

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

Form 10-Q

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

For the quarterly period ended June 30, 2000

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

Honeywell International 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

NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class of Common Stock

Outstanding at
June 30, 2000

\$1 par value

801,050,908 shares

Honeywell International Inc.

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Honeywell International Inc.
Consolidated Balance Sheet
(Unaudited)

	June 30, 2000	December 31, 1999
	-----	-----
	(Dollars in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 959	\$ 1,991
Accounts and notes receivable	4,039	3,896
Inventories	3,744	3,436
Other current assets	1,109	1,099
	-----	-----
Total current assets	9,851	10,422
Investments and long-term receivables	1,061	782
Property, plant and equipment - net	5,502	5,630
Goodwill and other intangible assets - net	6,232	4,660
Other assets	2,290	2,033
	-----	-----
Total assets	\$24,936	\$23,527
	=====	=====
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 2,256	\$ 2,129
Short-term borrowings	157	302
Commercial paper	2,097	2,023
Current maturities of long-term debt	346	284
Accrued liabilities	3,139	3,534
	-----	-----
Total current liabilities	7,995	8,272
Long-term debt	3,444	2,457
Deferred income taxes	878	864
Postretirement benefit obligations other than pensions	1,943	1,968
Other liabilities	1,224	1,367
SHAREOWNERS' EQUITY		
Capital - common stock issued	958	958
- additional paid-in capital	2,486	2,318
Common stock held in treasury, at cost	(4,237)	(4,254)
Accumulated other nonowner changes	(512)	(355)
Retained earnings	10,757	9,932
	-----	-----
Total shareowners' equity	9,452	8,599
	-----	-----
Total liabilities and shareowners' equity	\$24,936	\$23,527
	=====	=====

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

Honeywell International Inc.
Consolidated Statement of Income
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
	(Dollars in millions except per share amounts)			
Net sales	\$6,309	\$5,958	\$12,353	\$11,540
Costs, expenses and other				
Cost of goods sold	4,671	4,625	9,121	8,817
Selling, general and administrative expenses	763	745	1,521	1,444
Gain on sale of non-strategic businesses	(112)	-	(112)	-
Equity in (income) loss of affiliated companies	(14)	12	(18)	2
Other (income) expense	(3)	(279)	(13)	(297)
Interest and other financial charges	129	59	240	132
	5,434	5,162	10,739	10,098
Income before taxes on income	875	796	1,614	1,442
Taxes on income	258	256	491	462
Net income	\$ 617	\$ 540	\$ 1,123	\$ 980
Earnings per share of common stock - basic	\$ 0.77	\$ 0.68	\$ 1.41	\$ 1.24
Earnings per share of common stock - assuming dilution	\$ 0.76	\$ 0.67	\$ 1.39	\$ 1.22
Cash dividends per share of common stock	\$.1875	\$.17	\$.3750	\$.34

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

Honeywell International Inc.
Consolidated Statement of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
	2000	1999
	-----	-----
	(Dollars in millions)	
Cash flows from operating activities:		
Net income	\$1,123	\$ 980
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of non-strategic businesses	(112)	-
Gain on disposition of investment in AMP Incorporated	-	(268)
Repositioning and other charges	96	258
Depreciation and amortization	529	441
Equity income, net of distributions	20	(9)
Deferred income taxes	39	67
Net taxes paid on sales of businesses and investments	(62)	(87)
Other	(356)	23
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:		
Accounts and notes receivable	98	128
Inventories	(3)	(91)
Other current assets	(61)	17
Accounts payable	31	(97)
Accrued liabilities	(504)	(364)
	-----	-----
Net cash provided by operating activities	838	998
	-----	-----
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(355)	(430)
Proceeds from disposals of property, plant and equipment	61	43
(Increase) in investments	(2)	(15)
Disposition of investment in AMP Incorporated	-	1,164
Cash paid for acquisitions	(2,466)	(117)
Proceeds from sales of businesses	296	199
(Increase) decrease in short-term investments	(16)	4
	-----	-----
Net cash (used for) provided by investing activities	(2,482)	848
	-----	-----
Cash flows from financing activities:		
Net increase (decrease) in commercial paper	74	(794)
Net (decrease) in short-term borrowings	(145)	(36)
Proceeds from issuance of common stock	81	273
Proceeds from issuance of long-term debt	1,051	7
Payments of long-term debt	(151)	(197)
Repurchases of common stock	-	(1,058)
Cash dividends on common stock	(298)	(263)
	-----	-----
Net cash provided by (used for) financing activities	612	(2,068)
	-----	-----
Net (decrease) in cash and cash equivalents	(1,032)	(222)
Cash and cash equivalents at beginning of year	1,991	1,018
	-----	-----
Cash and cash equivalents at end of period	\$ 959	\$ 796
	=====	=====

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

Honeywell International Inc.
Notes to Financial Statements
(Unaudited)
(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 Honeywell International Inc. and its consolidated subsidiaries at June 30, 2000 and the results of operations for the three and six months ended June 30, 2000 and 1999 and cash flows for the six months ended June 30, 2000 and 1999. The results of operations for the three- and six-month periods ended June 30, 2000 should not necessarily be taken as indicative of the results of operations that may be expected for the entire year 2000.

The financial information as of June 30, 2000 should be read in conjunction with the financial statements contained in our Form 10-K Annual Report for 1999.

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

	June 30, 2000	December 31, 1999
	-----	-----
Trade	\$3,702	\$3,545
Other	430	435
	-----	-----
	4,132	3,980
Less - Allowance for doubtful accounts and refunds	(93)	(84)
	-----	-----
	\$4,039	\$3,896
	=====	=====

Note 3. Inventories consist of the following:

	June 30, 2000	December 31, 1999
	-----	-----
Raw materials	\$1,094	\$1,027
Work in process	978	973
Finished products	1,826	1,589
	-----	-----
	3,898	3,589
Less-Progress payments	(44)	(44)
Reduction to LIFO cost basis	(110)	(109)
	-----	-----
	\$3,744	\$3,436
	=====	=====

Note 4. Total nonowner changes in shareowners' equity for the three and six months ended June 30, 2000 and 1999 were \$496 and \$966 million and \$400 and \$714 million, respectively. Nonowner changes in shareowners' equity consist of net income, foreign exchange translation adjustments and unrealized holding gains and losses on marketable securities.

Note 5. Segment financial data follows:

Net Sales	Periods Ended June 30,			
	Three Months		Six Months	
	2000	1999	2000	1999
Aerospace Solutions	\$2,454	\$2,534	\$ 4,850	\$ 4,862
Automation & Control	1,880	1,501	3,580	2,891
Performance Materials	1,061	986	2,086	1,969
Power & Transportation Products	895	904	1,799	1,763
Corporate	19	33	38	55
	\$6,309	\$5,958	\$12,353	\$11,540

Segment Profit	Periods Ended June 30,			
	Three Months		Six Months	
	2000	1999	2000	1999
Aerospace Solutions	\$ 546	\$ 475	\$1,039	\$ 870
Automation & Control	275	161	465	281
Performance Materials	107	145	202	294
Power & Transportation Products	82	83	170	153
Corporate	(39)	(54)	(69)	(97)
Segment profit	971	810	1,807	1,501
Gain on sale of non-strategic businesses	112	-	112	-
Equity in income (loss) of affiliated companies	14	24	18	34
Other income (expense)	3	11	13	29
Interest and other financial charges	(129)	(59)	(240)	(132)
Repositioning and other charges	(96)	(258)	(96)	(258)
Gain on disposition of investment in AMP Inc.	-	268	-	268
Income before taxes on income	\$ 875	\$ 796	\$1,614	\$1,442

Note 6. The details of the earnings per share calculations for the three- and six-month periods ended June 30, 2000 and 1999 follow:

	Three Months			Six Months		
	Income	Average Shares	Per Share Amount	Income	Average Shares	Per Share Amount
2000						
- - - - -						
Earnings per share of common stock - basic	\$617	799.8	\$.77	\$1,123	798.2	\$1.41
Dilutive securities issuable in connection with stock plans		10.7			10.5	
	-----	-----	-----	-----	-----	-----
Earnings per share of common stock - assuming dilution	\$617	810.5	\$.76	\$1,123	808.7	\$1.39
	=====	=====	=====	=====	=====	=====

	Three Months			Six Months		
	Income	Average Shares	Per Share Amount	Income	Average Shares	Per Share Amount
1999						
- - - - -						
Earnings per share of common stock - basic	\$540	789.5	\$.68	\$980	791.4	\$1.24
Dilutive securities issuable in connection with stock plans		17.3			15.8	
	-----	-----	-----	-----	-----	-----
Earnings per share of common stock - assuming dilution	\$540	806.8	\$.67	\$980	807.2	\$1.22
	=====	=====	=====	=====	=====	=====

The diluted earnings per share calculation excludes the effect of stock options when the options' exercise prices exceed the average market price of the common shares during the period. For the three- and six-month periods ended June 30, 2000, the number of stock options not included in the computations were 13.0 and 13.1 million, respectively. These stock options were outstanding at June 30, 2000. For the three- and six-month periods ended June 30, 1999, all stock options were included in the computations.

Note 7. In June 2000, we recognized a pretax charge of \$96 million for the costs of closing a chip packaging manufacturing plant and related workforce reductions in our Electronic Materials business and for workforce reductions in our Industrial Control, Turbocharging Systems and Commercial Vehicle Systems businesses. The components of the charge included severance costs of \$24 million and asset impairments of \$72 million, and are included in cost of goods sold. The workforce reductions are expected to be completed by December 31, 2000 and consisted of approximately 600 manufacturing positions. The pretax impact of the repositioning charge by reportable segment is as follows: Performance Materials - \$74 million; Automation & Control - \$17 million; and Power & Transportation Products - \$5 million.

In December 1999, upon completion of the merger between AlliedSignal Inc and Honeywell Inc (former Honeywell), we recognized a pretax charge of \$642 million for the costs of actions designed to improve our combined competitiveness and

productivity and improve future profitability. The merger-related actions included the elimination of redundant corporate offices and functional administrative overhead; elimination of redundant and excess facilities and workforce in our combined aerospace businesses; adoption of six sigma productivity initiatives at the former Honeywell businesses; and, the transition to a global shared services model. The components of the charge included severance costs of \$342 million, asset impairments of \$108 million, other exit costs of \$57 million and merger-related transaction and period expenses of \$135 million. Planned global workforce reductions consisted of approximately 6,500 administrative and manufacturing positions of which approximately 2,600 positions have been eliminated as of June 30, 2000. Asset impairments principally related to the elimination of redundant or excess corporate and aerospace facilities and equipment. Other exit costs were related to lease terminations and contract cancellation losses negotiated or subject to reasonable estimation at year-end. Merger-related transaction and period expenses consisted of investment banking and legal fees, former Honeywell deferred compensation vested upon change in control and other direct merger-related expenses incurred in the period the merger was completed. All merger-related actions are expected to be completed by December 31, 2000.

In 1999, we also recognized a pretax charge of \$321 million (\$75 million in the second quarter) for the costs of actions designed to reposition principally the AlliedSignal Inc business units for improved productivity and future profitability. These repositioning actions included the organizational realignment of our aerospace businesses to strengthen market focus and simplify business structure; elimination of an unprofitable product line and rationalization of manufacturing capacity and infrastructure in our Performance Polymers business; a reduction in the infrastructure in our Turbocharging Systems business; closing of a wax refinery and carbon materials plant and rationalization of manufacturing capacity in our Specialty Chemicals business; elimination of two manufacturing facilities in our Electronic Materials business; a plant closure and outsourcing activity in our automotive Consumer Products Group business; and related and general workforce reductions in all AlliedSignal Inc businesses and our Industrial Control business. The components of the charge included severance costs of \$140 million, asset impairments of \$149 million, and other exit costs of \$32 million. Global workforce reductions consisted of approximately 5,100 manufacturing, administrative, and sales positions of which approximately 3,500 positions have been eliminated as of June 30, 2000. Asset impairments principally related to manufacturing plant and equipment held for sale and capable of being taken out of service and actively marketed in the period of impairment. Other exit costs principally consisted of environmental exit costs associated with chemical plant shutdowns. All repositioning actions, excluding environmental remediation, are being completed throughout 2000.

The following table summarizes the status of the total merger and repositioning actions:

	1999	1999	Balance	2000	2000	Balance
	Charges	Usage	at	Charges	Usage	at
	-----	-----	-----	-----	-----	-----
Severance costs	\$482	\$ (58)	\$424	\$24	\$ (157)	\$291
Asset impairments	257	(257)	-	72	(72)	-
Exit costs	89	(4)	85	-	(28)	57
Merger fees & expenses	135	(77)	58	-	(47)	11
	-----	-----	-----	-----	-----	-----
Total	\$963	\$ (396)	\$567	\$96	\$ (304)	\$359
	=====	=====	=====	=====	=====	=====

In the second quarter of 1999, we also recognized other charges consisting of losses on aerospace engine maintenance contracts and a contract cancellation penalty totaling \$45 million, customer and employee claims of \$29 million, and other write-offs principally related to tangible and intangible assets removed from service, including inventory, of \$73 million.

In the second quarter of 1999, repositioning and other charges totaled \$222 million and were included in cost of goods sold. Equity in income of affiliated companies also included a \$36 million charge resulting from an other than temporary decline in the value of an equity investment due to a significant deterioration in market conditions. The total impact of repositioning and other charges on second quarter 1999 pretax income was \$258 million.

Note 8. In the second quarter of 2000, as a result of a government mandate in connection with the merger of AlliedSignal Inc and former Honeywell, we sold the former Honeywell's TCAS product line. We received approximately \$215 million in cash resulting in a pretax gain of \$112 million. The TCAS product line had annual sales of approximately \$100 million.

Note 9. In April 1999, we reached an agreement with Tyco International Ltd. (Tyco) and AMP Incorporated (AMP), settling AMP's claim to the gain we would realize on the disposition of our investment in AMP common stock. We made a payment to AMP of \$50 million, and the parties released all claims that they had against each other relating to AMP. Subsequently, we converted our investment in AMP common stock into Tyco common stock and sold the Tyco common stock for net cash proceeds of \$1.2 billion. The resulting pretax gain of \$268 million, net of the settlement payment, is included in other (income) expense.

Note 10. In February 2000, we acquired all of the outstanding shares of Pittway Corporation (Pittway) Common Stock and Class A Stock for approximately \$2.2 billion, including the assumption of the net debt of Pittway of approximately \$167 million. Pittway designs, manufactures and distributes security and fire systems for homes and buildings and had 1999 sales of \$1.6 billion. The acquisition was funded through the issuance of long-term debt (see Note 11) and commercial paper.

The acquisition was accounted for under the purchase method of accounting. The assets acquired and liabilities assumed of Pittway were recorded at their estimated fair values at the acquisition date, and are subject to adjustment when additional information concerning asset and liability valuations is finalized. The excess of purchase price over the estimated fair values of the net assets acquired of approximately \$1.6 billion was recorded as goodwill. The pro forma results for the six months ended June 30, 2000, assuming the acquisition had been made at the beginning of the year, would not be materially different from reported results.

Note 11. In February 2000, we issued \$1 billion of 7.50% Notes, which will mature in 2010. Interest on the Notes is payable semi-annually in arrears on March 1 and September 1 of each year, beginning in September 2000. In February 2000, we also entered into interest rate swap agreements, which effectively changed \$750 million of this fixed rate debt to LIBOR based floating rate debt.

Note 12. On July 21, 2000, our Board of Directors authorized a share repurchase program to purchase up to 40 million shares of our common stock in the open market or in privately negotiated transactions, depending on market conditions and other factors. The share repurchase program is expected to be substantially completed by December 31, 2001.

Note 13. Litton Litigation - On March 13, 1990, Litton Systems, Inc. (Litton) filed a legal action against the former Honeywell in U.S. District Court, Central District of California, Los Angeles (the trial court) with claims that were subsequently split into two separate cases. One alleges patent infringement under federal law for using an ion-beam process to coat mirrors incorporated in the former Honeywell's ring laser gyroscopes, and tortious interference under state law for interfering with Litton's prospective advantage with customers and contractual relationships with an inventor and his company, Ojai Research, Inc. The other case alleges monopolization and attempted monopolization under federal antitrust laws by the former Honeywell in the sale of inertial reference systems containing ring laser gyroscopes into the commercial aircraft market. The former Honeywell generally denied Litton's allegations in both cases. In the patent/tort case, the former Honeywell also contested the validity as well as the infringement of the patent, alleging, among other things, that the patent had been obtained by Litton's inequitable conduct before the United States Patent and Trademark Office.

Patent/Tort Case. U.S. District Court Judge Mariana Pfaelzer presided over a three-month patent infringement and tortious interference trial in 1993. On August 31, 1993, a jury returned a verdict in favor of Litton, awarding damages against the former Honeywell in the amount of \$1.2 billion on three claims. The former Honeywell filed post-trial motions contesting the verdict and damage award. On January 9, 1995, the trial court set them all aside, ruling, among other things, that the Litton patent was invalid due to obviousness, unenforceable because of Litton's inequitable conduct before the Patent and Trademark Office, and in any case, not infringed by the former Honeywell's current process. It further ruled that Litton's state tort claims were not supported by sufficient evidence. The trial court also held that if its rulings concerning liability were vacated or reversed on appeal, the former Honeywell should at least be granted a new trial on the issue of damages because the jury's award was inconsistent with the clear weight of the evidence and based upon a speculative damage study.

The trial court's rulings were appealed to the U.S. Court of Appeals for the Federal Circuit, and on July 3, 1996, in a two to one split decision, a three judge panel of that court reversed the trial court's rulings of patent invalidity, unenforceability and non-infringement, and also found the former Honeywell to have violated California law by intentionally interfering with Litton's consultant contracts and customer prospects. However, the panel upheld two trial court rulings favorable to the former Honeywell, namely that the former Honeywell was entitled to a new trial for damages on all claims, and also to a grant of intervening patent rights which are to be defined and quantified by the trial court. After unsuccessfully requesting a rehearing of the panel's decision by the full Federal Circuit appellate court, the former Honeywell filed a petition with the U.S. Supreme Court on November 26, 1996, seeking review of the panel's decision. In the interim, Litton filed a motion and briefs with the trial court seeking injunctive relief against the former Honeywell's commercial ring laser gyroscope sales. After the former Honeywell and certain aircraft manufacturers filed briefs and made oral arguments opposing the injunction, the trial court denied Litton's motion on public interest grounds on December 23, 1996, and then scheduled the patent/tort damages retrial for May 6, 1997.

On March 17, 1997, the U.S. Supreme Court granted the former Honeywell's petition for review and vacated the July 3, 1996 Federal Circuit panel decision. The case was remanded to the Federal Circuit panel for reconsideration in light of a recent decision by the U.S. Supreme Court in the Warner-Jenkinson vs. Hilton Davis case, which refined the law concerning patent infringement under the

doctrine of equivalents. On March 21, 1997, Litton filed a notice of appeal to the Federal Circuit of the trial court's December 23, 1996 decision to deny injunctive relief, but the Federal Circuit stayed any briefing or consideration of that matter until such time as it completed its reconsideration of liability issues ordered by the U.S. Supreme Court.

The liability issues were argued before the same three-judge Federal Circuit panel on September 30, 1997. On April 7, 1998, the panel issued its decision: (i) affirming the trial court's ruling that the former Honeywell's hollow cathode and RF ion-beam processes do not literally infringe the asserted claims of Litton's '849 reissue patent (Litton's patent); (ii) vacating the trial court's ruling that the former Honeywell's RF ion-beam process does not infringe the asserted claims of Litton's patent under the doctrine of equivalents, but also vacating the jury's verdict on that issue and remanding that issue to the trial court for further proceedings in accordance with the Warner-Jenkinson decision; (iii) vacating the jury's verdict that the former Honeywell's hollow cathode process infringes the asserted claims of Litton's patent under the doctrine of equivalents and remanding that issue to the trial court for further proceedings; (iv) reversing the trial court's ruling with respect to the torts of intentional interference with contractual relations and intentional interference with prospective economic advantage, but also vacating the jury's verdict on that issue, and remanding the issue to the trial court for further proceedings in accordance with California state law; (v) affirming the trial court's grant of a new trial to the former Honeywell on damages for all claims, if necessary; (vi) affirming the trial court's order granting intervening rights to the former Honeywell in the patent claim; (vii) reversing the trial court's ruling that the asserted claims of Litton's patent were invalid due to obviousness and reinstating the jury's verdict on that issue; and (viii) reversing the trial court's determination that Litton had obtained Litton's patent through inequitable conduct.

Litton's request for a rehearing of the panel's decision by the full Federal Circuit court was denied and its appeal of the denial of an injunction was dismissed. The case was remanded to the trial court for further legal and perhaps factual review. The parties filed motions with the trial court to dispose of the remanded issues as matters of law, which were argued before the trial court on July 26, 1999. On September 23, 1999, the trial court issued dispositive rulings in the case, granting the former Honeywell's Motion for Judgment as a Matter of Law and Summary Judgment on the Patent claims on various grounds; granting the former Honeywell's Motion for Judgment as a Matter of Law on the State Law Claims on the grounds of insufficient evidence; and denying Litton's Motion for Partial Summary Judgment. The trial court entered a final judgment in Honeywell's favor on January 31, 2000, and Litton filed a timely notice of appeal from that judgment with the U.S. Court of Appeals for the Federal Circuit.

When preparing for the patent/tort damages retrial that was scheduled for May 1997, Litton had submitted a revised damage study to the trial court, seeking damages as high as \$1.9 billion. We believe that our ion-beam processes do not infringe Litton's patent, and further that Litton's damage study remains flawed and speculative for a number of reasons. We expect that the trial court's latest rulings in the case will eventually be affirmed since they are consistent with the Federal Circuit's most recent opinions in this case and others which deal with alleged patent infringement under the doctrine of equivalents, and since, absent any patent infringement, Litton has not proven any tortious behavior by the former Honeywell which interfered with its contracts or business prospects. We also believe that it is reasonably possible that no damages will ultimately be awarded to Litton.

Although it is not possible at this time to predict the result of Litton's appeal, potential does remain for an adverse outcome which could be material to our financial position or results of operations. We believe however, that any potential award of damages for an adverse judgment of infringement or interference should be based upon a reasonable royalty reflecting the value of the ion-beam coating process, and further that such an award would not be material to our financial position or results of operations. As a result of the uncertainty regarding the outcome of this matter, no provision has been made in the financial statements with respect to this contingent liability.

Antitrust Case Preparations for, and conduct of, the trial in the antitrust case have generally followed the completion of comparable proceedings in the patent/tort case. The antitrust trial did not begin until November 20, 1995. Judge Pfaelzer also presided over the trial, but it was held before a different jury. At the close of evidence and before jury deliberations began, the trial court dismissed, for failure of proof, Litton's contentions that the former Honeywell had illegally monopolized and attempted to monopolize by: (i) engaging in below-cost predatory pricing; (ii) tying and bundling product offerings under packaged pricing; (iii) misrepresenting its products and disparaging Litton products; and (iv) acquiring the Sperry Avionics business in 1986.

On February 2, 1996, the case was submitted to the jury on the remaining allegations that the former Honeywell had illegally monopolized and attempted to monopolize by: (i) entering into certain long-term exclusive dealing and penalty arrangements with aircraft manufacturers and airlines to exclude Litton from the commercial aircraft market, and (ii) failing to provide Litton with access to proprietary software used in the cockpits of certain business jets.

On February 29, 1996, the jury returned a \$234 million single damages verdict against the former Honeywell for illegal monopolization, which verdict would have been automatically trebled. On March 1, 1996, the jury indicated that it was unable to reach a verdict on damages for the attempt to monopolize claim, and a mistrial was declared as to that claim.

The former Honeywell subsequently filed a motion for judgment as a matter of law and a motion for a new trial, contending, among other things, that the jury's partial verdict should be overturned because the former Honeywell was prejudiced at trial, and Litton failed to prove essential elements of liability or submit competent evidence to support its speculative, all-or-nothing \$298.5 million damage claim. Litton filed motions for entry of judgment and injunctive relief. On July 24, 1996, the trial court denied the former Honeywell's alternative motions for judgment as a matter of law or a complete new trial, but concluded that Litton's damage study was seriously flawed and granted the former Honeywell a retrial on damages only. The court also denied Litton's two motions. At that time, Judge Pfaelzer was expected to conduct the retrial of antitrust damages sometime following the retrial of patent/tort damages. However, after the U.S. Supreme Court remanded the patent/tort case to the Federal Circuit in March 1997, Litton moved to have the trial court expeditiously schedule the antitrust damages retrial. In September 1997, the trial court rejected that motion, indicating that it wished to know the outcome of the current patent/tort appeal before scheduling retrials of any type.

Following the April 7, 1998 Federal Circuit panel decision in the patent/tort case, Litton again petitioned the trial court to schedule the retrial of antitrust damages. The trial court tentatively scheduled the trial to commence in the fourth quarter of 1998, and reopened limited discovery and other pretrial preparations. Litton then filed another antitrust damage claim of nearly \$300 million.

The damages only retrial began October 29, 1998 before Judge Pfaelzer and a new jury. On December 9, 1998, the jury returned verdicts against the former Honeywell totaling \$250 million, \$220 million of which is in favor of Litton and \$30 million of which is in favor of its sister corporation, Litton Systems, Canada, Limited.

On January 27, 1999, the court vacated its prior mistrial ruling with respect to the attempt to monopolize claim and entered a treble damages judgment in the total amount of \$750 million for actual and attempted monopolization. The former Honeywell filed appropriate post-judgment motions with the trial court and Litton filed motions seeking to add substantial attorney's fees and costs to the judgment. A hearing on the post-judgment motions was held before the trial court on May 20, 1999. On September 24, 1999, the trial court issued rulings denying the former Honeywell's Motion for Judgment as a Matter of Law and Motion for New Trial and Remittitur as they related to Litton Systems Inc., but granting the former Honeywell's Motion for Judgment as a Matter of Law as it relates to Litton Systems, Canada, Limited. The net effect of these rulings was to reduce the existing judgment against the former Honeywell of \$750 million to \$660 million, plus attorney fees and costs of approximately \$35 million. Both parties have appealed the judgment, as to both liability and damages, to the U.S. Court of Appeals for the Ninth Circuit. Execution of the trial court's judgment will be stayed pending resolution of the former Honeywell's post-judgment motions and the disposition of the appeals filed by the parties.

We expect to obtain substantial relief from the current adverse judgment in the antitrust case by an appeal to the Ninth Circuit, based upon sound substantive and procedural legal grounds. We believe that there was no factual or legal basis for the magnitude of the jury's award in the damages retrial and that, as was the case in the first trial, the jury's award should be overturned. We also believe there are serious questions concerning the identity and nature of the business arrangements and conduct which were found by the first antitrust jury in 1996 to be anti-competitive and damaging to Litton, and the verdict of liability should be overturned as a matter of law.

Although it is not possible at this time to predict the result of the appeals, potential remains for an adverse outcome which could be material to our financial position or results of operations. As a result of the uncertainty regarding the outcome of this matter, no provision has been made in the financial statements with respect to this contingent liability. We also believe that it would be inappropriate for Litton to obtain recovery of the same damages, e.g. losses it suffered due to the former Honeywell's sales of ring laser gyroscope-based inertial systems to OEMs and airline customers, under multiple legal theories, claims, and cases, and that eventually any duplicative recovery would be eliminated from the antitrust and patent/tort cases.

Shareowner Litigation - Honeywell and seven of its officers were named as defendants in a purported class action lawsuit filed in the United States District Court for the District of New Jersey on July 25, 2000 by Local 144 Nursing Home Employees Pension Fund (the Complaint). The Complaint principally alleges that the defendants violated federal securities laws by purportedly making false and misleading statements and by failing to disclose material information concerning Honeywell's financial performance, thereby allegedly causing the value of Honeywell's stock to be artificially inflated. The purported class period for which damages are sought is December 20, 1999 to June 19, 2000.

We believe that there is no factual or legal basis for the allegations in the Complaint. Although it is not possible at this time to predict the result of this case, we expect to prevail. However, an adverse outcome could be material to our financial position or results of operations. No provision has been made in our financial statements with respect to this contingent liability.

Report on Review by Independent Accountants

To the Shareowners and Directors
of Honeywell International Inc.

We have reviewed the accompanying consolidated balance sheet of Honeywell International Inc. and its subsidiaries as of June 30, 2000, and the related consolidated statements of income for each of the three-month and six-month periods ended June 30, 2000 and 1999 and the consolidated statements of cash flows for the six-month period ended June 30, 2000 and 1999. These financial statements are 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 accompanying consolidated interim financial statements for them to be in conformity with generally accepted accounting principles.

We previously audited in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1999, and the related consolidated statements of income, of shareowners' equity, and of cash flows for the year then ended (not presented herein), and in our report dated January 27, 2000, except as to Note 25 which is as of February 4, 2000, 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, 1999, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Florham Park, NJ
July 28, 2000

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
-----A. Results of Operations-Second Quarter 2000 Compared with Second Quarter 1999

Net sales in the second quarter of 2000 were \$6,309 million, an increase of \$351 million, or 6 percent compared with the second quarter of 1999. Excluding the effects of acquisitions and divestitures, and foreign exchange, sales decreased by approximately 1 percent. The impact of foreign exchange decreased sales by approximately 2 percent.

Segment profit in the second quarter of 2000 was \$971 million, an increase of \$161 million, or 20 percent compared with the second quarter of 1999. Segment profit margin for the second quarter of 2000 was 15.4 percent compared with 13.6 percent for the second quarter of 1999. The increase in segment profit in the second quarter of 2000 was led by a significant improvement by the Automation & Control and Aerospace Solutions segments. Lower Corporate expenses also contributed to the increase. A decrease in segment profit for the Performance Materials and Power & Transportation Products segments was a partial offset. Segment profit is discussed in detail by segment in the Review of Business Segments section below.

Gain on sale of non-strategic businesses of \$112 million in the second quarter of 2000 represents the pretax gain on the government-mandated divestiture of the former Honeywell's TCAS product line. See Note 8 on page 10 of this Form 10-Q for further details.

Equity in income of affiliated companies of \$14 million in the second quarter of 2000 increased by \$26 million compared with the second quarter of 1999. The increase primarily reflects that the prior year included a charge of \$36 million related to the writedown of an equity investment. See Note 7 on page 8 of this Form 10-Q for further details.

Other (income) expense, \$3 million of income in the second quarter of 2000, decreased by \$276 million compared with the second quarter of 1999. The decrease principally reflects that the prior year included the net gain of \$268 million on our disposition of our investment in AMP Incorporated (AMP) common stock. See Note 9 on page 10 of this Form 10-Q for further details.

Interest and other financial charges of \$129 million in the second quarter of 2000 increased by \$70 million compared with the second quarter of 1999. The increase results from higher average levels of debt during the current quarter due principally to the acquisition of Pittway Corporation (Pittway) and higher interest rates and the impact of tax interest expense.

The effective tax rate in the second quarter of 2000 decreased to 29.5 percent compared with 32.2 percent in the second quarter of 1999 due to tax synergies in Europe associated with the merger of AlliedSignal Inc and the former Honeywell.

Net income of \$617 million, or \$0.76 per share, in the second quarter of 2000 was 14 percent higher than the prior year's second quarter net income of \$540 million, or \$0.67 per share. Net income in the second quarter of 2000 included the gain on the disposition of the former Honeywell's TCAS product line and repositioning charges. Adjusted for these items, net income in the second quarter of 2000 was \$12 million, or \$0.01 per share, lower than reported. Net income in the second quarter of 1999 included the gain on our disposition of our investment in AMP and repositioning and other charges. Adjusted for these items, net income

in the second quarter of 1999 was \$5 million, or \$0.01 per share, lower than reported. Net income in the second quarter of 2000 increased by 13 percent compared with the second quarter of 1999 if both periods are adjusted for these items. The higher net income in the second quarter of 2000 was the result of improved earnings for the Automation & Control and Aerospace Solutions segments. The Performance Materials and Power & Transportation Products segments had lower earnings.

Review of Business Segments

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Aerospace Solutions sales of \$2,454 million in the second quarter of 2000 were \$80 million, or 3 percent lower compared with the second quarter of 1999. Excluding the effects of government-mandated divestitures and a supplier parts shortage in our avionics business, sales increased slightly. This increase was led by continued growth in our aftermarket businesses. Our aftermarket businesses continue to benefit from increases in air transport and regional flying hours, as well as strong ongoing global demand for our commercial and military repair and overhaul services. This increase was partially offset by lower sales to air transport original equipment manufacturers and a decline in engineering services revenue.

Aerospace Solutions segment profit of \$546 million in the second quarter of 2000 increased by \$71 million, or 15 percent compared with the second quarter of 1999 due principally to cost structure improvements, primarily from workforce and benefit cost reductions, and merger-related savings. Increased sales of higher margin aftermarket products and services also contributed to the improvement in segment profit.

Automation & Control sales of \$1,880 million in the second quarter of 2000 increased by \$379 million, or 25 percent compared with the second quarter of 1999. Sales for our Home & Building Control business were significantly higher due to our acquisition in February 2000 of Pittway, a manufacturer and distributor of security and fire systems for homes and buildings. Sales for our Industrial Control business decreased moderately as growth in our sensing & control business was more than offset by continued weakness in our industrial automation & control business. Our industrial automation & control business continues to be adversely affected by weakness in the hydrocarbon processing industry. Although there were some signs of recovery in this key industry in early 2000, a full recovery is not expected until at least the latter part of 2000.

Automation & Control segment profit of \$275 million in the second quarter of 2000 increased by \$114 million, or 71 percent compared with the second quarter of 1999. Segment profit for both our Home & Building Control and Industrial Control businesses improved primarily as a result of lower costs due to workforce and benefit cost reductions and merger-related savings. The acquisition of Pittway and other portfolio changes also contributed to the improvement in segment profit.

Performance Materials sales of \$1,061 million in the second quarter of 2000 increased by \$75 million, or 8 percent compared with the second quarter of 1999. Sales increased due to our acquisition in August 1999 of Johnson Matthey Electronics, a supplier of wafer fabrication materials and interconnect products to the electronics and telecommunications industries. Sales growth in our fluorines and chemical specialties businesses also contributed to the increase. The effect of divestitures, principally the Laminate Systems business in September 1999, was a partial offset.

Performance Materials segment profit of \$107 million in the second quarter of 2000 was lower by \$38 million, or 26 percent compared with the second quarter of 1999. The decrease results from higher raw material costs in our Performance Polymers businesses. Higher operating losses in our chip packaging and pharmaceutical chemicals businesses and the impact of recent divestitures also contributed to the decrease. Cost structure improvements, higher sales volume in our fluorines and chemical specialties businesses and price increases in certain Performance Polymers businesses were partial offsets.

Power & Transportation Products sales of \$895 million in the second quarter of 2000 decreased by \$9 million, or 1 percent compared with the second quarter of 1999. Sales for our Commercial Vehicle Systems business decreased due primarily to lower heavy-duty truck builds in North America. Sales for our Friction Materials business were also lower primarily due to the impact of foreign exchange. Higher sales for our Turbocharging Systems business due primarily to continued strong demand in Europe reflecting the turbodiesel's increased penetration of the passenger car market was a partial offset.

Power & Transportation Products segment profit of \$82 million in the second quarter of 2000 decreased by \$1 million, or 1 percent compared with the second quarter of 1999. Costs related to the ramp-up of our Turbogenerator product line were primarily responsible for the decrease. Lower sales in our Commercial Vehicle Systems business and the effects of supplier issues in our Turbocharging Systems business also contributed to the decrease. Cost structure improvements in our Turbocharging Systems, Commercial Vehicle Systems and Friction Materials businesses resulting from six sigma initiatives, material procurement savings and workforce reductions were a partial offset.

B. Results of Operations - Six Months 2000 Compared with Six Months 1999

Net sales in the first six months of 2000 were \$12,353 million, an increase of \$813 million, or 7 percent compared with the first six months of 1999. Excluding the effects of acquisitions and divestitures, and foreign exchange, sales increased by approximately 2 percent. The impact of foreign exchange decreased sales by approximately 2 percent.

Segment profit in the first six months of 2000 was \$1,807 million, an increase of \$306 million, or 20 percent compared with the first six months of 1999. Segment profit margin for the first six months of 2000 was 14.6 percent compared with 13.0 percent for the first six months of 1999. The increase in segment profit in the first six months of 2000 was led by a significant improvement by the Automation & Control and Aerospace Solutions segments. The Power & Transportation Products segment and lower Corporate expenses also contributed to the increase. A substantial decrease in segment profit for the Performance Materials segment was a partial offset. Segment profit is discussed in detail by segment in the Review of Business Segments section below.

Gain on sale of non-strategic businesses of \$112 million in the first six months of 2000 represents the pretax gain on the government-mandated divestiture of the former Honeywell's TCAS product line. See Note 8 on page 10 of this Form 10-Q for further details.

Equity in income of affiliated companies of \$18 million in the first six months of 2000 increased by \$20 million compared with the first six months of 1999. The increase primarily reflects that the prior year included a charge of \$36 million related to the writedown of an equity investment. See Note 7 on page 8 of this Form 10-Q for further details.

Other (income) expense, \$13 million of income in the first six months of 2000, decreased by \$284 million compared with the first six months of 1999. The decrease principally reflects that the prior year included the net gain of \$268 million on our disposition of our investment in AMP common stock. See Note 9 on page 10 of this Form 10-Q for further details. Reduced benefits from foreign exchange hedging also contributed to the decrease.

Interest and other financial charges of \$240 million in the first six months of 2000 increased by \$108 million compared with the first six months of 1999. The increase results from higher average levels of debt during the first six months of the current year due principally to the Pittway acquisition and higher interest rates and the impact of tax interest expense.

The effective tax rate in the first six months of 2000 decreased to 30.4 percent compared with 32.0 percent in the first six months of 1999 due to tax synergies in Europe associated with the merger of AlliedSignal Inc and the former Honeywell.

Net income of \$1,123 million, or \$1.39 per share, in the first six months of 2000 was 15 percent higher than the prior year's first six months net income of \$980 million, or \$1.22 per share. Net income in the first six months of 2000 included the gain on the disposition of the former Honeywell's TCAS product line and repositioning charges. Adjusted for these items, net income in the first six months of 2000 was \$12 million, or \$0.02 per share, lower than reported. Net income in the first six months of 1999 included the gain on our disposition of our investment in AMP and repositioning and other charges. Adjusted for these items, net income in the first six months of 1999 was \$5 million, or \$0.01 per share, lower than reported. Net income in the first six months of 2000 increased by 14 percent compared with the first six months of 1999 if both periods are adjusted for these items. The higher net income in the first six months of 2000 was the result of improved earnings for the Automation & Control, Aerospace Solutions and Power & Transportation Products segments. The Performance Materials segment had lower earnings.

Review of Business Segments

Aerospace Solutions sales of \$4,850 million in the first six months of 2000 were \$12 million lower compared with the first six months of 1999. Sales decreased primarily due to lower original equipment sales to air transport manufacturers and a decline in engineering services revenue. The effects of government-mandated divestitures and a supplier parts shortage in our avionics business in the second quarter also contributed to the decrease. Continued strength in our aftermarket businesses and higher original equipment sales to business, regional and general aviation customers were partial offsets.

Aerospace Solutions segment profit of \$1,039 million in the first six months of 2000 increased by \$169 million, or 19 percent compared with the first six months of 1999 due principally to cost structure improvements, primarily from workforce and benefit cost reductions, and merger-related savings. Increased sales of higher margin aftermarket products and services also contributed to the improvement in segment profit.

Automation & Control sales of \$3,580 million in the first six months of 2000 increased by \$689 million, or 24 percent compared with the first six months of 1999. Sales for our Home & Building Control business were substantially higher due principally to the acquisition of Pittway. Sales for our Industrial Control business declined slightly as growth in our sensing & control business

was more than offset by continued weakness in our industrial automation & control business.

Automation & Control segment profit of \$465 million in the first six months of 2000 increased by \$184 million, or 65 percent compared with the first six months of 1999. Segment profit for both our Home & Building Control and Industrial Control businesses improved primarily as a result of lower costs due to workforce and benefit cost reductions and merger-related savings. The acquisition of Pittway and other portfolio changes also contributed to the improvement in segment profit.

Performance Materials sales of \$2,086 million in the first six months of 2000 increased by \$117 million, or 6 percent compared with the first six months of 1999. Sales increased primarily due to the acquisition of Johnson Matthey Electronics. Sales growth in our fluorines business also contributed to the increase. The effect of divestitures, principally the Laminate Systems business, was a partial offset.

Performance Materials segment profit of \$202 million in the first six months of 2000 was lower by \$92 million, or 31 percent compared with the first six months of 1999. The decrease reflects higher raw material costs in our Performance Polymers businesses. Higher operating losses in our chip packaging and pharmaceutical chemicals businesses and the impact of recent acquisitions and divestitures also contributed to the decrease. Cost structure improvements, higher sales volume in our flourines business and price increases in certain Performance Polymers businesses were partial offsets.

Power & Transportation Products sales of \$1,799 million in the first six months of 2000 increased by \$36 million, or 2 percent compared with the first six months of 1999. Sales for our Turbocharging Systems business were significantly higher due primarily to continued strong demand in Europe. Lower sales for our Commercial Vehicle Systems business, due primarily to decreased heavy-duty truck builds in North America, and our Friction Materials business were a partial offset.

Power & Transportation Products segment profit of \$170 million in the first six months of 2000 increased by \$17 million, or 11 percent compared with the first six months of 1999. The increase results primarily from cost structure improvements in our Friction Materials and Consumer Products Group businesses resulting from six sigma initiatives, material procurement savings and workforce reductions. Higher sales in our Turbocharging Systems business also contributed to the increase. Costs related to the ramp-up of our Turbogenerator product line was a partial offset.

C. Financial Condition, Liquidity and Capital Resources

Total assets at June 30, 2000 were \$24,936 million, an increase of \$1,409 million, or 6 percent from December 31, 1999. The increase relates principally to our acquisition of Pittway.

Cash provided by operating activities of \$838 million during the first six months of 2000 decreased by \$160 million compared with the first six months of 1999 due principally to spending related to the merger and repositioning actions. Higher net income and improved working capital were partial offsets.

Cash used for investing activities of \$2,482 million during the first six months of 2000 increased by \$3,330 million compared with the first six months of

1999 due principally to the acquisition of Pittway and the fact that the prior year included the net proceeds from our disposition of our investment in AMP. See Notes 9 and 10 on page 10 of this Form 10-Q for further details. Higher proceeds from the sales of businesses and lower capital spending were partial offsets. We expect that our total capital spending in 2000 will be approximately \$870 million compared with our previous estimate as of December 31, 1999 of approximately \$1,050 million.

We continuously assess the relative strength of each business in our portfolio as to strategic fit, market position and profit contribution in order to upgrade our combined portfolio and identify operating units that will most benefit from increased investment. We identify acquisition candidates that will further our strategic plan and strengthen our existing core businesses. We also identify operating units that do not fit into our long-term strategic plan based on their market position, relative profitability or growth potential. These operating units are considered for potential divestiture, restructuring or other repositioning action subject to regulatory constraints. In July 2000, we identified certain businesses in our Performance Materials and Power & Transportation Products segments that we consider to be non-core.

Cash provided by financing activities of \$612 million during the first six months of 2000 increased by \$2,680 million compared with the first six months of 1999. The increase relates to issuance of \$1 billion of 7.50% Notes in February 2000. See Note 11 on page 10 of this Form 10-Q for further details. Total debt of \$6,044 million at June 30, 2000 was \$978 million, or 19 percent higher than at December 31, 1999 due principally to the Pittway acquisition. The increase also reflects that the first six months of 1999 included the repayment of debt with the net proceeds from our disposition of our investment in AMP. The absence of stock repurchases in the current year also contributed to the increase in cash provided by financing activities.

On July 21, 2000, our Board of Directors authorized a share repurchase program to purchase up to 40 million shares of our common stock in the open market or in privately negotiated transactions, depending on market conditions and other factors. The share repurchase program is expected to be substantially completed by December 31, 2001 and will be funded with operating cash flows and some of the proceeds from the sales of non-core businesses.

Merger and Repositioning Charges

In June 2000, we recognized a pretax charge of \$96 million for the costs of closing a chip packaging manufacturing plant and related workforce reductions in our Electronic Materials business and for workforce reductions in our Industrial Control, Turbocharging Systems and Commercial Vehicle Systems businesses. The components of the charge included severance costs of \$24 million and asset impairments of \$72 million, and are included in cost of goods sold. The workforce reductions are expected to be completed by December 31, 2000 and consisted of approximately 600 manufacturing positions. The pretax impact of the repositioning charge by reportable segments is as follows: Performance Materials - \$74 million; Automation & Control - \$17 million; and Power & Transportation Products - \$5 million.

In December 1999, upon completion of the merger between AlliedSignal Inc and the former Honeywell, we recognized a pretax charge of \$642 million for the costs of actions designed to improve our combined competitiveness and productivity and improve future profitability. The merger-related actions included the elimination of redundant corporate offices and functional administrative

overhead; elimination of redundant and excess facilities and workforce in our combined aerospace businesses; adoption of six sigma productivity initiatives at the former Honeywell businesses; and, the transition to a global shared services model. The components of the charge included severance costs of \$342 million, asset impairments of \$108 million, other exit costs of \$57 million and merger-related transaction and period expenses of \$135 million. Planned global workforce reductions consisted of approximately 6,500 administrative and manufacturing positions of which approximately 2,600 positions have been eliminated as of June 30, 2000. Asset impairments principally related to the elimination of redundant or excess corporate and aerospace facilities and equipment. Other exit costs were related to lease terminations and contract cancellation losses negotiated or subject to reasonable estimation at year-end. Merger-related transaction and period expenses consisted of investment banking and legal fees, former Honeywell deferred compensation vested upon change in control and other direct merger-related expenses incurred in the period the merger was completed. All merger-related actions are expected to be completed by December 31, 2000.

In 1999, we also recognized a pretax charge of \$321 million (\$75 million in the second quarter) for the costs of actions designed to reposition principally the AlliedSignal Inc business units for improved productivity and future profitability. These repositioning actions included the organizational realignment of our aerospace businesses to strengthen market focus and simplify business structure; elimination of an unprofitable product line and rationalization of manufacturing capacity and infrastructure in our Performance Polymers business; a reduction in the infrastructure in our Turbocharging Systems business; closing of a wax refinery and carbon materials plant and rationalization of manufacturing capacity in our Specialty Chemicals business; elimination of two manufacturing facilities in our Electronic Materials business; a plant closure and outsourcing activity in our automotive Consumer Products Group business; and related and general workforce reductions in all AlliedSignal Inc businesses and our Industrial Control business. The components of the charge included severance costs of \$140 million, asset impairments of \$149 million, and other exit costs of \$32 million. Global workforce reductions consisted of approximately 5,100 manufacturing, administrative, and sales positions of which approximately 3,500 positions have been eliminated as of June 30, 2000. Asset impairments principally related to manufacturing plant and equipment held for sale and capable of being taken out of service and actively marketed in the period of impairment. Other exit costs principally consisted of environmental exit costs associated with chemical plant shutdowns. All repositioning actions, excluding environmental remediation, are being completed throughout 2000.

We expect that the merger and repositioning actions committed to in 2000 and 1999 will generate incremental pretax savings of \$270 million in 2000, \$605 million in 2001 and \$780 million in 2002 principally from planned workforce reductions and facility consolidations. Cash expenditures for severance, other exit costs, and future period expenses necessary to execute these actions will exceed \$500 million and will principally be incurred in 2000. Cash expenditures for severance, other exit costs and merger fees and expenses were \$232 million for the six-month period ended June 30, 2000 and were funded principally through operating cash flows.

In July 2000, we announced plans to consolidate our Performance Polymers and Specialty Chemicals strategic business units into a single business unit. We also announced additional census reductions of approximately 5 percent expected to occur over the next four quarters. These census reductions are expected to be effected through a combination of a hiring freeze, attrition and layoffs. We are currently formulating a detailed plan to effect these and other actions, which will result in a significant charge against future earnings.

D. Other Matters

Euro Conversion

On January 1, 1999, certain member countries of the European Union established fixed conversion rates between their existing currencies and the European Union's common currency (Euro). The transition period for the introduction of the Euro is between January 1, 1999 and January 1, 2002. We have identified and are ensuring that all Euro conversion compliance issues are addressed. Although we cannot predict the impact of the Euro conversion at this time, we do not expect that the Euro conversion will have a material adverse effect on our consolidated results of operations.

Review by Independent Accountants

The "Report on Review by Independent Accountants'" 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.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

See Honeywell's most recent annual report filed on Form 10-K (Item 7A). At June 30, 2000, except for the issuance of \$1 billion of 7.50% Notes and the related interest rate swap agreements entered into in February 2000, as described in Note 11 on page 10 of this Form 10-Q, there has been no material change in this information. At June 30, 2000, the market risk associated with the \$1 billion of 7.50% Notes was substantially offset by the related interest rate swap agreements.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Honeywell and seven of its officers were named as defendants in a purported class action lawsuit filed in the United States District Court for the District of New Jersey on July 25, 2000 by Local 144 Nursing Home Employees Pension Fund (the Complaint). The Complaint principally alleges that the defendants violated federal securities laws by purportedly making false and misleading statements and by failing to disclose material information concerning Honeywell's financial performance, thereby allegedly causing the value of Honeywell's stock to be artificially inflated. The purported class period for which damages are sought is December 20, 1999 to June 19, 2000.

We believe that there is no factual or legal basis for the allegations in the Complaint. Although it is not possible at this time to predict the result of this case, we expect to prevail. However, an adverse outcome could be material to our financial position or results of operations. No provision has been made in our financial statements with respect to this contingent liability.

Item 5. Other Information

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- (a) Andrew C. Sigler retired as a member of Honeywell's Board of Directors effective May 25, 2000.
 - (b) On May 26, 2000, the Board of Directors approved an amendment to Honeywell's by-laws to provide for 90-day advance notice period for the nomination of a director or the presentation of a proposal at an annual meeting of shareowners. The prior by-law provided for a 60-day advance notice period for a director nomination to be presented at an annual meeting but did not require similar advance notice for a shareowner proposal.

The admended by-laws are being filed as an exhibit to this Report on Form 10-Q. In order to be considered timely under the revised by-laws, a director nomination or shareowner proposal to be submitted at an annual meeting must be received by the Secretary at Honeywell's principal executive offices no earlier than 120 days nor later than 90 days prior to the anniversary of the prior year's annual meeting. The date by which a director nomination or shareowner proposal must be received for the 2001 annual meeting is January 31, 2001.

Item 6. Exhibits and Reports on Form 8-K

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

- 3(ii) By-laws of Honeywell, as amended.
- 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. There were no reports on Form 8-K filed during the three months ended June 30, 2000.

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.

Honeywell International Inc.

Date: August 11, 2000

By: /s/ Philip M. Palazzari

Philip M. Palazzari
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(ii)	By-laws of Honeywell, as amended
4	Omitted (Inapplicable)
10	Omitted (Inapplicable)
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)

By-laws
of
Honeywell International Inc.

Amended as of
May 26, 2000

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By-Laws
of
Honeywell International Inc.

ARTICLE I
OFFICES

SECTION 1. Registered Office. The registered office of Honeywell International Inc. (hereinafter called the Corporation) within the State of Delaware shall be in the City of Wilmington, County of New Castle.

SECTION 2. Other Offices. The Corporation may also have an office or offices and keep the books and records of the Corporation, except as may otherwise be required by law, in such other place or places, either within or without the State of Delaware, as the Board of Directors of the Corporation (hereinafter called the Board) may from time to time determine or the business of the Corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

SECTION 1. Place of Meetings. All meetings of Stockholders of the Corporation shall be held at the registered office of the Corporation in the State of Delaware or at such other place, within or without the State of Delaware, as may from time to time be fixed by the Board or specified or fixed in the respective notices or waivers of notice thereof.

SECTION 2. Annual Meetings. The annual meeting of Stockholders of the Corporation for the election of directors and for the transaction of any other proper business shall be held at 10:00 a.m. on the last Monday of April of each year, or on such other date and at such other time as may be fixed by the Board. If the annual meeting for the election of directors shall not be held on the day designated, the Board shall cause the meeting to be held as soon thereafter as convenient.

SECTION 3. Special Meetings. Special meetings of Stockholders, unless otherwise provided by law, may be called at any time by the Board pursuant to a resolution adopted by a majority of the then authorized number of directors (as determined in accordance with Section 2 of Article III of these By-laws), or by the Chief Executive Officer. Any such call must specify the matter or matters to be acted upon at such meeting and only such matter or matters shall be acted upon thereat.

SECTION 4. Notice of Meetings. Notice of each meeting of Stockholders, annual or special, shall be in writing, shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the written notice of any meeting shall be given not less than 10 nor more than 60 days before the date of the meeting to each Stockholder entitled to vote at the meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the Stockholder at his address as it appears on the records of the

Corporation. Unless (i) the adjournment is for more than 30 days, or (ii) the Board shall fix a new record date for any adjourned meeting after the adjournment, notice of an adjourned meeting need not be given if the time and place to which the meeting shall be adjourned were announced at the meeting at which the adjournment was taken.

SECTION 5. Quorum. At each meeting of Stockholders of the Corporation, the holders of a majority of the shares of capital stock of the Corporation entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business, except as otherwise provided by law. In the absence of a quorum, the chairman of the meeting or a majority in interest of those present in person or represented by proxy and entitled to vote at the meeting may adjourn the meeting from time to time until a quorum shall be present.

SECTION 6. Order of Business. The order of business at all meetings of Stockholders shall be as determined by the chairman of the meeting.

SECTION 7. Voting. Except as otherwise provided in the Certificate of Incorporation, at each meeting of Stockholders, every Stockholder of the Corporation shall be entitled to one vote for every share of capital stock standing in his name on the stock record of the Corporation (i) at the time fixed pursuant to Section 6 of Article VII of these By-laws as the record date for the determination of Stockholders entitled to vote at such meeting, or (ii) if no such record date shall have been fixed, then at the close of business on the day next preceding the day on which notice thereof shall be given. At each meeting of Stockholders, except as otherwise provided by law or in the Certificate of Incorporation or these By-laws, in all matters other than the election of directors, the affirmative vote of the majority of shares present in person or represented by proxy and entitled to vote on the subject matter shall be the act of the Stockholders.

SECTION 8. Inspectors. In advance of any meeting of Stockholders, the Board shall appoint one or more inspectors to act at the meeting and make a written report thereof and may designate one or more alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector shall take and sign such oath and perform such duties as shall be required by law and may perform such other duties not inconsistent therewith as may be requested by the Corporation.

ARTICLE III
DIRECTORS

SECTION 1. Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board. The Board may exercise all such authority and powers of the Corporation and do all such lawful acts and things as are not by law or otherwise directed or required to be exercised or done by the Stockholders.

SECTION 2. Number, Election and Terms. The authorized number of directors may be determined from time to time by vote of a majority of the then authorized number of directors or by the affirmative vote of the holders of at least 80% of the voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class; provided, however, that such number shall not be less than 13 nor more than 23, and that such number shall automatically be increased by two in the event of default in the payment of dividends on the Preferred Stock under the circumstances described in the Certificate of Incorporation. The directors, other than those who may be elected by the holders of the Preferred Stock of the Corporation pursuant to the Certificate of Incorporation, shall be classified with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible, as determined by the Board, one class to be originally elected for a term expiring at the annual meeting of Stockholders to be held in 1986, another class to be originally elected for a term expiring at the annual meeting of Stockholders to be held in 1987, and another class to be originally elected for a term expiring at the annual meeting of Stockholders to be held in 1988, with the members of each class to hold office until their successors have been elected and qualified. At each annual meeting of Stockholders, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of Stockholders held in the third year following the year of their election. Except as otherwise provided in the Certificate of Incorporation, newly created directorships resulting from any increase in the number of directors and any vacancies on the Board resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum of the Board, or by a sole remaining director. Any director elected in accordance with the preceding sentence shall hold office until the annual meeting of Stockholders at which the term of office of the class to which such director has been elected expires and until such director's successor shall have been elected and qualified. No decrease in the number of directors constituting the Board shall shorten the term of any incumbent director.

SECTION 3. Advance Notice of Stockholder Business and Nominations.

a) Annual Meeting of Stockholders.

(i) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the Stockholders may be made at an annual meeting of Stockholders as follows:

- a) pursuant to the Corporation's notice of meeting;
- b) by or at the direction of the Board of Directors; or
- c) by any Stockholder of the Corporation who was a Stockholder of record at the time of giving notice provided for in this by-law, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this by-law.

(ii) For nominations or other business to be properly brought before an annual meeting by a Stockholder pursuant to clause c) of paragraph (a)(i) of this by-law, the Stockholder must have given timely notice thereof in writing to the Secretary, of the Corporation, and such other business must be a proper matter for Stockholder action. To be timely, a Stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the Stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a Stockholder's notice as described above. Such Stockholder's notice shall set forth:

a) as to each person whom the Stockholder proposes to nominate for election or reelection as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 14a-11 thereunder (including such person's written consent to be named in the proxy statement as a nominee and to serve as a director if elected);

b) as to any other business that the Stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such Stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and

c) as to the Stockholder giving notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made i) the name and address of such Stockholder, as they appear on the Corporation's books, and of such beneficial owner and ii) the class and number of shares of the Corporation which are owned beneficially and of record by such Stockholder and such beneficial owner.

(iii) Notwithstanding anything in the second sentence of paragraph (a)(ii) of this by-law to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 100 days prior to the first anniversary of the preceding year's annual meeting, a Stockholder's notice required by this by-law shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

a) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of Stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of Stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (i) by or at the direction of the Board of Directors or (ii) by any Stockholder of the Corporation who is a Stockholder of record at the time of giving of notice provided for in this by-law, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this by-law. In the event the Corporation calls a special meeting of Stockholders for the purpose of electing one or more directors to the Board of Directors, any such Stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the Stockholder's notice required by paragraph (a)(iii) of this by-law shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment of a special meeting commence a new time period for the giving of a Stockholder's notice as described above.

b) General.

(i) Only such persons who are nominated in accordance with the procedures set forth in this by-law shall be eligible to serve as directors and only such business shall be conducted at a meeting of Stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this by-law. Except as otherwise provided by law or the by-laws of the Corporation, the

Chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in this by-law and, if any proposed nomination or business is not in compliance with this by-law, to declare that such defective proposal or nomination shall be disregarded.

(ii) For purposes of this by-law, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(iii) Notwithstanding the foregoing provisions of this by-law, a Stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this by-law. Nothing in this by-law shall be deemed to affect any rights of a) Stockholders to request inclusion in proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or b) the holders of any series of Preferred Stock to elect directors under specified circumstances.

SECTION 4. Place of Meetings. Meetings of the Board shall be held at such place, within or without the State of Delaware, as the Board may from time to time determine or as shall be specified or fixed in the notice or waiver of notice of any such meeting.

SECTION 5. Regular Meetings. Regular meetings of the Board shall be held in accordance with a yearly meeting schedule as determined by the Board; or such meetings may be held on such other days and at such other times as the Board may from time to time determine. Notice of regular meetings of the Board need not be given except as otherwise required by these By-laws.

SECTION 6. Special Meetings. Special meetings of the Board may be called by the Chief Executive Officer and shall be called by the Secretary at the request of any two of the other directors.

SECTION 7. Notice of Meetings. Notice of each special meeting of the Board (and of each regular meeting for which notice shall be required), stating the time, place and purposes thereof, shall be mailed to each director, addressed to him at his residence or usual place of business, or shall be sent to him by telex, cable or telegram so addressed, or shall be given personally or by telephone, on 24 hours' notice, or such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

SECTION 8. Quorum and Manner of Acting. The presence of at least a majority of the authorized number of directors shall constitute a quorum for the transaction of business at any meeting of the Board. If a quorum shall not be present at any meeting of the Board, a majority of the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. Except where a different vote is required by law or the Certificate of Incorporation or these By-laws, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board. Any action required or permitted to be taken by the Board may be taken without a meeting if all the directors consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the Board. Any one or more directors may participate in any meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation by such means shall constitute presence in person at a meeting of the Board.

SECTION 9. Resignation. Any director may resign at any time by giving written notice to the Chairman of the Board, the Chief Executive Officer or the Secretary, which notice shall be deemed to constitute notice to the Corporation. Such resignation shall take effect upon receipt of such notice or at any later time specified therein.

SECTION 10. Removal of Directors. Subject to the rights of the holders of Preferred Stock, any director may be removed from office only for cause by the affirmative vote of the holders of at least 80% of the voting power of all shares of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

SECTION 11. Compensation of Directors. The Board may provide for the payment to any of the directors, other than officers or employees of the Corporation, of a specified amount for services as a director or member of a committee of the Board, or of a specified amount for attendance at each regular or special Board meeting or committee meeting, or of both, and all directors shall be reimbursed for expenses of attendance at any such meeting; provided, however, that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE IV COMMITTEES OF THE BOARD

SECTION 1. Appointment and Powers of Audit Committee. The Board shall, by resolution adopted by the affirmative vote of a majority of the authorized number of directors, designate an Audit Committee of the Board, which shall consist of such number of directors as the Board may determine and shall be comprised solely of directors independent of management and free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a committee member. The Audit Committee shall (i) make recommendations to the Board as to the independent accountants to be

appointed by the Board; (ii) review with the independent accountants the scope of their examination; (iii) receive the reports of the independent accountants and meet with representatives of such accountants for the purpose of reviewing and considering questions relating to their examination and such reports; (iv) review, either directly or through the independent accountants, the internal accounting and auditing procedures of the Corporation and (v) perform such other functions as may be assigned to it from time to time by the Board. The Audit Committee may determine its manner of acting and fix the time and place of its meetings, unless the Board shall otherwise provide. A majority of the members of the Audit Committee shall constitute a quorum for the transaction of business by the committee and the vote of a majority of the members of the committee present at a meeting at which a quorum is present shall be the act of the committee.

SECTION 2. Other Committees. The Board may, by the affirmative vote of a majority of the authorized number of directors, designate members of the Board to constitute an Executive Committee, a Management Development and Compensation Committee and other committees of the Board, which shall in each case consist of such number of directors as the Board may determine, and shall have and may exercise, to the extent permitted by law, such powers and authority as the Board may by resolution delegate to them and may authorize the seal of the Corporation to be affixed to all papers which require it. Each such committee may determine its manner of acting and fix the time and place of its meetings, unless the Board shall otherwise provide. A majority of the members of any such committee shall constitute a quorum for the transaction of business by the committee and the vote of a majority of the members of such committee present at a meeting at which a quorum is present shall be the act of the committee.

SECTION 3. Action by Consent; Participation by Telephone or Similar Equipment. Unless the Board shall otherwise provide, any action required or permitted to be taken by any committee may be taken without a meeting if all members of the committee consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the committee. Unless the Board shall otherwise provide, any one or more members of any committee may participate in any meeting of the committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation by such means shall constitute presence in person at a meeting of the committee.

SECTION 4. Changes in Committees; Resignations; Removals. The Board shall have power, by the affirmative vote of a majority of the authorized number of directors, at any time to change the members of, to fill vacancies in, and to discharge any committee of the Board. Any member of any such committee may resign at any time by giving written notice to the Chairman of the Board, the Chief Executive Officer, the Chairman of such committee or the Secretary, which notice shall be deemed to constitute notice to the Corporation. Such resignation shall take effect upon receipt of such notice or at any later time specified therein. Any member of any such committee may be removed at any time, either with or without cause, by the affirmative vote of a majority of the authorized number of directors at any

meeting of the Board, provided such removal shall have been referred to in the notice of such meeting.

ARTICLE V
OFFICERS

SECTION 1. Number and Qualifications. The officers of the Corporation may include a Chairman of the Board, Vice Chairman of the Board, Chief Executive Officer, President, one or more Vice Presidents, General Counsel, Treasurer, Secretary and Controller; provided, however, that any one or more of the foregoing offices may remain vacant from time to time, except as otherwise required by law. So far as practicable, the officers shall be elected annually on the day of the annual meeting of Stockholders. Each officer shall hold office until the next annual election of officers and until his successor is elected and qualified, or until his death or retirement, or until he shall have resigned or been removed in the manner hereinafter provided. The same person may hold more than one office. The Chairman of the Board, the Vice Chairman of the Board, the Chief Executive Officer and the President shall be elected from among the directors. The Board may from time to time elect or appoint such other officers or agents as may be necessary or desirable for the business of the Corporation. Such other officers and agents shall have such titles and duties and shall hold their offices for such terms as may be prescribed by the Board. The Chief Executive Officer may appoint one or more Deputy, Associate or Assistant officers, or such other agents as may be necessary or desirable for the business of the Corporation. In case one or more Deputy, Associate or Assistant officers shall be appointed, the officer such appointee assists may delegate to him the authority to perform such of the officer's duties as the officer may determine.

SECTION 2. Resignations. Any officer may resign at any time by giving written notice to the Chairman of the Board, the Chief Executive Officer or the Secretary, which notice shall be deemed to constitute notice to the Corporation. Such resignation shall take effect upon receipt of such notice or at any later time specified therein.

SECTION 3. Removal. Any officer or agent may be removed, either with or without cause, at any time, by the Board at any meeting, provided such removal shall have been referred to in the notice of such meeting; provided, further, that the Chief Executive Officer may remove any agent appointed by the Chief Executive Officer.

SECTION 4. Vacancies. Any vacancy among the officers, whether caused by death, resignation, removal or otherwise, shall be filled in the manner prescribed for election to such office.

SECTION 5. Chairman of the Board. The Chairman of the Board shall, if present, preside at all meetings of the Board and, in the absence of the Chief Executive Officer, at all meetings of the Stockholders. He shall perform the duties incident to the office of the Chairman of the Board and all such other duties as are specified in these By-laws or as shall be assigned to him from time to time by the Board.

SECTION 6. Vice Chairman of the Board. The Vice Chairman of the Board shall, if present, preside at all meetings of the Board at which the Chairman of the Board shall not be present and at all meetings of the Stockholders at which neither the Chief Executive Officer nor the Chairman of the Board shall be present. He shall perform such other duties as shall be assigned to him from time to time by the Board or the Chief Executive Officer.

SECTION 7. Chief Executive Officer. The Chief Executive Officer shall, if present, preside at all meetings of the Stockholders. He shall have, under the control of the Board, general supervision and direction of the business and affairs of the Corporation. He shall at all times see that all resolutions or determinations of the Board are carried into effect. He may from time to time appoint, remove or change members of and discharge one or more advisory committees, each of which shall consist of such number of persons (who may, but need not, be directors or officers of the Corporation), and have such advisory duties, as he shall determine. He shall perform the duties incident to the office of the Chief Executive Officer and all such other duties as are specified in these By-laws or as shall be assigned to him from time to time by the Board.

SECTION 8. President. The President shall be the chief operating officer of the Corporation and shall perform such duties as shall be assigned to him from time to time by the Board or the Chief Executive Officer.

SECTION 9. Vice Presidents. The Board shall, if it so determines, elect one or more Vice Presidents (with such additional titles as the Board may prescribe), each of whom shall perform such duties as shall be assigned to him from time to time by the Chief Executive Officer or such other officer to whom the Vice President reports.

SECTION 10. General Counsel. The General Counsel shall be the chief legal officer of the Corporation and the head of its legal department. He shall, in general, perform the duties incident to the office of General Counsel and all such other duties as may be assigned to him from time to time by the Chief Executive Officer.

SECTION 11. Treasurer. The Treasurer shall have charge and custody of all funds and securities of the Corporation, shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation, shall deposit all funds of the Corporation in such depositaries as may be designated pursuant to these By-laws, shall receive, and give receipts for, moneys due and payable to the Corporation from any source whatsoever, shall disburse the funds of the Corporation and shall render to all regular meetings of the Board, or whenever the Board may require, an account of all his transactions as Treasurer. He shall, in general, perform all the duties incident to the office of Treasurer and all such other duties as may be assigned to him from time to time by the Chief Executive Officer or such other officer to whom the Treasurer reports.

SECTION 12. Secretary. The Secretary shall, if present, act as secretary of all meetings of the Board, the Executive Committee and other committees of the Board and the Stockholders and shall have the duty to record the proceedings of such meetings in one or

more books provided for that purpose. He shall see that all notices are duly given in accordance with these By-laws and as required by law, shall be custodian of the seal of the Corporation and shall affix and attest the seal to all documents to be executed on behalf of the Corporation under its seal. He shall, in general, perform all the duties incident to the office of Secretary and all such other duties as may be assigned to him from time to time by the Chief Executive Officer or such other officer to whom the Secretary reports.

SECTION 13. Controller. The Controller shall have control of all the books of account of the Corporation, shall keep a true and accurate record of all property owned by it, its debts and of its revenues and expenses, shall keep all accounting records of the Corporation (other than the accounts of receipts and disbursements and those relating to the deposit or custody of funds and securities of the Corporation, which shall be kept by the Treasurer) and shall render to the Board, whenever the Board may require, an account of the financial condition of the Corporation. He shall, in general, perform all the duties incident to the office of Controller and all such other duties as may be assigned to him from time to time by the Chief Executive Officer or such other officer to whom the Controller reports.

SECTION 14. Bonds of Officers. If required by the Board, any officer of the Corporation shall give a bond for the faithful discharge of his duties in such amount and with such surety or sureties as the Board may require.

SECTION 15. Compensation. The salaries of the officers shall be fixed from time to time by the Board; provided, however, that the Chief Executive Officer may fix or delegate to others the authority to fix the salaries of any agents appointed by the Chief Executive Officer.

SECTION 16. Officers of Operating Companies or Divisions. The Chief Executive Officer shall have the power to appoint, prescribe the terms of office, the responsibilities and duties and salaries of, and remove, the officers of the operating companies or divisions other than those who are officers of the Corporation.

SECTION 17. Provisions Relating to Michael R. Bonsignore. Pursuant to the terms of the Agreement and Plan of Merger, dated June 4, 1999, among Honeywell Inc., the Corporation and Blossom Acquisition Corp. (the "Merger Agreement") and the employment agreement referred to in Section 6.7 of the Merger Agreement (the "Employment Agreement") Michael R. Bonsignore has been elected Chief Executive Officer of the Corporation effective as of the effective time of the merger contemplated by the Merger Agreement and Chairman of the Board effective as of April 1, 2000 (or such earlier date as Lawrence A. Bossidy shall retire as Chairman). Notwithstanding anything in these By-laws to the contrary, until the second anniversary of the effective time of the merger, (i) the removal of Michael R. Bonsignore from the position of Chief Executive Officer or Chairman of the Board, (ii) prior to the effective date of his election as Chairman of the Board, the reversal of such election, (iii) any change in Michael R. Bonsignore's duties and responsibilities as set forth in the Employment Agreement not concurred in by him, or (iv) any amendment to, or modification of, this Section 17 by the Board, shall require the affirmative vote of at least 75% of the members of the Board (excluding the Chief Executive Officer); provided,

however, that if, at any time prior to such second anniversary, the persons (other than the Chief Executive Officer) designated by Honeywell Inc. pursuant to Section 2.2(a) of the Merger Agreement (the "Merger Agreement Designees") shall represent less than 25% of the members of the Board (excluding the Chief Executive Officer), then, such removal, amendment, reversal or modification, as applicable, shall require, in addition to the vote of the Board otherwise required therefor by this Section 17, the affirmative vote of at least one Merger Agreement Designee.

ARTICLE VI
CONTRACTS, CHECKS, LOANS, DEPOSITS, ETC

SECTION 1. Contracts. The Board may authorize any officer or officers, agent or agents, in the name and on behalf of the Corporation, to enter into any contract or to execute and deliver any instrument, which authorization may be general or confined to specific instances; and, unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or for any amount.

SECTION 2. Checks, etc. All checks, drafts, bills of exchange or other orders for the payment of money out of the funds of the Corporation, and all notes or other evidences of indebtedness of the Corporation, shall be signed in the name and on behalf of the Corporation in such manner as shall from time to time be authorized by the Board, which authorization may be general or confined to specific instances.

SECTION 3. Loans. No loan shall be contracted on behalf of the Corporation, and no negotiable paper shall be issued in its name, unless authorized by the Board, which authorization may be general or confined to specific instances. All bonds, debentures, notes and other obligations or evidences of indebtedness of the Corporation issued for such loans shall be made, executed and delivered as the Board shall authorize, which authorization may be general or confined to specific instances.

SECTION 4. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as may be selected by or in the manner designated by the Board. The Board or its designees may make such special rules and regulations with respect to such bank accounts, not inconsistent with the provisions of these By-laws, as may be deemed expedient.

ARTICLE VII
CAPITAL STOCK

SECTION 1. Stock Certificates and Uncertificated Shares. The shares of the Corporation may be represented by certificates or may be uncertificated. Each Stockholder shall be entitled to have, in such form as shall be approved by the Board, a certificate or certificates signed by the Chairman of the Board or the Vice Chairman of the Board or the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary representing the number of shares of capital stock of the Corporation

owned by such Stockholder. Any or all of the signatures on any such certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon any such certificate shall have ceased to be such before such certificate is issued, such certificate may be issued by the Corporation with the same effect as if such officer, transfer agent or registrar had been such at the date of its issue. Absent a specific request for such a certificate by the registered owner or transferee thereof, all shares may be uncertificated upon the original issuance thereof by the Corporation or upon surrender of the certificate representing such shares to the Corporation or its transfer agent.

SECTION 2. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare or cause to have prepared, at least 10 days before every meeting of Stockholders, a complete list of the Stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each Stockholder and the number of shares registered in the name of each Stockholder. Such list shall be open to the examination of any Stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any Stockholder of the Corporation who is present.

SECTION 3. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the Stockholders entitled to examine the stock ledger, the list required by Section 2 of this Article VII or the books of the Corporation, or to vote in person or by proxy at any meeting of Stockholders.

SECTION 4. Transfers of Capital Stock. Transfers of shares of capital stock of the Corporation shall be registered on the stock record of the Corporation, and if requested by the registered owner or transferee thereof, a new certificate shall be issued to the person entitled thereto, upon presentation and surrender, with a request to register transfer, of the certificate or certificates representing the shares properly endorsed by the holder of record or accompanied by a separate document signed by the holder of record containing an assignment or transfer of the shares or a power to assign or transfer the shares or upon presentation of proper transfer instructions from the holder of record of uncertificated shares. The Board may make such additional rules and regulations as it may deem expedient concerning the issue and transfer of certificates representing shares of the capital stock of the Corporation.

SECTION 5. Lost Certificates. The Corporation may issue uncertificated shares, or if requested by the registered owner, a new certificate or cause a new certificate to be issued, in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. The Corporation may require the owner of such lost, stolen or destroyed certificate, or his legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

SECTION 6. Fixing of Record Date. In order that the Corporation may determine the Stockholders entitled to notice of or to vote at any meeting of Stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. A determination of Stockholders of record entitled to notice of or to vote at a meeting of Stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting. In order that the Corporation may determine the Stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the Stockholders entitled to exercise any rights in respect of any change, conversion or exchange of capital stock or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action.

SECTION 7. Registered Owners. Prior to due presentment for registration of transfer of a certificate representing shares of capital stock of the Corporation or of proper transfer instructions with respect to uncertificated shares, the Corporation may treat the registered owner of such shares as the person exclusively entitled to vote, to receive dividends, to receive notifications, and otherwise to exercise all the rights and powers of an owner of such shares, except as otherwise provided by law.

ARTICLE VIII
FISCAL YEAR

The Corporation's fiscal year shall coincide with the calendar year.

ARTICLE IX
SEAL

The Corporation's seal shall be circular in form and shall include the words "Honeywell International Inc., Delaware, 1985, Seal."

ARTICLE X
WAIVER OF NOTICE

Whenever any notice is required by law, the Certificate of Incorporation or these By-laws, to be given to any director, member of a committee or Stockholder, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice.

ARTICLE XI
AMENDMENTS

These By-laws or any of them may be amended or supplemented in any respect at any time, either (a) at any meeting of Stockholders, provided that any amendment or supplement proposed to be acted upon at any such meeting shall have been described or referred to in the notice of such meeting, or (b) at any meeting of the Board, provided that any amendment or supplement proposed to be acted upon at any such meeting shall have been described or referred to in the notice of such meeting or an announcement with respect thereto shall have been made at the last previous Board meeting, and provided further that no amendment or supplement adopted by the Board shall vary or conflict with any amendment or supplement adopted by the Stockholders. Notwithstanding the preceding sentence, the affirmative vote of the holders of at least 80% of the voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend or repeal, or adopt any provisions inconsistent with, Section 3 of Article II of these By-laws, Sections 2 or 10 of Article III of these By-laws, or this sentence.

ARTICLE XII
EMERGENCY BY-LAWS

SECTION 1. Emergency Board of Directors. In case of an attack on the United States or on a locality in which the Corporation conducts its business or customarily holds meetings of the Board or the Stockholders, or during any nuclear or atomic disaster, or during the existence of any catastrophe, or other similar emergency condition, as a result of which a quorum of the Board or a committee thereof cannot readily be convened for action in accordance with the provisions of the By-laws, the business and affairs of the Corporation shall be managed by or under the direction of an Emergency Board of Directors (hereinafter called the Emergency Board) established in accordance with Section 2 of this Article XII.

SECTION 2. Membership of Emergency Board of Directors. The Emergency Board shall consist of at least three of the following persons present or available at the Emergency Corporate Headquarters determined according to Section 5 of this Article XII: (i) those persons who were directors at the time of the attack or other event mentioned in Section 1 of this Article XII, and (ii) any other persons appointed by such directors to the extent required to provide a quorum at any meeting of the Board. If there are no such directors present or available at the Emergency Corporate Headquarters, the Emergency Board shall consist of the three highest-ranking officers or employees of the Corporation present or available and any other persons appointed by them.

SECTION 3. Powers of the Emergency Board. The Emergency Board will have the same powers as those granted to the Board in these By-laws, but will not be bound by any requirement of these By-laws which a majority of the Emergency Board believes impracticable under the circumstances.

SECTION 4. Stockholders' Meeting. At such time as it is practicable to do so the Emergency Board shall call a meeting of Stockholders for the purpose of electing directors. Such meeting will be held at a time and place to be fixed by the Emergency Board and pursuant to such notice to Stockholders as it is deemed practicable to give. The Stockholders entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum.

SECTION 5. Emergency Corporate Headquarters. Emergency Corporate Headquarters shall be at such location as the Board or the Chief Executive Officer shall determine prior to the attack or other event, or if not so determined, at such place as the Emergency Board may determine.

SECTION 6. Limitation of Liability. No officer, director or employee acting in accordance with the provisions of this Article XII shall be liable except for willful misconduct.

August 11, 2000

Securities and Exchange Commission
450 Fifth Street
Washington, DC 20549

Commissioners:

We are aware that our report dated July 28, 2000 on our review of interim financial information of Honeywell International Inc. for the period ended June 30, 2000 and included in Honeywell's quarterly report on form 10-Q for the quarter then ended is incorporated by reference in its Registration Statements on Forms S-8 (Nos. 33-09896, 33-51455, 33-55410, 33-58347, 33-60261, 333-57509, 333-57515, 333-57517, 333-57519, 333-83511, 333-88141, 333-31370 and 333-34764), on Forms S-3 (Nos. 33-14071, 33-55425, 33-64245, 333-22355, 333-49455, 333-68847, 333-74075, 333-86157 and 333-34760) and on Form S-4 (No. 333-82049).

Very truly yours,

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

This schedule contains summary financial information extracted from the consolidated balance sheet at June 30, 2000 and the consolidated statement of income for the six months ended June 30, 2000 and is qualified in its entirety by reference to such financial statements.

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6-MOS	DEC-31-2000	JUN-30-2000
		959
		0
		3,702
		93
		3,744
		9,851
		12,710
		7,208
		24,936
	7,995	
		3,444
	0	
		0
		958
		8,494
24,936		
		12,353
	12,353	
		9,121
		9,121
		0
		0
	240	
	1,614	
		491
1,123		
		0
		0
		0
		1,123
		1.41
		1.39