

Honeywell

Honeywell International Inc.
101 Columbia Road
Morristown, NJ 07962-2245

VIA E:MAIL: director@fasb.org

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: File Reference No. 1890-100 – Discussion Paper – Effective Dates and Transition Methods

Dear Technical Director:

Honeywell International is a Fortune 100 diversified technology and manufacturing leader, serving customers worldwide with aerospace products and services; control technologies for buildings, homes and industry; automotive products; turbochargers; and specialty materials. Based in Morris Township, N.J., Honeywell's shares are traded on the New York, London and Chicago Stock Exchanges. We prepare our financial statements in accordance with U.S. GAAP.

We appreciate the opportunity to offer comments on the Discussion Paper, Effective Dates and Transition Methods ("the discussion paper"). The proposed standards covered in the discussion paper have the potential to significantly affect our financial statements, associated systems, and business processes. While we are still in the process of assessing and understanding implementation impacts for many of these projects and awaiting public exposure for others, the revenue recognition, leases, accounting for financial instruments, derivative instruments, and hedging, and financial statement presentation projects will likely have the most extensive impacts due to the volume and complexity of the proposed changes.

In addition to the broad accounting implications of the proposed revenue recognition project, we anticipate significant changes across various types of our revenue generating activities (most notably our long term contract product and service offerings which represent approximately 55% of total offerings) and implications to our business activities such as contract negotiations, budgeting, controls and processes, and information technology requirements. The leasing proposal will likely have pervasive impacts to our operational and financial processes, information technology systems and accounting for the approximate 80,000 contracts which could be subject to the proposal. The accounting for financial instruments, derivative instruments, and hedging project will substantially affect our risk management strategies and current system (which maintains approximately 10,000 hedging relationships) as well as our accounting for strategic investments. Lastly, although the financial statement presentation proposal has not yet been exposed, it will likely be equally impactful due to the level of system and business process changes required to implement the changes deliberated to date most notably the reporting of cash flows under the direct method and disclosure of expense by nature.

January 28, 2011
Page 2

The following provides responses to several of the specific issues raised by the Board in the discussion paper. We have limited our responses to those issues that most significantly impact our businesses, processes and operations.

Issue 1: Preparing for and Transitioning to the New Requirements

Given the considerable volume of information presented by each of the Board's projects we would require significant lead time to process and implement the proposed changes to the various impacted business models. At a minimum we feel approximately 24 months from the date of any individual final standards issuance would be required to ensure adequate assessment of finalized changes, information technology infrastructure development, data gathering and organizational education. However the length of time necessary for adoption of any one individual final standard will be directly impacted by the timing of the Board's other major projects. Therefore if the Board were to select a single date approach we feel a three-year implementation period from the date of final standard issuances would be reasonable to allow for training, process changes and systems implementation or modification (see further discussion of our thoughts on effective dates for the new requirements and early adoption in Issue 2). This would also providing adequate time for companies to identify impacts, develop approaches to address the changes, implement and test solutions and conduct training (both internally and externally) and is imperative to ensure successful transition to the new requirements.

The most significant types of costs associated with the implementation of the Board's proposals are likely to be those associated with information technology systems. The proposals as currently exposed involve significant data requirements which are not captured by our current systems. These data requirements include but are not limited to significant revenue recognition disclosures including rollforwards by product line, tracking of all leases and corresponding assumptions and inputs throughout the term of each contract, systems capabilities to perform complex hedge effectiveness calculations and analysis for significant volume of transactions, and production of cash flow data under the direct method. The costs of these investments will be directly impacted by the final standard requirements but are expected to be substantial. Furthermore, given the retrospective application specified in several of the proposed standards we may need to run dual systems, which could also be costly and a strain on resources. In addition to information technology development costs there will be extensive implementation costs associated with initial data gathering, control environment development and organizational education.

The proposals have the potential to significantly impact tax reporting processes, regulatory requirements (such as government contract reporting) and auditing standards (both U.S. GAAP and statutory audits). Ensuring that changes are implemented in a manner that allows sufficient time for these additional considerations to be addressed requires efforts in the implementation phase of the new standards. Lastly, the proposed changes generally encompass a shift from rules based accounting to more principles based approaches. This fundamental change will have significant impacts to existing auditing standards and require careful consideration across the public accounting and auditing landscape.

January 28, 2011

Page 3

We do not agree with the transition methods as proposed for the revenue recognition, accounting for financial instruments, derivative instruments, and hedging projects. Specifically, the retrospective approach proposed under the revenue recognition project would be a significant challenge. We have thousands of contracts with customers that span periods in excess of ten years (some in excess of 30 years) many of which contain complex contract clauses and stipulations. Assessing these contracts from their inception under the revised guidance would not only prove extremely costly and challenging but may prove impossible given availability of information on estimates and assumptions in historical periods. This implementation challenge will impact the quality and comparability of financial information across companies. We suggest the use of the prospective method for contracts entered into after the effective date of the final revenue recognition standard consistent with other recently issued revenue recognition guidance. The use of disclosure of transition impacts will aid in addressing the need for trend information and comparability. While full comparability may be sacrificed for a short period of time under this approach we feel the costs associated with a retrospective transition would more than outweigh the benefits. Additionally, we do not believe the transition method proposed for the accounting for financial instruments, derivative instruments, and hedging project is operational. Most significantly, we believe all changes related to hedge accounting should be made on a prospective basis for newly executed derivatives and hedging relationships. The cost of implementing revisions to documentation of effectiveness assessments and measurements for the volume of hedging relationships we currently maintain would significantly outweigh any corresponding benefit to financial statement users.

Issue 2: Effective Dates for the New Requirements and Early Adoption

Given the interdependencies of the various standards subject to the discussion paper we feel a sequential approach that groups the effective date of inter-dependant standards will drive implementation efficiencies and prevent rework of business processes and system designs. For example, the link between those assets and liabilities considered in scope under the accounting for financial instruments, derivative instruments and hedging project and the conclusions in financial instruments with characteristics of equity project, lends itself to a common effective date for those two proposed standards. Additionally, the financial statement presentation project will have impacts to all the other proposed projects in that it will establish the type of financial information required for presentation and disclosure purposes. We also feel that many of the significant theoretical changes contemplated in the revenue recognition project are linked with the leasing project. Thorough consideration and planning of the grouping, sequence and timing of the implementation timetable for these standards will drive efficiencies and quality implementations. Under the sequential approach we would propose the following grouping of standards and corresponding mandatory effective dates for each:

January 28, 2011
Page 4

	Proposed Effective Date	Topic
Group 1	1/1/2015	Accounting for financial instruments Fair value measurement Netting financial instruments Financial instruments with characteristics of equity Other comprehensive income
Group 2	1/1/2016	Revenue recognition Leases Financial statement presentation
Group 3	Thereafter	Accounting for insurance contracts Consolidation: investment companies

The above implementation timing is based on the assumption of final issuance of each of the respective standards 24 months prior to the effective date to ensure adequate assessment and implementation time as discussed in Issue 1. We do not consider a single date implementation approach preferable as the breadth and complexity of the proposed changes and the implementation implications will prove extremely challenging to manage from a resource and cost perspective

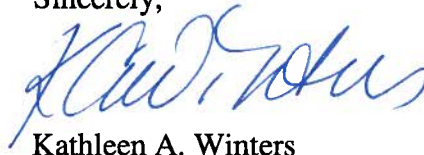
Issue 3: International Convergence Considerations

Generally we feel the FASB and IASB should require the same effective dates and transition methods for their comparable standards. This approach will allow for efficiencies in statutory reporting requirements and improved comparability across multinational companies. Even greater efficiency will be driven by true convergence of FASB and IASB standards versus similar effective dates and transition methods. To the extent the FASB and IASB final standards contain significant conceptual accounting differences, for example as seen in the accounting for financial instruments, derivative instruments and hedging project, any efficiencies provided by similar effective dates and transition methods will be significantly outweighed by inefficiencies associated with IFRS and US GAAP differences that may be addressed in the future as part of the broader initiative for potential US conversion to IFRS. Any significant remaining differences will potentially require overhaul of the extensive process and system changes discussed above, will drive inefficiencies for preparers and create confusion for financial statement users.

Given the nature of the projects covered in the discussion paper, the accounting and operational implications are likely to be far-reaching and will affect various facets of an organization. The incorporation of stakeholders' views into the implementation plans developed for these projects is imperative to ensure successful and quality adoptions. We appreciate the opportunity to express our views on this discussion paper and thank you for your consideration of the comments raised in this letter.

January 28, 2011
Page 5

Sincerely,



Kathleen A. Winters
Vice President and Corporate Controller
Honeywell International