

**TEXTRON**

Focused & Forward



2003 Fact Book

Textron Inc. is a \$10 billion multi-industry company with more than 43,000 employees in nearly 40 countries. The company leverages its global network of aircraft, 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, Kautex, Lycoming, E-Z-GO and Greenlee, among others.

## Stock and Contact Information

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### 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

### Capital Stock

(as of January 3, 2004)

**Common stock:** par value \$0.125; 500,000,000 shares authorized; 137,238,117 shares outstanding.

#### \$2.08 Cumulative Convertible Preferred stock, Series A:

112,481 shares outstanding.

#### \$1.40 Convertible Preferred Dividend stock, Series B:

52,859 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 14, June 13, September 12 and December 12, 2003. Payable dates: April 1, July 1, October 1, 2003 and January 1, 2004.

### 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.

### 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](http://www.textron.com)

### Contacts

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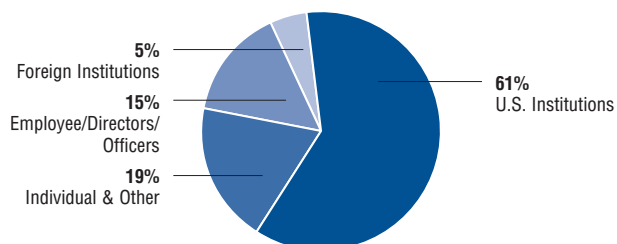
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(401) 457-2362

(401) 457-3598 (fax)

### Share Ownership

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Textron is an Equal Opportunity Employer.

# Fast Facts

- > [www.textron.com](http://www.textron.com)
- > NYSE: TXT
- > 2003 Fortune 500 ranking: 174
- > Number of employees: 43,000 – 33 percent are outside the U.S.
- > Number of countries with manufacturing operations: 32

## 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.

(Dollars in millions except per share data)

	2003	2002	Change
Revenues	\$9,859	\$10,350	(5)%
International revenues, %	38%	34%	—
Segment profit <sup>1</sup>	\$762	\$898	(15)%
Less: Special charges <sup>2</sup>	\$(159)	\$(135)	18%
Segment operating income	\$603	\$763	(21)%
Income from continuing operations	\$281	\$367	(23)%
Total debt - Textron Manufacturing <sup>3,4</sup>	\$2,027	\$2,193	(8)%
Shareholders' equity	\$3,690	\$3,406	8%
<b>Common Share Data</b>			
Diluted EPS from continuing operations, as adjusted <sup>5,6</sup>	\$2.78	\$3.20	(13)%
Diluted EPS from continuing operations <sup>5</sup>	\$2.05	\$2.62	(22)%
Dividends per share	\$1.30	\$1.30	—
Diluted average common shares outstanding (000's)	137,217	140,252	(2)%
<b>Key Performance Metrics</b>			
ROIC <sup>7</sup>	8.6%	9.4%	—
Free cash flow <sup>8</sup>	\$483	\$314	54%
Debt (net of cash) to total capital – Manufacturing <sup>3,4</sup>	30%	36%	—

## Credit Ratings of Textron Manufacturing<sup>4</sup>

	Senior Long-Term	Short-Term Commercial Paper
S&P	A-	A - 2
Moody's	A3	P - 2
Fitch	A-	F - 2

<sup>1</sup> 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, special charges or gains from the disposition of significant business units. <sup>2</sup> Special charges in 2003 include \$144 million of restructuring expenses and a \$15 million charge for unamortized issuance costs related to the redemption of preferred securities. Special charges in 2002 include \$97 million in restructuring expenses and a \$38 million write-down of Collins & Aikman (C&A) common stock. <sup>3</sup> In July 2003, Textron adopted SFAS No. 150 "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" and reclassified its mandatorily redeemable preferred securities as debt. To conform to the current year presentation, \$485 million of mandatorily redeemable preferred securities have been classified as debt in 2002. <sup>4</sup> Textron Manufacturing includes all entities of Textron Inc. other than its finance subsidiaries. <sup>5</sup> Before cumulative effect of change in accounting principle in 2002. <sup>6</sup> Excludes special charges as described in footnote 2 and gains on sales of businesses. A reconciliation to diluted EPS from continuing operations is provided on pages 12 – 13. <sup>7</sup> Textron's calculation of ROIC is provided on page 16. <sup>8</sup> A reconciliation of cash flow from operations to free cash flow is provided on pages 12 – 13.

Throughout this Fact Book, amounts are presented "as adjusted," which excludes items recorded in special charges, gains on sale of businesses, the cumulative effect of change in accounting principle and amounts reclassified as discontinued operations. In addition, Textron presents amounts excluding the Automotive Trim business that was sold in 2001. Textron presents its results "as adjusted," before restructuring and other special items, because such items are outside normal business operations, as well as difficult to forecast accurately for specific periods. Such items are either isolated or temporary in nature; therefore, it is helpful to understand results without these items, especially when comparing results for previous periods or forecasting performance in future periods. In addition, Textron uses "as adjusted" results to measure operating performance for management compensation purposes. Any analysis of results before restructuring costs and other special items should be used only in conjunction with data presented in accordance with Generally Accepted Accounting Principles (GAAP). When "as adjusted" amounts are used, reconciliations will be provided in the table or other sections of the Fact Book.

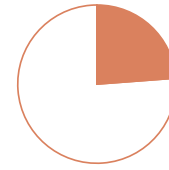
During 2003, Textron sold its remaining OmniQuip business and Textron Financial's small business direct portfolio and reclassified the financial results of these businesses as discontinued operations for accounting purposes.

Textron reorganized its segments in the second quarter of 2003 in order to streamline its management structure. Accordingly, Textron Systems and Textron Lycoming (Lycoming) have been combined with Bell Helicopter to form the new Bell segment and Cessna Aircraft is being reported separately as a new segment. The remaining Industrial Products and Industrial Components businesses have been combined to form the new Industrial segment. Textron now reports under the following segments: Bell, Cessna, Fastening Systems, Industrial and Finance. All prior period data have been appropriately reclassified.



# Bell

**A leader in vertical takeoff and landing aircraft for commercial and military applications, and the pioneer of the revolutionary tiltrotor aircraft. Also includes Textron Systems, a provider of advanced technology solutions for the aerospace and defense industries, and Lycoming aircraft engines.**



**24%** Bell's share of Textron 2003 revenues  
Bell revenues are comprised of Bell Helicopter (75%) and Textron Systems (25%).

## Strategic Steps Forward

- > Complete the flight test of the V-22 tiltrotor to ensure the future production of the aircraft for the U.S. Marine Corps., Air Force Special Operations Forces and other U.S. Department of Defense and international customers.
- > Complete the flight test of the AH-1Z attack and UH-1Y utility helicopters. Enter low rate production for the U.S. Marine Corps. and introduce these modern aircraft into international markets.
- > Strengthen the commercial product line and increase share by upgrading existing products, developing derivatives and introducing new models.
- > Accelerate growth in the after-market by offering a broader range of services and expanded coverage.
- > Develop new tiltrotor variants to satisfy the emerging needs of both military and commercial customers.
- > Expand Textron Systems' innovative technology solutions, further enabling combat and homeland security missions.
- > Leverage Textron Systems' key contract wins in unattended ground sensors and intelligent munitions systems with the U.S. Army, Air Force and Marines into a premier position in Precision Engagement.
- > Build on the success of Textron Systems' combat-proven products in the War on Terrorism/Operation Iraqi Freedom to expand sales internationally.
- > Operationalize Textron Six Sigma and improve key business processes: integrated supply chain, customer leadership and integrated product development.

## Textron Systems

Textron Systems provides innovative, advanced technology solutions to meet the needs of the global aerospace and defense industries. The Textron brand is well known within these industries for its precision strike weapons, mobility and surveillance systems, specialty marine craft and Cadillac Gage armored vehicles.

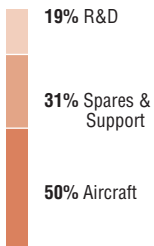
Also includes Lycoming, the world leader in the design and manufacture of reciprocating piston aircraft engines for the global general aviation industry. In addition to new engines, Lycoming provides after-market parts and service for its installed base of engines.

## Major Products (Bell Helicopter)

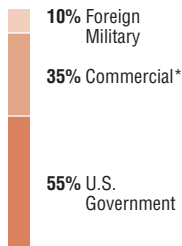
	Description	First Delivery	Seating Capacity (Including Pilots)	Useful Load (lbs)	Cruising Speed (kts)	Maximum Range (nm)
<b>Light</b>						
206B-3 Jet Ranger	World's most successful turbine helicopter	1977	5	1,492	115	374
206L-4 Long Ranger	Extended cabin version of Jet Ranger	1992	7	2,141	112	324
407	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
<b>Intermediate</b>						
430	Flagship commercial four-bladed, twin-engine helicopter	1996	9-10	3,975	139	353
<b>Medium</b>						
412 EP	Twin-engine with highest dispatch reliability and the lowest hourly cost	1981	15	5,044	122	356
AB139	Modern medium twin, developed in partnership with Agusta	2004	17	5,511	157	400
210	Civil certified version of the Huey II	2005	15	4,783	130	253
<b>Military</b>						
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
<b>Tiltrotor</b>						
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	2008	NM	200	185	800

## Bell Helicopter Sales

### By Product/Service

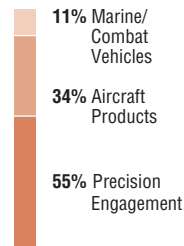


### By Customer

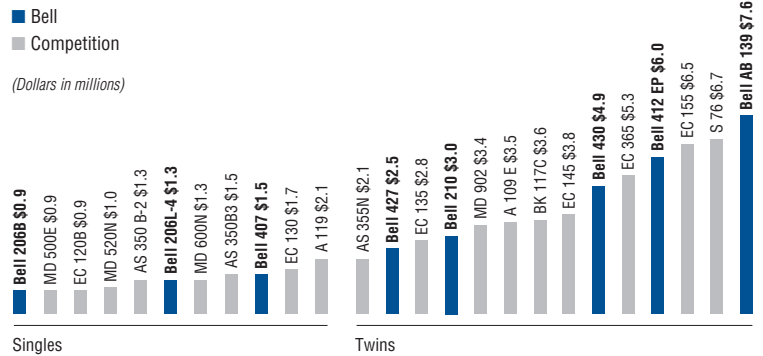


## Textron Systems Sales

### By Product/Service



## Commercial Product Price Points (Bell Helicopter)



\* Commercial includes: Civil government 17%, Corporate 32% and Operator 51%.

## Global Presence

- > Non-U.S. revenues account for 25% of the Bell segment's total revenues.
- > More than 12,000 Bell Helicopter aircraft are flying in over 120 countries. One third of the operating fleet in the world carry the Bell Helicopter name.
- > Service network of more than 160 strategically located customer support facilities worldwide.
- > Bell has approximately 10,000 employees, of which 12% are based outside of the U.S.
- > Manufacturing facilities in Ft. Worth and Amarillo, Texas; Bristol, Tennessee; Mirabel, Canada; Wilmington, MA; Santa Clarita and Pacoima, CA; New Orleans, LA and Williamsport, PA.

## Sales by Geography



## Key Data

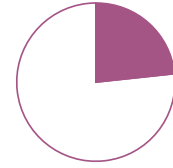
(Dollars in millions)	2003	2002	2001	2000	1999
<b>Bell Helicopter:</b>					
Revenues	\$1,755	\$1,636	\$1,621	\$1,581	\$1,547
Bell total units shipped	154	124	160	207	225
Bell commercial units shipped: <sup>1</sup>					
Light	68	56	84	108	102
Intermediate/medium	26	24	30	32	48
Backlog	\$1,438	\$1,231	\$1,001	\$1,516	\$1,987
<b>Total Bell: <sup>2</sup></b>					
Revenues	\$2,348	\$2,235	\$2,243	\$2,194	\$2,135
Segment profit <sup>3</sup>	\$234	\$169	\$93	\$264	\$226
Segment profit margin	10.0%	7.6%	4.1%	12.0%	10.6%
Total assets	\$1,480	\$1,477	\$1,483	\$1,291	\$1,151
Capital expenditures	\$50	\$29	\$73	\$71	\$74
Depreciation	\$52	\$48	\$40	\$40	\$38
ROIC <sup>3,4</sup>	14.3%	11.2%	6.3%	18.8%	16.5%

<sup>1</sup> Does not include units shipped to foreign government or units produced under licensing agreements. <sup>2</sup> Includes Bell Helicopter, Textron Systems and Lycoming. <sup>3</sup> 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. <sup>4</sup> An ROIC calculation worksheet is provided on page 16.



# Cessna Aircraft

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



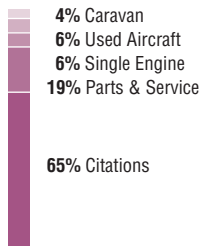
23% Cessna's share of Textron 2003 revenues

## Strategic Steps Forward

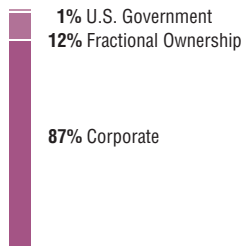
- > Maintain leadership in light and mid-size business jets, utility turboprop and single-engine piston aircraft.
- > Continue to strengthen brand image and expand leading positions through new customer-driven products and services.
- > Further extend the Cessna brand into fractional share ownership through expansion of the CitationShares business and sales to other fractional share operators.
- > Provide superior after-market services.
- > Utilize Textron Six Sigma and other process improvement tools to accelerate operational improvements resulting in reduced costs, improved productivity and increased customer satisfaction.

## Sales

### By Product/Service

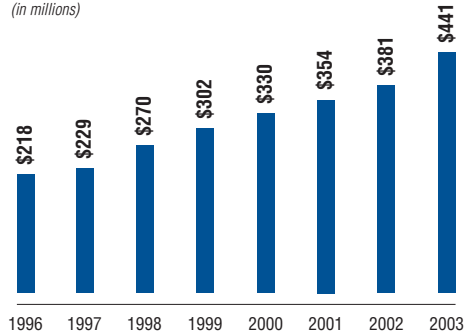


### By Customer



## Growth in Sales of Parts and Services

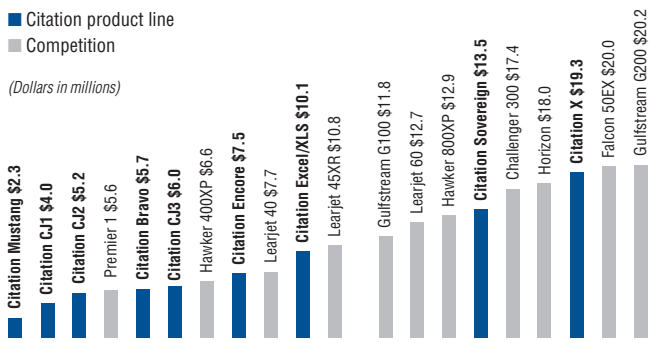
(in millions)



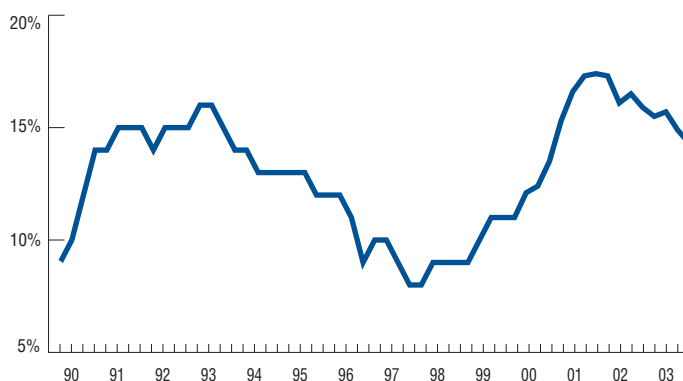
## Major Products

	Description	First Delivery	Seating Capacity (including Pilots)	Cruising Speed (kts)	Maximum Range (nm)
<b>Business Jets</b>					
<b>Light</b>					
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
Citation XLS	Upgraded version of Excel with improved avionics, interior and performance	2004	11	433	2,110
<b>Mid-Size</b>					
Citation Sovereign	Largest cabin of any traditional mid-size jet and great versatility	2004	12	459	3,040
Citation X	World's fastest business jet	1996	11	525	3,390
<b>Caravan Utility Turboprops</b>					
208 & 208B	Single-engine turboprop for carrying cargo or passengers	1985	Cargo to 14	163-184	855-960
<b>Single-Engine</b>					
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

## 2003 Product Price Points (New Business Jets)



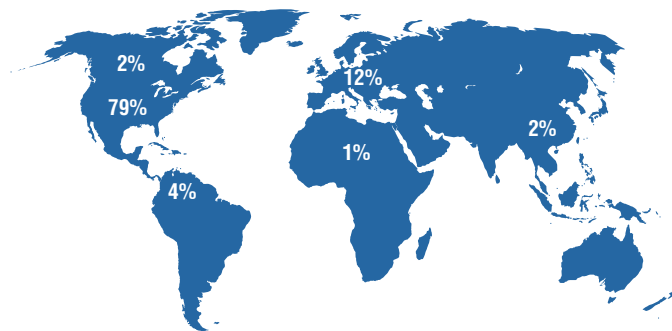
## Used Citations for Sale as a Percent of Fleet



## 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 185,000 aircraft including over 150,000 single-engine airplanes; over 1,400 Caravans; over 2,000 military jets and over 4,000 Citation business jets. Cessna has delivered 34% more business jets than its closest competitor.
- > Cessna operates 11 Citation Service Centers: 9 at airports across the United States, one at Le Bourget Airport in Paris, France and one at Bankstown Airport in Bankstown, NSW, Australia. Authorized Independent Service Centers/Stations are located in more than 16 countries.
- > Cessna has more than 9,300 employees worldwide.
- > Manufacturing facilities in Wichita and Independence, Kansas; and Columbus, Georgia.

## Sales by Geography



## Key Data

(Dollars in millions)

### Cessna units shipped:

	2003	2002	2001	2000	1999
Business jets	197	307	313	254	224
Caravans	57	80	75	92	87
Single engine	588	559	821	912	899
Backlog <sup>1</sup>	\$4,433	\$4,928	\$5,181	\$6,599	\$5,408
Revenues	\$2,299	\$3,175	\$3,043	\$2,814	\$2,472
Segment profit <sup>2</sup>	\$199	\$376	\$344	\$300	\$231
Segment profit margin	8.7%	11.8%	11.3%	10.7%	9.3%
Total assets	\$1,565	\$1,746	\$1,717	\$1,623	\$1,536
Capital expenditures	\$99	\$92	\$111	\$98	\$110
Depreciation	\$75	\$78	\$88	\$80	\$71
ROIC <sup>2,3</sup>	12.6%	23.0%	21.9%	19.2%	14.5%

<sup>1</sup> Backlog includes jets to be delivered to CitationShares totalling \$454 million in 2003, \$524 million in 2002 and \$186 million in 2001. <sup>2</sup> 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. <sup>3</sup> An ROIC calculation worksheet is provided on page 16.



# Fastening Systems

**Textron Fastening Systems (TFS) is the premier full service provider of value-based fastening solutions.**



18% Share of Textron 2003 revenues

## Strategic Steps Forward

- > Leverage TFS' global scale by focusing on its large, multi-national customers that generate the majority of sales and who require a broad range of products, services and solutions.
- > Migrate targeted customers to TFS' Full Service Provider (FSP) business model, integrating its full product offering with such supply chain management services as vendor managed inventory programs, plant provider programs and global sourcing, as well as applications engineering and automation support services.
- > Offer viable alternative service channels to non-FSP customers (direct support and through distribution).
- > Focus investment on core fastening systems; outsource non-core products.
- > Accelerate implementation of Textron Six Sigma and complete restructuring activities.

## Business Strategy

TFS' business strategy leverages its industry's broadest product and service portfolio. The company is the only worldwide provider of every major category of fastening technology and service. TFS creates value for its customers by custom bundling the specific products and services that help them maximize efficiencies and lower total system costs.

TFS' FSP business model for large OEM customers integrates its full product offering with applications engineering, automation support services and supply chain management services such as vendor managed inventory programs, plant provider programs and global sourcing.

During 2003, TFS reorganized its previously separate businesses into one unified global operator. TFS also migrated to the global Textron Fastening Systems brand from its previous 27 product and business brands, while also continuing to use several of its older brands. This branding strategy is intended to provide clarity to TFS's worldwide customers while preserving some of the product trade names that are well known to them.

## Products and Services

### Threaded Fasteners

TFS offers the most comprehensive threaded fastener product line available in the industry. The TFS line 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 and Drillite self-drilling fasteners, as well as nuts and washers.

### 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

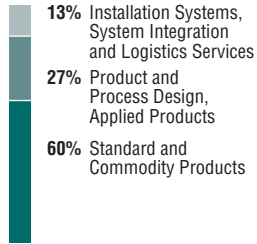
The globally recognized Avdel and Cherry brands offer a broad range of installation tools and blind fasteners, including threaded inserts and structural, breakstem and speed fasteners.

### Automation Systems

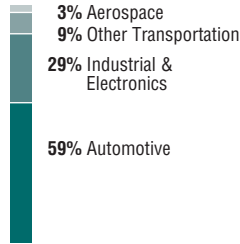
For full fastener assembly automation, TFS offers a vast array of solutions. TFS automation systems enable customers to automate their fastener installation processes to lower costs and greatly improve productivity.

## Sales

### By Product/Service Category



### By Sector



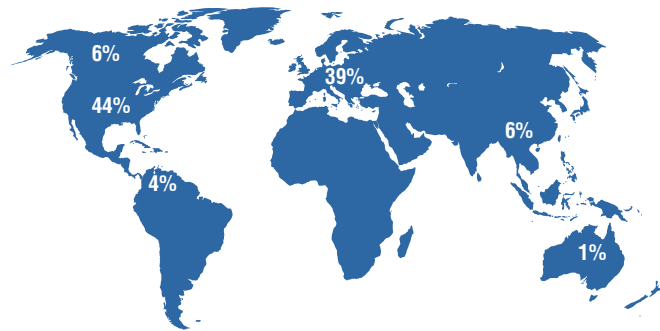
## Top Customers

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

## Global Presence

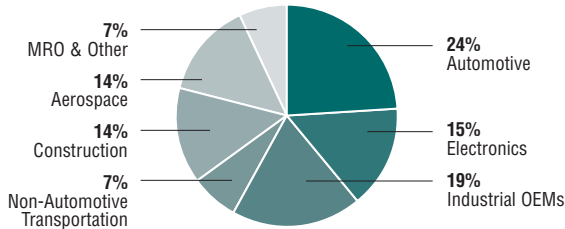
- > TFS has more than 40 manufacturing facilities in 17 countries.
- > Services customers in more than 100 countries.
- > TFS has approximately 10,000 employees, of which over 50% are based outside of the U.S.
- > Manufacturing facilities in: Austria, Australia, Brazil, Canada, China, France, Germany, Italy, Japan, Malaysia, Mexico, Singapore, South Korea, Spain, Taiwan, the United Kingdom and the United States.

### Sales by Geography

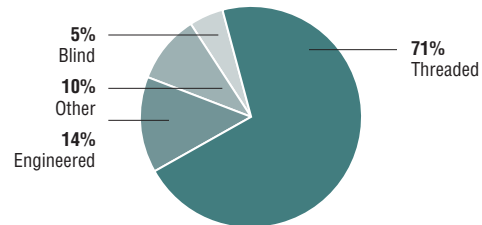


## Global Fastener Industry by Sector

Total Industry: **\$36 Billion**



## Global Fastener Industry by Product Type



## Key Data

(Dollars in millions)

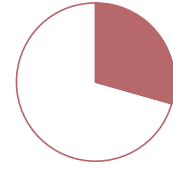
	2003	2002	2001	2000	1999
<b>Total Fastening Systems:</b>					
Revenues	<b>\$1,737</b>	\$1,650	\$1,679	\$1,996	\$2,059
Segment profit <sup>1</sup>	<b>\$66</b>	\$72	\$70	\$192	\$204
Segment profit margin	<b>3.8%</b>	4.4%	4.2%	9.6%	9.9%
Total assets	<b>\$1,464</b>	\$1,451	\$1,541	\$1,770	\$1,970
Capital expenditures	<b>\$34</b>	\$43	\$61	\$108	\$103
Depreciation	<b>\$76</b>	\$70	\$78	\$82	\$80
ROIC <sup>1,2</sup>	<b>3.7%</b>	3.8%	2.8%	7.3%	7.6%

<sup>1</sup> 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. <sup>2</sup> An ROIC calculation worksheet is provided on page 17.



# Industrial

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



29% Share of Textron 2003 revenues

## Strategic Steps Forward

- > Drive organic growth by leveraging brand excellence and customer focus.
- > Strengthen core golf and turf businesses; expand into trail utility vehicle and individual golf car segments.
- > Leverage the Greenlee brand through product innovation.
- > Maintain Kautex's leading position in plastic fuel systems through product innovation.
- > Leverage Kautex's plastic molding technologies to expand into advanced product areas.
- > Maximize contribution from Textron Fluid & Power with modest investment.
- > Pursue acquisitive growth opportunities that build on strengths of branded products.
- > Accelerate implementation of Textron Six Sigma and complete restructuring activities.

## Groups

### E-Z-GO – 11% 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. With the introduction of the ST4X4, E-Z-GO expands its presence in the recreational vehicle category. Includes: *E-Z-GO* and *Cushman*.

### Jacobsen – 12% 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*.

### Greenlee – 12% of segment

Greenlee, a leader in wire and cable installation systems, is the premier source for professional-grade tools and test instruments to the electrical contractor and voice/data/video contractor markets, as well as the telecommunications and CATV markets.

### Kautex – 50% 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, and other components, such as cooling pipes and acoustic components. 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.

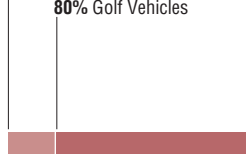
### Textron Fluid & Power – 15% of segment

Textron Fluid & Power manufactures industrial pumps, gears and gearboxes for hydrocarbon processing, polymer processing, industrial mining, mobile equipment and defense applications. Includes: *David Brown Guinard Pumps*, *David Brown Union Pumps*, *Maag Pump Systems*, *AB Benzlers*, *Cone Drive* and *David Brown Engineering*.

## Sales by Product Line

### E-Z-GO

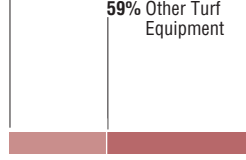
20% Specialty Vehicles  
80% Golf Vehicles



Total Industry:  
**\$1.1 Billion**

### Jacobsen

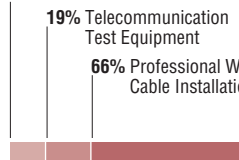
41% Golf Turf Equipment  
59% Other Turf Equipment



Total Industry:  
**\$2.3 Billion**

### Greenlee

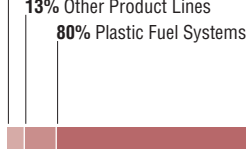
15% Plastics  
19% Telecommunication  
Test Equipment  
66% Professional Wire and  
Cable Installation Tools



Total Industry:  
**\$7.2 Billion**

### Kautex

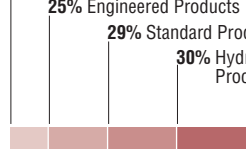
7% Clear Vision Systems  
13% Other Product Lines  
80% Plastic Fuel Systems



Total Industry:  
**\$6.4 Billion**

### Textron Fluid & Power

16% Polymer Systems  
25% Engineered Products  
29% Standard Products  
30% Hydrocarbon  
Processing

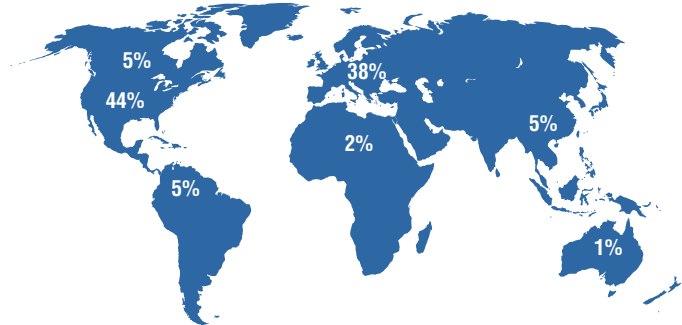


Total Industry:  
**\$7.1 Billion**

## Global Presence

- > Non-U.S. revenues account for 56% of total segment revenues. Within each business group, non-U.S. revenues account for the following: E-Z-GO (12%); Jacobsen (50%); Kautex (66%); Greenlee (34%); and Textron Fluid & Power (74%).
- > Manufacturing facilities in 11 countries.
- > Textron's Industrial segment has approximately 12,000 employees, of which 61% are based outside the U.S.
- > Countries with operating facilities: Australia, Brazil, Canada, France, Germany, Ireland, Italy, Mexico, New Zealand, the United Kingdom and the United States.

## Sales by Geography



## Key Data

(Dollars in millions)

### Industrial: <sup>1</sup>

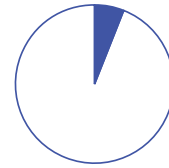
	2003	2002	2001	2000	1999
Revenues	<b>\$2,903</b>	\$2,706	\$2,751	\$3,052	\$2,788
Segment profit <sup>2</sup>	<b>\$141</b>	\$163	\$196	\$358	\$318
Segment profit margin	<b>4.9%</b>	6.0%	7.1%	11.7%	11.4%
Total assets	<b>\$2,532</b>	\$2,369	\$2,671	\$2,662	\$2,984
Capital expenditures	<b>\$109</b>	\$123	\$159	\$136	\$146
Depreciation	<b>\$95</b>	\$105	\$98	\$97	\$97
ROIC <sup>2,3</sup>	<b>5.6%</b>	5.6%	6.0%	10.3%	10.2%

<sup>1</sup> Excludes Automotive Trim Business sold in 2001. See page 15 for Key Data schedule for total Industrial including Automotive Trim. <sup>2</sup> 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. <sup>3</sup> An ROIC calculation worksheet is provided on page 17.



# Finance

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

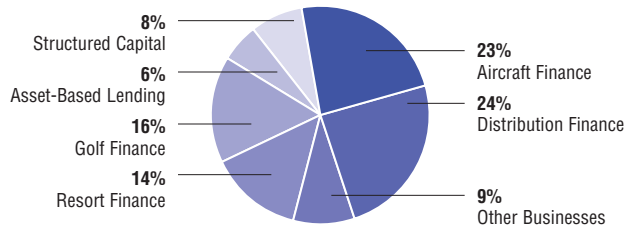


6% Share of Textron  
2003 revenues

## Strategic Steps Forward

- > Grow core business segments where superior product and industry knowledge sustain competitive advantage.
- > Liquidate and divest non-core portfolios and businesses.
- > Maintain strong portfolio credit quality.
- > Continue to support sales financing needs of Textron segments.
- > Expand use of Textron Six Sigma 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.

## Managed Finance Assets



## Credit Ratings of Textron Financial

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

## Performance of Core and Liquidating Businesses

	Owned Receivables	Percent of Owned Receivables	Percent Net Charge-offs	Percent of NPA	Percent of 60+ Delinquency
Core Businesses	\$4,412	86%	42%	74%	66%
Liquidating Businesses	723	14%	58%	26%	34%
Total	\$5,135				

## Key Data

(Dollars in millions)	2003	2002	2001	2000	1999
<b>Finance:</b>					
Owned receivables	<b>\$5,135</b>	\$5,534	\$5,252	\$5,589	\$5,577
Managed finance assets <sup>1</sup>	<b>\$8,180</b>	\$8,686	\$8,257	\$7,292	\$6,215
Managed and serviced finance receivables <sup>2</sup>	<b>\$8,534</b>	\$8,970	\$8,965	\$7,965	\$6,802
Managed finance receivables <sup>3</sup>	<b>\$7,525</b>	\$7,963	\$7,584	\$6,914	\$5,986
Return on average equity <sup>4</sup>	<b>7.86%</b>	7.59%	12.66%	13.12%	14.06%
Net interest margin <sup>5</sup>	<b>6.92%</b>	6.89%	7.48%	6.17%	6.11%
Operating efficiency <sup>6</sup>	<b>46.77%</b>	39.75%	36.40%	34.10%	35.42%
Allowance for losses, % of finance receivables	<b>2.32%</b>	2.62%	2.37%	2.07%	2.02%
60+ contractual delinquencies <sup>7</sup>	<b>2.39%</b>	2.86%	2.26%	1.16%	0.96%
Nonperforming assets <sup>8</sup>	<b>2.80%</b>	3.41%	2.21%	1.86%	1.74%
Net charge-offs, % of average finance receivables	<b>2.08%</b>	1.83%	1.09%	0.65%	0.54%
Debt to tangible shareholders' equity <sup>9</sup>	<b>5.24x</b>	5.59x	5.62x	6.72x	6.92x
Textron-related receivables, % of total managed receivables	<b>23.8%</b>	24.6%	24.4%	25.9%	23.5%
Revenue	<b>\$572</b>	\$584	\$681	\$691	\$463
Segment profit <sup>10</sup>	<b>\$122</b>	\$118	\$203	\$202	\$132
Segment profit margin	<b>21.3%</b>	20.2%	29.8%	29.2%	28.5%
Total assets	<b>\$6,333</b>	\$6,383	\$6,084	\$6,131	\$5,989
Capital expenditures	<b>\$17</b>	\$17	\$17	\$14	\$11
Depreciation	<b>\$34</b>	\$27	\$19	\$17	\$12
ROIC <sup>10,11</sup>	<b>7.0%</b>	6.6%	12.5%	13.0%	13.0%

<sup>1</sup> Managed finance assets consist of owned finance assets and finance receivables that Textron Financial has sold in securitizations or similar structures and continues to service. Finance assets include finance receivables, equipment on operating leases – net of accumulated depreciation, repossessed assets and properties, retained interests in securitizations, interest-only securities, investment in equipment residuals, ADC arrangements and other long-term investments. <sup>2</sup> Managed and serviced finance receivables are owned receivables plus receivables serviced under securitizations, participations and third-party portfolio servicing agreements. <sup>3</sup> Managed finance receivables are owned receivables plus receivables serviced under securitizations where some element of credit risk has been retained. <sup>4</sup> Return on average equity excludes the cumulative effect of change in accounting principle. <sup>5</sup> 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. <sup>6</sup> Operating efficiency ratio is selling and administrative expense divided by net interest margin. <sup>7</sup> Percent of total independent and captive nonrecourse receivables. <sup>8</sup> Nonperforming assets include independent and nonrecourse captive nonaccrual finance receivables and repossessed assets. Textron Financial classifies receivables as nonaccrual and suspends the recognition of earnings when accounts are contractually delinquent by more than three months, unless collection of principal and interest is not doubtful. <sup>9</sup> Tangible shareholders' equity excludes accumulated other comprehensive income or loss and goodwill. <sup>10</sup> 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. <sup>11</sup> An ROIC calculation worksheet is provided on page 17.

# Textron Management Process



Our vision is to become the premier multi-industry company, recognized for our network of powerful brands, world-class processes and talented people. To drive toward that vision, Textron is developing two core competencies: Enterprise Management and Portfolio Management.

Portfolio Management refers to what we should own, given our vision. Enterprise Management refers to how we manage what we own to derive the greatest value.

As we build our Enterprise Management competency we are focusing on Customers, People and Processes: making our customers more successful, developing and retaining talented people and deploying truly world-class processes to drive performance and create maximum shareholder value. Simultaneously, we are improving certain elements of our Portfolio Management process to enable us to achieve profitable, sustainable acquisitive growth over the long term.

The Textron Management Process is the underpinning of how we are now running our company and is the essential factor in our path to becoming the premier multi-industry company.

# Selected Financial Statistics 2003-1999

(Dollars in millions, except per share data and stock-related information)

		2003
<b>Income Statement Data</b>	Revenues	\$9,859
	Segment profit	762
	Goodwill amortization	—
	Corporate expenses and other, net	(119)
	Interest expense, net	(98)
	Income taxes	(107)
	Effective tax rate <sup>1,2</sup>	26.7%
	Distribution on preferred securities of subsidiary trust, net of income taxes	(13)
	Income before cumulative effect of change in accounting principle	259
	Income from continuing operations	281
	Special charges	159
	Gains on sale of businesses	(15)
	Tax impact of excluded items	(44)
	Income from continuing operations, as adjusted	\$381
<b>EPS Reconciliation <sup>2</sup></b>	Diluted EPS from continuing operations	\$2.05
	Special Charges	0.82
	Net gains on sale of businesses	(0.09)
	Diluted EPS from continuing operations, as adjusted	\$2.78
<b>Balance Sheet Data - Textron Manufacturing</b>	Cash and cash equivalents	\$486
	Receivables	1,135
	Inventory	1,439
	Property, plant and equipment, net	1,925
	Intangibles, net	1,460
	Total assets	8,757
	Total debt	2,027
	Total liabilities	6,076
	Shareholders' equity	3,690
<b>Cash Flow Items - Textron Manufacturing</b>	Income from continuing operations	\$281
	Earnings of Textron Finance greater than distributions	(4)
	Depreciation	304
	Amortization	7
	Gains on sale of businesses	(15)
	Special charges	153
	Cash used in acquisitions	—
	Net proceeds from sale of businesses	14
	Net change in debt	(272)
	Dividends paid	(222)
	Purchases of Textron common stock	(64)
	Total number of shares purchased (in thousands)	1,951
<b>Free Cash Flow Reconciliation <sup>4</sup></b>	Net cash provided by operating activities of continuing operations	\$681
	After-tax cash used for restructuring activities	57
	Proceeds on sale of property, plant and equipment	55
	Capital expenditures <sup>3</sup>	(310)
	Free cash flow	\$483
<b>Key Ratios</b>	Segment profit margin	7.7%
	Debt (net of cash) to total capital – Textron Manufacturing <sup>5</sup>	30%
	S&A % of sales – consolidated	13.1%
	Inventory turns (based on FIFO)	4.4x
	Ratio of income to fixed charges – Textron Manufacturing	3.49x
<b>Stock-Related Information</b>	Stock price at year-end	\$57.19
	Dividend payout ratio <sup>6</sup>	63%
	Dividends declared per share	\$1.30
<b>Other Statistics</b>	Research and development	\$587
	Number of employees at year-end	43,000
	Average revenues per employee (in thousands)	\$218

<sup>1</sup> The effective income tax rate for 2003 was 26.7% primarily due to a favorable tax settlement that reduced the rate by 3.2%. In 2000, the effective income tax rate was 50.1% primarily due to the impact of the non-tax deductibility of goodwill written off. <sup>2</sup> Before cumulative effect of change in accounting principle in 2002 and 2000. <sup>3</sup> Capital expenditures in 2003 and 2002 include \$26 million and \$23 million, respectively, in capital leases. <sup>4</sup> In 2002, Textron changed the definition of free cash flow to include only items noted in the reconciliation. Prior period amounts have been reclassified to conform with current year presentation. <sup>5</sup> Includes mandatorily redeemable preferred securities as debt. <sup>6</sup> Dividend payout ratio: Dividends declared/diluted earnings per share from continuing operations.

<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
\$10,350	\$11,976	\$12,589	\$11,714
898	990	1,483	1,265
—	(91)	(87)	(73)
(114)	(152)	(164)	(143)
(108)	(162)	(152)	(29)
(173)	(284)	(299)	(353)
30.6%	36.2%	50.1%	37.0%
(26)	(26)	(26)	(26)
364	166	277	2,226
367	474	272	575
135	143	483	66
(25)	(339)	—	—
(28)	80	(80)	(23)
\$449	\$358	\$675	\$618
\$2.62	\$3.32	\$1.86	\$3.74
0.64	0.65	2.76	0.27
(0.06)	(1.46)	—	—
\$3.20	\$2.51	\$4.62	\$4.01
\$286	\$241	\$282	\$192
1,159	1,089	1,267	1,287
1,566	1,647	1,750	1,784
1,955	1,996	2,516	2,426
1,400	1,909	1,969	2,450
8,860	9,657	10,239	10,404
2,193	2,415	2,564	2,245
6,474	6,732	7,155	6,895
3,406	3,934	3,994	4,337
\$367	\$474	\$272	\$575
(23)	(78)	(41)	(43)
305	372	357	335
16	83	88	82
(25)	(342)	—	—
135	140	483	66
(2)	(209)	(85)	(556)
27	695	(9)	2,945
(397)	(85)	342	(1,220)
(182)	(184)	(189)	(192)
(248)	(47)	(353)	(751)
5,734	738	6,627	9,779
\$495	\$756	\$936	\$981
58	59	1	—
62	82	56	43
(301)	(510)	(503)	(519)
\$314	\$387	\$490	\$505
8.7%	8.3%	11.8%	10.8%
36%	36%	36%	32%
12.6%	12.2%	11.0%	11.1%
4.4x	4.8x	4.9x	4.8x
3.54x	3.55x	3.13x	8.74x
\$42.16	\$42.40	\$46.50	\$76.69
50%	39%	70%	35%
\$1.30	\$1.30	\$1.30	\$1.30
\$583	\$684	\$721	\$670
48,000	50,000	69,000	67,000
\$210	\$192	\$183	\$181

# Financial Data 2003-1999<sup>1</sup>

(Dollars in millions,  
except per share amounts)

	2003					2002					2001	2000	1999
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year			
<b>Revenues</b>													
Bell	\$536	\$616	\$521	\$675	<b>\$2,348</b>	\$491	\$593	\$526	\$625	<b>\$2,235</b>	<b>\$2,243</b>	<b>\$2,194</b>	<b>\$2,135</b>
Cessna	588	575	516	620	<b>2,299</b>	677	857	745	896	<b>3,175</b>	<b>3,043</b>	<b>2,814</b>	<b>2,472</b>
Fastening Systems	429	447	404	457	<b>1,737</b>	396	431	411	412	<b>1,650</b>	<b>1,679</b>	<b>1,996</b>	<b>2,059</b>
Industrial	706	750	654	793	<b>2,903</b>	653	705	647	701	<b>2,706</b>	<b>4,330</b>	<b>4,894</b>	<b>4,585</b>
Finance	140	142	136	154	<b>572</b>	131	136	146	171	<b>584</b>	<b>681</b>	<b>691</b>	<b>463</b>
<b>Total revenues</b>	<b>\$2,399</b>	<b>\$2,530</b>	<b>\$2,231</b>	<b>\$2,699</b>	<b>\$9,859</b>	<b>\$2,348</b>	<b>\$2,722</b>	<b>\$2,475</b>	<b>\$2,805</b>	<b>\$10,350</b>	<b>\$11,976</b>	<b>\$12,589</b>	<b>\$11,714</b>
<b>Segment profit<sup>2,3</sup></b>													
Bell	\$40	\$56	\$69	\$69	<b>\$234</b>	\$24	\$45	\$33	\$67	<b>\$169</b>	<b>\$93</b>	<b>\$264</b>	<b>\$226</b>
Cessna	59	66	31	43	<b>199</b>	77	121	84	94	<b>376</b>	<b>344</b>	<b>300</b>	<b>231</b>
Fastening Systems	18	21	10	17	<b>66</b>	10	21	21	20	<b>72</b>	<b>70</b>	<b>192</b>	<b>204</b>
Industrial	34	40	23	44	<b>141</b>	40	32	36	55	<b>163</b>	<b>280</b>	<b>525</b>	<b>472</b>
Finance	23	23	24	52	<b>122</b>	20	28	20	50	<b>118</b>	<b>203</b>	<b>202</b>	<b>132</b>
<b>Total segment profit</b>	<b>\$174</b>	<b>\$206</b>	<b>\$157</b>	<b>\$225</b>	<b>\$762</b>	<b>\$171</b>	<b>\$247</b>	<b>\$194</b>	<b>\$286</b>	<b>\$898</b>	<b>\$990</b>	<b>\$1,483</b>	<b>\$1,265</b>
Special charges <sup>2,3,5</sup>	(28)	(24)	(42)	(65)	<b>(159)</b>	(14)	(20)	(33)	(68)	<b>(135)</b>	<b>(143)</b>	<b>(483)</b>	<b>(66)</b>
<b>Segment operating income</b>	<b>\$146</b>	<b>\$182</b>	<b>\$115</b>	<b>\$160</b>	<b>\$603</b>	<b>\$157</b>	<b>\$227</b>	<b>\$161</b>	<b>\$218</b>	<b>\$763</b>	<b>\$847</b>	<b>\$1,000</b>	<b>\$1,199</b>
<b>Segment profit margins</b>													
Bell	7.5%	9.1%	13.2%	10.2%	<b>10.0%</b>	4.9%	7.6%	6.3%	10.7%	<b>7.6%</b>	<b>4.1%</b>	<b>12.0%</b>	<b>10.6%</b>
Cessna	10.0%	11.5%	6.0%	6.9%	<b>8.7%</b>	11.4%	14.1%	11.3%	10.5%	<b>11.8%</b>	<b>11.3%</b>	<b>10.7%</b>	<b>9.3%</b>
Fastening Systems	4.2%	4.7%	2.5%	3.7%	<b>3.8%</b>	2.5%	4.9%	5.1%	4.9%	<b>4.4%</b>	<b>4.2%</b>	<b>9.6%</b>	<b>9.9%</b>
Industrial	4.8%	5.3%	3.5%	5.5%	<b>4.9%</b>	6.1%	4.5%	5.6%	7.8%	<b>6.0%</b>	<b>6.5%</b>	<b>10.7%</b>	<b>10.3%</b>
Finance	16.4%	16.2%	17.6%	33.8%	<b>21.3%</b>	15.3%	20.6%	13.7%	29.2%	<b>20.2%</b>	<b>29.8%</b>	<b>29.2%</b>	<b>28.5%</b>
<b>Segment profit margin</b>	<b>7.3%</b>	<b>8.1%</b>	<b>7.0%</b>	<b>8.3%</b>	<b>7.7%</b>	<b>7.3%</b>	<b>9.1%</b>	<b>7.8%</b>	<b>10.2%</b>	<b>8.7%</b>	<b>8.3%</b>	<b>11.8%</b>	<b>10.8%</b>
Gain on sale of businesses	\$15	\$—	\$—	\$—	<b>\$15</b>	\$—	\$25	\$—	\$—	<b>\$25</b>	<b>\$342</b>	<b>\$—</b>	<b>\$—</b>
Goodwill amortization <sup>4</sup>	—	—	—	—	<b>—</b>	—	—	—	—	<b>—</b>	<b>(91)</b>	<b>(87)</b>	<b>(73)</b>
Corporate expenses and other, net	(32)	(30)	(19)	(38)	<b>(119)</b>	(29)	(31)	(26)	(28)	<b>(114)</b>	<b>(152)</b>	<b>(164)</b>	<b>(143)</b>
Interest expense, net	(24)	(22)	(26)	(26)	<b>(98)</b>	(30)	(25)	(30)	(23)	<b>(108)</b>	<b>(162)</b>	<b>(152)</b>	<b>(29)</b>
Income taxes <sup>5</sup>	(33)	(38)	(23)	(13)	<b>(107)</b>	(31)	(70)	(22)	(50)	<b>(173)</b>	<b>(284)</b>	<b>(299)</b>	<b>(353)</b>
Distribution on preferred securities of manufacturing subsidiary trust, net of income taxes	(6)	(7)	—	—	<b>(13)</b>	(6)	(7)	(6)	(7)	<b>(26)</b>	<b>(26)</b>	<b>(26)</b>	<b>(26)</b>
<b>Income from continuing operations<sup>5</sup></b>	<b>\$66</b>	<b>\$85</b>	<b>\$47</b>	<b>\$83</b>	<b>\$281</b>	<b>\$61</b>	<b>\$119</b>	<b>\$77</b>	<b>\$110</b>	<b>\$367</b>	<b>\$474</b>	<b>\$272</b>	<b>\$575</b>
<b>EPS from continuing operations - diluted</b>	<b>\$0.49</b>	<b>\$0.62</b>	<b>\$0.34</b>	<b>\$0.60</b>	<b>\$2.05</b>	<b>\$0.43</b>	<b>\$0.85</b>	<b>\$0.55</b>	<b>\$0.80</b>	<b>\$2.62</b>	<b>\$3.32</b>	<b>\$1.86</b>	<b>\$3.74</b>
<b>Effective income tax rate</b>	<b>31.4%</b>	<b>29.2%</b>	<b>32.9%</b>	<b>13.5%</b>	<b>26.7%</b>	<b>31.6%</b>	<b>35.7%</b>	<b>21.0%</b>	<b>29.9%</b>	<b>30.6%</b>	<b>36.2%</b>	<b>50.1%</b>	<b>37.0%</b>
<b>Common stock information</b>													
Price range: High	\$45.45	\$38.69	\$45.53	\$57.70	<b>\$57.70</b>	\$51.10	\$53.17	\$45.81	\$44.92	<b>\$53.17</b>	<b>\$59.89</b>	<b>\$74.94</b>	<b>\$97.00</b>
Low	\$26.85	\$27.46	\$38.07	\$39.45	<b>\$26.85</b>	\$38.98	\$44.60	\$34.41	\$32.49	<b>\$32.49</b>	<b>\$31.65</b>	<b>\$41.44</b>	<b>\$68.44</b>
Dividends declared per share	0.325	0.325	0.325	0.325	<b>1.30</b>	0.325	0.325	0.325	0.325	<b>1.30</b>	<b>1.30</b>	<b>1.30</b>	<b>1.30</b>
Average shares outstanding (in thousands) - diluted <sup>6</sup>	137,059	136,257	136,828	138,326	<b>137,217</b>	141,961	141,599	139,145	138,362	<b>140,252</b>	<b>142,937</b>	<b>146,150</b>	<b>153,754</b>

<sup>1</sup> During 2003, Textron sold its remaining OmniQuip business and the small business direct portfolio and has reclassified the financial results of these businesses as discontinued operations for accounting purposes. <sup>2</sup> 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, special charges and gains and losses from the disposition of significant business units. Special charges in 2003 include \$144 million of restructuring expenses and a \$15 million charge for unamortized issuance costs related to the redemption of preferred securities. Special charges in 2002 include \$97 million in restructuring expenses and a \$38 million write-down of C&A common stock. Special charges in 2001 include \$132 million in restructuring expense, \$9 million in e-business investment charges and \$2 million in other charges. In 2000, special charges included \$350 million in goodwill impairment charges, \$117 million in e-business investment charges and \$16 million in restructuring expenses. <sup>3</sup> Textron adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," effective December 29, 2002. Upon adoption, costs related to restructuring that were previously recorded in segment profit are now included with severance costs, contract termination costs, and asset impairment write-downs in special charges. Costs related to restructuring that were recorded in segment profit in prior periods have been reclassified to special charges to conform to current year presentation. <sup>4</sup> Pursuant to SFAS No. 142 "Goodwill and Other Intangible Assets," beginning on December 30, 2001, goodwill is no longer amortized. To reflect the adoption of this statement and the fact that management does not include amortization of goodwill in its internal evaluation of segment performance, Textron has recast its segment data for comparability by reclassifying goodwill amortization out of segment profit in prior periods. <sup>5</sup> In accordance with SFAS No. 145 "Rescission of FASB No. 4, 44 and 62, Amendment of FASB Statement No. 13, and Technical Corrections," Textron has reclassified the 1999 loss from early debt retirement from an extraordinary loss to a pre-tax loss reflected in special charges with the related tax benefit recorded in income taxes. <sup>6</sup> Assumes full conversion of outstanding preferred stock and exercise of options.

## Recast to exclude Automotive Trim <sup>1</sup>

(Dollars in millions,  
except per share amounts)

	2003					2002					2001	2000	1999
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year			
<b>Revenues</b>													
Bell	\$536	\$616	\$521	\$675	<b>\$2,348</b>	\$491	\$593	\$526	\$625	<b>\$2,235</b>	<b>\$2,243</b>	<b>\$2,194</b>	<b>\$2,135</b>
Cessna	588	575	516	620	<b>2,299</b>	677	857	745	896	<b>3,175</b>	<b>3,043</b>	<b>2,814</b>	<b>2,472</b>
Fastening Systems	429	447	404	457	<b>1,737</b>	396	431	411	412	<b>1,650</b>	<b>1,679</b>	<b>1,996</b>	<b>2,059</b>
Industrial	706	750	654	793	<b>2,903</b>	653	705	647	701	<b>2,706</b>	<b>2,751</b>	<b>3,052</b>	<b>2,788</b>
Finance	140	142	136	154	<b>572</b>	131	136	146	171	<b>584</b>	<b>681</b>	<b>691</b>	<b>463</b>
<b>Total revenues</b>	<b>\$2,399</b>	<b>\$2,530</b>	<b>\$2,231</b>	<b>\$2,699</b>	<b>\$9,859</b>	<b>\$2,348</b>	<b>\$2,722</b>	<b>\$2,475</b>	<b>\$2,805</b>	<b>\$10,350</b>	<b>\$10,397</b>	<b>\$10,747</b>	<b>\$9,917</b>
<b>Segment profit</b>													
Bell	\$40	\$56	\$69	\$69	<b>\$234</b>	\$24	\$45	\$33	\$67	<b>\$169</b>	<b>\$93</b>	<b>\$264</b>	<b>\$226</b>
Cessna	59	66	31	43	<b>199</b>	77	121	84	94	<b>376</b>	<b>344</b>	<b>300</b>	<b>231</b>
Fastening Systems	18	21	10	17	<b>66</b>	10	21	21	20	<b>72</b>	<b>70</b>	<b>192</b>	<b>204</b>
Industrial	34	40	23	44	<b>141</b>	40	32	36	55	<b>163</b>	<b>196</b>	<b>358</b>	<b>318</b>
Finance	23	23	24	52	<b>122</b>	20	28	20	50	<b>118</b>	<b>203</b>	<b>202</b>	<b>132</b>
<b>Total segment profit</b>	<b>\$174</b>	<b>\$206</b>	<b>\$157</b>	<b>\$225</b>	<b>\$762</b>	<b>\$171</b>	<b>\$247</b>	<b>\$194</b>	<b>\$286</b>	<b>\$898</b>	<b>\$906</b>	<b>\$1,316</b>	<b>\$1,111</b>
Special charges	(28)	(24)	(42)	(65)	<b>(159)</b>	(14)	(20)	(33)	(68)	<b>(135)</b>	<b>(130)</b>	<b>(456)</b>	<b>(74)</b>
<b>Segment operating income</b>	<b>\$146</b>	<b>\$182</b>	<b>\$115</b>	<b>\$160</b>	<b>\$603</b>	<b>\$157</b>	<b>\$227</b>	<b>\$161</b>	<b>\$218</b>	<b>\$763</b>	<b>\$776</b>	<b>\$860</b>	<b>\$1,037</b>
<b>Segment profit margins</b>													
Bell	7.5%	9.1%	13.2%	10.2%	<b>10.0%</b>	4.9%	7.6%	6.3%	10.7%	<b>7.6%</b>	<b>4.1%</b>	<b>12.0%</b>	<b>10.6%</b>
Cessna	10.0%	11.5%	6.0%	6.9%	<b>8.7%</b>	11.4%	14.1%	11.3%	10.5%	<b>11.8%</b>	<b>11.3%</b>	<b>10.7%</b>	<b>9.3%</b>
Fastening Systems	4.2%	4.7%	2.5%	3.7%	<b>3.8%</b>	2.5%	4.9%	5.1%	4.9%	<b>4.4%</b>	<b>4.2%</b>	<b>9.6%</b>	<b>9.9%</b>
Industrial	4.8%	5.3%	3.5%	5.5%	<b>4.9%</b>	6.1%	4.5%	5.6%	7.8%	<b>6.0%</b>	<b>7.1%</b>	<b>11.7%</b>	<b>11.4%</b>
Finance	16.4%	16.2%	17.6%	33.8%	<b>21.3%</b>	15.3%	20.6%	13.7%	29.2%	<b>20.2%</b>	<b>29.8%</b>	<b>29.2%</b>	<b>28.5%</b>
<b>Segment profit margin</b>	<b>7.3%</b>	<b>8.1%</b>	<b>7.0%</b>	<b>8.3%</b>	<b>7.7%</b>	<b>7.3%</b>	<b>9.1%</b>	<b>7.8%</b>	<b>10.2%</b>	<b>8.7%</b>	<b>8.7%</b>	<b>12.2%</b>	<b>11.2%</b>

<sup>1</sup> 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, including Automotive Trim

(Dollars in millions)

	2003	2002	2001	2000	1999
<b>Industrial, including Automotive Trim:<sup>1</sup></b>					
Revenues	<b>\$2,903</b>	\$2,706	\$4,330	\$4,894	\$4,585
Segment profit <sup>2</sup>	<b>\$141</b>	\$163	\$280	\$525	\$472
Segment profit margin	<b>4.9%</b>	6.0%	6.5%	10.7%	10.3%
Total assets	<b>\$2,532</b>	\$2,369	\$2,671	\$3,763	\$4,114
Capital expenditures	<b>\$109</b>	\$123	\$260	\$222	\$224
Depreciation	<b>\$95</b>	\$105	\$162	\$151	\$142

<sup>1</sup> Includes Automotive Trim business that was sold in 2001. <sup>2</sup> Segment profit 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.

# Return on Invested Capital (ROIC)

## Total Textron<sup>1</sup>

(Dollars in millions)

	2003	2002	2001	2000	1999
<b>ROIC income</b>					
Income before cumulative effect of change in accounting principle, net of income taxes	259	364	166	277	2,226
Special charges	159	135	143	483	66
Gain on sale of businesses <sup>2</sup>	(15)	(25)	(339)	—	—
Tax impact of special charges and gains on sale of businesses	(44)	(28)	80	(80)	(23)
Loss (gain) from discontinued operations, net of income taxes	22	3	308	(5)	(1,651)
Operating income (loss) from discontinued operations, net of income taxes	2	(27)	(26)	5	5
Distribution on preferred securities of subsidiary trusts, net of income taxes	13	26	26	26	26
Amortization of intangible assets, net of income taxes	6	7	6	2	—
Goodwill amortization, net of income taxes	—	—	88	90	71
Interest expense, net of income taxes	61	67	101	95	18
Interest cost on accrued postretirement benefits other than pensions, net of income taxes	25	28	31	28	26
<b>ROIC income</b>	<b>488</b>	<b>550</b>	<b>584</b>	<b>921</b>	<b>764</b>
	<b>Average 2003/2002</b>	<b>Average 2002/2001</b>	<b>Average 2001/2000</b>	<b>Average 2000/1999</b>	<b>Average 1999/1998</b>
<b>Invested capital</b>					
Total shareholders' equity	\$3,548	\$3,670	\$3,964	\$4,186	\$3,687
Total Textron Manufacturing debt	1,868	1,823	2,009	1,926	2,191
Cash and cash equivalents of Textron Manufacturing	(386)	(264)	(262)	(237)	(112)
Due from Textron Finance	—	(255)	(255)	—	—
Textron Manufacturing - mandatorily redeemable preferred securities	243	485	485	484	483
Accrued postretirement benefits other than pensions, net of income taxes	375	387	419	455	470
Eliminate impact of 4th quarter goodwill impairment	—	—	—	163	—
Eliminate impact of 4th quarter divestitures	—	—	179	—	(649)
<b>Average invested capital</b>	<b>\$5,648</b>	<b>\$5,846</b>	<b>\$6,539</b>	<b>\$6,977</b>	<b>\$6,070</b>
<b>Return on invested capital</b>	<b>8.6%</b>	<b>9.4%</b>	<b>8.9%</b>	<b>13.2%</b>	<b>12.6%</b>

## Bell

	2003	2002	2001	2000	1999
<b>ROIC income calculation</b>					
Segment profit	\$234.2	\$168.6	\$93.4	\$264.3	\$225.7
Interest component of operating leases <sup>3</sup>	2.9	3.5	3.4	3.3	2.6
Corporate charge <sup>4</sup>	(20.6)	(19.0)	(19.6)	(16.8)	(15.7)
Segment ROIC income before income taxes	216.5	153.1	77.2	250.8	212.6
Income taxes <sup>5</sup>	(69.1)	(44.0)	(14.0)	(82.4)	(76.6)
<b>Segment ROIC income</b>	<b>\$147.4</b>	<b>\$109.1</b>	<b>\$63.2</b>	<b>\$168.4</b>	<b>\$136.0</b>
<b>Average invested capital calculation</b>					
Average segment investment <sup>6</sup>	\$994.5	\$924.6	\$953.8	\$853.9	\$778.2
Operating leases <sup>3</sup>	38.2	47.1	44.9	44.2	45.0
Average invested capital	\$1,032.7	\$971.7	\$998.7	\$898.1	\$823.2
<b>Return on invested capital</b>	<b>14.3%</b>	<b>11.2%</b>	<b>6.3%</b>	<b>18.8%</b>	<b>16.5%</b>

## Cessna

	2003	2002	2001	2000	1999
<b>ROIC income calculation</b>					
Segment profit	\$198.5	\$376.4	\$344.4	\$300.0	\$231.0
Interest component of operating leases <sup>3</sup>	8.4	13.2	11.7	10.9	14.0
Corporate charge <sup>4</sup>	(13.6)	(14.5)	(13.6)	(12.6)	(12.8)
Segment ROIC income before income taxes	193.3	375.1	342.5	298.3	232.2
Income taxes <sup>5</sup>	(65.9)	(125.3)	(120.9)	(109.5)	(85.5)
<b>Segment ROIC income</b>	<b>\$127.4</b>	<b>\$249.8</b>	<b>\$221.6</b>	<b>\$188.8</b>	<b>\$146.7</b>
<b>Average invested capital calculation</b>					
Average segment investment <sup>6</sup>	\$897.7	\$936.4	\$902.7	\$869.2	\$888.3
Operating leases <sup>3</sup>	116.9	147.7	108.8	115.5	124.6
Average invested capital	\$1,014.6	\$1,084.1	\$1,011.5	\$984.7	\$1,012.9
<b>Return on invested capital</b>	<b>12.6%</b>	<b>23.0%</b>	<b>21.9%</b>	<b>19.2%</b>	<b>14.5%</b>

## Fastening Systems

	2003	2002	2001	2000	1999
<b>ROIC income calculation</b>					
Segment profit	\$65.6	\$72.2	\$69.7	\$191.7	\$204.4
Interest component of operating leases <sup>3</sup>	0.9	1.9	3.9	1.9	2.5
Corporate charge <sup>4</sup>	(16.5)	(16.8)	(20.1)	(21.6)	(20.3)
Segment ROIC income before income taxes	50.0	57.3	53.5	172.0	186.6
Income taxes <sup>5</sup>	(8.0)	(12.2)	(13.8)	(56.1)	(68.9)
<b>Segment ROIC income</b>	<b>\$42.0</b>	<b>\$45.1</b>	<b>\$39.7</b>	<b>\$115.9</b>	<b>\$117.7</b>
<b>Average invested capital calculation</b>					
Average segment investment <sup>6</sup>	\$1,122.5	\$1,172.0	\$1,361.6	\$1,569.4	\$1,520.0
Operating leases <sup>3</sup>	12.3	25.5	51.7	24.7	33.4
<b>Average invested capital</b>	<b>\$1,134.8</b>	<b>\$1,197.5</b>	<b>\$1,413.3</b>	<b>\$1,594.1</b>	<b>\$1,553.4</b>
<b>Return on invested capital</b>	<b>3.7%</b>	<b>3.8%</b>	<b>2.8%</b>	<b>7.3%</b>	<b>7.6%</b>

## Industrial, excluding Automotive Trim

	2003	2002	2001	2000	1999
<b>ROIC income calculation</b>					
Segment profit	\$141.4	\$163.2	\$196.2	\$358.4	\$318.3
Intangible amortization	8.4	8.1	7.0	—	—
Interest component of operating leases <sup>3</sup>	4.7	4.2	3.4	3.2	4.0
Corporate charge <sup>4</sup>	(24.7)	(24.5)	(22.2)	(21.8)	(22.1)
Segment ROIC income before income taxes	129.7	151.0	184.4	339.8	300.2
Income taxes <sup>5</sup>	(34.2)	(43.3)	(56.6)	(113.3)	(104.0)
<b>Segment ROIC income</b>	<b>\$95.5</b>	<b>\$107.7</b>	<b>\$127.8</b>	<b>\$226.5</b>	<b>\$196.2</b>
<b>Average invested capital calculation</b>					
Average segment investment <sup>6</sup>	\$1,647.4	\$1,879.5	\$2,076.4	\$2,147.9	\$1,869.0
Operating leases <sup>3</sup>	62.1	55.6	44.8	42.6	52.9
<b>Average invested capital</b>	<b>\$1,709.5</b>	<b>\$1,935.1</b>	<b>\$2,121.2</b>	<b>\$2,190.5</b>	<b>\$1,921.9</b>
<b>Return on invested capital</b>	<b>5.6%</b>	<b>5.6%</b>	<b>6.0%</b>	<b>10.3%</b>	<b>10.2%</b>

## Finance

	2003	2002	2001	2000	1999
<b>ROIC income calculation</b>					
Segment profit	\$121.6	\$118.1	\$203.4	\$201.8	\$131.6
Corporate charge <sup>7</sup>	(22.4)	(22.9)	(22.0)	(20.7)	(12.9)
Segment ROIC income before income taxes	99.2	95.2	181.4	181.1	118.7
Income taxes <sup>5</sup>	(31.3)	(33.3)	(64.2)	(64.6)	(45.9)
<b>Segment ROIC income</b>	<b>\$67.9</b>	<b>\$61.9</b>	<b>\$117.2</b>	<b>\$116.5</b>	<b>\$72.8</b>
<b>Average invested capital calculation</b>					
Average shareholders' equity	\$974.9	\$944.8	\$937.1	\$897.6	\$559.8
<b>Return on invested capital</b>	<b>7.0%</b>	<b>6.6%</b>	<b>12.5%</b>	<b>13.0%</b>	<b>13.0%</b>

<sup>1</sup> Includes the impact of discontinued operations. <sup>2</sup> Excludes gain on sale of the Turbine Engine Components business in 2001. <sup>3</sup> 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. <sup>4</sup> Manufacturing segments are assessed a charge equal to 2.3% of their average segment investment excluding goodwill and operating leases. <sup>5</sup> A tax rate is determined for each segment based on the underlying divisions and the countries in which they operate. <sup>6</sup> 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. <sup>7</sup> The Finance segment is assessed a corporate charge equal to 2.3% of its average invested capital.

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Wilmington, MA 01887  
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www.systems.textron.com

#### Lycoming Engines

652 Oliver Street  
Williamsport, PA 17701  
(570) 323-6181  
www.lycoming.textron.com

#### Cessna

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#### Cessna Aircraft Company

P.O. Box 7706  
Wichita, KS 67277-7706  
(316) 517-6000  
www.cessna.com

#### Fastening Systems

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#### Textron Fastening Systems

840 West Long Lake Road  
Suite 450  
Troy, MI 48098  
(248) 879-8660  
www.textronfasteningsystems.com

### Industrial

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#### Kautex

Includes: *Kautex, CWC and Micromatic*  
Kautexstrasse 52  
53229 Bonn  
Germany  
011-49-228-4880  
www.kautex-textron.com

#### Textron Fluid & Power

Includes: *David Brown Guinard Pumps, David Brown Union Pumps, David Brown Hydraulics, Maag Pump Systems, AB Benzlers, Cone Drive, David Brown and Radicon*  
40 Westminster Street  
Providence, RI 02903  
(401)421-2800  
www.maag.com  
www.fhp.textron.com  
www.textronpt.com

#### Greenlee

Includes: *Greenlee, Tempo, Fairmont, InteSys and Klauke*  
4455 Boeing Drive  
Rockford, IL 61109  
(815) 397-7070  
www.greenlee.textron.com

#### E-Z-GO

Includes: *E-Z-GO and Cushman*  
1451 Marvin Griffin Road  
Augusta, GA 30906  
(706) 798-4311  
www.ezgo.com

#### Jacobsen

Includes: *Jacobsen, Ransomes, Bob-Cat, Brouwer, Bunton, Ryan and Steiner*  
3800 Arco Corporation Drive, Suite 310  
Charlotte, NC 28273  
(704) 504-6600  
www.ttcsp.com

### Finance

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#### Textron Financial

40 Westminster Street  
Providence, RI 02903  
(401) 621-4200  
www.textronfinancial.com

206B-3 Jet Ranger, 206L-4 Long Ranger, 208B, 412EP, AB Benzlers, AB139, AH-1W SuperCobra, AH-1Z, Avdel, BA609, Bell 206B, Bell 206L-4, Bell 407, Bell 412EP, Bell 427, Bell 430, Bell AB139, Bell Boeing V-22 Osprey, Bell Eagle Eye, Bell Helicopter, Bob-Cat, Brouwer, Bunton, Cadillac Gage, Caravan, Cessna Aircraft, Cessna Aircraft Company, Cherry, Citation Bravo, Citation CJ1, Citation CJ2, Citation CJ3, Citation Encore, Citation Excel, Citation Excel/XLS, Citation Mustang, Citation Service Centers, Citation Sovereign, Citation X, Citation XLS, CitationJet, Citations, CitationShares, CJ1, CJ2, Cone Drive, Cushman, CWC, David Brown, David Brown Engineering, David Brown Guinard Pumps, David Brown Hydraulics, David Brown Union Pumps, Excel, E-Z-GO, Fairmont, Greenlee, HR Textron, Huey II, InteSys, Jacobsen, Kautex, Lycoming, Lycoming Engines, Maag Pump Systems, Mag-Form, Micromatic, OH-58D Kiowa Warrior, Plastite, PT, Radicon, Ransomes, Ryan, Skyhawk, ST4x4, Stationair, Steiner, T182, T206, Taptite, Tempo, Textron Fastening Systems, Textron Financial, Textron Fluid & Power, Textron Lycoming, Textron Marine & Land Systems, Textron Six Sigma, Textron Systems, TH-67 Trainer, TORX PLUS Drive System, UH-1H Huey, UH-1N Huey, UH-1Y and V-22

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