

Honeywell Paid Bossidy \$12.6 Million in Cash, Stock (Update1)

(Updates with detail on Bossidy's restricted stock in fifth paragraph.)

Morris Township, New Jersey, March 17 (Bloomberg) --Honeywell International Inc., whose shares have dropped 41 percent in the past year, paid retired Chairman Lawrence Bossidy \$12.6 million in cash and stock in 2002, including a \$4 million bonus.

Current Chairman and Chief Executive Officer David Cote received \$29 million, including a \$1.29 million salary, a \$1.88 million bonus and \$25.1 million in restricted stock, the company said in a regulatory filing. Cote got \$723,543 for taxes, legal fees, use of company aircraft and temporary housing.

Cote's restricted-stock award vests over a 10-year period, according to the company's proxy statement filed with the Securities and Exchange Commission. Seven percent of that total, or about \$1.76 million, is vested already, according to the proxy.

Honeywell, the biggest maker of cockpit electronics, paid Bossidy \$1 million in salary, plus the bonus and additional compensation of \$187,754. Bossidy, who retired July 1, also got restricted stock valued at \$7.38 million.

Bossidy's restricted stock fully vested last June, but carries mandatory deferral terms. The first half of the award must be deferred until April 26, and the rest can be collected in April 2004, according to the proxy.

Diminished Expectations

Honeywell lowered its earnings forecast twice in 2002 as sales of chemicals and aircraft gear slowed. Its net loss widened to \$220 million, or 27 cents a share, from \$99 million, or 12 cents, in 2001. The Morris Township, New Jersey-based company had fourth-quarter costs of \$1.9 billion, in part for settling asbestos health claims.

Bossidy, 68, recruited Cote from TRW Inc. in February 2002. Honeywell also paid Cote \$2.8 million last year for money, insurance and interest he would have earned at TRW. His contract guarantees he will remain chairman and CEO through Feb. 19, 2007.

Cote, 50, was given options to buy 2.2 million Honeywell shares.

Honeywell shares rose 98 cents to \$23.45 at 4:16 p.m. in New York Stock Exchange composite trading.

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