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, 1994

OR

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

For the transition period from ______ to ______

Commission file number 1-8974

AlliedSignal Inc.

(Exact name of registrant as specified in its charter)

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

(201)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, 1994
$1 par value	282,987,414 shares

AlliedSignal Inc.

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Part I. - Financial Information

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Consolidated Balance Sheet - September 30, 1994 and December 31, 1993 3

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AlliedSignal Inc.
Consolidated Balance Sheet
(Unaudited)

	September 30, 1994	December 31, 1993
	(Dollars in millions)	
ASSETS		
Current Assets		
Cash and cash equivalents	$ 790	$ 892
Accounts and notes receivable - net (Note 2)	1,539	1,343
Inventories - net (Note 3)	1,693	1,745
Other current assets	610	587
Total current assets	4,632	4,567
Investments and long-term receivables	475	553
Property, plant and equipment	8,502	8,168
Accumulated depreciation and amortization	(4,398)	(4,074)
Cost in excess of net assets of acquired companies - net	1,114	1,087
Other assets	579	528
Total assets	$10,904	$10,829
LIABILITIES		
Current Liabilities		
Accounts payable	$ 1,273	$ 1,207
Short-term borrowings	88	57
Commercial paper	20	164
Current maturities of long-term debt	125	137
Accrued liabilities	1,722	1,924
Total current liabilities	3,228	3,489
Long-term debt	1,446	1,602
Deferred income taxes	441	339
Postretirement benefit obligations other than pensions	1,720	1,689
Other liabilities	1,271	1,320
SHAREOWNERS' EQUITY		
Capital - common stock issued	358	358
- additional paid-in capital	2,457	2,453
Common stock held in treasury, at cost	(1,507)	(1,437)
Cumulative translation adjustment	37	(7)
Retained earnings	1,453	1,023
Total shareowners' equity	2,798	2,390
Total liabilities and shareowners' equity	$10,904	$10,829

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

AlliedSignal Inc.
Consolidated Statement of Income
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	1994	1993	1994	1993
	(Dollars in millions except per share amounts)			
Net sales	$3,110	$2,812	$9,283	$8,768
Cost of goods sold	2,503	2,257	7,446	7,077
Selling, general and administrative expenses	325	329	985	979
Total costs and expenses	2,828	2,586	8,431	8,056
Income from operations	282	226	852	712
Equity in income of affiliated companies	31	24	91	73
Other income (expense)	(3)	(2)	(19)	(13)
Interest and other financial charges	(34)	(36)	(109)	(124)
Income before taxes on income	276	212	815	648
Taxes on income	87	47	261	170
Income before cumulative effect of change in accounting principle	189	165	554	478
Cumulative effect of change in accounting principle:				
Accounting for postemployment benefits, net of income taxes	-	-	-	(245)
Net income	$ 189	$ 165	$ 554	$ 233
Earnings per share of common stock: (Note 4)				
Before cumulative effect of change in accounting principle	$ .67	$ .58	$ 1.95	$ 1.69
Cumulative effect of change in accounting principle	-	-	-	(.86)
Net earnings	$ .67	$ .58	$ 1.95	$ .83
Cash dividends per share of common stock	$.1675	$ .145	$ .48	$ .435

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

AlliedSignal Inc.
Consolidated Statement of Cash Flows
(Unaudited)

	Nine Months Ended September 30	
	1994	1993
	(Dollars in millions)	
Cash flows from operating activities:		
Net income	$ 554	$ 233
Adjustments to reconcile net income to net cash flows from operating activities:		
Cumulative effect of change in accounting for postemployment benefits	-	245
Streamlining and restructuring	(134)	(178)
Depreciation and amortization (includes goodwill)	414	406
Undistributed earnings of equity affiliates	(9)	(10)
Deferred taxes	112	82
Decrease (increase) in accounts and notes receivable	(154)	94
Decrease in inventories	57	7
Decrease (increase) in other current assets	(43)	6
Increase (decrease) in accounts payable	37	(159)
Increase (decrease) in accrued liabilities	(111)	2
Other	(131)	(129)
Net cash flow provided by operating activities	592	599
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(398)	(441)
Proceeds from disposals of property, plant and equipment	53	24
Decrease in other investments	15	48
(Increase) in other investments	(11)	(19)
Decrease (increase) in marketable securities	86	(34)
Cash paid for acquisitions	(67)	(30)
Proceeds from sales of businesses	136	5
Net cash flow (used for) investing activities	(186)	(447)
Cash flows from financing activities:		
Net increase (decrease) in commercial paper	(144)	184
Net increase in short-term borrowings	22	27
Proceeds from issuance of common stock	41	129
Proceeds from issuance of long-term debt	2	15
Repurchases of long-term debt (including current maturities)	(187)	(304)
Repurchases of common stock	(101)	(209)
Cash dividends on common stock	(134)	(123)
Redemption of common stock purchase rights	(7)	-
Net cash flow (used for) financing activities	(508)	(281)
Net (decrease) in cash and cash equivalents	(102)	(129)
Cash and cash equivalents at beginning of year	892	931
Cash and cash equivalents at end of period	$ 790	$ 802

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

AlliedSignal Inc.
Notes to Financial Statements
(Unaudited)
(Dollars in millions)

Note 1. In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments, consisting only of normal adjustments, necessary to present fairly the financial position of AlliedSignal Inc. and its consolidated subsidiaries at September 30, 1994 and the results of operations for the three and nine months ended September 30, 1994 and 1993 and the changes in cash flows for the nine months ended September 30, 1994 and 1993. The results of operations for the three-and nine-month periods ended September 30, 1994 should not necessarily be taken as indicative of the results of operations that may be expected for the entire year 1994.

In the fourth quarter of 1993 the Company adopted Financial Accounting Standards Board Statement No. 112 - "Employers' Accounting for Postemployment Benefits" effective as of January 1, 1993. The 1993 financial statements have been restated to include both ongoing and cumulative effects of the accounting change.

The financial information as of September 30, 1994 should be read in conjunction with the financial statements contained in the Company's Form 10-K Annual Report for 1993.

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

	September 30, 1994	December 31, 1993
Trade	$1,411	$1,245
Other	159	126
	1,570	1,371
Less--Allowance for doubtful accounts and refunds	(31)	(28)
	$1,539	$1,343

Note 3. Inventories are valued at the lower of cost or market using the last-in, first-out (LIFO) method for certain qualifying domestic inventories and the first-in, first-out (FIFO) or the average cost method for other inventories.

Inventories consist of the following:

	September 30, 1994	December 31, 1993
Raw materials	$ 471	$ 504
Work in process	689	635
Finished products	777	824
Supplies and containers	53	51
	1,990	2,014
Less - Progress payments	(174)	(154)
Reduction to LIFO cost basis	(123)	(115)
	$1,693	$1,745

Note 4. Based on the weighted average number of shares outstanding during each period: three months ended September 30, 1994, 283,021,071 shares, and 1993, 282,855,162 shares; and nine months ended September 30, 1994, 283,575,248 shares, and 1993, 283,142,932 shares. No dilution results from outstanding common stock equivalents. Share and per share data for all periods reflect the March 1994 two-for-one stock split.

Report on Review by Independent Accountants

To the Board of Directors
of AlliedSignal Inc.

We have reviewed the accompanying consolidated balance sheet of AlliedSignal Inc. and its consolidated subsidiaries as of September 30, 1994, and the consolidated statements of income for the three-month and nine-month periods ended September 30, 1994 and 1993, and of cash flows for the nine month periods ended September 30, 1994 and 1993. This financial information is the responsibility of the Company's management.

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

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

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1993, and the related consolidated statements of income, of retained earnings, and of cash flows for the year then ended (not presented herein); and in our report dated February 3, 1994 except for Note 1 (Subsequent Events) which is as of February 7, 1994, 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, 1993, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Price Waterhouse LLP
4 Headquarters Plaza North
Morristown, NJ 07962

October 24, 1994

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

Results of Operations

Third Quarter 1994 Compared with Third Quarter 1993

Net sales in the third quarter of 1994 totaled $3.1 billion, an increase of $298 million, or 11 percent, compared with the third quarter of last year. Of this increase, $304 million was due to higher sales volumes, including sales by recently acquired businesses, and $20 million was due to the effect of foreign exchange rates mainly on automotive's European operations. A partial offset was a decrease in prices of $26 million. Sales for engineered materials increased by $157 million, automotive by $136 million and aerospace by $5 million. Engineered materials' sales improved due to substantial gains recorded by nearly all product groups. Fluorines benefited from increased market share in the refrigeration segment of the business, as well as from new production of environmentally safer substitutes at the recently completed Geismar, Louisiana plant. Fibers had improved sales and market share. Laminate systems and performance additives had strong revenue growth from sales in Asia and Europe. Sales of plastics reflected successful implementation of internal growth and globalization strategies, benefiting from new product applications and higher sales in markets outside North America. Automotive's sales increase reflected higher automotive production in North America resulting in significant sales gains for antilock brakes and air bags. Turbocharger sales were boosted by the strong North American truck market and by continued growth of the diesel-powered segment of the European car market. Sales of seat belts in Europe increased following the Company's acquisition of a small seat belt business. Although sales of truck brake systems in North America were strong, reported worldwide sales of truck brake systems were down, reflecting the transfer of the Company's European truck brake business to an unconsolidated venture with Knorr-Bremse AG in October 1993. North American aftermarket sales were essentially flat. The aerospace sales increase was due to higher sales of commercial avionics products and aircraft landing systems repair and overhaul, in part reflecting the contributions of recently acquired businesses, as well as higher sales of communications systems, partly offset by lower sales of engines and equipment and controls.

Income from operations of $282 million increased by $56 million, or 25 percent, compared with last year's third quarter. Operating income for engineered materials improved by 28 percent, aerospace by 22 percent and automotive by 15 percent. Operating expenses for corporate were unchanged. The Company's operating margin for the third quarter of 1994 was 9.1 percent, compared with 8.0 percent for the same period last year. See the discussion of net income below for information by segment.

Equity in income of affiliated companies of $31 million increased by $7 million, or 29 percent, compared to last year mainly due to improved results for the UOP process technology joint venture and for an automotive air bag component joint venture.

Interest and other financial charges of $34 million decreased $2 million, or 6 percent, from 1993's third quarter reflecting a lower level of debt outstanding.

The effective tax rate in the third quarter of 1994 was 31.4 percent. The 1993 rate of 22.4 percent reflected a net 4.7 percentage point reduction for an adjustment to deferred tax balances, partly offset by the catch-up impact on 1993 earnings of a higher statutory rate as a result of the 1993 U.S. tax act. The net impact of the two items increased 1993 earnings by about $.02 a share. The balance of the increase reflects a higher level of earnings subject to the U.S. statutory rate and the non-deductibility of certain expenses in 1994 as a result of the 1993 tax act.

Net income for aerospace increased 14 percent primarily reflecting productivity actions, including business consolidations mainly in the engines business. Automotive's net income increased 19 percent reflecting higher worldwide sales of turbochargers, as well as higher income for both European original equipment and aftermarket products due to market recovery and productivity improvements. Earnings for engineered materials improved by 25 percent reflecting higher sales volumes of fluorines, laminates, environmental catalysts and specialty chemicals. Strong licensing activity in the Asian petrochemical industry contributed to higher earnings from the UOP joint venture. Fibers sales improved although the business was affected by higher raw material costs.

Net income of $189 million, or $.67 a share, was higher than last year's $165 million, or $.58 a share, for the reasons discussed above.

Nine Months 1994 Compared with Nine Months 1993

Net sales in the first nine months of 1994 totaled $9.3 billion, an increase of $515 million, or 6 percent, compared with the first nine months of last year. Of this increase, $647 million was due to increased sales volumes, including sales by recently acquired businesses. Partly offsetting was a decrease in prices of $80 million and a decrease of $52 million due to the effect of foreign exchange rates mainly on automotive's European operations. Sales for engineered materials and automotive increased by $298 and $228 million, respectively, while sales for aerospace declined by $11 million. Engineered materials' sales improved because of higher sales volumes of fibers, fluorine products including CFC substitutes, laminates, specialty chemicals and environmental catalysts. Automotive's sales increased due to higher volumes for turbochargers in both North America and Europe and for North American brakes and air bags. North American truck brake systems sales increased, while worldwide sales declined, reflecting the joint venture with Knorr-Bremse AG. The aerospace decrease is mainly due to the effects of cutbacks in military spending and weakness in the commercial aviation industry. Aerospace sales include a $68 million contract settlement with the U.S. Air Force in the first quarter of 1994. Sales from commercial avionics and aircraft landing systems repair and overhaul were higher, in part reflecting the contributions of recently acquired businesses.

Income from operations of $852 million increased by $140 million, or 20 percent, compared with 1993's first nine months. Operating income for engineered materials improved by 21 percent, automotive by 18 percent and aerospace by 13 percent. Operating expenses for corporate were reduced by 2 percent. The Company's operating margin for the first nine months of 1994 was 9.2 percent, compared with 8.1 percent last year. See the discussion of net income below for information by segment.

Productivity (the constant-dollar-basis relationship of sales to costs) of the Company's businesses improved by 5.9 percent compared with last year's first nine months.

Equity in income of affiliated companies of $91 million increased by $18 million, or 25 percent, compared to last year mainly due to improved results for the Paxon Polymer Company high-density polyethylene joint venture and an automotive air bag component joint venture.

Other income (expense) of $(19) million was unfavorable by $6 million, or 46 percent, compared to last year's first nine months mainly due to a higher amount of minority interest as a result of the formation of a venture with Knorr-Bremse in the United States, along with reduced interest income. A partial offset resulted from reduced foreign exchange hedging costs.

Interest and other financial charges of $109 million decreased $15 million, or 12 percent, from last year reflecting a lower level, and a more favorable mix of debt outstanding.

The effective tax rate for the first nine months of 1994 was 32.0 percent. The 1993 rate was 26.2 percent. The 5.8 percentage point increase is due to a higher level of earnings subject to the U.S. statutory rate and the non-deductibility of certain expenses resulting from the 1993 tax act, as well as the effect of the 1993 adjustment to deferred tax balances mentioned previously.

Earnings for aerospace increased 14 percent, primarily due to cost savings from business consolidations, materials management and other productivity programs. Income from general aviation avionics and landing systems was higher. Productivity improvements in the engines business contributed to significantly higher net income. A contraction of military spending and weakness in the commercial aviation industry resulted in lower earnings for many other aerospace businesses. Automotive's net income increased 23 percent reflecting productivity improvements throughout the business coupled with higher sales for turbochargers and air bags. Economic recovery and productivity actions in Europe contributed to increased net income in the European original equipment and aftermarket business areas. Income for North American braking systems was lower due to higher costs. Earnings for engineered materials improved 20 percent, reflecting higher sales volumes, manufacturing efficiencies and higher profit contributions from both the Paxon Polymer Company and the UOP joint ventures.

Income before the cumulative effect of change in accounting principle of $554 million was $76 million higher than last year, and earnings per share of $1.95 increased $.26 for the reasons discussed above. Net income was $554 million, or $1.95 a share, compared to last year's $233 million, or $.83 a share. The first nine months of 1993 includes a "catch-up" charge of $245 million, or $.86 a share, reflecting the adoption of Financial Accounting Standards Board Statement No. 112 - "Employers' Accounting for Postemployment Benefits."

Financial Condition

September 30, 1994 Compared with December 31, 1993

On September 30, 1994, the Company had $790 million in cash and cash equivalents, compared with $892 million at year-end 1993. The $102 million decrease primarily reflects the pay down of debt, partly offset by the current period's cash flow. The current ratio at September 30, 1994 was 1.4X, compared with 1.3X at year-end 1993.

On September 30, 1994, the Company's long-term debt amounted to $1,446 million, down $156 million from year-end 1993. Total debt of $1,679 million on September 30,1994 was down $281 million from $1,960 million at year-end, mainly reflecting a reduction in commercial paper outstanding and the redemption of a Deutschemark bond issue. The Company's total debt as a percent of capital decreased from 42.7 percent at year-end to 34.9 percent at September 30, 1994.

During the first nine months of 1994, the Company spent $398 million for capital expenditures, compared with $441 million in the corresponding period in 1993. Spending by the business segments and corporate for the 1994 nine month period was as follows: aerospace-$92 million; automotive-$138 million; engineered materials-$162 million, and corporate-$6 million.

During the first nine months of 1994, the Company repurchased 2.9 million shares of common stock for $104 million. Common stock is repurchased to meet the requirements for shares issued under employee benefit plans and a shareowner dividend reinvestment and share purchase plan. At September 30, 1994, the Company had remaining authority to repurchase 13.6 million shares of common stock.

During the second quarter of 1994, the Company completed the sales of its mechanical and hydraulic actuation business and of its general aviation hangar operations. The Company will continue to supply the hangar facilities with engine parts, technical support and quality assurance on engine-related maintenance. These dispositions will result in a reduction of annual sales of approximately $180 million. As a result of the disposal of these two businesses, and the disposal of another small business in the first quarter, the Company realized cash proceeds of $136 million.

In October 1994 the Company completed the acquisition of Lycoming Turbine Engine Division (Lycoming Division) from Textron Inc. for $375 million plus the assumption of certain liabilities. The Lycoming Division's 1993 sales were approximately $620 million. The Lycoming Division manufactures turbofan engines for regional airlines, helicopter engines for commercial, military and utility aircraft, military tank engines and marine propulsion engines.

Review by Independent Accountants

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

As previously reported, the Alabama Department of Environmental Management proposed on July 20, 1994 a civil penalty for alleged violations of Alabama's hazardous waste management regulations relating to the Company's acceptance and handling of certain shipments of wastewaters to the Company's plant in Fairfield, Alabama. On August 24, 1994 the Company agreed to settle this matter by payment of a civil penalty of $250,000.

Item 6. Exhibits and Reports on Form 8-K

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

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

- 27 Financial Data Schedule

(b) Reports on Form 8-K. No reports on Form 8-K were filed during the quarter ended September 30, 1994.

SIGNATURES

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

AlliedSignal Inc.

Date: November 7, 1994

By: /s/ G. Peter D'Aloia

G. Peter D'Aloia
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)
4	Omitted (Inapplicable)
10	Omitted (Inapplicable)
11	Omitted (Inapplicable)
15	Independent Accountants' Acknowledgment Letter as to the incorporation of their report relating to unaudited interim financial statements
18	Omitted (Inapplicable)
19	Omitted (Inapplicable)
22	Omitted (Inapplicable)
23	Omitted (Inapplicable)
24	Omitted (Inapplicable)
27	Financial Data Schedule
99	Omitted (Inapplicable)

EXHIBIT 15

November 7, 1994

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

Ladies and Gentlemen:

We are aware that the September 30, 1994 Quarterly Report on Form 10-Q of AlliedSignal Inc. which includes our report dated October 24, 1994 (issued pursuant to the provisions of Statement on Auditing Standards Nos. 42 and 71) will be incorporated by reference in the Prospectuses constituting part of AlliedSignal Inc.'s Registration Statements, on Forms S-8 (Nos. 33-09896, 33-50314, 33-51031, 33-51455, 33-55410 and 33-65792), on Forms S-3 (Nos. 33-00631, 33-13211, 33-14071 and 33-55425) and on Form S-8 (filed as an amendment to Form S-14, No. 2-99416-01). We are also aware of our responsibilities under the Securities Act of 1933.

Very truly yours,

/s/ Price Waterhouse LLP
Price Waterhouse LLP

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This schedule contains summary financial information extracted from the consolidated balance sheet at September 30, 1994, the consolidated statement of income for the nine months ended September 30, 1994 and the notes to financial statements and is qualified in its entirety by reference to such financial statements.

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QTR-3
DEC-31-1994
SEP-30-1994
790
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1,411
31
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