

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): February 5, 1998

AlliedSignal Inc.

(Exact name of registrant as specified in its charter)

Delaware	1-8974	22-2640650
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(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

101 Columbia Road P.O. Box 4000 Morristown, New Jersey	07962-2497
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(Address of principal executive offices)	(Zip Code)

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

Item 5. Other Events.

On February 5, 1998, AlliedSignal Inc. (the "Company") and J.P. Morgan Securities Inc., Goldman, Sachs & Co., and Merrill Lynch, Pierce, Fenner & Smith Incorporated executed and delivered an Underwriting Agreement with respect to the offer and sale of the Company's 5-3/4% Dealer remarketable securities SM ("Drs." SM) Due March 15, 2011. The transaction closed on February 10, 1998.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(C) EXHIBITS:

The exhibits listed below relate to the Registration Statement (No. 33-64245) on Form S-3 of the Registrant and are filed herewith for incorporation by reference in such Registration Statement.

Exhibit No.	Description of Exhibit
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1	Underwriting Agreement dated February 5, 1998 between the Registrant and J.P. Morgan Securities Inc., Goldman Sachs & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated.
4.1	Form of 5-3/4% Dealer remarketable securities Due March 15, 2001 of the Registrant.
4.2	Remarketing Agreement dated as

of February 10, 1998 between the
Registrant and J.P. Morgan Securities
Inc., as remarketing dealer.

SM - "Dealer remarketable securities" and "Drs." are service
marks of J.P. Morgan Securities Inc.

SIGNATURES

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.

AlliedSignal Inc.
(Registrant)

Date: February 9, 1998

By: /s/ Richard F. Wallman

Richard F. Wallman
Senior Vice President and
Chief Financial Officer

ALLIEDSIGNAL INC.

5-3/4% Dealer remarketable securitiesSM Due March 15, 2011

UNDERWRITING AGREEMENT

New York, New York

To the Representatives named in Schedule I hereto
of the Underwriters named in Schedule II hereto

AlliedSignal Inc., a Delaware corporation (the "Company"), proposes to sell to the underwriters named in Schedule II hereto (the "Underwriters"), for whom you are acting as representatives (the "Representatives"), the aggregate principal amount set forth in Schedule II hereto of its debt securities identified on Schedule I hereto (the "Purchased Securities"), to be issued under an indenture dated as of October 1, 1985, as supplemented by the First Supplemental Indenture thereto dated as of February 1, 1991 and the Second Supplemental Indenture dated as of November 1, 1997, each between the Company and The Chase Manhattan Bank, as Trustee (the "Trustee") (as so supplemented, the "Indenture").

1. Representations and Warranties. The Company represents and warrants to, and agrees with, each Underwriter that:

(a) The Company presently meets, and has met at all times since the initial filing referred to below, the requirements for use of Form S-3 under the Securities Act of 1933 (the "Act") and has filed with the Securities and Exchange Commission (the "Commission") one or more registration statements on such Form (the file number or file numbers of which are set forth in Schedule I hereto), which have become effective, for the registration under the Act of the Purchased Securities. Such registration statement or registration statements, as amended at the date of the Agreement, meet the requirements set forth in Rule 415(a)(1)(x) under the Act and comply in all other material respects with said Rule. The Company proposes to file with the Commission pursuant to Rule 424 under the Act a supplement to the form of prospectus included in the most recent such registration statement relating to the Purchased Securities and the plan of distribution thereof and has previously advised you of all further information (financial and other) with respect to the Company to be set forth therein. Such registration statement or registration statements, including the exhibits thereto, as amended at the date of this Agreement, is (or, if more than one, are collectively) hereinafter called the "Registration Statement"; such prospectus in the form in which it appears in the Registration Statement is hereinafter called the "Basic Prospectus"; and such supplemented form of prospectus, in the form in which it shall be first filed with the Commission pursuant to Rule 424 (including the Basic Prospectus as so supplemented) is hereinafter called the "Final Prospectus." Any preliminary form of the Final Prospectus which has heretofore been filed pursuant to Rule 424 is hereinafter called the "Preliminary Final Prospectus." Any reference herein to the Registration Statement, the Basic Prospectus, any Preliminary Final Prospectus or the Final Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 which were filed under the Securities Exchange Act of 1934 (the "Exchange Act") on or before the date of this Agreement, or the issue date of the Basic Prospectus, any Preliminary Final Prospectus or the Final Prospectus, as the case may be; and any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement, the Basic Prospectus, any Preliminary Final Prospectus or the Final Prospectus shall be deemed to refer to and include the filing of any document under the Exchange Act

after the date of this Agreement, or the issue date of the Basic Prospectus, any Preliminary Final Prospectus or the Final Prospectus, as the case may be, deemed to be incorporated therein by reference.

(b) As of the date hereof, when the Final Prospectus is first filed pursuant to Rule 424 under the Act, when, prior to the Closing Date (as hereinafter defined), any amendment to the Registration Statement becomes effective (including the filing of any document incorporated by reference in the Registration Statement), when any supplement to the Final Prospectus is filed with the Commission and at the Closing Date, (i) the Registration Statement, as amended as of any such time, the Final Prospectus, as amended or supplemented as of any such time and the Indenture will comply in all material respects with the applicable requirements of the Act, the Exchange Act, and the Trust Indenture Act of 1939 (the "Trust Indenture Act") and the respective rules thereunder and (ii) neither the Registration Statement, as amended as of any such time, nor the Final Prospectus, as amended or supplemented as of any such time, will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; provided, however, that the Company makes no representations or warranties as to (i) that part of the Registration Statement which shall constitute the Statement of Eligibility and Qualification (Form T-1) of the Trustee under the Trust Indenture Act or (ii) the information contained in or omitted from the Registration Statement or the Final Prospectus or any amendment thereof or supplement thereto in reliance upon and in conformity with information furnished to the Company by or on behalf of any Underwriter through the Representatives specifically for use in the Registration Statement or the Final Prospectus.

2. Purchase and Sale. Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company agrees to sell to each Underwriter, and each Underwriter agrees, severally and not jointly, to purchase from the Company, at the purchase price set forth in Schedule I hereto the principal amount of Purchased Securities set forth opposite such Underwriter's name in Schedule II hereto.

3. Delivery and Payment. Delivery of and payment for the Purchased Securities shall be made at the office, on the date and at the time specified in Schedule I hereto (or such later date not later than five business days after such specified date as the Representatives shall designate), which date and time may be postponed by agreement between the Representatives and the Company or as provided in Section 9 hereof (such date and time of delivery and payment for the Securities being herein called the "Closing Date"). Delivery of a global certificate (the "Global Note") representing the Purchased Securities shall be made to the Representatives for the respective accounts of the several Underwriters against payment by the several Underwriters through the Representatives of the purchase price thereof to or upon the order of the Company by wire transfer of same-day funds. The Global Note to be delivered to the Representatives shall be deposited with and registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"). The interests of the owners of the Notes will be represented by book entries on the records of DTC and participating members thereof. Notes in definitive form shall be available only under limited circumstances.

4. Agreements. The Company agrees with the several Underwriters that:

(a) Prior to the termination of the offering of the Purchased Securities, the Company will not file any amendment of the Registration Statement or supplement (including the Final Prospectus) to the Basic Prospectus unless the Company has furnished you a copy for your review prior to filing and will not file any such proposed amendment or supplement to which you reasonably object. Subject to the foregoing sentence, the Company will cause the Final Prospectus to be mailed to the Commission

for filing pursuant to Rule 424 by first class, certified or registered mail or will cause the Final Prospectus to be filed with the Commission pursuant to said Rule. The Company will promptly advise the Representatives (i) when the Final Prospectus shall have been mailed to the Commission for filing or filed with the Commission pursuant to Rule 424, (ii) when any amendment to the Registration Statement relating to the Purchased Securities shall have become effective, (iii) of any request by the Commission for any amendment of the Registration Statement or amendment of or supplement to the Final Prospectus or for any additional information, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose and (v) of the receipt by the Company of any notification with respect to the suspension or the qualification of the Purchased Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. The Company will use its best efforts to prevent the issuance of any such stop order and, if issued, to obtain as soon as possible the withdrawal thereof.

(b) If, at any time when a Prospectus relating to the Purchased Securities is required to be delivered under the Act, any event occurs as a result of which the Final Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading, or if it shall be necessary to amend or supplement the Final Prospectus to comply with the Act or the Exchange Act or the respective rules thereunder, the Company promptly will (i) prepare and file with the Commission, subject to the first sentence of paragraph (a) of this Section 4, an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance and (ii) supply any supplemented prospectus to you in such quantities as you may reasonably request.

(c) The Company will make generally available to its securities holders and to the Representatives as soon as practicable, but not later than 45 days after the end of the 12-month period beginning at the end of the current fiscal quarter of the Company, an earnings statement (which need not be audited) of the Company and its subsidiaries, covering such 12-month period, which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act.

(d) The Company will furnish to the Representatives and counsel for the Underwriters, without charge, copies of the Registration Statement (including exhibits thereto) and each amendment thereto which shall become effective on or prior to the Closing Date and, so long as delivery of a prospectus by an Underwriter or dealer may be required by the Act, as many copies of any Preliminary Final Prospectus and the Final Prospectus and any amendments thereof and supplements thereto as the Representatives may reasonably request. The Company will pay the expenses of printing all documents relating to the offering.

(e) The Company will arrange for the qualification of the Purchased Securities for sale under the laws of such jurisdictions as the Representatives may designate, will maintain such qualifications in effect so long as required for the distribution of the Purchased Securities and will arrange for the determination of the legality of the Purchased Securities for purchase by institutional investors.

(f) Until the business day following the Closing Date, the Company will not, without the consent of the Representatives, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities or warrants covered by the Registration Statement or any other registration statement filed under the Act.

5. Conditions to the Obligations of the Underwriters. The obligations of the Underwriters to purchase the Purchased Securities shall be subject to the accuracy of the representations and warranties on the part of the Company contained herein as of the date hereof, as of the date of the effectiveness of any amendment to the Registration Statement filed prior to the Closing Date (including the filing of any document incorporated by reference therein) and as of the Closing Date, to the accuracy of the statements of the Company made in any certificates pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following additional conditions:

(a) No stop order suspending in whole or in part the effectiveness of the Registration Statement, as amended from time to time, shall have been issued and no proceedings for that purpose shall have been instituted or threatened; and the Final Prospectus shall have been filed or mailed for filing with the Commission not later than 5:00 P.M., New York City time, on the business day following the date hereof.

(b) The Company shall have furnished to the Representatives the opinion of its General Counsel, or of J. Edward Smith, Esq., a Senior Counsel, Corporate and Finance, of the Company, or such other counsel to the Company reasonably acceptable to the Representatives, dated the Closing Date, to the effect that:

(i) each of the Company and each subsidiary of the Company that is a "significant subsidiary" as defined in Rule 405 of Regulation C promulgated under the Act (each a "Significant Subsidiary" and collectively the "Significant Subsidiaries") has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction in which it is chartered or organized with full corporate power and authority to own its properties and conduct its business as described in the Final Prospectus, and is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction which requires such qualification wherein it owns or leases material properties or conducts material business;

(ii) all the outstanding shares of capital stock of each Significant Subsidiary have been duly and validly authorized and issued and are fully paid and nonassessable, and, except as otherwise set forth in the Final Prospectus, all outstanding shares of capital stock of the Significant Subsidiaries (except for directors' qualifying shares) are owned by the Company either directly or through wholly-owned subsidiaries free and clear of any perfected security interest and, to the knowledge of such counsel, after due inquiry, any other security interests, claims, liens or encumbrances;

(iii) the Company's authorized equity capitalization is as set forth in the Final Prospectus; the Purchased Securities conform to the description thereof contained in the Final Prospectus; and, if the Purchased Securities are to be listed on the New York Stock Exchange, authorization therefor has been given, subject to official notice of issuance and evidence of satisfactory distribution, or the Company has filed a preliminary listing application and all required supporting documents with respect to the Purchased Securities with the New York Stock Exchange and such counsel has no reason to believe that the Purchased Securities will not be authorized for listing, subject to official notice of issuance and evidence of satisfactory distribution;

(iv) the Indenture has been duly authorized, executed and delivered; the Indenture has been duly qualified under the Trust Indenture Act; the Indenture constitutes a valid and legally binding instrument enforceable against the Company in accordance with its terms, except that such enforcement may be subject to applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting creditors'

rights generally and general principles of equity from time to time in effect; and the Purchased Securities have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Underwriters pursuant to this Agreement, will constitute valid and legally binding obligations of the Company entitled to the benefits of the Indenture;

(v) the remarketing agreement between the Company and J.P. Morgan Securities Inc., as remarketing dealer with respect to the Purchased Securities (the "Remarketing Agreement") has been duly authorized, executed and delivered by the Company and constitutes a valid and legally binding instrument enforceable against the Company in accordance with its terms, except that such enforcement may be subject to applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting creditors' rights generally and general principles of equity from time to time in effect; the Remarketing Agreement conforms in all material respects to the description thereof contained in the Final Prospectus;

(vi) to the best knowledge of such counsel, there is no pending or threatened action, suit or proceeding before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries of a character required to be disclosed in the Registration Statement which is not adequately disclosed in the Final Prospectus, and there is no franchise, contract or other document of a character required to be described in the Registration Statement or Final Prospectus, or to be filed as an exhibit, which is not described or filed as required; and the statements included or incorporated in the Final Prospectus describing any legal proceedings or material contracts or agreements relating to the Company and its subsidiaries fairly summarize the matters therein described;

(vii) the Registration Statement and any amendments thereto have become effective under the Act; the Final Prospectus has been filed in the manner and within the time period required by Rule 424; to the best knowledge of such counsel, no stop order suspending in whole or in part the effectiveness of the Registration Statement, as amended, has been issued, no proceedings for that purpose have been instituted or threatened, and the Registration Statement, the Final Prospectus and each amendment thereof or supplement thereto as of their respective effective or issue dates (other than the financial statements and other financial information contained therein as to which such counsel need express no opinion) comply as to form in all material respects with the applicable requirements of the Act and the Exchange Act, and the respective rules thereunder; and such counsel has no reason to believe that each registration statement included in the Registration Statement, or any amendment thereof, at the time it became effective and at the date this Agreement, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading or that the Final Prospectus, as amended or supplemented, includes any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(viii) this agreement has been duly authorized, executed and delivered by the Company;

(ix) no consent, approval, authorization or order of any court or governmental agency or body is required for the consummation of the transactions contemplated herein (including entering into the Remarketing Agreement), except such as have been obtained under the Act and such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of Purchased Securities by

the Underwriters and such other approvals (specified in such opinion) as have been obtained;

(x) neither the issue and sale of the Purchased Securities, nor the consummation of any other of the transactions contemplated herein or in the Remarketing Agreement, nor the fulfillment of the terms hereof will conflict with, result in a breach or violation of, or constitute a default under the certificate of incorporation or by-laws of the Company or the terms of any indenture or other agreement or instrument known to such counsel to which the Company or any of its Significant Subsidiaries is a party or bound, or any order of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over the Company or any of its Significant Subsidiaries; and

(xi) no holders of securities of the Company have rights to the registration of such securities under the Registration Statement.

In rendering such opinion, such counsel may rely (A) as to matters involving the application of laws of any jurisdictions other than the States of Delaware and New York or the United States, to the extent deemed proper and specified in such opinion, upon the opinion of other counsel of good standing believed to be reliable and who are satisfactory to counsel for the Underwriters and (B) as to matters of fact, to the extent deemed proper, on certificates of responsible officers of the Company and public officials.

(c) The Representatives shall have received from Cravath, Swaine & Moore, counsel for the Underwriters, such opinion or opinions, dated the Closing Date, with respect to the issuance and sale of the Purchased Securities, the Remarketing Agreement, the Indenture, the Registration Statement, the Final Prospectus and other related matters as the Representatives may reasonably require, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(d) The Representatives shall have received from Davis Polk & Wardwell, special counsel for the Underwriters, such opinion or opinions, dated the Closing Date, with respect to certain tax matters relating to respect to the issuance and sale of the Purchased Securities and other related matters as the Representatives may reasonably require, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(e) The Company shall have furnished to the Representatives a certificate of the Company signed by the Chief Financial Officer, the Treasurer, any Assistant Treasurer or the Controller of the Company, dated the Closing Date, to the effect that the signer of such certificate has carefully examined the Registration Statement, the Final Prospectus and this Agreement and that:

(i) the representations and warranties of the Company in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date;

(ii) no stop order suspending in whole or in part the effectiveness of the Registration Statement, as amended, has been issued and no proceedings for that purpose have been instituted or, to their knowledge, threatened; and

(iii) since the date of the most recent financial statements included in the Final Prospectus, there has been no material adverse change in the condition (financial or other), earnings, business or properties of

the Company and its Significant Subsidiaries, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Final Prospectus.

(f) At the Closing Date, Price Waterhouse LLP shall have furnished to the Representatives a letter or letters (which may refer to letters previously delivered to one or more of the Representatives), dated as of the Closing Date, in form and substance satisfactory to the Representatives, confirming that they are independent accountants within the meaning of the Act and the Exchange Act and the respective applicable published rules and regulations thereunder, that the response to Item 10 of the Registration Statement is correct insofar as it relates to them and stating in effect that:

(i) in their opinion the audited financial statements, including financial statement schedules, if any, incorporated in the Registration Statement and the Final Prospectus audited by them comply as to form in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the related published rules and regulations with respect to registration statements on Form S-3;

(ii) as indicated in their reports, they have made reviews in accordance with standards established by the American Institute of Certified Public Accountants of any unaudited interim consolidated data incorporated in the Registration Statement and the Final Prospectus;

(iii) on the basis of certain specified procedures (but not an audit in accordance with generally accepted auditing standards) which would not necessarily reveal matters of significance with respect to the comments set forth in such letter consisting of a reading of the minutes of the meetings of the stockholders, directors and the retirement plans and audit committees of the Company through a specified date not more than five business days prior to the date of delivery of such letter; a reading of any unaudited interim consolidated financial data of the Company incorporated in the Registration Statement and the Final Prospectus and the latest consolidated financial data made available by the Company; and inquiries of certain officials of the Company who have responsibility for financial and accounting matters of the Company and its subsidiaries, nothing came to their attention which caused them to believe that:

(1) any unaudited interim financial data included or incorporated in the Registration Statement and the Final Prospectus do not comply in all material respects with the applicable accounting requirements of the Exchange Act as it applies to Form 10-Q and the published rules and regulations thereunder or are not stated on a basis substantially consistent with that of the audited financial statements included or incorporated in the Registration Statement and the Final Prospectus; or

(2) with respect to the period subsequent to the date of the most recent financial statements incorporated in the Registration Statement and the Final Prospectus, there were any changes, at a specified date not more than five business days prior to the date of the letter, in the long-term debt of the Company and its subsidiaries or capital stock of the Company or decreases in the shareholders' equity of the Company and its subsidiaries as compared with the amounts shown on the most recent consolidated balance sheet included or incorporated in the Registration Statement and the Final Prospectus, or for the period from the date of the most recent financial statements incorporated in the Registration Statement and the Final Prospectus to such specified date, if such information is available for such period, there were any decreases, as compared with the corresponding period in the preceding year, in net sales, in income from continuing operations before taxes on income, income from continuing operations,

net income, earnings applicable to common stock or earnings per share of common stock, of the Company and its consolidated subsidiaries, except in all instances for changes or decreases set forth in such letter, in which case the letter shall be accompanied by an explanation by the Company as to the significance thereof unless said explanation is not deemed necessary by the Representatives; and

(3) the letter shall also state that they have carried out certain other specified procedures, not constituting an audit, with respect to certain amounts, percentages and financial information which are included or incorporated by reference in the Registration Statement and the Final Prospectus and which are specified by the Representatives, and have found such amounts, percentages and financial information to be in agreement with the relevant accounting, financial and other records of the Company and its subsidiaries identified in such letter.

(g) Subsequent to the respective dates as of which information is given in the Registration Statement and the Final Prospectus, there shall not have been (i) any change or decrease specified in the letter or letters referred to in paragraph (f) of this Section 5 or (ii) any change, or any development involving a prospective change, in or affecting the business or properties of the Company and its Significant Subsidiaries the effect of which, in any case referred to in clause (i) or (ii) above, is, in the judgment of the Representatives, so material and adverse as to make it impractical or inadvisable to proceed with the offering or the delivery of the Purchased Securities as contemplated by the Registration Statement and the Final Prospectus.

(h) Subsequent to the execution of this Agreement, there shall not have been any decrease in the rating of any of the Company's debt securities by any "nationally reorganized statistical rating organization" (as defined for purposes of Rule 436(g) under the Act) or any notice given of any intended or potential decrease in any such rating or of a possible change in any such rating that does not indicate the direction of the possible change.

(i) On or prior to the Closing Date, the Company shall have executed and delivered the Remarketing Agreement in a form acceptable to J.P. Morgan Securities Inc., as remarketing dealer thereunder.

(j) Prior to the Closing Date, the Company shall have furnished to the Representatives such further information, certificates and documents as the Representatives may reasonably request.

If any of the conditions specified in this Section 5 shall not have been fulfilled in all material respects when and as provided in this Agreement, or if any of the opinions and certificates mentioned above or elsewhere in this Agreement shall not be in all material respects reasonably satisfactory in form and substance to the Representatives and counsel for the Underwriters, this Agreement and all obligations of the Underwriters hereunder may be canceled at, or at any time prior to, the Closing Date by the Representatives. Notice of such cancellation shall be given to the Company in writing or by telephone or telegraph confirmed in writing.

The documents required to be delivered by this Section 5 shall be delivered at the office of Cravath, Swaine & Moore, counsel for the Underwriters, at Worldwide Plaza, 825 Eighth Avenue, New York, New York, on the Closing Date.

6. Expenses. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Purchased Securities under the Act and all other expenses in connection with the preparation, printing and filing of the Registration

Statement, any Preliminary Final Prospectus and the Final Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, the Remarketing Agreement, the Indenture, the blue sky and legal investment memoranda and any other documents in connection with the offering, purchase, sale and delivery of the Purchased Securities; (iii) all expenses in connection with the qualification of the Purchased Securities for offering and sale under state securities laws as provided in Section 4(e) hereof, including the fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the blue sky and legal investment surveys; (iv) any fees charged by securities rating services for rating the Purchased Securities; (v) the filing fees incident to any required review by the National Association of Securities Dealers, Inc. of the terms of the sale of the Purchased Securities; (vi) the cost of preparing the Purchased Securities; (vii) the fees and expenses of the Trustee and any agent of the Trustee, and the fees and disbursements of counsel for the Trustee in connection with the Indenture and the Purchased Securities; and (viii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section. It is understood, however, that, except as provided in this Section, Section 7 and Section 8 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel, transfer taxes on resale of any of the Purchased Securities by them, and any advertising expenses connected with any offers they may make.

7. Reimbursement of Underwriters' Expenses. If the sale of the Purchased Securities provided for herein is not consummated because any condition to the obligations of the Underwriters set forth in Section 5 hereof is not satisfied or because of any refusal, inability or failure on the part of the Company to perform any agreement herein or comply with any provision hereof other than by reason of a default by any of the Underwriters, the Company will reimburse the Underwriters severally upon demand for all out-of-pocket expenses (including reasonable fees and disbursements of counsel) that shall have been incurred by them in connection with the proposed purchase and sale of the Purchased Securities.

8. Indemnification and Contribution. (a) The Company agrees to indemnify and hold harmless each Underwriter, the directors, officers, employees and agents of each Underwriter and each person who controls any Underwriter within the meaning of either the Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other Federal or State statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any registration statement included in the Registration Statement for the registration of the Purchased Securities as originally filed or in any amendment thereof, or in the Basic Prospectus, any Preliminary Final Prospectus or the Final Prospectus, or in any amendment thereof or supplement thereto or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and agrees to reimburse each such indemnified party for any legal or other expenses reasonably incurred by it in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that (i) the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by or on behalf of any Underwriter through the Representatives specifically for use therein, and (ii) such indemnity with respect to the Basic Prospectus or any Preliminary Final Prospectus shall not

inure to the benefit of any Underwriter (or any person controlling such Underwriter) to the extent that any such loss, claim, damage or liability of such Underwriter results from the fact that such Underwriter sold Purchased Securities to a person to whom there was not sent or given a copy of the Final Prospectus (or the Final Prospectus as amended or supplemented) excluding documents incorporated therein by reference at or prior to the confirmation of the sale of such Purchased Securities to such person in any case where such delivery is required by the Act if the Company has previously furnished copies thereof to such Underwriter. This indemnity agreement will be in addition to any liability which the Company may otherwise have.

(b) Each Underwriter severally agrees to indemnify and hold harmless the Company, each of its directors, officers, employees and agents, each of its officers who signs the Registration Statement, and each person who controls the Company within the meaning of either the Act or the Exchange Act, to the same extent as the foregoing indemnity from the Company to each Underwriter, but only with reference to written information relating to such Underwriter furnished to the Company by or on behalf of such Underwriter through the Representatives specifically for use in the documents referred to in the foregoing indemnity. This indemnity agreement will be in addition to any liability which any Underwriter may otherwise have. The Company acknowledges that the statements set forth in Schedule III of this Agreement constitute the only information furnished by or on behalf of the several Underwriters for inclusion in the documents referred to in the foregoing indemnity, and you, as the Representatives, confirm that such statements are correct.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of such action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnified party will not relieve it from any liability which it may have to an indemnified party otherwise than under this Section 8. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein, and to the extent that it may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof, with counsel satisfactory to such indemnified party; provided, however, that if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of its election to so assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this Section 8 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel, approved by the Representatives in the case of paragraph (a) of this Section 8, representing the indemnified parties under such paragraph (a) who are parties to such action), (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying

party; and except that, if clause (i) or (iii) is applicable, such liability shall be only in respect of the counsel referred to in such clause (i) or (iii).

(d) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in paragraph (a) of this Section 8 is due in accordance with its terms but is for any reason held by a court to be unavailable on grounds of policy or otherwise, the Company and the Underwriters shall contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending the same) to which the Company and one or more of the Underwriters may be subject in such proportion so that the Underwriters are responsible for that portion represented by the percentage that the underwriting discount bears to the sum of such discount and the purchase price of the Purchased Securities specified in Schedule I hereto and the Company is responsible for the balance; provided, however, that (y) in no case shall any Underwriter (except as may be provided in any agreement among Underwriters relating to the offering of the Purchased Securities) be responsible for any amount in excess of the underwriting discount applicable to the Purchased Securities purchased by such Underwriter hereunder and (z) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 8, each person who controls an Underwriter within the meaning of either the Act or the Exchange Act shall have the same rights to contribution as such Underwriter, and each person who controls the Company within the meaning of either the Act or the Exchange Act, each officer of the Company who shall have signed the Registration Statement and each director of the Company shall have the same rights to contribution as the Company, subject in each case to clause (z) of this paragraph (d). Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this paragraph (d), notify such party or parties from whom contribution may be sought of the commencement thereof, but the omission to so notify such party or parties shall not relieve the party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this paragraph (d).

9. Default by an Underwriter. If any one or more Underwriters shall fail to purchase and pay for any of the Purchased Securities agreed to be purchased by such Underwriter or Underwriters hereunder and such failure to purchase shall constitute a default in the performance of its or their obligations under this Agreement, the remaining Underwriters shall be obligated severally to take up and pay for (in the respective proportions which the amount of Purchased Securities set forth opposite their names in Schedule II hereto bears to the aggregate amount of Purchased Securities set forth opposite the names of all the remaining Underwriters) the Purchased Securities which the defaulting Underwriter or Underwriters agreed but failed to purchase; provided, however, that in the event that the aggregate amount of Purchased Securities which the defaulting Underwriter or Underwriters agreed but failed to purchase shall exceed 10% of the aggregate amount of Purchased Securities set forth in Schedule II hereto, the remaining Underwriters shall have the right to purchase all, but shall not be under any obligation to purchase any, of the Purchased Securities, and if such nondefaulting Underwriters do not purchase all the Purchased Securities, this Agreement will terminate without liability to any nondefaulting Underwriter or the Company. In the event of a default by any Underwriter as set forth in this Section 9, the Closing Date shall be postponed for such period, not exceeding seven days, as the Representatives shall determine in order that the required changes in the Registration Statement and the Final Prospectus or in any other documents or arrangements may be effected. Nothing contained in this Agreement shall relieve any defaulting Underwriter of its liability, if any, to the Company and any nondefaulting

Underwriter for damages occasioned by its default hereunder.

10. Termination. This Agreement shall be subject to termination in the absolute discretion of the Representatives by notice given to the Company prior to delivery of and payment for the Purchased Securities if prior to such time (i) trading in the Company's Common Stock shall have been suspended by the Commission or the New York Stock Exchange or trading in securities generally on the New York Stock Exchange shall have been suspended or limited or minimum prices shall have been established on such Exchange, (ii) a banking moratorium shall have been declared either by Federal or New York State authorities or (iii) there shall have occurred any outbreak or material escalation of major hostilities in which the United States is involved, or a declaration of war by the Congress of the United States, or other substantial national or international calamity or crisis the effect of which on the financial markets of the United States is such as to make it, in the judgment of the Representatives, impracticable or inadvisable to proceed with the offering or delivery of the Purchased Securities as contemplated by the Final Prospectus.

11. Representations and Indemnities to Survive. The respective agreements, representations, warranties, indemnities and other statements of the Company or its officers and of the Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or the Company or any of the officers, directors or controlling persons referred to in Section 8 hereof, and will survive delivery of and payment for the Purchased Securities. The provisions of Sections 7 and 8 hereof shall survive the termination or cancellation of this Agreement.

12. Authority of Representatives; Notice. In all dealings hereunder, you shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made by you jointly or by J.P. Morgan Securities Inc. on behalf of you as the Representatives.

All communications hereunder will be in writing and effective only on receipt, and, if sent to the Representatives, will be mailed, delivered or telecopied and confirmed to them, at J.P. Morgan Securities Inc., 60 Wall Street, New York, New York 10260 (telephone: (212) 648-2439 telecopy: (212) 648-5909) Attention: David Olsen; or, if sent to the Company, will be mailed, delivered or telegraphed and confirmed to it at 101 Columbia Road, P.O. Box 4000, Morristown, New Jersey 07962 (telephone: 973-455-5109; telecopy: 973-455-5189) Attention: Assistant Treasurer.

13. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers, directors, employees, agents and controlling persons referred to in Section 8 hereof, and no other person will have rights or obligations hereunder.

14. Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York, without regard to the choice of laws provisions thereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement among the Company and the several Underwriters.

Very truly yours,

ALLIEDSIGNAL INC.

By:/s/ John W. Gamble, Jr.

John W. Gamble, Jr.
Assistant Treasurer

The foregoing Agreement is hereby confirmed and accepted as of the date specified in Schedule I hereto.

J.P. MORGAN SECURITIES INC.
GOLDMAN, SACHS & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

As Representatives of the Several
Underwriters named in Schedule II
attached hereto.

J.P. MORGAN SECURITIES INC.

By:/s/ John Simmons

John Simmons
Vice President

SCHEDULE I

Underwriting Agreement dated February 5, 1998

Registration Statement No. 33-64245

Representatives:

J.P. Morgan Securities Inc.
60 Wall Street
New York, New York 10260

Goldman, Sachs & Co.
85 Broad Street
New York, New York 10004

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
World Financial Center
North Tower
New York, New York 10281

Closing Date, Time and Location: February 10, 1998, 11:00 a.m.,
at the offices of Cravath, Swaine & Moore, 825 Eighth Avenue,
New York, New York

Sale, Purchase Price and Description of Purchased Debt Securities:

Title: 5-3/4% Dealer remarketable securitiesSM
("Drs. SM") Due March 15, 2011

Principal amount and currency: U.S. \$200,000,000

Purchase price: 99.401% of principal amount, plus
accrued interest, if any, from February 10, 1998

Interest rate: 5-3/4% (through March 15, 2001, at
which time the interest rate is redetermined)

Interest payment dates: Semiannually on March 15 and
September 15, commencing September 15, 1998

Maturity: March 15, 2011

Sinking fund provisions: None

Remarketing Agreement: The Company and J.P. Morgan
Securities Inc., as remarketing dealer (the "Remarketing
Dealer") shall execute and deliver a remarketing agreement
on or prior to the Closing Date. In consideration therefor,
the Remarketing Dealer shall make a payment to the Company
on the Closing Date equal to 2.590% of the principal amount
of the Drs.

Bearer or registered: Registered book-entry form in
denominations of \$1,000 and any integral multiple of \$1,000.

Other provisions: As set forth in the Prospectus
Supplement dated February 5, 1998

SCHEDULE II

Principal Amount Underwriter Securities	of Purchased
J.P. Morgan Securities Inc.	\$ 68,000,000
Goldman, Sachs & Co.	66,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	66,000,000
Total.....	\$200,000,000

SCHEDULE III

INFORMATION IN THE FINAL PROSPECTUS SUPPLIED BY THE
UNDERWRITERS

The first sentence of the last paragraph of the cover page.

The first paragraph on page S-2.

The third paragraph, the second sentence of the fourth paragraph, the fifth paragraph and the last paragraph under the heading "Underwriting".

Other Provisions:

[Other terms from draft remarketing agreement and prospectus supplement]

SCHEDULE II

Principal Amount Underwriter Securities	of Purchased
J.P. Morgan Securities Inc.	\$68,000,000
Goldman, Sachs & Co.	66,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	66,000,000
Total.....	\$200,000,000

SCHEDULE III

INFORMATION IN PROSPECTUS SUPPLEMENT SUPPLIED BY THE
UNDERWRITERS

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

ALLIEDSIGNAL INC.

5-3/4% Dealer remarketable security ("Drs. ")
due March 15, 2011

REGISTERED NO. 1
REGISTERED CUSIP: 019512 AL 6

\$200,000,000

ALLIEDSIGNAL INC., a Delaware corporation (hereinafter called the "Company"), for value received, hereby promises to pay to CEDE & CO. or registered assigns, the principal sum of TWO HUNDRED MILLION U.S. DOLLARS (\$200,000,000) on March 15, 2011, and to pay interest, semi-annually on March 15 and September 15 of each year (each, an "Interest Payment Date"), on said principal sum at the rate per annum specified below, from the March 15 or September 15, as the case may be, to which interest on Securities has been paid preceding the date hereof (unless the date hereof is a March 15 or a September 15 to which interest has been paid, in which case from the date hereof, or unless the date hereof is prior to the first scheduled payment of interest on September 15, 1998, in which case from February 10, 1998) until payment of said principal sum has been made or duly provided for. The amount of interest payable on any Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months. If the Company shall default in the payment of interest when due on such March 15 or September 15, then this Security shall bear interest from the next preceding date to which interest has been paid, or, if no interest has been paid, from February 10, 1998. The interest so payable on any March 15 or September 15 shall be paid to the person in whose name this Security shall be registered at the close of business on the fifteenth calendar day (whether or not a Business Day) immediately preceding the related Interest Payment Date (each, a "Regular Record Date"). For purposes of this Security, "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in The City of New York are authorized or obligated by law, executive order or governmental decree to be closed.

"Dealer remarketable security" and "Drs." are service marks of J.P. Morgan Securities Inc.

Payments of interest (other than interest payable at maturity) on this Security will be made (except as specified below) by wire-transfer in same-day funds to the registered holder appearing on the Securities register on the relevant Regular Record Date. Principal and interest at maturity will be paid upon surrender of this Security at the office of the paying agent located at 55 Water Street, 2nd Floor, North Building, Room 234, New York, New York, or at such other paying agency as the Company may designate.

Initially, The Chase Manhattan Bank will be the paying agent and the registrar for this Security. The Company reserves the right at any time to remove any paying agent or registrar without notice, to appoint additional or other paying agents and other Security registrars without notice and to approve any change in the office through which any paying agent or Security registrar

acts; provided, however, that there will at all times be a paying agent in New York City.

If and to the extent the Company shall default in the payment of the interest due on any interest payment date, such defaulted interest shall be paid to the person in whose name this Security is registered at the close of business on a record date established for such payment by notice by or on behalf of the Company to the holders of the Securities mailed by first-class mail not less than fifteen days prior to such record date to their last address as they shall appear upon the Security register, such record date to be not less than five days preceding the date of payment of such defaulted interest. The Company may pay interest by check mailed to the holder's address as it appears on the Security register.

This Security and all the obligations of the Company hereunder are direct, unsecured obligations of the Company and rank pari passu with all other Securities and other unsecured and unsubordinated indebtedness of the Company from time to time outstanding.

The rate of interest on this Security shall be 5-3/4% per annum to March 15, 2001 (the "Remarketing Date"). If the Remarketing Dealer elects to remarket the Securities pursuant to the Remarketing Agreement dated as of February 10, 1998 (the "Remarketing Agreement") between J.P. Morgan Securities Inc., as Remarketing Dealer (the "Remarketing Dealer"), and the Company, then, except as otherwise set forth on the reverse hereof, (i) this Security shall be subject to mandatory tender to the Remarketing Dealer for remarketing on the Remarketing Date, on the terms and subject to the conditions set forth on the reverse hereof, and (ii) on and after the Remarketing Date, this Security shall bear interest at the rate determined by the Remarketing Dealer in accordance with the procedures set forth in Section 4 on the reverse hereof (the "Interest Rate to Maturity").

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Security shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been executed by the Trustee under the Indenture referred to on the reverse hereof.

IN WITNESS WHEREOF, AlliedSignal Inc. has caused this Security to be signed by its duly authorized officers and has caused its corporate seal to be affixed hereunto.

Dated: February 10, 1998

ALLIEDSIGNAL INC.

By: _____
Name: John W. Gamble, Jr.
Title: Assistant Treasurer

(SEAL)

ATTEST:

By: _____
Name: Terrance L. Carlson
Title: Assistant Secretary

Certificate of Authentication

This is one of the Securities of the series designated therein and described in the within mentioned Indenture.

THE CHASE MANHATTAN BANK
(NEW YORK BANKING CORPORATION),

as Trustee

By: _____
Authorized Signatory

AlliedSignal Inc.

5-3/4% Dealer remarketable security ("Drs. ")
due March 15, 2011

1. Indenture. (a) This Security is one of the duly authorized issue of debt securities of the Company (herein referred to as the "Debt Securities") of the series hereinafter specified, all issued or to be issued under and pursuant to an indenture dated as of October 1, 1985, as supplemented by the First Supplemental Indenture dated as of February 1, 1991 and the Second Supplemental Indenture dated as of November 1, 1997 (herein referred to as the "Indenture"), duly executed and delivered by the Company to The Chase Manhattan Bank, as Trustee (herein referred to as the "Trustee"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the holders (the words "holders", "holder", "Securityholders" or "Securityholder" mean the registered holder(s) of the Debt Securities.

(b) The Debt Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest, if any, at different rates, may be denominated in different currencies, may be subject to different redemption provisions, if any, may be subject to different sinking funds, if any, may be subject to additional covenants and Events of Default and may otherwise vary as provided in the Indenture. This Security is one of the series designated as the 5-3/4% Dealer remarketable securities ("Drs. ") due March 15, 2011 of the Company and such series is limited in aggregate principal amount to \$200,000,000. References herein to "Securities" or "Drs." shall mean the Debt Securities of said series.

(c) All capitalized terms used in this Security which are defined in the Indenture and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

2. Mandatory Tender on Remarketing Date; Purchase and Settlement. On a Business Day not later than five Business Days prior to the Remarketing Date (the "Notification Date"), the Remarketing Dealer will notify the Company and the Trustee as to whether it elects to purchase the Drs. on the Remarketing Date. If, and only if, the Remarketing Dealer so elects, the Drs. shall be subject to mandatory tender to the Remarketing Dealer for purchase and remarketing on the Remarketing Date, upon the terms and subject to the conditions described in the Remarketing Agreement. The purchase price of the Drs. shall be equal to 100% of the principal amount thereof. Upon such tender, the Remarketing Dealer shall have the option, in its sole discretion, to elect to remarket the Securities in accordance with the Remarketing Agreement for its own account at varying prices to be determined by the Remarketing Dealer at the time of each sale. No holder or beneficial owner of any Securities shall have any rights or claims under the Remarketing Agreement or against the Company or the Remarketing Dealer as a result of the Remarketing Dealer not purchasing such Securities.

3. Maintenance of Book-Entry System. (a) The tender and settlement procedures with respect to the Securities set forth in the Remarketing Agreement shall be subject to modification, without the consent of the holders of the Securities, to the extent required by DTC or, if the book-entry system is no longer available for the Securities at the time of the remarketing, to the extent required to facilitate the tendering and remarketing of Securities in certificated form. In addition, the Remarketing Dealer may modify the settlement procedures without the consent of the holders of the Securities in order to facilitate the settlement process.

(b) The Company hereby agrees with the Trustee and the holders of Securities that at all times, notwithstanding any provision to the contrary set forth in the Indenture, (i) it will use its best efforts to maintain the Securities in book-entry form with DTC or any successor thereto and to appoint a successor

depository to the extent necessary to maintain the Securities in book-entry form and (ii) it will waive any discretionary right that it otherwise may have under the Indenture to cause the Securities to be issued in certificated form.

4. Determination of Interest Rate to Maturity;

Notification Thereof. The Remarketing Dealer shall determine a new stated interest rate on the Drs. as of the Remarketing Date (the "Interest Rate to Maturity") on the third Business Day immediately preceding the Remarketing Date (the "Determination Date") by soliciting by 3:30 p.m., New York City time the Reference Corporate Dealers (defined below) for firm committed bids to purchase all outstanding Drs. at the Dollar Price (defined below), and by selecting the lowest such firm committed bid (regardless of whether each of the Reference Corporate Dealers actually submit bids). Each bid shall be expressed in terms of the Interest Rate to Maturity that the Drs. would bear (quoted as a spread over 5.50% per annum (the "Base Rate")) based on the following assumptions: (i) the Drs. would be issued on the Remarketing Date for settlement on the same day; (ii) the Drs. would mature on the Stated Maturity Date; (iii) the Drs. would bear interest from the Remarketing Date at a stated rate equal to the Interest Rate to Maturity bid by such Reference Corporate Dealer, payable semi-annually on the interest payment dates for the Drs. and (iv) the winning bidder will bear all of its own expenses (including legal fees) in connection with the remarketing. The Interest Rate to Maturity announced by the Remarketing Dealer as a result of such process will be quoted to the nearest one hundred-thousandth (0.00001) of one percent per annum and, absent manifest error, will be binding and conclusive upon holders of the Drs., the Company and the Trustee. The Remarketing Dealer shall have the discretion to select the time at which the Comparable Treasury Price is determined on the Determination Date.

"Dollar Price" means the discounted present value to the Remarketing Date of the cash flows on a bond (x) with a principal amount equal to the aggregate principal amount of the Drs., (y) maturing on the Stated Maturity Date and (z) bearing interest from the Remarketing Date, payable semi-annually (assuming a 360-day year consisting of twelve 30-day months) on the interest payment dates of the Drs. at a rate equal to the Base Rate, using a discount rate equal to the Treasury Rate (defined below).

"Reference Corporate Dealer" means J.P. Morgan Securities Inc., Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, and two other leading dealers of publicly-traded debt securities of the Company to be chosen by the Remarketing Dealer. If any of such persons shall cease to be a leading dealer of publicly-traded debt securities of the Company, then the Remarketing Dealer may replace such person with any other leading dealer of publicly-traded debt securities of the Company.

"Treasury Rate" means the annual rate equal to the semi-annual equivalent yield to maturity or interpolated (on a 30/360 day count basis) yield to maturity on the Determination Date of the Comparable Treasury Issues (defined below) for value on the Remarketing Date, assuming a price for the Comparable Treasury Issues (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (as defined below).

"Comparable Treasury Issues" means the United States Treasury security or securities selected by the Remarketing Dealer as having an actual or interpolated maturity or maturities comparable to the remaining term of the Drs.

"Comparable Treasury Price" means (a) the offer prices for the Comparable Treasury Issues (expressed in each case as a percentage of its principal amount) on the Determination Date, as set forth on Telerate Page 500 (as defined below), adjusted to reflect settlement on the Remarketing Date if prices quoted on Telerate Page 500 are for settlement on any date other than the Remarketing Date, or (b) if such page (or any successor page) is not displayed or does not contain such offer prices on such Business Day, (i) the average of five Reference Treasury Dealer Quotations for such Remarketing Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (ii) if the Remarketing Dealer obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations. "Telerate Page 500" means the display designated as "Telerate Page 500" on Dow Jones Markets

Limited (or such other page as may replace Telerate Page 500 on such service) or such other service displaying the offer prices specified in (a) above as may replace Dow Jones Markets Limited. "Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer, the offer price(s) for the Comparable Treasury Issues (expressed in each case as a percentage of its principal amount) for settlement on the Remarketing Date, quoted in writing to the Remarketing Dealer by such Reference Treasury Dealer by 3:30 p.m. on the Determination Date.

"Reference Treasury Dealer" means a primary U.S. Government securities dealer in The City of New York (which may include the Remarketing Dealer) selected by the Remarketing Dealer.

5. Repurchase. If the Remarketing Dealer (i) does not elect to exercise its right to a mandatory tender of the Drs., (ii) shall not have received by the required time on the Determination Date any firm, committed bids to purchase all of the Drs. in accordance with Section 4 of this Security or (iii) for any other reason does not purchase all of the Drs. on the Remarketing Date, then the Company shall repurchase on the Remarketing Date at a price equal to 100% of the principal amount of the Drs. plus all accrued interest, if any, on the Drs. to (but excluding) the Remarketing Date, any Drs. that have not been purchased by the Remarketing Dealer on the Remarketing Date.

6. Redemption.

(a) If the Remarketing Dealer has elected to remarket the Drs. on the Remarketing Date, the Company shall have the right to redeem the Drs., in whole but not in part, from the Remarketing Dealer on the Remarketing Date at a redemption price equal to the greater of (i) 100% of the principal amount thereof or (ii) the Dollar Price, by giving notice of such redemption to the Remarketing Dealer no later than

(x) the Business Day immediately prior to the Determination Date or

(y) if fewer than three Reference Corporate Dealers submit firm, committed bids to the Remarketing Dealer on the Determination Date in accordance with Section 4 of this Security, immediately after the deadline set by the Remarketing Dealer for receiving such bids has passed.

In either such case, it shall pay such redemption price for the Drs. in same-day funds by wire transfer on the Remarketing Date to an account designated by the Remarketing Dealer.

(b) After the Remarketing Date, the Drs. will be redeemable (a "Post-Remarketing Redemption"), in whole or in part, at the option of the Company at any time at a redemption price equal to the greater of (i) 100% of the principal amount of such Drs. or (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including the portion of any such payments of interest accrued as of the redemption date) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined below) (determined on the third Business Day preceding such redemption date), plus, in each case, accrued and unpaid interest thereon to the redemption date.

Notice of any Post-Remarketing Redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of the Drs. to be redeemed. Unless the Company defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Drs. or portions thereof called in connection with a Post-Remarketing Redemption.

"Adjusted Treasury Rate" means (i) the arithmetic mean of the yields under the heading "Week Ending" published in the Statistical Release most recently published prior to the date of determination under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the remaining life to maturity, as of the redemption date, of the principal being redeemed plus (ii) 0.10%. If no maturity set forth under such heading exactly corresponds to the maturity of such principal, yields for the two published maturities most

closely corresponding to the maturity of such principal shall be calculated pursuant to the immediately preceding sentence, and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of the relevant periods to the nearest month.

"Statistical Release" means the statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively-traded United States government securities adjusted to constant maturities, or, if such statistical release is not published at the time of any determination under the terms of the Drs., then such other reasonably comparable index which shall be designated by the Company.

7. Effect of Event of Default. If an Event of Default shall have occurred and be continuing, the principal hereof may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

8 Tax Treatment. The Company and the holders of this Security (and each holder of a beneficial interest herein), by accepting this Security, agree to treat the Drs. as fixed rate debt instruments that mature on the Remarketing Date for United States Federal income tax purposes.

9. Amendments and Waivers. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of holders of Debt Securities of each series under the Indenture at any time by the Company and the Trustee with the consent of the holders of a majority in aggregate principal amount of the Debt Securities at the time outstanding of each series to be affected thereby (voting as a class). The Indenture also contains provisions permitting the holders of a majority in aggregate principal amount of the Debt Securities of each series to be affected at the time outstanding, on behalf of the holders of all Debt Securities of each such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the holder of this Security shall be conclusive and binding upon such holder and upon all future holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

10. Denominations, Transfer and Exchange. (a) The Securities are issuable in registered form without coupons in denominations of \$1,000 and any integral multiple thereof.

(b) Where certificated Securities are presented to the registrar with a request to register their transfer or to exchange them for an equal principal amount of Securities of other authorized denominations, the registrar shall register the transfer or make the exchange if its requirements for such transactions are met. No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require the payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

(c) Ownership of Securities shall be governed by the register for the Securities kept by the registrar. The Company, the Trustee and any agent of the Company may treat the person in whose name a Security is registered as the absolute owner thereof for all purposes.

11. No Liability of Certain Persons. No director, officer, employee or stockholder, as such, of the Company shall have any liability for any obligations of the Company under this Security or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each holder by accepting this Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Security.

12. Governing Law. The laws of the State of New York govern the Indenture and this Security.

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfers(s) unto:

PLEASE INSERT TAXPAYER IDENTIFICATION NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NUMBER AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

the within Security of AlliedSignal Inc. and all rights thereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer said Security on the books of the Company, with full power of substitution in the premises

Dated:

NOTICE: THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE WITHIN INSTRUMENT IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER. THE SIGNATURE (S) SHOULD BE GUARANTEED BY A COMMERCIAL BANK OR TRUST COMPANY, A MEMBER ORGANIZATION OR A NATIONAL STOCK EXCHANGE OR BY SUCH OTHER ENTITY WHOSE SIGNATURE IS ON FILE WITH AND ACCEPTABLE TO THE TRANSFER AGENT.

REMARKETING AGREEMENT

REMARKETING AGREEMENT dated as of February 10, 1998 (the "Remarketing Agreement") between AlliedSignal Inc., a Delaware corporation (the "Company"), and J.P. Morgan Securities Inc. ("JPMSI" and, in its capacity as the remarketing dealer hereunder, the "Remarketing Dealer").

WHEREAS, the Company has issued \$200,000,000 aggregate principal amount of its 5-3/4% Dealer remarketable securitiesSM* "Dealer remarketable securities " and "Drs. " are service marks of J.P. Morgan Securities Inc. Due March 15, 2011 ("Drs.") pursuant to an Indenture dated as of October 1, 1985, as supplemented (the "Indenture"), between the Company and The Chase Manhattan Bank, as trustee (the "Trustee"); and

WHEREAS, the Drs. are being sold initially pursuant to an Underwriting Agreement dated February 5, 1998 (the "Underwriting Agreement") between the Company and JPMSI, Goldman, Sachs & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriters"); and

WHEREAS, the Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement (No. 33-64245) under the Securities Act of 1933, as amended (the "Securities Act"), in connection with the offering of debt securities, including the Drs., which registration statement was declared effective by order of the Commission, and has filed such amendments thereto and such amended or supplemented prospectuses as may have been required to the date hereof, and will file such additional amendments and supplements thereto and such additional amended or supplemented prospectuses as may hereafter be required (such registration statement, including any amendments and supplements thereto, and all documents incorporated therein by reference, as from time to time amended or supplemented pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Securities Act, or otherwise, are referred to herein as the "Registration Statement"); all preliminary and final prospectuses relating to such Registration Statement used in connection with the offering of Drs., including the documents incorporated by reference therein, are referred to herein collectively as the "Prospectus"; provided that, if any revised prospectus shall be provided to the Remarketing Dealer by the Company for use in connection with the remarketing of the Drs. which differs from the Prospectus filed with the Commission at the time of the initial issuance of the Drs. (whether or not such revised prospectus is required to be filed by the Company pursuant to Rule 424(b) under the Securities Act), the term "Prospectus" shall refer to such revised prospectus from and after the time it is first provided to the Remarketing Dealer for such use; and

WHEREAS, JPMSI is prepared to act as the Remarketing Dealer with respect to the remarketing of the Drs. on March 15, 2001 (the "Remarketing Date") pursuant to the terms of, but subject to the conditions set forth in, this Agreement;

NOW, THEREFORE, for and in consideration of the covenants herein made, and subject to the conditions herein set forth, the parties hereto agree as follows:

Section 1 . Definitions. Capitalized terms used and not defined in this Agreement shall have the meanings assigned to them in the Indenture and the form of the Drs.

Section 2. Representations and Warranties. The Company represents and warrants to the Remarketing Dealer as of the date hereof, the Notification Date (as defined below), the Determination Date (as defined below) and the Remarketing Date (each of the foregoing dates being hereinafter referred to as a "Representation Date"), as follows:

(i) It has filed all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act (collectively, the "Exchange Act Documents").

(ii) The applicable Remarketing Materials (as defined

below) will not, as of their date or the Remarketing Date, include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(iii) The representations and warranties contained in the Underwriting Agreement are true and correct with the same force and effect as though expressly made at and as of the Representation Date.

(iv) The Company's authorized equity capitalization is as set forth in the Exchange Act Documents; the Drs. conform to the description thereof contained in the Prospectus.

(v) Each of the Company and each subsidiary of the Company that is a "significant subsidiary" as defined in Rule 405 of Regulation C promulgated under the Securities Act (each a "Significant Subsidiary" and collectively the "Significant Subsidiaries") has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction in which it is chartered or organized, with full corporate power and authority to own its properties and conduct its business as described in the Exchange Act Documents, and is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction which requires such qualification wherein it owns or leases material properties or conducts material business.

(vi) All the outstanding shares of capital stock of each Significant Subsidiary have been duly and validly authorized and issued and are fully paid and nonassessable, and, except as otherwise set forth in the Exchange Act Documents, all outstanding shares of capital stock of the Significant Subsidiaries (except for directors' qualifying shares) are owned by the Company either directly or through wholly-owned subsidiaries free and clear of any perfected security interest and, to the knowledge of such counsel, after due inquiry, any other security interests, claims, liens or encumbrances.

(vii) This Agreement has been duly authorized, executed and delivered by the Company.

(viii) The Indenture has been duly authorized, executed and delivered; the Indenture has been duly qualified under the Trust Indenture Act; the Indenture constitutes a valid and legally binding instrument enforceable against the Company in accordance with its terms, except that such enforcement may be subject to applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting creditors' rights generally and general principles of equity from time to time in effect; and the Drs. have been duly authorized and constitute valid and legally binding obligations of the Company entitled to the benefits of the Indenture.

(ix) There is no pending or, to the best knowledge of senior officers of the Company, threatened action, suit or proceeding before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries of a character required to be disclosed in the Exchange Act Documents which is not adequately disclosed in the Exchange Act Documents, and there is no franchise, contract or other document of a character required to be described in the Exchange Act Documents, or to be filed as an exhibit thereto, which is not described or filed as required; and the statements included or incorporated in the Exchange Act Documents describing any legal proceedings or material contracts or agreements relating to the Company and its subsidiaries fairly summarize the matters therein described.

(x) No consent, approval, authorization or order of any court or governmental agency or body is required for the consummation of the transactions contemplated herein, except such as have been obtained under the Securities Act and such as may be required under the blue sky laws of any jurisdiction in connection with the remarketing of the Drs. by the Remarketing Dealer and such other approvals as have been obtained.

(xi) Neither this Agreement, nor the consummation of the transactions herein contemplated nor the fulfillment of the

terms hereof will conflict with, result in a breach or violation of, or constitute a default under the certificate of incorporation or by-laws of the Company or the terms of any indenture or other agreement or instrument to which the Company or any of its Significant Subsidiaries is a party or bound, or any order of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over the Company or any of its Significant Subsidiaries.

Section 3. Covenants of the Company. The Company covenants with the Remarketing Dealer as follows:

(a) The Company will provide prompt notice by telephone, confirmed in writing (which may include facsimile or other electronic transmission), to the Remarketing Dealer of the occurrence (x) at any time of any event set forth in clause (ii), (v) or (vi) of subsection 8(c) hereof and (y) on or after the Notification Date, of any other event set forth in clause (i), (iii)(a) or (vii) of subsection 8(c) hereof.

(b) The Company will furnish to the Remarketing Dealer upon request:

(i) each Registration Statement and the Prospectus relating to the Drs. (including in each case any amendment or supplement thereto and each document incorporated therein by reference), other than Exchange Act Documents publicly available on the Commission's internet website, and

(ii) in connection with the remarketing of Drs., such other publicly available written information as the Remarketing Dealer may reasonably request from time to time, other than Exchange Act Documents publicly available on the Commission's internet website.

The Company agrees to provide the Remarketing Dealer with as many copies of the foregoing written materials and other Company-approved information as the Remarketing Dealer may reasonably request for use in connection with the remarketing of Drs. and consents to the use thereof for such purpose.

(a) If, at any time during which the Remarketing Dealer would be obligated to take any action under this Agreement, any event or condition known to the Company relating to or affecting the Company, any subsidiary thereof or the Drs. shall occur which could reasonably be expected to cause any of the reports, documents, materials or information referred to in paragraph (b) above, any Exchange Act Documents, or any document incorporated therein by reference (collectively, the "Remarketing Materials") to contain an untrue statement of a material fact or omit to state a material fact, the Company shall promptly notify the Remarketing Dealer in writing of the circumstances and details of such event or condition.

(b) So long as the Drs. are outstanding, the Company will file all documents required to be filed with the Commission pursuant to the Exchange Act within the time periods required by the Exchange Act and the rules and regulations thereunder.

(c) The Company will comply with the Securities Act, the Exchange Act, the Trust Indenture Act and the rules and regulations of the Commission thereunder so as to permit the completion of the remarketing of the Drs. as contemplated in this Agreement, in the Prospectus first used to confirm sales of the Drs. when the Drs. were originally issued, and in the prospectus, if any, used in connection with the remarketing.

(d) If at any time when a prospectus is required by the Securities Act to be delivered in connection with sales of the Drs., any event shall occur or condition shall exist as a result of which it is necessary, in the reasonable opinion of counsel for the Remarketing Dealer or for the Company, to amend the Registration Statement or amend or supplement any Prospectus in order that such Prospectus will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, in the opinion of such counsel, at any such time to file a new registration statement or issue a new prospectus in order to comply with the requirements of the Securities Act or the rules,

regulations or interpretations of the Commission thereunder, the Company, at its expense, will promptly:

(i) prepare and file with the Commission such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement or the Prospectus comply with such requirements, or prepare and file any such new registration statement and prospectus as may be necessary for such purpose,

(ii) furnish to the Remarketing Dealer such number of copies of such amendment, supplement or other document as the Remarketing Dealer may reasonably request;

(iii) furnish to the Remarketing Dealer an officers' certificate, an opinion, including a statement as to the absence of material misstatements in or omissions from the Registration Statement and the Prospectus, as amended or supplemented, of the General Counsel, a Deputy General Counsel or a Senior Counsel, Corporate and Finance of the Company reasonably satisfactory to the Remarketing Dealer and a "comfort letter" from the Company's independent accountants, in each case in form and substance satisfactory to the Remarketing Dealer, of the same tenor as the officers' certificate, opinion and comfort letter, respectively, delivered pursuant to the Underwriting Agreement, but modified to relate to the Registration Statement and the Prospectus as amended or supplemented to the date thereof or such new registration statement and prospectus; and

(iv) provide to the Remarketing Dealer and any other securities dealer participating in the remarketing of the Drs. the opportunity to conduct an underwriters' due diligence investigation of the Company in a scope customarily provided in connection with a public offering of the Company's debt securities.

(e) The Company agrees that neither it nor any of its subsidiaries or affiliates shall purchase or otherwise acquire, or enter into any agreement to purchase or otherwise acquire, any of the Drs. prior to the remarketing thereof by the Remarketing Dealer, other than a repurchase of the Drs. in accordance with subsection 4(g) or a redemption of the Drs. in accordance with subsection 4(h) of this Agreement.

(f) The Company will comply with each of the covenants set forth in the Underwriting Agreement.

(g) In connection with the remarketing, the Company will arrange for the qualification of the Drs. for sale under the laws of such jurisdictions as the Remarketing Dealer may designate, and will maintain such qualifications in effect so long as required for the remarketing of the Drs.; the Company will pay all expenses in connection with such qualification, including the fees and disbursements of counsel for any dealers participating in the remarketing in connection with such qualification and in connection with blue sky and legal investment surveys.

(h) During the five Business Day period ending on the Remarketing Date, the Company will not, without the consent of the Remarketing Dealer, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities or warrants covered by the Registration Statement or any other registration statement filed under the Securities Act.

Section 4. Appointment and Obligations of the Remarketing Dealer.

(i) Unless this Agreement is otherwise terminated in accordance with Section 10 hereof, in accordance with the terms, but subject to the conditions, of this Agreement, the Company hereby appoints JPMSI, and JPMSI hereby accepts such appointment, as the exclusive Remarketing Dealer with respect to the Drs., subject further to repurchase of the Drs. in accordance with subsection 4(g) or redemption of the Drs. in accordance with subsection 4(h).

(j) The obligations of the Remarketing Dealer hereunder to repurchase the Drs. for remarketing on the Remarketing Date are conditioned on (i) the issuance and delivery of such Drs.

pursuant to the terms and conditions of the Underwriting Agreement and (ii) the Remarketing Dealer's election on the Notification Date to purchase the Drs. for remarketing on the Remarketing Date. If the Remarketing Dealer has elected to remarket the Drs. pursuant to subsection 4(c), the Remarketing Dealer shall not be obligated to set the Interest Rate to Maturity (as defined below) on any Drs., to remarket any Drs. or to perform any of the other duties set forth herein at any time after the Notification Date that (i) any of the conditions set forth in subsection 8(a) or 8(b) hereof shall not have been fully and completely met to the satisfaction of the Remarketing Dealer, or (ii) any of the events set forth in subsection 8(c) hereof shall have occurred.

(k) On a Business Day not later than five Business Days prior to the Remarketing Date (the "Notification Date"), the Remarketing Dealer will notify the Company and the Trustee as to whether it elects to purchase the Drs. on the Remarketing Date. If, and only if, the Remarketing Dealer so elects, the Drs. shall be subject to mandatory tender to the Remarketing Dealer for purchase and remarketing on the Remarketing Date, upon the terms and subject to the conditions described herein. The purchase price of the Drs. shall be equal to 100% of the principal amount thereof.

(l) The Remarketing Dealer shall determine a new stated interest rate on the Drs. as of the Remarketing Date (the "Interest Rate to Maturity") on the third Business Day immediately preceding the Remarketing Date (the "Determination Date") by soliciting by 3:30 p.m., New York City time, the Reference Corporate Dealers (defined below) for firm committed bids to purchase all outstanding Drs. at the Dollar Price (defined below), and by selecting the lowest such firm committed bid (regardless of whether each of the Reference Corporate Dealers actually submit bids). Each bid shall be expressed in terms of the Interest Rate to Maturity that the Drs. would bear (quoted as a spread over 5.50% per annum (the "Base Rate")) based on the following assumptions: (i) the Drs. would be issued on the Remarketing Date for settlement on the same day; (ii) the Drs. would mature on the Stated Maturity Date; (iii) the Drs. would bear interest from the Remarketing Date at a stated rate equal to the Interest Rate to Maturity bid by such Reference Corporate Dealer, payable semi-annually on the interest payment dates for the Drs. and (iv) the winning bidder will bear all of its own expenses (including legal fees) in connection with the remarketing. The Interest Rate to Maturity announced by the Remarketing Dealer as a result of such process will be quoted to the nearest one hundred-thousandth (0.00001) of one percent per annum and, absent manifest error, will be binding and conclusive upon holders of the Drs., the Company and the Trustee. The Remarketing Dealer shall have the discretion to select the time at which the Comparable Treasury Price is determined on the Determination Date.

"Dollar Price" means the discounted present value to the Remarketing Date of the cash flows on a bond (x) with a principal amount equal to the aggregate principal amount of the Drs., (y) maturing on the Stated Maturity Date and (z) bearing interest from the Remarketing Date, payable semi-annually (assuming a 360-day year consisting of twelve 30-day months) on the interest payment dates of the Drs. at a rate equal to the Base Rate, using a discount rate equal to the Treasury Rate (defined below).

"Reference Corporate Dealer" means J.P. Morgan Securities Inc., Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, and two other leading dealers of publicly-traded debt securities of the Company to be chosen by the Remarketing Dealer. If any of such persons shall cease to be a leading dealer of publicly-traded debt securities of the Company, then the Remarketing Dealer may replace such person with any other leading dealer of publicly-traded debt securities of the Company.

"Treasury Rate" means the annual rate equal to the semi-annual equivalent yield to maturity or interpolated (on a 30/360 day count basis) yield to maturity on the Determination Date of the Comparable Treasury Issues (defined below) for value on the Remarketing Date, assuming a price for the Comparable Treasury Issues (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (as defined below).

"Comparable Treasury Issues" means the United States Treasury security or securities selected by the Remarketing Dealer as having an actual or interpolated maturity or maturities

on the Determination Date comparable to the remaining term of the Drs.

"Comparable Treasury Price" means (a) the offer prices for the Comparable Treasury Issues (expressed in each case as a percentage of its principal amount) on the Determination Date, as set forth on Telerate Page 500 (as defined below), adjusted to reflect settlement on the Remarketing Date if prices quoted on Telerate Page 500 are for settlement on any date other than the Remarketing Date, or (b) if such page (or any successor page) is not displayed or does not contain such offer prices on such Business Day, (i) the average of five Reference Treasury Dealer Quotations for such Remarketing Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (ii) if the Remarketing Dealer obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations. "Telerate Page 500" means the display designated as "Telerate Page 500" on Dow Jones Markets Limited (or such other page as may replace Telerate Page 500 on such service) or such other service displaying the offer prices specified in (a) above as may replace Dow Jones Markets Limited. "Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer, the offer price(s) for the Comparable Treasury Issues (expressed in each case as a percentage of its principal amount) for settlement on the Remarketing Date, quoted in writing to the Remarketing Dealer by such Reference Treasury Dealer by 3:30 p.m. on the Determination Date.

"Reference Treasury Dealer" means a primary U.S. Government securities dealer in The City of New York (which may include the Remarketing Dealer) selected by the Remarketing Dealer.

(a) If the Remarketing Dealer has elected to remarket the Drs. as provided in subsections 4(c) and 4(d), then it shall notify the Company, the Trustee and The Depository Trust Company ("DTC") by telephone, confirmed in writing (which may include facsimile or other electronic transmission), by 5:00 p.m., New York City time, on the Determination Date of the Interest Rate to Maturity applicable to the Drs. effective from and including the Remarketing Date.

(b) If the Drs. are remarketed as provided herein, the Remarketing Dealer will make, or cause the Trustee to make, payment to DTC by the close of business on the Remarketing Date against delivery through DTC of the Drs., of the purchase price for all of the Drs. The purchase price of the Drs. will be equal to 100% of the principal amount thereof.

(i) If the Remarketing Dealer does not elect to purchase the Drs. for remarketing pursuant to subsection 4(c) of this Agreement, (ii) shall not have received by the required time on the Determination Date any firm, committed bids to purchase all of the Drs. in accordance with subsection 4(d) of this Agreement or (iii) for any other reason does not purchase all of the Drs. on the Remarketing Date, then the Company shall repurchase on the Remarketing Date any Drs. that have not been purchased by the Remarketing Dealer at a price equal to 100% of the principal amount of the Drs. plus all accrued interest, if any, on the Drs. to (but excluding) the Remarketing Date.

(c) If the Remarketing Dealer has elected to remarket the Drs. on the Remarketing Date in accordance with subsection 4(c) hereof, the Company may irrevocably elect to exercise its right to redeem the Drs., in whole but not in part, from the Remarketing Dealer on the Remarketing Date at the greater of (x) 100% of the aggregate principal amount of the Drs. and (y) the Dollar Price, by giving notice of such election to the Remarketing Dealer no later than

(i) the Business Day immediately prior to the Determination Date or

(ii) if fewer than three Reference Corporate Dealers submit firm, committed bids in accordance with subsection 4(d) hereof, immediately after the deadline set by the Remarketing Dealer for receiving such bids has passed.

In either such case, the Company shall pay such redemption price for the Drs. in same-day funds by wire transfer on the Remarketing Date to an account designated by the Remarketing Dealer.

If the Company exercises its right to redeem the Drs.

pursuant to clause (ii) above, it shall promptly reimburse the Remarketing Dealer for any and all expenses (including any and all hedge losses) incurred by the Remarketing Dealer in connection with its having to break associated hedging transactions to enable the Company to exercise such redemption right. If any such broken hedges result in a profit to the Remarketing Dealer, the Remarketing Dealer shall promptly pay such profit over to the Company. The amount of any hedge losses or profits shall be determined solely by the Remarketing Dealer, on a reasonable basis.

(a) In accordance with the terms and provisions of the Drs., the tender and settlement procedures set forth in this Section 4, shall be subject to modification without the consent of the holders of the Drs., to the extent required by DTC or, if the book-entry system is no longer available for the Drs. at the time of the remarketing, to the extent required to facilitate the tendering and remarketing of Drs. in certificated form. In addition, the Remarketing Dealer may, without the consent of the holders of the Drs., modify the settlement procedures set forth in the Indenture and/or the Drs. in order to facilitate the settlement process.

(b) In accordance with the terms and provisions of the Drs., the Company hereby agrees that at all times, notwithstanding any provision to the contrary set forth in the Indenture, (i) it will use its best efforts to maintain the Drs. in book-entry form with DTC or any successor thereto and to appoint a successor depository to the extent necessary to maintain the Drs. in book-entry form and (ii) it will waive any discretionary right it otherwise may have under the Indenture to cause the Drs. to be issued in certificated form.

Section 5 . Fees and Expenses. Subject to Section 10 of this Agreement, the Remarketing Dealer will not receive any fees or reimbursement of expenses from the Company for its remarketing services set forth herein.

Section 6. Resignation of the Remarketing Dealer. The Remarketing Dealer may resign and be discharged from its duties and obligations hereunder at any time, such resignation to be effective 10 Business Days after delivery of a written notice to the Company and the Trustee of such resignation. The Remarketing Dealer also may resign and be discharged from its duties and obligations hereunder at any time, such resignation to be effective immediately, upon termination of this Agreement in accordance with subsection 10(b) hereof. The Company shall have the right, but not the obligation, to appoint a successor Remarketing Dealer.

Section 7. Dealing in the Drs.; Purchase of Drs. by the Company. JPMSI, when acting as the Remarketing Dealer or in its individual or any other capacity, may, to the extent permitted by law, buy, sell, hold and deal in any of the Drs. JPMSI, as holder or beneficial owner of the Drs., may exercise any vote or join as a holder or beneficial owner, as the case may be, in any action which any holder or beneficial owner of Drs. may be entitled to exercise or take pursuant to the Indenture with like effect as if it did not act in any capacity hereunder. The Remarketing Dealer, in its capacity either as principal or agent, may also engage in or have an interest in any financial or other transaction with the Company as freely as if it did not act in any capacity hereunder.

(b) The Company may purchase Drs. in the remarketing, provided that the Interest Rate to Maturity established with respect to Drs. in the remarketing is not different from the Interest Rate to Maturity that would have been established if the Company had not purchased such Drs.

Section 8. Conditions to Remarketing Dealer's Obligations. The obligations of the Remarketing Dealer under this Agreement have been undertaken in reliance on, and shall be subject to, the following:

(a) the due performance in all material respects by the Company of its obligations and agreements as set forth in this Agreement and the accuracy of the representations and warranties in this Agreement and any certificate delivered pursuant hereto;

(b) the due performance in all material respects by

the Company of its obligations and agreements set forth in, and the accuracy in all material respects as of the dates specified therein of the representations and warranties contained in, the Underwriting Agreement;

(c) none of the following events shall have occurred after the Remarketing Dealer elects on the Notification Date to remarket the Drs.:

(i) there shall have occurred any decrease in the rating of any of the Company's debt securities by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Securities Act) or any notice shall have been given of any intended or potential decrease in any such rating or of a possible change in any such rating that does not indicate the direction of the possible change;

(ii) without the prior written consent of the Remarketing Dealer, the Indenture (including the Drs.) shall have been amended in any manner, or otherwise contain any provision not contained therein as of the date hereof, that in either case in the judgment of the Remarketing Dealer materially changes the nature of the Drs. or the remarketing procedures;

(iii) (a) trading in the Company's common stock shall have been suspended by the Commission or the New York Stock Exchange or (b) trading in securities generally on the New York Stock Exchange shall have been suspended or limited or minimum prices shall have been established on such exchange, or a banking moratorium shall have been declared either by Federal or New York State authorities;

(iv) there shall have occurred any outbreak or material escalation of major hostilities in which the United States is involved, or a declaration of war by the Congress of the United States, or other substantial national or international calamity or crisis the effect of which on the financial markets of the United States is such as to make it, in the judgment of the Remarketing Dealer, impracticable or inadvisable to proceed with the remarketing of the Drs. or the delivery of the Drs. to investors after the remarketing;

(v) an Event of Default (as defined in the Indenture), or any event which, with the giving of notice or passage of time, or both, would constitute an Event of Default, with respect to the Drs. shall have occurred and be continuing;

(vi) an Event of Default (as defined in the ISDA Master Agreement dated as of February 12, 1997 (the "Master Agreement") between Morgan Guaranty Trust Company of New York and the Company), shall have occurred and be continuing under the Master Agreement (if the Master Agreement shall have terminated, then this provision shall continue to have effect as if such agreement were still in force and effect);

(vii) (a) any change or decrease specified in any comfort letter referred to in subsection 3(f) of this Agreement dated after the Notification Date or (b) any change, or any development involving a prospective change, in or affecting the business or properties of the Company and its Significant Subsidiaries shall have occurred since the Notification Date, the effect of which, in any case specified in clause (a) or (b) above, is, in the judgment of the Remarketing Dealer, so material and adverse as to make it impractical or inadvisable to proceed with the remarketing of the Drs. or the delivery of the Drs. to investors after the remarketing;

(viii) the Treasury Rate used to determine the Dollar Price on the Determination Date exceeds the Base Rate;

(ix) the Remarketing Dealer shall not have received by the required time on the Determination Date any firm, committed bids to purchase all of the Drs. in accordance with subsection 4(d) hereof; or

(x) if a prospectus is required under the Securities Act to be delivered in connection with the remarketing of the Drs., the Company shall fail to furnish to the Remarketing Dealer on the Remarketing Date the officers' certificate, opinion and comfort letter referred to in subsection 3(f) of this Agreement and such other documents and opinions as counsel for the

Remarketing Dealer may reasonably require for the purpose of enabling such counsel to pass upon the sale of Drs. in the remarketing as herein contemplated and related proceedings, or in order to evidence the accuracy and completeness of any of the representations and warranties, or the fulfillment of any of the conditions, herein contained; and

(d) the Remarketing Dealer shall have received on the Remarketing Date a certificate of any of the Chief Financial Officer, the Treasurer, any Assistant Treasurer, or the Controller of the Company, satisfactory to the Remarketing Dealer, dated as of the Remarketing Date, to the effect that (w) the representations and warranties in this Agreement are true and correct with the same force and effect as though expressly made at and as of the Remarketing Date, (x) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Remarketing Date, (y) since the date of the most recent financial statements filed with the Commission, there has been no material adverse change, and no development involving a prospective material adverse change, in the condition (financial or other), earnings, business or properties of the Company and its Significant Subsidiaries, whether or not arising from transactions in the ordinary course of business, and (z) none of the events specified in clauses (i), (v) and (vi) in the preceding subsection (c) has occurred.

The effectiveness of the Remarketing Dealer's election on the Notification Date to remarket the Drs. shall be subject to the condition that the Remarketing Dealer shall have received a certificate of any of the Chief Financial Officer, the Treasurer, any Assistant Treasurer, or the Controller of the Company, satisfactory to the Remarketing Dealer, dated as of the Notification Date, to the effect that (i) the Company has, prior to the Remarketing Dealer's election on the Notification Date to remarket the Drs., provided the Remarketing Dealer with notice of all events as required under subsection 3(a) of this Agreement, (ii) the representations and warranties in this Agreement are true and correct at and as of the Notification Date and (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Notification Date. Such certificate shall be delivered by the Company to the Remarketing Dealer as soon as practicable following notification by the Remarketing Dealer to the Company on the Notification Date of its election to remarket the Drs. and in any event prior to the Determination Date.

If any of the foregoing conditions are not satisfied, the Remarketing Dealer may terminate its obligations under this Agreement.

Section 9. Indemnification. (a) The Company agrees to indemnify and hold harmless the Remarketing Dealer and each person, if any, who controls the Remarketing Dealer within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, the reasonable legal fees and other expenses incurred in connection with any suit, action or proceeding or any claim asserted):

(i) arising out of the failure to have an effective registration statement under the Securities Act relating to the Drs., if required, or the failure to satisfy the prospectus delivery requirements of the Securities Act because the Company failed to notify the Remarketing Dealer of such delivery requirement or failed to provide the Remarketing Dealer with an prospectus for delivery,

(ii) caused by any untrue statement or alleged untrue statement of a material fact contained in any of the Remarketing Materials or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information relating to the Remarketing Dealer furnished to the Company in writing by the Remarketing Dealer expressly for use therein, or

(iii) the acts or omissions of the Remarketing Dealer in connection with the performance of its duties and

obligations under subsections 4(c) through 4(f) hereof, except to the extent finally judicially determined to be due primarily to its gross negligence or willful misconduct.

(b) The Remarketing Dealer agrees to indemnify and hold harmless the Company, its directors and its officers and each person who controls the Company within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act, to the same extent as the foregoing indemnity from the Company to the Remarketing Dealer in subsection 9(a)(ii) of this Agreement, but only with reference to information relating to such Remarketing Dealer furnished to the Company in writing by such Remarketing Dealer expressly for use in any of the Remarketing Materials.

(c) Promptly after receipt by any person of notice of the commencement of any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand in respect of which indemnity may be sought pursuant to subsection 9(a) or (b) above (an "Indemnified Person"), such person will promptly notify the person against whom such indemnity may be sought (an "Indemnifying Person") of the commencement thereof; but the failure so to notify the Indemnifying Person will not relieve it from any liability which it may have to an Indemnified Person otherwise than under this Section 9. In case any such action is brought against any Indemnified Person, and it notifies the Indemnifying Person of the commencement thereof, the Indemnifying Person will be entitled to participate therein, and to the extent that it may elect by written notice delivered to the Indemnified Person promptly after receiving the aforesaid notice from such Indemnified Person, to assume the defense thereof, with counsel satisfactory to such Indemnified Person; provided that if the defendants in any such action include both the Indemnified Person and the Indemnifying Person and the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Person, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such Indemnified Person. Upon receipt of notice from the Indemnifying Person to such Indemnified Person of its election to so assume the defense of such action and approval by the Indemnified Person of counsel, the Indemnifying Person will not be liable to such Indemnified Person under this Section 9 for any legal or other expenses subsequently incurred by such Indemnified Person in connection with the defense thereof unless:

(i) the Indemnified Person shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence (it being understood, however, that the Indemnifying Person shall not be liable for the expenses of more than one separate counsel, approved by the Remarketing Dealer in the case of subsection 9(a) hereof, representing the indemnified parties under such subsection 9(a) who are parties to such action),

(ii) the Indemnifying Person shall not have employed counsel satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of commencement of the action or

(iii) the Indemnifying Person has authorized the employment of counsel for the Indemnified Person at the expense of the Indemnifying Person; and except that, if clause (i) or (iii) is applicable, such liability shall be only in respect of the counsel referred to in such clause (i) or (iii).

(a) The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify any Indemnified Person from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing, if at any time an Indemnified Person shall have requested an Indemnifying Person to reimburse the Indemnified Person for fees and expenses of counsel as contemplated by this Section 9, the Indemnifying Person agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is

entered into more than 60 days after receipt by such Indemnifying Person of the aforesaid request and (ii) such Indemnifying Person shall not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement. No Indemnifying Person shall, without the prior written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Person, unless such settlement includes an unconditional release of such Indemnified Person from all liability on claims that are the subject matter of such proceeding.

(b) If the indemnification provided for in subsections 9(a) and 9(b) is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to, then each Indemnifying Person, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Remarketing Dealer, on the other hand, from the remarketing of the Drs. or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Remarketing Dealer on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Remarketing Dealer, on the other, shall be deemed to be in the same respective proportions as the aggregate principal amount of the Drs. bears to the amount, if any, by which the price at which the Drs. are sold by the Remarketing Dealer in the remarketing exceeds the price paid by the Remarketing Dealer for the Drs. tendered on the Remarketing Date. The relative fault of the Company on the one hand and the Remarketing Dealer on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Remarketing Agreement and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(c) The Company and the Remarketing Dealer agree that it would not be just and equitable if contribution pursuant to this Section 9 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Person in connection with investigating or defending any such action or claim.

(d) Notwithstanding the provisions of this Section 9, in no event shall the Remarketing Dealer be required to contribute any amount in excess of the amount by which the total price at which the Drs. underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Remarketing Dealer has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 9 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(e) The indemnity and contribution agreements contained in this Section 9 and the representations and warranties of the Company set forth in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement and (ii) any investigation made by or on behalf of the Remarketing Dealer or any person

controlling the Remarketing Dealer or by or on behalf of the Company, its officers or directors or any other person controlling the Company.

Section 10. Termination of Remarketing Agreement. This Agreement shall terminate as to the Remarketing Dealer on the effective date of the resignation of the Remarketing Dealer pursuant to Section 6 hereof or the repurchase of the Drs. by the Company pursuant to subsection 4(g) hereof or the redemption of the Drs. by the Company pursuant to subsection 4(h) hereof.

(g) In addition, the Remarketing Dealer may terminate all of its obligations under this Agreement immediately by notifying the Company and the Trustee of its election to do so, at any time on or before the Remarketing Date, if:

(i) any of the conditions referred to or set forth in subsection 8(a) or 8(b) hereof have not been met or satisfied in full,

(ii) any of the events set forth in subsection 8(c) shall have occurred after the Remarketing Dealer elects on the Notification Date to remarket the Drs.; or

(iii) the Remarketing Dealer determines, in its sole discretion, after consultation with the Company, that there is material, non-public information about the Company that is not available to the Remarketing Dealer which is necessary for it to fulfill its obligations under this Agreement.

(a) If this Agreement is terminated pursuant to this Section 10, such termination shall be without liability of any party to any other party, except that, in the case of termination pursuant to subsection 8(a) or clause (i), (ii), (iii) (a), (v), (vi), (vii) or (x) of subsection 8(c) hereof, the Company shall reimburse the Remarketing Dealer for all of its reasonable out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Remarketing Dealer. Section 9 and subsections 10(c) and 10(d) shall survive such termination and remain in full force and effect.

(b) Upon:

(i) the termination of this Agreement pursuant to subsection 10(b) (except as a result of an event described in subsection 8(c) (viii)),

(ii) the occurrence, prior to the Remarketing Dealer's election on the Notification Date to remarket the Drs., of any event set forth in subsection 8(c) (ii), (v) or (vi), or

(iii) a repurchase by the Company of any Drs. due to a failure by the holder thereof to deliver the Drs. to the Remarketing Dealer against payment therefor in connection with a mandatory tender,

then, upon the request of the Remarketing Dealer, the Company shall pay the Remarketing Dealer, in same-day funds by wire transfer to an account designated by the Remarketing Dealer, the fair market value of the embedded interest rate option implicit in the Remarketing Dealer's right to purchase and remarket pursuant to this Agreement the Drs. not purchased by the Remarketing Dealer (the "Call Price"). The Call Price shall be paid as soon as practicable after the Remarketing Dealer has determined the Call Price and notified the Company of the Call Price, but in any case no later than the Remarketing Date. The Call Price in respect of any Drs. not purchased (the "Unpurchased Drs.") by the Remarketing Dealer shall equal:

(i) if the Remarketing Dealer's request for a Call Price payment is made on or after the Determination Date, an amount (if positive) equal to (A) the Dollar Price multiplied by a fraction the numerator of which is the principal amount of the Unpurchased Drs. and the denominator of which is the aggregate principal amount of the Drs. originally issued less (B) the principal amount of the Unpurchased Drs.; and

(ii) if the Remarketing Dealer's request for a Call Price payment is made prior to the Determination Date, the

Commercially Reasonable Option Value (as defined below) on the date of such request.

"Commercially Reasonable Option Value" means, on any date, the amount determined by the Remarketing Dealer on such date under Section 6(e) of the Master Agreement on a "Market Quotation" basis in respect of the embedded interest rate option implicit in the Remarketing Dealer's option to purchase, at 100% of the aggregate principal value thereof, the Unpurchased Drs. as if a "Termination Event" had occurred on such date under such interest rate option with respect to the Company under the Master Agreement and the Company was the "Affected Party". The determination of the Commercially Reasonable Option Value shall be made using the provisions of the Master Agreement regardless of any termination of the Master Agreement.

The Remarketing Dealer shall promptly notify the Company of the Call Price by telephone, confirmed in writing (which may include facsimile or other electronic transmission). The Call Price, absent manifest error, shall be binding and conclusive upon the parties hereto.

(a) This Agreement shall not be subject to termination by the Company.

Section 11. Remarketing Dealer's Performance; Duty of Care. The duties and obligations of the Remarketing Dealer shall be determined solely by the express provisions of this Agreement and the Indenture. No implied covenants or obligations of or against the Remarketing Dealer shall be read into this Agreement or the Indenture. In the absence of bad faith on the part of the Remarketing Dealer, the Remarketing Dealer may conclusively rely upon any document furnished to it, which purports to conform to the requirements of this Agreement and the Indenture, as to the truth of the statements expressed in any of such documents. The Remarketing Dealer shall be protected in acting upon any document or communication reasonably believed by it to have been signed, presented or made by the proper party or parties. The Remarketing Dealer shall incur no liability to the Company or to any beneficial owner or holder of Drs. in its individual capacity or as Remarketing Dealer for any action or failure to act in connection with the remarketing or otherwise, except as a result of gross negligence or willful misconduct on its part.

Section 12. Governing Law. This agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the conflicts of laws provisions thereof.

Section 13. Term of Agreement. Unless otherwise terminated in accordance with the provisions hereof, this Agreement shall remain in full force and effect from the date hereof until the earlier of the first day thereafter on which no Drs. are outstanding or the completion of the remarketing of the Drs.

Regardless of any termination of this Agreement pursuant to any of the provisions hereof, the obligations of the Company pursuant to Section 8 hereof shall remain operative and in full force and effect until fully satisfied.

Section 14. Successors and Assigns. The rights and obligations of the Company hereunder may not be assigned or delegated to any other person without the prior written consent of the Remarketing Dealer. The rights and obligations of the Remarketing Dealer hereunder may not be assigned or delegated to any other person (other than an affiliate of the Remarketing Dealer) without the prior written consent of the Company. This Agreement shall inure to the benefit of and be binding upon the Company and the Remarketing Dealer and their respective successors and assigns, and will not confer any benefit upon any other person, partnership, association or corporation other than persons, if any, controlling the Remarketing Dealer within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act or any other indemnified party to the extent provided in Section 9 hereof. The terms "successors" and "assigns" shall not include any purchaser of any Drs. merely because of such purchase.

Section 15. Headings. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this

Agreement and will not be used in the interpretation of any provisions of this Agreement.

Section 16. Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any or all jurisdictions because it conflicts with any provision of any constitution, statute, rule or public policy or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case, circumstance or jurisdiction, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

Section 17. Counterparts. This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

Section 18. Amendments; Waivers. This Agreement may be amended or portions thereof may be waived by any instrument in writing signed by each of the parties hereto so long as this Agreement as amended or the provisions as so waived are not inconsistent with the Indenture in effect as of the date of any such amendment or waiver.

Section 19. Notices. Unless otherwise specified, any notices, requests, consents or other communications given or made hereunder or pursuant hereto shall be made in writing (which may include facsimile or other electronic transmission) and shall be deemed to have been validly given or made when delivered or, if earlier, three days after it was mailed, registered or certified mail, return receipt requested and postage prepaid, addressed as follows:

(a) to the Company:

AlliedSignal Inc.
101 Columbia Road
Morristown, NJ
Attention: Treasurer
Facsimile No.: 973-455-5189

(b) to JPMSI:

J.P. Morgan Securities Inc.
60 Wall Street
New York, New York 10260
Attention: Syndicate Department
Facsimile No.: (212) 648-5909

or to such other address as the Company or the Remarketing Dealer shall specify in writing.

IN WITNESS WHEREOF, each of the Company and the Remarketing Dealer has caused this Remarketing Agreement to be executed in its name and on its behalf by one of its duly authorized officers as of the date first above written.

ALLIEDSIGNAL INC.

By /s/ John W. Gamble, Jr.
Name: John W. Gamble, Jr.
Title: Assistant Treasurer

J.P. MORGAN SECURITIES INC.

By /s/ David Olsen
Name: David Olsen
Title: Vice President