TEXTRON INC

FORM 10-Q
(Quarterly Report)

Filed 05/12/95 for the Period Ending 04/01/95

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

TEXTRON INC

FORM 10-Q
(Quarterly Report)

Filed 5/12/1995 For Period Ending 4/1/1995

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

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal quarter ended April 1, 1995
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

Commission file number 1-5480

TEXTRON INC.

(Exact name of registrant as specified in its charter)

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

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

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

Yes X No

Common stock outstanding at April 29, 1995 - 85,087,000 shares

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

TEXTRON INC.
Consolidated Statement of Income (unaudited)
(Dollars in millions except per share amounts)

	Three months ended	
	April 1, 1995	April 2, 1994
Revenues		
Sales	$ 1,554	$ 1,688
Interest, discount and service charges	379	324
Insurance premiums	335	290
Investment income (including net realized investment gains)	119	106
Total revenues	2,387	2,408
Costs and expenses		
Cost of sales	1,273	1,426

Selling and administrative		378		361
Interest		202		158
Provision for losses on collection of finance receivables, less recoveries		39		43
Insurance benefits and increase in policy liabilities		276		225
Amortization of insurance policy acquisition costs		34		26
Total costs and expenses		2,202		2,239
Income before income taxes		185		169
Income taxes		(73)		(65)
Elimination of minority interest in net income of Paul Revere		(3)		(4)
Net income	$	109	$	100
Net income per common share	$	1.25	$	1.10
Average shares outstanding*		87,055,000		90,588,000
Dividends per share:				
$2.08 Preferred stock, Series A	$	.52	$	.52
$1.40 Preferred stock, Series B	$	.35	$	.35
Common stock	$	.39	$	.35

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

See notes to consolidated financial statements.

Item 1. FINANCIAL STATEMENTS (Continued)

TEXTRON INC.
Consolidated Balance Sheet (unaudited)
(In millions)

		April 1, 1995		December 31, 1994
Assets				
Cash	$	52	$	49
Investments		5,620		5,294
Receivables - net:				
Finance		9,199		8,583
Commercial and U.S. Government		722		702
		9,921		9,285
Inventories		1,267		1,211
Property, plant and equipment, less accumulated depreciation of $1,554 and $1,450		1,268		1,253
Insurance policy acquisition costs		936		911
Goodwill, less accumulated amortization of $395 and $381		1,505		1,512
Other assets (including net prepaid income taxes)		1,398		1,410
Total assets	$	21,967	$	20,925
Liabilities and shareholders' equity				
Liabilities				
Accounts payable	$	669	$	619
Accrued postretirement benefits other than pensions		954		951
Other accrued liabilities (including income taxes)		2,324		2,424
Insurance reserves and claims		4,863		4,685
Debt:				
Textron Parent Company Borrowing Group		1,720		1,582
Finance and insurance subsidiaries		8,457		7,782
		10,177		9,364
Total liabilities		18,987		18,043
Shareholders' equity				
Capital stock:				
Preferred stock		16		16
Common stock*		12		12
Capital surplus		709		702
Retained earnings		2,594		2,518
Other		(56)		(108)
		3,275		3,140
Less cost of treasury shares		295		258
Total shareholders' equity		2,980		2,882
Total liabilities and shareholders' equity	$	21,967	$	20,925

*Common shares outstanding 85,011,000 85,497,000

See notes to consolidated financial statements.

Item 1. FINANCIAL STATEMENTS (Continued)

TEXTRON INC.
Consolidated Statement of Cash Flows (unaudited)
(In millions)

Three Months Ended
April 1, April 2,

	1995	1994
Cash flows from operating activities:		
Net income	$ 109	$ 100
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	102	98
Provision for losses on receivables	51	51
Increase in insurance policy liabilities	148	91
Deferred income taxes	11	17
Changes in assets and liabilities excluding those related to the acquisition of a business:		
Increase in commercial and U.S. Government receivables	(23)	(125)
Increase in inventories	(56)	(26)
Additions to insurance policy acquisition costs	(64)	(49)
Increase in other assets	(23)	(25)
Increase in accounts payable	51	29
Increase (decrease) in accrued liabilities	(123)	64
Other - net	13	(19)
Net cash provided by operating activities	196	206
Cash flows from investing activities:		
Purchases of investments	(346)	(471)
Proceeds from disposition of securities:		
Sales of:		
Securities available for sale	75	144
Securities held to maturity	-	10
Maturities and calls	45	213
Finance receivables:		
Originated or purchased	(1,486)	(1,298)
Repaid or sold	1,255	1,165
Cash used in acquisition of a business	(40)	-
Capital expenditures	(61)	(60)
Other investing activities - net	(5)	13
Net cash used by investing activities	(563)	(284)
Cash flows from financing activities:		
Decrease in short-term debt	(91)	(123)
Proceeds from issuance of long-term debt	1,018	638
Principal payments on long-term debt	(536)	(419)
Interest-sensitive insurance products:		
Receipts	88	49
Return of account balances	(45)	(31)
Proceeds from exercise of stock options	7	6
Purchases of Textron common stock	(37)	-
Dividends paid	(33)	(31)
Net cash provided by financing activities	371	89
Effect of foreign exchange rate changes on cash	(1)	(11)
Net increase in cash	3	-
Cash at beginning of period	49	26
Cash at end of period	$ 52	$ 26

See notes to consolidated financial statements.

TEXTRON INC.

Notes to Consolidated Financial Statements (unaudited)

Note 1: Summary of significant accounting policies

The financial statements should be read in conjunction with the financial statements included in Textron's Form 10-K for the year ended December 31, 1994. The financial statements reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of Textron's consolidated financial position at April 1, 1995 and December 31, 1994, and its consolidated results of operations and cash flows for each of the respective three month periods ended April 1, 1995 and April 2, 1994. The results of operations for the three months ended April 1, 1995 are not necessarily indicative of results for the full year.

Note 2: Acquisitions

In January 1995, AFS purchased the stock of HFC of Australia Ltd. and its Australian subsidiaries (HFCA), subsidiaries of Household International, Inc. AFS paid $40 million in cash and assumed liabilities of approximately $435 million. This acquisition added approximately $436 million to AFS' finance receivable portfolio.

Note 3: Investments

	April 1, 1995	December 31, 1994
	(In millions)	
Debt and marketable equity securities		

available for sale at estimated fair value (amortized cost: $2,514 and $2,610)	$ 2,775	$ 2,511
Debt securities to be held to maturity, at amortized cost (estimated fair value: $2,468 and $2,294)	2,545	2,470
Other	300	313
	$ 5,620	$ 5,294

In the first quarter of 1994, an investment in the held to maturity category with an amortized cost of $10 million was sold due to significant deterioration in the issuer's creditworthiness.

Note 4: Finance receivables - net

	April 1, 1995	December 31, 1994
	(In millions)	
Finance receivables	$ 9,715	$ 9,084
Less allowance for credit losses	265	250
Less finance-related insurance reserves and claims	251	251
	$ 9,199	$ 8,583

Note 5: Inventories

	April 1, 1995	December 31, 1994
	(In millions)	
Finished goods	$ 338	$ 288
Work in process	1,038	948
Raw materials	154	212
	1,530	1,448
Less progress and advance payments	263	237
	$ 1,267	$ 1,211

Note 6: Insurance reserves and claims

	April 1, 1995	December 31, 1994
	(In millions)	
Paul Revere:		
Future policy benefits	$ 1,224	$ 1,193
Unpaid claims and claim expenses	1,651	1,576
Other policyholder funds	1,781	1,714
Other	207	202
	$ 4,863	$ 4,685

Note 7: Contingencies

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

Note 8: Financial information by borrowing group

Textron consists of two borrowing groups - the Textron Parent Company Borrowing Group and its finance and insurance subsidiaries.

The Textron Parent Company Borrowing Group is comprised of all entities of Textron other than its finance and insurance subsidiaries. The financial statements of this group as set forth below reflect Textron's investments in its finance and insurance subsidiaries on the equity basis. Its sources of cash flow include dividends paid by the finance and insurance subsidiaries, as well as cash generated by other operating units.

The finance and insurance subsidiaries finance their respective operations by borrowing from their own group of external creditors.

Item 1 FINANCIAL STATEMENTS (Continued)
Note 8: Financial information by borrowing group (continued) TEXTRON PARENT COMPANY BORROWING GROUP
(unaudited) (In millions)

Statement of Income	Three Months Ended April 1, 1995	April 2, 1994
Revenues	$ 1,554	$ 1,688
Costs and expenses		
Cost of sales	1,273	1,426
Selling and administrative	162	160
Interest	50	53
Total costs and expenses	1,485	1,639
	69	49
Pretax income of finance and insurance subsidiaries	116	120
Income before income taxes	185	169
Income taxes	(73)	(65)
Elimination of minority interest in net income of Paul Revere	(3)	(4)
Net income	$ 109	$ 100

Balance Sheet	April 1, 1995	December 31, 1994
Assets		
Cash	$ 32	$ 20
Receivables - net	722	702
Inventories	1,267	1,211
Investments in finance and insurance subsidiaries	2,329	2,246
Property, plant and equipment - net	1,158	1,146
Goodwill, less accumulated amortization of $203 and $194	1,222	1,231
Other assets (including net prepaid income taxes)	1,244	1,262
Total assets	$ 7,974	$ 7,818
Liabilities and shareholders' equity		
Accounts payable and accrued liabilities (including income taxes)	$ 3,274	$ 3,354
Debt	1,720	1,582
Shareholders' equity	2,980	2,882
Total liabilities and shareholders' equity	$ 7,974	$ 7,818

Item 1. FINANCIAL STATEMENTS (Continued)
Note 8: Financial information by borrowing group (continued) TEXTRON PARENT COMPANY BORROWING GROUP (continued)

(unaudited) (In millions)

Statement of Cash Flows	Three Months Ended April 1, 1995	April 2, 1994
Cash flows from operating activities:		
Net income	$ 109	$ 100
Adjustments to reconcile net income to net cash provided by operating activities:		
Undistributed earnings of finance and insurance subsidiaries	(36)	(44)
Depreciation and amortization	54	59
Interest accretion	12	10
Changes in assets and liabilities:		
Increase in receivables	(23)	(135)
Increase in inventories	(56)	(26)
Decrease (increase) in other assets	19	(46)
Increase (decrease) in accounts payable and accrued liabilities	(61)	119
Other - net	13	(3)
Net cash provided by operating activities	31	34
Cash flows from investing activities:		
Capital expenditures	(57)	(54)
Other investing activities - net	(36)	6
Net cash used by investing activities	(93)	(48)
Cash flows from financing activities:		
Increase (decrease) in short-term debt	16	(15)
Proceeds from issuance of long-term debt	279	307
Principal payments on long-term debt	(158)	(255)
Proceeds from exercise of stock options	7	6
Purchases of Textron common stock	(37)	-
Dividends paid	(33)	(31)
Net cash provided by financing activities	74	12
Net increase (decrease) in cash	12	(2)
Cash at beginning of period	20	12
Cash at end of period	$ 32	$ 10

Item 1 FINANCIAL STATEMENTS (Continued)
Note 8: Financial information by borrowing group (continued) FINANCE AND INSURANCE SUBSIDIARIES
(unaudited) (In millions)

Statement of Income	Three Months Ended March 31, 1995	Three Months Ended March 31, 1994
Revenues		
Interest, discount and service charges	$ 379	$ 324
Credit life, credit disability and casualty insurance premiums	81	63
Non-cancellable disability income, life and group insurance premiums	254	227
Investment income (including net realized investment gains)	119	106
Total revenues	833	720
Costs and expenses		
Selling and administrative	216	201
Interest	152	105
Provision for losses on collection of finance receivables, less recoveries	39	43
Credit life, credit disability and casualty insurance losses and adjustment expenses, less recoveries	33	31
Death and other insurance benefits	119	107
Increase in insurance policy liabilities	124	87
Amortization of insurance policy acquisition costs	34	26
Total costs and expenses	717	600
Income before income taxes	116	120
Income taxes	(46)	(46)
Net income	70	74
Minority interest in net income	(3)	(4)
Textron's equity in net income	$ 67	$ 70

Item 1. FINANCIAL STATEMENTS (Continued)

Note 8: Financial information by borrowing group (continued)

FINANCE AND INSURANCE SUBSIDIARIES
(unaudited) (In millions)

Balance Sheet	March 31, 1995	December 31, 1994
Assets		
Cash	$ 20	$ 29
Investments	5,585	5,265
Finance receivables - net	9,239	8,622
Property, plant and equipment - net	110	107
Insurance policy acquisition costs	936	911
Goodwill, less accumulated amortization of $192 and $187	283	281
Other assets	631	633
Total assets	$ 16,804	$ 15,848
Liabilities and equity		
Accounts payable and accrued liabilities (including income taxes)	$ 962	$ 953
Insurance reserves and claims	4,863	4,685
Debt	8,457	7,782
Equity:		
Textron	2,329	2,246
Minority interest	193	182
Total liabilities and equity	$ 16,804	$ 15,848

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

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

	Three Months Ended April 1, 1995	Three Months Ended April 2, 1994
REVENUES		
MANUFACTURING:		
Aircraft	$ 542	$ 508
Automotive	424	401
Industrial	349	334
Systems and Components	239	445
	1,554	1,688
FINANCIAL SERVICES:		
Finance	475	400
Paul Revere	358	320
	833	720
Total revenues	$ 2,387	$ 2,408
INCOME		
MANUFACTURING:		

Aircraft	$ 41	$ 36
Automotive	37	36
Industrial	43	35
Systems and Components	19	12
	140	119
FINANCIAL SERVICES:		
Finance	88	78
Paul Revere	28	42
	116	120
Segment operating income	256	239
Corporate expenses and other - net	(21)	(17)
Interest expense - net	(50)	(53)
Income before income taxes	$ 185	$ 169

Financial Condition

Textron Parent Company Borrowing Group: During the three months ended April 1, 1995, the Textron Parent Company Borrowing Group's operating activities provided cash of $31 million versus $34 million during the corresponding period of 1994. Such cash flows approximated last year's level as increased income was offset by increased tax payments in 1995. The Group's debt increased by $138 million principally as a result of cash used for capital expenditures, payments of dividends and purchases of Textron common stock in excess of cash provided by operations. Its ratio of debt to total capital was 37% at April 1, 1995, up from 35% at December 31, 1994.

During the three months ended April 2, 1994, the Group's operating activities provided cash of $34 million versus $37 million during the corresponding period of 1993. Such cash flows approximated the prior year's level as increased income and customer deposits for 1994 were offset by higher receivables, due primarily to strong first quarter 1994 sales. Its ratio of debt to total capital was 42%, unchanged from year end 1993.

The Textron Parent Company Borrowing Group's credit facilities not used or reserved as support for outstanding commercial paper or bank borrowings at April 1, 1995 were $917 million. Textron had $236 million available at April 1, 1995 for unsecured debt securities under its shelf registration statement filed with the Securities and Exchange Commission.

In 1994, Textron reactivated its program to purchase up to five million shares of its common stock from time to time in the open market as conditions warrant. As of April 29, 1995, 4.1 million shares had been purchased at an aggregate cost of $204 million.

In February 1995, Textron announced that it may purchase up to an additional five million of its common shares under the program.

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

Finance and insurance subsidiaries: The finance and insurance subsidiaries paid dividends of $31 million and $26 million to the Textron Parent Company Borrowing Group during the three month periods ended April 1, 1995 and April 2, 1994, respectively.

During the three months ended March 31, 1995, Avco Financial Services (AFS) issued $607 million of unsecured debt securities, including $539 million under its shelf registration statements. AFS had $347 million and $457 million available at March 31, 1995 for unsecured debt securities under its shelf registration statements with the Securities and Exchange Commission and Canadian provincial security exchanges, respectively.

During the three months ended March 31, 1995, Textron Financial Corporation (TFC) issued $133 million of medium-term notes under a $500 medium-term note facility under Rule 144A of the Securities Act of 1933, as amended. TFC had $367 million available under this facility at March 31, 1995.

During the first quarter of 1995, the finance subsidiaries had $318 million of interest rate exchange agreements go into effect. Of these, $150 million expire in 1996 and had the effect of exchanging the indices used to determine interest expense under certain variable rate borrowings at March 31, 1995 for the purpose of better matching the rate of interest incurred on the finance subsidiaries' financing with the rate of interest earned on certain of the finance subsidiaries' variable rate finance receivables. The balance of the agreements, which have a weighted average original term of 2.0 years and expire through 1999, had the effect of fixing the rate of interest at approximately 9.5% on $168 million of variable rate borrowings at March 31, 1995.

Results of Operations - Three months ended April 1, 1995 vs. Three months ended April 2, 1994

Textron reported first quarter 1995 earnings per share of $1.25 per share, up 14% from 1994 earnings per share of $1.10, reflecting higher net income and a decreased number of average shares outstanding. Net income in 1995 of $109 million was up from 1994 net income of $100 million. Revenues were unchanged at $2.4 billion, reflecting the impact of divestitures in 1994. Excluding the revenues of these divested businesses, revenues in the first quarter increased 9% over 1994.

The Aircraft segment's revenues and income increased $34 million (7%) and $5 million (14%), respectively, related principally to Bell Helicopter. Bell Helicopter's revenues increased primarily as a result of higher sales under the V-22 engineering and manufacturing development contract and higher international aircraft and commercial spare parts sales, partially offset by lower foreign military aircraft sales. Bell's income increased as a result of the higher revenues, partially offset by increased product development expenses related to new helicopter models. Cessna's income increased slightly despite lower sales. Increased product development costs, principally related to two new Citation aircraft models, were offset by lower bid and proposal expenses for the JPATS competition for a new U.S. military trainer.

The Automotive segment's revenues and income increased $23 million (6%) and $1 million (3%), respectively. Margin was affected by higher start-up costs related to the launch of new products and facilities.

The Industrial segment's revenues and income increased $15 million (4%) and $8 million (23%), respectively, due principally to higher fasteners sales (including the sales of Avdel, the results of which have been included in Textron's consolidated results since the second quarter of 1994), partially offset by the impact of the divestiture of the Homelite division in 1994.

The Systems and Components segment's revenues decreased $206 million (46%), while income increased $7 million (58%). The decrease in revenues was due to the 1994 divestiture of the Textron Lycoming Turbine Engine division and to reduced shipments on certain U.S. Government and commercial aerospace contracts at other divisions. In addition, 1994 income included provisions aggregating $15 million for the consolidation of certain manufacturing operations and legal matters.

The Finance segment's revenues increased $75 million (19%), while income increased $10 million (13%). AFS' revenues increased, due primarily to (a) a higher level of finance receivables outstanding, (b) an increase in earned premiums and (c) an increase in investment income, due to improving yields and a higher level of invested assets, partially offset by (d) a decline in yields on finance receivables, reflecting an increased percentage of lower yielding retail installment contracts. Its income increased, due to (a) those factors and (b) a decrease in insurance losses in both finance-related and nonfinance-related insurance operations, partially offset by (c) an increase in the blended cost of borrowed funds and (d) an increase in loan loss provisions due to growth in finance receivables outstanding. Revenues at TFC increased slightly, due to a higher level of finance receivables outstanding, higher yields on finance receivables, reflecting the higher interest rate environment, partially offset by higher leveraged lease income in 1994. Its income increased due to (a) those factors and (b) a decrease in loan loss provisions, reflecting an improvement in equipment portfolios and a stabilization of nonperforming real estate loans, partially offset by (c) an increase in the blended cost of borrowed funds.

Paul Revere's revenues increased $38 million (12%), due to continued premium growth in its individual disability insurance and group insurance lines of business and higher net investment income. Its income decreased $14 million (33%), primarily as a result of a higher individual disability insurance benefit ratio, partially offset by lower benefit ratios in the group insurance line of business, increased premium volume and improved expense ratios across all lines of business. The higher benefit ratio in the individual disability insurance business was the result of adverse claims experience from the block of policies issued between 1985 and 1989, especially in Florida and California. In addition, business issued to physicians has performed below expectations. The ratio was 89.4%, up from 75.6% in the first quarter of 1994 and down from 92.3% in the fourth quarter of 1994. Paul Revere continued its program to improve operating results through new products, pricing and underwriting adjustments, as well as a continued emphasis on claims management. Paul Revere continues to expect a gradual improvement in the individual disability insurance benefit ratio throughout 1995.

Corporate expenses and other - net for the three months ended April 1, 1995 were higher than the corresponding level in 1994 as a result of (a) increased compensation expense resulting from appreciation in the market value of Textron's common stock and (b) foreign exchange losses in 1995 compared to foreign exchange gains in 1994. Lower interest expense of the Textron Parent Company Borrowing Group reflected a lower level of average borrowing, partially offset by an increased average cost of borrowing. The quarter's results reflected a slightly higher effective income tax rate than the corresponding prior year rate.

PART II. OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

12.1 Computation of ratio of income to fixed charges of the Textron Parent Company Borrowing Group.

12.2 Computation of ratio of income to fixed charges of Textron Inc.including all majority-owned subsidiaries.

27 Financial Data Schedule

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the first quarter ended April 1, 1995.

SIGNATURES

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

TEXTRON INC.

Date: May 12, 1995

s/W. P. Janovitz
W. P. Janovitz
Vice President and Controller
(principal accounting officer)

LIST OF EXHIBITS

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

Name of Exhibit

12.1 Computation of ratio of income to fixed charges of the Textron Parent Company Borrowing Group

12.2 Computation of ratio of income to fixed charges of Textron Inc. including all majority-owned subsidiaries

27 Financial Data Schedule

EXHIBIT 12.1

TEXTRON PARENT COMPANY BORROWING GROUP

COMPUTATION OF RATIO OF INCOME TO FIXED CHARGES

(unaudited)

(In millions except ratio)

	Three Months Ended April 1, 1995
Fixed charges:	
Interest expense (1)	$ 50
Estimated interest portion of rents	5
Total fixed charges	$ 55
Income:	
Income before income taxes	$ 185
Fixed charges	55
Eliminate equity in undistributed pretax income of finance and insurance subsidiaries	(85)
Adjusted income	$ 155
Ratio of income to fixed charges	2.82

(1) Includes interest unrelated to borrowings of $12 million (primarily interest accretion).

EXHIBIT 12.2

TEXTRON INC. INCLUDING ALL MAJORITY-OWNED SUBSIDIARIES

COMPUTATION OF RATIO OF INCOME TO FIXED CHARGES

(unaudited)

(In millions except ratio)

	Three Months Ended April 1, 1995
Fixed charges:	
Interest expense (1)	$ 202
Estimated interest portion of rents	10
Total fixed charges	$ 212
Income:	
Income before income taxes	$ 185
Elimination of minority interest in pretax income of Paul Revere	(5)
Fixed charges	212
Adjusted income	$ 392
Ratio of income to fixed charges	1.85

(1) Includes interest unrelated to borrowings of $12 million (primarily interest accretion).

ARTICLE 5

This schedule contains summary financial information extracted from Textron Inc.'s Consolidated Balance Sheet as of April 1, 1995 and Consolidated Statement of Income for the three months ended April 1, 1995 and is qualified in its entirety by reference to such financial statements.

MULTIPLIER: 1000000

PERIOD TYPE	3 MOS
FISCAL YEAR END	DEC 30 1995
PERIOD END	APR 01 1995
CASH	52
SECURITIES	0
RECEIVABLES	10437
ALLOWANCES	265
INVENTORY	1267
CURRENT ASSETS	0
PP&E	2822
DEPRECIATION	1554
TOTAL ASSETS	21967
CURRENT LIABILITIES	0
BONDS	10177
COMMON	12
PREFERRED MANDATORY	0
PREFERRED	16
OTHER SE	2952
TOTAL LIABILITY AND EQUITY	21967
SALES	1554
TOTAL REVENUES	2387
CGS	1273
TOTAL COSTS	1583
OTHER EXPENSES	0
LOSS PROVISION	39
INTEREST EXPENSE	202
INCOME PRETAX	185
INCOME TAX	73
INCOME CONTINUING	109
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	109
EPS PRIMARY	1.25
EPS DILUTED	1.25

End of Filing