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ELCO INDUSTRIES INC

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TEXTRON INC

FORM SC 14D1

(Statement of Ownership: Tender Offer)

Filed 09/19/95

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	P O BOX 7009
	ROCKFORD, IL 61125
Telephone	8153975151
CIK	0000032013
SIC Code	6162 - Mortgage Bankers and Loan Correspondents
Fiscal Year	06/30

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ELCO INDUSTRIES INC

FORM SC 14D1
(Statement of Ownership: Tender Offer)

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	ROCKFORD, Illinois 61125
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14D-1
TENDER OFFER STATEMENT PURSUANT TO SECTION 14(D)(1)
OF THE SECURITIES EXCHANGE ACT OF 1934

ELCO INDUSTRIES, INC.

(NAME OF SUBJECT COMPANY)

E.I. TEXTRON INC.
A WHOLLY OWNED SUBSIDIARY OF

TEXTRON INC.
(BIDDERS)

COMMON STOCK, $5.00 PAR VALUE
(INCLUDING THE ASSOCIATED RIGHTS)

(TITLE OF CLASS OF SECURITIES)

00028442010
(CUSIP NUMBER OF COMMON STOCK)

WAYNE W. JUCHATZ
EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL
TEXTRON INC.
40 WESTMINSTER STREET
PROVIDENCE, RI 02903-2596
(401) 421-2800

(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON AUTHORIZED TO
RECEIVE NOTICES AND COMMUNICATIONS ON BEHALF OF BIDDERS)

Copies to:

CHARLES M. NATHAN, ESQ.
FRIED, FRANK, HARRIS, SHRIVER & JACOBSON
ONE NEW YORK PLAZA
NEW YORK, NEW YORK 10004-1980
(212) 859-8000

CALCULATION OF FILING FEE

TRANSACTION VALUATION*	AMOUNT OF FILING FEE
$184,922,784.00	$36,984.56

* For the purpose of calculating the fee only, this amount assumes the purchase of 5,136,744 shares of Common Stock of Elco Industries, Inc. at $36.00 per share. Such number of shares includes all outstanding shares as of September 8, 1995, and assumes the exercise of all stock options to purchase shares of Common Stock outstanding as of such date.

/ / Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

AMOUNT PREVIOUSLY PAID:	FILING PARTY:
FORM OR REGISTRATION NO.:	DATE FILED:

This Statement relates to a tender offer by E.I. Textron Inc., a Delaware corporation (the "Offeror") and a wholly owned subsidiary of Textron Inc., a Delaware corporation (the "Parent"), to purchase all outstanding shares of Common Stock, par value $5.00 per share (the "Shares"), of Elco Industries, Inc., a Delaware corporation (the "Company"), including the associated Rights (as defined below), at a purchase price of $36.00 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated September 19, 1995 (the "Offer to Purchase"), and in the related Letter of Transmittal (which together constitute the "Offer"), copies of which are filed as Exhibits (a)(1) and (a)(2) hereto, respectively, and which are incorporated herein by reference.

ITEM 1. SECURITY AND SUBJECT COMPANY.

(a) The name of the subject company is Elco Industries, Inc. The address of the principal executive offices of the Company is set forth in Section 8 ("Certain Information Concerning the Company") of the Offer to Purchase and is incorporated herein by reference.

(b) The exact title of the class of equity securities being sought in the Offer is the Common Stock, par value $5.00 per share, of the Company, including the associated Rights as defined in the Rights Agreement between the Company and The First National Bank of Chicago, as Rights Agent, dated as of January 20, 1988, as amended June 24, 1988 and September 12, 1995 (the "Rights Agreement"). The information set forth in the Introduction to the Offer to Purchase is incorporated herein by reference.

(c) The information set forth in Section 6 ("Price Range of Shares; Dividends") of the Offer to Purchase is incorporated herein by reference.

ITEM 2. IDENTITY AND BACKGROUND.

(a) through (d), (g): The information set forth in the Introduction and
Section 9 ("Certain Information Concerning the Parent and the Offeror") of the Offer to Purchase, and in Annex I thereto, is incorporated herein by reference.

(e) and (f): None of the Offeror or the Parent, nor, to the best of their knowledge, any of the persons listed in Annex I of the Offer to Purchase, has during the last five years (i) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation of such laws.

ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS WITH THE SUBJECT COMPANY.

(a) None.

(b) The information set forth in the Introduction and Section 11 ("Background of the Offer; Past Contacts, Transactions or Negotiations with the Company") and Section 8 ("Certain Information Concerning the Company") of the Offer to Purchase is incorporated herein by reference.

ITEM 4. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

(a), (b) and (c): The information set forth in Section 10 ("Source and Amount of Funds") of the Offer to Purchase is incorporated herein by reference.

ITEM 5. PURPOSE OF THE TENDER OFFER AND PLANS OR PROPOSALS OF THE BIDDER.

(a) through (e): The information set forth in the Introduction, Section 7 ("Effect of the Offer on the Market for Shares, Stock Quotation, and Registration Under the Exchange Act") and Section 12 ("Purpose of the Offer and the Merger; Appraisal Rights; Exemption from the Rights Agreement; Plans for the Company") of the Offer to Purchase is incorporated herein by reference. Except as set forth in the Introduction and Section 12 of the Offer to Purchase, neither the Parent nor the Offeror have any present

plans or proposals that would result in an extraordinary corporate transaction, such as a merger, reorganization, liquidation or sale or transfer of a material amount of assets involving the Company, or any other material changes in the Company's capitalization, dividend policy, corporate structure or business or composition of its board of directors or management.

(f) and (g): The information set forth in Section 7 ("Effect of the Offer on the Market for Shares, Stock Quotation, and Registration under the Exchange Act") of the Offer to Purchase is incorporated herein by reference.

ITEM 6. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

(a) Neither the Parent nor the Offeror (or their respective subsidiaries) beneficially owns any Shares and, to the best knowledge of the Parent, none of the directors or executive officers of the Parent or the Offeror beneficially owns any Shares.

(b) No transactions in the Shares have been effected during the past sixty days by the Parent or the Offeror (or their respective subsidiaries) or, to the best knowledge of the Parent, any of the directors or executive officers of the Parent or the Offeror.

ITEM 7. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE SUBJECT COMPANY'S SECURITIES.

The information set forth in the Introduction and Sections 9 ("Certain Information Concerning the Parent and the Offeror"), 12 ("Purpose of the Offer and the Merger; Appraisal Rights; Exemption from Rights Agreement; Plans for the Company"); and 13 ("The Merger Agreement") of the Offer to Purchase is incorporated herein by reference.

ITEM 8. PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED.

The information set forth in the Introduction and in Section 17 ("Fees and Expenses") of the Offer to Purchase is incorporated herein by reference.

ITEM 9. FINANCIAL STATEMENTS OF CERTAIN BIDDERS.

The information set forth in Section 9 ("Certain Information Concerning the Parent and the Offeror") of the Offer to Purchase is incorporated herein by reference.

The incorporation by reference herein of the above-mentioned financial information does not constitute an admission that such information is material to a decision by a security holder of the Company as whether to sell, tender or hold Shares being sought in the Offer.

ITEM 10. ADDITIONAL INFORMATION.

(a) The information set forth in Section 12 ("Purpose of the Offer and the Merger; Appraisal Rights; Exemption from Rights Agreement; Plans for the Company") and Section 13 ("The Merger Agreement") of the Offer to Purchase is incorporated herein by reference.

(b) and (c) The information set forth in Sections 10 ("Source and Amount of Funds") and 16 ("Certain Regulatory and Legal Matters") of the Offer to Purchase is incorporated herein by reference.

(d) The information set forth in Section 7 ("Effect of the Offer on the Market for Shares, Stock Quotation, and Registration under the Exchange Act") of the Offer to Purchase is incorporated herein by reference.

(e) None.

(f) The information set forth in the Offer to Purchase and the Letter of Transmittal is incorporated herein by reference in its entirety.

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

(a)(1) Offer to Purchase, dated September 19, 1995.

(a)(2) Letter of Transmittal.

(a)(3) Letter from Dillon, Read & Co. Inc., as Dealer Manager, to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.

(a)(4) Letter from Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees to Clients.

(a)(5) Letter from the Employee Stock Ownership Plan of Elco Industries, Inc. to Participants.

(a)(6) Letter from Harris Trust and Savings Bank to Participants in the Elco Shareholder Investment Service.

(a)(7) Notice of Guaranteed Delivery.

(a)(8) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

(a)(9) Summary Announcement, dated September 19, 1995.

(a)(10) Joint Press Release issued by the Parent and the Company on September 13, 1995 (filed as Exhibit 1 to Form 8-K filed by Elco Industries, Inc. with the Securities and Exchange Commission on September 15, 1995, reporting an event on September 13, 1995, and incorporated herein by reference).

(a)(11) Agreement and Plan of Merger, dated as of September 12, 1995, among the Parent, the Offeror and the Company.

(b)(1) Credit Agreement dated as of November 1, 1993 among the Parent, the Lenders listed therein and Bankers Trust Company as Administrative Agent (the "Credit Agreement") (filed as Exhibit 10.30A to the Parent's Annual Report on Form 10-K for the fiscal year ended January 1, 1994 and incorporated herein by reference).

(b)(2) First Amendment dated as of October 30, 1994 to the Credit Agreement (filed as Exhibit 10.22B to the Parent's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 and incorporated herein by reference).

(b)(3) Second Amendment dated as of July 1, 1995 to the Credit Agreement.

(c) -- same as (a)(11) above.

(d) None.

(e) Not applicable.

(f) None.

SIGNATURE

After due inquiry and to the best of its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: September 19, 1995

E.I. TEXTRON INC.

By: /s/ ARNOLD M. FRIEDMAN

Name: Arnold M. Friedman
Title: Vice President

TEXTRON INC.

By: /s/ ARNOLD M. FRIEDMAN

Name: Arnold M. Friedman
Title: Vice President &
Deputy General Counsel

EXHIBIT INDEX

EXHIBIT		DESCRIPTION	PAGE NO.
(a)(1)	--	Offer to Purchase, dated September 19, 1995.	
(a)(2)	--	Letter of Transmittal.	
(a)(3)	--	Letter from Dillon, Read & Co. Inc., as Dealer Manager, to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.	
(a)(4)	--	Letter from Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees to Clients.	
(a)(5)	--	Letter from the Employee Stock Ownership Plan of Elco Industries, Inc. to Participants.	
(a)(6)	--	Letter from Harris Trust and Savings Bank to Participants in the Elco Shareholder Investment Service.	
(a)(7)	--	Notice of Guaranteed Delivery.	
(a)(8)	--	Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.	
(a)(9)	--	Summary Announcement, dated September 19, 1995.	
(a)(10)	--	Joint Press Release issued by the Parent and the Company on September 13, 1995 (filed as Exhibit 1 to Form 8-K filed by Elco Industries, Inc. with the Securities and Exchange Commission on September 15, 1995, reporting an event on September 13, 1995, and incorporated herein by reference).	
(a)(11)	--	Agreement and Plan of Merger, dated as of September 12, 1995, among the Parent, the Offeror and the Company.	
(b)(1)	--	Credit Agreement dated as of November 1, 1993 among the Parent, the Lenders listed therein and Bankers Trust Company as Administrative Agent (the "Credit Agreement") (filed as Exhibit 10.30A to the Parent's Annual Report on Form 10-K for the fiscal year ended January 1, 1994 and incorporated herein by reference).	
(b)(2)	--	First Amendment dated as of October 30, 1994 to the Credit Agreement (filed as Exhibit 10.22B to the Parent's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 and incorporated herein by reference).	
(b)(3)	--	Second Amendment dated as of July 1, 1995 to the Credit Agreement.	
(c)	--	-- same as (a)(11) above.	
(d)	--	None.	
(e)	--	Not applicable.	
(f)	--	None.	

Exhibit (a)(1)

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED RIGHTS)

OF

ELCO INDUSTRIES, INC.
AT

$36.00 NET PER SHARE
BY

E.I. TEXTRON INC.
A WHOLLY OWNED SUBSIDIARY OF

TEXTRON INC.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON TUESDAY, OCTOBER 17, 1995, UNLESS THE OFFER IS EXTENDED.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (i) THERE HAVING BEEN VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER THAT NUMBER OF SHARES OF COMMON STOCK OF ELCO INDUSTRIES, INC. REPRESENTING AT LEAST 66 2/3% OF ALL OUTSTANDING SHARES OF COMMON STOCK ON A FULLY DILUTED BASIS ON THE DATE OF PURCHASE AND (ii) SATISFACTION OF CERTAIN OTHER TERMS AND CONDITIONS. SEE SECTION 15.

THE OFFER IS BEING MADE IN CONNECTION WITH THE AGREEMENT AND PLAN OF MERGER, DATED AS OF SEPTEMBER 12, 1995, AMONG TEXTRON INC., E.I. TEXTRON INC., AND ELCO INDUSTRIES, INC. THE BOARD OF DIRECTORS OF ELCO INDUSTRIES, INC. HAS APPROVED THE MERGER AGREEMENT, THE OFFER AND THE MERGER, HAS DETERMINED THAT THE TERMS OF THE OFFER AND THE MERGER ARE FAIR TO AND IN THE BEST INTERESTS OF THE COMPANY'S STOCKHOLDERS, AND RECOMMENDS THAT THE COMPANY'S STOCKHOLDERS ACCEPT THE OFFER AND TENDER THEIR SHARES IN THE OFFER.

IMPORTANT

Any stockholder desiring to tender Shares of common stock and the associated Rights (as hereinafter defined) should either (i) complete and sign the Letter of Transmittal or a facsimile thereof in accordance with the instructions in the Letter of Transmittal and deliver the Letter of Transmittal with the Shares and all other required documents to the Depositary or follow the procedure for book-entry transfer set forth in Section 3 or (ii) request his broker, dealer, commercial bank, trust company or other nominee to effect the transaction for him. A stockholder having Shares registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such person if he desires to tender his Shares.

Any stockholder who desires to tender Shares and cannot deliver such Shares and all other required documents to the Depositary by the expiration of the Offer must tender such Shares pursuant to the guaranteed delivery procedure set forth in Section 3.

Questions and requests for assistance or additional copies of this Offer to Purchase, the Letter of Transmittal and other tender offer materials may be directed to the Information Agent or the Dealer Manager at their respective addresses and telephone numbers set forth on the back cover of this Offer to Purchase. Stockholders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

The Dealer Manager for the Offer is:

DILLON, READ & CO. INC.

September 19, 1995

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TO THE HOLDERS OF COMMON STOCK OF
ELCO INDUSTRIES, INC.

INTRODUCTION

E.I. Textron Inc., a Delaware corporation (the "Offeror") and a wholly owned subsidiary of Textron Inc., a Delaware corporation (the "Parent"), hereby offers to purchase all outstanding shares of Common Stock, par value $5.00 per share (the "Shares"), of Elco Industries, Inc., a Delaware corporation (the "Company"), including the associated Rights (as hereinafter defined), at a purchase price of $36.00 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in this Offer to Purchase and in the related Letter of Transmittal (which together constitute the "Offer"). Unless the context otherwise requires, all references herein to Shares shall include the associated Rights as defined in the Rights Agreement between the Company and The First National Bank of Chicago, as Rights Agent, dated as of January 20, 1988, as amended June 24, 1988 and September 12, 1995 (the "Rights Agreement"), and all references herein to Rights shall include all benefits that may inure to holders of Rights pursuant to the Rights Agreement. Tendering holders of Shares will not be obligated to pay brokerage fees or commissions or, except as set forth in the Letter of Transmittal, transfer taxes on the purchase of Shares by the Offeror pursuant to the Offer. The Offeror will pay all charges and expenses of Dillon, Read & Co. Inc. (the "Dealer Manager"), Harris Trust Company of New York (the "Depositary") and D.F. King & Co., Inc. (the "Information Agent"), incurred in connection with the Offer.

THE BOARD OF DIRECTORS OF THE COMPANY HAS APPROVED THE MERGER AGREEMENT (AS HEREINAFTER DEFINED), THE OFFER AND THE MERGER (AS HEREINAFTER DEFINED), HAS DETERMINED THAT THE TERMS OF THE OFFER AND THE MERGER ARE FAIR TO AND IN THE BEST INTERESTS OF THE COMPANY'S STOCKHOLDERS, AND RECOMMENDS THAT THE COMPANY'S STOCKHOLDERS ACCEPT THE OFFER AND TENDER THEIR SHARES IN THE OFFER.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, THERE HAVING BEEN VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER THAT NUMBER OF SHARES REPRESENTING AT LEAST 66 2/3% OF ALL OUTSTANDING SHARES ON A FULLY DILUTED BASIS ON THE DATE OF PURCHASE (THE "MINIMUM CONDITION"). THE OFFER IS ALSO SUBJECT TO CERTAIN OTHER TERMS AND CONDITIONS. SEE SECTION 15.

The Chicago Dearborn Company ("Chicago Dearborn"), the Company's financial advisor, has delivered to the Company's Board of Directors its written opinion that the consideration to be received by the stockholders of the Company pursuant to the Offer and the Merger is fair to such stockholders from a financial point of view. A copy of such opinion is contained in the Company's Statement on Schedule 14D-9 which is being distributed to the Company's stockholders.

The Offer is being made pursuant to the Agreement and Plan of Merger, dated as of September 12, 1995 (the "Merger Agreement"), among the Parent, the Offeror and the Company. The Merger Agreement provides, among other things, that as soon as practicable after the purchase of Shares pursuant to the Offer and the satisfaction of the other conditions set forth in the Merger Agreement and in accordance with the relevant provisions of the General Corporation Law of the State of Delaware (the "DGCL"), the Offeror will be merged with and into the Company (the "Merger"). See Section 12. Following consummation of the Merger, the Company will continue as the surviving corporation (the "Surviving Corporation") and will be a wholly owned subsidiary of the Parent. At the effective time of the Merger (the "Effective Time"), each issued and outstanding Share (other than Shares owned by the Company as treasury stock, Shares owned by any wholly owned subsidiary of the Company, Shares owned by the Parent or any wholly owned subsidiary of the Parent, or Shares with respect to which appraisal rights are properly exercised under the DGCL ("Dissenting Shares")), will be converted into and represent the right to receive $36.00 (or any higher price that may be paid for each Share pursuant to the Offer) in cash (the "Merger Consideration"), without interest thereon. See Section 5 for a description of certain federal income tax consequences of the Offer and the Merger.

The Merger Agreement provides that, promptly upon the purchase of Shares pursuant to the Offer, the Parent will be entitled to designate for election to the Board of Directors of the Company such number of

directors (rounded up to the next whole number) as will give the Parent, subject to compliance with Section 14(f) of the Exchange Act of 1934, as amended (the "Exchange Act"), representation on such Board of Directors equal to the product of (i) the total number of directors on such Board of Directors and (ii) the percentage that the aggregate number of Shares purchased by the Offeror bears to the total number of outstanding Shares. See Section 12 "-- Board Representation."

The Company has advised the Offeror that, as of September 8, 1995, there were (a) 4,982,869 Shares issued and outstanding, and (b) employee and director stock options outstanding to purchase an aggregate of 153,875 Shares. As of the date hereof, neither the Offeror nor the Parent beneficially owns any Shares. Based upon such information, if at least 3,424,496 Shares are validly tendered and not withdrawn prior to the expiration of the Offer, the Minimum Condition would be satisfied. Following the purchase of such number of Shares, under the Company's Certificate of Incorporation and the DGCL, the Offeror would have sufficient voting power to approve the Merger without the affirmative vote of any other stockholder. In the event the Offeror acquires 90% or more of the outstanding Shares in the Offer or otherwise, the Offeror and the Parent would be able to effect the Merger pursuant to the short-form merger provisions of the DGCL, without prior notice to, or any action by, any other stockholder of the Company.

Tendering Shares pursuant to the Offer will not affect the right of stockholders to receive dividends declared by the Company, if any, with a record date prior to the date on which the Offeror purchases the Shares pursuant to the Offer. See Sections 6 and 14.

THIS OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

1. TERMS OF THE OFFER.

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any extension or amendment), the Offeror will accept for payment and pay for all Shares validly tendered prior to the Expiration Date and not theretofore withdrawn in accordance with Section 4. The term "Expiration Date" means 12:00 Midnight, New York City time, on Tuesday, October 17, 1995, unless the Offeror shall have extended the period of time for which the Offer is open, in which event the term "Expiration Date" shall mean the latest time and date at which the Offer, as so extended by the Offeror, shall expire.

If the Offeror shall decide, in its sole discretion, to increase the consideration offered in the Offer to holders of Shares and if, at the time that notice of such increase is first published, sent or given to holders of Shares in the manner specified below, the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that such notice is first so published, sent or given, then the Offer will be extended until the expiration of such period of ten business days. For purposes of the Offer, a "business day" means any day other than a Saturday, Sunday or a federal holiday, and consists of the time period from 12:01 a.m. through 12:00 Midnight, New York City time.

THE OFFER IS CONDITIONED UPON SATISFACTION OF THE MINIMUM CONDITION. THE OFFER IS ALSO SUBJECT TO OTHER TERMS AND CONDITIONS. SEE SECTION 15. The Offeror reserves the right (but shall not be obligated), in accordance with applicable rules and regulations of the Securities and Exchange Commission (the "Commission"), to reduce the Minimum Condition (but not below 50.01% of the outstanding Shares on a fully diluted basis) or to waive any other condition to the Offer. If the Minimum Condition or any of the other conditions set forth in
Section 15 have not been satisfied by 12:00 Midnight, New York City time, on Tuesday, October 17, 1995 (or any other time then set as the Expiration Date), the Offeror may, subject to the terms of the Merger Agreement as described below, elect to (1) extend the Offer and, subject to applicable withdrawal rights, retain all tendered Shares until the expiration of the Offer, as extended, (2) subject to complying with applicable rules and regulations of the Commission, accept for payment all Shares so tendered and not extend the Offer, or (3) terminate the Offer and not accept for payment any Shares and return all tendered Shares to tendering stockholders. Under the terms of the Merger Agreement, the Offeror may not (except as described in the next sentence), without the consent of the Company, impose conditions to the Offer other than those set

forth in the Merger Agreement, modify or amend the conditions to the Offer in a manner adverse to holders of Shares, waive or amend (below 50.01% of the outstanding Shares on a fully diluted basis) the Minimum Condition, reduce the number of Shares subject to the Offer, reduce the price per Share to be paid pursuant to the Offer, extend the Offer if all of the Offer conditions are satisfied or waived or change the form of consideration payable in the Offer. Notwithstanding the foregoing, the Offeror may, without the consent of the Company, extend the Offer (i) if, at the then scheduled expiration date of the Offer, any of the conditions to the Offer shall not have been satisfied or waived, until such time as such conditions are satisfied or waived; (ii) for any period required by any rule, regulation, interpretation or position of the Commission or its staff applicable to the Offer; or (iii) if all conditions to the Offer are satisfied or waived but the number of Shares tendered is less than 90% of the then outstanding number of Shares, for an aggregate period of not more than 10 business days (for all such extensions) beyond the latest expiration date that would be permitted under clause (i) or (ii) of this sentence. Subject to the terms of the Merger Agreement described above, the Offeror reserves the right (but will not be obligated), at any time or from time to time in its sole discretion, to extend the period during which the Offer is open by giving oral or written notice of such extension to the Depositary and by making a public announcement of such extension. During any such extension, all Shares previously tendered and not withdrawn will remain subject to the Offer, subject to the rights of a tendering stockholder to withdraw its Shares. There can be no assurance that the Offeror will exercise its right to extend the Offer; provided, however, that the Merger Agreement requires that so long as the Merger Agreement is in effect and the conditions to the Offer have not been satisfied or waived, the Offeror will cause the Offer not to expire.

Subject to the applicable rules and regulations of the Commission and subject to the terms of the Merger Agreement described above, the Offeror also expressly reserves the right, in its sole discretion at any time and from time to time, (i) to delay payment for any Shares regardless of whether such Shares were theretofore accepted for payment, or to terminate the Offer and not to accept for payment or pay for any Shares not theretofore accepted for payment or paid for, upon the occurrence of any of the conditions set forth in Section 15, and (ii) at any time or from time to time, to amend the Offer in any respect, by giving oral or written notice of such delay, termination or amendment to the Depositary and by making a public announcement thereof. The Offeror's right to delay payment for any Shares or not to pay for any Shares theretofore accepted for payment is subject to the applicable rules and regulations of the Commission, including Rule 14e-1(c) under the Exchange Act, relating to the Offeror's obligation to pay for or return tendered Shares promptly after the termination or withdrawal of the Offer.

Any extension of the period during which the Offer is open, delay in acceptance for payment or payment, termination or amendment of the Offer will be followed, as promptly as practicable, by public announcement thereof, such announcement in the case of an extension to be issued not later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date in accordance with the public announcement requirements of Rules 14d-4(c) and 14e-1(d) under the Exchange Act. Without limiting the obligation of the Offeror under such rule or the manner in which the Offeror may choose to make any public announcement, the Offeror currently intends to make announcements by issuing a press release to the Dow Jones News Service and making any appropriate filing with the Commission.

If the Offeror makes a material change in the terms of the Offer or the information concerning the Offer, or if it waives a material condition of the Offer (other than a waiver of the Minimum Condition) or reduces the Minimum Condition, the Offeror will disseminate additional tender offer materials and extend the Offer if and to the extent required by Rules 14d-4(c), 14d-6(d) and 14e-1 under the Exchange Act or otherwise. The minimum period during which a tender offer must remain open following material changes in the terms of the offer or the information concerning the offer, other than a change in price or a change in percentage of securities sought, will depend upon the facts and circumstances, including the relative materiality of the changes to such terms or information. With respect to a change in price or a change in percentage of securities sought, a minimum ten business day period is generally required to allow for adequate dissemination to stockholders and investor response.

The Company has provided the Offeror with the Company's list of stockholders and security position listings for the purpose of disseminating the Offer to holders of Shares. This Offer to Purchase and the Letter of Transmittal will be mailed to record holders of the Shares and will be furnished to brokers, dealers,

commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the list of stockholders or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares.

2. ACCEPTANCE FOR PAYMENT AND PAYMENT FOR SHARES.

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), the Offeror will accept for payment and will pay for all Shares validly tendered prior to the Expiration Date and not theretofore withdrawn in accordance with Section 4 promptly after the later to occur of (a) the Expiration Date and (b) subject to compliance with Rule 14e-1(c) under the Exchange Act, the satisfaction or waiver of the conditions set forth in Section 15. Subject to compliance with Rule 14e-1(c) under the Exchange Act, the Offeror expressly reserves the right to delay payment for Shares in order to comply in whole or in part with any applicable law. See Sections 1 and 16. In all cases, payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of (i) certificates for such Shares or timely confirmation (a "Book-Entry Confirmation") of a book-entry transfer of such Shares into the Depositary's account at The Depository Trust Company, the Midwest Securities Trust Company or the Philadelphia Depository Trust Company (collectively, the "Book-Entry Transfer Facilities"), pursuant to the procedures set forth in Section 3, (ii) a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile thereof) with all required signature guarantees or, in the case of a book-entry transfer, an Agent's Message (as defined below) and (iii) any other documents required by the Letter of Transmittal.

The term "Agent's Message" means a message transmitted by a Book-Entry Transfer Facility to, and received by, the Depositary and forming a part of a Book-Entry Confirmation, which states that such Book-Entry Transfer Facility has received an express acknowledgment from the participant in such Book-Entry Transfer Facility tendering the Shares that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that the Offeror may enforce such agreement against the participant.

For purposes of the Offer, the Offeror will be deemed to have accepted for payment, and thereby purchased, Shares validly tendered and not withdrawn as, if and when the Offeror gives oral or written notice to the Depositary of the Offeror's acceptance of such Shares for payment. In all cases, payment for Shares purchased pursuant to the Offer will be made by deposit of the purchase price with the Depositary, which will act as agent for tendering stockholders for the purpose of receiving payment from the Offeror and transmitting such payment to tendering stockholders. If, for any reason whatsoever, acceptance for payment of any Shares tendered pursuant to the Offer is delayed, or the Offeror is unable to accept for payment Shares tendered pursuant to the Offer, then, without prejudice to the Offeror's rights under Section 1, the Depositary may, nevertheless, on behalf of the Offeror, retain tendered Shares, and such Shares may not be withdrawn, except to the extent that the tendering stockholders are entitled to withdrawal rights as described in Section 4 below and as otherwise required by Rule 14e-1(c) under the Exchange Act. Under no circumstances will interest be paid by the Offeror because of any delay in making such payment.

If any tendered Shares are not accepted for payment pursuant to the terms and conditions of the Offer for any reason, or if certificates are submitted for more Shares than are tendered, certificates for such unpurchased or untendered Shares will be returned, without expense to the tendering stockholder (or, in the case of Shares delivered by book-entry transfer to a Book-Entry Transfer Facility, such Shares will be credited to an account maintained within such Book-Entry Transfer Facility), as promptly as practicable after the expiration, termination or withdrawal of the Offer.

If, prior to the Expiration Date, the Offeror increases the price being paid for Shares accepted for payment pursuant to the Offer, such increased consideration will be paid to all stockholders whose Shares are purchased pursuant to the Offer.

3. PROCEDURE FOR TENDERING SHARES.

Valid Tenders. For Shares to be validly tendered pursuant to the Offer, a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile thereof), with any required signature

guarantees, or, in the case of a book-entry transfer, an Agent's Message, and any other required documents, must be received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase prior to the Expiration Date, and either (i) certificates representing such Shares must be received by the Depositary or such Shares must be tendered pursuant to the procedure for book-entry transfer set forth below, and a Book-Entry Confirmation must be received by the Depositary, in each case prior to the Expiration Date, or (ii) the guaranteed delivery procedure set forth below must be complied with. No alternative, conditional or contingent tenders will be accepted. DELIVERY OF DOCUMENTS TO A BOOK-ENTRY TRANSFER FACILITY IN ACCORDANCE WITH SUCH BOOK-ENTRY TRANSFER FACILITY'S PROCEDURES DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

Book-Entry Transfer. The Depositary will make a request to establish an account with respect to the Shares at each Book-Entry Transfer Facility for purposes of the Offer within two business days after the date of this Offer to Purchase. Any financial institution that is a participant in a Book-Entry Transfer Facility's system may make book-entry delivery of Shares by causing a Book-Entry Transfer Facility to transfer such Shares into the Depositary's account at a Book-Entry Transfer Facility in accordance with such Book-Entry Transfer Facility's procedures for transfer. Although delivery of Shares may be effected through book-entry at a Book-Entry Transfer Facility prior to the Expiration Date, (i) the Letter of Transmittal (or a manually signed facsimile thereof), properly completed and duly executed, with any required signature guarantees, or an Agent's Message in connection with a book-entry transfer, and any other required documents, must, in any case, be transmitted to and received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase or (ii) the guaranteed delivery procedures described below must be complied with.

Signature Guarantee. Signatures on the Letter of Transmittal must be guaranteed by a member in good standing of the Securities Transfer Agents Medallion Program, or by any other bank, broker, dealer, credit union, savings association or other entity which is an "eligible guarantor institution," as such term is defined in Rule 17Ad-15 under the Exchange Act (each of the foregoing being referred to as an "Eligible Institution" and, collectively, as "Eligible Institutions"), unless the Shares tendered thereby are tendered (i) by a registered holder of Shares who has not completed either the box labeled "Special Delivery Instructions" or the box labeled "Special Payment Instructions" on the Letter of Transmittal or (ii) for the account of any Eligible Institution. If the certificates evidencing Shares are registered in the name of a person or persons other than the signer of the Letter of Transmittal, or if payment is to be made, or delivered to, or certificates for unpurchased Shares are to be issued or returned to, a person other than the registered owner or owners, then the tendered certificates must be endorsed or accompanied by duly executed stock powers, in either case signed exactly as the name or names of the registered owner or owners appear on the certificates, with the signatures on the certificates or stock powers guaranteed by an Eligible Institution as provided in the Letter of Transmittal. See Instructions 1 and 5 to the Letter of Transmittal.

Guaranteed Delivery. If a stockholder desires to tender Shares pursuant to the Offer and such stockholder's certificates for Shares are not immediately available or time will not permit all required documents to reach the Depositary prior to the Expiration Date or the procedure for book-entry transfer cannot be completed on a timely basis, such Shares may nevertheless be tendered if all of the following guaranteed delivery procedures are duly complied with:

(i) the tender is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by the Offeror herewith, is received by the Depositary, as provided below, prior to the Expiration Date; and

(iii) the certificates for all tendered Shares, in proper form for transfer (or a Book-Entry Confirmation), together with a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile thereof), and any required signature guarantees, or, in the case of a book-entry transfer, an Agent's Message, and any other documents required by the Letter of Transmittal are received by the Depositary within three trading days after the date of such Notice of Guaranteed Delivery. A "trading day" is any day on which The National Association of Securities Dealers Automated Quotation ("Nasdaq") National Market is open for business.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, telex, facsimile transmission or mail to the Depositary and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery.

THE METHOD OF DELIVERY OF SHARES, THE LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH ANY BOOK-ENTRY TRANSFER FACILITY, IS AT THE OPTION AND RISK OF THE TENDERING STOCKHOLDER. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

Notwithstanding any other provision hereof, payment for Shares accepted for payment pursuant to the Offer will in all cases be made only after timely receipt by the Depositary of (i) certificates for such Shares or a Book-Entry Confirmation, (ii) a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile thereof), with all required signature guarantees, or, in the case of a book-entry transfer, an Agent's Message, and
(iii) any other documents required by the Letter of Transmittal.

BACKUP FEDERAL INCOME TAX WITHHOLDING. TO PREVENT BACKUP FEDERAL INCOME TAX WITHHOLDING WITH RESPECT TO PAYMENT OF THE PURCHASE PRICE OF SHARES PURCHASED PURSUANT TO THE OFFER, EACH STOCKHOLDER MUST PROVIDE THE DEPOSITARY WITH HIS CORRECT TAXPAYER IDENTIFICATION NUMBER ("TIN") AND CERTIFY THAT HE IS NOT SUBJECT TO BACKUP FEDERAL INCOME TAX WITHHOLDING BY COMPLETING THE SUBSTITUTE FORM W-9 INCLUDED IN THE LETTER OF TRANSMITTAL. SEE INSTRUCTION 8 SET FORTH IN THE LETTER OF TRANSMITTAL.

Determination of Validity. All questions as to the form of documents and the validity, eligibility (including time of receipt) and acceptance for payment of any tender of Shares will be determined by the Offeror, in its sole discretion, and its determination will be final and binding on all parties. The Offeror reserves the absolute right to reject any or all tenders of any Shares that are determined by it not to be in proper form or the acceptance of or payment for which may, in the opinion of the Offeror, be unlawful. The Offeror also reserves the absolute right to waive any of the conditions of the Offer, subject to the limitations set forth in the Merger Agreement, or any defect or irregularity in the tender of any Shares. The Offeror's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the Instructions to the Letter of Transmittal) will be final and binding on all parties. No tender of Shares will be deemed to have been validly made until all defects and irregularities have been cured or waived. None of the Offeror, the Parent, the Dealer Manager, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification.

Other Requirements. By executing the Letter of Transmittal as set forth above, a tendering stockholder irrevocably appoints designees of the Offeror as such stockholder's proxies, each with full power of substitution, in the manner set forth in the Letter of Transmittal, to the full extent of such stockholder's rights with respect to the Shares and the associated Rights tendered by such stockholder and accepted for payment by the Offeror (and any and all other Shares or Rights or other securities or rights issued or issuable in respect of such Shares or Rights). All such proxies shall be considered coupled with an interest in the tendered Shares and Rights. This appointment is effective when, and only to the extent that, the Offeror accepts for payment the Shares deposited with the Depositary. Upon acceptance for payment, all prior proxies given by the stockholder with respect to the Shares, Rights or other securities or rights will, without further action, be revoked and no subsequent proxies may be given or written consent executed (and, if given or executed, will not be deemed effective). The designees of the Offeror will, with respect to the Shares, Rights and other securities or rights, be empowered to exercise all voting and other rights of such stockholder as they in their sole judgment deem proper in respect of any annual or special meeting of the Company's stockholders, or any adjournment or postponement thereof. The Offeror reserves the right to require that, in order for Shares and the associated Rights to be deemed validly tendered, immediately upon the Offeror's payment for such Shares and Rights, the Offeror must be able to exercise full voting and other rights with respect to such Shares and Rights and the other securities or rights issued or issuable in respect of such Shares or Rights, including voting at any meeting of stockholders (whether annual or special or whether or not adjourned).

4. WITHDRAWAL RIGHTS.

Except as otherwise provided in this Section 4, tenders of Shares made pursuant to the Offer are irrevocable. Shares tendered pursuant to the Offer may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for payment pursuant to the Offer, may also be withdrawn at any time after Friday, November 17, 1995. If purchase of or payment for Shares is delayed for any reason or if the Offeror is unable to purchase or pay for Shares for any reason, then, without prejudice to the Offeror's rights under the Offer, tendered Shares may be retained by the Depositary on behalf of the Offeror and may not be withdrawn except to the extent that tendering stockholders are entitled to withdrawal rights as set forth in this Section 4, subject to Rule 14e-1(c) under the Exchange Act, which provides that no person who makes a tender offer shall fail to pay the consideration offered or return the securities deposited by or on behalf of security holders promptly after the termination or withdrawal of the Offer.

For a withdrawal to be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase. Any notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name in which the certificates representing such Shares are registered, if different from that of the person who tendered the Shares. If certificates for Shares to be withdrawn have been delivered or otherwise identified to the Depositary, then, prior to the physical release of such certificates, the serial numbers shown on such certificates must be submitted to the Depositary and, unless such Shares have been tendered by an Eligible Institution, the signatures on the notice of withdrawal must be guaranteed by an Eligible Institution. If Shares have been tendered pursuant to the procedure for book-entry transfer set forth in Section 3, any notice of withdrawal must also specify the name and number of the account at the applicable Book-Entry Transfer Facility to be credited with the withdrawn Shares. All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Offeror, in its sole discretion, and its determination will be final and binding on all parties. None of the Offeror, the Parent, the Dealer Manager, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification.

Any Shares properly withdrawn will be deemed not validly tendered for purposes of the Offer, but may be retendered at any subsequent time prior to the Expiration Date by following any of the procedures described in Section 3.

5. CERTAIN FEDERAL INCOME TAX CONSEQUENCES.

The following is a summary of the principal federal income tax consequences of the Offer and the Merger to holders whose Shares are purchased pursuant to the Offer or whose Shares are converted to cash in the Merger (including Dissenting Shares). The discussion applies only to holders of Shares in whose hands Shares are capital assets, and may not apply to Shares received pursuant to the exercise of employee stock options, pursuant to the Company's Employee Stock Ownership Plan or otherwise as compensation, or to holders of Shares who are subject to special provisions of the tax law (such as insurance companies, tax-exempt organizations and non-U.S. persons).

THE FEDERAL INCOME TAX CONSEQUENCES SET FORTH BELOW ARE INCLUDED FOR GENERAL INFORMATIONAL PURPOSES ONLY AND ARE BASED UPON CURRENT LAW. BECAUSE INDIVIDUAL CIRCUMSTANCES MAY DIFFER, EACH HOLDER OF SHARES SHOULD CONSULT SUCH HOLDER'S OWN TAX ADVISOR TO DETERMINE THE APPLICABILITY OF THE RULES DISCUSSED BELOW TO SUCH STOCKHOLDER AND THE PARTICULAR TAX EFFECTS OF THE OFFER AND THE MERGER TO SUCH STOCKHOLDER, INCLUDING THE APPLICATION AND EFFECT OF STATE, LOCAL AND OTHER INCOME TAX LAWS.

The receipt of cash for Shares pursuant to the Offer or the Merger (including Dissenting Shares) will be a taxable transaction for federal income tax purposes. In general, for federal income tax purposes, a holder of Shares will recognize gain or loss equal to the difference between (a) his adjusted tax basis for the Shares sold pursuant to the Offer or converted to cash in the Merger, and (b) the amount of cash received therefor. Gain or loss must be determined separately for each block of Shares (i.e., Shares acquired at the same cost in a single transaction) sold pursuant to the Offer or converted to cash in the Merger. Such gain or loss will be

capital gain or loss (other than any amounts received with respect to Dissenting Shares which are deemed to be interest for federal income tax purposes, which amounts will be taxed as ordinary income) and will be long-term capital gain or loss if, on the date of sale (or, if applicable, the date of the Merger), the Shares were held for more than one year. In the case of an individual holder, net long-term capital gain may be subject to a reduced rate of tax, and net capital losses may be subject to limits on deductibility.

Payments in connection with the Offer or the Merger may be subject to "backup withholding" at a rate of 31%. Backup withholding generally applies if the stockholder (a) fails to furnish his social security number or TIN, (b) furnishes an incorrect TIN, or (c) under certain circumstances, fails to provide a certified statement, signed under penalties of perjury, that the TIN provided is his correct number and that he is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons generally are entitled to exemption from backup withholding, including corporations and financial institutions. Certain penalties apply for failure to furnish correct information and for failure to include reportable payments in income. Each stockholder should consult with his own tax advisor as to his qualification for exemption from backup withholding and the procedure for obtaining such exemption. Tendering stockholders may be able to prevent backup withholding by completing the Substitute Form W-9 included in the Letter of Transmittal. See Section 3.

6. PRICE RANGE OF SHARES; DIVIDENDS.

The Shares are principally traded on the over-the-counter market and prices are quoted on The Nasdaq National Market System under the symbol "ELCN." The following table sets forth for the periods indicated the high and low bid prices per Share as reported in the Company's 1995 Annual Report and, in the case of Fiscal 1996, sales prices as reported on The Nasdaq National Market based on published financial sources.

	HIGH	LOW
FISCAL 1994:		
Quarter ended September 30, 1993	$ 16	$ 14
Quarter ended December 31, 1993	20 3/4	15 1/8
Quarter ended March 31, 1994	21 1/4	17
Quarter ended June 30, 1994	20	17
FISCAL 1995:		
Quarter ended September 30, 1994	18	15 1/2
Quarter ended December 31, 1994	17 1/2	16
Quarter ended March 31, 1995	17	14 1/2
Quarter ended June 30, 1995	19 3/4	14 3/4
FISCAL 1996:		
Through September 18, 1995	36 1/2	18

On August 9, 1995, the last full day of trading prior to the date of the public announcement that Illinois Tool Works, Inc. had submitted to the Company a proposal to acquire all outstanding Shares for $27.00 cash per Share (see
Section 11 -- "Background of the Offer; Past Contacts, Transactions or Negotiations with the Company"), the closing price per Share as reported on The Nasdaq National Market was $18.625.

On September 12, 1995, the last full day of trading prior to the public announcement of the execution of the Merger Agreement, the closing price per Share as reported on The Nasdaq National Market was $29.50. On September 18, 1995, the last full day of trading prior to the commencement of the Offer, the closing price per Share as reported on The Nasdaq National Market was $35.594.
STOCKHOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE SHARES.

The Company has declared and paid regular quarterly dividends during the periods shown in the table above of (i) $0.13 per Share since the dividend with the September 1, 1993 record date through the dividend with the record date of June 1, 1994 and (ii) $0.15 per Share since the dividend with the September 1, 1994

record date through the dividend with the record date of September 1, 1995. Tendering Shares pursuant to the Offer will not affect the right of stockholders to receive any dividends with respect to Shares declared by the Company, if any, with a record date prior to the date on which the Offeror purchases the Shares pursuant to the Offer. The next regular quarterly record date for dividends on the Shares after the date of this Offer to Purchase would be December 1, 1995. The Offer will expire at 12:00 Midnight, New York City time, on Tuesday, October 17, 1995, unless extended as described elsewhere in this Offer to Purchase.

No consideration will be paid in the Offer or the Merger for the Rights separate from the consideration to be paid for Shares.

7. EFFECT OF THE OFFER ON THE MARKET FOR SHARES, STOCK QUOTATION, AND REGISTRATION UNDER THE EXCHANGE ACT.

The purchase of the Shares by the Offeror pursuant to the Offer will reduce the number of Shares that might otherwise trade publicly and will reduce the number of holders of Shares, which will adversely affect the liquidity and market value of the remaining Shares held by the public.

Depending upon the number of Shares purchased pursuant to the Offer, the Shares may no longer meet the requirements of The National Association of Securities Dealers, Inc. ("NASD") for continued inclusion in the Nasdaq National Market (the top tier market of The Nasdaq Stock Market), which require, among other things, that an issuer have at least 200,000 publicly held shares, held by at least 400 shareholders or 300 shareholders of round lots, with a market value of $1,000,000, and have net tangible assets of at least either $1,000,000, $2,000,000 or $4,000,000, depending on profitability levels during the issuer's four most recent fiscal years. If these standards are not met, the Shares might nevertheless continue to be included in The Nasdaq Stock Market with quotations published in The Nasdaq "additional list" or in one of the "local lists", but if the number of holders of Shares were to fall below 300, or if the number of publicly held Shares were to fall below 100,000 or there were not at least two registered and active market makers for the Shares, the NASD's rules provide that the Shares would no longer be "qualified" for reporting by The Nasdaq Stock Market and The Nasdaq Stock Market would cease to provide any quotations. Shares held directly or indirectly by directors, officers or beneficial owners of more than 10% of the Shares are not considered as being publicly held for this purpose. According to information provided by the Company, as of September 5, 1995, Okabe Company Limited ("Okabe") owned 853,000 Shares (representing approximately 17.1% of the outstanding Shares), the Elco Industries, Inc. Employee Stock Ownership Plan owned 508,952 Shares (representing approximately 10.2% of the outstanding Shares) and all directors and officers as a group beneficially owned 260,715 Shares (representing approximately 5.2% of the outstanding Shares). According to the Company, as of September 17, 1995, there were approximately 665 holders of record of Shares. If, as a result of the purchase of Shares pursuant to the Offer or otherwise, the Shares no longer meet the requirements of the NASD for continued inclusion in the Nasdaq National Market or in any other tier of The Nasdaq Stock Market, and the Shares are no longer included in the Nasdaq National Market or in any other tier of The Nasdaq Stock Market, the market for Shares could be adversely affected.

In the event that the Shares no longer meet the requirements of the NASD for continued inclusion in any tier of the Nasdaq Stock Market, it is possible that Shares would continue to trade in the over-the-counter market and that price quotations would be reported by other sources. The extent of the public market for the Shares and the availability of such quotations would, however, depend upon the number of holders of Shares remaining at such time, the interest in maintaining a market in Shares on the part of securities firms, the possible termination of registration of the Shares under the Exchange Act, as described below, and other factors.

The Shares are currently registered under the Exchange Act. Such registration may be terminated upon application by the Company to the Commission if there are fewer than 300 record holders of Shares. It is the intention of the Offeror to seek to cause an application for such termination to be made as soon after consummation of the Offer as the requirements for termination of registration of the Shares are met. Termination of registration of the Shares under the Exchange Act would substantially reduce the information required to be furnished by the Company to its stockholders and to the Commission and would make certain

provisions of the Exchange Act no longer applicable to the Company, such as the short-swing profit recovery provisions of Section 16(b) of the Exchange Act, the requirement of furnishing a proxy statement pursuant to Section 14(a) of the Exchange Act in connection with stockholders' meetings and the related requirement of furnishing an annual report to stockholders and the requirements of Rule 13e-3 under the Exchange Act with respect to "going private" transactions. Furthermore, the ability of "affiliates" of the Company and persons holding "restricted securities" of the Company to dispose of such securities pursuant to Rule 144 or 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act"), may be impaired or eliminated.

The Shares are currently "margin securities" under the regulations of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), which has the effect, among other things, of allowing brokers to extend credit on the collateral of the Shares. Depending upon factors similar to those described above regarding listing and market quotations, it is possible that, following the Offer, the Shares would no longer constitute "margin securities" for the purposes of the margin regulations of the Federal Reserve Board and therefore could no longer be used as collateral for loans made by brokers. If registration of Shares under the Exchange Act were terminated, the Shares would no longer be "margin securities".

8. CERTAIN INFORMATION CONCERNING THE COMPANY.

The Company is a Delaware corporation with its principal executive offices located at 1111 Samuelson Road, P.O. Box 7009, Rockford, Illinois 61125. Except as otherwise set forth herein, the information concerning the Company contained in this Offer to Purchase, including financial information, has been furnished by the Company or has been taken from or based upon publicly available documents and records on file with the Commission and other public sources. Although neither the Offeror nor the Parent has any knowledge that would indicate that statements contained herein based upon such documents are untrue, neither the Offeror, the Parent nor the Dealer Manager assumes any responsibility for the accuracy or completeness of the information concerning the Company, furnished by the Company, or contained in such documents and records or for any failure by the Company to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to the Offeror and the Parent.

According to the Company's filings with the Commission, the Company designs, manufactures and supplies specialty metal fasteners and custom-engineered metal and plastic components and products to automotive and commercial original equipment manufacturers, and also offers a wide variety of packaged fasteners, fastening-related products and other hardware accessories to the do-it-yourself market.

Set forth below is certain selected historical consolidated financial information with respect to the Company excerpted or derived from financial information contained in the audited financial statements that were provided by the Company to the Parent. More comprehensive financial information is included in (i) the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1995, and (ii) other reports and documents filed by the Company with the Commission, and the following summary is qualified in its entirety by reference to such reports and such other documents and all the financial information (including any related notes) contained therein. The reports and other documents filed with the Commission should be available for inspection and copies thereof should be obtainable in the manner set forth below.

ELCO INDUSTRIES, INC.
SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

	AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30		
	1995	1994	1993
INCOME STATEMENT DATA			
Net sales	$249.3	$226.0	$199.2
Income from operations	19.1	16.6	12.4
Net income	10.3	8.2	4.9
Net income per share	$ 2.08	$ 1.65	$ 0.98
BALANCE SHEET DATA			
Working Capital	$ 34.0	$ 33.4	$ 32.5
Total assets	157.0	151.5	147.2
Long term debt	37.3	41.9	46.3
Total shareholders' equity	73.7	65.0	61.2

Certain Company Projections. During the course of discussions between the Parent and the Company that led to the execution of the Merger Agreement (see
Section 11), the Company provided the Parent with certain non-public business and financial information about the Company, including base case and upside projections of future results of operations, cash flows and balance sheets for the fiscal years ending June 30, 1996, 1997, 1998, 1999 and 2000. In the base case, projections for such fiscal years were: net sales (dollars in millions) of $273.2, $291.9, $312.9, $339.5 and $373.4, respectively; operating income (dollars in millions) of $25.8, $27.1, $31.6, $33.9 and $37.3, respectively; and net income (dollars in millions) of $13.9, $14.9, $17.9, $19.8 and $22.4, respectively. In the upside case, projections for such fiscal years were: net sales (dollars in millions) of $279.2, $312.7, $350.2, $392.2 and $439.3, respectively; operating income (dollars in millions) of $26.5, $29.6, $33.3, $37.3 and $41.8, respectively; and net income (dollars in millions) of $14.3, $16.4, $19.0, $21.8 and $25.0, respectively. These projections did not give effect to the Offer, the Merger or the financing thereof or the potential combined operations of the Parent and the Company after consummation of such transactions.

The Company has advised the Parent that it does not as a matter of course make public any projections as to future performance or earnings, and the projections set forth above are included in this Offer to Purchase only because the information was provided to the Parent. The projections were not prepared with a view to public disclosure or compliance with the published guidelines of the Commission or the guidelines established by the American Institute of Certified Public Accountants regarding projections or forecasts. The Company's internal operating projections (upon which the projections provided to the Parent were based in part) are, in general, prepared solely for internal use and capital budgeting and other management decisions and are subjective in many respects and thus susceptible to various interpretations and periodic revisions based on actual experience and business developments. The projections were based on a number of assumptions (not all of which were stated in the projections and not all of which were provided to the Parent) that are beyond the control of the Company, the Offeror or the Parent or their respective financial advisors. Many of the assumptions upon which the projections were based are dependent upon economic forecasting (both general and specific to the Company's business), which is inherently uncertain and subjective. Accordingly, there can be no assurance that the projected results would be realized or that actual results would not be significantly higher or lower than those projected. None of the Company, the Offeror or the Parent or their respective financial advisors assumes any responsibility for the accuracy of any of the projections.

Prior to execution of the Merger Agreement, the Company also provided the Parent with a draft of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1995 (which was subsequently filed by the Company with the Commission in substantially the same form), the Company's audited financial statements for the year ended June 30, 1995 (which are included in such Form 10-K) and a preliminary draft

of the Company's Proxy Statement for its annual meeting of stockholders, as to which the Company's Schedule 14D-9 with respect to this Offer (filed by the Company with the Commission and sent to stockholders) together with the Information Statement pursuant to Section 14(f) of the Exchange Act and Rule 14f-1 thereunder attached to the Company's Schedule 14D-9 contains substantially similar information.

The Company is subject to the informational requirements of the Exchange Act and in accordance therewith files periodic reports, proxy statements and other information with the Commission relating to its business, financial condition and other matters. The Company is required to disclose in such proxy statements certain information, as of particular dates, concerning the Company's directors and officers, their remuneration, stock options granted to them, the principal holders of the Company's securities and any material interests of such persons in transactions with the Company. Such reports, proxy statements and other information may be inspected at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and may be inspected and copied at prescribed rates at the regional offices of the Commission located at Seven World Trade Center, 13th Floor, New York, New York 10048 and Citicorp Center, 500 West Madison Street (Suite 1400), Chicago, Illinois 60661. Copies of this material may also be obtained by mail, upon payment of the Commission's customary fees, from the Commission's principal office at 450 Fifth Street, N.W., Washington, D.C. 20549

9. CERTAIN INFORMATION CONCERNING THE PARENT AND THE OFFEROR.

The Offeror is a newly incorporated Delaware corporation and a wholly owned subsidiary of the Parent, which is also a Delaware corporation. To date, the Offeror has not conducted any business other than that incident to its formation, the execution and delivery of the Merger Agreement and the commencement of the Offer. Accordingly, no meaningful financial information with respect to the Offeror is available.

The principal executive offices of the Offeror and the Parent are located at 40 Westminster Street, Providence, RI 02903-2596.

The Parent is an international multi-industry company with operations in six business segments: Aircraft, Automotive, Industrial, Systems and Components, Finance and Paul Revere Insurance.

Set forth below is certain selected historical consolidated financial information with respect to the Parent excerpted or derived from financial information contained in the Parent's Annual Report on Form 10-K for the year ended December 31, 1994, and the Parent's Report on Form 10-Q for the quarter ended July 1, 1995 (which reports are hereby incorporated by reference herein). More comprehensive financial information is included in such reports and other documents filed by the Parent with the Commission, and the following summary is qualified in its entirety by reference to such reports and such other documents and all the financial information (including any related notes) contained therein. Such reports and other documents should be available for inspection and copies thereof should be obtainable in the manner set forth in Section 8.

TEXTRON INC.
SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA
(DOLLARS IN MILLIONS)

	FOR THE SIX MONTHS ENDED		FOR THE YEAR ENDED	
	JULY 1, 1995	JULY 2, 1994	DECEMBER 31, 1994	JANUARY 1, 1994
INCOME STATEMENT DATA				
Revenues	$ 4,889	$ 4,925	$ 9,683	$ 9,078
Net Income	230	210	433	379

	AS OF JULY 1, 1995	AS OF DECEMBER 31, 1994	AS OF JANUARY 1, 1994
BALANCE SHEET DATA			
Total assets	$22,330	$ 20,925	$ 19,658
Debt	10,249	9,364	8,872
Total shareholders' equity	3,096	2,882	2,780

None of the Offeror, the Parent, nor, to the best knowledge of the Offeror and the Parent, any of the persons listed in Annex I to this Offer to Purchase owns or has any right to acquire any Shares and none of them has effected any transaction in the Shares during the past 60 days.

Except as set forth in this Offer to Purchase, none of the Offeror or the Parent, nor, to the best knowledge of the Offeror or the Parent, any of the persons listed in Annex I to this Offer to Purchase has any contract, arrangement, understanding or relationship with any other person with respect to any securities of the Company, including, without limitation, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any securities of the Company, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss or the giving or withholding of proxies. None of the Offeror or the Parent, nor, to the best knowledge of the Offeror or the Parent, any of the persons listed in Annex I to this Offer to Purchase has had any transactions with the Company, or any of its executive officers, directors or affiliates that would require reporting under the rules of the Commission.

Except as set forth in this Offer to Purchase, there have been no contacts, negotiations or transactions between the Offeror or the Parent, or their respective subsidiaries, or, to the best knowledge of the Offeror or the Parent, any of the persons listed in Annex I to this Offer to Purchase, on the one hand, and the Company or its executive officers, directors or affiliates, on the other hand, concerning a merger, consolidation or acquisition, tender offer or other acquisition of securities, election of directors, or a sale or other transfer of a material amount of assets that would require reporting under the rules of the Commission.

10. SOURCE AND AMOUNT OF FUNDS.

The total amount of funds required by the Offeror to purchase Shares (including Shares issuable upon exercise of employee stock options) validly tendered pursuant to the Offer, consummate the Merger and pay all related fees and expenses is estimated to be approximately $190 million. The Offeror will obtain all such funds from the Parent, which will obtain such funds from bank borrowings under the Credit Agreement described below.

The Parent is a party to a Credit Agreement among the Parent, certain lenders named therein and Bankers Trust Company, as Administrative Agent, dated as of November 1, 1993 as amended October 30, 1994 and July 1, 1995 (the "Credit Agreement"). The $1.5 billion borrowing facility established by the Credit Agreement has a final maturity date of July 1, 2000 and borrowings under this facility are unsecured. The interest rates for borrowings generally are established by auction among several participating banks at the time of each borrowing. Pursuant to the Credit Agreement, such interest rates may not exceed the London Interbank Offered Rate plus 0.22% per annum. The interest rate for borrowings to consummate the Offer and the Merger will be established in this manner. The Credit Agreement contains customary representations and warranties, conditions to borrowings, covenants and events of default. The portion of the facility under the Credit Agreement not used or reserved as support for commercial paper or bank borrowings at July 1, 1995, was $685 million. The lenders under the Credit Agreement include: ABN-Amro Bank, N.V.; Bankers Trust Company; Bank of America N.T. & S.A.; Bank of Montreal/Harris Trust and Savings Bank; The Bank of New York; The Bank of Nova Scotia; The Bank of Tokyo Trust Company; Banque Nationale de Paris; The Chase Manhattan Bank, N.A.; Chemical Bank; CIBC Inc.; Citibank, N.A.; Comerica Bank; CoreStates Bank, N.A.; Credit Lyonnais; Credit Suisse; Deutsche Bank AG; First American National; The First National Bank of Boston; The First National Bank of Chicago; The Fuji Bank, Limited; The Industrial Bank of Japan Trust Company; Mellon Bank, N.A.; National Westminster Bank PLC; NBD Bank; Royal Bank of Canada; The Sanwa Bank, Limited; Shawmut Bank; Suntrust Bank; Swiss Bank Corporation; and The Toronto-Dominion Bank.

It is anticipated that borrowings under the Credit Agreement will be repaid with general corporate funds of the Parent and its subsidiaries (including the Company) or through permanent financing.

The foregoing summary of the Credit Agreement is qualified in its entirety by reference to the text of the Credit Agreement filed as an exhibit to the Tender Offer Statement on Schedule 14D-1 (the "Schedule 14D-1") of the Offeror and the Parent filed with the Commission in connection with the Offer and is incorporated herein by reference.

The Offer is not subject to a financing condition.

11. BACKGROUND OF THE OFFER; PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS WITH THE COMPANY.

In a press release issued on August 10, 1995, Illinois Tool Works, Inc. ("ITW") publicly announced that it had submitted a proposal to the Company to acquire all outstanding Shares at a price of $27 per Share in cash.

According to a press release issued by the Company on August 17, 1995, the Board of Directors of the Company rejected ITW's offer, after having found ITW's proposal " 'inadequate',. . . taking into account other potential strategic alternatives available to [the Company], as well as [the Company's] prospects as an independent company."

In a press release dated August 21, 1995, ITW announced that it owned over 1,000 Shares and that it intended to submit a slate of three nominees for election to the Company's Board of Directors and a written demand for a list of the Company's stockholders in order to communicate with them directly. ITW also stated that, on August 15, 1995, it had filed a Notification and Report under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with the Federal Trade Commission and the Department of Justice regarding its proposed acquisition of the Company and that it intended to file proxy materials with respect to its solicitation with the Commission.

On August 11, 1995, in response to ITW's offer to acquire the Company, Herbert Henkel, President of the Parent's Industrial Products Group, contacted certain members of the Company's senior management regarding ITW's offer and, over the next several days, expressed to such persons and other representatives of the Company the Parent's potential interest in acquiring the Company. Shortly after the Company rejected the ITW offer, representatives of the Company informed Mr. Henkel that, in response to the Parent's potential interest in acquiring the Company, the Company was prepared to provide certain non-public information concerning the Company to the Parent, if the Parent entered into a confidentiality agreement. During the course of negotiating the confidentiality agreement, Mr. Henkel conveyed to representatives of the Company a preliminary, nonbinding indication of interest to acquire the Company in a transaction valued at approximately $35 per Share.

On September 1, 1995, the Parent and the Company entered into a confidentiality agreement (the "Confidentiality Agreement") pursuant to which the Parent agreed to (a) keep confidential certain information concerning the Company to be provided to the Parent in connection with its evaluation of a possible transaction involving the Company, and (b) customary "standstill" provisions limiting the Parent's freedom of action with respect to proposals to acquire the Company and certain other actions that would affect control of the Company. As a result of the Company entering into the Merger Agreement with Parent, such standstill provisions terminated.

Following execution of the Confidentiality Agreement, the Company provided the Parent with certain non-public business and financial information, including certain financial projections. See Section 8 -- "Certain Information Concerning the Company."

From September 5 through September 12, 1995, representatives of the Parent and the Company had numerous telephone meetings in which the terms of the Merger Agreement were negotiated. During this period, the Parent also conducted additional due diligence with respect to the Company.

In the evening of September 12, 1995, the respective Boards of Directors of the Company, the Parent and the Offeror approved a draft form of the Merger Agreement, and the Merger Agreement was executed by each party later that evening. On the following morning, September 13, 1995, the Parent and the Company issued a

joint press release announcing execution of the Merger Agreement. On September 19, 1995, the Offeror commenced the Offer.

12. PURPOSE OF THE OFFER AND THE MERGER; APPRAISAL RIGHTS; EXEMPTION FROM RIGHTS AGREEMENT; PLANS FOR THE COMPANY.

The purpose of the Offer, the Merger and the Merger Agreement is to enable the Parent to acquire control of, and the entire equity interest in, the Company. Upon consummation of the Merger, the Company will become a wholly owned subsidiary of the Parent. The Offer is being made pursuant to the Merger Agreement.

Under the DGCL and the Company's Certificate of Incorporation, the approval of the Board of Directors of the Company and the affirmative vote of the holders of 66-2/3% of the outstanding Shares are required to approve and adopt the Merger Agreement and the Merger. The Board of Directors of the Company has approved the Offer, the Merger and the Merger Agreement and the transactions contemplated thereby, and, unless the Merger is consummated pursuant to the short-form merger provisions under the DGCL described below, the only remaining required corporate action of the Company is the approval and adoption of the Merger Agreement and the Merger by the affirmative vote of the holders of 66-2/3% of the Shares. If the Minimum Condition is satisfied, the Offeror will have sufficient voting power to cause the approval and adoption of the Merger Agreement and the Merger without the affirmative vote of any other stockholder.

The Merger Agreement provides that, if approval or action in respect of the Merger by the stockholders of the Company is required by applicable law, the Company will, (i) if appropriate, call a meeting of its stockholders (the "Stockholder Meeting") for the purpose of voting upon the Merger and will use its reasonable best efforts to obtain stockholder approval of the Merger, (ii) hold the Stockholder Meeting as soon as practicable following the purchase of Shares pursuant to the Offer, and (iii) recommend to its stockholders the approval of the Merger through its Board of Directors, but subject in each case to the fiduciary duties of its Board of Directors under applicable law as determined by the Board of Directors in good faith after consultation with its counsel. The record date for the Stockholder Meeting will be a date subsequent to the date the Parent or the Offeror becomes a record holder of Shares purchased pursuant to the Offer.

Okabe. The Merger Agreement provides that the Company will use its reasonable efforts to encourage Okabe to tender its Shares to the Offeror in the Offer. According to information provided by the Company, as of September 5, 1995, Okabe owned 853,000 Shares, which represented 17.1% of the outstanding Shares.

Short Form Merger. Under the DGCL, if the Offeror acquires at least 90% of the outstanding Shares, the Offeror will be able to approve the Merger without a vote of the Company's other stockholders. The Merger Agreement provides that if the Offeror, or any other direct or indirect subsidiary of the Parent, acquires at least 90% of the outstanding Shares, the Parent, the Offeror and the Company will take all necessary and appropriate action to cause the Merger to become effective as soon as practicable after the expiration of the Offer without a meeting of stockholders of the Company, in accordance with Section 253 of the DGCL. If the other conditions to the Offeror's obligation to purchase Shares in the Offer are satisfied prior to the time the Offeror acquires at least 90% of the outstanding Shares, the Offeror may, subject to the limitations set forth in the Merger Agreement, delay its purchase of the Shares tendered to it in the Offer. See Section 1. If the Offeror does not acquire at least 90% of the outstanding Shares, a significantly longer period of time may be required to effect the Merger, because a vote of the Company's stockholders would be required under the DGCL.

Appraisal Rights. No appraisal rights are available in connection with the Offer. However, if the Merger is consummated, stockholders of the Company will have certain rights under the DGCL to dissent and demand appraisal of, and to receive payment in cash of the fair value of, their Shares. Such rights to dissent, if the statutory procedures are complied with, could lead to a judicial determination of the fair value of the Shares (excluding any element of value arising from the accomplishment or expectation of the Merger), to be required to be paid in cash to such dissenting holders for their Shares. In addition, such dissenting stockholders would be entitled to receive payment of a fair rate of interest from the date of consummation of

the Merger on the amount determined to be the fair value of their Shares. In determining the fair value of the Shares, a Delaware court would be required to take into account all relevant factors. Accordingly, such determination could be based upon considerations other than, or in addition to, the market value of the Shares, including, among other things, asset values and earning capacity. In Weinberger v. UOP, Inc., the Delaware Supreme Court stated, among other things, that "proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court" should be considered in an appraisal proceeding. Therefore, the value so determined in any appraisal proceeding could be different from the price being paid in the Offer.

In addition, several decisions by Delaware courts have held that, in certain circumstances, a controlling stockholder of a company involved in a merger has a fiduciary duty to other stockholders which requires that the merger be fair to such other stockholders. In determining whether a merger is fair to minority stockholders, Delaware courts have considered, among other things, the type and amount of consideration to be received by the stockholders and whether there was fair dealing among the parties. The Delaware Supreme Court stated in Weinberger and Rabkin v. Philip A. Hunt Chemical Corp. that although the remedy ordinarily available to minority stockholders in a cash-out merger is the right to appraisal described above, a damages remedy or injunctive relief may be available if a merger is found to be the product of procedural unfairness, including fraud, misrepresentation or other misconduct.

Rule 13e-3. The Commission has adopted Rule 13e-3 under the Exchange Act which is applicable to certain "going private" transactions and which may under certain circumstances be applicable to the Merger or another business combination following the purchase of Shares pursuant to the Offer or otherwise in which the Offeror seeks to acquire the remaining Shares not held by it. The Offeror believes, however, that Rule 13e-3 will not be applicable to the Merger if the Merger is consummated within one year after the termination of the Offer at the same per Share price as paid in the Offer. If applicable, Rule 13e-3 requires, among other things, that certain financial information concerning the Company and certain information relating to the fairness of the proposed transaction and the consideration offered to minority stockholders in such transaction, be filed with the Commission and disclosed to stockholders prior to consummation of the transaction.

Purchases of Shares. Whether or not the Offeror purchases Shares pursuant to the Offer, the Offeror expressly reserves the right to acquire, following consummation or termination of the Offer, additional Shares through open market purchases, privately negotiated transactions, another tender offer or otherwise. Any such purchases of additional Shares might be on terms which are the same as, or more or less favorable than, those of this Offer. In any event, the Offeror is under no obligation to effect any such purchases. The Offeror also reserves the right, subject to the terms of the Merger Agreement, to dispose of any or all Shares that it may acquire.

Exemption of Offer and Merger from Effect of the Rights Agreement. The Company has represented in the Merger Agreement that it has taken all necessary actions to ensure that, for the purposes of the Rights Agreement, neither the Parent nor the Offeror will become an "Acquiring Person" (as defined therein), the execution of the Merger Agreement does not, and the commencement or consummation of the Offer, the Merger and the other transactions contemplated thereunder (including a tender offer by the Parent or the Offeror at a higher cash price per share for all outstanding Shares and the associated Rights pursuant to the Merger Agreement), will not result in the grant of any rights to any person under the Rights Agreement or enable or require any outstanding Rights to be exercised, distributed or triggered, and that the Rights will expire without any further force or effect as of the Effective Time. The Company has also represented that the Merger Agreement, the Offer and the Merger have been duly approved by the "Continuing Directors" (as defined in the Rights Agreement) and that other than the Parent or the Offeror (and their affiliates), the Company (or its Board of Directors) has not exempted (or taken any other action tantamount to exempting) any person or entity from the potential application of the Rights Agreement, except that Okabe and its affiliates are permitted to beneficially own up to 21% of the outstanding Shares without triggering the potential application of the Rights Agreement.

Board Representation. The Merger Agreement provides that, promptly upon the purchase of Shares pursuant to the Offer, the Parent will be entitled to designate such number of directors, rounded up to the next

whole number, on the Board of Directors of the Company as will give the Parent, subject to compliance with Section 14(f) of the Exchange Act, representation on the Board of Directors equal to the product of (a) the total number of directors on the Board of Directors and (b) the percentage that the number of Shares purchased by the Parent bears to the number of Shares outstanding. The Company has agreed that, upon request by the Parent, it will promptly increase the size of the Board of Directors and/or exercise its reasonable best efforts to secure the resignations of such number of directors as is necessary to enable the Parent's designees to be elected to the Board of Directors and will cause the Parent's designees to be so elected. The Company has agreed to take, at its expense, all actions required by Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder to effect any such election, including the mailing to its stockholders of the information required to be disclosed pursuant thereto. The Parent will supply to the Company in writing and be solely responsible for any information with respect to itself and its nominees, officers, directors and affiliates required by Section 14(f) and Rule 14f-1.

Pursuant to the Merger Agreement, following the election of designees of the Offeror, prior to the Effective Time, any amendment of the Merger Agreement or the Certificate of Incorporation or By-Laws of the Company, any termination of the Merger Agreement by the Company, any extension by the Company of the time for the performance of any of the obligations or other acts of the Parent or the Offeror or waiver of any of the Company's rights under the Merger Agreement will require the concurrence of a majority of the directors of the Company then in office who are directors as of the date of the Merger Agreement or persons designated by such directors and neither were designated by the Offeror nor are employees of the Company ("Continuing Directors"). In addition, prior to the Effective Time, the Company and the Offeror will use all reasonable efforts to ensure that the Company's Board of Directors at all times includes at least three Continuing Directors.

Plans for the Company. Except as otherwise set forth in this Offer to Purchase, it is expected that, initially following the Merger, the business and operations of the Company will be continued by the Surviving Corporation substantially as they are currently being conducted. The Parent intends to operate the Company as a division of the Parent. The directors of the Offeror will be the initial directors of the Surviving Corporation and the then officers of the Company and such other persons as are designated by the Parent shall be the initial officers of the Surviving Corporation. After the purchase of Shares pursuant to the Offer and prior to the Effective Time, it is anticipated that the Company will not declare any dividends on the Shares.

The Parent will evaluate the business, operations, capitalization and management of the Company during the pendency of the Offer and after the consummation of the Offer, and will take such actions as it deems appropriate under the circumstances then existing with a view to optimizing the Company's potential in conjunction with the Parent's business.

Except as indicated in this Offer to Purchase, the Parent does not have any present plans or proposals which relate to or would result in an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Company or any of its subsidiaries, a sale or transfer of a material amount of assets of the Company or any of its subsidiaries or any material change in the Company's capitalization or dividend policy or any other material changes in the Company's corporate structure or business, or the composition of the Company's Board of Directors or management.

13. THE MERGER AGREEMENT.

The following summary of certain provisions of the Merger Agreement, a copy of which is filed as an exhibit to the Schedule 14D-1, is qualified in its entirety by reference to the text of the Merger Agreement.

The Offer. The Offeror commenced the Offer in accordance with the terms of the Merger Agreement.

The Merger. The Merger Agreement provides that, upon the terms and subject to the conditions of the Merger Agreement, and in accordance with the DGCL, the Offeror shall be merged with and into the Company. Following the Effective Time, the separate corporate existence of the Offeror will cease and the Company will continue as the Surviving Corporation and will succeed to and assume all the rights and obligations of the Offeror in accordance with the DGCL. The Certificate of Incorporation of the Offeror, as in

effect immediately prior to the Effective Time, will be amended to change the name of the Offeror to "Elco Industries, Inc." and, as so amended, the Certificate of Incorporation and the Bylaws of the Offeror shall become the Certificate of Incorporation and Bylaws of the Surviving Corporation.

Conversion of Shares. At the Effective Time, each Share issued and outstanding immediately prior thereto will be canceled and extinguished and each Share (other than Shares held by the Company as treasury Shares, Shares owned by any wholly owned subsidiary of the Company, Shares owned by the Parent, the Offeror or any wholly owned subsidiary of the Parent and Dissenting Shares) will be converted into the right to receive the Merger Consideration upon the surrender of the certificate formerly representing such Share.

Dissenting Shares. The Merger Agreement provides that, if required by the DGCL, Dissenting Shares will not be exchangeable for the right to receive the Merger Consideration, and holders of such Dissenting Shares will be entitled to receive payment of the appraised value of such Dissenting Shares in accordance with the provisions of Section 262 of the DGCL unless and until such holders fail to perfect or effectively withdraw or lose their rights to appraisal and payment under the DGCL. If, after the Effective Time, any holder fails to perfect or effectively withdraws or loses such right, such Dissenting Shares will thereupon be treated as if they had been converted into and have become exchangeable for, at the Effective Time, the right to receive the Merger Consideration. See Section 12 "-- Appraisal Rights."

Representations and Warranties. Pursuant to the Merger Agreement, the Company has made customary representations and warranties to the Parent and the Offeror, including, but not limited to, representations and warranties relating to the Company's organization and qualification, capitalization, its authority to enter into the Merger Agreement and carry out the transactions contemplated thereby, filings made by the Company with the Commission under the Securities Act and the Exchange Act (including financial statements included in the documents filed by the Company under these acts), the Company's financial statements and draft Form 10-K for the fiscal year ended June 30, 1995, required consents and approvals, compliance with applicable laws, employee relations and benefits, litigation, environmental matters, absence of limitations on future business conduct, intellectual property, material liabilities of the Company and its subsidiaries, the payment of taxes and the absence of certain material adverse changes or events.

The Parent and the Offeror have also made customary representations and warranties to the Company, including, but not limited to, representations and warranties relating to the Parent's and the Offeror's organization, authority to enter into the Merger Agreement, required consents and approvals, and the availability of sufficient funds to consummate the Offer and the Merger.

Covenants Relating to the Conduct of Business. Pursuant to the Merger Agreement, the Company has agreed that it will, and will cause its subsidiaries to (and will use all reasonable efforts to cause its 50% owned joint venture with Nagoya Screw Manufacturing Co. Ltd. (the "Joint Venture") to), in all material respects, carry on their respective businesses in, and not enter into any material transaction other than in accordance with, the regular and ordinary course and, to the extent consistent therewith, use their reasonable best efforts to preserve intact their current business organizations, keep available the services of their current officers and employees and preserve their relationships with customers, suppliers and others having business dealings with them.

The Company has agreed that except as contemplated by the Merger Agreement or as disclosed by the Company to the Parent prior to the execution of the Merger Agreement, it will not, and will not permit any of its subsidiaries to (and will use all reasonable best efforts to cause the Joint Venture not to), without the prior written consent of the Parent: (a) issue, deliver, sell, pledge, dispose of or otherwise encumber any shares of its capital stock, any other voting securities or equity equivalent or any securities convertible into, or any rights, warrants or options to acquire, any such shares, securities or equity equivalent (other than, in the case of the Company, the issuance of Shares during the period from the date of the Merger Agreement through the Effective Time upon the exercise of options to purchase Shares outstanding on the date of the Merger Agreement in accordance with their current terms); (b) amend or change its charter or bylaws or amend, change or waive (or exempt any person or entity from the effect of) the Rights Agreement, except in connection with the exercise of fiduciary duties by the Board of Directors of the Company;
(c) acquire or agree to acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of or

equity in, or by any other manner, any business or division thereof or otherwise acquire or agree to acquire any assets, in each case that are material, individually or in the aggregate, to the Company and its subsidiaries taken as a whole, except for purchases of inventory in the ordinary course of business consistent with past practice; (d) sell, lease or otherwise dispose of, or agree to sell, lease or otherwise dispose of, any of its assets that are material, individually or in the aggregate, to the Company and its subsidiaries taken as a whole, except sales of inventory in the ordinary course of business consistent with past practice; (e) make any commitment or enter into any contract or agreement except (x) in the ordinary course of business consistent with past practice or (y) for capital expenditures to be made in fiscal 1996 as identified in the Company's Capital Expenditure Budget delivered to the Parent in connection with the Merger Agreement; (f) incur any indebtedness for borrowed money or guarantee any such indebtedness or issue or sell any debt securities or guarantee any debt securities of others, except in the ordinary course of business consistent with past practice, or make any loans, advances or capital contributions to, or investments in, any other person, other than to the Company or any wholly owned subsidiary of the Company and other than in the ordinary course of business consistent with past practice; (g) alter through merger, liquidation, reorganization, restructuring or in any other fashion the corporate structure or ownership of any subsidiary of the Company; (h) except as may be required as a result of a change in law or in generally accepted accounting principles, change any of the accounting principles or practices used by the Company; (i) revalue any assets, including, without limitation, writing down the value of inventory or writing off notes or accounts receivable, other than in the ordinary course of business; (j) make any tax election or settle or compromise any material income tax liability; (k) settle or compromise any pending or threatened suit, action or claim relating to the transactions contemplated by the Merger Agreement; (l) pay, discharge or satisfy any liabilities, other than in the ordinary course of business of liabilities reflected or reserved against in, or contemplated by, the financial statements (or the notes thereto) of the Company or incurred in the ordinary course of business consistent with past practice; (m) increase in any manner the compensation or fringe benefits of any directors, officers and other key employees of the Company or pay any pension or retirement allowance not required by any existing plan or agreement to any such employees, or become a party to, amend or commit itself to any pension, retirement, profit-sharing or welfare benefit plan or agreement or employment agreement with or for the benefit of any employee, other than increases in the compensation of employees who are not officers or directors of the Company made in the ordinary course of business consistent with past practice, or (except pursuant to the terms of preexisting plans or agreements) accelerate the vesting of any compensation or benefit; (n) except in connection with the exercise of its fiduciary duties by the Board of Directors of the Company, waive, amend or allow to lapse any term or condition of any confidentiality or "standstill" agreement to which the Company or any subsidiary is a party; or (o) take, or agree in writing or otherwise to take, any of the foregoing actions or any action which would make any of the representations or warranties of the Company contained in the Merger Agreement untrue or incorrect as of the date when made.

Acquisition Proposals. The Company has agreed in the Merger Agreement that, from the date of the Merger Agreement and prior to the Effective Time, (a) that neither the Company nor its subsidiaries will, and the Company will direct and use its reasonable best efforts to cause its officers, directors, employees and authorized agents and representatives (including, without limitation, any investment banker, attorney or accountant retained by it or any of its subsidiaries) not to, initiate, solicit or encourage, directly or indirectly, any inquiries or the making or implementation of any proposal or offer (including, without limitation, any proposal or offer to its stockholders) with respect to a merger, acquisition, consolidation or similar transaction involving, or any purchase of, any equity securities or all or any significant portion of the assets of, the Company or its subsidiaries (any such proposal or offer an "Acquisition Proposal") or engage in any negotiations concerning, or provide any confidential information or data to, or have any discussions with, any person or entity relating to an Acquisition Proposal, or otherwise facilitate any effort or attempt to make or implement an Acquisition Proposal;
(b) that it will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any person or entity conducted previously with respect to any of the foregoing and will take the necessary steps to inform the person or entity referred to above of the obligations undertaken pursuant to this provision; and (c) that it will notify the Parent immediately if any such inquiries or proposals are received by, any such information is requested from, or any such negotiations or discussions are sought to be initiated or continued with, the Company, but need not disclose the identity of the other party

or the terms of its proposals; provided, however, that the foregoing provisions will not prohibit the Board of Directors of the Company from (i) furnishing information to, or entering into discussions or negotiations with, any person or entity that makes an unsolicited bona fide proposal in writing to engage in an Acquisition Proposal transaction which the Board of Directors of the Company in good faith determines represents a financially superior transaction for the stockholders of the Company as compared to the Offer and the Merger if, and only to the extent that, (A) the Board of Directors determines, after consultation with Skadden, Arps, Slate, Meagher & Flom, that failure to take such action would be inconsistent with the compliance by the Board of Directors with its fiduciary duties to stockholders imposed by law, (B) prior to or concurrently with furnishing such information to, or entering into discussions or negotiations with, such a person or entity, the Company provides written notice to the Parent to the effect that it is furnishing information to, or entering into discussions or negotiations with, such a person or entity, and (C) the Company keeps the Parent informed of the status (including the identity of such person or entity and terms of any proposal) of any such discussions or negotiations; and (ii) to the extent applicable, complying with Rule 14e-2 promulgated under the Exchange Act with regard to an Acquisition Proposal. Nothing contained in the foregoing provisions will (x) permit the Company to terminate the Merger Agreement, (y) permit the Company to enter into any agreement with respect to an Acquisition Proposal during the term of the Merger Agreement, or (z) affect any other obligation of any party under the Merger Agreement.

Annual Meeting. The Company agreed pursuant to the Merger Agreement that it will defer and/or postpone the holding of its Annual Meeting of Stockholders indefinitely pending the consummation of the Merger unless the Company is required to hold such meeting by an order from a court of competent jurisdiction.

Company Stock Options. Pursuant to the Merger Agreement, at the Effective Time, all outstanding stock options to purchase Shares (the "Company Stock Options") granted under the Company's 1991 Stock Option Plan and the 1992 Stock Option Plan for Non-employee Directors (the "Stock Plans"), whether or not exercisable, and whether or not vested, (i) will become fully exercisable and vested and (ii) will be, upon their surrender to the Company by the holders, canceled by the Company. In consideration of such cancellation, the Surviving Corporation will deliver on or promptly after the Effective Time to each holder thereof cash in an amount per Share subject to such canceled Company Stock Option equal to the excess of the Merger Consideration over the exercise price per Share of such Company Stock Option. The Company has agreed pursuant to the Merger Agreement to use its best efforts to cause each holder of a Company Stock Option to execute an agreement with the Company, prior to the Effective Time, consenting to the payment described in the preceding sentence as consideration for the cancellation of any Company Stock Options held by such holder. No payment will be made by the Surviving Corporation with respect to any Company Stock Option having an exercise price equal or greater than the Merger Consideration. The Company has agreed that the committee that administers each of the Stock Plans will determine and take all necessary action so that the right to receive the foregoing cash consideration will be the only right of each holder of a Company Stock Option on and after the Effective Time. Pursuant to the Merger Agreement, the Company has agreed to terminate the Stock Plans immediately prior to the Effective Time and to grant no additional Company Stock Options after the date of the Merger Agreement.

Performance Share Plan. The Company has agreed pursuant to the Merger Agreement to terminate the Company's 1988 Performance Share Plan (the "Performance Share Plan") immediately prior to the Effective Time and not to grant additional Performance Shares (as defined in the Performance Share Plan) from and after the date of the Merger Agreement. At the Effective Time, all outstanding Performance Shares will be canceled and all Performance Awards (as defined in the Performance Share Plan) will be deemed 100 percent earned for the relevant Performance Period (as defined in the Performance Share Plan) and will be paid in cash by the Surviving Corporation as soon as practicable after the Effective Time.

Indemnification. The Merger Agreement provides that, from and after the Effective Time, the Parent will, and will cause the Surviving Corporation to, indemnify and hold harmless all past and present officers, directors, employees and agents (the "Indemnified Parties") of the Company and of its subsidiaries to the full extent such persons may be indemnified by the Company pursuant to the Company's Certificate of Incorporation and Bylaws as in effect as of the date of the Merger Agreement for acts and omissions occurring

at or prior to the Effective Time and has agreed to advance reasonable litigation expenses incurred by such persons in connection with defending any action arising out of such acts or omissions, provided that such persons provide the requisite affirmation and undertaking, as set forth in the Company's Bylaws prior to the Effective Time. The Parent has agreed to provide, or cause the Surviving Corporation to provide, for a period of not less than six years after the Effective Time, the Company's current directors and officers an insurance and indemnification policy that provides coverage for events occurring at or prior to the Effective Time (the "D&O Insurance") that is no less favorable than the existing policy or, if substantially equivalent insurance coverage is unavailable, the best available coverage; provided, however, that the Parent and the Surviving Corporation will not be required to pay an annual premium for the D&O Insurance in excess of $105,000, but in such case will purchase as much coverage as possible for such amount.

Employee Benefits. Pursuant to the Merger Agreement, to the extent permitted by law, for a period of one year following the Effective Time, the Parent has agreed to cause the Surviving Corporation to provide the current and former non-union employees of the Company and its subsidiaries with employee benefits no less favorable, in aggregate value, than those provided by the Company on the date of the Merger Agreement to those employees; provided, however, that (i) neither the Parent nor the Surviving Corporation will be obligated to provide an employee stock ownership plan to such employees or to continue any one or more of such benefits, (ii) such "employee benefits" include benefits provided under any "employee benefit plan" (as defined under section 3(3) of ERISA) of the Company and its subsidiaries and (iii) neither the Parent nor the Surviving Corporation will be obligated to provide any benefits which are payable pursuant to a "change in control", except as otherwise provided in the Merger Agreement. The Parent and the Surviving Corporation have agreed to honor (without modification) and assume certain employment agreements, severance agreements and individual benefit arrangements which were disclosed to the Parent prior to the execution of the Merger Agreement, all as in effect at the Effective Time. Pursuant to the Merger Agreement, the Surviving Corporation will pay for customary out-placement services to any executive officer of the Company whose employment is terminated by the Surviving Corporation and who is entitled to payments under an existing severance agreement, on the same basis as out-placement services are provided to executive officers of the Parent or its subsidiaries of a comparable level.

Reasonable Best Efforts. Upon the terms and subject to the conditions set forth in the Merger Agreement, each of the parties thereto agrees to use its reasonable best efforts to take, or cause to be taken, all actions (including entering into transactions) and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Merger, and the other transactions contemplated by the Merger Agreement, including, without limitation, obtaining certain consents, approvals and waivers from Governmental Entities (as defined in the Merger Agreement) and third parties and defending any lawsuit or other legal proceedings, whether judicial or administrative, challenging the Merger Agreement or the consummation of the transactions contemplated thereby, including seeking to have any stay or temporary restraining order vacated or reversed. Neither the Parent, the Offeror nor the Company, however, will be required to take any action described above that would in any event have a Material Adverse Effect (as defined in the Merger Agreement) on either the Parent or the Company. In addition, neither the Parent, the Offeror nor any of their affiliates will be required to enter into any transaction or take any other action that would require a waiver of, or that is inconsistent with satisfaction of, the conditions of the Offer set forth in clauses (a)(iii), (iv) or (v) thereto. See Section 15 -- "Certain Conditions to the Offeror's Obligations."

Conditions Precedent to Merger. The respective obligations of the Parent, the Offeror and the Company to effect the Merger are subject to the fulfillment at or prior to the Effective Time of the following conditions: (a) if required by applicable law, the Merger Agreement shall have been approved by the requisite vote of the stockholders of the Company; and (b) no Governmental Entity or court of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law, rule, regulation, executive order, decree or injunction which prohibits or has the effect of prohibiting the consummation of the Merger; provided, however, the Company, the Parent and the Offeror have agreed that, prior to invoking this provision, they shall use their reasonable best efforts (subject to the other terms and conditions of the Merger Agreement) to have any such order, decree or injunction vacated.

Termination. The Merger Agreement may be terminated at any time prior to the Effective Time, whether prior to or after approval by the stockholders of the Company: (a) by mutual written consent of the Parent and the Company; (b) by the Company if: (i) the Offer has not been timely commenced (except as a result of actions or omissions by the Company); or (ii) there is an Acquisition Proposal which the Board of Directors of the Company in good faith determines represents a financially superior transaction for the stockholders of the Company as compared to the Offer and the Merger and the Board of Directors of the Company determines, after consultation with Skadden, Arps, Slate, Meagher & Flom, that failure to terminate the Merger Agreement would be inconsistent with the compliance by the Board of Directors with its fiduciary duties to stockholders imposed by law; provided, however, that such right to terminate the Merger Agreement shall not be available (1) if the Company has breached in any material respect its obligations concerning Acquisition Proposals or (2) if, prior to or concurrently with any purported termination pursuant to this clause, the Company shall not have paid the Termination Fee (as defined below, see "-- Fees and Expenses") and, in each case, unless the Company has provided the Parent and the Offeror with one business day's prior written notice of its intent to so terminate the Merger Agreement together with a summary of the material terms and conditions of such offer; or (iii) there has been a breach by the Parent or the Offeror of any representation or warranty that would have a material adverse effect on the Parent's or the Offeror's ability to perform its obligations under the Merger Agreement and which breach has not been cured within twenty business days following receipt by the Parent or the Offeror of notice of the breach; or (iv) the Parent or the Offeror fails to comply in any material respect with any of its material obligations or covenants contained in the Merger Agreement, including, without limitation, the obligation of the Offeror to purchase Shares pursuant to the Offer, unless such failure results from a breach of the Company of any obligation, representation, or warranty under the Merger Agreement, which has not been cured within twenty business days following Company's receipt of notice of the breach; (c) by the Parent if the Board of Directors of the Company shall have failed to recommend, or shall have withdrawn, modified or amended in any material respect its approval or recommendations of the Offer or the Merger or shall have resolved to do any of the foregoing; or (d) by either the Parent or the Company if: (i) the Merger has not been effected on or prior to the close of business on March 31, 1996; provided, however, that the right to terminate the Merger Agreement pursuant to this clause (d) will not be available (y) to the Parent if the Offeror or any affiliate of the Offeror acquires Shares pursuant to the Offer, or (z) to any party whose failure to fulfill any obligation of the Merger Agreement has been the cause of, or resulted in, the failure of the Merger to have occurred on or prior to the aforesaid date; or (ii) any court of competent jurisdiction or any governmental, administrative or regulatory authority, agency or body shall have issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the transactions contemplated by the Merger Agreement and such order, decree, ruling or other action shall have become final and nonappealable; or (iii) upon a vote at a duly held meeting or upon any adjournment thereof, the stockholders of the Company shall have failed to give any approval required by applicable law; or (iv) as the result of the failure of any of the conditions described in Section 15, the Offer shall have terminated or expired in accordance with its terms without the Offeror having purchased any shares of Common Stock pursuant to the Offer; provided, however, that the right to terminate the Merger Agreement pursuant this clause (iv) will not be available to any party whose failure to fulfill any of its obligations under the Merger Agreement results in the failure of any such condition.

Fees and Expenses. Except as described in the next sentence, whether or not the Merger is consummated, all costs and expenses incurred in connection with the Merger Agreement and the transactions contemplated thereby shall be paid by the party incurring such costs and expenses. The Company has agreed in the Merger Agreement that, if the Merger Agreement is terminated pursuant to:
(i) clause (d)(i) or (iv) set forth above under "Termination" and at the time of such termination (x) the Minimum Condition has not been satisfied and (y) an Acquisition Proposal existed; (ii) clause (b)(ii) set forth above under "Termination"; (iii) clause (c) set forth above under "Termination" and at the time of such termination an Acquisition Proposal existed; or (iv) clause (a) or clause (d)(i) set forth above under "Termination" and at the time of such termination any person, entity or group (as defined in Section 13(d)(3) of the Exchange Act) (other than the Parent or any of its affiliates) shall have become the beneficial owner of more than 20% of the outstanding Shares and such person, entity or group (or any affiliate of such person, entity or group) thereafter consummates an Acquisition Proposal at any time on or prior to the date which is six months after

such termination of the Merger Agreement with a value per Share of at least $36.00 (with appropriate adjustments for reclassifications of capital stock, stock dividends, stock splits, reverse stock splits and similar events), the Company will pay to the Parent (the "Termination Fee") the sum of (a) $5 million, plus (b) the amount of all documented costs and expenses (not to exceed $2.5 million) incurred by the Parent, the Offeror or their affiliates in connection with the Merger Agreement or the transactions contemplated thereby. Such payment will be made as promptly as practicable but in no event later than two business days following termination of the Merger Agreement pursuant to the immediately preceding sentence, or, in the case of clause (iv) of the immediately preceding sentence, upon consummation of such Acquisition Proposal. If the Company fails to pay such amount when due in accordance with the immediately preceding sentence, the Parent will be entitled to the payment from the Company, in addition to such amount, of any legal fees and expenses incurred in collecting such amount and interest thereon at the rate of 10% per annum.

14. DIVIDENDS AND DISTRIBUTIONS.

The Merger Agreement provides that neither the Company nor any of its subsidiaries will, among other things, prior to the earlier of the time that the Parent designates a majority of the members of the Board of Directors of the Company (see Section 12 -- " -- Board Representation") after the purchase of Shares pursuant to the Offer or the Effective Time (x) declare, set aside or pay any dividends on, or make any other actual, constructive or deemed distributions in respect of, any of its capital stock, or otherwise make any payments to stockholders of the Company in their capacity as such, other than (1) quarterly dividends of $.15 per share declared and payable consistent with past practices and (2) dividends payable to the Company declared by any of the Company's subsidiaries, (y) split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, or (z) purchase, redeem or otherwise acquire any shares of capital stock of the Company or any of its subsidiaries or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities. See Section 6.

15. CERTAIN CONDITIONS TO THE OFFEROR'S OBLIGATIONS.

Notwithstanding any other term of the Offer or the Merger Agreement, the Offeror will not be required to accept for payment or pay for, subject to any applicable rules and regulations of the Commission, including Rule 14e-1(c) of the Exchange Act, any Shares not theretofore accepted for payment or paid for and may terminate or amend the Offer as to such Shares unless (i) the Minimum Condition is satisfied and (ii) any waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), applicable to the purchase of Shares pursuant to the Offer has expired or been terminated. Furthermore, notwithstanding any other term of the Offer or the Merger Agreement, the Offeror will not be required to accept for payment or, subject as aforesaid, to pay for any Shares not theretofore accepted for payment or paid for, and may terminate or amend the Offer if at any time on or after the date of the Merger Agreement and before the acceptance of such Shares for payment or the payment therefor, any of the following conditions exist or shall occur and remain in effect:

(a) there shall have been instituted, pending or threatened any action or proceeding by any domestic (federal and state), foreign or supranational court, commission, governmental body, regulatory or administrative agency, authority or tribunal (a "Governmental Entity") which (i) seeks to challenge the acquisition by the Parent or the Offeror (or any of its affiliates) of Shares pursuant to the Offer, restrain, prohibit or delay the making or consummation of the Offer or the Merger, or obtain damages in connection therewith in an amount which would have a Material Adverse Effect (as defined in the Merger Agreement) on the Company, (ii) seeks to make the purchase of or payment for some or all of the Shares pursuant to the Offer or the Merger illegal, (iii) seeks to impose limitations on the ability of the Parent (or any of its affiliates) effectively to acquire or hold, or to require the Parent or the Company or any of their respective affiliates or subsidiaries to dispose of or hold separate, any portion of the assets or the business of the Parent and its affiliates or any material portion of the assets or the business of the Company and its Subsidiaries (as defined in the Merger Agreement) taken as a whole, (iv) seeks to impose material limitations on the ability of the Parent (or its affiliates) to exercise full rights of

ownership of the Shares purchased by it, including, without limitation, the right to vote the Shares purchased by it on all matters properly presented to the stockholders of the Company, or (v) seeks to restrict any future business activity by the Parent (or any of its affiliates), including, without limitation, requiring the prior consent of any person or entity (including any Governmental Entity) to future transactions by the Parent (or any of its affiliates); or

(b) there shall have been promulgated, enacted, entered, enforced or deemed applicable to the Offer or the Merger, by any state, federal or foreign Governmental Entity or by any court, domestic or foreign, any statute, rule, regulation, judgment, decree, order or injunction, that is reasonably likely to directly or indirectly result in any of the consequences referred to in clauses (i) through (v) of subsection (a) above; or

(c) the Merger Agreement shall have been terminated in accordance with its terms; or

(d) any of the representations and warranties made by the Company in the Merger Agreement shall not have been true and correct in all material respects when made, or shall thereafter have ceased to be true and correct in all material respects as if made as of such later date (other than representations and warranties made as of a specified date), or the Company shall not in all material respects have performed each obligation and agreement and complied with each covenant to be performed and complied with by it under the Merger Agreement; or

(e) the Company's Board of Directors shall have modified or amended its recommendation of the Offer in any manner adverse to the Parent or shall have withdrawn its recommendation of the Offer, or shall have recommended acceptance of any Acquisition Proposal or shall have resolved to do any of the foregoing; or

(f) (i) any corporation, entity or "group" (as defined in Section 13(d)(3) of the Exchange Act) ("person"), other than the Parent, shall have acquired beneficial ownership of more than 20% (or, in the case of Okabe and its affiliates, 21%) of the outstanding Shares, or shall have been granted any options or rights, conditional or otherwise, to acquire a total of more than 20% of the outstanding Shares; (ii) any new group shall have been formed which beneficially owns more than 20% (or, in the case of Okabe and its affiliates, 21%) of the outstanding Shares; or (iii) any person (other than the Parent or one or more of its affiliates) shall have entered into an agreement in principle or definitive agreement with the Company with respect to a tender or exchange offer for any Shares or a merger, consolidation or other business combination with or involving the Company.

The foregoing conditions are for the sole benefit of the Parent and the Offeror and may be asserted by the Parent or the Offeror regardless of the circumstances giving rise to any such condition and may be waived by the Parent or the Offeror, in whole or in part, at any time and from time to time, in the sole discretion of the Parent. The failure by the Parent or the Offeror at any time to exercise any of the foregoing rights will not be deemed a waiver of any right, the waiver of such right with respect to any particular facts or circumstances shall not be deemed a waiver with respect to any other facts or circumstances, and each right will be deemed an ongoing right which may be asserted at any time and from time to time.

If the Offer is terminated pursuant to the foregoing provisions, all tendered Shares not theretofore accepted for payment shall forthwith be returned by the Depositary to the tendering stockholders.

16. CERTAIN REGULATORY AND LEGAL MATTERS.

Except as set forth in this Section 16, the Offeror is not aware of any approval or other action by any governmental or administrative agency which would be required for the acquisition or ownership of Shares by the Offeror as contemplated herein. Should any such approval or other action be required, it will be sought, but the Offeror has no current intention to delay the purchase of Shares tendered pursuant to the Offer pending the outcome of any such matter, subject, however, to the Offeror's right to decline to purchase Shares if any of the conditions specified in Section 15 shall have occurred. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without conditions that the Parent is not required to accept.

Antitrust. Under the provisions of the HSR Act applicable to the Offer, the acquisition of Shares under the Offer may be consummated following the expiration of a 15 calendar-day waiting period following the filing by the Parent of a Notification and Report Form with respect to the Offer, unless the Parent receives a request for additional information or documentary material from the Department of Justice, Antitrust Division (the "Antitrust Division") or the Federal Trade Commission ("FTC") or unless early termination of the waiting period is granted. The Offeror made such a filing on September 13, 1995. If, within the initial 15-day waiting period, either the Antitrust Division or the FTC request additional information or material from the Parent concerning the Offer, the waiting period will be extended to the tenth calendar day after the date of substantial compliance by the Parent with such request. Complying with a request for additional information or material can take a significant amount of time.

The Antitrust Division and the FTC frequently scrutinize the legality under the antitrust laws of transactions such as the Offeror's proposed acquisition of the Company. At any time before or after the Offeror's acquisition of Shares pursuant to the Offer, the Antitrust Division or the FTC could take such action under the antitrust laws as either deems necessary or desirable in the public interest, including seeking to enjoin the purchase of Shares pursuant to the Offer or the consummation of the Merger or seeking the divestiture of Shares acquired by the Offeror or the divestiture of substantial assets of the Company or its subsidiaries or the Parent or its subsidiaries. Private parties may also bring legal action under the antitrust laws under certain circumstances. There can be no assurance that a challenge to the Offer on antitrust grounds will not be made, or, if such a challenge is made, of the result thereof.

If any applicable waiting period under the HSR Act has not expired or been terminated prior to the Expiration Date, the Offeror will not be obligated to proceed with the Offer or the purchase of any Shares not theretofore purchased pursuant to the Offer. See Section 15.

State Takeover Laws. The Company is incorporated under the laws of the State of Delaware. In general, Section 203 of the DGCL ("Section 203") prevents an "interested stockholder" (including a person who owns or has the right to acquire 15% or more of a corporation's outstanding voting stock) from engaging in a "business combination" (defined to include mergers and certain other actions) with a Delaware corporation for a period of three years following the date such person became an interested stockholder. The Board of Directors of the Company has taken all appropriate action so that neither the Parent nor the Offeror is an "interested stockholder" pursuant to Section 203.

A number of other states have adopted laws and regulations applicable to attempts to acquire securities of corporations which are incorporated, or have substantial assets, stockholders, principal executive offices or principal places of business, or whose business operations otherwise have substantial economic effects in such states. In Edgar v. MITE Corp., the Supreme Court of the United States invalidated on constitutional grounds the Illinois Business Takeover statute, which, as a matter of state securities law, made takeovers of corporations meeting certain requirements more difficult. However in 1987, in CTS Corp. v. Dynamics Corp. of America, the Supreme Court held that the State of Delaware may, as a matter of corporate law and, in particular, with respect to those aspects of corporate law concerning corporate governance, constitutionally disqualify a potential acquirer from voting on the affairs of a target corporation without the prior approval of the remaining stockholders. The state law before the Supreme Court was by its terms applicable only to corporations that had a substantial number of stockholders in the state and were incorporated there.

The Company, directly or through subsidiaries, conducts business in a number of states throughout the United States, some of which have enacted takeover laws. The Offeror does not know whether any of these laws will, by their terms, apply to the Offer or the Merger and may not have complied with any such laws. Should any person seek to apply any state takeover law, the Offeror will take such action as then appears desirable, which may include challenging the validity or applicability of any such statute in appropriate court proceedings. In the event it is asserted that one or more state takeover laws is applicable to the Offer or the Merger, and an appropriate court does not determine that it is inapplicable or invalid as applied to the Offer, the Offeror might be required to file certain information with, or receive approvals from, the relevant state authorities. In addition, if enjoined, the Offeror might be unable to accept for payment any Shares tendered

pursuant to the Offer, or be delayed in continuing or consummating the Offer and the Merger. In such case, the Offeror may not be obligated to accept for payment any Shares tendered. See Section 15.

17. FEES AND EXPENSES.

Dillon, Read & Co. Inc. (the "Dealer Manager") is acting as the Dealer Manager in connection with the Offer and has provided certain financial advisory services to the Parent and the Offeror in connection with the proposed acquisition of the Shares. The Parent has agreed to pay the Dealer Manager $300,000 upon commencement of the Offer. The Parent has also agreed to pay the Dealer Manager a fee of $1,200,000, payable as follows: (i) $1,200,000 times a fraction the numerator of which is the number of Shares purchased in the Offer and the denominator of which is the total number of outstanding Shares, upon the purchase of Shares pursuant to the Offer, and (ii) the balance upon closing of the Merger. The Parent has also agreed that, if the Merger Agreement is terminated and the Company pays the Parent a Termination Fee (see Section
13 -- "-- Fees and Expenses"), then the Parent will pay the Dealer Manager a fee of $700,000. In addition, the Offeror has agreed to reimburse the Dealer Manager for certain reasonable out-of-pocket expenses incurred by the Dealer Manager in connection with the Offer, including the reasonable fees of its counsel (subject to certain limitations), and to indemnify the Dealer Manager against certain liabilities and expenses, including certain liabilities under the federal securities laws.

The Offeror has retained D.F. King & Co., Inc., as Information Agent, and Harris Trust Company of New York, as Depositary, in connection with the Offer. The Information Agent and the Depositary will receive reasonable and customary compensation for their services hereunder and reimbursement for their reasonable out-of-pocket expenses. The Information Agent may contact holders of Shares by mail, telephone, facsimile, telegraph and personal interviews and may request brokers, dealers and other nominee stockholders to forward materials relating to the Offer to beneficial owners of Shares. The Information Agent and the Depositary will also be indemnified by the Offeror against certain liabilities in connection with the Offer, including certain liabilities under the federal securities laws.

Except as described herein, neither the Offeror nor the Parent, nor any officer, director, stockholder, agent or other representative of the Offeror or the Parent, will pay any fees or commissions to any broker, dealer or other person for soliciting tenders of Shares pursuant to the Offer. Brokers, dealers, commercial banks, trust companies and other nominees will, upon request, be reimbursed by the Offeror for customary mailing and handling expenses incurred by them in forwarding materials to their customers.

18. MISCELLANEOUS.

The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares residing in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Offeror by the Dealer Manager or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

No person has been authorized to give any information or make any representation on behalf of the Offeror other than as contained in this Offer to Purchase or in the Letter of Transmittal, and, if any such information or representation is given or made, it should not be relied upon as having been authorized by the Offeror.

The Offeror and the Parent have filed with the Commission a Statement on Schedule 14D-1, pursuant to Section 14(d)(1) of the Exchange Act and Rule 14d-1 promulgated thereunder, furnishing certain information with respect to the Offer. Such Schedule 14D-1 and any amendments thereto, including exhibits, may be examined and copies may be obtained at the same places and in the same manner as set forth with

respect to the Company in Section 8 (except that they will not be available at the regional offices of the Commission).

E.I. TEXTRON INC.

September 19, 1995

ANNEX I

CERTAIN INFORMATION CONCERNING THE DIRECTORS AND EXECUTIVE OFFICERS OF THE PARENT AND THE OFFEROR

1. DIRECTORS AND EXECUTIVE OFFICERS OF THE PARENT. Set forth below are the name, age, present principal occupation or employment, five-year employment history and business or residence address of each director and executive officer of the Parent. Unless otherwise indicated, each person identified below has been employed by the Parent for the last five years, and each such person's business address is 40 Westminster Street, Providence, RI 02903-2596. All persons listed below are citizens of the United States.

NAME AND ADDRESS	AGE	DIRECTORS	
James F. Hardymon	60	Director Since 1989	Mr. Hardymon is Chairman and Chief Executive Officer of the Parent. He joined the Parent in December 1989 as President and Chief Operating Officer, became Chief Executive Officer in January 1992, assumed the additional title of Chairman in January 1993 and relinquished the title of President to Mr. Campbell in January 1994. Mr. Hardymon is a Director of Avco Financial Services, Inc., The Paul Revere Corporation and Fleet Financial Group, Inc.
Lewis B. Campbell	49	Director Since 1994	Mr. Campbell is President and Chief Operating Officer of the Parent. He joined the Parent in September 1992 as Executive Vice President and Chief Operating Officer and assumed his present position in January 1994. Mr. Campbell served as a Vice President of General Motors and General Manager of its Flint Automotive Division Buick-Oldsmobile-Cadillac Group from 1988 to 1991 and became General Manager of its GMC Truck Division in 1991. Mr. Campbell is a Director of Avco Financial Services, Inc., The Paul Revere Corporation and Citizens Financial Group, Inc.
H. Jesse Arnelle 400 Urbano Drive San Francisco, CA 94127	61	Director Since 1993	Mr. Arnelle is senior partner in the law firm of Arnelle, Hastie, McGee, Willis & Greene, San Francisco. He co-founded the firm in 1985. He is a Director of FPL Group, Inc., Wells Fargo & Company and Wells Fargo Bank, N.A., WMX Technologies, Inc., Armstrong Worldwide Industries, Inc. and Eastman Chemical Corporation.
R. Stuart Dickson Ruddick Corporation 2000 Two First Union Center Charlotte, NC 28282	66	Director Since 1984	Mr. Dickson was Chairman of the Board of Ruddick Corporation from 1968 until February 1994. Mr. Dickson currently serves as Chairman of the Ruddick Executive Committee. Mr. Dickson is a Director of First Union Corporation, PCA International and United Dominion Industries.

NAME AND ADDRESS	AGE	DIRECTORS	
B.F. Dolan Two First Union Center Suite 1990 Charlotte, NC 28282	67	Director Since 1980	Mr. Dolan is retired Chairman of the Parent. He served as President from 1980 until 1989 and as Chief Executive Officer from 1985 until January 1992. He assumed the additional title of Chairman in 1986 and served in that capacity until his retirement at the end of 1992. He is a Director of First Union Corporation, FPL Group, Inc., Ruddick Corporation and Polaris Industries, Inc.
John D. Macomber JDM Investment Group 2806 N Street, N.W. Washington, DC 20007	67	Director Since 1993	Mr. Macomber is Principal of JDM Investment Group, a private investment firm. He joined the firm as Principal in 1992. He served as Chairman and President of the Export-Import Bank of the United States from 1989 to 1992. He is a Director of Bristol Myers Squibb Co., The Brown Group, Inc., Lehman Brothers Holdings, Inc., Pilkington Ltd. and Xerox Corporation.
Barbara Scott Preiskel 60 East 42nd Street Suite 3125 New York, NY 10165-3125	71	Director Since 1975	Mrs. Preiskel is a Director of the American Stores Company, General Electric Company, Massachusetts Mutual Life Insurance Company and The Washington Post Company. Mrs. Preiskel is a former Senior Vice President and General Counsel of the Motion Picture Association of America, Inc.
Sam F. Segnar 10077 Grogan's Mill Road Suite 530 The Woodlands, TX 77380	68	Director Since 1982	Mr. Segnar retired as the Chairman and Chief Executive Officer of Enron Corporation in 1985 and as Chairman of the Board of Vista Chemical Co. in 1988. Mr. Segnar is a Director of Hartmarx Corporation, Seagull Energy Corporation, ProBank, N.A. and Mapco Inc.
Jean Head Sisco Sisco Associates 2517 Massachusetts Avenue, N.W. Washington, DC 20008-2823	70	Director Since 1975	Mrs. Sisco is a Partner of Sisco Associates. She is a Director of The Neiman Marcus Group, Inc., Santa Fe Pacific Corporation, Santa Fe Pacific Gold Corporation, Chiquita Brands International, Inc., Washington Mutual Investors Fund, Inc., and K-Tron International, Inc.
John W. Snow CSX Corporation One James Center Richmond, VA 23219	56	Director Since 1991	Mr. Snow is Chairman, President, Chief Executive Officer and a Director of CSX Corporation. Mr. Snow became President and a Director of CSX Corporation in 1988, Chief Executive Officer in 1989 and Chairman in 1991. Mr. Snow is a Director of USX Corporation, Dominion Resources, Inc., NationsBank Corporation and Bassett Furniture Industries, Inc.

NAME AND ADDRESS	AGE		DIRECTORS
Martin D. Walker M.A. Hanna Co. 200 Public Square, Suite 36-5000 Cleveland, OH 44144-2304	63	Director Since 1986	Mr. Walker is Chairman, Chief Executive Officer and a Director of M. A. Hanna Company, an international specialty chemicals company. He joined and assumed his current position at the company in 1986. Mr. Walker is a Director of Comerica, Inc., The Reynolds and Reynolds Company and the Timken Company.
Thomas B. Wheeler Massachusetts Mutual Life Ins. Co. 1295 State Street Springfield, MA 01111	59	Director Since 1993	Mr. Wheeler has been President, Chief Executive Officer and a Director of Massachusetts Mutual Life Insurance Company since 1988. He is a Director of the Bank of Boston Corporation.

NAME	AGE	EXECUTIVE OFFICERS
James F. Hardymon	60	Chairman and Chief Executive Officer. See "Directors" above.
Lewis B. Campbell	49	President and Chief Operating Officer. See "Directors" above.
Harold K. McCard	63	Senior Vice President Operations since August 1995; formerly President, Textron Defense Systems, 1985 to August 1995.
Richard A. Watson	50	Senior Vice President Financial Services since August 1995; formerly Group Vice President, 1990 to August 1995; Vice President of the Parent and President, Textron Investment Management Company Inc., 1986 to 1990.
Herbert L. Henkel	47	President Textron Industrial Products, since August 1995; formerly Group Vice President, 1993-August 1995; President of the Greenlee Textron Division, 1987 to 1993.
Fred L. Hubacker	50	President Textron Automotive Company since May 1994; formerly Group Vice President and President Textron Acustar Plastics Inc., 1993 to May 1994; Group Controller, Procurement and Supply Operations (1991 to 1993) and Vice President Finance, Acustar Inc. unit (1989 to 1991) of Chrysler Corporation.
Derek Plummer	62	Chairman Textron Automotive Company since May 1994; formerly Group Vice President, 1986 to May 1994.
Terry D. Stinson	53	President, Textron Aerospace Systems and Components since August 1995; formerly Group Vice President, 1991 to August 1995; President of the Hamilton Standard Division of United Technologies Corporation, 1986 to 1991.
Mary L. Howell	43	Executive Vice President -- Government and International since August 1995; formerly Senior Vice President Government and International, 1993 to August 1995; Vice President -- Government Affairs, 1985 to 1993.
Wayne W. Juchatz	49	Executive Vice President and General Counsel since March 1995; formerly Executive Vice President, General Counsel and Secretary of R.J. Reynolds Tobacco Company, a subsidiary of RJR Nabisco, Inc., 1985 to March 1995. Mr. Juchatz is a director of Avco Financial Services Inc. and The Paul Revere Corporation.

NAME	AGE	EXECUTIVE OFFICERS
Stephen L. Key	52	Executive Vice President and Chief Financial Officer since March 1995; formerly Executive Vice President and Chief Financial Officer of ConAgra, Inc., 1992 to March 1995; Managing Partner of the New York office of Ernst & Young from 1988 to 1992. Mr. Key is a director of Avco Financial Services, Inc. and The Paul Revere Corporation.
Richard A. McWhirter	61	Executive Vice President and Corporate Secretary since April 1995; formerly Executive Vice President and Chief Financial Officer, 1993 to April 1995; Senior Vice President and Secretary, 1991 to 1993; Senior Vice President -- Insurance and Environmental Affairs, 1988 to 1991.
William F. Wayland	60	Executive Vice President Administration and Chief Human Resources Officer since 1993; formerly Executive Vice President -- Human Resources, 1989 to 1993.
Edward C. Arditte	40	Vice President -- Communications and Risk Management since May 1994; formerly Vice President -- Investor Relations and Risk Management, 1993 to May 1994; Vice President -- Investor Relations, 1991 to 1993; Director -- Investor Relations, 1990 to 1991; Assistant Treasurer, 1986 to 1990.
Brian T. Downing	47	Vice President and Treasurer since 1986.
Peter B.S. Ellis	41	Vice President -- Strategic Planning since March 1995; formerly Managing Director, Telecommunications Practice of Arthur D. Little, Inc., 1991 to March 1995; Vice President, Business Development of Contel Corporation, 1988 to 1991.
Douglas A. Fahlbeck	49	Vice President -- Acquisitions and Dispositions since July 1995; formerly Executive Vice President and Chief Financial Officer, 1994 to July 1995, and Senior Vice President and Chief Financial Officer, 1985 to 1994, of Textron Financial Corporation.
Arnold M. Friedman	52	Vice President and Deputy General Counsel since 1984.
William Gauld	42	Vice President -- Corporate Information Management and Chief Information Officer since July 1995; formerly Staff Vice President Corporate Information Management and Chief Information Officer, September 1994 to July 1995; General Manager Information, Electrical Distribution and Control Group, General Electric Company, 1992 to 1994; Manager, Manufacturing, GE Appliances, General Electric Company, 1989 to 1991.

NAME	AGE	EXECUTIVE OFFICERS
Frank Gulden	59	Senior Vice President -- Human Resources since 1993; formerly Group Vice President, 1990 to 1993; Vice President North and South America, Fastening Systems Group of Emhart Corporation, 1989 to 1990.
Gregory E. Hudson	48	Vice President -- Taxes since 1987.
William P. Janovitz	52	Vice President and Controller since 1983.
Mary Lovejoy	40	Vice President -- Investor Relations since August 1995; formerly Director, Investor Relations, 1993 to August 1995; Vice President and Senior Corporate Banker, First National Bank of Chicago, 1984 to 1993.
Frank McNally	56	Vice President -- Employee Relations and Benefits since July 1995; formerly Staff Vice President, 1992 to July 1995; Director Employee Relations, 1991 to 1992.
Daniel L. Schaffer	59	Vice President -- Audit and Business Ethics since November 1994; formerly President of the Aircraft Engine Components Division of the Parent, 1992 to November 1994; Vice President Finance of the Textron Defense Systems Division (formerly Avco Systems), 1984 to 1992.
Richard F. Smith	56	Vice President -- Government Affairs since July 1995; formerly Staff Vice President -- Government Affairs, March 1995 to July 1995, Director, Government Relations, 1985 to March 1995.
John Zugschwert	62	Vice President -- Government Marketing from July 1995; formerly Staff Vice President -- Government Marketing, January 1992 to July 1995; Vice President Government Operations, Bell Helicopter Textron Inc., 1991 to 1992; Executive Director, American Helicopter Society, 1981 to 1991.

2. DIRECTORS AND EXECUTIVE OFFICERS OF THE OFFEROR. Set forth below are the name, age, present principal occupation or employment, five-year employment history and business or residence address of each director and executive officer of the Offeror. Unless otherwise indicated, each person identified below has been employed by the Parent for the last five years, and each such person's business address is 40 Westminster Street, Providence, RI 02903-2596. Each director and officer of the Offeror was elected to such position in 1995. All persons listed below are citizens of the United States.

Herbert L. Henkel	47	See Directors and Executive Officers of the Parent. Mr. Henkel is President of the Offeror.
Richard A. McWhirter	61	See Directors and Executive Officers of the Parent. Mr. McWhirter is Senior Vice President and Corporate Secretary of the Offeror.

Michael D. Cahn	49	Mr. Cahn has been Assistant General Counsel and Assistant Secretary of the Parent since 1983. Mr. Cahn is Director, Vice President and Assistant Secretary of the Offeror.
Brian T. Downing	47	See Directors and Executive Officers of the Parent. Mr. Downing is Vice President and Treasurer of the Offeror.
Arnold M. Friedman	52	See Directors and Executive Officers of the Parent. Mr. Friedman is Director and Vice President of the Offeror.
Gregory E. Hudson	48	See Directors and Executive Officers of the Parent. Mr. Hudson is Vice President -- Taxes of the Offeror.
Bhikhaji M. Maneckji	46	Mr. Maneckji has been Assistant General Counsel and Assistant Secretary of the Parent since 1986. Mr. Maneckji is Director, Vice President and Assistant Secretary of the Offeror. Mr. Maneckji is a director of Bridgeport Machines, Inc.

Facsimile copies of the Letter of Transmittal will be accepted. The Letter of Transmittal and certificates for Shares and any other required documents should be sent or delivered by each stockholder of the Company or his broker, dealer, commercial bank, trust company or other nominee to the Depositary at one of the addresses set forth below:

The Depositary for the Offer is:

HARRIS TRUST COMPANY OF NEW YORK

By Mail:	By Overnight Courier:	By Hand:
Wall Street Station P.O. Box 1010 New York, NY 10268-1010	77 Water Street, 4th Floor New York, NY 10005 by Facsimile Transmission: (for Eligible Institutions Only) (212) 701-7636 Confirm by Telephone: (212) 701-7663	Receive Window 77 Water Street, 5th Floor New York, NY 10005

Any questions or requests for assistance or additional copies of the Offer to Purchase, the Letter of Transmittal and other tender offer materials may be directed to the Information Agent or the Dealer Manager at their respective telephone numbers and locations listed below. Stockholders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

D.F. KING & CO., INC.
77 Water Street
New York, New York 10005

Banks and Brokers Call Collect: (212) 269-5550 All Others Call Toll-Free: (800) 207-2014

The Dealer Manager for the Offer is:

DILLON, READ & CO. INC.
535 Madison Avenue
New York, New York 10022

(212) 906-7527 (Call Collect)

Exhibit (a)(2)

LETTER OF TRANSMITTAL

TO TENDER SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED RIGHTS)

OF

ELCO INDUSTRIES, INC.

PURSUANT TO THE OFFER TO PURCHASE
DATED SEPTEMBER 19, 1995
BY

E.I. TEXTRON INC.
A WHOLLY OWNED SUBSIDIARY OF

TEXTRON INC.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON TUESDAY, OCTOBER 17, 1995, UNLESS THE OFFER IS EXTENDED.

THE DEPOSITARY:

HARRIS TRUST COMPANY OF NEW YORK

By Mail:	By Overnight Courier:	By Hand:
Wall Street Station	77 Water Street, 4th Floor	Receive Window
P.O. Box 1010	New York, NY 10005	77 Water Street, 5th Floor
New York, NY 10268-1010		New York, NY 10005

By Facsimile Transmission:
(for Eligible Institutions Only)

(212) 701-7636

Confirm by Telephone:
(212) 701-7663

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS, OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE, OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY. YOU MUST SIGN THIS LETTER OF TRANSMITTAL IN THE APPROPRIATE SPACE THEREFOR PROVIDED BELOW AND COMPLETE THE SUBSTITUTE FORM W-9 SET FORTH BELOW.

THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ

CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

This Letter of Transmittal is to be completed by stockholders of Elco Industries, Inc. if certificates are to be forwarded herewith or, unless an Agent's Message (as defined in the Offer to Purchase) is utilized, if delivery of Shares (as defined below) is to be made by book-entry transfer to the Depositary's account at The Depository Trust Company, the Midwest Securities Trust Company or the Philadelphia Depository Trust

Company (hereinafter collectively referred to as the "Book-Entry Transfer Facilities") pursuant to the procedures set forth in Section 3 of the Offer to Purchase (as defined below).

Stockholders whose certificates for Shares are not immediately available or who cannot deliver their Shares and all other documents required hereby to the Depositary by the Expiration Date (as defined in the Offer to Purchase), or who cannot comply with the book-entry transfer procedures on a timely basis, may nevertheless tender their Shares pursuant to the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase. See Instruction 2.

DESCRIPTION OF SHARES TENDERED			
NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S) (PLEASE FILL IN, IF BLANK)	SHARES TENDERED (ATTACH ADDITIONAL LIST IF NECESSARY)		
	SHARE CERTIFICATE NUMBER(S)*	TOTAL NUMBER OF SHARES REPRESENTED BY CERTIFICATE(S)*	NUMBER OF SHARES TENDERED**
	TOTAL SHARES		

* Need not be completed by stockholders tendering by book-entry transfer. ** Unless otherwise indicated, it will be assumed that all Shares represented by any certificates delivered to the Depositary are being tendered. See Instruction 4.

NOTE: SIGNATURES MUST BE PROVIDED BELOW
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

/ / CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE DEPOSITARY'S ACCOUNT AT ONE OF THE BOOK-ENTRY TRANSFER FACILITIES AND COMPLETE THE FOLLOWING:

Name of Tendering Institution

Account No. ---------- at

/ / The Depository Trust Company
/ / Midwest Securities Trust Company
/ / Philadelphia Depository Trust Company

Transaction Code No.

/ / CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING:

Name(s) of Tendering Stockholder(s)

Date of Execution of Notice of Guaranteed Delivery

Window Ticket Number (if any)

Name of Institution which Guaranteed Delivery

If delivery is by book-entry transfer

Name of Tendering Institution _____

Account No. _____ at _____

/ / The Depository Trust Company
/ / Midwest Securities Trust Company
/ / Philadelphia Depository Trust Company

Transaction Code No. _____

Ladies and Gentlemen:

The undersigned hereby tenders to E.I. Textron Inc. (the "Offeror"), a Delaware corporation and a wholly owned subsidiary of Textron Inc., a Delaware corporation (the "Parent"), the above-described shares of Common Stock, $5.00 par value per share (the "Shares"), of Elco Industries, Inc., a Delaware corporation (the "Company"), including the associated Rights (as defined in the Rights Agreement between the Company and The First National Bank of Chicago, as Rights Agent, dated as of January 20, 1988, as amended June 24, 1988 and September 12, 1995), pursuant to the Offeror's offer to purchase all of the outstanding Shares at a purchase price of $36.00 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated September 19, 1995 (the "Offer to Purchase"), receipt of which is hereby acknowledged, and in this Letter of Transmittal (which together with the Offer to Purchase constitute the "Offer"). Unless the context otherwise requires, all references to Shares herein shall include the associated Rights. The Offer is being made in connection with the Agreement and Plan of Merger, dated as of September 12, 1995, among the Parent, the Offeror and the Company (the "Merger Agreement").

Subject to and effective upon acceptance for payment of and payment for the Shares tendered herewith, the undersigned hereby sells, assigns and transfers to or upon the order of the Offeror all right, title and interest in and to all the Shares and the associated Rights that are being tendered hereby (and any and all other Shares or other securities issued or issuable in respect thereof on or after September 8, 1995) and appoints Harris Trust Company of New York (the "Depositary") the true and lawful agent and attorney-in-fact of the undersigned with respect to such Shares and the associated Rights (and all such other Shares or securities), with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (a) deliver certificates for such Shares (and all such other Shares or securities), or transfer ownership of such Shares (and all such other Shares or securities) on the account books maintained by any of the Book-Entry Transfer Facilities, together, in any such case, with all accompanying evidences of transfer and authenticity, to or upon the order of the Offeror, (b) present such Shares (and all such other Shares or securities) for transfer on the books of the Company and (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares (and all such other Shares or securities), all in accordance with the terms of the Offer.

The undersigned hereby irrevocably appoints Arnold M. Friedman, Michael D. Cahn and Bhikhaji M. Maneckji and each of them, the attorneys and proxies of the undersigned, each with full power of substitution, to exercise all voting and other rights of the undersigned in such manner as each such attorney and proxy or his substitute shall in his sole judgment deem proper, with respect to all of the Shares tendered hereby which have been accepted for payment by the Offeror prior to the time of any vote or other action (and any and all other Shares or other securities or rights issued or issuable in respect of such Shares or the associated Rights on or after September 8, 1995), at any meeting of stockholders of the Company (whether annual or special and whether or not an adjourned meeting) or otherwise. This proxy is irrevocable and is granted in consideration of, and is effective upon, the acceptance for payment of such Shares by the Offeror in accordance with the terms of the Offer. Such acceptance for payment shall revoke any other proxy or written consent granted by the undersigned at any time with respect to such Shares or the associated Rights (and all such other Shares or other securities or rights), and no subsequent proxies will be given or written consents will be executed by the undersigned (and if given or executed, will not be deemed effective).

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Shares tendered hereby (and any and all other Shares or other securities or rights issued or issuable in respect of such Shares on or after September 8, 1995) and that when the same are accepted for payment by the Offeror, the Offeror will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claims. The undersigned will, upon request, execute and deliver any additional documents deemed by the Depositary or the Offeror to be necessary or desirable to complete the sale, assignment and transfer of the Shares tendered hereby (and all such other Shares or other securities or rights).

All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned, and any obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer, this tender is irrevocable.

The undersigned understands that tenders of Shares pursuant to any one of the procedures described in Section 3 of the Offer to Purchase and in the instructions hereto will constitute an agreement between the undersigned and the Offeror upon the terms and subject to the conditions of the Offer.

Unless otherwise indicated under "Special Payment Instructions," please issue the check for the purchase price of any Shares purchased, and return any Shares not tendered or not purchased, in the name(s) of the undersigned (and, in the case of Shares tendered by book-entry transfer, by credit to the account at the Book-Entry Transfer Facility designated above). Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail the check for the purchase price of any Shares purchased and return any certificates for Shares not tendered or not purchased (and accompanying documents, as appropriate) to the undersigned at the address shown below the undersigned's signature(s). In the event that both "Special Payment Instructions" and "Special Delivery Instructions" are completed, please issue the check for the purchase price of any Shares purchased and return any Shares not tendered or not purchased in the name(s) of, and mail said check and any certificates to, the person(s) so indicated. The undersigned recognizes that the Offeror has no obligation, pursuant to the "Special Payment Instructions," to transfer any Shares from the name of the registered holder(s) thereof if the Offeror does not accept for payment any of the Shares so tendered.

SPECIAL PAYMENT
INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if the check for the purchase price of Shares purchased or certificates for Shares not tendered or not purchased are to be issued in the name of someone other than the undersigned, or if Shares tendered by book-entry transfer that are not purchased are to be returned by credit to an account at one of the Book-Entry Transfer Facilities other than that designated above.

Issue check and/or certificates to:

Name

(Please Print)

Address

(Zip Code)

(Taxpayer Identification No.)

(See Substitute Form W-9)

/ / Credit unpurchased Shares tendered by book-entry transfer to the account set forth below:

Name of Account Party
Account No. at

/ / The Depository Trust Company
/ / Midwest Securities Trust Company
/ / Philadelphia Depository Trust Company

SPECIAL DELIVERY
INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if the check for the purchase price of Shares purchased or certificates for Shares not tendered or not purchased are to be mailed to someone other than the undersigned or to the undersigned at an address other than that shown below the undersigned's signature (s).

Mail check and/or certificates to:

Name

Address

(Zip Code)

(Taxpayer Identification No.)

INSTRUCTIONS

FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. Guarantee of Signatures. Except as otherwise provided below, signatures on all Letters of Transmittal must be guaranteed by a member in good standing of the Securities Transfer Agents Medallion Program or by any other bank, broker, dealer, credit union, savings association or other entity which is an "eligible guarantor institution," as such term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (each of the foregoing being referred to as an "Eligible Institution" and, collectively, as "Eligible Institutions"), unless the Shares tendered thereby are tendered (i) by a registered holder of Shares who has not completed either the box labeled "Special Payment Instructions" or the box labeled "Special Delivery Instructions" on the Letter of Transmittal or (ii) for the account of an Eligible Institution. See Instruction 5. If the certificates are registered in the name of a person or persons other than the signer of this Letter of Transmittal, or if payment is to be made or delivered to, or certificates evidencing unpurchased Shares are to be issued or returned to, a person other than the registered owner or owners, then the tendered certificates must be endorsed or accompanied by duly executed stock powers, in either case signed exactly as the name or names of the registered owner or owners appear on the certificates or stock powers, with the signatures on the certificates or stock powers guaranteed by an Eligible Institution as provided herein. See Instruction 5.

2. Delivery of Letter of Transmittal and Shares. This Letter of Transmittal is to be used either if certificates are to be forwarded herewith or, unless an Agent's Message (as defined in the Offer to Purchase) is utilized, if the delivery of Shares is to be made by book-entry transfer pursuant to the procedures set forth in Section 3 of the Offer to Purchase. Certificates for all physically delivered Shares, or a confirmation of a book-entry transfer into the Depositary's account at one of the Book-Entry Transfer Facilities of all Shares delivered electronically, as well as a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile thereof) and any other documents required by this Letter of Transmittal, or an Agent's Message in the case of a book entry delivery, must be received by the Depositary at one of its addresses set forth on the front page of this Letter of Transmittal by 12:00 Midnight, New York City time, on Tuesday, October 17, 1995, unless the Offeror shall have extended the period of time for which the Offer is open pursuant to the terms of the Offer to Purchase and the Merger Agreement. Stockholders who cannot deliver their Shares and all other required documents to the Depositary by the Expiration Date must tender their Shares pursuant to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase. Pursuant to such procedures: (a) such tender must be made by or through an Eligible Institution; (b) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by the Offeror, must be received by the Depositary prior to the Expiration Date; and (c) the certificates for all tendered Shares, in proper form for tender, or a confirmation of a book-entry transfer into the Depositary's account at one of the Book-Entry Transfer Facilities of all Shares delivered electronically, as well as a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile thereof), and any other documents required by this Letter of Transmittal, must be received by the Depositary within three trading days after the date of execution of such Notice of Guaranteed Delivery, all as provided in
Section 3 of the Offer to Purchase. A "trading day" is any day on which the National Association of Securities Dealers Automated Quotation National Market is open for business.

The method of delivery of Shares, the Letter of Transmittal and all other required documents, including delivery through a Book-Entry Transfer Facility, is at the option and risk of the tendering stockholder. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended.

No alternative, conditional or contingent tenders will be accepted, and no fractional Shares will be purchased. By executing this Letter of Transmittal (or a manually signed facsimile thereof), the tendering stockholder waives any right to receive any notice of the acceptance for payment of the Shares.

3. Inadequate Space. If the space provided herein is inadequate, the certificate numbers and/or the number of Shares should be listed on a separate schedule attached hereto.

4. Partial Tenders (not applicable to stockholders who tender by book-entry transfer). If fewer than all the Shares represented by any certificate delivered to the Depositary are to be tendered, fill in the number of Shares which are to be tendered in the box entitled "Number of Shares Tendered." In such case, a new certificate for the remainder of the Shares represented by the old certificate will be sent to the person(s) signing this Letter of Transmittal, unless otherwise provided in the appropriate box on this Letter of Transmittal, as promptly as practicable following the expiration or termination of the Offer. All Shares represented by certificates delivered to the Depositary will be deemed to have been tendered unless otherwise indicated.

5. Signatures on Letter of Transmittal; Stock Powers and Endorsements. If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the certificates without alteration, enlargement or any change whatsoever.

If any of the Shares tendered hereby are held of record by two or more persons, all such persons must sign this Letter of Transmittal.

If any of the Shares tendered hereby are registered in different names on different certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of certificates.

If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, no endorsements of certificates or separate stock powers are required unless payment of the purchase price is to be made, or Shares not tendered or not purchased are to be returned, in the name of any person other than the registered holder(s). Signatures on any such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Shares tendered hereby, the certificate must be endorsed or accompanied by appropriate stock powers, in either case, signed exactly as the name(s) of the registered holder(s) appear(s) on the certificates for such Shares. Signature(s) on any such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to the Offeror of the authority of such person so to act must be submitted.

6. Stock Transfer Taxes. The Offeror will pay any stock transfer taxes with respect to the sale and transfer of any Shares to it or its order pursuant to the Offer. If, however, payment of the purchase price is to be made to, or Shares not tendered or not purchased are to be returned in the name of, any person other than the registered holder(s), then the amount of any stock transfer taxes (whether imposed on the registered holder(s), such other person or otherwise) payable on account of the transfer to such person will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes, or exemption therefrom, is submitted.

Except as provided in this Instruction 6, it will not be necessary for transfer tax stamps to be affixed to the certificates listed in this Letter of Transmittal.

7. Special Payment and Delivery Instruction. If the check for the purchase price of any Shares purchased is to be issued, or any Shares not tendered or not purchased are to be returned, in the name of a person other than the person(s) signing this Letter of Transmittal or if the check or any certificates for Shares not tendered or not purchased are to be mailed to someone other than the person(s) signing this Letter of Transmittal or to the person(s) signing this Letter of Transmittal at an address other than that shown above, the appropriate boxes on this Letter of Transmittal should be completed. Stockholders tendering Shares by book-entry transfer may request that Shares not purchased be credited to such account at any of the Book-Entry Transfer Facilities as such stockholder may designate under "Special Payment Instructions." If no such instructions are given, any such Shares not purchased will be returned by crediting the account at the Book-Entry Transfer Facilities designated above.

8. Substitute Form W-9. The tendering stockholder is required to provide the Depositary with such stockholder's correct TIN on Substitute Form W-9, which is provided above, unless an exemption applies. Failure to provide the information on the Substitute Form W-9 may subject the tendering stockholder to a $50 penalty and to 31% federal income tax backup withholding on the payment of the purchase price for the Shares.

9. Requests for Assistance or Additional Copies. Requests for assistance or additional copies of the Offer to Purchase and this Letter of Transmittal may be obtained from the Information Agent or the Dealer Manager at their respective addresses or telephone numbers set forth below.

IMPORTANT: THIS LETTER OF TRANSMITTAL OR A MANUALLY SIGNED FACSIMILE COPY HEREOF (TOGETHER WITH CERTIFICATES OR CONFIRMATION OF BOOK-ENTRY TRANSFER AND ALL OTHER REQUIRED DOCUMENTS) OR NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE DEPOSITARY ON OR PRIOR TO THE EXPIRATION DATE (AS DEFINED IN THE OFFER TO PURCHASE).

IMPORTANT TAX INFORMATION

Under federal income tax law, a stockholder whose tendered Shares are accepted for payment is required to provide the Depositary with such stockholder's correct TIN on the Substitute Form W-9. If such stockholder is an individual, the TIN is such stockholder's social security number. If the Depositary is not provided with the correct TIN, the stockholder may be subject to a $50 penalty imposed by the Internal Revenue Service. In addition, payments that are made to such stockholder with respect to Shares purchased pursuant to the Offer may be subject to backup withholding.

Certain stockholders (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, that stockholder must submit a statement, signed under penalties of perjury, attesting to that individual's exempt status. Such statements may be obtained from the Depositary. All exempt recipients (including foreign persons wishing to qualify as exempt recipients) should see the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional instructions.

If backup withholding applies, the Depositary is required to withhold 31% of any payments made to the stockholder. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If backup withholding results in an overpayment of taxes, a refund may be obtained.

PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup federal income tax withholding on payments that are made to a stockholder with respect to Shares purchased pursuant to the Offer, the stockholder is required to notify the Depositary of his or her correct TIN by completing the form certifying that the TIN provided on the Substitute Form W-9 is correct.

WHAT NUMBER TO GIVE THE DEPOSITARY

The stockholder is required to give the Depositary the social security number or employer identification number of the record owner of the Shares. If the Shares are in more than one name or are not in the name of the actual owner, consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional guidelines on which number to report.

SIGN HERE
(Complete Substitute Form W-9 below)

Signature(s) of Owner(s)

Name(s)

Capacity (full title)
Address

(Include Zip Code)

Area Code and Telephone Number
Taxpayer Identification Number
Dated: , 1995

(Must be signed by registered holder(s) exactly as name(s) appear(s) on stock certificate(s) or on a security position listing or by the person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or other person acting in a fiduciary or representative capacity, please set forth full title and see Instruction 5).

GUARANTEE OF SIGNATURE(S)
(See Instructions 1 and 5)

FOR USE BY FINANCIAL INSTITUTIONS ONLY. PLACE MEDALLION GUARANTEE IN SPACE BELOW.
Authorized Signature(s)
Name

Name of Firm

Address

(Include Zip Code)

Area Code and Telephone Number
Dated: ,1995

PAYOR'S NAME: HARRIS TRUST COMPANY OF NEW YORK		
SUBSTITUTE FORM W-9 DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE PAYOR'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER (TIN)	PART 1--PLEASE PROVIDE YOUR TIN IN THE BOX AT THE RIGHT AND CERTIFY BY SIGNING AND DATING BELOW. PART II--For Payees exempt from backup withholding, see the enclosed Guidelines for Certification of Taxpayer Identification Number on Payor's Request for Substitute Form W-9 and complete as instructed therein. Certification--Under penalties of perjury, I certify that: (1) The number shown on this form is my correct TIN (or I am waiting for a number to be issued to me); and (2) I am not subject to backup withholding either because I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding. CERTIFICATION INSTRUCTIONS--You must cross out Item (2) above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding, you received another notification from the IRS that you were no longer subject to backup withholding, do not cross out item (2). (Also see instructions in the enclosed Guidelines). Signature:	PART III--Social Security Number or Employer Identification Number) (If awaiting TIN write "Applied For") Date:

NOTE: FAILURE TO COMPLETE AND RETURN THIS SUBSTITUTE FORM W-9 MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU ARE AWAITING YOUR TIN.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a TIN has not been issued to me, and either (1) I have mailed or delivered an application to receive a TIN to the appropriate IRS Center or Social Security Administration Office or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a TIN by the time of payment, 31% of all payments pursuant to the Offer made to me thereafter will be withheld until I provide a number.

Signature: Date:

The Information Agent for the Offer is:

D.F. KING & CO., INC.

77 Water Street
New York, New York 10005

Banks and Brokers Call Collect: (212) 269-5550 All Others Call Toll-Free: (800) 207-2014

The Dealer Manager for the Offer is:

DILLON, READ & CO. INC.

535 Madison Avenue
New York, New York 10022

(212) 906-7527 (Call Collect)

September 19, 1995

Exhibit (a)(3)

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED RIGHTS)

OF

ELCO INDUSTRIES, INC.
AT

$36.00 NET PER SHARE
BY

E.I. TEXTRON INC.
A WHOLLY OWNED SUBSIDIARY OF

TEXTRON INC.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON TUESDAY, OCTOBER 17, 1995, UNLESS THE OFFER IS EXTENDED.

To Brokers, Dealers, Commercial Banks, September 19, 1995 Trust Companies and Other Nominees:

We have been appointed by E.I. Textron Inc., a Delaware corporation (the "Offeror") and a wholly owned subsidiary of Textron Inc., a Delaware corporation (the "Parent"), to act as Dealer Manager in connection with the Offeror's offer to purchase all outstanding shares of common stock, $5.00 par value per share (the "Shares"), of Elco Industries, Inc., a Delaware corporation (the "Company"), including the associated Rights (as defined in the Rights Agreement between the Company and The First National Bank of Chicago, as Rights Agent, dated as of January 20, 1988, as amended June 24, 1988 and September 12, 1995), at a purchase price of $36.00 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated September 19, 1995 (the "Offer to Purchase"), and in the related Letter of Transmittal (which together constitute the "Offer") enclosed herewith. Unless the context otherwise requires, all references to Shares herein shall include the associated Rights. The Offer is being made in connection with the Agreement and Plan of Merger, dated as of September 12, 1995, among the Parent, the Offeror and the Company (the "Merger Agreement"). Holders of Shares whose certificates for such Shares (the "Certificates") are not immediately available or who cannot deliver their Certificates and all other required documents to the Depositary or complete the procedures for book-entry transfer prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase) must tender their Shares according to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase.

Please furnish copies of the enclosed materials to those of your clients for whose accounts you hold Shares in your name or in the name of your nominee.

Enclosed herewith for your information and forwarding to your clients are copies of the following documents:

1. The Offer to Purchase, dated September 19, 1995.

2. The Letter of Transmittal to tender Shares for your use and for the information of your clients. Facsimile copies of the Letter of Transmittal (with manual signatures) may be used to tender Shares.

3. A letter to stockholders of the Company from John C. Lutz, the President and Chief Executive Officer of the Company, together with a Solicitation/Recommendation Statement on Schedule 14D-9 filed with the Securities and Exchange Commission by the Company and mailed to the stockholders of the Company.

4. The Notice of Guaranteed Delivery for Shares to be used to accept the Offer if neither of the two procedures for tendering Shares set forth in the Offer to Purchase can be completed on a timely basis.

5. A printed form of letter which may be sent to your clients for whose accounts you hold Shares registered in your name, with space provided for obtaining such clients' instructions with regard to the Offer.

6. Guidelines of the Internal Revenue Service for Certification of Taxpayer Identification Number on Substitute Form W-9.

7. A return envelope addressed to the Depositary.

YOUR PROMPT ACTION IS REQUESTED. WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. PLEASE NOTE THAT THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON TUESDAY, OCTOBER 17, 1995, UNLESS THE OFFER IS EXTENDED.

Please note the following:

1. The tender price is $36.00 per Share, net to the seller in cash without interest.

2. The Offer is being made for all of the outstanding Shares.

3. The Offer and withdrawal rights will expire at 12:00 Midnight, New York City time, on Tuesday, October 17, 1995, unless the Offer is extended.

4. The Offer is conditioned upon, among other things, there having been validly tendered and not withdrawn prior to the expiration of the Offer that number of Shares representing at least 66 2/3% of all outstanding Shares on a fully diluted basis on the date of purchase (the "Minimum Condition"). The Offer is also subject to the other terms and conditions contained in the Offer. The Offeror reserves the right (but shall not be obligated), in accordance with applicable rules and regulations of the Securities and Exchange Commission, to reduce the Minimum Condition (but not below 50.01% of the outstanding Shares on a fully diluted basis) or to waive any other conditions to the Offer.

5. Tendering stockholders will not be obligated to pay brokerage fees or commissions or, except as set forth in Instruction 6 of the Letter of Transmittal, stock transfer taxes on the transfer of Shares pursuant to the Offer.

In order to take advantage of the Offer, (i) a duly executed and properly completed Letter of Transmittal (or a manually signed facsimile thereof) and any required signature guarantees or, in the case of a book-entry transfer, an Agent's Message (as defined in the Offer to Purchase) or other required documents should be sent to the Depositary and (ii) Certificates representing the tendered Shares or a timely Book-Entry Confirmation (as defined in the Offer to Purchase) should be delivered to the Depositary in accordance with the instructions set forth in the Offer.

If holders of Shares wish to tender, but it is impracticable for them to forward their Certificates or other required documents or complete the procedures for book-entry transfer prior to the Expiration Date, a tender may be effected by following the guaranteed delivery procedures specified in Section 3 of the Offer to Purchase.

Neither the Offeror, the Parent nor any officer, director, stockholder, agent or other representative of the Offeror will pay any fees or commissions to any broker, dealer or other person (other than the Dealer

Manager, the Depositary and the Information Agent as described in the Offer to Purchase) for soliciting tenders of Shares pursuant to the Offer. The Offeror will, however, upon request, reimburse you for customary mailing and handling expenses incurred by you in forwarding any of the enclosed materials to your clients. The Offeror will pay or cause to be paid any transfer taxes payable on the transfer of Shares to it, except as otherwise provided in Instruction 6 of the Letter of Transmittal.

Any inquiries you may have with respect to the Offer should be addressed to D.F. King & Co., Inc., the Information Agent for the Offer, 77 Water Street, New York, New York 10005, (800) 207-2014 or Dillon, Read & Co. Inc., the Dealer Manager for the Offer, at 535 Madison Avenue, New York, New York 10022, (212) 960-7527.

Requests for copies of the enclosed materials may be directed to the Information Agent at the above address and telephone number.

Very truly yours,

DILLON, READ & CO. INC.
535 Madison Avenue
New York, NY 10022

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON THE AGENT OF THE PARENT, THE OFFEROR, THE DEPOSITARY, THE INFORMATION AGENT, THE DEALER MANAGER OR ANY AFFILIATE OF ANY OF THEM, OR AUTHORIZE YOU OR ANY OTHER PERSON TO MAKE ANY STATEMENT OR USE ANY DOCUMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE ENCLOSED DOCUMENTS AND THE STATEMENTS CONTAINED THEREIN.

Exhibit (a)(4)

OFFER TO PURCHASE FOR CASH

ALL OUTSTANDING SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED RIGHTS)

OF

ELCO INDUSTRIES, INC.
AT

$36.00 NET PER SHARE
BY

E.I. TEXTRON INC.
A WHOLLY OWNED SUBSIDIARY OF

TEXTRON INC.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON TUESDAY, OCTOBER 17, 1995, UNLESS THE OFFER IS EXTENDED.

To Our Clients: September 19, 1995

Enclosed for your consideration are the Offer to Purchase, dated September 19, 1995 (the "Offer to Purchase"), and the related Letter of Transmittal (which together constitute the "Offer") relating to an offer by E.I. Textron Inc., a Delaware corporation (the "Offeror") and a wholly-owned subsidiary of Textron Inc., a Delaware corporation (the "Parent"), to purchase all outstanding shares of common stock, par value $5.00 per share (the "Shares") of Elco Industries, Inc., a Delaware corporation (the "Company"), including the associated Rights (as defined in the Rights Agreement between the Company and The First National Bank of Chicago, as Rights Agent, dated as of January 20, 1988, as amended June 24, 1988 and September 12, 1995), at a purchase price of $36.00 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer. Unless the context otherwise requires, all references to Shares herein shall include the associated Rights. The Offer is being made in connection with the Agreement and Plan of Merger, dated as of September 12, 1995, among the Parent, the Offeror and the Company (the "Merger Agreement"). This material is being forwarded to you as the beneficial owner of Shares carried by us in your account but not registered in your name.

A TENDER OF SUCH SHARES CAN BE MADE ONLY BY US AS THE HOLDER OF RECORD AND PURSUANT TO YOUR INSTRUCTIONS. THE LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR YOUR INFORMATION ONLY AND CANNOT BE USED BY YOU TO TENDER SHARES HELD BY US FOR YOUR ACCOUNT.

Accordingly, we request instructions as to whether you wish to tender any or all of the Shares held by us for your account, upon the terms and conditions set forth in the Offer.

Please note the following:

1. The tender price is $36.00 per Share, net to you in cash without interest.

2. The Offer is being made for all of the outstanding Shares.

3. The Offer and withdrawal rights will expire at 12:00 Midnight, New York City time, on Tuesday, October 17, 1995, unless the Offer is extended.

4. The Offer is conditioned upon, among other things, there having been validly tendered and not withdrawn prior to the expiration of the Offer that number of Shares representing 66 2/3% of all outstanding Shares on a fully diluted basis on the date of purchase (the "Minimum Condition"). The Offer is also subject to the other terms and conditions contained in the Offer. The Offeror reserves the right (but shall not be obligated), in accordance with applicable rules and regulations of the Securities and Exchange Commission, to reduce the Minimum Condition (but not below 50.01% of the outstanding Shares on a fully diluted basis) or to waive any other conditions to the Offer.

5. Tendering stockholders will not be obligated to pay brokerage fees or commissions or, except as set forth in Instruction 6 of the Letter of Transmittal, stock transfer taxes on the transfer of Shares pursuant to the Offer.

If you wish to have us tender any or all of your Shares, please so instruct us by completing, executing, detaching and returning to us the instruction form contained in this letter. An envelope to return your instruction to us is enclosed. If you authorize tender of your Shares, all such Shares will be tendered unless otherwise indicated in such instruction form. PLEASE FORWARD YOUR INSTRUCTIONS TO US AS SOON AS POSSIBLE TO ALLOW US AMPLE TIME TO TENDER YOUR SHARES ON YOUR BEHALF PRIOR TO THE EXPIRATION OF THE OFFER.

The Offer is made solely by the Offer to Purchase and the related Letter of Transmittal and any supplements or amendments thereto. The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares residing in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the securities laws of such jurisdiction. In any jurisdiction where the securities, blue sky, or other laws require the Offer to be made by a licensed broker or dealer, the Offer will be deemed to be made on behalf of the Offeror by Dillon, Read & Co. Inc. or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

INSTRUCTIONS WITH RESPECT TO
THE OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED RIGHTS)

OF
ELCO INDUSTRIES, INC.

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase dated September 19, 1995 (the "Offer to Purchase"), and the related Letter of Transmittal (which together constitute the "Offer") in connection with the offer by E.I. Textron Inc., a Delaware corporation (the "Offeror") and a wholly owned subsidiary of Textron Inc., a Delaware corporation, to purchase all outstanding shares of common stock, par value $5.00 per share (the "Shares"), of Elco Industries, Inc., a Delaware corporation, including the associated Rights (as defined in the Rights Agreement between the Company and The First National Bank of Chicago, as Rights Agent, dated as of January 20, 1988, as amended June 24, 1988 and September 12, 1995). Unless the context otherwise requires, all references to Shares herein shall include the associated Rights.

This will instruct you to tender to the Offeror the number of Shares indicated below (or if no number is indicated below, all Shares) which are held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer.

Number of Shares to be Tendered:*_____,

SIGN HERE

Signature(s)

(Print Name(s))

(Area Code and Telephone Number(s))

(Taxpayer Identification or
Social Security Number(s))

* Unless otherwise indicated, it will be assumed that all Shares held by us for your account are to be tendered.

Exhibit (a)(5)

OFFER TO PURCHASE FOR CASH

ALL OUTSTANDING SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED RIGHTS)

OF

ELCO INDUSTRIES, INC.
AT

$36.00 NET PER SHARE
BY

E.I. TEXTRON INC.
A WHOLLY OWNED SUBSIDIARY OF

TEXTRON INC.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON TUESDAY, OCTOBER 17, 1995, UNLESS THE OFFER IS EXTENDED.

September 19, 1995

To Participants in the Employee Stock
Ownership Plan of Elco Industries, Inc.:

Enclosed for your consideration are the Offer to Purchase, dated September 19, 1995 (the "Offer to Purchase"), and the related Letter of Transmittal (which together constitute the "Offer"), relating to an offer by E.I. Textron Inc., a Delaware corporation (the "Offeror") and a wholly owned subsidiary of Textron Inc., a Delaware corporation (the "Parent"), to purchase all outstanding shares of common stock, par value $5.00 per share (the "Shares") of Elco Industries, Inc., a Delaware corporation (the "Company"), including the associated Rights (as defined in the Rights Agreement between the Company and The First National Bank of Chicago, as Rights Agent, dated as of January 20, 1988, as amended June 24, 1988 and September 12, 1995), at a purchase price of $36.00 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer. The Offer is being made in connection with the Agreement and Plan of Merger, dated as of September 12, 1995, among the Parent, the Offeror and the Company (the "Merger Agreement"). Unless the context otherwise requires, all references to Shares herein shall include the associated Rights.

WE ARE THE HOLDER OF RECORD OF SHARES HELD FOR YOUR ACCOUNT AS A PARTICIPANT IN THE COMPANY'S EMPLOYEE STOCK OWNERSHIP PLAN (THE "PLAN"). A TENDER OF SUCH SHARES CAN BE MADE ONLY BY US AS THE HOLDER OF RECORD IN ACCORDANCE WITH THE TERMS OF THE PLAN, TO THE EXTENT CONSISTENT WITH APPLICABLE LAWS. THE LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR YOUR INFORMATION ONLY AND CANNOT BE USED BY YOU TO TENDER SHARES HELD IN YOUR PLAN ACCOUNT.

Accordingly, we request information as to whether you wish to have us tender any or all of the Shares held in your Plan account, upon the terms and conditions set forth in the Offer.

Please note the following:

1. The tender price is $36.00 per Share, net to the seller in cash without interest.

2. The Offer is being made for all of the outstanding Shares.

3. The Offer and withdrawal rights will expire at 12:00 Midnight, New York City time, on Tuesday, October 17, 1995, unless the Offer is extended.

4. The Offer is conditioned upon, among other things, there having been validly tendered and not withdrawn prior to the expiration of the Offer that number of Shares representing at least a 66 2/3% of all outstanding Shares on a fully diluted basis on the date of purchase (the "Minimum Condition"). The Offer is also subject to the other terms and conditions contained in the Offer. The Offeror reserves the right (but shall not be obligated), in accordance with applicable rules and regulations of the Securities and Exchange Commission, to reduce the Minimum Condition (but not below 50.01% of the outstanding Shares on a fully diluted basis) or to waive any other conditions to the Offer.

5. Shares in Plan accounts as to which we have not received instructions from Participants and Shares which are not allocated to Participants' accounts will be tendered or will not be tendered in the Offer in accordance with the terms of the Plan, to the extent consistent with applicable laws.

If you wish to have us tender any or all of the Shares held in your Plan account, please so instruct us by completing, executing, detaching and returning to us the instruction form contained in this letter. An envelope to return your instruction to us is enclosed. If you authorize tender of your Shares, all such Shares will be tendered unless otherwise indicated in such instruction form.
PLEASE FORWARD YOUR INSTRUCTIONS TO US SO THAT THEY ARE RECEIVED BY US NO LATER THAN 5:00 P.M., NEW YORK TIME, ON OCTOBER 13, 1995, TO ALLOW US AMPLE TIME TO TENDER YOUR SHARES ON YOUR BEHALF PRIOR TO THE EXPIRATION OF THE OFFER.

The Offer is made solely by the Offer to Purchase and the related Letter of Transmittal and any supplements or amendments thereto. The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares residing in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the securities laws of such jurisdiction. In any jurisdiction where the securities, blue sky, or other laws require the Offer to be made by a licensed broker or dealer, the Offer will be deemed to be made on behalf of the Offeror by Dillon, Read & Co. Inc. or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Very truly yours,

AMCORE Trust Company, as Trustee

INSTRUCTIONS WITH RESPECT TO
THE OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED RIGHTS)

OF
ELCO INDUSTRIES, INC.

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase dated September 19, 1995 (the "Offer to Purchase"), and the related Letter of Transmittal (which together constitute the "Offer") in connection with the offer by E.I. Textron Inc., a Delaware corporation (the "Offeror") and a wholly owned subsidiary of Textron Inc., a Delaware corporation, to purchase all outstanding shares of common stock, par value $5.00 per share (the "Shares"), of Elco Industries, Inc., a Delaware corporation, including the associated Rights (as defined in the Rights Agreement between the Company and The First National Bank of Chicago, as Rights Agent, dated as of January 20, 1988, as amended June 24, 1988 and September 12, 1995). Unless the context otherwise requires, all references to Shares herein shall include the associated Rights.

This will instruct you to tender to the Offeror the number of Shares indicated below (or if no number is indicated below, all Shares) which are held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer.

NOTE: SHARES IN PLAN ACCOUNTS AS TO WHICH WE HAVE NOT RECEIVED INSTRUCTIONS FROM PARTICIPANTS AND SHARES WHICH ARE NOT ALLOCATED TO PARTICIPANTS' ACCOUNTS WILL BE TENDERED OR WILL NOT BE TENDERED IN THE OFFER IN ACCORDANCE WITH THE TERMS OF THE PLAN, TO THE EXTENT CONSISTENT WITH APPLICABLE LAWS.

Number of Shares to be Tendered:*

SIGN HERE

Signature(s)

(Print Name(s))

(Area Code and Telephone Number(s))

(Taxpayer Identification or
Social Security Number(s))

* Unless otherwise indicated, it will be assumed that all Shares held by us for your account are to be tendered.

Exhibit (a)(6)

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED RIGHTS)

OF

ELCO INDUSTRIES, INC.
AT

$36.00 NET PER SHARE
BY
E.I. TEXTRON INC.
A WHOLLY OWNED SUBSIDIARY OF

TEXTRON INC.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON TUESDAY, OCTOBER 17, 1995, UNLESS THE OFFER IS EXTENDED.

September 19, 1995

To Participants in the Elco Shareholder Investment Service:

Enclosed for your consideration are the Offer to Purchase, dated September 19, 1995 (the "Offer to Purchase"), and the related Letter of Transmittal (which together constitute the "Offer"), relating to an offer by E.I. Textron Inc., a Delaware corporation (the "Offeror") and a wholly owned subsidiary of Textron Inc., a Delaware corporation (the "Parent"), to purchase all outstanding shares of common stock, par value $5.00 per share (the "Shares") of Elco Industries, Inc., a Delaware corporation (the "Company"), including the associated Rights (as defined in the Rights Agreement between the Company and The First National Bank of Chicago, as Rights Agent, dated as of January 20, 1988, as amended June 24, 1988 and September 12, 1995), at a purchase price of $36.00 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer. The Offer is being made in connection with the Agreement and Plan of Merger, dated as of September 12, 1995, among the Parent, the Offeror and the Company (the "Merger Agreement"). Unless the context otherwise requires, all references to Shares herein shall include the associated Rights.

OUR NOMINEE IS THE HOLDER OF RECORD OF SHARES HELD FOR YOUR ACCOUNT AS A PARTICIPANT IN THE COMPANY'S SHAREHOLDER INVESTMENT SERVICE (THE "PLAN"). A TENDER OF SUCH SHARES CAN BE MADE ONLY BY US THROUGH OUR NOMINEE AS THE HOLDER OF RECORD AND PURSUANT TO YOUR INSTRUCTIONS. THE LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR YOUR INFORMATION ONLY AND CANNOT BE USED BY YOU TO TENDER SHARES HELD IN YOUR PLAN ACCOUNT.

Accordingly, we request information as to whether you wish to have us instruct our nominee to tender any or all of the Shares held in your Plan account, upon the terms and conditions set forth in the Offer.

Please note the following:

1. The tender price is $36.00 per Share, net to the seller in cash without interest.

2. The Offer is being made for all of the outstanding Shares.

3. The Offer and withdrawal rights will expire at 12:00 Midnight, New York City time, on Tuesday, October 17, 1995, unless the Offer is extended.

4. The Offer is conditioned upon, among other things, there have been validly tendered and not withdrawn prior to the expiration of the Offer that a number of Shares representing at least 66 2/3% of all outstanding Shares on a fully diluted basis on the date of purchase (the "Minimum Condition"). The Offer is also subject to the other terms and conditions contained in the Offer. The Offeror reserves the right (but shall not be obligated), in accordance with applicable rules and regulations of the Securities and Exchange Commission, to reduce the Minimum Condition (but not below 50.01% of the outstanding Shares on a fully diluted basis) or to waive any other conditions to the Offer.

If you wish to have us tender any or all of the Shares held in your Plan account, please so instruct us by completing, executing, detaching and returning to us the instruction form contained in this letter. An envelope to return your instruction to us is enclosed. If you authorize tender of your Shares, all such Shares will be tendered unless otherwise indicated in such instruction form.
PLEASE FORWARD YOUR INSTRUCTIONS TO US NO LATER THAN 5:00 P.M., NEW YORK CITY TIME, ON OCTOBER 13, 1995, TO ALLOW US AMPLE TIME TO TENDER YOUR SHARES ON YOUR BEHALF PRIOR TO THE EXPIRATION OF THE OFFER.

The Offer is made solely by the Offer to Purchase and the related Letter of Transmittal and any supplements or amendments thereto. The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares residing in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the securities laws of such jurisdiction. In any jurisdiction where the securities, blue sky, or other laws require the Offer to be made by a licensed broker or dealer, the Offer will be deemed to be made on behalf of the Offeror by Dillon, Read & Co. Inc. or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Very truly yours,

Harris Trust and Savings Bank, as Dividend Reinvestment Agent

INSTRUCTIONS WITH RESPECT TO
THE OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED RIGHTS)

OF
ELCO INDUSTRIES, INC.

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase dated September 19, 1995 (the "Offer to Purchase"), and the related Letter of Transmittal (which together constitute the "Offer") in connection with the offer by E.I. Textron Inc., a Delaware corporation (the "Offeror") and a wholly owned subsidiary of Textron Inc., a Delaware corporation, to purchase all outstanding shares of common stock, par value $5.00 per share (the "Shares"), of Elco Industries, Inc., a Delaware corporation, including the associated Rights (as defined in the Rights Agreement between the Company and The First National Bank of Chicago, as Rights Agent, dated as of January 20, 1988, as amended June 24, 1988 and September 12, 1995). Unless the context otherwise requires, all references to Shares herein shall include the associated Rights.

This will instruct you to tender to the Offeror the number of Shares indicated below (or if no number is indicated below, all Shares) which are held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer.

Number of Shares to be Tendered:*_____,

SIGN HERE

Signature(s)

(Print Name(s))

(Area Code and Telephone Number(s))

(Taxpayer Identification or
Social Security Number(s))

* Unless otherwise indicated, it will be assumed that all Shares held by us for your account are to be tendered.

Exhibit (a)(7)

NOTICE OF GUARANTEED DELIVERY

FOR

TENDER OF SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED RIGHTS)

OF

ELCO INDUSTRIES, INC.

This form, or one substantially equivalent hereto, must be used to accept the Offer (as defined below) if certificates for shares of Common Stock, $5.00 par value per share (the "Shares"), of Elco Industries, Inc., a Delaware corporation (the "Company"), including the associated Rights (as defined in the Rights Agreement between the Company and The First National Bank of Chicago, as Rights Agent, dated as of January 20, 1988, as amended June 24, 1988 and September 12, 1995), are not immediately available or if the procedure for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach the Depositary on or prior to the Expiration Date (as defined in the Offer to Purchase). Such form may be delivered by hand or facsimile transmission, or mail, to the Depositary. See Section 3 of the Offer to Purchase, dated September 19, 1995 (the "Offer to Purchase"). Unless the context otherwise requires, all references to Shares herein shall include the associated Rights.

THE DEPOSITARY FOR THE OFFER IS:

HARRIS TRUST COMPANY OF NEW YORK

By Mail:	By Overnight Courier:	By Hand:
Wall Street Station P.O. Box 1010 New York, NY 10268-1010	77 Water Street, 4th Floor New York, NY 10005	Receive Window 77 Water Street, 5th Floor New York, NY 10005

By Facsimile Transmission:
(for Eligible Institutions Only)

(212) 701-7636

Confirm by Telephone:
(212) 701-7663

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS, OR TRANSMISSION OF INSTRUMENTS VIA A FACSIMILE, OTHER THAN AS SET FORTH ABOVE, DOES NOT CONSTITUTE A VALID DELIVERY.

This Notice of Guaranteed Delivery is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an "Eligible Institution" under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

The Eligible Institution that completes this form must communicate the guarantee to the Depositary and must deliver the Letter of Transmittal or an Agent's Message (as defined in the Offer to Purchase) and certificates for Shares to the Depositary within the time period shown herein. Failure to do so could result in a financial loss to such Eligible Institution.

THE GUARANTEE ON THE REVERSE SIDE MUST BE COMPLETED.

Ladies and Gentlemen:

The undersigned hereby tenders to E.I. Textron Inc., a Delaware corporation, upon the terms and subject to the conditions set forth in the Offer to Purchase, and the related Letter of Transmittal, receipt of which is hereby acknowledged, Shares of the Company, pursuant to the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase.

Number of Shares: ----------

Certificate No(s). (if available): ----------

If Securities will be tendered
by book-entry transfer: ----------

Name of Tendering Institutions

Account No.: ----------at / / The Depository Trust Company

/ / Midwest Securities Trust Company

/ / Philadelphia Depository Trust Company

SIGN HERE

Name(s): ----------

(Please Print)

Address: ----------

(Zip Code)

Area Code and Telephone No.:

Signature(s): ----------

GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an "eligible guarantor institution," as such term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended, guarantees the delivery to the Depositary of the Shares tendered hereby, together with a properly completed and duly executed Letter of Transmittal (or manually signed facsimile(s) thereof) and any other required documents, or an Agent's Message (as defined in the Offer to Purchase) in the case of a book-entry delivery of Shares, all within three trading days of the date hereof. A "trading day" is any day on which the National Association of Securities Dealers Automated Quotation National Market is open for business.

Name of Firm: ----------

(Authorized Signature)

Address: ---------- Title: ----------

Name: ----------

(Please Print or Type)

Area Code and Telephone No.: ----------

DO NOT SEND CERTIFICATES FOR SHARES AND/OR RIGHTS WITH THIS FORM -- CERTIFICATES SHOULD BE SENT WITH THE LETTER OF TRANSMITTAL

Dated: , 1995

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

IRS INSTRUCTIONS

(SECTION REFERENCES ARE TO THE INTERNAL REVENUE CODE.)

Purpose of Form. - A person who is required to file an information return with the Internal Revenue Service (the IRS) must obtain your correct taxpayer identification number (TIN) to report income paid to you, real-estate transactions, mortgage interest you paid, the acquisition or abandonment of secured property, or contributions you made to an individual retirement account (IRA). Use Form W-9 to furnish your correct TIN to the requester (the person asking you to furnish your TIN), and, when applicable, (1) to certify that the TIN you are furnishing is correct (or that you are waiting for a number to be issued), (2) to certify that you are not subject to backup withholding, and (3) to claim exemption from backup withholding if you are an exempt payee. Furnishing your correct TIN and making the appropriate certifications will prevent certain payments from being subject to backup withholding.

Note: IF A REQUESTER GIVES YOU A FORM OTHER THAN A W-9 TO REQUEST YOUR TIN, YOU MUST USE THE REQUESTER'S FORM.

How to Obtain a TIN. - If you do not have a TIN, apply for one immediately. To apply, get FORM SS-5, Application for a Social Security Card (SSN) (for individuals), from your local office of the Social Security Administration, or FORM SS-4, Application for Employer Identification Number (EIN) (for businesses and all other entities), from your local IRS office.

To complete Form W-9, If you do not have a TIN, write "Applied for" in the space for the TIN in Part 1, sign and date the form, and give it to the requester. Generally, you will then have 60 days to obtain a TIN and furnish it to the requester. If the requester does not receive your TIN within 60 days, backup withholding, if applicable, will begin and continue until you furnish your TIN to the requester. For reportable interest or dividend payments, the payer must exercise one of the following options concerning backup withholding during this 60-day period. Under option (1), a payer must backup withhold on any withdrawals you make from your account after 7 business days after the requester receives this form back from you. Under option (2), the payer must backup withhold on any reportable interest or dividend payments made to your account, regardless of whether you make any withdrawals. The backup withholding under option (2) must begin no later than 7 business days after the requester receives this form back. Under option (2), the payer is required to refund the amounts withheld if your certified TIN is received within the 60-day period and you were not subject to backup withholding during the period.

Note: WRITING "APPLIED FOR" ON THE FORM MEANS THAT YOU HAVE ALREADY APPLIED FOR A TIN OR THAT YOU INTEND TO APPLY FOR ONE IN THE NEAR FUTURE.

As soon as you receive your TIN, complete another Form W-9, include your TIN, sign and date this form, and give it to the requester.

What is Backup Withholding? - Persons making certain payments to you after 1992 are required to withhold and pay to the IRS 31% of such payments under certain conditions. This is called "backup withholding." Payments that could be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee compensaton, and certain payments from fishing boat operators, but do not include real estate transactions.

If you give the requester your correct TIN, make the appropriate certifications, and report all your taxable interest and dividends on your tax return, your payments will not be subject to backup withholding. Payments you receive will be subject to backup withholding if:

(1) You do not furnish your TIN to the requester, or

(2) The IRS notifies the requester that you furnished an incorrect TIN, or

(3) You are notified by the IRS that you are subject to backup withholding because you failed to report all your interest and dividends on your tax return (for reportable interest and dividends only), or

(4) You fail to certify to the requester that you are not subject to backup withholding under (3) above (for reportable interest and dividend accounts opened after 1983 only), or

(5) You fail to certify your TIN. This applies only to reportable interest, dividend, broker, or barter exchange accounts opened after 1983, or broker accounts considered inactive in 1983.

Except as explained in (5) above, other reportable payments are subject to backup withholding only if (1) or (2) above applies. Certain payees

and payments are exempt from backup withholding and information reporting. See PAYEES AND PAYMENTS EXEMPT FROM BACKUP WITHHOLDING, below, and EXEMPT PAYEES AND PAYMENTS under SPECIFIC INSTRUCTIONS, on page 2, if you are an exempt payee.

Payees and Payments Exempt From Backup Withholding. - The following is a list of payees exempt from backup withholding and for which no information reporting is required. For interest and dividends, all listed payees are exempt except item (9). For broker transactions, payees listed in (1) through (13) and a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker are exempt. Payments subject to reporting under sections 6041 and 6041A are generally exempt from backup withholding only if made to payees described in items (1) through (7), except that a corporaton that provides medical and health care services or bills and collects payments for such services is not exempt from backup withholding or information reporting. Only payees described in items (2) through (6) are exempt from backup withholding for barter exchange transactions, patronage dividends, and payments by certain fishing boat operators.

(1) A corporation.

(2) An organization exempt from tax under section 501(a), or an IRA, or a custodial account under section 403(b)(7).

(3) The United States or any of its agencies or instrumentalities.

(4) A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.

(5) A foreign government or any of its political subdivisions, agencies, or instrumentalities.

(6) An international organization or any of its agencies or instrumentalities.

(7) A foreign central bank of issue.

(8) A dealer in securities or commodities required to register in the U.S. or a possession of the U.S.

(9) A futures commission merchant registered with the Commodity Futures Trading Commission.

(10) A real estate investment trust.

(11) An entity registered at all times during the tax year under the Investment Company Act of 1940.

(12) A common trust fund operated by a bank under section 584(a).

(13) A financial institution.

(14) A middleman known in the investment community as a nominee or listed in the most recent publication of the American Society of Corporation Secretaries, Inc., Nominee List.

(15) A trust exempt from tax under section 664 or described in section 4947.

Payments of dividends and patronage dividends generally not subject to backup withholding also include the following:

- Payments to nonresident aliens subject to withholding under section 1441.

- Payments to partnerships not engaged in trade or business in the U.S. and that have at least one nonresident partner.

- Payments of patronage dividends not paid in money.

- Payments made by certain foreign organizations.

Payments of interest generally not subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals.

Note: YOU MAY BE SUBJECT TO BACKUP WITHHOLDING IF THIS INTEREST IS $600 OR MORE AND IS PAID IN THE COURSE OF THE PAYER'S TRADE OR BUSINESS AND YOU HAVE NOT PROVIDED YOUR CORRECT TIN TO THE PAYER.

- Payments of tax-exempt interest (including exempt-interest dividends under section 852).

- Payments described in section 6049(b)(5) to nonresident aliens.

- Payments on tax-free covenant bonds under section 1451.

- Payments made by certain foreign organizations.

- Mortgage interest paid by you.

Payments that are not subject to information reporting are also not subject to backup withholding. For details, see sections 6041, 6041(a), 6042, 6044, 6045, 6049, 6050A, and 6050N, and their regulations.

PENALTIES

Failure To Furnish TIN. - If you fail to furnish your correct TIN to a requester, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil Penalty for False Information With Respect to Withholding. - If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

Criminal Penalty for Falsifying Information. - Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. - If the requestor discloses or uses TINs in violation of federal law, the requestor may be subject to civil and criminal penalties.

SPECIFIC INSTRUCTIONS

Name. - If you are an individual, you must generally provide the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage, without informing the Social Security Administration of the name change, please enter your first name, the last name shown on your social security card and your new last name.

If you are a sole proprietor, you must furnish your individual name and either your SSN or EIN. You may also enter your business name or "doing business as" name on the business name line. Enter your name(s) as shown on your social security card and/or as it was used to apply for your EIN on Form SS-4.

Signing the Certification. -

(1) Interest, Dividend, and Barter Exchange Accounts Opened Before 1984 and Broker Accounts Considered Active During 1983. - You are required to furnish your correct TIN, but you are not required to sign the certification.

(2) Interest, Dividend, Broker and Barter Exchange Accounts Opened After 1983 and Broker Accounts Considered Inactive During 1983. - You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item (2) in the certification before signing the form.

(3) Real Estate Transactions. - You must sign the certification. You may cross out item (2) of the certification.

(4) Other Payments. - You are required to furnish your correct TIN, but you are not required to sign the certification unless you have been notified of an incorrect TIN. Other payments include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services, payments to a nonemployee for services (including attorney and accounting fees), and payments to certain fishing boat crew members.

(5) Mortgage Interest Paid by You, Acquisition or Abandonment of Secured Property, or IRA Contributions. - You are required to furnish your correct TIN, but you are not required to sign the certification.

(6) Exempt Payees and Payments. - If you are exempt from backup withholding, you should complete this form to avoid possible erroneous backup withholding. Enter your correct TIN in Part I, write "EXEMPT" in the block in Part II, sign and date the form. If you are a nonresident alien or foreign entity not subject to backup withholding, give the requester a completed FORM W-8. Certificate of Foreign Status.

(7) TIN "Applied For". - Follow the instructions under HOW TO OBTAIN A TIN, on page 1, check the box in Part II of the Substitute Form W-9 and sign and date the form.

Signature. - For a joint account, only the person whose TIN is shown in Part I should sign the form.

Privacy Act Notice. - Section 6109 requires you to furnish your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, or contributions you made to an IRA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividends, and certain other payments to a payee who does not furnish a TIN to a payer. Certain penalties may also apply.

WHAT NAME AND NUMBER TO GIVE THE REQUESTER

	GIVE THE NAME AND

FOR THIS TYPE OF ACCOUNT:	SOCIAL SECURITY NUMBER OF:
1. Individual	The individaul
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor (2)
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee(1)
b. So-called trust account that is not a legal or valid trust under state law	The actual owner(1)
5. Sole proprietorship	The owner(3)

FOR THIS TYPE OF ACCOUNT:	GIVE THE NAME AND EMPLOYER IDENTIFICATION NUMBER OF:
6. Sole proprietorship	The owner(3)
7. A valid trust, estate or pension trust	Legal entity(4)
8. Corporate	The corporation
9. a. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

(1) List first and circle the name of the person whose number you furnish.

(2) Circle the minor's name and furnish the minor's social security number.

(3) Show the individual's name. You may also enter your business name. You may use your SSN or EIN.

(4) List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title).

NOTE: IF NO NAME IS CIRCLED WHEN THERE IS MORE THAN ONE NAME, THE NUMBER WILL BE CONSIDERED TO BE THAT OF THE FIRST NAME LISTED.

Exhibit (a)(9)

This announcement is neither an offer to purchase nor a solicitation of an offer to sell these securities. The Offer is made only by the Offer to Purchase and the related Letter of Transmittal and is not being made to (nor will tenders be accepted from) holders of Shares in any jurisdiction in which the Offer or the acceptance thereof would not be in compliance with the securities laws of such jurisdiction. In those jurisdictions where securities laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Offeror by Dillon, Read & Co. Inc. or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

NOTICE OF OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED RIGHTS)

OF
ELCO INDUSTRIES, INC.
AT

$36.00 NET PER SHARE
BY
E.I. TEXTRON INC.
A WHOLLY OWNED SUBSIDIARY OF

TEXTRON INC.

E.I. Textron Inc., a Delaware corporation (the "Offeror") and a wholly owned subsidiary of Textron Inc., a Delaware corporation (the "Parent"), hereby offers to purchase all of the shares of common stock, par value $5.00 per share (the "Shares"), of Elco Industries, Inc., a Delaware corporation (the "Company"), including the associated Rights as defined in the Rights Agreement between the Company and The First National Bank of Chicago, as Rights Agent, dated as of January 20, 1988, as amended June 24, 1988 and September 12, 1995, for $36.00 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated September 19, 1995 (the "Offer to Purchase"), and in the related Letter of Transmittal (which together constitute the "Offer"). Unless the context otherwise requires, all references to Shares herein include the associated Rights.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON TUESDAY, OCTOBER 17, 1995, UNLESS THE OFFER IS EXTENDED.

The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of September 12, 1995 (the "Merger Agreement"), among the Parent, the Offeror and the Company. The Merger Agreement provides that, among other things, as soon as practicable after the purchase of Shares pursuant to the Offer and the satisfaction of the other conditions set forth in the Merger Agreement and in accordance with the relevant provisions of Delaware law, the Offeror will be merged with and into the Company (the "Merger"). At the effective time of the Merger (the "Effective Time"), each Share issued and outstanding immediately prior to the Effective Time (other than Shares held in the treasury of the Company, Shares held by the Parent, the Offeror or any other wholly owned subsidiary of the Parent or the Company, or Shares which are held by stockholders, if any, who properly exercise their appraisal rights under Delaware law) will be converted into the right to receive $36.00 in cash without interest.

The Offer is conditioned upon, among other things, (i) there having been validly tendered and not withdrawn prior to the expiration of the Offer that number of Shares representing at least 66 2/3% of all outstanding Shares on a fully diluted basis on the date of purchase (the "Minimum Condition"), and

(ii) satisfaction of certain other terms and conditions. The Offeror reserves the right (but shall not be obligated), in accordance with applicable rules and regulations of the Securities and Exchange Commission, to reduce the Minimum Condition (but not below 50.01% of the outstanding Shares on a fully diluted basis) or to waive any other condition to the Offer.

THE BOARD OF DIRECTORS OF THE COMPANY HAS APPROVED THE MERGER AGREEMENT, THE OFFER AND THE MERGER, HAS DETERMINED THAT THE TERMS OF THE OFFER AND MERGER ARE FAIR TO, AND IN THE BEST INTERESTS OF, THE COMPANY'S STOCKHOLDERS, AND RECOMMENDS THAT THE COMPANY'S STOCKHOLDERS ACCEPT THE OFFER AND TENDER THEIR SHARES.

For purposes of the Offer, the Offeror will be deemed to have accepted for payment, and thereby purchased, Shares validly tendered and not withdrawn as, if and when the Offeror gives oral or written notice to Harris Trust Company of New York (the "Depositary") of the Offeror's acceptance of such Shares for payment. In all cases, payment for Shares purchased pursuant to the Offer will be made by deposit of the purchase price with the Depositary, which shall act as agent for tendering stockholders for the purpose of receiving payment from the Offeror and transmitting payment to tendering stockholders. Payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of certificates for such Shares or timely confirmation of a book-entry transfer of such Shares into the Depositary's account at the Book-Entry Transfer Facilities (as defined in the Offer to Purchase) pursuant to the procedures set forth in the Offer to Purchase and timely receipt by the Depositary of a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof), with any required signature guarantees, or, in the case of a book-entry transfer, an Agent's Message (as defined in the Offer to Purchase) and any other documents required by the Letter of Transmittal.

If any of the conditions set forth in the Offer to Purchase that relate to the Offeror's obligations to purchase the Shares are not satisfied by 12:00 Midnight, New York City time, on Tuesday, October 17, 1995 (or any other time then set as the Expiration Date), the Offeror may, subject to the terms of the Merger Agreement, (i) extend the Offer and, subject to applicable withdrawal rights, retain all tendered Shares until the expiration of the Offer as extended, (ii) subject to complying with applicable rules and regulations of the Securities and Exchange Commission, accept for payment all Shares so tendered and not extend the Offer, or (iii) terminate the Offer and not accept for payment any Shares and return all tendered Shares to tendering stockholders. The term "Expiration Date" shall mean 12:00 Midnight, New York City time, on Tuesday, October 17, 1995, unless the Offeror shall have extended the period of time for which the Offer is open, in which event the term "Expiration Date" shall mean the latest time and date at which the Offer, as so extended by the Offeror, shall expire. The Offeror expressly reserves the right, in its sole discretion, at any time or from time to time, subject to applicable law and to the terms of the Merger Agreement, to extend the period during which the Offer is open by giving oral or written notice of such extension to the Depositary followed by, as promptly as practicable, a public announcement thereof no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date.

Except as otherwise provided in Section 4 of the Offer to Purchase, tenders of Shares made pursuant to the Offer are irrevocable. Shares tendered pursuant to the Offer may be withdrawn at any time prior to the Expiration Date, and, unless theretofore accepted for payment pursuant to the Offer, may also be withdrawn at any time after Friday, November 17, 1995. For a withdrawal to be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover of the Offer to Purchase. Any such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder if different from the name of the person who tendered the Shares. If certificates for Shares to be withdrawn have been delivered or otherwise identified to the Depositary, then, prior to the physical release of such certificates, the serial numbers shown on such certificates must be submitted to the Depositary and, unless such Shares have been tendered for the account of an Eligible Institution (as defined in the Offer to Purchase), the signatures on the notice of withdrawal must be guaranteed by an Eligible Institution. If Shares have been tendered pursuant to the procedures for book-entry transfer set forth in Section 3 of the Offer to Purchase, any notice of withdrawal must also specify the name and number of the account at the applicable Book-Entry Transfer Facility (as defined in the Offer to Purchase) to be credited with the withdrawn Shares. All questions as to the form and validity (including time of receipt) of a notice of

withdrawal will be determined by the Offeror, in its sole discretion, and its determination shall be final and binding on all parties.

The information required to be disclosed by paragraph (e)(1)(vii) of Rule 14d-6 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, is contained in the Offer to Purchase and is incorporated herein by reference.

The Company has provided to the Offeror its lists of stockholders and security position listings for the purpose of disseminating the Offer to holders of Shares. The Offer to Purchase, the related Letter of Transmittal and other related materials are being mailed to record holders of Shares and will be mailed to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder lists or, if applicable, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to beneficial owners of Shares.

THE OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION THAT SHOULD BE READ BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

Requests for copies of the Offer to Purchase, the related Letter of Transmittal and other tender offer material may be directed to the Information Agent or the Dealer Manager as set forth below, and copies will be furnished promptly at the Offeror's expense. No fees or commissions will be payable to brokers, dealers or other persons other than the Information Agent, the Dealer Manager and the Depositary for soliciting tenders of Shares pursuant to the Offer.

The Information Agent for the Offer is:

D.F. KING & CO., INC.

77 Water Street
New York, New York 10005

Banks and Brokers Call Collect: (212) 269-5550 All Others Call Toll-Free: (800) 207-2014

The Dealer Manager for the Offer is:
DILLON, READ & CO. INC.

535 Madison Avenue
New York, New York 10022

(212) 906-7527 (Call Collect)

September 19, 1995

Exhibit (a)(11)

CONFORMED COPY

AGREEMENT AND PLAN OF MERGER
AMONG
TEXTRON INC.,
E.I. TEXTRON INC.,
AND
ELCO INDUSTRIES, INC.
DATED AS OF SEPTEMBER 12, 1995

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CONFORMED COPY

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of September 12, 1995 (this "Agreement"), among Textron Inc., a Delaware corporation ("Parent"), E. I. Textron Inc., a Delaware corporation ("Sub") and a wholly owned subsidiary of Parent, and Elco Industries, Inc., a Delaware corporation (the "Company") (Sub and the Company being hereinafter collectively referred to as the "Constituent Corporations").

W I T N E S S E T H:

WHEREAS, the respective Boards of Directors of Parent, Sub and the Company have approved the acquisition of the Company by Parent pursuant to a tender offer (the "Offer") by Sub for all of the outstanding shares of Common Stock, par value $5.00 per share ("Common Stock"), of the Company together with the associated Rights (as hereafter defined) at a price of $36.00 per share, net to the seller in cash, without interest, followed by a merger (the "Merger") of Sub with and into the Company all upon the terms and subject to the conditions set forth herein;

WHEREAS, the Board of Directors of the Company has adopted resolutions approving the Offer and the Merger and recommending that the Company's stockholders accept the Offer; and

WHEREAS, pursuant to the Merger, each issued and outstanding share of Common Stock not owned directly or indirectly by Parent or the Company, except shares of Common Stock held by holders who comply with the provisions of Delaware law regarding the right of stockholders to dissent from the Merger and require appraisal of their shares of Common Stock, will be converted into the right to receive the per share consideration paid pursuant to the Offer.

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements herein contained, Parent, Sub and the Company hereby agree as follows:

ARTICLE I

THE OFFER

Section 1.1 The Offer. (a) Subject to the provisions of this Agreement, within five business days after the first public announcement of this Agreement, Sub shall, and Parent shall cause Sub to, commence, within the meaning of Rule 14d-2 under the Exchange Act (as hereinafter defined), the Offer. The obligation of Sub to, and of Parent to cause Sub to, commence the Offer and accept for payment, and pay for, any shares of Common Stock (and the associated Rights) tendered pursuant to the Offer shall be subject to the conditions set forth in Exhibit A. The Offer shall initially expire 20 business days after the date of its commencement, unless this Agreement is terminated in accordance with Article IX, in which case the Offer (whether or not previously extended in accordance with the terms hereof) shall expire on such date of termination. Without the prior written consent of the Company, Sub shall not (i) impose conditions to the Offer in addition to those set forth in Exhibit A, (ii) modify or amend the conditions set forth in Exhibit A or any other term of the Offer in a manner adverse to the holders of shares of Common Stock, (iii) waive or amend (below 50.01% of the outstanding shares of Common Stock on a fully diluted basis) the Minimum Condition (as defined in Exhibit A), (iv) reduce the number of shares of Common Stock subject to the Offer, (v) reduce the price per share of Common Stock to be paid pursuant to the Offer, (vi) except as provided in the following sentence, extend the Offer, if all of the Offer conditions are satisfied or waived, or (vii) change the form of consideration payable in the Offer. Notwithstanding the foregoing, Sub may, without the consent of the Company, extend the Offer at any time, and from time to time, (i) if at the then scheduled expiration date of the Offer any of the conditions to Sub's obligation to accept for payment and pay for shares of Common Stock shall not have been satisfied or waived, until the such time as such conditions are satisfied or waived; (ii) for any period required by any rule, regulation, interpretation or position of the SEC (as hereinafter defined) or its staff applicable to the Offer; or (iii) if all Offer conditions are satisfied or waived but the number of shares of

Common Stock tendered is less than 90% of the then outstanding number of shares of Common Stock, for an aggregate period of not more than 10 business days (for all such extensions) beyond the latest expiration date that would be permitted under clause (i) or (ii) of this sentence. So long as this Agreement is in effect and the Offer conditions have not been satisfied or waived, Sub shall, and Parent shall cause Sub to, cause the Offer not to expire. Subject to the terms and conditions of the Offer (but subject to the right of termination in accordance with Article IX), Sub shall, and Parent shall cause Sub to, pay for all shares of Common Stock validly tendered and not withdrawn pursuant to the Offer as soon as practicable after the expiration of the Offer.

(b) On the date of commencement of the Offer, Parent and Sub shall file with the Securities and Exchange Commission (the "SEC") a Tender Offer Statement on Schedule 14D-1 with respect to the Offer, which shall contain an offer to purchase and a related letter of transmittal (such Schedule 14D-1 and the documents therein pursuant to which the Offer will be made, together with any supplements or amendments thereto, the "Offer Documents"). The Company and its counsel shall be given an opportunity to review and comment upon the Offer Documents prior to the filing thereof with the SEC. The Offer Documents shall comply as to form in all material respects with the requirements of the Securities Exchange Act of 1934, as amended (including the rules and regulations promulgated thereunder, the "Exchange Act"), and on the date filed with the SEC and on the date first published, sent or given to the Company's stockholders, the Offer Documents shall not 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, in light of the circumstances under which they were made, not misleading, except that no representation is made by Parent or Sub with respect to information supplied by the Company for inclusion in the Offer Documents. Each of Parent, Sub and the Company agrees promptly to correct any information provided by it for use in the Offer Documents if and to the extent that such information shall have become false or misleading in any material respect, and each of Parent and Sub further agrees to take all steps necessary to cause the Offer Documents as so corrected to be filed with the SEC and to be disseminated to holders of shares of Common Stock, in each case as and to the extent required by applicable federal securities laws. Parent and Sub agree to provide the Company and its counsel in writing with any comments Parent, Sub or their counsel may receive from the SEC or its staff with respect to the Offer Documents promptly upon receipt of such comments.

Section 1.2 Company Actions. (a) The Company hereby approves of and consents to the Offer and represents that the Board of Directors of the Company at a meeting duly called and held has duly adopted resolutions (i) approving this Agreement, the Offer and the Merger, (ii) determining that the terms of the Offer and Merger are fair to, and in the best interests of, the Company and its stockholders, and (iii) recommending that the Company's stockholders accept the Offer and tender their shares of Common Stock and approve the Merger and this Agreement. The Company hereby consents to the inclusion in the Offer Documents of such recommendation of the Board of Directors of the Company. The Company represents that its Board of Directors has received the written opinion (the "Fairness Opinion") of The Chicago Dearborn Company (the "Financial Advisor") that the proposed consideration to be received by the holders of shares of Common Stock pursuant to the Offer and the Merger is fair to such holders from a financial point of view. The Company has been authorized by the Financial Advisor to permit, subject to the prior review and consent by the Financial Advisor (such consent not to be unreasonably withheld), the inclusion of the Fairness Opinion (or a reference thereto) in the Offer Documents, the Schedule 14D-9 (as hereinafter defined) and the Proxy Statement (as hereinafter defined).

(b) On the date the Offer Documents are filed with the SEC, the Company shall file with the SEC a Solicitation/Recommendation Statement on Schedule 14D-9 with respect to the Offer (such Schedule 14D-9, as amended from time to time, the "Schedule 14D-9") containing the recommendations described in paragraph (a) above and shall mail the Schedule 14D-9 to the stockholders of the Company as required by Rule 14D-9 promulgated under the Exchange Act. To the extent practicable, the Company shall cooperate with Parent in mailing or otherwise disseminating the Schedule 14D-9 with the appropriate Offer Documents to the Company's stockholders. Parent and its counsel shall be given an opportunity to review and comment upon the Schedule 14D-9 prior to the filing thereof with the SEC. The Schedule 14D-9 shall comply as to form in all material respects with the requirements of the Exchange Act and, on the date filed with the SEC

and on the date first published, sent or given to the Company's stockholders, shall not 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, in light of the circumstances under which they were made, not misleading, except that no representation is made by the Company with respect to information supplied by Parent or Sub for inclusion in the Schedule 14D-9. Each of the Company, Parent and Sub agrees promptly to correct any information provided by it for use in the Schedule 14D-9 if and to the extent that such information shall have become false or misleading in any material respect, and the Company further agrees to take all steps necessary to cause the Schedule 14D-9 as so corrected to be filed with the SEC and disseminated to the holders of shares of Common Stock, in each case as and to the extent required by applicable federal securities laws. The Company agrees to provide Parent and Sub and their counsel in writing with any comments the Company or its counsel may receive from the SEC or its staff with respect to the Schedule 14D-9 promptly after the receipt of such comments.

(c) In connection with the Offer, the Company shall cause its transfer agent to promptly furnish Sub with a list of the holders of Common Stock and mailing labels containing the names and addresses of the record holders of Common Stock as of a recent date and of those persons becoming record holders subsequent to such date, together with copies of all lists of stockholders, security position listings (including shares of Common Stock held by depositories) and computer files and all other information in the Company's possession or control regarding the beneficial owners of Common Stock, and shall furnish to Sub such information and assistance (including updated lists of stockholders, security position listings and computer files) as Sub may reasonably request in communicating the Offer to the Company's stockholders. Parent and Sub shall treat the foregoing information provided by the Company pursuant to this Section 1.2(c) as "Information" under (and as defined in) that certain letter agreement, dated September 1, 1995 (as amended, modified or supplemented, the "Confidentiality Agreement") between the Company and Parent.

ARTICLE II

THE MERGER

Section 2.1 The Merger. Upon the terms and subject to the conditions hereof, and in accordance with the General Corporation Law of the State of Delaware, as amended (the "DGCL"), Sub shall be merged with and into the Company at the Effective Time (as hereinafter defined). Following the Merger, the separate corporate existence of Sub shall cease and the Company shall continue as the surviving corporation (the "Surviving Corporation") and shall succeed to and assume all the rights and obligations of Sub in accordance with the DGCL.

Section 2.2 Effective Time. The Merger shall become effective when the Certificate of Merger or, if applicable, the Certificate of Ownership and Merger (each, the "Certificate of Merger"), executed in accordance with the relevant provisions of the DGCL, are accepted for record by the Secretary of State of the State of Delaware. When used in this Agreement, the term "Effective Time" shall mean the later of the date and time at which the Certificate of Merger is accepted for record or such later time established by the Certificate of Merger. The filing of the Certificate of Merger shall be made as soon as reasonably practicable (but not later than the third business day) after the satisfaction or waiver of the conditions to the Merger set forth herein.

Section 2.3 Effects of the Merger. The Merger shall have the effects set forth in the DGCL.

Section 2.4 Certificate of Incorporation and Bylaws; Directors and Officers. (a) The Certificate of Incorporation of Sub, as in effect immediately prior to the Effective Time, shall be amended to change the name of Sub to "Elco Industries, Inc." and, as so amended, the Certificate of Incorporation and the Bylaws of Sub shall be the Certificate of Incorporation and the Bylaws of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable law.

(b) The directors of Sub at the Effective Time shall, from and after the Effective Time, be the initial directors of the Surviving Corporation until their successors have been duly elected or appointed and qualified

or until their earlier death, resignation or removal, in accordance with the Surviving Corporation's Certificate of Incorporation and Bylaws.

(c) The officers of the Company at the Effective Time and such other persons as designated by Parent shall, from and after the Effective Time, be the initial officers of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal, in accordance with the Surviving Corporation's Certificate of Incorporation and Bylaws.

Section 2.5 Conversion of Securities. As of the Effective Time, by virtue of the Merger and without any action on the part of any stockholder of the Company:

(a) All shares of Common Stock that are held in the treasury of the Company or by any wholly owned Subsidiary (as hereinafter defined) of the Company and any shares of Common Stock owned by Parent, Sub or any other wholly owned Subsidiary of Parent shall be canceled and no consideration shall be delivered in exchange therefor.

(b) Each share of Common Stock (together with the associated Rights) issued and outstanding immediately prior to the Effective Time (other than shares to be canceled in accordance with Section 2.5(a) and other than Dissenting Company Common Shares (as defined in Section 2.7)) shall be converted into the right to receive from the Surviving Corporation in cash, without interest, the per share consideration in the Offer (the "Merger Consideration"). All such shares of Common Stock, when so converted, shall no longer be outstanding and shall automatically be canceled and retired and each holder of a certificate or certificates (the "Certificates") representing any such shares shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration.

(c) Each issued and outstanding share of the capital stock of Sub shall be converted into and become one fully paid and nonassessable share of Common Stock, par value $.01 per share, of the Surviving Corporation.

Section 2.6 Exchange of Certificates. (a) Paying Agent. Prior to the Effective Time, Parent shall appoint a commercial bank or trust company to act as paying agent hereunder (the "Paying Agent") for the payment of the Merger Consideration upon surrender of Certificates. All of the fees and expenses of the Paying Agent shall be borne by Parent.

(b) Surviving Corporation to Provide Funds. Parent shall take all steps necessary to enable and cause the Surviving Corporation to provide the Paying Agent with cash in amounts necessary to pay for all of the shares of Common Stock pursuant to Section 2.5 (determined as though there are no Dissenting Company Common Shares), when and as such amounts are needed by the Paying Agent.

(c) Exchange Procedures. As soon as practicable after the Effective Time, the Paying Agent shall mail to each holder of record of a Certificate, other than Parent, the Company and any wholly owned Subsidiary of Parent or the Company, (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon actual delivery of the Certificates to the Paying Agent and shall be in a form and have such other provisions as Parent may reasonably specify) and (ii) instructions for the use thereof in effecting the surrender of the Certificates in exchange for the Merger Consideration. Upon surrender of a Certificate for cancellation to the Paying Agent or to such other agent or agents as may be appointed by the Surviving Corporation, together with such letter of transmittal, duly executed, and such other documents as may reasonably be required by the Paying Agent, the holder of such Certificate shall be entitled to receive in exchange therefor the amount of cash into which the shares of Common Stock theretofore represented by such Certificate shall have been converted pursuant to Section 2.5, and the Certificates so surrendered shall forthwith be canceled. No interest will be paid or will accrue on the cash payable upon the surrender of any Certificate. If payment is to be made to a person other than the person in whose name the Certificate so surrendered is registered, it shall be a condition of payment that such Certificate shall be properly endorsed or otherwise in proper form for transfer and that the person requesting such payment shall pay any transfer or other taxes required by reason of the transfer of such Certificate or establish to the satisfaction of the Surviving Corporation that such tax has been paid or is not applicable. Until surrendered as contemplated by this Section 2.6, each Certificate (other than Certificates representing

Dissenting Company Common Shares and Certificates representing any shares of Common Stock owned by Parent or any wholly owned Subsidiary of Parent or held in the treasury of the Company or by any wholly owned Subsidiary of the Company) shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the amount of cash, without interest, into which the shares of Common Stock theretofore represented by such Certificate shall have been converted pursuant to Section 2.5. Notwithstanding the foregoing, none of the Paying Agent, the Surviving Corporation or any party hereto shall be liable to a former stockholder of the Company for any cash or interest delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

Section 2.7 Dissenting Company Common Shares. Notwithstanding any provision of this Agreement to the contrary, if required by the DGCL but only to the extent required thereby, shares of Common Stock which are issued and outstanding immediately prior to the Effective Time and which are held by holders of such shares of Common Stock who have properly exercised appraisal rights with respect thereto in accordance with Section 262 of the DGCL (the "Dissenting Company Common Shares") will not be exchangeable for the right to receive the Merger Consideration, and holders of such shares of Common Stock will be entitled to receive payment of the appraised value of such shares of Common Stock in accordance with the provisions of such Section 262 unless and until such holders fail to perfect or effectively withdraw or lose their rights to appraisal and payment under the DGCL. If, after the Effective Time, any such holder fails to perfect or effectively withdraws or loses such right, such shares of Common Stock will thereupon be treated as if they had been converted into and have become exchangeable for, at the Effective Time, the right to receive the Merger Consideration, without any interest thereon. The Company will give Parent prompt notice of any demands received by the Company for appraisals of shares of Common Stock. The Company shall not, except with the prior written consent of Parent, make any payment with respect to any demands for appraisal or offer to settle or settle any such demands.

Section 2.8 Merger Without Meeting of Stockholders. Notwithstanding the foregoing in this Article II, in the event that Sub, or any other direct or indirect subsidiary of Parent, shall acquire at least 90 percent of the outstanding shares of Common Stock, the parties hereto agree to take all necessary and appropriate action to cause the Merger to become effective as soon as practicable after the expiration of the Offer without a meeting of stockholders of the Company, in accordance with Section 253 of the DGCL.

Section 2.9 No Further Ownership Rights in Common Stock. From and after the Effective Time, the holders of shares of Common Stock which were outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such shares of Common Stock except as otherwise provided in this Agreement or by applicable law. All cash paid upon the surrender of Certificates in accordance with the terms hereof shall be deemed to have been issued in full satisfaction of all rights pertaining to the shares of Common Stock.

Section 2.10 Closing of Company Transfer Books. At the Effective Time, the stock transfer books of the Company shall be closed and no transfer of shares of Common Stock shall thereafter be made. If, after the Effective Time, Certificates are presented to the Surviving Corporation, they shall be canceled and exchanged as provided in this Article II.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PARENT

Parent represents and warrants to the Company as follows:

Section 3.1 Organization, Standing and Power. Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite corporate power and authority to carry on its business as now being conducted.

Section 3.2 Authority; Non-Contravention. Parent has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Parent and the consummation by Parent of the transactions contemplated

hereby have been duly authorized by all necessary corporate action on the part of Parent. This Agreement has been duly executed and delivered by Parent and (assuming the valid authorization, execution and delivery of this Agreement by the Company) constitutes a valid and binding obligation of Parent enforceable against Parent in accordance with its terms. The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated hereby and compliance with the provisions hereof will not, conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to the loss of a material benefit under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Parent or any of its Subsidiaries under, any provision of (i) the Certificate of Incorporation or Bylaws of Parent (true and complete copies of which have been delivered to the Company) or the comparable charter or organization documents of any of its Subsidiaries, (ii) any loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, instrument, permit, concession, franchise or license applicable to Parent or any of its Subsidiaries or (iii) subject to the government filings and other matters referred to in the following sentence, any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Parent or any of its Subsidiaries or any of their respective properties or assets, other than, in the case of clauses (ii) or (iii), any such conflicts, violations, defaults, rights, losses, liens, security interests, charges or encumbrances that, individually or in the aggregate, would not have a Material Adverse Effect (as defined below) on Parent, materially impair the ability of Parent or Sub to perform their respective obligations hereunder or prevent the consummation of any of the transactions contemplated hereby. No filing or registration with, or authorization, consent or approval of, any domestic (federal and state), foreign or supranational court, commission, governmental body, regulatory or administrative agency, authority or tribunal (a "Governmental Entity") is required by or with respect to Parent or any of its Subsidiaries in connection with the execution and delivery of this Agreement by Parent or Sub or is necessary for the consummation of the Offer, the Merger and the other transactions contemplated by this Agreement, except for (i) in connection or in compliance with the Exchange Act, (ii) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware and appropriate documents with the relevant authorities of other states in which the Company is qualified to do business, (iii) such filings and consents, if any, as may be required under any environmental, health or safety law or regulation pertaining to any notification, disclosure or required approval triggered by the Offer, the Merger or the transactions contemplated by this Agreement, (iv) such filings and approvals as may be required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "Improvements Act"), (v) such filings and approvals as may be required by any applicable state securities or "blue sky" laws or state takeover laws, (vi) such filings, consents, approvals, orders, registrations, declarations and filings as may be required under the laws of any foreign country in which Parent or any of its Subsidiaries conducts any business or owns any assets, and (vii) such other consents, orders, authorizations, approvals, registrations, declarations and filings the failure of which to be obtained or made would not, individually or in the aggregate, have a Material Adverse Effect on Parent, materially impair the ability of Parent or Sub to perform their respective obligations hereunder or prevent the consummation of any of the transactions contemplated hereby. For purposes of this Agreement, (a) "Material Adverse Change" or "Material Adverse Effect" means, when used with respect to Parent, Sub or the Company, as the case may be, any change or effect, either individually or in the aggregate, that is materially adverse to the business, assets, financial condition or results of operations of Parent and its Subsidiaries taken as a whole, Sub, or the Company and its Subsidiaries taken as a whole, as the case may be, and (b) "Subsidiary" means any corporation, partnership, joint venture or other legal entity of which Parent or the Company, as the case may be (either alone or through or together with any other Subsidiary), owns, directly or indirectly, 50% or more of the stock or other equity interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such corporation or other legal entity.

Section 3.3 Schedule 14D-9, Information and Proxy Statements. None of the information to be supplied by Parent or Sub for inclusion or incorporation by reference in the Offer Documents, the Schedule 14D-9, the information statement, if any, filed by the Company in connection with the Offer pursuant to Rule 14F-1 promulgated under the Exchange Act (the "Information Statement"), or the proxy statement (together with any amendments or supplements thereto, the "Proxy Statement") relating to the Stockholder Meeting (as defined in Section 7.1) will (i) in the case of the Offer Documents, the Schedule 14D-9 and the

Information Statement, at the respective times such documents are filed with the SEC and are first published, sent or given to the Company's stockholders, or
(ii) in the case of the Proxy Statement, at the time of the mailing of the Proxy Statement, at the time of the Stockholder Meeting and at the Effective Time, 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, in light of the circumstances under which they are made, not misleading.

Section 3.4 Financing. Parent or Sub has sufficient funds available to enable it to purchase all outstanding shares on a fully diluted basis of Common Stock pursuant to the Offer and the Merger and to pay all fees and expenses related to the transactions contemplated by this Agreement.

Section 3.5 Brokers and Finders. Except for the fees and expenses payable to Dillon, Read & Co. Inc. by Parent, neither Parent nor Sub has employed any investment banker, broker, finder, consultant or intermediary in connection with the transactions contemplated by this Agreement which would be entitled to any investment banking, brokerage, finder's or similar fee or commission in connection with this Agreement or the transactions contemplated hereby.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Parent and Sub as follows:

Section 4.1 Organization, Standing and Power. The Company and each of its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated and has the requisite corporate power and authority to carry on its business as now being conducted. The Company and each of its Subsidiaries is duly qualified to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, have a Material Adverse Effect on the Company.

Section 4.2 Capital Structure. The authorized capital stock of the Company consists of 20,000,000 shares of Common Stock and 250,000 shares of Preferred Stock, par value $1.00 per share ("Preferred Stock"). At the close of business on September 8, 1995, (i) 4,982,869 shares of Common Stock were issued and outstanding, (ii) 225,000 shares of Common Stock were reserved for issuance upon the exercise of outstanding Company Stock Options (as defined in Section 7.4) and (iii) 4,766 shares of Common Stock were held by the Company in its treasury. As of the date hereof there are no shares of Preferred Stock outstanding. All outstanding shares of capital stock of the Company are validly issued, fully paid and nonassessable and not subject to preemptive rights. As of September 8, 1995, there were 153,875 Company Stock Options outstanding, in the aggregate, under the Company's 1991 Stock Option Plan and the 1992 Stock Option Plan for Non-employee Directors (the "Stock Plans") to acquire 153,875 shares of Common Stock. Except for such Company Stock Options and rights issued pursuant to the Company Rights Agreement (as defined in Section 4.17) and as set forth in the Company Disclosure Letter (as defined below), there are no options, warrants, rights, commitments, agreements, arrangements or undertakings of any kind to which the Company or any of its Subsidiaries is a party or by which any of them is bound obligating the Company or any of its Subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other voting securities of the Company or of any of its Subsidiaries. The Company Disclosure Letter sets forth the aggregate exercise price for all outstanding Company Stock Options as of September 8, 1995. Since September 8, 1995, no shares of the Company's capital stock have been issued other than pursuant to the exercise of Company Stock Options already in existence on such date and the Company has not granted any stock options for any capital stock of the Company.

Section 4.3 Subsidiaries. Except as set forth in the letter from the Company to Parent dated the date hereof, which letter relates to this Agreement and is designated therein as the Company Disclosure Letter (the "Company Disclosure Letter"), all of the outstanding capital stock of, or ownership interests in, each Subsidiary of the Company is owned by the Company, directly or indirectly, free and clear of any security

interests, liens, claims, pledges, options, rights of first refusal, agreements, charges or other encumbrances of any nature ("Liens") or any other limitation or restriction (including any restriction on the right to vote or sell the same, except as may be provided as a matter of law). Except as set forth in the Company Disclosure Letter, there are no (i) securities of the Company or any of its Subsidiaries convertible into or exchangeable for, (ii) options or other rights to acquire from the Company or any of its Subsidiaries, or (iii) other contracts, understandings, arrangements or obligations (whether or not contingent) providing for the issuance or sale, directly or indirectly, in each case, with respect to any capital stock or other ownership interests in, or any other securities of, any Subsidiary of the Company. There are no outstanding contractual obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any outstanding shares of capital stock or other ownership interest in any Subsidiary of the Company nor are there any irrevocable proxies with respect to any shares of the capital stock of any of the Company's Subsidiaries. All of the shares of capital stock of each Subsidiary of the Company are validly existing, fully paid and nonassessable. Except for statutory and regulatory restrictions or as disclosed in the Company Disclosure Letter, there are no restrictions which prevent or limit the payment of dividends by any of the Company's Subsidiaries.

Section 4.4 Other Interests. Except for the Company's interest in its Subsidiaries or as set forth in the Company Disclosure Letter, neither the Company nor its Subsidiaries owns directly or indirectly any equity interest or equity investment in, nor is the Company or any of its Subsidiaries subject to any obligation or requirement to provide for or to make any equity investment in, any corporation, limited liability company, partnership, joint venture, business, trust or entity.

Section 4.5 Authority; Non-Contravention. The Board of Directors of the Company has approved this Agreement and determined that the Offer and the Merger are fair and in the best interests of the Company and its stockholders and the Company has all requisite corporate power and authority to enter into this Agreement and, subject to approval of the Merger by the stockholders of the Company (if required), to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company, subject to such approval of the Merger by the stockholders of the Company (if required). This Agreement has been duly executed and delivered by the Company and (assuming the valid authorization, execution and delivery of this Agreement by Parent and Sub) constitutes a valid and binding obligation of the Company enforceable against the Company in accordance with its terms. Except as set forth in the Company Disclosure Letter, the execution and delivery of this Agreement do not, and the consummation of the transactions contemplated hereby and compliance with the provisions hereof will not, conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation, contractually require any offer to purchase or any prepayment of any debt, contractually require the payment of (or result in the vesting of) any severance, golden parachute, change of control or similar type of payment, or give rise to the loss of a material benefit under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of the Company or any of its Subsidiaries under, any provision of (i) the Certificate of Incorporation or Bylaws of the Company (true and complete copies of which as of the date hereof have been delivered to Parent) or the comparable charter or organization documents of any of its Subsidiaries, (ii) any loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, instrument, permit, concession, franchise or license applicable to the Company or any of its Subsidiaries or (iii) subject to the governmental filings and other matters referred to in the following sentence and approval of this Agreement by the Company's stockholders (if required), any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to the Company or any of its Subsidiaries or any of their respective properties or assets, other than, in the case of clauses (ii) or (iii), any such conflicts, violations, defaults, rights, offers, prepayments, payments, losses, liens, security interests, charges or encumbrances that, individually or in the aggregate, would not have a Material Adverse Effect on the Company, materially impair the ability of the Company to perform its obligations hereunder or prevent the consummation of any of the transactions contemplated hereby. Copies of all contracts, agreements, instruments or other documents referred to in the Company Disclosure Letter pursuant to this Section 4.5 will be promptly furnished to Parent after the date of this Agreement. The Company Disclosure Letter lists the amounts payable or that will or may become payable to directors, officers or employees or former directors, officers or

employees of the Company and its Subsidiaries under each such contract, agreement, instrument or other document referred to in the Company Disclosure Letter pursuant to this Section 4.5, except as noted in such Company Disclosure Letter. No filing or registration with, or authorization, consent or approval of, any Governmental Entity is required by or with respect to the Company or any of its Subsidiaries in connection with the execution and delivery of this Agreement by the Company or the consummation by the Company of the transactions contemplated hereby, except for (i) in connection or in compliance with the provisions of the Exchange Act, (ii) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware and appropriate documents with the relevant authorities of other states in which the Company is qualified to do business, (iii) such filings and consents, if any, as may be required under any environmental, health or safety law or regulation pertaining to any notification, disclosure or required approval triggered by the Offer, the Merger or the transactions contemplated by this Agreement, (iv) such filings and approvals as may be required under the Improvements Act, (v) such filings in connection with any state or local tax which is attributable to the beneficial ownership of the Company's or its Subsidiaries' real property, if any (collectively, the "Gains Taxes"), (vi) such filings and approvals as may be required by any applicable state securities or "blue sky" laws or state takeover laws, (vii) such filings, consents, approvals, orders, registrations and declarations as may be required under the laws of any foreign country in which the Company or any of its subsidiaries conducts any business or owns any assets, and (viii) such other consents, orders, authorizations, registrations, approvals, declarations and filings the failure of which to be obtained or made would not, individually or in the aggregate, have a Material Adverse Effect on the Company, materially impair the ability of Company to perform its obligations hereunder or prevent the consummation of any of the transactions contemplated hereby.

Section 4.6 SEC Documents. (a) Since July 1, 1993, the Company has filed all documents with the SEC required to be filed under the Securities Act of 1933, as amended (including the rules and regulations promulgated thereunder the "Securities Act"), or the Exchange Act (such documents filed with the SEC on or before September 8, 1995 being the "Company SEC Documents"). As of their respective dates, (i) the Company SEC Documents complied in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, and (ii) none of the Company SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company has delivered to Parent its draft Annual Report on Form 10-K for the fiscal year ended June 30, 1995 (the "1995 Draft 10-K") including audited consolidated balance sheets and statements of income, changes in stockholders' equity, and cash flow and notes thereto as of and for the fiscal year ended June 30, 1995 (the "1995 Financial Statements"). The financial statements of the Company included in the Company SEC Documents and the 1995 Financial Statements comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles (except, in the case of unaudited statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto) and fairly present the consolidated financial position of the Company and its consolidated Subsidiaries as at the dates thereof and the consolidated results of their operations and changes in financial position for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments and to any other adjustments described therein). The Form 10-K of the Company as of and for the fiscal year ended June 30, 1995 to be filed by the Company with the SEC will not differ in any material respect from the 1995 Draft 10-K.

(b) Except as set forth in the Company SEC Documents, the 1995 Draft 10-K, the 1995 Financial Statements or the Company Disclosure Letter, neither the Company nor any of its Subsidiaries has any liability or obligation of any nature (whether accrued, absolute, contingent or otherwise) which would be required to be reflected on a balance sheet, or in the notes thereto, prepared in accordance with generally accepted accounting principles, except for liabilities and obligations incurred in the ordinary course of business consistent with past practice since July 1, 1995 which would not, individually or in the aggregate, have a Material Adverse Effect on the Company.

(c) The Company has heretofore made available or promptly will make available to Parent a complete and correct copy of any amendments or modifications which have not yet been filed with the SEC to agreements, documents or other instruments which previously have been filed with the SEC pursuant to the Exchange Act.

Section 4.7 Offer Documents and Proxy Statement. None of the information supplied or to be supplied by the Company for inclusion or incorporation by reference in the Offer Documents or the Schedule 14D-9, the Information Statement, if any, the Proxy Statement, if any, or any amendment or supplement thereto, will (i) in the case of the Offer Documents, the Schedule 14D-9 and the Information Statement, at the respective times such documents are filed with the SEC or first published, sent or given to the Company's stockholders, or (ii) in the case of the Proxy Statement, at the time of the mailing of the Proxy Statement and at the time of the Stockholder Meeting, 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, in the light of the circumstances under which they are made, not misleading. If at any time prior to the Effective Time any event with respect to the Company, its officers and directors or any of its Subsidiaries should occur which is required to be described in an amendment of, or a supplement to, the Proxy Statement or the Offer Documents, such event shall be so described, and such amendment or supplement shall be promptly filed with the SEC and, as required by law, disseminated to the stockholders of the Company. The Proxy Statement will comply as to form in all material respects with the requirements of the Exchange Act.

Section 4.8 Absence of Certain Events. Since July 1, 1995, the Company and its Subsidiaries have operated their respective businesses only in the ordinary course consistent with past practice and, except as contemplated by this Agreement or disclosed in the Company SEC Documents, the 1995 Draft 10-K, the 1995 Financial Statements or the Company Disclosure Letter, there has not occurred (i) any Material Adverse Change in the Company; (ii) any change by the Company or any of its Subsidiaries in its accounting methods, principles or practices; (iii) any amendments or changes in the Certificate of Incorporation or Bylaws of the Company; (iv) any revaluation by the Company or any of its Subsidiaries of any of their respective assets, including, without limitation, write-offs of accounts receivable, other than in the ordinary course of the Company's and its Subsidiaries' businesses consistent with past practices; (v) any damage, destruction or loss with respect to the property or assets of the Company or its Subsidiaries which resulted in, or is reasonably likely to result in, a Material Adverse Effect on the Company; (vi) except for regular quarterly dividends of $.15 per share declared and paid in accordance with past practice, any declaration, setting aside or payment of any dividend or other distribution with respect to any shares of capital stock of the Company, or any repurchase, redemption or other acquisition by the Company or any of its Subsidiaries of any outstanding shares of capital stock or other securities of, or other ownership interests in, the Company; (vii) any grant of any severance or termination pay to any director, executive officer or key employee of the Company or any of its Subsidiaries, except as required under the severance agreements disclosed in the Company Disclosure Letter pursuant to Section 4.12; (viii) any entry into any employment, deferred compensation or other similar agreement (or any amendment to any such existing agreement) with any director, executive officer or key employee of the Company or any of its Subsidiaries; (ix) any increase in benefits payable under any existing severance or termination pay policies or employment agreements with any director, executive officer or key employee of the Company or any of its Subsidiaries except in the ordinary course of business consistent with past practice; or (x) any increase in compensation, bonus or other benefits payable to directors, executive officers or key employees of the Company or any of its Subsidiaries except in the ordinary course of business consistent with past practice.

Section 4.9 Litigation. Except as set forth in the Company SEC Documents, the 1995 Draft 10-K or the Company Disclosure Letter, there are no actions, suits, proceedings, investigations or reviews pending against the Company or its Subsidiaries or, to the knowledge of the Company, threatened against the Company or its Subsidiaries, at law or in equity, or before or by any federal or state commission, board, bureau, agency, regulatory or administrative instrumentality or other Governmental Entity or any arbitrator or arbitration tribunal, that are reasonably likely to have a Material Adverse Effect on the Company.

Section 4.10 Compliance with Applicable Law. The Company and its Subsidiaries hold all permits, licenses, variances, exceptions, orders and approvals of all Governmental Entities necessary for the lawful

conduct of their respective businesses (the "Company Permits"), except for failures to hold such permits, licenses, variances, exemptions, orders and approvals which do not, individually or in the aggregate, have, and are not reasonably likely to have, a Material Adverse Effect on the Company. The Company and its Subsidiaries are conducting their businesses in compliance with the terms of the Company Permits, except where the failure so to comply does not have a Material Adverse Effect on the Company. Except for those matters referred to in Section 4.14, the businesses of the Company and its Subsidiaries are not being, and have not been, conducted in violation of any law, Company Permit, ordinance or regulation of any Governmental Entity except for violations which, individually or in the aggregate, do not and are not reasonably likely to have a Material Adverse Effect on the Company.

Section 4.11 Employee Plans. (a) The Company and each Subsidiary has complied with and performed all contractual obligations and all obligations under applicable federal, state and local laws, rules and regulations required to be performed by it under or with respect to any of the Company Benefit Plans (as defined below) or any related trust agreement or insurance contract, other than where the failure to so comply or perform does not have, nor is reasonably likely to have, a Material Adverse Effect on the Company. All contributions and other payments required to be made by the Company and its Subsidiaries to any Company Benefit Plan prior to the date hereof have been made, other than where the failure to so contribute or make payments will not have a Material Adverse Effect on the Company, and all accruals required to be made under any Company Benefit Plan have been made. There is no claim, dispute, grievance, charge, complaint, restraining or injunctive order, litigation or proceeding pending, or, to the best knowledge of the Company and its Subsidiaries, threatened or anticipated (other than routine claims for benefits) against or relating to any Company Benefit Plan or against the assets of any Company Benefit Plan, which is reasonably likely to have a Material Adverse Effect on the Company. Neither the Company nor any of its Subsidiaries has communicated generally to employees or specifically to any employee regarding any future increase of benefit levels (or future creations of new benefits) with respect to any Company Benefit Plan beyond those reflected in the Company Benefit Plans, which benefit increases or creations, either individually or in the aggregate, will have or are reasonably likely to have, a Material Adverse Effect on the Company. Neither the Company nor any of its Subsidiaries presently sponsors, maintains, contributes to, nor is the Company or its Subsidiaries required to contribute to, nor has the Company or any of its Subsidiaries ever sponsored, maintained, contributed to, or been required to contribute to, any employee pension benefit plan within the meaning of section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), other than those plans described in note 7 to the financial statements included in the 1995 Draft 10-K.

(b) With respect to each Company Benefit Plan subject to Title IV of ERISA,
(i) no termination of any Company Benefit Plan has occurred pursuant to which all liabilities have not been satisfied in full, and no event has occurred and no condition exists that could reasonably be expected to result in the Company or Subsidiary incurring a liability under Title IV of ERISA or could constitute grounds for terminating any Pension Plan; (ii) each such Company Benefit Plan which is subject to Part 3 of Subtitle B of Title I of ERISA or Section 412 of the Code, has been maintained in compliance with the minimum funding standards of ERISA and the Code and no such Company Benefit Plan has incurred any "accumulated funding deficiency," as defined in Section 412 of the Code and Section 302 of ERISA, whether or not waived; (iii) neither the Company or any Subsidiary has sought or received a waiver of its funding requirements with respect to any Company Benefit Plan and all contributions payable with respect to each Pension Plan have been timely made; (iv) no reportable event, within the meaning of Section 4043 of ERISA, and no event described in Section 4062 or 4063 of ERISA, has occurred with respect to any Company Benefit Plan; and (v) the aggregate accumulated benefit obligations of each Company Benefit Plan subject to Title IV of ERISA (as of the date of the most recent actuarial valuation prepared for such Company Benefit Plan) do not exceed the fair market value of the assets of such Company Benefit Plan (as of the date of such valuation).

(c) Neither the Company nor any of its Subsidiaries has incurred, nor has any event occurred which has imposed or is reasonably likely to impose upon the Company or any of its Subsidiaries, any withdrawal liability (complete or partial within the meanings of sections 4203 or 4205 of ERISA, respectively) in respect of any multiemployer plan (within the meaning of section 3(37) or 4001(a)(3) of ERISA) (a "Multiemployer

Plan"), which withdrawal liability has not been satisfied or discharged in full or which, either individually or in the aggregate, will cause, or is reasonably likely to cause, a Material Adverse Effect on the Company.

(d) The execution, delivery and performance of this Agreement and consummation of the transactions contemplated hereby will not result in the imposition of any federal excise tax under section 4975 of the Code with respect to any Company Benefit Plan by virtue of such Company Benefit Plan's relationship with The Paul Revere Corporation or any of its subsidiaries (which include the words "Paul Revere" in their name).

(e) Except as set forth in the Company Disclosure Letter, neither the Company nor any Subsidiary maintains or contributes (or has maintained or contributed to) any Company Benefit Plan which provides, or has a liability to provide, life insurance, medical, severance, or other employee welfare benefit to any employee upon his retirement or termination of employment, except as may be required by Section 4980B of the Code.

(f)(i) "Plan" means any bonus, incentive compensation, deferred compensation, pension, profit sharing, retirement, stock purchase, stock option, stock ownership, stock appreciation rights, phantom stock, leave of absence, layoff, vacation, day or dependent care, legal services, cafeteria, life, health, accident, disability, workers' compensation or other insurance, severance, separation or other employee benefit plan, practice, policy or arrangement of any kind, including, but not limited to, any "employee benefit plan" within the meaning of section 3(3) of ERISA and (ii) "Company Benefit Plan" means any employee pension benefit plan and any Plan, other than a Multiemployer Plan, established by the Company or any of its Subsidiaries or to which the Company or any of its Subsidiaries contributes or has contributed (including any such Plans not now maintained by the Company or any of its Subsidiaries or to which the Company or any of its Subsidiaries does not now contribute, but with respect to which the Company or any of its Subsidiaries has or may have any liability). Copies of all Plans (and, if applicable, related trust agreements) and all amendments thereto and written interpretations thereof and the most recent Forms 5500 required to be filed with respect thereto will be promptly furnished to Parent after the date of this Agreement. The Company Disclosure Letter sets forth each Plan with respect to which benefits will be accelerated, vested, increased or paid as a result of the transactions contemplated by this Agreement.

Section 4.12 Employment Relations and Agreement. (a) Except as would not constitute a Material Adverse Effect on the Company, (i) each of the Company and its Subsidiaries is in compliance in all material respects with all federal, state or other applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours; (ii) as of the date of this Agreement, there is no labor strike, dispute, slowdown or stoppage actually pending or, to the best knowledge of the Company or its Subsidiaries, threatened against or involving the Company or any of its Subsidiaries; (iii) no collective bargaining agreement is being negotiated as of the date of this Agreement by the Company or any of its Subsidiaries; and (iv) the Company and its Subsidiaries taken as a whole have not experienced any material labor difficulty during the last three years.

(b) Except as set forth in the Company Disclosure Letter, neither the Company nor any of its Subsidiaries has any written, or to the knowledge of the Company, any binding oral, employment, severance, "change of control", collective bargaining or similar agreements ("Employment Agreements"). Copies of all Employment Agreements and all amendments thereto have been previously furnished to Parent.

Section 4.13 Limitation on Business Conduct. Except as set forth in the Company Disclosure Letter, neither the Company nor its Subsidiaries is a party to, or has any obligation under, any contract or agreement, written or oral, which contains any covenants currently or prospectively limiting in any material respect the freedom of the Company or any of its Subsidiaries to engage in any line of business or to compete with any entity.

Section 4.14 Environmental Laws and Regulations. (a) The Company and its Subsidiaries are in compliance with all applicable Environmental Laws, except as otherwise disclosed in the Company SEC Documents, the 1995 Draft 10-K or the Company Disclosure Letter and except for non-compliance which individually or in the aggregate would not have a Material Adverse Effect on the Company. The term "Environmental Laws" means any federal, state, local or foreign statute, ordinance, rule, regulation, policy, permit, consent, approval, license, judgment, order, decree, injunction or other authorization, relating

to: (A) pollution or protection of human health or safety, health or safety of employees, sanitation, or the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata), (B) Releases (as defined in 42 U.S.C. sec. 9601(22)) or threatened Releases of Hazardous Material (as hereinafter defined) into the environment or (C) the generation, treatment, storage, disposal, use, handling, manufacturing, transportation or shipment of Hazardous Material.

(b) During the period of ownership or operation by the Company and its Subsidiaries of any of their respective current or previously owned or leased properties, there have been no Releases of Hazardous Material in, on, under or affecting such properties or any surrounding site, and none of the Company or its Subsidiaries has disposed of any Hazardous Material or any other substance in a manner that has led, or could reasonably be anticipated to lead, to a Release, except as otherwise disclosed in the Company SEC Documents, the 1995 Draft 10-K or the Company Disclosure Letter and except in each case for those which individually or in the aggregate are not reasonably likely to have a Material Adverse Effect on the Company. Except as disclosed in the Company SEC Documents, the 1995 Draft 10-K, the 1995 Financial Statements or the Company Disclosure Letter, neither the Company nor its Subsidiaries has received any notice that it is a "potentially responsible person" under any Environmental Laws. The term "Hazardous Material" means any pollutants, contaminants, hazardous substances, hazardous chemicals, toxic substances, hazardous wastes, infectious and medical wastes, radioactive materials, petroleum (including crude oil or any fraction thereof), natural gas, synthetic gas and mixtures thereof, PCBs, or materials containing PCBs in excess of 50 ppm, asbestos and/or asbestos-containing materials or solid wastes, including but not limited to those defined in any Environmental Law and all regulations promulgated under each and all amendments thereto, or any other federal, state or local environmental law, ordinance, regulations, rule or order.

Section 4.15 Patents, Trademarks, Copyrights. Except as set forth in the Company Disclosure Letter, the Company or its Subsidiaries own or possess adequate licenses or other valid rights to use all material patents, patent rights, trademarks, trademark rights, trade names, trade name rights, copyrights, know-how and other proprietary information used or held for use in connection with the business of the Company or any of its Subsidiaries as currently being conducted and, to the knowledge of the Company, there are no assertions or claims challenging the validity of any of the foregoing, except where the failure to own or possess, or where such assertions or claims, would not have a Material Adverse Effect on the Company.

Section 4.16 Takeover Statutes. The Board of Directors of the Company has taken all appropriate action so that neither Parent nor Sub will be an "interested stockholder" within the meaning of Section 203 of the DGCL or Article Tenth of the Company's Certificate of Incorporation by virtue of Parent's or Sub's entry into this Agreement and the consummation of the transactions contemplated hereunder.

Section 4.17 Acquiring Person. The Company has taken all necessary actions to ensure that, for the purposes of the Rights Agreement of the Company dated as of January 20, 1988, as amended June 24, 1988 and September 12, 1995 (the "Company Rights Agreement"), neither Parent nor Sub will become an "Acquiring Person", the execution of this Agreement does not, and the commencement or consummation of the Offer, the Merger and the other transactions contemplated hereunder (including a tender offer by Parent or Sub at a higher cash price per share for all outstanding shares of Common Stock and associated Rights pursuant to this Agreement), will not result in the grant of any rights to any person under the Company Rights Agreement or enable or require any outstanding rights to be exercised, distributed or triggered, and that the Rights (as defined in the Company Rights Agreement) will expire without any further force or effect as of the Effective Time. This Agreement, the Offer and the Merger have been duly approved by the "Continuing Directors" (as defined in the Company Rights Agreement) in resolutions specifically referring to, inter alia, Subsection 1(a) of the Company Rights Agreement. Other than Parent or Sub (and their affiliates), the Company (or its Board of Directors) has not exempted (or taken any other action tantamount to exempting) any person or entity from the potential application of the Company Rights Agreement, except that Okabe Company Ltd. ("Okabe") and its affiliates are permitted to beneficially own up to 21% of the outstanding shares of Common Stock without triggering the potential application of the Company Rights Agreement.

Section 4.18 Taxes. Except as set forth in the Company Disclosure Letter,
(i) the Company and each Subsidiary have filed all material Tax Returns required to have been filed on or before the date hereof, which

returns are true and complete in all material respects and all Taxes shown due thereon have been paid; (ii) no issues that have been raised in writing by the relevant taxing authority in connection with the examination of the Tax Returns referred to in clause (i) are currently pending; and (iii) all deficiencies asserted or assessments made as a result of any examination of the Tax Returns referred to in clause (i) by a taxing authority have been paid in full or are being contested in good faith by the Company or such Subsidiary. For purposes of this Agreement (a) "Tax" (and, with correlative meaning, "Taxes" and "Taxable") means any federal, state, local or foreign income, gross receipts, property, sales, use, license, excise, franchise, employment, payroll, premium, withholding, alternative or added minimum, ad valorem, transfer or excise tax, or any other tax, custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty, imposed by any governmental authority, and (b) "Tax Return" means any return, report or similar statement required to be filed with respect to any Tax (including any attached schedules), including, without limitation, any information return, claim for refund, amended return or declaration of estimated Tax.

Section 4.19 Brokers. No broker, investment banker or other person, other than The Chicago Dearborn Company, the fees and expenses of which will be paid by the Company, is entitled to any broker's, finder's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company. A copy of the engagement letter between The Chicago Dearborn Company and the Company setting forth the fees and expenses to be paid by the Company in connection with the transactions contemplated by this Agreement has been provided to Parent, and does not bind Parent and its Subsidiaries (including, after consummation of the Offer, the Company and its Subsidiaries) other than with respect to indemnification and contribution and the payment of such fees and expenses.

ARTICLE V

REPRESENTATIONS AND WARRANTIES REGARDING SUB

Parent and Sub jointly and severally represent and warrant to the Company as follows:

Section 5.1 Organization and Standing. Sub is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Sub was organized solely for the purpose of acquiring the Company and engaging in the transactions contemplated by this Agreement and has not engaged in any business since it was incorporated which is not in connection with the acquisition of the Company and this Agreement.

Section 5.2 Capital Structure. The authorized capital stock of Sub consists of 1,000 shares of common stock, par value $1.00 per share, all of which are validly issued and outstanding, fully paid and nonassessable and are owned by Parent free and clear of all Liens.

Section 5.3 Authority; Non-Contravention. Sub has the requisite power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement, the performance by Sub of its obligations hereunder and the consummation of the transactions contemplated hereby have been duly authorized by its Board of Directors and Parent as its sole stockholder, and, except for the corporate filings required by state law, no other corporate proceedings on the part of Sub are necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Sub and (assuming the due authorization, execution and delivery hereof by the Company) constitutes a valid and binding obligation of Sub enforceable against Sub in accordance with its terms.

ARTICLE VI

COVENANTS RELATING TO CONDUCT OF BUSINESS

Section 6.1 Conduct of Business by the Company Pending the Merger. Except as otherwise expressly contemplated by this Agreement or as set forth in the Company Disclosure Letter, during the period from the

date of this Agreement through the earlier of the time that the change in composition of the Board of Directors of the Company contemplated by Section 7.10 has occurred and the Effective Time, the Company shall, and shall cause its Subsidiaries (except with respect to the Company's 50% joint venture with Nagoya Screw Manufacturing Co. Ltd. (the "Joint Venture"), in which case the Company shall use all reasonable efforts to cause the Joint Venture) to, in all material respects carry on their respective businesses in, and not enter into any material transaction other than in accordance with, the regular and ordinary course and, to the extent consistent therewith, use its reasonable best efforts to preserve intact their current business organizations, keep available the services of their current officers and employees and preserve their relationships with customers, suppliers and others having business dealings with them. Without limiting the generality of the foregoing, and except as otherwise expressly contemplated by this Agreement (including the time period specified above) or as set forth in the Company Disclosure Letter, the Company shall not, and shall not permit any of its Subsidiaries (except with respect to the Joint Venture, in which case the Company shall use all reasonable efforts to cause the Joint Venture not) to, without the prior written consent of Parent:

(a) (x) declare, set aside or pay any dividends on, or make any other actual, constructive or deemed distributions in respect of, any of its capital stock, or otherwise make any payments to stockholders of the Company in their capacity as such, other than (1) quarterly dividends of $.15 per share declared and payable consistent with past practices and (2) dividends payable to the Company declared by any of the Company's Subsidiaries, (y) split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock or (z) purchase, redeem or otherwise acquire any shares of capital stock of the Company or any of its Subsidiaries or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities;

(b) issue, deliver, sell, pledge, dispose of or otherwise encumber any shares of its capital stock, any other voting securities or equity equivalent or any securities convertible into, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities or equity equivalent (other than, in the case of the Company, the issuance of Common Stock during the period from the date of this Agreement through the Effective Time upon the exercise of Company Stock Options outstanding (as set forth in Section 4.2) on the date of this Agreement in accordance with their current terms);

(c) amend or change its charter or bylaws or amend, change or waive (or exempt any person or entity from the effect of) the Company Rights Agreement, except in connection with the exercise of its fiduciary duties by the Board of Directors of the Company as set forth in Section 6.2 of this Agreement;

(d) acquire or agree to acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of or equity in, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof or otherwise acquire or agree to acquire any assets, in each case that are material, individually or in the aggregate, to the Company and its Subsidiaries taken as a whole, except for purchases of inventory in the ordinary course of business consistent with past practice;

(e) sell, lease or otherwise dispose of, or agree to sell, lease or otherwise dispose of, any of its assets that are material, individually or in the aggregate, to the Company and its Subsidiaries taken as a whole, except sales of inventory in the ordinary course of business consistent with past practice;

(f) make any commitment or enter into any contract or agreement except
(x) in the ordinary course of business consistent with past practice or (y) for capital expenditures to be made in fiscal 1996 as identified in the Company's Capital Expenditure Budget previously delivered to Parent;

(g) incur any indebtedness for borrowed money or guarantee any such indebtedness or issue or sell any debt securities or guarantee any debt securities of others, except for borrowings or guarantees incurred in the ordinary course of business consistent with past practice, or make any loans, advances or capital contributions to, or investments in, any other person, other than to the Company or any wholly owned Subsidiary of the Company and other than in the ordinary course of business consistent with past practice;

(h) alter through merger, liquidation, reorganization, restructuring or in any other fashion the corporate structure or ownership of any Subsidiary of the Company;

(i) except as may be required as a result of a change in law or in generally accepted accounting principles, change any of the accounting principles or practices used by it;

(j) revalue any of its assets, including, without limitation, writing down the value of its inventory or writing off notes or accounts receivable, other than in the ordinary course of business;

(k) make any tax election or settle or compromise any material income tax liability;

(l) settle or compromise any pending or threatened suit, action or claim relating to the transactions contemplated hereby;

(m) pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction in the ordinary course of business of liabilities reflected or reserved against in, or contemplated by, the financial statements (or the notes thereto) of the Company or incurred in the ordinary course of business consistent with past practice;

(n) increase in any manner the compensation or fringe benefits of any of its directors, officers and other key employees or pay any pension or retirement allowance not required by any existing plan or agreement to any such employees, or become a party to, amend or commit itself to any pension, retirement, profit-sharing or welfare benefit plan or agreement or employment agreement with or for the benefit of any employee, other than increases in the compensation of employees who are not officers or directors of the Company made in the ordinary course of business consistent with past practice, or (except pursuant to the terms of preexisting plans or agreements) accelerate the vesting of any compensation or benefit;

(o) except in connection with the exercise of its fiduciary duties by the Board of Directors of the Company as set forth in Section 6.2, waive, amend or allow to lapse any term or condition of any confidentiality or "standstill" agreement to which the Company or any Subsidiary is a party; or

(p) take, or agree in writing or otherwise to take, any of the foregoing actions or any action which would make any of the representations or warranties of the Company contained in this Agreement untrue or incorrect as of the date when made.

Section 6.2 Acquisition Proposals. From and after the date of this Agreement and prior to the Effective Time, except as provided below, the Company agrees (a) that neither the Company nor its Subsidiaries shall, and the Company shall direct and use its reasonable best efforts to cause its officers, directors, employees and authorized agents and representatives (including, without limitation, any investment banker, attorney or accountant retained by it or any of its Subsidiaries) not to, initiate, solicit or encourage, directly or indirectly, any inquiries or the making or implementation of any proposal or offer (including, without limitation, any proposal or offer to its stockholders) with respect to a merger, acquisition, consolidation or similar transaction involving, or any purchase of, any equity securities or all or any significant portion of the assets of, the Company or its Subsidiaries (any such proposal or offer being hereinafter referred to as an "Acquisition Proposal") or engage in any negotiations concerning, or provide any confidential information or data to, or have any discussions with, any person or entity relating to an Acquisition Proposal, or otherwise facilitate any effort or attempt to make or implement an Acquisition Proposal; (b) that it will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any person or entity conducted heretofore with respect to any of the foregoing and will take the necessary steps to inform the person or entity referred to above of the obligations undertaken in this Section 6.2; and (c) that it will notify Parent immediately if any such inquiries or proposals are received by, any such information is requested from, or any such negotiations or discussions are sought to be initiated or continued with, it, but need not disclose the identity of the other party or the terms of its proposals; provided, however, that nothing contained in this Section 6.2 shall prohibit the Board of Directors of the Company from (i) furnishing information to, or entering into discussions or negotiations with, any person or entity that makes an unsolicited

bona fide proposal in writing to engage in an Acquisition Proposal transaction which the Board of Directors of the Company in good faith determines represents a financially superior transaction for the stockholders of the Company as compared to the Offer and the Merger if, and only to the extent that, (A) the Board of Directors determines, after consultation with Skadden, Arps, Slate, Meagher & Flom, that failure to take such action would be inconsistent with the compliance by the Board of Directors with its fiduciary duties to stockholders imposed by law, (B) prior to or concurrently with furnishing such information to, or entering into discussions or negotiations with, such a person or entity, the Company provides written notice to Parent to the effect that it is furnishing information to, or entering into discussions or negotiations with, such a person or entity, and (C) the Company keeps Parent informed of the status (including the identity of such person or entity and terms of any proposal) of any such discussions or negotiations; and (ii) to the extent applicable, complying with Rule 14e-2 promulgated under the Exchange Act with regard to an Acquisition Proposal. Nothing in this Section 6.02 shall (x) permit the Company to terminate this Agreement, (y) permit the Company to enter into any agreement with respect to an Acquisition Proposal during the term of this Agreement, or (z) affect any other obligation of any party under this Agreement.

Section 6.3 Annual Meeting of Stockholders. The Company shall defer and/or postpone the holding of its Annual Meeting of Stockholders (the "Company Annual Meeting") indefinitely pending consummation of the Merger unless the Company is otherwise required to hold the Company Annual Meeting by an order from a court of competent jurisdiction.

Section 6.4 Conduct of Business of Sub Pending the Merger. During the period from the date of this Agreement through the Effective Time, Sub shall not engage in any activities of any nature except as provided in or contemplated by this Agreement.

ARTICLE VII

ADDITIONAL AGREEMENTS

Section 7.1 Company Stockholder Approval; Proxy Statement. (a) If approval or action in respect of the Merger by the stockholders of the Company is required by applicable law, the Company shall (i) if appropriate, call a meeting of its stockholders (the "Stockholder Meeting") for the purpose of voting upon the Merger and shall use its reasonable best efforts to obtain stockholder approval of the Merger, (ii) hold the Stockholder Meeting as soon as practicable following the purchase of shares of Common Stock pursuant to the Offer, and (iii) recommend to its stockholders the approval of the Merger through its Board of Directors, but subject in each case to the fiduciary duties of its Board of Directors under applicable law as determined by the Board of Directors in good faith after consultation with Skadden, Arps, Slate, Meagher & Flom. The record date for the Stockholder Meeting shall be a date subsequent to the date Parent or Sub becomes a record holder of Common Stock purchased pursuant to the Offer.

(b) If required by applicable law, the Company will, as soon as practicable following the expiration of the Offer, prepare and file a preliminary Proxy Statement or, if applicable, an Information Statement with the SEC with respect to the Stockholder Meeting and will use its reasonable best efforts to respond to any comments of the SEC or its staff and to cause the Proxy Statement to be cleared by the SEC. The Company will notify Parent of the receipt of any comments from the SEC or its staff and of any request by the SEC or its staff for amendments or supplements to the Proxy Statement or for additional information and will supply Parent with copies of all correspondence between the Company or any of its representatives, on the one hand, and the SEC or its staff, on the other hand, with respect to the Proxy Statement or the Merger. The Company shall give Parent and its counsel the opportunity to review the Proxy Statement prior to its being filed with the SEC and shall give Parent and its counsel the opportunity to review all amendments and supplements to the Proxy Statement and all responses to requests for additional information and replies to comments prior to their being filed with, or sent to, the SEC. Each of the Company and Parent agrees to use its reasonable best efforts, after consultation with the other parties hereto, to respond promptly to all such comments of and requests by the SEC. As promptly as practicable after the Proxy Statement has been cleared by the SEC, the Company shall mail the Proxy Statement to the stockholders of the Company. If at any time prior to the approval of this Agreement by the Company's stockholders there shall occur any event that should be set forth in an

amendment or supplement to the Proxy Statement, the Company will prepare and mail to its stockholders such an amendment or supplement.

(c) The Company shall use its reasonable best efforts to obtain the necessary approvals by its stockholders of the Merger, this Agreement and the transactions contemplated hereby.

(d) Parent agrees, subject to applicable law, to cause all shares of Common Stock purchased pursuant to the Offer and all other shares of Common Stock owned by Sub or any other Subsidiary or affiliate of Parent to be voted in favor of the approval of the Merger.

Section 7.2 Access to Information; Confidentiality. The Company shall, and shall cause each of its Subsidiaries to, afford to Parent, and to Parent's accountants, counsel, financial advisers and other representatives, reasonable access and permit them to make such inspections as they may reasonably require during normal business hours during the period from the date of this Agreement through the Effective Time to all their respective properties, books, contracts, commitments and records and, during such period, the Company shall, and shall cause each of its Subsidiaries to, furnish promptly to Parent (i) a copy of each report, schedule, registration statement and other document filed by it during such period pursuant to the requirements of federal or state laws and (ii) all other information concerning its business, properties and personnel as Parent may reasonably request. Except as required by Section 6.2, the Company shall not be required to supply to Parent, or to Parent's accountants, counsel, financial advisors or other representatives, any information relating to indications of interest from, or discussions with, any other potential acquirors of the Company which were received or conducted prior to the date hereof, except to the extent necessary for use in the Offer Documents, the Schedule 14D-9 and the Proxy Statement. The Confidentiality Agreement shall remain in effect, except as modified as contemplated by this Agreement.

Section 7.3 Fees and Expenses. (a) Whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

(b) The Company agrees that if this Agreement is terminated pursuant to (i)
Section 9.1(d)(i) or (iv) and at the time of such termination (x) the Minimum Condition has not been satisfied and (y) an Acquisition Proposal existed; (ii)
Section 9.1(b)(ii); (iii) Section 9.1(c) and at the time of such termination an Acquisition Proposal existed; or (iv) Section 9.1(a) or Section 9.1 (d)(i) and at the time of such termination any person, entity or group (as defined in Section 13(d)(3) of the Exchange Act) (other than Parent or any of its affiliates) shall have become the beneficial owner of more than 20% of the outstanding shares of Common Stock and such person, entity or group (or any affiliate of such person, entity or group) thereafter shall consummate an Acquisition Proposal at any time on or prior to the date which is six months after such termination of this Agreement with a value per share of Common Stock of at least $36.00 (with appropriate adjustments for reclassifications of capital stock, stock dividends, stock splits, reverse stock splits and similar events), then the Company shall pay to Parent the sum of (a) $5 million, plus (b) the amount of all documented costs and expenses (not to exceed $2.5 million) incurred by Parent, Sub or their affiliates in connection with this Agreement or the transactions contemplated hereby. Such payment shall be made as promptly as practicable but in no event later than two business days following termination of this Agreement pursuant to the immediately preceding sentence, or, in the case of clause (iv) of the immediately preceding sentence, upon consummation of such Acquisition Proposal, and shall be made by wire transfer of immediately available funds to an account designated by Parent. If the Company fails to pay such amount when due in accordance with the immediately preceding sentence, Parent shall be entitled to the payment from the Company, in addition to such amount, of any legal fees and expenses incurred in collecting such amount and interest thereon at the rate of 10% per annum.

Section 7.4 Company Stock Options. (a) The Company shall (i) terminate the Stock Plans immediately prior to the Effective Time without prejudice to the holders of Company Stock Options (as hereinafter defined) and (ii) grant no additional Company Stock Options after the date hereof.

(b) At the Effective Time (i) each outstanding option to purchase shares of Common Stock (including options granted to directors of the Company, each, a "Company Stock Option") granted under the Stock

Plans, whether or not exercisable, and whether or not vested, shall become fully exercisable and vested and (ii) each Company Stock Option which is then outstanding shall be canceled. In consideration of such cancellation, the Surviving Corporation shall deliver on or promptly after the Effective Time to each holder thereof cash in an amount per share subject to such canceled Company Stock Option equal to the excess of the Merger Consideration over the exercise price per share of such Company Stock Option. The Company shall use its best efforts to cause each holder of a Company Stock Option to execute an agreement with the Company, prior to the Effective Time, consenting to the payment described in the preceding sentence as consideration for the cancellation of any Company Stock Options held by such holder. No payment shall be made by the Surviving Corporation with respect to any Company Stock Option having an exercise price equal or greater than the Merger Consideration. The committee that administers each of the Stock Plans shall determine and take all necessary action so that the right to receive the cash consideration referred to in this
Section 7.4(b) shall be the only right of each holder of a Company Stock Option on and after the Effective Time.

Section 7.5. Performance Shares. (a) The Company shall (i) terminate the Company's 1988 Performance Share Plan (the "Performance Share Plan") immediately prior to the Effective Time and without prejudice to the holders of Performance Shares (as defined in the Performance Share Plan) and (ii) grant no additional Performance Shares from and after the date hereof.

(b) At the Effective Time, all outstanding Performance Shares shall be cancelled and all Performance Awards (as defined in the Performance Share Plan) shall be deemed 100 percent earned for the relevant Performance Period and shall be paid in cash by the Surviving Corporation as soon as practicable after the Effective Time.

Section 7.6 Reasonable Best Efforts. Upon the terms and subject to the conditions set forth in this Agreement, each of the parties agrees to use its reasonable best efforts to take, or cause to be taken, all actions (including entering into transactions), and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Merger, and the other transactions contemplated by this Agreement, including (a) the prompt making of their respective filings and thereafter the making of any other required submission under the Improvements Act with respect to the Offer and the Merger, (b) the obtaining of all additional necessary actions or non-actions, waivers, consents and approvals from Governmental Entities and the making of all necessary registrations and filings (including filings with Governmental Entities) and the taking of all reasonable steps as may be necessary to obtain an approval or waiver from any Governmental Entity, (c) the obtaining of all necessary consents, approvals or waivers from third parties, (d) the defending of any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated hereby, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Entity vacated or reversed, and (e) the execution and delivery of any additional instruments necessary to consummate the transactions contemplated by this Agreement; provided, however, that neither Parent, Sub nor the Company shall be required to take any action pursuant to clauses (b), (c), (d) or (e) above that would in any event have a Material Adverse Effect on either Parent or the Company; and provided, further, however, that neither Parent, Sub nor any of their affiliates shall be required to enter into any transaction or take any other action that would require a waiver of, or that is inconsistent with satisfaction of, the conditions of the Offer set forth in clauses (a)(iii), (iv) or (v) in Exhibit A hereto.

Section 7.7 Public Announcements. Parent and Sub, on the one hand, and the Company, on the other hand, will consult with each other before issuing any press release or otherwise making any public statements with respect to the transactions contemplated by this Agreement, and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable law or by obligations pursuant to any listing agreement with any national securities exchange.

Section 7.8 Indemnification; Directors and Officers Insurance. (a) From and after the Effective Time, Parent agrees to, and to cause the Surviving Corporation to, indemnify and hold harmless all past and present officers, directors, employees and agents (the "Indemnified Parties") of the Company and of its Subsidiaries

to the full extent such persons may be indemnified by the Company pursuant to the Company's Certificate of Incorporation and Bylaws as in effect as of the date hereof for acts and omissions occurring at or prior to the Effective Time and shall advance reasonable litigation expenses incurred by such persons in connection with defending any action arising out of such acts or omissions, provided that such persons provide the requisite affirmations and undertaking, as set forth in the Company's Bylaws as in effect prior to the Effective Time.

(b) Any Indemnified Party will promptly notify Parent and the Surviving Corporation of any claim, action, suit, proceeding or investigation for which such party may seek indemnification under this Section; provided, however, that the failure to furnish any such notice shall not relieve Parent or the Surviving Corporation from any indemnification obligation under this Section except to the extent Parent or the Surviving Corporation is prejudiced thereby. In the event of any such claim, action, suit, proceeding, or investigation, (x) the Surviving Corporation will have the right to assume the defense thereof, and the Surviving Corporation will not be liable to such Indemnified Parties for any legal expenses of other counsel or any other expenses subsequently incurred thereafter by such Indemnified Parties in connection with the defense thereof, except that all Indemnified Parties (as a group) will have the right to retain one separate counsel, reasonably acceptable to such Indemnified Party and Parent, at the expense of the indemnifying party if the named parties to any such proceeding include both the Indemnified Party and the Surviving Corporation and the representation of such parties by the same counsel would be inappropriate due to a conflict of interest between them, (y) the Indemnified Parties will cooperate in the defense of any such matter, and (z) the Surviving Corporation will not be liable for any settlement effected without its prior written consent. In addition, Parent will provide, or cause the Surviving Corporation to provide, for a period of not less than six years after the Effective Time, the Company's current directors and officers an insurance and indemnification policy that provides coverage for events occurring at or prior to the Effective Time (the "D&O Insurance") that is no less favorable than the existing policy or, if substantially equivalent insurance coverage is unavailable, the best available coverage; provided, however, that Parent and the Surviving Corporation shall not be required to pay an annual premium for the D&O Insurance in excess of $105,000, but in such case shall purchase as much such coverage as possible for such amount.

(c) This Section 7.8 is intended to benefit the Indemnified Parties and shall be binding on all successors and assigns of Parent, Sub, the Company and the Surviving Corporation. Parent hereby guarantees the performance by the Surviving Corporation of the indemnified obligations pursuant to this Section 7.8.

Section 7.9 Employees. (a) To the extent permitted by law, for a period of one year following the Effective Time, Parent shall cause the Surviving Corporation to provide the current and former non-union employees of the Company and its Subsidiaries employee benefits no less favorable, in aggregate value, than those provided by the Company on the date hereof to those employees, it being understood that (i) neither Parent nor the Surviving Corporation will be obligated to provide an employee stock ownership plan to such employees or to continue any one or more of such benefits, (ii) that for purposes of this
Section 7.9 "employee benefits" include benefits provided under any "employee benefit plan" (as defined under section 3(3) of ERISA) of the Company and its Subsidiaries but do not include benefits or compensation provided under the Individual Agreements referenced in Section 7.9 (b) herein, and (iii) neither Parent nor the Surviving Corporation will be obligated to provide any benefits which are payable pursuant to a "change in control", except as otherwise provided in this Agreement.

(b) Parent and the Surviving Corporation hereby agree to honor (without modification) and assume the employment agreements, severance agreements and individual benefit arrangements listed on the Company Disclosure Letter, all as in effect at the Effective Time (the "Individual Agreements"), but neither Offeror nor Surviving Corporation shall have any obligation to enter into any new or replacement employment agreements, severance agreements, or individual benefit agreements with any employee, officer or director. The Surviving Corporation shall pay for customary out placement services to any executive officer of the Company whose employment is terminated by the Surviving Corporation and who is entitled to payments under an existing severance agreement, on the same basis as out placement services are provided to executive officers of the Parent or its Subsidiaries of a comparable level.

Section 7.10 Board Representation. (a) Promptly upon the purchase of shares of Common Stock pursuant to the Offer, Parent shall be entitled to designate such number of directors, rounded up to the next whole number, on the Board of Directors of the Company as will give Parent, subject to compliance with Section 14(f) of the Exchange Act, representation on the Board of Directors equal to the product of (a) the total number of directors on the Board of Directors and (b) the percentage that the number of shares of Common Stock purchased by Parent bears to the number of shares of Common Stock outstanding, and the Company shall, upon request by Parent, promptly increase the size of the Board of Directors and/or exercise its reasonable best efforts to secure the resignations of such number of directors as is necessary to enable Parent's designees to be elected to the Board of Directors and shall cause Parent's designees to be so elected. The Company shall take, at its expense, all action required pursuant to Section 14(f) and Rule 14f-1 in order to fulfill its obligations under this Section 7.10 and shall include in the Schedule 14D-9 or otherwise timely mail to its stockholders such information with respect to the Company and its officers and directors as is required by Section 14(f) and Rule 14f-1 in order to fulfill its obligations under this Section 7.10. Parent will supply to the Company in writing and be solely responsible for any information with respect to itself and its nominees, officers, directors and affiliates required by Section 14(f) and Rule 14f-1.

(b) Following the election of designees of Sub pursuant to this Section 7.10, prior to the Effective Time, any amendment of this Agreement or the Certificate of Incorporation or By-Laws of the Company, any termination of this Agreement by the Company, any extension by the Company of the time for the performance of any of the obligations or other acts of Parent or Sub or waiver of any of the Company's rights hereunder shall require the concurrence of a majority of the directors of the Company then in office who are directors as of the date hereof or persons designated by such directors and neither were designated by Sub nor are employees of the Company ("Continuing Directors"). Prior to the Effective Time, the Company and Sub shall use all reasonable efforts to ensure that the Company's Board of Directors at all times includes at least three Continuing Directors.

Section 7.11 Notification of Certain Matters. The Company shall give prompt notice to Parent and Sub, and Parent and Sub shall give prompt notice to the Company, of (i) the occurrence or nonoccurrence of any event the occurrence or nonoccurrence of which would be likely to cause any representation or warranty contained in this Agreement to be untrue or inaccurate in any material respect at or prior to the Effective Time and (ii) any material failure of the Company, Parent or Sub, as the case may be, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, that the delivery of any notice pursuant to this Section 7.10 shall not cure such breach or non-compliance or limit or otherwise affect the remedies available hereunder to the party receiving such notice.

Section 7.12 Okabe. The Company shall use its reasonable efforts to encourage Okabe Company Limited to tender its shares of Common Stock to Sub in the Offer.

Section 7.13 Nagoya Notification. Promptly following the date hereof, the Company shall notify Nagoya Screw Manufacturing Co. Ltd. ("Nagoya") of the transactions contemplated by this Agreement in accordance with Section 6.2 of the Joint Venture Agreement dated as of June 14, 1989 between the Company and Nagoya.

ARTICLE VIII

CONDITIONS PRECEDENT

Section 8.1 Conditions to Each Party's Obligation to Effect the Merger. The respective obligations of each party to effect the Merger shall be subject to the fulfillment at or prior to the Effective Time of the following conditions:

(a) Stockholder Approval. If approval of the Merger by the holders of the Common Stock is required by applicable law, the Merger shall have been approved by the requisite vote of such holders.

(b) No Order. No Governmental Entity or court of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law, rule, regulation, executive order, decree or injunction

which prohibits or has the effect of prohibiting the consummation of the Merger; provided, however, that, prior to invoking this provision, the Company, Parent and Sub shall use their reasonable best efforts (subject to the other terms and conditions of this Agreement) to have any such order, decree or injunction vacated.

ARTICLE IX

TERMINATION, AMENDMENT AND WAIVER

Section 9.1 Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after any approval by the stockholders of the Company:

(a) by mutual written consent of Parent and the Company;

(b) by the Company if:

(i) the Offer has not been timely commenced (except as a result of actions or omissions by the Company) in accordance with Section 1.1(a); or

(ii) there is an Acquisition Proposal which the Board of Directors of the Company in good faith determines represents a financially superior transaction for the stockholders of the Company as compared to the Offer and the Merger and the Board of Directors of the Company determines, after consultation with Skadden, Arps, Slate, Meagher & Flom, that failure to terminate this Agreement would be inconsistent with the compliance by the Board of Directors with its fiduciary duties to stockholders imposed by law; provided, however, that the right to terminate this Agreement pursuant to this clause shall not be available
(i) if the Company has breached in any material respect its obligations under Section 6.2, or (ii) if, prior to or concurrently with any purported termination pursuant to this clause, the Company shall not have paid the fee contemplated by Section 7.3(b); and, in each case, unless the Company has provided Parent and Sub with one business day's prior written notice of its intent to so terminate this Agreement together with a summary of the material terms and conditions of such offer; or

(iii) there has been a breach by Parent or Sub of any representation or warranty that would have a material adverse effect on Parent's or Sub's ability to perform its obligations under this Agreement and which breach has not been cured within twenty business days following receipt by Parent or Sub of notice of the breach; or

(iv) Parent or Sub fails to comply in any material respect with any of its material obligations or covenants contained herein, including, without limitation, the obligation of Sub to purchase shares of Common Stock pursuant to the Offer, unless such failure results from a breach of the Company of any obligation, representation, or warranty hereunder, which has not been cured within twenty business days following Company's receipt of notice of the breach;

(c) by Parent if the Board of Directors of the Company shall have failed to recommend, or shall have withdrawn, modified or amended in any material respect its approval or recommendations of the Offer or the Merger or shall have resolved to do any of the foregoing; or

(d) by either Parent or the Company if:

(i) the Merger has not been effected on or prior to the close of business on March 31, 1996; provided, however, that the right to terminate this Agreement pursuant to this clause shall not be available
(y) to Parent if Sub or any affiliate of Sub acquires shares of Common Stock pursuant to the Offer, or (z) to any party whose failure to fulfill any obligation of this Agreement has been the cause of, or resulted in, the failure of the Merger to have occurred on or prior to the aforesaid date; or

(ii) any court of competent jurisdiction or any governmental, administrative or regulatory authority, agency or body shall have issued an order, decree or ruling or taken any other action

permanently enjoining, restraining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and nonappealable; or

(iii) upon a vote at a duly held meeting or upon any adjournment thereof, the stockholders of the Company shall have failed to give any approval required by applicable law; or

(iv) as the result of the failure of any of the conditions set forth in Exhibit A hereto, the Offer shall have terminated or expired in accordance with its terms without Sub having purchased any shares of Common Stock pursuant to the Offer; provided, however, that the right to terminate this Agreement pursuant to this Section 9.1(d)(iv) shall not be available to any party whose failure to fulfill any of its obligations under this Agreement results in the failure of any such condition.

Section 9.2 Effect of Termination. In the event of termination of this Agreement by either Parent or the Company, as provided in Section 9.1, this Agreement shall forthwith become void and there shall be no liability hereunder on the part of the Company, Parent or Sub or their respective officers or directors (except as set forth in the last sentence of Section 7.2 and except for Section 7.3, which shall survive the termination); provided, however, that nothing contained in this Section 9.2 shall relieve any party hereto from any liability for any breach of this Agreement.

Section 9.3 Amendment. This Agreement may be amended by the parties hereto, by or pursuant to action taken by their respective Boards of Directors, at any time before or after any approval of the Merger by the stockholders of the Company but, after the purchase of shares of Common Stock pursuant to the Offer, no amendment shall be made which decreases the Merger Consideration or which in any way materially adversely affects the rights of such stockholders, without the further approval of such stockholders. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

Section 9.4 Waiver. At any time prior to the Effective Time, the parties hereto may (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (iii) waive compliance with any of the agreements or conditions contained herein which may legally be waived. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

Section 9.5 Procedure for Termination, Amendment or Waiver. A termination of this Agreement pursuant to Section 9.1, an amendment of this Agreement pursuant to Section 9.3 or a waiver pursuant to Section 9.4 shall, in order to be effective, require (a) in the case of Parent or Sub, action by its Board of Directors or the duly authorized designee of its Board of Directors and (b) in the case of the Company, action by its Board of Directors.

ARTICLE X

GENERAL PROVISIONS

Section 10.1 Non-Survival of Representations and Warranties. None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the termination of this Agreement in accordance with Article IX or the Effective Time; provided, however, that termination of this Agreement shall not relieve any party hereto from any liability for any knowing or willful breach by such party of its representations or warranties.

Section 10.2 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, sent by overnight courier or telecopied (with a confirmatory copy sent by

overnight courier) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Parent or Sub, to:

Textron Inc.
40 Westminster Street
Providence, RI 02903
Attn: Executive Vice President and General Counsel Fax: 401-457-3666

with a copy to:

Fried, Frank, Harris, Shriver & Jacobson One New York Plaza
New York, New York 10004
Attn: Charles M. Nathan, Esq. Fax: 212-859-4000

(b) if to the Company, to:

Elco Industries, Inc.
1111 Samuelson Road
P.O. Box 7009
Rockford, Illinois 61125
Attn: John Lutz, Chief Executive Officer Fax: 815-395-8270

with a copy to:

Skadden, Arps, Slate, Meagher & Flom 333 W. Wacker Drive
Chicago, Illinois 60606
Attn: William R. Kunkel, Esq. Fax: 312-407-0411

Section 10.3 Interpretation. When a reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." As used in this Agreement, "business day" shall have the meaning ascribed thereto in Rule 14d-1(c)(6) under the Exchange Act.

Section 10.4 Counterparts. This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

Section 10.5 Entire Agreement; No Third-Party Beneficiaries. This Agreement, including the documents and instruments referred to herein, (a) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and (b) except for the provisions of Section 7.8, is not intended to confer upon any person other than the parties any rights or remedies hereunder.

Section 10.6 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

Section 10.7 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties without the prior written consent of the other parties, except that Sub may assign, in its sole discretion, any of or all its rights, interests and obligations under this Agreement to Parent or to any direct or indirect wholly owned subsidiary of Parent, but no such assignment shall relieve Sub of any of its obligations hereunder. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 10.8 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby are not affected in any manner materially adverse to any party.

Section 10.9 Enforcement of this Agreement. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

Section 10.10 Incorporation of Exhibits. The Company Disclosure Letter and all Exhibits and annexes attached hereto and referred to herein are hereby incorporated herein and made a part hereof for all purposes as if fully set forth herein.

IN WITNESS WHEREOF, Parent, Sub and the Company have caused this Agreement to be signed by their respective officers thereunto duly authorized all as of the date first written above.

TEXTRON INC.

By: /s/ HERBERT L. HENKEL

Name: Herbert L. Henkel
Title: Group Vice President

E.I. TEXTRON INC.

By: /s/ ARNOLD M. FRIEDMAN

Name: Arnold M. Friedman
Title: Vice President

ELCO INDUSTRIES, INC.

By: /s/ JOHN C. LUTZ

Name: John C. Lutz
Title: President

EXHIBIT A

CONDITIONS OF THE OFFER

Notwithstanding any other term of the Offer or this Agreement, Sub shall not be required to accept for payment or pay for, subject to any applicable rules and regulations of the SEC, including Rule 14e-1(c) of the Exchange Act, any shares of Common Stock not theretofore accepted for payment or paid for and may terminate or amend the Offer as to such shares of Common Stock unless (i) there shall have been validly tendered and not withdrawn prior to the expiration of the Offer that number of shares of Common Stock which would represent at least 66 2/3% of the outstanding shares of Common Stock on a fully diluted basis (the "Minimum Condition"), and (ii) any waiting period under the Improvements Act applicable to the purchase of shares of Common Stock pursuant to the Offer shall have expired or been terminated. Furthermore, notwithstanding any other term of the Offer or this Agreement, Sub shall not be required to accept for payment or, subject as aforesaid, to pay for any shares of Common Stock not theretofore accepted for payment or paid for, and may terminate or amend the Offer if at any time on or after the date of this Agreement and before the acceptance of such shares of Common Stock for payment or the payment therefor, any of the following conditions exist or shall occur and remain in effect:

(a) there shall have been instituted, pending or threatened any action or proceeding by any court or other Governmental Entity, which (i) seeks to challenge the acquisition by Parent or Sub (or any of its affiliates) of shares of Common Stock pursuant to the Offer, restrain, prohibit or delay the making or consummation of the Offer or the Merger, or obtain damages in connection therewith in an amount which would have a Material Adverse Effect on the Company, (ii) seeks to make the purchase of or payment for some or all of the shares of Common Stock pursuant to the Offer or the Merger illegal, (iii) seeks to impose limitations on the ability of Parent (or any of its affiliates) effectively to acquire or hold, or to require Parent or the Company or any of their respective affiliates or subsidiaries to dispose of or hold separate, any portion of the assets or the business of Parent and its affiliates or any material portion of the assets or the business of the Company and its Subsidiaries taken as a whole, (iv) seeks to impose material limitations on the ability of Parent (or its affiliates) to exercise full rights of ownership of the shares of Common Stock purchased by it, including, without limitation, the right to vote the shares purchased by it on all matters properly presented to the stockholders of the Company, or (v) seeks to restrict any future business activity by Parent (or any of its affiliates), including, without limitation, requiring the prior consent of any person or entity (including any Governmental Entity) to future transactions by Parent (or any of its affiliates); or

(b) there shall have been promulgated, enacted, entered, enforced or deemed applicable to the Offer or the Merger, by any state, federal or foreign Governmental Entity or by any court, domestic or foreign, any statute, rule, regulation, judgment, decree, order or injunction, that is reasonably likely to directly or indirectly result in any of the consequences referred to in clauses (i) through (v) of subsection (a) above; or

(c) the Merger Agreement shall have been terminated in accordance with its terms; or

(d) any of the representations and warranties made by the Company in the Merger Agreement shall not have been true and correct in all material respects when made, or shall thereafter have ceased to be true and correct in all material respects as if made as of such later date (other than representations and warranties made as of a specified date), or the Company shall not in all material respects have performed each obligation and agreement and complied with each covenant to be performed and complied with by it under the Merger Agreement; or

(e) the Company's Board of Directors shall have modified or amended its recommendation of the Offer in any manner adverse to Parent or shall have withdrawn its recommendation of the Offer, or shall have recommended acceptance of any Acquisition Proposal or shall have resolved to do any of the foregoing; or

(f) (i) any corporation, entity or "group" (as defined in Section 13(d)(3) of the Exchange Act) ("person"), other than Parent, shall have acquired beneficial ownership of more than 20% (or, in the case

of Okabe and its affiliates, 21%) of the outstanding shares of Common Stock, or shall have been granted any options or rights, conditional or otherwise, to acquire a total of more than 20% of the outstanding shares of Common Stock; (ii) any new group shall have been formed which beneficially owns more than 20% (or, in the case of Okabe and its affiliates, 21%) of the outstanding shares of Common Stock; or (iii) any person (other than Parent or one or more of its affiliates) shall have entered into an agreement in principle or definitive agreement with the Company with respect to a tender or exchange offer for any shares of Common Stock or a merger, consolidation or other business combination with or involving the Company.

The foregoing conditions are for the sole benefit of Parent and Sub and may be asserted by Parent or Sub regardless of the circumstances giving rise to any such condition and may be waived by Parent or Sub, in whole or in part, at any time and from time to time, in the sole discretion of Parent. The failure by Parent or Sub at any time to exercise any of the foregoing rights will not be deemed a waiver of any right, the waiver of such right with respect to any particular facts or circumstances shall not be deemed a waiver with respect to any other facts or circumstances, and each right will be deemed an ongoing right which may be asserted at any time and from time to time.

Should the Offer be terminated pursuant to the foregoing provisions, all tendered shares of Common Stock not theretofore accepted for payment shall forthwith be returned by the Paying Agent to the tendering stockholders.

Exhibit (b)(3)

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS AMENDMENT is dated as of the 1st day of July, 1995 (the "Second Amendment") among TEXTRON INC., a Delaware corporation (including its successors and assigns as permitted by the Credit Agreement as defined below, "Company"), THE LENDERS LISTED ON THE SIGNATURE PAGES HEREOF (individually referred to herein as a "Lender" and collectively as "Lenders"), and BANKERS TRUST COMPANY ("Bankers"), as Administrative Agent for Lenders ("Agent").

RECITALS

WHEREAS, Company, the lenders listed therein and Agent entered into a credit agreement dated as of November 1, 1993, as amended on October 30, 1994 ("Credit Agreement"); and

WHEREAS, Company, Lenders and Agent desire to further amend the Credit Agreement;

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, Company, Lenders and Agent agree as follows:

1. Section 1.1 of the Credit Agreement is hereby amended by the deletion of the final sentence of the definition "Total Commitment" and by the substitution of the following therefor:

"The amount of the Total Commitment is $1,500,000,000."

2. Section 1.1 of the Credit Agreement is hereby further amended by the deletion of the definition "Line of Credit" in its entirety.

3. Section 2.6 of the Credit Agreement is hereby amended by the deletion of the words "364 days" in each of line 6, line 5 of subsection (i), and line 7 of subsection (ii) thereof, and by the substitution of "one year" therefor.

4. Subsection 2.7A(i)(a) of the Credit Agreement is hereby deleted in its entirety and the following substituted therefor:

"(a) Each Eurodollar Rate Loan shall bear interest on the unpaid principal amount thereof for the applicable Interest Period at an interest rate per annum equal to the sum of the Applicable Margin plus the applicable Adjusted Eurodollar Rate. The "Applicable Margin" for any Interest Period means the applicable percentage amount set forth in the table below based upon the rating issued by Standard & Poor's Corporation and Moody's Investors Service, Inc. for the Company's long-term unsecured indebtedness at the Interest Rate Determination Date for such Interest Period:

Rating Category*	Applicable Margin
A/A2 or higher	.1800%
A-/A3	.2200%
BBB+/Baa1	.2325%
BBB/Baa2	.2750%
BBB-/Baa3 or lower or no rating	.3500%

* In the case of "split" ratings (i.e., if the ratings of each such rating agency differ by one or more categories, including numerical modifiers and (+) and (-) as categories), the Applicable Margin will be based upon the higher of the two ratings."

5. Subsection 2.8A(i) of the Credit Agreement is hereby deleted in its entirety and the following substituted therefor:

"(A) Facility Fees. (i) The Company shall pay to the Agent for the account of the Banks a facility fee as set forth in the table below, accrued from and including the Effective Date to and including the Final Maturity Date, on the daily average aggregate amount of the Commitments (whether used or unused) based upon the rating issued by Standard & Poor's Corporation and Moody's Investors Service, Inc. for the Company's long-term

unsecured indebtedness at the beginning of each fiscal quarter of the Company:

Rating Category*	Facility Fee
A/A2 or higher	.0900%
A-/A3	.1100%
BBB+/Baa1	.1500%
BBB/Baa2	.1750%
BBB-/Baa3 or lower or no rating	.2000%

* In the case of "split" ratings (i.e., if the ratings of each such rating agency differ by one or more categories, including numerical modifiers and (+) and (-) as categories), the facility fee will be based upon the higher of the two ratings."

6. The Final Maturity Date is hereby extended to July 1, 2000 and the Facility Extension Date is hereby extended to July 1, 1996.

7. The references to "$1,250,000,000" in Exhibit A-2 (Form of Competitive Bid Note) to the Credit Agreement are hereby amended to read "$1,500,000,000."

8. The execution and delivery of this Second Amendment by the Company is deemed a certification by the Company that (i) the representations and warranties set forth in Section 4 of the Credit Agreement, as amended by this Second Amendment, are true and correct on and as of the date hereof as if made on and as of the date hereof, (ii) there exists no Event of Default or Potential Event of Default on and as of the date hereof, (iii) between October 30, 1994 and July 1, 1995 there have been no changes in generally accepted accounting principles which have had a material effect on the Company's financial condition, and (iv) the Company has full power, authority and legal right to execute, and deliver, and perform its obligations under, this Second Amendment.

9. This Second Amendment shall not constitute a consent or waiver to or modification of any other provision, term or condition of the Credit Agreement. All terms, provisions, covenants, representations, warranties, agreements and conditions contained in the Credit Agreement, as amended hereby, shall remain in full force and effect.

10. As permitted by Section 10.16 of the Credit Agreement, this Second Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. This Second Amendment shall be deemed effective as of July 1, 1995, subject to:

(a) the prior execution of a counterpart of this Second Amendment by each of the parties hereto and delivery of copies hereof to Company and Agent,
(b) the prior execution and delivery by the Company to each Bank of a new Revolving Note, substantially in the form of Exhibit A annexed hereto and, in accordance with Section 2.4A of the Credit Agreement, drawn to the order of such Bank and with appropriate insertions, and
(c) the execution and delivery to the Agent of the favorable written opinion of Wayne W. Juchatz, Esq., Executive Vice President and General Counsel of the Company, dated as of July 1, 1995, substantially in the form of Exhibit B annexed hereto; the Company, by its execution of this Second Amendment expressly instructs such counsel to prepare such opinion and deliver it to the Agent for the benefit of the Banks and such opinion shall contain a statement to that effect.

11. All interest, fees and other amounts accruing under the Credit Agreement on or prior to, or determined in respect of any day accruing on or prior to July 1, 1995 shall be computed and determined as provided in this Agreement before giving effect to this Second Amendment.

12. THIS SECOND AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS.

WITNESS the due execution hereof by the respective duly authorized officers of the undersigned as of the date first above written.

Borrower
TEXTRON INC.

By: /s/ B.T. DOWNING
Title: Vice President and Treasurer

THE FIRST NATIONAL BANK OF BOSTON

BY: /s/ CAROL A. LOVELL

NAME: CAROL A. LOVELL
TITLE: DIRECTOR

COMMITMENT: $61,842,110

PRO RATA SHARE: 4.1228%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

CHEMICAL BANK

BY: /S/ JAMES B. TREGER

NAME: JAMES B. TREGER
TITLE: VICE PRESIDENT

COMMITMENT: $84,210,550

PRO RATA SHARE: 5.6140%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

NATIONSBANK

BY: /S/ GEORGE F. VAN
NAME: GEORGE F. VAN
TITLE: SENIOR VICE PRESIDENT

COMMITMENT: $82,894,710

PRO RATA SHARE: 5.5263%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

BY: /S/MICHAEL J. ROWAN

NAME: MICHAEL J. ROWAN
TITLE: VICE PRESIDENT

COMMITMENT: $78,947,400

PRO RATA SHARE: 5.2632%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

FIRST NATIONAL BANK OF CHICAGO

BY: /S/ THOMAS M. HARKLESS

NAME: THOMAS M. HARKLESS
TITLE: VICE PRESIDENT

COMMITMENT: $78,947,400

PRO RATA SHARE: 5.2632%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

BY: /S/ADAM J. SILVER

NAME: ADAM J. SILVER
TITLE: ASSOCIATE

COMMITMENT: $78,947,400

PRO RATA SHARE: 5.2632%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

THE BANK OF NEW YORK

BY: /S/DAVID C. JUDGE

NAME: DAVID C. JUDGE
TITLE: VICE PRESIDENT

COMMITMENT: $59,210,550

PRO RATA SHARE: 3.9474%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

THE CHASE MANHATTAN BANK, N.A.

BY: /S/ROBERT DUNBAR, JR.
---------- ----------
NAME: ROBERT DUNBAR, JR.
TITLE: VICE PRESIDENT

COMMITMENT: $59,210,550

PRO RATA SHARE: 3.9474%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

CIBC INC.

BY: /S/W. BARRIE ANDERSON
---------- ----------
NAME: W. BARRIE ANDERSON
TITLE: VICE PRESIDENT

COMMITMENT: $59,210,550

PRO RATA SHARE: 3.9474%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

CITIBANK, N.A.

BY: /S/W. MARTENS

NAME: W. MARTENS
TITLE: MANAGING DIRECTOR

COMMITMENT: $59,210,550

PRO RATA SHARE: 3.9474%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

DEUTSCHE BANK AG, NEW YORK BRANCH

BY: /S/JAMES FOX

NAME: JAMES FOX
TITLE: ASSISTANT VICE PRESIDENT

BY: /S/GREGORY M. HILL

NAME: GREGROY M. HILL
TITLE: VICE PRESIDENT

COMMITMENT: $59,210,550

PRO RATA SHARE: 3.9474%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

ROYAL BANK OF CANADA

BY: /S/MICHAEL CORINE

NAME: MICHAEL CORINE
TITLE: SENIOR MANAGER

COMMITMENT: $59,210,550

PRO RATA SHARE: 3.9474%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

SWISS BANK CORPORATION

BY: /S/SUSAN N. ISQUITH

NAME: SUSAN N. ISQUITH
TITLE: DIRECTOR
CREDIT RISK MANAGEMENT

BY: /S/EDWARD J. MCDONNELL III

NAME: EDWARD J. MCDONNELL III
TITLE: ASSOCIATE DIRECTOR
INTERNATIONAL FINANCE DIVISION

COMMITMENT: $59,210,550

PRO RATA SHARE: 3.9474%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

ABN-AMRO BANK, N.V.

BY: /S/JAMES E. DAVIS

NAME: JAMES E. DAVIS
TITLE: VICE PRESIDENT

BY: /S/CHARLES J. WAHLE

NAME: CHARLES J. WAHLE
TITLE: ASSISTANT VICE PRESIDENT

COMMITMENT: $55, 263,166

PRO RATA SHARE: 3.6842%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

BANKERS TRUST COMPANY

BY: /S/EDWARD G. BENEDICT
---------- ---------- ----------
NAME: EDWARD G. BENEDICT
TITLE: VICE PRESIDENT

COMMITMENT: $69,736,850

PRO RATA SHARE: 4.6491%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

FLEET NATIONAL BANK

BY: /S/TIMOTHY J. MCCORMICK

NAME: TIMOTHY J. MCCORMICK
TITLE: VICE PRESIDENT

COMMITMENT: $48,684,160

PRO RATA SHARE: 3.2456%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

BANQUE PARIBAS

BY: /S/STANLEY P. BERKMAN

NAME: STANLEY P. BERKMAN
TITLE: SENIOR VICE PRESIDENT

BY: /S/JOHN J. MCCORMICK, III

NAME: JOHN J. MCCORMICK, III
TITLE: ASSISTANT VICE PRESIDENT

COMMITMENT: $39,210,550

PRO RATA SHARE: 2.6140%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

FIRST INTERSTATE BANK OF CALIFORNIA

BY: /S/PETER G. OLSON

NAME: PETER G. OLSON
TITLE: SENIOR VICE PRESIDENT

BY: /S/WENDY V.C. PURCELL

NAME: WENDY V.C. PURCELL
TITLE: ASSISTANT VICE PRESIDENT

COMMITMENT: $35,526,315

PRO RATA SHARE: 2.3684%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

MELLON BANK, N.A.

BY: /S/JOSEPH T. MCDONALD, JR.

NAME: JOSEPH T. MCDONALD, JR.
TITLE: VICE PRESIDENT

COMMITMENT: $34,210,550

PRO RATA SHARE: 2.2807%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

CREDIT SUISSE

BY: /S/JUERG JOHNER

NAME: JUERG JOHNER
TITLE: ASSOCIATE

BY: /S/MICHAEL C. MAST

NAME: MICHAEL C. MAST
TITLE: MEMBER OF SENIOR MANAGEMENT

COMMITMENT: $25,000,000

PRO RATA SHARE: 1.6667%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

SHAWMUT BANK

BY: /S/ROBERT J. LORD

NAME: ROBERT J. LORD
TITLE: DIRECTOR

COMMITMENT: $25,000,000

PRO RATA SHARE: 1.6667%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

COMERICA BANK

BY: /S/JON A. BIRD

NAME: JON A. BIRD
TITLE: VICE PRESIDENT

COMMITMENT: $23,684,160

PRO RATA SHARE: 1.5789%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

THE BANK OF TOKYO TRUST COMPANY

BY: /S/ G. STEWART
NAME: G. STEWART
TITLE: VICE PRESIDENT & DEPUTY MANAGER

COMMITMENT: $22,368,400

PRO RATA SHARE: 1.4912%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

THE FUJI BANK, LTD., NEW YORK BRANCH

BY: /S/GINA M. KEARNS

NAME: GINA KEARNS
TITLE: VICE PRESIDENT & MANAGER

COMMITMENT: $22,368,400

PRO RATA SHARE: 1.4912%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

THE INDUSTRIAL BANK OF JAPAN TRUST COMPANY

BY: /S/MR. JOHN VELTRI

NAME: MR. JOHN VELTRI
TITLE: SENIOR VICE PRESIDENT

COMMITMENT: $22,368,400

PRO RATA SHARE: 1.4912%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

THE TORONTO-DOMINION BANK

BY: /S/ DIANE BAILEY

NAME: DIANE BAILEY
TITLE: MANAGER CR ADMIN

COMMITMENT: $21,052,599

PRO RATA SHARE: 1.4035%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

THE BANK OF NOVA SCOTIA

BY: /S/M.R. BRADLEY
NAME: M.R. BRADLEY
TITLE: AUTHORIZED SIGNATORY

COMMITMENT: $20,000,000

PRO RATA SHARE: 1.3333%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

BANK OF MONTREAL/HARRIS TRUST AND SAVINGS BANK

BY: /S/MARC R. HEYDEN

NAME: MARC R. HEYDEN
TITLE: DIRECTOR

COMMITMENT: $19,736,850

PRO RATA SHARE: 1.3158%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

THE SANWA BANK, LIMITED

BY: /S/YUTAKA HIGASHINO
NAME: YUTAKA HIGASHINO
TITLE: SENIOR VICE PRESIDENT

COMMITMENT: $19,736,850

PRO RATA SHARE: 1.3158%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

NBD BANK

BY: /S/JON P. DADY FOR CAROLYN J. PARKS
NAME: CAROLYN J. PARKS
TITLE: VICE PRESIDENT

COMMITMENT: $44,736,850

PRO RATA SHARE: 2.9825%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

BANQUE NATIONALE DE PARIS

BY: /S/RICHARD L. STED

NAME: RICHARD L. STED
TITLE: SENIOR VICE PRESIDENT

BY: /S/RICHARD PACE

NAME: RICHARD PACE
TITLE: ASSISTANT VICE PRESIDENT

COMMITMENT: $15,789,450

PRO RATA SHARE: 1.0526%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

CREDIT LYONNAIS, NEW YORK BRANCH

BY: /S/MARK A. CAMPELLONE

NAME: MARK A. CAMPELLONE
TITLE: VICE PRESIDENT

CREDIT LYONNAIS, CAYMAN ISLAND BRANCH

BY: /S/MARK A. CAMPELLONE

NAME: MARK A. CAMPELLONE
TITLE: AUTHORIZED SIGNATURE

COMMITMENT: $15,789,450

PRO RATA SHARE: 1.0526%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

NATIONAL WESTMINSTER BANK PLC.

BY: /S/MARIA AMARAL-LEBLANC

NAME: MARIA AMARAL-LEBLANC
TITLE: VICE PRESIDENT

COMMITMENT: $15,789,450

PRO RATA SHARE: 1.0526%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

FIRST AMERICAN NATIONAL

BY: /S/SCOTT M. BANE
NAME: SCOTT M. BANE
TITLE: SENIOR VICE PRESIDENT

COMMITMENT: $7,894,710

PRO RATA SHARE: .5263%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

CORESTATES BANK, N.A.

BY: /S/DONNA J. EMHART

NAME: DONNA J. EMHART
TITLE: ASSISTANT VICE PRESIDENT

COMMITMENT: $7,894,710

PRO RATA SHARE: .5263%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

SUNTRUST BANK

BY: /S/SMITH W. BROOKHART, IV

NAME: SMITH W. BROOKHART, IV
TITLE: GROUP VICE PRESIDENT

COMMITMENT: $7,894,710

PRO RATA SHARE: .5263%

SIGNATURE PAGE TO THE SECOND AMENDMENT DATED AS OF

JULY 1, 1995 TO THE TEXTRON INC. CREDIT AGREEMENT

End of Filing

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