

HONEYWELL INTERNATIONAL INC
Form 10-Q
July 19, 2007

United States
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 June 30, 2007

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
Morris Township, New Jersey

07962

(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 ☒ No ☐

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Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-Accelerated filer ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

There were 748,395,869 shares of Common Stock outstanding at June 30, 2007.

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This report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are those that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future. They are based on management's assumptions and assessments in the light of past experience and trends, current conditions, expected future developments and other relevant factors. They are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by our forward-looking statements. Our forward-looking statements are also subject to risks and uncertainties, which can affect our performance in both the near- and long-term. These forward-looking statements should be considered in the light of the information included in this report and our other filings with the Securities and Exchange Commission, including, without limitation, the Risk Factors, as well as the description of trends and other factors in Management's Discussion and Analysis of Financial Condition and Results of Operations, set forth in our Form 10-K for the year ended December 31, 2006.

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PART I. FINANCIAL INFORMATION

The financial information as of June 30, 2007 should be read in conjunction with the financial statements for the year ended December 31, 2006 contained in our form 10-K filed on February 16, 2007.

ITEM 1. FINANCIAL STATEMENTS

Honeywell International Inc. Consolidated Statement of Operations (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
(Dollars in millions, except per share amounts)				
Product sales	\$ 6,872	\$ 6,381	\$ 13,322	\$ 12,187
Service sales	1,666	1,517	3,257	2,952
Net sales	8,538	7,898	16,579	15,139
Costs, expenses and other				
Cost of products sold	5,318	4,931	10,328	9,497
Cost of services sold	1,173	1,096	2,313	2,130
	6,491	6,027	12,641	11,627
Selling, general and administrative expenses	1,127	1,086	2,216	2,088
Other (income) expense	(20)	(17)	(31)	(42)
Interest and other financial charges	110	94	207	183
	7,708	7,190	15,033	13,856
Income from continuing operations before taxes	830	708	1,546	1,283
Tax expense	219	187	409	331
Income from continuing operations	611	521	1,137	952
Income from discontinued operations, net of taxes				5
Net income	\$ 611	\$ 521	\$ 1,137	\$ 957
Earnings per share of common stock-basic:				
Income from continuing operations	\$ 0.79	\$ 0.63	\$ 1.45	\$ 1.15
Income from discontinued operations				0.01
Net income	\$ 0.79	\$ 0.63	\$ 1.45	\$ 1.16
Earnings per share of common stock-assuming dilution:				
Income from continuing operations	\$ 0.78	\$ 0.63	\$ 1.44	\$ 1.14
Income from discontinued operations				0.01

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Net income	\$ 0.78	\$ 0.63	\$ 1.44	\$ 1.15
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash dividends per share of common stock	\$ 0.25	\$ 0.227	\$ 0.50	\$ 0.454
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

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Honeywell International Inc.
Consolidated Balance Sheet
(Unaudited)

	June 30, 2007	December 31, 2006
	(Dollars in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,633	\$ 1,224
Accounts, notes and other receivables	6,118	5,740
Inventories	3,807	3,588
Deferred income taxes	1,197	1,215
Other current assets	329	470
Assets held for disposal	25	67
Total current assets	13,109	12,304
Investments and long-term receivables	505	382
Property, plant and equipment - net	4,692	4,797
Goodwill	8,457	8,403
Other intangible assets - net	1,213	1,247
Insurance recoveries for asbestos related liabilities	1,107	1,100
Deferred income taxes	925	1,075
Prepaid pension benefit cost	820	695
Other assets	943	938
Total assets	\$ 31,771	\$ 30,941
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 3,661	\$ 3,518
Short-term borrowings	62	62
Commercial paper	2,589	669
Current maturities of long-term debt	415	423
Accrued liabilities	5,638	5,455
Liabilities related to assets held for disposal	4	8
Total current liabilities	12,369	10,135
Long-term debt	4,485	3,909
Deferred income taxes	455	352
Postretirement benefit obligations other than pensions	2,075	2,090
Asbestos related liabilities	1,216	1,262
Other liabilities	3,371	3,473
SHAREOWNERS' EQUITY		
Capital - common stock issued	958	958
- additional paid-in capital	3,963	3,845
Common stock held in treasury, at cost	(9,295)	(6,339)
Accumulated other comprehensive income (loss)	(1,167)	(1,307)
Retained earnings	13,341	12,563
Total shareowners' equity	7,800	9,720
Total liabilities and shareowners' equity	\$ 31,771	\$ 30,941

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

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

	Six Months Ended June 30,	
	2007	2006
	(Dollars in millions)	
Cash flows from operating activities:		
Net income	\$ 1,137	\$ 957
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	413	406
Repositioning and other charges	304	245
Net (payments) for repositioning and other charges	(173)	(154)
Pension and other postretirement expense	146	244
Pension and other postretirement payments	(108)	(178)
Stock option expense	41	41
Deferred income taxes	197	126
Excess tax benefits from share based payment arrangements	(51)	
Other	26	(5)
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:		
Accounts, notes and other receivables	(352)	(243)
Inventories	(202)	(208)
Other current assets	36	42
Accounts payable	143	78
Accrued liabilities	4	(177)
Net cash provided by operating activities	1,561	1,174
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(283)	(271)
Proceeds from disposals of property, plant and equipment	82	44
Cash paid for acquisitions, net of cash acquired	(108)	(608)
Proceeds from sales of businesses, net of fees paid	52	576
Net cash (used for) investing activities	(257)	(259)
Cash flows from financing activities:		
Net increase/(decrease) in commercial paper	1,913	(106)
Net (decrease) in short-term borrowings		(210)
Payment of debt assumed with acquisitions		(346)
Proceeds from issuance of common stock	424	239
Proceeds from issuance of long-term debt		