STABILITY THROUGH DIVERSIFICATION

TEXTRON INC.

TWENTY-NINTH

1956 ANNUAL REPORT

TEXTRON INC. PROVIDENCE, R. I.

1956 ANNUAL REPORT

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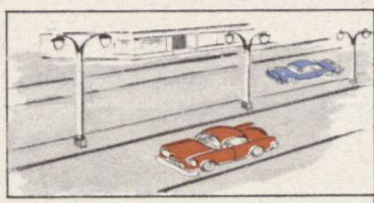
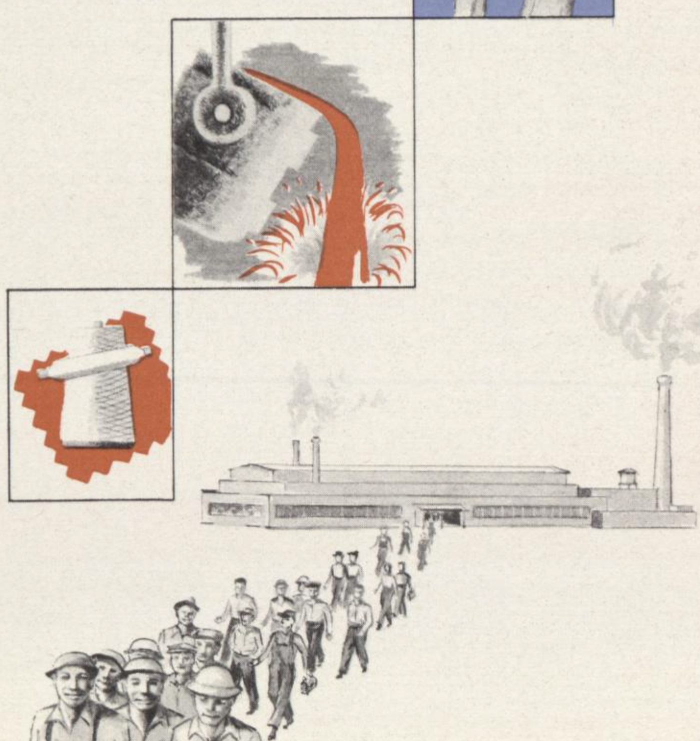


49 PLANTS
15,924 EMPLOYEES
30,000 SHAREHOLDERS



THE TEXTRON FAMILY OF BUSINESS ENTERPRISES

•

AMEROTRON
Textiles

BENADA
Aluminum Products

BURKART
Industrial Batting

CAMCAR
Metal Parts

CAMPBELL, WYANT and CANNON
Gray Iron and
Steel Alloy Castings

COQUILLE
Plywood

DALMO VICTOR
Radar Equipment
Electro-Mechanisms

FEDERAL INDUSTRIES
Vinyl and Chemically
Coated Fabrics

GENERAL CEMENT
Electronic-Radio-TV
Parts and Tools

HALL-MACK
Bathroom Accessories
and Fixtures

HOMELITE
Power Saws, Generators

KORDITE
Polyethylene Products

S.S. LEILANI
Passenger Vessel

MB
Vibration Test Equipment
and Eliminators

BOARD OF DIRECTORS

ROYAL LITTLE, *Chairman*
JOHN E. BIERWIRTH
ALFRED BUCKLEY
ERWIN N. DARRIN
NORMAN B. FROST
HERMAN E. GOODMAN
ROBERT P. HOLDING
ROBERT L. HUFFINES, JR.
KENNETH L. LINDSEY
FREDERICK T. MOSES
ARTHUR T. ROTH
GORDON SCHERCK
JAMES J. SULLIVAN
RUPERT C. THOMPSON, JR.
MELVILLE WESTON

OFFICERS

ROYAL LITTLE . . . . . . *Chairman of the Board and President*
RUPERT C. THOMPSON, JR. . . . *Chairman of Executive Committee*
WILLIAM D. MEWHORT . . . . . . *Vice President and Treasurer*
L. A. CASLER . . . . *Vice President*
HERMAN E. GOODMAN . . . . *Vice President*
LAURENCE C. PLOWMAN . . . . *Vice President*
ROBERT R. THURBER . . . . *Vice President and Secretary*
DOUGLAS L. GROTE . . *Controller, Asst. Treasurer and Asst. Secretary*
THEODORE F. MCDONALD . . . . *Assistant Treasurer*
ROBERT R. HERTZLER . . . . *Assistant Treasurer*
MARY A. HAMBLY . . . . *Assistant Secretary*
DELBERT J. HAYDEN . . . . *Assistant Secretary*
FREDERICK LIPPITT . . . . *Assistant Secretary*
GEORGE WILLIAM MILLER . . . . *Assistant Secretary*
MARY T. YOUNG . . . . *Assistant Secretary*
ROBERT C. WERNER . . . . *Assistant Controller*

Counsel: EDWARDS & ANGELL, Providence, Rhode Island

Auditors: STEWART, WATTS & BOLLONG

Trustee: FIFTEEN-YEAR 5% SUBORDINATED SINKING FUND DEBENTURES,
Due February 1, 1970
OLD COLONY TRUST COMPANY, Boston, Massachusetts

Trustee: 5% CONVERTIBLE SUBORDINATED DEBENTURES,
Due January 1, 1971
THE HANOVER BANK, New York, New York

Transfer Agents: COMMON AND CONVERTIBLE PREFERRED
RHODE ISLAND HOSPITAL TRUST COMPANY,
Providence, Rhode Island
BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, Los Angeles, California

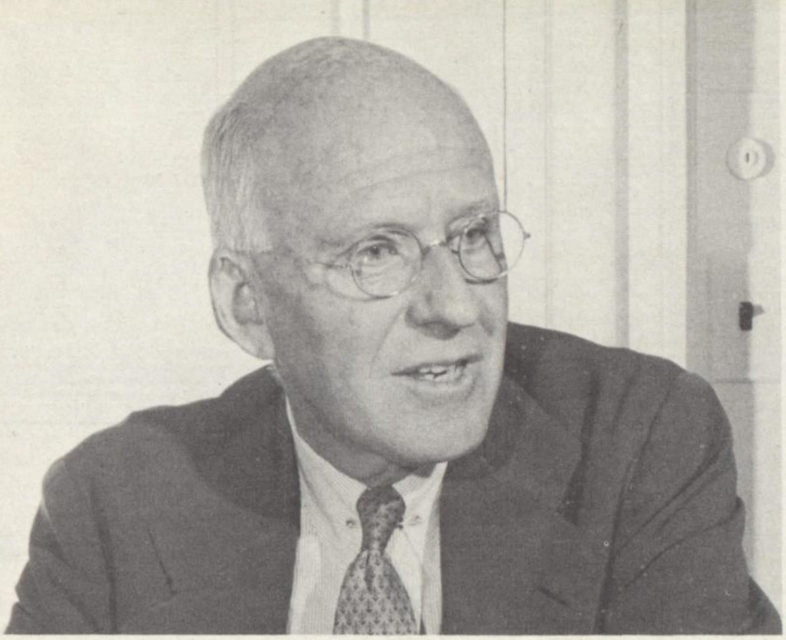
Transfer Agent: COMMON
GUARANTY TRUST COMPANY OF NEW YORK,
New York, New York

Transfer Agent: CONVERTIBLE PREFERRED
THE CHASE MANHATTAN BANK, New York, New York

Transfer Agent: 4% PREFERRED
INDUSTRIAL NATIONAL BANK OF PROVIDENCE,
Providence, Rhode Island

Registrars: COMMON AND CONVERTIBLE PREFERRED
INDUSTRIAL NATIONAL BANK OF PROVIDENCE,
Providence, Rhode Island
THE HANOVER BANK, New York, New York
SECURITY-FIRST NATIONAL BANK OF LOS ANGELES,
Los Angeles, California

The Common Stock is listed on the New York, Pacific Coast and Midwest Stock Exchanges, and the Convertible Preferred is listed on the New York and Pacific Coast Stock Exchanges.



Royal Little

Chairman's Letter

To the Securityholders:

For the year ended December 29, 1956, consolidated sales and net earnings were $245,794,000 and $6,503,000, compared with $191,571,000 and $5,497,000 for the previous year. The 1956 earnings were equivalent to $1.73 per common share on the average number of shares outstanding. Based upon average book value of $15.92 per share we showed a return of 10.8% on the common stock equity.

Since the merger of American Woolen Company and Robbins Mills, Inc. into Textron, February 24, 1955, we have disposed of thirty-six textile properties and five textile converting divisions, and we have absorbed substantial starting-up expenses at Amerotron's new integrated woolen mill at Barnwell, S. C., into which all former woolen operations have now been consolidated. The total losses as a result of these activities since merger, charged off against other profitable business, exceeded $13,000,000. In evaluating the results for the last two years, the securityholders should take into account the tremendous burden which these charges have imposed upon the Company.

The Company's present earning capacity is perhaps best demonstrated by considering the sales and earnings of those operations which were in existence at the end of the year as though they had been the only operations of the Company in the past. In other words, by eliminating the losses of those textile properties which were disposed of during 1956, and adding in the pre-acquisition pretax earnings of the non-textile companies acquired in 1956, we show pro forma sales of approximately $249 million and earnings of $14 million after absorbing starting-up costs of $1,350,000 at Barnwell and losses aggregating over $1,200,000 in Coquille Plywood and Ryan Industries Divisions. Computed upon a similar basis, results for the year 1955 were even more favorable. Pro forma sales would have been $262 million with earnings of $28 million. The higher pro forma net in 1955 ($7.79 per common share) over 1956 ($3.68 per common share) reflects primarily the better conditions existing that year in the textile, automotive and plywood industries.

At the regional meetings of stockholders held in 1955, we presented sales and earnings goals, *not predictions,* which we had set as management objectives, based upon the more favorable conditions existing in 1955. These goals assumed that we might reach $300 million in sales in 1956 – half in textiles, half in non-textiles – with potential pretax earnings of 5% on textile and 10% on non-textile sales with a total $22,500,000 profit. Based on the assumption that we might approach these goals, the Directors felt that it would be possible to pay dividends last year to common stockholders at the rate of 40-cents per share quarterly and still increase working capital during 1956 to $60 million.

Since our actual results, however, showed earnings of only $12,315,000 on non-textiles, and losses of $5,812,000 on textiles, we ended the year with lower working capital than necessary to operate a $300 million dollar business. The Directors at the January 29, 1957 meeting therefore decided that the regular quarterly common dividend should be reduced from 40-cents to 25-cents.

Acquisitions during 1956

On April 2 we acquired all the stock of General Cement Mfg. Company of Rockford, Ill. on a part fixed price and part contingent installment purchase plan. This division manufactures radio, television and electronic parts and tools, liquid cements and certain chemicals.

On April 2 we purchased on a part fixed price and part contingent installment purchase plan all the stock of Benada Aluminum Products Company of Girard, Ohio. This division is a leading producer of extruded aluminum products consisting primarily of storm windows, doors, awnings and siding.

On April 11 we purchased for cash and short term notes all the assets, subject to certain liabilities, of Myrtle Point Veneer Company, Norway, Oregon, and on June 20, for preferred stock, the assets, subject to certain liabilities, of Bandon Veneer and Plywood Association, Bandon, Oregon. Both these plants have been integrated with Coquille Plywood Division.

On April 20 we acquired for cash substantially all the assets, subject to certain liabilities, of Campbell, Wyant and Cannon Foundry Company of Muskegon, Mich. C.W.C. is a leading producer of alloy iron and steel castings for the automotive, railroad, agricultural implement, refrigeration, marine and other industries.

On May 1 we acquired for cash all the stock of Carolina Bagging Company, Henderson, N. C., as an addition to the F. Burkart Manufacturing Company Division to supplement its six other plants with an operation in the rapidly-growing southeast.

On June 29 we purchased for cash all the assets, subject to liabilities, of Hall-Mack Company of Los Angeles, Calif., and at the same time we acquired the business of its affiliate, Peat Manufacturing Corp. of Norwalk, Calif. Hall-Mack manufactures and distributes a distinctive line of bathroom accessories and fixtures.

On July 10 the Company purchased the S. S. La Guardia, which has since been rechristened the S. S. Leilani. This is an 18,500 ton, single class, tourist passenger liner with accommodations for about 650 persons. She has been bare boat chartered to Hawaiian Steamship Company, Limited on a long term net lease under which all costs and responsibilities of operation are borne by Hawaiian Steamship. Regular sailings between the West Coast and Honolulu started February 5, this year. Three quarters of the purchase price and reconstruction costs have been paid for through non-recourse mortgage notes held or insured by the government.

On August 31 we acquired, on a common stock for assets basis, the business of The Federal Leather Company (now Federal Industries) of Belleville, N. J. Federal Industries manufactures vinyl resin coated fabrics for automotive interiors, as well as for use in railroad cars, planes and ships, and for luggage, handbags, shoes, furniture upholstery and wall coverings.

Report of Subsidiary and Divisional Operations

As a result of these acquisitions, we now have fourteen businesses, all of which are operated as divisions of the Company, except for the textile operations, which are carried on in a subsidiary, Amerotron Corporation. Amwool Financial Corporation, a factoring company, is currently in liquidation.

During 1956 the Company put $18,600,000 into expansion and modernization of plants and facilities. The Directors plan to spend in 1957 for capital assets an amount less than total depreciation for the year. As of December 29, 1956 authorized capital expenditures amounted to only $3,900,000.

Amerotron Corporation

As of the year end Amerotron was operating nine plants: one integrated woolen mill, six synthetic fiber weaving mills, one combed cotton goods plant and one yarn processing plant to service the weaving mills. No converting operations were being regularly carried on. Excluding the woolen mill, the other eight plants earned $2,590,000 in 1955 and showed a small profit in 1956. We therefore believe that Amerotron should no longer be a drain on the Company's overall results. The Barnwell Mill may continue to lose money this year as we have learned from experience that it usually requires two years from the starting date for a large plant of this type to reach a standard cost performance. The textile industry is still suffering from overproduction and while volume is high, profit margins are negligible. We believe that further industry curtailment of production may be necessary in the second quarter.

Regional Meetings and Post Meeting Report

The Company held regional meetings of stockholders following the annual meeting in Providence on May 16, 1956. The total attendance at the seven meetings arranged by the Company in New York, Philadelphia, St. Louis, Chicago, San Francisco, Los Angeles and Boston, and the four meetings arranged by Blair & Co. Incorporated in Miami, Palm Beach, Atlanta and Detroit, was in excess of 4,000. A complete post meeting report of the annual and official regional meetings was mailed to the stockholders on October 17, 1956.

The Annual Meeting this year will be held in Providence on May 15, and regional meetings will be held in advance of it in New York City on March 11, Waldorf Astoria, Grand Ballroom, at 3:30 p.m., in Chicago on March 12, La Salle Hotel, Century Room, at 12:00 noon, and in San Francisco on March 13, St. Francis Hotel, Italian Room, at 3:30 p.m. If the return postcard mailed to all securityholders on February 18 regarding these regional meetings was not received, please consider this letter as your invitation. At each location there will be a short statement of the Company's operations, followed by a question and answer period which will give the securityholders an opportunity to discuss subjects of interest. I plan to conduct these meetings personally and will answer frankly written or oral inquiries. At New York we hope that the entire Board of Directors, the Presidents of all our divisions and subsidiaries, and all of the principal officers of the Company will again be present on the platform as they were last year. We urge you to attend the regional meeting nearest your home. We plan to mail to each securityholder a post meeting report in June this year for the benefit of those unable to attend.

Employee Benefits and Relations

The Directors will continue through pension, profit sharing, incentive compensation and stock option plans to attract and retain top management and capable junior executives throughout the entire organization. We have been advised by independent actuaries that once again the Textron Pension Plan (primarily for all exempt employees under the Wage and Hour Law) is sufficiently overfunded so that no contributions from the Company were required during 1956.

Under the Company's Employees' Stock Option Plan, 312 key employees have options in an aggregate of 175,860 shares at an average price of $24.53 per share.

All employee and labor relations at divisional level are handled exclusively by divisional management. During 1956 there were no strikes or work stoppages of any sort.

General

The Directors have approved an overhead budget for 1957 which will reduce our home office expenses by about $700,000 for the year. As of the year end there were only 90 employees on the home office payroll.

In the future our quarterly letter, which heretofore has been mailed with dividend checks, will be sent to securityholders as soon as final operating results for each quarter are available.

Future Prospects

Although it has taken longer than originally anticipated to stop the $2 million monthly pre-merger losses of American Woolen Company and Robbins Mills, Inc., we now have eliminated the major causes of our textile losses with the possible exception of continuing starting-up expense this year at the Barnwell Mill. During 1956 we lost money at Coquille Plywood and Ryan Industries. At Coquille we have well equipped, efficient plants but no low cost timber reserves with which to subsidize these operations when plywood prices are low. Temporarily at least Coquille's operations continue unprofitable and the industry is currently faced with further curtailment of production. At Ryan Industries changes in top management have been made and negotiations are being carried on to dispose of this division. All other divisions were profitable last year.

As a result of the Directors' decision to diversify from 100% textiles to 75% non-textiles, our future prospects are greatly enhanced. Nearly every one of our divisions is a leader it its particular field, with efficient and aggressive management.

Our long range objective continues to be a 20% return after taxes on our common stock equity. We are confident that this goal can ultimately be reached.

We wish to thank our 16,000 employees, our 30,000 securityholders, and our many thousands of customers and sources of supply for their continued loyalty and support.

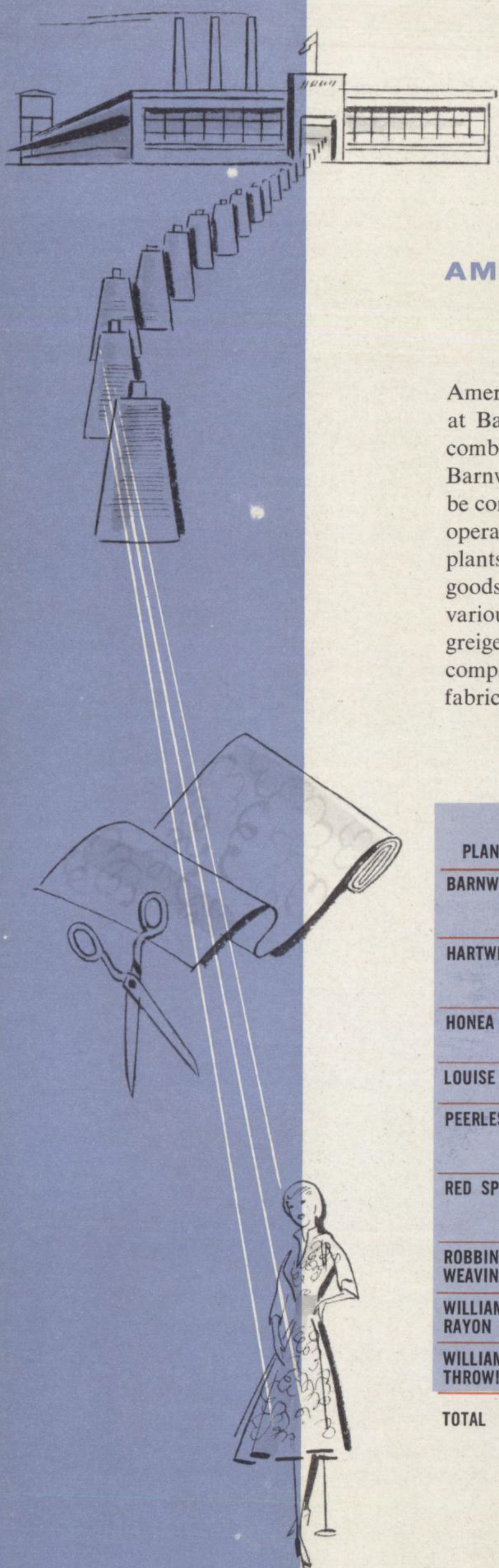
By Order of the Board of Directors

Royal Little

Royal Little, *Chairman*

Providence, R. I.

February 26, 1957



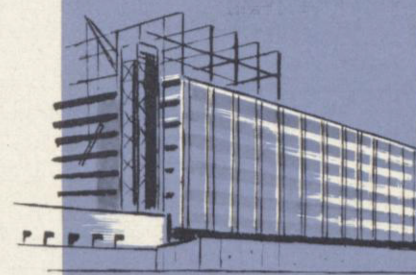
AMEROTRON CORPORATION

Amerotron's operations consist of the new, completely integrated woolen mill at Barnwell, S. C., six modern weaving plants, a throwing unit, and a fine combed cotton mill all located in the southeast. With the exception of the Barnwell production, which is sold in the finished state, Amerotron's sales will be confined to greige goods thereby eliminating the risks involved in converting operations. For the year 1957, it is estimated that the total production of all plants will be approximately 200,000,000 yards with about 90% in greige goods of man-made fibers such as Rayon, Acetate, Nylon, Orlon, Dacron, and various blends. The remaining yardage will be divided between combed cotton greige goods and finished woolens. The accompanying chart is designed to give a compact and comprehensive view of the mill properties, its equipment, type of fabrics and end uses.

PLANT	LOOMS	SPINDLES	FLOOR SPACE SQ. FT.	YARN CATEGORY	END USE OF FABRICS
BARNWELL	180	10,824	430,000	Wool	Women's Skirts & Dresses — Children's wear — Men's Flannel Slacks — Outerwear — Shirts & Bathrobes
HARTWELL	1060		132,000	Man-made Filament Yarn & Fibers	Blouses — Dresses — Skirts — Lingerie — Cotton & Dacron Wash & Wear Shirts — Gov't Parachutes — Draperies & Curtains
HONEA PATH	600		83,000	Man-made Filament Yarn & Fibers	Staple & Lining fabrics — Men's & Women's wear — Acetate & Rayon Draperies & Curtains
LOUISE	640	36,000	122,000	Combed Cotton	Handkerchiefs — Blouses — Lingerie — Dresses
PEERLESS	1065		117,550	Man-made Filament Yarn & Fibers	Blouses — Dresses — Skirts — Lingerie — Cotton & Dacron Wash & Wear Shirts — Gov't Parachutes
RED SPRINGS	1078	19,200	297,000	Man-made Filament Yarn & Fibers	Nylon Fabrics — Draperies — Curtain trades, also fine Acetate Satins for Lingerie Bemberg Linings
ROBBINS WEAVING	660	30,984	290,600	Man-made Filament Yarn & Fibers	Drapery & Curtain Fabrics — Fancy Apparel
WILLIAMSTON RAYON	1710		192,000	Man-made Filament Yarn & Fibers	Men's & Women's Linings — Twills and Taffetas
WILLIAMSTON THROWING		30,020	229,000	Thrown Yarns	Thrown Yarns for all Mills
TOTAL	7015	129,897	1,893,150		

BENADA ALUMINUM PRODUCTS CO.

A process in the Benada Plant



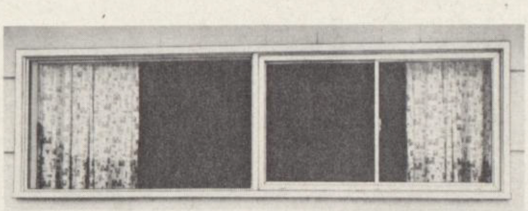
Benada is one of the nation's leading producers of aluminum storm doors, prime windows, metal awnings, metal siding and a variety of accessories of vinyl plastic. The future of aluminum is most promising and Benada is taking a leading part in this field. For industrial structures Benada has introduced a new type of Shield-All aluminum for lapsiding with baked-in enamel finish which is merchandised under the trade name "Shield."

Among the variety of featured products are shower doors, tub enclosures, awnings for residences and for industrial uses, aluminum siding for the construction industry and frames for windows, doors and casements. Its activities today are fully integrated from the smelting of aluminum pig and scrap to the sale of fabricated aluminum products.

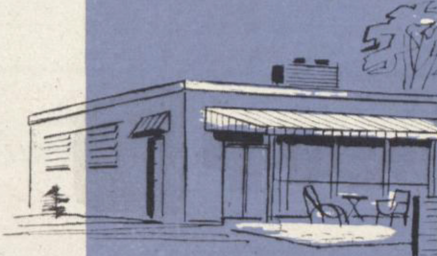
Because of the enthusiastic acceptance by the building trade of its varied products, Benada is expanding participation in the trim and moulding markets.

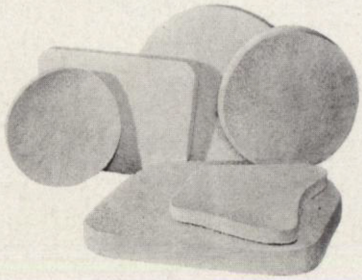
In addition to these major developments, the present extrusion facilities are being utilized for the purpose of making aluminum tubing. Benada will thus be able to enter the furniture, TV antenna and conduit markets. Benada is a strongly situated and ingenious producer of aluminum products and is building sound distribution with great diversification. Aluminum siding, which was originally introduced as a home improvement product, has gained acceptance within the last year in the new construction field. To augment its current line of horizontal aluminum siding, vertical aluminum siding are being added.

Benada began business in 1948 as a true pioneer in the aluminum products industry. It was acquired by Textron in April, 1956.



Prim-Alum horizontal sliding window





"Burkart-Foam"

F. BURKART MANUFACTURING COMPANY

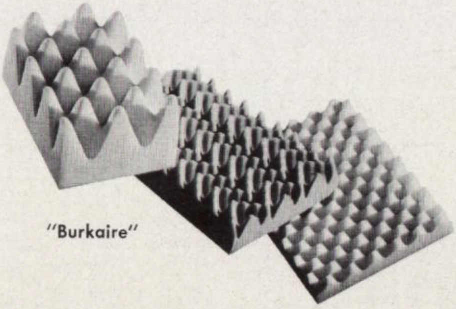
Acquired in September 1953, Burkart was the first in Textron's planned program of diversification in unrelated non-textile industries.

Burkart began business in 1877 manufacturing saddle girths and horse blankets. Keeping pace with changes in transporation in the country, this division successfully made seating equipment for horses and buggies and today is one of the leading suppliers of batts and pads for automobile, train, and airplane seats.

Burkart products are found in almost every type of transportation seating and its program of product development has recently included the fields of polyurethane foam. For example "Burkart-Foam" is rapidly approaching the production stage and it now appears that it will soon be used in large quantities by the clothing industries for insulation and interlinings. Other new markets will be opened in the near future. New production facilities have been provided for the potential demand for this new polyurethane product.

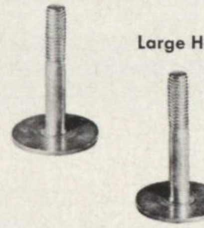
"Burkaire," a combination of vinyl and natural fibers, is constantly finding greater acceptance in the furniture industry. Burkart is now in the process of presenting this new product to the mattress industry where equal success seems promising. In the automotive industry, where Burkart has been a standby for many years, "Burkaire" will be found in many new cars.

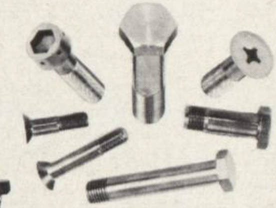
Because Burkart has seven plants and distribution centers located strategically in different areas, it can ideally serve the manufacturers of automobiles and transportation facilities who demand prompt deliveries. It is pre-eminent as a source in its industry and is outstanding as a leader in new developments to bring comfort and convenience to the American consumer both in his home and his travels.

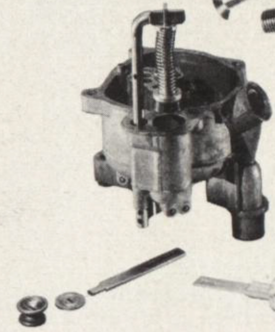


"Burkaire"

CAMCAR SCREW & MFG. COMPANY


Large Head Screws


Titanium Fasteners


Redesign of Three Piece Unit

The purchase of Camcar Screw & Manufacturing Company was made by Textron in September 1955. Camcar is a leading manufacturer of metal parts, screws and fasteners produced by the so-called Cold Flow process (a special technique in metal forming) and is a principal supplier to the aircraft, automotive and appliance manufacturers.

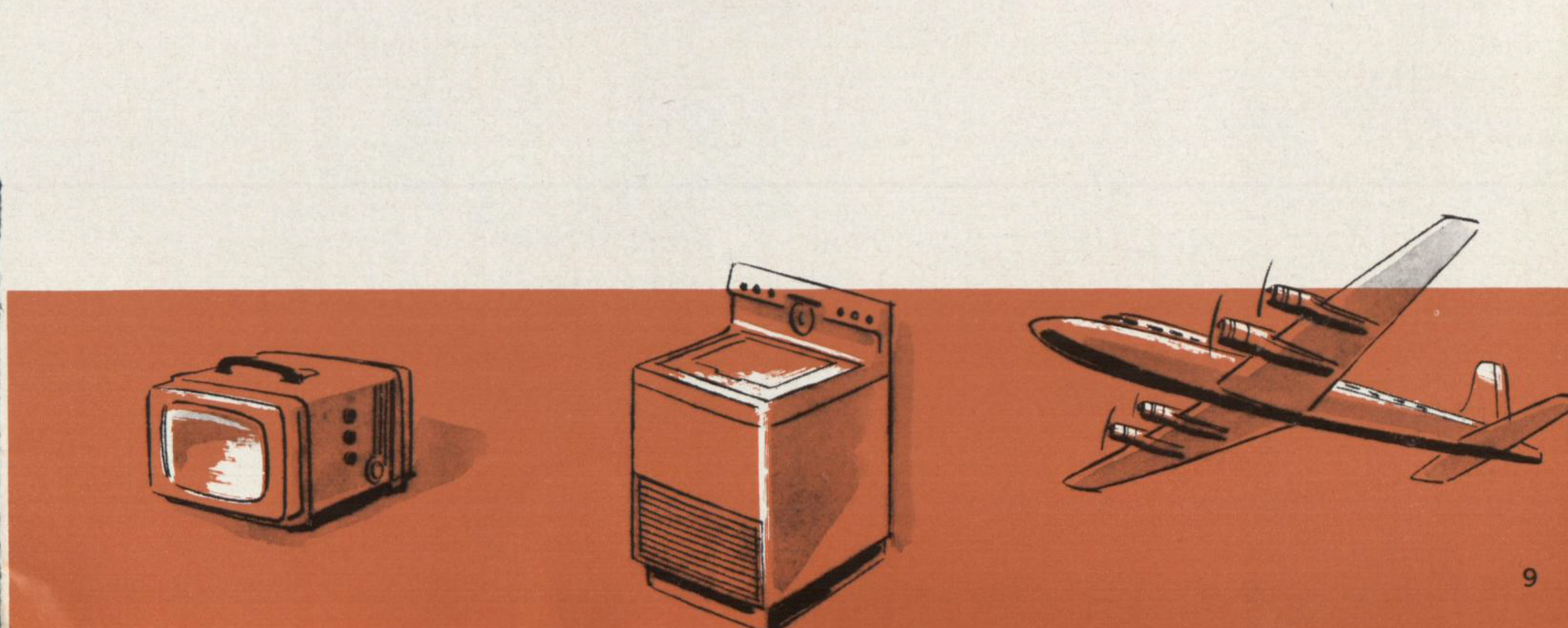
Camcar was founded 14 years ago and in the last four years, after extensive research and development, has gone into the production of many parts made from the super-alloys. This division is recognized as one of the few manufacturers in the entire nation able to produce satisfactorily bolts made from titanium. The aircraft industry is expected to be a large user of this product because the total weight saving through use of this metal is about 44% compared to steel. Camcar with two new plants recently completed will be able to more efficiently produce special screw products, thus improve its position in the fastener industry.

An example of the progress of the Cold Flow system is illustrated in one of the photographs on this page. The large head screws originally machined from bar stock of the size shown are now formed from wire by Camcar with a 76% saving in material.

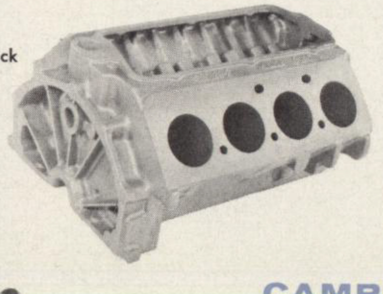
Another illustration shown on this page indicates ingenuity in design. The three piece unit was redesigned by Camcar engineers into a single unit, eliminating considerable assembly time. Research and progress are illustrated by the screws in the third picture which are made from titanium. Because of the proportionately greater strength and less weight, titanium fasteners will be in ever increasing demand by airplane and aircraft engine manufacturers.

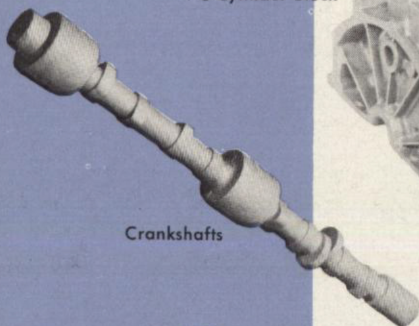
Camcar will continue to develop and exploit the Cold Flow process for special titanium parts. These will be effective in high temperature with high strength alloy bolts for the airplane and aircraft industry.

The overall benefits from the recent expansion and improved manufacturing techniques of Camcar will be reflected in greater efficiency and better quality.

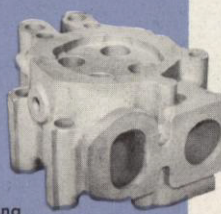


V-8 Cylinder Block

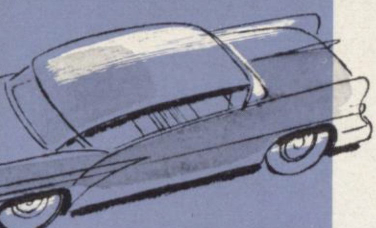


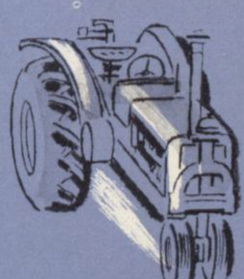


Crankshafts



Special Casting





CAMPBELL, WYANT AND CANNON FOUNDRY COMPANY

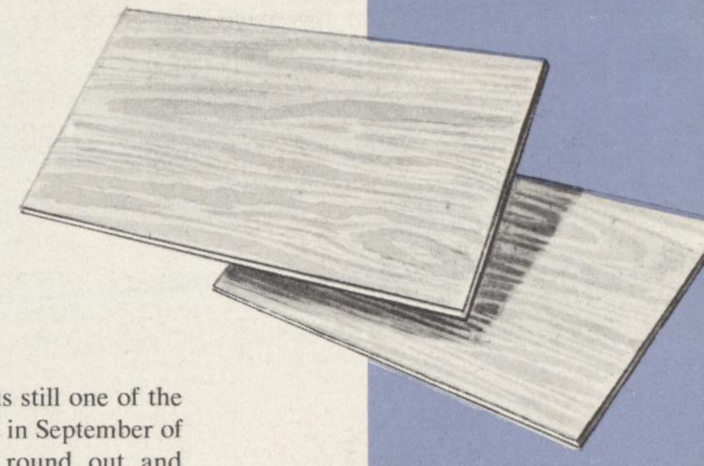
Campbell, Wyant and Cannon Foundry Company of Muskegon, Michigan, joined Textron in April 1956. Founded in 1908, it is today the nation's largest independent gray iron foundry and produces a wide variety of alloyed iron and steel castings for the automotive, railroad, agricultural implement, refrigeration, marine and other industries. With six plants located in Muskegon, South Haven and Lansing, Michigan, C.W.C. is strategically located with respect to both raw materials and customers. Shipments of some of the basic materials can be obtained by water, effecting important economies in freight, and the dunes along Lake Michigan provide an excellent source for the large amount of sand used by the foundries.

Its laboratories are modern and well equipped, permitting precision control and the production of castings to the most exacting metallurgical specifications.

As the automotive industry progressed through the years, Campbell, Wyant and Cannon, supplier to many car and parts manufacturers from the very beginning, has often served as their advisor in revolutionary developments. Its pioneering in metallurgy and foundry practice has greatly contributed to the advanced thinking of design engineers. Among the products supplied by this division are: cylinder blocks and heads, cast pistons, camshafts, crankshafts, gears, steel castings, cylinder liners, centrifuse breakdrums, all in a great variety of desired strength, surface design and special characteristics. As an example of specialization, an entire plant in Muskegon is devoted solely to the manufacture of liners and piston ring parts.

Campbell, Wyant and Cannon, because it has wisely and efficiently combined the art of craftsman and the science of running a foundry operation, is admirably fitted to meet the casting needs of the industries it serves.

Pouring in Mold



COQUILLE PLYWOOD

The Coquille Plywood mill at Coquille, Oregon, built in 1952 is still one of the most modern plywood operations in Oregon. After its purchase in September of 1955, Textron acquired two additional plywood plants to round out and diversify the Coquille operations; one in Norway, Oregon, formerly owned by Myrtle Point Veneer Company, located about five miles from Coquille, and the other in Bandon, Oregon, formerly owned by the Bandon Veneer and Plywood Association, located about eighteen miles from Coquille.

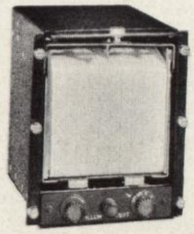
At all three plants there has been carried on since acquisition a program of improvement and expansion. Additions at Norway will soon make it the most modern green veneer plant in the industry with a capacity of about six million feet per month and Bandon's new installations will increase its production of plywood from two million to five million feet per month. These improvements will permit the plant at Coquille to concentrate on hot-press plywood with resultant increase in its earnings potential. With such specialization in each plant, Coquille Plywood will become a more important factor in the industry.

As is well known, the plywood industry suffered a sharp reversal in the middle of last year. Prices dropped from $88 to $67 per thousand, and only recently regained some of the lost ground with a price increase to $72. The division's plants were shut down in the months of November and December, 1956 and part of January, 1957, but are currently operating on a four day week.

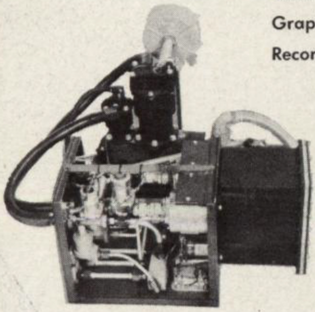
The plywood industry historically has passed through cycles of over production and subsequently depressed prices until demand again exceeded production. Since 1945 there have been three times that such readjustments have occurred and if the price trend this time follows the usual pattern, this division should again be profitable in the future.

Early in 1957, Coquille Plywood opened sales offices in San Francisco, and inaugurated plans for its own representation in key cities in order to reduce selling costs and get better control of distribution.

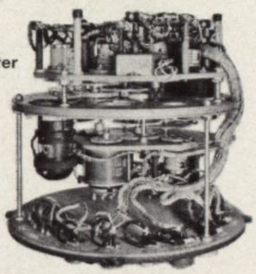
With its modern plants and flexibility acquired through its new equipment, Coquille is now the fifth largest producer in the country of Douglas Fir Plywood with an annual capacity of over a quarter of a billion square feet. Qualitywise Coquille has always been rated among the industry's top ten.



Miniature Graphic Recorder



Waveguide Pressurizing Unit



Signal Data Converter

DALMO VICTOR COMPANY

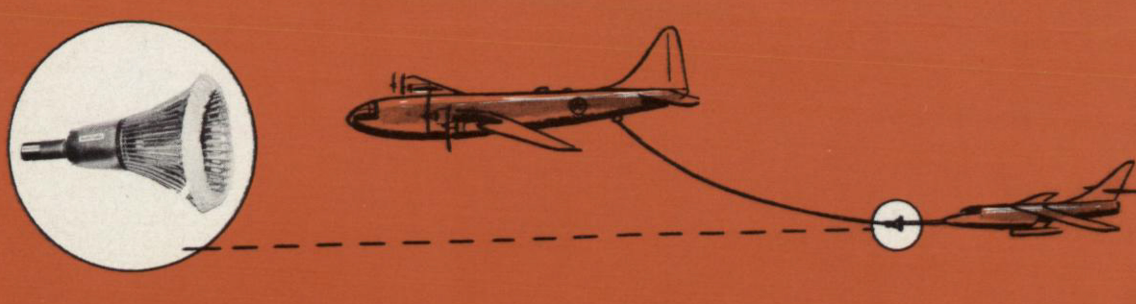
Founded in 1921, Dalmo Victor became a member of the Textron family in January 1954. It was one of the three non-textile companies originally acquired by Textron.

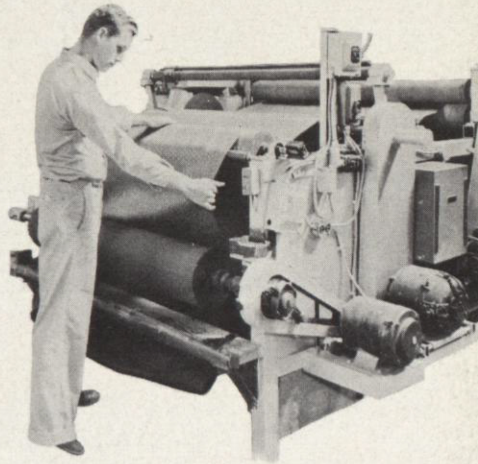
Historically, this company has had a most unusual evolution. It started as a small workshop specializing in metal stamping and in making phonograph needles. Today, after years of combining engineering ingenuity with wise selection of product fields, Dalmo Victor is an acknowledged leader in the development and production of airborne radar scanners and electro-mechanical devices. These intricate mechanisms require the blending of every phase of four primary engineering skills: 1 – electro-mechanics; 2 – hydraulics; 3 – servo-mechanisms and electronics; 4 – microwaves.

The year 1956 was a memorable one for Dalmo Victor because, in addition to maintaining its top position in the field of radar antennas for aircraft, it substantially broadened its product base by entering two new fields, namely, electro-hydraulic valves and in-flight refueling. This latter development is the result of years of the most painstaking application and research and will make a revolutionary contribution to the technical needs for long range flight refueling. It is fully expected that these and other new products will lift the sales of Dalmo Victor appreciably during the current year and it is possible that the new airborne refueling system may become as important to the Division as its antenna production.

In October 1956, Dalmo Victor saw the fulfillment of its expansion program when it moved into its new, multi-million dollar plant at Belmont, California. It is a model of modern architecture and functional design in every detail and has brought together under one roof all operations which were previously scattered through six different buildings in two cities. The new building which consolidates all administration, design and engineering work and production is also completely adequate to permit future growth.

The management of Dalmo Victor is justly proud of the competence of its technical staff and can today point to a large backlog of orders for military use. It is uniquely equipped to serve the electro-mechanical needs of the nation especially the jet age of air travel.





Inspection Process

FEDERAL INDUSTRIES

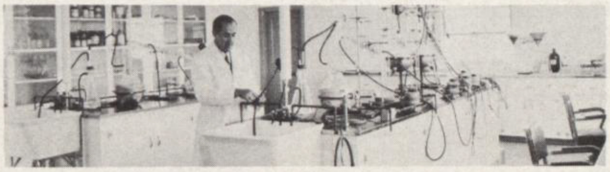
Established in 1919 as a finisher of real leather, the Federal Industries Division (formerly Federal Leather Company) has pioneered since 1923 in the development of chemically coated fabrics and is today an outstanding leader in the application of vinyl resins in this industry. While Federal is a major supplier to the automotive manufacturing industry supplying its material to practically every maker of cars, its products also have unlimited end uses in upholstery, luggage, wall coverings, shoes, handbags, protective wearing apparel and a variety of industrial and consumer goods as well as a great many military end uses.

The year 1957 promises to be a very important one for Federal. Expansion plans for new products and increased sales have already been completed. A new shampoo called "Federan," suitable for cleaning not only vinyl plastic coated materials but also leather and painted surfaces, will be available through auto supply dealers, hardware, department and chain stores throughout the country early in 1957 in a modern "poof" bottle. With a single squeeze it sprays a liquid film.

Another of Federal's diversified products is a new polyvinyl chloride foam. Because of the fire resistance of this foam as compared with foam rubber now on the market, its lack of deterioration and its odorless characteristics, it should prove an ideal product to combine with other Federal products. This foam is easily combined with other Federal items for automobiles, upholstery, furniture, aircraft and many other varied uses.

The new laboratory for research, development and testing of raw materials and finished products completed this past September should assure expansion of sales in both former and new products, thus creating greater stability for this division's future.

Federal Industries located in Belleville, New Jersey, was acquired by Textron on August 31, 1956.



Quality Control and Research

Consolidated

ASSETS

	December 29, 1956	December 31, 1955
Current assets:		
Cash	$ 10,258,648	$ 14,014,467
Marketable securities	3,951,593	–
Accounts receivable – net of reserves and advances against pledged receivables (Note B)	27,046,407	21,816,161
Notes receivable	1,081,774	2,025,239
Inventories, at lower of cost or market	57,083,628	41,425,591
Prepaid and deferred expenses	1,285,183	754,095
Other current assets	1,947,634	1,613,547
Total current assets	102,654,867	81,649,100
Notes receivable, due after one year	3,168,306	2,494,966
Property, plant and equipment (Note C)	128,941,718	109,232,919
Less – Reserves for depreciation and amortization	30,427,419	31,513,160
Provision for loss on disposal of properties	12,980,639	20,682,044
Provision for contingent payments for companies acquired	3,222,867	5,145,185
Total	46,630,925	57,340,389
Property, plant and equipment, net	82,310,793	51,892,530
Other assets:		
Deferred financing expense, less amortization	964,841	–
Excess cost of companies acquired, less amortization	949,047	653,877
Long-term rental deposit	600,000	600,000
Deposits with mutual insurance companies	216,448	262,029
Sundry other assets	1,160,193	1,323,989
Total other assets	3,890,529	2,839,895
Total assets	$192,024,495	$138,876,491

Reference is made to the accompanying

SUBSIDIARY COMPANIES

Balance Sheet

LIABILITIES AND CAPITAL

			December 29, 1956	December 31, 1955
Current liabilities:				
Notes payable			$ 16,042,037	$ 7,625,264
Current maturities of mortgage bonds and debentures			2,283,222	3,236,622
Accounts payable			14,382,285	9,952,561
Accrued expenses and other current liabilities			12,449,214	8,109,587
Amounts payable for companies acquired			4,448,864	5,954,394
Liability for Federal income taxes of companies acquired			1,595,772	1,642,020
Dividends payable			1,676,771	1,477,644
Total current liabilities			52,878,165	37,998,092
Long-term debt (Note D)			58,877,697	31,486,786
Amounts payable for companies acquired, due after one year			1,730,751	1,050,000
Other liabilities and deferred income			674,858	525,252
Total			114,161,471	71,060,130
Capital stock and surplus:				
Capital stock (Note E):	shares outstanding 1956	shares outstanding 1955		
$1.25 convertible preferred	424,381	623,719	10,609,525	15,592,975
4% preferred–Series A	20,921	25,817	2,092,087	2,581,787
4% preferred–Series B	66,648	78,189	6,664,740	7,818,940
Common	3,530,248	2,900,514	1,765,124	1,450,257
Total capital stock			21,131,476	27,443,959
Surplus (Note D):				
Paid-in surplus			40,340,338	24,858,963
Capital surplus			4,323,353	4,323,353
Earned surplus			12,307,388	12,029,788
Total			78,102,555	68,656,063
Less – Treasury stock at cost (In 1956, 3,031 shares Series A and 285 shares Series B 4% preferred stock.)			239,531	839,702
Total capital stock and surplus			77,863,024	67,816,361
Total liabilities and capital			$192,024,495	$138,876,491

notes to financial statements.

TEXTRON INC. AND SUBSIDIARY COMPANIES

Consolidated Statement of Income

	Years Ending December 29, 1956	December 31, 1955
Net sales	$245,794,392	$191,571,530
Cost of sales (including in 1955 gains incident to liquidation of LIFO inventory base — $1,047,705)	204,261,609	165,270,158
Gross profit on sales	41,532,783	26,301,372
Selling, advertising and administrative expenses	29,526,522	14,890,939
Profit from operations	12,006,261	11,410,433
Other income:		
Interest income	435,699	307,930
Sundry other income	1,435,968	1,681,892
Total other income	1,871,667	1,989,822
	13,877,928	13,400,255
Other charges:		
Interest expense, including customers' anticipation	4,456,481	2,841,840
Contributions to profit sharing plans	830,529	729,890
Provision for state income taxes	79,226	124,287
Sundry other charges	2,009,100	506,492
Total other charges	7,375,336	4,202,509
Profit before Federal income tax adjustment and special item (Note F)	6,502,592	9,197,746
Adjustment of excess provision for Federal income tax in prior years	—	300,000
Net profit before special item	6,502,592	9,497,746
Special item:		
Provision for loss on disposal of textile mill properties	—	4,000,335
Net profit after special item	$ 6,502,592	$ 5,497,411

Depreciation and amortization charged to costs and expenses amounted to $7,043,682 in 1956 and $4,454,117 in 1955.

The 1955 statement of income has been revised to conform to 1956 classifications.

Reference is made to the accompanying notes to financial statements.

TEXTRON INC. AND SUBSIDIARY COMPANIES

Consolidated Statements of Surplus

	Years Ending December 29, 1956	Years Ending December 31, 1955
PAID-IN SURPLUS		
Balance, beginning of year	$ 24,858,963	$ 10,635,968
Additions:		
Amount resulting from merger with American Woolen Company and Robbins Mills, Inc. (Note C)	—	13,922,608
Discount on 4% preferred stock retired	264,732	263,637
Amount resulting from conversion of $1.25 convertible preferred stock	4,883,781	36,750
Excess of value of assets acquired over par value of common stock issued in exchange therefor	10,271,044	—
Excess of value of assets acquired over cost of 4% preferred stock — Series B exchanged therefor	61,818	—
Balance, end of year	$ 40,340,338	$ 24,858,963
CAPITAL SURPLUS		
Balance at beginning and at end of year (No changes during the year)	$ 4,323,353	$ 4,323,353
EARNED SURPLUS		
Balance at beginning of year	$ 12,029,788	$ 10,594,757
Net profit after special item, per Statement of Income	6,502,592	5,497,411
	18,532,380	16,092,168
Dividends declared:		
$1.25 convertible preferred stock—$1.25 per share	567,003	781,195
4% preferred stock — Series A — $4.00 per share	75,609	93,109
4% preferred stock — Series B — $4.00 per share	276,669	317,354
Common stock — 1956 $1.60 per share; 1955 $1.00 per share	5,305,711	2,870,722
Total dividends	6,224,992	4,062,380
Balance at end of year	$ 12,307,388	$ 12,029,788

Reference is made to the accompanying notes to financial statements.

NOTE A General

The accompanying financial statements include the accounts of the Company and all subsidiaries except Textron Puerto Rico.

During the year the Company acquired the net assets of Campbell, Wyant and Cannon Foundry Company, Hall-Mack Company, Myrtle Point Veneer Company, The Federal Leather Company and Bandon Veneer and Plywood Association. The Company also acquired all the outstanding capital stock of Benada Aluminum Products Company, General Cement Mfg. Company, Carolina Bagging Company and Peat Manufacturing Corp. In acquiring these businesses the Company has paid or is committed to pay $35,824,822 cash and has issued 300,000 shares of its common stock and 6,355 shares of its 4% preferred stock – Series B. In addition, the Company has agreed to make further payments contingent upon the future earnings of the Benada Aluminum Products Co. and General Cement Manufacturing Company Divisions. All businesses acquired during the year are being operated as divisions of the Company or have been integrated with existing divisions and the results of their operations have been included from date of acquisition.

On July 10, 1956 the Company purchased the United States flag vessel S.S. La Guardia (subsequently rechristened the S.S. Leilani) for $962,617 in cash and the assumption of a 3½% promissory note for $2,887,821 secured by a first preferred mortgage covering such vessel. The note is payable in nine annual installments of $320,869 commencing February 9, 1957. At December 29, 1956 the Company was committed to bear the cost of reconditioning and reconstruction of the vessel for passenger service at a cost of $3,500,000. Of this amount, $875,000 was paid in cash on January 9, 1957 and the balance was paid by issuance of a 4½% insured second preferred mortgage on the vessel, payable in nine annual installments of $291,667 commencing January 9, 1958. The mortgages on the vessel provide that, subject to the fulfillment of certain statutory requirements, the sole recourse against the Company shall be limited to repossession of the vessel. The vessel has been bare boat chartered to Hawaiian Steamship Company, Limited, for a 15-year term at a net rental of $1,320,000 a year.

NOTE B Accounts Receivable

Accounts receivable are stated after deducting related reserves for doubtful accounts, discounts and allowances of $1,250,678 and do not include $15,403,437 collected from banks to whom accounts receivable of two subsidiary companies aggregating $17,425,245 have been assigned. Of the accounts assigned the banks have assumed the credit risk to the extent of approximately $15,800,000. Accounts receivable in the amount of $26,275,277 were not assigned.

NOTE C Property, Plant and Equipment

The gross property, plant and equipment is stated at cost, except that the fixed assets of four non-textile divisions are stated at appraised values which are $3,222,867 in excess of costs incurred to date. This amount has been credited to "Provision for contingent payments for companies acquired." Future contingent payments which are based upon earnings, if any, of these businesses will be charged to this provision.

At the beginning of the year the Company had reserves of $8,682,044 for losses on disposal of properties. On October 9, 1956, at a special meeting, the stockholders ratified the action of the Board of Directors establishing an additional $12,000,000 valuation reserve as of February 24, 1955, to adjust the book values of the properties acquired by the Company upon merger with Robbins Mills, Inc., and the charging of said additional reserve against paid-in surplus. The financial statements for 1955 have been revised to reflect this additional reserve. Disposition losses, idle plant expenses and other carrying charges aggregating $7,701,405 were charged against these reserves in 1956.

Mortgage notes payable and amounts payable under conditional sales contracts, aggregating $21,192,731 are secured by fixed assets having a gross cost of $58,599,622.

NOTE D Long-Term Debt

Long-term debt at December 29, 1956 consisted of the following:

5% convertible subordinated debentures due January 1, 1971	$20,000,000
Fifteen-year 5% subordinated sinking fund debentures, due February 1, 1970, less current maturities	16,278,477
5% first mortgage bonds due in installments to June 1, 1966, less current maturities	7,201,451
Mortgages on real estate, vessel and machinery	7,338,362
Obligations for machinery acquired under conditional sales contracts	3,313,220
Contracts for the purchase of standing timber and timberlands, including $765,064 payable in 1957	1,345,787
Unsecured loans, less current maturities	3,400,400
Total Long-Term Debt	$58,877,697

The fixed payment requirements of the indebtedness due after one year are:

1958	$ 4,769,298
1959	4,343,371
1960	4,120,471
1961	3,716,370
1962	3,835,726
1963 and later	37,327,397

The 5% convertible subordinated debentures due January 1, 1971 and the fifteen-year 5% subordinated sinking fund debentures due February 1, 1970 are subordinated to all other presently outstanding debt of the Company. The debenture indentures relating to the foregoing provide, among other things, for certain restrictions on the payment of cash dividends and the purchase, redemption or retirement of shares of stock of the Company. Under the most restrictive provision, the amount of surplus not so restricted at December 29, 1956 was $5,257,233.

NOTE E Capital Stock

The capital stock of the Company consisted of the following:

$1.25 convertible preferred stock (cumulative) no par value, authorized 465,106 shares, issued and outstanding 424,381 shares. This stock is entitled in the event of voluntary liquidation or redemption to $26 per share and accrued dividends, and in the case of involuntary liquidation to $25 per share and accrued dividends. It is convertible into common stock on a share for share basis.

4% preferred stock (cumulative) par value $100. Subject to the prior rights of the $1.25 convertible preferred stock, this stock is entitled to the benefits of a sinking fund requiring quarterly deposits of $2.50 for each share theretofore issued, such funds to be used for the purchase of 4% preferred stock tendered by holders at prices not in excess of $100 per share. This stock is callable upon 30 days' notice at $100 per share and accrued dividends:

Series A — authorized and issued 23,555 shares, retired by sinking fund 2,634 shares, outstanding 20,921 shares.

Series B — authorized and issued 72,606 shares, retired by sinking fund 5,958 shares, outstanding 66,648 shares.

$4 preferred stock (cumulative) no par value, authorized 108,453 shares, issued — none. This stock is entitled to the same preferential dividends and is subject to the same redemption provisions as the 4% preferred stock. Concurrently with the making of each deposit to the sinking funds for the 4% preferred stock, the Company is obligated to deposit into a sinking fund for the $4 preferred stock, an amount equal to $1.00 for each share of $4 preferred stock theretofore issued. Such funds are to be used for the purchase of $4 preferred stock tendered by holders at prices not in excess of $100 per share.

$5 preference stock (cumulative) no par value, authorized 500,000 shares, issued — none. Subject to the rights of all other classes of preferred stock, the $5 preference stock is entitled to the benefit of a sinking fund requiring quarterly deposits of 50c for each share theretofore issued, such funds to be used for the purchase of $5 preference stock tendered by holders at prices not in excess of $100 per share. This stock is callable upon 30 days' notice at $100 per share and accrued dividends.

Common stock, par value 50c, authorized 7,500,000 shares, issued and outstanding 3,530,248 shares.

Each holder of capital stock of any class is entitled to one vote per share, voting with other outstanding stock as one class, on all matters, and in certain cases to special class voting rights.

NOTE F Contingencies

Contingent Payments for Companies Acquired:

The purchase agreements relating to six of the acquired businesses provide for additional annual payments on the purchase prices based on various percentages not exceeding 25% of the pre-tax earnings (as defined in the agreements) of the businesses acquired. The contingent payments are required for periods of 8 to 19 years. The additional payments required on account of the 1956 earnings of these businesses amounted to $2,323,325.

Leases:

The Company and its subsidiaries have entered into lease agreements covering mill properties and office space under long-term leases which provide for the payment of approximately $1,850,000 in annual rentals plus in certain instances the cost of taxes, repairs and insurance. In addition to the foregoing, the Company leases plant and equipment relating to the Burkart Division at an annual rental of 20% of the first $1,000,000 of the net income before income taxes (as defined) of that Division plus 10% of any such income in excess of $1,000,000.

Taxes:

The Federal income and excess profits tax liability of the Company and its subsidiaries is subject to final determination by the United States Treasury Department for the years subsequent to 1945. Management is of the opinion that there is no material liability with respect to the open tax years. No provision for Federal income taxes was required on 1956 income due to losses during the year on the disposal of plant properties and equipment, which losses were charged to reserves previously provided.

As at December 29, 1956 the Company had unused Federal tax loss carry-overs of approximately $45,000,000. Under the present tax laws these loss carry-overs may be applied, subject to the applicable provisions of the Internal Revenue Code, as an offset against future earnings for Federal income tax purposes. To the extent not utilized, approximately $14,000,000 of the loss carry-over will expire at the end of 1957 and $20,500,000 at the end of 1958.

Renegotiation:

The Company and its subsidiaries have made sales either directly or indirectly to the United States Government and are subject to the Renegotiation Act of 1951. The amount of refund, if any, which may be required is not presently determinable. Management is of the opinion that profits were not excessive and therefore no provision for refund has been made in the accounts.

Litigation:

Certain lawsuits are pending but counsel is of the opinion that none of them is likely to result in a material liability.

Repurchase Agreement:

In 1956 the Company sold a $1,970,000 mortgage note, due August 1, 1957, subject to repurchase in the event of default by the maker.

NOTE G Option Agreements

As at December 29, 1956 certain officers and employees held options to purchase common stock of the Company as follows:

Year option Granted	Exercisable	Expiration Date	No. Shs.	Option Price Per Sh.	Option Price Total	Market value at dates of granting options Per Share	Market value at dates of granting options Total
1953	On granting	April 30, 1963	100,000	$25.00	$2,500,000	$11.125	$1,112,500
1955	Two years from date of granting	Various to Dec. 8, 1960	131,910	19.00 to 25.00	2,970,775	18.375 to 23.75	2,552,459
1956	Two years from date of granting	Various to Oct. 26, 1961	49,510	25.00 to 30.00	1,458,070	20.50 to 27.25	1,204,143
1956	Mar. 16, 1958	Mar. 16, 1966	50,000	25.00	1,250,000	24.75	1,237,500

The number of shares of common stock issuable under outstanding options is as follows:

Number of shares issuable under outstanding options at beginning of the year	272,490
Options issued in 1956	101,710
Cancellations of options by reason of termination of employment	(42,780)
Number of shares issuable under outstanding options at end of the year	331,420

The number of shares of common stock available at the beginning and at the end of the year for the granting of options under the option plan was 27,510 and 118,580 respectively.

On May 16, 1956 the stockholders approved the amendment of the stock option plan by increasing from 200,000 to 300,000 the number of shares of common stock for which options may be granted and by providing that the option price shall in no case be less than $30 per share.

NOTE H Pension and Profit Sharing Plans

The Company and its consolidated subsidiaries are parties to a pension plan to provide eligible employees with retirement and death benefits. In addition, the Campbell, Wyant and Cannon Foundry Company and Federal Industries Divisions each have separate pension plans for the benefit of certain of their divisional employees. No contribution is required on the part of the employee member, the entire cost, if any, being borne by the companies and divisions. At December 29, 1956 the Company pension plan was fully funded and no payments are required for 1956. With respect to the separate divisional plans noted above, the unfunded past service cost of pensions at December 29, 1956 is estimated at $4,725,000; the estimated annual cost is $375,000.

The Company has a profit sharing plan which was established in 1951. Eligible employees of divisions and subsidiaries which are included in the plan by action of the Board of Directors are entitled to participate. One of the Camcar Divisions, the MB Manufacturing Company Division and the Campbell, Wyant and Cannon Foundry Company Division (none of which are included under the Company's profit sharing plan) each have separate profit sharing plans for the benefit of their divisional employees.

Consolidated earnings for 1956 have been charged with the following contributions to profit sharing plans:

Company profit sharing plan	$470,356
Separate divisional profit sharing plans	360,173
Total	$830,529

STEWART, WATTS & BOLLONG
ACCOUNTANTS & AUDITORS
50 STATE STREET
BOSTON 9

NEW YORK
ATLANTA

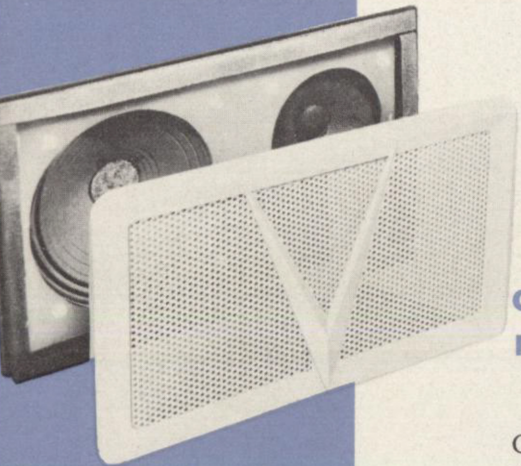
To the Stockholders of TEXTRON Inc.:

We have examined the consolidated balance sheet of Textron Inc. and subsidiary companies at December 29, 1956 and the related consolidated statements of income and surplus for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the above-described statements present fairly the financial position of Textron Inc. and subsidiary companies at December 29, 1956 and the results of their operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Stewart, Watts & Bollong

Boston, Massachusetts, February 18, 1957

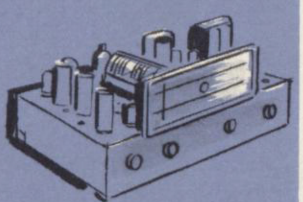


Auto Speaker Kit

GENERAL CEMENT MANUFACTURING COMPANY

General Cement can truly be termed a forerunner in its field. It was founded in 1929 to manufacture and supply chemicals and cements to the electronics industry then in infancy. During the following years it developed, manufactured and marketed many different products and the skill and experience thus acquired has won for it a preeminent position.

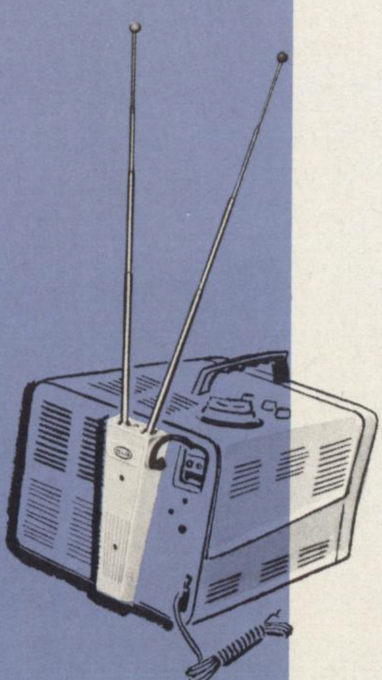
General Cement is engaged primarily in the manufacture of radio and electronic parts and tools, liquid cements and electronic chemicals. Its major products include television antennas and the countless miscellaneous technical items required for radio, television, electronics, service and research. In addition, this division makes many patented items and is a main source for the nation's TV hardware parts distributors. It has an unusually strong selling and promotion force and sells its more than 5,000 items through about two thousand distributors located in the United States and Canada.

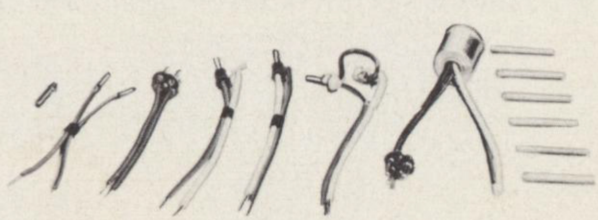


Located in four plants in Rockford, Illinois at the time of acquisition by Textron in April of 1956, it has now consolidated its operations through a recent move into a single plant of 180,000 square feet. This change has enabled General Cement to plan expansion of its present lines and to extend its research and development of additional products.

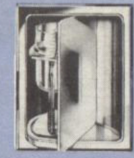
One of its latest products is a true high fidelity dual speaker merchandised as "Auto-Speaker Kit." A crossover network system provides proper frequency distribution between the high and low range speakers. This unit can be installed in any standard automobile with a minimum of time and effort.

In 1956 General Cement established a new selling division, G.C. Electronics, to handle the sale of electronic components, such as carbon and wire wound resistors and switches. Additional products and outlets will be added to this division so that growth in 1957 will exceed last year's satisfactory performance.





General Cement Tool Aids



Concealed Soap Dish, Tumbler, Toothbrush Unit

Towel Ring

HALL-MACK COMPANY

Towel Bar

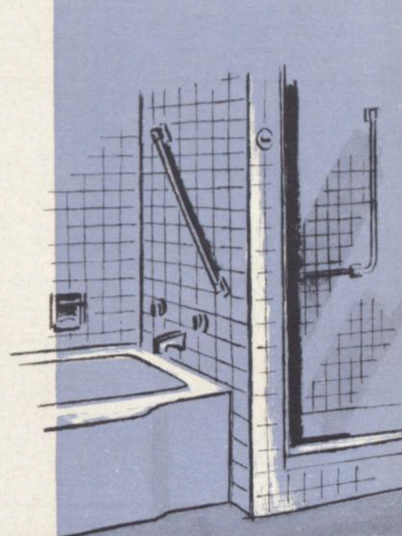
For over a third of a century Hall-Mack has been designing, making and selling bathroom accessories. During this time, the Hall-Mack trademark has always been a guarantee of top quality, fine styling, and of new and original ideas. Hall-Mack designs in all price brackets have long set the standards for the industry.

Recognition of this leadership by architects, owners, builders and dealers has made Hall-Mack the largest selling line in its field. Large volume has kept the costs low so that in this specialized field the Hall-Mack fine products have been extremely competitive. Hall-Mack products are sold by leading plumbing, tile and hardware dealers throughout the United States, Canada and many other countries. The pattern of distribution enables shipment and service to be made from three warehouse stocks in Los Angeles, Chicago, and Clifton, New Jersey with speed and efficiency. Their main products include such items as towel bars, soap dishes, paper holders, grab rails, medicine cabinets, and a wide range of specialty items for the bathroom.

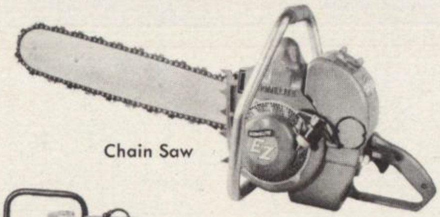
Although there was a nationwide drop in 1956 in the number of housing unit starts, Hall-Mack sales were slightly ahead of 1955. This was due to the fact that more expensive homes with a larger number of bathrooms were constructed and also the fact that Hall-Mack gained greater participation in the total market, especially in the eastern portions of the country, through the expansion of its specialty items.

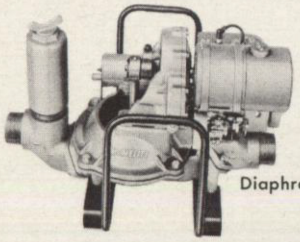
Peat Manufacturing Company, a producer of zinc-dye castings, aluminum dye castings and plastic injection moldings, is operated as a part of Hall-Mack. In addition to furnishing all of the dye castings and molded parts for the Hall-Mack line, Peat serves other customers throughout Southern California.

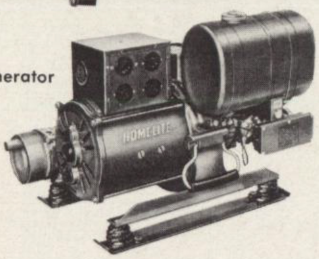
Hall-Mack joined the Textron family in June 1956. This division offers products direct to the consumer. If a Textron stockholder contemplates home construction or renovation, it is suggested that Hall-Mack bathroom accessories be specified.



Start of the plating cycle


Chain Saw


Diaphragm Pump


Generator

HOMELITE

Homelite, was founded over thirty years ago to manufacture small gasoline engine-driven generators for rural areas where regular electric power was not available.

In the years following the war, a whole new line of pumps and generators was developed and a nationwide sales organization was rebuilt and enlarged. The decision to branch out into the chain saw field resulted in the development of a succession of lightweight, powerful, one man chain saws which have become world leaders in a short space of time.

The year 1956 was the best in Homelite's history. Distribution of its products reached the highest levels ever attained. In addition to a strong demand for its existing line, two new models of generators and a new diaphragm pump were successfully introduced and promise increased sales next year.

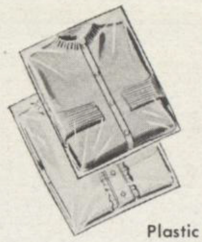
However, it is in the chain saw market that this Division achieved its greatest recognition with the introduction of two new saws. Homelite has now passed its major competitors and can justifiably be described as "building and selling more gasoline driven chain saws than any other company in the world."

To provide for this demand and to prepare adequately for the future, Homelite has arranged to lease a new chain saw manufacturing plant to be located in Gastonia, North Carolina, which will be completed in the Summer of 1957, at which time Homelite will begin transferring its chain saw production from Port Chester to Gastonia. These facilities will provide more economical and efficient operations on a larger scale and will enable Homelite to retain the world leadership it has achieved.

The present facilities in Port Chester and Greenwich, Conn., are in the process of expansion and will continue to house all the office departments and will produce gasoline driven pumps and generators as well as any new product developments. In July of 1955 when Textron acquired Homelite, it was going through a period of product redesigning and growth. By reason of Textron's financial backing, Homelite was able to accelerate such a program of expansion.

Homelite maintains sales and service offices in over 65 key cities throughout the country and commands a large share of the Canadian market.

Homelite has developed a strong promotional program. Its chain saws, generators, pumps and other lightweight power tools are distributed through over 2,500 dealers serving many markets that include farm, utilities, lumber, municipalities and the construction fields.



Plastic Bags for
Storage & Packing

When Kordite was acquired by Textron in October 1955, the "New York Times" used as a headline in its financial columns, "Senior's Thesis Lands A Diploma and A Ten Million Dollar Business." This situation was tinged with corporate romance and linked to the exciting potential and development of the polyethylene industry.

Back in 1941, one of the founders of Kordite had written a thesis on the superiority of the plastic clothesline and by chance on return from the service decided to investigate how these clotheslines had held up in the intervening years. Discovering that the product had rendered excellent service and remained in good condition, he with his associates organized Kordite in 1946. Today Kordite is a leading manufacturer of plastic products which include: clotheslines, garment and produce bags, freezer supplies, bristle brooms, and protective covers for numerous industrial uses and merchandising aids for the general apparel industry.

KORDITE

This division maintains outstanding research programs which enable it to maintain a position of leadership in the polyethylene field. It recently announced a product for home gardening known as, "Kordimulch" which is a new and revolutionary polyethylene mulching material containing polium which will eliminate the necessity of weeding or cultivation, reduce watering, and insure faster and healthier growth of plants.

In order to provide for expansion, Kordite has leased a plant in Jacksonville, Illinois which will enable it to expand its sales appreciably in 1957. At its main plant in Macedon, New York, approximately thirty per cent in square footage was added last year, plus an office building and also new research and development laboratories. With these greater manufacturing and administrative facilities, Kordite will be able to render better and faster services to their customers in the years to come.

Polyethylene film, Kordite's principal business, is one of America's fastest growing industries with the most interesting potential. This division is another that the stockholders can personally support. You will find its products in thousands of hardware stores and home furnishings departments throughout the country. Whether it is a Kordite plastic stormwindow kit, broom, freezer equipment, containers, or Kordimulch, or any type of protective covering for the home, the porch, the camp, the farm, the boat, that you require, *buy Kordite*.

S. S. LEILANI

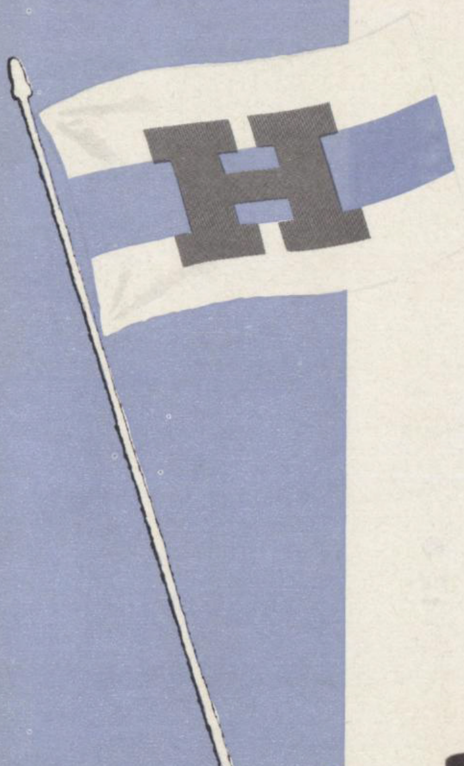
Shown on this page is the S.S. Leilani, one of the largest (18,500 tons) passenger vessels operating in Pacific waters under the United States registry. This vessel, formerly the S.S. LaGuardia, was purchased by Textron in July 1956, and was refurbished and reconverted by New York Shipbuilding Corp. at Camden, New Jersey.

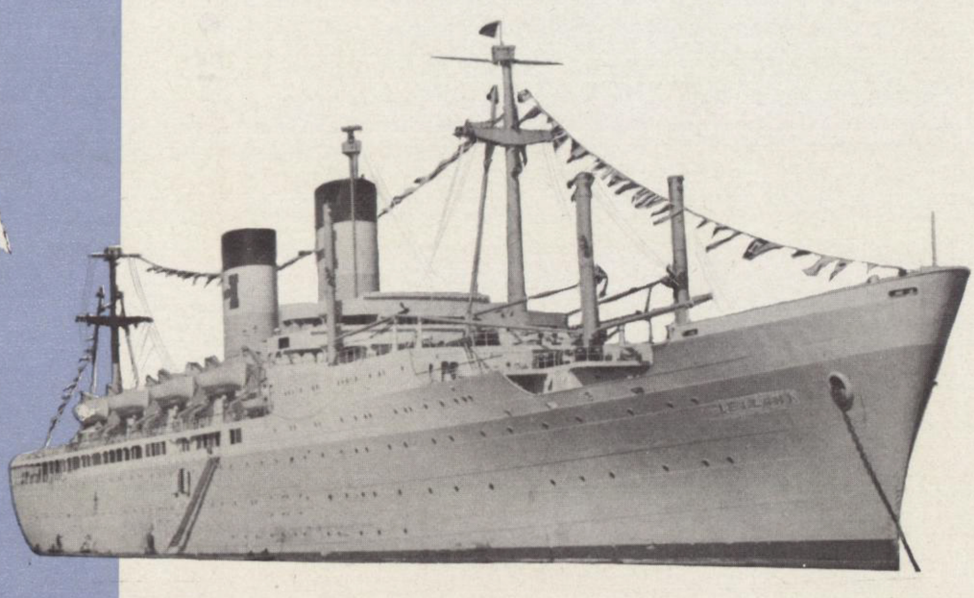
She is operated by the Hawaiian Steamship Company, Limited, under a long-term bare boat charter. Pacific Far East Line Inc. of San Francisco, California, acts as the husbanding agents for the vessel.

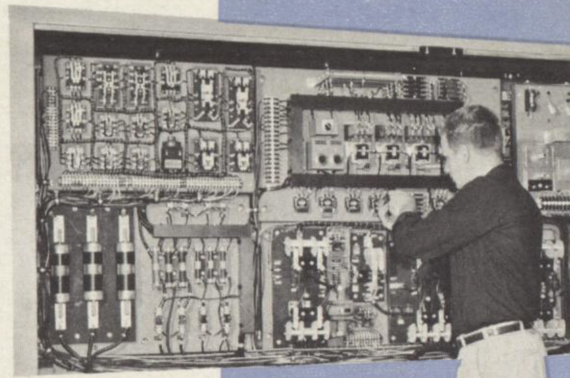
The official christening took place on January 12th, 1957, with Senator Warren G. Magnuson as the featured speaker. The purchase of the Leilani by Textron was motivated largely by the tremendous increase of vacation and pleasure travel in the country. In the capable hands of Hawaiian Steampship Company and the experienced well-known shipping agents, Pacific Far East Line Inc., the Leilani should have a successful career. She is operating between San Francisco (her home port) and Los Angeles to Honolulu on a twelve day round trip basis.

The vessel will be of the one class cabin variety and will appeal strongly to those budget conscious groups seeking reasonable rates, good accommodations and "fun" features.

The name S.S. Leilani was chosen in a unique fashion. A national poll of travel agents in the United States and the Hawaiian Islands was conducted and Leilani was selected overwhelmingly. Translated from Hawaiian, Leilani means "heavenly flower" and the word Leilani has for almost a generation served as a musical bridge of friendship between the mainland and Hawaii.







Electronic Speed Regulator

MB MANUFACTURING COMPANY

Founded in 1938 as a machine shop producing precision parts mostly for Pratt and Whitney aircraft engines, MB took a leading position in the manufacturing of complete engine mount assemblies and gained wide experience during the war with airplane manufacturers and the armed services. The Pratt and Whitney vibration testing machine built by MB for the Air Force, Navy, and Bendix Aviation, was one of the first units of its kind.

With plants and offices in New Haven, Conn., MB is primarily a designer and manufacturer today of highly specialized machinery for the testing and elimination of vibration. Much of its equipment is highly technical and is used increasingly by universities, testing laboratories and manufacturers throughout the country. One of MB's latest developments is a complex motion testing system which may be destined to play a vital part in the fields of guided missiles and supersonic aircraft.

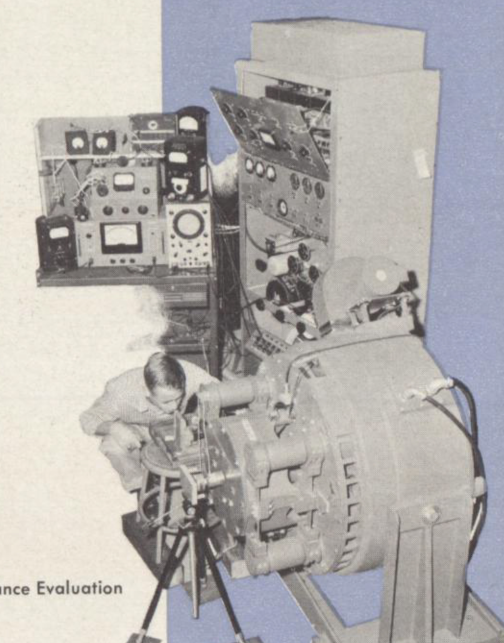
Electronic Amplifier

In the new product field, this division is currently manufacturing an electromagnetic vibration exciter with a 25,000 pound force rating. This is nearly twice the force of any similar type machine previously built. Other new products include an hydraulic exciter, which will enable customers to test to higher acceleration at lower frequencies than ever before; a new type of bonded rubber container meant to eliminate the shipping damage to jet aircraft engines; electronic amplifiers; and several other interesting items concerned with vibratory environment, aircraft, and missiles in flight.

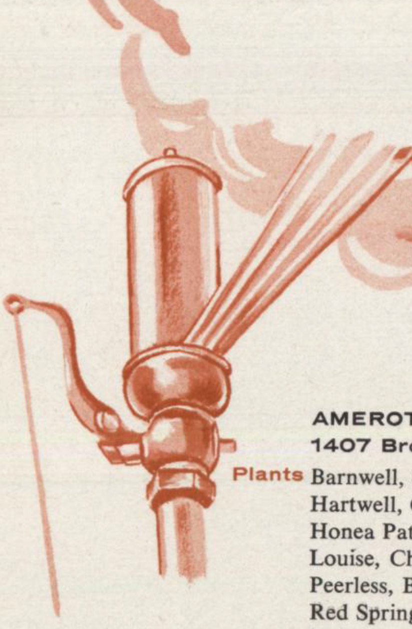
The year 1957 will see the first actual operation of MB's complex motion generating system in testing missiles and supersonic aircraft climaxing more than three years of development in MB's engineering department. This MB system can actually reproduce in a laboratory for detailed study the severe complex vibrations that occur in a missile traveling at high altitude at speeds up to 5,000 m.p.h.

Vibration test equipment manufactured by MB is divided roughly into three categories; vibration detecting devices (commonly referred to as vibration pickups), vibration measuring devices and vibration generating devices. In addition to all this special test equipment for aviation and electronic industries, MB also makes Neoprene rubber pads of special design which are used under production machines of all types to prevent transmission of machine vibration to the floor, or conversly to prevent floor vibration from harming delicate machine operations.

Thus in this highly technical and specialized area, MB is achieving increased recognition and acquiring greater stature. This division is the largest producer of vibration testing equipment in the country. The MB Manufacturing Company was acquired by Textron in March 1954.



Instrumentation Setup for Performance Evaluation



TEXTRON PLANTS AND OFFICES FROM COAST TO COAST SERVING VITAL INDUSTRY

AMEROTRON CORPORATION
1407 Broadway, New York 18, N. Y.
Plants Barnwell, South Carolina
Hartwell, Georgia
Honea Path, South Carolina
Louise, Charlotte, North Carolina
Peerless, Belton, South Carolina
Red Springs, North Carolina
Robbins, North Carolina
Williamston, South Carolina (2)

BENADA ALUMINUM PRODUCTS CO. DIVISION
39 James Street, Girard, Ohio
Plants Baltimore, Maryland
Bronx, New York
Buffalo, New York
Chicago, Illinois
Girard, Ohio
Minneapolis, Minnesota
Nesquehoning, Pennsylvania

F. BURKART MANUFACTURING COMPANY DIVISION
4900 N. Second St., St. Louis, Mo.
Plants Cairo, Illinois
Carlisle, Arkansas
Detroit, Michigan
New Orleans, Louisiana
Philadelphia, Pennsylvania
St. Louis, Missouri
Henderson, North Carolina

CAMCAR SCREW AND MANUFACTURING COMPANY DIVISION
600 18th Avenue, Rockford, Illinois
Plants Belvidere, Illinois (2)
Rochester, Indiana
Rockford, Illinois (2)

CAMPBELL, WYANT AND CANNON FOUNDRY COMPANY DIVISION
Muskegon, Michigan
Plants Lansing, Michigan
Muskegon, Michigan (4)
South Haven, Michigan

COQUILLE PLYWOOD DIVISION
P.O. Box 215, Coquille, Oregon
Sales Offices: **525 Market St., San Francisco, Calif.**
Plants Coquille, Oregon
Bandon, Oregon
Norway, Oregon

DALMO VICTOR COMPANY DIVISION
1515 Industrial Way, Belmont, Calif.
Plant Belmont, California
San Carlos, California

FEDERAL INDUSTRIES DIVISION
Belleville, New Jersey
Plant Belleville, New Jersey

GENERAL CEMENT MANUACTURING DIVISION
400 South Wyman St., Rockford, Illinois
Plants Rockford, Illinois
Los Angeles, California

HALL-MACK COMPANY DIVISION
1380 W. Wash. Blvd., Los Angeles, Calif.
Plants Los Angeles, California (2)
Norwalk, California

HOMELITE DIVISION
70 Riverdale Ave., E. Port Chester, Conn.
Plants Stamford, Conn.
East Port Chester, Conn. (3)
Port Chester, New York (2)
Gastonia, North Carolina (under construction)

KORDITE DIVISION
Macedon, New York
Plants Jacksonville, Illinois
Macedon, New York

S/S LEILANI
Los Angeles • San Francisco • Hawaii

MB MANUFACTURING COMPANY DIVISION
1060 State Street, New Haven, Conn.
Plant New Haven, Connecticut (4)

TEXTRON inc. *Executive Offices* { **50 South Main Street, Providence 1, Rhode Island**
1407 Broadway, New York 18, New York

TWENTY-NINTH

TEXTRON INC.

1956

ANNUAL REPORT