



Fact Sheet

About Textron

Textron Inc. is a multi-industry company that leverages its global network of aircraft, defense, industrial and finance businesses to provide customers with innovative solutions and services. Textron is known around the world for its powerful brands such as Bell Helicopter, Cessna Aircraft Company, Jacobsen, Kautex, Lycoming, E-Z-GO, Greenlee, and Textron Systems. More information is available at www.textron.com.

Textron-at-a-Glance

- Chairman, President and CEO: Lewis B. Campbell
- Global Headquarters: Providence, Rhode Island
- NYSE: TXT
- Employees: 37,000 worldwide
- 2008 Revenues: \$14.2 billion
- Fortune 500 Ranking: 173

Textron Businesses

- Bell Helicopter: 20% of Textron Revenues
 - Bell Ft. Worth, Texas
- Cessna Aircraft: 40% of Textron Revenues
 - Cessna Wichita, Kansas
- Textron Systems: 15% of Textron Revenues
 - Textron Systems, including
 - AAI Hunt Valley, Maryland
 - Lycoming Engines Williamsport, Pennsylvania
 - Overwatch Geospatial Systems Sterling, Virginia
 - Overwatch Tactical Operations Austin, Texas
 - Textron Defense Systems Wilmington, Massachusetts
 - Textron Marine & Land Systems Slidell, Louisiana
- Industrial: 20% of Textron Revenues
 - E-Z-GO Augusta, Georgia
 - Greenlee Rockford, Illinois
 - Jacobsen Charlotte, North Carolina
 - Kautex Bonn, Germany
- Finance: 5% of Textron Revenues
 - Textron Financial Corporation Providence, Rhode Island

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Backgrounder

About Textron

Textron started as a small textile company founded in 1923 as the Special Yarns Company by 27 year-old Royal Little. This modest beginning was the seed that ultimately grew to become the world's first conglomerate.

Today, Textron Inc. (NYSE: TXT) is a multi-industry company with a portfolio of familiar brands such as Bell Helicopter, Cessna Aircraft, Jacobsen, Kautex, Lycoming, E-Z-GO, Greenlee and Textron Systems. With total revenues of \$14.2 billion, and more than 37,000 employees in 29 countries, Textron is headquartered in Providence, Rhode Island. The company currently is ranked 173 on the Fortune 500 list of largest companies.

Textron Businesses

Textron consists of numerous subsidiaries and operating units. Every Textron business is intensely committed to delivering innovative, market-leading solutions that ensure the success of customers. Today, we continue to expand our leadership positions in five core business segments:

Bell Helicopter (20% of revenues)

Bell Helicopter is a leader in vertical takeoff and landing and landing aircraft for commercial and military applications. One-third of the world's operating helicopters carry the Bell Helicopter name. In 2008, Bell contributed 20 percent of Textron's total revenues.

Cessna Aircraft (40% of revenues)

Cessna Aircraft Company is the leading worldwide manufacturer of general aviation aircraft, with product lines spanning single-engine piston aircraft, utility turboprop aircraft and Citation business jet models. Cessna Citations are operated in more than 75 countries and represent the largest fleet of business jets in the world. In 2008, Cessna contributed 40 percent of Textron's total revenues.

Textron Systems (15% of revenues)

Textron's Textron Systems businesses have been providing innovative solutions to the defense, homeland security and aerospace communities for over 50 years. Textron Systems is known for its precision smart weapons, intelligent battlefield systems, surveillance systems, intelligence software solutions, piston engines, armored vehicles and unmanned aircraft systems.

- *AAI Corporation* has an array of innovative aerospace and defense technologies, products and services, including a range from tactical unmanned aircraft systems for the U.S. Army and allied armed forces to training and simulation systems, automated aircraft test and maintenance equipment, armament systems, logistical and engineering services, and other leading-edge technology solutions for aerospace and defense.
- *Lycoming Engines* is the world leader in the design and manufacture of reciprocating piston aircraft engines for the global aviation industry.

- *Overwatch Geospatial Systems* is the leading provider of commercial off the shelf image exploitation and geospatial analysis software tools offering a complete suite of geospatial tools that enables our customer to enhance and improve the efficiency of their workflows.
- *Overwatch Tactical Operations* is a world-class provider of multi-source intelligence framework solutions for the warfighter, first responder and counter terrorism analysts. TacOps is dedicated to the analysis, design, development, and support of complex intelligence, information, and communications systems and is also a leader in hardware and software C4ISR systems that use industry standards to provide intelligence products that are light-weight, portable, scalable, and interoperable.
- *Textron Defense Systems* manufactures air launched weapons, smart submunitions, intelligent battlefield munitions and sensor systems, and ground and airborne surveillance systems. These innovative, advanced technology solutions are helping to defend freedom in combat, surveillance and security missions.
- *Textron Marine & Land Systems* manufactures specialty marine craft such as the Motor Life Boat for the U.S. Coast Guard and then Landing Craft Air Cushion for the U.S. Marine Corps. Production also includes Cadillac Gage™ gun turrets and armored vehicles, including the M1117 Armored Security Vehicle (ASV) that continues to play an important role in military operations in Iraq.

Industrial (20% of revenues)

Textron's Industrial segment is comprised of four businesses that manufacture and market branded industrial products worldwide. In 2008, these businesses generated 20 percent of Textron's total revenues.

- *E-Z-GO* offers the world's most comprehensive line of vehicles for golf courses, resort communities and municipalities, as well as commercial and industrial users such as airports and factories.
- *Greenlee* is a leader in wire and cable installation systems and is the premier source for professional grade tools and electrical / telecommunications test instruments.
- *Jacobsen* has the world's broadest line of professional turf maintenance equipment and lawn care machinery. From the World Series to the World Cup, Buckingham Palace to Arlington National Cemetery, Jacobsen equipment has manicured some of the most important turf in the world.
- *Kautex* is a leading global supplier of plastic fuel systems, fuel filler assemblies, automotive clear vision systems, blow-molded ducting, fluid reservoirs and other components.

Finance (5% of revenues)

Textron Financial is a diversified commercial finance company with core operations in Aviation Finance, Asset-Based Lending, Distribution Finance, Golf Finance, Resort Finance, and Structured Capital.

Product & Customer Milestones

Textron has seen the achievement of some major milestones in the last few years. Through Bell, the company is part of the team that will build the next generation of the U.S. Presidential Helicopter, US101. Textron Systems has received a U.S. government award to build the first 100 kW solid-state laser. Jacobsen turf maintenance equipment is maintaining many of the stadiums hosting the 2006 World Cup in Germany. The Bell Boeing V-22 Osprey, a revolutionary tiltrotor aircraft, received approval for full-scale production from the U.S. Department of Defense in 2005. Cessna Aircraft Company in 2006 announced a new low-cost, light sport aircraft, an emerging category in the aviation industry, as well as a large cabin concept for its business jet line, which was approved for development in early 2008.

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Note: Percentages reflect a portion of 2008 estimated revenues

TEXTRON

Textron – *Leading Branded Businesses*

Cessna

40%



Cessna Aircraft

Bell

20%



Bell Helicopter

Textron Systems

15%



Textron Systems

Industrial

20%



E-Z-GO
Greenlee
Jacobsen
Kautex

Finance

5%



Textron Financial

2008 Textron Inc. Revenue: \$14.25 Billion

Note: Percentages reflect portion of 2008 Revenues



Leadership Bios

About Textron

Textron's Management Committee includes the company's top seven executives, responsible for setting the strategic course and overseeing operations in a manner that rewards our customers, employees and shareholders.

Lewis B. Campbell

Chairman and Chief Executive Officer



Lewis B. Campbell is chairman and chief executive officer of Textron Inc. He also leads the company's Management Committee, International Advisory Council and Transformation Leadership Team. Campbell has played a key role in developing Textron's strategic and operational focus, reshaping its portfolio of businesses, and leading the company to realize enterprise-wide synergies to achieve greater operating efficiencies.

Campbell was named CEO in July 1998 and appointed chairman in February 1999. He served as president and chief operating officer from January 1994 to July 1998, and reassumed the post of president from September 2001 to January 2009.

He joined Textron in September 1992 as executive vice president and chief operating officer after a 24-year career at General Motors (GM). While at GM he held a number of key management positions, including general manufacturing manager of GM's Rochester Products Division; manufacturing manager, Chevrolet-Pontiac, GM Canada Group; and executive director, GM/UAW Quality Network. In 1988, he was named a vice president of GM as the general manager of the Flint Automotive Group. In 1991, he served as general manager of GMC's Truck Division.

Campbell earned a BS degree in mechanical engineering from Duke University and attended the Advanced General Management Program sponsored by GM at the Harvard International School in Vevey, Switzerland. He received his certification as a Textron Six Sigma Green Belt in March 2006.

Campbell is a director of Bristol-Myers Squibb. He is also a member of the Business Council.

Ken C. Bohlen

Executive Vice President and Chief Innovation Officer



Ken Bohlen is executive vice president and chief innovation officer for Textron Inc. Bohlen oversees Engineering, the Global Technology Center in India, Information Systems, Integrated Supply Chain, Lean, Transformation and Textron Six Sigma. He serves on Textron's Transformation Leadership Team and Management Committee.

Before assuming his current position in April 2000, Bohlen was senior vice president and chief information officer, a position he held since joining Textron in 1999.

Prior to joining Textron, Bohlen spent four years with AlliedSignal Inc., where he served as vice president and chief information officer of the company's Aerospace Group. He also held several other senior positions, including vice president of supply chain and chief information officer for AlliedSignal Engines; vice president of Six Sigma; and director of supply chain and business process improvement for AlliedSignal Inc.

Before joining AlliedSignal, Bohlen spent 20 years with Deere & Company. While at Deere, he held numerous information and manufacturing technology-related positions, culminating in his final position as head of information services for the John Deere Waterloo operations.

Bohlen received his BS in computer science from Iowa State University and his MBA from the University of Iowa. He is a member on the IBM Advisory Board, a member of the American Production Inventory Control Society, a senior member of the Society of Manufacturing Engineers' Computer and Automated Systems Association and a member of the Society for Human Resource Management. Bohlen is Textron Green Belt certified.

John D. Butler

Executive Vice President Administration and Chief Human Resources Officer



John D. Butler is executive vice president administration and chief human resources officer of Textron Inc. He oversees Textron's worldwide human resources function as well as administrative services, corporate real estate, community affairs, and the company's aviation department. Butler serves on Textron's Transformation Leadership Team and Management Committee.

Prior to joining Textron in July 1997, Butler was vice president of human resources for General Motors (GM) International Operations based in Zurich, Switzerland, where he was responsible for the strategic planning and direction of all GM human resource activities outside North America. He was also a member of the Adam Opel A.G. Supervisory Board. Butler joined GM in 1969, and during his 28-year career with the company, he assumed assignments of increasing responsibility in the areas of manufacturing operations, labor relations, employee benefits and human resource management in the United States, Europe, Asia, Latin America and the Middle East.

Butler received a BS degree as well as a Master's degree from Michigan State University, and was an instructor at the University of Michigan Graduate School of Business. He is also a graduate of the Advanced General Management Program at Harvard University, a Trustee and Fellow of the National Academy of Human Resources (NAHR), and a Director of the Human Resources Policy Association (HRPA).

Butler is a certified Textron Six Sigma Green Belt.

Scott C. Donnelly
President and Chief Operating Officer



Scott C. Donnelly is President and Chief Operating Officer of Textron Inc. Donnelly oversees Textron's business units as well as the corporation's Mergers and Acquisitions, Information Technology, Six Sigma, Engineering and Global Sourcing functions. In addition to chairing the company's Operating Committee, he serves on Textron's Transformation Leadership Team and Management Committee.

Prior to joining Textron in July 2008, Donnelly was president and CEO for General Electric (GE) Aviation, the world's leading producer of large and small jet engines for commercial and military aircraft and a major provider of flight management, actuation and power management systems. Prior to that, he served as senior vice president and director of GE Global Research, the world's largest and most diversified industrial research organization.

Donnelly joined GE in 1989 as manager of Electronics Design Engineering for GE's Ocean Systems Division in Syracuse, NY. He went on to serve in a variety of leadership roles for the company, including engineering management positions with then-GE division of Martin Marietta in both Australia and the United States. In 1995, he moved to GE's Industrial Control Systems business, where he held various management positions. Donnelly was named a vice president of GE in 1997, responsible for Global Technology Operations at GE Healthcare.

Donnelly received a BS degree in electrical and computer engineering from the University of Colorado at Boulder. He serves on the Engineering Advisory Committees at Cornell University and the University of Colorado and as vice chairman for the Aerospace Industries Association, and is a member of the Board of Trustees at Siena College and the Board of Directors for the United Way of Greater Cincinnati.

Donnelly is a certified Six Sigma Green Belt.

Mary L. Howell

Executive Vice President



Mary L. Howell is executive vice president for Textron Inc., a position she has held since August 1995. Howell oversees Textron's government, strategy development and international, investor relations and corporate communications functions. She serves on Textron's International Advisory Council, Transformation Leadership Team and Management Committee.

Howell joined Textron in 1980. In her current role, Howell is actively involved in formulating long-term global business strategies, developing business opportunities for Textron business units in growth markets overseas and establishing marketing and communications initiatives. She chairs the Textron Marketing & Sales Council, an organization of senior executives from Textron Corporate and business segment operations who develop and implement initiatives to improve the Textron enterprise's ability to focus on and meet the objectives of its government and commercial customers. She also directs the Washington, DC-based marketing and government affairs activities for Textron and its business units. In 2007, approximately 19% of Textron's revenues (about \$2.5 billion) were generated by or resulted from contracts with the U.S. government. In addition, she oversees internal and external communication of Textron's strategy and performance to key constituencies such as investors, employees and the media.

Howell serves on the board of directors of the National Association of Manufacturers, a leading organization representing the American manufacturing sector. She also serves on the board of directors of FM Global, the world's largest commercial and industrial property insurance and risk management organization. In addition, Howell is a board member of the Atlantic Council of the United States, a non-partisan network of leaders committed to enhancing U.S. leadership through foreign policy projects. She was president of the Business-Government Relations Council and is a member of several other Washington-area professional organizations. Howell is a graduate of the University of Massachusetts at Amherst.

Howell is a certified Textron Six Sigma Green Belt.

Terrence O'Donnell

Executive Vice President and General Counsel



Terrence O'Donnell is executive vice president and general counsel of Textron Inc. O'Donnell oversees Textron's legal, ethics and compliance, and environmental health and safety functions, as well as Textron Innovations, Inc., the enterprise intellectual property management and licensing organization. He is also a member of Textron's Transformation Leadership Team and Management Committee.

O'Donnell joined Textron in March 2000. He is a senior partner in the Washington, DC-based law firm of Williams & Connolly where, prior to joining Textron, he was a member of the firm's executive committee and chairman of the hiring committee. Among his other responsibilities at Williams & Connolly, he worked closely with Textron on government contract, regulatory, and other matters prior to joining Textron.

From 1989 to 1992, he served as general counsel of the Department of Defense under Secretary Cheney. From 1972 to 1977, he served on the White House staff as deputy special assistant to President Nixon and as special assistant to President Ford. O'Donnell also served as an officer in the U.S. Air Force from June 1966 to May 1972.

O'Donnell graduated in 1966 from the Air Force Academy, and received his J.D. in 1971 from Georgetown University Law School. He is admitted to practice before the Supreme Court, the local and federal courts of Washington, DC, the United States Court of Federal Claims and the United States Court of Appeals for the Armed Forces. He is a member of the advisory committee of the United States Court of Federal Claims.

O'Donnell serves on the boards of the Gerald R. Ford Foundation, the Air Force Academy Falcon Foundation, IGI, Inc. and ePlus Inc. He also served as assistant counselor to the President of the United States Olympic Committee, Chairman of the Air Force Academy Board of Visitors and member of the United States Administrative Conference.

As general counsel of the Department of Defense, O'Donnell was awarded the Department of Defense Medal for Distinguished Public Service for his contributions to the national defense and the Attorney General's Distinguished Service Award for his contributions to law enforcement.

Dick Yates

Acting Chief Financial Officer
Senior Vice President and Corporate Controller



Richard L. Yates was appointed senior vice president and corporate controller in August 2004 and, as of February 9, 2009, is Textron's acting chief financial officer. Yates joined Textron as vice president and controller in November 1995. He currently reports directly to Lewis Campbell, chairman and chief executive officer. He is responsible for leading all financial activities including oversight of external and internal accounting, financial reporting, financial planning and analysis, and Textron's Finance Shared Services. Yates is also a member of Textron's Operating Committee, Management Committee and Transformation Leadership Team.

Yates previously served as executive vice president, chief financial officer and treasurer of Paul Revere Insurance Group, formerly a subsidiary of Textron, a position he had held since 1993. Yates joined Paul Revere in 1985 as vice president, controller and treasurer. In 1987, he was made vice president, treasurer, and chief financial officer. He retained these responsibilities and was promoted to senior vice president in 1991.

Before joining Paul Revere, Yates was a partner with the accounting firm of Arthur Young & Company.

Yates received a B.S. in accounting from Northeastern University, and attended Textron's Advanced Management Program. He has completed Textron's Global Leadership program at the University of Pennsylvania's Wharton School. He is also a C.P.A.

He is a member of the American Institute of C.P.A.s, the Manufacturers Alliance Finance Council II, the Massachusetts Society of C.P.A.s, the Financial Executives Institute and also serves on the Corporate Executive Board Controller's Leadership Roundtable. At Textron, Yates serves on the Finance Council, the Investment Committee, Benefits Committee and the Contributions Committee.

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TEXTRON

Company History

Founding as a Textile Company

Textron started as a small textile company in 1923, when 27-year-old Royal Little founded the Special Yarns Corporation in Boston, Massachusetts. Revenues that first year were just \$75,000. This modest beginning was the seed that ultimately grew to become the world's first conglomerate, today known as the multi-industry company Textron Inc.

Vertical Integration



Textiles boomed during World War II, ushering in a period of growth and activity for the company, which was now doing business as Atlantic Rayon Corporation. A major line of business during the war was parachutes. In 1943, with World War II government contracts dwindling Little faced the challenge of declining revenue and underutilized production capacity. He developed a vertically integrated company that controlled every operational aspect from raw goods processing to distribution. He moved quickly from producing parachutes to making lingerie, blouses, bed linens and other consumer goods.

This new operation needed a brand name. Atlantic Rayon's advertising agency suggested "Señorita Creations," but it was rejected in favor of Textron. The "Tex" was derived from textiles and the "tron" came from synthetics such as "Lustron. " The theme of the advertising reflected Little's vision: "From yarn to you, it's Textron all the way."

Marking a major milestone for the company, Textron was listed on the New York Stock Exchange on December 22, 1947. By 1949, Textron's sales had reached \$67.8 million.

Birth of a Conglomerate

In 1952, facing yet another decline in the demand for textiles, Little approached the Textron Board of Directors for approval to diversify by acquiring businesses in unrelated industries. He planned to maintain textile operations as an earnings base while acquiring non-textile businesses.



In 1953, Textron purchased its first non-textile business, Burkart Manufacturing Co. of St. Louis, Missouri. This company supplied cushioning materials to the automotive market.

Little's success building a diversified company prompted other businesses to follow his model. Textron avoided many of the costly mistakes of other conglomerates by entering new lines of business with small, incremental investments, where other

conglomerates tended to make massive, headline-grabbing acquisitions when they moved into new industries.

The pace of acquisitions was great and among the more important businesses added in the early 1950's were Homelite, which was retained until 1994; Camcar, which was retained until 2006; and CWC which remains part of Textron today.

Closing the Fifties on a Strong Footing



1958 was a milestone for Textron. It was the first time diversification was tested in a recession. While sales declined four percent, earnings rose 24 percent.

In 1960, Textron purchased Bell Aerospace - which included **Bell Helicopter** - to balance Textron's earnings base by increasing its government business. At the same time, Little added another company, which, like Bell, remains a part of

Textron: golf car manufacturer E-Z-GO.

Royal Little Retires

Textron's founder, Royal Little, retired as chairman at the end of 1960. Sales had grown to \$383 million. Little's successor, banker Rupert Thompson, led Textron into the new decade alongside company President G. William Miller. In 1963, Textron sold its last textile operation.

Consumer product businesses defined Textron in the sixties and seventies. Notable acquisitions during this period included Speidel, maker of watchbands; Sheaffer Pen; staple and nail gun maker Bostich; and Rhode Island silver company Gorham. Throughout this period, Textron was recognized as the pioneer of the conglomerate and one of the most highly diversified corporations in the U.S. In 1967, the *Wall Street Journal* called Textron "the conglomerate king." During this time, Textron common stock also split twice: once in January of 1966 and again in September of 1967.



William Miller succeeded Thompson as chief executive officer at the end of 1968. Acquisitions under Miller included snowmobile maker Polaris, Australian card maker Valentine Holdings, and the venture capital firm American Research & Development.

Miller's tenure at Textron ended in 1977, when President Jimmy Carter nominated him to be chairman of the Federal Reserve. He later served as Secretary of the Treasury for President Carter. Joseph Collinson succeeded Miller as Textron's chairman and CEO.

From the 1960s through the 1980s, Textron's management philosophy remained relatively constant. The corporate office, for the most part, maintained oversight of operational issues. During this time business units operated autonomously and corporate staff was small. Oversight by the corporate center was handled by a rotating group of corporate officers called group vice presidents.

In 1979, Collinson retired, and he was succeeded by Robert P. Straetz as chairman and CEO. Beverly F. Dolan, founder and former president of E-Z-GO, was president. By the end of 1979, revenues had risen to \$3.3 billion.

Staying Independent through Growth

In October 1984, Textron emerged newly strengthened for growth in a reviving economy. Straetz and Dolan realized that the company could grow most effectively through strategic acquisitions.

In February 1985, Textron acquired Avco Corporation of Connecticut, a conglomerate of almost equal size with pre-acquisition revenue of \$2.9 billion. Overnight, with the addition of its Avco subsidiary, Textron nearly doubled in size.



Dolan, who had become chairman in 1986 upon the retirement of Straetz, initiated the second major acquisition of the decade that same year. Ex-Cell-O brought another \$1.1 billion in annual sales from the aerospace, defense, automotive and industrial markets. This acquisition made Textron a major player in the automotive industry. Shortly thereafter, Textron common stock split for the third time in its history in June of 1987.

Building a Focused Operating Company

In 1989, Dolan recruited James F. Hardymon as Textron's new president after a 28-year career at Emerson Electric, where he had most recently served as president and COO. Hardymon quickly distinguished himself by his determination to design a more focused operating company that would produce consistent quarter-over-quarter earnings growth. He was named chairman and CEO in 1992.

One of Hardymon's first actions as CEO was to acquire **Cessna Aircraft Company**, which became a subsidiary of Textron. A leader in light and medium-sized commercial business jets, Cessna balanced Bell's significant defense-related business activity.



In order to increase corporate oversight of operations, Hardymon brought in a top executive from General Motors - Lewis B. Campbell - as executive vice president and COO in 1992. In 1994, Campbell was elected president and COO.

With a dual-focus on operational improvement and portfolio management, Hardymon set out to maintain the record of consistent growth the company had begun to build during his tenure as president. From 1989 to the end of 1997, Textron decreased its holdings in military contracting, insurance and consumer products, divesting "non-core" businesses with \$2.8 billion in revenue while bolstering its "core" by acquiring businesses totaling \$3.9 billion in revenue. Over this time, the company migrated from deriving 56 percent of revenue from core businesses to obtaining 100 percent from the then-core of aircraft, automotive, industrial and finance. Meanwhile, Textron focused on increasing international revenue as a source of growth. In 1989, approximately 20 percent of Textron's revenue came from non-U.S. operations. By the end of 1997, this figure had almost doubled.

Building and Growing

Hardymon simultaneously focused on evolving Textron from a classic holding company to an operating company, distinguished as much for building and growing businesses as for buying and selling them.

A first-ever operations management process was developed to coordinate strategic, financial, and human resource planning across Textron. Hardymon and Campbell also introduced the notion of leveraging the collective strengths and synergies of Textron's businesses. This was perhaps most evident in their acquisition strategy, which focused on acquiring companies that offered complementary products, markets or manufacturing processes and capabilities.



In 1994, following the acquisition of the plastics operations of Chrysler's Acustar Division, Textron's six automotive businesses were combined into one company, Textron Automotive Company. Similarly, in 1995, Textron Fastening Systems Inc. (TFS) was formed by merging five Textron fastening companies to form a global fastener group, making TFS the largest producer of engineered fastening products and solutions in the world.

Increasing teamwork among Textron's employees also became a priority. Cooperation among engineering, sales, marketing, product development, operations and other functions was fostered through councils, forums and meetings that brought together different businesses and segments. In May of 1997, Textron common stock split for the fourth time in its history. In addition, Hardymon's laser focus on achieving a consistent and strong financial performance resulted in 45 quarters of continuous year-over-year quarterly earnings growth. During Hardymon's tenure as CEO, the stock price increased from \$19.81 per share on January 1, 1992 to \$71.69 per share on June 3, 1998, reflecting the market's strong correlation between earnings growth and stock price appreciation.

A Framework for Transformation



In a well-defined succession planning process, **Lewis B. Campbell** was appointed CEO on July 1, 1998. In his first month as CEO, Campbell demonstrated his sharp focus on Textron's core operations and his decisive and disciplined management style by announcing the divestiture of Avco Financial Services. The most significant strategic event of the decade for Textron, the sale was completed in January 1999 for \$3.9 billion to Associates First Capital Corporation.

Campbell assumed the additional responsibility of chairman on February 1, 1999, shortly after Hardymon's retirement. Soon after his appointment, Campbell began engineering a new strategic framework for Textron aimed at strengthening financial performance during the good times and improving the company's ability to weather unforeseen economic headwinds and market downturns. This was a fortuitous move, as earnings growth decoupled from stock price appreciation, signaling a major shift in how companies would create value. Campbell knew that radical change was needed in order to continue to successfully compete – and continue to build shareholder value – in the evolving multi-industry marketplace. He also knew that this would mean fundamentally changing the very DNA of the company from its 80-year history as a conglomerate to a truly integrated enterprise, making the whole of Textron greater than the sum of its parts.

Recognizing that an unprecedented transformation was essential to achieve this ambition, Campbell established **Textron's Transformation Leadership Team (TLT)** in 2000, composed of the top leaders from Textron and its business units. The charter for this team: to advance Textron's new strategic framework to generate sustainable and compelling growth well into the future. This also spawned a

comprehensive operational and cultural "reinvention" of Textron to deliver strong shareholder value and create a solid foundation for long-term growth and profitability. It was at this time that Textron also deemed "Return on Invested Capital" (ROIC) its primary financial compass, in addition to maintaining a continued focus on cash generation and a strong balance sheet.

The TLT determined that to truly transform and prime the company for future success, Textron needed to take difficult - yet critical - steps toward restructuring and reconfiguring the company. These strategic steps led to initial restructuring savings of approximately \$154 million in 2001 and the divestiture of several businesses, which contributed \$1.6 billion in revenues. Most significantly divested was the Textron Automotive Trim business. By the end of 2005, Textron had achieved significant shareholder returns and, for the first time since undertaking the company's transformation, exceeded the targeted rate of return on invested capital.

Textron Today: The Networked Enterprise

Under Campbell's stewardship, what initially began as a new strategic framework evolved into a new vision for the corporation: to become *the* premier multi-industry company, recognized for our network of powerful brands, world-class enterprise processes and talented people. This shared vision, established in 2002, has become both a mantra and a driving force for Textron employees worldwide.

This vision would not be possible without elevating the concept of synergy - leveraging and combining where it makes strategic sense, while enabling our businesses and brands to do what they do best as they serve their unique customers and markets. We call this approach a "networked enterprise," and since the onset of Transformation we have literally reinvented ourselves to become just that.

We implemented common processes and powerful tools, while allowing our businesses the freedom to manage their business on a day-to-day basis, to develop talent, encourage innovation and better address customer needs - which includes the creation of Shared Services Organizations in Information Technology (IT), Human Resources and Finance that benefit each and every one of our businesses. These same processes and tools also are enabling us to drive operating performance and efficiencies as well as boost productivity and cost savings. Officially launched in 2002, Textron Six Sigma is perhaps the most compelling process improvement initiative across the enterprise. This critical discipline, designed to drive growth while eliminating waste, has become part of the very fabric of our company. Today, over 95 percent of our 180+ Global Leadership Team has attained Green Belt certification.

Textron's powerful global brands - Bell Helicopter, Cessna Aircraft, E-Z-GO, AAI Corporation, Lycoming Engines and Greenlee, among others - deliver innovative, market-leading solutions that focus on the success of our customers. Our Networked Enterprise is committed to sharing and leveraging its talent and best practices among these powerful brands and has continued to investment in growth and innovation. By doing so, we have been learning and evolving at an accelerated pace.

In 2005, Textron earned the much-anticipated full-production approval for the Bell-Boeing V-22 Osprey tiltrotor - a revolutionary advancement in aviation history - and 2007 marked the first deployment of the V-22 in Iraq. The U.S. military has had positive feedback and experience on its performance and innovative capabilities.



Textron's competitive position through customer-oriented products, advanced technology and global expansion has been marked by numerous products and innovations; Cessna has had many new product developments, included is the Cessna 162 SkyCatcher, a new light sport aircraft unveiled in July 2007 with target availability in 2009. Not only is this an exciting new market for Cessna, but it marks the first time that a Cessna-branded product will be assembled in China. Cessna also announced the new large cabin, intercontinental aircraft, the model 850 Citation Columbus, in early 2008. The Citation Columbus is Cessna's largest business jet to date and is expected to lead its segment with its combination of speed and range. In November 2007, E-Z-GO introduced the E-Z-GO RXV, a significant advancement in golf car technology. Through reduced energy and maintenance costs, it offers exceptional value to golf course operators.

As we've transformed our business model and culture, we've simultaneously made strategic divestitures and complementary acquisitions to strengthen our portfolio. In a significant move to further advance our portfolio strategy, Textron reached a definitive agreement to sell its Fluid & Power business unit to Clyde Blowers Limited, a U.K. -based company in September 2008. This move marks Textron's exit from the pump and power transmission industries. Textron also divested its Fastening Systems business in August of 2006, marking the company's exit from the fastening business. The sale further advanced Textron's portfolio strategy, which since 2001 included the divestiture of several non-core manufacturing businesses representing more than \$4.4 billion in annual revenues, and \$1.4 billion in finance receivables from its Textron Financial unit.

Textron Systems has continued to make acquisitions to complement its core businesses. Two of these strategic acquisitions include Overwatch Systems in 2006 and United Industrial Corporation (which owns AAI Corporation) in late 2007. These acquisitions complement Textron Systems' core businesses and generate profitable growth that will lead toward its goal of becoming a stronger, more strategic player in precision engagement systems. During the fourth quarter 2007 earnings announcement, Textron Systems became the fifth operating segment of Textron – Defense & Intelligence. Also in 2007, Textron common stock split for the fifth time. Additionally, the acquisition of Columbia Aircraft Manufacturing Corporation in December 2007 expands Cessna's offerings into the upper end of the piston product line with the Cessna 350 and Cessna 400.

In 2008, Textron was recognized by *FORTUNE* as the "Most Admired" company in its category – Aerospace & Defense. This external recognition is tribute to the enormous progress the company has made during Transformation. Textron's record backlogs and financial performance are just a few indicators of our progress. Our powerful, global brands are helping customers succeed; our world-class processes are driving long-term productivity and profitability; and perhaps most critically, our talented people are steering this ship fast and forward. Our highly-talented workforce is a group of dedicated and passionate people with a shared commitment to driving our business strategies and achieving Textron's vision of becoming *the* premier multi-industry company.

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