

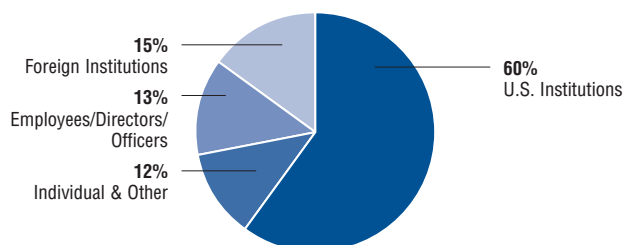
**TEXTRON**

# Growing Opportunity



Textron Inc. is a \$10 billion multi-industry company operating in 33 countries with approximately 37,000 employees in our continuing operations. 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, Jacobsen, Kautex, Lycoming, E-Z-GO and Greenlee, among others.

## Share Ownership



## 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

### Capital Stock

(as of December 31, 2005)

**Common stock:** par value \$0.125; 500,000,000 shares authorized; 130,185,000 shares outstanding

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

84,000 shares outstanding

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

47,000 shares outstanding

### Transfer Agent and Registrar

American Stock Transfer & Trust Company

59 Maiden Lane

New York, NY 10038

(800) 829-8432

Web: [www.amstock.com](http://www.amstock.com)

### Dividends

#### Common and Preferred Stock

Record dates: March 11, June 10, September 9, and December 9, 2005

Payable dates: April 1, July 1, October 1, 2005 and January 1, 2006

### 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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# Textron

- > www.textron.com
- > NYSE: TXT
- > 2005 Fortune 500 ranking: 216
- > Number of employees: 37,000 – 23 percent are outside the U.S.
- > Number of countries with manufacturing operations: 21

## 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.



**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)

	2005	2004	Change
Revenues	\$10,043	\$ 8,318	21%
International revenues %	36%	37%	–
Segment profit <sup>1</sup>	\$ 1,146	\$ 850	35%
Less: Special charges <sup>2</sup>	\$ (118)	\$ (59)	100%
Segment operating income	\$ 1,028	\$ 791	30%
Income from continuing operations	\$ 516	\$ 375	38%
Total debt – Textron Manufacturing <sup>3</sup>	\$ 1,934	\$ 1,770	9%
Shareholders' equity	\$ 3,276	\$ 3,652	(10)%
<b>Common Share Data</b>			
Diluted EPS from continuing operations	\$ 3.78	\$ 2.68	41%
Dividends per share	\$ 1.40	\$ 1.33	5%
Diluted average common shares outstanding (000's)	136,446	140,169	(3)%
<b>Key Performance Metrics</b>			
ROIC <sup>4</sup>	13.2%	10.6%	–
Free cash flow <sup>5</sup>	\$ 546	\$ 729	(25)%
Debt (net of cash) to total capital – Manufacturing <sup>3</sup>	26%	25%	–

## Credit Ratings of Textron Manufacturing <sup>3</sup>

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

<sup>1</sup> Segment profit represents a measurement used by Textron to evaluate performance for decision-making purposes. Segment profit for manufacturing segments excludes interest expense, certain corporate expenses, special charges, and gains and losses from the disposition of significant business units. The measurement for the finance segment includes both interest income and interest expense, and excludes special charges.

<sup>2</sup> Special charges in 2005 included a \$91 million write-off of the remaining balance of Collins & Aikman ("C&A") Products Co. preferred stock, \$21 million of reserves to cover exposure on C&A leases and other C&A-related charges, and \$6 million of restructuring expense. Special charges in 2004 included \$71 million of restructuring expense and a \$12 million gain on the sale of C&A common stock.

<sup>3</sup> Textron Manufacturing includes all continuing operations of Textron Inc. other than its finance subsidiaries.

<sup>4</sup> Textron's calculation of ROIC is provided on page 12.

<sup>5</sup> A calculation of free cash flow is provided on page 11.

## Discontinued Operations

For the periods presented, the following businesses were reclassified to discontinued operations as a result of management's strategic decisions to improve its business portfolio:

- 2005 – Textron Fastening Systems
- 2004 – InteSys (part of Industrial segment)
- 2003 – Small Business Direct portfolio (part of Finance segment)
- OmniQuip business (part of Industrial segment)



# Bell

**The Bell segment comprises Bell Helicopter and Textron Systems. Bell Helicopter is a leader in vertical takeoff and landing aircraft for commercial and military applications, and the pioneer of the revolutionary tilt-rotor aircraft. Textron Systems is a provider of advanced technology solutions for the aerospace and defense industries, including Lycoming aircraft engines.**



**29%** Bell's share of Textron 2005 revenues  
Bell revenues are comprised of Bell Helicopter (72%) and Textron Systems (28%).

## Strategic Steps Forward

- > Expand Bell's productive capacity to serve growth in both military and commercial markets.
- > Operationalize Textron Six Sigma and improve key business processes: Accelerate Lean implementation, integrated supply chain, customer leadership and integrated product development.
- > Continue full rate production of the V-22 for the U.S. Marine Corps, Air Force Special Operations Forces and other U.S. Department of Defense and international customers.
- > Successfully complete Operational Evaluation of the AH-1Z attack and UH-1Y utility helicopters.
- > Execute the System Development and Demonstration (SDD) phase of Armed Reconnaissance Helicopter (ARH), a potential \$3B, 368 aircraft program by U.S. Army.
- > Pursue other U.S. Government and international military helicopter sales opportunities.
- > Strengthen the commercial product line by upgrading existing products, developing derivatives and introducing new models.
- > Accelerate growth in Bell's support and services portfolio.
- > Apply Textron Systems' excellence in Electromechanical Actuation, demonstrated on Joint Direct Attack Munitions (JDAM), towards innovation in future manned and unmanned aircraft systems.
- > 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' Sensor Fuzed Weapon (SF), JDAM, and Armored Security Vehicle (ASV) in the Global War on Terrorism/Operation Iraqi Freedom to expand sales internationally.

## Major Products

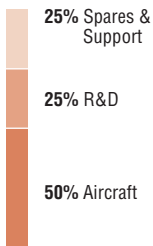
Bell Helicopter	Description	First Delivery	Seating Capacity (Including Pilots)	Useful Load (lbs)	Cruising Speed (kts)	Maximum Range (nm)
<b>Light</b>	206B-3 Jet Ranger	1977	5	1,492	115	374
	206L-4 Long Ranger	1992	7	2,141	112	324
	407	1996	7	2,360	133	330
	427	2000	8	2,490	138	390
	429	2007	10	2,700	142	350
<b>Intermediate</b>	430	1996	9-10	3,975	139	353
<b>Medium</b>	412 EP	1981	15	5,044	122	356
	210	2005	11	4,783	120	253
<b>Military</b>	UH-1N Huey	1971	15	3,532	110	230
	OH-58D Kiowa Warrior	1986	2	2,200	114	268
	AH-1W Super Cobra	1986	2	3,830	150	280
	TH-67 Trainer	1993	3	1,321	115	374
	Huey II	1997	15	5,060	106	216
	UH-1Y	2006	12	6,661	158	350
	AH-1Z	2006	2	5,764	155	380
<b>Tiltrotor</b>	Bell Boeing V-22 Osprey	1999	27	23,860	255	750
	Bell Eagle Eye	2008	NM	200	185	800
	BA609	—	11	5,500	275	750

## Textron Systems

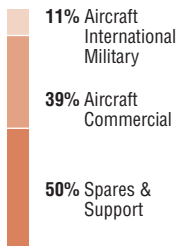
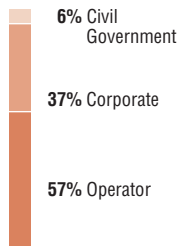
Product	Description
Armored Security Vehicle (ASV)	The ASV is a 4X4 wheeled armored vehicle that offers exceptional crew protection and selectable fire power for both peace-keeping and combat missions. Because of the outstanding performance in Iraq, the U.S. Army has asked Systems to ramp up to produce 48 vehicles per month.
Sensor Fuzed Weapon (SF)	This smart air-to-surface munition, combat proven in Operation Iraqi Freedom, can be remotely deployed and successfully engages large numbers of armored vehicles and other mobile targets over a very wide area, while leaving the battlefield clean of unexploded ordnance.
Joint Direct Attack Munition (JDAM) Tail Actuation System (TAS)	The TAS guides Boeing's JDAM to its target flawlessly regardless of weather or environmental conditions. Combat proven in Bosnia, Kosovo, Afghanistan and Iraq, JDAM has a 99% reliability rating.
Unattended Networked Sensors and Munitions	These real-time distributed networked systems autonomously detect, classify, report, engage and defeat threats in urban and rural scenarios.
Landing Craft, Air Cushion (LCAC)	Proven in combat, as well as humanitarian missions, LCAC travels at 50 knots in rough seas while carrying 70 ton payloads. LCAC is the cornerstone of the U.S. amphibious modernization program.
Aircraft Controls	HR Textron actuators and servovalves set aerospace industry standards for reliability and affordability in flight controls, engine controls, power management systems, environmental and fuel controls, and automatic braking systems.
Aircraft Engines	Lycoming is the largest and most complete supplier of reciprocating aircraft engines for general aviation.

## Bell Helicopter Sales

### U.S. Military: 56%

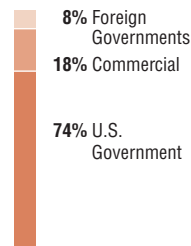


### Commercial: 44%

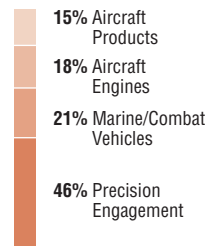


## Textron Systems Sales

### By Customer

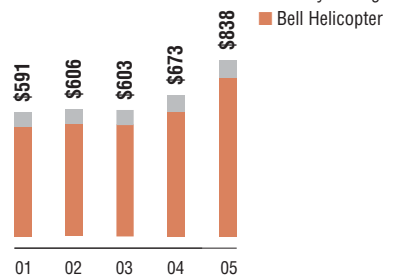


### By Product/Service



## Spares and Support

(in millions)



## Fast Facts

### Segment

- > Approximate revenues by region: U.S.: 73%, Asia Pacific: 9%, Middle East: 7%, Europe: 4%, Latin America and Mexico: 3%, Canada: 3%, Rest of World: 1%.
- > Service network of more than 150 strategically located customer support facilities worldwide.
- > Bell has approximately 13,000 employees, of which 13% are based outside the U.S.
- > Manufacturing facilities in Ft. Worth and Amarillo, Texas; Ozark, Alabama; Bristol, Tennessee; Mirabel, Canada; Wilmington, Massachusetts; Santa Clarita and Pacoima, California; New Orleans and Slidell, Louisiana; and Williamsport, Pennsylvania.

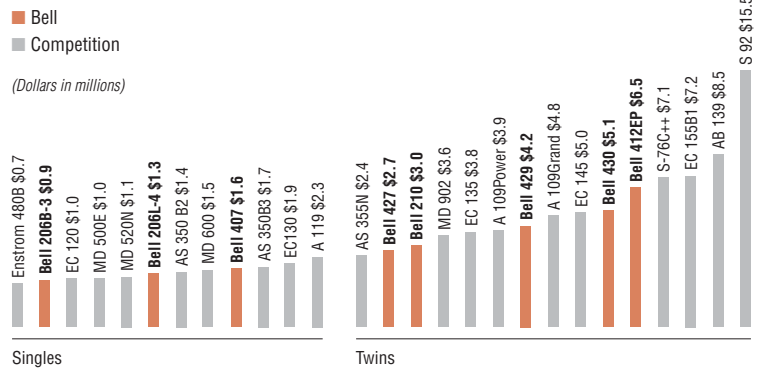
### Bell Helicopter

- > More than 12,000 Bell Helicopter aircraft are flying in more than 120 countries.
- > One third of the operating fleet in the world carry the Bell Helicopter name.
- > Ranked #1 in rotorcraft support and service by *Professional Pilot* magazine for 12 consecutive years.

### Textron Systems

- > Delivered more than 135,000 Joint Direct Attack Munitions (JDAM) and 4,000 Sensor Fuzed Weapons (SFW) for the U.S. Air Force.
- > Prime contractor for both the Tactical and Urban Unattended Ground Sensor Systems for the Army Future Combat Systems program.
- > More than 150,000 Lycoming aircraft engines in operation worldwide.
- > Military and commercial aircraft operators depend on Textron Systems' flight control actuation products to fulfill their missions worldwide.

## Commercial Product Price Points (Bell Helicopter)



## Key Data

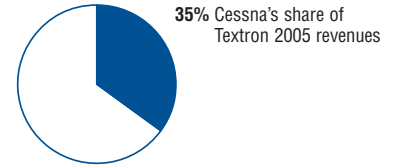
Bell (Dollars in millions)	2005	2004	2003	2002	2001
<b>Bell Helicopter:</b>					
Revenues	<b>\$2,075</b>	\$1,615	\$1,755	\$1,636	\$1,621
Units:					
U.S. Government	<b>41</b>	37	49	32	29
Commercial	<b>105</b>	93	94	81	115
International military	<b>18</b>	18	11	11	16
Backlog	<b>\$2,812</b>	\$2,842	\$1,439	\$1,231	\$ 984
<b>Bell Segment:</b>					
Revenues	<b>\$2,881</b>	\$2,254	\$2,348	\$2,235	\$2,243
Segment profit <sup>1</sup>	<b>\$ 368</b>	\$ 250	\$ 234	\$ 169	\$ 93
Segment profit margin	<b>12.8%</b>	11.1%	10.0%	7.6%	4.1%
Total assets <sup>2</sup>	<b>\$1,966</b>	\$1,674	\$1,496	\$1,556	\$1,588
Capital expenditures (includes capital leases)	<b>\$ 152</b>	\$ 62	\$ 50	\$ 29	\$ 73
Depreciation	<b>\$ 52</b>	\$ 47	\$ 52	\$ 48	\$ 40
ROIC <sup>1,3</sup>	<b>21.1%</b>	16.9%	14.3%	11.2%	6.3%

<sup>1</sup> Segment profit and ROIC represent measurements used by Textron to evaluate performance for decision-making purposes. Segment profit for manufacturing segments excludes interest expense, certain corporate expenses, goodwill amortization, special charges and gains and losses from the disposition of significant business units. <sup>2</sup> Certain prior period amounts have been reclassified to conform to the current year presentation. <sup>3</sup> An ROIC calculation worksheet is provided on page 12.



# Cessna

**The world's largest manufacturer of general aviation aircraft based on unit sales with four major product lines: Citation business jets, single engine turboprop Caravans, Cessna single engine piston aircraft and aftermarket services. Also includes CitationShares fractional jet business.**

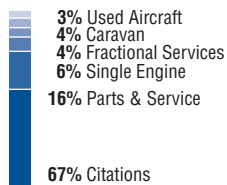


## Strategic Steps Forward

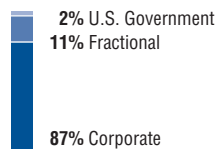
- > Operationalize Textron Six Sigma and improve key business processes: Accelerate Lean implementation, integrated supply chain, customer leadership and integrated product development.
- > Further extend the Cessna brand into fractional share ownership through expansion of the CitationShares business and sales to other fractional share operators.
- > Continue to strengthen brand image and grow the business through new customer-driven products and services.
- > Maintain leadership in light and mid-size business jets, single engine utility turboprop and single engine piston aircraft.
- > Provide superior after-market services.

## Sales

### By Product/Service



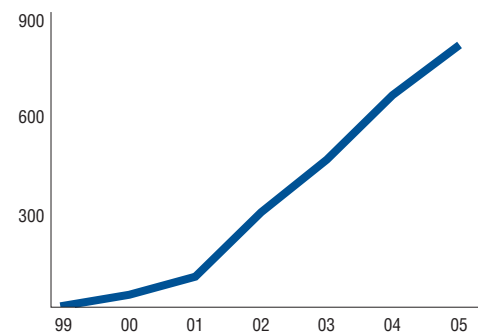
### By Customer



## New Jet Deliveries

2000	CJ1 CJ2 Encore
2004	CJ3 XLS Sovereign
2005	CJ1+
2006	CJ2+
2007	Encore+ Mustang

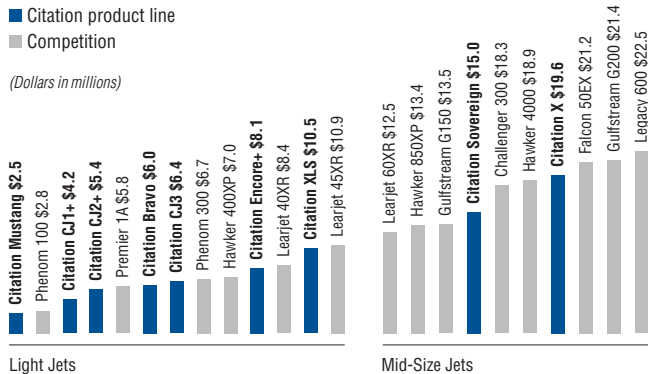
## CitationShares Cumulative Fractional Units



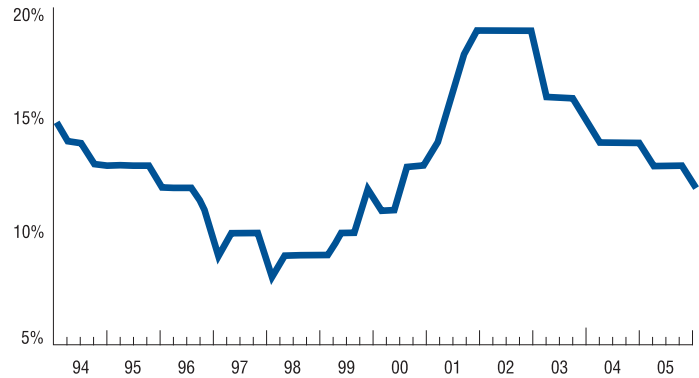
## Major Products

	First Delivery	Seating Capacity (Including Pilots)	Cruising Speed (kts)	Maximum Range (IFR w/ NBAA reserves)	Unit Price (in millions)	Engine Manufacturer	Engine Model	Avionics
<b>Citation Model</b>								
Mustang	2007	6	340	1,150	\$ 2.5	Pratt & Whitney	PW615F	Garmin G1000
CJ1+	2005	7	389	1,300	4.2	Williams International	FJ44-1AP	Collins Pro Line 21
CJ2+	2006	8	418	1,613	5.4	Williams International	FJ44-3A-24	Collins Pro Line 21
Bravo	1997	10	402	1,745	6.0	Pratt & Whitney	PW530A	Honeywell Primus 1000
CJ3	2004	8	417	1,875	6.4	Williams International	FJ44-3A	Collins Pro Line 21
Encore+	2007	10	427	1,760	8.1	Pratt & Whitney	PW535B	Collins Pro Line 21
XLS	2004	11	433	1,858	10.5	Pratt & Whitney	PW545B	Honeywell Primus 1000
Sovereign	2004	12	458	2,881	15.0	Pratt & Whitney	PW306C	Honeywell Primus EPIC
Citation X	1996	11	525	3,070	19.6	Rolls-Royce	AE3007C1	Honeywell Primus 2000
<b>Turboprop Model</b>								
208 & 208B	1985	Cargo to 14	162-186	790-932	\$ 1.7	Pratt & Whitney	PT6A-114A	Bendix/King Silver Crown or Garmin G1000 (optional)
<b>Single-Engine Piston</b>								
172 Skyhawk	1997	4	122	687	\$ 0.2	Lycoming	IO-360-L2A	Bendix/King (standard)/ Garmin G1000 (optional)
172 Skyhawk SP	1997	4	124	638	0.2	Lycoming	IO-360-L2A	Bendix/King (standard)/ Garmin G1000 (optional)
182T Skylane	1997	4	145	930	0.3	Lycoming	IO-540-AB1A5	Garmin G1000
T182T Skylane	1997	4	159	971	0.3	Lycoming	TIO-540-AK1A	Garmin G1000
206H Stationair	1998	6	142	721	0.4	Lycoming	IO-540-AC1A5	Garmin G1000
T206H Stationair	1998	6	164	703	0.5	Lycoming	TIO-540-AJ1A	Garmin G1000

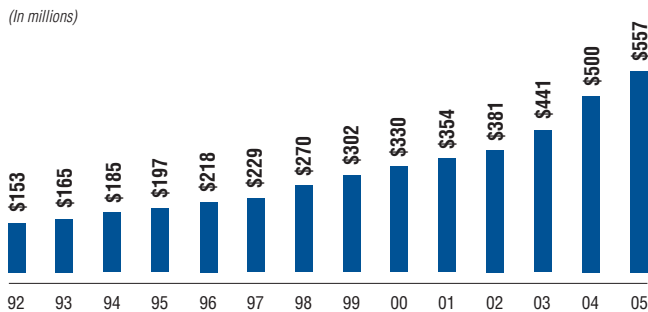
## 2005 Product Price Points (New Business Jets)



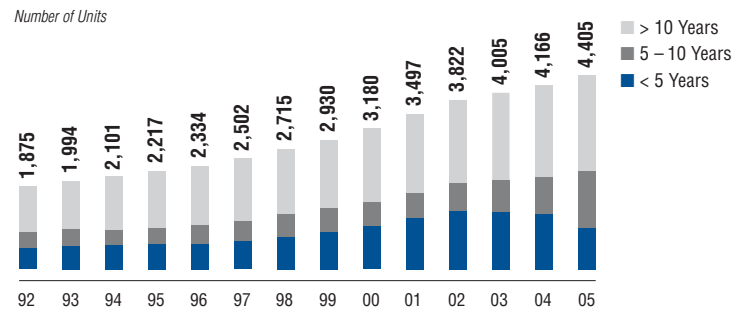
## Used Citations for Sale as a Percent of Fleet



## Growth in Sales of Parts and Services



## Number of Citations in Service by Age Distribution



## Fast Facts

- > In its 78-year history, Cessna has delivered more than 188,000 aircraft including more than 151,000 single-engine airplanes; more than 1,550 Caravans; more than 2,000 military jets and more than 4,450 Citation business jets. Cessna has delivered 35% more business jets than its closest competitor.
- > Cessna Citations are operated in more than 75 countries and represent the largest fleet of business jets in the world.
- > Approximate revenues by region: U.S.: 73%, Europe: 10%, Latin America and Mexico: 7%, Asia Pacific: 4%, Middle East: 3%, Rest of World: 3%.

- > Cessna operates 10 Citation Service Centers: 9 at airports across the United States and one at Le Bourget Airport in Paris, France. Authorized Independent Service Centers/Stations are located in more than 18 countries.
- > Cessna has about 12,000 employees worldwide.
- > Manufacturing facilities in Wichita and Independence, Kansas, Columbus, Georgia and Chihuahua, Mexico.
- > Citation X is the world's fastest business jet.

## Key Data

### Cessna

(Dollars in millions)

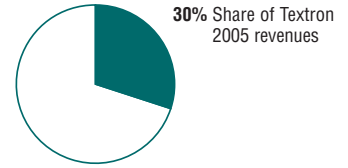
	2005	2004	2003	2002	2001
Units:					
Business jets <sup>1</sup>	252	179	197	307	313
Caravans	86	64	57	80	75
Single engine	818	654	588	559	821
Backlog, excluding CitationShares	\$6,342	\$5,352	\$3,947	\$4,474	\$4,995
Backlog, CitationShares	\$571	\$497	\$454	\$524	\$186
Revenues	\$3,480	\$2,473	\$2,299	\$3,175	\$3,043
Segment profit <sup>2</sup>	\$457	\$267	\$199	\$376	\$344
Segment profit margin	13.1%	10.8%	8.7%	11.8%	11.3%
Total assets <sup>3</sup>	\$1,866	\$1,751	\$1,622	\$1,823	\$1,810
Capital expenditures (includes capital leases)	\$105	\$98	\$99	\$92	\$111
Depreciation	\$84	\$71	\$75	\$78	\$88
ROIC <sup>2,4</sup>	33.3%	17.3%	12.6%	23.0%	21.9%

<sup>1</sup> Business jet deliveries include 249 Revenue Citations plus the sell-through of 3 fractional units at CitationShares. <sup>2</sup> Segment profit and ROIC represent measurements used by Textron to evaluate performance for decision-making purposes. Segment profit for manufacturing segments excludes interest expense, certain corporate expenses, goodwill amortization, special charges and gains and losses from the disposition of significant business units. <sup>3</sup> Certain prior period amounts have been reclassified to conform to the current year presentation. <sup>4</sup> An ROIC calculation worksheet is provided on page 13.



# Industrial

**The Industrial segment comprises five businesses that manufacture and market branded industrial products worldwide.**



## E-Z-GO – 12% of Segment

### Description

E-Z-GO is the world's leading designer and manufacturer of vehicles for golf courses, resort communities and municipalities, as well as commercial and industrial users such as airports and manufacturing facilities. Products include electric-powered and internal combustion-powered golf cars and multipurpose utility vehicles.

Includes: *E-Z-GO* and *Cushman*.

### Strategic Steps Forward

- > Pursue top-line growth activities by strengthening market presence in foreign and non-golf markets.
- > Institutionalize Textron Six Sigma principles and improve key business processes: Continue to accelerate Lean implementation, and introduce efficiencies in integrated supply chain, customer leadership and integrated product development.

## Jacobsen – 11% of Segment

### Description

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, lawn care machinery and specialized industrial vehicles.

Includes: *Ransomes*, *Jacobsen*, *Cushman*, *Ryan*, *Steiner*, *Brouwer*, *Bunton* and *Bob-Cat*.

### Strategic Steps Forward

- > Accelerate Lean implementation, globalize supply chain, enhance focus on customer leadership and utilize Textron Six Sigma in product development process.
- > Create superior customer value utilizing voice of the customer methodologies, segmentation, market focus, product rationalization and distribution performance.

## Greenlee – 11% of Segment

### Description

Greenlee, a leader in wire and cable installation systems, is the premier source for professional-grade tools and test instruments for electrical, telecom, industrial, plumbing and voice/data/video contractors markets.

### Strategic Steps Forward

- > Operationalize Textron Six Sigma and improve key business processes: Accelerate Lean implementation, integrated supply chain, customer leadership and integrated product development.
- > Create unique value proposition based on customer segmentation and Design for Manufacturing.
- > Leverage Greenlee brand to improve our position with major distributors.
- > Introduce new products to complement existing lines.

## Kautex – 50% of Segment

### Description

Kautex is a leading global supplier of blow-molded fuel systems, including plastic and metal fuel 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. Kautex also produces metal fuel fillers and engine camshafts for the automotive industry.

### Strategic Steps Forward

- > Operationalize Textron Six Sigma and improve key business processes: Accelerate Lean implementation, integrated supply chain, customer leadership and integrated product development.
- > Maintain leading position in plastic fuel systems by introducing low emission fuel systems, and add value through proprietary, innovative components.
- > Continue expansion into the Asian market (second plant in China opened in 2005; third plant under construction).
- > Maintain our industry leading position in operational excellence.
- > Develop new products for the Automotive and other industrial markets, based on our core competencies to drive value growth.

## Fluid & Power – 16% of Segment

### Description

Fluid & Power manufactures a comprehensive product offering of industry leading pumps, gears, gearboxes, and hydraulic components for multiple applications including oil and gas, mining, construction, defense, polymer extrusion, industrial and many other industries.

Includes: *Union Pump, Maag Pump Systems, AB Benzlers, Cone Drive and David Brown Engineering.*

### Strategic Steps Forward

- > Accelerate Lean implementation, globalize supply chain, enhance focus on customer leadership and utilize Textron Six Sigma in product development process.
- > Identify and pursue market niches and opportunities in current and adjacent markets.
- > Strengthen and grow aftermarket parts and services.
- > Pursue growth opportunities in emerging markets.

## Fast Facts

- > Approximate revenues by region: Europe: 41%, U.S.: 39%, Asia Pacific: 8%, Latin America and Mexico: 5%, Canada: 4%, Rest of World: 3%.
- > Within each business group, non-U.S. revenues account for the following: E-Z-GO (16%), Jacobsen (55%), Kautex (73%), Greenlee (36%), and Fluid & Power (77%).
- > Manufacturing facilities in 21 countries: Australia, Belgium, Brazil, Canada, the Czech Republic, China, France, Germany, India, Italy, Japan, Malaysia, Mexico, Portugal, South Africa, Spain, Switzerland, Sweden, Thailand, the United Kingdom and the United States.
- > Textron's Industrial segment has approximately 10,600 employees, of which 60% are based outside the U.S.

## Key Data

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

(Dollars in millions)

	2005	2004	2003	2002	2001
Revenues	<b>\$3,054</b>	\$3,046	\$2,836	\$2,627	\$4,221
Segment profit <sup>2</sup>	<b>\$ 150</b>	\$ 194	\$ 150	\$ 169	\$ 289
Segment profit margin	<b>4.9%</b>	6.4%	5.3%	6.4%	6.8%
Total assets	<b>\$2,383</b>	\$2,601	\$2,468	\$2,304	\$2,441
Capital expenditures (includes capital leases)	<b>\$ 101</b>	\$ 100	\$ 105	\$ 120	\$ 256
Depreciation	<b>\$ 100</b>	\$ 101	\$ 93	\$ 103	\$ 160
ROIC <sup>2,3</sup>	<b>6.6%</b>	7.9%	6.1%	6.1%	6.9%

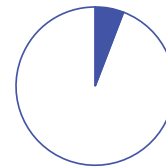
<sup>1</sup> Textron's Automotive Trim business was sold in 2001. <sup>2</sup> Segment profit and ROIC represent measurements used by Textron to evaluate performance for decision-making purposes. Segment profit for manufacturing segments excludes interest expense, certain corporate expenses, goodwill 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 13.



# Textron Financial

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

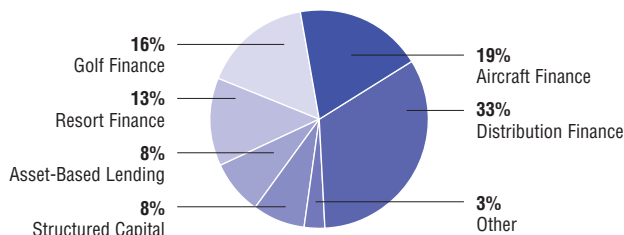


6% Share of Textron 2005 revenues

## Strategic Steps Forward

- > Expand use of Textron Six Sigma to drive process improvements and generate tangible benefits.
- > Grow core business segments where superior product and industry knowledge sustain competitive advantage.
- > Maintain strong portfolio credit quality.
- > Continue to support sales financing needs of Textron segments.
- > 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 Receivables



## Segments

### Aircraft Finance

Aircraft Finance provides financing for new and used Cessna business jets, single engine turboprops, piston-engine airplanes, Bell helicopters and other general aviation aircraft.

### Asset-Based Lending

Asset-Based Lending provides asset-based loans to middle market companies in several industries, and provides factoring arrangements primarily for freight companies.

### Distribution Finance

Distribution Finance offers inventory finance programs for dealers of products manufactured by Textron, and for dealers of a variety of other household, leisure, agricultural, lawn and garden, outdoor power sports, technology and manufactured housing products.

### Golf Finance

Golf Finance provides term loans for the acquisition and refinancing of golf courses and provides term loans and leases for E-Z-GO golf cars and Jacobsen turf-care equipment.

### Resort Finance

Resort Finance primarily extends loans to developers of vacation interval resorts, secured primarily by notes receivable and interval inventory.

### Structured Capital

Structured Capital engages in tax-oriented, long-term leases of large-ticket equipment and real estate, primarily with investment grade lessees.

### Other Financial Services

Other financial services and products include transaction syndication, equipment appraisal and disposition, and portfolio servicing.

## Credit Ratings of Textron Financial

(as of December 31, 2005)	Senior Long-Term	Short-Term Commercial Paper
S&P	A-	A2
Moody's	A3	P2
Fitch	A-	F2

## 2005 Performance of Core and Liquidating Businesses

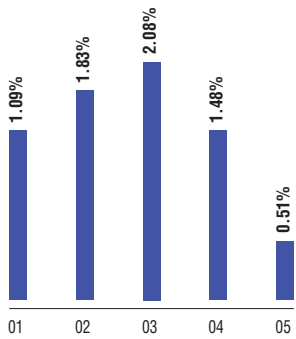
(Dollars in millions)	Managed Finance Receivables	Percent of Managed Receivables	Percent Net Charge-offs	Percent of Nonperforming Assets	Percent of 60+ Delinquency
Core Businesses	\$8,683	97%	77%	59%	64%
Liquidating	312	3%	23%	41%	36%
Total	\$8,995				

## Textron Support Agreement

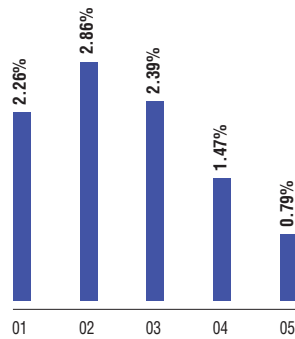
Under a Support Agreement with Textron dated as of May 25, 1994, Textron is required to pay to Textron Financial, quarterly, an amount sufficient to provide that Textron Financial's pre-tax earnings, before extraordinary items and fixed charges (including interest on indebtedness and amortization of debt discount "fixed charges"), as adjusted for the inclusion of required payments under the Support Agreement, will not be less than 125% of the Company's fixed charges. No such payments under the Support Agreement were required for the years ended 2005, 2004 or 2003, when Textron

Financial's fixed-charge coverage ratios (as defined) were 177%, 189%, and 167%, respectively. Textron also has agreed to maintain Textron Financial's consolidated shareholder's equity at an amount no less than \$200 million. Pursuant to the terms of the Support Agreement, Textron is required to directly or indirectly own 100% of Textron Financial's common stock. The Support Agreement also contains a third-party beneficiary provision entitling Textron Financial's lenders to enforce its provisions against Textron.

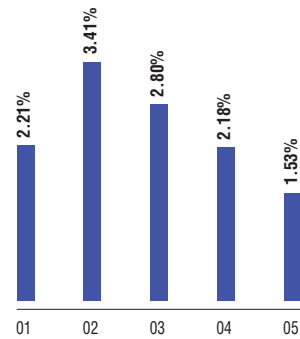
## Net Charge-Offs



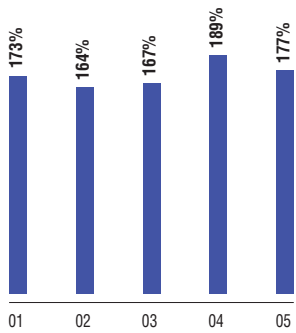
## 60+ Delinquency



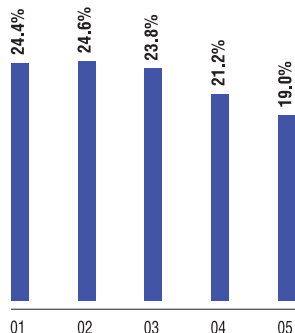
## Nonperforming Assets



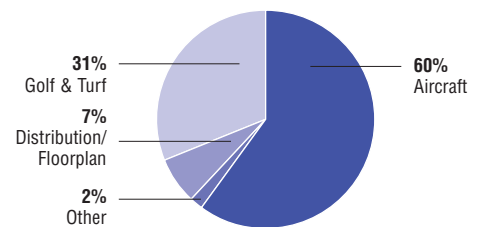
## Fixed-Charge Coverage Ratios



## Textron Direct Sales Financing Receivables, Percent of Total Managed Receivables



## Textron Direct Sales Financing Receivables, by Category



## Key Data

### Textron Financial

(Dollars in millions)

	2005	2004	2003	2002	2001
Owned finance receivables	\$6,763	\$5,837	\$5,135	\$5,534	\$5,252
Managed finance receivables <sup>1</sup>	\$8,995	\$8,135	\$7,525	\$7,963	\$7,584
Managed and serviced finance receivables <sup>2</sup>	\$9,915	\$9,268	\$8,771	\$8,970	\$8,965
Return on average equity <sup>3</sup>	11.17%	9.49%	7.86%	7.59%	12.66%
Net interest margin <sup>4</sup>	6.40%	7.14%	6.92%	6.89%	7.48%
Operating efficiency <sup>5</sup>	48.80%	47.10%	46.77%	39.75%	36.40%
Allowance for losses, % of finance receivables	1.43%	1.70%	2.32%	2.62%	2.37%
Debt to tangible shareholder's equity <sup>6</sup>	6.19x	5.53x	5.24x	5.59x	5.62x
Revenues	\$ 628	\$ 545	\$ 572	\$ 584	\$ 681
Segment profit <sup>7</sup>	\$ 171	\$ 139	\$ 122	\$ 118	\$ 203
Segment profit margin	27.2%	25.5%	21.3%	20.2%	29.8%
Total assets <sup>8</sup>	\$7,441	\$6,738	\$6,333	\$6,383	\$6,084
Capital expenditures	\$ 9	\$ 12	\$ 17	\$ 17	\$ 17
Depreciation on fixed assets	\$ 15	\$ 18	\$ 16	\$ 14	\$ 11
Depreciation on operating leases	\$ 19	\$ 18	\$ 18	\$ 13	\$ 8
ROIC <sup>7,9</sup>	10.0%	8.0%	7.0%	6.6%	12.5%

<sup>1</sup> Managed finance receivables are owned receivables and receivables which continue to be serviced, but have been sold in securitizations or similar structures, where substantial risks of ownership have been retained. <sup>2</sup> Managed and serviced finance receivables are managed finance receivables plus receivables serviced under third-party portfolio servicing agreements. <sup>3</sup> Return on average equity excludes the cumulative effect of change in accounting principle. <sup>4</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>5</sup> Operating efficiency ratio is selling and administrative expenses divided by net interest margin. <sup>6</sup> Tangible shareholder's equity excludes accumulated other comprehensive income (loss) and goodwill. <sup>7</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>8</sup> Excludes assets from discontinued operations in 2002 and 2001 of \$271 million and \$380 million, respectively. <sup>9</sup> An ROIC calculation worksheet is provided on page 13.

# Financial Data 2005–2001 <sup>1</sup>

(Dollars in millions,  
except per share amounts)

	2005					2004					2003	2002	2001
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year			
<b>Revenues</b>													
Bell	\$ 616	\$ 786	\$ 674	\$ 805	\$ 2,881	\$ 507	\$ 587	\$ 570	\$ 590	\$ 2,254	\$ 2,348	\$ 2,235	\$ 2,243
Cessna	713	910	890	967	3,480	418	500	699	856	2,473	2,299	3,175	3,043
Industrial	800	824	686	744	3,054	781	805	697	763	3,046	2,836	2,627	4,221
Finance	141	147	155	185	628	134	137	129	145	545	572	584	681
<b>Total revenues</b>	<b>\$2,270</b>	<b>\$2,667</b>	<b>\$2,405</b>	<b>\$2,701</b>	<b>\$10,043</b>	<b>\$1,840</b>	<b>\$2,029</b>	<b>\$2,095</b>	<b>\$2,354</b>	<b>\$8,318</b>	<b>\$8,055</b>	<b>\$8,621</b>	<b>\$10,188</b>
<b>Segment profit <sup>2</sup></b>													
Bell	\$ 75	\$ 83	\$ 89	\$ 121	\$ 368	\$ 52	\$ 71	\$ 59	\$ 68	\$ 250	\$ 234	\$ 169	\$ 93
Cessna	87	121	117	132	457	22	44	82	119	267	199	376	344
Industrial	55	58	21	16	150	48	57	42	47	194	150	169	289
Finance	33	44	43	51	171	31	36	28	44	139	122	118	203
<b>Total segment profit</b>	<b>\$ 250</b>	<b>\$ 306</b>	<b>\$ 270</b>	<b>\$ 320</b>	<b>\$ 1,146</b>	<b>\$ 153</b>	<b>\$ 208</b>	<b>\$ 211</b>	<b>\$ 278</b>	<b>\$ 850</b>	<b>\$ 705</b>	<b>\$ 832</b>	<b>\$ 929</b>
Special charges <sup>3</sup>	(54)	(41)	(2)	(21)	(118)	(34)	(1)	(3)	(21)	(59)	(77)	(109)	(89)
<b>Segment operating income</b>	<b>\$ 196</b>	<b>\$ 265</b>	<b>\$ 268</b>	<b>\$ 299</b>	<b>\$ 1,028</b>	<b>\$ 119</b>	<b>\$ 207</b>	<b>\$ 208</b>	<b>\$ 257</b>	<b>\$ 791</b>	<b>\$ 628</b>	<b>\$ 723</b>	<b>\$ 840</b>
<b>Segment profit margins</b>													
Bell	12.2%	10.6%	13.2%	15.0%	12.8%	10.3%	12.1%	10.4%	11.5%	11.1%	10.0%	7.6%	4.1%
Cessna	12.2%	13.3%	13.1%	13.7%	13.1%	5.3%	8.8%	11.7%	13.9%	10.8%	8.7%	11.8%	11.3%
Industrial	6.9%	7.0%	3.1%	2.2%	4.9%	6.1%	7.1%	6.0%	6.2%	6.4%	5.3%	6.4%	6.8%
Finance	23.4%	29.9%	27.7%	27.6%	27.2%	23.1%	26.3%	21.7%	30.3%	25.5%	21.3%	20.2%	29.8%
<b>Total profit margin</b>	<b>11.0%</b>	<b>11.5%</b>	<b>11.2%</b>	<b>11.8%</b>	<b>11.4%</b>	<b>8.3%</b>	<b>10.3%</b>	<b>10.1%</b>	<b>11.8%</b>	<b>10.2%</b>	<b>8.8%</b>	<b>9.7%</b>	<b>9.1%</b>
Gain on sale of businesses	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 15	\$ 25	\$ 342
Goodwill amortization <sup>4</sup>	–	–	–	–	–	–	–	–	–	–	–	–	(70)
Corporate expenses and other, net	(43)	(55)	(47)	(54)	(199)	(37)	(37)	(34)	(49)	(157)	(123)	(119)	(152)
Interest expense, net	(24)	(22)	(23)	(21)	(90)	(25)	(25)	(22)	(22)	(94)	(96)	(105)	(157)
Income taxes	(45)	(70)	(52)	(56)	(223)	(18)	(41)	(40)	(66)	(165)	(109)	(157)	(279)
Distribution on preferred securities of manufacturing subsidiary, net of income taxes	–	–	–	–	–	–	–	–	–	–	(13)	(26)	(26)
<b>Income from continuing operations</b>	<b>\$ 84</b>	<b>\$ 118</b>	<b>\$ 146</b>	<b>\$ 168</b>	<b>\$ 516</b>	<b>\$ 39</b>	<b>\$ 104</b>	<b>\$ 112</b>	<b>\$ 120</b>	<b>\$ 375</b>	<b>\$ 302</b>	<b>\$ 341</b>	<b>\$ 498</b>
<b>EPS from continuing operations - diluted</b>	<b>\$ 0.61</b>	<b>\$ 0.86</b>	<b>\$ 1.07</b>	<b>\$ 1.25</b>	<b>\$ 3.78</b>	<b>\$ 0.29</b>	<b>\$ 0.73</b>	<b>\$ 0.80</b>	<b>\$ 0.86</b>	<b>\$ 2.68</b>	<b>\$ 2.20</b>	<b>\$ 2.43</b>	<b>\$ 3.49</b>
<b>Effective income tax rate</b>	<b>34.9%</b>	<b>37.2%</b>	<b>26.3%</b>	<b>25.0%</b>	<b>30.2%</b>	<b>31.6%</b>	<b>28.3%</b>	<b>26.3%</b>	<b>35.5%</b>	<b>30.6%</b>	<b>25.7%</b>	<b>30.0%</b>	<b>34.7%</b>
<b>Common stock information</b>													
Price range : High	\$80.05	\$78.30	\$78.80	\$80.00	\$ 80.05	\$58.28	\$59.43	\$65.47	\$74.63	\$74.63	\$57.70	\$53.17	\$ 59.89
Low	\$68.61	\$71.11	\$65.85	\$69.00	\$ 65.85	\$50.84	\$52.45	\$57.38	\$63.04	\$50.84	\$26.85	\$32.49	\$ 31.65
Dividends declared per share	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 1.40	\$ 0.33	\$ 0.33	\$ 0.33	\$ 0.35	\$ 1.33	\$ 1.30	\$ 1.30	\$ 1.30
Average shares outstanding (in thousands) – diluted <sup>5</sup>	138,283	137,582	135,629	134,300	136,446	140,229	140,287	140,618	139,704	140,169	137,217	140,252	142,937

<sup>1</sup> For the periods presented, the following businesses were reclassified to discontinued operations as a result of management's strategic decisions to improve its business portfolio: 2005 –Textron Fastening Systems; 2004 – InteSys (part of Industrial segment); 2003 – Small Business Direct portfolio (part of Finance segment) and OmniQuip (part of Industrial segment).

<sup>2</sup> Segment profit represents a measurement used by Textron to evaluate performance for decision-making purposes. Segment profit for manufacturing segments excludes interest expense, certain corporate expenses, special charges, and gains and losses from the disposition of significant business units. The measurement for the finance segment includes interest income and expense, and excludes special charges, and in years prior to 2004, includes distributions on preferred securities of Finance subsidiary trust.

<sup>3</sup> Special charges in 2005 included a \$91 million write-off of the remaining balance of Collins & Aikman ("C&A") Products Co. preferred stock, \$21 million of reserves to cover exposure on C&A leases and other C&A-related items, and \$6 million of restructuring expense. Special charges in 2004 included \$71 million of restructuring expense and a \$12 million gain on the sale of C&A common stock. Special charges in 2003 included \$62 million of restructuring expense and a \$15 million charge for unamortized issuance costs related to the redemption of preferred securities. Special charges in 2002 included \$71 million in restructuring expense and a \$38 million in write-down of C&A common stock. Special charges in 2001 included \$78 million in restructuring expense and \$9 million in e-business investment charges and \$2 million in other charges.

<sup>4</sup> Pursuant to SFAS No. 142 "Goodwill and Other Intangible Assets," beginning on December 30, 2001, goodwill is no longer amortized.

<sup>5</sup> Assumes full conversion of outstanding preferred stock and exercise of options.

# Selected Financial Statistics 2005–2001

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

		2005	2004	2003	2002	2001
<b>Income Statement Data</b>	Revenues	\$10,043	\$8,318	\$8,055	\$8,621	\$10,188
	Segment profit	\$1,146	\$850	\$705	\$832	\$929
	Special charges	(118)	(59)	(77)	(109)	(89)
	Gains on sale of businesses	–	–	15	25	342
	Goodwill amortization	–	–	–	–	(70)
	Corporate expenses and other, net	(199)	(157)	(123)	(119)	(152)
	Interest expense, net	(90)	(94)	(96)	(105)	(157)
	Income taxes	(223)	(165)	(109)	(157)	(279)
	Effective tax rate <sup>1</sup>	30.2%	30.6%	25.7%	30.0%	34.7%
	Distribution on preferred securities of subsidiary trust, net of income taxes	–	–	(13)	(26)	(26)
		<b>\$ 516</b>	<b>\$ 375</b>	<b>\$ 302</b>	<b>\$ 341</b>	<b>\$ 498</b>
		<b>\$ 3.78</b>	<b>\$ 2.68</b>	<b>\$ 2.20</b>	<b>\$ 2.43</b>	<b>\$ 3.49</b>
<b>Cash Flow Items – Textron Manufacturing</b>	Earnings of Textron Finance greater than distributions	\$ (14)	\$ (23)	\$ (4)	\$ (23)	\$ (78)
	Depreciation	250	229	226	232	292
	Amortization	7	5	8	15	58
	Gains on sale of businesses	–	–	(15)	(25)	(342)
	Special charges	118	59	71	109	86
	Cash used in acquisitions	(28)	(5)	–	–	(209)
	Net proceeds from sale of businesses	(1)	3	14	27	695
	Net change in debt	263	(345)	(259)	(410)	(82)
	Dividends paid	(189)	(135)	(222)	(182)	(184)
	Purchases of Textron common stock	(597)	(415)	(64)	(248)	(47)
		<b>8,035</b>	<b>6,534</b>	<b>1,951</b>	<b>5,734</b>	<b>738</b>
<b>Balance Sheet Data – Textron Manufacturing</b>	Cash and cash equivalents	\$ 786	\$ 570	\$ 451	\$ 251	\$ 228
	Receivables	891	843	811	845	816
	Inventories	1,712	1,536	1,327	1,537	1,654
	Property, plant and equipment, net	1,574	1,513	1,468	1,450	1,449
	Intangibles, net	1,011	1,035	1,038	1,008	1,256
	Total assets from continuing operations	7,936	7,504	7,278	7,233	7,775
	Total debt	1,934	1,770	2,008	1,681	1,914
	Total liabilities from continuing operations	6,386	6,000	5,650	6,091	6,467
	Shareholders' equity	3,276	3,652	3,690	3,406	3,934
<b>Free Cash Flow Calculation</b>	Net cash provided by operating activities of continuing operations	\$ 894	\$ 973	\$ 552	\$ 271	\$ 510
	Proceeds on sale of property, plant and equipment	23	38	49	46	81
	Capital expenditures	(356)	(238)	(246)	(231)	(446)
	Capital expenditures financed through capital leases	(15)	(44)	(26)	(23)	–
	Free cash flow	\$ 546	\$ 729	\$ 329	\$ 63	\$ 145
<b>Key Ratios</b>	Segment profit margin	11.4%	10.2%	8.8%	9.7%	9.1%
	Debt (net of cash) to total capital – Textron Manufacturing <sup>2</sup>	26%	25%	30%	36%	36%
	S&A % of sales – consolidated	14.0%	14.5%	13.7%	12.5%	12.0%
	Inventory turns (based on FIFO)	4.0x	3.8x	3.7x	3.7x	4.4x
	Ratio of income to fixed charges – Textron Manufacturing	6.43x	4.71x	3.86x	3.47x	3.77x
<b>Stock-Related Information</b>	Stock price at year-end	\$ 76.98	\$73.80	\$57.19	\$42.16	\$ 42.40
	Dividend payout ratio <sup>3</sup>	37%	49%	59%	53%	37%
	Dividends declared per share	\$ 1.40	\$ 1.33	\$ 1.30	\$ 1.30	\$ 1.30
<b>Other Statistics</b>	Research and development	\$ 692	\$ 574	\$ 573	\$ 575	\$ 671
	Number of employees in continuing operations at year-end	37,000	34,000	31,000	36,000	38,000
	Average revenues per employee (in thousands)	\$ 283	\$ 256	\$ 243	\$ 234	\$ 206

<sup>1</sup> The effective income tax rate for 2003 was 25.7% primarily due to favorable tax settlements that reduced the rate by 3.0%.

<sup>2</sup> Includes mandatorily redeemable preferred securities as debt.

<sup>3</sup> Dividend payout ratio: Dividends declared/diluted earnings per share from continuing operations.

# Return on Invested Capital (ROIC)

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

(Dollars in millions)

	2005	2004	2003	2002	2001
<b>ROIC income calculation</b>					
Income before cumulative effect of change in accounting principle, net of income taxes	\$ 203	\$ 365	\$ 259	\$ 364	\$ 166
Special charges*	112	59	77	109	89
Gain on sale of businesses / product lines <sup>2</sup>	(30)	–	(15)	(25)	(339)
Tax impact of special charges and gains on sale of businesses / product lines	(13)	(19)	(16)	(22)	100
Discontinued operations, net of income taxes	313	10	43	(23)	332
Adjustments to discontinued operations, net of income taxes**	(12)	56	35	19	(16)
Distribution on preferred securities of subsidiary trusts, net of income taxes	–	–	13	26	26
Amortization of intangible assets, net of income taxes	2	3	6	7	6
Amortization of goodwill, net of income taxes	–	–	–	–	88
Textron Manufacturing interest expense, net of income taxes	58	60	61	67	101
<b>ROIC income</b>	<b>\$ 633</b>	<b>\$ 534</b>	<b>\$ 463</b>	<b>\$ 522</b>	<b>\$ 553</b>
<b>Average invested capital calculation</b>					
Total shareholders' equity	\$3,464	\$3,671	\$3,548	\$3,670	\$3,964
Total Textron Manufacturing debt, including discontinued operations	1,872	1,909	1,868	1,823	2,009
Cash and cash equivalents for Textron Manufacturing, including discontinued operations	(711)	(546)	(386)	(264)	(262)
Due from Textron Finance	–	–	–	(255)	(255)
Textron Manufacturing – mandatorily redeemable preferred securities	–	–	243	485	485
Eliminate impact of 2005 charges	166	–	–	–	–
Eliminate impact of 4th quarter divestitures	–	–	–	–	179
Average invested capital	\$4,791	\$5,034	\$5,273	\$5,459	\$6,120
<b>Return on invested capital</b>	<b>13.2%</b>	<b>10.6%</b>	<b>8.8%</b>	<b>9.6%</b>	<b>9.0%</b>

\* 2005 special charges exclude restructuring costs of \$6 million.

\*\* Amounts represent adjustments to ROIC income for certain operating (losses) and income included in discontinued operations.

## Bell

	2005	2004	2003	2002	2001
<b>ROIC income calculation</b>					
Segment profit	\$ 367.9	\$ 249.6	\$ 234.2	\$ 168.6	\$ 93.4
Interest component of operating leases <sup>3</sup>	4.1	4.7	2.9	3.5	3.4
Corporate charge <sup>4</sup>	(20.5)	(18.5)	(20.6)	(19.0)	(19.6)
Segment ROIC income before income taxes	\$ 351.5	\$ 235.8	\$ 216.5	\$ 153.1	\$ 77.2
Income taxes <sup>5</sup>	(111.3)	(72.1)	(69.1)	(44.0)	(14.0)
Eliminate after-tax gain on sale of interest in AB139	(19.5)	–	–	–	–
<b>Segment ROIC income</b>	<b>\$ 220.7</b>	<b>\$ 163.7</b>	<b>\$ 147.4</b>	<b>\$ 109.1</b>	<b>\$ 63.2</b>
<b>Average invested capital calculation</b>					
Average segment investment <sup>6</sup>	\$ 990.1	\$ 904.0	\$ 994.5	\$ 924.6	\$ 953.8
Operating leases <sup>3</sup>	54.1	63.2	38.2	47.1	44.9
Average invested capital	\$1,044.2	\$ 967.2	\$1,032.7	\$ 971.7	\$ 998.7
<b>Return on invested capital</b>	<b>21.1%</b>	<b>16.9%</b>	<b>14.3%</b>	<b>11.2%</b>	<b>6.3%</b>

## Cessna

	2005	2004	2003	2002	2001
<b>ROIC income calculation</b>					
Segment profit	\$ 456.8	\$ 267.3	\$ 198.5	\$ 376.4	\$ 344.4
Interest component of operating leases <sup>3</sup>	20.2	13.1	8.4	13.2	11.7
Corporate charge <sup>4</sup>	(9.5)	(12.1)	(13.6)	(14.5)	(13.6)
Segment ROIC income before income taxes	\$ 467.5	\$ 268.3	\$ 193.3	\$ 375.1	\$ 342.5
Income taxes <sup>5</sup>	(155.6)	(92.7)	(65.9)	(125.3)	(120.9)
<b>Segment ROIC income</b>	<b>\$ 311.9</b>	<b>\$ 175.6</b>	<b>\$ 127.4</b>	<b>\$ 249.8</b>	<b>\$ 221.6</b>
<b>Average invested capital calculation</b>					
Average segment investment <sup>6</sup>	\$ 733.6	\$ 838.8	\$ 897.7	\$ 936.4	\$ 902.7
Operating leases <sup>3</sup>	204.3	175.5	116.9	147.7	108.8
Average invested capital	\$ 937.9	\$1,014.3	\$1,014.6	\$1,084.1	\$1,011.5
<b>Return on invested capital</b>	<b>33.3%</b>	<b>17.3%</b>	<b>12.6%</b>	<b>23.0%</b>	<b>21.9%</b>

## Industrial

	2005	2004	2003	2002	2001
<b>ROIC income calculation</b>					
Segment profit, as adjusted	\$ 149.7	\$ 194.0	\$ 150.4	\$ 168.5	\$ 288.6
Intangible amortization	3.8	5.1	7.8	8.1	7.3
Interest component of operating leases <sup>3</sup>	5.8	6.6	2.6	1.7	8.4
Corporate charge <sup>4</sup>	(23.0)	(23.6)	(23.9)	(24.0)	(34.8)
Segment ROIC income before income taxes	\$ 136.3	\$ 182.1	\$ 136.9	\$ 154.3	\$ 269.5
Income taxes <sup>5</sup>	(27.2)	(48.9)	(36.5)	(46.4)	(86.7)
<b>Segment ROIC income</b>	<b>\$ 109.1</b>	<b>\$ 133.2</b>	<b>\$ 100.4</b>	<b>\$ 107.9</b>	<b>\$ 182.8</b>
<b>Average invested capital calculation</b>					
Average segment investment <sup>6</sup>	\$1,565.7	\$1,605.4	\$1,610.6	\$1,743.5	\$2,519.6
Operating leases <sup>3</sup>	76.3	87.1	35.0	22.1	111.7
Average invested capital	\$1,642.0	\$1,692.5	\$1,645.6	\$1,765.6	\$2,631.3
<b>Return on invested capital</b>	<b>6.6%</b>	<b>7.9%</b>	<b>6.1%</b>	<b>6.1%</b>	<b>6.9%</b>

## Finance

	2005	2004	2003	2002	2001
<b>ROIC income calculation</b>					
Segment profit	\$ 171.3	\$ 139.4	\$ 121.6	\$ 118.1	\$ 203.4
Corporate charge <sup>7</sup>	(22.6)	(22.6)	(22.4)	(22.9)	(22.0)
Segment ROIC income before income taxes	\$ 148.7	\$ 116.8	\$ 99.2	\$ 95.2	\$ 181.4
Income taxes <sup>5</sup>	(50.0)	(38.0)	(31.3)	(33.3)	(64.2)
<b>Segment ROIC income</b>	<b>98.7</b>	<b>78.8</b>	<b>\$ 67.9</b>	<b>\$ 61.9</b>	<b>\$ 117.2</b>
<b>Average invested capital calculation</b>					
Average shareholder's equity	\$ 984.4	\$ 983.3	\$ 974.9	\$ 944.8	\$ 937.1
<b>Return on invested capital</b>	<b>10.0%</b>	<b>8.0%</b>	<b>7.0%</b>	<b>6.6%</b>	<b>12.5%</b>

<sup>1</sup> Includes the results 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.

## World Headquarters

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www.textron.com

### Bell

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#### Bell Helicopter

P.O. Box 482  
Ft. Worth, TX 76101-0482  
(817) 280-2011  
www.bellhelicopter.textron.com

#### Textron Systems

Includes: *Textron Systems, HR Textron and Textron Marine & Land Systems*  
201 Lowell Street  
Wilmington, MA 01887  
(978) 657-5111  
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

## Industrial

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### Kautex

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

### Fluid & Power

Includes: *Union Pump, 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 and Klauke*  
4455 Boeing Drive  
Rockford, IL 61109  
(815) 397-7070  
www.greenlee.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: *Ransomes, Jacobsen, Cushman, Ryan, Steiner, Brouwer, Bunton and Bob-Cat*  
3800 Arco Corporation Drive, Suite 310  
Charlotte, NC 28273  
(704) 504-6600  
www.jacobsen.com

## Finance

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### Textron Financial

40 Westminster Street  
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www.textronfinancial.com

206B-3 Jet Ranger, 206L-4 Long Ranger, 208B, 412EP, AB Benzlers, AH-1W SuperCobra, AH-1Z, Avdel, BA609, Bell 206B, Bell 206L-4, Bell 407, Bell 412EP, Bell 427, Bell 429, Bell 430, Bell Boeing V-22 Osprey, Bell Eagle Eye, Bell Helicopter, Bob-Cat, Brouwer, Bunton, Cadillac Gage, Caravan, Cessna Aircraft, Cessna Aircraft Company, Citation Bravo, Citation CJ1, Citation CJ1+, Citation CJ2, Citation CJ2+, Citation CJ3, Citation Encore, Citation Encore+, Citation Excel, Citation Mustang, Citation Service Centers, Citation Sovereign, Citation X, Citation XLS, CitationJet, 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, Jacobsen, Kautex, Lycoming, Lycoming Engines, M1117 Armored Security Vehicle, Maag Pump Systems, Mag-Form, OH-58D Kiowa Warrior, 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, UH-1H Huey, UH-1N Huey, UH-1Y, V-22 and Vector and their related trademark designs and logotypes (and variations of the foregoing) are service/trademarks or trade names of Textron Inc., its subsidiaries, affiliates or joint ventures.

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