

TEXTRON INC  
Form 424B3  
January 23, 2014

Use these links to rapidly review the document

[Table of Contents](#)  
[TABLE OF CONTENTS](#)

[Table of Contents](#)

Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-175886

**The information contained in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion,  
Preliminary Prospectus Supplement dated January 23, 2014**

PROSPECTUS SUPPLEMENT  
(To Prospectus dated July 29, 2011)

\$

**TEXTRON INC.**

\$ % Notes due 2021

\$ % Notes due 2024

This is an offering by Textron Inc. of a total of \$ principal amount of its notes consisting of \$ principal amount of its % notes due 2021 (the "2021 notes") and \$ principal amount of its % notes due 2024 (the "2024 notes" and, together with the 2021 notes, the "notes").

The 2021 notes will bear interest at a rate of % per year and mature on , 2021. The 2024 notes will bear interest at a rate of % per year and mature on , 2024. Interest on the 2021 notes will be payable on and of each year, beginning on , 2014. Interest on the 2024 notes will be payable on and of each year, beginning on , 2014.

We may, at our option, redeem the notes of a series, in whole or in part, at any time at the prices specified under "Description of Notes Optional Redemption." In addition, if we do not complete the Beechcraft Acquisition (as defined herein) described under "Summary Pending Beechcraft Acquisition," or the related merger agreement is terminated, on or before December 31, 2014, we will redeem all outstanding 2021 notes at the price specified and as otherwise described under "Description of Notes Special Mandatory Redemption." The 2024 notes are not subject to this special mandatory redemption. If a change of control triggering event were to occur, we may be required to offer to purchase the notes from holders as described under "Description of Notes Change of Control Triggering Event."

The notes will be our unsecured senior obligations that rank equally in right of payment with our existing and future senior unsecured indebtedness and senior in right of payment to our future subordinated debt, if any. The notes will be effectively junior to any of our secured debt to the extent of the value of the assets securing such debt. The notes will also be effectively subordinated to all existing and future debt and other liabilities (including trade payables) of our subsidiaries.

**Investing in the notes involves risks. See "Risk Factors" beginning on page S-5 of this prospectus supplement.**

	Per 2021 Note	Per 2024 Note	Total
Public offering price(1)	%	%	\$
Underwriting discounts and commissions	%	%	\$
Proceeds, before expenses, to us	%	%	\$

(1) Plus accrued interest, if any, from January , 2014.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

We expect that delivery of the notes will be made to investors in book-entry form through The Depository Trust Company for the accounts of its participants, including Clearstream Banking, *société anonyme* and Euroclear Bank, S.A./N.V., as operator of the Euroclear System, on or about January , 2014.

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*Joint Book-Running Managers*

**J.P. Morgan**  
**BofA Merrill Lynch**

**Citigroup**  
**Mitsubishi UFJ Securities**

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January , 2014

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Table of Contents

We and the underwriters have not authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we or the underwriters have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

We and the underwriters are offering to sell the notes only in places where offers and sales are permitted.

You should not assume that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date of such information and in no case as of any date subsequent to the date on the front cover of this prospectus supplement.

Table of Contents

	Page
<b>Prospectus Supplement</b>	
<u>About this Prospectus Supplement</u>	<u>S-ii</u>
<u>Summary</u>	<u>S-1</u>
<u>Risk Factors</u>	<u>S-5</u>
<u>Forward-Looking Statements</u>	<u>S-8</u>
<u>Use of Proceeds</u>	<u>S-10</u>
<u>Description of Notes</u>	<u>S-11</u>
<u>United States Federal Income Tax Consequences</u>	<u>S-22</u>
<u>Underwriting</u>	<u>S-26</u>
<u>Legal Matters</u>	<u>S-30</u>
<u>Experts</u>	<u>S-30</u>
<b>Prospectus</b>	
<u>About this Prospectus</u>	<u>3</u>
<u>Textron</u>	<u>3</u>
<u>Risk Factors</u>	<u>3</u>
<u>Use of Proceeds</u>	<u>3</u>
<u>Description of Capital Stock</u>	<u>3</u>
<u>Description of Debt Securities</u>	<u>7</u>
<u>Plan of Distribution</u>	<u>14</u>
<u>Legal Opinions</u>	<u>15</u>
<u>Experts</u>	<u>15</u>
<u>Where You Can Find More Information</u>	<u>15</u>
	S-i

Table of Contents

**About this Prospectus Supplement**

This prospectus supplement supplements the accompanying prospectus. The accompanying prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, using a "shelf" registration process. Under this shelf registration process, we may, from time to time, issue and sell any combination of the securities, including the notes, described in the accompanying prospectus. The accompanying prospectus provides you with a general description of these securities, and this prospectus supplement contains specific information about the terms of this offering of notes.

This prospectus supplement, or the information incorporated by reference, may add, update or change information in the accompanying prospectus. If information in this prospectus supplement, or the information incorporated by reference, is inconsistent with the accompanying prospectus, this prospectus supplement, or the information incorporated by reference, will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents we have referred you to under "Where You Can Find More Information" in the accompanying prospectus.

Unless otherwise indicated, references in this prospectus supplement and the accompanying prospectus to "Textron," "we," "us," "our" and "our company" are to Textron Inc. and, as applicable, its subsidiaries. When we refer to the "notes" in this prospectus supplement, we mean the notes being offered by this prospectus supplement, unless we state otherwise.

Table of Contents

**Summary**

*This summary highlights selected information included or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary does not contain all of the information that you should consider before investing in the notes. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the information incorporated by reference, especially the risks described under "Risk Factors" in this prospectus supplement, before making an investment decision. See "Where You Can Find More Information" in the accompanying prospectus.*

**Textron Inc.**

Textron Inc. is a multi-industry company that leverages its global network of aircraft, defense, industrial and finance businesses to provide customers with innovative products and services around the world. We conduct our business through five operating segments: Cessna, Bell, Textron Systems and Industrial, which represent our manufacturing businesses, and Finance, which represents our finance business.

We are incorporated under the laws of Delaware. Our principal executive offices are located at 40 Westminster Street, Providence, Rhode Island 02903, and our telephone number is (401) 421-2800.

**Pending Beechcraft Acquisition**

On December 26, 2013, we entered into an agreement to purchase all outstanding equity interests in Beech Holdings, LLC ("Beech"), the parent of Beechcraft Corporation, for approximately \$1.4 billion in cash (the "Beechcraft Acquisition"). Beechcraft is a manufacturer of business, special mission, light attack and trainer aircraft. The Beechcraft Acquisition is expected to close during the first half of 2014, subject to customary closing conditions, including regulatory approvals. We plan to use the net proceeds from this offering to finance a portion of the Beechcraft Acquisition and pay related fees and expenses as described under "Use of Proceeds."

**Recent Financial Information**

On January 22, 2014, we reported fourth quarter 2013 income from continuing operations of \$0.60 per share. Revenues in the quarter were \$3.5 billion. For further information on our financial results for the quarterly period and fiscal year ended December 28, 2013, please see our Current Report on Form 8-K dated January 23, 2014, which is incorporated by reference in the accompanying prospectus.



Table of Contents

At any time on or after \_\_\_\_\_, 2023 (three months prior to the maturity date), we may, at our option, redeem the 2024 notes in whole or in part at a redemption price equal to 100% of the principal amount of the 2024 notes being redeemed, plus accrued and unpaid interest thereon up to, but not including, the redemption date.

**Special Mandatory Redemption**

If the Beechcraft Acquisition is not completed, or the related merger agreement is terminated, on or before December 31, 2014, we will be required to redeem all outstanding 2021 notes at a redemption price equal to 101% thereof, plus accrued and unpaid interest thereon up to, but not including, the special mandatory redemption date (as defined herein). The 2024 notes are not subject to this special mandatory redemption. See "Description of Notes Special Mandatory Redemption."

**Mandatory Offer to Repurchase**

If we experience a "Change of Control Triggering Event" (as defined herein), we will be required to offer to purchase the notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, except to the extent that we have exercised our right to redeem the notes or are required to redeem the 2021 notes as described above. See "Description of Notes Change of Control Triggering Event."

**Covenants**

We will agree to certain restrictions on liens, mortgages and sale and leaseback transactions. These covenants are subject to important qualifications and exceptions. See "Description of Debt Securities Particular Terms of Senior Debt Securities Limitations upon mortgages" and " Limitations upon sale and leaseback transactions" in the accompanying prospectus. We will also agree to certain restrictions on our ability to consolidate with or merge into any other corporation or transfer our assets substantially as an entirety. See "Description of Debt Securities Terms Applicable to Senior Debt Securities and Subordinated Debt Securities Consolidation, merger and sale of assets" in the accompanying prospectus.

**Further Issuance of Notes**

We may, without the consent of the holders of the notes of a series, create and issue additional debt securities ranking equally with the notes of that series and otherwise identical in all respects to the notes of that series (except for the issue price, the date from which interest first accrues and the first interest payment date) so that those additional debt securities will be consolidated and form a single series with the notes of that series. If the additional debt securities are not fungible with the existing notes of that series for U.S. Federal income tax purposes, the additional notes will have a separate CUSIP number. No additional debt securities may be issued if an event of default under the indenture has occurred.

Table of Contents

**Use of Proceeds**

We plan to use the net proceeds from this offering to finance a portion of the Beechcraft Acquisition and pay related fees and expenses. If we do not complete the Beechcraft Acquisition, we plan to use the net proceeds from the offering of the 2024 notes for general corporate purposes. See "Summary Pending Beechcraft Acquisition" and "Use of Proceeds."

**Denomination and Form**

We will issue the notes of each series in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company, or DTC. Beneficial interests in the notes of each series will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Clearstream Banking, société anonyme and Euroclear Bank, S.A./N.V., as operator of the Euroclear System, will hold interests on behalf of their participants through their respective U.S. depositories, which in turn will hold such interests in accounts as participants of DTC. Except in the limited circumstances described in this prospectus supplement, owners of beneficial interests in the notes will not be entitled to have notes registered in their names, will not receive or be entitled to receive notes in definitive form and will not be considered holders of notes under the indenture. The notes of each series will be issued only in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

**Trustee**

The Bank of New York Mellon Trust Company, N.A.

**Governing Law**

The notes and the indenture will be governed by New York law.

**Risk Factors**

Investing in the notes involves risks. Potential investors are urged to read and consider the risk factors relating to an investment in us and the notes as set forth under "Risk Factors" in this prospectus supplement, as well as other information we include or incorporate by reference in this prospectus supplement or the accompanying prospectus.



Table of Contents

**Risk Factors**

*You should carefully consider the risks described in our Current Report on Form 8-K dated January 23, 2014, which is incorporated by reference in the accompanying prospectus, and the risks described below before making an investment decision. If any of the following risks actually occurs, our business, financial condition or results of operations could be materially and adversely affected. These risk factors update and supersede the risk factors in the accompanying prospectus.*

**Risks Relating to the Notes**

*The notes are effectively subordinated to the existing and future liabilities of our subsidiaries.*

The notes are unsecured senior obligations of Textron Inc. exclusively and will rank equal in right of payment to Textron Inc.'s other existing and future unsecured senior debt. The notes are not secured by any of our assets. Any future claims of secured lenders with respect to assets securing their loans will be prior to any claim of the holders of the notes with respect to those assets.

Since a significant part of our operations is conducted through subsidiaries, a significant portion of our cash flow and, consequently, Textron Inc.'s ability to service debt, including the notes, is dependent upon the earnings of our subsidiaries and the transfer of funds by those subsidiaries to Textron Inc., in the form of dividends or other transfers. Our financing is conducted through two borrowing groups, Manufacturing and Finance. The Manufacturing group consists of Textron Inc. consolidated with its majority-owned subsidiaries that operate in the Cessna, Bell, Textron Systems and Industrial segments. The Finance group, which also is the Finance segment, consists of Textron Financial Corporation, or TFC, and its consolidated subsidiaries. Our Finance group has historically financed its operations by borrowing from its own group of external creditors and, from time to time, from our Manufacturing group. Textron Inc. has agreed, under a support agreement entered into by Textron Inc. and TFC, to make payments to TFC, if necessary, to cause TFC to maintain certain minimum levels of financial performance.

Creditors of our subsidiaries would be entitled to a claim on the assets of our subsidiaries prior to any claims by us. 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 us, except to the extent that we ourselves are recognized as a creditor of such subsidiary. Any of our claims as the creditor of our subsidiary would be subordinate to any security interest in the assets of such subsidiary and any indebtedness of our subsidiary senior to that held by us.

As of December 28, 2013, we had approximately \$3.2 billion of outstanding indebtedness on a consolidated basis, of which an aggregate of \$1.3 billion was indebtedness of our subsidiaries (including \$1.3 billion of indebtedness of our Finance segment). In addition, our subsidiaries had an aggregate of \$4.3 billion of other obligations. In addition to the issuance of the notes, we also expect to incur approximately \$500 million of additional long-term indebtedness in connection with the Beechcraft Acquisition.

*The indenture does not restrict the amount of additional debt that we may incur.*

The notes and the indenture under which the notes will be issued do not place any limitation on the amount of unsecured debt that may be incurred by us. Our incurrence of additional debt may have important consequences for holders of the notes, including making it more difficult for us to satisfy our obligations with respect to the notes, a loss in the trading value of the notes, if any, and a risk that the credit rating of the notes is lowered or withdrawn.

Table of Contents

***We may not be able to repurchase the notes upon a change of control.***

Upon the occurrence of specific kinds of change of control events called Change of Control Triggering Events, unless we have exercised our right to redeem the notes, each holder of notes will have the right to require us to repurchase all or any part of such holder's notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. If we experience a Change of Control Triggering Event, there can be no assurance that we would have sufficient financial resources available to satisfy our obligations to repurchase the notes. Our failure to repurchase the notes as required under the indenture governing the notes would result in a default under the indenture, which could have material adverse consequences for us and the holders of the notes. See "Description of Notes Change of Control Triggering Event."

***We cannot assure you that an active trading market will develop for the notes.***

Prior to this offering, there has been no trading market for the notes. We do not intend to apply for listing of the notes on any securities exchange or to arrange for quotation on any interdealer quotation system. We have been informed by the underwriters that they intend to make a market in the notes after the offering is completed. However, the underwriters may cease their market-making at any time without notice. In addition, the liquidity of the trading market in the notes, and the market price quoted for the notes, may be adversely affected by changes in the overall market for this type of security and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. In addition, such market-making activities will be subject to limits imposed by the United States federal securities laws, and may be limited during the pendency of any shelf registration statement. As a result, we cannot assure you that an active trading market will develop for the notes. If an active trading market does not develop or is not maintained, the market price and liquidity of the notes may be adversely affected. In that case you may not be able to sell your notes at a particular time or you may not be able to sell your notes at a favorable price.

***Our credit ratings may not reflect all risks of an investment in the notes.***

Our outstanding indebtedness, including the notes, from time to time may receive credit ratings from certain credit rating agencies. Such ratings are limited in scope and do not address all material risks relating to an investment in the notes, but rather reflect only the view of each rating agency at the time the rating is issued. Each agency's rating should be evaluated independently of any other agency's rating. While each of the rating agencies that rate our credit have affirmed our rating levels after taking into account the Beechcraft Acquisition and the financing thereof, which we expect to consist of approximately \$500 million of long-term indebtedness in addition to the notes offered hereby, there can be no assurance that such credit ratings will not be lowered, suspended or withdrawn entirely by the applicable rating agencies, if, in such rating agency's judgment, circumstances so warrant. Real or anticipated changes in our credit ratings will generally affect the market value of the notes.

***If we do not complete the Beechcraft Acquisition, or the related merger agreement is terminated, on or before December 31, 2014, we will be required to redeem all outstanding 2021 notes and, as a result, you may not obtain your expected return on the 2021 notes.***

Our ability to complete the Beechcraft Acquisition is subject to various conditions, certain of which are beyond our control. The merger agreement relating to the Beechcraft Acquisition contains certain termination provisions, including the right for each of Textron and Beech to terminate the agreement in the event that the Beechcraft Acquisition has not been completed by July 24, 2014 if specified regulatory approvals have not been received by that date. If the Beechcraft Acquisition is not completed, or the related merger agreement is terminated, on or before December 31, 2014, we will be required to redeem all outstanding 2021 notes at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon up to, but not including, the special

Table of Contents

mandatory redemption date (as defined herein). See "Description of Notes Special Mandatory Redemption." If we redeem the 2021 notes pursuant to this special mandatory redemption, you may not obtain the return that you expected on your investment in the 2021 notes.

There is no escrow account for or security interest in the proceeds of this offering for the benefit of holders of the 2021 notes, and such holders will therefore be subject to the risk that we may be unable to finance the special acquisition redemption if it is triggered.

Whether or not the special mandatory redemption is ultimately triggered, it may adversely affect trading prices for the 2021 notes prior to the special mandatory redemption date.

The 2024 notes are not subject to this special mandatory redemption. If the Beechcraft Acquisition is completed on or before December 31, 2014, the 2021 notes will not be subject to this special mandatory redemption. The Beechcraft Acquisition may be modified and the related merger agreement may be amended, including, in each case, in material respects, without any consent from the holders of the 2021 notes or the 2024 notes.

Table of Contents

**Forward-Looking Statements**

The information included or incorporated by reference in this prospectus supplement and the accompanying prospectus contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements, which may describe strategies, goals, outlook or other non-historical matters, such as our intended use of the net proceeds from this offering, or may project revenues, income, returns or other financial measures, often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "guidance," "project," "target," "potential," "will," "should," "could," "likely" or "may" and similar expressions intended to identify forward-looking statements. These forward-looking statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results to differ materially from those expressed or implied by such statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update or revise any forward-looking statements. In addition to those factors described under "Risk Factors" above and in our Current Report on Form 8-K dated January 23, 2014, which has been incorporated by reference in the accompanying prospectus, these factors include:

interruptions in the U.S. Government's ability to fund its activities and/or pay its obligations;

changing priorities or reductions in the U.S. Government defense budget, including those related to military operations in foreign countries;

our ability to perform as anticipated and to control costs under contracts with the U.S. Government;

the U.S. Government's ability to unilaterally modify or terminate its contracts with us for the U.S. Government's convenience or for our failure to perform, to change applicable procurement and accounting policies, or, under certain circumstances, to withhold payment or suspend or debar us as a contractor eligible to receive future contract awards;

changes in foreign military funding priorities or budget constraints and determinations, or changes in government regulations or policies on the export and import of military and commercial products;

volatility in the global economy or changes in worldwide political conditions that adversely impact demand for our products;

volatility in interest rates or foreign exchange rates;

risks related to our international business, including establishing and maintaining facilities in locations around the world and relying on joint venture partners, subcontractors, suppliers, representatives, consultants and other business partners in connection with international business, including in emerging market countries;

our Finance segment's ability to maintain portfolio credit quality or to realize full value of receivables;

legislative or regulatory actions, both domestic and foreign, impacting our operations or demand for our products;

our ability to control costs and successfully implement various cost-reduction activities;

the efficacy of research and development investments to develop new products or unanticipated expenses in connection with the launching of significant new products or programs;

the timing of our new product launches or certifications of our new aircraft products;

S-8

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Table of Contents

our ability to keep pace with our competitors in the introduction of new products and upgrades with features and technologies desired by our customers;

increases in pension expenses or employee and retiree medical benefits;

continued demand softness or volatility in the markets in which we do business;

the inability to complete announced acquisitions;

difficulty or unanticipated expenses in connection with integrating acquired businesses; and

the risk that anticipated synergies and opportunities as a result of acquisitions will not be realized or the risk that acquisitions do not perform as planned, including, for example, the risk that acquired businesses will not achieve revenue projections.

Table of Contents

**Use of Proceeds**

We estimate that the proceeds from this offering will be approximately \$       million, after deducting the underwriting discounts and commissions and offering expenses payable by us.

We plan to use the net proceeds from this offering to finance a portion of the Beechcraft Acquisition and pay related fees and expenses. See "Summary Pending Beechcraft Acquisition."

If we do not complete the Beechcraft Acquisition, or the related merger agreement is terminated, on or before December 31, 2014, the 2021 notes will be subject to the special mandatory redemption provision described under "Description of Notes Special Mandatory Redemption" and the net proceeds from the offering of the 2024 notes will be used for general corporate purposes.

S-10

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Table of Contents

**Description of Notes**

**General**

The 2021 notes and the 2024 notes are each a separate series of "senior debt securities" described in the accompanying prospectus. The notes will be issued under our indenture dated as of September 10, 1999 with The Bank of New York Mellon Trust Company, N.A. (as successor to The Bank of New York), as trustee. This description of the notes supplements and, to the extent it is inconsistent, replaces the description of the general provisions of the notes and the indenture in the accompanying prospectus. These descriptions are summaries of the material provisions of the notes and the indenture. This summary is subject to and is qualified by reference to all the provisions of the notes and the indenture, including the definitions of certain terms used in the indenture. We urge you to read the indenture because it, and not this description, defines your rights as a holder of the notes. The indenture is filed as an exhibit to the registration statement of which the accompanying prospectus is a part and is incorporated into the accompanying prospectus by reference.

For purposes of this description, references to "we," "our," "us" and "the Company" refer only to Textron Inc. and not to its subsidiaries.

The 2021 notes will mature on \_\_\_\_\_, 2021 and the 2024 notes will mature on \_\_\_\_\_, 2024. Unless previously redeemed or purchased and cancelled, we will repay the notes of each series at 100% of their principal amount together with accrued and unpaid interest thereon at maturity. We expect that the notes of each series initially will be represented by one or more global notes deposited with The Depository Trust Company, or DTC, and registered in the name of Cede & Co., the nominee of DTC. The notes will be available for purchase in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess of that amount, in registered book-entry form only, except as set forth below.

The notes will be initially issued in a total principal amount of \$ \_\_\_\_\_, consisting of \$ \_\_\_\_\_ principal amount of 2021 notes and \$ \_\_\_\_\_ principal amount of 2024 notes. We may, without the consent of the holders of the notes of a series, create and issue additional debt securities ranking equally with the notes of that series and otherwise identical in all respects to the notes of that series (except for the issue price, the date from which interest first accrues and the first interest payment date of the additional notes) so that those additional notes will be consolidated and form a single series with the notes of that series that we are offering. No additional debt securities may be issued if an event of default under the indenture has occurred.

The notes of each series will be redeemable at our option, as described below. The notes will not be subject to a sinking fund. The notes will be subject to defeasance as described in the accompanying prospectus. The notes will not be convertible or exchangeable.

The Bank of New York Mellon Trust Company, N.A. is the trustee under the indenture governing the notes. The Bank of New York Mellon Trust Company, N.A. is a national banking association organized under and governed by the laws of the United States. The Bank of New York Mellon Trust Company, N.A. provides trust services and acts as indenture trustee for numerous corporate securities issuances, including for other series of debt securities of which we are the issuer, and will be the principal paying agent and the transfer agent for the notes.

The notes will be, and the indenture is, governed by the laws of the State of New York.

The notes are unsecured senior obligations of Textron exclusively and will rank equal in right of payment to Textron's other existing and future unsecured senior debt. The notes are not secured by any of our assets. Any future claims of secured lenders with respect to assets securing their loans will be prior to any claim of the holders of the notes with respect to those assets.



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## Table of Contents

Since a significant part of our operations is conducted through subsidiaries, a significant portion of our cash flow and, consequently, our ability to service debt, including the notes, is dependent upon the earnings of our subsidiaries and the transfer of funds by those subsidiaries to us, in the form of dividends or other transfers.

Creditors of our subsidiaries would be entitled to a claim on the assets of our subsidiaries prior to any claims by us. 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 us, except to the extent that we ourselves are recognized as a creditor of such subsidiary. Any of our claims as the creditor of our subsidiary would be subordinate to any security interest in the assets of such subsidiary and any indebtedness of our subsidiary senior to that held by us.

As of December 28, 2013, we had approximately \$3.2 billion of outstanding indebtedness on a consolidated basis, of which an aggregate of \$1.3 billion was indebtedness of our subsidiaries (including \$1.3 billion of indebtedness of our Finance segment). In addition, our subsidiaries had an aggregate of \$4.3 billion of other obligations.

### **Payment of Interest**

The 2021 notes will bear interest at a rate of % per year. The 2024 notes will bear interest at a rate of % per year. Interest on the notes of each series will accrue from January , 2014. We will pay interest semi-annually in arrears, in the case of the 2021 notes, on and of each year, beginning on , 2014, and in the case of the 2024 notes, on and of each year, beginning on , 2014. We will pay interest to the persons in whose names the notes are registered at the close of business on, in the case of the 2021 notes, the preceding or and, in the case of the 2024 notes, the preceding or . We will pay interest on the notes of each series computed on the basis of a 360-day year consisting of twelve 30-day months.

If any interest payment date for the notes would otherwise be a day that is not a business day, then the interest payment date will be postponed to the following date that is a business day. Interest will not accrue as a result of any delayed payment. The term "business day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are generally authorized or required by law or regulation to close in The City of New York.

### **Optional Redemption**

We will have the option to redeem the notes of either series at our option, in whole or in part at any time with respect to the 2021 notes and at any time prior to , 2023 with respect to the 2024 notes, in each case at a redemption price equal to the greater of:

100% of the principal amount of the notes to be redeemed; and

as determined by the Quotation Agent, the sum of the present values of the remaining scheduled payments of principal of and interest on the notes to be redeemed that would be due on or after the redemption date but for the redemption (not including any portion of interest accrued on the notes to be redeemed as of the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate for the notes of that series plus basis points, in the case of the 2021 notes, and basis points, in the case of the 2024 notes;

plus, in each of the above cases, accrued and unpaid interest on the notes to be redeemed up to, but not including, the redemption date.

We will have the option to redeem the 2024 notes, in whole or in part at any time on or after , 2023 (three months prior to the maturity date), at a redemption price equal to 100% of the

Table of Contents

principal amount of the 2024 notes being redeemed, plus accrued and unpaid interest thereon up to, but not including, the redemption date.

Certain terms used in this description of our option to redeem the notes are defined below in this section.

We will mail a notice of redemption at least 30 days but not more than 60 days before the redemption date to each holder of notes to be redeemed. We understand that under DTC's current practice, if we elect to redeem less than all of the notes of either series, DTC would determine by lot the notes of that series to be redeemed. If at the time of a partial redemption, individual notes have been issued in definitive form, the trustee will select in a fair and appropriate manner the notes to be redeemed.

Unless we default in payment of the redemption price and accrued and unpaid interest on the notes, on and after the redemption date, interest will stop accruing on the notes or portions of the notes called for redemption.

For purposes of this section " Optional Redemption," the following terms have the following meanings:

*"Adjusted Treasury Rate"* means, with respect to the redemption of notes of either series on a redemption date, the annual rate equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue for the notes of that series, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

*"Comparable Treasury Issue"* means, with respect to the redemption of notes of either series on a redemption date, the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the notes of that series to be redeemed that would be used, at the time of selection and in accordance with customary, financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

*"Comparable Treasury Price"* means, with respect to the redemption of notes of either series on a redemption date:

the average of the Reference Treasury Dealer Quotations for the notes of that series for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations or

if the trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

*"Primary Treasury Dealer"* means a primary U.S. Government securities dealer in New York City.

*"Quotation Agent"* means the Reference Treasury Dealer appointed by us.

*"Reference Treasury Dealer"* means each of (a) J.P. Morgan Securities LLC and Citigroup Global Markets Inc. and their successors, provided that if any of the foregoing ceases to be a Primary Treasury Dealer, we shall substitute another Primary Treasury Dealer and (b) any other Primary Treasury Dealers selected by us.

*"Reference Treasury Dealer Quotations"* means, with respect to each Reference Treasury Dealer and the redemption of notes of either series on a redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue for the notes of that series (expressed in each case as a percentage of its principal amount) which such Reference Treasury Dealer quotes in writing to the trustee at 5:00 p.m., New York City time, on the third business day before such redemption date.

Table of Contents

**Special Mandatory Redemption**

If the Beechcraft Acquisition is not completed, or the related merger agreement is terminated, on or before December 31, 2014, we will be required to redeem all outstanding 2021 notes at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon up to, but not including, the special mandatory redemption date (as defined below). The "special mandatory redemption date" means the earlier to occur of (1) January 31, 2015 (or if such day is not a business day, the first business day thereafter) and (2) the 30<sup>th</sup> day (or if such day is not a business day, the first business day thereafter) following the termination of the merger agreement relating to the Beechcraft Acquisition for any reason.

If we are required to redeem the 2021 notes pursuant to this special mandatory redemption, we will cause the notice of redemption to be mailed, with a copy to the trustee, to each holder of the 2021 notes at its registered address within five business days after the occurrence of the event that requires us to redeem such notes. Unless we default in payment of the redemption price and accrued and unpaid interest on the 2021 notes, on and after the special mandatory redemption date, interest will stop accruing on the 2021 notes.

The 2024 notes are not subject to this special mandatory redemption.

**Change of Control Triggering Event**

If a Change of Control Triggering Event occurs with respect to the notes of a series, holders of the notes of that series will have the right to require us to repurchase all or any part (equal to \$1,000 or an integral multiple of \$1,000 in excess thereof) of their notes pursuant to the offer described below (the "Change of Control Offer") on the terms set forth in the indenture, except to the extent that we have exercised our option to redeem the notes of that series as described under "Optional Redemption" above or, in the case of the 2021 notes, we have been required to redeem such notes as described under "Special Mandatory Redemption" above. In the Change of Control Offer, we will offer payment in cash equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest, if any, on the notes repurchased, to the date of purchase (the "Change of Control Payment"). Within 30 days following any Change of Control Triggering Event with respect to the notes of a series, we will mail a notice to the holders of the notes of that series describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase their notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date"), pursuant to the procedures required by the indenture and described in such notice. We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934 (the "Exchange Act") and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Triggering Event provisions of the indenture, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Triggering Event provisions of the indenture by virtue of such conflicts.

On the Change of Control Payment Date for the notes of a series, we will, to the extent lawful:

accept for payment all notes or portions of notes of that series properly tendered pursuant to the Change of Control Offer;

deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes of that series properly tendered; and

Table of Contents

deliver or cause to be delivered to the trustee for cancellation the notes of that series properly accepted together with an officers' certificate stating the aggregate principal amount of notes or portions of notes being purchased by us.

Unless we default in the Change of Control Payment, on and after the Change of Control Payment Date for the notes of a series, interest will stop accruing on the notes of that series or portions of the notes tendered for repurchase pursuant to the Change of Control Offer.

The repurchase rights of the holders of the notes upon the occurrence of a Change of Control Triggering Event could discourage a potential acquirer of us. The Change of Control purchase feature is a result of negotiations between us and the underwriters. The repurchase feature, however, is not the result of management's knowledge of any specific effort to obtain control of us by any means or part of a plan by management to adopt a series of anti-takeover provisions. The term Change of Control is limited to specified transactions and may not include other events that might adversely affect our financial condition. In addition, the requirement that we offer to repurchase the notes upon a Change of Control Triggering Event may not protect holders in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving us.

The definition of "Change of Control" includes a phrase relating to the conveyance, transfer, sale, lease or other disposition of "all or substantially all" of our consolidated assets. There is no precise, established definition of the phrase "substantially all" under New York law, which governs the indenture and the notes, or under the laws of Delaware, our state of incorporation. Accordingly, the ability of a holder of the notes to require us to repurchase its notes as a result of the conveyance, transfer, sale, lease or other disposition of less than all of our assets may be uncertain.

If a Change of Control Triggering Event were to occur, we may not have enough funds to pay the repurchase price. See "Risk Factors Risks Relating to the Notes We may not be able to repurchase the notes upon a change of control" above. If we fail to repurchase the notes when required following a Change of Control Triggering Event for the notes of a series, we will be in default under the indenture with respect to the notes of that series. In addition, we have incurred, and may in the future incur, other indebtedness with similar change in control provisions permitting our holders to accelerate or to require us to repurchase our indebtedness upon the occurrence of similar events or on some specific dates.

Holders may not be entitled to require us to purchase their notes in certain circumstances involving a significant change in the composition of our board of directors, including in connection with a proxy contest in which our board does not approve a dissident slate of directors but approves them as Continuing Directors, even if our board initially opposed the directors.

The provisions under the indenture obligating us to make a Change of Control Offer for the notes of a series may be waived or modified with the written consent of the holders of a majority in principal amount of the notes of that series.

For purposes of the foregoing discussion of a repurchase at the option of holders of notes upon the occurrence of a Change of Control Triggering Event, the following definitions are applicable:

*"Below Investment Grade Rating Event"* means the ratings on the notes of a series are lowered by each of the Rating Agencies and the notes of that series are rated below an Investment Grade Rating by each of the Rating Agencies on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control (which 60-day period shall be extended so long as the rating of the notes of that series is under publicly announced consideration for possible downgrade by any of the Rating Agencies); provided that a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Rating Event for purposes of the

Table of Contents

definition of Change of Control Triggering Event hereunder) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the trustee or us in writing at its or our request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Below Investment Grade Rating Event).

"*Capital Stock*" of any Person means any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock and limited liability or partnership interests (whether general or limited), but excluding any debt securities convertible into such equity.

"*Change of Control*" means the occurrence of any of the following:

the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of our properties or assets and of our subsidiaries' properties or assets taken as a whole to any Person or group of related "persons" (as that term is used in Section 13(d)(3) of the Exchange Act) (a "Group") other than us or one of our subsidiaries;

the adoption of a plan relating to our liquidation or dissolution;

the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any Person or Group becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of our Voting Stock; or

the first day on which a majority of the members of our board of directors are not Continuing Directors.

Notwithstanding the foregoing, a transaction will not be considered to be a Change of Control if (1) we become a direct or indirect wholly owned subsidiary of a holding company and (2) immediately following that transaction, (A) the direct or indirect holders of the Voting Stock of the holding company are substantially the same as the holders of our Voting Stock immediately prior to that transaction or (B) no Person or Group is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of the holding company.

"*Change of Control Triggering Event*" means, with respect to the notes of a series, the occurrence of both a Change of Control and a Below Investment Grade Rating Event for the notes of that series.

"*Continuing Director*" means, as of any date of determination, any member of our board of directors who (1) was a member of our board of directors on the date of the issuance of the notes or (2) was nominated for election, elected or appointed to our board of directors with the approval of a majority of the Continuing Directors who were members of our board of directors at the time of such nomination, election or appointment (either by a specific vote or by approval of our proxy statement in which such member was named as a nominee for election as a director).

"*Fitch*" means Fitch Ratings, Inc., and its successors.

"*Investment Grade Rating*" means a rating equal to or higher than BBB- (or the equivalent) by Fitch, Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P.

"*Moody's*" means Moody's Investors Service, Inc., and its successors.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity, and includes a "person" as used in Section 13(d)(3) of the Exchange Act.

Table of Contents

"*Rating Agencies*" means, with respect to the notes of a series, (1) each of Fitch, Moody's and S&P and (2) if any of Fitch, Moody's or S&P ceases to rate the notes or fails to make a rating of the notes of that series publicly available for reasons outside of our control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by us (as certified by a resolution of our board of directors) as a replacement agency for Fitch, Moody's or S&P, or all of them, as the case may be.

"*S&P*" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors, managers or trustees, as applicable.

**Information Concerning the Trustee**

We have appointed The Bank of New York Mellon Trust Company, N.A. (as successor to The Bank of New York), the trustee under the indenture, as paying agent, notes registrar and custodian for the notes. The trustee or its affiliates may also provide other services to us in the ordinary course of their business. The indenture contains certain limitations on the rights of the trustee, if it or any of its affiliates is then our creditor, to obtain payment of claims in certain cases or to realize on certain property received on any claim as security or otherwise. The trustee and its affiliates will be permitted to engage in other transactions with us. However, if the trustee or any affiliate continues to have any conflicting interest and a default occurs with respect to the notes, the trustee must eliminate such conflict or resign with respect to the notes of that series.

**Book-Entry Delivery and Settlement**

*Global Notes*

We will issue the notes of each series in the form of one or more global notes in definitive, fully registered, book-entry form. The global notes will be deposited with or on behalf of DTC and registered in the name of Cede & Co., as nominee of DTC.

*DTC, Clearstream and Euroclear*

Beneficial interests in the global notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may hold interests in the global notes through either DTC (in the United States), Clearstream Banking, société, Luxembourg, which we refer to as Clearstream, or Euroclear Bank S.A./N.V., as operator of the Euroclear System, which we refer to as Euroclear, in Europe, either directly if they are participants in such systems or indirectly through organizations that are participants in such systems. Clearstream and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their U.S. depositaries, which in turn will hold such interests in customers' securities accounts in the U.S. depositaries' names on the books of DTC.

DTC has advised us as follows:

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 Exchange Act.

DTC holds securities that its participants ("direct participants") deposit with DTC.

Table of Contents

DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants' accounts, thereby eliminating the need for physical movement of securities certificates.

Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation, or DTCC. DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries.

Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly ("indirect participants").

The rules applicable to DTC and its direct and indirect participants are on file with the SEC.

More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Clearstream has advised us that it is incorporated under the laws of Luxembourg as a bank. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry transfers between their accounts. Clearstream provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in over 30 countries through established depository and custodial relationships. As a bank, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the Commission de Surveillance du Secteur Financier. Its customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Its customers in the United States are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream customer either directly or indirectly.

Euroclear has advised us that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V., which we refer to as the Euroclear Operator, under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation, which we refer to as the Cooperative. All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers, and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indi