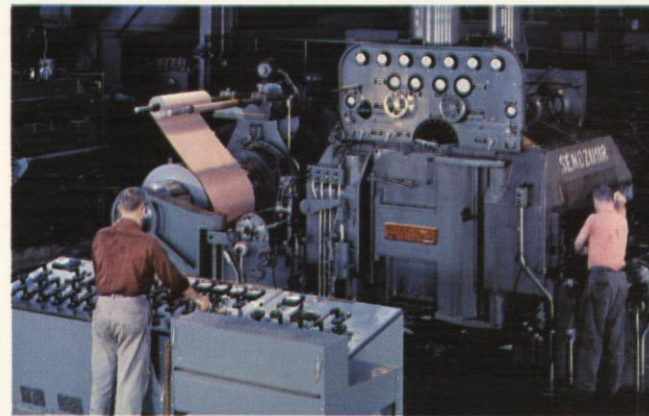
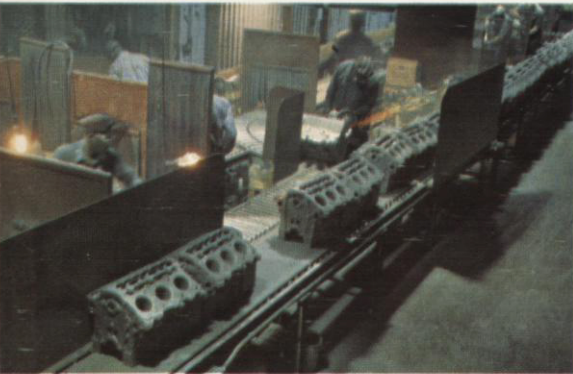




textron

ANNUAL REPORT 1962



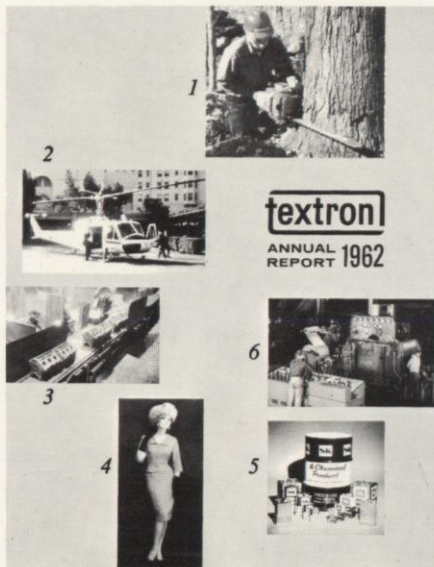
HIGHLIGHTS

	1962	1961
Net Sales	\$549,493,000	\$473,120,000
Income before Federal Taxes	26,672,000	14,445,000
Net Income	14,772,000	10,545,000
Earnings Per Common Share	2.96	2.06
Common Shares outstanding at year end	4,841,592	4,903,736

Number of Employees..... 32,000
 Number of Plants..... 112
 Number of Securityholders..... 50,000



ANNUAL REPORT 1962



CONTENTS

Directors and Officers.....	1
Message to Securityholders.....	2
Refinement Program Emphasized.....	3
Financial Review.....	4
Financial Statements.....	7
Textron Product Groups.....	12

THE COVER:

The photographs on the cover represent Textron's six basic product groups

1. *The new Homelite convertible drive chain saw.*
2. *The Bell 204B helicopter — commercial version of the famous Army Iroquois.*
3. *Production of V-6 engine blocks at Campbell, Wyant and Cannon.*
4. *Dress of Amerotron wool flannel by Puritan Forever Young.*
5. *Spencer Kellogg agrochemical products, sold to both manufacturers and consumers.*
6. *Waterbury Farrel Sendzimir mill for rolling stainless steel at Jones and Laughlin plant.*

DIRECTORS



John E. Bierwirth
Chairman of the Board,
National Distillers and
Chemical Corporation,
New York City



Frederick S. Blackall, Jr.
Chairman of the Board,
The Taft-Peirce
Manufacturing Co.,
Woonsocket, R. I.



Frederic C. Church
Senior Partner,
Boit, Dalton & Church,
Insurance,
Boston, Mass.



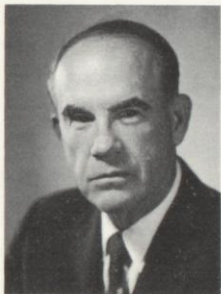
Georges F. Doriot
President, American
Research and
Development Corp.,
Boston, Mass.



Henry C. Flower, Jr.
Retired Vice-Chairman,
J. Walter Thompson Co.,
New York City



Harry B. Freeman
Chairman of the Board,
Rhode Island Hospital
Trust Company,
Providence, R. I.



Norman B. Frost
Frost & Towers,
Attorneys,
Washington, D. C.



Herman E. Goodman
President,
The Franklin Corp.,
New York City



Robert L. Huffines, Jr.
Chairman of the Board,
Worth Fund, Inc.,
New York City



Geo. Wm. Miller
President,
Textron Inc.,
Providence, R. I.



Arthur T. Roth
Chairman of the Board,
Franklin National Bank,
Mineola, N. Y.



Rupert C. Thompson, Jr.
Chairman of the Board,
Textron Inc.,
Providence, R. I.

OFFICERS

Rupert C. Thompson, Jr., *Chairman of the Board and Chief Executive Officer*

George William Miller, *President and Chief Administrative Officer*

Joseph B. Collinson, *Executive Vice President — Operations*

Harvey Gaylord, *Executive Vice President — Operations*

Jerome Ottmar, *Executive Vice President — Operations*

Thomas J. Riggs, Jr., *Group Vice President — Operations*

Charles K. Mills, *Group Vice President — Administration*

L. A. Casler, *Vice President — Acquisitions*

Robert S. Eisenhauer, *Vice President — Public Relations and Advertising*

Robert R. Thurber, *Vice President and Secretary*

Douglas L. Grote, *Treasurer*

Theodore F. McDonald, *Controller*

G. Richard Westin, *Assistant Treasurer*

Thomas M. Curtin, *Assistant Secretary*

Edward O. Handy, Jr., *Assistant Secretary*

M. A. Hambly, *Assistant Secretary*

MESSAGE TO SECURITYHOLDERS

February 15, 1963

The year 1962 marked the tenth anniversary of Textron's diversification program. Real progress has been made toward the objectives of product diversification and the establishment of a sales base sufficiently large to permit a creditable return on shareholders' equity. Textron is established in six important product areas and during the past several years has had marked growth in both sales and profits.

Sales in 1962 were \$549 million, a \$76 million increase over the 1961 sales total of \$473 million. Net income was \$14.8 million compared with \$10.5 million for the preceding year, or \$2.96 per common share compared with \$2.06 for 1961. It is noteworthy that for 1962 Federal income taxes were accrued at an effective rate of approximately 45 per cent as contrasted with a 27 per cent rate in the preceding year.

The increase in earnings was due to the continued refinement of existing operations, the contributions of newly acquired companies, a reduction in start-up expenses for new plants, and an improvement in the general economy. A sharp turn-around in the operating results of Textron Electronics was also significant in that Textron's 75 per cent share in TE's 1962 earnings was \$1,013,000. The comparable figure the year before was a loss of \$603,000.

In 1962 the program of acquisition of new product lines for present divisions was continued. In February, Textron acquired for its Camcar division the inventories and business of American Screw Company of Willimantic, Connecticut. American Screw production has been moved to a new plant in Virginia.

Vita-Var Corporation of Newark, New Jersey was acquired in March as a unit of the Spencer Kellogg division. Vita-Var is a manufacturer of paints and varnishes and its acquisition continues Textron's policy of increased emphasis on research and new product development in the agrochemical field.

Textron entered the field of oceanographic research with purchase in November of The Geraldines Ltd., of Annapolis, Maryland. The company's products and services embrace the field of commercial and military underwater exploration. It now is being operated as

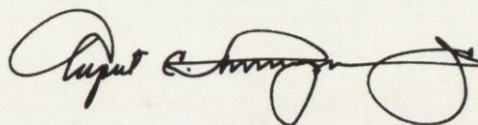
The Geraldines Laboratories division of Textron's Bell Aerospace Corporation.

In December, Textron announced an agreement to acquire the assets and business of Continental Optical Company of Indianapolis, Indiana. Continental was merged with Shuron Optical division on January 2, 1963 to form the Shuron Continental division. The product lines and managements of the two companies are complementary.

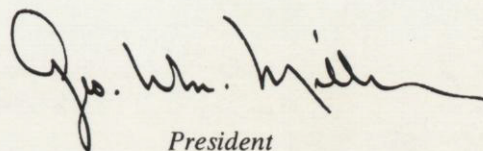
Federal Industries division was sold in April to Air Reduction Company, a producer of polyvinyl resins of the type used by Federal. Textron received cash plus 58,000 shares of Air Reduction common stock for Federal. In August, Photek division was sold to Orchard Paper Company, which had been associated with Photek in the development and manufacture of office copying papers. Textron will continue to participate in Photek operations through a 15-year royalty agreement.

It is with sadness that we report the deaths of two Textron directors during 1962. Erwin N. Darrin had been a member of the board for nine years; Howard Kellogg, Jr. became a director in 1961.

As Textron enters 1963 it appears that sales will be higher than for the past year and it is reasonable to expect that earnings will keep pace with the sales volume. The principal emphasis of management will be upon the continued refinement of existing operations. Along with this primary objective, consideration will be given to opportunities for strengthening present divisions through the acquisition of companies which can be affiliated as product lines and to major acquisitions which meet the Textron standard.



Chairman



President

REFINEMENT PROGRAM EMPHASIZED

Having achieved a substantial increase in sales during the past few years, Textron in 1962 concentrated on a continuing program of consolidation and refinement, while at the same time maintaining its pattern of growth. The program consists of three parts:

1. Refinement and improvement of present operations, aimed at achieving a higher return on shareholders' equity.
2. Continued growth through existing operations, with emphasis on product improvement, new product development, and acquisition of new product lines as additions to present Textron companies.
3. Acquisition of new companies which meet Textron's standards.

Profit Improvement Program

In this connection a company-wide profit improvement plan was instituted in May. This is a permanent program with a regular reporting procedure and a two-fold objective: to make existing operations more efficient and to strengthen Textron to meet the challenges of an economy that is becoming ever more competitive.

The Profit Improvement Program reaches into every area of operations. Each Textron company has developed specific objectives and a timetable for accomplishment. The program already has resulted in significant profit improvement in a number of areas and is expected to be increasingly effective in 1963.

Another element of assistance in increasing

Textron's profit margin is the program of debt reduction. Mainly through pre-payment of loans, Textron in 1962 reduced its long term debt by 19 per cent — to \$73 million — thereby affecting a major reduction in interest costs.

New Plants

Textron operating results in 1962 were favorably affected by a reduction in start-up expenses for new plants placed in operation for a number of divisions during 1961. The new Waterbury Farrel plant at Cheshire, Connecticut in its first full year of operation proved its efficiency, and during 1962 manufacturing operations of Cleveland Hobbing and Machine division were consolidated into the new facility.

Increased Research

To assure a continuing flow of new products, Textron is continuing its emphasis on research and development. Company financed research expenditures continued their upward curve during 1962 — to approximately \$9 million. A further increase is planned for 1963.

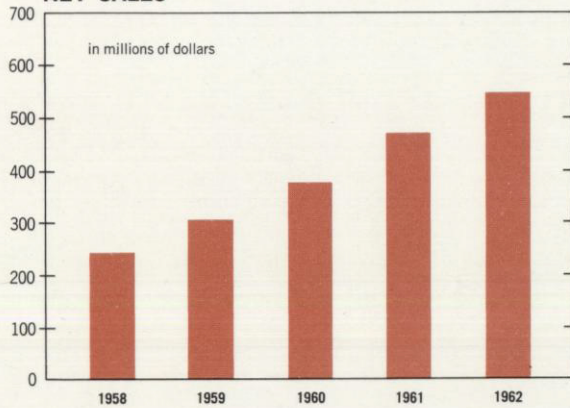
Corporate Organization

In order to keep pace with its growth, Textron in December strengthened its corporate organization by promoting three officers to newly-created positions of executive vice president. Each executive vice president will have responsibility for an area of operations comprising several product groups.

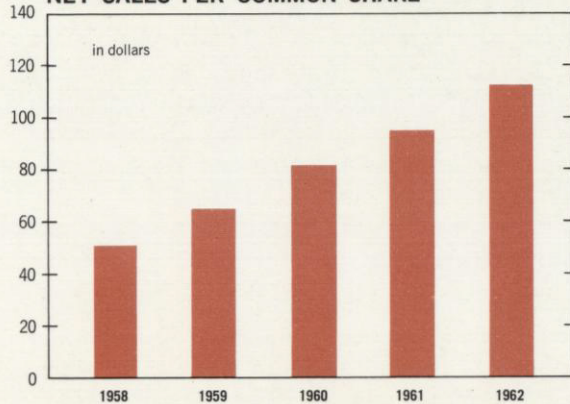
Textron is making increased use of electronic computers to expedite accounting operations, to develop manufacturing and selling information, and to solve complex engineering problems. The Amerotron computer shown is one of several installed by Textron companies in 1962.



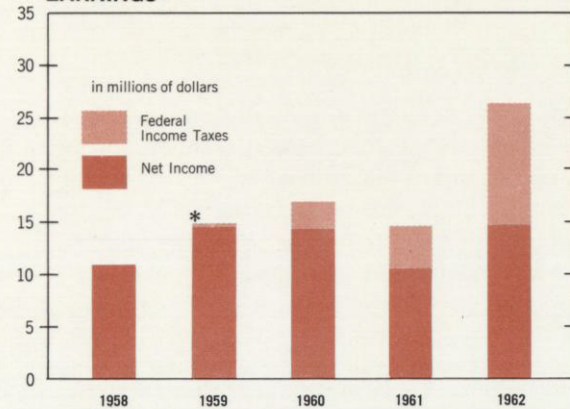
NET SALES



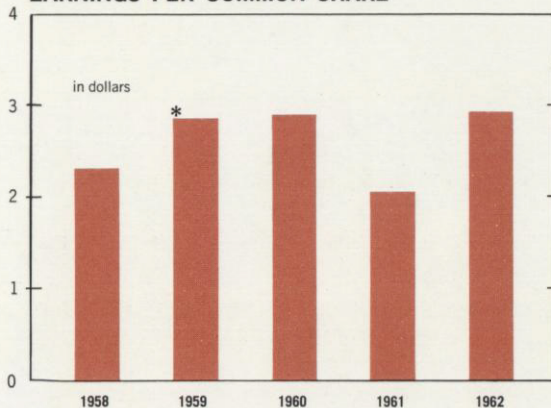
NET SALES PER COMMON SHARE



EARNINGS



EARNINGS PER COMMON SHARE



* Excluding non-recurring capital gain of \$2,373,000 (\$0.50 per share) from sale of Textron Electronics, Inc. stock

FINANCIAL REVIEW

Sales

During 1962, Textron's net sales increased 16 per cent to a new high of \$549 million. As illustrated in the accompanying chart, sales volume has increased each year and has more than doubled since 1958. Equally significant is the steady increase in net sales per common share — from \$56 in 1958 to \$113 in 1962.

Profits

Net income totaled \$14.8 million in 1962, an increase of 40 per cent over the \$10.5 million earned in 1961. Earnings per common share, after providing for dividends on preferred stock, were \$2.96 in 1962, compared with \$2.06 in 1961. The improvement in operating results during 1962 is, perhaps, better shown by the substantial increase in income before Federal income taxes. Pre-tax profit reached a new high of \$26.7 million in 1962 compared with \$14.4 million the preceding year.

Taxes

The amount charged against earnings for Federal income taxes has increased from no provision in 1958 to \$11.9 million in 1962. The 1962 effective rate of 45 per cent increased over the 27 per cent rate for 1961 but was somewhat below the full corporate rate of 52 per cent, due to the availability of operating loss carryovers in subsidiary companies. Since these loss carryovers are practically exhausted, it is anticipated that more nearly the full corporate rate will be applicable to 1963 earnings.

Debt Reduction

Through a program of prepayment, Textron's long term debt was reduced to \$73 million at year end, compared with \$90 million at the end of 1961. The major item in this reduction was the prepayment, two years ahead of time, of the \$10.3 million remaining balance of the three year loan arranged during 1961 in connection with the acquisition of Spencer Kellogg. Largely because of this prepayment of debt, working capital decreased to \$109 million from \$114 million at year end 1961.

Capital Additions

New facilities acquired during 1962, either by purchase or lease, cost \$13.2 million as compared with \$9.5 million in 1961.

Depreciation and Investment Credit

In 1962, Textron continued its policy of generally depreciating capital additions on the basis of the accelerated methods approved by the Internal Revenue Service for both financial reporting and Federal

income tax purposes. In certain operations, Textron adopted depreciable lives specified in the new Guideline Procedures issued by the Internal Revenue Service during the year. These new rates increased the provision for depreciation by approximately \$442,000 in 1962.

Textron's liability for Federal income taxes was reduced \$515,000 because of the new 7 per cent tax credit applied to our qualified investment in capital additions. This credit will be taken into income over the lives of the related assets acquired.

Cash Flow

The combination of net income plus depreciation and other non-cash charges resulted in a cash flow from operations of \$27 million or \$5.61 per common share in 1962. This reflects an increase of \$4 million over 1961.

Capitalization

At December 29, 1962, there were 4,841,592 common shares outstanding after deducting 165,953 shares held in the treasury. During the year, 68,467 shares were purchased for the treasury at an average cost of \$25.83 per share. The equity per common share increased to \$25.83 from \$24.15 at the end of 1961.

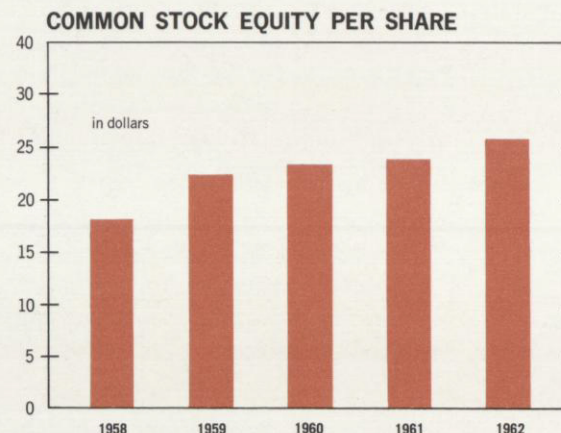
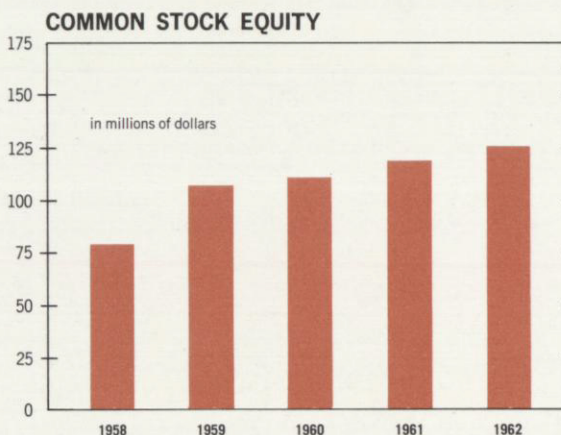
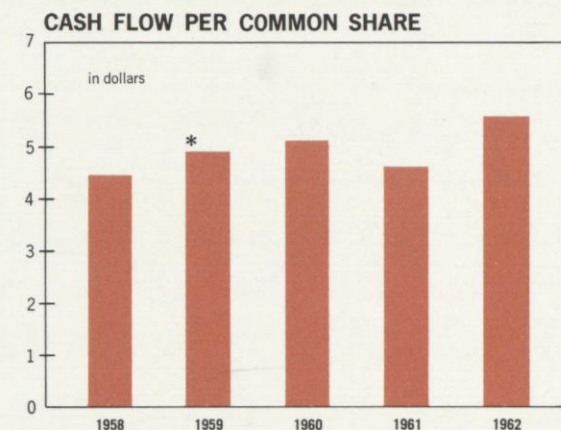
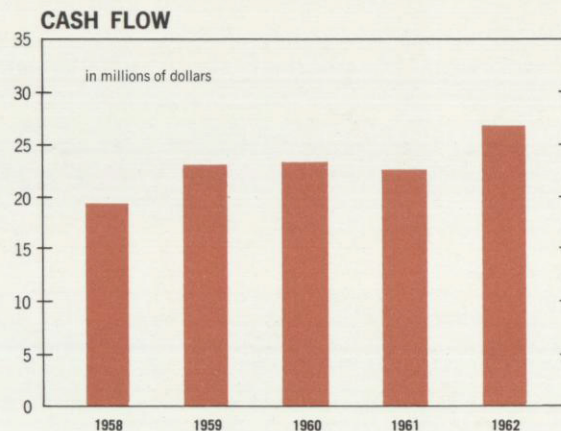
Textron Electronics, Inc.

Textron Electronics, in which Textron holds a 75% interest, substantially improved its operating results during 1962. Net sales of \$26,719,000 and net income of \$1,356,000 contrasted sharply with the loss of \$804,000 on sales of \$22,045,000 for the year 1961. Textron's income for 1962 included a profit of \$1,013,000, representing its 75% share in TE's net income as compared with the loss of \$603,000 which was deducted from income in 1961.

A condensed balance sheet of Textron Electronics, Inc. at December 29, 1962 follows:

Current assets	\$15,801,000
Property, plant and equipment, less reserves	2,237,000
Other assets	220,000
Total assets	<u>\$18,258,000</u>
Current liabilities	\$ 4,063,000
Other liabilities	3,473,000
Capital stock and surplus	10,722,000
Total liabilities and capital	<u>\$18,258,000</u>

A copy of the Textron Electronics Annual Report will be sent to any Textron shareholder on request.



*Excluding non-recurring capital gain of \$2,373,000 (\$0.50 per share) from sale of Textron Electronics, Inc. stock

FIVE YEAR COMPARISONS (All dollar figures in thousands except amounts per share.)

	1962	1961	1960	1959	1958
FINANCIAL RESULTS					
Net sales	\$ 549,493	\$ 473,120	\$ 383,188	\$ 308,202	\$ 244,227
Income before Federal taxes	26,672	14,445	16,856	14,924*	10,756
Net income	14,772	10,545	14,168	14,270*	10,756
Depreciation and other non-cash charges	12,400	12,142	9,691	9,080	8,581
Earnings per common share	2.96	2.06	2.93	2.87*	2.30
Common dividends declared	1.25	1.25	1.25	1.19	1.00
FINANCIAL POSITION AT YEAR END					
Working capital	\$ 109,046	\$ 114,461	\$ 94,349	\$ 85,895	\$ 60,700
Net properties	76,368	84,808	81,164	70,869	78,265
Common stock equity	125,069	118,429	109,959	107,586	79,251
Common stock equity per share	25.83	24.15	23.53	22.49	18.22
OTHER STATISTICS					
Common shares outstanding at end of year	4,841,592	4,903,736	4,672,429	4,783,009	4,349,366
Salaries, wages, employee benefits	\$ 210,000	\$ 180,500	\$ 137,000	\$ 107,000	\$ 78,000

**Excluding non-recurring capital gain of \$2,373,000 (\$0.50 per share) from sale of Textron Electronics, Inc. stock*

AUDITORS' REPORT

ARTHUR YOUNG & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

165 BROADWAY
NEW YORK 6

The Board of Directors and Stockholders,
Textron Inc.:

We have examined the accompanying consolidated balance sheet of Textron Inc. at December 29, 1962 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. at December 29, 1962 and the consolidated results of its 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

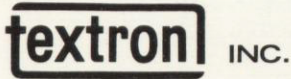
February 15, 1963



CONSOLIDATED STATEMENT OF INCOME

	<i>Year Ending</i>	
	<i>December 29, 1962</i>	<i>December 30, 1961</i>
Net sales	\$549,492,966	\$473,119,757
Cost of sales	444,587,674	388,013,469
Gross profit on sales	104,905,292	85,106,288
Selling, advertising and administrative expenses	72,618,595	63,289,554
Operating profit	32,286,697	21,816,734
Other income:		
Equity in net income (loss) of Textron Electronics, Inc.	1,013,120	(602,540)
Interest income	661,375	680,910
Sundry other income	1,087,683	1,338,683
	2,762,178	1,417,053
Other charges:		
Interest expense	5,806,987	6,571,767
Sundry other charges	2,569,566	2,216,855
	8,376,553	8,788,622
Income before Federal income taxes	26,672,322	14,445,165
Provision for Federal income taxes	11,900,000	3,900,000
Net income	\$ 14,772,322	\$ 10,545,165

See financial review and notes to financial statements



CONSOLIDATED BALANCE

ASSETS

	<i>December 29, 1962</i>	<i>December 30, 1961</i>
Current assets:		
Cash	\$ 16,801,604	\$ 21,218,690
Accounts receivable (less allowances of \$2,503,218 in 1962)	77,736,171	67,883,437
Inventories, at lower of cost or market	108,322,835	94,572,052
Prepaid expenses	2,017,754	2,169,664
Total current assets	204,878,364	185,843,843
Notes receivable, due after one year	3,046,739	3,842,838
Investment in Textron Electronics, Inc., at cost, adjusted for equity in income	9,312,278	8,049,158
Other investment, at cost (market value \$3,168,250)	3,364,000	—
Property, plant and equipment, at cost:		
Land and buildings	40,398,036	43,305,297
Machinery and equipment	99,434,806	100,805,223
Other property	7,808,561	6,385,727
	147,641,403	150,496,247
Less accumulated depreciation and amortization	71,273,788	65,687,795
	76,367,615	84,808,452
Unamortized debt discount and expenses	7,860,113	8,263,230
Other assets	3,817,396	4,113,147
	\$308,646,505	\$294,920,668

See financial review and notes to financial statements

SHEET

LIABILITIES AND CAPITAL	<i>December 29, 1962</i>	<i>December 30, 1961</i>
Current liabilities:		
Notes payable to banks	\$ 14,468,060	\$ 8,425,000
Accounts payable	22,296,140	17,890,919
Accrued expenses and other current liabilities	36,441,446	30,836,608
Federal income taxes	18,140,787	8,428,648
Current maturities of long-term notes	2,825,513	4,113,391
Dividends payable	1,660,728	1,688,381
Total current liabilities	95,832,674	71,382,947
Long-term notes	73,055,771	89,826,243
Amounts payable for companies acquired, due after one year	1,666,667	2,383,333
Other liabilities	2,414,277	2,223,460
Unamortized net excess of equity in companies acquired over cost	1,750,062	1,789,223
Capital stock and surplus:		
Capital stock:		
\$1.25 convertible preferred	8,858,050	8,886,550
Common, par value 50¢ per share	2,420,796	2,451,868
	11,278,846	11,338,418
Capital surplus	69,101,355	70,683,197
Earned surplus	53,546,853	45,293,847
Total capital stock and surplus	133,927,054	127,315,462
	\$308,646,505	\$294,920,668



CONSOLIDATED STATEMENT OF SURPLUS

Year Ending December 29, 1962

CAPITAL SURPLUS

Balance at December 30, 1961	\$70,683,197
Additions:	
Excess of conversion price over par value of 1,223 shares of common stock issued upon conversion of 1,140 shares of \$1.25 convertible preferred stock	27,703
Excess of option price over par value of 5,100 shares of common stock issued under employees' stock options	124,950
	<u>70,835,850</u>
Deduction:	
Excess of cost over par value of 68,467 shares of common stock acquired for the treasury	1,734,495
Balance at December 29, 1962	<u><u>\$69,101,355</u></u>

EARNED SURPLUS

Balance at December 30, 1961	\$45,293,847
Net income for year	14,772,322
	<u>60,066,169</u>
Dividends declared:	
\$1.25 convertible preferred stock	\$ 443,178
Common stock — \$1.25 per share	6,076,138
	<u>6,519,316</u>
Balance at December 29, 1962	<u><u>\$53,546,853</u></u>

See financial review and notes to financial statements

NOTES TO FINANCIAL STATEMENTS

Inventories

Cost with regard to inventories aggregating \$96,840,000 has been determined generally on a first-in, first-out or average basis. Cost of other inventories totaling \$11,483,000 has been determined on a last-in, first-out basis.

Long-Term Notes

This debt, exclusive of amounts due in 1963, consists of the following:

Note payable, The Prudential Insurance Company of America (5 $\frac{7}{8}$ %) due serially from 1966 to 1975	\$25,000,000
Other notes (4 to 6%) due serially to 1974	6,836,539
Debentures — subordinated to all other debt:	
Fifteen-year 5% Subordinated Sinking Fund Debentures due February 1, 1970	5,592,332
5% Convertible Subordinated Debentures due January 1, 1971 (convertible into common stock at \$31.77 per share to 1964 and at increasing prices thereafter)	5,626,900
5% Subordinated Debentures due May 1, 1984	30,000,000
	<u>\$73,055,771</u>

The amount payable in 1964 is \$3,088,000; in 1965 — \$3,204,000; in 1966 — \$5,419,000 and in 1967 — \$4,028,000. The loan agreement with The Prudential Insurance Company of America and the indentures relating to the debentures provide, among other things, for certain restrictions on the payment of cash dividends and the purchase, redemption or retirement of stock. Under the most restrictive of these provisions, surplus of approximately \$11,431,000 was not restricted at December 29, 1962.

Capital Stock

The \$1.25 Convertible Preferred Stock is entitled to cumulative dividends and has no par value. There were 354,322 shares authorized, issued and outstanding at December 29, 1962. The 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 at the rate of 1.078 shares of common stock for each share of preferred stock.

A series of 1,000,000 shares of \$5 Preference Stock, cumulative, no par value, is authorized but no shares have been issued.

At December 29, 1962, 10,000,000 shares of common stock, 50¢ par value, were authorized of which 4,841,592 shares, after deducting 165,953 shares held in the treasury, were outstanding. Shares of common stock reserved were as follows:

For issuance on exercise of restricted stock options granted to officers and employees	230,819
For conversion of \$1.25 Convertible Preferred Stock	381,959
For conversion of 5% Convertible Subordinated Debentures due January 1, 1971	177,114
For issuance on exercise of warrants (exercisable at \$25 per share until 1964 and at increasing prices thereafter until expiration in 1984)	600,000
	<u>1,389,892</u>

Option Agreements

Changes in restricted stock options during 1962 are summarized below:

	Shares	Price Per Share
Shares under option at Dec. 30, 1961	245,774	\$22.50 to \$27.00
Options cancelled	9,855	25.00 to 27.00
Options exercised	5,100	25.00
Shares under option at Dec. 29, 1962	<u>230,819</u>	<u>\$22.50 to \$27.00</u>

These options were all exercisable at December 29, 1962 and expire at various dates to March 16, 1966. No unissued shares are reserved for the granting of future options.

Contingent Payments, Leases and Guarantees

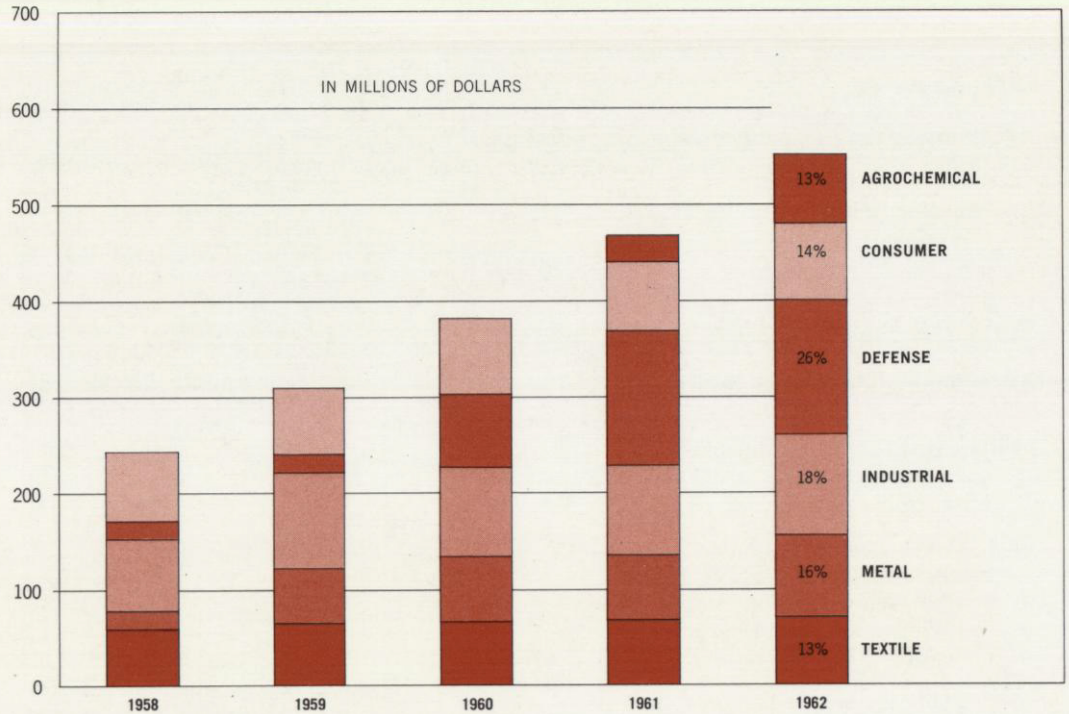
Purchase agreements relating to two companies acquired in prior years provide for additional annual payments based on earnings of those companies and extend for eleven and twelve years. These payments for 1962 amounted to \$89,836. Annual rentals payable under long-term leases are approximately \$5,100,000 and the aggregate rentals payable under these leases, discounted to December 29, 1962, are approximately \$33,800,000. Under certain leases Textron is also required to pay for insurance, taxes and repairs.

Textron has guaranteed payment of a bank loan of Textron Electronics, Inc. amounting to \$4,250,000 at December 29, 1962.

TEXTRON PRODUCT GROUPS

Textron has revised its product groups to reflect the current classification of divisions by basic manufacturing areas. Developments of 1962 for these groups are summarized in the following pages.

SALES BY PRODUCT GROUP



AGROCHEMICAL PRODUCT GROUP

During 1962, companies in the agrochemical group completed their integration into Textron. Operations were refined and long range plans for growth developed. Both Spencer Kellogg and Beacon divisions are emphasizing research and development aimed at expansion of proprietary lines.

Spencer Kellogg made continued progress in marketing its Spenkel urethane resins, used in manufacture of the new urethane varnishes and enamels, and in

sales of Spencer Kellogg Linaqua, the first water soluble linseed oil, for use in exterior paint. A new product line was added to Spencer Kellogg in March with the acquisition of Vita-Var, a manufacturer of paint and varnish for consumer and industrial use.

Beacon division concentrated on improvement of operations, planning for expansion of distribution and continuing research into feeding programs to develop higher meat and egg yields.



Spencer Kellogg — chemical products, linseed oil and other oilseed products, paints and varnishes ... **Beacon: Beacon Feeds** — poultry and livestock feeds ... **Professional Feeds** — livestock and poultry feeds, corn milling products for human and industrial uses.

DEFENSE PRODUCT GROUP

Bell Aerosystems, which manufactured the reaction controls used by U. S. astronauts to maneuver the Mercury capsules, received a contract to produce a similar system for the Dyna-Soar space glider. Continued production of the Bell Agena rocket engine, workhorse of the U. S. space program, was assured by contracts received in 1962. The Agena played a key role in the Ranger probe which impacted the moon last Spring and in the Mariner space flight past Venus in December.

The Navy in 1962 contracted with Bell Aerosystems to design and manufacture a vertical rising (VTOL) transport airplane and for evaluation flights of the CT-41 supersonic target missile developed by Nord Aviation of France. The 20-ton hydroskimmer, or air cushion vehicle, which Bell is building for the Navy, will have its first flights in 1963. Bell began delivery of the first of its automatic landing systems for installation aboard U. S. Navy carriers.

Bell Helicopter during 1962 received Army contracts for expanded production of its Iroquois, UH-1 helicopter, as well as being awarded its first helicopter contract for the Marine Corps. The turbine-powered Bell UH-1 is setting records of performance as an armed "fighter helicopter" in combat in Viet Nam. Bell commercial helicopter sales in 1962 rose 35 per cent above the 1961 figure and marketing of the ten-

place commercial version of the Iroquois is to begin in 1963. A step toward worldwide marketing of the commercial model was taken in 1962 with the signing of a licensing agreement between Bell and Mitsui and Company, Ltd., of Japan.

The Bell light observation helicopter, under competition for Army evaluation, had its initial flight on December 8, two months ahead of schedule. In November, using a Bell remote control system, a pilotless helicopter was flown under control from the ground. The unmanned ship flew to an altitude of 2,000 feet, six miles away from the control unit.

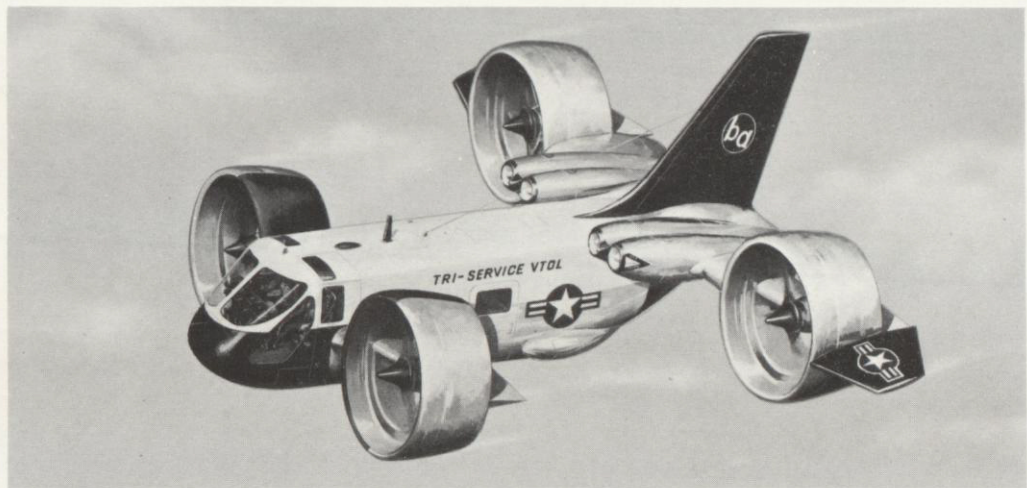
Other Textron defense company developments in 1962 included a contract awarded to Hydraulic Research and Manufacturing Company to build the hydraulic servo actuator assembly for the NASA advanced Saturn second stage rocket and a Navy award to Dalmo Victor for additional Rotodome airborne radar antenna systems.

Late in 1962, Textron gave recognition to the military and commercial potential of oceanographic research with the addition of The Geraldines Laboratories division. Geraldines is composed of a group of leading scientists. Its activities embrace the field of underwater exploration and the related area of submarine warfare.

Accessory Products — valves, pressure regulators, fluid controls, heat exchange equipment . . . **Bell Aerosystems** — rocket engines, inertial guidance, space techniques, automatic landing systems, VTOL aircraft, air cushion vehicles, avionics . . . **Bell Helicopter** — helicopters . . . **Dalmo Victor** — radar antennae, sonar, magnetic detection and microwave systems, electronic test equipment . . . **Geraldines Laboratories** — oceanographic research . . . **Hydraulic Research and Manufacturing** — electro-hydraulic valves and servo control systems . . . **Nuclear Metals** — nuclear and metallurgical research and prototype production.



Paints made with Spencer Kellogg's Linaqua — water soluble linseed oil — combine the durability of an oil base with the convenience of water cleanup.



Artist's drawing of the vertical rising (VTOL) transport airplane to be built by Bell Aerosystems for the Navy. In vertical takeoff and landing the four ducted propeller units will rotate to provide lift. In forward flight they will turn to the normal position shown.



The new 18-foot Dorsett Fleetwood express cruiser, shown powered by a Homelite 4-cycle, 55 horsepower outboard motor, sleeps two, has hull guaranteed for two years.

CONSUMER PRODUCT GROUP

The Homelite 4-cycle, 55 horsepower outboard motor, introduced regionally in 1962, proved itself in the hands of consumers. The cost for gasoline and oil of this motor is half that of a comparable 2-cycle outboard engine. The Homelite motor is being marketed nationally in 1963. Homelite chain saw sales increased, as new models received excellent reception.

Other new Textron consumer products in 1962 included a new line of Hall-Mack bathroom accessories; Symbol, a colorful line of aluminum cooking ware, carrying the Griswold label made famous

through the years as a standard of cast iron utensils; Weinbrenner completely vulcanized boots and shoes, produced through a new process; a roomier new series of Dorsett boats with the industry's first two-year hull guarantee; and a streamlined E-Z-Go golf car with an electrical capacity for 40 holes without recharging.

Through its merger with Continental Optical Company, Shuron acquired greater depth in lens manufacture and marketing. The new Shuron Continental division has been strengthened by the integration of the two managements.



Dorsett Marine — fiberglass boats . . . **Hall-Mack** — bathroom accessories . . . **Homelite** — chain saws, power lawn mowers, generators, pumps, outboard motors . . . **E-Z-Go Car** — electric golf cars . . . **Randall (Wagner Division)** — cast aluminum and cast iron cooking ware, styled mail-boxes . . . **Shuron Continental** — eyeglass frames, lenses, cases, optical machinery . . . **Terry Machinery (Canada)** — chain saws, pumps, generators . . . **Weinbrenner** — work shoes, men's dress shoes, hunting boots, special footwear.

INDUSTRIAL PRODUCT GROUP

Textron companies in the industrial group in 1962 marketed a number of products that have emerged from new technical developments. Burkart began manufacture of a new closed mold polyurethane foam, a cushioning material of greater strength and comfort qualities than ordinary foam. Randall division, as the year ended, began installation of new equipment for production of anodized aluminum automobile trim

and expanded its sales of trim and parts to the appliance industry. Campbell, Wyant and Cannon division produced in large volume the V-6 engine block which has been a successful recent development in the automotive industry.

In the public utility field Sprague introduced a new temperature compensating gas meter and Fanner expanded its sales of electrical line products.



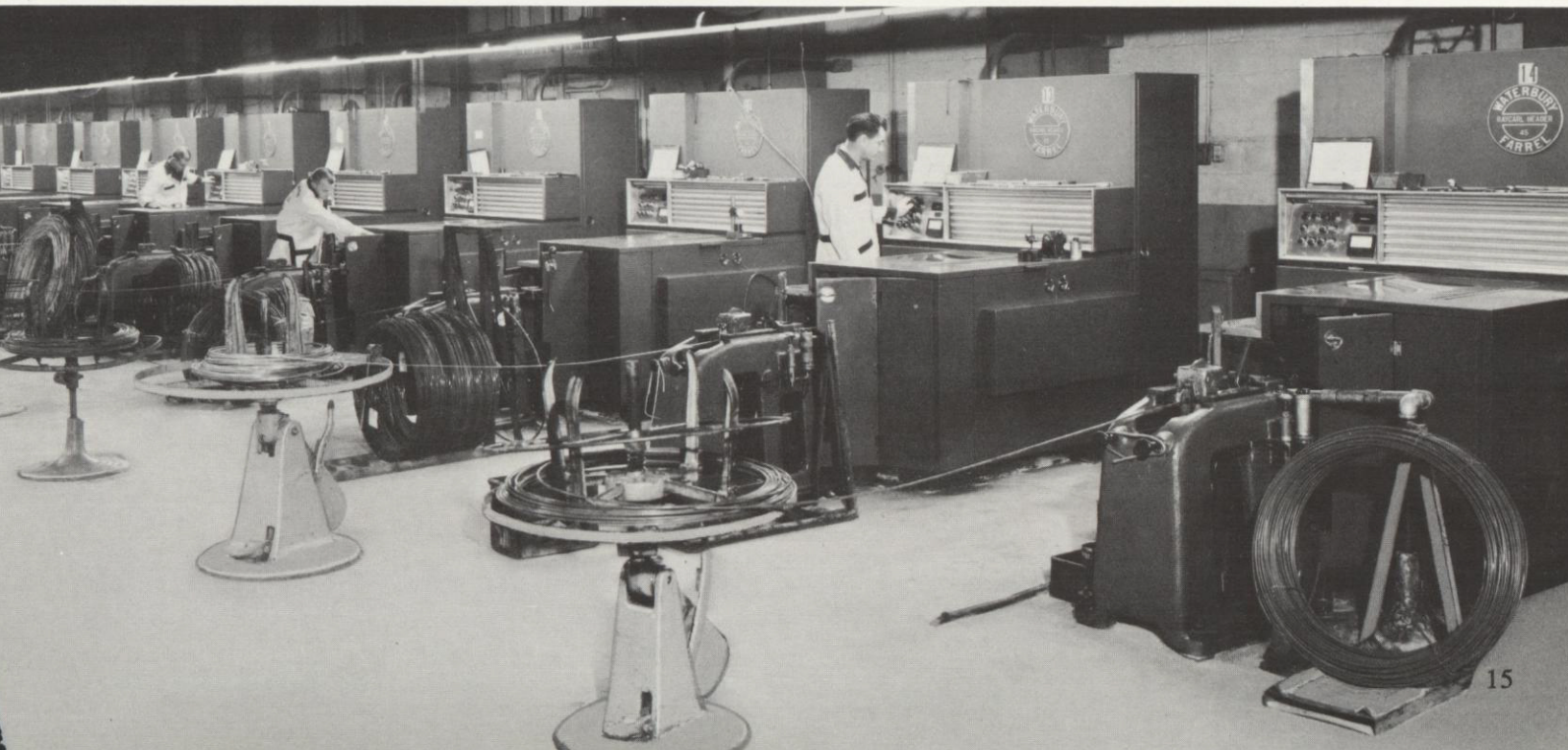
Burkart — cushioning materials, polyurethane foam . . . **Campbell, Wyant and Cannon** — gray iron castings for engine blocks, cam shafts, brake drums, and parts . . . **Fanner** — chaplets and chills used in casting, electrical line products, service fittings for utilities, malleable iron hardware, plastic products . . . **Randall** — automobile and appliance trim, door frames, body parts . . . **Sprague** — gas meters and regulators, marine fittings.

METAL PRODUCT GROUP

Camcar in 1962 broadened its line with acquisition of the inventory and trade name of the American Screw Company, and production of the American Screw line was moved to a new plant in Virginia. Camcar, along with several other companies, began marketing a promising product — Taptite, a new concept of self-tapping screw.

Townsend's Cherry Rivet unit developed a new line of aircraft fasteners to meet the higher performance requirements of today's aerospace industry. The Townsend acquisition of Tubular Rivet and Stud Company, late in 1961, proved the advantage of Textron's policy of expanding divisions through complementary new product lines.

A battery of Raycarl cold heading machines produces a broad variety of cold formed metal parts and fasteners at Camcar. The Camcar-developed machines are manufactured by Waterbury Farrel.



Metal Product Group, Continued

Pittsburgh Steel Foundry and Machine division began building additional aluminum mills for Anaconda Aluminum Company and in late December received an order from Aluminum Company of Canada for the largest Pittsburgh Steel Foundry aluminum mill ever built, for an Alcan plant in South Africa. This division also was awarded a contract for two large aluminum foil rolling mills to be installed in the

plant of Mitsubishi-Reynolds in Japan.

As a result of the growing demand for thinner gauge steel, Waterbury Farrel found its famous Sendzimir mill line moving into new production areas where its high precision is especially important. Waterbury Farrel is now making available to the metal working industry the Raycarl cold heading equipment developed by the Camcar division.



Amsler Morton — metallurgical furnaces . . . **Camcar** — cold flow metal parts, fasteners . . . **Pittsburgh Steel Foundry and Machine** — steel castings, aluminum foil mills, heavy machinery . . . **Precision Methods and Machines**—rolling mill components, precision machining . . . **Townsend**—tubular rivets, lock bolts, fasteners, rivet setting machines . . . **Waterbury Farrel** — cold heading machines, Sendzimir and other rolling mills, presses, Cleveland hobbing machines, modular machine tools.

TEXTILE PRODUCT GROUP

Amerotron, the textile product division of Textron, in 1962 again showed itself to be one of the most efficient companies in the industry. Good performance at the production level and skillful marketing of high quality products were important factors in the increased earnings for the year.

Expansion of sales of the woolen division continued, with increased emphasis on creative styling and fabric diversification. The wool stretch fabric developed by Amerotron has become increasingly important in the trade.

Greige goods division sales, which had been depressed in 1961, improved in 1962, with better profit results. This division manufactures unfinished cloth of synthetic fibers and blends, and benefited from the stabilizing effect of an improved relationship between production and demand. This division also felt the continuous impact of new fibers on fabric development and increased its styling and research.

The year closed with a strong open order position for both woolen and greige goods. The prospects for 1963 appear encouraging.



Amerotron — fabrics of man-made fibers, wool and fiber blends.

TRANSFER AGENTS

COMMON STOCK

Rhode Island Hospital Trust Company, Providence
Morgan Guaranty Trust Company of New York, New York City
Bank of America National Trust and Savings Association, Los Angeles

CONVERTIBLE PREFERRED STOCK

Rhode Island Hospital Trust Company, Providence
The Chase Manhattan Bank, New York City
Bank of America National Trust and Savings Association, Los Angeles



A steel casting weighing 100,000 pounds is poured in the plant of Pittsburgh Steel Foundry and Machine. The casting was used in an aluminum rolling mill designed and built by this Textron division.



Symbol, a gleaming new line of Textron aluminum cookware, lends itself attractively to food serving at the table. It is the latest product to bear the famous Griswold label.

PROVIDENCE **textron** RHODE ISLAND