

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 — December 13, 2004  
(Date of earliest event reported)

**HONEYWELL INTERNATIONAL INC.**

(Exact name of registrant as specified in its charter)

DELAWARE

1-8974

22-2640650

(State or other jurisdiction of  
incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

101 COLUMBIA ROAD  
P.O. BOX 4000  
MORRISTOWN, NEW JERSEY

07962-2497

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (973) 455-2000

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 (see General Instruction A.2. below):

- 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))

**Section 1 — Registrant's Business and Operations**

**Item 1.01 Entry into a Material Definitive Agreement.**

On December 13, 2004, Honeywell International Inc. announced that it has reached agreement with the board of directors of Novar plc on the terms of recommended offers for the entire issued ordinary and preference share capital of Novar. The offers will be made on the basis of 185 pence per Novar ordinary share and 103.625 pence per Novar convertible preference share. In addition, holders of Novar ordinary shares will be entitled to retain a final 2004 dividend of 6.6 pence per share. The aggregate value of the offers is £1.2 billion (US\$2.4 billion) fully diluted for the exercise of all outstanding options, plus the assumption of approximately £300 million (US\$580 million) of outstanding debt. The Novar Board has confirmed its intention to unanimously recommend the offers. **The offers will not be made in certain jurisdictions, including the United States.** A copy of the press release issued by Honeywell on December 13, 2004 is filed herewith as Exhibit 99.1 and is hereby incorporated herein by reference. A description of the conditions to the offers are set out in Exhibit 99.2 and are hereby incorporated herein by reference.

Honeywell expects to fund the acquisition with existing cash resources. Honeywell has also received a commitment letter from JPMorgan Chase Bank, N.A. and J.P. Morgan Securities Inc. to provide an interim facility in an amount of up to £1.2 billion that could be used to make payments under the offers and refinance indebtedness of Novar.

This announcement by Honeywell does not constitute the making of an offer to acquire any securities of Novar plc. No offer is being, or will be, made in the United States or to U.S. persons. In addition, this release does not constitute an offer of any securities for sale in the United States or to U.S. persons. Securities may not be offered or sold in the United States or to U.S. persons absent registration or an exemption from registration. Honeywell does not intend to register or offer its securities in the United States or to U.S. persons, or otherwise conduct the offers in the United States.

**Section 2 – Financial Information**

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

As described above in Item 1.01, on December 9, 2004, Honeywell received a commitment letter from JPMorgan Chase Bank, N.A. and J.P. Morgan Securities Inc. to provide an interim facility in an amount of up to £1.2 billion that could be used to make payments under the offers described above and to refinance indebtedness of Novar. A copy of the commitment letter is filed herewith as Exhibit 99.3 and is hereby incorporated herein by reference.

**Section 9 — Financial Statements and Exhibits**

**Item 9.01 Financial Statements and Exhibits.**

(a) Financial Statements of Businesses Acquired

Not applicable.

(b) Pro Forma Financial Information

Not applicable.

(c) Exhibits

99.1 Press Release, dated December 13, 2004, issued by Honeywell International Inc.

99.2 Conditions and Further Terms of the Offers and related Definitions, as published in the United Kingdom.

99.3 Commitment Letter, dated December 9, 2004, among JPMorgan Chase Bank, N.A., J.P. Morgan Securities Inc. and Honeywell International Inc.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: December 13, 2004

HONEYWELL INTERNATIONAL INC.

By: /s/ Thomas F. Larkins  
Thomas F. Larkins  
Vice President, Corporate Secretary and  
Deputy General Counsel

## News Release

**HONEYWELL TO OFFER TO ACQUIRE NOVAR FOR £1.2  
BILLION (US\$2.4 BILLION); OFFER UNANIMOUSLY  
RECOMMENDED BY NOVAR BOARD**

**Acquisition will Expand European Presence and Enhance Product Offerings of  
Honeywell's Automation and Control Solutions Business**

**Transaction Expected to be Accretive to Honeywell Earnings in 2005**

**MORRIS TOWNSHIP, N.J., December 13, 2004** – Honeywell (NYSE: HON) today announced that it has reached agreement with the board of directors of Novar plc on the terms of recommended Offers for the entire issued ordinary and preference share capital of Novar.

The Offers will be made on the basis of 185 pence per Novar ordinary share and 103.625 pence per Novar convertible preference share. In addition, holders of Novar ordinary shares will be entitled to retain a final 2004 dividend of 6.6 pence per share. The aggregate value of the Offers is £1.2 billion (US \$2.4 billion) fully diluted for the exercise of all outstanding options, including the assumption of approximately £300 million (US \$580 million) of outstanding debt, net of cash. The Novar board has unanimously recommended the Offers.

**The Offers will not be made in certain jurisdictions, including the United States.**

Honeywell expects to fund the acquisition with existing cash resources and credit facilities. The acquisition is expected to have an accretive impact on Honeywell's 2005 earnings per share.

Novar plc, with reported 2003 revenue of £1.43 billion (US\$2.7 billion) is an international group whose core divisions are Intelligent Building Systems (IBS), Indalex Aluminum Solutions, and Security Printing Services. Novar's IBS unit will enhance Honeywell's offering of security, fire and building controls products and services, particularly in the UK and Germany and support its strategy of global growth of these businesses. Honeywell does not intend to hold Indalex Aluminum Solutions and Security Printing Services in the long-term and expects to pursue strategic alternatives for these units as soon as practical.

"This acquisition is an excellent opportunity to further expand our Automation and Control Solutions business," said David M. Cote, Honeywell Chairman and CEO. "Honeywell has a long heritage in providing premier integrated security, fire and building controls products and services. We see great opportunities in this business, and the integration of Novar's highly complementary products, services and expertise clearly enhance those prospects. Novar has a great heritage built on a competitive product offering, a talented workforce

- MORE -

*Page 2 Honeywell Offers to Acquire Novar*

and a management team dedicated to delivering value to their customers. Adding these assets to Honeywell's already strong global technology platforms will deliver benefits for customers and expanded opportunities for employees of both companies. We look forward to working with Novar's management team to realize the benefits of this combination."

Honeywell intends to integrate Novar's IBS unit, which had 2003 revenue of £603.9 million (US\$1.2 billion) into its Automation and Control Solutions (ACS) division. Honeywell ACS is an approximately \$8.0 billion business with more than 40,000 employees worldwide. Honeywell expects that Novar's IBS assets, its technology, business presence, customers and employees will contribute to the growth of its ACS division going forward.

Cote continued, "I am pleased that Novar's board has recommended our all-cash offer for Novar's ordinary and preference shares, which is expected to result in earnings accretion for Honeywell in 2005 and will deliver significant long-term value to our investors. We believe we can achieve more than US\$100 million annually in synergies. Our integration team will work quickly and diligently to complete the transaction, and we look forward to smoothly integrating Novar's IBS business into our ACS operations."

Honeywell expects to complete the acquisition in the first quarter of 2005.

Further information is available on [www.honeywell.com](http://www.honeywell.com).

**About Honeywell**

Honeywell is a \$25 billion 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, Chicago and Pacific Stock Exchanges. It is one of the 30 stocks that make up the Dow Jones Industrial Average and is also a component of the Standard & Poor's 500 Index. For additional information, please visit [www.honeywell.com](http://www.honeywell.com).

**About Novar plc**

Novar, a UK listed holding company, operates internationally in three different businesses:

Novar Intelligent Building Systems (IBS) is a global business supplying electrical, electronic and control products and services to building operators, contractors and developers worldwide. Indalex Aluminum Solutions is one of the world's largest aluminum extrusion companies with a comprehensive network of plants across North America. The Security Printing Services division operates a security printing business which handles more than 55 million check orders a year and more than 17 million customer and partner contacts annually on behalf of financial institutions in the United States.

**This release does not constitute the making of an offer to acquire any securities of Novar plc. No offer is being, or will be, made in the United States or to U.S. persons. In addition, this release does not constitute an offer of any securities for sale in the United States or to U.S. persons. Securities may not be offered or sold in the United States or to U.S. persons absent registration or an exemption from registration. The company does not intend to register or offer its securities in the United States or to U.S. persons, or otherwise conduct the Offers in the United States.**

**The statement that the transaction will offer earnings accretion in 2005 should not be taken to mean that Novar's earnings per share in 2005 or subsequent periods will be greater or less than that of prior periods.**

*"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this press release regarding Honeywell's business which are not historical facts are "forward-looking statements" that involve risks and uncertainties.*

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**APPENDIX I**  
**CONDITIONS AND FURTHER TERMS OF THE OFFERS**

The Offers, which will be made by JPMorgan on behalf of the Offeror, will comply with the applicable rules of the Code, will be governed by English law and will be subject to the jurisdiction of the courts of England. In addition, the Offers will be subject to the terms and conditions to be set out in the Offer Document and related Form of Acceptance.

**1. Conditions of the Ordinary Offer**

The Ordinary Offer will be conditional upon:

- (i) valid acceptances of the Ordinary Offer being received (and not, where permitted, withdrawn) by not later than 3.00 pm (London time) on the first closing date of the Ordinary Offer (or such later time(s) and/or date(s) as Honeywell may, subject to the rules of the Code or with the consent of the Panel, decide) in respect of not less than 90 per cent., (or such lesser percentage as Honeywell may decide) in nominal value of the Novar Ordinary Shares to which the Ordinary Offer relates, provided that, unless agreed by the Panel, this condition shall not be satisfied unless Honeywell and/or any of its wholly-owned subsidiaries shall have acquired or agreed (unconditionally or subject only to conditions that will be fulfilled upon the Ordinary Offer becoming or being declared unconditional in all respects) to acquire (pursuant to the Ordinary Offer or otherwise) Novar Ordinary Shares carrying in aggregate more than 50 per cent. of the voting rights then normally exercisable at a general meeting of Novar including for this purpose (to the extent, if any, required by the Panel) any such voting rights attaching to any Novar Ordinary Shares that are unconditionally allotted or issued before the Ordinary Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise. For the purposes of this condition:
  - (a) the expression 'Novar Ordinary Shares to which the Ordinary Offer relates' shall be construed in accordance with sections 428 to 430F (inclusive) of the Companies Act;
  - (b) Novar Ordinary Shares that have been unconditionally allotted but not issued shall be deemed to carry the voting rights that they will carry upon issue;
  - (c) Novar Ordinary Shares that cease to be held in treasury are Novar Ordinary Shares to which the Ordinary Offer relates; and
  - (d) valid acceptances shall be treated as having been received in respect of any Novar Ordinary Shares that Honeywell or any other member of the Wider Honeywell Group shall, pursuant to section 429(8) and, if applicable, section 430E of the Companies Act, be treated as having acquired or contracted to acquire by virtue of acceptances of the Offer;
- (ii) Honeywell having acquired or agreed (unconditionally or subject only to conditions that will be fulfilled upon the Ordinary Offer becoming or being declared unconditional in all respects) to acquire (pursuant to the Ordinary Offer, the Preference Offer or otherwise) Novar Shares representing in aggregate at least 80 per cent. (or such lesser percentage as Honeywell may decide) of the market value and the voting power of the issued and to be issued share capital of Novar;
 

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- (iii) no Third Party having intervened in any way and there not continuing to be outstanding any statute, regulation or order of any Third Party in each case which would or might be expected (in any case to an extent which is material in the context of the Wider Honeywell Group or the Wider Novar Group, as the case may be, in each case, taken as a whole) to:
  - (a) make the Offers or their implementation or the acquisition or proposed acquisition by Honeywell or any other member of the Wider Honeywell Group of any shares or other securities in, or control of, Novar or any other member of the Wider Novar Group, void, unenforceable and/or illegal in any jurisdiction or otherwise directly or indirectly restrain, restrict, prohibit, prevent, materially delay or otherwise interfere with the implementation thereof, or impose material additional conditions or obligations with respect to the Offers or such acquisition or control, or otherwise challenge, impede or hinder the Offers or their implementation, or require amendment to the terms of the Offers or the acquisition or proposed acquisition of any such shares or securities by Honeywell or any other member of the Wider Honeywell Group, or the acquisition of control of Novar by Honeywell;
  - (b) require, prevent, or materially delay the divestiture or alter the terms of any proposed divestiture by Honeywell or any other member of the Wider Honeywell Group or by Novar or any other member of the Wider Novar Group of all or any part of their respective businesses, assets or properties or impose any limitation on the ability of any of them to conduct any of their respective businesses or to own or control any of their respective assets or properties or any material part thereof;
  - (c) limit or materially delay the ability of any member of the Wider Honeywell Group or any member of the Wider Novar Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities in, or to exercise voting or management control over, any member of the Wider Honeywell Group or any member of the Wider Novar Group;
  - (d) except pursuant to Part XIII A of the Companies Act in connection with the Offers, require any member of the Wider Honeywell Group or of the Wider Novar Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) or interest in any member of either group or any asset owned by any third party;
  - (e) require, prevent or materially delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider Honeywell Group of any shares or other securities (or the equivalent) in Novar;
  - (f) limit to a material extent the ability of any member of the Wider Honeywell Group or of the Wider Novar Group to conduct or integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider Honeywell Group or of the Wider Novar Group;

- (g) result in any member of the Wider Novar Group ceasing to be able to carry on business under any name under which it presently does so; or
- (h) otherwise adversely affect the business, assets, profits, financial or trading position or prospects of any member of the Wider Novar Group or of the Wider Honeywell Group,

and all applicable waiting and other time periods during which any Third Party could intervene under the laws of any relevant jurisdiction, in respect of the Offers or the acquisition or proposed acquisition of any shares or other securities in, or control of, Novar by Honeywell or any other member of the Wider Honeywell Group, having expired, lapsed or been terminated;

- (iv) to the extent that Council Regulation (EC) 139/2004 of January 20, 2004, on the control of concentrations between undertakings ("ECMR") may be applied, the Offers are conditional on the European Commission indicating, in terms reasonably satisfactory to Honeywell, that in connection with the proposed acquisition of control of the Novar Group by Honeywell, or any matter arising therefrom, it does not intend to initiate proceedings under Article 6(1)(c) of the ECMR; in the event that a request under Article 9(2) of the ECMR has been made, the European Commission indicating that it does not intend to make a referral of the proposed acquisition of control of the Novar Group by Honeywell or any matter arising therefrom to one or more competent authorities under Article (9)(1) of the ECMR;
- (v) all necessary notifications, filings and applications having been made, all regulatory and statutory obligations in any relevant jurisdiction having been complied with, all appropriate waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulations of any relevant jurisdiction including but not limited to the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976 having expired, lapsed or been terminated in each case in respect of the Offers or the acquisition or proposed acquisition of any shares or other securities in, or control of, Novar or any other member of the Wider Novar Group by any member of the Wider Honeywell Group or the carrying on by any member of the Wider Novar Group of its business;
- (vi) all authorisations and determinations necessary or appropriate in any relevant jurisdiction for or in respect of the Offers or the acquisition or proposed acquisition of any shares or other securities in, or control of, Novar or any other member of the Wider Novar Group by any member of the Wider Honeywell Group or in relation to the continuation of the business of any member of the Wider Novar Group having been obtained, in terms and in a form satisfactory to Honeywell, from all relevant Third Parties or (without prejudice to the generality of the foregoing) from any persons or bodies with whom any member of the Wider Novar Group has entered into contractual arrangements that are material in the context of the Wider Novar Group taken as a whole and such authorisations and determinations, together with all authorisations and determinations necessary or appropriate for any member of the Wider Novar Group to carry on its business, remaining in full force and effect and there being no notice or intimation of any intention to revoke, suspend, restrict, modify or not renew any of the same in any such case in so far as is material in the context of the Wider Honeywell Group or Wider Novar Group, as the case may be, in each case, taken as a whole;

- (vii) except as publicly announced by Novar, or as fairly disclosed by or on behalf of Novar to Honeywell or its advisers in connection with the Offers prior to December 12, 2004, there being no provision of any agreement, arrangement, licence or other instrument to which any member of the Wider Novar Group is a party, or by or to which any such member or any of its assets is or are or may be bound, entitled or subject or any event or circumstance, which, in each case as a consequence of the Offers or the acquisition or proposed acquisition of any shares or other securities in, or control of, Novar or any other member of the Wider Novar Group by any member of the Wider Honeywell Group or otherwise, could or might reasonably be expected to result in, (in any case to an extent that is or would be material in the context of the Wider Novar Group taken as a whole):
  - (a) any monies borrowed by, or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any such member being or becoming repayable or capable of being declared repayable immediately or prior to its stated maturity, or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn;
  - (b) any such agreement, arrangement, licence or other instrument, or the rights, liabilities, obligations or interests or business of any member of the Wider Novar Group thereunder, or the interests or business of any such member in or with any other person, firm, company or body (or any arrangement or arrangements relating to any such interests or business) being, or becoming capable of being, terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;
  - (c) any member of the Wider Novar Group ceasing to be able to carry on its business under any name under which it presently does so;
  - (d) any asset or interest of or used by any member of the Wider Novar Group being or falling to be disposed of or changed or ceasing to be available to any member of the Wider Novar Group or any right arising under which any such asset or interest could be required to be disposed of or could cease to be available to any member of the Wider Novar Group, in each case otherwise than in the ordinary course of business;
  - (e) the creation or enforcement of any mortgage, charge or other security interest over the whole or any material part of the business, property or assets of any member of the Wider Novar Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable;
  - (f) the creation of any liability (actual or contingent) by any member of the Wider Novar Group otherwise than in the ordinary course of business; or
  - (g) the value of or the financial or trading position or prospects of any member of the Wider Novar Group being prejudiced or adversely affected;

- (viii) since December 31, 2003, save as publicly announced, or save as fairly disclosed by or on behalf of Novar to Honeywell or its advisers in connection with the Offers prior to December 12, 2004, no member of the Wider Novar Group having:
- (a) (save as between Novar and, on a pre-emptive basis, any member of the Wider Novar Group or upon the exercise of rights to subscribe for Novar Shares pursuant to the exercise of options granted under any of the Novar Share Option Schemes on or prior to December 31, 2003, or details of which have been fairly disclosed in writing by or on behalf of Novar to Honeywell or its advisers in connection with the Offers prior to December 12, 2004, “disclosed options”) issued or agreed to issue or authorised or proposed the issue of additional shares of any class, or of securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold any shares out of treasury (save for the transfer of shares out of treasury on the exercise of disclosed options) or redeemed, purchased or repaid any of its own shares or other securities or reduced or made any other change to any part of its share capital;
  - (b) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution whether payable in cash or otherwise (other than to Novar or a wholly-owned subsidiary of Novar);
  - (c) save for transactions between members of the Novar Group, acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any rights, title or interest in any asset (including shares and trade investments), which, in each case, is material in the context of the Wider Novar Group taken as a whole, or merged with or demerged any body corporate or authorised or proposed or announced any intention to propose any such merger, demerger, acquisition, disposal, transfer, mortgage, charge or security interest (other than in the ordinary course of business);
  - (d) made or authorised or proposed or announced an intention to propose any change in its loan capital or issued, authorised or proposed the issue of any debentures;
  - (e) (save in the ordinary course of business or for transactions between members of the Novar Group) incurred or increased or become subject to any indebtedness or liability (actual or contingent) which is material in the context of the Wider Novar Group taken as a whole;
  - (f) entered into, varied or authorised any agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which:
    - (i) is of a long-term, onerous or unusual nature or magnitude or which involves or could involve an obligation of such a nature or magnitude; or
    - (ii) could restrict the business of any member of the Wider Novar Group, and in any case which is material in the context of the Wider Novar Group taken as a whole;

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- (g) entered into or varied the terms of any contract, agreement or arrangement with any of the Directors of Novar or any other director or senior executive of any member of the Wider Novar Group;
  - (h) waived or compromised any claim other than in the ordinary course of business in any case in a manner or on terms that are material in the context of the Wider Novar Group taken as a whole;
  - (i) taken any corporate action or had any legal proceedings instituted or threatened against it or petition presented or order made, in each case in relation to the suspension of payments, moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any material part of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;
  - (j) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
  - (k) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme, or other benefit relating to the employment or termination of employment of any employee of the Wider Novar Group;
  - (l) made or agreed or consented to any significant change to the terms of the trust deeds constituting the pension schemes established for its directors, employees or their dependants or the benefits which accrue, or to the pensions which are payable, thereunder, or to the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined or to the basis on which the liabilities (including pensions) of such pension schemes are funded or made, or agreed or consented to any change to the trustees involving the appointment of a trust corporation;
  - (m) implemented, effected or authorised, proposed or announced its intention to implement any composition, assignment, reconstruction, amalgamation, commitment, scheme or other transaction or arrangement (other than the Offers);
  - (n) made any alteration to the memorandum or articles of association of Novar or any material alteration to the memorandum or articles of association of any of Novar’s subsidiaries; or
  - (o) entered into any contract, commitment, agreement or arrangement or passed any resolution with respect to, or announced an intention to, or to propose to effect, any of the transactions, matters or events referred to in this condition;
- (ix) since December 31, 2003, and save as publicly announced, or as fairly disclosed by or on behalf of Novar to Honeywell or its advisers in connection

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- (a) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects of Novar or any other member of the Wider Novar Group that is material in the context of the Wider Novar Group taken as a whole;
  - (b) no litigation or arbitration proceedings, prosecution or other legal proceedings having been instituted, announced, implemented or threatened in writing by or against or remaining outstanding against or in respect of any member of the Wider Novar Group or to which any member of the Wider Novar Group is or may become a party (whether as plaintiff, defendant or otherwise) the effect of which is adverse to any member of the Wider Board Group to an extent which in any case is material in the context of the Wider Novar Group taken as a whole;
  - (c) (other than as a result of the Offers) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened in writing, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Wider Novar Group which in any such case is adverse to the interests of any member of the Wider Novar Group and is material in the context of the Wider Novar Group taken as a whole; and
  - (d) no contingent or other liability of any member of the Wider Novar Group having arisen or become apparent or increased which in any case is material in the context of the Wider Novar Group taken as a whole;
- (x) save as fairly disclosed by or on behalf of Novar to Honeywell or its advisers in connection with the Offers prior to December 12, 2004, Honeywell not having discovered since December 12, 2004:
- (a) that any financial, business or other information concerning Novar or the Wider Novar Group that has been disclosed at any time by or on behalf of any member of the Wider Novar Group whether publicly, or to any member of the Wider Honeywell Group prior to December 13, 2004, is misleading, contains any misrepresentation of fact or omits to state a fact necessary to make the information contained therein not misleading and which was not subsequently corrected before December 12, 2004, by disclosure either publicly or otherwise to Honeywell, to an extent which in any such case is material and adverse in the context of the Wider Novar Group taken as a whole and the acquisition of Novar by Honeywell; or
  - (b) that any member of the Wider Novar Group is subject to any liability (actual or contingent) that has not been disclosed to any member of the Wider Honeywell Group or publicly announced prior to December 12, 2004, and which in any case is material in the context of the Wider Novar Group taken as a whole;
  - (c) any information which affects the import of any information disclosed in writing at any time prior to December 12, 2004, by or on behalf of any member of the Wider Novar Group whether publicly or to Honeywell to an extent which is material and adverse in the context of the Wider Novar Group taken as a whole and the acquisition of Novar by Honeywell;

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- (xi) Honeywell not having discovered since December 12, 2004 that, save as publicly announced or fairly disclosed by or on behalf of Novar to Honeywell or its advisers in connection with the Offers prior to December 12, 2004:
- (a) any past or present member of the Wider Novar Group has not complied with all applicable legislation or regulations of any jurisdiction or authorisations with regard to the storage, disposal, discharge, carriage, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health, or otherwise relating to environmental matters or the health and safety of any person, or that there has otherwise been any such use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission (whether or not this constituted a non-compliance by any person with any legislation or regulations and wherever the same may have taken place) which, in any case, would be likely to give rise to any liability (whether actual or contingent) or cost on the part of any member of the Wider Novar Group which in any case is material in the context of the Wider Novar Group taken as a whole; or
  - (b) there is, or is likely to be, any liability (whether actual or contingent) to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by or on behalf of any past or present member of the Wider Novar Group, or in which any such member may now or previously have had or be deemed to have or have had an interest, or any other property or any controlled waters under any environmental legislation, regulation, notice, circular or order or other lawful requirement of any relevant authority or Third Party or otherwise which in any case is material in the context of the Wider Novar Group taken as a whole; or
  - (c) that circumstances exist whereby a person or class of persons would be likely to have a claim in respect of any product or process of manufacture or materials used therein now or previously manufactured, sold or carried out by any past or present member of the Wider Novar Group which is or would be material in the context of the Wider Novar Group taken as a whole.

For the purposes of these conditions:

- (a) 'Third Party' means any government, government department or governmental, quasi-governmental, supranational, statutory, regulatory or investigative body, authority (including any national anti-trust or merger control authority), court, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction;
- (b) a Third Party shall be regarded as having 'intervened' if it has decided to take, institute, implement, or threaten any action, proceeding, suit, investigation or enquiry or reference, or made, enacted or proposed any statute, regulation, decision, order or change to published practice, or taken any



measures or other steps or required any action to be taken or information to be provided or otherwise having done anything and 'intervene' shall be construed accordingly;

- (c) 'authorisations' means authorisations, orders, grants, recognitions, confirmations, consents, licences, clearances, permissions, exemptions and approvals;
- (d) 'publicly announced' means fairly disclosed in the annual report and accounts of Novar for the year ended December, 31 2003 or otherwise announced on or before December 12, 2004 by Novar by the delivery of an announcement to a Regulatory Information Service; and
- (e) 'the Wider Novar Group' means Novar and its subsidiary undertakings, associated undertakings and any other undertakings in which Novar and such undertakings (aggregating their interests) have a substantial interest and 'the Wider Honeywell Group' means Honeywell and its subsidiary undertakings, associated undertakings and any other undertaking in which Honeywell and such undertakings (aggregating their interests) have a substantial interest and, for these purposes, 'subsidiary undertaking', 'associated undertaking' and 'undertaking' have the meanings given by the Companies Act (but for this purpose ignoring paragraph 20(1)(b) of Schedule 4A to the Companies Act) and 'substantial interest' means a direct or indirect interest in 20 per cent. or more of the equity capital of an undertaking.

Subject to the requirements of the Panel, Honeywell reserves the right to waive all or any of the above conditions, in whole or in part, except condition (i). The Ordinary Offer will lapse if it does not become or is not declared unconditional as to acceptances. Further, the Offers will lapse unless conditions (ii) to (xi) have been fulfilled or (if capable of waiver) waived, or, where appropriate, have been determined by Honeywell to be or remain satisfied, by midnight on the day which is 21 days after the date on which the Ordinary Offer becomes or is declared unconditional as to acceptances, or such later date as Honeywell may, with the consent of the Panel, decide, provided that Honeywell shall be under no obligation to waive or treat as fulfilled any of conditions (ii) to (xi) inclusive by a date earlier than the latest date specified above for the fulfilment thereof notwithstanding that any such condition or the other conditions of the Offers may at such earlier date have been fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment.

Honeywell has agreed with Novar to treat any commitments required to secure an Article 6(1)(b) ECMR decision as reasonably satisfactory to Honeywell provided such commitments are not material in the context of the value of the Novar IBS business taken as a whole.

The Offers will lapse (unless otherwise agreed by the Panel) if the European Commission either initiates proceedings under Article 6(1)(c) of Council Regulation (EC) No 139/2004, or makes a referral to a competent national authority under Article 9(1) thereof and, having done so, the UK Competition Commission initiates an in-depth investigation in relation to the acquisition of Novar, before the later of 3.00 pm (London time) on the first closing date of the Ordinary Offer and the date on which the Ordinary Offer becomes or is declared unconditional as to acceptances.

If the Offers lapse they will cease to be capable of further acceptance and Honeywell and accepting Novar Shareholders shall thereupon cease to be bound by forms of acceptance submitted at or before the time when the Offers so lapse.

If Honeywell is required by the Panel to make an offer for Novar Ordinary Shares under the provisions of Rule 9 of the Code, Honeywell may make such alterations to the terms and conditions of the Offers as are necessary to comply with the provisions of that Rule.

## 2. Conditions of the Preference Offer

The Preference Offer will be subject only to the Ordinary Offer becoming or being declared unconditional in all respects.

## 3. Certain further terms of the Offers

The Novar Shares which are subject to the Offers will be acquired by Honeywell fully paid, with full title guarantee and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and other third party rights or interests of any nature whatsoever and together with all rights now or hereafter attached thereto including, without limitation, the right to receive and retain any dividend and other distribution, announced, declared, made or paid on or after the date of this announcement save for the proposed second interim dividend of 6.60 pence per Novar Ordinary Share, to be paid in lieu of a final dividend for the year ending December 31, 2004 if the Offers become or are declared unconditional in all respects.

The availability of the Offers to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.

## RELATED DEFINITIONS

The following definitions apply throughout this announcement, unless the context otherwise requires:

"Active Value"	Active Value Fund Managers Limited
"Australia"	the Commonwealth of Australia and its dependent territories
"business day"	a day, not being a Saturday or a Sunday, on which banks in London and New York are typically open for business

<b>"Cazenove"</b>	Cazenove & Co. Ltd
<b>"Code"</b>	The City Code on Takeovers and Mergers
<b>"Companies Act"</b>	the Companies Act 1985, as amended
<b>"CSFB"</b>	Credit Suisse First Boston (Europe) Limited
<b>"Daily Official List"</b>	the Daily Official List of the London Stock Exchange
<b>"Form of Acceptance"</b>	the form of acceptance, authority and election for use by Novar Shareholders in connection with the Offers
<b>"Goldman Sachs"</b>	Goldman Sachs International

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<b>"Honeywell"</b>	Honeywell International or, as the context requires, a wholly owned subsidiary of Honeywell International incorporated with limited liability under the laws of England and designated by Honeywell International to make the Offers
<b>"Honeywell Group"</b>	Honeywell International and its subsidiaries
<b>"Honeywell International"</b>	Honeywell International Inc., a Delaware corporation
<b>"Japan"</b>	Japan, its cities, prefectures, territories and possessions;
<b>"JPMorgan"</b>	J.P. Morgan plc
<b>"LIBOR"</b>	the London Inter-Bank Offered Rate for deposits in sterling for a period of 6 months as published on the relevant business day in London at or about 11am (London time)
<b>"Loan Note Alternative"</b>	the alternative whereby Novar Shareholders (other than certain overseas shareholders) validly accepting the Offers may elect to receive Loan Notes instead of some or all of the cash consideration to which they would otherwise be entitled under the Offers
<b>"Loan Notes"</b>	the floating rate guaranteed unsecured loan notes of Honeywell to be issued pursuant to the Loan Note Alternative
<b>"London Stock Exchange"</b>	London Stock Exchange plc
<b>"Melrose"</b>	Melrose plc, which posted its cash and share offer to Novar Shareholders on November 29, 2004
<b>"Novar"</b>	Novar plc
<b>"Novar Group"</b>	Novar and its subsidiary undertakings and, where the context permits, each of them
<b>"Novar Ordinary Shares"</b>	the existing unconditionally allotted or issued and fully paid ordinary shares of 27 7/9 pence each in the capital of Novar (other than any such shares that may be Treasury Shares while held by Novar) and any further such shares which are unconditionally allotted or issued (including pursuant to the exercise of outstanding options granted under the Novar Share Option Schemes) prior to the date on which the Ordinary Offer closes for acceptance (or such earlier date or dates, not being earlier than the date on which the Ordinary Offer becomes unconditional as to acceptances or, if later, the first closing date of the Ordinary Offer, as Honeywell may decide)
<b>"Novar Share Option Schemes"</b>	the Novar plc Performance Partnership Plan, the Novar plc Executive Share Option Scheme, the Novar plc 1996 Executive Share Option Scheme, the Novar plc Savings Related Share Option Scheme and the Novar plc 1999 Savings Related Share Option Scheme

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<b>"Novar Shareholders"</b>	holders of Novar Shares
<b>"Novar Preference Shares"</b>	the existing unconditionally allotted or issued and fully paid convertible cumulative redeemable preference shares of 16 2/3 pence each in the capital of Novar (other than any such shares that may be Treasury Shares while held by Novar) and any further such shares which are unconditionally allotted or issued prior to the date on which the Preference Offer closes for acceptance (or such earlier date or dates, not being earlier than the date on which the Ordinary Offer becomes unconditional as to acceptances or, if later, the first closing date of the Ordinary Offer, as Honeywell may decide)
<b>"Novar Shares"</b>	Novar Ordinary Shares and/or Novar Preference Shares, as the context requires

<b>"Offer Document"</b>	the document to be despatched on behalf of the Offeror containing the terms and conditions of the Offers
<b>"Offeror"</b>	a company to be formed by Honeywell for the purpose of making the Offers which will be a wholly owned, indirect subsidiary of Honeywell
<b>"Offers"</b>	the Ordinary Offer and the Preference Offer
<b>"Ordinary Offer"</b>	the recommended cash offer to be made by JPMorgan on behalf of Honeywell or a wholly-owned subsidiary of Honeywell for all of the Novar Ordinary Shares on the terms and subject to the conditions to be set out in the Offer Document and in the relevant Form of Acceptance including, where the context requires, any subsequent revision, variation, extension or renewal of such offers or election available thereunder
<b>"overseas shareholders"</b>	Novar Shareholders residing in, or subject to, any jurisdiction outside the UK
<b>"Panel"</b>	The Panel on Takeovers and Mergers
<b>"Preference Offer"</b>	the recommended cash offer to be made by JPMorgan on behalf of Honeywell or a wholly-owned subsidiary of Honeywell for all of the Novar Preference Shares on the terms and subject to the conditions to be set out in the Offer Document and in the relevant Form of Acceptance including, where the context requires, any subsequent revision, variation, extension or renewal of such offers or election available thereunder

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<b>"Regulatory Information Service"</b>	any of the services set out in schedule 12 to the Listing Rules of the UK Listing Authority
<b>"subsidiary"</b>	shall be construed in accordance with the Companies Act
<b>"subsidiary undertaking", "associated undertaking" and "undertaking"</b>	shall have the meanings given by the Companies Act (but for this purposes ignoring paragraph 20(1)(b) of Schedule 4A to the Companies Act)
<b>"substantial interest"</b>	shall mean a direct or indirect interest in 20 per cent or more of the equity capital of an undertaking
<b>"Treasury Shares"</b>	any Novar Shares which are for the time being, held by Novar as treasury shares (within the meaning of Section 162A of the Companies Act)
<b>"UK Listing Authority"</b>	the Financial Services Authority acting in its capacity as the competent authority for listing under Part VI of the Financial Services and Markets Act 2000
<b>"UK" or "United Kingdom"</b>	the United Kingdom of Great Britain and Northern Ireland
<b>"US" or "United States"</b>	the United States of America, its possessions and territories, all areas subject to its jurisdiction or any subdivision thereof, any State of the United States and the District of Columbia
<b>"US Persons"</b>	as defined in Regulation S under the US Securities Act
<b>"US Securities Act"</b>	the United States Securities Act of 1933, as amended

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JPMORGAN CHASE BANK, N.A.  
J.P. MORGAN SECURITIES INC.  
270 Park Avenue  
New York, NY 10017

December 9, 2004

Honeywell International Inc.  
101 Columbia Road  
Morris Township, NJ 07962

Attention of David J. Anderson  
Senior Vice President and  
Chief Financial Officer

Project Richie  
Senior Unsecured Interim Facility  
Commitment Letter

Ladies and Gentlemen:

You have advised JPMorgan Chase Bank, N.A. ("JPMCB") and J.P. Morgan Securities Inc. ("JPMorgan" and, together with JPMCB, "we" or "us") that Honeywell International Inc., a Delaware corporation (the "Company" or "you"), intends to make an offer to acquire (the "Acquisition") all the outstanding ordinary and convertible preference shares of Novar plc, a company organized under the laws of England (the "Acquired Company"). You have further advised us that you may obtain all or a portion of the funds required to complete the Acquisition and to pay related fees and expenses through the establishment of a senior unsecured interim credit facility in a principal amount of up to £1,200,000,000 (the "Interim Facility"). It is contemplated that the terms of the Interim Facility will be as set forth in the Summary of Principal Terms and Conditions attached hereto as Exhibit A (the "Term Sheet").

In connection with the foregoing, JPMCB is pleased to advise you of its commitment to provide the entire principal amount of the Interim Facility, on the terms and subject to the conditions set forth or referred to in this Commitment Letter and the Term Sheet.

You hereby appoint JPMorgan, and JPMorgan hereby agrees to act, as sole lead arranger and sole bookrunner for the Interim Facility. You hereby appoint JPMCB, and JPMCB hereby agrees to act, as sole administrative agent for the Interim Facility. You agree that no other agents, co-agents, arrangers, co-arrangers, bookrunners, managers or co-managers will be appointed, no other titles will be awarded and no compensation (other than compensation referred to in the Term Sheet) will be paid in connection with the Interim Facility unless you and we shall so agree.

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JPMCB reserves the right, prior to or after the execution of definitive documentation for the Interim Facility, to syndicate all or a portion of its commitment hereunder to one or more financial institutions that will become parties to such definitive documentation pursuant to a syndication to be managed by JPMorgan (JPMCB and the other financial institutions becoming parties to such definitive documentation being collectively referred to as the “Lenders”).

You agree actively to assist JPMorgan in completing a satisfactory syndication of the Interim Facility. Such assistance shall include (a) your using commercially reasonable efforts to ensure that the syndication efforts benefit from your existing relationships with financial institutions, (b) direct contact between your senior management and advisors and the proposed Lenders, (c) assistance in the preparation of a Confidential Information Memorandum for the Interim Facility and other marketing materials to be used in connection with the syndication of the Interim Facility and (d) the hosting, with JPMorgan, of one or more meetings of prospective Lenders.

JPMorgan, in consultation with you, will manage all aspects of the syndication of the Interim Facility, including decisions as to the selection of institutions to be approached and when they will be approached, when their commitments will be accepted, which institutions will participate, the allocations of the commitments among the Lenders and the amount and distribution of fees among the Lenders. To assist JPMorgan in the syndication efforts, you agree promptly to prepare and provide to us all information with respect to the Company, the Acquisition, the Acquired Company and the other transactions contemplated hereby, including all financial information, as we may reasonably request in connection with the arrangement and syndication of the Interim Facility.

You hereby represent and covenant (and it shall be a condition to the commitment of JPMCB hereunder and the agreement of JPMorgan to perform the services described herein) that (a) all written information (except any projected financial information) regarding the Company and its subsidiaries or, to the best of your knowledge, regarding the Acquired Company and its subsidiaries that has been or will be made available to us by you or any of your representatives is or will be, when furnished and taken as a whole, complete and correct in all material respects and does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made and (b) all projected financial information, if any, that has been or will be made available to us by you or any of your representatives has been and will be prepared in good faith based upon reasonable assumptions. You understand that, in arranging the Interim Facility, we will be using and relying on such information without independent verification thereof.

The commitment of JPMCB hereunder and the agreement of JPMorgan to perform the services described herein are subject to (a) the negotiation, execution and delivery of definitive credit documentation with respect to the Interim Facility satisfactory to JPMCB, (b) our satisfaction that prior to and during the syndication of the Interim Facility there shall be no concurrent or pending bank financings or offerings or

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placements of debt securities (other than any commercial paper issuances) by or on behalf of the Company or its subsidiaries that would be likely to materially and adversely affect the syndication of the Interim Facility, (c) the material terms of the Acquisition and the Offer being reasonably satisfactory to us (it being understood that a minimum tender condition set at a majority or more of the aggregate ordinary voting power of the Acquired Company is reasonably satisfactory to us) and (d) the other conditions set forth or referred to in the Term Sheet.

You agree (a) to indemnify and hold harmless each of us and our affiliates, and the officers, directors, employees, affiliates, advisors and agents of each of the foregoing (each, an “indemnified person”), from and against any and all losses, claims, damages, liabilities and expenses, joint or several, to which any such indemnified person may become subject arising out of or in connection with this Commitment Letter, the Interim Facility, the actual or proposed use of the proceeds thereof, the Acquisition or any related transaction or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any indemnified person is a party thereto, and to reimburse each indemnified person upon demand for any reasonable legal or other expenses incurred in connection with investigating or defending any of the foregoing, provided that the foregoing indemnity will not, as to any indemnified person, apply to losses, claims, damages, liabilities or related expenses to the extent they have resulted from the willful misconduct or gross negligence of such indemnified person, and (b) to reimburse each of us and each of our affiliates on demand for all reasonable out-of-pocket expenses (including syndication expenses and reasonable fees, charges and disbursements of counsel) incurred in connection with the Interim Facility and any related documentation (including this Commitment Letter and the definitive financing documentation), whether or not the transactions contemplated herein are completed. Notwithstanding any other provision of this Commitment Letter, no indemnified person shall be liable for any damages arising from the use by others of Information or other materials obtained through electronic, telecommunications or other information transmission systems or for any special, indirect, consequential or punitive damages in connection with the Interim Facility.

You acknowledge that each of us and our affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which you may have conflicting interests regarding the transactions described herein and otherwise. Each of us agrees that it will not use confidential information obtained from you by virtue of the transactions contemplated by this Commitment Letter or its other relationships with you in connection with the performance by it of services for other companies, or furnish any such confidential information to other companies or customers. You also acknowledge that neither of us has any obligation to use in connection with the transactions contemplated by this Commitment Letter, or to furnish to you, confidential information obtained by it from other companies.

This Commitment Letter and JPMCB’s commitment hereunder shall not be assignable by you without our prior written consent (and any purported assignment without such consent shall be null and void), are intended to be solely for the benefit of

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the parties hereto and the indemnified persons, and are not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto and the indemnified persons. Any and all obligations of, and services to be provided by, any of us may be performed, and any and all rights of any of us hereunder may be exercised, by or through our affiliates. This Commitment Letter may not be amended or waived except by an instrument in writing signed by us and you. This Commitment Letter may be executed in any number of counterparts, each of which shall be an original, and all of which, when taken together, shall constitute one agreement. This Commitment Letter is the sole agreement that has been entered into among the parties hereto with respect to the Interim Facility and sets forth the entire understanding among the parties hereto with respect thereto. Delivery of an executed signature page of this Commitment Letter by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. This Commitment Letter shall be governed by, and construed in accordance with, the laws of the State of New York.

You irrevocably and unconditionally submit to the exclusive jurisdiction of any state or Federal court sitting in the City of New York over any suit, action or proceeding arising out of or relating to this Commitment Letter, any transaction contemplated hereby or the performance of services hereunder. You hereby agree that service of any process, summons, notice or document by registered mail addressed to you shall be effective service of process for any suit, action or proceeding brought in any such court. You irrevocably and unconditionally waive any objection to the laying of venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. You agree that a final judgment in any such suit, action or proceeding brought in any such court shall be conclusive and binding upon you and may be enforced in any other courts to whose jurisdiction you are or may be subject, by suit upon judgment. Each party hereto irrevocably agrees to waive trial by jury in any suit, action, proceeding, claim or counterclaim brought by or on behalf of any party related to or arising out of this Commitment Letter, the transactions contemplated hereby or the performance of services hereunder.

This Commitment Letter is delivered to you on the understanding that none of this Commitment Letter, the Term Sheet or any of their terms or substance shall be disclosed, directly or indirectly, to any other person except (a) to your officers, directors, employees, agents and advisors who are directly involved in the consideration of the Acquisition and the other Transactions on a confidential basis or (b) as may be compelled in a judicial or administrative proceeding or as otherwise required by law (in which case you agree to inform us promptly thereof); provided that, following your acceptance of this Commitment Letter, you may disclose this Commitment Letter and the Term Sheet and their terms and substance (i) to the Acquired Company and its officers, directors, employees, agents and advisors and (ii) to the extent necessary, in the Company's filings with the Securities and Exchange Commission.

JPMCB hereby notifies you that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it and each of the Lenders may be required to obtain, verify and record information

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that identifies you and the Borrower, which information may include your and the Borrower's name, address and other information that will allow you and the Borrower to be identified in accordance with the Patriot Act. This notice is given in accordance with the requirements of the Patriot Act and is effective for each of JPMorgan, JPMCB and the other Lenders.

The reimbursement, indemnification and confidentiality provisions contained herein shall remain in full force and effect regardless of whether definitive financing documentation with respect to the Interim Facility shall be executed and delivered and notwithstanding the termination of this Commitment Letter or JPMCB's commitment hereunder.

If the foregoing correctly sets forth our agreement, please indicate your acceptance of the terms hereof and of the Term Sheet by returning to us executed counterparts hereof not later than 5:00 p.m., New York City time, on December 31, 2004, failing which JPMCB's commitment hereunder and JPMorgan's agreements contained herein will expire at such time. In the event that the initial borrowing in respect of the Interim Facility does not occur on or before April 29, 2005, then this Commitment Letter and the commitment hereunder shall automatically terminate unless each of us shall agree to an extension.

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We are pleased to have been given the opportunity to assist you in connection with this important financing.

Very truly yours,

JPMORGAN CHASE BANK, N.A.,

by /s/ Bruce Borden

Name: Bruce Borden

Title: Vice President

J.P. MORGAN SECURITIES INC.,

by /s/ Bruce Borden

Name: Bruce Borden

Title: Vice President

Accepted and agreed to  
as of the date first written above by:

HONEYWELL INTERNATIONAL INC.,

by /s/ David Anderson

Name: David Anderson

Title: Senior Vice President; Chief  
Financial Officer

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Project Richie  
Senior Unsecured Interim Facility  
Summary of Principal Terms and Conditions

- Borrower: A newly formed corporation (the "Borrower") that is a wholly owned subsidiary of Honeywell International Inc., a Delaware corporation (the "Company"). The obligations of the Borrower will be unconditionally guaranteed by the Company.
- Sole Lead Arranger and Sole Bookrunner: J.P. Morgan Securities Inc. will act as sole lead arranger and sole bookrunner (in such capacities, the "Arranger") and will perform the duties customarily associated with such roles.
- Administrative Agent: JPMorgan Chase Bank, N.A. ("JPMCB") will act as sole administrative agent (in such capacity, the "Administrative Agent") for a syndicate of lenders (together with JPMCB, the "Lenders") arranged by the Arranger.
- Transactions: The Company intends to make an offer to acquire (the "Acquisition") all the outstanding ordinary and convertible preference shares of Novar plc, a company organized under the laws of England (the "Acquired Company"), for aggregate consideration of not more than £1,200,000,000, including amounts required to refinance the existing indebtedness of the Acquired Company. It is anticipated that the Acquisition will be structured as a tender offer (the "Offer") by the Borrower for all of the outstanding ordinary and convertible preference shares of the Acquired Company. The Borrower will finance the Acquisition and related fees and expenses with the proceeds of loans under a senior unsecured interim credit facility in a principal amount of up to £1,200,000,000 (the "Interim Facility"), to the extent necessary. The Acquisition, the Offer, the establishment of and the borrowings under the Interim Facility and the other transactions contemplated hereby are collectively referred to herein as the "Transactions".
- Availability: Up to the full amount of the commitments under the Interim Facility may be borrowed on a revolving basis at any time on and after the date of closing of the Offer (the "Closing Date") and prior to the final maturity of
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the Interim Facility.

<u>Purpose:</u>	The proceeds of loans under the Interim Facility will be used to finance the Acquisition and related fees and expenses and for general corporate purposes of the Borrower and its subsidiaries.
<u>Final Maturity:</u>	The commitments under the Interim Facility will expire, and the borrowings under the Interim Facility will mature, on the date that is 364 days following the Closing Date.
<u>Multicurrency Availability:</u>	Loans under the Interim Facility will be available in Sterling and US dollars.
<u>Optional Commitment Reductions and Prepayments:</u>	<p>The Borrower may terminate commitments, and prepay loans, under the Interim Facility in whole or in part at any time, subject to, in the case of prepayment of Eurocurrency loans, reimbursement of breakage costs if prepayment occurs other than at the end of the applicable interest period.</p> <p>Any Lender may terminate its commitment upon the occurrence of a change of control of the Company in accordance with the terms and procedures set forth in the Company's existing Five-Year Credit Agreements (the "<u>Existing Credit Agreements</u>").</p>
<u>Mandatory Commitment Reductions and Prepayments:</u>	The Borrower shall prepay loans under the Interim Facility with, and the commitments under the Interim Facility will be permanently reduced in the amount of, 100% of the net cash proceeds of (a) any issuance or incurrence of debt by the Company or any of its subsidiaries, subject to limited exceptions to be agreed upon (including exceptions for borrowings pursuant to existing commitments under each of the Existing Credit Agreements), (b) any issuance of equity or equity-linked securities of the Company or any of its subsidiaries, subject to limited exceptions to be agreed upon, and (c) any sale of any of the assets, including equity interests, acquired as part of the Acquisition, subject to limited exceptions to be agreed upon.
<u>Fees and Interest Rates:</u>	As per the attached Annex I.
<u>Conditions to</u>	Loans under the Interim Facility to be used to finance

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Borrowing: the Acquisition will be available subject only to (a) the accuracy of the Borrower's and the Company's representations and warranties as to corporate existence, power and authority, absence of conflicts with laws and existing agreements and enforceability of credit documentation; (b) absence of any event of bankruptcy or insolvency; (c) receipt by the Lenders of evidence of authority and customary legal opinions; (d) payment of fees and expenses; (e) the Acquisition being approved, prior to the commencement of the Offer, by the board of directors of the Acquired Company; (f) the Offer having been consummated in accordance with applicable law and in all material respects on the terms set forth in the offering documents with respect thereto, without modification of any material term or condition thereof not approved by the Administrative Agent (it being understood that any reduction of the minimum tender condition to a level not below a majority of the aggregate ordinary voting power of the Acquired Company shall not require approval by the Administrative Agent); and (g) proceeds of such loans not being used in violation of Federal Reserve margin regulations, to the extent applicable.

Other than as set forth in the preceding paragraph, the documentation for the Interim Facility will contain no conditions to the availability of loans to be used to finance the Acquisition.

Loans under the Interim Facility to be used other than to finance the Acquisition will be available subject to the conditions to borrowing similar to the on-going conditions set forth in the Existing Credit Agreements, including exceptions contained therein with respect to bring-down of litigation, absence of material adverse change and certain other representations and warranties.

Representations and Warranties: Similar to the representations and warranties set forth in the Existing Credit Agreements, with such modifications thereto as may be requested by the Arranger for transactions of this type, including representations and warranties with respect to corporate existence, power and authority; absence of conflicts with laws and existing agreements; governmental and regulatory approvals; enforceability; financial information; absence of material adverse change; absence of material litigation; margin stock; ERISA

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matters; compliance with laws; and status under Investment Company Act and Public Utility Holding Company Act.

Covenants: Similar to the covenants set forth in the Existing Credit Agreements, with such modifications thereto as may be requested by the Arranger for transactions of this type, including covenants with respect to compliance with environmental and other laws; payment of taxes; maintenance of insurance; preservation of corporate existence; visitation rights; books and records; maintenance of properties; delivery of financial statements and other information and notices; limitations on liens; and certain restrictions on consolidations, mergers and sale of assets.

Events of Default: Similar to the events of default set forth in the Existing Credit Agreements, including failure to pay principal, interest or other amounts; breach of representations and warranties in any material respect; breach of covenants; cross default and cross acceleration to material indebtedness; certain bankruptcy events; material judgments; certain ERISA matters; and actual or asserted invalidity of the Company's guarantee.

Cost and Yield Protection: Usual for facilities and transactions of this type.

Assignments and Participations: The Borrower may not assign its rights or obligations under the Interim Facility without the prior written consent of the Lenders. Lenders will be permitted to assign and sell participations in loans and commitments. Assignments will be by novation and will be subject to the prior consent of the Administrative Agent and, except in the case of assignments to another Lender or an affiliate of a Lender or to approved funds, the Company (not to be unreasonably withheld); provided that no consent of the Company shall be required if an Event of Default has occurred and is continuing. In the case of partial assignments (other than to another Lender or an affiliate of a Lender or to approved funds), the minimum assignment amount will be \$5,000,000 unless otherwise agreed by the Company and the Administrative Agent. Each assignment will be subject to the payment of a service fee of \$3,500. Participations will be without restriction, and participants will have the same benefits

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as syndicate Lenders with regard to yield protection, increased costs and taxes (but will not be permitted to receive amounts greater than the transferring lender) and will be permitted to receive information from Lenders with respect to the Company. Voting rights of participants will be limited to customary matters.

Expenses and Indemnification:

The Borrower will pay all reasonable costs and expenses of the Administrative Agent (including the reasonable fees, charges and disbursements of counsel) incurred in connection with the preparation, administration and modification of the definitive credit documentation. In addition, the Borrower will pay all expenses of the Administrative Agent and any Lender (including the reasonable fees, charges and disbursements of counsel) for enforcement costs and documentary taxes associated with the Interim Facility.

The Borrower will indemnify and hold harmless the Administrative Agent, the Lenders and their affiliates, and related parties of each of the foregoing, from and against any and all losses, liabilities, damages and expenses (including the reasonable fees, charges and disbursements of counsel) arising out of or relating to the Interim Facility or any transaction contemplated thereby, except to the extent such losses, liabilities, damages and expenses have resulted from the willful misconduct or gross negligence of the party seeking indemnification.

Voting Rights:

Amendments and waivers of the definitive credit documentation will require the approval of Lenders holding at least 51% of the aggregate amount of the loans and commitments under the Interim Facility, provided that the consent of all affected Lenders will be required with respect to (a) increases in the amounts or extensions of the expiry dates of the Lenders' commitments, (b) reductions in the amount or extensions of the date for the payment of principal of any loan and (c) reductions in interest rates or fees or extensions of the dates for payment thereof, and the consent of 100% of the Lenders will be required with respect to (i) modifications to the pro rata provisions, (ii) modifications of the voting percentages and (iii) release of the Company's guarantee.

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Governing Law:

New York.

Counsel for Arranger and  
Administrative Agent:

Cravath, Swaine & Moore LLP.

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Facility Fees:

Facility fees will accrue and be payable to the Lenders on the commitments under the Interim Facility, irrespective of usage, commencing on the date of execution of definitive credit documentation for the Interim Facility and payable in arrears at the end of each calendar quarter and at maturity. The rates at which the facility fees accrue will depend upon the ratings of Moody's Investors Service, Inc. and Standard and Poor's Ratings Services applicable to the Company's senior unsecured non-credit enhanced long-term debt (the "Ratings"), as set forth in the table appearing at the end of this Annex I.

Utilization Fees:

Utilization fees will accrued and be payable to the Lenders on the outstanding principal amount of all loans under the Interim Facility at any time that the outstanding principal amount of such loans exceeds 50% of the commitments under the Interim Facility. Utilization fees will be payable in arrears at the end of each calendar quarter and at maturity. The rates at which the utilization fees accrue will depend upon the Ratings, as set forth in the table appearing at the end of this Annex I.

Interest Rates:

Interest will be payable on the loans at the following rates per annum:

- (a) In the case of Eurocurrency loans, Adjusted LIBOR plus spreads depending upon the Ratings, as set forth in the table appearing at the end of this Annex I.
- (b) In the case of ABR loans, the Alternate Base Rate.

As used herein:

"Adjusted LIBOR" means the London interbank offered rate, adjusted for statutory reserve requirements and, in the case of loans denominated in Sterling, mandatory liquid asset costs.

"Alternate Base Rate" or "ABR" means the higher of (i) JPMCB's Prime Rate, and (ii) the Federal Funds Effective Rate plus 1/2 of 1% per annum. Only loans

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denominated in US dollars may be ABR loans.

Interest Periods:

At the Borrower's option:

Eurocurrency loans: 1, 2, 3, 6 or, if available to all Lenders, 9 months.

ABR loans: quarterly.

Interest will be payable at the end of each Interest Period, but not less often than every three months.

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FEE AND SPREAD TABLE

	Ratings (S&P/Moody's)	Facility Fee (basis points)	Utilization Fee (basis points)	LIBOR Spread (basis points)
Category 1	A+/A1 or higher	5.0	5.0	20.0
Category 2	A/A2	6.0	5.0	24.0
Category 3	A-/A3	7.0	10.0	27.0
Category 4	BBB+/Baa1	10.0	12.5	40.0
Category 5	BBB/Baa2 or lower	12.5	12.5	62.5

In the event of split Ratings, the Category corresponding to the higher of the two Ratings shall apply unless the Ratings differ by more than one Category, in which case the Category next above that corresponding to the lower of the two Ratings shall apply.

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