TEXTRON INC

FORM 10-Q
(Quarterly Report)

Filed 05/10/96 for the Period Ending 03/30/96

Address	40 WESTMINSTER ST PROVIDENCE, RI 02903
Telephone	4014212800
CIK	0000217346
Symbol	TXT
SIC Code	6162 - Mortgage Bankers and Loan Correspondents
Fiscal Year	01/02

TEXTRON INC

FORM 10-Q
(Quarterly Report)

Filed 5/10/1996 For Period Ending 3/30/1996

Address	40 WESTMINSTER ST
	PROVIDENCE, Rhode Island 02903
Telephone	401-421-2800
CIK	0000217346
Industry	Conglomerates
Sector	Conglomerates
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal quarter ended March 30, 1996
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

Commission file number 1-5480

TEXTRON INC.

(Exact name of registrant as specified in its charter)

Delaware	05-0315468
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

40 Westminster Street, Providence, RI 02903
401-421-2800
(Address and telephone number of principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Common stock outstanding at April 27, 1996 - 84,075,000 shares

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

TEXTRON INC.
Consolidated Statement of Income (unaudited)

(Dollars in millions except per share amounts)

	Three Months Ended	
	March 30, 1996	April 1, 1995
Revenues		
Manufacturing sales	$1,700	$ 1,554
Finance revenues	514	475

Total revenues	2,214	2,029
Costs and expenses		
Cost of sales	1,393	1,278
Selling and administrative	331	302
Interest	183	202
Provision for losses on collection of finance receivables, less recoveries	53	39
Other	70	51
Total costs and expenses	2,030	1,872
Income from continuing operations before income taxes and distributions on preferred securities of subsidiary trust	184	157
Income taxes	(72)	(62)
Distributions on preferred securities of subsidiary trust, net of income taxes	(3)	-
Income from continuing operations	109	95
Discontinued operation, net of income taxes:		
Income from operations	16	14
Estimated loss on disposal	(90)	-
	(74)	14
Net income	$ 35	$ 109
Per common share:		
Income from continuing operations	$ 1.26	$ 1.09
Discontinued operation	(0.86)	.16
Net income	$ 0.40	$ 1.25
Average shares outstanding*	86,680,000	87,055,000
Dividends per share:		
$2.08 Preferred stock, Series A	$ .52	$ .52
$1.40 Preferred stock, Series B	$ .35	$ .35
Common stock	$ .44	$ .39

* Average shares outstanding assume full conversion of preferred stock and exercise of options.

See notes to consolidated financial statements.

Item 1. FINANCIAL STATEMENTS (Continued)

TEXTRON INC.

Consolidated Balance Sheet (unaudited)

(In millions)	March 30, 1996	December 30, 1995
Assets		
Cash	$ 71	$ 84
Investments	781	778
Receivables - net:		
Finance	9,394	9,362
Commercial and U.S. Government	809	777
	10,203	10,139
Inventories	1,368	1,284
Property, plant and equipment, less accumulated depreciation of $1,630 and $1,585	1,369	1,373
Goodwill, less accumulated amortization of $363 and $347	1,483	1,491
Investment in discontinued operation, less estimated net loss on disposal in 1996	997	1,161
Other (including net prepaid income taxes)	1,111	1,037
Total assets	$ 17,383	$ 17,347
Liabilities and shareholders' equity		
Liabilities		
Accounts Payable	$ 670	$ 684
Accrued postretirement benefits other than pensions	919	919
Other accrued liabilities (including income taxes)	2,197	2,121
Debt:		
Textron Parent Company Borrowing Group	1,464	1,774
Finance subsidiaries	8,422	8,437
	9,886	10,211
Total liabilities	13,672	13,935
Textron-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely subordinated debt securities of Textron	484	-
Shareholders' equity		

Capital stock:		
Preferred stock	15	15
Common stock*	12	12
Capital surplus	769	750
Retained earnings	2,862	2,864
Other	32	129
	3,690	3,770
Less cost of treasury shares	463	358
Total shareholders' equity	3,227	3,412
Total liabilities and shareholders' equity	$ 17,383	$ 17,347
*Common shares outstanding	84,012,000	84,935,000

See notes to consolidated financial statements.

Item 1. FINANCIAL STATEMENTS (Continued)

TEXTRON INC.

Consolidated Statement of Cash Flows (unaudited)

(In millions)

	Three Months Ended March 30, 1996	Three Months Ended April 1, 1995
Cash flows from operating activities:		
Income from continuing operations	$ 109	$ 95
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	92	82
Provision for losses on receivables	54	42
Changes in assets and liabilities excluding those related to acquisitions and divestitures:		
Increase in commercial and U.S. Government receivables	(31)	(23)
Increase in inventories	(82)	(56)
Increase in other assets	(27)	(5)
Increase (decrease) in accounts payable	(18)	32
Decrease in accrued liabilities	(1)	(132)
Other - net	2	10
Cash provided by operating activities of continuing operations	98	45
Cash provided by operating activities of discontinued operation	189	143
Net cash provided by operating activities	287	188
Cash flows from investing activities:		
Purchases of investments	(34)	(45)
Proceeds from disposition of investments	12	10
Maturities and calls of investments	10	10
Finance receivables:		
Originated or purchased	(1,461)	(1,486)
Repaid or sold	1,432	1,264
Cash used in acquisitions	(3)	(40)
Capital expenditures	(52)	(61)
Other investing activities - net	(1)	(23)
Cash used by investing activities of continuing operations	(97)	(371)
Cash used by investing activities of discontinued operation	(189)	(183)
Net cash used by investing activities	(286)	(554)
Cash flows from financing activities:		
Increase (decrease) in short-term debt	130	(91)
Proceeds from issuance of long-term debt	456	1,018
Principal payments on long-term debt	(955)	(535)
Issuance of Textron-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely subordinated debt securities of Textron	484	-
Proceeds from exercise of stock options	18	7
Purchases of Textron common stock	(110)	(37)
Dividends paid	(37)	(33)
Cash provided (used) by financing activities of continuing operations	(14)	329
Cash provided (used) by financing activities of discontinued operation	(15)	40
Net cash provided (used) by financing activities	(29)	369
Net increase (decrease) in cash	(28)	3
Elimination of cash flow of discontinued operation	15	-
Cash at beginning of period	84	49
Cash at end of period	$ 71	$ 52

See notes to consolidated financial statements.

Item 1. FINANCIAL STATEMENTS (Continued) <page 5>

TEXTRON INC.

Notes to Consolidated Financial Statements (unaudited)

Note 1: Summary of significant accounting policies

The financial statements should be read in conjunction with the financial statements included in Textron's Annual Report on Form 10-K for the year ended December 30, 1995 and Current Report on Form 8-K dated April 29, 1996. The financial statements reflect all adjustments (consisting only of normal recurring adjustments, except for recording the estimated loss on disposal of Paul Revere -- see Note 2) which are, in the opinion of management, necessary for a fair presentation of Textron's consolidated financial position at March 30, 1996, and its consolidated results of operations and cash flows for each of the respective three month periods ended March 30, 1996 and April 1, 1995. The results of operations for the three months ended March 30, 1996 are not necessarily indicative of results for the full year.

Note 2: Discontinued operation

On April 29, 1996,
Textron announced that The Paul Revere Corporation, an 83.3% owned subsidiary, had entered into an agreement with Provident Companies, Inc. whereby Provident will acquire all of the outstanding shares of Paul Revere's common stock for $26 per share. Textron has restated its financial statements as presented herein to treat Paul Revere as a discontinued operation.

For its Paul Revere
shares, Textron will receive $20 per share in cash (an aggregate of $750 million) and $6 per share in Provident common stock, for a total of approximately $975 million. (The number of shares of Provident common stock to be received will be determined in accordance with an exchange ratio based upon closing prices of Provident common stock prior to the closing of the transaction, subject to certain limitations. Based on the $34 closing price of Provident's stock on May 8, 1996, Textron would own approximately 6.6 million of Provident shares had the closing occurred on that date.) This transaction has been approved by the Boards of Directors of Paul Revere, Provident, and Textron and is subject to regulatory approvals and the consent of Provident and Paul Revere shareholders. It is expected to close in the third quarter of 1996. The loss on sale will be approximately $90 million, net of Textron's share of Paul Revere's estimated net income for the period April 1996 through the expected closing date (approximately $40 million). Textron has recorded this net loss in its financial statements at March 30, 1996 and for the three months then ended.

The operating results of Paul Revere are presented below:

(In millions)	Three months ended March 30, 1996	April 1, 1995
Revenues	$ 383	$ 358
Costs and expenses	352	330
Income before income taxes	31	28
Income taxes	(12)	(11)
Net income	19	17
Minority interest in net income	(3)	(3)
Textron's equity in net income	$ 16	$ 14

Item. FINANCIAL STATEMENTS (Continued) <page 6>

Presented below is a summary of Paul Revere's financial position at March 30, 1996:

(In millions)	
Assets:	
Investments	$5,187
Insurance policy acquisition costs	986
Other	863
Total assets	$7,036
Liabilities:	
Insurance reserves	$5,190
Other accrued liabilities	541
Total liabilities	5,731
Textron equity:	
Currency translation adjustment	(12)
Securities valuation adjustment	51
Capital and retained earnings	1,048
Total Textron equity	1,087

Minority interest	218
Total liabilities and equity	$7,036

Note 3: Finance receivables - net

	March 30, 1996	December 30, 1995
	(In millions)	
Finance receivables	$9,927	$9,894
Less allowance for credit losses	274	270
Less finance-related insurance reserves and claims	259	262
	$9,394	$9,362

Note 4: Inventories

	March 30, 1996	December 30, 1995
	(In millions)	
Finished goods	$392	$ 352
Work in process	938	911
Raw materials	234	217
	1,564	1,480
Less progress payments and customer deposits	196	196
	$1,368	$1,284

Note 5: Textron-obligated mandatorily redeemable preferred
securities of subsidiary trust holding solely subordinated debt securities of Textron

On February 9, 1996, a trust sponsored and wholly-owned by Textron issued preferred securities to the public (for $500 million) and shares of its common securities to Textron (for $15.5 million), the proceeds of which were invested by

the trust in $515.5 million aggregate principal amount of Textron's newly issued 7.92% Junior Subordinated Deferrable Interest Debentures, due 2045. The debentures are the sole asset of the trust. The proceeds from the issuance of the debentures were used by Textron for the repayment of long-term borrowings and, ultimately, will be used for general corporate purposes. The amounts due to the trust under the debentures and the related income statement amounts have been eliminated in Textron's consolidated financial statements.

The preferred securities accrue and pay cash distributions quarterly at a rate of 7.92% per annum. Textron has guaranteed, on a subordinated basis, distributions and other payments due on the preferred securities. The guarantee, when taken together with Textron's obligations under the debentures and in the indenture pursuant to which the debentures were issued and Textron's obligations under the Amended and Restated Declaration of Trust governing the trust, provides a full and unconditional guarantee of amounts due on the preferred securities.

The preferred securities are mandatorily redeemable upon the maturity of the debentures on March 31, 2045, or earlier to the extent of any redemption by Textron of any debentures. The redemption price in either such case will be $25 per share plus accrued and unpaid distributions to the date fixed for redemption.

Note 6: Contingencies

There are pending or threatened against Textron and its subsidiaries lawsuits and other proceedings, some of which allege violations of federal government procurement regulations, involve environmental matters, or are or purport to be class actions. Among these suits and proceedings are some which seek compensatory, treble or punitive damages in substantial amounts; fines, penalties or restitution; or the remediation of allegedly hazardous wastes; or, which under federal government procurement regulations could result in suspension or debarment of Textron or its subsidiaries from U.S. Government contracting for a period of time. On the basis of information presently available, Textron believes that any liability for these suits and proceedings, or the impact of the application of such government regulations, would not have a material effect on Textron's net income or financial condition.

Note 7: Financial information by borrowing group

Textron consists of two borrowing groups - the Textron Parent Company Borrowing Group (comprised of all entities of Textron other than its finance subsidiaries) and its finance subsidiaries.

Item 1. FINANCIAL STATEMENTS (Continued)

Note 7: Condensed financial information by borrowing group (continued)
TEXTRON PARENT COMPANY BORROWING GROUP
(unaudited) (In millions)

	Three Months Ended	
	March 30,	April 1,
Statement of Income	1996	1995
Revenues	$1,700	$1,554
Costs and expenses		
Cost of sales	1,393	1,278
Selling and administrative	177	157
Interest	38	50
Total costs and expenses	1,608	1,485
	92	69
Pretax income of finance subsidiaries	92	88
Income from continuing operations before income taxes and distributions on preferred securities of subsidiary trust	184	157
Income taxes	(72)	(62)
Distributions on preferred securities of subsidiary trust, net of income taxes	(3)	-
Income from continuing operations	109	95
Discontinued operation, net of income taxes:		
Income from operations	16	14
Estimated loss on disposal	(90)	-
	(74)	14
Net income	$ 35	$ 109

	March 30,	December 30,
Balance Sheet	1996	1995
Assets		
Cash	$ 51	$ 56
Receivables - net	809	777
Inventories	1,368	1,284
Investments in finance subsidiaries	1,499	1,475
Property, plant and equipment - net	1,294	1,297
Goodwill, less accumulated amortization of $244 and $233	1,338	1,344
Investment in discontinued operation, less estimated net loss on disposal in 1996	997	1,161
Other (including net prepaid income taxes)	1,221	1,177
Total assets	$8,577	$8,571
Liabilities and shareholders' equity		
Accounts payable and accrued liabilities (including income taxes)	$3,402	$3,385
Debt	1,464	1,774
Textron-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely subordinated debt securities of Textron	484	-
Shareholders' equity	3,227	3,412
Total liabilities and shareholders' equity	$8,577	$8,571

Item 1. FINANCIAL STATEMENTS (Continued) <page 9>

Note 7: Condensed financial information by borrowing group (continued)

TEXTRON PARENT COMPANY BORROWING GROUP (continued)
(unaudited) (In millions)

	Three Months Ended	
	March 31,	April 1,
Statement of Cash Flows	1996	1995
<s	<C>	<C>
Cash flows from operating activities:		
Income from continuing operations	$109	$ 95
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Undistributed earnings of finance subsidiaries	(26)	(24)
Depreciation and amortization	60	54
Other - net	(153)	(94)
Net cash provided (used) by operating activities	(10)	31
Net cash used by investing activities	(43)	(93)
Net cash provided by financing activities	48	74
Net increase (decrease) in cash	(5)	12
Cash at beginning of period	56	20
Cash at end of period	$ 51	$ 32

Item 1 FINANCIAL STATEMENTS (Continued) <page 10>
Note 7: Condensed financial information by borrowing group (continued)

FINANCE SUBSIDIARIES
(unaudited) (In millions)

	Three Months Ended March 31, 1996	March 31, 1995
Statement of Income		
Revenues	$ 514	$ 475
Costs and expenses		
Selling and administrative	154	145
Interest	145	152
Provision for losses on collection of finance receivables, less recoveries	53	39
Other	70	51
Total costs and expenses	422	387
Income before income taxes	92	88
Income taxes	(36)	(35)
Net income	$ 56	$ 53

	March 31, 1996	December 31, 1995
Balance Sheet		
Assets		
Cash	$ 20	$ 28
Investments	779	771
Finance receivables - net	9,397	9,370
Other	716	657
Total assets	$10,912	$10,826
Liabilities and equity		
Accounts payable and accrued liabilities (including income taxes)	$ 1,008	$ 914
Debt	8,422	8,437
Equity	1,482	1,475
Total liabilities and equity	$10,912	$10,826

<page 11>

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

TEXTRON INC.
Revenues and Income by Business Segment
(In millions)

	Three Months Ended March 30, 1996	April 1, 1995
REVENUES		
MANUFACTURING:		
Aircraft	$ 626	$ 542
Automotive	415	424
Industrial	439	349
Systems and Components	220	239
	1,700	1,554
FINANCE	514	475
Total revenues	$2,214	$2,029
INCOME		
MANUFACTURING:		
Aircraft	$ 53	$ 41
Automotive	38	37
Industrial	49	43
Systems and Components	18	19
	158	140
FINANCE	92	88
Segment operating income	250	228
Corporate expenses and other - net	(28)	(21)
Interest expense - net	(38)	(50)
Income from continuing operations before income taxes and distributions on preferred securities of subsidiary trust	$ 184	$ 157

Financial Condition

Textron Parent Company Borrowing Group: During the three months ended March 30, 1996, the Textron Parent Company Borrowing Group's operating activities used cash of $10 million versus $31 million of cash provided by operating activities during the corresponding period of 1995. Cash flows for 1996 were affected by (a) an inventory buildup at Cessna related to the new Citation X aircraft and (b) higher Automotive receivables. The Group's debt decreased by $310 million as a result of the issuance of preferred securities ($500 million -- see below) which exceeded cash used for purchases of 1.4 million shares of Textron common stock under its stock repurchase program ($110 million), capital expenditures ($47 million), and payments of dividends ($37 million).

During the three months ended April 1, 1995, the Textron Parent Company Borrowing Group's operating activities provided cash of $31 million versus $34 million during the corresponding period of 1994. Such cash flows approximated last year's level as increased income was offset by increased tax payments in 1995.

On February 1, 1996, a new shelf registration statement became effective, covering, in addition to the remaining unused $211 million of unsecured debt securities previously registered, an aggregate amount of $800 million of (a) debt issuable by Textron and (b) preferred securities issuable by entities formed by Textron on behalf of which Textron would provide certain guarantees. On February 9, 1996, a trust sponsored by Textron issued $500 million of such preferred securities, the proceeds of which were invested by the trust in Textron's newly issued 7.92% Junior Subordinated Deferrable Interest Debentures, due 2045. The proceeds from the issuance of the debentures were initially used by Textron for the repayment of long-term borrowings and, ultimately, will be used for general corporate purposes.

The Textron Parent Company Borrowing Group's credit facilities not used or reserved as support for outstanding commercial paper or bank borrowings at March 30, 1996 were $786 million. Textron had $511 million available at March 30, 1996 under its shelf registration statements filed with the Securities and Exchange Commission.

Of the Textron Parent Company Borrowing Group's $620 million interest rate exchange agreements outstanding at December 30, 1995, $140 million expired through April 1996.

Effective February 1, 1996, Textron acquired Xact Products, Inc., a precision-formed metal parts manufacturer based in Michigan, for an aggregate cost of approximately $11 million and on April 1, 1996, it acquired Valois Industries (which has been re-named as Textron Industries, S.A.), a Paris-based manufacturer of engineered fastening systems, for an aggregate cost of approximately $245 million.

Management believes that the Textron Parent Company Borrowing Group will continue to have adequate access to credit markets and that its credit facilities and cash flows from operations
- --including dividends received from Textron's finance operations-- will continue to be more than sufficient to meet its operating needs and to finance growth.

Finance subsidiaries: The finance subsidiaries paid dividends of $30 million and $29 million to the Textron Parent Company Borrowing Group during the three month periods ended March 30, 1996 and April 1, 1995, respectively.

During the first quarter of 1996, the finance subsidiaries had $129 million of interest rate exchange agreements go into effect. The agreements, which have a weighted average original term of one year and expire through 1998, had the effect of fixing the rate of interest at approximately 7.5% on $129 million of variable rate borrowings at March 31, 1996.

Results of Operations - Three months ended March 30, 1996 vs. Three months ended April 1, 1995

Textron reported first quarter 1996 earnings per share from continuing operations of $1.26 per share, up 16% from 1995 earnings per share from continuing operations of $1.09. Income from continuing operations in 1996 of $109 million was up from 1995 income from continuing operations of $95 million. Revenues increased 9% to $2.2 billion in 1996 from $2.0 billion in 1995.

On April 29, 1996, Textron announced that The Paul Revere Corporation, an 83.3% owned subsidiary, has entered into an agreement with Provident Companies, Inc. whereby Provident will acquire all of the outstanding shares of Paul Revere's common stock for $26 per share. Textron's loss on sale of its Paul Revere shares will be approximately $90 million, net of Textron's share of Paul Revere's estimated net income for the period April 1996 through the expected closing date. Textron has recorded this net loss in its financial statements at March 30, 1996 and for the three months then ended and has restated its financial statements as presented herein to treat Paul Revere as a discontinued operation. See Note 2 to the consolidated financial statements for additional information.

Including Paul Revere's net income in both years and the estimated loss on the disposal of Paul Revere in 1996, Textron's first quarter 1996 earnings per share was $0.40 as compared to 1995 earnings per share of $1.25. Net income was $35 million versus $109 million in 1995.

The Aircraft segment's revenues increased $84 million (15%) as both Bell Helicopter and Cessna Aircraft posted double-digit increases. Income increased $12 million (29%), due principally to higher results at Bell Helicopter. Bell Helicopter's revenues increased primarily as a result of higher domestic and international helicopter sales, including increased deliveries on the Canadian Forces contract ($35 million). Bell's income increased due to the higher revenues, lower product development expenses related to new helicopter models, and additional income on the V-22 program. Cessna's revenues increased primarily as a result of the higher sales of business jets and

utility turboprop
aircraft ($25 million). Its income from the higher revenues was largely offset by higher product development and selling and administrative expenses due to the introduction and support of new products.

The Automotive segment's revenues decreased $9 million (2%) primarily as a result of overall lower North American automotive production and the impact of a strike at certain General Motors' plants, partially offset by the benefit of increased production on the Chrysler minivan as well as a ramp-up in sales at Textron's Saltillo, Mexico facility. Notwithstanding the lower revenues, income increased $1 million (3%) as a result of improved operating performance.

The Industrial segment's revenues and income increased $90 million (26%) and $6 million (14%), respectively. These increases were due principally to higher sales in the fastening systems business ($77 million), reflecting the acquisitions in late 1995 of Elco Industries and Friedr. Boesner GmbH. In addition, income increased at E-Z-Go as a result of higher sales of golf cars and better operating performance, while revenues and income decreased at Speidel, due to lower retail demand for certain products.

The Systems and Components segment's revenues and income decreased $19 million (8%) and $1 million (5%), respectively. The decreases were due principally to reduced shipments on certain commercial aerospace and U.S. Government contracts.

The Finance segment's revenues increased $39 million (8%), while income increased $4 million (5%). AFS' revenues increased $35 million, primarily as a result of an increase in yields on finance receivables (18.56% in the first quarter 1996 vs. 17.72% in the first quarter 1995) and an increase in earned insurance premiums in the independent insurance operations. Its income increased $3 million due to those factors and a decrease in the average cost of borrowed funds (7.01% in the first quarter 1996 vs. 7.38% in the first quarter 1995). This favorable impact was partially offset by an increase in the ratio of net credit losses to average finance receivables (2.61% in the first quarter 1996 vs. 1.81% in the first quarter 1995) and an increase in the ratio of insurance losses to earned insurance premiums in both AFS' finance-related and its independent insurance operations. TFC's income increased $1 million, due to a higher level of finance receivables ($2.973 billion in the first quarter 1996 vs. $2.791 billion in the first quarter 1995) and higher other income, due principally to increases in arrangement fee income and residual and prepayment gains. These factors were partially offset by higher loan loss provisions, due to reserve strengthening.

Discontinued operation -- Paul Revere's revenues increased $25 million (7%) due to increased premiums and fees in the individual disability and group insurance lines of business ($27 million) and a gain on the sale of its Canadian life insurance business ($2 million), partially offset by lower net realized investment gains ($4 million in 1996 vs. $6 million in 1995). Its income increased $4 million (14%), due principally to the higher revenues and an improved individual disability insurance benefit ratio. That ratio improved in the first quarter of 1996 to 84.0% from the 89.4% in the first quarter of 1995, but increased from 81.5% in the fourth quarter of 1995 as a result of lower claim termination rates on policies in previously identified problem areas, specifically those

issued to physicians, during 1985 -
1989, and in Florida and California. Paul Revere continued its efforts to improve operating results through new products, pricing and underwriting adjustments, and continued emphasis on claims management.

Corporate expenses and other - net increased $7 million, due principally to the reclassification of certain nondebt related expenses from the interest expense line ($6 million) and a pretax charge related to the early redemption of debt ($2 million). Interest expense - net for the Textron Parent Company Borrowing Group decreased $12 million due to the reclassification, a lower average cost of borrowing, and lower average debt, due in part to the payment of debt from the proceeds from the issuance of preferred securities on February 9, 1996.

PART II. OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

12.1 Computation of ratio of income to combined fixed charges and preferred securities dividends of the Textron Parent Company Borrowing Group.

12.2 Computation of ratio of income to combined fixed charges and preferred securities dividends of Textron Inc. including all majority-owned subsidiaries.

27 Financial Data Schedule (filed electronically only)

(b) Reports on Form 8-K

During the quarter ended March 30, 1996, Textron filed the following reports on Form 8-K:

(i) Current Report on Form 8-K dated January 25, 1996, reporting Textron's consolidated results for the fourth quarter and fiscal year ended December 30, 1995, under Item 5 (Other Events) and Item 7 (Exhibits).

(ii) Current Report on Form 8-K dated February 6, 1996, describing an Underwriting Agreement under
Section 5 (Other Events) and filing a copy of such Underwriting Agreement under Item 7 (Exhibits).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TEXTRON INC.

Date: May 10, 1996

s/R. L. Yates
R. L. Yates
Vice President and Controller
(principal accounting officer)

LIST OF EXHIBITS

The following exhibits are filed as part of this Report on Form 10-Q:

Name of Exhibit

12.1	Computation of ratio of income to combined fixed charges and preferred securities dividends of the Textron Parent Company Borrowing Group
12.2	Computation of raio of income to combined fixed charges and preferred securities dividends of Textron Inc. including all majority-owned subsidiaries
27	Financial Data Schedule (filed electronically only)

EXHIBIT 12.1

TEXTRON PARENT COMPANY BORROWING GROUP

COMPUTATION OF RATIO OF INCOME TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

(unaudited)

(In millions except ratio)

	Three Months Ended March 30, 1996
Fixed charges:	
Interest expense	$ 38
Distributions on preferred securities of subsidiary trust, net of income taxes	3
Estimated interest portion of rents	4
Total fixed charges	$ 45
Income:	
Income before income taxes and distributions on preferred securities of subsidiary trust	$184
Eliminate equity in undistributed pretax income of finance subsidiaries	(62)
Fixed charges	45
Adjusted income	$167

Ratio of income to fixed charges 3.71

EXHIBIT 12.2

TEXTRON INC. INCLUDING ALL MAJORITY-OWNED SUBSIDIARIES

COMPUTATION OF RATIO OF INCOME TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

(unaudited)

(In millions except ratio)

	Three Months Ended March 30, 1996
Fixed charges:	
Interest expense	$183
Distributions on preferred securities of subsidiary trust, net of income taxes	3
Estimated interest portion of rents	9
Total fixed charges	$195
Income:	
Income before income taxes and distributions on preferred securities of subsidiary trust	$184
Fixed charges	195
Adjusted income	$379

Ratio of income to fixed charges 1.94

ARTICLE 5

This schedule contains summary financial information extracted from Textron Inc.'s Consolidated Balance Sheet as of March 30, 1996 and Consolidated Statement of Income for the three months ended March 30, 1996 and is qualified in its entirety by reference to such financial statements.

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 28 1996
PERIOD END	MAR 30 1996
CASH	71
SECURITIES	0
RECEIVABLES	10,736
ALLOWANCES	274
INVENTORY	1,368
CURRENT ASSETS	0
PP&E	2,999
DEPRECIATION	1,630
TOTAL ASSETS	17,383
CURRENT LIABILITIES	0
BONDS	9,886
COMMON	12
PREFERRED MANDATORY	0
PREFERRED	15
OTHER SE	3,200
TOTAL LIABILITY AND EQUITY	17,383
SALES	1,700
TOTAL REVENUES	2,214
CGS	1,393
TOTAL COSTS	1,463
OTHER EXPENSES	0
LOSS PROVISION	53
INTEREST EXPENSE	183
INCOME PRETAX	184
INCOME TAX	72
INCOME CONTINUING	109
DISCONTINUED	(74)
EXTRAORDINARY	0
CHANGES	0
NET INCOME	35
EPS PRIMARY	.40
EPS DILUTED	.40