SHINSEKI ERIC K
Form 4
October 03, 2007

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
SHINSEKI ERIC K

(Last) (First) (Middle)

101 COLUMBIA ROAD

(Street)

MORRISTOWN, NJ 07960

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
HONEYWELL INTERNATIONAL INC [HON]

3. Date of Earliest Transaction (Month/Day/Year)
10/01/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)

(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)		Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)					
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amoun Numbe Shares
Deferred Compensation (Phantom Shares)	(1)	10/01/2007	A (2)		308.979		(2)	(2)	Common Stock	308.9

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SHINSEKI ERIC K 101 COLUMBIA ROAD MORRISTOWN, NJ 07960	X			

Signatures

Jacqueline Whorms FOR Eric K. Shinseki	10/03/2007
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Instrument converts to common stock on a one-for-one basis.

(2) Phantom shares are accrued under the Deferred Compensation Plan for Non-Employee Directors and will be settled in cash following retirement.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. an, Times, Serif">2022 $526 2023-2027 $2,631

Incentive Compensation Plan for Certain Key Executives

We provide an incentive compensation plan for certain key executives, which is based upon our pretax income. The payment of these amounts is generally deferred over three or five-year periods. The total amount payable related to this arrangement was $10,530 and $7,098 as of November 3, 2017 and October 28, 2016, respectively. Future payments are approximately $4,502, $3,745, $2,089, $132 and $63 for fiscal years 2018 through 2022, respectively.

Postretirement Healthcare Benefits for Selected Executive Employees

We provide postretirement health care benefits for selected executive employees. Net periodic postretirement healthcare (benefit) cost is determined using assumptions as of the beginning of each fiscal year, except for the total actual benefit payments and the discount rate used to develop the net periodic postretirement benefit expense, which is determined at the end of the fiscal year.

Net periodic postretirement healthcare (benefit) cost consisted of the following:

	November 3. 2017 (53 Weeks)	**October 28. 2016** (52 Weeks)
Service cost	$ 13	$ 13
Interest cost	17	28
Amortization of prior service cost	(132)	(132)
Amortization of actuarial gain	(58)	(106)
Net periodic postretirement healthcare (benefit)	$ (160)	$ (197)

Weighted average assumptions for the fiscal years ended November 3, 2017 and October 28, 2016 are as follows:

	2017	2016
Discount rate	3.51 %	3.38 %
Medical trend rate next year	8.50 %	8.50 %
Ultimate trend rate	5.00 %	5.00 %
Year ultimate trend rate is achieved	2022	2021

The table below shows the estimated effect of a 1% increase in healthcare cost trend rate on the following:

	2017	2016
Interest cost plus service cost	$ 4	$ 6
Accumulated postretirement healthcare obligation	$ 64	$ 59

The table below shows the estimated effect of a 1% decrease in healthcare cost trend rate on the following:

	2017	2016
Interest cost plus service cost	$(4)	$(5)
Accumulated postretirement healthcare obligation	$(53)	$(49)

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The healthcare obligation and funded status of this plan as of the fiscal years ended are as follows:

	2017	2016
Change in accumulated postretirement healthcare obligation:		
Healthcare obligation - beginning of year	$511	$1,003
Service cost	13	13
Interest cost	17	28
Eliminate FSA	-	(441)
Actuarial (gain) loss	(11)	(89)
Benefits paid	(2)	(3)
Healthcare obligation – end of year	$528	$511
Funded status of the plans	528	511
Unrecognized prior service costs	(176)	(308)
Unrecognized net actuarial gain	(110)	(156)
Unrecognized amounts recorded in other comprehensive income	286	464
Postretirement healthcare liability	$528	$511

Expected payments for the postretirement benefits are as follows:

Fiscal Years	Postretirement Heathcare Benefits
2018	$ 54
2019	$ 78
2020	$ 62
2021-2025	$ 131

401(K) Plan for Sales, Administrative, Supervisory and Certain Other Employees

During the fiscal year ended November 3, 2006, we implemented a qualified 401(K) retirement plan (the “Plan”) for our sales, administrative, supervisory and certain other employees. During fiscal years 2017 and 2016, we made total employer contributions to the Plan in the amounts of $599 and $549, respectively.

NOTE 4 - *Income Taxes:*

The provision (benefit) for taxes on income includes the following:

	November 3. 2017	**October 28. 2016**
	(53 Weeks)	(52 Weeks)
Current:		
Federal	$ 4,039	$ 3,874
State	450	226
	4,489	4,100
Deferred:		
Federal	(321)	(883)
State	(169)	(151)
	(490)	(1,034)
	$ 3,999	$ 3,066

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The total tax provision differs from the expected amount computed by applying the statutory federal income tax rate to income before income taxes as follows:

	November 3, 2017 (53 Weeks)	**October 28, 2016** (52 Weeks)
Provision for federal income taxes at the applicable statutory rate	$ 4,373	$ 3,684
Increase in provision resulting from state income taxes, net of federal income tax benefit	108	49
Research & development tax credit	-	-
Non-taxable life insurance gain	(459)	(37)
Domestic Production Activities Deduction	(375)	(429)
Change in valuation allowance	77	-
Other, net	275	(201)
	$ 3,999	$ 3,066

Deferred income taxes result from differences in the bases of assets and liabilities for tax and accounting purposes.

	2017	2016
Receivables allowance	$ 12	$ 7
Returns allowance	264	166
Inventory packaging reserve	129	100
Inventory overhead capitalization	480	524
Employee benefits	544	552
Other	1	1
State taxes	(420)	(655)
Incentive compensation	3,399	2,140
Pension and health care benefits	7,736	12,438
Depreciation	(2,105)	(837)
Net operating loss carry-forward and credits	77	96
Valuation allowance established against state NOL	(77)	-
Non-current tax assets, net	$ 10,040	$ 14,532

Accounting Standards Codification (“ASC”) 740 requires that an entity’s deferred tax assets be reduced by a valuation allowance to the extent its management determines that it is more likely than not that such deferred tax asset, or portion thereof, will not be realized. Management evaluated the realizability of its deferred tax assets to determine the need and appropriateness of a valuation allowance. In its determinations, Management considers items of evidence, both positive and negative, including those items outlined in ASC 740. The Company policy outlines measurable objective criteria that must be met before a release of the valuation allowance will occur. The three criteria set forth in the policy must all be satisfied before the valuation allowance can be reversed. The three criteria were met and the valuation allowance was reversed in its entirety during fiscal year 2015. The Company continues to measure the realizability of its deferred tax assets against the preset criteria. The criteria are as follows: first, the Company's available federal tax net operating loss ("NOL") must be zero; second, the prior thirty-six month cumulative book basis pre-tax income (loss), after considering "one-time" events, is positive; third, the Company considers its outlook of near term continued profitable operations and assesses any material negative and positive trends or events on the immediate horizon. As of November 3, 2017, the Company (1) has utilized its entire federal net operating loss, (2) has positive thirty-six month cumulative book income and (3) positive economic factors including more stable commodity markets and current profitable operations are present. Management reevaluated the need for a full valuation allowance as of November 3, 2017 and determined that some of its California NOL may not be utilized. Therefore a valuation allowance of $77 has been provided for such portion of California NOL. Management has concluded that it is more likely than not that the other deferred tax assets as of November 3, 2017 will be realized.

Due to the degree of judgment involved, actual taxable income could differ materially from management's estimates, or the timing of taxable income could be such that the net operating losses could expire prior to their utilization. Management could determine in the future that the assets are unrealizable, materially decreasing net income in one or more periods. Following recognition, management could reinstate a full valuation allowance should operating performance decline.

As of November 3, 2017 the Company had net operating loss carryforwards of approximately $874 for state purposes. These loss carryforwards will expire at various dates from 2022 through 2033.

In July 2006, the FASB issued guidance to clarify the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. This interpretation prescribed a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance also discussed derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The provisions of this guidance have been incorporated into ASC 740-10.

In November 2015, the FASB issued guidance in ASU 2015-17 concerning the balance sheet classification of deferred taxes in an initiative to reduce complexity in accounting standards. All deferred tax liabilities and assets should now be classified as noncurrent in the statement of financial position to simplify presentation of deferred tax assets. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2016. We have already adopted this guidance and the change is reflected as of October 28, 2016.

As of November 3, 2017, we have provided a liability of $135 for unrecognized tax benefits related to various federal and state income tax matters. A significant portion of this amount would generally reduce our effective income tax rate if recognized in future reporting periods. We have not identified any new unrecognized tax benefits.

As of October 28, 2016, we have provided a liability of $130 for unrecognized tax benefits related to various federal and state income tax matters. A significant portion of this amount would generally reduce our effective income tax rate if recognized in future reporting periods. We have not identified any new unrecognized tax benefits.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

	November 3, 2017 (53 Weeks)	**October 28, 2016** (52 Weeks)
Balance at beginning of year	$ 130	$ 112
Additions based on tax positions related to the current year	14	16
Additions for tax positions of prior years	-	2
Reductions for tax positions of prior years	(9)	-
Settlements	-	-
Balance at end of year	$ 135	$ 130

We recognize any future accrued interest and penalties related to unrecognized tax benefits in income tax expense. As of November 3, 2017, we had approximately $5 in accrued interest and penalties which is included as a component of the $135 unrecognized tax benefit noted above.

Our federal income tax returns are open to audit under the statute of limitations for the fiscal years 2014 through 2016.

We are subject to income tax in California and various other state taxing jurisdictions. Our state income tax returns are open to audit under the statute of limitations for the fiscal years ended October 31, 2013 through 2016.

We do not anticipate a significant change to the total amount of unrecognized tax benefits within the next 12 months.

NOTE 5 - ***Line of Credit:***

We maintain a line of credit with Wells Fargo Bank, N.A. that expires on March 1, 2018. The line of credit was expanded during the first quarter of fiscal 2017. Under the terms of this line of credit, we may borrow up to $7,500 at an interest rate equal to the bank's prime rate or Libor plus 1.5%. The borrowing agreement contains various covenants, the more significant of which require us to maintain a minimum tangible net worth, a minimum quick ratio, a minimum net income after tax and total capital expenditures less than $5,000. The Company was in violation of the capital expenditure covenant which was subsequently waived by letter dated December 22, 2017. The Company was in compliance with all other covenants as of November 3, 2017. There have been no borrowings under this line of credit during fiscal 2017.

NOTE 6 - ***Contingencies and Commitments:***

We lease warehouse and/or office facilities throughout the United States under month-to-month rental agreements.

We returned all semi-truck trailers on operating leases before the end of fiscal 2016. Six year leases for OTR (over-the-road) tractors expire in 2018 and are classified as capital leases. After reevaluating our fleet delivery needs, we returned six OTR tractors financed by the capital lease arrangement with a remaining liability of $656 and $69 during the second quarter of fiscal 2015 and third quarter of fiscal year 2016, respectively. Rental payments including prior leases were $287 in fiscal year 2017 and $316 in fiscal year 2016. Amortization of equipment under capital lease was $163 and $177 in 2017 and 2016, respectively.

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The following is a schedule by years of future minimum lease payments for transportation leases:

Fiscal Year	Capital Leases	Operating Leases	Financing Obligations
2018	461	-	461
Total Minimum Lease Payments(a)	$ 461	$ -	$ 461
Less: Amount representing executory costs	(36)		
Less: Amount representing interest(b)	(1)		
Present value of future minimum lease payments(c)	$ 424		

(a) Minimum payments exclude contingent rentals based on actual mileage and adjustments of rental payments based on the Consumer Price Index. Contingent rentals amounted to $56 in fiscal year 2017 and $66 in fiscal year 2016 including prior lease arrangements.

(b) Amount necessary to reduce net minimum lease payments to present value calculated at our incremental borrowing rate at the inception of the leases.

(c) Reflected in Note 2, as current obligations under capital leases of $424.

NOTE 7 - *Segment Information:*

We have two reportable operating segments, Frozen Food Products (the processing and distribution of frozen products) and Snack Food Products (the processing and distribution of meat and other convenience foods).

We evaluate each segment’s performance based on revenues and operating income. Selling, general and administrative expenses include corporate accounting, information systems, human resource and marketing management at the corporate level. These activities are allocated to each operating segment based on revenues and/or actual usage.

The following segment information is for the fiscal years ended November 3, 2017 (53 weeks) and October 28, 2016 (52 weeks):

Segment Information

2017	**Frozen Food**	**Snack Food**	Other	Totals

	Products	**Products**		
Sales	$ 49,081	$ 118,142	$ -	$ 167,223
Cost of products sold	30,177	75,460	-	105,637
Gross margin	18,904	42,682	-	61,586
SG&A	14,706	34,052	-	48,758
Income before taxes	$ 4,198	$ 8,630	$ -	$ 12,828
Total assets	$ 11,826	$ 49,511	$ 36,208	$ 97,545
Additions to PP&E	$ 356	$ 11,218	$ -	$ 11,574

Segment Information

2016	**Frozen Food**	**Snack Food**	Other	Totals
	Products	**Products**		
Sales	$ 46,589	$ 93,474	$ -	$ 140,063
Cost of products sold	29,271	55,579	-	84,850
Gross margin	17,318	37,895	-	55,213
SG&A	14,477	29,900	-	44,377
Income before taxes	$ 2,841	$ 7,995	$ -	$ 10,836
Total assets	$ 10,748	$ 40,525	$ 35,981	$ 87,254
Additions to PP&E	$ 420	$ 2,845	$ -	$ 3,265

NOTE 8- ***Unaudited Interim Financial Information:***

Not applicable for a smaller reporting company

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Explanation of Responses: