

TEXTRON INC

FORM 8-K (Current report filing)

Filed 08/08/97 for the Period Ending 08/08/97

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 8-K (Unscheduled Material Events)

Filed 8/8/1997 For Period Ending 8/8/1997

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 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 8, 1997

TEXTRON INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

1-5480 05-0315468

(Commission File Number) (IRS Employer Identification Number)

40 Westminster Street, Providence, RI 02903

401-421-2800

(Address and telephone number of principal executive offices)

Item 5. OTHER EVENTS

The consent of Cravath, Swaine & Moore, special tax counsel to the Registrant, to the filing of the opinion set forth in full under the caption, "United States Tax Considerations" in the Prospectus Supplement dated August 8, 1997, to the Prospectus dated February 1, 1996, included in Registration Statement No. 33- 63227 and the reference to such firm in such Prospectus Supplement is attached to this report as Exhibit 23. The forms of Distribution Agreement for Medium-Term Senior Securities, Fixed Interest Rate Medium-Term Senior Securities and Floating Interest Rate Medium-Term Senior Securities referred to in such Prospectus and Prospectus Supplement are attached to this report as Exhibits 1(a), 4(a) and 4(b), respectively.

Item 7. EXHIBITS

1(a) Form of Distribution Agreement for Medium-Term Senior Securities

4(a) Form of Fixed Interest Rate Medium-Term Senior Securities

4(b) Form of Floating Interest Rate Medium-Term Senior Securities

23 Consent of Cravath, Swaine & Moore, special tax counsel to the Registrant

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: August 8, 1997

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

LIST OF EXHIBITS

Name of Exhibit

1(a) Form of Distribution Agreement for Medium-Term Senior Securities

4(a) Form of Fixed Interest Rate Medium-Term Senior Securities

4(b) Form of Floating Interest Rate Medium-Term Senior Securities

23 Consent of Cravath, Swaine & Moore, special tax counsel to the Registrant

Exhibit 1(a)

[Form of Distribution Agreement]*

TEXTRON INC.

Medium-Term Notes

Due Nine Months or More From Date of Issue

Distribution Agreement

_____, _____
New York, New York

[Name and Address of Agents]

Ladies and Gentlemen:

Textron Inc., a Delaware corporation (the "Company"), confirms its agreement with each of you, together with any Additional Agents (as defined in Section 10 herein) who become a party to this Agreement (individually an "Agent" and collectively the "Agents"), with respect to the issue and sale by the Company of its Medium-Term Notes Due Nine Months or More from date of issue limited in aggregate principal amount to _____ (or the equivalent thereof in other currencies, including composite currencies such as the European Currency Unit) less the aggregate principal amount or initial public offering price, as appropriate, of all other securities of the Company registered pursuant to the Registration Statement (as defined below) issued and sold after the date hereof (as so limited, the "Notes").

Subject to the terms and conditions stated herein and subject to the reservation by the Company of the right to sell Notes directly to investors on its own behalf at any time or to sell Notes through one or more Additional Agents, the Company hereby appoints each of you as the agent of the Company for the purpose of soliciting offers to purchase the Notes from the Company by others. This Agreement shall only apply to sales of the Notes and not to sales of any other securities or evidences of indebtedness.

* The provisions of this Form will be completed or modified as appropriate in the event the Notes are to be issued in bearer form.

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The Notes will be issued under an indenture, dated as of April 15, 1987 as supplemented by the First Supplemental Indenture dated as of March 15, 1988 and the Second Supplemental Senior Indenture dated as of February 6, 1996 (the "Indenture") between the Company and The Chase Manhattan Bank (formerly known as Chemical Bank, successor by merger to Manufacturers Hanover Trust Company), as trustee (the "Trustee"). Except as specified for Notes denominated in a Specified Currency and except as otherwise permitted by the Indenture, the Notes will be issued in minimum denominations of \$_____ and in denominations exceeding such amount by integral multiples of \$_____, will be issued only in fully registered form and will have the maturities, annual interest rate, redemption provisions and other terms set forth in a supplement to the Prospectus referred to below. The Notes will be issued, and the terms thereof established, in accordance with the Indenture and the Medium-Term Notes Administrative Procedures attached hereto as Exhibit A (the "Procedures"). The Procedures may only be amended by written agreement of the Company and the Agents after notice to, and with the approval of, the Trustee. Each Agent, severally and not jointly, and the Company agree to perform the respective duties and obligations specifically provided to be performed by them in the Procedures.

1. Representations and Warranties. The Company represents and warrants to, and agrees with, each Agent that:

(a) The Company meets the requirements for use of Form S-3 ("Form S-3") under the Securities Act of 1933 (the "Act") and has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (No. 33-_____), which has become effective, for the registration under the Act of \$_____ of securities of the Company or certain of its subsidiaries, including the Notes. Such registration statement, as amended at the date of this Agreement, meets the requirements set forth in Rule 415(a)(1)(x) under the Act and complies in all other material respects with said Rule and the Act. In connection with the sale of Notes, the Company proposes to file with the Commission pursuant to Rule 424 under the Act a supplement to the form of prospectus included in such registration statement relating to the Notes and the plan of distribution thereof and has previously advised each Agent of all further information (financial and other) with respect to the Company to be set forth therein. Such registration statement, including the exhibits thereto, as amended to the date of this Agreement, is hereinafter called the "Registration Statement"; such prospectus, as supplemented pursuant to the previous sentence, is hereinafter called the "Prospectus". Any reference herein to the Registration Statement or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 which were filed under the Securities Exchange Act of 1934 (the "Exchange Act") on or before the date of this Agreement or the date of the Prospectus, as the case may be; and any reference herein to the terms "amend", "amendment" or "supplement" with respect to the Registration Statement or the Prospectus shall be deemed to refer to and include the filing of

any document under the Exchange Act after the date of this

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Agreement or the date of the Prospectus, as the case may be, deemed to be incorporated therein by reference.

(b) As of the date hereof, when any amendment to the Registration Statement becomes effective (including the filing of any document incorporated by reference in the Registration Statement), when any supplement to the Prospectus is filed with the Commission and at the date of delivery by the Company of any Notes sold hereunder (a "Closing Date"), (i) the Registration Statement, as amended as of any such time, and the Prospectus as supplemented as of any such time, and the Indenture will comply in all material respects with the applicable requirements of the Act, the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and the Exchange Act and the respective rules thereunder and (ii) neither the Registration Statement, as amended as of any such time, nor the Prospectus as supplemented as of any such time, will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; provided that the Company makes no representations or warranties as to (i) that part of the Registration Statement which shall constitute the Statement of Eligibility and Qualification (Form T-1) under the Trust Indenture Act of the Trustee or (ii) the information contained in or omitted from the Registration Statement or Prospectus in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of such Agent specifically for use in connection with the preparation of the Registration Statement and the Prospectus.

(c) There has not been any material adverse change in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Prospectus.

(d) The execution and delivery of, and the performance by the Company of its obligations under, this Agreement have been duly authorized by the Company, and this Agreement has been duly executed and delivered by the Company.

(e) The Indenture has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(f) The Notes have been duly authorized and, when executed by the Company, authenticated by the Trustee and issued in accordance with the Indenture and delivered pursuant to the provisions of this Agreement against payment therefor as described in the Registration Statement and the Prospectus, will constitute valid and legally binding obligations of the Company entitled to the benefits of the Indenture and enforceable against the Company in accordance with their terms, except as enforceability thereof may be limited by bankruptcy,

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insolvency or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity and except as rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability and except further as enforceability thereof may be limited by (i) requirements that a claim with respect to any Notes denominated other than in U.S. dollars (or a foreign currency or currency unit judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (ii) governmental authority to limit, delay or prohibit the making of payments outside the United States; and the Notes and the Indenture will conform in all material respects to the descriptions thereof in the Registration Statement and the Prospectus.

(g) The Company is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware with full corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement and the Prospectus, and is duly registered and qualified to conduct its business and is in good standing in each jurisdiction or place where the nature of its properties or the conduct of its business requires such registration or qualification, except where the failure so to register or qualify does not have a material adverse effect on the condition (financial or other), business, properties, net worth or results of operations of the Company and its subsidiaries taken as a whole.

(h) Each of Bell Helicopter Textron Inc., Textron Financial Corporation, Avco Financial Services Inc., The Cessna Aircraft Company and Cessna Finance Corporation (collectively, the "Significant Subsidiaries") is a corporation duly organized, validly existing and in good standing in the jurisdiction of its incorporation, with full corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement and the Prospectus, and is duly registered and qualified to conduct its business and is in good standing in each jurisdiction or place where the nature of its properties or the conduct of its business requires such registration or qualification, except where the failure so to register or qualify does not have a material adverse effect on the condition (financial or other), business, properties, net worth or results of operations of the Company and its subsidiaries taken as a whole. Except as disclosed in the Registration Statement and the Prospectus, the Company owns of record, directly or indirectly, all of the outstanding shares of capital stock of each of the Significant Subsidiaries free and clear of any lien, adverse claim, security interest, equity or other encumbrance.

(i) The execution and delivery of this Agreement and the Indenture by the Company and the consummation of the transactions contemplated herein and therein will not contravene any provision of applicable law or the certificate of incorporation or by-laws of the Company or any other agreement or instrument binding upon the Company or any of the Company's Significant Subsidiaries or any judgment, order or decree of

any governmental body, agency or court having

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jurisdiction over the Company or such Significant Subsidiaries, except such contraventions as would not, individually or in the aggregate, have a material adverse effect on the condition (financial or other), business, properties, net worth or results of operations of the Company and its subsidiaries taken as a whole and no consent, approval or authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Company of its obligations under this Agreement or the Indenture, and the consummation of the transactions contemplated hereby, except such as are required pursuant to state securities or Blue Sky Laws.

(j) The statements under the captions "Description of Debt Securities", "Description of Notes" and Plan of Distribution" in the Prospectus insofar as they constitute a summary of this Agreement, the Indenture and the Notes, fairly present fairly the information called for by Form S-3 with respect to such documents.

(k) The statements included under the caption "Legal Proceedings" in the Company's Annual Report on Form 10-K insofar as they describe statements of law or legal conclusions are accurate and fairly present the information required to be shown.

2. Appointment of Agents; Solicitations by the Agents of Offers to Purchase; Sales of Notes to a Purchaser. (a) Subject to the terms and conditions set forth herein, the Company hereby authorizes each Agent to act as its agent to solicit offers for the purchase of all or part of the Notes from the Company.

On the basis of the representations and warranties, and subject to the terms and conditions set forth herein, each Agent agrees, severally and not jointly, as agent of the Company, to use its reasonable best efforts to solicit offers to purchase the Notes from the Company upon the terms and conditions set forth herein and in the Prospectus as amended or supplemented.

The Company reserves the right, in its sole discretion, to instruct any of the Agents to suspend at any time, for any period of time or permanently, the solicitation of offers to purchase the Notes. Upon receipt of instructions from the Company, the affected Agent or Agents will forthwith suspend solicitation of offers to purchase Notes from the Company until such time as the Company has advised the affected Agent or Agents that such solicitation may be resumed.

The Company agrees to pay each Agent a commission, at the time of settlement of each sale of Notes by the Company as a result of a solicitation made by such Agent, in an amount equal to that percentage specified in Schedule I hereto of the aggregate issue price of the Notes sold by the Company.

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Subject to the provisions of this Section, offers for the purchase of Notes may be solicited by each Agent as agent for the Company at such time and in such amounts as such Agent deems advisable. The Company may from time to time offer Notes for sale otherwise than through the Agents.

(b) Subject to the terms and conditions stated herein, the Company agrees that, whenever the Company determines to sell Notes directly to any of you as principal for resale to others, it will enter into a Terms Agreement relating to such sale in accordance with the provisions of this Section

2(b). For the purposes of this Agreement, the terms "Agent" and "Agents" shall refer to you acting solely in the capacity as agent for the Company hereunder and not as principal, the term "Purchaser" shall refer to you acting solely as principal hereunder and not as agent, and the term "you" shall refer to each of you acting in both such capacities or in either such capacity; provided, however, that no Additional Agent may act as principal hereunder.

Each sale of Notes to a Purchaser shall be made in accordance with the terms of this Agreement and a supplemental agreement which will provide for the sale of such Notes to, and the purchase and reoffering thereof by, a Purchaser. Each such supplemental agreement (which may be an oral or written agreement) is herein referred to as a "Terms Agreement". Each Terms Agreement will take the form of either (i) a written agreement between a Purchaser and the Company, which may be substantially in the form of Exhibit B hereto or (ii) an oral agreement between a Purchaser and the Company confirmed in writing by the Purchaser to the Company. A Purchaser's commitment to purchase Notes pursuant to any Terms Agreement shall be deemed to have been made on the basis of the representations and warranties of the Company herein contained and shall be subject to the terms and conditions herein set forth. Each Terms Agreement shall describe the Notes to be purchased by the Purchaser pursuant thereto, specify the principal amount of such Notes, the price to be paid to the Company for such Notes, the rate at which interest will be paid on the Notes, the date and time of delivery of payment for such Notes (the "Purchase Date"), the place of delivery of the Notes and payment therefor, the method of payment and any modification of the requirements for the delivery of the opinions of counsel, the certificates from the Company or its officers, and the letter from Ernst & Young, pursuant to Section 6(b). Such Terms Agreement shall also specify the period of time referred to in Section 4(l).

Delivery of the certificates for Notes sold to a Purchaser pursuant to any Terms Agreement shall be made as agreed to between the Company and the Purchaser as set forth in the respective Terms Agreement, not later than the Purchase Date set forth in such Terms Agreement, against payment of funds to the Company in the net amount due to the Company for such Notes by the method and in the form set forth in the

respective Terms Agreement. In connection with any resale of Notes purchased, a Purchaser may use a selling or dealer group and may reallocate any portion of the discount or commission payable pursuant hereto to dealers or purchasers.

3. Offering Procedure. Each Agent shall communicate to the Company, orally or in writing, each offer to purchase Notes on terms previously communicated by the Company to such Agent, and the Company shall have the sole right to accept such offers to purchase Notes and may refuse any proposed purchase of Notes in whole or in part for

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any reason. Each Agent shall have the right to reject any proposed purchase of Notes, as a whole or in part, and any such rejection shall not be deemed a breach of its agreement contained herein.

4. Agreements. The Company agrees with each Agent that:

(a) Prior to the termination of the offering of the Notes, the Company will not file any amendment to the Registration Statement or supplement to the Prospectus (except for a supplement relating to an offering of securities other than the Notes and except for any document incorporated by reference therein pursuant to Item 12 of Form S-3 which was filed under the Exchange Act) unless the Company has furnished each Agent a copy for its review prior to filing and will not file any such proposed amendment or supplement to which any Agent reasonably objects. Subject to the foregoing sentence, the Company will cause each supplement to the Prospectus to be filed (or mailed for filing) with the Commission as required pursuant to Rule 424. The Company will promptly advise each Agent

(i) when each supplement to the Prospectus shall have been filed (or mailed for filing) with the Commission pursuant to Rule 424, (ii) when any amendment of the Registration Statement shall have become effective, (iii) of any request by the Commission for any amendment of the Registration Statement or amendment of or supplement to the Prospectus or for any additional information, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose and (v) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Notes for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. The Company will use its best efforts to prevent the issuance of any such stop order and, if issued, to obtain as soon as possible the withdrawal thereof. If the Prospectus is supplemented as a result of the filing under the Exchange Act of any document incorporated by reference in the Prospectus pursuant to Item 12 of Form S-3, the Company will provide each Agent with a copy of such document promptly after the filing thereof and any such Agent shall not be obligated to solicit offers for the purchase of Notes so long as such Agent is not reasonably satisfied with such document.

(b) If, at any time when a prospectus relating to the Notes is required to be delivered under the Act, any event occurs as a result of which the Registration Statement, as then amended, or the Prospectus, as then supplemented, would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it shall be necessary to amend the Registration Statement or to supplement the Prospectus to comply with the Act or the Exchange Act or the respective rules thereunder, the Company will promptly

(i) notify each Agent to suspend solicitation of offers to purchase Notes (and, if so notified by the Company, such Agent shall forthwith suspend such solicitation and cease using the Prospectus as then amended or supplemented). If

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the Company desires the Agents to resume solicitation of offers to purchase Notes, the Company shall (i) prepare and file with the Commission, subject to paragraph (a) of this Section 4, any amendment or supplement which is necessary to correct such statement or omission or to effect such compliance and (iii) supply any such amended or supplemented Prospectus to each Agent in such quantities as such Agent may reasonably request. If such amendment or supplement, and any documents, certificates and opinions furnished to each Agent pursuant to paragraph (f) of this Section 4 in connection with the preparation or filing of such amendment or supplement are satisfactory in all respects to the Agent receiving such amendment, supplement, documents, certificates and opinions, such Agent will, upon the filing of such amendment or supplement with the Commission and upon the effectiveness of an amendment to the Registration Statement if such an amendment is required, resume its obligation to solicit offers to purchase Notes hereunder.

(c) As soon as practicable, the Company will make generally available to its security holders and to each Agent an earnings statement or statements of the Company and its subsidiaries which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act and, not later than 45 days after the end of the 12-month period beginning at the end of each fiscal quarter of the Company (other than the last fiscal quarter of any fiscal year) during which the effective date of any post-effective amendment to the Registration Statement occurs, not later than 90 days after the end of the fiscal year beginning at the end of each last fiscal quarter of any fiscal year of the Company during which the effective date of any post-effective amendment to the Registration Statement occurs, and not later than 90 days after the end of each fiscal year of the Company during which any Notes were issued, the Company will make generally available to its security holders and to each Agent an earnings statement or statements covering such 12-month period or such fiscal year, as the case may be, that will satisfy the provisions of such Section 11(a) and Rule 158.

(d) The Company will furnish to each Agent and counsel for the Agents, without charge, copies of the Registration Statement (including exhibits thereto) and each amendment thereto and, so long as delivery of a prospectus may be required by the Act, as many copies of any preliminary prospectus and the Prospectus and any amendments thereof and supplements thereto as each Agent may reasonably request.

(e) The Company will arrange for the qualification of the Notes for sale under the laws of such jurisdictions as the Agents may designate, will maintain such qualifications in effect so long as required for the distribution of the Notes, and will arrange for the determination of the legality of the Notes for purchase by institutional investors.

(f) The Company will furnish to each Agent such documents, certificates of officers of the Company and opinions of counsel for the Company

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relating to the business, operations and affairs of the Company, the Registration Statement, any preliminary prospectus, the Prospectus, and any amendments or supplements thereto, the Indenture, the Notes, this Agreement, the Procedures and the performance by the Company and such Agent of their respective obligations hereunder and thereunder as such Agent may from time to time and at any time prior to the termination of this Agreement reasonably request.

(g) The Company will, whether or not any sale of the Notes is consummated, (i) pay all expenses incident to the performance of its obligations under this Agreement, including the fees and disbursements of its accountants and counsel, the cost of printing and delivery of the Registration Statement, any preliminary prospectus, the Prospectus, all amendments thereof and supplements thereto, the Indenture, this Agreement and all other documents relating to the offering, the cost of preparing, printing, packaging and delivering the Notes, the fees and disbursements, including fees of counsel, incurred in connection with the qualification of the Notes for sale and determination of eligibility for investment of the Notes under the securities or Blue Sky laws of each such jurisdiction as the Agents may reasonably designate, the fees and disbursements of the Trustee and the fees of any agency that rates the Notes, the cost of providing any CUSIP or other identification for the notes, the fees and expenses of any depository for the Notes, and (ii) reimburse each Agent on a monthly basis for all out-of-pocket expenses (including without limitation advertising expenses) incurred by such Agent and approved by the Company in advance, in connection with the offering and the sale of the Notes, and (iii) be responsible for the reasonable fees of counsel for the Agents incurred in connection with the offering and sale of the Notes, provided that the Company shall not be responsible for the fees of counsel for a Purchaser incurred in connection with the offering and sale of the Notes pursuant to a Terms Agreement unless specified in such Terms Agreement.

(h) Each acceptance by the Company of an offer for the purchase of Notes (whether to a Purchaser or an Agent), and each delivery of Notes to an Agent or a Purchaser, shall be deemed to be (i) an affirmation that the representations and warranties of the Company contained in this Agreement and in any certificate theretofore delivered to you pursuant hereto are true and correct at the time of such acceptance or sale, as the case may be, and an undertaking that such representations and warranties will be true and correct at the time of delivery to a Purchaser or its agent, or to the Agent, of the Note or Notes relating to such acceptance or sale, as the case may be, as though made at and as of each such time and (ii) a representation and warranty to the Agent arranging such sale that neither the Registration Statement nor the Prospectus, as then amended or supplemented, fails to reflect any facts or events which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement or the Prospectus, as then amended or supplemented, and/or includes any untrue statement of a material fact, or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the foregoing does not apply to (x) that part of

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the Registration Statement which shall constitute the Statement of Eligibility and Qualification (Form T-1) under the Trust Indenture Act of the Trustee or (y) the information contained in or omitted from the Registration Statement or the Prospectus or any amendment thereof or supplement thereto in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of such Agent specifically for use in connection with the preparation of the Registration Statement and the Prospectus or any amendments thereof or supplements thereto.

(i) Each time that the Registration Statement or the Prospectus is amended or supplemented (other than by an amendment or supplement providing solely for the specification of or a change in the maturity dates, the interest rates, the issuance prices or other similar terms of any Notes sold pursuant thereto), the Company will deliver or cause to be delivered forthwith to each Agent a certificate of the Company signed by the Chairman, the President or any Vice President and the principal financial or accounting officer of the Company, dated the date of the effectiveness of such amendment or the date of filing of such supplement, in form reasonably satisfactory to such Agent, to the effect that the statements contained in the certificate that was last furnished to such Agent pursuant to either Section 5(d) or this Section 4(i) are true and correct at the time of the effectiveness of such amendment or the filing of such supplement as though made at and as of such time (except that (i) the last day of the fiscal quarter for which financial statements of the Company were last filed with the Commission shall be substituted for the corresponding date in such certificate and (ii) such statements shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to the time of the effectiveness of such amendment or the filing of such supplement).

(j) Each time that the Registration Statement or the Prospectus is amended or supplemented (other than by an amendment or supplement (i) providing solely for the specification of or a change in the maturity dates, the interest rates, the issuance prices or other similar terms of any Notes sold pursuant thereto or (ii) setting forth or incorporating by reference financial statements or other information as of and for a fiscal quarter, unless, in the case of clause (ii) above, in the reasonable judgment of any Agent, such financial statements or other information are of such a nature that an opinion of counsel should be furnished), the Company shall furnish or cause to be furnished forthwith to each Agent a written opinion of the Executive Vice President and General Counsel or the Group General Counsel - Financial Services of the Company or such other counsel as the Agents deem satisfactory, dated the date of the effectiveness of such amendment or the date of filing of such supplement, in form satisfactory to the Agents, of the same tenor as the opinion referred to in Section 5(b) but modified to relate to the Registration Statement and the Prospectus as

amended and supplemented to the time of the effectiveness of such amendment or the filing of such supplement or, in lieu of such opinion, counsel last furnishing such an opinion to such Agent may furnish such Agent with a letter to the effect that such Agent may rely on such last

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opinion to the same extent as though it were dated the date of such letter authorizing reliance (except that statements in such last opinion will be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to the time of the effectiveness of such amendment or the filing of such supplement).

(k) Each time that the Registration Statement or the Prospectus is amended or supplemented to set forth amended or supplemental financial information or such amended or supplemental information is incorporated by reference in the Registration Statement or the Prospectus, the Company shall cause its independent public accountants, forthwith to furnish each Agent a letter, dated the date of the effectiveness of such amendment or the date of filing of such supplement, in form satisfactory to such Agent, of the same tenor as the letter referred to in Section 5 (e) with such changes as may be necessary to reflect the amended and supplemental financial information included or incorporated by reference in the Registration Statement and the Prospectus, as amended or supplemented to the date of such letter, provided that if the Registration Statement or the Prospectus is amended or supplemented solely to include or incorporate by reference financial information as of and for a fiscal quarter, such independent public accountants may limit the scope of such letter, which shall be satisfactory in form to each Agent, to the unaudited financial statements and the related "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in such amendment or supplement, unless any other information included or incorporated by reference therein of an accounting, financial or statistical nature is of such a nature that, in the reasonable judgment of any Agent, such letter should cover such other information.

(l) During the period, if any, specified in any Terms Agreement, the Company shall not, without the prior consent of the Purchaser, issue or announce the proposed issuance of any of its debt securities, including Notes, with terms substantially similar to the Notes being purchased pursuant to the Terms Agreement.

5. Conditions to the Obligations of Each Agent. The obligations of each Agent to solicit offers to purchase the Notes and of any purchaser to purchase Notes shall be subject to the accuracy of the representations and warranties on the part of the Company contained herein as of the date hereof, as of the date of the effectiveness of any amendment to the Registration Statement, as of the date any supplement to the Prospectus is filed with the Commission and as of each Closing Date, to the accuracy of the statements of the Company made in any certificates pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following additional conditions:

(a) Prior to such solicitation or purchase, as the case may be:

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(i) no stop order suspending the effectiveness of the Registration Statement, as amended from time to time, shall have been issued and no proceedings for that purpose shall have been instituted or threatened;

(ii) there shall not have occurred any change in the condition, financial or otherwise, or in the earnings, business or operations, of the Company and its subsidiaries, taken as a whole, from that set forth in the Prospectus, as amended or supplemented at the time of such solicitation or at the time such offer to purchase was made, that, in such Agent's judgement, is material and adverse and that makes it, in such Agent's judgement, impracticable to market the Notes on the terms and in the manner contemplated by the Prospectus, as so amended or supplemented;

(iii) there shall not have occurred any (A) suspension or material limitation of trading generally on or by, as the case may be, the New York Stock Exchange, the American Stock Exchange, the National Association of Securities Dealers, Inc., the Chicago Board Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade, (B) suspension of trading of any securities of the Company on any exchange or in any over-the-counter market, (C) declaration of a general moratorium on commercial banking activities in New York by either Federal or New York State authorities or (D) any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis that, in such Agent's judgment, is material and adverse and, in the case of any of the events described in clauses (iii)(A) through (D), such event, singly or together with any other such event, makes it, in such Agent's judgement, impracticable to market the Notes on the terms and in the manner contemplated by the Prospectus, as amended or supplemented at the time of such solicitation or at the time such offer to purchase was made; and

(iv) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any of the Company's securities by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act;

(b) The Company shall have furnished to such Agent the opinion of the Executive Vice President and General Counsel or the Group General Counsel - Financial Services of the Company or such other counsel as the Agents deem satisfactory, dated the date hereof, to the effect that:

(i) the Company is a corporation duly organized and validly existing as a corporation in good standing under the laws of the State of Delaware with full corporate power and authority to own, lease and operate its

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properties and to conduct its business as described in the Registration Statement and the Prospectus, and is duly registered and qualified to conduct its business and is in good standing in each jurisdiction or place where the nature of its properties or the conduct of its business requires such registration or qualification, except where the failure so to register or qualify does not have a material adverse effect on the condition (financial or other), business, properties, net worth or results of operations of the Company and its subsidiaries taken as a whole,

(ii) each of the Significant Subsidiaries is a corporation duly organized, validly existing and in good standing in the jurisdiction of its incorporation, with full corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement and the Prospectus, and is duly registered and qualified to conduct its business and is in good standing in each jurisdiction or place where the nature of its properties or the conduct of its business requires such registration or qualification, except where the failure so to register or qualify does not have a material adverse effect on the condition (financial or other), business, properties, net worth or results of operations of the Company and its subsidiaries taken as a whole.

(iii) the Indenture has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company enforceable in accordance with its terms, except as (1) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and (2) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability, and has been duly qualified under the Trust Indenture Act,

(iv) the Notes have been duly authorized by the Company and, when the terms of the Notes have been established in accordance with procedures set forth in the resolutions of the Company's Board of Directors and Finance Committee relating to the Notes and when executed by the Company and authenticated by the Trustee and issued in accordance with the Indenture and delivered pursuant to the provisions of this Agreement against payment therefor, as described in the Registration Statement and the Prospectus thereof, will be valid and binding obligations of the Company enforceable in accordance with their terms and will be entitled to the benefits of the Indenture, except as enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity and except as rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability and except further as enforceability thereof may be limited by (i) requirements that a claim with respect to any Notes denominated other than in U.S. dollars (or a foreign

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currency or currency unit judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (ii) governmental authority to limit, delay or prohibit the making of payments outside the United States; and the Notes and the Indenture will conform in all material respects to the descriptions thereof in the Registration Statement and the Prospectus,

(v) the execution and delivery of, and the performance by the Company of its obligations under this Agreement have been duly authorized by the Company, and this Agreement has been duly executed and delivered by the Company,

(vi) the execution and delivery of this Agreement and the Indenture by the Company and the consummation of the transactions contemplated herein and therein will not contravene any provision of applicable law (except as rights to indemnity and contribution under this Agreement may be limited by applicable law) or the certificate of incorporation or by-laws of the Company or, to the knowledge of such counsel after due inquiry, any other agreement or instrument binding upon the Company or any of the Company's Significant Subsidiaries or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or such Significant Subsidiaries, except such contraventions as would not, individually or in the aggregate, have a material adverse effect on the condition (financial or other), business, properties, net worth or results of operations of the Company and its subsidiaries taken as a whole and no consent, approval or authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Company of its obligations under this Agreement or the Indenture, and the consummation of the transactions contemplated hereby, except such as are required pursuant to state securities or Blue Sky Laws,

(vii) the statements in the Prospectus under "Description of Debt Securities", "Description of Notes" and "Plan of Distribution", insofar as such statements constitute a summary of this Agreement, the Indenture and the Notes, fairly present the information called for by Form S-3 with respect to such documents,

(viii) the statements included under the caption "Legal Proceedings" in the Company's Annual Report on Form 10-K insofar as they describe statements of law or legal conclusions are accurate and fairly present the information required to be shown,

(ix) the Registration Statement and any amendments thereto have become effective under the Act and, to the best knowledge of such counsel, no stop order suspending the effectiveness of the Registration

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Statement has been issued and no proceedings for that purpose have been instituted or threatened, and

(x) such counsel (1) is of the opinion that each document filed pursuant to the Exchange Act and incorporated by reference in the Prospectus (except as to financial statements contained therein and the notes thereto and the schedules and other financial and statistical data included

therein, as to which such counsel need not express any opinion) complied when so filed as to form in all material respects with such Act and the rules and regulations thereunder, (2) has no reason to believe that (except for (x) the financial statements contained therein and the notes thereto and the schedules and other financial and statistical data included therein, as to which such counsel need not express any belief) any part of the Registration Statement (including the documents incorporated by reference therein), filed with the Commission pursuant to the Act relating to the Notes, when such part became effective, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (3) is of the opinion that the Registration Statement and Prospectus, as amended or supplemented, if applicable, (except as to (x) financial statements contained therein and the notes thereto and the schedules and other financial and statistical data included therein, as to which such counsel need not express any opinion and (y) the information set forth in the Prospectus under the caption "United States Tax Consideration" as to which such counsel need not express any opinion) comply as to form in all material respects with the Act and the rules and regulations thereunder and (4) has no reason to believe that (except for (x) the financial statements contained therein and the notes thereto and the schedules and other financial and statistical data included therein, as to which counsel need not express any belief and (y) the information set forth in the Prospectus under the caption "United States Tax Consideration" as to which such counsel need not express any belief) the Registration Statement and the Prospectus on the date hereof contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering such opinion, such counsel may rely as to matters of fact, to the extent deemed proper, on certificates of responsible officers of the Company and public officials.

With respect to subparagraph (x) of paragraph (b) above, such counsel may state that their opinion and belief are based upon their participation in the preparation of the Registration Statement and the Prospectus and any amendments or supplements thereto and review and discussion of the contents thereof, but are without independent check or verification, except as otherwise indicated.

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(c) Each Agent shall have received from Davis Polk & Wardwell, counsel for the Agents, such opinion or opinions, dated the date hereof, with respect to the issuance and sale of the Notes, the Indenture, the Registration Statement, the Prospectus and other related matters as the Agents may reasonably require, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(d) The Company shall have furnished to each Agent a certificate of the Company, signed by the Chairman, the President or any Vice President and the principal financial or accounting officer of the Company, dated the date hereof, to the effect that the signers of such certificate have carefully examined the Registration Statement, the Prospectus and this Agreement and that:

(i) the representations and warranties of the Company in this Agreement are true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied as a condition to the obligation of each Agent to solicit offers to purchase the Notes;

(ii) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the Company's knowledge, threatened; and

(iii) since the date of the most recent financial statements included in the Prospectus, there has been no material adverse change in the condition financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries taken as a whole except as set forth in or contemplated in the Prospectus.

(e) At the date hereof, Ernst & Young shall have furnished each Agent a letter or letters (which may refer to letters previously delivered to such Agent), dated as of the date hereof, in form and substance satisfactory to such Agent, confirming that they are independent accountants within the meaning of the Act and the Exchange Act and the respective applicable published rules and regulations thereunder and stating in effect that:

(i) in their opinion the audited financial statements and financial statement schedules included or incorporated in the Registration Statement and the Prospectus and reported on by them comply as to form in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the related published rules and regulations;

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(ii) on the basis of a reading of the latest unaudited financial statements of the Company and its subsidiaries furnished to them by the Company; carrying out procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in SAS, No. 71, Interim Financial Information (but not an audit conducted in accordance with generally accepted auditing standards) which would not necessarily reveal matters of significance with respect to the comments set forth in such letter; a reading of the minutes of the meetings of the stockholders and directors and executive and audit committees of the Company; and inquiries of certain officials of the Company who have responsibility for financial and accounting matters of the Company and its subsidiaries as to transactions and events subsequent to the date of the most recent audited financial statements of the Company and its consolidated subsidiaries included or incorporated in the Prospectus, nothing came to their attention which caused them to believe that:

(1) any material modifications should be made to the unaudited condensed consolidated financial statements included or incorporated in the Registration Statement for them to be in conformity with generally accepted accounting principles;

(2) the unaudited condensed consolidated financial statements included or incorporated in the Registration Statement do not comply as to form in all material respects with the applicable accounting requirements of the Act and the related published rules and regulations; or

(3) with respect to the period subsequent to the date of the most recent financial statements of the Company and its consolidated subsidiaries (other than any capsule information), audited or unaudited, included or incorporated by reference in the Registration Statement and the Prospectus, there were any changes, at a specified date not more than five business days prior to the date of the letter, in the total indebtedness of the Company and its consolidated subsidiaries, Textron Financial Corporation ("TFC") and Avco Financial Services, Inc. ("AFS") or decreases in total shareholders' equity of the Company as compared with the amounts shown on the most recent consolidated balance sheet of the Company and its consolidated subsidiaries included or incorporated in the Registration Statement and the Prospectus, or for the period from the date of the most recent financial statements of the Company and its consolidated subsidiaries included or incorporated in the Registration Statement and the Prospectus to the last day of the period to which the latest unaudited income statements made available by the Company relate, there were any decreases, as

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compared with the corresponding period in the preceding year, in consolidated net sales or in the total or per share amounts of consolidated income from continuing operations, income from discontinued operations and net income, except in all instances for changes or decreases set forth in such letter, in which case the letter shall be accompanied by an explanation by the Company as to the significance thereof unless said explanation is not deemed necessary by such Agent;

(iii) they have performed certain other specified procedures as a result of which they determined that certain information of an accounting, financial or statistical nature (which is limited to accounting, financial or statistical information derived from the general accounting records of the Company and its subsidiaries) set forth in the Registration Statement and the Prospectus and in Exhibit 12 to the Registration Statement, including the information included or incorporated in Items 1, 2, 6 and 7 of the Company's Annual Report on Form 10-K, incorporated in the Registration Statement and the Prospectus, and the information included in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" included or incorporated in the Company's Quarterly Reports on Form 10-Q, incorporated in the Registration Statement and the Prospectus, agrees with the accounting records of the Company and its subsidiaries, excluding any questions of legal interpretation; and

(iv) if pro forma financial statements are included or incorporated in the Registration Statement and the Prospectus, on the basis of a reading of the unaudited pro forma financial statements, carrying out certain specified procedures, inquiries of certain officials of the Company and the acquired company who have responsibility for financial and accounting matters, and proving the arithmetic accuracy of the application of the pro forma adjustments to the historical amounts in the pro forma financial statements, nothing came to their attention which caused them to believe that the pro forma financial statements do not comply in form in all material respects with the applicable accounting requirements of Rule 11-02 of Regulation S-X or that the pro forma adjustments have not been properly applied to the historical amounts in the compilation of such statements.

References to the Registration Statement and the Prospectus in this paragraph (e) are to such documents as amended and supplemented at the date of the letter.

(f) Subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus (as amended or supplemented, in the case of a Terms Agreement), there shall not have been (i) any change or decrease specified in the letter referred to in paragraph (e) of this Section 5 or (ii) any change, or any development involving a prospective change, in or affecting the

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business or properties of the Company and its subsidiaries the effect of which, in any case referred to in clause (i) or (ii) above, is, in the judgment of such Agent, so material and adverse as to make it impractical or inadvisable to proceed with the soliciting of offers to purchase the Notes as contemplated by the Registration Statement and the Prospectus (or, in the case of a Terms Agreement, to proceed with the offering or the delivery of the Notes to be purchased as contemplated by the Terms Agreement).

(g) Each Agent shall have received from Cravath Swaine & Moore, special tax counsel to the Company, an opinion, dated the date hereof, confirming that the information set forth in the Prospectus under the caption "United States Tax Considerations" is accurate in all material respects.

(h) Prior to the date hereof, the Company shall have furnished to each Agent such further information, certificates and documents as such Agent may reasonably request.

If any of the conditions specified in this Section 5 shall not have been fulfilled in all material respects when and as provided in this Agreement, or if any of the opinions, letters and certificates mentioned above or elsewhere in this Agreement shall not be in all material respects reasonably satisfactory in form and substance to any Agent and its counsel, this Agreement and all obligations of such Agent hereunder may be canceled at

any time by such Agent. Notice of such cancellation shall be given to the Company in writing or by telephone or telegraph confirmed in writing.

The documents required to be delivered by this

Section 5 shall be delivered at the office of Davis Polk & Wardwell, counsel for the Agents, at 450 Lexington Avenue, New York, New York, on the date hereof.

6. Conditions to the Obligations of a Purchaser. The obligations of a Purchaser to purchase Notes pursuant to any Terms Agreement will be subject to the accuracy of the representations and warranties on the part of the Company herein as of the date of the respective Terms Agreement and as of the Purchase Date thereunder, as of the date of the effectiveness of any amendment to the Registration Statement (including the filing of any document incorporated by reference therein), as of the date any supplement to the Prospectus is filed with the Commission and as of each Closing Date, to the accuracy of the statements of the Company made in any certificates pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following additional conditions:

(a) Prior to such solicitation or purchase, as the case may be:

(i) no stop order suspending the effectiveness of the Registration Statement, as amended from time to time, shall have been issued and no proceedings for that purpose shall have been instituted or threatened.

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(ii) there shall not have occurred any change in the condition, financial or otherwise, or in the earnings, business or operations, of the Company and its subsidiaries, taken as a whole, from that set forth in the Prospectus, as amended or supplemented at the time of such solicitation or at the time such offer to purchase was made, that, in such Agent's judgement, is material and adverse and that makes it, in such Agent's judgement, impracticable to market the Notes on the terms and in the manner contemplated by the Prospectus, as so amended or supplemented;

(iii) there shall not have occurred any (A) suspension or material limitation of trading generally on or by, as the case may be, the New York Stock Exchange, the American Stock Exchange, the National Association of Securities Dealers, Inc., the Chicago Board Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade, (B) suspension of trading of any securities of the Company on any exchange or in any over-the-counter market, (C) declaration of a general moratorium on commercial banking activities in New York by either Federal or New York State authorities or (D) any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis that, in such Agent's judgment, is material and adverse and, in the case of any of the events described in clauses (iii)(A) through (D), such event, singly or together with any other such event, makes it, in such Agent's judgement, impracticable to market the Notes on the terms and in the manner contemplated by the Prospectus, as amended or supplemented at the time of such solicitation or at the time such offer to purchase was made; and

(iv) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any of the Company's securities by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act;

(b) Except to the extent modified by the respective Terms Agreement, the Purchaser shall have received, appropriately updated and modified, (i) a certificate of the Company, dated as of the Purchase Date, to the effect set forth in Section 5(d), (ii) the opinion of the Executive Vice President and General Counsel or Group General Counsel - Financial Services of the Company or such other Counsel as the Purchaser deems satisfactory, dated as of the Purchase Date, to the effect set forth in Section 5(b), (iii) the opinion of Davis Polk & Wardwell, counsel for the Purchaser, dated as of the Purchase Date, to the effect set forth in Section 5(c), (iv) a letter of Ernst & Young, dated as of the Purchase Date, to the effect set forth in Section 5(e) appropriately updated and modified and (v) the opinion of Cravath Swaine & Moore, special tax counsel to the Company, dated as of the Purchase Date, to the effect set forth in Section 5(g).

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(c) Prior to the Purchase Date, the Company shall have furnished to the Purchaser such further information, certificates and documents as the Purchaser may reasonably request.

If any of the conditions specified in this Section 6 shall not have been fulfilled in all material respects when and as provided in this Agreement, any of the opinions, letters and certificates mentioned above or elsewhere in this Agreement shall not be in all material respects reasonably satisfactory in form and substance to the Purchaser and its counsel, this Agreement and all obligations of the Purchaser hereunder may be canceled at, or at any time prior to, the respective Purchase Date by the Purchaser. Notice of such cancellation shall be given to the Company in writing or by telephone or telegraph confirmed in writing.

7. Reimbursement of the Agents' Expenses. If any condition to the obligations of an Agent set forth in Section 5 hereof is not satisfied, if any termination of an Agent pursuant to Section 9 hereof shall occur or in the case of any refusal, inability or failure on the part of the Company to perform any agreement herein or comply with any provision hereof other than by reason of a default by such Agent, the Company will reimburse such Agent upon demand for all out-of-pocket expenses (including reasonable fees and disbursements of counsel) that shall have been incurred by such Agent in connection with this Agreement.

8. Indemnification and Contribution. (a) The Company agrees to indemnify and hold harmless each Agent and each person who controls such Agent within the meaning of either the Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement for the registration of the Notes as originally filed or in any amendment thereof, or in the Prospectus or any preliminary prospectus, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided that (i) the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Agent specifically for use in connection with the preparation thereof, and (ii) such indemnity with respect to any preliminary prospectus shall not inure to the benefit of such Agent (or any person controlling such Agent) if the person asserting any such loss, claim, damage or liability did not receive a copy of the Prospectus (as amended or supplemented) excluding documents incorporated therein by reference at or prior to the confirmation of the sale of the Notes which are the

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subject thereof to such

person in any case where such delivery is required by the Act and the untrue statement or omission of a material fact contained in the preliminary prospectus was corrected in the Prospectus (as amended or supplemented). This indemnity agreement will be in addition to any liability which the Company may otherwise have.

(b) Each Agent agrees, severally and not jointly, to indemnify and hold harmless the Company, each of its directors, each of its officers who signs the Registration Statement, and each person who controls the Company within the meaning of either the Act or the Exchange Act, to the same extent as the foregoing indemnity from the Company to such Agent, but only with reference to written information relating to such Agent furnished to the Company by or on behalf of such Agent specifically for use in the preparation of the documents referred to in the foregoing indemnity. This indemnity agreement will be in addition to any liability which such Agent may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, notify the indemnifying party in writing of the commencement thereof. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof, with counsel satisfactory to such indemnified party; provided that if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party and indemnifying party shall have reasonably concluded that representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them, the indemnified party or parties shall have the right to select separate counsel. Upon receipt of notice from the indemnifying party to such indemnified party of its election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this Section 8 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel (in addition to any local counsel), approved by the Agents who are parties to such proceedings in the case of paragraph (a) of this Section 8, representing the indemnified parties under such paragraph (a) who are parties to such action), (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party; and except that, if clause (i) or (iii) is applicable, such liability shall be only in respect of the counsel referred to in such clause (i) or (iii). No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any proceeding in respect of which any indemnified party is a party unless such settlement includes an

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unconditional release of such indemnified party from all liability on claims that are the subject matters of such proceeding.

(d) If the indemnification provided for in Section 8 (a) or (b) is unavailable to an indemnified party under or insufficient in respect of any losses, claims, damages or liabilities referred to therein in connection with any offering of Notes, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and each Agent on the other from the offering of such Notes or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and each Agent on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and each Agent on the other in connection with the offering of such Notes shall be deemed to be in the same respective proportion as the total net proceeds from the offering of such Notes (before deducting expenses) received by the Company bear to the total discounts and commissions received by each Agent in respect thereof. The

relative fault of the Company on the one hand and of each Agent on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by such Agent and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

Each Agent's obligation to contribute pursuant to this Section 8 shall be several (in the proportion that the principal amount of the Notes the sale of which by or through such Agent gave rise to such losses, claims, damages or liabilities bears to the aggregate principal amount of the Notes, the sale of which by or through any Agent gave rise to such losses, claims, damages or liabilities) and not joint.

(e) The Company and the Agents agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation (even if the Agents were treated as one entity for such purpose) or by any other method of allocation which does not take account of the considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8, no Agent shall be required to contribute any amount in excess of the amount by which the total price at which the Notes referred to in paragraph (d) above that were offered and sold to the public through such Agent exceeds the amount of any damages which such Agent has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent

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misrepresentation (within the meaning of Section 11(f) of the Securities Act of 1933) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

9. Status of Each Agent; Termination. In soliciting offers to purchase the Notes from the Company pursuant to this Agreement and in assuming its other obligations hereunder, each Agent is acting individually and not jointly and is acting solely as agent for the Company and not as principal. Except as otherwise provided in Section 10(c) herein, this Agreement may be terminated for any reason at any time by the Company as to any Agent or, in the case of an Agent, by such Agent insofar as this Agreement relates to such Agent, upon the giving of one day's written notice of such termination to the other parties hereto, provided that such termination shall not affect any Terms Agreement in effect on the date of such termination. This Agreement will continue in effect until terminated as provided in this Section 9. In the event of such termination, neither the Company nor the affected Agent shall have any liability to any other party hereto, except as provided in the fourth paragraph of Section 2, Section 4(g), Section 7, Section 8 and Section 11. In the event the Company shall have entered into a Terms Agreement with one or more of you as Purchasers and this Agreement is terminated, the provisions of Section 4(b) (other than the last sentence thereof) will survive and the term "Agent" therein shall be used to refer to you, if applicable, as Purchaser.

10. Appointment of Additional Agents. (a) The Company reserves the right to appoint additional Agents (each an "Additional Agent" and collectively, "Additional Agents") for the sale of one or more Notes, and to sell Notes directly to investors, but no such appointment or sale shall constitute the several Agents hereunder and any such Additional Agent as co-agents or entitle any Agent to compensation for any sale of Notes other than Notes sold as a result of a solicitation by it. Subject to the provisions of this Section 10, the appointment of an Additional Agent in connection with the sale of one or more of the Notes may be effected by the Company's addition of the name (and address for the receipt of notices) of such Additional Agent to the signature page of a counterpart of this Agreement, to which shall be attached a description of the material terms (including those that would be included in the applicable Pricing Supplement) of the proposed sale of Notes, and the execution of such counterpart by such Additional Agent and the Company. Promptly upon each appointment of any Additional Agent hereunder, the Company shall notify each other Agent and the Trustee of such appointment and of such material terms of the Notes to be sold pursuant thereto. The Company will notify each Agent of the amount of Notes from time to time remaining unsold and of such other information as may be reasonably necessary to prevent inadvertent solicitations for sales in excess of the amount of Notes then remaining unsold.

(b) Notwithstanding anything to the contrary contained in this Agreement, the Company shall be required to furnish to any Additional Agent, upon request, only such copies of opinions, certificates, comfort letters and other documents as theretofore have been delivered to the other Agents pursuant to this Agreement, and the furnishing thereof will not constitute a reaffirmation of any such opinions, certificates, comfort letters or, as applicable, other documents as of any date other than the date on which each such

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document originally was rendered and such Additional Agent acknowledges and agrees that it is not relying upon the accuracy of any opinion, certificate, comfort letter and, as applicable, other document as of any date other than the date on which such document originally was issued.

(c) As to any Additional Agent, if this Agreement has not earlier been terminated, it shall be deemed terminated in accordance with Section 9 herein immediately upon consummation of the sale of Notes with respect to which such person or entity had become an Additional Agent, provided that such termination shall not prevent such person or entity from becoming, or from continuing to act as, an Additional Agent with respect to sales of other Notes in accordance with the terms of any applicable counterpart of this Agreement.

11. Representations and Indemnities to Survive. The respective agreements, representations, warranties, indemnities and other statements of the

Company or its officers and of each Agent set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of such Agent or the Company or any of the officers, directors or controlling persons referred to in Section 8 hereof, and will survive delivery of and payment for the Notes. The provisions of Sections 7 and 8 hereof shall survive the termination or cancellation of this Agreement.

12. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand, sent by facsimile transmission or other similar and immediate method of delivery, or mailed by registered or certified mail (return receipt requested), if to an Agent, at the address specified in Schedule I hereto or, if to the Company, to it at 40 Westminster Street, Providence, Rhode Island 02903, attention of the Group General Counsel - Financial Services (Facsimile No.: (401)457-3666) or, if to the Trustee, to it at 450 West 33rd Street, 15th Floor, Corporate Trust Department, New York, New York 10001 (Facsimile No.: (212)946-8158) (or to such other address for an Agent or the Company or the Trustee as shall be specified by like notice to all Agents, the Company and the Trustee).

13. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section 8 hereof, and no other person will have any right or obligation hereunder.

14. Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York.

15. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall constitute one and the same instrument.

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If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement among the Company and the Agents.

Very truly yours,

TEXTRON INC.

By: _____

Name:

Title:

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The foregoing Agreement is hereby confirmed and accepted as of the date hereof.

[Name of Agents]

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SCHEDULE I

Distribution Agreement
dated _____, _____

As compensation for the services of each Agent hereunder, the Company shall pay it, on a discount basis, a commission for the sale of each Note equal to the principal amount of such Note multiplied by the appropriate percentage set forth below:

MATURITY RANGES PERCENT OF

PRINCIPAL AMOUNT

Addresses for Notice to Agents:

Notices for _____ shall be directed to it at _____.

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EXHIBIT A

TEXTRON INC.

Medium-Term Note Administrative Procedures

_____ , _____

Medium-Term Notes, Series ___ (the "Notes") are to be offered on a continuous basis by Textron Inc. (the "Company"). _____, _____ and _____, as agents, together with any Additional Agents (as defined in Section 10 of the Distribution Agreement referred to below) who become a party to the Distribution Agreement (individually an "Agent" and collectively the "Agents"), have agreed to solicit purchases of the Notes. The Agents will not be obligated to purchase Notes for their own accounts. The Notes are being sold pursuant to a Distribution Agreement between the Company and the Agents dated _____, ____ (the "Distribution Agreement"). The Notes will rank equally with all other unsecured and unsubordinated debt of the Company and have been registered with the Securities and Exchange Commission (the "Commission"). The Chase Manhattan Bank (the "Trustee") is the successor trustee under the Indenture dated as of April 15, 1987 as supplemented by a First Supplemental Indenture, dated as of March 15, 1988 and the Second Supplemental Senior Indenture dated as of February 6, 1996 governing the Notes (the "Indenture").

Each Note will be represented by either a Global Security (as defined hereinafter) delivered to the Trustee, as agent for the Depository Trust Company ("DTC"), and recorded in the book-entry system maintained by DTC (a "Book-Entry Note") or a certificate delivered to the Holder thereof or a Person designated by such Holder (a "Certificated Note"). Only Notes denominated and payable in U.S. dollars may be issued as Book-Entry Notes. An owner of a Book-Entry Note will not be entitled to receive a certificate representing such Note.

The procedures to be followed during, and the specific terms of, the solicitation of offers by the Agents and the sale as a result thereof by the Company are explained below. Administrative and record-keeping responsibilities will be handled for the Company by its Treasury Department. The Company will advise the Agents and the Trustee in writing of those persons handling administrative responsibilities with whom the Agents and the Trustee are to communicate regarding offers to purchase Notes and the details of their delivery.

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Administrative procedures and specific terms of the offering are explained below. Book-Entry Notes will be issued in accordance with the administrative procedures set forth in Part I hereof, as adjusted in accordance with changes in DTC's operating requirements, and Certificated Notes will be issued in accordance with the administrative procedures set forth in Part II hereof. To the extent the procedures set forth below conflict with the provisions of the Notes, the Indenture, DTC's operating requirements or the Distribution Agreement, the relevant provisions of the Notes, the Indenture, DTC's operating requirements and the Distribution Agreement shall control.

PART I

Administrative Procedures for

Book-Entry Notes

In connection with the qualification of the Book-Entry Notes for eligibility in the book-entry system maintained by DTC, the Trustee will perform the custodial, document control and administrative functions described below, in accordance with its respective obligations under a Letter of Representations from the Company and the Trustee to DTC dated as of the date hereof and a Medium-Term Note Certificate Agreement between the Trustee and DTC and its obligations as a participant in DTC, including DTC's Same-Day Funds Settlement system ("SDFS").

Issuance: On any date of settlement (as defined under "Settlement" below) for one or more Book-Entry Notes, the Company will issue a single global security in fully registered form without coupons (a "Global Security") representing up to \$200,000,000 principal amount of all such Book-Entry Notes that have the same original issue date, original issue discount provisions, if any, Interest Payment Dates, Regular Record Dates, Interest Payment Period, redemption provisions, if any, Maturity Date, and, in the case of Fixed Rate Notes, interest rate, or, in the case of Floating Rate Notes, initial interest rate, Base Rate, Index Maturity, Interest Reset Period, Interest Reset Dates, Spread or Spread Multiplier, if any, minimum interest rate, if any, and maximum interest rate,

if any (collectively, the "Terms"). Each Global Security will be dated and issued as of the date of its authentication by the Trustee. Each Global Security will bear an original issue date, which will be (i) with respect to an original Global Security (or any portion thereof), the original issue date specified in such Global Security and (ii) following a consolidation of Global Securities, with respect to the Global Security resulting from such consolidation, the most recent Interest Payment

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Date to which interest has been paid or duly provided for on the predecessor Global Securities, regardless of the date of authentication of such resulting Global Security. No Global Security will represent (i) both Fixed Rate and Floating Rate Book-Entry Notes or (ii) any Certificated Note.

Identification Numbers The Company has arranged with the CUSIP Service Bureau of Standard & Poor's Corporation (the "CUSIP Service Bureau") for the reservation of a series of CUSIP numbers, which series consists of approximately 900 CUSIP numbers and relates to Global Securities representing Book-Entry Notes and book-entry medium-term notes issued by the Company with other series designations. The Trustee, the Company and DTC have obtained from the CUSIP Service Bureau a written list of such reserved CUSIP numbers. The Company will assign CUSIP numbers to Global Securities as described below under Settlement Procedure "B". DTC will notify the CUSIP Service Bureau periodically of the CUSIP numbers that the Company has assigned to Global Securities. The Trustee will notify the Company at any time when fewer than 100 of the reserved CUSIP numbers remain unassigned to Global Securities, and, if it deems necessary, the Company will reserve additional CUSIP numbers for assignment to Global Securities. Upon obtaining such additional CUSIP numbers, the Company shall deliver a list of such additional CUSIP numbers to the Trustee and DTC.

Registration: Global Securities will be issued only in fully registered form without coupons. Each Global Security will be registered in the name of CEDE & CO., as nominee for DTC, on the securities register for the Notes maintained under the Indenture. The beneficial owner of a Book-Entry Note (or one or more indirect participants in DTC designated by such owner) will designate one or more participants in DTC (with respect to such Book-Entry Note, the "Participants") to act as agent or agents for such owner in connection with the book-entry system maintained by DTC, and DTC will record in book-entry form, in accordance with instructions provided by such Participants, a credit balance with respect to such beneficial owner in such Book-Entry Note in the account of such Participants. The ownership interest of such beneficial owner (or such participant) in such Book-Entry Note will be recorded through the records of such Participants or through

the separate records of such Participants and one or more indirect participants in DTC.

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Transfers: Transfers of a Book-Entry Note will be accomplished by book entries made by DTC and, in turn, by Participants (and in certain cases, one or more indirect participants in DTC) acting on behalf of beneficial transferors and transferees of such Note.

Exchanges: The Trustee may deliver to DTC and the CUSIP Service Bureau at any time a written notice of consolidation (a copy of which shall be attached to the resulting Global Security described below) specifying (i) the CUSIP numbers of two or more Outstanding Global Securities that represent (A) Fixed Rate Book-Entry Notes having the same Terms and for which interest has been paid to the same date or (B) Floating Rate Book-Entry Notes having the same Terms and for which interest has been paid to the same date, (ii) a date, occurring at least thirty days after such written notice is delivered and at least thirty days before the next Interest Payment Date for such Book-Entry Notes, on which such Global Securities shall be exchanged for a single replacement Global Security and (iii) a new CUSIP number, obtained from the Company, to be assigned to such replacement Global Security. Upon receipt of such a notice, DTC will send to its participants (including the Trustee) a written reorganization notice to the effect that such exchange will occur on such date. Prior to the specified exchange date, the Trustee will deliver to the CUSIP Service Bureau a written notice setting forth such exchange date and such new CUSIP number and stating that, as of such exchange date, the CUSIP numbers of the Global Securities to be exchanged will no longer be valid. On the specified exchange date, the Trustee will exchange such Global Securities for a single Global Security bearing the new CUSIP number and the CUSIP numbers of the exchanged Global Securities will, in accordance with CUSIP Service Bureau procedures, be canceled and not immediately reassigned. Notwithstanding the foregoing, if the Global Securities to be exchanged exceed \$200,000,000 in aggregate principal amount, one Global Security will be authenticated and issued to represent each \$200,000,000 of principal amount of the exchanged Global Securities and an additional Global Security will be authenticated and issued to represent any remaining principal amount of such Global Securities (see "Denominations" below).

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Maturities: Each Book-Entry Note will mature on a date nine months or more after the settlement date for such Note.

Denominations: Book-Entry Notes will be issued in principal amounts of \$_____ or any amount in excess thereof that is an integral multiple of \$_____. Global Securities will be denominated in principal amounts not in excess of \$200,000,000. If one or more Book-Entry

Notes having an aggregate principal amount in excess of \$200,000,000 would, but for the preceding sentence, be represented by a single Global Security, then one Global Security will be authenticated and issued to represent each \$200,000,000 principal amount of such Book-Entry Note or Notes and an additional Global Security will be authenticated and issued to represent any remaining principal amount of such Book-Entry Note or Notes. In such a case, each of the Global Securities representing such Book-Entry Note or Notes shall be assigned the same CUSIP number.

Interest: General. Interest, if any, on each Book-Entry Note will accrue from the original issue date for the first interest period or the last date to which interest has been paid, if any, for each subsequent interest period, on the Global Security representing such Book-Entry Note, and will be calculated and paid in the manner described in such Book-Entry Note and in the Prospectus (as defined in the Distribution Agreement), as supplemented by the applicable Pricing Supplement. Unless otherwise specified therein, each payment of interest on a Book-Entry Note will include interest accrued to but excluding the Interest Payment Date (provided that, in the case of Floating Rate Book-Entry Notes which reset daily or weekly, interest payments will include accrued interest to and including the Regular Record Date immediately preceding the Interest Payment Date) or to but excluding Maturity (other than a Maturity of a Fixed Rate Book-Entry Note occurring on the 31st day of a month, in which case such payment of interest will include interest accrued to but excluding the 30th day of such month). Interest payable at the Maturity of a Book-Entry Note will be payable to the Person to whom the principal of such Note is payable. Standard & Poor's Corporation will use the information received in the pending deposit message described under Settlement Procedure "C" below in order to include the amount of any interest payable and certain other information regarding the related Global Security in the ap-

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propriate (daily or weekly) bond report published by Standard & Poor's Corporation.

Regular Record Dates. The Regular Record Date with respect to any Interest Payment Date shall be the date fifteen calendar days immediately preceding such Interest Payment Date.

Interest Payment Dates on Fixed Rate Book-Entry Notes. Unless otherwise specified pursuant to Settlement Procedure "A" below, interest payments on Fixed Rate Book-Entry Notes will be made semiannually on May 15 and November 15 of each year and at Maturity; provided, however, that in the case of a Fixed Rate Book-Entry Note issued between a Regular Record Date and an Interest Payment Date, the first interest payment

will be made on the Interest Payment Date following the next succeeding Regular Record Date.

Interest Payment Dates on Floating Rate Book-Entry Notes. Interest payments will be made on Floating Rate Book-Entry Notes monthly, quarterly, semi-annually or annually. Unless otherwise agreed upon, interest will be payable, in the case of Floating Rate Book-Entry Notes with a monthly Interest Payment Period, on the third Wednesday of each month; with a quarterly Interest Payment Period, on the third Wednesday of March, June, September and December of each year; with a semi-annual Interest Payment Period on the third Wednesday of the two months specified pursuant to Settlement Procedure "A" below; and with an annual Interest Payment Period, on the third Wednesday of the month specified pursuant to Settlement Procedure "A" below; provided, however, that if an Interest Payment Date for a Floating Rate Book-Entry Note would otherwise be a day that is not a Business Day with respect to such Floating Rate Book-Entry Note, such Interest Payment Date will be the next succeeding Business Day with respect to such Floating Rate Book-Entry Note, except in the case of a Floating Rate Book-Entry Note for which the Base Rate is LIBOR, if such Business Day is in the next succeeding calendar month, such Interest Payment Date will be the immediately preceding Business Day; and provided further, that in the case of a Floating Rate Book-Entry Note issued between a Regular Record Date and an Interest Payment Date, the first interest payment will be made on the

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Interest Payment Date following the next succeeding Regular Record Date.

Notice of Interest Payment and Regular Record Dates. On the first Business Day of January, April, July and October of each year, the Trustee will deliver to the Company and DTC a written list of Regular Record Dates and Interest Payment Dates that will occur with respect to Book-Entry Notes during the six-month period beginning on such first Business Day. Promptly after each Interest Determination Date for Floating Rate Book-Entry Notes, _____, as Calculation Agent, will notify Standard & Poor's Corporation of the interest rates determined on such Interest Determination Date.

Calculation of Fixed Rate Book-Entry Notes. Interest

Interest: on Fixed Rate Book-Entry Notes (including interest for partial periods) will be calculated on the basis of a 360-day year of twelve 30-day months.

Floating Rate Book-Entry Notes. Interest rates on Floating Rate Book-Entry Notes will be determined as set forth in the form of Notes. Interest on Floating Rate Book-Entry Notes, except as otherwise set forth therein, will be calculated on the basis of actual days elapsed and a year of 360 days, except

that in the case of a Floating Rate Book-Entry Note for which the Base Rate is Treasury Rate, interest will be calculated on the basis of the actual number of days in the year.

Payments of Principal and Interest:

Payment of Interest Only. Promptly after each Regular Record Date, the Trustee will deliver to the Company and DTC a written notice setting forth, by CUSIP number, the amount of interest to be paid on each Global Security on the following Interest Payment Date (other than an Interest Payment Date coinciding with Maturity) and the total of such amounts. DTC will confirm the amount payable on each Global Security on such Interest Payment Date by reference to the appropriate (daily or weekly) bond reports published by Standard & Poor's Corporation. The Company will pay to the Trustee, as paying agent, the total amount of interest due on such Interest Payment Date (other than at Maturity), and the Trustee will pay such amount to DTC, at the times and in the manner set forth be-

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low under "Manner of Payment". If any Interest Payment Date for a Book-Entry Note is not a Business Day, the payment due on such day shall be made on the next succeeding Business Day and no interest shall accrue on such payment for the period from and after such Interest Payment Date.

Payments at Maturity. On or about the first Business Day of each month, the Trustee will deliver to the Company and DTC a written list of principal and interest to be paid on each Global Security maturing (on a Maturity or Redemption Date or otherwise) in the following month. The Trustee, the Company and DTC will confirm the amounts of such principal and interest payments with respect to each such Global Security on or about the fifth Business Day preceding the Maturity of such Global Security. On or before Maturity, the Company will pay to the Trustee, as paying agent, the principal amount of such Global Security, together with interest due at such Maturity. The Trustee will pay such amount to DTC at the times and in the manner set forth below under "Manner of Payment". If any Maturity of a Global Security representing Book-Entry Notes is not a Business Day, the payment due on such day shall be made on the next succeeding Business Day and no interest shall accrue on such payment for the period from and after such Maturity. Promptly after payment to DTC of the principal and interest due at Maturity of such Global Security, the Trustee will cancel such Global Security in accordance with the Indenture and so advise the Company.

Manner of Payment. The total amount of any principal and interest due on Global Securities on any Interest Payment Date or at Maturity shall be paid by the Company to the Trustee in immediately available funds no later than 11:00 A.M. (New York City time) on such date. The

Company will make such payment on such Global Securities by instructing the Trustee to withdraw funds from an account maintained by the Company at The Chase Manhattan Bank or by wire transfer to an account previously notified to the Company. The Company will confirm any such instructions in writing to the Trustee. Prior to 10 A.M. (New York City time) on the date of Maturity or as soon as possible thereafter, the Trustee will pay by separate wire transfer (using Fed-wire message entry instructions in a form previously specified by DTC) to an account at the Federal Reserve Bank of New York previously specified by DTC, in

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funds available for immediate use by DTC, each payment of principal (together with interest thereon) due on a Global Security on such date. On each Interest Payment Date (other than at Maturity), interest payments shall be made to DTC, in funds available for immediate use by DTC, in accordance with existing arrangements between the Trustee and DTC. On each such date, DTC will pay, in accordance with its SDFS operating procedures then in effect, such amounts in funds available for immediate use to the respective Participants in whose names the Book-Entry Notes represented by such Global Securities are recorded in the book-entry system maintained by DTC. Neither the Company (as issuer or as paying agent) or the Trustee shall have any direct responsibility or liability for the payment by DTC to such Participants of the principal of and interest on the Book-Entry Notes.

Withholding Taxes. The amount of any taxes required under applicable law to be withheld from any interest payment on a Book-Entry Note will be determined and withheld by the Participant, indirect participant in DTC or other Person responsible for forwarding payments and materials directly to the beneficial owner of such Note.

Procedure for
Rate Setting
Posting:

The Company and the Agents will discuss from time to time the aggregate principal price of, and the interest rates to be borne by, Book-Entry Notes that may be sold as a result of the solicitation of orders by the Agents. If the Company decides to set prices of, and rates borne by, any Book-Entry Notes in respect of which the Agents are to solicit orders (the setting of such prices and rates to be referred to herein as "posting") or if the Company decides to change prices or rates previously posted by it, it will promptly advise the Agents of the prices and rates to be posted.

Acceptance and Unless otherwise instructed by the Company, Rejection of each Agent will advise the Company promptly by Orders: telephone of all orders to purchase Book-Entry Notes received by such Agent, other than those rejected by it in whole or in part in the reasonable exercise of its discretion. Unless otherwise agreed by the Company and the Agents, the Company has the right to accept orders to purchase Book-Entry Notes and may reject any such orders in whole or in part.

Preparation of If any order to purchase a Book-Entry Note is accepted by

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Pricing Supplement: or on behalf of the Company, the Company will prepare a pricing supplement (a "Pricing Supplement") reflecting the terms of such Book-Entry Note and will file said Pricing Supplement with the Commission in accordance with the applicable paragraph of Rule 424(b) under the Act and will supply at least ten copies thereof (and additional copies if requested) to the Agent which presented the order (the "Presenting Agent"). The Company shall deliver the Pricing Supplements via next day mail or telecopy to arrive no later than 11:00 A.M. on the Business Day following the sale date to the Presenting Agent at the address designated by it to the Company. The Presenting Agent will cause a Prospectus and Pricing Supplement to be delivered to the purchaser of such Book-Entry Note.

In each instance that a Pricing Supplement is prepared, the Presenting Agent will affix the Pricing Supplement to Prospectuses prior to their use. Outdated Pricing Supplements (other than those retained for files), will be destroyed.

Suspension of Solicitation; Amendment or Supplement: Subject to the Company's representations, warranties and covenants contained in the Distribution Agreement, the Company may instruct the Agents to suspend at any time, for any period of time or permanently, the solicitation of orders to purchase Book-Entry Notes. Upon receipt of such instructions, the Agents will forthwith suspend solicitation until such time as the Company has advised them that such solicitation may be resumed.

In the event that at the time the Company suspends solicitation of purchases there shall be any orders outstanding for settlement, the Company will promptly advise the Agents and the Trustee whether such orders may be settled and whether copies of the Prospectus as in effect at the time of the suspension, together with the appropriate Pricing Supplement, may be delivered in connection with the settlement of such orders. The Company will have the sole responsibility for such decision and for any arrangements that may be made in the event that the Company determines that such orders may not be settled or that copies of such Prospectus may not be so delivered. If the Company decides to amend or supplement the Registration Statement (as defined in the Distribution Agreement) or the Prospectus, it will promptly advise the Agents and furnish the Agents with the proposed

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amendment or supplement and with such certificates and opinions as are required, all to the extent required by and in accordance with the terms of the Distribution Agreement. Subject to the provisions of the Distribution Agreement, the Company may file with the Commission any such supplement to the Prospectus relating to the Notes. The Company will provide the Agents and the Trustee with copies of any such supplement, and confirm to the Agents that such supplement has been filed with the Commission pursuant to

the applicable paragraph of Rule 424(b).

Procedures For Rate Changes: When the Company has determined to change the interest rates of Book-Entry Notes being offered, it will promptly advise the Agents and the Agents will forthwith suspend solicitation of orders. The Agents will telephone the Company with recommendations as to the changed interest rates. At such time as the Company has advised the Agents of the new interest rates, the Agents may resume solicitation of orders. Until such time only "indications of interest" may be recorded. Within two Business Days after any sale of Book-Entry Notes, the Company will file with the Securities and Exchange Commission a Pricing Supplement to the Prospectus relating to such Book-Entry Notes that reflects the applicable interest rates and other terms and will deliver copies of such Pricing Supplement to the Agents.

Delivery of Prospectus: A copy of the Prospectus and a Pricing Supplement relating to a Book-Entry Note must accompany or precede the earliest of any written offer of such Book-Entry Note, confirmation of the purchase of such Book-Entry Note and payment for such Book-Entry Note by its purchaser. If notice of a change in the terms of the Book-Entry Notes is received by the Agents between the time an order for a Book-Entry Note is placed and the time written confirmation thereof is sent by the Presenting Agent to a customer or his agent, such confirmation shall be accompanied by a Prospectus and Pricing Supplement setting forth the terms in effect when the order was placed. Subject to "Suspension of Solicitation; Amendment or Supplement" above, the Presenting Agent will deliver a Prospectus and Pricing Supplement as herein described with respect to each Book-Entry Note sold by it. The Company will make such delivery if such Book-Entry Note is sold directly by the Company to a purchaser (other than an Agent).

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Confirmation: For each order to purchase a Book-Entry Note solicited by any Agent and accepted by or on behalf of the Company, the Presenting Agent will issue a confirmation to the purchaser, with a copy to the Company, setting forth the details set forth above and delivery and payment instructions.

Settlement: The receipt by the Company of immediately available funds in payment for a Book-Entry Note and the authentication and issuance of the Global Security representing such Book-Entry Note shall constitute "settlement" with respect to such Book-Entry Note. All orders accepted by the Company will be settled on the third Business Day following the date of sale of such Book-Entry Note pursuant to the timetable for settlement set forth below unless the Company and the purchaser agree to settlement on another day which shall be no earlier than the next Business Day following the date of sale.

Settlement Settlement Procedures with regard to each Book-Entry

Procedures: Note sold by the Company through any Agent, as agent, shall be as follows:

- A. The Presenting Agent will advise the Company by telephone of the following

settlement information:

1. Principal amount.
2. Maturity Date.
3. In the case of a Fixed Rate Book-Entry Note, the interest rate or, in the case of a Floating Rate Book-Entry Note, the Base Rate, initial interest rate (if known at such time), Index Maturity, Interest Reset Period, Interest Reset Dates, Spread or Spread Multiplier (if any), minimum interest rate (if any) and maximum interest rate (if any).
4. Interest Payment Dates and the Interest Payment Period.
5. Redemption provisions, if any.
6. Settlement date.

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7. Price.
8. Presenting Agent's commission, determined as provided in section 2 of the Distribution Agreement.
9. Whether such Book-Entry Note is issued at an original issue discount and, if so, the total amount of OIL, the yield to maturity and the initial accrual period OIL.

B. The Company will assign a CUSIP number to the Global Security representing such Book-Entry Note and then advise the Trustee by telephone (confirmed in writing at any time on the same date) or electronic transmission of the information set forth in Settlement Procedure "A" above, such CUSIP number and the name of the Presenting Agent. The Company will also notify the Presenting Agent by telephone of such CUSIP number as soon as practicable.

C. The Trustee will enter a pending deposit message through DTC's Participant Terminal System providing the following settlement information to DTC (which shall route such information to Standard & Poor's Corporation), the Presenting Agent and, upon request, the Trustee:

1. The information set forth in Settlement Procedure "A".
2. Identification as a Fixed Rate Book-Entry Note or a Floating Rate Book-Entry Note.
3. Initial Interest Payment Date for such Book-Entry Note, number of days by which such date succeeds the related Regular Record Date and amount of interest payable on such Interest Payment Date.
4. The Interest Payment Period.

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5. CUSIP number of the Global Security representing such Book-Entry Note.
6. Whether such Global Security will represent any other Book-Entry Note (to the extent known at such time).

D. To the extent the Company has not already done so, the Company will deliver to the Trustee a Global Security in a form that has been approved by the Company, the Agents and the Trustee.

E. The Trustee will complete such Book-Entry Note, stamp the appropriate legend, as instructed by DTC, if not already set forth thereon, and authenticate the Global Security representing such Book-Entry Note.

F. DTC will credit such Book-Entry Note to the Trustee's participant account at DTC.

G. The Trustee will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC to (i) debit such Book-Entry Note to the Trustee's participant account and credit such Book-Entry Note to the Presenting Agent's participant account and (ii) debit the Presenting Agent's settlement account and credit the Trustee's settlement account for an amount equal to the price of such Book-Entry Note less the Presenting Agent's commission. The entry of such a deliver order shall constitute a representation and warranty by the Trustee to DTC that (i) the Global Security representing such Book-Entry Note has been issued and authenticated and (ii) the Trustee is holding such Global Security pursuant to the Medium-Term Note Certificate Agreement between the Trustee and DTC.

H. The Presenting Agent will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC (i) to debit

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such Book-Entry Note to the Presenting Agent's participant account and credit such Book-Entry Note to the participant accounts of the Participants with respect to such Book-Entry Note and (ii) to debit the settlement accounts of such Participants and credit the settlement account of the Presenting Agent for an amount equal to the price of such Book-Entry Note.

I. Transfers of funds in accordance with SDFS deliver orders described in Settlement Procedures "G" and "H" will be settled in accordance with SDFS operating procedures in effect on the settlement date.

J. The Trustee will, upon receipt of funds from the Agent in accordance with Settlement Procedure "G", credit or wire transfer to an account of the Company previously notified in writing to the Trustee funds available for immediate use in the amount transferred to the Trustee in accordance with Settlement Procedure "G".

K. The Presenting Agent will confirm

the purchase of such Book-Entry Note to the purchaser either by transmitting to the Participants with respect to such Book-Entry Note a confirmation order or orders through DTC's institutional delivery system or by mailing a written confirmation to such purchaser.

Settlement Procedures Timetable: For orders of Book-Entry Notes solicited by any Agent and accepted by the Company for settlement on the first Business Day after the sale date, Settlement Procedures "A" through "K" set forth above shall be completed as soon as possible but not later than the respective times (New York City time) set forth below:

Settlement Procedure	Time	
A	11:00 A.M.	on the sale date
B	12:00 Noon	on the sale date
C	2:00 P.M.	on the sale date
D	3:00 P.M.	on the day before settlement
E	9:00 A.M.	on settlement date
F	10:00 A.M.	on settlement date
G-H	2:00 P.M.	on settlement date
I	4:45 P.M.	on settlement date
J-K	5:00 P.M.	on settlement date

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If a sale is to be settled more than one Business Day after the sale date, Settlement Procedures "A", "B" and "C" shall be completed as soon as practicable but no later than 11:00 A.M. and 12:00 Noon on the first Business Day after the sale date and no later than 2:00 P.M. on the

Business Day before the settlement date, respectively. If the initial interest rate for a Floating Rate Book-Entry Note has not been determined at the time that Settlement Procedure "A" is completed, Settlement Procedures "B" and "C" shall be completed as soon as such rate has been determined but no later than 12:00 Noon and 2:00 P.M., respectively, on the Business Day before the settlement date. Settlement Procedure "I" is subject to extension in accordance with any extension of Fed-wire closing deadlines and in the other events specified in SDFS operating procedures in effect on the settlement date.

If settlement of a Book-Entry Note is rescheduled or canceled, the Trustee will deliver to DTC, through DTC's Participant Terminal System, a cancellation message to such effect by no later than 2:00 P.M. on the Business Day immediately preceding the scheduled settlement date.

Failure to
Settle:

If the Trustee fails to enter an SDFS deliver order with respect to a Book-Entry Note pursuant to Settlement Procedure "G", the Trustee may deliver to DTC, through DTC's Participant Terminal System, as soon as practicable, a withdrawal message instructing DTC to debit such Book-Entry Note to the Trustee's participant account. DTC will process the withdrawal message, provided that the Trustee's participant account contains a principal amount of the Global Security representing such Book-Entry Note that is at least equal to the principal amount to be debited. If a withdrawal message

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is processed with respect to all the Book-Entry Notes represented by a Global Security, the Trustee will cancel such Global Security in accordance with the Indenture and so advise the Company and the Trustee, and the Trustee will make appropriate entries in its records. The CUSIP number assigned to such Global Security shall, in accordance with CUSIP Service Bureau procedures, be canceled and not immediately reassigned. If a withdrawal message is processed with respect to one or more, but not all, of the Book-Entry Notes represented by a Global Security, the Trustee will exchange such Book-Entry Note for two Global Securities, one of which shall represent such Book-Entry Notes and shall be canceled immediately after issuance and the other of which shall represent the other Book-Entry Notes previously represented by the surrendered Global Security and shall bear the CUSIP number of the surrendered Global Security.

If the purchase price for any Book-Entry Note is not timely paid to the Participants with respect to such Note by the beneficial purchaser thereof (or a Person, including an indirect participant in DTC, acting

on behalf of such purchaser), such Participants and, in turn, the Presenting Agent may enter SDFS deliver orders through DTC's Participant Terminal System reversing the orders entered pursuant to Settlement Procedures "H" and "G", respectively. Thereafter, the Trustee will deliver the withdrawal message and take the related actions described in the preceding paragraph. If such failure shall have occurred for any reason other than a default by the Presenting Agent in the performance of its obligations hereunder and under the Distribution Agreement, then the Company will reimburse the Presenting Agent or the Trustee, as applicable, on an equitable basis for the loss of the use of the funds during the period when they were credited to the account of the Company.

Notwithstanding the foregoing, upon any failure to settle with respect to a Book-Entry Note, DTC may take any actions in accordance with its SDFS operating procedures then in effect. In the event of a failure to settle with respect to one or more, but not all, of the Book-Entry Notes to have been represented by a Global Security, the Trustee will provide, in accordance with

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Settlement Procedure "E", for the authentication and issuance of a Global Security representing the other Book-Entry Notes to have been represented by such Global Security and will make appropriate entries in its records.

Trustee Not
to Risk Fund:

Nothing herein shall be deemed to require the Trustee to risk or expend its own funds in connection with any payment to the Company, DTC, the Agents or the purchaser, it being understood by all parties that payments made by the Trustee to the Company, DTC, the Agents or the purchaser shall be made only to the extent that funds are provided to the Trustee for such purpose.

Authenticity of
Signatures:

The Company will cause the Trustee to furnish the Agents from time to time with the specimen signatures of each of the Trustee's officers, employees or agents who has been authorized by the Trustee to authenticate Book-Entry Notes, but neither the Trustee nor any Agent will have any obligation or liability to the Company or the Trustee in respect of the authenticity of the signature of any officer, employee or agent of the Company or the Trustee on any Book-Entry Note.

Payment of
Expenses:

Each Agent shall forward to the Company, a monthly statement of the out-of-pocket expenses incurred by such Agent during that month that are reimbursable to it pursuant to the terms of the Distribution Agreement. The Company will remit payment to the Agents currently on a monthly basis.

Advertising

The Company will determine with the Agents the

Costs: amount of advertising that may be appropriate in soliciting offers to purchase the Book-Entry Notes. Advertising expenses will be paid by the Company.

Periodic Statements from the Trustee: Periodically, the Trustee will send to the Company a statement setting forth the principal amount of Book-Entry Notes Outstanding as of that date and setting forth a brief description of any sales of Book-Entry Notes which the Company has advised the Trustee but which have not yet been settled.

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PART II

Administrative Procedures for Certificated Notes

Maturities: Each Certificated Note will mature on a date (the "Maturity Date") nine months or more after the date of issue of such Certificated Note by the Company (the "Closing Date").

Price to Public: Each Certificated Note will be issued at the percentage of principal amount specified in the applicable sticker to the Prospectus (as defined in Section 1(a) of the Distribution Agreement) relating to the Certificated Notes.

Currencies: The Certificated Notes will be denominated in U.S. dollars or in such other currency or currency unit as specified in the applicable sticker to the Prospectus (the "Specified Currency").

Denominations: The denomination of any Certificated Note will be a minimum of \$1,000 or any amount in excess thereof which is an integral multiple of \$1,000, or the equivalent, as determined pursuant to the provisions of such Certificated Note, of U.S. \$1,000 (rounded down to a multiple of 1,000 units of such Specified Currency) and any amount in excess thereof which is a multiple of 1,000 units of such Specified Currency.

Registration: Certificated Notes will be issued only in fully registered form.

Interest Payments: Each Certificated Note will bear interest at either a fixed rate (a "Fixed Rate Certificated Note") or at a variable rate as described in such certificated Note and in the Prospectus (a "Floating Rate Certificated Note").

Except as set forth in the Certificated Note, each Certificated Note will bear interest from the Closing Date of such Certificated Note at the annual rate stated on the face thereof, payable semiannually on May 15 and November 15 of each year (each an "Interest Payment Date") and on the Maturity Date subject to certain exceptions. Except as otherwise agreed, interest (including payments for partial periods) will be

calculated on the basis of a 360-day year of 12 30-day months. Interest will be payable to the person in whose name the Certificated Note is registered at the close of business on the 15th day (each a "Record Date") next preceding the Interest Payment Date. The first payment of interest on any Certificated Note originally issued between a Record Date and the related Interest Payment Date will be made on such Interest Payment Date immediately following the next succeeding Record Date. Notwithstanding the record date provisions above, interest payable on the Maturity Date will be payable to the person to whom principal shall be payable. Unless other arrangements are made, all interest payments (excluding interest payments made on the Maturity Date) will be made by check mailed to the person entitled thereto as provided above.

Within 10 days following each Record Date, the Trustee will inform the Company of the total amount of the interest payments to be made by the Company on the next succeeding Interest Payment Date and the currency or currency units in which such interest payments are to be made. The Trustee will provide monthly to the Company a list of the principal and interest to be paid on Certificated Notes maturing in the next succeeding month.

Calculation Agent:

_____ will be the Calculation Agent for the Floating Rate Certificated Notes. The Calculation Agent will confirm in writing to the Trustee and any paying agent any calculation immediately after the determination thereof. Neither the Trustee nor any paying agents shall be responsible for any such calculation.

Procedure for Rate Setting and Posting:

The Company and the Agents will discuss from time to time the aggregate principal amount of, the issuance price of, and the interest rates to be borne by, Certificated Notes that may be sold as a result of the solicitation of offers by the Agents. If the Company decides to set prices of, and rates borne by, any Certificated Notes in respect of which the Agents are to solicit offers (the setting of such prices and rates to be referred to herein as "posting") or if the Company decides to change prices or rates previously posted by it,

it will promptly advise the Agents of the prices and rates to be posted.

Acceptance of Offers:

If the Company posts prices and rates as provided above, each Agent as agent for and on behalf of the Company, shall promptly accept offers received by such Agent to purchase Certificated Notes at the prices and rates so posted, subject to (1) any instructions from the Company received by such Agent concerning the

aggregate principal amount of Certificated Notes to be sold at the prices and rates so posted or the period during which such posted prices and rates are to be in effect, (2) any instructions from the Company received by such Agent changing or revoking any posted prices and rates, (3) compliance with the securities laws of the United States and all other jurisdictions and (4) such Agent's right to reject any such offer as provided below.

If the Company does not post prices and rates and an Agent receives an offer to purchase Certificated Notes, or, if while posted prices and rates are in effect, an Agent receives an offer to purchase Certificated Notes on terms other than those posted by the Company, such Agent will promptly advise the Company of each such offer other than offers rejected by such Agent as provided below. The Company will have the sole right to accept any such offer to purchase Certificated Notes. The Company may reject any such offer in whole or in part. Each Agent may, in its discretion reasonably exercised, reject any offer to purchase Certificated Notes received by it in whole or in part.

Preparation of
Sticker:

If any offer to purchase a Certificated Note is accepted by or on behalf of the Company, the Company, with the approval of the Agent who presented the offer (the "Presenting Agent") will prepare a sticker reflecting the terms of such Certificated Note and will arrange to have stickered Prospectuses, as supplemented to relate to the Certificated Notes and the plan of distribution thereof (the "Supplemented Prospectus"), filed with the Commission in accordance with Rule 424 under the Act and will supply at least 10 copies thereof (or additional copies if requested) to the Presenting Agent and one copy to the Trustee. The Company shall deliver the stickers via next day mail or telecopy to arrive no later than 11:00 A.M. on the Business Day following the sale

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date to the Presenting Agent at the address designated by it to the Company. The Presenting Agent will cause a stickered Supplemented Prospectus to be delivered to the purchaser of the Certificated Note.

In each instance that a sticker is prepared, the Presenting Agent will affix the sticker to Supplemented Prospectuses prior to their use. Outdated stickers, and the Supplemented Prospectuses to which they are attached (other than those retained for files), will be destroyed.

Suspension of
Solicitation;
Amendment or
Supplement of

The Company reserves the right in its sole discretion, to instruct the Agents to suspend at any time, for any any period of time or permanently, the solicitation of offers to purchase Certificated

Prospectus: Notes. Upon receipt of instructions from the Company, the Agents will forthwith suspend solicitation of offers to purchase Certificated Notes from the Company until such time as the Company has advised them that such solicitation may be resumed.

If the Company decides to amend or supplement the Registration Statement or the Prospectus relating to the Certificated Notes (except for a supplement relating to an offering of securities other than the Certificated Notes), it will promptly advise the Agents and the Trustee and will furnish the Agents and the Trustee with the proposed amendment or supplement in accordance with the terms of the Distribution Agreement. The Company will file with the Commission any supplement to the Prospectus relating to the Certificated Notes, provide the Agents with sufficient copies of any such supplement within a reasonable time prior to the earlier of the delivery of written confirmation of the sale of Certificated Notes or the delivery of Certificated Notes to any purchaser thereof, and confirm to the Agents that such supplement has been filed with the Commission.

If at the time the Company suspends solicitation of offers to purchase Certificated Notes there shall be any outstanding offers to purchase Certificated Notes that have been accepted by the Company but for which settlement has not yet occurred, the Company will promptly advise the Presenting Agent or Agents and the Trustee whether such sales may be settled and whether

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copies of the Prospectus as supplemented to the time of the suspension may be delivered in connection with the settlement of such sales. The Company will have the sole responsibility for such decision and for any arrangements which may be made in the event that the Company determines that such sales may not be settled or that copies of such Prospectus may not be so delivered.

Confirmation: For each offer to purchase a Certificated Note solicited by a Presenting Agent and accepted by or on behalf of the Company, such Presenting Agent will issue a confirmation to the purchaser thereof, with a copy to the Company, setting forth the details set forth above and delivery and payment instructions.

Settlement: The Closing Date with respect to any offer to purchase Certificated Notes accepted by or on behalf of the Company will be a date on or before the fifth day that is not a Saturday or Sunday and that, in the City of New York (and with respect to LIBOR Certificated Notes, the City of London) is not a day on which banking institutions are generally authorized or obligated by law to close (a

"Business Day") next succeeding the date of acceptance unless otherwise agreed by the purchaser and the Company and shall be specified upon acceptance of such offer. The Company will instruct the Trustee to effect delivery of each Certificated Note no later than 1:00 p.m., New York City time, on the Closing Date to the Presenting Agent for delivery to the purchaser.

Details for Settlement:

For each offer to purchase a Certificated Note by or on behalf of the Company, the Presenting Agent will provide (unless provided by the purchaser directly to the Company) by telephone the following information to the Company:

1. Exact name of registered owner.
2. Exact address of registered owner and address for payment of principal and interest.
3. Taxpayer identification number of registered owner.
4. Principal amount of the Certificated Note.
5. Currency or Currency Unit.
6. Interest Rate or Interest Rate Basis.
7. Spread or Spread Multiplier.
8. Issue Price of Certificated Note

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9. Closing Date.

10.Index Maturity.

11.Initial Interest Rate.

12.Maximum Interest Rate.

13.Minimum Interest Rate.

14.Reset Dates.

15.Maturity Date.

16.Presenting Agent's commission to be paid in the form of a discount upon settlement.

17.Net Proceeds to the Company.

18.Requested Denominations.

19.Interest Payment Dates.

20.Calculation Date.

21.All other items to be specified

in any Certificated Note.

The Presenting Agent will advise the

Company of the foregoing information (unless provided by the purchaser directly to the Company) for each offer to purchase a Certificated Note solicited by such Presenting Agent and accepted by the Company in time for the Trustee to prepare and authenticate the required Certificated Note. Before accepting any offer to purchase a Certificated Note to be settled in less than 3 Business Days, the Company shall verify that the Trustee will have

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adequate time to prepare and authenticate such Certificated Note.

After receiving from the Presenting Agent the details for each offer to purchase a Certificated Note, the Company will, after recording the details and any necessary calculations, provide appropriate documentation to the Trustee, including the information provided by the Presenting Agent necessary for the preparation and authentication of such Certificated Note, and will inform the Trustee (1) whether such Certificated Note is an original issue discount Certificated Note and (2) the yield to maturity of any Fixed Rate Certificated Note that is an original issue discount Certificated Note. Prior to preparing the Certificated Note for delivery (but in any case no later than 10:00 a.m. on the Business Day next preceding the Closing Date therefor), the Trustee will confirm the details of such issue with the Presenting Agent by telephone.

Certificated
Note
Deliveries and
Cash Payment:

Upon receipt of appropriate documentation and instructions, the Company will cause the Trustee to prepare and authenticate the pre-printed 4-ply Certificated Note packet containing the following documents in forms approved by the Company, the Agents and the Trustee:

1. Certificated Note with customer confirmation.
2. Stub 1 - For the Presenting Agent.

3. Stub 2 - For the Company.

4. Stub 3 - For the Trustee.

Each Certificated Note shall be authenticated on the Closing Date therefor. The Trustee will authenticate each Certificated Note and deliver it to the Presenting Agent (and deliver the stubs as indicated above), all in accordance with written instructions (or oral instructions confirmed in writing (which may be given by telex, telecopy or facsimile) on the next Business Day) from the Company.

Delivery by the Trustee of each

Certificated Note will be made against receipt by the Company on the Closing Date in immediately available funds of an amount equal to the issue price of

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such Certificated Note less the Presenting Agent's commission.

Upon verification by the Presenting Agent that a Certificated Note has been prepared and properly authenticated by the Trustee and registered in the name of the purchaser in the proper principal amount, payment will be made to the Company by the Presenting Agent the same day in immediately available funds. Such payment shall be made by the Presenting Agent only upon prior receipt by the Presenting Agent of immediately available funds from or on behalf of the purchaser unless the Presenting Agent decides, at its option, to advance its own funds for such payment against subsequent receipt of funds from the purchaser.

Upon delivery of a Certificated Note to the Presenting Agent, the Presenting Agent shall promptly deliver such Certificated Note to the purchaser.

If any Certificated Note is incorrectly prepared, the Trustee shall promptly issue a replacement Certificated Note in exchange for the incorrectly prepared Certificated Note.

Fails:

If the Presenting Agent, at its own option, has advanced its own funds for payment against subsequent receipt of funds from the purchaser, and if the purchaser shall fail to make payment for the Certificated Note on the Closing Date therefor, the Presenting Agent will promptly notify the Trustee and the Company by telephone, promptly confirmed in writing (but no later than the next Business Day). In such event, the Company shall promptly provide the Trustee with appropriate documentation and instructions consistent with these procedures for the return of the Certificated Note to the Trustee and the Presenting Agent will promptly return the Certificated Note to the Trustee. Upon (i) confirmation from the Trustee in writing (which may be given by telex, telecopy or facsimile) that the Trustee has received the Certificated Note and upon (ii) confirmation from the Presenting Agent in writing (which may be given by telex, telecopy or facsimile) that the Presenting Agent has not received payment from the purchaser (the matters referred to in clauses (i) and (ii) are referred to hereinafter as the

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"Confirmations"), the Company will promptly pay to the Presenting Agent an amount in immediately available funds equal to the amount previously paid by the Presenting Agent in respect of such Certificated Note. Assuming receipt of the Certificated Note by the Trustee and of the Confirmations by the Company, such payment will be made on the Closing Date, if reasonably practical, and in any event not later than the Business Day

following the date of receipt of the Certificated Note and Confirmations. If a purchaser shall fail to make payment for the Certificated Note for any reason other than the failure of the Presenting Agent to provide the necessary information to the Company as described above for settlement or to provide a confirmation to the purchaser within a reasonable period of time as described above or otherwise to satisfy its obligation hereunder or in the Distribution Agreement, and if the Presenting Agent shall have otherwise complied with its obligations hereunder and in the Distribution Agreement, the Company will reimburse the Presenting Agent on an equitable basis for its loss of the use of funds during the period when they were credited to the account of the Company.

Immediately upon receipt of the Certificated Note in respect of which the fail occurred, the Trustee will void said Certificated Note, make appropriate entries in its records and destroy the Certificated Note; and upon such action, the Certificated Note will be deemed not to have been issued, authenticated and delivered.

Trustee Not to Risk Funds: Nothing herein shall be deemed to require the Trustee to risk or expend its own funds in connection with any payment to the Company, or the Agents or the purchaser, it being understood by all parties that payments made by the Trustee to either the Company or the Agents shall be made only to the extent that funds are provided to the Trustee for such purpose.

Authenticity of Signatures: The Company will cause the Trustee to furnish each Agent from time to time with the specimen signatures of each of the Trustee's officers, employees or agents who has been authorized by the Trustee to authenticate Certificated Notes, but the Agents will have no obligation or liability to the Company or the Trustee in respect of the authenticity of the signature of any

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officer, employee or agent of the Company or the Trustee on any Certificated Note.

Payment of Expenses: Each Agent shall forward to Company, a monthly statement of the out-of-pocket expenses incurred by such Agent during that month which are reimbursable to it pursuant to the terms of the Distribution Agreement. The Company will remit payment to the Agents currently on a monthly basis.

Advertising Costs: The Company will determine with each Agent the amount of advertising that may be appropriate in soliciting offers to purchase the Certificated Notes. Advertising expenses will be paid by the Company.

Periodic Statements: Periodically, the Trustee will send to the Company a statement setting forth the principal amount of

Certificated Notes Outstanding as of that date and setting forth a brief description of any sales of Certificated Notes which the Company has advised the Trustee but which have not yet been settled.

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EXHIBIT B

TEXTRON INC.

Medium-Term Notes, Series D

TERMS AGREEMENT

_____ , _____

Textron Inc.
40 Westminster Street
Providence, Rhode Island 02903

Attention:

Re: Distribution Agreement
dated _____, _____

The undersigned agrees to purchase the following principal amount of your Medium-Term Notes: \$

Interest Rate [or method of calculating interest rate]:

Maturity Date:

Initial Redemption Date:

Purchase Price:

Currency or Currency Unit

Settlement Date and Time:

Place of Delivery:

Method of Payment:

Lock-out Period:

[Other]

[insert modifications, if any, of opinions of counsel, certificates from the Company or its officers and letter from Ernst & Young referred to in Section 6(b) of the Distribution Agreement].

[insert any provision for payment of counsel fees and expenses as provided in Section 4(g) of the Distribution Agreement]

[The provisions of Section 8 of the Distribution Agreement shall be amended to substitute the term "Purchaser" for the term "Agent" in each place in which the term "Agent" appears in such Section.]

[Name of Agents]

By _____ Name:

Title:

Accepted:

TEXTRON INC.

By _____

Name:

Title:

Exhibit 4(a)

Form of Fixed Interest Rate Medium-Term Senior Security

[This Security is a Global Security within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depository or a nominee of a Depository. This Global Security is exchangeable for Securities registered in the name of a Person other than the Depository or its nominee only in the limited circumstances described in the Indenture, and no transfer of this Security (other than a transfer of this Security as a whole by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository) may be registered except in such limited circumstances. Every Security delivered upon registration of transfer of, or in exchange for, or in lieu of, this Global Security shall be a Global Security subject to the foregoing except in the limited circumstances described above.

Unless this Certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

EXCEPT AS OTHERWISE PROVIDED HEREIN, THIS GLOBAL SECURITY MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE DEPOSITORY OR TO A SUCCESSOR DEPOSITORY OR TO A NOMINEE OF SUCH SUCCESSOR DEPOSITORY] *

CUSIP 883203 _____

No. R- _____ PRINCIPAL AMOUNT _____

TEXTRON INC. MEDIUM-TERM NOTE, SERIES __

ISSUE DATE: _____ MATURITY DATE: _____ INITIAL REDEMPTION DATE: _____
INTEREST RATE: _____ ISSUE PRICE: _____ SPECIFIED CURRENCY: _____ U.S. Dollars
CITY AND COUNTRY OF _____ COUNTRY OF SPECIFIED _____

SPECIFIED CURRENCY: CURRENCY:

New York, NY, U.S.A. United States of America

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* The Company may under certain circumstances issue certificated notes. Bracketed text included in this form of note applies only to notes issued in global form.

The Optional Redemption Price shall initially be _____% of the principal amount of this [Global] Security to be redeemed and shall decline at each anniversary of the initial Redemption Date by _____% of the principal amount to be redeemed until the Optional Redemption Price is 100% of such principal amount.

TEXTRON INC., a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company", which term includes any successor corporation under the indenture hereinafter referred to), for value received, hereby promises to pay [CEDE & Co., as nominee for the Depository], or registered assigns, the principal sum of _____ in the Specified Currency specified above on the Maturity Date specified above, and to pay interest thereon at the Interest Rate specified above until the principal hereof is paid or duly made available for payment. The Company will pay interest, semiannually on May 15 and November 15 in each year (each an "Interest Payment Date") commencing with the first Interest Payment Date specified above next succeeding the Issue Date, and on the Maturity Date; provided, however, that if an Interest Payment Date should fall on a day that is not a Business Day, such Interest Payment Date shall be the following day that is a Business Day. "Business Day" means any day, other than a Saturday or Sunday, on which banking institutions are open for business in The City of New York or, if this Note is denominated in a Specified Currency other than U.S. dollars, in the city and country above specified. "Specified Currency" means such currency or currency units other than U.S. dollars as may be designated by the Company. Except as provided above and in the Indenture referred to below, interest payments will be made on the Interest Payment Dates specified above. Interest on this [Global] Security will accrue from the most recent date in respect of which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from the Issue Date until the principal hereof has been paid or made available

for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this [Global] Security (or one or more predecessor Securities) is registered at the close of business on the fifteenth day (whether or not a Business Day) next preceding such Interest Payment Date (a "Regular Record Date"), and interest payable on the Maturity Date will be payable to the Person to whom principal shall be payable, except that if the Issue Date of this [Global] Security is between the Regular Record Date and the Related Interest Payment Date, the first payment of interest shall be paid on such Interest Payment Date immediately following the next succeeding Record Date. Any such interest which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date shall forthwith cease to be payable to the Holder hereof on such Regular Record Date or the Person in whose name this [Global] Security was originally registered, as the case may be, and may be paid to the Person in whose name this [Global] Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Company; notice whereof shall be given to the Holder of this [Global] Security not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner.

[As used herein, the term "Depository" shall mean the Depository Trust Company, New York, New York, another clearing agency or any successor registered under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, which in each case, shall be designated by the Company pursuant to the Indenture.]

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Payment of the principal of, premium, if any, and interest on this [Global] Security will be made at the office or agency of the Company maintained for that purpose in the City and Country specified above in such coin or currency of the Country of Specified Currency specified above as at the time of payment is legal tender for the payment of public and private debts; provided that, at the option of the Company, payment of interest may be made by check (drawn on an account at a bank outside of the United States in the case of a Security with a Specified Currency other than U.S. dollars) mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

This Security is a [Global] Security evidencing a portion of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of April 15, 1987 as supplemented by a First Supplemental Indenture, dated as of March 15, 1988 and a Second Supplemental Senior Indenture, dated as of February 6, 1996 (herein called the "Indenture"), between the Company and The Chase Manhattan Bank (formerly known as Chemical Bank, successor by merger to Manufacturers Hanover Trust Company), as Trustee (herein called the "Trustee"), which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This [Global] Security represents a portion of the series designated as the Company's Medium-Term Notes, Series ___.

This [Global] Security may be redeemed at the option of the Company, as a whole, or from time to time in part, on any date, if any, after the initial Redemption Date specified above and prior to the Maturity Date, upon mailing a notice of such redemption not less than thirty nor more than sixty days prior to the date fixed for redemption to the Holders of Securities at their last registered addresses, all as provided in the Indenture, at the Optional Redemption Prices, if any, specified above (expressed in percentages of the principal amount) together in each case with accrued interest to the date fixed for redemption.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of a majority in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this [Global] Security shall be conclusive and binding upon such Holder and upon all future Holders of this [Global] Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this [Global] Security.

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No reference herein to the Indenture and no provision of this [Global] Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this [Global] Security at the times, place and rate, and in the Specified Currency, herein prescribed; provided, however, that if the principal of, premium, if any, or interest on, this [Global] Security is payable in a Specified Currency other than U.S. dollars and such Specified Currency is not available to the Company for making payments thereof due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of this [Global] Security by making such payments in U.S. dollars on the basis of the Market Exchange Rate (as defined below) on the date of such payment, or if such rate of exchange is not then available, on the basis of the most recently available Market Exchange Rate and any payments made under such circumstances in U.S. dollars where the required payment is in a Specified Currency other than U.S. dollars will not constitute an Event of

Default under the Indenture.

As provided in the Indenture and subject to certain limitations therein set forth and herein provided, the transfer of this [Global] Security is registrable in the Security Register, upon surrender of this [Global] Security for registration of transfer at the office or agency of the Company in any place where the principal of, premium, if any, and interest on this [Global] Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon a new [Global] Security evidencing the Securities evidenced hereby, of like tenor and for the same aggregate principal amount, will be issued to the designated transferee or transferees; provided, however, that for so long as any Securities are evidenced by this

[Global] Security, this [Global] Security may be transferred in whole but not in part, only to another nominee of the Depository or to a successor Depository selected or approved by the Company or to a nominee of such successor Depository. The Securities of this series are issuable only in denominations of \$1,000 or any amount in excess thereof which is an integral multiple of \$1,000 unless otherwise specified above. Securities of this series not denominated in U.S. dollars are issuable only in denominations of the equivalent of U.S. dollars \$1,000 rounded to the nearest 1,000 units of such Specified Currency or any amount in excess thereof which is an integral multiple of 1,000 units of the Specified Currency, as determined by the Federal Reserve Bank of New York, at the noon buying rate in New York City for cable transfers of such Specified Currency (the "Market Exchange Rate"); provided, however, in the case of European Currency Units, Market Exchange Rate shall mean the rate of exchange determined by the Commission of the European Economic Communities (or any successor thereto) as published in the Official Journal of the European Communities, or any successor publication, on the Business Day immediately preceding the trade date for such Securities. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this [Global] Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this [Global] Security is registered as the owner hereof for all purposes, whether or not this [Global] Security is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

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[If at any time the Depository notifies the Company that it is unwilling or unable to continue as Depository for the Securities evidenced hereby or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor Depository is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such condition, as the case may be, the Company will execute, and the Trustee will authenticate and deliver, Securities in definitive registered form without coupons, in denominations of \$1,000 or any amount in excess thereof which is an integral multiple of \$1,000 (such denominations referred to herein as "authorized denominations"), of like tenor and in an aggregate principal amount equal to the principal amount of this Global Security in exchange for this Global Security. In addition, the Company may at any time determine that the Securities evidenced hereby shall no longer be represented by a Global Security. In such event the Company will execute and the Trustee, upon receipt of an Officers' Certificate evidencing such determination by the Company, will authenticate and deliver Securities in definitive registered form without coupons, in authorized denominations, and of like tenor and in an aggregate principal amount equal to the principal amount of this Global Security in exchange for this Global Security. Upon the exchange of this Global Security for such Securities in definitive registered form without coupons, in authorized denominations, this Global Security shall be cancelled by the Trustee. Securities in definitive registered form issued in exchange for this Global Security shall be registered in such names and in such authorized denominations as the Depository, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities to the Persons in whose names such Securities are so registered.]

All terms used in this [Global] Security that are defined in the Indenture and not herein otherwise defined shall have the meanings assigned to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee, directly or through an Authenticating Agent, by manual signature of an authorized officer, this [Global] Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: _____

TEXTRON INC.

By: _____
Vice President and Treasurer

Attest: _____ Assistant Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This [Global] Security is one of the series designated therein referred to in the within-mentioned Indenture.

THE CHASE MANHATTAN BANK,
As Trustee,

By: _____
Authorized Officer

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please insert social security or other
identifying number of assignee)

(Please print or type name and address including postal zip code of assignee)

the within [Global] Security and all rights thereunder, hereby irrevocably constituting and appointing

_____ attorney to transfer said [Global] Security

on the books of the Company, with full power of substitution in the premises.

Dated: _____

Signature: _____

Signature guarantee: _____

NOTE: The signature to this assignment must correspond with the name as written upon the face of the within [Global] Security in every particular without alteration or enlargement or any change whatsoever and must be guaranteed by a commercial bank or trust company having its principal office or correspondent in The City of New York or by a member of the New York Stock Exchange.

Exhibit 4(b)

Form of Floating Interest Rate Medium-Term Senior Security

[This Security is a Global Security within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depository or a nominee of a Depository. This Global Security is exchangeable for Securities registered in the name of a Person other than the Depository or its nominee only in the limited circumstances described in the Indenture, and no transfer of this Security (other than a transfer of this Security as a whole by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository) may be registered except in such limited circumstances. Every Security delivered upon registration of transfer of, or in exchange for, or in lieu of, this Global Security shall be a Global Security subject to the foregoing except in the limited circumstances described above.

Unless this Certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

EXCEPT AS OTHERWISE PROVIDED HEREIN, THIS GLOBAL SECURITY MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE DEPOSITORY OR TO A SUCCESSOR DEPOSITORY OR TO A NOMINEE OF SUCH SUCCESSOR DEPOSITORY] *

CUSIP 883203 _____

No. R- _____ PRINCIPAL AMOUNT _____

TEXTRON INC. MEDIUM-TERM NOTE, SERIES __

ISSUE PRICE: INITIAL INTEREST RATE: ISSUE DATE:
INDEX MATURITY: INTEREST RATE BASIS: MATURITY DATE:
SPREAD (plus or minus): INITIAL REDEMPTION DATE: INTEREST PAYMENT PERIOD:

* The Company may under certain circumstances issue certificated notes. Bracketed text included in this form of note applies only to notes issued in global form.

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SPREAD MULTIPLIER: INTEREST RESET PERIOD: MAXIMUM INTEREST RATE:
INTEREST PAYMENT DATES: MINIMUM INTEREST RATE: INTEREST DETERMINATION DATES:
INTEREST RESET DATES: SPECIFIED CURRENCY: U.S. Dollars
CITY AND COUNTRY OF SPECIFIED CURRENCY: COUNTRY OF SPECIFIED CURRENCY: United States of America
New York, NY, U.S.A.

The Optional Redemption Price shall initially be _____% of the principal amount of this [Global] Security to be redeemed and shall decline at each anniversary of the initial Redemption Date by _____% of the principal amount to be redeemed until the Optional Redemption Price is 100% of such principal amount.

TEXTRON INC., a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company", which term includes any successor corporation under the indenture hereinafter referred to), for value received, hereby promises to pay [CEDE & Co., as nominee for the Depository], or registered assigns, the principal sum of _____ in the Specified Currency

specified above on the Maturity Date specified above, and to pay interest thereon at a rate per annum equal to the Initial Interest Rate specified above from the Issue Date until the first Interest Reset Date specified above following the Issue Date specified above and thereafter at a rate determined in accordance with the provisions set forth below under the heading "Determination of Commercial Paper Rate," "Determination of LIBOR," "Determination of Treasury Rate," "Determination of Federal Funds Rate" or "Determination of Prime Rate" depending upon whether the Interest Rate Basis specified above is the Commercial Paper Rate, LIBOR, the Treasury Rate, the Federal Funds Rate or the Prime Rate, until the principal hereof is paid or duly made available for payment. The Company will pay interest as specified above under "Interest Payment Period," commencing with the first Interest Payment Date specified above next succeeding the Issue Date, and on the Maturity Date; provided, however, that if an Interest Payment Date should fall on a day that is not a Business Day, such Interest Payment Date shall be the following day that is a Business Day, except that in case the Interest Rate Basis is LIBOR, if such date falls in the next calendar month, such Interest Payment Date shall be the next preceding day that is a Business Day. "Business Day" means any day, other than a Saturday or Sunday, on which banking institutions are open for business in The City of New York or, if this Note is denominated in a Specified Currency other than U.S. dollars, in the city and country above specified (and, in each case, if the Interest Rate Basis specified above is LIBOR, the City of London).

Except as provided above and in the Indenture referred to below, interest payments will be made on the Interest Payment Dates specified above. Interest on this [Global] Security will accrue from the

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most recent date in respect of which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from the Issue Date until the principal hereof has been paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this [Global] Security (or one or more predecessor Securities) is registered at the close of business on the fifteenth day (whether or not a Business Day), next preceding such Interest Payment Date (a "Regular Record Date"), and interest payable on the Maturity Date will be payable to the Person to whom principal shall be payable, except that if the Issue Date of this

[Global] Security is between the Regular Record Date and the related Interest Payment Date the first payment of interest shall be paid on such Interest Payment Date immediately following the next succeeding Record Date. Any such interest which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date shall forthwith cease to be payable to the Holder hereof on such Regular Record Date or the Person in whose name this [Global] Security was originally registered, as the case may be, and may be paid to the Person in whose name this [Global] Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Company; notice whereof shall be given to the Holder of this [Global] Security not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner.

[As used herein, the term "Depository" shall mean the Depository Trust Company, New York, New York, another clearing agency or any successor registered under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, which in each case, shall be designated by the Company pursuant to the Indenture.]

Payment of the principal of, premium, if any, and interest on this

[Global] Security will be made at the office or agency of the Company maintained for that purpose in the City and Country specified above in such coin or currency of the Country of Specified Currency specified above as at the time of payment is legal tender for the payment of public and private debts; provided that, at the option of the Company, payment of interest may be made by check (drawn on an account at a bank outside of the United States in the case of a Security with a Specified Currency other than U.S. dollars) mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

This Security is a [Global] Security evidencing a portion of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of April 15, 1987, as supplemented by a First Supplemental Indenture, dated as of March 15, 1988, and a Second Supplemental Senior Indenture, dated as of February 6, 1996 (herein called the "Indenture"), between the Company and The Chase Manhattan Bank (formerly known as Chemical Bank, successor by merger to Manufacturers Hanover Trust Company), as Trustee (herein called the "Trustee"), which term includes any successor trustee under the Indenture, to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This [Global] Security represents a portion of the series designated as the Company's Medium-Term Notes, Series ___.

This [Global] Security may be redeemed at the option of the Company, as a whole, or from time to time in part, on any date, if any, after the Initial Redemption Date specified above and prior to the

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Maturity Date, upon mailing a notice of such redemption not less than thirty nor more than sixty days prior to the date fixed for redemption to the Holders of Securities at their last registered addresses, all as provided in the Indenture, at the Optional Redemption Prices, if any, specified above (expressed in percentages of the principal amount) together in each case with accrued interest to the date fixed for redemption.

The interest payable hereon on each Interest Payment Date will include accrued interest from the Issue Date or from the last date in respect of which interest has been paid, as the case may be, to, but excluding, such Interest Payment Date or Maturity Date or the date of redemption or

repayment. Accrued interest will be calculated by multiplying the principal amount hereof by an accrued interest factor. This accrued interest factor shall be computed by adding the interest factors calculated for each day in the period for which accrued interest is being calculated. The interest factor (expressed as a decimal calculated to seven decimal places without rounding) for each such day shall be computed by dividing the interest rate applicable to such day by 360 if the Interest Rate Basis is Commercial Paper Rate, LIBOR, Federal Funds Rate or Prime Rate as indicated on the face hereof, or by the actual number of days in the year if the Interest Rate Basis is CMT Rate or Treasury Rate as indicated on the face hereof. The interest rate in effect on each day will be (a) if such day is an Interest Reset Date, the interest rate with respect to the Interest Determination Date pertaining to such Interest Reset Date or (b) if such day is not an Interest Reset Date, the interest rate with respect to the Interest Determination Date pertaining to the next preceding Interest Reset Date; provided, however, that the interest rate in effect for the period from the date of issue to the first Interest Reset Date will be the Initial Interest Rate specified above. Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, shown on the face hereof. In addition, the interest rate hereon shall in no event be higher than the maximum rate permitted by New York law as the same may be modified by United States law of general application. Commencing with the first Interest Reset Date specified on the face hereof following the Issue Date and thereafter upon each succeeding Interest Reset Date specified on the face hereof, the rate at which interest on this [Global] Security is payable shall be adjusted weekly, monthly, quarterly, semiannually or annually as specified on the face hereof under Interest Reset Period; provided, however, that if any Interest Reset Date would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next day that is a Business Day, except that if the Interest Rate Basis is LIBOR and such Business Day is in the next succeeding calendar month such Interest Reset Date shall be the immediately preceding Business Day. Subject to applicable provisions of law and except as specified herein, on each Interest Reset Date the rate of interest shall be the rate determined in accordance with the provisions of the applicable heading below.

Determination of Commercial Paper Rate. If the Interest Rate Basis is Commercial Paper Rate, as indicated on the face hereof, said interest rate shall equal (a) the Money Market Yield (as defined herein) on the Interest Determination Date specified on the face hereof for commercial paper having the Index Maturity specified on the face hereof (1) as published by the Board of Governors of the Federal Reserve System in Statistical Release H.15(519), under the heading "Commercial Paper," or if unavailable, under such other heading representing commercial paper issued by non-financial entities whose bond rating is "AA" or the equivalent from a nationally recognized statistical rating agency or (2) if such yield is not so published by 9:00 A.M., New York City time, on the Calculation Date (as specified on the face hereof) pertaining to such Interest Determination Date, then as published by the Federal Reserve Bank of New York in its daily statistical release, "Composite 3:30 P.M. Quotations for U.S. Government Securities" under the heading "Commercial Paper" or (b) if neither of such yields is published by 3:00 P.M., New

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York City time, on such Calculation Date, the Money Market Yield of the arithmetic mean (rounded to the nearest .01% with .005% rounded upwards) of the offered rates, as of 11:00 A.M., New York City time, on such Interest Determination Date, of three leading dealers of commercial paper in The City of New York, selected by the Calculation Agent, for commercial paper of the Index Maturity specified on the face hereof placed for an industrial issuer whose bond rating is "AA" or the equivalent, from a nationally recognized rating agency, in each of the above cases adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication by the Spread Multiplier, if any, specified on the face hereof; provided, however, that if such dealers are not quoting as mentioned above, the interest rate in effect hereon until the Interest Reset Date next succeeding the Interest Reset Date to which such Interest Determination Date relates shall be the rate in effect hereon on the Interest Determination Date next preceding such Interest Reset Date.

"Money Market Yield" shall be the yield (expressed as a percentage rounded to the nearest .01% with .005% rounded upwards), calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{\text{D} \times 360}{360 - (\text{D} \times \text{M})} \times 100$$

where "D" refers to the per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal; and "M" refers to the actual number of days in the interest period for which interest is being calculated.

Determination of LIBOR. If the Interest Rate Basis is LIBOR, as indicated on the face hereof, said Interest Rate shall equal the rate determined by the Calculation Agent in accordance with the following:

(i) As of the Interest Determination Date, the Calculation Agent will determine (a) if "LIBOR Reuters" is specified in the Pricing Supplement for this Security the arithmetic mean of the offered rates (unless the specified Designated LIBOR Page, as defined in the third paragraph below, by its terms provides only for a single rate, in which case such single rate shall be used) for deposits in the Index Currency, as designated in the Pricing Supplement for this Security, for the period of the Index Maturity, as designated in the Pricing Supplement for this Security, commencing on the second London Banking Day immediately following such Interest Determination Date, which appear on the designated LIBOR page at approximately 11:00 A.M., London time, on such Interest Determination Date, if at least two such offered rates appear (unless, as aforesaid, only a single rate is required) on such Designated LIBOR Page, or (b) if "LIBOR Telerate" is specified in the Pricing Supplement for this Security the rate for deposits in the Index currency, as designated in the Pricing Supplement for this Security, for the period of the Index Maturity, as designated in the Pricing Supplement, for this Security, commencing on the second London Banking Day following such Interest Determination Date (or, if pounds sterling is the Index Currency, commencing on such Interest Determination Date), that appears on the LIBOR Page at approximately 11:00 A.M., London time, on such Interest Determination Date. If fewer than two offered rates appear (if

"LIBOR Reuters" is specified in the Pricing Supplement for this Security and calculation of LIBOR is based on the arithmetic mean of the offered rates) or if no rate appears (if the Pricing Supplement for this Security specifies either (x) "LIBOR Reuters" and the Designated LIBOR Page by its terms provides only

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for a single rate or (y) "LIBOR Telerate"), LIBOR in respect of that Interest Determination Date will be determined as if the parties had specified the rate described in (ii) below:

(ii) With respect to an Interest Determination Date on which fewer than two offered rates appear (if "LIBOR Reuters" is specified in the Pricing Supplement for this Security and calculation of LIBOR is based on the arithmetic mean of the offered rates) or no rate appears (if the Pricing Supplement for this Security specified either (x) "LIBOR Reuters" and the Designated LIBOR Page by its terms provides only for a single rate or (y) "LIBOR Telerate"), the Calculation Agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected by the Calculation Agent (after consultation with the Company), to provide the Calculation Agent with its offered quotations for deposits in the Index Currency for the period of the specified Index Maturity, commencing on the second London Banking Day immediately following such Interest Determination Date (or, if pounds sterling is the Index Currency, commencing on such Interest Determination Date), to prime banks in the London interbank market at approximately 11:00 A.M., London time, on such Interest Determination Date and in a principal amount equal to an amount of not less than \$1 million (or the equivalent in the Index Currency, if not the U.S. dollar) that is representative of a single transaction in such Index Currency in such market at such time. If at least two such quotations are provided, LIBOR determined on such Interest Determination Date will be the arithmetic mean of such quotations. If one or no quotation is provided, LIBOR determined on such Interest Determination Date will be the arithmetic mean of rates quoted at approximately 11:00 A.M. (or such other time specified in the Pricing Supplement for this Security), in the applicable principal financial center for the country of the Index Currency on such Interest Determination Date, by three major banks in such principal financial center selected by the Calculation Agent (after consultation with the Company) on such Interest Determination Date for loans in the index Currency to leading European banks, for the period of the specified Index Maturity commencing on the second London Banking Day immediately following such Interest Determination Date (or, if pounds sterling is the Index Currency, commencing on such Interest Determination Date) and in a principal amount of not less than \$1 million (or the equivalent in the Index Currency, if the Index Currency is not the U.S. dollar) that is representative of a single transaction in such Index Currency in such market as such time, provided, however, that if the banks selected as aforesaid by the Calculation Agent are not quoting rates as mentioned in this sentence, "LIBOR" for such Interest Reset Period will be the same as LIBOR for the immediately preceding Interest Reset Period (or, if there was no such Interest Reset Period, the rate of interest payable on the LIBOR Notes for which LIBOR is being determined shall be the Initial Interest Rate).

"Index Currency" means the currency (including composite currencies) specified in the Pricing Supplement for this Security as the currency for which LIBOR shall be calculated. If no such currency is specified in the Pricing Supplement for this Security, the Index Currency shall be U.S. dollars.

"Designated LIBOR Page" means either (a) if "LIBOR Reuters" is designated in the Pricing Supplement for this Security, the display on the Reuters Monitor Money Rates Service for the purpose of displaying the London interbank rates of major banks for the applicable Index Currency, or (b) if "LIBOR Telerate" is designated in the Pricing Supplement for this Security, the display on the Dow Jones Telerate Service for the purpose of displaying the London interbank rates of major banks for the applicable Index Currency. If neither LIBOR Reuters nor LIBOR Telerate is specified in the Pricing Supplement for this Security, LIBOR for the applicable Index Currency will be determined as if LIBOR Telerate (and, if the U.S. dollar is the Index Currency, Page 3750) had been specified.

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In each of the above cases, the Interest Rate so determined shall be adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof or by multiplication by the Spread Multiplier, if any, specified on the face hereof.

Determination of Treasury Rate. If the Interest Rate Basis is Treasury Rate, as indicated on the face hereof, said interest rate shall equal the rate for the most recent auction of direct obligations of the United States ("Treasury Bills") having the Index Maturity shown on the face hereof as published by the Board of Governors of the Federal Reserve System in "Statistical Release H.15(519), Selected Interest Rates" or any successor publication of the Board of Governors of the Federal Reserve System, under the heading "Treasury bills -- auction average (investment)" on the Interest Determination Date specified on the face hereof or, if not so published by 9:00 A.M., New York City time, on the Calculation Date (as specified on the face hereof) pertaining to such Interest Determination Date, the auction average rate, expressed as a bond equivalent, rounded to the nearest .01%, with .005% rounded upwards, on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis, as otherwise announced by the United States Department of the Treasury, in either case adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or, by multiplication by the Spread Multiplier, if any, specified on the face hereof. In the event that the results of the auction of Treasury bills having the Index Maturity shown on the face hereof are not published or reported as provided above by 3:00 P.M., New York City time, on such Calculation Date or if no such auction is held in a particular week, then the rate of interest hereon shall be calculated by the Calculation Agent and shall be a yield to maturity (expressed as a bond equivalent, rounded to the nearest .01%, with .005% rounded upward, on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Interest Determination Date of three leading primary United States government securities dealers selected by the Calculation Agent for the issue of Treasury bills with a remaining maturity closest to the Index Maturity shown on the face hereof, adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or buy

multiplication by the Spread Multiplier, if any, specified on the face hereof, provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the interest rate hereon with respect to such Interest Determination Date shall be the rate in effect on such Interest Determination Date.

Determination of CMT Rate. If the Interest Rate basis is CMT Rate, as indicated on the face hereof, said Interest Rate shall equal, (a) with respect to any Interest Determination Date, the rate displayed for the Index Maturity (designated on the face hereof) as found on the Designated CMT Telerate Page (as defined in the following paragraph) under the caption ". . . Treasury Constant Maturities . . . Federal Reserve Board Release H.15" under the column for the Designated CMT Maturity Index (as defined in the second paragraph below) for (i) if the Designated CMT Telerate page is 7055, the rate on such Interest Determination Date and (ii) if the Designated CMT Telerate page is 7052, the week or the month, as applicable, ended immediately preceding the week in which the related Interest Determination Date occurs or (b) if such rate is no longer displayed on the relevant page, or if not displayed by 3:00 P.M., New York City time, on the related Calculation Date, then the Interest Rate for such Interest Determination Date will be such Treasury Constant Maturity rate for the Designated CMT Maturity Index as published in the relevant "Statistical Release H.15(519), Selected Interest Rates" ("H.15(519)") or (c) such rate is no longer published, or if not published by 3:00 P.M., New York City time, on the related Calculation Date, then the Interest Rate for such Interest Determination Date will be such Treasury

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Constant Maturity rate for the Designated CMT Maturity Index (or other United States Treasury rate for the Designated CMT Maturity Index) for the Interest Determination Date with respect to the related Interest Reset Date as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate formerly displayed on the Designated CMT Telerate Page and published in the relevant H.15(519). If such information is not provided by 3:00 P.M., New York City time, on the related Calculation Date, then the Interest Rate for the Interest Determination Date will be calculated by the Calculation Agent and will be a yield to maturity, based on the arithmetic mean of the secondary market closing offer side prices as of approximately 3:30 P.M., New York City time, on the Interest Determination Date reported, according to their written records, by three leading primary United States government securities dealers (each, a "Reference Dealer") in The City of New York (which may include the Agent or their respective affiliates) selected by the Calculation Agent (from five such Reference Dealers selected by the Calculation Agent, after consultation with the Company and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest), for the most recently issued direct noncallable fixed rate obligations of the United States ("Treasury notes") with an original maturity of approximately the Designated CMT Maturity Index and remaining term to maturity of not less than such Designated CMT Maturity Index minus one year. If the Calculation Agent cannot obtain three such Treasury notes quotations, the Interest Rate for such Interest Determination Date will be calculated by the Calculation Agent and will be a yield to maturity based on the arithmetic mean of the secondary market offer side prices as of approximately 3:30 P.M., New York City time, on the Interest Determination Date of three Reference Dealers in The City of New York (from five such Reference Dealers selected by the Calculation Agent, after consultation with the Company, and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest), for Treasury notes with an original maturity of the number of years that is the next highest to the designated CMT Maturity Index and remaining term to maturity closest to the Designated CMT Maturity Index and in an amount of at least \$100,000,000. If three or four (and not five) of such Reference Dealers are quoting as described above, then the Interest Rate will be based on the arithmetic mean of the offer prices obtained and neither the highest or lowest of such quotes will be eliminated, provided, however, that if fewer than three Reference Dealers selected by the Calculation Agent are quoting as described herein, the interest rate for such Interest Reset Date will be the same as the interest rate for the immediately preceding Interest Reset Period (or, if there was no such Interest Reset Period, the rate of interest payable on this Security shall be the Initial Interest Rate). If two Treasury notes with an original maturity as described in the second preceding sentence have remaining terms to maturity equally close to the Designated CMT Maturity Index, the quotes for the Treasury note with the shorter remaining term to maturity will be used. In each of the above cases, the Interest Rate so determined shall be adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof or by multiplication by the Spread Multiplier, if any, specified on the face hereof.

"Designated CMT Telerate Page" means the display on the Dow Jones Telerate Service on the page designated in the Pricing Supplement for this Note (or any other page as may replace such page on that service for the purpose of displaying Treasury Constant Maturities as reported in H.15(519)). If no such page is specified in the Pricing Supplement for this Note the Designated CMT Telerate Page shall be 7052, for the most recent week.

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"Designated CMT Maturity Index" shall be the original period to maturity of the U.S. Treasury securities (either 1, 2, 3, 5, 7, 10, 20 or 30 years) specified in an applicable Pricing Supplement with respect to which the CMT Rate will be calculated. If no such maturity is specified in the applicable Pricing Supplement, the Designated CMT Maturity Index shall be two years.

Determination of Federal Funds Rate. If the Interest Rate Basis is Federal Funds, as indicated on the face hereof, said Interest Rate shall equal with respect to any Interest Determination Date, (a) the rate on such date for Federal Funds as published in H.15(519) under the heading "Federal Funds (Effective)," or, if not so published by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Interest Determination Date, the Federal Funds Rate will be the rate on such Interest Determination Date as published in the Composite Quotations under the heading "Federal Funds/Effective Rate" or (b) if such rate is not yet published in either H.15(519) or the Composite Quotations by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Interest Determination Date, the Federal Funds Rate for such Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight federal funds, as of 11:00 A.M., New York City time, on such Interest Determination Date, arranged by three leading brokers of

federal funds transactions in The City of New York selected by the Calculation Agent. In either case, the Interest Rate so determined shall be adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof or by multiplication by the Spread Multiplier, if any, specified on the face hereof. If the brokers selected as aforesaid by the Calculation Agent are not quoting as set forth above, the Federal Funds Rate in effect for the applicable period will be the same as the Federal Funds Rate for the immediately preceding Interest Reset Period (or, if there was no such Interest Reset Period, the rate of interest payable on this security shall be the Initial Interest Rate).

Determination of Prime Rate. If the Interest Rate Basis is Prime Rate, said Interest Rate shall be equal with respect to any Interest Determination Date, the rate set forth in H.15(519) for such date opposite the caption "Bank Prime Loan" or (b) if such rate is not yet published by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Interest Determination Date, the Prime Rate for such Interest Determination Date will be the arithmetic mean of the rates of interest publicly announced by each bank named on the Reuters Screen USPRIME1 Page (as defined below) as such bank's prime rate or base leading rate as in effect for such Interest Determination Date as quoted on the Reuters Screen USPRIME1 Page on such Interest Determination Date, or, if fewer than four such rates appear on the Reuters Screen USPRIME1 Page for such Interest Determination Date, the rate shall be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by 360 as of the close of business on such Interest Determination Date by four major money center banks in The City of New York selected by the Calculation Agent from which quotations are requested. If fewer than four quotations are provided, the Prime Rate shall be calculated by the Calculation Agent and shall be determined as the arithmetic mean of the prime rates in The City of New York furnished by the appropriate number of substitute banks or trust companies organized and doing business under the laws of the United States, or any State thereof, in each case having total equity capital of at least \$500 million and being subject to supervision or examination by federal or state authority, selected by the Calculation Agent to quote such rate or rates; provided, however, that if the banks or trust companies selected as aforesaid by the Calculation Agent are not quoting rates as set forth above, the "Prime Rate" in effect for such Interest Reset Period will be the same as the Prime Rate for the immediately preceding Interest Reset Period (or, if there was no such Interest Reset Period, the rate of interest payable on this Security shall be the Initial Interest Rate). "Reuters Screen USPRIME1 Page" means the display designated as

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Page "USPRIME1"

on the Reuters Monitor Money Rates Service (or such other page as may replace the USPRIME1 Page on that service for the purpose of displaying prime rates or base lending rates of major United States banks). In each of the above cases the Interest Rate so determined (other than the Initial Interest Rate) shall be adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof or by Multiplication by the Spread Multiplier, if any, specified on the face hereof.

The Calculation Date pertaining to an Interest Determination Date shall be the earlier of (i) the Business Day preceding the applicable Interest Payment Date or maturity date, as the case may be, and (ii) the tenth calendar date after such Interest Determination Date or if any such day is not a Business Day, the next succeeding Business Day. The Trustee shall be the Calculation Agent. The Calculation Agent shall calculate the interest rate hereon in accordance with the foregoing and will confirm in writing such calculation to the Trustee and any Paying Agency immediately after each determination. Neither the Trustee nor any Paying Agency shall be responsible for any such calculation. At the request of the Holder hereof, the Trustee will provide to the Holder hereof the interest rate hereon then in effect and, if determined, the interest rate which will become affective as of the next Interest Reset Date.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of a majority in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this [Global] Security shall be conclusive and binding upon such Holder and upon all future Holders of this [Global] Security and of any Security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this [Global] Security.

No reference herein to the Indenture and no provision of this [Global] Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this [Global] Security at the times, place and rate, and in the Specified Currency, herein prescribed; provided, however, that if the principal of, premium, if any, or interest on, this [Global] Security is payable in a Specified Currency other than U.S. dollars and such Specified Currency is not available to the Company for making payments thereof due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of this [Global] Security by making such payments in U.S. dollars on the basis of the Market Exchange Rate (as defined below) on the date of such payment, or if such rate of exchange is not then available, on the basis of the most recently available Market Exchange Rate and any payments made under such circumstances in U.S. dollars where the required payment is in a Specified Currency other than U.S. dollars will not constitute an Event of Default under the Indenture.

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As provided in the Indenture and subject to certain limitations therein set forth and herein provided, the transfer of this [Global] Security is registrable in the Security Register, upon surrender of this [Global] Security for registration of transfer at the office or agency of the Company in any place where the principal of, premium, if any, and interest on this [Global] Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon a new [Global] Security evidencing the Securities evidenced hereby, of like tenor and for the same aggregate principal amount, will be issued to the designated transferee or transferees; provided, however, that for so long as any Securities are evidenced by this

[Global] Security, this [Global] Security may be transferred in whole but not in part, only to another nominee of the Depository or to a successor Depository selected or approved by the Company or to a nominee of such successor Depository. The Securities of this Series denominated in U.S. dollars are issuable only in denominations of \$1,000 or any amount in excess thereof which is an integral multiple of \$1,000 unless otherwise specified above. Securities of this series not denominated in U.S. dollars are issuable only in denominations of the equivalent of U.S. dollars \$1,000 rounded down to 1,000 units of such Specified Currency or any amount in excess thereof which is an integral multiple of 1,000 units of the Specified Currency, amount in such Specified Currency, as determined by the Federal Reserve Bank of New York, at the noon buying rate in New York City for cable transfers of such Specified Currency (the "Market Exchange Rate"); provided, however, in the case of European Currency Units, Market Exchange Rate shall mean the rate of exchange determined by the Commission of the European Economic Communities (or any successor thereto) as published in the Official Journal of the European Communities, or any successor publication, on the Business Day immediately preceding the trade date for such Securities. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this [Global] Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this [Global] Security is registered as the owner hereof for all purposes, whether or not this [Global] Security is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

[If at any time the Depository notifies the Company that it is unwilling or unable to continue as Depository for the Securities evidenced hereby or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor Depository is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such condition, as the case may be, the Company will execute, and the Trustee will authenticate and deliver, Securities in definitive registered form without coupons, in denominations of \$1,000 or any amount in excess thereof which is an integral multiple of \$1,000 (such denominations referred to herein as "authorized denominations"), of like tenor and in an aggregate principal amount equal to the principal amount of this [Global] Security in exchange for this Global Security. In addition, the Company may at any time determine that the Securities

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evidenced hereby shall no longer be represented by a Global Security. In such event the Company will execute and the Trustee, upon receipt of an Officers' Certificate evidencing such determination by the Company, will authenticate and deliver Securities in definitive registered form without coupons, in authorized denominations, and of like tenor and in an aggregate principal amount equal to the principal amount of this [Global] Security in exchange for this Global Security. Upon the exchange of this Global Security for such Securities in definitive registered form without coupons, in authorized denominations, this Global Security shall be cancelled by the Trustee. Securities in definitive registered form issued in exchange for this Global Security shall be registered in such names and in such authorized denominations as the Depository, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities to the Persons in whose names such Securities are so registered.]

All terms used in this [Global] Security that are defined in the Indenture and not herein otherwise defined shall have the meanings assigned to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee, directly or through an Authenticating Agent, by manual signature of an authorized officer, this [Global] Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: _____

TEXTRON INC.

By: _____
Vice President and Treasurer

Attest: _____ Assistant Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This [Global] Security is one of the Series designated therein referred to in the within-mentioned Indenture.

THE CHASE MANHATTAN BANK,
As Trustee,

By: _____
Authorized Officer

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please insert social security or other
identifying number of assignee)

(Please print or type name and address including postal zip code of assignee)

the within [Global] Security and all rights thereunder, hereby irrevocably constituting and appointing

_____ attorney to transfer said [Global] Security

on the books of the Company, with full power of substitution in the premises.

Dated: _____

Signature: _____

Signature guarantee: _____

NOTE: The signature to this assignment must correspond with the name as written upon the face of the within [Global] Security in every particular without alteration or enlargement or any change whatsoever and must be guaranteed by a commercial bank or trust company having its principal office or correspondent in The City of New York or by a member of the New York Stock Exchange.

Exhibit 23

[Letterhead of]

C R A V A T H , S W A I N E & M O O R E

[New York Office]

August 8, 1997

Textron Inc.

U.S. \$510,985,000 Medium-Term Notes, Series D

Dear Sirs:

We have acted as special Federal tax counsel for Textron Inc., a Delaware corporation (the "Company"), in connection with the preparation and filing of a prospectus supplement (the "Prospectus Supplement") relating to the registration of U.S. \$510,985,000 Medium-Term Notes, Series D (the "Notes").

We hereby confirm our opinion that the discussion under the caption "United States Tax Considerations" in the Prospectus Supplement accurately describes the material Federal income tax consequences of the holding of the Notes by certain holders described in such discussion.

We hereby consent to the use of this opinion as an exhibit to the Prospectus Supplement and to the use of our name under the caption "United States Tax Considerations" in the Prospectus Supplement.

Very truly yours,

/s/Cravath, Swaine & Moore

*Textron Inc.
40 Westminister Street
Providence, RI 02903*

End of Filing

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