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

FORM 10-Q

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

For the quarterly period ended June 30, 2002

OR

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

For the transition period from ______ to ______

Commission file number 1-8974

Honeywell International Inc.

(Exact name of registrant as specified in its charter)

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

(973) 455-2000

(Registrant's telephone number, including area code)

NOT APPLICABLE

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ____

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

Class of Common Stock	Outstanding at June 30, 2002
$1 par value	819,289,794 shares

Honeywell International Inc.

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

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Honeywell International Inc.
Consolidated Balance Sheet
(Unaudited)

	June 30, 2002	December 31, 2001
	(Dollars in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,976	$ 1,393
Accounts and notes receivable	3,594	3,620
Inventories	3,215	3,355
Other current assets	1,462	1,526
Total current assets	10,247	9,894
Investments and long-term receivables	698	466
Property, plant and equipment - net	4,769	4,933
Goodwill - net	5,453	5,441
Other intangible assets - net	941	915
Other assets	2,677	2,577
Total assets	$24,785	$24,226
LIABILITIES		
Current liabilities:		
Accounts payable	$ 1,818	$ 1,862
Short-term borrowings	65	120
Commercial paper	240	3
Current maturities of long-term debt	92	416
Accrued liabilities	3,768	3,819
Total current liabilities	5,983	6,220
Long-term debt	4,707	4,731
Deferred income taxes	879	875
Postretirement benefit obligations other than pensions	1,822	1,845
Other liabilities	1,323	1,385
SHAREOWNERS' EQUITY		
Capital - common stock issued	958	958
- additional paid-in capital	3,130	3,015
Common stock held in treasury, at cost	(4,222)	(4,252)
Accumulated other nonowner changes	(608)	(835)
Retained earnings	10,813	10,284
Total shareowners' equity	10,071	9,170
Total liabilities and shareowners' equity	$24,785	$24,226

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

Honeywell International Inc.
Consolidated Statement of Income
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
	(Dollars in millions, except per share amounts)			
Net sales	$5,651	$6,066	$10,850	$12,010
Costs, expenses and other				
Cost of goods sold	4,431	5,067	8,547	10,040
Selling, general and administrative expenses	660	837	1,277	1,605
Loss on sale of non-strategic businesses - net	166	-	41	-
Equity in (income) loss of affiliated companies	(3)	85	(10)	188
Other (income) expense	(6)	(14)	(22)	(18)
Interest and other financial charges	88	103	175	214
	5,336	6,078	10,008	12,029
Income (loss) before taxes	315	(12)	842	(19)
Tax expense (benefit)	(144)	(62)	7	(110)
Net income	$ 459	$ 50	$ 835	$ 91
Earnings per share of common stock - basic	$ 0.56	$ 0.06	$ 1.02	$ 0.11
Earnings per share of common stock - assuming dilution	$ 0.56	$ 0.06	$ 1.02	$ 0.11
Cash dividends per share of common stock	$.1875	$.1875	$ .3750	$ .3750

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

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

	Six Months Ended June 30,	
	2002	2001
	(Dollars in millions)	
Cash flows from operating activities:		
Net income	$ 835	$ 91
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on sale of non-strategic businesses - net	41	-
Repositioning and other charges	233	1,247
Depreciation	340	375
Goodwill and indefinite-lived intangible assets amortization	-	102
Undistributed earnings of equity affiliates	(23)	17
Deferred income taxes	35	(265)
Net taxes paid on sales of businesses	-	(12)
Other	(251)	(455)
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:		
Accounts and notes receivable	(22)	393
Inventories	42	(61)
Other current assets	(26)	48
Accounts payable	(8)	(218)
Accrued liabilities	(69)	(485)
Net cash provided by operating activities	1,127	777
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(299)	(385)
Proceeds from disposals of property, plant and equipment	21	45
Cash paid for acquisitions	(19)	(110)
Proceeds from sales of businesses	186	-
Decrease in short-term investments	7	-
Net cash (used for) investing activities	(104)	(450)
Cash flows from financing activities:		
Net increase (decrease) in commercial paper	237	(24)
Net increase (decrease) in short-term borrowings	(23)	253
Proceeds from issuance of common stock	34	62
Payments of long-term debt	(382)	(401)
Repurchases of common stock	-	(30)
Cash dividends on common stock	(306)	(153)
Net cash (used for) financing activities	(440)	(293)
Net increase in cash and cash equivalents	583	34
Cash and cash equivalents at beginning of year	1,393	1,196
Cash and cash equivalents at end of period	$1,976	$1,230

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

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

NOTE 1. In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments, consisting only of normal adjustments, necessary to present fairly the financial position of Honeywell International Inc. and its consolidated subsidiaries at June 30, 2002 and the results of operations for the three and six months ended June 30, 2002 and 2001 and cash flows for the six months ended June 30, 2002 and 2001. The results of operations for the three- and six-month periods ended June 30, 2002 should not necessarily be taken as indicative of the results of operations that may be expected for the entire year 2002.

The financial information as of June 30, 2002 should be read in conjunction with the financial statements contained in our Annual Report on Form 10-K for 2001.

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

	June 30, 2002	December 31, 2001
Trade	$3,102	$3,168
Other	622	580
	3,724	3,748
Less - Allowance for doubtful accounts	(130)	(128)
	$3,594	$3,620

NOTE 3. Inventories consist of the following:

	June 30, 2002	December 31, 2001
Raw materials	$1,055	$1,024
Work in process	806	869
Finished products	1,498	1,603
	3,359	3,496
Less - Progress payments	(19)	(25)
Reduction to LIFO cost basis	(125)	(116)
	$3,215	$3,355

NOTE 4. Effective January 1, 2002, we adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS No. 142). SFAS No. 142 requires that goodwill and certain other intangible assets having indefinite lives no longer be amortized to income, but instead be replaced with periodic testing for impairment. Intangible assets determined to have definite lives will continue to be amortized over their useful lives. The amortization and non-amortization provisions of SFAS No. 142 have been applied to any goodwill and intangible assets acquired after June 30, 2001. With the adoption of SFAS No. 142, we reassessed the useful lives and residual values of all acquired intangible assets to make any necessary amortization period adjustments. Based on that assessment, an amount related to a trademark in our automotive consumer products business was determined to be an indefinite-life intangible asset because it is expected to generate cash flows indefinitely. There were no other adjustments made to the amortization period or residual values of other intangible assets. We also completed our goodwill impairment testing during the

three months ended March 31, 2002 and determined that there was no impairment as of January 1, 2002.

In accordance with SFAS No. 142, prior period amounts were not restated. A reconciliation of the previously reported net income and earnings per share to the amounts adjusted for the reduction of amortization expense, net of the related income tax effect, is as follows:

	Three Months Ended June 30, 2001	Six Months Ended June 30, 2001	Year Ended December 31, 2001	2000	1999
Net Income					
Reported net income (loss)	$50	$ 91	$(99)	$1,659	$1,541
Amortization adjustment	49	98	196	197	147
Adjusted net income	$99	$189	$ 97	$1,856	$1,688
Earnings per share of common stock - basic					
Reported earnings (loss) per share - basic	$0.06	$0.11	$(0.12)	$2.07	$1.95
Amortization adjustment	0.06	0.12	0.24	0.25	0.19
Adjusted earnings per share - basic	$0.12	$0.23	$ 0.12	$2.32	$2.14
Earnings per share of common stock - assuming dilution					
Reported earnings (loss) per share - assuming dilution	$0.06	$0.11	$(0.12)	$2.05	$1.90
Amortization adjustment	0.06	0.12	0.24	0.24	0.18
Adjusted earnings per share - assuming dilution	$0.12	$0.23	$ 0.12	$2.29	$2.08

Changes in the carrying amount of goodwill for the six months ended June 30, 2002 by reportable segment are as follows:

	Dec. 31, 2001	Acquisitions/ (Divestitures)	Currency Translation Adjustment	June 30, 2002
Aerospace	$1,595	$ 7	$ 6	$1,608
Automation and Control Solutions	2,461	(5)	15	2,471
Specialty Materials	861	(20)	9	850
Transportation and Power Systems	524	-	-	524
	$5,441	$(18)	$30	$5,453

Amortizable intangible assets at June 30, 2002 and December 31, 2001 consist of investments in long-term contracts and customer relationships of $642 and $607 million, respectively, and patents, technology and other finite-lived intangible assets of $262 and $271 million, respectively. Intangible assets amortization expense was $29 million for the six months ended June 30, 2002. Estimated intangible assets amortization expense for the full year 2002 and for each of the five succeeding years approximates $60 million. Intangible assets with indefinite lives consist of a trademark with a carrying value of $37 million.

NOTE 5. Total nonowner changes in shareowners' equity consist of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Net income	$459	$ 50	$ 835	$ 91
Foreign exchange translation adjustments	242	(59)	246	(133)
Change in fair value of effective cash flow hedges	(23)	-	(19)	(4)
	$678	$ (9)	$1,062	$(46)

NOTE 6. Segment financial data follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001(2)	2002	2001(2)
Net sales				
Aerospace	$2,204	$2,532	$ 4,293	$ 4,943
Automation and Control Solutions	1,758	1,781	3,367	3,529
Specialty Materials	870	875	1,628	1,788
Transportation and Power Systems	805	866	1,531	1,726
Corporate	14	12	31	24
	$5,651	$6,066	$10,850	$12,010
Segment profit				
Aerospace	$ 364	$ 504	$ 671	$ 955
Automation and Control Solutions	220	186	427	374
Specialty Materials	34	38	42	76
Transportation and Power Systems	104	63	177	113
Corporate	(35)	(56)	(71)	(85)
	687	735	1,246	1,433
(Loss) on sale of non-strategic businesses - net	(166)	-	(41)	-
Equity in income (loss) of affiliated companies	13	(7)	23	(15)
Other income	6	14	22	23
Interest and other financial charges	(88)	(103)	(175)	(214)
Repositioning and other charges (1)	(137)	(651)	(233)	(1,246)
Income (loss) before taxes	$ 315	$ (12)	$ 842	$ (19)

(1) Included cumulative effect adjustment of $1 million of income related to adoption of SFAS No. 133 in first quarter of 2001.

(2) Segment profit included the pretax amortization of goodwill and indefinite-lived intangible assets of $51 and $102 million, for the three and six months of 2001, respectively (Aerospace - $15 and $30 million, Automation and Control Solutions - $23 and $46 million, Specialty Materials - $8 and $16 million and Transportation and Power Systems - $5 and $10 million). Such amortization expense was excluded from segment profit for the three and six months of 2002, in conformity with the provisions of SFAS No. 142.

NOTE 7. The details of the earnings per share calculations for the three- and six-month periods ended June 30, 2002 and 2001 follow:

	Three Months			Six Months		
	Income	Average Shares	Per Share Amount	Income	Average Shares	Per Share Amount
2002						
Earnings per share of common stock - basic	$459	819.4	$0.56	$835	818.2	$1.02
Dilutive securities issuable in connection with stock plans		3.9			3.5	
Earnings per share of common stock - assuming dilution	$459	823.3	$0.56	$835	821.7	$1.02
2001						
Earnings per share of common stock - basic	$ 50	811.4	$0.06	$ 91	810.4	$0.11
Dilutive securities issuable in connection with stock plans		5.3			5.5	
Earnings per share of common stock - assuming dilution	$ 50	816.7	$0.06	$ 91	815.9	$0.11

The diluted earnings per share calculation excludes the effect of stock options when the options' exercise prices exceed the average market price of the common shares during the period. For the three- and six-month periods ended June 30, 2002, the number of stock options not included in the computations were 22.4 and 24.7 million, respectively. For the three- and six-month periods ended June 30, 2001, the number of stock options not included in the computations were 15.4 and 15.5 million, respectively. These stock options were outstanding at the end of each of the respective periods.

NOTE 8. A summary of repositioning and other charges follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Severance	$ 32	$ 54	$ 73	$ 313
Asset impairments	57	84	68	108
Exit costs	10	13	23	27
Adjustments	(31)	(28)	(43)	(28)
Total net repositioning charge	68	123	121	420
Business impairment charges	-	-	43	-
Customer claims and settlements of contract liabilities	29	140	29	288
Probable and reasonably estimable legal and environmental claims	-	162	-	162
Write-offs principally related to asset impairments, including receivables and inventories	40	167	40	217
Equity investment impairment charges	-	17	-	112
General Electric merger expenses	-	42	-	42
Debt extinguishment loss	-	-	-	6
Total other charges	69	528	112	827
Total net repositioning and other charges	$137	$651	$233	$1,247

In the second quarter of 2002, we recognized a repositioning charge of $99 million principally related to costs for the planned shutdown of two manufacturing plants and related workforce reductions in our Advanced Circuits business. The planned shutdown of these plants also included charges for asset impairments principally related to plant and equipment held for sale and capable of being taken out of service and actively marketed in the period of impairment, and exit costs mainly related to lease termination losses negotiated or subject to reasonable estimation. The repositioning charge also included workforce reductions in our Automation and Control Solutions reportable segment and in our UOP process technology joint venture and costs associated with a shutdown of a product line in our Specialty Materials reportable segment. Severance costs were related to announced workforce reductions of approximately 1,300 manufacturing and administrative positions of which approximately 300 positions have been eliminated as of June 30, 2002. These repositioning actions are expected to be completed by March 31, 2003. Also, $31 million of previously established severance accruals were returned to income in the second quarter of 2002 due principally to higher than expected voluntary employee attrition resulting in reduced severance liabilities in our Aerospace and Automation and Control Solutions reportable segments.

In the first quarter of 2002, we recognized a repositioning charge of $65 million for the costs of actions designed to reduce our cost structure and improve our future profitability. Severance costs were related to announced workforce reductions of approximately 1,100 manufacturing and administrative positions principally in our Automation and Control Solutions and Specialty Materials reportable segments of which approximately 700 positions have been eliminated as of June 30, 2002. 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, mainly in our Specialty Materials reportable

segment. Other exit costs principally consisted of lease termination losses negotiated or subject to reasonable estimation mainly related to closed facilities in our Automation and Control Solutions and Specialty Materials reportable segments. These repositioning actions are expected to be completed by December 31, 2002. Also, $12 million of previously established severance accruals were returned to income in the first quarter of 2002, due principally to higher than expected voluntary employee attrition resulting in reduced severance liabilities in our Specialty Materials reportable segment.

As disclosed in our 2001 Annual Report on Form 10-K, we recognized repositioning charges totaling $1,016 million in 2001 ($151 and $448 million were recognized in the three and six-month periods ended June 30, 2001, respectively). The components of the charges included severance costs of $727 million, asset impairments of $194 million and other exit costs of $95 million. Severance costs were related to announced global workforce reductions of approximately 20,000 manufacturing and administrative positions across all of our reportable segments of which approximately 17,200 positions have been eliminated as of June 30, 2002. Also, $119 million of previously established accruals, mainly for severance, were returned to income in 2001 due principally to higher than expected voluntary employee attrition resulting in reduced severance liabilities, principally in our Aerospace and Automation and Control Solutions reportable segments.

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

	Severance Costs	Asset Impairments	Exit Costs	Total
Balance at December 31, 2001	$ 484	$ -	$113	$ 597
2002 charges	73	68	23	164
2002 usage	(195)	(68)	(64)	(327)
Adjustments	(43)	-	-	(43)
Balance at June 30, 2002	$ 319	$ -	$ 72	$ 391

In the second quarter of 2002, we recognized other charges consisting of customer claims and settlements of contract liabilities of $29 million and $40 million of write-offs principally related to asset impairments, including receivables and inventories. The other charges related mainly to our Advanced Circuits business, bankruptcy of a customer in our Aerospace reportable segment, and customer claims in our Industry Solutions business.

In the first quarter of 2002, we recognized charges of $43 million related to our Friction Materials business and a chemical manufacturing facility. In 2001, we adopted a plan to dispose of our Friction Materials business and held discussions with a potential acquirer of the business. As part of these discussions we continued to evaluate the business for possible impairment. As a result of this evaluation, we recognized an impairment charge of $27 million in the first quarter of 2002 related to the write-down of property, plant and equipment (classified as assets held for disposal in Other Current Assets). We also recognized an asset impairment charge of $16 million related to the planned shutdown of a chemical manufacturing facility in our Specialty Materials reportable segment.

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

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Aerospace	$ 6	$ 72	$ 6	$ 152
Automation and Control Solutions	22	195	61	468
Specialty Materials	107	126	132	210
Transportation and Power Systems	2	33	30	127
Corporate	-	225	4	290
	$137	$651	$233	$1,247

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Cost of goods sold	$127	$508	$216	$ 982
Selling, general and administrative expenses	-	65	4	86
Equity in (income) loss of affiliated companies	10	78	13	173
Other (income) expense	-	-	-	6
	$137	$651	$233	$1,247

NOTE 9. In June 2002, we sold Specialty Material's Pharmaceutical Fine Chemicals (PFC) and Automation and Control's Consumer Products (Consumer Products) businesses for proceeds of approximately $105 million, mainly cash, resulting in a pretax loss of $166 million (after-tax gain of $98 million). The businesses sold had a higher deductible tax basis than book basis which resulted in an after-tax gain. PFC and Consumer Products had sales of approximately $60 and $200 million, respectively, in 2001. In March 2002, we completed the disposition of our Bendix Commercial Vehicle Systems (BCVS) business for approximately $350 million in cash and securities resulting in a pretax gain of $125 million. In January 2002, we had reached an agreement with Knorr-Bremse AG (Knorr) to transfer control of our global interests in BCVS to Knorr. BCVS had sales and segment profit of approximately $375 and $57 million, respectively, in 2001.

NOTE 10. SHAREOWNER LITIGATION - Honeywell and seven of its current and former officers were named as defendants in several purported class action lawsuits filed in the United States District Court for the District of New Jersey (the Securities Law Complaints). The Securities Law Complaints principally allege that the defendants violated federal securities laws by purportedly making false and misleading statements and by failing to disclose material information concerning Honeywell's financial performance, thereby allegedly causing the value of Honeywell's stock to be artificially inflated. The purported class period for which

damages are sought is December 20, 1999 to June 19, 2000. On January 15, 2002, the District Court dismissed the consolidated complaint against four of Honeywell's current and former officers.

We believe that there is no factual or legal basis for the allegations in the Securities Law Complaints. 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 consolidated financial position or results of operations. As a result of the uncertainty regarding the outcome of this matter, no provision has been made in our financial statements with respect to this contingent liability.

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

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

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

ASBESTOS MATTERS - Like more than a thousand other industrial companies, Honeywell is a defendant in personal injury actions related to asbestos. Our involvement is limited because we did not mine or produce asbestos, nor did we make or sell insulation products or other construction materials that have been identified as the primary cause of asbestos-related disease in the vast majority of claimants. Rather, we made several products that contained small amounts of asbestos.

Honeywell's Bendix Friction Materials business manufactured automotive brake pads that included asbestos in an encapsulated form. There is a limited group of potential claimants consisting largely of professional brake mechanics. During the twenty-year period from 1981 through 2001, we have resolved approximately 53,000 Bendix claims at an average cost per claim of one thousand dollars. Honeywell has had no out-of-pocket costs for these cases since its insurance deductible was satisfied many years ago. There are currently approximately 48,000 claims pending and we have no reason to believe that the historic rate of dismissal will change. We have $2 billion of insurance remaining.

Another source of claims is refractory products (high temperature bricks and cement) sold largely to the steel industry in the East and Midwest by North American Refractories Company (NARCO), a business we owned from 1979 to 1986. Less than 2 percent of NARCO's products contained asbestos.

When we sold the NARCO business in 1986, we agreed to indemnify NARCO with respect to personal injury claims for products that had been discontinued prior to the sale (as defined in the sale agreement). NARCO retained all liability for all other claims. NARCO has resolved approximately 176,000 claims in the past 18 years at an average cost per claim of two thousand two hundred dollars. Of those claims, 43 percent were dismissed on the ground that there was insufficient evidence that NARCO was responsible for the claimant's asbestos exposure. There are approximately 116,000 claims currently pending against NARCO, including approximately 7 percent in which Honeywell is also named as a defendant. During the past 18 years, Honeywell and our insurers have contributed to the cost of the NARCO defense. We have in excess of $1.2 billion of insurance remaining that can be specifically allocated to NARCO-related liability.

On January 4, 2002, NARCO filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code. As a result, all of the claims pending against NARCO are automatically stayed pending the reorganization of NARCO. In addition, because the claims pending against Honeywell necessarily will impact the liabilities of NARCO, because the insurance policies held by Honeywell are essential to a successful NARCO reorganization, and because Honeywell has offered to commit those policies to the reorganization, the bankruptcy court has temporarily enjoined any claims against Honeywell, current or future, related to NARCO. In connection with NARCO's bankruptcy filing, we paid NARCO's parent company $40 million and have agreed to provide NARCO with up to $20 million in financing. We have also agreed to pay $20 million to NARCO's parent company upon the filing of a plan of reorganization for NARCO acceptable to Honeywell, and to pay NARCO's parent company $40 million, and to forgive any outstanding NARCO indebtedness, upon the confirmation and consummation of such a plan.

We believe that, as part of the NARCO plan of reorganization, a trust will be established for the benefit of all asbestos claimants, current and future. Honeywell intends to contribute its insurance coverage (which is in excess of $1.2 billion) to the trust in exchange for its indemnity obligation to NARCO. If that trust is put in place and approved by the court as fair and equitable, Honeywell as well as NARCO will be entitled to a permanent channeling injunction barring all present and future individual actions in state or federal courts and requiring all asbestos-related claims based on exposure to NARCO products to be made against the federally-supervised trust. In our view, our existing insurance plus the existing NARCO assets should be sufficient to fund the trust. There is no assurance that a stay will remain in effect, that a plan of reorganization will be proposed or confirmed, or that any plan that is confirmed will provide relief to Honeywell.

Although it is impossible to predict the outcome of pending or future claims or the NARCO bankruptcy, in light of the nature of the potential exposure, our experience over the past 20 years in resolving asbestos-related claims, our insurance coverage, our existing reserves and the NARCO bankruptcy proceeding, we do not believe that asbestos-related claims will have a material adverse effect on our consolidated results of operations or financial position.

Report of Independent Accountants

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

We have reviewed the accompanying consolidated balance sheet of Honeywell International Inc. and its subsidiaries as of June 30, 2002, and the related consolidated statements of income for each of the three-month and six-month periods ended June 30, 2002 and 2001 and the consolidated statements of cash flows for the six-month periods ended June 30, 2002 and 2001. These financial statements are the responsibility of the Company's management.

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

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 2001, and the related consolidated statements of operations, of shareowners' equity, and of cash flows for the year then ended (not presented herein), and in our report dated February 7, 2002, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2001, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Florham Park, NJ
August 7, 2002

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

A. RESULTS OF OPERATIONS - SECOND QUARTER 2002 COMPARED WITH SECOND QUARTER 2001

Net sales in the second quarter of 2002 were $5,651 million, a decrease of $415 million, or 7 percent compared with the second quarter of 2001. The decrease in sales is attributable to the following:

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

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

Cost of goods sold of $4,431 and $5,067 million included repositioning and other charges of $127 and $508 million in the second quarter of 2002 and 2001, respectively. Cost of goods sold in the second quarter of 2001 also included $51 million of amortization of goodwill and indefinite-lived intangible assets. Such amortization expense was excluded from cost of goods sold in the second quarter of 2002 in conformity with SFAS No. 142, which we adopted effective January 1, 2002. Excluding such amortization expense and repositioning and other charges, cost of goods sold was $4,304 and $4,508 million in the second quarter of 2002 and 2001, respectively. The decrease in cost of goods sold of $204 million in the second quarter of 2002 compared with the second quarter of 2001 resulted primarily from the benefits of repositioning actions, mainly workforce reductions.

Selling, general and administrative expenses were $660 and $837 million in the second quarter of 2002 and 2001, respectively. Selling, general and administrative expenses included repositioning and other charges of $65 million in the second quarter of 2001. Excluding these charges, selling, general and administrative expenses were $660 and $772 million in the second quarter of 2002 and 2001, respectively. The decrease in selling, general and administrative expenses of $112 million in the second quarter of 2002 compared with the second quarter of 2001 principally resulted from the impact of workforce reductions and a decline in discretionary spending.

Retirement benefit (pension and other post retirement) plans cost increased by $47 million in the second quarter of 2002 compared with the second quarter of 2001 due principally to the funding status of our pension plans. Future effects on operating results will principally depend on pension plan investment performance and other economic conditions.

Loss on sale of non-strategic businesses of $166 million in the second quarter of 2002 represented the pretax loss on the dispositions of Specialty Material's Pharmaceutical Fine Chemicals (PFC) and Automation and Control's Consumer Products (Consumer Products) businesses.

Equity in (income) loss of affiliated companies was income of $3 million in the second quarter of 2002 compared with a loss of $85 million in the second quarter of 2001. Equity in (income) loss of affiliated companies included repositioning and other charges of $10 and $78 million in the second quarter of

2002 and 2001, respectively. Excluding these charges, equity in (income) loss of affiliated companies was income of $13 million in the second quarter of 2002 compared with a loss of $7 million in the second quarter of 2001. The increase of $20 million in equity income in the second quarter of 2002 compared with the second quarter of 2001 was due mainly to exiting a joint venture in our Aerospace reportable segment ($9 million) and improved earnings from joint ventures in our Specialty Materials and Automation and Control Solutions reportable segments ($6 million).

Other (income) expense, $6 million of income in the second quarter of 2002, compared with income of $14 million in the second quarter of 2001. The decrease of $8 million in other income in the second quarter of 2002 compared with the second quarter of 2001 was due to a decrease in benefits from foreign exchange hedging resulting from the weakness in the U.S. dollar ($14 million) partially offset by lower minority interests ($4 million) and higher interest income ($2 million).

Interest and other financial charges of $88 million in the second quarter of 2002 decreased by $15 million, or 15 percent compared with the second quarter of 2001 due mainly to lower average debt outstanding and lower average interest rates in the current period.

The tax benefit of $144 million in the second quarter of 2002 resulted from the impact of repositioning and other charges and the loss on the dispositions of the PFC and Consumer Products businesses. The businesses sold had a higher deductible tax basis than book basis which resulted in a tax benefit. The tax benefit of $62 million in the second quarter of 2001 was driven by the impact of repositioning and other charges. Excluding the impact of repositioning and other charges in both periods and the dispositions of our PFC and Consumer Products businesses in the current quarter, the effective tax rate was 26.5 percent in the second quarter of 2002 compared with 29.6 percent in the second quarter of 2001. The decrease in the effective tax rate in the second quarter of 2002 related mainly to the absence of non-deductible goodwill amortization expense in the current quarter.

Net income of $459 million, or $0.56 per share, in the second quarter of 2002 compared with net income of $50 million, or $0.06 per share, in the second quarter of 2001. Adjusted for repositioning and other charges and the gain on the dispositions of our PFC and Consumer Products businesses, net income in the second quarter of 2002 was $5 million, or $0.01 per share, lower than reported. Adjusted for repositioning and other charges, net income in the second quarter of 2001 was $400 million, or $0.49 per share, higher than reported. Net income in the second quarter of 2002 increased by 1 percent compared with the second quarter of 2001 if both periods are adjusted to exclude the impact of repositioning and other charges and the gain on the dispositions of our PFC and Consumer Products businesses. Assuming the provisions of SFAS No. 142 had been adopted on January 1, 2001, adjusted net income in the second quarter of 2002 would have decreased by 9 percent compared with the second quarter of 2001.

Review of Business Segments

	Three Months Ended June 30,			
	Net Sales		Segment Profit	
	2002	2001	2002	2001(1)
Aerospace	$2,204	$2,532	$364	$504
Automation and Control Solutions	1,758	1,781	220	186
Specialty Materials	870	875	34	38
Transportation and Power Systems	805	866	104	63
Corporate	14	12	(35)	(56)
	$5,651	$6,066	687	735
(Loss) on sale of non-strategic businesses - net			(166)	-
Equity in income (loss) of affiliated companies			13	(7)
Other income			6	14
Interest and other financial charges			(88)	(103)
Repositioning and other charges			(137)	(651)
Income (loss) before taxes			$315	$(12)

(1) Segment profit in the second quarter of 2001 included the pretax amortization of goodwill and indefinite-lived intangible assets of $51 million (Aerospace - $15 million, Automation and Control Solutions - $23 million, Specialty Materials - $8 million and Transportation and Power Systems - $5 million). Such amortization expense was excluded from segment profit for the second quarter of 2002, in conformity with the provisions of SFAS No. 142.

Aerospace sales of $2,204 million in the second quarter of 2002 decreased by $328 million, or 13 percent compared with the second quarter of 2001. This decrease resulted mainly from a decline of 24 percent in sales by our commercial air transport segment. Sales to our commercial air transport aftermarket and original equipment (OE) customers declined by 16 and 34 percent, respectively, as the commercial aviation market continued to be adversely impacted by the terrorist attacks on September 11, 2001 and general weakness in the economy. Lower airplane deliveries by our OE customers, reduced flying hours by the airlines, increased numbers of older parked airplanes and the airlines attempt to preserve cash all contributed to lower sales by our commercial air transport segment. Sales to our business and general aviation aftermarket customers decreased by 15 percent due mainly to a reduction in flying hours. Sales to our business and general aviation OE customers decreased by 38 percent reflecting a decline in deliveries of regional and business jet airplanes. This decrease was partially offset by higher sales in our defense and space segment, with OE sales up by 10 percent and aftermarket sales higher by 23 percent, resulting principally from increased military spending.

Aerospace segment profit of $364 million in the second quarter of 2002 decreased by $140 million, or 28 percent compared with the second quarter of 2001 due mainly to substantially lower sales of higher-margin commercial aftermarket products and services. This decrease was partially offset by lower costs primarily from workforce reductions and a decline in discretionary spending.

Automation and Control Solutions sales of $1,758 million in the second quarter of 2002 decreased by $23 million, or 1 percent compared with the second quarter of 2001. Sales declined by 2 percent for both our Control Products and Industry Solutions businesses due to ongoing softness in industrial production and capital spending. Sales for our Service business also decreased by 2 percent due primarily to general weakness in the economy. This decrease was partially offset by a 1 percent increase in sales for our Security & Fire Solutions business due mainly to increased demand for security-related products.

Automation and Control Solutions segment profit of $220 million in the second quarter of 2002 increased by $34 million, or 18 percent compared with the second quarter of 2001. Excluding goodwill amortization expense in the second quarter of 2001, segment profit in the second quarter of 2002 increased by 5 percent compared with the second quarter of 2001. All of the segment's businesses had higher segment profit as the benefits of repositioning and other cost productivity actions more than offset the impact of higher raw material costs and pricing pressures.

Specialty Materials sales of $870 million in the second quarter of 2002 decreased by $5 million, or 1 percent compared with the second quarter of 2001 driven by a 49 percent decline in sales for our Advanced Circuits business due to continued weakness in the telecommunications industry. Sales for our Performance Fibers business also declined by 8 percent due mainly to weak demand. This decrease was partially offset by increased sales for our Nylon System and Electronic Materials businesses of 9 and 13 percent, respectively, due mainly to increased demand.

Specialty Materials segment profit of $34 million in the second quarter of 2002 decreased by $4 million, or 11 percent compared with the second quarter of 2001. This decrease resulted primarily from lower sales in our Advanced Circuits business, and pricing pressures mainly in our Nylon System, Fluorines and Performance Fibers businesses. This decrease was partially offset by lower costs resulting from plant shutdowns and workforce reductions.

Transportation and Power Systems sales of $805 million in the second quarter of 2002 decreased by $61 million, or 7 percent compared with the second quarter of 2001. Excluding the effects of the disposition of our BCVS business, sales increased by 4 percent. This increase was due mainly to a 5 percent increase in sales for our Garrett Engine Boosting Systems business due principally to increased demand in Asia. Sales for our Consumer Products business also increased by 3 percent due to higher demand.

Transportation and Power Systems segment profit of $104 million in the second quarter of 2002 increased by $41 million, or 65 percent compared with the second quarter of 2001 due mainly to an increase of 64 percent in the segment profit for our Garrett Engine Boosting Systems business due to the effects of cost-structure improvements, mainly workforce reductions, and other productivity actions and higher sales.

B. RESULTS OF OPERATIONS - SIX MONTHS 2002 COMPARED WITH SIX MONTHS 2001

Net sales in the first six months of 2002 were $10,850 million, a decrease of $1,160 million, or 10 percent compared with the first six months of 2001. The decrease in sales is attributable to the following:

Acquisitions	- %
Divestitures	(2)
Price	(2)
Volume	(6)
Foreign exchange	-
	(10)%

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

Cost of goods sold of $8,547 and $10,040 million included repositioning and other charges of $216 and $982 million in the first six months of 2002 and 2001, respectively. Cost of goods sold in the first six months of 2001 also included $102 million of amortization of goodwill and indefinite-lived intangible assets. Such amortization expense was excluded from cost of goods sold in the first six months of 2002 in conformity with SFAS No. 142, which we adopted effective January 1, 2002. Excluding such amortization expense and repositioning and other charges, cost of goods sold was $8,331 and $8,956 million in the first six months of 2002 and 2001, respectively. The decrease in cost of goods sold of $625 million in the first six months of 2002 compared with the first six months of 2001 resulted primarily from substantially lower sales volume principally in our Aerospace reportable segment and the benefits of repositioning actions, mainly workforce reductions.

Selling, general and administrative expenses of $1,277 and $1,605 million included repositioning and other charges of $4 and $86 million in the first six months of 2002 and 2001, respectively. Excluding these charges, selling, general and administrative expenses were $1,273 and $1,519 million in the first six months of 2002 and 2001, respectively. The decrease in selling, general and administrative expenses of $246 million in the first six months of 2002 compared with the first six months of 2001 resulted principally from the impact of workforce reductions and a decline in discretionary spending.

Retirement benefit (pension and other post retirement) plans cost increased by $98 million in the first six months of 2002 compared with the first six months of 2001 due principally to the funding status of our pension plans. Future effects on operating results will principally depend on pension plan investment performance and other economic conditions.

Loss on sale of non-strategic businesses of net $41 million in the first six months of 2002 represented the pretax loss on the dispositions of our PFC and Consumer Products businesses of $166 million partially offset by the pretax gain on the disposition of our BCVS business of $125 million.

Equity in (income) loss of affiliated companies was income of $10 million in the first six months of 2002 compared with a loss of $188 million in the first six months of 2001. Equity in (income) loss of affiliated companies included repositioning and other charges of $13 and $173 million in the first six months of 2002 and 2001, respectively. Excluding these charges, equity in (income) loss of affiliated companies was income of $23 million in the first six months of 2002 compared with a loss of $15 million in the first six months of 2001. The

increase of $38 million in equity income in the first six months of 2002 compared with the first six months of 2001 was due mainly to exiting a joint venture in our Aerospace reportable segment ($9 million), an improvement in earnings from joint ventures in our Specialty Materials and Automation and Control Solutions reportable segments ($13 million) and the accounting for the first quarter of 2002 operating results of our BCVS business using the equity method since control of the business was transferred to Knorr-Bremse AG in January 2002 ($6 million).

Other (income) expense, $22 million of income in the first six months of 2002, compared with income of $18 million in the first six months of 2001. The first six months of 2001 included a net provision of $5 million consisting of a $6 million charge related to the redemption of our $200 million 5 3/4% dealer remarketable securities and a $1 million credit recognized upon the adoption of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended. Excluding this net provision, other (income) expense was $23 million of income in the first six months of 2001. The decrease of $1 million in other income in the first six months of 2002 compared with the first six months of 2001 was due mainly to a decrease in benefits from foreign exchange hedging ($15 million) partially offset by lower minority interests ($8 million) and higher interest income ($5 million).

Interest and other financial charges of $175 million in the first six months of 2002 decreased by $39 million, or 18 percent compared with the first six months of 2001 due mainly to lower average debt outstanding and lower average interest rates in the current period.

The effective tax rate of only .8 percent in the first six months of 2002 resulted from the impact of repositioning and other charges and the loss on the dispositions of our PFC and Consumer Products businesses. The businesses sold had a higher deductible tax basis than book basis which resulted in a tax benefit. The effective tax rate in the first six months of 2002 also included the impact of the gain on the disposition of our BCVS business. The tax benefit of $110 million in the first six months of 2001 was driven by the impact of repositioning and other charges. Excluding the impact of repositioning and other charges in both periods and the gain on the dispositions of our BCVS, PFC and Consumer Products businesses in the first six months of 2002, the effective tax rate was 26.5 percent in the first six months of 2002 compared with 29.5 percent in the first six months of 2001. The decrease in the effective tax rate in the first six months of 2002 related mainly to the absence of non-deductible goodwill amortization expense in the current six months.

Net income of $835 million, or $1.02 per share, in the first six months of 2002 compared with net income of $91 million, or $0.11 per share, in the first six months of 2001. Adjusted for repositioning and other charges and the gain on the dispositions of our BCVS, PFC and Consumer Products businesses, net income in the first six months of 2002 was $15 million, or $0.02 per share, lower than reported. Adjusted for repositioning and other charges, net income in the first six months of 2001 was $774 million, or $0.95 per share, higher than reported. Net income in the first six months of 2002 decreased by 5 percent compared with the first six months of 2001 if both periods are adjusted to exclude the impact of repositioning and other charges and the gain on the dispositions of our BCVS, PFC and Consumer Products businesses. Assuming the provisions of SFAS No. 142 had been adopted on January 1, 2001, adjusted net income in the first six months of 2002 would have decreased by 15 percent compared with the first six months of 2001.

Review of Business Segments

	Six Months Ended June 30,			
	Net Sales		Segment Profit	
	2002	2001	2002	2001(2)
Aerospace	$ 4,293	$ 4,943	$ 671	$ 955
Automation and Control Solutions	3,367	3,529	427	374
Specialty Materials	1,628	1,788	42	76
Transportation and Power Systems	1,531	1,726	177	113
Corporate	31	24	(71)	(85)
	$10,850	$12,010	1,246	1,433
(Loss) on sale of non-strategic businesses - net			(41)	-
Equity in income (loss) of affiliated companies			23	(15)
Other income			22	23
Interest and other financial charges			(175)	(214)
Repositioning and other charges (1)			(233)	(1,246)
Income (loss) before taxes			$ 842	$ (19)

(1) Included cumulative effect adjustment of $1 million of income related to adoption of SFAS No. 133 in first quarter of 2001.

(2) Segment profit in the first six months of 2001 included the pretax amortization of goodwill and indefinite-lived intangible assets of $102 million (Aerospace - $30 million, Automation and Control Solutions - $46 million, Specialty Materials - $16 million and Transportation and Power Systems - $10 million). Such amortization expense was excluded from segment profit for the first six months of 2002, in conformity with the provisions of SFAS No. 142.

Aerospace sales of $4,293 million in the first six months of 2002 decreased by $650 million, or 13 percent compared with the first six months of 2001. This decrease resulted principally from a decline of 22 percent in sales by our commercial air transport segment. Sales to our commercial air transport aftermarket and OE customers declined by 18 and 29 percent, respectively, as the commercial aviation market continued to be adversely impacted by the terrorist attacks on September 11, 2001 and general weakness in the economy. Sales to our business and general aviation aftermarket customers decreased by 21 percent due mainly to a reduction in flying hours. Sales to our business and general aviation OE customers decreased by 29 percent reflecting a decline in deliveries of regional and business jet airplanes. This decrease was partially offset by higher sales in our defense and space segment, with OE sales up by 8 percent and aftermarket sales higher by 11 percent, resulting mainly from increased military spending.

Aerospace segment profit of $671 million in the first six months of 2002 decreased by $284 million, or 30 percent compared with the first six months of 2001 due mainly to substantially lower sales of higher-margin commercial aftermarket products and services. This decrease was partially offset by lower costs primarily from workforce reductions and a decline in discretionary spending.

Automation and Control Solutions sales of $3,367 million in the first six months of 2002 decreased by $162 million, or 5 percent compared with the first six months of 2001. Sales declined by 8 percent for our Control Products business and by 3 percent for our Industry Solutions business resulting from ongoing softness in industrial production and capital spending. Sales for our Service business also decreased by 5 percent due primarily to general weakness in the economy. Sales for our Security & Fire Solutions business were basically flat.

Automation and Control Solutions segment profit of $427 million in the first six months of 2002 increased by $53 million, or 14 percent compared with the first six months of 2001. Excluding goodwill amortization expense in the first six months of 2001, segment profit in the first six months of 2002 increased by 2 percent compared with the first six months of 2001. This increase resulted principally from the benefits of repositioning actions, mainly workforce reductions, across all of the segment's businesses.

Specialty Materials sales of $1,628 million in the first six months of 2002 decreased by $160 million, or 9 percent compared with the first six months of 2001 driven by a 45 percent decline in sales for our Advanced Circuits business due to weakness in the telecommunications industry and a 13 percent decrease in sales for our Performance Fibers business due mainly to weak demand. Sales for our Electronic Materials and Fluorines businesses also declined by 15 and 6 percent, respectively, generally due to lower demand and pricing pressures.

Specialty Materials segment profit of $42 million in the first six months of 2002 decreased by $34 million, or 45 percent compared with the first six months of 2001 due primarily to lower sales in our Electronic Materials, Advanced Circuits, Performance Fibers and Fluorines businesses. This decrease was partially offset by lower costs resulting from plant shutdowns and workforce reductions.

Transportation and Power Systems sales of $1,531 million in the first six months of 2002 decreased by $195 million, or 11 percent compared with the first six months of 2001. Excluding the effects of the disposition of our BCVS business, sales were basically flat.

Transportation and Power Systems segment profit of $177 million in the first six months of 2002 increased by $64 million, or 57 percent compared with the first six months of 2001 due principally to the effects of cost-structure improvements, mainly workforce reductions, and other productivity actions across all businesses in the segment.

C. FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Total assets at June 30, 2002 were $24,785 million, an increase of $559 million, or 2 percent from December 31, 2001.

We manage our businesses to maximize operating cash flows as the principal source of our liquidity. Cash provided by operating activities of $1,127 million during the first six months of 2002 increased by $350 million compared with the first six months of 2001. This increase was driven by an improvement in net income partially offset by higher spending for repositioning actions, mainly severance.

In July 2002, we paid $220 million to Northrop Grumman (Northrop) representing the remaining amount due under the settlement agreement with Northrop in connection with the Litton legal action.

Cash used for investing activities of $104 million during the first six months of 2002 decreased by $346 million compared with the first six months of 2001 due to the proceeds from the dispositions of our BCVS, PFC and Consumer Products businesses and lower acquisition spending. This decrease was also driven by lower capital spending reflecting our intention to limit capital spending at non-strategic businesses.

We continuously assess the relative strength of each business in our portfolio as to strategic fit, market position, profit and cash flow contribution in order to upgrade our combined portfolio and identify business 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 business units that do not fit into our long-term strategic plan based on their market position, relative profitability or growth potential. These business units are considered for potential divestiture, restructuring or other repositioning actions subject to regulatory constraints.

Cash used for financing activities of $440 million during the first six months of 2002 increased by $147 million compared with the first six months of 2001 due mainly to higher dividend payments in the current period. The increase in dividend payments resulted from the deferral of the payment of the normal second quarter 2001 dividend until the third quarter 2001 due to the proposed merger with GE. Total debt of $5,104 million at June 30, 2002 was $166 million, or 3 percent lower than at December 31, 2001.

Repositioning and Other Charges

A summary of repositioning and other charges follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Severance	$ 32	$ 54	$ 73	$ 313
Asset impairments	57	84	68	108
Exit costs	10	13	23	27
Adjustments	(31)	(28)	(43)	(28)
Total net repositioning charge	68	123	121	420
Business impairment charges	-	-	43	-
Customer claims and settlements of contract liabilities	29	140	29	288
Probable and reasonably estimable legal and environmental claims	-	162	-	162
Write-offs principally related to asset impairments, including receivables and inventories	40	167	40	217
Equity investment impairment charges	-	17	-	112
General Electric merger expenses	-	42	-	42
Debt extinguishment loss	-	-	-	6
Total other charges	69	528	112	827
Total net repositioning and other charges	$137	$651	$233	$1,247

In the second quarter of 2002, we recognized a repositioning charge of $99 million principally related to costs for the planned shutdown of two manufacturing plants and related workforce reductions in our Advanced Circuits business. The planned shutdown of these plants also included charges for asset impairments principally related to plant and equipment held for sale and capable of being taken out of service and actively marketed in the period of impairment, and exit costs mainly related to lease termination losses negotiated or subject to reasonable estimation. The repositioning charge also included workforce reductions in our Automation and Control Solutions reportable segment and in our UOP process technology joint venture and costs associated with a shutdown of a product line in our Specialty Materials reportable segment. Severance costs were related to announced workforce reductions of approximately 1,300 manufacturing and administrative positions of which approximately 300 positions have been eliminated as of June 30, 2002. These repositioning actions are expected to be completed by March 31, 2003. Also, $31 million of previously established severance accruals were returned to income in the second quarter of 2002 due principally to higher than expected voluntary employee attrition resulting in reduced severance liabilities in our Aerospace and Automation and Control Solutions reportable segments.

In the first quarter of 2002, we recognized a repositioning charge of $65 million for the costs of actions designed to reduce our cost structure and improve our future profitability. Severance costs were related to announced workforce reductions of approximately 1,100 manufacturing and administrative positions principally in our Automation and Control Solutions and Specialty Materials reportable segments of which approximately 700 positions have been eliminated as of June 30, 2002. 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, mainly in our Specialty Materials reportable segment. Other exit costs principally consisted of lease termination losses negotiated or subject to reasonable estimation mainly related to closed facilities in our Automation and Control Solutions and Specialty Materials reportable segments. These repositioning actions are expected to be completed by December 31, 2002. Also, $12 million of previously established severance accruals were returned to income in the first quarter of 2002, due principally to higher than expected voluntary employee attrition resulting in reduced severance liabilities in our Specialty Materials reportable segment.

As disclosed in our 2001 Annual Report on Form 10-K, we recognized repositioning charges totaling $1,016 million in 2001 ($151 and $448 million were recognized in the three and six-month periods ended June 30, 2001, respectively). The components of the charges included severance costs of $727 million, asset impairments of $194 million and other exit costs of $95 million. Severance costs were related to announced global workforce reductions of approximately 20,000 manufacturing and administrative positions across all of our reportable segments of which approximately 17,200 positions have been eliminated as of June 30, 2002. Also, $119 million of previously established accruals, mainly for severance, were returned to income in 2001 due principally to higher than expected voluntary employee attrition resulting in reduced severance liabilities, principally in our Aerospace and Automation and Control Solutions reportable segments.

These repositioning actions are expected to generate incremental pretax savings of over $800 million in 2002 compared with 2001 principally from planned workforce reductions and facility consolidations. Cash expenditures for severance and other exit costs necessary to execute these actions were $259 million in the first six months of 2002 and were funded through operating cash flows. Cash spending for severance and other exit costs necessary to execute the repositioning actions will approximate $500 million in 2002 and will be funded mainly though operating cash flows.

In the second quarter of 2002, we recognized other charges consisting of customer claims and settlements of contract liabilities of $29 million and $40 million of write-offs principally related to asset impairments, including receivables and inventories. The other charges related mainly to our Advanced Circuits business, bankruptcy of a customer in our Aerospace reportable segment, and customer claims in our Industry Solutions business.

In the first quarter of 2002, we recognized charges of $43 million related to our Friction Materials business and a chemical manufacturing facility. In 2001, we adopted a plan to dispose of our Friction Materials business and held discussions with a potential acquirer of the business. As part of these discussions we continued to evaluate the business for possible impairment. As a result of this evaluation, we recognized an impairment charge of $27 million in the first quarter of 2002 related to the write-down of property, plant and equipment (classified as assets held for disposal in Other Current Assets). We also recognized an asset impairment charge of $16 million related to the planned shutdown of a chemical manufacturing facility in our Specialty Materials reportable segment.

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

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Aerospace	$ 6	$ 72	$ 6	$ 152
Automation and Control Solutions	22	195	61	468
Specialty Materials	107	126	132	210
Transportation and Power Systems	2	33	30	127
Corporate	-	225	4	290
	$137	$651	$233	$1,247

D. OTHER MATTERS

Critical Accounting Policies

See Management's Discussion and Analysis of Financial Condition and Results of Operations section of our 2001 Annual Report on Form 10-K for a discussion of our Critical Accounting Policies. As disclosed in Note 23 of our 2001 Annual Report on Form 10-K, our net periodic pension income is calculated based upon a number of actuarial assumptions including a long-term assumed rate of return on plan assets of 10 percent. Since the year 2000, actual plan asset returns have been less than our assumed rate of return contributing to unrecognized losses of $1,118 million at December 31, 2001. These unrecognized losses will be recognized prospectively as a reduction of future pension income or an increase in future pension expense in accordance with Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions".

Report of Independent Accountants

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See our 2001 Annual Report on Form 10-K (Item 7A). At June 30, 2002, there has been no material change in this information.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

SHAREOWNER LITIGATION - Honeywell and seven of its current and former officers were named as defendants in several purported class action lawsuits filed in the United States District Court for the District of New Jersey (the Securities Law Complaints). The Securities Law Complaints principally allege that the defendants violated federal securities laws by purportedly making false and misleading statements and by failing to disclose material information concerning Honeywell's financial performance, thereby allegedly causing the value of Honeywell's stock to be artificially inflated. The purported class period for which damages are sought is December 20, 1999 to June 19, 2000. On January 15, 2002, the District Court dismissed the consolidated complaint against four of Honeywell's current and former officers.

We believe that there is no factual or legal basis for the allegations in the Securities Law Complaints. 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 consolidated financial position or results of operations. As a result of the uncertainty regarding the outcome of this matter, no provision has been made in our financial statements with respect to this contingent liability.

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

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

Although we do not currently possess sufficient information to reasonably estimate the amounts of liabilities to be recorded upon future completion of

studies, litigation or settlements, and neither the timing nor the amount of the ultimate costs associated with environmental matters can be determined, they could be material to our consolidated results of operations. However, considering our past experience, insurance coverage and reserves, we do not expect that these matters will have a material adverse effect on our consolidated financial position.

ASBESTOS MATTERS - Like more than a thousand other industrial companies, Honeywell is a defendant in personal injury actions related to asbestos. Our involvement is limited because we did not mine or produce asbestos, nor did we make or sell insulation products or other construction materials that have been identified as the primary cause of asbestos-related disease in the vast majority of claimants. Rather, we made several products that contained small amounts of asbestos.

Honeywell's Bendix Friction Materials business manufactured automotive brake pads that included asbestos in an encapsulated form. There is a limited group of potential claimants consisting largely of professional brake mechanics. During the twenty-year period from 1981 through 2001, we have resolved approximately 53,000 Bendix claims at an average cost per claim of one thousand dollars. Honeywell has had no out-of-pocket costs for these cases since its insurance deductible was satisfied many years ago. There are currently approximately 48,000 claims pending and we have no reason to believe that the historic rate of dismissal will change. We have $2 billion of insurance remaining.

Another source of claims is refractory products (high temperature bricks and cement) sold largely to the steel industry in the East and Midwest by North American Refractories Company (NARCO), a business we owned from 1979 to 1986. Less than 2 percent of NARCO's products contained asbestos.

When we sold the NARCO business in 1986, we agreed to indemnify NARCO with respect to personal injury claims for products that had been discontinued prior to the sale (as defined in the sale agreement). NARCO retained all liability for all other claims. NARCO has resolved approximately 176,000 claims in the past 18 years at an average cost per claim of two thousand two hundred dollars. Of those claims, 43 percent were dismissed on the ground that there was insufficient evidence that NARCO was responsible for the claimant's asbestos exposure. There are approximately 116,000 claims currently pending against NARCO, including approximately 7 percent in which Honeywell is also named as a defendant. During the past 18 years, Honeywell and our insurers have contributed to the cost of the NARCO defense. We have in excess of $1.2 billion of insurance remaining that can be specifically allocated to NARCO-related liability.

On January 4, 2002, NARCO filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code. As a result, all of the claims pending against NARCO are automatically stayed pending the reorganization of NARCO. In addition, because the claims pending against Honeywell necessarily will impact the liabilities of NARCO, because the insurance policies held by Honeywell are essential to a successful NARCO reorganization, and because Honeywell has offered to commit those policies to the reorganization, the bankruptcy court has temporarily enjoined any claims against Honeywell, current or future, related to NARCO. In connection with NARCO's bankruptcy filing, we paid NARCO's parent company $40 million and have agreed to provide NARCO with up to $20 million in financing. We have also agreed to pay $20 million to NARCO's parent company upon the filing of a plan of reorganization for NARCO acceptable to Honeywell, and to pay NARCO's parent company $40 million, and to forgive any outstanding NARCO indebtedness, upon the confirmation and consummation of such a plan.

We believe that, as part of the NARCO plan of reorganization, a trust will be established for the benefit of all asbestos claimants, current and future. Honeywell intends to contribute its insurance coverage (which is in excess of $1.2 billion) to the trust in exchange for its indemnity obligation to NARCO. If that trust is put in place and approved by the court as fair and equitable, Honeywell as well as NARCO will be entitled to a permanent channeling injunction barring all present and future individual actions in state or federal courts and requiring all asbestos-related claims based on exposure to NARCO products to be made against the federally-supervised trust. In our view, our existing insurance plus the existing NARCO assets should be sufficient to fund the trust. There is no assurance that a stay will remain in effect, that a plan of reorganization will be proposed or confirmed, or that any plan that is confirmed will provide relief to Honeywell.

Although it is impossible to predict the outcome of pending or future claims or the NARCO bankruptcy, in light of the nature of the potential exposure, our experience over the past 20 years in resolving asbestos-related claims, our insurance coverage, our existing reserves and the NARCO bankruptcy proceeding, we do not believe that asbestos-related claims will have a material adverse effect on our consolidated results of operations or financial position.

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

At the Annual Meeting of Shareowners of Honeywell held on July 29, 2002, the following matters set forth in our Proxy Statement dated June 14, 2002, which was filed with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934, were voted upon with the results indicated below.

(1) The nominees listed below were elected directors for a three-year term ending at the 2005 Annual Meeting with the respective votes set forth opposite their names:

	FOR	WITHHELD
Marshall N. Carter	674,898,869	35,320,258
David M. Cote	682,498,344	27,720,782
Robert P. Luciano	676,183,476	34,035,650
John R. Stafford	674,219,513	35,999,613
Michael W. Wright	674,492,538	35,726,588

(2) A proposal seeking approval of the appointment of PricewaterhouseCoopers LLP as independent accountants for 2002 was approved, with 671,907,610 votes cast FOR, 30,005,857 votes cast AGAINST, and 8,305,659 abstentions;

(3) A shareowner proposal regarding shareowner voting provisions was approved, with 380,353,851 votes cast FOR, 205,978,451 votes cast AGAINST, 12,180,574 abstentions and 111,706,252 broker non-votes;

(4) A shareowner proposal regarding shareowner rights plans was approved, with 371,617,318 votes cast FOR, 206,781,546 votes cast AGAINST, 20,103,553 abstentions and 111,716,711 broker non-votes;

(5) A shareowner proposal regarding the limiting of auditors to auditing only was not approved, with 260,729,399 votes cast FOR, 313,871,708 votes cast AGAINST, 23,919,766 abstentions and 111,698,255 broker non-votes.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits. See the Exhibit Index on page 34 of this Form 10-Q Quarterly Report.

(b) Reports on Form 8-K. The following reports on Form 8-K were filed during the three months ended June 30, 2002.

1. On May 14, 2002, a report was filed reporting the appointment of American Stock Transfer & Trust Company as our sole Transfer Agent, Registrar and Dividend Reinvestment Agent.

SIGNATURES

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

Honeywell International Inc.

Date: August 7, 2002

By: /s/ John J. Tus

John J. Tus
Vice President and Controller
(on behalf of the Registrant
and as the Registrant's
Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
2	Omitted (Inapplicable)
3	Omitted (Inapplicable)
4	Omitted (Inapplicable)
10	Omitted (Inapplicable)
11	Computation of Per Share Earnings*
12	Computation of Ratio of Earnings to Fixed Charges (filed herewith)
15	Independent Accountants' Acknowledgment Letter as to the incorporation of their report relating to unaudited interim financial statements (filed herewith)
18	Omitted (Inapplicable)
19	Omitted (Inapplicable)
22	Omitted (Inapplicable)
23	Omitted (Inapplicable)
24	Omitted (Inapplicable)
99.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
99.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)

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* Data required by Statement of Financial Accounting Standards No. 128, "Earnings per Share", is provided in Note 7 to the condensed consolidated financial statements in this report.

Exhibit 12

HONEYWELL INTERNATIONAL INC.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
Six Months Ended June 30, 2002

Determination of Earnings:	
Income before taxes	842
Add (Deduct):	
Amortization of capitalized interest	13
Fixed charges	228
Equity income, net of distributions	(10)
Total earnings, as defined	1,073
Fixed Charges:	
Rents(a)	53
Interest and other financial charges	175
	228
Capitalized interest	10
Total fixed charges	238
Ratio of earnings to fixed charges	4.51

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(a) Denotes the equivalent of an appropriate portion of rentals representative of the interest factor on all rentals other than for capitalized leases.

Exhibit 15

August 7, 2002

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

Commissioners:

We are aware that our report dated August 7, 2002 on our review of interim financial information of Honeywell International Inc. (the "Company") as of and for the period ended June 30, 2002 and included in the Company's quarterly report on Form 10-Q for the quarter then ended is incorporated by reference in its Registration Statements on Form S-8 (Nos. 33-09896, 33-51455, 33-55410, 33-58347, 333-57509, 333-57515, 333-57517, 333-57519, 333-83511, 333-34764, 333-49280, 333-57866, 333-57868, 333-91582 and 333-91736), on Forms S-3 (Nos. 33-14071, 33-55425, 333-22355, 333-49455, 333-68847, 333-74075, 333-34760, 333-45466 and 333-86874) and on Form S-4 (Nos. 333-82049).

Very truly yours,

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Exhibit 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Honeywell International Inc. (the Company) on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, David M. Cote, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ David M. Cote

David M. Cote
Chief Executive Officer
August 7, 2002

Exhibit 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Honeywell International Inc. (the Company) on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Richard F. Wallman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Richard F. Wallman

Richard F. Wallman
Chief Financial Officer
August 7, 2002