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September 15, 2009

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549
Attention: Ms. Elizabeth M. Murphy, Secretary
Via Email: rule-comments@sec.gov

Re: Proxy Disclosure and Solicitation Enhancements, Release Nos. 33-9052; 34-60280; IC-28817; File No. S7-13-09 (July 10, 2009)

Dear Ms. Murphy:

Honeywell appreciates the opportunity to comment on the above-referenced release ("Proposing Release") on proposed proxy disclosure and solicitation enhancements (the "Proposed Rules") issued by the Securities and Exchange Commission (the "Commission" or "SEC"). Honeywell is a Fortune 100 diversified technology and manufacturing company, serving customers worldwide with aerospace products and services, control, sensing, security and life safety technologies for buildings, homes and industry, turbochargers and automotive products, and specialty materials and process technologies. We have approximately 123,000 employees worldwide. Honeywell is incorporated in Delaware and has over 752 million outstanding shares.

In 2006, the SEC set out to require companies to increase the clarity and transparency of their proxy disclosure to provide shareholders with more meaningful disclosure upon which they could adequately determine their voting preferences. While we continue to support this premise, we believe that the increased ***quantity*** of disclosure called for by the Proposed Rules would not in all cases result in enhanced ***quality*** of proxy disclosure (i.e., additional relevant and material information that would be meaningful to shareholders in determining how to vote). We also believe that consideration should be given to whether some of the proposed disclosures are already required to be disclosed in other SEC filings and whether certain other proposed disclosures would be better suited for posting on a company's website in order to guard against the proxy statement becoming increasingly more dense and difficult for the reader to comprehend.

I. Proposed Enhanced Corporate Governance Disclosure

A. Enhanced Director and Nominee Disclosure

1. We believe that expanded disclosure about director qualifications would be more meaningful if it were addressed at the level of the Board as a whole.

- The Proposed Rules would require expanded disclosures about each director nominee's experience, qualifications and suitability for service on a company's board and board committees. Nominating committees and boards generally consider director qualifications in the broader context of the Board's overall composition, with the objective of ensuring that the Board as a whole has the appropriate skills and experience to fulfill its responsibilities. Furthermore, with the exception of financial expertise, companies generally do not recruit directors to serve on a specific committee.

- We also do not believe that "risk assessment skills" should be singled out for specific discussion as it is in the Proposed Rules, but rather should be considered as part of the discussion of the Board's aggregate skills and attributes.

B. Disclosure About Board Leadership Structure and the Board's Role in Risk Management

1. We believe that the Proposed Rules should be amended to clarify that disclosure of the board's (rather than management's) leadership structure is required and that the discussion of the board leadership structure and the board's role in risk management are two separate disclosure items.

- The Proposed Rules would require disclosure of a company's leadership structure and why the company believes it is the best structure for the company. The specific requirements regarding this disclosure set forth in the Proposed Rules call for a discussion of whether the company combines or separates the roles of chairman and the chief executive officer and whether the company has a lead independent director. From the overall context of the Proposed Rules, we believe it is clear that the Commission's intention is to require disclosure about the leadership structure of the board of directors. The Proposed Rules, however, use the terms "company leadership structure", "registrant's leadership structure" and "board leadership structure" interchangeably. Accordingly, we recommend that the Commission clarify the Proposed Rules to reflect that the required disclosure is intended to address a company's board leadership structure.

- The Proposing Release contains separate discussions of the topics of the board's leadership structure and the board's role in risk management. The specific text of the Proposed Rules, however, would require disclosure of "the extent of the board's role in the [company's] risk management and the effect that this has on the company's leadership structure." We recommend that these topics be addressed as separate disclosure topics in a manner consistent with the intent evidenced in the Proposing Release to elicit disclosure about risk oversight separate and apart from the subject of board leadership structure.

C. Reporting Voting Results on Form 8-K

1. **We believe that companies should have the option of posting voting results on their website within the required time period rather than filing a Form 8-K.**

   - Given the development and proliferation of company websites, disclosure of the voting results on company websites should be permitted and encouraged. This is consistent with the SEC's expectation that continued technological advances will further enhance the quality of information delivered and available to investors on such websites and benefit investors due to the speed at which such information reaches the market.

   - We also suggest expanding the exception for contested elections to cover any matter that is "too close to call" and adding this disclosure item (proposed Item 5.07) to the list of items that do not trigger Section 10(b) liability or result in the loss of S-3 eligibility.

II. Proposed Enhanced Executive Compensation Disclosure

A. Risk Relating to Compensation Practices

1. **The Proposed Rules would duplicate existing disclosure requirements and call for a lower disclosure standard than that generally used in other SEC disclosure rules.**

   - The Proposed Rules would require companies to discuss and analyze in the Compensation Discussion and Analysis ("CD&A") of the proxy statement their overall compensation policies and practices for employees generally, including non-executive officers if the risk arising from the incentives created by these policies and practices "may have a material effect" on the company. If the Commission's objective is to encourage disclosure of risks arising from compensation policies or practices, we recommend that the Commission remind companies of their obligation to disclose any such risks that are material in the Risk Factor or Management Disclosure and Analysis ("MD&A") sections of their publicly-filed periodic reports.

   - The Proposed Rules set forth a lower disclosure standard ("***may*** have a material effect on the registrant") than that generally used in existing Commission rules, which require disclosure of information that "***is***" material. We believe this will create uncertainly as to what should be disclosed, which will likely result in lengthier, but not necessarily meaningful, disclosure, especially in light of the fact that these types of risks are often assessed in hindsight. If the Commission elects to adopt the Proposed Rules on this topic, we believe that the Commission should replace the words "may have a material effect" with "is likely to have a material effect"

and provide additional guidance regarding the aspects of compensation plans that would trigger disclosure.

2. **Requiring disclosure of compensation policies and overall compensation practices for employees generally would represent a fundamental change in the purpose and scope of the CD&A.**

   - The CD&A provides an overview of the objectives and elements of a company's executive compensation program, together with a detailed discussion of the rationale for the actual compensation decisions regarding our most senior executives. We believe that the current scope of the CD&A addresses the key points and issues that could materially impact a shareholder's voting decisions. A focus on broader compensation policies and overall compensation practices for employees would contribute more to the volume than to the relevance of proxy disclosure.

   - It is also unclear as to how a company would produce the disclosure described in the Proposed Rules. Although compensation committees are typically not involved in establishing and administering compensation policies for non-executive employees, the Proposed Rules appear to require the committee to undertake a risk analysis of all compensation policies regardless of their likelihood of triggering disclosure. This would create a tremendous burden for large, global diversified companies.

   - The Commission requests comment on whether companies should have to include an affirmative statement in the CD&A that they have "determined that the risks arising from their compensation policies are not reasonably expected to have a material effect on the company" where they have made this determination. We believe that such a statement should not be required because it would not provide investors with useful information and would create potential liability.

B. Valuation of Equity Awards

1. **We believe that reporting equity grants based on the grant date fair value method when applied to one-time or periodic equity grants (i.e., not part of regular annual awards) for recruitment and retention purposes (without regard to the corresponding vesting period) will distort the determination of named executive officers for a particular fiscal year.**

   - Applying the grant date fair value approach in this context will lead to unnecessary and misleading variability in determination of named executive officers. For example, a single grant awarded to an executive officer in the relevant year who would otherwise be the eighth or ninth highest paid executive could make him a named executive officer for only that year. Consequently, the use of the grant date fair value as the valuation basis for one-time or periodic equity grants could result in frequent year to year changes in list of named executive officers and would be inconsistent with the intent of the Summary Compensation Table disclosure. If the

Commission decides to proceed with the grant date fair value method, it should consider excluding one-time or periodic grants for executive officers in the calculation of compensation used to determine named executive officers and only including the grant date fair value for such equity awards if an executive would otherwise have been a named executive officer

2. **The timing of the reporting of equity grants should be driven by the basis for the award.**

   - We believe the period in which the value and attribution of long-term equity incentive awards is reported should correlate with the intent of such awards, which may differ from company to company. Where grants of stock based compensation are primarily based on forward-looking considerations (i.e., intended to align the interest of the executive with that of their shareholders and encourage future actions that result in business improvements and an increased share price), attributing the value of these stock awards to the year in which the grants are made, or over a longer horizon, provides a more accurate disclosure which is consistent with the basis for these grants. If, on the other hand, a company has a practice of awarding equity grants for services performed during the most recently completed fiscal year, then attributing the value of the award to the year of service (even if the award is granted following the end of that year) would be appropriate.

   - In response to the request for comment on whether the Summary Compensation Table disclosure approach for equity awards should be revised to report the annual change in value of awards, we believe that it would confuse the already complex disclosure in the Summary Compensation Table (which primarily relates to annual compensation) and should be information that a company could elect to disclose in a supplemental table in the CD&A.

3. **We believe that the Proposed Rules would discourage companies from granting performance-based equity awards as they would have to report the full grant date fair value of these awards, without regard to the likelihood of achieving the performance objective.**

   - A recent Staff Compliance and Disclosure Interpretation ("CD&I") states that the maximum performance (as opposed to threshold or target) should be assumed as the appropriate metric to determine the grant date fair value reportable in respect of a performance-based award (in the Grants of Plan-Based Awards table, as required by the current rules). Read together, the CD&I statement and the Proposed Rules suggest that the amount required to be disclosed in the Summary Compensation Table would be the grant date fair value assuming payout at maximum performance. Disclosure on the basis of maximum performance is likely to overstate compensation as target performance typically more closely corresponds to a compensation committee's decisions regarding performance-based awards.

- Moreover, we believe that the Staff interpretation discussed above is inconsistent with FAS 123R, which bases the calculation of grant date fair value on the probability of the award paying out (e.g., if target performance is most probable, then target performance must be used to calculate grant date fair value).

C. Compensation Consultants

1. We believe that the Proposed Rules should be amended to clarify that the enhanced disclosure requirements only apply to compensation consultants directly engaged by the compensation committee to provide advice on executive compensation.

- We suggest amending the Proposed Rules to clarify that they would not apply to consultants that are solely providing survey data and to provide for a disclosure threshold, below which fees for non-executive compensation-related services would not be required to be disclosed.

III. <u>Proxy Solicitation Process</u>

A. Proposed Codification of Exemption from Filing of Proxy Solicitation Materials

1. The Commission should retain the existing requirements pursuant to which third parties that wish to engage in soliciting activities such as the distribution of unmarked copies of the company's proxy card must publicly file their soliciting materials.

- The Proposed Rules would permit third parties that furnish unmarked copies of a company's proxy card and communicate their views on matters being voted on to rely on the exemption in Exchange Act Rule 14a-2(b)(1). We believe that allowing these third parties to provide a form of revocation to shareholders without providing those shareholders with the information required under the federal securities laws deprives those shareholders of information they may find important in deciding whether to revoke their proxy, including information about the identity and economic interests of the soliciting persons and the effect of executing a subsequent proxy.

- We also believe that permitting dissidents to round out their short slates with nominees proposed by other dissidents will create the risk of shareholder confusion and provide an unintended opportunity for shareholder groups to form outside the scope of Rule 13(d) disclosure requirements.

IV. General Requests for Comment

A. Non-Equity Incentive Compensation

1. **We believe that amounts reported for non-equity incentive plan compensation for multi-year performance plans should include only those amounts that are paid or payable in the year the proxy statement is filed, where payments in subsequent years are subject to forfeiture.**

    - Compensation disclosed in the Non-Equity Incentive Compensation column (Column (g)) of the Summary Compensation Table is reported in the year the specified performance conditions under the plan are satisfied and the compensation earned, whether or not payment is actually made to the named executive officer. In addition, to the extent performance conditions under the plan are satisfied but the amounts earned remain subject to forfeiture conditions prior to payment, the current reporting requirements do not recognize these additional conditions as criteria for determining whether an award is earned or not.

    - This method of reporting results in the entire amount of the award, which was earned based on performance over a number of years and may also be contingent on continued service into the future, being reported in a single year. For example, where plans have back-to-back multi-year performance cycles with subsequent multi-year payouts contingent on active service as of the payment date, this method of reporting results in the appearance of high volatility in compensation every other year, which is inconsistent with the intent of the compensation program design and is frequently misinterpreted as a large one time payment for a single year. While clarifying narrative disclosure can be provided in the CD&A and the footnotes to the Summary Compensation Table, many readers primarily focus on the amounts in the Summary Compensation Table. Accordingly, we believe it would be more appropriate for each year's disclosed compensation to include only those non-equity incentive compensation amounts that are paid or payable, rather than "earned", with respect to that year where the remaining payouts are contingent upon future service or other material conditions.

B. Use of Company Websites for Required Disclosures

1. **In order to mitigate the length of required proxy statement disclosures, the Commission should consider expanding the ability of companies to use their websites to satisfy certain disclosure requirements.**

    - Examples of items that could be posted on websites would be historical information regarding directors, as well as compensation information not related to the current year being reported in the proxy statement, such as the several pages of narrative disclosure that accompany the tables

regarding pension benefits, nonqualified deferred compensation and potential payments upon termination or change in control.

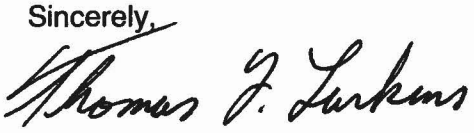
V. Conclusion

While we support the goals of transparent disclosure that facilitates informed voting decisions by shareholders, we believe that, for the reasons stated above, certain provisions of the Proposed Rules would not advance these goals as they would likely result in confusing or superfluous disclosure.

We also urge the Commission to consider whether now is the appropriate time to consider adoption of the Proposed Rules, in light of the numerous other significant corporate governance actions (e.g., elimination of discretionary voting, final rules on proxy access, potential legislation regarding advisory votes on executive compensation) that will or may need to be addressed by companies in the 2010 proxy season.

Thank you for your consideration of the comments raised in this letter.

Sincerely,



Thomas F. Larkins
Vice President, Corporate Secretary
and Deputy General Counsel

cc: Hon. Mary L. Schapiro, Chairman
Hon. Luis A. Aguilar, Commissioner
Hon. Kathleen L. Casey, Commissioner
Hon. Troy A. Paredes, Commissioner
Hon. Elisse B. Walter, Commissioner
Meredith B. Cross, Director, Division of Corporation Finance

David M. Cote, Chairman and Chief Executive Officer
Katherine L. Adams, Senior Vice President and General Counsel
John R. Stafford, Chair, Management Development and Compensation Committee
Michael W. Wright, Chair, Corporate Governance and Responsibility Committee