TEXTRON INC.

30th annual report 1957

TEXTRON INC.

PROVIDENCE, R. I.

annual report 1957

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Aluminum Products

** DATE OF ACQUISITION*

the TEXTRON family of business enterprises

54 PLANTS **16,000 EMPLOYEES** **36,000 SECURITYHOLDERS**

Board of Directors

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

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Chairman of the Board

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THEODORE F. McDONALD
Assistant Treasurer

G. RICHARD WESTIN
Assistant Treasurer and Assistant Secretary

DELBERT J. HAYDEN
Assistant Secretary

MARY A. HAMBLY
Assistant Secretary

MARY T. YOUNG
Assistant Secretary

COUNSEL

EDWARDS & ANGELL, Providence, Rhode Island

AUDITORS

ARTHUR YOUNG & COMPANY

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

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

TRANSFER AGENTS

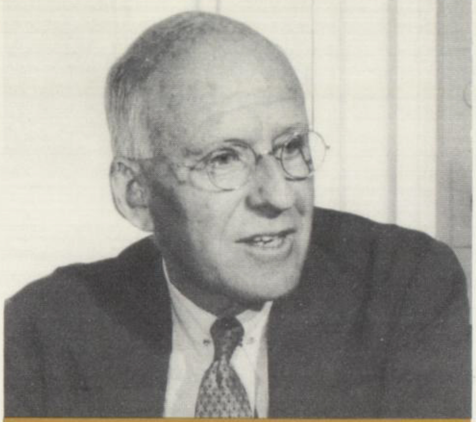
COMMON AND CONVERTIBLE PREFERRED
Rhode Island Hospital Trust Company, Providence, Rhode Island
Bank of America National Trust and Savings Association, Los Angeles, California

COMMON
Guaranty Trust Company of New York, New York, New York

CONVERTIBLE PREFERRED
The Chase Manhattan Bank, New York, New York

4% PREFERRED
Industrial National Bank of Providence Providence, Rhode Island

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 28, 1957, consolidated sales amounted to $254,575,000 and net earnings were $8,696,000, or $2.25 per common share, after preferred dividends, on the average number of shares outstanding. These profits represented a return of 13% on common stock equity based upon average book value of $17.32 per share. While both sales and earnings set an all time high for the company, the results are not considered satisfactory by management in view of the low pretax return on sales of only 3.4%. While textile operations in Amerotron were profitable, even after absorbing further starting up expenses at our new woolen mill at Barnwell, S. C., the aggregate losses absorbed during the year in the operations of Amwool Financial, Barnwell, Benada, Coquille, "S. S. Leilani" and Ryan were $6,716,000. The final liquidation of Amwool and Ryan is nearing completion; Barnwell's costs are now close to anticipated standards; Benada's operations under new management have been transferred to Textron Metals, division of a wholly-owned subsidiary; Coquille's plywood production is being discontinued and its plants will be leased to other operating companies; and "S. S. Leilani" was repossessed in November from Hawaiian Steamship Company and is currently being operated on the Hawaiian run by our wholly-owned subsidiary, Hawaiian Textron Inc.

BALANCE SHEET COMMENTS:

Working capital increased $1,344,000 during the year. Current bank loans were reduced from a peak of $19,-200,000 in August to $7,500,000 at the year end. Sinking Fund operations purchased 4,822 shares Series "A" 4% Preferred for $446,453; 12,517 shares Series "B" 4% Preferred for $968,909; and $2,176,305 principal amount of 5% Debentures for $1,704,218. Book value per common share increased $1.35 to $17.99 at the year end.

ACQUISITIONS

On September 10th the business of California Technical Industries (CTI), of Belmont, California, was acquired by the issuance of 7,410 shares of Textron common, 67% of CTI having already been owned by us.

On October 25, 1957, 100% of the stock of Accessory Products Corp., of Whittier, California, was acquired on a contingent installment basis.

On January 24, 1958, but as of December 31, 1957, we acquired, on a common stock for assets basis, the businesses of The Fanner Manufacturing Company of Cleveland, Ohio. (See Page 8 for a description of this company.)

CAPITAL EXPENDITURES

In 1957 we reduced capital expenditures to $6,600,000 compared with $18,600,000 in 1956. Total depreciation charges for the year amounted to $8,263,000. Because of the uncertainties in the business outlook, fixed asset commitments for 1958 will be held to a minimum. Authorized but unexpended appropriations at the year end were only $1,800,000.

STOCKHOLDERS' MEETINGS

The Annual Meeting will be held this year in Providence on May 21, and a regional meeting will be held for the convenience of securityholders in the Grand Ballroom of the Waldorf-Astoria in New York City on Monday, March 10th, at 3:00 p.m. All holders of common and preferred stock and debentures are cordially invited to attend. We plan to mail, as usual, to each securityholder a post-meeting report of the proceedings at both meetings for the benefit of those unable to attend.

BUSINESS OUTLOOK

We were convinced in the fall of 1956 that the post-war boom had reached its peak and that there would be a business recession in the offing. Based upon these assumptions, the directors set an operating policy for 1957 to minimize commitments for capital asset purchases; to cut inventories; to forego any major acquisitions; to reduce current bank indebtedness; to lower annual dividend rate from $1.60 to $1.00; and to increase working capital. Since all these objectives were carried out last year, the Company is now in an excellent position financially to weather an economic storm of considerable magnitude and to make certain advantageous acquisitions which may become available. That we are in the early stages of a recession is now obvious to everyone. None of us, however, can predict the depth or duration of the present decline in business. In order to follow the course of industrial activity and to compare trends with the 1949 and 1954 recessions, we have prepared a series of charts, eight of which are shown and described on the next pages. With this information you may be better able to evaluate future business outlook.

While some divisions are losing money, our overall profits are substantial due to our widely diversified operations.

Again we thank our thousands of customers, suppliers, employees and securityholders for their confidence in us.

By Order of the Board of Directors

Royal Little

Royal Little, *Chairman*

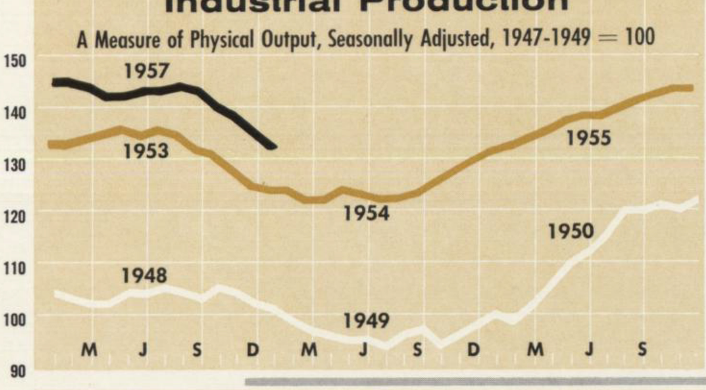
Providence, R. I. February 28, 1958

SELECTED COMPARISON

In Relation to Previous

Federal Reserve Index of Industrial Production

A Measure of Physical Output, Seasonally Adjusted, 1947-1949 = 100



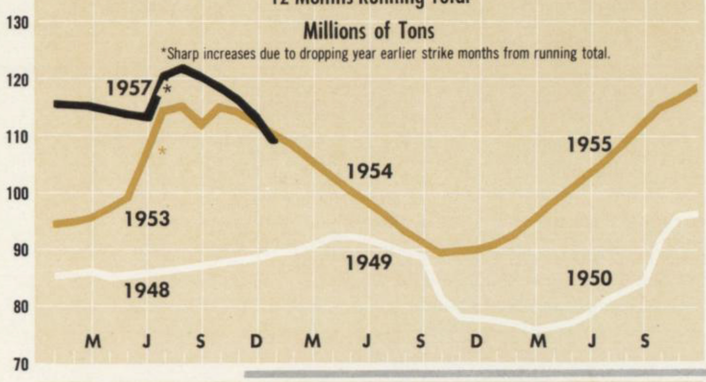
This index showed its first downward trend in March 1957, but the steep current drop did not begin until September of last year. In 1949 and in 1954 it required approximately two and one-half years for this index to reach a peak of physical output again. If the present decline in business is no more severe than in the previous two periods, it would therefore be September 1959 before industrial production will have returned to its last peak.

Annual Rate of Steel Production

12 Months Running Total

Millions of Tons

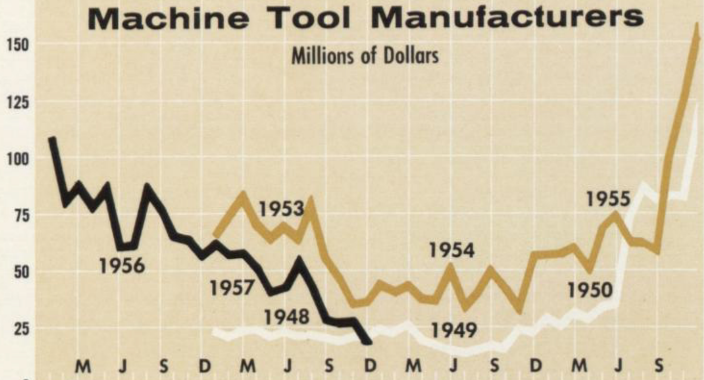
*Sharp increases due to dropping year earlier strike months from running total.



The decline in this index did not begin until September 1957. It has however been dropping at a faster rate than in previous recessions. In spite of a 16.4 million ton increase in capacity since 1954, the tonnage currently being produced is already below that of four years ago. Starting in September 1953, it was approximately eighteen months before there was a marked pickup in production. Therefore if the decline in output this time continues for the same period, it would be February 1959 before there is a marked increase in steel production.

New Orders Received by Machine Tool Manufacturers

Millions of Dollars

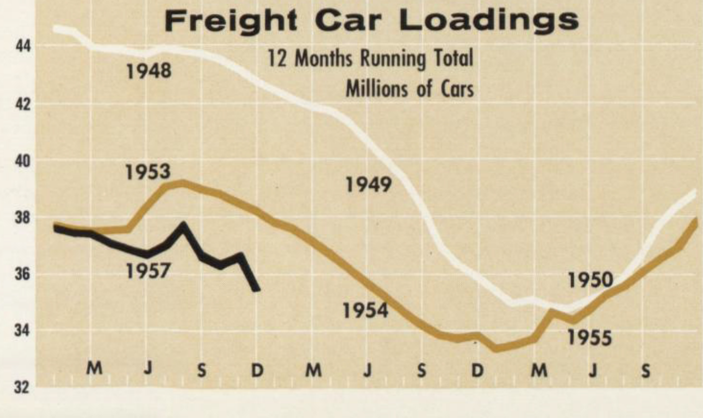


In retrospect, the current recession started in January 1956, with a sharp drop in new business for the machine tool manufacturers. This sensitive index, which reflects the attitude of industry toward plant expansion commitments, has been going down steadily for two years. Expenditures for new plant and equipment reached a peak of $37 billion in 1957. Currently there is overcapacity throughout the country in every major industry. The chart indicates that in previous recessions new orders for machine tools tend to run along at a low rate for at least eighteen months before any major increase in new commitments is made. The curves also indicate that the pickup in machine tool orders lags about one year behind the first signs of an up trend in total industrial production.

Annual Rate of Freight Car Loadings

12 Months Running Total

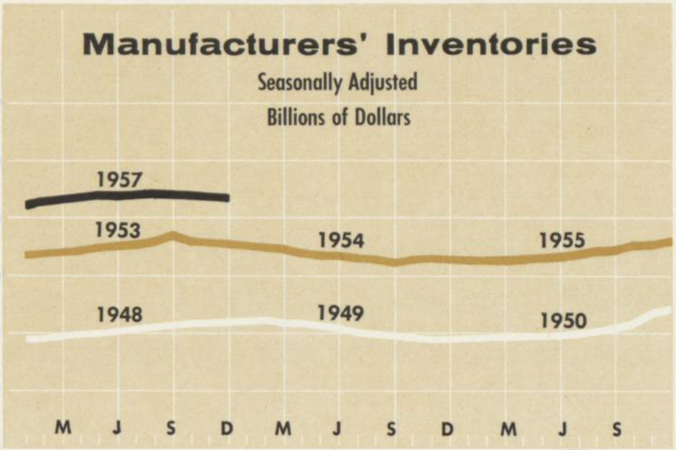
Millions of Cars



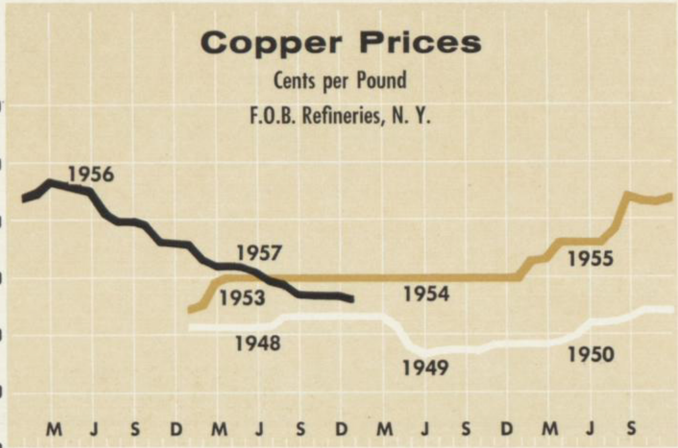
Freight car loadings have shown a downward trend since September of 1957. Comparison with the conditions existing in 1949 and 1954 indicates that it takes two years of down trend on this index before signs of an upturn occur, which would mean September 1959. It is interesting to note that the recovery of freight car loadings after recessions in the past have never been particularly vigorous. It is also significant that the competition from trucks and other carriers has cut into the railroad's operations so heavily that the long term trend over the past ten years has been consistently downward.

OF RECENT TRENDS

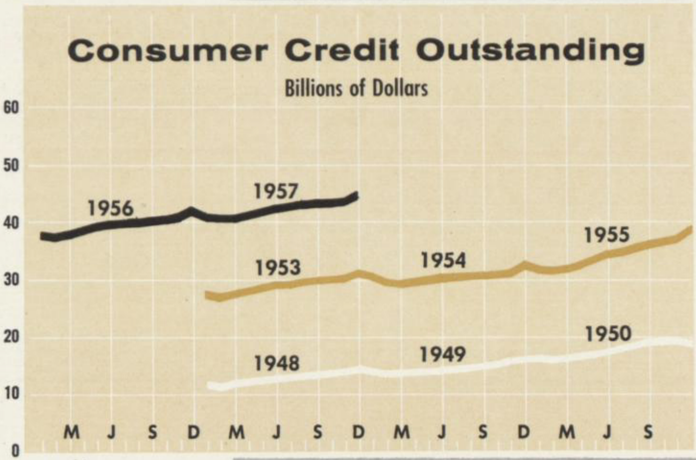
Typical Recession Periods



It was September 1957 before the first drop in this index occurred. The curves for previous periods indicate that it requires approximately one year to complete the downward cycle which, if followed this time, would mean a rebuilding of inventories starting in the last quarter of 1958 If manufacturers' inventories drop, percentagewise, as much as before, there will be a reduction of approximately $5 billion before a new uptrend is started.



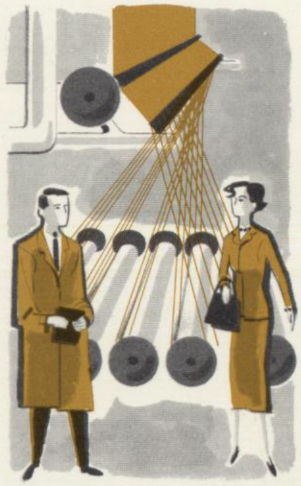
Among the most sensitive indices are those for raw materials used by industry, such as copper, steel scrap, cotton print cloth, etc. This chart of copper prices indicates that the present recession started as early as April 1956, when the pressure from industry for this raw material eased sufficiently to stop the previous year's rapid rise in prices. The downward trend has been consistent for two years and has been much more severe than in 1949. Past experience indicates that this index, once it becomes stabilized, could remain relatively uniform for at least two years before any marked improvement in the price structure occurs. Recent drastic production cuts have not stopped the steady decline in prices as yet.



From a low of $11.5 billion outstanding in early 1948, there has been an almost four-fold increase in consumer debt to the current level of $44.8 billion. If the curve again follows previous trends, shrinkage in the early part of 1958 may be offset by a new high at yearend. However, indebtedness increased at a comparatively slow rate in 1957 ($2.6 billion), indicating that this stimulus to increased purchasing power was not as significant as usual last year. If the consuming public should decide over a two-year period to reduce indebtedness, we could have a far more serious business decline than in either 1949 or 1954. On the other hand, the $9.1 billion increase in consumer debt in 1954-1955 undoubtedly contributed materially to the 1955 boom.

The comparisons with prior years are particularly interesting. In each case the trend started in November and was very steep for four months. Thereafter, in 1949 and 1954 a leveling out occurred of approximately one year, but it required two years to return to the low levels of unemployment existing prior to the recession. Comparison would indicate, therefore, that the peak unemployment in 1958 might be reached in March and that it would be November 1959 before we get back again to the October 1957 level. The increase in unemployment of 1,100,000 for January is the greatest postwar increase on record for any one month. If unemployment levels continue to rise through the spring and summer of this year, it may indicate that the current recession will be far more severe than either 1949 or 1954.

AMEROTRON COMPANY



During 1957 the textile economy was generally in a depressed condition. Nevertheless, Amerotron completely reversed the loss operations of 1956 and turned in a very encouraging profit for the past year.

This was the first full year devoted to the new program of production and sales of greige (unfinished) goods to a variety of converting trades and diversified end uses. All finished goods operations, with the exception of the completely integrated woolen mill at Barnwell, South Carolina, were eliminated. Barnwell continues to show progress and is today efficiently handling a variety of novelty and staple fabrics, competitively.

Amerotron's production during 1957 was over 200,000,000 yards, about 90% in the greige of man-made fibres and the balance in finished woolen goods. The woolens are distributed to the Men's, Women's, Children's and Sportswear trades and the greige goods are sold to converters for eventual use in dresses, lingerie, shirts, blouses, draperies, upholstery and novelty trades (Amerotron has 1250 customers.) In August 1956 (reaffirmed in December 1957) Amerotron, by an announced policy of a 5-day week, brought a great measure of stability to the market, and effected a balance between production and distribution for the industry; this eliminated excessive inventories and forced liquidation.

Some forecasters predict another difficult year for textiles in 1958. However, the improved merchandising and styling procedures at Amerotron, with its insistence on high manufacturing quality standards and up-to-date equipment in its eight modern Southern plants, should enable Amerotron to meet this challenge successfully this coming year as it did last year.

F. BURKART MANUFACTURING COMPANY

F. Burkart Manufacturing Co. was the first company to be acquired by Textron when it embarked on its planned program of diversification in unrelated industries.

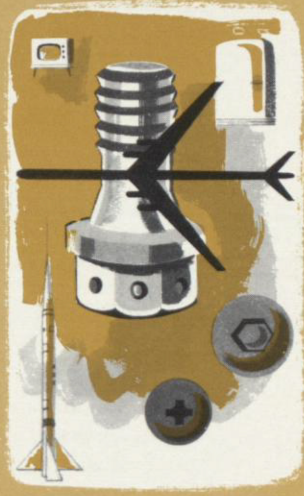
Founded in 1877 (when saddle girths and horse blankets were manufactured) it has since then kept constant pace with the revolutionary changes in transportation. It is today the preeminent resource of batts and pads for automobiles, trains, airplane seats and upholstery. In addition to these staple and standard lines, Burkart's program of product development includes two new important items, namely, "Burkart Foam" and "Burkaire". The former is in the Polyurethane and the latter in the Polyvinyl fields. These items are gaining general acceptance in the furniture trade and arousing very serious interest in the automotive industry where they are presently being used. The mattress trades as well are finding these items far superior to the conventional cotton pads — and other materials previously employed. The extraordinary qualities both physical and chemical of Polyurethane and Polyvinyl fillings have not fully begun to be realized or appreciated.

To implement this special program, Burkart has developed a distribution system through leading jobbers and has set a goal of at least thirty five principal distribution points in order to adequately develop the important manufacturing areas through the country. Burkart's present plants and shipping centers are located strategically so they can ideally serve its customers.

With Burkart's roots going back about three generations in standard and conventional padding, batting and upholstery filling, plus its keen interest in new product development, it is a seasoned resource for all the industries it serves.

It is gratifying to note that ever since its association wtih Textron in boom or adjustment periods, Burkart has maintained its outstanding position in the trade as well as being one of the consistent earners in the Textron family.

CAMCAR SCREW AND MANUFACTURING COMPANY



The decline in automobile production in 1957 as well as in the general aviation industry was the first of any real consequence in several years. Camcar's operations are keyed very sensitively to these two major industries and the price squeeze that prevailed in the entire industrial economy naturally influenced the operations of Camcar. Nevertheless, intelligent planning and merchandising kept Camcar in the "black" for this year.

Organized about fifteen years ago, this division is recognized as an outstanding manufacturer of metal parts, screws and fasteners, produced by the Cold Flow process. Because of this unusual and advanced technique of metal forming, Camcar has been able to maintain its position as a principal supplier to the aircraft, automotive and appliance manufacturers. It has recently perfected the process of forming large head screw items from wire instead of bar stock (as it had been previously done in the industry) with important saving in time and material.

In the new product field, Camcar has done considerable research with Titanium and is in the forefront of manufacturing fasteners from this miracle metal which provides greater strength and less weight. In advanced engineering circles it is felt that airplane and aircraft manufacturers for their future needs will lean more and more towards the use of Titanium parts because of its unusual characteristics including resistance to high temperatures.

Camcar distributes its products to all the leading companies in the automobile, radio, television, electronic and appliance fields.

CAMPBELL, WYANT AND CANNON FOUNDRY COMPANY

CWC is now completing a half century of progress with the industries it serves. From a very small shop organized in 1908, it has grown to one of the largest, independent foundries of its kind in this country.

In this year of its golden anniversary, it is fitting to look upon some of the important contributions and the many "firsts" to its pioneering credit. Some of these are: the V-8 motor block as a single integral unit, the large cast crankshaft, camshaft and centrifuse breakdrums, all of which are today universally accepted in the manufacture of most automobiles. The commercial application of the Spectrographic analysis of metals, which was developed by CWC in connection with the University of Michigan, was another original achievement of this company.

This division presently produces a wide variety of alloyed iron and steel castings for the automotive, agricultural equipment, railroad, refrigeration, marine and other industries. Products which are both intricate and general purpose castings, with special heat treated properties include: cylinder blocks and heads, camshafts, crankshafts, gears, housings, turbo-charges, manifolds, breakdrums and other allied items.

To keep abreast of the ever changing industrial scene, CWC maintains extensive laboratory facilities, thus insuring a high degree of metallurgical control. This is indispensable in the development of new, engineering methods and products.

The company is strategically located for basic raw materials. Sand, which is used in great quantities, is obtained from the Company's own sandpits within two miles from the Muskegon plants, and important savings in freight are effected at Muskegon and South Haven by obtaining pig iron and other basic raw materials by water shipments.

Campbell, Wyant and Cannon sells its products through its own sales organization and with a background of fifty years of experience, skill and tradition, plus its emphasis on modern techniques and plant maintenance, is admirably equipped to serve the present and future needs of mechanized industry.

THE FANNER MANUFACTURING COMPANY
CLEVELAND HOBBING & MACHINE CO.

Organized in 1894, Fanner is presently one of the nation's outstanding manufacturers of highly specialized metal devices for foundries and varied hardware industries. In addition to producing large quantities of malleable iron and aluminum castings for radiation, ranges, power line accessories, household appliances, etc., it is a leading maker of chills and chaplets. These are metal items, varying in size and formation (from a collar button to a bullhead spike) used to absorb or disperse heat and supply required conformation in foundry engineering, design and technique. Canadian Fanner Limited shares the American company's universal acceptance for high production uniformity and performance of chaplets, chills and stampings.

Cleveland Hobbing & Machine Co. (CHM) was established in 1926 and has an enviable history of merit and accomplishment in the machine-tool field. CHM joined Fanner in 1950 but will now operate as an independent division of Textron.

CHM produces a line of gear-hobbing machines, profiling lathes, and vertical-chucking machines that are noted for their precision, rigidity, and dependability under the most difficult production requirements. Its machines—most of which are furnished with complete automation—serve the needs of all vital manufacturing industries and its customers read like a "Who's Who" in the complex manufacturing fraternity. A vigorous development program is underway at CHM to expand its products and sales.

With their modern facilities and strong positions in their respective fields, Fanner and Cleveland Hobbing & Machine Co. are welcome additions to Textron, especially since they will add products and facilities to serve areas which previously were not covered.

DALMO VICTOR COMPANY

Since its founding in 1921 as a modest metal stamping shop, Dalmo Victor has had a most unique development. Today it is recognized as a leading producer of radar antennas, submarine detection systems, hydraulic components and similar electronic and electromechanical devices.

Militarily, 1957 will be remembered for the dramatic transition from aircraft to missiles. And, in the past year, Dalmo Victor's participation in the defense industry was further broadened and strengthened when two outstanding California firms: California Technical Industries, (C.T.I.) in Belmont, California, and Accessory Products Co. (APCO), of Whittier, California, joined forces with Textron.

California Technical Industries is an important producer of electronic test equipment. Accessory Products Co. manufactures pneumatic and fuel handling components as well as a large variety of assembly devices for prime contractors in the aviation and missile industries. Both C.T.I. and APCO, although autonomously divisionalized, are operated in corporate conjunction with Dalmo Victor.

Major pieces of equipment are being designed and manufactured for such missiles as: Bomarc, Regulus II, Titan, Atlas, Tartar and Rascal. In this fashion Dalmo Victor has achieved unusual diversification within the defense market and its activities today are well balanced in contra-distinction to its former activities which were concerned almost exclusively with the manufacture of radar scanners. Leadership in complex, precise military equipment demands creative talents, penetrating research for new ideas and aggressive organization. Dalmo Victor's new multimillion dollar plant and laboratory facilities, which were completed in October 1956, provide the ideal environment to master this challenge.

With C.T.I. producing the test equipment, APCO producing the valves and control components for handling exotic fuels, Dalmo Victor with its know-how and accomplishment in electronic systems will make its contribution to airborne and missile equipment for the nation's protection.

FEDERAL INDUSTRIES

About forty years ago, Federal Industries was known as Federal Leather Company: in the business of finishing real leather. In 1923 they entered the infant industry of chemically coated fabrics and today Federal is an acknowledged leader in the application of Vinyl resins for a wide variety of end uses. These Vinyl coated fabrics are used extensively in the automobile industry for door and side panels, for backing and bolster material on seats, and for interior car top linings. Federal sells practically every important automobile manufacturer. The additional trades that this division caters to include: upholstery, luggage, wall covering, shoe, handbag, protective wearing apparel and a variety of industrial end uses.

Last year a new shampoo, called "Federan," was developed by this division as a cleanser for Vinyl plastic coated materials as well as painted and leather surfaces. This Spring the first controlled marketing test trial will be made in Providence and additional markets in upper New York State are being developed. This item is attractively packaged in a modern "poof" container and will be distributed through auto supply dealers, hardware departments and chainstores.

An additional item of excellent long range potential is Federal's new Polyvinyl chloride foam. The characteristics of this product, such as resistance to fire, deterioration and odor, can be combined with other Federal items for eventual sale for upholstery, furniture, inlays, shoes, pocketbooks, and wherever cushioning and padding or protective effects are needed. These are just a few of the new developments that were made possible in Federal's recently completed laboratory. Naturally, the temper of general conditions, and especially those in the automotive industry, are very important to Federal's progress. But if the present level of automobile production is substantially maintained and there are no serious strikes or economic setbacks Federal, because of its key position, should do well because it has an ideal balance of activity, in proven staple items plus a part of the future through chemistry.

GENERAL CEMENT MANUFACTURING COMPANY

General Cement is a true pioneer in its field. It started in 1929 as a resource for chemicals and cements for the infant electronics industry. Today, General Cement manufactures and sells repair parts and accessories for use in radio, television as well as industrial electronic repair work. Their products include liquid cements, paints, electronic chemicals, resistors, antennae as well as fittings and a comprehensive line of repair tools and kits for television service and installation.

Last year this division introduced many new mechanical items. Outstanding were Hi-Fi speaker kits for rear seats in automobiles and station wagons as well as servicing tools for color TV — an industry first. This highly comprehensive line (which runs into thousands of items) is sold through forty major manufacturers' representatives, who in turn distribute through about 2,000 radio, television, hardware and electronic parts dealers.

A forceful program of merchandising and vigorous trade advertising and selling displays enables General Cement to keep up with this changing field. Great emphasis is placed on "Selling Aids" of all types and description to help the distributor.

The outlook for 1958 is bright for General Cement because of the ever present replacement needs for television antennae and television and radio repairs. Even in a lagging economy, General Cement can achieve greater sales on service items primarily because the consumer would be using his television, radio and other appliances longer and therefore would require more service.

The growing product lines and increased outlets should enable General Cement in 1958 to exceed even last year's satisfactory performance. This is a special field and General Cement has a paramount position in it.

CONSOLIDATED

ASSETS

	December 28, 1957	December 29, 1956
Current assets:		
Cash	$ 8,872,426	$ 10,258,648
Accounts receivable—net of reserves and advances against pledged receivables (Note B)	22,457,602	27,046,407
Inventories, at lower of cost or market	52,559,733	57,083,628
Prepaid and deferred expenses	1,121,775	1,285,183
Other current assets	2,214,903	3,029,408
Total current assets	87,226,439	98,703,274
Common shares of The Fanner Manufacturing Company at cost (34.16% of outstanding shares at December 28, 1957) (Note A)	4,680,583	3,951,593*
Notes receivable, due after one year	1,399,081	2,768,306
Property, plant and equipment (Note C)	128,339,741	128,941,718
Less — Reserves for depreciation and amortization	35,089,805	30,427,419
Provision for loss on disposal of properties	11,124,467	12,980,639
Provision for contingent payments for companies acquired	2,078,963	3,222,867
Total	48,293,235	46,630,925
Property, plant and equipment, net	80,046,506	82,310,793
Other assets:		
Excess cost of companies acquired, less amortization	1,781,210	949,047
Unamortized debt discount and expenses	890,623	964,841
Long-term rental deposit	600,000	600,000
Investment in and advances to subsidiaries not consolidated (Note A)	418,455	414,001
Deposits with mutual insurance companies	294,080	216,448
Sundry other assets	945,463	1,146,192
Total other assets	4,929,831	4,290,529
Total assets	$178,282,440	$192,024,495

* *Reclassified from current assets for comparative purposes.*

REFERENCE IS MADE TO THE ACCOMPANYING

SUBSIDIARY COMPANIES

BALANCE SHEET

LIABILITIES AND CAPITAL

	Shares outstanding 1957	Shares outstanding 1956	December 28, 1957	December 29, 1956
Current liabilities:				
Notes payable			$ 7,596,500	$ 14,169,800
Current maturities of long-term debt (Note E)			4,678,726	4,155,459
Accounts payable			9,855,396	14,382,285
Accrued expenses and other current liabilities			13,938,040	14,044,986
Amounts payable for companies acquired			2,865,463	4,448,864
Dividends payable			1,123,604	1,676,771
Total current liabilities			40,057,729	52,878,165
Long-term debt (Note E):				
Mortgage bonds being liquidated by rental income			6,495,491	7,201,451
Mortgages on steamship — recourse only to vessel			4,579,416	2,569,952
Purchase money mortgages and conditional sales contracts			6,890,951	8,081,631
Unsecured notes — subordinated to all bank debt			2,500,000	2,500,000
Other long-term debt			1,949,373	2,246,186
Debentures — subordinated to all other debt			34,102,172	36,278,477
Total long-term debt			56,517,403	58,877,697
Other liabilities			1,287,138	2,405,609
Total liabilities			97,862,270	114,161,471
Capital stock and surplus:				
Capital stock (Note F):				
$1.25 convertible preferred	422,796	424,381	10,569,900	10,609,525
4% preferred — Series A	16,099	20,921	1,609,887	2,092,087
4% preferred — Series B	54,131	66,648	5,413,040	6,664,740
Common	3,531,834	3,530,248	1,765,917	1,765,124
Total capital stock			19,358,744	21,131,476
Surplus (Note E):				
Paid-in surplus			40,750,089	40,340,338
Capital surplus			4,323,353	4,323,353
Earned surplus			16,676,748	12,307,388
Total			81,108,934	78,102,555
Less — Treasury stock at cost (In 1957, 885 shares Series A and 588 shares Series B 4% preferred stock and 31,241 shares common stock)			688,764	239,531
Total capital stock and surplus			80,420,170	77,863,024
Total liabilities and capital			$178,282,440	$192,024,495

NOTES TO FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF INCOME

	Years Ending December 28, 1957	December 29, 1956
Net sales	$254,575,206	$245,794,392
Cost of sales	210,589,940	204,261,609
Gross profit on sales	43,985,266	41,532,783
Selling, advertising and administrative expenses	29,838,486	29,526,522
Profit from operations	14,146,780	12,006,261
Other income:		
Interest income	225,622	435,699
Sundry other income	1,782,371	1,435,968
Total other income	2,007,993	1,871,667
Other charges:		
Interest expense	4,320,125	4,456,481
Contributions to profit sharing plans	1,098,288	830,529
Provision for doubtful accounts	874,120	573,470
Sundry other charges	1,166,663	1,514,856
Total other charges	7,459,196	7,375,336
Net income (Note I)	$ 8,695,577	$ 6,502,592

Depreciation and amortization charged to costs and expenses amounted to $8,263,181 in 1957 and $7,043,682 in 1956.

REFERENCE IS MADE TO THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF SURPLUS *(Note E)*

	Years Ending December 28, 1957	December 29, 1956
PAID-IN SURPLUS		
Balance at beginning of year	$40,340,338	$24,858,963
Additions:		
Discount on 4% preferred stock retired	370,918	264,732
Amount resulting from conversion of $1.25 convertible preferred stock	38,833	4,883,781
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 at end of year	$40,750,089	$40,340,338
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	$12,307,388	$12,029,788
Net income	8,695,577	6,502,592
	21,002,965	18,532,380
Dividends declared:		
$1.25 convertible preferred stock – $1.25 per share	528,509	567,003
4% preferred stock – Series A – $4.00 per share	63,900	75,609
4% preferred stock – Series B – $4.00 per share	233,433	276,669
Common stock – 1957 $1.00 per share; 1956 $1.60 per share	3,500,375	5,305,711
Total dividends	4,326,217	6,224,992
Balance at end of year	$16,676,748	$12,307,388

REFERENCE IS MADE TO THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

NOTE A General

The accompanying statements include the accounts of the Company and all subsidiaries except Textron Puerto Rico and Amwool Financial Corporation. The Company's equity in the net assets of the unconsolidated subsidiaries was approximately $418,000 at December 28, 1957. During the year there was a decrease of $648,000 in the Company's equity in these subsidiaries, which decrease has been included in sundry other charges in the consolidated income statement.

During the year the Company acquired the net assets of California Technical Industries and all the outstanding capital stock of Accessory Products Corp. The aggregate purchase price of the foregoing was $385,300 cash, 7,410 shares of the Company's treasury Common Stock, and a liability to make further payments contingent upon the future earnings of the Accessory Products Co. Division. The businesses acquired during the year are being operated as divisions of the Dalmo Victor Division and the results of their operations have been included in the consolidated income statement only since dates of acquisition.

On January 24, 1958 the Company acquired, as of December 31, 1957, the net assets of The Fanner Manufacturing Company in exchange for 395,169 shares of the Company's Common Stock (including 31,241 treasury shares) and the surrender of 410,190 Fanner common shares owned by the Company. For accounting purposes the net assets acquired from Fanner will be recorded by the Company at $9,209,141. This amount represents the sum of (a) the market value of the 363,928 shares of the Company's Common Stock issued, (b) the cost of 31,241 shares of treasury Common Stock delivered to Fanner, and (c) the cost of the 410,190 shares of stock of Fanner owned by the Company.

The terms of the 5% Convertible Subordinated Debentures and the $1.25 Convertible Preferred Stock provide that the conversion price of such securities are subject to downward adjustment in the event of certain transactions. The Board of Directors will upon completion of an appraisal determine whether the acquisition of the net assets of Fanner will affect such conversion prices.

NOTE B Accounts Receivable

Accounts receivable are stated after deducting related reserves for doubtful accounts, discounts and allowances totaling $2,196,638 and do not include $10,298,726 collected from banks to which accounts receivable aggregating $11,349,990 have been assigned. Of the accounts assigned, the banks have assumed the credit risk to the extent of approximately $10,000,000. Accounts receivable in the amount of $23,602,976 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 a division are stated at appraised values which are $2,078,963 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 this division will be charged to this provision.

At the beginning of the year the Company had reserves of $12,980,639 for losses on disposal of properties. During the year an additional provision in the amount of $181,233 was made to cover estimated losses to be sustained on disposal of properties of the Ryan Industries Division. Disposition losses, idle plant expenses and other carrying charges aggregating $2,037,405 were charged against these reserves in 1957.

Mortgage notes payable and amounts payable under conditional sales contracts aggregating $20,954,886 are secured by fixed assets having a gross cost of $61,435,435.

NOTE D S.S. Leilani

The S.S. Leilani which was chartered to Hawaiian Steamship Company, Limited was repossessed by the Company on November 22, 1957 because of default by the charterer in payment of charter hire. The vessel has since been operated by Hawaiian Textron, Inc., a wholly-owned subsidiary of the Company.

NOTE E Long-Term Debt

Long-term debt consists of the following:	Due After One Year	Due Within One Year
Mortgage bonds being liquidated by rental income		
5% First Mortgage Bonds due in installments to June 1, 1966	$ 6,495,491	$ 705,960
Mortgages on steamship—recourse only to vessel		
Preferred ship mortgages on S.S. Leilani (3½ and 4½%) serial maturities to January 9, 1966	4,579,416	612,536
Purchase money mortgages and conditional sales contracts:		
Mortgages on real estate and machinery (3 to 6%) serial maturities to March 1971	4,178,873	551,067
Obligations for machinery acquired under conditional sales contracts (5 to 6%) serial maturities to March 1966	2,712,078	631,141
Unsecured notes—subordinated to all bank debt		
6% unsecured notes due serially from 1962 to 1971	2,500,000	—
Other long-term debt:		
Contracts for the purchase of standing timber and timberlands (4 to 6%) serial maturities to January 1959. (Including $408,823 payable in 1958)	488,323	—
Unsecured loans (3 to 6%) serial maturities to 1969	1,461,050	566,400
Debentures—subordinated to all other debt:		
5% Convertible Subordinated Debentures due January 1, 1971	20,000,000	—
Fifteen-year 5% Subordinated Sinking Fund Debentures due February 1, 1970	14,102,172	1,611,622
Total	$56,517,403	$4,678,726

The fixed payment requirements of the indebtedness due after 1958 are as follows: 1959—$4,871,048; 1960—$5,036,148; 1961—$4,014,049; 1962—$4,130,405; 1963 to 1971—$38,056,930.

The plants and equipment subject to the lien of the 5% First Mortgage Bonds are leased to others for the period ending June 1, 1966. The lease has been assigned as additional security for the bonds. The lease rental is sufficient to cover principal and interest payments required under the mortgage.

The mortgages on the S.S. Leilani 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 indentures relating to the 5% Convertible Subordinated Debentures and the Fifteen-Year 5% Subordinated Sinking Fund Debentures 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 28, 1957 was $8,976,292.

The 5% Convertible Subordinated Debentures, due January 1, 1971, are convertible into shares of Common Stock at the initial conversion price of $27.50 per share until December 31, 1959, and at increasing prices thereafter.

NOTE F Capital Stock

The capital stock of the Company consists of the following:

$1.25 Convertible Preferred Stock (cumulative) no par value, authorized, issued and outstanding 422,796 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 sinking funds requiring quarterly deposits aggregating $353,863, 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 18,615 shares, retired by sinking fund 2,516 shares, outstanding 16,099 shares.

Series B—authorized and issued 60,799 shares, retired by sinking fund 6,668 shares, outstanding 54,131 shares.

$4 Preferred Stock (cumulative) no par value, authorized 108,453 shares, issued—none.

$5 Preference Stock (cumulative) no par value, authorized 500,000 shares, issued—none.

Common Stock, par value 50¢, authorized 7,500,000 shares, issued and outstanding 3,531,834 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, except in certain cases where special class voting rights exist.

The number of shares of Common Stock reserved at December 28, 1957 were as follows:

For issuance on exercise of stock options	450,000
For conversion of $1.25 Convertible Preferred Stock	422,796
For conversion of 5% Convertible Subordinated Debentures due January 1, 1971 at initial conversion rate	727,273
	1,600,069

NOTE G Option Agreements

At December 28, 1957, 450,000 shares of Common Stock were reserved under the Employees Stock Option Plan and other option agreements. The Plan, as amended in May of 1956, provides that the minimum option price shall be $30 per share or the market price of Common Stock on the date of grant, whichever is greater. It is presently contemplated that the stockholders will be asked at the annual meeting in 1958, to reduce the minimum option price under the Plan from $30 to $25. At December 28, 1957, officers and employees held options on 307,735 shares. Details of the outstanding options are as follows:

				Option Price		Market value at dates of granting options	
Granted	Exercisable	Expiration Date	Number of Shares	Per Share	Total	Per Share	Total
1953	On granting	Apr. 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	118,380	19.00 to 25.00	2,669,750	18.375 to 23.75	2,298,770
1956	Two years from date of granting	Various to Oct. 26, 1961	37,055	25.00 to 30.00	1,097,125	20.50 to 27.25	906,314
1956	Mar. 16, 1958	Mar. 16, 1966	50,000	25.00	1,250,000	24.75	1,237,500
1957	Two years from date of granting	Various to June 27, 1962	2,300	30.00	69,000	13.875 to 16.75	36,225
			307,735		$7,585,875		$5,591,309

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	331,420
Options issued in 1957	2,300
Options cancelled by reason of termination of employment	(25,985)
Number of shares issuable under outstanding options at end of the year	307,735

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 118,580 and 142,265 respectively.

At December 28, 1957, options to purchase 218,380 shares of Common Stock were exercisable. The option price of these shares ranged from $19.00 to $25.00 per share ($5,169,750 total), and the market price of these shares at the dates options became exercisable ranged from $11.125 to $15.00 per share ($2,761,137 total).

No options were exercised during the year, and no charges have been made against income in respect of any stock options.

NOTE H Pension and Profit Sharing Plans

The Company and certain of its consolidated subsidiaries are parties to a pension plan to provide eligible employees with retirement and death benefits. Eligible employees include salaried employees of certain divisions and subsidiaries who are exempt from the overtime provisions of the Fair Labor Standards Act of 1938 and certain other salaried employees who became eligible under the plan as previously in effect. In addition, two divisions have separate pension plans for the benefit of certain of their divisional employees. No contribution is required on the part of the employee members, the entire cost, if any, being borne by the Company. The Company Pension Plan is fully funded and no payments are required for 1957. With respect to the separate divisional plans noted above, the unfunded past service cost of pensions at December 28, 1957 was estimated at $4,465,000 and the estimated annual cost is $430,000.

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 provided that such persons do not receive compensation at more than regular rates for overtime work under the Fair Labor Standards Act of 1938. Three divisions (none of which is included under Company's Profit Sharing Plan) have separate profit sharing plans for the benefit of their divisional employees.

NOTE I Contingencies

Contingent Payments for Companies Acquired

The purchase agreements relating to certain of the businesses acquired provide for additional annual payments on the purchase prices based on various percentages of the pre-tax earnings (as defined in the agreements) of the businesses acquired. Such contingent payments are required for periods of 7 to 16 years. The additional payments required on account of the earnings of these businesses in 1957 amounted to $1,632,837. Of this amount $930,679 has been charged against "Provision for contingent payments for companies acquired" and $702,158 has been capitalized and is included in the balance sheet under the caption "Excess cost of companies acquired".

Leases

Annual rentals payable under long-term leases were approximately $2,800,000. Under certain leases the Company is also required to pay for insurance, taxes and repairs.

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 1946. Management is of the opinion that there is no material net liability with respect to the open tax years. No provision for Federal income taxes was required on 1957 income due to the availability of operating loss carry-overs.

As at December 28, 1957 the Company and its subsidiaries had unused Federal tax loss carry-overs of approximately $31,600,000. 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 $20,000,000 of the tax loss carry-over will expire at the end of 1958, $3,100,000 at the end of 1959, and $8,500,000 in the succeeding three years.

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, as Amended. 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.

Indebtedness of Subsidiary

At December 28, 1957 Amwool Financial Corporation, an unconsolidated subsidiary, had bank loans of $1,691,000 on which the Company was jointly liable.

ARTHUR YOUNG & COMPANY

ACCOUNTANTS AND AUDITORS

165 BROADWAY
NEW YORK 6

The Board of Directors and Stockholders,
TEXTRON Inc.:

We have examined the accompanying consolidated balance sheet of Textron Inc. and subsidiary companies at December 28, 1957 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 statements mentioned above present fairly the consolidated financial position of Textron Inc. and subsidiary companies at December 28, 1957 and the consolidated 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.

Arthur Young & Company

February 28, 1958

HALL-MACK COMPANY

The "Hall-Mack" trademark in bathroom accessories is considered the most distinguished in the trade. Ever since its founding about thirty five years ago, this division has made its products synonymous with the very finest in quality, styling, originality and service. Its principal items are towel bars, soap dishes, paper holders, grab rails, medicine cabinets and various other accessories. Although Hall-Mack's line of chrome plated bathroom accessories is probably the most extensive in the country (comprising hundreds of items), new items are continually being added. For 1958 two such interesting articles are: a bathroom scale unit which can be pulled down from the wall to a level position when desired; the other, a towel ladder which consists of side bars and a number of cross tubes on which towels can be hung.

During 1957 residential construction declined but Hall-Mack's sales held up at a slightly better proportionate level than 1956. This was due to a broadening of the various accessory units and a substantially improved merchandising and sales position along the Atlantic Seaboard and Southern states. If, as some Government economists indicate there will be an improvement (about 10%) in residential building during 1958 over 1957, then the sales volume for Hall-Mack in 1958 should improve proportionately. The availability of brass and zinc at reasonable prices, plus the historic portion that Hall-Mack realizes from new building starts, would indicate that this division should continue its strong, capable performance.

Ever since its acquisition by Textron, Hall-Mack has been one of the most satisfactory divisions, and if you are building a home or renovating one, be sure to specify Hall-Mack!

HAWAIIAN TEXTRON INC.

In December 1957, this subsidiary took over the operation of the "S. S. LEILANI" from Hawaiian Steamship Company Limited, to which this 650-passenger vessel had previously been chartered. During the past year, the "S. S. LEILANI", one of the largest ships in the Pacific run (18,500 tons), has been completely upgraded; and its Hawaiianization program included extensive redecorating and betterment of its public rooms and general facilities.

It runs alternately between the Hawaiian Islands, San Francisco and Los Angeles and there is a definite increase in its popularity with the traveling public and shippers. The "S. S. LEILANI" is accepted throughout the travel agents' fraternity as a "fun-ship" with a full and exciting program of activities for adults and children. For those who are budget minded in their travel plans, the "LEILANI" offers excellent values in gracious accommodations, cuisine and comfort.

If any of our securityholders are contemplating a holiday to the Hawaiian Islands, we suggest the "LEILANI" as an economical, carefree way to Hawaii.

HOMELITE

On November 25, 1957 Homelite dedicated its new plant in Gastonia, North Carolina. Several thousand people — townsfolk, dealers, salesmen, bankers, customers and Textron officials attended this event. These new facilities, the most modern in architectural as well as machine tool design, will make possible increased sales of existing products as well as adding to the research and development of Homelite's new lines. The plant is 145,000 square feet and will aid appreciably through greater efficiency, productivity and economy of operation.

All chain saw production has been transferred to Gastonia, and the Port Chester office building was enlarged with an additional 14,000 square feet. The manufacture of pumps, generators and allied items will be continued in the Port Chester area. Homelite has about 60-branch offices that service over 2,000 dealers throughout the United States and foreign countries.

Three new models of chain saws, all incorporating major improvements, were brought into production in 1957. Two new 3000-watt generators were also introduced as well as a new slow-speed centrifugal pump. In addition, two pump models designed for electric motor drive were released. In new products, an electric pump was released for production and will be ready for sale this spring; also the electric pruner, the first such article on the market, will cut from any angle, is exceptionally powerful and simple to handle. Extensive research and experimentation include: a "ride-on" power lawn mower as well as new chain saw models. The slowing down in the home construction and lumber industries during the past year had a decided effect on Homelite's business. To stimulate chain saw sales, Homelite put on a national sales promotion during the summer on the "Power-Twins Contest" which was publicized nationally and helped tremendously in maintaining a satisfactory position for the year. The outlook for Homelite in 1958 is favorable because it should benefit from the expanding Federal highway program as well as the inevitable improvement in construction.

KORDITE

The progress of mankind was to some degree tied in with packaging: for example, the animal skins to carry water; baskets, urns, pottery to store, transport and preserve goods for the necessities of life. In our times, packaging has grown into a major industry within itself and exercises a vital influence on the sales and distribution of countless products as well as personal services.

One of the most exciting materials developed for the packaging industry is Polyethylene film, a transparent, heavy duty material extruded from resin flakes by organic chemistry. Kordite, organized in 1946, is a leading manufacturer of Polyethylene products, which include bags for garments, food, freezer supplies and protective coverings. This division recently expanded its market coverage by entering the sandwich and disposal fields with plastic bags merchandised under the "Spotless" brand name. The impressive point about these last two items is they can be sold to the consumer at precisely the same price as paper bags. Plastic clotheslines as well as Styrene bristlebrooms are also important items in the Kordite line.

Kordite has done extensive, experimental work and research on new types of film with properties superior to other commercial plastics now being marketed. As a direct result of this research, Kordite is prepared to enter the building and construction world with extremely wide, Polyethylene sheeting film where it can more satisfactorily assume most of the tasks presently being performed by canvass and other moisture barriers. The wide film may also be used in agriculture for mulching and fumigation.

Industry statisticians expect Polyethylene sales will reach 450,000,000 pounds by 1965 (they are now running at the rate of 230,000,000 pounds a year) and some of the most significant markets are still in their infancy. In this positive growth potential, Kordite with its demonstrated alertness in research, merchandising and distribution should maintain its commanding share of the markets — both old and new. Kordite's products are advertised nationally under the "Kordite" and "Spotless" brands. They are available to the consumer.

MB MANUFACTURING COMPANY

It is well known that the Federal government placed severe restrictions on defense expenditures in the early part of this year. Despite the fact that these changes directly affected MB's operations, this division turned in a gratifying profit for 1957. This was due in a large measure to its strong, experienced organization and the introduction of diversified products which helped to maintain its sales volume.

Founded in 1938, MB is considered one of the nation's leading designers and manufacturers of highly specialized machinery for the measuring, testing, control and elimination of vibration. This year MB put into operation the world's largest electrodynamic shaker and is currently perfecting new, high output amplifiers particularly adapted to complex motion testing.

An idea of MB's range and versatility may be gathered from a simple price tag reference to two widely divergent items: for example, Isomode pads (made of Neoprene), which are easily installed under machinery legs to absorb shock, sell for as little as $1.00 a piece; the complex machine and multishaker system referred to above could sell in high five or low six figures.

Much of MB's pioneering opens up new fields for the scientific understanding and control of vibration and fatigue testing. A new line of fluid driven equipment soon to be marketed will expand the range in the non-defense field, such as the testing laboratory and general manufacturing needs of industry. The force and stroke capabilities of these highly complex systems are practically unlimited. These extremely technical and customized units can materially simplify maintenance of commercial transportation and other heavy moving equipment, thereby insuring greater longevity.

While retaining a significant position in the defense industry, MB is expanding in the non-defense industries.

TEXTRON METALS COMPANY

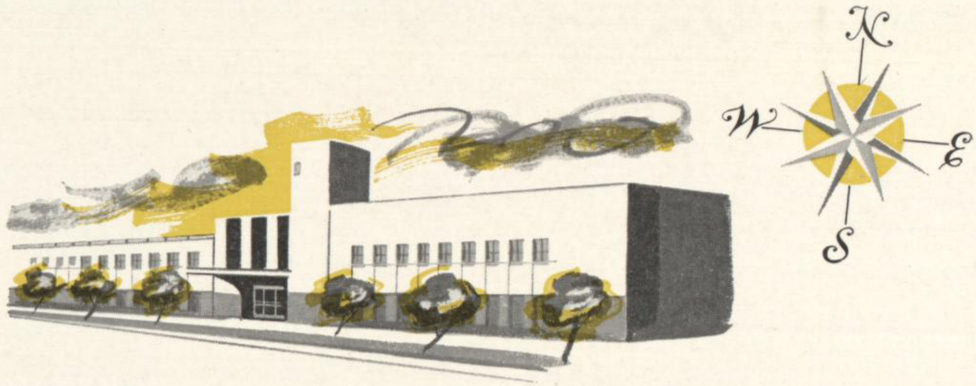
Textron Metals Company (formerly Benada Aluminum Products Company) enters 1958 under completely new management: men of fine calibre and wide experience in this specific field. This action was taken in October 1957 in order to cope satisfactorily with the reversal of general economic conditions and the serious deterioration in the aluminum products' industry.

Many factors contributed to the bad slump. Last year housing starts were down sharply, prices declined, and some of the major aluminum producers went into direct competition with their customers. Industry overproduction, mounting inventories, forced selling, customer dislocation — all the familiar elements of a crippled market plagued this operation. As a result, this division showed a very sizable loss and a new constructive approach was sorely needed.

A real improvement for Textron Metals Company is forecast for 1958 based on the following: 1) consolidating its leading position in the industry by a genuine reduction in manufacturing costs; 2) improved marketing principles; 3) extensive upgrading of product design and quality with a consistent sales policy based on service to customer and consumer. Textron Metals is strengthening its manufacturing and technical personnel to insure the realization of the above objectives.

About 60% of Textron Metals' sales are represented by combination windows and doors. The following remedial points are interesting because they highlight the combination window and door program for 1958: 1) a concentration of all manufacturing operations in the lowest cost and most efficient plant facilities in this division; 2) standardization of products to reduce the manufacture of eleven major product lines to five; 3) introduction of new, redesigned products to upgrade policy and price; 4) continuing efforts to market our products through more desirable outlets.

Textron Metals from a standpoint of volume occupies a predominant position in this field, and this new program featuring service, integrity and product quality under the leadership of the new management may very well, within the next year or so, turn this into a profitable operation.



Textron Plants and Offices

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

F. BURKART MANUFACTURING COMPANY
4900 N. Second Street, St. Louis, Missouri
St. Louis, Missouri (2) • Cairo, Illinois
Detroit, Michigan • New Orleans, Louisiana
Philadelphia, Pennsylvania • Henderson, North Carolina
Carlisle, Arkansas

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

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

CLEVELAND HOBBING AND MACHINE COMPANY
1311 Chardon Road, Cleveland 17, Ohio
Cleveland, Ohio

COQUILLE PLYWOOD
P. O. Box 215, Coquille, Oregon
Sales Offices: 525 Market St., San Fancisco, California
Coquille, Oregon

DALMO VICTOR COMPANY
1515 Industrial Way, Belmont, California
Belmont, California (2)

ACCESSORY PRODUCTS CO.
616 W. Whittier Blvd., Whittier, California
Whittier, California

THE FANNER MANUFACTURING COMPANY
Brookside Park, Cleveland 9, Ohio
Cleveland, Ohio (2) • Hamilton, Ontario

FEDERAL INDUSTRIES
Belleville, New Jersey

GENERAL CEMENT MANUFACTURING
400 South Wyman Street, Rockford, Illinois
Rockford, Illinois • Los Angeles, California

HALL-MACK COMPANY
1380 W. Washington Blvd., Los Angeles, California
Los Angeles, California • Norwalk, California

HAWAIIAN TEXTRON INC.
141 Battery Street
San Francisco, California

HOMELITE
70 Riverdale Avenue, E. Port Chester, Connecticut
Gastonia, North Carolina • Stamford, Connecticut
East Port Chester, Connecticut

KORDITE
Macedon, New York
Macedon, New York • Jacksonville, Illinois

MB MANUFACTURING COMPANY
1060 State Street, New Haven, Connecticut
New Haven, Connecticut (2)

TEXTRON METALS COMPANY
39 James Street, Girard, Ohio
Girard, Ohio • Minneapolis, Minnesota
Baltimore, Maryland • Chicago, Illinois
Bronx, New York • Buffalo, New York
Nesquehoning, Pennsylvania

TEXTRON INC. *EXECUTIVE OFFICES* 50 South Main Street, Providence 1, Rhode Island
1407 Broadway, New York 18, New York

For further information regarding products listed in this report, please write to: TEXTRON INC. PUBLIC RELATIONS DEPT., 1407 BROADWAY, NEW YORK 18, N. Y.

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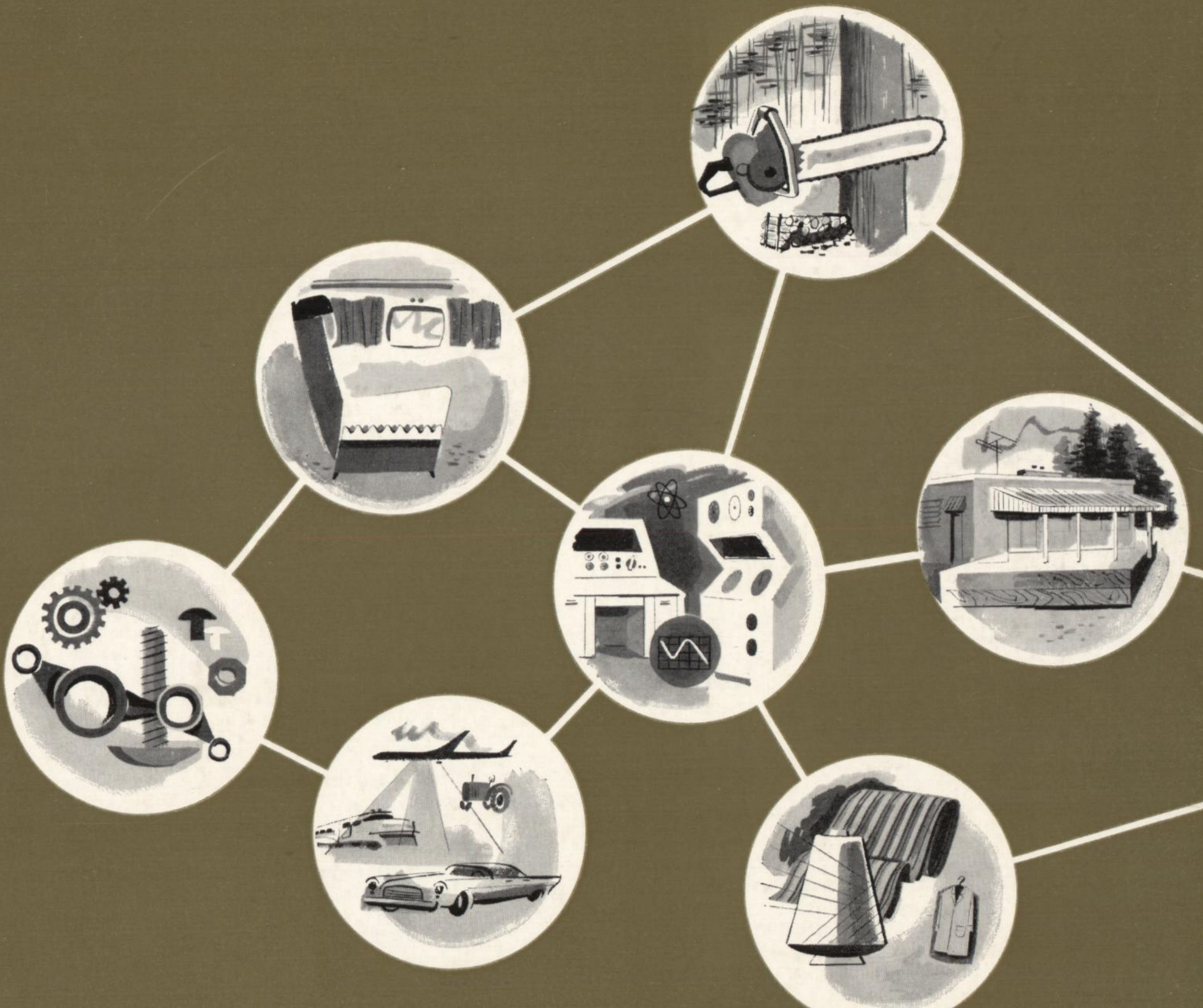

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