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 September 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 September 30, 2001
$1 par value	813,188,789 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)

	September 30, 2001	December 31, 2000
	(Dollars in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,324	$ 1,196
Accounts and notes receivable	3,981	4,623
Inventories	3,812	3,734
Other current assets	1,352	1,108
Total current assets	10,469	10,661
Investments and long-term receivables	617	748
Property, plant and equipment - net	5,157	5,230
Goodwill and other intangible assets - net	5,831	5,898
Other assets	3,258	2,638
Total assets	$25,332	$25,175
LIABILITIES		
Current liabilities:		
Accounts payable	$ 2,106	$ 2,364
Short-term borrowings	367	110
Commercial paper	1,189	1,192
Current maturities of long-term debt	408	380
Accrued liabilities	4,174	3,168
Total current liabilities	8,244	7,214
Long-term debt	3,519	3,941
Deferred income taxes	1,009	1,173
Postretirement benefit obligations other than pensions	1,883	1,887
Other liabilities	1,425	1,253
SHAREOWNERS' EQUITY		
Capital - common stock issued	958	958
- additional paid-in capital	2,969	2,782
Common stock held in treasury, at cost	(4,267)	(4,296)
Accumulated other nonowner changes	(726)	(729)
Retained earnings	10,318	10,992
Total shareowners' equity	9,252	9,707
Total liabilities and shareowners' equity	$25,332	$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 September 30,		Nine Months Ended September 30,	
	2001	2000	2001	2000
	(Dollars in millions, except per share amounts)			
Net sales	$5,789	$6,216	$17,799	$18,569
Costs, expenses and other				
Cost of goods sold	5,368	4,845	15,408	13,966
Selling, general and administrative expenses	803	791	2,408	2,312
(Gain) on sale of non-strategic businesses	-	-	-	(112)
Equity in (income) loss of affiliated companies	17	68	205	50
Other (income) expense	-	(35)	(18)	(48)
Interest and other financial charges	99	125	313	365
	6,287	5,794	18,316	16,533
Income (loss) before taxes	(498)	422	(517)	2,036
Tax expense (benefit)	(190)	140	(300)	631
Net income (loss)	$ (308)	$ 282	$ (217)	$ 1,405
Earnings (loss) per share of common stock - basic	$(0.38)	$ 0.35	$ (0.27)	$ 1.76
Earnings (loss) per share of common stock - assuming dilution	$(0.38)	$ 0.35	$ (0.27)	$ 1.74
Cash dividends per share of common stock	$.1875	$.1875	$ .5625	$ .5625

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

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

	Nine Months Ended September 30,	
	2001	2000
	(Dollars in millions)	
Cash flows from operating activities:		
Net income (loss)	$ (217)	$ 1,405
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
(Gain) on sale of non-strategic businesses	-	(112)
Repositioning and other charges	2,255	556
Depreciation and amortization	699	767
Undistributed earnings of equity affiliates	11	(7)
Deferred income taxes	(565)	217
Net taxes paid on sales of businesses	(12)	(62)
Other	(433)	(644)
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:		
Accounts and notes receivable	525	(64)
Inventories	(132)	(133)
Other current assets	13	(87)
Accounts payable	(264)	41
Accrued liabilities	(523)	(524)
Net cash provided by operating activities	1,357	1,353
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(612)	(578)
Proceeds from disposals of property, plant and equipment	45	107
(Increase) in investments	-	(3)
Cash paid for acquisitions	(113)	(2,499)
Proceeds from sales of businesses	-	431
(Increase) in short-term investments	-	(16)
Net cash (used for) investing activities	(680)	(2,558)
Cash flows from financing activities:		
Net (decrease) increase in commercial paper	(3)	530
Net increase (decrease) in short-term borrowings	271	(197)
Proceeds from issuance of common stock	71	93
Proceeds from issuance of long-term debt	-	1,825
Payments of long-term debt	(401)	(372)
Repurchases of common stock	(30)	(152)
Cash dividends on common stock	(457)	(448)
Net cash (used for) provided by financing activities	(549)	1,279
Net increase in cash and cash equivalents	128	74
Cash and cash equivalents at beginning of year	1,196	1,991
Cash and cash equivalents at end of period	$ 1,324	$ 2,065

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 September 30, 2001 and the results of operations for the three and nine months ended September 30, 2001 and 2000 and cash flows for the nine months ended September 30, 2001 and 2000. The results of operations for the three- and nine-month periods ended September 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 September 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:

	September 30, 2001	December 31, 2000
Trade	$3,436	$3,967
Other	657	755
	4,093	4,722
Less - Allowance for doubtful accounts and refunds	(112)	(99)
	$3,981	$4,623

NOTE 3. Inventories consist of the following:

	September 30, 2001	December 31, 2000
Raw materials	$1,227	$1,262
Work in process	951	809
Finished products	1,796	1,797
	3,974	3,868
Less - Progress payments	(26)	(5)
Reduction to LIFO cost basis	(136)	(129)
	$3,812	$3,734

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2001	2000	2001	2000
Net income (loss)	$(308)	$ 282	$(217)	$1,405
Foreign exchange translation adjustments	138	(106)	5	(265)
Derivatives qualifying as hedges	2	-	(2)	-
Unrealized holding (losses) on securities available for sale	-	(34)	-	(32)
	$(168)	$ 142	$(214)	$1,108

NOTE 5. Segment financial data follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2001	2000	2001	2000
Net sales				
Aerospace	$2,372	$2,458	$ 7,315	$ 7,308
Automation and Control Solutions	1,780	1,861	5,309	5,441
Specialty Materials	775	1,014	2,563	3,100
Transportation and Power Systems	851	866	2,577	2,665
Corporate	11	17	35	55
	$5,789	$6,216	$17,799	$18,569
Segment profit				
Aerospace	$ 393	$ 565	$ 1,348	$ 1,604
Automation and Control Solutions	192	277	566	742
Specialty Materials	(19)	98	57	300
Transportation and Power Systems	65	41	178	211
Corporate	(32)	(40)	(117)	(109)
Total Segment Profit	599	941	2,032	2,748
Gain on sale of non-strategic businesses	-	-	-	112
Equity in income (loss) of affiliated companies	10	31	(5)	49
Other income	-	35	23	48
Interest and other financial charges	(99)	(125)	(313)	(365)
Cumulative effect of accounting change	-	-	1	-
Repositioning and other charges	(1,008)	(460)	(2,255)	(556)
Income (loss) before taxes	$ (498)	$ 422	$ (517)	$ 2,036

In July 2001, the names of our reportable segments were changed. "Aerospace Solutions" is now "Aerospace", "Automation & Control" is now "Automation and Control Solutions", "Performance Materials" is now "Specialty Materials", and "Power & Transportation Products" is now "Transportation and Power Systems." There were no changes in the strategic business units comprising these segments.

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

	Three Months			Nine Months		
	Income (Loss)	Average Shares	Per Share Amount	Income (Loss)	Average Shares	Per Share Amount
2001						
Earnings (loss) per share of common stock - basic	$(308)	813.3	$(0.38)	$(217)	811.4	$(0.27)
Dilutive securities issuable in connection with stock plans		-			-	
Earnings (loss) per share of common stock - assuming dilution	$(308)	813.3	$(0.38)	$(217)	811.4	$(0.27)

	Three Months			Nine Months		
	Income	Average Shares	Per Share Amount	Income	Average Shares	Per Share Amount
2000						
Earnings per share of common stock - basic	$282	800.7	$0.35	$1,405	799.1	$1.76
Dilutive securities issuable in connection with stock plans		5.7			8.9	
Earnings per share of common stock - assuming dilution	$282	806.4	$0.35	$1,405	808.0	$1.74

As a result of the net loss for the three and nine months ended September 30, 2001, approximately 3.1 and 4.9 million, respectively, of dilutive securities issuable in connection with stock plans have been excluded from the calculation of diluted loss per share because their effect would reduce the loss per share. In addition, 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 nine-month periods ended September 30, 2001, the number of stock options not included in the computations were 40.8 and 16.9 million, respectively. For the three- and nine-month periods ended September 30, 2000, the number of stock options not included in the computations were 30.4 and 15.9 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. On October 2, 2001, Honeywell and GE terminated the Merger Agreement by mutual consent and released each other from claims arising out of the Merger Agreement.

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 nine-month periods ended September 30, 2001 and is not expected to significantly impact future operating results.

NOTE 9. In the third quarter of 2001, we recognized a repositioning charge of $568 million related to workforce reductions principally in our Aerospace and Automation and Control Solutions business segments. The announced workforce reductions consisted of approximately 11,800 manufacturing and administrative positions which are expected to be completed by September 30, 2002. The repositioning charge also included asset impairments and other exit costs related to the shutdown of our Turbogenerator product line, plant closures and the rationalization of manufacturing capacity and infrastructure mainly in our Aerospace, Automation and Control Solutions and Transportation and Power Systems business segments. The components of the charge included severance costs of $414 million, asset impairments of $86 million and other exit costs of $68 million. Also, $31 million of accruals established in prior periods, mainly for severance, were returned to income in the third quarter of 2001, principally due to higher than expected voluntary attrition in the Aerospace and Automation and Control Solutions business segments resulting in reduced severance liabilities.

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 Specialty 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, Specialty Materials and Corporate business segments resulting in reduced severance liabilities.

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 business 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 ($231 and $327 million were recognized in the three- and nine-month periods ended September 30, 2000, respectively). The components of the charges included severance costs of $157 million, asset impairments of $141 million and other exit costs of $40 million. The announced 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 the third quarter of 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	727	194	95	1,016
2001 usage	(224)	(194)	(38)	(456)
Adjustments	(56)	-	(3)	(59)
Balance at September 30, 2001	$683	$ -	$134	$ 817

In the third quarter of 2001, we recognized other charges consisting of probable and reasonably estimable legal and environmental claims of $181 million, an impairment charge of $145 million related to the write-down of property, plant and equipment, goodwill and other identifiable intangible assets of our Friction Materials business (designated, in the third quarter, as held for disposal), $106 million of write-offs principally related to asset impairments, including receivables and inventories, and loss contracts of $39 million.

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 write-offs principally related to asset impairments, including receivables and inventories. 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 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.

In the third quarter of 2000, we recognized other charges consisting of an impairment charge of $245 million related to the write-down of property, plant and equipment, goodwill and other identifiable intangible assets of our Friction Materials business and $30 million of write-offs principally related to asset impairments, including inventories.

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

	Periods Ended September 30,			
	Three Months		Nine Months	
	2001	2000	2001	2000
Aerospace	$ 203	$ 32	$ 355	$ 32
Automation and Control Solutions	317	64	785	81
Specialty Materials	32	112	242	186
Transportation and Power Systems	240	243	367	248
Corporate	216	9	506	9
	$1,008	$460	$2,255	$556

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

	Periods Ended September 30,			
	Three Months		Nine Months	
	2001	2000	2001	2000
Cost of goods sold	$ 916	$361	$1,898	$457
Selling, general and administrative expenses	65	-	151	-
Equity in (income) loss of affiliated companies	27	99	200	99
Other (income) expense	-	-	6	-
	$1,008	$460	$2,255	$556

NOTE 10. In October 2001, we issued $500 million of 5 1/8% Notes, due 2006, and $500 million of 6 1/8% Notes, due 2011. Interest on both the 5 1/8% and 6 1/8% Notes is payable in arrears on May 1 and November 1 of each year, beginning on May 1, 2002. In October 2001, we also entered into interest rate swap agreements, which effectively changed $500 million of our 6 7/8% fixed rate Notes to LIBOR- based floating rate debt.

NOTE 11. 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 our 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.

Charges against pretax earnings for legal and environmental claims are included in the charges for the three- and nine-month periods ended September 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 September 30, 2001, and the related consolidated statements of income for each of the three-month and nine-month periods ended September 30, 2001 and 2000 and the consolidated statements of cash flows for the nine-month periods ended September 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
November 2, 2001

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

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

Net sales in the third quarter of 2001 were $5,789 million, a decrease of $427 million, or 7 percent compared with the third quarter of 2000. The decrease in sales is attributable to the following:

Acquisitions	- %
Divestitures	(2)
Volume/price	(4)
Foreign exchange	(1)
	(7)%

Segment profit in the third quarter of 2001 was $599 million, a decrease of $342 million, or 36 percent compared with the third quarter of 2000. Segment profit margin for the third quarter of 2001 was 10.3 percent compared with 15.1 percent for the third quarter of 2000. The decrease in segment profit in the third quarter of 2001 was principally the result of a substantial decline in segment profit for the Aerospace, Automation and Control Solutions and Specialty Materials segments. The Transportation and Power Systems segment had higher segment profit. Segment profit is discussed in detail by segment in the Review of Business Segments section below.

Equity in (income) loss of affiliated companies was a loss of $17 million in the third quarter of 2001 compared with a loss of $68 million in the third quarter of 2000. The third quarters of both 2001 and 2000 included provisions of $27 and $99 million, respectively, for repositioning and other charges. Excluding these charges in both periods, equity in (income) loss of affiliated companies was income of $10 million in the third quarter of 2001 compared with income of $31 million in the third quarter of 2000. The decrease of $21 million in equity income was due mainly to a gain from the sale of our interest in an automotive aftermarket joint venture in the prior year's quarter.

Other (income) expense was zero in the third quarter of 2001 compared with $35 million of income in the third quarter of 2000. The decrease of $35 million in other income was due principally to lower benefits from foreign exchange hedging and decreased interest income.

Interest and other financial charges of $99 million in the third quarter of 2001 decreased by $26 million, or 21 percent compared with the third quarter of 2000 due to lower average debt outstanding and lower average interest rates in the current period.

The effective tax rate in both the third quarters of 2001 and 2000 included the impact of repositioning and other charges. Excluding the impact of these charges in both periods, the effective tax rate was 29.5 percent in the third quarter of 2001 compared with 30.5 percent in the third quarter of 2000. The decrease in the effective tax rate related principally to incremental tax synergies associated with the AlliedSignal and Honeywell Inc. merger in December 1999 and favorable tax audit results.

Net loss of $308 million, or $(0.38) per share, in the third quarter of 2001 compared with net income of $282 million, or $0.35 per share, in the third quarter of 2000. Adjusted for repositioning and other charges, net income in the third quarter of 2001 was $668 million, or $0.82 per share, higher than reported.

Adjusted for repositioning and other charges, net income in the third quarter of 2000 was $331 million, or $0.41 per share, higher than reported. Net income in the third quarter of 2001 decreased by 41 percent compared with the third quarter of 2000 if both periods are adjusted to exclude the impact of repositioning and other charges.

Review of Business Segments
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Aerospace sales of $2,372 million in the third quarter of 2001 decreased by $86 million, or 4 percent compared with the third quarter of 2000. Excluding the effect of divestitures, sales decreased 2 percent. This decrease principally reflected lower sales to both the commercial air transport and business and general aviation aftermarket. This decrease was partially offset by higher sales of original equipment to air transport manufacturers and regional jet customers. The lower commercial aftermarket sales resulted from the abrupt downturn in the aviation industry following the terrorists attacks on September 11, 2001 and the already weakened economy. This dramatic downturn in the commercial air transport industry will continue to negatively impact the operating results of our aerospace segment in the fourth quarter of 2001 and the full year 2002. In response, we have accelerated our cost-reduction actions and further accelerated efforts to improve performance.

Aerospace segment profit of $393 million in the third quarter of 2001 decreased by $172 million, or 30 percent compared with the third quarter of 2000. This decrease related principally to lower aftermarket sales, engineering and development costs related to new products, increased sales of lower-margin original equipment products and the impact of prior year divestitures. This decrease was partially offset by cost reduction actions, primarily workforce reductions.

Automation and Control Solutions sales of $1,780 million in the third quarter of 2001 decreased by $81 million, or 4 percent compared with the third quarter of 2000. Excluding the effects of foreign exchange and net divestitures, sales decreased approximately 2 percent. This decrease resulted primarily from lower sales for our Control Products business due to a decline in our VCSEL fiber optic business. Our Enterprise Service and Solutions business also had lower sales due primarily to weakness in our security monitoring business. This decrease was partially offset by significantly higher sales for our Industry Solutions business driven primarily by an increase in our long-term manageability contracts, our industrial automation offering. Sales were also slightly higher for our Security and Fire Solutions business.

Automation and Control Solutions segment profit of $192 million in the third quarter of 2001 was lower by $85 million, or 31 percent compared with the third quarter of 2000 due principally to lower volumes in our Control Products and Enterprise Service and Solutions businesses, higher raw material costs and pricing pressures across the segment, and the impact of prior year divestitures. This decrease was partially offset by lower costs due to workforce reductions.

Specialty Materials sales of $775 million in the third quarter of 2001 decreased by $239 million, or 24 percent compared with the third quarter of 2000. Excluding the effect of net divestitures, sales decreased 19 percent. This decrease was driven by a substantial decline in sales for our Electronic Materials business due to weakness in the electronics and telecommunications markets, including the effects of a broad inventory correction. Sales were also lower for our Nylon System and Performance Fibers businesses due to weakness in the carpet and automotive end-markets.

Specialty Materials segment loss of $(19) million in the third quarter of 2001 compared with segment profit of $98 million in the third quarter of 2000. This decrease resulted primarily from lower volumes and price declines principally in our Electronic Materials, Nylon System and Performance Fibers businesses and the impact of prior year divestitures. This decrease was partially offset by improving raw material costs and the effects of plant shutdowns and workforce reductions.

Transportation and Power Systems sales of $851 million in the third quarter of 2001 decreased by $15 million, or 2 percent compared with the third quarter of 2000. Excluding the effects of foreign exchange and divestitures, sales increased 1 percent. Sales were significantly higher for our Turbocharging Systems business as strong demand continued in the European diesel-powered passenger car market. This increase was partially 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.

Transportation and Power Systems segment profit of $65 million in the third quarter of 2001 increased by $24 million, or 59 percent compared with the third quarter of 2000 due principally to higher sales in our Turbocharging Systems business and the fact that the prior year included costs associated with a product recall in our Commercial Vehicle Systems business.

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

Net sales in the first nine months of 2001 were $17,799 million, a decrease of $770 million, or 4 percent compared with the first nine months of 2000. The decrease in sales is attributable to the following:

Acquisitions	1 %
Divestitures	(2)
Volume/price	(2)
Foreign exchange	(1)
	(4)%

Segment profit in the first nine months of 2001 was $2,032 million, a decrease of $716 million, or 26 percent compared with the first nine months of 2000. Segment profit margin for the first nine months of 2001 was 11.4 percent compared with 14.8 percent for the first nine months of 2000. The decrease in segment profit in the first nine months of 2001 was principally the result of a substantial decline in segment profit for the Specialty Materials and Automation and Control Solutions segments. The Aerospace and Transportation and Power Systems segments had significantly 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 nine months of 2000 represented 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 $205 million in the first nine months of 2001 compared with a loss of $50 million in the first nine months of 2000. The first nine months of both 2001 and 2000 included provisions of $200 and $99 million, respectively, for repositioning and other charges. Excluding these charges in both periods, equity in (income) loss of affiliated companies was a loss of $5 million in the first nine months of 2001

compared with income of $49 million in the first nine months of 2000. The decrease of $54 million in equity income was due mainly to a gain from the sale of our interest in an automotive aftermarket joint venture in the prior year. Lower earnings from joint ventures principally in our Specialty Materials and Automation and Control Solutions segments also contributed to the decrease.

Other (income) expense, $18 million of income in the first nine months of 2001, decreased by $30 million compared with the first nine months of 2000. The first nine 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 credit 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 nine months of 2001, a decrease of $25 million compared with the first nine months of 2000 due to lower benefits from foreign exchange hedging and decreased interest income partially offset by lower minority interest.

Interest and other financial charges of $313 million in the first nine months of 2001 decreased by $52 million, or 14 percent compared with the first nine months of 2000 due to lower average debt outstanding and lower average interest rates in the current period.

The effective tax rate in both the first nine months of 2001 and 2000 included the impact of repositioning and other charges, while the effective tax rate in the first nine months of 2000 also included 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 nine months of 2001 compared with 30.5 percent in the first nine months of 2000. The decrease in the effective tax rate related principally to incremental tax synergies associated with the AlliedSignal and Honeywell Inc. merger in December 1999 and favorable tax audit results.

Net loss of $217 million, or $(0.27) per share, in the first nine months of 2001 compared with net income of $1,405 million, or $1.74 per share, in the first nine months of 2000. Adjusted for repositioning and other charges, net income in the first nine months of 2001 was $1,442 million, or $1.78 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 nine months of 2000 was $319 million, or $0.40 per share, higher than reported. Net income in the first nine months of 2001 decreased by 29 percent compared with the first nine months of 2000 if both periods are adjusted to exclude the impact of repositioning and other charges and the gain on the disposition of the TCAS product line of the former Honeywell.

Review of Business Segments
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Aerospace sales of $7,315 million in the first nine months of 2001 were basically flat compared with the first nine months of 2000. Sales of original equipment to air transport manufacturers increased significantly. Sales of original equipment to business and general aviation customers also increased slightly. This increase was offset by lower sales to the aftermarket and the effect of prior year divestitures.

Aerospace segment profit of $1,348 million in the first nine months of 2001 decreased by $256 million, or 16 percent compared with the first nine months of 2000. This decrease related principally to higher sales of lower-margin original equipment products, lower aftermarket volumes, higher retirement benefit costs,

engineering and development costs related to new products, and the impact of prior year divestitures.

Automation and Control Solutions sales of $5,309 million in the first nine months of 2001 decreased by $132 million, or 2 percent compared with the first nine months of 2000. Excluding the effects of foreign exchange and net acquisitions, sales decreased approximately 1 percent. Sales for our Industry Solutions business were higher due principally to an increase in our long-term manageability contracts. Sales for our Security and Fire Solutions business were also slightly higher due to our acquisition of Pittway in the prior year. This increase was more than offset by lower sales for our Control Products and Enterprise Service and Solutions businesses.

Automation and Control Solutions segment profit of $566 million in the first nine months of 2001 was lower by $176 million, or 24 percent compared with the first nine months of 2000. This decrease resulted principally from lower sales for our Control Products and Enterprise Service and Solutions businesses, higher raw material costs and pricing pressures across the segment, higher retirement benefit costs and the impact of prior year divestitures partially offset by lower costs due to workforce reductions.

Specialty Materials sales of $2,563 million in the first nine months of 2001 decreased by $537 million, or 17 percent compared with the first nine months of 2000. This decrease was driven by a substantial decline in sales for our Electronic Materials business due to weakness in the electronics and telecommunications markets and the impact of prior year divestitures. Sales were also lower in our Nylon System and Performance Fibers businesses.

Specialty Materials segment profit of $57 million in the first nine months of 2001 was lower by $243 million, or 81 percent compared with the first nine months of 2000. This decrease resulted primarily from lower sales in our Electronic Materials, Nylon System and Performance Fibers businesses, higher energy and raw material costs and the impact of prior year divestitures.

Transportation and Power Systems sales of $2,577 million in the first nine months of 2001 decreased by $88 million, or 3 percent compared with the first nine months of 2000. Excluding the effects of foreign exchange and net divestitures, 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.

Transportation and Power Systems segment profit of $178 million in the first nine months of 2001 decreased by $33 million, or 16 percent compared with the first nine months of 2000. This decrease principally reflected lower sales in our Friction Materials and Consumer Products Group businesses and losses related to our Turbogenerator product line which was shutdown in the third quarter of 2001.

C. FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Total assets at September 30, 2001 were $25,332 million, an increase of $157 million, or 1 percent from December 31, 2000.

Cash provided by operating activities of $1,357 million during the first nine months of 2001 increased by $4 million compared with the first nine months of 2000 as improved working capital performance offset the decrease in earnings.

Cash used for investing activities of $680 million during the first nine months of 2001 decreased by $1,878 million compared with the first nine months of 2000 due principally to the acquisition of Pittway in the prior year. This decrease was partially offset by the absence of proceeds from sales of businesses in the current period. We expect our total capital spending in 2001 to be approximately $900 million.

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

Cash used for financing activities of $549 million during the first nine months of 2001 increased by $1,828 million compared with the first nine months of 2000 due principally to the issuance of $1 billion of 7.50% Notes and $750 million of 6.875% Notes in February and September 2000, respectively. Total debt of $5,483 million at September 30, 2001 was $140 million, or 3 percent lower than at December 31, 2000. In October 2001, we issued $500 million of 5 1/8% Notes, due 2006, and $500 million of 6 1/8% Notes, due 2011. The net proceeds of approximately $992 million from this debt offering will be used for repayment of outstanding debt, including commercial paper, as well as for general corporate purposes, which may include repurchase of our common stock, investments in or extensions of credit to our subsidiaries, or the financing of possible acquisitions or business expansion.

Repositioning Charges
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In the third quarter of 2001, we recognized a repositioning charge of $568 million related to workforce reductions principally in our Aerospace and Automation and Control Solutions business segments. The announced workforce reductions consisted of approximately 11,800 manufacturing and administrative positions which are expected to be completed by September 30, 2002. The repositioning charge also included asset impairments and other exit costs related to the shutdown of our Turbogenerator product line, plant closures and the rationalization of manufacturing capacity and infrastructure mainly in our Aerospace, Automation and Control Solutions and Transportation and Power Systems business segments. The components of the charge included severance costs of $414 million, asset impairments of $86 million and other exit costs of $68 million. Also, $31 million of accruals established in prior periods, mainly for severance, were returned to income in the third quarter of 2001, principally due to higher than expected voluntary attrition in the Aerospace and Automation and Control Solutions business segments resulting in reduced severance liabilities. The net pretax impact of the repositioning charge by business segment was as follows: Automation and Control Solutions - $180 million; Aerospace - $169 million; Transportation and Power Systems - $93 million; Corporate - $63 million; and Specialty Materials - $32 million.

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 Specialty 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, Specialty Materials and Corporate business segments resulting in reduced severance liabilities. The net pretax impact of the repositioning charge by business segment was as follows: Specialty Materials - $96 million; Corporate - $22 million; Automation and Control Solutions - $8 million; Transportation and Power Systems - $3 million; and Aerospace - ($6) million.

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 business 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 business segment was as follows: Automation and Control Solutions - $132 million; Aerospace - $64 million; Specialty Materials - $44 million; Transportation and Power Systems - $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 ($231 and $327 million were recognized in the three- and nine-month periods ended September 30, 2000, respectively). The components of the charges included severance costs of $157 million, asset impairments of $141 million and other exit costs of $40 million. The announced 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 the third quarter of 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 of approximately $400 million in 2001 and $1.2 billion in 2002. Cash expenditures for severance and other exit costs necessary to execute these actions will approximate $800 million. Cash spending for severance and other exit costs for 2001 and 2000 repositioning actions were $262 million for the nine months ended September 30, 2001 and were funded through operating cash flows.

D. OTHER MATTERS

In August 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS No. 144), the provisions of which are effective for us on January 1, 2002. SFAS No. 144 provides guidance on the accounting and reporting for the impairment or disposal of long-lived assets.

We are currently evaluating the effect that the adoption of the provisions of SFAS No. 144 will have on our results of operations and financial position.

In June 2001, the FASB issued Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" (SFAS No. 143), the provisions of which are effective for us on January 1, 2003. SFAS No. 143 requires entities to recognize the fair value of a liability for tangible long-lived asset retirement obligations in the period incurred, if a reasonable estimate of fair value can be made. We are currently evaluating the effect that the adoption of the provisions of SFAS No. 143 will have on our results of operations and financial position.

In June 2001, the FASB 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 provisions of SFAS No. 142 and anticipate net income will increase following adoption as amortization of recorded goodwill and indefinite-lived intangible assets is discontinued effective January 1, 2002 under the provisions of this standard.

Report of Independent Accountants
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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 September 30, 2001, there has been no material change in this information. As described in Note 10 on page 11 of this Form 10-Q, in October 2001, we issued $500 million of 5 1/8% Notes and $500 million of 6 1/8% Notes and also entered into interest rate swap agreements related to $500 million of our 6 7/8% fixed rate Notes. The following table illustrates the potential change in fair value as of the date of issuance for the 5 1/8% and 6 1/8% Notes and the $500 million of interest rate swap agreements based on a hypothetical immediate one-percentage-point increase in interest rates.

	Face or Notional Amount(1)	Carrying Value(1)	Fair Value(1)	Estimated (Decrease) In Fair Value
5 1/8% Notes	$(500)	$(497)	$(497)	$(22)
6 1/8% Notes	(500)	(499)	(499)	(37)
Interest Rate Swaps	500	--	--	(16)

(1) Asset or (liability)

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 5. OTHER INFORMATION

In order for a shareowner proposal to be considered for inclusion in Honeywell's proxy statement for the 2002 Annual Meeting pursuant to Rule 14a-8 of the Securities and Exchange Commission (SEC), the proposal must be received at our offices a reasonable time before we begin to print and mail our proxy materials. Honeywell has set the deadline for receipt of such proposals as the close of business on February 28, 2002. Proposals submitted thereafter will be opposed as not timely filed.

If a shareowner intends to present a proposal for consideration at the 2002 Annual Meeting outside the processes of SEC Rule 14a-8, we must receive notice of such proposal on or before April 30, 2002. Otherwise the proposal will be considered untimely under our By-laws. In addition, Honeywell's 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:

3(ii)	By-laws of Honeywell International Inc., as amended
10.23	Settlement Agreement between Honeywell International Inc., Honeywell Europe S.A. and their affiliates and Giannantonio Ferrari, dated July 27, 2001.
15	Independent Accountants' Acknowledgment Letter as to the incorporation of their report relating to unaudited interim financial statements

(b) Reports on Form 8-K. The following reports on Form 8-K were filed during the three months ended September 30, 2001.

1. On July 3, 2001, a report was filed reporting the decision by the European Commission prohibiting the proposed merger of Honeywell and General Electric Company, the retirement of Chairman and CEO Michael R. Bonsignore and the appointment of Lawrence A. Bossidy as Chairman and Chief Executive Officer.
2. On July 16, 2001, a report was filed reporting that both Honeywell and General Electric each granted its consent under the Merger Agreement to enable both companies to engage in activities previously prohibited by the Merger Agreement.
3. On July 20, 2001, a report was filed reporting the setting of December 7, 2001, as the date for our 2001 Annual Shareowners Meeting.

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: November 14, 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(ii)	By-laws of Honeywell International Inc., as amended
4	Omitted (Inapplicable)
10.23*	Settlement Agreement between Honeywell International Inc., Honeywell Europe S.A. and their affiliates and Giannantonio Ferrari, dated July 27, 2001
11	Omitted (Inapplicable)
15	Independent Accountants' Acknowledgment Letter as to the incorporation of their report relating to unaudited interim financial statements
18	Omitted (Inapplicable)
19	Omitted (Inapplicable)
22	Omitted (Inapplicable)
23	Omitted (Inapplicable)
24	Omitted (Inapplicable)
99	Omitted (Inapplicable)

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

Exhibit 3(ii)

By-laws
of
Honeywell International Inc.

Amended as of
July 3, 2001

TABLE OF CONTENTS

By-laws
of
Honeywell International Inc.

ARTICLE I
OFFICES

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

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

ARTICLE II
MEETINGS OF STOCKHOLDERS

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

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

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

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

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

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

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

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

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

ARTICLE III
DIRECTORS

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

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

SECTION 3. Advance Notice of Stockholder Business and Nominations.

a) Annual Meeting of Stockholders.

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

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

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

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

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

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

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

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

b) General.

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV
COMMITTEES OF THE BOARD

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

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

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

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

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

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

ARTICLE V
OFFICERS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VI
CONTRACTS, CHECKS, LOANS, DEPOSITS, ETC.

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

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

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

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

ARTICLE VII
CAPITAL STOCK

SECTION 1. Stock Certificates and Uncertificated Shares. The shares of the Corporation may be represented by certificates or may be uncertificated. Each Stockholder shall be entitled to have, in such form as shall be approved by the Board, a certificate or certificates signed by the Chairman of the Board or the Vice Chairman of the Board or the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary representing the number of shares of capital stock of the Corporation owned by such Stockholder. Any or all of the signatures on any such certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon any such certificate shall have ceased to be such before such certificate is issued, such certificate may be issued by the Corporation with the same effect as if such officer, transfer agent or registrar had been such at the date of its issue. Absent a specific request for such a certificate by the registered owner or transferee thereof, all shares may be uncertificated upon the original issuance thereof by the Corporation or upon surrender of the certificate representing such shares to the Corporation or its transfer agent.

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

SECTION 3. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the Stockholders entitled to examine the stock ledger, the list required

by Section 2 of this Article VII or the books of the Corporation, or to vote in person or by proxy at any meeting of Stockholders.

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

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

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

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

ARTICLE VIII
FISCAL YEAR

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

ARTICLE IX
SEAL

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

ARTICLE X
WAIVER OF NOTICE

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

ARTICLE XI
AMENDMENTS

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

ARTICLE XII
EMERGENCY BY-LAWS

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

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

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

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

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

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

Exhibit 10.23

SETTLEMENT AGREEMENT

This Settlement Agreement and Release is made and entered into this 27th day of July, 2001 by and between Giannantonio Ferrari (hereinafter "Executive ") on the one part and Honeywell International, Inc, a Delaware corporation, having its main offices at 101 Columbia Road, Morristown, New Jersey 07962 and Honeywell Europe, S.A., a company incorporated in Belgium and having its main offices at Bourgetlaan 3, 1140 Brussels Belgium and any of their respective present or future parent corporations, predecessor companies, past, present and future divisions, subsidiaries, affiliates and related companies and their successors and assigns (collectively "the Company"), on the other part.

WITNESSETH:

WHEREAS, Executive was hired by the Company on or about March 15, 1960 and he has since been continuously employed by the Company; and

WHEREAS, Honeywell Europe S.A. and Executive executed an employment contract dated January 1, 1992 recognizing Executive's appointment as president of Honeywell Europe S.A. prepared and executed under Belgian law, recognizing prior seniority with the Company since Executive's date of hire on March 15, 1960; and

WHEREAS, pursuant to a letter dated April 1, 1997, Executive was assigned to the Company in the United States as President and Chief Operating Officer of Honeywell Inc., while maintaining Executive's employment relationship with Honeywell Europe, S.A.; and

WHEREAS, on May 21, 1997, Executive entered into an employment contract with the Company, replacing and superceding all previous understandings and agreements and detailing certain of Executive's terms and conditions of employment to be governed by the laws of the State of Minnesota; and

WHEREAS, on August 17, 1999, Executive entered into a revised employment contract with the Company, accepting the position of Chief Operating Officer and Executive Vice President of Honeywell International, Inc., contingent on completion of the merger of Honeywell Inc. and AlliedSignal Inc.; and

WHEREAS, on January 9, 2001, Executive was notified of his eligibility for certain benefits under the Corporate Staff Severance Plan of Honeywell International, Inc. (Benefits Payable on Change of Control), in anticipation of and contingent on the completion of the contemplated merger of Honeywell International, Inc. into General Electric Company; and

WHEREAS, following agreement with Executive, the parties now wish to amicably terminate the employment relationship described above, to avoid any future disagree-ments by means of this transnational settlement agreement and to dispose of any other claims whatsoever that either party has or may have against the other arising out of said termination, including but not limited to, claims for salaries, indemnities, severance benefits, pension benefits, unemployment compensation, breach of contract or any other claims, with the exception of payments and/or benefits described in this agreement; and

WHEREAS, the parties agreed on July 15, 2001 that the employment contract between Executive and the Company shall be terminated effective August 31, 2001; and

WHEREAS, Executive will resign effective August 31, 2001 from all positions within the Honeywell Group; and

NOW, THEREFORE, the parties hereto agree as follows:

This Employment Settlement Agreement and Release ("Settlement Agreement and Release") confirms the parties' mutual understanding regarding Executive's rights and benefits under the AlliedSignal Inc. Severance Plan for Senior Executives ("Senior Severance Plan"), Executive's Change Of Control Severance Agreement with Honeywell, Inc. dated May 21, 1977, and all other employment contracts or agreements or other severance indemnities incident to Executive's termination of employment with the Company. By signing this Settlement Agreement and Release, Executive hereby acknowledges that the benefits described herein are in full satisfaction of all rights to termination or severance related benefits, indemnities, or other payments or benefits for which Executive may have been eligible or may claim to be eligible under any agreement or promise, whether written or oral, express or implied, or any Company sponsored severance plan or program.

Transition Period
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Executive will continue to work for the Company from the date hereof until July 31, 2001 ("Last Day Worked"). From August 1, 2001 to August 31, 2001 ("Termination Date"), Executive shall take vacation leave so that Executive may use all of his carry-over and accrued vacation time (the "Vacation Period"). Executive acknowledges and agrees that the Vacation Period represents all of his accrued, unused vacation entitlements. During the Vacation Period and until such time as Executive establishes a "Closer Connection" to Italy, but no later than October 31, 2001, Executive will continue to be eligible for the Cost of Living and Housing Inpatriate allowances as in effect immediately prior hereto. Executive's base salary payments will stop on Executive's Termination Date.

2001 Incentive Compensation for Active Employment
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The Company will pay the Executive, at the same time as annual cash bonuses are paid to other senior executive officers of the Company in accordance with the Incentive Compensation Plan for Executive Employees, a prorated annual cash bonus with respect to Executive's period of active employment during 2001 in an amount equal to the product of (i) the average annual cash bonus payable to other senior executives of the Company; (ii) a fraction the numerator of which is the number of days during 2001 to Executive's Termination Date, and the denominator of which is 365.

Severance and Bonus Payments
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Provided that Executive signs and returns this Settlement Agreement and Release in the form provided to him, the Company will pay Executive at the time Executive ceases to be a resident of the United States and establishes a "Closer Connection" to Italy, a severance payment in an amount equal to three times the sum of (i) Executive's annual base salary (27,540,000 BEF) [US$621,245], as in effect immediately prior to the date hereof, plus (ii) Executive's target annual bonus (24,786,000 BEF) [US$559,121] for calendar year 2001 (hereinafter collectively referred to as "Severance Pay"). In lieu of payment in installments over a three-year period beginning on the later of Executive's Termination Date or such time the Executive ceases to be a resident of the United States and establishes a "Closer Connection" to Italy and ending on August 31, 2004 (the "Severance Period"), the Company will pay Executive's severance in one lump-sum payment.

In the event that the IRS determines that Executive is a "disqualified individual" (as defined in Section 280G of the Internal Revenue Code), and the Severance Pay provided for in this Section, together with any other payments which Executive is entitled to receive from the Company, would constitute a "parachute payment", the Company will reimburse Executive for the excise tax imposed by Section 4999 of the Internal Revenue Code on the parachute payment and the income tax on the reimbursement.

All severance payments are subject to applicable taxes and withholdings (i.e., Belgian non-resident tax rates as currently utilized). The Company will assist the Executive to minimize his personal tax obligations provided there are no additional costs to the Company. In order for the Executive to cease residency in the United States and establish a "Closer Connection" to Italy he must do the following:

1. Lease or buy a residence in Italy;
2. Vacate his New York City apartment and consign his personal belongings to a U.S. Mover for storage and shipment to Italy;
3. Close bank and securities accounts in the U.S. and open bank and securities accounts in Italy;
4. Physically depart the U.S. with the final destination of Italy; and
5. Commit not to return to the U.S. for the remainder of 2001 and live primarily in Italy.

The Company shall make payment, within twenty days of the Executive furnishing proof of Points 1 through 4 and a specific written commitment by the Executive as to point 5.

Stock Options and Restricted Units

- Vested Options - Executive will have the full term of each grant to exercise Executive's vested stock options. The following schedule reflects the details of Executive's currently vested stock options:

Grant Date	Vested Options	Grant Price	Expiration Date
8/19/99	38,626	$61.3166	2/18/07
12/3/99	130,000	$63.0000	12/2/09

- Unvested Options - except for performance options, all of Executive's unvested options will continue to vest in accordance with the terms of Executive's stock option grants. The following schedule reflects the details of Executive's currently unvested stock options:

Grant Date	Unvested Options	Grant Price	Vesting Provisions	Vesting Dates	Expiration Date
12/3/99	195,000	$63.0000	Vest as Scheduled	97,500 on 1/1/02 97,500 on 1/1/03	12/2/09

- Performance Options - the 108,000 performance options granted to Executive on 12/3/99 will terminate and be forfeited on Executive's Termination Date.

- Performance Restricted Units - the 32,500 performance contingent restricted units will be canceled on Executive's Termination Date and Executive shall have no right to receive any payment in respect of such restricted units.

Executive shall be responsible for all worldwide income taxes related to the exercise of stock options and the subsequent sale of stock received. All option exercises are subject to applicable tax withholdings.

Subject to the terms hereof, Executive's vested options and unvested options that become exercisable hereby shall be exercisable in accordance with their terms and the terms of the 1993 Stock Plan for Employees of Honeywell International Inc. and its Affiliates including without limitation, provisions related to acceleration upon Change in Control.

Executive may contact the Honeywell Stock Option Service Center at Salomon Smith Barney at 888-723-3391 to exercise Executive's stock options.

Consideration for the Release
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The Company offers Executive the Severance Pay and benefits continuation and Option Vesting ("Consideration") described herein only in exchange and in consideration for Executive's entering into this Settlement Agreement and Release in the form provided to Executive. By signing this Settlement Agreement and Release, Executive agrees that the Consideration described above is (i) in full payment of all benefits to which Executive may be entitled under any current or former Company sponsored or Company paid severance pay plans, policies or indemnities or that may be claimed under applicable laws whether in the U.S., Belgium, Italy or other European country; and (ii) are in addition to any other benefit to which Executive may otherwise be entitled under any current or former Company sponsored or Company paid insurance, employee stock ownership, vacation, disability, pension or other benefit plans or policies or that may be claimed under applicable laws whether in the U.S., Belgium, Italy or other European country. In order to receive the Consideration, Executive must return this signed Settlement Agreement and Release, in the form in which it is provided to Executive, to the attention of Donald J. Redlinger, Senior Vice President, HR and Communications, at Honeywell, 101 Columbia Road, Morristown, New Jersey 07962, no later than 21 days from the date that Executive receives this Settlement Agreement and Release. If Executive chooses not to sign this Settlement Agreement and Release in the form provided to Executive, Executive will still receive the vacation pay described herein. Executive's group insurance plan participation will end no later than the month in which Executive's last day of active employment falls. Other payments and benefits will end on Executive's last day of active employment.

Pension
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Executive has a vested executive retirement benefit that is described in the Honeywell Europe Pension Plan a.s.b.l. and as described in Appendix A to this Settlement Agreement and Release. Executive may arrange for payment of his pension by contacting John Hacquebard in Brussels at + 32 (2) 728-2356. You will not be eligible to receive your pension distribution until you cease to be a resident of the United States and establish a "Closer Connection" to Italy. The Company shall make payment, within twenty days of the Executive furnishing proof of a "Closer Connection" to Italy as described on page 4 of this document.

Group Insurance Coverage
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Provided Executive signs and returns the Settlement Agreement and Release in the form provided to him, Executive may elect to retain his coverage in the Company's group insurance plans for active employees through the end of the month in which Executive's Severance ends, August 31, 2004. Since Executive's severance will be paid as a lump sum, the employee share of any premiums shall be billed to Executive directly. Failure to make the required premium payments will result in the cancellation of Executive's group

insurance coverage. However, if Executive becomes re-employed and receives group insurance coverage with another employer, Executive will cease to be eligible for group insurance continuation under this Agreement. Notwithstanding the foregoing, any Long Term Disability coverage and business travel insurance Executive has will terminate on August 31, 2001. Executive may also elect to retain any coverage Executive has with CIGNA's Group Universal Life Insurance Program (GUL) through August 31, 2004. If Executive wishes to continue the GUL insurance beyond the Severance Period, on a direct pay basis, Executive can contact CIGNA at 800-243-3264.

Executive's Honeywell Italy group health insurance coverage will expire at the end of Executive's Severance Period, August 31, 2004. At the end of Executive's Severance Period, Executive will be eligible for retiree medical benefits consistent with the terms of the Honeywell Italy Retiree Medical Plan and Executive's service.

Executive Third Party Liability Insurance Coverage
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Executive's participation in the Company-sponsored third-party liability insurance coverage program will expire on August 31, 2001.

Flexible Perquisite Program
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Participation in this program ends with the payment of Executive's Fourth Quarter, 2001 payment in the amount of $12,500. The payment will be made in October and is subject to applicable taxes and withholdings (i.e., Belgian non-resident tax rates as currently utilized).

Income Tax Equalization for Company-Related Earnings Abroad; Indemnification
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Following termination of Executive's employment, Executive remains eligible for tax equalization of income taxes relating to Company-related employment earnings while in the U.S. However, in order to be entitled to post-termination tax equalization payments, Executive must settle with the Company the full amount of any existing tax loans or advances, tax equalization calculations (TEQ indicates Executive will owe the Company) and foreign tax credit carryovers. Deloitte & Touche will continue (the "Tax Preparer") to prepare Executive's U.S., applicable state and non-U.S. income tax returns and will calculate Executive's tax equalization for the year the Executive's foreign assignment ends and then one additional calendar year.

Any income tax reimbursement due Executive will first be applied to settle any outstanding tax loans or advances previously made to Executive; any balance will be paid to Executive at the conclusion of the tax equalization settlement process. Likewise, any tax reimbursement due the Company will be added to any outstanding tax loans or advances previously made to Executive, which Executive shall repay at the conclusion of the tax equalization settlement process.

Final settlement of 2000 tax equalization issues is expected within 60 days from the date the tax equalization settlement is prepared by the Tax Preparer. Final settlement of 2001 tax equalization issues is also expected within 60 days from the date the tax equalization settlement is prepared by the Tax Preparer. Executive agrees to cooperate fully with the Tax Preparer in completing the Tax Preparer's tax organizer forms and filing all income tax returns on a timely basis. Executive is personally responsible for the payment of any income taxes, penalties and interest determined to be owing as a result of the tax equalization settlement process and Executive agrees to make these payments when due. Executive shall pay to the Company any amounts determined in the Tax Preparer's final tax equalization settlement report to be owing to the Company within 30 calendar days of Executive's receipt of the applicable settlement report. Executive may make repayment by directing the Company to deduct amounts owed the Company from the next salary continuation payments owing to Executive, if any. The parties agree that the Company has the right to deduct amounts owed the Company as a result of the tax equalization settlement process from salary continuation payments or from any lump sum severance payments to Executive owing to Executive if, after 30 business days from Executive's receipt of the settlement report, Executive has not repaid amounts owing and has not directed the Company to deduct amounts owing from salary continuation.

If any additional income taxes attributable to Executive's Company-related employment earnings are assessed against Executive after Executive's 2000 and 2001 U.S., applicable state and non-U.S. income tax returns are filed, the Company shall indemnify Executive for any such additional income taxes owing for 2000 or 2001 that are directly attributable to and resulting from Executive's assignment inside the U.S., by paying such income taxes, interest and penalties on Executive's behalf, including a gross-up for any additional income taxes owing on this payment. The Company's indemnity payments shall be determined and calculated in a manner consistent with the Company's existing tax equalization policy as applied by the Tax Preparer.

Repatriation from the United States to Italy
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You are eligible for repatriation based on Honeywell's International Assignment Policy, which will include the following:

- Physical move and insurance of your household goods;
- Storage for up to six months (an increase over our policy which is 60 days);
- 45 days of temporary living;
- Business class airfare for you, your wife and dependant son;
- $10,000 for incidental expenses; and
- Lease cancellation and apartment closeout expenses, if necessary.

Contingencies
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In order to receive the benefits under this Settlement Agreement and Release, Executive must return this signed Settlement Agreement and Release to Donald J. Redlinger, Senior Vice President, Human Resources and Communications at Honeywell International Inc., 101 Columbia Road, Morristown, New Jersey 07962, no later than October 3, 2001.

Provided that Executive has signed and returned this Settlement Agreement and Release, in the event of Executive's death after Executive's termination date, payment of any remaining Severance Pay owing under this Settlement Agreement and Release will be made to Executive's designated beneficiary or, if none, to Executive's estate. However, employee benefits continuation will generally cease effective with Executive's death.

In the event that before the end of Executive's Benefit Period, Executive accepts a position with the Company, all payments and benefits under this Settlement Agreement and Release will terminate as of the date of Executive's employment with the Company resumes. In such event, all payments and benefits paid to Executive before Executive is reinstated or rehired shall be considered to be valuable legal consideration to which Executive was not otherwise entitled and the Release of Claims, Confidentiality and Dispute Resolution provisions of this Settlement Agreement and Release shall remain in effect and fully enforceable.

Subject to the preceding paragraph, Executive's acceptance of a position with another company will not affect Executive's eligibility for benefits under this Settlement Agreement and Release. However, the Company reserves the right to cancel Executive's benefits in the event that Executive, either before or after Executive's termination of employment, (a) is convicted of a felony, (b) commits any fraud or misappropriate property, proprietary information, intellectual property or trade secrets of the Company for personal gain or for the benefit of another party, (c) actively recruits and offers employment to any management employee of the Company, (d) engages in intentional misconduct substantially damaging to the property or business of the Company, (e) makes false or misleading statements about the Company or its products, officers or employees to competitors or customers or potential customers of the Company, or to current of former employees of the Company, (f) materially breaches any of the terms of this Settlement Agreement and Release, or (g) engages in any other activity which the Corporation considers detrimental to its interests, as determined by the Senior Vice President and General Counsel and the Senior Vice President-Human Resources and Communications, in their sole discretion.

While receiving Severance Pay, Executive will not be eligible to return to work at the Company as an employee or as a consultant. While receiving Severance Pay, and for at least six months after Executive's Severance Pay Period ends, Executive will not be eligible to return to work at the Company as an employee of a major Company vendor.

Release Of Claims
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In exchange for the Consideration, Executive, Giannantonio Ferrari, hereby waives and releases, knowingly and willingly, the Company, future parent corporations, predecessor companies, past, present and future divisions, subsidiaries, affiliates and related companies and their successors and assigns and all past, present and future directors, officers, employees and agents of these entities, personally and as directors, officers, employees and agents (collectively the "Honeywell Group"):

(1) from any and all rights and claims of any nature whatsoever Executive has or may assert arising out of Executive's employment, Executive's current and prior employment contract, written or implied, including, without limitation, any and all rights acquired under the Belgian employment contract dated January 1, 1992 and Executive's Letter of Assignment dated May 21, 1977;

(2) from any and all rights and claims of any nature that Executive may have or may assert arising out of the termination of Executive's employment with the Honeywell Group, known or unknown, including but not limited to any claims Executive may have under the laws of Belgium, Italy or any other European country, and under U.S. federal, state or local employment, labor, or anti-discrimination laws, statutes and case law and specifically claims arising under the federal Age Discrimination in Employment Act, the Civil Rights Acts of 1866 and 1964, as amended, the Americans with Disabilities Act, Executive Order 11246, the Employee Retirement Income Security Act, the Family and Medical Leave Act, the Rehabilitation Act of 1973, the Fair Labor Standards Act, the Labor-Management Relations Act, the Equal Pay Act and the Worker Adjustment Retraining and Notification Act, the New Jersey Law against Discrimination, as amended, the New Jersey Equal Pay Act, the New Jersey Smokers' Rights Law, the New Jersey Family Leave Act, the New Jersey Constitution, the New Jersey Conscientious Employee Protection Act, New Jersey common law, the Minnesota Human Rights Act, the Minnesota Equal Pay Law, the Minnesota Age Discrimination Law, the Minnesota Smokers' Rights Law, the Minnesota Parental Leave Act, the Minnesota Constitution, Minnesota common law and any and all other applicable national, state, county or local statutes, ordinances or regulations and any and all other applicable national, state, county or local statutes, ordinances or regulations and any other applicable state, county or local law, ordinance or statute including claims for attorneys' fees; and

(3) any right to pursue any of the foregoing through litigation in a court of law or administrative agency or tribunal in the United States, Belgium, Italy or other European country; provided, however, that this Settlement Agreement and Release does not apply to claims for benefits under Honeywell Group sponsored benefit plans covered under the Employee Retirement Income Security Act (other than claims for severance benefits), does not apply to claims arising out of obligations expressly undertaken in this Settlement Agreement and Release, and does not apply to claims arising out of any act or omission occurring after the date Executive signs this Settlement Agreement and Release. Any rights to benefits (other than severance benefits), under Honeywell Group sponsored benefit plans are governed exclusively by

the written plan documents. Executive acknowledges and understands that Executive has accepted the Consideration referenced in this Settlement Agreement and Release in full satisfaction of all claims and obligations of the Honeywell Group to Executive regarding any matter or incident up to the date Executive executes this Settlement Agreement and Release and Executive affirmatively intends to be legally bound thereby.

Executive hereby agrees and acknowledges that Executive is not entitled to receive any additional payments or benefits from the Honeywell Group related to Executive's employment or termination of employment other than as expressly provided herein.

Cooperation and Nondisclosure
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As further consideration for the benefits Executive receives under this Settlement Agreement and Release, Executive agrees to cooperate fully with the Company in any matters as to which Executive is knowledgeable as a result of Executive's employment with the Company, including, without limitation, matters that have given or may give rise to a legal claim against the Company. This requires Executive, without limitation, to (1) make himself available upon reasonable request to provide information and assistance to the Company on such matters without additional compensation, except for Executive's out of pocket costs, (2) maintain the confidentiality of all Company privileged or confidential information including, without limitation, attorney-client privileged communications and attorney work product, unless disclosure is expressly authorized by the Company's law department, and (3) notify the Company promptly of any requests to Executive for information related to any pending or potential legal claim or litigation involving the Company, reviewing any such request with a designated representative of the Company prior to disclosing any such information, and permitting a representative of the Company to be present during any communication of such information.

Confidentiality
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Executive agrees not to disclose or cause any other person to disclose to third parties, including employees of the Company, the terms of this Settlement Agreement and Release; provided, however, that Executive has the right to disclose the terms of this Settlement Agreement and Release to Executive's spouse, Executive's financial/tax advisor and Executive's attorney and in response to a governmental inquiry, including a governmental tax audit or a judicial subpoena. Executive understands that Executive's breach of this confidentiality provision shall excuse the Company from performing further under this Settlement Agreement and Release, and the Company shall be entitled to repayment of the Consideration provided hereunder upon demand. Executive agrees that neither this Settlement Agreement and Release nor any version of this Settlement Agreement and Release shall be admissible in any forum as evidence against the Company or Executive except in a proceeding to enforce this Settlement Agreement and

Release. This Settlement Agreement and Release does not constitute an admission of wrongdoing by either party.

Executive acknowledges and agrees that any agreements signed by Executive relating to intellectual property and confidential information acquired by Executive during or as a result of Executive's employment with the Company remain in full force and effect and place legal obligations upon Executive which continue beyond Executive's employment with the Company.

Dispute Resolution
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In the event of any claim regarding or dispute over the enforceability of this Settlement Agreement and Release or any part thereof (other than determinations under ERISA benefit plans), the parties agree to submit such dispute or claim to binding arbitration; provided, however, that this provision is expressly not intended to apply to any dispute covered by a claims appeal procedure contained in any ERISA plan document (other than a severance plan). To be timely filed, any such claim or dispute must be submitted to the Company for binding arbitration within the limitations period set by applicable federal or state law. The arbitrator shall be chosen by mutual agreement between Executive and the Company from among available arbitrators recommended by the American Arbitration Association. The arbitration hearing will take place with all due speed. The costs of arbitration shall be borne equally by Executive and the Company. The arbitrator shall render an award within 30 days of the arbitration hearing. The arbitrator shall have no power to amend, add to or subtract from this Settlement Agreement and Release. The award shall be admissible in any court or agency action seeking to enforce or render unenforceable this Settlement Agreement and Release or any portion thereof. Jurisdiction over any claim or dispute arising with respect to t his Settlement Agreement and Release shall be governed by U.S. law, in the State of New Jersey; any arbitration or legal proceeding must take place in Morris County, New Jersey.

Severability; Entire Agreement; No Oral Modifications; No Waivers
- --

This Settlement Agreement and Release constitutes a single integrated contract expressing the entire agreement of the parties with respect to the subject matter hereof, compromising any and all rights and obligations of the parties, without exception, and supersedes all prior and contemporaneous oral and written agreements and discussions with respect to the subject matter hereof. This Settlement Agreement and Release may be amended or modified only by an agreement in writing. The failure by the Company to declare a breach or otherwise to assert its rights under this Settlement Agreement and Release shall not be construed as a waiver of any right the Company has under this Settlement Agreement and Release. Should any of the provisions of this Settlement Agreement and Release (other than the Release and Waiver of Claims) be determined to be invalid by a court of competent jurisdiction, the parties agree that this shall not affect the enforceability of the other provisions of the Settlement Agreement and Release and

the parties shall negotiate the provision or provisions in good faith to effectuate its or their purpose and to conform the provision or provisions to law.

Governing Law
- -------------

This Settlement Agreement and Release shall be governed by the laws of the State of New Jersey, in the United States.

Acknowledgments And Certifications
- ----------

Executive, Giannantonio Ferrari, acknowledges and certifies that Executive:

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

(b) has had a reasonable period of time to consider this Settlement Agreement and Release;

(c) is signing this Settlement Agreement and Release knowingly and voluntarily;

(d) has been advised to consult with an attorney before signing this Settlement Agreement and Release;

(e) has the right to consider the terms of this Settlement Agreement and Release for 21 days and if Executive takes fewer than 21 days to review this Settlement Agreement and Release, Executive hereby waives any and all rights to the balance of the 21 day review period; and

(f) has the right to revoke this Settlement Agreement and Release within seven days after signing it, by providing written notice of revocation to Donald J. Redlinger. If Executive revokes this Settlement Agreement and Release during this seven-day period, it becomes null and void in its entirety.

THIS IS A LEGALLY ENFORCEABLE DOCUMENT.

IN WITNESS WHEREOF, the parties hereto have hereby executed this Agreement in duplicate originals on the date first set forth above.

HONEYWELL INTERNATIONAL INC.

Giannantonio Ferrari

_____
Giannantonio Ferrari

Donald J. Redlinger
By:_____
Donald J. Redlinger
Senior Vice President
Human Resources and Communications

Dated: September 11, 2001

Dated: September 17, 2001

HONEYWELL EUROPE S.A.

R. Peter Mercer
By:_____

Dated: September 20, 2001

APPENDIX A

AGREEMENT ON SUPPLEMENTARY PENSION

BETWEEN: HONEYWELL EUROPE S.A., having its registered offices at Bourgetlaan 3, 1140 Brussels;

Represented by Mr. Peter Mercer, duly authorised,

Hereinafter referred to as "The Company",

AND: Mr. Giannantonio Ferrari, domiciled at 350 East 82nd Street, Apartment 19C, New-York 10028, USA,

Hereinafter referred to as "Mr Ferrari",

AFTER HAVING RECITED THAT:

WHEREAS on 6 March 1995 (confirmed on 19 December 1996) the Company undertook to make the following enhancements to the supplementary pension benefits, which Mr Ferrari could be entitled to pursuant to his employment within the Company and Honeywell Group. More specifically, the Company undertook:

1. to pay out an overall target pension of 70% of the Final Pensionable Salary (defined as the average of the Pensionable Salary of the last three years)
2. after 30 years of service (this enhancement was inserted in the Honeywell pension rules under article 1 of the chapter "Special provisions applicable to members of the European Policy Committee")
3. with pension and related benefits calculated on the basis of his full career with Honeywell, less those pension and other benefits which will be paid from pension or equivalent plans in other countries (In the case at hand, the benefits paid under the Italian pension plan are deducted form the overall target pension)
4. without the application of an actuarial reduction after a full career or after age 60. (In the case at hand, this enhancement already follows from the Honeywell pension rules under articles 1 and 2 of the chapter "Special provisions applicable to members

belonging to pay grade 18 and above and participating in the "Local Management Incentive Plan")

5. and the reduction of the Employee's contributions above the Pension Ceiling with 50% on the completion of a full career

WHEREAS the Company also agreed to provide Mr Ferrari the payment of a supplementary pension benefit by virtue of the supplementary pension promise agreement of July 24, 1996;

WHEREAS some of these promised enhancements to the pension benefits are not included in (an enclosure to) the Honeywell pension plan, notwithstanding the initial intention to do so;

WHEREAS the pension benefits which Mr Ferrari (or, as the case may be, his surviving spouse and/or son) will be entitled to upon the age of 65 (or, respectively upon the decease of Mr Ferrari) or upon early retirement as from age 60, by virtue of the Honeywell pension plan rules, payable by the Honeywell Pension Fund, can be summarised as follows:

- Old age/Retirement pension at 62: 307,321.58 euro per year or converted into a lump sum pension capital if taken up today upon retirement: 3,952,548.87 euro;
- survival spouse pension to the benefit of Mrs Vanda Mazza in the event of decease prior to retirement while in service:184,392.95 euro per year;
- orphan's pension to the benefit of Mr. Luca Angelo Ferrari, until his age 25 (if full-time studies) /18 (if no full-time studies - see pension rules - article 8) in the amount of 61, 464.32 euro per year;
- if the Old age/Retirement pension is converted into a lump-sum capital, no survival spouse pension will be due, since the commutation factor takes these benefits into account. The orphan's pension to the benefit of Mr Luca Angelo Ferrari will be calculated on the basis of the Old age/Retirement pension before commutation.

WHEREAS parties explicitly agree that the Honeywell pension plan rules remain applicable to Mr Ferrari, it being understood that those enhancements which do not follow from the Honeywell pension rules are executed by virtue of the present agreement;

WHEREAS Mr. Ferrari acknowledges and certifies that he has been advised to consult with an attorney before signing this agreement;

WHEREAS parties have met and have come to the following pension promise agreement through which they want to execute the promised enhancements which are not yet inserted in the Honeywell pension plan, but which were agreed upon in 1995-1996 as well as the promised enhancements as laid down in the supplementary pension promise agreement of July 24, 1996.

IT HAS BEEN AGREED AND ACCEPTED AS FOLLOWS:

Article 1

The present agreement contains a promise by the Company to grant to Mr Ferrari a supplementary pension ("Old age/ Retirement pension").

Article 2

In recognition of the services which Mr Ferrari performed for the Honeywell group, the Company agrees to pay to Mr Ferrari an additional Old age/Retirement pension at the moment of the Normal Retirement Date, or during a period of 5 years preceding the Normal Retirement Date (`Early Retirement'), of which the amount is determined in article 3 hereunder.

The Normal Retirement Date is the first day of the month following or coinciding with the 65th birthday of Mr Ferrari.

Article 3

o If Mr Ferrari retires on the Normal Retirement Date or during 5 years preceding said date, the Company will pay him an additional Old age/Retirement pension, of which the amount is composed of three components: x + y + z,

whereby x is defined as follows:

x = (70% x 1,130,165.25 euro x n/30) - (pension benefit payable/paid by the Honeywell Pension Fund by virtue of the Honeywell Plan pension rules and/or other Honeywell pension arrangements + pension and other benefits payable/paid from pension or equivalent plans in other countries), but excluding the amount y and z below.

The difference between the overall target pension (70% x 1,130,165.25 euro x n/30) and the pension benefit payable by virtue of other pension or equivalent plans and arrangements constitutes x, i.e., the first component of the supplementary pension payable to Mr Ferrari by the Company in execution of the present individual pension agreement.

x amounts to 422,448.30 euro per annum. In the event of the death of Mr. Ferrari after commencement of the pension, there shall be paid to his surviving

spouse, Mrs. Vanda Mazza, a surviving spouse pension equal to 60% of x. The pensions to Mr. Ferrari and to his surviving spouse will be paid in monthly instalments, in arrears. The pensions will terminate with the monthly instalment immediately preceding or coincident with the date of death. On the death of Mr. Ferrari after the commencement of the pension, there will be paid an orphan's pension to the benefit of Mr. Luca Angelo Ferrari, until his age 25 (if full-time studies) /18 (if no full-time studies - see pension rules - article 8) in the amount of 84,489.66 euro per year.

Mr. Ferrari will have the option of converting the above Old Age/Retirement and surviving spouse pensions into a capital sum. In order to convert the outcome of the above formula into a capital sum, the capital sum would amount to 5,433,225.86 euro..

whereby y is equal to, if expressed as a pension capital, 178,576.41 euro.

whereby z is equal to, if expressed as a pension capital, 265,457.08 euro, or such amount which is equivalent to the proceeds of the Honeywell insurance policy with AGF.

Article 4

Mr Ferrari paid, in line with the individual commitment to his benefit, less personal contributions to the Honeywell Pension Fund, than required by the Honeywell Pension Plan rules. In order to regularise this situation, Mr Ferrari agrees to pay a total amount of 139,289.76 euro as arrears of employee contributions for the period from January 1, 1997 until August 1, 2001.

Article 5

In case of death of Mr Ferrari before commencement of the Old Age pension, surviving spouse and/or orphan's pensions shall be paid to Mrs. Vanda Mazza and/or Mr. Luca Angelo Ferrari as described in article 3. In addition the capital sums equal to y and z mentioned in article 3 will be paid to Mrs. Vanda Mazza or, in absence to his children.

Article 6

The amounts mentioned in article 3 and 5 are gross amounts from which the Company shall deduct all applicable social security and tax withholdings.

Article 7

Mr Ferrari, his surviving spouse and/or his children will lose all entitlements to the benefits provided by the present agreement in the event the employment contract of Mr Ferrari would be terminated for serious cause.

Article 8

The present agreement shall be governed by Belgian law. Any dispute arising in connection with it and which cannot be settled on an amicable basis shall be submitted to the Belgian courts.

Article 9

Without prejudice to the employment contract and its appendix of 6 March 1995 and without prejudice to the Honeywell Pension Plan rules, the present agreement supersedes any other agreement which may have existed between the Company and Mr Ferrari, particularly the Interoffice Correspondence note of 6 March 1995, the "Annex to the rules of the Honeywell Europe Pension Plan a.s.b.l." of 19 December 1996 and the supplementary pension promise agreement of July 24, 1996. It may only be modified with the written consent of both parties.

Article 10

Parties expressly agree not to disclose any information regarding the content of this agreement, unless if they are legally obliged to do so.

*
* *

Executed in two original copies and in good faith, each party acknowledging having received one copy, duly signed by each party.

At Brussels, Belgium on August 16, 2001,

For the Company (read and approved) - ---------- Mr.Peter Mercer Vice President HR Europe	For the Employee (read and approved) ---------- Mr Giannantonio Ferrari

AGREEMENT CONTAINING AN ENUMERATION OF Mr. FERRARI'S BENEFIT ENTITLEMENTS

BETWEEN: HONEYWELL EUROPE S.A., having its registered offices at Bourgetlaan 3, 1140 Brussels;

Represented by Mr. Peter Mercer, duly authorised,

Hereinafter referred to as "The Company",

AND: The HONEYWELL PENSION PLAN A.S.B.L./V.Z.W., having its offices at Bourgetlaan 3, 1140 Brussels and registered under the number 50.271;

Represented by Mr. Joseph Hacquebard, duly authorised,

Hereinafter referred to as "The Honeywell Pension Fund",

AND: Mr. Giannantonio Ferrari, domiciled at 350 East 82nd Street, Apartment 19C, New York 10028, USA,

Hereinafter referred to as "Mr Ferrari",

IT HAS BEEN AGREED AND ACCEPTED AS FOLLOWS:

Article 1

The pension benefits which Mr Ferrari (or, as the case may be, his surviving spouse and/or orphan) will be entitled to upon the age of 65 (or, respectively upon the decease of Mr Ferrari) or upon early retirement as from age 60, by virtue of the Honeywell pension plan rules, payable by the Honeywell Pension Fund, can be summarised as follows:

- Old age/Retirement pension at 62: 307,321.58 euro per year or converted into a lump sum pension capital if taken up today upon retirement: 3,952,548.87 euro;
- survival spouse pension to the benefit of Mrs Vanda Mazza in the event of decease prior to retirement while in service:184,392.95 euro per year;

- orphan's pension to the benefit of Mr. Luca Angelo Ferrari, until his age 25 (if full-time studies) /18 (if no full-time studies - see pension rules - article 8) in the amount of 61, 464.32 euro per year;
- if the Old age/Retirement pension is converted into a lump-sum capital, no survival spouse pension will be due, since the commutation factor takes these benefits into account. The orphan's pension to the benefit of Mr Luca Angelo Ferrari will be calculated on the basis of the Old age/Retirement pension before commutation.

Article 2

In recognition of the services which Mr Ferrari performed for the Honeywell group, the Company agreed to pay to Mr Ferrari an additional Old age/Retirement pension (or equivalent lump sum pension capital) at the moment of the Normal Retirement Date, or during a period of 5 years preceding the Normal Retirement Date (`Early Retirement'). This additional Old age/Retirement pension (or equivalent lump sum pension capital) is regulated by the agreement on supplementary pension, which Mr Ferrari and the Company concluded on August 16, 2001.

Article 3

Mr. Ferrari recognises and agrees that the amounts which will be paid to him in execution of the Honeywell pension plan rules and the agreement on supplementary pension of August 16, 2001 will be paid in full and final settlement of any and all sums generally whatsoever, and more in particular related to all supplementary pension benefits, that he might have in connection with the conclusion, the execution or termination of the employment contract or the past contractual relations with the Company, any company or entity in the Honeywell group of which the Company is a part or the Honeywell Pension Fund.

The present agreement is limited to determining such rights and obligations and does on itself not create any new rights and obligations.

Article 4

Through compliance with the obligations mentioned in this agreement, Mr. Ferrari irrevocably waives his right to bring or commence a lawsuit against the Company, any company or entity in the Honeywell group of which the Company is a part or the Honeywell Pension Fund, for whatever reason or on whatever grounds this may be and more in particular related to his supplementary pension benefits, which would find its origin in the conclusion, the execution or termination of the employment contract or in their past contractual relations or relations with any company or entity in the Honeywell group of which the Company is a part or with the Honeywell Pension Fund.

More in particular, Mr. Ferrari expressly waives the right to file a subsequent claim of whatever nature and waives any right he might have or have had towards the Company, any company or entity in the Honeywell group of which the Company is a part or the Honeywell Pension Fund by reason of the conclusion, the execution or termination of his professional activities within the Company or any company or entity in the Honeywell group of which the Company is a part.

Each party also waives the right to avail itself of any errors as to law or fact and any omissions relating tot the existence of and/or the extent of its rights.

Article 5

Parties expressly agree not to disclose any information regarding the company, unless if they are legally obliged to do so.

Executed in two original copies and in good faith, each party acknowledging having received one copy, duly signed by each party.

At Brussels, Belgium on September 1, 2001,

For the Company
(read and approved)
- ----------
Mr. Peter Mercer
Vice President HR Europe

(read and approved)

For Mr. Ferrari

For the Honeywell Pension Fund
(read and approved)
- ----------
Mr. Joseph Hacquebard
Secretary of the Honeywell Pension Fund

DECLARATION - MR. FERRARI

I, the undersigned, Giannantonio Ferrari, domiciled at 350 East 82nd Street, Apartment 19C, New York 10028, USA;
hereby explicitly declare, after having been duly informed, that I accept and agree that the commitments of Honeywell Europe SA , as they result from the Interoffice Correspondence note of 6 March 1995 and the document titled "Annex to the rules of the Honeywell Europe Pension Plan a.s.b.l." dated 19 December 1996, to enhance my supplementary pension benefits under the Honeywell pension plan (i.e., (i) defining the pension benefit as 70% of the average of the Pensionable salary of the last three years of my Pensionable Service and (ii) reducing the personal contributions above the Pension Ceiling with 50%), are properly implemented by [through the conclusion of] the individual pension promise agreement, signed on August 16, 2001 (and not by virtue of an enclosure to the pension plan rules, as mentioned at the time Honeywell Europe SA undertook to make these enhancements in the Honeywell pension plan). The undersigned acknowledge that the pension rules of the Honeywell Pension Fund have never been amended in order to reflect the above enhancements. The undersigned accept that the rules will not be amended in this respect and that they will therefore receive benefits, as the case may be, from (i) the Honeywell Pension Fund as regards the benefits defined in the attached pension rules (where the interest rate mentioned in the plan rules annex describing the technical basis has changed from 7% to 6%, as imposed by the Belgian legislation), including benefits payable from pension or equivalent plans in other countries and (ii) by virtue of/in execution of the individual pension agreement signed on August 16, 2001. I, the undersigned, Giannantonio Ferrari, acknowledge and accept that the benefit statement, attached to this declaration is completed in accordance with the pension plan rules of the Honeywell Pension Fund.

Since the benefits to which I, the undersigned, Giannantonio Ferrari, am entitled, may, as the case may be, enure to the benefit of my spouse, Mrs Vanda Mazza, and my son Luca Angelo Ferrari (under the form of a survivor spouse pension and an orphan's pension, as derivative rights), the latter are co-signing the present declaration and are thus acknowledging their agreement with the content thereof.

All the undersigned hereby expressly release Honeywell Europe SA, its predecessors, successors and all other companies of the Honeywell group as well as the Honeywell Pension Fund, which will pay the supplementary pension benefits, from the obligation to draft an enclosure to the Honeywell pension plan rules for the execution of the promised enhancements to the supplementary pension benefits.

Moreover, the undersigned expressly acknowledge that the Honeywell Pension Fund is released from paying any benefits other than those resulting from the pension rules which are attached to the present (where the interest rate mentioned in the plan rules annex describing the technical basis has changed from 7% to 6%, as imposed by the Belgian legislation), as reflected in the attached Benefit Statement (established per 1/1/2001).

Executed in good faith in four original copies and of which one will be given to Mr. Joseph Hacquebard for Honeywell Europe SA and the three others to the undersigned.

At Brussels, Belgium on September 1, 2001,

(read and approved)
- ----------
Mr. Giannantonio Ferrari

(read and approved)
- ----------
Mrs. Vanda Mazza

(read and approved)

Mr. Luca Angelo Ferrari

Encl.: 1. Applicable Pension rules
2. Benefit statement 2001

Exhibit 15

November 14, 2001

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

Commissioners:

We are aware that our report dated November 2, 2001 on our review of interim financial information of Honeywell International Inc. (the "Company") as of and for the period ended September 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).

Very truly yours,

PricewaterhouseCoopers LLP