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

FORM 10-Q

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

For the quarterly period ended June 30, 2001

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 X NO

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

Class of Common Stock	Outstanding at June 30, 2001
$1 par value	811,615,947 shares

Honeywell International Inc.

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This report contains certain statements that may be deemed "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are based upon certain assumptions and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. The forward-looking statements included in this report are also subject to a number of material risks and uncertainties, including but not limited to economic, competitive, governmental and technological factors affecting our operations, markets, products, services and prices. Such forward-looking statements are not guarantees of future performance and actual results, developments and business decisions may differ from those envisaged by such forward-looking statements.

ITEM 1. FINANCIAL STATEMENTS

Honeywell International Inc.
Consolidated Balance Sheet
(Unaudited)

	June 30, 2001	December 31, 2000
	(Dollars in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,230	$ 1,196
Accounts and notes receivable	4,122	4,623
Inventories	3,740	3,734
Other current assets	1,224	1,108
Total current assets	10,316	10,661
Investments and long-term receivables	606	748
Property, plant and equipment - net	5,111	5,230
Goodwill and other intangible assets - net	5,874	5,898
Other assets	3,028	2,638
Total assets	$24,935	$25,175
LIABILITIES		
Current liabilities:		
Accounts payable	$ 2,130	$ 2,364
Short-term borrowings	364	110
Commercial paper	1,168	1,192
Current maturities of long-term debt	405	380
Accrued liabilities	3,579	3,168
Total current liabilities	7,646	7,214
Long-term debt	3,503	3,941
Deferred income taxes	1,065	1,173
Postretirement benefit obligations other than pensions	1,885	1,887
Other liabilities	1,316	1,253
SHAREOWNERS' EQUITY		
Capital - common stock issued	958	958
- additional paid-in capital	2,930	2,782
Common stock held in treasury, at cost	(4,281)	(4,296)
Accumulated other nonowner changes	(866)	(729)
Retained earnings	10,779	10,992
Total shareowners' equity	9,520	9,707
Total liabilities and shareowners' equity	$24,935	$25,175

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

Honeywell International Inc.
Consolidated Statement of Income
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
	(Dollars in millions, except per share amounts)			
Net sales	$6,066	$6,309	$12,010	$12,353
Costs, expenses and other				
Cost of goods sold	5,067	4,671	10,040	9,121
Selling, general and administrative expenses	837	763	1,605	1,521
(Gain) on sale of non-strategic businesses	-	(112)	-	(112)
Equity in (income) loss of affiliated companies	85	(14)	188	(18)
Other (income) expense	(14)	(3)	(18)	(13)
Interest and other financial charges	103	129	214	240
	6,078	5,434	12,029	10,739
Income (loss) before taxes on income	(12)	875	(19)	1,614
Taxes (benefit) on income	(62)	258	(110)	491
Net income	$ 50	$ 617	$ 91	$ 1,123
Earnings per share of common stock - basic	$ 0.06	$ 0.77	$ 0.11	$ 1.41
Earnings per share of common stock - assuming dilution	$ 0.06	$ 0.76	$ 0.11	$ 1.39
Cash dividends per share of common stock	$.1875	$.1875	$ .3750	$ .3750

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

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

	Six Months Ended June 30,	
	2001	2000
	(Dollars in millions)	
Cash flows from operating activities:		
Net income	$ 91	$ 1,123
Adjustments to reconcile net income to net cash provided by operating activities:		
(Gain) on sale of non-strategic businesses	--	(112)
Repositioning and other charges	1,247	96
Depreciation and amortization	477	529
Undistributed earnings of equity affiliates	17	20
Deferred income taxes	(265)	39
Net taxes paid on sales of businesses	(12)	(62)
Other	(455)	(356)
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:		
Accounts and notes receivable	393	98
Inventories	(61)	(3)
Other current assets	48	(61)
Accounts payable	(218)	31
Accrued liabilities	(485)	(504)
Net cash provided by operating activities	777	838
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(385)	(355)
Proceeds from disposals of property, plant and equipment	45	61
(Increase) in investments	--	(2)
Cash paid for acquisitions	(110)	(2,466)
Proceeds from sales of businesses	--	296
(Increase) in short-term investments	--	(16)
Net cash (used for) investing activities	(450)	(2,482)
Cash flows from financing activities:		
Net (decrease) increase in commercial paper	(24)	74
Net increase (decrease) in short-term borrowings	253	(145)
Proceeds from issuance of common stock	62	81
Proceeds from issuance of long-term debt	--	1,051
Payments of long-term debt	(401)	(151)
Repurchases of common stock	(30)	--
Cash dividends on common stock	(153)	(298)
Net cash (used for) provided by financing activities	(293)	612
Net increase (decrease) in cash and cash equivalents	34	(1,032)
Cash and cash equivalents at beginning of year	1,196	1,991
Cash and cash equivalents at end of period	$ 1,230	$ 959

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 June 30, 2001 and the results of operations for the three and six months ended June 30, 2001 and 2000 and cash flows for the six months ended June 30, 2001 and 2000. The results of operations for the three- and six-month periods ended June 30, 2001 should not necessarily be taken as indicative of the results of operations that may be expected for the entire year 2001.

The financial information as of June 30, 2001 should be read in conjunction with the financial statements contained in our Annual Report on Form 10-K for 2000.

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

	June 30, 2001	December 31, 2000
Trade	$3,613	$3,967
Other	621	755
	4,234	4,722
Less - Allowance for doubtful accounts and refunds	(112)	(99)
	$4,122	$4,623

NOTE 3. Inventories consist of the following:

	June 30, 2001	December 31, 2000
Raw materials	$1,174	$1,262
Work in process	915	809
Finished products	1,827	1,797
	3,916	3,868
Less - Progress payments	(38)	(5)
Reduction to LIFO cost basis	(138)	(129)
	$3,740	$3,734

NOTE 4. Total nonowner changes in shareowners' equity consist of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Net income	$ 50	$ 617	$ 91	$1,123
Foreign exchange translation adjustments	(59)	(133)	(133)	(159)
Derivatives qualifying as hedges	--	--	(4)	--
Unrealized holding gains on securities available for sale	--	12	--	2
	$ (9)	$ 496	$(46)	$ 966

NOTE 5. Segment financial data follows:

	Three Months Ended June 30, 2001	Three Months Ended June 30, 2000	Six Months Ended June 30, 2001	Six Months Ended June 30, 2000
Net sales				
Aerospace Solutions	$2,532	$2,454	$ 4,943	$ 4,850
Automation & Control	1,781	1,880	3,529	3,580
Performance Materials	875	1,061	1,788	2,086
Power & Transportation Products	866	895	1,726	1,799
Corporate	12	19	24	38
	$6,066	$6,309	$12,010	$12,353
Segment profit				
Aerospace Solutions	$ 504	$ 546	$ 955	$ 1,039
Automation & Control	186	275	374	465
Performance Materials	38	107	76	202
Power & Transportation Products	63	82	113	170
Corporate	(56)	(39)	(85)	(69)
Total Segment Profit	735	971	1,433	1,807
Gain on sale of non-strategic businesses	--	112	--	112
Equity in income (loss) of affiliated companies	(7)	14	(15)	18
Other income	14	3	23	13
Interest and other financial charges	(103)	(129)	(214)	(240)
Cumulative effect of accounting change	--	--	1	--
Repositioning and other charges	(651)	(96)	(1,247)	(96)
Income (loss) before taxes on income	$ (12)	$ 875	$ (19)	$ 1,614

NOTE 6. The details of the earnings per share calculations for the three- and six-month periods ended June 30, 2001 and 2000 follow:

	Three Months			Six Months		
	Income	Average Shares	Per Share Amount	Income	Average Shares	Per Share Amount
2001						
Earnings per share of common stock - basic	$50	811.4	$0.06	$91	810.4	$0.11
Dilutive securities issuable in connection with stock plans		5.3			5.5	
Earnings per share of common stock - assuming dilution	$50	816.7	$0.06	$91	815.9	$0.11

	Three Months			Six Months		
	Income	Average Shares	Per Share Amount	Income	Average Shares	Per Share Amount
2000						
Earnings per share of common stock - basic	$617	799.8	$0.77	$1,123	798.2	$1.41
Dilutive securities issuable in connection with stock plans		10.7			10.5	
Earnings per share of common stock - assuming dilution	$617	810.5	$0.76	$1,123	808.7	$1.39

The diluted earnings per share calculation excludes the effect of stock options when the options' exercise prices exceed the average market price of the common shares during the period. For the three- and six-month periods ended June 30, 2001, the number of stock options not included in the computations were 15.4 and 15.5 million, respectively. For the three- and six-month periods ended June 30, 2000, the number of stock options not included in the computations were 13.0 and 13.1 million, respectively. These stock options were outstanding at the end of each of the respective periods.

NOTE 7. On October 22, 2000, Honeywell and General Electric Company (GE) entered into an Agreement and Plan of Merger (Merger Agreement) providing for a business combination between Honeywell and GE. On July 3, 2001, the European Commission issued its decision prohibiting the proposed merger. Approval by the European Commission was a condition for completion of the merger. Honeywell and GE have given their consent that each may engage in certain activities prior to any termination of the Merger Agreement without violating its terms. The consent covers employment-related issues, acquisitions or dispositions of businesses and the issuance or acquisition of securities. The consent otherwise preserves the parties' rights under the Merger Agreement.

Under the terms of the Merger Agreement, a wholly-owned subsidiary of GE was to be merged with and into Honeywell, and Honeywell would become a wholly-owned subsidiary of GE and each issued and outstanding share of common stock of Honeywell would have been converted into the right to receive 1.055 shares of common stock of GE, with fractional shares paid in cash. The Merger Agreement provides for payment of a $1.35 billion termination fee by Honeywell under certain circumstances. In connection with the execution of the Merger Agreement, Honeywell and GE entered into a stock option agreement pursuant to which Honeywell granted to GE an option to purchase up to 19.9 percent of Honeywell's outstanding shares of common stock. The option is exercisable in the same circumstances under which Honeywell is required to pay to GE the $1.35 billion termination fee.

NOTE 8. Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended (SFAS No. 133), was adopted by Honeywell as of January 1, 2001. SFAS No. 133 requires all derivatives to be recorded on the balance sheet as assets or liabilities, measured at fair value. For derivatives designated as hedging the value of assets or liabilities, the changes in the fair values of both the derivatives and the hedged items are recorded in current earnings. For derivatives designated as cash flow hedges, the effective portion of the changes in fair value of the derivatives are recorded in other nonowner changes and subsequently recognized in earnings when the hedged items impact income. Changes in the fair value of derivatives not designated as hedges and the ineffective portion of cash flow hedges are recorded in current earnings.

As a result of our global operating and financing activities, we are exposed to market risks from changes in interest and foreign currency exchange rates, which may adversely affect our operating results and financial position. As discussed more fully in Note 18 of our 2000 Annual Report on Form 10-K, we minimize our risks from interest and foreign currency exchange rate fluctuations through our normal operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. The January 1, 2001 accounting change described above affected only the pattern and timing of non-cash accounting recognition.

The adoption of SFAS No. 133 as of January 1, 2001 resulted in a cumulative effect adjustment of $1 million of income that is included in other (income) expense. Additionally, this accounting change did not significantly impact operating results for the three- and six-month periods ended June 30, 2001 and is not expected to significantly impact future operating results.

NOTE 9. In the second quarter of 2001, we recognized a repositioning charge of $151 million for the impairment of three manufacturing facilities and related workforce reductions in our Performance Materials business segment. The repositioning charge also included workforce reductions principally in our Aerospace Electronic Systems, Home & Building Control and Transportation and Power Systems businesses. The announced workforce reductions consisted of approximately 1,700 manufacturing and administrative positions which are expected to be substantially completed by December 31, 2001. The components of the charge included severance costs of $54 million, asset impairments of $84 million and other exit costs of $13 million. Also, $28 million of accruals established in prior periods, principally for severance, were returned to income in the second quarter of 2001 due to higher than expected voluntary attrition in the Aerospace Solutions, Performance Materials and Corporate reportable segments.

In the first quarter of 2001, we recognized a repositioning charge of $297 million for the costs of actions designed to reduce our cost structure and improve

our future profitability. These actions consisted of announced global workforce reductions of approximately 6,500 manufacturing and administrative positions across all of our reportable segments which are expected to be substantially completed by December 31, 2001. The repositioning charge also included asset impairments and other exit costs related to plant closures and the rationalization of manufacturing capacity and infrastructure principally in our Performance Polymers & Chemicals, Electronic Materials, Transportation and Power Systems and Automotive Consumer Products Group businesses. The components of the charge included severance costs of $259 million, asset impairments of $24 million and other exit costs of $14 million.

As disclosed in our 2000 Annual Report on Form 10-K, we recognized repositioning charges totaling $338 million in 2000 ($96 million were recognized in the three- and six-month periods ended June 30, 2000). The components of the charges included severance costs of $157 million, asset impairments of $141 million and other exit costs of $40 million. The workforce reductions consisted of approximately 2,800 manufacturing and administrative positions and are substantially complete. Also, $46 million of accruals established in 1999, principally for severance, were returned to income in 2000 due to higher than expected voluntary employee attrition resulting in reduced severance liabilities.

The following table summarizes the status of our total repositioning costs.

	Severance Costs	Asset Impairments	Exit Costs	Total
Balance at December 31, 2000	$236	$ -	$80	$316
2001 charges	313	108	27	448
2001 usage	(155)	(108)	(18)	(281)
Adjustments	(27)	-	(1)	(28)
Balance at June 30, 2001	$367	$ -	$88	$455

In the second quarter of 2001, we recognized other charges consisting of $42 million of transaction expenses related to the proposed merger with GE, customer and employee claims and loss contracts of $140 million, probable and reasonably estimable legal and environmental claims of $162 million, and $167 million of other write-offs principally related to tangible and intangible asset impairments, including receivables and inventory. We also recognized a charge of $17 million related to an other than temporary decline in value of an equity investment.

In the first quarter of 2001, we recognized other charges consisting of customer claims and settlements of contracts and contingent liabilities of $148 million and write-offs of customer receivables and inventories of $50 million. We also recognized charges of $95 million related to an other than temporary decline in value of an equity investment and an equity investee's loss contract. We also redeemed our $200 million 5 3/4% dealer remarketable securities due 2011, resulting in a loss of $6 million.

The following table summarizes the pretax impact of repositioning and other charges by reportable business segment:

	Periods Ended June 30,			
	Three Months		Six Months	
	2001	2000	2001	2000
Aerospace Solutions	$ 72	$ -	$ 152	$ -
Automation & Control	195	17	468	17
Performance Materials	126	74	210	74
Power & Transportation Products	33	5	127	5
Corporate	225	-	290	-
	$651	$ 96	$1,247	$ 96

The following table summarizes the pretax distribution of repositioning and other charges by income statement classification.

	Periods Ended June 30,			
	Three Months		Six Months	
	2001	2000	2001	2000
Cost of goods sold	$508	$96	$ 982	$96
Selling, general and administrative expense	65	-	86	-
Equity in (income) loss of affiliated companies	78	-	173	-
Other (income) expense	-	-	6	-
	$651	$96	$1,247	$96

NOTE 10. LITTON LITIGATION - On March 13, 1990, Litton Systems, Inc. (Litton) filed a legal action against Honeywell Inc. (former Honeywell) in U.S. District Court, Central District of California, Los Angeles (the trial court) with claims that were subsequently split into two separate cases. One alleges patent infringement under federal law for using an ion-beam process to coat mirrors incorporated in the former Honeywell's ring laser gyroscopes, and tortious interference under state law for interfering with Litton's prospective advantage with customers and contractual relationships with an inventor and his company, Ojai Research, Inc. The other case alleges monopolization and attempted monopolization under federal antitrust laws by the former Honeywell in the sale of inertial reference systems containing ring laser gyroscopes into the commercial aircraft market. The former Honeywell generally denied Litton's allegations in both cases. In the patent/tort case, the former Honeywell also contested the validity as well as the infringement of the patent, alleging, among other things, that the patent had been obtained by Litton's inequitable conduct before the United States Patent and Trademark Office.

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

reversed on appeal, the former Honeywell should at least be granted a new trial on the issue of damages because the jury's award was inconsistent with the clear weight of the evidence and based upon a speculative damage study.

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

On March 17, 1997, the U.S. Supreme Court granted the former Honeywell's petition for review and vacated the July 3, 1996 Federal Circuit panel decision. The case was remanded to the Federal Circuit panel for reconsideration in light of a recent decision by the U.S. Supreme Court in the Warner-Jenkinson vs. Hilton Davis case, which refined the law concerning patent infringement under the doctrine of equivalents. On March 21, 1997, Litton filed a notice of appeal to the Federal Circuit of the trial court's December 23, 1996 decision to deny injunctive relief, but the Federal Circuit stayed any briefing or consideration of that matter until such time as it completed its reconsideration of liability issues ordered by the U.S. Supreme Court.

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

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

On February 5, 2001, a three judge panel of the Federal Circuit court affirmed the trial court's rulings granting the former Honeywell's Motion for Judgment as a Matter of Law and Summary Judgment on the patent claims, agreeing that the former Honeywell did not infringe. On the state law claims, the panel vacated the jury's verdict in favor of Litton, reversed the trial court's grant of judgment as a matter of law for the former Honeywell, and remanded the case to the trial court for further proceedings under state law to resolve certain factual issues that it held should have been submitted to the jury. Litton has sought review of this decision by the U.S. Supreme Court.

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 do not expect that in the absence of any patent infringement Litton will be able to prove any tortious conduct by the former Honeywell under state law that interfered with Litton's contracts or business prospects. We 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 whether Litton's appeal to the U.S. Supreme Court will succeed, 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 our 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 is 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 the appeals, potential remains for an adverse outcome which could be material to our financial position or results of operations. As a result of the uncertainty regarding the outcome of this matter, no provision has been made in our financial statements with respect to this contingent liability. We also believe that it would be inappropriate for Litton to obtain recovery of the same damages, e.g. losses it suffered due to the former Honeywell's sales of ring laser gyroscope-based inertial systems to OEMs and airline customers, under multiple legal theories, claims, and cases, and that eventually any duplicative recovery would be eliminated from the antitrust and patent/tort cases.

SHAREOWNER LITIGATION - Honeywell and seven of its current and former officers were named as defendants in several purported class action lawsuits filed in the United States District Court for the District of New Jersey (the Securities Law Complaints). The Securities Law Complaints principally allege that the defendants violated federal securities laws by purportedly making false and misleading statements and by failing to disclose material information concerning Honeywell's financial performance, thereby allegedly causing the value of Honeywell's stock to be artificially inflated. The purported class period for which damages are sought is December 20, 1999 to June 19, 2000.

In addition, Honeywell, seven of its current and former officers and its Board of Directors have been named as defendants in a purported shareowner derivative action which was filed on November 27, 2000 in the United States District Court for the District of New Jersey (the Derivative Complaint). The Derivative Complaint alleges a single claim for breach of fiduciary duty based on nearly identical allegations to those set forth in the Securities Law Complaints.

We believe that there is no factual or legal basis for the allegations in the Securities Law Complaints and the Derivative Complaint. Although it is not possible at this time to predict the result of these cases, we expect to prevail. However, an adverse outcome 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 our financial statements with respect to this contingent liability.

ENVIRONMENTAL MATTERS - We are subject to various federal, state and local government requirements relating to the protection of employee health and safety and the environment. We believe that, as a general matter, our policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage and personal injury to our employees and employees of our customers and that our handling, manufacture, use and disposal of hazardous or toxic substances are in accord with environmental laws and regulations. However, mainly because of past operations and operations of predecessor companies, we, like other companies engaged in similar businesses, have incurred remedial response and voluntary cleanup costs for site contamination and are a party to lawsuits and claims associated with environmental matters, including past production of products containing asbestos and other toxic substances. Additional lawsuits, claims and

costs involving environmental matters are likely to continue to arise in the future.

With respect to environmental matters involving site contamination, we continually conduct studies, individually at our owned sites, and jointly as a member of industry groups at non-owned sites, to determine the feasibility of various remedial techniques to address environmental matters. With respect to environmental matters involving the production of products containing asbestos and other toxic substances, we believe that the costs of defending and resolving such matters will be largely covered by insurance, subject to deductibles, exclusions, retentions and policy limits. It is our policy to record appropriate liabilities for environmental matters when environmental assessments are made or remedial efforts or damage claim payments are probable and the costs can be reasonably estimated. With respect to site contamination, the timing of these accruals is generally no later than the completion of feasibility studies. We expect that we will be able to fund expenditures for these matters from operating cash flow. The timing of cash expenditures depends on a number of factors, including the timing of litigation and settlements of personal injury and property damage claims, insurance recoveries, regulatory approval of cleanup projects, remedial techniques to be utilized and agreements with other parties.

A charge against pretax earnings of $162 million for legal and environmental claims is included in the charge for the three-month period ended June 30, 2001 described in Note 9 on page 9 of this Form 10-Q. Although we do not currently possess sufficient information to reasonably estimate the amounts of liabilities to be recorded upon future completion of studies, litigation or settlements, and neither the timing nor the amount of the ultimate costs associated with environmental matters can be determined, they could be material to our consolidated results of operations. However, considering our past experience, insurance coverage and reserves, we do not expect that these matters will have a material adverse effect on our consolidated financial position.

Report of Independent Accountants

To the Board of Directors and Shareowners
of Honeywell International Inc.

We have reviewed the accompanying consolidated balance sheet of Honeywell International Inc. and its subsidiaries as of June 30, 2001, and the related consolidated statements of income for each of the three-month and six-month periods ended June 30, 2001 and 2000 and the consolidated statements of cash flows for the six-month periods ended June 30, 2001 and 2000. 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 accounting principles generally accepted in the United States of America.

We previously audited in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 2000, 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 February 9, 2001, 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, 2000, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers LLP
Florham Park, NJ
August 7, 2001

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

A. RESULTS OF OPERATIONS - SECOND QUARTER 2001 COMPARED WITH SECOND QUARTER 2000

Net sales in the second quarter of 2001 were $6,066 million, a decrease of $243 million, or 4 percent compared with the second quarter of 2000. The decrease in sales is attributable to the following:

Acquisitions	- %
Divestitures	(2)
Volume/price	-
Foreign exchange	(2)
	(4)%

Segment profit in the second quarter of 2001 was $735 million, a decrease of $236 million, or 24 percent compared with the second quarter of 2000. Segment profit margin for the second quarter of 2001 was 12.1 percent compared with 15.4 percent for the second quarter of 2000. The decrease in segment profit in the second quarter of 2001 was principally the result of a substantial decline in segment profit for the Automation & Control, Performance Materials and Power & Transportation Products segments. The Aerospace Solutions segment and Corporate also had lower segment profit. Segment profit is discussed in detail by segment in the Review of Business Segments section below.

(Gain) on sale of non-strategic businesses of $112 million in the second quarter of 2000 represents the pretax gain on the government-mandated divestiture of the former Honeywell's TCAS product line in connection with the merger of AlliedSignal and Honeywell Inc. in December 1999.

Equity in (income) loss of affiliated companies was a loss of $85 million in the second quarter of 2001 compared with income of $14 million in the second quarter of 2000. The second quarter of 2001 included a charge of $78 million related to an other than temporary decline in value of an equity investment, impairment of an equity investee's manufacturing facility and an equity investee's severance charges. Excluding this charge, equity in (income) loss of affiliated companies was a loss of $7 million in the second quarter of 2001 compared with income of $14 million in the second quarter of 2000. The decrease of $21 million in equity income was due mainly to lower earnings from joint ventures in our Performance Polymers & Chemicals and Home & Building Control businesses.

Other (income) expense, $14 million of income in the second quarter of 2001, increased by $11 million compared with the second quarter of 2000 due principally to lower minority interest expense.

Interest and other financial charges of $103 million in the second quarter of 2001 decreased by $26 million, or 20 percent compared with the second quarter of 2000 due principally to lower average debt outstanding and lower average interest rates in the current period.

The effective tax rate in both the second quarter of 2001 and 2000 includes the impact of repositioning and other charges, while the effective tax rate in the second quarter of 2000 also includes the impact of the gain on the disposition of the TCAS product line of the former Honeywell. Excluding the impact of these items in both periods, the effective tax rate was 29.6 percent in both the second quarter of 2001 and 2000.

Net income of $50 million, or $0.06 per share, in the second quarter of 2001 compared with net income of $617 million, or $0.76 per share, in the second quarter of 2000. Adjusted for repositioning and other charges, net income in the second quarter of 2001 was $400 million, or $0.49 per share, higher than reported. Adjusted for repositioning and other charges and the gain on the disposition of the TCAS product line of the former Honeywell, net income in the second quarter of 2000 was $12 million, or $0.01 per share, lower than reported. Net income in the second quarter of 2001 decreased by 26 percent compared with the second quarter of 2000 if both periods are adjusted for these items.

Review of Business Segments

Aerospace Solutions sales of $2,532 million in the second quarter of 2001 increased by $78 million, or 3 percent compared with the second quarter of 2000. The increase principally relates to significantly higher sales of avionics original equipment to air transport manufacturers and regional and business jet customers. Sales to the aftermarket also increased slightly due principally to higher sales of avionics products.

Aerospace Solutions segment profit of $504 million in the second quarter of 2001 decreased by $42 million, or 8 percent compared with the second quarter of 2000. The decrease relates principally to higher sales of lower-margin original equipment products, higher postretirement benefit costs and engineering and development costs related to new products.

Automation & Control sales of $1,781 million in the second quarter of 2001 decreased by $99 million, or 5 percent compared with the second quarter of 2000. This decrease includes the negative impact of foreign exchange of approximately 3 percent. Sales for our Home & Building Control business decreased slightly as both our products and solutions & services businesses had lower sales due principally to weakness in key end-markets partially offset by improved sales for our fire and security products business. Sales for our Industrial Control business decreased moderately due principally to the impact of prior year divestitures.

Automation & Control segment profit of $186 million in the second quarter of 2001 was lower by $89 million, or 32 percent compared with the second quarter of 2000. Segment profit for both our Home & Building Control and Industrial Control businesses decreased substantially due to lower sales and prior year divestitures partially offset by lower costs due to workforce reductions.

Performance Materials sales of $875 million in the second quarter of 2001 decreased by $186 million, or 18 percent compared with the second quarter of 2000. Electronic Materials sales declined substantially due to weakness in the semiconductor and telecommunications markets, including the effects of a broad inventory correction, and prior year divestitures. Sales decreased significantly in our Performance Polymers & Chemicals business due principally to lower volumes in our fibers, plastics and nylon businesses driven by weakness in the automotive end-markets.

Performance Materials segment profit of $38 million in the second quarter of 2001 was lower by $69 million, or 64 percent compared with the second quarter of 2000. The decrease results primarily from continued high energy and raw material costs, lower sales volumes and price declines in certain Performance Polymers & Chemicals businesses.

Power & Transportation Products sales of $866 million in the second quarter of 2001 decreased by $29 million, or 3 percent compared with the second quarter of 2000. Excluding the negative impact of foreign exchange, sales increased 1 percent. Sales were significantly higher for our Turbocharging Systems business as strong demand continues in the European diesel-powered passenger car market. This increase was offset by lower sales for our Commercial Vehicle Systems business due to the ongoing decline in heavy-duty truck builds in North America. Sales for our Friction Materials and Consumer Products Group businesses also declined due to weakness in automotive end-markets.

Power & Transportation Products segment profit of $63 million in the second quarter of 2001 decreased by $19 million, or 23 percent compared with the second quarter of 2000 due principally to lower sales in our Commercial Vehicle Systems, Friction Materials and Consumer Products Group businesses.

B. RESULTS OF OPERATIONS - SIX MONTHS 2001 COMPARED WITH SIX MONTHS 2000

Net sales in the first six months of 2001 were $12,010 million, a decrease of $343 million, or 3 percent compared with the first six months of 2000. The decrease in sales is attributable to the following:

Acquisitions	1 %
Divestitures	(2)
Volume/price	-
Foreign exchange	(2)
	(3)%

Segment profit in the first six months of 2001 was $1,433 million, a decrease of $374 million, or 21 percent compared with the first six months of 2000. Segment profit margin for the first six months of 2001 was 11.9 percent compared with 14.6 percent for the first six months of 2000. The decrease in segment profit in the first six months of 2001 was principally the result of a substantial decline in segment profit for the Performance Materials, Automation & Control and Power & Transportation Products segments. The Aerospace Solutions segment also had lower segment profit. Segment profit is discussed in detail by segment in the Review of Business Segments section below.

(Gain) on sale of non-strategic businesses of $112 million in the first six months of 2000 represents the pretax gain on the government-mandated divestiture of the former Honeywell's TCAS product line in connection with the merger of AlliedSignal and Honeywell Inc. in December 1999.

Equity in (income) loss of affiliated companies was a loss of $188 million in the first six months of 2001 compared with income of $18 million in the first six months of 2000. The first six months of 2001 included charges of $173 million related to an other than temporary decline in value of an equity investment, impairment of an equity investee's manufacturing facility and an equity investee's loss contract and severance charges. Excluding these charges, equity in (income) loss of affiliated companies was a loss of $15 million in the first six months of 2001 compared with income of $18 million in the first six months of 2000. The decrease of $33 million in equity income was due mainly to lower earnings from joint ventures in our Performance Polymers & Chemicals and Home & Building Control businesses.

Other (income) expense, $18 million of income in the first six months of 2001, increased by $5 million compared with the first six months of 2000. The first six months of 2001 included a net provision of $5 million consisting of a $6

million charge related to the redemption of our $200 million 5 3/4% dealer remarketable securities and a $1 million benefit recognized upon the adoption of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended. Excluding this net provision, other (income) expense was $23 million of income in the first six months of 2001, an increase of $10 million compared with the first six months of 2000 due principally to lower minority interest expense.

Interest and other financial charges of $214 million in the first six months of 2001 decreased by $26 million, or 11 percent compared with the first six months of 2000 due principally to lower average debt outstanding and lower average interest rates in the current period.

The effective tax rate in both the first six months of 2001 and 2000 includes the impact of repositioning and other charges, while the effective tax rate in the first six months of 2000 also includes the impact of the gain on the disposition of the TCAS product line of the former Honeywell. Excluding the impact of these items in both periods, the effective tax rate was 29.5 percent in the first six months of 2001 compared with 30.5 percent in the first six months of 2000. The decrease in the effective tax rate relates principally to incremental tax synergies associated with the AlliedSignal and Honeywell Inc. merger in December 1999 and favorable tax audit results.

Net income of $91 million, or $0.11 per share, in the first six months of 2001 compared with net income of $1,123 million, or $1.39 per share, in the first six months of 2000. Adjusted for repositioning and other charges, net income in the first six months of 2001 was $774 million, or $0.95 per share, higher than reported. Adjusted for repositioning and other charges and the gain on the disposition of the TCAS product line of the former Honeywell, net income in the first six months of 2000 was $12 million, or $0.02 per share, lower than reported. Net income in the first six months of 2001 decreased by 22 percent compared with the first six months of 2000 if both periods are adjusted for these items.

Review of Business Segments

Aerospace Solutions sales of 4,943 million in the first six months of 2001 increased by $93 million, or 2 percent compared with the first six months of 2000. Sales of avionics original equipment to air transport manufacturers and regional and business jet customers increased significantly. Sales to the aftermarket, particularly the military, were slightly higher. This increase was partially offset by the effects of prior year government-mandated divestitures in connection with the merger of AlliedSignal and Honeywell Inc.

Aerospace Solutions segment profit of $955 million in the first six months of 2001 decreased by $84 million, or 8 percent compared with the first six months of 2000. The decrease relates principally to higher sales of lower-margin original equipment products, higher postretirement benefit costs, engineering and development costs related to new products, and government-mandated divestitures.

Automation & Control sales of $3,529 million in the first six months of 2001 decreased by $51 million, or 1 percent compared with the first six months of 2000. This decrease includes the negative impact of foreign exchange of approximately 3 percent. Sales for our Industrial Control business decreased moderately, as sales in both our industrial automation & control and sensing and control businesses were lower due to weakness in key end-markets. Sales for our Home & Building Control business were slightly higher due to our acquisition of Pittway in the prior year.

Automation & Control segment profit of $374 million in the first six months of 2001 was lower by $91 million, or 20 percent compared with the first six months of 2000. Segment profit for both our Home & Building Control and Industrial Control businesses decreased significantly due to lower sales volume and price decreases in certain product lines and prior year divestitures partially offset by lower costs due to workforce reductions.

Performance Materials sales of $1,788 million in the first six months of 2001 decreased by $298 million, or 14 percent compared with the first six months of 2000. Electronic Materials sales declined substantially due to prior year divestitures and lower sales volumes due to weakness in the semiconductor and telecommunications markets. Sales were moderately lower in our Performance Polymers & Chemicals business due principally to lower volumes in businesses impacted by weakness in the automotive end-markets.

Performance Materials segment profit of $76 million in the first six months of 2001 was lower by $126 million, or 62 percent compared with the first six months of 2000. The decrease results primarily from our Performance Polymers & Chemicals businesses due to lower sales volumes and higher energy and raw material costs.

Power & Transportation Products sales of $1,726 million in the first six months of 2001 decreased by $73 million, or 4 percent compared with the first six months of 2000. Excluding the negative impact of foreign exchange, sales were flat. Sales were significantly higher for our Turbocharging Systems business due to continued strong demand in Europe. This increase was offset by lower sales for our Commercial Vehicle Systems business due to decreased heavy-duty truck builds in North America and lower sales for our Friction Materials and Consumer Products Group businesses due to weakness in automotive end-markets.

Power & Transportation Products segment profit of $113 million in the first six months of 2001 decreased by $57 million, or 34 percent compared with the first six months of 2000. The decrease principally reflects lower sales in our Commercial Vehicle Systems, Friction Materials and Consumer Products Group businesses.

C. FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Total assets at June 30, 2001 were $24,935 million, a decrease of $240 million, or 1 percent from December 31, 2000.

Cash provided by operating activities of $777 million during the first six months of 2001 decreased by $61 million compared with the first six months of 2000 due principally to decreased earnings and higher spending for repositioning actions.

Cash used for investing activities of $450 million during the first six months of 2001 decreased by $2,032 million compared with the first six months of 2000 due principally to the acquisition of Pittway in the prior year.

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 used for financing activities of $293 million during the first six months of 2001 increased by $905 million compared with the first six months of 2000 due principally to the issuance of $1 billion of 7.50% Notes in February 2000. Total debt of $5,440 million at June 30, 2001 was $183 million, or 3 percent lower than at December 31, 2000. The increase in cash used for financing activities was partially offset by lower dividend payments in the current period as payment of the normal second quarter dividend was deferred until the third quarter in connection with the proposed merger with GE.

Repositioning Charges

In the second quarter of 2001, we recognized a repositioning charge of $151 million for the impairment of three manufacturing facilities and related workforce reductions in our Performance Materials business segment. The repositioning charge also included workforce reductions principally in our Aerospace Electronic Systems, Home & Building Control and Transportation and Power Systems businesses. The announced workforce reductions consisted of approximately 1,700 manufacturing and administrative positions which are expected to be substantially completed by December 31, 2001. The components of the charge included severance costs of $54 million, asset impairments of $84 million and other exit costs of $13 million. Also, $28 million of accruals established in prior periods, principally for severance, were returned to income in the second quarter of 2001 due to higher than expected voluntary attrition in the Aerospace Solutions, Performance Materials and Corporate reportable segments. The net pretax impact of the repositioning charge by reportable segment was as follows: Performance Materials - $96 million; Corporate - $22 million; Automation & Control - $8 million; Power & Transportation Products - $3 million; and Aerospace Solutions - ($6) million.

In the first quarter of 2001, we recognized a repositioning charge of $297 million for the cost of actions designed to reduce our cost structure and improve our future profitability. These actions consisted of announced global workforce reductions of approximately 6,500 manufacturing and administrative positions across all of our reportable segments which are expected to be substantially completed by December 31, 2001. The repositioning charge also included asset impairments and other exit costs related to plant closures and the rationalization of manufacturing capacity and infrastructure principally in our Performance Polymers & Chemicals, Electronic Materials, Transportation and Power Systems and Automotive Consumer Products Group businesses. The components of the charge included severance costs of $259 million, asset impairments of $24 million and other exit costs of $14 million. The pretax impact of the repositioning charge by reportable segment was as follows: Automation & Control - - $132 million; Aerospace Solutions - $64 million; Performance Materials - $44 million; Power & Transportation Products - $37 million; and Corporate - $20 million.

As disclosed in our 2000 Annual Report on Form 10-K, we recognized repositioning charges totaling $338 million in 2000 ($96 million were recognized in the three- and six-month periods ended June 30, 2000). The components of the charges included severance costs of $157 million, asset impairments of $141 million and other exit costs of $40 million. The workforce reductions consisted of approximately 2,800 manufacturing and administrative positions and are substantially complete. Also, $46 million of accruals established in 1999, principally for severance, were returned to income in 2000 due to higher than expected voluntary employee attrition resulting in reduced severance liabilities.

We expect that the repositioning actions committed to in 2001 will generate pretax savings in excess of $300 million in 2001 and $550 million in 2002. Cash expenditures for severance and other exit costs necessary to execute these actions will exceed $300 million and will be incurred principally in 2001. Cash spending for severance and other exit costs for 2001 and 2000 repositioning actions were $173 million for the six months ended June 30, 2001 and were funded principally through operating cash flows.

D. OTHER MATTERS

In July 2001, The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, "Business Combinations" (SFAS No. 141), and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS No. 142). SFAS No. 141 requires that all business combinations initiated after June 30, 2001 be accounted for using the purchase method only and that certain acquired intangible assets in a business combination be recognized as assets apart from goodwill. SFAS No. 142 requires that ratable amortization of goodwill be replaced with periodic tests of goodwill's impairment and that intangible assets other than goodwill be amortized over their useful lives. The amortization provisions of SFAS No. 142 apply to goodwill and intangible assets acquired after June 30, 2001. With respect to goodwill and intangible assets acquired prior to July 1, 2001, we are required to adopt SFAS No. 142 effective January 1, 2002. We are currently evaluating the effect that the adoption of the provisions of SFAS No. 142, effective January 1, 2002, will have on our results of operations and financial position.

Report of Independent Accountants

The "Report of 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 our 2000 Annual Report on Form 10-K (Item 7A). At June 30, 2001, there has been no material change in this information.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 10 on page 11 of this Form 10-Q.

ITEM 5. OTHER INFORMATION

We set December 7, 2001 as the date for our 2001 Annual Shareowner Meeting, to be held at 10:00 a.m. at our headquarters in Morris Township, New Jersey. Shareowners of record at the close of business on October 19, 2001 will be entitled to vote at the 2001 Annual Meeting.

To be considered for inclusion in our proxy materials for the 2001 Annual Meeting pursuant to Rule 14a-8 of the Securities and Exchange Commission (SEC),

shareowner proposals must be received a reasonable time before we begin to print and mail our proxy materials. We set the deadline for receipt of such proposals as the close of business on September 7, 2001. Proposals submitted thereafter will be opposed as not timely filed.

Shareowners intending to present a proposal for consideration at the 2001 Annual Meeting outside the processes of SEC Rule 14a-8 must notify us on or before the close of business on September 7, 2001. Otherwise the proposal will be considered untimely under our by-laws. In addition, our proxies will have discretionary voting authority on any vote with respect to such proposal, if presented at the meeting, without including information regarding the proposal in our proxy materials.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

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

10.21	Agreement dated as of July 3, 2001 between Honeywell and Lawrence A. Bossidy
10.22	Early Retirement Agreement dated as of July 3, 2001 between Honeywell and Michael R. Bonsignore
15	Independent Accountants' Acknowledgment Letter as to the incorporation of their report relating to unaudited interim financial statements

(b) Reports on Form 8-K. There were no reports on Form 8-K filed during the three months ended June 30, 2001.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Honeywell International Inc.

Date: August 13, 2001

By: /s/ John J. Tus

John J. Tus
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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15	Independent Accountants' Acknowledgment Letter as to the incorporation of their report relating to unaudited interim financial statements
18	Omitted (Inapplicable)
19	Omitted (Inapplicable)
22	Omitted (Inapplicable)
23	Omitted (Inapplicable)
24	Omitted (Inapplicable)
99	Omitted (Inapplicable)

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The Exhibits identified above with an asterisk (*) are management contracts or compensatory plans or arrangements.

Exhibit 10.21

AGREEMENT

AGREEMENT, dated as of July 3, 2001 between Honeywell International Inc., a Delaware corporation (the "Corporation"), and Lawrence A. Bossidy (the "Executive").

WHEREAS, the Corporation has requested and Executive has agreed to return to employment with the Corporation;

WHEREAS, Executive and the Corporation wish to substantially replicate the terms and conditions of Executive's prior employment, except as described below.

NOW, THEREFORE, in consideration of the execution and delivery of these presents, the mutual promises contained herein and other good and valuable consideration, the parties hereto hereby agree as follows:

Section 1. Term and Capacity of Employment

(a) The Corporation and Executive agree that Executive shall be employed by the Corporation from July 3, 2001 through June 30, 2002 under the terms set forth in this Agreement. Executive, for so long as he is elected a member of and Chairman of the Board of Directors of the Corporation, shall perform the duties of that office. Executive shall also continue as the Chief Executive Officer of the Corporation and shall serve in that capacity through the term of this Agreement at the pleasure of the Board of Directors of the Corporation.

(b) During the term of his employment under this Agreement, Executive shall have the powers, responsibilities and authorities of Chief Executive Officer and Chairman of the Board of Directors of the Corporation as established by custom and practice on the date first set forth herein.

(c) During the term of his employment under this Agreement, Executive shall during reasonable business hours perform his duties hereunder (reasonable sick leave and vacations excepted) and shall not during such term, without the consent of the Board of Directors, engage, directly or indirectly, in any other business for compensation or profit except that he may, with the approval of the Board of Directors of the Corporation, serve as a director of any other corporation which, on the advice of counsel for the Corporation, is not considered to be in competition with the Corporation for purposes of the antitrust laws, and he may receive compensation therefor.

Section 2. Compensation

(a) As compensation for Executive's services under this Agreement, the Corporation shall, commencing as of July 3, 2001, pay Executive a salary at the rate of $2,000,000 per year, payable in bi-weekly installments.

(b) As further compensation, Executive shall be eligible for awards under the Honeywell International Inc. Incentive Compensation Plan for Executive Employees (the "Incentive Plan") (and any plan which is a successor to that plan) with a target bonus opportunity of at least 100 percent of salary.

(c) As further compensation, Executive shall be eligible to receive stock options under the 1993 Stock Plan for Employees of Honeywell International Inc. and its Affiliates (the "Stock Plan") at such time as stock options are granted to Senior Executives of the Corporation in such amounts as determined by the Board of Directors of the Corporation.

Section 3. Life Insurance and Long-Term Disability Benefits

The Corporation shall provide basic life insurance coverage for the benefit of Executive in the amount of two times Executive's base salary. Executive shall not be eligible for long-term disability benefits.

Section 4. Retirement Benefits

(a) Executive's retirement benefit payments, as provided in accordance with Section 4 of Executive's Agreement with the Corporation dated May 6, 1994, as amended as of May 12, 1997 (the "Prior Agreement") shall be suspended during the term of this Agreement; provided however that in the event that Executive's employment with the Corporation is terminated by reason of death, the Corporation will pay a survivor benefit to Executive's spouse in accordance with Section 4(b) of the Prior Agreement.

(b) As of the [first day of the month] following termination of this Agreement, retirement benefit payments to Executive shall resume. Such benefits shall be determined in accordance with the terms of Section 4 of Executive's Prior Agreement, provided, however, that "final average compensation" shall mean the average of Executive's highest three years' total compensation, and that, notwithstanding any provision of Section 4 of the Prior Agreement to the contrary, a "year" shall mean a calendar year with respect to periods of employment covered by the Prior Agreement, and shall mean the highest paid 12 consecutive month period (or pro-rata portion thereof in the event that Executive terminates his employment prior to expiration of this Agreement) with respect to Executive's period of employment after July 3, 2001; and further provided that such retirement benefit payments shall be offset by any retirement benefit payments already made to Executive.

Section 5. Early Termination

In the event of the termination of Executive's employment by the Corporation prior to expiration of this Agreement, the Corporation shall continue to provide Executive with compensation, benefits and other compensation arrangements described herein for the balance of the outstanding term of this Agreement.

Section 6. Participation in Other Benefit Plans and Compensation Arrangements

While employed by the Corporation during the term of this Agreement, Executive shall be entitled to participate in each of the Corporation's plans for the benefit of its salaried employees and in all other compensation arrangements or programs which are or may hereafter be made available to the senior executives of the Corporation, other than Severance Plans or tax-qualified defined benefit pension plans sponsored by the Corporation. It is anticipated that Executive will incur expenses necessary to the discharge of his duties hereunder, and the Corporation shall reimburse Executive for those expenses, in accordance with its established policies and such other arrangements as may be approved by the Corporation from time to time.

Section 7. Resolution of Disputes

Any disputes arising under or in connection with this Agreement shall, at the election of Executive, be resolved by arbitration, to be held in Manhattan, in accordance with the rules and procedures of the American Arbitration Association. All costs, fees and expenses of any arbitration in connection with this Agreement that results in any decision requiring the

Corporation to make a payment to Executive shall be borne by, and be the obligation of, the Corporation.

Section 8. Survivorship

The respective rights and obligations of the parties hereunder shall survive any termination of Executive's employment to the extent necessary to effect the intended preservation of such rights and obligations.

Section 9. Entire Agreement, Governing Law

(a) This Agreement embodies the entire agreement of the parties hereto, and it may be modified only by an agreement in writing signed by both parties.

(b) This Agreement shall be interpreted and governed by the laws of the State of New York without reference to principles of conflict of laws.

Section 10. Undertaking by Corporation in Case of Sale or Liquidation of Assets

The Corporation agrees that, in the event of the sale or liquidation of all or substantially all of the assets of the Corporation, it shall take whatever action it legally can in order to cause the assignee or transferee of such assets expressly to assume the liabilities, obligations and duties of the Corporation hereunder.

Section 11. Post-Retirement Services

Upon the earlier to occur of Executive's termination of employment by the Corporation or expiration of this Agreement, the Corporation agrees to provide Executive with such Post-retirement services, facilities and other arrangements as were provided to Executive prior to his re-employment by the Corporation in accordance with Section 11 of his Prior Agreement, for the remainder of his life (and with respect to financial and tax planning services, for the remainder of his spouse's life).

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

[Corporate Seal] Honeywell International Inc.

Attest:

/s/ Peter M. Kreindler
General Counsel

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

/s/ Lawrence A. Bossidy
Lawrence A. Bossidy

1993 Stock Plan for Executives
of Honeywell International Inc. and its Affiliates

OPTION AGREEMENT

OPTION AGREEMENT made in Morris Township, New Jersey, as of the 3rd day of July 2001 between Honeywell International Inc., a Delaware corporation (the "Corporation") and LAWRENCE A. BOSSIDY, a regular full-time Executive of the Corporation or of a subsidiary of the Corporation (the "Executive").

1. The Corporation has this day granted to the Executive the option (the "Option") to purchase all or any part of an aggregate of 500,000 shares of its common stock (the "Common Stock") under the 1993 Stock Plan for Executives of Honeywell International Inc. and its Affiliates (the "Stock Plan"), subject to the provisions of this Agreement. The Executive hereby accepts the grant and agrees to be bound by the terms and conditions of this Agreement with respect thereto, and acknowledges that awards under the Stock Plan are made at the sole discretion of the Corporation and are not considered part of any contract of employment with the Corporation or of the Executive's normal or expected compensation or benefits package (except as otherwise expressly provided in a written agreement between the Executive and the Corporation).

2. The purchase price of the shares of Common Stock covered by the Option shall be $36.27 per share.

3. The Option must be exercised prior to the close of the New York Stock Exchange ("NYSE") July 16, 2006; provided, however, if the NYSE is not open for business on the date specified herein, such Option shall expire at the close of the NYSE's next business day.

4. The Option is a non-qualified Option for federal income tax purposes.

5. The Option shall become 100% vested and exercisable on July 16, 2002.

6. Exercise of the Option is subject to the conditions that to the extent required at the time of exercise (a) the shares of Common Stock covered by the Option shall be duly listed, upon official notice of issuance, upon the New York Stock Exchange, and (b) a Registration Statement under the Securities Act of 1933 with respect to such shares shall be effective.

7. The Option shall not be transferable by the Executive otherwise than by will or the laws of descent and distribution, or by transfer to a member or members of the Executive's immediate family as provided in paragraph 14 of the Plan, and the Option may be exercised during the lifetime of the Executive only by the Executive or by the Executive's guardian or legal representative or by an immediate family member transferee.

8. Nothing in this Agreement or the Stock Plan shall confer upon the Executive any right to continue in the employ of the Corporation, any of its subsidiaries or any parent or interfere in any way with the right of the Corporation, any such subsidiary or parent to terminate such employment at any time.

9. The Executive understands that in order to comply with applicable law or to properly administer the Corporation or its agents may hold and process personal data of the Executive including the Executive's home address, employment status, hire date, and termination date. The Executive expressly consents to the use of such data by the Corporation (or its agents) and to any transfer of such data outside the country in which the Executive performs services or resides.

10. Subject to the terms and conditions of this Agreement, the Option may be exercised by contacting the Honeywell Stock Option Service Center, managed by Salomon Smith Barney, at 1-888-723-3391 or 1-212-615-7876.

11. The Corporation shall have the right, prior to the issuance of any shares or the payment of cash in connection with the exercise of the Option, to withhold or require payment by the Executive of any amounts necessary to satisfy applicable tax requirements.

12. Except as otherwise provided in this Agreement, the exercise of the Option is subject to the provisions of the Stock Plan, as the Stock Plan may be amended from time to time, and any rules and regulations which may be prescribed thereunder, provided that, unless otherwise required by law, no amendment may, without the consent of the Executive, adversely affect the rights of the Executive under this Agreement. A copy of the Stock Plan, as in effect on the date hereof, and the current prospectus have been delivered to the Executive, receipt of which is hereby acknowledged by the Executive.

13. The Executive has read and understands the Corporation's policy, and is aware of and understands the Executive's obligations under federal securities laws, in respect of trading in the Corporation's securities. The Executive agrees not to use Salomon Smith Barney's "cashless exercise" program (or any successor program) at any time when the Executive possesses material nonpublic information with respect to the Corporation.

14. The Corporation and the Executive agree that the validity, performance, interpretation and other incidents of this Agreement shall be governed by the law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be duly executed by its Chairman of the Management Development and Compensation Committee, and the Executive has duly executed this Agreement, all as of the day and year first above written.

Honeywell International Inc.

/s/ Lawrence A. Bossidy
- -----------------------
Lawrence A. Bossidy

By: /s/ Robert A. Luciano

Robert R. Luciano
Director and Chairman of the
Management Development and
Compensation Committee

Exhibit 10.22

EARLY RETIREMENT AGREEMENT

EARLY RETIREMENT AGREEMENT (this "Agreement"), dated as of July 3, 2001, by and between Honeywell International, Inc., a Delaware corporation (the "Company"), and Michael R. Bonsignore ("Executive").

WHEREAS, Executive has expressed his intention to retire from employment with the Company and, in connection with his retirement, the Company and Executive have determined to settle all of their respective rights and obligations in respect of his Employment Agreement (as defined below) and other matters pertaining to Executive's services with the Company;

NOW, THEREFORE, in consideration of their mutual promises, the Company and Executive agree as follows:

1. Retirement and Resignation. Effective as of the date hereof (the "Effective Date"), the Executive shall retire from active employment and hereby resigns, effective as of the Effective Date, (i) as Chairman of the Board of Directors and Chief Executive Officer of the Company and (ii) from employment with and as a member of the Board of Directors of the Company and each of its subsidiaries and affiliates.

2. Provision of Consulting Services. During the period beginning on the Effective Date and continuing until the second anniversary of the Effective Date (the "Consulting Period"), the Executive shall provide consulting services commensurate with his status and experience with respect to matters related to strategic acquisitions as shall be reasonably requested from time to time by the Chairman of the Board of Directors of the Company. The Executive shall provide consulting services to Company as needed and when reasonably requested, provided that, without his prior consent, Executive shall not be required to devote more than 50 hours in any calendar month to the performance of any consulting services hereunder. The Executive shall determine the time and location at which he shall perform such services, subject to the right of the Company to reasonably request by advance written notice that such services be performed at a specific time and at a specific location. The Executive shall honor any such request unless he has a conflicting business commitment that would preclude him from performing such services at the time and/or place requested by the Company, and in such circumstances shall make reasonable efforts to arrange a mutually satisfactory alternative. The Company shall use its reasonable best efforts not to require the performance of consulting services in any manner that unreasonably interferes with any other business activity of the Executive.

3. Cancellation of the Employment Agreement. The Executive and the Company are parties to an Employment Agreement (the "Employment

Agreement"), dated and effective as of December 1, 1999. The term of the Employment Agreement would have expired December 31, 2004. The Employment Agreement is hereby canceled and the parties shall have no further obligations to each other thereunder except as specifically provided in this Agreement.

4. Unpaid Accrued Benefits. The Company shall promptly pay to the Executive any portion of the Executive's base salary, and accrued but unused vacation, through the Effective Date that has not yet been paid. The Executive shall receive second quarter 2001 dividends with respect to his Restricted Units (as defined in the Employment Agreement). In addition, Executive shall be paid, at the time annual cash bonuses are paid to other senior executive officers of the Company in accordance with the Company's Incentive Compensation Plan for Executive Employees, a prorated annual cash bonus in an amount equal to the product of (i) the annual cash bonus that would have been payable to Executive for 2001 under such plan had Executive not terminated his employment with the Company based solely on the Company's performance factor (and without regard to any other adjustment permitted under such plan) times (ii) a fraction, the numerator of which is the number of days during 2001 prior to and including the date of Executive's retirement in accordance with Section 1, and the denominator of which is 365. The Company shall also pay or provide to the Executive all compensation and benefits due and payable to the Executive, or as to which the Executive has vested rights (including, without limitation, rights as a retiree of the Company based on his age and service), in accordance with the terms and conditions of the Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Effective Date (except as otherwise expressly provided in the Agreement).

5. Retirement Benefits.

(a) Separation Payment. Executive shall be entitled to a separation payment (the "Separation Payment") in an amount equal to three times the sum of his annual base salary, as in effect immediately prior to the Effective Date, plus his Minimum Target Bonus (as defined in the Employment Agreement). The Separation Payment shall be paid in one lump-sum payment on January 2, 2002 (the sum of Executive's annual base salary and Minimum Target Bonus is hereafter referred to as his "Annual Cash Compensation").

(b) SERP Benefit.

(i) Subject to the terms and conditions set forth herein, the Executive shall receive a supplemental retirement benefit (the "SERP Benefit"), in the form of an unreduced 100% joint and survivor annuity for his life and that of his current spouse, with the annual benefit equal to (1) the product of (A) 70% times (B) the Executive's Annual Cash Compensation reduced by (2) the actuarial equivalent value of the aggregate annual vested benefit (expressed as a life annuity commencing on the third anniversary of the date hereof) payable to the Executive under the terms of

any and all "defined benefit plans" (as defined in Section 3(35) of the Employee Retirement Income Security Act of 1974, as amended), including any excess benefit or supplemental retirement plans or agreements, whether or not heretofore funded, maintained by the Company or any of its subsidiaries or affiliates. The actuarial present value of the SERP Benefit shall be paid to the Executive (or, if he shall not survive, to his spouse, if then living, or otherwise to his estate) in one lump sum on January 2, 2002. The lump sum amount shall be calculated in accordance with Section 4.3 of the Company's Supplemental Executive Retirement Program for Executives in Career Band 6 and Above, but applying the discount rate (5.78%) applicable thereunder for lump sum payments to be paid on the Effective Date.

(ii) Notwithstanding anything in Section 4(b)(i) to the contrary, if the Company publicly announces that (x) it has entered into a definitive agreement which, if consummated, would result in a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company, or (y) it has adopted a plan of reorganization or similar plan, which, if consummated, - would result in the distribution of a substantial portion of the value of the Company's assets to its shareholders, the Executive may, by written notice to the Company prior to the date that is 30 days after the date on which such announcement is made, elect to receive the SERP Benefit on the date such transaction or such reorganization is consummated. The Company shall use its reasonable best efforts to provide written notice to the Executive of such announcement within five business days of the date on which such announcement is made.

(iii) The Executive has heretofore executed a Promissory Note (the "Promissory Note"), dated January 2, 2001, in favor of the Company. The loan evidenced by the Promissory Note was made by the Company to the Executive to partially offset the Executive's income tax liability resulting from the Company's funding of a portion of the SERP Benefit in 2000. The Executive agrees to pay to the Company, within 60 days following the commencement of the payment of the SERP Benefit (the date on which the Executive makes such payment, the "Loan Repayment Date"), the then principal amount outstanding under the Promissory Note. Any interest accrued under the Promissory Note as of the Effective Date is hereby forgiven and, from and after the Effective Date, no interest shall accrue in respect of any unpaid principal. On the Loan Repayment Date, the Company shall pay to the Executive an amount equal to the interest on $464,000 (which amount represents the income tax liability paid by the Executive in excess of the amount loaned by the Company) at a rate of 6% per annum compounded semi-annually on June 30 and December 31, for the period beginning on April 15, 2001 and ending on the Loan Repayment Date (such amount the "Interest Payment"). The Company shall also pay to the Executive an additional amount or amounts as a gross-up for any income tax liability incurred by the

Executive as a result of the operation of this Section 4(b)(iii) (including any income recognized by reason of the gross-up obligation set forth in this sentence) or the deemed income recognition to the Executive under Section 7872 of the Code in respect of the period after the Effective Date during which the Promissory Note remains outstanding and no interest is accrued in respect thereof.

(c) Retirement Perquisites. From and after the Effective Date and continuing during his lifetime, the Company agrees to provide the Executive with facilities, services and other arrangements substantially comparable to those provided to him during his service as Chief Executive Officer, including office and clerical support, executive transportation and other security services, financial and tax planning services, continued access to certain other general facilities and services and reimbursements for properly documented expenses, if any, incurred on behalf of the Company and at the request of his successor, but excluding the use of Company-owned aircraft for personal travel.

(d) Benefits Continuation. For the three year period beginning on the Effective Date, the Company shall also provide the Executive and his eligible dependents, if applicable; all benefits (other than participation in any defined benefit pension plan or any plan providing short-term or long-term disability benefits or business travel accident insurance) that would otherwise have been made available to the Executive under the terms of the Company's compensation and benefit plans, programs or arrangements had the Executive remained employed as a senior officer until the third anniversary of the Effective Date. Without limiting the generality of the forgoing, until the third anniversary of the Effective Date, the Executive shall be entitled to a continuation of (x) any relocation benefit the Executive is receiving as of the Effective Date in connection with his relocation from Minneapolis, Minnesota to the New Jersey/New York area and (y) coverage under the Executive Life Insurance policy as in effect on the Effective Date.

(e) Treatment of Equity Awards. All of the Executive's outstanding equity awards shall be treated in accordance with the terms of the plan and agreements evidencing such equity awards, including, without limitation, the Employment Agreement; provided, however, that the Performance Option (as defined in the Employment Agreement) and the Restricted Units shall be canceled as of the Effective Date, and the Executive shall have no right to receive any payment in respect of such Performance Option or Restricted Units except as specifically provided in this agreement.

(f) Tax Indemnity. Notwithstanding anything in this Agreement to the contrary, the provisions of Section 5(d) of the Employment Agreement shall remain in full force and effect as though incorporated herein and made a part hereof.

(g) Deferred Salary and Incentive Compensation. The Executive's participation in the deferred incentive and deferred salary program shall end as of the Effective Date; provided, however, that previously deferred compensation shall be paid in accordance with the Executive's election. The Executive shall continue to earn the 11% rate on his bonus and salary deferrals made prior to the Effective Date.

(h) No Mitigation. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced, regardless of whether the Executive obtains other employment.

6. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies and their respective businesses that the Executive obtained during the Executive's employment by the Company or any of its affiliated companies and that is not public knowledge (other than as a result of the Executive's violation of this Section 6) ("Confidential Information"). The Executive shall not communicate, divulge or disseminate Confidential Information at any time, except with the prior written consent of the Company or as otherwise required by law or legal process.

7. Competition; Solicitation. For two years after the Effective Date, the Executive will not, without the written consent of the Board of Directors, directly or indirectly, (i) knowingly engage or be interested in (as owner, partner, stockholder, employee, director, officer, agent, consultant or otherwise), with or without compensation, any business which is in competition with any line of business actively being conducted on the Effective Date by the Company or any of its subsidiaries, and (ii) hire any person who was employed by the Company or any of its subsidiaries or affiliates (other than persons employed in a clerical or other nonprofessional position) within the six-month period preceding the date of such hiring, or solicit, entice, persuade or induce any person or entity doing business with the Company and its subsidiaries and affiliates, to terminate such relationship or to refrain from extending or renewing the same. Nothing herein, however, will prohibit the Executive from acquiring or holding not more than one percent of any class of publicly traded securities of any such business; provided that such securities entitle the Executive to no more than one percent of the total outstanding votes entitled to be cast by security holders of such business in matters on which such security holders are entitled to vote.

8. Cooperation and Nondisclosure. Each of the Executive and the Company agree to cooperate fully with the other party hereto in any matters that have given or may give rise to a legal claim against such other party and of which the Executive or the Company, as the case may be, is knowledgeable. This requires the Executive or the Company, as the case may be, without limitation, to (1) make himself or itself available upon reasonable request to provide information and assistance

to the other party on such matters without additional compensation, except for out of pocket costs, provided however that reasonable compensation shall be provided as mutually agreed, if such assistance requires a significant amount of time, (2) maintain the confidentiality of all privileged or confidential information of the other party, including without limitation attorney-client privileged communications and attorney work product, unless disclosure is expressly authorized by the other party, and (3) notify the other party promptly of any requests to the Executive or the Company, as the case may be, for information related to any pending or potential legal claim or litigation involving the other party, reviewing any such request with the Executive or a designated representative of the Company, as the case may be, prior to disclosing any such information, and permitting the Executive or a representative of the Company, as the case may be, to be present during any communication of such information. To the extent that the Executive is required to provide assistance to the Company on such matters, the Company will provide appropriate legal counsel for the Executive.

9. Non-Disparagement. The Executive agrees not to make disparaging or derogatory comments about, or to otherwise disparage, demean or impugn the reputation of the Company, its officers, directors, employees, or consultants or their respective families, and the Company agrees not to make disparaging or derogatory comments about, or to otherwise disparage, demean or impugn the reputation of the Executive or his family.

10. Release.

(a) Additional Consideration. The Company offers the Executive the benefits provided under Section 4 hereof (collectively, the "Retirement Benefits") in exchange and consideration for the Executive's entering into this Agreement. By signing this Agreement, Executive agrees that (i) the Separation Payment is in full payment of all benefits to which he may be entitled under any current or former severance pay plans or policies or agreements sponsored by the Company or any of its subsidiaries or affiliates, (ii) at least a substantial portion of such Retirement Benefits (the "Additional Consideration") is in addition to any other benefit to which he may otherwise be entitled under any current or former sponsored, insurance, savings, employee stock ownership, disability, early retirement, pension or other benefit plans or policies of the Company or any of its subsidiaries or affiliates and (iii) the Additional Consideration is a valuable benefit to which he is not otherwise entitled.

(b) Executive's Release. In exchange for the Additional Consideration, Executive hereby waives and hereby releases, knowingly and willingly, the Company, its subsidiaries, affiliates, successors and predecessors and its employees, agents, directors and officers, past and present (collectively, the "Company Releasees"), from the Released Claims (as defined herein). The Executive acknowledges and understands that, except as expressly provided herein, this paragraph is intended to prevent him from making any claims against the Company

Releasees regarding any Released Claim. In exchange for the Additional Consideration, the Executive agrees and covenants not to sue and not to bring an action of any kind against the Company Releasees before any court or other forum related to the Released Claims. If the Executive breaches the terms of this Section 10(b) by bringing an action seeking personal relief for himself against the Company, he agrees to pay the Company's attorneys' fees it incurs in defending against such suit.

(c) Definition of Released Claims. For purposes of this Section 10, the term "Released Claims" means any and all claims of any nature whatsoever Executive may have arising out of his employment and/or the termination of his employment with the Company, known or unknown, including but not limited to any claims he may have under federal, state or local employment, labor, or anti-discrimination laws, statutes and case law. Released Claims specifically include claims arising under the federal Age Discrimination in Employment Act, the Employee Retirement Income Security Act ("ERISA"), any New Jersey employment, labor, or anti-discrimination law, statute or case law and any and all other applicable state, county or local statutes, ordinances or regulations including claims for attorneys' fees. Notwithstanding the forgoing, this release does not apply to, and the term Released Claims does not include, (i) claims for benefits under benefit plans (other than any plan providing severance or other termination benefits) sponsored or maintained by the Company or any of its subsidiaries or affiliates, whether or not subject to ERISA, (ii) claims arising out of obligations expressly undertaken in this Agreement, and (iii) claims arising out of any act or omission occurring after the date of this Agreement.

(d) Company's Release. In consideration of the Company's execution and performance under this Agreement, the Company hereby waives and releases the Executive from and agrees to defend and indemnify to the fullest extent permitted under applicable law the Executive against, all claims, actions, liabilities, damages, costs, and expenses (including attorneys' fees) arising from his performance of duties, in good faith, in the normal course of business and within the proper scope of his employment duties and responsibilities during his period of employment with the Company. Notwithstanding the forgoing, (i) the Company will not provide the indemnity to the Executive with respect to any settlement he may enter into with any claimant unless all of the terms of such settlement have previously been approved in writing by the Company, and (ii) the Company will not reimburse the Executive for the costs and expense (including attorneys' fees) of any claim, counterclaim, or cross-claim brought by the Executive or on his behalf unless approved in writing by the Company. It is expressly understood that, as a condition of the Company's agreement to indemnify the Executive, the Executive agrees to cooperate fully with the investigation, defense and settlement of any pending or future claims or actions brought against the Company.

11. Dispute Resolution; Attorneys' Fees. All disputes arising under or related to the employment or retirement of the Executive or the provisions of this Agreement shall be settled by arbitration under

the rules of the American Arbitration Association then in effect, such arbitration to be held in Morristown, New Jersey, as the sole and exclusive remedy of either party and judgment on any arbitration award may be entered in any court of competent jurisdiction. The Company agrees to pay, as incurred, to the fullest extent permitted by law, all legal fees and expenses that the Executive may reasonably incur as a result of any contest (regardless of the outcome) by the Company, the Executive or others of the validity or enforceability of or liability under, or otherwise involving, any provision of this Agreement, together with interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code. The Company shall also pay all reasonable legal fees and expenses incurred by the Executive in connection with the preparation and negotiation of this Agreement.

12. Successors.

(a) This Agreement is personal to the Executive and, without the prior written consent of the Company, shall not be assignable by the Executive (except that Executive's rights to all or any portion the Retirement Benefits payable hereunder may transfer upon his death in the manner provided herein or by will or pursuant to the laws of descent and distribution). This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would have been required to perform it if no such succession had taken place. As used in this Agreement, the "Company" shall mean both the Company as defined above and any such successor that assumes and agrees to perform this Agreement, by operation of law or otherwise.

13. Miscellaneous.

(a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New Jersey, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications under this Agreement shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

If to the Company:

Honeywell International, Inc.
101 Columbia Road
Morristown, NJ 07962
Attention: General Counsel

or to such other address as either party furnishes to the other in writing in accordance with this paragraph (b) of Section 13. Notices and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. If any provision of this Agreement shall be held invalid or unenforceable in part, the remaining portion of such provision, together with all other provisions of this Agreement, shall remain valid and enforceable and continue in full force and effect to the fullest extent consistent with law.

(d) Notwithstanding any other provision of this Agreement, the Company may withhold from amounts payable under this Agreement all federal, state, local and foreign taxes that are required to be withheld by applicable laws or regulations.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provisions of, or to assert, any right under, this Agreement shall not be deemed to be a waiver of such provision or right or of any other provision of or right under this Agreement.

(f) The rights and benefits of the Executive under this Agreement may not be anticipated, assigned, alienated or subject to attachment, garnishment, levy, execution or other legal or equitable process except as required by law. Any attempt by the Executive to anticipate, alienate, assign, sell, transfer, pledge, encumber or charge the same shall be void. Payments hereunder shall not be considered assets of the Executive in the event of insolvency or bankruptcy.

(g) This Agreement may be executed in several counterparts, each of which shall be deemed an original, and said counterparts shall constitute but one and the same instrument.

(h) Executive acknowledges and certifies that he:

- has read and understands all of the terms of this Agreement and does not rely on any representation or statement, written or oral, not set forth in this Agreement;

- has had a reasonable period of time to consider this Agreement;
- is signing this Agreement knowingly and voluntarily;
- has been advised in writing to consult with an attorney before signing this Agreement;
- was provided with the right to consider the terms of this Agreement for 21 days and, by executing this Agreement, waives any and all rights to the balance of the 21 day review period; and
- has the right to revoke this Agreement within seven days after executing this Agreement, by providing written notice of revocation to the Secretary of the Company. If the Executive revokes this Agreement during this seven-day period, it shall become null and void in its entirety and the Employment Agreement shall be deemed to continue in full force and effect as though this Agreement had never been executed.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization of its Board, the Company has caused this Agreement to be executed in its name on its behalf, all as of the day and year first above written.

Honeywell International, Inc.

[Seal]

Attest:

/s/ Peter M. Kreindler
Peter M. Kreindler

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

/s/ Michael R. Bonsignore
Michael R. Bonsignore

Exhibit 15

August 13, 2001

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549

Commissioners:

We are aware that our report dated August 7, 2001 on our review of interim financial information of Honeywell International Inc. (the "Company") as of and for the period ended June 30, 2001 and included in the Company's quarterly report on Form 10-Q for the quarter then ended is incorporated by reference in the Company's Registration Statements on Forms S-8 (Nos. 33-09896, 33-51455, 33-55410, 33-58347, 333-57509, 333-57515, 333-57517, 333-57519, 333-83511, 333-88141, 333-31370, 333-34764, 333-49280, 333-57866, 333-57868 and 333-57870), on Forms S-3 (Nos. 33-14071, 33-55425, 333-22355, 333-49455, 333-68847, 333-74075, 333-34760 and 333-45466) and on Form S-4 (No. 333-82049) and in General Electric Company's Registration Statement on Form S-4, dated December 4, 2000.

Very truly yours,

PricewaterhouseCoopers LLP