

TEXTRON INC

FORM S-3/A

(Securities Registration Statement (simplified form))

Filed 01/25/96

| | |
|-------------|---|
| 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 S-3/A

(Securities Registration Statement (simplified form))

Filed 1/25/1996

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

REGISTRATION NO. 33-63227

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 3

TO
FORM S-3
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

| | | |
|---|---|--|
| TEXTRON INC. | DELAWARE | 05-0315468 |
| TEXTRON CAPITAL I | DELAWARE | 05-6110105 |
| TEXTRON CAPITAL II | DELAWARE | 05-6110106 |
| TEXTRON CAPITAL III | DELAWARE | 05-6110107 |
| TEXTRON FINANCE, L.P. | DELAWARE | TO BE APPLIED FOR |
| (EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER) | (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION) | (I.R.S. EMPLOYER IDENTIFICATION NUMBER) |

40 WESTMINSTER STREET
PROVIDENCE, RHODE ISLAND 02903
(401) 421-2800

(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING
AREA CODE, OF EACH REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

MICHAEL D. CAHN
ASSISTANT GENERAL COUNSEL -- CORPORATE
AND ASSISTANT SECRETARY

TEXTRON INC.

40 WESTMINSTER STREET
PROVIDENCE, RHODE ISLAND 02903
(401) 421-2800

(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER,
INCLUDING AREA CODE, OF AGENT FOR SERVICE FOR EACH REGISTRANT)

COPIES TO:
LOUIS A. GOODMAN
SKADDEN, ARPS, SLATE, MEAGHER & FLOM
ONE BEACON STREET
BOSTON, MA 02108
(617) 573-4800

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO PUBLIC: From time to time after the effective date of the Registration Statement, as determined by market conditions.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. //

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box. /X/

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. //

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the

Securities Act registration statement number of the earlier effective registration statement for the same offering. //

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. /X/

(Cover continued on next page.)

THE REGISTRANTS HEREBY AMEND THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANTS SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

(Continued from previous page.)

| TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED | AMOUNT TO BE REGISTERED (1) | PROPOSED MAXIMUM OFFERING PRICE | | | AMOUNT OF REGISTRATION FEE (2) |
|--|--------------------------------|---------------------------------------|---|--------------|--------------------------------------|
| | | PER UNIT (1)(2)(3) | PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1)(2)(3) | | |
| Preferred Securities of Textron Capital I..... | | | | | |
| Preferred Securities of Textron Capital II..... | | | | | |
| Preferred Securities of Textron Capital III..... | | | | | |
| Preferred Securities of Textron Finance, L.P..... | | | | | |
| Senior Debt Securities of Textron Inc..... | | | | | |
| Subordinated Debt Securities of Textron Inc..... | | | | | |
| Junior Subordinated Debt Securities of Textron Inc..... | | | | | |
| Guarantees of Preferred Securities of Textron Capital I, Textron Capital II and Textron Capital III by Textron Inc. (4)..... | | | | | |
| Guarantee of Preferred Securities of Textron Finance, L.P. by Textron Inc. (4)..... | | | | | |
| Total..... | \$800,000,000 | 100% | \$800,000,000 | \$275,862.07 | |

- (1) Such indeterminate number of Preferred Securities of Textron Capital I, Textron Capital II, Textron Capital III and Textron Finance, L.P. and such indeterminate principal amount of Senior Debt Securities, Subordinated Debt Securities or Junior Subordinated Debt Securities of Textron Inc. as may from time to time be issued at indeterminate prices. Junior Subordinated Debt Securities may be issued and sold to Textron Capital I, Textron Capital II, Textron Capital III and Textron Finance, L.P., in which event such Junior Subordinated Debt Securities may later be distributed to the holders of Preferred Securities upon a dissolution of Textron Capital I, Textron Capital II, Textron Capital III and Textron Finance, L.P. and the distribution of the assets thereof.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457. The aggregate public offering price of the Preferred Securities of Textron Capital I, Textron Capital II, Textron Capital III and Textron Finance, L.P. and the Senior Debt Securities, Subordinated Debt Securities or Junior Subordinated Debt Securities of Textron Inc. registered will not exceed \$800,000,000.
- (3) Exclusive of accrued interest and distributions, if any.
- (4) Includes back-up undertakings, consisting of obligations by Textron Inc. to provide certain indemnities in respect of, and pay and be responsible for certain expenses, costs, liabilities, and debts of, as applicable, Textron Capital I, Textron Capital II, Textron Capital III and Textron Finance, L.P., as set forth in the Amended and Restated Declaration of Trust, the Subordinated Indenture and Supplemental Indentures thereto, in each case as further described in the Registration Statement. No separate consideration will be received for any Guarantees or any back-up undertakings.

Pursuant to Rule 429 under the Securities Act of 1933, as amended, the prospectus included in this Registration Statement also relates to the remaining unsold \$210,985,000 principal amount of debt securities previously registered by Textron Inc. under its Registration Statement on Form S-3 (File No. 33-46501).

EXPLANATORY NOTE: THIS AMENDMENT NO. 3 IS BEING FILED SOLELY FOR THE PURPOSE OF FILING CERTAIN EXHIBITS.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The expenses in connection with the distribution of the securities being registered (other than underwriting discounts and commissions) are estimated as follows:

| | |
|--|----------------|
| SEC Filing Fee..... | \$ 275,862.07 |
| Rating Agency Fees..... | 205,000.00 |
| Blue Sky Fees and Expenses..... | 45,000.00 |
| New York Stock Exchange Listing Fee..... | 153,200.00 |
| Trustee's Expenses..... | 10,000.00 |
| Printing Fees and Expenses..... | 150,000.00 |
| Accounting Fees and Expenses..... | 125,000.00 |
| Legal Fees and Expenses..... | 200,000.00 |
| Miscellaneous..... | 35,937.93 |
| | ----- |
| Total..... | \$1,200,000.00 |
| | ===== |

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law and Article XII of Textron's By-laws contain provisions for indemnification of directors and officers in certain circumstances, which may include indemnity against expenses, including attorneys' fees and judgments, fines and amounts paid in settlement under the Securities Act of 1933.

Also, Textron has obtained policies of directors' and officers' liability insurance and has entered into indemnification agreements which contain additional provisions for indemnification of directors and officers in certain circumstances.

In addition, the Underwriting Agreements filed as Exhibits 1(a) and (b) and the Selling Agency Agreement filed as Exhibit 1(c) hereto provide for indemnification by the Underwriters and Agents of Textron, its directors and officers for certain liabilities arising under the Securities Act of 1933.

The Declaration of each Textron Trust provides that no Institutional Trustee or any of its Affiliates, Delaware Trustee or any of its Affiliates, or officer, director, shareholder, member, partner, employee, representative or agent of the Institutional Trustee or the Delaware Trustee (each a "Fiduciary Indemnified Person"), and no Regular Trustee, Affiliate of any Regular Trustee, or any officer, director, shareholder, member, partner, employee, representative or agent of any Regular Trustee, or any employee or agent of the Trust or its Affiliates (each a "Company Indemnified Person") shall be liable, responsible or accountable in damages or otherwise to such Textron Trust or any officer, director, shareholder, partner, member, representative, employee or agent of the Trust or its Affiliates for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Fiduciary Indemnified Person or Company Indemnified Person in good faith on behalf of such Textron Trust and in a manner such Fiduciary Indemnified Person or Company Indemnified Person reasonably believed to be within the scope of the authority conferred on such Fiduciary Indemnified Person or Company Indemnified Person by such Declaration or by law, except that a Fiduciary Indemnified Person or Company Indemnified Person shall be liable for any such loss, damage or claim incurred by reason of such Fiduciary Indemnified Person's or Company Indemnified Person's gross negligence (or, in the case of a Fiduciary Indemnified Person, negligence) or willful misconduct with respect to such acts or omissions. The Declaration of each Textron Trust also provides that to the full extent permitted by law, Textron shall indemnify any Company Indemnified Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Trust) by reason of the fact that he is or was a Company Indemnified Person against expenses (including attorneys' fees), judgments, fines and

amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Trust, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The Declaration of each Textron Trust also provides that to the full extent permitted by law, Textron shall indemnify any Company Indemnified Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Trust to procure a judgment in its favor by reason of the fact that he is or was a Company Indemnified Person against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Trust and except that no such indemnification shall be made in respect of any claim, issue or matter as to which such Company Indemnified Person shall have been adjudged to be liable to the Trust unless and only to the extent that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such Court of Chancery or such other court shall deem proper. The Declaration of each Textron Trust further provides that expenses (including attorneys' fees) incurred by a Company Indemnified Person in defending a civil, criminal, administrative or investigative action, suit or proceeding referred to in the immediately preceding two sentences shall be paid by Textron in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such Company Indemnified Person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by Textron as authorized in the Declaration. The directors and officers of Textron and the Regular Trustees are covered by insurance policies indemnifying them against certain liabilities, including certain liabilities arising under the Securities Act of 1933, as amended (the "Securities Act"), which might be incurred by them in such capacities and against which they cannot be indemnified by Textron or the Textron Trusts. Any agents, dealers or underwriters who execute any of the agreements filed as Exhibit 1 to this Registration Statement will agree to indemnify Textron's directors and their officers and the Textron Trustees who signed the Registration Statement against certain liabilities that may arise under the Securities Act with respect to information furnished to Textron or any of the Textron Trusts by or on behalf of any such indemnifying party.

The Limited Partnership Agreement of Textron Partnership provides that, to the full extent permitted by law, Textron Partnership shall indemnify each of the General Partner, any Special Representative, any Affiliate of the General Partner or any Special Representative, any officers, directors, shareholders, members, partners, employees, representatives or agents of the General Partner or any Special Representative, or any employee or agent of Textron Partnership or its Affiliates (each a "Partnership Indemnified Person") who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of Textron Partnership) by reason of the fact that he is or was a Partnership Indemnified Person against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of Textron Partnership, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The Limited Partnership Agreement also provides that Textron Partnership shall indemnify, to the full extent permitted by law, any Partnership Indemnified Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of Textron Partnership to procure a judgment in its favor by reason of the fact that he is or was a Partnership Indemnified Person against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of Textron Partnership and except that no such indemnification shall be made in respect of any claim, issue or matter as to which such Partnership Indemnified Person shall have been adjudged to be liable to Textron Partnership unless and only to the extent that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and

reasonably entitled to indemnity for such expenses which such Court of Chancery or such other court shall deem proper. The Limited Partnership Agreement also provides that expenses (including attorneys' fees) incurred by a Partnership Indemnified Person in defending a civil, criminal, administrative or investigative action, suit or proceeding referred to in the immediately preceding two sentences shall be paid by Textron Partnership in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such Partnership Indemnified Person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by Textron Partnership as authorized in the Limited Partnership Agreement. The Limited Partnership Agreement further provides that no Partnership Indemnified Person shall be liable, responsible or accountable in damages or otherwise to Textron Partnership or any Covered Person (as defined therein) for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Partnership Indemnified Person in good faith on behalf of Textron Partnership and in a manner such Partnership Indemnified Person reasonably believed to be within the scope of the authority conferred on such Partnership Indemnified Person by the Limited Partnership Agreement or by law, except that a Partnership Indemnified Person shall be liable for any such loss, damage or claim incurred by reason of such Partnership Indemnified Person's gross negligence or willful misconduct with respect to such acts or omissions.

ITEM 16. EXHIBITS

- ***1(a) Form of Underwriting Agreement for offering of Preferred Securities.
- *1(b) Form of Underwriting Agreement for offering of Debt Securities.
- *1(c) Form of Selling Agency Agreement, incorporated by reference to Exhibits to Registration Statement No. 33-46501.
- *4(a) Certificate of Trust of Textron Capital I.
- *4(b) Certificate of Trust of Textron Capital II.
- *4(c) Certificate of Trust of Textron Capital III.
- *4(d) Form of Amended and Restated Declaration of Trust.
- *4(e) Certificate of Limited Partnership of Textron Finance, L.P.
- *4(f) Form of Amended and Restated Agreement of Limited Partnership of Textron Finance, L.P.
- *4(g) Senior Indenture between Textron Inc. and Chemical Bank (as successor to Manufacturers Hanover Trust Company), as Trustee, incorporated by reference to Exhibits to Registration Statement No. 33-13742.
- *4(h) First Supplemental Senior Indenture between Textron Inc. and Chemical Bank (as successor to Manufacturers Hanover Trust Company), as Trustee, incorporated by reference to Exhibits to Registration Statement No. 33-20657.
- *4(i) Form of Second Supplemental Senior Indenture to be used in connection with the issuance of Senior Debt Securities.
- *4(j) Subordinated Indenture between Textron Inc. and The Chase Manhattan Bank, N.A., as Trustee, incorporated by reference to Exhibits to Registration Statement No. 33-1787.
- *4(k) First Supplemental Subordinated Indenture between Textron Inc. and The Chase Manhattan Bank, N.A., incorporated by reference to Exhibits to Registration Statement No. 33-9758.
- *4(l) Form of Second Supplemental Subordinated Indenture to be used in connection with the issuance of Subordinated Debt Securities.
- *4(m) Form of Junior Subordinated Indenture between Textron Inc. and The Chase Manhattan Bank, N.A., as Trustee, relating to the Junior Subordinated Debt Securities.
- *4(n) Form of First Supplemental Junior Subordinated Indenture to be used in connection with the issuance of Junior Subordinated Debt Securities and Preferred Securities.
- *4(o) Form of Trust Preferred Security (included in 4(d) above).
- *4(p) Form of Partnership Preferred Security (included in 4(f) above).
- *4(q) Form of Senior Debt Security (included in 4(g) above).
- *4(r) Form of Subordinated Debt Security (included in 4(j) above).
- *4(s) Form of Junior Subordinated Debt Security (included in 4(n) above).
- *4(t) Form of Trust Guarantee relating to the Trust Preferred Securities.
- *4(u) Form of Partnership Guarantee relating to the Partnership Preferred Securities.
- *5(a) Opinion and consent of Michael D. Cahn, Assistant General Counsel -- Corporate of Textron Inc.
- *5(b) Opinion of Skadden, Arps, Slate, Meagher & Flom.
- *12(a) Computation of Ratio of Income to Fixed Charges of Textron Parent Company Borrowing Group, incorporated by reference to Exhibits to Form 10-Q of Textron Inc. for the quarter ended September 30, 1995 and Form 10-K of Textron Inc. for the year ended December 31, 1994.

- *12(b) Computation of Ratio of Income to Fixed Charges for Textron Inc. Including All Majority- Owned Subsidiaries, incorporated by reference to Exhibits to Form 10-Q of Textron Inc. for the quarter ended September 30, 1995 and Form 10-K of Textron Inc. for the year ended December 31, 1994.
- **23(a) Consent of Independent Auditors, Ernst & Young LLP.
- *23(b) Consent of Skadden, Arps, Slate, Meagher & Flom is contained in the opinion of counsel filed as Exhibit 5(b).
- *24(a) Powers of Attorney.
- *24(b) Certified Resolutions of the Board of Directors of Textron Inc.
- *25(a) Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of Chemical Bank, as Trustee under the Senior Indenture, incorporated by reference to Exhibits to Registration Statement No. 33-46501.
- *25(b) Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Chase Manhattan Bank, N.A., as Trustee under the Subordinated Indenture, incorporated by reference to Exhibits to Registration Statement No. 33-46501.
- *25(c) Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Chase Manhattan Bank, N.A., as Trustee under the Junior Subordinated Indenture and as Trustee of the Trust Guarantees of Textron Inc. for the benefit of the holders of Trust Preferred Securities of Textron Capital I, Textron Capital II and Textron Capital III.
- *25(d) Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Chase Manhattan Bank, N.A., as Trustee under the Amended and Restated Declaration of Trust of Textron Capital I.
- *25(e) Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Chase Manhattan Bank, N.A., as Trustee under the Amended and Restated Declaration of Trust of Textron Capital II.
- *25(f) Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Chase Manhattan Bank, N.A., as Trustee under the Amended and Restated Declaration of Trust of Textron Capital III.
- **99 Form of Prospectus Supplement for Trust Preferred Securities.

- -----

* Filed previously.

** Filed herewith.

*** To be filed subsequent to effectiveness.

ITEM 17. UNDERTAKINGS.

The Registrants hereby undertake that, for purposes of determining any liability under the Securities Act, each filing of Textron's Annual Report on Form 10-K pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (and where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrants pursuant to the provisions referred to in Item 15 (other than the insurance policies referred to therein), or otherwise, the Registrants have been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities

(other than the payment by the Registrants of expenses incurred or paid by a director, officer or controlling person of the Registrants in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrants will, unless in the opinion of their counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The Registrants hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement

i) to include any prospectus required by Section 10(a)(3) of the Securities Act;

ii) to reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) that, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) under the Securities Act if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement;

iii) to include any material information with respect to the Plan of Distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that the undertakings set forth in paragraphs (i) and (ii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by Textron pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The Registrants hereby undertake that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of a registration statement in reliance upon Rule 430A and contained in the form of prospectus filed by the registrant pursuant to Rule 424 (b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of the registration statement as of the time it was declared effective.

(2) For the purposes of determining any liability under the Securities Act, each posteffective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Textron Inc. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Amendment No. 3 to this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Providence, and State of Rhode Island, on this 25th day of January, 1996.

TEXTRON INC.

By: /s/ MICHAEL D. CAHN

Michael D. Cahn
Attorney-in-Fact

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 3 to Registration Statement has been signed below on this 25th day of January, 1996 by the following persons in the capacities indicated.

| SIGNATURE ----- | TITLE ----- |
|------------------------|---------------------------------|
| * | Chairman, Chief Executive |
| ----- | Officer and Director (principal |
| James F. Hardymon | executive officer) |
| * | President, Chief Operating |
| ----- | Officer and Director |
| Lewis B. Campbell | |
| * | Director |
| ----- | |
| H. Jesse Arnelle | |
| * | Director |
| ----- | |
| R. Stuart Dickson | |
| * | Director |
| ----- | |
| B. F. Dolan | |
| | Director |
| ----- | |
| Paul E. Gagne | |
| * | Director |
| ----- | |
| John D. Macomber | |
| * | Director |
| ----- | |
| Barbara Scott Preiskel | |
| | Director |
| ----- | |
| Brian H. Rowe | |
| * | Director |
| ----- | |
| Sam F. Segnar | |

| SIGNATURE ----- | TITLE ----- |
|---------------------------------|--|
| * ----- Jean Head Sisco | Director |
| * ----- John W. Snow | Director |
| * ----- Martin D. Walker | Director |
| * ----- Thomas B. Wheeler | Director |
| * ----- Stephen L. Key | Executive Vice President and Chief Financial Officer (principal financial officer) |
| * ----- Richard L. Yates | Vice President and Controller (principal accounting officer) |

*By: /s/ MICHAEL D. CAHN

 Michael D. Cahn
 Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, each of Textron Capital I, Textron Capital II and Textron Capital III certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-3 and has duly caused this Amendment No. 3 to this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Providence, and State of Rhode Island, on this 25th day of January, 1996.

TEXTRON CAPITAL I

By: /s/ RICHARD A. WATSON

Richard A. Watson, as Trustee

By: /s/ GREGORY E. HUDSON

Gregory E. Hudson, as Trustee

TEXTRON CAPITAL II

By: /s/ RICHARD A. WATSON

Richard A. Watson, as Trustee

By: /s/ GREGORY E. HUDSON

Gregory E. Hudson, as Trustee

TEXTRON CAPITAL III

By: /s/ RICHARD A. WATSON

Richard A. Watson, as Trustee

By: /s/ GREGORY E. HUDSON

Gregory E. Hudson, as Trustee

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Textron Finance, L.P. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Amendment No. 3 to this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Providence, and State of Rhode Island, on this 25th day of January, 1996.

TEXTRON FINANCE, L.P.

By: **TEXTRON INC.**
General Partner

/s/ ARNOLD M. FRIEDMAN

By: _____

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

EXHIBIT INDEX

| EXHIBIT NO. | DESCRIPTION | PAGE |
|-------------|---|------|
| **1 (a) | Form of Underwriting Agreement for offering of Preferred Securities. | |
| *1 (b) | Form of Underwriting Agreement for offering of Debt Securities. | |
| *1 (c) | Form of Selling Agency Agreement, incorporated by reference to Exhibits to Registration Statement No. 33-46501. | |
| *4 (a) | Certificate of Trust of Textron Capital I. | |
| *4 (b) | Certificate of Trust of Textron Capital II. | |
| *4 (c) | Certificate of Trust of Textron Capital III. | |
| *4 (d) | Form of Amended and Restated Declaration of Trust. | |
| *4 (e) | Certificate of Limited Partnership of Textron Finance, L.P. | |
| *4 (f) | Form of Amended and Restated Agreement of Limited Partnership of Textron Finance, L.P. | |
| *4 (g) | Senior Indenture between Textron Inc. and Chemical Bank (as successor to Manufacturers Hanover Trust Company), as Trustee, incorporated by reference to Exhibits to Registration Statement No. 33-13742. | |
| *4 (h) | First Supplemental Senior Indenture between Textron Inc. and Chemical Bank (as successor to Manufacturers Hanover Trust Company), as Trustee, incorporated by reference to Exhibits to Registration Statement No. 33-20657. | |
| *4 (i) | Form of Second Supplemental Senior Indenture to be used in connection with the issuance of Senior Debt Securities. | |
| *4 (j) | Subordinated Indenture between Textron Inc. and The Chase Manhattan Bank, N.A., as Trustee, incorporated by reference to Exhibits to Registration Statement No. 33-1787. | |
| *4 (k) | First Supplemental Subordinated Indenture between Textron Inc. and The Chase Manhattan Bank, N.A., incorporated by reference to Exhibits to Registration Statement No. 33-9758. | |
| *4 (l) | Form of Second Supplemental Subordinated Indenture to be used in connection with the issuance of Subordinated Debt Securities. | |
| *4 (m) | Form of Junior Subordinated Indenture between Textron Inc. and The Chase Manhattan Bank, N.A., as Trustee, relating to the Junior Subordinated Debt Securities. | |
| *4 (n) | Form of First Supplemental Junior Subordinated Indenture to be used in connection with the issuance of Junior Subordinated Debt Securities and Preferred Securities. | |
| *4 (o) | Form of Trust Preferred Security (included in 4(d) above). | |
| *4 (p) | Form of Partnership Preferred Security (included in 4(f) above). | |
| *4 (q) | Form of Senior Debt Security (included in 4(g) above). | |
| *4 (r) | Form of Subordinated Debt Security (included in 4(j) above). | |
| *4 (s) | Form of Junior Subordinated Debt Security (included in 4(n) above). | |
| *4 (t) | Form of Trust Guarantee relating to the Trust Preferred Securities. | |
| *4 (u) | Form of Partnership Guarantee relating to the Partnership Preferred Securities. | |
| *5 (a) | Opinion and consent of Michael D. Cahn, Assistant General Counsel -- Corporate of Textron Inc. | |

| EXHIBIT NO. | DESCRIPTION | PAGE |
|-------------|---|------|
| *5 (b) | Opinion of Skadden, Arps, Slate, Meagher & Flom. | |
| *12 (a) | Computation of Ratio of Income to Fixed Charges of Textron Parent Company Borrowing Group, incorporated by reference to Exhibits to Form 10-Q of Textron Inc. for the quarter ended September 30, 1995 and Form 10-K of Textron Inc. for the year ended December 31, 1994. | |
| *12 (b) | Computation of Ratio of Income to Fixed Charges for Textron Inc. Including All Majority-Owned Subsidiaries, incorporated by reference to Exhibits to Form 10-Q of Textron Inc. for the quarter ended September 30, 1995 and Form 10-K of Textron Inc. for the year ended December 31, 1994. | |
| **23 (a) | Consent of Independent Auditors, Ernst & Young LLP. | |
| *23 (b) | Consent of Skadden, Arps, Slate, Meagher & Flom is contained in the opinion of counsel filed as Exhibit 5(b). | |
| *24 (a) | Powers of Attorney. | |
| *24 (b) | Certified Resolutions of the Board of Directors of Textron, Inc. | |
| *25 (a) | Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of Chemical Bank, as Trustee under the Senior Indenture, incorporated by reference to Exhibits to Registration Statement No. 33-46501. | |
| *25 (b) | Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Chase Manhattan Bank, N.A., as Trustee under the Subordinated Indenture, incorporated by reference to Exhibits to Registration Statement No. 33-46501. | |
| *25 (c) | Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Chase Manhattan Bank, N.A., as Trustee under the Junior Subordinated Indenture and as Trustee of the Trust Guarantees of Textron Inc. for the benefit of the holders of Trust Preferred Securities of Textron Capital I, Textron Capital II and Textron Capital III. | |
| *25 (d) | Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Chase Manhattan Bank, N.A., as Trustee under the Amended and Restated Declaration of Trust of Textron Capital I. | |
| *25 (e) | Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Chase Manhattan Bank, N.A., as Trustee under the Amended and Restated Declaration of Trust of Textron Capital II. | |
| *25 (f) | Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Chase Manhattan Bank, N.A., as Trustee under the Amended and Restated Declaration of Trust of Textron Capital III. | |
| **99 | Form of Prospectus Supplement for Trust Preferred Securities. | |

* Filed previously.

** Filed herewith.

*** To be filed subsequent to effectiveness.

Exhibit 23(a)

CONSENT OF INDEPENDENT AUDITORS

We consent to the references to our firm under the captions "Experts" and "Summary Financial Data" in Amendment No. 3 to the Registration Statement (Form S-3 No. 33-63227) and related Prospectus and Prospectus Supplement of Textron Inc. for the registration of Senior Debt Securities, Subordinated Debt Securities and Junior Subordinated Debt Securities of Textron Inc. and Preferred Securities of Textron Capital I, II and III and Textron Finance, L.P. and to the incorporation by reference therein of our report dated February 2, 1995 with respect to the consolidated financial statements of Textron Inc. incorporated by reference in its Annual Report (Form 10-K) for the year ended December 31, 1994 and our report dated March 24, 1995 on the financial statement schedules of Textron Inc. included therein filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

ERNST & YOUNG LLP

New York, New York

January 23, 1996

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

EXHIBIT 99

FORM OF PROSPECTUS SUPPLEMENT FOR TRUST PREFERRED SECURITIES
 SUBJECT TO COMPLETION, DATED , 1996
 PROSPECTUS SUPPLEMENT
 (TO PROSPECTUS DATED , 1996)

PREFERRED SECURITIES
 TEXTRON CAPITAL I [LOGO TEXTRON]
 % TRUST PREFERRED SECURITIES
 (LIQUIDATION AMOUNT \$25 PER PREFERRED SECURITY)

GUARANTEED TO THE EXTENT SET FORTH HEREIN BY

TEXTRON INC.

The % Trust Preferred Securities (the "Preferred Securities") offered hereby represent preferred undivided beneficial interests in the assets of Textron Capital I, a statutory business trust formed under the laws of the State of Delaware ("Textron Capital" or the "Trust"). Textron Inc., a Delaware corporation ("Textron" and, together with its subsidiaries, the "Company"), will directly or indirectly own all the common securities (the "Common Securities" and, together with the Preferred Securities, the "Trust Securities") representing undivided beneficial interests in the assets of Textron Capital. Textron Capital exists for the sole purpose of issuing the Preferred Securities and Common Securities and investing the proceeds thereof in an equivalent amount of % Junior Subordinated Deferrable Interest Debentures due 2044 (the "Junior Subordinated Debt Securities") of Textron.

(continued on next page)

SEE "RISK FACTORS" ON PAGE S-6 FOR CERTAIN INFORMATION RELEVANT TO AN INVESTMENT IN THE PREFERRED SECURITIES, INCLUDING THE PERIOD AND CIRCUMSTANCES DURING AND UNDER WHICH PAYMENTS OF DISTRIBUTIONS ON THE PREFERRED SECURITIES MAY BE DEFERRED AND THE RELATED UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF SUCH DEFERRAL.

Application has been made to list the Preferred Securities on the New York Stock Exchange, Inc. (the "New York Stock Exchange"). If so approved, trading of the Preferred Securities on the New York Stock Exchange is expected to commence within a 30-day period after the initial delivery of the Preferred Securities. See "Underwriting."

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS TO WHICH IT RELATES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

| | INITIAL PUBLIC OFFERING PRICE(1) | UNDERWRITING COMMISSION(2) | PROCEEDS TO TRUST(3)(4) |
|-----------------------------|----------------------------------|----------------------------|-------------------------|
| Per Preferred Security..... | \$ | (3) | \$ |
| Total..... | \$ | (3) | \$ |

- (1) Plus accrued distributions, if any, from , 1996.
- (2) Textron Capital and Textron have agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."
- (3) In view of the fact that the proceeds of the sale of the Preferred Securities will be invested in the Junior Subordinated Debt Securities, Textron has agreed to pay to the Underwriters as compensation ("Underwriters' Compensation") for their arranging the investment therein

of such proceeds \$ _____ per Preferred Security (or \$ _____ in the aggregate); provided, that such compensation for sales of 10,000 or more Preferred Securities to a single purchaser will be \$ _____ per Preferred Security. Therefore, to the extent of such sales, the actual amount of Underwriters' Compensation will be less than the aggregate amount specified in the preceding sentence. See "Underwriting."

(4) Expenses of the offering which are payable by Textron are estimated to be \$ _____.

The Preferred Securities offered hereby are offered severally by the Underwriters, as specified herein, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. It is expected that delivery of the Preferred Securities will be made only in book-entry form through the facilities of The Depository Trust Company, on or about 1996.

SMITH BARNEY INC.

The date of this Prospectus Supplement is , 1996.

(continued from previous page)

Upon an event of a default under the Declaration (as defined herein), the holders of Preferred Securities will have a preference over the holders of the Common Securities with respect to payments in respect of distributions and payments upon redemption, liquidation and otherwise.

Holders of the Preferred Securities are entitled to receive cumulative cash distributions at an annual rate of % of the liquidation amount of \$25 per Preferred Security, accruing from the date of original issuance and payable quarterly in arrears on , , and of each year, commencing , 1996 ("distributions"). The payment of distributions out of moneys held by Textron Capital and payments on liquidation of Textron Capital or the redemption of Preferred Securities, as set forth below, are guaranteed by Textron (the "Guarantee") to the extent described under "Description of Trust Guarantees" in the accompanying Prospectus. The Guarantee covers payments of distributions and other payments on the Preferred Securities only if and to the extent that Textron has made a payment of interest or principal or other payments on the Junior Subordinated Debt Securities held by Textron Capital as its sole asset. The Guarantee, when taken together with Textron's obligations under the indenture pursuant to which the Junior Subordinated Debt Securities are issued and its obligations under the Declaration (as defined below), including its liabilities to pay costs, expenses, debts and liabilities of Textron Capital (other than with respect to the Trust Securities), provide a full and unconditional guarantee of amounts due on the Preferred Securities. The obligations of Textron under the Guarantee rank

(i) subordinate and junior in right of payment to all other liabilities of Textron, (ii) pari passu with the most senior preferred or preference stock now or hereafter issued by Textron and with any guarantee now or hereafter entered into by Textron in respect of any preferred or preference stock of any affiliate of Textron and (iii) senior to Textron's common stock. The obligations of Textron under the Junior Subordinated Debt Securities are subordinate and junior in right of payment to all present and future Senior Indebtedness (as defined herein) of Textron, which aggregated approximately \$ at , 1995, and rank pari passu with obligations to or rights of Textron's other general unsecured creditors, which aggregated approximately \$ at , 1995.

The distribution rate and the distribution payment date and other payment dates for the Preferred Securities will correspond to the interest rate and interest payment dates and other payment dates on the Junior Subordinated Debt Securities, which will be the sole assets of Textron Capital. As a result, if principal or interest is not paid on the Junior Subordinated Debt Securities, no amounts will be paid on the Preferred Securities. If Textron does not make principal or interest payments on the Junior Subordinated Debt Securities, Textron Capital will not have sufficient funds to make distributions on the Preferred Securities, in which event, the Guarantee will not apply to such distributions until Textron Capital has sufficient funds available therefor.

Textron has the right to defer payments of interest on the Junior Subordinated Debt Securities by extending the interest payment period on the Junior Subordinated Debt Securities at any time for up to 20 consecutive quarters (each, an "Extension Period"). If interest payments are so deferred, distributions will also be deferred. During such Extension Period, distributions will continue to accrue with interest thereon (to the extent permitted by applicable law) at an annual rate of % per annum compounded quarterly, and during any Extension Period, holders of Preferred Securities will be required to include deferred interest income in their gross income for United States federal income tax purposes in advance of receipt of the cash distributions with respect to such deferred interest payments. There could be multiple Extension Periods of varying lengths throughout the term of the Junior Subordinated Debt Securities. See "Description of the Junior Subordinated Debt Securities -- Option to Extend Interest Payment Period," "Risk Factors -- Option to Extend Interest Payment Period and Defer Payment of Interest" and "United States Federal Income Taxation -- Original Issue Discount."

The Junior Subordinated Debt Securities are redeemable by Textron, in whole or in part, from time to time, on or after , , or at any time in certain circumstances upon the occurrence of a Tax Event (as defined herein). If Textron redeems Junior Subordinated Debt Securities, Textron Capital must redeem Trust Securities having an aggregate liquidation amount equal to the aggregate principal amount of

the Junior Subordinated Debt Securities so redeemed at \$25 per Preferred Security plus accrued and unpaid distributions thereon (the "Redemption Price") to the date fixed for redemption. See "Description of the Preferred Securities -- Mandatory Redemption of Trust Securities." The Preferred Securities will be redeemed upon maturity of the Junior Subordinated Debt Securities. The Junior Subordinated Debt Securities mature on ,

. In addition, upon the occurrence of a Special Event arising from a change in law or a change in legal interpretation regarding tax or investment company matters, unless the Junior Subordinated Debt Securities are redeemed in the limited circumstances described herein, Textron Capital shall be dissolved, with the result that the Junior Subordinated Debt Securities will be distributed to the holders of the Preferred Securities, on a pro rata basis, in lieu of any cash distribution. See "Description of the Preferred Securities -- Special Event Redemption or Distribution." In certain circumstances, Textron will have the right to redeem the Junior Subordinated Debt Securities, which would result in the redemption by Textron Capital of Trust Securities in the same amount on a PRO RATA basis. If the Junior Subordinated Debt Securities are distributed to the holders of the Preferred Securities, Textron will use its best efforts to have the Junior Subordinated Debt Securities listed on the New York Stock Exchange or on such other exchange as the Preferred Securities are then listed. See "Description of the Preferred Securities -- Special Event Redemption or Distribution" and "Description of the Junior Subordinated Debt Securities."

In the event of the involuntary or voluntary dissolution, winding up or termination of Textron Capital, the holders of the Preferred Securities will be entitled to receive for each Preferred Security a liquidation amount of \$25 plus accrued and unpaid distributions thereon (including interest thereon) to the date of payment, unless, in connection with such dissolution, the Junior Subordinated Debt Securities are distributed to the holders of the Preferred Securities. See "Description of the Preferred Securities -- Liquidation Distribution Upon Dissolution."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE COMPANY

Textron, together with its subsidiaries, is a global, multi-industry company with operations in six business segments: Aircraft, Automotive, Industrial, Systems and Components, Finance and Paul Revere insurance. The Company's products and services include Bell helicopters, Cessna aircraft, Speidel watchbands, Avco Financial Services, E-Z-GO golf cars, Jacobsen lawn and turf care equipment and disability insurance provided by The Paul Revere Corporation.

The Aircraft segment consists of Bell Helicopter ("Bell") and Cessna Aircraft ("Cessna"). Bell is the world's leader in commercial helicopter production, both in number and dollar value of units sold. Cessna is the world's largest designer and manufacturer of light and mid-sized business jets and single-engine utility turboprop aircraft.

Textron Automotive Company supplies products primarily to automotive original equipment manufacturers. A full-service global supplier of instrument panels, exteriors, interiors, lighting and various functional components, the Company is the leading independent supplier of interior trim components and a major supplier of exterior trim components for cars and trucks made in North America.

The Industrial segment is comprised of three major business groups:

fastening systems, golf, lawn and turf care equipment and diversified products. The divisions of the Industrial segment sell products to the industrial and consumer markets under a number of worldwide brand names, including E-Z-GO, Jacobsen and Speidel.

The divisions of the Systems and Components segment manufacture various products and components primarily for the commercial aerospace and defense industries. These products include aircraft structures and controls, smart weapons, amphibious vehicles, advanced materials and a variety of related components.

The Company's Finance segment consists of Avco Financial Services ("AFS") and Textron Financial Corporation ("TFC"). AFS is a multinational consumer finance company with nearly 1,200 offices serving 1.8 million customers in seven countries. TFC is a diversified commercial finance company that finances the sale of Company and third-party products.

The Paul Revere Corporation ("Paul Revere") is the leading provider of individual non-cancellable disability insurance in North America. Paul Revere also provides group disability, life and annuity products. Paul Revere is 83 percent owned by Textron and 17 percent publicly owned and traded on the New York Stock Exchange, Inc. ("PRL").

Textron's corporate office is located at 40 Westminster Street, Providence, Rhode Island 02903; its telephone number is (401) 421-2800.

TEXTRON CAPITAL I

Textron Capital is a statutory business trust formed under Delaware law pursuant to (i) a declaration of trust, dated as of October 3, 1995, executed by Textron, as sponsor (the "Sponsor"), and the trustees of Textron Capital (the "Textron Trustees") and (ii) the filing of a certificate of trust with the Secretary of State of the State of Delaware on October 4, 1995. Such declaration will be amended and restated in its entirety (as so amended and restated, the "Declaration") substantially in the form filed as an exhibit to the Registration Statement of which this Prospectus Supplement and the accompanying Prospectus form a part. The Declaration will be qualified as an indenture under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). Upon issuance of the Preferred Securities, the purchasers thereof will own all of the Preferred Securities. See "Description of the Preferred Securities -- Book-Entry Only Issuance -- The Depository Trust Company." Textron will directly or indirectly acquire Common Securities in an aggregate liquidation amount equal to 3% of the total capital of Textron Capital. Textron Capital exists for the exclusive purposes of (i) issuing the Trust Securities representing undivided beneficial interests in the assets of the Trust, (ii) investing the gross proceeds of the Trust Securities in the Junior Subordinated Debt Securities and (iii) engaging in only those other activities necessary or incidental thereto.

Pursuant to the Declaration, the number of Textron Trustees will initially be three. Two of the Textron Trustees (the "Regular Trustees") will be persons who are employees or officers of, or who are affiliated with, Textron. Initially, the Regular Trustees will be Richard A. Watson, Senior Vice President and Treasurer, and Gregory E. Hudson, Vice President-Taxes, of Textron. The third trustee will be a financial institution that maintains its principal place of business in the State of Delaware and is unaffiliated with Textron, which trustee will serve as property trustee under the Declaration and as indenture trustee for the purposes of compliance with the provisions of the Trust Indenture Act (the "Institutional Trustee"). Initially, The Chase Manhattan Bank, N.A., a national banking association, will be the Institutional Trustee until removed or replaced by the holder of the Common Securities. The Chase Manhattan Bank, N.A., will also act as indenture trustee under the Guarantee for the purposes of compliance with the provisions of the Trust Indenture Act (the "Guarantee Trustee"). See "Description of Trust Guarantees" in the accompanying Prospectus.

The Institutional Trustee will hold title to the Junior Subordinated Debt Securities for the benefit of the holders of the Trust Securities and, in its capacity as the holder, the Institutional Trustee will have the power to exercise all rights, powers and privileges under the indenture pursuant to which the Junior Subordinated Debt Securities are issued. In addition, the Institutional Trustee will maintain exclusive control of a segregated non-interest bearing bank account (the "Property Account") to hold all payments made in respect of the Junior Subordinated Debt Securities for the benefit of the holders of the Trust Securities. The Institutional Trustee will make payments of distributions and payments on liquidation, redemption and otherwise to the holders of the Trust Securities out of funds from the Property Account. The Guarantee Trustee will hold the Guarantee for the benefit of the holders of the Preferred Securities. Textron, as the direct or indirect holder of all the Common Securities, will have the right to appoint, remove or replace any Textron Trustee and to increase or decrease the number of Textron Trustees; PROVIDED, that (i) the number of Textron Trustees shall be at least two and (ii) at least one shall be a Regular Trustee. Textron will pay all fees and expenses related to Textron Capital and the offering of the Trust Securities. See "Description of the Junior Subordinated Debt Securities -- Miscellaneous."

The rights of the holders of the Preferred Securities, including economic rights, rights to information and voting rights, are set forth in the Declaration, the Delaware Business Trust Act (the "Trust Act") and the Trust Indenture Act. See "Description of the Preferred Securities."

RISK FACTORS

Prospective purchasers of Preferred Securities should carefully review the information contained elsewhere in this Prospectus Supplement and in the accompanying Prospectus and should particularly consider the following matters.

RANKING OF SUBORDINATE OBLIGATIONS UNDER THE GUARANTEE AND JUNIOR SUBORDINATED DEBT SECURITIES

Textron's obligations under the Guarantee rank (i) subordinate and junior in right of payment to all other liabilities of Textron, (ii) pari passu with the most senior preferred or preference stock now or hereafter issued by Textron and with any guarantee now or hereafter entered into by Textron in respect of any preferred or preference stock of any affiliate of Textron and (iii) senior to Textron's common stock. The obligations of Textron under the Junior Subordinated Debt Securities are subordinate and junior in right of payment to all present and future Senior Indebtedness of Textron and pari passu with obligations to or rights of Textron's other general unsecured creditors. No payment of principal (including redemption payments, if any), premium, if any, or interest on the Junior Subordinated Debt Securities may be made if (i) any Senior Indebtedness of Textron is not paid when due and any applicable grace period with respect to such default has ended with such default not having been cured or waived or ceasing to exist, or (ii) the maturity of any Senior Indebtedness has been accelerated because of a default. As of , 1995, Senior Indebtedness aggregated approximately \$. There are no terms in the Preferred Securities, the Junior Subordinated Debt Securities or the Guarantee that limit Textron's ability to incur additional indebtedness, including indebtedness that ranks senior to the Junior Subordinated Debt Securities and the Guarantee. See "Description of Trust Guarantees -- Status of the Trust Guarantees" and "Particular Terms of the Junior Subordinated Debt Securities" in the accompanying Prospectus, and "Description of the Junior Subordinated Debt Securities -- Subordination" herein.

STRUCTURAL SUBORDINATION

The Junior Subordinated Debt Securities will be obligations of Textron exclusively. Since a significant part of Textron's operations are conducted through subsidiaries, a significant portion of Textron's cash flow and, consequently, its ability to service debt, including the Junior Subordinated Debt Securities, is dependent upon the earnings of its subsidiaries and the transfer of funds by those subsidiaries to Textron in the form of dividends or other transfers, supplemented with borrowings. Financing for Textron is conducted through two separate borrowing groups: the Textron Parent Company Borrowing Group and Textron's finance and insurance subsidiaries. See "Capitalization of Textron Parent Company Borrowing Group." The amount of the net assets of Textron's finance and insurance subsidiaries available for cash dividends and other payments to the Textron Parent Company Borrowing Group is restricted by the terms of lending agreements and statutory requirements applicable to insurance companies. See "Capitalization of Textron Parent Company Borrowing Group."

In addition, creditors of Textron's subsidiaries would be entitled to a claim on the assets of such subsidiaries prior to any claims by Textron. Consequently, in the event of a liquidation or reorganization of any subsidiary, creditors of the subsidiary are likely to be paid in full before any distribution is made to Textron, except to the extent that Textron itself is recognized as a creditor of such subsidiary, in which case the claims of Textron would still be subordinate to any security interest in the assets of such subsidiary and any indebtedness of such subsidiary senior to that held by Textron. As of , 1995, the subsidiaries of the Textron Parent Company Borrowing Group and Textron's finance and insurance subsidiaries had an aggregate of \$ million of outstanding indebtedness and other obligations, of which \$ was secured. See "Textron Inc. Summary Financial Data."

RIGHTS UNDER THE GUARANTEE

The Guarantee will be qualified as an indenture under the Trust Indenture Act. The Institutional Trustee will act as indenture trustee under the Guarantee for the purposes of compliance with the provisions of the

Trust Indenture Act. The Guarantee Trustee will hold the Guarantee for the benefit of the holders of the Preferred Securities.

The Guarantee guarantees to the holders of the Preferred Securities the payment of (i) any accrued and unpaid distributions that are required to be paid on the Preferred Securities, to the extent Textron Capital has funds available therefor, (ii) the Redemption Price, including all accrued and unpaid distributions with respect to Preferred Securities called for redemption by Textron Capital, to the extent Textron Capital has funds available therefor, and (iii) upon a voluntary or involuntary dissolution, winding-up or termination of Textron Capital (other than in connection with the distribution of Junior Subordinated Debt Securities to the holders of Preferred Securities or a redemption of all the Preferred Securities), the lesser of (a) the aggregate of the liquidation amount and all accrued and unpaid distributions on the Preferred Securities to the date of the payment to the extent Textron Capital has funds available therefor or (b) the amount of assets of Textron Capital remaining available for distribution to holders of the Preferred Securities in liquidation of Textron Capital. The holders of a majority in liquidation amount of the Preferred Securities have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Guarantee Trustee or to direct the exercise of any trust or power conferred upon the Guarantee Trustee under the Guarantee. If the Guarantee Trustee fails to enforce the Guarantee, any holder of Preferred Securities may institute a legal proceeding directly against Textron to enforce the Guarantee Trustee's rights under the Guarantee without first instituting a legal proceeding against Textron Capital, the Guarantee Trustee or any other person or entity. If Textron were to default on its obligation to pay amounts payable on the Junior Subordinated Debt Securities, Textron Capital would lack available funds for the payment of distributions or amounts payable on redemption of the Preferred Securities or otherwise, and, in such event, holders of the Preferred Securities would not be able to rely upon the Guarantee for payment of such amounts. Instead, holders of the Preferred Securities would rely on the enforcement (1) by the Institutional Trustee of its rights as registered holder of the Junior Subordinated Debt Securities against Textron pursuant to the terms of the Junior Subordinated Debt Securities or (2) by such holder of its right against Textron to enforce payments on Junior Subordinated Debt Securities. See "Description of Trust Guarantees" and "Description of Debt Securities -- Particular Terms of the Junior Subordinated Debt Securities" in the accompanying Prospectus. The Declaration provides that each holder of Preferred Securities, by acceptance thereof, agrees to the provisions of the Guarantee, including the subordination provisions thereof, and the Indenture.

ENFORCEMENT OF CERTAIN RIGHTS BY HOLDERS OF PREFERRED SECURITIES

If a Declaration Event of Default (as defined herein) occurs and is continuing, then the holders of Preferred Securities would rely on the enforcement by the Institutional Trustee of its rights as a holder of the Junior Subordinated Debt Securities against Textron. In addition, the holders of a majority in liquidation amount of the Preferred Securities will have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Institutional Trustee or to direct the exercise of any trust or power conferred upon the Institutional Trustee under the Declaration, including the right to direct the Institutional Trustee to exercise the remedies available to it as a holder of the Junior Subordinated Debt Securities. If the Institutional Trustee fails to enforce its rights under the Junior Subordinated Debt Securities, any holder of Preferred Securities may institute a legal proceeding directly against Textron to enforce the Institutional Trustee's rights under the Junior Subordinated Debt Securities without first instituting any legal proceeding against the Institutional Trustee or any other person or entity. Notwithstanding the foregoing, if a Declaration Event of Default has occurred and is continuing and such event is attributable to the failure of Textron to pay interest or principal on the Junior Subordinated Debt Securities on the date such interest or principal is otherwise payable (or in the case of redemption, on the redemption date), then a holder of Preferred Securities may directly institute a proceeding for enforcement of payment to such holder of the principal of or interest on the Junior Subordinated Debt Securities having a principal amount equal to the aggregate liquidation amount of the Preferred Securities of such holder (a "Direct Action") on or after the respective due date specified in the Junior Subordinated Debt Securities. In connection with such Direct Action, Textron will be subrogated to the rights of such holder of Preferred Securities under the Declaration to the extent of any payment made by Textron to such holder of Preferred Securities in such Direct Action. The holders of

Preferred Securities will not be able to exercise directly any other remedy available to the holders of the Junior Subordinated Debt Securities.

OPTION TO EXTEND INTEREST PAYMENT PERIOD

Textron has the right under the Indenture (as defined herein) to defer payments of interest on the Junior Subordinated Debt Securities by extending the interest payment period from time to time on the Junior Subordinated Debt Securities for an Extension Period not exceeding 20 consecutive quarterly interest periods during which no interest shall be due and payable, provided that no Extension Period may extend beyond the maturity of the Junior Subordinated Debt Securities. As a consequence of such an extension, quarterly distributions on the Preferred Securities would be deferred (but despite such deferral would continue to accrue with interest thereon compounded quarterly) by Textron Capital during any such extended interest payment period. In the event that Textron exercises this right to defer interest payments, then, pursuant to the Indenture, (a) Textron shall not declare or pay any dividend on, make any distributions with respect to, or redeem, purchase, acquire or make a liquidation payment with respect to, any of its capital stock or make any guarantee payment with respect thereto, and (b) Textron shall not make any payment of interest, principal (or premium, if any, on) or repay, repurchase or redeem any debt securities issued by Textron which rank pari passu with or junior to such Junior Subordinated Debt Securities. The Indenture, however, will except from the foregoing (i) any stock dividends paid by Textron where the dividend stock is the same stock as that on which the dividend is being paid and (ii) any purchases by Textron of its common stock from The Paul Revere Corporation ("Paul Revere") or its subsidiaries pursuant to the Agreement to Purchase Stock, dated April 12, 1990, among Textron, The Paul Revere Life Insurance Company, The Paul Revere Protective Life Insurance Company and The Paul Revere Variable Annuity Insurance Company, and the Stock Purchase Agreement, dated as of September 23, 1993, between Textron and Paul Revere (together, the "Paul Revere Stock Purchase Agreements"). Prior to the termination of any Extension Period, Textron may further extend such Extension Period; provided, that such Extension Period, together with all such previous and further extensions thereof, may not exceed 20 consecutive quarterly interest periods. Upon the termination of any Extension Period and the payment of all amounts then due, Textron may commence a new Extension Period, subject to the above requirements. Textron may also prepay at any time all or any portion of the interest accrued during an Extension Period. Consequently, there could be multiple Extension Periods of varying lengths (up to nine Extension Periods of 20 consecutive quarterly interest periods each or more numerous shorter Extension Periods) throughout the term of the Junior Subordinated Debt Securities. See "Description of the Preferred Securities -- Distributions" and "Description of the Junior Subordinated Debt Securities -- Option to Extend Interest Payment Period."

Should Textron exercise its right to defer payments of interest by extending the interest payment period, each holder of Preferred Securities will continue to accrue income (as original issue discount ("OID")) in respect of the deferred interest allocable to its Preferred Securities for United States federal income tax purposes, which will be allocated but not distributed, to holders of record of Preferred Securities. As a result, each such holder of Preferred Securities will recognize income for United States federal income tax purposes in advance of the receipt of cash and will not receive the cash from Textron Capital related to such income if such holder disposes of its Preferred Securities prior to the record date for the date on which distributions of such amounts are made. Textron has no current intention of exercising its right to defer payments of interest by extending the interest payment period on the Junior Subordinated Debt Securities. However, should Textron determine to exercise such right in the future, the market price of the Preferred Securities is likely to be affected. A holder that disposes of its Preferred Securities during an Extension Period, therefore, might not receive the same return on its investment as a holder that continues to hold its Preferred Securities. In addition, as a result of the existence of Textron's right to defer interest payments, the market price of the Preferred Securities (which represent an undivided beneficial interest in the Junior Subordinated Debt Securities) may be more volatile than other securities on which OID accrues that do not have such rights. See "United States Federal Income Taxation -- Original Issue Discount."

PROPOSED TAX LEGISLATION

On December 7, 1995, as part of President Clinton's Seven-Year Balanced Budget Proposal, the Treasury Department proposed legislation (the "Proposed Legislation") that would treat certain debt instruments issued on or after December 7, 1995, including debt instruments such as the Junior Subordinated Debt Securities, as equity for United States federal income tax purposes. However, on December 19, 1995, the Treasury Department stated its intention to include as part of the Proposed Legislation transition relief for debt instruments issued pursuant to a registration statement filed with the SEC on or before December 7, 1995, to the extent of the aggregate amount of such debt instruments described in the registration statement. Based on the Treasury Department's statement, it is expected that the Proposed Legislation, if enacted without substantial modification, would not apply to the Junior Subordinated Debt Securities. There can be no assurances, however, that the Proposed Legislation, if enacted, will include transition relief applicable to the Junior Subordinated Debt Securities or that other legislation enacted after the date hereof will not otherwise adversely affect the tax treatment of the Junior Subordinated Debt Securities, result in the distribution of the Junior Subordinated Debt Securities to holders of the Trust Securities or, in certain limited circumstances, the redemption of such securities by Textron. See "Description of Preferred Securities -- Special Event Redemption or Distribution."

SPECIAL EVENT REDEMPTION OR DISTRIBUTION

Upon the occurrence of a Special Event, Textron Capital shall be dissolved, except in the limited circumstance described below, with the result that the Junior Subordinated Debt Securities would be distributed to the holders of the Trust Securities in connection with the liquidation of Textron Capital. In certain circumstances in connection with a Tax Event, Textron shall have the right to redeem the Junior Subordinated Debt Securities, in whole or in part, in lieu of a distribution of the Junior Subordinated Debt Securities by Textron Capital, in which event Textron Capital will redeem the Trust Securities on a pro rata basis to the same extent as the Junior Subordinated Debt Securities are redeemed by Textron. See "Description of the Preferred Securities -- Special Event Redemption or Distribution."

Under current United States federal income tax law, a distribution of Junior Subordinated Debt Securities upon the dissolution of Textron Capital would not be a taxable event to holders of the Preferred Securities. Upon the occurrence of a Special Event, however, a dissolution of Textron Capital in which holders of the Preferred Securities receive cash would be a taxable event to such holders. See "United States Federal Income Taxation -- Receipt of Junior Subordinated Debt Securities or Cash Upon Liquidation of Textron Capital."

There can be no assurance as to the market prices for the Preferred Securities or the Junior Subordinated Debt Securities that may be distributed in exchange for Preferred Securities if a dissolution or liquidation of Textron Capital were to occur. Accordingly, the Preferred Securities that an investor may purchase, whether pursuant to the offer made hereby or in the secondary market, or the Junior Subordinated Debt Securities that a holder of Preferred Securities may receive on dissolution and liquidation of Textron Capital, may trade at a discount to the price that the investor paid to purchase the Preferred Securities offered hereby. Because holders of Preferred Securities may receive Junior Subordinated Debt Securities upon the occurrence of a Special Event, prospective purchasers of Preferred Securities are also making an investment decision with regard to the Junior Subordinated Debt Securities and should carefully review all the information regarding the Junior Subordinated Debt Securities contained herein and in the accompanying Prospectus. See "Description of the Preferred Securities -- Special Event Redemption or Distribution" and "Description of the Junior Subordinated Debt Securities -- General."

LIMITED VOTING RIGHTS

Holders of Preferred Securities will have limited voting rights and will not be entitled to vote to appoint, remove or replace, or to increase or decrease the number of, Textron Trustees, which voting rights are vested exclusively in the holder of the Common Securities. See "Description of Preferred Securities -- Voting Rights."

TRADING PRICE

The Preferred Securities may trade at a price that does not fully reflect the value of accrued but unpaid interest with respect to the underlying Junior Subordinated Debt Securities. A holder who disposes of its Preferred Securities between record dates for payments of distributions thereon will be required to include accrued but unpaid interest on the Junior Subordinated Debt Securities to the date of disposition in income as ordinary income (i.e., OID), and to add such amount to its adjusted tax basis in its pro rata share of the underlying Junior Subordinated Debt Securities deemed disposed of. To the extent the selling price is less than the holder's adjusted tax basis (which will include, in the form of OID, all accrued but unpaid interest), a holder will recognize a capital loss. Subject to certain limited exceptions, capital losses cannot be applied to offset ordinary income for United States federal income tax purposes. See "United States Federal Income Taxation -- Original Issue Discount" and "
-- Sales of Preferred Securities."

TEXTRON INC.

SUMMARY FINANCIAL DATA

The following table sets forth selected historical financial data with respect to the Company for the periods indicated. The selected historical financial data for each of the five years in the period ended December 31, 1994, are derived from the consolidated financial statements of the Company, which statements have been audited by Ernst & Young LLP, independent auditors. See "Experts" in the accompanying Prospectus. The selected historical financial data for the nine months ended September 30, 1995 and October 1, 1994 are derived from the unaudited consolidated financial statements of the Company for such periods and, in the opinion of management, include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the financial position and results of operations for these periods. Operating results for the nine months ended September 30, 1995 are not necessarily indicative of the results that may be expected for the entire year ending December 30, 1995. The selected historical financial data should be read in conjunction with the Company's Consolidated Financial Statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1994 and the Quarterly Report on Form 10-Q for the nine months ended September 30, 1995, which are incorporated by reference into this Prospectus Supplement. See "Incorporation of Certain Documents by Reference" in the accompanying Prospectus.

| | NINE MONTHS ENDED | | YEAR | | | | |
|---|-------------------|-----------------|-----------|-----------|-----------|-----------|-----------|
| | SEPT. 30, 1995 | OCT. 1, 1994 | 1994 | 1993 | 1992 | 1991 | 1990 |
| | (IN MILLIONS) | | | | | | |
| REVENUES | | | | | | | |
| Sales..... | \$ 4,763 | \$ 5,084 | \$ 6,678 | \$ 6,271 | \$ 5,616 | \$ 5,211 | \$ 5,470 |
| Interest, discount and service charges..... | 1,165 | 981 | 1,333 | 1,260 | 1,273 | 1,184 | 1,139 |
| Insurance premiums..... | 1,036 | 908 | 1,233 | 1,137 | 1,094 | 1,073 | 975 |
| Investment income (including net realized investment gains)..... | 350 | 333 | 439 | 410 | 365 | 372 | 333 |
| Total revenues..... | 7,314 | 7,306 | 9,683 | 9,078 | 8,348 | 7,840 | 7,917 |
| COSTS AND EXPENSES | | | | | | | |
| Cost of sales..... | 3,905 | 4,241 | 5,514 | 5,210 | 4,560 | 4,185 | 4,425 |
| Selling and administrative..... | 1,137 | 1,115 | 1,489 | 1,438 | 1,402 | 1,330 | 1,289 |
| Interest..... | 609 | 489 | 665 | 668 | 743 | 754 | 775 |
| Provision for losses on collection of finance receivables, less recoveries..... | 120 | 117 | 162 | 153 | 160 | 135 | 123 |
| Insurance benefits and increase in policy liabilities..... | 844 | 724 | 992 | 850 | 824 | 812 | 720 |
| Amortization of insurance policy acquisition costs..... | 101 | 81 | 107 | 143 | 132 | 129 | 126 |
| Total costs and expenses..... | 6,716 | 6,767 | 8,929 | 8,462 | 7,821 | 7,345 | 7,458 |
| Income before income taxes..... | 598 | 539 | 754 | 616 | 527 | 495 | 459 |
| Income taxes..... | (236) | (207) | (308) | (234) | (203) | (195) | (176) |
| Elimination of minority interest in net income of Paul Revere..... | (10) | (11) | (13) | (3) | -- | -- | -- |
| Income before cumulative effect of changes in accounting principles..... | 352 | 321 | 433 | 379 | 324 | 300 | 283 |
| Cumulative effect of changes in accounting principles, net of income taxes..... | -- | -- | -- | -- | (679) | -- | -- |
| Net income (loss)..... | \$ 352 | \$ 321 | \$ 433 | \$ 379 | \$ (355) | \$ 300 | \$ 283 |
| FINANCIAL POSITION | | | | | | | |
| Total assets..... | \$ 22,712 | \$ 20,737 | \$ 20,925 | \$ 19,658 | \$ 18,367 | \$ 15,737 | \$ 14,892 |
| Debt: | | | | | | | |
| Textron Parent Company Borrowing Group..... | \$ 1,669 | \$ 1,851 | \$ 1,582 | \$ 2,025 | \$ 2,283 | \$ 1,820 | \$ 1,925 |
| Finance and insurance subsidiaries..... | \$ 8,536 | \$ 7,252 | \$ 7,782 | \$ 6,847 | \$ 6,440 | \$ 5,664 | \$ 5,319 |
| Shareholders' equity..... | \$ 3,226 | \$ 2,995 | \$ 2,882 | \$ 2,780 | \$ 2,488 | \$ 2,928 | \$ 2,662 |
| OTHER DATA | | | | | | | |
| Capital expenditures..... | \$ 197 | \$ 198 | \$ 302 | \$ 252 | \$ 217 | \$ 156 | \$ 191 |
| Depreciation..... | \$ 154 | \$ 163 | \$ 212 | \$ 206 | \$ 199 | \$ 182 | \$ 179 |

TEXTRON INC.

SUMMARY FINANCIAL DATA -- (CONTINUED)

ADDITIONAL INFORMATION ON INVENTORIES

Textron uses the program method of accounting for its subcontract work in connection with a commercial aircraft program, wherein it is producing wing components for aircraft being manufactured by Airbus Industrie, a consortium of aircraft manufacturers. The program method - which, while not codified in authoritative literature and used by few public companies (mainly commercial airframe manufacturers), has evolved in practice (with origins prior to the issuance in 1981 of Statement of Position 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts," an updated codification of contract accounting, which Textron follows with respect to contracts other than those under the Airbus program) -- consists of estimating the entire quantity of units to be produced over the life of the program and the related revenues, costs, and profits to be realized and recognizing those profits throughout that period. As sales are recorded, cost of sales is determined on a program-average method and is computed as a percentage of the sale price of the units being sold under the program. The program method has been used by Textron in accounting for this program since the criteria required for its use are present -- that is, (a) at the beginning of the program (in 1988) Textron did not yet have firm orders that would, by themselves, recover all of the initial investment in design, development, tooling, and early production effort and (b) Textron has the ability to make reasonably dependable estimates of the number of units to be produced, the period of time over which they will be delivered, and the associated costs and selling prices.

Textron does not use the program method of accounting in connection with any of its government contracts.

Inventories include \$176 million at December 30, 1994, \$162 million at January 1, 1994, and \$117 million at January 2, 1993 of unamortized tooling and deferred learning costs related to Textron's subcontract work under the Airbus A330/340 program. Textron has been using a program size of 400 aircraft in accounting for this program since its inception. It had firm orders as of the end of 1994 from its two customers under the program, both of which are members of the consortium producing the aircraft and each of which is producing different sections of the wings for the aircraft, covering 150 and 207 sets of wing components, respectively; the corresponding orders as of the end of 1993 and 1992 were 114 and 157, respectively, and 78 and 157, respectively. (Airbus Industrie had firm orders as of the end of 1994 for 263 A330/340s.) Textron has delivered 120 units to one customer and 106 units to the other customer through the end of 1994; deliveries in 1994 were 36 and 42 units, in 1993 were 33 and 30 units, and in 1992 were 26 and 24 units. Current customer delivery schedules call for completion of deliveries of the 400 units in the year 2001.

The portion of the unamortized tooling and deferred learning costs that would not be absorbed in cost of sales based on firm orders to Textron at December 30, 1994 -- that is, assuming the aircraft program were to be canceled after Textron completed deliveries under those orders -- was \$157 million (the corresponding amounts at the end of 1993 and 1992 were \$185 million and \$191 million, respectively). Textron continues to believe that in view of the orders to date and outlook for the aircraft in the marketplace and the customer contractual arrangements that exist on this program, it will recover all such costs.

CAPITALIZATION OF TEXTRON PARENT COMPANY BORROWING GROUP

The following table sets forth the unaudited summary capitalization at September 30, 1995 of the Textron Parent Company Borrowing Group, and is adjusted to reflect the application of the estimated net proceeds from the sale of Preferred Securities. See "Use of Proceeds." The table should be read in conjunction with Textron Inc.'s consolidated financial statements and notes thereto and other financial data incorporated by reference herein. See "Incorporation of Certain Documents by Reference" in the accompanying Prospectus.

| | AT SEPTEMBER 30, 1995 | |
|---|-----------------------|----------------|
| | ACTUAL | AS ADJUSTED(1) |
| | (IN MILLIONS) | |
| DEBT:(2)(3) | | |
| Short-term borrowings..... | \$ 50 | \$ 50 |
| Long-term borrowings..... | 1,619 | ----- |
| Total debt..... | 1,669 | ----- |
| | | |
| TEXTRON-OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF THE TRUST(4)..... | -- | |
| SHAREHOLDERS' EQUITY: | | |
| Preferred stock..... | 15 | 15 |
| Common stock..... | 12 | 12 |
| Capital surplus..... | 738 | 738 |
| Retained earnings..... | 2,771 | 2,771 |
| Other..... | 42 | 42 |
| | ----- | ----- |
| Less cost of treasury shares..... | 3,578 | 3,578 |
| | 352 | 352 |
| Total shareholders' equity..... | 3,226 | 3,226 |
| | ----- | ----- |
| Total capitalization..... | \$4,895 | \$ |
| | ===== | ===== |

(1) Adjusted for the sale of Preferred Securities, the application of the estimated net proceeds to the purchase of Junior Subordinated Debt Securities of Textron and the application by Textron of the estimated net proceeds of Junior Subordinated Debt Securities for the purpose set forth under "Use of Proceeds."

(2) Textron consists of two borrowing groups -- the Textron Parent Company Borrowing Group and its finance and insurance subsidiaries. This framework is designed to enhance the borrowing power of the total company by separating borrowing oriented units of a specialized business nature such as financial services. The finance and insurance subsidiaries finance their respective operations by borrowing from their own group of external creditors.

(3) The amount of the net assets of Textron's finance and insurance subsidiaries available for cash dividends and other payments to the Textron Parent Company Borrowing Group is restricted by the terms of lending agreements and insurance statutory requirements. As of December 31, 1994, approximately \$245 million of their net assets of \$2.2 billion was available to be transferred to the Textron Parent Company Borrowing Group pursuant to these restrictions. AFS' and TFC's loan agreements also contain various restrictive provisions regarding additional debt, the creation of liens or guarantees and the making of investments.

(4) As described in this Prospectus Supplement, the sole asset of the Trust will be \$ principal amount of % Junior Subordinated Deferrable Interest Debentures due of Textron.

TEXTRON INC.
RATIO OF INCOME TO FIXED CHARGES

The following table sets forth unaudited ratios of income to fixed charges of Textron for the periods indicated.

| | NINE MONTHS ENDED | | YEAR | | | | |
|--|-------------------|---------|------|------|------|------|------|
| | SEPT. 30, | OCT. 1, | 1994 | 1993 | 1992 | 1991 | 1990 |
| | 1995 | 1994 | | | | | |
| Textron Parent Company Borrowing Group(a)(b)(c)(d)(f)..... | 3.02 | 2.52 | 2.80 | 2.07 | 1.88 | 1.95 | 2.06 |
| Textron Inc. including all majority-owned subsidiaries(d)(e)(f)..... | 1.91 | 2.00 | 2.04 | 1.86 | 1.67 | 1.62 | 1.56 |

- (a) The Textron Parent Company Borrowing Group consists of all Textron entities other than its finance and insurance subsidiaries.
- (b) For the purpose of calculating the ratio of income to fixed charges for the Textron Parent Company Borrowing Group, "income" consists of income before income taxes, excluding the equity in the undistributed pre-tax income of the finance and insurance subsidiaries, and fixed charges. "Fixed charges" include interest expense (including interest unrelated to borrowings (principally interest accretion) of \$26 million and \$27 million for the nine months ended September 30, 1995 and October 1, 1994, respectively, and \$37 million in 1994, \$37 million in 1993, \$36 million in 1992, \$27 million in 1991, and \$26 million in 1990) and one-third of rental expense (which is deemed representative of the interest factor in rental expense), excluding interest and rental expense of the finance and insurance subsidiaries.
- (c) Income for the Textron Parent Company Borrowing Group in 1990 includes an extraordinary dividend of \$50 million from Textron's finance and insurance subsidiaries.
- (d) Income in 1992 excludes the cumulative effect of changes in accounting principles.
- (e) For the purpose of calculating the ratio of income to fixed charges for Textron Inc. including all majority-owned subsidiaries, "income" consists of income before income taxes, including income of the finance and insurance subsidiaries after elimination of minority interest in pretax income of Paul Revere, and fixed charges. "Fixed charges" include interest expense (including interest unrelated to borrowings (principally interest accretion) of \$26 million and \$27 million for the nine months ended September 30, 1995 and October 1, 1994, respectively, and \$37 million in 1994, \$37 million in 1993, \$36 million in 1992, \$27 million in 1991, and \$26 million in 1990) and one-third of rental expense (which is deemed representative of the interest factor in rental expense), including interest and rental expense of the finance and insurance subsidiaries.
- (f) The ratio of income to combined fixed charges and preferred stock dividends for the Textron Parent Company Borrowing Group and Textron Inc. including all majority-owned subsidiaries is not materially different from the amounts reported above.

ACCOUNTING TREATMENT

The financial statements of Textron Capital will be reflected in Textron's consolidated financial statements with the Preferred Securities shown as Company-Obligated Mandatorily Redeemable Preferred Securities of the Trust Holding Solely \$ Principal Amount of % Junior Subordinated Deferrable Interest Debentures due of Textron.

USE OF PROCEEDS

All of the proceeds from the sale of the Preferred Securities will be invested by Textron Capital in Junior Subordinated Debt Securities of Textron issued pursuant to the Indenture therefor described herein and ultimately will be used by Textron for general corporate purposes, which may include capital expenditures, investments in subsidiaries, working capital, repayment of loans under bank credit agreements, repurchases of outstanding common shares under Textron's repurchase program and other business opportunities.

DESCRIPTION OF THE PREFERRED SECURITIES

The Preferred Securities will be issued pursuant to the terms of the Declaration. The Declaration will be qualified as an indenture under the Trust Indenture Act. The Institutional Trustee, The Chase Manhattan Bank, N.A., will act as indenture trustee under the Declaration for purposes of compliance with the provisions of the Trust Indenture Act. The terms of the Preferred Securities will include those stated in the Declaration and those made part of the Declaration by the Trust Indenture Act. The following summary of the material terms and provisions of the Preferred Securities does not purport to be complete and is subject to, and qualified in its entirety by reference to, the Declaration (a copy of which is filed as an exhibit to the Registration Statement of which this Prospectus Supplement is a part), the Trust Act and the Trust Indenture Act.

GENERAL

The Declaration authorizes the Regular Trustees to issue on behalf of Textron Capital the Trust Securities, which represent undivided beneficial interests in the assets of Textron Capital. All of the Common Securities will be owned, directly or indirectly, by Textron. The Common Securities rank PARI PASSU, and payments will be made thereon on a PRO RATA basis, with the Preferred Securities, except that upon the occurrence and during the continuance of a Declaration Event of Default, the rights of the holders of the Common Securities to receive payment of periodic distributions and payments upon liquidation, redemption and otherwise will be subordinated to the rights of the holders of the Preferred Securities. The Declaration does not permit the issuance by Textron Capital of any securities other than the Trust Securities or the incurrence of any indebtedness by Textron Capital. Pursuant to the Declaration, the Institutional Trustee will own the Junior Subordinated Debt Securities purchased by Textron Capital for the benefit of the holders of the Trust Securities. The payment of distributions out of money held by Textron Capital, and payments upon redemption of the Preferred Securities or liquidation of Textron Capital, are guaranteed by Textron to the extent described under "Description of Trust Guarantees" in the accompanying Prospectus. The Guarantee will be held by The Chase Manhattan Bank, N.A., the Guarantee Trustee, for the benefit of the holders of the Preferred Securities. The Guarantee does not cover payment of distributions when Textron Capital does not have sufficient available funds to pay such distributions. In such event, the remedy of a holder of Preferred Securities is to vote to direct the Institutional Trustee to enforce the Institutional Trustee's rights under the Junior Subordinated Debt Securities. See "Description of the Preferred Securities -- Voting Rights."

DISTRIBUTIONS

Distributions on the Preferred Securities will be fixed at a rate per annum of % of the stated liquidation amount of \$25 per Preferred Security. Distributions in arrears for more than one quarter will bear interest thereon at the rate per annum of % thereof compounded quarterly. The term "distribution" as used herein includes any such interest payable unless otherwise stated. The amount of distributions payable for any period will be computed on the basis of a 360-day year of twelve 30-day months.

Distributions on the Preferred Securities will be cumulative, will accrue from , 1996, and will be payable quarterly in arrears on , , and of each year, commencing , 1996, when, as and if available for payment, distributions will be made by the Institutional Trustee, except as otherwise described below.

Textron has the right under the Indenture to defer payments of interest on the Junior Subordinated Debt Securities by extending the interest payment period from time to time on the Junior Subordinated Debt Securities for an Extension Period not exceeding 20 consecutive quarterly interest periods during which no interest shall be due and payable, provided that no Extension Period may extend beyond the maturity of the Junior Subordinated Debt Securities. As a consequence of such extension, quarterly distributions on the Preferred Securities would be deferred (though such distributions would continue to accrue with interest thereon compounded quarterly, since interest would continue to accrue on the Junior Subordinated Debt Securities) during any such extended interest payment period. In the event that Textron exercises this right, then, pursuant to the Indenture, (a) Textron shall not declare or pay any dividend on, make any distributions

with respect to, or redeem, purchase, acquire or make a liquidation payment with respect to, any of its capital stock or make any guarantee payment with respect thereto, and (b) Textron shall not make any payment of interest, principal (or premium, if any, on) or repay, repurchase or redeem any debt securities issued by Textron which rank PARI PASSU with or junior to such Junior Subordinated Debt Securities. The Indenture, however, will except from the foregoing (i) any stock dividends paid by Textron where the dividend stock is the same stock as that on which the dividend is being paid and (ii) any purchases by Textron of its common stock from Paul Revere or its subsidiaries pursuant to the Paul Revere Stock Purchase Agreements. Prior to the termination of any Extension Period, Textron may further extend such Extension Period; PROVIDED, that such Extension Period, together with all such previous and further extensions thereof, may not exceed 20 consecutive quarterly interest periods. Upon the termination of any Extension Period and the payment of all amounts then due, Textron may commence a new Extension Period, subject to the above requirements. Textron may also prepay at any time all or any portion of the interest accrued during an Extension Period. Consequently, there could be multiple Extension Periods of varying lengths (up to nine Extension Periods of 20 consecutive quarterly interest periods each or more numerous shorter Extension Periods) throughout the term of the Junior Subordinated Debt Securities. See "Description of the Junior Subordinated Debt Securities -- Interest" and " -- Option to Extend Interest Payment Period." If distributions are deferred, the deferred distributions and accrued interest thereon shall be paid to holders of record of the Preferred Securities as they appear on the books and records of Textron Capital on the record date next following the termination of such deferral period.

Distributions on the Preferred Securities must be paid on the dates payable to the extent that Textron Capital has funds available for the payment of such distributions in the Property Account. Textron Capital's funds available for distribution to the holders of the Preferred Securities will be limited to payments received from Textron on the Junior Subordinated Debt Securities. See "Description of the Junior Subordinated Debt Securities." The payment of distributions out of moneys held by Textron Capital is guaranteed by Textron to the extent set forth under "Description of Trust Guarantees" in the accompanying Prospectus.

Distributions on the Preferred Securities will be payable to the holders thereof as they appear on the books and records of Textron Capital on the relevant record dates, which, as long as the Preferred Securities remain in book-entry only form, will be one Business Day prior to the relevant payment dates. Such distributions will be paid through the Institutional Trustee who will hold amounts received in respect of the Junior Subordinated Debt Securities in the Property Account for the benefit of the holders of the Trust Securities. Subject to any applicable laws and regulations and the provisions of the Declaration, each such payment will be made as described under "Book-Entry Only Issuance -- The Depository Trust Company" below. In the event that the Preferred Securities do not continue to remain in book-entry only form, the Regular Trustees shall have the right to select relevant record dates, which shall be more than one Business Day prior to the relevant payment dates. In the event that any date on which distributions are to be made on the Preferred Securities is not a Business Day, then payment of the distributions payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such record date. A "Business Day" shall mean any day other than Saturday, Sunday or any other day on which banking institutions in New York City (in the State of New York) are permitted or required by any applicable law to close.

MANDATORY REDEMPTION OF TRUST SECURITIES

The Junior Subordinated Debt Securities will mature on , , and may be redeemed, in whole or in part, at any time on or after , , or at any time in certain circumstances upon the occurrence of a Tax Event (as described under "Special Event Redemption or Distribution" below). See "Description of the Junior Subordinated Debt Securities -- Optional Redemption." Upon the repayment of the Junior Subordinated Debt Securities, whether at maturity or upon redemption (either at the option of Textron or pursuant to a Tax Event), the proceeds from such repayment or payment shall simultaneously be applied to redeem Trust Securities having an aggregate liquidation amount equal to the aggregate principal

amount of the Junior Subordinated Debt Securities so repaid or redeemed at the Redemption Price; PROVIDED, that holders of Trust Securities shall be given not less than 30 nor more than 60 days notice of such redemption. In the event that fewer than all of the outstanding Preferred Securities are to be redeemed, the Preferred Securities will be redeemed PRO RATA as described under "Book-Entry Only Issuance - The Depository Trust Company" below.

SPECIAL EVENT REDEMPTION OR DISTRIBUTION

"Tax Event" means that the Regular Trustees shall have received an opinion of a nationally recognized independent tax counsel experienced in such matters (a "Dissolution Tax Opinion") to the effect that, as a result of (a) any amendment to, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein or (b) any amendment to or change in an interpretation or application of such laws or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination on or after such date), in either case after the date of this Prospectus Supplement, there is more than an insubstantial risk that (i) Textron Capital would be subject to United States federal income tax with respect to income accrued or received on the Junior Subordinated Debt Securities, (ii) interest payable to Textron Capital on the Junior Subordinated Debt Securities would not be deductible by Textron for United States federal income tax purposes or (iii) Textron Capital would be subject to more than a DE MINIMIS amount of other taxes, duties or other governmental charges.

"Investment Company Event" means that the Regular Trustees shall have received an opinion of a nationally recognized independent counsel to the effect that, as a result of the occurrence of a change in law or regulation or a written change in interpretation or application of law or regulation by any legislative body, court, governmental agency or regulatory authority (a "Change in 1940 Act Law"), there is more than an insubstantial risk that Textron Capital is or will be considered an "investment company" which is required to be registered under the Investment Company Act of 1940, as amended (the "1940 Act"), which Change in 1940 Act Law becomes effective on or after the date of this Prospectus Supplement.

If, at any time, a Tax Event or an Investment Company Event (each, as defined above, a "Special Event") shall occur and be continuing, Textron Capital shall, except in the limited circumstances described below, be dissolved with the result that the Junior Subordinated Debt Securities with an aggregate principal amount equal to the aggregate stated liquidation amount of, with an interest rate identical to the distribution rate of, and accrued and unpaid interest equal to accrued and unpaid distributions on, the Trust Securities, would be distributed to the holders of the Trust Securities in liquidation of such holders' interests in Textron Capital on a PRO RATA basis within 90 days following the occurrence of such Special Event; PROVIDED, HOWEVER, that in the case of the occurrence of a Tax Event, such dissolution and distribution shall be conditioned on the Regular Trustees' receipt of an opinion of nationally recognized independent tax counsel experienced in such matters (a "No Recognition Opinion"), which opinion may rely on published revenue rulings of the Internal Revenue Service, to the effect that the holders of the Trust Securities will not recognize any gain or loss for United States federal income tax purposes as a result of such dissolution and distribution of Junior Subordinated Debt Securities and, PROVIDED, FURTHER, that, if at the time there is available to Textron Capital the opportunity to eliminate, within such 90 day period, the Special Event by taking some ministerial action, such as filing a form or making an election, or pursuing some other similar reasonable measure, which has no adverse effect on Textron Capital, Textron or the holders of the Trust Securities, Textron Capital will pursue such measure in lieu of dissolution. Furthermore, if in the case of the occurrence of a Tax Event, (i) Textron has received an opinion (a "Redemption Tax Opinion") of nationally recognized independent tax counsel experienced in such matters that, as a result of a Tax Event, there is more than an insubstantial risk that Textron would be precluded from deducting the interest on the Junior Subordinated Debt Securities for United States federal income tax purposes, even after the Junior Subordinated Debt Securities were distributed to the holders of Trust Securities in liquidation of such holders' interests in Textron Capital as described above, or (ii) the Regular Trustees shall have been informed by such tax counsel that it cannot deliver a No Recognition Opinion to Textron Capital, Textron shall have the right, upon not less than 30 nor

more than 60 days notice, to redeem the Junior Subordinated Debt Securities, in whole or in part, for cash within 90 days following the occurrence of such Tax Event, and, following such redemption, Trust Securities with an aggregate liquidation amount equal to the aggregate principal amount of the Junior Subordinated Debt Securities so redeemed shall be redeemed by Textron Capital at the Redemption Price on a PRO RATA basis; PROVIDED, HOWEVER, that if at the time there is available to Textron or Textron Capital the opportunity to eliminate, within such 90 day period, the Tax Event by taking some ministerial action, such as filing a form or making an election or pursuing some other similar reasonable measure that has no adverse effect on Textron Capital, Textron or the holders of the Trust Securities, Textron or Textron Capital will pursue such measure in lieu of redemption.

If the Junior Subordinated Debt Securities are distributed to the holders of the Preferred Securities, Textron will use its best efforts to cause the Junior Subordinated Debt Securities to be listed on the New York Stock Exchange or on such other exchange as the Preferred Securities are then listed.

After the date for any distribution of Junior Subordinated Debt Securities upon dissolution of Textron Capital, (i) the Preferred Securities will no longer be deemed to be outstanding, (ii) the securities depository or its nominee, as the record holder of the Preferred Securities, will receive a registered global certificate or certificates representing the Junior Subordinated Debt Securities to be delivered upon such distribution, and (iii) any certificates representing Preferred Securities not held by the Depository or its nominee will be deemed to represent Junior Subordinated Debt Securities having an aggregate principal amount equal to the aggregate stated liquidation amount of, with an interest rate identical to the distribution rate of, and accrued and unpaid interest equal to accrued and unpaid distributions on such Preferred Securities until such certificates are presented to Textron or its agent for transfer or reissuance.

There can be no assurance as to the market prices for either the Preferred Securities or the Junior Subordinated Debt Securities that may be distributed in exchange for the Preferred Securities if a dissolution and liquidation of Textron Capital were to occur. Accordingly, the Preferred Securities that an investor may purchase, whether pursuant to the offer made hereby or in the secondary market, or the Junior Subordinated Debt Securities that an investor may receive if a dissolution and liquidation of Textron Capital were to occur, may trade at a discount to the price that the investor paid to purchase the Preferred Securities offered hereby.

REDEMPTION PROCEDURES

Textron Capital may not redeem fewer than all of the outstanding Preferred Securities unless all accrued and unpaid distributions have been paid on all Preferred Securities for all quarterly distribution periods terminating on or prior to the date of redemption.

If Textron Capital gives a notice of redemption in respect of Preferred Securities (which notice will be irrevocable), then, by 12:00 noon, New York City time, on the redemption date, provided that Textron has paid to the Institutional Trustee a sufficient amount of cash in connection with the related redemption or maturity of the Junior Subordinated Debt Securities, Textron Capital will irrevocably deposit with the Depository funds sufficient to pay the applicable Redemption Price and will give the Depository irrevocable instructions and authority to pay the Redemption Price to the holders of the Preferred Securities. See "Book-Entry Only Issuance -- The Depository Trust Company." If notice of redemption shall have been given and funds deposited as required, then, immediately prior to the close of business on the date of such deposit, distributions will cease to accrue and all rights of holders of such Preferred Securities so called for redemption will cease, except the right of the holders of such Preferred Securities to receive the Redemption Price but without interest on such Redemption Price. In the event that any date fixed for redemption of Preferred Securities is not a Business Day, then payment of the Redemption Price payable on such date will be made on the next succeeding day that is a Business Day (without any interest or other payment in respect of any such delay), except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day. In the event that payment of the Redemption Price in respect of Preferred Securities is improperly withheld or refused and not paid either by Textron Capital, or by Textron pursuant to the Guarantee, distributions on such Preferred Securities will continue to accrue at the then

applicable rate from the original redemption date to the date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the Redemption Price.

In the event that fewer than all of the outstanding Preferred Securities are to be redeemed, the Preferred Securities will be redeemed pro rata as described below under "Book-Entry Only Issuance -- The Depository Trust Company."

Subject to the foregoing and applicable law (including, without limitation, United States federal securities laws), Textron or its subsidiaries may at any time, and from time to time, purchase outstanding Preferred Securities by tender, in the open market or by private agreement.

LIQUIDATION DISTRIBUTION UPON DISSOLUTION

In the event of any voluntary or involuntary liquidation, dissolution, winding-up or termination of Textron Capital (each a "Liquidation"), the then holders of the Preferred Securities will be entitled to receive out of the assets of Textron Capital, after satisfaction of liabilities to creditors, distributions in an amount equal to the aggregate of the stated liquidation amount of \$25 per Preferred Security plus accrued and unpaid distributions thereon to the date of payment (the "Liquidation Distribution"), unless, in connection with such Liquidation, Junior Subordinated Debt Securities in an aggregate stated principal amount equal to the aggregate stated liquidation amount of, with an interest rate identical to the distribution rate of, and accrued and unpaid interest equal to accrued and unpaid distributions on, the Preferred Securities have been distributed on a PRO RATA basis to the holders of the Preferred Securities.

If, upon any such Liquidation, the Liquidation Distribution can be paid only in part because Textron Capital has insufficient assets available to pay in full the aggregate Liquidation Distribution, then the amounts payable directly by Textron Capital on the Preferred Securities shall be paid on a PRO RATA basis. The holders of the Common Securities will be entitled to receive distributions upon any such dissolution PRO RATA with the holders of the Preferred Securities, except that if a Declaration Event of Default has occurred and is continuing, the Preferred Securities shall have a preference over the Common Securities with regard to such distributions.

Pursuant to the Declaration, Textron Capital shall terminate (i) on , , the expiration of the term of the Trust, (ii) upon the bankruptcy of Textron or the holder of the Common Securities, (iii) upon the filing of a certificate of dissolution or its equivalent with respect to the holder of the Common Securities or Textron, the filing of a certificate of cancellation with respect to Textron Capital, or the revocation of the charter of the holder of the Common Securities or Textron and the expiration of 90 days after the date of revocation without a reinstatement thereof, (iv) upon the distribution of Junior Subordinated Debt Securities upon the occurrence of a Special Event, (v) upon the entry of a decree of a judicial dissolution of the holder of the Common Securities, Textron or Textron Capital, or (vi) upon the redemption of all the Trust Securities.

DECLARATION EVENTS OF DEFAULT

An event of default under the Indenture (an "Indenture Event of Default") constitutes an event of default under the Declaration with respect to the Trust Securities (a "Declaration Event of Default"); PROVIDED, that pursuant to the Declaration, the holder of the Common Securities will be deemed to have waived any Declaration Event of Default with respect to the Common Securities until all Declaration Events of Default with respect to the Preferred Securities have been cured, waived or otherwise eliminated. Until such Declaration Events of Default with respect to the Preferred Securities have been so cured, waived, or otherwise eliminated, the Institutional Trustee will be deemed to be acting solely on behalf of the holders of the Preferred Securities and only the holders of the Preferred Securities will have the right to direct the Institutional Trustee with respect to certain matters under the Declaration, and therefore the Indenture.

If the Property Trustee fails to enforce its rights under the Junior Subordinated Debt Securities, any holder of Preferred Securities may institute a legal proceeding against Textron to enforce the Property Trustee's rights under the Subordinated Debt Securities. Notwithstanding the foregoing, if a Declaration Event of Default has occurred and is continuing and such event is attributable to the failure of Textron to pay

interest or principal on the Junior Subordinated Debt Securities on the date such interest or principal is otherwise payable (or in the case of redemption, the redemption date), then a holder of Preferred Securities may directly institute a proceeding for enforcement of payment to such holder directly of the principal of or interest on the Junior Subordinated Debt Securities having a principal amount equal to the aggregate liquidation amount of the Preferred Securities of such holder on or after the respective due date specified in the Junior Subordinated Debt Securities. In connection with such Direct Action, Textron will be subrogated to the rights of such holder of Preferred Securities under the Declaration to the extent of any payment made by Textron to such holder of Preferred Securities in such Direct Action. The holders of Preferred Securities will not be able to exercise directly any other remedy available to the holders of the Junior Subordinated Debt Securities.

Upon the occurrence of a Declaration Event of Default, the Institutional Trustee as the sole holder of the Junior Subordinated Debt Securities will have the right under the Indenture to declare the principal of and interest on the Junior Subordinated Debt Securities to be immediately due and payable. Textron and Textron Capital are each required to file annually with the Institutional Trustee an officers' certificate as to its compliance with all conditions and covenants under the Declaration.

VOTING RIGHTS

Except as described herein, under the Trust Act, the Trust Indenture Act and under "Description of Trust Guarantees -- Modification of Trust Guarantees; Assignment" in the accompanying Prospectus, and as otherwise required by law and the Declaration, the holders of the Preferred Securities will have no voting rights.

Subject to the requirement of the Institutional Trustee obtaining a tax opinion in certain circumstances set forth in the last sentence of this paragraph, the holders of a majority in aggregate liquidation amount of the Preferred Securities have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Institutional Trustee, or direct the exercise of any trust or power conferred upon the Institutional Trustee under the Declaration including the right to direct the Institutional Trustee, as holder of the Junior Subordinated Debt Securities, to (i) exercise the remedies available under the Indenture with respect to the Junior Subordinated Debt Securities, (ii) waive any past Indenture Event of Default that is waivable under Section 5.13 of the Base Indenture (as defined herein), or (iii) exercise any right to rescind or annul a declaration that the principal of all the Junior Subordinated Debt Securities shall be due and payable; provided, however, that, where a consent or action under the Indenture would require the consent or act of holders of more than a majority in principal amount of the Junior Subordinated Debt Securities (a "Super-Majority") affected thereby, only the holders of at least such Super-Majority in aggregate liquidation amount of the Preferred Securities may direct the Institutional Trustee to give such consent or take such action. If the Institutional Trustee fails to enforce its rights under the Junior Subordinated Debt Securities, any record holder of Preferred Securities may, after such holder's written request to the Institutional Trustee to enforce such rights, institute a legal proceeding directly against Textron to enforce the Institutional Trustee's rights under the Junior Subordinated Debt Securities without first instituting any legal proceeding against the Institutional Trustee or any other person or entity. The Institutional Trustee shall notify all holders of the Preferred Securities of any notice of default received from the Indenture Trustee with respect to the Junior Subordinated Debt Securities. Such notice shall state that such Indenture Event of Default also constitutes a Declaration Event of Default. Except with respect to directing the time, method and place of conducting a proceeding for a remedy, the Institutional Trustee shall not take any of the actions described in clauses (i), (ii) or (iii) above unless the Institutional Trustee has obtained an opinion of tax counsel to the effect that, as a result of such action, Textron Capital will not fail to be classified as a grantor trust for United States federal income tax purposes.

In the event the consent of the Institutional Trustee, as the holder of the Junior Subordinated Debt Securities, is required under the Indenture with respect to any amendment, modification or termination of the Indenture, the Institutional Trustee shall request the direction of the holders of the Trust Securities with respect to such amendment, modification or termination and shall vote with respect to such amendment, modification or termination as directed by a majority in liquidation amount of the Trust Securities voting

together as a single class; provided, however, that where a consent under the Indenture would require the consent of a Super Majority, the Institutional Trustee may only give such consent at the direction of the holders of at least the proportion in liquidation amount of the Trust Securities which the relevant Super Majority represents of the aggregate principal amount of the Junior Subordinated Debt Securities outstanding. The Institutional Trustee shall be under no obligation to take any such action in accordance with the directions of the holders of the Trust Securities unless the Institutional Trustee has obtained an opinion of tax counsel to the effect that for the purposes of United States federal income tax Textron Capital will not be classified as other than a grantor trust.

A waiver of an Indenture Event of Default will constitute a waiver of the corresponding Declaration Event of Default.

Any required approval or direction of holders of Preferred Securities may be given at a separate meeting of holders of Preferred Securities convened for such purpose, at a meeting of all of the holders of Trust Securities or pursuant to written consent. The Regular Trustees will cause a notice of any meeting at which holders of Preferred Securities are entitled to vote, or of any matter upon which action by written consent of such holders is to be taken, to be mailed to each holder of record of Preferred Securities. Each such notice will include a statement setting forth the following information: (i) the date of such meeting or the date by which such action is to be taken; (ii) a description of any resolution proposed for adoption at such meeting on which such holders are entitled to vote or of such matter upon which written consent is sought; and (iii) instructions for the delivery of proxies or consents. No vote or consent of the holders of Preferred Securities will be required for Textron Capital to redeem and cancel Preferred Securities or distribute Junior Subordinated Debt Securities in accordance with the Declaration.

Notwithstanding that holders of Preferred Securities are entitled to vote or consent under any of the circumstances described above, any of the Preferred Securities that are owned at such time by Textron or any entity directly or indirectly controlling or controlled by, or under direct or indirect common control with, Textron, shall not be entitled to vote or consent and shall, for purposes of such vote or consent, be treated as if such Preferred Securities were not outstanding.

The procedures by which holders of Preferred Securities may exercise their voting rights are described below. See "-- Book-Entry Only Issuance -- The Depository Trust Company" below.

Holders of the Preferred Securities will have no rights to appoint or remove the Textron Trustees, who may be appointed, removed or replaced solely by Textron as the indirect or direct holder of all of the Common Securities.

MODIFICATION OF THE DECLARATION

The Declaration may be modified and amended if approved by the Regular Trustees (and in certain circumstances the Institutional Trustee), provided that, if any proposed amendment provides for, or the Regular Trustees otherwise propose to effect, (i) any action that would adversely affect the powers, preferences or special rights of the Trust Securities, whether by way of amendment to the Declaration or otherwise or (ii) the dissolution, winding-up or termination of Textron Capital other than pursuant to the terms of the Declaration, then the holders of the Trust Securities voting together as a single class will be entitled to vote on such amendment or proposal and such amendment or proposal shall not be effective except with the approval of at least a majority in liquidation amount of the Trust Securities affected thereby; provided, that, if any amendment or proposal referred to in clause (i) above would adversely affect only the Preferred Securities or the Common Securities, then only the affected class will be entitled to vote on such amendment or proposal and such amendment or proposal shall not be effective except with the approval of a majority in liquidation amount of such class of Securities.

Notwithstanding the foregoing, no amendment or modification may be made to the Declaration if such amendment or modification would (i) cause Textron Capital to be classified for purposes of United States federal income taxation as other than a grantor trust, (ii) reduce or otherwise adversely affect the powers of

the Institutional Trustee or (iii) cause Textron Capital to be deemed an "investment company" which is required to be registered under the 1940 Act.

MERGERS, CONSOLIDATIONS OR AMALGAMATIONS

Textron Capital may not consolidate, amalgamate, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety, to any corporation or other body, except as described below. Textron Capital may, with the consent of the Regular Trustees and without the consent of the holders of the Trust Securities, consolidate, amalgamate, merge with or into, or be replaced by a trust organized as such under the laws of any State; provided, that (i) such successor entity either (x) expressly assumes all of the obligations of Textron Capital under the Trust Securities or (y) substitutes for the Preferred Securities other securities having substantially the same terms as the Trust Securities (the "Successor Securities"), so long as the Successor Securities rank the same as the Trust Securities rank with respect to distributions and payments upon liquidation, redemption and otherwise, (ii) Textron expressly acknowledges a trustee of such successor entity possessing the same powers and duties as the Institutional Trustee, in its capacity as the holder of the Junior Subordinated Debt Securities, (iii) the Preferred Securities or any Successor Securities are listed, or any Successor Securities will be listed upon notification of issuance, on any national securities exchange or with another organization on which the Preferred Securities are then listed or quoted, (iv) such merger, consolidation, amalgamation or replacement does not cause the Preferred Securities (including any Successor Securities) to be downgraded by any nationally recognized statistical rating organization, (v) such merger, consolidation, amalgamation or replacement does not adversely affect the rights, preferences and privileges of the holders of the Trust Securities (including any Successor Securities) in any material respect (other than with respect to any dilution of the holders' interest in the new entity), (vi) such successor entity has a purpose identical to that of Textron Capital, (vii) prior to such merger, consolidation, amalgamation or replacement, Textron has received an opinion of a nationally recognized independent counsel to Textron Capital experienced in such matters to the effect that, (A) such merger, consolidation, amalgamation or replacement does not adversely affect the rights, preferences and privileges of the holders of the Trust Securities (including any Successor Securities) in any material respect (other than with respect to any dilution of the holders' interest in the new entity), and (B) following such merger, consolidation, amalgamation or replacement, neither Textron Capital nor such successor entity will be required to register as an investment company under the 1940 Act and (viii) Textron guarantees the obligations of such successor entity under the Successor Securities at least to the extent provided by the Guarantee and the Common Securities Guarantee. Notwithstanding the foregoing, Textron Capital shall not, except with the consent of holders of 100% in liquidation amount of the Trust Securities, consolidate, amalgamate, merge with or into, or be replaced by any other entity or permit any other entity to consolidate, amalgamate, merge with or into, or replace it, if such consolidation, amalgamation, merger or replacement would cause Textron Capital or the Successor Entity to be classified as other than a grantor trust for United States federal income tax purposes.

BOOK-ENTRY ONLY ISSUANCE-THE DEPOSITORY TRUST COMPANY

The Depository Trust Company ("DTC") will act as securities depository for the Preferred Securities. The Preferred Securities will be issued only as fully-registered securities registered in the name of Cede & Co. (DTC's nominee). One or more fully-registered global Preferred Securities certificates, representing the total aggregate number of Preferred Securities, will be issued and will be deposited with DTC.

The laws of some jurisdictions require that certain purchasers of securities take physical delivery of securities in definitive form. Such laws may impair the ability to transfer beneficial interests in the global Preferred Securities as represented by a global certificate.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). DTC holds securities that its participants ("Participants") deposit with

DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations ("Direct Participants"). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as securities brokers and dealers, banks and trust companies that clear transactions through or maintain a direct or indirect custodial relationship with a Direct Participant either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Preferred Securities within the DTC system must be made by or through Direct Participants, which will receive a credit for the Preferred Securities on DTC's records. The ownership interest of each actual purchaser of each Preferred Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owners purchased Preferred Securities. Transfers of ownership interests in the Preferred Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Preferred Securities, except in the event that use of the book-entry system for the Preferred Securities is discontinued.

To facilitate subsequent transfers, all the Preferred Securities deposited by Participants with DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of Preferred Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Preferred Securities. DTC's records reflect only the identity of the Direct Participants to whose accounts such Preferred Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements that may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Preferred Securities are being redeemed, DTC will reduce the amount of the interest of each Direct Participant in such Preferred Securities in accordance with its procedures.

Although voting with respect to the Preferred Securities is limited, in those cases where a vote is required, neither DTC nor Cede & Co. will itself consent or vote with respect to Preferred Securities. Under its usual procedures, DTC would mail an Omnibus Proxy to Textron Capital as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co. consenting or voting rights to those Direct Participants to whose accounts the Preferred Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy). Textron and Textron Capital believe that the arrangements among DTC, Direct and Indirect Participants, and Beneficial Owners will enable the Beneficial Owners to exercise rights equivalent in substance to the rights that can be directly exercised by a holder of a beneficial interest in Textron Capital.

Distribution payments on the Preferred Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payments on such payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the account of customers in bearer form or registered in "street name," and such payments will be the responsibility of such Participant and not of DTC, Textron Capital or Textron, subject to any statutory or regulatory requirements to the contrary that may be in effect from time to time. Payment of distributions to DTC is the responsibility of Textron Capital, disbursement of such payments

to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Except as provided herein, a Beneficial Owner in a global Preferred Security certificate will not be entitled to receive physical delivery of Preferred Securities. Accordingly, each Beneficial Owner must rely on the procedures of DTC to exercise any rights under the Preferred Securities.

DTC may discontinue providing its services as securities depository with respect to the Preferred Securities at any time by giving reasonable notice to Textron Capital. Under such circumstances, in the event that a successor securities depository is not obtained, Preferred Securities certificates are required to be printed and delivered. Additionally, the Regular Trustees (with the consent of Textron) may decide to discontinue use of the system of book-entry transfers through DTC (or any successor depository) with respect to the Preferred Securities. In that event, certificates for the Preferred Securities will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Textron and Textron Capital believe to be reliable, but neither Textron nor Textron Capital takes responsibility for the accuracy thereof.

INFORMATION CONCERNING THE INSTITUTIONAL TRUSTEE

The Institutional Trustee, prior to the occurrence of a default with respect to the Trust Securities, undertakes to perform only such duties as are specifically set forth in the Declaration and, after default, shall exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. Subject to such provisions, the Institutional Trustee is under no obligation to exercise any of the powers vested in it by the Declaration at the request of any holder of Preferred Securities, unless offered reasonable indemnity by such holder against the costs, expenses and liabilities which might be incurred thereby. The holders of Preferred Securities will not be required to offer such indemnity in the event such holders, by exercising their voting rights, direct the Institutional Trustee to take any action following a Declaration Event of Default.

PAYING AGENT

In the event that the Preferred Securities do not remain in book-entry only form, the following provisions would apply:

The Institutional Trustee will act as paying agent and may designate an additional or substitute paying agent at any time.

Registration of transfers of Preferred Securities will be effected without charge by or on behalf of Textron Capital, but upon payment (with the giving of such indemnity as Textron Capital or Textron may require) in respect of any tax or other government charges that may be imposed in relation to it.

Textron Capital will not be required to register or cause to be registered the transfer of Preferred Securities after such Preferred Securities have been called for redemption.

GOVERNING LAW

The Declaration and the Preferred Securities will be governed by, and construed in accordance with, the internal laws of the State of Delaware.

MISCELLANEOUS

The Regular Trustees are authorized and directed to operate Textron Capital in such a way so that Textron Capital will not be required to register as an "investment company" under the 1940 Act or characterized as other than a grantor trust for United States federal income tax purposes. Textron is authorized and directed to conduct its affairs so that the Junior Subordinated Debt Securities will be treated as indebtedness of Textron for United States federal income tax purposes. In this connection, Textron and the Regular Trustees are authorized to take any action, not inconsistent with applicable law, the certificate of trust of Textron Capital or the certificate of incorporation of Textron, that each of Textron and the Regular Trustees determine in their discretion to be necessary or desirable to achieve such end, as long as such action does not adversely affect the interests of the holders of the Preferred Securities or vary the terms thereof.

Holders of the Preferred Securities have no preemptive rights.

DESCRIPTION OF THE JUNIOR SUBORDINATED DEBT SECURITIES

Set forth below is a description of the specific terms of the Junior Subordinated Debt Securities in which Textron Capital will invest the proceeds from the issuance and sale of the Trust Securities. This description supplements the description of the general terms and provisions of the Junior Subordinated Debt Securities set forth in the accompanying Prospectus under the caption "Description of Debt Securities." The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description in the accompanying Prospectus and the Junior Subordinated Indenture, dated as of , 1996, (the "Base Indenture") between Textron and The Chase Manhattan Bank, N.A., as Trustee (the "Indenture Trustee"), as supplemented by a First Supplemental Indenture, dated as of , 1996 (the Base Indenture, as so supplemented, is hereinafter referred to as the "Indenture"), the forms of which are filed as Exhibits to the Registration Statement of which this Prospectus Supplement and the accompanying Prospectus form a part. Certain capitalized terms used herein are defined in the Indenture.

Under certain circumstances involving the dissolution of Textron Capital following the occurrence of a Special Event, Junior Subordinated Debt Securities may be distributed to the holders of the Trust Securities in liquidation of Textron Capital. See "Description of the Preferred Securities -- Special Event Redemption or Distribution."

If the Junior Subordinated Debt Securities are distributed to the holders of the Preferred Securities, Textron will use its best efforts to have the Junior Subordinated Debt Securities listed on the New York Stock Exchange or on such other national securities exchange or similar organization on which the Preferred Securities are then listed or quoted.

GENERAL

The Junior Subordinated Debt Securities will be issued as unsecured debt under the Indenture. The Junior Subordinated Debt Securities will be limited in aggregate principal amount to approximately \$, such amount being the sum of the aggregate stated liquidation of the Preferred Securities and the capital contributed by Textron in exchange for the Common Securities (the "Textron Payment").

The Junior Subordinated Debt Securities are not subject to a sinking fund provision. The entire principal amount of the Junior Subordinated Debt Securities will mature and become due and payable, together with any accrued and unpaid interest thereon including Compound Interest (as defined herein) and Additional Interest (as defined herein), if any, on , .

If Junior Subordinated Debt Securities are distributed to holders of Preferred Securities in liquidation of such holders' interests in Textron Capital, such Junior Subordinated Debt Securities will initially be issued in the form of one or more Global Securities (as defined under "Book-Entry and Settlement" below). As described herein, under certain limited circumstances, Junior Subordinated Debt Securities may be issued in certificated form in exchange for a Global Security. See "Book-Entry and Settlement" below. In the event that Junior Subordinated Debt Securities are issued in certificated form, such Junior Subordinated Debt Securities will be in denominations of \$25 and integral multiples thereof and may be transferred or exchanged at the offices described below. Payments on Junior Subordinated Debt Securities issued as a Global Security will be made to DTC, a successor depositary or, in the event that no depositary is used, to a Paying Agent for the Junior Subordinated Debt Securities. In the event Junior Subordinated Debt Securities are issued in certificated form, principal and interest will be payable, the transfer of the Junior Subordinated Debt Securities will be registrable and Junior Subordinated Debt Securities will be exchangeable for Junior Subordinated Debt Securities of other denominations of a like aggregate principal amount at the corporate trust office of the Indenture Trustee in , New York; provided, that payment of interest may be made at the option of Textron by check mailed to the address of the persons entitled thereto.

There are no covenants or provisions in the Indenture which would afford the holders of the Junior Subordinated Debt Securities protection in the event of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction involving Textron that may adversely affect such holders.

SUBORDINATION

The Indenture provides that the Junior Subordinated Debt Securities are subordinated and junior in right of payment to all Senior Indebtedness of Textron. No payment of principal (including redemption payments), premium, if any, or interest on the Junior Subordinated Debt Securities may be made if (i) any Senior Indebtedness of Textron is not paid when due, (ii) any applicable grace period with respect to such default has ended and such default has not been cured or waived or ceased to exist, or (iii) the maturity of any Senior Indebtedness of Textron has been accelerated because of a default. Upon any distribution of assets of Textron to creditors upon any dissolution, winding-up, liquidation or reorganization, whether voluntary or involuntary, or in bankruptcy, insolvency, receivership or other proceedings, all principal, premium, if any, and interest due or to become due on all Senior Indebtedness of Textron must be paid in full before the holders of Junior Subordinated Debt Securities are entitled to receive or retain any payment. Upon satisfaction of all claims of all Senior Indebtedness then outstanding, the rights of the holders of the Junior Subordinated Debt Securities will be subrogated to the rights of the holders of Senior Indebtedness of Textron to receive payments or distributions applicable to Senior Indebtedness until all amounts owing on the Junior Subordinated Debt Securities are paid in full.

The term "Senior Indebtedness" means, with respect to Textron, (i) the principal, premium, if any, and interest in respect of (A) indebtedness of such obligor, for money borrowed and (B) indebtedness evidenced by securities, debentures, bonds or other similar instruments issued by such obligor, (ii) all capital lease obligations of such obligor, (iii) all obligations of such obligor issued or assumed as the deferred purchase price of property, all conditional sale obligations of such obligor and all obligations of such obligor under any title retention agreement (but excluding trade accounts payable arising in the ordinary course of business), (iv) all obligations of such obligor for the reimbursement on any letter of credit, banker's acceptance, security purchase facility or similar credit transaction, (v) all obligations of the type referred to in clauses (i) through (iv) above of other persons for the payment of which such obligor is responsible or liable as obligor, guarantor or otherwise and (vi) all obligations of the type referred to in clauses (i) through (v) above of other persons secured by any lien on any property or asset of such obligor (whether or not such obligation is assumed by such obligor), except for (1) any such indebtedness that is by its terms subordinated to or pari passu with the Junior Subordinated Debt Securities and (2) any indebtedness between or among such obligor or its affiliates, including all other debt securities and guarantees in respect of those debt securities, issued to (a) any other Textron Trust or a trustee of such trust and (b) any other trust, or a trustee of such trust, partnership or other entity affiliated with Textron that is a financing vehicle of Textron (a "financing entity") in connection with the issuance by such financial entity of Preferred Securities or other securities that rank pari passu with, or junior to, the Preferred Securities. Such Senior Indebtedness shall continue to be Senior Indebtedness and be entitled to the benefits of the subordination provisions irrespective of any amendment, modification or waiver of any term of such Senior Indebtedness.

The Indenture does not limit the aggregate amount of Senior Indebtedness that may be issued by Textron. As of , 1995, Senior Indebtedness of Textron aggregated approximately \$.

OPTIONAL REDEMPTION

Textron shall have the right to redeem the Junior Subordinated Debt Securities, in whole or in part, from time to time, on or after , , or at any time in certain circumstances upon the occurrence of a Tax Event as described under "Description of the Preferred Securities -- Special Event Redemption or Distribution," upon not less than 30 nor more than 60 days notice, at a redemption price equal to 100% of the principal amount to be redeemed plus any accrued and unpaid interest, including Additional Interest, if any, to the redemption date. If a partial redemption of the Preferred Securities resulting from a partial redemption of the Junior Subordinated Debt Securities would result in the delisting of the Preferred Securities, Textron may only redeem the Junior Subordinated Debt Securities in whole.

INTEREST

Each Junior Subordinated Debt Security shall bear interest at the rate of % per annum from the original date of issuance, payable quarterly in arrears on , , and of each year (each an "Interest Payment Date"), commencing , 1996, to the person in whose name such Junior Subordinated Debt Security is registered, subject to certain exceptions, at the close of business on the Business Day next preceding such Interest Payment Date. In the event the Junior Subordinated Debt Securities shall not continue to remain in book-entry only form, Textron shall have the right to select record dates, which shall be more than one Business Day prior to the Interest Payment Date.

The amount of interest payable for any period will be computed on the basis of a 360-day year of twelve 30-day months. The amount of interest payable for any period shorter than a full quarterly period for which interest is computed will be computed on the basis of the actual number of days elapsed per 30-day month. In the event that any date on which interest is payable on the Junior Subordinated Debt Securities is not a Business Day, then payment of the interest payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, then such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date.

OPTION TO EXTEND INTEREST PAYMENT PERIOD

Textron shall have the right at any time, and from time to time, during the term of the Junior Subordinated Debt Securities, to defer payments of interest by extending the interest payment period for a period not exceeding 20 consecutive quarters, at the end of which Extension Period, Textron shall pay all interest then accrued and unpaid (including any Additional Interest, as herein defined) together with interest thereon compounded quarterly at the rate specified for the Junior Subordinated Debt Securities to the extent permitted by applicable law ("Compound Interest"); provided, that during any such Extension Period, (a) Textron will not declare or pay any dividend on, make any distributions with respect to, or redeem, purchase, acquire or make a liquidation payment with respect to, any of its capital stock or make any guarantee payment with respect thereto, and (b) Textron shall not make any payment of interest, principal (or premium, if any, on) or repay, repurchase or redeem any debt securities issued by Textron which rank pari passu with or junior to such Junior Subordinated Debt Securities. The Indenture, however, will except from the foregoing (i) any stock dividends paid by Textron where the dividend stock is the same stock as that on which the dividend is being paid and (ii) any purchases by Textron of its common stock from Paul Revere or its subsidiaries pursuant to the Paul Revere Stock Purchase Agreements. Prior to the termination of any Extension Period, Textron may further defer payments of interest by extending such Extension Period; provided, however, that such Extension Period, including all such previous and further extensions, may not exceed 20 consecutive quarterly interest periods. Upon the termination of any Extension Period and the payment of all amounts then due, Textron may commence a new Extension Period, subject to the terms set forth in this section. No interest during an Extension Period, except at the end thereof, shall be due and payable. Textron has no present intention of exercising its right to defer payments of interest by extending the interest payment period on the Junior Subordinated Debt Securities. If the Institutional Trustee shall be the sole holder of the Junior Subordinated Debt Securities, Textron shall give the Regular Trustees and the Institutional Trustee notice of its selection of such Extension Period one Business Day prior to the earlier of (i) the date distributions on the Preferred Securities are payable or (ii) the date the Regular Trustees are required to give notice to the New York Stock Exchange (or other applicable self-regulatory organization) or to holders of the Preferred Securities of the record date or the date such distribution is payable. The Regular Trustees shall give notice of Textron's selection of such Extension Period to the holders of the Preferred Securities. If the Institutional Trustee shall not be the sole holder of the Junior Subordinated Debt Securities, Textron shall give the holders of the Junior Subordinated Debt Securities notice of its selection of such Extension Period ten Business Days prior to the earlier of (i) the Interest Payment Date or (ii) the date upon which Textron is required to give notice to the New York Stock Exchange (or other applicable self-regulatory organization) or to holders of the Junior Subordinated Debt Securities of the record or payment date of such related interest payment.

ADDITIONAL INTEREST

If at any time Textron Capital shall be required to pay any taxes, duties, assessments or governmental charges of whatever nature (other than withholding taxes) imposed by the United States, or any other taxing authority, then, in any such case, Textron will pay as additional interest ("Additional Interest") such additional amounts as shall be required so that the net amounts received and retained by Textron Capital after paying any such taxes, duties, assessments or other governmental charges will be not less than the amounts Textron Capital would have received had no such taxes, duties, assessments or other governmental charges been imposed.

INDENTURE EVENTS OF DEFAULT

If any Indenture Event of Default shall occur and be continuing, the Institutional Trustee, as the holder of the Junior Subordinated Debt Securities, will have the right to declare the principal of and the interest on the Junior Subordinated Debt Securities (including any Compound Interest and Additional Interest, if any) and any other amounts payable under the Indenture to be forthwith due and payable and to enforce its other rights as a creditor with respect to the Junior Subordinated Debt Securities. See "Description of Debt Securities -- Events of Default" and " -- Particular Terms of the Junior Subordinated Debt Securities" in the accompanying Prospectus for a description of the Events of Default. An Indenture Event of Default also constitutes a Declaration Event of Default. The holders of Preferred Securities in certain circumstances have the right to direct the Institutional Trustee to exercise its rights as the holder of the Junior Subordinated Debt Securities. See "Description of the Preferred Securities -- Declaration Events of Default" and " -- Voting Rights."

Notwithstanding the foregoing, if an Event of Default has occurred and is continuing and such event is attributable to the failure of Textron to pay interest or principal on the Junior Subordinated Debt Securities on the date such interest or principal is otherwise payable, Textron acknowledges that, in such event, a holder of Preferred Securities may institute a Direct Action for payment on or after the respective due date specified in the Junior Subordinated Debt Securities. Notwithstanding any payments made to such holder of Preferred Securities by Textron in connection with a Direct Action, Textron shall remain obligated to pay the principal of or interest on the Junior Subordinated Debt Securities held by Textron Capital or the Property Trustee of Textron Capital, and Textron shall be subrogated to the rights of the holder of such Preferred Securities with respect to payments on the Preferred Securities to the extent of any payments made by the Company to such holder in any Direct Action. The holders of Preferred Securities will not be able to exercise directly any other remedy available to the holders of the Junior Subordinated Debt Securities.

BOOK-ENTRY AND SETTLEMENT

If distributed to holders of Preferred Securities in connection with the involuntary or voluntary dissolution, winding-up or liquidation of Textron Capital as a result of the occurrence of a Special Event, the Junior Subordinated Debt Securities will be issued in the form of one or more global certificates (each a "Global Security") registered in the name of the depository or its nominee. Except under the limited circumstances described below, Junior Subordinated Debt Securities represented by the Global Security will not be exchangeable for, and will not otherwise be issuable as, Junior Subordinated Debt Securities in definitive form. The Global Securities described above may not be transferred except by the depository to a nominee of the depository or by a nominee of the depository to the depository or another nominee of the depository or to a successor depository or its nominee.

The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. Such laws may impair the ability to transfer beneficial interests in such a Global Security.

Except as provided below, owners of beneficial interests in such a Global Security will not be entitled to receive physical delivery of Junior Subordinated Debt Securities in definitive form and will not be considered the Holders (as defined in the Indenture) thereof for any purpose under the Indenture, and no Global Security representing Junior Subordinated Debt Securities shall be exchangeable, except for another Global Security of

like denomination and tenor to be registered in the name of the depository or its nominee or to a successor depository or its nominee. Accordingly, each Beneficial Owner must rely on the procedures of the depository or if such person is not a Participant, on the procedures of the Participant through which such person owns its interest to exercise any rights of a holder under the Indenture.

THE DEPOSITARY

If Junior Subordinated Debt Securities are distributed to holders of Preferred Securities in liquidation of such holders' interests in Textron Capital, DTC will act as securities depository for the Junior Subordinated Debt Securities. For a description of DTC and the specific terms of the depository arrangements, see "Description of the Preferred Securities -- Book-Entry Only Issuance -- The Depository Trust Company." As of the date of this Prospectus Supplement, the description therein of DTC's book-entry system and DTC's practices as they relate to purchases, transfers, notices and payments with respect to the Preferred Securities apply in all material respects to any debt obligations represented by one or more Global Securities held by DTC. Textron may appoint a successor to DTC or any successor depository in the event DTC or such successor depository is unable or unwilling to continue as a depository for the Global Securities.

None of Textron, Textron Capital, the Indenture Trustee, any paying agent and any other agent of Textron or the Indenture Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Security for such Junior Subordinated Debt Securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

DISCONTINUANCE OF THE DEPOSITARY'S SERVICES

A Global Security shall be exchangeable for Junior Subordinated Debt Securities registered in the names of persons other than the depository or its nominee only if (i) the depository notifies Textron that it is unwilling or unable to continue as a depository for such Global Security and no successor depository shall have been appointed, (ii) the depository, at any time, ceases to be a clearing agency registered under the Exchange Act at which time the depository is required to be so registered to act as such depository and no successor depository shall have been appointed, (iii) Textron, in its sole discretion, determines that such Global Security shall be so exchangeable or (iv) there shall have occurred an Event of Default with respect to such Junior Subordinated Debt Securities. Any Global Security that is exchangeable pursuant to the preceding sentence shall be exchangeable for Junior Subordinated Debt Securities registered in such names as the depository shall direct. It is expected that such instructions will be based upon directions received by the depository from its Participants with respect to ownership of beneficial interests in such Global Security.

MISCELLANEOUS

The Indenture will provide that Textron will pay all fees and expenses related to (i) the offering of the Trust Securities and the Junior Subordinated Debt Securities, (ii) the organization, maintenance and dissolution of Textron Capital, (iii) the retention of the Textron Trustees and (iv) the enforcement by the Institutional Trustee of the rights of the holders of the Preferred Securities. The payment of such fees and expenses will be fully and unconditionally guaranteed by Textron.

EFFECT OF OBLIGATIONS UNDER THE JUNIOR SUBORDINATED DEBT SECURITIES AND THE GUARANTEE

As set forth in the Declaration, the sole purpose of Textron Capital is to issue the Trust Securities evidencing undivided beneficial interests in the assets of Textron Capital, and to invest the proceeds from such issuance and sale in the Junior Subordinated Debt Securities.

As long as payments of interest and other payments are made when due on the Junior Subordinated Debt Securities, such payments will be sufficient to cover distributions and payments due on the Trust Securities because of the following factors: (i) the aggregate principal amount of Junior Subordinated Debt Securities

will be equal to the sum of the aggregate stated liquidation amount of the Trust Securities; (ii) the interest rate and the interest and other payment dates on the Junior Subordinated Debt Securities will match the distribution rate and distribution and other payment dates for the Preferred Securities; (iii) Textron shall pay all, and Textron Capital shall not be obligated to pay, directly or indirectly, all costs, expenses, debt and obligations of Textron Capital other than with respect to the Trust Securities; and (iv) the Declaration further provides that the Textron Trustees shall not cause or permit Textron Capital to, among other things, engage in any activity that is not consistent with the purposes of Textron Capital.

Payments of distributions (to the extent funds therefor are available) and other payments due on the Preferred Securities (to the extent funds therefor are available) are guaranteed by Textron as and to the extent set forth under "Description of Trust Guarantees" in the accompanying Prospectus. If Textron does not make interest payments on the Junior Subordinated Debt Securities purchased by Textron Capital, it is expected that Textron Capital will not have sufficient funds to pay distributions on the Preferred Securities. The Guarantee is a full and unconditional guarantee from the time of its issuance but does not apply to any payment of distributions unless and until Textron Capital has sufficient funds for the payment of such distributions.

The Guarantee covers the payment of distributions and other payments on the Preferred Securities only if and to the extent that Textron has made a payment of interest or principal on the Junior Subordinated Debt Securities held by Textron Capital as its sole asset. The Guarantee, when taken together with Textron's obligations under the Junior Subordinated Debt Securities and the Indenture and its obligations under the Declaration, including its obligations to pay costs, expenses, debts and liabilities of Textron Capital (other than with respect to the Trust Securities), provide a full and unconditional guarantee of amounts on the Preferred Securities.

If Textron fails to make interest or other payments on the Junior Subordinated Debt Securities when due (taking account of any Extension Period), the Declaration provides a mechanism whereby the holders of the Preferred Securities, using the procedures described in "Description of the Preferred Securities -- Book Entry Only Issuance -- The Depository Trust Company" and " -- Voting Rights," may direct the Institutional Trustee to enforce its rights under the Junior Subordinated Debt Securities. If the Institutional Trustee fails to enforce its rights under the Junior Subordinated Debt Securities, any holder of Preferred Securities may institute a legal proceeding against Textron to enforce the Institutional Trustee's rights under the Junior Subordinated Debt Securities without first instituting any legal proceeding against the Institutional Trustee or any other person or entity. Notwithstanding the foregoing, if a Declaration Event of Default has occurred and is continuing and such event is attributable to the failure of Textron to pay interest or principal on the Junior Subordinated Debt Securities on the date such interest or principal is otherwise payable (or in the case of redemption, on the redemption date), then a holder of Preferred Securities may institute a Direct Action for payment on or after the respective due date specified in the Junior Subordinated Debt Securities. In connection with such Direct Action, Textron will be subrogated to the rights of such holder of Preferred Securities under the Declaration to the extent of any payment made by Textron to such holder of Preferred Securities in such Direct Action. Textron, under the Guarantee, acknowledges that the Guarantee Trustee shall enforce the Guarantee on behalf of the holders of the Preferred Securities. If Textron fails to make payments under the Guarantee, the Guarantee provides a mechanism whereby the holders of the Preferred Securities may direct the Guarantee Trustee to enforce its rights thereunder. If the Guarantee Trustee fails to enforce the Guarantee, any holder of Preferred Securities may institute a legal proceeding directly against Textron to enforce the Guarantee Trustee's rights under the Guarantee without first instituting a legal proceeding against Textron Capital, the Guarantee Trustee, or any other person or entity.

Textron and Textron Capital believe that the above mechanisms and obligations, taken together, are equivalent to a full and unconditional guarantee by Textron of payments due on the Preferred Securities. See "Description of Trust Guarantees -- General" in the accompanying Prospectus.

UNITED STATES FEDERAL INCOME TAXATION

GENERAL

In the opinion of Skadden, Arps, Slate, Meagher & Flom, special tax counsel to Textron and Textron Capital, the following is a summary of the material United States federal income tax consequences of the purchase, ownership and disposition of Preferred Securities. Unless otherwise stated, this summary deals only with Preferred Securities held as capital assets by holders who purchase the Preferred Securities upon original issuance ("Initial Holders"). It does not deal with special classes of holders such as banks, thrifts, real estate investment trusts, regulated investment companies, insurance companies, dealers in securities or currencies, tax-exempt investors, persons that have a functional currency other than the U.S. Dollar or persons that will hold the Preferred Securities as a position in a "straddle," as part of a "synthetic security" or "hedge," as part of a "conversion transaction" or other integrated investment, or as other than a capital asset. Further, it does not include any description of any alternative minimum tax consequences or the tax laws of any state or local government or of any foreign government that may be applicable to the Preferred Securities. This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations thereunder and administrative and judicial interpretations thereof, as of the date hereof, all of which are subject to change, possibly on a retroactive basis.

CLASSIFICATION OF THE JUNIOR SUBORDINATED DEBT SECURITIES

In connection with the issuance of the Junior Subordinated Debt Securities, Skadden, Arps, Slate, Meagher & Flom, special tax counsel to Textron and Textron Capital, will render its opinion generally to the effect that, under then current law and assuming full compliance with the terms of the Indenture (and certain other documents), and based on certain facts and assumptions contained in such opinion, the Junior Subordinated Debt Securities held by Textron Capital will be classified for United States federal income tax purposes as indebtedness of Textron.

CLASSIFICATION OF TEXTRON CAPITAL

In connection with the issuance of the Preferred Securities, Skadden, Arps, Slate, Meagher & Flom, special tax counsel to Textron and Textron Capital, will render its opinion generally to the effect that, under then current law and assuming full compliance with the terms of the Declaration and the Indenture (and certain other documents), and based on certain facts and assumptions contained in such opinion, Textron Capital will be classified for United States federal income tax purposes as a grantor trust and not as an association taxable as a corporation. Accordingly, for United States federal income tax purposes, each holder of Preferred Securities generally will be considered the owner of an undivided interest in the Junior Subordinated Debt Securities, and each holder will be required to include in its gross income any OID accrued with respect to its allocable share of those Junior Subordinated Debt Securities.

ORIGINAL ISSUE DISCOUNT

Because Textron has the option, under the terms of the Junior Subordinated Debt Securities, to defer payments of interest by extending interest payment periods for up to 20 quarters, all of the stated interest payments on the Junior Subordinated Debt Securities will be treated as "original issue discount." However, if the "issue price" of the Junior Subordinated Debt Securities for federal income tax purposes is higher or lower than their \$25 principal amount, the total amount of OID reportable by any holder may differ from the amount of stated interest. Holders of debt instruments issued with OID must include that discount in income on an economic accrual basis before the receipt of cash attributable to the interest, regardless of their method of tax accounting. Generally, all of a holder's taxable interest income with respect to the Junior Subordinated Debt Securities will be accounted for as OID, and actual distributions of stated interest will not be reported as taxable income. The amount of OID that accrues in any month will approximately equal the amount of the interest that accrues on the Junior Subordinated Debt Securities in that month at the stated interest rate unless the "issue price" is higher or lower than \$25. In the event that the interest payment period is extended, holders will accrue OID on a current basis in an aggregate amount approximately equal to the amount of the

interest payment due at the end of the extended interest payment period (including Compound Interest) on an economic accrual basis over the length of the extended interest period and any holders who dispose of Preferred Securities prior to the record date for the payment of interest following such extended interest payment period will not receive from Textron Capital any cash related thereto.

Because income on the Preferred Securities will constitute OID, corporate holders of Preferred Securities will not be entitled to a dividends-received deduction with respect to any income recognized with respect to the Preferred Securities.

MARKET DISCOUNT AND BOND PREMIUM

Holders of Preferred Securities other than Initial Holders may be considered to have acquired their undivided interests in the Junior Subordinated Debt Securities with market discount or acquisition premium as such phrases are defined for United States federal income tax purposes. Such holders are advised to consult their tax advisors as to the income tax consequences of the acquisition, ownership and disposition of the Preferred Securities.

RECEIPT OF JUNIOR SUBORDINATED DEBT SECURITIES OR CASH UPON LIQUIDATION OF TEXTRON CAPITAL

Under certain circumstances, as described under the caption "Description of the Preferred Securities -- Special Event Redemption or Distribution," Junior Subordinated Debt Securities may be distributed to holders in exchange for the Preferred Securities and in liquidation of Textron Capital. Under current law, such a distribution, for United States federal income tax purposes, would be treated as a non-taxable event to each holder, and each holder would receive an aggregate tax basis in the Junior Subordinated Debt Securities equal to such holder's aggregate tax basis in its Preferred Securities. A holder's holding period in the Junior Subordinated Debt Securities so received in liquidation of Textron Capital would include the period during which the Preferred Securities were held by such holder.

Under certain circumstances described herein (see "Description of the Preferred Securities"), the Junior Subordinated Debt Securities may be redeemed for cash and the proceeds of such redemption distributed to holders in redemption of their Preferred Securities. Under current law, such a redemption would, for United States federal income tax purposes, constitute a taxable disposition of the redeemed Preferred Securities, and a holder could recognize gain or loss as if it sold such redeemed Preferred Securities for cash. See "United States Federal Income Taxation -- Sales of Preferred Securities."

SALES OF PREFERRED SECURITIES

A holder that sells Preferred Securities will be considered to have disposed of all or part of its pro rata share of the Junior Subordinated Debt Securities, and will recognize gain or loss equal to the difference between its adjusted tax basis in the Preferred Securities and the amount realized on the sale of such Preferred Securities. A holder's adjusted tax basis in the Preferred Securities generally will be its initial purchase price increased by OID previously includible in such holder's gross income to the date of disposition and decreased by payments received on the Preferred Securities. Such gain or loss generally will be a capital gain or loss (except to the extent of any accrued market discount with respect to such holder's pro rata share of the Junior Subordinated Debt Securities not previously included in income -- see "Market Discount and Bond Premium" above) and generally will be a long-term capital gain or loss if the Preferred Securities have been held for more than one year.

The Preferred Securities may trade at a price that does not accurately reflect the value of accrued but unpaid interest with respect to the underlying Junior Subordinated Debt Securities. A holder who disposes of his Preferred Securities between record dates for payments of distributions thereon will be required to include accrued but unpaid interest on the Junior Subordinated Debt Securities to the date of disposition in income as ordinary income, and to add such amount to his adjusted tax basis in his pro rata share of the underlying Junior Subordinated Debt Securities deemed disposed of. To the extent the selling price is less than the holder's adjusted tax basis (which will include, in the form of OID, all accrued but unpaid interest) a holder

will recognize a capital loss. Subject to certain limited exceptions, capital losses cannot be applied to offset ordinary income for United States federal income tax purposes.

PROPOSED TAX LEGISLATION

On December 7, 1995, as part of President Clinton's Seven-Year Balanced Budget Proposal, the Treasury Department proposed legislation (the "Proposed Legislation") that would treat certain debt instruments issued on or after December 7, 1995, including debt instruments such as the Junior Subordinated Debt Securities, as equity for United States federal income tax purposes. However, on December 19, 1995, the Treasury Department stated its intention to include as part of the Proposed Legislation transition relief for debt instruments issued pursuant to a registration statement filed with the SEC on or before December 7, 1995, to the extent of the aggregate amount of such debt instruments described in the registration statement. Based on the Treasury Department's statement, it is expected that the Proposed Legislation, if enacted without substantial modifications, would not apply to the Junior Subordinated Debt Securities. There can be no assurances, however, that the Proposed Legislation, if enacted, will include transition relief applicable to the Junior Subordinated Debt Securities or that other legislation enacted after the date hereof will not otherwise adversely affect the tax treatment of the Junior Subordinated Debt Securities, result in the distribution of the Junior Subordinated Debt Securities to holders of the Trust Securities or, in certain limited circumstances, the redemption of such securities by Textron. See "Description of Preferred Securities -- Special Event Redemption or Distribution."

UNITED STATES ALIEN HOLDERS

For purposes of this discussion, a "United States Alien Holder" is any corporation, individual, partnership, estate or trust that is, as to the United States, a foreign corporation, a non-resident alien individual, a foreign partnership, or a non-resident fiduciary of a foreign estate or trust.

Under present United States federal income tax law: (i) payments by Textron Capital or any of its paying agents to any holder of a Preferred Security who or which is a United States Alien Holder will not be subject to United States federal withholding tax; provided that, (a) the beneficial owner of the Preferred Security does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of Textron entitled to vote, (b) the beneficial owner of the Preferred Security is not a controlled foreign corporation that is related to Textron through stock ownership, and (c) either (A) the beneficial owner of the Preferred Security certifies to Textron Capital or its agent, under penalties of perjury, that it is not a United States holder and provides its name and address or (B) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business (a "Financial Institution"), and holds the Preferred Security in such capacity, certifies to Textron Capital or its agent, under penalties of perjury, that such statement has been received from the beneficial owner by it or by a Financial Institution between it and the beneficial owner and furnishes Textron Capital or its agent with a copy thereof; and (ii) a United States Alien Holder of a Preferred Security will not be subject to United States federal withholding tax on any gain realized upon the sale or other disposition of a Preferred Security.

INFORMATION REPORTING TO HOLDERS

Subject to the qualifications discussed below, income on the Preferred Securities will be reported to holders on Forms 1099, which forms should be mailed to holders of Preferred Securities by January 31 following each calendar year.

Textron Capital will be obligated to report annually to Cede & Co., as holder of record of the Preferred Securities, the OID related to the Junior Subordinated Debt Securities that accrued during the year. Textron Capital currently intends to report such information on Form 1099 prior to January 31 following each calendar year even though Textron Capital is not legally required to report to record holders until April 15 following each calendar year. The Underwriters have indicated to Textron Capital that, to the extent that they hold Preferred Securities as nominees for beneficial holders, they currently expect to report to such beneficial holders on Forms 1099 by January 31 following each calendar year. Under current law, holders of Preferred Securities who hold as nominees for beneficial holders will not have any obligation to report information

regarding the beneficial holders to Textron Capital. Textron Capital, moreover, will not have any obligation to report to beneficial holders who are not also record holders. Thus, beneficial holders of Preferred Securities who hold their Preferred Securities through the Underwriters will receive Forms 1099 reflecting the income on their Preferred Securities from such nominee holders rather than Textron Capital.

BACKUP WITHHOLDING

Payments made on, and proceeds from the sale of, the Preferred Securities may be subject to a "backup" withholding tax of 31% unless the holder complies with certain identification requirements. Any withheld amounts will be allowed as a credit against the holder's United States federal income tax, provided the required information is provided to the Service.

THE UNITED STATES FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE PREFERRED SECURITIES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN UNITED STATES FEDERAL OR OTHER TAX LAWS.

UNDERWRITING

Under the terms and subject to the conditions of the Underwriting Agreement dated , 1996, each Underwriter named below has severally agreed to purchase from the Trust, and the Trust has agreed to sell to such Underwriter, the number of Preferred Securities set forth opposite the name of such Underwriter below.

| UNDERWRITER | NUMBER OF PREFERRED SECURITIES |
|------------------------|-----------------------------------|
| Smith Barney Inc. | |
| Total..... | ----- ===== |

The Underwriters are obligated to take and pay for the total number of Preferred Securities offered hereby if any such Preferred Securities are purchased. In the event of default by any Underwriter, the Underwriting Agreement provides that, in certain circumstances, purchase commitments of the non-defaulting Underwriters may be increased or the Underwriting Agreement may be terminated.

The Underwriters have advised the Trust that they propose initially to offer the Preferred Securities to the public at the Initial Public Offering Price set forth on the cover page of this Prospectus Supplement, and to certain dealers at a price that represents a concession not in excess of per Preferred Security. The Underwriters may allow, and such dealers may reallow, a concession not in excess of per Preferred Security to certain other dealers. After the Preferred Securities are released for sale to the public, the public offering price and such concessions may be changed by the Underwriters.

The Underwriters have in the past provided, and may in the future provide, investment banking services to the Company.

The Underwriting Agreement provides that the Trust and Textron will indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, and to make certain contributions in respect thereof.

The Trust and Textron have agreed, during the period beginning on the date of the Underwriting Agreement and continuing to and including the date that is days after the closing date for the purchase of the Preferred Securities, not to offer, sell, contract to sell or otherwise dispose of any preferred securities, any preferred stock or any other securities (including any backup undertakings) of Textron or Preferred Securities of the Trust, in each case that are substantially similar to the Preferred Securities, or any securities convertible into or exchangeable for the Preferred Securities or such substantially similar securities of either the Trust or Textron, without the prior written consent of Smith Barney Inc.

LEGAL MATTERS

The validity of the Junior Subordinated Debt Securities, the Guarantee and certain matters relating thereto will be passed upon on behalf of Textron by Michael D. Cahn, Assistant General Counsel -- Corporate of Textron. The validity of the Preferred Securities and certain matters relating thereto will be passed upon on behalf of Textron Capital by Skadden, Arps, Slate, Meagher & Flom, New York, New York. Certain legal matters will be passed upon for the Underwriters by Davis Polk & Wardwell, New York, New York. Certain United States federal income taxation matters will be passed upon for Textron and Textron Capital by Skadden, Arps, Slate, Meagher & Flom, New York, New York.

NO DEALER, SALESPERSON OR OTHER INDIVIDUAL HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS, IN CONNECTION WITH THE OFFER CONTAINED IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS, AND, IF GIVEN OR MADE, ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY TEXTRON INC., TEXTRON CAPITAL I OR ANY UNDERWRITER, DEALER OR AGENT. THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS DO NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF TEXTRON INC. OR TEXTRON CAPITAL I SINCE THE DATE HEREOF.

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PREFERRED SECURITIES

TEXTRON CAPITAL I

**% TRUST PREFERRED SECURITIES
GUARANTEED TO THE EXTENT SET FORTH HEREIN BY**

TEXTRON INC.

[LOGO TEXTRON]

PROSPECTUS SUPPLEMENT

DATED , 1996

SMITH BARNEY INC.

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