

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

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

For the fiscal year ended December 31, 2000
OR

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

For the transition period from to

Commission file number 1-8974

HONEYWELL INTERNATIONAL INC.

(Exact name of registrant as specified in its charter)

DELAWARE

22-2640650

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

101 Columbia Road
P.O. Box 4000
Morristown, New Jersey

07962-2497

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (973)455-2000
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value \$1 per share*	New York Stock Exchange Chicago Stock Exchange Pacific Exchange
9 7/8% Debentures due June 1, 2002	New York Stock Exchange
9.20% Debentures due February 15, 2003	New York Stock Exchange
Zero Coupon Serial Bonds due 2009	New York Stock Exchange
9 1/2% Debentures due June 1, 2016	New York Stock Exchange

* The common stock is also listed for trading on the London stock exchange.

Securities registered pursuant to Section 12(g) of the Act: None

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 by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K []

The aggregate market value of the voting stock held by nonaffiliates of the Registrant was approximately \$38.2 billion at December 31, 2000.

There were 807,291,445 shares of Common Stock outstanding at December 31, 2000.

TABLE OF CONTENTS

ITEM	PAGE
----	----
Part I. 1 Business.....	1
2 Properties.....	10
3 Legal Proceedings.....	10
4 Submission of Matters to a Vote of Security Holders.....	10
Part II. 5 Market for Registrant's Common Equity and Related Stockholder Matters.....	11
6 Selected Financial Data.....	11
7 Management's Discussion and Analysis of Financial Condition and Results of Operations.....	12
7A Quantitative and Qualitative Disclosure About Market Risk.....	22
8 Financial Statements and Supplementary Data.....	22
9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.....	55
Part III. 10 Directors and Executive Officers of the Registrant.....	55
11 Executive Compensation.....	58
12 Security Ownership of Certain Beneficial Owners and Management.....	61
13 Certain Relationships and Related Transactions.....	62
Part IV. 14 Exhibits, Financial Statement Schedules, and Reports on Form 8-K.....	63
Signatures.....	64

- - - - -

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.

PART I.

ITEM 1. BUSINESS

On October 22, 2000, Honeywell entered into a merger agreement with General Electric Company (GE). Under the terms of the merger agreement, each share of Honeywell common stock will be exchangeable for 1.055 shares of GE common stock at the effective time of the merger, with fractional shares paid in cash, and Honeywell will become a wholly owned subsidiary of GE. The transaction was approved by Honeywell's shareowners on January 10, 2001, and it remains subject to regulatory reviews. GE and Honeywell are working with regulatory agencies to complete the required reviews so that the transaction can close as early as possible in 2001.

MAJOR BUSINESSES

Honeywell is a diversified technology and manufacturing company, serving customers worldwide with aerospace products and services, control technologies for buildings, homes and industry, automotive products, power generation systems, specialty chemicals, fibers, plastics and electronic and advanced materials. Our operations are conducted by strategic business units, which have been aggregated under four reportable segments: Aerospace Solutions, Automation & Control, Performance Materials and Power & Transportation Products. Financial information related to our reportable segments is included in 'Item 8. Financial Statements and Supplementary Data' in Note 24 of Notes to Financial Statements.

Following is a description of our strategic business units:

STRATEGIC BUSINESS UNITS	PRODUCT CLASSES	MAJOR PRODUCTS/SERVICES	MAJOR CUSTOMERS/USES	KEY COMPETITORS
AEROSPACE SOLUTIONS Engines & Systems	Turbine propulsion engines	TFE731 turbofan TPE331 turboprop TFE1042 turbofan F124 turbofan LF502 turbofan LF507 turbofan CFE738 turbofan AS907 turbofan T53, T55 turboshaft LT101 turboshaft T800 turboshaft TF40 turboshaft TF50 turboshaft AGT1500 turboshaft Retrofits Repair, overhaul and spare parts	Business, regional and military trainer aircraft Commercial and military helicopters Military vehicles Commercial and military marine craft	Pratt & Whitney Canada Rolls Royce/ Allison Turbomeca Williams
	Auxiliary power units (APUs)	Airborne auxiliary power units Jet fuel starters Secondary power systems Ground power units Repair, overhaul and spare parts	Commercial, regional, business and military aircraft Ground power	Pratt & Whitney Canada Sundstrand Power Systems
	Industrial power	ASE 8 turboshaft ASE 40/50 turboshaft	Ground based utilities, industrial or mechanical drives	European Gas Turbines Rolls Royce/ Allison Solar

STRATEGIC BUSINESS UNITS	PRODUCT CLASSES	MAJOR PRODUCTS/SERVICES	MAJOR CUSTOMERS/USES	KEY COMPETITORS
	Environmental control systems	Air management systems: Air conditioning Bleed air systems Cabin pressure control systems Air purification and treatment De-icing systems Electrical power systems: Power distribution and control Emergency power generation Fuel cells Repair, overhaul and spare parts	Commercial, regional and general aviation aircraft Military aircraft Ground vehicles Spacecraft	Auxilec Barber Colman Dukes Eaton-Vickers Hamilton Sundstrand Liebherr Litton Breathing Systems Lucas Pacific Scientific Parker Hannifin Smiths TAT
	Engine systems and accessories	Electronic and hydromechanical fuel controls Engine start systems Electronic engine controls Sensors Electric and pneumatic power generation systems Thrust reverser actuation, pneumatic and electric	Commercial air transport, regional and general aviation Military aircraft	BAE Controls Goodrich (Chandler-Evans) Parker Hannifin TRW (Lucas Aerospace) UTC (Hamilton Sundstrand)
Aerospace Electronic Systems	Avionics systems	Flight safety systems: Enhanced Ground Proximity Warning Systems (EGPWS) Traffic Alert and Collision Avoidance Systems (TCAS) Windshear detection systems Flight data and cockpit voice recorders Communication, navigation and surveillance systems: Air-to-ground telephones Global positioning systems Automatic flight control systems Surveillance systems Integrated systems Flight management systems Cockpit display systems Data management and aircraft performance monitoring systems Vehicle management systems Inertial sensor systems for guidance, stabilization, navigation and control	Commercial, business and general aviation aircraft Government aviation	Century Garmin Goodrich Kaiser Litton Lockheed Martin Narco Rockwell Collins Smiths S-tec Thales Sextant Trimble/Terra Universal
	Automatic test systems	Computer-controlled automatic test systems Functional testers and ancillaries Portable test and diagnostic systems Advanced battery analyzer/charger	U.S. Government and international logistics centers Military aviation	GDE Systems Litton Lockheed Martin Northrop Grumman
	Inertial sensor	Gyroscopes, accelerometers, inertial measurement units and thermal switches	Military and commercial vehicles Commercial spacecraft and launch vehicles Energy utility boring Transportation Missiles Munitions	Astronautics-Kearfott Ball BEI GEC Litton Rockwell Collins

STRATEGIC BUSINESS UNITS	PRODUCT CLASSES	MAJOR PRODUCTS/SERVICES	MAJOR CUSTOMERS/USES	KEY COMPETITORS
	Radar systems	Aircraft precision landing Ground surveillance Target detection devices	Global and U.S. airspace agencies Military aviation Military missiles	Hughes Motorola Raytheon Rockwell Collins Thales
Aerospace Services	Management and technical services	Maintenance/operation and provision of space systems, services and facilities Systems engineering and integration Information technology services Logistics and sustainment	U.S. and foreign government space communications, logistics and information services Commercial space ground segment systems and services	Boeing Computer Sciences Dyncorp ITT Lockheed Martin SAIC United Space Alliance
	Aircraft hardware distribution	Consumable hardware, including fasteners, bearings, bolts and o-rings Adhesives, sealants, lubricants, cleaners and paints Electrical connectors, switches, relays and circuit breakers Value-added services, repair and overhaul kitting and point-of-use replenishment	Commercial and military aviation and space programs	Arrow Pemco Avnet Dixie Fairchild Direct Jamaica Bearings M&M Aerospace Pentacon Wesco Aircraft
Aircraft Landing Systems	Landing systems	Wheels and brakes Friction products Brake control systems Wheel and brake overhaul services Aircraft landing systems integration	Commercial and military aircraft	Aircraft Braking Systems Dunlop Goodrich Messier-Bugatti Messier-Dowty
Federal Manufacturing & Technologies	Management services	Maintenance/operation of facilities	U.S. government	Bechtel Lockheed Martin The Washington Group
AUTOMATION & CONTROL Home and Building Control	Products	Heating, ventilating and air conditioning controls and components for homes and buildings Indoor air quality products including zoning, air cleaners, humidification, heat and energy recovery ventilators Controls plus integrated electronic systems for burners, boilers and furnaces Security products and systems Consumer household products including heaters, fans, humidifiers, air cleaners and thermostats Water controls Fire products & systems	Original equipment manufacturers (OEMs) Distributors Contractors Retailers System integrators Commercial customers and homeowners served by the distributor, wholesaler, contractor, retail and utility channels	Danfoss DSC Emerson EST Holmes Interlogix Invensys Johnson Controls Siemens

STRATEGIC BUSINESS UNITS	PRODUCT CLASSES	MAJOR PRODUCTS/SERVICES	MAJOR CUSTOMERS/USES	KEY COMPETITORS
	Solutions and services	HVAC and building control solutions and services Energy management solutions and services Security and asset management solutions and services Enterprise building integration solutions Building information services Critical environment control solutions and services	Building managers and owners Contractors, architects and developers Consulting engineers Security directors Plant managers Utilities Large, global corporations Public school systems Universities Local governments	Carrier GroupMac Invensys Johnson Controls Local contractors and utilities Simplex Trane
Industrial Control	Industrial automation solutions	Advanced control software and industrial automation systems for control and monitoring of continuous, batch and hybrid operations Process control instrumentation Field instrumentation Production management software Communications systems for Industrial Control equipment and systems Consulting, networking engineering and installation	Refining and petrochemical companies Chemical manufacturers Oil and gas producers Food and beverage processors Pharmaceutical companies Utilities Film and coated producers Pulp and paper industry Continuous web producers in the paper, plastics, metals, rubber, non-wovens and printing industries	Allen-Bradley Asea Brown Boveri Aspentech Banner Fisher-Rosemount Invensys Siemens Yokogawa
	Sensors, electromechanical switches, control components	Sensors, measurement, control and industrial components Analytical instrumentation Recorders Controllers Datacom components Flame safeguard equipment	Package and materials handling operations Appliance manufacturers Automotive companies Aviation companies Food and beverage processors Medical equipment Heat treat processors Flame safeguard equipment Computer and business equipment manufacturers Data acquisition companies	Cherry Eaton Omron Optek Phillips Telemecanique Turck Yokogawa
PERFORMANCE MATERIALS				
Performance Polymers & Chemicals	Nylon products and services	Nylon filament and staple yarns Bulk continuous filament Nylon polymer Caprolactam Ammonium sulfate Hydroxylamine Cyclohexanol Cyclohexanone	Commercial, residential and specialty carpet markets Nylon for fibers, engineered resins and film Fertilizer ingredients Specialty chemicals Vitamins	BASF DSM DuPont Enichem Rhodia Solutia UBE
	Performance fibers	Industrial nylon and polyester yarns Extended-chain polyethylene composites	Passenger car and truck tires Passenger car and light truck seatbelts and airbags Broad woven fabrics Ropes and mechanical rubber goods Luggage Sports gear Bullet resistant vests, helmets and heavy armor Cut-resistant industrial upholstery and workwear Sailcloth	Acordis Akra DSM DuPont Hyosung Kolon Kosa Solutia

STRATEGIC
BUSINESS UNITS

PRODUCT CLASSES	MAJOR PRODUCTS/SERVICES	MAJOR CUSTOMERS/USES	KEY COMPETITORS
Engineered applications and solutions	Thermoplastic nylon Thermoplastic alloys and blends Post-consumer recycled PET resins Recycled nylon resins Cast nylon Biaxially oriented nylon film Fluoropolymer film	Food and pharmaceutical packaging Housings (e.g., electric hand tools, chain saws) Industrial applications Automotive components Office furniture Electrical and electronics	BASF Bayer DuPont Hoechst Kolon Monsanto Rexam Custom Toyobo
Fluorocarbons	Genetron'r' refrigerants, aerosol and insulation foam blowing agents Genesolv'r' solvents Oxyfume sterilant gases	Refrigeration Air conditioning Polyurethane foam Precision cleaning Optical Metalworking Hospitals Medical equipment manufacturers	Atochem DuPont ICI
Hydrofluoric acid (HF)	Anhydrous and aqueous hydrofluoric acid	Fluorocarbons Steel Oil refining Chemical intermediates	Ashland Atochem DuPont Hashimoto Merck Norfluor Quimica Fluor
Fluorine specialties	Sulfur hexafluoride (SF ₆) Iodine pentafluoride (IF ₅) Antimony pentafluoride (SbF ₅)	Electric utilities Magnesium Gear manufacturers	Air Products Asahi Glass Atochem Ausimont Kanto Denko Kogyo Solvay Fluor
Nuclear services	UF ₆ conversion services	Nuclear fuel Electric utilities	British Nuclear Fuels Cameco Cogema Tennex
Pharmaceutical and agricultural chemicals	Active pharmaceutical ingredients Oxime-based fine chemicals Fluoroaromatics Bromoaromatics	Agrichemicals Pharmaceuticals	Cambrex DSM Lonza Zeneca
High purity chemicals	Ultra high purity HF Solvents Inorganic acids High purity solvents	Semiconductors	LaPorte Merck Olin
Industrial specialties Imaging Luminescence and plastic additives Chemical processing Materials and surface treatment Sealants	HF derivatives Fluoroaromatics Photodyes Phosphors Catalysts Oxime silanes	Diverse by product type	Varies by product line
Specialty waxes	Polyethylene waxes Petroleum waxes and blends	Coatings Inks Candles Tire/Rubber Personal care Packaging	BASF Clariant Eastman Exxon IGI Leuna Schumann-Sasol
Specialty additives	Polyethylene waxes Petroleum waxes and blends PVC lubricant systems Plastic additives	PVC Plastics	Eastman Geon Henkel

STRATEGIC BUSINESS UNITS	PRODUCT CLASSES	MAJOR PRODUCTS/SERVICES	MAJOR CUSTOMERS/USES	KEY COMPETITORS
	UOP (joint venture)	Processes Catalysts Molecular sieves Adsorbents Design of process plants and equipment Customer catalyst manufacturing	Petroleum, petrochemical, gas processing and chemical industries	ABB Lummus Criterion IFP Mobil Procatalyse Stone & Webster Zeochem
Electronic Materials	Wafer fabrication materials and services	Interconnect-dielectrics Interconnect-metals Semiconductor packaging materials Advanced polymers Global services	Semiconductors Microelectronics Telecommunications	Applied Materials Dow Chemical Dow Corning Japan Energy JSR Material Research Tokyo-Ohka Tosoh SMD VMC/Ulvac
	Specialty electronic materials	Amorphous metal ribbons and components	Electrical distribution transformers High frequency electronics Metal joining Theft deterrent systems Printed circuit boards	ARMCO/Allegheny CF Lux Gould Morgan/VAC
	Advanced circuits	Printed circuit boards (PCBs); high density interconnect solutions, complex rigid PCBs, high-layer count/multilayer PCBs	Computers Telecommunications Handsets & infrastructure Networking equipment	JVC Merix Sanmina TTM Unicap ViaSystems
POWER & TRANSPORTATION PRODUCTS				
Transportation and Power Systems	Charge-air systems	Turbochargers Superchargers Remanufactured components	Passenger car, truck and off-highway OEMs Engine manufacturers Aftermarket distributors and dealers	Aisin Seiki Borg-Warner Hitachi Holset IHI KKK MHI Schwitzer
	Thermal systems	Charge-air coolers Aluminum radiators Aluminum cooling modules	Passenger car, truck and off-highway OEMs Engine manufacturers Aftermarket distributors and dealers	Behr/McCord Modine Valeo
	Power generation	Microturbine generators	Users of electricity	Bowman Capstone Elliot GenSet OEMs Ebarra Electric Utilities Mitsubishi Toyota Turbec
	Air brake systems (joint venture)	Anti-lock brake systems (ABS) Air disc brakes Air compressors Air valves Air dryers Actuators Truck electronics Competitive remanufactured products	On-highway medium and heavy truck, bus and trailer OEMs Off-highway equipment OEMs Aftermarket distributors and dealers/original equipment service (OES)	Arvin Meritor Eaton Midland-Haldex WABCO

STRATEGIC BUSINESS UNITS	PRODUCT CLASSES	MAJOR PRODUCTS/SERVICES	MAJOR CUSTOMERS/USES	KEY COMPETITORS
Consumer Products Group	Aftermarket filters, spark plugs, electronic components and car care products	Oil, air, fuel, transmission and coolant filters PCV valves Spark plugs Wire and cable Antifreeze/coolant Ice-fighter products Windshield washer fluids Waxes, washes and specialty cleaners	Automotive and heavy vehicle aftermarket channels, OEMs and OES Auto supply retailers Specialty installers Mass merchandisers	AC Delco Bosch Champion Champ Labs Havoline/Texaco Mann & Hummel NGK Peak/Old World Industries Pennzoil-Quaker State Purolator/Arvin Ind STP/ArmorAll/ Clorox Turtle Wax Various Private Label Wix/Dana Zerex/Valvoline
Friction Materials	Friction materials Aftermarket brake hard parts	Disc brake pads Drum brake linings Brake blocks Disc and drum brake components Brake hydraulic components Brake fluid Aircraft brake linings Railway linings	Automotive and heavy vehicle OEMs, OES, brake manufacturers and aftermarket channels Mass merchandisers Installers Railway and commercial/military aircraft OEMs and brake manufacturers	Akebono Dana Delphi Federal-Mogul ITT Automotive Italy S.r.l. JBI Nisshinbo Pagid Sumitomo TMD

AEROSPACE SALES

Our sales to aerospace customers were 40, 42 and 42 percent of our total sales in 2000, 1999 and 1998, respectively. Our sales to aerospace original equipment manufacturers were 14, 15 and 16 percent of our total sales in 2000, 1999 and 1998, respectively. If there were a large decline in sales of aircraft that use our components, operating results could be negatively impacted. In addition, our sales to aftermarket customers of aerospace products and services were 19, 19 and 18 percent of our total sales in 2000, 1999 and 1998, respectively. If there were a large decline in the number of flight hours for aircraft that use our components or services, operating results could be negatively impacted.

U.S. GOVERNMENT SALES

Sales to the U.S. Government (principally by our Aerospace Solutions segment), acting through its various departments and agencies and through prime contractors, amounted to \$2,219, \$2,383 and \$2,693 million in 2000, 1999 and 1998, respectively, which includes sales to the U.S. Department of Defense of \$1,548, \$1,415 and \$1,658 million in 2000, 1999 and 1998, respectively. We are affected by U.S. Government budget constraints for defense and space programs. U.S. defense spending increased slightly in 2000 and is also expected to increase slightly in 2001.

In addition to normal business risks, companies engaged in supplying military and other equipment to the U.S. Government are subject to unusual risks, including dependence on Congressional appropriations and administrative allotment of funds, changes in governmental procurement legislation and regulations and other policies that may reflect military and political developments, significant changes in contract scheduling, complexity of designs and the rapidity with which they become obsolete, necessity for constant design improvements, intense competition for U.S. Government business necessitating increases in time and investment for design and development, difficulty of forecasting costs and schedules when bidding on developmental and highly sophisticated technical work and other factors characteristic of the industry. Changes are customary over the life of U.S. Government contracts, particularly development contracts, and generally result in adjustments of contract prices.

We, like other government contractors, are subject to government investigations of business practices and compliance with government procurement regulations. Although such regulations provide that a contractor may be suspended or barred from government contracts under certain circumstances, and the outcome of pending government investigations cannot be predicted with certainty, we are not

currently aware of any such investigations that we expect, individually or in the aggregate, will have a material adverse effect on us. In addition, we have a proactive business compliance program designed to ensure compliance and sound business practices.

BACKLOG

Our total backlog at year-end 2000 and 1999 was \$8,094 and \$8,736 million, respectively. We anticipate that approximately \$5,090 million of the 2000 backlog will be filled in 2001. We believe that backlog is not necessarily a reliable indicator of our future sales because a substantial portion of the orders constituting this backlog may be canceled at the customer's option.

COMPETITION

We are subject to active competition in substantially all product and service areas. Such competition is expected to continue in all geographic regions. Competitive conditions vary widely among the thousands of products and services provided by us, and vary country by country. Depending on the particular customer or market involved, our businesses compete on a variety of factors, such as price, quality, reliability, delivery, customer service, performance, applied technology, product innovation and product recognition. Brand identity, service to customers and quality are generally important competitive factors for our products and services, and there is considerable price competition. Other competitive factors for certain products include breadth of product line, research and development efforts and technical and managerial capability. While our competitive position varies among our products and services, we believe we are a significant factor in each of our major product and service classes. However, certain of our products and services are sold in competition with those of a large number of other companies, some of which have substantial financial resources and significant technological capabilities. In addition, some of our products compete with the captive component divisions of original equipment manufacturers.

INTERNATIONAL OPERATIONS

We are engaged in manufacturing, sales and/or research and development mainly in the U.S., Europe, Canada, Asia and Latin America. U.S. exports and foreign manufactured products are significant to our operations.

Our international operations, including U.S. exports, are potentially subject to a number of unique risks and limitations, including: fluctuations in currency value; exchange control regulations; wage and price controls; employment regulations; foreign investment laws; import and trade restrictions, including embargoes; and governmental instability. However, we have limited exposure in high risk countries and have taken action to mitigate such risks.

Financial information related to geographic areas is included in 'Item 8. Financial Statements and Supplementary Data' in Note 25 of Notes to Financial Statements.

RAW MATERIALS

The principal raw materials used in our operations are generally readily available. We experienced no significant or unusual problems in the purchase of key raw materials and commodities in 2000. We are not dependent on any one supplier for a material amount of our raw materials. However, we are highly dependent on our suppliers and subcontractors in order to meet commitments to our customers. In addition, many major components and product equipment items are procured or subcontracted on a sole-source basis with a number of domestic and foreign companies. We maintain a qualification and performance surveillance process to control risk associated with such reliance on third parties. While we believe that sources of supply for raw materials and components are generally adequate, it is difficult to predict what effects shortages or price increases may have in the future. However, at present, we have no reason to believe a shortage of raw materials will cause any material adverse impact during 2001.

PATENTS, TRADEMARKS, LICENSES AND DISTRIBUTION RIGHTS

Our business as a whole, and that of our strategic business units, are not dependent upon any single patent or related group of patents, or any licenses or distribution rights. We own, or are licensed under, a large number of patents, patent applications and trademarks acquired over a period of many

years, which relate to many of our products or improvements thereon and are of importance to our business. From time to time, new patents and trademarks are obtained, and patent and trademark licenses and rights are acquired from others. We also have distribution rights of varying terms for a number of products and services produced by other companies. In the judgment of management, such rights are adequate for the conduct of the business being done by us. We believe that, in the aggregate, the rights under such patents, trademarks and licenses are generally important to our operations, but we do not consider that any patent, trademark or related group of patents, or any licensing or distribution rights related to a specific process or product are of material importance in relation to our total business. See Item 3 at page 10 of this Form 10-K for information concerning litigation relating to patents in which we are involved.

We have registered trademarks for a number of our products, including such consumer brands as Honeywell, Prestone, FRAM, Anso and Autolite.

RESEARCH AND DEVELOPMENT

Our research activities are directed toward the discovery and development of new products and processes, improvements in existing products and processes, and the development of new uses of existing products.

Research and development expense totaled \$818, \$909 and \$876 million in 2000, 1999 and 1998, respectively. Customer-sponsored (principally the U.S. Government) research and development activities amounted to an additional \$560, \$682 and \$718 million in 2000, 1999 and 1998, respectively.

ENVIRONMENT

We are subject to various federal, state and local requirements regulating the discharge of materials into the environment or otherwise relating to the protection of the environment. It is our policy to comply with these requirements and we believe that, as a general matter, our policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage, and of resulting financial liability, in connection with our business. Some risk of environmental damage is, however, inherent in certain of our operations and products, as it is with other companies engaged in similar businesses.

We are and have been engaged in the handling, manufacture, use or disposal of many substances classified as hazardous or toxic by one or more regulatory agencies. We believe that, as a general matter, our handling, manufacture, use and disposal of such substances are in accord with environmental laws and regulations. It is possible, however, that future knowledge or other developments, such as improved capability to detect substances in the environment or increasingly strict environmental laws and standards and enforcement policies thereunder, could bring into question our handling, manufacture, use or disposal of such substances.

Among other environmental requirements, we are subject to the federal superfund law, and similar state laws, under which we have been designated as a potentially responsible party that may be liable for cleanup costs associated with various hazardous waste sites, some of which are on the U.S. Environmental Protection Agency's superfund priority list. Although, under some court interpretations of these laws, there is a possibility that a responsible party might have to bear more than its proportional share of the cleanup costs if it is unable to obtain appropriate contribution from other responsible parties, we have not had to bear significantly more than our proportional share in multi-party situations taken as a whole.

Further information regarding environmental matters is included in 'Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.'

EMPLOYEES

We have approximately 125,000 employees at December 31, 2000. Approximately 86,000 were located in the United States, and, of these employees, about 17% were unionized employees represented by various local or national unions.

ITEM 2. PROPERTIES

We have over 1,000 locations consisting of plants, research laboratories, sales offices and other facilities. The plants are generally located to serve large marketing areas and to provide accessibility to raw materials and labor pools. The properties are generally maintained in good operating condition. Utilization of these plants may vary with sales to customers and other business conditions; however, no major operating facility is significantly idle. The facilities, together with planned expansions, are expected to meet our needs for the foreseeable future. We own or lease warehouses, railroad cars, barges, automobiles, trucks, airplanes and materials handling and data processing equipment. We also lease space for administrative and sales staffs. Our headquarters and administrative complex is located at Morristown, New Jersey.

Our principal plants, which are owned in fee unless otherwise indicated, are as follows:

	AEROSPACE SOLUTIONS -----	
Glendale, AZ (partially leased)	South Bend, IN	Rocky Mount, NC
Phoenix, AZ	Olathe, KS (leased)	Redmond, WA
Tempe, AZ	Coon Rapids, MN (leased)	Yeovil, Somerset
Tucson, AZ	Minneapolis, MN	United Kingdom
Torrance, CA	Teterboro, NJ	
(partially leased)	Albuquerque, NM	
Clearwater, FL		
	AUTOMATION & CONTROL -----	
Phoenix, AZ	Freeport, IL	Syosset, NY
San Diego, CA	Golden Valley, MN	El Paso, TX (leased)
Northford, CT	Plymouth, MN	Offenbach, Germany
	PERFORMANCE MATERIALS -----	
Baton Rouge, LA	Pottsville, PA	Hopewell, VA
Geismar, LA	Columbia, SC	Seelze, Germany
Roseville, MN	Orange, TX	
Moncure, NC	Chesterfield, VA	
	POWER & TRANSPORTATION PRODUCTS -----	
Torrance, CA	Thaon-Les-Vosges, France	Atessa, Italy
Huntington, IN	Glinde, Germany	Skelmersdale, United Kingdom

ITEM 3. LEGAL PROCEEDINGS

Details of Legal Proceedings are included in 'Item 8. Financial Statements and Supplementary Data' under the headings 'Litton Litigation', 'Shareowner Litigation' and 'Other Matters' in Note 22 of Notes to Financial Statements.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Special Meeting of Shareowners of Honeywell held on January 10, 2001, the proposed merger to be implemented pursuant to the Agreement and Plan of Merger, dated as of October 22, 2000, between General Electric Company and Honeywell International Inc. as set forth in Honeywell's proxy statement dated December 4, 2000, which was filed with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934, was approved with 592,168,926 votes cast FOR, 8,187,890 votes cast AGAINST, 6,826,897 abstentions and no broker non-votes.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market and dividend information for Honeywell's common stock is included in 'Item 8. Financial Statements and Supplementary Data' in Note 26 of Notes to Financial Statements.

The number of record holders of our common stock at December 31, 2000 was 92,313.

ITEM 6. SELECTED FINANCIAL DATA

HONEYWELL INTERNATIONAL INC.

	YEARS ENDED DECEMBER 31,					
	2000	1999	1998	1997	1996	1995
	(DOLLARS AND SHARES IN MILLIONS EXCEPT PER SHARE AMOUNTS)					
RESULTS OF OPERATIONS						
Net sales.....	\$25,023	\$23,735	\$23,555	\$22,499	\$21,283	\$21,077
Net income(1).....	1,659	1,541	1,903	1,641	1,423	1,209
EARNINGS PER COMMON SHARE						
Net earnings:						
Basic.....	2.07	1.95	2.38	2.04	1.77	1.50
Assuming dilution.....	2.05	1.90	2.34	2.00	1.73	1.48
Dividends.....	0.75	0.68	0.60	0.52	0.45	0.39
FINANCIAL POSITION AT YEAR-END						
Property, plant and equipment - net.....	5,230	5,630	5,600	5,380	5,353	5,841
Total assets.....	25,175	23,527	22,738	20,118	18,322	17,525
Short-term debt.....	1,682	2,609	2,190	1,238	867	956
Long-term debt.....	3,941	2,457	2,776	2,394	2,034	1,848
Total debt.....	5,623	5,066	4,966	3,632	2,901	2,804
Shareowners' equity.....	9,707	8,599	8,083	6,775	6,385	5,632

(1) In 2000, includes a net provision for asset impairments, repositioning, environmental and other charges and a gain on the sale of the TCAS product line of Honeywell Inc. resulting in a net after-tax charge of \$634 million, or \$0.78 per share. In 1999, includes merger, repositioning and other charges and gains on the sales of our Laminate Systems business and our investment in AMP common stock resulting in a net after-tax charge of \$624 million, or \$0.78 per share. In 1998, includes repositioning charges, a gain on settlement of litigation claims and a tax benefit resulting from the favorable resolution of certain prior-year research and development tax claims resulting in a net after-tax charge of \$4 million, with no impact on the per share amount. In 1997, includes repositioning and other charges, gains on the sales of our automotive Safety Restraints and certain Industrial Control businesses and a charge related to the 1996 sale of our automotive Braking Systems business resulting in a net after-tax charge of \$5 million, with no impact on the per share amount. In 1996, includes repositioning and other charges and a gain on the sale of our automotive Braking Systems business resulting in a net after-tax gain of \$9 million, or \$0.01 per share.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

	2000	1999	1998
	----	----	----
	(DOLLARS IN MILLIONS)		
NET SALES			
Aerospace Solutions.....	\$ 9,988	\$ 9,908	\$ 9,890
Automation & Control.....	7,384	6,115	5,957
Performance Materials.....	4,055	4,007	4,169
Power & Transportation Products.....	3,527	3,581	3,387
Corporate.....	69	124	152
	-----	-----	-----
	\$25,023	\$23,735	\$23,555
	-----	-----	-----
SEGMENT PROFIT			
Aerospace Solutions.....	\$ 2,195	\$ 1,918	\$ 1,587
Automation & Control.....	986	767	705
Performance Materials.....	334	439	634
Power & Transportation Products.....	274	322	234
Corporate.....	(160)	(175)	(248)
	-----	-----	-----
	\$ 3,629	\$ 3,271	\$ 2,912
	-----	-----	-----

See 'Item 8. Financial Statements and Supplementary Data' in Note 24 of Notes to Financial Statements for further information on our reportable segments.

Net sales in 2000 were \$25,023 million, an increase of \$1,288 million, or 5 percent compared with 1999. Net sales in 1999 were \$23,735 million, an increase of \$180 million, or 1 percent compared with 1998. The increase in sales in both 2000 and 1999 is attributable to the following:

	2000	1999
	VERSUS	VERSUS
	1999	1998
	----	----
Acquisitions/Divestitures.....	6%	1%
Foreign Exchange.....	(2)	(1)
Volume/Price.....	1	1
	--	--
	5%	1%
	--	--
	--	--

Total segment profit in 2000 was \$3,629 million, an increase of \$358 million, or 11 percent compared with 1999. Segment profit margin for 2000 was 14.5 percent compared with 13.8 percent in 1999. The increase in segment profit in 2000 was led by a significant improvement by the Aerospace Solutions and Automation & Control segments and lower Corporate expenses. The increase was partially offset by lower segment profit by the Performance Materials and Power & Transportation Products segments. Total segment profit in 1999 was \$3,271 million, an increase of \$359 million, or 12 percent compared with 1998. Segment profit margin for 1999 was 13.8 percent compared with 12.4 percent in 1998. The increase in segment profit in 1999 was led by a substantial improvement by the Aerospace Solutions segment with the Power & Transportation Products and Automation & Control segments also contributing solid gains. Lower Corporate expenses also contributed to the increase. The increase was partially offset by a substantial decrease in segment profit by the Performance Materials segment.

Postretirement benefit plans contributed cost reductions of \$282 and \$61 million in 2000 and 1999, respectively, principally due to workforce reductions and the funding status of our pension plans (described in 'Item 8. Financial Statements and Supplementary Data' in Note 23 of Notes to Financial Statements). Future effects on operating results depend on economic conditions and investment performance.

A discussion of net sales and segment profit by reportable segment can be found in the Review of Business Segments section below.

(Gain) on sale of non-strategic businesses of \$112 million in 2000 represents the pretax gain on the government-mandated divestiture of the TCAS product line of Honeywell Inc. (the former Honeywell) following the merger of AlliedSignal Inc. and Honeywell Inc. in December 1999. (Gain) on sale of non-strategic businesses of \$106 million in 1999 represents the pretax gain on the sale of our Laminate Systems business. Refer to 'Item 8. Financial Statements and Supplementary Data' in Note 6 of Notes to Financial Statements for further information.

Equity in (income) loss of affiliated companies was a loss of \$89 million in 2000 compared with income of \$76 million in 1999. The decrease of \$165 million in equity income reflects that the current year includes a charge of \$136 million for costs associated with closing an affiliate's chemical manufacturing operations and for an equity investee's customer claims. The prior year also included a charge of \$40 million related to the writedown of an equity investment and an equity investee's severance actions. Refer to 'Item 8. Financial Statements and Supplementary Data' in Note 5 of Notes to Financial Statements for further discussion of the charges in both 2000 and 1999. Excluding these charges in both periods, equity in (income) loss of affiliated companies was income of \$47 million in 2000, a decrease of \$69 million compared with 1999. This decrease was due mainly to lower earnings from our UOP process technology (UOP) joint venture partially offset by the gain on the sale of our interest in an automotive aftermarket joint venture. Equity in (income) loss of affiliated companies was income of \$76 million in 1999 compared with income of \$162 million in 1998. The decrease of \$86 million resulted from the charge of \$40 million relating to the writedown of an equity investment and an equity investee's severance actions as well as lower earnings from UOP.

Other (income) expense, \$57 million of income in 2000, decreased by \$250 million compared with 1999. The decrease principally reflects the 1999 net gain of \$268 million on our disposition of our investment in AMP Incorporated (AMP) common stock. Refer to 'Item 8. Financial Statements and Supplementary Data' in Note 7 of Notes to Financial Statements for further information. Excluding this net gain, other (income) expense was \$57 million of income in 2000, compared with \$39 million of income in 1999. This increase in other income of \$18 million in 2000 was due principally to lower minority interest expense and increased benefits from foreign exchange hedging. Other (income) expense, \$307 million of income in 1999, increased by \$280 million compared with 1998. The increase principally reflects the net gain of \$268 million on our disposition of our investment in AMP common stock.

Interest and other financial charges of \$481 million in 2000 increased by \$216 million, or 82 percent compared with 1999. The increase results from higher average levels of debt during the current year due principally to the Pittway acquisition and our share repurchase program, higher average interest rates and the impact of tax interest expense. Interest and other financial charges of \$265 million in 1999 decreased by \$10 million, or 4 percent compared with 1998. The decrease resulted from lower interest rates and tax interest expense somewhat offset by the effects of higher average debt outstanding during 1999.

The effective tax rate was 30.8, 31.5 and 31.3 percent in 2000, 1999 and 1998, respectively. Refer to 'Item 8. Financial Statements and Supplementary Data' in Note 9 of Notes to Financial Statements for further information.

Net income in 2000 of \$1,659 million, or \$2.05 per share, was 8 percent higher than 1999 net income of \$1,541 million, or \$1.90 per share. Net income in 2000 included the gain on the disposition of the TCAS product line of the former Honeywell and asset impairments, repositioning, environmental and other charges. Adjusted for these items, net income in 2000 was \$634 million, or \$0.78 per share, higher than reported. Net income in 1999 included the gains on our dispositions of our Laminate Systems business and our investment in AMP and merger, repositioning and other charges. Adjusted for these items, net income in 1999 was \$624 million, or \$0.78 per share, higher than reported. Net income in 2000 increased by 6 percent compared with 1999 if both years are adjusted for these items. Net income in 1999 of \$1,541 million, or \$1.90 per share, was 19 percent lower than 1998 net income of \$1,903 million, or \$2.34 per share. Net income in 1998 included repositioning charges, litigation

settlements and a tax settlement. Net income in 1999 increased by 14 percent compared with 1998 if both years are adjusted for these items.

REVIEW OF BUSINESS SEGMENTS

Aerospace Solutions sales in 2000 were \$9,988 million, an increase of \$80 million, or 1 percent compared with 1999. Higher sales to the aftermarket, particularly repair and overhaul and the military, and increased original equipment sales to business, regional and general aviation customers were partially offset by lower original equipment sales to air transport manufacturers and a decline in engineering services revenues. Sales also decreased due to the effects of government-mandated divestitures in connection with the merger of AlliedSignal and the former Honeywell. Aerospace Solutions sales in 1999 were \$9,908 million or basically flat compared with 1998. Sales of avionics products were higher due principally to continued strong demand for flight safety products. Sales to the aftermarket, particularly repair and overhaul and the military, were also higher. The acquisition in 1998 of a controlling interest in the Normalair-Garrett Ltd. environmental controls joint venture also increased sales. This increase was offset by lower sales to air transport and military original equipment manufacturers, and the effects of divestitures and a restructuring of a government technical services contract.

Aerospace Solutions segment profit in 2000 was \$2,195 million, an increase of \$277 million, or 14 percent compared with 1999 due principally to cost structure improvements, primarily from workforce and benefit cost reductions, and merger-related savings. Increased sales of higher-margin aftermarket products and services also contributed to the improvement in segment profit. Aerospace Solutions segment profit in 1999 was \$1,918 million, an increase of \$331 million, or 21 percent compared with 1998 due principally to increased sales of higher-margin aftermarket and avionics products and cost structure improvements primarily from workforce and benefit cost reductions.

Automation & Control sales in 2000 were \$7,384 million, an increase of \$1,269 million, or 21 percent compared with 1999. Sales for our Home and Building Control business were substantially higher as increased sales in our security products business, due to the acquisition of Pittway, were partially offset by lower sales in our solutions and services business. Sales for our Industrial Control business declined moderately as growth in our sensing and control business was more than offset by lower sales in our industrial automation and control business. Our industrial automation and control business continues to be adversely affected by weakness in the hydrocarbon processing industry. Sales for the segment were also adversely impacted by foreign currency fluctuations due to the strong dollar. Automation & Control sales in 1999 were \$6,115 million, an increase of \$158 million, or 3 percent compared with 1998. Sales increased for our Home and Building Control business driven by growth in our control products and building services, and security businesses. Acquisitions also contributed to the increase partially offset by lower sales from our energy retrofit and installed systems businesses. Sales for our Industrial Control business were basically flat compared with 1998. Higher sales due to acquisitions and growth in our sensing and control business were offset by the effects of continued weakness in our industrial automation and control business.

Automation & Control segment profit in 2000 was \$986 million, an increase of \$219 million, or 29 percent compared with 1999. Segment profit for both our Home and Building Control and Industrial Control businesses improved primarily as a result of lower costs due to workforce and benefit cost reductions and merger-related savings. The acquisition of Pittway and other portfolio changes also contributed to the improvement in segment profit. Automation & Control segment profit in 1999 was \$767 million, an increase of \$62 million, or 9 percent compared with 1998. Segment profit for our Home and Building Control business increased significantly due to improvement in our control products business and the contraction of our lower-margin energy retrofit and installed systems businesses. Cost savings from workforce reductions also contributed to the improvement. This increase was offset somewhat by lower segment profit for our Industrial Control business as growth in our higher-margin sensing and control business and cost structure improvements were more than offset by the effects of continued weakness in certain key end markets in our industrial automation and control business.

Performance Materials sales in 2000 were \$4,055 million, an increase of \$48 million, or 1 percent compared with 1999. Higher sales of advanced circuitry and wafer-fabrication products by our

Electronic Materials business were largely offset by the effect of divestitures, principally our Laminate Systems business. Performance Materials sales in 1999 were \$4,007 million, a decrease of \$162 million, or 4 percent compared with 1998 due principally to divestitures including our environmental catalyst, Laminate Systems and phenol businesses. Lower sales for our carpet fibers business also contributed to the decrease. This decrease was partially offset by higher sales for our specialty films, engineering plastics and waxes businesses and increased sales from the acquisitions of Johnson Matthey Electronics and Pharmaceutical Fine Chemicals.

Performance Materials segment profit in 2000 was \$334 million, a decrease of \$105 million, or 24 percent compared with 1999. The decrease principally reflects higher raw material costs in certain Performance Polymers and Chemicals businesses and higher operating losses in our chip packaging and pharmaceutical chemicals businesses. The decrease was partially offset by cost structure improvements and price increases in certain Performance Polymers and Chemicals businesses. Performance Materials segment profit in 1999 was \$439 million, a decrease of \$195 million, or 31 percent compared with 1998. The decrease principally reflects the effects of pricing pressures in our Performance Polymers and Electronic Materials businesses and higher raw material costs in certain Performance Polymers businesses. The impact of 1998 divestitures also contributed to the decrease. The effect of improved sales volume for our specialty films, engineering plastics and waxes businesses was a partial offset.

Power & Transportation Products sales in 2000 were \$3,527 million, a decrease of \$54 million, or 2 percent compared with 1999 due mainly to lower sales for our Commercial Vehicle Systems and Friction Materials businesses. Sales for our Commercial Vehicles Systems business were negatively impacted by decreased heavy-duty truck builds. Sales for our Friction Materials business were lower mainly due to foreign currency fluctuations. This decrease was partially offset by higher sales for our Turbocharging Systems business as continued strong world-wide demand more than offset the adverse impact of foreign currency fluctuations. Power & Transportation Products sales in 1999 were \$3,581 million, an increase of \$194 million, or 6 percent compared with 1998. Sales for our Turbocharging Systems business increased significantly due primarily to continued strong sales in Europe reflecting the turbodiesel's increased penetration of the passenger car market. Sales for our Commercial Vehicle Systems business also increased due principally to increased North American truck builds. Sales for our Consumer Products Group business also increased, led by higher sales of Prestone'r' products and FRAM'r' filters. Lower sales for our Friction Materials business due to pricing pressures, weakness in the European market and foreign currency fluctuations were a partial offset.

Power & Transportation Products segment profit in 2000 was \$274 million, a decrease of \$48 million, or 15 percent compared with 1999. The decrease primarily reflects costs associated with a product recall and lower sales in our Commercial Vehicle Systems business, costs related to the ramp-up of our Turbogenerator product line and costs associated with a supplier issue in our Turbocharging Systems business. The decrease was partially offset by the effects of cost structure improvements in our Friction Materials and Consumer Products Group businesses and higher sales in our Turbocharging Systems business. Power & Transportation Products segment profit in 1999 was \$322 million, an increase of \$88 million, or 38 percent compared with 1998. The increase reflects higher sales for our Turbocharging Systems, Commercial Vehicle Systems and Consumer Products Group businesses. Cost structure improvements in these businesses, materials procurement savings and workforce reductions also contributed to the increase.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Total assets at December 31, 2000 were \$25,175 million, an increase of \$1,648 million, or 7 percent from December 31, 1999. The increase relates principally to our acquisition of Pittway. Total assets at December 31, 1999 were \$23,527 million, an increase of \$789 million, or 3 percent from December 31, 1998.

Cash provided by operating activities of \$1,989 million during 2000 decreased by \$385 million compared with 1999 due principally to spending related to merger and repositioning actions, a decrease in working capital and higher non-cash pension income. This decrease was partially offset by higher net income, excluding one-time items as previously described, and lower taxes paid on sales of

businesses and investments. Cash provided by operating activities of \$2,374 million during 1999 increased by \$400 million compared with 1998 due principally to higher net income, excluding one-time items as previously described.

Cash used for investing activities of \$2,714 million during 2000 increased by \$2,423 million compared with 1999. The acquisition of Pittway, the fact that the prior year included the net proceeds from our disposition of our investment in AMP and lower proceeds from sales of businesses were principally responsible for the increase. This increase was partially offset by lower capital spending. Cash used for investing activities of \$291 million during 1999 decreased by \$1,302 million compared with 1998. The decrease relates principally to the proceeds from our disposition of our investment in AMP and an increase in proceeds from sales of businesses, primarily Laminate Systems. This decrease was partially offset by higher spending for acquisitions, mainly Johnson Matthey Electronics, and the liquidation in 1998 of short-term investments.

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.

Capital expenditures were \$853, \$986 and \$1,037 million in 2000, 1999 and 1998, respectively. Spending by the reportable segments and Corporate since 1998 is shown in 'Item 8. Financial Statements and Supplementary Data' in Note 24 of Notes to Financial Statements. Our total capital expenditures in 2001 are currently projected at approximately \$1 billion. These expenditures are expected to be financed principally by internally generated funds and are primarily planned for expansion and cost reduction.

Cash used for financing activities of \$70 million during 2000 decreased by \$1,040 million compared with 1999 led principally by a decrease in stock repurchases and higher net issuances of debt. During 2000, we repurchased 4.3 million shares of our common stock for \$166 million in connection with our share repurchase program. As a result of the pending merger with General Electric (see Item 8. 'Financial Statements and Supplementary Data' in Note 4 of Notes to Financial Statements), Honeywell rescinded its share repurchase program effective October 21, 2000. Total debt of \$5,623 million at December 31, 2000 was \$557 million, or 11 percent higher than at December 31, 1999 due to the acquisition of Pittway. Cash used for financing activities of \$1,110 million during 1999 increased by \$1,002 million compared with 1998. The increase relates principally to lower net issuances of debt partially offset by lower net stock repurchases. Total debt of \$5,066 million at year-end 1999 was \$100 million, or 2 percent higher than at December 31, 1998.

We maintain a \$2 billion bank revolving credit facility which is comprised of (a) a \$1 billion Five-Year Credit Agreement; and, (b) a \$1 billion 364-Day Credit Agreement. The credit agreements were established for general corporate purposes including support for the issuance of commercial paper. There was \$1,192 and \$2,023 million of commercial paper outstanding at year-end 2000 and 1999, respectively. See 'Item 8. Financial Statements and Supplementary Data' in Note 16 of Notes to Financial Statements for details of long-term debt and a discussion of the Credit Agreements.

We believe that our available cash, committed credit lines, and access to the public debt markets using debt securities and commercial paper, provide adequate short-term and long-term liquidity.

MERGER AND REPOSITIONING CHARGES

In 2000, we recognized a charge of \$239 million related to announced global workforce reductions in each of our reportable segments, costs to close a chip package manufacturing plant and related workforce reductions in our Electronic Materials business, and other asset impairments principally associated with the completion of previously announced plant shut-downs in our Performance Polymers and Chemicals business. The components of the charge included severance costs of \$151 million and asset impairments of \$88 million. The workforce reductions consisted of approximately 2,800 manufacturing and administrative positions and are expected to be substantially completed by

the end of the second quarter of 2001. Asset impairments were principally related to manufacturing plant and equipment held for sale and capable of being taken out of service and actively marketed in the period of impairment. Also, \$46 million of accruals established in 1999, principally for severance, were returned to income in 2000 due to higher than expected voluntary employee attrition (approximately 650 positions) resulting in reduced severance liabilities principally in our Automation & Control and Aerospace Solutions reportable segments. We also recognized a charge of \$99 million in equity in (income) loss of affiliated companies for costs to close an affiliate's chemical manufacturing operations. The components of the charge included severance costs of \$6 million, asset impairments of \$53 million, and other environmental exit costs and period expenses of \$40 million.

In 1999, upon completion of the merger between AlliedSignal and the former Honeywell, we recognized a charge of \$642 million for the cost of actions designed to improve our combined competitiveness, productivity and future profitability. The merger-related actions included the elimination of redundant corporate offices and functional administrative overhead; elimination of redundant and excess facilities and workforce in our combined aerospace businesses; adoption of six sigma productivity initiatives at the former Honeywell businesses; and, the transition to a global shared services model. The components of the charge included severance costs of \$342 million, asset impairments of \$108 million, other exit costs of \$57 million and merger-related transaction and period expenses of \$135 million. Planned global workforce reductions consisted of approximately 6,500 administrative and manufacturing positions and are substantially complete. Asset impairments were principally related to the elimination of redundant or excess corporate and aerospace facilities and equipment. Other exit costs were related to lease terminations and contract cancellation losses negotiated or subject to reasonable estimation at year-end. Merger-related transaction and period expenses consisted of investment banking and legal fees, former Honeywell deferred compensation vested upon change in control and other direct merger-related expenses incurred in the period the merger was completed. All merger-related actions are substantially complete.

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

The merger and repositioning actions committed to in 2000 and 1999 generated pretax savings of over \$270 million in 2000 principally from planned workforce reductions and facility consolidations. We expect these actions to generate pretax savings of over \$600 million in 2001 and \$780 million in 2002. Cash expenditures for severance, other exit costs, and future period expenses necessary to execute these actions will exceed \$500 million and were principally incurred in 2000. Such expenditures have been funded through operating cash flows, proceeds from government required divestitures resulting from the merger of AlliedSignal and the former Honeywell and sale of merger-related, excess or duplicate facilities and equipment.

We are currently formulating a detailed plan to effect further actions designed to improve our competitiveness, productivity and future profitability. The cost of these actions will result in a charge against earnings in the first quarter of 2001.

In 1998, we recognized a charge of \$54 million related to productivity initiatives which included workforce reductions of 1,200 employees and facility consolidations principally in our Home and Building Control and Industrial Control businesses. These actions were completed by December 31, 1999, with substantially all reserve spending occurring in 1999.

ENVIRONMENTAL MATTERS

We are subject to various federal, state and local government requirements relating to the protection of 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 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, are a party to lawsuits and claims and have incurred remedial response and voluntary cleanup costs associated with environmental matters. Additional lawsuits, claims and costs involving environmental matters are likely to continue to arise in the future. 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. It is our policy to record appropriate liabilities for such matters when environmental assessments are made or remedial efforts are probable and the costs can be reasonably estimated. The timing of these accruals is generally no later than the completion of feasibility studies.

Remedial response and voluntary cleanup expenditures were \$75, \$78 and \$77 million in 2000, 1999 and 1998, respectively, and are currently estimated to be approximately \$69 million in 2001. We expect that we will be able to fund such expenditures from operating cash flow. The timing of expenditures depends on a number of factors, including regulatory approval of cleanup projects, remedial techniques to be utilized and agreements with other parties.

In 2000 we charged \$110 million against pretax income for remedial response and voluntary cleanup costs. At December 31, 2000 and 1999, the recorded liability for environmental matters was \$386 and \$349 million, respectively. In addition, in 2000 and 1999 we incurred operating costs for ongoing businesses of approximately \$80 and \$89 million, respectively, relating to compliance with environmental regulations.

Although we do not currently possess sufficient information to reasonably estimate the amounts of liabilities to be recorded upon future completion of studies or settlements, and neither the timing nor the amount of the ultimate costs associated with environmental matters can be determined, they may be significant to our consolidated results of operations. We do not expect that environmental matters will have a material adverse effect on our consolidated financial position.

See 'Item 8. Financial Statements and Supplementary Data' in Note 22 of Notes to Financial Statements for a discussion of our commitments and contingencies, including those related to environmental matters.

FINANCIAL INSTRUMENTS

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. 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. We do not use derivative financial instruments for trading or other speculative purposes and do not use leveraged derivative financial instruments. A summary of our accounting policies for derivative financial instruments is included in 'Item 8. Financial Statements and Supplementary Data' in Note 1 of Notes to Financial Statements.

Our exposure to market risk from changes in interest rates relates primarily to our debt obligations. As described in 'Item 8. Financial Statements and Supplementary Data' in Notes 16 and 18 of Notes

to Financial Statements, we issue both fixed and variable rate debt and use interest rate swaps to manage our exposure to interest rate movements and reduce borrowing costs.

Our exposure to market risk for changes in foreign currency exchange rates arises from international financing activities between subsidiaries and foreign currency denominated receivables, payables, and firm commitments arising from international transactions. We attempt to have such transaction exposures hedged with internal natural offsets to the fullest extent possible and, once these opportunities have been exhausted, through foreign currency forward and option agreements with third parties. We also use derivative financial instruments to hedge the impact of exchange rate movements on the translated U.S. dollar value of the net income for a number of foreign subsidiaries. Foreign currency forward and option agreements used to hedge net income are marked-to-market, with gains or losses recognized immediately in income. Our principal foreign currency exposures relate to the Belgian franc, the French franc, the German mark (collectively the Euro countries), the British pound, the Canadian dollar, and the U.S. dollar. At December 31, 2000, we held or had written foreign currency forward and option agreements maturing through 2001.

Derivative financial instruments expose us to counterparty credit risk for nonperformance and to market risk related to changes in interest or currency exchange rates. We manage exposure to counterparty credit risk through specific minimum credit standards, diversification of counterparties, and procedures to monitor concentrations of credit risk. Our counterparties are substantial investment and commercial banks with significant experience using such derivative instruments. We monitor the impact of market risk on the fair value and cash flows of our derivative and other financial instruments considering reasonably possible changes in interest and currency exchange rates and restrict the use of derivative financial instruments to hedging activities.

The following table illustrates the potential change in fair value for interest rate sensitive instruments based on a hypothetical immediate one-percentage-point increase in interest rates across all maturities and the potential change in fair value for foreign exchange rate sensitive instruments based on a 10 percent increase in U.S. dollar per local currency exchange rates across all maturities at December 31, 2000 and 1999.

	FACE OR NOTIONAL AMOUNT	CARRYING VALUE (1)	FAIR VALUE (1)	ESTIMATED INCREASE (DECREASE) IN FAIR VALUE
	-----	-----	-----	-----
	(DOLLARS IN MILLIONS)			
DECEMBER 31, 2000				
INTEREST RATE SENSITIVE INSTRUMENTS				
Long-term debt (including current maturities) (2)....	\$ (4,295)	\$ (4,291)	\$ (4,517)	\$ (183)
Interest rate swaps.....	1,600	16	68	(67)
FOREIGN EXCHANGE RATE SENSITIVE INSTRUMENTS				
Foreign currency exchange contracts (3).....	1,542	--	3	(3)
DECEMBER 31, 1999				
INTEREST RATE SENSITIVE INSTRUMENTS				
Long-term debt (including current maturities) (2)....	(2,712)	(2,705)	(2,702)	(120)
Interest rate swaps.....	1,100	(4)	(36)	(22)
FOREIGN EXCHANGE RATE SENSITIVE INSTRUMENTS				
Foreign currency exchange contracts (3).....	1,445	4	6	25

(1) Asset or (liability).

(2) Excludes capitalized leases.

(3) Increases in the fair value of foreign currency exchange contracts are substantially offset by changes in the fair value of net underlying hedged foreign currency transactions.

The above discussion of our procedures to monitor market risk and the estimated changes in fair value resulting from our sensitivity analyses are forward-looking statements of market risk assuming certain adverse market conditions occur. Actual results in the future may differ materially from these estimated results due to actual developments in the global financial markets. The methods used by us to assess and mitigate risk discussed above should not be considered projections of future events.

LITIGATION

Litton Litigation -- On March 13, 1990, Litton Systems, Inc. filed a legal action against the former Honeywell in U.S. District Court, Central District of California, Los Angeles, 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.

In 1993 and 1995, trials were held in each case and juries initially awarded Litton significant monetary damages. However, those verdicts were set aside by the trial court judge who ordered, at a minimum, new trials on the issue of damages in each case.

Following cross-appeals by the parties of various issues to the Federal Circuit and the U.S. Supreme Court in the patent/tort case, it was remanded to the trial court for further legal and perhaps factual review with respect to both liability and damages. 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 appealed that judgment to 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 may now seek review of this decision by the U.S. Supreme Court.

A retrial of damages in the antitrust case commenced October 29, 1998, and on December 9, 1998, a jury returned a verdict against Honeywell for actual damages in the amount of \$250 million. Following post trial motions, 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. We believe that there is no factual or legal basis for the magnitude of the jury's award and believe that it should be overturned. We also believe we have very strong arguments that the liability portion of the jury verdict in the first antitrust trial was erroneous. Both parties have appealed this 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 disposition of any appeals filed by the parties.

Although it is not possible at this time to predict the result of any further appeals in this case, potential does remain for an adverse outcome which could be material to our financial position or results of operations. As a result of the uncertainty regarding the outcome of this matter, no provision has been made in the financial statements with respect to this contingent liability.

For a detailed discussion of this litigation, see 'Item 8. Financial Statements and Supplementary Data' in Note 22 of Notes to the Financial Statements.

Shareowner Litigation -- Honeywell and seven of its 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 officers and its Board of Directors have been named as defendants in a purported shareholder 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. No provision has been made in our financial statements with respect to this contingent liability.

EURO CONVERSION

On January 1, 1999, certain member countries of the European Union established fixed conversion rates between their existing currencies and the European Union's common currency (Euro). The transition period for the introduction of the Euro is between January 1, 1999 and January 1, 2002. We have identified and are ensuring that all Euro conversion compliance issues are addressed and do not expect any adverse consequences.

SALES TO THE U.S. GOVERNMENT

Sales to the U.S. Government, acting through its various departments and agencies and through prime contractors, amounted to \$2,219, \$2,383 and \$2,693 million in 2000, 1999 and 1998, respectively. This included sales to the Department of Defense (DoD), as a prime contractor and subcontractor, of \$1,548, \$1,415 and \$1,658 million in 2000, 1999 and 1998, respectively. Sales to the DoD accounted for 6.2, 6.0 and 7.0 percent of our total sales in 2000, 1999 and 1998, respectively. We are affected by U.S. Government budget constraints for defense and space programs. U.S. defense spending increased slightly in 2000 and is also expected to increase slightly in 2001.

BACKLOG

Our total backlog at year-end 2000 and 1999 was \$8,094 and \$8,736 million, respectively. We anticipate that approximately \$5,090 million of the 2000 backlog will be filled in 2001. We believe that backlog is not necessarily a reliable indicator of our future sales because a substantial portion of the orders constituting this backlog may be canceled at the customer's option.

INFLATION

Highly competitive market conditions have minimized inflation's impact on the selling prices of our products and the cost of our purchased materials. Cost increases for materials and labor have generally been low, and productivity enhancement programs, including Six Sigma initiatives, have largely offset any impact.

NEW ACCOUNTING PRONOUNCEMENT

Statement of Financial Accounting Standards No. 133, 'Accounting for Derivative Instruments and Hedging Activities', as amended (SFAS No. 133), is effective for 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. The accounting for gains or losses resulting from changes in values of such derivatives depends on the use of the derivative and whether it qualifies for hedge accounting. We estimate that, at January 1, 2001, the effect on our consolidated financial statements of adopting SFAS No. 133 will not be material.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Information relating to market risk is included in 'Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations' under the caption 'Financial Instruments.'

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

HONEYWELL INTERNATIONAL INC.
CONSOLIDATED STATEMENT OF INCOME

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	-----	-----	-----
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)		
Net sales.....	\$25,023	\$23,735	\$23,555
	-----	-----	-----
Costs, expenses and other			
Cost of goods sold.....	19,090	18,495	17,689
Selling, general and administrative expenses.....	3,134	3,216	3,008
(Gain) on sale of non-strategic businesses.....	(112)	(106)	--
Equity in (income) loss of affiliated companies.....	89	(76)	(162)
Other (income) expense.....	(57)	(307)	(27)
Interest and other financial charges.....	481	265	275
	-----	-----	-----
	22,625	21,487	20,783
	-----	-----	-----
Income before taxes on income.....	2,398	2,248	2,772
Taxes on income.....	739	707	869
	-----	-----	-----
Net income.....	\$ 1,659	\$ 1,541	\$ 1,903
	-----	-----	-----
Earnings per share of common stock -- basic.....	\$ 2.07	\$ 1.95	\$ 2.38
	-----	-----	-----
Earnings per share of common stock -- assuming dilution.....	\$ 2.05	\$ 1.90	\$ 2.34
	-----	-----	-----

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

HONEYWELL INTERNATIONAL INC.
CONSOLIDATED BALANCE SHEET

	DECEMBER 31,	
	2000	1999
	(DOLLARS IN MILLIONS)	
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 1,196	\$ 1,991
Accounts and notes receivable.....	4,623	3,896
Inventories.....	3,734	3,436
Other current assets.....	1,108	1,099
Total current assets.....	10,661	10,422
Investments and long-term receivables.....	748	782
Property, plant and equipment -- net.....	5,230	5,630
Goodwill and other intangible assets -- net.....	5,898	4,660
Other assets.....	2,638	2,033
Total assets.....	\$25,175	\$23,527
LIABILITIES		
Current liabilities:		
Accounts payable.....	\$ 2,364	\$ 2,129
Short-term borrowings.....	110	302
Commercial paper.....	1,192	2,023
Current maturities of long-term debt.....	380	284
Accrued liabilities.....	3,168	3,534
Total current liabilities.....	7,214	8,272
Long-term debt.....	3,941	2,457
Deferred income taxes.....	1,173	864
Postretirement benefit obligations other than pensions.....	1,887	1,968
Other liabilities.....	1,253	1,367
CONTINGENCIES		
SHAREOWNERS' EQUITY		
Capital -- common stock -- Authorized 2,000,000,000 shares (par value \$1 per share):		
-- issued 957,599,900 shares.....	958	958
-- additional paid-in capital.....	2,782	2,318
Common stock held in treasury, at cost:		
2000 -- 150,308,455 shares; 1999 -- 162,466,000 shares.....	(4,296)	(4,254)
Accumulated other nonowner changes.....	(729)	(355)
Retained earnings.....	10,992	9,932
Total shareowners' equity.....	9,707	8,599
Total liabilities and shareowners' equity.....	\$25,175	\$23,527

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

HONEYWELL INTERNATIONAL INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	-----	-----	-----
	(DOLLARS IN MILLIONS)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income.....	\$ 1,659	\$ 1,541	\$ 1,903
Adjustments to reconcile net income to net cash provided by operating activities:			
(Gain) on sale of non-strategic businesses.....	(112)	(106)	--
(Gain) on disposition of investment in AMP Incorporated.....	--	(268)	--
Merger, repositioning and other charges.....	966	1,287	54
Depreciation and amortization.....	995	881	897
Undistributed earnings of equity affiliates.....	(4)	(39)	(24)
Deferred income taxes.....	414	(11)	221
Net taxes paid on sales of businesses and investments.....	(97)	(246)	(300)
Retirement benefit plans.....	(509)	(313)	(239)
Other.....	(199)	148	63
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:			
Accounts and notes receivable.....	(560)	(54)	(154)
Inventories.....	(45)	90	(96)
Other current assets.....	(73)	(39)	3
Accounts payable.....	186	121	35
Accrued liabilities.....	(632)	(618)	(389)
	-----	-----	-----
Net cash provided by operating activities.....	1,989	2,374	1,974
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditures for property, plant and equipment.....	(853)	(986)	(1,037)
Proceeds from disposals of property, plant and equipment.....	127	67	150
Decrease in investments.....	88	--	--
(Increase) in investments.....	(3)	(20)	(1)
Disposition (purchase) of investment in AMP Incorporated.....	--	1,164	(890)
Cash paid for acquisitions.....	(2,523)	(1,311)	(581)
Proceeds from sales of businesses.....	467	784	335
(Increase) decrease in short-term investments.....	(17)	11	431
	-----	-----	-----
Net cash (used for) investing activities.....	(2,714)	(291)	(1,593)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES			
Net (decrease) increase in commercial paper.....	(831)	250	909
Net (decrease) increase in short-term borrowings.....	(191)	156	16
Proceeds from issuance of common stock.....	296	419	216
Proceeds from issuance of long-term debt.....	1,810	25	687
Payments of long-term debt.....	(389)	(375)	(366)
Repurchases of common stock.....	(166)	(1,058)	(1,089)
Cash dividends on common stock.....	(599)	(527)	(481)
	-----	-----	-----
Net cash (used for) financing activities.....	(70)	(1,110)	(108)
	-----	-----	-----
Net (decrease) increase in cash and cash equivalents.....	(795)	973	273
Cash and cash equivalents at beginning of year.....	1,991	1,018	745
	-----	-----	-----
Cash and cash equivalents at end of year.....	\$ 1,196	\$ 1,991	\$ 1,018
	-----	-----	-----

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

HONEYWELL INTERNATIONAL INC.
CONSOLIDATED STATEMENT OF SHAREOWNERS' EQUITY

	COMMON STOCK ISSUED		ADDITIONAL PAID-IN CAPITAL	COMMON STOCK HELD IN TREASURY		ACCUMULATED OTHER NON-OWNER CHANGES	RETAINED EARNINGS	TOTAL SHAREOWNERS' EQUITY
	SHARES	AMOUNT		SHARES	AMOUNT			
	(IN MILLIONS EXCEPT PER SHARE AMOUNTS)							
BALANCE AT DECEMBER 31, 1997.....	953.1	\$953	\$1,199	(158.1)	\$ (2,665)	\$ (208)	\$ 7,496	\$ 6,775
Net income.....							1,903	1,903
Foreign exchange translation adjustments.....						34		34
Minimum pension liability adjustment.....						(10)		(10)
Unrealized holding gain on marketable securities.....						90		90
Nonowner changes in shareowners' equity.....								2,017
Common stock issued for acquisitions.....			322	11.1	98			420
Common stock issued for employee benefit plans (including related tax benefits of \$91).....	3.8	4	348	11.0	96			448
Repurchases of common stock.....	(3.9)	(4)	(156)	(22.0)	(942)			(1,102)
Cash dividends on common stock (\$.60 per share).....							(481)	(481)
Other.....	0.3		6					6
BALANCE AT DECEMBER 31, 1998.....	953.3	953	1,719	(158.0)	(3,413)	(94)	8,918	8,083
Net income.....							1,541	1,541
Foreign exchange translation adjustments.....						(126)		(126)
Minimum pension liability adjustment.....						(43)		(43)
Unrealized holding loss on marketable securities.....						(92)		(92)
Nonowner changes in shareowners' equity.....								1,280
Common stock issued for employee benefit plans (including related tax benefits of \$237).....	4.7	5	602	14.5	125			732
Repurchases of common stock.....				(18.9)	(966)			(966)
Cash dividends on common stock (\$.68 per share).....							(527)	(527)
Other.....	(0.4)		(3)					(3)
BALANCE AT DECEMBER 31, 1999.....	957.6	958	2,318	(162.4)	(4,254)	(355)	9,932	8,599
Net income.....							1,659	1,659
Foreign exchange translation adjustments.....						(377)		(377)
Unrealized holding gain on marketable securities.....						3		3
Nonowner changes in shareowners' equity.....								1,285
Common stock issued for employee benefit plans (including related tax benefits of \$139).....			464	16.0	120			584
Repurchases of common stock.....				(4.3)	(166)			(166)
Cash dividends on common stock (\$.75 per share).....							(599)	(599)
Other.....				0.4	4			4
BALANCE AT DECEMBER 31, 2000.....	957.6	\$958	\$2,782	(150.3)	\$ (4,296)	\$ (729)	\$10,992	\$ 9,707

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

HONEYWELL INTERNATIONAL INC.
NOTES TO FINANCIAL STATEMENTS
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

HONEYWELL INTERNATIONAL INC. is a diversified technology and manufacturing company, serving customers worldwide with aerospace products and services, control technologies for buildings, homes and industry, automotive products, power generation systems, specialty chemicals, fibers, plastics and electronic and advanced materials. As described in Note 2, Honeywell International Inc. was formed upon the merger of AlliedSignal Inc. and Honeywell Inc. The following is a description of the significant accounting policies of Honeywell International Inc.

PRINCIPLES OF CONSOLIDATION -- The consolidated financial statements include the accounts of Honeywell International Inc. and all of its subsidiaries in which a controlling interest is maintained. All intercompany transactions and balances are eliminated in consolidation.

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

INVESTMENTS -- Investments in affiliates over which we have a significant influence, but not a controlling interest, are accounted for using the equity method of accounting. Other investments are carried at market value, if readily determinable, or cost.

PROPERTY, PLANT AND EQUIPMENT -- Property, plant and equipment are recorded at cost less accumulated depreciation. For financial reporting, the straight-line method of depreciation is used over the estimated useful lives of 10 to 40 years for buildings and improvements and 3 to 15 years for machinery and equipment.

GOODWILL AND OTHER INTANGIBLE ASSETS -- Goodwill represents the excess of acquisition costs over the fair value of net assets of businesses acquired and is amortized on a straight-line basis over appropriate periods up to 40 years. Goodwill, net, was \$5,600 and \$4,282 million at December 31, 2000 and 1999, respectively. Accumulated amortization was \$974 and \$804 million at December 31, 2000 and 1999, respectively.

Other intangible assets includes patents, trademarks, customer lists and other items amortized on a straight-line basis over appropriate periods up to 24 years. Other intangible assets, net, were \$298 and \$378 million at December 31, 2000 and 1999, respectively. Accumulated amortization was \$437 and \$398 million at December 31, 2000 and 1999, respectively.

LONG-LIVED ASSETS -- We periodically evaluate the recoverability of the carrying amount of long-lived assets (including property, plant, and equipment, goodwill and other intangible assets) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment is assessed when the undiscounted expected future cash flows derived from an asset are less than its carrying amount. Impairment losses are measured as the amount by which the carrying value of an asset exceeds its fair value and are recognized in operating results. We also continually evaluate the estimated useful lives of all long-lived assets and periodically revise such estimates based on current events.

SALES RECOGNITION -- Product and service sales are recognized when an agreement of sale exists, product delivery has occurred or services have been rendered, pricing is fixed or determinable, and collection is reasonably assured. Sales under long-term contracts in the Aerospace Solutions and Automation & Control segments are recorded on a percentage-of-completion method measured on the cost-to-cost basis for engineering-type contracts and the units-of-delivery basis for production-type contracts. Provisions for anticipated losses on long-term contracts are recorded in full when such losses become evident.

ENVIRONMENTAL EXPENDITURES -- Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and that do not provide future benefits, are expensed as incurred. Liabilities are recorded when environmental assessments are made or remedial efforts are probable and the costs

HONEYWELL INTERNATIONAL INC.
NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

can be reasonably estimated. The timing of these accruals is generally no later than the completion of feasibility studies.

FOREIGN CURRENCY TRANSLATION -- Assets and liabilities of subsidiaries operating outside the United States with a functional currency other than U.S. dollars are translated into U.S. dollars using year-end exchange rates. Sales, costs and expenses are translated at the average exchange rates effective during the year. Foreign currency translation gains and losses are included as a component of Accumulated Other Nonowner Changes in shareowners' equity. For subsidiaries operating in highly inflationary environments, inventories and property, plant and equipment, including related expenses, are remeasured at the exchange rate in effect on the date the assets were acquired, while monetary assets and liabilities are remeasured at year-end exchange rates. Remeasurement adjustments for these operations are included in net income.

FINANCIAL INSTRUMENTS -- Interest rate swap, foreign currency forward and option agreements are accounted for as a hedge of the related asset, liability, firm commitment or anticipated transaction when designated and effective as a hedge of such items. Agreements qualifying for hedge accounting are accounted for as follows:

Changes in the amount to be received or paid under interest rate swap agreements are recognized in Interest and Other Financial Charges.

Gains and losses on foreign currency exchange contracts used to hedge assets, liabilities and net income are recognized in Other (Income) Expense.

Gains and losses on foreign currency exchange contracts to hedge net investments in foreign subsidiaries are recognized in the Cumulative Foreign Exchange Translation Adjustment.

Gains and losses on foreign currency exchange contracts used to hedge firm foreign currency commitments, and purchased foreign currency options used to hedge anticipated foreign currency transactions, are recognized in the measurement of the hedged transaction when the transaction occurs.

Changes in the fair value of agreements not qualifying for hedge accounting are recognized in Other (Income) Expense. Gains and losses on terminated interest rate swap agreements are amortized over the shorter of the remaining term of the agreement or the hedged liability.

The carrying value of each agreement is reported in Accounts and Notes Receivable, Other Current Assets, Accounts Payable or Accrued Liabilities, as appropriate.

INCOME TAXES -- Deferred tax liabilities or assets reflect temporary differences between amounts of assets and liabilities for financial and tax reporting. Such amounts are adjusted, as appropriate, to reflect changes in tax rates expected to be in effect when the temporary differences reverse. A valuation allowance is established for any deferred tax asset for which realization is not likely.

RESEARCH AND DEVELOPMENT -- Research and development costs for company-sponsored research and development projects are expensed as incurred. Such costs are classified as part of Cost of Goods Sold and were \$818, \$909 and \$876 million in 2000, 1999 and 1998, respectively.

EARNINGS PER SHARE -- Basic earnings per share is based on the weighted average number of common shares outstanding. Diluted earnings per share is based on the weighted average number of common shares outstanding and all dilutive potential common shares outstanding. All earnings per share data in this report reflect earnings per share -- assuming dilution, unless otherwise indicated.

CASH AND CASH EQUIVALENTS -- Cash and cash equivalents includes cash on hand and on deposit and highly liquid, temporary cash investments with an original maturity of three months or less.

USE OF ESTIMATES -- The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions

HONEYWELL INTERNATIONAL INC.
 NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
 (DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

that affect the reported amounts in the financial statements and related disclosures in the accompanying notes. Actual results could differ from those estimates.

NEW ACCOUNTING PRONOUNCEMENT -- Statement of Financial Accounting Standards No. 133, 'Accounting for Derivative Instruments and Hedging Activities', as amended (SFAS No. 133), is effective for 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. The accounting for gains or losses resulting from changes in values of such derivatives depends on the use of the derivative and whether it qualifies for hedge accounting. We estimate that, at January 1, 2001, the effect on our consolidated financial statements of adopting SFAS No. 133 will not be material.

NOTE 2 -- ALLIEDSIGNAL - HONEYWELL MERGER

On December 1, 1999, AlliedSignal Inc. (AlliedSignal) and Honeywell Inc. (former Honeywell) completed a merger under an Agreement and Plan of Merger (Merger Agreement) dated as of June 4, 1999. Under the Merger Agreement, a wholly-owned subsidiary of AlliedSignal merged with and into the former Honeywell. As a result of the merger, the former Honeywell has become a wholly-owned subsidiary of AlliedSignal. At the effective time of the merger AlliedSignal was renamed Honeywell International Inc. (Honeywell).

The former Honeywell shareowners received 1.875 shares of Honeywell common stock for each share of the former Honeywell common stock with cash paid in lieu of any fractional shares. As a result, former Honeywell shareowners received approximately 241 million shares of Honeywell common stock valued at approximately \$15 billion at the merger date. In addition, outstanding former Honeywell employee stock options were converted at the same exchange factor into options to purchase approximately 10 million shares of Honeywell common stock.

The merger qualified as a tax-free reorganization and was accounted for under the pooling-of-interests accounting method. Accordingly, Honeywell's consolidated financial statements have been restated for all periods prior to the merger to include the results of operations, financial position and cash flows of the former Honeywell as though it had always been a part of Honeywell.

There were no material transactions between AlliedSignal and the former Honeywell prior to the merger and there were no material adjustments to conform the accounting policies of the combining companies.

The net sales and net income previously reported by the separate companies and the combined amounts presented in the accompanying Consolidated Statement of Income are as follows:

	NINE MONTHS ENDED SEPTEMBER 30, 1999	YEAR ENDED DECEMBER 31, 1998
	-----	-----
	(UNAUDITED)	
Net sales		
AlliedSignal.....	\$11,252	\$15,128
Former Honeywell.....	6,324	8,427
	-----	-----
Combined.....	\$17,576	\$23,555
	-----	-----
Net income		
AlliedSignal.....	\$ 1,121	\$ 1,331
Former Honeywell.....	413	572
	-----	-----
Combined.....	\$ 1,534	\$ 1,903
	-----	-----

As described in Note 5, fees and expenses related to the merger and costs to integrate the combined companies were expensed in the fourth quarter of 1999.

HONEYWELL INTERNATIONAL INC.
 NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
 (DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

NOTE 3 -- ACQUISITIONS

In addition to the pooling-of-interests transaction discussed in Note 2, we acquired businesses for an aggregate cost of \$2,646, \$1,314 and \$1,191 million in 2000, 1999 and 1998, respectively. The following table presents information about the more significant acquisitions:

	ACQUISITION DATE ----	AGGREGATE COST ----	GOODWILL -----	ANNUAL NET SALES -----
2000				
Pittway Corporation(1).....	2/00	\$2,200	\$1,500	\$1,600
1999				
Johnson Matthey Electronics(2).....	8/99	655	331	670
TriStar Aerospace Co.(3).....	12/99	300	147	200
1998				
Banner Aerospace(4).....	1/98	350	175	250
Pharmaceutical Fine Chemicals(5).....	6/98	390	297	110

-
- (1) Pittway Corporation designs, manufactures and distributes security and fire systems for homes and buildings.
 - (2) Johnson Matthey Electronics supplies wafer fabrication materials and interconnect products to the electronics and telecommunications industries.
 - (3) TriStar Aerospace Co. distributes fasteners, fastening systems and related hardware and provides customized inventory management services to original equipment manufacturers of aircraft and aircraft components, commercial airlines and aircraft maintenance, repair and overhaul facilities.
 - (4) Banner Aerospace distributes FAA-certified aircraft hardware principally to the commercial air transport and general aviation markets.
 - (5) Pharmaceutical Fine Chemicals manufactures and distributes active and intermediate pharmaceutical chemicals.

All the acquisitions were accounted for under the purchase method of accounting, and accordingly, the assets and liabilities of the acquired businesses were recorded at their estimated fair values at the dates of acquisition. The excess of purchase price over the estimated fair values of the net assets acquired, of \$1,678, \$678 and \$883 million in 2000, 1999 and 1998, respectively, was recorded as goodwill and is amortized over estimated useful lives. In connection with these acquisitions the amounts recorded for transaction costs and the costs of integrating the acquired businesses into Honeywell were not material. The results of operations of the acquired businesses have been included in the consolidated results of Honeywell from their respective acquisition dates. The pro forma results for 2000, 1999 and 1998, assuming these acquisitions had been made at the beginning of the year, would not be materially different from reported results.

NOTE 4 -- HONEYWELL-GENERAL ELECTRIC MERGER

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. When the merger is effective, a wholly-owned subsidiary of GE will be merged with and into Honeywell, and Honeywell will become a wholly-owned subsidiary of GE and each issued and outstanding share of common stock of Honeywell will be converted into the right to receive 1.055 shares of common stock of GE, with fractional shares paid in cash. The merger, which was approved by Honeywell shareowners on January 10, 2001, is subject to certain remaining conditions, which include review or approval of the transaction by various governmental authorities. GE and Honeywell are working with regulatory agencies to complete the required reviews or obtain required approvals so that the transaction can close as early as possible in 2001. The Merger Agreement provides for payment of a \$1.35 billion termination fee by Honeywell under certain circumstances. In connection with the execution of the Merger Agreement, Honeywell and GE entered into a stock option agreement

HONEYWELL INTERNATIONAL INC.
NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

pursuant to which Honeywell granted to GE an option to purchase up to 19.9 percent of Honeywell's outstanding shares of common stock. The option is exercisable in the same circumstances under which Honeywell is required to pay to GE the \$1.35 billion termination fee.

NOTE 5 -- MERGER, REPOSITIONING AND OTHER CHARGES

In 2000, we recognized a charge of \$239 million related to announced global workforce reductions in each of our reportable segments, costs to close a chip package manufacturing plant and related workforce reductions in our Electronic Materials business, and other asset impairments principally associated with the completion of previously announced plant shut-downs in our Performance Polymers and Chemicals business. The components of the charge included severance costs of \$151 million and asset impairments of \$88 million. The workforce reductions consisted of approximately 2,800 manufacturing and administrative positions and are expected to be substantially completed by the end of the second quarter of 2001. Asset impairments were principally related to manufacturing plant and equipment held for sale and capable of being taken out of service and actively marketed in the period of impairment. Also, \$46 million of accruals established in 1999, principally for severance, were returned to income in 2000 due to higher than expected voluntary employee attrition (approximately 650 positions) resulting in reduced severance liabilities principally in our Automation & Control and Aerospace Solutions reportable segments. We also recognized a charge of \$99 million in equity in (income) loss of affiliated companies for costs to close an affiliate's chemical manufacturing operations. The components of the charge included severance costs of \$6 million, asset impairments of \$53 million, and other environmental exit costs and period expenses of \$40 million.

In 1999, upon completion of the merger between AlliedSignal and the former Honeywell, we recognized a charge of \$642 million for the cost of actions designed to improve our combined competitiveness, productivity and future profitability. The merger-related actions included the elimination of redundant corporate offices and functional administrative overhead; elimination of redundant and excess facilities and workforce in our combined aerospace businesses; adoption of six sigma productivity initiatives at the former Honeywell businesses; and, the transition to a global shared services model. The components of the charge included severance costs of \$342 million, asset impairments of \$108 million, other exit costs of \$57 million and merger-related transaction and period expenses of \$135 million. Planned global workforce reductions consisted of approximately 6,500 administrative and manufacturing positions and are substantially complete. Asset impairments were principally related to the elimination of redundant or excess corporate and aerospace facilities and equipment. Other exit costs were related to lease terminations and contract cancellation losses negotiated or subject to reasonable estimation at year-end. Merger-related transaction and period expenses consisted of investment banking and legal fees, former Honeywell deferred compensation vested upon change in control and other direct merger-related expenses incurred in the period the merger was completed. All merger-related actions are substantially complete.

In 1999, we also recognized a charge of \$321 million for the cost of actions designed to reposition principally the AlliedSignal businesses for improved productivity and future profitability. These repositioning actions included the organizational realignment of our aerospace businesses to strengthen market focus and simplify business structure; elimination of an unprofitable product line, closing of a wax refinery and carbon materials plant and rationalization of manufacturing capacity and infrastructure in our Performance Polymers and Chemicals business; a reduction in the infrastructure in our Turbocharging Systems business; elimination of two manufacturing facilities in our Electronic Materials business; a plant closure and outsourcing activity in our automotive Consumer Products Group business; and related and general workforce reductions in all AlliedSignal businesses and our Industrial Control business. The components of the charge included severance costs of \$140 million, asset impairments of \$149 million, and other exit costs of \$32 million. Global workforce reductions consisted of approximately 5,100 manufacturing, administrative, and sales positions and are substantially complete. Asset impairments were principally related to manufacturing plant and

HONEYWELL INTERNATIONAL INC.
NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

equipment held for sale and capable of being taken out of service and actively marketed in the period of impairment. Other exit costs principally consisted of environmental exit costs associated with chemical plant shutdowns. All repositioning actions, excluding environmental remediation, are substantially complete.

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

	SEVERANCE COSTS -----	ASSET IMPAIRMENTS -----	EXIT COSTS -----	MERGER FEES AND EXPENSES -----	TOTAL -----
1999 charges.....	\$ 482	\$ 257	\$ 89	\$135	\$ 963
1999 usage.....	(58)	(257)	(4)	(77)	(396)
Balance at December 31, 1999.....	424	--	85	58	567
2000 charges.....	157	141	40	--	338
2000 usage.....	(303)	(141)	(41)	(58)	(543)
Adjustments.....	(42)	--	(4)	--	(46)
Balance at December 31, 2000.....	\$ 236	\$ --	\$ 80	\$ --	\$ 316

In 2000, we identified certain business units and manufacturing facilities as non-core to our business strategy. As a result of this assessment, we implemented cost reduction initiatives and conducted discussions with potential acquirers of these businesses and assets. As part of this process, we evaluated the businesses and assets for possible impairment. As a result of our analysis, we recognized impairment charges of \$245 and \$165 million principally related to the write-down of property, plant and equipment, goodwill and other identifiable intangible assets of our Friction Materials business and a chemical manufacturing facility, respectively. We recognized other charges consisting of probable and reasonably estimable environmental liabilities of \$87 million, and contract claims, merger related period expenses, other contingencies, and write-offs of tangible assets removed from service, including inventory, totaling \$140 million. In addition, we recognized a charge of \$37 million in equity in (income) loss of affiliated companies for costs principally related to an equity investee's customer claims.

In 1999, we recognized other charges consisting of losses on aerospace engine maintenance contracts and a contract cancellation penalty totaling \$45 million, customer and employee claims of \$69 million, contract settlements and contingent liabilities of \$18 million, and other write-offs principally related to tangible and intangible assets removed from service, including inventory, of \$152 million. We also recognized a \$36 million charge resulting from an other than temporary decline in value of an equity investment due to a significant deterioration in market conditions and a \$4 million charge related to an equity investee's severance action involving approximately 220 employees. The investee's severance action was completed by December 31, 1999.

In 1998, we recognized a charge of \$54 million related to productivity initiatives which included workforce reductions and facility consolidations principally in our Home and Building Control and Industrial Control businesses. The components of the charge included severance costs of \$46 million and other exit costs of \$8 million. Global workforce reductions included approximately 1,200 sales, marketing, manufacturing and other administrative positions. Other exit costs consisted of lease termination penalties to consolidate field office locations and other period costs incurred to rationalize product lines. These actions were completed by December 31, 1999, with substantially all reserve spending occurring in 1999.

HONEYWELL INTERNATIONAL INC.
NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

The following table summarizes the pretax impact of total merger, repositioning and other charges by reportable business segment.

	2000	1999	1998
	----	----	----
Aerospace Solutions.....	\$ 91	\$ 315	\$ 1
Automation & Control.....	108	215	52
Performance Materials.....	399	251	--
Power & Transportation Products.....	263	129	--
Corporate.....	105	377	1
	-----	-----	-----
	\$966	\$1,287	\$54
	-----	-----	-----
	----	----	----

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

	2000	1999	1998
	----	----	----
Cost of goods sold.....	\$830	\$ 947	\$54
Selling, general and administrative expenses.....	--	300	--
Equity in (income) loss of affiliated companies.....	136	40	--
	-----	-----	-----
	\$966	\$1,287	\$54
	-----	-----	-----
	----	----	----

NOTE 6 -- GAIN ON SALE OF NON-STRATEGIC BUSINESSES

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

In 1999, we sold our Laminate Systems business for approximately \$425 million in cash resulting in a pretax gain of \$106 million. The Laminate Systems business had annual sales of about \$400 million.

NOTE 7 -- OTHER (INCOME) EXPENSE

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	----	----	----
Interest income and other.....	\$ (79)	\$ (76)	\$ (57)
Minority interests.....	34	46	37
Foreign exchange (gain) loss.....	(12)	(9)	17
Gain on disposition of investment in AMP Incorporated...	--	(268)	--
Litigation settlements.....	--	--	(24)
	-----	-----	-----
	\$ (57)	\$ (307)	\$ (27)
	-----	-----	-----
	----	----	----

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

HONEYWELL INTERNATIONAL INC.
 NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
 (DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

NOTE 8 -- INTEREST AND OTHER FINANCIAL CHARGES

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	----	----	----
Total interest and other financial charges.....	\$497	\$287	\$300
Less -- Capitalized interest.....	(16)	(22)	(25)
	----	----	----
	\$481	\$265	\$275
	----	----	----

Cash payments of interest during the years 2000, 1999 and 1998 were \$573, \$328 and \$426 million, respectively.

The weighted average interest rate on short-term borrowings and commercial paper outstanding at December 31, 2000 and 1999 was 6.60 and 5.97 percent, respectively.

NOTE 9 -- TAXES ON INCOME

INCOME BEFORE TAXES ON INCOME

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	----	----	----
United States.....	\$1,842	\$1,742	\$2,085
Foreign.....	556	506	687
	----	----	----
	\$2,398	\$2,248	\$2,772
	----	----	----

TAXES ON INCOME

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	----	----	----
United States.....	\$ 508	\$ 531	\$ 616
Foreign.....	231	176	253
	----	----	----
	\$ 739	\$ 707	\$ 869
	----	----	----

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	----	----	----
Taxes on income consist of:			
Current:			
United States.....	\$ 126	\$ 416	\$ 424
State.....	2	113	49
Foreign.....	197	189	175
	----	----	----
	325	718	648
	----	----	----
Deferred:			
United States.....	325	37	81
State.....	55	(35)	62
Foreign.....	34	(13)	78
	----	----	----
	414	(11)	221
	----	----	----
	\$ 739	\$ 707	\$ 869
	----	----	----

HONEYWELL INTERNATIONAL INC.
NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

YEARS ENDED DECEMBER 31,

	2000	1999	1998
	-----	-----	-----
The U.S. statutory federal income tax rate is reconciled to our effective income tax rate as follows:			
Statutory U.S. federal income tax rate.....	35.0%	35.0%	35.0%
Taxes on foreign earnings over (under) U.S. tax rate.....	(.7)	(1.2)	1.0
Asset basis differences.....	2.5	(1.6)	(1.5)
Nondeductible amortization.....	2.8	3.3	1.3
State income taxes.....	1.3	2.2	2.5
Tax benefits of Foreign Sales Corporation.....	(5.0)	(4.4)	(2.2)
ESOP dividend tax benefit.....	(.7)	(.7)	(.6)
Tax credits.....	(3.5)	(1.2)	(1.1)
All other items -- net.....	(.9)	.1	(3.1)
	-----	-----	-----
	30.8%	31.5%	31.3%
	-----	-----	-----

DEFERRED INCOME TAXES

DECEMBER 31,

	2000	1999
	-----	-----
Included in the following balance sheet accounts:		
Other current assets.....	\$ 734	\$ 789
Other assets.....	151	143
Accrued liabilities.....	(5)	(13)
Deferred income taxes.....	(1,173)	(864)
	-----	-----
	\$ (293)	\$ 55
	-----	-----

DEFERRED TAX ASSETS (LIABILITIES)

DECEMBER 31,

	2000	1999
	-----	-----
The principal components of deferred tax assets and (liabilities) are as follows:		
Property, plant and equipment basis differences.....	\$ (934)	\$ (648)
Postretirement benefits other than pensions and postemployment benefits.....	847	869
Investment and other asset basis differences.....	(375)	(328)
Other accrued items.....	377	552
Net operating losses.....	207	184
Deferred foreign gain.....	(17)	(27)
Undistributed earnings of subsidiaries.....	(35)	(33)
All other items -- net.....	(319)	(491)
	-----	-----
Valuation allowance.....	(249)	78
	(44)	(23)
	-----	-----
	\$ (293)	\$ 55
	-----	-----

The amount of federal tax net operating loss carryforwards available at December 31, 2000 was \$111 million. The majority of these loss carryforwards were generated by certain subsidiaries prior to their acquisition in 1997 and have expiration dates through the year 2011. The use of pre-acquisition operating losses is subject to limitations imposed by the Internal Revenue Code. We do not anticipate that these limitations will affect utilization of the carryforwards prior to their expiration. We also have foreign net operating losses of \$595 million which are available to reduce future income tax payments in several countries, subject to varying expiration rules.

HONEYWELL INTERNATIONAL INC.
NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

Deferred income taxes have not been provided on approximately \$2.1 billion of undistributed earnings of foreign affiliated companies, which are considered to be permanently reinvested. It is not practicable to estimate the amount of tax that might be payable on the eventual remittance of such earnings.

Cash payments of income taxes during the years 2000, 1999 and 1998 were \$442, \$625 and \$729 million, respectively.

NOTE 10 -- EARNINGS PER SHARE

The following table sets forth the computations of basic and diluted earnings per share:

	INCOME	AVERAGE SHARES	PER SHARE AMOUNT
	-----	-----	-----
2000			
Earnings per share of common stock -- basic.....	\$1,659	800,317,543	\$2.07
Dilutive securities issuable in connection with stock plans.....		9,149,959	

Earnings per share of common stock -- assuming dilution.....	\$1,659	809,467,502	\$2.05
	-----	-----	-----
1999			
Earnings per share of common stock -- basic.....	\$1,541	792,010,145	\$1.95
Dilutive securities issuable in connection with stock plans.....		16,979,863	

Earnings per share of common stock -- assuming dilution.....	\$1,541	808,990,008	\$1.90
	-----	-----	-----
1998			
Earnings per share of common stock -- basic.....	\$1,903	798,390,836	\$2.38
Dilutive securities issuable in connection with stock plans.....		15,608,334	

Earnings per share of common stock -- assuming dilution.....	\$1,903	813,999,170	\$2.34
	-----	-----	-----

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. In 2000, 1999 and 1998, the number of stock options not included in the computations was 14,563,673, 868,631 and 3,688,074, respectively. These stock options were outstanding at the end of each of the respective years.

NOTE 11 -- ACCOUNTS AND NOTES RECEIVABLE

	DECEMBER 31,	
	-----	-----
	2000	1999
	----	----
Trade.....	\$3,967	\$3,545
Other.....	755	435
	-----	-----
	4,722	3,980
Less -- Allowance for doubtful accounts and refunds.....	(99)	(84)
	-----	-----
	\$4,623	\$3,896
	-----	-----

Unbilled receivables related to long-term contracts were \$423 and \$359 million at December 31, 2000 and 1999, respectively, and are generally billable and collectible within one year.

We are a party to agreements under which we can sell undivided interests in designated pools of trade accounts receivable. At both December 31, 2000 and 1999, trade accounts receivable on the

HONEYWELL INTERNATIONAL INC.
NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

Consolidated Balance Sheet have been reduced by approximately \$500 million reflecting such sales. We act as an agent for the purchasers in the collection and administration of the receivables.

NOTE 12 -- INVENTORIES

	DECEMBER 31,	
	2000	1999
	----	----
Raw materials.....	\$1,262	\$1,027
Work in process.....	809	973
Finished products.....	1,797	1,589
	-----	-----
	3,868	3,589
Less --		
Progress payments.....	(5)	(44)
Reduction to LIFO cost basis.....	(129)	(109)
	-----	-----
	\$3,734	\$3,436
	-----	-----

Inventories valued at LIFO amounted to \$167 million at both December 31, 2000 and 1999. Had such LIFO inventories been valued at current costs, their carrying values would have been approximately \$129 and \$109 million higher at December 31, 2000 and 1999, respectively.

Inventories related to long-term contracts, net of progress payments and customer advances, were \$220 and \$271 million at December 31, 2000 and 1999, respectively.

NOTE 13 -- INVESTMENTS AND LONG-TERM RECEIVABLES

	DECEMBER 31,	
	2000	1999
	----	----
Investments.....	\$548	\$664
Long-term receivables.....	200	118
	-----	-----
	\$748	\$782
	-----	-----

NOTE 14 -- PROPERTY, PLANT AND EQUIPMENT

	DECEMBER 31,	
	2000	1999
	----	----
Land and improvements.....	\$ 337	\$ 371
Machinery and equipment.....	9,484	9,574
Buildings and improvements.....	2,134	2,192
Construction in progress.....	505	566
	-----	-----
	12,460	12,703
Less -- Accumulated depreciation and amortization.....	(7,230)	(7,073)
	-----	-----
	\$ 5,230	\$5,630
	-----	-----

NOTE 15 -- ACCRUED LIABILITIES

	DECEMBER 31,	
	2000	1999
	----	----
Compensation and benefit costs.....	\$ 728	\$ 828
Customer advances.....	453	511
Income taxes.....	92	186
Environmental costs.....	171	104
Other.....	1,724	1,905
	-----	-----
	\$3,168	\$3,534
	-----	-----

HONEYWELL INTERNATIONAL INC.
NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

NOTE 16 -- LONG-TERM DEBT AND CREDIT AGREEMENTS

	DECEMBER 31,	
	2000	1999
6.60% notes due 2001.....	\$ --	\$ 100
5 3/4% dealer remarketable securities due 2001.....	--	200
6.75% notes due 2002.....	200	200
9 7/8% debentures due 2002.....	171	171
6.875% notes due 2005.....	750	--
8 5/8% debentures due 2006.....	100	100
7.0% notes due 2007.....	350	350
7 1/8% notes due 2008.....	200	200
6.20% notes due 2008.....	200	200
Zero coupon bonds and money multiplier notes, 13.0% - 14.26%, due 2009.....	100	100
7.50% notes due 2010.....	1,000	--
Industrial development bond obligations, 4.40% - 6.75%, maturing at various dates through 2027.....	92	107
6 5/8% debentures due 2028.....	216	216
9.065% debentures due 2033.....	51	51
Other (including capitalized leases), 1.54% - 12.50%, maturing at various dates through 2033....	511	462
	-----	-----
	\$3,941	\$2,457
	-----	-----

The schedule of principal payments on long-term debt is as follows:

	AT DECEMBER 31, 2000
2001.....	\$ 380
2002.....	465
2003.....	77
2004.....	63
2005.....	921
Thereafter.....	2,415

	4,321
Less -- Current portion.....	(380)

	\$3,941

We maintain \$2 billion of bank revolving credit facilities with a group of banks which are comprised of: (a) a \$1 billion Five-Year Credit Agreement and (b) a \$1 billion 364-Day Credit Agreement. The credit agreements are maintained for general corporate purposes including support for the issuance of commercial paper. We had no balance outstanding under either agreement at December 31, 2000.

Neither of the credit agreements restrict our ability to pay dividends and neither contain financial covenants. The failure to comply with customary conditions or the occurrence of customary events of default contained in the credit agreements would prevent any further borrowings and would generally require the repayment of any outstanding borrowings under such credit agreements. Such events of default include (a) non-payment of credit agreement debt and interest thereon, (b) non-compliance with the terms of the credit agreement covenants, (c) cross-default with other debt in certain circumstances, (d) bankruptcy and (e) defaults upon obligations under the Employee Retirement Income Security Act. Additionally, each of the banks has the right to terminate its commitment to lend under the credit agreements if any person or group acquires beneficial ownership of 30 percent or more of our voting stock or, during any 12-month period, individuals who were directors of Honeywell at the beginning of the period cease to constitute a majority of the Board of Directors (the Board).

HONEYWELL INTERNATIONAL INC.
 NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
 (DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

Loans under the Five-Year Credit Agreement are required to be repaid no later than December 2, 2004. We have agreed to pay a facility fee of 0.065 percent per annum on the aggregate commitment for the Five-Year Credit Agreement, subject to increase or decrease in the event of changes in our long-term debt ratings.

Interest on borrowings under the Five-Year Credit Agreement would be determined, at our option, by (a) an auction bidding procedure; (b) the highest of the floating base rate of the agent bank, 0.5 percent above the average CD rate, or 0.5 percent above the Federal funds rate or (c) the average Eurocurrency rate of three reference banks plus 0.135 percent (applicable margin). The applicable margin over the Eurocurrency rate on the Five-Year Credit Agreement is subject to increase or decrease if our long-term debt ratings change.

The commitments under the 364-Day Credit Agreement terminate on November 29, 2001. Annually, prior to the Agreement's anniversary date, we may request that the termination date of the 364-Day Credit Agreement be extended by 364 days. We have agreed to pay a facility fee of 0.055 percent per annum on the aggregate commitment for the 364-Day Credit Agreement.

Interest on borrowings under the 364-Day Credit Agreement would be determined, at our option, by (a) an auction bidding procedure; (b) the highest of the floating base rate of the agent bank, 0.5 percent above the average CD rate, or 0.5 percent above the Federal funds rate or (c) the average Eurocurrency rate of three reference banks plus 0.145 percent (applicable margin).

NOTE 17 -- LEASE COMMITMENTS

Future minimum lease payments under operating leases having initial or remaining noncancellable lease terms in excess of one year are as follows:

	AT DECEMBER 31, 2000

2001.....	\$ 233
2002.....	191
2003.....	147
2004.....	108
2005.....	92
Thereafter.....	313

	\$1,084

Rent expense was \$306, \$291 and \$262 million in 2000, 1999 and 1998, respectively.

NOTE 18 -- FINANCIAL INSTRUMENTS

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. 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. We do not use derivative financial instruments for trading or other speculative purposes and do not use leveraged derivative financial instruments.

Interest rate swap agreements are used to manage interest rate risk by adjusting our ratio of fixed to floating interest rates payable on our outstanding debt. At December 31, 2000 and 1999, interest rate swap agreements effectively changed \$1,600 and \$850 million, respectively, of fixed rate debt at an average rate of 7.1 and 6.6 percent, respectively, to LIBOR and commercial paper based floating rate debt. Other interest rate swaps at December 31, 1999 effectively changed \$250 million of LIBOR and commercial paper based floating rate swaps and debt to fixed rate swaps and debt with an average fixed rate of 6.3 percent. Our interest rate swaps mature through the year 2007.

HONEYWELL INTERNATIONAL INC.
NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

Our exposure to market risk for changes in foreign currency exchange rates arises from international financing activities between subsidiaries, and foreign currency denominated receivables, payables, and firm commitments arising from international transactions. We attempt to have such transaction exposure hedged with internal natural offsets to the fullest extent possible and, once these opportunities have been exhausted, through foreign currency forward and option agreements with third parties. We also use derivative financial instruments to hedge the impact of exchange rate movements on the translated U.S. dollar value of the net income for a number of foreign subsidiaries. Foreign currency forward and option agreements used to hedge net income are marked-to-market, with gains or losses recognized immediately in income. Our principal foreign currency exposures relate to the Belgian franc, the French franc, the German mark (collectively the Euro countries), the British pound, the Canadian dollar, and the U.S. dollar. At December 31, 2000, we held or had written foreign currency forward and option agreements maturing through 2001.

Derivative financial instruments expose us to counterparty credit risk for nonperformance and to market risk related to changes in interest or currency exchange rates. We manage our exposure to counterparty credit risk through specific minimum credit standards, diversification of counterparties, and procedures to monitor concentrations of credit risk. Our counterparties are substantial investment and commercial banks with significant experience using such derivative instruments. We monitor the impact of market risk on the fair value and cash flows of our derivative and other financial instruments considering reasonably possible changes in interest and currency exchange rates and restrict the use of derivative financial instruments to hedging activities.

The values of our outstanding derivative financial instruments at December 31, 2000 and 1999 follows:

	NOTIONAL PRINCIPAL AMOUNT -----	CARRYING VALUE -----	FAIR VALUE (1) -----
DECEMBER 31, 2000			
Interest rate swap agreements.....	\$1,600	\$ 16	\$ 68
Foreign currency exchange contracts.....	1,542	--	3
DECEMBER 31, 1999			
Interest rate swap agreements.....	\$1,100	\$ (4)	\$ (36)
Foreign currency exchange contracts.....	1,445	4	6

--

(1) The fair value of financial instruments is based on quoted market prices or other valuation techniques, as appropriate.

Other financial instruments that are not carried on the Consolidated Balance Sheet at amounts, which approximate fair values, are certain debt instruments. The carrying value of long-term debt and related current maturities (excluding capitalized leases of \$30 and \$36 million at December 31, 2000 and 1999, respectively) were \$4,291 and \$2,705 million and the fair values were \$4,517 and \$2,702 million at December 31, 2000 and 1999, respectively. The fair values are estimated based on the quoted market price for the issues (if traded) or based on current rates offered to us for debt of the same remaining maturity and characteristics.

NOTE 19 -- CAPITAL STOCK

We are authorized to issue up to 2,000,000,000 shares of common stock, with a par value of one dollar. Common shareowners are entitled to receive such dividends as may be declared by the Board, are entitled to one vote per share, and are entitled, in the event of liquidation, to share ratably in all the assets of Honeywell which are available for distribution to the common shareowners. Common shareowners do not have preemptive or conversion rights. Shares of common stock issued and

HONEYWELL INTERNATIONAL INC.
NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

outstanding or held in the treasury are not liable to further calls or assessments. There are no restrictions on us relative to dividends or the repurchase or redemption of common stock.

On July 21, 2000, our Board authorized a share repurchase program to purchase up to 40 million shares of our common stock in the open market or in privately negotiated transactions, depending on market conditions and other factors. During 2000, we repurchased 4.3 million shares of our common stock for \$166 million in connection with our share repurchase program. As a result of the pending merger with General Electric Company (See Note 4), Honeywell rescinded its share repurchase program effective October 21, 2000.

We are authorized to issue up to 40,000,000 shares of preferred stock, without par value, and can determine the number of shares of each series, and the rights, preferences and limitations of each series. As of December 31, 2000, there was no preferred stock outstanding.

NOTE 20 -- OTHER NONOWNER CHANGES IN SHAREOWNERS' EQUITY

Total nonowner changes in shareowners' equity are included in the Consolidated Statement of Shareowners' Equity. The components of Accumulated Other Nonowner Changes are as follows:

	PRETAX	TAX	AFTER- TAX
	-----	---	---
YEAR ENDED DECEMBER 31, 2000			
Unrealized gains on securities available for sale.....	\$ 4	\$ (1)	\$ 3
Reclassification adjustment for gains on securities available for sale included in net income.....	--	--	--
	-----	-----	-----
Net unrealized gains arising during the year.....	4	(1)	3
Foreign exchange translation adjustments.....	(377)	--	(377)
	-----	-----	-----
	\$ (373)	\$ (1)	\$ (374)
	-----	-----	-----
YEAR ENDED DECEMBER 31, 1999			
Unrealized gains on securities available for sale.....	\$ --	\$ --	\$ --
Reclassification adjustment for gains on securities available for sale included in net income.....	(152)	60	(92)
	-----	-----	-----
Net unrealized losses arising during the year.....	(152)	60	(92)
Foreign exchange translation adjustments.....	(126)	--	(126)
Minimum pension liability adjustment.....	(70)	27	(43)
	-----	-----	-----
	\$ (348)	\$ 87	\$ (261)
	-----	-----	-----
YEAR ENDED DECEMBER 31, 1998			
Unrealized gains on securities available for sale.....	\$ 149	\$ (59)	\$ 90
Reclassification adjustment for gains on securities available for sale included in net income.....	--	--	--
	-----	-----	-----
Net unrealized gains arising during the year.....	149	(59)	90
Foreign exchange translation adjustments.....	34	--	34
Minimum pension liability adjustment.....	(16)	6	(10)
	-----	-----	-----
	\$ 167	\$ (53)	\$ 114
	-----	-----	-----

HONEYWELL INTERNATIONAL INC.
NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

The components of Accumulated Other Nonowner Changes are as follows:

	DECEMBER 31,		
	2000	1999	1998
Cumulative foreign exchange translation adjustment.....	\$(672)	\$(295)	\$(169)
Unrealized holding gains on securities available for sale...	3	--	92
Minimum pension liability.....	(60)	(60)	(17)
	-----	-----	-----
	\$(729)	\$(355)	\$ (94)
	-----	-----	-----

NOTE 21 -- STOCK-BASED COMPENSATION PLANS

We have stock plans available to grant incentive stock options, non-qualified stock options and stock appreciation rights to officers and employees.

FIXED STOCK OPTIONS -- The exercise price, term and other conditions applicable to each option granted under the stock plans are generally determined by the Management Development and Compensation Committee of the Board. The options are granted at a price equal to the stock's fair market value on the date of grant. The options generally become exercisable over a three-year period and expire after ten years.

The following table summarizes information about stock option activity for the three years ended December 31, 2000:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
	-----	-----
Outstanding at December 31, 1997.....	59,962,780	\$22.47
Granted.....	9,819,362	34.33
Exercised.....	(10,708,194)	20.28
Lapsed or canceled.....	(4,352,142)	26.33
	-----	-----
Outstanding at December 31, 1998.....	54,721,806	25.66
Granted.....	20,580,611	54.93
Exercised.....	(16,956,945)	23.04
Lapsed or canceled.....	(2,304,969)	35.38
	-----	-----
Outstanding at December 31, 1999.....	56,040,503	36.81
Granted.....	4,506,804	45.68
Exercised.....	(12,115,659)	23.22
Lapsed or canceled.....	(2,431,324)	52.87
	-----	-----
Outstanding at December 31, 2000.....	46,000,324	40.36
	-----	-----

The following table summarizes information about stock options outstanding at December 31, 2000:

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	NUMBER OUTSTANDING	WEIGHTED AVERAGE LIFE (1)	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
-----	-----	-----	-----	-----	-----
\$ 7.18 - \$29.98.....	12,808,606	3.5	\$19.64	11,513,126	\$19.52
\$30.41 - \$39.93.....	9,591,295	7.1	36.64	7,970,175	36.71
\$40.02 - \$49.97.....	11,659,185	8.0	43.39	5,801,237	41.84
\$50.13 - \$66.73.....	11,941,238	8.9	62.63	1,713,808	61.62
	-----	-----	-----	-----	-----
	46,000,324	6.8	40.36	26,998,346	32.06
	-----	-----	-----	-----	-----

(1) Average remaining contractual life in years.

HONEYWELL INTERNATIONAL INC.
NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

There were 30,927,704 and 33,530,799 options exercisable at weighted average exercise prices of \$27.21 and \$20.38 at December 31, 1999 and 1998, respectively. There were 3,627,101 shares available for future grants under the terms of our stock option plans at December 31, 2000.

Statement of Financial Accounting Standards No. 123, 'Accounting for Stock-Based Compensation,' (SFAS No. 123) requires that the cost of stock-based compensation be measured using a fair value based method. As permitted by SFAS No. 123, we elected to continue to account for stock-based compensation using the intrinsic value based method under Accounting Principles Board Opinion No. 25, 'Accounting for Stock Issued to Employees.' Accordingly, no compensation cost has been recognized for our fixed stock option plans. The following table sets forth pro forma information, including related assumptions, as if compensation cost had been determined consistent with the requirements of SFAS No. 123.

	2000	1999	1998
	----	----	----
Weighted average fair value per share of options granted during the year(1).....	\$18.21	\$12.70	\$9.24
Reduction of:			
Net income.....	\$ 75	\$ 65	\$ 48
Earnings per share of common stock -- basic.....	\$.09	\$.08	\$.06
Earnings per share of common stock -- assuming dilution.....	\$.09	\$.08	\$.06
Assumptions:			
Historical dividend yield.....	1.4%	1.3%	1.6%
Historical volatility.....	27.8%	24.6%	20.7%
Risk-free rate of return.....	6.4%	5.2%	5.3%
Expected life (years).....	5.0	5.0	5.0

- - - - -

(1) Estimated on date of grant using Black-Scholes option-pricing model.

RESTRICTED STOCK UNITS -- Restricted stock unit (RSU) awards entitle the holder to receive one share of common stock for each unit when the units vest. RSU's are issued to certain key employees as compensation and as incentives tied directly to the achievement of certain performance objectives.

RSU's issued were 1,374,640, 1,175,127 and 942,143 in 2000, 1999 and 1998, respectively. There were 2,449,749, 2,657,561 and 3,117,736 RSU's outstanding, with a weighted average grant date fair value per share of \$47.33, \$37.81 and \$28.84 at December 31, 2000, 1999 and 1998, respectively.

NON-EMPLOYEE DIRECTORS' PLAN -- We also have a Stock Plan for Non-Employee Directors (Directors' Plan) under which restricted shares and options are granted. Each new director receives a one-time grant of 3,000 shares of common stock, subject to certain restrictions. In addition, each director will be granted an option to purchase 2,000 shares of common stock each year on the date of the annual meeting of shareowners. We have set aside 450,000 shares for issuance under the Directors' Plan. Options generally become exercisable over a three-year period and expire after ten years.

EMPLOYEE STOCK MATCH PLANS -- We sponsor employee savings plans under which we match, in the form of our common stock, certain eligible U.S. employee savings plan contributions. Shares issued under the stock match plans were 3.9, 2.6 and 3.4 million in 2000, 1999 and 1998, respectively, at a cost of \$161, \$142 and \$139 million, respectively.

NOTE 22 -- COMMITMENTS AND CONTINGENCIES

LITTON LITIGATION -- On March 13, 1990, Litton Systems, Inc. (Litton) filed a legal action against the former Honeywell in U.S. District Court, Central District of California, Los Angeles (the trial court) with claims that were subsequently split into two separate cases. One alleges patent infringement under

federal law for using an ion-beam process to coat mirrors incorporated in the former Honeywell's ring laser gyroscopes, and tortious interference under state law for interfering with Litton's prospective advantage with customers and contractual relationships with an inventor and his company, Ojai Research, Inc. The other case alleges monopolization and attempted monopolization under federal antitrust laws by the former Honeywell in the sale of inertial reference systems containing ring laser gyroscopes into the commercial aircraft market. The former Honeywell generally denied Litton's allegations in both cases. In the patent/tort case, the former Honeywell also contested the validity as well as the infringement of the patent, alleging, among other things, that the patent had been obtained by Litton's inequitable conduct before the United States Patent and Trademark Office.

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

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

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

The liability issues were argued before the same three judge Federal Circuit panel on September 30, 1997. On April 7, 1998, the panel issued its decision:

- (i) affirming the trial court's ruling that the former Honeywell's hollow cathode and RF ion-beam processes do not literally infringe the asserted claims of Litton's '849 reissue patent (Litton's patent);
- (ii) vacating the trial court's ruling that the former Honeywell's RF ion-beam process does not infringe the asserted claims of Litton's patent under the doctrine of equivalents, but also

vacating the jury's verdict on that issue and remanding that issue to the trial court for further proceedings in accordance with the Warner-Jenkinson decision;

- (iii) vacating the jury's verdict that the former Honeywell's hollow cathode process infringes the asserted claims of Litton's patent under the doctrine of equivalents and remanding that issue to the trial court for further proceedings;
- (iv) reversing the trial court's ruling with respect to the torts of intentional interference with contractual relations and intentional interference with prospective economic advantage, but also vacating the jury's verdict on that issue, and remanding the issue to the trial court for further proceedings in accordance with California state law;
- (v) affirming the trial court's grant of a new trial to the former Honeywell on damages for all claims, if necessary;
- (vi) affirming the trial court's order granting intervening rights to the former Honeywell in the patent claim;
- (vii) reversing the trial court's ruling that the asserted claims of Litton's patent were invalid due to obviousness and reinstating the jury's verdict on that issue; and
- (viii) reversing the trial court's determination that Litton had obtained Litton's patent through inequitable conduct.

Litton's request for a rehearing of the panel's decision by the full Federal Circuit court was denied and its appeal of the denial of an injunction was dismissed. The case was remanded to the trial court for further legal and perhaps factual review. The parties filed motions with the trial court to dispose of the remanded issues as matters of law, which were argued before the trial court on July 26, 1999. On September 23, 1999, the trial court issued dispositive rulings in the case, granting the former Honeywell's Motion for Judgment as a Matter of Law and Summary Judgment on the patent claims on various grounds; granting the former Honeywell's Motion for Judgment as a Matter of Law on the state law claims on the grounds of insufficient evidence; and denying Litton's Motion for Partial Summary Judgment. The trial court entered a final judgment in Honeywell's favor on January 31, 2000, and Litton appealed that judgment to 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 may now attempt to seek 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 if Litton files an appeal to the U.S. Supreme Court it will ultimately succeed. 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 will seek review by the U.S. Supreme Court and whether such an appeal would 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 the financial statements with respect to this contingent liability.

Antitrust Case -- Preparations for, and conduct of, the trial in the antitrust case have generally followed the completion of comparable proceedings in the patent/tort case. The antitrust trial did not begin until November 20, 1995. Judge Pfaelzer also presided over the trial, but it was held before a different jury. At the close of evidence and before jury deliberations began, the trial court dismissed, for failure of proof, Litton's contentions that the former Honeywell had illegally monopolized and attempted to monopolize by:

- (i) engaging in below-cost predatory pricing;
- (ii) tying and bundling product offerings under packaged pricing;
- (iii) misrepresenting its products and disparaging Litton products; and
- (iv) acquiring the Sperry Avionics business in 1986.

On February 2, 1996, the case was submitted to the jury on the remaining allegations that the former Honeywell had illegally monopolized and attempted to monopolize by:

- (i) entering into certain long-term exclusive dealing and penalty arrangements with aircraft manufacturers and airlines to exclude Litton from the commercial aircraft market, and
- (ii) failing to provide Litton with access to proprietary software used in the cockpits of certain business jets.

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

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

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

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

On January 27, 1999, the court vacated its prior mistrial ruling with respect to the attempt to monopolize claim and entered a treble damages judgment in the total amount of \$750 million for actual and attempted monopolization. The former Honeywell filed appropriate post-judgment motions with the trial court and Litton filed motions seeking to add substantial attorney's fees and costs to the judgment. A hearing on the post-judgment motions was held before the trial court on May 20, 1999. On September 24, 1999, the trial court issued rulings denying the former Honeywell's Motion for Judgment as a Matter of Law and Motion for New Trial and Remittitur as they related to Litton Systems Inc., but

granting the former Honeywell's Motion for Judgment as a Matter of Law as it relates to Litton Systems, Canada, Limited. The net effect of these rulings was to reduce the existing judgment against the former Honeywell of \$750 million to \$660 million, plus attorney fees and costs of approximately \$35 million. Both parties have appealed the judgment, as to both liability and damages, to the U.S. Court of Appeals for the Ninth Circuit. Execution of the trial court's judgment is stayed pending resolution of the former Honeywell's post-judgment motions and the disposition of any appeals filed by the parties.

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

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

SHAREOWNER LITIGATION -- Honeywell and seven of its officers were named as defendants in 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 officers and its Board 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. No provision has been made in our financial statements with respect to this contingent liability.

ENVIRONMENTAL MATTERS -- In accordance with our accounting policy (see Note 1), liabilities are recorded for environmental matters generally no later than the completion of feasibility studies. Although we do not currently possess sufficient information to reasonably estimate the amounts of the liabilities to be recorded upon future completion of studies, they may be significant to the consolidated results of operations, but we do not expect that they will have a material adverse effect on our consolidated financial position. The liabilities for environmental costs recorded in Accrued Liabilities and Other Liabilities at December 31, 2000 were \$171 and \$215 million, respectively, and at December 31, 1999 were \$104 and \$245 million, respectively.

OTHER MATTERS -- We are subject to a number of other lawsuits, investigations and claims (some of which involve substantial amounts) arising out of the conduct of our business. With respect to all these other matters, including those relating to commercial transactions, government contracts, product

HONEYWELL INTERNATIONAL INC.
 NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
 (DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

liability and non-environmental health and safety matters, while the ultimate results of these lawsuits, investigations and claims cannot be determined, we do not expect that these matters will have a material adverse effect on our consolidated results of operations or financial position.

We have issued or are a party to various direct and indirect guarantees, bank letters of credit and customer guarantees. We do not expect that these guarantees will have a material adverse effect on our consolidated results of operations or financial position.

NOTE 23 -- PENSION AND OTHER POSTRETIREMENT BENEFITS

We maintain pension plans covering the majority of our employees and retirees, and postretirement benefit plans for retirees that include health care benefits and life insurance coverage. Pension benefits for substantially all U.S. employees are provided through non-contributory, defined benefit pension plans. Employees in foreign countries, who are not U.S. citizens, are covered by various retirement benefit arrangements, some of which are considered to be defined benefit pension plans for accounting purposes. Our retiree medical plans cover U.S. and Canadian employees who retire with pension eligibility for hospital, professional and other medical services. Most of the U.S. retiree medical plans require deductibles and copayments and virtually all are integrated with Medicare. Retiree contributions are generally required based on coverage type, plan and Medicare eligibility. The retiree medical and life insurance plans are not funded. Claims and expenses are paid from our general assets.

Net periodic pension and other postretirement benefit costs (income) include the following components:

	PENSION BENEFITS			OTHER POSTRETIREMENT BENEFITS		
	2000	1999	1998	2000	1999	1998
Service cost.....	\$ 193	\$ 229	\$ 233	\$ 23	\$ 32	\$ 30
Interest cost.....	702	710	721	131	125	121
Assumed return on plan assets.....	(1,151)	(1,062)	(951)	--	--	--
Amortization of transition asset...	(13)	(13)	(14)	--	--	--
Amortization of prior service cost (credit).....	53	50	45	(18)	(18)	(18)
Recognition of actuarial (gains) losses.....	(114)	10	3	(4)	(4)	(8)
Settlements and curtailments.....	(50)	(45)	(29)	(34)	(75)	(44)
Benefit cost (income).....	\$ (380)	\$ (121)	\$ 8	\$ 98	\$ 60	\$ 81

HONEYWELL INTERNATIONAL INC.
NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

The following table summarizes the balance sheet impact, including the benefit obligations, assets, funded status and actuarial assumptions associated with our significant pension and other postretirement benefit plans.

	PENSION BENEFITS		OTHER POSTRETIREMENT BENEFITS	
	2000	1999	2000	1999
Change in benefit obligation:				
Benefit obligation at beginning of year.....	\$ 9,938	\$11,101	\$ 1,708	\$ 1,867
Service cost.....	193	229	23	32
Interest cost.....	702	710	131	125
Plan amendments.....	41	29	(69)	(16)
Actuarial (gains) losses.....	409	(1,223)	333	(114)
Acquisitions.....	72	95	--	--
Benefits paid.....	(786)	(794)	(165)	(144)
Settlements and curtailments.....	(77)	(128)	(9)	(42)
Other.....	(360)	(81)	--	--
Benefit obligation at end of year.....	10,132	9,938	1,952	1,708
Change in plan assets:				
Fair value of plan assets at beginning of year.....	13,022	11,560	--	--
Actual return on plan assets.....	233	2,232	--	--
Company contributions.....	62	108	--	--
Acquisitions.....	102	57	--	--
Settlements.....	--	(80)	--	--
Benefits paid.....	(786)	(794)	--	--
Other.....	(369)	(61)	--	--
Fair value of plan assets at end of year.....	12,264	13,022	--	--
Funded status of plans.....	2,132	3,084	(1,952)	(1,708)
Unrecognized transition (asset).....	(21)	(27)	--	--
Unrecognized net (gain) loss.....	(1,276)	(2,742)	89	(257)
Unrecognized prior service cost (credit).....	258	305	(170)	(145)
Prepaid (accrued) benefit cost.....	\$ 1,093	\$ 620	\$ (2,033)	\$ (2,110)
Actuarial assumptions at December 31:				
Discount rate.....	7.75%	8.00%	7.75%	8.00%
Assumed rate of return on plan assets....	10.00%	10.00%	--	--
Assumed annual rate of compensation increase.....	4.00%	4.00%	--	--

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for our pension plans with accumulated benefit obligations in excess of plan assets were \$350, \$310 and \$44 million, respectively, as of December 31, 2000 and \$608, \$534 and \$210 million, respectively, as of December 31, 1999.

For measurement purposes, we assumed an annual health-care cost trend rate of 6 percent for 2001 and beyond. Assumed health-care cost trend rates have a significant effect on the amounts reported for our retiree health-care plan. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	ONE- PERCENTAGE- POINT INCREASE	ONE- PERCENTAGE- POINT DECREASE
Effect on total of service and interest cost components.....	\$ 11	\$ (10)
Effect on postretirement benefit obligation.....	\$ 130	\$ (119)

NOTE 24 -- SEGMENT FINANCIAL DATA

Statement of Financial Accounting Standards No. 131, 'Disclosures about Segments of an Enterprise and Related Information' (SFAS No. 131), establishes standards for reporting information about operating segments. The following information is provided in accordance with the requirements of SFAS No. 131 and is consistent with how business results are reported internally to management.

We globally manage our business operations through strategic business units (SBUs) offering products and services to the aerospace, automation and control, chemicals, and automotive industries. Based on similar economic and operational characteristics, our SBUs are aggregated into the following four reportable segments:

Aerospace Solutions includes Engines & Systems (auxiliary power units; propulsion engines; environmental control systems; engine controls; and power generation systems); Aerospace Electronic Systems (flight safety communications, navigation, radar and surveillance systems; aircraft and airfield lighting; and advanced systems and instruments); Aerospace Services (repair and overhaul services; hardware; logistics; and management and technical services); and Aircraft Landing Systems (aircraft wheels and brakes).

Automation & Control includes Home and Building Control (controls for heating, ventilating, humidification and air-conditioning equipment; energy-efficient lighting controls; home consumer products; security and fire alarm systems; home automation systems; and building management systems and services); and Industrial Control (systems for the automation and control of process operations; solid-state sensors for position, pressure, air flow, temperature and current; precision electromechanical switches; control products; advanced vision-based sensors; and fiber-optic components).

Performance Materials includes Performance Polymers and Chemicals (fibers; plastic resins; specialty films; intermediate chemicals; fluorine-based products; pharmaceutical and agricultural chemicals; specialty waxes, adhesives and sealants; and process technology); and Electronic Materials (wafer fabrication materials and services; advanced circuits; and amorphous metals).

Power & Transportation Products includes Transportation and Power Systems (turbochargers; charge-air coolers; portable power systems; air brake and anti-lock braking systems); the Consumer Products Group (car care products including anti-freeze, filters, spark plugs, cleaners, waxes and additives); and Friction Materials (friction material and related brake system components).

The accounting policies of the segments are the same as those described in Note 1. We evaluate segment performance based on segment profit, which excludes general corporate unallocated expenses, gains on sales of non-strategic businesses, equity income, other (income) expense, interest and other financial charges, merger, repositioning and other charges and other. We do not disaggregate assets on a products and services basis for internal management reporting and, therefore, such information is not presented. Intersegment sales approximate market and are not significant. Reportable segment data were as follows:

HONEYWELL INTERNATIONAL INC.
NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

	2000	1999	1998
	----	----	----
Net sales			
Aerospace Solutions.....	\$ 9,988	\$ 9,908	\$ 9,890
Automation & Control.....	7,384	6,115	5,957
Performance Materials.....	4,055	4,007	4,169
Power & Transportation Products.....	3,527	3,581	3,387
Corporate.....	69	124	152
	-----	-----	-----
	\$25,023	\$23,735	\$23,555
	-----	-----	-----
Depreciation and amortization			
Aerospace Solutions.....	\$ 328	\$ 291	\$ 304
Automation & Control.....	264	192	194
Performance Materials.....	244	214	212
Power & Transportation Products.....	107	106	111
Corporate.....	52	78	76
	-----	-----	-----
	\$ 995	\$ 881	\$ 897
	-----	-----	-----
Segment profit			
Aerospace Solutions.....	\$ 2,195	\$ 1,918	\$ 1,587
Automation & Control.....	986	767	705
Performance Materials.....	334	439	634
Power & Transportation Products.....	274	322	234
Corporate.....	(160)	(175)	(248)
	-----	-----	-----
	\$ 3,629	\$ 3,271	\$ 2,912
	-----	-----	-----
Capital expenditures			
Aerospace Solutions.....	\$ 225	\$ 270	\$ 287
Automation & Control.....	193	212	212
Performance Materials.....	261	282	308
Power & Transportation Products.....	145	143	149
Corporate.....	29	79	81
	-----	-----	-----
	\$ 853	\$ 986	\$ 1,037
	-----	-----	-----

A reconciliation of segment profit to consolidated income before taxes on income is as follows:

	2000	1999	1998
	----	----	----
Segment profit.....	\$ 3,629	\$ 3,271	\$ 2,912
Gain on sale of non-strategic businesses.....	112	106	--
Equity in income of affiliated companies.....	47	116	162
Other income.....	57	39	3
Interest and other financial charges.....	(481)	(265)	(275)
Merger, repositioning and other charges.....	(966)	(1,287)	(54)
Other(1).....	--	268	24
	-----	-----	-----
Income before taxes on income.....	\$ 2,398	\$ 2,248	\$ 2,772
	-----	-----	-----

-- -----

(1) Other represents the gain on our disposition of our investment in AMP common stock in 1999 and litigation settlements in 1998.

HONEYWELL INTERNATIONAL INC.
NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

NOTE 25 -- GEOGRAPHIC AREAS -- FINANCIAL DATA

		UNITED STATES -----	EUROPE -----	OTHER INTERNATIONAL -----	TOTAL -----
Net sales(1).....	2000	\$18,007	\$4,313	\$2,703	\$25,023
	1999	16,913	4,608	2,214	23,735
	1998	17,082	4,510	1,963	23,555
Long-lived assets(2).....	2000	8,994	1,617	517	11,128
	1999	7,837	1,840	613	10,290
	1998	7,346	1,944	675	9,965

- - - - -

(1) Sales between geographic areas approximate market and are not significant. Net sales are classified according to their country of origin. Included in United States net sales are export sales of \$3,194, \$3,715 and \$3,824 million in 2000, 1999 and 1998, respectively. Our sales are not materially dependent on a single customer or a small group of customers.

(2) Long-lived assets are comprised of property, plant and equipment, goodwill and other intangible assets.

NOTE 26 -- UNAUDITED QUARTERLY FINANCIAL INFORMATION

	2000					1999		
	MAR. 31 -----	JUNE 30 -----	SEPT. 30 -----	DEC. 31 -----	YEAR ----	MAR. 31 -----	JUNE 30 -----	SEPT. 30 -----
Net sales.....	\$6,044	\$6,309	\$6,216	\$6,454	\$25,023	\$5,582	\$5,958	\$6,036
Gross profit.....	1,594	1,638(1)	1,371(3)(4)	1,330(5)	5,933	1,390	1,333(6)	1,462(8)
Net income.....	506	617(1)(2)	282(3)(4)	254(5)	1,659	440	540(6)(7)	554(8)(9)
Earnings per share -- basic...	.64	.77	.35	.32	2.07	.55	.68	.70
Earnings per share -- assuming dilution.....	.63	.76(1)(2)	.35(3)(4)	.31(5)	2.05	.55	.67(6)(7)	.68(8)(9)
Dividends paid(12).....	.1875	.1875	.1875	.1875	.75	.17	.17	.17
Market price(13)..								
High.....	60.50	59.13	41.75	55.69	60.50	50.94	68.63	67.56
Low.....	40.31	32.13	33.25	33.38	32.13	37.81	49.25	57.50

	1999	
	DEC. 31 -----	YEAR ----
Net sales.....	\$6,159	\$23,735
Gross profit.....	1,055(10)	5,240
Net income.....	7(10)(11)	1,541
Earnings per share -- basic...	.01	1.95
Earnings per share -- assuming dilution.....	.01(10)(11)	1.90
Dividends paid(12).....	.17	.68
Market price(13)..		
High.....	63.75	68.63
Low.....	52.38	37.81

- - - - -

- (1) Includes \$96 million, after-tax \$59 million, or \$0.08 per share for repositioning charges. See Note 5 of Notes to Financial Statements for further information.
- (2) Includes an after-tax gain of \$71 million, or \$0.09 per share on the sale of the TCAS product line of the former Honeywell. See Note 6 of Notes to Financial Statements for further information.
- (3) Gross profit includes a \$116 million charge for repositioning and other charges. Gross profit does not include an equity charge of \$99 million for closing an affiliate's operations. The total charge is \$215 million, after-tax \$133 million, or \$0.16 per share. See Note 5 of Notes to Financial Statements for further information.
- (4) Includes an impairment charge of \$245 million, after-tax \$198 million, \$0.25 per share related to long-lived assets of our Friction Materials business. See Note 5 of Notes to Financial Statements for further information.
- (5) Gross profit includes a \$373 million charge for asset impairment,

environmental and other charges. Gross profit does not include an equity charge of \$37 million related to an equity investee's customer claims. The total charge is \$410 million, after-tax \$315 million, or \$0.39 per share. See Note 5 of Notes to Financial Statements for further information.

(footnotes continued on next page)

(footnotes continued from previous page)

- (6) Gross profit includes a \$222 million charge for repositioning and other charges. Gross profit does not include an equity charge of \$36 million related to the writedown of an equity investment. The total charge is \$258 million, after-tax \$156 million, or \$0.19 per share. See Note 5 of Notes to Financial Statements for further information.
- (7) Includes an after-tax gain of \$161 million, or \$0.20 per share on the disposition of our investment in AMP common stock. See Note 7 of Notes to Financial Statements for further information.
- (8) Gross profit includes a \$103 million charge for repositioning and other charges. Gross profit does not include an equity charge of \$4 million related to an equity investee's severance actions. The total charge is \$107 million, after-tax \$65 million, or \$0.08 per share. See Note 5 of Notes to Financial Statements for further information.
- (9) Includes an after-tax gain of \$59 million, or \$0.07 per share on the sale of our Laminate Systems business. See Note 6 of Notes to Financial Statements for further information.
- (10) Includes \$622 million, after-tax \$395 million, or \$0.49 per share for repositioning and other charges. See Note 5 of Notes to Financial Statements for further information.
- (11) Includes \$300 million, after-tax \$228 million, or \$0.28 per share for repositioning and other charges. See Note 5 of Notes to Financial Statements for further information.
- (12) Represents the historical dividends of AlliedSignal up to December 1, 1999 and of Honeywell subsequent to that date.
- (13) Represents the historical market price of AlliedSignal up to December 1, 1999, and of Honeywell subsequent to that date. From composite tape-stock is primarily traded on the New York Stock Exchange.

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND SHAREOWNERS OF
HONEYWELL INTERNATIONAL INC.

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements listed in the index appearing under Item 14(a)(1) on page 63 present fairly, in all material respects, the financial position of Honeywell International Inc. and its subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Honeywell Inc., a wholly-owned subsidiary, which statements reflect total sales of \$8,426.7 million for the year ended December 31, 1998. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it related to the amounts included for Honeywell Inc., is based solely on the report of the other auditors. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
Florham Park, New Jersey
February 9, 2001

INDEPENDENT AUDITORS' REPORT

To the Shareowners of Honeywell Inc.:

We have audited the statements of financial position of Honeywell Inc. and subsidiaries as of December 31, 1998, and the related statements of income, shareowners' equity, and cash flows for the year then ended (not separately included herein). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Honeywell Inc. and subsidiaries at December 31, 1998 and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Minneapolis, Minnesota
February 10, 1999

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable

PART III.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information with respect to the directors and executive officers of Honeywell International Inc. is set forth below:

NAME, AGE, DATE FIRST ELECTED A DIRECTOR/OFFICER	BUSINESS EXPERIENCE
DIRECTORS:	
Michael R. Bonsignore (a), 59 1999	Chairman of the Board and Chief Executive Officer since April 2000. Chief Executive Officer from December 1999 through March 2000. Chairman of the Board and Chief Executive Officer of Honeywell Inc. from April 1993 through November 1999. Mr. Bonsignore is also a director of Medtronic, Inc. He was a director of Honeywell Inc. from November 1990 to December 1999.
Hans W. Becherer, 65 1991	Formerly Chairman and Chief Executive Officer of Deere & Company (manufacturer of mobile power machinery and supplier of financial services) from 1990 to 2000. Mr. Becherer is also a director of J.P. Morgan Chase & Co. and Schering-Plough Corporation.
Gordon M. Bethune, 59 1999	Chairman of the Board and Chief Executive Officer of Continental Airlines, Inc. (international commercial airline company) since 1996. President and Chief Executive Officer of Continental Airlines, Inc. from November 1994 to 1996. He was a director of Honeywell Inc. from April 1999 to December 1999.
Marshall N. Carter, 60 1999	Senior Fellow at the Center for Business and Government, John F. Kennedy School of Government, Harvard University, since January 2001. Chairman and Chief Executive Officer of State Street Corporation (provider of services to institutional investors worldwide) from 1993 to 2000.
Jaime Chico Pardo, 51 1999	Vice Chairman and Chief Executive Officer of Telefonos de Mexico, S.A. de C.V. (TELMEX) (a telecommunications company based in Mexico City) since 1995. Mr. Chico Pardo is also Vice-Chairman of Carso Global Telecom and a director of America Movil, Grupo Carso, Grupo Financiero Inbursa and Prodigy Communications Corp. He was a director of Honeywell Inc. from September 1998 to December 1999.
Ann M. Fudge, 49 1993	President, Kraft's Beverages, Desserts & Post Divisions and Group Vice President, Kraft Foods, Inc. (packaged foods) from 2000 to February 2001. President of Kraft General Foods' Maxwell House Coffee Company from 1994 to 2000. Ms. Fudge is a director of General Electric Company and the Federal Reserve Bank of New York.

(a) Also an officer.

NAME, AGE,
DATE FIRST
ELECTED A DIRECTOR/OFFICER

BUSINESS EXPERIENCE

James J. Howard, 65 1999	Chairman of the Board of Xcel Energy Inc. (formerly known as Northern States Power Company, an energy company) since August 2000. Chairman of the Board, President and Chief Executive Officer of Northern States Power Company from 1994 to 2000. Mr. Howard is also a director of Ecolab, Inc., the Federal Reserve Bank of Minneapolis and Walgreen Company. He was a director of Honeywell Inc. from July 1990 to December 1999.
Bruce Karatz, 55 1999	Chairman of the Board, President and Chief Executive Officer of KB Home (an international residential and commercial builder) since 1993. Mr. Karatz is also a director of the Kroger Co. and National Golf Properties, Inc. He was a director of Honeywell Inc. from July 1992 to December 1999.
Robert P. Luciano, 67 1989	Chairman Emeritus of Schering-Plough Corporation (a manufacturer and marketer of pharmaceuticals and consumer products) since October 1999. Chairman of the Board of Schering-Plough Corporation from 1984 to October 1998. Mr. Luciano is a director of C.R. Bard, Inc., Merrill Lynch & Co. and Schering-Plough Corporation.
Russell E. Palmer, 66 1987	Chairman and Chief Executive Officer of the Palmer Group (a private investment firm) since 1990. Mr. Palmer is a director of Federal Home Loan Mortgage Corporation, The May Department Stores Company, Safeguard Scientifics, Inc. and Verizon Communications.
Ivan G. Seidenberg, 54 1995	President and Co-Chief Executive Officer of Verizon Communications (telecommunications and information services provider) since June 2000 when Bell Atlantic Corporation and GTE Corporation merged and Verizon Communications was created. Chairman and Chief Executive Officer of Bell Atlantic Corporation from 1999 to June 2000. Vice Chairman, President and Chief Executive Officer since June 1998, and Vice Chairman, President and Chief Operating Officer following the merger of NYNEX Corporation and Bell Atlantic in 1997. Chairman and Chief Executive Officer of NYNEX Corporation from 1995 to 1997. Mr. Seidenberg is also a director of American Home Products Corporation, Boston Properties, Inc., CVS Corporation and Viacom Inc.
John R. Stafford, 63 1993	Chairman, President and Chief Executive Officer of American Home Products Corporation (a manufacturer of pharmaceutical, health care, animal health and agricultural products) since 1986. Mr. Stafford is also a director of Deere & Company, J.P. Morgan Chase & Co. and Verizon Communications.
Michael W. Wright, 62 1999	Chairman of the Board, President and Chief Executive Officer, SUPERVALUE Inc. (a major food distributor and retailer) since 1982. Mr. Wright is also a director of Cargill, Inc. and Wells Fargo and Company. He was a director of Honeywell Inc. from April 1987 to December 1999.

NAME, AGE,
DATE FIRST
ELECTED A DIRECTOR/OFFICER

BUSINESS EXPERIENCE

EXECUTIVE OFFICERS:

Giannantonio Ferrari, 61 1999	Chief Operating Officer and Executive Vice President, Performance Products and Solutions, since December 1999. President and Chief Operating Officer of Honeywell Inc. from April 1997 to November 1999. President, Honeywell Europe S.A. from January 1992 to March 1997. Mr. Ferrari is a citizen of Italy.
Robert D. Johnson, 53 1998	Chief Operating Officer and Executive Vice President, Aerospace Businesses, since December 1999. President and Chief Executive Officer of AlliedSignal Aerospace from April 1999 to November 1999. President -- Aerospace Marketing, Sales and Service from January 1999 to March 1999. President -- Electronic & Avionics Systems from October 1997 to December 1998. Vice President and General Manager, Aerospace Services from 1994 to 1997.
Barry C. Johnson, 57 2000	Senior Vice President, Chief Technology Officer since July 2000. Corporate Vice President of Motorola Inc. and Chief Technology Officer of Motorola's Semiconductor Product Sector from September 1998 to June 2000. Vice President and Director, Global New Product and Technology Operations of Motorola Inc. from May 1997 to August 1998. Vice President and Director, Manufacturing Technology Development of Motorola Inc. from July 1994 to April 1997.
Peter M. Kreindler, 55 1992	Senior Vice President and General Counsel since March 1992. Secretary from December 1994 through November 1999.
James T. Porter, 49 1999	Senior Vice President and Chief Administrative Officer since October 2000. Senior Vice President -- Information and Business Services from December 1999 to September 2000. Vice President and Chief Administrative Officer of Honeywell Inc. from January 1998 through November 1999. Corporate Vice President, Human Resources of Honeywell Inc. from May 1993 to December 1997.
Richard F. Wallman, 49 1995	Senior Vice President and Chief Financial Officer since March 1995. Vice President and Controller of International Business Machines Corp. from April 1994 to February 1995.

The executive officers of Honeywell, listed above, are elected annually. There are no family relationships among them.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The rules of the Securities and Exchange Commission require that we disclose late filings of reports of stock ownership (and changes in stock ownership) by our directors and executive officers. To the best of Honeywell's knowledge, all of the filings for our executive officers and directors were made on a timely basis in 2000 except that the sale of 33,422 shares by Donald Redlinger, a former executive officer, was reported two weeks after the filing deadline.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table provides a summary of cash and non-cash compensation with respect to Honeywell's Chief Executive Officer and the other four most highly compensated officers of Honeywell.

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION		LONG-TERM COMPENSATION			ALL OTHER COMPENSATION (2)
		SALARY (\$)	BONUS (\$)	RESTRICTED STOCK UNITS (\$) (1)	OPTIONS (SHARES)	LTIP PAYOUTS (\$)	
Michael R. Bonsignore(3) Chairman of the Board and Chief Executive Officer	2000	\$1,500,000	\$ 975,000	--	--	--	\$ 356,551
	1999	1,087,817	2,000,000	\$22,781,250	1,781,249	\$2,565,000	1,039,122
Giannantonio Ferrari(4) Chief Operating Officer and Executive Vice President	2000	628,387	325,000	--	--	--	338,669
	1999	536,896	775,000	2,039,375	612,251	1,282,500	272,915
Robert D. Johnson Chief Operating Officer and Executive Vice President	2000	550,000	400,000	--	--	1,187,840 (5)	58,913
	1999	370,833	625,000	1,882,500	400,000	--	36,469
	1998	267,917	300,000	--	190,000	--	31,505
Peter M. Kreindler Sr. Vice President and General Counsel	2000	480,000	275,000	--	250,000	--	209,625
	1999	462,500	640,000	1,098,125	333,000	--	386,986
	1998	445,000	550,000	--	--	--	105,705
Richard F. Wallman Sr. Vice President and Chief Financial Officer	2000	480,000	235,000	--	437,500	--	211,042
	1999	455,833	590,000	1,098,125	333,000	--	352,478
	1998	410,000	500,000	--	--	--	79,136

(1) The total number of units held and their value as of December 31, 2000 were as follows: Mr. Bonsignore, 375,000 (\$17,742,188); Mr. Ferrari, 32,500 (\$1,537,656); Mr. Johnson, 30,000 (\$1,419,375); Mr. Kreindler, 17,500 (\$827,969); Mr. Wallman, 17,500 (\$827,969). Common stock dividend equivalents are payable on each unit. Restricted units will vest in increments of one-third each on April 1, 2001, 2002 and 2003 if Honeywell achieves specified operating margin targets.

(2) Amounts shown for 2000 consists of matching contributions made by Honeywell under the Savings Plan and Supplemental Savings Plan: for Mr. Bonsignore, \$171,705; Mr. Johnson, \$30,475; Mr. Kreindler, \$38,269; and Mr. Wallman, \$19,195; the value of life insurance premiums: for Mr. Bonsignore, \$98,447; Mr. Johnson, \$28,200; Mr. Kreindler, \$21,300; above-market interest earned on deferred compensation: for Mr. Bonsignore, \$22,589; Mr. Johnson, \$238; Mr. Kreindler, \$150,056; and Mr. Wallman, \$191,847; the value of perquisites for Mr. Bonsignore, \$63,810 which includes a \$38,000 cash flexible perquisite payment and \$22,730 for the value of personal use of company provided aircraft; and relocation allowances in connection with foreign assignments for Mr. Ferrari, \$338,669.

(3) Mr. Bonsignore became an executive officer on December 1, 1999.

(4) Mr. Ferrari became an executive officer on December 1, 1999.

(5) Payment made in 2000 from the Long Term Performance Plan for Key Executives for the 1998 and 1999 performance period. The plan was discontinued at the time of the merger of AlliedSignal and the former Honeywell.

OPTION GRANTS IN LAST FISCAL YEAR

The stock options included in the following table were all granted with an exercise price equal to 100 percent of the fair market value of the common stock on the date of grant.

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED (#)	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE PRICE (\$/SH)	EXPIRATION DATE	GRANT DATE PRESENT VALUE (1)
M. R. Bonsignore.....	--	--	--	--	--
G. Ferrari.....	--	--	--	--	--
R. D. Johnson.....	--	--	--	--	--
P. M. Kreindler.....	250,000 (2)	6%	\$47.8500	03/23/10	\$4,510,335
R. F. Wallman.....	437,500 (2)	10%	47.8500	03/23/10	7,893,086

- - - - -

(1) Options are valued using a Black-Scholes option pricing model which assumes a historic five-year average volatility of 32.25 percent, the average dividend yield for the three years ended December 31, 2000 (1.43 percent), a 6.5 percent risk-free rate of return (based on the average zero coupon five-year U.S. Treasury note yield for the month of grant), and an expected option life of 5.0 years based on past experience. No adjustments are made for non-transferability or risk of forfeiture. Options will have no actual value unless, and then only to the extent that, the common stock price appreciates from the grant date to the exercise date. If the grant date present values are realized, total shareowner value will have appreciated by approximately \$14.6 billion, and the value of the granted options reflected in the table will be less than 0.09 percent of the total shareowner appreciation.

(2) Vests 40 percent on January 1, 2001 and 30 percent on each of January 1, 2002 and 2003.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR
AND FISCAL YEAR-END OPTION VALUES

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED (\$)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT YEAR-END (#)		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT YEAR-END (\$)	
			EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
M. R. Bonsignore.....	286,326	\$10,445,920	1,490,986	1,100,000	\$11,075,709	--
G. Ferrari.....	253,834	3,836,353	38,626	433,000	--	--
R. D. Johnson.....	100,000	1,722,335	--	502,000	--	\$ 973,635
P. M. Kreindler.....	540,000	15,244,247	40,000	723,000	236,100	4,312,800
R. F. Wallman.....	550,000	15,657,340	89,000	895,500	1,313,733	3,982,913

EMPLOYMENT AND TERMINATION ARRANGEMENTS

Mr. Bonsignore's employment agreement provides for his employment as Chairman and Chief Executive Officer through December 31, 2004. During the term of the agreement, Mr. Bonsignore will have an annual salary of at least \$1,500,000 and will have an annual target bonus equal to 100 percent of base salary. If his employment is terminated without good cause, he will be entitled to a severance payment of three times his annual salary and bonus.

When Mr. Ferrari became President of Honeywell Europe in 1992, he entered into an employment agreement with Honeywell Europe that provided for certain salary and benefits in accordance with Belgian law. Mr. Ferrari's current position is considered to be an international assignment under his Belgian employment contract; therefore, the contract remains in effect until his retirement from Honeywell. As an executive of Honeywell Inc., Mr. Ferrari was also a party to a change of control agreement, which remains in effect until September 2002. Under this agreement, he is entitled to a lump sum payment of three times his salary and target incentive bonus if either his employment is terminated (other than for cause) or his duties are diminished.

Under the Severance Plan for Senior Executives, the current executive officers named in the Summary Compensation Table (other than Messrs. Bonsignore and Ferrari) would be entitled to

payments equivalent to base salary and annual incentive bonus (and continuation of certain benefits, such as group life and medical insurance coverage) for a period of 36 months if their employment is terminated other than for 'gross cause' (which includes fraud and criminal conduct). The payments would be made in a lump sum following a change in control. The Severance Plan provides for an additional payment sufficient to eliminate the effect of any applicable excise tax on severance payments in excess of an amount determined under Section 280G of the Internal Revenue Code. Payments subject to the excise tax would not be deductible by Honeywell.

RETIREMENT BENEFITS

The following table illustrates the estimated annual pension benefits which would be provided on retirement at age 65 under Honeywell's retirement program and an unfunded supplemental retirement plan, after applicable deductions for Social Security benefits, to salaried employees having specified average annual remuneration and years of service.

AVERAGE ANNUAL REMUNERATION	PENSION TABLE						
	YEARS OF CREDITED SERVICE						
	5	10	15	20	25 - 30	35	40
\$ 600,000	\$ 48,995	\$108,995	\$ 168,995	\$ 228,995	\$ 288,995	\$ 310,372	\$ 354,710
800,000	68,995	148,995	228,995	308,995	388,995	415,372	474,710
1,000,000	88,995	188,995	288,995	388,995	488,995	520,372	594,710
1,200,000	108,995	228,995	348,995	468,995	588,995	625,372	714,710
2,000,000	188,995	388,995	588,995	788,995	988,995	1,045,372	1,194,710
3,000,000	288,995	588,995	888,995	1,188,995	1,488,995	1,570,372	1,794,710
4,000,000	388,995	788,995	1,188,995	1,588,995	1,988,995	2,095,372	2,394,710

The benefit amounts shown in the Pension Table are computed on a straight life annuity basis. At January 1, 2001, the following individuals had the indicated number of years of credited service for pension purposes: Mr. Bonsignore, 31; Mr. Johnson, 6; Mr. Kreindler, 9; and Mr. Wallman, 5. Mr. Ferrari has 40 years of service, but is covered under a separate Belgian pension arrangement described below.

The amounts in the Salary and Bonus columns of the Summary Compensation Table would be included in computing remuneration for pension purposes as well as any payroll based reward and recognition awards. Average annual remuneration under the Pension Plan is calculated based on the highest paid 60 consecutive months of an employee's last 120 months of employment.

Under his employment agreement, Mr. Bonsignore is entitled to receive during his lifetime, commencing on retirement, Honeywell facilities and services comparable to those provided prior to his retirement, and a retirement benefit equivalent to 60 percent of final average compensation (based on his highest three years of salary and bonus) payable annually for life. Benefits under his agreement will be reduced by any retirement benefits payable under Honeywell's retirement and supplemental retirement plans.

Mr. Ferrari is covered by the Belgian pension arrangement, which provides a benefit of 55 percent of final average compensation after 30 years of service, through a combination of the plan and equivalent pension plans in other countries. This arrangement also provides for an additional benefit of 15 percent of final average compensation which is funded by contributions from Mr. Ferrari.

DIRECTOR COMPENSATION

Directors who are employees of Honeywell receive no compensation for service on the Board. Each non-employee director receives an annual Board retainer of \$65,000, of which \$20,000 is automatically credited to the director's account in the Deferred Compensation Plan for Non-Employee Directors in the form of common stock equivalents (which are only payable after termination of Board service). They also receive a fee of \$2,000 for Board meetings attended on any day (ten during 2000), an annual retainer of \$7,000 for each Board Committee served, and an additional Committee Chair retainer of \$5,000 for the Audit and Management Development and Compensation Committees and \$3,000 for all other Board Committees. While no fees are generally paid for attending Committee meetings, a \$1,000 fee is paid for attendance at a Committee meeting, or other extraordinary meeting related to Board business which occurs apart from a Board meeting. Non-employee directors are also

provided with \$350,000 in business travel accident insurance and are eligible to elect \$100,000 in term life insurance and medical and dental coverage for themselves and their eligible dependents.

Directors may elect to defer, until a specified calendar year or retirement from the Board, all or any portion of their annual retainers and fees that are not automatically deferred and to have such compensation credited to their account in the Deferred Compensation Plan. Amounts credited either accrue interest (11 percent for 2001) or are valued as if invested in common stock equivalents or one of the other funds available to participants in our savings plan. Amounts deferred in a common stock account earn amounts equivalent to dividends. Upon a change of control, a director will be entitled to a lump-sum payment of all deferred amounts.

Under the Stock Plan for Non-Employee Directors, each new director receives a one-time grant of 3,000 shares of common stock, which are subject to transfer restrictions until the director's service terminates with the consent of a majority of the Board, provided termination occurs at or after 65. During the restricted period, the director is entitled to one-fifth of the shares granted for each year of service (up to five). However, the shares will be forfeited if the director's service terminates (other than for death or disability) prior to the end of the restricted period. The Plan also provides for an annual grant to each director of options to purchase 2,000 shares of common stock at 100 percent of the fair market value on the date of grant. Option grants vest in cumulative installments of 40 percent on April 1 of the year following the grant date and an additional 30 percent on April 1 of each of the next two years.

MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE

The primary functions of the Management Development and Compensation Committee of the Board of Directors are to review and recommend the compensation arrangements for officers; approve compensation arrangements for other senior level employees; consider matters related to management development and succession and recommend individuals for election as officers; and review or take such other action as may be required in connection with the bonus, stock and other benefit plans of Honeywell and its subsidiaries. The members of the Committee are: Robert P. Luciano (Chair), Hans W. Becherer, Gordon M. Bethune, Bruce Karatz, Ivan G. Seidenberg and John R. Stafford.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

As of December 31, 2000, State Street Bank and Trust Company, 225 Franklin Street, Boston, Massachusetts, 02101 held 69,227,941 shares or approximately 8.6 percent of the outstanding common stock as trustee of certain of Honeywell's savings plans. Under the terms of the plans, State Street is required to vote shares attributable to any participant in accordance with instructions received from the participant and to vote all shares for which it does not receive instructions in the same ratio as the shares for which instructions were received. State Street disclaims beneficial ownership of the shares referred to above. State Street also held 15,430,034 shares, or approximately 1.9 percent of the outstanding common stock in various other fiduciary capacities.

As of December 31, 2000, AXA or its affiliates, including the Mutuelles AXA, AXA Financial, Inc., Alliance Capital Management L.P. and The Equitable Life Assurance Society of the United States beneficially owned 42,369,312 shares of common stock (including 379,000 shares of common stock issuable upon exercise of options), representing approximately 5.2 percent of the outstanding common stock. The address of AXA is 25, Avenue Matignon, 75008 Paris, France, and the address of AXA Financial, Inc. is 1290 Avenue of the Americas, New York, New York 10104.

STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

In general, 'beneficial ownership' includes those shares a director or executive officer has the power to vote or transfer, and stock options that are exercisable currently or within 60 days. On December 31, 2000, the directors and executive officers of Honeywell beneficially owned, in the aggregate, 2,968,499 shares of common stock which are included in the table below. Directors and executive officers also have interests in stock-based units under Honeywell's plans. While these units

may not be voted or transferred, we have included them in the table below as they represent the total economic interest of the directors and executive officers in Honeywell stock.

NAME -----	NUMBER OF SHARES (1) (2) (3) -----
Hans W. Becherer.....	30,276
Gordon M. Bethune.....	3,436
Michael R. Bonsignore.....	1,696,942
Marshall N. Carter.....	22,247
Jaime Chico Pardo.....	5,279
Giannantonio Ferrari.....	234,379
Ann M. Fudge.....	18,021
James J. Howard.....	9,174
Robert D. Johnson.....	131,199
Bruce Karatz.....	11,680
Peter M. Kreindler.....	263,569
Robert M. Luciano.....	23,161
Russell E. Palmer.....	17,904
Ivan G. Seidenberg.....	19,486
John R. Stafford.....	25,894
Richard F. Wallman.....	437,892
Michael W. Wright.....	7,696

-
- (1) The total beneficial ownership for any individual is less than 0.5 percent, and the total for the group is less than 0.9 percent, of the shares of common stock outstanding.
- (2) Includes the following number of shares or share-equivalents in deferred accounts, as to which no voting or investment power exists: Mr. Becherer, 14,076; Mr. Bethune, 436; Mr. Bonsignore, 2,476; Mr. Carter, 3,447; Mr. Chico Pardo, 2,279; Ms. Fudge, 1,821; Mr. Howard, 1,338; Mr. Johnson, 515; Mr. Karatz, 2,289; Mr. Kreindler, 21,449; Mr. Luciano, 4,961; Mr. Palmer, 4,704; Mr. Seidenberg, 8,286; Mr. Stafford, 9,694; Mr. Wallman, 71,445; Mr. Wright, 2,446; and all directors and executive officers as a group, 152,175.
- (3) Includes shares which the following have the right to acquire within 60 days through the exercise of vested stock options: Mr. Becherer, 10,200; Mr. Bonsignore, 1,490,986; Mr. Carter, 800; Mr. Ferrari, 168,626; Ms. Fudge, 10,200; Mr. Johnson, 120,000; Mr. Kreindler, 240,000; Mr. Luciano, 10,200; Mr. Palmer, 6,200; Mr. Seidenberg, 8,200; Mr. Stafford, 10,200; Mr. Wallman, 364,000; and all directors and executive officers as a group, 2,599,612.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In connection with certain tax planning, we secured supplemental retirement payments for three executives by funding them through an escrow arrangement. The amounts funded through an escrow arrangement in 2000 were \$4,000,000 for Mr. Bonsignore, \$2,100,000 for Mr. Wallman, and \$1,400,000 for Dr. Barry C. Johnson. By securing the payments, the executive's tax liability was accelerated. We loaned each executive an amount equal to the related withholding tax obligation. We will also loan each executive additional amounts as necessary to cover the balance of taxes related to securing the payments.

The loans bear interest at 5.53 percent compounded semiannually and are due December 31, 2004. On December 31, 2000, the amount of loans outstanding totaled \$2,977,590, of which \$1,635,200 was loaned to Mr. Bonsignore, \$765,450 to Mr. Wallman and \$576,940 to Dr. Johnson.

PART IV.

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1.) All Financial Statements:

The following items are included in 'Item 8. Financial Statements and Supplementary Data' in Part II of this report:
 Consolidated Statement of Income for the years ended December 31, 2000, 1999 and 1998
 Consolidated Balance Sheet at December 31, 2000 and 1999
 Consolidated Statement of Cash Flows for the years ended December 31, 2000, 1999 and 1998
 Consolidated Statement of Shareowners' Equity for the years ended December 31, 2000, 1999 and 1998
 Notes to Financial Statements
 Report of Independent Accountants

(a)(2.) Consolidated Financial Statement Schedules

The two financial statement schedules applicable to us have been omitted because of the absence of the conditions under which they are required.

(a)(3.) Exhibits

See the Exhibit Index to this Form 10-K Annual Report. The following exhibits listed on the Exhibit Index are filed with this Form 10-K Annual Report:

EXHIBIT NO. -----	DESCRIPTION -----
10.6	Supplemental Non-Qualified Savings Plan for Highly Compensated Employees of Honeywell International Inc. and its Subsidiaries, as amended and restated
10.7	AlliedSignal Inc. Severance Plan for Senior Executives, as amended and restated
10.8	Salary Deferral Plan for Selected Employees of Honeywell International Inc. and its Affiliates, as amended and restated
10.10	Amended and Restated 364-Day Credit Agreement dated as of November 30, 2000 among Honeywell, the initial lenders named therein, Citibank, N.A., as administrative agent, The Chase Manhattan Bank, Deutsche Bank AG and Bank of America, N.A., as syndication agents, and Salomon Smith Barney Inc., as lead arranger and book manager, which amends the agreement set forth in Exhibit 10.11 which was previously filed
10.13	Honeywell International Inc. Supplemental Pension Plan, as amended and restated
10.16	Honeywell International Inc. Supplemental Executive Retirement Plan for Executives in Career Band 6 and Above
10.17	Honeywell Supplemental Defined Benefit Retirement Plan, as amended and restated
10.18	Form of Escrow Agreement used to secure certain supplemental retirement benefits for certain executive officers of Honeywell
10.19	Form of Promissory Note representing loans to certain executive officers of Honeywell of required withholding taxes relating to the securing of certain supplemental retirement benefits
10.20	Honeywell International Inc. Severance Plan for Corporate Staff Employees (Involuntary Termination Following a Change in Control), as amended and restated
21	Subsidiaries of the Registrant
23.1	Consent of PricewaterhouseCoopers LLP
23.2	Consent of Deloitte & Touche LLP
24	Powers of Attorney

(b) Reports on Form 8-K

During the three months ended December 31, 2000, Current Report on Form 8-K was filed on October 25 reporting that Honeywell and General Electric Company entered into an Agreement and Plan of Merger.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

HONEYWELL INTERNATIONAL INC.

March 30, 2001

By: /s/ PHILIP M. PALAZZARI

Philip M. Palazzari
Vice President and Controller

Pursuant to the requirements of the Securities Exchange Act of 1934, this annual report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated:

NAME ----	NAME ----
*	*
----- Michael R. Bonsignore Chairman of the Board, Chief Executive Officer and Director	----- Bruce Karatz Director
*	*
----- Hans W. Becherer Director	----- Robert P. Luciano Director
*	*
----- Gordon M. Bethune Director	----- Russell E. Palmer Director
*	*
----- Marshall N. Carter Director	----- Ivan G. Seidenberg Director
*	*
----- Jaime Chico Pardo Director	----- John R. Stafford Director
*	*
----- Ann M. Fudge Director	----- Michael W. Wright Director
*	/s/ PHILIP M. PALAZZARI
----- James J. Howard Director	----- Philip M. Palazzari Vice President and Controller (Principal Accounting Officer)
/s/ RICHARD F. WALLMAN	
----- Richard F. Wallman Senior Vice President and Chief Financial Officer (Principal Financial Officer)	

*By: /s/ RICHARD F. WALLMAN

(Richard F. Wallman
Attorney-in-fact)

March 30, 2001

EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION -----
2.1	Agreement and Plan of Merger, dated as of October 22, 2000, between Honeywell and General Electric Company (incorporated by reference to Annex A to Honeywell's Proxy Statement, dated December 4, 2000, filed pursuant to Rule 14a-6 of the Securities Exchange Act of 1934)
2.2	Stock Option Agreement, dated as of October 22, 2000, between General Electric Company and Honeywell (incorporated by reference to Annex B to Honeywell's Proxy Statement, dated December 4, 2000, filed pursuant to Rule 14a-6 of the Securities Exchange Act of 1934)
3(i)	Restated Certificate of Incorporation of Honeywell (incorporated by reference to Exhibit 3(i) to Honeywell's Form 8-K filed December 3, 1999)
3(ii)	By-laws of Honeywell, as amended (incorporated by reference to Exhibit 3(ii) to Honeywell's Form 10-Q for the quarter ended June 30, 2000)
4	Honeywell is a party to several long-term debt instruments under which, in each case, the total amount of securities authorized does not exceed 10% of the total assets of Honeywell and its subsidiaries on a consolidated basis. Pursuant to paragraph 4(iii)(A) of Item 601(b) of Regulation S-K, Honeywell agrees to furnish a copy of such instruments to the Securities and Exchange Commission upon request.
9	Omitted (Inapplicable)
10.1	Master Support Agreement, dated February 26, 1986, as amended and restated January 27, 1987, as further amended July 1, 1987 and as again amended and restated December 7, 1988, by and among Honeywell, Wheelabrator Technologies Inc., certain subsidiaries of Wheelabrator Technologies Inc., The Henley Group, Inc. and Henley Newco Inc. (incorporated by reference to Exhibit 10.1 to Honeywell's Form 10-K for the year ended December 31, 1988)
10.2*	Deferred Compensation Plan for Non-Employee Directors of AlliedSignal Inc., as amended (incorporated by reference to Exhibit 10.2 to Honeywell's Form 10-K for the year ended December 31, 1996)
10.3*	Stock Plan for Non-Employee Directors of AlliedSignal Inc., as amended (incorporated by reference to Exhibit C to Honeywell's Proxy Statement, dated March 10, 1994, filed pursuant to Rule 14a-6 of the Securities Exchange Act of 1934)
10.4*	1985 Stock Plan for Employees of Allied-Signal Inc. and its Subsidiaries, as amended (incorporated by reference to Exhibit 19.3 to Honeywell's Form 10-Q for the quarter ended September 30, 1991)
10.5*	AlliedSignal Inc. Incentive Compensation Plan for Executive Employees, as amended (incorporated by reference to Exhibit B to Honeywell's Proxy Statement, dated March 10, 1994, filed pursuant to Rule 14a-6 of the Securities Exchange Act of 1934, and to Exhibit 10.5 to Honeywell's Form 10-Q for the quarter ended June 30, 1999)
10.6*	Supplemental Non-Qualified Savings Plan for Highly Compensated Employees of Honeywell International Inc. and its Subsidiaries, as amended and restated (filed herewith)
10.7*	AlliedSignal Inc. Severance Plan for Senior Executives, as amended and restated (filed herewith)
10.8*	Salary Deferral Plan for Selected Employees of Honeywell International Inc. and its Affiliates, as amended and restated (filed herewith)

EXHIBIT NO.
-----DESCRIPTION

10.9*	1993 Stock Plan for Employees of Honeywell International Inc. and its Affiliates (incorporated by reference to Exhibit A to Honeywell's Proxy Statement, dated March 10, 1994, filed pursuant to Rule 14a-6 of the Securities Exchange Act of 1934)
10.10	Amended and Restated 364-Day Credit Agreement dated as of November 30, 2000 among Honeywell, the initial lenders named therein, Citibank, N.A., as administrative agent, The Chase Manhattan Bank, Deutsche Bank AG and Bank of America, N.A., as syndication agents, and Salomon Smith Barney Inc., as lead arranger and book manager, which amends the agreement set forth in Exhibit 10.11 hereto (filed herewith)
10.11	364-Day Credit Agreement dated as of December 2, 1999 among Honeywell, the initial lenders named therein, Citibank, N.A., as administrative agent, Morgan Guaranty Trust Company of New York, as syndication agent, and Salomon Smith Barney Inc. and J.P. Morgan Securities Inc., as arrangers (incorporated by reference to Exhibit 10.11 to Honeywell's Form 10-K for the year ended December 31, 1999)
10.12	Five-Year Credit Agreement dated as of December 2, 1999 among Honeywell, the initial lenders named therein, Citibank, N.A., as administrative agent, The Chase Manhattan Bank, Deutsche Bank AG and Bank of America, N.A., as syndication agents, and Salomon Smith Barney Inc., as lead arranger and book manager (incorporated by reference to Exhibit 10.12 to Honeywell's Form 10-K for the year ended December 31, 1999)
10.13*	Honeywell International Inc. Supplemental Pension Plan, as amended and restated (filed herewith)
10.14*	Employment Agreement dated as of December 1, 1999 between Honeywell and Michael R. Bonsignore (incorporated by reference to Exhibit 10.14 to Honeywell's Form 8-K filed December 3, 1999)
10.15*	Long Term Performance Plan for Key Executives of Honeywell International Inc. (incorporated by reference to Exhibit 10.16 to Honeywell's Form 10-Q for the quarter ended March 31, 2000)
10.16*	Honeywell International Inc. Supplemental Executive Retirement Plan for Executives in Career Band 6 and Above (filed herewith)
10.17*	Honeywell Supplemental Defined Benefit Retirement Plan, as amended and restated (filed herewith)
10.18*	Form of Escrow Agreement used to secure certain supplemental retirement benefits for certain executive officers of Honeywell (filed herewith)
10.19*	Form of Promissory Note representing loans to certain executive officers of Honeywell of required withholding taxes relating to the securing of certain supplemental retirement benefits (filed herewith)
10.20*	Honeywell International Inc. Severance Plan for Corporate Staff Employees (Involuntary Termination Following a Change in Control), as amended and restated (filed herewith)
11	Omitted (Inapplicable)
12	Omitted (Inapplicable)
16	Omitted (Inapplicable)
18	Omitted (Inapplicable)

EXHIBIT NO. -----	DESCRIPTION -----
21	Subsidiaries of the Registrant (filed herewith)
22	Omitted (Inapplicable)
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith)
23.2	Consent of Deloitte & Touche LLP (filed herewith)
24	Powers of Attorney (filed herewith)
28	Omitted (Inapplicable)
99	Omitted (Inapplicable)

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

STATEMENT OF DIFFERENCES

The registered trademark symbol shall be expressed as 'r'
Characters normally expressed as subscript shall be preceded by [u]

SUPPLEMENTAL NON-QUALIFIED SAVINGS PLAN FOR HIGHLY COMPENSATED
EMPLOYEES OF HONEYWELL INTERNATIONAL INC. AND ITS SUBSIDIARIES
(Career Band 6 and above)
(As Amended and Restated as of December 1, 2000)

1. Eligibility

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

2. Definitions

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

3. Participation

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

(b) Change or Resumption of Amount Deferred. A Participant may elect at any time to modify the amount of Base Annual Salary to be credited to the Participant's Account under the Plan, which modification shall be effective for the next available pay period following his or her election. Amounts credited to the Participant's Account prior to the effective date of such change shall not be affected by such change and shall be distributed only in accordance with the terms of the Plan.

4. Contributions to Participants' Accounts

(a) Participant Deferred Contributions. Unless the Plan Administrator shall have established a lesser amount, a Participant may elect to defer an aggregate amount equal to the difference between (i) a full percentage of such Participant's Base Annual Salary from 1% to the maximum percentage permitted under the Qualified Savings Plans and Code Section 415(c)(1)(B) for Before-Tax Contributions by an individual who is not an HCE and who is eligible to participate in the Qualified Savings Plans, without regard to any other limitations which may apply under the Code and without regard to any After-Tax Contributions which might be made under the Qualified Savings Plans, and (ii) the full amount of Before-Tax Contributions made by such Participant under the Qualified Savings Plans; provided, however, that a Participant who elects to defer any amount hereunder shall be required to make the maximum Before-Tax Contributions permissible under the Qualified Savings Plans for the applicable Plan Year (after giving effect to deferrals under the Plan or otherwise).

(b) Plan Employer Contributions. There shall be credited to the Participant's Account employer contributions under the Plan ("Plan Employer Contributions") in an aggregate amount equal to (i) minus (ii), where (i) is 50% (for participants entitled to a 50% Employer Contribution in the Qualified Savings Plans) or 100% (for participants entitled to a 100% Employer Contribution in the Qualified Savings Plans) of the lesser of (x) 8% of the Participant's Base Annual Salary, or (y) the sum of the Participant's Participant Contributions under the Qualified Savings Plans and Participant Deferred Contributions under the Plan, expressed as a percentage of Base Annual Salary, and (ii) is the total amount of Employer Contributions made with respect to the Participant under the Qualified Savings Plans; provided, however, that in no event shall the combined Plan Employer Contributions and Employer Contributions made with respect to the Participant exceed 8% of the Participant's Base Annual Salary, and provided, further, that Plan Employer Contributions shall not be made with respect to a Participant during any period of suspension of Employer Contributions with respect to such Participant under the terms of the Qualified Savings Plans, whether or not such Participant continues to make Participant Contributions under the Qualified Savings Plans during the period of such suspension. Notwithstanding the preceding sentence, there shall be credited to the Participant's Account an amount equal to the product of (i) the number of whole shares of common stock of Honeywell International Inc. ("Common Stock") credited to such Participant's Account under Section 5(b) on December 29, 2000, and (ii) \$0.08 (such product rounded to the nearest full dollar). The amount determined under the preceding sentence shall be credited to the Participant's Account as Plan Employer Contributions in accordance with Section 5(a) and shall be credited to such Account no later than December 31, 2000.

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

(d) All Contributions Prorated. Total Contribution Amounts shall be credited to a Participant's Account each pay period.

5. The Participant's Account

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

(b) Transition Rule for Plan Employer Contributions. The balance of each Participant's Account attributable to Plan Employer Contributions, determined as of the close of business on the day prior to the effective date of the amendment and restatement of the Plan and adjusted to reflect all gains, losses and dividends that have been credited to such Participant's Account through the day prior to such effective date, shall be converted into the equivalent number of shares of Common Stock by dividing such balance by the closing price of Common Stock on the trading date next preceding such effective date. Such amount shall be an unfunded book entry only and shall (i) thereafter be credited with equivalent dividend amounts in accordance with Section 5(a), and (ii) be distributed in accordance with Section 6(a)(ii).

6. Distribution from Accounts

(a) Form of Election.

(i) Participant Deferred Contributions. At the time a Participant makes an election pursuant to Section 3(a), the Participant shall also make an election with respect to the

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

(ii) Plan Employer Contributions. The distribution election made pursuant to subsection (i) above shall also apply to the timing of the distribution of the aggregate number of shares of Common Stock representing the Plan Employer Contributions plus reinvested dividends pursuant to Section 5 (collectively the "Plan Employer Contribution Amounts") credited to the Participant's Account pursuant to Section 5. Except to the extent otherwise provided with respect to fractional shares, all distributions of Plan Employer Contribution Amounts shall be made in Common Stock. A Participant may elect to receive such Plan Employer Contribution Amounts in one lump-sum payment or in a number of annual installments (up to fifteen installments). The lump-sum payment or the first installment shall be paid as soon as practicable during the month of January of such future calendar year as the Participant may designate, or, if the Participant so elects, as soon as practicable during the month of January of the calendar year immediately following the later of the year in which the Participant last contributed to the Plan or the year in which the Participant terminates employment with the Corporation or any of its subsidiaries (whether by reason of Retirement or otherwise). Except as otherwise provided in Section 8, subsequent installments shall be paid as soon as practicable during the month of January of each succeeding calendar year until the entire amount of the Plan Employer Contribution Amounts shall have been paid. The amount of each installment shall be determined by (A) multiplying the balance of the Plan Employer Contribution Amounts on the last Valuation Date of each year by a fraction, the numerator of which is one and the denominator of which is (x) the number of installments elected, reduced by (y) one for each annual installment previously received, and (B) rounding the result down to the next whole share of Common Stock; provided, however, the amount of the last installment shall be determined without regard to the rounding requirement of the preceding portion of this sentence. Any fractional shares of Common Stock shall be paid in an equivalent cash amount, as determined using the closing price of Common Stock on the trading date next preceding the distribution date.

(b) Adjustment of Method of Distribution. Prior to the beginning of any calendar year, a Participant may elect to change the timing and method of distribution of the Participant Deferred Contribution Amounts and Plan Employer Contribution Amounts credited to the Participant's Account commencing with such calendar year. Participant Deferred Contribution Amounts and Plan Employer Contribution Amounts credited to the Participant's Account prior to the effective date of such change (the "Prior Balance"), and all amounts thereafter accrued with

respect to the Prior Balance, shall not be affected by such change and, except as otherwise determined by the Plan Administrator pursuant to Section 8, shall be distributed only in accordance with the election in effect at the time such Prior Balance was credited to the Participant's Account.

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

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

(d) One-Time Election. Notwithstanding any provision of this Plan to the contrary, a Participant shall be given a one-time opportunity prior to January 1, 2001 to make a new election with respect to the distribution of his Participant Deferred Contribution Amounts, including a new election with respect to the Participant's Prior Balance attributable to such Participant Deferred Contribution Amounts (other than the portion of such Prior Balance payable, or part of a series of payments payable, in January 2001), provided, however, that any such election shall only be authorized by the Committee if it results in a further deferral of the distribution of the Participant Deferred Contribution Amounts or Prior Balance attributable to such Participant Deferred Contribution Amounts from that previously elected. Such election shall be effective upon a "Merger" of the Corporation and General Electric Company (as defined in the Agreement and Plan of Merger between Honeywell International Inc. and General Electric Company dated October 22, 2000) and acceptance of the election by the Corporation. Any such election shall be subject to such restrictions and limitations as the Corporation shall determine in its sole discretion.

7. Distribution on Death

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

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

8. Payment in the Event of Hardship

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

Common Stock shall be paid in an equivalent cash amount, as determined using the closing price of Common Stock on the trading date next preceding the distribution date.

9. Change in Control

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

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

(a) (iii) Revocation of Lump-Sum Payment Elections. A Participant may, prior to the earlier of a Change in Control or the beginning of any calendar year, file an election revoking any election made pursuant to Sections 9(a) (i) or 9(a) (ii), with respect to amounts credited to the Participant's Account commencing with the first calendar year beginning after the election is made. Amounts credited to the Participant's Account prior to the effective date of the election made pursuant to this Section 9(a) (iii) shall not be affected by such election and shall be distributed following a Change in Control in accordance with any prior election in effect under Sections 9(a) (i) or 9(a) (ii). Notwithstanding the preceding provisions of this paragraph 9, a Participant shall be given a one-time opportunity prior to January 1, 2001 to revoke any election made pursuant to paragraph 9(a) (i) or 9(a) (ii) to receive a lump sum payment of Participant Deferred Contribution Amounts as soon as practicable following a Change in Control. Any such revocation shall be applicable to the Participant Deferred Contribution Amounts, including the Participant's Prior Balance attributable to Participant Deferred Contribution Amounts. Any revocation election shall be effective upon a "Merger" of the Corporation and General Electric Company (as defined in the Agreement and Plan of Merger between Honeywell International Inc. and General Electric Company dated October 22, 2000) and acceptance by the Corporation. Any such election shall be subject to such restrictions and limitations as the Corporation shall determine in its sole discretion.

(b) Interest Equivalents. Notwithstanding anything to the contrary in the Plan, after a Change in Control, the Plan may not provide, or be amended to provide, interest accruals with respect to Participant Deferred Contributions at rates lower than the rates in effect under Section 5 immediately prior to the Change in Control.

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

10. Administration

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

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

under the Plan. Any determination of the Plan Administrator, including interpretations of the Plan and determinations of questions of fact, shall be final and binding on all parties.

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

11. Claims Procedures and Appeals

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

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

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

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

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

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

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

(d) If the Participant appeals the Plan Administrator's denial of benefits in a timely fashion, the Plan Administrator shall re-examine all issues relevant to the original denial of benefits. Any such claimant, or his or her duly authorized representative, may review any pertinent documents, as determined by the Plan Administrator, and submit in writing any issues or comments to be addressed on appeal.

(e) The Plan Administrator shall advise the Participant and such individual's representative of its decision, which shall be written in a manner calculated to be understood by the claimant, and include specific references to the pertinent Plan provisions on which the decision is based. Such response shall be made within 60 days of receipt of the written appeal,

unless special circumstances require an extension of such 60-day period for not more than an additional 60 days. Where such extension is necessary, the claimant shall be given written notice of the delay. If the decision on review is not furnished within the time set forth above, the claim shall be deemed denied on review.

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

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

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

12. Miscellaneous

(a) Anti-Alienation. The right of a Participant to receive any amount credited to the Participant's Account shall not be transferable or assignable by the Participant, except by will or by the laws of descent and distribution. To the extent that any person acquires a right to receive any amount credited to a Participant's Account hereunder, such right shall be no greater than that of an unsecured general creditor of the Corporation. Except as expressly provided herein, any person having an interest in any amount credited to a Participant's Account under the Plan shall not be entitled to payment until the date the amount is due and payable. No person shall be entitled to anticipate any payment by assignment, pledge or transfer in any form or manner prior to actual or constructive receipt thereof.

(b) Unsecured General Creditor. Neither the Corporation nor any of its subsidiaries shall be required to reserve or otherwise set aside funds, Common Stock or other assets for the payment of its obligations hereunder. However, the Corporation or any subsidiary may, in its sole discretion, establish funds for payment of its obligations hereunder. Any such funds shall remain assets of the Corporation or such subsidiary, as the case may be, and subject to the claims of its general creditors. Such funds, if any, shall not be deemed to be assets of the Plan.

The Plan is intended to be unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended.

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

(d) Termination and Amendment. The Corporation may at any time amend or terminate the Plan. No amendment or termination shall impair the rights of a Participant with respect to amounts then credited to the Participant's Account.

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

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

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

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

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

ALLIEDSIGNAL INC. SEVERANCE PLAN
FOR SENIOR EXECUTIVES

Amended and Restated
Effective as of
May 1, 1999

PART I
GENERAL PROVISIONS

1. Purpose.

The purpose of the AlliedSignal Inc. Severance Plan for Senior Executives (the "Plan") is to provide severance related benefits to selected eligible employees of an AlliedSignal Employer (as defined in Part II) who are employed in a position in Career Band 6 or above and whose employment relationship is involuntarily terminated at the initiative of the Employer for reasons other than Gross Cause (as defined below). This Plan is intended to be an unfunded plan for a select group of management or highly compensated employees for purposes of ERISA (as defined below).

This Plan is comprised of Part I--general provisions relating to the operation of the Plan, and Part II--special provisions that become effective only upon a Change in Control (as defined below). As set forth herein, this Plan constitutes the amendment and restatement, as of May 1, 1999, of the Severance Plan for Senior Executives established by Allied Corporation on March 31, 1983 and amended and restated by AlliedSignal Inc. as of April 25, 1988, January 1, 1990, April 29, 1991, and January 1, 1994.

As used throughout the Plan unless otherwise clearly or necessarily indicated by context:

- (a) "Annual Base Salary" means an amount equal to the product of Base Salary and twelve.
- (b) "Annual Incentive Compensation" means, except as provided in Section 18(b), the product of (i) times (ii) where (i) is the target percentage that would be utilized in determining the Incentive Award for the Participant in the calendar year in which Participant's Covered Termination occurs and (ii) is Annual Base Salary.
- (c) "Base Salary" means the monthly base salary payable to a Participant at the highest rate in effect during any of the thirty-six months preceding a Covered Termination.
- (d) "Board" means the Board of Directors of the Company.
- (e) "Career Band" means the salary and position classification system adopted by the Company for use after January 1, 1994.
- (f) "Change in Control" is deemed to occur at the time (i) when any entity, person or group (other than the Company, any subsidiary or any savings, pension or other benefit plan for the benefit of employees of the Company or its subsidiaries) which theretofore beneficially owned less than 30% of the Common Stock then outstanding acquires shares of Common Stock in a transaction or series of transactions that results in such entity, person or group directly or indirectly

owning beneficially 30% or more of the outstanding Common Stock, (ii) of the purchase of shares of Common Stock pursuant to a tender offer or exchange offer (other than an offer by the Company) for all, or any part of, the Common Stock, (iii) of a merger in which the Company will not survive as an independent, publicly owned corporation, (iv) of a consolidation, or a sale, exchange or other disposition of all or substantially all of the Company's assets, (v) of a substantial change in the composition of the Board during any period of two consecutive years such that individuals who at the beginning of such period were members of the Board cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election by the shareowners of the Company, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period, or (vi) of any transaction or other event which the Management Development and Compensation Committee of the Board, in its discretion, determines to be a change in control for purposes of this Plan.

- (g) "Code" means the Internal Revenue Code of 1986, as amended from time to time.
- (h) "Common Stock" means the common stock of the Company or such other stock into which the common stock may be changed as a result of split-ups, recapitalizations, reclassifications and any similar transaction.
- (i) "Company" means AlliedSignal Inc., a Delaware corporation.
- (j) "Covered Termination" means, except as provided in Section 18(c), a Participant's Discharge. Notwithstanding the preceding sentence, in the event of a sale or transfer of a facility or line of business that causes a severance of the employment relationship with the Employer, a Covered Termination shall be deemed to have occurred only if the Participant is not offered substantially comparable employment with the new employer, as determined by the Plan Administrator, in its sole discretion.
- (k) "Discharge" means an involuntary termination of a Participant's employment relationship by the Employer for reasons other than death or Gross Cause.
- (l) "Determination Year" means a calendar year within which performance is measured for purposes of determining the amount of Incentive Awards payable for that year.
- (m) "Effective Date" means March 31, 1983.
- (n) "Employer" means the Company and its participating divisions, subsidiaries, strategic business units and their respective successors.
- (o) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, together with applicable final regulations thereunder.

- (p) "Gross Cause" means, except as provided in Section 18(f), conduct by a Participant which is a fraud, misappropriation of Employer property or intentional misconduct damaging to such property or business of an Employer, or the commission of a crime. Gross Cause shall be determined by the Plan Administrator in its sole and absolute discretion.
- (q) "Incentive Award" means an incentive compensation award or any other annual incentive award determined under the Incentive Compensation Plan for Executive Employees of AlliedSignal and its Affiliates, and any predecessor or successor plan, but shall not include any performance improvement award or any other long-term incentive award under any such plan.
- (r) "Named Fiduciary" means the Plan Administrator and/or such other committee, entity or person as the Company or the Plan Administrator may designate to administer the terms and conditions of the Plan, as the case may be.
- (s) "Participant" means an Existing Participant, an Officer Participant or a New Participant.
 - (i) "Existing Participant" means, except as further defined in Part II an individual who, on July 1, 1993, was an employee of an Employer in Salary Grade 20 or above or in a position comparable to a position of Salary Grade 20 or above.
 - (ii) "Officer Participant" means, except as further defined in Part II, an individual (other than an Existing Participant) who is an officer of an Employer as determined by the Plan Administrator in his or her sole discretion.
 - (iii) "New Participant" means, except as further defined in Part II, an individual (other than an Existing Participant and an Officer Participant) who is employed by an Employer in a position evaluated in Career Band 6 or above or in a position comparable to a position in Career Band 6 or above, all as determined by the Plan Administrator in his or her sole discretion.
- (t) "Pay Continuation" means the component of the severance benefit described in Section 3(a)(i):
- (u) "Plan Administrator" means the person defined in Section 7 and Section 21(a).
- (v) "Pro Rata Factor" means (I) for the Determination Year in which a Covered Termination occurs, a fraction the numerator of which is equal to the number of

calendar months which have elapsed from the first day of the calendar month following the Covered Termination through December 31st of the Determination Year, and the denominator of which is twelve, and (ii) for any subsequent Determination Year shall mean a fraction, the numerator of which is equal to the Severance Pay Factor, reduced by the number of calendar months which have elapsed from the first day of the calendar month following the Covered Termination through December 31st of the year preceding the Determination Year, and the denominator of which is twelve; provided, however, that the Pro Rata Factor shall never be greater than 1.0.

- (w) "Prorated Annual Incentive Compensation" means the component of the severance benefit described in Section 3(a) (ii).
- (x) "Salary Grade" means the salary and position classification used by the Company prior to January 1, 1994, or any comparable salary and position classification used by any other Employer.
- (y) "Severance Pay Factor" means, with respect to any Participant, the relevant factor specified in Section 3(a) (i) (A).
- (z) "Severance Period" means the period, commencing on the first day of the first month following a Covered Termination, which is comprised of the number of consecutive months equal to the lesser of (i) the Severance Pay Factor, or (ii) the number of months occurring before the first day of the month following the Participant's attainment of age 65 or, if later, eligibility to receive an unreduced retirement benefit under a qualified defined benefit pension plan maintained by an Employer.

2. Participation.

- (a) An employee of an Employer who is at any time a Participant shall continue to be a Participant in the Plan until the earlier of (i) the date the employment relationship with the Employer is severed for reasons other than a Covered Termination, or (ii) the date the employee ceases to be employed in a position equivalent to Career Band 6 or above; provided, however, any employee who ceases to be employed in a position equivalent to Career Band 6 or above on or after a Change in Control shall nevertheless continue to be a Participant in the Plan.
- (b) A Participant in the Plan who is at any time the subject of a Covered Termination shall continue to be a Participant until all of the benefits for which he or she is entitled under Section 3, if any, have been paid.

3. Severance Benefits.

(a) Eligibility for Benefits. Subject to subparagraph (b) below, a Participant who is the subject of a Covered Termination shall receive the benefits described in this Section 3.

(i) Pay Continuation.

(A) An Existing Participant shall receive a benefit in an amount equal to his or her Base Salary multiplied by the relevant Severance Pay Factor determined as follows (a detailed schedule of each Existing Participant's Severance Pay Factor is attached hereto as Exhibit A):

Salary Grade as of July 1, 1993 -----	Severance Pay Factor -----
20 and 21	18
22 and 23	24
24 and above	36

Provided, however, that the Severance Pay Factor of an Existing Participant, whose Salary Grade is reduced after a Change in Control, shall not be reduced.

(B) An Officer Participant shall receive a benefit in an amount equal to his or her Base Salary multiplied by a Severance Pay Factor of 18.

(C) A New Participant shall receive a benefit in an amount equal to his or her Base Salary multiplied by a Severance Pay Factor of 12.

(ii) Annual Incentive Compensation. An Existing Participant or an Officer Participant shall receive a benefit in an amount equal to his or her Annual Incentive Compensation multiplied by the applicable Pro Rata Factor. The Pro Rata Factor shall be determined for the calendar year in which a Covered Termination occurs and each calendar year thereafter through the end of the calendar year in which the Severance Period ends.

(iii) Benefit Continuation. For the duration of the Severance Period, the Employer will continue the Participant's employee benefits including, without limitation, continuation of the Participant's savings plan participation (to the extent permissible under Section 401(a) of the Code) and basic and contributory life and medical insurance (including qualified dependents), at the active employee coverage level and prevailing employee contribution rate, if any; provided, however, (A) that such level of continued benefits shall not exceed the level of benefits in effect on the date of the Participant's Covered Termination, (B) that such continuation of benefits will cease on the date similar benefits are provided the Participant by a subsequent employer, (C) executive perquisites, such as

automobiles or memberships, will be governed by the terms of the particular programs, and (D) that no employee benefit shall be continued for a longer period of time than that provided by the terms of the controlling employee benefit plan applicable to the Participant on the date of such Participant's Covered Termination.

(iv) Pension Service Continuation. Except as otherwise provided by an applicable pension plan and, subject to the requirements for qualification of Section 401(a) of the Code, only the first twelve (12) months of the Severance Period, Pay Continuation and Prorated Annual Incentive Compensation will be recognized for purposes of the vesting and pension calculation provisions of the AlliedSignal Inc. Retirement Program or any other pension plan sponsored by an Employer in which the Participant participates. The normal policy for qualifying leaves remains applicable thereafter.

(b) Benefits Conditioned on Release. Notwithstanding anything in this Section 3 to the contrary, all benefits under this Plan except benefits provided pursuant to Part II, shall be provided in consideration for, and conditioned upon, execution of the release by the Participant of all current or future claims, known or unknown, arising on or before the date of the release against the Employer, its affiliates or their respective officers substantially in the form attached hereto as Exhibit B. Additionally, no severance benefits shall be payable under this Section 3 unless the Participant has returned to the Employer all property of the Employer and any information of a proprietary nature in his or her possession.

(c) Benefit Limitations.

(i) Except as provided in subparagraph (ii) below, any benefit determined to be payable to a Participant under any other severance plan sponsored or funded by an Employer shall be reduced by the amount of any similar benefit payable to the Participant under this Plan (excluding any benefit payable under Section 19(a)) regardless of whether the benefit determined under the Plan is payable at an earlier or a later date than payments under such other severance plan.

(ii) Any benefit determined to be payable under this Plan (excluding any benefit payable under Section 19(a)) to a Participant who was not eligible to participate in this Plan prior to April 25, 1988 will be reduced to the extent of any duplication of benefits between the Plan and any benefits that may be payable to the Participant under arrangements existing prior to April 25, 1988.

4. Form and Timing of Payment.

Except as provided in Sections 20(a) and 20(b), any Pay Continuation shall be paid in equal monthly installments during the Severance Period, and any Prorated Annual Incentive Compensation shall be paid annually as soon after the end of the Determination Year as is practicable. No Prorated Annual Incentive Compensation shall be payable for any Determination Year with respect to which the Pro Rata Factor is less than or equal to zero.

5. Forfeiture of Benefits.

Notwithstanding anything to the contrary in the Plan and except as provided in Section 20(c), a Participant receiving benefits or otherwise entitled to receive benefits under this Plan shall cease to receive such benefits under the Plan and the right to receive any benefits in the future under the Plan shall be forfeited, in the event the Participant, either before or after termination of employment, as determined by the Named Fiduciary, in its sole discretion (a) is convicted of a felony, (b) commits any fraud or misappropriates property, proprietary information, intellectual property or trade secrets of the Employer for personal gain or for the benefit of another party, (c) actively recruits and offers employment to any management employee of the Employer, or (d) engages in intentional misconduct substantially damaging to the property or business of any Employer, or (e) makes false or misleading statements about the Employer or its products, officers or employees to competitors or customers or potential customers of the Employer, or to current or former employees of the Employer.

6. Payment of Benefits Upon Incompetence or Death.

In the event the Named Fiduciary is presented with evidence satisfactory to it that a Participant receiving benefits or entitled to receive benefits is adjudged to be legally incompetent, the remainder of such Participant's unpaid benefits shall be paid to the Participant's conservator, legal representative or any other person deemed by the Named Fiduciary to have assumed responsibility for the maintenance of such person receiving or entitled to receive benefits. In the event a Participant receiving benefits or entitled to receive benefits dies, the remainder of such Participant's unpaid benefits shall be paid to the Participant's designated beneficiary. A Participant may designate a beneficiary in the form and manner prescribed by the Named Fiduciary. Any designation of a beneficiary may be revoked by filing a later designation or revocation. In the absence of an effective designation of a beneficiary by a Participant or upon the death of all beneficiaries on or before a Participant's death, the remainder of the Participant's unpaid benefits shall be paid to the Participant's spouse or, if none, to the Participant's estate. Any payment made pursuant to this Section 6 shall be a discharge of any liability under the Plan therefor.

7. Administration.

(a) Plan Administration. Except as provided in Section 21(a), the Plan shall be administered by the Plan Administrator, who may act through one or more Named Fiduciaries under this Plan who shall have the powers and authorities as described in this Section 7. The Plan Administrator shall be the Senior Vice President,

Human Resources and Communications, or such other person as the Board may appoint. The Plan Administrator shall have the authority to appoint and remove any other Named Fiduciary at his or her discretion.

Any person acting on behalf of the Named Fiduciary shall serve without additional compensation. The Named Fiduciary shall keep or cause to be kept such records and shall prepare or cause to be prepared such returns or reports as may be required by law or necessary for the proper administration of the Plan.

- (b) Powers and Duties of Named Fiduciary. The Named Fiduciary shall have the full discretionary power and authority to construe and interpret the Plan (including, without limitation, supplying omissions from, correcting deficiencies in, or resolving inconsistencies or ambiguities in, the language of the Plan); to determine all questions of fact arising under the Plan, including questions as to eligibility for and the amount of benefits; to establish such rules and regulations (consistent with the terms of the Plan) as it deems necessary or appropriate for administration of the Plan; to delegate responsibilities to others to assist it in administering the Plan; and to perform all other acts it believes reasonable and proper in connection with the administration of the Plan. The Named Fiduciary shall be entitled to rely on the records of the Employer in determining any Participant's entitlement to and the amount of benefits payable under the Plan. Any determination of the Named Fiduciary, including interpretations of the Plan and determinations of questions of fact, shall be final and binding on all parties.

The Named Fiduciary may retain attorneys, consultants, accountants or other persons (who may be employees of the Employer) to render advice and assistance and may delegate any of the authorities conferred on him under this Plan to such persons as he shall determine to be necessary to effect the discharge of his duties hereunder. The Plan Administrator, or other Named Fiduciary, the Employer, the Company and its officers and directors shall be entitled to rely upon the advice, opinions and determinations of any such persons. Any exercise of the authorities set forth in this Section 7, whether by the Plan Administrator, or other Named Fiduciary or his delegee, shall be final and binding upon the Employer and all Participants.

- (c) Plan Year. The plan year shall be the calendar year.
- (d) Indemnification. To the extent permitted by law, the Employer shall indemnify any Named Fiduciary from all claims for liability, loss, or damage (including payment of expenses in connection with defense against such claims) arising from any act or failure to act in connection with the Plan.

8. Claims and Appeals Procedures.

Except as provided in Sections 21(c)-(f), the Plan's benefit claims and appeals procedures shall be as follows:

- (a) Any request or claim for Plan benefits must be made in writing and shall be deemed to be filed by a Participant when a written request is made by the claimant or the claimant's authorized representative which is reasonably calculated to bring the claim to the attention of the Named Fiduciary.
- (b) The Named Fiduciary shall provide notice in writing to any Participant when a claim for benefits under the Plan has been denied in whole or in part. Such notice shall be provided within 60 days of the receipt by the Named Fiduciary of the Participant's claim or, if special circumstances require, and the Participant is so notified in writing, within 120 days of the receipt by the Named Fiduciary of the Participant's claim. The notice shall be written in a manner calculated to be understood by the claimant and shall:
- (i) set forth the specific reasons for the denial of benefits;
 - (ii) contain specific references to Plan provisions relative to the denial;
 - (iii) describe any material and information, if any, necessary for the claim for benefits to be allowed, that had been requested, but not received by the Named Fiduciary; and
 - (iv) advise the Participant that any appeal of the Named Fiduciary's adverse determination must be made in writing to the Named Fiduciary within 60 days after receipt of the initial denial notification, and must set forth the facts upon which the appeal is based.
- (c) If notice of the denial of a claim is not furnished within the time periods set forth above, the claim shall be deemed denied and the claimant shall be permitted to proceed to the review procedures set forth below. If the Participant fails to appeal the Named Fiduciary's denial of benefits in writing and within 60 days after receipt by the claimant of written notification of denial of the claim (or within 60 days after a deemed denial of the claim), the Named Fiduciary's determination shall become final and conclusive.
- (d) If the Participant appeals the Named Fiduciary's denial of benefits in a timely fashion, the Plan Administrator shall re-examine all issues relevant to the original denial of benefits. Any such claimant, or his or her duly authorized representative may review any pertinent documents, as determined by the Plan Administrator, and submit in writing any issues or comments to be addressed on appeal.
- (e) The Plan Administrator shall advise the Participant and such individual's representative of its decision which shall be written in a manner calculated to be understood by the claimant, and include specific references to the pertinent Plan provisions on which the decision is based. Such response shall be made within 60 days of receipt of the written appeal, unless special circumstances require an

extension of such 60-day period for not more than an additional 60 days. Where such extension is necessary, the claimant shall be given written notice of the delay. Any decision of the Plan Administrator shall be binding on all persons affected thereby.

- (f) Any dispute, controversy, or claim arising out of or relating to any Plan benefit, including, without limitation, any dispute, controversy or claim as to whether the decision of the Named Fiduciary respecting the benefits under this Plan or interpretation of this Plan is arbitrary and capricious, that is not settled in accordance with the procedures outlined in Section 8, shall be settled by final and binding arbitration in accordance with the American Arbitration Association Employment Dispute Resolution or other applicable rules. Before resorting to arbitration, an aggrieved Participant must first follow the review procedure outlined in this Section of the Plan. If there is still a dispute after the procedures in this Section have been exhausted, the Participant must request arbitration in writing within six (6) months after the issues, or is deemed to have issued, its determination under subparagraph (e) above.

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

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

9. Unfunded Obligation.

All benefits payable under this Plan shall constitute an unfunded obligation of the Employer. Payments shall be made, as due, from the general funds of the Employer. This Plan shall constitute solely an unsecured promise by the Employer to pay severance benefits to employees to the extent provided herein.

10. Inalienability of Benefits.

No Participant shall have the power to transfer, assign, anticipate, mortgage or otherwise encumber any rights or any amounts payable under this Plan; nor shall any such rights or

amounts payable under this Plan be subject to seizure, attachment, execution, garnishment or other legal or equitable process, or for the payment of any debts, judgments, alimony, or separate maintenance, or be transferable by operation of law in the event of bankruptcy, insolvency, or otherwise. In the event a person who is receiving or is entitled to receive benefits under the Plan attempts to assign, transfer or dispose of such right, or if an attempt is made to subject such right to such process, such assignment, transfer or disposition shall be null and void.

11. Withholding.

The Employer shall have the right to withhold any taxes required to be withheld with respect to any payments due under this Plan.

12. Amendment or Termination.

Except to the extent otherwise provided in Section 21(i), the Company reserves the right to amend or terminate the Plan at any time without prior notice to or the consent of any employee. No amendment or termination shall adversely affect the rights of any Participant whose employment terminated prior to such amendment or termination. However, except as provided in Section 21(i), any Participant whose employment continues after amendment of the Plan shall be governed by the terms of the Plan as so amended. Any Participant whose employment continues after termination of the Plan shall have no right to a benefit under the Plan.

13. Plan Not a Contract of Employment; Employer's Policies Control.

Nothing contained in this Plan shall give an employee the right to be retained in the employment of an Employer. This Plan is not a contract of employment between the Employer and any employee.

Any dispute involving issues of employment other than claims for benefits under this Plan shall be governed by the appropriate employment dispute resolution policies and procedures of the Employer.

14. Action by an Employer.

Unless expressly indicated to the contrary herein, any action required to be taken by the Company may be taken by action of its Board or by any appropriate officer or officers traditionally responsible for such determination or actions, or such other individual or individuals as may be designated by the Board or any such officer.

15. Governing Law.

The Plan is an employee welfare benefit plan within the meaning of Section 3(1) of ERISA, and will be construed in accordance with the provisions of ERISA.

16. Severability.

If any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts of this Plan, but this Plan shall be construed and enforced as if said illegal or invalid provision had never been included herein.

PART II
SPECIAL PROVISIONS THAT BECOME EFFECTIVE
ONLY UPON CHANGE IN CONTROL

17. Change in Control.

- (a) The provisions of this Part II become effective upon a Change in Control and, in addition to the provisions of Part I that are not superseded by provisions of this Part II, shall control (i) the determination of eligibility for, the amount of, and the time of payment of benefits under the Plan to any Existing Participant or Officer Participant who is the subject of a Covered Termination which occurs within the two-year period following the Change in Control, (ii) the terms of payment for any Existing Participant or Officer Participant whose Severance Period extends beyond the Change in Control, and (iii) the determination of eligibility for, the amount of, and the time of payment of benefits under Section 20 of the Plan to any Existing Participant or Officer Participant.
- (b) Without derogation to the effect the provisions of this Part II may have on the determination of any Participant's eligibility for benefits under the Plan or the amount of such benefits, it is intended that this Part II will assure that the purposes of this Plan, as they may affect Existing Participants or Officer Participants, will not be adversely affected by the unique circumstances which may exist following a Change in Control. The provisions of this Part II will have no effect whatsoever prior to a Change in Control.

18. Definitions.

- (a) "Allied & Signal Employer" means the Employer and any other person, organization or entity that agrees in writing to be bound by the terms of the Plan for a period of time that extends at least through the two-year period following a Change in Control.
- (b) "Annual Incentive Compensation" means, notwithstanding the provisions of Section 1(b); the product of Annual Base Salary and the greater of (i) the target percentage utilized in determining Incentive Awards as in effect for the most recent Determination Year ended prior to the Change in Control, or (ii) the average of the target percentages applied in determining the Participant's Incentive Award in the last three Determination Years prior to the date of Covered Termination (or such lesser period as the Participant may have been employed).
- (c) "Covered Termination" means, notwithstanding the provisions of Section 1(j), severance of the employment relationship (i) at the initiative of the Participant for Good Reason, or (ii) at an AlliedSignal Employer's initiative for reasons other

than death or Gross Cause. Notwithstanding the preceding sentence, in the event of a sale or transfer of a facility or line of business that causes a severance of the employment relationship, a Covered Termination shall be deemed to have occurred only if the new employer has not agreed in writing to be an AlliedSignal Employer with respect to the Participant or the Participant is not employed by the new employer.

- (d) "Existing Participant" for purposes of this Part II means (i) an individual who, on July 1, 1993, was an employee of an Employer in Salary Grade 20 or above or in a position comparable to Salary Grade 20 or above, or (ii) an individual who, as of April 1, 1999, is determined by the Senior Vice President, Human Resources and Communications to be in a position comparable to Salary Grade 20, and is or reports directly to a functional Senior Vice President of the Company.
- (e) "Good Reason" means any one or more of the following:
- (i) A material change in the Participant's position, duties and/or responsibilities as they existed in the period immediately preceding the Change in Control.
 - (ii) Any significant reduction in Base Salary or Annual Incentive Compensation.
 - (iii) Any significant reduction in benefit coverages available to the Participant under the Company's medical benefit plans for active employees or comparable medical benefit plans of any other AlliedSignal Employer or any significant increase in premiums to be paid by the Participant for such benefits.
 - (iv) Any reduction in the economic value of awards granted under the Company's long-term incentive plan or comparable long-term incentive plan of any other AlliedSignal Employer in which the Participant participates.
 - (v) Any significant reduction in the rate of the Company's contribution to its savings plan or of any other AlliedSignal Employer's contribution to a savings plan comparable to the Company's savings plans or any significant reduction in the rate of benefit accrual under the AlliedSignal Inc. Retirement Program or any other comparable pension plan sponsored by an AlliedSignal Employer in which the Participant participates.
 - (vi) Any significant reduction in the benefit coverages available to the Participant under the long-term disability plan of the Company or any comparable long-term disability plan of any other AlliedSignal Employer

or any significant increase in premiums to be paid by the Participant for such benefits.

- (vii) Any significant reduction in the life insurance benefits available to the Participant, including any change affecting the Company's Executive Life Insurance Program or comparable program of any other AlliedSignal Employer, or any significant increase in premiums to be paid by the Participant for such benefits.
- (viii) Any geographic relocation of the Participant's position to a new location which is more than seventy-five (75) miles from the location of the Participant's position immediately prior to a Change in Control.
- (ix) Any action by an AlliedSignal Employer that under applicable law constitutes constructive discharge.
- (x) Any failure to pay the benefit determined under Section 19(b) within the time required under Sections 20(a) or 20(b).
- (xi) The failure of any AlliedSignal Employer that is a successor to the Company or any of its affiliates (whether direct or indirect, by purchase, merger, consolidation or otherwise) to expressly assume and agree to honor this Plan, if such assumption is legally required to make this Plan enforceable against the successor.

For purposes of this Section 18, the term "significant reduction" shall mean a reduction or series of reductions with respect to the same form of benefit or remuneration which are greater than 10% or which do not affect all persons covered by the plan or program in question. For purposes of this Section 18, the term "significant increase" shall mean an increase or a series of increases in the Participant's percentage of total premiums for a benefit which are greater than 10% or which do not affect all persons covered by the plan or program in question.

- (f) "Gross Cause" means, notwithstanding the provisions of Section 1(p), any act or acts constituting a felony committed against an AlliedSignal Employer, its property or business.
- (g) "New Plan Administrator" shall mean such person or persons appointed pursuant to Section 21 to administer the Plan upon the occurrence of a Change in Control.

19. Enhancement Benefit.

- (a) If, following a Change in Control, any payment to a Participant from an AlliedSignal Employer or from any benefit or compensation plan or program sponsored or funded by an AlliedSignal Employer is determined to be an "excess parachute payment" within the meaning of Section 280G or any successor or substitute provision of the Code, with the effect that either the Participant is liable for the payment of the tax described in Section 4999 or any successor or substitute provision of the Code (hereafter the "Section 4999 tax") or the AlliedSignal Employer has withheld the amount of the Section 4999 tax, an additional benefit (hereafter the "Enhancement Benefit") shall be paid from this Plan to such affected Participant.
- (b) The Enhancement Benefit payable shall be an amount, which when added to all payments constituting "parachute payments" for purposes of Section 280G or any successor or substitute provision of the Code, is sufficient to cause the remainder of (i) the sum of the "parachute payments", including any Enhancement Benefit, less (ii) the amount of all state, local and federal income taxes and the Section 4999 tax attributable to such payments and penalties and interest on any amount of Section 4999 tax, other than penalties and interest on any amount of Section 4999 tax with respect to which an Enhancement Benefit was paid to the Participant on or before the due date of the Participant's federal income tax return on which such Section 4999 tax should have been paid, to be equal to the remainder of (iii) sum of the "parachute payments", excluding any Enhancement Benefit, less (iv) the amount of all state, local and federal income taxes attributable to such payments determined as though the Section 4999 tax and penalties and interest on any amount of Section 4999 tax, other than penalties and interest on any amount of Section 4999 tax with respect to which an Enhancement Benefit was paid to the Participant on or before the due date of the Participant's federal income tax return on which such Section 4999 tax should have been paid, did not apply.

20. Benefit Payments and Forfeitures.

- (a) Benefit Payments. Notwithstanding the provisions of Section 4, benefits that are determined to be payable to a Participant under Sections 3(a)(i) and 3(a)(ii) on or after a Change in Control shall be paid within thirty days following the later of the Change in Control or the Covered Termination, in a single payment equal to the sum of (i) the total amount of the benefit remaining payable under Section 3(a)(i), and (ii) the amount of the benefit remaining payable under Section 3(a)(ii) for all Determination Years which are coextensive, in whole or part, with the Severance Period. The requirements of Section 3(b) shall have no application to benefits payable after a Change in Control. Benefits which are determined to be payable to a Participant under Section 19(a) shall be paid within thirty days following the later of a Change in Control or the date the "parachute payments" referred to in Section 19 are made, in a single payment equal to the amount of the benefit

determined under Section 19(b). If any benefit is paid later than the time provided in this Section 20(a), such late payment shall be credited with interest for the period from the date payment should have been made to the date actually made at a rate equal to the average quoted rate for three-month U.S. Treasury Bills for the week preceding the date of payment, as determined by the New Plan Administrator, plus six percentage points.

- (b) Subsequent Benefit Payments. Notwithstanding the provisions of Section 4, in the event the Internal Revenue Service assesses a Section 4999 tax due which is in excess of the amount determined by the AlliedSignal Employer under Section 19(b), a Participant shall be paid within thirty days following the date the Participant gives notice to the New Plan Administrator of proof of payment of the Section 4999 tax in a single payment equal to the amount of the additional benefit determined under Section 19(b), based upon the amount of the Section 4999 tax paid in excess of any Section 4999 tax with respect to which any Enhancement Benefit was previously paid. If any benefit is paid later than the time provided in this Section 20(b), such late payment shall be credited with interest for the period from the date payment should have been made to the date actually made at a rate equal to the average quoted rate for three-month U.S. Treasury Bills for the week preceding the date of payment, as determined by the New Plan Administrator, plus six percentage points.
- (c) Forfeiture of Benefits. Notwithstanding the provisions of Section 5, a Participant receiving benefits or entitled to receive benefits under the Plan shall cease to receive such benefits under the Plan and the right to receive any benefits in the future under the Plan shall be forfeited, in the event the Participant, as determined by the New Plan Administrator, (i) is convicted of a felony committed against an AlliedSignal Employer, its property or business, (ii) commits any fraud or misappropriates property, proprietary information, intellectual property or trade secrets of an AlliedSignal Employer for personal gain or for the benefit of another party, or (iii) actively recruits and offers employment to any management employee of an AlliedSignal Employer.

21. Administration.

- (a) New Plan Administrator. On or before a Change in Control, the Company, its successors, or persons operating under its control or on its behalf (hereafter the "Corporation") shall appoint a person independent of the Corporation to be the New Plan Administrator upon the occurrence of a Change in Control and the Plan Administrator shall immediately provide to the New Plan Administrator such information with respect to each Participant in the Plan as shall be necessary to enable the New Plan Administrator to determine the amount of any benefit which is then or may thereafter become payable to such Participants.
- (b) Authority. Upon the occurrence of a Change in Control, the New Plan Administrator shall have exclusive authority to make initial determinations of eligibility for the benefits under the Plan, subject to the requirements of Section 21(f). The New Plan Administrator may, in reviewing any recommendation for benefit eligibility pursuant to this Section 21, rely on representations made by the Corporation or an AlliedSignal Employer pursuant to Section 21(c). However, in the event that none of the recommendations are agreed to by the Participant, the New Plan Administrator shall refer the disputed claim for benefits under this Plan for resolution as provided in Section 21(f). Any recommendation by the New Plan Administrator under this Section 21, any determination by the New Plan Administrator as to the eligibility for or the amount of benefits which are not in dispute and any judicial determination pursuant to Section 21(f) shall be final and binding on the Corporation and the AlliedSignal Employer. The Corporation and the responsible AlliedSignal Employer shall make payments to Participants as directed by the New Plan Administrator or pursuant to judicial determination pursuant to Section 21(f).
- (c) Corporation or AlliedSignal Employer Recommendations. Upon the occurrence of a Change in Control, the Corporation and any AlliedSignal Employer may make recommendations to the New Plan Administrator with respect to benefit determinations for affected Participants under the Plan and the New Plan Administrator shall immediately forward any such recommendation to the affected Participant. If the recommendation is agreed to in writing by the Participant, the New Plan Administrator shall advise the Corporation and any responsible AlliedSignal Employer, and the Corporation or AlliedSignal Employer, whichever is responsible, shall immediately make payment.
- (d) Independent Recommendations. In the case of a recommendation which is not agreed to by the affected Participant, the New Plan Administrator shall immediately review the recommendation of the Corporation or responsible AlliedSignal Employer and within 15 days of notice of the dispute from the Participant, determine whether it is in accordance with the terms of the Plan and notify the Corporation or responsible AlliedSignal Employer and the Participant of its findings. If the New Plan Administrator determines that the recommendation is not in accordance with the terms of the Plan and that an

adjustment is necessary and the Participant agrees in writing to such adjustment, the New Plan Administrator shall advise the Corporation or responsible AlliedSignal Employer, and the Corporation or responsible AlliedSignal Employer shall immediately make payment. Any such adjustment determined by the New Plan Administrator, whether agreed to by the Participant or not, shall be final and binding upon the Corporation or responsible AlliedSignal Employer and may not be challenged by either of them.

- (e) Direct Application. Upon notice to the New Plan Administrator by an affected Participant, as to whom the Corporation or responsible AlliedSignal Employer has made no recommendation, that a Covered Termination has occurred, the Corporation or responsible AlliedSignal Employer shall be notified by the New Plan Administrator and given 15 days from the date the Participant gave notice to the new Plan Administrator within which to make a recommendation as to benefit determination. The New Plan Administrator shall also make its own independent determination as to the benefit payable under the terms of the Plan. Within 21 days of receipt of the notice from the affected Participant, the New Plan Administrator shall transmit to the Participant its own recommendation and that of the Corporation or responsible AlliedSignal Employer if such is available. If either recommendation is accepted in writing by the affected Participant, the New Plan Administrator shall advise the Corporation or responsible AlliedSignal Employer, and the Corporation or responsible AlliedSignal Employer shall immediately make payment. Any recommendation by the New Plan Administrator shall be final and binding upon the Corporation or responsible AlliedSignal Employer and may not be challenged by either of them.
- (f) Disputed Recommendation. If an affected Participant does not agree in writing within 30 days of transmittal to accept any of the recommendations made pursuant to Sections 21(c), 21(d) or 21(e), the New Plan Administrator shall consider the amount in excess of the highest recommendation to be a claim for benefits which is in dispute and shall, with respect to such amount, initiate an action in interpleader pursuant to Rule 22 of the Federal Rules of Civil Procedure or analogous rules, before a court of competent jurisdiction. The New Plan Administrator shall not assert any claim or take any position in this proceeding based on its interpretation of the terms of the Plan, other than the provisions of this Section 21.
- (g) Attorneys Fees and Costs. If a Participant is paid or is determined to be entitled to receive benefits (i) in excess of any recommendation made by the Corporation or responsible AlliedSignal Employer pursuant to Sections 21(c) or 21(e), or (ii) in a case where the Corporation or responsible AlliedSignal Employer have made no recommendation pursuant to Sections 21(c) or 21(e), the New Plan Administrator shall advise the Corporation or responsible AlliedSignal Employer, and the Corporation or responsible AlliedSignal Employer shall immediately pay or reimburse the affected Participant for the full amount of any attorneys' fees and other expenses the affected Participant incurred in pursuing his or her claim for

benefits. The payment or reimbursement shall include the standard hourly rates charged by each such attorney, any and all other expenses related to the action incurred by or on behalf of the affected Participant, the costs and expenses of any experts utilized to prepare the claim, and any court costs assessed against the affected Participant.

- (h) Undisputed Benefits. Prior to the resolution of amounts in dispute under Section 21(f), the Participant shall be paid immediately by the Corporation or responsible AlliedSignal Employer in accordance with the terms of the Plan, the higher of (i) the amount recommended, if any, by the Corporation or the responsible AlliedSignal Employer, or (ii) the amount recommended by the New Plan Administrator.
- (i) Amendment or Termination. This Plan may not be amended or terminated after a Change in Control; provided, however, the Plan may be amended if the purpose of the amendment is to increase benefits hereunder.

Salary Deferral Plan
for

Selected Employees of Honeywell International Inc. and its Affiliates
(Career Band 6 and Above or Employees Who Occupy Positions Equivalent Thereto)

Amended and Restated
as of January 1, 2000

1. Eligibility

Those employees of Honeywell International Inc. (the "Corporation") and its affiliates whose positions are evaluated in Career Band 6 and above or who occupy positions equivalent thereto and who are designated by the Management Development and Compensation Committee (the "Committee") shall be eligible to participate in this supplemental non-qualified Salary Deferral Plan for Selected Employees of Honeywell International Inc. and its Affiliates (Career Band 6 and Above or Employees Who Occupy Positions Equivalent Thereto) (the "Plan").

2. Participation

An eligible employee may become a participant in the Plan (a "Participant") by filing a timely written deferral election with the Corporation. Such notice shall direct that a portion of the compensation elements described in paragraph 3(a) and paragraph 3(b) be credited to an unfunded deferred compensation account maintained for the Participant under the Plan (the "Participant Account" or "Account"). A Participant's direction shall become effective for the pay period or payment date in the next succeeding calendar year (or for a newly eligible Participant, for the next succeeding pay period or payment date after the receipt of the direction by the Corporation), and shall continue in effect until the Participant terminates such direction, effective as of the end of the calendar year, or is no longer eligible to be a Participant. Any modification of Participant's direction shall be effective only with respect to compensation payable with respect to pay periods in the calendar year next following the date such direction is received by the Corporation.

3. Contributions to Participant Accounts

(a) Base Annual Salary. A Participant may, prior to the beginning of any calendar year (and with respect to a newly eligible Participant, within thirty days after first becoming so eligible) elect to defer an aggregate amount of base annual salary otherwise payable in such subsequent calendar year (or with respect to a newly eligible Participant, in the remainder of the calendar year), exclusive of any bonus or any other compensation or allowance paid or payable by the Corporation or its affiliates (the "Base Annual Salary"). The amount deferred under this paragraph 3(a) shall not be greater than fifty percent (50%) of the Participant's Base Annual Salary for such pay period.

(b) Incentive Awards. A Participant may, to the extent that the AlliedSignal Inc. Incentive Compensation Plan For Executive Employees (the "Incentive Plan") (or any successor plan) permits deferrals of an incentive award (the "Incentive Award") payable thereunder, elect to defer an amount not greater than one hundred percent of such Incentive Award. Any amount so deferred shall be deemed to be deferred under this Plan but shall, to the extent the provisions of the Incentive Plan are not inconsistent with this Plan, otherwise be subject to the terms of the Incentive Plan. Any deferral of an Incentive Award shall be made by filing an appropriate deferral election with the Corporation not later than the date established by the Corporation from time to time.

(c) Deferral Amounts. All amounts determined under this paragraph 3 which are the subject of a written deferral election (the "Deferral Amounts") shall, in

accordance with the relevant Participant direction, be credited to a Participant Account maintained under the Plan on the same day the Base Annual Salary or Incentive Award would otherwise have been payable.

4. Deferral Requirements

Amounts may be deferred under this Plan for a minimum period of three years or such shorter period as may be approved by the Committee. Except as otherwise provided in paragraphs 9 or 10 or as approved by Committee, no amount shall be withdrawn from a Participant Account prior to the earlier of: three years following the last day of the calendar year in which the amount is credited to the Participant Account; the date the Participant reaches normal retirement age and is eligible to receive a benefit under a pension plan of the Corporation or one of its affiliates; the date of Participant's death; or the date the Participant ceases to be employed by the Corporation or any of its affiliates.

5. Interest Equivalents

Deferral Amounts shall accrue additional amounts equivalent to interest ("Interest Equivalents"), compounded daily, from the date the Deferral Amount is credited to the Account to the date of distribution. A single rate for calculating Interest Equivalents shall be established by the Committee, in its sole discretion, for all Deferral Amounts credited to Participant Accounts in each calendar year. The rate established by the Committee shall not exceed the greater of (i) 10% or (ii) 200% of the 10-year U.S. Treasury Bond rate at the time of determination. Such Interest Equivalents, once established for a calendar year, shall remain in effect with respect to Deferral Amounts credited to Participant Accounts during the calendar year until the Deferral Amounts are distributed.

The rate of notional interest established by the Committee shall be set forth on Schedule A attached hereto and made a part hereof. Any portion of such rate designated as "Vested Rate" on such Schedule A shall be nonforfeitable at all times. Any portion of such rate designated as "Contingent Rate" shall become nonforfeitable only if the Employee is still employed by the Company at the end of the third full calendar year following the calendar year in which the Award relates, provided, however, in the event a Participant terminates employment with the Corporation or an affiliate prior to such date for reasons other than gross cause, the Committee shall treat such portion as nonforfeitable in the event the Participant's employment with the Company is involuntarily terminated (including a termination for "good reason" under any applicable severance plan of the Company) or is terminated for such reasons as the Committee may determine from time to time in its sole discretion. The rate established by the Committee and set forth on Schedule A shall remain in effect until superceded by action of the Committee and amendment of such Schedule A.

6. Participant Accounts

All amounts credited to a Participant's Account pursuant to paragraphs 3 and 4 shall be unfunded general obligations of the Corporation, and no Participant shall have any claim to or security interest in any asset of the Corporation on account thereof.

7. Distribution from Accounts

At the time a Participant makes an election pursuant to paragraph 3, the Participant shall also make an election with respect to the distribution of the Deferral Amounts and Interest Equivalents accrued thereon which are credited to the Participant's Account pursuant to such election. A Participant may elect to receive such distribution in one lump-sum payment or in a number of approximately equal annual payments (provided the payment period may not include more than fifteen such installments). The lump-sum or the first installment shall be paid as soon as practicable during the month of January of the calendar year designated by the Participant. Except as otherwise provided in paragraphs 8, 9 and 10, all installment payments following the initial installment payment shall be paid in cash as soon as practicable during the month of January of each succeeding calendar year until the entire amount in the Account shall have been paid. Notwithstanding the foregoing, in the event an Employee's employment with the Company is terminated either voluntarily (other than on account of retirement as defined in the qualified pension plan in which the Participant participates or for "good reason" under any applicable severance plan of the Company) or for "gross cause" (as defined in the AlliedSignal Inc. Severance Plan for Senior Executives), the nonforfeitable portion of such Employee's Deferred Awards for performance years beginning after 1997 (including the vested portion of any applicable notional interest credited thereto) shall be distributed in a lump sum as soon as practicable in January of the calendar year following such termination of employment.

Notwithstanding any provision of this Plan to the contrary, a Participant shall be given a one-time opportunity prior to January 1, 2001 to make a new election with respect to the distribution of all Deferral Amounts and Interest Equivalents accrued thereon which are credited to such Participant under the Plan (other than any such amounts otherwise payable, or part of a series of payments payable, in January 2001), including a new election with respect to any payments to be made in connection with a Change in Control as described in paragraph 10, provided, however, that any such election shall only be authorized by the Corporation if it results in a further deferral of the distribution of the Participant's Deferral Amounts and Interest Equivalents from that previously elected. Such election shall be effective upon a "Merger" of the Corporation and General Electric Company (as defined in the Agreement and Plan of Merger between Honeywell International Inc. and General Electric Company dated October 22, 2000) and acceptance of such election by the Corporation. Any such election shall be subject to such restrictions and limitations as the Corporation shall determine in its sole discretion.

8. Distribution on Death

If a Participant should die before all amounts credited to the Participant's Account have been distributed, the balance in the Account shall be paid as soon as practical thereafter to the beneficiary designated in writing by the Participant. Payments to a beneficiary pursuant to a designation by a Participant shall be in such form as the Participant shall elect, including periodic payments as described in paragraph 7, but in the absence of any such election, the payment shall be made in one lump sum to the designated beneficiary as soon as practicable following the death of the Participant. Such beneficiary designations shall be effective when received by the Corporation, and shall remain in effect until rescinded or modified by the Participant by an appropriate written direction. If no beneficiary is properly designated by the Participant or if the designated beneficiary shall have predeceased the Participant, such balance in the Account shall be paid to the estate of the Participant.

9. Payment in the Event of Hardship

Upon receipt of a request from a Participant or a Participant's designated beneficiary, delivered in writing to the Corporation along with a Certificate of Unavailability of Other Resources form, the Committee, the Senior Vice President - Human Resources and Communications, or his designee, may cause the Corporation to accelerate (or require the subsidiary of the Corporation which employs or employed the Participant to accelerate) payment of all or any part of the Deferral Amount and Interest Equivalents credited to the Participant's Account, if it finds in its sole discretion that payment of such amounts in accordance with the Participant's prior election under paragraph 3 would result in severe financial hardship to the Participant or beneficiary and such hardship is the result of an unforeseeable emergency caused by circumstances beyond the control of the Participant or the Participant's beneficiary. Acceleration of payment may not be made under this paragraph 9 to the extent that such hardship is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Participant's assets, to the extent the liquidation of assets would not itself cause severe financial hardship or (iii) by cessation of deferrals under this Plan or any tax-qualified savings plan of the Corporation.

10. Change in Control

(a) Initial Lump Sum Election. Notwithstanding any election made pursuant to paragraph 7, a Participant may file a written election with the Corporation to have the Deferral Amounts and Interest Equivalents accrued thereon which are credited thereafter to the Participant's Account paid in one lump-sum payment as soon as practicable following a Change in Control, but in no event later than 90 days after such Change in Control. The Interest Equivalents on any Deferred Amount payable pursuant to this paragraph 10(a) shall include the "Contingent Rate" credited to such Deferred Amount without regard to whether such amount has become nonforfeitable as provided in paragraph 5 at the time payment is made under this paragraph 10(a).

(b) Revocation of Lump-Sum Election. A Participant may revoke an election made pursuant to paragraph 10(a) by filing an appropriate written notice with the Corporation. A revocation notice filed pursuant to this paragraph 10(b) shall be subject

to such terms and conditions as the Corporation shall establish and shall be effective with respect to any or all of the Participant's Deferral Amounts and Interest Equivalents accrued thereon which are credited to such Participant under the Plan. Any revocation notice made before January 1, 2001 shall be effective upon a "Merger" of the Corporation and General Electric Company (as defined in the Agreement and Plan of Merger between Honeywell International Inc. and General Electric Company dated October 22, 2000) and acceptance of such election by the Corporation. Any such election shall be subject to such restrictions and limitations as the Corporation shall determine in its sole discretion.

(c) Limitation on Elections. Any election made pursuant to paragraph 10(a) or 10(b) shall not be effective unless filed with the Corporation at least 90 days prior to a Change in Control.

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

11. Miscellaneous

(a) No Alienation of Benefits. Except insofar as may otherwise be required by law, no amount payable at any time under the Plan shall be subject in any manner to alienation by anticipation, sale, transfer, assignment, bankruptcy, pledge, attachment, charge, or encumbrance of any kind nor in any manner be subject to the debts or liabilities of any person and any attempt to so alienate or subject any such amount, whether presently or thereafter payable, shall be void. If any person shall attempt to, or shall alienate, sell, transfer, assign, pledge, attach, charge, or otherwise encumber any amount payable under the Plan, or any part thereof, or if by reason of such person's bankruptcy or other event happening at any such time such amount would be made subject to the person's debts or liabilities or would otherwise not be enjoyed by that person, then the Corporation, if it so elects, may direct that such amount be withheld and that same or any part thereof be paid or applied to or for the benefit of such person,

the person's spouse, children or other dependents, or any of them, in such manner and proportion as the Corporation may deem proper.

(b) No Right or Interest in Corporation's Assets. Neither the Corporation nor any of its Affiliates shall be required to reserve or otherwise set aside funds for the payment of obligations arising under this Plan. The Corporation may, in its sole discretion, establish funds, segregate assets or take such other action as it shall determine necessary or appropriate to secure the payment of its obligations arising under this Plan. This Plan is intended to be unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended. Nothing contained herein, and no action taken pursuant to the provisions of this Plan shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Corporation and any Participant or any other person. To the extent that any person acquires a right to receive payments under this Plan, such right shall be no greater than the right of an unsecured creditor of the Corporation.

(c) Administration. The Corporation shall have sole discretion and authority to administer the Plan, including the authority to interpret its terms, promulgate regulations thereunder, determine eligibility to participate in the Plan and make any finding of fact which may be necessary to determine the obligation of the Plan with respect to the payment of benefits.

(d) Amendment. The Corporation may amend, modify or terminate the Plan at any time, or from time to time; provided, however, that no change to the Plan shall impair the right of any Participant with respect to amounts then credited to an Account.

(e) Accounting. Each Participant shall receive periodic statements (not less frequently than annually) setting forth the cumulative Deferral Amounts and Interest Equivalents credited to, and any distributions from, the Participant's Account.

(f) Facility of Payments. If the Corporation shall find that any person to whom any amount is payable under the plan is unable to care for his or her affairs because of illness or accident, or is a minor, or has died, then any payment due the person or the person's estate (unless a prior claim therefore has been made by a duly appointed legal representative), may, if the Corporation so elects in its sole discretion, be paid to the person's spouse, a child, a relative, an institution having custody of such person, or any other person deemed by the Corporation to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Corporation and the Plan therefore.

(g) Governing Law. The Plan is intended to constitute an unfunded deferred compensation arrangement for a select group of management or highly compensated personnel and all rights thereunder shall be governed by and construed in accordance with the laws of New York.

SCHEDULE A
Notional Interest Rate

Award Year -----	Vested Rate -----	Contingent Rate -----	Total Rate -----
1975-1992	Treasury bills + 3%*	N/A	Treasury bills + 3%*
1993-1997	10%	N/A	10%
1998+	8%	3%	11%

*/Three-month Treasury bill average rate for the immediately preceding calendar quarter as reported by the Federal Reserve Bank; rate changes each calendar quarter.

U.S. \$1,000,000,000

AMENDED AND RESTATED 364-DAY CREDIT AGREEMENT

Dated as of November 30, 2000

Among

HONEYWELL INTERNATIONAL INC.,

as Borrower,

and

THE INITIAL LENDERS NAMED HEREIN,

as Initial Lenders,

and

CITIBANK, N.A.,

as Administrative Agent

and

THE CHASE MANHATTAN BANK
DEUTSCHE BANK AG, NEW YORK BRANCH
BANK OF AMERICA, N.A.

as Syndication Agents

and

SALOMON SMITH BARNEY INC.

as Lead Arranger and Book Manager

AMENDED AND RESTATED 364-DAY CREDIT AGREEMENT

Dated as of November 30, 2000

HONEYWELL INTERNATIONAL INC., a Delaware corporation (the "Borrower"), the banks, financial institutions and other institutional lenders (collectively, the "Initial Lenders") party hereto, CITIBANK, N.A., as administrative agent (together with any successor thereto appointed pursuant to Article VII of the Existing Credit Agreement referred to below, the "Agent") for the Lenders (as defined in the Existing Credit Agreement referred to below) THE CHASE MANHATTAN BANK, DEUTSCHE BANK AG, NEW YORK BRANCH and BANK OF AMERICA, N.A., as syndication agents, and SALOMON SMITH BARNEY INC., as lead arranger book manager, hereby agree as follows:

PRELIMINARY STATEMENTS

(1) The Borrower is party to a 364-Day Credit Agreement dated as of December 2, 1999 (the "Existing Credit Agreement") with the banks, financial institutions and other institutional lenders party thereto and Citibank, N.A., as Agent for the Lenders and such other lenders. Capitalized terms not otherwise defined in this Amendment and Restatement shall have the same meanings as specified in the Existing Credit Agreement.

(2) The parties to this Amendment and Restatement desire to amend the Existing Credit Agreement as set forth herein and to restate the Existing Credit Agreement in its entirety to read as set forth in the Existing Credit Agreement with the following amendments.

(3) The Borrower has requested that the Lenders agree to extend credit to it from time to time in an aggregate principal amount of up to \$1,000,000,000 for general corporate purposes of the Borrower and its Subsidiaries not otherwise prohibited under the terms of this Agreement. The Lenders have indicated their willingness to agree to extend credit to the Borrower from time to time in such amount on the terms and conditions of this Amendment and Restatement.

SECTION 1. Amendments to the Existing Credit Agreement. (a) Section 1.01 of the Existing Credit Agreement is, effective as of the date of this Amendment and Restatement and subject to the satisfaction of the conditions precedent set forth in Section 2, hereby amended by deleting the definitions of "Commitment", "Lenders" and "Termination Date" set forth therein and replacing them, respectively, with the following new definitions thereof:

"Commitment" means as to any Lender, (i) the Dollar amount set forth opposite its name on Schedule I hereto, (ii) if such Lender has become a Lender hereunder pursuant to an Assumption Agreement, the Dollar amount set forth as its Commitment in such Assumption Agreement or (iii) if such Lender has entered into any Assignment and Acceptance, the Dollar amount set forth for such Lender in the Register maintained by the Agent pursuant to Section 9.07(d), in each case as the same may be terminated or reduced, as the case may be, pursuant to Section 2.05.

"Lenders" means, collectively, each Initial Lender and each other Person that shall become a party hereto pursuant to Sections 9.07(a), (b) and (c).

"Termination Date" means the earliest of (i) November 29, 2001, (ii) the date that is 90 days after the consummation of a merger of the Borrower with General Electric Co. or any subsidiary of General Electric Co. and (iii) the date of termination in whole of the Commitments pursuant to Section 2.05 or 6.01.

(b) Schedule I to the Existing Credit Agreement is, effective as of the date of this Amendment and Restatement and subject to the satisfaction of the conditions precedent set forth in Section 2, deleted in its entirety and replaced with Schedule I to this Amendment and Restatement.

(c) Schedule 3.01(b) to the Existing Credit Agreement is, effective as of the date of this Amendment and Restatement and subject to the satisfaction of the conditions precedent set forth in Section 2, deleted in its entirety and replaced with Schedule 3.01(b) to this Amendment and Restatement

SECTION 2. Conditions of Effectiveness of this Amendment and Restatement. This Amendment and Restatement shall become effective as of the date first above written (the "Restatement Effective Date") when and only if:

(a) The Administrative Agent shall have received counterparts of this Amendment and Restatement executed by the Borrower and all of the Initial Lenders or, as to any of the Initial Lenders, advice satisfactory to the Administrative Agent that such Initial Lender has executed this Amendment and Restatement.

(b) The Administrative Agent shall have received on or before the Restatement Effective Date the following, each dated such date and (unless otherwise specified below) in form and substance satisfactory to the Administrative Agent and in sufficient copies for each Initial Lender:

(i) The Revolving Credit Notes payable to the order of the Lenders, to the extent requested by any Lender pursuant to Section 2.17.

(ii) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying (A) that there are no amendments to the resolutions of the Borrower since the date of the certificate delivered pursuant to Section 3.01(e) (ii) of the Existing Credit Agreement and (B) the names and true signatures of the officers of the Borrower authorized to sign this Amendment and Restatement and the Notes, if any, and the other documents to be delivered hereunder by the Borrower.

(iii) A favorable opinion of the General Counsel, Deputy General Counsel or Assistant General Counsel of the Borrower, in substantially the form of Exhibit G to the Existing Credit Agreement but with such modifications as are required to address the Existing Credit Agreement, as amended by this Amendment and Restatement.

(iv) A favorable opinion of Shearman & Sterling, counsel for the Agent, in form and substance reasonably satisfactory to the Agent.

(c) The representations and warranties contained in Section 4.01 of the Existing Credit Agreement shall be correct on and as of the Restatement Effective Date, before and after giving effect to the Restatement Effective Date, as though made on and as of such date.

(d) No event shall have occurred and be continuing, or shall occur as a result of the occurrence of the Restatement Effective Date, that constitutes a Default.

SECTION 3. Reference to and Effect on the Existing Credit Agreement and the Notes. (a) On and after the effectiveness of this Amendment and Restatement, each reference in the Existing Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Existing Credit Agreement, and each reference in the Notes to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Existing Credit Agreement, shall mean and be a reference to the Existing Credit Agreement, as amended by this Amendment and Restatement.

(b) The Existing Credit Agreement and the Notes, as specifically amended by this Amendment and Restatement, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) Without limiting any of the other provisions of the Existing Credit Agreement, as amended by this Amendment and Restatement, any references in the Existing Credit Agreement to the phrases "on the date hereof", "on the date of this Agreement" or words of similar import shall mean and be a reference to the date of the Existing Credit Agreement (which is December 2, 1999).

SECTION 4. Costs and Expenses. The Borrower agrees to pay on demand all reasonable out-of-pocket costs and expenses of the Agent in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment and Restatement, the Notes and the other documents to be delivered hereunder (including, without limitation, the reasonable and documented fees and expenses of counsel for the Agent with respect hereto and thereto) in accordance with the terms of Section 9.04 of the Existing Credit Agreement.

SECTION 5. Execution in Counterparts. This Amendment and Restatement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment and Restatement by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment and Restatement.

SECTION 6. Governing Law. This Amendment and Restatement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment and Restatement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE BORROWER

HONEYWELL INTERNATIONAL INC.

By /s/ James V. Gelly

Name: James V. Gelly
Title: Vice President and Treasurer

THE AGENT

CITIBANK, N.A.,
as Agent

By /s/ Carolyn A. Kee

Name: Carolyn A. Kee
Title: Vice President

THE INITIAL LENDERS

ADMINISTRATIVE AGENT

CITIBANK, N.A.

By: /s/ Carolyn A. Kee

Name: Carolyn A. Kee
Title: Vice President

CO-SYNDICATION AGENTS

BANK OF AMERICA, N.A.

By: /s/ John Pocalyko

Name: John Pocalyko
Title: Managing Director

THE CHASE MANHATTAN BANK

By: /s/ Tina Ruyter

Name: Tina Ruyter
Title: Vice President

DEUTSCHE BANK AG, NEW YORK AND/OR
CAYMAN ISLANDS BRANCH

By: /s/ Jean Hannigan

Name: Jean Hannigan
Title: Director

By: /s/ Stephanie Strohe

Name: Stephanie Strohe
Title: Associate

AGENT

BARCLAYS BANK PLC

By: /s/ Douglas Bernegger

Name: Douglas Bernegger
Title: Director

SENIOR MANAGING AGENTS

BANCA NAZIONALE DE LAVORO S.p.A.-NEW
YORK BRANCH

By: /s/ Giulio Giovine /s/ Leonardo Valentini

Name: Giulio Giovine Leonardo Valentini
Title: Vice President First Vice President

THE BANK OF NEW YORK

By: /s/ Ernest Fung

Name: Ernest Fung
Title: Vice President

BANK OF TOKYO-MITSUBISHI TRUST COMPANY

By: /s/ Jeffrey K. Stanton

Name: Jeffrey K. Stanton
Title: Vice President

BANK ONE, NA (Main Office Chicago)

By: /s/ Tatiana Ross

Name: Tatiana Ross
Title: Commercial Banking Officer

HSBC BANK USA

By: /s/ Monisha Khadse

Name: Monisha Khadse
Title: Vice President

MELLON BANK, N.A.

By: /s/ Kristen M. Denning

Name: Kristen M. Denning
Title: Assistant Vice President

MORGAN GUARANTY TRUST COMPANY OF
NEW YORK

By: /s/ Dennis Wilczek

Name: Dennis Wilczek
Title: Associate

CO-AGENTS

ABN AMRO BANK N.V.

By: /s/ Andre Kel

Name: Andre Kel
Title: Senior Vice President

By: /s/ Juliette Mound

Name: Juliette Mound
Title: Assistant Vice President

BANCA DI ROMA

By: /s/ Steven Paley

Name: Steven Paley
Title: First V.P.

By: /s/ William J. Fontana

Name: William J. Fontana
Title: V.P.

BNP PARIBAS

By: /s/ Christopher Criswell

Name: Christopher Criswell
Title: Director

By: /s/ William Van Nostrand

Name: William Van Nostrand
Title: Director

NORTHERN TRUST COMPANY

By: /s/ Ashish S. Bhagwat

Name: Ashish S. Bhagwat
Title: Second Vice President

THE SUMITOMO BANK, LIMITED

By: /s/ Edward D. Henderson, Jr.

Name: Edward D. Henderson, Jr.
Title: Senior Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Bradley A. Hardy /s/ Peter M. Angelico

Name: Bradley A. Hardy Peter M. Angelico
Title: Vice President Vice President

LENDERS

BANCO BILBAO VIZCAYA

By: /s/ Manuel Sanchez John Martini

Name: Manuel Sanchez John Martini
Title: Global Re. Manager Vice President
Corporate Banking Corporate Banking

THE FUJI BANK, LIMITED

By: /s/ Raymond Ventura

Name: Raymond Ventura
Title: Vice President & Manager

ROYAL BANK OF CANADA

By: /s/ Lori A. Ross

Name: Lori Ross
Title: Manager

STANDARD CHARTERED BANK

By: /s/ Shafiq Ur Rahman /s/ Peter G.R. Dodds

Name: Shafiq Ur. Rahman Peter G.R. Dodds
Title: Senior Vice President Senior Credit Officer
Standard Chartered Bank Coin 98/62

UNICREDITO ITALIANO SPA

By: /s/ Christopher J. Eldin /s/ Saiyed A. Abbas

Name: Christopher J. Eldin Saiyed A. Abbas
Title: FVP & Deputy Manager Vice President

SCHEDULE I
COMMITMENTS AND APPLICABLE LENDING OFFICES

NAME OF INITIAL LENDER	COMMITMENT	DOMESTIC LENDING OFFICE	EURODOLLAR LENDING OFFICE
Citibank, N.A.	\$112,000,001	399 Park Avenue New York, NY 10043 Attn: Carolyn Sheridan Phone: (212) Fax: (212) 826-2371	399 Park Avenue New York, NY 10043 Attn: Carolyn Sheridan Phone: (212) 559-3245 Phone: (212) Fax: (212) 826-2371
Bank of America, N.A.	\$85,333,333	101 N. Tryon Street Charlotte, NC 28255 Attn: Carrie Cunder Phone: (704) 386-8382 Fax: (704) 409-0064	101 N. Tryon Street Charlotte, NC 28255 Attn: Carrie Cunder Phone: (704) 386-8382 Fax: (704) 409-0064
The Chase Manhattan Bank	\$85,333,333	One Chase Manhattan Plaza New York, NY 10081 Attn: Lenora Kiernan Phone: (212) 552-7309 Fax: (212) 552-5650	One Chase Manhattan Plaza New York, NY 10081 Attn: Lenora Kiernan Phone: (212) 552-7309 Fax: (212) 552-5650
Deutsche Bank AG, New York and/or Cayman Islands Branch	\$85,333,333	31 West 52nd Street New York, NY 10019 Attn: Colin T. Taylor Phone: (212) 474-7904 Fax: (212) 474-8212	31 West 52nd Street New York, NY 10019 Attn: Colin T. Taylor Phone: (212) 474-7904 Fax: (212) 474-8212
Barclays Bank PLC	\$85,333,333	222 Broadway New York, NY 10038 Attn: Paul Kavanagh Phone: (212) 412-1547 Fax: (212) 412-7585	222 Broadway New York, NY 10038 Attn: Paul Kavanagh Phone: (212) 412-1547 Fax: (212) 412-7585
Banca Nazionale De Lavoro	\$50,000,000	25 West 51st Street New York, NY 10019 Attn: Giulio Giovine Phone: (212) 314-0239 Fax: (212) 765-2978	25 West 51st Street New York, NY 10019 Attn: Giulio Giovine Phone: (212) 314-0239 Fax: (212) 765-2978
The Bank of New York	\$50,000,000	One Wall Street New York, NY 10286 Attn: Ernest Fung Phone: (212) 635-6805 Fax: (212) 635-7978	One Wall Street New York, NY 10286 Attn: Ernest Fung Phone: (212) 635-6805 Fax: (212) 635-7978
The Bank of Tokyo-Mitsubishi	\$50,000,000	1251 Avenue of the Americas 12th Floor New York, NY 10020 Attn: William Derasmo Phone: (212) 782-4359 Fax: (212) 782-6445	1251 Avenue of the Americas 12th Floor New York, NY 10020 Attn: William Derasmo Phone: (212) 782-4359 Fax: (212) 782-6445
Bank One, NA	\$50,000,000	One Bank One Plaza Chicago, IL 60670 Attn: Claudia Kech Phone: (312) 732-1031 Fax: (312) 732-4840	One Bank One Plaza Chicago, IL 60670 Attn: Claudia Kech Phone: (312) 732-1031 Fax: (312) 732-4840

HSBC Bank USA	\$50,000,000	140 Broadway, 4th Floor New York, NY 10005 Attn: Monisha Khadse Phone: (212) 658-5572 Fax: (212) 658-5109	140 Broadway, 4th Floor New York, NY 10005 Attn: Monisha Khadse Phone: (212) 658-5572 Fax: (212) 658-5109
Mellon Bank	\$50,000,000	3 Mellon Bank Center, 12th Floor Pittsburgh, PA 15259 Attn: Sannford Richards Phone: (412) 234-8285 Fax: (412) 209-6118	3 Mellon Bank Center, 12th Floor Pittsburgh, PA 15259 Attn: Sannford Richards Phone: (412) 234-8285 Fax: (412) 209-6118
Morgan Guaranty Trust Company	\$50,000,000	Morgan Guaranty Trust Company of New York 60 Wall Street New York, NY 10260-0060 Attn: Andrew Lipsett Phone: (302) 634-1872 Fax: (302) 634-8177	Morgan Guaranty Trust Company - Nassau Bahamas Branch c/o JP Morgan Services Inc. 500 Stanton Christiana Road Newark, DE 19713 Attn: Andrew Lipsett Phone: (302) 634-1872 Fax: (302) 634-8177
ABN AMRO Bank N.V.	\$21,666,667	208 South LaSalle Street Suite 1500 Chicago, IL 60604 Attn: Credit Administration Phone: (312) 992-5110 Fax: (312) 992-5111	208 South LaSalle Street Suite 1500 Chicago, IL 60604 Attn: Credit Administration Phone: (312) 992-5110 Fax: (312) 992-5111
Banca di Roma	\$21,666,667	34 East 51st Street New York, NY 10022 Attn: Lino Caldera Phone: (212) 407-1613 Fax: (212) 407-1684	34 East 51st Street New York, NY 10022 Attn: Lino Caldera Phone: (212) 407-1613 Fax: (212) 407-1684
BNP Paribas	\$21,666,667	499 Park Avenue New York, NY 10022 Attn: Andree Mitton/Robin Jackson-Bogner Phone: (212) 415-9617/9616 Fax: (212) 415-9606	499 Park Avenue New York, NY 10022 Attn: Andree Mitton/Robin Jackson-Bogner Phone: (212) 415-9617/9616 Fax: (212) 415-9606
Northern Trust Company	\$21,666,667	50 S. LaSalle Street Chicago, IL 60675 Attn: Linda Honda Phone: (312) 444-3532 Fax: (312) 630-1566	50 S. LaSalle Street Chicago, IL 60675 Attn: Linda Honda Phone: (312) 444-3532 Fax: (312) 630-1566
The Sumitomo Bank, Limited	\$21,666,667	277 Park Avenue New York, NY 10172 Attn: Edward McColly Phone: (212) 224-4139 Fax: (212) 224-4384	277 Park Avenue New York, NY 10172 Attn: Edward McColly Phone: (212) 224-4139 Fax: (212) 224-4384
Wells Fargo (Norwest)	\$21,666,667	Sixth & Marquette 3rd Floor Minneapolis, MN 55479 Attn: Molly S. Van Metre Phone: (612) 667-9147 Fax: (612) 667-2276	Sixth & Marquette 3rd Floor Minneapolis, MN 55479 Attn: Molly S. Van Metre Phone: (612) 667-9147 Fax: (612) 667-2276

Banco Bilbao Vizcaya	\$13,333,333	1345 Avenue of the Americas 45th Floor New York, NY 10105 Attn: Anne-Maureen Sarfati Phone: (212) 728-1654 Fax: (212) 333-2904	1345 Avenue of the Americas 45th Floor New York, NY 10105 Attn: Anne-Maureen Sarfati Phone: (212) 728-1654 Fax: (212) 333-2904
Fuji Bank	\$13,333,333	Two World Trade Center New York, NY 10048 Attn: Tina Catapano Phone: (212) 898-2099 Fax: (212) 488-8216	Two World Trade Center New York, NY 10048 Attn: Tina Catapano Phone: (212) 898-2099 Fax: (212) 488-8216
Royal Bank of Canada	\$13,333,333	One Liberty Plaza, 4th Floor New York, NY 10006 Attn: Aurora Lanteigne Phone: (212) 428-6338 Fax: (212) 428-2372	One Liberty Plaza, 4th Floor New York, NY 10006 Attn: Aurora Lanteigne Phone: (212) 428-6338 Fax: (212) 428-2372
Standard Chartered	\$13,333,333	7 World Trade Center New York, NY 10048 Attn: Kevin Fax Phone: (212) 667-0341 Fax: (212) 667-0568	7 World Trade Center New York, NY 10048 Attn: Kevin Fax Phone: (212) 667-0341 Fax: (212) 667-0568
Unicredito Italiano	\$13,333,333	375 Park Avenue New York, NY 10152 Attn: Christopher Eldin Phone: (212) 546-9611 Fax: (212) 546-9665	Grand Cayman Branch c/o Unicredito Italiano, NY Branch 375 Park Avenue New York, NY 10152 Attn: Christopher Eldin Phone: (212) 546-9611 Fax: (212) 546-9665

EXHIBIT 10.13

Honeywell International Inc.
Supplemental Pension Plan

Amended and Restated
as of January 1, 2000

Article I - Purpose

Effective November 20, 1975, Allied Corporation adopted the Allied Corporation Supplemental Retirement Plan for Executives and Key Employees. Such plan is amended and restated effective January 1, 2000 as the Honeywell International Inc. Supplemental Pension Plan (the "Plan").

The purpose of the Plan is to provide retired participants and their joint annuitants and beneficiaries under the Pension Plan with the amount of retirement income that is not provided under the Pension Plan because the participant deferred compensation under one or more nonqualified deferred compensation plans of Honeywell International Inc., including the Incentive Plan, the Supplemental Savings Plans and the Salary Deferral Plan or, by reason of the limits imposed by Section 415 and 401(a)(17) of the Code. The Plan is also intended to cover any contractual obligation Allied has to pay pension benefits which cannot be provided under the provisions of the Pension Plan.

Except to the extent otherwise indicated, and to the extent otherwise inappropriate, the Pension Plan and the provisions thereof are hereby incorporated by reference.

Article II - Definitions

- 2.1 Accrued Pension Benefit - means the amount of retirement income payable under the Pension Plan to or with respect to a participant at or after termination of employment, or such earlier date requiring payment under this Plan.
- 2.2 Board of Directors - means the Board of Directors of Honeywell.
- 2.3 Code - means the Internal Revenue Code of 1986, as amended from time to time.
- 2.4 Committee - means the Management Development and Compensation Committee of Honeywell.
- 2.5 Incentive Plan - means the AlliedSignal Inc. Incentive Compensation Plan for Executive Employees, and all predecessor and successor plans.
- 2.6 Honeywell - means Honeywell International Inc., a Delaware corporation and its subsidiaries.
- 2.7 Pension Plan - means the AlliedSignal Inc. Retirement Program (or any successor defined benefit pension plan) and any other defined benefit pension plan covering salaried employees of Honeywell International Inc. other than (i) this Plan, (ii) the portion of any defined benefit pension plan providing benefits to employees under the Honeywell Retirement Benefit Plan formula and provisions of such pension plan, and (iii) the AlliedSignal Pension Plan for Contractual Obligations. Notwithstanding the foregoing, any Plan participant who is a participant in a plan described in subclause (ii) above and who has waived his or her right to the

change in control benefit to which he or she was previously entitled under the terms of a severance agreement or plan maintained by Honeywell Inc. and is a Participant in the Honeywell International Inc. Supplemental Executive Retirement Plan for Executives in Career Band 6 and Above shall have this definition apply without regard to subclause (ii) above.

- 2.8 Plan - means the Honeywell International Inc. Supplemental Pension Plan.
- 2.9 Salary Deferral Plan - means the Salary Deferral Plan for Selected Employees of Honeywell International Inc. and its Affiliates (Career Band 6 and above or employees who occupy positions equivalent thereto), as the same may be amended from time to time.
- 2.10 Supplemental Benefit - means the excess, if any, of (i) the retirement income payable to or with respect to a participant under the Pension Plan which would have been accrued by the participant (1) had the amount of deferred compensation awards under the Incentive Plan been compensation included for calculating benefits under the Pension Plan in the year the award would otherwise have been earned or payable as recognized by the Pension Plan, (2) had Participant Deferred Contributions, as that term is defined in the Supplemental Savings Plans, been compensation included for calculating benefits under the Pension Plan in the year the compensation would otherwise have been earned or payable as recognized by the Pension Plan, (3) had the portion of Base Annual Salary and Incentive Awards deferred by a participant under the terms of the Salary Deferral Plan, been compensation included for calculating benefits under the Pension Plan in the year the compensation would otherwise have been earned or payable as recognized by the Pension Plan, (4) had the limits of Code Section 415 and 401(a)(17) not been incorporated in the Pension Plan, and (5) had the participant met all the requirements for a benefit from the Pension Plan with respect to all other pension benefits which Honeywell has become contractually obligated to pay to the participant, over (ii) the participant's Accrued Pension Benefit.
- 2.11 Supplemental Savings Plans - means the Supplemental Non-Qualified Savings Plans for Highly Compensated Employees of Honeywell International Inc. and its Subsidiaries, as the same may be amended from time to time.

Article III - Participation

Participation in the Plan shall be limited to:

- (a) those participants in the Pension Plan (and their joint annuitants and beneficiaries) who as a result of having deferred an award under the Incentive Plan or having deferred compensation under the Supplemental Savings Plans or the Salary Deferral Plan, receive or shall receive a lesser amount under the Pension Plan than would otherwise be paid or payable in the absence of such deferral;
- (b) those participants in the Pension Plan (and their joint annuitants and beneficiaries) who as a result of the limitations contained in Code Sections 415 or 401(a)(17) receive or will receive a lesser amount under the Pension Plan than would otherwise be paid or payable in the absence of such limitations, and
- (c) any employee who has entered into a contractual agreement with Honeywell under which Honeywell shall, after the termination of employment of the employee, provide a benefit in the form of a life annuity for the employee (and the employee's joint annuitant or beneficiary) as provided under the terms of the contractual agreement.

Article IV - Supplemental Benefit

4.01 Payment of Supplemental Benefit

- (a) Supplemental Benefits shall be payable directly to such participant, or such participant's joint annuitant or beneficiary, as applicable, from the general assets of Honeywell and Honeywell shall not be under any obligation to set aside any funds or other assets for the payment of the Supplemental Benefits under this Plan. Honeywell may, in its sole discretion, establish funds for payment of these Supplemental Benefits. However, any and all such funds shall remain assets of Honeywell and subject to the claims of creditors of such corporation. Such funds, if any, shall not be deemed to be assets of this Plan.

Notwithstanding the preceding paragraph, the Committee is authorized (but not required) to cause AlliedSignal (or any successor thereto) to fund all or a part of the Supplemental Benefits for such participant or participants as it may select in its sole discretion from time to time. The amount of such funded Supplemental Benefits shall not be assets of Honeywell and shall not be subject to the claims of creditors of Honeywell. Such participants, if any, and the amount of any funded Supplemental Benefits shall be designated in Appendix A and the

Supplemental Benefits of any participant not designated in Appendix A or the portion of any Supplemental Benefit not funded as designated in Appendix A shall not be so funded and shall remain subject to the provisions of the preceding paragraph of this Section 4.01(a). A participant designated on Appendix A who is married on the date any funded Supplemental Benefits commence under Section 4.01(b) must obtain the written consent of the participant's spouse in the form and manner prescribed by the Committee to the election of any form of payment of such funded Supplemental Benefits other than a 50% joint and survivor annuity with the participant's spouse designated as the joint annuitant. The Committee is authorized to select, appoint and remove trustees or other entities or individuals, to enter into, amend and terminate trust or other agreements, to create trust or other secured funds, to cause Honeywell to make contributions to such funds in such amounts as the Committee may determine from time to time and to take all other actions that it may determine to be necessary or helpful in implementing the funding, including providing for the payment of Supplemental Benefits in accordance with applicable law.

- (b) Any person entitled to a Supplemental Benefit shall be entitled to payment of such benefit only from the date on which such Supplemental Benefit becomes due and payable and only in such installments or other manner of payment as is provided under the relevant Pension Plan or agreement, provided, however, that if a Participant so elects, by giving written notice to the Plan Administrator, and if the Committee approves such election, payment of such Supplemental Benefit shall be in a lump sum equal to the present value of such Participant's Supplemental Benefit accrued to the date of such Participant's retirement under the relevant Pension Plan or agreement (or the lump sum value of the Supplemental Benefit calculated with reference to the Retirement Earnings Plan provisions of any Pension Plan). For the purpose of determining the present value of a Participant's accrued Supplemental Benefit, the "Applicable Mortality Table" and the "Applicable Interest Rate" shall be used, as defined below. Except as may be permitted pursuant to the proviso to the first sentence of this Paragraph (b), no person shall have a right to acceleration of any such payment. No person shall be entitled to anticipate such benefit by assignment, pledge or transfer in any form or manner prior to actual or constructive receipt of payment.

- (1) The "Applicable Mortality Table" means the mortality table prescribed by the Secretary of the Treasury pursuant to Code Section 417(e). Such table shall be based on the prevailing commissioners' standard table (described in Code Section 807(d)(5)(A)) used to determine reserves for group annuity contracts issued on the date as of which the

present value is being determined (without regard to any other subparagraph of Code Section 807(d)(5)).

- (2) The "Applicable Interest Rate" means the average annual rate of interest on 30-year Treasury securities determined as of the third calendar month preceding the month during which the benefit commencement occurs.
- (c) In the event that a Supplemental Benefit becomes payable in accordance with this Article IV, Section 4.01, Paragraph (b) and in the event the relevant Pension Plan or agreement is terminated in accordance with its terms, then the Participant shall have a right to only the Supplemental Benefit accrued to the date of termination of the relevant Pension Plan or agreement. In such event, Honeywell shall remain liable for the payment of the Supplemental Benefit and payment shall be made at such times and in such manner as the Plan Administrator shall determine, unless the Participant shall have made the election referred to in Paragraph (b) of this Section 4.01, in which event payment shall be made pursuant to such election, if approved by the Committee as therein required. Such accrued Supplemental Benefit shall remain subject to Paragraphs (a) and (b) of this Section 4.01.
- (d) Except to the extent that a participant's Supplemental Benefits are funded as described in Section 4.01(a), the rights and interest of any participant, joint annuitant, or beneficiary to a Supplemental Benefit under this Plan shall be the same as any other unsecured creditor of Honeywell (or any successor thereto). In the event of any bankruptcy proceeding by or against Honeywell, a participant, joint annuitant or beneficiary shall be entitled to prove a claim for any unpaid portion of the benefit provided by the Plan.

Article V - Administration

- 5.01 Plan Administrator - The Board of Directors shall name a Plan Administrator. Such Plan Administrator shall serve at the convenience of the Board of Directors and shall serve without compensation. The Plan Administrator shall keep such records as necessary for the proper administration of the Plan and shall report to the Board of Directors at such time or times as the Board of Directors shall designate.
- 5.02 Benefit Determination - The Plan Administrator shall determine the amount and timing of any benefit paid under the Plan. The Plan Administrator shall rely on the records of Honeywell in determining any participant's eligibility for and amount of benefit under the Plan. In the event that the Plan Administrator's reliance on the records of Honeywell causes a benefit to be over or under paid, the Plan Administrator shall adjust future payments to be increased or decreased as required. If such future payments are insufficient to recover any overpayment to a

participant, the Plan Administrator shall withhold any payments then due a participant and take any action deemed appropriate to recover the balance of the overpayment.

5.03 Benefit Appeals - The Plan Administrator shall establish an appeals procedure as defined by U.S. Department of Labor regulations. Such procedures will provide that the participant has sixty (60) days upon receipt of any benefits or denial of benefits to file an appeal with the Plan Administrator. The Plan Administrator must respond within sixty (60) days of receiving the appeal, in writing, specifically identifying those Plan provisions on which the benefit denial was based and indicating what information the participant must supply in order to perfect a claim for benefits.

5.04 Nonduplication of Benefits - To avoid the duplication of benefits, the amount of any similar benefits under this Plan shall be offset and reduced by the amount of any similar benefit provided the participant under other supplemental pension plans sponsored by Honeywell International Inc. (other than the Honeywell International Inc. Supplemental Executive Retirement Plan for Executives in Career Band 6 and Above) for which the participant may be eligible, regardless of whether the payments under this Plan are made at an earlier or a later date than payments under a similar plan would have been made.

Article VI - Amendment and Termination

6.01 Plan Amendments - Honeywell reserves the right to amend the plan from time to time. The Plan may be amended by the Committee; provided however, that no amendment shall reduce any benefit being paid or then payable to a participant. Further, no amendment shall reduce the benefits provided by the Plan to participants or alter in any manner the rights of the participants to benefits provided under this Plan.

6.02 Plan Termination - Honeywell reserves the right to terminate the Plan. However, such termination shall not adversely affect the rights of participants.

APPENDIX A
FUNDED BENEFITS
FOR DESIGNATED PARTICIPANTS

The following Participants shall have the designated portion of their Plan benefits funded as permitted in Section 4.01(a):

Name ----	Lump Sum Value of Funded Benefit -----	Date Benefit Funded -----
Richard F. Wallman	\$ 2,100,000	December 28, 2000
Barry C. Johnson	\$ 1,400,000	December 28, 2000

The Committee (or its delegate) may determine that the portion of the Plan providing funded Supplemental Benefits to Participants designated on this Appendix shall be separated from the remaining portion of this Plan as of December 20, 2000 (or such later date as may be established by the Committee) and shall thereafter constitute a separate plan, program or arrangement with terms and provisions identical to this Plan. Supplemental Benefits under such separate plan, program or arrangement and this Plan shall be calculated to avoid duplication or omission of benefits.

HONEYWELL INTERNATIONAL INC. SUPPLEMENTAL
EXECUTIVE RETIREMENT PLAN FOR EXECUTIVES IN
CAREER BAND 6 AND ABOVE

Effective as of August 1, 1998

ARTICLE I

PURPOSE

The purpose of the Honeywell International Inc. Supplemental Executive Retirement Plan for Executives in Career Band 6 and Above is to provide certain Executives and their Beneficiaries with monthly retirement income benefits under all defined benefit deferred compensation plans maintained by the Company that are at least equal to the benefits that would have been payable had such Executives been covered by the Retirement Program and the Supplemental Pension Plan (as defined herein) throughout their Credited Service (as defined herein) with the Company.

To the extent required to determine benefits under this Plan, the terms and provisions of the Pension Plans and the Supplemental Pension Plan shall be deemed to be incorporated by reference.

ARTICLE II

DEFINITIONS

- 2.1 "Beneficiary" or "Beneficiaries" means the person or persons designated as a Participant's joint or contingent annuitant and/or beneficiary, if any, under the applicable Pension Plan(s).
- 2.2 "Board" means the Board of Directors of Honeywell International Inc.
- 2.3 "Code" means the Internal Revenue Code of 1986, as amended from time to time.
- 2.4 "Committee" means the Management Development and Compensation Committee of the Company's Board of Directors.
- 2.5 "Common Stock" means the common stock of Honeywell International Inc. or such other stock for which such common stock may be exchanged as a result of a split-up, recapitalization, reclassification or other corporate restructuring.
- 2.6 "Company" means Honeywell International Inc. and its subsidiaries and successors.
- 2.7 "Credited Service" means years of service with the Company for which credit would be given under the terms of Pension Plans for benefit accrual purposes.
- 2.8 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.
- 2.9 "Executive" means an individual employed by the Company in Career Band 6 or above as of the individual's termination of employment or retirement date, as applicable.

- 2.10 "Participant" means an individual eligible for benefits under this Plan in accordance with Article III.
- 2.11 "Plan" means the Honeywell International Inc. Supplemental Executive Retirement Plan for Executives in Career Band 6 and Above.
- 2.12 "Pension Plan" means any defined benefit plan (within the meaning of Code Section 414(j)) that is subject to the provisions of Code Section 401(a) and that covers salaried employees of the Company, including, without limitation, the Retirement Program.
- 2.13 "Retirement Program" means the portion of the Honeywell International Inc. Retirement Earnings Plan applicable to participants in Allied Signal Inc. Retirement Program (Provisions Relating to Allied Salaried Employees), as the same may be amended or referred to from time to time, and any successor provisions of such plan.
- 2.14 "Supplemental Benefit" means the benefit described in Section 4.1 of the Plan.
- 2.15 "Supplemental Pension Plan" means the Honeywell International Inc. Supplemental Pension Plan, as the same may be amended from time to time, and any successor plan.

ARTICLE III

PARTICIPATION

- 3.1 Eligibility - In General. Participation in the Plan shall be limited to those Executives who have earned Credited Service under a Pension Plan other than the Retirement Program. Notwithstanding the previous sentence, no Executive who has entered into any individual agreement or arrangement with the Company concerning retirement benefits shall be entitled to any benefit under Article IV except to the extent otherwise expressly provided in such agreement or arrangement.
- 3.2 Status at Termination/Retirement Date. No benefits shall be payable under the Plan if on the date of such individual's termination of employment or retirement date, as applicable, the Executive (a) is not employed by the Company in a Career Band 6 or above position, (b) is entitled to any severance benefits payable under the Honeywell Key Employee Severance Plan or under any other contract, agreement or arrangement between the Executive and Honeywell Inc. (or its successors or affiliates) that are attributable to any "change in control" of Honeywell Inc. in 1999 as defined in such Plan or other contracts, agreements or arrangements, or (c) is a participant in the Retirement Earnings Plan portion of the Honeywell International Inc. Retirement Earnings Plan.

ARTICLE IV

BENEFITS

- 4.1 Amount of Benefit. Subject to the terms of this Article IV, a Participant shall receive a monthly Supplemental Benefit. The monthly Supplemental Benefit shall be determined by comparing (a) the sum of the monthly retirement benefits (normal or early) actually payable to the Participant under the Pension Plan(s) and the Supplemental Pension Plan (as applied to the applicable Pension Plan(s)) in accordance with the distribution method selected by the Participant, and (b) the sum of the monthly retirement benefits (normal or early) that would be payable to the Participant under the Retirement Program and the Supplemental Pension Plan (as applied to the Retirement Program) if all of the Participant's Credited Service had been earned solely under the Retirement Program and if such Participant had made the same distribution method election as under (a) above. The monthly Supplemental Benefit shall equal the amount, if any, by which (b) exceeds (a) for the applicable monthly period.
- 4.2 Payment of Benefit. Except as otherwise provided in Section 4.3, the Supplemental Benefit shall generally be paid at the same time benefits are paid to the Participant under the applicable Pension Plan(s). The Supplemental Benefit shall be paid directly to the Participant or, in the event of the Participant's death, to the Participant's Beneficiary.
- 4.3 Form of Payment. The Supplemental Benefit shall generally be paid in the same form as the retirement benefit payable to the Participant under the applicable Pension Plan(s). Notwithstanding the previous sentence, however, a Participant may request that payment of his or her Supplemental Benefit be made in a single lump sum payment. Any such request shall be made in writing to the Plan Administrator, whose decision with respect thereto shall be final, conclusive and binding upon all persons having or claiming to have any right or interest under this Plan. Any lump sum payment approved under this Section 4.3 shall be actuarially equivalent to the Participant's Supplemental Benefit. For this purpose, actuarial equivalence shall be determined by using the "applicable mortality table" and the "applicable interest rate" described in Section 417(e) of the Code, provided that the applicable interest rate shall be determined as of the third calendar month preceding the month during which the benefit commencement date occurs.
- 4.4 Death and Disability Benefits. As more fully described in Section 4.1, this Plan provides benefits only for Executives who are receiving early or normal retirement benefits under a Pension Plan. The Plan does not provide pre-retirement death benefits, disability benefits or any other type of ancillary benefits that may be available under the Retirement Program or the applicable Pension Plan.

ARTICLE V

ADMINISTRATION

- 5.1 Plan Administrator. The Plan Administrator and "named fiduciary" for purposes of ERISA shall be the Senior Vice President-Human Resources and Communications of the Company (or any senior officer of the Company succeeding to the principal responsibilities of such officer). The Plan Administrator shall have the authority to appoint one or more other named fiduciaries of the Plan and to designate persons, other than named fiduciaries, to carry out fiduciary responsibilities under the Plan, pursuant to Section 405(c)(1)(B) of ERISA.
- 5.2 Powers and Duties of Plan Administrator. The Plan Administrator shall have the full discretionary power and authority to construe and interpret the Plan (including, without limitation, supplying omissions from, correcting deficiencies in, or resolving inconsistencies or ambiguities in, the language of the Plan); to determine all questions of fact arising under the Plan, including questions as to eligibility for and the amount of benefits; to establish such rules and regulations (consistent with the terms of the Plan) as it deems necessary or appropriate for administration of the Plan; to delegate responsibilities to others to assist it in administering the Plan; to retain attorneys, consultants, accountants, actuaries or other persons (who may be employees of the Company) to render advice and assistance as it shall determine to be necessary to effect the proper discharge of any duty for which it is responsible; to prepare and distribute to Participants information explaining the Plan; to prescribe procedures to be followed by Participants and Beneficiaries filing applications for benefits; and to perform all other acts it believes reasonable and proper in connection with the administration of the Plan. The Plan Administrator shall be entitled to rely on the records of the Company in determining any Participant's entitlement to and the amount of benefits payable under the Plan. Any determination of the Plan Administrator, including interpretations of the Plan and determinations of questions of fact, shall be final and binding on all parties.
- 5.3 Indemnification. To the extent permitted by law, the Company shall indemnify the Plan Administrator and his delegates from all claims for liability, loss, or damage (including payment of expenses in connection with defense against such claims) arising from any act or failure to act in connection with the Plan.
- 5.4 Records. The Plan Administrator shall keep or cause to be kept such records and shall prepare or cause to be prepared such returns or reports as may be required by law or necessary for the proper administration of the Plan. All resolutions, proceedings, acts and determinations of the Plan Administrator shall be recorded by the Plan Administrator and such records, together with any documents and instruments as may be necessary for the administration of the Plan, shall be preserved in the custody of the Plan Administrator.
- 5.5 Information from Participants. Each Participant shall be required to furnish to the Plan Administrator, in the form prescribed by it, such personal data, affidavits, authorizations to obtain information, and other information as the Plan Administrator may deem appropriate for the proper administration of the Plan.
- 5.6 Reliance. The Plan Administrator and its delegates shall be entitled to rely upon all valuations, certificates and reports furnished by any actuary or accountant selected by the Plan Administrator or any delegate and upon all opinions given by any legal counsel selected by the Plan Administrator or any delegate. The Plan

Administrator and its delegates shall be fully protected with respect to any action taken or suffered by their having relied in good faith upon such actuary, accountant or counsel and all action so taken or suffered shall be conclusive upon each of them and upon all Participants and their Beneficiaries.

5.7 Compensation and Expenses. Unless authorized by the Board, neither the Plan Administrator nor its delegates shall be compensated for service in such capacity, but shall be reimbursed for reasonable expenses incident to the performance of such duties.

5.8 Claims Procedures and Appeals. Any claim or appeal under this Plan shall be subject to the following rules:

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

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

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

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

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

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

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

- (d) If the Participant appeals the Plan Administrator's denial of benefits in a timely fashion, the Plan Administrator shall re-examine all issues relevant to the original denial of benefits. Any such claimant, or his or her duly authorized representative, may review any pertinent documents, as determined by the Plan Administrator, and submit in writing any issues or comments to be addressed on appeal.
- (e) The Plan Administrator shall advise the Participant and such individual's representative of its decision, which shall be written in a manner calculated to be understood by the claimant, and include specific references to the pertinent Plan provisions on which the decision is based. Such response shall be made within 60 days of receipt of the written appeal, unless special circumstances require an extension of such 60-day period for not more than an additional 60 days. Where such extension is necessary, the claimant shall be given written notice of the delay. If the decision on review is not furnished within the time set forth above, the claim shall be deemed denied on review.
- (f) Any dispute, controversy, or claim arising out of or relating to any Plan benefit, including, without limitation, any dispute controversy or claim as to whether the decision of the Plan Administrator respecting the benefits under this Plan or interpretation of this Plan is arbitrary and capricious, that is not settled in accordance with the procedures outlined in this Section 5.8, shall be settled by final and binding arbitration in accordance with the American Arbitration Association Employment Dispute Resolution or other applicable Rules. Before resorting to arbitration, an aggrieved Participant must first follow the review procedure outlined in this Section of the Plan. If there is still a dispute after the procedures in this Section have been exhausted, the Participant must request arbitration in writing within six (6) months after the Plan Administrator issues, or is deemed to have issued, its determination under subparagraph (e) above.

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

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

ARTICLE VI

PLAN AMENDMENT OR TERMINATION

- 6.1 Right to Amend. The Company shall have the right at any time to amend the Plan. No such amendment shall have the effect specified in Section 6.3.
- 6.2 Right of the Company to Terminate Plan. The Company intends and expects that from year to year it will be able to and will deem it advisable to continue this Plan in effect. Subject to the provisions of Section 6.3, the Company reserves the right to terminate the Plan at any time.
- 6.3 Restrictions on Amendment or Termination. No amendment or termination of the Plan shall be made which would adversely affect any Participant's benefit under this Plan (determined in accordance with the terms of the applicable Pension Plans and Supplemental Pension Plans in effect on the day immediately preceding such amendment or termination) or that would adversely affect the benefit that is being paid to any person at the time of such amendment or termination. The prohibitions of this Section 6.3 shall apply notwithstanding any legal right or ability of the Company to amend or terminate this Plan.

ARTICLE VII

MISCELLANEOUS PROVISIONS

- 7.1 No Assignment of Benefit. No benefit under the Plan, nor any other interest hereunder of any Participant or Beneficiary shall be assignable, transferable or subject to sale, mortgage, pledge, hypothecation, commutation, anticipation, garnishment, attachment, execution, or levy of any kind, and the Plan Administrator shall not recognize any attempt to assign, transfer, sell, mortgage, pledge, hypothecate, commute or anticipate the same, except to the extent required by law and except that no amount shall be payable hereunder until and unless any and all amounts representing debts or other obligations owed to the Company by the Participant with respect to whom such amount would otherwise be payable shall have been fully paid and satisfied.
- 7.2 No Implied Rights to Employment. The adoption and maintenance of this Plan shall not be deemed to constitute a contract between the Company and any employee or to be a consideration for or condition of employment of any person. No provision of the Plan shall be deemed to give any employee the right to continue in the employ of the Company or to interfere with the right of the Company to discharge any employee at any time without regard to the effect which such discharge might have upon the employee's participation in the Plan or benefits under it.
- 7.3 Unsecured General Creditor. Benefits payable under this Plan shall be general, unsecured obligations of the Company. The Company shall not be required to set aside funds for the payment of its obligations hereunder. However, the Company

may, in its sole discretion, establish funds for the payment of its obligations hereunder. In such case, however, no Participant or Beneficiary shall have any title to or beneficial ownership in any assets which the Company may earmark to pay benefits hereunder. Any such funds shall remain assets of the Company and subject to the claims of its general creditors. The Plan is intended to be unfunded for tax purposes and for purposes of Title I of ERISA.

- 7.4 Employment with More than One Company. If any Participant shall be entitled to benefits under a Pension Plan on account of service with more than one business of the Company, the obligations under this Plan shall be apportioned among such Company businesses on the basis of service with each.
- 7.5 Effect of Adverse Determination. Notwithstanding any provision set forth herein, if the Internal Revenue Service determines, for any reason, that all or any portion of the amounts credited under this Plan is currently includible in the taxable income of any Participant, then the amounts so determined to be includible in income shall be distributed in a lump sum to such Participant as soon as practicable.
- 7.6 Payment of Benefits. If the Plan Administrator determines that a person entitled to receive any benefit payment is under a legal disability or is incapacitated in any way so as to be unable to manage his financial affairs, the Plan Administrator may direct the Company to make payments to the Participant's legal representative or to a relative or other person for the Participant's benefit, or to apply the payment for the benefit of such person in such manner as the Plan Administrator considers advisable. Any payment of a benefit in accordance with the provisions of this Section 7.6 shall be complete discharge of any liability to make such payment.
- 7.7 Effectuation of Intent. In the event it should become impossible for the Company or the Plan Administrator to perform any act required by the Plan, the Company or Plan Administrator may perform such other act as it in good faith determines will most nearly carry out the intent and purposes of the Plan.
- 7.8 Headings. The headings of Articles and Sections of this Plan are for convenience of reference only, and in case of conflict between any such headings and the text of this Plan, the text shall govern.
- 7.9 Copy of Plan. An executed copy of the Plan shall be available for inspection by any Executive or other person entitled to benefits under the Plan at reasonable times at the offices of the Company.
- 7.10 Rules of Construction. Masculine pronouns used herein shall refer to men or women or both and nouns and pronouns when stated in the singular shall include the plural and when stated in the plural shall include the singular, wherever appropriate.
- 7.11 Governing Law. This Plan and its provisions shall be construed in accordance with the laws of the State of Delaware to the extent such Delaware law is not inconsistent with the provisions of ERISA.

- 7.12 Severability. If any provision of this Plan is held invalid, the invalidity shall not affect other provisions of the Plan which can be given effect without the invalid provision, and to this end the provisions of this Plan shall be severable.
- 7.13 Expense of Administration. The reasonable expenses incident to the operation of the Plan shall be paid by the Company.
- 7.14 Successors. This Plan shall be binding upon and inure to the benefit of the Company, its successors and assigns and each Participant and his heirs, executors, administrators and legal representatives.

HONEYWELL SUPPLEMENTAL
DEFINED BENEFIT RETIREMENT PLAN

(December 31, 2000 Restatement)

HONEYWELL
SUPPLEMENTAL DEFINED BENEFIT RETIREMENT PLAN

(December 31, 2000 Restatement)

TABLE OF CONTENTS

	Page	

SECTION 1	INTRODUCTION	
1.1	Preambles	1
1.2	Definitions	2
1.2.1	Base Plan	2
1.2.2	Benefit Starting Date	2
1.2.3	Committee	2
1.2.4	Effective Date	2
1.2.5	Employer	2
1.2.6	Participant	2
1.2.7	Plan	2
1.2.8	Plan Statement	2
1.2.9	Plan Year	2
1.2.10	Prior Plan Statements	3
1.2.11	Supplemental Savings Plan	3
1.3	Rules of Interpretation	3
SECTION 2	ELIGIBILITY AND PARTICIPATION	4
2.1	Participation	4
2.1.1	General Participation Requirements	4
2.1.2	Minimum Benefit Participation Requirements	4
2.2	Exclusions	4
2.2.1	Non-Members of Select Group of Management or Highly Compensated Employees	4
2.2.2	Participants in the Honeywell International Inc. Supplemental Pension Plan	5
2.3	Duration	5
SECTION 3	BENEFITS	6
3.1	Participant Benefit	6
3.1.1	Basic Benefit	6
3.1.2	Minimum Benefit	6
3.1.3	Limitation on Benefits	6

3.2	Survivor Benefit	7
	3.2.1 Death Before Benefits Commence	7
	3.2.2 Death After Benefits Commence	7
3.3	Special 1993 Vesting	7
SECTION 4	DISTRIBUTIONS	8
4.1	Forms of Payment	8
4.2	Lump Sum Payment	8
	4.2.1 Election and Amount	8
	4.2.2 Death Within 13 Month Period	8
	4.2.3 Acceleration of Benefits with Forfeiture	8
4.3	Timing	8
4.4	Change in Control	9
	4.4.1 Immediate Vesting	9
	4.4.2 Definition	9
4.5	Taxes	10
4.6	Incompetency	10
SECTION 5	GENERAL MATTERS	11
5.1	Funding	11
5.2	Status of Participant	11
5.3	Spendthrift Provisions	11
5.4	No Employment Contract	11
SECTION 6	AMENDMENT AND TERMINATION	12
6.1	Amendment	12
6.2	Change in Control	12
6.3	Amendments to Base Plan	12
SECTION 7	DETERMINATION AND CLAIMS	13
7.1	Determination	13
7.2	Claims Procedure	13
	7.2.1 Original Claim	13
	7.2.2 Claims Review Procedure	13
	7.2.3 General Rules	14

SECTION 8	PLAN ADMINISTRATION	15
8.1	Employer	15
8.2	Committee	15
8.3	Method of Executing Instruments	15
8.4	Conflict of Interest	15
8.5	Plan Administrator	15
8.6	Construction	15
TABLE I	ACTUARIAL ASSUMPTIONS FOR LUMP SUM PAYMENTS	17
TABLE II	VESTED ACCRUED BENEFITS	18
TABLE III	FUNDED BENEFITS	19

HONEYWELL
SUPPLEMENTAL DEFINED BENEFIT RETIREMENT PLAN

(December 31, 2000 Restatement)

SECTION 1
INTRODUCTION

1.1. Preambles. Honeywell International Inc., a Delaware corporation, maintains a tax qualified defined benefit plan known as the Honeywell International Inc. Retirement Earnings Plan (the "Retirement Earnings Plan"), a successor to the Honeywell Retirement Benefit Plan. Benefits in the Retirement Earnings Plan are restricted by sections 415 and 401(a)(17) of the Internal Revenue Code, as amended (the "Code"), and by the non-recognition of certain types of compensation.

Section 3(36) and section 4(b)(5) of the Employee Retirement Income Security Act of 1974, as amended, ("ERISA") recognize and authorize the establishment of an unfunded, nonqualified plan of deferred compensation maintained by an employer solely for the purpose of providing benefits for employees in excess of the limitations on benefits imposed under section 415 of the Code. Sections 201, 301 and 401 of ERISA also recognize the creation of an unfunded, nonqualified plan maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees.

On April 20, 1976, Honeywell Inc. ("Honeywell") established the Honeywell Supplementary Retirement Plan for the Purpose of providing the full benefits promised to employees under the Honeywell Retirement Benefit Plan without regard to the limitation on benefits imposed by section 415 of the Code. On July 1, 1989, Honeywell established the Honeywell Supplementary Executive Retirement Plan For Compensation In Excess Of \$200,000 for the purpose of providing the full benefits promised to employees under the Honeywell Retirement Benefit Plan without regard to the limitation on compensation imposed by section 401(a)(17) of the Code. On January 1, 1985, Honeywell established the Honeywell Supplementary Retirement Plan For CECP Participants for the purpose of providing the full benefits promised to employees under the Honeywell Retirement Benefit Plan without regard to the exclusion from earnings of deferred incentive awards paid under the Honeywell Corporate Executive Compensation Plan (collectively, "the SERPs").

Each of the SERPs was amended and restated effective September 20, 1994. The SERPs were amended, completely restated and consolidated into one plan and completely superseded each Prior Plan Statement effective for persons retiring on or after January 1, 1998. The consolidated plan was designated as the Honeywell Supplemental Defined Benefit Retirement Plan (the "Plan"). Honeywell Inc. became a wholly owned subsidiary of Honeywell International Inc. on December 4, 1999. Effective April 1, 2000, the Plan has been amended principally to recognize employee deferrals under the Honeywell International Inc. Supplemental Savings Plans as "earnings" under the Plan. The Plan is intended to be, in part, an unfunded excess benefit plan within the meaning of section 3(36) ERISA and, in part, an unfunded plan maintained primarily for

the purpose of providing deferred compensation for a select group of management or highly compensated employees as provided in sections 201(2), 301(3) and 401(a)(1) of ERISA (except as otherwise provided in Table III).

1.2. Definitions. When used herein with initial capital letters, the following words have the following meanings:

1.2.1. Base Plan - the portion of the tax-qualified Honeywell International Inc. Retirement Earnings Plan providing pension benefits to employees under the Honeywell Retirement Benefit Plan formula and provisions set forth in the applicable Appendix to the Honeywell International Inc. Retirement Earnings Plan as the same is existing and amended from time to time.

1.2.2. Benefit Starting Date - the date as of which a benefit is commenced in the Base Plan.

1.2.3. Committee - the Management Development and Compensation Committee of the Board of Directors of Honeywell International Inc. If no such committee exists at any relevant time, the duties allocated to such committee under this Plan shall be discharged by the Board of Directors of Honeywell or a person or committee to whom such duties may be delegated by the Board of Directors.

1.2.4. Effective Date - December 4, 1999 (except that provisions of the Plan relating to the funding of benefits as provided in Table III shall be effective December 20, 2000).

1.2.5. Employer - Honeywell Inc., any successor to Honeywell Inc., and any business entity that, with the approval of Honeywell adopts the Plan.

1.2.6. Participant - an employee of the Employer who becomes a Participant in the Plan in accordance with the provisions of Section 2 (or any comparable provision of the Prior Plan Statements).

1.2.7. Plan - this excess benefit and nonqualified deferred compensation plan of the Employer established for the benefit of employees eligible to participate therein, as first set forth in the Prior Plan Statements and as amended and restated in this Plan Statement. (As used herein, "Plan" refers to the legal entity established by the Employer and not to the documents pursuant to which the Plan is maintained. Those documents are referred to herein as the "Prior Plan Statement" and the "Plan Statement.") The Plan shall be referred to as the Honeywell Supplemental Defined Benefit Retirement Plan.

1.2.8. Plan Statement - this document entitled "Honeywell Supplemental Defined Benefit Retirement Plan (December 31, 2000 Restatement)," as adopted by Honeywell effective as of December 4, 1999, as the same may be amended from time to time thereafter.

1.2.9. Plan Year - the twelve-(12) month period ending on December 31.

1.2.10 Prior Plan Statements - the series of documents pursuant to which components of this Plan were established and operated thereafter until

December 4, 1999.

1.2.11 Supplemental Savings Plan - the Supplemental Non-Qualified Savings Plan for Highly Compensated Employees of Honeywell International Inc. and its Subsidiaries.

1.3. Rules of Interpretation. Whenever appropriate, words used herein in the singular may be read in the plural, or words used herein in the plural may be read in the singular; the masculine may include the feminine; and the words "hereof," "herein" or "hereunder" or other similar compounds of the word "here" shall mean and refer to the entire Plan Statement and not to any particular paragraph or Section of this Plan Statement unless the context clearly indicates to the contrary. The titles given to the various Sections of this Plan Statement are inserted for convenience of reference only and are not part of this Plan Statement, and they shall not be considered in determining the purpose, meaning or intent of any provision hereof. Any reference in this Plan Statement to a statute or regulation shall be considered also to mean and refer to any subsequent amendment or replacement of that statute or regulation. This instrument has been executed and delivered in the State of New Jersey and has been drawn in conformity to the laws of that State and shall, except to the extent that federal law is controlling and except for its law respecting choice of law, be construed and enforced in accordance with the laws of the State of New Jersey.

SECTION 2
ELIGIBILITY AND PARTICIPATION

2.1. Participation. An employee is eligible to participate in and receive benefits under this Plan if the employee satisfies the requirements of either Section 2.1.1 or Section 2.1.2:

2.1.1. General Participation Requirements. The employee (a) (i) is eligible to commence a normal or early retirement benefit under the Base Plan when employment terminates, (ii) dies while still actively employed by Honeywell with a vested benefit in the Base Plan, (iii) has been granted a vested benefit in this Plan, or (iv) has been specifically selected by the Committee to participate in this Plan; and

(b) has a benefit in the Base Plan that is reduced on account of (i) the benefit limitation under section 415 of the Code or (ii) the compensation limitation under section 401(a)(17) of the Code or (iii) the provision in the Base Plan excluding from earnings (A) any deferred incentive awards paid under the Honeywell Corporate Executive Compensation Plan or the AlliedSignal Inc. Incentive Compensation Plan for Executive Employees (or any successor plans), or (B) any deferrals by the employee under the Supplemental Savings Plan.

2.1.2. Minimum Benefit Participation Requirements. The employee fails to satisfy the general participation requirements of Section 2.1.1 and has a benefit in the Base Plan that, after excluding from earnings any deferred incentive awards paid under the Honeywell Corporate Executive Compensation Plan, the AlliedSignal Inc. Incentive Compensation Plan for Executive Employees (or any successor plans) and application of the benefit limitation under section 415 of the Code and the compensation limitation of section 401(a)(17) of the Code, is reduced solely on account of the exclusion under the Base Plan of any deferrals by the employee under the Supplemental Savings Plan.

2.2. Exclusions. The following employees shall be excluded from participation in the Plan:

2.2.1 Non-Members of a Select Group of Management or Highly Compensated Employees. Notwithstanding anything to the contrary in this Plan or in any written communication, summary, resolution or document or oral communication, unless an individual is a member of a select group of management or highly compensated employees (as that expression is used in ERISA), the individual shall not be a Participant in this Plan, develop benefits under this Plan or be entitled to receive benefits under this Plan (either for the Participant or the Participant's survivors) except to the extent that the individual's benefits in Base Plan are reduced on account of Code section 415 limits.

If a court of competent jurisdiction, any representative of the U.S. Department of Labor or any other governmental, regulatory or similar body makes any direct or indirect, formal or informal, determination that an individual is not a member of a select group of management or highly compensated employees (as that expression is used in ERISA), such individual shall not be (and shall not have ever been) a Participant in this Plan at any time except to the extent that the individual's benefits

in Base Plan are reduced on account of Code section 415 limits. If any person not so defined has been erroneously treated as a Participant in this Plan, upon discovery of such error such person's erroneous participation shall immediately terminate ab initio and upon demand such person shall be obligated to reimburse Honeywell for all amounts erroneously paid to him or her.

2.2.2 Participants in the Honeywell International Inc. Supplemental Pension Plan. An employee entitled to a supplemental benefit under the Honeywell International Inc. Supplemental Pension Plan shall not be a Participant in this Plan and shall not be entitled to any benefit under this Plan.

2.3. Duration. Any employee who has become a Participant in this Plan shall continue as a Participant until all benefits due under this Plan have been paid (or forfeited) without regard to whether he or she continues as a participant in the Base Plan.

SECTION 3
BENEFITS

3.1. Participant Benefits.

3.1.1 Basic Benefit. Commencing as of the Benefit Starting Date a Participant satisfying the participation requirements of Section 2.1.1 shall receive a benefit in this Plan which shall be the excess, if any, of:

- (a) the amount that would be payable under the formula and rules of the Base Plan (as the Base Plan exists on the date as of which such amount is determined) if determined:
 - (i) without regard to the benefit limitation under section 415 of the Code, and
 - (ii) without regard to the compensation limitation under section 401(a)(17) of the Code, and
 - (iii) without regard to the exclusion from the definition of Earnings under the Base Plan of deferred incentive payments under Honeywell Corporate Executive Compensation Plan, the AlliedSignal Inc. Incentive Compensation Plan for Executive Employees (or any successor plans) or employee deferrals under the Supplemental Savings Plan, over
- (b) the amount actually paid from the Base Plan.

3.1.2 Minimum Benefit. A Participant who only satisfies the participation requirements of Section 2.1.2 shall receive a benefit in this Plan commencing as of the Benefit Commencement Date which shall be the excess, if any, of:

- (a) the amount that would be payable under the formula and rules of the Base Plan (as the Base Plan exists on the date as of which such amount is determined, including, without limitation, the provisions excluding from earnings any deferred incentive awards paid under the Honeywell Corporate Executive Compensation Plan, the AlliedSignal Inc. Incentive Compensation Plan for Executive Employees (or any successor plans), and the application of the benefit limitation under section 415 of the Code and the compensation limitation of section 401(a)(17) of the Code) if determined without regard to the exclusion from the definition of Earnings under the Base Plan of any deferrals by the Participant under the Supplemental Savings Plan, over
- (b) the amount actually paid from the Base Plan.

3.1.3 Limitation on Benefits. A Participant's benefit in this Plan may be limited in the manner and to the extent to which the Participant has agreed in

writing. A Participant satisfying the eligibility requirements of the Honeywell International Inc. Supplemental Pension Plan shall not be eligible for any benefits under this Plan.

3.2. Survivor Benefit

3.2.1. Death Before Benefits Commence. If a Participant dies before the commencement of benefit payments from this Plan, satisfies the eligibility requirements of Section 2.1.1 or 2.1.2 on the date of death, and is eligible for a pre-retirement survivor benefit in the Base Plan, a benefit shall be payable to the Participant's survivor commencing as of the last day of the month of the Participant's death or, if later, the last day of the month of the Participant's earliest Benefit Starting Date. The survivor shall be the individual, if any, that is entitled to the preretirement survivor benefit in the Base Plan. The benefit shall be the amount the survivor would have received under this Plan if the Participant had terminated employment on the day before death, had commenced benefit payments on the last day of the month of death or, if later, the last day of the month of the Participant's earliest Benefit Starting Date in the same form as the preretirement survivor benefit that is payable under the Base Plan, and had died immediately thereafter.

3.2.2. Death After Benefits Commence. If a Participant dies after the commencement of benefit payments from this Plan, the benefit payable shall be unpaid installments of annuity, if any, which are to be continued for a joint annuitant or beneficiary under the form of payment elected by the Participant under Section 4.

3.3. Special 1993 Vesting. As specified in the Prior Plan Statement, accrued benefits were determined and vested for certain employees as of specified dates in 1993 and, to the extent a vested benefit was attributable to service after December 31, 1983, but before January 1, 1994, the present value of that benefit was treated as "wages" for such employee for purposes of the Federal Insurance Contribution Act (FICA) and the Federal Unemployment Act (FUTA). The amount of the vested benefit of individuals who were named in the Prior Plan Statement and have not commenced benefits in the Plan as of the Effective Date are specified on Table II.

SECTION 4
DISTRIBUTIONS

4.1. Forms of Payment. Except as provided in Section 4.2 below, the payment forms available to a Participant shall be a 100% Joint and Survivor Annuity, a 50% Joint and Survivor Annuity, a Single Life Annuity, and a 10 Year Period Certain and Life Annuity, as those payment forms are defined in the Base Plan, with the designation of joint annuitant or beneficiary that is effective for the Participant in the Base Plan. The Participant's election of a payment form and designation of a joint annuitant or beneficiary shall be made in the form and manner prescribed by the Committee and may be revoked by the Participant at any time prior to the Benefit Starting Date. A Participant who is married on the Benefit Starting Date must obtain the written consent of the Participant's spouse in the form and manner prescribed by the Committee to the election of any form other than a 100% Joint and Survivor Annuity with the Participant's spouse designated as the joint annuitant.

4.2. Lump Sum Payment.

4.2.1. Election and Amount. A Participant may receive payment of benefits in the form of a single lump sum if the Participant makes an irrevocable election in the form and manner prescribed by the Committee. If the Participant is married when the election is made, the Participant's spouse must consent to the election in writing and acknowledge the effect of such election. An election shall not be considered made until it is actually received by the Committee and unless such actual receipt occurs prior to the Participant's death. The amount of the lump sum payment shall be the present value of the Participant's benefit determined under Section 3.1 using the interest rate and mortality assumptions set forth in Table I and if the election is made less than thirteen (13) months before the Participant's termination of employment for reasons other than death, the lump sum payment shall be reduced by 10% which shall be forfeited.

4.2.2. Death Within 13 Month Period. If a Participant dies less than thirteen (13) months after making an election to receive a lump sum payment, payment to the Participant's survivor shall be made in the form of a single lump sum. The amount of the lump sum payment shall be the present value of the survivor's benefit determined under Section 3.2.1 using the interest rate and mortality assumptions set forth in Table I.

4.2.3. Acceleration of Benefits with Forfeiture. A Participant, survivor, joint annuitant or beneficiary who is receiving benefit payments under this Plan may at any time elect to receive the remaining benefit in a lump sum payment. The amount of the lump sum shall be the present value of the remaining benefit determined as of the last day of the month in which the election is received by the Committee using the interest rate and mortality assumptions set forth on Table I less 10% which shall be forfeited.

4.3. Timing. Actual distribution of benefits from the Plan shall begin on or as soon as administratively feasible after the last day of the month in which the Benefit Starting Date occurs; provided however that lump sum payments pursuant to an election under

Section 4.2.3 shall be made on or as soon as administratively feasible after the last day of the month following the month in which the request to accelerate benefits is received by the Committee, and lump sum payments pursuant to Section 6.1 shall be made as soon as administratively feasible after the Plan termination.

4.4. Change in Control.

4.4.1. Immediate Vesting. In the event of a Change in Control as defined in this Section, each employee who satisfies the eligibility requirements of Section 2.1.1 on the day before the Change in Control shall be immediately and fully vested in the benefit that would have been payable if the employee had terminated employment on the day before the Change in Control and in any additional benefit the employee accrues in this Plan following the Change in Control.

4.4.2. Definition. For all purposes of this Plan, a "Change in Control" shall have occurred if:

(a) any "person" as such term is used in section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than Honeywell Inc., any subsidiary of Honeywell Inc., any "person" (as herein defined) acting on behalf of Honeywell Inc. as underwriter pursuant to an offering who is temporarily holding securities in connection with such offering, any trustee or other fiduciary holding securities under an employee benefit plan of Honeywell Inc. or any corporation owned, directly or indirectly, by the stockholders of Honeywell Inc. in substantially the same proportions as their ownership of stock of Honeywell Inc.), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, or securities of Honeywell Inc. representing thirty percent (30%) or more of the combined voting power of Honeywell Inc.'s then outstanding securities;

(b) during any period of not more than two consecutive years (not including any period prior to the Effective Date), individuals who at the beginning of such period constitute the Board of Directors of Honeywell Inc., and any new director (other than a director designated by a "person" who has entered into an agreement with Honeywell Inc. to effect a transaction described in Section 4.4.2 (a), (c) or (d)) whose election by the Board of Directors of Honeywell Inc. or nomination for election by Honeywell Inc.'s stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(c) the stockholders of Honeywell Inc. approve a merger or consolidation of Honeywell Inc. with any other corporation, other than (i) a merger or consolidate which would result in the voting securities of Honeywell Inc. outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into

voting securities of the surviving entity) more than fifty percent (50%) of the combined voting power of the voting securities of Honeywell Inc. or such surviving entity outstanding immediately after such merger or consolidation; or (ii) a merger or consolidation effected to implement a capitalization of Honeywell Inc. (or similar transaction) in which no "person" (as hereinabove defined) acquires more than thirty percent (30%) of the combined voting power of Honeywell Inc.'s then outstanding securities; or

(d) the stockholders of Honeywell Inc. approve a plan of complete liquidation of Honeywell Inc. or an agreement for the sale or disposition of Honeywell International Inc. of all or substantially all of Honeywell Inc.'s assets (or any transaction having a similar effect).

4.5. Taxes. All taxes which may be due with respect to any payments or benefits under this Plan are the obligation of the Participant and not the obligation of the Employer. Notwithstanding any provision in this Plan to the contrary, if all or a portion of a benefit in this Plan is determined to be includable in an individual's gross income and subject to income tax at any time prior to the time such benefit would otherwise be paid, that benefit or that portion of a benefit shall be distributed to the individual. For this purpose, an amount is determined to be includable in an individual's gross income upon the earliest of: (a) a final determination by the Internal Revenue Service addressed to the individual which is not appealed, (b) a final determination of by the United States Tax Court or any other federal court affirming an IRS determination, or (c) an opinion addressed to Honeywell International Inc. by the tax counsel for Honeywell that, by reason of the Code, Treasury Regulations, published IRS rulings, court decisions or other substantial precedent, the amount is subject to federal income tax prior to payment. Notwithstanding the preceding provisions of this Section 4.5, in the event that the Employer funds all or part of the benefits of any Participant as permitted in Section 5.1, (x) that benefit or portion of the benefit so funded shall not be distributed to that Participant if such Participant and the amount of such Participant's benefit so funded is set forth in Table III, and (y) the Committee shall provide for the distribution of benefits in accordance with Section 4 and applicable law.

4.6. Incompetency. When the Committee determines that an individual to whom benefits are payable is unable to manage his or her financial affairs, the Committee may pay such individual's benefits to a duly appointed conservator or other legal representative of such individual or, if no prior claim has been made by such a conservator or legal representative, to a person or institution entrusted with the care or maintenance of the incompetent or disabled individual if the Committee is satisfied that the payments will be used for the best interest of such individual. Any payment made in accordance with this Section shall constitute a complete discharge or any liability or obligation of the Employer and Plan.

SECTION 5
GENERAL MATTERS

5.1. Funding. All benefits under this Plan shall be paid exclusively from the general assets of Honeywell. No fund or trust shall be established apart from the general assets of Honeywell for the purpose of this Plan and no assets or property shall be segregated, pledged or set apart from the general assets of Honeywell for the purposes of funding this Plan. Any person entitled to benefits under this Plan shall be a general, unsecured creditor of Honeywell. The foregoing shall not preclude the establishment by Honeywell of a "rabbi trust".

Notwithstanding the preceding paragraph, the Committee is authorized (but not required) to cause Honeywell to fund all or a part of the benefits for such Participant or Participants as it may select in its sole discretion from time to time. The Committee is authorized to select, appoint and remove trustees, to enter into, amend and terminate trust agreements, to create trust funds, to cause Honeywell to make contributions to such trust funds in such amounts as the Committee may determine from time to time and to take all other actions that it may determine to be necessary or helpful in implementing the funding.

5.2. Status of Participant. A Participant shall have no right, title, or interest in or to any investments which Honeywell may make to aid it in meeting the obligations of this Plan. Nothing contained in this Plan, and no action taken pursuant to its provisions shall create or be construed to create a trust of any kind, or a fiduciary relationship between Honeywell and a Participant or any beneficiary. Except to the extent benefits are funded for any Participant as set forth in Table III, to the extent that any person acquires a right to receive payments from Honeywell, such right shall be no greater than the right of an unsecured creditor. The assets of any benefits funded for any Participant as set forth in Section 5.1 and Table III shall not be assets of Honeywell or any Employer and shall not be subject to the claims of any creditor of Honeywell or any Employer.

5.3. Spendthrift Provision. No Participant, surviving spouse, joint annuitant or beneficiary shall have the power to transmit, assign, alienate, dispose of, pledge or encumber any benefit payable under this Plan before its actual payment to such person. Honeywell shall not recognize any such effort to convey any interest under this Plan. No benefit payable under this Plan shall be subject to attachment, garnishment, execution following judgment or other legal process before actual payment to such person.

5.4. No Employment Contract. This Plan shall not give any employee the right to be retained in the employment of the Employer, shall not enlarge or diminish any person's employment rights or rights or obligations under the Base Plan, and shall not affect the right of the Employer to deal with any employees or participants in employment respects, including, without limitation, their hiring, discharge, compensation, and conditions of employment.

SECTION 6
AMENDMENT AND TERMINATION

6.1. Amendment. The Committee (or its delegate) shall have the right to amend or terminate the Plan at any time, for any reason and without notice to any affected person; provided, however, that, except with respect to automatic lump sum payments and interest rate assumptions or as otherwise agreed to by the Participant, the Plan may not be amended in any manner that would adversely affect the benefit which would have been payable to an employee if the employee had terminated employment on the day before the amendment or that would reduce the benefit that is being paid to any person at the time of the amendment. If this Plan is terminated, each employee who satisfies the eligibility requirements of Section 2 on the date the Plan is terminated and each Participant, joint annuitant or beneficiary who is receiving benefits under this Plan shall receive a lump sum payment of the accrued benefit or remaining benefit, as applicable, in this Plan as soon as administratively feasible after such Plan termination. The lump sum shall be the present value of the person's accrued benefit or remaining benefit as of the date the Plan is terminated using the interest rate and mortality assumptions set forth in Table I.

6.2. Change in Control. Notwithstanding Section 6.1, for a period that begins on the date of a Change in Control (as defined in Section 4) and ends on the last day of the thirty-sixth month that begins after the month in which the Change in Control occurs, the Plan may not be terminated or amended in any manner whatsoever that would adversely affect the amount and form of benefits payable under this Plan to an employee without the employee's consent.

6.3. Amendments to Base Plan. It is specifically contemplated that the Base Plan will, from time to time, be amended and possibly terminated. All such amendments and termination shall be given effect under this Plan as it is expressly intended that this Plan shall not be restricted by the provisions of the Base Plan as they exist on the Effective Date but shall be controlled by the provisions of the Base Plan as of the date a benefit is determined under this Plan.

SECTION 7
DETERMINATIONS AND CLAIMS

7.1. Determinations. The Committee or any person to whom such authority has been delegated pursuant to Section 8 shall interpret and administer the terms and conditions of the Plan, decide all questions concerning the eligibility of any persons to participate in the Plan, grant or deny benefits under the Plan, construe any ambiguous provision of the Plan, correct any defect, supply any omission, or reconcile any inconsistency as the Personnel Committee or its delegatee, in its sole discretion, may determine. The determinations of the Personnel Committee or any authorized person shall, subject only to the Plan's claims procedures, be final and binding on all persons.

7.2. Claims Procedure.

7.2.1. Original Claim. Any employee, former employee, joint or contingent annuitant or beneficiary of the Participant may file with the Committee a written claim for benefits under this Plan. Within sixty (60) days after the filing of such a claim, the Committee shall notify the claimant in writing whether his claim is upheld or denied in whole or in part or shall furnish the claimant a written notice describing specific special circumstances requiring a specified amount of additional time (but not more than one hundred twenty days from the date the claim was filed) to reach a decision on the claim. If the claim is denied in whole or in part, the Committee shall state in writing:

- (a) the specific reasons for the denial;
- (b) the specific references to the pertinent provisions of this Plan on which the denial is based;
- (c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and
- (d) an explanation of the claims review procedure set forth in this section.

7.2.2. Claims Review Procedure. Within sixty (60) days after receipt of notice that his or her claim has been denied in whole or in part, the claimant may file with the Committee a written request for a review and may, in conjunction therewith, submit written issues and comments. Within sixty (60) days after the filing of such a request for review, the Committee shall notify the claimant in writing whether, upon review, the claim was upheld or denied in whole or in part or shall furnish the claimant a written notice describing specific special circumstances requiring a specified amount of additional time (but not more than one hundred twenty days from the date the request for review was filed) to reach a decision on the request for review.

7.2.3. General Rules.

(a) No inquiry or question shall be deemed to be a claim or a request for a review of a denied claim unless made in accordance with the claims procedure. The Committee may require that any claim for benefits and any request for a review of a denied claim be filed on forms to be furnished by the Committee upon request.

(b) All decision on claims and on requests for a review of denied claims shall be made by the Committee.

(c) The Committee may, in its discretion, hold one or more hearings on a claim or a request for a review of a denied claim.

(d) Claimants may be represented by a lawyer or other representative (at their own expense), but the Committee reserves the right to require the claimant to furnish written authorization. A claimant's representative shall be entitled to receive copies of notices sent to the claimant.

(e) The decision of the Committee on a claim and on a request for a review of a denied claim shall be served on the claimant in writing. If a decision or notice is not received by a claimant within the time specified, the claim or request for a review of a denied claim shall be deemed to have been denied.

(f) Prior to filing a claim or a request for a review of a denied claim, the claimant or his representative shall have a reasonable opportunity to review a copy of this Plan statement and all other pertinent documents in the possession of Honeywell and the Committee.

SECTION 8
PLAN ADMINISTRATION

8.1. Employer. Functions generally assigned to the Employer shall be discharged by the officers of Honeywell or delegated and allocated as provided herein. Honeywell may by action of the Committee, delegate or re-delegate and allocate and reallocate to one or more persons or to a committee of persons jointly or severally, and whether or not such persons are directors, officers or employees, such functions assigned to the Employer hereunder as it may from time to time deem advisable.

8.2. Committee. The general administration and operation of this Plan shall be by the Committee, which shall consist of such members as may be determined and appointed from time to time by the Honeywell's Board of Directors, and who shall serve at the pleasure of the Board of Directors. The Committee may delegate or re-delegate to one or more persons, jointly or severally, and whether or not such persons are members of the Committee or employees of Honeywell, such functions assigned to the Committee hereunder as it may from time to time deem advisable.

8.3. Method of Executing Instruments. Information to be supplied or written notices to be made or consents to be given by the Employer or the Committee, as applicable, pursuant to any provision of this Plan may be signed in the name of the Employer or the Committee by any officer or by any employee or any member of any committee who has been authorized to make such certification and to give such notices or consents.

8.4. Conflict of Interest. If any officer or employee of Honeywell, any member of the Board of Directors of Honeywell or any member of the Committee to whom authority has been delegated or re-delegated hereunder shall also be a Participant in this Plan, he or she shall have no authority as such officer, employee or member with respect to any matter specially affecting his or her individual interest hereunder (as distinguished from the interests of all Participants and or a broad class of Participants), all such authority being reserved exclusively to the other officers, employees or members, as the case may be, to the exclusion of such Participant, and such Participant shall act only in his or her individual capacity in connection with any such matter.

8.5. Plan Administrator. The Committee shall be the administrator for purposes of section 3(16)(A) of ERISA.

8.6. Construction. This Plan is intended to be a nonqualified deferred compensation arrangement. The rules of section 401(a) et. seq. of the Code shall not apply to this Plan. This plan is adopted with the understanding that except as set forth in Table III it is in part an unfunded excess benefit plan within the meaning of section 3(36) ERISA and is in part an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of

management or highly compensated employees as provided in sections 201(2), 301(3) and 401(a)(1) of ERISA. Each provision hereof shall be interpreted and administered accordingly. This Plan shall not provide any benefits with respect to any defined contribution plan. This Plan shall be construed to prevent the duplication of benefits provided under any other plan or arrangement, whether qualified or nonqualified, funded or unfunded, to the extent that such other benefits are provided directly or indirectly by Honeywell.

TABLE I

ACTUARIAL ASSUMPTIONS FOR LUMP SUM PAYMENTS

Interest: 8 1/2 % per annum discount rate

Mortality: 1983 Group Annuity Mortality Table for Healthy Males

TABLE II
VESTED ACCRUED BENEFITS

For purposes of Section 3.3, the accrued benefits of the following individuals are vested to the extent shown below:

NAME -----	LIFE ANNUITY -----
Bonsignore, Michael R.	\$12,338.72 per month payable at age 66
_____.	\$ _____ per month payable at age 66

TABLE III
FUNDED BENEFITS
FOR DESIGNATED PARTICIPANTS

The following Participants shall have the designated portion of their Plan benefits funded and exempt from the claims of creditors of Honeywell and any Employer as permitted in Section 5.1 and Section 5.2:

Name -----	Lump Sum Value of Funded Benefit -----	Date Benefit Funded -----
Michael R. Bonsignore	\$ 4,000,000	December 28, 2000

The Committee (or its delegate) may determine that the portion of the Plan providing funded benefits to Participants designated on this Table III shall be separated from the remaining portion of this Plan as of December 20, 2000 (or such later date as may be established by the Committee) and shall thereafter constitute a separate plan, program or arrangement with terms and provisions identical to this Plan. Benefits under such separate plan, program or arrangement and this Plan shall be calculated to avoid duplication or omission of benefits.

FORM OF ESCROW AGREEMENT USED TO SECURE CERTAIN
SUPPLEMENTAL RETIREMENT BENEFITS FOR CERTAIN OFFICERS
OF THE COMPANY

ESCROW AGREEMENT

ESCROW AGREEMENT, dated as of December 21, 2000 (the "Agreement"), by and between HONEYWELL INTERNATIONAL INC., a Delaware corporation (the "Company"), [NAME] ("Beneficiary") and Victor P. Patrick (as escrow agent hereunder, the "Escrow Agent").

W I T N E S S E T H :

WHEREAS, the Beneficiary is entitled to receive certain specific payments pursuant to the AlliedSignal Inc. Supplemental Pension Plan (the "SERP");

WHEREAS, the Company and the Beneficiary desire to have a certain amount (the "Escrow Amount"), deposited in escrow as a source for payment of amounts due to the Beneficiary pursuant to the SERP, and to have the Escrow Amount and Earnings held in escrow until portions of it are disbursed in accordance with the instructions of the Vice President of Human Resources of the Company (the "VPHR") or his designee, which instructions will be solely in accordance with the terms of the SERP, except as provided in section 4(d) herein;

WHEREAS, the Company intends to discharge its obligations under the SERP first with the Escrow Amount and Earnings and only then from Company assets;

WHEREAS, the Company desires that the Escrow Agent assist the Company in effecting the payment of the Escrow Amount and Earnings by holding, as agent for the Beneficiary, the Escrow Fund;

WHEREAS, the Escrow Amount and Earnings will be held for the sole benefit of the Beneficiary, and will be considered an asset of the Beneficiary, and shall not be deemed to be an asset of the Company and shall not be subject to claims of the Company's creditors;

WHEREAS, the distribution of all or any part of the Escrow Amount and Earnings will reduce the amount the Company owes the Beneficiary pursuant to the SERP; and

WHEREAS, the Escrow Agent is willing to act as escrow agent in respect of the Escrow Fund upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each of the parties hereto, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. Appointment of Escrow Agent. The Company hereby appoints the Escrow Agent as escrow agent in accordance with the terms and conditions set forth herein, and the Escrow Agent hereby accepts such appointment.

2. Deposit into the Escrow Fund. On or about December 21, 2000, the Company will deposit, or cause to be deposited, with the Escrow Agent the Escrow Amount, the receipt of which will be acknowledged by the Escrow Agent substantially in the form of Exhibit C attached hereto, and which Escrow Amount shall be held by the Escrow Agent upon the terms and conditions hereinafter set forth.

3. Custody of the Escrow Fund. (a) During the term of this Agreement, the Escrow Agent shall hold in custody the Escrow Amount and any interest paid thereon ("Earnings"), less any distributions pursuant to Section 4 hereof (the "Escrow Fund"). Notwithstanding the foregoing, the Escrow Agent shall have the power to release all or any portion of the Escrow Fund, when required to, pursuant to Section 4 hereof.

(b) The Escrow Fund shall be held for the account of the Beneficiary as a source for payments of amounts due to him under the SERP, and will be considered an asset of the Beneficiary, and shall not be deemed to be an asset of the Company and shall not be subject of claims of the Company's creditors.

(c) If instructed by the VPHR prior to 1:00 p.m. on any Business Day, the Escrow Agent shall invest the Escrow Fund in a money market mutual fund or other similar investment as selected by the VPHR. The Escrow Agent shall maintain records showing amounts deposited hereunder, earnings on said amounts, and amounts disbursed from the Escrow Fund in accordance with this Agreement.

(d) Any Earnings on the Escrow Fund shall be treated as an asset of the Beneficiary, and shall be distributed to the Beneficiary in the manner provided hereinafter.

4. Distribution of Escrow Fund. The Escrow Agent shall hold the Escrow Fund in its possession until instructed hereunder to deliver the Escrow Fund or any specified portion thereof as follows:

(a) Notwithstanding anything else in this Section 4, no portion of the Escrow Fund shall be disbursed except in accordance with the instructions of the VPHR.

(b) The instructions of the VPHR shall carry out the parties' intent to discharge the Company's obligation under the SERP first with the Escrow Amount and Earnings.

(c) If the VPHR delivers a written release notice substantially in the form of Exhibit A attached hereto, to the Escrow Agent, the Escrow Agent shall release the Escrow Fund (or any portion thereof) to the parties referenced in such notice within one (1) Business Day. It is anticipated that such notice shall be delivered by the VPHR in order to insure timely delivery of the amounts due to be paid to the Beneficiary pursuant to the terms of the SERP.

(d) Earnings on the Escrow Amount shall constitute income of the Beneficiary and shall be released to the Beneficiary annually pursuant to specific instructions contained in the above described release notice.

For purposes of this Agreement, "Business Day" shall mean any day that is not a Saturday or Sunday or a day on which banks are required or permitted by law or executive order to be closed in the City of New York.

5. Final Distribution of Escrow Fund. After disbursing all amounts due to the Beneficiary pursuant to the SERP, the Escrow Agent shall distribute the remaining balance, if any, of the Escrow Fund as directed by the VPHR in the manner described in Section 4 above.

6. Resignation or Removal of Escrow Agent. The Escrow Agent may resign and be discharged from its duties hereunder at any time by giving written notice of such resignation to the Company specifying a date when such resignation shall take effect and upon delivery of the Escrow Fund to the successor escrow agent designated by the Company in writing. Such successor Escrow Agent shall become the Escrow Agent hereunder upon the resignation date specified in such notice. If the Company fails to designate a successor Escrow Agent within thirty (30) days after such notice, the Escrow Agent shall be entitled to apply to a court of competent jurisdiction for the appointment of a successor. The Escrow Agent shall continue to serve until its successor accepts the escrow and receives the Escrow Fund. The Company shall have the right at any time to remove the Escrow Agent and substitute a new escrow agent by giving notice thereof to the Escrow Agent then acting. Upon its resignation and delivery of the Escrow Fund as set forth in this Section 6, the Escrow Agent shall be discharged of and from any and all further obligations arising in connection with the escrow contemplated by this Agreement.

7. Indemnification of Escrow Agent. (a) The Escrow Agent shall have no duties or responsibilities whatsoever with respect to the Escrow Fund except as are specifically set forth herein. The Escrow Agent shall neither be responsible for or liable under, nor chargeable with knowledge of the terms and conditions of, any other agreement, instrument or document in connection herewith. The Escrow Agent may

conclusively rely upon, and shall be fully protected from all liability, loss, cost, damage or expense in acting or omitting to act pursuant to any written notice, instrument, request, consent, certificate, document, letter, telegram, opinion, order, resolution or other writing hereunder without being required to determine the authenticity of such document, the correctness of any fact stated therein, the propriety of the service thereof or the capacity, identity or authority of any party purporting to sign or deliver such document. The Escrow Agent shall have no responsibility for the contents of any such writing contemplated herein and may rely without any liability upon the contents thereof.

(b) The Escrow Agent shall not be liable for any action taken or omitted by it in good faith and reasonably believed by it to be authorized hereby or with the rights or powers conferred upon it hereunder, nor for action taken or omitted by it in good faith, and in accordance with advice of counsel (which counsel may be of the Escrow Agent's own choosing), and shall not be liable for any mistake of fact or error of judgment or for any acts or omissions of any kind except for its own willful misconduct or gross negligence.

(c) The Company agrees to indemnify the Escrow Agent and its employees, directors, officers and agents and hold each harmless against any and all liabilities incurred by it hereunder as a consequence of such party's action, and to indemnify the Escrow Agent and hold it harmless against any claims, costs, payments, and expenses (including the fees and expenses of counsel) and all liabilities incurred by it in connection with the performance of its duties hereunder and them hereunder, except in either case for claims, costs, payments, and expenses (including the fees and expenses of counsel) and liabilities incurred by the Escrow Agent resulting from its own willful misconduct or gross negligence. The provisions of this Section 7 shall survive the termination of this Agreement or resignation or removal of the Escrow Agent.

8. Compensation of Escrow Agent. The Escrow Agent shall be entitled to payment from the Company for reasonable and customary fees and expenses for all services rendered by it hereunder in accordance with Schedule B attached hereto (as such schedule may be amended from time to time). The Escrow Agent shall also be entitled to reimbursement on demand for all loss, liability, damage or expenses paid or incurred by it in the administration of its duties hereunder, including, but not limited to, all reasonable counsel, advisors' and agents' fees and disbursements and all taxes or other governmental charges. At all times, the Escrow Agent will have a right of set off and first lien on funds in the Escrow Fund for payment of customary fees and expenses and all such reasonable loss, liability, damage or expenses.

9. Termination of Agreement. This Agreement shall terminate on the final disposition of the Escrow Fund pursuant to Section 5, provided that the rights of the Escrow Agent and the obligations of the other parties hereto under Sections 7 and 8 shall survive the termination hereof and the resignation or removal of the Escrow Agent.

10. Consents to Service Process. Each of the parties hereto hereby irrevocably consents to the jurisdiction of the courts of the State of New York and of any Federal Court located in the Borough of Manhattan in such State in connection with any action, suit or other proceeding arising out of or relating to this Agreement or any action taken or omitted hereunder, and waives any claim of forum non conveniens and any objections as to laying of venue. Each party further waives personal service of any summons, complaint or other process and agree that the service thereof may be made by certified or registered mail directed to such person at such person's address for purposes of notices hereunder.

11. Tax Withholding & Reporting. (a) On or prior to the date of this Agreement, the Beneficiary, for purposes of United States backup withholding tax and information reporting requirements, will provide the Escrow Agent with an executed copy of Internal Revenue Service form W-9 or any successor form.

12. Miscellaneous. (a) This Agreement embodies the entire agreement and understanding among the parties relating to the subject matter hereof, and may not be changed orally, but only by an instrument in writing signed by the parties hereto.

(b) All notices and other communications under this Agreement shall be in writing and shall be deemed given when delivered personally, on the next Business Day after delivery to a recognized overnight courier or mailed first class (postage prepaid) or when sent by facsimile to the parties (which facsimile copy shall be followed, in the case of notices or other communications sent to the Escrow Agent, by delivery of the original) at the following addresses (or to such other address as a party may have specified by notice given to the other parties pursuant to this provision):

If to the Company, to:

Honeywell International Inc.
101 Columbia Road
Morris Township, NJ 07962-2497
Telephone: (973) 455-2000
Attention: Peter M. Kreindler, Esq.

If to the Escrow Agent, to:

Victor P. Patrick
101 Columbia Road
Morris Township, NJ 07962-2497
Telephone: (973) 455-2000

(c) This Agreement and the rights and obligations hereunder of parties hereto may not be assigned except with the prior written consent of the other parties hereto. This Agreement shall be binding upon and inure to the benefit of each party's respective successors and permitted assigns. Except as expressly provided herein, no other person shall acquire or have any rights under or by virtue of this Agreement.

(d) This Agreement may not be amended, supplemented or otherwise modified without the prior written consent of the parties hereto.

(e) This Agreement shall be governed by and construed in accordance with the laws of the State of New York without reference to the principles of conflict of laws.

(f) This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

HONEYWELL INTERNATIONAL INC.
Tax ID :

By _____

Name:
Title:

Beneficiary

Victor P. Patrick
as Escrow Agent

By _____

Victor P. Patrick

FORM OF PROMISSORY NOTE REPRESENTING LOANS TO CERTAIN
OFFICERS OF THE COMPANY OF REQUIRED WITHOLDING TAXES
RELATING TO THE SECURING OF CERTAIN SUPPLEMENTAL
RETIREMENT BENEFITS

PROMISSORY NOTE

\$ _____

Morristown, New Jersey
[DATE]

[NAME], of [ADDRESS] ("Borrower"), for value received, hereby promises to pay to the order of Honeywell International Inc., a Delaware corporation ("Lender"), at its office located at 101 Columbia Road, Morristown, New Jersey, 07962, or at any other place the holder hereafter designates, the principal sum of \$ _____, in lawful money of the United States on demand of Lender at any time on or after December 31, 2004, and to pay interest in like money at said office from the date hereof on the unpaid principal balance hereof at a rate of 5.53 percent per annum, compounded semiannually on June 30 and December 31. Such interest shall be calculated on the basis of a 360-day year and actual days. This Promissory Note may be prepaid in full or in part at any time, without penalty

Borrower and all guarantors and endorsers of this Promissory Note, severally, waive diligence, demand, presentment, notice of nonpayment, and protest, and assent to extensions of the time of payment, or forbearance, or other indulgence, without notice.

[NAME]

HONEYWELL INTERNATIONAL INC.
Severance Plan for Corporate Staff Employees
(Involuntary Termination Following a Change in Control)
Effective February 6, 1988

Amended and Restated as of October 24, 2000

HONEYWELL INTERNATIONAL INC.

Severance Plan for Corporate Staff Employees
(Involuntary Termination following a Change in Control)

Article I Purpose

- 1.1 The purpose of this Plan is to provide severance benefits to Corporate Staff Employees of Honeywell International Inc. in the event of the Involuntary Termination of their employment following a Change in Control. This Plan constitutes the amendment and restatement, as of October 24, 2000, of the Severance Plan for Corporate Staff Employees (Involuntary Termination following a Change in Control) established by Honeywell International Inc. (formerly AlliedSignal Inc.) as of February 6, 1988, and amended and restated effective October 21, 1988 and April 1, 1999.

Article II Definitions

- 2.1 Affiliated Company - means (a) any member of a controlled group of corporations as defined in Section 414(b) of the Code of which Honeywell International Inc. or a predecessor of Honeywell International Inc. is or was a member, (b) any unincorporated trade or business which is under common control with Honeywell International Inc. as determined under Section 414(c) of the Code, or (c) any organization, employment with which is counted as employment with Honeywell International Inc. or a predecessor of Honeywell International Inc. under the provisions of Section 414(m), (n), or (o) of the Code.
- 2.2 Honeywell International Inc. - means Honeywell International Inc., a Delaware corporation, and its subsidiaries, and any successors thereto.
- 2.3 Annual Incentive Compensation - means the product of (a) times (b) where (a) is such employee's target award level under the Incentive Compensation Plan for Executive Employees of Honeywell International Inc. and its Subsidiaries, or any successor plan, for the most recent incentive period ended prior to the Change in Control, and (b) is Base Salary. Long-term performance incentive awards shall not be considered in determining Annual Incentive Compensation.
- 2.4 Base Salary - means the annual base salary, exclusive of bonus, incentive or other extra compensation but inclusive of overtime (in the case of non-exempt Participants), being paid to a Participant at the time of Involuntary Termination of employment.
- 2.5 Board of Directors - means the Board of Directors of Honeywell International Inc.
- 2.6 Change in Control - is deemed to occur at the time (a) when any entity, person or group (other than Honeywell International Inc., any subsidiary or any savings,

pension or other benefit plan for the benefit of employees of Honeywell International Inc.) which theretofore beneficially owned less than 30% of the Common Stock then outstanding acquires shares of Common Stock in a transaction or series of transactions that results in such entity, person or group directly or indirectly owning beneficially 30% or more of the outstanding Common Stock, (b) of the purchase of shares of Common Stock pursuant to a tender offer or exchange offer (other than any offer by Honeywell International Inc.) for all, or any part of, the Common Stock, (c) of a merger in which Honeywell International Inc. will not survive as an independent, publicly owned corporation, a consolidation, or a sale, exchange or other disposition of all or substantially all of Honeywell International Inc.'s assets, (d) of a substantial change in the composition of the Board of Directors during any period of two consecutive years such that individuals who at the beginning of such period were members of the Board of Directors cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election by the stockholders of Honeywell International Inc., of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period, or (e) of any transaction or other event which the Compensation Committee of the Board of Directors, in its discretion, determines to be a change in control for purposes of this Plan.

- 2.7 Code - means the Internal Revenue Code of 1986, as amended from time to time.
- 2.8 Common Stock - means the Common Stock of Honeywell International Inc. or such other stock into which the Common Stock may be changed as a result of split-ups, recapitalizations, reclassifications and the like.
- 2.9 Corporate Staff Employee - means a salaried or non-union hourly employee of Honeywell International Inc. employed in Career Bands 1 through 7 who (a) is not associated with a strategic business unit of Honeywell International Inc. (including Business Services), and (b) who (i) has a reporting relationship, prior to a Change in Control, either direct or through one or more other employees, to one of the then Senior Vice Presidents of Honeywell International Inc., (ii) prior to a Change in Control, held a position similar to a position which on April 1, 1999 had a reporting relationship, either direct or indirect or through one or more other employees, to one of the then Senior Vice Presidents of Honeywell International Inc., or (iii) reported prior or subsequent to a Change in Control directly to the Chairman and Chief Executive Officer of Honeywell International Inc. or the President and COO of Honeywell International Inc. Corporate Staff Employee shall not include any 1988 Plan Employee.
- 2.10 ERISA - means the Employee Retirement Income Security Act of 1974, as amended from time to time.

- 2.11 Gross Cause - means fraud, misappropriation of Honeywell International Inc. property or intentional misconduct damaging to such property or business of Honeywell International Inc., or the commission of a crime.
- 2.12 Hour of Service - means each hour for which a Participant is directly or indirectly paid by Honeywell International Inc., a predecessor of Honeywell International Inc. or an Affiliated Company for performance of duties and for reasons other than performance of duties and includes regular time, overtime, vacations, holidays, sickness, disability, paid layoff, and similar paid periods. Hours of Service shall be computed and credited in accordance with Department of Labor Regulation Section 2530.200b-2(b) and (c), as amended from time to time.
- 2.13 Involuntary Termination - means (a) termination by Honeywell International Inc. of the Participant's employment during the Protected Period, other than upon mandatory retirement in compliance with applicable law, death or for Gross Cause, or (b) termination of employment by a Participant during the Protected Period following (i) a reduction in the Participant's Pay or employee benefits other than a reduction which is generally applicable to all salaried and non-union hourly employees of Honeywell International Inc., (ii) permanent elimination of the Participant's position, not including transfer pursuant to the sale of a facility or line of business in which the Participant is offered substantially comparable employment with the new employer, (iii) a material change in the position, function, responsibilities or reporting level or in the standard of performance required of the Participant, (iv) any geographic relocation of a Participant's position (as determined immediately prior to a Change in Control) to a new location, or (v) an action by Honeywell International Inc. that under applicable law constitutes constructive discharge.
- 2.14 1988 Plan Employee - means an individual who (i) met the definition of Corporate Staff Employee under the Plan immediately prior to its amendment and restatement on April 1, 1999 (the "1988 Plan Definition"), (ii) who ceased to meet the Plan's definition of Corporate Staff Employee solely by reason of the April 1, 1999 amendment of such definition, and (iii) satisfies the 1988 Plan Definition as of the Change in Control. 1988 Plan Employees shall have their benefits, if any, determined solely with reference to the Plan as amended and restated effective October 21, 1988, a copy of which is attached hereto as Exhibit A.
- 2.15 Participant - means a Corporate Staff Employee.
- 2.16 Pay - means Base Salary and, as to a Participant employed in Band 5 or above, Annual Incentive Compensation.
- 2.17 Plan - means the Honeywell International Inc. Severance Plan for Corporate Staff Employees (Involuntary Termination Following a Change in Control).

- 2.18 Plan Administrator - means the person or entity identified in Section 5.01 to administer the terms and conditions of the Plan.
- 2.19 Plan Sponsor - means Honeywell International Inc. Any successor to Honeywell International Inc. (or a principal subsidiary) shall be deemed a Plan Sponsor.
- 2.20 Protected Period - means, with respect to each Participant, the period beginning on the date of a Change in Control that occurs after he or she becomes a Participant and ending at the expiration of twenty-four (24) months following such Change in Control.
- 2.21 Year of Service - means any consecutive 12-month period commencing on a Participant's date of hire or rehire with Honeywell International Inc., any predecessor of Honeywell International Inc. or an Affiliated Company, and anniversaries thereof during which the Participant has completed at least 1,000 Hours of Service.

Article III Participation

- 3.1 The benefits provided under the Plan are limited solely to Participants.

Article IV Eligibility for and Continuation of Pay, Benefits and Pension Service

4.1 Eligibility for Pay, Benefit and Pension Service Continuation

In the event of the Involuntary Termination of a Participant's employment during the Protected Period, Pay, benefit and pension service continuation shall be provided to the Participant by Honeywell International Inc. (or any successor to Honeywell International Inc.) in accordance with this Article IV.

4.2 Pay, Benefit and Pension Service Continuation

- A) Pay Continuation - A Participant shall receive Base Salary, paid in accordance with his or her normal payroll period, and, as to Participants employed in Career Band 5 or above, Annual Incentive Compensation, paid annually, for the period specified in Schedule A attached hereto.
- B) Benefit Continuation - For the period of Pay continuation, Honeywell International Inc. will continue the Participant's employee benefits, including, without limitation, vacation accruals, continuation of the Participant's savings plan participation (to the extent permissible under Section 401(a) of the Code), basic and contributory life and medical insurance (including qualified dependents) at the active employee coverage level and prevailing employee contribution rate, if any; provided, however, that (a) such level of continued benefits shall not exceed the level of benefits in effect on the date of the Participant's Involuntary

Termination, prior to any reduction thereto, (b) such continuation of life and medical benefits will cease on the date similar benefits are provided the Participant by a subsequent employer, and (c) the executive flex-perk allowance will be continued during the entire severance pay period, subject to 4.2(D).

- C) Pension Service Continuation - Participants entitled to benefits under the Plan shall become 100% vested in their defined benefit pension plan benefits (all defined benefit plans in which a Participant has accrued a benefit are collectively referred to as the "DB Plans"). During their Pay continuation period, Participants shall continue to be credited with additional age and service credit for purposes of benefit accrual (up to a maximum of twelve (12) months of a Participant's Pay continuation period), vesting and eligibility under the DB Plans in which they participate. At the end of a Participant's Pay continuation period, Participants shall immediately be credited with three (3) years of age and service, respectively, for purposes of benefit accruals, vesting and eligibility under the DB Plans; provided, however, that such three (3) years of additional age shall be credited only if such additional age credits would (either alone or in conjunction with a bridge leave of absence) enable a Participant to be eligible for immediate payment of an early or normal retirement benefit under the applicable defined benefit pension plan in which the Participant participates. The normal policy for qualifying bridge leaves of absence, as reflected in the applicable defined benefit pension plan in which the Participant participates, shall remain applicable thereafter. Notwithstanding the foregoing, a Participant shall be eligible for the additional three (3) years of age and service credit under the DB Plans only if such Participant executes a general release of claims against Honeywell International Inc., its subsidiaries and affiliates in a form and manner prescribed by the Plan Administrator.
- D) If any payment to a Participant made pursuant to the terms of this Plan (including payments from any benefit or compensation plan or program sponsored or funded by Honeywell International Inc. but excluding payments and benefits provided upon a change in control under the AlliedSignal Severance Plan for Senior Executives, Honeywell Inc. Tier 1A and Tier 1B agreements, and any similar plan or arrangement under which participants have their benefits increased because of taxes under Section 4999 of the Code) is determined to be an "excess parachute payment" within the meaning of Section 280G or any successor or substitute provision of the Code, with the effect that either the Participant is liable for the payment of the tax described in Section 4999 or any successor or substitute provision of the Code (hereafter the "Section 4999 tax") or Honeywell International Inc. has withheld the amount of the Section 4999 tax, an additional benefit shall be paid pursuant to this Plan

to such affected Participant, in an amount, which when added to all payments constituting "parachute payments" for purposes of Section 280G or any successor or substitute provision of the Code, is sufficient to cause the remainder of (i) the sum of the "parachute payments", including any payments made pursuant to this subparagraph D), less (ii) the amount of all state, local and federal income taxes and the Section 4999 tax attributable to such payments and penalties and interest on any amount of Section 4999 tax, other than penalties and interest on any amount of Section 4999 tax with respect to which such payment was paid to the Participant on or before the due date of the Participant's federal income tax return on which such Section 4999 tax should have been paid, to be equal to the remainder of (iii) sum of the "parachute payments", excluding any payments made pursuant to this subparagraph D), less (iv) the amount of all state, local and federal income taxes attributable to such payments determined as though the Section 4999 tax and penalties and interest on any amount of Section 4999 tax, other than penalties and interest on any amount of Section 4999 tax with respect to which a payment made pursuant to this subparagraph D) was paid to the Participant on or before the due date of the Participant's federal income tax return on which such Section 4999 tax should have been paid, did not apply. Notwithstanding the foregoing, payments to be made pursuant to this subparagraph D), when added to benefits provided under Section 4.2.B)(c), shall not in the aggregate exceed three million dollars (\$3,000,000) or such greater amount as approved by Honeywell International Inc. or its successor. In the event such payments exceed the limitation described above, the designation of the type and order of such payments to be reduced hereunder shall be made by the Plan Administrator in his sole discretion. In such case, a Participant shall, to the extent otherwise allowable by law, be entitled to waive all or any portion of his or her right to any benefit triggered by a Change in Control in order to avoid the imposition of any tax under Section 4999 of the Code or any successor or substitute provision of the Code.

4.3 Benefit Limitations

To avoid duplication of benefits, the amount of any similar benefits under this Plan shall be offset and reduced by the amount of any similar benefit provided the Participant under other severance plans sponsored by Honeywell International Inc. for which the Participant may be eligible, regardless of whether the payments under this Plan are made at an earlier or a later date than payments under a similar plan would have been made. In addition, notwithstanding any plan provisions to the contrary, to the extent a Participant who was a former employee of Honeywell Inc. would be eligible for benefits under both this Plan and another severance plan sponsored by Honeywell Inc., such Participant shall only be entitled to benefits

under this Plan to the extent such Participant waives his or her rights to benefits under such other severance plan.

Article V Administration

5.1 Plan Administrator

Prior to the occurrence of a Change in Control, Honeywell International Inc.'s Vice President-Worldwide Human Resources shall be the Plan Administrator within the meaning of ERISA Section 3(16)(A), and the named fiduciary within the meaning of ERISA Section 402. In the event of an impending Change in Control, Honeywell International Inc.'s Vice President-Worldwide Human Resources shall appoint a person independent of Honeywell International Inc. or persons operating under its control or on its behalf (hereafter, the "Corporation") to be the new Plan Administrator effective upon the occurrence of a Change in Control and the Vice President-Worldwide Human Resources shall immediately provide to the new Plan Administrator such information with respect to each Participant as shall be necessary to enable the new Plan Administrator to determine the amount of any benefit which is then or may thereafter become payable to such Participant.

5.2 Powers and Duties of Plan Administrator.

Except as otherwise provided in this Section, the Plan Administrator shall have the full discretionary power and authority to (i) determine the amount and timing of any benefit payable under the Plan, (ii) construe and interpret the Plan (including, without limitation, supplying omissions from, correcting deficiencies in, or resolving inconsistencies or ambiguities in, the language of the Plan), (iii) determine all questions of fact arising under the Plan, including questions as to eligibility for and the amount of benefits, (iv) establish such rules and regulations (consistent with the terms of the Plan) as it deems necessary or appropriate for administration of the Plan, (v) delegate responsibilities to others to assist it in administering the Plan, and (vi) perform all other acts it believes reasonable and proper in connection with the administration of the Plan. The Plan Administrator shall be entitled to rely on the records of the Corporation in determining any Participant's entitlement to and the amount of benefits payable under the Plan.

5.3 Benefit Claims and Appeals.

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

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

- (i) set forth the specific reasons for the denial of benefits;
- (ii) contain specific references to Plan provisions relative to the denial;
- (iii) describe any material and information, if any, necessary for the claim for benefits to be allowed, that had been requested, but not received by the Plan Administrator; and
- (iv) advise the claimant that any appeal of the Plan Administrator's adverse determination must be made in writing to the Plan Administrator within 60 days after receipt of the initial denial notification, and must set forth the facts upon which the appeal is based.

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

If the claimant appeals the Plan Administrator's denial of benefits in a timely fashion, the Plan Administrator shall re-examine all issues relevant to the original denial of benefits. Any such claimant or his or her duly authorized representative may review any pertinent documents, as determined by the Plan Administrator, and submit in writing any issues or comments to be addressed on appeal.

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

5.4 Plan Year

The plan year shall be the calendar year.

5.5 Indemnification.

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

Article VI Unfunded Obligation.

6.1 All benefits payable under this Plan shall constitute an unfunded obligation of the Corporation. Payments shall be made, as due, from the general funds of Corporation. This Plan shall constitute solely an unsecured promise by the Corporation to pay severance benefits to participants to the extent provided herein.

Article VII Inalienability of Benefits.

7.1 No Participant shall have the power to transfer, assign, anticipate, mortgage or otherwise encumber any rights or any amounts payable under this Plan; nor shall any such rights or amounts payable under this Plan be subject to seizure, attachment, execution, garnishment or other legal or equitable process, or for the payment of any debts, judgments, alimony, or separate maintenance, or be transferable by operation of law in the event of bankruptcy, insolvency, or otherwise. In the event a person who is receiving or is entitled to receive benefits under the Plan attempts to assign, transfer or dispose of such right, or if an attempt is made to subject such right to such process, such assignment, transfer or disposition shall be null and void. Nothing in this Section 7.1 shall prevent a Participant from waiving all or any portion of any benefit triggered by a Change in Control in accordance with Section 4.2.D).

Article VIII Withholding

8.1 The Corporation shall have the right to withhold any taxes required to be withheld with respect to any payments due under this Plan.

Article IX Amendment or Termination.

9.1 Plan Amendments - The Board of Directors reserves the right to amend the Plan from time to time prior to a Change in Control. However, no amendment shall

reduce any benefit being paid or then payable to a Participant. Further, no amendment shall reduce the benefits provided by the Plan to persons who were Participants as of the date of such amendment or adversely affect in any manner the rights of persons who were Participants as of the date of such amendment to benefits provided under this Plan. This Plan may not be amended or terminated after a Change in Control; provided, however, the Plan may be amended if the purpose of the amendment is to increase benefits hereunder.

Notwithstanding anything in this Plan to the contrary, the Vice President-Worldwide Human Resources shall be permitted to amend the Plan to reflect changes in Honeywell International Inc.'s organization; provided, however, that no such amendment (i) shall increase or decrease benefits under the Plan, or (ii) increase the total number of Participants by more than five percent (5%) during any twelve month period.

- 9.2 Plan Termination - The Board of Directors reserves the right to terminate the Plan. However, such termination shall not adversely affect the rights of persons who were Participants as of the date of such termination.
- Article X. Plan Not a Contract of Employment; Honeywell International Inc.'s Policies Control.
- 10.1 Nothing contained in this Plan shall give an employee the right to be retained in the employment of Honeywell International Inc.. This Plan is not a contract of employment between Honeywell International Inc. and any employee. Any dispute involving issues of employment, other than claims for benefits under this Plan, shall be governed by the appropriate employment dispute resolution policies and procedures of Honeywell International Inc..
- Article XI Action by the Honeywell International Inc.
- 11.1 Unless expressly indicated to the contrary herein, any action required to be taken by Honeywell International Inc. may be taken by action of its Board of Directors or by any appropriate officer or officers traditionally responsible for such determination or actions, or such other individual or individuals as may be designated by the board of directors or any such officer.
- Article XII Governing Law
- 12.1 The Plan is an employee welfare benefit plan within the meaning of Section 3(1) of ERISA, and will be construed in accordance to ERISA's requirements.
- Article XIII Severability

13.1 If any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts of this Plan, but this Plan shall be construed and enforced as if said illegal or invalid provision had never been included herein.

SCHEDULE A

Bands	Severance Pay Period												
5 and 6	18 months Base Salary and Annual Incentive Compensation												
4	One month notice, plus: <table><thead><tr><th>Years of Service</th><th>Base Salary</th></tr><tr><th>-----</th><th>-----</th></tr></thead><tbody><tr><td>0-4</td><td>6 months</td></tr><tr><td>5-9</td><td>9 months</td></tr><tr><td>10-19</td><td>12 months</td></tr><tr><td>20+</td><td>15 months</td></tr></tbody></table>	Years of Service	Base Salary	-----	-----	0-4	6 months	5-9	9 months	10-19	12 months	20+	15 months
Years of Service	Base Salary												
-----	-----												
0-4	6 months												
5-9	9 months												
10-19	12 months												
20+	15 months												
3	One month notice, plus: <table><thead><tr><th>Years of Service</th><th>Base Salary</th></tr><tr><th>-----</th><th>-----</th></tr></thead><tbody><tr><td>0-9</td><td>3 months</td></tr><tr><td>10-25</td><td>6 months</td></tr><tr><td>26+</td><td>9 months</td></tr></tbody></table>	Years of Service	Base Salary	-----	-----	0-9	3 months	10-25	6 months	26+	9 months		
Years of Service	Base Salary												
-----	-----												
0-9	3 months												
10-25	6 months												
26+	9 months												
Non-exempt	One month notice, plus: <table><thead><tr><th>Years of Service</th><th>Base Salary</th></tr><tr><th>-----</th><th>-----</th></tr></thead><tbody><tr><td>0-12</td><td>3 months</td></tr><tr><td>13-25</td><td>6 months</td></tr><tr><td>26+</td><td>9 months</td></tr></tbody></table>	Years of Service	Base Salary	-----	-----	0-12	3 months	13-25	6 months	26+	9 months		
Years of Service	Base Salary												
-----	-----												
0-12	3 months												
13-25	6 months												
26+	9 months												

SUBSIDIARIES OF THE REGISTRANT

NAME -----	COUNTRY OR STATE OF INCORPORATION -----	SECURITIES OWNED -----	
		CLASS -----	PERCENT OWNERSHIP -----
Honeywell Inc.....	Delaware	Common Stock	100
Honeywell International Finance Corporation.....	Delaware	Common Stock	100
Honeywell Technology Solutions Inc.....	Delaware	Common Stock	100
Honeywell Intellectual Properties Inc.....	Arizona	Common Stock	100
Honeywell Specialty Wax & Additives Inc.....	Delaware	Common Stock	100
ASI Specialty Chemicals, L.L.C.....	Delaware	Common Stock	100
Grimes Holdings Inc.....	Delaware	Common Stock	100
Pittway Corporation.....	Delaware	Common Stock	100
Prestone Holdings Inc.....	Delaware	Common Stock	100

The names of Honeywell's other consolidated subsidiaries, which are primarily totally-held by Honeywell, are not listed because all such subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the 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) of Honeywell International Inc. and in General Electric Company's Registration Statement on Form S-4, dated December 4, 2000, of our report dated February 9, 2001 relating to the financial statements, which appears in this Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
Florham Park, New Jersey
March 30, 2001

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement 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, 333-57868, 333-57866 and 333-57870 of Honeywell International Inc. on Form S-8 and Registration Statement Nos. 33-14071, 33-55425, 333-22355, 333-49455, 333-68847, 333-74075, 333-34760 and 333-45466 of Honeywell International Inc. on Form S-3 and Registration Statement Nos. 333-82049 of Honeywell International Inc. and in General Electric Company's Registration Statement on Form S-4, dated December 4, 2000, of our report dated February 10, 1999, appearing in this Annual Report on Form 10-K of Honeywell International Inc. for the year ended December 31, 2000.

/s/ Deloitte & Touche LLP

Parsippany, New Jersey
March 30, 2001

POWER OF ATTORNEY

I, Michael R. Bonsignore, a director of Honeywell International Inc., a Delaware corporation (the "Company"), hereby appoint Peter M. Kreindler, Richard F. Wallman, Kathleen M. Gibson, Philip M. Palazzari and James V. Gelly, each with power to act without the other and with power of substitution and resubstitution, as my attorney-in-fact and agent for me and in my name, place and stead, in any and all capacities,

(i) to sign the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the year ended December 31, 2000,

(ii) to sign any amendment to the Annual Report referred to in (i) above, and

(iii) to file the documents described in (i) and (ii) above and all exhibits thereto and any and all other documents in connection therewith,

granting unto each said attorney and agent full power and authority to do and perform every act and thing requisite, necessary or desirable to be done in connection therewith, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

/s/ Michael R. Bonsignore

Michael R. Bonsignore

Dated: January 25, 2001

POWER OF ATTORNEY

I, Hans W. Becherer, a director of Honeywell International Inc., a Delaware corporation (the "Company"), hereby appoint Michael R. Bonsignore, Peter M. Kreindler, Richard F. Wallman, Kathleen M. Gibson, Philip M. Palazzari and James V. Gelly, each with power to act without the other and with power of substitution and resubstitution, as my attorney-in-fact and agent for me and in my name, place and stead, in any and all capacities,

(i) to sign the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the year ended December 31, 2000,

(ii) to sign any amendment to the Annual Report referred to in (i) above, and

(iii) to file the documents described in (i) and (ii) above and all exhibits thereto and any and all other documents in connection therewith,

granting unto each said attorney and agent full power and authority to do and perform every act and thing requisite, necessary or desirable to be done in connection therewith, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

/s/ Hans W. Becherer

Hans W. Becherer

Dated: January 25, 2001

POWER OF ATTORNEY

I, Gordon M. Bethune, a director of Honeywell International Inc., a Delaware corporation (the "Company"), hereby appoint Michael R. Bonsignore, Peter M. Kreindler, Richard F. Wallman, Kathleen M. Gibson, Philip M. Palazzari and James V. Gelly, each with power to act without the other and with power of substitution and resubstitution, as my attorney-in-fact and agent for me and in my name, place and stead, in any and all capacities,

(i) to sign the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the year ended December 31, 2000,

(ii) to sign any amendment to the Annual Report referred to in (i) above, and

(iii) to file the documents described in (i) and (ii) above and all exhibits thereto and any and all other documents in connection therewith,

granting unto each said attorney and agent full power and authority to do and perform every act and thing requisite, necessary or desirable to be done in connection therewith, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

/s/ Gordon M. Bethune

Gordon M. Bethune

Dated: January 25, 2001

POWER OF ATTORNEY

I, Marshall N. Carter, a director of Honeywell International Inc., a Delaware corporation (the "Company"), hereby appoint Michael R. Bonsignore, Peter M. Kreindler, Richard F. Wallman, Kathleen M. Gibson, Philip M. Palazzari and James V. Gelly, each with power to act without the other and with power of substitution and resubstitution, as my attorney-in-fact and agent for me and in my name, place and stead, in any and all capacities,

(i) to sign the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the year ended December 31, 2000,

(ii) to sign any amendment to the Annual Report referred to in (i) above, and

(iii) to file the documents described in (i) and (ii) above and all exhibits thereto and any and all other documents in connection therewith,

granting unto each said attorney and agent full power and authority to do and perform every act and thing requisite, necessary or desirable to be done in connection therewith, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

/s/ Marshall N. Carter

Marshall N. Carter

Dated: January 25, 2001

POWER OF ATTORNEY

I, Jaime Chico Pardo, a director of Honeywell International Inc., a Delaware corporation (the "Company"), hereby appoint Michael R. Bonsignore, Peter M. Kreindler, Richard F. Wallman, Kathleen M. Gibson, Philip M. Palazzari and James V. Gelly, each with power to act without the other and with power of substitution and resubstitution, as my attorney-in-fact and agent for me and in my name, place and stead, in any and all capacities,

(i) to sign the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the year ended December 31, 2000,

(ii) to sign any amendment to the Annual Report referred to in (i) above, and

(iii) to file the documents described in (i) and (ii) above and all exhibits thereto and any and all other documents in connection therewith,

granting unto each said attorney and agent full power and authority to do and perform every act and thing requisite, necessary or desirable to be done in connection therewith, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

/s/ Jaime Chico Pardo

Jaime Chico Pardo

Dated: January 25, 2001

POWER OF ATTORNEY

I, Ann M. Fudge, a director of Honeywell International Inc., a Delaware corporation (the "Company"), hereby appoint Michael R. Bonsignore, Peter M. Kreindler, Richard F. Wallman, Kathleen M. Gibson, Philip M. Palazzari and James V. Gelly, each with power to act without the other and with power of substitution and resubstitution, as my attorney-in-fact and agent for me and in my name, place and stead, in any and all capacities,

(i) to sign the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the year ended December 31, 2000,

(ii) to sign any amendment to the Annual Report referred to in (i) above, and

(iii) to file the documents described in (i) and (ii) above and all exhibits thereto and any and all other documents in connection therewith,

granting unto each said attorney and agent full power and authority to do and perform every act and thing requisite, necessary or desirable to be done in connection therewith, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

/s/ Ann M. Fudge

Ann M. Fudge

Dated: January 25, 2001

POWER OF ATTORNEY

I, James J. Howard, a director of Honeywell International Inc., a Delaware corporation (the "Company"), hereby appoint Michael R. Bonsignore, Peter M. Kreindler, Richard F. Wallman, Kathleen M. Gibson, Philip M. Palazzari and James V. Gelly, each with power to act without the other and with power of substitution and resubstitution, as my attorney-in-fact and agent for me and in my name, place and stead, in any and all capacities,

(i) to sign the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the year ended December 31, 2000,

(ii) to sign any amendment to the Annual Report referred to in (i) above, and

(iii) to file the documents described in (i) and (ii) above and all exhibits thereto and any and all other documents in connection therewith,

granting unto each said attorney and agent full power and authority to do and perform every act and thing requisite, necessary or desirable to be done in connection therewith, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

/s/ James J. Howard

James J. Howard

Dated: January 25, 2001

POWER OF ATTORNEY

I, Bruce Karatz, a director of Honeywell International Inc., a Delaware corporation (the "Company"), hereby appoint Michael R. Bonsignore, Peter M. Kreindler, Richard F. Wallman, Kathleen M. Gibson, Philip M. Palazzari and James V. Gelly, each with power to act without the other and with power of substitution and resubstitution, as my attorney-in-fact and agent for me and in my name, place and stead, in any and all capacities,

(i) to sign the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the year ended December 31, 2000,

(ii) to sign any amendment to the Annual Report referred to in (i) above, and

(iii) to file the documents described in (i) and (ii) above and all exhibits thereto and any and all other documents in connection therewith,

granting unto each said attorney and agent full power and authority to do and perform every act and thing requisite, necessary or desirable to be done in connection therewith, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

/s/ Bruce Karatz

Bruce Karatz

Dated: January 25, 2001

POWER OF ATTORNEY

I, Robert P. Luciano, a director of Honeywell International Inc., a Delaware corporation (the "Company"), hereby appoint Michael R. Bonsignore, Peter M. Kreindler, Richard F. Wallman, Kathleen M. Gibson, Philip M. Palazzari and James V. Gelly, each with power to act without the other and with power of substitution and resubstitution, as my attorney-in-fact and agent for me and in my name, place and stead, in any and all capacities,

(i) to sign the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the year ended December 31, 2000,

(ii) to sign any amendment to the Annual Report referred to in (i) above, and

(iii) to file the documents described in (i) and (ii) above and all exhibits thereto and any and all other documents in connection therewith,

granting unto each said attorney and agent full power and authority to do and perform every act and thing requisite, necessary or desirable to be done in connection therewith, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

/s/ Robert P. Luciano

Robert P. Luciano

Dated: January 25, 2001

POWER OF ATTORNEY

I, Russell E. Palmer, a director of Honeywell International Inc., a Delaware corporation (the "Company"), hereby appoint Michael R. Bonsignore, Peter M. Kreindler, Richard F. Wallman, Kathleen M. Gibson, Philip M. Palazzari and James V. Gelly, each with power to act without the other and with power of substitution and resubstitution, as my attorney-in-fact and agent for me and in my name, place and stead, in any and all capacities,

(i) to sign the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the year ended December 31, 2000,

(ii) to sign any amendment to the Annual Report referred to in (i) above, and

(iii) to file the documents described in (i) and (ii) above and all exhibits thereto and any and all other documents in connection therewith,

granting unto each said attorney and agent full power and authority to do and perform every act and thing requisite, necessary or desirable to be done in connection therewith, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

/s/ Russell E. Palmer

Russell E. Palmer

Dated: January 25, 2001

POWER OF ATTORNEY

I, Ivan G. Seidenberg, a director of Honeywell International Inc., a Delaware corporation (the "Company"), hereby appoint Michael R. Bonsignore, Peter M. Kreindler, Richard F. Wallman, Kathleen M. Gibson, Philip M. Palazzari and James V. Gelly, each with power to act without the other and with power of substitution and resubstitution, as my attorney-in-fact and agent for me and in my name, place and stead, in any and all capacities,

(i) to sign the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the year ended December 31, 2000,

(ii) to sign any amendment to the Annual Report referred to in (i) above, and

(iii) to file the documents described in (i) and (ii) above and all exhibits thereto and any and all other documents in connection therewith,

granting unto each said attorney and agent full power and authority to do and perform every act and thing requisite, necessary or desirable to be done in connection therewith, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

/s/ Ivan G. Seidenberg

Ivan G. Seidenberg

Dated: January 25, 2001

POWER OF ATTORNEY

I, John R. Stafford, a director of Honeywell International Inc., a Delaware corporation (the "Company"), hereby appoint Michael R. Bonsignore, Peter M. Kreindler, Richard F. Wallman, Kathleen M. Gibson, Philip M. Palazzari and James V. Gelly, each with power to act without the other and with power of substitution and resubstitution, as my attorney-in-fact and agent for me and in my name, place and stead, in any and all capacities,

(i) to sign the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the year ended December 31, 2000,

(ii) to sign any amendment to the Annual Report referred to in (i) above, and

(iii) to file the documents described in (i) and (ii) above and all exhibits thereto and any and all other documents in connection therewith,

granting unto each said attorney and agent full power and authority to do and perform every act and thing requisite, necessary or desirable to be done in connection therewith, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

/s/ John R. Stafford

John R. Stafford

Dated: January 25, 2001

POWER OF ATTORNEY

I, Michael W. Wright, a director of Honeywell International Inc., a Delaware corporation (the "Company"), hereby appoint Michael R. Bonsignore, Peter M. Kreindler, Richard F. Wallman, Kathleen M. Gibson, Philip M. Palazzari and James V. Gelly, each with power to act without the other and with power of substitution and resubstitution, as my attorney-in-fact and agent for me and in my name, place and stead, in any and all capacities,

(i) to sign the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the year ended December 31, 2000,

(ii) to sign any amendment to the Annual Report referred to in (i) above, and

(iii) to file the documents described in (i) and (ii) above and all exhibits thereto and any and all other documents in connection therewith,

granting unto each said attorney and agent full power and authority to do and perform every act and thing requisite, necessary or desirable to be done in connection therewith, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

/s/ Michael W. Wright

Michael W. Wright

Dated: January 25, 2001