

FACT BOOK 2008

STOCK INFORMATION

Stock Exchange Listings

Ticker Symbol – TXT

Common Stock

New York Stock Exchange

Chicago Stock Exchange

Preferred Stock (\$2.08 and \$1.40)

New York Stock Exchange

Capital Stock

(as of January 3, 2009)

Common Stock: par value \$0.125; 500,000,000 shares authorized; 242,041,000 shares outstanding

\$2.08 Cumulative Convertible Preferred Stock, Series A:
67,000 shares outstanding

\$1.40 Convertible Preferred Dividend Stock, Series B:
34,000 shares outstanding

Transfer Agent and Registrar

American Stock Transfer & Trust Company, LLC

59 Maiden Lane

New York, NY 10038

(866) 621-2790

www.amstock.com

General Information

This Fact Book is one of several sources of information available to Textron Inc. shareholders and the investment community. To receive a copy of Textron's Forms 10-K, 10-Q, Proxy Statement or Annual Report without charge, visit our web site at www.textron.com, call (888) TXT-LINE or send your written request to Textron Investor Relations at the address listed on the outside cover. For the most recent company news and earnings press releases, visit our web site at www.textron.com or call (888) TXT-LINE.

Dividends

Common and Preferred Stock

Record dates: March 14, June 13, September 12, and December 12, 2008

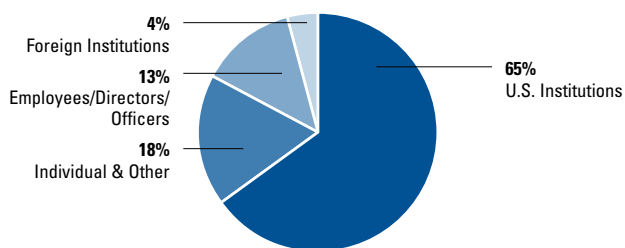
Payable dates: April 1, July 1, October 1, 2008 and January 1, 2009

Stock Splits

Record dates: December 17, 1965; August 11, 1967; May 11, 1987; May 9, 1997 and August 3, 2007

Distribution dates: January 1, 1966; September 1, 1967; June 1, 1987; May 30, 1997 and August 24, 2007

Share Ownership *(as of 1/3/09)*



TEXTRON

Key Executives



Lewis B. Campbell
Chairman 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. He relinquished the title of president in January 2009. Campbell joined Textron in September 1992 as executive vice president and chief operating officer after a 24-year career at General Motors.



Scott C. Donnelly
President and
Chief Operating Officer

Scott Donnelly joined Textron as executive vice president and chief operating officer in June 2008. He was promoted to president in January 2009. Prior to joining Textron, Donnelly was president and CEO for General Electric (GE) Aviation. He also held various other management positions since joining GE in 1989.

Textron Inc. is a \$14.2 billion multi-industry company operating in 28 countries with approximately 43,000 employees. The company leverages its global network of aircraft, defense and intelligence, industrial and finance businesses to provide customers with innovative solutions and services. Textron is known around the world for its powerful brands such as Bell Helicopter, Cessna Aircraft Company, Jacobsen, Kautex, Lycoming, E-Z-GO, Greenlee, Textron Systems and Textron Financial Corporation.

Textron Inc. consists of numerous subsidiaries and operating divisions. Please refer to back cover for legal entity structure.

Financial Highlights

(Dollars in millions except per share data)

	2008	2007	Change
Revenues	\$ 14,246	\$ 12,615	13%
International revenues %	38%	37%	—
Segment profit ¹	\$ 1,479	\$ 1,595	(7)%
Income from continuing operations	\$ 344	\$ 879	(61)%
Total debt – Manufacturing group ²	\$ 2,569	\$ 2,146	20%
Shareholders' equity	\$ 2,366	\$ 3,507	(33)%
Common Share Data			
Diluted EPS from continuing operations	\$ 1.38	\$ 3.45	(60)%
Dividends per share ³	\$ 0.92	\$ 0.85	8%
Diluted average common shares outstanding (in thousands)	249,830	254,826	(2)%
Key Performance Metrics			
ROIC ⁴	17.7%	24.8%	—
Net cash provided by operating activities of continuing operations before capital contribution and net dividends from Textron Financial Corporation (TFC) – Non-GAAP ⁵	\$ 899	\$ 1,019	(12)%
Net cash provided by operating activities of continuing operations – Manufacturing group – GAAP ^{2,5}	\$ 416	\$ 1,154	(64)%
Free cash flow – Manufacturing group – Non-GAAP ⁵	\$ (117)	\$ 785	(115)%
Debt (net of cash) to total capital – Manufacturing group ²	46%	32%	—

Textron Credit Ratings (as of March 17, 2009)

	Senior Long-Term	Short-Term Commercial Paper
S&P	BBB-	A3
Fitch	BBB-	F3
Moody's	Baa2	P2

¹ Segment profit is an important measure used for evaluating performance and for decision-making purposes. Segment profit for manufacturing segments excludes interest expense, certain corporate expenses and special charges. The measurement for the Finance segment includes interest income and expense and excludes special charges.

² Our Manufacturing group includes all continuing operations of Textron Inc., except for the Finance segment.

³ The 2009 indicated dividend is \$0.08 per share.

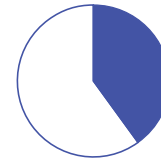
⁴ Calculations of return on invested capital ("ROIC") are provided on pages 12 and 13.

⁵ Calculations of free cash flow are provided on page 11.



CESSNA

The world's leading general aviation company based on unit sales with four major product lines: Citation business jets, Caravan single engine turboprops, Cessna single engine piston aircraft and aftermarket services. Also includes CitationShares fractional jet business.



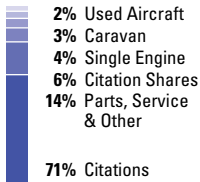
40% Cessna's share of Textron 2008 revenues

Fast Facts

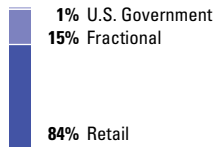
- > Approximate revenues by region: U.S.: 56%, Europe: 22%, Latin America and Mexico: 11%, Asia Pacific: 4%, Africa: 3%, Middle East: 2% and Canada: 2%.
- > At the end of 2008, Cessna had approximately 16,000 employees worldwide.
- > Manufacturing facilities are located in Wichita and Independence, Kansas; Columbus, Georgia; Bend, Oregon; and Chihuahua, Mexico.
- > In its 80-year history, Cessna has delivered approximately 192,000 aircraft, including more than 153,000 single engine airplanes; more than 1,700 Caravans; more than 2,000 military jets and more than 5,000 Citation business jets. Cessna has delivered 52% more business jets than its closest competitor.
- > Cessna Citations are registered in more than 90 countries and represent the largest fleet of business jets in the world.
- > At Mach 0.92, the Citation X is the world's fastest business jet in service.
- > Cessna operates 10 Citation Service Centers: nine at airports across the U.S. and one at Le Bourget Airport in Paris, France. Cessna has announced a new international Citation Service Centers to open in Spain. Authorized Independent Service Centers/ Stations are located in 22 countries throughout the world.

Sales

By Product/Service



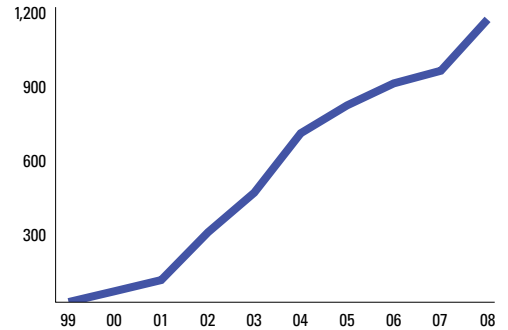
By Customer



New Jet Model First Delivery

2004	CJ3 Sovereign
2005	CJ1+
2006	CJ2+ Mustang
2007	Encore+
2008	XLS+
2010	CJ4
Under Development	Columbus

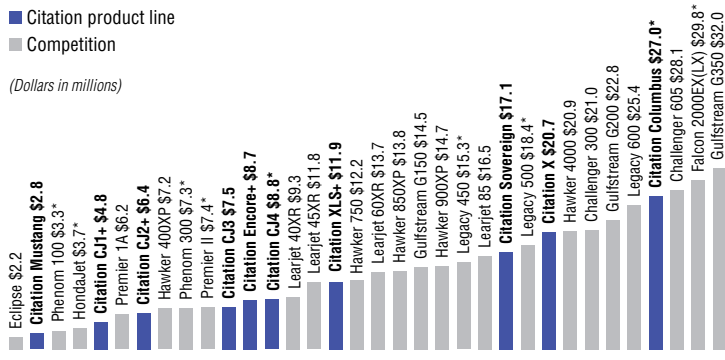
CitationShares Fractional and Vector Contracts



Major Products

Citation Model	First Delivery	Seating Capacity (Including Pilots)	Cruising Speed (kts)	Maximum Range (IFR w/ NBAA reserves)	Unit Price (in millions)	Engine Manufacturer	Engine Model	Avionics
Mustang	2006	6	340	1,160	\$2.8	Pratt & Whitney	PW615F	Garmin G1000
CJ1+	2005	8	389	1,300	4.8	Williams International	FJ44-1AP	Collins Pro Line 21
CJ2+	2006	10	418	1,610	6.4	Williams International	FJ44-3A-24	Collins Pro Line 21
CJ3	2004	10	417	1,875	7.5	Williams International	FJ44-3A	Collins Pro Line 21
Encore+	2007	10	428	1,785	8.7	Pratt & Whitney	PW535B	Collins Pro Line 21
CJ4	2010	10	435	1,820	8.8	Williams International	FJ44-4A	Collins Pro Line 21
XLS(+)	2004 (2008)	11	440	1,858	11.9	Pratt & Whitney	PW545C	Collins Pro Line 21
Sovereign	2004	12	458	2,837	17.1	Pratt & Whitney	PW306C	Honeywell Primus EPIC
Citation X	1996	11	525	3,049	20.7	Rolls-Royce	AE3007C1	Honeywell Primus 2000
Columbus	Under Development	12	488	4,000	27.0	Pratt & Whitney	PW810	Collins Pro Line Fusion
Turboprop Model								
208 & 208B	1985	Cargo to 14	165/175	820/869	\$ 1.9	Pratt & Whitney	PT6A-114A	Garmin G1000
Single Engine Piston								
162 SkyCatcher	2009	2	118	470	0.1	Teledyne Continental	O-200D	Garmin G300
172R Skyhawk	1997	4	122	696	0.3	Textron Lycoming	IO-360-L2A	Garmin G1000
172S Skyhawk SP	1997	4	126	610	0.3	Textron Lycoming	IO-360-L2A	Garmin G1000
182T Skylane	1997	4	150	927	0.4	Textron Lycoming	IO-540-AB1A5	Garmin G1000
T182T Turbo Skylane	1997	4	176	915	0.4	Textron Lycoming	TIO-540-AK1A	Garmin G1000
206H Stationair	1998	6	151	690	0.5	Textron Lycoming	IO-540-AC1A5	Garmin G1000
T206H Turbo Stationair	1998	6	178	630	0.6	Textron Lycoming	TIO-540-AJ1A	Garmin G1000
350 Corvalis	2007	4	191	1,395	0.6	Teledyne Continental	IO-550-N	Garmin G1000
400 Corvalis TT	2007	4	235	1,250	0.6	Teledyne Continental	TSIO-550-C	Garmin G1000

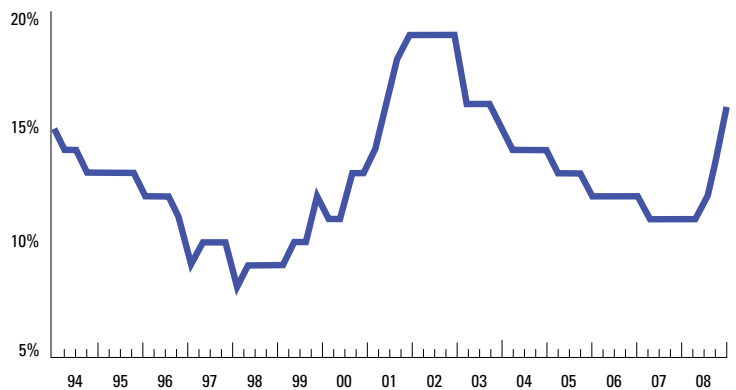
2008 New Business Jet Price Points



Source: B&C and Cessna estimates

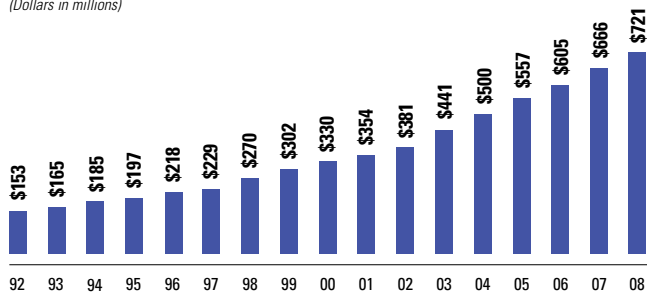
*In development; not certified

Used Citations for Sale as a Percent of Fleet



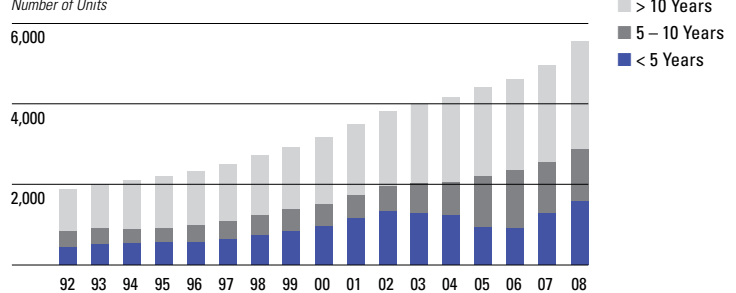
Growth in Sales of Parts and Services

(Dollars in millions)



Number of Citations in Service by Age Distribution

Number of Units



Strategic Steps Forward

- > Maintain leadership in business jets, single engine utility turboprop and single engine piston aircraft.
- > Grow the business through new customer-driven products and services.
- > Bolster long-term customer loyalty by providing consistently superior aftermarket services around the world.
- > Strengthen CitationShares business, and further develop sales to other fractional ownership providers.
- > Leverage and ensure alignment of key business and improvement processes (e.g., Lean Six Sigma and Operations Excellence).
- > Foster an environment that attracts, develops and retains high performing talent.
- > Extend the Cessna brand around the world with a long-term view of balancing opportunity and risk.

Key Data

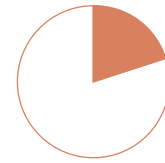
Cessna (Dollars in millions)	2008	2007	2006	2005	2004
Units sold:					
Business jets ¹	467	387	307	252	179
Caravans	101	80	67	86	64
Single engine	733	807	865	818	654
Backlog, excluding CitationShares	\$14,530	\$12,583	\$8,467	\$6,342	\$5,352
Revenues	\$ 5,662	\$ 5,000	\$4,156	\$3,480	\$2,473
Segment profit ²	\$ 905	\$ 865	\$ 645	\$ 457	\$ 267
Segment profit margin	16.0%	17.3%	15.5%	13.1%	10.8%
Total assets	\$ 2,955	\$ 2,459	\$2,091	\$1,866	\$1,751
Capital expenditures	\$ 285	\$ 163	\$ 120	\$ 105	\$ 98
Depreciation and amortization	\$ 105	\$ 86	\$ 78	\$ 84	\$ 71
ROIC ^{2,3}	55.2%	63.6%	48.8%	33.3%	17.3%

1 In 2008, units sold include the sell-through of one fractional unit at CitationShares. Units sold in 2007 exclude one CitationShares delivery in which the fractional units were not sold as of the end of the year. Units sold in 2006 exclude two CitationShares deliveries in which the fractional units were not sold as of the end of the year. Business jet deliveries in 2005 include the sell-through of three fractional units at CitationShares. 2 Segment profit and ROIC represent measurements used by Textron for evaluating performance and for decision-making purposes. Segment profit for manufacturing segments excludes interest expense, certain corporate expenses and special charges. 3 A ROIC calculation worksheet is provided on page 12.



BELL

Bell Helicopter is a leader in vertical takeoff and landing aircraft for commercial and military applications, and the pioneer of the revolutionary tiltrotor aircraft.



20% Bell's share of Textron 2008 revenues

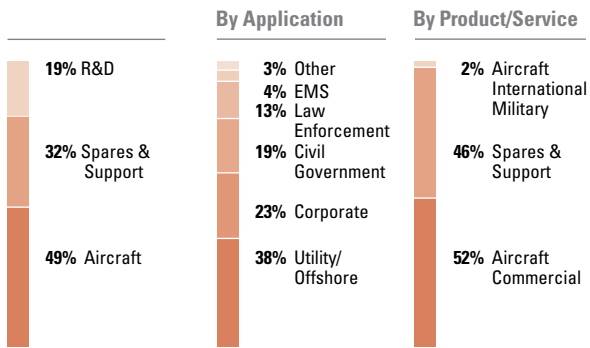
Fast Facts

- > Approximate revenues by region: U.S.: 72%, Asia Pacific: 8%, Latin America and Mexico: 7%, Europe: 4%, Middle East: 4%, Canada: 4%, and Africa: 1%.
- > At the end of 2008, Bell had approximately 10,500 employees, of which 20% were located outside the U.S.
- > Major facilities are located in Fort Worth, Texas; Amarillo, Texas; Corpus Christi, Texas; Ozark, Alabama; Bristol, Tennessee; and Mirabel, Quebec, Canada.
- > Approximately 13,000 Bell Helicopter aircraft are flying in more than 120 countries.
- > One third of the operating fleet in the world carry the Bell Helicopter name.
- > Service network of more than 140 strategically located customer support facilities worldwide.
- > Ranked #1 in customer service and support by *Professional Pilot* magazine for 15 consecutive years and by *Aviation International News* for four consecutive years.

Bell Sales

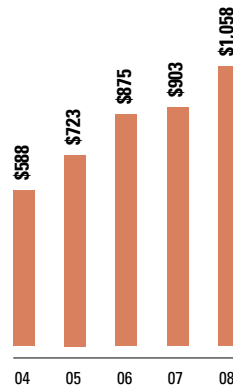
U.S. Military: 56%

Commercial: 44%



Spares and Support Revenue

(In millions)



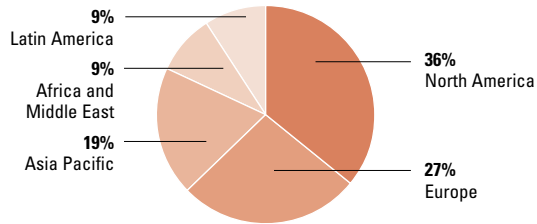
Major Products*

Bell Helicopter	Description	First Delivery	Seating Capacity (Including Pilots)	Useful Load (lbs)	Cruising Speed (kts)	Maximum Range (nm)
Light	206L-4 Long Ranger	1992	7	2,123	112	324
	407	1996	7	2,332	133	330
	429	2009	8	2,700	142	350
Medium	412 EP	1981	15	5,055	122	356
Military	OH-58D Kiowa Warrior	1986	2	2,200	114	268
	TH-67 Trainer	1993	3	1,321	115	374
	Huey II	1995	15	5,060	106	216
	UH-1Y	2006	12	6,661	158	350
	AH-1Z	2006	2	6,300	160	380
	VH-71					
	Marine One Presidential transport fleet	TBD	—	—	—	—
Tiltrotor	Bell Boeing V-22 Osprey	1999	27	25,500	240	750
	BA609	—	11	5,512	275	750

* Terminating the production of 206B-3, 427, and 210 helicopter models



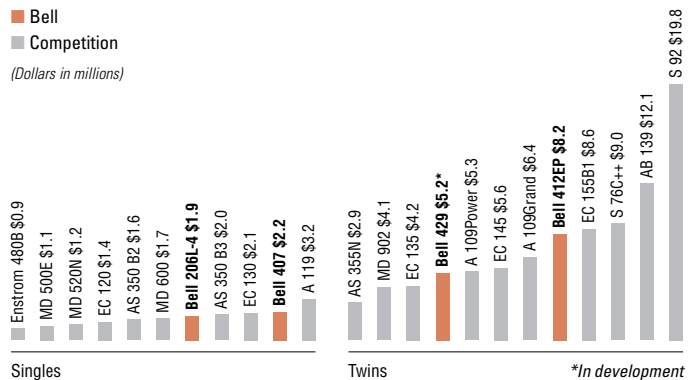
Commercial Revenue by Region



Commercial Business

- > Industry norms typically envision three to four times original delivery price in after-market service and parts revenues over the nominal 30 – 40 year lifetime of a typical commercial airframe.
- > The primary commercial helicopter applications are Oil & Gas, Emergency Medical Services, Law Enforcement, Homeland Security and International Military.

Commercial Product Price Points



Strategic Steps Forward

- > Expand Bell Helicopter's production capacity and improve efficiency to meet growth in both military and commercial demand through investment, outsourcing and the continued deployment of Textron Six Sigma and Lean Accelerators.
- > Continue full rate production of the V-22 for the U.S. Marine Corps, Air Force Special Operations Forces and market to other U.S. Department of Defense and international customers.
- > Successfully ramp-up production of the UH-1Y utility helicopter. Gain full-rate production approval for the AH-1Z attack helicopter and ramp-up production.
- > Pursue other U.S. Government and international military helicopter sales opportunities.
- > Develop Bell Helicopter's global business through local presence, a stronger sales and marketing network and program capture.
- > Strengthen the commercial product line by upgrading existing products, developing derivatives and introducing new models.
- > Continue to grow Bell Helicopter's service and support business through geographic and service offering expansion.

Key Data ¹

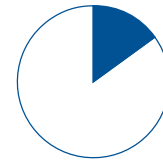
Bell (Dollars in millions)	2008	2007	2006	2005	2004
Units sold:					
U.S. Government	39	44	43	41	37
Commercial	167	177	153	105	93
International military	—	4	6	18	18
Backlog	\$6,192	\$3,809	\$3,119	\$2,812	\$2,842
Revenues	\$2,827	\$2,581	\$2,347	\$2,075	\$1,615
Segment profit ²	\$ 278	\$ 144	\$ 108	\$ 269	\$ 156
Segment profit margin	9.8%	5.6%	4.6%	13.0%	9.7%
Total assets	\$2,167	\$1,850	\$1,596	\$1,396	\$1,121
Capital expenditures	\$ 138	\$ 78	\$ 170	\$ 114	\$ 30
Depreciation and amortization	\$ 71	\$ 59	\$ 48	\$ 39	\$ 35
ROIC ^{2,3}	13.8%	7.7%	6.4%	20.3%	14.6%

¹ In 2008, we changed our segment reporting to separate Textron Systems into its own segment and to report Bell Helicopter as its own segment, Bell. All periods presented have been recast to reflect the new segment reporting structure. ² Segment profit and ROIC represent measurements used by Textron for evaluating performance and for decision-making purposes. Segment profit for manufacturing segments excludes interest expense, certain corporate expenses and special charges. ³ A ROIC calculation worksheet is provided on page 13.



TEXTRON SYSTEMS

The Textron Systems segment provides unmanned systems, armored vehicles, intelligent battlefield and surveillance systems, piston engines, situational understanding software, and advanced precision weapons – serving in both prime and major subcontractor roles.

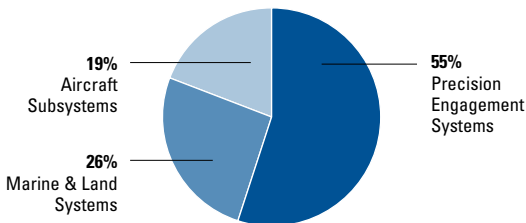


15% Textron Systems' share of Textron 2008 revenues

Fast Facts

- > Approximate revenues by region: U.S.: 93%, Europe: 2%, Asia: 2%, Latin America and Mexico: 1%, Middle East: 1% and Canada 1%.
- > At the end of 2008, Textron Systems had approximately 6,400 employees worldwide.
- > Manufacturing facilities are located in New Orleans, LA; Slidell, LA; Wilmington, MA; Hunt Valley, MD; Choctaw, MS; Williamsport, PA; Goose Creek, SC; Notting Hill, Australia; and Hamble, England.
- > Over 1,800 M1117 Armored Security Vehicles (ASV) and variants delivered to the U.S. Army.
- > More than 380,000 flight hours logged by the Shadow Tactical Unmanned Aircraft System, primarily in support of combat operations in both Iraq and Afghanistan.
- > Over 37,000 active Overwatch Geospatial Systems and Overwatch Tactical Operations software licenses across U.S. intelligence agencies, military branches and unified commands.
- > Tactical situational understanding software tools providing actionable intelligence to 109 battalion-sized units and benefiting more than 150,000 troops in Iraq and Afghanistan.
- > Approximately 5,000 Sensor Fuzed Weapons (SFW) delivered to the U.S. Air Force (USAF) with additional orders from United Arab Emirates (UAE), Turkey and Oman.
- > SFW is the only air delivered weapon of its kind which self-destructs and self-neutralizes unexploded warheads, leaving a clean battlefield.
- > More than 350,000 engines designed and built during Lycoming's 78 years in aviation – over 170,000 of which are still in operation worldwide.
- > Textron Systems' operational excellence is recognized in industry certifications, including AS9100, ISO9001:2000, ISO14001, SEI CMMI-SE/SW Level 5, as well as Lycoming's Shingo Silver Medallion Award.

2008 Sales by Product / Service



Strategic Steps Forward

- > Strengthen and expand capabilities within precision engagement; and provide customers broader integrated solutions that allow them to more effectively detect, target, track and engage.
- > Accelerate fielding and expand usage of the Scorpion Intelligent Munitions System, Unattended Ground Sensors (UGS), Spider force protection system, and situational understanding software.
- > Become the global supplier of Unmanned Aircraft Systems (UAS) and associated training, support and services for tactical military missions and commercial applications by sustaining and expanding the Shadow® UAS product line and adding new UAS offerings to the portfolio; by leveraging UAS electronics, software and network capabilities to sustain and expand One System®/ C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance, Reconnaissance and Targeting) products; and by leveraging UAS integration expertise to move into adjacent unmanned systems applications.
- > Strengthen position in area attack weapons and networked ground munitions, as well as leverage precision weapons expertise to provide solutions that meet the demands of the complex, urban environment.
- > Continue outstanding record of execution on the current Armored Security Vehicle (ASV) contract; fulfill critical customer needs for service support and product upgrades; develop variants and new products that address emerging requirements.
- > Leverage installed base of intelligence and analysis applications to expand into adjacent product and service areas.
- > Continue to design, build and test aviation engine products with focused efforts on next generation electronic engine control systems and alternative fuels.
- > Strengthen international marketing and global presence to address worldwide demand for Textron Systems' products and services.

Major Products and Services

Operating Unit	Description
AAI	
Unmanned Aircraft Systems (UAS) and Ground Control Stations (GCS)	The highly regarded, combat-proven Shadow tactical UAS provides persistent intelligence, surveillance, reconnaissance and target acquisition support to U.S. Army and Marine Corps warfighters. Additional UAS offerings include the Aerosonde®, as well as the airframe for Honeywell's Micro Air Vehicle, known as T-Hawk. The One System® Ground Control Station and One System Remote Video Terminal (RVT) provide networked command and control of a wide variety of UAS, including Shadow and the Army's extended-range, multipurpose Sky Warrior via the Tactical Common Data Link.
Services	AAI provides government and commercial customers with technical, logistical and life cycle management services covering a wide variety of technologies and equipment worldwide.
Test Systems and Training Systems	Key products include the Joint Service Electronic Combat Systems Tester (JSECST) for testing electronic warfare systems and Advanced BoreSight Equipment (ABE®) for aligning aircraft systems; training systems for Shadow and Aerosonde UAS; electronic warfare, mission systems, air defense, and naval ships radar and weapons systems; and maintenance trainers for C-17, F-22 and F-35 aircraft. PDCue® automatically locates the origin of gunshots; TDCue® utilizes acoustic sensors for live-fire target scoring. ESL Defence designs and produces electro-optical test and simulation products; and Symtx develops functional and production test systems for civil aviation, space and military applications.
Advanced Systems	AAI has developed Lightweight Small Arms Technologies (LSAT), and associated ammunition, as well as ordnance and course correction systems for medium- and large-caliber ammunition; and Unmanned Surface Vessels (USV).
Lycoming Engines	
Aircraft Engines	Lycoming is the leading global designer and manufacturer of piston aviation engines, offering OEM, overhauled and rebuilt engines as well as a full line of cylinders and spare parts for the general aviation and experimental segment. Lycoming recently introduced the iE2 Integrated Electronic Engine Platform – a technologically advanced piston aviation engine.
Overwatch Geospatial Operations	
Geospatial Intelligence Analysis and Data Fusion Tools	Remote View and Electronic Light Table (ELT®) are the premier geospatial analysis tools for imagery and geospatial data fusion, exploitation and analysis. The Geospatial product suite also includes market-leading applications for 3D urban analysis, automated feature extraction, Light Detection and Ranging (LIDAR) visualization, mapping and cartography.
Overwatch Tactical Operations	
TacOps Intelligence Analysis and Data Fusion Tools	Main supplier of intelligence software for the U.S. Army's Distributed Common Ground System (DCGS-A). Software provider for the Situational Awareness and data fusion functions supporting the Future Combat Systems (FCS). Lead software developer for the Army's signals intelligence (SIGINT) Program – Prophet. Primary developer for the Army's Human Terrain System (HTS). Additional software capabilities and tools include AXIS PRO, Viper Collaborative and Solution Framework, Counterintelligence Human Intelligence (HUMINT) Analysis System, Measurements and Signatures Intelligence Toolkit, SIGINT collection and analysis functionality, and a suite of tools to support Civil Affairs and PSYOPS activities
Textron Defense Systems	
Intelligent Battlefield Systems	Real-time distributed networked systems autonomously detect, classify, report and engage threats with man-in-the-loop control. Products include urban and tactical unattended ground sensors (UGS), Intelligent Munition System, Terrain Commander surveillance system, and Spider force protection system.
Precision Air-Launched Weapons, Dispensers and Submunitions	Family of products includes the CBU-97/105 Sensor Fuzed Weapon (SFW) with the BLU-108 submunition and Smart Skeet warheads, the GPS-guided/UAS-employed Universal Aerial Delivery Dispenser (U-ADD), the Clean Lightweight Area Weapon (CLAW), and the Common Smart Submunition (CSS) universal payload.
Directed Energy Weapons	ThinZag® advanced solid state laser design has made Textron Systems an industry leader in directed energy weapons development.
Survivability and Detection Systems	Adaptable Radiation Area Monitor (ARAM) detects and identifies concealed nuclear/radioactive material in real-time. Tactical Rocket Propelled Grenade Airbag Protection System (TRAPS) defends vehicles and installations against rocket propelled grenades.
Textron Marine & Land Systems	
Armored Security Vehicle (ASV) and ASV Variants	The ASV, a 4X4 wheeled armored vehicle, is combat proven in Iraq and Afghanistan. The Armored Knight is used for observation and target designation missions. The Reconnaissance, Surveillance & Target Acquisition Scout Vehicle (RSTA) provides target acquisition to the maximum effective range of weapons.
Landing Craft Air Cushion (LCAC)	Proven in combat as well as in humanitarian missions, LCAC travels at 50 knots in rough seas while carrying a 60-ton payload. LCAC is the cornerstone of the current U.S. amphibious capability.
Motor Life Boat (MLB)	In service with the U.S. Coast Guard, the MLB is designed to perform rescue missions in severe weather conditions.

Key Data¹

Textron Systems

(Dollars in millions)

	2008	2007	2006	2005	2004
Revenues	\$2,116	\$1,334	\$1,061	\$ 806	\$ 639
Segment profit ²	\$ 279	\$ 191	\$ 141	\$ 99	\$ 94
Segment profit margin	13.2%	14.3%	13.3%	12.3%	14.7%
Backlog	\$2,476	\$2,379	\$1,135	\$1,169	\$ 933
Total assets	\$2,364	\$2,512	\$1,002	\$ 571	\$ 498
Capital expenditures	\$ 39	\$ 39	\$ 40	\$ 24	\$ 22
Depreciation and amortization	\$ 88	\$ 44	\$ 19	\$ 14	\$ 14
ROIC ^{2,3}	9.9%	15.9%	26.4%	23.5%	23.3%

¹ In 2008, we changed our segment reporting to separate Textron Systems into its own segment and to report Bell Helicopter as its own segment, Bell. All periods presented have been recast to reflect the new segment reporting structure. ² Segment profit and ROIC represent measurements used by Textron for evaluating performance and for decision-making purposes. Segment profit for manufacturing segments excludes interest expense, certain corporate expenses and special charges. ³ A ROIC calculation worksheet is provided on page 13.



INDUSTRIAL

The industrial segment consists of four businesses that manufacture and market branded industrial products worldwide.



20% Industrial's share of Textron 2008 revenues

Fast Facts

- > Approximate revenues by region: Europe: 41%, U.S.: 37%, Asia Pacific: 9%, Latin America and Mexico: 7%, Canada: 5% and Middle East: 1%.
- > At the end of 2008, Textron's Industrial segment had approximately 8,200 employees, of which 64% were based outside of the U.S.

- > Manufacturing facilities are located in 19 countries: Australia, Belgium, Brazil, Canada, China, the Czech Republic, France, Germany, Italy, Japan, Mexico, Netherlands, Norway, Spain, Sweden, Switzerland, Thailand, the United Kingdom, and the United States.
- > Within each business group, non-U.S. revenues account for the following: E-Z-GO (10%), Jacobsen (63%), Greenlee (45%), and Kautex (82%).

E-Z-GO – 16% of Segment

Description

E-Z-GO is a leading global light transportation vehicle design and manufacturer for golf courses, municipalities and consumers, as well as commercial and industrial users, such as airports, resorts and factories. Products include electric-powered and internal combustion-powered golf cars and multipurpose utility vehicles in use worldwide.

Strategic Steps Forward

- > Drive demand of RXV and TXT golf cars as well as golf-focused maintenance vehicles; strengthen sales to non-golf customers, grow revenue in service, parts and accessories, and expand presence in foreign markets.
- > Leverage RXV platform to adjacent segments.
- > Institutionalize Textron Six Sigma principles and improve key business processes: Continue Lean implementation, and sustain efficiencies in integrated supply chain – introduce efficiencies in sales, marketing, engineering and transactional areas.

Jacobsen – 9% of Segment

Description

Jacobsen offers a comprehensive line of turf-care products for golf courses, sporting venues and municipalities, as well as commercial and industrial users. Products include professional turf maintenance equipment and specialized turf-care vehicles.

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 value through customer-driven product development as well as distribution sales and service performance.

Greenlee – 15% 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 contractor segments. Greenlee's recent acquisitions of Paladin Tools, Telefonix and Utilux have, respectively, expanded the company's presence in the voice/data/video channel, communications test product line and in global electrical connectors.

Strategic Steps Forward

- > Leverage Value Stream organization to drive rapid product development and innovation.
- > Decrease product development cycle time, driving speed to market.
- > Differentiation through improved logistics and material excellence.
- > Focus on enhanced total cost productivity model for contractor customer.
- > Operationalize brand promise across acquisitions.

Kautex – 60% of Segment

Description

Kautex is a leading global system supplier to the automotive industry. The company develops and produces blow-molded fuel systems, automotive clear vision systems (windshield and headlamp washer systems), Selective Catalytic Reduction Systems and blow-molded ducting and fluid reservoirs and other components, such as cooling pipes and acoustic components.

Strategic Steps Forward

- > Operationalize Textron Six Sigma and improve key business processes: Accelerate Lean implementation, integrated supply chain, customer leadership, and product development.
- > Continue serving customers in emerging global growth markets (e.g., Eastern Europe and Asia).

Key Data¹

Industrial

(Dollars in millions)

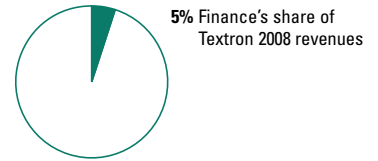
	2008	2007	2006	2005	2004
Revenues	\$2,918	\$2,825	\$2,611	\$2,559	\$2,583
Segment profit ²	\$ 67	\$ 173	\$ 149	\$ 125	\$ 169
Segment profit margin	2.3%	6.1%	5.7%	4.9%	6.5%
Total assets	\$1,788	\$1,916	\$1,839	\$1,763	\$1,967
Capital expenditures	\$ 69	\$ 83	\$ 70	\$ 93	\$ 92
Depreciation and amortization	\$ 83	\$ 79	\$ 80	\$ 92	\$ 92
ROIC ^{2,3}	3.8%	9.8%	8.9%	7.8%	9.9%

¹ In the third quarter of 2008, we reached an agreement to sell our Fluid & Power business, and we subsequently closed on this sale in the fourth quarter of 2008. As a result, Fluid & Power was reclassified out of the Industrial segment and into discontinued operations in the third quarter of 2008. All periods presented have been recast to reflect this presentation. ² Segment profit and ROIC represent measurements used by Textron for evaluating performance and for decision-making purposes. Segment profit for manufacturing segments excludes interest expense, certain corporate expenses and special charges. ³ A ROIC calculation worksheet is provided on page 13.

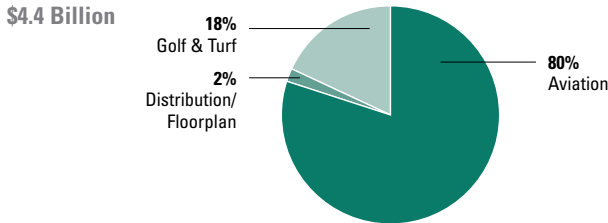


TEXTRON FINANCIAL

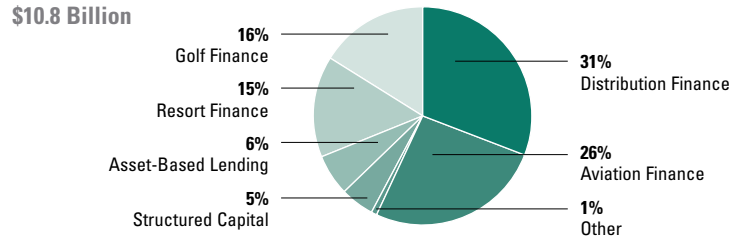
Textron Financial provides financing services to customers purchasing products manufactured by Textron Inc.



Textron Direct Sales Financing Receivables, by Category



Managed Finance Receivables



Strategic Steps Forward

- > Provide financing programs for the purchase of Textron manufactured products, including General Aviation and Golf & Turf Equipment.
- > Exit the existing non-captive finance portfolio through a combination of orderly liquidations and selected portfolio and business sales in order to convert receivables to cash.

Credit Ratings of Textron Financial

(as of March 17, 2009)	Senior Long-Term	Short-Term Commercial Paper
S&P	BB+	B
Fitch	BBB-	F3
Moody's	Baa2	P2

Textron Support Agreement

Under a Support Agreement with Textron dated as of May 25, 1994, Textron is required to pay to Textron Financial, quarterly, a cash payment sufficient to provide that Textron Financial maintains fixed charge coverage of no less than 125%. In the fourth quarter of 2008, Textron Financial's pre-tax earnings available for fixed charges, as defined in the Support Agreement, fell below 125% of the Company's fixed charges. Pursuant to the Support Agreement, Textron made a \$625 million cash payment to Textron Financial

which was reflected as a capital contribution. Textron also has agreed to maintain Textron Financial's consolidated shareholder's equity at an amount not less than \$200 million. Pursuant to the terms of the Support Agreement, Textron is required to maintain a controlling interest in Textron Financial. The Support Agreement also contains a third-party beneficiary provision entitling Textron Financial's lenders to enforce its provisions against Textron.

Key Data

Textron Financial

(Dollars in millions)

	2008	2007	2006	2005	2004
Finance receivables held for investment ¹	\$ 6,915	\$ 8,603	\$ 8,310	\$ 6,763	\$ 5,837
Finance receivables held for sale ¹	\$ 1,658	\$ —	\$ —	\$ —	\$ —
Managed finance receivables ²	\$10,821	\$11,123	\$10,241	\$ 8,995	\$ 8,135
Managed and serviced finance receivables ³	\$12,173	\$12,478	\$11,536	\$ 9,915	\$ 9,268
Return on average equity ⁴	(44.26)%	13.28%	14.13%	11.17%	9.49%
Net interest margin ⁵	4.74%	5.66%	5.81%	6.40%	7.14%
Operating efficiency ⁶	53.8%	44.6%	45.1%	48.8%	47.1%
60 Day + delinquency	2.59%	0.43%	0.77%	0.79%	1.47%
Non-performing assets	4.72%	1.34%	1.28%	1.53%	2.18%
Allowance for losses, % of finance receivables held for investment ¹	2.76%	1.03%	1.11%	1.43%	1.70%
Net charge-offs, % of average finance receivables ⁷	1.00%	0.45%	0.38%	0.51%	1.48%
Debt to tangible shareholder's equity ⁸	6.52x	7.76x	7.10x	6.19x	5.53x
Revenues	\$ 723	\$ 875	\$ 798	\$ 628	\$ 545
Segment profit (loss) ⁸	\$ (50)	\$ 222	\$ 210	\$ 171	\$ 139
Total assets ⁹	\$ 9,344	\$ 9,383	\$ 9,000	\$ 7,441	\$ 6,738
Capital expenditures	\$ 8	\$ 10	\$ 12	\$ 9	\$ 12
Dividends	\$ 151	\$ 144	\$ 89	\$ 109	\$ 80
ROIC ^{9,10}	(5.8)%	11.9%	12.7%	10.0%	8.0%

1 As a result of our exit plan, \$1.7 billion of our finance receivable portfolio is classified as held for sale and the remaining \$6.9 billion finance receivable portfolio is classified for held as investment. Finance receivables are classified as held for sale based on a determination that there is no longer the intent to hold the finance receivables for the foreseeable future or until maturity. 2 Managed finance receivables are owned receivables and receivables that continue to be serviced, but have been sold in securitizations or similar structures, where risks of ownership have been retained to the extent of our subordinated interests. 3 Managed and serviced finance receivables include receivables serviced under third-party portfolio servicing agreements. 4 Return on average equity excludes the cumulative effect of change in accounting principle. 5 Net interest margin represents revenues earned less interest expense on borrowings and operating lease depreciation as a percentage of average net investment. Average net investment includes finance receivables plus operating leases, less deferred taxes on leveraged leases. 6 Operating efficiency ratio is selling and administrative expenses divided by net interest margin. 7 Average finance receivables include both finance receivables held for investment and finance receivables held for sale. 8 Tangible shareholder's equity excludes accumulated other comprehensive income (loss) and goodwill. 9 Segment profit and ROIC represent measurements used by Textron for evaluating performance and for decision-making purposes. Segment profit for the Finance segment includes distributions on preferred securities of finance subsidiary trust before tax effects and excludes special charges. 10 A ROIC calculation worksheet is provided on page 13.

FINANCIAL DATA 2008–2004¹

(Dollars in millions,
except per share amounts)

	2008					2007					2006	2005	2004
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year			
Revenues													
Cessna	\$ 1,246	\$ 1,501	\$ 1,418	\$ 1,497	\$ 5,662	\$ 968	\$ 1,203	\$ 1,268	\$ 1,561	\$ 5,000	\$ 4,156	\$ 3,480	\$ 2,473
Bell	574	698	702	853	2,827	580	596	650	755	2,581	2,347	2,075	1,615
Textron Systems	575	528	503	510	2,116	359	319	326	330	1,334	1,061	806	639
Industrial	753	841	726	598	2,918	711	729	652	733	2,825	2,611	2,559	2,583
Finance	214	177	184	148	723	210	239	214	212	875	798	628	545
Total revenues	\$ 3,362	\$ 3,745	\$ 3,533	\$ 3,606	\$14,246	\$ 2,828	\$ 3,086	\$ 3,110	\$ 3,591	\$12,615	\$10,973	\$ 9,548	\$ 7,855
Segment profit²													
Cessna	\$ 207	\$ 262	\$ 238	\$ 198	\$ 905	\$ 155	\$ 200	\$ 222	\$ 288	\$ 865	\$ 645	\$ 457	\$ 267
Bell	53	68	63	94	278	25	7	58	54	144	108	269	156
Textron Systems	71	67	74	67	279	66	52	43	30	191	141	99	94
Industrial	41	44	6	(24)	67	60	55	23	35	173	149	125	169
Finance	42	13	18	(123)	(50)	52	68	54	48	222	210	171	139
Total segment profit	\$ 414	\$ 454	\$ 399	\$ 212	\$ 1,479	\$ 358	\$ 382	\$ 400	\$ 455	\$ 1,595	\$ 1,253	\$ 1,121	\$ 825
Segment profit margins													
Cessna	16.6%	17.4%	16.8%	13.2%	16.0%	16.0%	16.6%	17.5%	18.4%	17.3%	15.5%	13.1%	10.8%
Bell	9.2%	9.7%	9.0%	11.0%	9.8%	4.3%	1.2%	8.9%	7.2%	5.6%	4.6%	13.0%	9.7%
Textron Systems	12.3%	12.7%	14.7%	13.1%	13.2%	18.4%	16.3%	13.2%	9.1%	14.3%	13.3%	12.3%	14.7%
Industrial	5.4%	5.2%	0.8%	(4.0)%	2.3%	8.4%	7.5%	3.5%	4.8%	6.1%	5.7%	4.9%	6.5%
Finance	19.6%	7.3%	9.8%	(83.1)%	(6.9)%	24.8%	28.5%	25.2%	22.6%	25.4%	26.3%	27.2%	25.5%
Total profit margin	12.3%	12.1%	11.3%	5.9%	10.4%	12.7%	12.4%	12.9%	12.7%	12.6%	11.4%	11.7%	10.5%
Special charges ³	—	—	—	(526)	(526)	—	—	—	—	—	—	(118)	(39)
Corporate expenses and other, net	(41)	(43)	(38)	(48)	(170)	(51)	(67)	(52)	(86)	(256)	(206)	(202)	(159)
Interest expense, net for Manufacturing group	(30)	(29)	(32)	(34)	(125)	(24)	(23)	(19)	(21)	(87)	(90)	(90)	(94)
Income tax (expense) benefit	(115)	(128)	(119)	48	(314)	(87)	(81)	(104)	(101)	(373)	(264)	(215)	(162)
Income (loss) from continuing operations	\$ 228	\$ 254	\$ 210	\$ (348)	\$ 344	\$ 196	\$ 211	\$ 225	\$ 247	\$ 879	\$ 693	\$ 496	\$ 371
EPS from continuing operations – diluted^{4,5}	\$ 0.90	\$ 1.00	\$ 0.85	\$ (1.44)	\$ 1.38	\$ 0.77	\$ 0.83	\$ 0.88	\$ 0.97	\$ 3.45	\$ 2.66	\$ 1.82	\$ 1.32
Effective income tax rate	33.5%	33.5%	36.2%	12.1%	47.7%	30.7%	27.7%	31.6%	29.0%	29.8%	27.6%	30.2%	30.4%
Common stock information⁴													
Price range : High	\$ 71.30	\$ 64.24	\$ 48.87	\$ 29.28	\$ 71.30	\$ 49.10	\$ 56.91	\$ 63.13	\$ 73.38	\$ 73.38	\$ 49.19	\$ 40.02	\$ 37.31
Low	\$ 51.26	\$ 47.73	\$ 32.04	\$ 11.69	\$ 11.69	\$ 44.08	\$ 45.35	\$ 53.01	\$ 62.58	\$ 44.08	\$ 37.88	\$ 32.92	\$ 25.42
Dividends declared per share	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.92	\$ 0.194	\$ 0.194	\$ 0.23	\$ 0.23	\$ 0.85	\$ 0.78	\$ 0.70	\$ 0.66
Average shares outstanding (in thousands) – diluted ⁶	254,358	254,019	246,524	241,405	249,830	254,873	254,271	254,321	255,294	254,826	260,444	272,892	280,339

¹ The following businesses were reclassified to discontinued as a result of management's strategic decisions to dispose of these businesses:

2008 – Fluid & Power (part of Industrial segment)
2005 – Fastening Systems
2004 – InteSys (part of Industrial segment)

² Segment profit is an important measure used for evaluating performance and for decision-making purposes. Segment profit for manufacturing segments excludes interest expense, certain corporate expenses, and special charges. The measurement for the Finance segment includes interest income and expense and excludes special charges.

³ For 2008, special charges include restructuring charges of \$64 million and charges related to strategic actions taken at the Finance segment totaling \$462 million. During the fourth quarter of 2008, we announced our plan to exit portions of our commercial finance business. As a result, we recorded an impairment charge of \$169 million for unrecoverable goodwill and designated a portion of our finance receivables as held for sale, resulting in an initial pre-tax mark-to-market adjustment of \$293 million. For 2005, special charges include \$112 million in charges related to the disposition of the Automotive Trim (Trim) business and \$6 million in restructuring charges. For 2004, special charges include \$51 million in restructuring charges, net of a \$12 million gain on the sale of an investment related to the Trim disposition.

⁴ All prior periods presented have been restated to reflect a two-for-one stock split in 2007.

⁵ For Q4 2008, the diluted earnings per average shares base excludes potential common shares such as convertible preferred stock, stock options and restricted stock due to their antidilutive effect resulting from the net loss.

⁶ Diluted average common shares outstanding assumes full conversion of outstanding preferred stock and exercise of stock options.

SELECTED FINANCIAL STATISTICS 2008-2004

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

		2008	2007	2006	2005	2004
Income Statement Data	Revenues	\$ 14,246	\$ 12,615	\$ 10,973	\$ 9,548	\$ 7,855
	Segment profit	\$ 1,479	\$ 1,595	\$ 1,253	\$ 1,121	\$ 825
	Special charges	(526)	—	—	(118)	(39)
	Corporate expenses and other, net	(170)	(256)	(206)	(202)	(159)
	Interest expense, net for the Manufacturing group	(125)	(87)	(90)	(90)	(94)
	Income taxes	(314)	(373)	(264)	(215)	(162)
	Effective tax rate	47.7%	29.8%	27.6%	30.2%	30.4%
	Income from continuing operations	\$ 344	\$ 879	\$ 693	\$ 496	\$ 371
	Diluted EPS from continuing operations	\$ 1.38	\$ 3.45	\$ 2.66	\$ 1.82	\$ 1.32
Cash Flow Items – Manufacturing group	Earnings of Finance group, net of distributions	\$ 603	\$ (10)	\$ (73)	\$ (14)	\$ (23)
	Depreciation and amortization	363	285	240	245	219
	Special charges	37	—	—	118	59
	Net cash used in acquisitions	(109)	(1,092)	(338)	(28)	(5)
	Net proceeds from sale of businesses	—	(14)	8	(1)	3
	Net change in debt	386	256	(252)	266	(347)
	Dividends paid	(284)	(154)	(244)	(189)	(135)
	Purchases of Textron common stock	(533)	(304)	(761)	(597)	(415)
	Total number of shares purchased (in thousands) ¹	11,646	5,884	17,148	16,069	13,069
	Balance Sheet Data – Manufacturing group	Cash and cash equivalents	\$ 531	\$ 471	\$ 733	\$ 786
Accounts receivable, net		924	958	848	781	734
Inventories		3,159	2,593	1,970	1,634	1,454
Property, plant and equipment, net		2,115	1,918	1,698	1,505	1,431
Goodwill		1,865	1,916	1,051	778	796
Total assets from continuing operations		10,640	10,001	7,979	7,492	7,024
Total debt		2,569	2,146	1,796	1,930	1,763
Total liabilities from continuing operations		9,238	7,772	6,598	6,160	5,728
Free Cash Flow Calculation – Manufacturing group ²	Shareholders' equity	2,366	3,507	2,649	3,276	3,652
	Net cash provided by operating activities of continuing operations before capital contributions and net dividends from Textron Financial Corporation (TFC) – Non-GAAP	\$ 899	\$ 1,019	\$ 994	\$ 748	\$ 891
	Less: Capital contribution to TFC	(625)	—	—	—	—
	Plus: Net dividends from TFC	142	135	80	100	71
Free Cash Flow Calculation – Manufacturing group	Net Cash provided by operating activities of continuing operations – GAAP	\$ 416	\$ 1,154	\$ 1,074	\$ 848	\$ 962
	Less: Capital expenditures	(542)	(375)	(407)	(348)	(231)
	Plus: Proceeds on sale of property, plant and equipment	9	6	7	22	38
Free cash flow – Manufacturing group – Non-GAAP	\$ (117)	\$ 785	\$ 674	\$ 522	\$ 769	
Key Ratios	Segment profit margin	10.4%	12.6%	11.4%	11.7%	10.5%
	Debt-to-capital (net of cash) – Manufacturing group	46%	32%	29%	26%	25%
	Selling and administrative expenses as % of sales	11.5%	12.5%	12.8%	13.6%	14.1%
	Inventory turns (based on FIFO)	3.3x	3.6x	4.0x	4.0x	3.8x
	Ratio of income to fixed charges – Manufacturing group	8.73x	9.63x	7.62x	6.33x	4.74x
Stock-Related Information	Stock price at year-end ¹	\$ 15.37	\$ 71.62	\$ 46.88	\$ 38.49	\$ 36.90
	Dividend payout ratio ³	67%	25%	29%	38%	50%
	Dividends declared per share ¹	\$ 0.92	\$ 0.85	\$ 0.78	\$ 0.70	\$ 0.66
Other Statistics	Research and development	\$ 980	\$ 814	\$ 786	\$ 691	\$ 573
	Number of employees at year-end	43,000	42,000	38,000	35,000	32,000
	Average revenues per employee (in thousands)	\$ 336	\$ 325	\$ 301	\$ 285	\$ 257

¹ All prior periods presented have been restated to reflect a two-for-one stock split in 2007.

² In 2008, Textron Inc. was required to pay a capital contribution to Textron Financial Corporation ("TFC") under a Support Agreement. This payment is included as a cash outflow from operating activities for the Manufacturing group, while the net dividends received from Textron Inc.'s investment in TFC are included as operating cash inflow of the Manufacturing group. We believe that net cash provided by operating activities of continuing operations for the Manufacturing group before this capital contribution to TFC and dividends received from TFC, although not a GAAP financial measure, is useful for investors to understand the cash generated by the Manufacturing group to fund its activities, as well as obligations under the Support Agreement.

Free cash flow is a measure generally used by investors, analysts and management to gauge a company's ability to generate cash from business operations in excess of that necessary to be reinvested to sustain and grow the business. Our definition of free cash flow for the Manufacturing group uses net cash provided by operating activities of continuing operations, less capital expenditures, net of proceeds from the sale of plant, property and equipment. In 2008, we changed our definition of free cash flow to exclude adjustments for capital expenditures financed with capital lease transactions. Prior period information has been recast to reflect this change.

We believe that our free cash flow calculation provides a relevant measure of liquidity and a useful basis for assessing the company's ability to fund its activities. Free cash flow is not a financial measure under GAAP and should be used in conjunction with GAAP cash measures provided in our Consolidated Statement of Cash Flows. Our free cash flow measure may not be comparable to similarly titled measures reported by other companies, as there is no definitive accounting standard on how the measure should be calculated.

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

RETURN ON INVESTED CAPITAL (ROIC)

ROIC is a non-GAAP financial measure that our management believes is useful to investors as a measure of performance and of the effectiveness of the use of capital in our operations. Management uses ROIC as one measure to monitor and evaluate the performance of the company, including for executive compensation purposes.

We measure performance based on our return on invested capital (ROIC), which is calculated by dividing ROIC income by average invested capital. ROIC income includes income from continuing operations, excluding operating income from 2007 acquisitions, and adds back after-tax amounts for 1) interest expense for the Manufacturing group, 2) special charges, 3) gains or losses on the sales of businesses or product lines and 4) operating results related to discontinued operations during the period. In 2006, we changed our policy for calculating ROIC income to include amortization expense of intangible assets.

At the beginning of the year, our invested capital represents total shareholders' equity and Manufacturing group debt, less its cash and cash equivalents. At the end of the year, we typically adjust ending invested capital for significant events unrelated to our normal operations for the year. In 2008, we adjusted invested capital to eliminate the impact of the Manufacturing group's loan to the Finance group. In 2008, 2007, and 2006, we adjusted invested capital to eliminate the net cash used by the Manufacturing group for acquisitions. In 2008 and 2006, we adjusted invested capital to exclude the net cash proceeds from the sale of businesses. In 2008 and 2005, we adjusted invested capital to eliminate the after-tax impact of special charges, the gain on the sale of a business and a product line and the non-operating net charges from discontinued operations. In 2006, we adjusted invested capital to eliminate the impact of the adoption of Statement of Financial Accounting Standard (SFAS) No. 158.

TOTAL TEXTRON

(Dollars in millions)	2008	2007	2006	2005	2004
ROIC Income					
Income from continuing operations	\$ 344	\$ 879	\$ 693	\$ 496	\$ 371
Interest expense for Manufacturing group, net of income taxes	80	56	58	58	60
Operating income from acquisitions, net of income taxes	—	(2)	—	—	—
Special charges and gain on sale of businesses/product lines, net of income taxes ¹	446	—	—	69	40
Operating results of businesses in discontinued operations, net of income taxes ²	22	36	13	8	60
Amortization expense of intangible assets, net of income taxes ³	—	—	—	2	3
ROIC Income	\$ 892	\$ 969	\$ 764	\$ 633	\$ 534
Invested Capital at end of year					
Total shareholders' equity	\$2,366	\$3,507	\$2,649	\$3,276	\$3,652
Total Manufacturing group debt ⁴	2,569	2,146	1,800	1,953	1,791
Loan to Finance group	(133)	—	—	—	—
Cash and cash equivalents for Manufacturing group	(531)	(471)	(733)	(817)	(605)
Net cash used by Manufacturing group for acquisitions	(109)	(1,092)	(338)	—	—
Eliminate special charges, net of income taxes	446	—	—	99	—
Eliminate net cash proceeds from sale of businesses ²	380	—	644	—	—
Eliminate impact of gain on sale of businesses/product lines	(111)	—	—	(30)	—
Eliminate impact of net charges from discontinued operations ⁵	—	—	—	263	—
Adjustment to shareholders' equity related to adoption of SFAS No. 158	—	—	647	—	—
Invested Capital at end of year, as adjusted	4,877	4,090	4,669	4,744	4,838
Invested Capital at beginning of year	5,184	3,716	4,412	4,838	5,231
Average Invested Capital	\$5,031	\$3,903	\$4,541	\$4,791	\$5,035
Return on Invested Capital	17.7%	24.8%	16.8%	13.2%	10.6%

(Dollars in millions)	2008	2007	2006	2005	2004
ROIC Income					
Segment profit	\$ 905.3	\$ 864.9	\$ 644.5	\$ 456.8	\$ 267.3
Operating loss from acquisition	—	2.1	—	—	—
Interest component of operating leases ⁶	18.5	16.2	15.8	20.2	13.1
Corporate charge ⁷	(13.7)	(10.2)	(8.7)	(9.5)	(12.1)
Income taxes ⁸	(300.3)	(275.0)	(217.5)	(155.6)	(92.7)
Segment ROIC Income	\$ 609.8	\$ 598.0	\$ 434.1	\$ 311.9	\$ 175.6
Average Invested Capital					
Average segment investment ⁹	\$ 916.3	\$ 763.7	\$ 697.8	\$ 733.6	\$ 838.8
Operating leases ⁶	188.4	176.9	192.1	204.3	175.5
Average Invested Capital	\$1,104.7	\$ 940.6	\$ 889.9	\$ 937.9	\$1,014.3
Return on Invested Capital	55.2%	63.6%	48.8%	33.3%	17.3%

Bell¹⁰

(Dollars in millions)

	2008	2007	2006	2005	2004
ROIC Income					
Segment profit	\$ 277.5	\$ 144.3	\$ 107.7	\$ 269.4	\$ 155.5
Interest component of operating leases ⁶	5.4	5.5	3.6	3.4	4.0
Corporate charge ⁷	(28.6)	(26.7)	(22.5)	(16.2)	(14.7)
Income taxes ⁸	(68.2)	(27.1)	(21.5)	(81.9)	(41.3)
Eliminate after-tax gain on sale of a product line	—	—	—	(19.5)	—
Segment ROIC Income	\$ 186.1	\$ 96.0	\$ 67.3	\$ 155.2	\$ 103.5
Average Invested Capital					
Average segment investment ⁹	\$1,273.9	\$1,179.2	\$ 992.5	\$ 720.3	\$ 654.9
Operating leases ⁶	71.9	73.1	51.1	44.9	53.5
Average Invested Capital	\$1,345.8	\$1,252.3	\$1,043.6	\$ 765.2	\$ 708.4
Return on Invested Capital	13.8%	7.7%	6.4%	20.3%	14.6%

Textron Systems¹⁰

(Dollars in millions)

	2008	2007	2006	2005	2004
ROIC Income					
Segment profit	\$ 279.1	\$ 190.5	\$ 141.3	\$ 98.5	\$ 94.1
Operating profit from acquisition	—	(4.7)	—	—	—
Interest component of operating leases ⁶	3.9	2.3	0.9	0.7	0.7
Corporate charge ⁷	(14.3)	(8.6)	(5.9)	(4.3)	(3.8)
Income taxes ⁸	(88.1)	(61.4)	(43.1)	(29.4)	(30.8)
Segment ROIC Income	\$ 180.6	\$ 118.1	\$ 93.2	\$ 65.5	\$ 60.2
Average Invested Capital					
Average segment investment ⁹	\$1,769.3	\$ 713.3	\$ 343.8	\$ 269.8	\$ 249.1
Operating leases ⁶	52.1	31.3	9.9	9.2	9.7
Average Invested Capital	\$1,821.4	\$ 744.6	\$ 353.7	\$ 279.0	\$ 258.8
Return on Invested Capital	9.9%	15.9%	26.4%	23.5%	23.3%

Industrial¹¹

(Dollars in millions)

	2008	2007	2006	2005	2004
ROIC Income					
Segment profit	\$ 66.9	\$ 173.2	\$ 148.8	\$ 124.5	\$ 168.7
Operating loss from acquisition	0.2	—	—	—	—
Amortization expense of intangible assets ³	—	—	—	3.8	5.1
Interest component of operating leases ⁶	4.1	4.0	4.4	4.8	4.9
Corporate charge ⁷	(19.4)	(18.1)	(16.8)	(17.3)	(17.5)
Income taxes ⁸	(2.6)	(40.1)	(33.7)	(24.2)	(42.2)
Segment ROIC Income	\$ 49.2	\$ 119.0	\$ 102.7	\$ 91.6	\$ 119.0
Average Invested Capital					
Average segment investment ⁹	\$1,240.6	\$1,157.0	\$1,094.3	\$1,115.4	\$1,139.0
Operating leases ⁶	57.8	53.9	59.2	62.8	64.4
Average Invested Capital	\$1,298.4	\$1,210.9	\$1,153.5	\$1,178.2	\$1,203.4
Return on Invested Capital	3.8%	9.8%	8.9%	7.8%	9.9%

Finance

(Dollars in millions)

	2008	2007	2006	2005	2004
ROIC Income					
Segment profit	\$ (49.9)	\$ 222.0	\$ 210.4	\$ 171.3	\$ 139.4
Corporate charge ⁷	(24.5)	(24.8)	(24.5)	(22.6)	(22.6)
Income taxes ⁸	12.2	(68.7)	(50.8)	(50.0)	(38.0)
Segment ROIC Income	\$ (62.2)	\$ 128.5	\$ 135.1	\$ 98.7	\$ 78.8
Average Invested Capital					
Average Shareholder's equity ¹²	\$1,063.7	\$1,078.4	\$1,063.6	\$ 984.4	\$ 983.3
Return on Invested Capital	(5.8)%	11.9%	12.7%	10.0%	8.0%

1 For 2005, excludes \$6 million in special charges related to restructuring. 2 Includes Fluid & Power (2008) and Textron Fastening Systems (2005) divestitures. 3 In 2006, we changed our policy for calculating ROIC Income to include amortization expense of intangible assets. 4 Includes amounts classified as discontinued operations. 5 Excludes a \$38 million cumulative translation adjustment charge included within loss from discontinued operations, net of income taxes, that was fully offset by an increase in the other comprehensive (loss) income component of shareholders' equity. 6 Off-balance sheet operating leases are added to the manufacturing segments' average investment to reflect actual long-term obligations and an estimated interest component is added back to segment profit to reflect the interest portion of rental expenses. 7 Manufacturing segments are assessed a charge equal to 2.3% of their average segment investment excluding goodwill and operating leases. 8 A tax rate is determined for each segment based on the underlying divisions and the countries in which they operate. 9 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. Investments in acquisitions are excluded in the year of the acquisition. 10 2004-2007 restated to separate Bell segment from Textron Systems segment. 11 2004-2007 restated to exclude Fluid & Power unit. 12 Adjusted for special charges.

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