Section 1.6011-4(b)(5).

"Restricted Period" has the meaning set forth in Section 4.03(a).

"Ruling" means a private letter ruling (including any supplemental ruling) sought or issued by the IRS in connection with the Transactions, including in connection with the actions prohibited under Section 4.03(a) of this Agreement, whether granted prior to, on or after the date hereof.

"Satisfactory Guidance" has the meaning set forth in Section 4.04(c).

"Section 355 Entities" means the entities listed on Schedule [•].

"Section 965 Liability" means the amount representing the "net tax liability" of HII under Section 965(h)(6)(A) attributable to the SpinCo Business, as determined by HII. Promptly following the date of the Distribution, HII shall determine the amount of the Section 965 Liability and shall notify SpinCo of such amount of such determination no later than November 15, 2018. Thereafter, if as a result of any audit adjustment or otherwise, HII determines that the amount of the Section 965 Liability should be increased or decreased, subsequent payments under Section 3.02(g) shall be appropriately adjusted. Determinations of Section 965 Liability hereunder shall be made by HII in its sole discretion.

"Separation Agreement" means the Separation and Distribution Agreement dated as of the date of this Agreement by and between HII and SpinCo, including the Schedules thereto.

"SpinCo" has the meaning set forth in the preamble.

"SpinCo Group" means (a) SpinCo, (b) each Person that will be a Subsidiary of SpinCo immediately prior to the Distribution, including the entities set forth on Schedule [•] of the Separation Agreement under the caption "Subsidiaries", and (c) each Person that becomes an Affiliate of SpinCo after the Distribution, including in each case any Person that is merged or consolidated with or into SpinCo or any Affiliate of SpinCo and any Person that becomes an Affiliate of SpinCo as a result of transactions that occur following the Distribution in accordance with the Plan of Reorganization.

"SpinCo SAG" has the meaning set forth in Section 4.03(a)(v).

"SpinCo Separate Return" means a Tax Return of any member of the SpinCo Group (including any consolidated, combined, affiliated or unitary Return) that does not include, for all or any portion of the relevant taxable period, any member of the Honeywell Group.

"SpinCo Stock" means (i) all classes or series of stock or other equity interests of SpinCo and (ii) all other instruments properly treated as stock of SpinCo for U.S. Federal income Tax purposes.

"Straddle Period" has the meaning set forth in Section 2.05(b).

"Subsidiary" means, with respect to any Person, a corporation, partnership, association, limited liability company, trust or other form of legal entity in which such Person and/or one or more Subsidiaries of such Person has either (i) a majority ownership in the equity thereof; (ii) the power to elect, or to direct the election of, a majority of the board of directors or other analogous governing body of such entity; or (iii) the title or function of general partner or manager, or the right to designate the Person having such title or function.

"Tax Advisor" means a Tax counsel or other Tax advisor of recognized national standing in the relevant jurisdiction.

"Tax Attribute" has the meaning set forth in Section 2.04.

"Tax Contest" means an audit, review, examination or other administrative or judicial proceeding, in each case by any Taxing Authority.

"Tax Dispute" has the meaning set forth in Section 5.06.

"Tax Item" means any item of income, gain, loss, deduction, credit, recapture of credit, previously taxed income or any other item (including the basis or adjusted basis of property) which increases or decreases Taxes paid or payable in any taxable period.

"Tax Opinion Representations" means representations regarding certain facts in existence at the applicable time made by HII and SpinCo that serve as a basis for the Tax Opinions.

"Tax Opinion" means either or both of the written opinions of Paul, Weiss, Rifkind, Wharton & Garrison LLP or Ernst & Young LLP issued to HII to the effect that each of the applicable Transactions qualifies for its Intended Tax Treatment.

"Tax Opinions/Rulings" means (i) any Ruling and (ii) any opinion of a Tax Advisor relating to the Transactions, including those issued on the Distribution Date or to allow a party to take actions otherwise prohibited under Section 4.03(a) of this Agreement.

"Tax Return" means any return, declaration, statement, report, form, estimate or information return relating to, (i) for purposes of Article III, Taxes other than payroll and employment related Taxes and (ii) for all other purposes of this Agreement, Taxes, in each case, including any amendments thereto and any related or supporting information, required or permitted to be filed with any Taxing Authority.

“Tax Return Preparer” means with respect to a Tax Return, the Party that is required to prepare any such Tax Return pursuant to Section 3.01(a) or (b), as applicable.

“Taxes” means all forms of taxation or duties imposed by any Governmental Authority, or required by any Governmental Authority to be collected or withheld, including, in each case, charges in the nature of a tax, together with any related interest, penalties and other additional amounts.

“Taxing Authority” means any Governmental Authority charged with the determination, collection or imposition of Taxes.

“Transaction Tax Contest” means a Tax Contest with the purpose or effect of determining or redetermining Transaction Taxes.

“Transaction Taxes” means all (i) Taxes imposed on any member of the Honeywell Group or any member of the SpinCo Group resulting from the failure of any step of the Transactions to qualify for its Intended Tax Treatment, (ii) Taxes imposed on any third party resulting from the failure of any step of the Transactions to qualify for its Intended Tax Treatment for which any member of the Honeywell Group or any member of the SpinCo Group is or becomes liable for any reason and (iii) reasonable, out-of-pocket legal, accounting and other advisory costs or court fees incurred in connection with liability for Taxes described in clause (i) or (ii).

“Transactions” has the meaning set forth in the recitals.

“Transfer Taxes” means all transfer, sales, use, excise, stock, stamp, stamp duty, stamp duty reserve, stamp duty land, documentary, filing, recording, registration, net value-added and other similar Taxes (excluding, for the avoidance of doubt, any income, gains, profit or similar Taxes, however assessed).

“Unqualified Tax Opinion” has the meaning set forth in Section 4.04(d).

ARTICLE II

Allocation of Tax Liabilities and Tax Benefits

SECTION 2.01. HII Indemnification of the SpinCo Group. After the Distribution, HII shall be liable for, and shall indemnify and hold the members of the SpinCo Group harmless from, the following Taxes:

(a) Ordinary Taxes of members of the Honeywell Group for any taxable period; and

(b) Transaction Taxes;

in each case, other than Taxes for which SpinCo is liable under Section 2.02.

SECTION 2.02. SpinCo Indemnification of the Honeywell Group. After the Distribution, SpinCo shall be liable for, and shall indemnify and hold the members of the Honeywell Group harmless from, the following Taxes:

(a) Ordinary Taxes, in each case, for any taxable period incurred by or attributable to (i) the entities set forth on Schedule 2.02(a) or (ii) any other member of the Honeywell Group or the SpinCo Group to the extent attributable to the SpinCo Business as reasonably determined by HII, excluding, however, any Section 965 Liability, which shall be addressed exclusively under Section 3.02(g);

(b) Transaction Taxes attributable in whole or in part to:

(i) the failure to be true when made or deemed made of (A) any statement or representation of fact or intent (or omission to state a material fact) in Section 4.01 that relates to the SpinCo Group, (B) any Tax Opinion Representation made by SpinCo or (C) any representation made by SpinCo, any Subsidiary or controlling shareholder of SpinCo, any counterparty to any Proposed Acquisition Transaction or any of such counterparty's Affiliates for purposes of obtaining a Ruling or an Unqualified Tax Opinion intended to be Satisfactory Guidance;

(ii) any action or omission by any member of the SpinCo Group in breach of the covenants set forth herein (including those in Section 4.03), in any other Ancillary Agreement or in the Separation Agreement;

(iii) the application of Section 355(e) or 355(f) of the Code to any of the Transactions by virtue of any acquisition (or deemed acquisition) of SpinCo Stock (including newly issued SpinCo Stock) or assets of any member of the SpinCo Group;

(iv) a determination that the Distribution was used principally as a device for the distribution of earnings and profits ("E&P") within the meaning of Section 355(a)(1)(B) of the Code if such determination was based in whole or in part on any sale or exchange of SpinCo Stock or on any distribution on SpinCo Stock occurring after the Distribution in excess of SpinCo's E&P; or

(v) any other action or omission taken after the Distribution by SpinCo or any member of the SpinCo Group, except to the extent such action or omission is otherwise expressly required or permitted by this Agreement (other than under Section 4.04), any other Ancillary Agreement or the Separation Agreement;

(c) Any and all Transfer Taxes incurred by the Honeywell Group or the SpinCo Group as a result of the Transactions; and

(d) Notwithstanding anything in Section 2.01 or this Section 2.02 to the contrary, any and all Taxes incurred by the Honeywell Group or the SpinCo Group as a result of the Reorganization transactions that result in a Tax benefit for any member of the SpinCo Group, as determined by HII in its sole discretion.

SECTION 2.03. Refunds, Credits and Offsets.

(a) Subject to Section 2.04 , if any member of the Honeywell Group or any member of the SpinCo Group receives any refund of any Taxes or any amount of value-added Tax for which the other Party is liable under Sections 2.01 or 2.02 (a "Refund Recipient"), such Refund Recipient shall pay to the other Party the entire amount of the refund (including interest, but net of any Taxes imposed with respect to receipt of such refund) or value-added Tax within 10 business days of receipt or accrual; provided, however, that the other Party, upon the request of such Refund Recipient, shall repay the amount paid to the other Party (plus any penalties, interest or other charges imposed by the relevant Taxing Authority) in the event such Refund Recipient is required to repay such refund. In the event a Party would be a Refund Recipient but for the fact it applied a refund to which it would otherwise have been entitled against a Tax liability arising in a subsequent taxable period, then such Party shall be treated as a Refund Recipient and the economic benefit of so applying the refund shall be treated as a refund, and shall be paid within 10 business days of the due date of the Tax Return to which such refund is applied to reduce the subsequent Tax liability.

(b) If one Party reasonably so requests, the other Party (at the first Party's expense) shall file for and pursue any refund to which the first Party is entitled under this Section; provided that the other Party need not pursue any refund on behalf of the first Party unless the first Party provides the other Party a certification by an appropriate officer of the first Party setting forth the first Party's belief (together with supporting analysis) that the Tax treatment of the Tax Items on which the entitlement to such Refund is based is more likely than not correct, and is not a Tax Item arising from a Reportable Transaction.

SECTION 2.04. Carrybacks. If a Tax Return of any member of the SpinCo Group for any taxable period ending after the Distribution Date reflects any net operating loss, net capital loss, excess Tax credit or other Tax attribute (a "Tax Attribute"), then the applicable member of the SpinCo Group shall waive the right to carry back any such Tax Attribute to a Tax Return described in Section 3.01(a) for a Pre-Distribution Tax Period to the extent permissible under applicable Law. In the event that any member of the SpinCo Group is required to carry back a Tax Attribute to a Tax Return described in Section 3.01(a) for a Pre-Distribution Tax Period, then (i) no payment with respect to such carryback shall be due to any member of the SpinCo Group from HII and (ii) if any member of the SpinCo Group receives any refund, credit or offset of any Taxes in connection with such carryback, SpinCo shall promptly pay to HII the full amount of such refund or the economic benefit of the credit or offset (including interest, but net of any Taxes imposed with respect to such refund).

SECTION 2.05. Allocation of Certain Income Taxes and Income Tax Items.

(a) If HII determines, in its sole discretion, to close the taxable year of any member of the SpinCo Group for all Tax purposes as of the end of the Distribution Date, HII and SpinCo shall take all commercially reasonable actions necessary or appropriate to so close such taxable year, to the extent permitted by applicable Law.

(b) For any taxable period that includes (but does not end on) the Distribution Date (a "Straddle Period"), Taxes for the Pre-Distribution Tax Period shall be computed (i) in the case of Taxes imposed on a periodic basis (such as real, personal and intangible property Taxes), on a daily pro rata basis and (ii) in the case of other Taxes generally,

as if the taxable period ended as of the close of business on the Distribution Date and, in the case of any such other Taxes that are attributable to the ownership of any equity interest in a partnership, other "flowthrough" entity or "controlled foreign corporation" (within the meaning of Section 957(a) of the Code or any comparable U.S. state, local or non-U.S. Law), as if the taxable period of that entity ended as of the close of business on the Distribution Date (whether or not such Taxes arise in a Straddle Period of the applicable owner); provided that HII may elect to allocate Tax Items (other than any extraordinary Tax Items) ratably in the month in which the Distribution occurs (and if HII so elects, SpinCo shall so elect) as described in Treasury Regulation Section 1.1502-76(b)(2)(iii) and corresponding provisions of U.S. state, local or non-U.S. Tax Laws.

(c) Transactions occurring, or actions taken, on the Distribution Date but after the Distribution outside the ordinary course of business by, or with respect to, SpinCo or any of its Affiliates shall be deemed subject to the "next day rule" of Treasury Regulation Section 1.1502-76(b)(1)(ii)(B) (and any comparable or similar provision under U.S. state, local or non-U.S. Laws or regulations, provided that if there is no comparable or similar provision under U.S. state, local or non-U.S. Laws or regulations, then the transaction will be deemed subject to the "next day rule" of Treasury Regulation Section 1.1502-76(b)(1)(ii)(B)) and as such shall for purposes of this Agreement be treated (and consistently reported by the Parties) as occurring in a Post-Distribution Tax Period of SpinCo or an Affiliate of SpinCo, as appropriate.

(d) Tax Attributes determined on a consolidated or combined basis for taxable periods ending before or including the Distribution Date (or such earlier date as may be appropriate with respect to any portion of the Reorganization occurring prior to the Distribution Date) shall be allocated to HII and its Affiliates, and SpinCo and its Affiliates, in accordance with the Code and the Regulations (and any applicable U.S. state, local, or non-U.S. Law or regulation). HII shall reasonably determine the amounts and proper allocation of such attributes, and the Tax basis of the assets and liabilities transferred to SpinCo in connection with the Transactions, as of the Distribution Date or such other relevant date of a Reorganization transaction. HII and SpinCo agree to compute their Tax liabilities for taxable periods after the Distribution Date (or other relevant date) consistent with that determination and allocation, and treat the Tax Attributes and Tax Items as reflected on any federal (or applicable U.S. state, local or non-U.S.) Tax Return filed by the Parties as presumptively correct.

(e) If either Party would have been responsible for the payment of any Transaction Taxes pursuant to Section 2.01 or Section 2.02 but for the use of the Tax Attributes of the other Party (or its Subsidiaries), the Party that would have been responsible for such Transaction Taxes shall pay to the other Party the amount of Transaction Taxes that would have been due and payable without taking into account such Tax Attributes.

(f) HII shall reasonably determine the amount of Ordinary Taxes attributable to any entity, group or business by assuming that a Tax Return would be prepared and filed with respect to the relevant entity, group or business on a standalone basis, without regard to any Joint Return that will actually be filed, utilizing only the Tax Attributes allocated to the relevant entity, group or business and not any Tax Attributes allocated to any other entity, group or business.

(g) Except as otherwise provided in this Agreement, HII shall be permitted to make all decisions, determinations and allocations relating to the matters set forth in this Agreement in its reasonable discretion and shall not be limited by past practice.

ARTICLE III

Tax Returns, Tax Contests and Other Administrative Matters

SECTION 3.01. Responsibility for Preparing Tax Returns.

(a) HII shall make all determinations with respect to and have ultimate control over the preparation of all (i) Honeywell Separate Returns for all taxable periods and (ii) Joint Returns. If SpinCo is responsible for filing any such Tax Return described in Section 3.01(a)(ii) under Section 3.02(a), HII shall, subject to Section 3.01(d), promptly deliver such prepared Tax Return to SpinCo reasonably in advance of the applicable filing deadline.

(b) Except as provided in Section 3.01(a), SpinCo shall have ultimate control over the preparation of all SpinCo Separate Returns for all taxable periods. If HII is responsible for filing any such Tax Return under Section 3.02(a), SpinCo shall, subject to Section 3.01(d), promptly deliver such prepared Tax Return to HII reasonably in advance of the applicable filing deadline.

(c) To the extent that any Tax Return described in Section 3.01(a) or (b) is required to be filed by a Party other than the Tax Return Preparer or directly relates to matters for which another Party may have an indemnification obligation to the Tax Return Preparer or that may give rise to a refund to which that other Party would be entitled, under this Agreement, the Tax Return Preparer shall (i) prepare the relevant portions of the Tax Return on a basis consistent with past practice, except (A) as required by applicable Law or to correct any clear error, (B) as a result of changes or elections made on any Tax Return of a HII Consolidated Group that do not relate primarily to the SpinCo Group or (C) as mutually agreed by the Parties; (ii) notify the other Party of any such portions not prepared on a basis consistent with past practice; (iii) provide the other Party a reasonable opportunity to review the relevant portions of the Tax Return; (iv) consider in good faith any reasonable comments made by the other Party; and (v) not file any such Tax Return without the consent of the other Party (which consent not to be unreasonably withheld, conditioned or delayed).

(d) The Parties shall attempt in good faith to resolve any issues arising out of the review of any such Tax Return as soon as practically possible. If the Parties are unable to resolve their differences, then the Parties shall collectively select an independent accounting firm (the "Accounting Firm") and shall instruct the Accounting Firm to use its best efforts to prepare the relevant portions of the Tax Return on behalf of the Tax Return Preparer in compliance with Section 3.01(c) as promptly as practically possible. All determinations of the Accounting Firm relating to the disputed items, absent fraud, shall be final and binding on the Parties.

(e) SpinCo shall provide to HII all information related to members of the SpinCo Group that is reasonably requested by HII and required to complete any Tax Return which is the responsibility of HII pursuant to Section 3.01(a), in the format reasonably requested by HII, and at least 60 days prior to the due date (including extensions) of the relevant Tax Return. In particular, the SpinCo Group tax department will support HII with respect to data collection and compilation requirements. The dates for submissions to HII required in this section may be modified by mutual agreement of HII and SpinCo.

(f) Each Party shall bear its own expenses in connection with the preparation of Tax Returns pursuant to this Section 3.01; provided that expenses incurred with respect to Tax Returns under Section 3.01(a)(ii) shall be borne by the Parties as determined by HII in its sole discretion.

SECTION 3.02. Filing of Tax Returns and Payment of Taxes.

(a) Each Party shall execute and timely file each Tax Return that it is responsible for filing under applicable Law and shall timely pay to the relevant Taxing Authority any amount shown as due on each such Tax Return. The obligation to make payments pursuant to this Section 3.02(a) shall not affect a Party's right, if any, to receive payments under Section 3.02(b) or 3.02(g) or otherwise be indemnified under this Agreement.

(b) In addition to its obligations under Section 3.01(c), except with respect to Section 965 Liability, the Tax Return Preparer shall, no later than 5 business days before the due date (including extensions) of any Tax Return described in Section 3.01(a) or (b), notify the other Party of any amount (or any portion of any such amount) shown as due on that Tax Return (i) if the Tax Return Preparer is responsible for filing such Tax Return under Section 3.02(a), for which the other Party must indemnify the Tax Return Preparer under this Agreement or (ii) if the other Party is responsible for filing such Tax Return under Section 3.02(a), which the other Party must so pay, as the case may be. The other Party shall pay any amounts described under Section 3.02(b)(i) to the Tax Return Preparer no later than five days before the due date (including extensions timely applied for) of the relevant Tax Return. A failure by an Indemnitee to give notice as provided in this Section 3.02(b) shall not relieve the Indemnifying Party's indemnification obligations under this Agreement, except to the extent that the Indemnifying Party shall have been actually prejudiced by such failure.

(c) No member of the SpinCo Group shall file, amend, withdraw, revoke or otherwise alter any Tax Return of any HII Consolidated Group.

(d) No member of the SpinCo Group shall file, amend, withdraw, revoke or otherwise alter any Tax Return of the SpinCo Group or any member thereof to the extent such Tax Return relates to the Pre-Distribution Tax Period without the prior written consent of HII, which consent shall not be unreasonably withheld or delayed.

(e) Subject to Section 3.03, in the case of any adjustment pursuant to a Determination with respect to any such Tax Return, the party that filed such Tax Return under Section 3.02(a) shall pay to the applicable Taxing Authority when due any additional Tax due with respect to such Tax Return required to be paid as a result of such adjustment pursuant to a Determination. The Tax Return Preparer shall compute the amount attributable to the SpinCo Group in accordance with Section 2 of this Agreement and SpinCo shall pay to HII any amount

due to HII (or HII shall pay SpinCo any amount due to SpinCo) under Section 2 of this Agreement within thirty business days from the later of (i) the date the additional Tax was paid by the relevant Party or, in an instance where no cash payment is due to a Taxing Authority, the date of such Determination, or (ii) the date of receipt of a written notice and demand from the relevant Party for payment of the amount due, accompanied by evidence of payment and a statement detailing the Taxes paid and describing in reasonable detail the particulars relating thereto. Any payments required under this Section 3.02(e) shall include interest computed at the Prime Rate based on the number of days from the date the additional Tax was paid by the relevant Party (or, in an instance where no cash payment is due to a Taxing Authority, the date of such Determination) to the date of the payment under this Section 3.02(e).

(f) The Parties shall report the Transactions for all Tax purposes in a manner consistent with the Tax Opinions/Rulings, unless, and only to the extent, a different position is required pursuant to a Final Determination. HII shall determine the Tax treatment to be reported on any Tax Return of any Tax issue relating to the Transactions that is not covered by the Tax Opinions/Rulings.

(g) On each date set forth on Schedule 3.02(g), ASASCO shall pay to ASASCO 2 an installment of Section 965 Liability equal to the percentage of such amount shown on Schedule 3.02(g) as due on such date. In the event of any conflict between this Section 3.02(g) and any other provision of this Agreement, this Section 3.02(g) shall govern.

(i) All payments to ASASCO 2 under this Section 3.02(g) shall be made in Euros by wire transfer of immediately available funds, to an account specified by ASASCO 2 in writing, and ASASCO shall send a payment confirmation to ASASCO 2 by fax or e-mail. The amount of Section 965 Liability shall be converted into Euros on a U.S. dollar-to-Euro exchange rate of [•][1].

SECTION 3.03. Tax Contests.

(a) HII or SpinCo, as applicable, shall, within 10 business days of becoming aware of any Tax Contest (including a Transaction Tax Contest) that could reasonably be expected to cause the other Party to have an indemnification obligation under this Agreement, notify the other Party of such Tax Contest and thereafter promptly forward or make available to the Indemnifying Party copies of notices and communications relating to the relevant portions of such Tax Contest. A failure by an Indemnitee to give notice as provided in this Section 3.03(a) (or to promptly forward any such notices or communications) shall not relieve the Indemnifying Party's indemnification obligations under this Agreement, except to the extent that the Indemnifying Party shall have been actually prejudiced by such failure.

1 NTD: To be updated to reflect the Euro-to-U.S. dollar exchange rate determined by HII as of a date within two business days prior to the Distribution Date.

(b) HII shall have the exclusive right to control the conduct and settlement of any Tax Contest (including a Transaction Tax Contest) (i) that relates solely or primarily to Taxes that are the responsibility of HII pursuant to Article II, (ii) that relates to the "net tax liability" of HII under Section 965(h)(6)(A), or (iii) at HII's election, that may reasonably be expected to materially affect amounts for which both HII and SpinCo are liable under Article II; provided that SpinCo shall have the right, at its sole expense, to participate in and advise on all aspects of any Tax Contest HII elects to control under clause (iii) above, but only in connection with matters relating to potential material liability of a member the SpinCo Group, and, if SpinCo would have liability for a material amount of Taxes as a result of the proposed settlement of any such Tax Contest, HII shall not settle such Tax Contest without the consent of SpinCo (not to be unreasonably withheld, conditioned or delayed). HII shall notify SpinCo within 10 days of becoming aware of a Tax Contest under Section 3.03(b)(iii) if HII does not elect to control such Tax Contest; provided, that, HII shall have the right to assume control of any such Tax Contest and to settle, compromise and/or concede such Tax Contest, if HII reasonably determines that (i) as a result of subsequent developments the expected Tax liability exposure of any member of the Honeywell Group resulting from such Tax Contest has materially increased; (ii) SpinCo has failed to adequately and properly manage the conduct of such Tax Contest or (iii) an event has occurred during such Tax Contest that could adversely affect HII in any material respect.

(c) SpinCo shall have the exclusive right to control the conduct and settlement of any Tax Contest (including a Transaction Tax Contest) (i) that relates solely to Taxes that are the responsibility of SpinCo pursuant to Article II, (ii) that could not reasonably be expected to materially affect amounts for which HII is liable under Article II, or (iii) that HII does not elect to control under Section 3.03(b)(iii); provided that HII shall have the right, at its sole expense, to participate in and advise on all aspects of such Tax Contests and may coordinate discussions with the relevant Taxing Authority with respect thereto, and, with respect to Tax Contests under clause (iii) above, SpinCo shall not settle any such Tax Contest without the consent of HII (not to be unreasonably withheld, conditioned or delayed).

SECTION 3.04. Expenses. Each Party shall bear its own expenses in the course of any Tax Contest, other than expenses included in the definition of Transaction Taxes, which shall be governed by Article II.

ARTICLE IV

Tax Matters Relating to the Transactions

SECTION 4.01. Mutual Representations. Each Party represents that it knows of no fact, and has no plan or intention to take any action, that it knows or reasonably should expect, after consultation with a Tax Advisor, is inconsistent with the qualification of any step of the Transactions for its Intended Tax Treatment, the Tax Opinions/Rulings or the covenants set forth in this Agreement.

SECTION 4.02. Mutual Covenants.

(a) Each Party shall use its reasonable best efforts to cause the Tax Opinions to be issued, including by executing the Tax Opinion Representations requested by Paul, Weiss, Rifkind, Wharton & Garrison LLP or Ernst & Young LLP that are true and correct.

(b) Except as otherwise expressly required or permitted by the Separation Agreement, this Agreement or any other Ancillary Agreement, after the Distribution neither Party shall take or fail to take, or cause or permit its respective Subsidiaries to take or fail to take, any action, if such action or omission would (i) violate, be inconsistent with or cause to be untrue any covenant, representation, information or statement in any Tax Opinions/Rulings or a letter or certificate that forms the basis therefor, or (ii) adversely affect, or be reasonably likely to adversely affect, or be inconsistent with, the Intended Tax Treatment of the Transactions.

SECTION 4.03. Restricted Actions.

(a) Subject to Section 4.04, during the period beginning on the Distribution Date and ending on, and including, the last day of the two-year period following the Distribution Date (the "Restricted Period"), SpinCo shall not (and shall not cause or permit any member of the SpinCo Group to), in a single transaction or a series of transactions:

(i) enter into any Proposed Acquisition Transaction;

(ii) take any affirmative action that permits a Proposed Acquisition Transaction to occur by means of an agreement to which no member of the SpinCo Group is a party (including by (A) redeeming rights under a shareholder rights plan, (B) making a determination that a tender offer is a "permitted offer" under any such plan or otherwise causing any such plan to be inapplicable or neutralized with respect to any Proposed Acquisition Transaction or (C) approving any Proposed Acquisition Transaction, whether for purposes of Section 203 of the Delaware General Corporate Law or any similar corporate statute, any "fair price" or other provision of SpinCo's charter or bylaws or otherwise);

(iii) liquidate or partially liquidate SpinCo, any Section 355 Entity, or any ATB Entity, whether by merger, consolidation or otherwise (provided that, for the avoidance of doubt, a merger of another entity into a member of the SpinCo Group shall not constitute an action described in this Section 4.03(a)(iii));

(iv) cause or permit any ATB Entity to cease to engage in the Active Trade or Business;

(v) sell or transfer (A) 50% or more of the gross assets that are held by any ATB Entity and are used in the Active Trade or Business, (B) 50% or more of the gross assets of the "separate affiliated group" (within the meaning of Section 355(b)(3)(B) of the Code) of SpinCo (the "SpinCo SAG") held immediately before the Distribution (provided, however, that the foregoing shall not apply to sales, transfers or dispositions of assets to any member of the SpinCo SAG) or (C) any lesser amount if that sale or transfer could reasonably be expected to result in a significant and material change to, or termination of, the Active Trade or Business immediately after the Distribution Date;

(vi) dispose of or permit an Affiliate of SpinCo to dispose of, directly or indirectly, any interest in any ATB Entity or permit any such ATB Entity to make or revoke any election under Regulations Section 301.7701-3;

(vii) redeem or otherwise repurchase (directly or indirectly) any SpinCo Stock, except to the extent such redemptions or repurchases meet the following requirements: (A) those redemptions or purchases are for business reasons unrelated to the Distribution, (B) SpinCo Stock to be purchased is widely held, (C) those redemptions or purchases will be made on the open market and (D) the aggregate amount of those redemptions or purchases will be less than 20% of the total value of the outstanding SpinCo Stock; or

(viii) amend its certificate of incorporation (or other organizational documents), or take any other action, affecting the relative voting rights of the separate classes of SpinCo Stock; provided, however, that this clause (vii) shall not be deemed to be violated upon SpinCo's adoption of a shareholder rights plan that meets the requirements of IRS Revenue Ruling 90-11.

(b) (i) For purposes of this Agreement, "Proposed Acquisition Transaction" means any transaction or series of transactions (or any agreement, understanding or arrangement to enter into a transaction or series of transactions, whether any such transaction is to occur during or after the Restricted Period) as determined for purposes of Section 355(e) of the Code, in connection with which (A) any member of the SpinCo Group would merge or consolidate with any Person other than any other member of the SpinCo Group, (B) any member of the SpinCo Group would form one or more joint ventures with any Person other than any other member of the SpinCo Group in which, in the aggregate, more than 40% of the gross assets of the SpinCo Group are transferred to such joint ventures or (C) one or more Persons would (directly or indirectly) acquire, or have the right to acquire (including pursuant to an option, warrant or other conversion right), from any other Person or Persons, an interest in the equity of any Section 355 Entity that, when combined with any other acquisitions of any such Section 355 Entity that occur after the Distribution (but excluding any other acquisition described in clause (ii)) comprises 40% or more of the value or the total combined voting power of all interests that are treated as outstanding equity in such Section 355 Entity for U.S. Federal income tax purposes immediately after such transaction or, in the case of a series of related transactions, immediately after any transaction in such series. For this purpose, any recapitalization, repurchase or redemption of equity in any Section 355 Entity and any amendment to the certificate of incorporation (or other organizational documents) of such Section 355 Entity shall be treated as an indirect acquisition of such stock by any shareholder to the extent such shareholder's percentage interest in the issuer for U.S. Federal income tax purposes increases by vote or value.

(ii) Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include (x) the adoption by SpinCo of a shareholder rights plan that meets the requirements of IRS Revenue Ruling 90-11, (y) transfers on an established market of SpinCo Stock that are described in Safe Harbor VII of Section 1.355-7(d) of the Regulations or (z) issuances of SpinCo Stock that satisfy Safe Harbor VIII (relating to acquisitions in connection with a Person's performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Section 1.355-7(d) of the Regulations; provided, however, that such transaction or series of transactions shall constitute a Proposed Acquisition Transaction if meaningful factual diligence is necessary to establish that Section 4.03(b)(ii)(x), (y) or (z) applies.

(c) SpinCo shall not take or fail to take any action (including any Internal Restructuring described in Section 4.03(d)), during the Restricted Period, that would reasonably be expected to increase the Tax liability of the Honeywell Group in connection with the Transactions and shall not undertake any transaction that is not in the ordinary course of business and that would result in any member of the Honeywell Group reporting additional income under Sections 951 or 951A of the Code.

(d) If SpinCo, any Section 355 Entity or any ATB Entity merges or consolidates with another entity to form a new entity, references in this Agreement to SpinCo, a Section 355 Entity or an ATB Entity, as applicable, shall be to that new entity and references in this Agreement to SpinCo Stock or interests in a Section 355 Entity or an ATB Entity, as applicable, shall be to the capital stock or other relevant instruments or rights of that new entity.

(e) The provisions of this Section 4.03, including the definition of a "Proposed Acquisition Transaction", are intended to monitor compliance with Section 355 of the Code and shall be interpreted accordingly. Any clarification of, or change in, Section 355 of the Code or the Regulations thereunder shall be incorporated into this Section 4.03 and its interpretation.

SECTION 4.04. Consent to Take Certain Restricted Actions.

(a) SpinCo may (and may cause or permit a member of the SpinCo Group to) take an action otherwise prohibited under Section 4.03(a) if HII consents in writing, which consent shall be at HII's sole discretion. For the avoidance of doubt, HII's written consent pursuant to this Section 4.04(a) shall not in any way relieve SpinCo of its indemnification obligations under Section 2.02(b).

(b) HII may, at its sole discretion and as a condition to granting its written consent pursuant to Section 4.04(a), require SpinCo to provide Satisfactory Guidance; provided, however, the provision of Satisfactory Guidance shall not obligate HII to grant its written consent pursuant to Section 4.04(a).

(c) For purposes of this Agreement, "Satisfactory Guidance" means either a Ruling or an Unqualified Tax Opinion concluding that the proposed action will not cause any step of the Transactions to fail to qualify for its Intended Tax Treatment. Such Ruling or Unqualified Tax Opinion will constitute Satisfactory Guidance only if they are satisfactory to HII at its sole discretion in both form and substance, including with respect to any underlying assumptions or representations and any legal analysis contained therein.

(d) For purposes of this Agreement, "Unqualified Tax Opinion" means an unqualified "will" opinion of a Tax Advisor that permits reliance by HII. The Tax Advisor, in issuing its opinion, shall be permitted to rely on the validity and correctness, as of the date given, of any previously issued Tax Opinions/Rulings, unless such reliance would be unreasonable under the circumstances, and shall assume that each of the applicable Transactions would have qualified for its Intended Tax Treatment if the action in question did not occur.

SECTION 4.05. Procedures Regarding Opinions and Rulings.

(a) If SpinCo notifies HII that it desires to take a restricted action described in Section 4.03(a) and HII requires Satisfactory Guidance as a condition to consenting to such restricted action pursuant to Section 4.04(b), HII shall use commercially reasonable efforts to expeditiously obtain, or assist SpinCo in obtaining, such Satisfactory Guidance. Notwithstanding the foregoing, HII shall not be required to take any action pursuant to this Section 4.05(a) if, upon request, SpinCo fails to certify that all information and representations relating to SpinCo or any member of the SpinCo Group in the relevant documents are true, correct and complete or fails to obtain certification from any counterparty to any Proposed Acquisition Transaction that all information and representations relating to such counterparty in the relevant documents are true, correct and complete. SpinCo shall bear all costs and expenses of securing any such Satisfactory Guidance and shall reimburse HII for all reasonable out-of-pocket costs and expenses incurred by HII or any Subsidiary of HII in obtaining Satisfactory Guidance within 10 business days after receiving an invoice from HII therefor.

(b) Notwithstanding anything herein to the contrary, SpinCo shall not seek a Ruling (whether or not relating to the Transactions) if HII determines that there is a reasonable possibility that such action could have a significant adverse impact on HII or any Subsidiary of HII.

(c) HII shall have exclusive control over the process of obtaining any Ruling relating to the Transactions and neither SpinCo nor any of its Affiliates shall independently seek any guidance concerning the Transactions from any Taxing Authority at any time. In connection with any Ruling relating to the Transactions that can reasonably be expected to affect SpinCo's liabilities under this Agreement, HII shall (i) keep SpinCo informed of all material actions taken or proposed to be taken by HII, (ii) reasonably in advance of the submission of any Ruling request provide SpinCo with a draft thereof, consider SpinCo's comments on such draft, and provide SpinCo with a final copy, and (iii) provide SpinCo with notice reasonably in advance of, and permit SpinCo to attend, any formally scheduled meetings with the IRS or other relevant Taxing Authority (subject to the approval of the IRS or other relevant Taxing Authority, as applicable) that relate to such Ruling.

SECTION 4.06. Notification and Certification Regarding Certain Acquisition Transactions. If SpinCo proposes to enter into any 10% Acquisition Transaction or take any affirmative action to permit any 10% Acquisition Transaction to occur at any time during the 30-month period following the Distribution Date, SpinCo shall undertake in good faith to provide HII, no later than 10 business days following the signing of any written agreement with respect to such 10% Acquisition Transaction or obtaining knowledge of the occurrence of any such 10% Acquisition Transaction that takes place without written agreement, with a written description of such transaction (including the type and amount of SpinCo Stock to be acquired) and a brief explanation as to why SpinCo believes that such transaction, considered together with any related transactions, does not result in the application of Section 355(e) or 355(f) of the Code to the Transactions. For purposes of this Section 4.06, "10% Acquisition Transaction" means any transaction or series of transactions that would be a Proposed Acquisition Transaction if the percentage specified in the definition of Proposed Acquisition Transaction were 10% instead of 40%.

SECTION 4.07. Reporting. HII and SpinCo shall (i) timely file any appropriate information and statements (including as required by Section 6045B of the Code and Section 1.355-5 and, to the extent applicable, Section 1.368-3 of the Regulations) to report each of the applicable Transactions as qualifying for its Intended Tax Treatment and (ii) absent a change of Law or an applicable Determination, otherwise not take any position on any Tax Return that is inconsistent with such qualification.

SECTION 4.08. Tax Treatment of Certain Amounts Paid Pursuant to the EMA . Amounts paid pursuant to the EMA shall be treated in the manner described in the EMA.

SECTION 4.09. Protective Section 336(e) Election.

(a) HII will make a Protective Section 336(e) Election with respect to the Distribution. Accordingly, the Parties agree that this Agreement constitutes a written, binding agreement to make a Protective Section 336(e) Election as contemplated by Section 1.336-2(h)(1)(i) of the Regulations. SpinCo will cooperate with HII to facilitate the making of such election.

(b) If SpinCo realizes a Tax benefit from the step-up in Tax basis resulting from a failure of the Distribution to qualify (in whole or in part) for its Intended Tax Treatment and the election described in Section 4.09(a), unless SpinCo has indemnified HII for the resulting Transaction Taxes under Section 2.02(b), SpinCo shall make quarterly payments to HII in an amount equal to 100 percent of the actual Tax savings arising from the step-up in Tax basis resulting from the Protective Section 336(e) Election, as and when realized and determined on a "with and without" basis (treating any deductions or amortization attributable to the step-up in Tax basis resulting from the Protective Section 336(e) Election as the last items claimed for any taxable period, including after the utilization of any available net operating loss carryforwards), net of any reasonable out-of-pocket expenses necessary to secure such Tax savings.

SECTION 4.10. Gain Recognition Agreements. SpinCo will not take any action (including the sale or disposition of any stock, securities or other assets), or permit its Affiliates to take any such action, and SpinCo will not fail to take any action or permit its Affiliates to fail to take any action that would cause HII or any of its Affiliates or SpinCo or any of its Affiliates to recognize gain under any Gain Recognition Agreement.

ARTICLE V

Procedural Matters

SECTION 5.01. Cooperation. (a) Each Party shall cooperate with reasonable requests from the other Party in matters covered by this Agreement, including in connection with the preparation and filing of Tax Returns, the calculation of Taxes, the determination of the proper financial accounting treatment of Tax items and the conduct and settlement of Tax Contests. Such cooperation shall include:

(i) retaining until the expiration of the relevant statute of limitations (including extensions) of records, documents, accounting data, computer data and other information ("Records") necessary for the preparation, filing, review, audit or defense of all Tax Returns relevant to an obligation, right or liability of either Party under this Agreement;

(ii) the execution of any document that may be necessary or reasonably helpful in connection with any Tax Contest or the filing of a Tax Return, obtaining a Tax opinion or private letter ruling (except as otherwise provided in Section 4.05(b)), or other matters covered by this Agreement, including certification (provided in such form as may be required by applicable Law or reasonably requested and made to the best of a Party's knowledge) of the accuracy and completeness of the information it has supplied;

(iii) the use of the Parties' reasonable best efforts to obtain any documentation that may be necessary or reasonably helpful in connection with any of the foregoing;

(iv) providing the other Party reasonable access to Records and to its current or former personnel (ensuring their cooperation) and premises during normal business hours to the extent relevant to an obligation, right or liability of the other Party under this Agreement or otherwise reasonably required by the other Party to complete Tax Returns or to compute the amount of any payment contemplated by this Agreement;

(v) making determinations with respect to actions described in Section 4.03(a) as promptly as practicable; and

(vi) notifying the other Party prior to disposing of any relevant Records and affording the other Party the opportunity to take possession or make copies of such Records at its discretion.

(b) SpinCo shall cooperate with HII and take any and all actions reasonably requested by HII in connection with obtaining the Tax Opinions (including, without limitation, by making any new representation or covenant, confirming any previously made representation or covenant or providing any materials or information requested by any Tax Advisor; provided that SpinCo shall not be required to make or confirm any representation or covenant that is inconsistent with historical facts or as to future matters or events over which it has no control).

(c) Any information or documents provided under this Section 5.01 shall be kept confidential by the Party receiving the information or documents, except as may otherwise be necessary in connection with the filing of Tax Returns or in connection with any Tax Contest. Notwithstanding any other provision of this Agreement, the Separation Agreement or any Ancillary Agreement, (i) neither HII nor any Affiliate of HII shall be required to provide SpinCo or any Affiliate of SpinCo or any other Person access to or copies of any information, documents or procedures (including the proceedings of any Tax Contest) other than information, documents or procedures that relate solely to SpinCo, the business or assets of SpinCo or any Affiliate of SpinCo, (ii) in no event shall HII or any Affiliate of HII be required to provide SpinCo, any Affiliate of SpinCo or any other Person access to or copies of any information or

documents if such action could reasonably be expected to result in the waiver of any Privilege, and (iii) in no event shall SpinCo or any Affiliate of SpinCo be required to provide HII, any Affiliate of HII or any other Person access to or copies of any information or documents if such action could reasonably be expected to result in the waiver of any Privilege. In addition, in the event that HII determines that the provision of any information or documents to SpinCo or any Affiliate of SpinCo, or SpinCo determines that the provision of any information or documents to HII or any Affiliate of HII, could be commercially detrimental, violate any Law or agreement or waive any Privilege, the Parties shall use reasonable best efforts to permit compliance with its obligations under this Section 5.01 in a manner that avoids any such harm or consequence.

(d) If any member of the SpinCo Group supplies information to a member of the Honeywell Group in connection with a Tax liability and an officer of a member of the Honeywell Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such member of the Honeywell Group identifying the information being so relied upon, the chief financial officer of SpinCo (or any officer of SpinCo as designated by the chief financial officer of SpinCo) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete.

(e) If any member of the Honeywell Group supplies information to a member of the SpinCo Group in connection with a Tax liability and an officer of a member of the SpinCo Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such member of the SpinCo Group identifying the information being so relied upon, the chief financial officer of HII (or any officer of HII as designated by the chief financial officer of HII) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete.

(f) If a Party fails to comply with any of its obligations set forth in this Section 5.01 upon reasonable request and notice by the other Party, and such failure results in the imposition of additional Taxes, the nonperforming Party shall be liable in full for such additional Taxes.

(g) To the extent that SpinCo makes a request pursuant to this Section 5.01 that requires HII to incur any costs and expenses (including costs and expenses related to employee time to respond to such request, and, for the avoidance of doubt, any costs and expenses incurred by HII for services of any third party engaged by HII to assist with such request), SpinCo shall reimburse the HII for all such costs and expenses, including a reasonable hourly charge for employee time. To the extent HII obtains the services of any third party to assist with such a request, HII shall select such third party in its sole discretion. Nothing contained in this Agreement, including this Section 5.01, shall be construed to permit SpinCo access to Honeywell Separate Returns.

SECTION 5.02. Interest. Any payments required pursuant to this Agreement that are not made within the time period specified in this Agreement shall bear interest from the end of that period. Interest required to be paid pursuant to this Agreement shall, unless otherwise specified, be computed at the rate and in the manner provided in the Code for interest on underpayments and overpayments, as applicable, for the relevant period.

SECTION 5.03. Indemnification Claims and Payments.

(a) An Indemnitee shall be entitled to make a claim for payment with respect to Taxes under this Agreement when the Indemnitee determines that it is entitled to such payment and is able to calculate with reasonable accuracy the amount of such payment (including as a result of the finalization of a Tax Return before filing). Except as otherwise provided in Sections 3.02(b), 3.02(g) and 3.03, the Indemnitee shall provide to the Indemnifying Party notice of such claim within 60 business days of the first date on which it so becomes entitled to make such claim. Such notice shall include a description of such claim and a detailed calculation of the amount claimed.

(b) Except as otherwise provided in Sections 3.02(b), 3.02(g) and 3.03, the Indemnifying Party shall make the claimed payment to the Indemnitee within 30 business days after receiving such notice, unless the Indemnifying Party reasonably disputes its liability for, or the amount of, such payment.

(c) A failure by an Indemnitee to give notice as provided in Section 3.02(b), 3.03 or 5.03(a) shall not relieve the Indemnifying Party's indemnification obligations under this Agreement, except to the extent that the Indemnifying Party shall have been actually prejudiced by such failure.

(d) Nothing in this Section 5.03 shall prejudice a Party's right to receive payments pursuant to Section 3.02(b), 3.02(g) or 3.03.

SECTION 5.04. Amount of Indemnity Payments. The amount of any Indemnity Payment shall be (i) reduced to take into account any Tax benefit actually realized by the Indemnitee resulting from the incurrence of the liability in respect of which the Indemnity Payment is made and (ii) increased to take into account any Tax cost actually incurred by the Indemnitee resulting from the receipt of the Indemnity Payment, including any Tax cost arising from such Indemnity Payment having resulted in income or gain to either Party, for example, under Section 1.1502-19 of the Regulations, and any Taxes imposed on additional amounts payable pursuant to this clause (ii). For purposes of calculating the amount of any Tax benefit or Tax cost, the applicable Indemnitee shall be deemed to be subject to the maximum applicable statutory Tax rate in the applicable jurisdiction in the taxable year in which such Tax benefit or Tax cost was realized and any Tax attributes of such Indemnitee shall be disregarded.

SECTION 5.05. Treatment of Indemnity Payments. Except as provided herein, any Indemnity Payment (other than any portion of a payment that represents interest accruing after the Distribution Date) shall be treated by HII and SpinCo for all Tax purposes as a distribution from SpinCo to HII immediately prior to the Distribution (if such payment is made by SpinCo to HII) or as a contribution from HII to SpinCo immediately prior to the Distribution (if such payment is made by HII to SpinCo), except as otherwise required by applicable Law or a Determination. Payments under Section 3.02(g) shall be treated for all Tax purposes as payments made in respect of an obligation contributed by ASASCO to ASASCO 2 simultaneously with the

contributions by ASASCO to ASASCO 2 of AlliedSignal Aerospace Service LLC, a Delaware limited liability company and the Indemnification Agreement immediately prior to and as part of a plan with the distribution of ASASCO 2 by ASASCO to Honeywell Asia Pacific Inc., a Delaware corporation, in accordance with the Separation Agreement. Neither ASASCO nor any of its Affiliates shall claim any deduction for Tax purposes in respect of such payments other than any portion of such payments treated as interest under applicable U.S. federal income tax rules. For the avoidance of doubt, amounts paid pursuant to the Indemnification Agreement shall be treated in the manner described in the Indemnification Agreement. All Parties hereto shall, and shall cause their Affiliates to, file all Tax returns on a basis consistent with the foregoing, and neither any Party nor an Affiliate shall take any Tax position inconsistent with this Section 5.05.

SECTION 5.06. Tax Disputes. Notwithstanding anything to the contrary in Article VI, this Section 5.06 shall govern the resolution of any dispute arising between the Parties in connection with this Agreement (a “Tax Dispute”), other than a dispute (i) relating to liability for Transaction Taxes (ii) in which the amount of liability in dispute exceeds $20 million or (iii) relating to a Tax Return as described in Section 3.01(d). The Parties shall negotiate in good faith to resolve any Tax Dispute for 45 calendar days (unless earlier resolved). Upon notice of either Party after 45 calendar days, the matter will be referred to an Accounting Firm acceptable to both Parties. The Accounting Firm may, in its discretion, obtain the services of any third party necessary to assist it in resolving the Tax Dispute. The Parties shall instruct the Accounting Firm to furnish notice to each Party of its resolution of the Tax Dispute as soon as practicable, but in any event no later than 60 calendar days after its acceptance of the matter for resolution. Any such resolution by the Accounting Firm will be binding on the Parties and the Parties shall take, or cause to be taken, any action necessary to implement the resolution. All fees and expenses of the Accounting Firm shall be shared equally by the Parties.

ARTICLE VI

Miscellaneous

SECTION 6.01. Disposition of SpinCo Subsidiaries. In the event that SpinCo disposes of the stock of a Subsidiary that is not a Party to this Agreement (i) without receiving compensation equal to the fair market value of such Subsidiary, prior to the disposition, such Subsidiary shall deliver to HII an executed agreement, in a form reasonably acceptable to HII, agreeing to be bound by this Agreement as if it had been an original Party hereto or (ii) in an exchange intended to result in the receipt of compensation equal to the fair market value of such Subsidiary, prior to the disposition, such Subsidiary shall deliver to HII an executed agreement, in a form reasonably acceptable to HII, agreeing to be bound by Section 5.01 and Article VI of this Agreement as if it had been an original Party hereto.

SECTION 6.02. Termination. This Agreement will terminate without further action at any time before the Distribution upon termination of the Separation Agreement. If terminated, no Party will have any Liability of any kind to the other Party or any other Person on account of this Agreement, except as provided in the Separation Agreement.

SECTION 6.03. Applicability. This Agreement shall not apply before the Distribution.

SECTION 6.04. Survival. Except as expressly set forth in this Agreement, the covenants and indemnification obligations in this Agreement shall survive the Spin-Off and shall remain in full force and effect.

SECTION 6.05. Separation Agreement. The Parties agree that, in the event of a conflict between the terms of this Agreement and the Separation Agreement with respect to the subject matter hereof, the terms of this Agreement shall govern.

SECTION 6.06. Confidentiality. Each Party hereby acknowledges that confidential Information of such Party or its Subsidiaries may be exposed to employees and agents of the other Party or its Subsidiaries who have a need to know such confidential Information as a result of, or in connection with, the activities contemplated by this Agreement. Each Party agrees, on behalf of itself and its Affiliates, that such Party's obligation (and the obligation of its Subsidiaries) to use and keep confidential such Information of the other Party or its Subsidiaries shall be governed by Sections 7.01(c) and 7.09 of the Separation Agreement.

SECTION 6.07. Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement may be executed in one or more counterparts, all of which counterparts shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party. This Agreement may be executed by facsimile or PDF signature and scanned and exchanged by electronic mail, and such facsimile or PDF signature or scanned and exchanged copies shall constitute an original for all purposes.

(b) This Agreement, the Separation Agreement, the other Ancillary Agreements and the Appendices, Exhibits and Schedules hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties with respect to the subject matter hereof other than those set forth or referred to herein or therein.

SECTION 6.08. Dispute Resolution. Subject to Section 5.06, in the event that any Party, acting reasonably, forms the view that another Party has caused a material breach of the terms of this Agreement, then the Party that forms such a view shall serve written notice of the alleged breach on the other Parties and the Parties shall work together in good faith to resolve any such alleged breach within thirty (30) days of such notice (a "Dispute"). If any such alleged breach is not so resolved, then a senior executive of each Party shall, in good faith, attempt to resolve any such alleged breach within the following thirty (30) days of the referral of the matter to the senior executives. If no resolution is reached with respect to any such alleged breach in accordance with the procedures contained in this Section 6.08, then the Parties may seek to resolve such matter in accordance with Section 6.09, Section 6.10 and Section 6.12.

SECTION 6.09. Governing Law; Jurisdiction. Any disputes arising out of or relating to this Agreement, including its execution, performance, or enforcement, shall be governed by, and construed in accordance with, the Laws of the State of New York, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof. Subject to Section 5.06, each Party irrevocably consents to the exclusive jurisdiction, forum and venue of any state or federal court sitting in New York City in the State of New York over any and all claims, disputes, controversies or disagreements among the Parties or any of their respective Affiliates, successors and assigns under or related to this Agreement or any of the transactions contemplated hereby, including their execution, performance or enforcement, whether in contract, tort or otherwise. Each of the Parties hereby agrees that it shall not assert and shall hereby waive any claim or right or defense that it is not subject to the jurisdiction of such courts, that the venue is improper, that the forum is inconvenient or any similar objection, claim or argument. Each Party agrees that a final judgment in any legal proceeding resolved in accordance with this Section 6.09, Section 6.10, Section 6.11 and Section 6.12 shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

SECTION 6.10. Waiver of Jury Trial. EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY INCLUDING THEIR EXECUTION, PERFORMANCE OR ENFORCEMENT, WHETHER IN CONTRACT, TORT OR OTHERWISE. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS.

SECTION 6.11. Court-Ordered Interim Relief. In accordance with Section 6.09 and Section 6.10, at any time after giving notice of a Dispute, each Party shall be entitled to interim measures of protection duly granted by a court of competent jurisdiction: (1) to preserve the status quo pending resolution of the Dispute; (2) to prevent the destruction or loss of documents and other information or things relating to the Dispute; or (3) to prevent the transfer, disposition or hiding of assets. Any such interim measure (or a request therefor to a court of competent jurisdiction) shall not be deemed incompatible with the provisions of Section 6.08, Section 6.09 and Section 6.10. Until such Dispute is resolved in accordance with Section 6.08 or final judgment is rendered in accordance with Section 6.09 and Section 6.10, each Party agrees that such Party shall continue to perform its obligations under this Agreement and that such obligations shall not be subject to any defense or set-off, counterclaim, recoupment or termination.

SECTION 6.12. Specific Performance. Subject to Section 6.08 and Section 6.11, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the affected Party shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The other Party shall not oppose the granting of such relief on the basis that money

damages are an adequate remedy. The Parties agree that the remedies at Law for any breach or threatened breach hereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at Law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived.

SECTION 6.13. Assignability.

(a) Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of Law or otherwise by any Party without the prior written consent of the other Parties. Any purported assignment without such consent shall be void. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns. Notwithstanding the foregoing, any Party may assign this Agreement without prior written consent in connection with (a) a merger transaction in which such Party is not the surviving entity and the surviving entity acquires or assumes all or substantially all of such Party's assets, or (b) the sale of all or substantially all of such Party's assets; provided, however, that the assignee or successor-in-interest expressly assumes in writing all of the obligations of the assigning Party under this Agreement, and the assigning Party provides written notice and evidence of such assignment, assumption or succession to the non-assigning Parties. No assignment permitted by this Section 6.13 shall release the assigning Party from liability for the full performance of its obligations under this Agreement.

(b) Notwithstanding anything in Section 6.13(a), ASASCO may assign its obligations under Section 3.02(g) of this Agreement without the consent of any other Party hereto to Garrett ASASCO Inc, a Delaware corporation ("Garrett ASASCO") and Garrett ASASCO shall assume all liability hereunder, in connection with the transactions contemplated by the Separation Agreement. Following such assignment and assumption, Garrett ASASCO shall replace "ASASCO" for all purposes under this Agreement and ASASCO shall be relieved of all liability hereunder.

SECTION 6.14. Third-Party Beneficiaries.

(a) The provisions of this Agreement are solely for the benefit of the Parties hereto and are not intended to confer upon any Person except the Parties hereto any rights or remedies hereunder and (b) there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any third Person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

SECTION 6.15. Notices. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when (a) delivered in person, (b) on the date received, if sent by a nationally recognized delivery or courier service or (c) upon the earlier of confirmed receipt or the fifth (5th) business day following the date of mailing if sent by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

If to HII, to:

Honeywell International Inc.
115 Tabor Road
Morris Plains, NJ 07950
Attn: Vice President, Tax and General Tax Counsel
e-mail: Jamie.DiStefano@honeywell.com

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019
Attn: Jeffrey B. Samuels, Esq.
e-mail: jsamuels@paulweiss.com

If to SpinCo, to:
Garrett Motion Inc.
[•]
Attn: [•]
email: [•]

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019
Attn: Jeffrey B. Samuels, Esq.
e-mail: jsamuels@paulweiss.com

Either Party may, by notice to the other Party, change the address to which such notices are to be given. Each Party agrees that nothing in this Agreement shall affect the other Party's right to serve process in any other manner permitted by Law (including pursuant to the rules for foreign service of process authorized by the Hague Convention).

SECTION 6.16. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon any such determination, any such provision, to the extent determined to be invalid, void or unenforceable, shall be deemed replaced by a provision that such court determines is valid and enforceable and that comes closest to expressing the intention of the invalid, void or unenforceable provision.

SECTION 6.17. Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 6.18. Waivers of Default. No failure or delay of any Party (or the applicable member of its Group) in exercising any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Waiver by any Party of any default by another Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default.

SECTION 6.19. Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of each Party.

SECTION 6.20. Interpretation. The rules of interpretation set forth in Section 11.17 of the Separation Agreement shall be incorporated by reference to this Agreement, *mutatis mutandis*. NOTWITHSTANDING THE FOREGOING, THE PURPOSE OF ARTICLE IV IS TO ENSURE THAT EACH OF THE APPLICABLE TRANSACTIONS QUALIFIES FOR ITS INTENDED TAX TREATMENT AND, ACCORDINGLY, THE PARTIES AGREE THAT THE LANGUAGE THEREOF SHALL BE INTERPRETED IN A MANNER THAT SERVES THIS PURPOSE TO THE GREATEST EXTENT POSSIBLE.

SECTION 6.21. Compliance by Subsidiaries. The Parties shall cause their respective Subsidiaries to comply with this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

HONEYWELL INTERNATIONAL INC.,

By: ______________________________
Name:
Title:

GARRETT MOTION INC.,

By: ______________________________
Name:
Title:

Exhibit 2.4

EMPLOYEE MATTERS AGREEMENT

By and Between

HONEYWELL INTERNATIONAL INC.

and

GARRETT MOTION INC.

Dated as of [ ], 2018

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EMPLOYEE MATTERS AGREEMENT (this "Agreement"), dated as of [ ], 2018, by and between HONEYWELL INTERNATIONAL INC., a Delaware corporation ("Honeywell"), and GARRETT MOTION INC., a Delaware corporation ("SpinCo" and, together with Honeywell, the "Parties").

R E C I T A L S

WHEREAS the Parties have entered into the Separation and Distribution Agreement (the "Separation Agreement"), dated as of [ ], 2018, pursuant to which Honeywell intends to effect the Distribution; and

WHEREAS the Parties wish to set forth their agreements as to certain matters regarding employment, compensation and employee benefits.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. Definitions. For purposes of this Agreement, the following terms shall have the following meanings. All capitalized terms used but not defined herein shall have the meanings assigned to them in the Separation Agreement unless otherwise indicated.

"Benefit Plan" shall mean any plan, program, policy, agreement, arrangement or understanding that is an employment, consulting, deferred compensation, executive compensation, incentive bonus or other bonus, employee pension, profit sharing, savings, retirement, supplemental retirement, stock option, stock purchase, stock appreciation right, restricted stock, restricted stock unit, deferred stock unit, other equity-based compensation, severance pay, retention, change in control, salary continuation, life, death benefit, health, hospitalization, workers' compensation, sick leave, vacation pay, disability or accident insurance or other employee compensation or benefit plan, program, policy, agreement, arrangement or understanding, including any "employee benefit plan" (as defined in Section 3(3) of ERISA) (whether or not subject to ERISA) sponsored or maintained by such entity or to which such entity is a party.

"COBRA" shall mean the U.S. Consolidated Omnibus Budget Reconciliation Act of 1985, as amended from time to time, and any applicable similar state or local laws.

"Code" shall mean the U.S. Internal Revenue Code of 1986, as amended.

"Collective Bargaining Agreements" has the meaning set forth in Section 2.03.

"Continuing Options" has the meaning set forth in Section 12.03.

"Delayed Transfer Employee" has the meaning set forth in Section 2.02.

"Destination Employer" has the meaning set forth in Section 2.02.

"Employment Taxes" shall mean all fees, Taxes, social insurance payments or similar contributions to a fund of a Governmental Authority with respect to wages or other compensation of an employee or other service provider.

"ERISA" shall mean the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time.

"Former Business" means any terminated, divested or discontinued businesses, operations or properties of either the Honeywell Group, the SpinCo Group, any of their respective members or any of their respective predecessors, in each case, prior to the Distribution.

"Former Honeywell Employee" shall mean a former employee who on the applicable date is not a former SpinCo Employee.

"Former SpinCo Employee" shall mean, as of any applicable date, each individual who (a) as of immediately prior to such individual's termination of employment (x) was a SpinCo Employee or (y) dedicated all or substantially all of his or her employment services to the activities and operations of the SpinCo Business (excluding any employees providing services to the SpinCo Group pursuant to the Transitional Services Agreement) and (b) as of such applicable date, is not employed by any member of the SpinCo Group.

"Formula Value" shall mean, in respect of a stock option award to purchase Honeywell Common Stock granted in 2018 under the Honeywell Equity Plans, the product of (a) the number of shares of Honeywell Common Stock subject to such option award, multiplied by (b) $23.65.

"GPUs" shall mean any growth plan units awarded using a 2016 Growth Plan Agreement under the Honeywell 2011 Stock Incentive Plan or the Honeywell 2016 Stock Incentive Plan.

"Honeywell 401(k) Plan" has the meaning set forth in Section 9.01.

"Honeywell Benefit Plan" shall mean any Benefit Plan sponsored, maintained or, unless such Benefit Plan is sponsored or maintained by a member of the SpinCo Group, contributed to by any member of the Honeywell Group or to which any member of the Honeywell Group is a party.

"Honeywell Employee" shall mean, as of any applicable date, (a) each individual who is an employee of the Honeywell Group as of immediately prior to the Distribution, including any individual who is not actively at work due to a leave of absence (including vacation, holiday, illness, injury, short-term disability and including, until such time as provided in ARTICLE 7, any SpinCo LTD Employee) from which such employee is permitted to return to active employment in accordance with the Honeywell Group's personnel policies, as in effect from time to time, or applicable Law, (b) each individual who becomes an active employee of the Honeywell Group following the Distribution but, in each case, excluding any SpinCo Employee or Former SpinCo Employee, and (c) each individual who, although deemed to be an employee of the SpinCo Group due to the Transfer of Undertakings because of such individual's rendering of services pursuant to the TSA or otherwise, is intended by Honeywell to be a Honeywell Employee.

"Honeywell Equity Plans" shall mean the 2016 Stock Incentive Plan, the 2011 Stock Incentive Plan, the 2006 Stock Incentive Plan, each as amended from time to time, and any other stock option or stock incentive compensation plan or arrangement, including equity award agreements, that is a Honeywell Benefit Plan, as in effect as of the time relevant to the applicable provision of this Agreement.

"Honeywell Flexible Spending Account" shall mean any flexible spending arrangement under any cafeteria plan qualifying under Section 125 of the Code that is a Honeywell Benefit Plan.

"Honeywell Health Savings Account" shall mean any health savings account under a health savings account plan that is a Honeywell Benefit Plan.

"Honeywell LTD Plan" shall mean any long-term disability insurance plan that is a Honeywell Benefit Plan.

"Honeywell Nonqualified Deferred Compensation Plans" shall mean the Honeywell Deferred Incentive Compensation Plan, the Honeywell Supplemental Savings Plan, the Supplemental Pension Plan, the Supplemental Executive Retirement Plan for Executives in Career Band 6 and Above, the Supplemental Defined Benefit Retirement Plan, each as amended from time to time, and any other nonqualified deferred compensation plan or arrangement (including individual arrangements) that is a Honeywell Benefit Plan, as in effect as of the time relevant to the applicable provision of this Agreement.

"Honeywell Partial Transfer Pension Plan" has the meaning set forth in Section 8.02.

"Honeywell Pension Plan" has the meaning set forth in Section 8.01.

"Honeywell RSU Value" shall mean, in respect of a restricted stock unit award related to Honeywell Common Stock granted and outstanding under the Honeywell Equity Plans as of immediately prior to the Distribution Date, the product of (a) the "regular way" closing price of a share of Honeywell Common Stock on the last trading day immediately prior to the Distribution Date, multiplied by (b) the number of shares of Honeywell Common Stock subject to such RSU.

"Honeywell Welfare Plan" shall mean each Welfare Plan that is a Honeywell Benefit Plan.

"Honeywell Workers' Compensation Plan" shall mean any workers' compensation plan that is a Honeywell Benefit Plan.

"Irish ESOP" has the meaning set forth in Section 12.07.

"Irish Profit Sharing Scheme" has the meaning set forth in Section 12.07.

"Local Agreement" shall mean an agreement describing the implementation of the matters described in this Agreement (including, without limitation, matters regarding employment, compensation and employee benefits) with respect to Non-U.S. Employees in accordance with applicable non-U.S. Law in the custom of the applicable jurisdictions.

"Non-U.S. Employees" has the meaning set forth in Section 13.01.

"Projected Benefit Obligation" has the meaning set forth in Section 8.01.

"SpinCo 401(k) Plan" has the meaning set forth in Section 9.01.

"SpinCo Benefit Plan" shall mean any Benefit Plan sponsored, maintained or, unless such Benefit Plan is sponsored or maintained by a member of the Honeywell Group, contributed to by any member of the SpinCo Group or to which any member of the SpinCo Group is a party.

"SpinCo Business" means the business of designing, manufacturing and selling turbocharger, electric-boosting and connected vehicle technologies for light and commercial vehicle original equipment manufacturers and the aftermarket, as conducted by Honeywell and its Affiliates prior to the Distribution, including as described in the Information Statement; provided that the SpinCo Business shall not include any Former Business.

"SpinCo Employee" shall mean, as of any applicable date, (a) each individual who is an employee of the SpinCo Group as of immediately prior to the Distribution, including any individual who is not actively at work due to a leave of absence (including vacation, holiday, illness, injury, short-term disability but excluding, until such time as provided in ARTICLE 7, any SpinCo LTD Employee) from which such employee is permitted to return to active employment in accordance with the SpinCo Group's personnel policies, as in effect from time to time, or applicable Law, (b) each individual who becomes an active employee of the SpinCo Group following the Distribution, but, in each case of clause (a) or (b), excluding any Former SpinCo Employee, (c) each individual listed on Schedule 1.01(a) or listed in a Local Agreement as a SpinCo Employee and (d) each individual who, although deemed to be an employee of the Honeywell Group due to the Transfer of Undertakings because of such individual's rendering of services pursuant to the TSA or otherwise, is intended by Honeywell to be a SpinCo Employee; provided, however, that, unless otherwise required by applicable Law, each individual listed on Schedule 1.01(b) or listed in a Local Agreement as a Honeywell Employee shall be a Honeywell Employee for all purposes of this Agreement.

"SpinCo Incentive Payments" has the meaning set forth in Section 3.01.

"SpinCo Long-Term Incentive Plan" has the meaning set forth in Section 12.01.

"SpinCo LTD Employee" shall mean any employee of the SpinCo Group who, as of immediately prior to the Distribution, is receiving long-term disability benefits under the Honeywell LTD Plan.

"SpinCo Partial Transfer Pension Plan" has the meaning set forth in Section 8.02.

"SpinCo RSU" shall mean a restricted stock unit award related to SpinCo Common Stock.

"SpinCo RSU Value" shall mean, in respect of a SpinCo RSU award, the product of (a) the "when issued" closing price of a share of the SpinCo Common Stock on the last trading day immediately prior to the Distribution Date, multiplied by (b) the number of shares of SpinCo Common Stock subject to such SpinCo RSU.

"SpinCo Full Transfer Pension Plans" has the meaning set forth in Section 8.03.

"SpinCo U.S. Pension Liabilities" has the meaning set forth in Section 8.01.

"SpinCo U.S. Pension Participants" has the meaning set forth in Section 8.01.

"SpinCo U.S. Pension Plan" has the meaning set forth in Section 8.01.

"SpinCo U.S. Pension Transfer Date" has the meaning set forth in Section 8.01.

"SpinCo U.S. Pension Trust" has the meaning set forth in Section 8.01.

"SpinCo Welfare Plans" has the meaning set forth in Section 6.01.

"SpinCo Workers' Compensation Plan" has the meaning set forth in Section 6.03.

"Spread Value" shall mean, in respect of a stock option award to purchase Honeywell Common Stock granted under the Honeywell Equity Plans, the product of (a) the excess of (x) the "regular way" closing price of a share of Honeywell Common Stock on the last trading day immediately prior to the Distribution Date, over (y) the applicable exercise price of such stock option, multiplied by (b) the number of shares of Honeywell Common Stock subject to such stock option award.

"Subsidiary" of any Person shall mean any corporation or other organization whether incorporated or unincorporated of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries; provided, however, that, solely for purposes of this Agreement, SpinCo and its Subsidiaries shall not be considered Subsidiaries of Honeywell (or members of the Honeywell Group) prior to, on or after the Distribution.

"Tax Return" shall have the meaning set forth in the TMA.

"Taxes" shall have the meaning set forth in the TMA.

"Taxing Authority" shall have the meaning set forth in the TMA.

"TMA" shall mean the Tax Matters Agreement dated as of the date of this Agreement by and between Honeywell and SpinCo.

"Transfer of Undertakings" shall mean the Transfers of Undertakings Directive 2001/23/EC of the European Council and any similar applicable Law.

"TSA" shall mean the Transition Services Agreement dated as of the date of this Agreement by and between Honeywell and SpinCo.

"UK Share Purchase Plan" has the meaning set forth in Section 12.06.

"Welfare Plan" shall mean each Benefit Plan that provides life insurance, health care, dental care, accidental death and dismemberment insurance, disability, severance, vacation or other group welfare or fringe benefits.

"Welfare Plan Date" has the meaning set forth in Section 6.01.

"Workers' Compensation Event" shall mean the event, injury, illness or condition giving rise to a workers' compensation claim with respect to a SpinCo Employee or Former SpinCo Employee.

“Workers’ Compensation Plan Date” has the meaning set forth in Section 6.03.

ARTICLE 2
GENERAL PRINCIPLES

Section 2.01. SpinCo Employees. Except as provided in Section 2.02, all SpinCo Employees as of immediately prior to the Distribution shall continue to be employees of the SpinCo Group immediately following the Distribution. The Parties hereto agree that none of the transactions contemplated by the Separation Agreement or any of the Ancillary Agreements, including this Agreement, shall result in any SpinCo Employee, SpinCo LTD Employee or Former SpinCo Employee being deemed to have incurred a termination of employment or being eligible to receive severance benefits, solely as a result of the Distribution.

Section 2.02. Delayed Transfer Employees. To the extent that applicable Law or any arrangement with a Governmental Authority prevents the Parties from causing any (a) Honeywell Employee who is intended to be a SpinCo Employee to be employed by a member of the SpinCo Group as of immediately following the Distribution as contemplated by Section 2.01 or (b) SpinCo Employee who is intended to be a Honeywell Employee to be employed by a member of the Honeywell Group as of immediately following the Distribution (each such employee, a “Delayed Transfer Employee” and the SpinCo Group or Honeywell Group entity to which such Delayed Transfer Employee is intended to be transferred, the “Destination Employer”), the Parties shall use commercially reasonable efforts to ensure that (i) such Delayed Transfer Employee becomes employed by the Destination Employer at the earliest time permitted by applicable Law or such agreement with a Governmental Authority and (ii) the Destination Employer receives the benefit of such Delayed Transfer Employee’s services from and after the Distribution, including under the TSA or by entering into an employee leasing or similar arrangement. “Delayed Transfer Employee” shall also include any Honeywell Employee who, following the Distribution, provides services to the SpinCo Group under the TSA and whose employment is intended by Honeywell to transfer to the SpinCo Group following the completion of the applicable TSA service, and with respect to such Delayed Transfer Employees, the Parties shall use commercially reasonable efforts to ensure that any such Delayed Transfer Employee becomes employed by the SpinCo Group as soon as practicable following the completion of the applicable TSA service. From and after the commencement of a Delayed Transfer Employee’s employment with the Destination Employer, such Delayed Transfer Employee shall be treated for all purposes of this Agreement, including Section 4.02, as if such Delayed Transfer Employee commenced employment with the Destination Employer as of the Distribution as contemplated by Section 2.01.

Section 2.03. Collectively Bargained Employees. All provisions contained in this Agreement providing for the treatment of compensation and benefits in connection with the Distribution shall apply equally to any employee who is covered by any collective bargaining, works council or other labor union contract or labor arrangement (collectively, “Collective Bargaining Agreements”), except to the extent that any such agreement specifically provides for the compensation or benefits contemplated by such provision and, in each such case, such agreement shall apply rather than the terms of this Agreement.

Section 2.04. Collective Bargaining Agreements. As of the Distribution, SpinCo shall, and shall cause the members of the SpinCo Group as appropriate to, adopt and assume any Collective Bargaining Agreement covering any of the SpinCo Employees immediately prior to the Distribution, subject to any agreed upon changes required by the transition of such Collective Bargaining Agreement to SpinCo or applicable Law, and recognize the works councils, labor unions and other employee representatives that are party to such Collective Bargaining Agreements; provided that any compensation or benefits that were, prior to the Distribution, provided to SpinCo Employees under the Collective Bargaining Agreements through the Honeywell Benefit Plans shall, to the extent such compensation and benefits are still required to be provided under the Collective Bargaining Agreements on and after the Distribution, be provided as mutually agreed with such works councils, labor unions and other employee representatives through the SpinCo Benefit Plans as set forth in this Agreement.

Section 2.05. Liabilities and Assets Generally. From and after the Distribution Date, except as expressly provided in this Agreement (or a Local Agreement) or as required under applicable Law, (a) SpinCo and the SpinCo Group shall assume or retain, as applicable, and SpinCo hereby agrees to pay, perform, fulfill and discharge, in due course in full, (i) all Liabilities with respect to the employment or termination of employment of all SpinCo Employees, Former SpinCo Employees and their dependents and beneficiaries, and other service providers, in each case, to the extent arising, in whole or in part, in connection with or as a result of employment with or the performance or services to any member of the SpinCo Group and (ii) any other Liabilities expressly assigned to SpinCo or any member of the SpinCo Group under this Agreement, and (b) Honeywell and the Honeywell Group shall assume or retain, as applicable, and Honeywell hereby agrees to pay, perform, fulfill and discharge, in due course in full (i) all Liabilities with respect to the employment or termination of employment of all Honeywell Employees, Former Honeywell Employees and their dependents and beneficiaries, and other service providers, in each case to the extent solely arising in connection with or as a result of employment with or the performance of services to any member of the Honeywell Group and (ii) any other Liabilities expressly assigned to Honeywell or any member of the Honeywell Group under this Agreement. All assets held in trust to fund the Honeywell Benefit Plans and all insurance policies funding the Honeywell Benefit Plans shall be Honeywell Assets (as defined in the Separation Agreement), except to the extent specifically provided otherwise in this Agreement or a Local Agreement.

Section 2.06. Benefit Plans. Except as otherwise specifically provided in this Agreement or as may otherwise be provided in accordance with the TSA, as of the Distribution, each SpinCo Employee (and each of their respective dependents and beneficiaries) shall cease active participation in, and each member of the SpinCo Group shall cease to be a participating employer in, all Honeywell Benefit Plans, and, as of such time, SpinCo shall, or shall cause its Subsidiaries to, have in effect such corresponding SpinCo Benefit Plans as are necessary to comply with its obligations pursuant to this Agreement. Effective upon the Distribution, except as otherwise specifically provided in this Agreement (or a Local Agreement), (a) Honeywell shall, or shall cause one or more members of the Honeywell Group to, retain, pay, perform, fulfill and discharge all Liabilities arising out of or relating to all Honeywell Benefit Plans, and (b) SpinCo shall, or shall cause one of the members of the SpinCo Group to, retain, pay, perform, fulfill and discharge all Liabilities arising out of or relating to all SpinCo Benefit Plans.

Section 2.07. Payroll Services. Except as may otherwise be provided in accordance with the TSA, prior to, on and after the Distribution, the members of the SpinCo Group shall be solely responsible for providing payroll services to the SpinCo Employees and Former SpinCo Employees.

Section 2.08. No Change in Control. The Parties hereto agree that none of the transactions contemplated by the Separation Agreement or any of the Ancillary Agreements, including this Agreement, constitutes a "change in control," "change of control" or similar term, as applicable, within the meaning of any Honeywell Benefit Plan or SpinCo Benefit Plan, including the SpinCo Long-Term Incentive Plan.

Section 2.09. Inadvertent Transfers. In the event that Honeywell determines following the Distribution that an individual who was intended to be a Honeywell Employee or a SpinCo Employee has inadvertently become employed by the SpinCo Group or the Honeywell Group, respectively, due to the operation of the Transfer of Undertakings because of such individual's rendering of services pursuant to the TSA or otherwise, the Parties shall cooperate in good faith and take such actions as may be reasonably necessary in order to cause the employment of such individuals to be promptly transferred to a member of the Honeywell Group or the SpinCo Group, as applicable, and as intended by Honeywell prior to the Distribution.

ARTICLE 3
NON-EQUITY INCENTIVES

Section 3.01. SpinCo Employee Incentives. Unless otherwise provided for in an individual agreement with a SpinCo Employee to which Honeywell is a party, on and after the Distribution, SpinCo shall assume and be solely responsible for Liabilities with respect to any annual bonus or other cash-based incentive or retention awards, including, without limitation, awards under the TS Employee Retention Program (but excluding GPUs, which shall be treated in accordance with ARTICLE 12) under any Benefit Plan to any SpinCo Employee, SpinCo LTD Employee or Former SpinCo Employee, including, for the avoidance of doubt, any such awards with respect to the year in which the Distribution occurs (the "SpinCo Incentive Payments"). SpinCo shall be responsible for determining the amounts of all SpinCo Incentive Payments that have not been determined prior to the Distribution, including the extent to which established performance criteria (as interpreted by SpinCo, in its sole discretion) have been met, and shall pay all SpinCo Incentive Payments no later than the times provided for under the applicable Benefit Plan. For the avoidance of doubt, any determinations made prior to the Distribution regarding the amounts of any SpinCo Incentive Payments shall be subject to Honeywell's prior written approval.

ARTICLE 4
SERVICE CREDIT

Section 4.01. Honeywell Benefit Plans. Except as may otherwise be provided in accordance with the TSA and except as otherwise provided in Section 12.03, service of SpinCo Employees and Former SpinCo Employees, on and after the Distribution, with any member of the SpinCo Group or any other employer, as applicable, other than any member of the Honeywell Group, shall not be taken into account for any purpose under any Honeywell Benefit Plan.

Section 4.02. SpinCo Benefit Plans. Unless prohibited by applicable Law, SpinCo shall, and shall cause its Subsidiaries to, credit service accrued by each SpinCo Employee with, or otherwise recognized for purposes of any Benefit Plan by, any member of the Honeywell Group or the SpinCo Group on or prior to the Distribution for purposes of (a) eligibility, vesting and benefit accrual under each SpinCo Benefit Plan under which service is relevant in determining eligibility, vesting and benefit accrual, (b) determining the amount of severance payments and benefits (if any) payable under each SpinCo Benefit Plan that provides severance payments or benefits and (c)

determining the number of vacation days to which each such employee shall be entitled following the Distribution, in the case of clauses (a), (b) and (c), (i) to the same extent recognized by the relevant members of the Honeywell Group or SpinCo Group or the corresponding Honeywell Benefit Plan or SpinCo Benefit Plan immediately prior to the later of the Distribution Date and the date such employee ceases participating in the applicable Honeywell Benefit Plan in accordance with the TSA and (ii) except to the extent such credit would result in a duplication of benefits for the same period of service.

ARTICLE 5
SEVERANCE

Section 5.01. Severance. The SpinCo Group shall be solely responsible for all Liabilities, including all severance or other separation payments and benefits (including any termination indemnity or retirement indemnity plan (*e.g.*, the termination indemnity plan in France)), relating to the termination or alleged termination of any SpinCo Employee's or Former SpinCo Employee's employment, whether occurring prior to, on or following the Distribution Date. For the avoidance of doubt, such Liabilities shall include any employer-paid portion of any Employment Taxes and shall be treated as Liabilities of SpinCo and the SpinCo Group in accordance with the principles of Section 2.05.

ARTICLE 6
CERTAIN WELFARE BENEFIT PLAN MATTERS;
WORKERS' COMPENSATION CLAIMS

Section 6.01. SpinCo Welfare Plans. Without limiting the generality of Section 2.06, effective as of the Distribution or such later date as agreed to between Honeywell and SpinCo in accordance with the TSA (such applicable date, the "Welfare Plan Date"), SpinCo shall establish Welfare Plans (collectively, the "SpinCo Welfare Plans") to provide welfare benefits to the SpinCo Employees (and their dependents and beneficiaries) in each applicable jurisdiction and, as of the applicable Welfare Plan Date, each SpinCo Employee (and his or her dependents and beneficiaries) shall cease active participation in the corresponding Honeywell Welfare Plan. For the avoidance of doubt, for purposes of this ARTICLE 6, the term "SpinCo Employees" shall be deemed to include any Former SpinCo Employee who was receiving welfare benefits in connection with his or her termination of employment from a member of the Honeywell Group or the SpinCo Group as of the applicable Welfare Plan Date.

Section 6.02. Allocation of Welfare Benefit Claims. (a) The members of the Honeywell Group shall retain all Liabilities in accordance with the applicable Honeywell Welfare Plan for all reimbursement claims (such as medical and dental claims) and for all non-reimbursement claims (such as life insurance claims), in each case, incurred by SpinCo Employees and Former SpinCo Employees (and each of their respective dependents and beneficiaries) under such plans prior to the applicable Welfare Plan Date and (b) the members of the SpinCo Group shall retain all Liabilities in accordance with the SpinCo Welfare Plans for all reimbursement claims (such as medical and dental claims) and for all non-reimbursement claims (such as life insurance claims), in each case, incurred by SpinCo Employees and Former SpinCo Employees (and each of their respective dependents and beneficiaries) on or after the applicable Welfare Plan Date; provided that, SpinCo shall reimburse Honeywell in accordance with the TSA for Liabilities incurred under clause (a) between the Distribution Date and the applicable Welfare Plan Date. For purposes of this

Section 6.02, a benefit claim shall be deemed to be incurred as follows: (i) health, dental, vision, employee assistance program and prescription drug benefits (including in respect of any hospital confinement), upon provision of such services, materials or supplies; and (ii) life, accidental death and dismemberment and business travel accident insurance benefits, upon the death, cessation of employment or other event giving rise to such benefits.

Section 6.03. Workers' Compensation Claims. In the case of any workers' compensation claim of any SpinCo Employee or Former SpinCo Employee in respect of his or her employment with the Honeywell Group or the SpinCo Group, such claim shall be covered (a) under the applicable Honeywell Workers' Compensation Plan if the Workers' Compensation Event occurred prior to the Distribution, (b) under a workers' compensation plan of the SpinCo Group (each, a "SpinCo Workers' Compensation Plan") for the applicable jurisdiction if the Workers' Compensation Event occurs on or after the Distribution and the related claim is submitted after the date SpinCo has established a workers' compensation plan (the "Workers' Compensation Plan Date") and (c) under the applicable Honeywell Workers' Compensation Plan if the Workers' Compensation Event occurs on or after the Distribution and the related claim is submitted prior to the Workers' Compensation Plan Date; provided that SpinCo shall reimburse Honeywell in accordance with the TSA for Liabilities incurred under clause (c) between the Distribution Date and the applicable Workers' Compensation Plan Date. If the Workers' Compensation Event occurs over a period both preceding and following the Distribution, the claim shall be jointly covered under the Honeywell Workers' Compensation Plan and the SpinCo Workers' Compensation Plan and shall be equitably apportioned between them based upon the relative periods of time that the Workers' Compensation Event transpired preceding and following the Distribution; provided that, if a claim in respect of such Workers' Compensation Event is submitted prior to the Workers' Compensation Plan Date, then such claim shall be covered under the Honeywell Workers' Compensation Plan and SpinCo shall appropriately reimburse Honeywell in accordance with the TSA.

Section 6.04. COBRA. In the event that a SpinCo Employee or Former SpinCo Employee (a) was receiving, or was eligible to receive, continuation health coverage pursuant to COBRA on or prior to the applicable Welfare Plan Date, Honeywell and the Honeywell Welfare Plans shall be responsible for all Liabilities to such employee (or his or her eligible dependents) in respect of COBRA; or (b) becomes eligible to receive continuation health coverage pursuant to COBRA following the applicable Welfare Plan Date, SpinCo and the SpinCo Welfare Plans shall be responsible for all Liabilities to such employee (or his or her eligible dependents) in respect of COBRA; provided that SpinCo shall reimburse Honeywell in accordance with the TSA for Liabilities incurred under clause (a) prior to the applicable Welfare Plan Date. SpinCo shall indemnify, defend and hold harmless the members of the Honeywell Group from and against any and all Liabilities relating to, arising out of or resulting from COBRA provided by SpinCo, or the failure of SpinCo to meet its COBRA obligations, to SpinCo Employees, Former SpinCo Employees and their respective eligible dependents.

Section 6.05. Health Savings Account. Without limiting the generality of Section 2.05, Section 2.06 and Section 14.01 and subject to Section 16.09, Honeywell and SpinCo shall use commercially reasonable efforts to cooperate in administering any Honeywell Health Savings Account in connection with the Distribution in accordance with the terms of the applicable Honeywell Benefit Plan, including by exchanging any necessary participant records and engaging recordkeepers, administrators, providers, insurers and other third parties.

Section 6.06. Flexible Spending Account. Without limiting the generality of Section 2.05, Section 2.06 and Section 14.01 and subject to Section 16.09, Honeywell and SpinCo shall use commercially reasonable efforts to cooperate in administering any Honeywell Flexible Spending Account in connection with the Distribution in accordance with the terms of the applicable Honeywell Benefit Plan, including by exchanging any necessary participant records and engaging recordkeepers, administrators, providers, insurers and other third parties.

ARTICLE 7
LONG-TERM DISABILITY

Section 7.01. Benefits. Except as otherwise specifically provided in this Agreement and subject to Section 7.02, on and after the Distribution, the SpinCo LTD Employees shall be deemed to be employees of the Honeywell Group for purposes of this Agreement, including participation in the Honeywell LTD Plans; provided that SpinCo shall reimburse Honeywell in accordance with the TSA for Liabilities incurred under this Section 7.01 with respect to any additional ancillary benefits that any SpinCo LTD Employee is eligible to receive while receiving payments under any Honeywell LTD Plan, in accordance with applicable Honeywell policies (including, without limitation, continued health insurance subsidies, continued participation in life insurance programs and continued participation in any Honeywell Benefit Plan other than a Honeywell LTD Plan). For the avoidance of doubt, other than the benefits provided under any Honeywell LTD Plan to any SpinCo LTD Employee, all Liabilities with respect to SpinCo LTD Employees (including, without limitation, any Liabilities arising out of any such SpinCo LTD Employee ceasing to participate in, or receive benefits under, any Honeywell LTD Plan for any reason) shall be treated as a Liability of SpinCo and the SpinCo Group in accordance with Section 2.05.

Section 7.02. Return to Work. To the extent required by applicable SpinCo policies, as in effect from time to time, and applicable Law, SpinCo shall, or shall cause its Subsidiaries to, employ any SpinCo LTD Employee at such time, if any, as such SpinCo LTD Employee is ready to return to active employment, and from and after such time, such employee shall no longer be deemed an employee of the Honeywell Group and shall be deemed a SpinCo Employee for purposes of this Agreement; provided that, if such SpinCo LTD Employee presents himself or herself for active employment and is not employed by a member of the SpinCo Group due to applicable SpinCo policies, and if such SpinCo LTD Employee's employment is terminated by a member of the Honeywell Group within a reasonable time thereafter, SpinCo shall indemnify the Honeywell Group for all Liabilities incurred in connection with such termination.

ARTICLE 8
DEFINED BENEFIT PENSION PLANS

Section 8.01. Honeywell U.S. Defined Benefit Pension Plan. Notwithstanding Section 2.06 or any other provision of this Agreement to the contrary, following the Distribution, the Honeywell Group shall retain sponsorship of the Honeywell International Inc. Retirement Earnings Plan (the "Honeywell Pension Plan") and all assets and Liabilities arising out of or relating to the Honeywell Pension Plan; provided that, on or prior to the Distribution, Honeywell shall assign, and SpinCo shall accept such assignment (or cause such assignment to be accepted), to a new U.S. defined benefit pension plan sponsored by SpinCo (the "SpinCo U.S. Pension Plan") all Liabilities for vested and unvested benefits under the Honeywell Pension Plan relating to SpinCo Employees,

SpinCo LTD Employees and Former SpinCo Employees (the "SpinCo U.S. Pension Liabilities", and such individuals, the "SpinCo U.S. Pension Participants"). No later than the Distribution Date, SpinCo shall establish or maintain, or cause to be established or maintained, such SpinCo U.S. Pension Plan, which shall have material terms and conditions that are substantially identical to the terms and conditions of the Honeywell Pension Plan that apply to the SpinCo U.S. Pension Participants and shall be (or remain) qualified under Section 401(a) of the Code, and a trust which is part of such SpinCo U.S. Pension Plan and which shall be exempt from tax under Section 501(a) of the Code (the "SpinCo U.S. Pension Trust"). Each SpinCo. U.S. Pension Participant shall become a participant in the SpinCo U.S. Pension Plan as of the Distribution Date. As soon as reasonably practicable following the Distribution Date, Honeywell shall transfer (or cause to be transferred) from the Honeywell Pension Plan (or applicable trust related thereto) to the SpinCo U.S. Pension Trust an amount of assets from the Honeywell Pension Plan with a fair market value equal to the "Projected Benefit Obligation" (as defined in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 715) related to the SpinCo U.S. Pension Liabilities as of the Distribution Date, as calculated by an actuary designated by Honeywell using the actuarial assumptions and calculation procedures used by Honeywell in the determination of the most recent Projected Benefit Obligation amount disclosed by Honeywell in an applicable filing with the SEC in accordance with Accounting Standards Codification Topic 715-30, except that the discount rate assumption shall be the discount rate used by Honeywell for its internal modeling, reporting and financial statement purposes as of the last day of the calendar month immediately prior to the calendar month in which the Distribution Date occurs, with the fair market value of such transferred assets based on actual market values as of the date of transfer (and, for the avoidance of doubt, such amount of assets shall be determined and certified by an actuary in accordance with Section 414(l) of the Code and Treasury Regulation 1.414(l)-1 promulgated thereunder). The date of such transfer is hereinafter referred to as the "SpinCo U.S. Pension Transfer Date". Notwithstanding the foregoing, no transfer of Liabilities or assets shall be made from the Honeywell Pension Plan to the SpinCo U.S. Pension Plan until the later of (a) such date as agreed to between Honeywell and SpinCo in accordance with the TSA, if any, and (b) such time as Honeywell has determined, in its sole discretion, that (i) SpinCo has established the SpinCo U.S. Pension Trust, (ii) the SpinCo U.S. Pension Plan satisfies the requirements for a qualified plan under Section 401(a) of the Code, (iii) the SpinCo U.S. Pension Trust is exempt from tax under Section 501(a) of the Code and (iv) the parties have received all other approvals from all applicable Governmental Authorities (or other such approvals that are pending). Following the SpinCo U.S. Pension Transfer Date, Honeywell and the Honeywell Group shall have no further liability (either under this Agreement or otherwise) to provide the SpinCo U.S. Pension Participants with benefits under the Honeywell Pension Plan. The SpinCo U.S. Pension Plan and the SpinCo U.S. Pension Trust (and any successor to such plan and/or trust) shall provide that (i) with respect to assets transferred to the SpinCo Pension Plan from the Honeywell Pension Plan, such assets shall be held by the SpinCo U.S. Pension Trust for the exclusive benefit of the participants in the SpinCo U.S. Pension Plan, and (ii) the accrued benefits as of the Distribution Date of each SpinCo U.S. Pension Participant may not be decreased by amendment or otherwise. Following the date of this Agreement, Honeywell and SpinCo shall use commercially reasonable efforts to cooperate in administering the SpinCo U.S. Pension Plan, including by exchanging any necessary participant records, engaging recordkeepers, administrators, providers, insurers and other third parties and making any and all filings and submissions to the appropriate Governmental Authorities in effectuating the provisions of this Section 8.01 (including IRS Forms 5310-A in respect of the transfers of assets and, in the event that the transactions contemplated by this Agreement constitute a "reportable event" within the meaning of Section 4043 of ERISA and the regulations promulgated thereunder for which the applicable notice period has not been waived, timely notification to the Pension Benefit Guaranty Corporation and filing of all reports required in connection therewith). For the avoidance of doubt, the SpinCo U.S. Pension Plan shall be a SpinCo Benefit Plan. Notwithstanding anything to the contrary in this Agreement, for purposes of this Section 8.01, "Former SpinCo Employee" shall mean each individual who is listed on the attachments to the Honeywell Pension Plan and the SpinCo U.S. Pension Plan as of the SpinCo U.S. Pension Transfer Date.

Section 8.02. Non-U.S. Partial Transfer Pension Plans. Except as required by applicable Law or under the terms of a Local Agreement, Honeywell and SpinCo shall use commercially reasonable efforts to effectuate an assignment and transfer of Liabilities for vested and unvested benefits relating to SpinCo Employees, SpinCo LTD Employees and Former SpinCo Employees, and an amount of assets related thereto, under any non-U.S. defined benefit pension plans sponsored by Honeywell or a member of the Honeywell Group in respect of employees in Germany or Switzerland (each, a "Honeywell Partial Transfer Pension Plan") to a non-U.S. defined benefit pension plan or plans sponsored by SpinCo (each, a "SpinCo Partial Transfer Pension Plan") in accordance with the principles of Section 8.01 (or any analogous principles or other requirements under applicable Law), except that the amount of assets transferred from any such Honeywell Partial Transfer Pension Plan (or any trust related thereto) to a corresponding SpinCo Partial Transfer Pension Plan (or any trust related thereto) shall be determined on a plan-by-plan, country-by-country (or, if required by applicable Law, other jurisdiction-by-jurisdiction) basis and shall be equal to the amount required to be transferred by applicable Law or the terms of the applicable SpinCo Partial Transfer Pension Plan (including any insurance policies identified for any applicable participant), whichever is higher, in such country (or other required jurisdiction). For the avoidance of doubt, any such SpinCo Partial Transfer Pension Plan shall be a SpinCo Benefit Plan.

Section 8.03. Non-U.S. Full Transfer Pension Plans. Following the Distribution, the SpinCo Group shall retain sponsorship of the defined benefit pension plans in Ireland and Japan (the "SpinCo Full Transfer Pension Plans") and all assets and Liabilities arising out of or relating to such plans. For the avoidance of doubt, each of the SpinCo Full Transfer Pension Plans shall be a SpinCo Benefit Plan.

ARTICLE 9
DEFINED CONTRIBUTION PLANS

Section 9.01. SpinCo 401(k) Plan. Effective as of the Distribution, SpinCo shall establish a defined contribution plan that includes a qualified cash or deferred arrangement within the meaning of Section 401(k) of the Code (the "SpinCo 401(k) Plan") providing benefits to the SpinCo Employees participating in any qualified cash or deferred arrangement within the meaning of Section 401(k) of the Code sponsored by any member of the Honeywell Group (collectively, the "Honeywell 401(k) Plans") as of the Distribution.

Section 9.02. 401(k) Rollover. As of the Distribution, the Honeywell Group shall permit each SpinCo Employee to elect, and the SpinCo Group shall cause the SpinCo 401(k) Plan to accept, in accordance with applicable Law and the terms of the Honeywell 401(k) Plans and the SpinCo 401(k) Plan, a rollover of the account balances (including earnings through the date of transfer and promissory notes evidencing all outstanding loans) of such SpinCo Employee under the Honeywell 401(k) Plans, if such rollover is elected in accordance with applicable Law and the terms of the Honeywell 401(k) Plan and by such employee. Upon completion of a transfer of the account balances of any SpinCo Employee, as described in this Section 9.02, SpinCo and the SpinCo 401(k) Plan shall be responsible for all Liabilities of the Honeywell Group under the Honeywell 401(k) Plan with respect to any SpinCo Employee or Former SpinCo Employee whose account balance was

transferred to the SpinCo 401(k) Plan (and his or her respective beneficiaries), and the Honeywell Group and the Honeywell 401(k) Plan shall have no Liabilities to provide such participants (or any of their beneficiaries) with benefits under the Honeywell 401(k) Plan. In the event that the elections by SpinCo Employees pursuant to this Section 9.02 in connection with the Distribution result in a mass rollover, Honeywell and SpinCo shall use commercially reasonable efforts to cooperate to effect such mass rollover, including by exchanging any necessary participant records and engaging recordkeepers, administrators, providers, insurers and other third parties.

Section 9.03. Employer 401(k) Plan Contributions. The Honeywell Group shall remain responsible for making all employer contributions under the Honeywell 401(k) Plan with respect to any SpinCo Employees or Former SpinCo Employees relating to periods prior to the Distribution; provided that, prior to the rollover of any SpinCo Employee's or Former SpinCo Employee's account pursuant to Section 9.02, the Honeywell Group shall make all employer contributions with respect to such SpinCo Employee or Former SpinCo Employee required under the Honeywell 401(k) Plan for periods of time prior to the Distribution. Any such contributions that are unvested as of the Distribution shall be treated in accordance with the terms of the Honeywell 401(k) Plan. On and after the Distribution, the SpinCo Group shall be responsible for all employer contributions under the SpinCo 401(k) Plan with respect to any SpinCo Employees or Former SpinCo Employees.

Section 9.04. Stock Considerations. Following the Distribution, SpinCo Employees and Former SpinCo Employees shall not be permitted to acquire shares of Honeywell Common Stock in any stock fund under the SpinCo 401(k) Plan.

Section 9.05. Limitation of Liability. For the avoidance of doubt, Honeywell shall have no responsibility for any failure of SpinCo to properly administer the SpinCo 401(k) Plan in accordance with its terms and applicable Law, including any failure to properly administer the accounts of SpinCo Employees, Former SpinCo Employees and their respective beneficiaries, including accounts rolled over in accordance with Section 9.02, in such SpinCo 401(k) Plan.

Section 9.06. Non-U.S. Defined Contribution Plans. The treatment of any Honeywell Benefit Plan that is a defined contribution plan for the benefit of employees outside of the United States and in which any SpinCo Employee, SpinCo LTD Employee or Former SpinCo Employee participates (each, a "Non-U.S. DC Plan") shall be governed by the applicable Local Agreement; provided, that if a Local Agreement does not address the treatment of an applicable Non-U.S. DC Plan, then Honeywell and SpinCo shall use commercially reasonable efforts to cause any such Non-U.S. DC Plan to be treated in a manner that is consistent with applicable Law and, to the extent practicable, the general principles of this ARTICLE 9.

ARTICLE 10
NONQUALIFIED DEFERRED COMPENSATION

Section 10.01. SpinCo Nonqualified Deferred Compensation Plans. Notwithstanding Section 2.06 or any other provision of this Agreement to the contrary, following the Distribution, the Honeywell Group shall retain sponsorship of the Honeywell Nonqualified Deferred Compensation Plans and all assets and Liabilities arising out of or relating to the Honeywell Nonqualified Deferred Compensation Plans; provided that, except as required by applicable Law, on or prior to the Distribution, Honeywell shall assign, and SpinCo shall accept such assignment (or cause such assignment to be accepted), to a new nonqualified deferred compensation plan (or plans)

sponsored by SpinCo with terms and conditions that are substantially similar to the corresponding Honeywell Nonqualified Deferred Compensation Plan (together, the "SpinCo Nonqualified Deferred Compensation Plans") all Liabilities under the Honeywell Nonqualified Deferred Compensation Plans relating to SpinCo Employees, SpinCo LTD Employees and Former SpinCo Employees. The Parties hereto agree that none of the transactions contemplated by the Separation Agreement or any of the Ancillary Agreements, including this Agreement, will trigger a payment or distribution of compensation under the Honeywell Nonqualified Deferred Compensation Plans or the SpinCo Nonqualified Deferred Compensation Plans to any SpinCo Employee, SpinCo LTD Employee or Former SpinCo Employee (and their respective beneficiaries) and, consequently, that the payment or distribution of any compensation to which any SpinCo Employee, SpinCo LTD Employee or Former SpinCo Employee (and their respective beneficiaries) is entitled under the SpinCo Nonqualified Deferred Compensation Plans will occur upon the time or times provided for under the applicable SpinCo Nonqualified Deferred Compensation Plans and such SpinCo Employee's, SpinCo LTD Employee's or Former SpinCo Employee's deferral elections (which SpinCo shall cause such SpinCo Nonqualified Deferred Compensation Plans to recognize and maintain). Without limiting the generality of Section 4.01 and subject to Section 16.09, Honeywell and SpinCo shall use commercially reasonable efforts to cooperate in administering the SpinCo Nonqualified Deferred Compensation Plans for purposes of satisfying any obligations relating to the participation of any SpinCo Employee, SpinCo LTD Employee or Former SpinCo Employee, including by exchanging any necessary participant records and engaging recordkeepers, administrators, providers, insurers and other third parties. For the avoidance of doubt, each SpinCo Nonqualified Deferred Compensation Plan shall be a SpinCo Benefit Plan.

Section 10.02. No Transfer of Assets. Except as required by applicable Law, nothing in this Agreement shall require any member of the Honeywell Group or the Honeywell Nonqualified Deferred Compensation Plans to transfer assets or reserves with respect to the Honeywell Nonqualified Deferred Compensation Plans to any member of the SpinCo Group or the Spinco Nonqualified Deferred Compensation Plans.

Section 10.03. Employer Nonqualified Deferred Compensation Plan Contributions. The Honeywell Group shall remain responsible for making all employer contributions under the Honeywell Nonqualified Deferred Compensation Plans with respect to any SpinCo Employees, SpinCo LTD Employees or Former SpinCo Employees relating to periods prior to the Distribution. Any such contributions that are unvested as of the Distribution shall continue to vest in accordance with their terms. On and after the Distribution, the SpinCo Group shall be responsible for all employer contributions under the SpinCo Nonqualified Deferred Compensation Plans with respect to any SpinCo Employees, SpinCo LTD Employees or Former SpinCo Employees.

Section 10.04. Stock Considerations. Immediately prior to the Distribution, Honeywell shall cause any investments or notional investments in Honeywell Common Stock that are credited to any deferral accounts under the Honeywell Nonqualified Deferred Compensation Plans that will be transferred to a SpinCo Nonqualified Deferred Compensation Plan in accordance with Section 10.01 to be converted into a cash amount equal to the product of (a) the number of shares of Honeywell Common Stock in which such accounts are invested or notionally invested, multiplied by (b) the "regular way" closing price of a share of Honeywell Common Stock on the last trading day immediately prior to the Distribution Date (the "Converted NQDC Stock Amounts"). Following the Distribution, SpinCo Employees, SpinCo LTD Employees and Former SpinCo Employees shall not be permitted to acquire shares of Honeywell Common Stock in any stock fund or deferral account under the SpinCo Nonqualified Deferred Compensation Plans (and SpinCo shall cause the Converted NQDC Stock Amounts, if required under the terms of the applicable SpinCo Nonqualified Deferred Compensation Plan, to be invested or notionally invested in an investment other than Honeywell Common Stock).

Section 10.05. Limitation of Liability. Honeywell shall have no responsibility for any failure of SpinCo to properly administer the SpinCo Nonqualified Deferred Compensation Plans in accordance with their terms and applicable Law, including any failure to properly administer the accounts of SpinCo Employees, SpinCo LTD Employees or Former SpinCo Employees and their respective beneficiaries in such SpinCo Nonqualified Deferred Compensation Plans.

ARTICLE 11
VACATION

Section 11.01. Vacation. Upon the Distribution, the SpinCo Group shall assume and be solely responsible for all Liabilities for vacation accruals and benefits with respect to each SpinCo Employee; provided, however, that (a) for purposes of determining the number of vacation days to which such employee shall be entitled following the Distribution, SpinCo and its Subsidiaries shall assume and honor all vacation days accrued or earned but not yet taken by such employee, if any, as of the Distribution, and (b) to the extent such employee is entitled under any applicable Law or any policy of his or her respective employer that is a member of the Honeywell Group, as the case may be, to be paid for any vacation days accrued or earned but not yet taken by such employee as of the Distribution, SpinCo shall assume and be solely responsible for the Liability to pay for such vacation days.

ARTICLE 12
LONG-TERM INCENTIVE COMPENSATION AWARDS

Section 12.01. SpinCo Long-Term Incentive Plan. Prior to the Distribution, Honeywell shall cause SpinCo to adopt a long-term incentive plan or program, to be effective immediately prior to the Distribution (the "SpinCo Long-Term Incentive Plan") and Honeywell shall approve the SpinCo Long-Term Incentive Plan as the sole stockholder of SpinCo.

Section 12.02. Equity Award Adjustments. Each outstanding equity award granted under the Honeywell Equity Plans held by any individual as of the Distribution shall be adjusted in accordance with the resolutions adopted by the Management Development and Compensation Committee of Honeywell in connection with the Distribution. Equity awards that are covered by this Section 12.02 shall not be exercisable and/or settled during a period beginning on a date prior to the Distribution Date determined by Honeywell in its sole discretion, and continuing until the adjustments made pursuant to such resolutions are completed, as determined by Honeywell in its sole discretion. Equity awards that remain outstanding under the Honeywell Equity Plans shall remain subject to all terms and conditions of the Honeywell Equity Plans, including the adjustment provisions thereof. For the avoidance of doubt, this Section 12.02 shall not apply to any awards that are canceled or converted pursuant to Section 12.03.

Section 12.03. Treatment of Incentive Awards Upon Distribution. Notwithstanding anything in this Agreement, the Honeywell Equity Plans or an applicable award agreement to the contrary, the following shall apply to awards under the Honeywell Equity Plans held by SpinCo Employees (including GPUs) that remain outstanding as of the Distribution Date: (a) stock options that are vested as of the Distribution Date shall remain outstanding through the earlier of (i) exercise by the applicable SpinCo Employee and (ii) the applicable scheduled expiration date of such stock options (disregarding for purposes of this clause (ii) the effect of any termination of employment with the SpinCo Group), and shall otherwise remain subject to the terms of the applicable Honeywell Equity Plan (the "Continuing Options") and applicable award agreement; (b) stock option awards that were granted prior to January 1, 2018 and are unvested as of the Distribution Date shall be canceled effective as of the Distribution Date and, in respect of each such canceled stock option award, SpinCo shall grant to the applicable SpinCo Employee an award of restricted stock units relating to a number of shares of SpinCo Common Stock ("SpinCo RSUs") with a SpinCo RSU Value equal to the Spread Value of such canceled stock option award and with the same vesting schedule and other terms and conditions (other than any such terms and conditions that are not applicable to full-value stock awards) that applied to such canceled stock option award as of the Distribution Date; provided that any such stock option awards that have an exercise price per share of Honeywell Common Stock in excess of the "regular way" closing price of a share of Honeywell Common Stock on the last trading day immediately prior to the Distribution Date shall be canceled with no consideration payable therefor; (c) stock option awards that were granted in 2018 and remain unvested as of the Distribution Date shall be canceled effective as of the Distribution Date and, in respect of each such canceled stock option award, SpinCo shall grant to the applicable SpinCo Employee an award of SpinCo RSUs with a SpinCo RSU Value equal to the Formula Value of such canceled stock option award and with the same vesting schedule and other terms and conditions (other than any such terms and conditions that are not applicable to full-value stock awards) that applied to such canceled stock option award as of the Distribution Date; (d) restricted stock unit awards shall be canceled effective as of the Distribution Date and, in respect of each such canceled restricted stock unit award, SpinCo shall grant to the applicable SpinCo Employee an award of SpinCo RSUs with a SpinCo RSU Value equal to the Honeywell RSU Value and with the same vesting schedule and other terms and conditions that applied to such canceled restricted stock unit award as of the Distribution Date; (e) SpinCo shall assume the obligation to make payments in respect of all outstanding GPU awards granted to SpinCo Employees in respect of the 2016-2017 performance period applicable to such GPU awards, and shall make payments for such awards on the regularly scheduled payment date of such awards in the first calendar quarter of 2019, subject to the applicable SpinCo Employee's continued employment with SpinCo through the applicable payment date; (f) (i) performance stock units and cash units granted in respect of the Honeywell 2017-2019 Performance Plan, and (ii) performance-based restricted stock units granted prior to January 1, 2017 (the "Pre-2017 PSUs"), in each case that are held by the SpinCo Employees and outstanding as of the Distribution Date shall be canceled as of the Distribution Date and, in respect of such canceled awards, SpinCo shall grant to the applicable SpinCo Employees an award of SpinCo RSUs with a SpinCo RSU Value equal to a value determined by Honeywell based on the estimated performance against the performance metrics applicable to such 2017-2019 Performance Plan awards as of the latest practicable date prior to the Distribution Date (or, with respect to the Pre-2017 PSUs, based on Honeywell's relative total shareholder return over a truncated performance period ending immediately prior to the Distribution Date, as determined by Honeywell) and with the same vesting schedule and other terms and conditions (other than any performance vesting requirements or other performance criteria) that applied to such canceled awards as of the Distribution Date; and (g) any and all other long-term incentive awards (including, without limitation, any performance stock units and cash units granted in respect of the Honeywell 2018-2020 Performance Plan) shall be canceled as of the Distribution Date, and from and after the Distribution Date, Honeywell shall have no liabilities or other obligations arising out of or related to such awards; provided that, with respect to each of the conversions pursuant to clauses (b), (c), (d) and (f), the number of shares shall be rounded up to the nearest whole SpinCo share.

Section 12.04. Cooperation. For so long as any equity award in respect of Honeywell Common Stock is outstanding and held by a SpinCo Employee or Former SpinCo Employee, the Honeywell Group and the SpinCo Group shall reasonably cooperate in the exchange of information and take any action necessary to administer such equity awards following the Distribution, including the following: (a) SpinCo shall notify Honeywell in writing within five (5) days of any change in employment status (including, without limitation, termination of employment), (b) the Parties shall exchange any information necessary to satisfy their obligations under Section 12.03, (c) the Parties shall take any steps necessary to ensure that the employee-paid portion of any Taxes (including any Employment Taxes) required to be withheld upon the exercise of any such equity award is withheld by or paid over to, as applicable, the applicable Party responsible for remitting such amount to the appropriate Taxing Authority as promptly as reasonably practicable, (d) SpinCo shall provide payroll information to Honeywell in respect of SpinCo Employees and Former SpinCo Employees, including year-to-date amounts withheld for Federal Insurance Contribution Act Taxes, Medicare Taxes and supplemental compensation, (e) any U.S. Federal, state and local income Tax deduction arising as a result of the exercise of any Continuing Options held by a SpinCo Employee or Former SpinCo Employee shall be claimed by a member of the Honeywell Group; provided, however, that if a deduction claimed by a member of the Honeywell Group pursuant to this Section 12.04 is disallowed by a Taxing Authority for any reason, a member of the SpinCo Group shall amend its Tax Return to claim such deduction and pay to Honeywell an amount equal to the tax benefit actually realized by the SpinCo Group resulting from such deduction; provided, further, that Honeywell, upon the request of SpinCo, shall repay any amount paid to Honeywell under the immediately preceding proviso (plus any interest imposed by the relevant Taxing Authority) in the event SpinCo is required to surrender such tax benefit and (f) the Parties shall cooperate following the Distribution, so that the value of any tax benefit actually realized by any member of the Honeywell Group in connection with the vesting, settlement or exercise of any Award other than the Continuing Options shall be transferred to SpinCo following the Distribution.

Section 12.05. Treatment of Reimbursements. Any cash payment made by SpinCo to Honeywell in respect of any award exercised for Honeywell Common Stock pursuant to this ARTICLE 12 shall be treated by Honeywell and SpinCo for all Tax purposes as purchase price or partial purchase price for the shares of Honeywell Common Stock equal to the value of any such cash payment, and not as a distribution from SpinCo to Honeywell immediately prior to the Distribution or as consideration for any property contributed to SpinCo in connection with the transactions contemplated by the Separation Agreement. Any cash payment made by Honeywell to SpinCo pursuant to this ARTICLE 12 shall be treated for all Tax purposes as a contribution from Honeywell to SpinCo immediately prior to the Distribution.

Section 12.06. Treatment of UK Share Plan. Effective as of the Distribution, SpinCo Employees shall cease actively participating in the Honeywell Share Builder Plan (the "UK Share Purchase Plan") and shall no longer be entitled to make any additional contributions to such UK Share Purchase Plan to purchase Honeywell Common Stock, or to receive any "Matching Shares" as defined in the UK Share Purchase Plan. The Parties expect that SpinCo shall establish a similar plan to the UK Share Purchase Plan for the benefit of SpinCo Employees in the United Kingdom effective as of Distribution.

Section 12.07. Treatment of Irish Share Plan. Effective as of the Distribution, Honeywell Employees shall cease actively participating in the Honeywell International Technologies Limited Employees Share Ownership Plan (the "Irish ESOP") and the Honeywell Measurex (Ireland) Limited Group Employee Profit Sharing Scheme (the "Irish Profit Sharing Scheme"), and shall not be able to effectuate any additional share purchases thereunder. SpinCo shall retain or assume all Liabilities under the Irish ESOP and the Irish Profit Sharing Scheme.

ARTICLE 13
NON-U.S. EMPLOYEES

Section 13.01. Treatment of Non-U.S. Employees. Honeywell Employees and SpinCo Employees who reside outside of the United States or otherwise are subject to non-U.S. Law ("Non-U.S. Employees") and their related benefits and Liabilities shall be treated under this Agreement in the same manner as the Honeywell Employees and SpinCo Employees, respectively, who are residents of the United States and are not subject to non-U.S. Law; provided that, notwithstanding anything to the contrary in this Agreement, all actions taken with respect to such Non-U.S. Employees shall be subject to and accomplished in accordance with applicable Law in the custom of the applicable jurisdictions and may be effectuated by implementation of a Local Agreement. In the case of a conflict between the terms and provisions of this Agreement and a Local Agreement, the terms and provisions of such Local Agreement shall control.

ARTICLE 14
COOPERATION; ACCESS TO INFORMATION; LITIGATION; CONFIDENTIALITY

Section 14.01. Cooperation. Following the date of this Agreement, the Parties shall, and shall cause their respective Subsidiaries to, use commercially reasonable efforts to cooperate with respect to any employee compensation or benefits matters that either Party reasonably determines require the cooperation of the other Party in order to accomplish the objectives of this Agreement. Without limiting the generality of the preceding sentence, (a) Honeywell, SpinCo and their respective Subsidiaries shall cooperate in connection with any audits of any Benefit Plan with respect to which such Party may have Information, (b) Honeywell, SpinCo and their respective Subsidiaries shall cooperate in connection with any audits of their respective payroll services (whether by a Governmental Authority in the United States or otherwise) in connection with the services provided by one Party to the other Party and (c) Honeywell, SpinCo and their respective Subsidiaries shall cooperate in good faith in connection with the notification and consultation with labor unions and other employee representatives of employees of the Honeywell Group and the SpinCo Group. With respect to each Benefit Plan, the obligations of the Honeywell Group and the SpinCo Group to cooperate pursuant to this Section 14.01 or any other provision of this Agreement shall remain in effect until the later of (i) the date all audits of such Benefit Plan with respect to which a Party may have Information have been completed, (ii) the date the applicable statute of limitations with respect to such audits has expired and (iii) the date the Honeywell Group discharges all obligations to SpinCo Employees, Former SpinCo Employees and their respective beneficiaries under such Benefit Plan.

Section 14.02. Access to Information; Privilege; Confidentiality. Except as would be inconsistent with Section 14.01 or any other provision of this Agreement relating to cooperation, Article VII of the Separation Agreement is hereby incorporated into this Agreement *mutatis mutandi*.

ARTICLE 15
TERMINATION

Section 15.01. Termination. This Agreement may be terminated by Honeywell at any time, in its sole discretion, prior to the Distribution; provided, however, that this Agreement shall automatically terminate upon the termination of the Separation Agreement in accordance with its terms.

Section 15.02. Effect of Termination. In the event of any termination of this Agreement prior to the Distribution, none of the Parties (or any of its directors or officers) shall have any Liability or further obligation to any other Party under this Agreement.

ARTICLE 16
MISCELLANEOUS

Section 16.01. Incorporation of Indemnification Provisions of Separation Agreement. In addition to the specific indemnification provisions in this Agreement, Article VI of the Separation Agreement is hereby incorporated into this Agreement *mutatis mutandi*.

Section 16.02. Additional Indemnification. If the Parties determine that SpinCo is unable to establish any SpinCo Benefit Plan as of the Distribution Date (or the applicable Welfare Plan Date, if applicable) that it is required under this Agreement to establish by such date, then SpinCo shall indemnify, defend and hold harmless each of the Honeywell Indemnitees from and against any and all Liabilities of the Honeywell Indemnitees relating to, arising out of or resulting from participation by any SpinCo Employee, SpinCo LTD Employee or Former SpinCo Employee on or after the Distribution Date (or the applicable Welfare Plan Date) in any such Honeywell Benefit Plan due to the failure to timely establish such SpinCo Benefit Plan or Plans. In addition, SpinCo shall indemnify, defend and hold harmless each of the Honeywell Indemnitees from and against any and all Liabilities of the Honeywell Indemnities relating to, arising out of or resulting from any claim by any SpinCo Employee, SpinCo LTD Employee or Former SpinCo Employee that Honeywell or any other member of the Honeywell Group is a “joint employer” or “co-employer” (or term of similar meaning under applicable Law) with SpinCo or any other member of the SpinCo Group of any such SpinCo Employee, SpinCo LTD Employee or Former SpinCo Employee on or after the Distribution Date (including, except as otherwise specifically provided in this Agreement or the TSA, with respect to a claim that any of the foregoing are entitled to participate in any Honeywell Benefit Plan at any time on or after the Distribution Date).

Section 16.03. Further Assurances. Article IX of the Separation Agreement is hereby incorporated into this Agreement *mutatis mutandi.*

Section 16.04. Administration. SpinCo hereby acknowledges that Honeywell has provided or will provide administration services for certain SpinCo Benefit Plans, and SpinCo agrees to assume responsibility for the administration and administration costs of such plans and each other SpinCo Benefit Plan. The Parties shall cooperate in good faith to complete such transfer of responsibility on commercially reasonable terms and conditions effective no later than the Distribution or the applicable Welfare Plan Date or Workers’ Compensation Plan Date.

Section 16.05. Third-Party Beneficiaries. Except as otherwise may be provided in the Separation Agreement with respect to the rights of any Honeywell Indemnitee or SpinCo Indemnitee, (a) the provisions of this Agreement are solely for the benefit of the Parties hereto and are not intended to confer upon any Person except the Parties hereto any rights or remedies hereunder and (b) there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

Section 16.06. Employment Tax Reporting Responsibility. To the extent applicable, the Parties hereby agree to follow the alternate procedure for U.S. Employment Tax withholding as provided in Section 5 of Rev. Proc. 2004-53, I.R.B. 2004-35. Accordingly, except as otherwise provided in Section 12.04, the members of the Honeywell Group shall not have any Employment Tax reporting responsibilities, and the members of the SpinCo Group shall have full Employment Tax reporting responsibilities for SpinCo Employees on and after the Distribution.

Section 16.07. Data Privacy. The Parties agree that any applicable data privacy laws and any other obligations of the SpinCo Group and the Honeywell Group to maintain the confidentiality of any Information relating to employees in accordance with applicable Law shall govern the disclosure of Information relating to employees among the Parties under this Agreement. Honeywell and SpinCo shall ensure that they each have in place appropriate technical and organizational security measures to protect the personal data of the SpinCo Employees and Former SpinCo Employees. Additionally, each Party shall sign any documentation as may be required to comply with applicable data privacy Laws.

Section 16.08. Section 409A. Honeywell and SpinCo shall cooperate in good faith and use reasonable best efforts to ensure that the transactions contemplated by the Separation Agreement and the Ancillary Agreements, including this Agreement, will not result in adverse tax consequences under Section 409A of the Code to any SpinCo Employee or Former SpinCo Employee (or any of their respective beneficiaries), in respect of their respective benefits under any Benefit Plan.

Section 16.09. Confidentiality. (a) Each of Honeywell and SpinCo, on behalf of itself and each Person in its respective Group, shall, and shall cause its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives to, hold, in strict confidence and not release or disclose, with at least the same degree of care, but no less than a reasonable degree of care, that it applies to its own confidential and proprietary Information pursuant to policies in effect as of the Distribution, all Information concerning the other Group or its business that is either in its possession (including Information in its possession prior to the Distribution) or furnished by the other Group or its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives at any time pursuant to this Agreement and shall not use any such Information other than for such purposes as shall be expressly permitted hereunder, except, in each case, to the extent that such Information is (i) in the public domain through no fault of any member of the Honeywell Group or the SpinCo Group, as applicable, or any of its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives, (ii) later lawfully acquired from other sources by any of Honeywell, SpinCo or its respective Group, directors, officers, employees or agents, accountants, counsel and other advisors and representatives, as applicable, which sources are not themselves bound by a confidentiality obligation to the knowledge of any of Honeywell, SpinCo or Persons in its respective Group, as applicable, regarding such Information, (iii) independently generated without reference to any proprietary or confidential Information of the Honeywell Group or the SpinCo Group, as applicable, or (iv) required to be

disclosed by applicable Law; provided, however, that the Person required to disclose such Information gives the applicable Person prompt and, to the extent reasonably practicable, prior notice of such disclosure and an opportunity to contest such disclosure and shall use commercially reasonable efforts to cooperate, at the expense of the requesting Person, in seeking any reasonable protective arrangements requested by such Person. In the event that such appropriate protective order or other remedy is not obtained, the Person that is required to disclose such Information shall furnish, or cause to be furnished, only that portion of such Information that is legally required to be disclosed and shall take commercially reasonable steps to ensure that confidential treatment is accorded such Information. Notwithstanding the foregoing, each of Honeywell and SpinCo may release or disclose, or permit to be released or disclosed, any such Information concerning the other Group (A) to their respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives who need to know such Information (who shall be advised of the obligations hereunder with respect to such Information) and (B) to any nationally recognized statistical rating agency as it reasonably deems necessary, solely for the purpose of obtaining a rating of securities upon normal terms and conditions; provided, however, that the Party whose Information is being disclosed or released to such rating agency is promptly notified thereof.

(b) Without limiting the foregoing, when any Information concerning the other Group or its business is no longer needed for the purposes contemplated by this Agreement, each of Honeywell and SpinCo shall, promptly after request of the other Party, either return all Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other Party, as applicable, that it has destroyed such Information (and used commercially reasonable efforts to destroy all such Information electronically preserved or recorded within any computerized data storage device or component (including any hard-drive or database)).

Section 16.10. Additional Provisions. Article XI of the Separation Agreement is hereby incorporated into this Agreement *mutatis mutandi*.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

HONEYWELL INTERNATIONAL INC.

By: ______________________________

Name:

Title:

GARRETT MOTION INC.

By: ______________________________

Name:

Title:

Schedule 1.01

(a) SpinCo Employees

[To come.]

(b) Honeywell Employees

[To come.]

EXECUTION VERSION

Exhibit 2.5

INTELLECTUAL PROPERTY AGREEMENT

by and between

HONEYWELL INTERNATIONAL INC.

and

GARRETT MOTION INC.

Dated as of , 2018

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SCHEDULE G – Honeywell Content

INTELLECTUAL PROPERTY AGREEMENT, dated as of   , 2018 (this “Agreement”), by and between HONEYWELL INTERNATIONAL INC., a Delaware corporation (“Honeywell”), and GARRETT MOTION INC., a Delaware corporation (“SpinCo”).

RECITALS

WHEREAS, in connection with the contemplated Spin-Off of SpinCo and concurrently with the execution of this Agreement, Honeywell and SpinCo are entering into a Separation and Distribution Agreement (the “Separation Agreement”);

WHEREAS, pursuant to the Separation Agreement and the other Ancillary Agreements, as of the Distribution Date, the Honeywell IP has been allocated to the Honeywell Group and the SpinCo IP has been allocated to the SpinCo Group;

WHEREAS, the Parties wish to record the transfers of any registrations or applications of Honeywell IP and SpinCo IP, as applicable, to the extent the ownership thereof has transferred from a member of the Honeywell Group to a member of the SpinCo Group, or vice versa, pursuant to the Separation Agreement or any other Ancillary Agreement;

WHEREAS, pursuant to the Separation Agreement and the other Ancillary Agreements, as of the Distribution Date, the Honeywell IP allocated to the Honeywell Group includes the Honeywell Shared IP and the SpinCo IP allocated to the SpinCo Group includes the SpinCo Shared IP;

WHEREAS, it is the intent of the Parties that Honeywell grant a license to SpinCo in the Honeywell Shared IP, subject to the terms and conditions set forth in this Agreement;

WHEREAS, it is the intent of the Parties that SpinCo grant a license to Honeywell in the SpinCo Shared IP, subject to the terms and conditions set forth in this Agreement; and

WHEREAS, it is the intent of the Parties that Honeywell license certain other intellectual property rights to SpinCo and that SpinCo license certain other intellectual property rights to Honeywell.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. As used in this Agreement, the following terms have the meanings set forth below. Capitalized terms used, but not defined in this Agreement shall have the meanings ascribed to such terms in the Separation Agreement or any other Ancillary Agreement, as applicable.

"Bankruptcy Code" has the meaning set forth in Section 11.10.

"Copyright Assignment Agreement" has the meaning set forth in Section 2.01.

"Copyrights" means copyrights, works of authorship (including all translations, adaptations, derivations and combinations thereof), mask works, designs and database rights, including, in each case, any registrations and applications therefor.

"Divested Entity" has the meaning set forth in Section 8.02.

"Domain Name Assignment Agreement" has the meaning set forth in Section 2.01.

"Domain Names" means Internet domain names, including top level domain names and global top level domain names, URLs, social media identifiers, handles and tags.

"Honeywell Content" means the confidential and proprietary materials of Honeywell IP protected by Trade Secret and/or Copyright Law set forth on Schedule G.

"Honeywell IP" means all Intellectual Property Rights owned by the Honeywell Group or the SpinCo Group as of immediately prior to the Distribution, other than the SpinCo IP.

"Honeywell Shared IP" has the meaning set forth in Section 3.01(a).

"Honeywell Trade Secrets" means the Trade Secrets included in the Honeywell IP.

"Honeywell Trademarks" means the Trademarks included in the Honeywell IP.

"Intellectual Property Assignment Agreements" has the meaning set forth in Section 2.01.

"Intellectual Property Rights" or "IPR" means any and all intellectual property rights existing anywhere in the world associated with any and all (a) Patents, (b) Trademarks, (c) Copyrights, (d) Domain Names, (e) Software, (f) Trade Secrets and other confidential information, (g) all tangible embodiments of the foregoing in whatever form or medium and (h) any other legal protections and rights related to any of the foregoing. Intellectual Property Rights specifically excludes contractual rights (including license grants from third parties).

"Invention Disclosure Assignment Agreement" has the meaning set forth in Section 2.01.

"Party" means either party hereto, and "Parties" means both parties hereto.

"Patent Assignment Agreement" has the meaning set forth in Section 2.01.

"Patents" means patents (including all reissues, divisionals, continuations, continuations-in-part, reexaminations, supplemental examinations, inter partes review, post-grant oppositions, covered business methods reviews, substitutions and extensions thereof), patent registrations and applications, including provisional applications, statutory invention registrations, invention disclosures and inventions.

"R&D Projects" means the R&D Projects listed or described in Schedule F, each of which shall be subject to a separate agreement as set forth in Section 5.06.

"Software" means any and all (a) computer programs and applications, including any and all software implementations of algorithms, models and methodologies, whether in source code, object code, human readable form or other form, (b) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (c) descriptions, flow charts and other work product used to design, plan, organize and develop any of the foregoing, screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons, (d) all documentation including user manuals and other training documentation related to any of the foregoing and (e) all tangible embodiments of the foregoing in whatever form or medium now known or yet to be created, including all disks, diskettes and tapes.

"SpinCo Copyrights" means (i) unregistered Copyrights that are owned by the Honeywell Group or the SpinCo Group as of immediately prior to the Distribution and that are exclusively used in or related to the SpinCo Business and (ii) the registered Copyrights identified on Schedule E hereto.

"SpinCo Domain Names" means the Domain Names listed on Schedule D, in each case excluding any Trademarks containing "Honeywell" or any transliteration or translation thereof or any version of the "Honeywell and Design" logo.

"SpinCo IDs" means the invention disclosures listed or described on Schedule B.

"SpinCo IP" means (a) the SpinCo Patents, (b) the SpinCo Copyrights, (c) the SpinCo Domain Names, (d) the SpinCo Trade Secrets, (e) the SpinCo Trademarks and (f) the SpinCo IDs.

"SpinCo Patents" means the Patents identified on Schedule A.

"SpinCo Shared IP" has the meaning set forth in Section 4.01(a).

"SpinCo Trade Secrets" means the Trade Secrets known to the Parties that are owned by the Honeywell Group or SpinCo Group as of immediately prior to the Distribution and that are exclusively used by or related to the SpinCo Business.

"SpinCo Trademarks" means the Trademarks identified on Schedule C.

"Trade Secrets" means all forms and types of financial, business, scientific, technical, economic or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs or codes, whether tangible or intangible, and whether or how stored, compiled or memorialized physically, electronically, graphically, photographically or in writing, to the extent that the owner thereof has taken reasonable measures to keep such information secret and the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, the public.

“Trademark Assignment Agreement” has the meaning set forth in Section 2.01.

“Trademarks” means trademarks, service marks, trade names, logos, slogans, trade dress or other source identifiers, including any registration or any application for registration therefor, together with all goodwill associated therewith.

ARTICLE II
RECORDATION OF INTELLECTUAL PROPERTY RIGHTS ASSIGNMENT AGREEMENTS

Section 2.01. Intellectual Property Assignment Agreements. In order to carry out the intent of the Parties with respect to the recordation of the transfers of any registrations or applications of Honeywell IP or SpinCo IP, as applicable, to the extent the ownership thereof has transferred from a member of the Honeywell Group to a member of the SpinCo Group, or vice versa, pursuant to the Separation Agreement or any other Ancillary Agreement, the Parties shall, and shall cause their respective Group members (as applicable) to, execute intellectual property assignments in a form substantially similar to that attached as Exhibit A1 (the “Patent Assignment Agreement”), Exhibit A2 (the “Trademark Assignment Agreement”), Exhibit A3 (the “Copyright Assignment Agreement”), Exhibit A4 (the “Domain Name Assignment Agreement”) and Exhibit A5 (the “Invention Disclosure Assignment Agreement”) as well as such additional case specific assignments as deemed appropriate or necessary under applicable Laws (collectively, the “Intellectual Property Assignment Agreements”) for recordation with the appropriate Governmental Authority.

Section 2.02. Recordation. The relevant assignee Party shall have the sole responsibility, at its sole cost and expense, to file the Intellectual Property Assignment Agreements and any other forms or documents with the appropriate Governmental Authorities as required to record the transfer of any registrations or applications of Honeywell IP or SpinCo IP that is allocated under the Separation Agreement, as applicable, and the relevant assignor Party hereby consents to such recordation.

Section 2.03. Security Interests. Prior to, on and after the Distribution Date, each Party shall cooperate with the other Party, without any further consideration and at no expense to the other Party, to obtain, cause to be obtained or properly record the release of any outstanding Security Interest attached to any Honeywell IP or SpinCo IP, as applicable, and to take, or cause to be taken, all actions as the other Party may reasonably be requested to take in order to obtain, cause to be obtained or properly record such release.

ARTICLE III
LICENSES AND COVENANTS FROM HONEYWELL TO SPINCO

Section 3.01. License Grants.

(a) General. The Parties acknowledge that through the course of a history of integrated operations SpinCo and the members of the SpinCo Group have each

obtained knowledge of and access to, or otherwise used, certain Honeywell IP, including Patents, Trade Secrets, copyrighted content, proprietary know-how, and other Intellectual Property Rights that are not otherwise governed expressly by the Separation Agreement or the Ancillary Agreements or identified expressly in the schedules thereto (collectively, "Honeywell Shared IP"). With regard to the Honeywell Shared IP, the Parties seek to ensure that SpinCo has the freedom to use such Honeywell Shared IP in the future. Hence, as of the Distribution Date, Honeywell hereby grants, and agrees to cause the members of the Honeywell Group to hereby grant, to SpinCo and the members of the SpinCo Group a non-exclusive, royalty-free, fully-paid, perpetual, sublicenseable (solely to Subsidiaries and suppliers for "have-made" purposes), worldwide license to use and exercise rights under the Honeywell Shared IP (excluding Trademarks, the Honeywell Content and the subject matter of any other Ancillary Agreement), said license being limited to use of a similar type, scope and extent as used in the SpinCo Business prior to the Distribution Date and the natural growth and development thereof.

(b) Trademarks. The Parties acknowledge and agree that certain rights and obligations with respect to the use by the SpinCo Group of certain Honeywell Trademarks shall be set forth in the Trademark License Agreement. To the extent there is a conflict between the terms of this Agreement and the Trademark License Agreement, the terms of the Trademark License Agreement shall control.

(c) Additional Licenses. For a period of five (5) years after the Distribution Date, in the event any member of the SpinCo Group, in SpinCo's reasonable judgment, requires a license under any Honeywell IP in order to initiate and pursue any new technical projects not covered by the licenses granted in Section 3.01(a), the Parties shall negotiate in good faith to license such Honeywell IP to the applicable member of the SpinCo Group on commercially reasonable terms. Notwithstanding anything to the contrary, if the Parties cannot reach agreement with respect to the terms of a license to Honeywell IP pursuant to the immediately preceding sentence, the applicable member of the SpinCo Group shall be permitted to challenge the validity or enforceability of such Honeywell IP (it being understood that such challenge is the sole remedy available to SpinCo in the event Honeywell does not grant such license, without regard to whether Honeywell has negotiated in good faith).

Section 3.02. Other Covenants.

(a) Honeywell hereby acknowledges (on behalf of itself and each other member of the Honeywell Group) SpinCo's right, title and interest in and to the SpinCo IP. Honeywell agrees that it will not, and agrees to cause each member of the Honeywell Group not to, (i) initiate any Action against any member of the SpinCo Group or its Affiliates for infringement, misappropriation or other violation of any Honeywell IP, (ii) oppose, challenge, petition to cancel, contest or threaten in any way, or assist another party in opposing, challenging, petitioning to cancel, contesting or threatening in any way, any application or registration by SpinCo or its Affiliates or their respective licensees for any SpinCo IP, the use of which is consistent with the use of such SpinCo IP in connection with the SpinCo Business as of immediately prior to the Distribution Date, (iii) engage in any act, or purposefully omit to perform any act, that impairs or adversely affects the rights of SpinCo or any member of the SpinCo Group in and to any SpinCo IP or (iv) apply for any registration with respect to the SpinCo IP (including federal, state and national registrations), in each case of the foregoing clauses (i) – (iv) for a period of five (5) years after the Distribution Date, without the prior written consent of SpinCo, which consent shall not be unreasonably withheld, conditioned or delayed.

(b) SpinCo shall be responsible for policing, protecting and enforcing its own Intellectual Property Rights. Notwithstanding the foregoing, Honeywell will promptly give notice to SpinCo of any actual or threatened, unauthorized use or infringement of the SpinCo IP of which it receives notice, in each case for a period of five (5) years after the Distribution Date.

(c) Notwithstanding anything to the contrary in this Section 3.02, each member of the Honeywell Group shall be permitted to challenge the validity or enforceability of SpinCo IP, in each case solely in response to an Action initiated by a third party where failure to assert such challenge would reasonably be expected to materially prejudice any member of the Honeywell Group's defense to such Action; provided, that the applicable member(s) of the Honeywell Group shall use reasonable best efforts to provide SpinCo with reasonable written notice prior to initiating any such challenge.

(d) All SpinCo Trade Secrets shall be in or shall be moved to the physical possession of the SpinCo Group in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) prior to the Distribution Date. At the specific written request of SpinCo, Honeywell shall destroy or shall have destroyed any form or copy of any SpinCo Trade Secrets specified by SpinCo in such written request that are in the possession of Honeywell or any members of the Honeywell Group and were not used in the Honeywell Business as of immediately prior to the Distribution, other than SpinCo Trade Secrets that were electronically preserved or recorded by an electronic backup system prior to the Distribution Date and remain within a secure, encrypted data backup system that is subject to industry practice defense, protection and access restriction measures.

Section 3.03. Honeywell Content.

(a) Notwithstanding Section 3.01, Honeywell hereby grants, and agrees to cause the members of the Honeywell Group to hereby grant, to SpinCo and the members of the SpinCo Group, for a period of ten (10) years after the Distribution Date (unless earlier terminated in accordance with Section 3.03(c)), a non-exclusive, royalty-free, fully-paid, non-sublicenseable, non-transferable, worldwide license to use and reproduce the Honeywell Content solely for the SpinCo Group's internal business purposes. For the avoidance of doubt, the Parties acknowledge and agree that SpinCo may distribute the Honeywell Content internally through SpinCo's intranet in the same form and manner that it was distributed on the Honeywell intranet immediately prior to the Distribution Date; provided, that the Honeywell Content may not be used for any purpose other than the SpinCo Group's internal business purposes and may not be shared with any third party without the prior written consent of Honeywell.

(b) SpinCo shall, and shall cause each member of the SpinCo Group to, remove any Honeywell Trademarks or reference to the Honeywell Business appearing on any Honeywell Content as soon as reasonably practicable following the Distribution Date, but in no event later than one hundred and eighty (180) days after the Distribution Date.

(c) Without limiting ARTICLE VIII, the license granted to the SpinCo Group in Section 3.03(a) shall automatically terminate in the event (i) that any member of the SpinCo Group assigns, transfers, licenses or otherwise conveys any rights in or to the Honeywell Content to any third party or (ii) of (x) the sale of all or substantially all of the ownership interests in, or the assets of, any member of the SpinCo Group in a single transaction or a series of related transactions to one or more third parties, (y) any direct or indirect acquisition, consolidation or merger of any member of the SpinCo Group by, with or into any third party or (z) any spin-off, public offering or other corporate reorganization or single transaction or series of related transactions in which direct or indirect control of any member of the SpinCo Group is transferred to one or more third parties, including by transferring an excess of fifty percent (50%) of such member of the SpinCo Group's voting power, shares or equity, through a merger, consolidation, tender offer or similar transaction to one or more third parties.

ARTICLE IV
LICENSES AND COVENANTS FROM SPINCO TO HONEYWELL

Section 4.01. License Grants.

(a) General. The Parties acknowledge that through the course of a history of integrated operations Honeywell and the members of the Honeywell Groups have each obtained knowledge of and access to, or otherwise used, certain SpinCo IP, including Patents, Trade Secrets, copyrighted content, proprietary know-how, and other Intellectual Property Rights that are not otherwise governed expressly by the Separation Agreement or the Ancillary Agreements or identified expressly in the schedules thereto (collectively, "SpinCo Shared IP"). With regard to the SpinCo Shared IP, the Parties seek to ensure that Honeywell has the freedom to use such SpinCo Shared IP in the future. Hence, as of the Distribution Date, SpinCo hereby grants, and agrees to cause the members of the SpinCo Group to hereby grant, to Honeywell and the members of the Honeywell Group a non-exclusive, royalty-free, fully-paid, perpetual, sublicenseable (solely to Subsidiaries and suppliers for "have made" purposes), worldwide license to use and exercise rights under the SpinCo Shared IP (excluding Trademarks and the subject matter of any other Ancillary Agreement), said license being limited to use of a similar type, scope and extent as used in the Honeywell Business prior to the Distribution Date and the natural growth and development thereof.

(b) Additional Licenses. For a period of five (5) years following the Distribution Date, in the event any member of the Honeywell Group, in Honeywell's reasonable judgment, requires a license under any SpinCo IP in order to initiate and pursue any technical projects not covered by the licenses granted in Section 4.01(a), the Parties shall negotiate in good faith to license such SpinCo IP to the applicable member of the Honeywell Group on commercially reasonable terms. Notwithstanding anything to the contrary, if the Parties cannot reach agreement with respect to the terms of a license to SpinCo IP pursuant to the immediately preceding sentence, the applicable member of the Honeywell Group shall be permitted to challenge the validity or enforceability of such SpinCo IP (it being understood that such challenge is the sole remedy available to Honeywell in the event SpinCo does not grant such license, without regard to whether SpinCo has negotiated in good faith).

Section 4.02. Other Covenants.

(a) SpinCo hereby acknowledges (on behalf of itself and each other member of the SpinCo Group) Honeywell's right, title and interest in and to the Honeywell IP. SpinCo agrees that it will not, and agrees to cause each member of the SpinCo Group not to, (i) initiate any Action against any member of the Honeywell Group or its Affiliates for infringement, misappropriation or other violation of any SpinCo IP, (ii) oppose, challenge, petition to cancel, contest or threaten in any way, or assist another party in opposing, challenging, petitioning to cancel, contesting or threatening in any way, any application or registration by the Honeywell Group or its Affiliates or their respective licensees for any Honeywell IP, the use of which is consistent with the use of such Honeywell IP in connection with the Honeywell Business as of immediately prior to the Distribution Date, (iii) engage in any act, or purposefully omit to perform any act, that impairs or adversely affects the rights of Honeywell or any member of the Honeywell Group in and to any Honeywell IP or (iv) apply for any registration with respect to the Honeywell IP (including federal, state and national registrations), in each case of the foregoing clauses (i) – (iv) for a period of five (5) years after the Distribution Date, without the prior written consent of Honeywell, which consent shall not be unreasonably withheld, conditioned or delayed.

(b) Honeywell shall be responsible for policing, protecting and enforcing its own Intellectual Property Rights. Notwithstanding the foregoing, SpinCo will promptly give notice to Honeywell of any actual or threatened, unauthorized use or infringement of the Honeywell IP of which it receives notice, in each case for a period of five (5) years after the Distribution Date.

(c) Notwithstanding anything to the contrary in this Section 4.02, each member of the SpinCo Group shall be permitted to challenge the validity or enforceability of Honeywell IP, in each case solely in response to an Action initiated by a third party where failure to assert such challenge would reasonably be expected to materially any member of the SpinCo Group's defense to such Action; provided, that the applicable member(s) of the SpinCo Group shall use reasonable best efforts to provide Honeywell with reasonable written notice prior to initiating any such challenge.

(d) All Honeywell Trade Secrets shall be in or shall be moved to the physical possession of the Honeywell Group in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) prior to the Distribution Date. At the specific written request of Honeywell, SpinCo shall destroy or shall have destroyed any form or copy of Honeywell Trade Secrets specified in such written request by Honeywell that are in the possession of SpinCo or any members of the SpinCo Group and were not used in the SpinCo Business as of immediately prior to the Distribution, other than Honeywell Trade Secrets that were electronically preserved or recorded by an electronic backup system prior to the Distribution Date and remain within a secure, encrypted data backup system that is subject to industry practice defense, protection and access restriction measures.

ARTICLE V
ADDITIONAL INTELLECTUAL PROPERTY RELATED MATTERS

Section 5.01. Assignments and Licenses. No Party or any member of its Group may assign or grant a license in or to any of its Intellectual Property Rights licensed to the other Party or any member of its Group pursuant to ARTICLE III or ARTICLE IV, unless such assignment or grant is subject to the licenses, covenants and restrictions set forth herein. For the avoidance of doubt, a non-exclusive license grant shall be deemed subject to the licenses granted herein.

Section 5.02. No Implied Licenses. Nothing contained in this Agreement shall be construed as conferring any rights (including the right to sublicense) by implication, estoppel or otherwise, under any Intellectual Property Rights, other than as expressly granted in this Agreement, and all other rights under any Intellectual Property Rights licensed to a Party or the members of its Group hereunder are expressly reserved by the Party granting the license. The Party receiving the license hereunder acknowledges and agrees that the Party (or the applicable member of its Group) granting the license is the sole and exclusive owner of the Intellectual Property Rights so licensed.

Section 5.03. No Obligation To Prosecute or Maintain Patents. Except as expressly set forth in this Agreement, no Party or any member of its Group shall have any obligation to seek, perfect or maintain any protection for any of its Intellectual Property Rights. Without limiting the generality of the foregoing, except as expressly set forth in this Agreement, no Party or any member of its Group shall have any obligation to file any Patent application, to prosecute any Patent, or secure any Patent rights or to maintain any Patent in force.

Section 5.04. Technical Assistance. Except as expressly set forth in this Agreement, in the Separation Agreement or any other mutually executed agreement between the Parties or any of the members of their respective Groups, no Party or any member of its Group shall be required to provide the other Party with any technical assistance or to furnish any other Party with, or obtain on their behalf, any Intellectual Property Rights-related documents, materials or other information or technology.

Section 5.05. Group Members. Each Party shall cause the members of its Group to comply with all applicable provisions of this Agreement.

Section 5.06. R&D Projects. The Parties acknowledge and agree that the R&D Projects shall be governed by certain separate agreements between the Parties. To the extent there is a conflict between the terms of this Agreement and such agreements, the terms of such agreements shall control.

ARTICLE VI
CONFIDENTIAL INFORMATION

Section 6.01. Confidentiality. All Trade Secrets and other confidential information of a Party disclosed to the other Party under this Agreement (including the Honeywell Content) shall be deemed confidential and proprietary information of the disclosing Party, and shall be subject to the provisions of Section 7.09 of the Separation Agreement.

ARTICLE VII
LIMITATION OF LIABILITY AND WARRANTY DISCLAIMER

Section 7.01. Limitation on Liability. Without limiting the terms set forth in Section 6.09 of the Separation Agreement, none of Honeywell, SpinCo or any other member of either Group shall in any event have any Liability to the other or to any other member of the other's Group for any indirect, special, punitive or consequential damages, whether or not caused by or resulting from negligence or breach of obligations hereunder and whether or not informed of the possibility of the existence of such damages.

Section 7.02. Disclaimer of Representations and Warranties. Each of Honeywell (on behalf of itself and each other member of the Honeywell Group) and SpinCo (on behalf of itself and each other member of the SpinCo Group) understands and agrees that, except as expressly set forth in this Agreement, no Party is representing or warranting in any way, including any implied warranties of merchantability, fitness for a particular purpose, title, registerability, allowability, enforceability or non-infringement, as to any Intellectual Property Rights licensed hereunder, as to the sufficiency of the Intellectual Property Rights licensed hereunder for the conduct and operations of the SpinCo Business or the Honeywell Business, as applicable, as to the value or freedom from any Security Interests of, or any other matter concerning, any Intellectual Property Rights licensed hereunder, or as to the absence of any defenses or rights of setoff or freedom from counterclaim with respect to any claim or other Intellectual Property Rights of any such Party, or as to the legal sufficiency of any assignment, document or instrument delivered hereunder to convey title to any Intellectual Property Rights or thing of value upon the execution, delivery and filing hereof or thereof. Except as may expressly be set forth herein, any such Intellectual Property Rights are being licensed on an "as is," "where is" basis and the respective licensee shall bear the economic and legal risks related to the use of the Shared Honeywell IP in the SpinCo Business or the Shared SpinCo IP in the Honeywell Business, as applicable.

ARTICLE VIII
TRANSFERABILITY AND ASSIGNMENT

Section 8.01. No Assignment or Transfer Without Consent. Except as expressly set forth in this Agreement, neither this Agreement nor any of the rights, interests or obligations under this Agreement, including the licenses granted pursuant to this Agreement, shall be assigned, in whole or in part, by operation of Law or otherwise by either Party without the prior written consent of the other Party. Any purported assignment without such consent shall be void. Notwithstanding the foregoing, if any Party to this Agreement (or any of its successors or permitted assigns) (a) shall enter into a consolidation or merger transaction in which such Party is not the surviving entity and the surviving entity acquires or assumes all or substantially all of such Party's assets, or (b) shall transfer all or substantially all of such Party's assets to any Person, or (c) shall assign this Agreement to such Party's Affiliates; then, in each such case, the assigning Party (or its successors or permitted assigns, as applicable) shall ensure that the assignee or successor-in-interest expressly assumes in writing all of the obligations of the assigning Party under this Agreement, and the assigning Party shall not be required to seek consent, but shall provide written notice and evidence of such assignment, assumption or succession to the non-assigning Party. Subject to the preceding sentences, this Agreement will

be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns. No assignment permitted by this Section 8.01 shall release the assigning Party from liability for the full performance of its obligations under this Agreement. For the avoidance of doubt, in no event will the licenses granted in this Agreement extend to products, product lines, services, apparatus, devices, systems, components, hardware, software, processes, solutions, any combination of the foregoing, or other offerings of the assignee existing on or before the date of the transaction described in clauses (a) or (b) of the preceding sentence, except to the extent that they were licensed under the terms of this Agreement prior to such transaction.

Section 8.02. Divested Businesses. In the event a Party divests a business by (a) spinning off a member of its Group by its sale or other disposition to a third party, (b) reducing ownership or control in a member of its Group so that it no longer qualifiers as a member of its Group under this Agreement or (c) selling or otherwise transferring a line of business to a third party (each such divested entity/line of business, a "Divested Entity"), the Divested Entity shall retain those licenses granted to it under this Agreement provided that the license shall be limited to the business of the Divested Entity as of the date of divestment and the natural development thereof. The retention of any license grants are subject to the Divested Entity's and, in the event it is acquired by a third party, such third party's execution and delivery to the non-transferring Party, within 90 days of the effective date of such divestment, of a duly authorized, written undertaking, agreeing to be bound by the applicable terms of this Agreement. For the avoidance of doubt, in no event will the licenses retained by a Divested Entity extend to products, product lines, services, apparatus, devices, systems, components, hardware, software, processes, solutions, any combination of the foregoing, or other offerings of a third party acquirer existing on or before the date of the divestment, except to the extent that they were licensed under the terms of this Agreement prior to such divestment.

ARTICLE IX
TERMINATION

Section 9.01. Termination by Both Parties. Subject to Section 9.02, this Agreement may not be terminated except by an agreement in writing signed by a duly authorized officer of each of the Parties.

Section 9.02. Termination prior to the Distribution. This Agreement may be terminated by Honeywell at any time, in its sole discretion, prior to the Distribution; provided, however, that this Agreement shall automatically terminate upon the termination of the Separation Agreement in accordance with its terms.

Section 9.03. Effect of Termination; Survival. In the event of any termination of this Agreement prior to the Distribution, neither Party (nor any member of their Group or any of their respective directors or officers) shall have any Liability or further obligation to the other Party or any member of its Group under this Agreement. Except with respect to termination of the Agreement under Section 9.02, notwithstanding anything in this Agreement to the contrary, ARTICLE I, ARTICLE VI, ARTICLE VII, this Section 9.03 and ARTICLE XI shall survive any termination of this Agreement.

ARTICLE X
FURTHER ASSURANCES

Section 10.01. Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties shall use reasonable best efforts, prior to, on and after the Distribution Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws and agreements to consummate and make effective the transactions contemplated by this Agreement.

(b) Without limiting the foregoing, prior to, on and after the Distribution Date, each Party shall cooperate with the other Party, without any further consideration, but at the expense of the requesting Party, (i) to execute and deliver, or use reasonable best efforts to execute and deliver, or cause to be executed and delivered, all instruments, including any instruments of conveyance, assignment and transfer as such Party may reasonably be requested to execute and deliver by the other Party, (ii) to make, or cause to be made, all filings with, and to obtain, or cause to be obtained, all Consents of any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument, and (iii) to take, or cause to be taken, all such other actions as such Party may reasonably be requested to take by the other Party from time to time, consistent with the terms of this Agreement, in order to effectuate the provisions and purposes of this Agreement and any transfers of Intellectual Property Rights or assignments and assumptions of Liabilities related thereto as set forth in the Separation Agreement.

ARTICLE XI
MISCELLANEOUS

Section 11.01. Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement may be executed in one or more counterparts, all of which counterparts shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party. This Agreement may be executed by facsimile or PDF signature and scanned and exchanged by electronic mail, and such facsimile or PDF signature or scanned and exchanged copies shall constitute an original for all purposes.

(b) This Agreement and the Exhibits and Schedules hereto contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties with respect to the subject matter hereof other than those set forth or referred to herein or therein.

(c) Honeywell represents on behalf of itself and each other member of the Honeywell Group, and SpinCo represents on behalf of itself and each other member of the SpinCo Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes, or will constitute, a valid and binding agreement of it enforceable in accordance with the terms thereof.

Section 11.02. Dispute Resolution. In the event that either Party, acting reasonably, forms the view that another Party has caused a material breach of the terms of this Agreement, then the Party that forms such a view shall serve written notice of the alleged breach on the other Parties and the Parties shall work together in good faith to resolve any such alleged breach within thirty (30) days of such notice (a "Dispute"). If any such alleged breach is not so resolved, then a senior executive of each Party shall, in good faith, attempt to resolve any such alleged breach within the following thirty (30) days of the referral of the matter to the senior executives. If no resolution is reached with respect to any such alleged breach in accordance with the procedures contained in this Section 11.02, then the Parties may seek to resolve such matter in accordance with Section 11.03, Section 11.04 and Section 11.06

Section 11.03. Governing Law; Jurisdiction. Any disputes arising out of or relating to this Agreement, including to its execution, performance or enforcement, shall be governed by, and construed in accordance with, the Laws of the State of New York, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof. Each Party irrevocably consents to the exclusive jurisdiction, forum and venue of any state or federal court sitting in New York City in the State of New York over any and all claims, disputes, controversies or disagreements between the Parties or any of their respective Affiliates, successors and assigns under or related to this Agreement or any of the transactions contemplated hereby, including their execution, performance or enforcement, whether in contract, tort or otherwise. Each of the Parties hereby agrees that it shall not assert and shall hereby waive any claim or right or defense that it is not subject to the jurisdiction of such courts, that the venue is improper, that the forum is inconvenient or any similar objection, claim or argument. Each Party agrees that a final judgment in any legal proceeding resolved in accordance with this Section 11.03, Section 11.04, Section 11.05 and Section 11.06 shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

Section 11.04. Waiver of Jury Trial. EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY INCLUDING THEIR EXECUTION, PERFORMANCE OR ENFORCEMENT, WHETHER IN CONTRACT, TORT OR OTHERWISE. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS.

Section 11.05. Court-Ordered Interim Relief. In accordance with Section 11.04 and this Section 11.05, at any time after giving notice of a Dispute, each Party shall be entitled to interim measures of protection duly granted by a court of competent jurisdiction: (1) to preserve the status quo pending resolution of the Dispute; (2) to prevent the destruction or loss of documents and other information or things relating to the Dispute; or (3) to prevent the transfer, disposition or hiding of assets. Any such interim measure (or a request therefor to a court of competent jurisdiction) shall not be deemed incompatible with the provisions of Section 11.02, Section 11.03 and Section 11.04. Until such Dispute is resolved in accordance with Section 11.02 or final judgment is rendered in accordance with Section 11.03 and Section 11.04, each Party agrees that such Party shall continue to perform its obligations under this Agreement and that such obligations shall not be subject to any defense or set-off, counterclaim, recoupment or termination.

Section 11.06. Specific Performance. Subject to Section 11.02 and Section 11.05, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the affected Party shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The other Party shall not oppose the granting of such relief on the basis that money damages are an adequate remedy. The Parties agree that the remedies at Law for any breach or threatened breach hereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at Law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived.

Section 11.07. Third-Party Beneficiaries. Except as otherwise expressly set forth herein or as otherwise may be provided in the Separation Agreement with respect to the rights of any Honeywell Indemnitee or SpinCo Indemnitee, (a) the provisions of this Agreement are solely for the benefit of the Parties hereto and are not intended to confer upon any Person except the Parties hereto any rights or remedies hereunder and (b) there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

Section 11.08. Notices. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when (a) delivered in person, (b) on the date received, if sent by a nationally recognized delivery or courier service or (c) upon the earlier of confirmed receipt or the fifth (5th) business day following the date of mailing if sent by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

If to Honeywell, to:

Honeywell International Inc.
115 Tabor Road
Morris Plains, NJ 07950
Attn:
email:

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Attn: Scott A. Barshay
Steven J. Williams
email: sbarshay@paulweiss.com
swilliams@paulweiss.com
Facsimile: 212-492-0040

If to SpinCo, to:

Garrett Motion Inc.

Attn:
email:

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Attn: Scott A. Barshay
Steven J. Williams
email: sbarshay@paulweiss.com
swilliams@paulweiss.com
Facsimile: 212-492-0040

Either Party may, by notice to the other Party, change the address to which such notices are to be given. Each Party agrees that nothing in this Agreement shall affect the other Party's right to serve process in any other manner permitted by Law (including pursuant to the rules for foreign service of process authorized by the Hague Convention).

Section 11.09. Export Control. Each Party agrees that it shall comply with all applicable national and international laws and regulations relating to export control in its country(ies), if any, involving any commodities, software, services or technology within the scope of this Agreement.

Section 11.10. Bankruptcy. The Parties acknowledge and agree that all rights and licenses granted by the other under or pursuant to this Agreement are, and shall otherwise be

deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code, as amended (the "Bankruptcy Code"), licenses of rights to "intellectual property" as defined under Section 101 of the Bankruptcy Code. The Parties agree that, notwithstanding anything else in this Agreement, Honeywell and the members of the Honeywell Group and SpinCo and the members of the SpinCo Group, as licensees of such intellectual property rights under this Agreement, shall retain and may fully exercise all of its rights and elections under the Bankruptcy Code (including Honeywell's and the Honeywell Group members' and SpinCo's and the SpinCo Group members' right to the continued enjoyment of the rights and licenses respectively granted by under this Agreement).

Section 11.11. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon any such determination, any such provision, to the extent determined to be invalid, void or unenforceable, shall be deemed replaced by a provision that such court determines is valid and enforceable and that comes closest to expressing the intention of the invalid, void or unenforceable provision.

Section 11.12. Expenses. Except as otherwise expressly provided in this Agreement, (i) all third-party fees, costs and expenses incurred by either the Honeywell Group or the SpinCo Group in connection with the provisions of this Agreement prior to or on the Distribution Date, whether payable prior to, on or following the Distribution Date (but excluding, for the avoidance of doubt, any financing fees or interest payable in respect of any indebtedness incurred pursuant to the Debt Incurrence), will be borne and paid by Honeywell, and (ii) all third-party fees, costs and expenses incurred by either the Honeywell Group or the SpinCo Group in connection with the provisions of this Agreement following the Distribution Date, whether payable prior to, on or following the Distribution Date, will be borne and paid by the Party incurring such fee, cost or expense.

Section 11.13. Headings. The article, section and paragraph headings contained in this Agreement, including in the table of contents of this Agreement, are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 11.14. Survival of Covenants. Except as expressly set forth in this Agreement, the covenants in this Agreement and the Liabilities for the breach of any obligations in this Agreement shall survive the Spin-Off and shall remain in full force and effect.

Section 11.15. Waivers of Default. No failure or delay of any Party (or the applicable member of its Group) in exercising any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default.

Section 11.16. Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of each Party.

Section 11.17. Interpretation. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires. The terms "hereof," "herein," "herewith" and words of similar import, unless otherwise stated, shall be construed to refer to this Agreement as a whole (including all of the schedules hereto) and not to any particular provision of this Agreement. Article, Section or Schedule references are to the articles, sections and schedules of or to this Agreement unless otherwise specified. Any capitalized terms used in any Schedule to this Agreement but not otherwise defined therein shall have the meaning as defined in this Agreement. Any definition of or reference to any agreement, instrument or other document herein (including any reference herein to this Agreement) shall, unless otherwise stated, be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein, including in Section 11.15 above). The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless the context otherwise requires or unless otherwise specified. The word "or" shall not be exclusive. All references to "$" or dollar amounts are to lawful currency of the United States of America. In the event that an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring either Party by virtue of the authorship of any provisions hereof.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Intellectual Property Agreement to be executed by their duly authorized representatives.

HONEYWELL INTERNATIONAL INC.

By: ______________________________

Name:

Title:

GARRETT MOTION INC.

By: ______________________________

Name:

Title:

[Signature Page to Intellectual Property Agreement]

EXECUTION VERSION

Exhibit 2.6

TRADEMARK LICENSE AGREEMENT

by and between

HONEYWELL INTERNATIONAL INC.

and

GARRETT TRANSPORTATION SYSTEMS INC.

Dated as of , 2018

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TRADEMARK LICENSE AGREEMENT, dated as of , 2018 (this "Agreement"), by and between HONEYWELL INTERNATIONAL INC., a Delaware corporation ("Licensor"), and GARRETT TRANSPORTATION SYSTEMS INC., a Delaware corporation ("Licensee").

RECITALS

WHEREAS, in connection with the contemplated Spin-Off of Licensee and concurrently with the execution of this Agreement, Licensor and Licensee are entering into a Separation and Distribution Agreement (the "Separation Agreement");

WHEREAS, Licensor is the owner of the Licensed Trademarks; and

WHEREAS, Licensee desires to acquire a license to use the Licensed Trademarks for a transitional basis, and Licensor is willing to grant such license pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. As used in this Agreement, the following terms have the meanings set forth below. Capitalized terms used, but not defined in this Agreement shall have the meanings ascribed to such terms in the Separation Agreement.

"Domain Names" means Internet domain names, including top level domain names and global top level domain names, URLs, social media identifiers, handles and tags.

"Enforcement Action" has the meaning set forth in Section 2.02(b).

"Existing Products" means the inventory of those Licensed Products existing as of the date hereof and included in the SpinCo Assets.

"Licensed Products" means each type of product manufactured, assembled, sold or distributed by the SpinCo Business as of the date hereof that contains, bears, displays or uses any Licensed Trademarks.

"Licensed Trademarks" shall mean the Trademarks set forth in Schedule A.

"New Products" means Licensed Products manufactured and assembled by Licensee after the date hereof and in accordance with this Agreement.

"Packaging" means, with respect to any Licensed Products, containers, product tags, product literature, labels, packaging or other similar materials that contain, bear, display or use any Licensed Trademarks in accordance with this Agreement.

“Party” means either party hereto, and “Parties” means both parties hereto.

“Term” has the meaning set forth in Section 8.01.

“Trademark Guidelines” has the meaning set forth in Section 5.02(b).

“Trademarks” means trademarks, service marks, trade names, logos, slogans, trade dress or other source identifiers, including any registration or any application for registration therefor, together with all goodwill associated therewith.

ARTICLE II
GRANT

Section 2.01. Licenses. Subject to the terms and conditions of this Agreement, Licensor hereby grants, and agrees to cause the members of the Honeywell Group to hereby grant, to Licensee and the members of the SpinCo Group the following fully paid-up, royalty free, non-sublicensable (except as permitted by Section 2.02), non-assignable and non-transferable, non-exclusive, worldwide licenses to use the Licensed Trademarks:

(a) Products and Packaging:

(i) for a period of twelve (12) months following the Distribution Date, in connection with using equipment and tooling included in the SpinCo Assets for the manufacture and assembly of New Products and Packaging therefor;

(ii) for a period of eighteen (18) months following the Distribution Date, in connection with the sale or distribution of Existing Products and New Products and Packaging therefor; provided, that Licensee shall promptly arrange for the destruction of any such Existing Products and New Products, as applicable, that remain unsold following such eighteen (18) month period;

provided, that, the time periods set forth in each case of the foregoing clauses (i) – (ii) shall be extended for such additional period of time, not to exceed six (6) months, as may be required to obtain any license, permit, consent, approval or authorization from an applicable Governmental Authority that is required to cease using the Licensed Trademarks on any Licensed Products or Packaging therefor in connection with the import or export thereof; provided, further, that Licensee uses, and causes the members of the SpinCo Group to use, commercially reasonable efforts to obtain any such license, permit, consent, approval or authorization as soon as reasonably practicable after the Distribution Date;

(b) Building Signage: for a period of six (6) months following the Distribution Date, in connection with external building signage that contains, bears, displays or uses any Licensed Trademark; provided, that, such six (6) month period shall be extended for such additional period of time as may be required to obtain any license, permit, consent, approval or authorization from an applicable Governmental Authority or building landlord that is required to remove the Licensed Trademarks from any such external building signage, provided, further, that Licensee uses, and causes the members of the SpinCo Group to use, commercially reasonable efforts to obtain any such license, permit, consent, approval or authorization as soon as reasonably practicable after the Distribution Date; and

(c) Other Uses: for a period of six (6) months following the Distribution Date, in connection with continuing the use of any other SpinCo Assets, not addressed in the foregoing clauses (a) or (b), that contain, bear, display or use any Licensed Trademark as of the date hereof, including product literature, store displays, billboards, advertisements, vehicle and equipment markings, stationary, sales literature, purchase orders, forms, business cards, invoices, contracts or on letterhead and other media;

provided, further, that, in each case of the foregoing clauses (a) – (c) of this Section 2.01, all such uses shall be in a manner consistent with the operation of the SpinCo Business immediately prior to the Distribution Date.

Section 2.02. Dealers, Distributors and Other Service Providers.

(a) Sublicense Rights. The licenses granted to Licensee in Section 2.01(a) and Section 2.01(c) include the right to grant sublicenses to dealers, distributors and other service providers of Licensee and the SpinCo Group in the ordinary course of business (collectively, "SpinCo Dealers"); provided, that Licensee uses commercially reasonable efforts to ensure that the terms of any sublicense are consistent with the terms of this Agreement and that any such sublicensee complies with such sublicense. Without limiting the foregoing, Licensee shall use commercially reasonable efforts to cause all SpinCo Dealers to cease any and all use of the Licensed Trademarks after the applicable time periods set forth in this Agreement.

(b) Enforcement Rights. Without limiting Section 2.02(a), Licensor shall have the right to enforce and protect the Licensed Trademarks against any failure by or on behalf of a SpinCo Dealer to cease use of the Licensed Trademarks after the applicable time periods set forth in or to otherwise comply with this Agreement by any means, including any legal proceeding or other enforcement action (each, an "Enforcement Action"). With respect to any then-current SpinCo Dealer, Licensee shall reimburse Licensor for all costs and expenses incurred by or on behalf of Licensor in connection with such Enforcement Action, and with respect to any former SpinCo Dealer, such Enforcement Action shall be at Licensor's expense. Licensee shall provide reasonable assistance to Licensor in connection with any Enforcement Action; provided, that, with respect to any former SpinCo Dealer, such assistance shall be at Licensor's expense.

Section 2.03. Efforts to Remove. Notwithstanding the rights set forth in this Article II, Licensee shall use commercially reasonable efforts to remove and cease using, and shall cause each member of the SpinCo Group to use commercially reasonable efforts to remove and cease using, any Licensed Trademarks that prominently appear on any publicly available or promotional materials used by any member of the SpinCo Group or their Affiliates within the SpinCo Business as soon as reasonably practical following the Distribution Date.

Section 2.04. Records. Notwithstanding anything in this Agreement to the contrary, and without limiting the rights otherwise granted in this Article II the SpinCo Group shall have the right, at all times before, during and after the Distribution Date, to retain records and other historical or archived documents containing or referencing the Licensed Trademarks.

Section 2.05. No Implied Licenses. Nothing contained in this Agreement shall be construed as conferring any rights (including the right to sublicense) by implication, estoppel or otherwise, under any Intellectual Property Rights, other than as expressly granted in this Agreement, and all other rights under any Intellectual Property Rights licensed to a Party or the members of its Group hereunder are expressly reserved by the Party granting the license. Licensee shall not, and shall cause members of the SpinCo Group not to, use the Licensed Trademarks except as set forth in this Agreement. All goodwill generated by Licensee's and the SpinCo Group's use of the Licensed Marks inures solely to the benefit of Licensor.

ARTICLE III
RESTRICTIONS

Section 3.01. Restrictions on Use. Except as expressly permitted in this Agreement, Licensee shall not, and agrees to cause the members of the SpinCo Group and to use commercially reasonable efforts to cause any SpinCo Dealers not to:

(a) use any of the Licensed Trademarks in a way that would reasonably be expected to (i) tarnish, degrade, disparage or reflect adversely on a Licensed Trademark or Licensor's or any member of the Honeywell Group's business or reputation, (ii) dilute or otherwise harm the value, reputation or distinctiveness of or Licensor's goodwill used in connection with or symbolized by any Licensed Trademark or (iii) invalidate or cause the cancellation or abandonment of any Licensed Trademark; or

(b) adopt, use, register or file applications to register, acquire or otherwise obtain, in any jurisdiction, any Trademark or Domain Name that consists of, incorporates or is confusingly similar to or dilutive of, or is a variation, derivation or modification of, any Licensed Trademark.

ARTICLE IV
OWNERSHIP

Section 4.01. Ownership. Licensee acknowledges that the Licensed Trademarks are the exclusive and sole property of Licensor, and Licensee agrees that it will not contest Licensor's ownership or validity of the Licensed Trademarks. Nothing in this Agreement shall confer in Licensee any right of ownership in any Licensed Trademarks, and Licensee shall not make any representation to that effect or use the Licensed Trademarks in a manner that suggests that such rights are conferred.

Section 4.02. No Obligation to Prosecute or Maintain Trademarks. Neither Licensor nor any member of the Honeywell Group shall have any obligation to seek, perfect or maintain any protection for any of the Licensed Trademarks. Without limiting the generality of the foregoing, except as expressly set forth in this Agreement, neither Licensor nor any member of the Honeywell Group shall have any obligation to file any Trademark application, to prosecute any Trademark or secure any Trademark rights or to maintain any Trademark in force.

ARTICLE V
QUALITY CONTROL

Section 5.01. Samples. Licensee agrees, upon Licensor's reasonable request, to furnish to Licensor representative samples of marketing materials used, distributed, sold or otherwise disposed of by Licensee that include or refer to the Licensed Trademarks. Licensee shall manufacture, assemble and distribute the Licensed Products according to standards that are, and a level of quality that is either (i) substantially the same as the standards and quality of the SpinCo Business as of immediately prior to the Distribution, or (ii) approved in writing by Licensor prior to the manufacture, assembly or distribution of the Licensed Products.

Section 5.02. Conditions Applicable to the Appearance of the Licensed Trademarks.

(a) Licensee agrees to comply with the rules set forth on Schedule B ("Trademark Guidelines") with respect to the appearance and manner of use of the Licensed Trademarks, as such rules may be amended by Licensor from time to time in Licensor's sole discretion. It being understood and agreed that such rules shall be consistent with the rules set forth as of immediately prior to the Distribution Date. Licensor agrees to notify Licensee in writing of any changes to the Trademark Guidelines. Licensee's and the SpinCo Group's obligation to comply with revised Trademark Guidelines shall be prospective from the date of notification of any such changes thereto, and Licensee shall not be required to modify any materials complying with the prior guidelines that were distributed, sold or otherwise disposed of prior to such notification. Any changes to any form of use of the Licensed Trademarks not specifically provided for pursuant to the Trademark Guidelines shall be adopted by Licensee only upon prior approval in writing by Licensor.

(b) Prior to any use of any Licensed Trademark that would be materially different from the uses made prior to the Distribution Date, Licensee shall submit samples of any such use of the Licensed Trademarks to Licensor for approval. Such samples shall be sent to: (by email to). Such approval by Licensor shall not be unreasonably withheld, conditioned or delayed.

Section 5.03. Protection of Licensed Trademarks.

(a) Licensee shall take reasonable steps to avoid endangering the validity of the Licensed Trademarks, including compliance with the applicable laws and regulations in all countries where New Products are manufactured, assembled or distributed. Licensee shall execute registered user agreements and similar documents required by Licensor to protect or enhance Licensor's title and rights in the Licensed Trademarks. Except as otherwise provided in this Agreement, Licensee shall be responsible for all out-of-pocket costs and expenses incurred in connection with obtaining and maintaining trademark registrations where such registrations would not have been applied for or maintained in the absence of Licensee's activities under this Agreement, recording this Agreement and obtaining the entry of Licensee as a registered or authorized user of the Licensed Trademarks.

(b) In the event that Licensee learns of any infringement or threatened infringement of the Licensed Trademarks or any passing-off or that any third party alleges or claims to Licensee that the Licensed Trademarks are liable to cause deception or confusion to the public, or are liable to dilute or infringe any right, Licensee shall as promptly as reasonably practicable notify Licensor or its authorized representative giving particulars thereof. Licensor may elect to pursue such claims and any such proceedings shall be at the sole expense of Licensor and any recoveries shall be solely for the benefit of Licensor. Nothing herein, however, shall be deemed to require Licensor to enforce the Licensed Trademarks against others.

(c) In the performance of this Agreement, each Party shall comply with all applicable Laws regarding Intellectual Property Rights, and those Laws particularly pertaining to the proper use and designation of Trademarks. Should either Party be or become aware of any applicable Laws regarding Intellectual Property Rights that are inconsistent with the provisions of this Agreement, it shall as promptly as reasonably practicable notify the other Party of such inconsistency.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES

Section 6.01. Mutual Representations and Warranties. Licensor represents on behalf of itself and each other member of the Honeywell Group, and Licensee represents on behalf of itself and each other member of the SpinCo Group, as follows:

(a) it has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(b) this Agreement has been duly executed and delivered by it and constitutes, or will constitute, a valid and binding agreement of it enforceable in accordance with the terms thereof.

Section 6.02. Disclaimer of Other Representations and Warranties. Licensee (on behalf of itself and each other member of the SpinCo Group) understands and agrees that, except as expressly set forth in this Agreement, Licensor is not representing or warranting in any way, including any implied warranties of merchantability, fitness for a particular purpose, title, registerability, allowability, enforceability or non-infringement, as to any Licensed Trademarks licensed hereby, as to the sufficiency of the Licensed Trademarks licensed hereby for the conduct and operations of the SpinCo Business, as to the value or freedom from any Security Interests of, or any other matter concerning, any Licensed Trademarks, or as to the absence of any defenses or rights of setoff or freedom from counterclaim with respect to any claim or other Intellectual Property Right of Licensor. Except as may expressly be set forth herein, the Licensed Trademarks are being licensed on an “as is,” “where is” basis and the respective transferees shall bear the economic and legal risks related to the use of the Licensed Trademarks in connection with the SpinCo Business.

ARTICLE VII
INDEMNIFICATION

Section 7.01. Indemnification by Licensee. Licensee shall indemnify, defend and hold harmless the Honeywell Indemnitees from and against any and all Liabilities of the Honeywell Indemnitees relating to, arising out of or resulting from (i) Licensee's breach of this Agreement or (ii) the SpinCo Group's use or exploitation of the Licensed Trademarks, except to the extent the claim relates to a matter for which Licensor is obligated to indemnify any Licensee Indemnitee under Section 7.02 of this Agreement.

Section 7.02. Indemnification by Licensor. Licensor shall indemnify, defend and hold harmless the SpinCo Indemnitees from and against any and all Liabilities of the SpinCo Indemnitees to the extent that it is based upon (i) any third-party claim that Licensee's or the SpinCo Group's use of the Licensed Trademarks in accordance with this Agreement infringes or dilutes such third party's Trademarks, or (ii) Licensor's breach of this Agreement.

Section 7.03. Limitation on Liability. Except as may expressly be set forth in this Agreement, none of Licensor, Licensee or any other member of either Group shall in any event have any Liability to the other or to any other member of the other's Group, or to any other Honeywell Indemnitee or SpinCo Indemnitee, as applicable, under this Agreement for any indirect, special, punitive or consequential damages, whether or not caused by or resulting from negligence or breach of obligations hereunder and whether or not informed of the possibility of the existence of such damages; provided, however, that the provisions of this Section 7.03 shall not limit an Indemnifying Party's indemnification obligations hereunder with respect to any Liability any Indemnitee may have to any third party not affiliated with any member of the Honeywell Group or the SpinCo Group for any indirect, special, punitive or consequential damages.

ARTICLE VIII
TERM AND TERMINATION

Section 8.01. Term. The term of this Agreement shall begin as of the Distribution Date and shall expire on the expiration of last of the periods set forth above in Section 2.01 (the "Term").

Section 8.02. Effect of Expiration. Upon the expiration of this Agreement, Licensee shall, and shall cause the SpinCo Group to, immediately discontinue and cease all use of the Licensed Trademarks. After the expiration of the Term, Licensee and the SpinCo Group shall no longer have the right to use the Licensed Trademarks.

Section 8.03. Survival. Notwithstanding anything in this Agreement to the contrary, Article I, Article VII and Article IX shall survive the expiration or any termination of this Agreement.

ARTICLE IX
MISCELLANEOUS

Section 9.01. No Assignment Or Transfer Without Consent. Except as expressly set forth in this Agreement, neither this Agreement nor any of the rights, interests or obligations under this Agreement, including the licenses granted pursuant to this Agreement, shall be assigned, in whole or in part, by operation of Law or otherwise by either Party without the prior written consent of the other Party. Any purported assignment without such consent shall be void. Notwithstanding the foregoing, Licensor may assign this Agreement without prior written consent, in whole or in part, (a) in connection with (i) a merger transaction in which Licensor is not the surviving entity and the surviving entity acquires or assumes all or substantially all of Licensor's assets, or (ii) the sale of all or substantially all of Licensor's assets, or (b) to Licensor's Affiliates; provided, however, that the assignee or successor-in-interest expressly assumes in writing all of the obligations of Licensor under this Agreement, and Licensor provides written notice and evidence of such assignment, assumption or succession to Licensee. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns. No assignment permitted by this Section 9.01 shall release the assigning Party from liability for full performance of its obligations under this Agreement.

Section 9.02. Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement may be executed in one or more counterparts, all of which counterparts shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party. This Agreement may be executed by facsimile or PDF signature and scanned and exchanged by electronic mail, and such facsimile or PDF signature or scanned and exchanged copies shall constitute an original for all purposes.

(b) This Agreement and the Schedules hereto contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties with respect to the subject matter hereof other than those set forth or referred to herein or therein.

(c) Honeywell represents on behalf of itself and each other member of the Honeywell Group, and SpinCo represents on behalf of itself and each other member of the SpinCo Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes, or will constitute, a valid and binding agreement of it enforceable in accordance with the terms thereof.

Section 9.03. Dispute Resolution. In the event that either Party, acting reasonably, forms the view that another Party has caused a material breach of the terms of this Agreement, then the Party that forms such a view shall serve written notice of the alleged breach on the other Parties and the Parties shall work together in good faith to resolve any such alleged breach within thirty (30) days of such notice (a "Dispute"). If any such alleged breach is not so resolved, then a senior executive of each Party shall, in good faith, attempt to resolve any such alleged breach within the following thirty (30) days of the referral of the matter to the senior executives. If no resolution is reached with respect to any such alleged breach in accordance with the procedures contained in this Section 9.03, then the Parties may seek to resolve such matter in accordance with Section 9.04, Section 9.05 and Section 9.07

Section 9.04. Governing Law; Jurisdiction. Any disputes arising out of or relating to this Agreement, including to its execution, performance or enforcement, shall be governed by, and construed in accordance with, the Laws of the State of New York, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof. Each Party irrevocably consents to the exclusive jurisdiction, forum and venue of any state or federal court sitting in New York City in the State of New York over any and all claims, disputes, controversies or disagreements between the Parties or any of their respective Affiliates, successors and assigns under or related to this Agreement or any of the transactions contemplated hereby, including their execution, performance or enforcement, whether in contract, tort or otherwise. Each of the Parties hereby agrees that it shall not assert and shall hereby waive any claim or right or defense that it is not subject to the jurisdiction of such courts, that the venue is improper, that the forum is inconvenient or any similar objection, claim or argument. Each Party agrees that a final judgment in any legal proceeding resolved in accordance with this Section 9.04, Section 9.05, Section 9.06 and Section 9.07 shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

Section 9.05. Waiver of Jury Trial. EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY INCLUDING THEIR EXECUTION, PERFORMANCE OR ENFORCEMENT, WHETHER IN CONTRACT, TORT OR OTHERWISE. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS.

Section 9.06. Court-Ordered Interim Relief. In accordance with Section 9.05 and this Section 9.06, at any time after giving notice of a Dispute, each Party shall be entitled to interim measures of protection duly granted by a court of competent jurisdiction: (1) to preserve the status quo pending resolution of the Dispute; (2) to prevent the destruction or loss of documents and other information or things relating to the Dispute; or (3) to prevent the transfer, disposition or hiding of assets. Any such interim measure (or a request therefor to a court of

competent jurisdiction) shall not be deemed incompatible with the provisions of Section 9.03, Section 9.04 and Section 9.05. Until such Dispute is resolved in accordance with Section 11.02 or final judgment is rendered in accordance with Section 9.04 and Section 9.05, each Party agrees that such Party shall continue to perform its obligations under this Agreement and that such obligations shall not be subject to any defense or set-off, counterclaim, recoupment or termination.

Section 9.07. Specific Performance. Subject to Section 9.03 and Section 9.07, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the affected Party shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The other Party shall not oppose the granting of such relief on the basis that money damages are an adequate remedy. The Parties agree that the remedies at Law for any breach or threatened breach hereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at Law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived.

Section 9.08. Third-Party Beneficiaries. Except as otherwise expressly set forth herein or as otherwise may be provided in the Separation Agreement with respect to the rights of any Honeywell Indemnitee or SpinCo Indemnitee, (a) the provisions of this Agreement are solely for the benefit of the Parties hereto and are not intended to confer upon any Person except the Parties hereto any rights or remedies hereunder and (b) there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

Section 9.09. Notices. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when (a) delivered in person, (b) on the date received, if sent by a nationally recognized delivery or courier service or (c) upon the earlier of confirmed receipt or the fifth (5th) business day following the date of mailing if sent by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

If to Licensor, to:

Honeywell International Inc.
115 Tabor Road
Morris Plains, NJ 07950
Attn:
email:

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas

New York, NY 10019-6064
Attn: Scott A. Barshay
Steven J. Williams
email: sbarshay@paulweiss.com
swilliams@paulweiss.com
Facsimile: 212-492-0040

If to Licensee, to:

Garrett Motion Inc.

Attn:
email:

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Attn: Scott A. Barshay
Steven J. Williams
email: sbarshay@paulweiss.com
swilliams@paulweiss.com
Facsimile: 212-492-0040

Either Party may, by notice to the other Party, change the address to which such notices are to be given. Each Party agrees that nothing in this Agreement shall affect the other Party's right to serve process in any other manner permitted by Law (including pursuant to the rules for foreign service of process authorized by the Hague Convention).

Section 9.10. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon any such determination, any such provision, to the extent determined to be invalid, void or unenforceable, shall be deemed replaced by a provision that such court determines is valid and enforceable and that comes closest to expressing the intention of the invalid, void or unenforceable provision.

Section 9.11. Expenses. Except as otherwise expressly provided in this Agreement, each Party agrees that it shall be responsible for its own expenses incurred in conjunction with any activities under this Agreement.

Section 9.12. Headings. The article, section and paragraph headings contained in this Agreement, including in the table of contents of this Agreement, are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 9.13. Survival of Covenants. Except as expressly set forth in this Agreement, the covenants in this Agreement and the Liabilities for the breach of any obligations in this Agreement shall survive the Spin-Off and shall remain in full force and effect.

Section 9.14. Waivers of Default. No failure or delay of any Party (or the applicable member of its Group) in exercising any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default.

Section 9.15. Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of each Party.

Section 9.16. Interpretation. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires. The terms “hereof,” “herein,” “herewith” and words of similar import, unless otherwise stated, shall be construed to refer to this Agreement as a whole (including all of the schedules hereto) and not to any particular provision of this Agreement. Article, Section or Schedule references are to the articles, sections and schedules of or to this Agreement unless otherwise specified. Any capitalized terms used in any Schedule to this Agreement but not otherwise defined therein shall have the meaning as defined in this Agreement. Any definition of or reference to any agreement, instrument or other document herein (including any reference herein to this Agreement) shall, unless otherwise stated, be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein, including in Section 9.14 above). The word “including” and words of similar import when used in this Agreement shall mean “including, without limitation,” unless the context otherwise requires or unless otherwise specified. The word “or” shall not be exclusive. All references to “$” or dollar amounts are to lawful currency of the United States of America. In the event that an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring either Party by virtue of the authorship of any provisions hereof.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Trademark License Agreement to be executed by their duly authorized representatives.

HONEYWELL INTERNATIONAL INC.

By: ______________________________

Name:

Title:

GARRETT TRANSPORTATION SYSTEMS INC.

By: ______________________________

Name:

Title:

[Signature Page to Trademark Agreement]

INDEMNIFICATION AND REIMBURSEMENT AGREEMENT

BY AND AMONG

HONEYWELL ASASCO, INC.,

HONEYWELL ASASCO 2, INC.,

AND

HONEYWELL INTERNATIONAL INC.

Dated as of [•], 2018

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Exhibit H	Interim Liability and Defense Costs Report
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Exhibit L	Covenants
Exhibit M	Guarantee

INDEMNIFICATION AND REIMBURSEMENT AGREEMENT

This INDEMNIFICATION AND REIMBURSEMENT AGREEMENT (as may be amended, restated, supplemented or otherwise modified from time to time, this "**Agreement**"), dated [•], 2018, by and among (i) Honeywell ASASCO, Inc., a corporation organized under the Laws of the State of Delaware ("**Payor**"), (ii) Honeywell ASASCO 2, Inc., a corporation organized under the Laws of the State of Delaware ("**Payee**"), and (iii) Honeywell International Inc., a corporation organized under the Laws of the State of Delaware ("**Honeywell**" or the "**Claim Manager**" and, together with Payee and Payor, the "**Parties**" and each, a "**Party**").

W I T N E S S E T H:

WHEREAS the board of directors of Honeywell has determined that it is in the best interests of Honeywell and its shareholders to create a new publicly-traded company that will operate the Transportation Systems Business;

WHEREAS, concurrently with the execution of this Agreement, Honeywell and Garrett Transportation Systems Inc., a corporation organized under the Laws of the State of Delaware ("**Transportation Systems**"), are entering into a Separation and Distribution Agreement (the "**Separation Agreement**");

WHEREAS, pursuant to and in accordance with the Separation Agreement, (i) substantially all of the Transportation Systems Business and certain related assets and liabilities are held by Payor (currently a direct wholly owned subsidiary of Payee) and its subsidiaries and (ii) Honeywell will contribute the shares of Payor and certain other assets relating to the Transportation Systems Business to Transportation Systems, and Payor will be an indirect wholly owned subsidiary of Transportation Systems;

WHEREAS, the transportation systems business (as such business has been described in the Claim Manager's Form 10-K) historically included the operation of certain businesses at properties that were sold to Persons not Affiliated with Honeywell and third-party waste disposal sites, and certain environmental liabilities subject to indemnification by the Honeywell Group (and, indirectly, Payor Group) have been identified at such properties (collectively, as listed on Exhibit A hereto);

WHEREAS, prior to the Distribution, entities that, after the Distribution, will be Affiliates of Payor were part of the Claim Manager's transportation systems business (as such business has been described in the Claim Manager's Form 10-K), which, among other things, was in the business of designing, developing, manufacturing, marketing, repairing, overhauling and selling friction materials for automotive, industrial and rail applications on a worldwide basis (the "**Bendix Friction Materials Business**");

WHEREAS, the US Bendix Claims and the Ex-US Bendix Claims arise from, and relate to, the Bendix Friction Materials Business;

WHEREAS, despite the relationship of Payor and its Affiliates to the US Bendix Claims and the Ex-US Bendix Claims as of the date hereof and following the Distribution, the Claim Manager has determined that it is likely that the Claim Manager will continue to incur Losses (as defined below) arising from and related to the US Bendix Claims and the Ex-US Bendix Claims;

WHEREAS, in light of Payor's association with the Bendix Friction Materials Business, Payor has determined that it is appropriate and desirable for Payor to agree to pay to Payee the Environmental Obligation, the Ex-US Bendix Obligation and the US Bendix Obligation and, because of its recognized experience with and efficient management of such matters, for the Claim Manager to manage such Environmental Claims, US Bendix Claims and Ex-US Bendix Claims as more fully described in this Agreement; and

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, representations, warranties and agreements herein contained, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. When used in this Agreement, the following terms shall have the respective meanings specified below.

"**4Q Payment**" shall have the meaning set forth in Section 2.3(d).

"**4Q Payment Date**" shall have the meaning set forth in Section 2.3(d).

"**4Q Reports**" shall mean, in respect of any calendar year, the Environmental Report and the Ex-US Bendix Report providing information in respect of the first three Fiscal Quarters of such calendar year. If a Global Asbestos Resolution Event has occurred, then the US Bendix Post-GARE Report providing information in respect of the first three Fiscal Quarters of such calendar year shall also be a "4Q Report".

"**Accrued Amounts**" shall have the meaning set forth in Section 2.5(b).

"**Adverse Change**" shall have the meaning set forth in Section 2.12(a).

"**Affiliate**" of any Person shall mean a Person that controls, is controlled by or is under common control with such Person. As used herein, "**control**" of any entity shall mean the possession, directly or indirectly, of the power to direct, or cause the direction of, the management or policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise; *provided*, *however*, that (i) Transportation Systems and the other members of the Transportation Systems Group shall not be considered Affiliates of Honeywell or any of the other members of the Honeywell Group and (ii) Honeywell and the other members of the Honeywell Group shall not be considered Affiliates of Transportation Systems or any of the other members of the Transportation Systems Group.

"**Aggregate Annual Obligation**" shall mean, in respect of any calendar year, *the sum of* (i) the Environmental Obligation in respect of such calendar year, *plus* (ii) the Ex-US Bendix Obligation in respect of such calendar year, *plus* (iii) the US Bendix Obligation in respect of such calendar year, *plus* (iv) any Disallowance Payment calculated as of December 31 of such year.

"**Agreement**" shall have the meaning given to it in the preamble to this Agreement.

"**Agreement Amendment**" shall have the meaning set forth in Section 2.12(a).

"**Ancillary Agreement**" shall mean the instruments, assignments, documents and agreements executed in connection with the implementation of the transactions contemplated by the Separation Agreement.

"**Annual and Year-to-Date Liability and Defense Costs Report**" shall mean the report delivered to Payor providing information regarding the previous year's and year-to-date spend for liability and defense costs relating to the US Bendix Claims, the form of which is attached hereto as Exhibit B.

"**Annual Cash Deficiency Payment**" shall have the meaning set forth in Section 2.3(e)(ii).

"**Bendix Corporation**" shall mean The Bendix Corporation and its predecessors or successors-in-interest.

"**Bendix Friction Materials Business**" shall have the meaning given to it in the recitals to this Agreement.

"**Bendix Newco**" shall have the meaning set forth in Section 4.7(c).

"**Business Day**" shall mean any day except a Saturday, a Sunday or any other day on which commercial banks are required or authorized by Law to close in New York City, New York.

"**Cap**" shall mean €[•].[1]

"**Cash Amounts**" shall mean, in respect of any Person (i) amounts of cash actually paid by such Person to any other Person or (ii) amounts to be paid by such person to any other Person that are classified as accounts payable; *provided*, for the avoidance of doubt, that any amount previously counted as a Cash Amount pursuant to clause (ii) may not be counted as a Cash Amount pursuant to clause (i) in a subsequent year's calculation of the Aggregate Annual Obligation.

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1 NTD: To be updated to equal $175,000,000, based on a Euro-to-U.S. dollar exchange rate to be determined by Honeywell as of a date within two business days prior to the Distribution Date.

“**Cash True-Up Payments**” shall have the meaning set forth in Section 2.4(b).

“**Claims Activity Report**” shall mean the report delivered to Payor providing information regarding the status of existing US Bendix Claims, the form of which is attached hereto as Exhibit C.

“**Claim Manager**” shall have the meaning given to it in the preamble to this Agreement.

“**Claims**” shall mean any and all Environmental Claims, US Bendix Claims and the Ex-US Bendix Claims.

“**Cumulative Outstanding GARE Losses**” shall mean, in respect of any calendar year, an amount equal to: (i) 90% of the Global Asbestos Resolution Amount as of January 1st of such year, *less* (ii) 90% of the GARE Insurance Receipts received in respect of the Global Asbestos Resolution Event as of January 1st of such year, *less* (iii) the aggregate amount of all GARE Payments paid prior to January 1st of such year.

“**Current Credit Agreement**” shall mean the Credit Agreement dated as of the date hereof, by and among, *inter alia*, Transportation Systems, the Transportation Systems Borrower, the lenders from time to time party thereto and JPMORGAN CHASE BANK, N.A., as administrative agent.

“**Default**” shall have the meaning set forth in Section 2.13(a).

“**Default Date**” shall have the meaning set forth in the proviso in Section 2.13(a).

“**Default Deferral**” shall have the meaning set forth in Section 2.5(a).

“**Deficiency Amount**” shall mean, in respect of any calendar year, the amount, if any, by which (i) *the sum of* (A) the Estimated Annual US Bendix Obligation for such year, *plus* (B) the 4Q Payment for such year *is less than* (ii) the lesser of: (A) the Aggregate Annual Obligation and (B) the Cap.

“**Disallowance Payment**” shall mean, as of any date, 90% of Insurance Disallowances during the term of this Agreement that Payor has not already paid to Payee pursuant to this Agreement; *provided* that if any Disallowance Payment would result in an amount in excess of the Cap being paid in respect of the year the related Insurance Receipt was applied, then such Disallowance Payment shall be limited to the difference between the Cap and the amount of the Aggregate Annual Obligation for such year.

“**Dispute**” shall have the meaning set forth in Section 4.3.

"**Distribution**" shall mean the distribution by Honeywell to Record Holders, on a pro rata basis, of all of the outstanding shares of common stock of Transportation Systems owned by Honeywell on the Distribution Date.

"**Distribution Date**" shall mean the date, determined by Honeywell in accordance with the Separation Agreement, on which the Distribution occurs.

"**Environmental Claims**" shall mean (i) any and all claims asserted, made or alleged against any member of the Honeywell Group or the Transportation Systems Group or their respective Representatives, or any of the heirs, executors, successors and assigns of any of the foregoing, regardless of when they are made, arise or arose, alleging any injury, harm, risk, damage, cost or expense of any kind or nature, which are asserted to be related in any way, directly or indirectly, to (A) any violation of, noncompliance with, or liability under any HSE Laws associated with the Specified Sites, including, without limitation, response to, investigation and remediation of Releases, (B) the Release or exposure to Hazardous Materials associated with the Specified Sites, or (C) any natural resource damages with respect to the Specified Sites, and (ii) any investigation and remediation of Releases with respect to the Specified Sites unrelated, or in addition, to any claim. For the avoidance of doubt, "Environmental Claims" shall not include any SpinCo HSE Liabilities (as defined under the Separation Agreement).

"**Environmental Insurance Receipts**" shall mean, for any calendar period for which an Environmental Obligation is owed, as applicable, the amount of cash actually received by the Claim Manager or its Affiliates in such period with respect to any casualty insurance policies of the Claim Manager or its Affiliates in respect of Losses related to Environmental Claims, *less* all costs and expenses (including attorneys' fees and costs) incurred by the Claim Manager or its Affiliates in connection with the collection of such proceeds.

"**Environmental Obligation**" shall mean, in respect of any period, an amount *equal to* (i) 90% of the Losses incurred by Payee Parties related to Environmental Claims in such period, *less* (ii) 90% of the Environmental Insurance Receipts for such period, *less* (iii) 90% of amounts received by any member of the Honeywell Group resulting from affirmative litigation relating to Environmental Claims in such period, net of any costs or expenses of whatever kind in respect of Managing, investigating, responding to, prosecuting, settling, compromising or resolving claims relating to such affirmative litigation, including attorneys' fees and costs (including, but not limited to, the costs of experts and vendors necessary to prosecute, compromise and manage such affirmative litigation) ("**Affirmative Environmental Litigation Proceeds**"), *less* (iv) 90% of the net proceeds received in such period by any member of the Honeywell Group in respect of sales of any property comprising the Specified Sites in such period ("**Property Sales Proceeds**"), and *less* (v) 90% of any other amounts contributed to or otherwise paid to or on behalf of any member of the Honeywell Group by other Persons not within the Honeywell Group relating to Environmental Claims in such period, net of any costs to the Honeywell Group in connection with recovering such amounts ("**Co-Contributions Proceeds**").

"**Environmental Report**" shall mean the report delivered to Payor providing a summary of Losses incurred by Payee Parties related to Environmental Claims for a period, the form of which is attached hereto as Exhibit D.

"**Estimated Annual US Bendix Loss Statement**" shall mean an annual written estimate, a form of which is attached hereto as Exhibit E, of (i) the amount of Losses that the Claim Manager expects to be incurred by the Payee Parties in respect of US Bendix Claims in the following calendar year and (ii) the amount of US Bendix Insurance Receipts that the Claim Manager expects it or its Affiliates to receive in the following calendar year.

"**Estimated Annual US Bendix Obligation**" shall mean, in respect of any calendar year, (i) 90% of the amount of estimated Losses incurred by the Payee Parties in respect of US Bendix Claims *less* (ii) 90% of the amount of estimated US Bendix Insurance Receipts, in each case, as such estimate is set forth in the Estimated Annual US Bendix Loss Statement.

"**Estimated Initial US Bendix Obligation**" shall mean, in respect of the Initial Period, (i) 90% of the amount of estimated Losses incurred by the Payee Parties in respect of US Bendix Claims *less* (ii) 90% of the amount of estimated US Bendix Insurance Receipts.

"**Euro**" or "**€**" shall mean the single currency of the European Union as constituted by the Treaty on European Union and as referred to in the EMU Legislation.

"**Ex-US Bendix Claims**" shall mean any and all claims asserted, made or alleged against any member of the Honeywell Group or the Transportation Systems Group (other than an Ex-US TS Brake Subsidiary) or their respective Representatives, or any of the heirs, executors, successors and assigns of any of the foregoing, by any Person in a jurisdiction outside of the boundaries of the United States of America or its territories, regardless of when they are made, arise or arose, alleging any injury, harm, risk, damage, cost or expense of any kind or nature, which are asserted to be related in any way, directly or indirectly, to the use of asbestos and/or asbestos-containing product or material, or to the direct or indirect exposure or the possibility or potential of direct or indirect exposure of such Person or any other Person (including, in each case, indirect exposure to spouses, children or any other Person coming into contact with a Person who was directly or indirectly exposed) to asbestos or asbestos-containing dust, products or materials in connection with the business of the Bendix Corporation or any of its Affiliates, including, without limitation, the manufacturing, licensing, sale, distribution, packaging, handling, use, installation, removal or repair of products manufactured, licensed, sold, distributed, packaged, handled, used, installed or removed by the Bendix Corporation, including, but not solely, from asbestos-containing friction materials.

"**Ex-US Bendix Insurance Receipts**" shall mean, for any period for which an Ex-US Bendix Obligation is owed, the amount of cash actually received by the Claim Manager or its Affiliates in such period with respect to any casualty insurance policies of the Claim Manager or its Affiliates in respect of Losses related to Ex-US Bendix Claims, *less* all costs and expenses (including attorneys' fees and costs) incurred by the Claim Manager or its Affiliates in connection with the collection of such proceeds.

"**Ex-US Bendix Obligation**" shall mean, in respect of any period, 90% of the Losses incurred by Payee Parties related to Ex-US Bendix Claims in such period *less* 90% of the Ex-US Bendix Insurance Receipts for such period.

"**Ex-US Bendix Report**" shall mean the reports delivered to Payor providing a summary of Losses incurred by Payee Parties related to Ex-US Bendix Claims for a period, the form of which is attached hereto as Exhibit F.

"**Ex-US TS Brake Subsidiaries**" shall mean members of the Transportation Systems Group domiciled outside of the United States of America or its territories, following the Distribution.

"**FCCR Test**" shall have the meaning set forth in Section 2.5(a).

"**Financial Covenant Deferral**" shall have the meaning set forth in Section 2.5(a).

"**Financial Indebtedness**" shall mean, for any Person, all obligations of such Person under the applicable governing documentation to pay principal, interest, penalties, fees, guarantees, reimbursements, damages, costs of unwinding and other liabilities with respect to (a) indebtedness for borrowed money, whether current or funded, fixed or contingent, secured or unsecured or (b) indebtedness evidenced by bonds, debentures, notes, mortgages or similar instruments or debt securities.

"**Financial Representative**" shall mean any arranger, collateral agent, administrative agent, indenture trustee or other agent trustee or representative for any holder of Senior Indebtedness.

"**Fiscal Quarter**" shall mean the fiscal quarter of Claim Manager, it being understood that for purposes hereof (including, without limitation, Section 2.3(d)), the fourth Fiscal Quarter of any calendar year shall mean the Fiscal Quarter ending on December 31st; *provided* that if Claim Manager changes its fiscal year, the Parties shall work together in good faith to amend this Agreement as may be necessary.

"**GARE Deficiency Payment**" shall have the meaning set forth in Section 2.4(b).

"**GARE Insurance Receipts**" shall mean, for any period in which a Cumulative Outstanding GARE Loss is owed, the amount of cash actually received by the Claim Manager or its Affiliates in such period with respect to any casualty insurance policies of the Claim Manager or its Affiliates in respect of Losses related to Global Asbestos Resolution Amounts, *less* all costs and expenses (including attorneys' fees and costs) incurred by the Claim Manager or its Affiliates in connection with the collection of such proceeds.

"**GARE Payment**" shall have the meaning set forth in Section 2.4(a).

"**Global Asbestos Resolution Amount**" shall mean the aggregate amounts paid or payable by the Honeywell Group at any time following the date of this Agreement in satisfaction of a Global Asbestos Resolution Event.

"**Global Asbestos Resolution Event**" shall mean any settlement of all or substantially all of the current and future US Bendix Claims in which Losses of Payee Parties in respect of such US Bendix Claims is forever extinguished, whether such settlements are mandated by a Governmental Authority, such as an enactment of congress or regulation, or by private settlement approved by a court of competent jurisdiction.

"**Governmental Approvals**" shall mean any notices, reports or other filings to be given to or made with, or any consents, registrations or permits to be obtained from, any Governmental Authority.

"**Governmental Authority**" shall mean any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other legislative, judicial, regulatory, administrative or governmental authority.

"**Guarantee**" shall have the meaning set forth in Section 2.14.

"**Hazardous Materials**" means (i) any natural or artificial substance (whether solid, liquid, gas or other form of matter, noise, microorganism or electromagnetic field) that could cause harm to human health or the environment, including petroleum, petroleum products and byproducts, asbestos-containing materials, perfluoroalkyl substances, urea formaldehyde foam insulation, carcinogens, endocrine disrupters, lead-based paint, electronic, medical or infectious wastes, polychlorinated biphenyls, radon gas, radioactive substances, greenhouse gases and ozone-depleting substances and (ii) any other chemical, material, substance or waste that could result in liability under, or that is prohibited, limited or regulated by or pursuant to, any HSE Law.

"**Honeywell**" shall have the meaning given to it in the preamble to this Agreement.

"**Honeywell Group**" shall mean Honeywell and each of its Subsidiaries, including any Person that becomes a Subsidiary of Honeywell following the Distribution, but excluding any member of the Transportation Systems Group.

"**HSE Law**" shall mean any Law or Governmental Approvals, or any standard used by a Governmental Authority pursuant to any Law or Governmental Approvals, relating to (i) pollution, (ii) protection or restoration of the indoor or outdoor environment or natural resources, (iii) the transportation, treatment, storage or Release of, or exposure to, hazardous or toxic materials, (iv) the registration, manufacturing, sale, labeling or distribution of hazardous or toxic materials or products containing such materials (including the REACH Regulation and similar requirements), (v) process safety management or (vi) the protection of the public, worker health and safety or threatened or endangered species.

"**Indenture**" shall mean the Indenture dated [_____], by and among the Transportation Systems Issuer, the guarantors named therein and [_____], as trustee.

"**Information Statement**" means the Information Statement sent to the holders of common stock of Honeywell in connection with the Distribution, as such Information Statement may be amended from time to time.

"**Initial Cap**" shall mean *the product of* (x) the Cap *times* (y) *the quotient represented by* (1) the number of days between the Distribution Date and December 31, 2018 (inclusive of such dates), *divided by* (2) 365.

"**Initial Cash Deficiency Payment**" shall have the meaning set forth in Section 2.3(b)(ii).

"**Initial Deficiency Amount**" shall mean the amount, if any, by which the Initial Period Estimated US Bendix Payment *is less than* the lesser of: (i) the Initial Cap and (ii) the Initial Obligation.

"**Initial Obligation**" shall mean an amount *equal to* (i) 90% of Losses incurred by Payee Parties in respect of (A) Environmental Claims, (B) US Bendix Claims and (C) Ex-US Bendix Claims, in each case, incurred during the Initial Period, *less* (ii) 90% of (A) Environmental Insurance Receipts, (B) Affirmative Environmental Litigation Proceeds, (C) US Bendix Insurance Receipts, (D) Ex-US Bendix Insurance Receipts, (E) Co-Contributions Proceeds and (F) Property Sales Proceeds, in the case of (A), (B), (C), (D) and (E), in respect of Losses incurred during the Initial Period, and in the case of (F), in respect of property sales consummated during the Initial Period, *plus* (iii) any Disallowance Payment calculated as of the last day of the Initial Period.

"**Initial Overage Amount**" shall mean the amount, if any, by which the Initial Obligation is less than the lesser of: (i) the Initial Period Estimated US Bendix Payment and (ii) the Initial Cap.

"**Initial Period**" shall have the meaning set forth in Section 2.2(a).

"**Initial Period Estimated US Bendix Payment**" shall have the meaning set forth in Section 2.2(a).

"**Initial Prior Year Aggregate Loss Statement**" shall mean a written statement, a form of which is attached hereto as Exhibit G, setting forth (i) the Initial Obligation and (ii) the Initial Deficiency Amount or the Initial Overage Amount, as applicable, in respect of the Initial Period.

"**Insolvency Proceeding**" shall mean, with respect to any Person, any distribution to creditors of such Person in (a) any liquidation or dissolution of such Person; (b) any bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to such Person or such Person's property; (c) any assignment by such Person for the benefit of its creditors; or (d) any marshalling of such Person's assets and liabilities.

"**Insurance Disallowances**" shall mean the amount of any insurance disallowances relating to Insurance Receipts actually paid to the Honeywell Group (not disputed by the Claim Manager at the time of calculating the Initial Obligation or the Aggregate Annual Obligation).

"**Insurance Receipts**" shall mean Environmental Insurance Receipts, Ex-US Bendix Insurance Receipts, and US Bendix Insurance Receipts.

"**Interim Liability and Defense Costs Report**" shall mean the report delivered to Payor providing information regarding a year-to-date spend for liability and defense costs relating to the US Bendix Claims, the form of which is attached hereto as Exhibit H.

"**Law**" shall mean any statute, law, regulation, ordinance, rule, judgment, rule of common law, order, decree, government approval, concession, grant, franchise, license, agreement, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, whether now or hereinafter in effect and, in each case, as amended.

"**Losses**" shall mean Cash Amounts in respect of losses, damages, liabilities, deficiencies, judgments, interest, awards, penalties, fines, costs, financial assurance or expenses of whatever kind in respect of Managing, investigating, responding to, remediating, defending, settling, compromising or resolving Claims, including attorneys' fees and costs (including, but not limited to, the costs of experts, consultants, and vendors necessary to defend, compromise and Manage the Claims, security costs and real estate Taxes) and including, without limitation, punitive, incidental, consequential, special or indirect Losses (or any other Cash Amounts paid or to be paid to any Person). Losses shall include, but are not limited to: (a) Losses claimed by workers' compensation, employers' liability insurance associations or similar employee benefit schemes in respect of Claims; (b) increases in contributions to worker's compensation, employers' liability insurance associations or similar employee benefit schemes to the extent resulting from Claims; and (c) any fines or other penalties imposed by, or reimbursement, Tax or levy requested by, any Governmental Authority in respect of such Claims. For the avoidance of doubt, and without limiting the ability of Payee to estimate the amount of such Losses as contemplated by this Agreement, Losses incurred by Payee Parties in respect of US Bendix Claims in any given calendar year (i) shall include and be limited to the asbestos-related liability payments for the US Bendix Claims set forth annually in the Claim Manager's "Contingencies and Commitments" footnote to its audited financial statements, as filed with the SEC in its Annual Report on Form 10-K (the "**Form 10-K**") for the relevant year for so long as the Claim Manager continues to disclose such liabilities in its Form 10-K in a manner substantially similar to the disclosure set forth in the "Contingencies and Commitments" footnote to its audited financial statements for the fiscal year ended December 31, 2017, included in its Form 10-K for the year ended December 31, 2017 (the "**2017 Form 10-K**"), and (ii) thereafter shall mean all Losses related to US Bendix Claims for such calendar year. By way of example, Losses incurred in respect of US Bendix Claims for the fiscal year ended December 31, 2017, were $223,000,000, as set forth in the 2017 Form 10-K, which, when converted pursuant to Section 2.6(d), equal €[•].

“**Management**” or “**Managing**” shall mean, with respect to any Claim, the defense, settlement and payment of such Claim, including the management of insurance claims relating thereto (and the defense, settlement, payment and receipt of amounts in respect thereof).

“**Material Indebtedness**” shall have the meaning set forth in the Current Credit Agreement.

“**New Loan Parties**” shall have the meaning set forth in Section 2.14.

“**Obligations**” shall mean any principal, interest, premiums, penalties, fees, indemnifications, reimbursements, fees and expenses, damages and other liabilities payable under the documentation governing any Financial Indebtedness.

“**Order**” shall mean any judgment, order, injunction, decision, determination, award, ruling, writ, stipulation, restriction, assessment or decree of, or entered by, with or under the supervision of, any Governmental Authority.

“**Ordinary Course of Business**” shall mean the ordinary course of business (including with respect to nature, scope, magnitude, quantity and frequency) that does not require any board of director or shareholder approval or any other separate or special authorization of any nature and similar in nature, scope and magnitude to actions customarily taken in the ordinary course of the normal day-to-day operations of other persons that are in the same line of business acting in good faith; *provided* that, for the avoidance of doubt, the payment of reasonable and customary corporate overhead costs and expenses (including administrative, legal, accounting and similar expenses payable to third parties), the payment of taxes and the payment of costs and expenses in connection with litigation matters shall be deemed to be in the ordinary course of business.

“**Overage Amount**” shall mean, in respect of any calendar year, the amount, if any, by which the Aggregate Annual Obligation *is less than* the lesser of: (i) *the sum of* (A) the Estimated Annual US Bendix Obligation for such year, *plus* (B) the 4Q Payment for such year and (ii) the Cap.

“**Overage Credit**” shall have the meaning set forth in Section 2.3(b)(i).

“**Party**” and “**Parties**” shall have the meaning set forth in the preamble to this Agreement.

“**Payee**” shall have the meaning given to it in the preamble to this Agreement.

“**Payee Parties**” shall mean any member of the Honeywell Group or its Representatives, or any of the heirs, executors, successors and assigns of any of the foregoing.

“**Payment Blockage Notice**” shall have the meaning set forth in Section 2.15(c)(ii).

"**Payment Blockage Period**" shall have the meaning set forth in Section 2.15(c)(ii).

"**Payment Default Notice**" shall have the meaning set forth in the proviso in Section 2.13(a).

"**Payment Deferral**" shall have the meaning set forth in Section 2.5(a).

"**Payment in Full**" or "**Paid in Full**" shall mean, with respect to any Financial Indebtedness, payment in full in cash, cash collateralization of all letters of credit, hedging and cash management obligations and the termination of all commitments to lend, as applicable pursuant to the documents evidencing such Financial Indebtedness.

"**Payor**" shall have the meaning given to it in the preamble to this Agreement.

"**Payor Group**" shall mean (a) Payor, (b) each Person that will be a Subsidiary of Payor immediately prior to the Distribution and (c) each Person that is or becomes a Subsidiary of Payor after the Distribution, including, in each case, any Person that is merged or consolidated with and/or into Payor or any Subsidiary of Payor and any Person that becomes a Subsidiary of Payor as a result of transactions that occur following the Distribution.

"**Person**" shall mean an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability company, any other entity and any Governmental Authority.

"**Principal Credit Agreement**" shall mean the Current Credit Agreement; *provided*, that, if, as of any date, the Current Credit Agreement shall not be the credit facility of Transportation Systems Group with the largest aggregate amount of revolving commitments and revolving loans outstanding (or, if no revolving commitments or revolving loans are outstanding, the largest aggregate amount of commitments and loans outstanding), the Principal Credit Agreement shall be the credit facility of Transportation Systems with the largest aggregate amount of revolving commitments and revolving loans outstanding as of such date (or, if no revolving commitments or revolving loans are outstanding, the largest aggregate amount of commitments and loans outstanding).

"**Prior Year Aggregate Loss Statement**" shall mean an annual written statement, a form of which is attached hereto as Exhibit I, setting forth (i) the Aggregate Annual Obligation for the immediately preceding year, (ii) if applicable, the Cumulative Outstanding GARE Losses and (iii) the Deficiency Amount or the Overage Amount, as applicable, in respect of such year.

"**Quarterly Cap**" shall have the meaning set forth in Section 2.3(c).

"**Quarterly Payment**" shall have the meaning set forth in Section 2.3(c).

"**Quarterly Payment Date**" shall have the meaning set forth in Section 2.3(c).

"**REACH Regulation**" shall mean Regulation (EC) No. 1907/2006 on the Registration, Evaluation, Authorisation and Restriction of Chemicals, including any implementing legislation or regulations, in each case as may be amended.

"**Record Holders**" shall mean holders of common stock of Honeywell as of the close of business on the date determined by the Honeywell board of directors as the record date for determining the shares of common stock of Honeywell in respect of which shares of common stock of Transportation Systems will be distributed pursuant to the Distribution.

"**Release**" shall mean any actual or threatened release, spill, emission, discharge, flow (whether through constructed or natural ditches, pipes, watercourses, overland flows or other means of conveyance), leaking, pumping, pouring, dumping, injection, deposit, disposal, dispersal, leaching or migration into or through the indoor or outdoor environment (including ambient air, surface water, groundwater and surface or subsurface strata) of a Hazardous Material; provided that, for the avoidance of doubt, mere vehicular transportation from an initial location to an offsite location, without more, shall not be deemed to constitute a Release from that initial location to the offsite location.

"**Reorganization**" shall mean the transactions described on Schedule I to the Separation Agreement.

"**Representatives**" shall mean the directors, officers, employees, investment bankers, consultants, attorneys, accountants and other advisors and representatives of a Person.

"**Resolution Value Experience Report**" shall mean the report delivered to Payor providing information regarding the resolution value of US Bendix Claims, the form of which shall be attached hereto as Exhibit J on the Distribution Date.

"**Restricted Subsidiary**" means any subsidiary of Transportation Systems that is a "Restricted Subsidiary" under the Principal Credit Agreement.

"**RP Basket**" shall have the meaning set forth in Section 2.11.

"**SEC**" shall mean the U.S. Securities and Exchange Commission.

"**Senior Agent**" shall mean such Person acting as administrative agent for the lenders party to the Principal Credit Agreement or, if there is only one lender thereunder, such lender.

"**Senior Indebtedness**" shall mean, collectively, the principal of, premium, if any, and interest (including all interest accruing subsequent to the commencement of any bankruptcy or similar proceeding, whether or not a claim for post-petition interest is allowable as a claim in any such proceeding) payable pursuant to the terms of all agreements, documents and instruments governing Financial Indebtedness of Payor Group (together with all fees, costs, expenses and other amounts accrued or due on or in connection therewith) whether outstanding on the date of this Agreement or subsequently created, incurred, assumed, guaranteed or in effect guaranteed by Payor (including all deferrals, refinancings, renewals, extensions or refundings of,

or amendments, restatements, modifications, waivers or supplements to, or deferrals to, the foregoing), except for: (i) any Financial Indebtedness that by its terms expressly provides that such Financial Indebtedness shall not be senior in right of payment to payments made by Payor to Payee hereunder or expressly provides that such Financial Indebtedness is equal with or junior in right of payment with payments made by Payor to Payee hereunder; (ii) any Financial Indebtedness between or among the members of Payor Group, other than, for the avoidance of doubt, Financial Indebtedness incurred for the benefit of Affiliates arising by reason of guaranties by Affiliates of Financial Indebtedness of such Affiliate to a Person that is not a member of Payor Group; (iii) any liability for federal, state, local or other taxes owed or owing by Payor; or (iv) Payor's trade payables and accrued expenses (including, without limitation, accrued compensation and accrued restructuring charges) or deferred purchase prices for goods, services or materials purchased or provided in the ordinary course of business. For the avoidance of doubt, Financial Indebtedness under the Principal Credit Agreement or the Indenture constitutes Senior Indebtedness.

"**Senior Payment Default**" shall have the meaning set forth in Section 2.15(c)(i).

"**Separation**" shall mean (a) the Reorganization and (b) any other transfers of assets and assumptions of liabilities, in each case, between a member of the Honeywell Group, on the one hand, and a member of the other Transportation Systems Group, on the other hand, provided for in the Separation Agreement or in any Ancillary Agreement.

"**Separation Agreement**" shall have the meaning given to it in the recitals to this Agreement.

"**Separation Transaction**" shall mean any spin-off, split-off, carve-out, demerger, recapitalization or similar transaction.

"**Specified Event of Default**" shall mean, with respect to any Senior Indebtedness having commitments or an outstanding principal amount of at least €[•][2], (a) a payment or bankruptcy event of default thereunder or (b) if a financial maintenance covenant exists under such Senior Indebtedness, an event of default resulting from a breach of such financial maintenance covenant.

"**Specified Sites**" shall mean the sites listed on Exhibit A hereto or any other sites historically owned or operated by the transportation systems business (as such business has been described in the Claim Manager's Form 10-K); *provided*, that "Specified Sites" shall not include those sites listed on Schedule VIII of the Separation Agreement.

"**Subsidiary**" of any Person shall mean any corporation or other organization, whether incorporated or unincorporated, of which at least a majority of the securities or interests, having, by the terms thereof, ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries.

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2 NTD: To be updated to equal $25,000,000, based on a Euro-to-U.S. dollar exchange rate to be determined by Honeywell as of a date within two business days prior to the Distribution Date.

"**Tax**" or "**Taxes**" shall mean all taxes, assessments, charges, duties, fees, levies or other governmental charges, including all United States or other federal, state, provincial, territorial, local, foreign and other income, gross receipts, franchise, profits, capital gains, capital stock, capital, transfer, sales, use, value added, goods and services, harmonized sales, occupation, employer health, property, excise, severance, windfall profits, stamp, license, payroll, employment, customs, social security (or similar), pension plan, unemployment, disability, workers' compensation, real property, personal property, registration, alternative or add-on minimum, withholding and other taxes, assessments, charges, duties, fees, levies, premiums or other governmental charges of any kind whatsoever, including all installments of tax, estimated taxes, deficiency assessments, additions to tax, penalties and interest, and indemnity obligations in respect of tax, in each case whether disputed or not.

"**Tax Matters Agreement**" shall mean the Tax Matters Agreement by and between Honeywell and Transportation Systems and, solely for purposes of Section 3.02(g) of the Tax Matters Agreement, Payor and Payee.

"**Termination Date**" shall have the meaning set forth in Section 3.1.

"**Transportation Systems**" shall have the meaning given to it in the recitals to this Agreement.

"**Transportation Systems Borrower**" shall mean [Honeywell Technologies Sàrl, a limited liability company organized under the Laws of Switzerland].

"**Transportation Systems Issuer**" shall mean [_____].

"**Transportation Systems Business**" shall mean the business of designing, manufacturing and selling turbocharger, electric-boosting and connected vehicle technologies for light and commercial vehicle original equipment manufacturers and the aftermarket, as conducted by Honeywell and its Affiliates prior to the Distribution, including as described in the Information Statement.

"**Transportation Systems Group**" shall mean (a) Transportation Systems, (b) each Person that will be a Subsidiary of Transportation Systems immediately prior to the Distribution and (c) each Person that becomes a Subsidiary of Transportation Systems after the Distribution, including in each case any Person that is merged or consolidated with or into Transportation Systems or any Subsidiary of Transportation Systems and any Person that becomes a Subsidiary of Transportation Systems following the Distribution.

"**Transportation Systems Restricted Group**" shall mean the Transportation Systems Group excluding any Unrestricted Subsidiary of Transportation Systems.

“**True-Up Payment Date**” shall mean the dates identified as such in Section 2.3(b) and Section 2.3(e).

“**True-Up Reports**” shall mean, in respect of any calendar year, the Environmental Report and the Ex-US Bendix Report providing information in respect of such calendar year. If a Global Asbestos Resolution Event has occurred, then the US Bendix Post-GARE Report providing information in respect of such calendar year shall also be a “True-Up Report”.

“**Unrestricted Subsidiary**” shall mean any Subsidiary of Transportation Systems that is an “Unrestricted Subsidiary” under the Principal Credit Agreement.

“**US Bendix Claims**” shall mean any and all claims asserted, made or alleged against any member of the Honeywell Group or the Transportation Systems Group or their respective Representatives, or any of the heirs, executors, successors and assigns of any of the foregoing, by any Person in the United States of America or its territories, regardless of when they are made, arise or arose, alleging any injury, harm, risk, damage, cost or expense of any kind or nature, which are asserted to be related in any way, directly or indirectly, to the use of asbestos and/or asbestos-containing product or material, or to the direct or indirect exposure or the possibility or potential of direct or indirect exposure of such Person or any other Person (including, in each case, indirect exposure to spouses, children or any other Person coming into contact with a Person who was directly or indirectly exposed) to asbestos or asbestos-containing dust, product or material in connection with the business of the Bendix Corporation or any of its Affiliates, including, without limitation, the manufacturing, licensing, sale, distribution, packaging, handling, use, installation, removal or repair of products manufactured, licensed, sold, distributed, packaged, handled, used, installed or removed by the Bendix Corporation, including, but not solely, from asbestos-containing friction materials.

“**US Bendix Insurance Receipts**” shall mean, for any period in which a US Bendix Obligation is owed, the amount of cash actually received by the Claim Manager or its Affiliates in such period with respect to any casualty insurance policies of the Claim Manager or its Affiliates in respect of Losses related to US Bendix Claims, *less* all costs and expenses (including attorneys’ fees and costs) incurred by the Claim Manager or its Affiliates in connection with the collection of such proceeds.

“**US Bendix Obligation**” shall mean, in respect of any period, (i) 90% of the Losses incurred by Payee Parties in respect of US Bendix Claims (other than any Losses that are included in the calculation of a Global Asbestos Resolution Amount) in such period, *less* (ii) 90% of the US Bendix Insurance Receipts (other than any Insurance Receipts in respect of a Global Asbestos Resolution Amount) for such period.

“**US Bendix Post-GARE Report**” shall mean the report delivered to Payor providing a summary of Losses incurred by Payee Parties related to US Bendix Claims for a period, the form of which is attached hereto as Exhibit K.

"**US Bendix Reports**" shall mean the Claims Activity Report, the Resolution Value Experience Report, the Interim Liability and Defense Costs Report, and the Annual and Year-to-Date Liability and Defense Costs Report.

ARTICLE II
PAYMENT

Section 2.1 Payment by Payor. From and after the Distribution Date, Payor hereby agrees to, and shall, make payments to Payee in accordance with the terms and subject to the conditions set forth in this Agreement.

Section 2.2 Estimates; Statements; and Reports.

(a) The Claim Manager has delivered to Payor, prior to the date hereof, a written estimate of the Estimated Initial US Bendix Obligation for the period (the "**Initial Period**") commencing on the Distribution Date through December 31, 2018 (the "**Initial Period Estimated US Bendix Payment**"). On March 1, 2019, the Claim Manager shall deliver to Payor the Initial Prior Year Aggregate Loss Statement, the Ex-US Bendix Report and an Environmental Report, in each case, in respect of the Initial Period.

(b) Beginning no later than December 14, 2018, and thereafter on or prior to December 15 of each year, the Claim Manager shall deliver to Payor an Estimated Annual US Bendix Loss Statement in respect of the following calendar year; *provided*, that, in the event that a Global Asbestos Resolution Event has occurred and the Cumulative Outstanding GARE Losses are greater than zero, the Claim Manager shall no longer have an obligation to deliver the Estimated Annual US Bendix Loss Statement.

(c) On March 29, 2019 and each subsequent date that is forty-five (45) days following the end of each Fiscal Quarter, the Claim Manager shall deliver to Payor the US Bendix Reports, updated in respect of the prior Fiscal Quarter; *provided*, that, if a Global Asbestos Resolution Event has occurred and the Cumulative Outstanding GARE Losses are greater than zero, the Claim Manager shall have no obligation to deliver the US Bendix Reports.

(d) On November 14, 2019 and each subsequent date that is forty-five (45) days following the end of the third Fiscal Quarter of each calendar year, the Claim Manager shall deliver to Payor the 4Q Reports, updated in respect of the prior three Fiscal Quarters; *provided*, that, the Claim Manager shall have no obligation to deliver the 4Q Reports in any given year if the Estimated Annual US Bendix Obligation for such year exceeds the Cap.

(e) On March 2, 2020, and on or before March 1 of each year thereafter until the Termination Date, the Claim Manager shall deliver to Payor (i) the Prior Year Aggregate Loss Statement and (ii) the True-Up Reports.

(f) If any report is due under this Agreement on a date that is not a Business Day, such report shall be due on the next following Business Day.

(g) In the event that any member of the Honeywell Group is notified of, and is required to pay any amount in respect of, an Insurance Disallowance, the Claim Manager shall reasonably promptly notify Payor of such Insurance Disallowance.

(h) If a Global Asbestos Resolution Event occurs, the Claim Manager shall reasonably promptly notify Payor of such Global Asbestos Resolution Event and the Global Asbestos Resolution Amount relating to such Global Asbestos Resolution Event.

(i) Upon reasonable request, the Claim Manager shall provide such additional information from time to time as may be necessary for Payor to satisfy its obligations as an SEC registrant, in accordance with, and giving due regard to the principles of confidentiality and legal privilege identified in, Section 2.16 hereof.

(j) The Claim Manager shall have no obligation to provide information to Transportation Systems or Payor or any of their respective Affiliates other than as set forth in this Section 2.2, Section 2.9 and Section 3.3(a).

(k) To the extent not already provided under Section 2.10, Payor shall provide to the Claim Manager any financial statements and other information (in each case other than information regarding collateral matters) provided by Payor to the lenders under the Principal Credit Agreement or other Senior Indebtedness reasonably promptly after such information is required to be delivered to such lenders.

Section 2.3 Payments to Payee Pre-GARE. If a Global Asbestos Resolution Event has not occurred, Payor shall make the payments to Payee set forth in this Section 2.3.

(a) *Initial Period Estimated US Bendix Payment*. Thirty (30) days following the Distribution Date, Payor shall pay to Payee the Initial Period Estimated US Bendix Payment; *provided*, that, in the event that the Initial Period Estimated US Bendix Payment exceeds the Initial Cap, Payor shall pay to Payee an amount equal to the Initial Cap.

(b) *Initial Obligation True-Up*. On March 20, 2019 (which shall be a True-Up Payment Date):

(i) if there is an Initial Overage Amount, then such Initial Overage Amount shall be applied as a credit (an "**Overage Credit**") to the next Quarterly Payment and, to the extent any portion of such Overage Credit remains, to any subsequent Quarterly Payments, 4Q Payments or Cash True-Up Payments, and the amount of the Overage Credit shall be reduced by the amount thereof applied as a credit in respect of such payments until the Overage Credit is equal to zero; and

(ii) if there is an Initial Deficiency Amount, then such Initial Deficiency Amount shall be paid by payment of cash from Payor to Payee (any such cash payment, the "**Initial Cash Deficiency Payment**").

(c) *Quarterly Payments*. On January 30, 2019, and each subsequent date that is thirty (30) days following the start of each Fiscal Quarter until the Termination Date (each, a "**Quarterly Payment Date**"), Payor shall pay Payee an amount equal to one-fourth (1/4) of the Estimated Annual US Bendix Obligation for such year (each such payment, a "**Quarterly Payment**"); *provided*, *however*, that, if the Estimated Annual US Bendix Obligation for such year exceeds the Cap, then each Quarterly Payment for purposes of this Agreement shall be €[•][3] (the "**Quarterly Cap**").

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3 NTD: To be updated to equal $43,750,000, based on a Euro-to-U.S. dollar exchange rate to be determined by Honeywell as of a date within two business days prior to the Distribution Date.

(d) *4Q Payments*. On December 2, 2019, and each subsequent date that is sixty (60) days following the start of the fourth Fiscal Quarter of each calendar year until the Termination Date (each, a "**4Q Payment Date**"), Payor shall pay Payee *the sum of* (i) the Environmental Obligation in respect of the first three quarters of such calendar year, *plus* (ii) the Ex-US Bendix Obligation in respect of the first three quarters of such calendar year (such payment, the "**4Q Payment**"); *provided*, that, if *the sum of* the 4Q Payment, *plus* the Estimated Annual US Bendix Obligation *is greater than* the Cap, then such 4Q Payment shall be an amount *equal to* the Cap, *less* the Estimated Annual US Bendix Obligation.

(e) *Annual True-Up of Estimated Payments*. On the second Quarterly Payment Date of each calendar year until the Termination Date (each such date shall be a True-Up Payment Date):

(i) if there is an Overage Amount set forth in the Prior Year Aggregate Loss Statement, then such Overage Amount shall be applied as an Overage Credit to the next Quarterly Payment and, to the extent any portion of such Overage Credit remains, to any subsequent Quarterly Payments, 4Q Payments or Cash True-Up Payments, and the amount of the Overage Credit shall be reduced by the amount thereof applied as a credit in respect of such payments until the Overage Credit is equal to zero;

(ii) if there is a Deficiency Amount set forth in the Prior Year Aggregate Loss Statement, then such Deficiency Amount shall be paid first by reducing the amount of any remaining Overage Credit and then, if such Overage Credit has been reduced to zero, by payment of cash from Payor to Payee (any such cash payment, a "**Annual Cash Deficiency Payment**").

Section 2.4 Payments to Payee Post-GARE. If a Global Asbestos Resolution Event has occurred, beginning on January 1st of the calendar year following such Global Asbestos Resolution Event, Payor shall pay Payee as set forth in this Section 2.4.

(a) For so long as the Cumulative Outstanding GARE Losses in respect of a calendar year are equal to or exceed the Cap, on each Quarterly Payment Date, Payor shall pay Payee an amount equal to the Quarterly Cap. The aggregate annual payment under this Section 2.4(a) shall first be allocated to satisfy the Aggregate Annual Obligation, and then to satisfy the Cumulative Outstanding GARE Losses (the amount of any payment made in respect of the Cumulative Outstanding GARE Losses, a "**GARE Payment**"), and in respect of any calendar year the amounts of such allocations shall be included in the Prior Year Aggregate Loss Statement delivered in the following year under Section 2.2(e). Any amounts payable pursuant to this Section 2.4(a) shall be a "**Quarterly Payment**" for all purposes under this Agreement and

shall be paid first by reducing the amount of any remaining Overage Credit and then, if such Overage Credit has been reduced to zero, by payment of cash from Payor to Payee. For the avoidance of doubt, the Cumulative Outstanding GARE Losses shall be carried over year-to-year and recalculated as of January 1st of each calendar year following a Global Asbestos Resolution Event, until the earlier of (i) the year that there are no Cumulative Outstanding GARE Losses or (ii) the Termination Date. Such recalculation will be set forth in the applicable Prior Year Aggregate Loss Statement.

(b) From and after such time as the Cumulative Outstanding GARE Losses in respect of a calendar year are less than the Cap:

(i) on each Quarterly Payment Date, Payor shall pay Payee an amount equal to one-fourth (1/4) of the Cumulative Outstanding GARE Losses for such year and such payment shall be a "**Quarterly Payment**" for all purposes under this Agreement;

(ii) on each 4Q Payment Date, Payor shall pay Payee *the sum of* (i) the Environmental Obligation in respect of the first three quarters of such calendar year, *plus* (ii) the Ex-US Bendix Obligation in respect of the first three quarters of such calendar year, *plus* (iii) the US Bendix Obligation in respect of the first three quarters of such calendar year (such payment shall be a "**4Q Payment**" for all purposes under this Agreement); *provided*, that, if *the sum of* the 4Q Payment *plus* the Cumulative Outstanding GARE Losses for such calendar year *is greater than* the Cap, then such 4Q Payment shall be an amount *equal to* the Cap, *less* such Cumulative Outstanding GARE Losses;

(iii) on the True-Up Payment Date, Payor shall pay Payee the amount, if any, by which (A) *the sum of* (1) the Cumulative Outstanding GARE Losses for such year, *plus* (2) the 4Q Payment for such year *is less than* the lesser of: (x) *the sum of* (i) the Aggregate Annual Obligation, *plus* (ii) such Cumulative Outstanding GARE Losses and (y) the Cap; and

(iv) all payments made pursuant to this Section 2.4(b) shall first be allocated to satisfy the Aggregate Annual Obligation, and then to satisfy the Cumulative Outstanding GARE Losses (such amount paid in respect of the Cumulative Outstanding GARE Losses shall be a "**GARE Payment**" for all purposes under this Agreement), and in respect of any calendar year the amounts of such allocations shall be included in the Prior Year Aggregate Loss Statement delivered in the following year under Section 2.2(e). Any amounts payable pursuant to this Section 2.4(b) shall be paid first by reducing the amount of any remaining Overage Credit and then, if such Overage Credit has been reduced to zero, by payment of cash from Payor to Payee (any such cash payment, the "**GARE Deficiency Payment**" and, together with the Annual Cash Deficiency Payment and the Initial Cash Deficiency Payment, the "**Cash True-Up Payments**").

(c) From and after such time as the Cumulative Outstanding GARE Losses equal zero, Payor shall make the payments to Payee set forth in Section 2.3.

Section 2.5 Payment Deferrals.

(a) Payor shall defer any Quarterly Payment, any 4Q Payment, any Cash True-Up Payment, or payment of Accrued Amounts to the extent that, as of a Quarterly Payment Date or, as applicable, a 4Q Payment Date or a True-Up Payment Date: (i) a Specified Event of Default has occurred and is continuing under the Principal Credit Agreement or any other Senior Indebtedness (a "**Default Deferral**") or (ii) if, after giving effect to any such cash payment due and payable, (x) the Transportation Systems Restricted Group, on a consolidated basis, would fail to be in compliance with any financial maintenance covenant under the Principal Credit Agreement or (y) the Transportation Systems Restricted Group, on a consolidated basis, would fail to maintain a Fixed Charge Coverage Ratio (as defined in the Indenture) of at least 2:00 to 1:00 (the "**FCCR Test**"); *provided* that this clause (y) shall only apply in the event that at the time such cash payment is due and payable, (1) no Principal Credit Agreement exists, (2) no financial maintenance covenant exists under the terms of any Senior Indebtedness and (3) the Indenture (or a replacement indenture that constitutes Senior Indebtedness) exists and the FCCR Test remains applicable (a "**Financial Covenant Deferral**" and, together with a Default Deferral, a "**Payment Deferral**"). For the avoidance of doubt, Payor shall pay such portion of any Quarterly Payment, 4Q Payment, Cash True-Up Payment or Accrued Amounts subject to a Financial Covenant Deferral to the extent that payment would not result in a Financial Covenant Deferral.

(b) If Payor shall defer any cash payments in accordance with Section 2.5(a), any amounts so deferred ("**Accrued Amounts**") shall be paid in accordance with this Section 2.5(b).

(i) On each True-Up Payment Date, if any Accrued Amounts have accrued and remain unpaid, then Payor shall pay such Accrued Amounts, subject to Payment Deferral pursuant to Section 2.5(a), *provided* that, if *the sum of* (A) that amount of the Aggregate Annual Obligation that was due and payable (including payable by reduction in Overage Credit) in respect of the preceding calendar year, *plus* (B) if applicable, any GARE Payment in respect of the preceding calendar year, *plus* (C) such Accrued Amounts exceeds the Cap, then Payor shall only pay such Accrued Amounts exceeding the Cap that Payor is permitted to pay under Section [•] (Limitations on Restricted Payments) of the Principal Credit Agreement (or any successor provision).

(ii) Any Accrued Amounts that remain unpaid following any True-Up Payment Date shall be paid on the next succeeding True-Up Payment Date as provided in this Section 2.5.

(c) In any Fiscal Quarter, unless and until all amounts due in such Fiscal Quarter in respect of Quarterly Payments, 4Q Payments, Cash True-Up Payments and Accrued Amounts have been paid in full:

(i) no member of Payor Group shall declare, make or commit to make or pay any dividend or other distribution on, or redeem, purchase or otherwise acquire, the equity of any member of Payor Group, directly or indirectly (other than dividends or distributions by a wholly owned Subsidiary to its parent; *provided*, that no such dividend or distribution may be made by Payor to its parent unless such dividend or distribution is (x) used to pay obligations owing under Senior Indebtedness that are due and payable or (y) permitted under Section 2.5(c)(ii)); and

(ii) other than in the Ordinary Course of Business, no member of Payor Group shall assume or enter into any intercompany transactions resulting in the payment of any amount by a member of Payor Group to any member of the Transportation Systems Group that is not a member of Payor Group.

Section 2.6 Manner of Payment; Currency Exchange Rate.

(a) All payments to Payee to be made hereunder shall be made in Euros by wire transfer of immediately available funds, to an account specified by Payee in writing, and Payor shall send a payment confirmation to Payee by fax or e-mail.

(b) In addition to any other amounts payable hereunder (including those payable pursuant to Section 4.11 and Section 3.3(a)(i)) and any other rights Payee may have hereunder, Payor shall pay Payee a late payment fee of five percent (5%) per annum on all payments that are more than thirty (30) days past due, with such late payment fee accruing as of such date thirty (30) days following the missed payment. For the avoidance of doubt, (i) any late payment fees made pursuant to this Section 2.6 shall not be included in, or subject to, the Cap and (ii) Accrued Amounts shall not accrue any late payment fee hereunder unless such amounts are required to be paid pursuant to Section 2.5 and are not so paid.

(c) If any payment is due and payable under this Agreement on a date that is not a Business Day, such payment shall be due and payable on the next following Business Day.

(d) To the extent that any amounts estimated, calculated, determined, paid, received, applied, allocated, deferred or accrued pursuant to this Agreement are denominated in U.S. dollars, such amounts shall be converted into Euros on a U.S. dollar-to-Euro exchange rate of [•][4]. For the avoidance of doubt, the following amounts that are denominated in U.S. dollars shall, without limitation, be converted to Euros pursuant to this Section 2.6(d): Losses, Global Asbestos Resolution Amounts, Insurance Disallowances, Insurance Receipts, Affirmative Environmental Litigation Proceeds, Property Sale Proceeds and Co-Contribution Proceeds.

(e) To the extent any amounts estimated, calculated, determined, paid, received, applied, allocated, deferred or accrued pursuant to this Agreement are denominated in a currency other than Euros or U.S. dollars, such amounts shall (i) be converted into U.S. dollars at the rate at which such currency may be exchanged into U.S. dollars, as set forth at approximately 11:00 a.m., London time, on the date such amounts are estimated, calculated, determined, paid, received, applied, allocated, deferred or accrued on the Reuters World Currency Page "FX=" for such currency (or, in the event that such rate does not appear on any Reuters World Currency Page, then the exchange rate as determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Parties), and then (ii) such amount of U.S. dollars shall be converted to Euros in accordance with Section 2.6(d).

4 NTD: To be updated to reflect the Euro-to-U.S. dollar exchange rate determined by Honeywell as of a date within two business days prior to the Distribution Date.

Section 2.7 Limitations to Payments. For the avoidance of doubt, (i) payments of Accrued Amounts are not subject to the Cap and shall be payable as provided in Section 2.5(b), and (ii) except as set forth in Section 2.4, any amounts payable under this Agreement that are not paid due to the Cap shall not be applied to another year.

Section 2.8 Illustrative Examples. Set forth on Schedule 2.8 hereto are examples of the payments that may be made pursuant to Section 2.3, 2.4, and 2.5, which are being provided for illustrative purposes only and are not the sole examples of a particular concept or intended to be a representation as to any future payments.

Section 2.9 Management of Claims. The Claim Manager shall be solely responsible for, and shall have sole discretion with respect to, the Management of all Claims. Payor shall have the right to meet with the Claim Manager's outside litigation or environmental counsel once each Fiscal Quarter to discuss the US Bendix Reports, the 4Q Reports or the True-Up Reports; provided, that (a) the Claim Manager shall have no obligation to implement or adopt Payor's requests during such meeting or otherwise consult, seek the consent of, cooperate with or otherwise inform (except pursuant to this sentence, Section 2.2 and Section 3.3(a)) Payor or any of its Affiliates or their respective Representatives regarding the investigation, defense, compromise, settlement or resolution of any Claim, regardless of the party against whom any such Claim may be asserted, (b) the content of such meetings shall be limited to the information contained in the US Bendix Reports, 4Q Reports or True-Up Reports, and (c) Payor shall pay all fees and expenses relating to such quarterly meetings. All Claims brought against any Payee Party subject to payment hereunder shall be referred to the Claim Manager for Management promptly and, in any event, within fifteen (15) days of notice thereof. Notwithstanding the above, in no event shall the Claim Manager or the Claim Manager's counsel be under any obligation to share privileged information with Payee or Payee's Representatives.

Section 2.10 Covenants. The provisions of Article V (Affirmative Covenants) (other than Section 5.12) and Article VI (Negative Covenants) of the Current Credit Agreement shall be incorporated herein and shall apply *mutatis mutandis* with changes thereto as set forth in Exhibit L; *provided* that members of Payor Group may enter into intercompany transactions with members of the Transportation Systems Group in the Ordinary Course of Business.

Section 2.11 Restricted Payment Capacity. Payor shall, and shall cause its Restricted Subsidiaries to, preserve at least €[•][5] of the payment capacity under Section 6.08(a)(xii) (Limitations on Restricted Payments) (or any successor provision) of the Principal Credit Agreement (the "**RP Basket**") solely for the purpose of paying Accrued Amounts; *provided* that such RP Basket shall be reduced by the amount of any Accrued Amounts paid pursuant to Section 2.5(a).

5 NTD: To be updated to equal $50,000,000, based on a Euro-to-U.S. dollar exchange rate to be determined by Honeywell as of a date within two business days prior to the Distribution Date.

Section 2.12 No Acts to Impair Rights.

(a) Payor shall not, and shall not permit its Subsidiaries or Affiliates that are members of the Transportation Systems Group to, take any action intended to, or which would reasonably be expected to, prohibit, restrict, circumvent, diminish or impair (or have the effect, directly or indirectly, of prohibiting, restricting, circumventing, diminishing or impairing) in any material respect (i) the ability of Payor to make any payments under this Agreement, (ii) the rights of Payee under this Agreement or (iii) the ability of Payee to enforce its rights under this Agreement; *provided* that this Section 2.12(a) shall not prohibit the repayment of any Senior Indebtedness that has become due and payable. Without limiting the foregoing, Payor agrees that it shall not, and it shall cause its Subsidiaries not to, amend or enter into waivers under the Current Credit Agreement or the Indenture or other agreements (including other agreements relating to Senior Indebtedness) (any such amendment or waiver, an "**Agreement Amendment**"), or enter into another Principal Credit Agreement or indenture or make amendments or waivers thereto, in each case, in a manner that would (x) adversely affect the rights of Payee hereunder or (y) reasonably be expected to (I) prohibit, restrict, circumvent, diminish or impair (or have the effect, directly or indirectly, of prohibiting, restricting, circumventing, diminishing or impairing) the ability of Payor to satisfy its obligations hereunder or (II) trigger a Payment Deferral (an "**Adverse Change**") without Payee's prior written consent (such consent not to be unreasonably withheld, delayed or conditioned). Payor agrees to provide prior written notice to Payee at least ten (10) Business Days prior to entry into any Agreement Amendment.

(b) Without limiting the foregoing, the Parties agree that it is understood that (i) any amendment or waiver of the negative covenants of the Current Credit Agreement or the Indenture resulting in such negative covenants being less restrictive to Transportation Systems and its subsidiaries than the Current Credit Agreement or the Indenture, respectively, shall not constitute an Adverse Change and (ii) any amendment or waiver of the provisions of clauses (a)(ii), (a)(iii), (a)(v), (a)(xi) and (a)(xii) of Section 6.08 and Sections 6.11(a) (as it relates to this Agreement), 6.12, 6.13, 6.15, 6.17 and 6.18 of the Current Credit Agreement or the corresponding provisions of the Indenture or any Principal Credit Agreement or other indenture, if any, that is more restrictive (or any amendment or waiver that has the effect, directly or indirectly, of making such provisions more restrictive) to Transportation Systems and its subsidiaries than the Current Credit Agreement or the Indenture, respectively, shall, in each case, without limitation, be deemed to be an "Adverse Change". In the event of any Agreement Amendment (including any Adverse Change) permitted to be made pursuant to the terms hereunder that is more restrictive to Transportation Systems and its Subsidiaries than the Current Credit Agreement or any Principal Credit Agreement, the provisions of such Agreement Amendment shall, unless otherwise agreed in writing by Transportation Systems and Payee, also apply (or be deemed to apply automatically) to the corresponding covenant incorporated herein under Section 2.10, *mutatis mutandis*, such that Payee shall receive the same benefit of such more restrictive terms as the financing sources under the Current Credit Agreement or such Principal Credit Agreement, as applicable.

Section 2.13 Default.

(a) Notwithstanding anything to the contrary contained in this Agreement, the occurrence of the following events shall constitute a default under, and a breach of, this Agreement (a "**Default**"):

(i) any failure to make a Quarterly Payment, a 4Q Payment, a Cash True-Up Payment or Accrued Amount when due and payable (except any such amount subject to a Financial Covenant Deferral or a Default Deferral);

(ii) any material breach of this Agreement that is not curable or, if curable, is not cured within thirty (30) days of written notice thereof;

(iii) the failure by Transportation Systems or any of its Restricted Subsidiaries to make any payment when due (after giving effect to any applicable grace period) under any Material Indebtedness; or

(iv) any default in the performance of any agreement or condition contained in the Principal Credit Agreement, or any other event or condition, the effect of which default or other event or condition is to cause, or to permit the creditors under the Principal Credit Agreement to cause, the indebtedness under the Principal Credit Agreement to become due prior to its stated maturity or to be required to be repurchased, prepaid, redeemed or deferred prior to its stated maturity;

provided, that, (A) in the case of clause (iv) above, any such Default shall be deemed to have occurred only if (x) sixty (60) calendar days have passed since the first date on which a Default would otherwise have been deemed to occur thereunder (such date, the "**Default Date**") and (y) thirty (30) calendar days have passed since Payee provides written notice (a "**Payment Default Notice**") of such default to the Senior Agent (and each Financial Representative for any other Senior Indebtedness having commitments or an outstanding principal amount of at least €[•][6]), which such Payment Default Notice may be delivered on or after the Default Date, and during such sixty (60) calendar day and thirty (30) calendar day periods, the relevant creditors under the Principal Credit Agreement have not waived such default and (B) in the case of clauses (i), (ii) and (iii) above, any such Default shall be deemed to have occurred only if thirty (30) days have passed since Payee provides a Payment Default Notice to the Senior Agent (and each Financial Representative for any other Senior Indebtedness having commitments or outstanding principal amount of at least €[•][7]) and during such thirty (30) calendar day period, Payee has not waived such default.

6 NTD: To be updated to equal $25,000,000, based on a Euro-to-U.S. dollar exchange rate to be determined by Honeywell as of a date within two business days prior to the Distribution Date.

7 NTD: To be updated to equal $25,000,000, based on a Euro-to-U.S. dollar exchange rate to be determined by Honeywell as of a date within two business days prior to the Distribution Date.

(b) Promptly, and in any event within five (5) Business Days, upon obtaining knowledge of any Default, Payor shall deliver notice of such Default to Payee in accordance with Section 4.9, specifying the nature of such Default and what actions Payor has taken, is taking or proposes to take with respect thereto.

Section 2.14 Guarantee. Payor and each Restricted Subsidiary of Payor that is a Loan Party (as defined in the Principal Credit Agreement) shall, concurrent with the effectiveness of this Agreement, enter into a guarantee, substantially in the form set forth in Exhibit M (the "**Guarantee**"). In the event that any additional Persons shall become a Subsidiary of Payor and a Loan Party under the Principal Credit Agreement ("**New Loan Parties**"), Payor shall promptly, and, in any event, within ten (10) Business Days thereafter, cause such New Loan Parties to enter into the Guarantee. The joinder to the Guarantee, and execution and delivery thereof by such New Loan Parties, shall not require the consent of any other party to the Guarantee.

Section 2.15 Subordination.

(a) Payee agrees that all amounts payable by Payor to Payee hereunder shall be subordinated in right of payment to the prior Payment in Full of all Senior Indebtedness (whether outstanding on the date hereof or hereafter created, incurred, assumed or guaranteed) as provided in this Section 2.15.

(b) In the event of any payment or distribution of assets during any Insolvency Proceeding of Payor or any Person providing a Guarantee, subject to governing law of the relevant Insolvency Proceeding:

(i) holders of Senior Indebtedness shall first be entitled to receive Payment in Full of all Obligations due in respect of such Senior Indebtedness (including interest after the commencement of any such Insolvency Proceeding at the rate specified in the documentation for the applicable Senior Indebtedness) or provision shall be made for such amount in cash, or other payments satisfactory to all of the holders of Senior Indebtedness (such satisfaction to be evidenced in writing by such holders of Senior Indebtedness), before Payee shall be entitled to receive any payment hereunder; and

(ii) until all Obligations with respect to Senior Indebtedness (as provided in clause (i) above) are Paid in Full, any distribution to which Payee would be entitled but for this Section 2.15 shall be made to the Applicable Designated Representative under (and as defined in) the Intercreditor Agreement (as defined in the Principal Credit Agreement) and applied in accordance with the terms thereof.

(c) *Default on Senior Indebtedness*.

(i) No payment may be made hereunder, directly or indirectly, if a default in payment of the principal of, premium, if any, or interest on, or other Obligations with respect to any Senior Indebtedness, occurs (each, a "**Senior Payment Default**"), by reason of acceleration or otherwise, until all Senior Payment Defaults have been cured or waived in accordance with the terms of the agreement, indenture or other document governing such Senior Indebtedness (as evidenced by a written waiver from the holders (or a Financial Representative thereof) of the applicable Senior Indebtedness).

(ii) During the continuance of any event of default with respect to any Senior Indebtedness (other than a Senior Payment Default), permitting the holders thereof (or their Financial Representative) to accelerate the maturity thereof, no payment may be made hereunder, directly or indirectly, for a period (a "**Payment Blockage Period**") commencing upon the receipt by Payor of written notice (a "**Payment Blockage Notice**") of such event of default from Persons entitled to give such notice under any agreement pursuant to which that Senior Indebtedness may have been issued, that such an event of default has occurred and is continuing and ending on the earliest of: (1) one hundred and eighty (180) days from the date of receipt of the Payment Blockage Notice; (2) the date such event of default has been cured or waived in accordance with the terms of such Senior Indebtedness; or (3) the date such Payment Blockage Period shall have been terminated by written notice from the Person initiating such Payment Blockage Period. Notwithstanding any of the foregoing, until the Obligations under the Principal Credit Agreement are Paid in Full, (x) only the Senior Agent shall have the right to give a Payment Blockage Notice and (y) any Payment Blockage Notice given by a holder of any Senior Indebtedness that is not the Senior Agent shall not be effective for any purposes. Transportation Systems shall deliver any Payment Blockage Notice promptly to Payee.

(iii) Payor may resume payments hereunder at the end of the Payment Blockage Period unless a Senior Payment Default then exists.

(iv) Until all Obligations with respect to Senior Indebtedness are Paid in Full, so long as a Senior Payment Default has occurred and is continuing or a Payment Blockage Period has commenced and is continuing, Payee shall not (and shall not permit any member of the Honeywell Group to) make, sue for, ask or demand from any member of the Transportation Systems Group payment of all or any of the obligations hereunder, or commence, or join with any creditor other than the Senior Agent in commencing, directly or indirectly cause any member of the Transportation Systems Group, or assist any member of the Transportation Systems Group in commencing, any Insolvency Proceeding; *provided*, *however*, that nothing herein shall restrict Payee from filing a proof of claim with respect to obligations hereunder in any Insolvency Proceeding.

(v) Payor shall promptly provide written notice to Payee regarding the occurrence or termination of a Senior Payment Default.

(d) In the event that Payee receives any payment hereunder, whether in cash, property or securities (including, without limitation, by way of setoff, recovery from a judgment lien or otherwise), at a time when such payment or distribution is prohibited by this Section 2.15, such payment or distribution shall be held by Payee, in trust for the benefit of, and shall be paid forthwith over and delivered to the Applicable Designated Representative under (and as defined in) the Intercreditor Agreement (as defined in the Principal Credit Agreement) and applied in accordance with the terms thereof.

(e) Payor shall promptly notify Payee of any facts known to Payor that would cause a payment hereunder to violate this Section 2.15, but failure to give such notice shall not affect the subordination of payments hereunder to the Senior Indebtedness as provided in this Section 2.15.

(f) After (and only after) all Senior Indebtedness is Paid in Full in cash or other payment satisfactory to the holders of the Senior Indebtedness (such satisfaction to be evidenced in writing by such holders of Senior Indebtedness), Payee shall be subrogated (equally and ratably with all other indebtedness pari passu with Payee and entitled to similar rights of subrogation) to the rights of holders of Senior Indebtedness to receive payments or distributions applicable to Senior Indebtedness to the extent that payments or distributions otherwise payable to Payee have been applied to the payment of Senior Indebtedness. A distribution made under this Section 2.15 to holders of Senior Indebtedness that otherwise would have been made to Payee is not, as between Payor and Payee, a payment on amounts due hereunder.

(g) This Section 2.15 defines the relative rights of, on the one hand, Payee and, on the other hand, the holders of Senior Indebtedness. Nothing in this Section 2.15 shall:

(i) impair, as between Payor and Payee, the obligation of Payor, which is absolute and unconditional, to pay amounts payable by Payor to Payee hereunder;

(ii) affect the relative rights of Payee and creditors of Payor Group other than their rights in relation to holders of Senior Indebtedness; or

(iii) subject to Section 2.15(c)(iv), prevent Payee from exercising its available remedies upon the occurrence of a Default, subject to the rights of holders and owners of Senior Indebtedness under this Section 2.15 to receive distributions and payments otherwise payable to Payee.

If Payor fails, because of this Section 2.15, to pay any amounts due and payable to Payee hereunder on the due date, the failure shall still constitute a Default.

(h) No right of any holder of Senior Indebtedness to enforce the subordination of the amounts payable by Payor to Payee hereunder shall be impaired by any act, or failure to act, by Payor, Transportation Systems or Payee or by the failure of Transportation Systems, Payor or Payee to comply with this Section 2.15 or any other provision of this Agreement.

(i) Whenever a distribution is to be made or a notice given to holders of Senior Indebtedness, the distribution may be made and the notice given to their Financial Representative. Upon any payment or distribution of assets of any member of Payor Group referred to in this Section 2.15, Payee shall be entitled to rely upon any order or decree made by any court of competent jurisdiction or upon any certificate of a Financial Representative of a holder of Senior Indebtedness or of the liquidating trustee or agent or other person making any distribution to Payee for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of Payor Group, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Section 2.15.

(j) The provisions of this Section 2.15 and related definitions in Section 1.1 shall not be amended or modified in any manner adverse to the holders of Senior Indebtedness without the written consent of the holders of all Senior Indebtedness (or, in the case of any holders of Senior Indebtedness represented by a Financial Representative, without the written consent of such Financial Representative acting on behalf of such holders pursuant to the terms of the agreement, indenture or other document governing such Senior Indebtedness).

(k) To the fullest extent permitted by law, the provisions of this Section 2.15 and the obligations under this Agreement shall remain in full force and effect irrespective of (i) any amendment, modification or supplement of, or any rescission, waiver or consent to, any of the terms of the Senior Indebtedness or the agreement or instrument governing the Senior Indebtedness, this Agreement or any other agreement, (ii) the taking, exchange, release or non-perfection of any collateral securing the Senior Indebtedness, or the taking, release or amendment or waiver of or consent to departure from any guaranty of the Senior Indebtedness, (iii) the manner of sale or other disposition of the collateral securing the Senior Indebtedness or the application of the proceeds upon such sale, (iv) the failure of any holder of the Senior Indebtedness or any other Person to assert any claim or demand or to enforce any right or remedy under the provisions of the agreement or instrument governing the Senior Indebtedness, this Agreement or otherwise, (v) any illegality, lack of validity or lack of enforceability of any of the terms of the Senior Indebtedness or the agreement or instrument governing the Senior Indebtedness or this Agreement, (vi) any change in the corporate existence, structure or ownership of Payor or any member of Payor Group, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any such Person or its assets, (vii) any action permitted or authorized hereunder; or (viii) any other circumstance which might otherwise constitute a defense available to, or a discharge of, Payor, any member of Payor Group, Payee or any other subordinated creditor. Payee and Payor each hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Senior Indebtedness and any requirement that any holder of the Senior Indebtedness or Financial Representative of any holders of Senior Indebtedness secure, perfect or insure any security interest or lien or any property or exhaust any right or take any action against Payor, any member of Payor Group or any other person or entity or any collateral. The holders of the Senior Indebtedness (and each Financial Representative of the holders of Senior Indebtedness) are hereby authorized to demand specific performance of this Agreement. Payee and Payor each hereby irrevocably waives any defense based on the adequacy of a remedy at law, which might be asserted as a bar to such remedy of specific performance.

(l) The holders of the Senior Indebtedness (and each Financial Representative of the holders of Senior Indebtedness) shall be third-party beneficiaries of this Section 2.15 and shall be entitled to enforce the provisions hereof directly against Payee and Payor.

Section 2.16 Confidentiality; Privilege.

(a) From and after the date hereof until two (2) years following the date of termination of this Agreement, Payor Group shall, and shall cause its Affiliates that are members of the Transportation Systems Group and Representatives to, keep confidential any and all non-public information provided pursuant to Section 2.2 and Section 3.3(a); *provided, however*, that Payor shall not be liable hereunder with respect to any disclosure to the extent such disclosure is determined by Payor (with the advice of counsel) to be required by any applicable Law or Order, including applicable rules of any securities exchange. In the event that Payor or any of its Affiliates or Representatives are required by any applicable Law or Order to disclose any such non-public information, Payor shall, (i) to the extent permissible by such applicable Law or Order, provide the Claim Manager with prompt written notice of such requirement, (ii) disclose only that information that Payor determines (with the advice of counsel) is required by such applicable Law or Order to be disclosed and (iii) use reasonable efforts to preserve the confidentiality of such non-public information, including by, at the request of the Claim Manager, reasonably cooperating with the Claim Manager to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded such non-public information. Notwithstanding the foregoing, such non-public information shall not include information that (A) is or becomes available to the public after the date hereof other than as a result of a disclosure by Payor or any of its Affiliates or Representatives in breach of this Section 2.16 or (B) becomes available to Payor or any of its Affiliates or Representatives after the date hereof from a source other than the Claim Manager or its Affiliates or Representatives if the source of such information is not known by Payor or its Affiliates or Representatives to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, the Claim Manager or its Affiliates with respect to such information. Notwithstanding anything to the contrary in this Agreement, any member of Payor Group may share such non-public information with its Affiliates and Representatives, *provided* that: (i) such Representatives or Affiliate (where such Affiliate is not a member of Payor Group) shall enter into a confidentiality agreement with such member of Payor Group on terms substantially similar to this Section 2.16 to keep such non-public information confidential and will not disclose such information to any other Person; (ii) such Representatives shall not use such non-public information in any manner that is detrimental to the interests of the Claim Manager or its Affiliates; and (iii) Payor agrees that it is responsible to the Claim Manager for any action, or failure to act, that would constitute a breach or violation of this Section 2.16 by any such Representative or Affiliate.

(b) The Claim Manager shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any privileged information that relates solely or primarily to the Claims, whether or not the privileged information is in the possession or under the control of any Affiliate of Payor or any Affiliate of the Claim Manager. The Claim Manager shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any privileged information that relates solely or primarily to any Claims in connection with any legal proceedings that are now pending or may be asserted in the future, whether or not the privileged information is in the possession or under the control of any Affiliate of Payor or any Affiliate of the Claim Manager.

(c) If the Parties do not agree as to whether certain information is privileged information, then such information shall be treated as privileged information, and the Claim Manager shall be entitled to control the assertion or waiver of all privileges and immunities in connection with any such information until such time as it is finally judicially determined that such information is not privileged information or unless the Parties otherwise agree.

(d) The Parties agree that their respective rights to access information, witnesses and other Persons, the furnishing of notices and documents and other cooperative efforts between the Parties contemplated by this Agreement and the transfer of privileged information between the Parties pursuant to this Agreement, shall not be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise.

Section 2.17 Tax Treatment. Payments under this Agreement shall be treated for U.S. federal income tax purposes as payments made in respect of an obligation contributed by Payor to Payee simultaneously with the contributions by Payor to Payee of AlliedSignal Aerospace Service LLC, a limited liability company organized under the Laws of the State of Delaware, and the payment obligation under Section 3.02(g) of the Tax Matters Agreement immediately prior to and as part of a plan with the distribution of Payee by Payor to Honeywell Asia Pacific Inc., a corporation organized under the Laws of the State of Delaware, in accordance with the Separation Agreement. Neither Payor nor any of its Affiliates shall claim any deduction for U.S. federal income tax purposes in respect of such payments other than any portion of such payments treated as interest under applicable U.S. federal income tax rules. Honeywell shall be the only person entitled to claim deductions for U.S. federal, state or local income tax purposes in respect of any Losses relating to Claims. All Parties hereto shall and shall cause their Affiliates to file all Tax returns on a basis consistent with the foregoing, and neither any Party nor an Affiliate shall take any Tax position inconsistent with this Section 2.17.

ARTICLE III
TERM AND TERMINATION

Section 3.1 Term. This Agreement shall be effective as of the date hereof and, *unless* the Agreement is terminated earlier as provided herein, shall continue until the earliest to occur of (x) December 31, 2048 or (y) December 31st of the third consecutive year during which *the sum of* (i) the Aggregate Annual Obligation, *plus* (ii) if applicable, the GARE Payment, *plus* (iii) any Accrued Amounts has been less than €[•][8] (the "**Termination Date**").

Section 3.2 Termination. This Agreement may be terminated prior to the Termination Date by mutual written agreement of the Parties (in which case, the date of such termination shall be the "Termination Date" for all other purposes under this Agreement).

8 NTD: To be updated to equal $25,000,000, based on a Euro-to-U.S. dollar exchange rate to be determined by Honeywell as of a date within two business days prior to the Distribution Date.

Section 3.3 Effect of Termination.

(a) Upon the termination of this Agreement, no Party shall have any liability or further obligation to any other Party or any of such Party's Affiliates under this Agreement; *provided*, *however*, that on February 15 of the calendar year following the Termination Date, the Claim Manager shall deliver to Payor a Prior Year Aggregate Loss Statement and:

(i) if there is a Deficiency Amount set forth in the Prior Year Aggregate Loss Statement, then such Deficiency Amount shall be due and payable;

(ii) any Accrued Amounts outstanding as of such date shall be due and payable;

(iii) any payments of such Deficiency Amount and any remaining Accrued Amount shall first be paid by reducing the amount of any Overage Amount and any remaining Overage Credit and then, if any such Overage Amount and Overage Credit has been reduced to zero, by payment of cash from Payee to Payor; and

(iv) if there is an Overage Amount set forth in the Prior Year Aggregate Loss Statement and/or any remaining Overage Credit following any payments contemplated by Section 3.3(a)(iii), Payee shall pay to Payor *the sum of* such Overage Amount, *plus* any such remaining Overage Credit.

Any payment made hereunder shall be made promptly following delivery of the Prior Year Aggregate Loss Statement and, in any event, within twenty (20) days thereof, in cash, by wire transfer of immediately available funds, to an account specified by the receiving Party in writing and the paying Party shall send a payment confirmation to the receiving Party by fax or e-mail.

(b) Notwithstanding any expiration or termination of this Agreement, Section 2.6, 2.15 and 2.16, this Section 3.3, and ARTICLE IV shall survive and remain in effect in accordance with their terms. Any termination of this Agreement shall be without prejudice to any other rights or remedies available under this Agreement or at Law.

ARTICLE IV
MISCELLANEOUS

Section 4.1 Counterparts; Entire Agreement. This Agreement may be executed in one or more counterparts, all of which counterparts shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party. This Agreement may be executed by facsimile or PDF signature and scanned and exchanged by electronic mail, and such facsimile or PDF signature or scanned and exchanged copies shall constitute an original for all purposes. This Agreement, the Exhibits hereto and the Separation Agreement contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties with respect to the subject matter hereof other than those set forth or referred to herein or therein. For the avoidance of doubt, losses, damages, liabilities, deficiencies, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind in respect of Managing, investigating, defending, settling, compromising or resolving claims against any Ex-US TS Brake Subsidiary in any way related to or arising out of asbestos or asbestos-containing dust are subject to indemnification pursuant to the terms of the Separation Agreement.

Section 4.2 <u>Representations and Warranties</u>. Each Party, severally as to itself only, and not jointly or jointly and severally, hereby represents and warrants to each other Party hereto as of the date of this Agreement as follows:

(a) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby and thereby;

(b) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof;

(c) neither the execution, delivery or performance by each such Person of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) result in a material violation or material breach of, or material default under, any provision of the organizational documents of such Party or (ii) conflict with or result in a violation of, or give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereby under, any Law or Order applicable to such Party; and

(d) immediately after entering into this Agreement and upon the payment of the Initial Period Estimated US Bendix Payment, Payor shall be solvent and shall (a) be able to pay its debts as they become due, (b) own property that has a fair saleable value greater than the amounts required to pay its debts (including a reasonable estimate of the amount of all contingent liabilities) and (c) have adequate capital to carry on its businesses.

Section 4.3 <u>Dispute Resolution</u>. In the event that any Party, acting reasonably, forms the view that another Party has caused a material breach of the terms of this Agreement, then the Party that forms such a view shall serve written notice of the alleged breach on the other Parties and the Parties shall work together in good faith to resolve any such alleged breach within thirty (30) days of such notice (a "**Dispute**"). If any such alleged breach is not so resolved, then a senior executive of each Party shall, in good faith, attempt to resolve any such alleged breach within the following thirty (30) days of the referral of the matter to the senior executives. If no resolution is reached with respect to any such alleged breach in accordance with the procedures contained in this <u>Section 4.3</u>, then the Parties may seek to resolve such matter in accordance with <u>Section 4.4</u> and <u>Section 4.5</u>.

Section 4.4 <u>Governing Law; Jurisdiction</u>. Any disputes arising out of or relating to this Agreement, including, without limitation, to its execution, performance, or enforcement, shall be governed by, and construed in accordance with, the Laws of the State of New York, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof. Each Party irrevocably consents to the exclusive jurisdiction, forum and venue of any state or federal court sitting in New York City in the State of New York over any and all

claims, disputes, controversies or disagreements between the Parties or any of their respective Affiliates, successors and assigns under or related to this Agreement or any of the transactions contemplated hereby, including, without limitation, to their execution, performance or enforcement, whether in contract, tort or otherwise. Each of the Parties hereby agrees that it shall not assert and shall hereby waive any claim or right or defense that it is not subject to the jurisdiction of such courts, that the venue is improper, that the forum is inconvenient or any similar objection, claim or argument. Each Party agrees that a final judgment in any legal proceeding resolved in accordance with this Section 4.4, Section 4.5 and Section 4.6 shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

Section 4.5 Waiver of Jury Trial. EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY INCLUDING, WITHOUT LIMITATION, THEIR EXECUTION, PERFORMANCE OR ENFORCEMENT, WHETHER IN CONTRACT, TORT OR OTHERWISE. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS.

Section 4.6 Court-Ordered Interim Relief. In accordance with Section 4.4 and Section 4.5, at any time after giving notice of a Dispute, each Party shall be entitled to interim measures of protection duly granted by a court of competent jurisdiction: (1) to preserve the status quo pending resolution of the dispute; (2) to prevent the destruction or loss of documents and other information or things relating to the dispute; or (3) to prevent the transfer, disposition or hiding of assets. Any such interim measure (or a request therefor to a court of competent jurisdiction) shall not be deemed incompatible with the provisions of Section 4.3, Section 4.4, or Section 4.5. Until such Dispute is resolved in accordance with Section 4.3 or final judgment is rendered in accordance with Section 4.4 and Section 4.5, each Party agrees that such Party shall continue to perform its obligations under this Agreement and that such obligations shall not be subject to any defense or set-off, counterclaim, recoupment or termination.

Section 4.7 Assignability; Transfer.

(a) Except as set forth in Section 4.7(b), (c), (d) and (e), neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of Law or otherwise by either Party without the prior written consent of the other Party (consent to be provided in such Party’s sole discretion); *provided* that the Claim Manager may assign this Agreement to any Affiliate, in whole or in part, without the consent of any other Party hereto.

(b) Either Party may assign this Agreement without prior written consent if: (i) such assignment is pursuant to (a) a merger transaction in which the surviving entity acquires or assumes all, or substantially all, of such Party's assets or (b) the sale of all, or substantially all, of such Party's assets; (ii) the assignee or successor-in-interest shall have corporate credit ratings assigned to it by Moody's Corporation and S&P Global Inc. (or any respective successors thereof) of no less than BB/Baa2, respectively; and (iii) it shall not be reasonably foreseeable as of the date of such assignment that such assignee or successor-in-interest will be downgraded as a result of the contemplated transaction with Payor or otherwise; *provided, however*, that the assignee or successor-in-interest expressly assumes in writing all of the obligations of the assigning Party under this Agreement, and the assigning Party provides written notice and evidence of such assignment, assumption or succession to the non-assigning Party.

(c) In the event that Payor Group effects a separation of a substantial portion of its business into one or more entities (each a "**Bendix Newco**"), whether existing or newly-formed, including by way of a Separation Transaction, prior to such separation, Payor shall cause any such Bendix Newco to enter into an agreement with Payee that contains rights and obligations that are substantially similar to those set forth in this Agreement and under which Bendix Newco and Payor shall be jointly and severally responsible for the payment obligations set forth in this Agreement. For the avoidance of doubt, any sale of equity interests or assets for consideration is not subject to this Section 4.7(c). Notwithstanding the foregoing, Payor Group may not enter into any Separation Transaction unless Bendix Newco shall have corporate credit ratings assigned to it by Moody's and S&P of no less than BB/Baa2, respectively, and it shall not be reasonably foreseeable, as of the date of such Separation Transaction, that Bendix Newco will be downgraded.

(d) Notwithstanding the foregoing, Payee may assign this Agreement without the consent of any other Party hereto to Honeywell or any of its Subsidiaries and any such transferees or assignees shall thereafter be treated as "**Payee**" for all purposes under this Agreement.

(e) Notwithstanding the foregoing, Payor may assign this Agreement without the consent of any other Party hereto to Garrett ASASCO Inc., and Garrett ASASCO Inc. shall assume all liability hereunder, in connection with the transactions contemplated by the Separation Agreement. Following such assignment and assumption, Garrett ASASCO Inc. shall be treated as "**Payor**" for all purposes under this Agreement and Honeywell ASASCO, Inc. shall be relieved of all liability hereunder.

(f) Any purported assignment in contravention of this Section 4.7 shall be void. Subject to this Section 4.7, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns.

Section 4.8 Third-Party Beneficiaries. Except (i) as set forth in Section 2.15(l), (ii) as set forth in Section 4.14 and (iii) for the payment rights under this Agreement of any Payee in her, his or its respective capacities as such, (a) the provisions of this Agreement are solely for the benefit of the Parties hereto and are not intended to confer upon any Person except the Parties hereto any rights or remedies hereunder and (b) there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

Section 4.9 Notices. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when (a) delivered in person, (b) on the date received, if sent by a nationally recognized delivery or courier service or (c) upon the earlier of confirmed receipt or the fifth business day following the date of mailing if sent by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

(a) if to Payor:

Honeywell ASASCO, Inc.
[•]
Attn: [•]
email: [•]

(b) if to Payee,

Honeywell ASASCO 2, Inc.
115 Tabor Road
Morris Plains, NJ 07950
Attention: [Senior Vice President and General Counsel]
Fax: [•]
Email: [•]

(c) if to the Claim Manager,

Honeywell International Inc.
115 Tabor Road
Morris Plains, NJ 07950
Attention: [Senior Vice President and General Counsel]
Fax: [•]
Email: [•]

(d) with a copy of any such notice sent to Payee, Payor or the Claim Manager (which shall not constitute notice) to:

Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, NY 10006
Attention: Craig B. Brod
Kimberly R. Spoerri
Fax: (212) 225-3999

Email: cbrod@cgsh.com
kspoerri@cgsh.com

and:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Attention: Scott A. Barshay
Steven J. Williams
Fax: 212-492-0040
Email: sbarshay@paulweiss.com
swilliams@paulweiss.com

and

McDermott, Will & Emery LLP
340 Madison Avenue
New York, NY 10173
Attention: Peter J. Sacripanti
Fax: 212-547-5444
Email: psacripanti@mwe.com

Either Party may, by notice to the other Party, change the address to which such notices are to be given. Each Party agrees that nothing in this Agreement shall effect the other Parties' right to serve process in any other manner permitted by Law (including pursuant to the rules for foreign service of process authorized by the Hague Convention).

Section 4.10 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon any such determination, any such provision, to the extent determined to be invalid, void or unenforceable, shall be deemed replaced by a provision that such court determines is valid and enforceable and that comes closest to expressing the intention of the invalid, void or unenforceable provision.

Section 4.11 Fees and Expenses. Except as otherwise expressly provided in this Agreement, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs and expenses. Notwithstanding the foregoing, if any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing Party shall be entitled to recover from the non-prevailing Party attorneys' fees and other costs and expenses incurred in connection with any such action in addition to any other relief to which such Party may be entitled. For the avoidance of doubt, any such costs and expenses shall not be included in, or subject to, the Cap.

Section 4.12 Headings. The article, section and paragraph headings contained in this Agreement, including in the table of contents of this Agreement, are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 4.13 Waivers of Default. No failure or delay of any Party in exercising any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default.

Section 4.14 Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of each Party; *provided* that no amendment resulting in the increase of the late payment fee set forth in Section 2.6(b) shall be effective without the written consent of the "Required Lenders" (as defined in the Principal Credit Agreement) under the Principal Credit Agreement. The lenders under the Principal Credit Agreement shall be third-party beneficiaries of this Section 4.14 and shall be entitled to enforce the provisions hereof directly against Payee and Payor.

Section 4.15 Interpretation. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires. The terms "hereof," "herein," "herewith" and words of similar import, unless otherwise stated, shall be construed to refer to this Agreement as a whole (including all of the schedules hereto) and not to any particular provision of this Agreement. Article, Section or Exhibit references are to the articles, sections and Exhibits of or to this Agreement unless otherwise specified. Any capitalized terms used in any Exhibit to this Agreement but not otherwise defined therein shall have the meaning as defined in this Agreement. Any definition of or reference to any agreement, instrument or other document herein (including any reference herein to this Agreement) shall, unless otherwise stated, be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein, including in Section 4.14 above). The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless the context otherwise requires or unless otherwise specified. The word "or" shall not be exclusive. All references to "$" or dollar amounts are to lawful currency of the United States of America. In the event that an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring either Party by virtue of the authorship of any provisions hereof.

* * * * *

IN WITNESS WHEREOF, each of the Parties have caused this Agreement to be duly executed by their respective officers thereunto duly authorized, all as of the date first above written.

HONEYWELL INTERNATIONAL INC.

By: ______________________________
Name:
Title:

HONEYWELL ASASCO, INC.

By: ______________________________
Name:
Title:

HONEYWELL ASASCO 2, INC.

By: ______________________________
Name:
Title:

[SIGNATURE PAGE TO INDEMNIFICATION AGREEMENT]

Exhibit 3.1

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

GARRETT MOTION INC.

GARRETT MOTION INC., a corporation organized and existing under the laws of the State of Delaware, DOES HEREBY CERTIFY AS FOLLOWS:

1. The name of the corporation is Garrett Transportation Systems Inc. The original Certificate of Incorporation of the corporation was filed with the Secretary of State of the State of Delaware on March 14, 2018 (as amended and in effect immediately prior to the adoption and effectiveness hereof, the "Original Certificate of Incorporation").

2. This Amended and Restated Certificate of Incorporation has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware (the "DGCL"), and by the written consent of its sole stockholder in accordance with Section 228 of the DGCL, and shall be effective as of 11:59 p.m., New York City time, on , 2018.

3. The Original Certificate of Incorporation is hereby amended and restated to read in its entirety as follows:

ARTICLE I

The name of the corporation (hereinafter called the "Corporation") is Garrett Motion Inc.

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808. The name of the Corporation's registered agent at such address is Corporation Service Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV

SECTION 1. The total number of shares of all classes of stock which the Corporation shall have authority to issue is shares of capital stock, consisting of (1) shares of Preferred Stock, par value $0.001 per share ("Preferred Stock"), and (2) shares of Common Stock, par value $0.001 per share ("Common Stock"). The number of authorized shares of either the Preferred Stock or the Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), voting as a single class, and no vote of the holders of either the Preferred Stock or the Common Stock voting separately as a class shall be required therefor.

SECTION 2. The Board of Directors of the Corporation (the "Board of Directors") is hereby expressly authorized, by resolution or resolutions and without stockholder approval, to provide, out of the unissued shares of Preferred Stock, for series of Preferred Stock and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers (if any) of the shares of such series, and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series. The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding.

SECTION 3. (a) Each holder of Common Stock, as such, shall be entitled to one vote for each share of Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote; provided, however, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Amended and Restated Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock) or pursuant to the DGCL.

(b) Except as otherwise required by law, holders of a series of Preferred Stock, as such, shall be entitled only to such voting rights, if any, as shall expressly be granted to such holders by this Amended and Restated Certificate of Incorporation (including any Certificate of Designation relating to such series).

(c) Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock, dividends may be declared and paid on the Common Stock at such times and in such amounts as the Board of Directors in its discretion shall determine.

(d) Upon the dissolution, liquidation or winding up of the Corporation, subject to the rights, if any, of the holders of any outstanding series of Preferred Stock, the holders of the Common Stock, as such, shall be entitled to receive the assets of the Corporation available for distribution to its stockholders ratably in proportion to the number of shares held by them. For the avoidance of doubt, a dissolution, liquidation or

winding up shall not be deemed to be occasioned by or to include, without limitation, any voluntary consolidation, reorganization, conversion or merger of the Corporation with or into any other corporation or entity or other corporation or entities or a sale, lease, transfer, exchange or conveyance of all or a part of the Corporation's assets.

(e) Shares of Common Stock shall not entitle any holder thereof to any pre-emptive, subscription, redemption or conversion rights.

ARTICLE V

SECTION 1. (a) The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. Except as otherwise fixed pursuant to the terms of any outstanding series of Preferred Stock pursuant to this Amended and Restated Certificate of Incorporation (including any Certificate of Designation relating to such series of Preferred Stock), the number of directors of the Corporation shall be fixed from time to time by the Board of Directors. In no event shall a decrease in the number of directors constituting the Board of Directors shorten the term of any incumbent director.

(b) The directors, other than those who may be elected by the holders of any series of Preferred Stock voting separately pursuant to this Amended and Restated Certificate of Incorporation (including any Certificate of Designation relating to such series of Preferred Stock), shall be elected by the stockholders entitled to vote thereon at each annual meeting of the stockholders. From the effective date of this Amended and Restated Certificate of Incorporation until the election of the directors at the 2022 annual meeting of stockholders, the directors of the Corporation shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. If the number of directors has changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class. The initial assignment of directors to each such class shall be made by the Board of Directors. The term of office of the initial Class I directors shall expire at the 2019 annual meeting of stockholders, the term of office of the initial Class II directors shall expire at the 2020 annual meeting of stockholders and the term of office of the initial Class III directors shall expire at the 2021 annual meeting of stockholders. Each director elected at the 2019, 2020 or 2021 annual meeting of stockholders shall belong to the same class as the director whose term shall have then expired and who is being succeeded by such director. Each Class I director elected at the 2019 annual meeting of stockholders, each Class II director elected at the 2020 annual meeting of stockholders and each Class III director elected at the 2021 annual meeting of stockholders shall hold office until the 2022 annual meeting of stockholders and, in each case, until his or her respective successor shall have been duly elected and qualified or until his or her earlier resignation or removal. Commencing with the 2022 annual meeting of stockholders, each director shall be elected annually and shall hold office until the next annual meeting of stockholders and until his or her respective successor shall

have been duly elected and qualified or until his or her earlier resignation or removal. Pursuant to such procedures, effective as of the conclusion of the 2022 annual meeting of stockholders, the Board of Directors will no longer be classified under Section 141(d) of the DGCL and directors shall no longer be divided into three classes. The election of directors need not be by written ballot.

SECTION 2. Advance notice of nominations for the election of directors shall be given in the manner and to the extent provided in the By-laws of the Corporation.

SECTION 3. (a) Except as otherwise provided for or fixed by or pursuant to the provisions of this Amended and Restated Certificate of Incorporation relating to the rights of the holders of any outstanding series of Preferred Stock (including any Certificate of Designation relating to such series of Preferred Stock), newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, removal or other cause shall only be filled by the Board of Directors by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors, or by a sole remaining director, or if not so filled, by the stockholders at the next annual meeting thereof. Any director elected in accordance with the first sentence of this Section 3 shall hold office for a term that shall coincide with the remaining term of the class such director is elected to and until such director's successor shall have been duly elected and qualified or until his or her earlier resignation or removal.

(b) From the effective date of this Amended and Restated Certificate of Incorporation until the election of directors at the 2022 annual meeting of stockholders, any director or the entire Board of Directors may only be removed for cause, such removal to require the affirmative vote of shares representing at least a majority of the votes entitled to be cast by the then outstanding shares of all classes and series of capital stock of the Corporation entitled generally to vote on the election of directors of the Corporation. From and after the 2022 annual meeting of stockholders, any director or the entire Board of Directors may be removed with or without cause, and, in either case, such removal shall require the affirmative vote of shares representing at least a majority of the votes entitled to be cast by the then outstanding shares of all classes and series of capital stock of the Corporation entitled generally to vote on the election of directors of the Corporation. Notwithstanding the foregoing, whenever holders of outstanding shares of one or more series of Preferred Stock voting separately are entitled to elect directors of the Corporation pursuant to the provisions of this Amended and Restated Certificate of Incorporation (including any Certificate of Designation relating to such series of Preferred Stock), any such director of the Corporation so elected may be removed in accordance with this Amended and Restated Certificate of Incorporation (including such Certificate of Designation).

ARTICLE VI

Subject to the rights of the holders of any outstanding series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders. Except as otherwise required by law and subject to the rights of the holders of any outstanding series of Preferred Stock, special meetings of stockholders of the Corporation may only be called by the Chairman of the Board of Directors or the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors (the entire Board of Directors being the total number of authorized directors, whether or not there exist any vacancies or unfilled previously authorized directorships) or as otherwise provided in the By-laws of the Corporation.

ARTICLE VII

In furtherance and not in limitation of the powers conferred upon it by law, the Board of Directors is expressly authorized to adopt, repeal, alter or amend the By-laws of the Corporation by the vote of a majority of the entire Board of Directors. In addition to any requirements of law and any other provision of this Amended and Restated Certificate of Incorporation (and notwithstanding the fact that a lesser percentage may be specified by law), the affirmative vote of the holders of at least a majority of the combined voting power of the then outstanding shares of all classes and series of capital stock of the Corporation entitled generally to vote in the election of directors of the Corporation, voting together as a single class, shall be required for stockholders to adopt, amend, alter or repeal any provision of the By-laws of the Corporation.

ARTICLE VIII

The Corporation reserves the right to amend, alter or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are subject to this reservation.

ARTICLE IX

SECTION 1. To the fullest extent that the DGCL or any other law of the State of Delaware as it exists or as it may hereafter be amended permits the limitation or elimination of the liability of directors, no director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

SECTION 2. To the fullest extent that the DGCL or any other law of the State of Delaware as it exists or as it may hereafter be amended permits, including to the extent that such law or amendment permits the Corporation to provide broader indemnification rights than permitted prior to such law or amendment, the Corporation may provide indemnification of (and advancement of expenses to) its current and former directors, officers and agents (and any other persons to which the DGCL permits the Corporation to provide indemnification) through By-law provisions, agreements with such agents or other persons, votes of stockholders or disinterested directors or otherwise.

SECTION 3. No amendment to or repeal of any Section of this Article IX, nor the adoption of any provision of this Amended and Restated Certificate of Incorporation inconsistent with this Article IX, shall eliminate or reduce the effect of this Article IX in respect of any matter occurring, or any action or proceeding accruing or arising, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE X

Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation, (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee or stockholder of the Corporation to the Corporation or the Corporation's stockholders, (c) any action asserting a claim arising pursuant to any provision of the DGCL (or any successor provision thereto) or as to which the DGCL (or any successor provision thereto) confers jurisdiction on the Court of Chancery of the State of Delaware, (d) any action asserting a claim governed by the internal affairs doctrine or (e) any other action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL shall be the Court of Chancery of the State of Delaware, in all cases to the fullest extent permitted by law, or, if the Court of Chancery of the State of Delaware does not have jurisdiction, any other state or federal court located within the State of Delaware.

ARTICLE XI

The Corporation is to have perpetual existence.

ARTICLE XII

If any provision (or any part thereof) of this Amended and Restated Certificate of Incorporation shall be held invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each portion of any section of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each such portion of any section containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service or for the benefit of the Corporation to the fullest extent permitted by law.

Exhibit 3.2

GARRETT MOTION INC.

AMENDED AND RESTATED BY-LAWS

Effective as of [ ], 2018

ARTICLE I

Offices

SECTION 1.1 Registered Office. The registered office of Garrett Motion Inc. (hereinafter, the "Corporation") in the State of Delaware shall be at 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808, and the registered agent shall be Corporation Service Company, or such other office or agent as the Board of Directors of the Corporation (the "Board") shall from time to time select.

SECTION 1.2 Other Offices. The Corporation may also have an office or offices, and keep the books and records of the Corporation, except as may otherwise be required by law, at such other place or places, either within or outside of the State of Delaware, as the Board may from time to time determine or the business of the Corporation may require.

ARTICLE II

Meetings of Stockholders

SECTION 2.1 Place of Meeting. All meetings of the stockholders of the Corporation (the "stockholders") shall be at a place either within or outside of the State of Delaware, or by means of remote communication, to be determined by the Board and as specified in the notice of meeting. In the absence of such a determination, a meeting of stockholders shall be held at the principal executive office of the Corporation.

SECTION 2.2 Annual Meetings. The annual meeting of the stockholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held on such date and at such hour as shall from time to time be fixed by the Board. Any previously scheduled annual meeting of the stockholders may be postponed, rescheduled or cancelled by action of the Board taken prior to the time previously scheduled for such annual meeting of the stockholders.

SECTION 2.3 Special Meetings. Except as otherwise required by law or the Amended and Restated Certificate of Incorporation of the Corporation (the "Certificate"), and subject to the rights of the holders of any outstanding series of Preferred Stock, special meetings of the stockholders for any purpose or purposes may be called only by the Chairman of the Board or a majority of the Whole Board (as hereinafter defined). Only such business as is specified in the Corporation's notice of any special meeting of stockholders shall come before such meeting. A special meeting shall be held at such place (or remotely), on such date and at such time as shall be fixed by the Board. The Board may postpone, reschedule or cancel any such meeting.

SECTION 2.4 Notice of Meetings. Except as otherwise provided by law, notice, including by electronic transmission in the manner provided by the General Corporation Law of the State of Delaware (the "DGCL"), of each meeting of the stockholders, whether annual or special, shall be given by the Corporation not less than 10 days nor more than 60 days before the date of the meeting to each stockholder of record entitled to notice of the meeting. If mailed, such notice shall be deemed given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. Each such notice shall state the place (or, if applicable, that the meeting will be held remotely), the date and the hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Notice of any meeting of the stockholders shall not be required to be given to any stockholder who shall attend such meeting in person or by proxy without protesting, prior to or at the commencement of the meeting, the lack of proper notice to such stockholder, or who shall waive notice thereof as provided in Article X of these By-laws. Notice of adjournment of a meeting of the stockholders need not be given if the time and place, if any, to which it is adjourned are announced at such meeting, unless the adjournment is for more than 30 days or, after adjournment, a new record date is fixed for the adjourned meeting.

SECTION 2.5 Quorum. Except as otherwise provided by law or by the Certificate, the holders of a majority in voting power of the shares of capital stock of the Corporation entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum at any meeting of the stockholders; provided, however, that in the case of any vote to be taken by classes or series, the holders of a majority in voting power of the shares of any such class or series of capital stock of the Corporation entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum of such class or series. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum.

SECTION 2.6 Adjournments. The chairman of the meeting or the holders of a majority in voting power of the shares of capital stock of the Corporation entitled to vote and who are present in person or by proxy may adjourn the meeting from time to time whether or not a quorum is present. In the event that a quorum does not exist with respect to any vote to be taken by a particular class or series, the chairman of the meeting or the holders of a majority in voting power of the shares of such class or series who are present in person or by proxy may adjourn the meeting with respect to the vote(s) to be taken by such class or series. At any such adjourned meeting at which a quorum may be present, any business may be transacted which might have been transacted at the meeting as originally called.

SECTION 2.7 Order of Business.

(a) At each meeting of the stockholders, the Chairman of the Board or, in the absence of the Chairman of the Board, the Chief Executive Officer or, in the absence of the Chairman of the Board and the Chief Executive Officer, such person as shall be selected by the Board, shall act as chairman of the meeting. The order of business at each such meeting shall be as determined by the chairman of the meeting. The chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting, including, without limitation, the establishment of procedures for the maintenance of order and safety, limitations on the time allotted to questions or comments on the affairs of the Corporation, restrictions on entry to such meeting after the time prescribed for the commencement thereof and the opening and closing of the voting polls.

(b) At any annual meeting of the stockholders, only such business shall be conducted as shall have been brought before the annual meeting (i) by or at the direction of the chairman of the meeting or (ii) by any stockholder who is a holder of record at the time of the giving of the notice provided for in this Section 2.7, who is entitled to vote at the meeting and who complies with the procedures set forth in this Section 2.7 (such business, "Stockholder Business"). This Section 2.7 is the exclusive means by which a stockholder may bring business before a meeting of stockholders.

(c) For business (other than nominations for election of directors, which are governed by Section 3.3) properly to be brought before an annual meeting of stockholders by a stockholder, the stockholder must have given timely notice thereof (a "Notice of Business") in proper written form to the Secretary of the Corporation (the "Secretary"). To be timely, a Notice of Business must be delivered to or mailed and received by the Secretary at the principal executive offices of the Corporation not less than 90 days nor more than 120 days prior to the first anniversary of the date of the immediately preceding annual meeting as first specified in the Corporation's notice of meeting (without regard to any postponements or adjournments of such meeting after such notice was first sent); provided, however, that in the event that the date of the annual meeting is more than 30 days earlier or more than 60 days later than such anniversary date, a Notice of Business to be timely must be so delivered or received not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made; provided, further, that for the purpose of calculating the timeliness of a Notice of Business for the 2019 annual meeting of stockholders, the date of the immediately preceding annual meeting shall be deemed to be [   ], 2018. In no event shall the public announcement of an adjournment or postponement, or an adjournment or postponement, of a meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. To be in proper written form, the Notice of Business must set forth:

(i) the name and record address of each stockholder proposing to bring business before the annual meeting (each, a "Proponent"), as they appear on the Corporation's books;

(ii) the name and address of each Stockholder Associated Person (as defined below);

(iii) as to each Proponent and each Stockholder Associated Person, (A) the class or series and number of shares of stock directly or indirectly held of record and beneficially by such Proponent, Stockholder Associated Person, (B) a description of any agreement, arrangement or understanding, direct or indirect, with respect to the business to be brought before the annual meeting, between or among any Proponent, any Stockholder Associated Person, (C) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, hedging transactions and borrowed or loaned shares) that has been entered into, directly or indirectly, as of the date of the notice by, or on behalf of, any Proponent, any Stockholder Associated Person, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, any Proponent, any Stockholder Associated Person with respect to shares of stock of the Corporation (a "Derivative"), (D) a description in reasonable detail of any proxy (including revocable proxies), contract, arrangement, understanding or other relationship pursuant to which any Proponent, any Stockholder Associated Person has a right to vote any shares of stock of the Corporation and (E) any profit-sharing or any performance-related fees (other than an asset-based fee) that any Proponent, any Stockholder Associated Person is entitled to, based on any increase or decrease in the value of stock of the Corporation or Derivatives thereof, if any, as of the date of such notice. The information specified in Section 2.7(c)(i) to (iii) of this Article II is referred to herein as "Stockholder Information";

(iv) a representation that each Proponent is a holder of record of stock of the Corporation entitled to vote at the annual meeting and intends to appear in person or by proxy at the annual meeting to propose such proposed business;

(v) a brief description of the business desired to be brought before the annual meeting, the text of the proposal (including the text of any resolutions proposed for consideration and, if such business includes a proposal to amend the By-laws, the language of the proposed amendment) and the reasons for conducting such business at the annual meeting;

(vi) any material interest of any Proponent and any Stockholder Associated Person in such proposed business;

(vii) a representation as to whether the Proponent(s) intend (A) to deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt such Stockholder Business or (B) otherwise to solicit proxies from stockholders in support of such Stockholder Business;

(viii) all other information that would be required to be filed with the U.S. Securities and Exchange Commission ("SEC") if the Proponent(s) or Stockholder Associated Persons were participants in a solicitation subject to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (or any successor of such Section); and

(ix) a representation that each Proponent shall provide any other information reasonably requested by the Corporation.

(d) In addition, each Proponent shall affirm as true and correct the information provided to the Corporation in the Notice of Business or at the Corporation's request pursuant to Section 2.7(c)(ix) of this Article II (and shall update or supplement such information as needed so that such information shall be true and correct) as of (i) the record date for the meeting and (ii) the date that is 10 business days prior to the announced date of the annual meeting to which the Notice of Business relates. Such affirmation, update and/or supplement must be delivered personally or mailed to, and received at the principal executive offices of the Corporation, addressed to the Secretary, by no later than five business days after the applicable date specified in clause (i) and (ii) of the foregoing sentence.

(e) The person presiding over the meeting shall, if the facts warrant, determine and declare to the meeting, that business was not properly brought before the meeting in accordance with the procedures set forth in this Section 2.7, and, if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

(f) If the Proponent (or a qualified representative of the Proponent) does not appear at the meeting of stockholders to present the Stockholder Business such business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. A "qualified representative" of the Proponent or any stockholder means a person who is a duly authorized officer, manager or partner of such stockholder or has been authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy with respect to the specific matter to be considered at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction (to the reasonable satisfaction of the person presiding over the meeting) of the writing or electronic transmission, at the meeting of stockholders prior to the taking of action by such person on behalf of the stockholder.

(g) "Stockholder Associated Person" means with respect to any Proponent or Nominating Stockholder, (i) any other beneficial owner of stock of the Corporation owned of record or beneficially by such Proponent or Nominating Stockholder and (ii) any person that directly, or indirectly through one or more intermediaries, controls, is controlled by, is under common control with such Proponent or Nominating Stockholder.

(h) "Control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

(i) The notice requirements of this Section 2.7 shall be deemed satisfied with respect to stockholder proposals that have been properly brought under Rule 14a-8 of the Exchange Act (or any such successor rule) and that are included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. Further, nothing in this Section 2.7 shall be deemed to affect any rights of the holders of any series of preferred stock of the Corporation pursuant to any applicable provision of the Certificate.

SECTION 2.8 List of Stockholders. It shall be the duty of the Secretary or other officer who has charge of the stock ledger to prepare and make, at least 10 days before each meeting of the stockholders, a complete list of the stockholders entitled to vote thereat, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in such stockholder's name. Such list shall be produced and kept available at the times and places required by law.

SECTION 2.9 Voting.

(a) Except as otherwise provided by law or by the Certificate, each stockholder of record of any series of Preferred Stock shall be entitled at each meeting of the stockholders to such number of votes, if any, for each share of such stock as may be fixed in the Certificate (or relevant Certificate of Designation) or in the resolution or resolutions adopted by the Board providing for the issuance of such stock, and each stockholder of record of Common Stock shall be entitled at each meeting of the stockholders to one vote for each share of such stock, in each case, registered in such stockholder's name on the books of the Corporation:

(i) on the date fixed pursuant to Section 7.6 of these By-laws as the record date for the determination of stockholders entitled to notice of and to vote at such meeting; or

(ii) if no such record date shall have been so fixed, then at the close of business on the day before the day on which notice of such meeting is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held.

(b) Each stockholder entitled to vote at any meeting of the stockholders may authorize another person or persons to act for such stockholder by proxy. Any such proxy shall be delivered to the secretary of such meeting at or prior to the time designated for holding such meeting, but in any event not later than the time designated in the order of business for so delivering such proxies. No such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

(c) Except as otherwise required by law and except as otherwise provided in the Certificate or these By-laws, at each meeting of the stockholders, all corporate actions to be taken by vote of the stockholders shall be authorized by holders of a majority in voting power of the shares of capital stock of the

Corporation entitled to vote thereon and who are present in person or represented by proxy, and where a separate vote by class or series is required, by holders of a majority in voting power of the shares of such class or series who are entitled to vote thereon and are present in person or represented by proxy shall be the act of such class or series.

(d) Unless required by law or determined by the chairman of the meeting to be advisable, the vote on any matter, including, without limitation, the election of directors, need not be by written ballot.

SECTION 2.10 Inspectors. The chairman of the meeting shall appoint one or more inspectors to act at any meeting of the stockholders. Such inspectors shall perform such duties as shall be required by law or specified by the chairman of the meeting. Inspectors need not be stockholders. No director or nominee for the office of director shall be appointed such inspector.

SECTION 2.11 Public Announcements. For the purpose of Section 2.7 of this Article II, "public announcement" shall mean disclosure (i) in a press release reported by the Dow Jones Newswire, Business Wire, Reuters Information Service or any similar or successor news wire service or (ii) in a communication distributed generally to stockholders and in a document publicly filed by the Corporation with the SEC pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

ARTICLE III

Board of Directors

SECTION 3.1 General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board, which may exercise all such powers of the Corporation (or grant authority to exercise such powers) and do all such lawful acts and things as are not by law or by the Certificate directed or required to be exercised or done by the stockholders.

SECTION 3.2 Number, Qualification and Election.

(a) The number of directors constituting the Whole Board shall be determined in accordance with the Certificate. The term "Whole Board" shall mean the total number of authorized directors, whether or not there exist any vacancies or unfilled previously authorized directorships. The terms of office of directors shall be governed by the Certificate.

(b) Each director shall be at least 21 years of age. Directors need not be stockholders of the Corporation. No person shall qualify for service as a director of the Corporation (i) if he or she is a party to any compensatory, payment, indemnification or other financial agreement, arrangement or understanding with any person or entity other than the Corporation, or has received any such compensation or other payment from any person or entity other than the Corporation, in each case in connection with candidacy or service as a director of the Corporation, unless he or she

discloses such compensatory, payment or other financial agreement, arrangement or understanding, or receipt of any such compensation or other payment, to the Corporation pursuant to the requirements and procedures set forth in Section 3.3(a)(iv) of this Article III as if such person were a Stockholder Nominee thereunder or (ii) unless such person agrees to submit upon appointment, election or re-nomination to the Board an irrevocable resignation effective upon (x) such person's failure to receive a majority of the votes cast in an uncontested election and (y) the acceptance of such resignation by the Board.

(c) In any uncontested election of directors, each person receiving a majority of the votes cast shall be deemed elected. For purposes of this paragraph, a "majority of the votes cast" shall mean that the number of votes cast "for" a director must exceed the number of votes cast "against" that director (with "abstentions" and "broker non-votes" not counted as a vote cast with respect to that director). In any contested election of directors, the persons receiving a plurality of the votes cast, up to the number of directors to be elected in such election, shall be deemed elected. A contested election is one in which, as of the date that is 14 calendar days in advance of the date the Corporation files its definitive proxy statement with the SEC (regardless of whether or not it is thereafter revised or supplemented), the number of nominees exceeds the number of directors to be elected. An uncontested election is any election that is not a contested election.

(d) With respect to a resignation provided pursuant to Section 3.2(b(ii), the Board shall consider such resignation and may either (i) accept the resignation or (ii) reject the resignation and seek to address the underlying cause(s) of the majority-withheld vote. While the Board may delegate to a committee the authority to assist the Board in its review of the matter, the Board shall decide whether to accept or reject the resignation within 90 days following the certification of the stockholder vote. Once the Board makes this decision, the Corporation will promptly make a public announcement of the Board's decision in the manner described in Section 2.11. If the Board rejects the resignation, the public announcement will include a statement regarding the reasons for its decision.

(e) The chairman of the nominating and governance committee established pursuant to Section 4.1 will have the authority to manage the Board's review of the resignation. In the event it is the chairman of the nominating and governance committee who received a majority-withheld vote, the independent directors who did not receive majority-withheld votes shall select a director or group of directors to manage the process, and such director or directors shall have the authority otherwise delegated to the chairman of the nominating and governance committee by this Section 3.2. Any director whose resignation is being considered as a result of a majority-withheld vote shall not participate in the committee's or the Board's deliberations or vote on whether to accept or reject his or her resignation; provided that any director, regardless of whether such director received a majority-withheld vote, may participate in such deliberations or vote regarding another director's resignation.

SECTION 3.3 Notification of Nominations.

(a) Subject to the rights of the holders of any outstanding series of Preferred Stock, nominations for the election of directors may be made by the Board or by any stockholder pursuant to (i) this Section 3.3 who is a stockholder of record at the time of giving of the notice of nomination provided for in this Section 3.3 and who is entitled to vote for the election of directors or (ii) Section 3.15. This Section 3.3 and Section 3.15 are the exclusive means by which a stockholder may nominate a person for election to the Board. Any stockholder of record entitled to vote for the election of directors at a meeting may nominate persons for election as directors only if timely written notice (a "Notice of Nomination") of such stockholder's intent to make such nomination is given in proper written form to the Secretary. To be timely, a Notice of Nomination must be delivered to or mailed and received at the principal executive offices of the Corporation (i) with respect to an election to be held at an annual meeting of the stockholders, not less than 90 days nor more than 120 days prior to the first anniversary of the date of the immediately preceding annual meeting as first specified in the Corporation's notice of meeting (without regard to any postponements or adjournments of such meeting after such notice was first sent); provided, however, that in the event that the date of the annual meeting is more than 30 days earlier or more than 60 days later than such anniversary date, a Notice of Nomination to be timely must be so delivered or received not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made; provided, further, that for the purpose of calculating the timeliness of stockholder notices for the 2019 annual meeting of stockholders, the date of the immediately preceding annual meeting shall be deemed to be [ ], 2018 and (ii) with respect to an election to be held at a special meeting of the stockholders for the election of directors, not earlier than the 90th day prior to such special meeting and not later than the close of business on the later of the 60th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting. In no event shall the public announcement of an adjournment or postponement, or an adjournment or postponement, of a meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. To be in proper written form, the Notice of Nomination shall set forth:

(i) the Stockholder Information with respect to each stockholder nominating persons for election to the Board (each, a "Nominating Stockholder") and each Stockholder Associated Person;

(ii) a representation that each Nominating Stockholder is a holder of record of stock of the Corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to propose such nomination;

(iii) all information regarding each Nominating Stockholder, each nominee (each, a "Stockholder Nominee") and each Stockholder Associated Person that would be required to be disclosed in a solicitation of proxies subject to Section 14 of the Exchange Act;

(i) (A) each Stockholder Nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (B) a completed and duly executed written questionnaire completed and signed by each Stockholder Nominee with respect to the background, qualifications and independence of such Stockholder Nominee (in the form provided by the Secretary upon written request); (C) a completed and duly executed written questionnaire with respect to the background and qualification with respect to such Nominating Stockholder and any other person or entity on whose behalf, directly or indirectly, the nomination is being made (in the form provided by the Secretary upon written request), and (D) each Stockholder Nominee's written representation and agreement (in the form provided by the Secretary upon written request), (i) that if elected as a director of the Corporation, such person will submit an irrevocable resignation effective upon (x) such person's failure to receive a majority of the votes cast in an uncontested election and (y) the acceptance of such resignation by the Board, (ii) that such person currently intends to serve as a director for the full term for which such person is standing for election, (iii) that such person is not and will not become party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (iv) that such person is not and will not become a party to any agreement, arrangement, or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement, or indemnification in connection with service or action as a director that has not been disclosed to the Corporation, and (v) that in the person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation, and any other Corporation policies and guidelines applicable to Corporation directors;

(ii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among a Nominating Stockholder, Stockholder Associated Person or others acting in concert therewith, including all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K (or any such successor rule) if the Nominating Stockholder, Stockholder Associated Person or any person acting in concert therewith, were the "registrant" for purposes of such rule and the Stockholder Nominee were a director or executive of such registrant;

(iii) a duly executed representation as to whether the Nominating Stockholder(s) intend (A) to deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve the nomination or (B) otherwise to solicit proxies from stockholders in support of such nomination;

(iv) all other information that would be required to be filed with the SEC if the Nominating Stockholder(s) and Stockholder Associated Person were participants in a solicitation subject to Section 14 of the Exchange Act (or any such successor section); and

(v) a duly executed representation that each Nominating Stockholder shall provide any other information reasonably requested by the Corporation.

(b) In addition, each Proponent shall affirm as true and correct the information provided to the Corporation in the Notice of Nomination or, at the Corporation's request, such information provided pursuant to Section 3.3(a)(vii) of this Article III (and shall update or supplement such information as needed so that such information shall be true and correct) as of (i) the record date for the meeting and (ii) the date that is 10 business days prior to the announced date of the meeting to which the Notice of Nomination relates. Such affirmation, update and/or supplement must be delivered personally or mailed to, and received at the principal executive offices of the Corporation, addressed to the Secretary, by no later than five business days after the applicable date specified in clause (i) and (ii) of the foregoing sentence.

(c) The person presiding over the meeting shall, if the facts warrant, determine and declare to the meeting, that the nomination was not made in accordance with the procedures set forth in this Section 3.3, and, if he or she should so determine, he or she shall so declare to the meeting and the defective nomination shall be disregarded.

(d) If the Nominating Stockholder (or a qualified representative of the stockholder) does not appear at the applicable stockholder meeting to nominate the Stockholder Nominees (as defined below), such nomination shall be disregarded and such business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation.

(e) Nothing in this Section 3.3 shall be deemed to affect any rights of the holders of any series of preferred stock of the Corporation pursuant to any applicable provision of the Certificate or any Certificate of Designation.

(f) Notwithstanding anything in the immediately preceding paragraph of this Section 3.3 to the contrary, in the event that the number of directors to be elected to the Board at an annual meeting of the stockholders is increased and there is no public announcement specifying the size of the increased Board made by the Corporation at least 90 days prior to the first anniversary of the date of the immediately preceding annual meeting, a stockholder's notice required by this Section 3.3 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to or mailed to and received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

SECTION 3.4 Quorum and Manner of Acting. Except as otherwise provided by law, the Certificate or these By-laws, a majority of the Whole Board shall constitute a quorum for the transaction of business at any meeting of the Board, and, except as so provided, the vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board. The chairman of the meeting or a majority of the directors present may adjourn the meeting to another time and place, if any, whether or not a quorum is present. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

SECTION 3.5 Place of Meeting. Subject to Sections 3.6 and 3.7 of this Article III, the Board may hold its meetings at such place or places, if any, either within or outside of the State of Delaware, as the Board may from time to time determine, or as shall be specified or fixed in the respective notices or waivers of notice thereof.

SECTION 3.6 Regular Meetings. Regular meetings of the Board shall be held at such times as the Board shall from time to time determine, at such locations as the Board may determine. No fewer than four meetings of the Board shall be held per year.

SECTION 3.7 Special Meetings. Special meetings of the Board shall be held whenever called by the Chairman of the Board, the Chief Executive Officer or by a majority of the non-employee directors, and shall be held at such place, if any, on such date and at such time as he, she or they, as applicable, shall fix.

SECTION 3.8 Notice of Meetings. Notice of regular meetings of the Board or of any adjourned meeting thereof need not be given. Notice of each special meeting of the Board shall be given by overnight delivery service or mailed to each director, in either case addressed to such director at such director's residence or usual place of business, at least 48 hours before the day on which the meeting is to be held or shall be sent to such director at such place by telecopy or by electronic transmission or shall be given personally or by telephone, not later than 24 hours before the meeting is to be held, but notice need not be given to any director who shall, either before or after the meeting, submit a waiver of such notice or who shall attend such meeting without protesting, prior to or at its commencement, the lack of notice to such director. Unless otherwise required by these By-laws, every such notice shall state the time and place, if any, but need not state the purpose of the meeting.

SECTION 3.9 Rules and Regulations. The Board may adopt such rules and regulations not inconsistent with the provisions of law, the Certificate or these By-laws for the conduct of its meetings and management of the affairs of the Corporation as the Board may deem proper.

SECTION 3.10 Participation in Meeting by Means of Communications Equipment. Any one or more members of the Board or any committee thereof may participate in any meeting of the Board or of any such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other or as otherwise permitted by law, and such participation in a meeting shall constitute presence in person at such meeting.

SECTION 3.11 Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board or any committee thereof may be taken without a meeting if all of the members of the Board or of any such committee consent thereto in writing or as otherwise permitted by law and, if required by law, the writing or writings are filed with the minutes or proceedings of the Board or of such committee.

SECTION 3.12 Chairman. The Board of Directors shall annually select one of its members to be Chairman and shall fill any vacancy in the position of Chairman at such time and in such manner as the Board of Directors shall determine.

SECTION 3.13 Resignations. Any director of the Corporation may at any time resign by giving written notice to the Board, the Chairman of the Board, the Chief Executive Officer or the Secretary. Such resignation shall take effect at the time specified therein or, if the time be not specified therein, upon receipt thereof; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 3.14 Compensation. Each director, in consideration of such person serving as a director, shall be entitled to receive from the Corporation such amount per annum and such fees (payable in cash or stock-based compensation) for attendance at meetings of the Board or of committees of the Board, or both, and for acting as a chair of a committee of the Board, and/or any other compensation in each case as the Board or a committee thereof shall from time to time determine. In addition, each director shall be entitled to receive from the Corporation reimbursement for the reasonable expenses incurred by such person in connection with the performance of such person's duties as a director. Nothing contained in this Section 3.14 shall preclude any director from serving the Corporation or any of its subsidiaries in any other capacity and receiving compensation therefor.

SECTION 3.15 Proxy Access.

(a) The Corporation shall include in its proxy statement and on its form of proxy for an annual meeting of stockholders the name of, and the Required Information (as defined below) relating to, any nominee for election or reelection to the Board who satisfies the eligibility requirements in this Section 3.15 (a "Proxy Access Nominee") and who is identified in a notice that complies with Section 3.15(f) of this Article III and that is timely delivered pursuant to Section 3.15(g) of this Article III (the "Stockholder Notice") by one stockholder, or a group of no more than twenty stockholders, who:

(i) elects at the time of delivering the Stockholder Notice to have such Proxy Access Nominee included in the Corporation's proxy materials;

(ii) as of the date of the Stockholder Notice and the record date for determining stockholders entitled to vote at the annual meeting of stockholders, Owns (as defined below in Section 3.15(c) of this Article III) a number of shares of the Corporation that represents at least 3% of the outstanding shares of the Corporation entitled to vote generally in the election of directors (the "Required Shares") and has Owned continuously the Required Shares (as adjusted for any stock splits, stock dividends or similar events) for at least three years; and

(iii) satisfies the additional requirements in these By-laws (such stockholder or group of stockholders, collectively, an "Eligible Stockholder").

(b) For purposes of satisfying the Ownership requirement under Section 3.15(a) of this Article III:

(i) the outstanding shares of the Corporation Owned by a group of one or more stockholders may be aggregated (for the avoidance of doubt, the number of stockholders and other beneficial owners whose ownership of shares is aggregated for such purpose shall not exceed twenty); and

(ii) two or more funds that are (A) under common management and investment control, (B) under common management and funded primarily by the same employer, or (C) a "group of investment companies," as such term is defined in Section 12(d)(1)(G)(ii) of the Investment Company Act of 1940, as amended, shall, in each case, be treated as one stockholder.

(c) For purposes of this Section 3.15, an Eligible Stockholder "Owns" only those outstanding shares of the Corporation as to which the stockholder or group of stockholders possesses both:

(i) the full voting and investment rights pertaining to the shares, and

(ii) the full economic interest in (including, without limitation, the opportunity for profit and risk of loss on) such shares;

provided that the number of shares calculated in accordance with clauses (i) and (ii) of this Section 3.15(c) shall not include any shares:

(A) sold by such stockholder or any affiliate (as defined below in this Section 3.15(c)) in any transaction that has not been settled or closed, including, without limitation, any short sale;

(B) borrowed by such stockholder or any affiliate for any purposes or purchased by such stockholder or any affiliate pursuant to an agreement to resell; or

(C) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by such stockholder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding shares of the Corporation, in any such case which instrument or agreement has, or is intended to have, or if exercised would have, the purpose or effect of:

(1) reducing in any manner, to any extent or at any time in the future, such stockholder's or any of its affiliates' full right to vote or direct the voting of any such shares; and/or

(2) hedging, offsetting or altering to any degree gain or loss arising from the full economic interest in such shares by such stockholder or affiliate.

A stockholder "Owns" shares held in the name of a nominee or other intermediary so long as the stockholder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A stockholder's Ownership of shares shall be deemed to continue during any period in which the stockholder has delegated any voting power by means of a proxy, power of attorney or other instrument or arrangement that is revocable at any time by the stockholder. A stockholder's Ownership of shares shall be deemed to continue during any period in which the stockholder has loaned such shares, provided that the stockholder has the power to recall such loaned shares on five business days' notice and has recalled such loaned shares as of the date of the Stockholder Notice and through the date of the annual meeting of stockholders. The terms "Owned," "Owning" and other variations of the word "Own" shall have correlative meanings. Whether outstanding shares of the Corporation are "Owned" for these purposes shall be determined by the Board.

For purposes of this Section 3.15, the term "affiliate" or "affiliates" shall have the meaning ascribed thereto under the General Rules and Regulations under the Exchange Act.

(d) No stockholder may be a member of more than one group of stockholders constituting an Eligible Stockholder under this Section 3.15, and no shares of the Corporation may be attributed to more than one Eligible Stockholder or group constituting an Eligible Stockholder.

(e) For purposes of this Section 3.15, the "Required Information" that the Corporation will include in its proxy materials is:

(i) the information concerning the Proxy Access Nominee and the Eligible Stockholder that is required to be disclosed in the Corporation's proxy materials by the applicable requirements of the Exchange Act and the rules and regulations thereunder; and

(ii) if the Eligible Stockholder so elects, a written statement of the Eligible Stockholder, not to exceed 500 words, in support of its Proxy Access Nominee, which must be provided at the same time as the Stockholder Notice for inclusion in the Corporation's proxy materials for the annual meeting of stockholders.

Notwithstanding anything to the contrary contained in this Section 3.15, the Corporation may omit from its proxy materials any information or statement that it, in good faith, believes would violate any applicable law, rule, regulation or listing standard. Nothing in this Section 3.15 shall limit the Corporation's ability to solicit against a stockholder nominee and include in its proxy materials its own statements relating to any Eligible Stockholder or Proxy Access Nominee.

(f) The Stockholder Notice shall set forth the information required under Section 3.3(a) of this Article III (replacing the term "Proponent" with "Eligible Stockholder" and the term "Stockholder Nominee" with "Proxy Access Nominee"), including the questionnaire, agreement and other materials required by Section 3.3(a)(iv), and, in addition, shall include:

(i) a copy of the Schedule 14N that has been or concurrently is filed with the SEC under Exchange Act Rule 14a-18 (or any successor schedule or rule); and

(ii) the written agreement of the Eligible Stockholder (or in the case of a group, each stockholder whose shares are aggregated for purposes of constituting an Eligible Stockholder) addressed to the Corporation (in the form provided by the Secretary upon written request), setting forth the following additional agreements, representations and warranties:

(A) a certification as to the number of shares of the Corporation it Owns and has Owned continuously for at least three years as of the date of the Stockholder Notice and agreeing to continue to Own such shares through the date of the annual meeting of stockholders, which statement shall also be included in the written statements set forth in Item 4 of the Schedule 14N (or any successor schedule) filed by the Eligible Stockholder with the SEC;

(B) the Eligible Stockholder's agreement to provide the information required under Section 3.3(a) of this Article III and the written statements from the record holder and intermediaries as required under Section 3.15(h) of this Article III verifying the Eligible Stockholder's continuous Ownership of the Required Shares through and as of the business day immediately preceding the date of the annual meeting of stockholders;

(C) the Eligible Stockholder's representation and agreement that the Eligible Stockholder (including each member of any group of stockholders that together is an Eligible Stockholder under this Section 3.15):

(1) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control of the Corporation, and does not presently have such intent;

(2) will provide facts, statements and other information in all communications with the Corporation and stockholders of the Corporation that are true and correct in all material respects and do not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(3) has not nominated and will not nominate for election to the Board at the annual meeting of stockholders any person other than the Proxy Access Nominee(s) being nominated pursuant to this Section 3.15;

(4) has not engaged and will not engage in a, and has not been and will not be a "participant" (as defined in Item 4 of the Exchange Act Schedule 14A) (or any successor schedule) in other person's, "solicitation" within the meaning of Exchange Act Rule 14a-1(l) (or any successor rule), in support of the election of any individual as a director at the annual meeting of stockholders other than its Proxy Access Nominee or a nominee of the Board; and

(5) will not distribute to any stockholder any form of proxy for the annual meeting of stockholders other than the form distributed by the Corporation.

(D) the Eligible Stockholder's agreement to:

(1) assume all liability stemming from any legal or regulatory violation arising out of the Eligible Stockholder's communications with the stockholders of the Corporation or out of the information that the Eligible Stockholder provided to the Corporation;

(2) indemnify and hold harmless the Corporation and each of its directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees arising out of any nomination submitted by the Eligible Stockholder pursuant to this Section 3.15; provided, however, that the indemnification by the Eligible Stockholder under this Section 3.15(f)(ii)(D)(2) shall no longer be required or apply with respect to any acts or omissions by the Proxy Access Nominee that occur after such Proxy Access Nominee's election to the Board;

(3) comply with all other laws, rules, regulations and listing standards applicable to any solicitation in connection with the annual meeting of stockholders;

(4) file all materials described below in Section 3.15(h)(iii) of this Article III with the SEC, regardless of whether any such filing is required under Exchange Act Regulation 14A (or any successor regulation), or whether any exemption from filing is available for such materials under Exchange Act Regulation 14A (or any successor regulation);

(5) provide to the Corporation prior to the annual meeting of stockholders such additional information as necessary or reasonably requested by the Corporation; and

(6) promptly disclose to the Corporation if the Eligible Stockholder does not intend to continue to Own the Required Shares for at least one year following the annual meeting of stockholders; and

(7) in the case of a nomination by a group of stockholders that together is an Eligible Stockholder, the designation by all group members of one group member that is authorized to act on behalf of all such members with respect to the nomination and matters related thereto, including, without limitation, any withdrawal of the nomination.

(g) To be timely under this Section 3.15, the Stockholder Notice must be delivered to or mailed and received at the principal executive offices of the Corporation (i) with respect to an election to be held at an annual meeting of the stockholders, not less than 120 days nor more than 150 days prior to the first anniversary of the date the definitive proxy statement was first released to stockholders in connection with the previous year's annual meeting of stockholders; provided, however, that in the event that the date of the annual meeting of stockholders is more than 30 days earlier or more than 60 days later than such anniversary date, the Stockholder Notice to be timely must be so delivered or received not earlier than the 150th day prior to such annual meeting of stockholders and not later than the close of business on the later of the 120th day prior to such annual meeting of stockholders or the 10th day following the day on which public announcement of the date of such meeting is first made; provided, further, that for the purpose of calculating the timeliness of the Stockholder Notice for the 2019 annual meeting of stockholders, the date of the immediately preceding annual meeting of stockholders shall be deemed to be [ ], 2018 and (ii) with respect to an election to be held at a special meeting of the stockholders for the election of directors, not earlier than the 90th day prior to such special meeting and not later than the close of business on the later of the 60th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting. In no event shall any adjournment or postponement of an annual meeting of stockholders, or the announcement thereof, commence a new time period (or extend any time period) for the giving of the Stockholder Notice as described above. For purposes of Rule 14a-18 under the Exchange Act (or any successor rule), the applicable "date specified by the registrant's advance notice provision" shall be the date determined pursuant to this Section 3.15(g).

(h) An Eligible Stockholder (or in the case of a group, each stockholder whose shares are aggregated for purposes of constituting an Eligible Stockholder) must:

(i) within five business days after the date of the Stockholder Notice provide one or more written statements from the record holder(s) of the Required Shares and from each intermediary through which the Required Shares are or have been held, in each case during the requisite three-year holding period, verifying that the Eligible Stockholder Owns, and has Owned continuously for the preceding three years, the Required Shares;

(ii) include in the written statements provided pursuant to Item 4 of Schedule 14N (or any successor schedule) filed with the SEC a statement certifying that it Owns and continuously has Owned the Required Shares for at least three years;

(iii) file with the SEC any solicitation or other communication relating to the current year annual meeting of stockholders, one or more of the Corporation's directors or director nominees or any Proxy Access Nominee, regardless of whether any such filing is required under Exchange Act Regulation 14A (or any successor regulation) or whether any exemption from filing is available for such solicitation or other communication under Exchange Act Regulation 14A (or any successor regulation); and

(iv) as to any group of funds whose shares are aggregated for purposes of constituting an Eligible Stockholder, within five business days after the date of the Stockholder Notice, provide documentation reasonably satisfactory to the Corporation that demonstrates that the funds satisfy Section 3.15(b)(ii) of this Article III.

(i) Notwithstanding anything to the contrary contained in this Section 3.15, the Corporation may omit from its proxy materials any Proxy Access Nominee, and such nomination shall be disregarded and no vote on such Proxy Access Nominee will occur, notwithstanding that proxies in respect of such vote may have been received by the Corporation, if:

(i) the Secretary receives notice that a stockholder intends to nominate a person for election to the Board which stockholder does not elect to have its nominee(s) included in the Corporation's proxy materials pursuant to this Section 3.15;

(ii) the Eligible Stockholder or Proxy Access Nominee breaches any of its respective agreements, representations or warranties set forth in the Stockholder Notice or otherwise required by this Section 3.15, or if any of the information in the Stockholder Notice (or otherwise submitted pursuant to this Section 3.15) was not, when provided, true, correct and complete or the requirements of this Section 3.15 have otherwise not been met;

(iii) the Proxy Access Nominee or the stockholder or group of stockholders (including any member thereof) who has nominated such Proxy Access Nominee has engaged in or is currently engaged in, or has been or is a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act, in support of the election of any individual as a director at the meeting other than such Proxy Access Nominee or a nominee of the Board;

(iv) the Proxy Access Nominee (A) is not independent under the listing standards of the principal U.S. exchange upon which the shares of the Corporation are listed, any applicable rules of the SEC and any publicly disclosed standards used by the Board in determining and disclosing the independence of the Corporation's directors, (B) does not qualify as independent under the audit committee independence requirements set forth in the rules of the principal U.S. exchange on which shares of the Corporation are listed, as a "non-employee director" under Exchange Act Rule 16b-3 (or any successor rule) or as an "outside director" for the purposes of Section 162(m) of the Internal Revenue Code (or any successor provision), (C) is or has been, within the three years preceding the date the Corporation first mails to the stockholders its notice of the meeting that includes the Proxy Access Nominee, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, as amended, (D) is an officer, director or general partner of any legal entity where a fellow officer, director or general partner of such legal entity is an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, as amended, (E) is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in a criminal proceeding within the 10 years preceding the date the Corporation first mails to the stockholders its notice of the meeting that includes the Proxy Access Nominee, or (F) is subject to any order of the type specified in Rule 506(d) of Regulation D (or any successor rule) promulgated under the Securities Act of 1933, as amended; or

(v) the election of the Proxy Access Nominee to the Board would cause the Corporation to be in violation of the Certificate, these By-laws or any applicable state or federal law, rule, regulation or listing standard.

Any such determination by the Board (or any other person or body authorized by the Board) regarding a nomination's satisfaction of this Section 3.15(i) shall be binding on the Corporation and its stockholders.

(j) The maximum number of Proxy Access Nominees appearing in the Corporation's proxy materials with respect to an annual meeting of stockholders pursuant to this Section 3.15 (including, without limitation, any Proxy Access Nominee whose name was submitted for inclusion in the Corporation's proxy materials for such annual meeting of stockholders but who is nominated by the Board as a Board nominee for such annual meeting of stockholders), together with:

(i) any nominees who were previously elected to the Board as (A) Proxy Access Nominees pursuant to this Section 3.15 (including, without limitation, any Proxy Access Nominee whose name was submitted for inclusion in the Corporation's proxy materials for such prior annual meeting of stockholders but who was nominated by the Board as a Board nominee for such prior annual meeting of stockholders) or (B) a nominee of any stockholder in any other manner, in either case at any of the preceding two annual meetings of stockholders and who are re-nominated for election at such annual meeting of stockholders by the Board, and

(ii) any Proxy Access Nominee who was qualified for inclusion in the Corporation's proxy materials for such annual meeting of stockholders but whose nomination is subsequently withdrawn,

shall not exceed the greater of (x) two or (y) 20% of the number of directors in office as of the last day on which a Stockholder Notice may be delivered pursuant to this Section 3.15 with respect to such annual meeting of stockholders, or if such amount as calculated in clause (y) of this Section 3.15(j) is not a whole number, the closest whole number below 20%; provided that if there is a vacancy on the Board and the number of directors is decreased prior to such annual meeting of stockholders, then the 20% of the number of directors shall be calculated based on the number of directors in office as of the date of such decrease in the number of directors. In the event that the number of Proxy Access Nominees submitted by Eligible Stockholders pursuant to this Section 3.15 exceeds this maximum number, each Eligible Stockholder will select one Proxy Access Nominee for inclusion in the Corporation's proxy materials until the maximum number is reached, going in order of the number (largest to smallest) of shares of the Corporation each Eligible Stockholder disclosed as Owned in its respective Stockholder Notice submitted to the Corporation. If the maximum number is not reached after each Eligible Stockholder has selected one Proxy Access Nominee, this selection process will continue as many times as necessary, following the same order each time, until the maximum number is reached.

(k) Notwithstanding the foregoing provisions of this Section 3.15, unless otherwise required by law or otherwise determined by the person presiding over the meeting, if none of (i) the Eligible Stockholder or (ii) a qualified representative of the Eligible Stockholder appears at the annual meeting of stockholders to present such Eligible Stockholder's Proxy Access Nominees, such nomination or nominations shall be disregarded and conclusively deemed withdrawn, notwithstanding that proxies in respect of the election of the Proxy Access Nominees may have been received by the Corporation.

(l) Any Proxy Access Nominee who is included in the Corporation's proxy materials for a particular annual meeting of stockholders but either (i) withdraws from or becomes ineligible or unavailable for election at the annual meeting of stockholders, or (ii) does not receive at least 25% of the votes cast in favor of the Proxy Access Nominee's election, will be ineligible to be a Proxy Access Nominee pursuant to this Section 3.15 for the next two annual meetings of stockholders.

(m) The Corporation may request such additional information as necessary to permit the Board to determine if each Proxy Access Nominee is independent under the listing standards of the principal United States exchange upon which the shares of the Corporation are listed, any applicable rules of the SEC and any publicly disclosed standards used by the Board in determining and disclosing the independence of the Corporation's directors.

(n) This Section 3.15 shall be the exclusive method for stockholders to include nominees for director election in the Corporation's proxy materials.

ARTICLE IV

Committees of the Board of Directors

SECTION 4.1 Committees of the Board. The Board shall designate such committees as may be required by the listing standards of the principal United States exchange upon which the shares of the Corporation are listed and may from time to time designate other committees of the Board (including, without limitation, an executive committee), with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee.

SECTION 4.2 Conduct of Business. Any committee, to the extent allowed by law and provided in the resolution establishing such committee or the charter of such committee, shall have and may exercise all the duly delegated powers and authority of the Board in the management of the business and affairs of the Corporation. The Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, any such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board or such committee shall otherwise provide, regular and special meetings and other actions of any such committee shall be governed by the provisions of Article III applicable to meetings and actions of the Board. Each committee shall keep regular minutes and report on its actions to the Board.

ARTICLE V

Officers

SECTION 5.1 Number; Term of Office. The officers of the Corporation shall be elected by the Board and may consist of: a Chief Executive Officer, a President, a Chief Operating Officer, a Chief Financial Officer and one or more Vice Presidents (including, without limitation, Senior Vice Presidents) and a Treasurer, Controller and Secretary and such other officers and agents with such titles and such duties as the Board may from time to time determine, each to have such authority, functions or duties as in these By-laws provided or as the Board may from time to time determine, and each to hold office for such term as may be prescribed by the Board and until such person's successor shall have been chosen and shall qualify, or until such

person's death or resignation, or until such person's removal in the manner hereinafter provided. One person may hold the offices and perform the duties of any two or more of said officers; provided, however, that no officer shall execute, acknowledge or verify any instrument in more than one capacity if such instrument is required by law, the Certificate or these By-laws to be executed, acknowledged or verified by two or more officers. The Board may require any officer or agent to give security for the faithful performance of such person's duties.

SECTION 5.2 Removal. Subject to Section 5.13 of this Article V, any officer may be removed, either with or without cause, by the Board at any meeting thereof called for the purpose, by the Chief Executive Officer, or by any other superior officer upon whom such power may be conferred by the Board.

SECTION 5.3 Resignation. Any officer may resign at any time by giving notice to the Board, the Chief Executive Officer or the Secretary. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 5.4 Chief Executive Officer. The Chief Executive Officer shall have general supervision and direction of the business and affairs of the Corporation, subject to the control of the Board, and shall report directly to the Board.

SECTION 5.5 President. The President shall perform such senior duties as he or she may agree with the Chief Executive Officer (if the position is held by an individual other than the Chief Executive Officer) or as the Board shall from time to time determine.

SECTION 5.6 Chief Operating Officer. The Chief Operating Officer shall perform such senior duties in connection with the operations of the Corporation as he or she may agree with the Chief Executive Officer or as the Board shall from time to time determine. The Chief Operating Officer shall, when requested, counsel with and advise the other officers of the Corporation.

SECTION 5.7 Chief Financial Officer. The Chief Financial Officer shall perform all the powers and duties of the office of the chief financial officer and in general have overall supervision of the financial operations of the Corporation. The Chief Financial Officer shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as he or she may agree with the Chief Executive Officer or as the Board may from time to time determine.

SECTION 5.8 Vice Presidents. Any Vice President shall have such powers and duties as shall be prescribed by his or her superior officer or the Board. A Vice President shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as he or she may agree with the Chief Executive Officer or as the Board may from time to time determine. A Vice President need not be an officer of the Corporation and shall not be deemed an officer of the Corporation unless elected by the Board.

SECTION 5.9 Treasurer. The Treasurer shall supervise and be responsible for all the funds and securities of the Corporation; the deposit of all moneys and other valuables to the credit of the Corporation in depositories of the Corporation; borrowings and compliance with the provisions of all indentures, agreements and instruments governing such borrowings to which the Corporation is a party; the disbursement of funds of the Corporation and the investment of its funds; and in general shall perform all of the duties incident to the office of the Treasurer. The Treasurer shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as he or she may agree with the Chief Executive Officer or the Chief Financial Officer or as the Board may from time to time determine.

SECTION 5.10 Controller. The Controller shall be the chief accounting officer of the Corporation. The Controller shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as he or she may agree with the Chief Executive Officer or the Chief Financial Officer or as the Board may from time to time determine.

SECTION 5.11 Secretary. It shall be the duty of the Secretary to act as secretary at all meetings of the Board, of the committees of the Board and of the stockholders and to record the proceedings of such meetings in a book or books to be kept for that purpose; the Secretary shall see that all notices required to be given by the Corporation are duly given and served; the Secretary shall be custodian of the seal of the Corporation and when deemed necessary shall affix the seal or cause it to be affixed to all certificates of stock, if any, of the Corporation (unless the seal of the Corporation on such certificates shall be a facsimile, as hereinafter provided) and to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these By-laws; the Secretary shall have charge of the books, records and papers of the Corporation and shall see that the reports, statements and other documents required by law to be kept and filed are properly kept and filed; and in general shall perform all of the duties incident to the office of Secretary. The Secretary shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as he or she may agree with the Chief Executive Officer or as the Board may from time to time determine.

SECTION 5.12 Assistant Treasurers, Assistant Controllers and Assistant Secretaries. Any Assistant Treasurers, Assistant Controllers and Assistant Secretaries shall perform such duties as shall be assigned to them by the Board or by the Treasurer, Controller or Secretary, respectively, or by the Chief Executive Officer. An Assistant Treasurer, Assistant Controller or Assistant Secretary need not be an officer of the Corporation and shall not be deemed an officer of the Corporation unless elected by the Board.

SECTION 5.13 Additional Matters. The Chief Executive Officer, the President, the Chief Operating Officer and the Chief Financial Officer of the Corporation shall have the authority to designate employees of the Corporation to have the title of Vice President, Assistant Vice President, Assistant Treasurer, Assistant Controller or Assistant Secretary. Any employee so designated shall have the powers and duties determined by the officer making such designation. The persons upon whom such titles are conferred shall not be deemed officers of the Corporation unless elected by the Board or appointed by any duly elected officer or assistant officer authorized by the Board to appoint such person.

ARTICLE VI

Indemnification

SECTION 6.1 Right to Indemnification. The Corporation, to the fullest extent permitted or required by the DGCL or other applicable law, as the same exists or may hereafter be amended (but, in the case of any such amendment and unless applicable law otherwise requires, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), shall indemnify and hold harmless any person who is or was a director or officer of the Corporation and who is or was involved in any manner (including, without limitation, as a party or a witness) or is threatened to be made so involved in any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, any action, suit or proceedings by or in the right of the Corporation to procure a judgment in its favor) (a “Proceeding”) by reason of the fact that such person, or another person of whom such person is the legal representative, is or was a director, officer or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer or agent of another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan) (a “Covered Entity”), whether the basis of such Proceeding is alleged action in an official capacity as a director, officer or agent or in any other capacity while serving as a director, officer or agent, against all expenses, liabilities and losses (including, without limitation, attorneys’ fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) actually and reasonably incurred by such person in connection with such Proceeding and such indemnification shall continue as to a person who has ceased to be a director, officer or agent of the Corporation or a Covered Entity; provided, however, that, except as provided in Section 6.4(d) of this Article VI with respect to an adjudication of entitlement to indemnification, the Corporation shall indemnify and hold harmless any such Indemnitee in connection with a Proceeding initiated by such Indemnitee only if such Proceeding was authorized by the Board. Any person entitled to indemnification as provided in this Section 6.1 is hereinafter called an “Indemnitee”. Any right of an Indemnitee to indemnification shall be a contract right and shall include the right to receive, prior to the conclusion of any Proceeding, payment of any expenses incurred by the Indemnitee in connection with such Proceeding, consistent with the provisions of the DGCL or other applicable law, as the same exists or may hereafter be amended (but, in the case of any such amendment and unless applicable law otherwise requires, only to the extent that such amendment permits the Corporation to provide broader rights to payment

of expenses than such law permitted the Corporation to provide prior to such amendment), and the other provisions of this Article VI; provided that payment of expenses incurred by a person other than a director or officer of the Corporation prior to the conclusion of any Proceeding shall be made, unless otherwise determined by the Board, only upon delivery to the Corporation of an undertaking by or on behalf of such person to the same effect as any undertaking required to be delivered to the Corporation by any director or officer of the Corporation pursuant to the DGCL or other applicable law.

SECTION 6.2 Insurance, Contracts and Funding. The Corporation may purchase and maintain insurance to protect itself and any director, officer, employee or agent of the Corporation or of any Covered Entity against any expenses, liabilities or losses as specified in Section 6.1 of this Article VI or incurred by any such director, officer, employee or agent in connection with any Proceeding referred to in Section 6.1 of this Article VI, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL. The Corporation may enter into contracts with any director, officer, employee or agent of the Corporation or of any Covered Entity in furtherance of the provisions of this Article VI and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided or authorized in this Article VI.

SECTION 6.3 Indemnification Not Exclusive Right. The right of indemnification provided in this Article VI shall not be exclusive of any other rights to which an Indemnitee may otherwise be entitled, and the provisions of this Article VI shall inure to the benefit of the heirs and legal representatives of any Indemnitee under this Article VI and shall be applicable to Proceedings commenced or continuing after the adoption of this Article VI, whether arising from acts or omissions occurring before or after such adoption.

SECTION 6.4 Advancement of Expenses; Procedures; Presumptions and Effect of Certain Proceedings; Remedies. In furtherance, but not in limitation, of the foregoing provisions, the following procedures, presumptions and remedies shall apply with respect to advancement of expenses and the right to indemnification under this Article VI:

(a) Advancement of Expenses. All reasonable expenses (including, without limitation, attorneys' fees) incurred by or on behalf of the Indemnitee in connection with any Proceeding shall be advanced to the Indemnitee by the Corporation within 20 days after the receipt by the Corporation of a statement or statements from the Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the expenses incurred by the Indemnitee and, if required by law or the provisions of this Article VI at the time of such advance, shall include or be accompanied by an undertaking by or on behalf of the Indemnitee to repay the amounts advanced if ultimately it should be determined that the Indemnitee is not entitled to be indemnified against such expenses pursuant to this Article VI.

(b) Procedure for Determination of Entitlement to Indemnification.

(i) To obtain indemnification under this Article VI, an Indemnitee shall submit to the Secretary a written request including such documentation and information as is reasonably available to the Indemnitee and reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification (the "Supporting Documentation"). The determination of the Indemnitee's entitlement to indemnification shall be made not later than 60 days after receipt by the Corporation of the written request for indemnification together with the Supporting Documentation. The Secretary shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that the Indemnitee has requested indemnification.

(ii) The Indemnitee's entitlement to indemnification under this Article VI shall be determined in one of the following ways: (A) by a majority vote of the Disinterested Directors (as hereinafter defined in Section 6.4(e) of this Article VI), whether or not they constitute a quorum of the Board, or by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors; (B) by a written opinion of Independent Counsel (as hereinafter defined in Section 6.4(e) of this Article VI) if there are no Disinterested Directors or a majority of such Disinterested Directors so directs; (C) by the stockholders of the Corporation; or (D) as provided in Section 6.4(c) of this Article VI.

(iii) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 6.4(b)(ii) of this Article VI, a majority of the Disinterested Directors shall select the Independent Counsel, but only an Independent Counsel to which the Indemnitee does not reasonably object.

(c) Presumptions and Effect of Certain Proceedings. If the person or persons empowered under Section 6.4(b) of this Article VI to determine entitlement to indemnification shall not have been appointed or shall not have made a determination within 60 days after receipt by the Corporation of the request therefor, together with the Supporting Documentation, the Indemnitee shall be deemed to be, and shall be, entitled to indemnification unless (A) the Indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. The termination of any Proceeding described in Section 6.1 of this Article VI, or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner which the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal proceeding, that the Indemnitee had reasonable cause to believe that such conduct was unlawful.

(d) Remedies of Indemnitee. (i) In the event that a determination is made pursuant to Section 6.4(b) of this Article VI that the Indemnitee is not entitled to indemnification under this Article VI, (A) the Indemnitee shall be entitled to seek an adjudication of entitlement to such indemnification either, at the Indemnitee's sole option, in (x) an appropriate court of the State of Delaware or any other court of competent jurisdiction or (y) an arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association and (B) any such judicial proceeding or arbitration shall be *de novo* and the Indemnitee shall not be prejudiced by reason of such adverse determination.

(ii) If a determination shall have been made or deemed to have been made, pursuant to Section 6.4(b) or (c) of this Article VI, that the Indemnitee is entitled to indemnification, the Corporation shall be obligated to pay the amounts constituting such indemnification within 45 days after such determination has been made or deemed to have been made and shall be conclusively bound by such determination unless (A) the Indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. In the event that (X) advancement of expenses is not timely made pursuant to Section 6.4(a) of this Article VI or (Y) payment of indemnification is not made within 45 days after a determination of entitlement to indemnification has been made or deemed to have been made pursuant to Section 6.4(b) or (c) of this Article VI, the Indemnitee shall be entitled to seek judicial enforcement of the Corporation's obligation to pay to the Indemnitee such advancement of expenses or indemnification. Notwithstanding the foregoing, the Corporation may bring an action, in an appropriate court in the State of Delaware or any other court of competent jurisdiction, contesting the right of the Indemnitee to receive indemnification hereunder due to the occurrence of an event described in sub-clause (A) or (B) of this clause (ii) (a "Disqualifying Event"); provided, however, that in any such action the Corporation shall have the burden of proving the occurrence of such Disqualifying Event.

(iii) The Corporation shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 6.4(d) that the procedures and presumptions of this Article VI are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Corporation is bound by all the provisions of this Article VI.

(iv) In the event that the Indemnitee, pursuant to this Section 6.4(d), seeks a judicial adjudication of or an award in arbitration to enforce rights under, or to recover damages for breach of, this Article VI, or in the event of a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any expenses actually and reasonably incurred by the Indemnitee if the Indemnitee prevails in such judicial adjudication, arbitration or suit. If it shall be determined in such judicial adjudication, arbitration or suit that the Indemnitee is entitled to receive part but not all of the indemnification or advancement of expenses sought, the expenses incurred by the Indemnitee in connection with such judicial adjudication, arbitration or action shall be prorated accordingly.

(e) Definitions. For purposes of this Article VI:

(i) "Disinterested Director" means a director of the Corporation who is not or was not a party to the Proceeding in respect of which indemnification is sought by the Indemnitee.

(ii) "Independent Counsel" means a law firm or a member of a law firm that neither presently is, nor in the past five years has been, retained to represent: (x) the Corporation or the Indemnitee in any matter material to either such party or (y) any other party to the Proceeding giving rise to a claim for indemnification under this Article VI. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing under the law of the State of Delaware, would have a conflict of interest in representing either the Corporation or the Indemnitee in an action to determine the Indemnitee's rights under this Article VI.

SECTION 6.5 Severability. If any provision or provisions of this Article VI shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Article VI (including, without limitation, all portions of any paragraph of this Article VI containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Article VI (including, without limitation, all portions of any paragraph of this Article VI containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or enforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

SECTION 6.6 Indemnification of Agents. Notwithstanding any other provision or provisions of this Article VI, the Corporation, to the fullest extent of the provisions of this Article VI with respect to the indemnification of directors, officers and employees of the Corporation or any Covered Entity, may indemnify any person other than a director, officer or employee of the Corporation or any Covered Entity, who is or was an agent of the Corporation or a Covered Entity and who is or was involved in any manner (including, without limitation, as a party or a witness) or is threatened to be made so involved in any threatened, pending or completed Proceeding by reason of the fact that such person, or another person of whom such person is the legal representative, is or was a director, officer, employee or agent of the Corporation or of a Covered Entity, whether the basis of such Proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, against all expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) actually and reasonably incurred by such person in connection with such Proceeding. The Corporation may also advance expenses incurred by such employee or agent in connection with any such Proceeding, consistent with the provisions of this Article VI with respect to the advancement of expenses of directors, officers and employees of the Corporation.

ARTICLE VII

Capital Stock

SECTION 7.1 Certificates for Shares and Uncertificated Shares.

(a) The shares of stock of the Corporation shall be uncertificated shares that may be evidenced by a book-entry system maintained by the registrar of such stock, or shall be represented by certificates, or a combination of both. To the extent that shares are represented by certificates, such certificates whenever authorized by the Board shall be in such form as shall be approved by the Board. The certificates representing shares of stock of each class shall be signed by, or in the name of, the Corporation by any two authorized officers of the Corporation, and sealed with the seal of the Corporation, which may be a facsimile thereof. Any or all such signatures may be facsimiles if countersigned by a transfer agent or registrar. Although any officer, transfer agent or registrar whose manual or facsimile signature is affixed to such a certificate ceases to be such officer, transfer agent or registrar before such certificate has been issued, it may nevertheless be issued by the Corporation with the same effect as if such officer, transfer agent or registrar were still such at the date of its issue. Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall send to the registered owner thereof a written notice in accordance with Section 151(f) of the DGCL.

(b) The stock ledger and blank share certificates, if any, shall be kept by the Secretary or by a transfer agent or by a registrar or by any other officer or agent designated by the Board.

SECTION 7.2 Transfer of Shares. Transfers of shares of stock of each class of the Corporation shall be made only on the books of the Corporation upon authorization by the registered holder thereof, or by such holder’s attorney thereunto authorized by a power of attorney duly executed and filed with the Secretary or a transfer agent for such stock, if any, and if such shares are represented by a certificate, upon surrender of the certificate or certificates for such shares properly endorsed or accompanied by a duly executed stock transfer power (or by proper evidence of succession, assignment or authority to transfer) and the payment of any taxes thereon; provided, however, that the Corporation shall be entitled to recognize and enforce any lawful restriction on transfer. The person in whose name shares are registered on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation; provided, however, that whenever any transfer of shares shall be made for collateral security and not absolutely, and written notice thereof shall be given to the Secretary or to such transfer agent, such fact shall be stated in the entry of the transfer. No transfer of shares shall be valid as against the Corporation, its stockholders and creditors for any purpose, except to render the transferee liable for the debts of the Corporation to the extent provided by law, until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

SECTION 7.3 Registered Stockholders and Addresses of Stockholders.

(a) The Corporation shall be entitled to recognize the exclusive right of a person registered on its records as the owner of shares of stock to receive dividends and to vote as such owner, shall be entitled to hold liable for calls and assessments a person registered on its records as the owner of shares of stock, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares of stock on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

(b) Each stockholder shall designate to the Secretary or transfer agent of the Corporation an address at which notices of meetings and all other corporate notices may be given to such person, and, if any stockholder shall fail to designate such address, corporate notices may be given to such person by mail directed to such person at such person's post office address, if any, as the same appears on the stock record books of the Corporation or at such person's last known post office address.

SECTION 7.4 Lost, Destroyed and Mutilated Certificates. The holder of any certificate representing any shares of stock of the Corporation shall immediately notify the Corporation of any loss, theft, destruction or mutilation of such certificate; the Corporation may issue to such holder a new certificate or certificates for shares, upon the surrender of the mutilated certificate or, in the case of loss, theft or destruction of the certificate, upon satisfactory proof of such loss, theft or destruction; the Board, or a committee designated thereby, or the transfer agents and registrars for the stock, may, in their discretion, require the owner of the lost, stolen or destroyed certificate, or such person's legal representative, to give the Corporation a bond in such sum and with such surety or sureties as they may direct to indemnify the Corporation and said transfer agents and registrars against any claim that may be made on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

SECTION 7.5 Regulations. The Board may make such additional rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificated or uncertificated shares of stock of each class and series of the Corporation and may make such rules and take such action as it may deem expedient concerning the issue of certificates in lieu of certificates claimed to have been lost, destroyed, stolen or mutilated.

SECTION 7.6 Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than 60 days nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action. A determination of stockholders entitled to notice of or to vote at a meeting of the stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

SECTION 7.7 Transfer Agents and Registrars. The Board may appoint, or authorize any officer or officers to appoint, one or more transfer agents and one or more registrars.

ARTICLE VIII

Seal

The Board shall approve a suitable corporate seal. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

ARTICLE IX

Fiscal Year

The fiscal year of the Corporation shall be as fixed by the Board from time to time. If the Board makes no determination to the contrary, the fiscal year of the Corporation shall end on the 31st day of December in each year.

ARTICLE X

Waiver of Notice

Whenever any notice whatsoever is required to be given by these By-laws, by the Certificate or by law, the person entitled thereto may, either before or after the meeting or other matter in respect of which such notice is to be given, waive such notice in writing or as otherwise permitted by law, which shall be filed with or entered upon the records of the meeting or the records kept with respect to such other matter, as the case may be, and in such event such notice need not be given to such person and such waiver shall be deemed equivalent to such notice.

ARTICLE XI

Amendments

These By-laws may be altered, amended or repealed, in whole or in part, or new By-laws may be adopted by the stockholders or by the Board at any meeting thereof; provided, however, that notice of such alteration, amendment, repeal or adoption of new By-laws is contained in the notice of such meeting of the stockholders or in the notice of such meeting of the Board and, in the latter case, such notice is given not less than 24 hours prior to the meeting. Unless a higher percentage is required by the Certificate, all such amendments must be approved by either the holders of a majority of the combined voting power of the outstanding shares of all classes and series of capital stock of the Corporation entitled generally to vote in the election of directors of the Corporation, voting as a single class, or by a majority of the directors present at any meeting of the Board.

ARTICLE XII

Miscellaneous

SECTION 12.1 Execution of Documents. The Board or any committee thereof shall designate the officers, employees and agents of the Corporation who shall have power to execute and deliver deeds, contracts, mortgages, bonds, debentures, indentures, notes, checks, drafts and other orders for the payment of money and other documents for and in the name of the Corporation and may authorize (including, without limitation, authority to redelegate) by written instrument to other officers, employees or agents of the Corporation. Such delegation may be by resolution or otherwise and the authority granted shall be general or confined to specific matters, all as the Board or any such committee may determine. In the absence of such designation referred to in the first sentence of this Section, the officers of the Corporation shall have such power so referred to, to the extent incident to the normal performance of their duties.

SECTION 12.2 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation or otherwise as the Board or any committee thereof or any officer of the Corporation to whom power in respect of financial operations shall have been delegated by the Board or any such committee or in these By-laws shall select.

SECTION 12.3 Checks. All checks, drafts and other orders for the payment of money out of the funds of the Corporation, and all notes or other evidences of indebtedness of the Corporation, shall be signed on behalf of the Corporation in such manner as shall from time to time be determined by resolution of the Board or of any committee thereof or by any officer of the Corporation to whom power in respect of financial operations shall have been delegated by the Board or any such committee thereof or as set forth in these By-laws.

SECTION 12.4 Proxies in Respect of Stock or Other Securities of Other Corporations. The Board or any committee thereof shall designate the officers of the Corporation who shall have authority from time to time to appoint an agent or agents of the Corporation to exercise in the name and on behalf of the Corporation the powers and rights which the Corporation may have as the holder of stock or other securities in any other corporation or other entity, and to vote or consent in respect of such stock or securities; such designated officers may instruct the person or persons so appointed as to the manner of exercising such powers and rights; and such designated officers may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise, such written proxies, powers of attorney or other instruments as they may deem necessary or proper in order that the Corporation may exercise its said powers and rights.

SECTION 12.5 Subject to Law and Certificate of Incorporation . All powers, duties and responsibilities provided for in these By-laws, whether or not explicitly so qualified, are qualified by the provisions of the Certificate and applicable laws.

May 2, 2018

Olivier Rabiller
Z.A. La Piece 16
Rolle, VD, 1180
CHE

Re: Offer Letter

Dear Olivier:

I am pleased to confirm our offer to you to become the President and Chief Executive Officer of TS SPINCO (the "Company"), Honeywell International Inc.'s ("Honeywell") Transportation Systems business that is expected to be spun-off as an independent public company on or about June 30, 2018 (the actual spin-off date is hereinafter referred to as the "Separation Date"). *This offer is contingent on a successful completion of the spin.* The Company will initially be based in Rolle, Switzerland. The effective date of your new role will be the Separation Date, subject to the terms and conditions of this offer letter.

In connection with your new role, you will be entitled to the following compensation and benefits package:

COMPENSATION

Base Salary: As of the Separation Date, your annual base salary will be increased to CHF 870,000. After the Separation Date, your base salary shall be adjusted by the Company's Board of Directors from time to time.

Annual Incentive Compensation From the Company: Your initial target incentive compensation opportunity with the Company will be 100% of your annual cash base salary earnings during the year. Incentive compensation awards are paid in the first quarter of the following year.

For the full 2018 performance year, your incentive compensation award shall be paid entirely by the Company (i.e., no pro-rated incentive award shall be paid by Honeywell). For 2018, your incentive compensation award will be prorated based on the number of days your target incentive was 97.5%, and the number of days your target incentive will be 100%.

Annual Long-Term Incentive Awards From the Company: You will be eligible for annual equity awards with an initial target of 325% of your Base Salary. The size and mix of future awards will be determined by the Company's Board of Directors. The terms of all long-term incentive awards will be governed by the terms of the applicable stock plan and the relevant award agreements.

DS
OR

Honeywell Growth Plan Units: The liability for the second tranche of your award for the 2016-2017 Growth Plan performance cycle shall be paid out in the normal course during the first quarter of 2019. You understand and acknowledge that Honeywell may assign the liability for such amount to the Company and you agree and acknowledge that any such payments received from the
Company shall be in full satisfaction of Honeywell's liability for such payments.

Transportation Systems Retention Program: The liability for the second tranche of your award under the 2016 TS Retention Program shall be paid out in the normal course during the first quarter of 2019. You understand and acknowledge that Honeywell may assign the liability for such amount to the Company and you agree and acknowledge that any such payments received from the Company shall be in full satisfaction of Honeywell's liability for such payments.

Vested Honeywell Stock Options: You will retain any vested Honeywell stock options. Notwithstanding anything in the Stock Incentive Plan of Honeywell International Inc. and its Affiliates (the "Stock Incentive Plan") and governing award agreements to the contrary, you will have the original full remaining term to exercise such vested stock options.

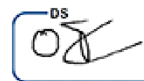
Unvested Honeywell Stock Options: Any Honeywell stock options that were granted prior to 2018 and have not vested as of Separation Date shall be replaced with Company restricted stock units. Such Company restricted stock units shall vest on the same dates as the underlying unvested Honeywell stock options that were replaced.

2018 Honeywell Stock Options: Honeywell stock options granted in 2018 that have not vested as of Separation Date shall be replaced with Company restricted stock units at their original grant date value (i.e., the Black-Scholes value). Such Company restricted stock units shall vest on the same dates as the underlying unvested 2018 Honeywell stock options that were replaced.

Honeywell Time-Based Restricted Stock Units: Except for Honeywell time-based restricted stock units scheduled to vest in July 2018, any unvested Honeywell time-based restricted stock units shall be replaced with Company restricted stock units. Such Company restricted stock units shall vest on the same schedule as if they had remained Honeywell restricted stock units. Any time-based Honeywell restricted stock units scheduled to vest in July 2018, shall remain with Honeywell and vest in accordance with the current vesting schedule.

Honeywell Performance-Based Restricted Stock Units: Your unvested 2016 Honeywell performance-based restricted stock units shall be replaced with Company restricted stock units at a value determined by using Honeywell's relative TSR over a truncated performance period ending immediately prior to the Separation Date. Such Company restricted stock units shall vest on the same schedule as if they had remained Honeywell performance-based restricted stock units.

Honeywell Performance Plan Stock Units: Your Honeywell Performance Plan stock units for the 2017-2019 performance cycle shall be replaced with Company restricted stock units based upon the then latest estimate of Honeywell performance for the 2017-2019 performance cycle. Such Company restricted stock units shall vest on the same schedule as if they had remained Honeywell
Performance Plan stock units. Your Honeywell Performance Plan stock units for the 2018-2020 performance cycle shall be forfeited.



Sign-On Long-Term Incentive Awards From the Company: You will be granted $4,300,000 USD worth of Company restricted stock units as of the Separation Date as a "founder's grant." These restricted stock units will vest 50% in Year 3 and 50% in Year 4, assuming you are still employed by the Company as of such date. *The "founders grant" is expressly conditioned on the successful spin-off of Honeywell Transportation Systems as an independent public company.*

For purposes of this offer letter, unless otherwise noted, whenever Honeywell equity awards are being converted into Company equity awards, such conversion shall be based on (i) the "regular-way" closing price of Honeywell common stock on the last trading day immediately prior to the Separation Date, and (ii) the "when-issued" closing price of Company common stock on the last trading day immediately prior to the Separation Date.

OTHER EXECUTIVE BENEFITS

You will also be entitled to the following Executive Benefits:

- *Welfare and Retirement*: As provided to other employees of the Company (to be determined).
- *Vacation*: As provided to other senior executives of the Company (to be determined).
- *Executive Severance*: You will receive 24 months of base salary continuation and incentive compensation (at target) in the event of your involuntary termination of employment (other than for cause). In the event of your involuntary termination of employment (other than for cause) within 2 years of a change in control of the Company, 36 months shall be substituted for 24 months.

STOCK OWNERSHIP GUIDELINES FOR COMPANY OFFICERS

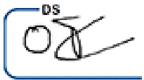
As an Executive Officer of the Company, you will be required to hold a multiple of your annual base salary in Company shares (to be determined by the Company) in accordance with the Company's Stock Ownership Guidelines.

INTELLECTUAL PROPERTY AND NON-COMPETITION AGREEMENTS

As a condition of this employment offer, you will be required to execute, in a form substantially similar to the corresponding Honeywell agreements, (i) the Company's intellectual property agreement ("IP Agreement"), and (ii) the Company's noncompete agreement for senior executives ("Noncompete Agreement"), prior to the Separation Date.

AGREEMENT TO TRANSFER

As you are aware, Honeywell has announced its intention to spin-off it's Transportation Systems business in the summer of 2018. By accepting this position, you are acknowledging and consenting to the anticipated spin-off of the Transportation Systems business by Honeywell. Therefore, you agree that the position you have accepted is dedicated to the Company and, as a result, could trigger the transfer of your employment contract. Accordingly, you agree that you (i) will not claim



constructive dismissal from Honeywell, (iii) will not assert any rights under (A) the Acquired Right Directive, or (B) any local implementing laws or similar provisions to that effect, with respect to any transfer of your employment contract, and (iii) have been fully informed of the terms and conditions of your employment incident to the spin-off of Honeywell's Transportation Systems business, and that those terms and conditions may change if and when that business becomes an independent public company.

ACCEPTANCE OF OFFER

Please indicate your acceptance of this offer by electronically signing this offer letter via DocuSign.

Olivier, we are excited to be extending this offer to you and look forward to your anticipated success with the Company.

If you have any questions or need any further information about our offer, please contact me directly.

Congratulations,

Darius Adamczyk
President & Chief Executive Officer
Honeywell International Inc.

Read and Accepted:

/s/ Olivier Rabiller	May 2, 2018
OLIVIER RABILLER	Date

All businesses experience changing conditions. Accordingly, we reserve the right to change work assignments, reporting relationships and staffing levels to meet business needs. There is no guarantee of employment for any specific period.

Honeywell

Honeywell Technologies Sàrl
La Piece 16,
1180 Rolle (VD)
Switzerland

Employment Contract

between

Honeywell Technologies Sàrl

Rolle, canton of Vaud, Switzerland

(the **"Company")**

and

Alessandro Gili
(the **"Employee")**

1. FUNCTION AND FIELD OF ACTIVITY

The Employee is hired full-time in the position of **Chief Financial Officer of Honeywell Transportation Systems** ("TS").

As you know, we anticipate that TS will be spun off as an independent public company (the "Company") on or about June 30, 2018 (the actual spin-off date, if applicable, is hereinafter referred to as the "Separation Date"). Your employment with Honeywell (and ultimately the Company) shall be subject to the terms and conditions of this offer letter.

The Employee agrees to carry out all assignments, according to the requirements of the Company, which are compatible with his training and his function under this Employment Contract.

The usual **place of work is Rolle, in the Canton of Vaud,** Switzerland. The Employee however understands that his employment requires flexibility and agrees to work in such other locations as the Company may from time to time require. In such a case, the Company will inform the Employee reasonably in advance.

The Employee shall faithfully and diligently carry out work and tasks which are entrusted to him/her, always safeguarding the interests of the Company.

This offer is contingent on the Employee obtaining the applicable work permit from the Swiss authorities. In the event the work permit cannot be obtained in due time, the offer is considered to be withdrawn.

Alessandro Gili

In the event the Swiss authorities revoke or decline to renew any applicable work permit, this contract will automatically terminate the Employees employment on the date the Employee is unable to legally work in Switzerland.

2. DURATION OF THE EMPLOYMENT CONTRACT

This Employment Contract is concluded for an indefinite period of time.

Subject to the conditions mentioned herein, the beginning of the Employment Contract is at latest **June 1st, 2018.**

3. PROBATION & TERMINATION PERIOD

The Employment Contract is not subject to a probation period.

The notice required on either side to terminate the Employment Contract is **six (6) months.** The Company reserves the right in its sole discretion to require the Employee not to attend work or carry out any duties during some or all of his/her notice period. Should the Company exercise this discretion, the Employee would normally be paid his/her base salary and other benefits for the duration of the notice period he/she is not required to work providing always that he/she remains in compliance with Company policies. The Company may require the Employee to take accrued but unused holiday in any period of non working notice.

Upon termination of the Employee's employment, for whatever reason, the Company reserves the right to deduct from his salary any overpayment made and/or monies owed to the Company by the Employee including but not limited to holidays taken in excess of entitlement, outstanding loans, outstanding advances, relocation expenses and any education allowances. The Employee's acceptance of the terms of this contract constitutes his/her written express consent to such deductions being made by the Company.

Exception to the notice period can be made for immediate cancellation for valid reasons.

4. WORKING HOURS, PART-TIME ACTIVITIES

Working hours are **40** hours per week.

Normal working hours are 40 per week (full time equivalent), distributed over five days. The work timetable is set by the Company in line with Swiss labour legislation. It may be temporarily or exceptionally changed. The Employee expressly renounces receipt of any compensation for his/her overtime hours. The salary established in this contract takes account of the fact that the Employee shall work overtime and shall be paid in advance under this heading.

5. REMUNERATION

Base Salary: The Employee's annual base salary is established at **CHF 530,000** - gross per annum. This salary will be paid in 13 monthly salaries, incl. a 13th month paid with the December payroll. The 13th month salary will be prorated in case the year is not complete.

Alessandro Gili

The Employee's salary grade **is Executive.**

In the event that at some future point you were to agree to relocate outside of Switzerland, the terms and conditions of any new employment would be subject to local market conditions.

Annual Incentive Compensation: Your target incentive compensation opportunity will be 75% of your annual cash base salary earnings during the year. For 2018 you will be treated as being employed for the entire calendar year for purpose of determining your Incentive compensation award. Incentive compensation awards are paid in the first quarter of the following year.

For the full 2018 performance year, your incentive compensation award shall be paid entirely by the Company (i.e. no pro-rated incentive award shall be paid by Honeywell), provided the spin is effectuated as planned.

Annual Long Term Incentive Awards: You will be eligible for annual long-term incentive awards with an initial target of 182% of your base salary. The size and mix of future awards will be determined by Honeywell's or the Company's Board of Directors, as applicable. The terms of all long-term incentive awards will be governed by the terms of the applicable stock plan and the relevant award agreements.

Sign-On Long-Term Incentive Awards From the Company: You will be granted CHF 1,446,900 worth of Company restricted stock units as of the Separation Date as a "founder's grant." These restricted stock units will vest 50% each on the third and fourth anniversaries of the grant date, provided in all cases you continue to be employed by the Company on such vesting dates. This "founder's grant" is expressly conditioned upon the successful spin-off of TS.

SIGN-ON AWARDS

Honeywell management has approved to provide you an award of 12,300 Honeywell restricted stock units ("RSUs") from the Management Development and Compensation Committee ("MDCC") of the Company's Board of Directors. The RSUs shall be granted under, and shall be subject to the terms of, the applicable Stock Incentive Plan of Honeywell International Inc. and its Affiliates and governed by the relevant award agreement. The RSUs will vest 50% each on the first and second anniversaries of the grant date, provided in all cases you continue to be employed by Honeywell or the Company on such vesting dates. The RSU grant will be effective as of the later of the date the MDCC approves the grant or your first day of active employment.

At the Separation Date, if applicable, any unvested Honeywell restricted stock units shall be replaced with Company restricted stock units at their current economic value based on the closing price of Honeywell common stock on the last trading day immediately prior to the Separation Date. Such Company restricted stock units shall vest on the same schedule as if they had remained Honeywell restricted stock units.

This remuneration includes all services, even those outside the normal work period. It is expressly agreed between the parties that any allowances, bonuses, or participation in the profits, in whatever form or under whatever heading which shall be given to the Employee without any legal obligation or by convention are considered as generosity, always subject to revocation, regardless of the eventual regularity, with which such allowances, bonuses or participations shall have been given. In no case does this eventual generosity imply an engagement by the head

Alessandro Gili

of the company for the future. In any case, they should be considered as an encouragement for the future; they will never be paid to the Employee who has been given notice or who left the Company before they were attributed.

Legal and statutory deductions will be subtracted from each pay for OASI (AVS) / DI (Al) / ALI (APG), unemployment insurance, provident funds, work-related accident premiums, withholding taxes (if applicable), etc. The amounts of these deductions shall be indicated in the monthly pay slip and can be changed on the basis of new legal provisions or changes in the insurance applicable to staff. If relevant, the Employee will also receive family allowance payments from the Company. The Employee agrees that payment of his/her remuneration will be made to his/her account.

The Employee shall immediately bring to the attention of the Company any change taking place in any of the elements required for calculating or payment of his remuneration (dependents, address, etc,).

6. OTHER BENEFITS

Until the Separation Date, you will be entitled to benefits consistent with other Honeywell Transportation Systems executive employees working in Switzerland. After the Separation Date, you will also be entitled to the following Benefits:

a. VACATION

The Employee is entitled to paid vacation per year in line with the formula below (full-time equivalent).

<3 years of Honeywell service: 25 days per annum

3-9 years of Honeywell service: 27 days per annum

10+ years of Honeywell service: 30 days per annum

Under Swiss labour law, the minimum entitlement is 20 days of paid vacation per year.

Vacation shall be taken during the calendar year in line with the applicable Honeywell Vacation Policy. The vacation dates shall be subject to the prior approval of the reporting manager.

b. PENSION PLAN

The Employee shall be enrolled in the applicable pension scheme of the Company. Contributions and benefits are determined by the pension scheme rules and regulations, as amended from time to time at the Company’s discretion. The Employee’s contributions, if any, shall be deducted by the Company from his/her pensionable salary on a monthly basis.

c. CASH ALLOWANCE

The Employee is eligible to receive a perk car equivalent benefit, namely a cash allowance in accordance with the applicable Company Car Policy.

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d. EXECUTIVE SEVERANCE: You will receive 18 months of base salary continuation and incentive compensation (at target) in the event of your involuntary termination of employment (other than for cause). In the event of your involuntary termination of employment (other than for cause) within 2 years of (i) a change in control of the Company within 2 years of the spin, or (ii) a sale of TS by Honeywell, 36 months shall be substituted for 18 months. In all other cases, you shall be subject to the terms of the applicable Honeywell or Company severance plan.

7. ILLNESS / ACCIDENT

In case of the Employee's inability to perform his/her duties under this Employment Contract due to illness or accident, the Employee is entitled to receive his/her salary according to the applicable terms and conditions of the Company's insurance for loss of earnings due to illness or accident. The Employee's monthly contributions to this insurance shall be determined according to the corresponding insurance policy. The Employee's contributions shall be deducted by the Company from his/her gross salary.

If no insurance for loss of earnings due to illness or accident has been entered into by the Company, the Company's obligation to pay salary is determined by Art. 324a of the Swiss Code of Obligations.

Carrying out the contract may only be suspended for good reasons and on the basis of means determined by the law concerning work contracts and by the work rules.

In case of the Employee's inability to perform his/her duties under this Employment Contract due to illness or accident, the Employee's obligations are as follows:

1. On the first day of absence, to immediately notify, during the Company's working hours, his/her manager or, if he/she is absent, the Human Resources department of the fact of the absence and if possible the expected return to work date;
2. to present a medical certificate for any illness related absence exceeding three days, sent to the company within five days of start of the absence;
3. the Company may require the Employee to undergo a medical examination by a medical professional of the Company's choice. The Employee is required to comply with this request. The costs of such an examination will be borne by the Company. In case of a divergence of opinion between the responsible physician and the Employer's medical adviser, the parties shall agree, as at that moment, to submit the dispute to be arbitrated by a third physician chosen by common agreement of the physicians for each of the parties;
4. the company reserves the right to request the Employee to return to work upon presentation of a medical certificate attesting to a complete cure.

8. EMPLOYEE'S OBLIGATIONS

The Employee is required:

1. to do his/her work, with care and integrity, taking account of time, place and agreed conditions;

Alessandro Gili

2. to act in conformity with orders and instructions given by the Company, his/her representatives or the person in charge to carry out the contract;
3. to protect the Company's interests at all times. The Employee is consequently prohibited from committing or participating in any act of unfair competition and from any act prejudicial to the Company and his/her employees;
4. to abstain, during the contractual period as well as after the end of the former, from divulging manufacturing and business secrets, as well as secrets about any activity of a personal or confidential character of which he/she was aware during his/her professional work;
5. to abstain from anything which may be harmful either to his/her own safety or to that of the workers, the Employer or third parties;
6. to return in good condition to the Company work instruments which were given to him/her. Thus, documents (folders, order forms, etc.) and material which the Company made available to him/her remain the property of the Company and must be returned to him/her when the latter first requests and, in any case, at the end of the present agreement, whatever the reason or whatever party took the initiative to cancel the contract;
7. to devote all his/her working time to the Company's business. The Employee is consequently prohibited, except with the express written authorization of the Company, to take a direct or indirect interest in a professional activity other than that of the Company;
8. to comply at all times with the Honeywell Code of Business Conduct.

9. PERSONAL DATA PROTECTION

The Employee hereby acknowledges that he/she has been informed that the Company uses computerised files containing personal data and accepts that they are used for Human Resources management and payroll and for those purposes specified in the Company's Data Privacy Policy.

The Employee's personal data collected by the Company shall be processed loyally and in line with local legislation, and shall not be used in any manner incompatible with the purposes covered by the present provisions. Such data makes it possible to identify the Employee indirectly or directly, and may be incorporated and used in completely controlled systems, computerised or manual.

The Employee is informed that the data systems are managed directly or indirectly by the Company or by any other entity in the Company's group of entities and may be stocked and retained in memory.

The Employee expressly accepts transfer of his/her personal data to affiliates of the Company or in the framework of externalisation of some functions, towards any service beneficiary, as well as incorporation of some data in similar systems in other countries, including outside Switzerland and the European Union. Those countries may have data protection laws and regulations that are different than those in Switzerland.

The Company shall require any entity receiving personal data of the Employee to afford a similar level of protection to that provided for under the laws of Switzerland.

Alessandro Gili

The Employee is informed that he/she has a right to access his/her personal data while they are processed and managed by the Company or by other third parties responsible for a data base. Furthermore, the Employee may request correction of inexact data.

10. STOCK OWNERSHIP GUIDELINES FOR COMPANY OFFICERS

As an Executive Officer of the Company, you will be required to hold a multiple of your annual base salary in Company shares (to be determined by the Company) in accordance with the Company's Stock Ownership Guidelines.

11. RELOCATION

A condition of the offer is that you agree to relocate to the Rolle, Switzerland area and to be localized in Switzerland. You will be eligible for relocation assistance in accordance with Honeywell's relocation guidelines. You will be contacted by a representative from the Honeywell's relocation vendor to initiate the relocation process.

12. INTELLECTUAL PROPERTY AND NON-COMPETITION AGREEMENTS

As a condition of this employment offer, you are required to execute, in the form attached hereto, (i) Honeywell's "Employee Agreement Relating to Trade Secrets, Proprietary and Confidential Information" ("IP Agreement"), and (ii) the "Honeywell International Inc. Noncompete Agreement for Senior Executives" ("Noncompete Agreement"), both of which are attached hereto.

In addition, you will be required to execute, in a form substantially similar to the corresponding Honeywell agreements, (i) the Company's intellectual property agreement ("IP Agreement"), and (ii) the Company's noncompete agreement for senior executives ("Noncompete Agreement"), prior to the Separation Date.

13. AGREEMENT TO TRANSFER

As you are aware, Honeywell has announced its intention to spin-off the Company in the summer of 2018. By accepting this position, you are acknowledging and consenting to the anticipated spin-off of the Company by Honeywell. Therefore, you agree that the position you have accepted is dedicated to the Company and, as a result, could trigger the transfer of your employment contract. Accordingly, you agree that you (i) will not claim constructive dismissal from Honeywell, (iii) will not assert any rights under (A) the Acquired Right Directive, or (B) any local implementing laws or similar provisions to that effect, with respect to any transfer of your employment contract, and (iii) have been fully informed of the terms and conditions of your employment incident to the spin-off of the Company, and that those terms and conditions may change if and when the Company becomes an independent public company.

14. MODIFICATION OF THE CONTRACT

All amendments shall be in writing, in English and signed by both parties.

15. APPENDICES

The agreements and regulations attached to this Employment Contract, as amended from time to time, form an integral part of this agreement.

Alessandro Gili

16. APPLICABLE LAW

This Employment Contract will be governed by, construed and enforced in accordance with the laws of Switzerland.

IN WITNESS WHEREOF, the parties have executed this Employment Contract as of the date indicated below and acknowledge receipt of a signed copy.

Done in May 2nd 2018

Honeywell Technologies Sàrl

/s/ Alessandra Malhamé
Alessandra Malhamé

Country HR Leader

The Company

/s/ Alessandro Gili
Alessandro Gili

The Employee

Enclosures: Non-compete Agreement (already received and signed by the Employee)
IP Agreement (already received and signed by the Employee)
Pension Plan
Representation Allowance
Vacation policy
Sick leave Policy
Retirement Policy

June 1, 2018

Daniel Deiro
Z.A. La Piece 16
Rolle, VD, 1180
CHE

Re: Offer Letter

Dear Daniel:

I am pleased to confirm our offer to you to remain the Senior Vice President, Global Customer Management & General Manager, Japan and Korea of Honeywell Transportation Systems ("TS"), a strategic business unit of Honeywell International Inc. ("Honeywell"). This offer is based in Rolle, Switzerland and reports directly to me. As you know, we anticipate that TS will be spun off as an independent public company (the "Company") sometime after June 30, 2018 (the actual spin-off date, if applicable, is hereinafter referred to as the "Separation Date"). Your employment with Honeywell (and ultimately the Company) shall be subject to the terms and conditions of this offer letter.

In connection with your new role, you will be entitled to the following compensation and benefits package:

COMPENSATION

Base Salary: As of the Separation Date, your annual base salary will be increased to CHF 375,000. After the Separation Date, any base salary adjustments shall be made by the Company's Board of Directors from time to time. Adjustments will be based on your performance and other relevant factors.

Annual Incentive Compensation From the Company: As of the Separation Date, your target incentive compensation opportunity will be 40% of your annual cash base salary earnings during the year. For 2018, your incentive compensation award will be prorated based on the number of days your target incentive was 53% and the number of days your target incentive will be 40%. Incentive compensation awards are paid in the first quarter of the following year.

For the full 2018 performance year, your incentive compensation award shall be paid entirely by the Company (i.e., no pro-rated incentive award shall be paid by Honeywell), provided the spin is effectuated as planned.

Annual Long-Term Incentive Awards From the Company: As of the Separation Date, you will be eligible for annual long-term incentive ("LTI") awards with an initial target value of 124% of your Base Salary. The size and mix of future LTI awards will be determined by the Company's Board of Directors based on your performance and future career potential. The terms of all LTI awards will be governed by the terms of the applicable stock plan and the relevant award agreements.

Honeywell Growth Plan Units: The liability for the second tranche of your award for the 2016-2017 Growth Plan performance cycle shall be paid out in the normal course during the first quarter of 2019. You understand and acknowledge that Honeywell may assign the liability for such amount to the Company and you agree and acknowledge that any such payments received from the Company shall be in full satisfaction of Honeywell's liability for such payments.

Vested Honeywell Stock Options: You will retain any vested Honeywell stock options. Notwithstanding anything in the Stock Incentive Plan of Honeywell International Inc. and its Affiliates (the "Stock Incentive Plan") and governing award agreements to the contrary, you will have the original full remaining term to exercise such vested stock options.

Unvested Honeywell Stock Options: Any Honeywell stock options that were granted prior to 2018 and have not vested as of Separation Date shall be replaced with Company restricted stock units. Such Company restricted stock units shall vest on the same dates as the underlying unvested Honeywell stock options that were replaced.

2018 Honeywell Stock Options: Honeywell stock options granted in 2018 that have not vested as of Separation Date shall be replaced with Company restricted stock units at their original grant date value (i.e., the Black-Scholes value). Such Company restricted stock units shall vest on the same dates as the underlying unvested 2018 Honeywell stock options that were replaced.

Honeywell Time-Based Restricted Stock Units: Except for Honeywell time-based restricted stock units scheduled to vest in July 2018, any unvested Honeywell time-based restricted stock units shall be replaced with Company restricted stock units. Such Company restricted stock units shall vest on the same schedule as if they had remained Honeywell restricted stock units. Any time-based Honeywell restricted stock units scheduled to vest in July 2018, shall remain with Honeywell and vest in accordance with the current vesting schedule.

Honeywell Performance Plan Units: Your Honeywell Performance Plan units for the 2017-2019 performance cycle shall be replaced with Company restricted stock units based upon the then latest estimate of Honeywell performance for the 2017-2019 performance cycle. Such Company restricted stock units shall vest on the same schedule as if they had remained Honeywell Performance Plan units. Your Honeywell Performance Plan units for the 2018-2020 performance cycle shall be forfeited.

TS Retention Program: The liability for the second tranche of your award under the 2016 TS Retention Program shall be transferred by Honeywell to the Company and paid out in the normal course during the first quarter of 2019. You understand and acknowledge that Honeywell may assign the liability for such amount to the Company and you agree and acknowledge that any such payments received from the Company shall be in full satisfaction of Honeywell's liability for such payments.

For purposes of this offer letter, unless otherwise noted, whenever Honeywell equity awards are being converted into Company equity awards, such conversion shall be based on (i) the "regular-way" closing price of Honeywell common stock on the last trading day immediately prior to the Separation Date, and (ii) the "when-issued" closing price of Company common stock on the last trading day immediately prior to the Separation Date.

OTHER EXECUTIVE BENEFITS

You will also be entitled to the following Executive Benefits after the Separation Date:

- *Welfare and Retirement*: As provided to other employees of the Company (to be determined).
- *Vacation*: As provided to other executives of the Company (to be determined).
- *Executive Severance*: As provided to other executives of the Company (to be determined).

INTELLECTUAL PROPERTY AND NON-COMPETITION AGREEMENTS

As a condition of this employment offer, you will be required to execute, in a form substantially similar to the corresponding Honeywell agreements, (i) the Company's intellectual property agreement, and (ii) the Company's noncompete agreement for senior executives, prior to the Separation Date.

AGREEMENT TO TRANSFER

As you are aware, Honeywell has announced its intention to spin-off it's TS business in the summer of 2018. By accepting this position, you are acknowledging and consenting to the anticipated spin-off of the TS business by Honeywell. Therefore, you agree that the position you have accepted is dedicated to the Company and, as a result, could trigger the transfer of your employment contract. Accordingly, you agree that you (i) will not claim constructive dismissal from Honeywell, (iii) will not assert any rights under (A) the Acquired Right Directive, or (B) any local implementing laws or similar provisions to that effect, with respect to any transfer of your employment contract, and (iii) have been fully informed of the terms and conditions of your employment incident to the spin-off of Honeywell's TS business, and that those terms and conditions may change if and when that business becomes an independent public company.

ACCEPTANCE OF OFFER

Please indicate your acceptance of this offer by electronically signing this offer letter via DocuSign.

Daniel, we are excited to be extending this offer to you and look forward to your anticipated success with the Company.

If you have any questions or need any further information about our offer, please contact me directly.

Congratulations,

Olivier Rabiller
President and CEO
Honeywell Transportation Systems

Read and Accepted:

/s/ Daniel Deiro	June 1, 2018
DANIEL DEIRO (E402005)	Date

All businesses experience changing conditions. Accordingly, we reserve the right to change work assignments, reporting relationships and staffing levels to meet business needs. There is no guarantee of employment for any specific period.

EID:

Document Category: Hiring

Document Type: Offer Letter

*For Employee File Management Purpose Only

June 1, 2018

Thierry Mabru
Z.A. La Piece 16
Rolle, VD, 1180
CHE

Re: Offer Letter

Dear Thierry:

I am pleased to confirm our offer to you to remain the Senior Vice President, Integrated Supply Chain of Honeywell Transportation Systems ("TS"), a strategic business unit of Honeywell International Inc. ("Honeywell"). This offer is based in Rolle, Switzerland and reports directly to me. As you know, we anticipate that TS will be spun off as an independent public company (the "Company") sometime after June 30, 2018 (the actual spin-off date, if applicable, is hereinafter referred to as the "Separation Date"). Your employment with Honeywell (and ultimately the Company) shall be subject to the terms and conditions of this offer letter.

In connection with your new role, you will be entitled to the following compensation and benefits package:

COMPENSATION

Base Salary: As of the Separation Date, your annual base salary will be increased to CHF 405,000. After the Separation Date, any base salary adjustments shall be made by the Company's Board of Directors from time to time. Adjustments will be based on your performance and other relevant factors.

Annual Incentive Compensation From the Company: As of the Separation Date, your target incentive compensation opportunity will be 55% of your annual cash base salary earnings during the year. For 2018, your incentive compensation award will be prorated based on the number of days your target incentive was 60% and the number of days your target incentive will be 55%. Incentive compensation awards are paid in the first quarter of the following year.

For the full 2018 performance year, your incentive compensation award shall be paid entirely by the Company (i.e., no pro-rated incentive award shall be paid by Honeywell), provided the spin is effectuated as planned.

Annual Long-Term Incentive Awards From the Company: As of the Separation Date, you will be eligible for annual long-term incentive ("LTI") awards with an initial target value of 160% of your Base Salary. The size and mix of future LTI awards will be determined by the Company's Board of Directors based on your performance and future career potential. The terms of all LTI awards will be governed by the terms of the applicable stock plan and the relevant award agreements.

Honeywell Growth Plan Units: The liability for the second tranche of your award for the 2016-2017 Growth Plan performance cycle shall be paid out in the normal course during the first quarter of 2019. You understand and acknowledge that Honeywell may assign the liability for such amount to the Company and you agree and acknowledge that any such payments received from the Company shall be in full satisfaction of Honeywell's liability for such payments.

Vested Honeywell Stock Options: You will retain any vested Honeywell stock options. Notwithstanding anything in the Stock Incentive Plan of Honeywell International Inc. and its Affiliates (the "Stock Incentive Plan") and governing award agreements to the contrary, you will have the original full remaining term to exercise such vested stock options.

Unvested Honeywell Stock Options: Any Honeywell stock options that were granted prior to 2018 and have not vested as of Separation Date shall be replaced with Company restricted stock units. Such Company restricted stock units shall vest on the same dates as the underlying unvested Honeywell stock options that were replaced.

2018 Honeywell Stock Options: Honeywell stock options granted in 2018 that have not vested as of Separation Date shall be replaced with Company restricted stock units at their original grant date value (i.e., the Black-Scholes value). Such Company restricted stock units shall vest on the same dates as the underlying unvested 2018 Honeywell stock options that were replaced.

Honeywell Time-Based Restricted Stock Units: Except for Honeywell time-based restricted stock units scheduled to vest in July 2018, any unvested Honeywell time-based restricted stock units shall be replaced with Company restricted stock units. Such Company restricted stock units shall vest on the same schedule as if they had remained Honeywell restricted stock units. Any time-based Honeywell restricted stock units scheduled to vest in July 2018, shall remain with Honeywell and vest in accordance with the current vesting schedule.

Honeywell Performance Plan Units: Your Honeywell Performance Plan units for the 2017-2019 performance cycle shall be replaced with Company restricted stock units based upon the then latest estimate of Honeywell performance for the 2017-2019 performance cycle. Such Company restricted stock units shall vest on the same schedule as if they had remained Honeywell Performance Plan units. Your Honeywell Performance Plan units for the 2018-2020 performance cycle shall be forfeited.

TS Retention Program: The liability for the second tranche of your award under the 2016 TS Retention Program shall be transferred by Honeywell to the Company and paid out in the normal course during the first quarter of 2019. You understand and acknowledge that Honeywell may assign the liability for such amount to the Company and you agree and acknowledge that any such payments received from the Company shall be in full satisfaction of Honeywell's liability for such payments.

Sign-On Long-Term Incentive Awards From the Company: You will be granted $800,000 USD worth of Company restricted stock units as of the Separation Date as a "founder's grant." These restricted stock units will vest 50% in Year 3 and 50% in Year 4, assuming you are still employed by the Company as of such date. *The "founders grant" is expressly conditioned on the successful spin-off of Honeywell TS as an independent public company.*

For purposes of this offer letter, unless otherwise noted, whenever Honeywell equity awards are being converted into Company equity awards, such conversion shall be based on (i) the "regular-way" closing price of Honeywell common stock on the last trading day immediately prior to the Separation Date, and (ii) the "when-issued" closing price of Company common stock on the last trading day immediately prior to the Separation Date.

OTHER EXECUTIVE BENEFITS

You will also be entitled to the following Executive Benefits after the Separation Date:

- *Welfare and Retirement*: As provided to other employees of the Company (to be determined).
- *Vacation*: As provided to other executives of the Company (to be determined).
- *Executive Severance*: As provided to other executives of the Company (to be determined).

STOCK OWNERSHIP GUIDELINES FOR COMPANY OFFICERS

As an Executive Officer of the Company, you will be required to hold a multiple of your annual base salary in Company shares (to be determined by the Company) in accordance with the Company's Stock Ownership Guidelines.

INTELLECTUAL PROPERTY AND NON-COMPETITION AGREEMENTS

As a condition of this employment offer, you will be required to execute, in a form substantially similar to the corresponding Honeywell agreements, (i) the Company's intellectual property agreement, and (ii) the Company's noncompete agreement for senior executives, prior to the Separation Date.

AGREEMENT TO TRANSFER

As you are aware, Honeywell has announced its intention to spin-off it's TS business in the summer of 2018. By accepting this position, you are acknowledging and consenting to the anticipated spin-off of the TS business by Honeywell. Therefore, you agree that the position you have accepted is dedicated to the Company and, as a result, could trigger the transfer of your employment contract. Accordingly, you agree that you (i) will not claim constructive dismissal from Honeywell, (iii) will not assert any rights under (A) the Acquired Right Directive, or (B) any local implementing laws or similar provisions to that effect, with respect to any transfer of your employment contract, and (iii) have been fully informed of the terms and conditions of your employment incident to the spin-off of Honeywell's TS business, and that those terms and conditions may change if and when that business becomes an independent public company.

ACCEPTANCE OF OFFER

Please indicate your acceptance of this offer by electronically signing this offer letter via DocuSign.

Thierry, we are excited to be extending this offer to you and look forward to your anticipated success with the Company.

If you have any questions or need any further information about our offer, please contact me directly.

Congratulations,

Olivier Rabiller
President and CEO
Honeywell Transportation Systems

Read and Accepted:

/s/ Thierry Mabru	June 1, 2018
THIERRY MABRU (E641957)	Date

All businesses experience changing conditions. Accordingly, we reserve the right to change work assignments, reporting relationships and staffing levels to meet business needs. There is no guarantee of employment for any specific period.

EID:

Document Category: Hiring

Document Type: Offer Letter

*For Employee File Management Purpose Only

June 1, 2018

Craig Balis
Z.A. La Piece 16
Rolle, VD, 1180
CHE

Re: Offer Letter

Dear Craig:

I am pleased to confirm our offer to you to remain the Senior Vice President & Chief Technology Officer of Honeywell Transportation Systems ("TS"), a strategic business unit of Honeywell International Inc. ("Honeywell"). This offer is based in Rolle, Switzerland and reports directly to me. As you know, we anticipate that TS will be spun off as an independent public company (the "Company") sometime after June 30, 2018 (the actual spin-off date, if applicable, is hereinafter referred to as the "Separation Date"). Your employment with Honeywell (and ultimately the Company) shall be subject to the terms and conditions of this offer letter.

In connection with your new role, you will be entitled to the following compensation and benefits package:

COMPENSATION

Base Salary: As of the Separation Date, your annual base salary will be increased to CHF 400,000. After the Separation Date, any base salary adjustments shall be made by the Company's Board of Directors from time to time. Adjustments will be based on your performance and other relevant factors.

Annual Incentive Compensation From the Company: As of the Separation Date, your target incentive compensation opportunity will be 55% of your annual cash base salary earnings during the year. For 2018, your incentive compensation award will be prorated based on the number of days your target incentive was 60% and the number of days your target incentive will be 55%. Incentive compensation awards are paid in the first quarter of the following year.

For the full 2018 performance year, your incentive compensation award shall be paid entirely by the Company (i.e., no pro-rated incentive award shall be paid by Honeywell), provided the spin is effectuated as planned.

Annual Long-Term Incentive Awards From the Company: As of the Separation Date, you will be eligible for annual long-term incentive ("LTI") awards with an initial target value of 200% of your Base Salary. The size and mix of future LTI awards will be determined by the Company's Board of Directors based on your performance and future career potential. The terms of all LTI awards will be governed by the terms of the applicable stock plan and the relevant award agreements.

Honeywell Growth Plan Units: The liability for the second tranche of your award for the 2016-2017 Growth Plan performance cycle shall be paid out in the normal course during the first quarter of 2019. You understand and acknowledge that Honeywell may assign the liability for such amount to the Company and you agree and acknowledge that any such payments received from the Company shall be in full satisfaction of Honeywell's liability for such payments.

Vested Honeywell Stock Options: You will retain any vested Honeywell stock options. Notwithstanding anything in the Stock Incentive Plan of Honeywell International Inc. and its Affiliates (the "Stock Incentive Plan") and governing award agreements to the contrary, you will have the original full remaining term to exercise such vested stock options.

Unvested Honeywell Stock Options: Any Honeywell stock options that were granted prior to 2018 and have not vested as of Separation Date shall be replaced with Company restricted stock units. Such Company restricted stock units shall vest on the same dates as the underlying unvested Honeywell stock options that were replaced.

2018 Honeywell Stock Options: Honeywell stock options granted in 2018 that have not vested as of Separation Date shall be replaced with Company restricted stock units at their original grant date value (i.e., the Black-Scholes value). Such Company restricted stock units shall vest on the same dates as the underlying unvested 2018 Honeywell stock options that were replaced.

Honeywell Time-Based Restricted Stock Units: Except for Honeywell time-based restricted stock units scheduled to vest in July 2018, any unvested Honeywell time-based restricted stock units shall be replaced with Company restricted stock units. Such Company restricted stock units shall vest on the same schedule as if they had remained Honeywell restricted stock units. Any time-based Honeywell restricted stock units scheduled to vest in July 2018, shall remain with Honeywell and vest in accordance with the current vesting schedule.

Honeywell Performance Plan Units: Your Honeywell Performance Plan units for the 2017-2019 performance cycle shall be replaced with Company restricted stock units based upon the then latest estimate of Honeywell performance for the 2017-2019 performance cycle. Such Company restricted stock units shall vest on the same schedule as if they had remained Honeywell Performance Plan units. Your Honeywell Performance Plan units for the 2018-2020 performance cycle shall be forfeited.

TS Retention Program: The liability for the second tranche of your award under the 2016 TS Retention Program shall be transferred by Honeywell to the Company and paid out in the normal course during the first quarter of 2019. You understand and acknowledge that Honeywell may assign the liability for such amount to the Company and you agree and acknowledge that any such payments received from the Company shall be in full satisfaction of Honeywell's liability for such payments.

Sign-On Long-Term Incentive Awards From the Company: You will be granted $800,000 USD worth of Company restricted stock units as of the Separation Date as a "founder's grant." These restricted stock units will vest 50% in Year 3 and 50% in Year 4, assuming you are still employed by the Company as of such date. *The "founders grant" is expressly conditioned on the successful spin-off of Honeywell TS as an independent public company.*

For purposes of this offer letter, unless otherwise noted, whenever Honeywell equity awards are being converted into Company equity awards, such conversion shall be based on (i) the "regular-way" closing price of Honeywell common stock on the last trading day immediately prior to the Separation Date, and (ii) the "when-issued" closing price of Company common stock on the last trading day immediately prior to the Separation Date.

OTHER EXECUTIVE BENEFITS

You will also be entitled to the following Executive Benefits after the Separation Date:

- *Welfare and Retirement*: As provided to other employees of the Company (to be determined).
- *Vacation*: As provided to other executives of the Company (to be determined).
- *Executive Severance*: As provided to other executives of the Company (to be determined).

STOCK OWNERSHIP GUIDELINES FOR COMPANY OFFICERS

As an Executive Officer of the Company, you will be required to hold a multiple of your annual base salary in Company shares (to be determined by the Company) in accordance with the Company's Stock Ownership Guidelines.

INTELLECTUAL PROPERTY AND NON-COMPETITION AGREEMENTS

As a condition of this employment offer, you will be required to execute, in a form substantially similar to the corresponding Honeywell agreements, (i) the Company's intellectual property agreement, and (ii) the Company's noncompete agreement for senior executives, prior to the Separation Date.

AGREEMENT TO TRANSFER

As you are aware, Honeywell has announced its intention to spin-off it's TS business in the summer of 2018. By accepting this position, you are acknowledging and consenting to the anticipated spin-off of the TS business by Honeywell. Therefore, you agree that the position you have accepted is dedicated to the Company and, as a result, could trigger the transfer of your employment contract. Accordingly, you agree that you (i) will not claim constructive dismissal from Honeywell, (iii) will not assert any rights under (A) the Acquired Right Directive, or (B) any local implementing laws or similar provisions to that effect, with respect to any transfer of your employment contract, and (iii) have been fully informed of the terms and conditions of your employment incident to the spin-off of Honeywell's TS business, and that those terms and conditions may change if and when that business becomes an independent public company.

ACCEPTANCE OF OFFER

Please indicate your acceptance of this offer by electronically signing this offer letter via DocuSign.

Craig, we are excited to be extending this offer to you and look forward to your anticipated success with the Company.

If you have any questions or need any further information about our offer, please contact me directly.

Congratulations,

Olivier Rabiller
President and CEO
Honeywell Transportation Systems

Read and Accepted:

/s/ Craig Balis	June 1, 2018
CRAIG BALIS (E012578)	Date

All businesses experience changing conditions. Accordingly, we reserve the right to change work assignments, reporting relationships and staffing levels to meet business needs. There is no guarantee of employment for any specific period.

EID:

Document Category: Hiring

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*For Employee File Management Purpose Only

Exhibit 21.1

Garrett Motion Inc. (a Delaware corporation)
Significant Subsidiaries

Country	Entity	State
United States	Garrett Transportation I Inc.	DE
Brazil	Honeywell Industria Automotiva Ltda	
Switzerland	Honeywell Technologies S.à r.l	
India	Honeywell Turbo Technologies (India) Pvt. Ltd	
Italy	Honeywell Garrett Italia S.r.l	
Japan	Honeywell Japan Inc.	
South Korea	Honeywell Korea Ltd	
Romania	Honeywell Garrett Srl	
Slovakia	Honeywell Turbo s.r.o	
France	Honeywell Garrett SAS	
China	Honeywell Transportation Investment (China) Co., Ltd.	
China	Honeywell Turbo Technologies (Wuhan) Co., Ltd.	
China	Honeywell Automotive Parts Services (Shanghai) Co., Ltd.	

Exhibit 99.1

, 2018

Dear Honeywell Shareowner:

On October 10, 2017, we announced our intention to spin our Transportation Systems automotive business. I am pleased to confirm that we expect to distribute to you shares in the new company, Garrett Motion Inc., at the end of the third quarter. Garrett will be listed on the New York Stock Exchange under the ticker symbol GTX.

I continue to be extraordinarily excited about the future of this business under the leadership of a strong executive team and with the support of a very capable and diverse board of directors. Transportation Systems has built an outstanding track record of operational excellence as part of Honeywell, and I am confident this will continue once Garrett becomes an independent, public company.

Garrett's starting point will be decades of expertise as a market leader in developing new technologies for the global automotive turbocharger industry, which is constantly evolving. Emerging global opportunities in e-boosting, e-turbos, integrated vehicle health management, and cyber security will be a driving force for the future across all powertrain platforms, including hybrids and hydrogen fuel cells. As an independent company, Garrett will be uniquely positioned to address these challenges with a dedicated team and capital investment strategy that will drive growth in new vectors like electrification and connected vehicle technologies.

I encourage you to read the attached information statement about Garrett, as well as the supplemental information on Honeywell's investor relations website. The information statement describes the spin in detail and contains important business and financial information. Once the spin is effective, each Honeywell shareowner will receive shares of Garrett Motion Inc. based on the number of shares of Honeywell common stock such shareowner holds as of the record date.

Today's announcement reflects our continued commitment to generate shareowner value as we become the premier software-industrial company. I am confident that Garrett will be successful following its separation from Honeywell, and look forward to the bright futures of both companies.

Sincerely,

Darius Adamczyk

Chairman and CEO
Honeywell

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, 2018

To Our Future Garrett Shareowners:

Welcome to Garrett Motion Inc., a global leader in the rapidly growing and dynamic turbocharger industry. As President and CEO of the new company, I would like to personally share with you that the entire team is excited to launch our company in the coming days, and we look forward to delivering long-term value for our future shareholders.

Garrett is a company that anticipates, innovates and enables solutions to address the challenges of advancing motion in the automotive industry across all powertrain platforms. We have a highly-engineered portfolio with a 60-year history of continuous innovation in turbocharging technologies. Our technology innovation has enabled us to benefit from more stringent environmental standards, electrification trends in hybrids, growth in fuel-cell technologies, and the growth and adoption of connected vehicle technologies.

We have a well-developed and world-class global manufacturing footprint and integrated supply chain which has driven operational excellence throughout the organization. Over the last several decades, we have developed strong and collaborative relationships with leading OEMs globally, including those in the largest and fastest growing markets in China and India, and with a robust worldwide aftermarket platform. In addition, our new company has an attractive financial profile with high revenue visibility that provides a clear path for long-term growth in sales, EBITDA, and cash flow.

Our experienced management team has a proven track record of success, and I look forward to building on our track record and driving Garrett to new heights as we generate shareowner value while helping to evolve the automotive industry into the future.

As we prepare to embark upon this exciting new journey, I encourage you to read our filings and watch for the launch of our new website. I value your investment, interest and time and look forward to sharing our success with you.

Sincerely,

Olivier Rabiller
President and CEO
Garrett Motion Inc.

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INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT ON FORM 10 RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

SUBJECT TO COMPLETION—DATED AUGUST 23, 2018

INFORMATION STATEMENT

Garrett Motion Inc.

Common Stock

(par value $0.001 per share)

We are sending you this Information Statement in connection with the spin-off by Honeywell International Inc. ("**Honeywell**") of its wholly owned subsidiary, Garrett Motion Inc. (the "**Company**" or "**SpinCo**"). To effect the spin-off, Honeywell will distribute all of the shares of SpinCo common stock on a *pro rata* basis to the holders of Honeywell common stock. We expect that the distribution of SpinCo common stock will be tax-free to holders of Honeywell common stock for U.S. federal income tax purposes, except for cash that stockholders may receive (if any) in lieu of fractional shares.

If you are a record holder of Honeywell common stock as of the close of business on   , 2018, which is the record date for the distribution, you will be entitled to receive   shares of SpinCo common stock for every share of Honeywell common stock that you hold on that date. Honeywell will distribute the shares of SpinCo common stock in book-entry form, which means that we will not issue physical stock certificates. The distribution agent will not distribute any fractional shares of SpinCo common stock.

The distribution will be effective as of 12:01 a.m., New York City time, on October 1, 2018. Immediately after the distribution becomes effective, SpinCo will be an independent, publicly traded company.

Honeywell's stockholders are not required to vote on or take any other action to approve the spin-off. We are not asking you for a proxy, and request that you do not send us a proxy. Honeywell stockholders will not be required to pay any consideration for the shares of SpinCo common stock they receive in the spin-off, and they will not be required to surrender or exchange their shares of Honeywell common stock or take any other action in connection with the spin-off.

No trading market for SpinCo common stock currently exists. We expect, however, that a limited trading market for SpinCo common stock, commonly known as a "when-issued" trading market, will develop as early as one trading day prior to the record date for the distribution, and we expect "regular-way" trading of SpinCo common stock will begin on the first trading day after the distribution date. We intend to list SpinCo common stock on the New York Stock Exchange, under the ticker symbol "GTX."

In reviewing this Information Statement, you should carefully consider the matters described in the section entitled "Risk Factors" beginning on page 15 of this Information Statement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this Information Statement is truthful or complete. Any representation to the contrary is a criminal offense.

This Information Statement is not an offer to sell, or a solicitation of an offer to buy, any securities.

The date of this Information Statement is   , 2018.

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TRADEMARKS AND COPYRIGHTS

We own or have rights to various trademarks, logos, service marks and trade names that we use in connection with the operation of our business. We also own or have the rights to copyrights that protect the content of our products. Solely for convenience, the trademarks, service marks, trade names and copyrights referred to in this Information Statement are listed without the ™, ® or © symbols, but such references do not constitute a waiver of any rights that might be associated with the respective trademarks, service marks, trade names and copyrights included or referred to in this Information Statement.

INDUSTRY AND MARKET DATA

This Information Statement includes industry and market data that we obtained from various third-party industry and market data sources. These third-party sources include IHS Markit ("**IHS**"), with respect to light vehicle market data, and IHS, Knibb, Gormezano & Partners and Power Systems Research, with respect to the worldwide total-vehicle and turbocharger markets. All such industry data is available publicly or for purchase and was not commissioned specifically for us. Forecasts based upon such data involve inherent uncertainties, and actual results regarding the subject matter of such forecasts are subject to change based upon various factors beyond our control.

INFORMATION STATEMENT SUMMARY

In this Information Statement, unless the context otherwise requires:

- The "**Company**," "**SpinCo**," "**we**," "**our**" and "**us**" refer to Garrett Motion Inc. and its consolidated subsidiaries after giving effect to the Spin-Off; and
- "**Honeywell**" or "**Parent**" refers to Honeywell International Inc. and its consolidated subsidiaries.

The transaction in which Honeywell will distribute to its stockholders all of the shares of our common stock is referred to in this Information Statement as the "**Distribution**" or the "**Spin-Off**." Prior to Honeywell's Distribution of the shares of our common stock to its stockholders, Honeywell will undertake a series of internal reorganization transactions, following which SpinCo will hold, directly or through its subsidiaries, Honeywell's Transportation Systems business, which we refer to as the "**Business**." We refer to this series of internal reorganization transactions as the "**Reorganization Transactions**." The term "**Distribution Date Currency Exchange Rate**" refers to a Euro-to-U.S. dollar exchange rate to be determined by Honeywell as of a date within two business days prior to the Distribution Date.

The Spin-Off

On October 10, 2017, Honeywell announced plans for the complete legal and structural separation of our Business from Honeywell. In reaching the decision to pursue the Spin-Off, Honeywell considered a range of potential structural alternatives for the Business and concluded that the Spin-Off is the most attractive alternative for enhancing stockholder value. To effect the separation, first, Honeywell will undertake the series of Reorganization Transactions. Honeywell will subsequently distribute all of our common stock to Honeywell's stockholders, and following the Distribution, SpinCo, holding the Business, will become an independent, publicly traded company. Prior to completion of the Spin-Off, we intend to enter into a Separation and Distribution Agreement and several other agreements with Honeywell related to the Spin-Off. These agreements will govern the relationship between Honeywell and SpinCo up to and after completion of the Spin-Off and allocate between Honeywell and SpinCo various assets, liabilities and obligations, including employee benefits, intellectual property and tax-related assets and liabilities. See "Certain Relationships and Related Party Transactions" for more information.

Completion of the Spin-Off is subject to the satisfaction or waiver of a number of conditions. In addition, Honeywell has the right not to complete the Spin-Off if, at any time, Honeywell's board of directors, or the "**Honeywell Board**," determines, in its sole and absolute discretion, that the Spin-Off is not in the best interests of Honeywell or its stockholders, or is otherwise not advisable. See "The Spin-Off—Conditions to the Spin-Off" for more information.

Following the Spin-Off, Honeywell and SpinCo will each have a more focused business that will be better positioned to invest more in growth opportunities and execute strategic plans best suited to address the distinct market trends and opportunities for its business. Given that SpinCo is the only Honeywell business primarily focused on the automotive industry, SpinCo will be better positioned as an independent company to properly channel and fund investments to capitalize on long-term industry needs. SpinCo plans to focus on industry leadership in attractive products and invest selectively in growth areas and continued operational excellence. We believe that SpinCo's separation from Honeywell will allow Honeywell to focus on a simplified portfolio (with fewer end markets following the Spin-Off) that offers multiple platforms for both organic and inorganic growth and margin expansion through further deployment of the Honeywell Operating System. Further, the Spin-Off will allow our management team to devote its time and attention to the corporate strategies and policies that are based specifically on the needs of our Business. We plan to create incentives for our management and employees that are more closely tied to business performance and our stockholders' expectations, which will help us attract and retain highly qualified personnel. Additionally, we believe the Spin-Off will help align our stockholder base with the characteristics and risk profile of our business. See "The Spin-Off—Reasons for the Spin-Off" for more information.

Following the Spin-Off, we expect our common stock to trade on the New York Stock Exchange under the ticker symbol "GTX."

On October 10, 2017, together with the announcement of the Spin-Off, Honeywell announced plans for the complete legal and structural separation of its Homes product portfolio and ADI global distribution business. We refer to this potential transaction as the "**Homes Spin-Off**." The Homes Spin-Off is separate from the Spin-Off of our Company and neither spin-off is conditioned upon completion of the other.

Our Company

Our Company designs, manufactures and sells highly engineered turbocharger and electric-boosting technologies for light and commercial vehicle original equipment manufacturers ("**OEMs**") and the aftermarket. We are a global technology leader with significant expertise in delivering products across gasoline, diesel, natural gas and electrified (hybrid and fuel cell) powertrains.

Our products are highly engineered for each individual powertrain platform, requiring close collaboration with our customers in the earliest years of powertrain and new vehicle design. Our turbocharging and electric-boosting products enable our customers to improve vehicle performance while addressing continually evolving and converging regulations that mandate significant increases in fuel efficiency and reductions in exhaust emissions worldwide. Market penetration of vehicles with a turbocharger is expected to increase from approximately 47% in 2017 to approximately 59% by 2022, according to IHS and other industry sources, which we believe will allow our business to grow at a faster rate than overall automobile production.

Our comprehensive portfolio of turbocharger, electric-boosting and connected vehicle technologies is supported by our five R&D centers, 13 close-to-customer engineering facilities and 13 factories, which are strategically located around the world. Our operations in each region have self-sufficient sales, engineering and production capabilities, making us a nimble local competitor, while our standardized manufacturing processes, global supply chain, worldwide technology R&D and size enable us to deliver the scale benefits, technology leadership, cross-regional support and extensive resources of a global enterprise. In high-growth regions, including China and India, we have established a local footprint, which has helped us secure strong positions with in-region OEM customers who demand localized engineering and manufacturing content but also require the capabilities and track record of a global leader.

We also sell our technologies in the global aftermarket through our distribution network of more than 160 distributors covering 160 countries. Through this network, we provide approximately 5,300 part-numbers and products to service garages across the globe. Our Garrett brand is a leading brand in the independent aftermarket for both service replacement turbochargers as well as high-end performance and racing turbochargers. We estimate that approximately 100 million vehicles on the road today utilize our products, further supporting our global aftermarket business. While there can be no assurances, we generally expect that our distribution network will continue to sell our technologies and be contractually obligated to us following the separation.

In addition, we have emerging opportunities in technologies, products and services that support the growing connected vehicle market, which include software focused on automotive cybersecurity and integrated vehicle health management ("**IVHM**"). For example, we are collaborating with tier-one suppliers on automotive cybersecurity software solutions and with several major OEMs on IVHM technologies.

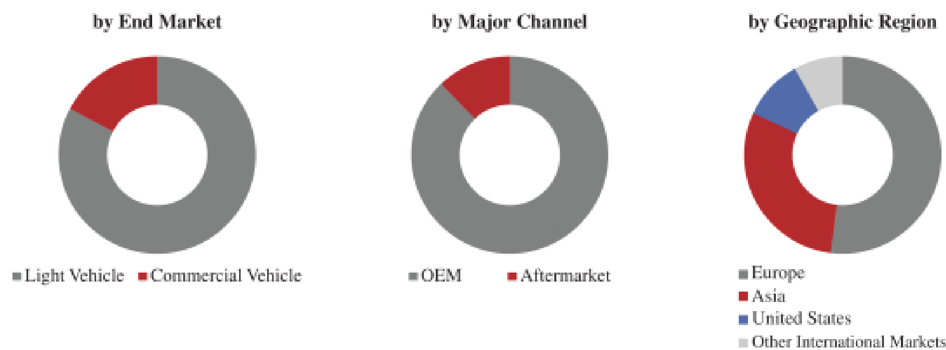
Leading technology, continuous innovation, product performance and OEM engineering collaboration are central to our customer value proposition and a core part of our culture and heritage. In 1962, we introduced a

turbocharger for a mass-produced passenger vehicle. Since then, we have introduced many other notable technologies in mass-production vehicles, such as turbochargers with variable geometry turbines, dual-boost compressors, ball-bearing rotors and electronically actuated controls, all of which vastly improve engine response when accelerating at low speeds and increase power at higher speeds, and enable significant improvements in overall engine fuel economy and exhaust emissions for both gasoline and diesel engines. Our portfolio today includes more than 1,400 patents and patents pending.

Building on our expertise in turbocharger technology, we have also developed electric-boosting technologies targeted for use in electrified powertrains, primarily hybrid and fuel cell vehicles. Our products include electric turbochargers and electric compressors that provide more responsive driving and optimized fuel economy in electrified vehicles. In addition, our early-stage and collaborative relationships with our global OEM customer base have enabled us to increase our knowledge of customer needs for vehicle safety and predictive maintenance to develop new connected and software-enabled products.

As of December 31, 2017, we employed approximately 6,000 full-time employees and 1,500 temporary and contract workers globally, including 1,200 engineers. Our Company was incorporated on March 14, 2018 as a Delaware corporation in connection with the Spin-Off from Honeywell, and we maintain our headquarters in Rolle, Switzerland.

Fiscal 2017 Revenue Summary



- We are a global business that generated revenues of approximately $3.1 billion in 2017.
- Light vehicle products (products for passenger cars, SUVs, light trucks, and other products) accounted for approximately 80% of our revenues. Commercial vehicle products, (products for on-highway trucks and off-highway trucks, construction, agriculture and power-generation machines) accounted for the remaining 20%.
- Our OEM sales contributed to approximately 88% of our 2017 revenues while our aftermarket and other products contributed 12%.
- Approximately 52% of our 2017 revenues came from sales to customers located in Europe, 30% from sales to customers located in Asia, 10% from sales to customers in the United States and 8% from sales to customers in other international markets. For more information, see Note 20 Sales by Product Channels, Customer, Geographical and Supplier Concentrations of Notes to Combined Financial Statements.

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Our Industry

We compete in the global turbocharger market for gasoline, diesel and natural gas engines; in the electric-boosting market for electrified (hybrid and fuel cell) vehicle powertrains; and in the emerging connected vehicle software market. A turbocharger provides an engine with a controlled and pressurized air intake, which intensifies and improves the combustion of fuel to increase the amount of power sent through the transmission and to improve the efficiency and exhaust emissions of the engine. As vehicles become more and more electrified, our electric-boosting products use similar principles to further optimize air intake and thus further enhance performance, fuel economy and exhaust emissions with the help of an integrated high-speed electric motor. By using a turbocharger or electric-boosting technology, an OEM can deploy smaller, lighter powertrains with better fuel economy and exhaust emissions while delivering the same power and acceleration as larger, heavier powertrains. As such, turbochargers have become one of the most highly effective technologies for helping global OEMs meet increasingly stricter emission standards.

Throughout this section of this Information Statement, we reference certain industry sources. While we believe the compound annual growth rate ("**CAGR**") and other projections of the industry sources referenced in this Information Statement are reasonable, forecasts based upon such data involve inherent uncertainties, and actual outcomes are subject to change based upon various factors beyond our control.

Global Turbocharger market

The global turbocharger market includes turbochargers for new light and commercial vehicles as well as turbochargers for replacement use in the global aftermarket. According to IHS and other industry sources, the global turbocharger market consisted of approximately 49 million units sales volume with an estimated total value of approximately $12 billion in 2017. Within the global turbocharger market, light vehicles accounted for approximately 88% of total unit volume and commercial vehicles accounted for the remaining 12%.

IHS and other industry sources project that the turbocharger production volume will grow at a CAGR of approximately 6% from 2018 through 2022, driven by double-digit growth in turbochargers for light vehicle gasoline engines and continued low single-digit growth for commercial vehicles, offset by a modest decline in diesel turbochargers given a decline in diesel powertrains, particularly for light vehicles. This annual sales estimate would add approximately 307 million turbocharged vehicles on the road globally between 2018 and 2022.

Key trends affecting our industry

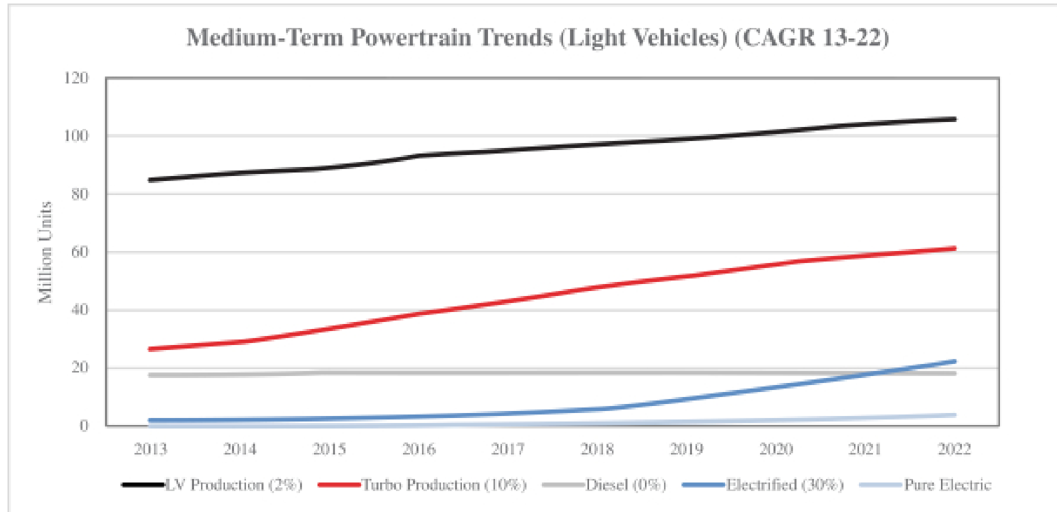
Global vehicle fuel efficiency and emissions standards. OEMs are facing increasingly strict constraints for vehicle fuel efficiency and emissions standards globally. Regulatory authorities in key vehicle markets such as the United States, the European Union, China, Japan, and Korea have instituted regulations that require sustained and significant improvements in carbon dioxide ("CO_2"), mono-nitrogen oxide ("NO_X") and particulate matter vehicle emissions. OEMs are required to evaluate and adopt various solutions to address these stricter standards. Turbochargers allow OEMs to reduce engine size without sacrificing vehicle performance, thereby increasing fuel efficiency and decreasing harmful emissions. Furthermore, turbochargers allow more precise "air control" over both engine intake and exhaust conditions such as gas pressures, flows and temperatures, enabling optimization of the combustion process. This combustion optimization is critical to engine efficiency, exhaust emissions, power and transient response and enables such concepts as exhaust gas recirculation for diesel engines and miller-cycle operation for gasoline engines. Consequently, turbocharging will continue to be a key technology for automakers to meet future tough fuel economy and emissions standards without sacrificing performance.

Turbocharger penetration. The utilization of turbochargers and electric-boosting technologies on vehicle powertrain systems is one of the most cost-effective solutions to address stricter standards, and OEMs are

increasing their adoption of these technologies. IHS and other industry sources expect turbocharger penetration to increase from approximately 47% in 2017 to approximately 59% by 2022.

Growth in overall vehicle production. The global vehicle market is rapidly evolving as overall vehicle production growth shifts from gasoline and diesel internal combustion engines to electric and hybrid vehicles in response to increasingly strict fuel efficiency and regulatory standards and as technology continues to improve.

Medium-Term Powertrain Trends



Source: IHS

Engine size and complexity. In order to address stricter fuel economy standards, OEMs have used turbochargers to reduce the average engine size on their vehicles over time without compromising performance. Stricter pollutants emissions standards (primarily for NO_x and particulates) have driven higher turbocharger adoption as well, which will continue in the future, with a total automotive turbocharger sales volume CAGR of 6% between 2018 and 2022, in an industry with a total automobile sales volume CAGR of approximately 2% over the same period, in each case according to IHS and other industry sources. In addition, increasingly demanding fuel economy standards require continuous increases in turbocharger technology content (e.g., variable geometry, electronic actuation, multiple stages, ball bearings, electrical control, etc.) which results in steady increases in average turbocharger content per vehicle.

Powertrain electrification. To address stricter fuel economy standards, OEMs also have been increasing the electrification of their vehicle offerings, primarily with the addition of hybrid vehicles, which have powertrains equipped with a gasoline or diesel internal combustion engine in combination with an electric motor. IHS estimates that hybrid vehicles will grow from a total of approximately 4.6 million vehicles in 2018 to a total of approximately 18.1 million by 2022, representing a CAGR of 41%. The electrified powertrain of hybrid vehicles enables the usage of highly synergistic electric-boosting technologies which augment standard turbochargers with electrically assisted boosting and electrical-generation capability. Furthermore, the application of electric boosting extends the requirement for engineering collaboration with OEMs to include electrical integration, software controls, and advanced sensing. Overall, this move to electric boosting further increases the role and value of turbocharging in improving vehicle fuel economy and exhaust emissions.

OEMs are also investing in full battery-electric vehicles, which have gained in popularity in recent years. However, IHS and other industry sources expect that they will compose only 4% of total vehicle production by 2022 due to their inherent limitations in driving range and recharging time and their relatively high cost. As OEMs strive to solve the issues of full battery electric vehicles, they are increasing investment in hydrogen fuel cell powered electric vehicles. These vehicles, like battery electric vehicles, have fully electric motor powertrains, but they rely on the hydrogen fuel cell to generate the required electricity. The hydrogen fuel cell also requires advanced electric-boosting technology for optimization of size and efficiency.

Connected vehicles, autonomous vehicles, and shared vehicles. In addition to powertrain evolution, the market for connected vehicles is also rapidly evolving. The size of the connected car market is expected to increase from approximately $52 billion in 2017 to $156 billion by 2022, an annual growth rate of 24%, with demand split between safety and security (37%), autonomous driving features (35%) and connected car services (28%). Our cybersecurity software offerings target the safety and security aspect of the market, the importance of which increases as vehicles become more connected, autonomous, and shared. Similarly, our IVHM, predictive maintenance, and diagnostics tools play a critical role in autonomous and shared vehicles, where correct vehicle function, vehicle uptime, and vehicle availability become crucial, and are more easily enabled in connected vehicles.

Vehicle ownership in China and other high-growth markets. Vehicle ownership in China and other emerging markets remains well below ownership levels in developed markets and will be a key driver of future vehicle production. At the same time, these markets are following the lead of developed countries by instituting stricter emission standards. Growth in production volume and greater penetration by large global OEMs in these markets, along with evolving emission standards and increasing fuel economy and vehicle performance demands, is driving increasing turbocharger penetration in high-growth regions.

Our Competitive Strengths

We believe that we differentiate ourselves through the following competitive strengths:

Global and broad market leadership

We are a global leader in the $12 billion turbocharger industry. We will continue to benefit from the increased adoption of turbochargers, as well as our global technology leadership, comprehensive portfolio, continuous product innovation and our deep-seated relationships with all global OEMs. We maintain a leadership position across all vehicle types, engine types and regions, including:

Light Vehicles.

- *Gasoline:* The adoption of turbochargers by OEMs on gasoline engines has increased rapidly from approximately 14% in 2013 to approximately 33% in 2017 and is forecasted by IHS to increase to 52% by 2022. We have launched a leading modern 1.5L variable nozzle turbine ("**VNT**") gasoline application, which we believe to be among the first with a major OEM, and we expect to see increasing adoption of this technology in years to come. Key to our strategy for gasoline growth is to leverage our technology strengths in high-temperature materials and variable geometry as well as our scale, global footprint and in-market capabilities to meet the volume demands of global OEMs.
- *Diesel:* We have a long history of technology leadership in diesel engine turbochargers. Despite diesel market weakness for some vehicle segments, the majority of our diesel turbochargers revenue comes from heavier and bigger vehicles like SUVs, pickup trucks and light commercial vehicles (such as delivery vans), which remain a stable part of the diesel market. Diesel maintains a unique advantage in

terms of fuel consumption, hence cost of ownership, and towing capacity makes it still the powertrain of choice for heavier vehicle applications. Diesel also remains essential for OEMs to meet their CO_2 fleet average regulatory target going forward, as diesel vehicles produce approximately 10-15% less CO_2, on average, than gasoline vehicles.

- *Electrified vehicles*. We provide a comprehensive portfolio of turbocharger and electric-boosting technologies to manufacturers of hybrid-electric and fuel cell vehicles. OEMs have increased their adoption of these electrified technologies given regulatory standards and consumer demands driving an expected growth rate of approximately 39% from 2018 to 2022, according to IHS. Similar to turbochargers for gasoline and diesel engines, turbochargers for electric vehicles are an essential component of maximizing fuel efficiency and overall engine performance. Our products provide OEMs with solutions that further optimize engine performance and position us well to serve OEMs as they add more electrified vehicles into their fleets.

Commercial vehicles. Our Company traces its roots to the 1950s when we helped develop a turbocharged commercial vehicle for Caterpillar. We have maintained our strategic relationship with key commercial vehicle OEMs for over 60 years as well as market-leading positions across the commercial vehicle markets for both on- and off-highway use. Our products improve engine performance and lower emissions on trucks, buses, agriculture equipment, construction equipment and mining equipment with engine sizes ranging 1.8L to 105L.

High-growth regions. We have a strong track record serving global and emerging OEMs, including customers in China and India, with an in-market, for-market strategy and operate full R&D and three manufacturing facilities in the regions that serve light and commercial vehicle OEMs. Our local presence in high-growth regions has helped us win with key international and domestic Chinese OEMs, and we have grown between 2013 and 2017 significantly faster than the vehicle production in these regions.

Strong and collaborative relationships with leading OEMs globally

We supply our products to 40 OEMs globally. Our top ten customers accounted for approximately 65% of net sales and our largest customer represents approximately 14% of our net sales. With over 60 years in the turbocharger industry, we have developed strong capabilities working with all major OEMs. We consistently meet their stringent design, performance and quality standards while achieving capacity and delivery timelines that are critical for customer success. Our track record of successful collaborations, as demonstrated by our strong client base and our ability to successfully launch approximately 100 product applications annually, is well recognized. For example, we received a 2017 Automotive News PACE™ Innovation Partnership Award in supporting VW’s first launch of an industry-leading VNT turbocharged gasoline engine, which is just one example of our strong collaborative relationships with OEMs. Our regional research, development and manufacturing capabilities are a key advantage in helping us to supply OEMs as they expand geographically and shift towards standardized engines and vehicle platforms globally.

Global aftermarket platform

We have an estimated installed base of approximately 100 million vehicles that utilize our products through our global network of 160 distributors covering 160 countries. Our Garrett aftermarket brand has strong recognition across distributors and garages globally, and is known for boosting performance, quality and reliability. Our aftermarket business has historically provided a stable stream of revenue supported by our large installed base. As turbo penetration rates continue to increase, we expect that our installed base and aftermarket opportunity will grow.

Highly-engineered portfolio with continuous product innovation

We have led the revolution in turbocharging technology over the last 60 years and maintain a leading technology portfolio of more than 1,400 patents and patents pending. We have a globally deployed team of more

than 1,200 engineers across five R&D centers and 13 close-to-customer engineering centers. Our engineers have led the mainstream commercialization of several leading turbocharger innovations, including variable geometry turbines, dual-boost compressors, ball-bearing rotors, electrically actuated controls and air-bearing electric compressors for hydrogen fuel cells. We maintain a culture of continuous product innovation, introducing about ten new technologies per year and upgrading our existing key product lines approximately every 3 years. Outside of our turbocharger product lines, we apply this culture of continuous innovation to meet the needs of our customers in new areas, particularly in connected automotive technologies. We are developing solutions including IVHM and cybersecurity software solutions that leverage our knowledge of vehicle powertrains and experience working closely with OEM manufacturers.

Global and low cost manufacturing footprint with operational excellence

Our geographic footprint locates R&D, engineering and manufacturing capabilities close to our customers, enabling us to tailor technologies and products for the specific vehicle types sold in each geographic market. In all regions where we operate, we leverage low-cost sourcing through our robust supplier development program, which continually works to develop new suppliers able to meet our specific quality, productivity and cost requirements. We now source more than two-thirds of our materials from low-cost countries and believe our high-quality, low-cost supplier network to be a significant competitive advantage. We have invested heavily to bring differentiated local capabilities to our customers in high-growth region, including China and India.

We manufacture approximately three-fourths of our products in low-cost countries, including seven manufacturing facilities in China, India, Mexico, Romania and Slovakia. We have a long-standing culture of lean manufacturing excellence and continuous productivity improvement is part of everything we do. We have been a pioneer in the application of the “Honeywell Operating System” or “HOS” which is the operating system deployed across our former Parent’s manufacturing facilities. We believe this global uniformity and operational excellence across facilities is a key competitive advantage in our industry given OEM engine platforms are often designed centrally but manufactured locally requiring suppliers to meet the exact same specifications across all locations.

Attractive financial profile

Given the integral nature of a turbocharger to an engine’s overall performance, OEMs primarily select turbochargers on a sole-sourced basis early in the engine design phase, which is several years ahead of a vehicle launch. As the vehicle and engine platform move to production, our OEM customers share their build rates with us for planning purposes. As such, we believe that we maintain a predictable top line forecast based on existing platforms and production build rates. This visibility is further supported by our global aftermarket business, which derives revenue from an estimated global installed base of over 100 million vehicles. In addition, our flexible, low-cost, and variable cost structure enables us to respond quickly to changes in transportation market conditions. We believe that this operational profile together with our continuous improvement process provides us with the potential to generate consistent earnings growth and strong cash flow. The Company’s future growth may be limited due to its obligations under the Indemnification and Reimbursement Agreement and the Tax Matters Agreement, debt service obligations and other liabilities and restrictions in connection with agreements which we intend to enter into in connection with the Spin-Off, as well as other risks which we may be presently unable to predict, the effects of which on our financial condition and results of operations we may be unable to quantify. See “Risk Factors—Risks Relating to the Spin-Off—We expect to incur new indebtedness concurrently with or prior to the Distribution, and the degree to which we will be leveraged following completion of the Distribution could adversely affect our business, financial condition and results of operations,” “Risk Factors—Risks Relating to Our Business—We are subject to risks associated with the Indemnification and Reimbursement Agreement, pursuant to which we will be required to make substantial cash payments to Honeywell, measured in substantial part by reference to estimates by Honeywell of certain of its liabilities,” “Unaudited Pro Forma Combined Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” for more information.

Experienced team with proven track record

We have a strong management team with extensive experience within the industry and with SpinCo. Our key business leaders are long-time industry executives with established customer relationships globally. We have attracted a deep bench of engineering and technology talent given our reputation for being an innovation focused company. The combination of longstanding customer relationships, extensive experience in the turbocharger market, as well as strong knowledge of emerging technologies, are key skillsets that enable our management team to be successful. Our team has a proven track record of success and the right capabilities in place for continued strong performance.

Our Growth Strategies

We seek to continue to expand our business by employing the following business strategies:

Strengthen market leadership across core powertrain technologies

We are focused on strengthening our market position in light vehicles:

- Gasoline turbochargers, which historically lagged adoption of diesel turbochargers, are expected to grow at a 10% annual CAGR from 2018 to 2022, according to IHS, exceeding the growth of diesel turbochargers. We expect to benefit from this higher growth given the gasoline platforms we have been awarded over the past several years. We have launched the first modern 1.5L VNT gasoline application with a major OEM and we expect to see increasing adoption of this technology in years to come. Key to our strategy for gasoline growth is to leverage our technology strengths in high temperature materials and variable geometry technologies as well as our scale, global footprint and in-region capabilities to meet the volume demands of global OEMs.
- Growth in our share of the diesel turbochargers market will be driven by new product introductions focused on emissions-enforcement technologies and supported by our favorable positioning with large vehicles and high-growth regions within this market. The more stringent emissions standard require higher turbocharger technology content such as variable geometry, 2 stage systems, advanced bearings and materials, increasing our content per vehicle. We expect to grow our commercial vehicle business through new product introductions and targeted platform wins with key on-highway customers and underserved OEMs.

Strengthen our penetration of electrified vehicle boosting technologies

We stand to benefit from the increased adoption of hybrid-electric and fuel cell vehicles and the increased need for turbochargers associated with increased sales volumes for these engine types. IHS estimates that the production of electrified vehicles will increase from approximately six million vehicles in 2018 to approximately 22 million vehicles by 2022, representing an annualized growth rate of approximately 39%. OEMs will need to further improve engine performance for their increasingly electrified offerings, and our comprehensive portfolio of turbocharger and electric-boosting technologies will help OEMs do so. We expect to continue to invest in product innovations and new technologies and believe that we are well positioned to continue to be a technology leader in the propulsion of electrified vehicles.

Increase market position in high-growth regions

IHS expects vehicle production in emerging markets to grow at an estimated CAGR of approximately 4% from 2018 to 2022. We will continue to strengthen our relationships with OEMs in high-growth, emerging regions by demonstrating our technology leadership through our local research, development and manufacturing

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capabilities. Our local footprint will continue to provide a strong competitive edge in high-growth regions due to our ability to work closely with OEMs throughout all stages of the product lifecycle including aftermarket support. For example, in China, our research center in Shanghai, our manufacturing facilities in Wuhan and Shanghai and our more than 1,000 employees support our differentiated end-to-end capabilities and will continue to support key platform wins in the Chinese market. Our positions in China will continue to benefit us as OEMs build global platforms in low cost regions. Our commitment to providing high-touch technology support to OEMs has allowed us to be recognized as a local player in other key high-growth regions, such as India.

Grow our aftermarket business

We have an opportunity to strengthen our global network of 160 distributors in 160 countries by deepening our channel penetration, leveraging our well-recognized Garrett brand, utilizing new online technologies for customer engagement and sales, and widening the product portfolio. For instance, in the US and Europe, we have launched a web-based platform providing self-service tools aiming at connecting 20,000 garage technicians in 2019.

Drive continuous product innovation across connected vehicles

We are actively investing in software and services that leverage our capabilities in powertrains, vehicle performance management, and electrical/mechanical design to capitalize on the growth relating to connected vehicles. Approximately 35% of passenger vehicles sold in 2015 were estimated to be connected in some way to the Internet. By the end of the decade, that number is expected to exceed 90%. Building on the software and connected vehicle capabilities of our former parent, we have assembled a team of engineers, software and technical experts and have opened new design centers in North America, India and the Czech Republic. Our focus is developing solutions for enhancing cybersecurity of connected vehicles, as well as in-vehicle monitoring to provide maintenance diagnostics which reduce vehicle downtime and repair costs. For example, our Intrusion Detection and Prevention System uses anomaly detection technology that functions like virus detection software to perform real-time data analysis to ensure every message received by a car’s computer is valid. Our IVHM tools detect intermittent faults and anomalies within complex vehicle systems to provide a more thorough understanding of the real-time health of a vehicle system and enable customers to fix faults before they actually occur. We continue to conduct research to determine key areas of the market where we are best positioned to leverage our existing technology platform and capabilities to serve our customers. We execute a portion of our connectivity investment in collaboration with OEMs and other Tier 1 suppliers and have multiple early-stage trials with customers underway.

Questions and Answers about the Spin-Off

The following provides only a summary of certain information regarding the Spin-Off. You should read this Information Statement in its entirety for a more detailed description of the matters described below.

Q: What is the Spin-Off?

A: The Spin-Off is the method by which we will separate from Honeywell. In the Spin-Off, Honeywell will distribute to its stockholders all the outstanding shares of our common stock. Following the Spin-Off, we will be an independent, publicly traded company, and Honeywell will not retain any ownership interest in our Company.

Q: What are the reasons for the Spin-Off?

A: The Honeywell Board believes that the separation of Transportation Systems from Honeywell is in the best interests of Honeywell stockholders and for the success of the Transportation Systems business for a number of reasons. See “The Spin-Off —Reasons for the Spin-Off” for more information.

Q: Is the completion of the Spin-Off subject to the satisfaction or waiver of any conditions?

A: Yes, the completion of the Spin-Off is subject to the satisfaction, or the Honeywell Board's waiver, of certain conditions. Any of these conditions may be waived by the Honeywell Board to the extent such waiver is permitted by law. In addition, Honeywell may at any time until the Distribution decide to abandon the Distribution or modify or change the terms of the Distribution. See "The Spin-Off—Conditions to the Spin-Off" for more information.

Q: Will the number of Honeywell shares I own change as a result of the Spin-Off?

A: No, the number of shares of Honeywell common stock you own will not change as a result of the Spin-Off.

Q: Will the Spin-Off affect the trading price of my Honeywell common stock?

A: We expect the trading price of shares of Honeywell common stock immediately following the Distribution to be lower than the trading price immediately prior to the Distribution because the trading price will no longer reflect the value of the Business. There can be no assurance that, following the Distribution, the combined trading prices of the Honeywell common stock and our common stock will equal or exceed what the trading price of Honeywell common stock would have been in the absence of the Spin-Off.

It is possible that after the Spin-Off, the combined equity value of Honeywell and SpinCo will be less than Honeywell's equity value before the Spin-Off.

Q: What will I receive in the Spin-Off in respect of my Honeywell common stock?

A: As a holder of Honeywell common stock, you will receive a dividend of shares of our common stock for every share of Honeywell common stock you hold on the Record Date (as defined below). The distribution agent will distribute only whole shares of our common stock in the Spin-Off. See "The Spin-Off—Treatment of Fractional Shares" for more information on the treatment of the fractional share you may be entitled to receive in the Distribution. Your proportionate interest in Honeywell will not change as a result of the Spin-Off. For a more detailed description, see "The Spin-Off."

Q: What is being distributed in the Spin-Off?

A: Honeywell will distribute approximately shares of our common stock in the Spin-Off, based on the approximately shares of Honeywell common stock outstanding as of , 2018. The actual number of shares of our common stock that Honeywell will distribute will depend on the total number of shares of Honeywell common stock outstanding on the Record Date. The shares of our common stock that Honeywell distributes will constitute all of the issued and outstanding shares of our common stock immediately prior to the Distribution. For more information on the shares being distributed in the Spin-Off, see "Description of Our Capital Stock—Common Stock."

Q: What is the record date for the Distribution?

A: Honeywell will determine record ownership as of the close of business on , 2018, which we refer to as the "**Record Date**."

Q: When and how will the Distribution occur?

A: The Distribution will be effective as of 12:01 a.m., New York City time, on October 1, 2018, which we refer to as the "**Distribution Date**." On the Distribution Date, Honeywell will release

the shares of our common stock to the distribution agent to distribute to Honeywell stockholders. The whole shares of our common stock will be credited in book-entry accounts for Honeywell stockholders entitled to receive the shares in the Distribution.

Q: What do I have to do to participate in the Distribution?

A: All holders of Honeywell's common stock as of the Record Date will participate in the Distribution. You are not required to take any action in order to participate, but we urge you to read this Information Statement carefully. Holders of Honeywell common stock on the Record Date will not need to pay any cash or deliver any other consideration, including any shares of Honeywell common stock, in order to receive shares of our common stock in the Distribution. In addition, no stockholder approval of the Distribution is required. We are not asking you for a vote and request that you do not send us a proxy card.

Q: If I sell my shares of Honeywell common stock on or before the Distribution Date, will I still be entitled to receive shares of SpinCo common stock in the Distribution?

A: If you sell your shares of Honeywell common stock before the Record Date, you will not be entitled to receive shares of SpinCo common stock in the Distribution. If you hold shares of Honeywell common stock on the Record Date and decide to sell them on or before the Distribution Date, you may have the ability to choose to sell your Honeywell common stock with or without your entitlement to receive our common stock in the Distribution. You should discuss the available options in this regard with your bank, broker or other nominee. See "The Spin-Off—Trading Prior to the Distribution Date" for more information.

Q: How will fractional shares be treated in the Distribution?

A: The distribution agent will not distribute any fractional shares of our common stock in connection with the Spin-Off. Instead, the distribution agent will aggregate all fractional shares into whole shares and sell the whole shares in the open market at prevailing market prices on behalf of Honeywell stockholders entitled to receive a fractional share. The distribution agent will then distribute the aggregate cash proceeds of the sales, net of brokerage fees, transfer taxes and other costs, *pro rata* to these holders (net of any required withholding for taxes applicable to each holder). We anticipate that the distribution agent will make these sales in the "when-issued" market, and "when-issued" trades will generally settle within two trading days following the Distribution Date. See "Q: How will our common stock trade?" for additional information regarding "when-issued" trading and "The Spin-Off—Treatment of Fractional Shares" for a more detailed explanation of the treatment of fractional shares. The distribution agent will, in its sole discretion, without any influence by Honeywell or us, determine when, how, through which broker-dealer and at what price to sell the whole shares of our common stock. The distribution agent is not, and any broker-dealer used by the distribution agent will not be, an affiliate of either Honeywell or us.

Q: What are the U.S. federal income tax consequences to me of the Distribution?

A: For U.S. federal income tax purposes, no gain or loss will be recognized by, or be includible in the income of, a U.S. Holder (as defined in "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off") as a result of the Distribution, except with respect to any cash (if any) received by Honeywell stockholders in lieu of fractional shares. After the Distribution, Honeywell stockholders will allocate their basis in their Honeywell common stock held immediately before the Distribution between their Honeywell common stock and our common stock in proportion to their relative fair market values on the date of Distribution.

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See "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off" for more information regarding the potential tax consequences to you of the Spin-Off.

Q: Does SpinCo intend to pay cash dividends?

A: Once the Spin-Off is effective, we will be evaluating whether to pay cash dividends to our stockholders. The timing, declaration, amount and payment of future dividends to stockholders, if any, will fall within the discretion of our board of directors (our "**Board**"). Among the items we will consider when establishing a dividend policy will be the capital needs of our business and opportunities to retain future earnings for use in the operation of our business and to fund future growth. Additionally, the terms of the indebtedness we intend to incur in connection with the Spin-Off and of the Indemnification and Reimbursement Agreement each will limit our ability to pay cash dividends. We will also be subject to certain cash payment obligations, including under the Indemnification and Reimbursement Agreement. See "Dividend Policy" for more information.

Q: Will SpinCo incur any debt prior to or at the time of the Distribution?

A: In connection with the Spin-Off, we expect to incur substantial indebtedness in an aggregate principal amount of approximately $1,580 million, which may comprise one or more senior secured term loan facilities and senior notes. We also intend to enter into a $500 million revolving credit facility, none of which is expected to be drawn at the closing of the Spin-Off. The terms of such indebtedness are subject to change and will be finalized prior to the closing of the Spin-Off. See "Capitalization," "Unaudited Pro Forma Combined Financial Statements," and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for more information.

Q: How will our common stock trade?

A: We intend to apply to list our common stock on the New York Stock Exchange under the symbol "GTX." Currently, there is no public market for our common stock.

We anticipate that trading in our common stock will begin on a "when-issued" basis as early as one trading day prior to the Record Date for the Distribution and will continue up to and including the Distribution Date. "When-issued" trading in the context of a spin-off refers to a sale or purchase made conditionally on or before the Distribution Date because the securities of the spun-off entity have not yet been distributed. "When-issued" trades generally settle within two trading days after the Distribution Date. On the first trading day following the Distribution Date, any "when-issued" trading of our common stock will end and "regular-way" trading will begin. Regular-way trading refers to trading after the security has been distributed and typically involves a trade that settles on the second full trading day following the date of the trade. See "The Spin-Off—Trading Prior to the Distribution Date" for more information. We cannot predict the trading prices for our common stock before, on or after the Distribution Date.

Q: Do I have appraisal rights in connection with the Spin-Off?

A: No. Holders of Honeywell common stock are not entitled to appraisal rights in connection with the Spin-Off.

Q: Who is the transfer agent and registrar for SpinCo common stock?

A: Equiniti Trust Company is the transfer agent and registrar for SpinCo common stock.

Q: Are there risks associated with owning shares of SpinCo common stock?

A: Yes, there are substantial risks associated with owning shares of SpinCo common stock. Accordingly, you should read carefully the information set forth under "Risk Factors" in this Information Statement.

Q: Where can I get more information?

A: If you have any questions relating to the mechanics of the Distribution, you should contact the distribution agent at:

Before the Spin-Off, if you have any questions relating to the Spin-Off, you should contact Honeywell at:

Investor Relations
Honeywell International Inc.
115 Tabor Road
Morris Plains, NJ 07950

After the Spin-Off, if you have any questions relating to SpinCo, you should contact us at:

Investor Relations
Garrett Motion Inc.
La Pièce 16, 1180 Rolle, Switzerland
+41 21 695 30 00

RISK FACTORS

You should carefully consider all of the information in this Information Statement and each of the risks described below, which we believe are the principal risks that we face. Some of the risks relate to our business, others to the Spin-Off. Some risks relate principally to the securities markets and ownership of our common stock.

Any of the following risks could materially and adversely affect our business, financial condition and results of operations and the actual outcome of matters as to which forward-looking statements are made in this Information Statement.

Risks Relating to Our Business

Industry and economic conditions may adversely affect the markets and operating conditions of our customers, which in turn can affect demand for our products and services and our results of operations.

We are dependent on the continued growth, viability and financial stability of our customers. A substantial portion of our customers are OEMs in the automotive industry. This industry is subject to rapid technological change often driven by regulatory changes, vigorous competition, short product life cycles and cyclical and reduced consumer demand patterns. In addition to general economic conditions, automotive sales and automotive vehicle production also depend on other factors, such as supplier stability, factory transitions, capacity constraints, the costs and availability of consumer credit, consumer confidence and consumer preferences. When our customers are adversely affected by these factors, we may be similarly affected to the extent that our customers reduce the volume of orders for our products. Economic declines and corresponding reductions in automotive sales and production by our customers, particularly with respect to light vehicles, have in the past had, and may in the future have, a significant adverse effect on our business, results of operations and financial condition.

Even if overall automotive sales and production remain stable, changes in regulation and consumer preferences may shift consumer demand away from the types of vehicles we prioritize or towards the types of vehicles where our products generate smaller profit margins. A decrease in consumer demand for the specific types of vehicles which have traditionally included our turbocharger products, such as a decrease in demand for diesel-fueled vehicles in favor of gasoline-fueled vehicles, or lower-than-expected consumer demand for specific types of vehicles where we anticipate providing significant components as part of our strategic growth plan, such as a decrease in demand for vehicles utilizing electric-hybrid and fuel cell powertrains in favor of full battery electric vehicles, could have a significant effect on our business. If we are unable to anticipate significant changes in consumer sentiment, or if consumer demand for certain vehicle types changes more than we expect, our results of operations and financial condition could be adversely affected.

Sales in our aftermarket operations are also directly related to consumer demand and spending for automotive aftermarket products, which may be affected by additional factors such as the average useful life of OEM parts and components, severity of regional weather conditions, highway and roadway infrastructure deterioration and the average number of miles vehicles are driven by owners. Improvements in technology and product quality are extending the longevity of vehicle component parts, which may result in delayed or reduced aftermarket sales. Our results of operations and financial condition could be adversely affected if we fail to respond in a timely and appropriate manner to changes in the demand for our aftermarket products.

Changes in legislation or government regulations or policies can have a significant impact on our results of operations.

The sales and margins of our business are directly impacted by government regulations, including safety, performance and product certification regulations, particularly with respect to emissions, fuel economy and

energy efficiency standards for motor vehicles. Increased public awareness and concern regarding global climate change may result in more regional and/or federal requirements to reduce or mitigate the effects of greenhouse gas emissions. While such requirements can promote increased demand for our turbochargers and other products, several markets in which we operate are undertaking efforts to more strictly regulate or ban vehicles powered by certain older-generation diesel engines. If such efforts are pursued more broadly throughout the market than we have anticipated, such efforts may impact demand for our aftermarket products and consequently affect our results of operations.

In the long-term, several of the markets in which we operate are contemplating or undertaking multi-decade efforts to transition away from internal combustion engines in favor of hybrid or full-battery electric vehicles. Although we expect a significant number of hybrids will be turbocharged, if we overestimate the turbo penetration rate in hybrids or if a transition to battery-electric vehicles is pursued more broadly throughout the market or is implemented more rapidly than we have anticipated, the demand for our products could be impacted and our results of operations consequently could be affected.

Conversely, in the U.S., the current political administration has signaled that it may support efforts to slow or even reverse the adoption of environmental regulations. If requirements to reduce or mitigate the effects of greenhouse gas emissions are weakened or rolled back, whether in the U.S. or elsewhere in our markets, customer demand for our turbochargers could fall, negatively affecting our results of operations.

Our future growth is largely dependent upon our ability to develop new technologies and introduce new products with acceptable margins that achieve market acceptance or correctly anticipate regulatory changes.

The global automotive component supply industry is highly competitive. Our future growth rate depends upon a number of factors, including our ability to: (i) identify emerging technological trends in our target end-markets; (ii) develop and maintain competitive products; (iii) enhance our products by adding innovative features that differentiate our products from those of our competitors; (iv) develop, manufacture and bring compelling new products to market quickly and cost effectively; and (v) attract, develop and retain individuals with the requisite technical expertise and understanding of customers' needs to develop new technologies and introduce new products.

We have identified a trend towards increased development and adoption by OEMs of hybrid-electric powertrains, fuel cell powertrains and associated electric boosting technologies in preference to pure battery electric cars, which continue to face range, charging time and sustainability issues. See "Information Statement Summary—Our Company." Our results of operations could be adversely affected if our estimates regarding adoption and penetration rates for hybrid-electric and fuel cell powertrains or for pure battery electric cars are incorrect.

Failure to protect our intellectual property or allegations that we have infringed the intellectual property of others could adversely affect our business, financial condition and results of operations.

We rely on a combination of patents, copyrights, trademarks, tradenames, trade secrets and other proprietary rights, as well as contractual arrangements, including licenses, to establish, maintain and protect our intellectual property rights. Effective intellectual property protection may not be available, or we may not be able to acquire or maintain appropriate registered or unregistered intellectual property, in every country in which we do business. Accordingly, our intellectual property rights may not be sufficient to permit us to take advantage of some business opportunities.

The protection of our intellectual property may require us to spend significant amounts of money. Further, the steps we take to protect our intellectual property may not adequately protect our rights or prevent others from infringing, violating or misappropriating our intellectual proprietary rights. Any impairment of our intellectual property rights, including due to changes in U.S. or foreign intellectual property laws or the absence of effective

legal protections or enforcement measures, could adversely impact our businesses, financial condition and results of operations.

In addition, as we adopt new technology, we face an inherent risk of exposure to the claims of others that we have allegedly violated their intellectual property rights. Successful claims that we infringe on the intellectual property rights of others could require us to enter into royalty or licensing agreements on unfavorable terms, or cause us to incur substantial monetary liability. We may also be prohibited preliminarily or permanently from further use of the intellectual property in question or be required to change our business practices to stop the infringing use, which could limit our ability to compete effectively. In addition, our customer agreements may require us to indemnify the customer for infringement. The time and expense of defending against these claims, whether meritorious or not, may have a material and adverse impact on our profitability, can be time-consuming and costly and may divert management's attention and resources away from our businesses. Furthermore, the publicity we may receive as a result of infringing intellectual property rights may damage our reputation and adversely impact our existing customer relationships and our ability to develop new business.

We may incur material losses and costs as a result of warranty claims, including product recalls, and product liability actions that may be brought against us.

Depending on the terms under which we supply products to an auto manufacturer, we may be required to guarantee or offer warranties for our products and to bear the costs of recalls, repair or replacement of such products pursuant to new vehicle warranties. There can be no assurance that we will have adequate reserves to cover such recalls, repair and replacement costs. In the event that any SpinCo products fail to perform as expected, we may face direct exposure to warranty and product liability claims or may be required to participate in a government or self-imposed recall involving such products. SpinCo customers that are not end users, such as auto manufacturers, may face similar claims or be obliged to conduct recalls of their own, and in such circumstances, they may seek contribution from us. Our agreements with our customers typically do not contain limitation of liability clauses, so if any such claims or contribution requests exceed our available insurance or if there is a product recall, there could be a material adverse impact on our results of operations. In addition, a recall claim could require us to review our entire product portfolio to assess whether similar issues are present in other product lines, which could result in significant disruption to our business and could have a further adverse impact on our results of operations. See "Business—Customers—Supply Relationships with Our Customers" for more information.

We cannot assure you that we will not experience any material warranty or product liability claim losses in the future or that we will not incur significant costs to defend such claims.

The operational constraints and financial distress of third parties could adversely impact our business and results of operations.

Our results of operations, financial condition and cash flows could be adversely affected if our third-party suppliers lack sufficient quality control or if there are significant changes in their financial or business condition. If our third-party manufacturers fail to deliver products, parts and components of sufficient quality on time and at reasonable prices, we could have difficulties fulfilling our orders on similar terms or at all, sales and profits could decline, and our commercial reputation could be damaged. See "—Raw material price fluctuations, the ability of key suppliers to meet quality and delivery requirements, or catastrophic events can increase the cost of our products and services, impact our ability to meet commitments to customers and cause us to incur significant liabilities." If we fail to adequately assess the creditworthiness and operational reliability of existing or future suppliers, if there is any unanticipated deterioration in their creditworthiness and operational reliability, or if our suppliers do not perform or adhere to our existing or future contractual arrangements, any resulting increase in nonperformance by them, our inability to otherwise obtain the supplies or our inability to enforce the terms of the contract or seek other remedies could have a material adverse effect on our financial condition and results of operations.

Work stoppages, other disruptions, or the need to relocate any of our facilities could significantly disrupt our business.

Our geographic footprint emphasizes locating R&D, engineering and manufacturing capabilities in close physical proximity to our customers, thereby enabling us to adopt technologies and products for the specific vehicle types sold in each geographic market. Because our facilities offer localized services in this manner, a work stoppage or other disruption at one or more of our R&D, engineering or manufacturing and assembly facilities in a given region could have material adverse effects on our business, especially insofar as it impacts our ability to serve customers in that region. Moreover, due to unforeseen circumstances or factors beyond our control, we may be forced to relocate our operations from one or more of our existing facilities to new facilities and may incur substantial costs, experience program delays and sacrifice proximity to customers and geographic markets as a result, potentially for an extended period of time.

The automotive industry relies heavily on "just-in-time" delivery of components during the assembly and manufacture of vehicles, and when we fail to make timely deliveries in accordance with our contractual obligations, we generally have to absorb our own costs for identifying and solving the "root cause" problem as well as expeditiously producing replacement components or products. We typically must also carry the costs associated with "catching up," such as overtime and premium freight. Additionally, if we are the cause for a customer being forced to halt production, the customer may seek to recoup all of its losses and expenses from us. These losses and expenses could be significant, and may include consequential losses such as lost profits.

A significant disruption in the supply of a key component due to a work stoppage or other disruption at one of our suppliers or any other supplier could impact our ability to make timely deliveries to our customers and, accordingly, have a material adverse effect on our financial results. Where a customer halts production because of another supplier failing to deliver on time, or as a result of a work stoppage or other disruption, it is unlikely we will be fully compensated, if at all.

We may not realize sales represented by awarded business or effectively utilize our manufacturing capacity.

When we win a bid to offer products and services to an OEM customer, the customer typically does not commit to award us its business until a separate contract has been negotiated, generally with a term ranging from one year to the life of the model (usually three to seven years). Once business has been awarded, the OEM customer typically retains the ability to terminate the arrangement without penalty and does not commit to purchase a minimum volume of products while the contract is in effect.

In light of the foregoing, while we estimate awarded business using certain assumptions, including projected future sales volumes, the volume and timing of sales to our customers may vary due to: variation in demand for our customers' products; our customers' attempts to manage their inventory; design changes; changes in our customers' manufacturing strategy; the success of customers' goods and models; and acquisitions of or consolidations among customers. A significant decrease in demand for certain key models or a group of related models sold by any of our major customers, or the ability of a manufacturer to re-source and discontinue purchasing from us its requirements for a particular model or group of models, could have a material adverse effect on us. In particular, we may be unable to forecast the level of customer orders with sufficient certainty to allow us to optimize production schedules and maximize utilization of manufacturing capacity. Any excess capacity would cause us to incur increased fixed costs in our products relative to the net revenue we generate, which could have an adverse effect on our results of operations, particularly during economic downturns. Similarly, a significant failure or inability to adapt to increased production or desired inventory levels (including as a result of accelerated launch schedules for new automobile and truck platforms), comply with customer specifications and manufacturing requirements more generally or respond to other unexpected fluctuations, as well as any delays or other problems with existing or new products (including program launch difficulties) could result in financial penalties, increased costs, loss of sales, loss of customers or potential breaches of customer contracts, which could have an adverse effect on our profitability and results of operations.

If actual production orders from our customers are not consistent with the projections we use in calculating the amount of our awarded business, or if we are unable to improve utilization levels for manufacturing lines that consequently are underutilized and correctly manage capacity, the increased expense levels will have an adverse effect on our business, financial condition and results of operations, and we could realize substantially less revenue over the life of these projects than the currently projected estimate. See "Business—Customers—Supply Relationships with Our Customers" for a detailed discussion of our supply agreements with our customers.

We may not be able to successfully negotiate pricing terms with our customers, which may adversely affect our results of operations.

We negotiate sales prices annually with our automotive customers. Our customer supply agreements generally require step-downs in component pricing over the period of production. In addition, our customers often reserve the right to terminate their supply contracts at any time, which enhances their ability to obtain price reductions. OEMs have also possessed significant leverage over their suppliers, including us, because the automotive component supply industry is highly competitive and serves a limited number of customers. Based on these factors, our status as a Tier I supplier (one that supplies vehicle components directly to manufacturers) and the fact that our customers' product programs typically last a number of years and are anticipated to encompass large volumes, our customers are able to negotiate favorable pricing, and any cost-cutting initiatives that our customers adopt generally will result in increased downward pressure on our pricing. Any resulting impacts to our sales levels and margins, or the failure of our technologies or products to gain market acceptance due to more attractive offerings by our competitors, could over time significantly reduce our revenues and adversely affect our competitive standing and prospects. In particular, large commercial settlements with our customers may adversely affect our results of operations. See "Business—Customers—Supply Relationships with Our Customers" for more information.

We are subject to the economic, political, regulatory, foreign exchange and other risks of international operations.

We have created a geographic footprint that emphasizes locating R&D, engineering and manufacturing capabilities in close physical proximity to our customers. Our international geographic footprint subjects us to many risks, including: exchange control regulations; wage and price controls; antitrust and environmental regulations; employment regulations; foreign investment laws; monetary and fiscal policies and protectionist measures that may prohibit acquisitions or joint ventures, establish local content requirements, or impact trade volumes; import, export and other trade restrictions (such as embargoes); violations by our employees of anti-corruption laws (despite our efforts to mitigate these risks); changes in regulations regarding transactions with state-owned enterprises; nationalization of private enterprises; natural and man-made disasters, hazards and losses; backlash from foreign labor organizations related to our restructuring actions; violence, civil and labor unrest; acts of terrorism; and our ability to hire and maintain qualified staff and maintain the safety of our employees in these regions. Additionally, certain of the markets in which we operate have adopted increasingly strict data privacy and data protection requirements or may require local storage and processing of data or similar requirements. The European Commission has approved a data protection regulation, known as the General Data Protection Regulation ("**GDPR**"), that came into force in May 2018. The GDPR includes operational requirements for companies that receive or process personal data of residents of the European Union that are different from those currently in place in the European Union, and includes significant penalties for non-compliance. The GDPR and similar data protection measures may increase the cost and complexity of our ability to deliver our services.

Instabilities and uncertainties arising from the global geopolitical environment can negatively impact our business. The U.K.'s referendum to leave the European Union, which we refer to as "Brexit," has caused and may continue to cause interest rate, exchange rate and other market and economic volatility. As negotiations relating to the future terms of the U.K.'s relationship with the European Union proceed, our manufacturing operations in Cheadle and the businesses of our customers and suppliers could be negatively impacted if tariffs or

other restrictions are imposed on the free flow of goods to and from the U.K. Similarly, President Donald Trump's decisions in March 2018 to impose both an ad valorem tariff on steel products imported into the United States and a separate set of tariffs on certain Chinese imports, and the resulting discussions about potential retaliatory tariffs from the E.U., China and other countries, could result in the creation of further barriers to trade. Such barriers could adversely affect the businesses of our customers and suppliers, which could in turn negatively impact our sales and results of operations. These and other instabilities and uncertainties arising from the global geopolitical environment, along with the cost of compliance with increasingly complex and often conflicting regulations worldwide, can impair our flexibility in modifying product, marketing, pricing or other strategies for growing our businesses, as well as our ability to improve productivity and maintain acceptable operating margins.

As a result of our global presence, a significant portion of our revenues are denominated in currencies other than the U.S. dollar whereas a significant amount of our payment obligations are denominated in U.S. Dollars, which exposes us to foreign exchange risk. We monitor and seek to reduce such risk through hedging activities; however, foreign exchange hedging activities bear a financial cost and may not always be available to us or be successful in eliminating such volatility.

Finally, we generate significant amounts of cash that is invested with financial and non-financial counterparties. While we employ comprehensive controls regarding global cash management to guard against cash or investment loss and to ensure our ability to fund our operations and commitments, a material disruption to the counterparties with whom we transact business could expose SpinCo to financial loss.

We have invested substantial resources in specific foreign markets where we expect growth and we may be unable to timely alter our strategies should such expectations not be realized.

We have identified certain countries, such as China and India, as key high-growth geographic markets. We believe these markets are likely to experience substantial long-term growth, and accordingly have made and expect to continue to make substantial investments in numerous manufacturing operations, technical centers, R&D activities and other infrastructure to support anticipated growth in these areas. If market demand for evolving vehicle technologies in these regions does not grow as quickly as we anticipate, or if we are unable to deepen existing and develop additional customer relationships in these regions, we may fail to realize expected rates of return, or even incur losses, on our existing investments and may be unable to timely redeploy the invested capital to take advantage of other markets or product categories, potentially resulting in lost market share to our competitors. In particular, our ability to remain competitive and continue to grow in these regions depends in part on the absence of competing state-sponsored domestic businesses. If a state-sponsored operation entered a local market as a competitor, it might have access to significant social and financial capital that would enable it to overcome the ordinary barriers to entry in the turbocharger industry and acquire potentially significant market share at our expense.

We could be adversely affected by our leading market position in certain markets.

We believe that we are a market leader in the turbocharger industry in many of the markets in which we operate. Although we believe we have acted properly in the markets in which we have significant market share, we could face allegations of abuse of our market position or of collusion with other market participants, which could result in negative publicity and adverse regulatory action by the relevant authorities, including the imposition of monetary fines, all of which could adversely affect our financial condition and results of operations.

We may not be able to obtain additional capital that we need in the future on favorable terms or at all.

We may require additional capital in the future to finance our growth and development, upgrade and improve our manufacturing capabilities, implement further marketing and sales activities, fund ongoing R&D activities, satisfy regulatory and environmental compliance obligations, satisfy post-Spin-Off indemnity obligations to Honeywell, and meet general working capital needs. Our capital requirements will depend on

many factors, including acceptance of and demand for our products, the extent to which we invest in new technology and R&D projects and the status and timing of these developments. If our access to capital were to become constrained significantly, or if costs of capital increased significantly, due to lowered credit ratings, prevailing industry conditions, the volatility of the capital markets or other factors, our financial condition, results of operations and cash flows could be adversely affected.

Moreover, we have historically relied on Honeywell for assistance in satisfying our capital requirements. After the Spin-Off, we will not be able to rely on the earnings, assets or cash flow of Honeywell, and Honeywell will not provide funds to finance our capital requirements. As a result, after the Distribution, we will be responsible for obtaining and maintaining sufficient working capital and other funds to satisfy our cash requirements independent of Honeywell, and debt or equity financing may not be available to us on terms we find acceptable, if at all. Even if we are able to obtain financing or access the capital markets, incurring additional debt may significantly increase our interest expense and financial leverage, and our level of indebtedness could restrict our ability to fund future development and acquisition activities. Also, regardless of the terms of our debt or equity financing, our agreements and obligations under the Tax Matters Agreement that address compliance with Section 355 of the Internal Revenue Code of 1986, as amended (the "**Code**") may limit our ability to issue stock. See "Certain Relationships and Related Party Transactions—Agreements with Honeywell—Tax Matters Agreement." We believe that, at the time of the Spin-Off, we will have adequate capital resources to meet our projected operating needs, capital expenditures and other cash requirements. However, we may need additional capital resources in the future and if we are unable to obtain sufficient resources for our operating needs, capital expenditures and other cash requirements for any reason, our business, financial condition and results of operations could be adversely affected. See "Risks Relating to the Spin-Off—We may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent, publicly traded company, and we may experience increased costs after the Spin-Off."

We are subject to risks associated with the Indemnification and Reimbursement Agreement, pursuant to which we will be required to make substantial cash payments to Honeywell, measured in substantial part by reference to estimates by Honeywell of certain of its liabilities.

In connection with the Spin-Off, we intend to enter into an Indemnification and Reimbursement Agreement (as defined below), pursuant to which we will have an obligation to make cash payments to Honeywell in amounts equal to 90% of Honeywell's asbestos-related liability payments and accounts payable, primarily related to Honeywell's legacy Bendix friction materials ("**Bendix**") business in the United States as well as certain environmental-related liability payments and accounts payable and non-United States asbestos-related liability payments and accounts payable, in each case related to legacy elements of the Business, including the legal costs of defending and resolving such liabilities, less 90% of Honeywell's net insurance receipts and, as may be applicable, certain other recoveries associated with such liabilities.

The amount payable by the Company in respect of such liabilities arising in any given year will be payable in Euros, subject to a cap (denominated in Euros) equal to $175 million, calculated by reference to the Distribution Date Currency Exchange Rate. The cap shall be exclusive of any late payment fees up to 5% per annum.

For example, assuming a Distribution Date Currency Exchange Rate of €1.00-to-$1.15, if in any given year, Honeywell's annual liabilities including associated legal costs that are within the scope of the Indemnification and Reimbursement Agreement totaled $200 million, and if Honeywell's associated insurance receipts and other specified recoveries totaled $20 million (resulting in a net amount of $180 million), then our payment obligation in respect of that year would be based upon 90% of the net amount ($162 million), payable in Euros, calculated by reference to the Distribution Date Currency Exchange Rate (totaling approximately €140.9 million). However, if in any given year, such liabilities including associated legal costs totaled $250 million, and the associated insurance receipts and other specified recoveries totaled $30 million, then our payment obligation in respect of that year would be capped at approximately €152.1 million (which equals $175 million divided by the assumed Distribution Date Currency Exchange Rate) even though 90% of the net amount is higher at $198 million (€172.1 million calculated by reference to the Distribution Date Currency Exchange Rate).

Honeywell's asbestos-related Bendix liability payments for the years 2017, 2016 and 2015, including any legal fees, were $223 million, $201 million and $193 million, respectively, and Honeywell's associated insurance receipts for 2017, 2016 and 2015 were $20 million, $37 million and $33 million, respectively.

In the event that Honeywell enters into a global settlement of all or substantially all of the asbestos-related Bendix claims in the United States, the Company will be obligated to pay 90% of the amount paid or payable by Honeywell in connection with such global settlement payment, less 90% of insurance receipts relating to such liabilities, and in such event, the Company will be required to pay an amount equal to the Distribution Date Currency Exchange Rate equivalent of $175 million per year until the amount payable by the Company in respect of such global settlement payment is less than an amount equal to the Distribution Date Currency Exchange Rate equivalent of $175 million. During that time, the annual payment by us to Honeywell of an amount equal to the Distribution Date Currency Exchange Rate equivalent of $175 million will be first allocated towards asbestos-related liabilities arising outside of the scope of the global settlement and environmental-related liabilities and then towards the global settlement payment. Payment amounts will be deferred to the extent that the payment thereof would cause a specified event of default under certain indebtedness, including our principal credit agreement or cause us to not be compliant with certain financial covenants in certain indebtedness, including our principal credit agreement on a pro forma basis, including the maximum total leverage ratio (ratio of debt to EBITDA, which excludes any amounts owed to Honeywell under the Indemnification and Reimbursement Agreement), and the minimum interest coverage ratio. In each calendar quarter, our ability to pay dividends and repurchase capital stock in such calendar quarter will be restricted until any amounts payable under the Indemnification and Reimbursement Agreement in such quarter (including any deferred payment amounts) are paid to Honeywell and we will be required to use available restricted payment capacity under our debt agreements to make payments in respect of any such deferred amounts. Payment of deferred amounts and certain other amounts (which are not expected to be material) could cause the amount we are required to pay under the Indemnification and Reimbursement Agreement in any given year to exceed an amount equal to the Distribution Date Currency Exchange Rate equivalent of $175 million per year (exclusive of any late payment fees up to 5% per annum). All amounts payable under the Indemnification and Reimbursement Agreement will be guaranteed by certain of our subsidiaries that act as guarantors under our principal credit agreement, subject to certain exceptions. Under the Indemnification and Reimbursement Agreement, we will also be subject to certain of the affirmative and negative covenants to which we are subject under our principal credit agreement. Further, pursuant to the Indemnification and Reimbursement Agreement, our ability to (i) amend or replace our principal credit agreement, (ii) enter into another credit agreement and make amendments or waivers thereto, or (iii) enter into or amend or waive any provisions under other agreements, in each case, in a manner that would adversely affect the rights of Honeywell under the Indemnification and Reimbursement Agreement, will be subject to Honeywell's prior written consent. This consent right will significantly limit our ability to engage in many types of significant transactions on favorable terms (or at all), including, but not limited to, equity and debt financings, liability management transactions, refinancing transactions, mergers, acquisitions, joint ventures and other strategic transactions. See "Certain Relationships and Related Party Transactions—Agreements with Honeywell—Indemnification and Reimbursement Agreement."

This agreement may have material adverse effects on our liquidity and cash flows and on our results of operations, regardless of whether we experience a decline in net sales. The agreement may also require us to accrue significant long-term liabilities on our combined balance sheet, the amounts of which will be dependent on factors outside of our control, including Honeywell's responsibility to manage and determine the outcomes of claims underlying the liabilities. As of December 31, 2017, we have accrued $1,703 million of liability in connection with Bendix-related asbestos, representing the estimated liability for pending claims as well as future claims expected to be asserted. The liabilities related to the Indemnification and Reimbursement Agreement may have a significant negative impact on the calculation of key financial ratios and other metrics that are important to investors, rating agencies and securities analysts in evaluating our creditworthiness and the value of our securities. Accordingly, our access to capital to fund our operations may be materially adversely affected and the value of your investment in our company may decline. Moreover, the payments that we will be required to make to Honeywell pursuant to that agreement will not be deductible for U.S. federal income tax purposes.

Although we will have access to information regarding these liabilities as we may reasonably request for certain purposes, as well as the ability to participate in periodic standing meetings with Honeywell's special counsel responsible for management of the underlying claims, the payment obligations under this agreement relate to legal proceedings that we will not control, and we accordingly do not expect to be able to make definitive decisions regarding settlements or other outcomes that could influence our potential related exposure.

The Indemnification and Reimbursement Agreement also includes other obligations that may impose significant operating and financial restrictions on us and our subsidiaries and limit our ability to engage in actions that may be in our long-term best interests.

Raw material price fluctuations, the ability of key suppliers to meet quality and delivery requirements, or catastrophic events can increase the cost of our products and services, impact our ability to meet commitments to customers and cause us to incur significant liabilities.

The cost and availability of raw materials (including, but not limited to, grey iron, aluminum, stainless steel and a nickel, iron and chromium-based alloy) is a key element in the cost of our products. Our inability to offset material price inflation through increased prices to customers, formula or long-term fixed price contracts with suppliers, productivity actions or through commodity hedges could adversely affect our results of operations.

We obtain components and other products and services from numerous suppliers and other vendors throughout the world. Many major components and product equipment items are procured or subcontracted on a single- or sole-source basis. Although we believe that sources of supply for raw materials and components are generally adequate, it is difficult to predict what effects shortages or price increases may have in the future. Short- or long-term capacity constraints or financial distress at any point in our supply chain could disrupt our operations and adversely affect our financial performance, particularly when the affected suppliers and vendors are the sole sources of products that SpinCo requires or that have unique capabilities, or when our customers have directed us to use those specific suppliers and vendors. Our ability to manage inventory and meet delivery requirements may be constrained by our suppliers' inability to scale production and adjust delivery of long-lead time products during times of volatile demand. Our inability to fill our supply needs would jeopardize our ability to fulfill obligations under commercial contracts, and could result in reduced sales and profits, contract penalties or terminations, and damage to customer relationships.

Failure to increase productivity through sustainable operational improvements, as well as an inability to successfully execute repositioning projects or to effectively manage our workforce, may reduce our profitability or adversely impact our businesses.

Our profitability and margin growth are dependent upon our ability to drive sustainable improvements. In addition, we seek productivity and cost savings benefits through repositioning actions and projects, such as consolidation of manufacturing facilities, transitions to cost-competitive regions, workforce reductions, asset impairments, product line rationalizations and other cost-saving initiatives. Risks associated with these actions include delays in execution of the planned initiatives, additional unexpected costs, realization of fewer than estimated productivity improvements and adverse effects on employee morale. We may not realize the full operational or financial benefits we expect, the recognition of these benefits may be delayed and these actions may potentially disrupt our operations. In addition, organizational changes, attrition, labor relations difficulties, or workforce stoppage could have a material adverse effect on our business, reputation, financial position and results of operations.

Our operations and the prior operations of predecessor companies expose us to the risk of material environmental liabilities.

We are subject to potentially material liabilities related to the investigation and cleanup of environmental hazards and to claims of personal injuries or property damages that may arise from hazardous substance releases and exposures. We are also subject to potentially material liabilities related to the compliance of our operations with the requirements of various federal, state, local and foreign governments that regulate the discharge of materials into the environment and the generation, handling, storage, treatment and disposal of and exposure to hazardous substances. If we are found to be in violation of these laws and regulations, we may be subject to substantial fines and criminal sanctions, and be required to install costly equipment or make operational changes to achieve compliance with such laws and regulations. In addition, changes in laws, regulations or government enforcement of policies concerning the environment, the discovery of previously unknown contamination or new information related to individual contaminated sites, the establishment of stricter state or federal toxicity

standards with respect to certain contaminants, or the imposition of new clean-up requirements or remedial techniques, could require us to incur additional currently unanticipated costs in the future that would have a negative effect on our financial condition or results of operations.

We cannot predict with certainty the outcome of litigation matters, government proceedings and other contingencies and uncertainties.

In the ordinary course of business, we may make certain commitments, including representations, warranties and indemnities relating to current and past operations, including those related to divested businesses, and issue guarantees of third-party obligations. We are subject to a number of lawsuits, investigations and disputes (some of which involve substantial amounts claimed) arising out of our current and historical business, including matters relating to commercial transactions, product liability (including legacy asbestos claims involving the friction materials legacy business), prior acquisitions and divestitures, employment, employee benefits plans, intellectual property, antitrust, import and export, and environmental, health and safety matters. Our potential liabilities are subject to change over time due to new developments, changes in settlement strategy or the impact of evidentiary requirements, and we may become subject to or be required to pay damage awards or settlements that could have a material adverse effect on our results of operations, cash flows and financial condition. If we were required to make payments, such payments could be significant and could exceed the amounts we have accrued with respect thereto, adversely affecting our business, financial condition and results of operations. While we maintain insurance for certain risks, the amount of our insurance coverage may not be adequate to cover the total amount of all insured claims and liabilities. The incurrence of significant liabilities for which there is no or insufficient insurance coverage could adversely affect our results of operations, cash flows, liquidity and financial condition.

We depend on the recruitment and retention of qualified personnel, and our failure to attract and retain such personnel could adversely affect our business, financial condition and results of operations.

Due to the complex nature of our business, our future performance is highly dependent upon the continued services of our key engineering personnel, scientists and executive officers (including those persons identified under “Management” below), the development of additional management personnel and the hiring of new qualified engineering, manufacturing, marketing, sales and management personnel for our operations. Competition for qualified personnel in our industry is intense, and we may not be successful in attracting or retaining qualified personnel. The loss of key employees, our inability to attract new qualified employees or adequately train employees, or the delay in hiring key personnel, could negatively affect our business, financial condition and results of operations.

Internal system or service failures, including as a result of cyber or other security incidents, could disrupt business operations, result in the loss of critical and confidential information, and adversely impact our reputation and results of operations.

We create, deploy and maintain information technology (“**IT**”) and engineering systems, some of which involve sensitive information and may be conducted in hazardous environments. As a result, we are subject to systems or service failures, not only resulting from our own failures or the failures of third-party service providers, natural disasters, power shortages or terrorist attacks, but also from exposure to cyber or other security threats. Global cybersecurity threats and incidents can range from uncoordinated individual attempts to gain unauthorized access to IT systems to sophisticated and targeted measures known as advanced persistent threats, directed at the Company, its products, its customers and/or its third-party service providers, including cloud providers. There has been an increase in the frequency and sophistication of cyber and other security threats we face, and our customers are increasingly requiring cyber and other security protections and mandating cyber and other security standards in our products.

We seek to deploy comprehensive measures to deter, prevent, detect, respond to and mitigate these threats, including identity and access controls, data protection, vulnerability assessments, product software designs which

we believe are less susceptible to cyber-attacks, continuous monitoring of our IT networks and systems and maintenance of backup and protective systems. Despite these efforts, cyber and other security incidents, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption or unavailability of critical data and confidential or proprietary information (our own or that of third parties) and the disruption of business operations. Moreover, employee error or malfeasance, faulty password management or other intentional or inadvertent non-compliance with our security protocols may result in a breach of our information systems. Cyber and other security incidents aimed at the software embedded in our products could lead to third-party claims that our product failures have caused a similar range of damages to our customers, and this risk is enhanced by the increasingly connected nature of our products.

The potential consequences of a material cyber or other security incident include financial loss, reputational damage, litigation with third parties, theft of intellectual property, fines levied by the United States Federal Trade Commission, diminution in the value of our investment in research, development and engineering, and increased cyber and other security protection and remediation costs due to the increasing sophistication and proliferation of threats, which in turn could adversely affect our competitiveness and results of operations. In addition to any costs resulting from contract performance or required corrective action, these incidents could generate increased costs or loss of revenue if our customers choose to postpone or cancel previously scheduled orders or decide not to renew any of our existing contracts.

The costs related to cyber or other security incidents may not be fully insured or indemnified by other means. The successful assertion of a large claim against us with respect to a cyber or other security incident could seriously harm our business. Even if not successful, these claims could result in significant legal and other costs, may be a distraction to our management and harm our customer relationships.

Our U.S. and non-U.S. tax liabilities are dependent, in part, upon the distribution of income among various jurisdictions in which we operate.

Our future results of operations could be adversely affected by changes in the effective tax rate as a result of a change in the mix of earnings in countries with differing statutory tax rates, changes in tax laws, regulations and judicial rulings (or changes in the interpretation thereof), changes in generally accepted accounting principles, changes in the valuation of deferred tax assets and liabilities, changes in the amount of earnings permanently reinvested offshore, the results of audits and examinations of previously filed tax returns and continuing assessments of our tax exposures and various other governmental enforcement initiatives. Our tax expense includes estimates of tax reserves and reflects other estimates and assumptions, including assessments of future earnings of the Company which could impact the valuation of our deferred tax assets. Changes in tax laws or regulations, including multi-jurisdictional changes enacted in response to the guidelines provided by the Organization for Economic Co-operation and Development ("**OECD**") to address base erosion and profit shifting, will increase tax uncertainty and may adversely impact our provision for income taxes.

U.S. federal income tax reform could adversely affect us.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "**Tax Act**"). The Tax Act instituted fundamental changes to the taxation of multinational corporations. The Tax Act includes changes to the taxation of foreign earnings by implementing a dividend exemption system, expansion of the current anti-deferral rules, a minimum tax on low-taxed foreign earnings and new measures to deter base erosion. The Tax Act also includes a permanent reduction in the corporate tax rate to 21%, repeal of the corporate alternative minimum tax, expensing of capital investment, and limitation of the deduction for interest expense. Furthermore, as part of the transition to the new tax system, a one-time transition tax is imposed on a U.S. shareholder's historical undistributed earnings of foreign affiliates. Although the Tax Act is generally effective January 1, 2018, GAAP requires recognition of the tax effects of new legislation during the reporting period that includes the enactment date, which was December 22, 2017. The impact on the year ended December 31, 2017 was, and the impact on future years may be, material to our

financial statements. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations for the Years Ended December 31, 2017—Tax Expense. We continue to examine the impact this tax reform legislation may have on our business.

In addition, pursuant to the Tax Matters Agreement, we will be required to make payments to a subsidiary of Honeywell in an amount payable in Euros (calculated by reference to the Distribution Date Currency Exchange Rate) representing the net tax liability of Honeywell under the mandatory transition tax attributable to the SpinCo Business, as determined by Honeywell. Following the Spin-Off but no later than November 15, 2018, Honeywell will determine the portion of its net tax liability attributable to the Business. While we believe this determination will be based on the historical undistributed earnings and assets of the Business on the relevant date, the final amount will be determined by Honeywell at its sole discretion. The amount will be payable in installments over 8 years and may be adjusted at Honeywell’s discretion in the event of an audit adjustment or otherwise. On this basis, we currently estimate that our aggregate payments to Honeywell with respect to the mandatory transition tax will be between $200 million and $400 million. Furthermore, Honeywell will control any subsequent tax audits or legal proceedings with respect to the mandatory transition tax, and accordingly we do not expect to be able to make definitive decisions regarding settlements or other outcomes that could influence our potential related exposure.

Because we have officers and directors who live outside of the United States, you may have no effective recourse against them for misconduct and may not be able to receive compensation for damages to the value of your investment caused by wrongful actions by our directors and officers.

We have officers and directors who live outside of the United States. As a result, it may be difficult for investors to enforce within the U.S. any judgments obtained against those officers and directors, or obtain judgments against them outside of the U.S. that are based on the civil liability provisions of the federal or state securities laws of the U.S. Investors may not be able to receive compensation for damages to the value of their investment caused by wrongful actions by our directors and officers.

Our emerging opportunities in technology, products and services depend in part on intellectual property and technology licensed from third parties.

A number of our emerging opportunities in technology, products and services rely on key technologies developed or licensed from third parties. While none of our current product offerings are covered by third-party licenses, many of our emerging technology offerings that we are developing use software components or other intellectual property licensed from third parties, including both through proprietary and open source licenses. Should such emerging products become a significant part of our product offerings, our reliance on third-party licenses may present various risks to the Business. These third-party software components may become obsolete, defective or incompatible with future versions of our emerging technology offerings, our relationship with these third parties may deteriorate, or our agreements with these third parties may expire or be terminated. We may face legal or business disputes with licensors that may threaten or lead to the disruption of inbound licensing relationships. In order to remain in compliance with the terms of our licenses, we must carefully monitor and manage our use of third-party components, including both proprietary and open source license terms that may require the licensing or public disclosure of our intellectual property without compensation or on undesirable terms. Additionally, some of these licenses may not be available for use in the future on terms that may be acceptable or that allow our emerging product offerings to remain competitive. Our inability to obtain licenses or rights on favorable terms could have a material effect on our emerging technology offerings. Moreover, it is possible that as a consequence of a future merger or acquisition involving SpinCo, third parties may obtain licenses to some of our intellectual property rights or our business may be subject to certain restrictions that were not in place prior to such transaction. Because the availability and cost from third parties depends upon the willingness of third parties to deal with us on the terms we request, there is a risk that third parties who license our competitors will either refuse to license us at all, or refuse to license us on terms equally favorable to those granted to our competitors. Consequently, we may lose a competitive advantage with respect to these intellectual property rights or we may be required to enter into costly arrangements in order to obtain these rights.

Risks Relating to the Spin-Off

The Spin-Off could result in significant tax liability to Honeywell and its stockholders.

Completion of the Spin-Off is conditioned on Honeywell's receipt of a separate written opinion from each of Paul, Weiss, Rifkind, Wharton & Garrison LLP and Ernst & Young LLP to the effect that the Distribution will qualify for non-recognition of gain and loss under Section 355 and related provisions of the Code. Honeywell can waive receipt of either or both tax opinions as a condition to the completion of the Spin-Off.

The opinion of counsel does not address any U.S. state or local or foreign tax consequences of the Spin-Off. The opinion assumes that the Spin-Off will be completed according to the terms of the Separation and Distribution Agreement and relies on the facts as stated in the Separation and Distribution Agreement, the Tax Matters Agreement, the other ancillary agreements, this Information Statement and a number of other documents. In addition, the opinion is based on certain representations as to factual matters from, and certain covenants by Honeywell and us. The opinion cannot be relied on if any of the assumptions, representations or covenants is incorrect, incomplete or inaccurate or is violated in any material respect.

The opinion of counsel is not binding on the Internal Revenue Service (the "IRS") or the courts, and there can be no assurance that the IRS or a court will not take a contrary position. If the conclusions expressed in the opinion are challenged by the IRS, and if the IRS prevails in such challenge, the tax consequences of the Spin-Off could be materially less favorable. Honeywell has not requested, and does not intend to request, a ruling from the IRS regarding the U.S. federal income tax consequences of the Spin-Off.

If the Spin-Off were determined not to qualify for non-recognition of gain or loss under Section 355 and related provisions of the Code, each U.S. Holder who receives our common stock in the Distribution would generally be treated as receiving a distribution in an amount equal to the fair market value of our common stock received, which would generally result in: (1) a taxable dividend to the U.S. Holder to the extent of that U.S. Holder's *pro rata* share of Honeywell's current or accumulated earnings and profits; (2) a reduction in the U.S. Holder's basis (but not below zero) in Honeywell common stock to the extent the amount received exceeds the stockholder's share of Honeywell's earnings and profits; and (3) taxable gain from the exchange of Honeywell common stock to the extent the amount received exceeds the sum of the U.S. Holder's share of Honeywell's earnings and profits and the U.S. Holder's basis in its Honeywell common stock. See below and "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off."

If the Spin-Off were determined not to qualify as tax-free for U.S. federal income tax purposes, we could have an indemnification obligation to Honeywell, which could adversely affect our business, financial condition and results of operations.

If, as a result of any of our representations being untrue or our covenants being breached, the Spin-Off were determined not to qualify for non-recognition of gain or loss under Section 355 and related provisions of the Code, we could be required to indemnify Honeywell for the resulting taxes and related expenses. Those amounts could be material. Any such indemnification obligation could adversely affect our business, financial condition and results of operations.

In addition, if we or our stockholders were to engage in transactions that resulted in a 50% or greater change by vote or value in the ownership of our stock during the four-year period beginning on the date that begins two years before the date of the Distribution, the Spin-Off would generally be taxable to Honeywell, but not to stockholders, under Section 355(e), unless it were established that such transactions and the Spin-Off were not part of a plan or series of related transactions. If the Spin-Off were taxable to Honeywell due to such a 50% or greater change in ownership of our stock, Honeywell would recognize gain equal to the excess of the fair market value on the Distribution Date of our common stock distributed to Honeywell stockholders over Honeywell's tax basis in our common stock, and we generally would be required to indemnify Honeywell for the tax on such gain and related expenses. Those amounts would be material. Any such indemnification obligation could adversely affect our business, financial condition and results of operations. See "Certain Relationships and Related Party Transactions—Agreements with Honeywell—Tax Matters Agreement."

We intend to agree to numerous restrictions to preserve the non-recognition treatment of the Spin-Off, which may reduce our strategic and operating flexibility.

We intend to agree in the Tax Matters Agreement to covenants and indemnification obligations that address compliance with Section 355 of the Code and are intended to preserve the tax-free nature of the Spin-Off. These covenants will include certain restrictions on our activity for a period of two years following the Spin-Off, unless Honeywell gives its consent for us to take a restricted action, which Honeywell is permitted to grant or withhold at its sole discretion. These covenants and indemnification obligations may limit our ability to pursue strategic transactions or engage in new businesses or other transactions that may maximize the value of our business, and might discourage or delay a strategic transaction that our stockholders may consider favorable. See "Certain Relationships and Related Party Transactions—Agreements with Honeywell—Tax Matters Agreement."

Until the separation occurs, Honeywell has sole discretion to change the terms of the separation in ways that may be unfavorable to us.

Until the Spin-Off occurs, SpinCo will be a wholly owned subsidiary of Honeywell. Accordingly, Honeywell will effectively have the sole and absolute discretion to determine and change the terms of the separation, including the establishment of the record date for the Distribution and the Distribution Date. These changes could be unfavorable to us. In addition, the separation and Distribution and related transactions are subject to the satisfaction or waiver by Honeywell in its sole discretion of a number of conditions. We cannot assure you that any or all of these conditions will be met. Honeywell may also decide at any time not to proceed with the separation and distribution.

We may be unable to achieve some or all of the benefits that we expect to achieve from the Spin-Off.

We believe that, as an independent, publicly traded company, we will be able to, among other things, design and implement corporate strategies and policies that are better targeted to our business's areas of strength and differentiation, better focus our financial and operational resources on those specific strategies, create effective incentives for our management and employees that are more closely tied to our business performance, provide investors more flexibility and enable us to achieve alignment with a more natural stockholder base and implement and maintain a capital structure designed to meet our specific needs. We may be unable to achieve some or all of the benefits that we expect to achieve as an independent company in the time we expect, if at all, for a variety of reasons, including: (i) the completion of the Spin-Off will require significant amounts of our management's time and effort, which may divert management's attention from operating and growing our business; (ii) following the Spin-Off, we may be more susceptible to market fluctuations and other adverse events than if it were still a part of Honeywell; and (iii) following the Spin-Off, our businesses will be less diversified than Honeywell's businesses prior to the separation. If we fail to achieve some or all of the benefits that we expect to achieve as an independent company, or do not achieve them in the time we expect, our business, financial condition and results of operations could be adversely affected.

We may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent, publicly traded company, and we may experience increased costs after the Spin-Off.

We have historically operated as part of Honeywell's corporate organization, and Honeywell has provided us with various corporate functions. Following the Spin-Off, Honeywell will have no obligation to provide us with assistance other than the transition and other services described under "Certain Relationships and Related Party Transactions." These services do not include every service that we have received from Honeywell in the past, and Honeywell is only obligated to provide the transition services for limited periods following completion of the Spin-Off. The agreements relating to such transition services and to the Spin-Off more generally will be negotiated prior to the Spin-Off, at a time when SpinCo's business will still be operated by Honeywell. The agreements generally will be entered into on arms-length terms similar to those that would be agreed with an unaffiliated third party such as a buyer in sale transaction, but SpinCo will not have an independent board of directors or a management team independent of Honeywell representing its interests while the agreements are

being negotiated. It is possible that we might have been able to achieve more favorable terms if the circumstances differed. We will rely on Honeywell to satisfy its performance and payment obligations under any transition services agreements and other agreements related to the Spin-Off, and if Honeywell does not satisfy such obligations, we could incur operational difficulties or losses.

Following the Spin-Off and the cessation of any transition services agreements, we will need to provide internally or obtain from unaffiliated third parties the services we will no longer receive from Honeywell. These services include legal, accounting, information technology, software development, human resources and other infrastructure support, the effective and appropriate performance of which are critical to our operations. We may be unable to replace these services in a timely manner or on terms and conditions as favorable as those we receive from Honeywell. Because our business has historically operated as part of the wider Honeywell organization, we may be unable to successfully establish the infrastructure or implement the changes necessary to operate independently, or may incur additional costs that could adversely affect our business. In particular, our ability to position and market ourselves as a provider of connected vehicle software could be adversely affected by our loss of access to Honeywell's development platforms. If we fail to obtain the quality of services necessary to operate effectively or incur greater costs in obtaining these services, our business, financial condition and results of operations may be adversely affected.

As we build our information technology infrastructure and transition our data to our own systems, we could incur substantial additional costs and experience temporary business interruptions, and our accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we will be subject following the Spin-Off.

Following the Spin-Off, we will install and implement information technology infrastructure to support certain of our business functions, including accounting and reporting, manufacturing process control, customer service, inventory control and distribution. We may incur substantially higher costs than currently anticipated as we transition from the existing transactional and operational systems and data centers we currently use as part of Honeywell. If we are unable to transition effectively, we may incur temporary interruptions in business operations. Any delay in implementing, or operational interruptions suffered while implementing, our new information technology infrastructure could disrupt our business and have a material adverse effect on our results of operations.

In addition, if we are unable to replicate or transition certain systems, our ability to comply with regulatory requirements could be impaired. As a result of the Spin-Off, we will be directly subject to reporting and other obligations under the U.S. Securities and Exchange Act of 1934, as amended (the "**Exchange Act**"). Beginning with our second required Annual Report on Form 10-K, we intend to comply with Section 404 of the Sarbanes Oxley Act of 2002, as amended (the "**Sarbanes Oxley Act**"), which will require annual management assessments of the effectiveness of our internal control over financial reporting and a report by our independent registered public accounting firm addressing these assessments. These reporting and other obligations may place significant demands on management, administrative and operational resources, including accounting systems and resources.

The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. Under the Sarbanes Oxley Act, we are required to maintain effective disclosure controls and procedures and internal controls over financial reporting. To comply with these requirements, we may need to upgrade our systems, implement additional financial and management controls, reporting systems and procedures and hire additional accounting and finance staff. We expect to incur additional annual expenses for the purpose of addressing these, and other public company reporting, requirements. If we are unable to upgrade our financial and management controls, reporting systems, information technology systems and procedures in a timely and effective fashion, our ability to comply with financial reporting requirements and other rules that apply to reporting companies under the Exchange Act could be impaired. Any failure to achieve and maintain effective internal controls could have a material adverse effect on our business, financial condition, results of operations and cash flow. See "—Risks Relating to Our Common Stock and the Securities Market—If we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired and investors' views of us could be harmed."

We have no operating history as an independent, publicly traded company, and our historical combined financial information is not necessarily representative of the results we would have achieved as an independent, publicly traded company and may not be a reliable indicator of our future results.

We derived the historical combined financial information included in this Information Statement from Honeywell's consolidated financial statements, and this information does not necessarily reflect the results of operations and financial position we would have achieved as an independent, publicly traded company during the periods presented, or those that we will achieve in the future. This is primarily because of the following factors:

- Prior to the Spin-Off, we operated as part of Honeywell's broader corporate organization, and Honeywell performed various corporate functions for us. Our historical combined financial information reflects allocations of corporate expenses from Honeywell for these and similar functions. These allocations may not reflect the costs we will incur for similar services in the future as an independent publicly traded company.
- We will enter into transactions with Honeywell that did not exist prior to the Spin-Off, such as Honeywell's provision of transition and other services, and undertake indemnification obligations, which will cause us to incur new costs. See "Certain Relationships and Related Party Transactions—Agreements with Honeywell."
- Our historical combined financial information does not reflect changes that we expect to experience in the future as a result of our separation from Honeywell, including changes in the financing, cash management, operations, cost structure and personnel needs of our business. As part of Honeywell, we enjoyed certain benefits from Honeywell's operating diversity, size, purchasing power, borrowing leverage and available capital for investments, and we will lose these benefits after the Spin-Off. As an independent entity, we may be unable to purchase goods, services and technologies, such as insurance and health care benefits and computer software licenses, or access capital markets, on terms as favorable to us as those we obtained as part of Honeywell prior to the Spin-Off, and our results of operations may be adversely affected. In addition, our historical combined financial data do not include an allocation of interest expense comparable to the interest expense we will incur as a result of the Reorganization Transactions and the Spin-Off, including interest expense in connection with the incurrence of indebtedness at SpinCo.

Following the Spin-Off, we will also face additional costs and demands on management's time associated with being an independent, publicly traded company, including costs and demands related to corporate governance, investor and public relations and public reporting. While we have been profitable as part of Honeywell, we cannot assure you that our profits will continue at a similar level when we are an independent, publicly traded company. For additional information about our past financial performance and the basis of presentation of our Combined Financial Statements, see "Selected Historical Combined Financial Data," "Unaudited Pro Forma Combined Financial Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical Combined Financial Statements and the Notes thereto included elsewhere in this Information Statement.

We expect to incur new indebtedness concurrently with or prior to the Distribution, and the degree to which we will be leveraged following completion of the Distribution could adversely affect our business, financial condition and results of operations.

In connection with the Spin-Off, we intend to incur substantial indebtedness in an aggregate principal amount of approximately $1,580 million, of which $1,549 million of the net proceeds will be transferred to Honeywell or a subsidiary of Honeywell substantially concurrently with the consummation of the Spin-Off.

We have historically relied upon Honeywell to fund our working capital requirements and other cash requirements. After the Distribution, we will not be able to rely on the earnings, assets or cash flow of Honeywell, and Honeywell will not provide funds to finance our working capital or other cash requirements. As a result, after the Distribution, we will be responsible for servicing our own debt and obtaining and maintaining sufficient

working capital and other funds to satisfy our cash requirements. After the Spin-Off, our access to and cost of debt financing will be different from the historical access to and cost of debt financing under Honeywell. Differences in access to and cost of debt financing may result in differences in the interest rate charged to us on financings, as well as the amount of indebtedness, types of financing structures and debt markets that may be available to us.

Our ability to make payments on and to refinance our indebtedness, including the debt incurred in connection with the Spin-Off, as well as any future debt that we may incur, will depend on our ability to generate cash in the future from operations, financings or asset sales. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

The terms of the new indebtedness we expect to incur concurrently in connection with the Distribution will restrict our current and future operations, particularly our ability to incur debt that we may need to fund initiatives in response to changes in our business, the industries in which we operate, the economy and governmental regulations.

We expect that the terms of the indebtedness we expect to incur in connection with the Distribution will include a number of restrictive covenants that impose significant operating and financial restrictions on us and our subsidiaries and limit our ability to engage in actions that may be in our long-term best interests. These may restrict our and our subsidiaries' ability to take some or all of the following actions:

- incur or guarantee additional indebtedness or sell disqualified or preferred stock;
- pay dividends on, make distributions in respect of, repurchase or redeem capital stock;
- make investments or acquisitions;
- sell, transfer or otherwise dispose of certain assets;
- create liens;
- enter into sale/leaseback transactions;
- enter into agreements restricting the ability to pay dividends or make other intercompany transfers;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our or our subsidiaries' assets;
- enter into transactions with affiliates;
- prepay, repurchase or redeem certain kinds of indebtedness;
- issue or sell stock of our subsidiaries; and/or
- significantly change the nature of our business.

Furthermore, the lenders of this indebtedness may require that we pledge our assets as collateral as security for our repayment obligations or that we abide by certain financial or operational covenants. Our ability to comply with such covenants and restrictions may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. A breach of any of these covenants, if applicable, could result in an event of default under the terms of this indebtedness. If an event of default occurred, the lenders would have the right to accelerate the repayment of such debt, and the event of default or acceleration could result in the acceleration of the repayment of any other debt to which a cross-default or cross-acceleration provision applies. We might not have, or be able to obtain, sufficient funds to make these accelerated payments, and lenders could then proceed against any collateral. Any subsequent replacement of the agreements governing such indebtedness or any new indebtedness could have similar or greater restrictions. The occurrence and ramifications of an event of default could adversely affect our business, financial condition and results of operations. Moreover, as a result of all of these restrictions, we may be limited in how we conduct our business and pursue our strategy, unable to raise additional debt financing to operate during general economic or business downturns or unable to compete effectively or to take advantage of new business opportunities.

The commercial and credit environment may adversely affect our access to capital.

Our ability to issue debt or enter into other financing arrangements on acceptable terms could be adversely affected if there is a material decline in the demand for our products or in the solvency of our customers or suppliers or if there are other significantly unfavorable changes in economic conditions. Volatility in the world financial markets could increase borrowing costs or affect our ability to access the capital markets. These conditions may adversely affect our ability to obtain targeted credit ratings prior to and following the Spin-Off.

Our customers, prospective customers, suppliers or other companies with whom we conduct business may need assurances that our financial stability on a stand-alone basis is sufficient to satisfy their requirements for doing or continuing to do business with them.

Some of our customers, prospective customers, suppliers or other companies with whom we conduct business may need assurances that SpinCo's financial stability on a stand-alone basis is sufficient to satisfy their requirements for doing or continuing to do business with them. Any failure of parties to be satisfied with our financial stability could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may have potential business conflicts of interest with Honeywell with respect to our past and ongoing relationships.

Conflicts of interest may arise between Honeywell and us in a number of areas relating to our past and ongoing relationships, including:

- labor, tax, employee benefit, indemnification and other matters arising from our separation from Honeywell;
- intellectual property matters;
- employee recruiting and retention; and
- business combinations involving our company.

We may not be able to resolve any potential conflicts, and, even if we do so, the resolution may be less favorable to us than if we were dealing with an unaffiliated party.

Following the Spin-Off, certain of our directors and employees may have actual or potential conflicts of interest because of their financial interests in Honeywell.

Because of their current or former positions with Honeywell, certain of our expected executive officers and directors own equity interests in Honeywell. Continuing ownership of Honeywell shares and equity awards could create, or appear to create, potential conflicts of interest if SpinCo and Honeywell face decisions that could have implications for both SpinCo and Honeywell.

The allocation of intellectual property rights between Honeywell and SpinCo as part of the Spin-Off, and the shared use of certain intellectual property rights following the Spin-Off, could adversely impact our reputation, our ability to enforce certain intellectual property rights that are important to us and our competitive position.

In connection with the Spin-Off, we are entering into agreements with Honeywell governing the allocation of intellectual property rights related to our business. See "Certain Relationships and Related Party Transactions—Agreements with Honeywell—Agreements Governing Intellectual Property." These agreements could adversely affect our position and options relating to intellectual property enforcement, licensing negotiations and monetization. We also may not have sufficient rights to grant sublicenses of intellectual property used in our business. These circumstances could adversely affect our ability to protect our competitive position in the industry.

Risks Relating to Our Common Stock and the Securities Market

No market for our common stock currently exists and an active trading market may not develop or be sustained after the Spin-Off. Following the Spin-Off our stock price may fluctuate significantly.

There is currently no public market for our common stock. Following the Spin-Off, we intend to list our common stock on a national securities exchange. We anticipate that before the Distribution Date, trading of shares of our common stock will begin on a "when-issued" basis and this trading will continue up to and including the Distribution Date. However, an active trading market for our common stock may not develop as a result of the Spin-Off or may not be sustained in the future. The lack of an active market may make it more difficult for stockholders to sell our shares and could lead to our share price being depressed or volatile.

We cannot predict the prices at which our common stock may trade after the Spin-Off or whether the combined market value of a share of our common stock and a share of Honeywell's common stock will be less than, equal to or greater than the market value of a share of Honeywell common stock prior to the Spin-Off. The market price of our common stock may fluctuate widely, depending on many factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in our results of operations due to factors related to our business;
- success or failure of our business strategies;
- competition and industry capacity;
- changes in interest rates and other factors that affect earnings and cash flow;
- our level of indebtedness, our ability to make payments on or service our indebtedness and our ability to obtain financing as needed;
- our ability to retain and recruit qualified personnel;
- our quarterly or annual earnings, or those of other companies in our industry;
- announcements by us or our competitors of significant acquisitions or dispositions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- the failure of securities analysts to cover, or positively cover, our common stock after the Spin-Off;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of other comparable companies;
- investor perception of our company and our industry;
- overall market fluctuations unrelated to our operating performance;
- results from any material litigation or government investigation;
- changes in laws and regulations (including tax laws and regulations) affecting our business;
- changes in capital gains taxes and taxes on dividends affecting stockholders; and
- general economic conditions and other external factors.

Furthermore, our business profile and market capitalization may not fit the investment objectives of some Honeywell stockholders and, as a result, these Honeywell stockholders may sell their shares of our common stock after the Distribution. See "—Substantial sales of our common stock may occur in connection with the Spin-Off, which could cause our stock price to decline." Low trading volume for our stock, which may occur if an active trading market does not develop, among other reasons, would amplify the effect of the above factors on our stock price volatility.

Should the market price of our shares drop significantly, stockholders may institute securities class action lawsuits against SpinCo. A lawsuit against us could cause us to incur substantial costs and could divert the time and attention of our management and other resources.

Substantial sales of our common stock may occur in connection with the Spin-Off, which could cause our stock price to decline.

Honeywell stockholders receiving shares of our common stock in the Distribution generally may sell those shares immediately in the public market. It is likely that some Honeywell stockholders, including some of its larger stockholders, will sell their shares of our common stock received in the Distribution if, for reasons such as our business profile or market capitalization as an independent company, we do not fit their investment objectives, or, in the case of index funds, we are not a participant in the index in which they are investing. The sales of significant amounts of our common stock or the perception in the market that such sales might occur may decrease the market price of our common stock.

We will evaluate whether to pay cash dividends on our common stock in the future, and the terms of our indebtedness will limit our ability to pay dividends on our common stock.

Once the Spin-Off is effective, we will be evaluating whether to pay cash dividends to our stockholders. The timing, declaration, amount and payment of future dividends to stockholders, if any, will fall within the discretion of our board of directors. The Board's decisions regarding the payment of dividends will depend on consideration of many factors, such as our financial condition, earnings, sufficiency of distributable reserves, opportunities to retain future earnings for use in the operation of our business and to fund future growth, capital requirements, debt service obligations, obligations under the Indemnification and Reimbursement Agreement, legal requirements, regulatory constraints and other factors that the Board deems relevant. Additionally, the terms of the indebtedness we intend to incur in connection with the Spin-Off and obligations under the Indemnification and Reimbursement Agreement each will limit our ability to pay cash dividends. For more information, see "Dividend Policy." There can be no assurance that we will pay a dividend in the future or continue to pay any dividend if we do commence paying dividends.

Your percentage ownership in SpinCo may be diluted in the future.

Your percentage ownership in SpinCo may be diluted in the future because of equity issuances for acquisitions, capital market transactions or otherwise, including equity awards that we will be granting to our directors, officers and other employees. We expect that up to shares of Company common stock will be issuable upon the future vesting of certain Honeywell equity awards held by our employees that will be convertible into SpinCo equity awards in connection with the Spin-Off. The conversion of these awards is described in further detail in the section entitled "Compensation Discussion and Analysis—Details on Program Elements and Related 2017 Compensation Decisions." In addition, prior to the Spin-Off, we expect our Board to adopt, and Honeywell, as our sole shareholder, to approve, the 2018 Stock Incentive Plan of SpinCo and its Affiliates (the "**Equity Plan**") for the benefit of certain of our current and future employees and other service providers. Our non-employee directors will be eligible to participate in the 2018 Stock Incentive Plan for Non-Employee Directors. Such awards will have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock. For more information, see "Compensation Discussion and Analysis — SpinCo's Anticipated Executive Compensation Programs — 2018 Stock Incentive Plan."

In addition, our Amended and Restated Certificate of Incorporation will authorize us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over our common stock with respect to dividends and distributions, as our board of directors may generally determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, we could grant the holders of preferred stock the right to elect some number of the members

of our board of directors in all events or upon the happening of specified events, or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences that we could assign to holders of preferred stock could affect the residual value of our common stock. See "Description of Our Capital Stock." We intend to issue debt securities in connection with the Spin-Off that will not be convertible into equity securities of SpinCo and therefore will not have a dilutive effect on SpinCo common stockholders' percentage ownership in SpinCo.

From time-to-time, SpinCo may opportunistically evaluate and pursue acquisition opportunities, including acquisitions for which the consideration thereof may consist partially or entirely of newly-issued shares of SpinCo common stock and, therefore, such transactions, if consummated, would dilute the voting power and/or reduce the value of our common stock.

The rights associated with SpinCo common stock will differ from the rights associated with Honeywell common stock.

Upon completion of the Distribution, the rights of Honeywell stockholders who become SpinCo stockholders will be governed by the Amended and Restated Certificate of Incorporation of SpinCo and by Delaware law. The rights associated with Honeywell shares are different from the rights associated with SpinCo shares. Material differences between the rights of stockholders of Honeywell and the rights of stockholders of SpinCo include differences with respect to, among other things, the removal of directors, the convening of annual meetings of stockholders and special stockholder meetings, stockholder approval of certain transactions, anti-takeover measures and provisions relating to the ability to amend the certificate of incorporation. See "Description of Our Capital Stock—Certain Provisions of Delaware Law, Our Amended and Restated Certificate of Incorporation and Amended and Restated By-Laws" for more information.

Certain provisions in our Amended and Restated Certificate of Incorporation and Amended and Restated By-Laws and Delaware law may discourage takeovers.

Several provisions of our Amended and Restated Certificate of Incorporation, Amended and Restated By-Laws and Delaware law may discourage, delay or prevent a merger or acquisition. These include, among others, provisions that:

- provide for staggered terms for directors on our Board for a period following the Spin-Off;
- do not permit our stockholders to act by written consent and require that stockholder action must take place at an annual or special meeting of our stockholders, in each case except as such rights may otherwise be provided to holders of preferred stock;
- establish advance notice requirements for stockholder nominations and proposals;
- limit the persons who may call special meetings of stockholders; and
- limit our ability to enter into business combination transactions.

These and other provisions of our Amended and Restated Certificate of Incorporation, Amended and Restated By-Laws and Delaware law may discourage, delay or prevent certain types of transactions involving an actual or a threatened acquisition or change in control of SpinCo, including unsolicited takeover attempts, even though the transaction may offer our stockholders the opportunity to sell their shares of our common stock at a price above the prevailing market price. See "Description of Our Capital Stock" for more information.

Our Amended and Restated Certificate of Incorporation will designate the courts of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our Amended and Restated Certificate of Incorporation will provide, in all cases to the fullest extent permitted by law, unless we consent in writing to the selection of an alternative forum, the Court of Chancery located within

the State of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of SpinCo, any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee or stockholder of SpinCo to SpinCo or SpinCo's stockholders, any action asserting a claim arising pursuant to the Delaware General Corporate Law ("**DGCL**") or as to which the DGCL confers jurisdiction on the Court of Chancery located in the State of Delaware or any action asserting a claim governed by the internal affairs doctrine or any other action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL. However, if the Court of Chancery within the State of Delaware does not have jurisdiction, the action may be brought in any other state or federal court located within the State of Delaware. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock will be deemed to have notice of and to have consented to these provisions. This provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits. Alternatively, if a court were to find this provision of our Amended and Restated Certificate of Incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions.

If we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired and investors' views of us could be harmed.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective internal control over financial reporting and disclosure controls and procedures. In particular, we must perform system and process evaluation and testing of our internal control over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act, with auditor attestation of the effectiveness of our internal controls, beginning with our second required annual report on Form 10-K. If we are not able to comply with the requirements of Section 404 in a timely manner, or if we or our independent registered public accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of shares of common stock could decline and we could be subject to sanctions or investigations by the U.S. Securities and Exchange Commission (the "**SEC**") or other regulatory authorities, which would require additional financial and management resources.

Our ability to successfully implement our business plan and comply with Section 404 requires us to be able to prepare timely and accurate financial statements. Any delay in the implementation of, or disruption in the transition to, new or enhanced systems, procedures or controls, may cause our operations to suffer, and we may be unable to conclude that our internal control over financial reporting is effective and to obtain an unqualified report on internal controls from our auditors as required under Section 404 of the Sarbanes-Oxley Act. Moreover, we cannot be certain that these measures would ensure that we implement and maintain adequate controls over our financial processes and reporting in the future. Even if we were to conclude, and our auditors were to concur, that our internal control over financial reporting provided reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, because of its inherent limitations, internal control over financial reporting might not prevent or detect fraud or misstatements. This, in turn, could have an adverse impact on trading prices for our shares of common stock, and could adversely affect our ability to access the capital markets. See "—Risks Relating to the Spin-Off—As we build our information technology infrastructure and transition our data to our own systems, we could incur substantial additional costs and experience temporary business interruptions, and our accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we will be subject following the Spin-Off."

There is a material weakness in internal control over financial reporting related to the estimation of our liability for unasserted Bendix-related asbestos claims which has resulted in a restatement of our previously issued financial statements.

Our financial statements are derived from the consolidated financial statements and accounting records of Honeywell. In the course of preparing for our Spin-Off from Honeywell, Honeywell reassessed its accounting for

unasserted Bendix-related asbestos claims to reflect the epidemiological projections through 2059 in its measurement of such liability. This matter also affected our financial statements. As a result of this error, the Company's Combined Financial Statements were restated as described in Note 1, and a material weakness in internal control over financial reporting was identified related to a deficiency of internal control for the estimation of probable and reasonably estimable liability for unasserted Bendix-related asbestos claims.

Specifically, after assessing the deficiency that allowed the error to occur, and after assessing the materiality of the error to the Company's Combined Financial Statements, it was determined that there were not effective controls in place to provide reasonable assurance that a material error would be prevented or detected related to the application of ASC 450 (Contingencies) in the estimation of such Bendix-related asbestos liability.

To address the material weakness in internal control over financial reporting described above, the Company will implement policies and procedures for the review, approval, and application of generally accepted accounting principles to, and disclosure with respect to, estimating the liability for unasserted Bendix-related asbestos claims. We will continue to complement the reassessed method of determining such liability (see Note 18 to our Combined Financial Statements) with appropriate analytical and review controls to ensure that the liability and related disclosures comply with generally accepted accounting principles.

If the remedial measures are insufficient to address the material weakness described above, then the Company's consolidated financial statements may contain material misstatements, and the Company could be required to further restate its financial results, which could have a material adverse effect on the Company's financial condition and results of operations.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Information Statement contains "forward-looking statements" that involve risks and uncertainties. These statements can be identified by the fact that they do not relate strictly to historical or current facts, but rather are based on current expectations, estimates, assumptions and projections about our industry and our business and financial results. Forward-looking statements often include words such as "anticipates," "estimates," "expects," "projects," "forecasts," "intends," "plans," "continues," "believes," "may," "will," "goals" and words and terms of similar substance in connection with discussions of future operating or financial performance. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Our actual results may vary materially from those expressed or implied in our forward-looking statements. Accordingly, undue reliance should not be placed on any forward-looking statement made by us or on our behalf. Although we believe that the forward-looking statements contained in this Information Statement are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in such forward-looking statements, including but not limited to:

- changes in prevailing global and regional economic conditions;
- changes in legislation or government regulations or policies;
- the failure to protect our intellectual property or allegations that we have infringed the intellectual property of others;
- potential material losses and costs as a result of warranty claims, including product recalls, and product liability actions that may be brought against us;
- the operational constraints and financial distress of third parties;
- work stoppages, other disruptions, or the need to relocate any of our facilities;
- the volume of turbochargers or other software or hardware produced by SpinCo we are able to sell;
- the prices we charge, and the margins we realize, from our sales of turbochargers or other software or hardware produced by SpinCo;
- the significant failure or inability to comply with the specifications and manufacturing requirements of our OEM customers or by increases or decreases to the inventory levels maintained by our customers;
- the demand for and price of turbochargers or other software or hardware produced by SpinCo, particularly in the markets we serve;
- economic, political, regulatory, foreign exchange and other risks of international operations;
- our substantial investment in foreign markets;
- the potential for adverse regulatory action as a result of our leading market position;
- our ability to borrow funds and access capital markets;
- the amount of our obligations pursuant to the Indemnification and Reimbursement Agreement;
- changes in the price and availability of raw materials that we use to produce our products;
- the failure to increase productivity through sustainable operational improvements;
- potential material environmental liabilities;
- potential material litigation matters;
- inability to recruit and retain qualified personnel;
- technical difficulties or failures;

- unforeseen U.S. federal income tax and foreign tax liabilities;
- U.S. federal income tax reform;
- the level of competition from other companies;
- changes in laws and regulations (or the interpretation thereof) or increased public scrutiny related to vehicle emissions and the environment;
- labor disputes;
- facility shutdowns in response to environmental regulatory actions;
- environmental hazards;
- fires, explosions, or other accidents;
- natural disasters or inclement or hazardous weather conditions, including but not limited to cold weather, flooding, tornadoes and the physical impacts of climate change;
- inability of our customers to take delivery;
- difficulty collecting receivables;
- inability to obtain necessary production equipment or replacement parts;
- the loss of or a significant reduction in purchases by our largest customers;
- inability to grow successfully through future acquisitions;
- inaccuracies in estimates of volumes of award business;
- failure to meet our minimum delivery requirements under our supply agreements;
- material nonpayment or nonperformance by any our key customers;
- development of either effective alternative turbochargers or new replacement technologies;
- our inability to maintain third-party licenses and other intellectual property agreements; and
- certain factors discussed elsewhere in this Information Statement.

These and other factors are more fully discussed in the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections and elsewhere in this Information Statement. These risks could cause actual results to differ materially from those implied by forward-looking statements in this Information Statement. Even if our results of operations, financial condition and liquidity and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Information Statement, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements made by us in this Information Statement speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise.

THE SPIN-OFF

Background

On October 10, 2017, Honeywell announced plans for the complete legal and structural separation of the Business from Honeywell. To effect the separation, Honeywell is undertaking the Reorganization Transactions described under "Certain Relationships and Related Party Transactions—Agreements with Honeywell—Separation and Distribution Agreement."

Following the Reorganization Transactions, Honeywell will distribute all of its equity interest in us, consisting of all of the outstanding shares of our common stock, to holders of Honeywell's common stock on a *pro rata* basis. Following the Spin-Off, Honeywell will not own any equity interest in us, and we will operate independently from Honeywell. No approval of Honeywell's stockholders is required in connection with the Spin-Off, and Honeywell's stockholders will not have any appraisal rights in connection with the Spin-Off.

Completion of the Spin-Off is subject to the satisfaction, or the Honeywell Board's waiver, to the extent permitted by law, of a number of conditions. In addition, Honeywell may at any time until the Distribution decide to abandon the Distribution or modify or change the terms of the Distribution. For a more detailed discussion, see "—Conditions to the Spin-Off."

Reasons for the Spin-Off

In 2017, the Honeywell Board authorized a review of Honeywell's business portfolio and capital allocation options, with the goal of enhancing stockholder value. Due to differences in operational and strategic focus between Honeywell and our Business and because the automotive industry generally is subject to economic cycles, customer dynamics and macroeconomic trends that impact our Business differently from their impact on Honeywell's remaining businesses, Honeywell considered a variety of alternatives for separating the Business from Honeywell. As part of its review process, Honeywell evaluated a range of potential structural alternatives in addition to the Spin-Off, including potential opportunities for dispositions and other separation transactions.

As part of this evaluation, Honeywell considered a number of factors, including strategic clarity and flexibility for Honeywell and SpinCo after the Spin-Off, the ability of SpinCo to compete and operate more efficiently and effectively (including SpinCo's improved ability to retain and attract management talent) after the Spin-Off, the financial profile of SpinCo, SpinCo's ability to optimize merger, acquisition and other capital allocation strategies for its focus areas, the expected tax impact of each structural alternative, and the potential reaction of investors. After evaluating each of these considerations, the Honeywell Board concluded that the other alternatives considered, including a sale of the SpinCo business, did not present the same advantages as a Spin-Off, that the separation of SpinCo from the remainder of Honeywell as a stand-alone, public company is the most attractive alternative for enhancing stockholder value and that proceeding with the Spin-Off would be in the best interests of Honeywell and its stockholders.

In particular, Honeywell considered the following potential benefits of this approach:

- ***Enhanced Strategic and Operational Focus.*** Following the Spin-Off, Honeywell and SpinCo will each have a more focused business and be better able to dedicate financial, management and other resources to leverage their respective areas of strength and differentiation. Each company will pursue appropriate growth opportunities and execute strategic plans best suited to address the distinct market trends and opportunities for its business. Given that SpinCo is the only Honeywell business primarily focused on the automotive industry, SpinCo will be better positioned as an independent company to properly channel and fund investments to capitalize on long-term industry needs. SpinCo plans to focus on industry leadership in attractive products and invest selectively in growth areas and continued operational excellence. We believe that SpinCo's separation from Honeywell will allow Honeywell to focus on a simplified portfolio (with fewer end markets following the Spin-Off) that offers multiple platforms for both organic and inorganic growth and margin expansion through further deployment of the Honeywell Operating System.

- ***Simplified Organizational Structure and Resources.*** The Spin-Off will allow the management of each of Honeywell and SpinCo to devote their time and attention to the development and implementation of corporate strategies and policies that are based primarily on the specific business characteristics of their respective companies. Each company will be able to adapt faster to clients' changing needs, address specific market dynamics, target innovation and investments in select growth areas and accelerate decision-making processes.
- ***Distinct and Clear Financial Profiles and Compelling Investment Cases.*** Investment in one company or the other may appeal to investors with different goals, interests and concerns. The Spin-Off will allow investors to make independent investment decisions with respect to Honeywell and SpinCo and may result in greater alignment between the interests of SpinCo's stockholder base and the characteristics of SpinCo's business, capital structure and financial results.
- ***Performance Incentives.*** We believe that the Spin-Off will enable SpinCo to create incentives for its management and employees that are more closely tied to its business performance and stockholder expectations. SpinCo's equity-based compensation arrangements will more closely align the interests of SpinCo's management and employees with the interests of its stockholders and should increase SpinCo's ability to attract and retain personnel.
- ***Capital Structure.*** The Spin-Off will enable each of Honeywell and SpinCo to leverage its distinct growth profile and cash flow characteristics to optimize its capital structure and capital allocation strategy.

In determining whether to effect the Spin-Off, Honeywell considered the costs and risks associated with the transaction, including the costs associated with preparing SpinCo to become an independent, publicly traded company, the risk of volatility in our stock price immediately following the Spin-Off due to sales by Honeywell's stockholders whose investment objectives may not be met by our common stock, the time it may take for us to attract our optimal stockholder base, the possibility of disruptions in our business as a result of the Spin-Off, the risk that the combined trading prices of our common stock and Honeywell's common stock after the Spin-Off may drop below the trading price of Honeywell's common stock before the Spin-Off and the loss of synergies and scale from operating as one company. Notwithstanding these costs and risks, taking into account the factors discussed above, Honeywell determined that the Spin-Off provided the best opportunity to achieve the above benefits and enhance stockholder value. Except with respect to taxes, which will be addressed by the Tax Matters Agreement, Honeywell will pay substantially all of the third-party fees, costs and expenses associated with the Spin-Off incurred before and in connection with the consummation of the Spin-Off, and each of Honeywell and the Company generally will bear its own third-party fees, costs and expenses associated with the Spin-Off incurred after the consummation of the Spin-Off.

Also as a result of this evaluation, Honeywell determined that proceeding with the Homes Spin-Off would be in the best interests of Honeywell and its stockholders. The Homes Spin-Off is being undertaken independently from the Spin-Off of our Company and you should receive a separate Information Statement with respect to the Homes Spin-Off. The Homes Spin-Off is separate from the Spin-Off of our Company and neither spin-off is conditioned upon completion of the other.

When and How You Will Receive SpinCo Shares

Honeywell will distribute to its stockholders, as a *pro rata* dividend,   shares of our common stock for every share of Honeywell common stock outstanding as of   , 2018, the Record Date of the Distribution.

Prior to the Distribution, Honeywell will deliver all of the issued and outstanding shares of our common stock to the distribution agent. Equiniti Trust Company will serve as distribution agent in connection with the Distribution and as transfer agent and registrar for our common stock.

If you own Honeywell common stock as of the close of business on , 2018, the shares of our common stock that you are entitled to receive in the Distribution will be issued to your account as follows:

- ***Registered stockholders.*** If you own your shares of Honeywell common stock directly through Honeywell's transfer agent, you are a registered stockholder. In this case, the distribution agent will credit the whole shares of our common stock you receive in the Distribution by way of direct registration in book-entry form to a new account with our transfer agent. Registration in book-entry form refers to a method of recording share ownership where no physical stock certificates are issued to stockholders, as is the case in the Distribution. You will be able to access information regarding your book-entry account for SpinCo shares at or by calling Equiniti Trust Company.

Commencing on or shortly after the Distribution Date, the distribution agent will mail to you an account statement that indicates the number of whole shares of our common stock that have been registered in book-entry form in your name. We expect it will take the distribution agent up to two weeks after the Distribution Date to complete the distribution of the shares of our common stock and mail statements of holding to all registered stockholders.

- ***"Street name" or beneficial stockholders.*** If you own your shares of Honeywell common stock beneficially through a bank, broker or other nominee, the bank, broker or other nominee holds the shares in "street name" and records your ownership on its books. In this case, your bank, broker or other nominee will credit your account with the whole shares of our common stock that you receive in the Distribution on or shortly after the Distribution Date. We encourage you to contact your bank, broker or other nominee if you have any questions concerning the mechanics of having shares held in "street name."

If you sell any of your shares of Honeywell common stock on or before the Distribution Date, the buyer of those shares may in some circumstances be entitled to receive the shares of our common stock to be distributed in respect of the Honeywell shares you sold. See "—Trading Prior to the Distribution Date" for more information.

We are not asking Honeywell stockholders to take any action in connection with the Spin-Off. We are not asking you for a proxy and request that you not send us a proxy. We are also not asking you to make any payment or surrender or exchange any of your shares of Honeywell common stock for shares of our common stock. The number of outstanding shares of Honeywell common stock will not change as a result of the Spin-Off.

Treatment of Fractional Shares

The distribution agent will not distribute any fractional shares of our common stock in connection with the Spin-Off. Instead, the distribution agent will aggregate all fractional shares into whole shares and sell the whole shares in the open market at prevailing market prices on behalf of Honeywell stockholders entitled to receive a fractional share. The distribution agent will then distribute the aggregate cash proceeds of the sales, net of brokerage fees, transfer taxes and other costs, *pro rata* to these holders (net of any required withholding for taxes applicable to each holder). We anticipate that the distribution agent will make these sales in the "when-issued" market, and "when-issued" trades will generally settle within two trading days following the Distribution Date. See "—Trading Prior to the Distribution Date" for additional information regarding "when-issued" trading. The distribution agent will, in its sole discretion, without any influence by Honeywell or us, determine when, how, through which broker-dealer and at what price to sell the whole shares. The distribution agent is not, and any broker-dealer used by the distribution agent will not be, an affiliate of either Honeywell or us.

The distribution agent will send to each registered holder of Honeywell common stock entitled to a fractional share a check in the cash amount deliverable in lieu of that holder's fractional share as soon as practicable following the Distribution Date. We expect the distribution agent to take about two weeks after the Distribution Date to complete the distribution of cash in lieu of fractional shares to Honeywell stockholders. If

you hold your shares through a bank, broker or other nominee, your bank, broker or nominee will receive, on your behalf, your *pro rata* share of the aggregate net cash proceeds of the sales. No interest will be paid on any cash you receive in lieu of a fractional share. The cash you receive in lieu of a fractional share will generally be taxable to you for U.S. federal income tax purposes. See "—Material U.S. Federal Income Tax Consequences of the Spin-Off" below for more information.

Material U.S. Federal Income Tax Consequences of the Spin-Off

Consequences to U.S. Holders of Honeywell common stock

The following is a summary of the material U.S. federal income tax consequences to holders of Honeywell common stock in connection with the Distribution. This summary is based on the Code, the Treasury Regulations promulgated under the Code and judicial and administrative interpretations of those laws, in each case as in effect and available as of the date of this Information Statement and all of which are subject to change at any time, possibly with retroactive effect. Any such change could affect the tax consequences described below.

This summary is limited to holders of Honeywell common stock that are U.S. Holders, as defined immediately below, that hold their Honeywell common stock as a capital asset. A "U.S. Holder" is a beneficial owner of Honeywell common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (1) a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (2) in the case of a trust that was treated as a domestic trust under law in effect before 1997, a valid election is in place under applicable Treasury Regulations.

This summary does not discuss all tax considerations that may be relevant to stockholders in light of their particular circumstances, nor does it address the consequences to stockholders subject to special treatment under the U.S. federal income tax laws, such as:

- dealers or traders in securities or currencies;
- tax-exempt entities;
- banks, financial institutions or insurance companies;
- real estate investment trusts, regulated investment companies or grantor trusts;
- persons who acquired Honeywell common stock pursuant to the exercise of employee stock options or otherwise as compensation;
- stockholders who own, or are deemed to own, 10% or more, by voting power or value, of Honeywell equity;
- stockholders owning Honeywell common stock as part of a position in a straddle or as part of a hedging, conversion or other risk reduction transaction for U.S. federal income tax purposes;
- certain former citizens or long-term residents of the United States;
- stockholders who are subject to the alternative minimum tax;
- persons who are subject to special accounting rules under Section 451(b) of the Code;
- persons who own Honeywell common stock through partnerships or other pass-through entities; or
- persons who hold Honeywell common stock through a tax-qualified retirement plan.

This summary does not address any U.S. state or local or foreign tax consequences or any estate, gift or other non-income tax consequences.

If a partnership, or any other entity treated as a partnership for U.S. federal income tax purposes, holds Honeywell common stock, the tax treatment of a partner in that partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership is urged to consult its own tax advisor as to its tax consequences.

YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, STATE AND LOCAL AND FOREIGN TAX CONSEQUENCES OF THE DISTRIBUTION.

General

Completion of the Spin-Off is conditioned upon Honeywell's receipt of a written opinion from each of Paul, Weiss, Rifkind, Wharton & Garrison LLP, counsel to Honeywell, and Ernst & Young LLP to the effect that the Distribution will qualify for nonrecognition of gain or loss under Section 355 and related provisions of the Code. Each opinion will be based on the assumption that, among other things, the representations made, and information submitted, in connection with it are accurate. If the Distribution qualifies for this treatment and subject to the qualifications and limitations set forth herein (including the discussion below relating to the receipt of cash in lieu of fractional shares), for U.S. federal income tax purposes:

- no gain or loss will be recognized by, or be includible in the income of, a U.S. Holder as a result of the Distribution, except with respect to any cash received in lieu of fractional shares;
- the aggregate tax basis of the Honeywell common stock and our common stock held by each U.S. Holder immediately after the Distribution will be the same as the aggregate tax basis of the Honeywell common stock held by the U.S. Holder immediately before the Distribution, allocated between the Honeywell common stock and our common stock in proportion to their relative fair market values on the date of the Distribution (subject to reduction upon the deemed sale of any fractional shares, as described below); and
- the holding period of our common stock received by each U.S. Holder will include the holding period of their Honeywell common stock, provided that such Honeywell common stock is held as a capital asset on the date of the Distribution.

U.S. Holders that have acquired different blocks of Honeywell common stock at different times or at different prices are urged to consult their tax advisors regarding the allocation of their aggregate adjusted tax basis among, and the holding period of, shares of our common stock distributed with respect to such blocks of Honeywell common stock.

The opinion of counsel and opinion of Ernst & Young LLP will not address any U.S. state or local or foreign tax consequences of the Spin-Off. The opinion will assume that the Spin-Off will be completed according to the terms of the Separation and Distribution Agreement and will rely on the facts as stated in the Separation and Distribution Agreement, the Tax Matters Agreement, the other ancillary agreements, this Information Statement and a number of other documents. In addition, the opinion will be based on certain representations as to factual matters from, and certain covenants by, Honeywell and us. The opinion cannot be relied on if any of the assumptions, representations or covenants is incorrect, incomplete or inaccurate or are violated in any material respect.

The opinion of counsel and opinion of Ernst & Young LLP will not be binding on the IRS or the courts, and there can be no assurance that the IRS or a court will not take a contrary position. If the conclusions expressed in the opinion are challenged by the IRS, and if the IRS prevails in such challenge, the tax consequences of the Spin-Off could be materially less favorable. Honeywell has not requested, and does not intend to request, a ruling from the IRS regarding the U.S. federal income tax consequences of the Spin-Off.

If the Distribution were determined not to qualify for non-recognition of gain or loss, the above consequences would not apply and each U.S. Holder who receives our common stock in the Distribution would generally be treated as receiving a distribution in an amount equal to the fair market value of our common stock received, which would generally result in:

- a taxable dividend to the U.S. Holder to the extent of that U.S. Holder’s pro rata share of Honeywell’s current or accumulated earnings and profits;
- a reduction in the U.S. Holder’s basis (but not below zero) in Honeywell common stock to the extent the amount received exceeds the stockholder’s share of Honeywell’s earnings and profits; and
- a taxable gain from the exchange of Honeywell common stock to the extent the amount received exceeds the sum of the U.S. Holder’s share of Honeywell’s earnings and profits and the U.S. Holder’s basis in its Honeywell common stock.

Cash in Lieu of Fractional Shares

If a U.S. Holder receives cash in lieu of a fractional share of common stock as part of the Distribution, the U.S. Holder will be treated as though it first received a distribution of the fractional share in the Distribution and then sold it for the amount of cash actually received. Provided the fractional share is considered to be held as a capital asset on the date of the Distribution, the U.S. Holder will generally recognize capital gain or loss measured by the difference between the cash received for such fractional share and the U.S. Holder’s tax basis in that fractional share, as determined above. Such capital gain or loss will be long-term capital gain or loss if the U.S. Holder’s holding period for the Honeywell common stock is more than one year on the date of the Distribution.

Payments of cash in lieu of a fractional share of our common stock may, under certain circumstances, be subject to “backup withholding,” unless a U.S. Holder provides proof of an applicable exemption or a correct taxpayer identification number, and otherwise complies with the requirements of the backup withholding rules. Corporations will generally be exempt from backup withholding, but may be required to provide a certification to establish their entitlement to the exemption. Backup withholding is not an additional tax, and it may be refunded or credited against a U.S. Holder’s U.S. federal income tax liability if the required information is timely supplied to the IRS.

Information Reporting

Treasury Regulations require each Honeywell stockholder that, immediately before the Distribution, owned 5% or more (by vote or value) of the total outstanding stock of Honeywell to attach to such stockholder’s U.S. federal income tax return for the year in which the Distribution occurs a statement setting forth certain information related to the Distribution.

Consequences to Honeywell

The following is a summary of the material U.S. federal income tax consequences to Honeywell in connection with the Spin-Off that may be relevant to holders of Honeywell common stock.

As discussed above, completion of the Spin-Off is conditioned upon Honeywell’s receipt of separate a written opinion from each of Paul, Weiss, Rifkind, Wharton & Garrison LLP, counsel to Honeywell, and Ernst & Young LLP to the effect that the Distribution will qualify for nonrecognition of gain or loss under Section 355 and related provisions of the Code. If the Distribution qualifies for nonrecognition of gain or loss under Section 355 and related provisions of the Code, no gain or loss will be recognized by Honeywell as a result of the Distribution (other than income or gain arising from any imputed income or other adjustment to Honeywell, us or our respective subsidiaries if and to the extent that the Separation and Distribution Agreement or any ancillary

agreement is determined to have terms that are not at arm's length). The opinion of counsel is subject to the qualifications and limitations as are set forth above under "—Consequences to U.S. Holders of Honeywell common stock."

If the Distribution were determined not to qualify for non-recognition of gain or loss under Section 355 and related provisions of the Code, then Honeywell would recognize gain equal to the excess of the fair market value of our common stock distributed to Honeywell stockholders over Honeywell's tax basis in our common stock.

Indemnification Obligation

If, as a result of any of our representations being untrue or our covenants being breached, the Spin-Off were determined not to qualify for non-recognition of gain or loss under Section 355 and related provisions of the Code, we could be required to indemnify Honeywell for the resulting taxes and related expenses. In addition, if we or our stockholders were to engage in transactions that resulted in a 50% or greater change by vote or value in the ownership of our stock during the four-year period beginning on the date that begins two years before the date of the Distribution, the Spin-Off would generally be taxable to Honeywell, but not to stockholders, under Section 355(e), unless it were established that such transactions and the Spin-Off were not part of a plan or series of related transactions. If the Spin-Off were taxable to Honeywell due to such a 50% or greater change in ownership of our stock, Honeywell would recognize gain equal to the excess of the fair market value of our common stock distributed to Honeywell stockholders over Honeywell's tax basis in our common stock and we generally would be required to indemnify Honeywell for the tax on such gain and related expenses.

Results of the Spin-Off

After the Spin-Off, we will be an independent, publicly traded company. Immediately following the Spin-Off, we expect to have approximately shares of our common stock outstanding, based on the number of Honeywell stockholders and shares of Honeywell common stock outstanding on , 2018. The actual number of shares of our common stock Honeywell will distribute in the Spin-Off will depend on the actual number of shares of Honeywell common stock outstanding on the Record Date, which will reflect any issuance of new shares or exercises of outstanding options pursuant to Honeywell's equity plans, and any repurchase of Honeywell shares by Honeywell under its common stock repurchase program, on or prior to the Record Date. Shares of Honeywell common stock held by Honeywell as treasury shares will not be considered outstanding for purposes of, and will not be entitled to participate in, the Distribution. The Spin-Off will not affect the number of outstanding shares of Honeywell common stock or any rights of Honeywell stockholders. However, following the Distribution, the equity value of Honeywell will no longer reflect the value of the Business. There can be no assurance that the combined trading prices of the Honeywell common stock and our common stock will equal or exceed what the trading price of Honeywell common stock would have been in absence of the Spin-Off.

Before our separation from Honeywell, we intend to enter into a Separation and Distribution Agreement and several other agreements with Honeywell related to the Spin-Off. These agreements will govern the relationship between us and Honeywell up to and after completion of the Spin-Off and allocate between us and Honeywell various assets, liabilities, rights and obligations, including employee benefits, environmental, intellectual property and tax-related assets and liabilities. We describe these arrangements in greater detail under "Certain Relationships And Related Party Transactions—Agreements with Honeywell."

Listing and Trading of Our Common Stock

As of the date of this Information Statement, we are a wholly owned subsidiary of Honeywell. Accordingly, no public market for our common stock currently exists, although a "when-issued" market in our common stock may develop prior to the Distribution. See "—Trading Prior to the Distribution Date" below for an explanation of a "when-issued" market. We intend to apply to list our shares of common stock on the New York Stock Exchange under the symbol "GTX." Following the Spin-Off, Honeywell common stock will continue to trade on the New York Stock Exchange under the symbol "HON."

Neither we nor Honeywell can assure you as to the trading price of Honeywell common stock or our common stock after the Spin-Off, or as to whether the combined trading prices of our common stock and the Honeywell common stock after the Spin-Off will equal or exceed the trading prices of Honeywell common stock prior to the Spin-Off. The trading price of our common stock may fluctuate significantly following the Spin-Off.

The shares of our common stock distributed to Honeywell stockholders will be freely transferable, except for shares received by individuals who are our affiliates. Individuals who may be considered our affiliates after the Spin-Off include individuals who control, are controlled by or are under common control with us, as those terms generally are interpreted for federal securities law purposes. These individuals may include some or all of our directors and executive officers. Individuals who are our affiliates will be permitted to sell their shares of our common stock only pursuant to an effective registration statement under the Securities Act of 1933, or the "Securities Act," or an exemption from the registration requirements of the Securities Act, such as those afforded by Section 4(a)(1) of the Securities Act or Rule 144 thereunder.

Trading Prior to the Distribution Date

We expect a "when-issued" market in our common stock to develop as early as one trading day prior to the Record Date for the Distribution and continue up to and including the Distribution Date. "When-issued" trading refers to a sale or purchase made conditionally on or before the Distribution Date because the securities of the spun-off entity have not yet been distributed. If you own shares of Honeywell common stock at the close of business on the Record Date, you will be entitled to receive shares of our common stock in the Distribution. You may trade this entitlement to receive shares of our common stock, without the shares of Honeywell common stock you own, on the "when-issued" market. We expect "when-issued" trades of our common stock to settle within two trading days after the Distribution Date. On the first trading day following the Distribution Date, we expect that "when-issued" trading of our common stock will end and "regular-way" trading will begin.

We also anticipate that, as early as one trading day prior to the Record Date and continuing up to and including the Distribution Date, there will be two markets in Honeywell common stock: a "regular-way" market and an "ex-distribution" market. Shares of Honeywell common stock that trade on the regular-way market will trade with an entitlement to receive shares of our common stock in the Distribution. Shares that trade on the ex-distribution market will trade without an entitlement to receive shares of our common stock in the Distribution. Therefore, if you sell shares of Honeywell common stock in the regular-way market up to and including the Distribution Date, you will be selling your right to receive shares of our common stock in the Distribution. However, if you own shares of Honeywell common stock at the close of business on the Record Date and sell those shares on the ex-distribution market up to and including the Distribution Date, you will still receive the shares of our common stock that you would otherwise be entitled to receive in the Distribution.

If "when-issued" trading occurs, the listing for our common stock is expected to be under a trading symbol different from our regular-way trading symbol. We will announce our "when-issued" trading symbol when and if it becomes available. If the Spin-Off does not occur, all "when-issued" trading will be null and void.

Conditions to the Spin-Off

We expect that the Spin-Off will be effective on the Distribution Date, provided that the following conditions shall have been satisfied or waived by Honeywell, including the following conditions:

- the Honeywell Board shall have approved the Reorganization Transactions and Distribution and not withdrawn such approval, and shall have declared the dividend of our common stock to Honeywell stockholders;
- the ancillary agreements contemplated by the Separation and Distribution Agreement shall have been executed by each party to those agreements;

- the SEC shall have declared effective our Registration Statement on Form 10, of which this Information Statement is a part, under the Exchange Act, and no stop order suspending the effectiveness of the Registration Statement shall be in effect and no proceedings for that purpose shall be pending before or threatened by the SEC;
- our common stock shall have been accepted for listing on a national securities exchange approved by Honeywell, subject to official notice of issuance;
- Honeywell shall have received the written opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP, which shall remain in full force and effect, regarding the intended treatment of the Distribution under the Code;
- Honeywell shall have received the written opinion of Ernst & Young LLP, which shall remain in full force and effect, regarding the intended treatment of the Distribution under the Code;
- the Reorganization Transactions shall have been completed (other than those steps that are expressly contemplated to occur at or after the Distribution);
- no order, injunction or decree issued by any governmental authority of competent jurisdiction or other legal restraint or prohibition preventing consummation of the Distribution shall be in effect, and no other event outside the control of Honeywell shall have occurred or failed to occur that prevents the consummation of the Distribution;
- no other events or developments shall have occurred prior to the Distribution that, in the judgment of the Honeywell Board, would result in the Distribution having a material adverse effect on Honeywell or its stockholders;
- prior to the Distribution Date, notice of Internet availability of this Information Statement or this Information Statement shall have been mailed to the holders of Honeywell common stock as of the Record Date; and
- certain other conditions set forth in the Separation and Distribution Agreement.

Any of the above conditions may be waived by the Honeywell Board to the extent such waiver is permitted by law. If the Honeywell Board waives any condition prior to the effectiveness of the Registration Statement on Form 10, of which this Information Statement Forms a part, and the result of such waiver is material to Honeywell stockholders, we will file an amendment to the Registration Statement on Form 10, of which this Information Statement forms a part, to revise the disclosure in the Information Statement accordingly. In the event that Honeywell waives a condition after this Information Statement becomes effective and such waiver is material, we would communicate such change to Honeywell's stockholders by filing a Form 8-K describing the change.

The fulfillment of the above conditions will not create any obligation on Honeywell's part to complete the Spin-Off. We are not aware of any material federal, foreign or state regulatory requirements with which we must comply, other than SEC rules and regulations, or any material approvals that we must obtain, other than the approval for listing of our common stock and the SEC's declaration of the effectiveness of the Registration Statement, in connection with the Distribution. Honeywell may at any time until the Distribution decide to abandon the Distribution or modify or change the terms of the Distribution.

Reasons for Furnishing this Information Statement

We are furnishing this Information Statement solely to provide information to Honeywell's stockholders who will receive shares of our common stock in the Distribution. You should not construe this Information Statement as an inducement or encouragement to buy, hold or sell any of our securities or any securities of Honeywell. We believe that the information contained in this Information Statement is accurate as of the date set forth on the cover. Changes to the information contained in this Information Statement may occur after that date, and neither we nor Honeywell undertakes any obligation to update the information except in the normal course of our and Honeywell's public disclosure obligations and practices.

DIVIDEND POLICY

Once the Spin-Off is effective, we will be evaluating whether to pay cash dividends to our stockholders. The timing, declaration, amount and payment of future dividends to stockholders, if any, will fall within the discretion of our Board. Among the items we will consider when establishing a dividend policy will be the capital needs of our business and opportunities to retain future earnings for use in the operation of our business and to fund future growth. Additionally, the terms of the indebtedness we intend to incur in connection with the Spin-Off and obligations under the Indemnification and Reimbursement Agreement each will limit our ability to pay cash dividends. There can be no assurance that we will pay a dividend in the future or continue to pay any dividend if we do commence the payment of dividends.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2018, on a historical basis and on an as adjusted basis to give effect to the Spin-Off and the transactions related to the Spin-Off, as if they occurred on June 30, 2018. You should review the following table in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” our historical Combined Financial Statements and the accompanying notes thereto and our unaudited pro forma financial statements and the accompanying notes thereto included elsewhere in this Information Statement. For information on how each adjustment in the following table was computed, including a discussion of significant assumptions and estimates used to arrive at such adjustments, refer to the indicated note in the notes accompanying our pro forma combined financial statements. See “Unaudited Pro Forma Combined Financial Statements.”

	As of June 30, 2018		
	Historical as Reported	Notes	As Adjusted
		(Dollars in millions)	
Cash and cash equivalents	$ 252	(a,b,e)	$ 90
Capitalization			
Indebtedness:			
Long-term debt	$ —	(b)	$ 1,554
Total indebtedness	—		$ 1,554
Equity:			
Invested deficit	$ (1,817)	(a,c,e,f,g)	$ —
Common Stock, par value $0.001	—	(g)	
Additional paid in capital	—	(g)	(2,851)
Accumulated other comprehensive income	9	(d)	25
Total deficit	(1,808)		(2,826)
Total capitalization	$ (1,808)		$ (1,272)

SELECTED HISTORICAL COMBINED FINANCIAL DATA

The following tables present certain selected historical combined financial information as of and for each of the years in the five-year period ended December 31, 2017 and as of June 30, 2018 and for the three months ended June 30, 2018 and 2017 and six months ended June 30, 2018 and 2017. The selected historical combined financial data as of December 31, 2017 and 2016, and for the years ended December 31, 2017, 2016 and 2015 are derived from historical audited Combined Financial Statements and was revised for the effects of the restatement described in this Information Statement. The selected historical combined financial data as of December 31, 2015, 2014 and 2013 and for the years ended December 31, 2014 and 2013 are derived from our unaudited combined financial information that is not included in this Information Statement and was revised for the effects of the restatement described in this Information Statement. The selected historical combined financial data as of June 30, 2018 and for the three months ended June 30, 2018 and 2017 and six months ended June 30, 2018 and 2017 are derived from our unaudited Combined Financial Statements included elsewhere in this Information Statement. The unaudited Combined Financial Statements have been prepared on the same basis as the audited Combined Financial Statements and, in the opinion of our management, include all adjustments, consisting of only ordinary recurring adjustments, necessary for a fair statement of the information set forth in this Information Statement.

The selected historical combined financial data presented below should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our historical Combined Financial Statements and the accompanying Notes thereto included elsewhere in this Information Statement. For each of the periods presented, our business was wholly owned by Honeywell. The financial information included herein may not necessarily reflect our financial position, results of operations and cash flows in the future or what our financial position, results of operations and cash flows would have been had we been an independent, publicly traded company during the periods presented. In addition, our historical combined financial information does not reflect changes that we expect to experience in the future as a result of our separation from Honeywell, including changes in the financing, operations, cost structure and personnel needs of our business. Further, the historical combined financial information includes allocations of certain Honeywell corporate expenses, as described in Note 3 Related Party Transactions with Honeywell to the historical Combined Financial Statements. We believe the assumptions and methodologies underlying the allocation of these expenses are reasonable. However, such expenses may not be indicative of the actual level of expense that we would have incurred if we had operated as an independent, publicly traded company or of the costs expected to be incurred in the future.

	Three Months Ended June 30,		Six Months Ended June 30,		Year Ended December 31,				
	2018	2017	2018	2017	2017 (restated)(1)	2016 (restated)(1)	2015 (restated)(1)	2014 (restated)(1)	2013 (restated)(1)
	(Dollars in millions)								
Selected Statement of Operations Information:									
Net Sales	$ 877	$ 775	$1,792	$1,547	$ 3,096	$ 2,997	$ 2,908(2)	$ 3,345	$ 3,266
Net income (loss)	$ 150	$ 105	$ 208	$ 180	$ (983)(3)	$ 199	$ 254	$ 235	$ 145
EBITDA (Non-GAAP)(4)	$ 123	$ 114	$ 253	$ 214	$ 424	$ 300	$ 424		
Adjusted EBITDA (Non-GAAP)(4)	$ 167	$ 162	$ 344	$ 317	$ 590	$ 544	$ 614		

	As of June 30, 2018	As of December 31,				
		2017 (restated)(1)	2016 (restated)(1)	2015 (restated)(1)	2014 (restated)(1)	2013 (restated)(1)
	(Dollars in millions)					
Selected Balance Sheet Information:						
Total assets	$ 2,248	$ 2,997	$ 2,661	$ 2,444	$ 3,428	$ 3,130
Long-term debt	$ —	$ —	$ —	$ 116	$ 129	$ 147
Total liabilities	$ 4,056	$ 5,192	$ 3,882	$ 3,803	$ 4,432	$ 4,441
Total deficit	$(1,808)	$ (2,195)	$ (1,221)	$ (1,359)	$ (1,004)	$ (1,311)

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

(2) The decline in Net sales from the year ended December 31, 2014 to the year ended December 31, 2015 is largely attributable to a decrease in the EUR/USD exchange rate from 1.31 to 1.11.

(3) 2017 Net Income attributable to us was impacted by the Tax Act (as defined below) in the amount of $1,334 million; see Income Taxes of the Notes to Combined Financial Statements for further details.

(4) See below "—Net Income, EBITDA and Adjusted EBITDA."

Net Income, EBITDA and Adjusted EBITDA(1)

It is management's intent to provide non-GAAP financial information to enhance the understanding of our GAAP financial information, and it should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Each non-GAAP financial measure is presented along with the corresponding GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure. The non-GAAP financial information presented may be determined or calculated differently by other companies.

	Three Months Ended June 30,		Six Months Ended June 30,		Year Ended December 31,		
	2018	2017	2018	2017	2017 (restated)(2)	2016 (restated)(2)	2015 (restated](2)
	(Dollars in millions)						
Net income (loss) – GAAP	**$ 150**	**$ 105**	**$ 208**	**$ 180**	**$ (983)**	**$ 199**	**$ 254**
Net interest (income) expense	(2)	(1)	(3)	(4)	(6)	(9)	(8)
Tax expense	(43)	(5)	12	8	1,349	51	114
Depreciation	18	15	36	30	64	59	64
EBITDA (Non-GAAP)	**$ 123**	**$ 114**	**$ 253**	**$ 214**	**$ 424**	**$ 300**	**$ 424**
Other operating expenses, net (which primarily consists of asbestos and environmental expenses)(3)	39	44	81	86	130	183	167
Non-operating (income) expense(4)	—	—	(4)	—	1	3	10
Stock compensation expense(5)	5	4	12	8	15	12	10
Repositioning charges	—	—	2	9	20	46	3
Adjusted EBITDA (Non-GAAP)(6)	**$ 167**	**$ 162**	**$ 344**	**$ 317**	**$ 590**	**$ 544**	**$ 614**

(1) We evaluate performance on the basis of EBITDA and Adjusted EBITDA. We define "**EBITDA**" as our net income (loss) calculated in accordance with U.S. GAAP, plus the sum of interest expense, tax expense and depreciation. We define "**Adjusted EBITDA**" as EBITDA, plus the sum of non-operating (income) expense, other expenses, net (which primarily consists of asbestos and environmental expenses), stock compensation expense, repositioning charges and foreign transaction losses (gains) on hedging instruments. We believe that EBITDA and Adjusted EBITDA are important indicators of operating performance because:

- EBITDA and Adjusted EBITDA exclude the effects of income taxes, as well as the effects of financing and investing activities by eliminating the effects of interest and depreciation expenses and therefore more closely measure our operational performance;
- we may use Adjusted EBITDA in setting performance incentive targets in order to align performance measurement with operational performance; and
- certain adjustment items, while periodically affecting our results, may vary significantly from period to period and have disproportionate effect in a given period, which affects comparability of our results.

(2) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

(3) On a going forward basis, pursuant to the Indemnification and Reimbursement Agreement, we expect to be responsible for 90% of Honeywell's asbestos-related liability payments and accounts payable, primarily related to Honeywell's legacy Bendix friction materials business in the United States, as well as certain environmental-related liability payments and accounts payable and non-United States asbestos-related liability payments and accounts payable, in each case related to legacy elements of the Business including the legal costs of defending and resolving such liabilities, less 90% of Honeywell's net insurance receipts and, as may be applicable, certain other recoveries associated with such liabilities. The amounts payable by the Company in respect of such liabilities arising in a given calendar year will be subject to a cap of an amount equal to the Distribution Date Currency Exchange Rate equivalent of $175 million. See "Certain Relationships and Related Party Transactions—Agreements with Honeywell— Indemnification and Reimbursement Agreement."

(4) Non-operating (income) expense adjustment excludes net interest (income), pension expense, equity income of affiliates, and foreign exchange.

(5) Stock compensation expense adjustment includes only non-cash expenses.

(6) The remaining fluctuations are largely attributable to fluctuations in the EUR/USD exchange rate resulting in hedging (gains) losses of $28 million and $(17) million in the six months ended June 30, 2018 and 2017, respectively, and $(14) million, $18 million and $(67) million in the years ended December 31, 2017, 2016 and 2015, respectively.

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The unaudited pro forma combined financial statements of SpinCo consists of the unaudited pro forma combined statements of operations for the six months ended June 30, 2018 and the year ended December 31, 2017 and an unaudited pro forma combined balance sheet as of June 30, 2018. The unaudited pro forma combined financial statements are derived from our historical Combined Financial Statements included elsewhere in this Information Statement, and are not intended to be a complete presentation of our financial position or results of operations had the transactions contemplated by the Separation and Distribution Agreement and related agreements occurred as of the dates indicated. The unaudited pro forma combined financial statements should be read in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical Combined Financial Statements and the accompanying Notes included elsewhere in this Information Statement.

The unaudited pro forma combined statements of operations for the six months ended June 30, 2018 and the year ended December 31, 2017 reflect our results as if the Spin-Off and related transactions described below had occurred as of January 1, 2017. The unaudited pro forma combined balance sheet as of June 30, 2018 reflects our results as if the Spin-Off and related transactions described below had occurred as of such date.

The unaudited pro forma combined financial statements give effect to the following:

- the contribution by Honeywell to us of all the assets and liabilities that comprise our business and the retention by Honeywell of certain specified assets and liabilities reflected in our historical Combined Financial Statements, in each case, pursuant to the Separation and Distribution Agreement;
- the anticipated post-Distribution capital structure, including: (i) the incurrence of indebtedness and the making of a cash transfer to Honeywell; and (ii) the issuance of our common stock to holders of Honeywell common stock;
- the impact of certain pension liabilities related to certain of our employees that we will assume after the Spin-Off and which will be paid by us at a future date; and
- the impact of, and transactions contemplated by, the Separation and Distribution Agreement, Employee Matters Agreement, Tax Matters Agreement, the Indemnification and Reimbursement Agreement and other agreements related to the Distribution between us and Honeywell and the provisions contained therein.

The unaudited pro forma combined financial statements are subject to the assumptions and adjustments described in the accompanying notes that reflect the expected impacts of events directly attributable to the Spin-Off and that are factually supportable and, for purposes of statements of operations, are expected to have a continuing impact on us. However, these adjustments are subject to change as we and Honeywell finalize the terms of the Separation and Distribution Agreement and the other agreements related to the Distribution. The Unaudited Pro Forma Combined Financial Statements are provided for illustrative and informational purposes only and are not necessarily indicative of our future results of operations or financial condition as an independent, publicly traded company.

The operating expenses reported in our historical combined statements of operations include allocations of certain Honeywell costs. These costs include the allocation of all Honeywell corporate costs, shared services and other related costs that benefit us.

As a stand-alone public company, we expect to incur additional recurring costs. The significant assumptions involved in determining our estimates of recurring costs of being a stand-alone public company include:

- costs to perform financial reporting, tax, regulatory compliance, corporate governance, treasury, legal, internal audit and investor relations activities;

- compensation, including equity-based awards, and benefits with respect to new and existing positions;
- insurance premiums;
- changes in our overall facility costs;
- depreciation and amortization related to information technology infrastructure investments; and
- the type and level of other costs expected to be incurred.

No pro forma adjustments have been made to our financial statements to reflect the additional costs and expenses described above because they are projected amounts based on estimates and would not be factually supportable.

We currently estimate that we will incur between $50 million and $55 million in costs associated with becoming a stand-alone public company within 24 months of the Distribution. The accompanying unaudited pro forma combined statements of operations are not adjusted for these estimated expenses as they are also projected amounts based on estimates and would not be factually supportable. These expenses primarily relate to the following:

- accounting, tax and other professional costs pertaining to our separation and establishment as a stand-alone public company;
- relocation costs;
- recruiting and relocation costs associated with hiring key senior management personnel new to our company;
- costs related to establishing our new brand in the marketplace;
- costs to separate information systems; and
- costs of retention bonuses.

Due to the scope and complexity of these activities, the amount of these costs could increase or decrease materially and the timing of incurrence could change.

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2018

(Dollars in millions, except per share data)

	Historical As Reported	Pro Forma Adjustments(1)	Notes	As Adjusted
Net sales	$ 1,792	$ —		$ 1,792
Costs of goods sold	1,366	—		1,366
Gross profit	426	—		426
Selling, general and administrative expenses	126	—		126
Other expense, net	81	(8)	(a)	73
Interest expense	2	28	(b,d)	30
Non-operating (income) expense	(3)	3	(d,f)	—
Income before taxes	220	(23)		197
Tax expense	12	31	(c)	43
Net (loss) income	$ 208	$ (54)		$ 154
Unaudited Pro Forma Earnings Per Share				
Basic			(h)	$
Diluted			(i)	$
Weighted-average number of shares outstanding				
Basic			(h)	
Diluted			(i)	

(1) The change in our cost structure related to our company becoming an independent, publicly traded company is not reflected above.

See accompanying notes to the unaudited pro forma combined financial statements.

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

(Dollars in millions, except per share data)

	Historical As Restated	Pro Forma Adjustments(1)	Notes	As Adjusted
Net sales	$ 3,096	$ —		$ 3,096
Costs of goods sold	2,361	—		2,361
Gross profit	735	—		735
Selling, general and administrative expenses	249	—		249
Other expense, net	130	(13)	(a)	117
Interest expense	8	53	(b,d)	61
Non-operating (income) expense	(18)	11	(d,f)	(7)
Income before taxes	366	(51)		315
Tax expense	1,349	(937)	(c)	412
Net (loss) income	$ (983)	$ 886		$ (97)
Unaudited Pro Forma Earnings Per Share				
Basic			(h)	$
Diluted			(i)	$
Weighted-average number of shares outstanding				
Basic			(h)	
Diluted			(i)	

(1) The change in our cost structure related to our company becoming an independent, publicly traded company is not reflected above.

See accompanying notes to the unaudited pro forma combined financial statements.

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UNAUDITED PRO FORMA COMBINED BALANCE SHEET
AS OF JUNE 30, 2018
(Dollars in millions)

	Historical As Reported	Pro Forma Adjustments(1)	Notes	As Adjusted
ASSETS				
Current assets:				
Cash and cash equivalents	$ 252	$ (162)	(e)	$ 90
Accounts, notes and other receivable—net	850	7	(d)	857
Inventories	175	—		175
Due from related parties, current	11	(11)	(d)	—
Other current assets	48	(31)	(a,e)	17
Total current assets	1,336	(197)		1,139
Investments and long-term receivables	37	—		37
Property, plant and equipment—net	421	—		421
Goodwill	193	—		193
Insurance recoveries for asbestos-related liabilities	170	(170)	(a)	—
Deferred income taxes	41	181	(c)	222
Other assets	50	5	(e)	55
Total assets	$ 2,248	$ (181)		$ 2,067
LIABILITIES				
Current liabilities:				
Accounts payable	$ 891	$ 87	(d)	$ 978
Due to related parties, current	197	(197)	(d)	—
Accrued liabilities	559	(187)	(a)	372
Obligations payable to Honeywell, current	—	209	(a,c)	209
Total current liabilities	1,647	(88)		1,559
Long-term debt	—	1,554	(b,e)	1,554
Deferred income taxes	723	(709)	(c)	14
Asbestos-related liabilities	1,516	(1,512)	(a)	4
Other liabilities	170	20	(a,c,f)	190
Obligations payable to Honeywell	—	1,572	(a,c)	1,572
Total liabilities	4,056	837		4,893
COMMITMENTS AND CONTINGENCIES				
EQUITY (DEFICIT)				
Common Stock, par value $0.001	—	—	(g)	—
Additional paid in capital	—	(2,851)	(g)	(2,851)
Accumulated other comprehensive income	9	16	(d)	25
Invested deficit	(1,817)	1,817	(g)	—
Total deficit	(1,808)	(1,018)		(2,826)
Total liabilities and deficit	$ 2,248	$ (181)		$ 2,067

(1) The change in our cost structure related to our company becoming an independent, publicly traded company is not reflected above.

See accompanying notes to the unaudited pro forma combined financial statements.

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

a) Reflects the impact of the Indemnification and Reimbursement Agreement with Honeywell pursuant to which we will have an obligation to make cash payments to Honeywell in amounts equal to 90% of Honeywell's asbestos-related liability payments and accounts payable, primarily related to the Bendix business in the United States, as well as certain environmental-related liability payments and accounts payable and non-United States asbestos-related liability payments and accounts payable, in each case related to legacy elements of the Business, including the legal costs of defending and resolving such liabilities, less 90% of Honeywell's net insurance receipts and, as may be applicable, certain other recoveries associated with such liabilities. The amount payable by the Company in respect of such liabilities arising any given year will be subject to a cap of an amount equal to the Distribution Date Currency Exchange Rate equivalent of $175 million. See "Certain Relationships and Related Party Transactions—Agreements with Honeywell—Indemnification and Reimbursement Agreement."

As of June 30, 2018, the Company would have $1,364 million of liability (net of insurance assets owed to Honeywell) under the Indemnification and Reimbursement Agreement, calculated as 90% of the historical amounts reported for asbestos and environmental liabilities, net of insurance recoveries. Such obligations payable to Honeywell have been presented as current and non-current liabilities based on the proportionate classifications of the historical amounts reported. Accordingly, the following historical amounts reported will be reversed and replaced by the obligations payable to Honeywell as follows as of June 30, 2018:

	As of June 30, 2018	
(Dollars in millions)	As Reported	As Adjusted
Other current assets	$ 17	—
Insurance recoveries for asbestos related liability	$ 170	—
Accrued Liabilities	$ 187	—
Asbestos related liabilities	$ 1,516	$ 4
Other liabilities	$ 4	—
Obligations payable to Honeywell, current	—	$ 153
Obligations payable to Honeywell	—	$ 1,211

In addition, Other expense, net will decrease $8 million and $13 million for six months ended June 30, 2018 and year ended December 31, 2017, respectively, which is the difference between historical expense as reported under 100% carryover basis and the payment expense pursuant to the Indemnification and Reimbursement Agreement.

b) Adjustments reflect interest expense and commitment fees related to indebtedness in an aggregate principal amount of $1,580 million that we expect will be incurred by us in connection with the consummation of the Spin-Off and that will be used primarily to make a cash transfer to Honeywell or a subsidiary of Honeywell. The adjustments assume that the indebtedness will comprise one or more term loan facilities in an aggregate principal amount of $1,100 million and senior notes in an aggregate principal amount of the Euro equivalent of approximately $480 million. The terms of such indebtedness are subject to change and will be finalized prior to the closing of the Spin-Off, and the pro forma adjustments may change accordingly. The adjustments also assume that we will enter into a revolving credit facility in an aggregate undrawn amount of $500 million. The terms of the revolving credit facility are subject to change and will be finalized prior to the closing of the Spin-Off, and the pro forma adjustments may change accordingly.

(Dollars in millions)	For the Six Months Ended June 30, 2018	For the Year Ended December 31, 2017
Interest expense and commitment fees on our total assumed indebtedness with an estimated weighted average interest rate of 3.85%	$ 30	$ 60
Amortization of debt issuance costs	0	1
Total pro forma adjustment to interest expense	$ 30	$ 61

A 1/8% variance in the estimated weighted average interest rate on the debt incurrence would change the annual interest expense by approximately $1 million.

c) For six months ended June 30, 2018 and year ended December 31, 2017 income tax expense increased by $31 million and decreased by $937 million, respectively. This includes the impact of restructuring activities in connection with the Spin-Off of an increase of $35 million and a decrease of $924 million for the six months ended June 30, 2018 and the year ended December 31, 2017, respectively. The remaining decrease of $4 million and $13 million for the six months ended June 30, 2018 and the year ended December 31, 2017 are the result of the income tax effects on adjustments included in pro forma notes a), b) and d).

Reflects the impact of restructuring activities in connection with the Spin-Off that will result in a reduction of deferred tax liabilities that were recorded from the Company's intent to no longer permanently reinvest the historical undistributed earnings of its foreign affiliates. The reduction of deferred tax liabilities primarily consists of non-US withholding taxes that were recorded in 2017 as part of the provisional tax charge related to US tax reform. The restructuring changes the legal ownership structure and, thereby, changes the amount of withholding taxes. This adjustment is preliminary and subject to change based on Honeywell's final determination of the fair value of assets and liabilities. As a result of the requirements to net deferred taxes on a jurisdictional basis, the $889 million reduction to the deferred tax liability is reflected as a $709 million decrease to deferred tax liabilities and a $180 million increase to deferred tax assets. The remaining increase of $1 million to deferred tax assets is the result of the income tax effects on adjustments included in pro forma note f).

Pursuant to the Tax Matters Agreement, we have agreed to make payments to a subsidiary of Honeywell in an amount payable in Euros (calculated by reference to the Distribution Date Currency Exchange Rate) representing the net tax liability of Honeywell under the mandatory transition tax attributable to the SpinCo Business, as determined by Honeywell. This amount will be payable in installments over 8 years. For purposes of the pro forma financial statements, we assume the cumulative payments will be $350 million and the associated liability has been included in Obligations payable to Honeywell, current and Obligations payable to Honeywell of $56 million and $294 million, respectively, as of June 30, 2018. In addition, pursuant to the Tax Matters Agreement, we have agreed to make payments to a subsidiary of Honeywell or taxing authority in case of any adjustment pursuant to a Determination with respect to any tax return filed by Honeywell attributable to the SpinCo group or other tax costs incurred by Honeywell in connection with transactions undertaken in anticipation of the spin as determined by Honeywell. For purposes of the pro forma financial statements, we assume the payments will be $80 million. The associated liability for these

payments has been included in Obligations payable to Honeywell, $66 million, and Other Liabilities, $14 million, as of June 30, 2018. See "Certain Relationships and Related Party Transactions—Agreements with Honeywell—Tax Matters Agreement."

d) Reflects the impact of the settlement of cash pooling and short-term notes receivables and payables, resulting in a reduction of interests expense of $2 million and $8 million, and interest income of $5 million and $14 million in the unaudited pro forma Combined Statement of Operations for the six months ended June 30, 2018 and the year ended December 31, 2017, respectively. In connection with the Spin-Off, we will settle or reclassify the following related party transactions in the unaudited pro forma Combined Balance Sheet as of June 30, 2018.

Due from related parties, current:

(Dollars in millions)	As of June 30, 2018
Receivables from related parties (reclassified to accounts receivable)	$ 7
Foreign currency exchange contracts(1) (settled)	4
	$ 11

Due to related parties, current:

(Dollars in millions)	As of June 30, 2018
Cash pooling and short-term notes payables (settled)	$ 102
Payables to related parties (reclassified to accounts payable)	87
Foreign currency exchange contracts(1) (settled)	8
	$ 197

(1) Also included in the pro forma financial statements is an adjustment to Accumulated other comprehensive income of $16 million as of June 30, 2018 related to the settlement of foreign currency exchange contracts.

In connection with the Spin-Off, we will reclassify the following related party transactions to third-party accounts payable and accounts receivables, as reflected in the unaudited pro forma Combined Balance Sheet as of June 30, 2018:

(Dollars in millions)	As of June 30, 2018
Accounts, notes and other receivable-net	$ 7
Accounts payable	$ 87

e) Represents adjustments to cash as follows:

(Dollars in millions)	As of June 30, 2018
Cash received from incurrence of term loan	$ 1,100
Cash received from incurrence of senior notes	480
Cash received from maturity of time deposits	14
Cash transfer to Honeywell at Spin	(1,549)
Cash distribution to Honeywell prior to Spin	(70)
Cash paid for debt issuance costs	(26)
Cash paid for deferred financing fees	(5)
Cash paid from net settlement of due from (to) related parties	(106)
Total pro forma adjustment to cash	$ (162)

f) Reflects the impact of our assumption of certain pension assets and liabilities for employees who are eligible for benefits under defined benefit pension plans that are currently sponsored by Honeywell. For these employees we intend to sponsor a defined benefit pension plan after the Spin-Off with terms and benefits consistent with the existing Honeywell plans. The annual expense related to our employees for these defined benefit pension plans was allocated to us by Honeywell and such service cost allocation is reflected in our historical Combined Financial Statements. As of June 30, 2018, the total pension assets to be contributed to us amounted to $188 million and total projected benefit obligation amounted to $198 million. We recorded a net pension plan liability as follows: $(9) million in Switzerland, $(1) million in Germany and nil in United States. The unaudited pro forma financial statements reflect an estimate of interest costs and expected return on plan assets of $(2) million and $(3) million for the defined benefit pension plans six months ended June 30, 2018 and year ended December 31, 2017 respectively.

g) Reflects the reclassification of Honeywell's net investment in us, which was recorded in invested equity, into additional paid-in-capital and common stock to reflect the assumed issuance of shares of our common stock at a par value of pursuant to the Separation and Distribution Agreement immediately prior to the Spin-Off. We have assumed the number of outstanding shares of our common stock based on the number of shares of Honeywell common stock outstanding on and a distribution ratio of shares of our common stock for every shares of Honeywell common stock.

h) Pro forma basic earnings per share (EPS) and pro forma weighted-average basic number of shares outstanding are based on the number of Honeywell basic weighted-average shares outstanding for the six months ended June 30, 2018, and for the year ended December 31, 2017, adjusted for a distribution ratio of shares of the Company's common stock for every shares of Honeywell common stock outstanding.

i) Pro forma diluted EPS and pro forma weighted-average diluted shares outstanding are based on the number of Honeywell weighted-average diluted shares outstanding for the six months ended June 30, 2018, and for the year ended December 31, 2017, adjusted for a distribution ratio of shares of the Company's common stock for every share of Honeywell common stock outstanding. Due to the fact that outstanding awards granted to our employees under Honeywell's stock-based compensation plans will be settled by Honeywell and in Honeywell common stock, we have only adjusted the pro forma diluted EPS and pro forma weighted-average diluted number of shares outstanding to give effect to the potential dilution from the issuance of restricted stock units to certain executives upon consummation of the Spin-Off. These awards are substitutes for the awards these executives received under Honeywell's stock-based compensation programs which will be forfeited upon consummation of the Spin-Off. While the actual impact on a go-forward basis will depend on various factors, we believe the estimate yields a reasonable approximation of the future potentially dilutive impact of the Company's equity plans.

BUSINESS

Our Company

Our Company designs, manufactures and sells highly engineered turbocharger and electric-boosting technologies for OEMs and the aftermarket. We are a global technology leader with significant expertise in delivering products across gasoline, diesel, natural gas and electrified (hybrid and fuel cell) powertrains.

Our products are highly engineered for each individual powertrain platform, requiring close collaboration with our customers in the earliest years of powertrain and new vehicle design. Our turbocharging and electric-boosting products enable our customers to improve vehicle performance while addressing continually evolving and converging regulations that mandate significant increases in fuel efficiency and reductions in exhaust emissions worldwide. Market penetration of vehicles with a turbocharger is expected to increase from approximately 47% in 2017 to approximately 59% by 2022, according to IHS and other industry sources, which we believe will allow our business to grow at a faster rate than overall automobile production.

Our comprehensive portfolio of turbocharger, electric-boosting and connected vehicle technologies is supported by our five R&D centers, 13 close-to-customer engineering facilities and 13 factories, which are strategically located around the world. Our operations in each region have self-sufficient sales, engineering and production capabilities, making us a nimble local competitor, while our standardized manufacturing processes, global supply chain, worldwide technology R&D and size enable us to deliver the scale benefits, technology leadership, cross-regional support and extensive resources of a global enterprise. In high-growth regions, including China and India, we have established a local footprint, which has helped us secure strong positions with in-region OEM customers who demand localized engineering and manufacturing content but also require the capabilities and track record of a global leader.

We also sell our technologies in the global aftermarket through our distribution network of more than 160 distributors covering 160 countries. Through this network, we provide approximately 5,300 part-numbers and products to service garages across the globe. Our Garrett brand is a leading brand in the independent aftermarket for both service replacement turbochargers as well as high-end performance and racing turbochargers. We estimate that approximately 100 million vehicles on the road today utilize our products, further supporting our global aftermarket business. While there can be no assurances, we generally expect that our distribution network will continue to sell our technologies and be contractually obligated to us following the separation.

In addition, we have emerging opportunities in technologies, products and services that support the growing connected vehicle market, which include software focused on automotive cybersecurity and IVHM. For example, we are collaborating with tier-one suppliers on automotive cybersecurity software solutions and with several major OEMs on IVHM technologies.

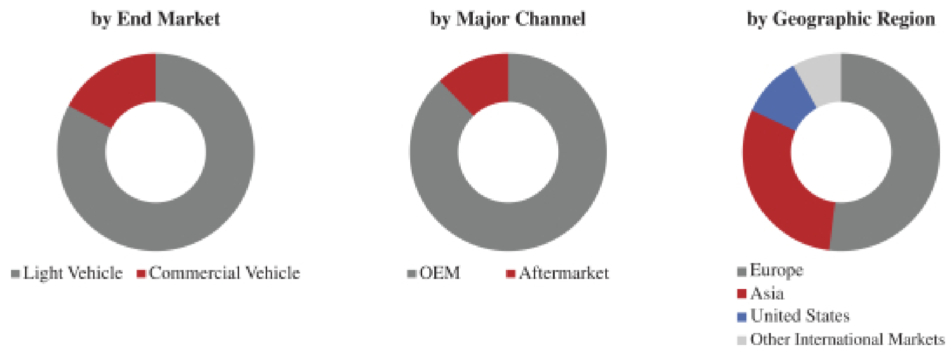
Leading technology, continuous innovation, product performance and OEM engineering collaboration are central to our customer value proposition and a core part of our culture and heritage. In 1962, we introduced a turbocharger for a mass-produced passenger vehicle. Since then, we have introduced many other notable technologies in mass-production vehicles, such as turbochargers with variable geometry turbines, dual-boost compressors, ball-bearing rotors and electronically actuated controls, all of which vastly improve engine response when accelerating at low speeds and increase power at higher speeds, and enable significant improvements in overall engine fuel economy and exhaust emissions for both gasoline and diesel engines. Our portfolio today includes more than 1,400 patents and patents pending.

Building on our expertise in turbocharger technology, we have also developed electric-boosting technologies targeted for use in electrified powertrains, primarily hybrid and fuel cell vehicles. Our products include electric turbochargers and electric compressors that provide more responsive driving and optimized fuel

economy in electrified vehicles. In addition, our early-stage and collaborative relationships with our global OEM customer base have enabled us to increase our knowledge of customer needs for vehicle safety and predictive maintenance to develop new connected and software-enabled products.

As of December 31, 2017, we employed approximately 6,000 full-time employees and 1,500 temporary and contract workers globally, including 1,200 engineers. Our Company was incorporated on March 14, 2018 as a Delaware corporation in connection with the Spin-Off from Honeywell, and we maintain our headquarters in Rolle, Switzerland.

Fiscal 2017 Revenue Summary



- We are a global business that generated revenues of approximately $3.1 billion in 2017.
- Light vehicle products (products for passenger cars, SUVs, light trucks, and other products) accounted for approximately 80% of our revenues. Commercial vehicle products, (products for on-highway trucks and off-highway trucks, construction, agriculture and power-generation machines) accounted for the remaining 20%.
- Our OEM sales contributed to approximately 88% of our 2017 revenues while our aftermarket and other products contributed 12%.
- Approximately 52% of our 2017 revenues came from sales to customers located in Europe, 30% from sales to customers located in Asia, 10% from sales to customers in the United States and 8% from sales to customers in other international markets. For more information, see Note 20 Sales by Product Channels, Customer, Geographical and Supplier Concentrations of Notes to Combined Financial Statements.

Our Industry

We compete in the global turbocharger market for gasoline, diesel and natural gas engines; in the electric-boosting market for electrified (hybrid and fuel cell) vehicle powertrains; and in the emerging connected vehicle software market. A turbocharger provides an engine with a controlled and pressurized air intake, which intensifies and improves the combustion of fuel to increase the amount of power sent through the transmission and to improve the efficiency and exhaust emissions of the engine. As vehicles become more and more electrified, our electric-boosting products use similar principles to further optimize air intake and thus further enhance performance, fuel economy and exhaust emissions with the help of an integrated high-speed electric motor. By using a turbocharger or electric-boosting technology, an OEM can deploy smaller, lighter powertrains with better fuel economy and exhaust emissions while delivering the same power and acceleration as larger, heavier powertrains. As such, turbochargers have become one of the most highly effective technologies for helping global OEMs meet increasingly stricter emission standards.

Throughout this section of this Information Statement, we reference certain industry sources. While we believe the compound annual growth rate ("**CAGR**") and other projections of the industry sources referenced in this Information Statement are reasonable, forecasts based upon such data involve inherent uncertainties, and actual outcomes are subject to change based upon various factors beyond our control.

Global Turbocharger market

The global turbocharger market includes turbochargers for new light and commercial vehicles as well as turbochargers for replacement use in the global aftermarket. According to IHS and other industry sources, the global turbocharger market consisted of approximately 49 million units sales volume with an estimated total value of approximately $12 billion in 2017. Within the global turbocharger market, light vehicles accounted for approximately 88% of total unit volume and commercial vehicles accounted for the remaining 12%.

IHS and other industry sources project that the turbocharger production volume will grow at a CAGR of approximately 6% from 2018 through 2022, driven by double-digit growth in turbochargers for light vehicle gasoline engines and continued low single-digit growth for commercial vehicles, offset by a modest decline in diesel turbochargers given a decline in diesel powertrains, particularly for light vehicles. This annual sales estimate would add approximately 307 million turbocharged vehicles on the road globally between 2018 and 2022.

Key trends affecting our industry

Global vehicle fuel efficiency and emissions standards. OEMs are facing increasingly strict constraints for vehicle fuel efficiency and emissions standards globally. Regulatory authorities in key vehicle markets such as the United States, the European Union, China, Japan, and Korea have instituted regulations that require sustained and significant improvements in CO_2, NO_x and particulate matter vehicle emissions. OEMs are required to evaluate and adopt various solutions to address these stricter standards. Turbochargers allow OEMs to reduce engine size without sacrificing vehicle performance, thereby increasing fuel efficiency and decreasing harmful emissions. Furthermore, turbochargers allow more precise "air control" over both engine intake and exhaust conditions such as gas pressures, flows and temperatures, enabling optimization of the combustion process. This combustion optimization is critical to engine efficiency, exhaust emissions, power and transient response and enables such concepts as exhaust gas recirculation for diesel engines and miller-cycle operation for gasoline engines. Consequently, turbocharging will continue to be a key technology for automakers to meet future tough fuel economy and emissions standards without sacrificing performance.

Turbocharger penetration. The utilization of turbochargers and electric-boosting technologies on vehicle powertrain systems is one of the most cost-effective solutions to address stricter standards, and OEMs are increasing their adoption of these technologies. IHS and other industry sources expect turbocharger penetration to increase from approximately 47% in 2017 to approximately 59% by 2022.

Growth in overall vehicle production. The global vehicle market is rapidly evolving as overall vehicle production growth shifts from gasoline and diesel internal combustion engines to electric and hybrid vehicles in response to increasingly strict fuel efficiency and regulatory standards and as technology continues to improve.

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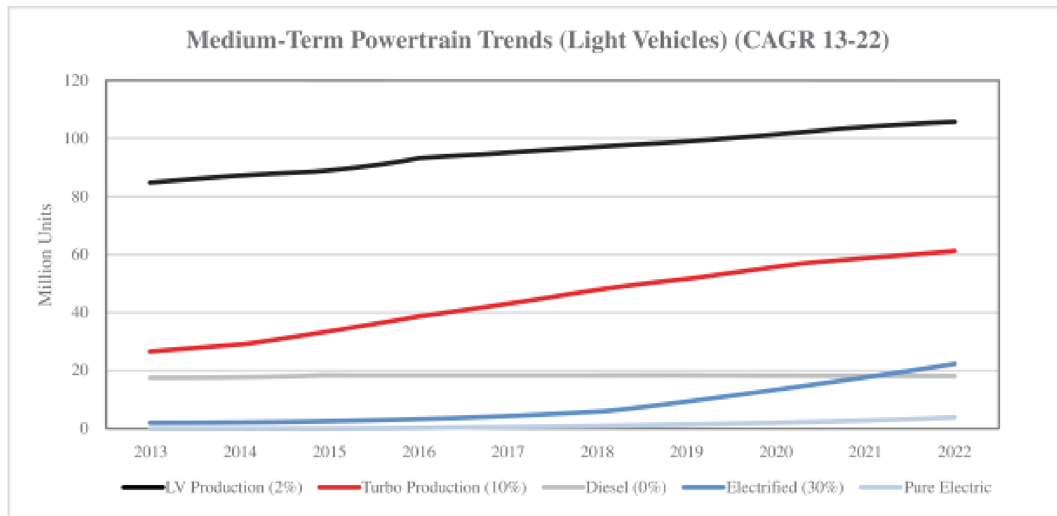
Medium-Term Powertrain Trends



Source: IHS

Engine size and complexity. In order to address stricter fuel economy standards, OEMs have used turbochargers to reduce the average engine size on their vehicles over time without compromising performance. Stricter pollutants emissions standards (primarily for NO_X and particulates) have driven higher turbocharger adoption as well, which will continue in the future, with a total automotive turbocharger sales volume CAGR of 6% between 2018 and 2022, in an industry with a total automobile sales volume CAGR of approximately 2% over the same period, in each case according to IHS and other industry sources. In addition, increasingly demanding fuel economy standards require continuous increases in turbocharger technology content (e.g., variable geometry, electronic actuation, multiple stages, ball bearings, electrical control, etc.) which results in steady increases in average turbocharger content per vehicle.

Powertrain electrification. To address stricter fuel economy standards, OEMs also have been increasing the electrification of their vehicle offerings, primarily with the addition of hybrid vehicles, which have powertrains equipped with a gasoline or diesel internal combustion engine in combination with an electric motor. IHS estimates that hybrid vehicles will grow from a total of approximately 4.6 million vehicles in 2018 to a total of approximately 18.1 million by 2022, representing a CAGR of 41%. The electrified powertrain of hybrid vehicles enables the usage of highly synergistic electric-boosting technologies which augment standard turbochargers with electrically assisted boosting and electrical-generation capability. Furthermore, the application of electric boosting extends the requirement for engineering collaboration with OEMs to include electrical integration, software controls, and advanced sensing. Overall, this move to electric boosting further increases the role and value of turbocharging in improving vehicle fuel economy and exhaust emissions.

OEMs are also investing in full battery-electric vehicles, which have gained in popularity in recent years. However, IHS and other industry sources expect that they will compose only 4% of total vehicle production by 2022 due to their inherent limitations in driving range and recharging time and their relatively high cost. As OEMs strive to solve the issues of full battery electric vehicles, they are increasing investment in hydrogen fuel cell powered electric vehicles. These vehicles, like battery electric vehicles, have fully electric motor powertrains, but they rely on the hydrogen fuel cell to generate the required electricity. The hydrogen fuel cell also requires advanced electric-boosting technology for optimization of size and efficiency.

Connected vehicles, autonomous vehicles, and shared vehicles. In addition to powertrain evolution, the market for connected vehicles is also rapidly evolving. The size of the connected car market is expected to increase from approximately $52 billion in 2017 to $156 billion by 2022, an annual growth rate of 24%, with demand split between safety and security (37%), autonomous driving features (35%) and connected car services (28%). Our cybersecurity software offerings target the safety and security aspect of the market, the importance of which increases as vehicles become more connected, autonomous, and shared. Similarly, our IVHM, predictive maintenance, and diagnostics tools play a critical role in autonomous and shared vehicles, where correct vehicle function, vehicle uptime, and vehicle availability become crucial, and are more easily enabled in connected vehicles.

Vehicle ownership in China and other high-growth markets. Vehicle ownership in China and other emerging markets remains well below ownership levels in developed markets and will be a key driver of future vehicle production. At the same time, these markets are following the lead of developed countries by instituting stricter emission standards. Growth in production volume and greater penetration by large global OEMs in these markets, along with evolving emission standards and increasing fuel economy and vehicle performance demands, is driving increasing turbocharger penetration in high-growth regions.

Our Competitive Strengths

We believe that we differentiate ourselves through the following competitive strengths:

Global and broad market leadership

We are a global leader in the $12 billion turbocharger industry. We will continue to benefit from the increased adoption of turbochargers, as well as our global technology leadership, comprehensive portfolio, continuous product innovation and our deep-seated relationships with all global OEMs. We maintain a leadership position across all vehicle types, engine types and regions, including:

Light Vehicles.

- *Gasoline:* The adoption of turbochargers by OEMs on gasoline engines has increased rapidly from approximately 14% in 2013 to approximately 33% in 2017 and is forecasted by IHS to increase to 52% by 2022. We have launched a leading modern 1.5L VNT gasoline application, which we believe to be among the first with a major OEM, and we expect to see increasing adoption of this technology in years to come. Key to our strategy for gasoline growth is to leverage our technology strengths in high-temperature materials and variable geometry as well as our scale, global footprint and in-market capabilities to meet the volume demands of global OEMs.
- *Diesel:* We have a long history of technology leadership in diesel engine turbochargers. Despite diesel market weakness for some vehicle segments, the majority of our diesel turbochargers revenue comes from heavier and bigger vehicles like SUVs, pickup trucks and light commercial vehicles (such as delivery vans), which remain a stable part of the diesel market. Diesel maintains a unique advantage in terms of fuel consumption, hence cost of ownership, and towing capacity makes it still the powertrain of choice for heavier vehicle applications. Diesel also remains essential for OEMs to meet their CO_2 fleet average regulatory target going forward, as diesel vehicles produce approximately 10-15% less CO_2, on average, than gasoline vehicles.
- *Electrified vehicles*. We provide a comprehensive portfolio of turbocharger and electric-boosting technologies to manufacturers of hybrid-electric and fuel cell vehicles. OEMs have increased their adoption of these electrified technologies given regulatory standards and consumer demands driving an expected growth rate of approximately 39% from 2018 to 2022, according to IHS. Similar to turbochargers for gasoline and diesel engines, turbochargers for electric vehicles are an essential component of maximizing fuel efficiency and overall engine performance. Our products provide OEMs

with solutions that further optimize engine performance and position us well to serve OEMs as they add more electrified vehicles into their fleets.

Commercial vehicles. Our Company traces its roots to the 1950s when we helped develop a turbocharged commercial vehicle for Caterpillar. We have maintained our strategic relationship with key commercial vehicle OEMs for over 60 years as well as market-leading positions across the commercial vehicle markets for both on- and off-highway use. Our products improve engine performance and lower emissions on trucks, buses, agriculture equipment, construction equipment and mining equipment with engine sizes ranging 1.8L to 105L.

High-growth regions. We have a strong track record serving global and emerging OEMs, including customers in China and India, with an in-market, for-market strategy and operate full R&D and three manufacturing facilities in the regions that serve light and commercial vehicle OEMs. Our local presence in high-growth regions has helped us win with key international and domestic Chinese OEMs, and we have grown between 2013 and 2017 significantly faster than the vehicle production in these regions.

Strong and collaborative relationships with leading OEMs globally

We supply our products to 40 OEMs globally. Our top ten customers accounted for approximately 65% of net sales and our largest customer represents approximately 14% of our net sales. With over 60 years in the turbocharger industry, we have developed strong capabilities working with all major OEMs. We consistently meet their stringent design, performance and quality standards while achieving capacity and delivery timelines that are critical for customer success. Our track record of successful collaborations, as demonstrated by our strong client base and our ability to successfully launch approximately 100 product applications annually, is well recognized. For example, we received a 2017 Automotive News PACE™ Innovation Partnership Award in supporting VW’s first launch of an industry-leading VNT turbocharged gasoline engine, which is just one example of our strong collaborative relationships with OEMs. Our regional research, development and manufacturing capabilities are a key advantage in helping us to supply OEMs as they expand geographically and shift towards standardized engines and vehicle platforms globally.

Global aftermarket platform

We have an estimated installed base of approximately 100 million vehicles that utilize our products through our global network of 160 distributors covering 160 countries. Our Garrett aftermarket brand has strong recognition across distributors and garages globally, and is known for boosting performance, quality and reliability. Our aftermarket business has historically provided a stable stream of revenue supported by our large installed base. As turbo penetration rates continue to increase, we expect that our installed base and aftermarket opportunity will grow.

Highly-engineered portfolio with continuous product innovation

We have led the revolution in turbocharging technology over the last 60 years and maintain a leading technology portfolio of more than 1,400 patents and patents pending. We have a globally deployed team of more than 1,200 engineers across five R&D centers and 13 close-to-customer engineering centers. Our engineers have led the mainstream commercialization of several leading turbocharger innovations, including variable geometry turbines, dual-boost compressors, ball-bearing rotors, electrically actuated controls and air-bearing electric compressors for hydrogen fuel cells. We maintain a culture of continuous product innovation, introducing about ten new technologies per year and upgrading our existing key product lines approximately every 3 years. Outside of our turbocharger product lines, we apply this culture of continuous innovation to meet the needs of our customers in new areas, particularly in connected automotive technologies. We are developing solutions including IVHM and cybersecurity software solutions that leverage our knowledge of vehicle powertrains and experience working closely with OEM manufacturers.

Global and low cost manufacturing footprint with operational excellence

Our geographic footprint locates R&D, engineering and manufacturing capabilities close to our customers, enabling us to tailor technologies and products for the specific vehicle types sold in each geographic market. In all regions where we operate, we leverage low-cost sourcing through our robust supplier development program, which continually works to develop new suppliers able to meet our specific quality, productivity and cost requirements. We now source more than two-thirds of our materials from low-cost countries and believe our high-quality, low-cost supplier network to be a significant competitive advantage. We have invested heavily to bring differentiated local capabilities to our customers in high-growth region, including China and India.

We manufacture approximately three-fourths of our products in low-cost countries, including seven manufacturing facilities in China, India, Mexico, Romania and Slovakia. We have a long-standing culture of lean manufacturing excellence and continuous productivity improvement is part of everything we do. We have been a pioneer in the application of the "Honeywell Operating System" or "HOS" which is the operating system deployed across our former Parent's manufacturing facilities. We believe this global uniformity and operational excellence across facilities is a key competitive advantage in our industry given OEM engine platforms are often designed centrally but manufactured locally requiring suppliers to meet the exact same specifications across all locations.

Attractive financial profile

Given the integral nature of a turbocharger to an engine's overall performance, OEMs primarily select turbochargers on a sole-sourced basis early in the engine design phase, which is several years ahead of a vehicle launch. As the vehicle and engine platform move to production, our OEM customers share their build rates with us for planning purposes. As such, we believe that we maintain a predictable top line forecast based on existing platforms and production build rates. This visibility is further supported by our global aftermarket business, which derives revenue from an estimated global installed base of over 100 million vehicles. In addition, our flexible, low-cost, and variable cost structure enables us to respond quickly to changes in transportation market conditions. We believe that this operational profile together with our continuous improvement process provides us with the potential to generate consistent earnings growth and strong cash flow. The Company's future growth may be limited due to its obligations under the Indemnification and Reimbursement Agreement and the Tax Matters Agreement, debt service obligations and other liabilities and restrictions in connection with agreements which we intend to enter into in connection with the Spin-Off, as well as other risks which we may be presently unable to predict, the effects of which on our financial conditions and operations we may be unable to quantify. See "Risk Factors—Risks Relating to the Spin-Off—We expect to incur new indebtedness concurrently with or prior to the Distribution, and the degree to which we will be leveraged following completion of the Distribution could adversely affect our business, financial condition and results of operations," "Risk Factors—Risks Relating to Our Business—We are subject to risks associated with the Indemnification and Reimbursement Agreement, pursuant to which we will be required to make substantial cash payments to Honeywell, measured in substantial part by reference to estimates by Honeywell of certain of its liabilities," Unaudited Pro Forma Combined Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," for more information.

Experienced team with proven track record

We have a strong management team with extensive experience within the industry and with SpinCo. Our key business leaders are long-time industry executives with established customer relationships globally. We have attracted a deep bench of engineering and technology talent given our reputation for being an innovation focused company. The combination of longstanding customer relationships, extensive experience in the turbocharger market, as well as strong knowledge of emerging technologies, are key skillsets that enable our management team to be successful. Our team has a proven track record of success and the right capabilities in place for continued strong performance.

Our Growth Strategies

We seek to continue to expand our business by employing the following business strategies:

Strengthen market leadership across core powertrain technologies

We are focused on strengthening our market position in light vehicles:

- Gasoline turbochargers, which historically lagged adoption of diesel turbochargers, are expected to grow at a 10% annual CAGR from 2018 to 2022, according to IHS, exceeding the growth of diesel turbochargers. We expect to benefit from this higher growth given the gasoline platforms we have been awarded over the past several years. We have launched the first modern 1.5L VNT gasoline application with a major OEM and we expect to see increasing adoption of this technology in years to come. Key to our strategy for gasoline growth is to leverage our technology strengths in high temperature materials and variable geometry technologies as well as our scale, global footprint and in-region capabilities to meet the volume demands of global OEMs.
- Growth in our share of the diesel turbochargers market will be driven by new product introductions focused on emissions-enforcement technologies and supported by our favorable positioning with large vehicles and high-growth regions within this market. The more stringent emissions standard require higher turbocharger technology content such as variable geometry, 2 stage systems, advanced bearings and materials, increasing our content per vehicle. We expect to grow our commercial vehicle business through new product introductions and targeted platform wins with key on-highway customers and underserved OEMs.

Strengthen our penetration of electrified vehicle boosting technologies

We stand to benefit from the increased adoption of hybrid-electric and fuel cell vehicles and the increased need for turbochargers associated with increased sales volumes for these engine types. IHS estimates that the production of electrified vehicles will increase from approximately six million vehicles in 2018 to approximately 22 million vehicles by 2022, representing an annualized growth rate of approximately 39%. OEMs will need to further improve engine performance for their increasingly electrified offerings, and our comprehensive portfolio of turbocharger and electric-boosting technologies will help OEMs do so. We expect to continue to invest in product innovations and new technologies and believe that we are well positioned to continue to be a technology-leader in the propulsion of electrified vehicles.

Increase market position in high-growth regions

IHS expects vehicle production in emerging markets to grow at an estimated CAGR of approximately 4% from 2018 to 2022. We will continue to strengthen our relationships with OEMs in high-growth, emerging regions by demonstrating our technology leadership through our local research, development and manufacturing capabilities. Our local footprint will continue to provide a strong competitive edge in high-growth regions due to our ability to work closely with OEMs throughout all stages of the product lifecycle including aftermarket support. For example, in China, our research center in Shanghai, our manufacturing facilities in Wuhan and Shanghai and our more than 1,000 employees support our differentiated end-to-end capabilities and will continue to support key platform wins in the Chinese market. Our positions in China will continue to benefit us as OEMs build global platforms in low cost regions. Our commitment to providing high-touch technology support to OEMs has allowed us to be recognized as a local player in other key high-growth regions, such as India.

Grow our aftermarket business

We have an opportunity to strengthen our global network of 160 distributors in 160 countries by deepening our channel penetration, leveraging our well-recognized Garrett brand, utilizing new online technologies for customer engagement and sales, and widening the product portfolio. For instance, in the US and Europe, we have launched a web-based platform providing self-service tools aiming at connecting 20,000 garage technicians in 2019.

Drive continuous product innovation across connected vehicles

We are actively investing in software and services that leverage our capabilities in powertrains, vehicle performance management, and electrical/mechanical design to capitalize on the growth relating to connected vehicles. Approximately 35% of passenger vehicles sold in 2015 were estimated to be connected in some way to the Internet. By the end of the decade, that number is expected to exceed 90%. Building on the software and connected vehicle capabilities of our former parent, we have assembled a team of engineers, software and technical experts and have opened new design centers in North America, India and the Czech Republic. Our focus is developing solutions for enhancing cybersecurity of connected vehicles, as well as in-vehicle monitoring to provide maintenance diagnostics which reduce vehicle downtime and repair costs. For example, our Intrusion Detection and Prevention System uses anomaly detection technology that functions like virus detection software to perform real-time data analysis to ensure every message received by a car's computer is valid. Our IVHM tools detect intermittent faults and anomalies within complex vehicle systems to provide a more thorough understanding of the real-time health of a vehicle system and enable customers to fix faults before they actually occur. We continue to conduct research to determine key areas of the market where we are best positioned to leverage our existing technology platform and capabilities to serve our customers. We execute a portion of our connectivity investment in collaboration with OEMs and other Tier 1 suppliers and have multiple early-stage trials with customers underway.

Research, Development and Intellectual Property

We maintain technical engineering centers in major regions of the world to develop and provide advanced products, process and manufacturing support for all of our manufacturing sites, and to provide our customers with local engineering capabilities and design developments on a global basis. As of December 31, 2017, we employed approximately 1,200 engineers. Our total R&D expenses were approximately $121 million, $110 million and $110 million for the years ended December 31, 2017, 2016 and 2015, respectively.

We currently hold approximately 1,400 patents and patents pending. While no individual patent or group of patents, taken alone, is considered material to our business, taken in the aggregate, these patents provide meaningful protection for our intellectual property.

Materials

The most significant raw materials we use to manufacture our products are grey iron, aluminum, stainless steel and a nickel, iron and chromium-based alloy. As of December 31, 2017, we have not experienced any significant shortages of raw materials and normally do not carry inventories of such raw materials in excess of those reasonably required to meet our production and shipping schedules.

Customers

Our global customer base includes nine of the ten largest light vehicle OEMs and nine of the ten largest commercial vehicle engine makers.

Our ten largest applications in 2017 were with seven different OEMs. Approximately 52% of our 2017 revenues came from customers located in Europe, 30% from customers located in Asia, 10% from customers located in the United States and 8% from customers located in other international markets. Our OEM sales contributed to approximately 88% of our 2017 revenues while our aftermarket and other products contributed 12%.

Our largest customer is Ford Motor Company ("**Ford**"). In 2017, 2016 and 2015, our sales to Ford were 14%, 15% and 15%, respectively, of our total sales. Our next largest customer is Volkswagen AG ("**Volkswagen**"). In 2017, 2016 and 2015, our sales to Volkswagen were 8%, 10% and 12%, respectively, of our total sales.

Supply Relationships with Our Customers

We typically supply products to our OEM customers through "open" purchase orders, which are generally governed by general terms and conditions negotiated with each OEM. Although the terms and conditions vary from customer to customer, they typically contemplate a relationship under which our customers are not required to purchase any minimum amount of products from us. These relationships typically extend over the life of the related engine platform. Prices are negotiated with respect to each business award, which may be subject to adjustments under certain circumstances, such as commodity or foreign exchange escalation/de-escalation clauses or for cost reductions achieved by us. The terms and conditions typically provide that we are subject to a warranty on the products supplied. We may also be obligated to share in all or a part of recall costs if the OEM recalls its vehicles for defects attributable to our products.

Individual purchase orders are terminable for cause or non-performance and, in most cases, upon our insolvency and certain change of control events. In addition, many of our OEM customers have the option to terminate for convenience on certain programs, which permits our customers to impose pressure on pricing during the life of the vehicle program, and issue purchase contracts for less than the duration of the vehicle program, which potentially reduces our profit margins and increases the risk of our losing future sales under those purchase contracts. We manufacture and ship based on customer release schedules, normally provided on a weekly basis, which can vary due to cyclical automobile production or inventory levels throughout the supply chain.

Although customer programs typically extend to future periods, and although there is an expectation that we will supply certain levels of OEM production during such future periods, customer agreements including applicable terms and conditions do not necessarily constitute firm orders. Firm orders are generally limited to specific and authorized customer purchase order releases placed with our manufacturing and distribution centers for actual production and order fulfillment. Firm orders are typically fulfilled as promptly as possible from the conversion of available raw materials, sub-components and work-in-process inventory for OEM orders and from current on-hand finished goods inventory for aftermarket orders. The dollar amount of such purchase order releases on hand and not processed at any point in time is not believed to be significant based upon the time frame involved.

Regulatory and Environmental Compliance

We are subject to the requirements of environmental and safety and health laws and regulations in each country in which we operate. These include laws regulating air emissions, water discharge, hazardous materials and waste management. We have an environmental management structure designed to facilitate and support our compliance with these requirements globally. Although it is our intent to comply with all such requirements and regulations, we cannot provide assurance that we are at all times in compliance. Environmental requirements are complex, change frequently and have tended to become more stringent over time. Accordingly, we cannot assure that environmental requirements will not change or become more stringent over time or that our eventual environmental costs and liabilities will not be material.

Certain environmental laws assess liability on current or previous owners or operators of real property for the cost of removal or remediation of hazardous substances. At this time, we are involved in various stages of investigation and cleanup related to environmental remediation matters at certain of our present and former facilities. In addition, there may be soil or groundwater contamination at several of our properties resulting from historical, ongoing or nearby activities.

As of December 31, 2017, the undiscounted reserve for environmental investigation and remediation was approximately $10.5 million. We do not currently possess sufficient information to reasonably estimate the amounts of environmental liabilities to be recorded upon future completion of studies, litigation or settlements, and we cannot determine either the timing or the amount of the ultimate costs associated with environmental

matters, which could be material to our combined results of operations and operating cash flows in the periods recognized or paid. However, considering our past experience and existing reserves, we do not expect that environmental matters will have a material adverse effect on our combined financial position.

Additionally, we will be required to make payments to Honeywell in amounts equal to 90% of Honeywell's asbestos-related liability payments primarily related to the Bendix business in the United States, as well as certain environmental-related liability payments and accounts payable and non-United States asbestos-related liability payments, in each case related to legacy elements of the Business, including the legal costs of defending and resolving such liabilities, less 90% of Honeywell's net insurance receipts and, as may be applicable, certain other recoveries associated with such liabilities. See "Certain Relationships and Related Party Transactions—Agreements with Honeywell—Indemnification and Reimbursement Agreement" for more information.

Employees

As of December 31, 2017, we employed approximately 6,000 full-time employees and 1,500 temporary and contract workers globally. Approximately 37% of our full-time employees are represented worldwide by numerous unions and works councils.

Seasonality

Our business is moderately seasonal. Our primary North American customers historically reduce production during the month of July and halt operations for approximately one week in December; our European customers generally reduce production during the months of July and August and for one week in December; and our Chinese customers often reduce production during the period surrounding the Chinese New Year. Shut-down periods in the rest of the world generally vary by country. In addition, automotive production is traditionally reduced in the months of July, August and September due to the launch of parts production for new vehicle models. Accordingly, our results reflect this seasonality.

Properties

We have created a geographic footprint that emphasizes locating R&D, engineering and manufacturing capabilities in close physical proximity to our customers, thereby enabling us to adopt technologies and products for the specific vehicle types sold in each geographic market. Over the past several years, we have invested heavily to be close to our Chinese, Indian and other high-growth region OEM customers to be able to offer world-leading technologies, localized engineering support and unparalleled manufacturing productivity.

As of December 31, 2017, we owned or leased 13 manufacturing sites, five R&D centers and 13 close-to-customer engineering sites. We also have many smaller sales offices, warehouses, cybersecurity and IVHM sites and other investments strategically located throughout the world. The following table shows the regional distribution of our manufacturing sites, R&D centers and customer engineering sites:

	North America	Europe, Middle East & Africa	South Asia & Asia Pacific	South America	Total
Manufacturing Sites	2	5	5	1	13
R&D Centers	1	2	2	0	5
Close-to-Customer Engineering Sites	3	6	3	1	13

We frequently review our real estate portfolio and develop footprint strategies to support our customers' global plans, while at the same time supporting our technical needs and optimizing operating cost base. We believe our evolving portfolio will meet current and anticipated future needs. For more information, see Note 20 Sales by Product Channels, Customer, Geographical and Supplier Concentrations of Notes to Combined Financial Statements.

Legal Proceedings

We are involved in various lawsuits, claims and proceedings incident to the operation of its businesses, including those pertaining to product liability, product safety, environmental, safety and health, intellectual property, employment, commercial and contractual matters and various other matters. Although the outcome of any such lawsuit, claim or proceeding cannot be predicted with certainty and some may be disposed of unfavorably to us, we do not currently believe that such lawsuits, claims or proceedings will have a material adverse effect on our financial position, results of operations or cash flows. We accrue for potential liabilities in a manner consistent with accounting principles generally accepted in the United States. Accordingly, we accrue for a liability when it is probable that a liability has been incurred and the amount of the liability is reasonably estimable.

Additionally, in connection with our entry into the Indemnification and Reimbursement Agreement, we will be required to make payments to Honeywell for a certain amount of Honeywell's asbestos-related liability payments and accounts payable, primarily related to the Bendix business in the United States, as well as certain environmental-related liability payments and accounts payable and non-United States asbestos-related liability payments and accounts payable, in each case related to legacy elements of the Business, including the legal costs of defending and resolving such liabilities, less 90% of Honeywell's net insurance receipts and, as may be applicable, certain other recoveries associated with such liabilities. See "Certain Relationships and Related Party Transactions—Agreements with Honeywell—Indemnification and Reimbursement Agreement" for more information.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the Combined Financial Statements and related Notes thereto and other financial information appearing elsewhere in this Information Statement. All of the financial information presented in this section has been revised to reflect the restatement more fully described in Note 1 to the Combined Financial Statements.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to help you understand the results of operations and financial condition of the Business for the three and six months ended June 30, 2018 and 2017 and for the years ended December 31, 2017, 2016 and 2015.

Overview and Business Trends

Our Business designs, manufactures and sells highly engineered turbocharger and electric-boosting technologies for light and commercial vehicle OEMs and the global vehicle and independent aftermarket. These OEMs in turn ship to consumers globally. We are a global technology leader with significant expertise in delivering products across gasoline, diesel and electric (hybrid and fuel cell) powertrains. These products are key enablers for fuel economy and emission standards compliance.

Market penetration of vehicles with a turbocharger is expected to increase from approximately 47% in 2017 to approximately 59% by 2022, according to IHS and other industry sources, which we believe will allow our business to grow at a faster rate than overall automobile production. The turbocharger market volume growth was particularly strong in China and other high-growth regions.

The growth trajectory for turbochargers is expected to continue, as the technology is one of the most cost-effective solutions for OEMs to address strict constraints for vehicle fuel efficiency and emissions standards. As a result, OEMs are increasing their adoption of turbocharger technologies across gasoline and diesel engines as well as hybrid-electric and fuel cell vehicles. In recent years, we have also seen a shift in demand from diesel engines to gasoline engines.

In particular, the commercial vehicle OEM market and light vehicle gasoline markets in China and other high-growth regions have increased due to favorable economic conditions and rising income levels which have led to an increase in automotive and vehicle content demand. While the respective growth rates may potentially decline as the local markets mature, we continue to expect an increase in future vehicle production utilizing turbocharger technologies as vehicle ownership remains well below ownership levels in developed markets.

We are entering into certain agreements with Honeywell that did not exist prior to the Spin-Off, such as the Indemnification and Reimbursement Agreement, Tax Matters Agreement and Transition Services Agreement, which will cause us to incur new costs. See "Certain Relationships and Related Party Transactions—Agreements with Honeywell," "Management's Discussion and Analysis of Financial Conditions and Results of Operations—Liquidity and Capital Resources," "Certain Relationships and Related Party Transactions—Agreements with Honeywell—Indemnification and Reimbursement Agreement," "Certain Relationships and Related Party Transactions—Agreements with Honeywell—Tax Matters Agreement" and "Certain Relationships and Related Party Transactions—Agreements with Honeywell—Transition Services Agreement" for a description of the material terms thereof.

Basis of Presentation

The accompanying historical Combined Financial Statements were derived from the consolidated financial statements and accounting records of Honeywell. These Combined Financial Statements reflect the combined historical results of operations, financial position and cash flows of the Business as they were historically

managed in conformity with U.S. GAAP. Therefore, the historical combined financial information may not be indicative of our future performance and does not necessarily reflect what our combined results of operations, financial condition and cash flows would have been had the Business operated as a separate, publicly traded company during the periods presented, particularly because of changes that we expect to experience in the future as a result of our separation from Honeywell, including changes in the financing, cash management, operations, cost structure and personnel needs of our business.

The Combined Financial Statements include certain assets and liabilities that have historically been held at the Honeywell corporate level but are specifically identifiable or otherwise allocable to the Business. Additionally, Honeywell provides certain services, such as legal, accounting, information technology, human resources and other infrastructure support, on behalf of the Business. The cost of these services has been allocated to the Business on the basis of the proportion of revenues. The Business and Honeywell consider these allocations to be a reasonable reflection of the benefits received by the Business. Actual costs that would have been incurred if the Business had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure. Both we and Honeywell consider the basis on which the expenses have been allocated to be a reasonable reflection of the utilization of services provided to or the benefits received by the Business during the periods presented.

Subsequent to the completion of the Spin-Off, we expect to incur expenditures consisting of employee-related costs, costs to start up certain stand-alone functions and information technology systems, and other one-time transaction related costs. Recurring stand-alone costs include establishing the internal audit, treasury, investor relations, tax and corporate secretary functions as well as the annual expenses associated with running an independent publicly traded company including listing fees, compensation of non-employee directors, related board of director fees and other fees and expenses related to insurance, legal and external audit. Recurring stand-alone costs that differ from historical allocations may have an impact on profitability and operating cash flows but we believe the impact will not be significant. As a stand-alone public company, we do not expect our recurring stand-alone corporate costs to be materially higher than the expenses historically allocated to us from Honeywell. We believe our cash flow from operations will be sufficient to fund our corporate expenses.

Our asbestos-related and environmental expenses, net of probable insurance recoveries, are reported within Other expense, net in our Combined Statement of Operations. Honeywell is subject to certain asbestos-related and environmental-related liabilities, primarily related to its legacy Bendix business. In conjunction with the Business's separation from Honeywell, certain operations that were part of the Bendix business, along with the ownership of the Bendix trademark, as well as certain operations that were part of other legacy elements of the Business, will be transferred to us. Our Combined Financial Statements reflect an estimated liability for resolution of pending and future asbestos-related and environmental liabilities related to these businesses, calculated as if we were responsible for 100% of the Bendix asbestos-liability payments. See Asbestos Matters in Note 18, Commitments and Contingencies of Notes to Combined Financial Statements for additional information. In connection with the separation from Honeywell, we plan to enter into an Indemnification and Reimbursement Agreement to make payments to Honeywell in amounts equal to 90% of Honeywell's asbestos-related liability payments and accounts payable, primarily related to the Bendix business in the United States, as well as certain environmental-related liability payments and accounts payable and non-United States asbestos-related liability payments and accounts payable, in each case related to legacy elements of the Business, including the legal costs of defending and resolving such liabilities, less 90% of Honeywell's net insurance receipts and, as may be applicable, certain other recoveries associated with such liabilities. Pursuant to this Indemnification and Reimbursement Agreement, we will be responsible for paying to Honeywell such amounts, up to a cap of an amount equal to the Distribution Date Currency Exchange Rate equivalent of $175 million in respect of such liabilities arising in any given calendar year. The payments that the Business will be required to make to Honeywell pursuant to this agreement will not be deductible for U.S. federal income tax purposes. See "Certain Relationships and Related Party Transactions—Agreements with Honeywell—Indemnification and Reimbursement Agreement."

Results of Operations for the three and six months ended June 30, 2018 compared with the three and six months ended June 30, 2017

Net Sales

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(Dollars in millions)			
Net sales	$ 877	$ 775	$ 1,792	$ 1,547
% change compared with prior period	13.2%		15.8%	

The change in net sales compared to prior year period is attributable to the following:

	Three Months	Year to Date
Volume	8.2%	8.4%
Price	(1.1)%	(1.2)%
Foreign Currency Translation	6.1%	8.6%
	13.2%	15.8%

Three Months Ended June 30, 2018 compared with Three Months Ended June 30, 2017

Our net sales increased for the three months ended June 30, 2018 compared to the prior year period by $102 million or approximately 13.2% (7.1% excluding foreign currency translation) primarily driven by increases in sales volume partially offset by contractual price reductions. The increase in sales volume, net of contractual price reductions, was primarily driven by light vehicles OEM products growth of approximately $78 million and commercial vehicles OEM products growth of approximately $24 million.

Our light vehicles OEM product growth was primarily driven by increased gasoline volumes in China, Europe and South Korea, as a result of increased turbocharger penetration in gasoline engines. Additionally, revenues for diesel OEM products increased primarily in South Korea and Europe due to favorable foreign currency translation despite slightly lower volumes in these regions. The commercial vehicles OEM product growth was primarily driven by volume increases in North America and China. Our aftermarket product sales were approximately flat, with volume increases in South Korea offset by a decrease in Europe and North America.

Six Months Ended June 30, 2018 compared with Six Months Ended June 30, 2017

Our net sales increased for the six months ended June 30, 2018 compared to the prior year period by $245 million or approximately 15.8% (7.2% excluding foreign currency translation) primarily driven by increases in sales volume partially offset by contractual price reductions. The increase in sales volume, net of contractual price reductions, was primarily driven by light vehicles OEM products growth of approximately $182 million, commercial vehicles OEM products growth of approximately $59 million and aftermarket products growth of approximately $7 million.

Our light vehicles OEM product growth was primarily driven by increased gasoline volumes in China, Europe, and South Korea, as a result of increased turbocharger penetration in gasoline engines. Further, revenues for diesel OEM products as well as aftermarket products increased primarily in Europe due to favorable foreign currency translation despite slightly lower volumes in this region. The commercial vehicles OEM product growth was primarily driven by volume increases in China, North America and Europe.

Cost of Goods Sold

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(Dollars in millions)			
Cost of goods sold	$ 662	$ 578	$ 1,366	$ 1,162
% change compared with prior period	14.5%		17.6%	
Gross Profit percentage	24.5%	25.4%	23.8%	24.9%

Three Months Ended June 30, 2018 compared with Three Months Ended June 30, 2017

Costs of goods sold increased in the three months ended June 30, 2018 compared to the prior year period by $84 million or approximately 14.5% primarily driven by an increase in direct material costs of approximately $66 million (due to an increase in volume and the impacts of foreign currency translation) and in research and development costs of $7 million.

Gross profit percentage decreased primarily due to unfavorable impacts from mix and price (approximately 1.6 percentage point impact), partially offset by favorable volume leverage (approximately 0.4 percentage point impact) and net favorable impacts from foreign currency translation (approximately 0.3 percentage point impact).

Six Months Ended June 30, 2018 compared with Six Months Ended June 30, 2017

Costs of goods sold increased in the six months ended June 30, 2018 compared to the prior year period by $204 million or approximately 17.6% primarily driven by an increase in direct material costs of approximately $165 million (due to an increase in volume and the impacts of foreign currency translation).

Gross profit percentage decreased primarily due to unfavorable impacts from mix and price (approximately 2.0 percentage point impact), partially offset by favorable volume leverage (approximately 0.9 percentage point impact).

Selling, General and Administrative Expenses

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(Dollars in millions)			
Selling, general and administrative expense	$ 63	$ 58	$ 126	$ 119
% of sales	7.2%	7.5%	7.0%	7.7%

Three Months Ended June 30, 2018 compared with Three Months Ended June 30, 2017

Selling, general and administrative expenses increased by $5 million in the three months ended June 30, 2018 compared to the prior year period primarily as a result of higher sales volume. The decline in expenses as a percentage of sales was primarily due to favorable volume leverage.

Six Months Ended June 30, 2018 compared with Six Months Ended June 30, 2017

Selling, general and administrative expenses increased by $7 million in the six months ended June 30, 2018 compared to the prior year period primarily as a result of higher sales volume. The decline in expenses as a percentage of sales was primarily due to favorable volume leverage.

Other Expense, Net

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(Dollars in millions)			
Other expense, net	$ 39	$ 44	$ 81	$ 86
% of sales	4.4%	5.7%	4.5%	5.6%

Three Months Ended June 30, 2018 compared with Three Months Ended June 30, 2017

Other expense, net decreased in the three months ended June 30, 2018 compared to the prior year period primarily driven by $5 million of lower asbestos charges.

Six Months Ended June 30, 2018 compared with Six Months Ended June 30, 2017

Other expense, net decreased in the six months ended June 30, 2018 compared to the prior year period primarily driven by $5 million of lower asbestos charges.

Tax Expense (Benefit)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(Dollars in millions)			
Tax expense (benefit)	$ (43)	$ (5)	$ 12	$ 8
Effective tax rate	(40.2)%	(5.0)%	5.5%	4.3%

Three Months Ended June 30, 2018 compared with Three Months Ended June 30, 2017

The effective tax rate decreased for the quarter year-over-year primarily due to increased tax benefits attributable to currency impacts for withholding taxes on undistributed foreign earnings, partially offset by adjustments to the provisional tax amount related to U.S. tax reform.

The effective tax rate for the three months ended in 2018 was lower than the U.S. federal statutory rate of 21% from tax benefits related to the currency impacts on withholding taxes on undistributed foreign earnings, partially offset by non-deductible expenses.

The effective tax rate for the three months ended in 2017 was lower than the U.S. federal statutory rate of 35% from the resolution of tax matters with certain jurisdictions and non-U.S. earnings taxed at lower rates, partially offset by non-deductible expenses.

Six Months Ended June 30, 2018 compared with Six Months Ended June 30, 2017

The effective tax rate increased for the six months year-over-year primarily due to U.S. tax reform’s expansion of the anti-deferral rules that impose U.S. taxes on foreign earnings and decreased tax benefits from tax reserves from the resolution of tax matters, partially offset by adjustments to the provisional tax amount related to U.S. tax reform.

The effective tax rate for the six months ended in 2018 was lower than the U.S. federal statutory rate of 21% primarily from tax benefits related to the currency impacts on withholding taxes on undistributed foreign earnings, partially offset by non-deductible expenses.

The effective tax rate for the six months ended in 2017 was lower than the U.S. federal statutory rate of 35% from the resolution of tax matters with certain jurisdictions and non-U.S. earnings taxed at lower rates, partially offset by non-deductible expenses.

On December 22, 2017, the U.S. enacted tax reform that instituted fundamental changes to the taxation of multinational corporations. As a result of the tax reform, we recorded a provisional tax charge at December 31, 2017 of $354 million related to the mandatory transition tax and $980 million related to taxes on undistributed foreign earnings that are no longer intended to be permanently reinvested. We recorded a provisional amount because certain information related to the computation of earnings and profits, distributable reserves, and foreign exchange gains and losses is not readily available; some of the testing dates to determine taxable amounts have not yet occurred; and there is limited information from federal and state taxing authorities regarding the application and interpretation of the recently enacted legislation. In accordance with current SEC guidance, the Company will report the impact of final provisional amounts in the reporting period in which the accounting is completed, which will not exceed one year from the date of enactment of tax reform.

As described in our Combined Financial Statements for the year ended December 31, 2017, we reasonably estimated certain effects of the tax legislation and, therefore, recorded provisional amounts, including the deemed repatriation transition tax and withholding taxes on undistributed earnings. During the quarter, the Company recorded an adjustment to the provisional tax amount related to the deemed repatriation transition tax and taxes on undistributed earnings of $(4) million and $8 million, respectively. This net adjustment of $4 million results in an increase to the effective tax rate for the six months ended June 30, 2018 of 1.8%. The Company has not finalized the accounting for the tax effects of the tax legislation as we are continuing to gather additional information and expect to complete our accounting within the prescribed measurement period.

The effective tax rate can vary from quarter to quarter for unusual or infrequently occurring items, such as the tax impacts from the resolution of income tax audits, changes in tax laws, revisions to the provisional amounts from U.S. tax reform or internal restructurings.

Results of Operations for the Years Ended December 31, 2017, 2016 and 2015

Net Sales

	2017	2016	2015
		(Dollars in millions)	
Net sales	$3,096	$2,997	$2,908
% change compared with prior period	3.3%	3.1%	

	2017	2016
Volume	3.7%	4.7%
Price	(1.3)%	(1.3)%
Foreign Currency Translation	0.9%	(0.3)%
	3.3%	3.1%

2017 compared with 2016

Our net sales for 2017 were $3,096 million, an increase of $99 million, or 3.3% (2.4% excluding foreign currency translation), from $2,997 million in 2016, primarily driven by increases in sales volume partially offset by price reductions. The increase in sales volume, net of price reductions, was primarily driven by commercial vehicles OEM products growth of approximately $122 million, partially offset by declines in our light vehicles OEM products of approximately $51 million.

The commercial vehicles OEM product growth was primarily driven by volume increases in China, North America and Europe. Our light vehicles OEM product decline was primarily driven by lower diesel volumes to our OEM customers in Europe, North America and South Korea, partially offset by increased gasoline volumes in China and South Korea, as a result of increased turbocharger penetration in gasoline engines. Our aftermarket product sales were approximately flat, with volume increases in North America offset by a decrease in Europe.

2016 compared with 2015

Our net sales for 2016 were $2,997 million, an increase of $89 million, or 3.1% (3.4% excluding foreign currency translation), from $2,908 million in 2015, primarily driven by increases in sales volume, partially offset by price reductions. The increase in sales volume, net of price reductions, was primarily driven by light vehicles OEM products growth of approximately $91 million, and commercial vehicles OEM products growth of approximately $16 million. These increases were partially offset by a decrease in sales volumes in our aftermarket products of approximately $21 million.

Our light vehicles OEM product sales growth was primarily driven by higher gasoline volumes to our OEM customers in China and Europe, partially offset by lower diesel volumes to our OEM customers in Japan, North America and South Korea. Our commercial vehicles OEM product growth was primarily driven by volume increases in China and Europe, partially offset by a decrease in North America. Our aftermarket product sales decline was primarily driven by volume declines in Europe and North America, partially offset by an increase in Japan.

Cost of Goods Sold

	2017	2016	2015
		(Dollars in millions)	
Cost of goods sold	$2,361	$2,365	$2,179
% change compared with prior period	(0.2)%	8.5%	
Gross Profit percentage	23.7%	21.1%	25.1%

2017 compared with 2016

Cost of goods sold for 2017 was $2,361 million, a decrease of $4 million, or 0.2%, from $2,365 million in 2016.

This decrease was primarily driven by a reduction in repositioning costs of approximately $26 million. Direct material and labor costs were approximately flat in 2017 compared to 2016 (principally due to a favorable impact of productivity, net of inflation, partially offset by increased volume and foreign currency translation). R&D costs increased by $11 million.

Gross profit percentage increased primarily due to higher productivity net of inflation (approximately 4.5 percentage point impact) and net reductions in repositioning and other costs (approximately 0.6 percentage point impact), partially offset by impacts from mix and price (approximately 2.1 percentage point impact) and unfavorable foreign currency translation (approximately 0.1 percentage point impact).

2016 compared with 2015

Cost of goods sold for 2016 was $2,365 million, an increase of $186 million, or 8.5%, from $2,179 million in 2015.

This increase was primarily driven by an increase in direct material costs of approximately $122 million in 2016 compared to 2015 (principally due to an increase in volume partially offset by a favorable impact of productivity, net of inflation) and an increase in repositioning costs of approximately $43 million related to projects to optimize our product costs and to right-size our organizational structure. R&D costs were flat.

Gross profit percentage decreased primarily due to impacts from mix and price (approximately 2.6 percentage point impact), net increases in repositioning and other costs (approximately 1.5 percentage point impact), and unfavorable foreign currency translation (approximately 0.3 percentage point impact), partially offset by productivity net of inflation (approximately 0.2 percentage point impact).

Selling, General and Administrative Expenses

	2017	2016	2015
		(Dollars in millions)	
Selling, general and administrative expense	$249	$197	$186
% of sales	8.0%	6.6%	6.4%

2017 compared with 2016

Selling, general and administrative expense for 2017 was $249 million, an increase of $52 million, or 26.4%, from $197 million in 2016. This increase was primarily driven by a net increase in information technology (IT) costs of approximately $35 million, primarily due to higher corporate allocations from Honeywell. Allocations of corporate expenses from Honeywell are not necessarily indicative of future expenses and do not necessarily reflect the results that the Business would have experienced as an independent company for the periods presented. Additionally, selling costs increased by approximately $6 million related to investments for our software offerings.

2016 compared with 2015

Selling, general and administrative expense for 2016 was $197 million, an increase of $11 million, or 5.9%, from $186 million in 2015. This increase was primarily driven by an increase in selling costs of approximately $8 million related to investments for our software offerings.

Other Expense, Net

	2017 (restated)(1)	2016 (restated)(1)	2015 (restated)(1)
		(Dollars in millions)	
Other expense, net	$ 130	$ 183	$ 167
% of sales	4.2%	6.1%	5.7%

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

2017 compared with 2016

Other expense, net for 2017, was $130 million, a decrease of $53 million, or 29.0%, from $183 million in 2016. This decrease was primarily driven by lower asbestos charges, net of insurance recoveries, in the year.

2016 compared with 2015

Other expense, net for 2016, was $183 million, an increase of $16 million, or 9.6%, from $167 million in 2015. This increase was primarily driven by higher asbestos charges, net of insurance recoveries, in the year.

Interest Expense

	2017	2016	2015
		(Dollars in millions)	
Interest Expense	$ 8	$ 7	$ 5

Interest expense relates to interest on related party notes and cash pool arrangements which are expected to be settled in cash prior to the Spin-Off. See Note 3 Related Party Transactions with Honeywell of Notes to Combined Financial Statements.

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Non-operating (income) expense

	2017	2016	2015
	(Dollars in millions)		
Non-operating (income) expense	$(18)	$ (5)	$ 3

2017 compared with 2016

Non-operating (income) expense for 2017 increased to income of ($18) million from income of ($5) million in 2016 primarily driven by lower foreign exchange losses of $9 million.

2016 compared with 2015

Non-operating (income) expense for 2016 increased to income of ($5) million from expense of $3 million in 2015 primarily driven by higher interest income and lower other non-operating expenses.

Tax Expense

	2017	2016	2015
	(Dollars in millions)		
Tax expense	$1,349	$ 51	$ 114
Effective tax rate	368.6%	20.4%	31.0%

2017 compared with 2016

The effective tax rate increased by 348.2 percentage points in 2017 compared to 2016. The increase was primarily attributable to the provisional impact of U.S. tax reform. On December 22, 2017, the U.S. enacted H.R.1, commonly known as the Tax Cuts and Jobs Act ("**Tax Act**"), that instituted fundamental changes to the U.S. tax system. The Tax Act includes changes to the taxation of foreign earnings by implementing a dividend exemption system, expansion of the current anti-deferral rules, a minimum tax on low-taxed foreign earnings and new measures to deter base erosion. The Tax Act also permanently reduces the corporate tax rate from 35% to 21%, imposes a one-time mandatory transition tax on the historical earnings of foreign affiliates and implements a territorial-style tax system. The impacts of these changes are reflected in the 2017 tax expense, which resulted in provisional charges of approximately $980 million due to the Company's change in assertion regarding foreign unremitted earnings and $354 million due to the mandatory transition tax. These charges are subject to adjustment given the provisional nature of the charges. The Tax Act provisional charges were the primary driver of the increase in the effective tax rate in 2017, partially offset by increased tax benefits from the resolution of tax audits.

Most of the $980 million provisional charge described above relates to non-U.S. withholding taxes that will be payable at the time of the actual cash transfer and is based on the legal entity structure that existed at December 31, 2017. Changes to the legal entity structure or changes in future management's intent whether to permanently reinvest its foreign undistributed earnings could result in a significantly different tax liability.

2016 compared with 2015

The effective tax rate decreased by 10.6 percentage points in 2016 compared to 2015. The decrease was primarily attributable to a change in valuation allowance, partially offset by lower earnings in lower tax rate jurisdictions.

Liquidity and Capital Resources

Historical Liquidity

Historically, we have generated positive cash flows from operations.

As part of the Parent, the Company is dependent upon Honeywell for all of its working capital and financing requirements. Honeywell uses a centralized approach to cash management and financing of its operations. The majority of the Business's cash is transferred to Honeywell daily and Honeywell funds its operating and investing activities as needed. This arrangement is not reflective of the manner in which the Business would have been able to finance its operations had it been a stand-alone business separate from Honeywell during the periods presented. Cash transfers to and from Honeywell's cash management accounts are reflected within Invested deficit.

The Company operates a centralized non-interest-bearing cash pool in U.S. and regional interest-bearing cash pools outside of U.S. As of June 30, 2018, December 31, 2017 and 2016, the Company had non-interest-bearing cash pooling balances of $3 million, $51 million and $65 million, respectively, which are presented in Invested deficit within the Combined Balance Sheets. As part of the preparation for the Spin-Off, the Company has been delinking from U.S. and regional cash pools operated by Honeywell, which results in a significant decrease in Due from related parties and Due to related parties balances as of June 30, 2018.

All intracompany transactions have been eliminated. All significant transactions between the Business and Honeywell have been included in these Combined Financial Statements and are expected to be settled for cash prior to the Spin-Off, with the exception of certain related party notes which are expected to be forgiven. These transactions which are expected to be settled for cash prior to the Spin-Off are reflected in the Combined Balance Sheets as Due from related parties or Due to related parties. In the Combined Statements of Cash Flows, the cash flows related to related party notes receivables presented in the Combined Balance Sheets in Due from related parties are reflected as investing activities since these balances represent amounts loaned to Parent. The cash flows related to related party notes payables presented in the Combined Balances in Due to related parties are reflected as financing activities since these balances represent amounts financed by Parent. For the related party notes, which are expected to be forgiven, the total net effect of the settlement of these transactions is reflected in the Combined Balance Sheets as Invested deficit and in the Combined Statements of Cash Flows as financing activities.

The cash and cash equivalents held by Honeywell at the corporate level are not specifically identifiable to the Business and therefore were not allocated for any of the periods presented. Honeywell third-party debt and the related interest expense have not been allocated for any of the periods presented as Honeywell's borrowings were not directly attributable to the Business.

In addition, the Company had related party notes receivables of $61 million, which are presented in Due from related parties, non-current within the Combined Balance Sheets as of December 31, 2016. The Company received interest income for related party notes receivables of less than $1 million for the three and for the six months ended June 30, 2018 and 2017 and of $1 million, $4 million and $2 million for the years ended December 31, 2017, 2016 and 2015, respectively. Additionally, the Company incurred interest expense for related party notes payable of less than $1 million and $1 million for the three and for the six months ended June 30, 2018 and 2017, respectively and of $6 million, $6 million and $5 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Future Liquidity

On a recurring basis, our primary future cash needs will be centered on operating activities, working capital, capital expenditures, asbestos and environmental compliance costs, and interest payments. Our ability to fund these needs will depend, in part, on our ability to generate or raise cash in the future, which is subject to general economic, financial, competitive, regulatory and other factors that are beyond our control.

Following the separation from Parent, our capital structure and sources of liquidity will change from its historical capital structure because we will no longer participate in Parent's centralized cash management program. Our ability to fund our operating needs will depend on our future ability to continue to generate

positive cash flow from operations and raise cash in the capital markets. Based upon our history of generating strong cash flows, we believe will be able to meet our short-term liquidity needs. We believe we will meet known or reasonably likely future cash requirements, through the combination of cash flows from operating activities, available cash balances and available borrowings through our debt agreements. We expect that our primary cash requirements in 2018 will primarily be to fund capital expenditures and to meet our obligation under the debt instruments and the Indemnification and Reimbursement Agreement described below, as well as the Tax Matters Agreement. See "—Capital Expenditures" for more information. If these sources of liquidity need to be augmented, additional cash requirements would likely be financed through the issuance of debt or equity securities; however, there can be no assurances that we will be able to obtain additional debt or equity financing on acceptable terms in the future.

Senior Credit Facilities

In connection with the Spin-Off, we expect to incur substantial indebtedness in the form of term loans in an aggregate principal amount of approximately $1,100 million, and we also intend to enter into an approximately $500 million revolving credit facility. The definitive terms are subject to change and will be finalized prior to the closing of the Spin-Off.

The term loan facilities may consist of a tranche denominated in Euros and a tranche denominated in U.S. Dollars. This indebtedness is intended to be available to finance, in part, the cash transfer to Honeywell or a subsidiary of Honeywell substantially concurrently with the consummation of the Spin-Off, subject to the satisfaction of certain closing conditions customary for financings of this type, including the Spin-Off and the issuance of the senior notes contemplated hereby and the payment of certain upfront fees and/or original issue discount in respect of the senior credit facilities. After the effective date, availability under the revolving credit facility from time to time will be subject to the satisfaction of certain conditions precedent customary for financings of this type.

We expect to be obligated to make quarterly principal payments throughout the term of the term loan facility according to the amortization provisions in the credit agreement. Borrowings under the credit agreement are expected to be prepayable at our option without premium or penalty, subject to a 1.00% prepayment premium in connection with any repricing transaction in the first six months after the closing date. We may request to extend the maturity date of all or a portion of the senior credit facilities subject to certain conditions customary for financings of this type. The credit agreement also may contain certain mandatory prepayment provisions in the event that we incur certain types of indebtedness or receive net cash proceeds from certain non-ordinary course asset sales or other dispositions of property, in each case subject to terms and conditions customary for financings of this type.

The credit agreement is expected to contain certain affirmative and negative covenants customary for financings of this type that, among other things, limit our and our subsidiaries' ability to incur additional indebtedness or liens, to dispose of assets, to make certain fundamental changes, to designate subsidiaries as unrestricted, to make certain investments, to prepay certain indebtedness and to pay dividends, or to make other distributions or redemptions/ repurchases, in respect of the our and our subsidiaries' equity interests. In addition, the credit agreement may require that we maintain a maximum consolidated total leverage ratio and a minimum consolidated interest coverage ratio. The credit agreement also is expected to contain events of default customary for financings of this type, including certain customary change of control events.

We anticipate that the obligations of each borrower under the credit agreement will be jointly and severally guaranteed by certain of our existing and future direct and indirect wholly owned subsidiaries, subject to certain exceptions customary for financings of this type. All obligations of the borrowers and the guarantors will be secured by certain assets of such borrowers and guarantors, including a perfected first-priority pledge of all of the equity securities of each borrower and each wholly owned subsidiary of SpinCo held by any loan party, subject to certain customary exceptions and limitations.

Senior Notes

We anticipate that certain wholly owned subsidiaries of SpinCo will issue an aggregate principal amount of senior notes of the Euro equivalent of approximately $480 million in connection with the Spin-Off. It is expected that the senior notes will bear interest at a fixed annual interest rate and mature on the eighth anniversary of their issuance.

We anticipate that SpinCo and each of SpinCo's subsidiaries that provides a guarantee under the senior credit facilities will initially jointly and severally guarantee the senior notes on a senior unsecured basis. The senior notes will be senior debt obligations of the senior notes issuers, secured by certain notes collateral on a junior basis (pursuant to an intercreditor agreement) to the liens on such notes collateral securing the senior credit facilities. The senior notes guarantees will be unsecured senior debt obligations of the senior notes guarantors, subordinated in right of payment (pursuant to an intercreditor agreement) to obligations of the senior notes guarantors under the senior credit facilities.

The indenture governing the senior notes, among other things, is expected to limit our ability and the ability of our restricted subsidiaries to: (i) incur or guarantee additional indebtedness, (ii) pay dividends or distributions on, or redeem or repurchase, capital stock and make other restricted payments, (iii) make investments, (iv) consummate certain asset sales, (v) engage in certain transactions with affiliates, (vi) grant or assume certain liens and (vii) consolidate, merge or transfer all or substantially all of our assets.

The net proceeds from the borrowings under the term loan facilities and the offering of the senior notes will be used as part of the financing for the Spin-Off of SpinCo from Honeywell.

Indemnification and Reimbursement Agreement

In connection with the separation from Honeywell, we plan to enter into an Indemnification and Reimbursement Agreement to make certain payments to Honeywell in amounts equal to 90% of Honeywell's asbestos-related liability payments and accounts payable, primarily related to the Bendix business in the United States, as well as certain environmental-related liability payments and accounts payable and non-United States asbestos-related liability payments and accounts payable, in each case related to legacy elements of the Business, including the legal costs of defending and resolving such liabilities, less 90% of Honeywell's net insurance receipts and, as may be applicable, certain other recoveries associated with such liabilities. Pursuant to the Indemnification and Reimbursement Agreement, we will be responsible for paying to Honeywell such amounts, up to a cap of an amount equal to the Distribution Date Currency Exchange Rate equivalent of $175 million (exclusive of any late payment fees) in respect of such liabilities arising in any given calendar year. The payments that the Business will be required to make to Honeywell pursuant to such agreement will not be deductible for U.S. federal income tax purposes. See "Certain Relationships and Related Party Transactions—Agreements with Honeywell—Indemnification and Reimbursement Agreement."

Cash Flow Summary for the Six Months ended June 30, 2018 and 2017

Our cash flows from operating, investing and financing activities for the six months ended June 30, 2018 and 2017, as reflected in the Combined Interim Financial Statements included elsewhere in this Information Statement, are summarized as follows:

	Six Months Ended June 30,	
	2018	2017
	(Dollars in millions)	
Cash provided by (used for):		
Operating activities	$ 279	$ 169
Investing activities	236	(43)
Financing activities	(556)	(43)
Effect of exchange rate changes on cash	(7)	7
Net increase (decrease) in cash and cash equivalents	$ (48)	$ 90

Cash provided by operating activities increased by $110 million for the six months ended June 30, 2018 versus the same period last year, primarily due to increases in cash flows related to Receivables from related

parties of $52 million which principally relates to the settlement by the Parent on behalf of the Company of foreign R&D tax credits. The remaining increase was primarily attributable to an increase in Net income before deferred tax and foreign exchange (gain) loss of $30 million and cash flows related to Payables to related parties of $23 million.

Cash provided by (used for) investing activities increased by $279 million for the six months ended June 30, 2018 versus the same period last year, primarily due to favorable net cash impacts from marketable securities investment activities period over period of $289 million, partially offset by an increase in capital expenditures of $13 million.

Cash used for financing activities decreased by $513 million for the six months ended June 30, 2018 versus the same period last year. The change was primarily due to a decrease of $327 million in proceeds from related party notes payable and an increase of $167 million in payments for related party notes payable period over period.

Cash Flow Summary for the Years Ended December 31, 2017, 2016 and 2015

Our cash flows from operating, investing and financing activities for the years ended December 31, 2017, 2016 and 2015, as reflected in the audited Combined Financial Statements included elsewhere in this Information Statement, are summarized as follows:

	Years Ended December 31,		
	2017 (restated)(1)	2016	2015
	(Dollars in millions)		
Cash provided by (used for):			
Operating activities	$ 71	$ 305	$ 367
Investing activities	30	(182)	(144)
Financing activities	60	(149)	(275)
Effect of exchange rate changes on cash	20	(1)	(13)
Net increase (decrease) in cash and cash equivalents	$ 181	$ (27)	$ (65)

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

2017 compared with 2016

Cash provided by operating activities decreased by $234 million, primarily due to higher income taxes settled with the Parent of $357 million, mainly due to the provisional mandatory transition tax impact of the Tax Act. This was partially offset by higher Income before taxes of $116 million, favorable impacts from working capital of approximately $6 million and payables to related parties of $37 million.

Cash from investing activities increased by $212 million, primarily due to lower issuances of related party notes receivables to the Parent of $63 million and favorable net cash impacts from marketable securities investment activities year over year of $145 million.

Cash provided by financing activities increased by $209 million. The change was primarily due to a $133 million increase in cash received from the Parent's cash pools and lower increase in Invested deficit of $76 million.

2016 compared with 2015

Cash provided by operating activities decreased by $62 million, primarily due to lower Income before taxes of $118 million and unfavorable impacts from working capital of approximately $47 million, partially offset by lower tax payments of $30 million and favorable impacts from accrued liabilities of $62 million.

Cash used for investing activities increased by $38 million, primarily due to an increase in expenditures for property, plant and equipment of $34 million.

Cash used for financing activities decreased by $126 million. The decrease in usage was primarily due to a lower increase in Invested deficit of $610 million, partially offset by a $484 million decrease in cash received from the Parent's cash pools.

Contractual Obligations and Probable Liability Payments

Following is a summary of our significant contractual obligations and probable liability payments at December 31, 2017:

		Payments by Period			
	Total[5]	2018 (restated)[1]	2019-2020 (restated)[1]	2021-2022 (restated)[1]	Thereafter (restated)[1]
	(Dollars in millions)				
Minimum operating lease payments	$ 23	$ 7	$ 10	$ 4	$ 2
Purchase obligations[2]	85	85	—	—	—
Asbestos-related liability payments[3]	1,712	185	374	375	778
Asbestos insurance receipts[4]	(191)	(17)	(31)	(29)	(114)
	$1,629	$ 260	$ 353	$ 350	$ 666

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

(2) Purchase obligations are entered into with various vendors in the normal course of business and are consistent with our expected requirements.

(3) These amounts are estimates of asbestos-related cash settlement payments for Bendix based on our liabilities for unasserted Bendix-related asbestos claims which are probable and reasonably estimable as of December 31, 2017, calculated as if we were responsible for 100% of the Bendix asbestos-related liability payments. See Asbestos Matters in Note 18, Commitments and Contingencies of Notes to Combined Financial Statements for additional information. On a going forward basis, pursuant to the Indemnification and Reimbursement Agreement, we expect to be responsible for 90% of Honeywell's asbestos-related liability payments and accounts payable, primarily related to Honeywell's legacy Bendix friction materials business in the United States, as well as certain environmental-related liability payments and accounts payable and non-United States asbestos-related liability payments and accounts payable, in each case related to legacy elements of the Business, including the legal costs of defending and resolving such liabilities, less 90% of Honeywell's net insurance receipts and, as may be applicable, certain other recoveries associated with such liabilities. The amount payable by the Company in respect of such liabilities arising in a given calendar year will be subject to a cap of an amount equal to the Distribution Date Currency Exchange Rate equivalent of $175 million. See "Certain Relationships and Related Party Transactions—Agreements with Honeywell—Indemnification and Reimbursement Agreement."

(4) These amounts represent Honeywell's estimated insurance receipts that are deemed probable for asbestos-related liabilities as of December 31, 2017, calculated as if we were the beneficiary of 100% of such receipts. On a going forward basis, pursuant to the Indemnification and Reimbursement Agreement, we expect to receive the benefit of 90% of such receipts, the amount of which will be deducted from 90% of payments made in respect of such liabilities and corresponding legal fees subject in each case to the applicable cap. See Asbestos Matters in Note 18, Commitments and Contingencies of Notes to Combined Financial Statements for additional information.

(5) The table excludes related party notes payable as they will either be forgiven or cash settled prior to the Spin-Off. The table also excludes tax liability payments, including those for unrecognized tax benefits and excludes amounts related to the mandatory transition tax that will be payable to Honeywell under the Tax Matters Agreement. See Note 6 Income Taxes and Note 3 Related Party Transactions with Honeywell of Notes to Combined Financial Statements for additional information.

Capital Expenditures

We believe our capital spending in recent years has been sufficient to maintain efficient production capacity, to implement important product and process redesigns and to expand capacity to meet increased demand. Productivity projects have freed up capacity in our manufacturing facilities and are expected to continue to do so. We expect to continue investing to expand and modernize our existing facilities and invest in our facilities to create capacity for new product development.

Off-Balance Sheet Arrangements

We do not engage in any off-balance sheet financial arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies

The preparation of our combined financial statements in accordance with generally accepted accounting principles is based on the selection and application of accounting policies that require us to make significant estimates and assumptions about the effects of matters that are inherently uncertain. We consider the accounting policies discussed below to be critical to the understanding of our financial statements. Actual results could differ from our estimates and assumptions, and any such differences could be material to our combined financial statements.

Contingent Liabilities—We are subject to lawsuits, investigations and claims that arise out of the conduct of our global business operations or those of previously owned entities, including matters relating to commercial transactions, government contracts, product liability (including asbestos), prior acquisitions and divestitures, employee benefit plans, intellectual property, legal and environmental, health and safety matters. We continually assess the likelihood of any adverse judgments or outcomes to our contingencies, as well as potential amounts or ranges of probable losses, and recognize a liability, if any, for these contingencies based on a careful analysis of each matter with the assistance of outside legal counsel and, if applicable, other experts. Such analysis includes making judgments concerning matters such as the costs associated with environmental matters, the outcome of negotiations, the number and cost of pending and future asbestos claims, and the impact of evidentiary requirements. Because most contingencies are resolved over long periods of time, liabilities may change in the future due to new developments (including new discovery of facts, changes in legislation and outcomes of similar cases through the judicial system), changes in assumptions or changes in our settlement strategy. See Note 18, Commitments and Contingencies of Notes to Combined Financial Statements for a discussion of management's judgment applied in the recognition and measurement of our environmental and asbestos liabilities which represent our most significant contingencies.

Asbestos-Related Contingencies and Insurance Recoveries—We recognize a liability for any asbestos-related contingency that is probable of occurrence and reasonably estimable. In connection with the recognition of liabilities for asbestos-related matters, we record asbestos-related insurance recoveries that are deemed probable. Asbestos-related expenses, net of probable insurance recoveries, are presented within Other expense, net in the Combined Statements of Operations. For additional information, see Note 18, Commitments and Contingencies of Notes to Combined Financial Statements.

Warranties and Guarantees—Expected warranty costs for products sold are recognized based on an estimate of the amount that eventually will be required to settle such obligations. These accruals are based on factors such as past experience, length of the warranty and various other considerations. Costs of product recalls, which may include the cost of the product being replaced as well as the customer's cost of the recall, including labor to remove and replace the recalled part, are accrued as part of our warranty accrual at the time an obligation becomes probable and can be reasonably estimated. These estimates are adjusted from time to time based on facts and circumstances that impact the status of existing claims. See Note 18, Commitments and Contingencies of Notes to Combined Financial Statements included herein for additional information.

Pension Benefits—Certain of our employees participate in a defined benefit pension plan (the "**Shared Plan**") sponsored by Honeywell which includes participants of other Honeywell subsidiaries and operations. Accordingly, we do not record an asset or liability to recognize the funded status of the Shared Plan. The related pension expense is based on annual service cost of active Business participants and reported within Costs of goods sold in the Combined Statements of Operations. The pension expense specifically identified for the active Business participants in the Shared Plan for the three months ended June 30, 2018 and 2017 was $2 million and $4 million, respectively, for the six months ended June 30, 2018 and 2017 was $2 million and $4 million, and for each of the years ended December 31, 2017, 2016 and 2015 was $7 million, $6 million and $6 million, respectively.

We also sponsor a funded defined benefit pension plan covering the majority of our employees and retirees in Ireland (the "**Ireland Plan**"). Other pension plans sponsored by the Company outside of Ireland are not material to the Company either individually or in the aggregate. We recognize net actuarial gains or losses in excess of 10% of the greater of the fair value of plan assets or the plans' projected benefit obligation (the corridor) annually in the fourth quarter each year (the "**MTM Adjustment**"), and, if applicable, in any quarter in which an interim remeasurement is triggered. The remaining components of pension (income) expense, primarily service and interest costs and assumed return on plan assets, are recognized on a quarterly basis.

On January 1, 2018, we retrospectively adopted the new accounting guidance on presentation of net periodic pension costs. That guidance requires that we disaggregate the service cost component of net benefit costs and report those costs in the same line item or items in the Combined Interim Statement of Operations as other compensation costs arising from services rendered by the pertinent employees during the period. The other non-service components of net benefit costs are required to be presented separately from the service cost component.

Following the adoption of this guidance, we continue to record the service cost component of Pension ongoing (income) expense in Costs of goods sold. The remaining components of net benefit costs within Pension ongoing (income) expense, primarily interest costs and assumed return on plan assets, are now recorded in Non-operating (income) expense. We will continue to recognize net actuarial gains or losses in excess of 10% of the greater of the fair value of plan assets or the plans' projected benefit obligation (the corridor) annually in the fourth quarter each year (MTM Adjustment). The MTM Adjustment will also be reported in Non-operating (income) expense.

The MTM Adjustment represents the recognition of net actuarial gains or losses in excess of the corridor. Net actuarial gains and losses occur when the actual experience differs from any of the various assumptions used to value our pension plans or when assumptions change. The primary factors contributing to actuarial gains and losses are changes in the discount rate used to value pension obligations as of the measurement date each year and the difference between expected and actual returns on plan assets. The mark-to-market accounting method results in the potential for volatile and difficult to forecast MTM Adjustments. MTM charges were $0 million, $7 million and $0 million in 2017, 2016 and 2015, respectively.

We determine the expected long-term rate of return on plan assets utilizing historical plan asset returns over varying long-term periods combined with our expectations of future market conditions and asset mix considerations (see Note 19 Defined Benefit Pension Plans of Notes to Combined Financial Statements for details on the actual various asset classes and targeted asset allocation percentages for our pension plans). We plan to continue to use an expected rate of return on plan assets of 4.0% for 2018 as this is a long-term rate based on historical plan asset returns over varying long-term periods combined with our expectations of future market conditions and the asset mix of the plan's investments.

The discount rate reflects the market rate on December 31 (measurement date) for high-quality fixed-income investments with maturities corresponding to our benefit obligations and is subject to change each year. The discount rate can be volatile from year to year as it is determined based upon prevailing interest rates as of the measurement date. We used a 1.80% discount rate to determine benefit obligations as of December 31, 2017, reflecting the decrease in the market interest rate environment since the prior year-end.

Inventories—Inventories are stated at the lower of cost, determined on a first-in, first-out basis, including direct material costs and direct and indirect manufacturing costs, or net realizable value. Obsolete inventory is identified based on analysis of inventory for known obsolescence issues. The original equipment inventory on hand in excess of one year's forecasted usage is fully reserved.

Goodwill—Goodwill is subject to impairment testing annually as of March 31, and whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. This testing compares carrying value to fair value and, when appropriate, the carrying value is reduced to fair value. We completed our annual goodwill impairment test as of March 31, 2018 and 2017, and determined that there was no impairment as of that date.

Income Taxes—The tax provision is presented on a separate company basis as if we were a separate filer. The effects of tax adjustments and settlements from taxing authorities are presented in our Combined Financial Statements in the period to which they relate as if we were a separate filer. Our current obligations for taxes are settled with our Parent on an estimated basis and adjusted in later periods as appropriate. All income taxes due to or due from our Parent that have not been settled or recovered by the end of the period are reflected in Invested deficit within the Combined Financial Statements. We are subject to income tax in the United States (federal, state and local) as well as other jurisdictions in which we operate.

Our provision for income tax expense is based on our income, the statutory tax rates and other provisions of the tax laws applicable to us in each of these various jurisdictions. These laws are complex, and their application to our facts is at times open to interpretation. The process of determining our combined income tax expense includes significant judgments and estimates, including judgments regarding the interpretation of those laws. Our provision for income taxes and our deferred tax assets and liabilities incorporate those judgments and estimates, and reflect management's best estimate of current and future income taxes to be paid.

Deferred tax assets and liabilities relate to temporary differences between the financial reporting and income tax bases of our assets and liabilities, as well as the impact of tax loss carryforwards or carrybacks. Deferred income tax expense or benefit represents the expected increase or decrease to future tax payments as these temporary differences reverse over time. Deferred tax assets are specific to the jurisdiction in which they arise, and are recognized subject to management's judgment that realization of those assets is "more likely than not." In making decisions regarding our ability to realize tax assets, we evaluate all positive and negative evidence, including projected future taxable income, taxable income in carryback periods, expected reversal of deferred tax liabilities, and the implementation of available tax planning strategies.

Significant judgment is required in evaluating tax positions. We establish additional reserves for income taxes when, despite the belief that tax positions are fully supportable, there remain certain positions that do not meet the minimum recognition threshold. The approach for evaluating certain and uncertain tax positions is defined by the authoritative guidance which determines when a tax position is more likely than not to be sustained upon examination by the applicable taxing authority. In the normal course of business, Honeywell and its subsidiaries are examined by various federal, state and foreign tax authorities. We regularly assess the potential outcomes of these examinations and any future examinations for the current or prior years in determining the adequacy of our provision for income taxes. We continually assess the likelihood and amount of potential adjustments and adjust the income tax provision, the current tax liability and deferred taxes in the period in which the facts that give rise to a change in estimate become known.

The tax provision has been calculated as if the Business was operating on a stand-alone basis and filed separate tax returns in the jurisdictions in which it operates. Therefore, cash tax payments and items of current and deferred taxes may not be reflective of the actual tax balances had the Business been a stand-alone company during the periods presented.

Market Risk Management

We are exposed to market risks from changes in currency exchange rates. These exposures may impact future earnings and/or operating cash flows. Our exposure to market risk for changes in foreign currency exchange rates arises from international financing activities between subsidiaries, foreign currency denominated monetary assets and liabilities and transactions arising from international trade. Our primary objective is to preserve the U.S. Dollar value of foreign currency denominated cash flows and earnings. We attempt to hedge currency exposures with natural offsets to the fullest extent possible and, once these opportunities have been exhausted, through foreign currency exchange forward and option contracts (foreign currency exchange contracts).

We hedge monetary assets and liabilities denominated in non-functional currencies. Prior to conversion into U.S. dollars, these assets and liabilities are remeasured at spot exchange rates in effect on the balance sheet date. The effects of changes in spot rates are recognized in earnings and included in Non-operating (income) expense. We partially hedge forecasted sales and purchases, which primarily occur in the next twelve months and are denominated in non-functional currencies, with foreign currency exchange contracts. Changes in the forecasted non-functional currency cash flows due to movements in exchange rates are substantially offset by changes in the fair value of the foreign currency exchange contracts designated as hedges. Market value gains and losses on these contracts are recognized in earnings when the hedged transaction is recognized. Open foreign currency exchange contracts mature in the next twelve months. At June 30, 2018 and December 31, 2017, we had contracts with notional amounts of $1,275 million and $928 million, respectively, to exchange foreign currencies, principally the U.S. Dollar, Euro, Chinese Yuan, Japanese Yen, Mexican Peso, New Romanian Leu and Korean Won.

As of June 30, 2018, December 31, 2017 and 2016, the net fair value of all financial instruments with exposure to currency risk was approximately a $4 million liability, $37 million liability and $45 million asset, respectively. The potential loss or gain in fair value for such financial instruments from a hypothetical 10% adverse or favorable change in quoted currency exchange rates would be approximately $(134) million and $123 million at June 30, 2018, $(121) million and $65 million at December 31, 2017 and $(45) million and $153 million at December 31, 2016. The model assumes a parallel shift in currency exchange rates; however, currency exchange rates rarely move in the same direction. The assumption that currency exchange rates change in a parallel fashion may overstate the impact of changing currency exchange rates on assets and liabilities denominated in currencies other than the U.S. dollar. See Note 14 Financial Instruments and Fair Value Measures of Notes to Combined Financial Statements for further discussion on the agreements.

While we are exposed to commodity price risk, we pass through abnormal changes in component and raw material costs to our customers based on the contractual terms of our arrangements. In limited situations we may not be fully compensated for such changes in costs.

Other Matters

Litigation and Environmental Matters

See Note 18, Commitments and Contingencies of Notes to Combined Financial Statements for a discussion of environmental, asbestos and other litigation matters.

Agreements with Honeywell

We are entering into certain agreements with Honeywell that did not exist prior to the Spin-Off, such as Honeywell's provision of transition and other services, and undertaking indemnification obligations, which will cause us to incur new costs. See "Certain Relationships and Related Party Transactions—Agreements with Honeywell" for a description of the material terms thereof.

Recent Accounting Pronouncements

On January 1, 2018, the Company adopted new accounting guidance on revenue from contracts with customers, using the modified retrospective method applied to contracts that were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under that guidance, while prior period amounts are not adjusted and continue to be reported in accordance with the previous guidance. See Note 4 Revenue Recognition and Contracts with Customers for further details.

On January 1, 2018, the Company adopted a new accounting standard that resulted in the components of net periodic pension cost and net periodic postretirement benefit cost other than service costs to no longer be presented in Cost of products and services sold and Selling, general and administrative expenses, but to instead be presented within Non-operating (income) expense. See Note 2 Summary of Significant Accounting Policies of Notes to Combined Financial Statements for further details.

See Note 2 Summary of Significant Accounting Policies of Notes to Combined Financial Statements for a discussion of recent accounting pronouncements.

MANAGEMENT

The following table presents information concerning our executive officers and directors following the Spin-Off, including a five-year employment history.

Name	Age	Position
Olivier Rabiller	48	Director, President & Chief Executive Officer
Carlos Cardoso	60	Chairman of the Board
Maura J. Clark	59	Director
Courtney Enghauser	46	Director
Susan L. Main	59	Director
Carsten J. Reinhardt	51	Director
Scott Tozier	57	Director
Craig Balis	53	Senior Vice President & Chief Technology Officer
Daniel Deiro	46	Senior Vice President, Global Customer Management & General Manager Japan/Korea
Alessandro Gili	46	Senior Vice President & Chief Financial Officer
Thierry Mabru	50	Senior Vice President, Integrated Supply Chain
Jerome Maironi	52	Senior Vice President, General Counsel & Corporate Secretary
Fabrice Spenninck	49	Senior Vice President & Chief Human Resources Officer

The following are brief biographies describing the backgrounds of the executive officers and directors of the Company.

Olivier Rabiller

Mr. Rabiller has led the Transportation Systems division at Honeywell since July 2016. From January 2015 to July 2016, he served as Vice President and General Manager of Transportation Systems for High Growth Regions, Business Development, and Aftermarket. From January 2012 to January 2014, he served as Vice President and General Manager, Transportation Systems Aftermarket. Earlier positions within Honeywell included roles as the Vice President of Sourcing for Transportation Systems for three years; Vice President of Customer Management for Passenger Vehicles at Honeywell Turbo Technologies; Vice President, European Sales and Customer Management; and Director of Marketing and Business Development for the European region. He joined Honeywell in 2002 as Senior Program Manager and Business Development Manager for Turbo Technologies EMEA. Mr. Rabiller is a director of the Swiss-American Chamber of Commerce, a non-profit organization which facilitates business relations between Switzerland and the United States. From 2012 until 2016, Mr. Rabiller was a director of Friction Material Pacifica, Australia. He holds a Master's degree in engineering from École Centrale Nantes and an MBA from INSEAD. Mr. Rabiller was chosen to lead SpinCo and serve as a member of the Board of Directors because of his extensive experience at the Transportation Systems division at Honeywell, his background within the automotive industry and his strong leadership abilities.

Carlos Cardoso

Mr. Cardoso is a Senior Advisor of Irving Place Capital focusing on investments in industrial manufacturing and distribution companies since July 2015. From 2007 to 2015, Mr. Cardoso was Chairman and Chief Executive Officer of Kennametal, a global leader in metalworking solutions and engineered components serving a diverse set of industrial and infrastructure markets. Before serving as CEO, Mr. Cardoso served as Kennametal's Vice President and Chief Operating Officer. Prior to Kennametal, he held executive roles at Flowserve and Honeywell (Allied Signal). Mr. Cardoso currently serves on the boards of Stanley Black & Decker, Inc., Hubbell Incorporated and the Ohio Transmission Corporation. He has been named one of America's "Best Chief Executive Officers" by Institutional Investor Magazine. Mr. Cardoso earned a Bachelor of Science degree in business administration from Fairfield University and a Master's degree in management from the Rensselaer

Polytechnic Institute. Mr. Cardoso was chosen as Chairman of our Board of Directors because of his background as a director for public companies and his valuable expertise in companies with extensive manufacturing operations and distribution operations.

Maura J. Clark

Ms. Clark has served as a Corporate Director of Direct Energy since 2014. From 2005 to 2014, Ms. Clark served as President of Direct Energy Business, LLC and Senior Vice President North American Strategy and Mergers and Acquisitions and was responsible for all aspects of the North American commercial and industrial energy business. Her prior experience includes investment banking and serving as Chief Financial Officer of an independent oil refining and marketing company, as Executive Vice President of Corporate Development and Chief Financial Officer of the Clark USA and as a Managing Director of Investment Banking Services at Goldman Sachs & Co., where she built a portfolio of clients involved in merchant power, gas and electric utilities and industrial companies. She also served as Vice President of Finance of North American Life Assurance Company, a financial services company. Ms. Clark is a member of the Board of Fortis Inc., Potash Corp. of Saskatchewan, Agrium Inc., Elizabeth Arden, Inc., Primary Care Development Corp. and Sabine River. She graduated from Queens University with a Bachelor of Arts in Economics. She is a Charted Professional Accountant and a member of the Association of Chartered Professional Accountants of Ontario. Ms. Clark offers the board extensive experience managing the operations of an international commercial and industrial business as well as significant experience from her service on other public company boards.

Courtney Enghauser

Ms. Enghauser is the Chief Financial Officer of Sensus, now a part of Xylem, a leading global water technology company since April 2013. Prior to her current role, Ms. Enghauser was the Chief Financial Officer of Kinetek, Inc., where she was responsible for the financial management and reporting of a global portfolio company consisting of eleven operating subsidiaries and sixteen holding companies in the electric motors and controls industries located throughout the world. Ms. Enghauser also served as Director of Finance, Mergers and Acquisitions of Kinetek, Inc. and Chief Financial Officer of Finishing Services & Technologies, Inc. after starting her career as an Auditor at PriceWaterhouseCoopers. Ms. Enghauser graduated with a Bachelor of Science in Accounting from Indiana University and is a Certified Public Accountant. Ms. Enghauser will provide the board with significant experience in the technology sector and financial strategies from a global perspective.

Susan L. Main

Ms. Main is the Senior Vice President and Chief Financial Officer of Teledyne Technologies Incorporated, a leading provider of sophisticated instrumentation, digital imaging products and software, aerospace and defense electronics, and engineered systems since November 2012. Prior to her current role, Ms. Main was the Vice President and Controller since March 2004. From 1999-2004, Ms. Main served as Vice President and Controller for Water Pik Technologies, Inc. Ms. Main also held numerous financial roles at the former Allegheny Teledyne Incorporated in its government, industrial and commercial segments. Earlier in her career, Ms. Main held financial and auditing roles at the former Hughes Aircraft Company. Ms. Main is a member of the board of directors of Ashland Global Holdings, Inc., where she serves as the Chairperson of the Audit Committee and as a member of the Governance and Nominating Committee. Ms. Main is a member of the National Association of Corporate Directors and Women Corporate Directors. Ms. Main graduated from California State University, Fullerton with a Bachelor of Arts in business administration. We believe Ms. Main will provide the board with valuable experience in financial management given her background in various financial roles.

Carsten J. Reinhardt

Mr. Reinhardt has served as Senior Advisor for RLE International since October 2016. From July 2012 to October 2016, Mr. Reinhardt was President and CEO of Voith Turbo GmbH & Co. KG, a supplier of advanced

powertrain technologies to the rail, commercial vehicle, marine, power generation, oil & gas and mining industries. Mr. Reinhardt currently sits on the Boards of Grundfos A/S Holding, SAF-Holland S.A., Rosti Group, Rosti Automotive, Tegimus Holding, GmbH, and Beinbauer Group (Germany). Mr. Reinhardt holds a Bachelor's degree in Mechanical Engineering from Esslingen Technical University in Germany and a Master of Science degree in automobile engineering from the University of Hertfordshire, UK. Through his extensive experience in the automotive industry across global markets, Mr. Reinhardt provides operational expertise and strengthens the Board's experience within the industry.

Scott Tozier

Mr. Tozier has been the Chief Financial Officer and Executive Vice President of Albemarle Corporation since January 2011. Prior to joining Albemarle, he served as Vice President of Finance, Transformation and Operations of Honeywell International, Inc. where he was responsible for Honeywell's global financial shared services and best practices management. His 16-year career with Honeywell spanned senior financial positions in the United States, Asia Pacific and Europe. Mr. Tozier currently serves as a director on the boards of directors for FCCSA and Volta Energy Technologies. He is also a trustee for Blumenthal Performing Arts and Charlotte Chamber of Commerce, and on the Board of Advisors for Junior Achievement of the Carolinas. He holds a Bachelor of Business Administration in Accounting from the University of Wisconsin-Madison in 1988. Mr. Tozier holds an MBA from the University of Michigan, where he graduated with honors in 1994. He is a Certified Public Accountant. As a former executive within Honeywell, Mr. Tozier offers the board valuable expertise in best practices for a public company on a global scale, as well as financial management given his background as a CFO and a Certified Public Accountant.

Craig Balis

Mr. Balis was appointed our Senior Vice President and Chief Technology Officer in 2018. From June 2014 until such appointment, Mr. Balis was the Vice President and Chief Technology Officer of Honeywell Transportation Systems. From December 2008 to June 2014, Mr. Balis was the Vice President of Engineering of Honeywell Transportation Systems. Mr. Balis has a Bachelor of Science and Master's Degree in engineering from the University of Illinois.

Daniel Deiro

Mr. Deiro was appointed our Senior Vice President, Global Customer Management, and General Manager Japan/Korea in 2018. From August 2014 until such appointment, Mr. Deiro was the Vice President of Customer Management and General Manager for Honeywell Transportation Systems for Japan and Korea. From April 2012 until August 2014, Mr. Deiro was a Senior Customer Management Director at Honeywell Transportation Systems. Mr. Deiro has a degree in Automotive Engineering from Haute école spécialisée bernoise, Technique et Informatique (BFH-TI), Biel, Switzerland.

Alessandro Gili

Mr. Gili was appointed our Senior Vice President and Chief Financial Officer in 2018. From June 2018 until such appointment, Mr. Gili was the Chief Financial Officer of Honeywell Transportation Systems. From February 2015 until May 2018, Mr. Gili was the Chief Financial Officer of Ferrari N.V. In April 2015 he was also appointed as President of Ferrari Financial Services S.p.A. From June 2013 to February 2015, he was a Vice President and Chief Accounting Officer of Fiat Chrysler Automobiles N.V. From June 2011 to June 2013, Mr. Gili was Vice President, Corporate Controller and Chief Accounting Officer of Chrysler Group LLC. Prior to joining the Fiat Group, Mr. Gili was a project manager for Innovative Redesign Managements Consultants. Mr. Gili spent the first years of his career in Audit at Coopers & Lybrand. Mr. Gili holds a Bachelor's degree in finance from Turin University and is a Certified Public Accountant and Certified Public Auditor in Italy.

Thierry Mabru

Thierry Mabru was appointed our Senior Vice President, Integrated Supply Chain in 2018. From March 2013 until such appointment, Mr. Mabru was the Vice President of Global Integrated Supply Chain for Honeywell Transportation Systems. From April 2011 until February 2013, Mr. Mabru was Senior Director of Global Advanced Manufacturing Engineering for Honeywell Transportation Systems. From September 2006 to February 2011, Mr. Mabru was Director of the Program Management Office of Honeywell Aerospace EMEAI. Mr. Mabru currently serves as director of both the Board of Friction Material Pacific (FMP) Group Australia PTY Limited and Board of Friction Material Pacific (FMP) Group PTY Limited. Mr. Mabru holds a Master of Science degree from the École Nationale de Mécanique et d'Aérotechniques (ISAE/ENSMA), Poitier, France.

Jerome Maironi

Jerome Maironi was appointed our Senior Vice President, General Counsel and Corporate Secretary in 2018. For the past five years and until such appointment, Mr. Maironi was the Vice President of Global Legal Affairs for Honeywell Performance Materials and Technologies. Mr. Maironi graduated with an Executive MBA from INSEAD, Fontainebleau, France. Mr. Maironi received a post-graduate degree in Law & Practice of International Trade and a Master of Law from the University Rene Descartes, Paris, France. Mr. Maironi is a member of the Association Francaise des Juristes d'Entreprise and has also passed the French Bar Exam.

Fabrice Spenninck

Mr. Spenninck was appointed our Senior Vice President and Chief Human Resources Officer in 2018. From August 2015 until such appointment, Mr. Spenninck was Vice President of Human Resources of Honeywell Transportation Systems. From 2013 to 2015, Mr. Spenninck was Vice President of Labor and Employee Relations and, from 2011 to 2013, he was Senior Director of Human Resources (One Country Leader) in France and North Africa at Honeywell. Mr. Spenninck holds a Master's degree in Human Resources and Labor Relations from the University of Montpellier, France.

Our Board of Directors Following the Spin-Off and Director Independence

Immediately following the Spin-Off, we expect that our Board will be comprised of seven directors. A majority of our directors will meet the independence requirements set forth in the listing standards of the New York Stock Exchange at the time of the Spin-Off.

Committees of the Board

Effective upon the completion of the Spin-Off, our Board will have the following committees, each of which will operate under a written charter that will be posted on our website prior to the Spin-Off.

Audit Committee

The Audit Committee will be established in accordance with Section 3(a)(58)(A) and Rule 10A-3 under the Exchange Act. The responsibilities of our Audit Committee will be more fully described in our Audit Committee charter. We anticipate that our Audit Committee, among other duties, will oversee:

- management's conduct of our financial reporting process (including the development and maintenance of systems of internal accounting and financial controls);
- the integrity of our financial statements;
- our compliance with legal and regulatory requirements;
- the qualifications and independence of our outside auditor;

- the performance of our internal audit function;
- the outside auditor's annual audit of our financial statements; and
- the preparation of certain reports required by the rules and regulations of the SEC.

The Audit Committee will have at least three (3) members and will consist entirely of independent directors, each of whom will meet the independence requirements set forth in the listing standards of the New York Stock Exchange, Rule 10A-3 under the Exchange Act and our Audit Committee charter. Each member of the Audit Committee will be financially literate, and at least one member of the Audit Committee will have accounting and related financial management expertise and satisfy the criteria to be an "audit committee financial expert" under the rules and regulations of the SEC, as those qualifications are interpreted by our Board in its business judgment. The initial members of the Audit Committee will be determined prior to the Spin-Off.

Compensation Committee

The responsibilities of our Compensation Committee will be more fully described in our Compensation Committee charter, and we anticipate that they will include, among other duties:

- determining and approving the compensation of our Chief Executive Officer;
- reviewing and approving the compensation of our other executives;
- overseeing the administration and determination of awards under our compensation plans; and
- preparing any report on executive compensation required by the rules and regulations of the SEC.

The Compensation Committee will consist entirely of independent directors, each of whom will meet the independence requirements set forth in the listing standards of the New York Stock Exchange, Rule 10C-1 under the Exchange Act and our Compensation Committee charter. The members of our Compensation Committee will be "non-employee directors" (within the meaning of Rule 16b-3 under the Exchange Act) and "outside directors" (within the meaning of Section 162(m) of the Code). The initial members of our Compensation Committee will be determined prior to the Spin-Off.

Nominating and Governance Committee

The responsibilities of our Nominating and Governance Committee will be more fully described in our Nominating and Governance Committee charter, and we anticipate that they will include, among other duties:

- overseeing our corporate governance practices;
- reviewing and recommending to our Board amendments to our by-laws, certificate of incorporation, committee charters and other governance policies;
- reviewing and making recommendations to our Board regarding the structure of our various board committees;
- identifying, reviewing and recommending to our Board individuals for election to the Board;
- adopting and reviewing policies regarding the consideration of candidates for our Board proposed by stockholders and other criteria for membership on our Board;
- overseeing the Chief Executive Officer succession planning process, including an emergency succession plan;
- reviewing the leadership structure for our Board;
- overseeing our Board's annual self-evaluation; and

- overseeing and monitoring general governance matters, including communications with stockholders and regulatory developments relating to corporate governance.

The Nominating and Governance Committee will consist entirely of independent directors, each of whom will meet the independence requirements set forth in the listing standards of the New York Stock Exchange and our Nominating and Governance Committee charter. The initial members of the Nominating and Governance Committee will be determined prior to the Spin-Off.

Code of Business Ethics

Prior to the completion of the Spin-Off, we will adopt a written code of business ethics that is designed to deter wrongdoing and to promote, among other things:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- the protection of the confidentiality of our non-public information;
- the responsible use of and control over our assets and resources;
- full, fair, accurate, timely and understandable disclosure in reports and documents that we file with the SEC and other regulators and in our other public communications;
- compliance with applicable laws, rules and regulations; and
- accountability for adherence to the code and prompt internal reporting of any possible violation of the code.

Director Nomination Process

Our initial Board will be selected through a process involving both Honeywell and us. The initial directors who will serve after the Spin-Off will begin their terms at the time of the Distribution, with the exception of one independent director who will begin his or her term prior to the date on which "when-issued" trading of our common stock commences and will serve on our Audit Committee, Compensation Committee and Nominating and Governance Committee.

Communications with Non-Management Members of the Board of Directors

Generally, it is the responsibility of our management to speak for us in communications with outside parties, but we intend to set forth, in our corporate governance policies, certain processes by which stockholders and other interested third parties may communicate with non-management members of our Board.

Director Compensation

We expect to adopt a compensation program for our non-employee directors effective upon the completion of the Spin-Off that consists of a combination of annual cash retainer fees and equity-based compensation. Directors who are also employees of SpinCo will not receive any additional compensation for their service as a director.

DIRECTOR COMPENSATION

Following the Spin-Off, we expect that our Compensation Committee will periodically review and make recommendations to our Board regarding the form and amount of compensation for non-employee directors. Directors who are also our employees are expected to receive no compensation for service on our Board. Honeywell has approved an initial director compensation program for the Company that is designed to enable continued attraction and retention of highly qualified directors and to address the time, effort, expertise and accountability required of active Board membership. This program is described in further detail below.

Annual Compensation

In general, we believe that annual compensation for non-employee directors should consist of both a cash component, designed to compensate members for their service on the Board and its committees, and an equity component, designed to align the interests of directors and shareowners and, by vesting over time, to create an incentive for continued service on the Board.

Board of Directors' Annual Compensation	
Cash Retainer	$80,000
Independent Board Chairman – Additional Cash Retainer	$100,000
Board Committee Membership – Additional Cash Retainer	Audit Committee Chair: $20,000 Audit Committee Member: $10,000 Compensation Committee Chair: $15,000 Compensation Committee Member: $7,500 Nominating and Governance Committee Chair: $15,000 Nominating and Governance Committee Member: $5,000 Other Committee Chair: $10,000 Other Committee Member: $5,000
Annual Equity Grants Restricted Stock Units vest on the earliest of the first anniversary of the date of grant, the director's death or disability, or removal from the Board coincident with the occurrence of a change in control.	Each non-employee director receives an annual restricted stock unit grant with a target value of $120,000 on the date of the Annual Meeting of Shareowners. New directors in 2018 will receive a prorated award for the partial year commencing on the Spin-Off.

Cash elements are paid in quarterly installments and prorated for partial years of service.

Other Benefits

Non-employee directors will also be provided with $350,000 in business travel accident insurance.

Stock Ownership Guidelines

We expect to adopt a stock ownership policy pursuant to which each non-employee director, while serving as a director of the Company, must hold Company common stock (including unvested RSUs) with a market value of at least five times the annual cash retainer (or $400,000) before being permitted to sell any SpinCo common stock holdings, including net shares from vesting of restricted stock unit grants (i.e., shares vested less shares required to pay applicable taxes).

COMPENSATION DISCUSSION AND ANALYSIS

As discussed above, we are currently part of Honeywell and not an independent company, and our Compensation Committee has not yet been formed. Decisions about our executive compensation and benefits to date have been made by the Management Development and Compensation Committee of the Honeywell Board (the "Honeywell Compensation Committee") and Honeywell senior management. Accordingly, this Compensation Discussion and Analysis ("CD&A") focuses on Honeywell's compensation and benefit programs and decisions for 2017. Following the Spin-Off, we expect that our Compensation Committee will review our executive compensation and benefit programs and determine the appropriate compensation and benefits for our executives, and accordingly our executive compensation and benefits programs following the Spin-Off may not be the same as those discussed below.

For purposes of this CD&A and the disclosure that follows, Olivier Rabiller, who currently serves as the President and Chief Executive Officer of the Business, and is expected to serve as our President and Chief Executive Officer following the Spin-Off, is the only "Named Executive Officer" that was also designated as an officer of Honeywell in 2017. For purposes of these disclosures, we also include as our Named Executive Officers: the executive temporarily acting as our Chief Financial Officer at the end of 2017, and our next three highest paid executive officers at the end of 2017 who are expected to remain as SpinCo executives after the Spin-Off.

For purposes of this CD&A and the disclosure that follows, our "Named Executive Officers" (or "NEOs") are:

- Olivier Rabiller, President and Chief Executive Officer;
- Peter Bracke, Acting Chief Financial Officer;
- Craig Balis, Senior Vice President & Chief Technology Officer;
- Thierry Mabru, Senior Vice President, Integrated Supply Chain; and
- Daniel Deiro, Senior Vice President, Global Customer Management and General Manager Japan/Korea.

In addition, Alessandro Gili will become our Chief Financial Officer effective as of the completion of the Spin-Off. The terms of his offer letter are described below. Since he was not an employee of the Business during 2017, he is not considered one of our NEOs for 2017, but he will be one of our named executive officers for 2018.

Honeywell's Executive Compensation Philosophy and Approach

Honeywell's executive compensation and benefit programs are designed to support the creation of stockholder value through four key objectives: (1) attract and retain world-class leadership talent; (2) drive performance that creates stockholder value; (3) pay for superior results and sustainable growth; and (4) manage risk through oversight and compensation design. In setting total compensation to meet these key objectives, Honeywell seeks to achieve the optimal balance between (1) fixed and variable (or "at-risk") pay elements, (2) short- and long-term pay elements and (3) cash- and equity-based elements.

The factors applicable to our NEOs that generally shape Honeywell's assessment of performance and the appropriate levels of compensation include: (1) operational and financial performance for Honeywell and each strategic business group ("SBG") (including Aerospace, the SBG of which we are a part) in the context of industry and macroeconomic conditions; (2) a review of compensation history, in total and for each element of compensation; (3) leadership potential and associated retention risk; (4) Honeywell performance relative to the competitive marketplace; (5) the senior executive succession plan; (6) relative level of responsibility within Honeywell and specific contributions over the performance period; (7) trends and best practices in executive compensation; and (8) peer group comparisons of pay levels and related practices.

Details on Program Elements and Related 2017 Compensation Decisions

Base Salary

Base salaries are intended to attract and compensate high-performing and experienced leaders and are determined based on performance, scope of responsibility, years of experience and with reference made to relevant competitive market data (but not targeted to a specific competitive position). In 2017, based on his strong performance record, experience and leadership potential, the Honeywell Compensation Committee raised Mr. Rabiller's base salary from a rate of $505,000 to $557,000 annually, effective April 1, 2017.

Mr. Bracke transferred into SpinCo, effective November 1, 2017, from another Honeywell business unit and did not receive a base salary increase upon transfer. Effective April 1, 2017, base salary increases for the other NEOs ranged from 1.0% to 5.0%, which was within country-specific merit budgets established by Honeywell for 2017, and took into consideration differentiation based on internal performance and behavior ratings and external market data.

The following table summarizes the changes in base salary for the other NEOs:

NEO	1/1/2017 Base Salary*	New Base Salary*
Peter Bracke	—	$440,318
Craig Balis	$ 378,352	$382,142
Thierry Mabru	$ 360,530	$364,832
Daniel Deiro	$ 342,299	$359,404

* Base salary and other compensation values in this CD&A originally denoted in local currency (CHF) have been converted to USD using a December 31, 2017 exchange rate of CHF 1 to USD 1.024234.

Short-Term Incentive Compensation Plan ("ICP") Awards

ICP awards are intended to motivate and reward executives for achieving annual corporate, SBG and functional goals in key areas of financial and operational performance. In 2017, Mr. Rabiller participated in the Honeywell ICP program on the same basis as other officers of Honeywell, with 80% of his award based on performance against equally weighted financial metrics for total Honeywell and its Aerospace business ("Quantitative Portion") and 20% of the award based on his individual performance ("Qualitative Portion"). The following tables summarize Mr. Rabiller's target ICP award opportunity and the final ICP award earned by him for 2017 as approved by the Honeywell Compensation Committee.

Target ICP Award (Rabiller):

2017 Base Salary*	x	Individual Target ICP Award (% of Base Salary)	=	Target ICP Award ($)
$544,014		65%		$353,609

* Reflects ICP eligible base salary for the 2017 calendar year.

Earned ICP Award (Rabiller):

Formulaic Portion(1)					+	Qualitative Portion(2)					=		x		=	
Attainment	x	Weight	=	Payout %		Attainment	x	Weight	=	Payout %		Total Individual ICP Payout Percentage		Target ICP Award Amount		Actual 2017 ICP Award
129.4%		80%		103.5%		154.4%		20%		30.9%		134.38%		$353,609		$475,180

(1) Attainment based on performance against 2017 Aerospace ICP goals and application of plan leverage table. Attainment can range from 0% to 200%. Payout can range from 0% to 160%.
(2) Attainment based on Honeywell Compensation Committee assessment. Attainment can range from 0% to 200%. Payout can range from 0% to 40%.

In determining the Qualitative Portion of his 2017 ICP award, the Honeywell Compensation Committee considered Mr. Rabiller's individual performance against objectives as well as the overall strong performance of the Business in 2017, including:

- Achieved above plan business retention, win rates and flawless launch metrics.
- Accelerated the innovation pipeline (*e.g.* e-Turbo, next generation new product introductions), technology roadmap and connected software initiatives.
- Delivered new record year of performance for material and operations productivity; exceeded plan.
- Accomplished significant leadership team transitions and enhanced global diversity.
- Advanced Honeywell Velocity Product Development and Honeywell Operating System initiatives, with 100% of Business revenue and manufacturing costs at "silver" level or better.

The other NEOs participated in Honeywell's ICP program on the same basis as other similarly situated executives of Honeywell with individual award decisions made by Honeywell management based on ICP funding pools approved by the Honeywell Compensation Committee for each business unit. Individual ICP awards are capped at 200% of their target ICP award amount. Target ICP award levels and actual funded awards for the other NEOs were as follows:

NEO	2017 Base Salary(1)	Target ICP Award (% of Base Salary)	Target ICP Award ($)	Approved Funding	Actual 2017 ICP Award
Peter Bracke(2)	$ 73,317	45%	$ 32,993	69.26%	$ 22,852
Craig Balis	$381,207	40%	$152,483	122.59%	$ 186,923
Thierry Mabru	$363,771	40%	$145,509	152.75%	$ 222,259
Daniel Deiro	$355,186	35%	$124,315	154.48%	$ 192,044

(1) Reflects ICP eligible base salary for 2017.
(2) The amounts shown for Mr. Bracke have been prorated to reflect the portion of the 2017 calendar year that Mr. Bracke was employed by the Business.

For more information on the ICP program, including how Honeywell determined payouts for 2017 based on Honeywell's performance and other factors considered relevant by the Honeywell Compensation Committee, please see the section entitled "Executive Compensation—Compensation Program Description—Annual Incentive Compensation Plan ("ICP")," which is deemed incorporated by reference herein from the pertinent pages of Honeywell's 2018 Proxy Statement attached as Exhibit 99.2 to the Registration Statement on Form 10 of which this Information Statement forms a part.

Long-Term Incentive ("LTI") Compensation

Honeywell generally grants annual LTI awards in February of each year during an open trading window period following the release of Honeywell's financial results for the preceding fiscal year. In determining the size of annual LTI awards to executives, Honeywell considers (1) an executive's prior year performance, (2) his or her leadership impact and expected contribution toward the future performance of Honeywell or a business unit, (3) the relative size of previous LTI grants awarded to the executive, (4) the value of LTI awarded to executives in comparable peer group positions, and (5) the vested and unvested equity held by the applicable executive.

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Stock Options and RSUs. Stock option awards are long-term incentives intended to motivate and reward executives for making strategic decisions and taking actions that drive year-over-year improvements in company performance that translate into future increases in stock price. Stock options are directly aligned with the interests of Honeywell's stockholders because executives only realize value if the stock price appreciates.

Restricted stock units ("RSUs") represent a right to receive Honeywell common stock only if certain conditions are met (e.g., continued employment through a specific date or the attainment of certain performance conditions). RSU awards are intended to reward executives for improvements in company performance and are linked with stockholder value since the value of RSU awards rises or falls with Honeywell's stock price. RSUs are also intended to encourage retention as they generally vest after a period of at least three years.

Based on their assessment using the criteria noted above, on February 28, 2017, the Honeywell Compensation Committee awarded Mr. Rabiller 22,000 stock options at an exercise price of $124.99 per share. The total value of this award was $366,300, based on a grant date unit value of $16.65. These stock options vest in equal 25% installments over a four-year period and expire ten years from the date of grant. Consistent with other officers of Honeywell, Mr. Rabiller was not awarded RSUs in 2017, as the RSU grant made to him in 2016 was intended to cover a two-year period.

The other NEOs were awarded annual stock options and RSUs on the same basis as other similarly situated executives of Honeywell, with individual award decisions made by Honeywell management based on LTI award pools approved by the Honeywell Compensation Committee. Stock options granted to the other NEOs in 2017 also had an exercise price of $124.99 per share and a grant date unit value of $16.65, and vest in equal 25% installments over a four-year period. RSUs granted to the other NEOs had a grant date unit value of $124.99 and vest 100% on the third anniversary of the grant date. The following table summarizes the number and value of stock options and RSUs awarded to the other NEOs:

NEO	# Options Awarded	Stock Options Grant Date Value	# RSUs Awarded	RSUs Grant Date Value
Peter Bracke(1)	2,507	$ 41,739	359	$ 44,911
Craig Balis	12,500	$ 208,125	1,790	$ 223,732
Thierry Mabru	9,700	$ 161,505	1,390	$ 173,736
Daniel Deiro	7,700	$ 128,205	1,100	$ 137,489

(1) No awards were granted to Mr. Bracke while he was employed by the Business. The amounts shown reflect the number and value of Honeywell equity awards granted to Mr. Bracke in 2017 prior to his transfer to the Business while he was employed in a different Honeywell business unit, and have been prorated for the period of time that he worked in the Business during 2017.

To strengthen longer term retention for select executives, the Honeywell Compensation Committee also approved and issued additional RSUs to the following two NEOs in July 2017 at a grant date value of $137.53 per unit, which will vest over a six-year period, with one-third vesting on each of the second, fourth and sixth anniversaries of the grant date, contingent on continued employment through the applicable vesting date:

NEO	# RSUs Awarded	RSUs Grant Date Value
Craig Balis	3,000	$ 412,590
Thierry Mabru	2,500	$ 343,825

Treatment of Honeywell Stock Options in the Spin-Off. In connection with the Spin-Off, any Honeywell stock options held by SpinCo employees that are vested as of the Distribution Date will remain outstanding with Honeywell until exercised by the employee or normal expiration, subject to the terms of the applicable

Honeywell equity incentive plan and related grant agreement under which such options were granted. Stock options held by SpinCo employees that are unvested as of the Distribution Date will terminate and be canceled in accordance with their terms as of the Distribution Date and, in respect of such canceled stock options, SpinCo will issue restricted stock units ("SpinCo RSUs") that will vest in accordance with the same vesting schedule that applied to the corresponding Honeywell stock options. In respect of stock options held by SpinCo employees that were granted prior to 2018 and remain unvested as of the Distribution Date, the initial value of the new SpinCo RSUs will be determined based on the excess of the "regular way" closing price of Honeywell common stock subject to each such option immediately prior to the Distribution Date less the exercise price of the applicable option, while the replacement value in respect of unvested Honeywell stock options held by SpinCo employees that were granted in 2018 will be based on the formula used to determine the value of the Honeywell stock options at the time of grant. The number of SpinCo RSUs issued will be determined based on the "when issued" closing price of SpinCo shares immediately prior to the Distribution Date (and will be rounded up to the nearest whole SpinCo share).

Treatment of Honeywell RSUs in the Spin-Off. In connection with the Spin-Off, any Honeywell RSUs held by SpinCo employees that are outstanding and unvested as of the Distribution Date will terminate and be canceled in accordance with their terms and, in respect of each such canceled Honeywell RSU award, SpinCo will replace the economic value by issuing SpinCo RSUs that will vest in accordance with the same vesting schedule that applied to the corresponding Honeywell RSUs. In respect of such SpinCo RSUs, the initial value will be determined based on the "regular way" closing price of Honeywell common stock subject to such Honeywell RSUs immediately prior to the Distribution Date, with the number of SpinCo RSUs determined based on the "when issued" closing price of SpinCo shares immediately prior to the Distribution Date (rounded up to the nearest whole SpinCo share).

Long-Term Performance Awards. The Honeywell Performance Plan was introduced in 2017 to provide performance-contingent, long-term incentive awards to focus executives on achievement of objective, three-year financial metrics (e.g. 2017-2019) that are aligned with Honeywell's long-term targets then in effect. The operational focus of the Performance Plan adds balance to Honeywell's executive compensation programs and is intended to complement stock options and RSUs, which reward stock price appreciation. Awards made to Honeywell officers under the Performance Plan were made in the form of performance stock units ("PSUs").

In February 2017, Mr. Rabiller was awarded 4,000 PSUs under the Honeywell Performance Plan for the 2017-2019 performance period, at a grant date value per unit of $131.35 (for a total grant date value of $525,400). The number of PSUs earned at the end of the three-year performance period is determined based on performance against four equally weighted metrics: three internal financial measures and a fourth measure of total shareholder return relative to Honeywell's compensation peer group. The total payout value is capped at 200% of the target award at grant.

Performance Plan awards made to the other NEOs were in the form of cash-based units, with each unit having a target value of $100. The actual value of the cash unit earned at the end of the three-year performance period is determined based on performance against the same three internal financial metrics that apply to the officer awards. The total payout value is capped at 200% of the target award at grant. The following table summarizes the number and value of Performance Plan cash units awarded to the other NEOs:

NEO	# Performance Plan Units	Performance Plan Units Target Value
Peter Bracke(1)	418	$ 41,781
Craig Balis	2,100	$ 210,000
Thierry Mabru	1,650	$ 165,000
Daniel Deiro	1,300	$ 130,000

(1) No awards were granted to Mr. Bracke while he was employed by the Business. The amounts shown reflect the number and value of awards granted to Mr. Bracke in 2017 prior to his transfer to the Business while he

was employed in a different Honeywell business unit, and have been prorated for the period of time that he worked in the Business during 2017.

Note that the 2017-2019 cash Performance Plan awards are not reflected as 2017 compensation on the Summary Compensation Table as SEC rules require cash-based awards to be reported in the final year of the performance period (i.e. 2019) when the amounts earned are determinable.

Treatment of Honeywell Performance Plan Awards in the Spin-Off. In connection with the Spin-Off, Honeywell Performance Plan awards for both the 2017-2019 and 2018-2020 performance periods that are held by SpinCo employees as of the Distribution Date will terminate and be canceled in accordance with their terms. With respect to the 2017-2019 performance period only, SpinCo will replace the economic value of such canceled awards by issuing SpinCo RSUs that will vest in March 2020, consistent with the vesting schedule that applied to the corresponding Honeywell Performance Plan PSUs or cash units, as applicable. In respect of such SpinCo RSUs, the initial value will be determined based on Honeywell's latest estimate of performance against plan metrics for the performance period in progress as of the Distribution Date, with the number of SpinCo RSUs determined based on the "when issued" closing price of SpinCo shares immediately prior to the Distribution Date (rounded up to the nearest whole SpinCo share). SpinCo has no obligation to replace the canceled awards for the 2018-2020 performance period.

Performance RSUs. Prior to the introduction of the Performance Plan, Mr. Rabiller was eligible to receive biennial grants of performance-based restricted stock units ("Performance RSUs"), which represent a right to receive Honeywell common stock only if certain conditions are met (e.g., continued employment through a specific date or the attainment of certain performance conditions). Performance RSU awards were intended to reward executives for improvements in Honeywell performance and were linked with stockholder value since the value of Performance RSU awards rises or falls with Honeywell's stock price. (For 2016, the last year that Performance RSUs were granted, the applicable performance condition was based on cumulative total shareholder return relative to Honeywell's peer group performance over a three-year period.) Performance RSUs were also intended to encourage retention as they generally included an additional time-vesting period following satisfaction of the applicable performance metrics. For more information on Performance RSU awards, please see the section entitled "Executive Compensation—Compensation Program Description—Long-Term Incentive Compensation—2016 Performance RSU Awards," which is deemed incorporated by reference herein from the pertinent pages of Honeywell's 2018 Proxy Statement attached as Exhibit 99.2 to the Registration Statement on Form 10 of which this Information Statement forms a part.

Treatment of Performance RSUs in the Spin-Off. Mr. Rabiller's unvested 2016 Performance RSUs will terminate and be canceled in accordance with their terms, and SpinCo will replace the economic value with a grant of SpinCo RSUs that will vest in accordance with the same time-based vesting schedule that applied to the Performance RSUs. In respect of such SpinCo RSUs, the initial value will be determined based on Honeywell's relative total shareholder return over a truncated performance period ending immediately prior to the Distribution Date and the "regular way" closing price of Honeywell common stock subject to the Performance RSUs immediately prior to the Distribution Date, with the number of SpinCo RSUs determined based on the "when issued" closing price of SpinCo shares immediately prior to the Distribution Date (rounded up to the nearest whole SpinCo share).

Prior Growth Plan. The Performance Plan replaced the prior cash-based Honeywell Growth Plan under which non-overlapping performance-contingent awards were made on a biennial basis, with payouts based on financial targets measured over a two-year period. Because Growth Plan grants were made every other year, the Honeywell Compensation Committee attributed half of the award value to each year of the performance cycle for purposes of compensation planning.

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For the final 2016-2017 Growth Plan performance cycle, the calculated payout for the Aerospace SBG, of which the Business was a part, was 36% of target. This level of payout was primarily due to the challenging macroeconomic environment experienced by Aerospace in 2016, coupled with aggressive plan targets set at the beginning of 2016. The following table summarizes the target number of GPUs granted to each NEO in February 2016, and the annualized value of the final earned awards attributed to 2017:

	GPUs Awarded in 2016 (#)	x	Annualized Unit Value(2)	=	Annualized Target Award Value	x	Final Pay Out Percentage (Aerospace)	=	Earned Award Attributable to 2017(3)	Reported on Summary Compensation Table(4)
Olivier Rabiller	6,000		$ 50		$ 300,000		36.0%		$ 108,000	$ 216,000
Peter Bracke(1)	668		$ 50		$ 33,380		41.4%		$ 13,819	$ 13,819
Craig Balis	3,450		$ 50		$ 172,500		36.0%		$ 62,100	$ 124,200
Thierry Mabru	2,600		$ 50		$ 130,000		36.0%		$ 46,800	$ 93,600
Daniel Deiro	2,000		$ 50		$ 100,000		36.0%		$ 36,000	$ 72,000

(1) No awards were granted to Mr. Bracke while he was employed by the Business. The value attributable to 2017 and the full amount reported in the Summary Compensation Table represents the value of the 2016 Growth Plan grant made to Mr. Bracke while he was employed in a different Honeywell business unit, and has been prorated for the period of time he worked in the Business in 2017. Mr. Bracke's Final Pay Out Percentage differs from the other NEOs as a result of the time he worked with another Honeywell business unit.

(2) Represents the annualized target value of one Growth Plan unit (i.e., $100 unit value divided by 2), consistent with the Honeywell Compensation Committee's allocation of biennial awards.

(3) Represents the portion of the earned award under the biennial Growth Plan attributable to 2017. The full earned award is shown in the column to the right. 50% of the full earned award was paid in March 2018 and the remaining 50% will be paid in March 2019, subject to continued employment with the Company.

(4) As a cash-based award, SEC rules require that the full amount of the earned 2016-2017 Growth Plan award for the two-year performance cycle be reported on the Summary Compensation Table as a component of Non-Equity Compensation for 2017.

While there were no Growth Plan awards granted to the NEOs in 2017, SEC rules require that the full value of amounts earned under cash-based long-term incentive plans be reported on the Summary Compensation Table in the second year of the two-year performance cycle when the amounts earned were determinable, regardless of when the earned amounts are paid. Under the deferred payout feature of the prior Growth Plan, 50% of the earned amounts for the final performance cycle of January 1, 2016 through December 31, 2017 was paid in March 2018 and the remaining 50% will be paid in March 2019, contingent on active employment on the payment date.

For more information on the Performance Plan and Growth Plan programs, including a discussion of applicable plan metrics and how program payouts are determined, please see the section entitled "Executive Compensation—Compensation Program Description—Long-Term Incentive Compensation ("LTI")," which is deemed incorporated by reference herein from the pertinent pages of Honeywell's 2018 Proxy Statement attached as Exhibit 99.2 to the Registration Statement on Form 10 of which this Information Statement forms a part.

Treatment of Remaining Growth Plan Payment. The liability for the final earned payment for the 2016-2017 Growth Plan performance cycle will be assumed by SpinCo and paid to eligible SpinCo executives in the first quarter of 2019, subject to each such executive remaining employed by SpinCo as of the date of payment.

Other Honeywell Compensation & Benefit Programs

In addition to the annual and long-term compensation programs described above, Honeywell provided the NEOs with benefits, retirement plans and limited perquisites consistent with those provided to other Honeywell executives working in Switzerland, as described below.

Severance Benefits—Honeywell Executive Level Termination & Severance Policy—Switzerland

In 2017, the NEOs were eligible to participate in a Honeywell sponsored severance plan, which provides for certain severance payments upon termination of employment without cause. The triggering events that would have resulted in the severance payments and benefits and the amount of those payments and benefits were selected to provide the participating executives with financial protection upon loss of employment in order to support Honeywell's executive retention goals. In 2017, none of the NEOs were eligible to receive additional or enhanced severance payments or benefits in connection with a change in control under the severance plan; however, pursuant to the terms of their outstanding equity awards, the NEOs are entitled to accelerated vesting of outstanding awards upon death, disability or, for awards issued after April 2014, upon a "double-trigger" termination within 2 years following a Change in Control. The compensation that could be received by our NEOs in connection with various termination scenarios is set forth in the section of this Information Statement entitled "Potential Payments upon Termination or Change in Control."

Retirement Plan

In 2017, our NEOs were eligible to participate in Honeywell's Swiss pension scheme (Pensionskasse der Honeywell Schweiz) which provides retirement savings and risk benefits (i.e. ill health and death in service benefits) for participating employees. Mr. Balis previously accrued pension benefits under certain Honeywell U.S. pension plans while he was employed in the U.S. The material terms of these plans are explained in detail in the section of this Information Statement entitled "Pension Benefits—Fiscal Year 2017."

Supplemental Savings Plan

Mr. Balis has an account balance under the Honeywell Supplemental Savings Plan as a result of his prior service with Honeywell in the United States. This plan provides Honeywell executives with the opportunity to defer base salary that cannot be contributed to Honeywell's 401(k) savings plan due to IRS limitations. These amounts are matched by Honeywell only to the extent required to make up for a shortfall in the available match under the 401(k) savings plan due to IRS limitations. Deferred compensation balances earn interest at a fixed rate based on Honeywell's 15-year cost of borrowing, which is subject to change on an annual basis. Consistent with the long-term focus of the executive compensation program, matching contributions are treated as if invested in Honeywell Common Stock. This plan is explained in detail in the section of this Information Statement entitled "Nonqualified Deferred Compensation—Fiscal Year 2017." Mr. Balis is no longer actively contributing to the plan (and Honeywell is not actively making any matching contributions to his account); however, his account continues to earn interest under the plan.

Other Benefits and Perquisites

In 2017, the NEOs were eligible for benefits under Honeywell's car policy as it generally applies to executives in Switzerland. In 2017, Honeywell also maintained excess liability coverage for executive-level personnel, including the NEOs.

SpinCo's Anticipated Executive Compensation Programs

Offer Letters and Employment Agreements with our Named Executive Officers

CEO Offer Letter. On May 2, 2018, Honeywell entered into an offer letter with Mr. Rabiller appointing him as President and Chief Executive Officer of the Company, contingent upon the completion of the Spin-Off. The

letter provides Mr. Rabiller with an annual base salary of CHF 870,000 (approximately $891,084) and an annual cash incentive target opportunity equal to 100% of his annual cash base salary. Mr. Rabiller is also eligible for an annual grant of equity awards with an initial target opportunity of 325% of annual base salary as well as a sign-on grant of Company restricted stock units valued at $4,300,000, which vest in two equal 50% installments on each of the third and fourth anniversaries of the Spin-Off, subject to continued employment through each vesting date. The offer letter also provides that upon a termination of Mr. Rabiller's employment by the Company without cause, Mr. Rabiller will be entitled to 24 months of base salary continuation and incentive compensation (at target), which will be extended to 36 months in the case of such termination within two years of a change in control of the Company. The offer of employment is contingent upon both the completion of the Spin-Off and Mr. Rabiller's execution of the Company's intellectual property and non-competition agreements, which include a two-year post-employment non-competition and non-solicitation provision.

CFO Employment Agreement. On May 2, 2018, Honeywell Technologies Sàrl, a subsidiary of Honeywell, entered into an employment agreement with Alessandro Gili appointing him as Chief Financial Officer of the Company, effective as of the completion of the Spin-Off. The agreement provides Mr. Gili with an annual base salary of CHF 530,000 (approximately $542,844) and an annual cash incentive target opportunity equal to 75% of his annual cash base salary (with no proration for 2018, the first year of Mr. Gili's employment). Mr. Gili is also eligible for an annual grant of equity awards with an initial target opportunity of 182% of annual base salary as well as a sign-on grant of Company restricted stock units valued at CHF 1,446,900 (approximately $1,481,964), which vest in two equal 50% installments on each of the third and fourth anniversaries of the Spin-Off, subject to continued employment through each vesting date. Mr. Gili will also be awarded 12,300 Honeywell restricted stock units which will vest in two equal 50% installments on each of the first and second anniversaries of the date of grant (or, if later, Mr. Gili's commencement of employment with us), subject to continued employment through each vesting date. Upon the completion of the Spin-Off, such Honeywell equity awards will be converted into Company equity awards (as described above) with the same vesting terms. Mr. Gili is also entitled to a cash car allowance in accordance with Company policy and relocation assistance in connection with his relocation to Switzerland. The employment agreement also provides that upon a termination of Mr. Gili's employment by the Company without cause, Mr. Gili will be entitled to 18 months of base salary continuation and incentive compensation (at target), which will be extended to 36 months in the case of such termination within two years of a change in control that occurs within two years of the Spin-Off. The employment agreement is contingent upon Mr. Gili's execution of the Company's intellectual property and non-competition agreements, which include a two-year post-employment non-competition and non-solicitation provision.

Balis Offer Letter. On June 1, 2018, Honeywell entered into an offer letter with Mr. Balis to continue Mr. Balis's role as the Senior Vice President and Chief Technology Officer of the Business (and ultimately the Company). Effective upon the Spin-Off, the offer letter provides Mr. Balis with an increased base salary of CHF 400,000 (approximately $409,694) and an annual cash incentive target opportunity equal to 55% of his annual cash base salary (which, for 2018, will be prorated based on the number of days that Mr. Balis's target opportunity was 60% and the number of days it was 55%). Mr. Balis is also eligible for an annual grant of equity awards with an initial target opportunity of 200% of annual base salary as well as a sign-on grant of Company restricted stock units valued at $800,000, which vest in two equal 50% installments on each of the third and fourth anniversaries of the Spin-Off, subject to continued employment through each vesting date. The offer letter also provides that Mr. Balis will be entitled to an executive severance package upon applicable terminations of employment as is provided to other executives of the Company (which is to be determined). The offer of employment is contingent upon Mr. Balis's execution of the Company's intellectual property and non-competition agreements, which include a two-year post-employment non-competition and non-solicitation provision.

Mabru Offer Letter. On June 1, 2018, Honeywell entered into an offer letter with Mr. Mabru to continue Mr. Mabru's role as the Senior Vice President, Integrated Supply Chain of the Business (and ultimately the Company). Effective upon the Spin-Off, the offer letter provides Mr. Mabru with an increased base salary of

CHF 405,000 (approximately $414,815) and an annual cash incentive target opportunity equal to 55% of his annual cash base salary (which, for 2018, will be prorated based on the number of days that Mr. Mabru's target opportunity was 60% and the number of days it was 55%). Mr. Mabru is also eligible for an annual grant of equity awards with an initial target opportunity of 160% of annual base salary as well as a sign-on grant of Company restricted stock units valued at $800,000, which vest in two equal 50% installments on each of the third and fourth anniversaries of the Spin-Off, subject to continued employment through each vesting date. The offer letter also provides that Mr. Mabru will be entitled to an executive severance package upon applicable terminations of employment as is provided to other executives of the Company (which is to be determined). The offer of employment is contingent upon Mr. Mabru's execution of the Company's intellectual property and non-competition agreements, which include a one-year post-employment non-competition and non-solicitation provision.

Deiro Offer Letter. On June 1, 2018, Honeywell entered into an offer letter with Mr. Deiro to continue Mr. Deiro's role as the Senior Vice President, Global Customer Management and General Manager, Japan and Korea, of the Business (and ultimately the Company). Effective upon the Spin-Off, the offer letter provides Mr. Deiro with an increased base salary of CHF 375,000 (approximately $384,088) and an annual cash incentive target opportunity equal to 40% of his annual cash base salary (which, for 2018, will be prorated based on the number of days that Mr. Deiro's target opportunity was 53% and the number of days it was 40%). Mr. Deiro is also eligible for an annual grant of equity awards with an initial target opportunity of 124% of annual base salary. The offer letter also provides that Mr. Deiro will be entitled to an executive severance package upon applicable terminations of employment as is provided to other executives of the Company (which is to be determined). The offer of employment is contingent upon Mr. Deiro's execution of the Company's intellectual property and non-competition agreements, which include a two-year post-employment non-competition and non-solicitation provision.

2018 Stock Incentive Plan

Prior to the Spin-Off, we expect our Board to adopt, and Honeywell, as our sole shareholder, to approve, the 2018 Stock Incentive Plan of SpinCo and its Affiliates (the "Equity Plan") for the benefit of certain of our current and future employees and other service providers. The following summary describes what we anticipate to be the material terms of the Equity Plan.

When approved by Honeywell, as our sole shareholder, and our Board, the full text of the Equity Plan will be included as an exhibit to a current report on Form 8-K, filed with the Securities and Exchange Commission, and the following discussion is qualified in its entirety by reference to such text.

Purpose of the Equity Plan. The purpose of the Equity Plan would be to aid SpinCo in recruiting and retaining highly qualified employees and other service providers who are capable of assuring the future success of SpinCo. We expect that awards of stock-based compensation and opportunities for stock ownership in SpinCo will provide incentives to our employees and other service providers to exert their best efforts for the success of our business and thereby align their interests with those of our stockholders.

Shares Available for Awards. If the Equity Plan is approved by Honeywell, as our sole shareholder, and our Board, it is expected that the maximum aggregate number of shares of our common stock that may be issued under all stock-based awards granted under the Equity Plan would be . In addition, it is expected that the Equity Plan will limit the number of shares of common stock available for grant in the form of incentive stock options to .

Under the Equity Plan, it is expected that SpinCo will have the flexibility to grant different types of equity compensation awards, including stock options, stock appreciation rights, restricted stock, restricted stock units, performance stock units and other awards based, in whole or in part, on the value of SpinCo equity, as well as cash-based awards. The grant, vesting, exercise and settlement of awards granted under the Equity Plan may be

subject to the satisfaction of time- or performance-based conditions, as determined at or after the date of grant of an award under the Equity Plan.

In the event of any change in corporate structure that affects our outstanding common stock (e.g., a cash or stock dividend, stock split, reverse stock split, spin-off, recapitalization, merger, reorganization etc.), our Compensation Committee shall make adjustments that it deems equitable or appropriate, in its sole discretion, including adjustments to the share limits described above, the number and type of shares subject to outstanding awards, or the purchase or exercise price of outstanding awards. In the case of any unusual or nonrecurring event (including events described in the preceding sentence) affecting the Company or changes in applicable laws, regulations or accounting principles, our Compensation Committee may make adjustments to outstanding awards in order to prevent dilution or enlargement of the benefits intended to be provided under the Equity Plan.

Shares that are subject to awards that are paid in cash, terminate, lapse or are canceled or forfeited would be available again for grant under the Equity Plan and would not be counted for purposes of the limits above. Shares that are reacquired by SpinCo with cash tendered in payment of the exercise price of an award and shares that are tendered or withheld in payment of all or part of the exercise price or tax withholding amount relating to an award shall not be added back to the number of shares authorized under the Equity Plan. In addition, if stock appreciation rights are settled in shares upon exercise, the total number of shares actually issued upon exercise rather than the number of shares subject to the award would be counted against the number of shares authorized under the Equity Plan.

Eligibility. It is expected that employees and other service providers of SpinCo or its affiliates would be eligible to receive awards under the Equity Plan. Our non-employee directors will be eligible to participate in the 2018 Stock Incentive Plan for Non-Employee Directors.

Administration. It is expected that our Compensation Committee would have the authority to administer the Equity Plan, including the authority to select the persons who receive awards, determine the number of shares subject to the awards and establish the terms and conditions of the awards, consistent with the terms of the Equity Plan. Subject to the expected provisions of the Equity Plan, our Compensation Committee may specify the circumstances under which the exercisability or vesting of awards may be accelerated or whether awards or amounts payable under awards may be deferred. Our Compensation Committee may waive or amend the terms of an award, consistent with the terms of the Equity Plan, but may not reprice a stock option or stock appreciation right, whether through amendment, cancelation and replacement, or exchange for cash or any other awards. Our Compensation Committee would have the authority to interpret the Equity Plan and establish rules for the administration of the Equity Plan. It is expected that the Equity Plan will provide that our Compensation Committee may delegate its powers and duties under the Equity Plan to one or more directors or other individuals as the committee deems to be advisable, except that only our Compensation Committee or our Board would have authority to grant and administer awards to executive officers.

The Board may also exercise the powers of our Compensation Committee with respect to the Equity Plan and awards granted thereunder at any time.

Tax Consequences of Awards. The following is a brief summary of the principal United States federal income tax consequences of awards and transactions under the Equity Plan for the employees and other service providers selected to participate in the Equity Plan (the "Participants") and the Company. This summary is not intended to be exhaustive and, among other things, does not describe local, state or foreign tax consequences.

Options and Stock Appreciation Rights. A Participant will not recognize any income at the time a stock option or stock appreciation right is granted, nor will the Company be entitled to a deduction at that time. When a stock option is exercised, the Participant will recognize ordinary income in an amount equal to the excess of the fair market value of the shares received as of the date of exercise over the exercise price of the option. When a stock appreciation right is exercised, the Participant will recognize ordinary income in an amount equal to the

cash received or, if the stock appreciation right is settled in shares, the shares received as of the date of exercise. The Company generally will be entitled to a corresponding tax deduction in the same time period and amount as the Participant recognizes income.

Restricted Stock and Restricted Stock Units. A Participant will not recognize any income at the time of grant of a restricted stock unit or share of restricted stock (whether subject to time-based vesting or performance-based vesting), and the Company will not be entitled to a deduction at that time. The Participant will recognize ordinary income in an amount equal to the fair market value of the shares received or, if the restricted stock unit is paid in cash, the amount payable, upon settlement of a restricted stock unit. In the year in which shares of restricted stock are no longer subject to a substantial risk of forfeiture (i.e., in the year that the shares vest), the Participant will recognize ordinary income in an amount equal to the excess of the fair market value of the shares on the date of vesting over the amount, if any, the Participant paid for the shares. Under certain circumstances and if permitted by an individual award, a Participant may elect (within 30 days after being granted restricted stock) to recognize ordinary income in the year of receipt instead of the year of vesting. If such an election is made, the amount of income recognized by the Participant will be equal to the excess of the fair market value of the shares on the date of receipt over the amount, if any, the Participant paid for the shares. The Company generally will be entitled to a corresponding tax deduction in the same time period and amount as the Participant recognizes income.

Other Types of Awards. If other awards are granted under the Equity Plan, the tax consequences may differ from those described above for stock options, stock appreciation rights, restricted stock and restricted stock units. As a general matter, the Company typically would be entitled to a tax deduction in respect of any such compensatory awards in the same time period and amount as the Participant recognizes income in respect of such awards.

Withholding of Taxes. The Company has the right to require, prior to the issuance or delivery of shares in settlement of any award, the Participant to pay any taxes required by law.

2017 SUMMARY COMPENSATION TABLE

The following tables provide information concerning compensation paid by Honeywell for fiscal year 2017 to our Named Executive Officers (Messrs. Rabiller, Bracke, Balis, Mabru and Deiro) in respect of their services to the Business.

Named Executive Officer and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Option Awards ($)(4)	Non-Equity Incentive Plan Compensation ($)(5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (6)	All Other Compensation ($)(7)	Total Compensation
Olivier Rabiller *President and Chief Executive Officer*	2017	$544,014	—	$525,400	$366,300	$ 691,180	$ 81,699	$ 62,181	$ 2,270,774
Peter Bracke(8) *Acting Chief Financial Officer*	2017	$ 73,317	$ 22,852	$ 44,911	$ 41,739	$ 13,819	$ 10,947	$ 1,443	$ 209,028
Craig Balis *Senior Vice President & Chief Technology Officer*	2017	$381,207	$186,923	$636,322	$208,125	$ 124,200	$ 204,672	$ 25,261	$ 1,766,710
Thierry Mabru *Senior Vice President, Integrated Supply Chain*	2017	$363,771	$222,259	$517,561	$161,505	$ 93,600	$ 51,073	$ 66,945	$ 1,476,714
Daniel Deiro *Senior Vice President, Global Customer Management and General Manager Japan/Korea*	2017	$355,186	$192,044	$137,489	$128,205	$ 72,000	$ 63,512	$ 7,244	$ 955,680

(1) Base salary paid and other compensation values originally denoted in local currency (CHF) have been converted to USD using the December 31, 2017 exchange rate.

(2) For 2017, the annual bonus (ICP) award for Mr. Rabiller is included as Non-Equity Incentive Plan Compensation (see note 5 below) as his award was determined under a pre-set formulaic methodology. Amounts reported in the Bonus column of the other Named Executive Officers were determined by Honeywell management based on a discretionary assessment of performance and behaviors.

(3) The 2017 Stock Award for Mr. Rabiller represents a PSU award issued under the 2017-2019 Performance Plan at a grant date fair value of $131.35. This value was calculated based on the weighted average of (a) the fair market value of Honeywell stock on the date of grant (February 28, 2017) for the three quarters of the award tied to performance against internal metrics, and (b) a multifactor Monte Carlo simulation of Honeywell's stock price and TSR relative to each of the other companies in the Compensation Peer Group, determined in accordance with FASB ASC Topic 718, for the one quarter of the award with payout determined based on three-year TSR relative to Honeywell's compensation peer group. 2017 Stock Awards to the other Named Executive Officers represent Restricted Stock Units subject to employment vesting conditions as more fully discussed in the Compensation Discussion and Analysis.

(4) 2017 Option Awards shown reflect the aggregate grant date fair value of the awards computed in accordance with FASB ASC Topic 718, using the Black-Scholes option-pricing model at the time of grant, with the expected-term input derived from a risk-adjusted Monte Carlo simulation of the historical exercise behavior and probability-weighted movements in Honeywell's stock price over time. The 2017 annual Option Awards were awarded on February 28, 2017, with a Black-Scholes value of $16.65 per share at the time of grant. A discussion of the assumptions used in the valuation of option awards made in fiscal year 2017 may be found in Note 18 of the Notes to the Financial Statements in Honeywell's Form 10-K for the year ended December 31, 2017, attached as Exhibit 99.3 to the Registration Statement on Form 10 of which this Information Statement forms a part.

(5) The 2017 "Non-Equity Incentive Plan Compensation" value from Mr. Rabiller represents the sum of his 2017 ICP award ($475,180) determined based on a pre-set formulaic methodology and the full earned award under the last cycle of the Growth Plan for the 2016-2017 performance cycle ($216,000) reported in a single year as required by applicable SEC rules. The 2017 "Non-Equity Incentive Plan Compensation" values for the other Named Executive Officers reflect their full earned award under the last cycle of the Growth Plan for the 2016-2017 performance cycle reported in a single year as required by applicable SEC rules. 50% of the earned award for the 2016-2017 Growth Plan performance cycle was paid in March 2018 and the remaining 50% will be paid in 2019, subject to continued employment with SpinCo.

(6) The change in pension value includes the increase in vested benefits in 2017 under the Honeywell Swiss pension scheme attributable to employer contributions and allocated interest. The change amount for Mr. Balis also includes the change in the value of his U.S. pension benefits attributable to a prior period of employment when employed in the U.S.

(7) All Other Compensation is comprised of the following other income items:

NEO	Excess Liability Insurance	Car Allowance or Car Lease	School Fees	Total All Other Compensation
Olivier Rabiller	$ 1,199	$ 22,968	$38,014	$ 62,181
Peter Bracke	$ 88	$ 1,355	—	$ 1,443
Craig Balis	$ 526	$ 24,375	—	$ 25,261
Thierry Mabru	$ 526	$ 6,613	$59,806	$ 66,945
Daniel Deiro	$ 526	$ 6,718	—	$ 7,244

(8) For Mr. Bracke, all compensation amounts have been prorated for the period of time he worked in the Business in 2017.

GRANTS OF PLAN-BASED AWARDS—FISCAL YEAR 2017

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards							
Named Executive Officer	Award Type(1)	Grant Date	Threshold ($)(2)	Target ($)	Maximum ($)	Threshold (#)(2)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)(3)	Exercise or Base Price of Option Awards ($/Sh)	Closing Price on Date of Grant of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards(4)
Olivier Rabiller	ICP		70,722	353,609	707,218								
	NQSO	Feb. 28 2017								22,000	124.99	124.50	$366,300
	PSU	Feb. 28 2017				250	4,000	8,000					$525,400
Peter Bracke(5)	NQSO	Feb. 28 2017								2,507	124.99	124.50	$ 41,739
	RSU	Feb. 28 2017							359				$ 44,911
	PCU	Feb. 28 2017	6,977	41,781	83,562								
Craig Balis	NQSO	Feb. 28 2017								12,500	124.99	124.50	$208,125
	RSU	Feb. 28 2017							1,790				$223,732
	PCU	Feb. 28 2017	35,070	210,000	420,000								
	RSU	July 27 2017							3,000				$412,590
Thierry Mabru	NQSO	Feb. 28 2017								9,700	124.99	124.50	$161,505
	RSU	Feb. 28 2017							1,390				$173,736
	PCU	Feb. 28 2017	27,555	165,000	330,000								
	RSU	July 27 2017							2,500				$343,825
Daniel Deiro	NQSO	Feb. 28 2017								7,700	124.99	124.50	$128,205
	RSU	Feb. 28 2017							1,100				$137,489
	PCU	Feb. 28 2017	21,710	130,000	260,000								

(1) The abbreviations used in this column have the following meanings:

- ICP = Incentive Compensation Plan (Annual Bonus Paid in 2018) for 2017 Performance Year
- NQSO = Nonqualified stock option
- PSU = Performance Stock Unit (3-year Performance Plan Stock Award)
- RSU = Restricted Stock Unit
- PCU = Performance Cash Units (3-year Performance Plan Cash Award)

(2) Represents the minimum level of performance that must be achieved for any amount to be payable.

(3) NQSO awards in this column represent the number of annual stock options awarded on the grant date. These stock options vest in equal installments over a period of four years.

(4) The grant date fair value of each NQSO in this column was $16.65, calculated in accordance with FASB ASC Topic 718, using the Black-Scholes option valuations model at the time of grant.

(5) For purposes of this table, all awards to Mr. Bracke have been prorated based on time spent in the Business.

OUTSTANDING EQUITY AWARDS AT 2017 FISCAL YEAR-END

		Option Awards					Stock Awards(1)		
Name	Grant Year	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable		Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)		Market Value of Shares or Units of Stock That Have Not Vested(2) ($)
Olivier Rabiller	2017	0	22,000	(3)	$124.99	2/27/2027	4,059	(7)	622,484
	2016	0	0			—	6,224	(8)	954,537
	2016	2,514	7,543	(4)	$103.07	2/24/2026	1,751	(10)	268,540
	2015	5,028	5,029	(5)	$103.31	2/25/2025	1,788	(11)	274,250
	2014	7,165	2,389	(6)	$ 93.44	2/26/2024	—		—
	2013	9,554	0		$ 69.38	2/26/2023	2,956	(12)	453,259
	2012	8,548	0		$ 59.53	2/28/2022	—		—
	2011	12,068	0		$ 56.73	2/24/2021	—		—
	2010	12,068	0		$ 39.95	2/25/2020	—		—
	2009	4,525	0		$ 28.19	2/23/2019			
	Total	**61,470**	**36,961**				**16,778**		**2,573,070**
Peter Bracke	2017	0	15,000	(3)	$124.99	2/27/2027	2,182	(9)	334,585
	2016	3,520	10,560	(4)	$103.07	2/24/2026	2,454	(10)	376,275
	2015	0	0			—	3,164	(13)	485,230
	2015	6,034	6,034	(5)	$103.31	2/25/2025	2,142	(11)	328,447
	2014	9,051	3,017	(6)	$ 93.44	2/26/2024	—		—
	2013	0	0		$ 69.38	2/26/2023	4,802	(12)	736,388
	Total	**18,605**	**34,611**				**14,743**		**$2,260,925**
Craig Balis	2017	0	0				3,029	(14)	464,550
	2017	0	12,500	(3)	$124.99	2/27/2027	1,816	(9)	278,562
	2016	2,217	9,051	(4)	$103.07	2/24/2026	2,097	(10)	321,608
	2015	4,231	5,531	(5)	$103.31	2/25/2025	1,970	(11)	302,165
	2014	5,742	2,515	(6)	$ 93.44	2/26/2024	3,640	(15)	558,299
	2013	0	0		$ 69.38	2/26/2023	4,779	(12)	732,928
	Total	**12,190**	**29,597**				**17,332**		**2,658,112**
Thierry Mabru	2017	0	0				2,524	(14)	387,125
	2017	0	9,700	(3)	$124.99	2/27/2027	1,410	(9)	216,313
	2016	0	6,789	(4)	$103.07	2/24/2026	1,573	(10)	241,206
	2015	0	0			—	3,180	(17)	487,761
	2015	0	4,023	(5)	$103.31	2/25/2025	1,435	(11)	220,053
	2014	0	1,885	(6)	$ 93.44	2/26/2024	—		—
	2013	0	0		$ 69.38	2/26/2023	—		—
	2012	0	0		$ 59.53	2/28/2022	1,920	(16)	294,513
	Total	**0**	**22,397**				**12,043**		**1,846,971**
Daniel Deiro	2017	0	7,700	(3)	$124.99	2/27/2027	1,116	(9)	171,183
	2016	1,760	5,280	(4)	$103.07	2/24/2026	1,227	(10)	188,138
	2015	0	0			—	3,711	(17)	569,054
	2015	2,765	2,766	(5)	$103.31	2/25/2025	986	(11)	151,161
	Total	**4,525**	**15,746**				**7,039**		**$1,079,536**

(1) The number of PSUs, Performance RSUs and RSUs reflected here includes dividend equivalents granted on the target number of shares through December 31, 2017, which were reinvested as additional unvested

PSUs, Performance RSUs or RSUs, as applicable, that will be adjusted and vest on the same basis as the underlying PSUs, Performance RSUs or RSUs, as applicable, to which they relate.

(2) Market value determined using the closing market price of $153.36 per share of Honeywell Common Stock on December 31, 2017.

(3) 2017 option grants vest in four annual installments at the rate of 25% per year. Installments vest on February 27, 2018, February 27, 2019, February 27, 2020 and February 27, 2021.

(4) 2016 option grants vest in four annual installments at the rate of 25% per year. The first installment vested on February 25, 2017. The remaining installments will vest on February 25, 2018, February 25, 2019 and February 25, 2020.

(5) 2015 option grants vest in four annual installments at the rate of 25% per year. The first two installments vested on February 26, 2016 and February 26, 2017. The remaining installments will vest on February 26, 2018 and February 26, 2019.

(6) 2014 option grants vest in four annual installments at the rate of 25% per year. The first three installments vested on February 27, 2015, February 27, 2016 and February 27, 2017. The remaining installment will vest on February 27, 2018.

(7) Represents PSUs issued under the 2017-2019 Performance Plan. Actual payout is based on final performance against plan metrics for the 3-year cycle.

(8) 100% of these Performance RSUs are subject to an upward or downward adjustment based on Honeywell's TSR performance relative to its compensation peer group over a three-year period of August 1, 2016–July 31, 2019. These Performance RSUs also contain extended vesting periods with 33% vesting on July 31, 2019, 33% on July 31, 2021 and 34% on July 31, 2023.

(9) These RSUs will vest 100% on February 28, 2020.

(10) These RSUs will vest 100% on February 25, 2019.

(11) These RSUs will vest 100% on February 26, 2018.

(12) 33% of these RSUs vested on July 26, 2016. The remaining RSUs will vest on July 26, 2018 and July 26, 2020.

(13) 33% of these RSUs will vest on September 24, 2018, 33% will vest on September 24, 2020 and the remaining RSUs will vest on September 24, 2022.

(14) 33% of these RSUs will vest on July 27, 2019, 33% will vest on July 27, 2021 and the remaining RSUs will vest on July 27, 2023.

(15) 33% of these RSUs vested on February 27, 2017. The remaining RSUs will vest on February 27, 2019 and February 27, 2021.

(16) 33% of these RSUs vested on July 25, 2015 and July 25, 2017. The remaining RSUs will vest on July 25, 2019.

(17) 33% of these RSUs will vest on July 31, 2018, 33% will vest on July 31, 2020 and the remaining RSUs will vest on July 31, 2022.

OPTION EXERCISES AND STOCK VESTED—FISCAL YEAR 2017

	Option Awards			Stock Awards		
Name	**Number of Shares Acquired on Exercise (#)(1)**		**Value Realized on Exercise(2)**	**Number of Shares Acquired on Vesting (#)(3)**		**Value Realized on Vesting(4)**
Olivier Rabiller	6,537	(5)	$ 531,788	1,702	(6)	$ 212,610
Peter Bracke(7)	—		—	—		—
Craig Balis	8,425	(8)	$ 501,137	6,119	(9)	$ 763,218
Thierry Mabru	7,919	(8)	$ 343,019	3,183	(10)	$ 420,310
Daniel Deiro	4,525	(8)	$ 130,245	—		$ —

(1) Represents the total number of stock options exercised during 2017 before the sale of option shares to cover the option exercise price, transaction costs and applicable taxes.

(2) Represents "in the money" value of stock options at exercise calculated as: the difference between the market price at exercise and the exercise price, multiplied by the total number of options exercised. The individual totals may include multiple exercise transactions during the year.
(3) Represents the total number of RSUs that vested during 2017 before share withholding for taxes and transaction costs.
(4) Represents the total value of RSUs at the vesting date calculated at the average of the high and low share price of one share of Honeywell common stock on the day of vesting multiplied by the total number of RSUs that vested. The individual totals may include multiple vesting transactions during the year.
(5) After withholding shares sufficient to cover the exercise price and the applicable taxes and fees due upon exercise, Mr. Rabiller retained a total of 3,592 net gain shares from this transaction.
(6) After withholding shares sufficient to cover applicable taxes and fees due upon the vesting of these RSUs, Mr. Rabiller retained a total of 1,605 net shares.
(7) Mr. Bracke did not exercise stock options or have any RSUs vest during the time employed with the Business in 2017.
(8) No shares were retained as this was settled in cash.
(9) After withholding shares sufficient to cover applicable taxes and fees due upon the vesting of RSUs, Mr. Balis retained a total of 5,769 net shares.
(10) After withholding shares sufficient to cover applicable taxes and fees due upon the vesting of RSUs, Mr. Mabru retained a total of 3,000 net shares.

PENSION BENEFITS—FISCAL YEAR 2017

The following table provides summary information about the pension benefits that have been earned by our NEOs. The NEOs all currently participate in a pension plan sponsored in Switzerland and named "Pensionskasse der Honeywell Schweiz" (the "Swiss Plan"). Swiss Plan benefits depend on each NEO's annual contribution election and age. The column in the table below entitled "Present Value of Accumulated Benefits" represents the value of the employer contributions in the Swiss Plan with related interest, converted to U.S. dollars. Employee contributions and related interest are not included. In addition, prior to his transfer from the U.S. to Switzerland, Mr. Balis was eligible to earn a pension benefit under two U.S. plans, the Honeywell International Inc. Supplemental Executive Retirement Plan (the "SERP") and the Honeywell International Inc. Retirement Earnings Plan (the "REP"), each as more fully described below.

Name	Plan Name	Number of Years of Credited Service (#)	Present Value of Accumulated Benefits ($)(1)
Olivier Rabiller	Swiss Plan(1)	7.0	$ 406,601
Peter Bracke	Swiss Plan(1)	8.4	$ 437,893
Craig Balis	Swiss Plan(1)	3.6	$ 296,176
	U.S. REP(2)	24.8	$ 507,803
	U.S. SERP(2)	24.8	$ 374,903
Thierry Mabru	Swiss Plan(1)	6.8	$ 262,187
Daniel Deiro	Swiss Plan(1)	9.0	$ 261,609

(1) Swiss Plan benefits are not dependent upon years of credited service.
(2) The present value of the U.S. REP and U.S. SERP retirement benefits for Mr. Balis are calculated using a 3.68% discount rate, the projected RP-2014 post-retirement mortality table using scale MP-2017, and a retirement age of 65.

Swiss Plan Information

The Swiss Plan is a broad-based pension plan in which a significant portion of Honeywell's Swiss employees participate. The Swiss Plan complies with Swiss tax requirements applicable to broad-based pension plans. Normal retirement age under the Swiss Plan is 65. All benefits are immediately vested.

The NEOs can contribute to the Swiss Plan based on their age at rates that range from 0-11% of pensionable salary with additional contributions for death and disability benefits. Employer contributions are also based on the NEO's age at rates that range from 0-11% of pensionable salary with additional contributions for death and disability benefits. Participants are guaranteed a minimum interest rate of return each year which is approved by the Swiss Plan trustee board. For 2017, this minimum rate was 3%.

The Swiss Plan defines pensionable salary as the sum of annual base salary, approved bonus (for death and disability benefits, average bonus for last three years), sales incentives/commissions, lump sum merit increases, prior year's emergency service pay, health insurance contributions, private share of company car, and general rail subscription or equivalent payment, minus the annual coordination amount and limited to the Swiss Plan's annual pay limit. For 2017, the annual coordination amount was CHF 24,675 (approximately $25,273) and the Swiss Plan's annual pay limit was CHF 846,000 (approximately $866,502).

Annual benefits under the Swiss Plan are calculated at an NEO's retirement date and are equal to a percentage of the NEO's account balance specified in the Swiss Plan based on his age and retirement year. The normal payment form is a joint and 60% survivor annuity with the member's surviving spouse, with a lump sum option.

Swiss pension law requires participants who were covered by the pension plan of another employer to transfer the termination benefit of that pension plan into the Swiss Plan. Participants are permitted to withdraw part of the termination benefit, or pledge the termination benefit, for home ownership.

Mr. Balis: U.S. Plan Information

Prior to his transfer to Switzerland in June 2014, Mr. Balis earned a pension benefit under the SERP and the REP. Mr. Balis' total pension benefit from Honeywell is the sum of his Swiss Plan benefits, his REP benefits, and his SERP benefits.

The REP and SERP benefits depend on the length of Mr. Balis' U.S. covered employment. The table column entitled "Present Value of Accumulated Benefits" represents a financial calculation that estimates the present value of the full pension benefit that he has earned. It is based on various assumptions, including assumptions about how long he will live and future interest rates.

The REP is a tax-qualified pension plan in which most of our U.S. employees participate. The REP complies with tax requirements applicable to broad-based pension plans, which impose dollar limits on the amount of benefits that can be provided. As a result, the pensions that can be paid under the REP for higher-paid employees represent a much smaller fraction of current income than the pensions that can be paid to less highly paid employees. We make up for this difference, in part, by providing supplemental pensions through the SERP.

The benefit formula that applies to Mr. Balis under these plans is (1) 6% of final average compensation (annual average compensation for the five calendar years out of the previous ten calendar years that produces the highest average) times (2) credited service. Compensation includes base pay, paid short-term incentive compensation, payroll-based rewards and recognition and lump sum incentives. The REP compensation is limited by U.S. tax rules while the SERP compensation is not.

The SERP benefits will be paid in a lump sum on the first day of the first month that begins following the 105th day after the later of the officer's separation from service (as that term is defined in Internal Revenue Code Section 409A) or his earliest retirement date. Mr. Balis is entitled to receive his REP benefit in other payment forms, including joint and survivor annuities. However, the value of each available payment form is the same.

NONQUALIFIED DEFERRED COMPENSATION—FISCAL YEAR 2017

The following table provides information on the defined contribution or other plans that during 2017 provided for deferrals of compensation to our NEOs on a basis that is not tax-qualified. Of our NEOs, only Mr. Balis participates in any such plans—the Honeywell Supplemental Savings Plan. As described above, Mr. Balis is no longer actively contributing to the plan (and Honeywell is not actively making any matching contributions to his account); however, his account continues to earn interest under the plan.

Name	Plan	Executive Contributions in last FY ($)	Registrant Contributions in last FY ($)	Aggregate Earnings in last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at last FYE ($)
Craig Balis	Honeywell Supplemental Savings Plan	—	—	27,498	—	310,381

All deferred compensation amounts are unfunded and unsecured obligations of Honeywell and are subject to the same risks as any of Honeywell's general obligations. No amounts reported in the table above for Mr. Balis have been reported in the Summary Compensation Table for previous years.

Honeywell Supplemental Savings Plan ("SS Plan")

Prior to his transfer to Switzerland in June 2014, Mr. Balis participated in a U.S. nonqualified deferred compensation plan that permits executives to defer the portion of their annual base salary that could not be contributed to Honeywell's tax-qualified 401(k) plan due to the annual deferral and compensation limits imposed by the Internal Revenue Code and/or up to an additional 25% of base annual salary for the plan year. Employer matching contributions are credited after one year of service and to the extent amounts were not already matched under the 401(k) plan.

Participant deferrals are credited with a rate of interest, compounded daily, based on Honeywell's 15-year cost of borrowing. The rate is subject to change annually, and for 2017, this rate was 2.69%. Matching contributions are treated as invested in Honeywell common stock with dividends reinvested. However, the employer stock portion of Mr. Balis' account will be converted to a cash amount upon the Spin-Off. All distributions from the SS Plan will be in cash.

Mr. Balis elected to receive his SS Plan benefits in a lump sum in January of the year following his separation from service. Amounts deferred for the 2005 plan year and later cannot be withdrawn before the distribution date for any reason. Amounts deferred for the 2004 plan year and earlier may be withdrawn before the distribution date if a hardship exists or the participant requests an immediate withdrawal subject to a penalty of 6%.

SUMMARY OF POTENTIAL PAYMENTS AND BENEFITS—TERMINATION EVENTS

Overview

This section describes the benefits payable to our NEOs in two circumstances:

- Termination of Employment
- Change in Control

Executive Severance

These benefits are determined primarily under the "Honeywell Executive Level Termination & Severance Policy—Switzerland" ("Executive Severance Policy"). In addition to the Executive Severance Policy, other Honeywell benefits plans, such as its annual incentive compensation plan and long-term incentive plan, have provisions that impact these benefits.

These benefits ensure that Honeywell executives are motivated primarily by the needs of the businesses for which they are responsible, rather than circumstances that are outside the ordinary course of business, i.e., circumstances that might lead to the termination of an executive's employment or that might lead to a Change in Control of Honeywell. Generally, this is achieved by assuring Honeywell executives that they will receive a level of continued compensation if their employment is adversely affected in these circumstances, subject to certain conditions. Honeywell believes that these benefits help ensure that affected executives act in the best interests of our shareowners, even if such actions are otherwise contrary to their personal interests. Honeywell believes that these benefits are generally in line with current market practices.

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Summary of Benefits—Termination Events

The following table summarizes the termination of employment and Change in Control benefits payable to our NEOs. None of these termination benefits are payable to NEOs who voluntarily quit (other than voluntary resignations for good reason) or whose employment is terminated by us for cause. The information in the table below assumes, in each case, that termination of employment occurred on December 31, 2017. Pension and nonqualified deferred compensation benefits, which are described elsewhere in this filing, are not included in the table below in accordance with the applicable disclosure requirements, even though they may become payable at the times specified in the table.

Payments and Benefits	Named Executive Officer	Termination by the Company "without Cause"	Death	Disability	Change in Control-No Termination of Employment	Change in Control-Termination of Employment
Cash Severance	Olivier Rabiller	$ 417,637	$ —	$ —	$ —	$ 417,637
	Peter Bracke	$ 330,239	$ —	$ —	$ —	$ 330,239
	Craig Balis	$ 286,606	$ —	$ —	$ —	$ 286,606
	Thierry Mabru	$ 273,624	$ —	$ —	$ —	$ 273,624
	Daniel Deiro	$ 269,553	$ —	$ —	$ —	$ 269,553
ICP (Year of Termination)	Olivier Rabiller	$ —	$ —	$ —	$ 475,180	$ 475,180
	Peter Bracke	$ —	$ —	$ —	$ 22,852	$ 22,852
	Craig Balis	$ —	$ —	$ —	$ 186,923	$ 186,923
	Thierry Mabru	$ —	$ —	$ —	$ 222,259	$ 222,259
	Daniel Deiro	$ —	$ —	$ —	$ 192,044	$ 192,044
Growth Plan Awards and Cash-Based Performance Plan Awards	Olivier Rabiller	$ —	$ 216,000	$ 216,000	$ —	$ 216,000
	Peter Bracke	$ —	$ 27,746	$ 27,746	$ —	$ 27,746
	Craig Balis	$ —	$ 194,200	$ 194,200	$ —	$ 194,200
	Thierry Mabru	$ —	$ 148,600	$ 148,600	$ —	$ 148,600
	Daniel Deiro	$ —	$ 115,333	$ 115,333	$ —	$ 115,333
Accelerated Vesting of Stock Options	Olivier Rabiller	$ —	$1,398,328	$1,398,328	$ 143,149	$ 1,398,328
	Peter Bracke	$ —	$1,439,393	$1,439,393	$ 180,779	$ 1,439,393
	Craig Balis	$ —	$1,237,325	$1,237,325	$ 150,699	$ 1,237,325
	Thierry Mabru	$ —	$ 930,908	$ 930,908	$ 112,949	$ 930,908
	Daniel Deiro	$ —	$ 622,419	$ 622,419	$ —	$ 622,419
Accelerated Vesting of Stock Awards	Olivier Rabiller	$ —	$2,158,081	$2,158,081	$ 453,259	$ 2,158,081
	Peter Bracke	$ —	$2,260,925	$2,260,925	$ 736,388	$ 2,260,925
	Craig Balis	$ —	$2,658,112	$2,658,112	$ 732,928	$ 2,658,112
	Thierry Mabru	$ —	$1,846,971	$1,846,971	$ 294,513	$ 1,846,971
	Daniel Deiro	$ —	$1,079,536	$1,079,536	$ —	$ 1,079,536
All Other Payments/ Benefits	Olivier Rabiller	$ 300,000	$ 300,000	$ —	$ —	$ 300,000
	Peter Bracke	$ —	$ —	$ —	$ —	$ —
	Craig Balis	$ 172,500	$ 172,500	$ —	$ —	$ 172,500
	Thierry Mabru	$ 130,000	$ 130,000	$ —	$ —	$ 130,000
	Daniel Deiro	$ 100,000	$ 100,000	$ —	$ —	$ 100,000
Total	Olivier Rabiller	$ 717,637	$4,072,408	$3,772,408	$1,071,588	$ 4,965,226
	Peter Bracke	$ 330,239	$3,728,064	$3,728,064	$ 940,018	$ 4,081,154
	Craig Balis	$ 459,106	$4,262,137	$4,089,637	$1,070,550	$ 4,735,666
	Thierry Mabru	$ 403,624	$3,056,479	$2,926,479	$ 629,721	$ 3,552,362
	Daniel Deiro	$ 369,553	$1,917,288	$1,817,288	$ 192,044	$ 2,378,884

Explanation of Benefits—Termination Events

The following describes the benefits that are quantified in the table above, assuming the applicable event occurred on December 31, 2017. In regard to each portion of the benefit, the benefits that are paid in the context of a Change in Control are, except as noted, the same as the benefits paid in non-Change in Control circumstances.

Benefit/Event	Amount and terms of payments (other than upon a Change in Control)	Change In Control provisions
Severance Benefits-Cash Payment Involuntary termination without cause; Change in Control termination without cause.	• Nine months of base salary. Runs concurrently with any non-working contractual or statutory paid notice period.	• In case of termination within two years of a Change in Control, remain eligible for nine months of base salary in cash severance. Runs concurrently with any non-working contractual or statutory paid notice period.
Annual Bonus for the Year of Termination-Cash Payment Annual ICP Plan bonus is payable to NEOs for the year in which a Change in Control occurs.	• No payment.	• Based on achievement of pre-established ICP goals and the Honeywell Compensation Committee's assessment of other relevant criteria, for the stub period ending on the Change in Control (as defined in the ICP Plan) date, prorated through the Change in Control date. • Paid in cash at the time ICP awards are typically paid to Honeywell executives for the year in which a Change in Control occurs, but only if the employee is actively employed on the payment date, has been involuntarily terminated other than for cause or has terminated employment for good reason.
Growth Plan Awards and Cash-Based Performance Plan Awards Cash-based awards become payable in the event of death, disability or termination of employment following a Change in Control	• The earned, but unpaid, award for the completed 2016-2017 Growth Plan performance cycle would be paid out, in full, upon death or disability. Performance Plan awards for performance periods still in progress would become payable on a pro rata basis after death or disability, based on actual performance determined at	• The outstanding cash-based Growth Plan and Performance Plan awards would become payable to an employee who experiences a termination without cause or resigns for good reason, in either case within two years of a Change in Control (a "double-trigger termination"). Outstanding Performance Plan awards

Benefit/Event	Amount and terms of payments (other than upon a Change in Control)	Change In Control provisions
	the end of the performance cycle. The amounts in the “Death” and “Disability” columns in the Potential Payments upon Termination or Change in Control Table above includes one-third of the 2017-2019 Performance Plan award at target and the full earned 2016-2017 Growth Plan award.	would become vested on a pro rata basis, based on an assessment of actual performance, for the portion of the performance cycle elapsed to the closing date of the Change in Control event. The full amount under the 2016-2017 Growth Plan cycle would also become payable as the cycle is complete and earned amounts determinable.
Accelerated Vesting of Equity Awards Equity awards vest and become payable in the event of death, disability or, for awards issued after April 2014, upon the termination of employment following a Change in Control.	• Equity awards vest and become payable or exercisable in the event of death or disability.	• For equity awards issued after April 2014, accelerated vesting only occurs for an employee who experiences a qualifying double-trigger termination within two years of a Change in Control. In such an event, time-based awards would vest in full, whereas performance shares would become vested on a pro rata basis, based on an assessment of actual performance, for the portion of the performance cycle elapsed to the closing date of the Change in Control event. Equity awards granted before April 2014 vest in full upon a Change in Control.
Other Benefits	• Certain NEOs were issued cash retention agreements in 2016 that would have paid out a minimum amount had the NEO died or been terminated by the company without cause on December 31, 2017. These minimum amounts are reflected as All Other Payments on the table above.	

Defined Terms Used in This Section

As used in the Honeywell plans and as applicable to the NEOs, the following terms are assigned the meanings summarized below.

Term	Summary of Definition
Change in Control	• an event that constitutes a “change in control event” within the meaning of United States Department of Treasury Regulation §1.409A-3(i)(5)(i).

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Term	Summary of Definition
Termination for cause	• misconduct; • gross misconduct; and/or • violation of the Honeywell Code of Conduct.
Termination for good reason	• a material reduction in base salary and, for executive level employees, annual incentive compensation (other than a generally applicable reduction) • permanent elimination of position; • for executive level employees, a material adverse change in position, function, responsibilities or reporting level, or in the standard of performance required, as determined immediately prior to a Change in Control; • a material change in the geographic location at which the executive must perform his or her services from the location the executive was required to perform such services immediately prior to a Change in Control; • any action that constitutes a constructive discharge.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of the date of this Information Statement, Honeywell beneficially owns all of the outstanding shares of our common stock. After the Spin-Off, Honeywell will not own any shares of our common stock. The following table provides information regarding the anticipated beneficial ownership of our common stock at the time of the Distribution by:

- each of our stockholders whom we believe (based on the assumptions described below) will beneficially own more than 5% of our outstanding common stock;
- each of our directors;
- each of our named executive officers; and
- all of our directors and executive officers as a group.

Except as otherwise noted below, we based the share amounts on each person's beneficial ownership of Honeywell common stock on , 2018, giving effect to a Distribution ratio of shares of our common stock for each share of Honeywell common stock.

Except as otherwise noted in the footnotes below, each person or entity identified in the table has sole voting and investment power with respect to the securities beneficially owned.

Immediately following the Spin-Off, we estimate that shares of our common stock will be issued and outstanding, based on the approximately shares of Honeywell common stock outstanding on , 2018. The actual number of shares of our common stock that will be outstanding following the completion of the Spin-Off will be determined on , 2018.

Name	Amount and Nature of Beneficial Ownership	Percentage of Class
Directors and Named Executive Officers:		
Olivier Rabiller		
Carlos Cardoso		
Maura J. Clark		
Courtney Enghauser		
Susan L. Main		
Carsten J. Reinhardt		
Scott Tozier		
Craig Balis		
Daniel Deiro		
Alessandro Gili		
Thierry Mabru		
Directors and Executive Officers as a Group		
Principal Stockholders:		
The Vanguard Group(1) 100 Vanguard Blvd. Malvern, PA 19355		6.74%
BlackRock, Inc.(2) 55 East 52nd Street New York, NY 10055		6.30%

(1) Based on the most recently available Schedule 13G filed with the SEC on February 9, 2018 by The Vanguard Group with respect to Honeywell common stock. According to its Schedule 13G, The Vanguard Group and certain related entities have sole voting power in respect of 1,054,244 shares of Honeywell common stock, shared voting power in respect of 160,683 shares of Honeywell common stock, sole

dispositive power in respect of 50,153,579 shares of Honeywell common stock and shared dispositive power in respect of 1,203,804 shares of Honeywell common stock.

(2) Based on the most recently available Schedule 13G filed with the SEC on January 25, 2018 by BlackRock, Inc. with respect to Honeywell International Inc. common stock. According to its Schedule 13G, BlackRock, Inc. has sole voting power in respect of 41,087,639 shares of Honeywell common stock and sole dispositive power in respect of 47,575,018 shares of Honeywell common stock.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Agreements with Honeywell

In order to govern the ongoing relationships between us and Honeywell after the Spin-Off and to facilitate an orderly transition, we and Honeywell intend to enter into agreements providing for various services and rights following the Spin-Off, and under which we and Honeywell will agree to indemnify each other against certain liabilities arising from our respective businesses. The following summarizes the terms of the material agreements we expect to enter into with Honeywell.

Separation and Distribution Agreement

We intend to enter into a Separation and Distribution Agreement with Honeywell before the Distribution. The Separation and Distribution Agreement will set forth our agreements with Honeywell regarding the principal actions to be taken in connection with the Spin-Off. It will also set forth other agreements that govern aspects of our relationship with Honeywell following the Spin-Off.

Transfer of Assets and Assumption of Liabilities

The Separation and Distribution Agreement will identify certain transfers of assets and assumptions of liabilities that are necessary in advance of our separation from Honeywell so that we and Honeywell retain the assets of, and the liabilities associated with, our respective businesses. The Separation and Distribution Agreement generally provides that the assets comprising our business will consist of those owned or held by us or those primarily related to our current business and operations. The liabilities we will assume in connection with the Spin-Off will generally consist of those related to the past and future operations of our business, including our manufacturing locations and the other locations used in our current operations. Honeywell will retain certain assets and assume liabilities related to former business locations or the operation of our former business. The Separation and Distribution Agreement will also provide for the settlement or extinguishment of certain liabilities and other obligations between us and Honeywell. Honeywell and the Company have agreed that, upon completion of the Spin-Off and the related retirement of certain intercompany liabilities between Honeywell and the Company on or shortly after the Distribution Date, the Company will have an aggregate amount of cash-on-hand equal to approximately $90 million.

Reorganization

The Separation and Distribution Agreement will describe certain actions related to our separation from Honeywell that will occur prior to the Distribution such as the formation of our subsidiaries and certain other internal restructuring actions to be taken by us and Honeywell, including the contribution by Honeywell to us of the assets and liabilities that comprise our business.

Intercompany Arrangements

All agreements, arrangements, commitments and understandings, including most intercompany accounts payable or accounts receivable, between us, on the one hand, and Honeywell, on the other hand, will terminate and/or be repaid effective as of the Distribution Date or shortly thereafter, except specified agreements and arrangements that are intended to survive the Distribution.

Credit Support

We will agree to use reasonable best efforts to arrange, prior to the Distribution, for the replacement of all guarantees, covenants, indemnities, surety bonds, letters of credit or similar assurances of credit support, other than certain specified credit support instruments, currently provided by or through Honeywell or any of its affiliates for the benefit of us or any of our affiliates.

Representations and Warranties

In general, neither we nor Honeywell will make any representations or warranties regarding any assets or liabilities transferred or assumed, any consents or approvals that may be required in connection with these

transfers or assumptions, the value or freedom from any lien or other security interest of any assets transferred, the absence of any defenses relating to any claim of either party or the legal sufficiency of any conveyance documents. Except as expressly set forth in the Separation and Distribution Agreement, all assets will be transferred on an "as-is," "where-is" basis.

Further Assurances

The parties will use reasonable best efforts to effect any transfers contemplated by the Separation and Distribution Agreement that have not been consummated prior to the Distribution as promptly as practicable following the Distribution Date. In addition, the parties will use reasonable best efforts to effect any transfer or re-transfer of any asset or liability that was improperly transferred or retained as promptly as practicable following the Distribution.

The Distribution

The Separation and Distribution Agreement will govern Honeywell's and our respective rights and obligations regarding the proposed Distribution. Prior to the Distribution, Honeywell will deliver all the issued and outstanding shares of our common stock to the distribution agent. Following the Distribution Date, the distribution agent will electronically deliver the shares of our common stock to Honeywell stockholders based on the distribution ratio. The Honeywell Board may, in its sole and absolute discretion, determine the Record Date, the Distribution Date and the terms of the Spin-Off. In addition, Honeywell may, at any time until the Distribution, decide to abandon the Distribution or modify or change the terms of the Distribution.

Conditions

The Separation and Distribution Agreement will also provide that several conditions must be satisfied or, to the extent permitted by law, waived by Honeywell, in its sole and absolute discretion, before the Distribution can occur. For further information about these conditions, see "The Spin-Off—Conditions to the Spin-Off."

Exchange of Information

We and Honeywell will agree to provide each other with information reasonably necessary to comply with reporting, disclosure, filing or other requirements of any national securities exchange or governmental authority, for use in judicial, regulatory, administrative and other proceedings and to satisfy audit, accounting, litigation and other similar requests. We and Honeywell will also agree to use reasonable best efforts to retain such information in accordance with our respective record retention policies as in effect on the date of the Separation and Distribution Agreement. Each party will also agree to use its reasonable best efforts to assist the other with its financial reporting and audit obligations.

Termination

The Honeywell Board, in its sole and absolute discretion, may terminate the Separation and Distribution Agreement at any time prior to the Distribution.

Release of Claims

We and Honeywell will each agree to release the other and its affiliates, successors and assigns, and all persons that prior to the Distribution have been the other's stockholders, directors, officers, members, agents and employees, and their respective heirs, executors, administrators, successors and assigns, from any claims against any of them that arise out of or relate to events, circumstances or actions occurring or failing to occur or any conditions existing at or prior to the time of the Distribution. These releases will be subject to exceptions set forth in the Separation and Distribution Agreement.

Indemnification

We and Honeywell will each agree to indemnify the other and each of the other's current, former and future directors, officers and employees, and each of the heirs, administrators, executors, successors and assigns of any of them, against certain liabilities incurred in connection with the Spin-Off and our and Honeywell's respective businesses. The amount of either Honeywell's or our indemnification obligations will be reduced by any insurance proceeds the party being indemnified receives. The Separation and Distribution Agreement will also specify procedures regarding claims subject to indemnification.

Transition Services Agreement

We intend to enter into a Transition Services Agreement pursuant to which Honeywell will provide us, and we will provide Honeywell, with specified services, including information technology, financial, human resources and labor, health, safety and environmental, sales, product stewardship, operational and manufacturing support, procurement, customer support, supply chain and logistics and legal and contract and other specified services, for a limited time to help ensure an orderly transition following the Distribution. For a limited time after the Spin-Off, we may request that additional services in the same functional categories as the specified services be provided by Honeywell to us so long as such additional services were provided historically by Honeywell to our business. The services are generally intended to be provided for a period no longer than twelve months following the Distribution, with a possibility to extend the term of each service up to an additional twelve months. Each party may terminate the agreement in its entirety in the event of a material breach of the agreement by the other party that is not cured within a specified time period. Each recipient party may also terminate the services on an individual basis upon prior written notice to the party providing the service.

The service recipient is required to pay to the service provider a fee equal to the cost of service specified for each service, which is billed on a monthly basis.

We have agreed to hold Honeywell harmless from any damages arising out of Honeywell's provision of the services unless such damages are the result of Honeywell's willful misconduct, gross negligence, breach of certain provisions of the agreement or violation of law or third-party rights in providing services. Additionally, Honeywell's liability is generally subject to a cap in the amount of fees actually received by Honeywell from us in connection with the provision of the services. We also generally indemnify Honeywell for all liabilities arising out of Honeywell's provision of the services unless such liabilities are the result of Honeywell's willful misconduct or gross negligence, in which case, Honeywell indemnifies us for such liabilities. These indemnification and liability terms are customary for agreements of this type.

Given the short-term nature of the Transition Services Agreement, we are in the process of increasing our internal capabilities to eliminate reliance on Honeywell for the transition services it will provide us as quickly as possible following the Spin-Off.

Tax Matters Agreement

We intend to enter into a Tax Matters Agreement with Honeywell that will govern the respective rights, responsibilities and obligations of Honeywell and us after the Distribution with respect to all tax matters (including tax liabilities, tax attributes, tax returns and tax contests).

The Tax Matters Agreement will generally provide that we will be responsible and will indemnify Honeywell for all taxes, including income taxes, sales taxes, VAT and payroll taxes, relating to the Business for all periods, including periods prior to the Distribution. Among other items, as a result of the mandatory transition tax imposed by the Tax Act, we will be required to make payments to a subsidiary of Honeywell in the amount representing the net tax liability of Honeywell under the mandatory transition tax attributable to the Business, as determined by Honeywell. This amount will be payable in Euros (calculated by reference to the Distribution Date Currency Exchange Rate), without interest, in five annual installments, each equal to 8% of the aggregate

amount, followed by three additional annual installments equal to 15%, 20% and 25% of the aggregate amount, respectively. In addition, the Tax Matters Agreement will address the allocation of liability for taxes that are incurred as a result of restructuring activities undertaken to effectuate the Spin-Off. We will have the right to control any audit or contest relating to any of these taxes for which we are solely liable (other than the mandatory transition tax), but Honeywell will have the right to review and comment on our conduct of any such audit or contest, and Honeywell will control any other audit or contest.

In addition, the Tax Matters Agreement will provide that we will be required to indemnify Honeywell for any taxes (and reasonable expenses) resulting from the failure of the Spin-Off and related internal transactions to qualify for their intended tax treatment under U.S. federal, state and local income tax law, as well as foreign tax law, where such taxes result from (a) breaches of covenants and representations we make and agree to in connection with the Spin-Off, (b) the application of certain provisions of U.S. federal income tax law to these transactions or (c) any other action or omission (other than actions expressly required or permitted by the Separation and Distribution Agreement, the Tax Matters Agreement or other ancillary agreements) we take after the Distribution that gives rise to these taxes. Honeywell will have the exclusive right to control the conduct of any audit or contest relating to these taxes, but will not be permitted to settle any such audit or contest to the extent we are liable for such underlying taxes without our consent (which we may not unreasonably withhold, condition or delay).

The Tax Matters Agreement will impose certain restrictions on us and our subsidiaries (including restrictions on share issuances, redemptions or repurchases, business combinations, sales of assets and similar transactions) that will be designed to address compliance with Section 355 of the Code and are intended to preserve the tax-free nature of the Spin-Off. Under the Tax Matters Agreement, these restrictions will apply for two years following the Distribution, unless Honeywell gives its consent for us to take a restricted action, which it is permitted to grant or withhold at its sole discretion. Even if Honeywell does consent to our taking an otherwise restricted action, we will remain liable to indemnify Honeywell in the event such restricted action gives rise to an otherwise indemnifiable liability. These restrictions may limit our ability to pursue strategic transactions or engage in new businesses or other transactions that may maximize the value of our business, and might discourage or delay a strategic transaction that our stockholders may consider favorable.

Employee Matters Agreement

We intend to enter into an Employee Matters Agreement with Honeywell that will address employment and employee compensation and benefits matters. The Employee Matters Agreement will address the allocation and treatment of assets and liabilities relating to employees and compensation and benefit plans and programs in which our employees participated prior to the Spin-Off. Except as specifically provided in the Employee Matters Agreement, we will generally be responsible for all employment and employee compensation and benefits-related liabilities relating to our employees, former employees and other service providers. In particular, we will assume certain assets and liabilities with respect to our current and former employees under certain of Honeywell's U.S. and non-U.S. defined benefit pension plans (with assets and liabilities allocated based on formulas specified in the Employee Matters Agreement for each pension plan). Generally, except as may be provided in the Transition Services Agreement, each of our employees will cease active participation in Honeywell compensation and benefit plans as of the Spin-Off. The Employee Matters Agreement also provides that we will establish certain compensation and benefit plans for the benefit of our employees following the Spin-Off, including a 401(k) savings plan, which will accept direct rollovers of account balances from the Honeywell 401(k) savings plan for any of our employees who elects to do so. Generally, following the Spin-Off, we will assume and be responsible for any annual bonus payments, including with respect to the year in which the Spin-Off occurs, and any other cash-based incentive or retention awards to our current and former employees. Honeywell long-term incentive compensation awards, including stock options, RSUs, Growth Plan units and Performance Plan units, held by SpinCo employees will be treated as described in "Compensation Discussion and Analysis—Details on Program Elements and Related 2017 Compensation Decisions—Long-Term Incentive Compensation." The Employee Matters Agreement incorporates the indemnification provisions contained in the

Separation and Distribution Agreement and described above. In addition, the Employee Matters Agreement provides that we will indemnify Honeywell for certain employee-related liabilities associated with the Transition Services Agreement.

Agreements Governing Intellectual Property

Separation and Distribution Agreement

The Separation and Distribution Agreement will provide for (i) us to own all of the intellectual property rights exclusively related to the Business and the liabilities relating to, arising out of or resulting therefrom and (ii) Honeywell to retain any of its intellectual rights not exclusively related to the Business and the liabilities relating to, arising out of or resulting therefrom.

Intellectual Property Agreement

We intend to enter into an Intellectual Property Agreement with Honeywell, pursuant to which we will agree not to assert our intellectual property rights against Honeywell or (with limited exceptions) act to impair Honeywell's intellectual property rights, and Honeywell will agree not to assert its intellectual property rights against us or (with limited exceptions) act to impair our intellectual property rights, in each case for a period of five years. We will grant to Honeywell, and Honeywell will grant to us, a perpetual royalty-free license to certain intellectual property that has historically been shared between us and Honeywell and we will agree to negotiate a commercial license with Honeywell under other intellectual property rights in the event either we or Honeywell determine such rights are necessary in order to pursue new projects in the ordinary course of business for a period of five years. These restrictions and licenses will be binding on future licensees or assignees of our and Honeywell's intellectual property rights. The license to us will be transferable generally with any sale or transfer of a business of ours that utilizes Honeywell's intellectual property and the license to Honeywell will be transferable generally with any sale or transfer of a Honeywell business that utilizes our intellectual property.

The Intellectual Property Agreement will also contain certain provisions relating to the recordation of the transfers of intellectual property rights set forth in the Separation and Distribution Agreement.

Trademark License Agreement

We intend to enter into a Trademark License Agreement with Honeywell pursuant to which Honeywell will grant us a fully paid-up, royalty free, nonsublicenseable, non-exclusive license to use certain of Honeywell's trademarks, trade names and service marks with respect to the "Honeywell" brand in connection with the sale, provision, marketing, performance and promotion of the products, services and offerings of the Business as its exists immediately prior to the Distribution Date. The term of the license will not exceed eighteen months following the Distribution Date, which may be extended in certain circumstances related to licenses, permits, consents, approvals or authorizations. The Trademark License Agreement will also provide that we cease using the licensed trademarks in connection with certain activities prior to the expiration of the Trademark License Agreement. We will not be able to assign our rights to the licensed marks, except with the prior written consent of Honeywell.

Indemnification and Reimbursement Agreement

In connection with the Spin-Off, we intend to enter into an indemnification and reimbursement agreement with Honeywell (the **"Indemnification and Reimbursement Agreement"**) pursuant to which we will have an obligation to make cash payments to Honeywell in amounts equal to 90% of Honeywell's asbestos-related liability payments and accounts payable, primarily related to the Bendix business in the United States, as well as certain environmental-related liability payments and accounts payable and non-United States asbestos-related liability payments and accounts payable, in

each case related to legacy elements of the Business, including the legal costs of defending and resolving such liabilities, less 90% of Honeywell's net insurance receipts and, as may be applicable, certain other recoveries associated with such liabilities. The amount payable by the Company in respect of such liabilities arising in any given year will be subject to a cap of an amount equal to the Distribution Date Currency Exchange Rate equivalent of $175 million (exclusive of any late payment fees up to 5% per annum).

In the event of a global settlement of all or substantially all of the asbestos-related Bendix claims in the United States, the Company will be obligated to pay 90% of the amount paid or payable by Honeywell in connection with such global settlement payment, less 90% of insurance receipts relating to such liabilities, and in such event, the Company will be required to pay an amount equal to the Distribution Date Currency Exchange Rate equivalent of $175 million per year until the amount payable by the Company in respect of such global settlement payment is less than an amount equal to the Distribution Date Currency Exchange Rate equivalent of $175 million. During that time, the annual payment by us to Honeywell of an amount equal to the Distribution Date Currency Exchange Rate equivalent of $175 million will be first allocated towards asbestos-related liabilities arising outside of the scope of the global settlement and environmental-related liabilities and then towards the global settlement payment.

Payment amounts will be deferred to the extent that the payment thereof would cause a specified event of default under certain indebtedness, including our principal credit agreement, or cause us to not be compliant with certain financial covenants in certain indebtedness, including our principal credit agreement on a pro forma basis, including the maximum total leverage ratio (ratio of debt to EBITDA, which excludes any amounts owed to Honeywell under the Indemnification and Reimbursement Agreement), and the minimum interest coverage ratio. In each calendar quarter, our ability to pay dividends and repurchase capital stock in such calendar quarter will be restricted until any amounts payable under the Indemnification and Reimbursement Agreement in such quarter (including any deferred payment amounts) are paid to Honeywell and we will be required to use available restricted payment capacity under our debt agreements to make payments in respect of any such deferred amounts. Payment of deferred amounts and certain other payments (which are not expected to be material) could cause the amount we are required to pay under the Indemnification and Reimbursement Agreement in any given year to exceed an amount equal to the Distribution Date Currency Exchange Rate equivalent of $175 million per year (exclusive of any late payment fees up to 5% per annum). All amounts payable under the Indemnification and Reimbursement Agreement will be guaranteed by certain of our subsidiaries that act as guarantors under our principal credit agreement. The ability for certain of our subsidiaries to make distributions in respect of and/or provide guarantees under the Indemnification and Reimbursement Agreement will be limited by any defenses generally available to guarantors (including, without limitation, those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other legal requirements under applicable law. Under the Indemnification and Reimbursement Agreement, we will also be subject to certain of the affirmative and negative covenants to which we are subject under our principal credit agreement. Further, pursuant to the Indemnification and Reimbursement Agreement, our ability to (i) amend or replace our principal credit agreement, (ii) enter into another credit agreement and make amendments or waivers thereto, or (iii) enter into or amend or waive any provisions under other agreements, in each case, in a manner that would adversely affect the rights of Honeywell under the Indemnification and Reimbursement Agreement, will be subject to Honeywell's prior written consent. This consent right will significantly limit our ability to engage in many types of significant transactions on favorable terms (or at all), including, but not limited to, equity and debt financings, liability management transactions, refinancing transactions, mergers, acquisitions, joint ventures and other strategic transactions.

The obligation will continue until the earlier of: (1) December 31, 2048; or (2) December 31 of the third consecutive year during which the annual payment obligation (including in respect of deferred payment amounts) has been less than an amount equal to the Distribution Date Currency Exchange Rate equivalent of $25 million.

For additional discussion of the Indemnification and Reimbursement Agreement, see "Risk Factors— Risks Relating to Our Business—We are subject to risks associated with the Indemnification and Reimbursement Agreement, pursuant to which we will be required to make substantial cash payments to Honeywell, measured in substantial part by reference to estimates by Honeywell of certain of its liabilities."

The foregoing description of the Indemnification and Reimbursement Agreement is a summary, is not complete, and is qualified entirely by reference to the full text of such agreement, which is filed as an exhibit to SpinCo's registration statement on Form 10, of which this Information Statement forms a part.

Other Arrangements

Prior to the Spin-Off, we have had various other arrangements with Honeywell, including arrangements whereby Honeywell has provided us with finance, human resources, legal, information technology, general insurance, risk management and other corporate functions as described in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Basis of Presentation." As described in more detail in "—Separation and Distribution Agreement" above, these arrangements, other than those contemplated pursuant to the Transition Services Agreement, will generally be terminated in connection with the Spin-Off. We do not consider these arrangements with Honeywell to be material.

In addition, we intend to enter into certain other arm's-length arrangements regarding (i) certain real estate matters and, in some cases, associated services, (ii) the provision of certain engineering services and (iii) collaboration on certain projects with Aerospace.

Policy and Procedures Governing Related Party Transactions

Prior to the completion of the Spin-Off, our Board will adopt a written policy regarding the review, approval and ratification of transactions with related persons. We anticipate that this policy will provide that our Nominating and Governance Committee review each of SpinCo's transactions involving an amount exceeding $120,000 and in which any "related person" had, has or will have a direct or indirect material interest. In general, "related persons" are our directors, director nominees, executive officers and stockholders beneficially owning more than 5% of our outstanding common stock and immediate family members or certain affiliated entities of any of the foregoing persons. We expect that our Nominating and Governance Committee will approve or ratify only those transactions that are fair and reasonable to SpinCo and in our and our stockholders' best interests.

DESCRIPTION OF OUR CAPITAL STOCK

General

Prior to the Distribution, Honeywell, as our sole stockholder, will approve and adopt our Amended and Restated Certificate of Incorporation, and our Board will approve and adopt our Amended and Restated By-Laws. The following summarizes information concerning our capital stock, including material provisions of our Amended and Restated Certificate of Incorporation, our Amended and Restated By-Laws and certain provisions of Delaware law. You are encouraged to read the forms of our Amended and Restated Certificate of Incorporation and our Amended and Restated By-Laws, which are filed as exhibits to our Registration Statement on Form 10, of which this Information Statement is a part, for greater detail with respect to these provisions.

Distribution of Securities

During the past three years, we have not sold any securities, including sales of reacquired securities, new issues, securities issued in exchange for property, services or other securities, and new securities resulting from the modification of outstanding securities that were not registered under the Securities Act.

Authorized Capital Stock

Immediately following the Spin-Off, our authorized capital stock will consist of shares of common stock, par value $0.001 per share, and shares of preferred stock, par value $ per share.

Common Stock

Shares Outstanding

Immediately following the Spin-Off, we estimate that approximately shares of our common stock will be issued and outstanding, based on shares of Honeywell common stock outstanding as of , 2018. The actual number of shares of our common stock outstanding immediately following the Spin-Off will depend on the actual number of shares of Honeywell common stock outstanding on the Record Date, and will reflect any issuance of new shares or exercise of outstanding options pursuant to Honeywell's equity plans and any repurchases of Honeywell shares by Honeywell pursuant to its common stock repurchase program, in each case on or prior to the Record Date.

Dividends

Holders of shares of our common stock will be entitled to receive dividends when, as and if declared by our Board at its discretion out of funds legally available for that purpose, subject to the preferential rights of any preferred stock that may be outstanding. The timing, declaration, amount and payment of future dividends will depend on our financial condition, earnings, capital requirements and debt service obligations, as well as legal requirements, regulatory constraints, industry practice and other factors that our Board deems relevant. Additionally, the terms of the indebtedness we intend to incur in connection with the Spin-Off and our obligations under the Indemnification and Reimbursement Agreement each will limit our ability to pay cash dividends. Our Board will make all decisions regarding our payment of dividends from time to time in accordance with applicable law. See “Dividend Policy.”

Voting Rights

The holders of our common stock will be entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders.

Other Rights

Subject to the preferential liquidation rights of any preferred stock that may be outstanding, upon our liquidation, dissolution or winding-up, the holders of our common stock will be entitled to share ratably in our assets legally available for distribution to our stockholders.

Fully Paid

The issued and outstanding shares of our common stock are fully paid and non-assessable. Any additional shares of common stock that we may issue in the future will also be fully paid and non-assessable.

The holders of our common stock will not have preemptive rights or preferential rights to subscribe for shares of our capital stock.

Preferred Stock

Our Amended and Restated Certificate of Incorporation will authorize our Board to designate and issue from time to time one or more series of preferred stock without stockholder approval. Our Board may fix and determine the preferences, limitations and relative rights of each series of preferred stock. There are no present plans to issue any shares of preferred stock.

Certain Provisions of Delaware Law, Our Amended and Restated Certificate of Incorporation and Amended and Restated By-Laws

Amended and Restated Certificate of Incorporation and Amended and Restated By-Laws

Certain provisions in our proposed Amended and Restated Certificate of Incorporation and our proposed Amended and Restated By-Laws summarized below may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the shares held by stockholders. These provisions are intended to enhance the likelihood of continuity and stability in the composition of our Board and in the policies formulated by our Board and to discourage certain types of transactions that may involve an actual or threatened change of control.

- *Classified Board.* Our Amended and Restated Certificate of Incorporation will provide that, until the annual stockholder meeting in the year that is three years after the Spin-Off, our Board will be divided into three classes, with each class consisting, as nearly as may be possible, of one-third of the total number of directors. The directors designated as Class I directors will have terms expiring at the first annual meeting of stockholders following the Distribution, which we expect to hold in 2019. The directors designated as Class II directors will have terms expiring at the following year's annual meeting, which we expect to hold in 2020, and the directors designated as Class III directors will have terms expiring at the following year's annual meeting, which we expect to hold in 2021. Commencing with the first annual meeting following the Distribution, directors elected to succeed those directors whose terms then expire will be elected for a term of office to expire at the 2022 annual meeting. Beginning at the 2022 annual meeting, all of our directors will stand for election each year for annual terms, and our Board will therefore no longer be divided into three classes. Before our Board is declassified, it would take at least two elections of directors for any individual or group to gain control of our Board. Accordingly, while the classified board is in effect, these provisions could discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to control us.
- *Removal.* Our Amended and Restated Certificate of Incorporation will provide that (i) prior to our Board being declassified as discussed above, our stockholders may remove directors only for cause and (ii) after our Board has been fully declassified, our stockholders may remove directors with or without cause. Removal will require the affirmative vote of holders of at least a majority of our voting stock.

- *Blank Check Preferred Stock.* Our Amended and Restated Certificate of Incorporation will authorize our Board to designate and issue, without any further vote or action by the stockholders, up to million shares of preferred stock from time to time in one or more series and, with respect to each such series, to fix the number of shares constituting the series and the designation of the series, the voting powers (if any) of the shares of the series, and the preferences and relative, participating, optional and other rights, if any, and any qualifications, limitations or restrictions, of the shares of such series. The ability to issue such preferred stock could discourage potential acquisition proposals and could delay or prevent a change in control.
- *No Stockholder Action by Written Consent.* Our Amended and Restated Certificate of Incorporation will expressly exclude the right of our stockholders to act by written consent. Stockholder action must take place at an annual meeting or at a special meeting of our stockholders.
- *Special Stockholder Meetings.* Our Amended and Restated Certificate of Incorporation and our Amended and Restated By-Laws will provide that only our Chairman or our board of directors or a majority of our board of directors will be able to call a special meeting of stockholders. Stockholders will not be permitted to call a special meeting or to require our Board to call a special meeting.
- *Requirements for Advance Notification of Stockholder Nominations and Proposals.* Under our Amended and Restated By-Laws, stockholders of record will be able to nominate persons for election to our Board or bring other business constituting a proper matter for stockholder action only by providing proper notice to our secretary. In the case of annual meetings, proper notice must be given, generally between 90 and 120 days prior to the first anniversary of the prior year's annual meeting as first specified in the notice of meeting (without regard to any postponements or adjournments of such meeting after such notice was first sent). In the case of special meetings, proper notice must be given no earlier than the 90th day prior to the relevant meeting and no later than the later of the 60th day prior to such meeting or the 10th day following the public announcement of the meeting. Such notice must include, among other information, certain information with respect to each stockholder nominating persons for election to the Board (including, the name and address, the number of shares directly or indirectly held by such stockholder, a description of any agreement with respect to the business to be brought before the annual meeting, a description of any derivative instruments based on or linked to the value of or return on our securities as of the date of the notice, a description of any proxy, contract or other relationship pursuant to which such stockholder has a right to vote any shares of our stock and any profit-sharing or performance-related fees that such stockholder is entitled to, based on any increase or decrease in the value of our securities, as of the date of such notice), a representation that such stockholder is a holder of record of our common stock as of the date of the notice, each stockholder nominee's written consent to being named as a nominee and to serving as a director if elected, completed questionnaire and representation that such person has not and will not give any commitment as to how such person will act or vote if elected as a director, become a party to any agreement with respect to any compensation, reimbursement or indemnification in connection with service as a director, and such person will comply with all policies applicable to directors, a description of all compensation and other monetary agreements during the past three years and a representation as to whether such stockholder intends to solicit proxies.
- *Cumulative Voting.* The DGCL provides that stockholders are denied the right to cumulate votes in the election of directors unless the company's certificate of incorporation provides otherwise. Our Amended and Restated Certificate of Incorporation will not provide for cumulative voting.
- *Amendments to Certificate of Incorporation and By-Laws.* The DGCL provides that the affirmative vote of holders of a majority of a company's voting stock then outstanding is required to amend the company's certificate of incorporation unless the company's certificate of incorporation provides a higher threshold, and our Amended and Restated Certificate of Incorporation will not provide for a higher threshold. Our Amended and Restated Certificate of Incorporation will provide that our Amended and Restated By-Laws may be amended by our Board or by the affirmative vote of holders of at least a majority of our voting stock.

Delaware Takeover Statute

We are subject to Section 203 of the DGCL, which, subject to certain exceptions, prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that such stockholder became an interested stockholder.

Limitation on Liability of Directors and Indemnification of Directors and Officers

Delaware law authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties as directors, and our Amended and Restated Certificate of Incorporation will include such an exculpation provision. Our Amended and Restated By-Laws and Amended and Restated Certificate of Incorporation will include provisions that indemnify, to the fullest extent allowable under the DGCL, the personal liability of directors or officers for monetary damages for actions taken as a director, officer or agent of SpinCo, or for serving at SpinCo's request as a director, officer or agent at another corporation or enterprise, as the case may be. Our Amended and Restated By-Laws and Amended and Restated Certificate of Incorporation will also provide that we must indemnify and advance reasonable expenses to our directors, officers and employees, subject to our receipt of an undertaking from the indemnified party as may be required under the DGCL. Our Amended and Restated By-Laws will expressly authorize us to carry directors' and officers' insurance to protect SpinCo, its directors, officers and employees for some liabilities.

The limitation of liability and indemnification provisions that will be included in our Amended and Restated By-Laws and Amended and Restated Certificate of Incorporation may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against our directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. However, these provisions will not limit or eliminate our rights, or those of any stockholder, to seek non-monetary relief such as injunction or rescission in the event of a breach of a director's duty of care. The provisions will not alter the liability of directors under the federal securities laws. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. There is currently no pending material litigation or proceeding against any of our directors, officers or employees for which indemnification is sought.

Exclusive Forum

Our Amended and Restated Certificate of Incorporation will provide, in all cases to the fullest extent permitted by law, that unless we consent in writing to the selection of an alternative forum, the Court of Chancery located within the State of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of SpinCo, any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee or stockholder of SpinCo to SpinCo or SpinCo's stockholders, any action asserting a claim arising pursuant to the DGCL or as to which the DGCL confers jurisdiction on the Court of Chancery located in the State of Delaware, any action asserting a claim governed by the internal affairs doctrine or any other action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL. However, if the Court of Chancery within the State of Delaware does not have jurisdiction, the action may be brought in any other state or federal court located within the State of Delaware.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be Equiniti Trust Company.

Listing

We intend to apply to list our common stock on the New York Stock Exchange, under the ticker symbol "GTX."

WHERE YOU CAN FIND MORE INFORMATION

We have filed a Registration Statement on Form 10 with the SEC with respect to the shares of our common stock that Honeywell's stockholders will receive in the Distribution as contemplated by this Information Statement. This Information Statement is a part of, and does not contain all the information set forth in, the Registration Statement and the other exhibits and schedules to the Registration Statement. For further information with respect to us and our common stock, please refer to the Registration Statement, including its other exhibits and schedules. Statements we make in this Information Statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the Registration Statement for copies of the actual contract or document. You may review a copy of the Registration Statement, including its exhibits and schedules, at the SEC's public reference room, located at 100 F Street, N.E., Washington, D.C. 20549, as well as on the Internet website maintained by the SEC at www.sec.gov. Please call the SEC at 1-800-SEC-0330 for more information on the public reference room. Information contained on any website we refer to in this Information Statement does not and will not constitute a part of this Information Statement or the Registration Statement on Form 10 of which this Information Statement is a part.

As a result of the Spin-Off, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, we will file periodic reports, proxy statements and other information with the SEC.

You may request a copy of any of our filings with the SEC at no cost by writing us at the following address:

Investor Relations Garrett Motion Inc. La Pièce 16, 1180 Rolle, Switzerland +41 21 695 30 00

We intend to furnish holders of our common stock with annual reports containing financial statements prepared in accordance with U.S. GAAP and audited and reported on by an independent registered public accounting firm.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareowners and Board of Directors of Honeywell International Inc.
Morris Plains, New Jersey

Opinion on the Financial Statements

We have audited the accompanying combined balance sheets of Transportation Systems Business of Honeywell International, Inc. and subsidiaries (the "Company") as of December 31, 2017 and 2016, and the related combined statements of operations, comprehensive income, equity (deficit), and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Restatement of the Financial Statements

As discussed in Note 1 to the financial statements, the accompanying financial statements have been restated to correct a misstatement.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the accompanying 2017, 2016, and 2015 combined statements of operations have been retrospectively adjusted for the adoption of Accounting Standards Update 2017-07, *Compensation — Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.*

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of a Matter

As discussed in Note 1A to the financial statements, the accompanying financial statements have been derived from the separate records maintained by Honeywell International Inc. The financial statements also include expense allocations for certain corporate functions historically provided by Honeywell International Inc. These allocations may not be reflective of the actual expense that would have been incurred had the Company operated as a separate entity apart from Honeywell International Inc. A summary of transactions with related parties is included in Note 3 to the financial statements.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey

May 1, 2018 (June 8, 2018 as to the effect of adoption of ASU 2017-07 as discussed in Note 2 and August 7, 2018 as to the effects of the restatement as discussed in Note 1)

We have served as the Company's auditor since 2018.

TRANSPORTATION SYSTEMS BUSINESS OF HONEYWELL INTERNATIONAL INC.
COMBINED STATEMENTS OF OPERATIONS

	Years Ended December 31,		
	2017 (restated)(1)	2016 (restated)(1)	2015 (restated)(1)
		(Dollars in millions)	
Net sales	$ 3,096	$ 2,997	$ 2,908
Cost of goods sold	2,361	2,365	2,179
Gross profit	735	632	729
Selling, general and administrative expenses	249	197	186
Other expense, net	130	183	167
Interest expense	8	7	5
Non-operating (income) expense	(18)	(5)	3
Income before taxes	366	250	368
Tax expense	1,349	51	114
Net (loss) income	$ (983)	$ 199	$ 254

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

The Notes to Combined Financial Statements are an integral part of this statement.

TRANSPORTATION SYSTEMS BUSINESS OF HONEYWELL INTERNATIONAL INC.
COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31,		
	2017 (restated)(1)	2016 (restated)(1)	2015 (restated)(1)
		(Dollars in millions)	
Net (loss) income	$ (983)	$ 199	$ 254
Foreign exchange translation adjustment	72	29	81
Defined benefit pension plan adjustment, net of tax (Note 19)	—	(12)	10
Changes in fair value of effective cash flow hedges, net of tax	(77)	33	(12)
Total other comprehensive (loss) income, net of tax	(5)	50	79
Comprehensive (loss) income	$ (988)	$ 249	$ 333

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

The Notes to Combined Financial Statements are an integral part of this statement.

TRANSPORTATION SYSTEMS BUSINESS OF HONEYWELL INTERNATIONAL INC. COMBINED BALANCE SHEETS

	December 31, 2017 (restated)(1)	December 31, 2016 (restated)(1)
	(Dollars in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 300	$ 119
Accounts, notes and other receivables—net	745	640
Inventories—net	188	125
Due from related parties, current	530	501
Other current assets	321	348
Total current assets	2,084	1,733
Due from related parties, non-current	23	83
Investments and long-term receivables	38	39
Property, plant and equipment—net	442	371
Goodwill	193	192
Insurance recoveries for asbestos-related liabilities	174	185
Deferred income taxes	41	56
Other assets	2	2
Total assets	$ 2,997	$ 2,661
LIABILITIES		
Current liabilities:		
Accounts payable	$ 860	$ 736
Due to related parties, current	1,117	917
Accrued liabilities	571	476
Total current liabilities	2,548	2,129
Deferred income taxes	956	7
Asbestos-related liabilities	1,527	1,609
Other liabilities	161	137
Total liabilities	$ 5,192	$ 3,882
COMMITMENTS AND CONTINGENCIES (Note 18)		
EQUITY (DEFICIT)		
Invested deficit	(2,433)	(1,464)
Accumulated other comprehensive income	238	243
Total deficit	(2,195)	(1,221)
Total liabilities and deficit	$ 2,997	$ 2,661

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

The Notes to Combined Financial Statements are an integral part of this statement.

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TRANSPORTATION SYSTEMS BUSINESS OF HONEYWELL INTERNATIONAL INC.
COMBINED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2017 (restated)(1)	2016 (restated)(1)	2015 (restated)(1)
	(Dollars in millions)		
Cash flows from operating activities:			
Net (loss) income	$ (983)	199	254
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Deferred income taxes	973	(39)	(2)
Depreciation	64	59	64
Foreign exchange (gain) loss	(24)	(15)	12
Stock compensation expense	15	12	10
Pension expense	9	13	8
Other	(2)	(24)	12
Changes in assets and liabilities:			
Accounts, notes and other receivables	(42)	(90)	6
Receivables from related parties	—	3	(4)
Inventories	(46)	2	(10)
Other assets	1	6	2
Accounts payable	88	82	45
Payables to related parties	32	(5)	(18)
Accrued liabilities	41	43	(19)
Asbestos-related liabilities	(69)	16	4
Other liabilities	14	43	3
Net cash provided by operating activities	71	305	367
Cash flows from investing activities:			
Expenditures for property, plant and equipment	(103)	(84)	(50)
Issuance of related party notes receivables	—	(63)	—
Proceeds from related party notes receivables	66	72	7
Increase in marketable securities	(651)	(659)	(543)
Decrease in marketable securities	712	575	444
Other	6	(23)	(2)
Net cash provided by (used for) investing activities	30	(182)	(144)
Cash flows from financing activities:			
Net increase in Invested deficit	(19)	(95)	(705)
Proceeds for related party notes payable	671	656	657
Payments related to related party notes payable	(670)	(655)	(656)
Net change to cash pooling and short-term notes	78	(55)	429
Net cash provided by (used for) financing activities	60	(149)	(275)
Effect of foreign exchange rate changes on cash and cash equivalents	20	(1)	(13)
Net increase (decrease) in cash and cash equivalents	181	(27)	(65)
Cash and cash equivalents at beginning of period	119	146	211
Cash and cash equivalents at end of period	$ 300	$ 119	$ 146
Supplemental cash flow disclosures:			
Income taxes paid (net of refunds)	$ 430	$ 73	$ 103
Interest expense paid	$ 5	$ 5	$ 5

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

The Notes to Combined Financial Statements are an integral part of this statement.

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TRANSPORTATION SYSTEMS BUSINESS OF HONEYWELL INTERNATIONAL INC.
COMBINED STATEMENTS OF EQUITY (DEFICIT)

	Invested Deficit (restated)(1)	Accumulated Other Comprehensive Income/(Loss) (restated)(1)	Total Deficit (restated)(1)
Balance at December 31, 2014	$ (1,118)	$ 114	$ (1,004)
Net income	254	—	254
Other comprehensive income, net of tax	—	79	79
Change in Invested deficit	(688)	—	(688)
Balance at December 31, 2015	(1,552)	193	(1,359)
Net income	199	—	199
Other comprehensive income, net of tax	—	50	50
Change in Invested deficit	(111)	—	(111)
Balance at December 31, 2016	(1,464)	243	(1,221)
Net (loss)	(983)	—	(983)
Other comprehensive (loss), net of tax	—	(5)	(5)
Change in Invested deficit	14	—	14
Balance at December 31, 2017	$ (2,433)	$ 238	$ (2,195)

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

The Notes to Combined Financial Statements are an integral part of this statement.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Restatement of Combined Financial Statements

In August 2018, the Transportation Systems business ("**TS**," the "**Business**," the "**Company**," "**we**" or "**our**") of Honeywell International Inc. ("**Honeywell**" or the "**Parent**") determined that it had not appropriately applied the provisions of ASC 450, Contingencies, in measuring its asbestos liabilities related to unasserted Bendix claims (see Note 18 Commitments and Contingencies). The Company now reflects the epidemiological projections through 2059 rather than a five-year time horizon when estimating the liability for unasserted Bendix-related asbestos claims.

In light of the foregoing, the Company has restated the financial statements as of and for the years ended December 31, 2017, 2016, and 2015 to reflect the effects of its revised method for estimating its total liability for unasserted Bendix-related asbestos claims and to make certain corresponding disclosures related thereto.

The Combined Balance Sheets, Combined Statements of Operations, Combined Statements of Comprehensive Income, Combined Statements of Equity (Deficit), and Combined Statements of Cash Flows, and Notes 4, 6, 9, 12, 18 were updated to reflect the restatement.

Additionally, we have corrected the combined financial statements for an over accrual of $7 million related to environmental expenses for both the year ended December 31, 2017 and the three months ended March 31, 2017.

The following tables identify each financial statement line item affected by the restatement.

	Year Ended December 31, 2017			Year Ended December 31, 2016			Year Ended December 31, 2015		
(Millions)	Previously Reported	Adjustment	As Restated	Previously Reported	Adjustment	As Restated	Previously Reported	Adjustment	As Restated
COMBINED STATEMENTS OF OPERATIONS									
Other expense, net	$ 185	$ (55)	$ 130	$ 188	$ (5)	$ 183	$ 174	$ (7)	$ 167
Income before taxes	$ 311	$ 55	$ 366	$ 245	$ 5	$ 250	$ 361	$ 7	$ 368
Net (loss) income	$ (1,038)	$ 55	$ (983)	$ 194	$ 5	$ 199	$ 247	$ 7	$ 254
COMBINED STATEMENTS OF COMPREHENSIVE INCOME									
Net (loss) income	$ (1,038)	$ 55	$ (983)	$ 194	$ 5	$ 199	$ 247	$ 7	$ 254
Comprehensive (loss) income .	$ (1,043)	$ 55	$ (988)	$ 244	$ 5	$ 249	$ 326	$ 7	$ 333

	December 31, 2017			December 31, 2016		
(Millions)	Previously Reported	Adjustment	As Restated	Previously Reported	Adjustment	As Restated
COMBINED BALANCE SHEETS						
Insurance recoveries for asbestos-related liabilities	$ 106	$ 68	$ 174	$ 105	$ 80	$ 185
Total assets	$ 2,929	$ 68	$ 2,997	$ 2,581	$ 80	$ 2,661
Asbestos-related liabilities	$ 440	$ 1,087	$ 1,527	$ 461	$ 1,148	$ 1,609
Total liabilities	$ 4,105	$ 1,087	$ 5,192	$ 2,734	$ 1,148	$ 3,882
Total deficit	$ (1,176)	$ (1,019)	$ (2,195)	$ (153)	$ (1,068)	$ (1,221)
Total liabilities and deficit	$ 2,929	$ 68	$ 2,997	$ 2,581	$ 80	$ 2,661

	Year Ended December 31, 2017			Year Ended December 31, 2016			Year Ended December 31, 2015		
(Millions)	Previously Reported	Adjustment	As Restated	Previously Reported	Adjustment	As Restated	Previously Reported	Adjustment	As Restated
COMBINED STATEMENTS OF CASH FLOWS									
Net (loss) income	$ (1,038)	$ 55	$ (983)	$ 194	$ 5	$ 199	$ 247	$ 7	$ 254
Changes in assets and liabilities: Asbestos-related liabilities	$ (22)	$ (47)	$ (69)	$ 21	$ (5)	$ 16	$ 11	$ (7)	$ 4
Net cash provided by operating activities	$ 63	$ 8	$ 71	$ 305	$ —	$ 305	$ 367	$ —	$ 367
Net increase in Invested deficit	$ (11)	$ (8)	$ (19)	$ (95)	$ —	$ (95)	$ (705)	$ —	$ (705)
Net cash provided by (used for) financing activities	$ 68	$ (8)	$ 60	$ (149)	$ —	$ (149)	$ (275)	$ —	$ (275)

COMBINED STATEMENTS OF EQUITY (DEFICIT)

	Invested Deficit	Total Deficit
Balance at December 31, 2014		
As Reported	$ (39)	$ 75
Adjustment	(1,079)	(1,079)
As Restated	$ (1,118)	$ (1,004)
Balance at December 31, 2015		
As Reported	$ (478)	$ (285)
Adjustment	(1,074)	(1,074)
As Restated	$ (1,552)	$ (1,359)
Balance at December 31, 2016		
As Reported	$ (396)	$ (153)
Adjustment	(1,068)	(1,068)
As Restated	$ (1,464)	$ (1,221)
Balance at December 31, 2017		
As Reported	$ (1,414)	$ (1,176)
Adjustment	(1,019)	(1,019)
As Restated	$ (2,433)	$ (2,195)

We will also revise our previously filed interim financial statements as of and for the three months ended March 31, 2018 and 2017 the next time they are filed. The following tables identify each financial statement line item affected by the restatement in our quarterly financial statements.

	Three Months Ended, March 31, 2018			Three Months Ended, March 31, 2017		
Unaudited Combined Statement of Operations (Millions)	Previously Reported Unaudited	Adjustment Unaudited	As Restated Unaudited	Previously Reported Unaudited	Adjustment Unaudited	As Restated Unaudited
Other expense, net	$ 44	$ (2)	$ 42	$ 52	$ (10)	$ 42
Income before taxes	$ 111	$ 2	$ 113	$ 78	$ 10	$ 88
Tax expense	$ 55	$ —	$ 55	$ 14	$ (1)	$ 13
Net income	$ 56	$ 2	$ 58	$ 64	$ 11	$ 75
Unaudited Combined Statement of Comprehensive Income (Millions)						
Net Income	$ 56	$ 2	$ 58	$ 64	$ 11	$ 75
Comprehensive (loss) income	$ (128)	$ 2	$ (126)	$ 116	$ 11	$ 127

Unaudited Combined Balance Sheets (Millions)	March 31, 2018 Previously Reported Unaudited	Adjustment Unaudited	As Restated Unaudited
Insurance recoveries for asbestos-related liabilities	$ 100	$ 65	$ 165
Total assets	$ 2,921	$ 65	$ 2,986
Asbestos-related liabilities	$ 438	$ 1,083	$ 1,521
Total liabilities	$ 3,144	$ 1,083	$ 4,227
Total deficit	$ (223)	$ (1,018)	$ (1,241)
Total liabilities and deficit	$ 2,921	$ 65	$ 2,986

Unaudited Statements of Cash Flows (Millions)	Three Months Ended, March 31, 2018			Three Months Ended, March 31, 2017		
	Unaudited Previously Reported	Unaudited Adjustment	Unaudited As Restated	Unaudited Previously Reported	Unaudited Adjustment	Unaudited As Restated
Net Income	$ 56	$ 2	$ 58	$ 64	$ 11	$ 75
Changes in assets and liabilities: Asbestos-related liabilities	$ 4	$ (2)	$ 2	$ (2)	$ (3)	$ (5)
Net cash provided by operating activities	$ 12	$ —	$ 12	$ (1)	$ 8	$ 7
Net increase in Invested deficit	$ 812	$ —	$ 812	$ 6	$ (8)	$ (2)
Net cash (used for) provided by financing activities	$ (163)	$ —	$ (163)	$ 33	$ (8)	$ 25

Note 1A . Organization, Operations and Basis of Presentation

In October 2017, Honeywell announced its plan to spin-off its Transportation Systems business into a stand-alone publicly traded company.

TS designs, manufactures and sells highly engineered turbocharger and electric-boosting technologies for light and commercial vehicle original equipment manufacturers ("**OEMs**") and the aftermarket. We are a global technology leader with significant expertise in delivering products across gasoline and diesel propulsion systems and hybrid and fuel cell powertrains.

These Combined Financial Statements were derived from the consolidated financial statements and accounting records of Honeywell. These Combined Financial Statements reflect the combined historical results of operations, financial position and cash flows of TS as they were historically managed in conformity with accounting principles generally accepted in the United States of America ("**U.S. GAAP**"). Asbestos-related expenses, net of probable insurance recoveries, are presented within Other expense, net in the Combined Statements of Operations. For additional information, see Note 18, Commitments and Contingencies.

We evaluated segment reporting in accordance with Accounting Standards Codification ("**ASC**") 280–Segment Reporting. We concluded that TS operates in a single operating segment and a single reportable segment based on the operating results available and evaluated regularly by the chief operating decision maker ("**CODM**") to make decisions about resource allocation and performance assessment. The CODM makes operational performance assessments and resource allocation decisions on a consolidated basis, inclusive of all of the Business's products.

All intracompany transactions have been eliminated. As described in Note 3 Related Party Transactions with Honeywell, all significant transactions between the Business and Honeywell have been included in these Combined Financial Statements and are expected to be settled for cash prior to the transaction in which Honeywell will distribute to its stockholders all of the shares of our common stock (the "**Spin-Off**"), with the

exception of certain related party notes which are expected to be forgiven. These transactions which are expected to be settled for cash prior to the spin-off are reflected in the Combined Balance Sheets as Due from related parties or Due to related parties. In the Combined Statements of Cash Flows, the cash flows related to related party notes receivables presented in the Combined Balance Sheets in Due from related parties are reflected as investing activities since these balances represent amounts loaned to Parent. The cash flows related to related party notes payables presented in the Combined Balances in Due to related parties are reflected as financing activities since these balances represent amounts financed by Parent.

Honeywell uses a centralized approach to cash management and financing of its operations. The majority of the Business's cash is transferred to Honeywell daily and Honeywell funds its operating and investing activities as needed. This arrangement is not reflective of the manner in which the Business would have been able to finance its operations had it been a stand-alone business separate from Honeywell during the periods presented. Cash transfers to and from Honeywell's cash management accounts are reflected in the Combined Balance Sheet as Due to and Due from related parties, current and in the Combined Statements of Cash Flows as net financing activities.

The Combined Financial Statements include certain assets and liabilities that have historically been held at the Honeywell corporate level but are specifically identifiable or otherwise attributable to TS. The cash and cash equivalents held by Honeywell at the corporate level are not specifically identifiable to TS and therefore were not attributed for any of the periods presented. Honeywell third-party debt and the related interest expense have not been allocated for any of the periods presented as Honeywell's borrowings were not directly attributable to TS.

Honeywell provides certain services, such as legal, accounting, information technology, human resources and other infrastructure support, on behalf of the Business. The cost of these services has been allocated to the Business on the basis of the proportion of revenues. The Business and Honeywell consider these allocations to be a reasonable reflection of the benefits received by the Business. However, the financial information presented in these Combined Financial Statements may not reflect the combined financial position, operating results and cash flows of the Business had the Business been a separate stand-alone entity during the periods presented. Actual costs that would have been incurred if the Business had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure. Both we and Honeywell consider the basis on which the expenses have been allocated to be a reasonable reflection of the utilization of services provided to or the benefits received by the Business during the periods presented.

These Combined Financial Statements include certain reclassifications to reflect the retrospective adoption on January 1, 2018 of the new accounting guidance on presentation of net periodic pension costs. See Note 2 Summary of Significant Accounting Policies for additional information.

Note 2. Summary of Significant Accounting Policies

Principles of Combination—The TS Combined Financial Statements have been prepared on a stand-alone basis and include business units of TS and wholly owned direct and indirect subsidiaries and entities in which TS has a controlling financial interest.

Cash and Cash Equivalents—Cash and cash equivalents include cash on hand and highly liquid investments having an original maturity of three months or less.

Trade Receivables and Allowance for Doubtful Accounts—Trade accounts receivable are recorded at the invoiced amount as a result of transactions with customers. The Business maintains allowances for doubtful accounts for estimated losses as a result of customer's inability to make required payments. The Business estimates anticipated losses from doubtful accounts based on days past due as measured from the contractual due date and historical collection history. The Business also takes into consideration changes in economic conditions

that may not be reflected in historical trends (for example, customers in bankruptcy, liquidation or reorganization). Receivables are written-off against the allowance for doubtful accounts when they are determined uncollectible. Such determination includes analysis and consideration of the particular conditions of the account, including time intervals since last collection, customer performance against agreed upon payment plans, solvency of customer and any bankruptcy proceedings.

Inventories—Inventories are stated at the lower of cost, determined on a first-in, first-out basis, including direct material costs and direct and indirect manufacturing costs, or net realizable value. Obsolete inventory is identified based on analysis of inventory for known obsolescence issues. The original equipment inventory on hand in excess of one year's forecasted usage is fully reserved.

Property, Plant and Equipment—Property, plant and equipment are recorded at cost less accumulated depreciation. For financial reporting, the straight-line method of depreciation is used over the estimated useful lives of ten to 50 years for buildings and improvements, two to 16 years for machinery and equipment, three to ten years for tooling equipment and five to seven years for software.

Goodwill—Goodwill is subject to impairment testing annually as of March 31, and whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. This testing compares carrying value to fair value and, when appropriate, the carrying value is reduced to fair value. We completed our annual goodwill impairment test as of March 31, 2017 and determined that there was no impairment as of that date.

Warranties and Guarantees—Expected warranty costs for products sold are recognized based on an estimate of the amount that eventually will be required to settle such obligations. These accruals are based on factors such as past experience, length of the warranty and various other considerations. Costs of product recalls, which may include the cost of the product being replaced as well as the customer's cost of the recall, including labor to remove and replace the recalled part, are accrued as part of our warranty accrual at the time an obligation becomes probable and can be reasonably estimated. These estimates are adjusted from time to time based on facts and circumstances that impact the status of existing claims. For additional information, see Note 18, Commitments and Contingencies.

Sales Recognition—Sales are recognized when there is evidence of a sales agreement, the delivery of goods has occurred, the sales price is fixed or determinable and the collectability of revenue is reasonably assured. Sales are generally recorded upon shipment of product to customers and transfer of title under standard commercial terms.

Sales incentives and allowances are recognized as a reduction to revenue at the time of the related sale. In addition, from time to time, TS makes payments to customers in conjunction with ongoing and future business. These payments to customers are generally recognized as a reduction to revenue at the time these payments are made or committed to the customers.

Sales, use and value-added taxes collected by the Company and remitted to various government authorities are not recognized as revenues and are reported on a net basis.

Shipping and handling fees billed to customers are included in Cost of goods sold.

Research and Development—The Business conducts research and development ("**R&D**") activities, which consist primarily of the development of new products and product applications. R&D costs are charged to expense as incurred. Such costs are included in Cost of goods sold of $121 million, $110 million, and $110 million for the years ended December 31, 2017, 2016, and 2015, respectively.

Asbestos-Related Contingencies and Insurance Recoveries—We recognize a liability for any asbestos-related contingency that is probable of occurrence and reasonably estimable. In connection with the recognition

of liabilities for asbestos-related matters, we record asbestos-related insurance recoveries that are deemed probable. Asbestos-related expenses, net of probable insurance recoveries, are presented within Other expense, net in the Combined Statements of Operations. For additional information, see Note 18, Commitments and Contingencies.

Stock-Based Compensation Plans—Certain TS employees participate in stock-based compensation plans sponsored by Parent. Parent's stock-based compensation plans primarily include incentive compensation plans. An award granted under the plans consist of stock options, restricted stock units ("**RSUs**") and performance stock units ("**PSUs**") and are based on Parent's common shares and, as such, are reflected in Invested deficit within the Combined Statements of Equity (Deficit). The cost for such awards is measured at the grant date based on the fair value of the award. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods (generally the vesting period of the equity award) and is included in Selling, general and administrative expenses in the Combined Statements of Operations. Forfeitures are estimated at the time of grant to recognize expense for those awards that are expected to vest and are based on our historical forfeiture rates and estimates are trued-up at each reporting period based on actual forfeiture experience.

Pension Benefits—Certain TS employees participate in defined benefit pension plans (the "**Shared Plans**") sponsored by Honeywell which includes participants of other Honeywell subsidiaries and operations. We account for our participation in the Shared Plans as a multiemployer benefit plan. Accordingly, we do not record an asset or liability to recognize the funded status of the Shared Plans. The related pension expense is based on annual service cost of active TS participants and reported within Cost of goods sold in the Combined Statements of Operations. The pension expense specifically identified for the active TS participants in the Shared Plans for each of the years ended December 31, 2017, 2016 and 2015 was $7 million, $6 million and $6 million, respectively.

Other employees participate in defined benefit pension plans sponsored by the Company which primarily include employees from TS and such plans will be transferred to TS upon the completion of the spin-off. For such plans, we recognize net actuarial gains or losses in excess of 10% of the greater of the fair value of plan assets or the plans' projected benefit obligation (the corridor) annually in the fourth quarter each year (MTM Adjustment), and, if applicable, in any quarter in which an interim remeasurement is triggered. The remaining components of pension expense, primarily service and interest costs and assumed return on plan assets, are recognized on a quarterly basis.

On January 1, 2018, we retrospectively adopted the new accounting guidance on presentation of net periodic pension costs. That guidance requires that we disaggregate the service cost component of net benefit costs and report those costs in the same line item or items in the Consolidated Statement of Operations as other compensation costs arising from services rendered by the pertinent employees during the period. The other non-service components of net benefit costs are required to be presented separately from the service cost component.

Following the adoption of this guidance, we continue to record the service cost component of Pension ongoing (income) expense in Costs of goods sold. The remaining components of net benefit costs within Pension ongoing (income) expense, primarily interest costs and assumed return on plan assets, are now recorded in Non-operating (income) expense. We will continue to recognize net actuarial gains or losses in excess of 10% of the greater of the fair value of plan assets or the plans' projected benefit obligation (the corridor) annually in the fourth quarter each year (MTM Adjustment). The MTM Adjustment will also be reported in Non-operating (income) expense.

Foreign Currency Translation—Assets and liabilities of subsidiaries operating outside the United States with a functional currency other than U.S. Dollars are translated into U.S. Dollars using year-end exchange rates. Sales, costs and expenses are translated at the average exchange rates in effect during the year. Foreign currency translation gains and losses are included as a component of Accumulated other comprehensive income (loss).

Derivative Financial Instruments—We minimize our risks from foreign currency exchange rate fluctuations through our normal operating and financing activities and, when deemed appropriate through the use

of derivative financial instruments. Derivative financial instruments are used to manage risk and are not used for trading or other speculative purposes. Derivative financial instruments that qualify for hedge accounting must be designated and effective as a hedge of the identified risk exposure at the inception of the contract. Accordingly, changes in fair value of the derivative contract must be highly correlated with changes in fair value of the underlying hedged item at inception of the hedge and over the life of the hedge contract.

All derivatives are recorded on the balance sheet as assets or liabilities and measured at fair value. For derivatives designated as cash flow hedges, the effective portion of the changes in fair value of the derivatives are recorded in Accumulated other comprehensive income (loss) and subsequently recognized in earnings when the hedged items impact earnings. Cash flows of such derivative financial instruments are classified consistent with the underlying hedged item.

Income Taxes—The tax provision is presented on a separate company basis as if we were a separate filer. The effects of tax adjustments and settlements from taxing authorities are presented in our Combined Financial Statements in the period to which they relate as if we were a separate filer. Our current obligations for taxes are settled with our Parent on an estimated basis and adjusted in later periods as appropriate. All income taxes due to or due from our Parent that have not been settled or recovered by the end of the period are reflected in Invested deficit within the Combined Financial Statements. We are subject to income tax in the United States (federal, state and local) as well as other jurisdictions in which we operate.

Our provision for income tax expense is based on our income, the statutory tax rates and other provisions of the tax laws applicable to us in each of these various jurisdictions. These laws are complex, and their application to our facts is at times open to interpretation. The process of determining our combined income tax expense includes significant judgments and estimates, including judgments regarding the interpretation of those laws. Our provision for income taxes and our deferred tax assets and liabilities incorporate those judgments and estimates, and reflect management's best estimate of current and future income taxes to be paid.

Deferred tax assets and liabilities relate to temporary differences between the financial reporting and income tax bases of our assets and liabilities, as well as the impact of tax loss carryforwards or carrybacks. Deferred income tax expense or benefit represents the expected increase or decrease to future tax payments as these temporary differences reverse over time. Deferred tax assets are specific to the jurisdiction in which they arise, and are recognized subject to management's judgment that realization of those assets is "more likely than not." In making decisions regarding our ability to realize tax assets, we evaluate all positive and negative evidence, including projected future taxable income, taxable income in carryback periods, expected reversal of deferred tax liabilities, and the implementation of available tax planning strategies.

Significant judgment is required in evaluating tax positions. We establish additional reserves for income taxes when, despite the belief that tax positions are fully supportable, there remain certain positions that do not meet the minimum recognition threshold. The approach for evaluating certain and uncertain tax positions is defined by the authoritative guidance which determines when a tax position is more likely than not to be sustained upon examination by the applicable taxing authority. In the normal course of business, Honeywell and its subsidiaries are examined by various federal, state and foreign tax authorities. We regularly assess the potential outcomes of these examinations and any future examinations for the current or prior years in determining the adequacy of our provision for income taxes. We continually assess the likelihood and amount of potential adjustments and adjust the income tax provision, the current tax liability and deferred taxes in the period in which the facts that give rise to a change in estimate become known.

The tax provision has been calculated as if the carve-out entity was operating on a stand-alone basis and filed separate tax returns in the jurisdiction in which it operates. Therefore, cash tax payments and items of current and deferred taxes may not be reflective of the actual tax balances prior to or subsequent to the carve-out.

Use of Estimates—The preparation of the Business's Combined Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the

Combined Financial Statements and related disclosures in the accompanying notes. Actual results could differ from those estimates. Estimates and assumptions are periodically reviewed and the effects of changes are reflected in the Combined Financial Statements in the period they are determined to be necessary.

Recent Accounting Pronouncements—In May 2014, and in following related amendments, the Financial Accounting Standards Board ("**FASB**") issued guidance on revenue from contracts with customers that will supersede most current revenue recognition guidance, including industry-specific guidance. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The effective date is for interim and annual periods beginning on or after December 15, 2017. The guidance permits the use of either a full retrospective or modified retrospective transition method. We will adopt the requirements of the new standard effective January 1, 2018 using the modified retrospective transition method with the cumulative effect to the opening balance of retained earnings recognized as of the date of initial adoption.

The Company's evaluation of the new standard is complete, including the assessment of the impacts of adoption on its Combined Financial Statements and disclosures. Based on the evaluation of our current contracts and revenue streams, recognition will be generally consistent under both the current and new standard, with the exception of how we account for payments made to customers in conjunction with future business. Historically these payments were recognized as a reduction of revenue at the time the payments were made or committed to the customer. Under the new standard, the Company believes these payments should be treated as a reduction of the transaction price of the performance obligations to the customer and therefore the Company will capitalize these payments as a contract asset, recognizing them as a reduction of revenue as the performance obligations are satisfied. Upon adoption the cumulative impact of this change will be an increase in contract assets of approximately $50 million, with an offset to retained earnings of the same amount.

We expect the adoption of the new standard will have no cash impact and, as such, does not affect the economics of our underlying customer contracts. The disclosures in our notes to the Combined Financial Statements related to revenue recognition will be significantly expanded under the new standard, specifically around the quantitative and qualitative information about performance obligations, changes in contract assets and liabilities, and disaggregation of revenue.

In July 2015, the FASB issued amendments to inventory guidance. This guidance requires an entity to measure inventory at the lower of cost and net realizable value, rather than at the lower of cost or market. The guidance is effective for interim and annual periods beginning after December 15, 2016, and is to be applied prospectively. The Company adopted this guidance in the first quarter of 2017 on a prospective basis. The adoption of this guidance did not have a significant impact on the Company's Combined Financial Statements.

In February 2016, the FASB issued guidance on accounting for leases which requires lessees to recognize most leases on their balance sheets for the rights and obligations created by those leases. The guidance requires enhanced disclosures regarding the amount, timing and uncertainty of cash flows arising from leases that will be effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted. We expect to adopt the requirements of the new standard effective January 1, 2019. The guidance requires the use of a modified retrospective approach. We are currently evaluating the impact of the guidance on our Combined Balance Sheets, Statements of Operations and related Notes to Combined Financial Statements.

In March 2016, the FASB issued amended guidance related to the employee share-based payment accounting. The guidance requires all income tax effect of awards to be recognized in the income statement, which were previously presented as a component of Total shareowners' equity (deficit), on a prospective basis. The guidance also requires presentation of excess tax benefits as an operating activity on the statement of cash flows rather than as a financing activity. We have elected to early adopt the standard in the quarter ended September 30, 2016, which requires adoption effective as of the beginning of the fiscal year. The adoption resulted in an immaterial impact to the financial statements and related income tax provision.

In October 2016, the FASB issued an accounting standard update which requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset, other than inventory, at the time the entity transfer occurs rather than when the asset is ultimately transferred to a third party, as required under current U.S. GAAP. The guidance is intended to reduce diversity in practice, particularly for transfers involving intellectual property. Subsequent to 2017 fiscal year, we adopted the accounting standard update as of January 1, 2018. The guidance requires application on a modified retrospective basis. The adoption of this guidance increases our deferred tax assets by approximately $191 million with a cumulative-effect adjustment to retained earnings of the same amount.

In August 2017, the FASB issued amendments to hedge accounting guidance. These amendments are intended to better align a company's risk management strategies and financial reporting for hedging relationships. Under the new guidance, more hedging strategies will be eligible for hedge accounting and the application of hedge accounting is simplified. In addition, the new guidance amends presentation and disclosure requirements. The guidance is effective for fiscal years beginning after December 15, 2018 with early adoption permitted, including the interim periods within those years. The guidance requires the use of a modified retrospective approach. We are currently evaluating the impact of the guidance on our Combined Financial Statements and whether we will early adopt this guidance.

In February 2018, the FASB issued guidance that allows for an entity to elect to reclassify the income tax effects on items within accumulated other comprehensive income resulting from U.S. tax reform to retained earnings. The guidance is effective for fiscal years beginning after December 15, 2018 with early adoption permitted, including interim periods within those years. We are currently evaluating the impact of this standard on our Combined Financial Statements and whether we will make the allowed election.

Note 3. Related Party Transactions with Honeywell

The Combined Financial Statements have been prepared on a stand-alone basis and are derived from the Consolidated Financial Statements and accounting records of Honeywell.

Honeywell provided certain services, such as legal, accounting, information technology, human resources and other infrastructure support, on behalf of the Business. The cost of these services has been allocated to the Business on the basis of the proportion of revenues. The Business and Honeywell consider the allocations to be a reasonable reflection of the benefits received by the Business. During the years ended December 31, 2017, 2016 and 2015, TS was allocated $127 million, $75 million and $71 million, respectively, of general corporate expenses incurred by Honeywell, and such amounts are included within Selling, general and administrative expenses in the Combined Statements of Operations. As certain expenses reflected in the Combined Financial Statements include allocations of corporate expenses from Honeywell, these statements could differ from those that would have been prepared had TS operated on a stand-alone basis.

Honeywell uses a centralized approach for the purpose of cash management and financing of its operations. The Business's cash is transferred to Honeywell daily and Honeywell funds its operating and investing activities as needed. The Company operates a centralized non-interest-bearing cash pool in U.S. and regional interest-bearing cash pools outside of U.S. As of December 31, 2017 and 2016, the Company had non-interest-bearing cash pooling balances of $51 million and $65 million, respectively, which are presented in Invested deficit within the Combined Balance Sheets.

In addition, the Company had related party notes receivables of $61 million, which are presented in Due from related parties, non-current within the Combined Balance Sheets as of December 31, 2016. The Company received interest income for related party notes receivables of $1 million, $4 million and $2 million for the years ended December 31, 2017, 2016 and 2015, respectively. Additionally, the Company incurred interest expense for related party notes payable of $6 million, $6 million and $5 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Honeywell centrally hedges its exposure to changes in foreign exchange rates principally with forward contracts. Certain contracts are specifically designated to and entered on behalf of the Business with the Parent as a counterparty and are used to hedge known or probable anticipated foreign currency sales and purchases. The Business designates these hedges as cash flow hedges. These hedges are marked-to-market with the effective portion of the changes in fair value of the derivatives recorded in Accumulated other comprehensive income (loss) and subsequently recognized in earnings when the hedged items impact earnings. See Note 5 Non-Operating (Income) Expense, and Note 16–Accumulated Other Comprehensive Income (Loss), for the net impact of these economic foreign currency hedges in Non-Operating (Income) Expense and Accumulated Other Comprehensive Income, respectively, and Note 14–Financial Instruments and Fair Value Measures, for further details of these financial instruments.

Due from related parties, current consists of the following:

	December 31,	
	2017	2016
Cash pooling and short-term notes receivables	$495	$418
Other tax receivables from Parent	26	23
Receivables from related parties	8	8
Related party notes receivables, current	1	1
Foreign currency exchange contracts	—	51
	$530	$501

Due from related parties, non-current consists of the following:

	December 31,	
	2017	2016
Other tax receivables from Parent	$ 23	$ 22
Related party notes receivable, non-current	—	61
	$ 23	$ 83

Due to related parties, current consists of the following:

	December 31,	
	2017	2016
Cash pooling and short-term notes payables	$ 545	$468
Related party notes payables, current	484	425
Payables to related parties	51	18
Foreign currency exchange contracts	37	6
	$1,117	$917

Net transfers to and from Honeywell are included within Invested deficit on the Combined Statements of Equity (Deficit). The components of the net transfers to and from Honeywell as of December 31, 2017, 2016 and 2015 are as follows:

	Years Ended December 31,		
	2017 (restated)(1)	2016 (restated)(1)	2015 (restated)(1)
General financing activities	$ (363)	$ (151)	$ (656)
Distribution to Parent	(97)	(117)	(213)
Unbilled corporate allocations	70	37	42
Stock compensation expense and other compensation awards	19	16	17
Pension expense	9	13	8
Mandatory Transition Tax	354	—	—
Other Income Tax	22	91	114
Total net decrease (increase) in Invested deficit	$ 14	$ (111)	$ (688)

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

Note 4. Other Expense, Net

	Years Ended December 31,		
	2017 (restated)(1)	2016 (restated)(1)	2015 (restated)(1)
Asbestos related, net of probable insurance recoveries	$ 132	$ 181	$ 163
Environmental remediation, non-active sites	(2)	2	4
	$ 130	$ 183	$ 167

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

Note 5. Non-Operating (Income) Expense

	Years Ended December 31,		
	2017	2016	2015
Equity income of affiliated companies	$ (4)	$ (6)	$ (4)
Interest income	(14)	(16)	(13)
Pension ongoing (income) expense—non service	(1)	5	(1)
Foreign exchange	—	9	11
Others, net	1	3	10
	$ (18)	$ (5)	$ 3

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Note 6. Income Taxes

Income before taxes	Years Ended December 31,		
	2017 (restated)(1)	2016 (restated)(1)	2015 (restated)(1)
U.S.	$ (105)	$ (181)	$ (127)
Non-U.S.	471	431	495
	$ 366	$ 250	$ 368

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

Tax expense (benefit)

Tax expense (benefit) consists of:

	Years Ended December 31,		
	2017	2016	2015
Current:			
U.S. Federal	$ 311	$ 13	$ 29
U.S. State	(2)	2	2
Non-U.S.	67	75	85
	$ 376	$ 90	$116
Deferred:			
U.S. Federal	3	—	(2)
U.S. State	6	—	—
Non-U.S.	964	(39)	—
	$ 973	$ (39)	$ (2)
	$1,349	$ 51	$114

The U.S. federal statutory income tax rate is reconciled to our effective income tax rate as follows:

	Years Ended December 31,		
	2017 (restated)(1)	2016 (restated)(1)	2015 (restated)(1)
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
Taxes on non-U.S. earnings below U.S. tax rate(2)	(28.0)	(46.1)	(23.1)
Reserves for tax contingencies	(14.3)	7.0	3.8
Enactment of the Tax Act	364.7	—	—
Non-deductible expenses	11.6	25.3	15.5
All other items—net	(0.4)	(0.8)	(0.2)
	368.6%	20.4%	31.0%

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).
(2) Net of changes in valuation allowance

The effective tax rate increased by 348.2 percentage points in 2017 compared to 2016. The increase was primarily attributable to the provisional impact of U.S. tax reform (see "The Tax Act" further below), partially offset by increased tax benefits from the resolution of tax audits. The Company's non-U.S. effective tax rate was

218.9%, an increase of approximately 210.5 percentage points compared to 2016. The year-over-year increase in the non-U.S. effective tax rate was primarily driven by the Company's change in assertion regarding foreign unremitted earnings in connection with the Tax Act, partially offset by decreased expense for tax reserves in various jurisdictions and higher earnings taxed at lower rates.

The effective tax rate decreased by 10.6 percentage points in 2016 compared to 2015. The decrease was primarily attributable to the change in valuation allowance, partially offset by lower earnings in lower tax rate jurisdictions. The Company's non-U.S effective tax rate was 8.4%, a decrease of approximately 8.8 percentage points compared to 2015. The year-over-year decrease in the non-U.S. effective tax rate was primarily driven by changes in valuation allowance. The effective tax rate was lower than the U.S. federal statutory rate of 35% primarily due to overall non-U.S. earnings taxed at lower rates.

Deferred tax assets (liabilities)

The tax effects of temporary differences and tax carryforwards which give rise to future income tax benefits and payables are as follows:

	December 31,	
	2017	2016
Deferred tax assets:		
Pension	$ 7	$ 6
Other accruals and reserves	22	23
Net operating and capital losses	77	77
Other	15	3
Gross deferred tax assets	121	109
Valuation allowance	(48)	(49)
Total deferred tax assets	$ 73	$ 60
Deferred tax liabilities:		
Property, plant and equipment	$ (3)	$ (4)
Intangibles	(5)	(7)
Unremitted earnings of foreign subsidiaries	(980)	—
Total deferred tax liabilities	(988)	(11)
Net deferred tax asset/(liability)	$(915)	$ 49

As discussed further below, under "The Tax Act", the Company no longer intends to reinvest the historical earnings of its foreign subsidiaries as of December 31, 2017 and has recorded a provisional deferred tax liability, mainly comprised of non-US withholding taxes of approximately $980 million.

Our gross deferred tax assets include $115 million related to non-U.S. operations comprised principally of net operating losses carryforwards (mainly in Brazil, France, Ireland, Italy, Mexico and Spain) and deductible temporary differences. We maintain a valuation allowance of $48 million against a portion of the non-U.S. gross deferred tax assets. The change in the valuation allowance resulted in decreases of $1 million, and $35 million to Tax expense in 2017 and 2016, respectively and an increase of $1 million in 2015. In the event we determine that we will not be able to realize our net deferred tax assets in the future, we will reduce such amounts through an increase to Tax expense in the period such determination is made. Conversely, if we determine that we will be able to realize net deferred tax assets in excess of the carrying amounts, we will decrease the recorded valuation allowance through a reduction to Tax expense in the period that such determination is made.

As of December 31, 2017, our net operating loss carryforwards were as follows:

Jurisdiction	Expiration Period	Net Operating Loss Carryforwards
Non-U.S.	2027	$ 6
Non-U.S.	Indefinite	254
		$ 260

Many jurisdictions impose limitations on the timing and utilization of net operating loss carryforwards. In those instances whereby there is an expected permanent limitation on the utilization of the net operating loss or tax credit carryforward, the deferred tax asset and amount of the carryforward have been reduced.

	2017	2016	2015
Change in unrecognized tax benefits:			
Balance at beginning of year	$152	$136	$123
Gross increases related to current period tax positions	11	21	16
Gross increases related to prior periods tax positions	1	1	—
Gross decreases related to prior periods tax positions	(64)	(5)	(1)
Decrease related to resolutions of audits with tax authorities	(2)	—	—
Expiration of the statute of limitations for the assessment of taxes	—	—	(1)
Foreign currency translation	2	(1)	(1)
Balance at end of year	$100	$152	$136

As of December 31, 2017, 2016 and 2015 there were $100 million, $152 million and $136 million, respectively, of unrecognized tax benefits that if recognized would be recorded as a component of Tax expense.

The following table summarizes tax years that remain subject to examination by major tax jurisdictions as of December 31, 2017:

	Open Tax Years Based on Originally Filed Returns	
Jurisdiction	Examination in Progress	Examination Not Yet Initiated
U.S. Federal	2013-2016	2017
U.S. State	2011-2016	2012-2017
Australia	N/A	2016-2017
China	2003-2017	N/A
France	2012-2017	2006-2017
Germany	2008-2015	2016-2017
India	1999-2015	2016-2017
Switzerland*	2012-2016	2017
United Kingdom	2013-2015	2016-2017

* Includes provincial or similar local jurisdictions, as applicable

Based on the outcome of these examinations, or as a result of the expiration of statute of limitations for specific jurisdictions, it is reasonably possible that certain unrecognized tax benefits for tax positions taken on previously filed tax returns will materially change from those recorded as liabilities in our financial statements. In addition, the outcome of these examinations may impact the valuation of certain deferred tax assets (such as net operating losses) in future periods.

Unrecognized tax benefits for examinations in progress were $65 million, $67 million and $69 million, as of December 31, 2017, 2016 and 2015, respectively. Estimated interest and penalties related to the underpayment of income taxes are classified as a component of Tax expense in the Combined Statement of Operations and totaled $6 million of income attributable to recognition of previously unrecognized tax benefits, $5 million of expense and $3 million of expense for the years ended December 31, 2017, 2016 and 2015, respectively. Accrued interest and penalties were $35 million, $43 million and $39 million, as of December 31, 2017, 2016 and 2015, respectively.

The Tax Act

On December 22, 2017, the U.S. enacted H.R. 1, commonly known as the Tax Cuts and Jobs Act ("**Tax Act**"), that instituted fundamental changes to the taxation of multinational corporations. The Tax Act includes changes to the taxation of foreign earnings by implementing a dividend exemption system, expansion of the current anti-deferral rules, a minimum tax on low-taxed foreign earnings and new measures to deter base erosion. The Tax Act also includes a permanent reduction in the corporate tax rate to 21%, repeal of the corporate alternative minimum tax, expensing of capital investment and limitation of the deduction for interest expense. Furthermore, as part of the transition to the new tax system, a one-time transition tax is imposed on a U.S. shareholder's historical undistributed earnings of foreign affiliates. Although the Tax Act is generally effective January 1, 2018, GAAP requires recognition of the tax effects of new legislation during the reporting period that includes the enactment date, which was December 22, 2017.

As a result of the impacts of the Tax Act, the SEC provided guidance that allows the Company to record provisional amounts for those impacts, with the requirement that the accounting be completed in a period not to exceed one year from the date of enactment. As of December 31, 2017, the Company has not completed the accounting for the tax effects of the Tax Act. Therefore, we have recorded provisional amounts for the effects of the Tax Act. The primary impacts of the Tax Act relate to the re-measurement of deferred tax assets and liabilities resulting from the change in the corporate tax rate ("**Corporate Tax Rate Change**"); the one-time mandatory transition tax on undistributed earnings of foreign affiliates ("**Mandatory Transition Tax**"); and deferred taxes in connection with a change in the Company's intent to permanently reinvest the historical undistributed earnings of its foreign affiliates ("**Undistributed Foreign Earnings**").

Corporate Tax Rate Change—For the year ended December 31, 2017, we recorded a tax expense of less than $1 million due to the decrease in the corporate tax rate from 35% to 21%.

At the date of enactment, the Company had a deferred tax asset for the excess of its tax basis over net book value of its U.S. assets and liabilities that will generate future tax deductions in excess of book. Due to the Tax Act, these additional tax deductions will be subject to tax at a lower corporate tax rate, consequently reducing the Company's deferred tax asset as of the date of enactment.

Mandatory Transition Tax—For the year ended December 31, 2017, we recorded a provisional tax charge of approximately $354 million due to the imposition of the mandatory transition tax ("**MTT**") on the deemed repatriation of undistributed foreign earnings.

The Tax Act imposes a one-time tax on undistributed and previously untaxed post-1986 foreign earnings and profits ("**E&P**") as determined in accordance with U.S. tax principles of certain foreign corporations owned by U.S. shareholders. In general, we have estimated $4 billion of E&P related to our foreign affiliates that is subject to the MTT. The MTT is imposed at a rate of 15.5% to the extent of the cash and cash equivalents that are held by the foreign affiliates at certain testing dates; the remaining E&P is taxed at a rate of 8.0%. As of December 31, 2017, the Company has recorded a provisional amount because certain information related to the computation of E&P is not readily available, some of the testing dates to determine taxable amounts have not yet occurred, and there is limited information from federal and state taxing authorities regarding the application and interpretation of the recently enacted legislation. The Company will disclose any changes to the provisional

amount in the reporting period in which the accounting is completed, which will not exceed one year from the date of enactment of the Tax Act.

Undistributed Foreign Earnings—For the year ended December 31, 2017, we recorded a provisional tax charge of $980 million due to the Company's intent to no longer permanently reinvest the historical undistributed earnings of its foreign affiliates. The provisional amount was calculated as if the Company was operating on a stand-alone basis and filed separate tax returns in the jurisdictions in which it operates. Therefore, the deferred taxes may not be reflective of the actual tax balances prior to or subsequent to the carve-out.

We previously considered substantially all of the earnings in our non-U.S. subsidiaries to be permanently reinvested and, accordingly, recorded no deferred income taxes on such earnings. As a result of the fundamental changes to the taxation of multinational corporations created by the Tax Act, the Company no longer intends to permanently reinvest the historical undistributed earnings of its foreign affiliates which amount to approximately $4 billion as of December 31, 2017 (including current year earnings). GAAP requires recognition of a deferred tax liability in the reporting period in which its intent to no longer permanently reinvest its historical undistributed foreign earnings is made. Although no U.S. federal taxes will be imposed on such future distributions of foreign earnings, in many cases the cash transfer will be subject to foreign withholding and other local taxes. Accordingly, at December 31, 2017, the Company has included a provisional deferred tax liability, mostly related to non-U.S. withholding taxes. The Company has recorded a provisional amount because certain information related to the computation of E&P, distributable reserves and foreign exchange gains and losses is not readily available. The Company will disclose any changes to the provisional amount in the reporting period in which the accounting is completed, which will not exceed one year from the date of enactment of the Tax Act.

Global Intangible Low-Taxed Income—In addition to the changes described above, the Tax Act imposes a U.S. tax on global intangible low-taxed income ("**GILTI**") that is earned by certain foreign affiliates owned by a U.S. shareholder. The computation of GILTI is still subject to interpretation and additional clarifying guidance is expected, but is generally intended to impose tax on earnings of a foreign corporation that are deemed to exceed a certain a threshold return relative to the underlying business investment. For purposes of the Combined Financial Statements, future taxes related to GILTI have not been included as they will be recorded as a current period expense in the reporting period in which the tax is incurred.

Supplemental Cash Flow Information—Included in Income taxes paid, net of refunds on the 2017 Combined Statements of Cash Flows is the provisional tax charge settled with the Parent of $354 million due to the imposition of the mandatory transition tax on the deemed repatriation of certain undistributed foreign earnings. Additionally, included within the change in Deferred income taxes is the provisional tax charge of $980 million related to the estimated foreign and state taxes on undistributed earnings of its foreign affiliates.

Note 7. Accounts, Notes and Other Receivables—Net

	December 31,	
	2017	2016
Trade receivables	$592	$505
Notes receivables	83	81
Other receivables	73	58
	748	644
Less—Allowance for doubtful accounts	(3)	(4)
	$745	$640

Trade Receivables includes $6 million and $6 million of unbilled balances under long-term contracts as of December 31, 2017 and December 31, 2016, respectively. These amounts are billed in accordance with the terms of customer contracts to which they relate.

Note 8. Inventories—Net

	December 31, 2017	December 31, 2016
Raw materials	$118	$ 84
Work in process	20	15
Finished products	73	51
	211	150
Less—Reserves	(23)	(25)
	$188	$125

Note 9. Other Current Assets

	December 31, 2017	December 31, 2016
Marketable securities(a)	$298	$328
Insurance recoveries for asbestos-related liabilities	17	16
Other	6	4
	$321	$348

(a) Represents time deposits greater than 90 days, but less than a year.

Note 10. Property, Plant and Equipment—Net

	December 31, 2017	December 31, 2016
Machinery and equipment	$ 720	$ 603
Tooling	291	239
Buildings and improvements	145	125
Construction in progress	65	72
Software	54	47
Land and improvements	14	16
Others	25	19
	1,314	1,121
Less—Accumulated depreciation	(872)	(750)
	$ 442	$ 371

Depreciation expense was $64 million, $59 million and $64 million in 2017, 2016 and 2015, respectively.

Note 11. Goodwill

The change in the carrying amount of goodwill for the years ended December 31, 2017 and 2016 is as follows:

	December 31, 2016	Currency Translation Adjustment	December 31, 2017
Goodwill	$ 192	$ 1	$ 193

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Note 12. Accrued Liabilities

	December 31,	
	2017 restated (restated)(1)	2016 restated (restated)(1)
Asbestos-related liabilities	$ 185	$ 186
Customer pricing reserve	114	81
Compensation, benefit and other employee related	65	59
Repositioning	60	43
Product warranties and performance guarantees	28	22
Other taxes	22	17
Customer advances and deferred income	21	27
Other (primarily operating expenses)	76	41
	$ 571	$ 476

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

The Company accrued repositioning costs related to projects to optimize our product costs and to right-size our organizational structure. Expenses related to the repositioning accruals are included in Cost of goods sold in our Combined Statement of Operations.

	Severance Costs	Exit Costs	Total
Balance at December 31, 2014	$ 25	$ 17	$ 42
2015 charges	13	—	13
2015 usage—cash	(15)	(7)	(22)
Adjustments	(10)	—	(10)
Foreign currency translation	(1)	(2)	(3)
Balance at December 31, 2015	12	8	20
2016 charges	38	8	46
2016 usage—cash	(14)	(8)	(22)
Foreign currency translation	(1)	—	(1)
Balance at December 31, 2016	35	8	43
2017 charges	20	—	20
2017 usage—cash	(6)	(2)	(8)
Foreign currency translation	4	1	5
Balance at December 31, 2017	$ 53	$ 7	$ 60

Note 13. Lease Commitments

Future minimum lease payments under operating leases having initial or remaining non-cancellable lease terms in excess of one year are as follows:

	At December 31, 2017
2018	$ 7
2019	6
2020	4
2021	2
2022	2
Thereafter	2
	$ 23

Rent expense was $10 million, $11 million and $10 million in 2017, 2016 and 2015, respectively.

Note 14. Financial Instruments and Fair Value Measures

Credit and Market Risk—We continually monitor the creditworthiness of our customers to which we grant credit terms in the normal course of business. The terms and conditions of our credit sales are designed to mitigate or eliminate concentrations of credit risk with any single customer.

Foreign Currency Risk Management—We conduct our business on a multinational basis in a wide variety of foreign currencies. Our exposure to market risk for changes in foreign currency exchange rates arises from international financing activities between subsidiaries, foreign currency denominated monetary assets and liabilities and transactions arising from international trade. Our primary objective is to preserve the U.S. Dollar value of foreign currency denominated cash flows and earnings. We attempt to hedge currency exposures with natural offsets to the fullest extent possible and, once these opportunities have been exhausted, through foreign currency exchange forward and option contracts (foreign currency exchange contracts) with Honeywell.

We hedge monetary assets and liabilities denominated in non-functional currencies. Prior to conversion into U.S. dollars, these assets and liabilities are remeasured at spot exchange rates in effect on the balance sheet date. The effects of changes in spot rates are recognized in earnings and included in Non-operating (income) expense. We partially hedge forecasted sales and purchases, which primarily occur in the next twelve months and are denominated in non-functional currencies, with foreign currency exchange contracts. Changes in the forecasted non-functional currency cash flows due to movements in exchange rates are substantially offset by changes in the fair value of the foreign currency exchange contracts designated as hedges. Market value gains and losses on these contracts are recognized in earnings when the hedged transaction is recognized. Open foreign currency exchange contracts mature in the next twelve months. At December 31, 2017, we had contracts with notional amounts of $928 million to exchange foreign currencies, principally the U.S. Dollar, Euro, Japanese Yen, Mexican Peso and New Romanian Leu.

Fair Value of Financial Instruments—The FASB's accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

Financial and nonfinancial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following table sets forth the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2017 and 2016:

	December 31, 2017	December 31, 2016
Assets:		
Foreign currency exchange contracts	$—	$ 51
Liabilities:		
Foreign currency exchange contracts	$ 37	$ 6

The foreign currency exchange contracts are valued using quoted prices for similar assets or liabilities in active markets. As such, these derivative instruments are classified within Level 2.

The carrying value of Cash and cash equivalents, Marketable securities (Level 2), Account receivables, notes and other receivables, Due from related parties, Account payables and Due to related parties contained in the Combined Balance Sheet approximates fair value.

Note 15. Other Liabilities

	Years Ended December 31, 2017	Years Ended December 31, 2016
Pension and other employee related	$ 54	$ 48
Advanced discounts from suppliers	53	35
Income taxes	42	41
Other	12	13
	$ 161	$ 137

Note 16. Accumulated Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss) are provided in the tables below:

	Pre-Tax	Tax	After-Tax
Year Ended December 31, 2015			
Foreign exchange translation adjustment	$ 81	$—	$ 81
Pension adjustments	10	—	10
Changes in fair value of effective cash flow hedges	(13)	1	(12)
	$ 78	$ 1	$ 79
Year Ended December 31, 2016			
Foreign exchange translation adjustment	$ 29	$—	$ 29
Pension adjustments	(12)	—	(12)
Changes in fair value of effective cash flow hedges	38	(5)	33
	$ 55	$ (5)	$ 50
Year Ended December 31, 2017			
Foreign exchange translation adjustment	$ 72	$—	$ 72
Pension adjustments	—	—	—
Changes in fair value of effective cash flow hedges	(84)	7	(77)
	$ (12)	$ 7	$ (5)

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Changes in Accumulated Other Comprehensive Income (Loss) by Component

	Foreign Exchange Translation Adjustment	Changes in Fair Value of Effective Cash Flow Hedges	Pension Adjustments	Total Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2015	$ 183	$ 9	$ 1	$ 193
Other comprehensive income (loss) before reclassifications	29	27	(21)	35
Amounts reclassified from accumulated other comprehensive income (loss)	—	6	9	15
Net current period other comprehensive income (loss)	29	33	(12)	50
Balance at December 31, 2016	$ 212	$ 42	$ (11)	$ 243
Other comprehensive income (loss) before reclassifications	72	(66)	—	6
Amounts reclassified from accumulated other comprehensive income	—	(11)	—	(11)
Net current period other comprehensive income (loss)	72	(77)	—	(5)
Balance at December 31, 2017	$ 284	$ (35)	$ (11)	$ 238

Reclassifications Out of Accumulated Other Comprehensive Income (Loss)

	Year Ended December 31, 2017 Affected Line in the Combined Statement of Operations				
	Net Sales	Cost of Goods Sold	Selling, General and Administrative Expenses	Non-Operating (Income) Expense	Total
Amortization of Pension and Other Postretirement Items:					
Actuarial losses recognized	$—	$ —	$ —	$ —	$ —
Losses (gains) on cash flow hedges	—	(14)	—	—	(14)
Tax expense (benefit)					3
Total reclassifications for the period, net of tax					$ (11)

		Year Ended December 31, 2016 Affected Line in the Combined Statement of Operations			
	Net Sales	Cost of Goods Sold	Selling, General and Administrative Expenses	Non-Operating (Income) Expense	Total
Amortization of Pension and Other Postretirement Items:					
Actuarial losses recognized	$—	$ 9	$ —	$ —	$ 9
Losses (gains) on cash flow hedges	(2)	10	—	—	8
Tax expense (benefit)					(2)
Total reclassifications for the period, net of tax					$ 15

Note 17. Stock-Based Compensation

Honeywell maintains stock-based compensation plans for the benefit of its officers, directors and employees. The following disclosures represent stock-based compensation expenses attributable to TS based on the awards and terms previously granted under the incentive compensation plans to TS employees and an allocation of Parent's corporate and shared functional employee stock based compensation expenses. Accordingly, the amounts presented are not necessarily indicative of future awards and do not necessarily reflect the results that TS would have experienced as an independent company for the periods presented.

Stock Based Awards Granted by Honeywell—The activity related to stock based awards granted by Honeywell to TS employees for the year ended December 31, 2017 consisted of the following:

	RSUs		Options	
	Number of RSUs	Wtd Avg Grant Date Fair Value	Number of Options	Wtd Avg Exercise Price
Outstanding as of December 31, 2016	163,110	$ 96	475,476	$ 87
Granted[(a)]	45,503	131	162,600	125
Vested/exercised	(41,137)	83	(121,231)	79
Outstanding as of December 31, 2017	167,476[(b)(c)]	$ 108	516,845[(d)]	$ 101

(a) Primarily represents awards granted by Honeywell in February and July 2017.
(b) Aggregate unrecognized compensation expense related to restricted stock units ("**RSUs**") was $9.4 million as of December 31, 2017, which is expected to be recognized over a weighted average period of 3.6 years.
(c) Substantially all RSUs outstanding as of December 31, 2017 are expected to vest over time.
(d) Aggregate unrecognized compensation expense related to stock options was $4.2 million as of December 31, 2017, which is expected to be recognized over a weighted average period of 2.5 years.

Stock-Based Compensation Expense—Under the stock-based compensation plans, Honeywell awarded RSUs, stock options and PSUs to certain employees. Stock-based compensation expense recognized in the Combined Statements of Operations amounted to $15 million, $12 million and $10 million for the years ended December 31, 2017, 2016 and 2015, respectively, of which approximately $8 million, $5 million and $4 million are specifically identified for TS employees, respectively and $7 million, $7 million and $6 million is related to shared employees not specifically identifiable to TS, respectively.

Note 18. Commitments and Contingencies

Asbestos Matters

Honeywell is a defendant in asbestos-related personal injury actions mainly related to its legacy Bendix friction materials ("**Bendix**") business. The Bendix business manufactured automotive brake linings that contained chrysotile asbestos in an encapsulated form. Claimants consist largely of individuals who allege exposure to asbestos from brakes from either performing or being in the vicinity of individuals who performed brake replacements. In conjunction with TS's separation from Honeywell, certain operations that were part of the Friction Materials business, along with the ownership of the Bendix trademark, will be transferred to TS.

The following table summarizes information concerning both Bendix and other asbestos-related balances. Other represents asbestos liabilities related to claimants outside the United States.

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Asbestos-Related Liabilities

	Year Ended December 31, 2017			Year Ended December 31, 2016			Year Ended December 31, 2015		
	Bendix (restated)(1)	Other (restated)(1)	Total (restated)(1)	Bendix (restated)(1)	Other (restated)(1)	Total (restated)(1)	Bendix (restated)(1)	Other (restated)(1)	Total (restated)(1)
Beginning of year	$ 1,789	$ 6	$ 1,795	$ 1,793	$ 6	$ 1,799	$ 1,812	$ 7	$ 1,819
Accrual for update to estimated liabilities	199	4	203	203	—	203	180	—	180
Change in estimated cost of future claims	(65)	—	(65)	(10)	—	(10)	(7)	—	(7)
Update of expected resolution values for pending claims	3	—	3	4	—	4	1	—	1
Asbestos-related liability payments	(223)	(1)	(224)	(201)	—	(201)	(193)	(1)	(194)
End of year	$ 1,703	$ 9	$ 1,712	$ 1,789	$ 6	$ 1,795	$ 1,793	$ 6	$ 1,799

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

Insurance Recoveries for Asbestos-Related Liabilities

	Year Ended December 31,		
	2017 Bendix (restated)(1)	2016 Bendix (restated)(1)	2015 Bendix (restated)(1)
Beginning of year	$ 201	$ 222	$ 244
Probable insurance recoveries related to estimated liability	10	8	10
Insurance receipts for asbestos-related liabilities	(20)	(37)	(33)
Insurance receivables settlements and write-offs	—	7	1
Other	—	1	—
	$ 191	$ 201	$ 222

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

Asbestos balances are included in the following balance sheet accounts:

	December 31,	
	2017 (restated)(1)	2016 (restated)(1)
Other current assets	$ 17	$ 16
Insurance recoveries for asbestos-related liabilities	174	185
	$ 191	$ 201
Accrued liabilities	$ 185	$ 186
Asbestos-related liabilities	1,527	1,609
	$ 1,712	$ 1,795

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

The following tables present information regarding Bendix-related asbestos claims activity:

Claims Activity	Years Ended December 31, 2017	2016
Claims Unresolved at the beginning of year	7,724	7,779
Claims Filed	2,645	2,830
Claims Resolved	(4,089)	(2,885)
Claims Unresolved at the end of the year	6,280	7,724

Disease Distribution of Unresolved Claims	December 31, 2017	2016
Mesothelioma and Other Cancer Claims	3,062	3,490
Nonmalignant Claims	3,218	4,234
Total Claims	6,280	7,724

Honeywell has experienced average resolutions per Bendix-related asbestos claim, excluding legal costs, as follows:

	Years Ended December 31,				
	2017	2016	2015	2014	2013
	(in whole dollars)				
Malignant claims	$56,000	$44,000	$44,000	$53,500	$51,000
Nonmalignant claims	$ 2,800	$ 4,485	$ 100	$ 120	$ 850

It is not possible to predict whether resolution values for Bendix-related asbestos claims will increase, decrease or stabilize in the future.

As described in Note 1, the Company determined that it had not appropriately applied the provisions of ASC 450, Contingencies, in measuring its asbestos liabilities for Bendix-related asbestos claims. The Company now reflects the epidemiological projections through 2059 rather than a five-year time horizon when estimating the liability for unasserted Bendix-related asbestos claims.

Our combined financial statements reflect an estimated liability for resolution of pending (claims actually filed as of the financial statement date) and unasserted Bendix-related asbestos claims. We have valued pending and unasserted Bendix-related asbestos claims using average resolution values for the previous five years. We update the resolution values used to estimate the cost of pending and unasserted Bendix-related asbestos claims during the fourth quarter of each year.

Such estimated cost of unasserted Bendix-related asbestos claims is based on historic claims filing experience and dismissal rates, disease classifications, and resolution values in the tort system for the previous five years. Asbestos costs and insurance recoveries are recorded in Other expense, net.

Our insurance receivables corresponding to the liability for settlement of pending and unasserted Bendix-related asbestos claims reflects coverage which is provided by a large number of insurance policies written by dozens of insurance companies in both the domestic insurance market and the London excess market. Based on our ongoing analysis of the probable insurance recovery, insurance receivables are recorded in the Combined Financial Statements simultaneous with the recording of the estimated liability for the underlying asbestos claims. This determination is based on our analysis of the underlying insurance policies, our historical experience with our insurers, our ongoing review of the solvency of our insurers, judicial determinations relevant to insurance programs, and our consideration of the impacts of any settlements reached with our insurers.

Other Matters

We are subject to other lawsuits, investigations and disputes arising out of the conduct of our business, including matters relating to commercial transactions, government contracts, product liability, prior acquisitions and divestitures, employee benefit plans, intellectual property and environmental, health and safety matters. We recognize a liability for any contingency that is probable of occurrence and reasonably estimable. We continually assess the likelihood of adverse judgments of outcomes in these matters, as well as potential ranges of possible losses (taking into consideration any insurance recoveries), based on a careful analysis of each matter with the assistance of outside legal counsel and, if applicable, other experts. To date, no such matters are material to the Combined Statements of Operations.

Warranties and Guarantees

In the normal course of business we issue product warranties and product performance guarantees. We accrue for the estimated cost of product warranties and performance guarantees based on contract terms and historical experience at the time of sale to the customer. Adjustments to initial obligations for warranties and guarantees are made as changes to the obligations become reasonably estimable. Product warranties and product performance guarantees are included in Accrued liabilities. The following table summarizes information concerning our recorded obligations for product warranties and product performance guarantees.

	Years Ended December 31,		
	2017	2016	2015
Beginning of year	$ 22	$ 19	$ 39
Accruals for warranties/guarantees issued during the year	14	14	5
Settlement of warranty/guarantee claims	(8)	(11)	(25)
	$ 28	$ 22	$ 19

Note 19. Defined Benefit Pension Plans

We sponsor a funded defined benefit pension plan covering the majority of our employees and retirees in Ireland (the "**Ireland Plan**"). Other pension plans sponsored by the Company outside of Ireland are not material to the Company either individually or in the aggregate.

The following tables summarize the balance sheet impact, including the benefit obligations, assets and funded status associated with the Ireland Plan:

	Pension Benefits Ireland Plan	
	2017	2016
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 89	$ 69
Service cost	2	2
Interest cost	2	2
Actual participants contributions	—	—
Benefits paid	(1)	(1)
Actuarial (gains) losses	3	24
Foreign currency translation	12	(7)
Benefit obligation at end of year	107	89
Change in plan assets:		
Fair value of plan assets at beginning of year	50	45
Actual return on plan assets	5	4
Employer contributions	3	3
Participant contributions	—	—
Benefits paid	(1)	(1)
Foreign currency translation	7	(1)
Fair value of plan assets at end of year	64	50
Funded status of plans	$ (43)	$ (39)
Accumulated benefit obligation	$ 104	$ 84
Amounts recognized in Combined Balance Sheet consist of:		
Accrued pension liabilities—current(1)	$ (3)	$ (2)
Accrued pension liabilities—noncurrent(2)	(40)	(37)
Net amount recognized	$ (43)	$ (39)

(1) Included in Accrued liabilities on Combined Balance Sheets
(2) Included in Other liabilities on Combined Balance Sheets

Amounts recognized in accumulated other comprehensive (income) loss associated with the Ireland Plan at December 31, 2017 and 2016 are as follows:

	Pension Benefits Ireland Plan	
	2017	2016
Net actuarial loss	$ 11	$ 11
Net amount recognized	$ 11	$ 11

The components of net periodic benefit (income) cost and other amounts recognized in other comprehensive (income) loss for our Ireland Plan include the following components:

	Pension Benefits Ireland Plan		
	2017	2016	2015
Net Periodic Benefit Cost			
Service cost	$ 2	$ 2	$ 2
Interest cost	2	2	2
Expected return on plan assets	(2)	(2)	(2)
Recognition of actuarial losses	—	7	—
Net periodic benefit cost	$ 2	$ 9	$ 2

Other Changes in Plan Assets and Benefits Obligations Recognized in Other Comprehensive (Income) Loss	Ireland Plan		
	2017	2016	2015
Actuarial (Gain) losses	$—	$ 22	$ (10)
Actuarial loss recognized during the year	—	(7)	—
Foreign currency translation	—	(3)	—
Total recognized in other comprehensive (income) loss	$—	$ 12	$ (10)
Total recognized in net periodic benefit (income) cost and other comprehensive (income) loss	$ 2	$ 21	$ (8)

Major actuarial assumptions used in determining the benefit obligations and net periodic benefit (income) cost for our significant benefit plans are presented in the following table as weighted averages.

	Pension Benefits Ireland Plans		
	2017	2016	2015
Actuarial assumptions used to determine benefit obligations as of December 31:			
Discount rate	1.8%	1.9%	2.8%
Expected annual rate of compensation increase	2.0%	2.0%	2.0%
Actuarial assumptions used to determine net periodic benefit (income) cost for years ended December 31:			
Discount rate	1.8%	1.9%	2.8%
Expected rate of return on plan assets	4.0%	4.0%	4.3%
Expected annual rate of compensation increase	2.0%	2.0%	1.8%

The discount rate for our Ireland pension benefit plan reflects the current rate at which the associated liabilities could be settled at the measurement date of December 31. To determine the discount rate, we use a modeling process that involves matching the expected cash outflows of our Ireland pension benefit plan to a yield curve constructed from a portfolio of high quality, fixed-income debt instruments. We use the single weighted-average yield of this hypothetical portfolio as a discount rate benchmark.

Our expected rate of return on the Ireland Plan assets of 4.00% is a long-term rate based on historical plan asset returns over varying long-term periods combined with current market conditions and broad asset mix considerations. We review the expected rate of return on an annual basis and revise it as appropriate.

Our Ireland pension assets are managed by a decentralized fiduciary committee with the Honeywell Corporate Investments group providing funding and investment guidance.

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The fair value amounts presented in the following tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented for the total pension benefits plan assets. The fair values of Ireland Plan assets by asset category are as follows:

	Ireland Plan December 31, 2017			
	Total	Level 1	Level 2	Level 3
Equity	$ 33	$ —	$ 33	$ —
Government Bonds	19	—	19	—
Corporate Bonds	6	—	6	—
Other	6	—	6	—
Total	$ 64	$ —	$ 64	$ —

	Ireland Plan December 31, 2016			
	Total	Level 1	Level 2	Level 3
Equity	$ 25	$ —	$ 25	$ —
Government Bonds	15	—	15	—
Corporate Bonds	5	—	5	—
Other	5	—	5	—
Total	$ 50	$ —	$ 50	$ —

Equities, corporate bonds and government securities are valued either by using pricing models, bids provided by brokers or dealers, quoted prices of securities with similar characteristics or discounted cash flows and as such include adjustments for certain risks that may not be observable such as credit and liquidity risks. Other includes investments in real estate and diversified mutual funds. These investments are valued at estimated fair value based on quarterly financial information received from the investment advisor and/or general partner.

Our general funding policy for the Ireland Plan is to contribute amounts at least sufficient to satisfy regulatory funding standards. In 2017, contributions of $3 million were made to our Ireland pension plan to satisfy regulatory funding requirements. In 2018, we expect to make contributions of cash of approximately $3 million to our Ireland pension plan to satisfy regulatory funding standards.

Benefit payments, including amounts to be paid from Company assets, and reflecting expected future service, as appropriate, are expected to be paid as follows:

	Ireland Plan
2018	$ 1
2019	1
2020	1
2021	1
2022	1
2023-2027	7

Note 20. Sales by Product Channels, Customer, Geographical and Supplier Concentrations

Sales by Product Channels—Sales by major channels are as follows:

	Net Sales Years Ended December 31,		
	2017	2016	2015
OEM	$2,733	$2,635	$2,525
Aftermarket	363	362	383
	$3,096	$2,997	$2,908

Customer Concentrations—Net sales to TS's largest customers and the corresponding percentage of total net sales were as follows:

	Net sales Years ended December 31,					
	2017	%	2016	%	2015	%
Customer A	$ 423	14	$ 436	15	$ 432	15
Customer B	246	8	303	10	345	12
Others	2,427	78	2,258	75	2,131	73
	$3,096	100	$2,997	100	$2,908	100

Geographical Concentrations—Sales and long-lived assets by region were as follows:

	Net Sales(1) Years Ended December 31,			Long-lived Assets(2) December 31,		
	2017	2016	2015	2017	2016	2015
United States	$ 305	$ 318	$ 394	$ 23	$ 21	$ 21
Europe	1,633	1,686	1,635	273	219	211
Asia	919	775	675	124	109	106
Other International	239	218	204	22	22	29
	$3,096	$2,997	$2,908	$442	$371	$367

(1) Net sales are classified according to their country of destination.
(2) Long-lived assets are comprised of property, plant and equipment–net.

Supplier Concentrations—The Company's largest supplier accounted for 16%, 17% and 17% of direct materials purchases for the years ended December 31, 2017, 2016 and 2015, respectively.

Note 21. Subsequent Events

The Business evaluated subsequent events for recognition or disclosure through August 7, 2018, the date the Combined Financial Statements were available to be reissued. No significant subsequent events were noted.

TRANSPORTATION SYSTEMS BUSINESS OF HONEYWELL INTERNATIONAL INC.
COMBINED INTERIM STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(Dollars in millions)			
Net sales	$ 877	$ 775	$ 1,792	$ 1,547
Cost of goods sold	662	578	1,366	1,162
Gross profit	215	197	426	385
Selling, general and administrative expenses	63	58	126	119
Other expense, net	39	44	81	86
Interest expense	—	3	2	3
Non-operating (income) expense	6	(8)	(3)	(11)
Income before taxes	107	100	220	188
Tax expense (benefit)	(43)	(5)	12	8
Net income	$ 150	$ 105	$ 208	$ 180

The Notes to Combined Interim Financial Statements are an integral part of this statement.

TRANSPORTATION SYSTEMS BUSINESS OF HONEYWELL INTERNATIONAL INC.
COMBINED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(Dollars in millions)			
Net income	$ 150	$ 105	$ 208	$ 180
Foreign exchange translation adjustment	(71)	(24)	(248)	45
Defined benefit pension plan adjustment, net of tax	—	—	—	—
Changes in fair value of effective cash flow hedges, net of tax	26	(34)	19	(51)
Total other comprehensive (loss) income, net of tax	(45)	(58)	(229)	(6)
Comprehensive (loss) income	$ 105	$ 47	$ (21)	$ 174

The Notes to Combined Interim Financial Statements are an integral part of this statement.

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TRANSPORTATION SYSTEMS BUSINESS OF HONEYWELL INTERNATIONAL INC.
COMBINED INTERIM BALANCE SHEETS
(Unaudited)

	June 30, 2018	December 31, 2017 (restated)(1)
	(Dollars in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 252	$ 300
Accounts, notes and other receivables – net	850	745
Inventories – net	175	188
Due from related parties, current	11	530
Other current assets	48	321
Total current assets	1,336	2,084
Due from related parties, non-current	—	23
Investments and long-term receivables	37	38
Property, plant and equipment – net	421	442
Goodwill	193	193
Insurance recoveries for asbestos related liabilities	170	174
Deferred income taxes	41	41
Other assets	50	2
Total assets	$ 2,248	$ 2,997
LIABILITIES		
Current liabilities:		
Accounts payable	$ 891	$ 860
Due to related parties, current	197	1,117
Accrued liabilities	559	571
Total current liabilities	1,647	2,548
Deferred income taxes	723	956
Asbestos related liabilities	1,516	1,527
Other liabilities	170	161
Total liabilities	$ 4,056	$ 5,192
COMMITMENTS AND CONTINGENCIES (Note 11)		
EQUITY (DEFICIT)		
Invested deficit	(1,817)	(2,433)
Accumulated other comprehensive income	9	238
Total deficit	(1,808)	(2,195)
Total liabilities and deficit	$ 2,248	$ 2,997

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

The Notes to Combined Interim Financial Statements are an integral part of this statement.

TRANSPORTATION SYSTEMS BUSINESS OF HONEYWELL INTERNATIONAL INC.
COMBINED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
	(Dollars in millions)	
Cash flows from operating activities:		
Net income	$ 208	$ 180
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Deferred income taxes	(24)	—
Depreciation	36	30
Foreign exchange (gain) loss	6	(20)
Stock compensation expense	12	8
Pension expense	5	5
Other	—	—
Changes in assets and liabilities:		
Accounts, notes and other receivables	(120)	(73)
Receivables from related parties	50	(2)
Inventories	6	(19)
Other assets	4	(2)
Accounts payable	56	29
Payables to related parties	36	13
Accrued liabilities	(3)	18
Asbestos related liabilities	(7)	—
Other liabilities	14	2
Net cash provided by (used for) operating activities	279	169
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(47)	(34)
Increase in marketable securities	(21)	(360)
Decrease in marketable securities	303	353
Other	1	(2)
Net cash provided by (used for) investing activities	236	(43)
Cash flows from financing activities:		
Net increase (decrease) in Invested deficit	97	(108)
Proceeds related to related party notes payable	—	327
Payments related to related party notes payable	(493)	(326)
Net change related to cash pooling and short-term notes	(160)	64
Net cash provided by (used for) financing activities	(556)	(43)
Effect of foreign exchange rate changes on cash and cash equivalents	(7)	7
Net increase (decrease) in cash and cash equivalents	(48)	90
Cash and cash equivalents at beginning of period	300	119
Cash and cash equivalents at end of period	$ 252	$ 209

The Notes to Combined Interim Financial Statements are an integral part of this statement.

Note 1. Basis of Presentation

The accompanying Combined Interim Financial Statements were derived from the consolidated financial statements and accounting records of Honeywell. These Combined Financial Statements reflect the combined historical results of operations, financial position and cash flows of the Transportation Systems business ("TS", "the Business", "the Company", "we" or "our") as they were historically managed in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Asbestos-related expenses, net of probable insurance recoveries, are presented within Other expense, net in the Combined Statements of Operations. For additional information, see Note 11 Commitments and Contingencies.

The Combined Interim Financial Statements are unaudited; however, in the opinion of management, they contain all the adjustments (consisting of those of a normal recurring nature) considered necessary to state fairly the financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP applicable to interim periods. The Combined Interim Financial Statements should be read in conjunction with the audited annual Combined Financial Statements for the year ended December 31, 2017 of the Transportation Systems business included herein. The results of operations for the three and six months ended June 30, 2018 and cash flows for the six months ended June 30, 2018 should not necessarily be taken as indicative of the entire year.

We report our quarterly financial information using a calendar convention; the first, second and third quarters are consistently reported as ending on March 31, June 30 and September 30. It has been our practice to establish actual quarterly closing dates using a predetermined fiscal calendar, which requires our businesses to close their books on a Saturday in order to minimize the potentially disruptive effects of quarterly closing on our business processes. The effects of this practice are generally not significant to reported results for any quarter and only exist within a reporting year. In the event that differences in actual closing dates are material to year-over-year comparisons of quarterly or year-to-date results, we will provide appropriate disclosures. Our actual closing dates for the three and six months ended June 30, 2018 and 2017 were June 30, 2018 and July 1, 2017.

In August 2018, the Company determined that it had not appropriately applied the provisions of ASC 450, Contingencies, in measuring its asbestos liabilities related to unasserted Bendix claims and therefore, has restated the financial statements to reflect the effects of its revised method for estimating its total liability for unasserted Bendix-related asbestos claims and to make certain corresponding disclosures related thereto. See Note 1 Organization, Operations and Basis of Presentation to the annual Combined Financial Statements for the years ended December 31, 2017, 2016, and 2015 contained in the Business's 2017 Combined Financial Statements.

Note 2. Summary of Significant Accounting Policies

The accounting policies of the Business are set forth in Note 2 to the annual Combined Financial Statements for the year ended December 31, 2017 contained in the Business's 2017 Combined Financial Statements. We include herein certain updates to those policies.

Sales Recognition—Product sales are recognized when we transfer control of the promised goods to our customer, which is based on shipping terms. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring the promised goods.

In the sale of products in the OEM channel, the transaction price for these goods is equal to the agreed price of each unit and represents the standalone selling price for the unit.

In the sale of products in the aftermarket channel, the terms of a contract or the historical business practice can give rise to variable consideration due to, but not limited to, discounts and bonuses. We estimate variable consideration at the most likely amount we will receive from customers and reduce revenues recognized accordingly. We include estimated amounts in the transaction price to the extent it is probable that a significant

reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available to us.

Pension Benefits—On January 1, 2018, we retrospectively adopted the new accounting guidance contained in ASU 2017-07 which amends the presentation of net periodic pension costs. That guidance requires that we disaggregate the service cost component of net benefit costs and report those costs in the same line item or items in the Combined Statement of Operations as other compensation costs arising from services rendered by the pertinent employees during the period. The other non-service components of net benefit costs are required to be presented separately from the service cost component.

Following the adoption of this guidance, we continue to record the service cost component of Pension ongoing (income) expense in Cost of goods sold. The remaining components of net benefit costs within Pension ongoing (income) expense, primarily interest costs and assumed return on plan assets, are now recorded in Non-operating (income) expense. We will continue to recognize net actuarial gains or losses in excess of 10% of the greater of the fair value of plan assets or the plans' projected benefit obligation (the corridor) annually in the fourth quarter each year (MTM Adjustment). The MTM Adjustment will also be reported in Non-operating (income) expense.

Recent Accounting Pronouncements—We consider the applicability and impact of all recent accounting standards updates ("ASU's") issued by the Financial Accounting Standards Board (FASB). ASU's not listed below were assessed and determined to be either not applicable or are expected to have immaterial impact on the combined financial position or results of operations.

In February 2016, the FASB issued guidance on accounting for leases which requires lessees to recognize most leases on their balance sheets for the rights and obligations created by those leases. The guidance requires enhanced disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases that will be effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted. We expect to adopt the requirements of the new standard effective January 1, 2019. The guidance requires the use of a modified retrospective approach. We are currently evaluating our lease portfolio to assess the impact to the Combined Interim Financial Statements as well as planning for adoption and implementation of this standard, which includes assessing the impact on information systems and internal controls.

In August 2017, the FASB issued amendments to hedge accounting guidance. These amendments are intended to better align a company's risk management strategies and financial reporting for hedging relationships. Under the new guidance, more hedging strategies will be eligible for hedge accounting and the application of hedge accounting is simplified. In addition, the new guidance amends presentation and disclosure requirements. The guidance is effective for fiscal years beginning after December 15, 2018 with early adoption permitted, including the interim periods within those years. The guidance requires the use of a modified retrospective approach. We are currently evaluating the impact of the guidance on our Combined Financial Statements and whether we will early adopt this guidance.

In February 2018, the FASB issued guidance that allows for an entity to elect to reclassify the income tax effects on items within accumulated other comprehensive income resulting from U.S. tax reform to retained earnings. The guidance is effective for fiscal years beginning after December 15, 2018 with early adoption permitted, including interim periods within those years. We are currently evaluating the impact of this standard on our Combined Interim Financial Statements and whether we will make the allowed election.

Note 3. Related Party Transactions with Honeywell

The Combined Interim Financial Statements have been prepared on a stand-alone basis and are derived from the Consolidated Interim Financial Statements and accounting records of Honeywell.

Honeywell provided certain services, such as legal, accounting, information technology, human resources and other infrastructure support, on behalf of the Business. The cost of these services has been allocated to the Business on the basis of the proportion of revenues. The Business and Honeywell consider the allocations to be a reasonable reflection of the benefits received by the Business. During the three and six months ended June 30, 2018 and 2017, TS was allocated $ 32 million, and $ 61 million, and $ 30 million, and $ 61 million, respectively, of general corporate expenses incurred by Honeywell, and such amounts are included within Selling, general and administrative expenses in the Combined Statements of Operations. As certain expenses reflected in the Combined Interim Financial Statements include allocations of corporate expenses from Honeywell, these statements could differ from those that would have been prepared had TS operated on a stand-alone basis.

Honeywell uses a centralized approach for the purpose of cash management and financing of its operations. The Business' cash is transferred to Honeywell daily and Honeywell funds its operating and investing activities as needed. The Company operates a centralized non-interest-bearing cash pool in U.S. and regional interest-bearing cash pools outside of U.S. As of June 30, 2018 and December 31, 2017, the Company had non-interest-bearing cash pooling balances of $ 3 million and $51 million, respectively, which are presented in Invested deficit within the Combined Balance Sheets.

The Company received interest income for related party notes receivables of less than $1 million for the three and six months ended June 30, 2018 and 2017. Additionally, the Company incurred interest expense for related party notes payable of $0 million and $1 million, and $3 million and $3 million for the three and six months ended June 30, 2018 and 2017, respectively.

Due from related parties, current consists of the following:

	June 30, 2018	December 31, 2017
Cash pooling and short-term notes receivables	$ —	$ 495
Other tax receivables from Parent	—	26
Receivables from related parties	7	8
Related party notes receivables, current	—	1
Foreign currency exchange contracts	4	—
	$ 11	$ 530

Due from related parties, non-current consists of the following:

	June 30, 2018	December 31, 2017
Other tax receivables from Parent	$ —	$ 23
	$ —	$ 23

Due to related parties, current consists of the following:

	June 30, 2018	December 31, 2017
Cash pooling and short-term notes payables	$ 102	$ 545
Related party notes payables, current	—	484
Payables to related parties	87	51
Foreign currency exchange contracts	8	37
	$ 197	$ 1,117

Net transfers to and from Honeywell are included within Invested deficit on the Combined Balance Sheet. The components of the net transfers to and from Honeywell for the three and six months ended June 30, 2018 and 2017 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
General financing activities	$ (110)	$ (98)	$ 1,731	$(133)
Distribution to Parent	(567)	—	(1,366)	—
Unbilled corporate allocations	(3)	2	26	33
Stock compensation expense and other compensation awards	5	4	12	9
Pension expense	3	3	5	5
Total net decrease in Invested deficit	$ (672)	$ (89)	$ 408	$ (86)

Note 4. Revenue Recognition and Contracts with Customers

On January 1, 2018, the Company adopted the FASB's updated guidance on revenue from contracts with customers, ASC 606 *Revenue From Contracts With Customers* (ASC 606), using the modified retrospective method applied to contracts that were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting.

The Company generates revenue through the sale of products to customers in the OEM and aftermarket channels. OEM and aftermarket contracts generally include scheduling agreements which stipulate the pricing and delivery terms which identifies the quantity and timing of the product to be transferred.

Revenue recognition will be generally consistent with the previous standard, with the exception of how we account for payments made to customers in conjunction with future business. Historically these payments were recognized as a reduction of revenue at the time the payments were made. Under ASC 606, these payments result in deferred reductions to revenue that are subsequently recognized when the products are delivered to the customer. The Company evaluates the amounts capitalized each period end for recoverability and expenses any amounts that are no longer expected to be recovered over the term of the business arrangement. These payments are recorded in Other current assets and Other assets in our Combined Balance Sheet. Upon adoption the cumulative impact of this change is as follows:

	December 31, 2017		
	As reported (restated)(1)	Adjustments	As adjusted
Combined Balance Sheet			
Assets			
Current assets:			
Other current assets	$ 321	$ 7	$ 328
Other assets	2	53	55
Liabilities			
Non-current liabilities:			
Deferred income taxes	956	6	962
Equity (Deficit)			
Invested deficit	(2,433)	54	(2,379)

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

Under the modified retrospective method of adoption, we are required to disclose the impact to revenues had we continued to follow our accounting policies under the previous revenue recognition guidance. We estimate

the impact to revenues for the three and six months ended June 30, 2018 was a decrease of $1 million and $3 million, respectively. As of June 30, 2018, deferred payments to customers recorded in Other current assets and Other assets in our Combined Balance Sheet were $8 million and $48 million, respectively. Refer to Note 2, Summary of Significant Accounting Policies for a summary of our significant policies for revenue recognition.

Disaggregated Revenue

Sales by region and channel are as follows:

	Three Months Ended June 30, 2018		
	OEM	Aftermarket	Total
United States	$ 92	$ 41	$133
Europe	448	38	486
Asia	234	13	247
Other International	5	6	11
	$779	$ 98	$877

	Six Months Ended June 30, 2018		
	OEM	Aftermarket	Total
United States	$ 187	$ 80	$ 267
Europe	927	78	1,005
Asia	472	25	497
Other International	12	11	23
	$1,598	$ 194	$1,792

We recognize virtually all of our revenues arising from performance obligations at a point in time. Less than 1% of our revenue is satisfied over time.

Contract Balances

The timing of revenue recognition, billings and cash collections results in unbilled receivables (contract assets) and billed accounts receivable, reported in Accounts, notes and other receivables – net, and customer advances and deposits (contract liabilities), reported in Accrued Liabilities, on the Combined Balance Sheet. Contract assets arise when the timing of cash collected from customers differs from the timing of revenue recognition. Contract assets are recognized when the revenue associated with the contract is recognized prior to billing and derecognized once invoiced in accordance with the terms of the contract. Contract liabilities are recorded in scenarios where we enter into arrangements where customers are contractually obligated to remit cash payments in advance of us satisfying performance obligations and recognizing revenue. Contract liabilities are generally derecognized when revenue is recognized.

These assets and liabilities are reported on the Combined Balance Sheet on a contract-by-contract basis at the end of each reporting period.

The following table summarizes our contract assets and liabilities balances:

	2018
Contract assets—January 1	$ 5
Contract assets—June 30	7
Change in contract assets—Increase/(Decrease)	2
Contract liabilities—January 1	$ (7)
Contract liabilities—June 30	(4)
Change in contract liabilities—(Increase)/Decrease	3

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is defined as the unit of account. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For product sales, typically each product sold to a customer represents a distinct performance obligation.

Virtually all of our performance obligations are satisfied as of a point in time. Performance obligations are supported by contracts with customers, providing a framework for the nature of the distinct goods, services or bundle of goods and services. The timing of satisfying the performance obligation is typically indicated by the terms of the contract. All performance obligations are expected to be satisfied within one year, with substantially all performance obligations being satisfied within a month.

The timing of satisfaction of our performance obligations does not significantly vary from the typical timing of payment, with cash advances (contract liabilities) and unbilled receivables (contract assets) being settled within 3 months. For some contracts, we may be entitled to receive an advance payment.

We have applied the practical expedient to not disclose the value of remaining performance obligations for contracts with an original expected term of one year or less.

Note 5. Income Taxes

The effective tax rate decreased for the quarter year-over-year primarily due to increased tax benefits attributable to currency impacts for withholding taxes on undistributed foreign earnings, partially offset by adjustments to the provisional tax amount related to U.S. tax reform.

The effective tax rate increased for the six months year-over-year primarily due to U.S. tax reform's expansion of the anti-deferral rules that impose U.S. taxes on foreign earnings and decreased tax benefits from tax reserves from the resolution of tax matters, partially offset by adjustments to the provisional tax amount related to U.S. tax reform.

The effective tax rate for the quarter and six months ended June 30, 2018 was lower than the U.S. federal statutory rate of 21% primarily from tax benefits related to the currency impacts on withholding taxes on undistributed foreign earnings, partially offset by non-deductible expenses.

The effective tax rate for the quarter and six months ended in June 30, 2017 was lower than the U.S. federal statutory rate of 35% from the resolution of tax matters with certain jurisdictions and non-U.S. earnings taxed at lower rates, partially offset by non-deductible expenses.

On December 22, 2017, the U.S. government enacted tax legislation that included changes to the taxation of foreign earnings by implementing a dividend exemption system, expansion of the current anti-deferral rules, a

minimum tax on low-taxed foreign earnings and new measures to deter base erosion. The tax legislation also included a permanent reduction in the corporate tax rate to 21%, repeal of the corporate alternative minimum tax, expensing of capital investment, and limitation of the deduction for interest expense. Furthermore, as part of the transition to the new tax system, a one-time transition tax was imposed on a U.S. shareholder's historical undistributed earnings of foreign affiliates.

As described in our Combined Financial Statements for the year ended December 31, 2017, we reasonably estimated certain effects of the tax legislation and, therefore, recorded provisional amounts, including the deemed repatriation transition tax and withholding taxes on undistributed earnings. During the quarter, the Company recorded an adjustment to the provisional tax amount related to the deemed repatriation transition tax and taxes on undistributed earnings of $(4) million and $8 million, respectively. This net adjustment of $4 million results in an increase to the effective tax rate for the six months ended June 30, 2018 of 1.8%. The Company has not finalized the accounting for the tax effects of the tax legislation as we are continuing to gather additional information and expect to complete our accounting within the prescribed measurement period.

On August 1st, 2018, the Treasury department released proposed regulations regarding the deemed repatriation transition tax. The Company is evaluating the impact of the proposed regulations as part of its overall analysis of the impacts of the U.S. Tax Reform ("The Tax Act") pursuant to SAB 118.

Note 6. Accounts, Notes and Other Receivables—Net

	June 30, 2018	December 31, 2017
Trade receivables	$ 657	$ 592
Notes receivables	130	83
Other receivables	65	73
	852	748
Less—Allowance for doubtful accounts	(2)	(3)
	$ 850	$ 745

Trade Receivables include $ 12 million and $6 million of unbilled balances as of June 30, 2018 and December 31, 2017, respectively. These amounts are billed in accordance with the terms of customer contracts to which they relate. Unbilled receivables include $7 million and $5 million of contract assets as of June 30, 2018 and December 31, 2017, respectively. See Note 4 Revenue Recognition and Contracts with Customers.

Note 7. Inventories—Net

	June 30, 2018	December 31, 2017
Raw materials	$ 111	$ 118
Work in process	21	20
Finished products	65	73
	197	211
Less—Reserves	(22)	(23)
	$ 175	$ 188

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Note 8. Accrued Liabilities

	June 30, 2018	December 31, 2017
Asbestos-related liabilities	$ 185	$ 186
Customer pricing reserve	141	114
Compensation, benefit and other employee related	62	65
Repositioning	45	60
Product warranties and performance guarantees	26	28
Other taxes	15	22
Customer advances and deferred income[(a)]	15	21
Other (primarily operating expenses)	70	75
	$ 559	$ 571

(a) Customer advances and deferred income include $4 million and $7 million of contract liabilities as of June 30, 2018 and December 31, 2017, respectively. See Note 4 Revenue Recognition and Contracts with Customers.

The Company accrued repositioning costs related to projects to optimize our product costs and to right-size our organizational structure. Expenses related to the repositioning accruals are included in Cost of goods sold in our Combined Statement of Operations.

	Severance Costs	Exist Costs	Total
Balance at December 31, 2016	$ 35	$ 8	$ 43
Charges	9	—	9
Usage—cash	(5)	(2)	(7)
Foreign currency translation	3	—	3
Balance at June 30, 2017	42	6	48

	Severance Costs	Exist Costs	Total
Balance at December 31, 2017	$ 53	$ 7	$ 60
Charges	2	—	2
Usage—cash	(14)	(2)	(16)
Foreign currency translation	—	(1)	(1)
Balance at June 30, 2018	41	4	45

Note 9. Financial Instruments and Fair Value Measures

Our credit, market and foreign currency risk management policies are described in Note 14, Financial Instruments and Fair Value Measures, of Notes to the annual Combined Financial Statements for the year ended December 31, 2017 in our 2017 Combined Financial Statements. At June 30, 2018 and December 31, 2017 we had contracts with notional amounts of $1,275 million and $928 million, respectively, to exchange foreign currencies, principally the U.S. Dollar, Euro, Chinese Yuan, Japanese Yen, Mexican Peso, New Romanian Leu and Korean Won.

Financial and nonfinancial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following table sets forth the Company’s financial

assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2018 and December 31, 2017:

	June 30, 2018	December 31, 2017
Assets:		
Foreign currency exchange contracts	$ 4	$ —
Liabilities:		
Foreign currency exchange contracts	$ 8	$ 37

The foreign currency exchange contracts are valued using quoted prices for similar assets or liabilities in active markets. As such, these derivative instruments are classified within Level 2.

The carrying value of Cash and cash equivalents, Marketable securities (Level 2), Account receivables, notes and other receivables, Due from related parties, Account payables, and Due to related parties contained in the Combined Balance Sheet approximates fair value.

Note 10. Accumulated Other Comprehensive Income (Loss)

Changes in Accumulated Other Comprehensive Income (Loss) by Component

	Foreign Exchange Translation Adjustment	Changes in Fair Value of Effective Cash Flow Hedges	Pension Adjustments	Total Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2016	$ 212	$ 42	$ (11)	$ 243
Other comprehensive income (loss) before reclassifications	45	(37)	—	8
Amounts reclassified from accumulated other comprehensive income (loss)	—	(14)	—	(14)
Net current period other comprehensive income (loss)	45	(51)	—	(6)
Balance at June 30, 2017	$ 257	$ (9)	$ (11)	$ 237

	Foreign Exchange Translation Adjustment	Changes in Fair Value of Effective Cash Flow Hedges	Pension Adjustments	Total Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2017	$ 284	$ (35)	$ (11)	$ 238
Other comprehensive income (loss) before reclassifications	(248)	1	—	(247)
Amounts reclassified from accumulated other comprehensive income (loss)	—	18	—	18
Net current period other comprehensive income (loss)	(248)	19	—	(229)
Balance at June 30, 2018	$ 36	$ (16)	$ (11)	$ 9

Note 11. Commitments and Contingencies

Asbestos Matters

Honeywell is a defendant in asbestos related personal injury actions mainly related to its legacy Bendix Friction Materials (“Bendix“) business. The Bendix business, manufactured automotive brake parts that

contained chrysotile asbestos in an encapsulated form. Claimants consist largely of individuals who allege exposure to asbestos from brakes from either performing or being in the vicinity of individuals who performed brake replacements. In conjunction with TS's separation from Honeywell, certain operations that were part of the Friction Materials business, along with the ownership of the Bendix trademark, will be transferred to TS.

The following tables summarize information concerning both Bendix and other asbestos related balances. Other represents asbestos liabilities related to claimants outside the United States.

Asbestos Related Liabilities

	Six Months Ended June 30, 2018		
	Bendix	**Other**	**Total**
Beginning of the period	$1,703	$ 9	$1,712
Accrual for update to estimated liabilities	88	—	88
Asbestos related liability payments	(98)	(1)	(99)
End of the period	$1,693	$ 8	$1,701

Insurance Recoveries for Asbestos Related Liabilities

	Six Months Ended June 30, 2018
	Bendix
Beginning of the period	$ 191
Probable insurance recoveries related to estimated liability	9
Insurance receipts for asbestos related liabilities	(13)
End of the period	$ 187

Asbestos balances are included in the following balance sheet accounts:

	June 30, 2018	December 31, 2017 (restated)(1)
Other current assets	$ 17	$ 17
Insurance recoveries for asbestos related liabilities	170	174
	$ 187	$ 191
Accrued liabilities	$ 185	$ 185
Asbestos related liabilities	1,516	1,527
	$1,701	$ 1,712

(1) Certain amounts have been restated to reflect the appropriate application of the provisions of ASC 450 (see Note 1 to the annual Combined Financial Statements for additional information).

The following tables present information regarding Bendix related asbestos claims activity:

Claims Activity	Six Months Ended June 30, 2018	Years Ended December 31, 2017	Years Ended December 31, 2016
Claims Unresolved at the beginning of year	6,280	7,724	7,779
Claims Filed	1,210	2,645	2,830
Claims Resolved	(1,377)	(4,089)	(2,885)
Claims Unresolved at the end of the year	6,113	6,280	7,724

Disease Distribution of Unresolved Claims	Six Months Ended June 30, 2018	Years Ended December 31, 2017	Years Ended December 31, 2016
Mesothelioma and Other Cancer Claims	2,876	3,062	3,490
Nonmalignant Claims	3,237	3,218	4,234
Total Claims	6,113	6,280	7,724

Honeywell has experienced average resolutions per claim excluding legal costs as follows:

	Years Ended December 31,				
	2017	2016	2015	2014	2013
	(in whole dollars)				
Malignant claims	$56,000	$44,000	$44,000	$53,500	$51,000
Nonmalignant claims	$ 2,800	$ 4,485	$ 100	$ 120	$ 850

It is not possible to predict whether resolution values for Bendix-related asbestos claims will increase, decrease or stabilize in the future.

Our Combined Interim Financial Statements reflect an estimated liability for resolution of pending and unasserted Bendix-related asbestos claims. We have valued pending and unasserted Bendix-related asbestos claims using average resolution values for the previous five years. We update the resolution values used to estimate the cost of pending and unasserted Bendix-related asbestos claims during the fourth quarter each year.

Such estimated cost of unasserted Bendix-related asbestos claims is based on historic claims filing experience and dismissal rates, disease classifications, and resolution values in the tort system for the previous five years. Asbestos costs and insurance recoveries are recorded in Other expense, net.

Our insurance receivable corresponding to the liability for settlement of pending and unasserted Bendix asbestos claims reflects coverage which is provided by a large number of insurance policies written by dozens of insurance companies in both the domestic insurance market and the London excess market. Based on our ongoing analysis of the probable insurance recovery, insurance receivables are recorded in the Combined Interim Financial Statements simultaneous with the recording of the estimated liability for the underlying asbestos claims. This determination is based on our analysis of the underlying insurance policies, our historical experience with our insurers, our ongoing review of the solvency of our insurers, judicial determinations relevant to our insurance programs, and our consideration of the impacts of any settlements reached with our insurers.

Other Matters

We are subject to other lawsuits, investigations and disputes arising out of the conduct of our business, including matters relating to commercial transactions, government contracts, product liability, prior acquisitions and divestitures, employee benefit plans, intellectual property, and environmental, health and safety matters. We

recognize a liability for any contingency that is probable of occurrence and reasonably estimable. We continually assess the likelihood of adverse judgments of outcomes in these matters, as well as potential ranges of possible losses (taking into consideration any insurance recoveries), based on a careful analysis of each matter with the assistance of outside legal counsel and, if applicable, other experts. To date, no such matters are material to the Combined Statements of Operations.

Note 12. Pension Benefits

Certain TS employees participate in defined benefit pension plans (the “Shared Plans”) sponsored by Honeywell which includes participants of other Honeywell subsidiaries and operations. We account for our participation in the Shared Plans as a multiemployer benefit plan. Accordingly, we do not record an asset or liability to recognize the funded status of the Shared Plans. The related pension expense is based on annual service cost of active TS participants and reported within Cost of goods sold in the Combined Statements of Operations. The pension expense specifically identified for the active TS participants in the Shared Plans for the three and six months ended June 30, 2018 and 2017 was $2 million and $4 million, and $2 million and $4 million, respectively.

Additionally, we sponsor a funded defined benefit pension plan covering the majority of our employees and retirees in Ireland (the “Ireland Plan”). Other pension plans sponsored by the Company outside of Ireland are not material to the Company either individually or in the aggregate.

Net periodic pension benefit costs for the Ireland Plan was less than $1 million for each of the three and six months ended June 30, 2018 and 2017.

Note 13. Subsequent Events

The Business evaluated subsequent events for recognition or disclosure through August 7, 2018, the date the Combined Financial Statements were available to be issued. No significant subsequent events were noted.

PROGRAM ELEMENTS AND RELATED 2017 COMPENSATION DECISIONS

Annual Incentive Compensation Plan ("ICP")

In 2017, the MDCC fully implemented changes in the methodology for determining annual ICP awards based on feedback received from some shareowners in 2016. Specific changes requested were that some portion of the annual bonus be formulaic and that baseline ICP amounts be reset to target each year (instead of using prior year actual payouts as the baseline, a discontinued prior practice). For 2017, ICP awards were determined by having 80% formulaic based on financial targets established by the MDCC at the beginning of 2017. 20% of the award was determined based on the MDCC's qualitative assessment of individual performance against objectives for 2017 and the significant accomplishments listed on pages 46-48. The attainment percentage for both the formulaic and individual qualitative portions of the award can range from 0% to 200%.

The individual 2017 ICP Target Amounts for Messrs. Adamczyk, Szlosek, Mahoney, Mikkilineni, and Gautam were determined by multiplying their 2017 calendar year base salary by their individual ICP target award percentage. Individual ICP target percentages in 2017 were:

- Mr. Adamczyk: 175%
- Mr. Mahoney: 115%
- Messrs. Szlosek, Mikkilineni and Gautam: 100%.

As part of the CEO transition and for continued performance as Executive Chairman, Mr. Cote's 2017 ICP Target Amount was set at $2,850,000, equal to half of his actual 2016 ICP payout.

ICP Formulaic Portion (80% of Target Award)

2017 ICP Goals:

The table below includes a description of each of the financial ICP targets and the relative weighting percentage for each target that is included in the formulaic portion of the ICP payout (i.e., 80%) for each NEO. The MDCC approved these targets in February 2017. The company-wide ("Total Honeywell") targets for EPS and Free Cash Flow ("FCF") were based on the midpoint of the external guidance that was communicated to our shareowners during our December 2016 outlook call.

For Messrs. Adamczyk, Szlosek, and Mikkilineni (the "Corporate NEOs"), the formulaic portion of their ICP award was based on Total Honeywell EPS and FCF. For Mr. Mahoney and Mr. Gautam (the "SBG-Level NEOs"), in addition to Total Honeywell EPS and FCF, the MDCC also established financial targets for Net Income and FCF for their SBGs of Aerospace and Performance Materials and Technologies ("PMT"), respectively.

Metric	Significance	ICP Weighting (formulaic)	
		Corporate NEOs	SBG-Level NEO
Earnings Per Share ("EPS")	Viewed as the most important measure of near-term profitability that has a direct impact on stock price and shareowner value creation.	50%	25%
SBG-Level Net Income	Business unit measure of near-term profitability and contribution to overall company performance.	—	25%
Free Cash Flow (Total Honeywell)	Reflects quality of earnings and incremental cash generated from operations that may be reinvested in our businesses, used to make acquisitions, or returned to shareowners in the form of dividends or share repurchases.	50%	25%
SBG-Level Free Cash Flow	Business unit contribution to overall company FCF performance.	—	25%
		100%	100%

2017 ICP Goals: Quantitative Targets:

Total Honeywell:

ICP Goal	2016 Actual*	2017 ICP Goal (Target)	v. 2016 Actual*	Basis for 2017 Goals	2017 Threshold (50% Payout)	2017 Maximum (200% Payout)
EPS	$6.46	$6.975	+8.0%	Midpoint of initial guidance range communicated to investors in December 2016.	$5.58	$8.37
Honeywell FCF	$4,291 million	$4,650 million	+8.4%		$3,720 million	$5,580 million

Actual Performance against 2017 ICP Goals:

Total Honeywell:

ICP Goal	2017 ICP Goal (Target)	2017 Actual Performance	Achievement %	2017 Performance	Metric Payout Percentage	Corporate NEO Weighting	Calculated Payout Percentage
EPS	$ 6.975	$ 7.11	101.9%	Exceeded the Target ICP Goal for 2017. Represented a 10.1% increase over 2016 Actual.* New record-level of performance for the Company.	109.7%	50%	54.84%
Free Cash Flow	$4,650 million	$4,935 million	106.1%	Exceeded the Target ICP Goal for 2017. Represented a 15.0% increase over 2016 Actual.* New record-level of performance for the Company.	130.6%	50%	65.32%
				Total Calculated (Formulaic) Payout: Corporate NEOs			**120.16%**

* 2016 Actual restated to exclude impact of 2016 HTSI divestiture and the 2016 spin of the Resins & Chemicals business.

Aerospace:

Mr. Mahoney's formulaic payout portion of ICP (80% of ICP) was based on performance against 2017 ICP goals for both Total Honeywell and Aerospace as follows:

ICP Goal	2017 ICP Goal (Target)	2017 Actual Performance	Achievement %	Metric Payout Percentage	SBG-Level Weighting	Calculated Payout Percentage
EPS	$ 6.975	$ 7.11	101.9%	109.7%	25%	27.42%
Total Honeywell Free Cash Flow	$4,650 million	$4,935 million	106.1%	130.6%	25%	32.66%
Aerospace Net Income	$2,210 million	$2,488 million	112.6%	162.9%	25%	40.72%
Aerospace Free Cash Flow	$2,436 million	$2,506 million	102.9%	114.4%	25%	28.59%
		Total Calculated (Formulaic) Payout: Mr. Mahoney				**129.40%**

PMT:

Mr. Gautam's formulaic payout portion of ICP (80% of ICP) was based on performance against 2017 ICP goals for both Total Honeywell and PMT as follows:

ICP Goal	2017 ICP Goal (Target)	2017 Actual Performance	Achievement %	Metric Payout Percentage	SBG-Level Weighting	Calculated Payout Percentage
EPS	$ 6.975	$ 7.11	101.9%	109.7%	25%	27.42%
Total Honeywell Free Cash Flow	$4,650 million	$4,935 million	106.1%	130.6%	25%	32.66%
PMT Net Income	$1,446 million	$1,444 million	99.8%	99.6%	25%	24.90%
PMT Free Cash Flow	$1,203 million	$1,442 million	119.8%	199.2%	25%	49.79%
		Total Calculated (Formulaic) Payout: Mr. Gautam				**134.78%**

ICP-Individual Qualitative Portion (20% of Target Award)

General Assessment:

The MDCC conducted a qualitative assessment to determine the individual qualitative portion of the ICP award payout, which accounted for 20 percent of the target award. The MDCC first reviewed overall industry conditions for each business segment and noted general 2017 accomplishments that were significant to understanding individual NEO performance. The following summarizes key aspects of that analysis:

Honeywell's 2017 Performance And Critical Business Transformation Activities

- Completed successful CEO transition: continued superior financial performance, refocused strategic direction
- Completed portfolio review and announced spin-offs that are anticipated to enhance value
- Completed successful acquisition integrations (Intelligrated, Movilizer, RSI, Xtralis)
- Expanded P/E multiple from 16.5x on January 1, 2017 to 21.6x at year-end, closing the gap with our Multi-Industry Peer Group
- Grew segment profit more than two times the 2015/2016 average while funding nearly $350 million in restructuring
- Completed the NextNine and SCAME Sistemi acquisitions and FLUX Information Technology joint venture in China

Honeywell 2017 Performance Relative To Peers

- Net income growth of 9.6% vs. multi-industry peer median of 2.4%
- Earnings per share growth of 10.1% vs. multi-industry peer median of 4.2%
- Return on invested capital of 16.2% vs. multi-industry peer median of 11.8% and compensation peer median of 12.3%

Individual Assessments:

The MDCC then reviewed and considered the key 2017 activities and accomplishments for Mr. Adamczyk and each of the other NEOs, some of which are summarized below:

Mr. Adamczyk—Qualitative Considerations—President and CEO

- Successfully transitioned into the role of CEO after our long-serving former CEO David M. Cote stepped down in April 2017.
- Led Honeywell through an outstanding year of financial outperformance during which we delivered EPS growth of 10%, organic revenue growth of 4%, margin expansion of 70 basis points, and free cash flow growth of 12%. Our EPS growth, organic revenue growth, and free cash flow growth all exceeded the high-end of our initial guidance.
- Under Mr. Adamczyk's leadership, our financial performance exceeded that of our Multi-Industry Peers in organic sales, EPS, net income, and free cash flow growth.
- Led a comprehensive strategic review of Honeywell's business portfolio that resulted in our October 2017 announcement that Honeywell intends to separately spin off its Homes product portfolio and ADI global distribution business, as well as its Transportation Systems business, into two stand-alone, publicly-traded companies. As part of that portfolio review, Mr. Adamczyk engineered the transition and integration of our Smart Energy business unit, previously part of Home and Building Technologies, into the Process Solutions unit within Honeywell Performance Materials and Technologies.
- Continued to deepen and strengthen Honeywell's transformation into a software-industrial company through a focused organic and inorganic investment strategy across our business portfolio. Key accomplishments in 2017 in this regard include ongoing organic investments in the Honeywell Sentience platform for all software efforts; equity investment and creation of a joint venture with FLUX Information Technology in China (to accelerate the growth of our connected solutions to serve the needs of operators and workers in the supply chain); the acquisition of NextNine, a leading cyber-security software provider; the acquisition of SCAME Sistemi, a leading provider of fire and gas safety systems; and the launch of a $100 million investment fund that will invest in early-stage, high-growth technology companies that are strategically aligned to our portfolio and software capabilities. Our Connected software sales for the year were up 23%.
- Launched a focused effort to improve Commercial Excellence, including driving improvements in strategic planning, strategy development, and execution of breakthrough initiatives; revitalizing our Velocity Product Development process; improving the effectiveness of our salesforce; and enhancing customer decision-making abilities through the use of the Honeywell User Experience and digital tools.
- Continued to invest in business unit restructuring actions across all of our reporting segments. In 2017, we funded nearly $350 million toward portfolio restructuring actions that will contribute to our ability to deliver ongoing margin expansion for the years ahead.

Mr. Szlosek — Qualitative Considerations — Finance

- Led Honeywell's financial reporting, analysis and planning organization and delivered EPS growth of 10%, organic revenue growth of 4%, margin expansion of 70 basis points, and free cash flow growth of 12%.
- EPS, free cash flow, and organic revenue growth exceeded the high end of our initial guidance.
- Among our Multi-Industry Peers, ranked No. 1 for free cash flow growth and No. 2 for EPS growth.
- Provided key leadership in Honeywell's strategic business portfolio review.
- Built the Transportation Systems and Homes spin-off models and established transition teams and plans, including a roadmap for stranded cost elimination.
- Significantly reduced Honeywell's global effective tax rate to 21.0%, excluding the impact of the fourth quarter provisional charge related to tax legislation.
- Executed a series of debt capital market transactions that enabled Honeywell to take advantage of historically low interest rates, lower its annual interest rate expense, and extend the tenure of its outstanding indebtedness.
- Maintained Honeywell's solid investment grade credit rating and sterling reputation in the debt capital markets.

Mr. Mahoney — Qualitative Considerations — Aerospace

- Delivered strong Aerospace performance with a 2% increase in organic sales growth and a 10% increase in segment profit.
- Led several successful platform and airline pursuits and certifications, including the selection of Honeywell's 131-9 auxiliary power unit as standard technology on the Airbus A320, and the critical certifications of the Textron Longitude engine and integrated avionics certifications on the Embraer E2, Pilatus PC-24, and Gulfstream G500.
- Continued to grow our Connected Aircraft business by double digits, driven by JetWave revenue growth of 63%; completed over 20 aircraft certifications; and delivered the first defense platform installation with the Royal Australian Air Force.
- Drove significant commercial aviation aftermarket growth of 6% on the strength of software and services through our GoDirect offerings supporting maintenance, fuel efficiency and cabin services. These offerings were selected for the Dassault Falcon Connect and major global airlines, including Cathay Pacific, KLM, Japan Airlines, Tiger Airways, and Royal Jordanian.
- Oversaw manufacturing excellence improvements and footprint consolidation efforts that generated over 5% factory productivity while improving quality, product producibility, and consistency of delivery, and contributing to substantial fixed-cost reduction.
- Led successful new product introductions, including the new Primus Epic Touch Screen cockpit and Primus Elite LCD displays. Launched new breakthrough business offerings for Industrial Inertial Measurement Units and Unmanned Aerial Vehicles for use in adjacent, non-aerospace markets.
- Continued to expand in High Growth Regions. Achieved double digit growth in China and helped enable the successful first flight of the COMAC C919 platform. Established a new business and distribution center in Malaysia that will help drive significant revenue growth in the region.

Mr. Mikkilineni — Qualitative Considerations — Engineering, Ops and IT

- Oversaw Honeywell Technology Solutions ("HTS"), which was involved in 35-40% of Honeywell's global new product introductions ("NPI") and continues to provide Honeywell a competitive advantage in product development. Expanded HTS global capability to Latin America.
- Drove significant cost savings initiatives while maintaining high levels of customer satisfaction through centralization of the IT function and the deployment of process/data standards while ensuring a robust cyber-safety discipline.
- Attained Honeywell Operating System ("HOS") world-class performance for five sites globally based on results and maturity. Improved end-to-end improvement in integrated supply chain performance via the introduction of a new order-to-cash operating system.
- Established a center of excellence ("COE") focused on company-wide logistics and material management to drive consolidation of Honeywell's warehouse and distribution footprint and reducing logistics and distribution spend.
- Opened a new U.S.-based connected software center in Atlanta that is now fully operational. Recruited top-calibre software resources into the company, leveraging a formal evaluation system called multiplier assessment.

Mr. Gautam — Qualitative Considerations — Performance Materials & Technologies

- Delivered strong PMT organic revenue growth of 8%, exceeding the peer group and outperforming in a slow oil and gas market recovery.
- Grew segment profit 4% in 2017, with consistent performance across PMT's strategic business units driven by productivity and commercial excellence initiatives.
- Positioned PMT for success into 2018 by expanding long-cycle backlog 8%, driven by significant orders growth. Won key global oil and gas projects in China and the Middle East.
- Achieved 24% growth in breakthrough growth initiatives such as Connected Plant and Cyber Security.
- Oversaw successful launches of key growth capex initiatives, including the Solstice plant in Geismar, LA, enabling double-digit Solstice® revenue growth.
- Led performance in High Growth Regions, including double-digit growth in China and India, driven by sales force deployment and localization.
- Acquired NextNine, an industry leader in security solutions and secure remote service capabilities, which enhances Honeywell's existing range of innovative cyber security technologies and significantly increases Honeywell's Connected Plant cyber security customer base.

Mr. Cote — Qualitative Considerations — Executive Chairman (CEO through March 30, 2017)

- Delivered strong Q1 results and set the stage for Honeywell's strong financial performance in 2017.
- Assisted Mr. Adamczyk in his transition to CEO in April 2017 which was widely regarded as one of the most successful CEO transitions in the Multi-Industrial space as noted by analysts and investors.
- Conducted extensive outreach to investors in the US and abroad, participating in numerous investor events leading up to and after Mr. Adamczyk's appointment to CEO.
- Ensured leadership continuity in his role of Executive Chairman-provided counsel and direction to Mr. Adamczyk and the Leadership Team during the comprehensive strategic review of Honeywell's business portfolio.

Approved ICP Payout Amounts

After applying the formulaic payout percentages described above (80% weight) and deciding individual performance attainment percentages for each NEO based on their qualitative assessment (20% weight), the MDCC approved 2017 ICP payments as follows:

	FormulaicPortion(2)				+	Qualitative Portion(2)				=	Total Individual ICP Payout Percentage	x	Target ICP Award Amount(5)	=	Actual 2017 ICP Award (rounded)
	Attainment	x	Weight	Payout %		Attainment	x	Weight	Payout %						
Mr. Adamczyk	120.16%		80%	96.1%		175.3%		20%	35.1%		**131.2%**		$2,496,986		**$3,275,000**
Mr. Szlosek	120.16%		80%	96.1%		154.3%		20%	30.9%		**127.0%**		$ 866,466		**$1,100,000**
Mr. Mahoney	129.40%	(3)	80%	103.5%		176.2%		20%	35.2%		**138.7%**		$1,110,034		**$1,540,000**
Mr. Mikkilineni	120.16%		80%	96.1%		100.2%		20%	20.0%		**116.1%**		$ 787,808		**$ 915,000**
Mr. Guatam	134.77%	(4)	80%	107.8%		184.3%		20%	36.9%		**144.7%**		$ 718,904		**$1,040,000**
Mr. Cote	120.16%		80%	96.1%		119.5%		20%	23.9%		**120.0%**		$2,850,000		**$3,420,000**

(1) Attainment based on performance against 2017 ICP Goals and application of leverage table. Attainment can range from 0% to 200%.
(2) Attainment based on MDCC assessment. Attainment can range from 0% to 200%. Payout % can range from 0% to 40%.
(3) Formulaic attainment percentage for Mr. Mahoney includes 50% of award based on full year Aerospace performance against Aerospace ICP goals
(4) Formulaic attainment percentage for Mr. Gautam includes 50% of award based on full year PMT performance against PMT ICP goals.
(5) Target ICP award amounts are equal to each NEOs 2017 calendar year base salary multiplied by their individual Target ICP award percentage, except for Mr. Cote, whose target award amount was fixed at $2,850,000 (50% of his prior year actual ICP payout). Details for others:

	2017 Base Salary(1)	x	Individual Target ICP Award %	=	Target ICP Award Amount
Mr. Adamczyk	$1,426,849		175%		$ 2,496,986
Mr. Szlosek	$ 866,466		100%		$ 866,466
Mr. Mahoney	$ 965,247		115%		$ 1,110,034
Mr. Mikkilineni	$ 787,808		100%		$ 787,808
Mr. Guatam	$ 718,904		100%		$ 718,904

(1) Reflects the ICP applicable base salary for the 2017 calendar year

Maximum Aggregate and Individual ICP Award Caps

Aggregate Spending Caps: The maximum aggregate amount of ICP awards that can be paid to all senior executive employees, including the NEOs, is 2.0% of the Company's consolidated earnings. The actual spending was well under the permitted cap.

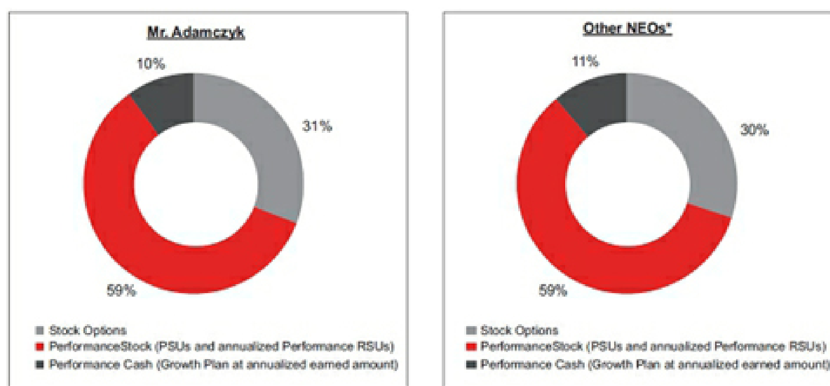
Individual Caps: The maximum individual ICP award that can be paid to the CEO is 0.4% of Consolidated Earnings. The maximum individual ICP award that can be paid to any other employee is 0.2% of Consolidated Earnings. Individual ICP awards are also capped at 200% of each NEO's individual Target ICP award amount. Actual 2017 ICP awards to the NEOs were significantly below the individual caps.

LONG-TERM INCENTIVE COMPENSATION ("LTI")

The mix of LTI awards to the NEOs for 2017 reflects the evolution of our LTI program, with full implementation of the new program mix to occur in 2018.

In 2017, the NEOs were granted Performance Stock Units ("PSUs") under the new Performance Plan for the 2017-2019 performance period along with a reduced number of Stock Options (with lower weight in the mix). The MDCC also attributed half of the biennial Performance RSUs and Growth Plan awards granted to the NEOs in 2016 as compensation for 2017, as these grants covered a 2-year period. After 2017, all LTI will be granted on an annual basis, as biennial grants are now phased out.

The following reflects the shift in LTI to a program more heavily weighted toward PSUs, as described earlier on page 37.



Description of 2017 LTI Program Elements

2017-2019 Performance Plan

The Performance Plan is a share-based long-term incentive plan introduced in 2017, under which a target number of PSUs were issued to each NEO (except Mr. Cote as Executive Chairman) for the performance period January 1, 2017 through December 31, 2019. The actual number of PSUs earned by each NEO will be determined at the end of the three-year period based on Company performance as measured by the following four equally weighted performance metrics:

3-year Cumulative Revenue (25% weight)

- Measures the effectiveness of our organic growth strategies, including new product introduction and marketing and sales effectiveness, as well as projected growth in our end markets.
- Performance Plan targets were developed from a 2016 revenue baseline of $38.8B, which reflects the inclusion of pre-2017 acquisitions and the removal of pre-2017 divestitures for the full year.
- Reported revenue will be adjusted to exclude the impact of corporate transactions (e.g., acquisitions, divestitures, spin-offs) and fluctuations in foreign currency rates.

3-Year Average Segment Margin % (25% weight)

- Focuses executives on driving continued operational improvements and delivering synergies from recent corporate actions and acquisitions.
- Performance Plan targets were developed from a 2016 baseline of 18.1%, which reflects the inclusion of pre-2017 acquisitions and the removal of pre-2017 divestitures for the full year.
- Results will not be adjusted for foreign currency changes over the cycle.

3-Year Average ROI (25% weight)

- Focuses leadership on making investment decisions that deliver a high level of profitability.
- Performance Plan targets were developed from a 2016 ROI baseline of 19.7%, which reflects the inclusion of pre-2017 acquisitions and the removal of pre-2017 divestitures for the full year.
- Results will not be adjusted for foreign currency changes over the cycle.

Relative TSR (25% weight)

- Measures Honeywell's three-year cumulative TSR relative to the 2017 Compensation Peer Group over the Plan's three-year performance plan.
- The beginning point for TSR determination (all companies) will be based on 30 trading days from the beginning of the measurement period. The ending point will be based on 30 days leading up to the end of the measurement period.

In February 2017, the MDCC established the actual performance goals for the 2017-2019 performance period. Goals were set for the total Company ("Total Company") and separately for each of the SBGs. For Corporate NEOs, including the CEO, awards are earned based on performance against the performance metrics stated above. For SBG-level NEOs (i.e., SBG Presidents), the financial goals portion of the award (75% at target) is based 50% on performance against goals set for their respective SBG and 50% against the Total Company goals.

The table below sets out each metric at the Total Company level, their respective goals for the three-year period, and the number of PSUs that would be earned at each specified level of performance. No PSUs will be earned for a metric if performance falls below the noted threshold. If the Company's performance for any of the performance metrics falls between the percentages listed on the table, the percentage of PSUs earned shall be determined by linear interpolation. The total number of PSUs that may be earned can range from 0% to 200% of the target number of PSUs originally awarded.

Performance Goals for 2017-2019 PSU Awards

	3-YEAR CUMULATIVE REVENUE ($M)	% of PSUs	3-YEAR AVERAGE SEGMENT MARGIN RATE	% of PSUs	3-YEAR AVERAGE ROI	% of PSUs	3-YEAR RELATIVE SHAREHOLDER RETURN	% of PSUs	TOTAL % of PSUs
No payout	below $ 113,809	0%	below 18.80%	0%	below 20.4%	0%	below 35th Percentile	0%	0%
Threshold	—		—		—		35th Percentile*	6.25%	6.25%
	$ 113,809	12.5%	18.8%	12.5%	20.4%	12.5%	40th Percentile	12.5%	50%
Target	$ 117,937	25%	19.3%	25%	21.1%	25%	50th Percentile	25%	100%
	$ 120,000	37.5%	19.55%	37.5%	21.5%	37.5%	60th Percentile	37.5%	150%
Maximum	$ 122,064	50%	19.8%	50%	21.9%	50%	>= 75th Percentile	50%	200%

* Represents Threshold for the relative TSR metric.

The targets for each of the three operational metrics of the 2017-2019 Performance Plan were established based on levels of performance contemplated in the Company's 2017 annual operating plan ("AOP"), external guidance, and its five-year strategic plan ("STRAP"). Targets also reflect expectations about the external environment, changes in the portfolio, historical trends, and performance versus peers. Cumulative revenue targets were based on the midpoint of external revenue guidance for 2017, which also aligned with 2016 world GDP growth. The 2018 and 2019 revenues were based on 2014-2016 average actual organic growth. Average margin targets were based on the midpoint of external margin guidance for 2017, which was at the high end of multi-industry peer group, and incremental growth in both 2018 and 2019 adjusted for the expected foreign currency headwind from 2017 hedges. For average ROI targets, net income before interest ("NIBI")-the ROI numerator-was based on the after-tax profit dollars implied in the revenue and margin targets and the same level of after-tax, below-the-line cost included in 2017 EPS guidance. Net Investment-the ROI denominator-was based on AOP and STRAP depreciation, amortization, capex, and working capital improvement adjusted to drive more than 2 percentage points of ROI expansion through 2019. The MDCC believes the growth reflected in these targets is expected to motivate performance that will continue to drive high levels of total shareowner returns relative to our peers.

2017-2019 Performance Plan Awards to NEOs

PSUs were awarded to the NEOs (other than Mr. Cote) for the 2017-2019 performance period in the first quarter of 2017:

	# of PSUs	Grant Date Value*
Mr. Adamczyk	40,000	$5,254,000
Mr. Szlosek	16,000	$2,101,600
Mr. Mahoney	17,000	$2,232,950
Mr. Mikkilineni	15,000	$1,970,250
Mr. Gautam	12,000	$1,576,200

* Grant Date Value of $131.35 determined based on the fair market value of Honeywell stock on the date of grant of $124.99 for the three internal financial metrics, and a value of $150.44 for the TSR metric, based on a multifactor Monte Carlo simulation conducted by an independent valuation service provider.

At the end of the three-year performance period, the total number of PSUs earned for each NEO shall be determined on a strictly formulaic basis. Dividend equivalents applied during the vesting period as additional PSUs will be adjusted based on the final number of PSUs earned. 50% of the resulting PSUs earned will be converted to shares of Company common stock and issued to each NEO, subject to the holding period requirements for officers (see page 58). The remaining 50% shall be converted to cash based on the fair market value of a share of Honeywell stock on the last day of the performance period and paid to each NEO in the first quarter following the end of the performance period.

Stock Options

As part of the transitional changes to the overall compensation program in response to prior year shareowner feedback, stock options granted to the NEOs in 2017 represented a lower percentage of the overall LTI mix and will ramp down again in 2018 to represent approximately 25% of the total LTI mix (other than to Mr. Cote). The MDCC believes that stock options continue to be an important element for focusing executives on actions that drive long-term stock appreciation.

Award to Mr. Adamczyk: In February 2017, the MDCC granted Mr. Adamczyk 216,000 stock options, with an exercise price of $124.99 and a grant date value of $3,596,400.

In setting the Stock Option grant size for Mr. Adamczyk, the MDCC considered the overall value and mix of long-term incentive awards being made to CEOs in the Compensation Peer Group companies along with the grant date value of his 2017 Performance Plan PSU grant and the annualized value of the 2017 portion of his biennial Growth Plan award and Performance RSU grant made in 2016. On this basis, Mr. Adamczyk's 2017 stock option grant represented 31% of his total LTI for 2017.

Stock options granted to Mr. Adamczyk, and all the other NEOs, vest 25% per year over four years, and have a 10-year term to exercise. The strike price for the 2017 annual stock options is $124.99, which was the fair market value of Honeywell stock on the date of grant (February 28, 2017). The grant date value was determined using a Black-Scholes value of $16.65 per share as provided by a third-party valuation company.

Awards to other NEOs: For each of the other NEOs, the MDCC considered various factors in determining grant sizes, such as:

- Each NEO's leadership impact and expected contribution toward the overall success of Honeywell.
- The size of previous grants of stock options awarded to each NEO.
- The transitional reduction in percentage of LTI delivered as stock options in 2017 vs. 2016, consistent with the ramp down of stock options in the overall LTI mix.
- The amount of vested and unvested equity each NEO holds.
- The annualized value of the 2017 portion of each NEO's biennial Growth Plan award and Performance RSU grant made in 2016.
- The value and mix of long-term incentive awards granted to comparable named executive officers at the Compensation Peer Group companies.

The following table presents the number of stock options granted to the other NEOs along with their respective grant date values.

	# of Stock Options Awarded	Grant Date Value
Mr. Szlosek	108,000	$ 1,798,200
Mr. Mahoney	124,000	$ 2,064,600
Mr. Mikkilineni	108,000	$ 1,798,200
Mr. Gautam	70,000	$ 1,165,500
Mr. Cote	600,000	$ 9,990,000

Granted on February 28, 2017. The grant date value was determined using a Black-Scholes value of $16.65 per share.

The 2017 stock option grant to Mr. Cote was made while in the CEO role and represented his last LTI grant from Honeywell. The MDCC considered this grant in the context of the overall CEO succession activities and the expected impact on future stock appreciation from his continued leadership as Executive Chairman and post-retirement availability as a consultant. No other LTI was granted to Mr. Cote in 2017. Mr. Cote will receive no other direct compensation or consulting fees for the five-year consulting services arrangement included in his June 2016 CEO Continuity Agreement, which will begin when he leaves the Board in April 2018.

2016-2017 Growth Plan

Our Growth Plan was a long-term incentive plan that provided performance-contingent, cash-based incentive awards to focus executives on achievement of objective, two-year financial metrics. In response to shareowner feedback received in 2016, the MDCC determined in 2017 that Growth Plan Unit (“GPU”) awards granted in 2016 for the 2016-2017 Growth Plan performance cycle would be the last biennial cycle awards under the Growth Plan, and that the new 3-year, share-based Performance Plan (discussed on pages 50-51) would be implemented in its place.

Summary of Growth Plan (now discontinued)

GPUs were granted every other year (non-overlapping cycles). The 2016-2017 cycle grant was made in February 2016.

Each GPU had a 2-year target value of $100 ($50 when annualized).

Performance was measured against three equally weighted internal performance metrics. For each metric, a required minimum level of achievement (i.e. threshold) needed to be attained before the plan would fund for that metric.

Goals for each metric were established at the total company level (“Total HON”) and for each SBG.

At the end of the 2-year performance cycle, payouts were determined on a purely formulaic basis.

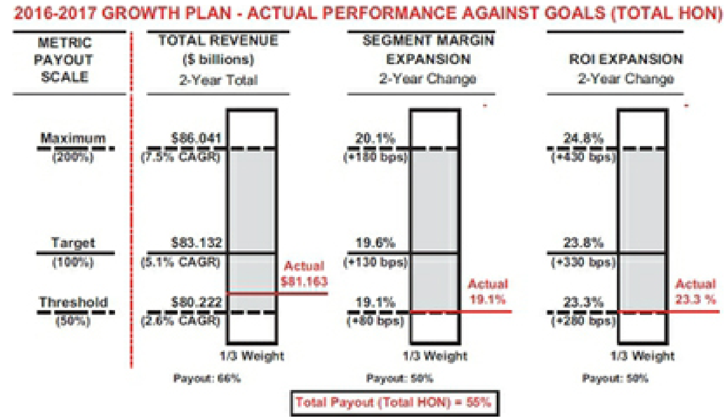
Individual earned amounts were paid in cash in two installments. 50% was paid in March of the year following the completion of the performance cycle, with the remaining 50% paid a year later as a retention tool.

At the beginning of 2016, the MDCC set goals for the 2016-2017 Growth Plan based on financial metrics which were directly aligned with long-term strategic goals of the Company.

At the end of the performance cycle, calculated payouts for executives working in an SBG were based 50% on Total HON performance and 50% based on the performance of their SBG against separate SBG-level Growth Plan goals. An executive who transferred between SBGs at any time during the two-year performance cycle, had their earned payout prorated based on the time spent in each respective SBG.

Performance Summary:

The following table presents the rigorous performance goals that were set for the 2016-2017 biennial Growth Plan performance cycle, and how the Company performed against those goals at the Total HON level:



Note: Growth Plan results exclude the impact of items not contemplated in the targets including mid-cycle acquisitions, divestitures and spin-offs, incremental restructuring, changes in accounting, changes in pension, and impact of significant and unusual or infrequently occurring items such as tax reform.

Calculated payments for the SBGs were: Aerospace 36%, PMT 103%, HBT 43%, and SPS 48%. The “low level” of pay out for this performance cycle underscores the formulaic basis and pay-for-performance alignment of the compensation program.

Recap: Awards under the 2016-2017 Growth Plan cycle were earned at a low level based on a combination of factors. Performance was weighed down significantly by a very challenging macroeconomic environment in 2016, especially in Aerospace. The cumulative Total Revenue target required 2% and 3% organic growth in 2016 and 2017 which, given market conditions, proved to be too aggressive. The 2017 revenue performance also put pressure on the 2017 segment margin performance. Growth Plan margins partially recovered in 2017 from the slowed momentum in 2016, landing just at the 50% achievement threshold for performance against that metric.

The following table presents the target number of GPUs granted to each NEO in February 2016, and the annualized value of the final earned awards attributed to 2017:

	# of GPUs Awarded for 2016-2017 Performance Cycle	x	Annualized Growth Plan Unit Value at ($100/2) (1)	=	Annualized Target Award Value (2)	x	Final Pay Out Percentage (based on Business Unit)	=	Earned Award Attributable to 2017 (2) (3)	Reported on Summary Compensation Table (5)
Mr. Adamczyk	40,000		$ 50		$ 2,000,000		61.2%		$ 1,224,000	$ 2,448,000
Mr. Szlosek	25,000		$ 50		$ 1,250,000		55%		$ 687,500	$ 1,375,000
Mr. Mahoney	25,000		$ 50		$ 1,250,000		36%		$ 450,000	$ 900,000
Mr. Mikkilineni	20,000		$ 50		$ 1,000,000		55%		$ 550,000	$ 1,100,000
Mr. Gautam	15,000		$ 50		$ 750,000		103%		$ 772,500	$ 1,545,000
Mr. Cote(4)	95,000		$ 50		$ 4,750,000		55%		$ 2,612,500	$ 5,225,000

(1) Represents the target value of one GPU shown on an annualized basis (i.e., $100 unit value divided by 2) consistent with MDCC’s approach for biennial awards.

(2) Consistent with how the MDCC assigns value when planning NEO compensation, which considers the Growth Plan as being earned 50% in the first year of the performance cycle (2016) and 50% in the second year of the performance cycle (2017).

(3) Represents the portion of the earned award under the biennial Growth Plan attributable to 2017. The full earned award is shown in the column to the right. 50% of the full earned award was paid in March 2018 and the remaining 50% will be paid in March 2019, subject to continued employment with the Company.

(4) The earned award to Mr. Cote is being settled in shares of Honeywell stock which must be held for at least one year, in accordance with a decision by the MDCC in 2016 to reduce the portion of his compensation paid in cash.

(5) As a cash-based award, SEC rules require that the full amount of the 2016-2017 Growth Plan earned award for the two-year performance cycle be reported on the Summary Compensation Table as a component of Non-Equity Compensation for 2017. This treatment is inconsistent with how the MDCC has historically viewed the Growth Plan when planning NEO compensation (see note 2 above). As a result of the discontinuance of the biennial Growth Plan in 2017 and the implementation of annual stock-based awards under the Performance Plan, this inconsistency between reporting and planning NEO compensation will be eliminated beginning in 2018.

Mr. Adamczyk's 2016-2017 Growth Plan earned award was determined on prorated basis using the PMT payout percentage for the number of days he worked in PMT in 2016 and using the Total HON payout percentage for the number of days he worked in Corporate in 2016 and 2017 as both COO and CEO.

Messrs. Szlosek, Mikkilineni and Cote, who worked in Corporate for the full performance cycle, had their 2016-2017 Growth Plan earned awards determined based on the Total HON performance.

Messrs. Mahoney and Gautam, who each worked in the same SBG for the full performance cycle, had 50% of their 2016-2017 Growth Plan earned award determined based on the Total HON performance and 50% based on the performance of their respective SBGs.

Growth Plan—Timing of Payouts

Historically, grants under the Growth Plan were made every other year and earned awards were then paid in two installments after the end of the performance cycle to normalize payouts and provide an additional retention incentive. Due to the planned discontinuance of the Growth Plan, in 2017 there was a one-year transitional overlap of the 2016-2017 Growth Plan with the 2017-2019 Performance Plan to avoid a gap year in payout opportunity and facilitate the transition to the revised compensation structure that will be fully implemented in 2018. The following table shows the performance and payout cycle of the new Performance Plan and how the transitional overlap with the final Growth Plan will work.

Performance Restricted Stock Units ("Performance RSUs")

No Performance RSUs were granted to the NEOs in 2017. As part of the broader changes in the overall executive compensation program that will be fully implemented in 2018, the MDCC determined that 2016 would be the final year of issuing biennial Performance RSU grants. Beginning in 2018, RSUs will be reintroduced and granted annually as part of the regular LTI mix. As was the case with the biennial Growth Plan, because the Performance RSUs granted in 2016 covered two years, the MDCC attributed half of the grant date value to 2017 when planning compensation for the NEOs.

In response to feedback from shareowners, in 2016, the MDCC made 100% of the biennial Performance RSU awards contingent on relative TSR performance. Prior biennial performance-based RSU grants to officers had 30% of the payout linked to relative TSR performance.

The target number of Performance RSUs issued to the NEOs in 2016 is shown in the table below. The actual number of shares earned will be determined based on Honeywell's relative TSR performance against the Compensation Peer Group over a three-year period (August 1, 2016 - July 31, 2019). The target number of shares will be earned if Honeywell's TSR is at the 50th percentile versus our Compensation Peer Group. No shares will be earned unless Honeywell's relative TSR performance is at least 35th percentile.

The complete payout matrix related to the Performance RSUs follows:

Honeywell's Relative TSR Percentile Rank	Shares Earned as % of Target
>=75th	200%
60th	150%
50th	**100%**
40th	50%
35th	25%
<35th	0%

Extrapolate payout % for intermediate relative TSR points on matrix.

Beginning point for TSR determination based on 30 trading days from beginning of 3-year measurement period.

Ending point based on 30 trading days to end of measurement period.

After the three-year performance-period is over, earned shares will be subject to an additional time vesting period, which may vary by NEO. The table below shows the target number of Performance RSUs that were granted to each NEO in 2016 and the related vesting periods. The extended vesting periods are intended to strengthen the retention of these key executives in support of the company's management development and succession plans.

2016 Performance RSU Awards

NEO	Target # of Shares(1)*	Grant Date Value(2)	Vesting(3)	Attributed to 2017 by MDCC(4)
Mr. Adamczyk	25,000	$ 3,343,750	33% in 3 years; 33% in 5 years; 34% in 7 years	$ 1,671,875
Mr. Szlosek	20,000	$ 2,675,000	33% in 3 years; 33% in 5 years; 34% in 7 years	$ 1,337,500
Mr. Mahoney	30,000	$ 4,012,500	50% in 3 years; 50% in 5 years	$ 2,006,250
Mr. Mikkilineni	22,000	$ 2,942,500	33% in 3 years; 33% in 5 years; 34% in 7 years	$ 1,471,250
Mr. Gautam	10,000	$ 1,337,500	50% in 3 years; 50% in 5 years	$ 668,750
Mr. Cote	No grant	$ 0		$ 0

(1) Performance RSUs with 100% of payout tied to Honeywell's relative TSR performance against Compensation Peer Group over three years, followed by longer-term vesting period.
(2) Based on grant date value of $133.75, which reflects performance features. Valuation conducted by independent valuation company.
(3) Reflects longer time-vesting period. First three years corresponds with the relative-TSR performance period.
(4) Reflects annualized value attributed to the 2017 Compensation year by the MDCC. This is the last cycle with this treatment prior to program design changes.
* Prior to adjustment made pursuant to the spinoff of AdvanSix Inc. from Honeywell on October 1, 2016. The impact of this adjustment, and applied dividend equivalents, are reflected in the outstanding stock awards reported on the Outstanding Equity Awards table on page 64.

Note: Because these equity awards were granted in 2016, the full grant date value was reported as Stock Awards for 2016 in the prior year's Proxy Statement. Amounts are discussed in this CD&A because the MDCC attributes half the value to 2017. Beginning in 2018, as part of the changes to the overall compensation program, this treatment will be discontinued.

HONEYWELL INTERNATIONAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars in millions, except per share amounts)

	Year Ended December 31, 2016 Affected Line in the Consolidated Statement of Operations				
	Product Sales	Cost of Products Sold	Cost of Services Sold	Selling, General and Administrative Expenses	Total
Amortization of Pension and Other Postretirement Items:					
Actuarial losses recognized	$ —	$ 214	$ 44	$ 46	$ 304
Prior service (credit) recognized	—	(87)	(18)	(18)	(123)
Settlements and curtailments	—	(4)	(1)	(1)	(6)
Losses (gains) on cash flow hedges	3	16	3	(5)	17
Total before tax	$ 3	$ 139	$ 28	$ 22	$ 192
Tax expense (benefit)					(34)
Total reclassifications for the period, net of tax					$ 158

Note 18. Stock-Based Compensation Plans

The 2016 Stock Incentive Plan of Honeywell International Inc. and its Affiliates (2016 Plan) and 2016 Stock Plan for Non-Employee Directors of Honeywell International Inc (2016 Directors Plan) were both approved by the shareowners at the Annual Meeting of Shareowners effective on April 25, 2016. Following approval of both plans, we have not and will not grant any new awards under any previously existing stock-based compensation plans. At December 31, 2017, there were 42,025,990, and 924,694 shares of Honeywell common stock available for future grants under terms of the 2016 Plan and 2016 Directors Plan, respectively.

Stock Options—The exercise price, term and other conditions applicable to each option granted under our stock plans are generally determined by the Management Development and Compensation Committee of the Board. The exercise price of stock options is set on the grant date and may not be less than the fair market value per share of our stock on that date. The fair value is recognized as an expense over the employee's requisite service period (generally the vesting period of the award). Options generally vest over a four-year period and expire after ten years.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model. Expected volatility is based on implied volatilities from traded options on our common stock and historical volatility of our common stock. We used a Monte Carlo simulation model to derive an expected term which represents an estimate of the time options are expected to remain outstanding. Such model uses historical data to estimate option exercise activity and post-vest termination behavior. The risk-free rate for periods within the contractual life of the option is based on the U.S. treasury yield curve in effect at the time of grant.

The following table summarizes the impact to the Consolidated Statement of Operations from stock options:

	Years Ended December 31,		
	2017	2016	2015
Compensation expense	$ 79	$ 87	$ 78
Future income tax benefit recognized	17	29	26

The following table sets forth fair value per share information, including related weighted-average assumptions, used to determine compensation cost.

	Years Ended December 31,		
	2017	2016	2015
Weighted average fair value per share of options granted during the year(1)	$16.68	$15.59	$17.21
Assumptions:			
Expected annual dividend yield	2.81%	2.92%	1.98%
Expected volatility	18.96%	23.07%	21.55%
Risk-free rate of return	2.02%	1.29%	1.61%
Expected option term (years)	5.04	4.97	4.96

(1) Estimated on date of grant using Black-Scholes option-pricing model.

The following table summarizes information about stock option activity for the three years ended December 31, 2017:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2014	29,495,612	61.80
Granted	5,967,256	103.87
Exercised	(4,190,298)	53.40
Lapsed or canceled	(703,132)	84.31
Outstanding at December 31, 2015	30,569,438	70.76
Granted	6,281,053	103.51
Exercised	(7,075,852)	57.41
Lapsed or canceled	(1,107,339)	96.81
Outstanding at December 31, 2016	28,667,300	79.57
Granted	5,098,569	125.16
Exercised	(8,840,019)	62.34
Lapsed or canceled	(1,516,557)	109.04
Outstanding at December 31, 2017	23,409,293	$ 94.16
Vested and expected to vest at December 31, 2017(1)	21,979,487	$ 92.58
Exercisable at December 31, 2017	12,288,854	$ 78.35

(1) Represents the sum of vested options of 12.3 million and expected to vest options of 9.7 million. Expected to vest options are derived by applying the pre-vesting forfeiture rate assumption to total outstanding unvested options of 11.2 million.

The following table summarizes information about stock options outstanding and exercisable at December 31, 2017:

	Options Outstanding				Options Exercisable		
Range of Exercise prices	Number Outstanding	Weighted Average Life(1)	Weighted Average Exercise Price	Aggregate Intrinsic Value	Number Exercisable	Weighted Average Exercise Price	Aggregate Intrinsic Value
$ 28.19–$64.99	4,204,045	3.38	$ 54.75	$ 415	4,204,045	$ 54.75	$ 415
$ 65.00–$89.99	2,402,025	5.17	69.59	201	2,401,220	69.59	201
$ 90.00–$99.99	3,189,936	6.16	93.41	191	2,239,440	93.41	134
$ 100.00–$114.99	8,974,559	7.71	103.45	448	3,427,616	103.37	172
$ 115.00–$134.00	4,638,728	9.17	125.15	131	16,533	124.20	—
	23,409,293	6.75	94.16	$ 1,386	12,288,854	78.35	$ 922

(1) Average remaining contractual life in years.

There were 15,536,961, and 17,202,377 options exercisable at weighted average exercise prices of $63.39 and $55.11 at December 31, 2016 and 2015.

The following table summarizes the financial statement impact from stock options exercised:

	Years Ended December 31,		
Options Exercised	2017	2016	2015
Intrinsic value(1)	$ 620	$ 395	$ 210
Tax benefit realized	221	137	73

(1) Represents the amount by which the stock price exceeded the exercise price of the options on the date of exercise.

At December 31, 2017 there was $108 million of total unrecognized compensation cost related to non-vested stock option awards which is expected to be recognized over a weighted-average period of 2.32 years. The total fair value of options vested during 2017, 2016 and 2015 was $87 million, $76 million and $73 million.

Restricted Stock Units—Restricted stock unit (RSU) awards entitle the holder to receive one share of common stock for each unit when the units vest. RSUs are issued to certain key employees and directors as compensation at fair market value at the date of grant. RSUs typically become fully vested over periods ranging from three to seven years and are payable in Honeywell common stock upon vesting.

The following table summarizes information about RSU activity for the three years ended December 31, 2017:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value Per Share
Non-vested at December 31, 2014	5,899,194	70.32
Granted	1,190,406	103.04
Vested	(1,681,342)	56.38
Forfeited	(426,670)	77.73
Non-vested at December 31, 2015	4,981,588	82.18
Granted	1,364,469	110.49
Vested	(1,486,173)	68.58
Forfeited	(392,541)	88.88
Non-vested at December 31, 2016	4,467,343	94.17
Granted	1,274,791	129.71
Vested	(1,289,892)	81.37
Forfeited	(505,415)	103.06
Non-vested at December 31, 2017	3,946,827	$ 108.60

As of December 31, 2017, there was approximately $210 million of total unrecognized compensation cost related to non-vested RSUs granted under our stock plans which is expected to be recognized over a weighted-average period of 3.15 years.

The following table summarizes the impact to the Consolidated Statement of Operations from RSUs:

	Years Ended December 31,		
	2017	2016	2015
Compensation expense	$ 97	$ 97	$ 97
Future income tax benefit recognized	19	30	29

Note 19. Commitments and Contingencies

Environmental Matters

We are subject to various federal, state, local and foreign government requirements relating to the protection of the environment. We believe that, as a general matter, our policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage and personal injury and that our handling, manufacture, use and disposal of hazardous substances are in accordance with environmental and safety laws and regulations. However, mainly because of past operations and operations of predecessor companies, we, like other companies engaged in similar businesses, have incurred remedial response and voluntary cleanup costs for site contamination and are a party to lawsuits and claims associated with environmental and safety matters, including past production of products containing hazardous substances. Additional lawsuits, claims and costs involving environmental matters are likely to continue to arise in the future.

With respect to environmental matters involving site contamination, we continually conduct studies, individually or jointly with other potentially responsible parties, to determine the feasibility of various remedial techniques. It is our policy to record appropriate liabilities for environmental matters when remedial efforts or damage claim payments are probable and the costs can be reasonably estimated. Such liabilities are based on our best estimate of the undiscounted future costs required to complete the remedial work. The recorded liabilities are adjusted periodically as remediation efforts