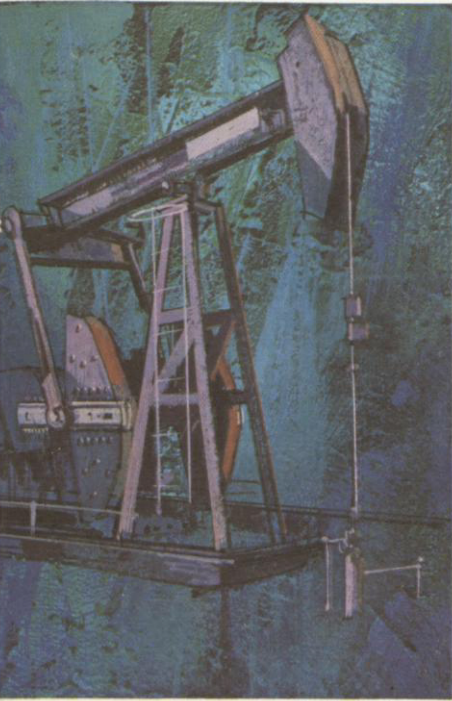
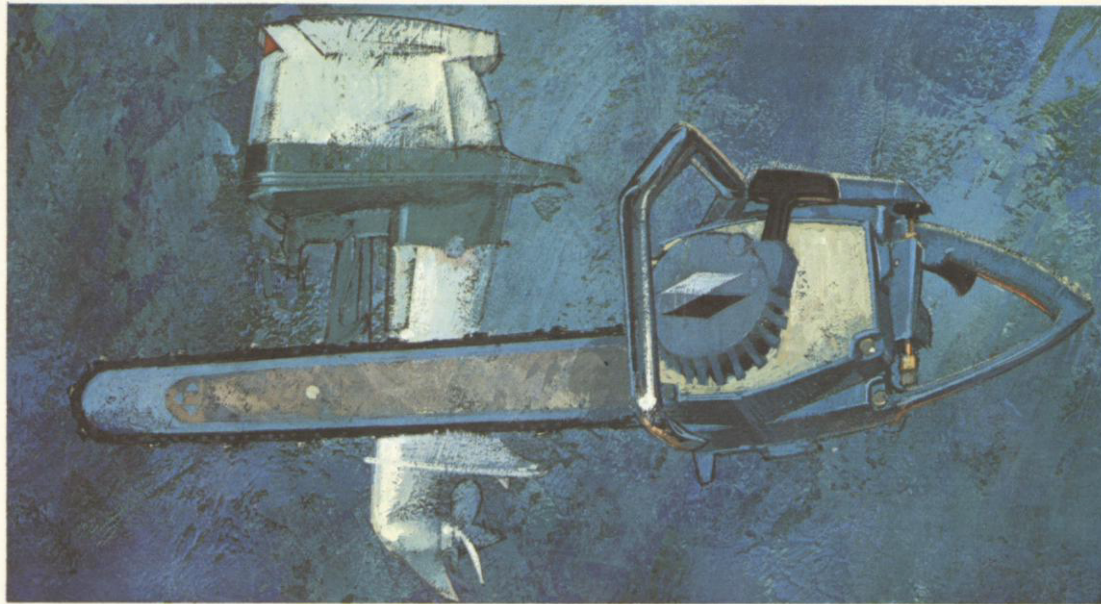


# textron



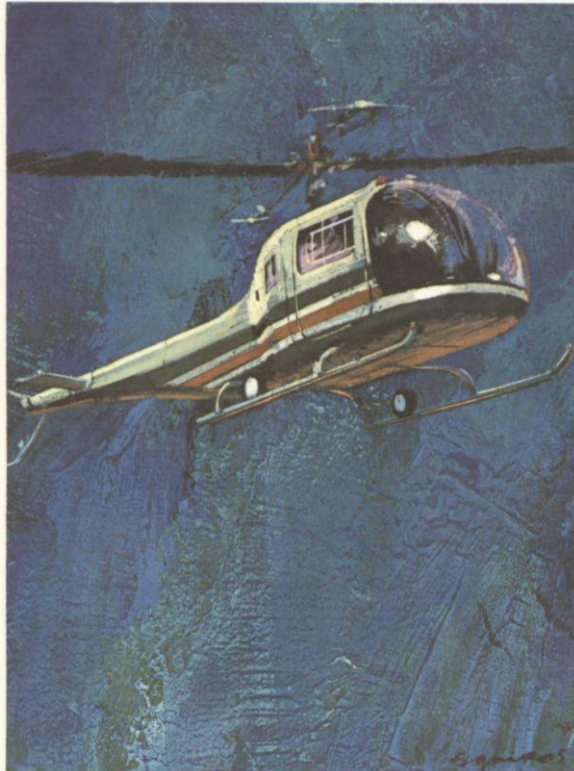
*Industrial*



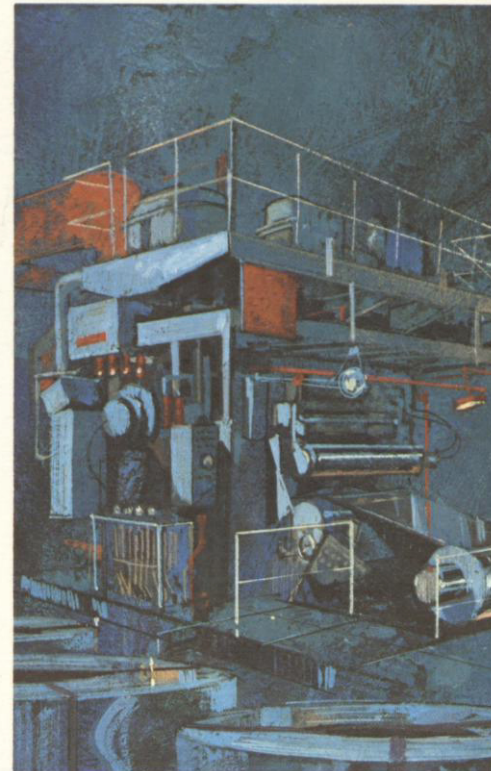
*Consumer*



*Agrochemical*



*Defense*

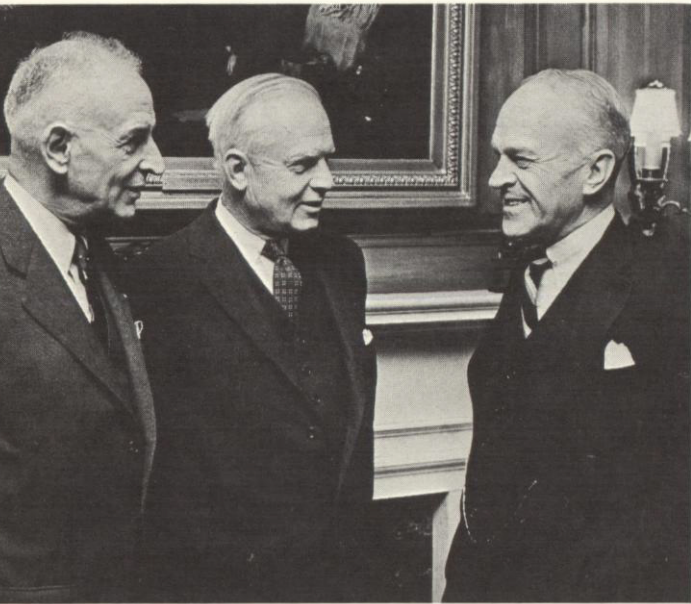


*Metal Product*

## 1963 ANNUAL REPORT



ANNUAL REPORT FOR 1963



General Doriot      Mr. Flower      Mr. Freeman



Mr. Bierwirth      Mr. Thompson



Mr. Frost      Mr. Roth



Mr. Goodman      Mr. Miller      Mr. Church      Mr. Huffines



PROVIDENCE, RHODE ISLAND

*Products illustrated on the cover showing Textron's five basic groups include a Parkersburg oil well pumping unit; a Homelite chain saw and outboard motor; Spencer Kellogg chemical products; a Bell helicopter; and a Pittsburgh Steel Foundry aluminum rolling mill.*

CONTENTS

Directors and Officers .....	1
Message to Securityholders .....	2
Financial Review .....	3
Financial Statements .....	5
Textron Product Groups .....	10

*Textron's annual meeting will be held in Providence April 15, 1964. A regional shareholders' meeting will take place in Boston March 25.*



## DIRECTORS

John E. Bierwirth

*Chairman of the Board, National Distillers and Chemical Corporation, New York City*

Frederic C. Church

*Senior Partner, Boit, Dalton & Church, Insurance, Boston, Mass.*

Georges F. Doriot

*President, American Research and Development Corporation, Boston, Mass.*

Henry C. Flower, Jr.

*Retired Vice-Chairman, J. Walter Thompson Company, 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 Corporation, New York City*

Robert L. Huffines, Jr.

*Chairman of the Board, Defiance Industries, Inc., Defiance, Ohio*

G. William 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*

G. 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*

L. A. Casler

*Vice President — Acquisitions*

Robert S. Eisenhauer

*Vice President — Public Relations and Advertising*

Thomas M. Leonard

*Vice President — Operations*

Thomas C. Musgrave, Jr.

*Vice President*

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*

## HIGHLIGHTS:

	1963	1962
Net sales . . . . .	\$587,048,000	\$549,493,000
Income before Federal taxes . . . . .	32,247,000	26,672,000
Net income . . . . .	18,047,000	14,772,000
Earnings per common share . . . . .	\$3.42	\$2.96
Common shares outstanding at year end . . . . .	5,165,954	4,841,592

Number of Employees 33,000 / Number of Plants 113 / Number of Securityholders 50,000



## MESSAGE TO SECURITYHOLDERS:

February 14, 1964

Textron in 1963 once again met its objective for growth in sales and earnings, both of which attained new high levels. Sales volume increased by 7 per cent, and net income by 22 per cent over results for 1962. The improvement was achieved despite the sale in April of Amerotron — Textron's former textile company — which had contributed approximately \$70 million to annual volume.

The rise in earnings resulted from Textron's continuing emphasis on refinement and improvement of existing divisions, from profits of operations acquired during the year, and from the general high level of business activity. It is a source of satisfaction that this progress has been made while the company's long term debt has been reduced from a total of \$73 million at the beginning of 1963 to \$36 million at year end.

Management's principal efforts during the past year have been directed toward the refinement program. Its effectiveness was shown in the improvement of profit margins both with respect to sales and invested capital. Certain divisions were consolidated to gain marketing and production advantages, new plant facilities were provided for several companies, and capital improvement expenditures were expanded, all bringing improvements in efficiency. Furthermore, a number of promising new products were introduced.

### *New Product Lines Added*

Under Textron's policy of acquiring additions to present product lines, two units were added to the Randall division during the second quarter: Ames Maid tubular metal furniture and Zenite Metals trim for the automotive and appliance industries. As an extension of its Beacon feed operation, Textron in September purchased Byard V. Carmean, Inc. and certain assets of Caroline Farms, Inc. These units, together with two former Beacon feed plants, operate in four states of the Southeast as Caroline Farms.

The assets of Parkersburg-Aetna Corporation, a manufacturer of ball and roller bearings, oil field production equipment, and pre-engineered metal buildings, also were acquired in September. The former Parkersburg-Aetna divisions have been set up as three new companies in Textron's Industrial Product Group. In January 1964, Textron moved to bring an additional product line into the plant of one of these new divisions through purchase of the Walker Brothers underfloor line of electrical distribution equipment.

Plans for acquisition of one of the nation's oldest machine tool companies, Jones & Lamson Machine Company, were announced in December. Jones & Lamson shareholders approved the proposal in January, and the operation has become an important new addition to Textron's Metal Product Group.

### *Textile Unit Sold*

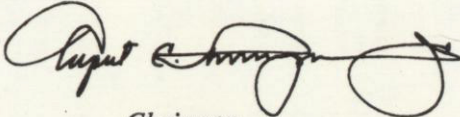
The sale of Amerotron in April to Deering-Milliken, Inc., took Textron completely out of its original business — textiles. Because of the traditionally low return on capital in the textile industry, it was not possible for Amerotron to meet Textron's standards for return on investment, even though this division was one of the country's most efficient textile operations. Textron now has five basic product groups: Agrochemical, Consumer, Defense, Industrial and Metal Product.

The year brought sadness in the death of Frederick S. Blackall, Jr., a Textron director since 1958, who was killed in an airplane accident in Canada.

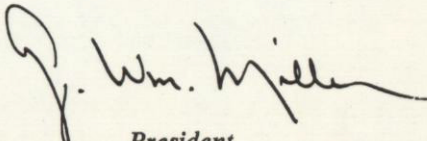
### *Outlook for 1964*

Lifted by the volume furnished by the many new products introduced in 1963, and by the contributions of newly-acquired companies, Textron sales should show a substantial increase in 1964. It can be expected that earnings will keep pace.

Having again in 1963 met or exceeded its targets, Textron will continue its program for achieving a higher return on shareholders' equity. The three parts of this program are refinement of present operations; continued growth through existing companies, with emphasis on product improvement, new product development and addition of acquired product lines; and the acquisition of new companies which meet Textron's standards.



Chairman



President



## FINANCIAL REVIEW

### Sales and Earnings

Results for the year, compared with 1962, were as follows:

	1963	1962
Sales .....	\$587,048,000	\$549,493,000
Pretax income .....	32,247,000	26,672,000
Net income .....	18,047,000	14,772,000
Earnings per share	\$3.42	\$2.96
Common shares outstanding .....	5,165,954	4,841,592

Sales showed a substantial increase for the fifth straight year. In addition, sales per common share have shown a continuing rise over five years — from \$64 in 1959 to \$114 in 1963.

The net income was at the highest level in Textron's recent history, both on a total dollar and a per share basis. Income before Federal taxes has shown a marked increase, reaching \$32.2 million in 1963, compared with \$14.4 million two years earlier.

### Debt Reduction

Long term debt was reduced from \$73 million to \$36 million during 1963. The major items of debt reduction were the prepayment of a \$25 million, 15 year, 5 $\frac{7}{8}$ % loan made in 1960 by The Prudential Insurance Company of America; the redemption of the \$5.6 million outstanding non-current balance of 5% Subordinated Sinking Fund Debentures due February 1, 1970 and the prepayment of approxi-

mately \$3.2 million of miscellaneous long term notes. In addition, \$3.2 million of 5% Convertible Subordinated Debentures due January 1, 1971 were retired by conversion into common stock. Primarily as a result of this prepayment of debt, working capital at year end was \$105 million, compared with \$109 million at the end of 1962.

Further reduction of long term debt will occur in February 1964, when the company redeems its 5% Convertible Subordinated Debentures due January 1, 1971. The outstanding balance of these debentures at year end was \$2.46 million.

### Capital Additions

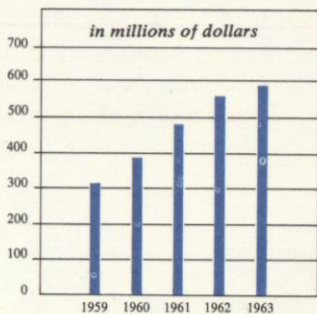
New facilities acquired during 1963, either by purchase or lease, cost \$15 million compared with \$13.2 million in 1962.

### Capitalization

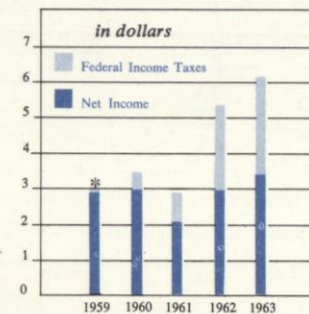
At December 28, 1963, there were 5,165,954 Textron common shares outstanding after deducting 113,334 shares held in the treasury. During the year 101,800 shares were purchased for the treasury at an average cost of \$37.61 per share. The total common stock equity increased to \$145.6 million and the equity per common share to \$28.18.

### Taxes

The amount charged against earnings for estimated Federal income taxes resulted in an effective rate of

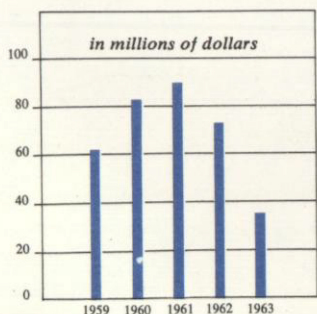


Net Sales

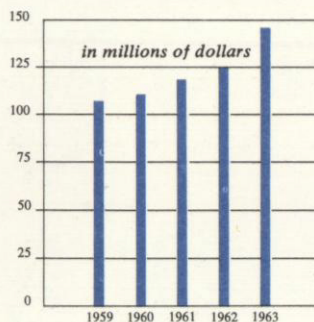


Earnings Per Common Share  
(Pretax and After Tax)

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



Long Term Debt



Common Stock Equity



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

<i>Financial Results</i>	1963	1962	1961	1960	1959
Net sales . . . . .	\$ 587,048	\$ 549,493	\$ 473,120	\$ 383,188	\$ 308,202
Income before Federal taxes . . . . .	32,247	26,672	14,445	16,856	14,924*
Net income . . . . .	18,047	14,772	10,545	14,168	14,270*
Depreciation and other non-cash charges . . . . .	11,137	12,400	12,142	9,691	9,080
Earnings per common share . . . . .	3.42	2.96	2.06	2.93	2.87*
Dividends declared per common share . . . . .	1.40	1.25	1.25	1.25	1.19
<i>Financial Position at Year End</i>					
Working capital . . . . .	\$ 105,229	\$ 109,046	\$ 114,461	\$ 94,349	\$ 85,895
Long term debt . . . . .	35,555	73,056	89,826	83,520	62,238
Net properties . . . . .	62,711	76,368	84,808	81,164	70,869
Common stock equity . . . . .	145,557	125,069	118,429	109,959	107,586
Common stock equity per share . . . . .	28.18	25.83	24.15	23.53	22.49
<i>Other Statistics</i>					
Common shares outstanding at end of year	5,165,954	4,841,592	4,903,736	4,672,429	4,783,009
Salaries, wages and employee benefits . . . . .	\$ 228,000	\$ 210,000	\$ 180,500	\$ 137,000	\$ 107,000

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

### FINANCIAL REVIEW *Continued*

about 44% for 1963 and 45% in 1962. The accrual at less than the full corporate rate was due to the availability of tax losses of subsidiaries and certain other tax adjustments. These tax losses are now fully utilized.

#### *Research and Development*

Company financed research and development totaled approximately \$8 million in 1963.

#### *Cash Flow*

Textron's operating cash flow, the combination of net income plus depreciation and other non-cash charges, rose to \$29.2 million, or \$5.57 per common share. This compares with \$27.2 million or \$5.52 per common share in 1962.

#### *Employee Stock Savings Plan*

The Textron Employee Stock Savings Plan assists employees in obtaining an ownership interest in Textron, thus providing an added incentive for profitable operation. Eligible employees may contribute up to 10% of base salary and Textron will add an amount equal to one-half of participants' payments, subject to an overall limit of \$1.5 million a year. During 1963 a total of 97,590 shares of Textron common stock were purchased in the open market for a total of \$3,491,000. At the end of 1963, there were 238,321 shares held by the trust for the plan.

#### *Textron Electronics, Inc.*

Textron Electronics, Inc., in which Textron holds a 75 per cent interest, had sales of \$26,834,000 in

1963, compared with \$26,719,000 in 1962. Net income was \$964,000 or \$.32 per share, compared with \$1,356,000 or \$.45 a share in 1962.

At mid-year the MB Electronics Division discontinued its contract machining business. The withdrawal of MB from this activity eliminated an unprofitable operation and permits MB to concentrate its efforts in product areas of more advanced technology.

During the year TE reduced its long term borrowing by \$2 million.

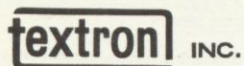
Indications are that 1964 will be a year of satisfactory progress.

A condensed balance sheet of Textron Electronics, Inc. at December 28, 1963 follows:

Current assets . . . . .	\$14,431,000
Property, plant and equipment, less reserves . . . . .	1,954,000
Other assets . . . . .	289,000
<b>Total assets . . . . .</b>	<b>\$16,674,000</b>
Current liabilities . . . . .	\$ 3,700,000
Other liabilities . . . . .	1,344,000
Capital stock and surplus . . . . .	11,630,000
<b>Total liabilities and capital . . . . .</b>	<b>\$16,674,000</b>

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





# CONSOLIDATED STATEMENT OF INCOME

Year Ending

	<u>December 28, 1963</u>	<u>December 29, 1962</u>
Net sales . . . . .	\$587,048,476	\$549,492,966
Cost of sales . . . . .	<u>477,523,731</u>	<u>444,587,674</u>
Gross profit on sales . . . . .	109,524,745	104,905,292
Selling, advertising and administrative expenses . . . . .	<u>76,215,972</u>	<u>72,618,595</u>
Operating profit . . . . .	33,308,773	32,286,697
Other income:		
Equity in net income of Textron Electronics, Inc. . . . .	721,386	1,013,120
Interest income . . . . .	535,427	661,375
Sundry other income . . . . .	<u>2,794,893</u>	<u>1,087,683</u>
	<u>4,051,706</u>	<u>2,762,178</u>
Other charges:		
Interest expense . . . . .	4,104,235	5,806,987
Sundry other charges . . . . .	<u>1,008,763</u>	<u>2,569,566</u>
	<u>5,112,998</u>	<u>8,376,553</u>
Income before Federal income taxes . . . . .	32,247,481	26,672,322
Provision for Federal income taxes . . . . .	<u>14,200,000</u>	<u>11,900,000</u>
Net income . . . . .	<u>\$ 18,047,481</u>	<u>\$ 14,772,322</u>

See notes to financial statements



**textron** INC. CONSOLIDATED

ASSETS	<i>December 28, 1963</i>	<i>December 29, 1962</i>
<b>Current assets:</b>		
Cash . . . . .	\$ 16,341,403	\$ 16,801,604
Accounts receivable (less allowances of \$2,098,101 in 1963) . . . . .	74,422,820	77,736,171
Inventories, at lower of cost or market . . . . .	107,720,579	108,322,835
Prepaid expenses . . . . .	1,940,745	2,017,754
<b>Total current assets . . . . .</b>	<b>200,425,547</b>	<b>204,878,364</b>
Notes receivable, due after one year . . . . .	2,092,735	3,046,739
Investment in Textron Electronics, Inc. (75% owned), at cost, \$9,090,000, adjusted for equity in income . . . . .	9,783,664	9,062,278
Other investment, at cost (approximate market value) . . . . .	3,364,000	3,364,000
<b>Property, plant and equipment, at cost:</b>		
Land and buildings . . . . .	26,292,552	40,398,036
Machinery and equipment . . . . .	80,346,423	99,434,806
Other property . . . . .	9,042,468	7,808,561
	<u>115,681,443</u>	<u>147,641,403</u>
Less accumulated depreciation and amortization . . . . .	52,970,349	71,273,788
	<u>62,711,094</u>	<u>76,367,615</u>
Unamortized debt discount and expenses . . . . .	7,296,044	7,860,113
Other assets . . . . .	3,208,719	4,067,396
	<u>\$288,881,803</u>	<u>\$308,646,505</u>

See notes to financial statements



# BALANCE SHEET

## LIABILITIES AND SHAREHOLDERS' EQUITY

### Current liabilities:

	<i>December 28, 1963</i>	<i>December 29, 1962</i>
Notes payable . . . . .	\$ 10,330,000	\$ 14,468,060
Accounts payable . . . . .	24,370,411	22,296,140
Accrued expenses and other current liabilities . . . . .	37,591,694	36,441,446
Federal income taxes . . . . .	20,136,659	18,140,787
Current maturities of long term notes . . . . .	846,299	2,825,513
Dividends payable . . . . .	1,921,880	1,660,728
Total current liabilities . . . . .	<u>95,196,943</u>	<u>95,832,674</u>
Long term notes . . . . .	35,555,300	73,055,771
Amounts payable for companies acquired, due after one year . . . . .	1,000,000	1,666,667
Other liabilities . . . . .	3,014,848	2,414,277
Unamortized net excess of equity in companies acquired over cost . . . . .	1,742,105	1,750,062
Shareholders' equity:		
Capital stock:		
\$1.25 convertible preferred . . . . .	6,815,200	8,858,050
Common, par value 50¢ per share . . . . .	2,582,977	2,420,796
Capital surplus . . . . .	78,862,639	69,101,355
Earned surplus . . . . .	64,111,791	53,546,853
Total shareholders' equity . . . . .	<u>152,372,607</u>	<u>133,927,054</u>
	<u>\$288,881,803</u>	<u>\$308,646,505</u>



**textron** INC. CONSOLIDATED STATEMENT OF SURPLUS  
Year Ending December 28, 1963

**CAPITAL SURPLUS**

Balance at December 29, 1962 . . . . .			\$69,101,355
Additions:			
Capital in excess of par value of shares issued upon:	<i>Common Shares</i>	<i>Amount</i>	
Conversion of 5% debentures — \$3,165,600 . . . . .	99,499	\$3,027,195	
Conversion of \$1.25 preferred stock — 81,714 shares . . . . .	87,929	1,991,722	
Exercise of employees' stock options . . . . .	131,415	3,232,968	
Exercise of warrants . . . . .	2,900	71,050	
Acquisition of Continental Optical Company, Inc., Byard V. Car-			
mean, Inc., and minority interest in a subsidiary . . . . .	104,419	2,868,897	
Reversal of excess reserve for loss on disposal of textile mill properties	—	2,347,574	13,539,406
			<u>82,640,761</u>
Deduction—excess cost over par value of 101,800 shares of common stock acquired for treasury			<u>3,778,122</u>
Balance at December 28, 1963 . . . . .			<u>\$78,862,639</u>

**EARNED SURPLUS**

Balance at December 29, 1962 . . . . .		\$53,546,853
Net income for the year . . . . .		<u>18,047,481</u>
		71,594,334
Dividends declared:		
\$1.25 convertible preferred stock . . . . .		\$ 383,761
Common stock — \$1.40 per share . . . . .		<u>7,098,782</u>
		7,482,543
Balance at December 28, 1963 . . . . .		<u>\$64,111,791</u>

See notes to financial statements

**AUDITORS' REPORT**

**ARTHUR YOUNG & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

165 BROADWAY  
NEW YORK 6

The Board of Directors and Shareholders  
Textron Inc.

We have examined the accompanying consolidated balance sheet of Textron Inc. at December 28, 1963 and the related consolidated statements of income and surplus for the 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 28, 1963 and the consolidated results of operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

February 14, 1964

*Arthur Young & Company*



## NOTES TO FINANCIAL STATEMENTS

### General

During the year Textron acquired the net assets of Parkersburg-Aetna Corporation, Caroline Poultry Farms, Inc. and certain other businesses for an aggregate price of \$12,265,000 in cash plus 104,419 shares of common stock. The company realized \$45,000,000 in cash in connection with the sale on April 16, 1963 of its textile products division. Net income from these operations has been included in the statement of income from the dates of acquisition or to date of disposition.

On February 3, 1964, Textron acquired Jones & Lamson Machine Company for approximately \$8,480,000 in cash.

### Inventories

Cost with regard to inventories aggregating \$92,092,000 has been determined generally on a first-in, first-out or average basis. Cost of other inventories totaling \$15,629,000 has been determined on a last-in, first-out basis.

### Long Term Notes

This debt, exclusive of amounts due in 1964, consists of the following:

5% Subordinated Debentures due May 1, 1984 . . . . .	\$29,800,000
5% Subordinated Debentures convertible into common stock at \$38.58 per share to February 24, 1964 (announced date of redemption) . . . . .	2,461,300
Miscellaneous notes (4½ to 6%) due serially to 1974 . . . . .	3,294,000
	<u>\$35,555,300</u>

The amount payable in 1965 is \$922,000; in 1966 — \$904,000; in 1967 — \$850,000 and in 1968 — \$850,000. The indenture relating to the debenture of 1984 contains certain restrictions on payments for cash dividends and the purchase, redemption or retirement of stock. At December 28, 1963, \$43,000,000 of surplus was not restricted.

### Capital Stock

The \$1.25 Convertible Preferred Stock is entitled to cumulative dividends and has no par value. There were 272,608 shares authorized and outstanding at December 28, 1963. 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 1.0785 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 28, 1963, 10,000,000 shares of common stock, 50¢ par value, were authorized of which 5,165,954 shares, after deducting 113,334 shares held in the treasury, were outstanding. Shares of common stock reserved for conversion and exercise of options and warrants were as follows:

\$1.25 Convertible Preferred Stock . . . . .	294,008
5% Convertible Subordinated Debentures, to be redeemed February 24, 1964 . . . . .	63,798
Options granted to officers and employees . . . . .	97,154
Warrants (exercisable at \$25 per share until May 1, 1964 with \$5 price increases each five years until expiration in 1984) . . . . .	597,100
	<u>1,052,060</u>

### Option Agreements

Changes in restricted stock options during 1963 are summarized below:

	Shares	Price Per Share
Options at Dec. 29, 1962 . . . . .	230,819	\$22.50 to \$27.00
Options cancelled . . . . .	2,250	25.00 to 27.00
Options exercised . . . . .	131,415	25.00 to 27.00
Options at Dec. 28, 1963 . . . . .	97,154	\$22.50 to \$27.00

These options were all exercisable at December 28, 1963 and expire at various dates to March 16, 1966. No unissued shares are reserved for the granting of future options.

### Contingent Payments and Leases

Purchase agreements relating to two companies acquired in prior years provide for additional annual payments based on earnings of those companies and extend for ten and eleven years. These payments for 1963 amounted to \$160,360. Annual rentals payable under long term leases are approximately \$6,000,000 and the aggregate rentals payable under these leases, discounted to December 28, 1963, are approximately \$38,000,000. Under certain leases Textron is also required to pay insurance, taxes and repairs.

## TRANSFER AGENTS

### COMMON STOCK

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

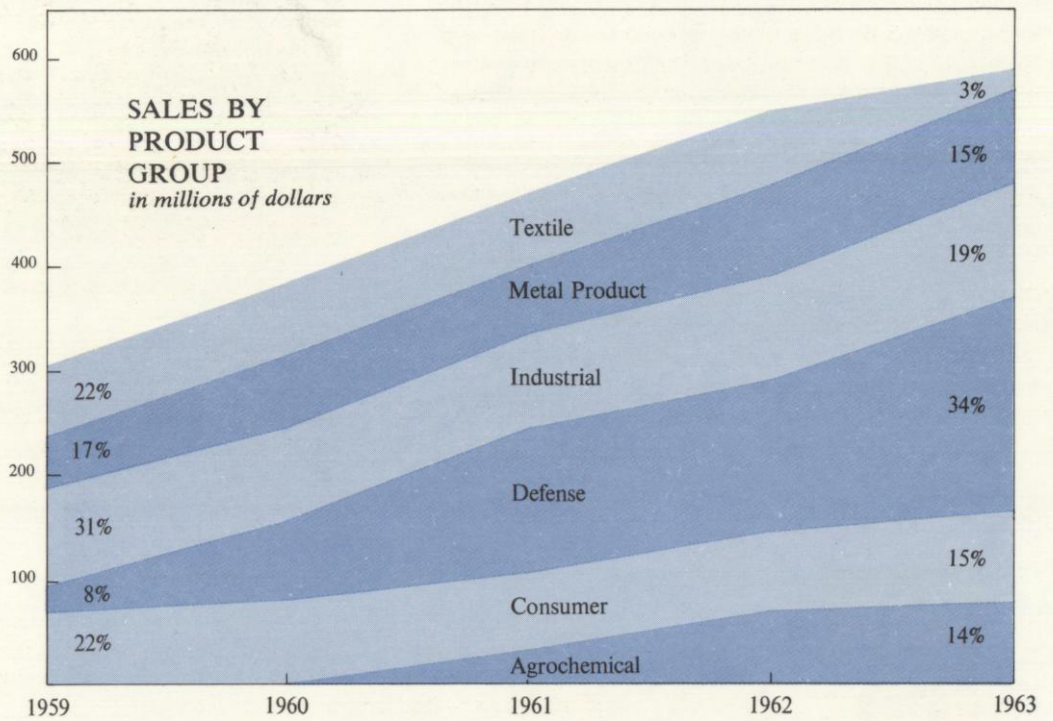
### CONVERTIBLE PREFERRED STOCK

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





## PRODUCT GROUPS



*Designed for executive transportation, the four-place Bell Ranger helicopter can take off and land on compact areas, such as rooftop heliports, parking lots and plant lawns. The Ranger has been used by presidents of eleven nations as well as by businessmen in all parts of the world.*





## AGROCHEMICAL PRODUCT GROUP

The research center of Spencer Kellogg in 1963 continued to develop new chemical products. An anti-spalling compound for winter damage protection of highways, driveways and other concrete surfaces was test-marketed in three areas. In 1964 it will be sold throughout the Northeast and Midwest. A water-thinned baking resin for industrial primers and household appliance finishes also was developed in 1963. A number of additional paint manufacturers began the use of Spencer Kellogg's Linaqua, the first water soluble linseed oil, for use in exterior paints.

During the year Beacon acquired integrated egg operations in New York State and Missouri capable of producing approximately 3.5 million eggs a week. With demand from the brewing and corn snack industries higher, Professional Feeds in 1963 undertook a capital program to double its corn mill capacity.

Caroline Farms, the new division formed in 1963 as an extension of Beacon's feed operations in the Southeast, began a program of expansion. In connec-



**Spencer Kellogg**—chemical products, linseed oil and other oilseed products... **Beacon: Beacon Feeds**—poultry and livestock feeds; **Professional Feeds**—livestock and poultry feeds, corn milling products... **Caroline Farms**—feed and poultry production.

## CONSUMER PRODUCT GROUP

In late 1963 Homelite introduced the lightest direct drive chain saw developed anywhere in the world. The new XL-12 saw found immediate acceptance. In addition to being attractive to professional cutters, it is opening new markets among homeowners, campers and other occasional users. The XL-12 also contributed to the increased volume of Terry, Homelite's Canadian operation. Terry has designed and is marketing a direct fired portable space heater, the only one of its type manufactured in Canada. A new plant is to be built for Terry in 1964 to provide for further sales growth and to consolidate manufacturing now being done in several locations.

The Homelite 4-cycle outboard motor was marketed on a national basis for the first full year in 1963, and results came up to expectations. This motor, which cuts in half the fuel cost of ordinary two cycle marine engines, now is sold by approximately 500 dealers.

The E-Z-Go Car division in 1963 was consolidated as a unit of Homelite, thereby achieving numerous marketing and service advantages.

The Ames Maid line of folding tubular furniture was acquired for Randall in 1963. The line is being



*One stage in manufacture of Spencer Kellogg's Spenkel urethane resins for use in heavy duty varnishes.*

tion with the Caroline poultry growing, processing and marketing operations, hatchery facilities have been expanded, production processes at feed mills in Delaware and Virginia improved, and the New Market, Virginia, processing plant modernized. An additional feed mill facility is being planned for 1964.

manufactured in a Randall tubing plant and marketed through the company's Griswold houseware sales organization.

Weinbrenner experienced a substantial increase in demand for its new vulcanized boots and shoes. Led by one such product, the "Strike", the industry's first shoe especially designed for fishermen, sales of the Weinbrenner Wood-N-Stream line doubled in 1963.

Consolidation of operations of Continental Optical Company, acquired in January 1963, with the Shuron division was accomplished during the year. Manufacturing costs were reduced through the installation of uniform production techniques. Frame production was combined from two plants into one, and several branch warehouses were merged. Preparation was begun for computer control of inventory and production planning. To improve product development, frame design was placed under a new design staff.

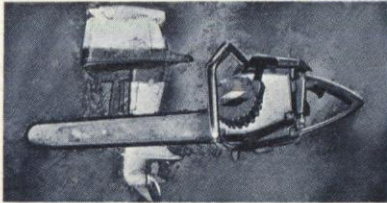
Dorsett Marine moved into a larger and more modern California plant and combined its Maryland facility with its Midwest plant in Bremen, Indiana. The new "Deep V" hull, providing a smoother, faster ride, has been incorporated in virtually all of the 1964 line



(Consumer Product Group, continued)

of fiberglass boats manufactured by Dorsett Marine.

Vita-Var during 1963 began production of a new aerosol varnish stain and an aerosol paint for use on all types of surfaces including plastic, styrofoam, and



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

## DEFENSE PRODUCT GROUP

Production, sales and backlog reached new high levels at Bell Helicopter in 1963 as the company became Textron's largest unit. During the year Bell received additional substantial contracts insuring production of its Iroquois helicopter through 1965. Orders came from all three branches of the United States armed services. The turbine-powered Bell Iroquois (UH-1), being flown in combat in Vietnam, can be armed with machine guns, rockets and missiles.

Bell's light observation helicopter, the OH-4A, in September began its Federal Aviation Agency testing program before January delivery to the Army for official evaluation. Other new rotary wing concepts

developed by Bell research and announced in 1963 are a two-place, streamlined armed helicopter and a revolutionary rotor system combining simplicity with increased performance and reduced vibration.

Commercial sales of Bell helicopters increased 20 per cent over 1962. During 1963 marketing of the 204B, the commercial version of the Iroquois, was commenced following certification by the FAA. The 204B is now operating in Australia, Japan, Switzerland, Norway, Italy, Austria, Colombia, Thailand, and a number of other countries.

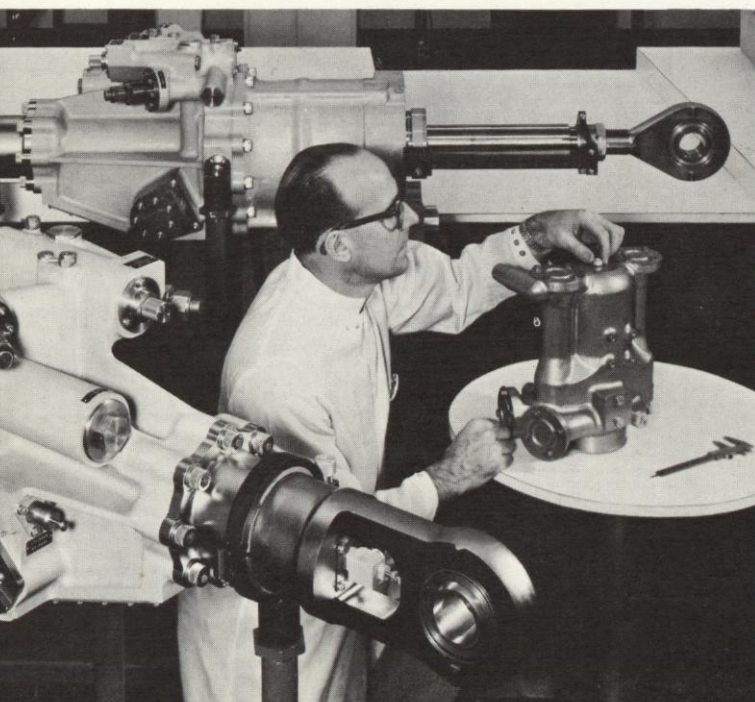
Bell Aerosystems during 1963 continued to provide industry leadership in the diversified fields of rocket engines, VTOL aircraft, avionics and air cushion vehicles.

The Bell Agena rocket engine, credited with orbiting more U. S. Air Force and NASA satellites (65 per cent) than all other rocket engines combined, is scheduled for a growing number of scientific space missions and for the Gemini manned space project. Bell has been selected to develop the lunar take-off engine for the Apollo program; in addition a new generation of rocket engines, harnessing fluorine and other high energy fuels, is under development.

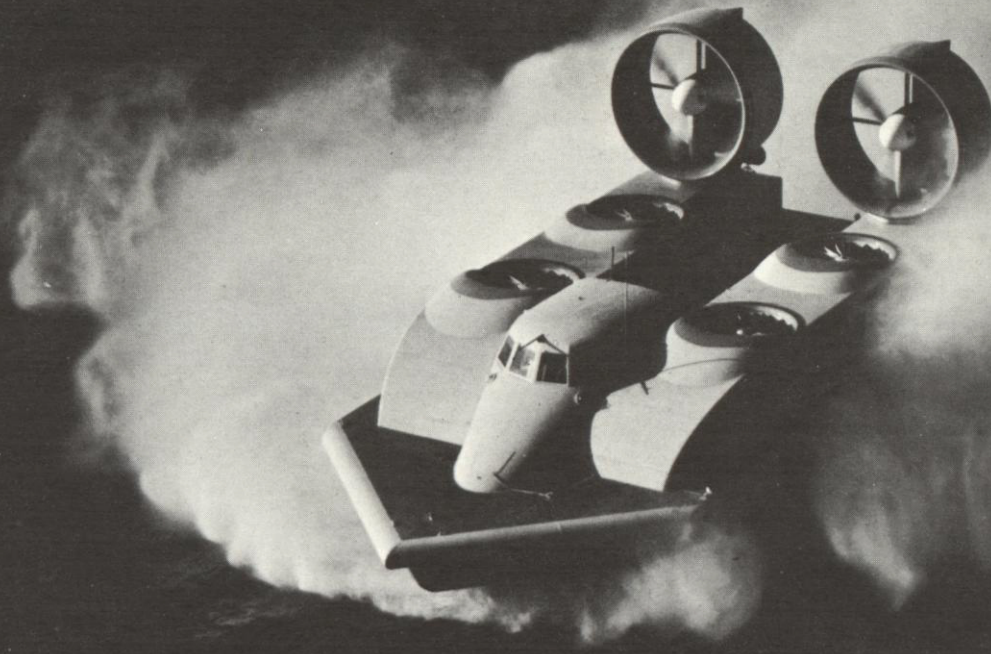
Avionics achievements in 1963 include selection of Bell's high performance inertial guidance system for the Air Force precision navigation and mapping operation and successful flight of the first production model of Bell's radio command control system in the Army's standard reconnaissance drone. Installation and fleet testing of the company's automatic landing system continued on Navy carriers.

Construction has started on two X-22A vertical take-off and landing (VTOL) research aircraft under a Navy-managed tri-service program following completion of model tests in 1963.

*The largest airborne-servoactuators and filter assemblies ever developed for space flight are being produced by Hydraulic Research and Manufacturing Company for the Saturn lunar mission. Two of the six-foot-long actuators are shown; filter assembly is at right.*







*Largest air cushion vehicle to be built in the United States, the Hydroskimmer, developed by Bell Aerosystems for the Navy, travels at 80 miles per hour, one and a half feet above surface of Lake Erie. Air cushion vehicles can move over water or land on a cushion of air created by the downward thrust of large fans.*

The Bell Aerosystems VTOL plane is expected to have eventual important commercial use, as are the Bell air cushion vehicles (ACV). The company in 1963 established a position of United States leadership in ACV design and manufacture. Bell's 22½-ton Hydroskimmer, largest such vehicle to be built in this country, was delivered to the Navy in 1963. Bell now is conducting further test operations with the craft to develop design criteria for future vehicles of the type. During the year announcement was made of Bell's agreements with the two leading ACV firms in Europe: Westland Aircraft and Hovercraft Development Limited, both of England.

Dalmo Victor operations during 1963 made progress in carrying out Textron's policy of broadening

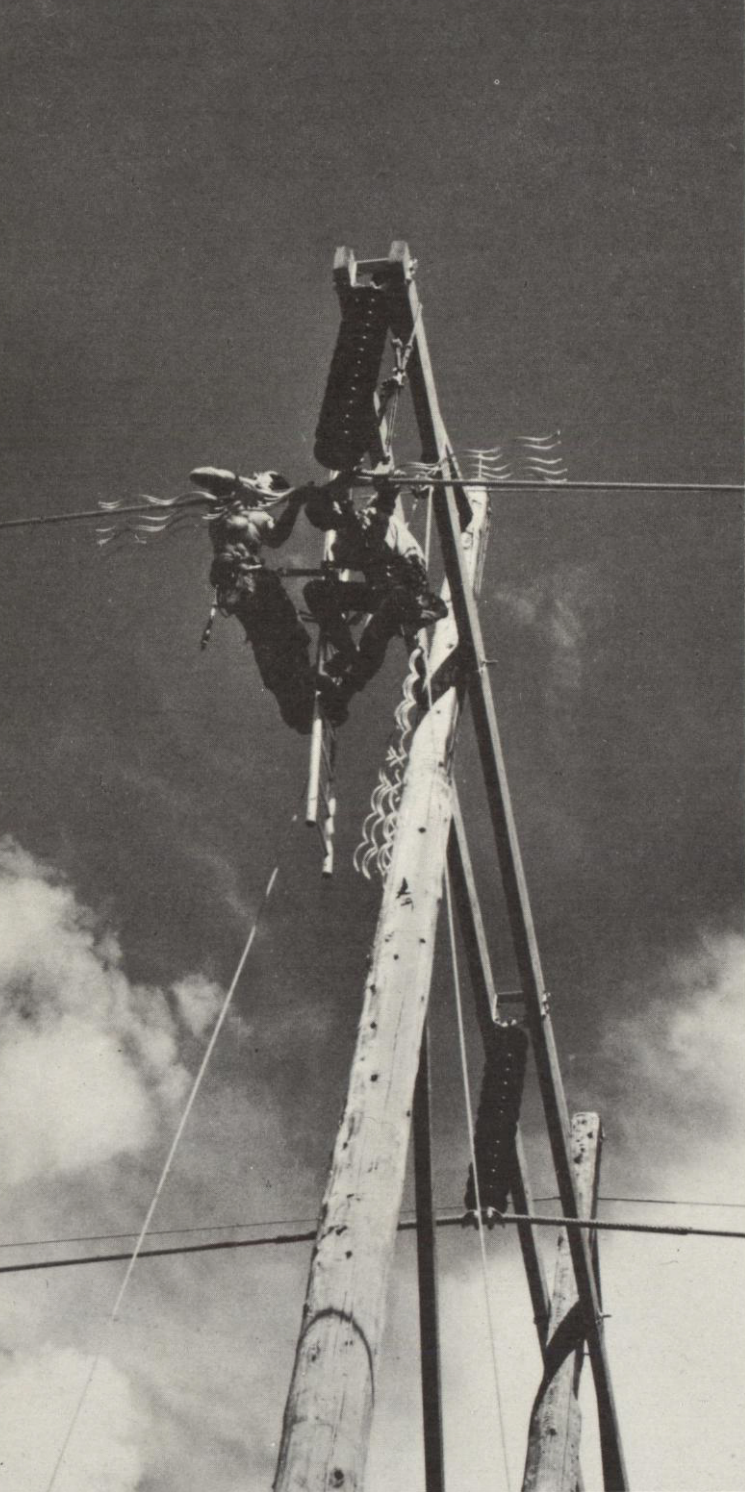
defense product lines in order to provide greater stability in rapidly changing markets. Dalmo Victor will design and build the radar homing and warning system for the F-111 (TFX) airplane under contract from General Dynamics and will develop and manufacture SATAN, a large ground-based antenna system for NASA.

The largest order in the 20-year history of Hydraulic Research and Manufacturing Company was received during 1963, for more than 500 steering actuators for the Polaris missile. Sales of the company's new filter division rose sharply; contributing to this expanding volume was the development for the Saturn lunar mission of the largest filter assembly ever manufactured for space flight.



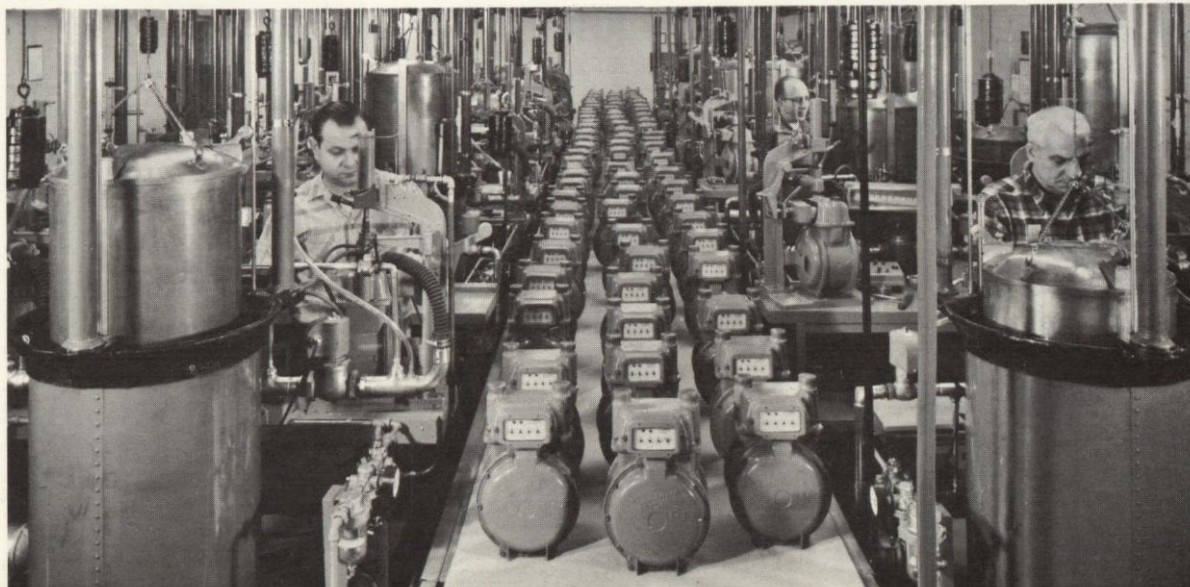
**Accessory Products** — valves, pressure regulators, fluid controls, heat exchange equipment... **Bell Aerosystems** — rocket engines, VTOL aircraft, air cushion vehicles, inertial guidance, automatic landing systems, other avionic devices... **Bell Helicopter** — helicopters... **Dalmo Victor** — radar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





*Fanner Superformed  
Armor Rods being in-  
stalled on transmission  
line of Pacific Power and  
Light Company. Armor  
rods reinforce the line  
against vibration damage  
at point of support.*

*Residential gas meters get  
final inspection and cali-  
brating at Sprague Meter  
plant.*



## INDUSTRIAL PRODUCT GROUP

Randall during 1963 expanded its sales of trim and parts to the appliance industry to approximately the volume produced for automotive use. New aluminum finishing facilities — anodizing and pressurized decorative painting processes — were installed. The acquisition of Zenite Metals has expanded Randall's exterior automotive trim capacity in both aluminum and stainless steel.

In a move to increase sales to the furniture industry, Burkart has provided that its cushioning material be custom fabricated and distributed by jobbers in eighteen cities. Additional cities are being added and new promotional and advertising programs for the furniture and bedding industries have been started. Full production of molded urethane foam automobile seats, using new automated closed mold equipment, was begun by Burkart during the year. Urethane foam interior automobile panels also were developed and won quick acceptance.

Campbell, Wyant and Cannon in 1963 began pilot production of a new cast iron camshaft using Endural, a special CWC alloy, designed to compete with steel camshafts for heavy duty truck use. A CWC program for selective upgrading of foundry operations was begun during the year and a major plant modernization project is being undertaken in 1964.

Sprague Meter in 1963 had the best year for sales and earnings in its history. An important factor was the market acceptance accorded the new Sprague temperature compensating gas meter. Other Sprague products introduced in 1963 included additional types of meter diaphragms and a family of safety control valves. Sprague's Racelite line of sailboat fittings was expanded with ten new products. Production improvements during 1963 included doubling the die casting area and addition of an 800-ton die cast machine.



Fanner achieved sales increases in both foundry and electrical line products in 1963. The division began development of a new family of products for electrical transmission and distribution lines built around "top ties" for connection of lighter lines to pole insulators. Fanner's Munray line of plastic guards for utility pole guy lines gained a substantial market in 1963.

The three former divisions of Parkersburg Aetna Corporation were added to the Industrial Group during the year. Aetna Bearing commenced a program to broaden participation in the automotive replacement parts market. The Parkersburg division in



**Aetna Bearing** — ball and roller bearings ... **Burkart** — cushioning materials, polyurethane foam ... **Campbell, Wyant and Cannon** — gray iron castings for engine blocks, camshafts, brake drums and parts ... **Fanner** — chaplets and chills used in casting, electrical line products, service fittings for utilities, malleable iron hardware, plastic products ... **Parkersburg** — pumps, brakes and other equipment for the oil production industry ... **Walker Parkersburg** — underfloor electrical distribution systems, pre-engineered metal buildings ... **Randall** — automobile and appliance trim, automobile door frames and body parts ... **Sprague** — gas meters and regulators, marine fittings.

## METAL PRODUCT GROUP

As part of a continuing refinement program, Townsend has moved a portion of its Tubular Rivet and Stud manufacturing operations from Massachusetts to its existing Chicago plant. Market surveys after acquisition of TRS in 1962 showed nearly half of its sales were in the Midwest. As part of the transfer of operations, Townsend has moved its solid rivet facilities from Chicago to its plant at New Brighton, Pennsylvania, where capacity is being enlarged. To complete the program, TRS will build a new plant near its present location in Massachusetts. Sheffco, Townsend's only division in the metal stampings field, was sold in 1963 to a larger producer of stampings.

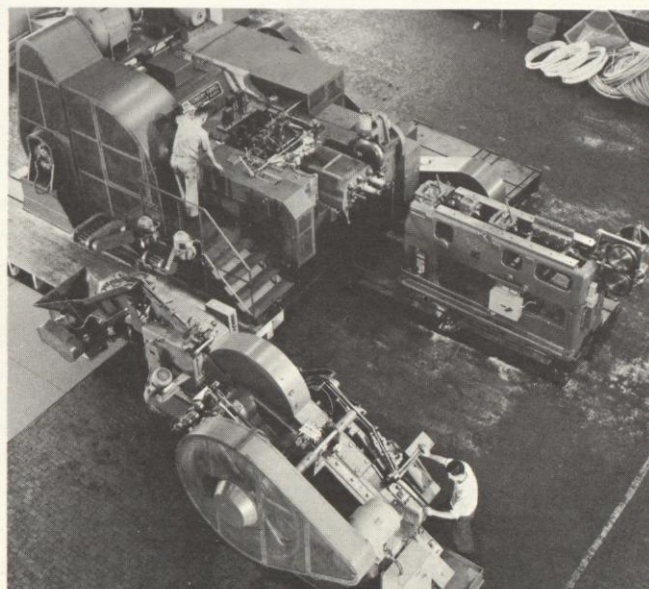
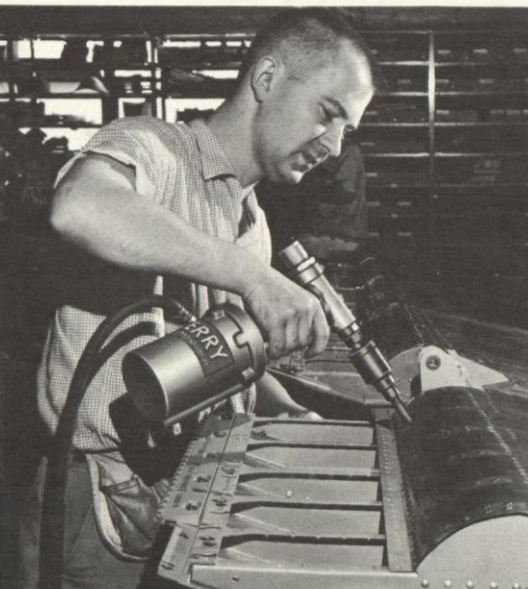
Consolidation of the former Cleveland Hobbing division into Waterbury Farrel was completed in 1963.

Coffeyville, Kansas entered 1964 with its oil field brake equipment business improving. Oil well pumping unit sales have been feeling the effects of price competition. Parkersburg has developed a new "super torque" pumping unit which is being placed on the market in 1964.

The Parkersburg Building division is being expanded by addition of the Walker Brothers under-floor electrical conduit line. The Walker line of products was acquired after a Textron search for products to utilize more completely the capacity of the Parkersburg plant. The combined operation will be known as the Walker Parkersburg division.

Waterbury began 1964 with its best backlog of orders in several years. Its Sendzimir cold rolling mill continued to find expanded use in the steel industry and large mills will be delivered during 1964 to Sharon Steel, National Rolling Mills and Crucible Steel. The Raycarl cold forming equipment developed by the Camcar division and Waterbury Farrel, was brought to the market in 1963; initial response has been good. A substantial amount of Camcar's own production now is done on Raycarl equipment.

In February, 1964, the world famous Jones & Lamson line of machine tools was added to Textron's Metal Product Group. Waterbury Farrel's sister division, Precision Methods and Machines, moved into a new plant during 1963.



(Photo at left of page)

More than 10,000 Townsend Cherrylock rivets are used in each new Boeing 727 jet airliner. Here a worker at Boeing plant installs rivets in elevator sub-assembly.

Waterbury Farrel progressive cold heading equipment can produce a wide range of fasteners and special cold formed products. Among users of this equipment are such firms as General Motors Corporation and Bethlehem and Republic Steel companies.



(Metal Product Group, continued)

Pittsburgh Steel Foundry and Machine completed a 72-inch wide rolling mill for Aluminum Company of Canada, to be shipped to South Africa — the largest mill yet built by this division. Orders were received during 1963 for aluminum rolling mills for Chile and Argentina. During the year, four Pittsburgh 64-inch wide, high-speed foil mills were installed at Anaconda Aluminum Company in Terre Haute, Indiana, and three additional units were ordered to provide a battery of seven foil mills, the largest single mill installation of this Textron division. At year end, the Amsler Morton division was consolidated into the Pittsburgh Steel Foundry engineering unit — both companies

engineer and manufacture capital equipment for the ferrous and non-ferrous metals industries.

Operations of Camcar continued to expand, including those of its American Screw unit, which completed its first full year in the new Wytheville, Virginia, facility. All product lines were achieving better profit levels as the year closed. Camcar has recently established an aerospace division, with a specialized research, manufacturing and sales organization designed to supply the critical fastener requirements for space and jet aircraft programs. A number of proprietary fasteners are under development at Camcar and several are in the marketing stage at the present time.



**Camcar** — cold flow metal parts, fasteners . . . **Pittsburgh Steel Foundry and Machine** — steel castings, aluminum foil mills, heavy machinery, metallurgical furnaces . . . **Precision Methods and Machines** — rolling mill components, precision machining . . . **Townsend** — tubular rivets, lock bolts, fasteners, rivet setting machines . . . **Waterbury Farrel**: Waterbury cold heading machines, Sendzimir and other rolling mills, presses, Cleveland hobbing machines; **Jones & Lamson** — turret lathes, grinders, optical comparing and measuring machines.



*The Bell 47G-3 commercial helicopter which rescued Everest climbers.*

#### TEXTRON ON MOUNT EVEREST

Products of two Textron companies played important parts in the successful twin assault by United States expeditions on Mount Everest during 1963. A 47G-3 commercial helicopter manufactured by Bell Helicopter company flew to 12,000 feet to evacuate two members of the expedition who suffered frostbite after the conquest of the mountain. Bell Aerosystems hip packs were used by the Everest climbers to carry equipment and supplies. The hip pack, patented by Bell in December, is a carrying frame which puts the greatest strain of a load on the hips rather than on shoulders or spine. It permits the carrying of heavier loads more comfortably and safely over longer distances, and is being evaluated by U. S. military services and by industry for a variety of commercial applications.



*Using Bell Aerosystems hip packs, two members of the United States expedition carry 70-pound loads over the west shoulder of Mount Everest. (Photograph by William F. Unsoeld, of the American Mount Everest Expedition.)*





Wagner Magnalite cookware is made of thick magnesium-aluminum alloy in streamlined design.

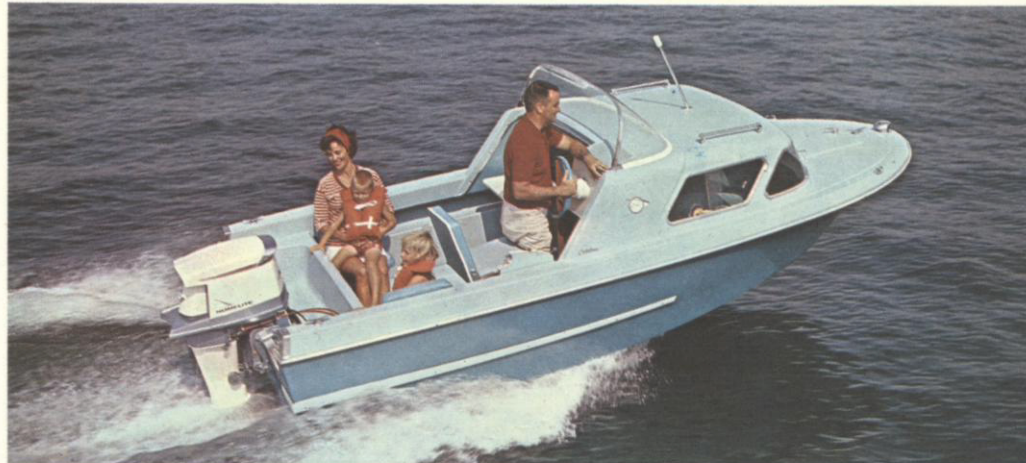


Homelite's new XL-12, world's lightest direct drive chain saw, is finding wide acceptance among suburban homeowners.



Shuron Continental eyeglass frames are noted for high styling. This is the Rontrend model.

SOME **textron** CONSUMER PRODUCTS



A 4-cycle, 55 horsepower outboard motor made by Homelite propels a Catalina 16-foot cabin cruiser produced by Dorsett Marine division.



E-Z-Go golf cars will be used exclusively on the two new PGA "home" courses at Palm Beach, Florida.



A display board of Hall-Mack quality bathroom accessories.



Weinbrenner's Hike N' Camp is an official Boy Scouts of America shoe.



PROVIDENCE **textron** RHODE ISLAND