



Textron: Action & Results

TEXTRON
2002 Fact Book

Textron is an \$11 billion multi-industry company with approximately 49,000 employees in 40 countries. We leverage our global network of businesses to provide customers with innovative solutions and services in industries such as aircraft, fastening systems, industrial products and components, and finance. Textron is known around the world for its powerful brands, such as Bell Helicopter, Cessna Aircraft, Kautex, Lycoming, E-Z-GO and Greenlee, among others.

Stock and Contact Information

Stock Exchange Listings

Ticker Symbol – TXT

Common Stock

New York, Chicago and Pacific Stock Exchanges

Preferred Stock (\$2.08 and \$1.40)

New York Stock Exchange

Mandatorily Redeemable Preferred Securities of Subsidiary Trust (7.92%)

New York Stock Exchange

Capital Stock

(as of December 28, 2002)

Common stock: par value \$0.125; 500,000,000 shares authorized; 136,499,608 shares outstanding.

\$2.08 Cumulative Convertible Preferred stock, Series A:

120,515 shares outstanding.

\$1.40 Convertible Preferred Dividend stock, Series B:

56,394 shares outstanding.

Transfer Agent and Registrar

Wachovia Bank, NA

Shareholder Services Group

1525 West W.T Harris Blvd., 3C3

Charlotte, NC 28288

Phone: (800) 829-8432

Fax: (704) 590-7618 or (704) 590-7614

Dividends

Common and Preferred Stock

Record dates: March 15, June 14, September 13 and December 13, 2002. Payable dates: April 1, July 1, October 1, 2002 and January 1, 2003.

Mandatorily Redeemable Preferred Securities of Subsidiary Trust (7.92%)

Record dates: March 28, June 27, September 29 and December 30, 2002.

Payable dates: March 31, June 30, September 30 and December 31, 2002.

Stock Splits

Record dates: December 17, 1965; August 11, 1967; May 11, 1987 and May 9, 1997.

Distribution dates: January 1, 1966; September 1, 1967; June 1, 1987 and May 30, 1997.

Textron is an Equal Opportunity Employer.

General Information

This Fact Book is one of several sources of information available to Textron Inc. shareholders and the investment community. To receive Annual Reports, 10-K, 10-Q reports and/or press releases, please call (888) TXT-LINE or visit our website at www.textron.com

Contacts

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Susan B. Bishop

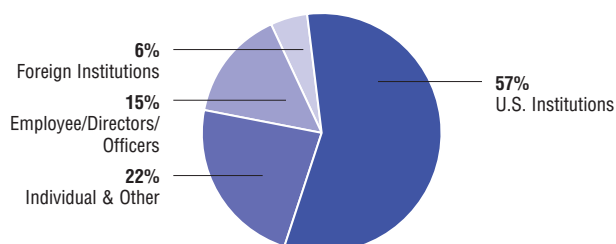
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(401) 457-3598 (fax)

Share Ownership



Fast Facts

- > www.textron.com
- > NYSE: TXT
- > 2002 Fortune 500 ranking: 164
- > Number of employees: 49,000 – 30 percent are outside the U.S.
- > Number of countries with manufacturing operations: 24

Key Executives

Lewis B. Campbell

Chairman, President and Chief Executive Officer

Lewis Campbell was named CEO in July 1998 and appointed chairman in February 1999. Campbell served as president and chief operating officer from January 1994 to July 1998, and reassumed the position of president in September 2001. Campbell joined Textron in September 1992 as executive vice president and chief operating officer after a 24-year career at General Motors.

Steve R. Loranger

Executive Vice President and Chief Operating Officer

Steve Loranger joined Textron as executive vice president and chief operating officer in October 2002. Previously, Loranger spent 21 years at Honeywell, where he most recently served as president and chief executive officer of Honeywell Engines, Systems and Services. During Loranger's career with Honeywell, he also held the positions of president and chief executive officer of AlliedSignal Engines and president of Bendix Truck Brake Systems.

Ted R. French

Executive Vice President and Chief Financial Officer

Ted French joined Textron as executive vice president and chief financial officer in December 2000. Prior to joining Textron, French served as president, financial services, and chief financial officer for CNH Global N.V., where he spent 11 years. Earlier he held a variety of positions during his 12-year tenure with Rockwell International.

Textron's 2002 Annual Report includes consolidated financial statements that have been prepared in accordance with generally accepted accounting principles.

In order to provide a comparative basis for future periods, in this Fact Book certain historical consolidated financial statement amounts on pages 2-11 and 14-15 have been adjusted as follows: (a) recast amounts exclude the Automotive Trim business that was sold in 2001; (b) segment profit has been adjusted to exclude certain costs related to restructuring which are included in segment profit in the consolidated annual report financial statements; and (c) segment profit has been adjusted to exclude goodwill amortization consistent with the implementation of Statement of Financial Accounting Standards (SFAS) No. 142 "Goodwill and Other Intangible Assets."

Textron Segments (% of 2002 Revenues)

- > **Aircraft (46%)**
Commercial and military helicopters, tiltrotor aircraft, business jets, single-engine piston aircraft, utility turboprops and engines.
- > **Fastening Systems (16%)**
Threaded fasteners, engineered products, blind fasteners and automation systems for the automotive, telecommunications, aerospace, electronics, construction and transportation markets.
- > **Industrial Products (17%)**
Golf cars and specialty vehicles, turf maintenance equipment, light construction equipment, electrical and telecommunications tools and testing technologies, and defense systems.
- > **Industrial Components (15%)**
Plastic fuel systems, fluid handling products and power transmission components.
- > **Finance (6%)**
Diversified commercial financing.

	2002	2001	Change
Operating Results			
Revenues	\$10,658	\$12,321	(13%)
International revenues	33%	35%	—
Segment profit, as adjusted ^{1,2}	\$857	\$960	(11%)
Less: Other costs related to restructuring	\$(22)	\$(34)	(35%)
Less: Special charges ³	\$(128)	\$(437)	(71%)
Segment operating income	\$707	\$489	45%
Net income ⁴	\$364	\$166	119%
Total debt – Textron Manufacturing ⁵	\$1,711	\$1,934	(12%)
Shareholders' equity	\$3,406	\$3,934	(13%)
Common Share Data			
Diluted EPS, as adjusted ^{4,6}	\$3.01	\$2.32	30%
Diluted EPS ⁴	\$2.60	\$1.16	124%
Dividends per share	\$1.30	\$1.30	—
Diluted average common shares outstanding (000's)	140,252	142,937	(2%)
Key Performance Metrics			
Free cash flow ⁷	\$347	\$369	(6%)
ROIC ⁸	9.4%	8.9%	—
Debt (net of cash) to total capital - Manufacturing ⁵	27%	28%	—

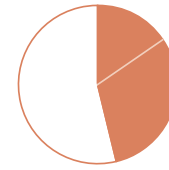
Credit Ratings of Textron Manufacturing (as of 3/29/2003)	Senior Long-Term	Short-Term Commercial Paper
S&P	A	A1
Moody's	A3	P2
Fitch	A-	F2

¹ Segment profit represents the measurement used by Textron to evaluate performance for decision making purposes. Segment profit does not include interest expense of the manufacturing segments, certain corporate expenses, goodwill amortization, special charges and gains and losses from the disposition of significant business units. Segment profit, as adjusted also excludes other costs related to restructuring. ² Textron adopted SFAS No. 142 "Goodwill and Other Intangible Assets" which requires companies to stop amortizing goodwill. For consistency, segment profit for 2001 excludes \$98 million of goodwill amortization. ³ Special charges in 2002 include \$63 million in restructuring expenses, \$27 million in fixed asset impairment write-downs and \$38 million in investment write-downs. Special charges in 2001 include \$319 million in goodwill and intangible write-downs, \$81 million in restructuring expenses, \$28 million in fixed asset impairment write-downs and \$9 million in write-downs and losses on e-business investments. ⁴ Before cumulative effect of change in accounting principle in 2002. ⁵ Textron Manufacturing includes all entities of Textron Inc. other than its finance subsidiary. ⁶ Excludes special charges as described in footnote 3, gains and losses on sales of businesses, and other costs related to restructuring. A reconciliation to diluted EPS from operations is provided on pages 12 - 13. ⁷ A reconciliation of cash flow from operations to free cash flow is provided on pages 12 - 13. ⁸ Textron's calculation of ROIC is provided on pages 16 - 17.



Aircraft-Bell Helicopter

A leader in vertical takeoff and landing aircraft for commercial and military markets, and the pioneer of the revolutionary tiltrotor aircraft.



15.4% Bell's share of Textron 2002 revenues
46.2% Aircraft's share of Textron 2002 revenues

Strategic Steps Forward

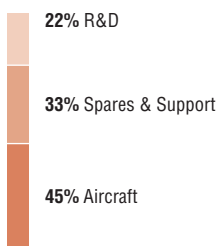
- > Complete the redesign and flight test of the V-22 tiltrotor to ensure the future production of the aircraft for the Marines, Air Force Special Operations Forces and other U.S. Department of Defense and international customers.
- > Complete the flight test of the new AH-1Z attack and UH-1Y utility helicopters. Enter full production for the U.S. Marine Corps and introduce this modern aircraft into the international market.
- > Strengthen product line through customer-driven product development and product improvement processes.
- > Leverage brand strength and industry-recognized customer commitment to increase market share.
- > Implement Textron Six Sigma and supply chain improvements, and leverage the Textron enterprise to achieve operational improvements.
- > Refine organizational structure and strengthen business processes to develop a rigorous management system that focuses on the customer and delivers on-time, on-budget, first-time quality.

Major Products

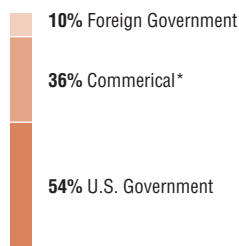
	Description	First Delivery	Seating Capacity (Including Pilots)	Useful Load (lbs)	Cruising Speed (kts)	Maximum Range (nm)
Light						
206B-3 Jet Ranger	World's most successful turbine helicopter	1977	5	1,492	115	374
206L-4 Long Ranger	Extended cabin version of Jet Ranger	1992	7	2,141	112	324
407	Four-bladed, larger version of 206	1996	7	2,360	133	330
427	Rugged, reliable light twin-engine helicopter	2000	8	2,490	138	390
Intermediate						
430	Flagship commercial four-bladed, twin-engine helicopter	1996	9-10	3,975	139	353
Medium						
412 EP	Twin-engine with highest dispatch reliability and the lowest hourly cost	1981	15	5,044	122	356
AB139	Modern medium twin, being developed in partnership with Agusta	2003	17	5,511	157	400
Military						
UH-1N Huey	U.S. Marine and Air Force light utility helicopter	1971	15	3,532	110	230
OH-58D Kiowa Warrior	Armed reconnaissance helicopter for U.S. Army	1986	2	2,200	114	268
AH-1W Super Cobra	U.S. Marine attack helicopter	1986	2	3,830	150	280
TH-67 Trainer	Military training helicopter	1993	3	1,321	115	374
Huey II	Upgrade of U.S. Army and worldwide UH-1H model Huey	1997	15	5,060	106	216
UH-1Y	Comprehensive upgrade of UH-1N U.S. Marine Huey	2006	12	6,661	158	350
AH-1Z	Comprehensive upgrade of AH-1W U.S. Marine Super Cobra	2006	2	5,764	155	380
Tiltrotor						
Bell Boeing V-22 Osprey	Military tiltrotor aircraft, being produced in partnership with Boeing	1999	27	23,860	255	750
BA609	Commercial tiltrotor aircraft, being developed in partnership with Agusta	2008	11	5,500	275	750
Bell Eagle Eye	Vertical unmanned aerial vehicle	2006	NM	200	185	800

Sales

By Product/Service

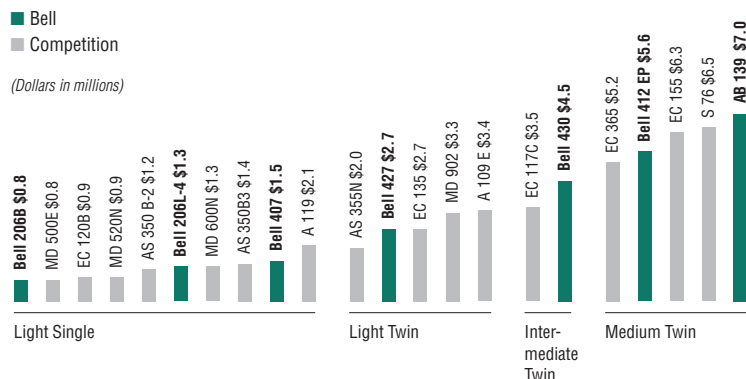


By Customer



* Commercial markets include: Civil government 38%, Corporate 21% and Operator 41%.

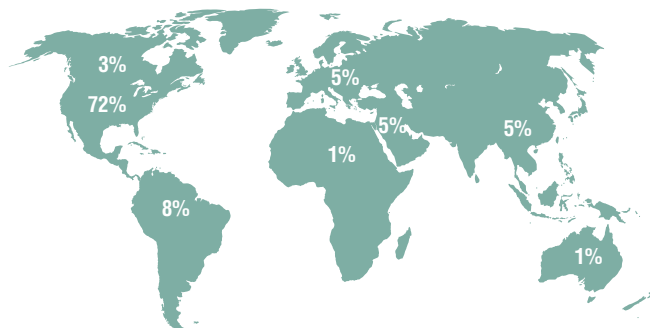
Commercial Product Price Points



Global Presence

- > Non-U.S. revenues account for 28% of Bell's total revenues.
- > More than 22,000 Bell aircraft are flying in over 130 countries. More than half the helicopters in the world carry the Bell name.
- > Service network of more than 170 strategically located customer support facilities worldwide.
- > Bell has approximately 7,000 employees, of which 18% are based outside of the US.
- > Manufacturing facilities in Ft. Worth and Amarillo, Texas; Bristol, Tennessee; and Mirabel, Canada.

Sales by Geography



Key Data

(Dollars in millions unless otherwise noted)

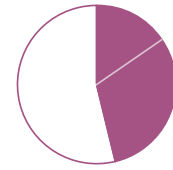
	2002	2001	2000	1999	1998
Bell Helicopter:					
Revenue	\$1,636	\$1,621	\$1,581	\$1,547	\$1,431
Bell commercial units shipped: ¹					
Light	56	84	108	102	144
Intermediate/medium	24	30	32	48	49
Backlog	\$1,231	\$1,001	\$1,516	\$1,987	\$1,871
Total Aircraft: ²					
Revenue	\$4,922	\$4,797	\$4,537	\$4,147	\$3,506
Segment profit, as adjusted ^{3,4}	\$456	\$348	\$475	\$384	\$358
Segment profit margin, as adjusted	9.3%	7.3%	10.5%	9.3%	10.2%
Other costs related to restructuring	\$(4)	\$(10)	—	—	—
Segment profit ³	\$452	\$338	\$475	\$384	\$358
Segment profit margin	9.2%	7.0%	10.5%	9.3%	10.2%
Total assets	\$2,857	\$2,848	\$2,612	\$2,401	\$2,256
Capital expenditures	\$106	\$175	\$157	\$167	\$144
Depreciation	\$116	\$116	\$107	\$98	\$83
ROIC ^{3,5}	16.4%	12.6%	18.6%	15.3%	15.2%

¹ Does not include units shipped to foreign governments or units produced under licensing agreements. ² Includes Bell Helicopter, Cessna Aircraft and Lycoming Engines. ³ Segment profit and ROIC represent measurements used by Textron to evaluate performance for decision-making purposes. Segment profit for manufacturing segments does not include interest expense, certain corporate expenses, goodwill amortization, special charges and gains and losses from the disposition of significant business units. The calculation for segment ROIC includes off-balance sheet operating leases to reflect actual long-term obligations. ⁴ Excludes other costs related to restructuring. ⁵ An ROIC calculation worksheet is provided on page 16.



Aircraft-Cessna Aircraft

The world's largest manufacturer of light and mid-size business jets, utility turboprops and single-engine piston aircraft. Also includes: Lycoming aircraft engines and a joint venture in CitationShares fractional jet ownership business.



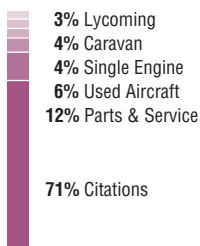
30.8% Cessna's share of Textron 2002 revenues
46.2% Aircraft's share of Textron 2002 revenues

Strategic Steps Forward

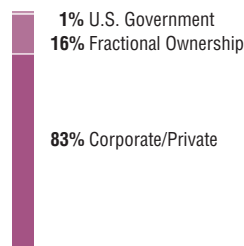
- > Continue to strengthen brand image and expand leading market positions through close customer relationships and new, market-driven products and services.
- > Maintain leadership in light and mid-size business jets, utility turboprop, single-engine piston aircraft and piston aircraft engines.
- > Utilize Textron Six Sigma and other process improvement tools to accelerate operational improvements to reduce costs, improve process effectiveness and increase customer satisfaction.
- > Further extend Cessna brand name into high-growth fractional share ownership through expansion of CitationShares business and sales to other fractional share operators.
- > Provide attractive, market-leading aircraft, after-market and financial service solutions to customers worldwide.

Sales

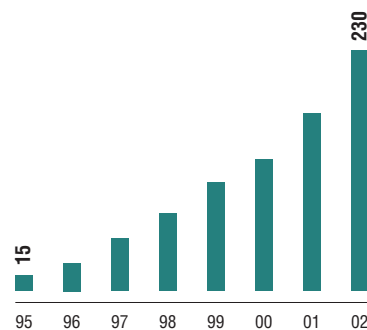
By Product/Service



By Customer



Fractional Ownership



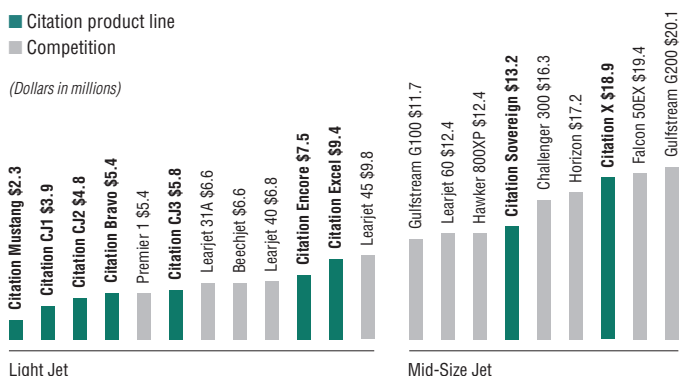
The cumulative number of new Citation aircraft delivered to the fractional jet ownership market has grown from 15 units in 1995 to 230 units in 2002.

(New jet aircraft shipments – units)

Major Products

	Description	First Delivery	Seating Capacity (including Pilots)	Cruising Speed (kts)	Maximum Range (nm)
Business Jets Light					
Citation Mustang	True cabin class, entry-level business jet	2006	6	340	1,300
Citation CJ1	Upgraded version of the popular CitationJet with new avionics	2000	7	381	1,475
Citation CJ2	Larger, faster version of the CJ1 with high commonality of parts	2000	8	410	1,738
Citation CJ3	Larger, faster version of the CJ2 with state-of-the art cockpit	2004	8	414	1,900
Citation Bravo	Best value in a light business jet	1997	10	402	2,000
Citation Encore	World's most versatile light jet with multi-mission capability	2000	10	427	1,970
Citation Excel	World's first and only light jet with stand-up cabin	1998	10	430	2,080
Mid-Size					
Citation Sovereign	Largest cabin of any traditional mid-size jet and great versatility	2004	12	444	2,820
Citation X	World's fastest business jet	1996	11	525	3,390
Caravan Utility Turboprops					
208 & 208B	Single-engine turboprop for carrying cargo or passengers	1985	Cargo to 14	163–184	855–960
Single-Engine					
Skyhawk (172 & 172SP)	World's most popular single engine aircraft, ideal for training	1997	4	122–124	518–580
182 Skylane (182 & T182)	Acknowledged as the best all-around four-passenger single	1997	4	144–170	820
Stationair (206 & T206)	Exceptional cargo carrying or passenger aircraft	1998	6	142–164	713–730

2002 Product Price Points – New Business Jets



Lycoming

Lycoming is the world leader in the design and manufacture of reciprocating piston aircraft engines for the global general aviation market. In addition to new engines, the company rebuilds and overhauls engines which have been in prior service.

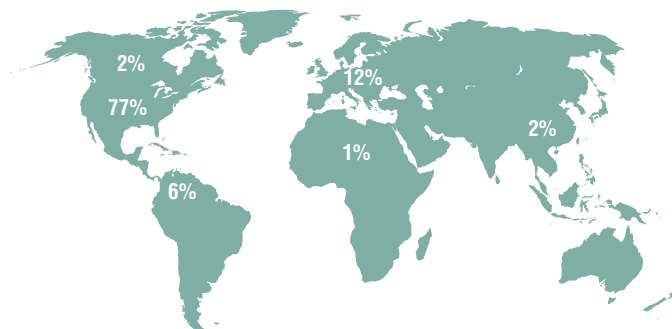
Lycoming engines power:

- > More than 50% of all general aviation piston-powered aircraft;
- > 75% of all homebuilt aircraft; and
- > 80% of all new piston-powered aircraft being built today.
- > Lycoming has delivered over 300,000 opposed reciprocating piston engines.

Global Presence

- > Cessna Citations are operated in more than 75 countries, representing the largest fleet of business jets in the world.
- > In its 75-year history, Cessna has delivered over 184,000 aircraft including 149,700 single-engine airplanes; over 1,300 Caravans; 2,000 military jets; and over 3,800 Citation business jets. Cessna has delivered 31% more business jets than its closest competitor.
- > Cessna operates 11 Citation Service Centers: 9 at airports across the United States, 1 at Le Bourget Airport in Paris, France and 1 at Bankstown Airport in Bankstown, NSW, Australia. Authorized Independent Service Stations are located in more than 16 countries.
- > Cessna has more than 12,000 employees worldwide.
- > Cessna has manufacturing facilities in Wichita and Independence, Kansas; and Columbus, Georgia.

Sales by Geography



Key Data

(Dollars in millions unless otherwise noted)

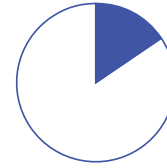
	2002	2001	2000	1999	1998
Cessna Aircraft: ¹					
Revenue	\$3,286	\$3,176	\$2,956	\$2,600	\$2,075
Cessna units shipped:					
Business jets	307	313	254	224	200
Caravans	80	75	92	87	102
Single engine	559	821	912	899	775
Backlog	\$4,955	\$5,200	\$6,633	\$5,452	\$4,108
Total Aircraft: ²					
Revenue	\$4,922	\$4,797	\$4,537	\$4,147	\$3,506
Segment profit, as adjusted ^{3,4}	\$456	\$348	\$475	\$384	\$358
Segment profit margin, as adjusted	9.3%	7.3%	10.5%	9.3%	10.2%
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¹ Includes Lycoming Engines. ² Includes Bell Helicopter, Cessna Aircraft and Lycoming Engines. ³ Segment profit and ROIC represent measurements used by Textron to evaluate performance for decision-making purposes. Segment profit for manufacturing segments does not include interest expense, certain corporate expenses, goodwill amortization, special charges and gains and losses from the disposition of significant business units. The calculation for segment ROIC includes off-balance sheet operating leases to reflect actual long-term obligations. ⁴ Excludes other costs related to restructuring. ⁵ An ROIC calculation worksheet is provided on page 16.



Fastening Systems

Textron Fastening Systems (TFS) is one of the world's largest providers of integrated fastening solutions, offering every major category of fastening technology to customers worldwide.



15.5% Share of Textron 2002 revenues

Strategic Steps Forward

- > Increase ROIC and margins through aggressive outsourcing of standard and commodity products and by increasing sales of value-added products and services.
- > Increase capacity utilization by optimizing global manufacturing footprint, and achieve process and cost synergies by embedding Textron Six Sigma and supply chain management in TFS' business culture.
- > Increase customer intimacy and foster growth by offering global customers a full range of integrated fastening solutions.
- > Develop innovative and value-added fastening systems — including automation — across all of TFS' global markets.
- > Continue to remove barriers between operations groups, creating a flatter, lower-cost and less capital-intensive organizational structure.

Products

Threaded Fasteners

Textron Fastening Systems offers the most comprehensive threaded fastener product line available in the industry. The Camcar brand of threaded fasteners is globally recognized in a broad range of markets and includes the TORX PLUS Drive System, Taptite, Plastite, PT and Mag-Form thread-forming fasteners, Drilltite self-drilling fasteners and more. Also available are bolts, nuts and washers. Includes: Camcar and Elco.

Engineered Products

To lower assembly costs, manufacturers utilize TFS-engineered products and assemblies, as well as TFS' extensive capabilities in cold forming, metal stamping, plastic molding, die-casting and modular assemblies. Each TFS-engineered assembly is designed to meet the specific form, fit and function requirements of the application.

Blind Fasteners

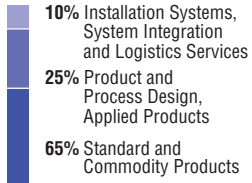
The globally recognized Avdel and Cherry brands offer a broad range of installation tools and blind fasteners, including threaded inserts and structural, breakstem and speed fasteners. Includes: Avdel and Cherry.

Automation Systems

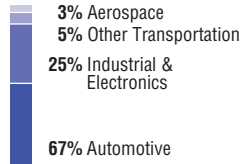
For full fastener assembly automation, TFS offers a vast array of solutions. TFS automation systems enable customers to automate their fastener installation processes to lower costs and greatly improve productivity. Includes: Avdel and Cherry.

Sales

By Product/Service Category



By Industry



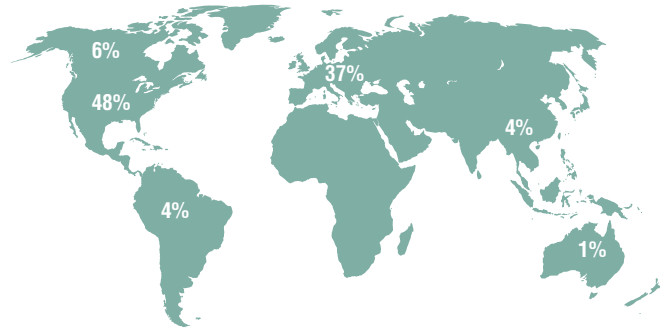
Top Customers

Boeing	Hilti
Butler Building	Honeywell
DaimlerChrysler	Motorola
Delphi	Nokia
Ford Motor Company	PSA Peugeot Citroen
General Motors	Renault/Nissan
Hewlett-Packard	Volkswagen

Global Presence

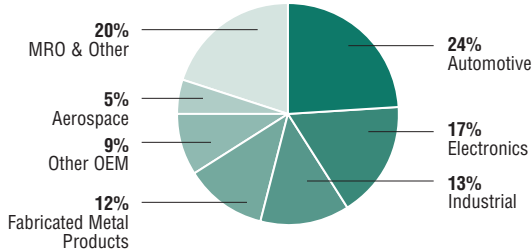
- > Non-U.S. revenues account for 52% of total TFS revenues.
- > TFS has more than 80 operating facilities in 17 countries.
- > TFS services customers in more than 70 countries.
- > TFS has approximately 11,000 employees, with 51% based outside the U.S.
- > Countries with operating facilities include: Austria, Australia, Brazil, Canada, China, France, Germany, Italy, Japan, Malaysia, Mexico, Singapore, South Korea, Spain, Taiwan, United Kingdom and United States.

Sales by Geography



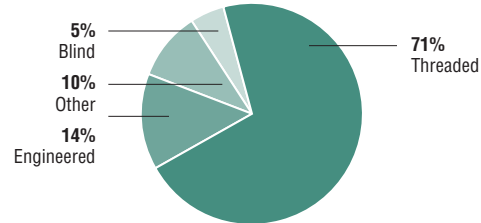
Global Fastener Market by Industry

Total Market: **\$36 Billion**



Global Fastener Market by Product Type

Total Market: **\$36 Billion**



Key Data

(Dollars in millions unless otherwise noted)

	2002	2001	2000	1999	1998
Total Fastening Systems:					
Revenue	\$1,650	\$1,679	\$1,996	\$2,059	\$1,758
Segment profit, as adjusted ^{1,2}	\$72	\$70	\$192	\$204	\$200
Segment profit margin, as adjusted	4.4%	4.2%	9.6%	9.9%	11.4%
Other costs related to restructuring	\$(4)	\$(8)	—	—	—
Segment profit ¹	\$68	\$62	\$192	\$204	\$200
Segment profit margin	4.1%	3.7%	9.6%	9.9%	11.4%
Total assets	\$1,451	\$1,541	\$1,770	\$1,970	\$1,760
Capital expenditures	\$43	\$61	\$108	\$103	\$113
Depreciation	\$70	\$78	\$82	\$80	\$70
ROIC ^{1,3}	3.8%	2.8%	7.3%	7.6%	9.2%

¹ Segment profit and ROIC represent measurements used by Textron to evaluate performance for decision-making purposes. Segment profit for manufacturing segments does not include interest expense, certain corporate expenses, goodwill amortization, special charges and gains and losses from the disposition of significant business units. The calculation for segment ROIC includes off-balance sheet operating leases to reflect actual long-term obligations. ² Excludes other costs related to restructuring. ³ An ROIC calculation worksheet is provided on page 16.



Industrial Products

The Industrial Products segment is comprised of six businesses that manufacture and market branded industrial products worldwide.



17.2% Share of Textron 2002 revenues

Strategic Steps Forward

- > Drive organic growth by leveraging brand excellence and customer focus.
- > Pursue value-added acquisitions that build on strengths of branded products.
- > Strengthen core golf and turf businesses, while exploring adjacent growth opportunities.
- > Leverage the Greenlee brand through enhanced service and product innovation, while expanding customer base.
- > Strengthen the Tempo brand through new product innovation and enhanced customer service and support, while focusing on global growth.
- > Expand Textron Systems' innovative technology solutions, further enabling combat and homeland security missions.
- > Accelerate implementation of Textron Six Sigma, effective supply chain management and shared services.

Groups

E-Z-GO – 20% of segment

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. Products include electric-powered and internal combustion-powered golf cars and multi-purpose utility vehicles, including trail utility vehicles. Includes: *E-Z-GO* and *Cushman*.

Jacobsen – 20% of segment

Jacobsen offers the world's most comprehensive line of turf-care products for golf courses, resort communities and municipalities, as well as commercial and industrial users and professional lawn-care services. Products include professional turf maintenance equipment and lawn care machinery. Includes: *Jacobsen*, *Ransomes*, *Bob-Cat*, *Brouwer*, *Bunton*, *Ryan* and *Steiner*.

Textron Systems – 27% of segment

Textron Systems provides innovative, advanced technology solutions to meet the needs of the global aerospace and defense industries. Within these industries, the Textron brand is well known for its precision strike weapons, mobility and surveillance systems including aircraft control components, specialty marine craft and Cadillac Gage armored vehicles. Includes: *HR Textron* and *Marine & Land Systems*.

OmniQuip – 15% of segment

Recognized industry-wide as the leader in telescopic material handlers, OmniQuip produces light construction equipment for the agricultural, construction, industrial, maintenance, military and utility markets. Includes: *Lull* and *SkyTrak*.

Greenlee – 11% of segment

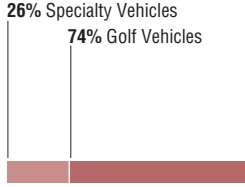
Recognized worldwide for providing solutions that increase productivity and reduce cost, Greenlee manufactures products for wire and cable installation and maintenance. Greenlee serves the commercial, industrial and residential markets. For 140 years, professional users have looked to Greenlee for quality and innovative products. Includes: *Greenlee*, *Fairmont* and *Klauke*.

Tempo – 7% of segment

Tempo manufactures test and measurement certification and verification products for public and private networks, as well as advanced components and assemblies for the telecommunications, computer, automotive and medical industries. Tempo is a market leader in the supply of tones and probes. Includes: *RIFOCS*, *Progressive Electronics*, *Tempo*, *Chesilvale*, *IMAP*, *InteSys*, *Opto-Electronics* and *Industrial Technology*.

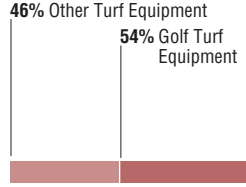
Sales by Product Line

E-Z-GO



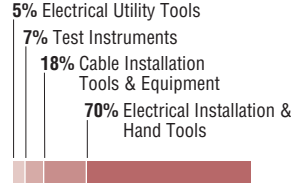
Total Available Market:
\$1.2 Billion

Jacobsen



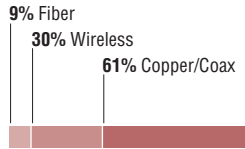
Total Available Market:
\$1.8 Billion

Greenlee



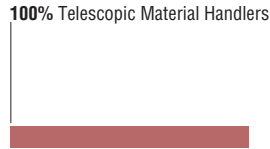
Total Available Market:
\$2.7 Billion

Tempo



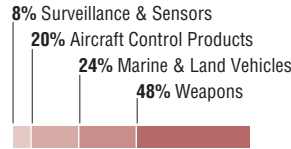
Total Available Market:
\$9.2 Billion

OmniQuip



Total Available Market:
\$3.0 Billion

Textron Systems



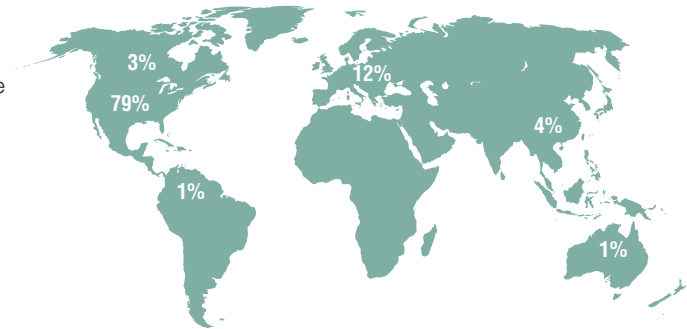
Total Available Market:
\$21.0 Billion

Global Presence

- > Non-U.S. revenues account for 21% of total segment revenues. Within each business group, non-U.S. revenues account for the following: E-Z-GO (9%); Jacobsen (47%); OmniQuip (6%); Textron Systems (15%); Greenlee (32%); and Tempo (23%).
- > Textron's Industrial Products segment has 77 sales and manufacturing facilities in 10 countries.
- > Over half the world's golf cars bear the E-Z-GO name.
- > Jacobsen equipment can be found on virtually all golf courses worldwide and Ransomes is the recognized leader in European municipal turf equipment.
- > Over half of the world's telecommunication engineers use a Tempo-designed product.
- > Textron's Industrial Products segment has approximately 8,000 employees, of which 16% are based outside the U.S.

- > Countries with operating facilities: Australia, Brazil, Canada, France, Germany, Ireland, Italy, Mexico, New Zealand, United Kingdom and United States.

Sales by Geography



Key Data

(Dollars in millions unless otherwise noted)

	2002	2001	2000	1999	1998
Industrial Products:					
Revenue	\$1,841	\$1,974	\$2,248	\$1,629	\$1,412
Segment profit, as adjusted ^{1,2}	\$91	\$114	\$296	\$231	\$158
Segment profit margin, as adjusted	4.9%	5.8%	13.2%	14.2%	11.2%
Other costs related to restructuring	\$(8)	\$(8)	—	—	—
Segment profit ¹	\$83	\$106	\$296	\$231	\$158
Segment profit margin	4.5%	5.4%	13.2%	14.2%	11.2%
Total assets	\$1,484	\$1,886	\$2,089	\$1,929	\$1,073
Capital expenditures	\$91	\$93	\$98	\$84	\$69
Depreciation	\$69	\$60	\$56	\$42	\$36
ROIC ³	4.7%	4.7%	10.4%	13.2%	11.4%

¹ Segment profit and ROIC represent measurements used by Textron to evaluate performance for decision-making purposes. Segment profit for manufacturing segments does not include interest expense, certain corporate expenses, goodwill amortization, special charges and gains and losses from the disposition of significant business units. The calculation for segment ROIC includes off-balance sheet operating leases to reflect actual long-term obligations. ² Excludes other costs related to restructuring. ³ An ROIC calculation worksheet is provided on page 17.



Industrial Components

The Industrial Components segment is comprised of three businesses that manufacture and market engineered products and automotive components worldwide.

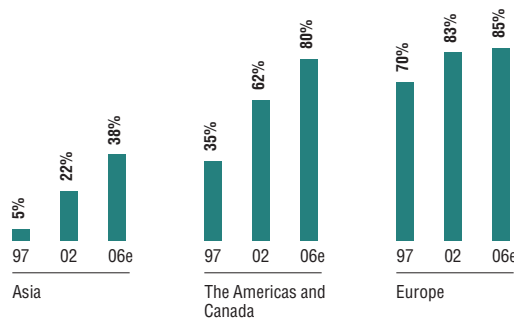


15.2% Share of Textron 2002 revenues

Strategic Steps Forward

- > Differentiate and expand product offerings to gain market share and increase brand recognition.
- > Increase sales of plastic fuel systems as a full-service provider, while improving fuel system performance and emissions reduction.
- > Leverage Kautex's plastic molding technologies to expand into advanced product areas.
- > Grow Fluid Handling's global after-market presence, while improving product offerings for existing and adjacent OEM markets.
- > Deliver cost-competitive products for the power transmission market, while becoming a full-service provider of customer-tailored engineered products.
- > Accelerate implementation of Textron Six Sigma, effective supply chain management and shared services.

Market Penetration of Plastic Fuel Systems



Groups

Kautex – 76% of segment

Kautex is a leading global supplier of plastic fuel systems, including plastic and metal fuel filler assemblies. Kautex also supplies automotive clear vision systems (windshield and headlamp cleaning), blow-molded ducting and fluid reservoirs, as well as other components, such as cooling pipes, acoustic components and spare wheel lids. The group also includes CWC, which manufactures automotive engine camshafts; and Micromatic, which manufactures automatic assembly machines, perishable tools and abrasives, and hydraulic rotary actuators for automotive and industrial applications.

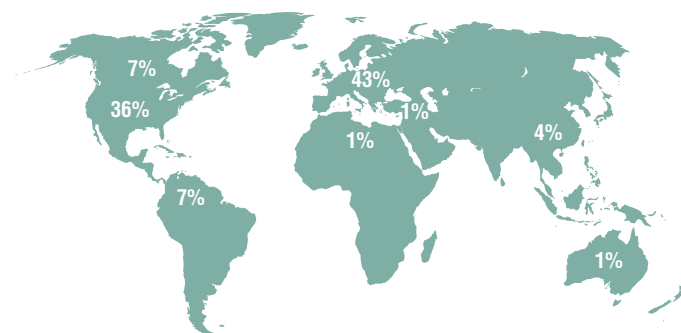
Textron Fluid Handling Products – 13% of segment

Fluid Handling manufactures industrial pumps for hydrocarbon processing, polymer processing and other applications for use in the plastics, chemical, refining, oil and gas, power generation and pharmaceutical industries. Includes: David Brown Guinard Pumps, David Brown Union Pumps and Maag Pump Systems.

Textron Power Transmission – 11% of segment

Power Transmission produces gears and gearboxes for global power transmission markets in industrial, mining, mobile equipment, off-road vehicle and defense applications. Includes: AB Benzlers, Cone Drive and David Brown.

Sales by Geography



Key Data

(Dollars in millions unless otherwise noted)

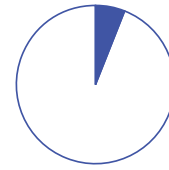
	2002	2001	2000	1999	1998
Industrial Components: ¹					
Revenue	\$1,615	\$1,583	\$1,776	\$1,759	\$1,349
Segment profit, as adjusted ^{2,3}	\$121	\$139	\$174	\$171	\$145
Segment profit margin, as adjusted	7.5%	8.8%	9.8%	9.7%	10.7%
Other costs related to restructuring	\$(6)	\$(6)	—	—	—
Segment profit ²	\$115	\$133	\$174	\$171	\$145
Segment profit margin	7.1%	8.4%	9.8%	9.7%	10.7%
Total assets	\$1,394	\$1,375	\$1,462	\$1,920	\$1,747
Capital expenditures	\$48	\$79	\$60	\$81	\$81
Depreciation	\$54	\$59	\$62	\$68	\$52
ROIC ^{2,4}	8.0%	8.3%	8.9%	8.1%	9.5%

¹ The Automotive Trim business was sold in 2001 and has been excluded from this key data table. Key data for the Industrial Components segment including the Automotive Trim business is provided on page 15. ² Segment profit and ROIC represent measurements used by Textron to evaluate performance for decision-making purposes. Segment profit for manufacturing segments does not include interest expense, certain corporate expenses, goodwill amortization, special charges and gains and losses from the disposition of significant business units. The calculation for segment ROIC includes off-balance sheet operating leases to reflect actual long-term obligations. ³ Excludes other costs related to restructuring. ⁴ An ROIC calculation worksheet is provided on page 17.



Finance

Textron Financial is a diversified commercial finance company with core operations in aircraft finance, asset-based lending, distribution finance, golf finance, resort finance and structured capital. Within these core operations, Textron Financial provides financing programs for products manufactured by Textron Inc.



5.9% Share of Textron 2002 revenues

Strategic Steps Forward

- > Grow core business segments where superior product and market knowledge sustain competitive advantage.
- > Liquidate and divest non-core portfolios and businesses.
- > Maintain strong credit quality in portfolio.
- > Continue to support sales financing needs of Textron segments.
- > Expand use of Textron Six Sigma disciplines to drive process improvements and generate tangible benefits.
- > Accelerate deployment of information technology solutions to improve processes and operating efficiencies.
- > Continue to pursue syndication opportunities to minimize portfolio concentration risk and generate fee income.

Credit Ratings of Textron Financial (as of 3/29/2003)

	Senior Long-Term	Short-Term Commercial Paper
S&P	A-	A2
Moody's	A3	P2
Fitch	A-	F2

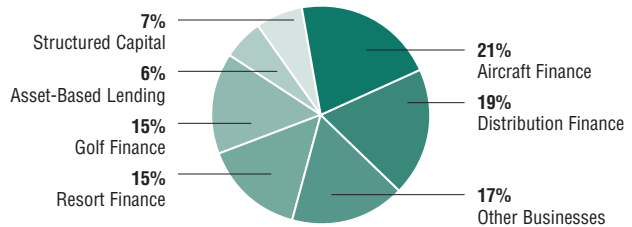
Key Data

(Dollars in millions unless otherwise noted)

	2002	2001	2000	1999	1998
Finance: ¹					
Receivables	\$5,756	\$5,636	\$5,589	\$5,777	\$3,611
Managed and serviced finance receivables ²	\$9,396	\$9,349	\$7,965	\$6,802	\$4,509
Managed finance receivables ³	\$8,389	\$7,968	\$6,914	\$6,191	\$4,228
Return on average equity ⁴	7.6%	12.7%	13.1%	14.1%	16.2%
Net interest margin ⁵	7.18%	7.55%	6.17%	6.11%	6.64%
Operating efficiency	39.1%	35.6%	34.1%	35.4%	33.8%
Allowance for losses, as a % of finance receivables	2.89%	2.55%	2.07%	2.02%	2.32%
60+ Contractual delinquencies ⁶	2.88%	2.24%	1.16%	0.96%	0.87%
Net charge-offs, as a % of average finance receivables	2.17%	1.27%	0.65%	0.54%	0.45%
Debt to tangible shareholder's equity ⁷	5.66x	5.70x	6.72x	6.92x	6.35x
Textron-related receivables, as a % of total managed receivables	23.4%	25.8%	25.9%	23.5%	28.5%
Revenue	\$630	\$709	\$691	\$463	\$367
Segment profit ⁸	\$117	\$205	\$202	\$132	\$113
Segment profit margin	18.6%	28.9%	29.2%	28.5%	30.8%
Total assets	\$6,654	\$6,464	\$6,131	\$5,989	\$3,785
Capital expenditures	\$17	\$18	\$14	\$11	\$13
Depreciation	\$28	\$19	\$17	\$12	\$10
ROIC ^{8,9}	6.2%	12.4%	13.0%	13.0%	14.8%

¹ Refer to Textron Financial's Annual Report and Form 10-K for complete financial information. ² Managed and serviced finance receivables are owned receivables plus receivables serviced under securitizations, participations and third-party portfolio servicing agreements. ³ Managed finance receivables are owned receivables plus receivables serviced under securitizations. ⁴ Return on average equity excludes the cumulative effect of change in accounting principle. ⁵ Represents revenues earned less interest expense on borrowings and operating lease depreciation as a percentage of average net investment. Average net investment includes finance receivables plus operating leases, less deferred taxes on leveraged leases. ⁶ Percent of total independent and captive nonrecourse receivables. ⁷ Tangible shareholder's equity excludes accumulated other comprehensive income or loss and goodwill. ⁸ Segment profit and ROIC represent measurements used by Textron to evaluate performance for decision-making purposes. Segment profit for the Finance Segment includes distributions on preferred securities of finance subsidiary trust before tax effects and excludes goodwill amortization. ⁹ An ROIC calculation worksheet is provided on page 17.

Managed Finance Receivables*



* Total Managed Finance Receivables: \$8.4 Billion, 87% U.S.; 13% International

Performance of Core Businesses, Liquidating Portfolios and Future Divestitures

As of 12/28/2002	Owned Receivables (mm)	Percent of Owned Receivables	Charge-offs (bps)	Percent of Net Charge-offs
Core Businesses	\$4,473	77.7%	55	25.6%
Future Divestitures	\$805	14.0%	56	25.9%
Liquidating Businesses	\$478	8.3%	106	48.5%
Total	\$5,756	100.0%	217	100.0%

Selected Financial Statistics 2002-1998

(Dollars in millions, except where noted and stock-related information)

		2002	
Income Statement Data	Revenues	\$10,658	
	Segment profit	835	
	Special charges	(128)	
	Gains on sale of businesses, net	5	
	Goodwill amortization	—	
	Corporate expenses and other, net	(114)	
	Interest expense, net	(108)	
	Income taxes	(100)	
	Effective tax rate ¹	20.4%	
	Distribution on preferred securities of manufacturing subsidiary trust, net of income taxes	(26)	
	Income before cumulative effect of change in accounting principle	364	
EPS Reconciliation	Diluted EPS from operations ²	\$2.60	
	Special charges:		
	Restructuring	0.44	
	Goodwill, intangible and investment impairments	0.17	
	Other costs related to restructuring included in segment profit	0.11	
	Net gains on sale of businesses	(0.31)	
	Diluted EPS from operations, as adjusted	\$3.01	
Balance Sheet Data - Textron Manufacturing	Cash and cash equivalents	\$286	
	Inventories	1,611	
	Receivables, net	1,180	
	Property, plant and equipment, net	1,981	
	Intangibles, net	1,451	
	Total assets	8,851	
	Total debt	1,711	
	Total liabilities	5,980	
	Preferred securities of subsidiary trust	485	
	Shareholders' equity	3,406	
Cash Flow Items - Textron Manufacturing	Income before cumulative effect of change in accounting principle	\$364	
	Earnings of Textron Finance greater than distributions	(23)	
	Depreciation	313	
	Amortization	17	
	Gains on sale of businesses, net	(5)	
	Special charges	128	
	Dividends received from discontinued operations	—	
	Cash used in acquisitions	(2)	
	Net proceeds from dispositions	30	
	Net decrease (increase) in investment securities	—	
	Net change in debt	(397)	
	Dividends paid	(182)	
	Capital contributions to Textron Finance	—	
	Purchases of Textron common stock	(248)	
	Total number of shares purchased (in thousands)	5,734	
Free Cash Flow Reconciliation	Net cash provided by operating activities	\$522	
	After-tax cash used for restructuring activities	60	
	Proceeds on sale of fixed assets	67	
	Capital expenditures ³	(302)	
	Free cash flow ⁴	\$347	
Key Ratios	Segment profit margin	7.8%	
	Debt (net of cash) to total capital – Textron Manufacturing ⁵	26.8%	
	S&A % of sales – consolidated	13.0%	
	Inventory turns (based on FIFO)	4.4x	
	Ratio of income to fixed charges – Textron Manufacturing	3.07x	
Stock-Related Information	Stock price at year-end	\$42.16	
	Dividend payout ratio ⁶	50.0%	
	Dividends declared per share	\$1.30	
Other Statistics	Research and development	\$586	
	Number of employees at year-end	49,000	
	Average revenues per employee (in thousands)	\$213	

¹ The effective income tax rate for 2002 was 20.4% primarily due to the tax benefit associated with the Shorkel sale. The effective income tax rate for 2001 was 54.2% primarily due to the impact of the gain on the sale of the Automotive Trim business in the fourth quarter and the non-tax deductibility of goodwill written-off in the third quarter. In 2000, the effective income tax rate was 50.4% primarily due to the impact of the non-tax deductibility of goodwill written off. Excluding these specific items, the effective income tax rate was 29.4% in 2002 and 35.0% in 2001. ² Before cumulative effect of change in accounting principle in 2002 and 2000. ³ Capital expenditures in 2002 included \$23 million in capital leases.

2001	2000	1999	1998
\$12,321	\$13,090	\$11,854	\$9,874
926	1,506	1,276	1,099
(437)	(483)	1	(87)
342	—	—	97
(98)	(96)	(75)	(59)
(152)	(164)	(143)	(141)
(162)	(152)	(29)	(146)
(227)	(308)	(381)	(294)
54.2%	50.4%	37.0%	38.5%
(26)	(26)	(26)	(26)
166	277	623	443
\$1.16	\$1.90	\$4.05	\$2.68
0.49	0.08	—	—
1.98	2.67	—	—
0.15	—	—	—
(1.46)	—	—	—
\$2.32	\$4.65	\$4.05	\$2.68
\$241	\$282	\$192	\$31
1,727	1,871	1,859	1,640
1,149	1,318	1,363	1,160
2,044	2,568	2,484	2,185
1,965	2,340	2,807	2,119
9,588	10,239	10,404	9,936
1,934	2,084	1,767	2,615
6,178	6,671	6,412	6,928
485	484	483	483
3,934	3,994	4,377	2,997
\$166	\$277	\$623	\$443
(79)	(41)	(43)	(8)
381	365	337	282
92	97	84	66
(342)	—	—	(54)
437	483	(1)	87
—	—	—	187
(209)	(85)	(859)	(753)
695	(9)	2,945	117
8	(134)	—	—
(85)	342	(1,220)	1,038
(184)	(189)	(192)	(143)
(40)	—	(353)	(59)
(47)	(353)	(751)	(712)
738	6,627	9,779	10,158
\$733	\$937	\$1,007	\$867
67	1	—	—
83	56	43	39
(514)	(513)	(521)	(462)
\$369	\$481	\$529	\$444
7.5%	11.5%	10.8%	11.1%
27.7%	28.6%	24.5%	42.6%
12.4%	11.0%	11.1%	11.2%
4.9x	4.9x	4.8x	4.6x
2.02x	3.21x	9.44x	4.59x
\$42.40	\$46.50	\$76.69	\$75.94
112.1%	68.4%	32.1%	42.5%
\$1.30	\$1.30	\$1.30	\$1.14
\$689	\$721	\$670	\$613
51,000	71,000	68,000	64,000
\$186	\$187	\$178	\$164

4 In 2002, Textron changed the definition of free cash flow to include only the items noted in the reconciliation. Prior period amounts have been reclassified to conform with this presentation. 5 The 1999 net debt-to-capital ratio reflects increased equity and reduced leverage from the gain on the sale of AFS. The 1998 net debt-to-capital ratio was temporarily inflated by the repurchase of stock prior to the January 1999 closing of the sale of AFS. 6 Dividend payout ratio: Dividends declared/reported earnings per share.

Financial Data 2002-1998

(Dollars in millions,
except per share amounts)

	2002					2001					2000	1999	1998
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year			
Revenues													
Aircraft	\$1,047	\$1,323	\$1,156	\$1,396	\$4,922	\$1,022	\$1,258	\$1,096	\$1,421	\$4,797	\$4,537	\$4,147	\$3,506
Fastening Systems	396	431	411	412	1,650	466	451	389	373	1,679	1,996	2,059	1,758
Industrial Products	468	505	432	436	1,841	549	541	434	450	1,974	2,248	1,629	1,412
Industrial Components	362	417	399	437	1,615	832	874	713	743	3,162	3,618	3,556	2,831
Finance	145	148	156	181	630	171	164	178	196	709	691	463	367
Total revenues	\$2,418	\$2,824	\$2,554	\$2,862	\$10,658	\$3,040	\$3,288	\$2,810	\$3,183	\$12,321	\$13,090	\$11,854	\$9,874
Segment profit, as adjusted ¹													
Aircraft	\$79	\$147	\$93	\$137	\$456	\$107	\$128	\$(24)	\$137	\$348	\$475	\$384	\$358
Fastening Systems	10	21	21	20	72	42	36	8	(16)	70	192	204	200
Industrial Products	31	13	24	23	91	62	66	(9)	(5)	114	296	231	158
Industrial Components	23	25	29	44	121	80	84	27	32	223	341	325	270
Finance	22	29	19	47	117	49	43	51	62	205	202	132	113
Total segment profit, as adjusted	\$165	\$235	\$186	\$271	\$857	\$340	\$357	\$53	\$210	\$960	\$1,506	\$1,276	\$1,099
Cost related to restructuring	(4)	(3)	(6)	(9)	(22)	(3)	(13)	(11)	(7)	(34)	—	—	—
Segment profit													
Aircraft	\$79	\$147	\$90	\$136	\$452	\$107	\$120	\$(25)	\$136	\$338	\$475	\$384	\$358
Fastening Systems	8	20	21	19	68	42	35	5	(20)	62	192	204	200
Industrial Products	30	12	21	20	83	60	65	(12)	(7)	106	296	231	158
Industrial Components	22	24	29	40	115	79	81	23	32	215	341	325	270
Finance	22	29	19	47	117	49	43	51	62	205	202	132	113
Total segment profit	\$161	\$232	\$180	\$262	\$835	\$337	\$344	\$42	\$203	\$926	\$1,506	\$1,276	\$1,099
Special charges	(10)	(26)	(28)	(64)	(128)	(42)	(35)	(338)	(22)	(437)	(483)	1	(87)
Segment operating income (loss)	\$151	\$206	\$152	\$198	\$707	\$295	\$309	\$(296)	\$181	\$489	\$1,023	\$1,277	\$1,012
Segment profit margins, as adjusted ¹													
Aircraft	7.5%	11.1%	8.0%	9.8%	9.3%	10.5%	10.2%	(2.2%)	9.6%	7.3%	10.5%	9.3%	10.2%
Fastening Systems	2.5%	4.9%	5.1%	4.9%	4.4%	9.0%	8.0%	2.1%	(4.3%)	4.2%	9.6%	9.9%	11.4%
Industrial Products	6.6%	2.6%	5.6%	5.3%	4.9%	11.3%	12.2%	(2.1%)	(1.1%)	5.8%	13.2%	14.2%	11.2%
Industrial Components	6.4%	6.0%	7.3%	10.1%	7.5%	9.6%	9.6%	3.8%	4.3%	7.1%	9.4%	9.1%	9.5%
Finance	15.2%	19.6%	12.2%	26.0%	18.6%	28.7%	26.2%	28.7%	31.6%	28.9%	29.2%	28.5%	30.8%
Segment profit margin, as adjusted ¹	6.8%	8.3%	7.3%	9.5%	8.0%	11.2%	10.9%	1.9%	6.6%	7.8%	11.5%	10.8%	11.1%
Segment profit margins													
Aircraft	7.5%	11.1%	7.8%	9.7%	9.2%	10.5%	9.5%	(2.3%)	9.6%	7.0%	10.5%	9.3%	10.2%
Fastening Systems	2.0%	4.6%	5.1%	4.6%	4.1%	9.0%	7.8%	1.3%	(5.4%)	3.7%	9.6%	9.9%	11.4%
Industrial Products	6.4%	2.4%	4.9%	4.6%	4.5%	10.9%	12.0%	(2.8%)	(1.6%)	5.4%	13.2%	14.2%	11.2%
Industrial Components	6.1%	5.8%	7.3%	9.2%	7.1%	9.5%	9.3%	3.2%	4.3%	6.8%	9.4%	9.1%	9.5%
Finance	15.2%	19.6%	12.2%	26.0%	18.6%	28.7%	26.2%	28.7%	31.6%	28.9%	29.2%	28.5%	30.8%
Segment profit margin	6.7%	8.2%	7.0%	9.2%	7.8%	11.1%	10.5%	1.5%	6.4%	7.5%	11.5%	10.8%	11.1%
Gain on sale of businesses, net	—	\$25	—	\$(20)	\$5	—	—	\$3	\$339	\$342	—	—	\$97
Goodwill amortization	—	—	—	—	—	\$(24)	\$(25)	(26)	(23)	(98)	\$(96)	\$(75)	(59)
Corporate expenses and other, net	\$(29)	(31)	\$(26)	(28)	(114)	(42)	(39)	(33)	(38)	(152)	(164)	(143)	(141)
Interest expense, net	(30)	(25)	(30)	(23)	(108)	(44)	(40)	(41)	(37)	(162)	(152)	(29)	(146)
Income taxes	(29)	(63)	(19)	11	(100)	(66)	(72)	69	(158)	(227)	(308)	(381)	(294)
Distribution on preferred securities of manufacturing subsidiary trusts, net of income taxes	(6)	(7)	(6)	(7)	(26)	(6)	(7)	(6)	(7)	(26)	(26)	(26)	(26)
Income from operations	\$57	\$105	\$71	\$131	\$364	\$113	\$126	\$(330)	\$257	\$166	\$277	\$623	\$443
EPS from operations – diluted ²	\$0.40	\$0.74	\$0.51	\$0.95	\$2.60	\$0.79	\$0.88	\$(2.34)	\$1.81	\$1.16	\$1.90	\$4.05	\$2.68
Effective income tax rate ³	31.5%	36.0%	19.8%	(8.7%)	20.4%	35.7%	35.1%	17.6%	37.4%	54.2%	50.4%	37.0%	38.5%
Common stock information													
Price range : High	\$51.10	\$53.17	\$45.81	\$44.92	\$53.17	\$59.26	\$59.89	\$56.90	\$42.40	\$59.89	\$74.94	\$97.00	\$80.31
Low	38.98	44.60	34.41	32.49	32.49	45.94	52.95	32.80	31.65	31.65	41.44	68.44	52.06
Dividends declared per share	0.325	0.325	0.325	0.325	1.30	0.325	0.325	0.325	0.325	1.30	1.30	1.30	1.14
Average shares outstanding (in thousands) – diluted ⁴	141,961	141,599	139,145	138,362	140,252	142,752	143,411	141,196	142,460	142,937	146,150	153,754	165,374

¹ 2002 segment profit excludes special charges of \$128 million consisting of \$63 million in restructuring expenses, \$27 million in fixed asset impairment write-downs and \$38 million in investment write-downs. Segment profit has been adjusted to eliminate goodwill amortization. 2001 segment profit excludes special charges of \$319 million in goodwill and intangible asset impairment write-downs, \$81 million in restructuring expenses, \$28 million in fixed asset impairment write-downs and \$9 million in write-downs of e-business investments. ² The average share base for the third quarter 2001 excludes potentially dilutive common shares (convertible preferred stock and stock options). These shares are excluded due to their antidilutive effect resulting from each respective quarters loss from continuing operations. ³ The effective income tax rate for 2002 was 20.4% primarily due to the tax benefit associated with the Snorkel sale. The effective income tax rate for 2001 was 54.2% primarily due to the impact of the gain on the sale of the Automotive Trim business in the fourth quarter and the non-tax deductibility of goodwill written-off in the third quarter. In 2000, the effective income tax rate was 50.4% primarily due to the impact of the non-tax deductibility of goodwill written off. Excluding these specific items, the effective income tax rate was 29.4% in 2002 and 35.0% in 2001. ⁴ Assumes full conversion of outstanding preferred stock and exercise of options. See footnote 2.

Recast to exclude Automotive Trim, As Adjusted ^{1,2,3}

(Dollars in millions,
except per share amounts)

	2002					2001					2000	1999	1998
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year			
Revenues													
Aircraft	\$1,047	\$1,323	\$1,156	\$1,396	\$4,922	\$1,022	\$1,258	\$1,096	\$1,421	\$4,797	\$4,537	\$4,147	\$3,506
Fastening Systems	396	431	411	412	1,650	466	451	389	373	1,679	1,996	2,059	1,758
Industrial Products	468	505	432	436	1,841	549	541	434	450	1,974	2,248	1,629	1,412
Industrial Components	362	417	399	437	1,615	427	426	366	364	1,583	1,776	1,759	1,349
Finance	145	148	156	181	630	171	164	178	196	709	691	463	367
Total revenues	\$2,418	\$2,824	\$2,554	\$2,862	\$10,658	\$2,635	\$2,840	\$2,463	\$2,804	\$10,742	\$11,248	\$10,057	\$8,392
Segment profit, as adjusted													
Aircraft	\$79	\$147	\$93	\$137	\$456	\$107	\$128	\$(24)	\$137	\$348	\$475	\$384	\$358
Fastening Systems	10	21	21	20	72	42	36	8	(16)	70	192	204	200
Industrial Products	31	13	24	23	91	62	66	(9)	(5)	114	296	231	158
Industrial Components	23	25	29	44	121	44	49	22	24	139	174	171	145
Finance	22	29	19	47	117	49	43	51	62	205	202	132	113
Total segment profit, as adjusted	\$165	\$235	\$186	\$271	\$857	\$304	\$322	\$48	\$202	\$876	\$1,339	\$1,122	\$974
Cost related to restructuring	(4)	(3)	(6)	(9)	(22)	(3)	(12)	(10)	(7)	(32)	—	—	—
Segment profit													
Aircraft	\$79	\$147	\$90	\$136	\$452	\$107	\$120	\$(25)	\$136	\$338	\$475	\$384	\$358
Fastening Systems	8	20	21	19	68	42	35	5	(20)	62	192	204	200
Industrial Products	30	12	21	20	83	60	65	(12)	(7)	106	296	231	158
Industrial Components	22	24	29	40	115	43	48	18	24	133	174	171	145
Finance	22	29	19	47	117	49	43	51	62	205	202	132	113
Total segment profit	\$161	\$232	\$180	\$262	\$835	\$301	\$311	\$37	\$195	\$844	\$1,339	\$1,122	\$974
Special charges	(10)	(26)	(28)	(64)	(128)	(33)	(35)	(338)	(20)	(426)	(456)	(7)	(62)
Textron operating income (loss)	\$151	\$206	\$152	\$198	\$707	\$268	\$275	\$(300)	\$175	\$418	\$883	\$1,115	\$912
Segment profit margins, as adjusted													
Aircraft	7.5%	11.1%	8.0%	9.8%	9.3%	10.5%	10.2%	(2.2%)	9.6%	7.3%	10.5%	9.3%	10.2%
Fastening Systems	2.5%	4.9%	5.1%	4.9%	4.4%	9.0%	8.0%	2.1%	(4.3%)	4.2%	9.6%	9.9%	11.4%
Industrial Products	6.6%	2.6%	5.6%	5.3%	4.9%	11.3%	12.2%	(2.1%)	(1.1%)	5.8%	13.2%	14.2%	11.2%
Industrial Components	6.4%	6.0%	7.3%	10.1%	7.5%	10.3%	11.5%	6.0%	6.6%	8.8%	9.8%	9.7%	10.7%
Finance	15.2%	19.6%	12.2%	26.0%	18.6%	28.7%	26.2%	28.7%	31.6%	28.9%	29.2%	28.5%	30.8%
Segment profit margin, as adjusted	6.8%	8.3%	7.3%	9.5%	8.0%	11.5%	11.3%	1.9%	7.2%	8.2%	11.9%	11.2%	11.6%
Segment profit margins													
Aircraft	7.5%	11.1%	7.8%	9.7%	9.2%	10.5%	9.5%	(2.3%)	9.6%	7.0%	10.5%	9.3%	10.2%
Fastening Systems	2.0%	4.6%	5.1%	4.6%	4.1%	9.0%	7.8%	1.3%	(5.4%)	3.7%	9.6%	9.9%	11.4%
Industrial Products	6.4%	2.4%	4.9%	4.6%	4.5%	10.9%	12.0%	(2.8%)	(1.6%)	5.4%	13.2%	14.2%	11.2%
Industrial Components	6.1%	5.8%	7.3%	9.2%	7.1%	10.1%	11.3%	4.9%	6.6%	8.4%	9.8%	9.7%	10.7%
Finance	15.2%	19.6%	12.2%	26.0%	18.6%	28.7%	26.2%	28.7%	31.6%	28.9%	29.2%	28.5%	30.8%
Segment profit margin	6.7%	8.2%	7.0%	9.2%	7.8%	11.4%	11.0%	1.5%	7.0%	7.9%	11.9%	11.2%	11.6%

¹ Subsequent to year-end 2001, management responsibility was reorganized to reflect the sale of the Automotive Trim business and, in 2002 Textron reported under the Aircraft, Fastening Systems, Industrial Products, Industrial Components and Finance segments. The data for all periods shown above has been recast to reflect the new segments. ² Costs related to restructuring have been excluded from segment profit, as adjusted. These costs are included in reported segment profit in the consolidated financial statements within the 2002 annual report. ³ The amounts on this schedule exclude Automotive Trim's revenue, segment profit and special charges up until the December 20, 2001 sale of the business, but do not include certain other pro forma adjustments included in Textron's Form 8-K filed on January 4, 2003. These other pro forma adjustments are not material to the segment information presented above.

Key Data, Industrial Components, including Automotive Trim

(Dollars in millions)	2002	2001	2000	1999	1998
Industrial Components, including Automotive Trim¹					
Revenue	\$1,615	\$3,162	\$3,618	\$3,556	\$2,831
Segment profit, as adjusted ^{2,3}	\$121	\$223	\$341	\$325	\$270
Segment profit margin, as adjusted	7.5%	7.1%	9.4%	9.1%	9.5%
Other costs related to restructuring	\$(6)	\$(8)	—	—	—
Segment profit ²	\$115	\$215	\$341	\$325	\$270
Segment profit margin	7.1%	6.8%	9.4%	9.1%	9.5%
Total assets	\$1,394	\$1,375	\$2,563	\$3,050	\$2,673
Capital expenditures	\$48	\$180	\$146	\$159	\$133
Depreciation	\$54	\$123	\$116	\$113	\$89

¹ Includes Automotive Trim business that was sold in 2001. ² Segment profit is a measurement used by Textron to evaluate performance for decision-making purposes. Segment profit for manufacturing segments does not include interest expense, certain corporate expenses, goodwill amortization, special charges and gains and losses from the disposition of significant business units. ³ Excludes other costs related to restructuring.

Return on Invested Capital (ROIC)

Total Textron

(Dollars in millions)

	2002	2001	2000	1999	1998
ROIC income					
Income before cumulative effect of change in accounting principle	\$364	\$166	\$277	\$623	\$443
Special items					
Special charges	128	437	483	—	—
Other costs related to restructuring	22	34	—	—	—
Gain on sale of Trim, net of loss on sale of Snorkel	(5)	(339)	—	—	—
Income from discontinued operations	—	—	—	—	165
Tax impact of special items	(87)	34	(80)	—	—
Distribution on preferred securities of subsidiary trusts, net of income taxes	26	26	26	26	26
Amortization, net of taxes	7	94	92	71	67
Interest expense, net of taxes	67	101	95	18	91
Interest cost on accrued postretirement benefits other than pensions, net of taxes	28	31	28	26	28
ROIC income	\$550	\$584	\$921	\$764	\$820
	Average 2002/2001	Average 2001/2000	Average 2000/1999	Average 1999/1998	Average 1998/1997
Invested capital					
Total shareholders' equity	\$3,670	\$3,964	\$4,186	\$3,687	\$3,113
Total debt	1,823	2,009	1,926	2,191	1,919
Cash and cash equivalents	(264)	(262)	(237)	(112)	(31)
Due from Textron Finance	(255)	(255)	—	—	—
Textron - obligated mandatorily redeemable preferred securities of subsidiary trust holding solely Textron junior subordinated debt securities	485	485	484	483	483
Accrued postretirement benefits other than pensions, net of taxes	387	419	455	470	477
Eliminate impact of 4th quarter goodwill impairment	—	—	163	—	—
Eliminate impact of 4th quarter divestitures	—	179	—	(649)	—
Average invested capital	\$5,846	\$6,539	\$6,977	\$6,070	\$5,961
Return on invested capital	9.4%	8.9%	13.2%	12.6%	13.8%

Aircraft

	2002	2001	2000	1999	1998
ROIC income calculation					
Segment profit, as adjusted	\$456.4	\$348.1	\$475.0	\$383.7	\$357.5
Interest component of operating leases ¹	16.7	15.1	14.2	16.6	19.6
Corporate charge ²	(30.2)	(29.8)	(25.9)	(24.6)	(22.9)
Segment ROIC income before income taxes	442.9	333.4	463.3	375.7	354.2
Income taxes ³	(141.8)	(109.3)	(161.4)	(136.8)	(125.5)
Segment ROIC income	\$301.0	\$224.1	\$301.9	\$238.9	\$228.7
Average invested capital calculation					
Average segment investment ⁴	\$1,637.1	\$1,620.5	\$1,463.1	\$1,403.5	\$1,338.4
Operating leases ¹	194.8	153.7	159.6	159.2	166.3
Average invested capital	\$1,831.9	\$1,774.2	\$1,622.7	\$1,562.7	\$1,504.7
Return on invested capital	16.4%	12.6%	18.6%	15.3%	15.2%

Fastening Systems

	2002	2001	2000	1999	1998
ROIC income calculation					
Segment profit, as adjusted	\$72.2	\$ 69.7	\$ 191.7	\$ 204.4	\$ 199.9
Interest component of operating leases ¹	1.9	3.9	1.9	2.5	2.1
Corporate charge ²	(16.8)	(20.1)	(21.6)	(20.3)	(17.0)
Segment ROIC income before income taxes	57.3	53.5	172.0	186.6	185.0
Income taxes ³	(12.2)	(13.8)	(56.1)	(68.9)	(69.0)
Segment ROIC income	\$45.1	\$ 39.7	\$ 115.9	\$ 117.7	\$ 116.0
Average invested capital calculation					
Average segment investment ⁴	\$1,172.0	\$ 1,361.6	\$ 1,569.4	\$ 1,520.0	\$ 1,233.3
Operating leases ¹	25.5	51.7	24.7	33.4	28.1
Average invested capital	\$1,197.5	\$ 1,413.3	\$ 1,594.1	\$ 1,553.4	\$ 1,261.4
Return on invested capital	3.8%	2.8%	7.3%	7.6%	9.2%

Industrial Products

	2002	2001	2000	1999	1998
ROIC income calculation					
Segment profit, as adjusted	\$90.9	\$114.3	\$296.2	\$231.1	\$158.4
Intangible amortization	9.9	9.1	—	—	—
Interest component of operating leases ¹	2.5	3.4	2.5	4.0	1.7
Corporate charge ²	(18.4)	(18.2)	(17.8)	(15.6)	(11.6)
Segment ROIC income before income taxes	84.9	108.6	280.9	219.5	148.5
Income taxes ³	(18.8)	(23.1)	(99.1)	(78.9)	(53.1)
Segment ROIC income	\$66.1	\$85.5	\$181.8	\$140.6	\$95.4
Average invested capital calculation					
Average segment investment ⁴	\$1,362.3	\$1,782.2	\$1,719.5	\$1,004.9	\$817.0
Operating leases ¹	33.5	44.8	32.9	63.3	21.7
Average invested capital	\$1,395.8	\$1,827.0	\$1,752.4	\$1,068.2	\$838.7
Return on invested capital	4.7%	4.7%	10.4%	13.2%	11.4%

Industrial Components, excluding Automotive Trim

	2002	2001	2000	1999	1998
ROIC income calculation					
Segment profit, as adjusted	\$121.1	\$139.4	\$174.4	\$170.9	\$145.4
Interest component of operating leases ¹	1.7	—	0.7	—	—
Corporate charge ²	(12.9)	(14.3)	(14.1)	(13.6)	(9.6)
Segment ROIC income before income taxes	109.9	125.1	161.0	157.3	135.8
Income taxes ³	(35.8)	(43.2)	(51.4)	(53.1)	(51.6)
Segment ROIC income	\$74.1	\$81.9	\$109.6	\$104.2	\$84.1
Average invested capital calculation					
Average segment investment ⁴	\$907.8	\$986.3	\$1,220.6	\$1,291.8	\$885.5
Operating leases ¹	22.1	—	9.6	—	—
Average invested capital	\$929.9	\$986.3	\$1,230.2	\$1,291.8	\$885.5
Return on invested capital	8.0%	8.3%	8.9%	8.1%	9.5%

Finance

	2002	2001	2000	1999	1998
ROIC income calculation					
Segment profit, as adjusted	\$116.9	\$205.0	\$201.8	\$131.6	\$112.6
Corporate charge ⁵	(22.9)	(22.0)	(20.7)	(12.9)	(9.8)
Segment ROIC income before income taxes	94.0	183.0	181.1	118.7	102.8
Income taxes ³	(32.5)	(64.8)	(64.6)	(45.9)	(39.4)
Segment ROIC income	\$61.5	\$118.2	\$116.5	\$72.8	\$63.4
Average invested capital calculation					
Average shareholders' equity	\$996.7	\$957.2	\$897.6	\$559.8	\$427.7
Return on invested capital	6.2%	12.4%	13.0%	13.0%	14.8%

¹ Off-balance sheet operating leases are added to the manufacturing segments' average investment to reflect actual long term obligations. An estimated interest component is added back to segment profit to reflect the interest portion of rental expense. ² Manufacturing segments are assessed a charge equal to 2.3% of their average segment investment excluding goodwill and operating leases. ³ A tax rate is determined for each segment based on the underlying divisions and the countries in which they operate. ⁴ Manufacturing segment investment is equal to assets minus liabilities excluding (i) cash, (ii) investment in other Textron entities, (iii) third party debt, (iv) intercompany receivables and payables, (v) accrued interest on debt and (vi) income tax liabilities. ⁵ The Finance segment is assessed a corporate charge equal to 2.3% of its average invested capital.

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Fastening Systems

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