

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Form 10-Q

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

For the quarterly period ended March 31, 1996

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-8974

AlliedSignal Inc.

-----  
(Exact name of registrant as specified in its charter)

Delaware

22-2640650

-----  
(State or other jurisdiction of  
incorporation or organization)

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

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

07962-2497

-----  
(Address of principal executive offices)

(Zip Code)

(201)455-2000

-----  
(Registrant's telephone number, including area code)

NOT APPLICABLE

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

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

YES

X

NO

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

Class of Common Stock

Outstanding at  
March 31, 1996

-----  
\$1 par value

-----  
282,767,465 shares

AlliedSignal Inc.

Index  
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	Page No. -----
Part I. - Financial Information	
Item 1. Condensed Financial Statements:	
Consolidated Balance Sheet - March 31, 1996 and December 31, 1995	3
Consolidated Statement of Income - Three Months Ended March 31, 1996 and 1995	4
Consolidated Statement of Cash Flows - Three Months Ended March 31, 1996 and 1995	5
Notes to Financial Statements	6
Report on Review by Independent Accountants	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	8
Part II. - Other Information	
Item 4. Submission of Matters to a Vote of Security Holders	12
Item 6. Exhibits and Reports on Form 8-K	12
Signatures	14

AlliedSignal Inc.  
Consolidated Balance Sheet  
(Unaudited)

	March 31, 1996	December 31, 1995
	-----	-----
	(Dollars in millions)	
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 558	\$ 540
Accounts and notes receivable - net (Note 2)	1,832	1,751
Inventories - net (Note 3)	2,123	1,991
Other current assets	608	608
	-----	-----
Total current assets	5,121	4,890
Investments and long-term receivables	460	479
Property, plant and equipment	9,876	9,785
Accumulated depreciation and amortization	(5,187)	(5,043)
Cost in excess of net assets of acquired companies - net	1,556	1,572
Other assets	796	782
	-----	-----
Total assets	\$12,622	\$12,465
	=====	=====
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 1,400	\$ 1,385
Short-term borrowings	76	397
Commercial Paper	626	58
Current maturities of long-term debt	96	189
Accrued liabilities	1,781	1,775
	-----	-----
Total current liabilities	3,979	3,804
Long-term debt	1,344	1,366
Deferred income taxes	520	551
Postretirement benefit obligations other than pensions	1,853	1,864
Other liabilities	1,235	1,288
<b>SHAREOWNERS' EQUITY</b>		
Capital - common stock issued	358	358
- additional paid-in capital	2,508	2,489
Common stock held in treasury, at cost	(1,754)	(1,658)
Cumulative translation adjustment	36	61
Unrealized holding gain on equity securities	27	27
Retained earnings	2,516	2,315
	-----	-----
Total shareowners' equity	3,691	3,592
	-----	-----
Total liabilities and shareowners' equity	\$12,622	\$12,465
	=====	=====

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

AlliedSignal Inc.  
Consolidated Statement of Income  
(Unaudited)

	Three Months Ended March 31 -----	
	1996 ----	1995 ----
	(Dollars in millions except per share amounts)	
Net sales	\$3,778	\$3,419
	-----	-----
Cost of goods sold	3,012	2,747
Selling, general and administrative expenses	401	358
	-----	-----
Total costs and expenses	3,413	3,105
	-----	-----
Income from operations	365	314
Equity in income of affiliated companies	27	49
Other income (expense)	--	(19)
Interest and other financial charges	(50)	(41)
	-----	-----
Income before taxes on income	342	303
Taxes on income	117	105
	-----	-----
Net income	\$ 225	\$ 198
	=====	=====
Earnings per share of common stock (Note 4)	\$ .80	\$ .70
	=====	=====
Cash dividends per share of common stock	\$.225	\$.195
	=====	=====

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

AlliedSignal Inc.  
Consolidated Statement of Cash Flows  
(Unaudited)

	Three Months Ended March 31	
	1996	1995
	----	----
	(Dollars in millions)	
Cash flows from operating activities:		
Net income	\$ 225	\$ 198
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization (includes goodwill)	168	152
Undistributed earnings of equity affiliates	4	(22)
Deferred taxes	14	40
(Increase) in accounts and notes receivable	(77)	(152)
(Increase) in inventories	(129)	(124)
(Increase) in other current assets	(4)	(16)
Increase(decrease) in accounts payable	21	(27)
Increase in accrued liabilities	1	101
Other	(167)	(50)
	-----	-----
Net cash flow provided by operating activities	56	100
	-----	-----
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(180)	(145)
Proceeds from disposals of property, plant and equipment	55	20
(Increase) in other investments	(3)	--
Cash paid for acquisitions - net	(41)	31
Proceeds from sales of businesses	59	--
	-----	-----
Net cash flow (used for) investing activities	(110)	(94)
	-----	-----
Cash flows from financing activities:		
Net increase in commercial paper	568	89
Net increase(decrease) in short-term borrowings	(315)	3
Proceeds from issuance of common stock	62	20
Proceeds from issuance of long-term debt	5	--
Payments of long-term debt	(48)	(59)
Repurchases of common stock	(135)	(1)
Cash dividends on common stock	(65)	(54)
	-----	-----
Net cash flow provided by (used for) financing activities	72	(2)
	-----	-----
Net increase in cash and cash equivalents	18	4
Cash and cash equivalents at beginning of year	540	508
	-----	-----
Cash and cash equivalents at end of period	\$ 558	\$ 512
	=====	=====

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

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

Note 1. In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments, consisting only of normal adjustments, necessary to present fairly the financial position of AlliedSignal Inc. and its consolidated subsidiaries at March 31, 1996 and the results of operations and the changes in cash flows for the three months ended March 31, 1996 and 1995. The results of operations for the three-month period ended March 31, 1996 should not necessarily be taken as indicative of the results of operations that may be expected for the entire year 1996.

The financial information as of March 31, 1996 should be read in conjunction with the financial statements contained in the Company's Form 10-K Annual Report for 1995.

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

	March 31, 1996	December 31, 1995
	-----	-----
Trade	\$1,613	\$1,477
Other	252	308
	-----	-----
	1,865	1,785
 Less-Allowance for doubtful accounts and refunds	 (33)	 (34)
	-----	-----
	\$1,832	\$1,751
	=====	=====

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

Inventories consist of the following:

	March 31, 1996	December 31, 1995
	-----	-----
Raw materials	\$ 649	\$ 650
Work in process	836	769
Finished products	814	747
Supplies and containers	96	98
	-----	-----
	2,395	2,264
Less - Progress payments	(152)	(145)
Reduction to LIFO cost basis	(120)	(128)
	-----	-----
	\$2,123	\$1,991
	=====	=====

Note 4. Based on the weighted average number of shares outstanding during each period, as follows: 1996, 282,850,453 shares, and 1995, 283,765,137 shares. No dilution results from outstanding common stock equivalents.

Report on Review by Independent Accountants  
-----

To the Board of Directors  
of AlliedSignal Inc.

We have reviewed the accompanying consolidated balance sheet of AlliedSignal Inc. and its subsidiaries as of March 31, 1996, and the consolidated statements of income and of cash flows for the three-month periods ended March 31, 1996 and 1995. This financial information is the responsibility of the Company's management.

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

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

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1995, and the related consolidated statements of income, of retained earnings, and of cash flows for the year then ended (not presented herein); and in our report dated February 1, 1996 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, 1995, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Price Waterhouse LLP  
4 Headquarters Plaza North  
Morristown, NJ 07962

April 22, 1996

Results of Operations  
-----First Quarter 1996 Compared with First Quarter 1995  
-----

Net sales in the first quarter of 1996 totaled \$3.8 billion, an increase of \$359 million, or 11%, compared with the first quarter of last year. Of this increase, \$220 million reflects the consolidation of recent acquisitions offset in part by a \$31 million reduction for disposed businesses, \$154 million was due to higher sales volume and \$16 million was due to higher prices.

Aerospace sales increased \$158 million, or 14%. Equipment Systems showed strong sales growth with gains across all product lines, driven by aftermarket strength. The acquisition of a majority interest in SECAN, a European supplier of aircraft heat exchange equipment, in July 1995 also contributed to Equipment Systems higher sales. Engines had higher aftermarket sales volumes as well as strong shipments of propulsion engines for regional aircraft. Sales for Government Electronic Systems also increased reflecting progress in improving output and reducing order backlog at communication systems and guidance and controls as well as the acquisition of Northrop Grumman's precision products business in January 1996. Commercial Avionics Systems had slightly lower sales primarily resulting from the completion last year of the Federal Aviation Administration's mandated traffic alert and collision avoidance systems (TCAS) installation program on general aviation aircraft.

Automotive sales had a \$90 million, or 6%, increase. Braking Systems sales benefited from the acquisition of Budd Wheel and Brake in April 1995. Safety Restraints had substantially higher sales in Europe because of higher volumes for cars equipped with air bags, but sales in North America were unfavorably impacted by a strike against General Motors Corporation. North American aftermarket sales and sales of filters increased in part due to the successful introduction of new products. Sales of turbochargers improved slightly, reflecting significant increases in Europe, but lower sales in the Asia-Pacific region and North America. Sales of anti-lock braking systems (ABS) were substantially lower and European aftermarket sales and sales of North American truck brake systems were impacted by softening markets.

Engineered Materials sales were \$111 million, or 12%, higher. The Polymers business had higher sales of industrial fibers and plastics and also benefited from the acquisitions of Bridgestone/Firestone's industrial polyester fiber plant in Hopewell, Virginia in November 1995 and a nylon plastics and industrial fibers plant in Rudolstadt, Germany in October 1995. Specialty Chemicals sales increased reflecting the acquisition of Riedel-de Haen in October 1995. Sales also improved for Electronic Materials due to increased sales of laminate systems and advanced microelectronic materials. Carbon materials, environmental catalysts and amorphous metals also had higher sales. Sales of Fluorine Products were lower because of the 1995 phase-out of chlorofluorocarbons (CFCs) in developed countries.

Selling, general and administrative expense increased \$43 million, or 12%, reflecting in part the impact of acquisitions.

Income from operations of \$365 million in the first quarter of 1996 increased \$51 million, or 16%, compared with last year's first quarter. Engineered Materials' income from operations increased 30% and Aerospace improved 19%, but Automotive's income from operations decreased 5%. The Company's operating margin for the first quarter of 1996 was 9.7% compared with 9.2% for the same period last year. See the discussion of net income below for information by segment.

Productivity (the constant dollar basis relationship of sales to costs) of the Company's businesses improved by 4.0% compared with last year's first quarter.

Equity in income of affiliated companies of \$27 million decreased by \$22 million, or 45%, compared with last year mainly because the Company exited its high-density polyethylene (HDPE) joint venture in December 1995 and because of lower earnings from the Company's UOP process technology joint venture.

Other income (expense), zero in the first quarter of 1996, improved by \$19 million compared with the same quarter last year mainly because of higher foreign exchange costs in the prior year's first quarter.

Interest and other financial charges of \$50 million increased \$9 million, or 22%, from 1995's first quarter primarily due to higher levels of short-term debt.

Aerospace net income improved to \$71 million from \$56 million, an increase of \$15 million, or 27%, compared with the same quarter last year. Strong sales growth resulted in significantly higher earnings for the Equipment Systems, Government Electronic Systems and Engines businesses. Commercial Avionics Systems had lower earnings reflecting reduced TCAS sales.

Automotive net income rose to \$72 million from \$62 million a year ago, a \$10 million, or 16%, increase. Sales improvements of safety restraints and turbochargers in Europe and increased sales of automotive filters in the U.S. contributed to higher income. Net income also benefited from lower foreign exchange costs in the first quarter 1996 as compared with the same quarter last year. Earnings were unfavorably impacted by the strike against General Motors Corporation which resulted in temporary production curtailments at the Company's U.S. safety restraint plants. Net income was lower for the aftermarket and hydraulic braking systems.

Engineered Materials net income increased to \$109 million from \$94 million, a \$15 million, or 16%, increase. Net income was higher for the Polymers business, mainly reflecting improvements for industrial and carpet fibers. Electronic Materials net income was higher as laminate systems and advanced microelectronic materials had substantial increases over last year. A partial offset was lower equity earnings as a result of the Company's exit from the HDPE joint venture and reduced earnings on lower sales of Fluorine Products.

Net income of \$225 million, or \$0.80 a share, in the first quarter of 1996 was 14% higher than last year's net income of \$198 million, or \$0.70 a share, for the reasons discussed above.

#### Financial Condition

March 31, 1996 Compared with December 31, 1995

On March 31, 1996 the Company had \$558 million in cash and cash equivalents, compared with \$540 million at year-end 1995. The current ratio at March 31, 1996 was 1.3X, the same as at year-end 1995.

The Company's long-term debt on March 31, 1996 was \$1,344 million, a reduction of \$22 million compared with year-end 1995. Total debt of \$2,142 million on March 31, 1996 was \$132 million higher than at year-end, reflecting an increase in outstanding commercial paper. The Company's total debt as a percent of capital increased slightly from 33.7% at year-end 1995 to 34.7% at March 31, 1996.

During the first three months of 1996, the Company made capital expenditures of \$180 million, compared with \$145 million in the corresponding period in 1995. Spending for the three month period was as follows: aerospace-\$26 million, automotive-\$77 million, engineered materials-\$58 million and corporate-\$19 million.

During the first quarter of 1996, the Company repurchased 2.7 million shares of common stock for \$142 million. Common stock is repurchased to meet the expected requirements for shares issued under employee benefit plans and a shareowner dividend reinvestment plan. At March 31, 1996 the Company was authorized to repurchase 5.4 million shares of common stock.

In April 1996 the Company completed the sale of its light-vehicle hydraulic and ABS businesses (braking businesses) to Robert Bosch GmbH, a privately-held German company. Included in the sale were the Company's worldwide operations for conventional hydraulic braking and ABS systems for cars, light trucks and medium-duty trucks. These operations had 1995 sales of approximately \$2.1 billion. The Company received cash consideration of \$1.5 billion, subject to certain post-closing adjustments. It is expected that the proceeds will be used to grow the Company's higher-margin businesses and to pursue acquisitions that will expand or complement the Company's business portfolio. The sale of the braking businesses will result in a significant gain.

Management is currently evaluating a number of opportunities to reposition some of the Company's major business units which are intended to enhance their competitiveness and profitability. The Company is also completing an analysis of the impact of the proposed American Institute of Certified Public Accountants' Statement of Position (SOP), "Environmental Remediation Liabilities." This SOP provides additional guidance regarding the manner in which existing authoritative accounting literature is to be applied to the specific circumstances of recognizing, measuring and disclosing environmental remediation liabilities. The proposed SOP indicates that the effects of initially applying its provisions should be reported as a change in accounting estimate. The recognition and measurement guidance with respect to existing accounting principles that are contained in the proposed SOP and management's approval of strategic

repositioning actions is likely to result in a material charge against second quarter earnings and is expected to offset the gain mentioned above.

Review by Independent Accountants

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

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

At the Annual Meeting of Shareowners of the Company held on April 22, 1996, the following matters set forth in the Company's Proxy Statement dated March 11, 1996, 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 in 1999 with the respective votes set forth opposite their names:

	FOR	WITHHELD
	---	-----
Hans W. Becherer	231,859,170	5,091,851
Robert P. Luciano	231,712,522	5,238,499
Robert B. Palmer	231,776,874	5,174,147
John R. Stafford	231,737,920	5,213,101

(2) A proposal seeking approval of the appointment of Price Waterhouse LLP as independent accountants for 1996 was approved, with 233,655,033 votes cast FOR, 1,868,539 votes cast AGAINST and 1,427,449 abstentions;

(3) A shareowner proposal recommending that the directors review the Company's maquiladora operations and provide a report to the shareowners was not approved, with 25,817,734 votes cast FOR, 166,802,397 votes cast AGAINST, 25,138,185 abstentions and 19,192,705 broker non-votes.

(4) A shareowner proposal recommending that the directors review and amend the Company's standards for its international operations and provide a report to the shareowners was not approved, with 21,954,543 votes cast FOR, 173,337,207 votes cast AGAINST, 22,466,566 abstentions and 19,192,705 broker non-votes.

(5) A shareowner proposal recommending that steps be taken to elect the directors annually was not approved, with 88,921,796 votes cast FOR, 125,074,619 votes cast AGAINST, 3,761,901 abstentions and 19,192,705 broker non-votes.

Item 6. Exhibits and Reports on Form 8-K

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

3(ii) By-laws of the Company, as amended

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

27 Financial Data Schedule

(b) Reports on Form 8-K. A report on Form 8-K dated

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February 29, 1996 was filed by the Company to report that the  
Company agreed to sell the Company's light-vehicle hydraulic and  
anti-lock braking businesses to Robert Bosch GmbH.

SIGNATURES

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

AlliedSignal Inc.

Date: May 8, 1996

By: /s/ G. Peter D'Aloia

-----  
G. Peter D'Aloia  
Vice President and Controller  
(on behalf of the Registrant  
and as the Registrant's  
Principal Accounting Officer)

## EXHIBIT INDEX

Exhibit Number	Description
2	Omitted (Inapplicable)
3(ii)	By-laws of the Company, as amended
4	Omitted (Inapplicable)
10	Omitted (Inapplicable)
11	Omitted (Inapplicable)
15	Independent Accountants' Acknowledgment Letter as to the incorporation of their report relating to unaudited interim financial statements
18	Omitted (Inapplicable)
19	Omitted (Inapplicable)
22	Omitted (Inapplicable)
23	Omitted (Inapplicable)
24	Omitted (Inapplicable)
27	Financial Data Schedule
99	Omitted (Inapplicable)

By-laws  
of  
AlliedSignal Inc.

Amended as of  
April 22, 1996

TABLE OF CONTENTS

ARTICLE I - OFFICES	1
SECTION 1. Registered Office	1
SECTION 2. Other Offices	1
ARTICLE II - MEETINGS OF STOCKHOLDERS	1
SECTION 1. Place of Meetings	1
SECTION 2. Annual Meetings	1
SECTION 3. Special Meetings	1
SECTION 4. Notice of Meetings	1
SECTION 5. Quorum	2
SECTION 6. Order of Business	2
SECTION 7. Voting	2
SECTION 8. Inspectors	2
ARTICLE III - DIRECTORS	2
SECTION 1. Powers	2
SECTION 2. Number, Election and Terms	2
SECTION 3. Nomination of Directors; Election	3
SECTION 4. Place of Meetings	4
SECTION 5. Regular Meetings	4
SECTION 6. Special Meetings	4
SECTION 7. Notice of Meetings	4
SECTION 8. Quorum and Manner of Acting	4

SECTION 9. Resignation	5
SECTION 10. Removal of Directors	5
SECTION 11. Compensation of Directors	5
ARTICLE IV - COMMITTEES OF THE BOARD	5
SECTION 1. Appointment and Powers of Audit Committee	5
SECTION 2. Other Committees	6
SECTION 3. Action by Consent; Participation by Telephone or Similar Equipment	6
SECTION 4. Changes in Committees; Resignation; Removals	6
ARTICLE V - OFFICERS	6
SECTION 1. Number and Qualifications	6
SECTION 2. Resignations	7
SECTION 3. Removal	7
SECTION 4. Vacancies	7
SECTION 5. Chairman of the Board	7
SECTION 6. Vice Chairman of the Board	7
SECTION 7. Chief Executive Officer	7
SECTION 8. President	8
SECTION 9. Vice Presidents	8
SECTION 10. General Counsel	8
SECTION 11. Treasurer	8
SECTION 12. Secretary	8
SECTION 13. Controller	8
SECTION 14. Bonds of Officers	9
SECTION 15. Compensation	9

SECTION 16. Officers of Operating Companies or Divisions	9
ARTICLE VI - CONTRACTS, CHECKS, LOANS, DEPOSITS, ETC.	9
SECTION 1. Contracts	9
SECTION 2. Checks, etc.	9
SECTION 3. Loans	9
SECTION 4. Deposits	9
ARTICLE VII - CAPITAL STOCK	10
SECTION 1. Stock Certificates	10
SECTION 2. List of Stockholders Entitled to Vote	10
SECTION 3. Stock Ledger	10
SECTION 4. Transfers of Capital Stock	10
SECTION 5. Lost Certificates	10
SECTION 6. Fixing of Record Date	11
SECTION 7. Registered Owners	11
ARTICLE VIII - FISCAL YEAR	11
ARTICLE IX - SEAL	11
ARTICLE X - WAIVER OF NOTICE	11
ARTICLE XI - AMENDMENTS	12
ARTICLE XII - EMERGENCY BY-LAWS	12
SECTION 1. Emergency Board of Directors	12
SECTION 2. Membership of Emergency Board of Directors	12
SECTION 3. Powers of the Emergency Board	12
SECTION 4. Stockholders' Meeting	13

SECTION 5. Emergency Corporate Headquarters	13
SECTION 6. Limitation of Liability	13

By-laws  
of  
AlliedSignal Inc.

ARTICLE I  
OFFICES

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

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

ARTICLE II  
MEETINGS OF STOCKHOLDERS

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

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

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

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

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

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

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

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

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

### ARTICLE III DIRECTORS

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

SECTION 2. Number, Election and Terms. The authorized number of directors may be determined from time to time by vote of a majority of the then authorized number of directors

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

SECTION 3. Nomination of Directors; Election. Nomination for the election of directors may be made at a meeting of Stockholders by the Board or a committee appointed by the Board, or by any Stockholder entitled to vote for the election of directors at the meeting who while a Stockholder of record shall have given written notice of his intent to make such nomination in conformity with this Section 3. A Stockholder's notice of intent to make a nomination shall be addressed to the Secretary of the Corporation and shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than 30 days nor more than 60 days prior to the meeting; provided that in the event less than 40 days' notice or prior public disclosure of the date of the meeting is given, notice by the Stockholder must be so received not later than the close of business on the 10th day following the day on which the notice of meeting was first mailed or such public disclosure was made. The Stockholder's notice shall include (i) as to each person the Stockholder proposes to nominate for election or re-election as a director all information relating to such person required to be disclosed in solicitations of proxies for election of directors or otherwise required pursuant to Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended, and such person's written consent to be nominated and to serve as a director if elected and (ii) the Stockholder's name and address as they appear on the Corporation's stock record and the class and number of shares of capital stock of the Corporation the Stockholder beneficially owns. At the request

of the Board of Directors, any person nominated by the Board of Directors for election as a director shall furnish to the Secretary of the Corporation that information required to be set forth in a Stockholder's notice of nomination which pertains to the nominee. No person shall be eligible to serve as a director of the Corporation unless nominated in accordance with the procedure set forth in this By-law. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedure prescribed by the By-laws, and if he should so declare, the defective nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 3, a Stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Section 3. Directors shall be at least 21 years of age. Directors need not be Stockholders. At each meeting of Stockholders for the election of directors, directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

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

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

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

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

SECTION 8. Quorum and Manner of Acting. The presence of at least a majority of the authorized number of directors shall constitute a quorum for the transaction of business at any meeting of the Board. If a quorum shall not be present at any meeting of the Board, a majority of the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. Except where a different vote is required by law or the Certificate of Incorporation or these By-laws, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board. Any action required or permitted to be taken by the Board may be taken without a meeting if all the directors consent thereto in writing and the writing or writings are filed with

the minutes of proceedings of the Board. Any one or more directors may participate in any meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation by such means shall constitute presence in person at a meeting of the Board.

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

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

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

#### ARTICLE IV COMMITTEES OF THE BOARD

SECTION 1. Appointment and Powers of Audit Committee. The Board shall, by resolution adopted by the affirmative vote of a majority of the authorized number of directors, designate an Audit Committee of the Board, which shall consist of such number of directors as the Board may determine and shall be comprised solely of directors independent of management and free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a committee member. The Audit Committee shall (i) make recommendations to the Board as to the independent accountants to be appointed by the Board; (ii) review with the independent accountants the scope of their examination; (iii) receive the reports of the independent accountants and meet with representatives of such accountants for the purpose of reviewing and considering questions relating to their examination and such reports; (iv) review, either directly or through the independent accountants, the internal accounting and auditing procedures of the Corporation and (v) perform such other functions as may be assigned to it from time to time by the Board. The Audit Committee may determine its manner of acting and fix the time and place of its meetings, unless the Board shall otherwise provide. A majority of the members of the Audit Committee shall constitute a quorum for the transaction of business by the committee and the vote of a majority of the members of the committee present at a meeting at which a quorum is present shall be the act of the committee.

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

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

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

#### ARTICLE V OFFICERS

SECTION 1. Number and Qualifications. The officers of the Corporation may include a Chairman of the Board, Vice Chairman of the Board, Chief Executive Officer, President, one or more Vice Presidents, General Counsel, Treasurer, Secretary and Controller; provided, however, that any one or more of the foregoing offices may remain vacant from time to time, except as otherwise required by law. So far as practicable, the officers shall be elected annually on the day of the annual meeting of Stockholders. Each officer shall hold office until the next annual election of officers and until his successor is elected and qualified, or until his death or retirement, or until he shall have resigned or been removed in the manner hereinafter provided. The same person may hold more than one office. The Chairman of the Board, the Vice Chairman of the Board, the Chief Executive Officer and the President shall be elected

from among the directors. The Board may from time to time elect or appoint such other officers or agents as may be necessary or desirable for the business of the Corporation. Such other officers and agents shall have such titles and duties and shall hold their offices for such terms as may be prescribed by the Board. The Chief Executive Officer may appoint one or more Deputy, Associate or Assistant officers, or such other agents as may be necessary or desirable for the business of the Corporation. In case one or more Deputy, Associate or Assistant officers shall be appointed, the officer such appointee assists may delegate to him the authority to perform such of the officer's duties as the officer may determine.

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

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

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

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

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

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

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

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

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

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

SECTION 12. Secretary. The Secretary shall, if present, act as secretary of all meetings of the Board, the Executive Committee and other committees of the Board and the Stockholders and shall have the duty to record the proceedings of such meetings in one or more books provided for that purpose. He shall see that all notices are duly given in accordance with these By-laws and as required by law, shall be custodian of the seal of the Corporation and shall affix and attest the seal to all documents to be executed on behalf of the Corporation under its seal. He shall, in general, perform all the duties incident to the office of Secretary and all such other duties as may be assigned to him from time to time by the Chief Executive Officer or such other officer to whom the Secretary reports.

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

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

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

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

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

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

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

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

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

ARTICLE VII  
CAPITAL STOCK

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

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

SECTION 3. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the Stockholders entitled to examine the stock ledger, the list required by Section 2 of this Article VII or the books of the Corporation, or to vote in person or by proxy at any meeting of Stockholders.

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

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

against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

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

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

ARTICLE VIII  
FISCAL YEAR

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

ARTICLE IX  
SEAL

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

ARTICLE X  
WAIVER OF NOTICE

Whenever any notice is required by law, the Certificate of Incorporation or these By-laws, to be given to any director, member of a committee or Stockholder, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be

transacted at, nor the purpose of, any regular or special meeting of the Stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice.

ARTICLE XI  
AMENDMENTS

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

ARTICLE XII  
EMERGENCY BY-LAWS

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

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

SECTION 3. Powers of the Emergency Board. The Emergency Board will have the same powers as those granted to the Board in these By-laws, but will not be bound by any

requirement of these By-laws which a majority of the Emergency Board believes impracticable under the circumstances.

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

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

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

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May 8, 1996

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

Dear Ladies and Gentlemen:

We are aware that the March 31, 1996 Quarterly Report on Form 10-Q of AlliedSignal Inc. which includes our report dated April 22, 1996 (issued pursuant to the provisions of Statement on Auditing Standard No. 71) will be incorporated by reference in the Prospectuses constituting part of AlliedSignal Inc.'s Registration Statements, on Forms S-8 (Nos. 33-09896, 33-51455, 33-55410, 33-58345, 33-58347, 33-60261, 33-62963 and 33-64295), on Forms S-3 (Nos. 33-13211, 33-14071 and 33-55425) and on Form S-8 (filed as an amendment to Form S-14, No. 2-99416-01). We are also aware of our responsibilities under the Securities Act of 1933.

Very truly yours,

/s/ Price Waterhouse  
Price Waterhouse LLP

This schedule contains summary financial information extracted from the consolidated balance sheet at March 31, 1996 and the consolidated statement of income for the three months ended March 31, 1996 and is qualified in its entirety by reference to such financial statements.

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	DEC-31-1996	
	MAR-31-1996	558
		0
		1,613
		33
		2,123
		5,121
		9,876
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		358
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12,622		3,778
	3,778	3,012
		3,012
		0
		0
	50	
	342	
		117
225		0
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		225
		0.80
		0