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

Form 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): September 12, 2018

GARRETT MOTION INC.

(Exact name of Registrant as specified in its Charter)

Delaware
(State or other jurisdiction
of incorporation)

1-38636
(Commission
File Number)

82-487189
(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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the Registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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.

Item 1.01. Entry into a Material Definitive Agreement.

On September 12, 2018 in connection with the previously announced complete legal and structural separation (the “Spin-Off”) of Garrett Motion Inc. (“we,” “us,” “our” or the “Company”) from Honeywell International Inc. (“Honeywell”), the Company entered into certain agreements with Honeywell, including an Indemnification and Reimbursement Agreement, by and among Honeywell ASASCO Inc., Honeywell ASASCO 2 Inc., and Honeywell (the “Indemnification and Reimbursement Agreement”) and Tax Matters Agreement, by and between Honeywell, Garrett Motion Inc., and, solely for purposes of Section 3.02(g), 5.05 and 6.13(b), Honeywell ASASCO Inc. and Honeywell ASASCO 2 Inc. (the “Tax Matters Agreement”).

Indemnification and Reimbursement Agreement

Pursuant to the Indemnification and Reimbursement, a subsidiary of the Company has 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 Garrett’s turbo 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 such subsidiary in respect of such liabilities arising in any given year will be subject to a cap of an amount equal to the Euro-to-U.S. dollar exchange rate (to be determined by Honeywell as of a date within two business days prior to the completion of the Spin-Off) (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, our subsidiary 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, our subsidiary 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 our subsidiary 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 our subsidiary 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 our subsidiary is 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 are 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 significantly limits 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.

Tax Matters Agreement

The Tax Matters Agreement governs the respective rights, responsibilities and obligations of Honeywell and us after the Spin-Off with respect to all tax matters (including tax liabilities, tax attributes, tax returns and tax contests).

The Tax Matters Agreement generally provides that we are responsible and will indemnify Honeywell for all taxes, including income taxes, sales taxes, VAT and payroll taxes, relating to Garrett for all periods, including periods prior to the completion date of the Spin-Off. Among other items, as a result of the mandatory transition tax imposed by the tax legislation commonly referred to as the Tax Cuts and Jobs Act, one of our subsidiaries is 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 Company, 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 addresses the allocation of liability for taxes that are incurred as a result of restructuring activities undertaken to effectuate the Spin-Off. We 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 has the right to review and comment on our conduct of any such audit or contest, and Honeywell controls any other audit or contest.

In addition, the Tax Matters Agreement provides that we are 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 Spin-Off that gives rise to these taxes. Honeywell has 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 imposes certain restrictions on us and our subsidiaries (including restrictions on share issuances, redemptions or repurchases, business combinations, sales of assets and similar transactions) that are designed to address compliance with Section 355 of the Internal Revenue Code of 1986, as amended, and are intended to preserve the tax-free nature of the Spin-Off. Under the Tax Matters Agreement, these restrictions apply for two years following the Spin-Off, 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.

The descriptions of the Indemnification and Reimbursement Agreement and the Tax Matters Agreement are qualified in its entirety by reference to the full text of such agreements, which are attached as Exhibits 2.1 and 2.2, respectively, to this Current Report on Form 8-K and incorporated herein by reference.

Item 8.01 Other Events.

On September 14, 2018, Honeywell International Inc. announced that Garrett LX I S.à r.l., and Garrett Borrowing LLC, wholly owned subsidiaries of the Company, had commenced a private offering of €450 million aggregate principal amount of senior notes due 2026 (the “Notes”). The precise size, timing and terms of the Notes are subject to market conditions and other factors. The Notes will be guaranteed on a senior subordinated basis by the Company, each of the Company’s domestic subsidiaries and certain of the Company’s foreign subsidiaries. A copy of the press release announcing the offering of the Notes is filed as Exhibit 99.1 hereto, which is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

(d)

Exhibits.

Exhibit 2.1	<u>Indemnification and Reimbursement Agreement, dated September 12, 2018, by and among Honeywell ASASCO Inc., Honeywell ASASCO 2 Inc., and Honeywell International Inc.**</u>
Exhibit 2.2	<u>Tax Matters Agreement, dated September 12, 2018, by and between Honeywell International Inc., Garrett Motion Inc., and, solely for purposes of Section 3.02(g), 5.05 and 6.13(b), Honeywell ASASCO Inc. and Honeywell ASASCO 2 Inc.**</u>
Exhibit 99.1	<u>Press Release, dated September 14, 2018.</u>

*** Certain schedules and similar attachments have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company 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 the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 14, 2018

Garrett Motion Inc.

By: /s/ Su Ping Lu

Su Ping Lu

President

INDEMNIFICATION AND REIMBURSEMENT AGREEMENT

BY AND AMONG

HONEYWELL ASASCO INC.,

HONEYWELL ASASCO 2 INC.,

AND

HONEYWELL INTERNATIONAL INC.

Dated as of September 12, 2018

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Exhibits

Exhibit A	Specified Sites
Exhibit B	Annual and Year-to-Date Liability and Defense Costs Report
Exhibit C	Claims Activity Report
Exhibit D	Environmental Report
Exhibit E	Estimated Annual US Bendix Loss Statement
Exhibit F	Ex-US Bendix Report
Exhibit G	Initial Prior Year Aggregate Loss Statement
Exhibit H	Interim Liability and Defense Costs Report
Exhibit I	Prior Year Aggregate Loss Statement
Exhibit J	Resolution Value Experience Report
Exhibit K	US Bendix Post-GARE Report
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 September 12, 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**”).

WITNESSETH:

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 Honeywell and Garrett Motion Inc., a corporation organized under the Laws of the State of Delaware (“**Transportation Systems**”), intend to enter into a Separation and Distribution Agreement (the “**Separation Agreement**”);

WHEREAS, (i) Payee is currently a wholly-owned subsidiary of Payor, (ii) following the entry into this Agreement and certain related transactions, Payor will distribute 100% of the stock of Payee to Honeywell Asia Pacific Inc., a corporation organized under the laws of Delaware (“**HAPI**”), (iii) following such distribution, Payor will assign the obligations hereunder to Garrett ASASCO Inc. (“**New ASASCO**”) (a wholly owned direct subsidiary of Payor and indirect subsidiary of Honeywell at such time) and contribute the shares of the Transportation Systems Issuer to New ASASCO, (iv) following such transactions, (a) New ASASCO will be Payor for all purposes under this Agreement and (b) substantially all of the Transportation Systems Business and certain related assets and liabilities will be held by New ASASCO and its subsidiaries, and (v) following certain additional internal restructuring transactions, shares of New ASASCO and certain other assets relating to the Transportation Systems Business will be contributed to 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 that is not a Saturday, a Sunday or any other day on which commercial banks in New York City or Zurich, Switzerland are authorized or required by Law to remain closed.

“**Cap**” shall mean \$175,000,000, as converted into Euros in accordance with [Section 2.6\(d\)](#).

“**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.

“**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 to be entered into by and among, *inter alia*, Transportation Systems, the Transportation Systems Swiss 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.

“**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).

“**General RP Basket**” shall have the meaning set forth in Section 2.11.

“**Global Asbestos Resolution Amount**” or “**GARE**” 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.

“**HAPI**” shall have the meaning given to it in the recitals to this Agreement.

“**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 to be entered into prior to the Distribution by and among the Transportation Systems Issuer, the guarantors named therein and the trustee named therein.

“**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 multiplied by (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 Estimated Initial US Bendix Obligation 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 Estimated Initial US Bendix Obligation and (ii) the Initial Cap.

“**Initial Period**” 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.

“**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.

“**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 \$25,000,000, as converted into Euros in accordance with Section 2.6(d), (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.

“**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 Swiss Borrower**” shall mean Honeywell Technologies Sàrl, a limited liability company organized under the Laws of Switzerland.

“**Transportation Systems Issuer**” shall mean Garrett LX I S.à r.l., a *société à responsabilité limitée* incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 19, rue de Bitbourg, L-1273 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B225642.

“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 (other than Losses that are included in the calculation of the Cumulative Outstanding GARE Losses) 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 shall deliver to Payor, prior to the Distribution Date, 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. 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) *Estimated Initial US Bendix Obligation*. Thirty (30) days following the Distribution Date, Payor shall pay to Payee the Estimated Initial US Bendix Obligation; *provided*, that, in the event that the Estimated Initial US Bendix Obligation 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 \$43,750,000, as converted into Euros in accordance with Section 2.6(d) (the “**Quarterly Cap**”).

(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 (which amount may not be less than zero).

(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 6.08(a)(xii) (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 determined by Honeywell, in good faith, as of a date within two Business Days prior to the Distribution Date. 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).

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 Payor 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 Payor or Payor's Representatives.

Section 2.10 Covenants. The provisions of Article V (Affirmative Covenants) (other than Sections 5.12, 5.13, 5.14 and 5.15(a)) 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 (such exhibit to be agreed following the date hereof and prior to the Distribution Date); *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 \$50,000,000, as converted into Euros in accordance with Section 2.6(d), of the payment capacity under Section 6.08(a)(xii)(A) (Limitations on Restricted Payments) (or any successor provision) of the Principal Credit Agreement (the "**General RP Basket**") solely for the purpose of paying Accrued Amounts; *provided* that such General RP Basket shall be reduced by the amount of any Accrued Amounts paid pursuant to Section 2.5(a).

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 not permit its Subsidiaries or Affiliates that are members of the Transportation Systems Group to, amend or enter into waivers under the Current Credit Agreement or the Indenture, or enter into another Principal Credit Agreement or indenture or other agreement (including other agreements relating to Senior Indebtedness) or make amendments or waivers thereto (any such amendment or waiver or entry into a new agreement, an "**Agreement**")

Amendment”), 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 that it shall not, and it shall not permit its Subsidiaries to, effect any Agreement Amendment with respect to the Current Credit Agreement or the Indenture, or any Principal Credit Agreement or indenture or similar agreement, in each case without providing prior written notice to Payee at least ten (10) Business Days prior to effecting such 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, any Principal Credit Agreement or any indenture (including the Indenture), 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 or such indenture, 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 \$25,000,000, as converted into Euros in accordance with Section 2.6(d)), 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 \$25,000,000, as converted into Euros in accordance with Section 2.6(d)) and during such thirty (30) calendar day period, Payee has not waived such default.

(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, on the Distribution Date, enter into a guarantee, which shall be set forth as Exhibit M on the Distribution Date (the “**Guarantee**”). In the event that any additional Persons shall become a Restricted 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 after becoming a Loan Party under the Principal Credit Agreement, 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 Distribution Date 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 Distribution Date 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 Distribution Date 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 HAPI 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 \$25,000,000, as converted into Euros in accordance with Section 2.6(d) (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).

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 Payor to Payee; 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 Representations and Warranties. 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) both (i) immediately after entering into this Agreement and (ii) upon the payment of the Estimated Initial US Bendix Obligation, 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 Dispute Resolution. 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 4.3, then the Parties may seek to resolve such matter in accordance with Section 4.4 and Section 4.5.

Section 4.4 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 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) Any 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; and (ii) other than in respect of an assignment by Honeywell pursuant to clause (b)(i) above, (A) 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 BBB/Baa2, respectively; and (B) 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. Notwithstanding the foregoing, in no event shall an assignment occur under this Section 4.7(b) unless 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 BBB/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 New ASASCO, and New ASASCO shall assume all liability hereunder, in connection with the transactions contemplated by the Separation Agreement. Following such assignment and assumption, New ASASCO shall be treated as "**Payor**" for all purposes under this Agreement and Honeywell ASASCO Inc. shall be relieved of all liability hereunder.

(f) Notwithstanding the foregoing, any Person which becomes an assignee, successor or transferee to the Payee pursuant to this Section 4.7 shall accede to the Intercreditor Agreement (as defined in the Principal Credit Agreement) in its capacity as the “Honeywell Indemnatee” as defined thereunder. The lenders under the Principal Credit Agreement shall be third-party beneficiaries of this Section 4.7(f) and shall be entitled to enforce the provisions hereof directly against Payee and Payor.

(g) 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) as set forth in Section 4.7(f), and (iv) 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.
115 Tabor Road
Morris Plains, NJ 07950
Attention: Su Ping Lu, President
Email: Suping.Lu@Honeywell.com

(b) if to Payee,

Honeywell ASASCO 2 Inc.
c/o Honeywell International Inc.
115 Tabor Road
Morris Plains, NJ 07950
Attention: Anne T. Madden, Senior Vice President, General Counsel and
Corporate Secretary
Email: Anne.Madden@Honeywell.com

(c) if to the Claim Manager,

Honeywell International Inc.
115 Tabor Road
Morris Plains, NJ 07950
Attention: Anne T. Madden, Senior Vice President, General Counsel and
Corporate Secretary
Email: Anne.Madden@Honeywell.com

(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: /s/ Richard Kent
Name: Richard Kent
Title: Vice President, Deputy General Counsel, Finance
and Assistant Secretary

HONEYWELL ASASCO INC.

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

HONEYWELL ASASCO 2 INC.

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

TAX MATTERS AGREEMENT (this "Agreement"), dated as of September 12, 2018, by and between **HONEYWELL INTERNATIONAL INC.**, a Delaware corporation ("HII"), **GARRETT MOTION INC.**, a Delaware corporation ("SpinCo") and, solely for purposes of Sections 3.02(g), 5.05 and 6.13(b), **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, HII and SpinCo intend to enter into a Separation and Distribution Agreement (the "Separation Agreement");

WHEREAS, pursuant to the Separation Agreement, HII and SpinCo have effected or will agree to effect (i) the Reorganization (the steps of which are described in Schedule I 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 1.01(a).

“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 September 12, 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 tax treatment 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 or a ruling (including any supplemental ruling) issued by any Swiss Taxing Authority 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 1.01(b).

“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” has the meaning set forth in the recitals.

“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 IV 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 but only, in the case of any such Taxes incurred by the Honeywell Group, when and to the extent the event giving rise to such Taxes gives rise to a cash Tax benefit, including through a reduction of Taxes otherwise payable, actually realized by 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.

(c) If HII reasonably so requests, SpinCo shall file for and pursue any cash Tax benefit, including through a reduction of Taxes otherwise payable, to which any member of the SpinCo Group is entitled as a result of any event giving rise to any Taxes incurred by the Honeywell Group in connection with the Reorganization transactions, as described in Section 2.02(d); provided that SpinCo need not pursue any such benefit unless HII provides SpinCo a certification by an appropriate officer of HII setting forth the HII's belief (together with supporting analysis) that the Tax treatment of the Tax Items on which such benefit 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 determined by HII, in good faith, as of a date within two business days prior to the Distribution Date.

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.

(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); provided, however, that notwithstanding the foregoing clauses (i) through (iii), any dispute in connection with Section 2.02(d) or 2.03(c) shall be governed by this Section 5.06. 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 6.10 and this Section 6.11, 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.
c/o Honeywell Transportation Systems Sarl
Z.A. La Piece 16
1180 Rolle, Vaud
Switzerland
Attn: Senior Vice President and General Counsel

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: /s/ Richard Kent
Name: Richard Kent
Title: Vice President, Deputy General Counsel and
Assistant Secretary

GARRETT MOTION INC.,

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

HONEYWELL ASASCO INC., solely for purposes of
Sections 3.02(g), 5.05 and 6.13(b),

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

HONEYWELL ASASCO 2 INC., solely for purposes of
Sections 3.02(g), 5.05 and 6.13(b),

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



Contacts:

Media

Scott Sayres

Honeywell
(480) 257-5921scott.sayres@honeywell.com**Investor Relations**

Mark Macaluso

Honeywell
(973) 455-2222mark.macaluso@honeywell.com**GARRETT MOTION INC. LAUNCHES OFFERING OF SENIOR NOTES**

MORRIS PLAINS, N.J., Sept. 14, 2018 – Honeywell International Inc. (“Honeywell”) (NYSE: HON) announced that, in connection with the previously announced spin-off (the “Spin-Off”) of Garrett Motion Inc. (“Garrett”) from Honeywell, Garrett LX I S.à r.l. (the “Issuer”) and Garrett Borrowing LLC (the “Co-Issuer” and, together with the Issuer, the “Issuers”), wholly owned subsidiaries of Garrett, have commenced a private offering of €450 million aggregate principal amount of senior notes due 2026 (the “Notes”). The precise size, timing and terms of the Notes are subject to market conditions and other factors.

In connection with the Spin-Off, Garrett intends to use the proceeds from the offering of the Notes, together with borrowings under a new credit facility, to repay intercompany indebtedness to Honeywell or a subsidiary of Honeywell to pay fees, costs and expenses related to the new credit facility and the Notes offering. We anticipate that the repayment to Honeywell or a subsidiary of Honeywell will be approximately \$1.628 billion.

The Notes will be guaranteed on a senior subordinated basis by Garrett, each of Garrett’s domestic subsidiaries and certain of Garrett’s foreign subsidiaries. The Notes will be secured by security interests granted by the Issuer over the equity interests in a wholly owned subsidiary of the Issuer and an unsecured intercompany loan to an indirect wholly owned subsidiary of the Issuer, which will rank as junior to the security interests granted by the Issuer in such collateral to secure the new credit facility and any other future indebtedness secured on a basis senior to the Notes.

The Notes and related guarantees will be offered to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933 as amended (the “Securities Act”), and to certain non-U.S. persons in transactions outside of the United States in reliance on Regulation S under the Securities Act. The Notes and related guarantees will not be registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This press release does not constitute an offer to sell or the solicitation of an offer to buy the Notes or any other security, nor shall it constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale is unlawful. Any offers of the Notes or related guarantees will be made only by means of a private offering memorandum.

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About Garrett Motion Inc.

Garrett designs, manufactures and sells highly engineered turbocharger and electric boosting technologies for light and commercial vehicle original equipment manufacturers and the aftermarket. Garrett is a global technology leader in the turbocharger industry with significant expertise in delivering products across gasoline, diesel, natural gas and electrified (hybrid and fuel cell) powertrains. Garrett's turbocharging and electric-boosting products enable its 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. Garrett maintains a leadership position across all vehicle types, engine types and regions and deep-seated relationships with all global original equipment manufacturers

Honeywell is a Fortune 100 software-industrial company that delivers industry specific solutions that include aerospace and automotive products and services; control technologies for buildings, homes, and industry; and performance materials globally. Our technologies help everything from aircraft, cars, homes and buildings, manufacturing plants, supply chains, and workers become more connected to make our world smarter, safer, and more sustainable.

This release contains certain statements that may be deemed "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are based upon certain assumptions and assessments made by our management in light of their experience and their perception of historical trends, current economic and industry conditions, expected future developments and other factors they believe to be appropriate. The forward-looking statements included in this release are also subject to a number of material risks and uncertainties, including but not limited to economic, competitive, governmental, and technological factors affecting our operations, markets, products, services and prices, as well as the ability to effect the separations. Such forward-looking statements are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by such forward-looking statements, including with respect to any changes in or abandonment of the proposed separations. We identify the principal risks and uncertainties that affect our performance in Honeywell's Form 10-K, Garrett's Form 10 Registration Statement and other filings with the Securities and Exchange Commission.

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