UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1997

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to ______

Commission file number 1-8974

AlliedSignal Inc.
(Exact name of registrant as specified in its charter)

Delaware	22-2640650
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
101 Columbia Road P.O. Box 4000 Morristown, New Jersey	07962-2497
(Address of principal executive offices)	(Zip Code)

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

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ____

At June 30, 1997 there were 282,984,589 shares of Common Stock (par value $1 per share) outstanding, which does not reflect the two-for-one stock split approved July 23, 1997.

AlliedSignal Inc.

Index

AlliedSignal Inc.
Consolidated Balance Sheet
(Unaudited)

	June 30, 1997	December 31, 1996
	(Dollars in millions)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,000	$ 1,465
Short-term investments	465	301
Accounts and notes receivable - net (Note 2)	1,594	1,661
Inventories - net (Note 3)	2,129	1,946
Other current assets	450	466
Total current assets	5,638	5,839
Investments and long-term receivables	459	473
Property, plant and equipment	9,118	8,976
Accumulated depreciation and amortization	(4,918)	(4,757)
Cost in excess of net assets of acquired companies - net	1,657	1,418
Other assets	958	880
Total assets	$ 12,912	$12,829
LIABILITIES		
Current Liabilities:		
Accounts payable	$ 1,180	$ 1,187
Short-term borrowings	27	32
Commercial paper	662	470
Current maturities of long-term debt	142	112
Accrued liabilities	1,583	1,895
Total current liabilities	3,594	3,696
Long-term debt	1,263	1,317
Deferred income taxes	638	610
Postretirement benefit obligations other than pensions	1,780	1,787
Other liabilities	1,285	1,239
SHAREOWNERS' EQUITY		
Capital - common stock issued*	716	716
- additional paid-in capital*	2,296	2,189
Common stock held in treasury, at cost	(2,184)	(1,953)
Cumulative translation adjustment	(112)	2
Unrealized holding gain on marketable securities	6	12
Retained earnings	3,630	3,214
Total shareowners' equity	4,352	4,180
Total liabilities and shareowners' equity	$12,912	$12,829

*Reflects two-for-one stock split as described in Notes to Financial Statements.

Notes to Financial Statements are an integral part of this statement.

AlliedSignal Inc.
Consolidated Statement of Income
(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	1997	1996	1997	1996
	(Dollars in millions except per share amounts)			
Net sales	$3,578	$3,347	$6,905	$7,125
Cost of goods sold (Note 6)	2,764	3,235	5,369	6,247
Selling, general and administrative expenses	386	366	751	767
Gain on sale of business (Note 7)	-	(655)	-	(655)
Total costs and expenses	3,150	2,946	6,120	6,359
Income from operations	428	401	785	766
Equity in income of affiliated companies	55	46	96	73
Other income (expense) (Note 6)	14	33	48	33
Interest and other financial charges	(39)	(47)	(81)	(97)
Income before taxes on income	458	433	848	775
Taxes on income	153	161	284	278
Net income	$ 305	$ 272	$ 564	$ 497
Earnings per share of common stock (Note 8)*	$ .54	$ .48	$ 1.00	$ .88
Cash dividends per share of common stock*	$ .13	$.1125	$ .26	$ .225

*Reflects two-for-one stock split as described in Notes to Financial Statements.

Notes to Financial Statements are an integral part of this statement.

AlliedSignal Inc.
Consolidated Statement of Cash Flows
(Unaudited)

	Six Months Ended June 30	
	1997	1996
	(Dollars in millions)	
Cash flows from operating activities:		
Net income	$ 564	$ 497
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of business	--	(655)
Repositioning and other charges	--	622
Depreciation and amortization (includes goodwill)	305	323
Undistributed earnings of equity affiliates	(22)	(14)
Deferred income taxes	67	128
Decrease (increase) in accounts and notes receivable	76	(147)
(Increase) in inventories	(158)	(135)
Decrease (increase) in other current assets	16	(11)
Increase in accounts payable	6	35
(Decrease) increase in accrued liabilities	(345)	9
Taxes paid on gain on sale of braking business	(5)	(81)
Other	(40)	(325)
Net cash provided by operating activities	464	246
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(309)	(346)
Proceeds from disposals of property, plant and equipment	16	56
Decrease in other investments	17	--
(Increase) in other investments	(5)	(2)
Cash paid for acquisitions - net	(382)	(35)
Proceeds from sales of businesses	34	1,187
(Increase) in short-term investments	(164)	--
Net cash (used for) provided by investing activities	(793)	860
Cash flows from financing activities:		
Net increase in commercial paper	192	685
Net (decrease) in short-term borrowings	(5)	(296)
Proceeds from issuance of preferred stock of subsidiary	112	--
Proceeds from issuance of common stock	101	79
Proceeds from issuance of long-term debt	12	5
Payments of long-term debt	(65)	(72)
Repurchases of common stock	(290)	(203)
Cash dividends on common stock	(148)	(130)
Other	(45)	--
Net cash (used for) provided by financing activities	(136)	68
Net (decrease) increase in cash and cash equivalents	(465)	1,174
Cash and cash equivalents at beginning of year	1,465	540
Cash and cash equivalents at end of period	$1,000	$1,714

Notes to Financial Statements are an integral part of this statement.

AlliedSignal Inc.
Notes to Financial Statements
(Unaudited)
(Dollars in Millions except per share amounts)

Note 1. In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments, consisting only of normal adjustments, necessary to present fairly the financial position of AlliedSignal Inc. and its consolidated subsidiaries at June 30, 1997 and the results of operations for the three and six months ended June 30, 1997 and 1996 and the cash flows for the six months ended June 30, 1997 and 1996. The results of operations for the three- and six-month periods ended June 30, 1997 should not necessarily be taken as indicative of the results of operations that may be expected for the entire year 1997.

The financial information as of June 30, 1997 should be read in conjunction with the financial statements contained in the Company's Form 10-K Annual Report for 1996.

Note 2. Accounts and notes receivable consist of the following:

	June 30, 1997	December 31, 1996
Trade	$1,246	$1,330
Other	381	362
	1,627	1,692
Less-Allowance for doubtful accounts and refunds	(33)	(31)
	$1,594	$1,661

Note 3. Inventories consist of the following:

	June 30, 1997	December 31, 1996
Raw materials	$ 581	$ 538
Work in process	861	762
Finished products	841	814
Supplies and containers	91	88
	2,374	2,202
Less-Progress payments	(118)	(126)
Reduction to LIFO cost basis	(127)	(130)
	$2,129	$1,946

Note 4. In the first quarter 1997, a subsidiary of the Company issued $112 million of preferred stock to third-party investors. The preferred stock is reflected as a minority interest included as part of Other Liabilities in the Consolidated Balance Sheet. In July 1997, the preferred stock was redeemed by the Company.

Note 5. In June 1997 the Company amended its Five-Year Credit Agreement by extending the maturity one year to June 30, 2002 and increasing the amount available thereunder to $750 million. The amendment also included certain other minor changes in terms and conditions. The Company also terminated its $375 million 364-Day Credit Agreement.

Note 6. In the second quarter of 1996 the Company recorded a pretax charge of $277 million relating to the costs of actions to reposition some of its major business units. The components of the repositioning charge include asset write-downs of $136 million, severance costs of $127 million and other exit costs of $14 million. All of the repositioning actions are generally expected to be completed by 1998.

In the second quarter of 1996, the Company adopted the provisions of the American Institute of Certified Public Accountants' Statement of Position 96-1, "Environmental Remediation Liabilities" (SOP 96-1). The adoption of SOP 96-1 resulted in a pretax charge of $175 million, and is accounted for as a change in estimate. The Company also recorded other charges primarily related to changes made in employee benefit programs and in connection with customer and former employee claims.

Repositioning and other charges totaling $637 million are included as part of cost of goods sold for 1996. Other income (expense) in 1996 includes a $15 million credit for repositioning and other charges representing the minority interest share of such charges. The total pretax impact of the repositioning and other charges for 1996 is $622 million (after-tax $359 million, or $0.63 per share).

Note 7. In April 1996 the Company sold its worldwide hydraulic and anti-lock braking systems (ABS) businesses (braking business) to Robert Bosch GmbH, a privately-held German company. The braking business had 1995 sales and income from operations of approximately $2.0 billion and $154 million, respectively. The Company received consideration of $1.5 billion, subject to certain post-closing adjustments. At June 30, 1996, approximately $300 million of this amount was in escrow. The sale of the braking business resulted in a gain of $655 million (after-tax $368 million, or $0.65 per share).

Note 8. On July 23, 1997, the Company's Board of Directors approved a two-for-one common stock split for shareowners of record on August 21, 1997. The stock split is payable on September 15, 1997 and all share and per share data in the financial statements reflect the stock split for all periods presented. The weighted average number of shares outstanding during each period, after adjusting for the stock split, was: three months ended June 30, 1997, 565,383,810 shares, and 1996, 565,539,396 shares; and six months ended June 30, 1997, 566,185,136 shares and 1996, 565,620,152 shares. There is no material dilutive effect on earnings per share of common stock due to common stock equivalents.

Report on Review by Independent Accountants

To the Board of Directors
of AlliedSignal Inc.

We have reviewed the accompanying consolidated balance sheet of AlliedSignal Inc. and its subsidiaries as of June 30, 1997, and the consolidated statements of income for the three-month and six-month periods ended June 30, 1997 and 1996 and of cash flows for the six-month periods ended June 30, 1997 and 1996. This financial information is the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the financial information referred to above for it to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1996, and the related consolidated statements of income, of retained earnings, and of cash flows for the year then ended (not presented herein); and in our report dated January 31, 1997 we expressed an unqualified opinion on those consolidated financial statements.
In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 1996, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Price Waterhouse LLP
4 Headquarters Plaza North
Morristown, NJ 07962

July 25, 1997

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Second Quarter 1997 Compared with Second Quarter 1996

Net sales in the second quarter of 1997 were $3.6 billion, an increase of $231 million, or 7%, compared with the second quarter of last year. Of this increase, $295 million was due to higher sales volume, with acquisitions, net of divestitures, also contributing $33 million of sales. The impact of foreign exchange on the Automotive and Engineered Materials segments reduced sales by $52 million. Selling prices were lower by $45 million, mainly for the Automotive and Engineered Materials segments.

Aerospace sales of $1,513 million in the second quarter of 1997 increased $143 million, or 10%, compared with the second quarter of last year. Aerospace Equipment Systems had significantly higher sales driven by aftermarket strength and higher air transport original-equipment shipments. Aerospace Equipment Systems growth was led by strong sales of environmental control systems, engine fuel systems and aircraft landing systems; partially offset by lower revenue from engineering services. Engines had moderately higher sales due to increased shipments of auxiliary power units and continued strength in the sales of spare parts and repair and overhaul services. Commercial Avionics Systems sales were substantially higher reflecting increased demand for flight management and safety avionics systems. Electronic Systems sales were significantly lower due to order delays, but Government Services had moderately higher sales.

Automotive sales of $976 million in the second quarter of 1997 were $21 million, or 2%, higher compared with the second quarter of 1996. Turbocharger sales were significantly higher as new products continued to drive strong sales growth in Europe. Truck Brake Systems sales in North America were also significantly higher as a result of a strong aftermarket, an upturn in new truck builds and increased installation rates of anti-lock braking systems. Aftermarket sales were slightly higher, reflecting the acquisition of Prestone Products Corporation in June 1997, partially offset by continued weakness in market conditions. Safety Restraints had a significant decline in sales mainly due to labor strikes at two key North American customers and weak pricing in North America.

Engineered Materials sales of $1,089 million in the second quarter of 1997 were $69 million, or 7%, higher compared with the second quarter of last year. Polymers had moderately higher sales due to increased demand for engineered plastics, carpet fibers and industrial polyester. Engineered plastics benefited from new products and applications in the automotive and packaging industries. Polymers sales also benefited from expansion at two industrial polyester plants and at the Company's phenol plant. Sales of Specialty Chemicals were moderately stronger, primarily reflecting strength in the industrial specialties and pharmaceutical/agricultural market segments. Electronic Materials also had a moderate sales increase driven by improved results at laminate systems, as the printed wiring board industry starts to show signs of a recovery, as well as by continued strength in the advanced microelectronics business.

Cost of goods sold as a percent of net sales decreased from 96.7% in the second quarter of 1996 to 77.2% in the second quarter of 1997. The 1996 second quarter includes repositioning and other charges totaling $637 million. (See Note 6 of Notes to Financial Statements for further information.) Excluding repositioning and other charges, cost of goods sold as a percent of net sales was 77.6% in the second quarter of 1996.

Gain on sale of business represents the pretax gain of $655 million on the sale of the braking business in April 1996. (See Note 7 of Notes to Financial Statements for further information.)

Income from operations of $428 million in the second quarter of 1997 increased by $27 million, or 7%, compared with last year's second quarter. The second quarter of 1996 includes the pretax gain of $655 million on the sale of the braking business and repositioning and other charges totaling $637 million (special items). Excluding the impact of these special items, income from operations in the second quarter of 1997 increased by $45 million, or 12%. On a segment basis, Aerospace income from operations increased 26% and Engineered Materials improved 12%, but Automotive income from operations was 6% lower. The Company's operating margin for the second quarter of 1997 was 12.0%, compared with 11.4% for the same period last year adjusted for special items. See the discussion of net income below for information by segment.

Productivity (the constant dollar basis relationship of sales to costs) improved by 6.9% compared with the second quarter of 1996 primarily reflecting ongoing initiatives to lower materials and manufacturing costs.

Equity in income of affiliated companies of $55 million increased by $9 million, or 20%, compared with last year mainly due to higher earnings from the UOP process technology joint venture (UOP) and several other affiliates.

Other income (expense), $14 million income in the second quarter of 1997, decreased by $19 million, or 58%, compared with the same quarter last year, mainly due to the minority interest share of the 1996 repositioning and other charges.

Interest and other financial charges of $39 million in the second quarter of 1997 decreased by $8 million, or 17%, from the prior year's second quarter reflecting lower levels of short-term debt.

The effective tax rate in the second quarter of 1997 was 33.5% compared with 37.2% in 1996. The decrease is principally due to the higher taxes on the gain in 1996 on the sale of the braking systems business.

Net income of $305 million, or $0.54 per share, in the second quarter of 1997 was 16% higher than last year's net income, after excluding special items, of $263 million, or $0.46 per share. The prior year's net income, including special items, was $272 million, or $0.48 per share. A discussion of the operations of the business segments follows. Adjusted net income (see table below) for the segments excludes the impact of the special items. (Dollars in millions)

	Second Quarter		
	Net Income as Reported	Special Items (Gains)/Losses	Adjusted Net Income
Aerospace			
1997	$ 115	$ -	$ 115
1996	(89)	179	90
Increase/(Decrease)	$ 204	$ 179	$ 25
Automotive			
1997	$ 48	$ -	$ 48
1996	369	(319)	50
Increase/(Decrease)	$(321)	$(319)	$ (2)
Engineered Materials			
1997	$ 137	$ -	$ 137
1996	47	71	118
Increase/(Decrease)	$ 90	$ 71	$ 19

Aerospace net income for 1997 improved to $115 million from the 1996 adjusted net income of $90 million, an increase of $25 million, or 28%. Strong sales growth and improvements in productivity resulted in substantially higher earnings for Aerospace Equipment Systems, Engines and Commercial Avionics Systems. Electronic Systems incurred a substantial earnings decline due to lower sales.

Automotive net income for 1997 of $48 million was $2 million, or 4%, lower than the adjusted net income in the prior year. Earnings declined for Safety Restraints, mainly due to lower sales, and for the Aftermarket and Filters & Spark Plugs due to continued weakness in market conditions. Turbochargers had substantially higher income on continued strong sales in Europe and Truck Brake Systems also had substantial gains primarily reflecting strong aftermarket sales.

Engineered Materials net income for 1997 increased to $137 million from the 1996 adjusted net income of $118 million, a $19 million, or 16%, increase. Specialty Chemicals had higher earnings, driven primarily by productivity initiatives at Riedel-de Haen. Electronic Materials had strong earnings, led by the advanced microelectronics business. Polymers net income was flat due to weaker selling prices for industrial polyester and acetone.

Six Months 1997 Compared with Six Months 1996

Net sales in the first six months of 1997 totaled $6.9 billion, a decrease of $220 million, or 3%, compared with the first six months of last year. Net sales were lower reflecting the sale of the Company's automotive braking business in April 1996. Excluding the braking business, net sales increased $336 million, or 5%, driven principally by higher sales volumes. The impact of foreign exchange and lower selling prices, mainly for the Automotive and Engineered Materials segments, somewhat offset the higher sales volumes.

Aerospace sales of $2,911 million in the first six months of 1997 increased $241 million, or 9%, compared with the first six months of 1996. Engines had significantly higher sales from aftermarket parts and repair and overhaul services, as well as higher shipments of auxiliary power units. Aerospace Equipment Systems sales were also significantly higher, driven by continued aftermarket strength, and substantially higher original-equipment shipments of engine fuel systems, environmental control systems and aircraft landing systems, however, lower revenue from engineering services was a partial offset. Sales of Commercial Avionics Systems were higher, primarily due to strength in flight management and safety avionics systems. Electronic Systems sales were significantly lower due to order delays. Government Services had significantly higher sales, mainly to NASA.

Automotive sales of $1,903 million in the first six months of 1997 were $528 million, or 22%, lower compared with the first six months of 1996 reflecting the disposition of the braking business. Excluding the braking business, Automotive sales increased $28 million, or 1%. Continued strength of the U.S. dollar negatively impacted sales growth by 3%. Turbocharger sales were significantly higher, primarily reflecting the flow of new products and the popularity in Europe of turbocharged, diesel-powered cars. Truck Brake Systems sales in North America improved moderately, benefiting from a strong aftermarket, an upturn in truck builds and increased installation rates of anti-lock braking systems. Safety Restraints had a moderate decline in sales mainly due to lower airbag sales in North America, in part reflecting labor strikes at two key customers.

Engineered Materials sales of $2,090 million in the first six months of 1997 were $68 million, or 3%, higher compared with the first six months of 1996. Polymer sales were slightly higher due principally to greater demand for engineered plastics. Specialty Chemicals sales also improved slightly reflecting growing demand for chlorofluorocarbon (CFC) replacement products and performance chemicals. Sales for Electronic Materials and environmental catalysts were lower.

Cost of goods sold as a percent of sales decreased from 87.7% in the first six months of 1996 to 77.8% in the first six months of 1997 as the 1996 period includes repositioning and other charges totaling $637 million. (See Note 6 of Notes to Financial Statements for further information.) Excluding repositioning and other charges, cost of goods sold as a percent of net sales was 78.7% for the first six months of 1996. The improvement in 1997 is due primarily to productivity programs to lower manufacturing and material costs.

Gain on sale of business represents the pretax gain of $655 million on the sale of the braking business in April 1996. (See Note 7 of Notes to Financial Statements for further information.)

Income from operations of $785 million in the first six months of 1997 increased $19 million, or 2%, compared with last year's first six months. The 1996 period includes a net pretax gain of $18 million from the impact of special items. Excluding the impact of these special items, income from operations in the first six months of 1997 increased by $37 million, or 5%. On a segment basis, Aerospace income from operations increased 31%, but Automotive and Engineered Materials income from operations decreased 21% and 2%, respectively. The Company's operating margin for the first six months of 1997 was 11.4% compared with 10.5% for the same period last year adjusted for special items. See the discussion of net income below for information by segment.

Productivity improved by 6.6% compared with last year's first six months.

Equity in income of affiliated companies of $96 million increased by $23 million, or 32%, compared with last year mainly due to substantially higher earnings from UOP.

Other income (expense), $48 million income in the first six months of 1997, improved by $15 million, or 45%, compared with the same period last year mainly due to increased interest and dividend income (included in the Corporate and Unallocated segment), primarily reflecting the investment of cash received from the sale of the braking business, and higher foreign exchange gains. A partial offset was the minority interest share of the 1996 repositioning and other charges.

Interest and other financial charges of $81 million in the first six months of 1997 decreased by $16 million, or 16%, compared with the first six months of 1996 reflecting lower levels of short-term debt.

The effective tax rate in the first six months of 1997 was 33.5% compared with 35.9% in 1996. The decrease is principally due to the higher taxes on the gain in 1996 on the sale of the braking systems business.

Net income of $564 million, or $1.00 per share, in the first six months of 1997 was 16% higher than last year's net income, after excluding special items, of $488 million, or $0.86 per share. The prior year's net income, including special items, was $497 million, or $0.88 per share. A discussion of the operations of the business segments follows. Adjusted net income (see table below) for the segments excludes the impact of the special items. (Dollars in millions)

	Six Months Ended June 30		
	Net Income as Reported	Special Items (Gains)/Losses	Adjusted Net Income
Aerospace			
1997	$ 214	$ -	$ 214
1996	(18)	179	161
Increase/(Decrease)	$ 232	$ 179	$ 53
Automotive			
1997	$ 100	$ -	$ 100
1996	441	(319)	122
Increase/(Decrease)	$(341)	$(319)	$(22)
Engineered Materials			
1997	$ 245	$ -	$ 245
1996	156	71	227
Increase/(Decrease)	$ 89	$ 71	$ 18

Aerospace net income for 1997 improved to $214 million from the 1996 adjusted net income of $161 million, an increase of $53 million, or 33%. Engines had substantially stronger earnings due to higher sales and a favorable mix of higher margin aftermarket sales. Income from Aerospace Equipment Systems was also higher due principally to increased sales. Earnings for Commercial Avionics Systems were very strong, in part reflecting improved manufacturing operations. Earnings for Electronic Systems decreased substantially due to lower sales.

Automotive net income for 1997 declined to $100 million from the 1996 adjusted net income of $122 million, a $22 million, or 18%, decrease. The decrease reflects the absence of net income from the disposed braking business. Excluding the braking business, Automotive's net income increased $3 million, or 3%. Turbochargers had substantially higher net income due to increased sales and significant productivity improvements. Net income for Truck Brake Systems, European Aftermarket and Friction Materials was also favorable. However, earnings for Safety Restraints, Filters & Spark Plugs and the North American Aftermarket were unfavorable.

Engineered Materials net income for 1997 increased to $245 million from the 1996 adjusted net income of $227 million, a $18 million, or 8% improvement. Specialty Chemicals had significantly higher earnings, driven by UOP, as the petrochemical and refining industries continued to be strong worldwide, as well as by improvements for Riedel-de Haen and performance chemicals. Electronic Materials also had higher income. Polymers had lower income due to weak pricing in the polyester business and higher raw material costs in the nylon business, mainly in the first quarter.

In the second quarter of 1996, the Company recorded a pretax charge of $277 million related to the costs of actions to reposition some of its major business units. Actions are being undertaken to consolidate manufacturing facilities, rationalize manufacturing capacity and optimize operational capabilities. Upon completion, the repositioning actions are currently expected to generate additional annual income from operations of approximately $170 million.

Financial Condition

June 30, 1997 Compared with December 31, 1996

On June 30, 1997, the Company had $1,465 million in cash and cash equivalents and short-term investments compared with $1,766 million at year-end 1996. The current ratio at June 30, 1997 was 1.6X, the same as at year-end 1996.

The Company's long-term debt on June 30, 1997 was $1,263 million, a reduction of $54 million compared with year-end 1996. Total debt of $2,094 million on June 30, 1997 was $163 million higher than at year-end. The Company's total debt as a percent of capital at June 30, 1997 was 30.3%, slightly higher than 29.5% at year-end 1996.

During the first six months of 1997, the Company spent $309 million for capital expenditures compared with $346 million in the corresponding period in 1996. Spending for the 1997 six-month period was as follows: aerospace-$77 million; automotive-$76 million; engineered materials-$140 million, and corporate-$16 million.

During the first six months of 1997, the Company repurchased 4.2 million shares (pre-split basis) of common stock for $290 million. Common stock is repurchased to meet the expected requirements for shares issued under employee benefit plans and a shareowner dividend reinvestment plan. At June 30, 1997, the Company was authorized to repurchase 47.0 million shares (pre-split basis) of common stock.

In June 1997, the Company acquired Prestone Products Corporation (Prestone) for approximately $400 million, including assumed liabilities. Prestone is a leading supplier of premium car care products and has annual sales of approximately $300 million. In July 1997, the Company completed its acquisition of Grimes Aerospace (Grimes), a manufacturer of exterior and interior aircraft lighting systems for approximately $400 million including assumed liabilities. Grimes, which has annual sales of approximately $230 million, also manufactures aircraft engine components such as valves and heat exchangers, as well as electronic systems, including flight warning computers and active matrix liquid crystal displays.

The Company continuously assesses the relative strength of its portfolio of businesses as to strategic fit, market position and profit contribution in order to upgrade its combined portfolio and identify operating units that will most benefit from increased investment. The Company considers acquisition candidates that will further its strategic plan and strengthen its existing core businesses. The Company also identifies operating units that do not fit into its long term strategic plan based on their market position, relative profitability or otherwise. These operating units are considered for potential divestiture, restructuring or other action. During the second quarter 1997, the Company sold certain non-strategic Engineered Materials businesses.

Review by Independent Accountants

The "Independent Accountants' Report" included herein is not a "report" or "part of a Registration Statement" prepared or certified by an independent accountant within the meanings of Section 7 and 11 of the Securities Act of 1933, and the accountants' Section 11 liability does not extend to such report.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits. The following exhibits are filed with this Form 10-Q:

10.13 Amendment and Restatement of Five-Year Credit Agreement dated as of June 13, 1997 by and between the Company and the banks, financial institutions and lenders listed on the signature pages thereof (the "Lenders"), Citibank, N.A., as agent, and The Chase Manhattan Bank, N.A. and Morgan Guaranty Trust Company of New York, as co-agents for the Lenders.

10.15 First Amendment to the restated and amended Agreement dated May 6, 1994 between the Company and Lawrence A. Bossidy

15 Independent Accountants' Acknowledgment Letter as to the incorporation of their report relating to unaudited interim financial statements

27 Financial Data Schedule

(b) Reports on Form 8-K. During the three months ended June 30, 1997, reports on Form 8-K were filed on April 15, May 22 and June 19, in each case reporting, under Item 9, unregistered sales of the Company's Common Stock in reliance on Regulation S under the Securities Act.

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 thereunto duly authorized.

AlliedSignal Inc.

Date: August 14, 1997

By: /s/ Nancy A.Garvey

Nancy A. Garvey
Vice President and Controller
(on behalf of the Registrant
and as the Registrant's
Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
2	Omitted (Inapplicable)
3	Omitted (Inapplicable)
4	Omitted (Inapplicable)
10.13	Amendment and Restatement of Five-Year Credit Agreement dated as of June 13, 1997 by and between the Company and the banks, financial institutions and lenders listed on the signature pages thereof (the "Lenders"), Citibank, N.A., as agent, and The Chase Manhattan Bank, N.A. and Morgan Guaranty Trust Company of New York, as co-agents for the Lenders.
10.15	First Amendment to the restated and amended Agreement dated May 6, 1994 between the Company and Lawrence A. Bossidy
11	Omitted (Inapplicable)
15	Independent Accountants' Acknowledgment Letter as to the incorporation of their report relating to unaudited interim financial statements
18	Omitted (Inapplicable)
19	Omitted (Inapplicable)
22	Omitted (Inapplicable)
23	Omitted (Inapplicable)
24	Omitted (Inapplicable)
27	Financial Data Schedule
99	Omitted (Inapplicable)

EXECUTION COPY

AMENDMENT AND RESTATEMENT OF FIVE-YEAR CREDIT AGREEMENT

Dated as of June 13, 1997

ALLIEDSIGNAL INC., a Delaware corporation (the "Company"), the banks, financial institutions and other institutional lenders which are parties to the Existing Five-Year Credit Agreement referred to below (collectively, the "Lenders"), CITIBANK, N.A., as agent (together with any successor thereto appointed pursuant to Article VIII of the Existing Five-Year Credit Agreement referred to below, the "Agent"), and THE CHASE MANHATTAN BANK, N.A. and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as co-agents (the "Co-Agents") for the Lenders, hereby agree as follows:

PRELIMINARY STATEMENTS

(1) The Company is party to a Five-Year Credit Agreement dated as of June 30, 1995 (as amended, supplemented or otherwise modified from time to time to (but not including) the date of this agreement, the "Existing Five-Year Credit Agreement") with the Lenders, the Agent and the Co-Agents. Capitalized terms not otherwise defined in this Amendment and Restatement shall have the same meanings as specified in the Existing Five-Year Credit Agreement.

(2) The Company is also party to a 364-Day Credit Agreement dated as of June 30, 1995 (as amended, supplemented or otherwise modified from time to time to (but not including) the date of this agreement, the ("Existing 364-Day Credit Agreement") with the banks, financial institutions and other institutional lenders party thereto, the Agent and the Co-Agents.

(3) The Company desires to terminate the Existing 364-Day Credit Agreement and to correspondingly increase the amount of the Existing Five-Year Credit Agreement to $750,000,000.

(4) The parties to this agreement (the "Amendment and Restatement") agree to amend the Existing Five-Year Credit Agreement as set forth herein and to restate the Existing Five-Year Credit Agreement in its entirety to read as set forth in the Existing Five-Year Credit Agreement with the following amendments.

SECTION 1. Amendments to the Existing Five-Year Credit Agreement. The Existing Five-Year Credit Agreement is, effective as of the date of this Amendment and Restatement and subject to the satisfaction of the conditions precedent set forth in Section 2, hereby amended as follows:

(a) The Existing Five-Year Credit Agreement, the Exhibits thereto and the Notes are hereby amended by deleting each reference to the phrase "the Five-Year Credit Agreement dated as of June 30, 1995" and substituting therefor the phrase "the Amended and Restated Five-Year Credit Agreement dated as of June 13, 1997".

(b) The Existing Five-Year Credit Agreement and the Exhibits thereto are hereby amended by deleting each reference to "ABN-AMRO BANK N.V." as Co-Agent and substituting therefor "The Chase Manhattan Bank, N.A.".

(c) Section 1.01 is amended by deleting the definitions of "Facility A Credit Agreement", "Income from Operations" and "Interest and Other Financial Charges" in their entirety.

(d) Section 1.01 is further amended by deleting the definitions of "Applicable Margin", "Applicable Percentage", "Commitment", "Lenders" and "Termination Date" set forth therein and replacing them, respectively, with the following new definitions thereof:

"Applicable Margin" means, as of any date, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

Public Debt Rating S&P/Moody's	Applicable Margin
Level 1 AA- /Aa3 or above	.095%
Level 2 Lower than AA-/Aa3 but at least A-/A3	.135%
Level 3 Lower than A-/A3 but at least BBB/Baa2	.185%
Level 4 Below BBB/Baa2 or unrated	.300%

"Applicable Percentage" means, as of any date, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

Public Debt Rating S&P/Moody's	Applicable Percentage
Level 1 AA- /Aa3 or above	.055%
Level 2 Lower than AA-/Aa3 but at least A-/A3	.065%
Level 3 Lower than A-/A3 but at least BBB/Baa2	.090%
Level 4 Below BBB/Baa2 or unrated	.150%

"Commitment" means as to any Lender (i) the Dollar amount set forth opposite its name on the signature pages of the Amendment and Restatement dated as of June 13, 1997 to the Five-Year Credit Agreement dated as of June 30, 1995, as amended, among the Company, the banks, financial institutions and other institutional lenders, (ii) if such Lender has become a Lender hereunder after such date pursuant to an Assumption Agreement, the Dollar amount set forth as its Commitment in such Assumption Agreement or (iii) if such Lender has entered into any Assignment and Acceptance after such date, the Dollar amount set forth for such Lender in the Register maintained by the Agent pursuant to Section 9.07(d), in each case as the same may be increased, terminated or reduced, as the case may be, pursuant to Section 2.05(a), (b), (c), (d) or (e) or Section 2.16.

"Lenders" means, collectively, (i) the banks, financial institutions and other institutional lenders listed on the signature pages of the Amendment and Restatement dated as of June 13, 1997 to the Five-Year Credit Agreement dated as of June 30, 1995, as amended, among the Company, the banks, financial institutions and other institutional lenders, (ii) each Assuming Bank that shall become a party hereto after such date pursuant to Section 2.05(e) or Section 2.16 and (iii) each Eligible Assignee that shall become a party hereto after such date pursuant to Sections 9.07(a), (b) and (c).

"Termination Date" means the earlier of (a) June 30, 2002, or such later date to which it may be extended pursuant to Section 2.16, and (b) the date of termination in whole of the Commitments pursuant to Section 2.05(a) or Section 6.01 or, if all Lenders elect to terminate their Commitments as provided therein, Section 2.05(d).

(e) Section 2.04(b) is hereby amended by deleting the phrase "as set forth in the letter dated June 6, 1995 between the Company and the Agent" and substituting therefor the phrase "as the Company and the Agent may separately agree".

(f) Section 2.05(c) is hereby amended by deleting the figure "$90,000,000" contained in the eleventh line thereof and substituting therefor the figure "$180,000,000".

(g) Section 2.05(e) is hereby amended by deleting the figure "$150,000,000" and substituting therefor the figure "$250,000,000".

(h) Section 3.03(i) is hereby amended by deleting the letter "(A)" from the sixth line thereof and deleting the following phrase in its entirety:

"(B) if such Revolving Credit Borrowing results in incremental outstanding Advances or is the initial Revolving Credit Borrowing of the Company, the representations set forth in the last sentence of subsection (e) and in subsections (f), (h)-(l) and (n) of Section 4.01 are correct on and as of the date of such Revolving Credit Borrowing, before and after giving effect to such Revolving Credit Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, and".

(i) Section 4.01(e) is hereby amended by deleting each reference to the date "December 31, 1994" contained therein and substituting therefor the date "December 31, 1996".

(j) Section 4.01(j) is hereby amended by deleting the year "1993" contained therein and substituting therefor the year "1995".

(k) Section 5.01(h) is hereby amended by deleting the final sentence contained in each of subsections (i) and (ii) thereof.

(l) Section 5.02 is hereby amended by deleting Section 5.02(c) thereof in its entirety and substituting therefore the following:

> "(c) Minimum Net Worth. At any time, permit the amount of Consolidated total assets in excess of Consolidated total liabilities to be less than $3,100,000,000.".

(m) Section 6.01(e) is hereby amended as follows:

(i) Deleting the reference to the number "$25,000,000" contained in the fourth line thereof and substituting therefor the number "$100,000,000"; and

(ii) Deleting the parenthetical "(but excluding Debt outstanding hereunder)" and substituting therefor "(but excluding Debt outstanding hereunder and Debt owed by such party to any bank, financial institution or other institutional lender to the extent the Borrower or any Subsidiary has deposits with such bank, financial institution or other institutional lender sufficient to repay such Debt)".

(n) Section 6.01(g) is hereby amended by deleting the figure "$25,000,000" contained in the second line thereof and substituting therefor the figure "$100,000,000".

(o) Section 6.01(j) is hereby amended by deleting each reference to the figure "$25,000,000" contained therein and substituting therefor the figure "$100,000,000".

(p) Section 6.01 is hereby further amended by deleting subsection (k) thereof in its entirety.

(q) A new Section 9.16 is added to the Existing Five-Year Credit Agreement to read as follows:

"SECTION 9.16. Judgment. (a) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder or under the Notes in any currency (the "Original Currency") into another currency (the "Other Currency"), the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase the Original Currency with the Other Currency at 9:00 A.M. (New York City time) on the first Business Day preceding that on which final judgment is given.

(b) The obligation of each Borrower in respect of any sum due in the Original Currency from it to any Lender or the Agent hereunder or under the Revolving Credit Note or Revolving Credit Notes held by such Lender shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Agent (as the case may be) of any sum adjudged to be so due in such Other Currency, such Lender or the Agent (as the case may be) may in accordance with normal banking procedures purchase Dollars with such Other Currency; if the amount of Dollars so purchased is less than the sum originally due to such Lender or the Agent (as the case may be) in the Original Currency, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Agent (as the case may be) against such loss, and if the amount of Dollars so purchased exceeds the sum originally due to any Lender or the Agent (as the case may be) in the Original Currency, such Lender or the Agent (as the case may be) agrees to remit to such Borrower such excess.".

SECTION 2. Conditions of Effectiveness of this Amendment and Restatement. This Amendment and Restatement shall become effective as of the date first above written (the "Restatement Effective Date") when and only if:

(a) The Agent shall have received counterparts of this Amendment and Restatement executed by the Company, the Co-Agents and the Lenders or, as to any of the Lenders, advice satisfactory to the Agent that such Co-Agent or such Lender has executed this Amendment and Restatement.

(b) All Commitments (as defined in the Existing 364-Day Credit Agreement) under the Existing 364-Day Credit Agreement shall have been terminated and the Company shall have paid any and all amounts owing thereunder.

(c) The Agent shall have received on or before the Restatement Effective Date the following, each dated such date and (unless otherwise specified below) in form and substance satisfactory to the Agent and in sufficient copies for each Lender:

(i) The Revolving Credit Notes of the Company to the order of the Lenders, respectively, in the amount of the Commitment of each Lender as modified pursuant to this Amendment and Restatement.

(ii) Certified copies of (i) the resolutions of the Board of Directors of the Company authorizing this Amendment and Restatement, the Revolving Credit Notes and the matters contemplated hereby and thereby and (ii) all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Amendment and Restatement, the Revolving Credit Notes and the matters contemplated hereby and thereby.

(iii) A certificate of the Secretary or an Assistant Secretary of the Company certifying the names and true signatures of the officers of the Company authorized to sign this Amendment and Restatement, the Revolving Credit Notes and the other documents to be delivered hereunder.

(iv) A favorable opinion of Victor P. Patrick, Associate General Counsel for the Company in substantially the form of Exhibit A hereto.

(v) A certificate signed by a duly authorized officer of the Company stating that:

(A) The representations and warranties contained in Section 4.01 of the Existing Five-Year Credit Agreement are correct on and as of the Restatement Effective Date as though made on and as of such date; and

(B) No event has occurred and is continuing that constitutes a Default.

The effectiveness of this Amendment and Restatement is conditioned upon the accuracy of the factual matters described herein. This Amendment and Restatement is subject to the provisions of Section 9.01 of the Existing Five-Year Credit Agreement.

SECTION 3. Reference to and Effect on the Existing Five-Year Credit Agreement and the Notes. (a) On and after the effectiveness of this Amendment and Restatement, each reference in the Existing Five-Year Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Existing Five-Year Credit Agreement, and each reference in the Notes to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Existing Five-Year Credit Agreement, shall mean and be a reference to the Existing Five-Year Credit Agreement, as amended and restated by this Amendment and Restatement.

(b) The Existing Five-Year Credit Agreement, as specifically amended and restated by this Amendment and Restatement, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) Without limiting any of the other provisions of the Existing Five-Year Credit Agreement, as amended and restated by this Amendment and Restatement, any references in the Existing Five-Year Credit Agreement to the phrases "on the date hereof", "on the date of this Agreement" or words of similar import shall mean and be a reference to the date of the Existing Five-Year Credit Agreement (which is June 30, 1995).

SECTION 4. Costs and Expenses. The Company agrees to pay on demand all reasonable out-of-pocket costs and expenses of the Agent in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment and Restatement, the Notes and the other documents to be delivered hereunder (including, without limitation, the reasonable and documented fees and expenses of counsel for the Agent with respect hereto and thereto) in accordance with the terms of Section 9.04 of the Existing Five-Year Credit Agreement.

SECTION 5. Execution in Counterparts. This Amendment and Restatement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment and Restatement by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment and Restatement.

SECTION 6. Governing Law. This Amendment and Restatement shall be governed by, and construed in accordance with, the laws of the State of New York.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment and Restatement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

ALLIEDSIGNAL INC., as Borrower

By: /s/ Robert F. Friel

Name: Robert F. Friel
Title: Vice President and Treasurer

$50,000,000

CITIBANK, N.A.,
as Agent and as Lender

By: /s/ Steven R. Victorin

Name: Steven R. Victorin
Title: Attorney-in-fact

$50,000,000

THE CHASE MANHATTAN BANK, N.A.,
as Co-Agent and as Lender

By: /s/ Richard C. Smith

Name: Richard C. Smith
Title: Vice President

$50,000,000

MORGAN GUARANTY TRUST
COMPANY OF NEW YORK,
as Co-Agent and as Lender

By: /s/ Penelope J. B. Cox

Name: Penelope J. B. Cox
Title: Vice President

$37,500,000	BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By: /s/ Deborah J. Graziano

Name: Deborah J. Graziano
Title: Vice President

$37,500,000	BANK OF MONTREAL

By: /s/ Thurston W. Pettus

Name: Thurston W. Pettus
Title: Director

$37,500,000	BANK OF TOKYO - MITSUBISHI TRUST COMPANY

By: /s/ Michael C. Irwin

Name: Michael C. Irwin
Title: Vice President

$37,500,000	BANQUE NATIONALE DE PARIS

By: /s/ Richard L. Sted

Name: Richard L. Sted
Title: Senior Vice President

By: /s/ Robert S. Taylor, Jr.

Name: Robert S. Taylor, Jr.
Title: Senior Vice President

$37,500,000 CIBC INC.

By: /s/ William J. Koslo, Jr.
Name: William J. Koslo, Jr.
Title: Director

$37,500,000 DEUTSCHE BANK AG NEW YORK AND/OR CAYMAN ISLANDS BRANCHES

By: /s/ Jean M. Hannigan
Name: Jean M. Hannigan
Title: Vice President

By: /s/ V. Shannon Sewsankar
Name: V. Shannon Sewsankar
Title: Assistant Vice President

$37,500,000 MELLON BANK, N.A.

By: /s/ Caroline R. Walsh
Name: Caroline R. Walsh
Title: Assistant Vice President

$37,500,000 MIDLAND BANK PLC, NEW YORK BRANCH

By: /s/ J.P. Bollington
Name: J.P. Bollington
Title: Vice President

$37,500,000	NATIONSBANK, N.A.
	By: /s/ Thomas J. Kane --------------------------- Name: Thomas J. Kane Title: Vice President
$37,500,000	ROYAL BANK OF CANADA
	By: /s/ Michael Korine --------------------------- Name: Michael Korine Title: Senior Manager
$37,500,000	THE SUMITOMO BANK, LIMITED, NEW YORK BRANCH
	By: /s/ John C. Kissinger --------------------------- Name: John C. Kissinger Title: Joint General Manager
$37,500,000	THE BANK OF NEW YORK
	By: /s/ Ernest Fung --------------------------- Name: Ernest Fung Title: Vice President
$37,500,000	THE FIRST NATIONAL BANK OF CHICAGO
	By: /s/ Thang Dao --------------------------- Name: Thang Dao Title: Corporate Banking Officer

$37,500,000	THE INDUSTRIAL BANK OF JAPAN TRUST COMPANY

By: /s/ J. Kenneth Biegen

Name: J. Kenneth Biegen
Title: Senior Vice President

$37,500,000	UNION BANK OF SWITZERLAND, NEW YORK BRANCH

By: /s/ Dieter Hoeppli

Name: Dieter Hoeppli
Title: Vice President

By: /s/ Samuel Azizo

Name: Samuel Azizo
Title: Vice President

$37,500,000	WACHOVIA BANK, N.A.

By: /s/ James Barwis

Name: James Barwis
Title: Vice President

$750,000,000 TOTAL COMMITMENTS

CONSENT

Reference is made to the foregoing Amendment and Restatement dated as of June 13, 1997 (the "Amendment and Restatement"; capitalized terms being used herein as therein defined) of the Existing Five-Year Credit Agreement among AlliedSignal Inc., as Borrower, the banks, financial institutions, and other institutional lenders party thereto, as Lenders, Citibank, N.A., as Agent and The Chase Manhattan Bank, N.A. and Morgan Guaranty Trust Company of New York, as Co-Agents.

Each of the undersigned, being an existing Lender ("Existing Lender") under the Existing Credit Agreement, have declined to participate in the Amendment and Restatement. Conditioned upon the effectiveness of the foregoing Amendment and Restatement, from and after the Restatement Effective Date, the undersigned shall relinquish all of its rights and be released from all of its obligations under the Existing Credit Agreement.

Prior to the effectiveness of the Amendment and Restatement, and prior to giving effect to any release under this Consent, the undersigned represents and warrants that as of the Restatement Effective Date, its Commitment is in the dollar amount specified as its "Terminating Commitment" below, and the aggregate outstanding principal amount of Advances owing to it under the Revolving Credit Facility is in the dollar amount specified as the "Aggregate Outstanding Principal Amount of Advances Owed" to the undersigned below.

Existing Lender	Terminating Commitment	Aggregate Outstanding Principal Amount of Advances Owed
ABN AMRO BANK N.V.	$23,000,000	$0
NATIONAL WESTMINSTER BANK PLC (NEW YORK AND/ OR NASSAU BRANCHES)	$18,000,000	$0
THE TORONTO-DOMINION BANK	$18,000,000	$0

IN WITNESS WHEREOF, the parties hereto have caused this Amendment and Restatement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

ABN-AMRO BANK N.A.,
as former Co-Agent and Lender

By /s/ Nancy W. Lanzoni

Name: Nancy W. Lanzoni
Title: Group Vice President

By /s/ John M. Kinney

Name: John M. Kinney
Title: Assistant Vice President

THE TORONTO-DOMINION BANK, as former Lender

By /s/ Jimmy Simien

Name: Jimmy Simien
Title: Mgr. Cr. Admin.

NATIONAL WESTMINSTER BANK PLC (NEW YORK BRANCH)

By /s/ Maria Amaral-LeBlanc

Name: Maria Amaral-LeBlanc
Title: Vice President

NATIONAL WESTMINSTER BANK PLC (NASSAU BRANCH)

By /s/ Maria Amaral-LeBlanc

Name: Maria Amaral-LeBlanc
Title: Vice President

FIRST AMENDMENT TO
EMPLOYMENT AGREEMENT
DATED MAY 6, 1994

AGREEMENT, dated as of May 12, 1997, between AlliedSignal Inc., a Delaware corporation (the "Corporation"), and Lawrence A. Bossidy (the "Executive").

WHEREAS, the Corporation and the Executive are parties to an Agreement dated as of May 6, 1994 (the "1994 Agreement") under which the Executive has served the Corporation in the capacities of Chairman of the Board of Directors and Chief Executive Officer and has agreed to continue such employment through April 1, 2000;

WHEREAS, the Corporation desires to recognize the Executive for his extraordinary performance on behalf of its shareowners, to provide an incentive for Executive's continued contributions to the market value of the Corporation through and beyond his retirement date, and to make certain arrangements for the period following his retirement as an employee of the Corporation; and

WHEREAS, the Executive recognizes his significant interest in the continued success of AlliedSignal following his retirement and agrees to be available following his retirement to serve as an advisor to or representative of the Corporation to such extent as may be mutually agreed by the Executive and his successor.

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the parties hereby agree that the 1994 Agreement is amended as set forth below. All other terms and provisions of the 1994 Agreement, shall remain in full force and effect, without any increase in Executive's base salary, incentive bonus target and eligibility for Restricted Units.

1. Section 4(a)(ii) of the 1994 Agreement is hereby amended to read in its entirety as follows:

> " . . . (ii) upon Executive's death, an annuity payable to his surviving spouse for her lifetime equal to 45 percent of Executive's final average compensation, also reduced by the sum of the amounts of the comparable annuit(ies) payable under such plans as indicated in (i) above.

2. The first sentence of Section 4(b) of the 1994 Agreement is hereby amended to read in its entirety as follows:

> "(b) In the event Executive's employment with the Corporation is terminated by reason of death, the Corporation will pay a benefit equal to an annuity for the lifetime of his spouse, if she shall survive, equal to 45 percent of the Executive's final average compensation (without taking into account the reductions provided in paragraph (a)(i))
>
> for Executive's lifetime if his employment had terminated on the day before his death. . . ."

3. A new Section 11, entitled "Post-Retirement Services" is hereby added to the 1994 Agreement and shall read in its entirety as follows:

> Section 11. Post-Retirement Services
>
> (a) Executive agrees that following his retirement from the Corporation he shall be available to serve as an advisor to and representative of the Corporation as mutually agreed by Executive and his successor.
>
> (b) The Corporation agrees to provide the Executive for the period beginning on April 1, 2000, and for the remainder of his life thereafter (and, with respect to financial and tax planning services, for the remainder of his spouse's life) certain facilities, services, and other arrangements comparable to those provided prior to retirement, including office and clerical support, executive

transportation and other security services, financial and tax planning services, continued access to certain other general facilities and services, and reimbursement for properly documented expenses, if any, incurred on behalf of AlliedSignal and at the request of his successor.

IN WITNESS WHEREOF, by order of the Board of Directors, AlliedSignal Inc. has caused this Agreement to be signed in its corporate name by one of its directors and its corporate seal to be hereunto affixed and to be attested by its General Counsel, and Lawrence A. Bossidy has hereunto set his hand, all as of the day and year first above written.

[Corporate Seal]

AlliedSignal Inc.

Attest:

/s/ Peter M. Kreindler

By: /s/ Robert P. Luciano
Robert P. Luciano, Director and Chairman of the Management Development and Compensation Committee

/s/ Lawrence A. Bossidy
Lawrence A. Bossidy

Exhibit 15

August 14, 1997

Securities and Exchange Commission
450 Fifth Street
Washington, D.C. 20549

Dear Ladies and Gentlemen:

We are aware that the June 30, 1997 Quarterly Report on Form 10-Q of AlliedSignal Inc. which includes our report dated July 25, 1997 (issued pursuant to the provisions of Statement on Auditing Standard No. 71) will be incorporated by reference in the Prospectuses constituting part of AlliedSignal Inc.'s Registration Statements, on Forms S-8 (Nos. 33-09896, 33-51455, 33-55410, 33-58347, 33-60261, 33-62963, 33-64295 and 333-14673), on Forms S-3 (Nos. 33-13211, 33-14071, 33-55425, 33-64245 and 333-22355) and on Form S-8 (filed as an amendment to Form S-14, No. 2-99416-01). We are also aware of our responsibilities under the Securities Act of 1933.

Very truly yours,

/s/ Price Waterhouse LLP

Price Waterhouse LLP

This schedule contains summary financial information extracted from the consolidated balance sheet at June 30, 1997 and the consolidated statement of income for the six months ended June 30, 1997 and is qualified in its entirety by reference to such financial statements.

1,000

6-MOS
DEC-31-1997
JUN-30-1997
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