

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA, MANITOBA, SASKATCHEWAN, NEW
BRUNSWICK, NOVA SCOTIA, NEWFOUNDLAND, PRINCE EDWARD ISLAND AND
NORTHWEST TERRITORIES

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF HONEYWELL INTERNATIONAL INC.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Manitoba, Saskatchewan, Nova Scotia, Newfoundland, New Brunswick, Prince Edward Island and the Northwest Territories (the "Jurisdictions") has received an application from Honeywell International Inc. (the "Honeywell") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirement") shall not apply to certain trades in securities of Honeywell under Honeywell's employee stock purchase plan (the "Plan");
2. AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;
3. AND WHEREAS Honeywell has represented to the Decision Makers that:
 - 3.1 Honeywell is a corporation incorporated under the laws of the State of Delaware and is not a reporting issuer or the equivalent in any of the Jurisdictions;
 - 3.2 the authorized capital of Honeywell consists of 2,000,000,000 shares of common stock (the "Shares") and 40,000,000 shares of preferred stock, of which 797,720,500 Shares were issued and outstanding as of September 30, 2000;
 - 3.3 Honeywell is subject to the reporting requirements under the *Securities Exchange Act of 1934* (the "1934 Act") in the United States of America (the "U.S.") and is not in

default of any of the reporting requirements of the 1934 Act;

- 3.4 the Shares are listed on the New York Stock Exchange, the Chicago Stock Exchange, the Pacific Exchange and the London Stock Exchange;
- 3.5 Honeywell carries out its Canadian operations through several direct and indirect wholly-owned subsidiaries, including Honeywell Asca Inc., Honeywell Limited and Honeywell Aerospatiale Inc. (the **ACanadian Subsidiaries@**);
- 3.6 none of the Canadian Subsidiaries are reporting issuers or the equivalent in any of the Jurisdictions;
- 3.7 Honeywell has implemented the Plan effective as of January 1, 2000 to permit certain employees of Honeywell and its affiliates resident outside the U.S., including employees of Honeywell and the Canadian Subsidiaries resident in the Jurisdictions (the **ACanadian Employees@**), to acquire Shares;
- 3.8 participation in the Plan is voluntary and Canadian Employees will not be induced to participate in the Plan by expectation of employment or continued employment;
- 3.9 to assist with administration of the Plan, Honeywell uses the services of a custodian (the "Custodian"), currently Mourant & Co., which is a United Kingdom trust and administrative services institution. The Custodian uses the services of an agent (the **AAgent@**) from time to time to trade in the Shares. The Agent will be registered to trade in securities under applicable legislation in the United Kingdom, but may not be registered to trade in securities under the Legislation;
- 3.10 Canadian Employees can elect to have payroll deductions of between 2% and 8% of their compensation made to acquire Shares. The authorized payroll deductions will be credited to an account maintained by the Custodian (the **AEmployee Account@**);
- 3.11 any cash dividends paid on Shares held in an Employee Account will be used to purchase additional Shares. Such purchases will be made by the Custodian, on behalf of the Canadian Employee, on the date the dividends are received by the Custodian;
- 3.12 a Canadian Employee may sell Shares that are held in his or her account through the Custodian and Agent;
- 3.13 once a Canadian Employee enrolls in the Plan and has Shares purchased on his or her behalf under the Plan, he or she will begin to receive the materials which are distributed to Honeywell's shareholders resident in the U.S., including, without limitation, annual reports and proxy statements;
- 3.14 the total number of Canadian Employees eligible to participate in the Plan is

approximately 5,335. The following table sets out the approximate number of eligible Canadian Employees resident in each Jurisdiction as of September 30, 2000:

Province	Number of Employees
Alberta	329
British Columbia	569
Manitoba	75
New Brunswick	34
Newfoundland	30
Nova Scotia	47
Prince Edward Island	40
Saskatchewan	54
Northwest Territories	1
TOTAL	5535

- 3.15 Canadian Employees will hold, in the aggregate, less than 10% of the outstanding Shares and the number of Canadian Employees holding Shares will not be more than 10% of the total number of holders of Shares;
4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the **ADecision@**);
5. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
5. THE DECISION of the Decision Makers is that trades of Shares under the Plan to Canadian Employees shall not be subject to the Registration and Prospectus Requirements;
6. THE FURTHER DECISION of the Decision Makers is that the first trade in Shares acquired by a Canadian Employee pursuant to the Plan shall be deemed to be a distribution or a primary distribution to the public unless such first trade is conducted through the facilities of an exchange or market located outside Canada in accordance with the rules and regulations of such exchange or market;
6. THE FURTHER DECISION of the Decision Makers is that the first trade in Shares acquired

by a Canadian Employee pursuant to the Plan conducted through the Custodian and the Agent shall not be subject to the Registration Requirement provided such first trade is conducted through the facilities of an exchange or market located outside Canada in accordance with the rules and regulations of such exchange or market.

DATED at Calgary, Alberta this 8th day of December, 2000.

Original signed by@
Glenda A. Campbell, Vice-Chair

Original signed by@
Wendy E. Best, Q.C., Member

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - registration and prospectus relief to permit trades of shares in a U.S. company to Canadian resident employees of subsidiaries of the U.S. company.

Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended, s. 54, 81, 116(1).