

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 March 31, 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 March 31, 2000
\$1 par value	798,160,974 shares

Honeywell International Inc.

Index

Page No.

Part I. - Financial Information

Item 1. Condensed Financial Statements:

Consolidated Balance Sheet - March 31, 2000 and December 31, 1999	3
Consolidated Statement of Income - Three Months Ended March 31, 2000 and 1999	4
Consolidated Statement of Cash Flows - Three Months Ended March 31, 2000 and 1999	5
Notes to Financial Statements	6
Report on Review by Independent Accountants	14

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	15
---	----

Item 3. Quantitative and Qualitative Disclosures About Market Risk	19
---	----

Part II.- Other Information

Item 4. Submission of Matters to a Vote of Security Holders	20
--	----

Item 6. Exhibits and Reports on Form 8-K	20
--	----

Signatures	22
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Honeywell International Inc.
Consolidated Balance Sheet
(Unaudited)

	March 31, 2000	December 31, 1999
	-----	-----
(Dollars in millions)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,000	\$ 1,991
Accounts and notes receivable	3,926	3,896
Inventories	3,744	3,436
Other current assets	1,080	1,099
	-----	-----
Total current assets	9,750	10,422
Investments and long-term receivables	1,050	782
Property, plant and equipment - net	5,637	5,630
Goodwill and other intangible assets - net	6,204	4,660
Other assets	2,196	2,033
	-----	-----
Total assets	\$24,837	\$23,527
	=====	=====
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 2,173	\$ 2,129
Short-term borrowings	129	302
Commercial paper	2,320	2,023
Current maturities of long-term debt	399	284
Accrued liabilities	3,293	3,534
	-----	-----
Total current liabilities	8,314	8,272
Long-term debt	3,477	2,457
Deferred income taxes	877	864
Postretirement benefit obligations other than pensions	1,948	1,968
Other liabilities	1,276	1,367
SHAREOWNERS' EQUITY		
Capital - common stock issued	958	958
- additional paid-in capital	2,347	2,318
Common stock held in treasury, at cost	(4,258)	(4,254)
Accumulated other nonowner changes	(391)	(355)
Retained earnings	10,289	9,932
	-----	-----
Total shareowners' equity	8,945	8,599
	-----	-----
Total liabilities and shareowners' equity	\$24,837	\$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 March 31,	
	2000	1999
	-----	-----
	2000	1999
	-----	-----
	(Dollars in millions except per share amounts)	
Net sales	\$6,044	\$5,582
	-----	-----
Costs, expenses and other		
Cost of goods sold	4,450	4,192
Selling, general and administrative expenses	758	699
Equity in income of affiliated companies	(4)	(10)
Other (income) expense	(10)	(18)
Interest and other financial charges	111	73
	-----	-----
	5,305	4,936
	-----	-----
Income before taxes on income	739	646
Taxes on income	233	206
	-----	-----
Net income	\$ 506	\$ 440
	=====	=====
Earnings per share of common stock - basic	\$ 0.64	\$ 0.55
	=====	=====
Earnings per share of common stock - assuming dilution	\$ 0.63	\$ 0.55
	=====	=====
Cash dividends per share of common stock	\$.1875	\$.17
	=====	=====

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

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

	Three Months Ended March 31,	
	2000	1999
	-----	-----
	----	----
	(Dollars in millions)	
Cash flows from operating activities:		
Net income	\$ 506	\$440
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	262	221
Equity income, net of distributions	17	(1)
Deferred income taxes	4	37
Other	(196)	9
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:		
Accounts and notes receivable	208	131
Inventories	23	(76)
Other current assets	(41)	(8)
Accounts payable	(57)	(118)
Accrued liabilities	(339)	(298)
	-----	-----
Net cash provided by operating activities	387	337
	-----	-----
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(164)	(204)
Proceeds from disposals of property, plant and equipment	42	40
(Increase) in investments	-	(3)
Cash paid for acquisitions	(2,313)	(31)
Proceeds from sales of businesses	21	68
Decrease in short-term investments	1	4
	-----	-----
Net cash (used for) investing activities	(2,413)	(126)
	-----	-----
Cash flows from financing activities:		
Net increase in commercial paper	297	189
Net (decrease) in short-term borrowings	(173)	(10)
Proceeds from issuance of common stock	33	118
Proceeds from issuance of long-term debt	1,051	1
Payments of long-term debt	(24)	(95)
Repurchases of common stock	-	(433)
Cash dividends on common stock	(149)	(130)
	-----	-----
Net cash provided by (used for) financing activities	1,035	(360)
	-----	-----
Net (decrease) in cash and cash equivalents	(991)	(149)
Cash and cash equivalents at beginning of year	1,991	1,018
	-----	-----
Cash and cash equivalents at end of period	\$1,000	\$869
	=====	=====

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

Honeywell International Inc.
Notes to Financial Statements
(Unaudited)
(Dollars in millions except per share amounts)

Note 1. In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments, consisting only of normal adjustments, necessary to present fairly the financial position of Honeywell International Inc. and its consolidated subsidiaries at March 31, 2000 and the results of operations and cash flows for the three months ended March 31, 2000 and 1999. The results of operations for the three-month period ended March 31, 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 March 31, 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:

	March 31, 2000	December 31, 1999
	-----	-----
Trade	\$3,690	\$3,545
Other	329	435
	-----	-----
	4,019	3,980
Less - Allowance for doubtful accounts and refunds	(93)	(84)
	-----	-----
	\$3,926	\$3,896
	=====	=====

Note 3. Inventories consist of the following:

	March 31, 2000	December 31, 1999
	-----	-----
Raw materials	\$1,095	\$1,027
Work in process	952	973
Finished products	1,853	1,589
	-----	-----
	3,900	3,589
Less - Progress payments	(47)	(44)
Reduction to LIFO cost basis	(109)	(109)
	-----	-----
	\$3,744	\$3,436
	=====	=====

Note 4. Total nonowner changes in shareowners' equity for the three months ended March 31, 2000 and 1999 were \$470 and \$314 million, respectively. Nonowner changes in shareowners' equity consist of net income, foreign exchange translation adjustments, unrealized holding gains and losses on marketable securities and a minimum pension liability adjustment.

Note 5. Segment financial data follows:

	Three Months Ended March 31,			
	Net Sales		Segment Profit	
	2000	1999	2000	1999
Aerospace Solutions	\$2,396	\$2,328	\$ 493	\$ 395
Automation & Control (a)	1,700	1,390	190	120
Performance Materials	1,025	983	95	149
Power & Transportation				
Products	904	859	88	70
Corporate	19	22	(30)	(43)
	-----	-----	-----	-----
	\$6,044	\$5,582	\$ 836	\$ 691
	=====	=====	-----	-----
Equity in income of				
affiliated companies			4	10
Other income (expense)			10	18
Interest and other				
financial charges			(111)	(73)
			-----	-----
Income before taxes				
on income			\$ 739	\$ 646
			=====	=====

(a) In March 2000, the name of this segment was changed to Automation & Control from Automation & Asset Management. There was no change in the strategic business units comprising this segment.

Note 6. The details of the earnings per share calculations for the three-month periods ended March 31, 2000 and 1999 follow:

	2000			1999		
	Income	Average Shares	Per Share Amount	Income	Average Shares	Per Share Amount
Earnings per share of common stock - basic	\$506	796.6	\$.64	\$440	793.1	\$.55
Dilutive securities issuable in connection with stock plans	-----	10.1	-----	-----	13.5	-----
Earnings per share of common stock - assuming dilution	\$506	806.7	\$.63	\$440	806.6	\$.55
	=====	=====	=====	=====	=====	=====

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-month periods ended March 31, 2000 and 1999, the number of stock options not included in the computations was 13.2 and 5.4 million, respectively. These stock options were outstanding at the end of each of the respective periods.

Note 7. In December 1999, upon completion of the merger between AlliedSignal 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 2,100 positions have been eliminated as of March 31, 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 for the costs of actions designed to reposition principally the AlliedSignal 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 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 3,000 positions have been eliminated as of March 31, 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 expected to be completed by December 31, 2000.

The following table summarizes the status of the 1999 merger and repositioning actions:

	1999 Charges	1999 Usage	Balance at 12/31/99	2000 Usage	Balance at 3/31/2000
	-----	-----	-----	-----	-----
Severance costs	\$482	\$(58)	\$424	\$(119)	\$305
Asset impairments	257	(257)	-	-	-
Exit costs	89	(4)	85	(3)	82
Merger fees and expenses	135	(77)	58	(18)	40
	----	----	----	----	----
Total	\$963	\$(396)	\$567	\$(140)	\$427
	=====	=====	=====	=====	=====

Note 8. 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 9) 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 three months ended March 31, 2000, assuming the acquisition had been made at the beginning of the year, would not be materially different from reported results.

Note 9. 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 10. 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. We expect that Litton will appeal the trial court's rulings.

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 any further appeals in this case, 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 any 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 any eventual appeals in this case, 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.

In the fall of 1996, Litton and the former Honeywell commenced a court ordered mediation of the patent, tort and antitrust claims. No claim was resolved or settled, and the mediation is currently in recess.

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 March 31, 2000, and the related consolidated statements of income and of cash flows for each of the three-month periods ended March 31, 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
May 5, 2000

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

Net sales in the first quarter of 2000 were \$6,044 million, an increase of \$462 million, or 8 percent compared with the first quarter of 1999. Excluding the effects of foreign exchange, acquisitions and divestitures, sales increased approximately 4 percent. Fluctuations in foreign currency rates decreased sales approximately 2 percent.

Segment profit in the first quarter of 2000 was \$836 million, an increase of \$145 million, or 21 percent compared with the first quarter of 1999. Segment profit margin for the first quarter of 2000 was 13.8 percent compared with 12.4 percent for the comparable period in 1999. The increase in segment profit in the first quarter of 2000 was led by a substantial improvement by the Aerospace Solutions, Automation & Control and Power & Transportation Products segments. 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.

Other (income) expense, \$10 million of income in the first quarter of 2000, decreased by \$8 million compared with the first quarter of 1999. The decrease principally reflects lower investment income as the prior year's results included dividend income from our investment in AMP Incorporated.

Interest and other financial charges of \$111 million in the first quarter of 2000 increased by \$38 million, or 52 percent compared with the first quarter of 1999. The increase reflects higher average levels of debt during the current quarter versus the comparable period in the prior year due to the Pittway acquisition and the impact of tax interest expense.

Net income of \$506 million, or \$0.63 per share, in the first quarter of 2000 was 15% higher than the prior year's first quarter net income of \$440 million, or \$0.55 per share. The higher net income in the first quarter of 2000 was the result of substantially improved earnings for the Aerospace Solutions, Automation & Control and Power & Transportation Products segments. The Performance Materials segment had lower earnings.

Review of Business Segments

Aerospace Solutions sales of \$2,396 million in the first quarter of 2000 were \$68 million, or 3 percent higher compared with the first quarter of 1999, led by continued strong sales to the aftermarket. The growth in sales to the aftermarket was driven by higher repair and overhaul services revenues from air transport, general aviation and military customers. Original equipment sales to business, regional and general aviation customers were also higher than in the prior year due primarily to increased engine deliveries. This increase was partially offset by lower sales to air transport original equipment manufacturers and a decrease in engineering services revenue.

Aerospace Solutions segment profit of \$493 million in the first quarter of 2000 increased by \$98 million, or 25 percent compared with the first quarter of 1999 due to higher sales volume and an improved mix of higher margin aftermarket products and services. Cost structure improvements, primarily from workforce and

benefit cost reductions, also contributed to the improvement in segment profit.

Automation & Control sales of \$1,700 million in the first quarter of 2000 increased by \$310 million, or 22 percent compared with the comparable period in 1999. Sales for Home & Building Control were significantly higher due principally to the acquisition in February 2000 of Pittway Corporation, a manufacturer and distributor of security and fire systems for homes and buildings. Sales for Industrial Control were flat compared with the comparable period in the prior year. Industrial Control continues to be negatively impacted by weakness in the pulp and paper and hydrocarbon processing industries, although there were some signs of recovery in these key industries in the first quarter of 2000.

Automation & Control segment profit of \$190 million in the first quarter of 2000 increased by \$70 million, or 58 percent compared with the first quarter of 1999. Segment profit for both the Home & Building Control and Industrial Control businesses improved primarily as a result of lower costs due to workforce and benefit cost reductions. The acquisition of Pittway also contributed to improved segment profit.

Performance Materials sales of \$1,025 million in the first quarter of 2000 increased by \$42 million, or 4 percent compared with the first quarter of 1999. Sales increased due to the 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 fluorines, plastics and specialty waxes also contributed to the increase. The divestiture of the Laminate Systems business in September 1999 was a partial offset.

Performance Materials segment profit of \$95 million in the first quarter of 2000 was lower by \$54 million, or 36 percent compared with the same period in the prior year. The decrease principally reflects higher raw material costs in the Performance Polymers businesses. The impact of recent acquisitions and divestitures also contributed to the decrease.

Power & Transportation Products sales of \$904 million in the first quarter of 2000 increased by \$45 million, or 5 percent compared with the first quarter of 1999 led by a significant improvement for the Turbocharging Systems business due primarily to continued strong sales in Europe.

Power & Transportation Products segment profit of \$88 million in the first quarter of 2000 improved by \$18 million, or 26 percent compared with the first quarter of 1999. Cost structure improvements in the Turbocharging Systems and Commercial Vehicle Systems businesses resulting from six sigma initiatives, material procurement savings and workforce reductions were primarily responsible for the increase. Higher sales for the Turbocharging Systems business also contributed to the increase.

B. Financial Condition, Liquidity and Capital Resources

Total assets at March 31, 2000 were \$24,837 million, an increase of \$1,310 million, or 6 percent from December 31, 1999. The increase relates principally to the acquisition of Pittway.

Cash provided by operating activities of \$387 million during the first three months of 2000 increased by \$50 million compared with the first three months of 1999 due principally to higher net income and improved working capital. Spending related to the 1999 merger and repositioning actions was a partial offset.

Cash used for investing activities of \$2,413 million during the first three months of 2000 increased by \$2,287 million compared with the first three months of 1999 due principally to the acquisition of Pittway. See Note 8 on page 8 of this Form 10-Q for further details.

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.

Cash provided by financing activities of \$1,035 million during the first three months of 2000 increased by \$1,395 million compared with the first three months of 1999. The increase relates to issuance of \$1 billion of 7.50% Notes in February 2000. See Note 9 on page 9 of this Form 10-Q for further details. Total debt of \$6,325 million at March 31, 2000 was \$1,259 million, or 25 percent higher than at December 31, 1999 due to the Pittway acquisition. The absence of stock repurchases in the current year also contributed to the increase in cash provided by financing activities.

Merger and Repositioning Charges

In December 1999, upon completion of the merger between AlliedSignal 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 2,100 positions have been eliminated as of March 31, 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 for the costs of actions designed to reposition principally the AlliedSignal 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 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 3,000 positions have been eliminated as of March 31, 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 expected to be completed by December 31, 2000.

We expect that the merger and repositioning actions committed to in 1999 will generate incremental pretax savings of \$250 million in 2000, \$575 million in 2001 and \$750 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 \$140 million for the three-month period ended March 31, 2000 and were funded through operating cash flows.

C. 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 March 31, 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 9 on page 9 of this Form 10-Q, there has been no material change in this information. At March 31, 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 4. Submission of Matters to a Vote of Security Holders

At the Annual Meeting of Shareowners of Honeywell held on May 1, 2000, the following matters set forth in our Proxy Statement dated March 13, 2000, which was filed with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934, were voted upon with the results indicated below.

(1) The nominees listed below were elected directors for a three-year term ending at the 2003 Annual Meeting with the respective votes set forth opposite their names:

	FOR	WITHHELD
Hans W. Becherer	658,120,241	15,787,072
Gordon M. Bethune	658,087,636	15,819,677
Jaime Chico Pardo	658,340,478	15,566,835
Ann M. Fudge	657,961,379	15,945,934

(2) A proposal seeking approval of the appointment of PricewaterhouseCoopers LLP as independent accountants for 2000 was approved, with 663,817,411 votes cast FOR, 5,438,657 votes cast AGAINST, and 4,651,245 abstentions;

(3) A shareowner proposal regarding CEO compensation was not approved, with 69,720,158 votes cast FOR, 486,553,921 votes cast AGAINST, 40,864,412 abstentions and 76,768,822 broker non-votes;

(4) A shareowner proposal recommending the annual election of directors was approved, with 320,447,503 votes cast FOR, 236,527,223 votes cast AGAINST, 40,163,765 abstentions and 76,768,822 broker non-votes;

(5) A shareowner proposal recommending a change in shareowner voting provisions was approved, with 327,270,958 votes cast FOR, 229,187,424 votes cast AGAINST, 40,680,109 abstentions and 76,768,822 broker non-votes.

Item 6. Exhibits and Reports on Form 8-K

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

- 10.6 Supplemental Non-Qualified Savings Plan for Highly Compensated Employees of Honeywell International Inc. and its Subsidiaries, as amended
- 10.16 Long Term Performance Plan for Key Executives of Honeywell International Inc.
- 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. The following reports on Form 8-K were filed during the three months ended March 31, 2000:

1. On January 21, 2000 a report was filed reporting our results of operations for the three-month and twelve-month periods ended December 31, 1999;
2. On February 14, 2000 a report was filed reporting our financial statements and pro forma financial information required as a result of the merger involving AlliedSignal and the former Honeywell;
3. On February 29, 2000 a report was filed reporting our execution and delivery of an underwriting agreement relating to our offer and sale of US \$1 billion of 7.50% notes due 2010.

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: May 12, 2000

By: /s/ Richard J. Diemer, Jr.

Richard J. Diemer Jr.
Vice President and Controller
(on behalf of the Registrant
and as the Registrant's
Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
2	Omitted (Inapplicable)
3	Omitted (Inapplicable)
4	Omitted (Inapplicable)
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11	Omitted (Inapplicable)
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18	Omitted (Inapplicable)
19	Omitted (Inapplicable)
22	Omitted (Inapplicable)
23	Omitted (Inapplicable)
24	Omitted (Inapplicable)
27	Financial Data Schedule
99	Omitted (Inapplicable)

SUPPLEMENTAL NON-QUALIFIED SAVINGS PLAN FOR HIGHLY COMPENSATED
EMPLOYEES OF HONEYWELL INTERNATIONAL INC. AND ITS SUBSIDIARIES

(Career Band 6 and above)

(As Amended and Restated as of March 7, 2000)

1. Eligibility

Those highly compensated employees ("HCEs") of Honeywell International Inc. (the "Corporation") and its subsidiaries within the meaning of Section 414(q) of the Internal Revenue Code of 1986 (the "Code") in Career Band 6 and above who are eligible to participate in any of the qualified (as determined under Code Section 401(a)) savings plans maintained by the Corporation or its subsidiaries, other than any such plan maintained by Honeywell Inc. prior to April 1, 2000, (the "Qualified Savings Plans") are eligible to participate in the Supplemental Non-Qualified Savings Plan for Highly Compensated Employees of Honeywell International Inc. and its Subsidiaries (Career Band 6 and above) (the "Plan").

2. Definitions

Capitalized terms not otherwise defined in the Plan have the respective meanings set forth in the applicable Qualified Savings Plans.

3. Participation

(a) Time and Form of Election. Any eligible employee may

become a participant in the Plan (a "Participant") as of the beginning of the next available pay period, by executing a written or electronic notice of election to participate and filing such notice with the Plan Administrator (as defined in Section 10(a)) prior to the beginning of such pay period. Such notice may direct that a portion (determined in accordance with paragraph 4(a)) of the base annual salary exclusive of shift differentials, overtime or other premium pay, bonus, incentive or other extra compensation, but inclusive of severance pay (unless otherwise specifically excluded by the severance pay plan) or salary deferred under this Plan or otherwise ("Base Annual Salary"), which would have been payable to such Participant during such pay period and succeeding pay periods, in lieu of such payment, be credited to a deferred compensation account maintained under the Plan as an unfunded book entry stated as a cash balance (the "Participant's Account"). Amounts so credited to the Participant's Account shall constitute "Participant Deferred Contributions." A Participant's election to direct that a portion of his or her Base Annual Salary be credited to the Participant's Account shall continue in effect until the Participant terminates such election, the Participant is no longer an HCE or the Participant is no longer eligible to contribute to the Qualified Savings Plans. Any such termination shall be effective only with respect to the Participant's Base Annual Salary payable after the end of the pay period in which one of the events in the preceding sentence occurs. Amounts credited to the Participant's Account prior to the effective date of the termination of the election shall not be

affected and shall be distributed only in accordance with the terms of the Plan and Participant's distribution election thereunder.

(b) Change or Resumption of Amount Deferred. A Participant may

elect at any time to modify the amount of Base Annual Salary to be credited to the Participant's Account under the Plan, which modification shall be effective for the next available pay period following his or her election. Amounts credited to the Participant's Account prior to the effective date of such change shall not be affected by such change and shall be distributed

only in accordance with the terms of the Plan.

4. Contributions to Participants' Accounts

(a) Participant Deferred Contributions. A Participant may elect

to defer an aggregate amount, rounded to the nearest full dollar, equal to the difference between (i) a full percentage of such Participant's Base Annual Salary from 1% to the maximum percentage permitted under the Qualified Savings Plans and Code Section 415(c)(1)(B) for Before-Tax Contributions by an individual who is not an HCE and who is eligible to participate in the Qualified Savings Plans, without regard to any other limitations which may apply under the Code and without regard to any After-Tax Contributions which might be made under the Qualified Savings Plans, and (ii) the full amount of Before-Tax Contributions made by such Participant under the Qualified Savings Plans; provided, however, that a Participant who elects to defer any amount hereunder shall be required to make the maximum Before-Tax Contributions permissible under the Qualified Savings Plans for the applicable Plan Year (after giving effect to deferrals under the Plan or otherwise). Notwithstanding the preceding sentence, there shall be credited to the Participant's Account an amount equal to the product of (x) the number of whole shares of common stock of Honeywell International Inc. ("Common Stock") credited to such Participant's Account under Section 5(b), and (y) \$.077 (such product rounded to the nearest full dollar). The amount determined under the preceding sentence shall be credited to the Participant's Account as Participant Deferred Contributions in accordance with Section 5(a) and shall be credited to such Account no later than the last day of the calendar year in which this amended and restated Plan is effective.

(b) Plan Employer Contributions. There shall be credited to

the Participant's Account employer contributions under the Plan ("Plan Employer Contributions") in an aggregate amount equal to (i) minus (ii), where (i) is 50% (for participants in the Qualified Savings Plans with less than 60 Months of Participation) or 100% (for participants in the Qualified Savings Plans with at least 60 Months of Participation) of the lesser of (x) 8% of the Participant's Base Annual Salary, or (y) the sum of the Participant's Participant Contributions under the Qualified Savings Plans and Participant Deferred Contributions under the Plan, expressed as a percentage of Base Annual Salary, and (ii) is the total amount of Employer Contributions made with respect to the Participant under the Qualified Savings Plans; provided, however, that in no event shall the combined Plan Employer Contributions and Employer Contributions made with respect to the Participant exceed 8% of the Participant's Base Annual Salary, and provided, further, that Plan Employer Contributions shall not be made with respect to a Participant during any period of suspension of Employer Contributions with respect to such Participant under the terms of the

Qualified Savings Plans, whether or not such Participant continues to make Participant Contributions under the Qualified Savings Plans during the period of such suspension.

(c) Vesting. Participant Deferred Contributions, Plan Employer

Contributions (collectively "Total Contribution Amounts") and all amounts accrued with respect to Total Contribution Amounts in accordance with Section 5, shall be vested at the time such amounts are credited to the Participant's Account.

(d) All Contributions Prorated. Total Contribution Amounts shall

be credited to a Participant's Account each pay period.

5. The Participant's Account

(a) Crediting of Participant's Accounts. Participant

Deferred Contributions shall be credited to the Participant's Account under the Plan as unfunded book entries stated as cash balances. Participant Deferred Contributions credited to the Participant's Account prior to January 1, 1994 or after the Participant has terminated employment shall accrue amounts (to be posted each Valuation Date) equivalent to interest, compounded daily, at a rate based upon the cost to the Corporation of borrowing at a fixed rate for a 15-year term. Such rate shall be determined annually by the Chief Financial Officer of the Corporation in consultation with the Treasurer of the Corporation. Participant Deferred Contributions credited to the Participant's Account on or after January 1, 1994, but before a Participant terminates employment, shall accrue amounts (to be posted each Valuation Date) equivalent to interest, compounded daily, at a rate determined annually by the Management Development and Compensation Committee (the "Committee") of the Board of Directors (the "Board") of the Corporation. The rate established in the preceding sentence shall not exceed the greater of (i) 10%, or (ii) 200% of the 10-year U.S. Treasury Bond rate at the time of determination and, once established for a calendar year, shall remain in effect with respect to all Participant Deferred Contributions credited to the Participant's Account during such calendar year until such amounts are distributed. Plan Employer Contributions shall be credited to the Participant's Account under the Plan as unfunded book entries stated as shares of Common Stock (including fractional shares). The number of shares of Common Stock credited to a Participant's Account shall be determined by dividing the equivalent cash amount (as determined under Section 4(b)) by the closing price of Common Stock on the day that such Plan Employer Contributions are credited to the Participant's Account. Amounts equivalent to the dividends that would have been payable in respect of the Common Stock shall be credited to the Participant's Account as if reinvested in Common Stock, with the number of shares credited determined by dividing the equivalent cash dividend amount by the closing price of Common Stock on the date the dividends would have been payable. Amounts credited to the Participant's Account shall accrue amounts equivalent to interest and dividends, as the case may be, until distributed in accordance with the Plan.

(b) Transition Rule for Plan Employer Contributions. The

balance of each Participant's Account attributable to Plan Employer Contributions, determined as of the close of business on the day prior to the effective date of the amendment and restatement of the Plan and adjusted to reflect all gains, losses and dividends that have been credited to such Participant's Account through the day prior to such effective date, shall be converted into the equivalent

number of shares of Common Stock by dividing such balance by the closing price of Common Stock on the trading date next preceding such effective date. Such amount shall be an unfunded book entry only and shall (i) thereafter be credited with equivalent dividend amounts in accordance with Section 5(a), and (ii) be distributed in accordance with Section 6(a)(ii).

6. Distribution from Accounts

(a) Form of Election.

(i) Participant Deferred Contributions. At the time a

Participant makes an election pursuant to Section 3(a), the Participant shall also make an election with respect to the distribution of the aggregate amount of the Participant Deferred Contributions, plus earnings credited thereon pursuant to Section 5 (collectively the "Participant Deferred Contribution Amounts"), credited to the Participant's Account pursuant to such election. A Participant may elect to receive such amount in one lump-sum payment or in a number of annual installments (up to fifteen installments). The lump-sum payment or the first installment shall be paid in cash as soon as practicable during the month of January of such future calendar year as the Participant may designate or, if the Participant so elects, as soon as practicable during the month of January of the calendar year immediately following the later of the year in which the Participant last contributed to the Plan or the year in which the Participant terminates employment with the Corporation or any of its subsidiaries (whether by reason of Retirement or otherwise). Except as otherwise provided in Section 8, subsequent installments shall be paid in cash as soon as practicable during the month of January of each succeeding calendar year until the entire amount of the Participant Deferred Contribution Amounts shall have been paid. The amount of each installment shall be determined by multiplying the balance of the Participant Deferred Contribution Amounts each year by a fraction, the numerator of which is one and the denominator of which is (A) the number of installments elected, reduced by (B) one for each annual installment previously received.

(ii) Plan Employer Contributions. The distribution election

made pursuant to subsection (i) above shall also apply to the timing of the distribution of the aggregate number of shares of Common Stock representing the Plan Employer Contributions plus reinvested dividends pursuant to Section 5 (collectively the "Plan Employer Contribution Amounts") credited to the Participant's Account pursuant to Section 5. Except to the extent otherwise provided with respect to fractional shares, all distributions of Plan Employer Contribution Amounts shall be made in Common Stock. A Participant may elect to receive such Plan Employer Contribution Amounts in one lump-sum payment or in a number of annual installments (up to fifteen installments). The lump-sum payment or the first installment shall be paid as soon as practicable during the month of January of such future calendar year as the Participant may designate, or, if the Participant so elects, as soon as practicable during the month of January of the calendar year immediately following the later of the year in which the Participant last contributed to the Plan or the year in which the Participant terminates employment with the Corporation or any of its subsidiaries (whether by reason of Retirement or otherwise). Except as otherwise provided in Section 8, subsequent installments shall be paid as soon as practicable during the month of January of each succeeding calendar year until the entire amount of the Plan Employer Contribution Amounts shall have been paid. The amount of each

installment shall be determined by (A) multiplying the balance of the Plan Employer Contribution Amounts on the last Valuation Date of each year by a fraction, the numerator of which is one and the denominator of which is (x) the number of installments elected, reduced by (y) one for each annual installment previously received, and (B) rounding the result down to the next whole share of Common Stock; provided, however, the amount of the last installment shall be determined without regard to the rounding requirement of the preceding portion of this sentence. Any fractional shares of Common Stock shall be paid in an equivalent cash amount, as determined using the closing price of Common Stock on the trading date next preceding the distribution date.

(b) Adjustment of Method of Distribution. Prior to the

beginning of any calendar year, a Participant may elect to change the timing and method of distribution of the Participant Deferred Contribution Amounts and Plan Employer Contribution Amounts credited to the Participant's Account commencing with such calendar year. Participant Deferred Contribution Amounts and Plan Employer Contribution Amounts credited to the Participant's Account prior to the effective date of such change (the "Prior Balance"), and all amounts thereafter accrued with respect to the Prior Balance, shall not be affected by such change and, except as otherwise determined by the Plan Administrator pursuant to Section 8, shall be distributed only in accordance with the election in effect at the time such Prior Balance was credited to the Participant's Account.

(c) (i) Distribution Default for Participant Deferred Contribution Amounts.

Any Participant Deferred Contribution Amounts credited to a Participant's Account which are not covered by a timely distribution election under subsections (a) and (b) above shall be distributed to the Participant in one lump-sum cash payment as soon as practicable during the month of January of the calendar year immediately following the later of the year in which the Participant last contributed to the Plan or the year in which the Participant terminates his employment with the Corporation or any of its subsidiaries (whether by reason of Retirement or otherwise); provided, however, if the Participant has made an election pursuant to Sections 9(a) (i) or 9(a) (ii), the lump sum payment shall be made within the 90-day period following a Change in Control, as defined in Section 9(c).

(c) (ii) Distribution Default for Plan Employer Contribution Amounts.

Any Plan Employer Contribution Amounts credited to a Participant's Account which are not covered by a timely distribution election under subsections (a) and (b) above shall be distributed to the Participant in Common Stock as soon as practicable during the month of January of the calendar year immediately following the later of the year in which the Participant last contributed to the Plan or the year in which the Participant terminates his employment with the Corporation or any of its subsidiaries (whether by reason of Retirement or otherwise); provided, however, if the Participant has made an election pursuant to Sections 9(a) (i) or (ii), the distribution shall be made within the 90-day period following a Change in Control, as defined in Section 9(c). Any fractional shares of Common Stock shall be paid in an equivalent cash amount, as determined using the closing price of Common Stock on the trading date next preceding the distribution date.

7. Distribution on Death

(a) Participant Deferred Contribution Amounts. If a Participant

should die before all Participant Deferred Contribution Amounts credited to the Participant's Account have been paid in accordance with the election referred to in Sections 6(a) or 6(b), the balance of the Participant Deferred Contribution Amounts in such Participant's Account shall be paid in cash as soon as practicable following the Participant's death to the beneficiary designated in writing by the Participant and filed with the Plan Administrator; provided, however, if the Participant has made an election pursuant to Sections 9(a)(i) or 9(a)(ii), such amount shall be paid within the 90-day period following a Change in Control, as defined in Section 9(c). If (i) no beneficiary designation has been made, or (ii) the designated beneficiary shall have predeceased the Participant and no further designation has been made, then such balance shall be paid to the estate of the Participant. A Participant may change the designated beneficiary at any time during the Participant's lifetime by filing a subsequent designation in writing with the Plan Administrator.

(b) Plan Employer Contribution Amounts. If a Participant

should die before all Plan Employer Contribution Amounts credited to the Participant's Account have been paid in accordance with the election referred to in Sections 6(a) or 6(b), the balance of the Plan Employer Contribution Amounts in such Participant's Account shall be paid in Common Stock as soon as practicable following the Participant's death to the beneficiary designated in writing by the Participant and filed with the Plan Administrator; provided, however, if the Participant has made an election pursuant to Sections 9(a)(i) or 9(a)(ii), such amount shall be paid within the 90-day period following a Change in Control, as defined in Section 9(c). If (i) no such beneficiary designation has been made, or (ii) the designated beneficiary shall have predeceased the Participant and no further designation has been made, then such balance shall be paid to the estate of the Participant. A Participant may change the designated beneficiary at any time during the Participant's lifetime by filing a subsequent designation in writing with the Plan Administrator. Any fractional shares of Common Stock shall be paid in an equivalent cash amount, as determined using the closing price of Common Stock on the trading date next preceding the distribution date.

8. Payment in the Event of Hardship

Upon receipt of a request from a Participant, delivered in writing to the Plan Administrator along with a Certificate of Unavailability of Resources form, the Plan Administrator, or his designee, may cause the Corporation to accelerate (or require the subsidiary of the Corporation which employs or employed the Participant to accelerate) payment of all or any part of the amount credited to the Participant's Account, including accrued amounts, if it finds in its sole discretion that payment of such amounts in accordance with the Participant's prior election under Sections 6(a) or 6(b) would result in severe financial hardship to the Participant, and such hardship is the result of an unforeseeable emergency caused by circumstances beyond the control of the Participant. Acceleration of payment may not be made under this Section 8 to the extent that such hardship is or may be relieved (a) through reimbursement or compensation by insurance or otherwise, (b) by liquidation of the Participant's assets, to the extent the liquidation of assets would not itself cause severe financial hardship, or

(c) by cessation of deferrals under this Plan or any tax-qualified savings plan of the Corporation or its subsidiaries. Any distribution of Participant Deferred Contribution Amounts pursuant to this Section 8 shall be made in cash, while any distribution of Plan Employer Contribution Amounts pursuant to this Section 8 shall be made in Common Stock. Any fractional shares of Common Stock shall be paid in an equivalent cash amount, as determined using the closing price of Common Stock on the trading date next preceding the distribution date.

9. Change in Control

(a) (i) Initial Lump-Sum Payment Election.

Notwithstanding any election made pursuant to Section 6, any person who becomes eligible to participate in the Plan may file a written election with the Plan Administrator at the time the individual makes an election to participate pursuant to Section 3(a) to have the aggregate amount credited to the Participant's Account (commencing with the date on which such written election is filed) paid in one-lump sum payment as soon as practicable following a Change in Control, but in no event later than 90 days after such Change in Control. Any distribution of Participant Deferred Contribution Amounts pursuant to this Section 9 shall be made in cash, while any distribution of Plan Employer Contribution Amounts pursuant to this Section 9 shall be made in Common Stock (or the common stock of any successor corporation issued in exchange for, or with respect to, Common Stock incident to the Change in Control). Any fractional shares of Common Stock (or the common stock of any successor corporation issued in exchange for, or with respect to, Common Stock incident to the Change in Control) shall be paid in an equivalent cash amount.

(a) (ii) Subsequent Lump-Sum Payment Election. A

Participant who did not make an election pursuant to Section 9(a) (i) or who has revoked, pursuant to Section 9(a) (iii), an election previously made under Section 9(a) (i) or this Section 9(a) (ii) may, prior to the earlier of a Change in Control or the beginning of the calendar year in which the election is to take effect, elect to have the aggregate amount credited to the Participant's Account for all calendar years commencing with the first calendar year beginning after the date the election is made, paid in one lump-sum payment as soon as practicable following a Change in Control, but in no event later than 90 days after such Change in Control. Amounts credited to the Participant's Account prior to the effective date of the election made pursuant to this Section 9(a) (ii) shall not be affected by such election and shall be distributed following a Change in Control in accordance with any prior election in effect under Sections 9(a) (i) or 9(a) (ii).

(a) (iii) Revocation of Lump-Sum Payment Elections. A

Participant may, prior to the earlier of a Change in Control or the beginning of any calendar year, file an election revoking any election made pursuant to Sections 9(a) (i) or 9(a) (ii), with respect to amounts credited to the Participant's Account commencing with the first calendar year beginning after the election is made. Amounts credited to the Participant's Account prior to the effective date of the election made pursuant to this Section 9(a) (iii) shall not be affected by such election and shall be distributed following a Change in Control in accordance with any prior election in effect under Sections 9(a) (i) or 9(a) (ii).

(b) Interest Equivalents. Notwithstanding anything to the

contrary in the Plan, after a Change in Control, the Plan may not provide, or be amended to provide, interest accruals with

respect to Participant Deferred Contributions at rates lower than the rates in effect under Section 5 immediately prior to the Change in Control.

(c) Definition of Change in Control. For purposes of the Plan,

a Change in Control is deemed to occur at the time (i) when any entity, person or group (other than the Corporation, any subsidiary or any savings, pension or other benefit plan for the benefit of employees of the Corporation or its subsidiaries) which therefore beneficially owned less than 30% of the common stock then outstanding acquires shares of Common Stock in a transaction or series of transactions that results in such entity, person or group directly or indirectly owning beneficially 30% or more of the outstanding Common Stock, (ii) of the purchase of shares of Common Stock pursuant to a tender offer or exchange offer (other than an offer by the Corporation) for all, or any part of, the Common Stock, (iii) of a merger in which the Corporation will not survive as an independent, publicly owned corporation, a consolidation, or a sale, exchange or other disposition of all or substantially all of the Corporation's assets, (iv) of a substantial change in the composition of the Board during any period of two consecutive years such that individuals who at the beginning of such period were members of the Board cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election by the stockholders of the Corporation, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period, or (v) of any transaction or other event which the Corporate Governance Committee of the Board, in its discretion, determines to be a Change in Control for purposes of the Plan.

10. Administration

(a) Plan Administrator. The Plan Administrator and "named

fiduciary" for purposes of ERISA shall be the Senior Vice President-Human Resources and Communications of the Corporation (or the person acting in such capacity in the event such position is abolished, restructured or renamed). The Plan Administrator shall have the authority to appoint one or more other named fiduciaries of the Plan and to designate persons, other than named fiduciaries, to carry out fiduciary responsibilities under the Plan, pursuant to Section 405(c)(1)(B) of ERISA. Any person acting on behalf of the Plan Administrator shall serve without additional compensation. The Plan Administrator shall keep or cause to be kept such records and shall prepare or cause to be prepared such returns or reports as may be required by law or necessary for the proper administration of the Plan.

(b) Powers and Duties of Plan Administrator. The Plan

Administrator shall have the full discretionary power and authority to construe and interpret the Plan (including, without limitation, supplying omissions from, correcting deficiencies in, or resolving inconsistencies or ambiguities in, the language of the Plan); to determine all questions of fact arising under the Plan, including questions as to eligibility for and the amount of benefits; to establish such rules and regulations (consistent with the terms of the Plan) as it deems necessary or appropriate for administration of the Plan; to delegate responsibilities to others to assist it in administering the Plan; to retain attorneys, consultants, accountants or other persons (who may be employees of the Corporation and its subsidiaries) to render advice and assistance as it shall determine to be necessary to effect the proper discharge of any duty for which it is responsible; and to perform all other acts it believes reasonable and proper in connection with the administration of the Plan.

The Plan Administrator shall be entitled to rely on the records of the Corporation and its subsidiaries in determining any Participant's entitlement to and the amount of benefits payable under the Plan. Any determination of the Plan Administrator, including interpretations of the Plan and determinations of questions of fact, shall be final and binding on all parties.

(c) Indemnification. To the extent permitted by law, the

Corporation shall indemnify the Plan Administrator from all claims for liability, loss, or damage (including payment of expenses in connection with defense against such claims) arising from any act or failure to act in connection with the Plan.

11. Claims Procedures and Appeals

(a) Any request or claim for Plan benefits must be made in writing and shall be deemed to be filed by a Participant when a written request is made by the claimant or the claimant's authorized representative which is reasonably calculated to bring the claim to the attention of the Plan Administrator.

(b) The Plan Administrator shall provide notice in writing to any Participant when a claim for benefits under the Plan has been denied in whole or in part. Such notice shall be provided within 90 days of the receipt by the Plan Administrator of the Participant's claim or, if special circumstances require, and the Participant is so notified in writing, within 180 days of the receipt by the Plan Administrator of the Participant's claim. The notice shall be written in a manner calculated to be understood by the claimant and shall:

(i) set forth the specific reasons for the denial of benefits;

(ii) contain specific references to Plan provisions relative to the denial;

(iii) describe any material and information, if any, necessary for the claim for benefits to be allowed, that had been requested, but not received by the Plan Administrator; and

(iv) advise the Participant that any appeal of the Plan Administrator's adverse determination must be made in writing to the Plan Administrator within 60 days after receipt of the initial denial notification, and must set forth the facts upon which the appeal is based.

(c) If notice of the denial of a claim is not furnished within the time periods set forth above, the claim shall be deemed denied and the claimant shall be permitted to proceed to the review procedures set forth below. If the Participant fails to appeal the Plan Administrator's denial of benefits in writing and within 60 days after receipt by the claimant of written notification of denial of the claim (or within 60 days after a deemed denial of the claim), the Plan Administrator's determination shall become final and conclusive.

(d) If the Participant appeals the Plan Administrator's denial of benefits in a timely fashion, the Plan Administrator shall re-examine all issues relevant to the original denial of benefits. Any such claimant, or his or her duly authorized representative, may review any

pertinent documents, as determined by the Plan Administrator, and submit in writing any issues or comments to be addressed on appeal.

(e) The Plan Administrator shall advise the Participant and such individual's representative of its decision, which shall be written in a manner calculated to be understood by the claimant, and include specific references to the pertinent Plan provisions on which the decision is based. Such response shall be made within 60 days of receipt of the written appeal, unless special circumstances require an extension of such 60-day period for not more than an additional 60 days. Where such extension is necessary, the claimant shall be given written notice of the delay. If the decision on review is not furnished within the time set forth above, the claim shall be deemed denied on review.

(f) Any dispute, controversy, or claim arising out of or relating to any Plan benefit, including, without limitation, any dispute, controversy or claim as to whether the decision of the Plan Administrator respecting the benefits under this Plan or interpretation of this Plan is arbitrary and capricious, that is not settled in accordance with the procedures outlined in this Section 11, shall be settled by final and binding arbitration in accordance with the American Arbitration Association Employment Dispute Resolution or other applicable Rules. Before resorting to arbitration, an aggrieved Participant must first follow the review procedure outlined in this Section of the Plan. If there is still a dispute after the procedures in this Section have been exhausted, the Participant must request arbitration in writing within six (6) months after the Plan Administrator issues, or is deemed to have issued, its determination under subparagraph (e) above.

The arbitrator shall be selected by mutual agreement of the parties, if possible. If the parties fail to reach agreement upon appointment of an arbitrator within 30 days following receipt by one party of the other party's notice of desire to arbitrate, the arbitrator shall be selected from a panel or panels of persons submitted by the American Arbitration Association (the "AAA"). The selection process shall be that which is set forth in the AAA Employment Dispute Resolution Rules, except that, if the parties fail to select an arbitrator from one or more panels, AAA shall not have the power to make an appointment but shall continue to submit additional panels until an arbitrator has been selected.

All fees and expenses of the arbitration, including a transcript if requested, will be borne by the Corporation. The arbitrator shall have no power to amend, add to or subtract from this Plan. The award shall be admissible in any court or agency action seeking to enforce or render unenforceable this Plan or any portion thereof. Any action to enforce or vacate the arbitrator's award shall be governed by the Federal Arbitration Act if applicable.

12. Miscellaneous.

(a) Anti-Alienation. The right of a Participant to receive any

amount credited to the Participant's Account shall not be transferable or assignable by the Participant, except by will or by the laws of descent and distribution. To the extent that any person acquires a right to receive any amount credited to a Participant's Account hereunder, such right shall be no greater than that of an unsecured general creditor of the Corporation. Except as expressly provided herein, any

person having an interest in any amount credited to a Participant's Account under the Plan shall not be entitled to payment until the date the amount is due and payable. No person shall be entitled to anticipate any payment by assignment, pledge or transfer in any form or manner prior to actual or constructive receipt thereof.

(b) Unsecured General Creditor. Neither the Corporation nor

any of its subsidiaries shall be required to reserve or otherwise set aside funds, Common Stock or other assets for the payment of its obligations hereunder. However, the Corporation or any subsidiary may, in its sole discretion, establish funds for payment of its obligations hereunder. Any such funds shall remain assets of the Corporation or such subsidiary, as the case may be, and subject to the claims of its general creditors. Such funds, if any, shall not be deemed to be assets of the Plan. The Plan is intended to be unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended.

(c) Withholding. The Corporation shall withhold from any

distribution made from Participant Deferred Contribution Amounts the amount necessary to satisfy applicable federal, state and local tax withholding requirements. With respect to distributions of Plan Employer Contribution Amounts, the delivery of the shares of Common Stock shall be delayed until the Participant makes arrangements, pursuant to procedures to be adopted by the Plan Administrator, to satisfy the applicable federal, state and local tax withholding requirements.

(d) Termination and Amendment. The Corporation may at any

time amend or terminate the Plan. No amendment or termination shall impair the rights of a Participant with respect to amounts then credited to the Participant's Account.

(e) Benefit Statements. Each Participant will receive periodic

statements (not less frequently than annually) regarding the Participant's Account. Each such statement shall indicate the amount of the balances credited to the Participant's Account as of the end of the period covered by such statement.

(f) Legal Interpretation. This Plan and its provisions shall

be construed in accordance with the laws of the State of Delaware to the extent such Delaware law is not inconsistent with the provisions of ERISA. The text of this Plan shall, to the extent permitted by law, govern the determination of the rights and obligations created or referred to herein. Headings to the Sections, paragraphs and subparagraphs are for reference purposes only and do not limit or extend the meaning of any of the Plan's provisions.

(g) Employment. The adoption and maintenance of this Plan

shall not be deemed to constitute a contract between the Corporation or its subsidiaries and any employee or to be a consideration for or condition of employment of any person. No provision of the Plan shall be deemed to give any employee the right to continue in the employ of the Corporation or its subsidiaries or to interfere with the right of the Corporation or its subsidiaries to discharge any employee at any time without regard to the effect which such discharge might have upon the employee's participation in the Plan or benefits under it.

(h) Fiduciary Capacities. Any person or group of persons

may serve in more than one fiduciary capacity with respect to the Plan. For purposes of this Section 12(h), the term "fiduciary" shall have the same meaning as in ERISA.

(i) Participants Subject to Section 16. Notwithstanding

anything herein to the contrary, if any request, election or other action under the Plan affecting a Participant subject to Section 16 of the Securities Exchange Act of 1934 should require the approval of the Committee to exempt such request, election or other action from potential liability under Section 16, then the approval of the Committee shall be obtained in lieu of the approval of the Plan Administrator.

Summary of the Long Term Performance Plan for Key Executives
Of Honeywell International Inc.

The Long Term Performance Plan of Honeywell International Inc. (formerly AlliedSignal Inc.) became effective January 1, 1998 and was terminated December 31, 1999 as a result of integration of compensation programs following the merger involving AlliedSignal and Honeywell; however, participants will receive any applicable performance payments based on performance in 1998 and 1999 in the first quarter of 2001. The Plan offered the Presidents of strategic business units and the Vice Presidents of Growth and Six Sigma & Productivity with cash payments based on the operating performance of the corporation and/or their respective strategic business units.

The Plan originally provided that participants would receive payments in the first quarter of 2001 based on operating performance during the three years ended December 31, 2000. With the termination of the Plan effective December 31, 1999, participants will receive payments in the first quarter of 2001 based on operating performance during a shortened two-year measurement period ended December 31, 1999.

Payments are based on the realization of net income and revenue targets for both the strategic business unit for which the participant is responsible, if any, and the corporation as a whole for the measurement period. Based on the percentage realization of the targets, participants may receive payments equal to between 0% and 200% of their cumulative cash earnings (base pay plus actual bonus) during the measurement period. Individual behaviors, acquisitions and divestitures, and other relevant factors may be taken into account in determining the payment.

May 12, 2000

Securities and Exchange Commission
450 Fifth Street
Washington, DC 20549

Commissioners:

We are aware that our report dated May 5, 2000 on our review of interim financial information of Honeywell International Inc. for the period ended March 31, 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, 333-31368, 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) on Form S-4 (No. 333-82049) and on Form S-8 (filed as an amendment to Form S-14, No. 2-99416-01).

Very truly yours,

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

This schedule contains summary financial information extracted from the consolidated balance sheet at March 31, 2000 and the consolidated statement of income for the three months ended March 31, 2000 and is qualified in its entirety by reference to such financial statements.

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3-MOS	DEC-31-2000	
	MAR-31-2000	
		1,000
		0
		3,690
		93
		3,744
		9,750
		12,767
		7,130
		24,837
	8,314	
		3,477
	0	
		0
		958
		7,987
24,837		
		6,044
	6,044	
		4,450
		4,450
		0
		0
	111	
		739
		233
	506	
		0
		0
		0
		506
		0.64
		0.63