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Robert G. Torricelli

INTERFAITH COMMUNITY
ORGANIZATION, et al.,

Plaintiffs,

v.

HONEYWELL INTERNATIONAL, INC., et
al.,

Defendants.

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

Civil Action No. 95-2097(DMC)

STIPULATION AND ORDER REGARDING
SPECIAL MASTER'S APPLICATION TO
PROCURE INSURANCE COVERAGE

THIS MATTER having come before the Court upon Application of Special Master, Robert G. Torricelli (the "Special Master"), on notice to the parties, for authority to (a) procure insurance coverage in connection with his appointment and (b) pay the premiums, taxes, the deductible, and any other charges for such coverage from the existing Escrow Account; and the Special Master and Honeywell International, Inc. ("Honeywell") having amicably resolved this dispute on the terms and conditions set forth herein; and Plaintiff, Interfaith Community Organization ("ICO"), having no objection;

IT IS hereby STIPULATED and AGREED by and among the Special Master, Honeywell, and ICO as follows:

1. The Special Master be and is hereby authorized to procure and purchase a professional liability insurance policy from American International Group, Inc. ("AIG") substantially in the form of the Term Sheet attached hereto as Exhibit A (the "Policy").

2. The premiums, taxes, deductibles and any other charges payable in connection with the Policy shall be paid from the Escrow Account established pursuant to the September 15, 2003 Order Setting Financial Assurance (the "Financial Assurances Order").

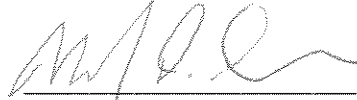
3. Upon receiving notice that the balance of the Escrow Account has fallen below \$2.5 million (due to withdrawals on account of premiums, taxes, deductibles and any other charges payable in connection with the Policy or otherwise), Honeywell shall replenish the Escrow Account to the full amount of \$3 million within five (5) business days. Should Honeywell fail to replenish the Escrow Account within such time, the Special Master may resort to any and all remedies available under the Financial Assurances Order, including application to draw upon that certain \$200 million letter of credit issued on behalf of Honeywell on October 9, 2003, and renewed thereafter (the "Letter of Credit").

4. The Letter of Credit, or any replacement letter of credit obtained in accordance with the Financial Assurances Order, shall remain in place, in such amount not less than as necessary to secure Honeywell's obligations in connection with the Policy, until the conclusion of the Extended Reporting Period, as defined in the Policy (the "Extended Reporting Period"). Nothing in this paragraph shall be construed to alter or modify Honeywell's obligation to maintain the Letter of Credit in the full amount of \$200 million until the completion of the remediation, as set forth in the Financial Assurances Order.

5. Honeywell shall timely carry out and perform its various obligations under the Policy, including, without limitation, posting a \$5 million letter of credit in favor of AIG as continuing security (the "AIG Letter of Credit"). The AIG Letter of Credit shall remain in place until the conclusion of the Extended Reporting Period.

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Consented to and Approved
for Entry:



Michael Daneker, Esq.
Arnold & Porter LLP
555 12th Street, N.W.
Washington, D.C.
Attorneys for Honeywell



Kevin J. Coakley, Esq.
Connell Foley LLP
85 Livingston Avenue
Roseland, New Jersey 07068
(973) 535-0500
Attorneys for Robert G. Torricelli, Special
Master

*Plaintiffs have not participated in the
negotiation of this Stipulation. However, we
have no objection to its entry by the Court.*

Kathleen L. Millian, Esq.
Terris, Pravlik & Millian, LLP
1121 Twelfth Street, NW
Washington, DC 20005
Attorneys for ICO

IT IS SO ORDERED this 11 day of November, 2005



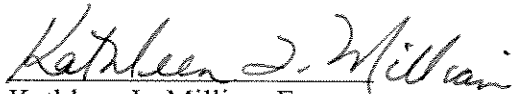
Hon. Dennis M. Cavanaugh, U.S.D.J.

Consented to and Approved
for Entry:

Michael Daneker, Esq.
Arnold & Porter LLP
555 12th Street, N.W.
Washington, D.C.
Attorneys for Honeywell

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Attorneys for Robert G. Torricelli, Special
Master

*Plaintiffs have not participated in the
negotiation of this Stipulation. However, we
have no objection to its entry by the Court.*


Kathleen L. Millian, Esq.
Terris, Pravlik & Millian, LLP
1121 Twelfth Street, NW
Washington, DC 20005
Attorneys for ICO

IT IS SO ORDERED this _____ day of November, 2005

Hon. Dennis M. Cavanaugh, U.S.D.J.

EXHIBIT A



AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY

A Capital Stock Insurance Company
175 Water Street
New York, NY 10038

NOTICE: THIS INSURER IS NOT LICENSED IN THE STATE OF NEW YORK
AND IS NOT SUBJECT TO ITS SUPERVISION

AIG RISK MANAGEMENT

TERM SHEET

NOTE: ALL TAXES ARE THE RESPONSIBILITY OF HONEYWELL AND THE INSURANCE BROKER AND ARE TO BE PAID THROUGH THE COURT ADMINISTERED ESCROW ACCOUNT ESTABLISHED BY HONEYWELL PURSUANT TO JUDICIAL ORDER, FOR SPECIAL MASTER ADMINISTRATIVE EXPENSES. THE NAMED INSURED IS ADVISED TO SEEK PROFESSIONAL ADVICE REGARDING ANY AND ALL TAXES, INCLUDING (BUT NOT LIMITED TO) SURPLUS LINES PREMIUM TAX AND STAMPING OFFICE FEES (IF ANY).

Named Insured: Robert G. Torricelli, Special Master, the Office of the Special Master and any past, present or future employees of the Office of the Special Master solely while acting in their capacity and carrying out the responsibilities as set forth in the Order Appointing Special Master issued by Honorable Dennis M. Cavanaugh dated May 20, 2003 in the matter of Interfaith Community Organization, et al. vs. Honeywell International, Inc. et al, United States District Court, District of New Jersey, Civil Action No. 95-2097 (DMC).

Insurer: American International Specialty Lines Insurance Company

Effective Date: August 19, 2005

Coverage: Miscellaneous Professional Liability coverage, specifically the Services performed by Robert G. Torricelli, Special Master, the Office of the Special Master and any past present or future employees of the Office of the Special Master solely while acting in their capacity and carrying out the responsibilities as set forth in the Order Appointing Special Master issued by Honorable Dennis M. Cavanaugh dated May 20, 2003 in the matter of Interfaith Community Organization, et al. vs. Honeywell International, Inc. et al, United States District Court, District of New Jersey, Civil Action No. 95-2097 (DMC).

This program shall be written on an claims made pay-on-behalf-of basis. This program contemplates that Insurer will pay losses on a monthly basis. All such losses will be billed to Honeywell International, Inc. et al ("Honeywell") and paid through the Court administered escrow account established by Honeywell pursuant to judicial order, for Special Master administrative expenses. If payment for such losses is not received by the Insurer within 15 business days, will be funded via a corresponding reduction in the Letter of Credit ("L/C"). No payments will be made on an incurred loss basis.

Forms: It is a condition precedent to coverage under this program that the Named Insured execute 1.) Tax/Accounting & Intent Verification Letter and that Honeywell will execute 2.) the Binder and 3.) Payment Agreement and Schedule of Policies & Payments to the Payment Agreement. This Program shall include these documents, and also include the following transaction documents: 1.) Declarations; 2.) Miscellaneous Professional Liability Policy, following the terms of Form 77011 (4/02) issued by American International Specialty Lines Insurance Company, as amended to be in accordance with this Term Sheet.

Other Insurance

This coverage is excess over any protection provided to the Named Insured as a result of judicial immunity being applicable to a **claim**. Notwithstanding the above, this policy will provide coverage for **claim expenses** incurred by the **Named Insured** in seeking a determination that judicial immunity is applicable to a **claim**.

Currency: US\$

Policy Period: August 19, 2005 – November 31, 2011, with a 6 year Extended Reporting Period

Retroactive Date: **May 20, 2003**

Premium: Gross Program Premium of \$350,000 due in full prior to the Effective Date and payable through the Court administered escrow account established by Honeywell pursuant to judicial order, for Special Master administrative expenses. The Gross Program Premium is non-refundable and consists of Program Expenses. The Limits of Insurance as referenced below will be secured with a \$5,000,000 L/C, provided by Honeywell. The L/C must be in a form and from a bank approved by the Insurer.

Limits of Insurance:	Policy Aggregate Limit	\$5,000,000
	Deductible Limit (Deductible to be paid through the Court administered escrow account established by Honeywell, pursuant to judicial order, for Special Master administrative expenses)	\$5,000,000
	Miscellaneous Professional Liability Each Wrongful Act	\$5,000,000

Allocated Loss Adjustment Expenses are included within and erode the Limits of Insurance including the Deductible Limit.

The Policy Aggregate Limit is eroded by each of the other Limits of Insurance including the Deductible Limit, and is the most the Insurer will pay under the program.

Taxes: All taxes, including but not limited to surplus lines taxes, as well as stamping office fees (if any), are to be paid by Honeywell through the Court administered escrow account established by Honeywell pursuant to judicial order, for Special Master administrative expenses and are the responsibility of Honeywell and the insurance broker. The Named Insured and Honeywell are advised to seek professional advice regarding all taxes.

Loss Reimbursement and Claims Handling:

The Third Party Administrator for this program may be selected by Honeywell, but must be approved by the Insurer. Reports and remittances between the Insurer, the Named Insured, Honeywell, and Third Party Administrator, are subject to Insurer's contract wording, including all exhibits and addenda. This includes a Right to Associate with the Third Party Administrator. This Term Sheet does not include fees for claims handling.

The following shall be added to the Miscellaneous Professional Liability Policy, Form 77011 (4/02) Section I. Insuring Agreements, B. Defense: You shall have the right to select defense counsel. We shall have the right to consent in advance to the defense counsel selected, which consent shall not be unreasonably withheld.

Additional Terms:

1. This program specifically excludes any or all current or future state taxes, surcharges, assessments, and Second Injury Fund assessments or any other charges regardless of whether owed by Honeywell on behalf of the Named Insured or the historical insurance providers. Such amounts include but are not limited to taxes, assessments, fees, premium loss adjustments, time and expense or Loss Conversion Factor charges, collateral, or other similar amounts that may be due and owing. Honeywell agrees that if by law, Insurer is required to pay any fines or penalties, including but not limited to, fines and/or penalties related to the insured's delay or refusal to make payment, Honeywell agrees to indemnify Insurer for such fines and/or penalties, including interest.
2. This Program is subject to written confirmation of the Insurer's right to associate with the Named Insured and the Third Party Claims Administrator appointed by Honeywell, in the handling of claims. This association right includes reporting to the Insurer all losses in accordance with the insurance policy issued to the Named Insured.

It is understood and agreed that Honeywell has selected the Third Party Administrator and that the Honeywell, not the Insurer, shall be responsible for providing any escrow amounts to be used for the Third Party Administrator to pay losses. The Insurer in no way shall be responsible for funding any such escrow. Honeywell further agrees to indemnify and hold harmless the Insurer from any and all damages or loss the Insurer may suffer due to the actions or omissions of the Third Party Administrator, including but not limited to, bad faith claims and any damage or loss relating to licensing.

3. It is agreed by both Honeywell, and the Insurer that: a) Insurer is not responsible for paying and/or fronting any amounts beyond the Limits of Insurance, b) it is unanticipated that Insurer will be legally required to pay and/or front any amounts beyond the Limits of Insurance, and c) it is agreed that the Insurer will have no legal or contractual obligation to pay and/or front any amounts beyond the Limits of Insurance. Honeywell agrees to fully indemnify and hold harmless the Insurer in the unanticipated event that the Insurer is legally required to pay and/or front any amounts beyond the Limits of Insurance.
4. This program is not intended to indemnify the Named Insured for Losses which are the result of an occurrence or offense outside the stated policy period, subject to the terms of the forms listed in this Term Sheet.
5. This program specifically excludes damages due to or resulting from Asbestos and Lead. Honeywell agrees to fully indemnify and hold harmless the Insurer in the unanticipated event that the Insurer pays any amounts for the above-referenced excluded coverages.

6. Honeywell agrees it is the expectation of Honeywell and the Insurer, that claim handling will remain at the quality level as of the inception date of this program through the duration of the program. Should it become necessary, as a result of a failure to maintain such quality levels, in the Insurer's sole judgment, to have the claims handling function transferred to another third-party administrator, Honeywell agrees that this cost would be entirely borne by Honeywell. Further, if Honeywell decides that they would like to transfer the claims handling function to another third-party administrator, they will first obtain the Insurer's approval, in writing, and Honeywell agrees that all costs associated with this transfer to the third-party administrator, will be borne entirely by Honeywell. If the Third-Party Administrator is changed without the Insurer's approval, in writing, or if claim handling does not remain at the quality level as of the inception date of this program through the duration of the program, Insurer shall have the right to terminate the Policies. Insurer will then reduce the L/C and will be relieved of any of its obligations under the Policies. Following such intended termination by the Insurer, and the reduction of the L/C, if the Insurer is in any way required by law to continue reimbursing the Named Insured, Honeywell agrees to indemnify Insurer for any amounts Insurer pays following such intended termination.
7. If the Policy is cancelled by the Insurer, Honeywell or the Named Insured, then the Policy Aggregate Limit shall be equal to either X/365 of \$5,000,000, where "X" equals the number of days the program was in effect, or the sum of all reimbursed paid losses at the effective date of cancellation, whichever amount is greater. The amount of the L/C reduction upon cancellation, if any, shall be that portion of the L/C used to fund the Limits of Insurance, less all paid losses, less the amount of L/C the Insurer deems necessary to fully fund any open, pending or unresolved claims or notices of potential claims existing upon cancellation. The Insurer shall, in its sole, absolute discretion, determine the L/C amount needed to fully fund such open, pending or unresolved claims or notices of potential claims based upon the Insurer's Loss Development Factors. The Insurer will reduce such amount of L/C within thirty (30) days following receipt of a written demand from Honeywell for the reduction of such L/C and a letter from Honeywell agreeing to indemnify and hold harmless the Insurer against any and all liability, loss, cost damage and expense, including attorneys' fees, incurred by the Insurer as a result of any action by a third party asserting a claim against or seeking coverage under this policy after the reduction of such L/C.
8. In the event the program is not renewed and expires at the end of the extended reporting period, Honeywell may be entitled to a reduction of L/C. The amount of the L/C reduction upon expiration, if any, shall be that portion of the L/C used to fund the Limits of Insurance, less all reimbursed paid losses, less the amount of L/C the Insurer deems necessary to fully fund any open, pending or unresolved claims or notices of potential claims existing upon expiration of the Policy Period. The Insurer shall, in its sole, absolute discretion, determine the L/C amount needed to fully fund such open, pending or unresolved claims or notices of potential claims based upon the Insurer's Loss Development Factors. The Insurer will reduce such amount of L/C within thirty (30) days following receipt of a written demand from Honeywell for the reduction of such L/C and a letter from Honeywell agreeing to indemnify and hold harmless Insurer against any and all liability, loss, cost damage and expense, including attorneys' fees, incurred by the Insurer as a result of any action by a third party asserting a claim against or seeking coverage under this policy after the return of such L/C.
10. American International Specialty Lines Insurance Company reports to the Company's regulator receipts of these funds as deposits.

The parties intend this to be a binding commitment to provide the coverage described herein until replaced with the mutually agreed upon transaction contracts. At such time that this Term Sheet becomes a Binder, the parties must execute the Binder as set forth below.

Accepted by: **Robert G. Torricelli**
By: _____
Printed Name: _____
Title: _____
Date: _____

Accepted by: **American International Specialty Lines Insurance Company**
By: _____
Printed Name: _____
Title: _____
Date: _____