TEXTRON INC

FORM 10-Q
(Quarterly Report)

Filed 08/12/96 for the Period Ending 06/29/96

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

TEXTRON INC

FORM 10-Q
(Quarterly Report)

Filed 8/12/1996 For Period Ending 6/29/1996

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

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal quarter ended June 29, 1996
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

Commission file number 1-5480

TEXTRON INC.

(Exact name of registrant as specified in its charter)

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

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

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

X Yes No

Common stock outstanding at July 27, 1996 - 83,613,000 shares

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Item 1.FINANCIAL STATEMENTS

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

	Three Months Ended June 29, 1996	Three Months Ended July 1, 1995	Six Months Ended June 29, 1996	Six Months Ended July 1, 1995
Revenues				
Manufacturing sales	$ 1,867	$ 1,651	$ 3,567	$ 3,205
Finance revenues	517	487	1,031	962
Total revenues	2,384	2,138	4,598	4,167
Costs and expenses				
Cost of sales	1,520	1,351	2,913	2,629
Selling and administrative	342	306	673	608
Interest	183	209	366	411
Provision for losses on collection of finance receivables, less recoveries	54	39	107	78
Other	69	56	139	107
Total costs and expenses	2,168	1,961	4,198	3,833
Income from continuing operations before income taxes and distributions on preferred securities of subsidiary trust subsidiary trust	216	177	400	334
Income taxes	(84)	(70)	(156)	(132)
Distributions on preferred securities of subsidiary trust, net of income taxes	(7)	-	(10)	-
Income from continuing operations	125	107	234	202
Discontinued operation, net of income taxes:				
Income from operations	-	14	16	28
Estimated loss on disposal	-	-	(90)	-
	-	14	(74)	28
Net income	$ 125	$ 121	$ 160	$ 230
Per common share:				
Income from continuing operations	$ 1.44	$ 1.23	$ 2.70	$ 2.33
Discontinued operation	-	0.17	(0.85)	0.32
Net income	$ 1.44	$ 1.40	$ 1.85	$ 2.65
Average shares outstanding*	86,575,000	86,679,000	86,597,000	86,862,000
Dividends per share:				
$2.08 Preferred stock, Series A	$ .52	$ .52	$ 1.04	$ 1.04
$1.40 Preferred stock, Series B	$ .35	$ .35	$ .70	$ .70
Common stock	$ .44	$ .39	$ .88	$ .78

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

See notes to consolidated financial statements.

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Item 1. FINANCIAL STATEMENTS (Continued)

TEXTRON INC.

Consolidated Balance Sheet (unaudited)

(In million)	June 29, 1996	December 30, 1995
Assets		
Cash and cash equivalent	$ 184	$ 84
Investments	779	778
Receivables - net:		
Finance	9,524	9,362
Commercial and U.S. Government	887	777
	10,411	10,139
Inventories	1,471	1,284
Property, plant and equipment, less accumulated depreciation of $1,700 and $1,585	1,468	1,373
Goodwill, less accumulated amortization of $376 and $347	1,599	1,491
Investment in discontinued operation, less estimated net loss on disposal in 1996	962	1,161
Other (including net prepaid income taxes)	1,480	1,384
Total assets	$ 18,354	$ 17,694
Liabilities and shareholders' equity		
Liabilities		
Accounts payable	$ 765	$ 684
Accrued postretirement benefits other than pensions	919	919
Other accrued liabilities (including income taxes)	2,628	2,468
Debt:		
Textron Parent Company Borrowing Group	1,715	1,774
Finance subsidiaries	8,563	8,437
	10,278	10,211
Total liabilities	14,590	14,282
Textron-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely Textron junior subordinated debt securities	483	-
Shareholders' equity		
Capital stock:		
Preferred stock	15	15
Common stock *	12	12
Capital surplus	770	750
Retained earnings	2,950	2,864
Other (primarily currency translation and securities valuation adjustments)	(3)	129
	3,744	3,770
Less cost of treasury shares	463	358
Total shareholders' equity	3,281	3,412
Total liabilities and shareholders equity	$ 18,354	$ 17,694
*Common shares outstanding	84,175,000	84,935,000

See notes to consolidated financial statements.

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Item 1. FINANCIAL STATEMENTS (Continued)

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

	Six Months Ended June 29, 1996	Six Months Ended July 1, 1995
Cash flows from operating activities:		
Income from continuing operations	$ 234	$ 202
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	189	166
Provision for losses on receivables	109	81
Changes in assets and liabilities excluding those related to acquisitions and divestitures:		
Increase in commercial and U.S. Government receivables	(1)	(65)
Increase in inventories	(113)	(48)
Increase in other assets	(49)	(10)
Decrease in accounts payable	(11)	(7)
Increase (decrease) in accrued liabilities	84	(147)
Other - net	(31)	38
Cash provided by operating activities of continuing operations	411	210
Cash provided by operating activities of discontinued operation	247	247
Net cash provided by operating activities	658	457
Cash flows from investing activities:		
Purchases of investments	(71)	(99)
Proceeds from disposition of investments	30	45
Maturities and calls of investments	27	27
Finance receivables:		
Originated or purchased	(3,221)	(3,072)
Repaid or sold	3,027	2,827
Cash used in acquisitions	(111)	(40)
Capital expenditures	(128)	(131)
Other investing activities - net	(25)	(11)
Cash used by investing activities of continuing operations	(472)	(454)
Cash used by investing activities of discontinued operation	(274)	(304)
Net cash used by investing activities	(746)	(758)
Cash flows from financing activities:		
Increase in short-term debt	463	54
Proceeds from issuance of long-term debt	867	1,719
Principal payments on long-term debt	(1,452)	(1,294)
Issuance of Textron-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely Textron junior subordinated debt securities	483	-
Proceeds from exercise of stock options	25	18
Purchases of Textron common stock	(117)	(93)
Purchases of Textron common stock from Paul Revere	(34)	(22)
Dividends paid	(74)	(67)
Cash provided by financing activities of continuing operations	161	315
Cash provided by financing activities of discontinued operation	12	57
Net cash provided by financing activities	173	372
Net increase in cash	85	71
Elimination of cash flow of discontinued operation	15	-
Cash at beginning of period	84	49
Cash and cash equivalent at end of period	$ 184	$ 120

See notes to consolidated financial statements.

** Item 1. FINANCIAL STATEMENTS (Continued)

TEXTRON INC.

Notes to Consolidated Financial Statements (unaudited)

Note 1: Basis of Presentation

The financial statements should be read in conjunction with the financial statements included in Textron's Annual Report on Form 10-K for the year ended December 30, 1995 and Current Report on Form 8-K/A dated May 17, 1996. The financial statements reflect all adjustments (consisting only of normal recurring adjustments, except for recording the estimated loss on disposal of Paul Revere -- see below for additional information on the discontinued operation) which are, in the opinion of management, necessary for a fair presentation of Textron's consolidated financial position at June 29, 1996, and its consolidated results of operations for each of the respective three and six month periods ended June 29, 1996 and July 1, 1995 and consolidated cash flows for each of the six month periods ended June 29, 1996 and July 1, 1995. The results of operations for the six months ended June 29, 1996 are not necessarily indicative of results for the full year. Textron has restated its financial statements for prior periods as presented herein to treat Paul Revere as a discontinued operation.

Discontinued operation

Discontinued operations
relates to the sale of Paul Revere, an 83.3% owned subsidiary. Textron has entered into an agreement with Provident Companies, Inc. whereby Provident will acquire all of the outstanding shares of Paul Revere's common stock for approximately $26 per share.

The transaction has
received Federal Trade Commission clearance and is subject to state regulatory approvals and the consent of Provident and Paul Revere shareholders.

Paul Revere's revenues
for the three month periods ended June 30, 1996 and June 30, 1995 were $383 million and $364 million, respectively, and for the six month periods ended on those dates were $766 million and $722 million, respectively.

Note 2: Inventories

	June 29, 1996	December 30, 1995
	(In millions)	
Finished goods	$ 394	$ 352
Work in process	1,020	911
Raw materials	261	217
	1,675	1,480
Less progress payments and customer deposits	204	196
	$1,471	$1,284

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Note 3: Textron-obligated mandatorily redeemable preferred
securities of subsidiary trust holding solely Textron junior subordinated debt securities

On February 9, 1996, a trust sponsored and wholly-owned by Textron issued preferred securities to the public (for $500 million) and shares of its common securities to Textron (for $15.5 million), the proceeds of which were invested by the trust in $515.5 million aggregate principal amount of Textron's newly issued 7.92% Junior Subordinated Deferrable Interest Debentures, due 2045. The debentures are the sole asset of the trust. The amounts due to the trust under the debentures and the related income statement amounts have been eliminated in Textron's consolidated financial statements.

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

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

Note 4: Contingencies

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

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Note 5: Financial information by borrowing group

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

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Note 5: Financial information by borrowing group (continued)
TEXTRON PARENT COMPANY BORROWING GROUP
(unaudited) (In millions)

Statement of Income	Three Months Ended June 29, 1996	Three Months Ended July 1, 1995	Six Months Ended June 29, 1996	Six Months Ended July 1, 1995
Sales	$1,867	$1,651	$3,567	$3,205
Costs and expenses				
Cost of sales	1,520	1,351	2,913	2,629
Selling and administrative	189	158	366	315
Interest	37	52	75	102
Total costs and expenses	1,746	1,561	3,354	3,046
	121	90	213	159
Pretax income of finance subsidiaries	95	87	187	175
Income from continuing operations before income taxes and distributions on preferred securities of subsidiary trust	216	177	400	334
Income taxes	(84)	(70)	(156)	(132)
Distributions on preferred securities of subsidiary trust, trust, net of income taxes	(7)	-	(10)	-
Income from continuing operations	125	107	234	202
Discontinued operation, net of income taxes:				
Income from operations	-	14	16	28
Estimated loss on disposal	-	-	(90)	-
	-	14	(74)	28
Net income	$ 125	$ 121	$ 160	$ 230

Balance Sheet	June 29, 1996	December 30, 1995
Assets		
Cash and cash equivalent	$ 160 *	$ 56
Receivables - net	887	777
Inventories	1,471	1,284
Investments in finance subsidiaries	1,524	1,475
Property, plant and equipment - net	1,392	1,297
Goodwill, less accumulated amortization of $255 and $233	1,456	1,344
Investment in discontinued operation, less estimated net loss on disposal in 1996	962	1,161
Other (including net prepaid income taxes)	1,258	1,177
Total assets	$9,110	$8,571
Liabilities and shareholders' equity		
Accounts payable and accrued liabilities (including income taxes)	$3,631	$3,385
Debt	1,715	1,774
Textron-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely Textron junior subordinated debt securities	483	-
Shareholders' equity	3,281	3,412
Total liabilities and shareholders' equity	$9,110	$8,571

* Includes a short-term investment of $50 million used for acquisitions shortly after the end of the month.

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Note 5: Financial information by borrowing group (continued)

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

Statement of Cash Flows	Six Months Ended June 29 1996	July 1, 1995
Cash flows from operating activities:		
Income from continuing operations	$ 234	$ 202
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Undistributed earnings of finance subsidiaries	(49)	(49)
Depreciation and amortization	125	109
Changes in assets and liabilities excluding those related to acquisitions and divestitures:		
Increase in receivables	(1)	(65)
Increase in inventories	(113)	(48)
Decrease (increase) in other assets	(55)	5
Increase (decrease) in accounts payable and accrued liabilities	91	(118)
Other - net	13	63
Net cash provided by operating activites	245	99
Cash flows from investing activities:		
Capital expenditures	(117)	(121)
Cash used in acquisitions	(111)	-
Other investing activities - net	(18)	(33)
Net cash used by investing activities	(246)	(154)
Cash flows from financing activities:		
Increase (decrease) in short-term debt	(38)	5
Proceeds from issuance of long-term debt	666	630
Principal payments on long-term debt	(806)	(347)
Issuance of Textron-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely Textron junior subordinated debt securities	483	-
Proceeds from exercise of stock options	25	18
Purchases of Textron common stock	(117)	(93)
Purchases of Textron common stock from Paul Revere	(34)	(22)
Dividends paid	(74)	(67)
Net cash provided by financing activities	105	124
Net increase in cash	104	69
Cash at beginning of period	56	20
Cash and cash equivalent at end of period	$ 160	$ 89

*** Item 1. FINANCIAL STATEMENTS (Continued)

Note 5: Financial information by borrowing group (continued)

FINANCE SUBSIDIARIES
(unaudited) (In millions)

Statement of Income	Three Months Ended June 30, 1996	Three Months Ended June 30, 1995	Six Months Ended June 30, 1996	Six Months Ended June 30, 1995
Revenues	$ 517	$ 487	$1,031	$ 962
Costs and expenses				
Selling and administrative	153	148	307	293
Interest	146	157	291	309
Provision for losses on collection of finance receivables, less recoveries	54	39	107	78
Other	69	56	139	107
Total costs and expenses	422	400	844	787
Income before income taxes	95	87	187	175
Income taxes	(38)	(33)	(74)	(68)
Net income	$ 57	$ 54	$ 113	$ 107

Balance Sheet	June 30, 1996	December 31, 1995
Assets		
Cash	$ 24	$ 28
Investments	773	771
Finance receivables - net	9,524	9,370
Other	678	657
Total assets	$10,999	$10,826
Liabilities and equity		
Accounts payable and accrued liabilities (including income taxes)	$ 912	$ 914
Debt	8,563	8,437
Equity	1,524	1,475
Total liabilities and equity	$10,999	$10,826

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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		Six Months Ended	
	June 29, 1996	July 1, 1995	June 29, 1996	July 1, 1995
REVENUES				
MANUFACTURING:				
Aircraft	$ 622	$ 635	$1,248	$1,177
Automotive	449	398	864	822
Industrial	564	353	1,003	702
Systems and Components	232	265	452	504
	1,867	1,651	3,567	3,205
FINANCE	517	487	1,031	962
Total revenues	$2,384	$2,138	$4,598	$4,167
INCOME				
MANUFACTURING:				
Aircraft	$ 66	$ 64	$ 119	$ 105
Automotive	42	36	80	73
Industrial	60	41	109	84
Systems and Components	20	23	38	42
	188	164	346	304
FINANCE	95	87	187	175
Segment operating income	283	251	533	479
Corporate expenses and other - net	(30)	(22)	(58)	(43)
Interest expense - net	(37)	(52)	(75)	(102)
Income from continuing operations before income taxes and distributions on preferred securities of subsidiary trust	$ 216	$ 177	$ 400	$ 334

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

Financial Condition

Textron Parent Company Borrowing Group: During the six months ended June 29, 1996, the Textron Parent Company Borrowing Group's operating activities provided cash of $245 million versus $99 million during the corresponding period of 1995. Cash flows for 1996 were affected by income from continuing operations partially offset by inventory buildups at the Aircraft divisions related to the Citation X aircraft and certain helicopter models. The Group's debt decreased by $59 million principally due to the issuance of preferred securities ($500 million -- see below) and cash provided by operations ($245 million) which exceeded cash used for (a) financing acquisitions ($343 million), (b) purchases of 1.4 million shares of Textron common stock under its stock repurchase program ($117 million), (c) capital expenditures ($117 million), (d) payments of dividends ($74 million), and (e) purchases of Textron common stock from Paul Revere ($34 million).

During the six months ended July 1, 1995, the Group's operating activities provided cash of $99 million versus $225 million during the corresponding period of 1994. The decrease in 1995 was principally due to increased tax payments in 1995 partially offset by increased income in 1995 and a larger increase in receivables in 1994, due primarily to changed payment terms with certain customers.

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

The Textron Parent Company Borrowing Group's credit facilities not used or reserved as support for outstanding commercial paper or bank borrowings at June 29, 1996 were $791 million. Textron had $511 million available at June 29, 1996 under its shelf registration statements filed with the Securities and Exchange Commission.

In July 1996, Textron entered into a five year multi-currency credit agreement with 14 banks for $350 million to be used for its foreign operations.

Of the Textron Parent Company Borrowing Group's $602 million principal notional amount of interest rate exchange agreements outstanding at December 30, 1995, $140 million subsequently expired through June 29, 1996.
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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

In January 1996, Textron acquired Xact Products, Inc., a precision-formed metal parts manufacturer based in Michigan and in April 1996, it acquired Valois Industries (which has been re- named Textron Industries, S.A.), a Paris-based manufacturer of engineered fastening systems, for an aggregate of approximately $256 million.

In early July 1996, Textron acquired Klauke, a German manufacturer of electrical connectors, sleeves, and battery- powered tools for the utility and electrical contracting markets and the UK-based washer systems business of Valeo Wiper Systems Ltd, a division of France-based Valeo S.A., for an aggregate of approximately $50 million.

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

Finance subsidiaries: The finance subsidiaries paid dividends of $64 million and $58 million to the Textron Parent Company Borrowing Group during the six month periods ended June 29, 1996

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and July 1, 1995,  respectively.

During the first half of 1996, the finance subsidiaries had  $180
million  of  interest rate exchange agreements  expire  and  $283
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million of interest rate exchange agreements go into effect. These agreements, which have a weighted average original term of two years and expire through 1999, had the effect of fixing the rate of interest at approximately 7.7% on $283 million of variable rate borrowings at June 30, 1996.

Results of Operations - Three months ended June 29, 1996 vs. Three months ended July 1, 1995

Textron reported second quarter 1996 earnings per share from continuing operations of $1.44 per share, up 17% from the 1995 amount of $1.23. Income from continuing operations in 1996 of $125 million was up from $107 million for 1995. Revenues increased 12% to $2.4 billion in 1996 from $2.1 billion in 1995. Net income was $125 million versus $121 million in 1995.

The Aircraft segment's revenues decreased $13 million (2%), due to lower revenues at Bell Helicopter. However, income increased $2 million (3%), principally at Cessna Aircraft. Bell Helicopter's revenues decreased primarily as a result of lower sales of military helicopters to the U.S. Government ($62 million) and lower revenues on the V-22 EMD contract ($32 million). Bell's income decreased, slightly, as a result of the lower revenues and higher product development expenses related to new helicopter models ($2 million). Cessna's revenues increased primarily as a result of higher sales of business jets and utility turboprop aircraft. Its income increased as a result of the higher revenues, partially offset by higher product development and selling and administrative expenses due to the introduction and support of new products.
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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

The Automotive segment's revenues and income increased $51 million (13%) and $6 million (17%), respectively. The revenue increase was due principally to higher North American automotive production, particularly from the improved volume of light trucks at Chrysler. Income increased on the higher volume and improved operating performance.

The Industrial segment's revenues increased $211 million (60%) and income increased $19 million (46%). These increases were due principally to higher sales in the fastening systems business ($187 million), reflecting the acquisitions of Elco Industries, Friedr. Boesner GmbH, and Textron Industries S.A. In addition, income increased at E-Z-GO as a result of higher sales of golf cars and improved operating performance.

The Systems and Components segment's revenues and income decreased $33 million (12%) and $3 million (13%), respectively. The decrease in revenues was principally due to reduced shipments on certain U.S. Government and commercial aerospace contracts.

The Finance segment's revenues increased $30 million (6%), while income increased $8 million (9%). AFS' revenues increased $26 million, primarily as a result of an increase in yields on finance receivables and an increase in earned premiums in both the finance-related and the independent insurance operations. Its income increased $5 million due to those factors, a decrease in the average cost of borrowed funds and an increase in investment income due to a higher level of invested assets. This favorable impact was partially offset by an increase in the ratio of net credit losses to average finance receivables and an increase in the ratio of insurance losses to earned insurance premiums in AFS' independent insurance operations. TFC's income increased $3 million on higher revenues of $4 million, due to a higher level of average finance receivables, higher fee income, principally due to increased arrangement fee income and late charges, and a decrease in the average cost of borrowed funds. These favorable factors were partially offset by a higher provision for loan losses, principally due to higher charge-offs in the equipment portfolio.

Corporate expenses and other - net increased $8 million, due principally to the reclassification of certain nondebt related expense from the interest expense line ($5 million). Interest expense - net for the Textron Parent Company Borrowing Group decreased $15 million due to the reclassification and lower average debt, due principally to the payment of debt with the proceeds from the issuance of preferred securities in February 1996.

Results of Operations - Six months ended June 29, 1996 vs. Six months ended July 1, 1995

Textron reported first half 1996 earnings per share from continuing operations of $2.70 per share, up 16% from the 1995 amount of $2.33. Income from continuing operations in 1996 of $234 million was up from $202 million for 1995. Revenues increased 10% to $4.6 billion in 1996 from $4.2 billion in 1995. Net income was $160 million versus $230 million in 1995.

The Aircraft segment's revenues and income increased $71 million (6%) and $14 million (13%), respectively. Bell Helicopter's revenues decreased primarily as a result of lower sales of **

military helicopters to the U.S. Government ($76 million) and lower revenues on the V-22 program ($12 million), partially offset by higher domestic and international helicopter sales, including increased deliveries on the Canadian Forces contract ($46 million). Bell's income increased as a result of lower product development expenses related to new helicopter models and additional income on the V-22 program, partially offset by lower income related to the decreased revenues. Cessna's revenues increased primarily as a result of the higher sales of business jets and utility turboprop aircraft. Its income increased as a result of the higher revenues, partially offset by higher product development and selling and administrative expenses due to the introduction and support of new products.

The Automotive segment's revenues and income increased $42 million (5%) and $7 million (10%), respectively. Despite overall lower North American automotive production and the impact of a strike at certain General Motors' plants in the first quarter 1996, revenues increased as a result of improved volume of light trucks at Chrysler as well as a ramp-up in sales at Textron's Saltillo, Mexico facility. Income increased as a result of the higher revenues and improved operating performance.

The Industrial segment's revenues and income increased $301 million (43%) and $25 million (30%), respectively. These increases were due principally to higher sales in the fastening systems business ($264 million), reflecting the acquisitions of Elco Industries, Friedr. Boesner GmbH, and Textron Industries S.A. In addition, income increased at E-Z-GO as a result of higher sales of golf cars and better operating performance, while revenues and income decreased at Speidel, due to lower retail demand for certain products.

The Systems and Components segment's revenues and income decreased $52 million (10%) and $4 million (10%), respectively. The decrease in revenues was principally due to reduced shipments on certain U.S. Government and commercial aerospace contracts.

The Finance segment's revenues increased $69 million (7%), while income increased $12 million (7%). AFS' revenues increased $61 million, primarily as a result of an increase in yields on finance receivables (18.59% in the first half 1996 vs. 17.88% in the first half 1995) and an increase in earned premiums in both the finance-related and the independent insurance operations. Its income increased $8 million due to those factors, a decrease in the average cost of borrowed funds (6.95% in the first half 1996 vs. 7.41% in the first half 1995) and an increase in investment income due to a higher level of invested assets. This favorable impact was partially offset by an increase in the ratio of net credit losses to average finance receivables (2.64% in the first half 1996 vs. 1.89% in the first half 1995) and an increase in the ratio of insurance losses to earned insurance premiums in AFS' independent insurance operations. Throughout the first six months of 1996, economic conditions have continued to burden the consumer finance customer and, as a result, receivable volume has been negatively affected and delinquencies and net credit losses have remained higher than historical norms. TFC's income increased $4 million on higher revenues of $8 million , due to a higher level of average finance receivables ($3.019 billion in the first half 1996 vs. $2.804 billion in the first half 1995), higher fee income, principally due to increased arrangement fee income and late charges, and a decrease

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in the average cost of borrowed funds (6.24% in the first half 1996 vs. 6.68% in the first half 1995). These favorable factors were partially offset by a higher provision for loan losses, principally due to higher charge-offs in the equipment portfolio and reserve strengthening.

Corporate expenses and other - net increased $15 million, due principally to the reclassification of certain nondebt related expense from the interest expense line ($11 million) and a pretax charge related to the early redemption of debt ($2 million). Interest expense - net for the Textron Parent Company Borrowing Group decreased $27 million due to the reclassification, a lower average cost of borrowing and lower average debt, due in part to the payment of debt from the proceeds from the sale of preferred securities in February 1996.

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PART II. OTHER INFORMATION

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At Textron's annual meeting of shareholders held on April 24, 1996, the following items were voted upon:

1. The following persons were elected to serve as directors in Class III for three year terms expiring in 1999 and received the votes listed. There were no abstentions or broker non-votes applicable to the election of directors:

Name	For	Withheld
H. Jesse Arnelle	70,607,265	3,028,683
Brian H. Rowe	70,632,670	3,003,278
Sam F. Segnar	70,566,159	3,069,789
Jean H. Sisco	70,492,241	3,143,707
Martin D. Walker	70,673,894	2,962,054

The following directors have terms of office which continued after the meeting: Lewis B. Campbell, R. Stuart Dickson, Paul E. Gagne, James F. Hardymon, John
D. Macomber, Barbara Scott Preiskel, John W. Snow and Thomas B. Wheeler.

2. The appointment of Ernst & Young LLP as Textron's independent auditors for 1996 was ratified by the following vote:

For Against Abstain Broker Non-Votes 72,872,608 441,195 322,145 0

3. A shareholder resolution recommending that all future non-employee directors not be granted pension benefits and that current non-employee directors voluntarily relinquish their pension benefits was defeated by the following vote:

For	Against	Abstain	Broker Non-Votes
27,667,951	39,363,499	1,893,135	4,711,363

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Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

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

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

27 Financial Data Schedule (filed electronically only)

(b) Reports on Form 8-K

During the quarter ended June 29, 1996, Textron filed the following reports on Form 8-K:

(i) Current Report on Form 8-K filed with the Securities and Exchange Commission dated May 2, 1996, reporting, under Item 5 (Other Events) and Item 7 (Exhibits), (a) information regarding the proposed sale to Provident Companies, Inc. of all the outstanding shares of The Paul Revere Corporation, 83% of which are owned by Textron, and
(b) that Textron had restated its financial statements for each of the previous three fiscal years to reflect The Paul Revere Corporation as a discontinued operation.

(ii) Current Report on Form 8-K/A filed with the Securities and Exchange Commission dated May 17, 1996, amending the above mentioned Current Report on Form 8-K to revise certain financial data included therein.
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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.

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Date:   August 12, 1996               s/R. L. Yates
                                      R. L. Yates
                                      Vice President and Controller
                                      (principal accounting officer)
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LIST OF EXHIBITS

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

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

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EXHIBIT 12.1

TEXTRON PARENT COMPANY BORROWING GROUP

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

(unaudited)

(In millions except ratio)

	Six Months Ended June 29, 1996
Fixed charges:	
Interest expense	$ 75
Distributions on preferred securities of subsidiary trust, net of income taxes	10
Estimated interest portion of rents	8
Total fixed charges	$ 93
Income:	
Income from continuing operations before income taxes and distributions on preferred securities of subsidiary trust	$400
Eliminate equity in undistributed pretax income of finance subsidiaries	(123)
Fixed charges	93
Adjusted income	$370

Ratio of income to fixed charges 3.98

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EXHIBIT 12.2

TEXTRON INC. INCLUDING ALL MAJORITY-OWNED SUBSIDIARIES

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

(unaudited)

(In millions except ratio)

	Six Months Ended June 29, 1996
Fixed charges:	
Interest expense	$366
Distributions on preferred securities of subsidiary trust, net of income taxes	10
Estimated interest portion of rents	17
Total fixed charges	$393

Income:
Income from continuing operations before income taxes and distributions on preferred securities of

subsidiary trust	$400
Fixed charges	393
Adjusted income	$793

Ratio of income to fixed charges 2.02

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WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

ARTICLE 5

This schedule contains summary financial information extracted from Textron Inc.'s Consolidated Balance Sheet as of June 29, 1996 and Consolidated Statement of Income for the six months ended June 29, 1996 and is qualified in its entirety by reference to such financial statements.

PERIOD TYPE	6	MOS.
FISCAL YEAR END	DEC 28 1996	
PERIOD END	JUN 29 1996	
CASH	184	
SECURITIES	0	
RECEIVABLES	0	*
ALLOWANCES	0	*
INVENTORY	1,471	
CURRENT ASSETS	0	
PP&E	3,168	
DEPRECIATION	1,700	
TOTAL ASSETS	18,354	
CURRENT LIABILITIES	0	
BONDS	10,278	
COMMON	12	
PREFERRED MANDATORY	0	
PREFERRED	15	
OTHER SE	3,254	
TOTAL LIABILITY AND EQUITY	18,354	
SALES	3,567	
TOTAL REVENUES	4,598	
CGS	2,913	
TOTAL COSTS	3,052	
OTHER EXPENSES	0	
LOSS PROVISION	107	
INTEREST EXPENSE	366	
INCOME PRETAX	400	
INCOME TAX	156	
INCOME CONTINUING	234	
DISCONTINUED	(74)	
EXTRAORDINARY	0	
CHANGES	0	
NET INCOME	160	
EPS PRIMARY	1.85	
EPS DILUTED	1.85 * Beginning in the 2nd quarter of 1996, such amounts are not disclosed in interim periods.	

End of Filing