Textron’s Diverse Product Portfolio

Textron is known around the world for its powerful brands of aircraft, defense and industrial products that provide customers with groundbreaking technologies, innovative solutions and first-class service.
Textron’s Global Network of Businesses

**TEXTRON AVIATION**

Textron Aviation is home to the Beechcraft®, Cessna®, and Hawker® aircraft brands, and continues to lead general aviation through two principal lines of business: aircraft sales and aftermarket. Aircraft sales include business jet, turboprop and piston aircraft, as well as special mission and military aircraft. Aftermarket includes commercial parts sales, maintenance, inspection and repair services.

**BELL HELICOPTER**

Bell Helicopter is one of the leading suppliers of helicopters and related spare parts and services in the world. Bell is the pioneer of the revolutionary tiltrotor aircraft and has delivered more than 35,000 aircraft to customers around the world. Greater than 29% of all helicopters in operation today carry the Bell brand, including both military and commercial applications.

**INDUSTRIAL**

Our Industrial segment offers three main product lines: fuel systems and functional components produced by Kautex; specialized vehicles and equipment manufactured by Textron Specialized Vehicles businesses and tools and test equipment made by the Textron Tools & Test companies.

**TEXTRON SYSTEMS**

Textron Systems’ businesses provide innovative solutions to the defense, aerospace and general aviation markets. Product lines include unmanned systems, armored vehicles, advanced marine craft and surveillance systems, intelligence software solutions, piston engines, simulation, training and other defense and aviation mission support products and services.

**FINANCE**

Our Finance segment, operated by Textron Financial Corporation (TFC), is a commercial finance business that provides financing solutions for purchasers of Textron products, primarily Textron Aviation aircraft and Bell helicopters. For more than five decades, TFC has played a key role for Textron customers around the globe.

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**Selected Year-Over-Year Financial Data**

(Dollars in Millions, Except Per Share Amounts)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>$13,788</td>
<td>$13,423</td>
</tr>
<tr>
<td>Total Segment Profit</td>
<td>1,309</td>
<td>1,255</td>
</tr>
<tr>
<td>Income from Continuing Operations</td>
<td>843</td>
<td>698</td>
</tr>
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</table>

**PER SHARE OF COMMON STOCK**

Common Stock Price:

<table>
<thead>
<tr>
<th></th>
<th>High</th>
<th>Low</th>
<th>Year-End</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>$49.82</td>
<td>$30.69</td>
<td>48.56</td>
</tr>
<tr>
<td>Low</td>
<td>$46.93</td>
<td>$32.20</td>
<td>42.01</td>
</tr>
<tr>
<td>Diluted Earnings from Continuing Operations</td>
<td>3.09</td>
<td>2.50</td>
<td></td>
</tr>
</tbody>
</table>

**COMMON SHARES OUTSTANDING (In Thousands)**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diluted Average</td>
<td>272,365</td>
<td>278,727</td>
</tr>
<tr>
<td>Year-End</td>
<td>270,287</td>
<td>274,228</td>
</tr>
</tbody>
</table>

**FINANCIAL POSITION**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$15,358</td>
<td>$14,708</td>
</tr>
<tr>
<td>Manufacturing Group Debt</td>
<td>2,777</td>
<td>2,697</td>
</tr>
<tr>
<td>Finance Group Debt</td>
<td>903</td>
<td>913</td>
</tr>
<tr>
<td>Shareholders’ Equity</td>
<td>5,574</td>
<td>4,964</td>
</tr>
<tr>
<td>Manufacturing Group Debt-to-Capital (Net of Cash)</td>
<td>23%</td>
<td>26%</td>
</tr>
<tr>
<td>Manufacturing Group Debt-to-Capital</td>
<td>33%</td>
<td>35%</td>
</tr>
</tbody>
</table>

**KEY PERFORMANCE METRICS**

Net Cash Provided by Operating Activities of Continuing Operations for Manufacturing Group—GAAP $988 $1,038

Manufacturing Cash Flow Before Pension Contributions—Non-GAAP1 573 631

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1. Manufacturing Cash Flow Before Pension Contributions is a Non-GAAP Measure. See page immediately preceding Form 10-K for Reconciliation to GAAP.
Fellow Shareholders,

When the Citation Longitude lifted off from a Wichita airfield for its first test flight on October 8, it marked more than the first flight of a new aircraft. It was one of the many milestones representative of our strategy for growth and emblematic of our progress as a company. From the development and launch of exciting new products to the enhancement of customer support programs and the strategic acquisition of new businesses, we attained a number of significant goals in 2016. This resulted in 2016 revenues of $13.8 billion, up 3 percent from the previous year, and a segment profit of $1.3 billion with a profit margin of 9.5%.

EXECUTING ON OUR STRATEGY FOR GROWTH

In 2016, our businesses kept their focus on our key drivers for growth and execution. Demonstrating its robust product pipeline, Textron Aviation made progress with its new Citation family of business jets: the Citation Latitude had its first full year of sales, receiving a strong customer response; the Citation Longitude, in addition to making its first flight, had a second aircraft enter into the test program less than a month later; and the Citation Hemisphere continued making progress in its development phase.

At Bell Helicopter, the challenging commercial helicopter market resulted in fewer helicopter deliveries than the previous year, but the business remained focused on the long term with new product development. The Bell 505 Jet Ranger X received type certification in December from Transport Canada Civil Aviation, a critical step for deliveries of this highly anticipated short, light, single-engine helicopter set to begin in early 2017. On the military side, the Bell V-280 Valor tiltrotor progressed toward its scheduled first flight in 2017, and there were new orders for Bell UH-1Y Venom utility and AH-1Z Viper attack helicopters.

Even as our U.S. military customers faced budgetary constraints, Textron Systems realized successes on both the domestic and international fronts. Our Marine & Land Systems business received a foreign military sales contract from Iraq and Colombia for 60 COMMANDO Select vehicles and an order for five additional Ship-to-Shore Connectors; our Unmanned Systems business received a contract for an additional 24 Shadow V2 Tactical Unmanned Aircraft Systems (TUAS) upgrades; our Support Solutions business won a $206 million contract from the U.S. Army to sustain the Shadow TUAS; and our Electronic Systems business won several contracts for testing equipment and testing stations. Marine & Land Systems also began deliveries of the Tactical Armoured Patrol Vehicle to the Canadian Army.

A YEAR OF EXPANSION AND INNOVATION

<table>
<thead>
<tr>
<th>JANUARY</th>
<th>FEBRUARY</th>
<th>MARCH</th>
<th>APRIL</th>
<th>MAY</th>
<th>JUNE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Able Engineering &amp; Component Services acquired</td>
<td>Textron Off Road</td>
<td>TRU awarded Boeing 777x flight simulator contract</td>
<td>Airborne Tactical Advantage Company acquired</td>
<td>Premier Engineering &amp; Manufacturing acquired</td>
<td>Bell V-280 Valor wing and fuselage mated</td>
</tr>
</tbody>
</table>
Our Industrial segment launched new products and won business both in the U.S. and abroad. Textron Specialized Vehicles expanded its ground service equipment business with two acquisitions and added several new off-road powersports vehicles to its product lineup. Kautex secured new automotive fuel systems business with Ford, Toyota and BMW.

WINNING NEW BUSINESS AND DELIVERING FOR CUSTOMERS

With its entry into service in September 2015 and a full year of deliveries in 2016, the Citation Latitude demonstrated the importance of new products to our company. Customers around the world embraced the reliability, efficiency and total ownership value of this mid-size business jet. NetJets, a long-time Textron Aviation customer, announced in June that it was adding up to 50 units to its initial Latitude order, bringing its total order and options to up to 200 aircraft based on customer reception to this exciting new aircraft.

TRU Simulation + Training demonstrated its global reach, securing contracts with Air Arabia, Avianca, China Express, Qingdao Airlines, Finnair Flight Academy, and the Flight Simulation Technique Centre in India. Working with Bell Helicopter, TRU developed and installed its first Bell 429 full-flight simulator at the Bell Helicopter Training Academy in Valencia, Spain. TRU continued to grow its relationship with Boeing, winning the contract to develop the full-flight simulator for the Boeing 777X, its newest twin-aisle airplane. TRU also delivered the first of its Boeing 737 MAX full flight training suites to Boeing’s flight training operations.

Demonstrating its confidence in deploying our aircraft to hotspots around the world, the U.S. Marine Corps entered into a $461 million contract to purchase 12 UH-1Y Venom utility helicopters and 16 AH-1Z Viper attack helicopters from Bell Helicopter. On the commercial side, Bell Helicopter continued to make progress in China with the first Bell 407GXP sold to an aviation firm for use as corporate transport and for helicopter tours. Meanwhile, customer interest in the Bell 525 Relentless, which is under development, is continuing to grow with one customer announcing at Heli-Expo its intent to purchase 10 aircraft.

With 34 facilities in 16 countries and innovative automotive products like its Selective Catalytic Reduction (SCR) system, Kautex continued to win new business around the world. Ford selected Kautex’s SCR system for its Mondeo, Kuga and Focus models in Europe, while BMW announced it will use Kautex fuel tanks for its 1 Series vehicles globally beginning in 2019. With these contracts, Kautex is now the supplier for all of Ford’s Gen 3 SCR tank and filler business in Europe and, from 2019 onward, for all vehicles on BMW’s UKL platform, which encompasses its 1 and 2 Series as well as its X1, X2 and Mini series of vehicles.

MILESTONES FOR NEW PRODUCTS AND CUSTOMER SERVICE

Knowing that new products drive customer interest and sales, we made progress on several new product development programs in 2016. In addition to flying two Citation Longitudes in the flight test program, we announced at the 2016 National Business Aviation Association (NBAA) show an improved range of 3,500 nautical miles and an improved fuel payload of 1,600 pounds.

Also at the NBAA show, a cabin mockup of the Citation Hemisphere, our large-cabin jet targeted for first flight in 2019, was on display, representing our ongoing commitment to a continuous pipeline of new products. Textron Aviation also unveiled the Cessna Denali as the name of its new, clean sheet, single-engine turboprop aircraft, targeted for first flight in 2018, which will have the widest and most comfortable cabin in its class and offer best-in-class operating costs.

Textron AirLand achieved two significant milestones with the Scorpion jet, a tactical aircraft designed to excel...
in multi-mission roles from intelligence, surveillance and reconnaissance to close air support and armed reconnaissance. In October, the Scorpion completed a successful test deploying three widely-used weapons systems and, in December, the first production conforming Scorpion jet successfully completed its maiden flight. This latest version of the Scorpion incorporates a number of improvements based on customer feedback and an extensive flight test program. The business has also entered into a first-of-Its-kind Cooperative Research and Development Agreement with the U.S. Air Force to conduct the airworthiness assessment of this novel new aircraft.

We are also addressing the evolving needs of the military for next-generation and unmanned aircraft. Bell made progress on the V-280 Valor tiltrotor program, mating the wing and fuselage of this aircraft in support of first flight scheduled in 2017. In October, Bell Helicopter announced the V-247 Vigilant, an unmanned tiltrotor, further displaying our leadership in tiltrotor technology and our commitment to meeting the needs of our military customers.

Textron Systems continued to invest in the research and development of exciting next-generation products to meet our customers’ needs. In 2016, Textron Systems Unmanned Systems introduced a line of command and control products that can be integrated with a range of platforms, including its unmanned aircraft systems, to gather and disseminate information that can provide operators with greater situational awareness on missions.

Textron Specialized Vehicles (TSV) unveiled its highly-anticipated Textron Off Road Stampede, a 4x4 off-road vehicle with a high-performance motor and suspension developed specifically for the side-by-side off-road powersports segment of the market. The Stampede is part of a family of vehicles designed to expand TSV’s reach into this segment. Jacobsen released its new HR series of wide-area rotary mowers that deliver exceptional efficiency, productivity and comfort to operators.

Enhancing our service and support network for customers represents a competitive advantage for our businesses. In 2016, Bell introduced its Customer Advantage Plans to provide customers with comprehensive coverage solutions for their daily operations. For the 22nd consecutive year, Bell Helicopter’s customer service was ranked first by readers of Professional Pilot and first in Vertical’s Original Equipment Manufacturing survey in several leading industry sectors. To expand its coverage through its authorized service centers and mobile service units, Textron Aviation launched 1Call, a single point of contact for Beechcraft, Cessna and Hawker customers when there are unscheduled maintenance events.

STRATEGIC ACQUISITIONS COMPLEMENT OUR PRODUCT AND SERVICE OFFERINGS

Our acquisitions during the year complemented our businesses, enabling us to reach new customers and expand our portfolio of products to serve adjacent markets. Acquiring Able Engineering & Component Services Inc. and Able Aerospace Inc. in January aligned with our strategy to enhance maintenance and repair capabilities for both commercial rotorcraft and fixed-wing customers around the world so they can quickly get their aircraft back in service.

In April, we acquired Airborne Tactical Advantage Company (ATAC), a Newport News, Virginia-based company that provides tactical training and adversary aggressor services for U.S. Navy, Marine and Air Force pilots in the U.S. and Japan. With the goal of providing a full spectrum of military pilot training support solutions in the U.S. and internationally, we formed Textron Airborne Solutions, a new business unit that includes ATAC.

TSV acquired two highly-regarded de-icing manufacturers—Premier Engineering & Manufacturing in Wisconsin and Safeaero in Sweden—strengthening our ground support equipment business and expanding our product offerings for our aviation industry customers.

PUTTING THE PIECES IN PLACE FOR GROWTH

We can take pride in what we accomplished in 2016. Not only did we mark the year with product and service milestones, we improved our manufacturing processes and realized productivity gains across our operations. These achievements, along with our investments in new product development and strategic acquisitions, are what drives profitable growth and creates long-term value for our shareholders. With the support of our employees, customers and investors, we look forward to achieving major milestones in 2017, poised for growth and more competitive than ever.

Scott C. Donnelly
Chairman and Chief Executive Officer
## Leadership

### Board of Directors

- **Scott C. Donnelly** (1)  
  Chairman, President and CEO  
  Textron Inc.
- **Kathleen M. Bader** (1) (2)  
  President and CEO (Retired)  
  NatureWorks LLC
- **R. Kerry Clark** (1) (2)  
  Chairman and CEO (Retired)  
  Cardinal Health, Inc.
- **James T. Conway** (2) (3)  
  General (Retired)  
  U.S. Marine Corps
- **Ivor J. Evans** (2) (3)  
  Executive Chairman (Retired)  
  Meritor, Inc.
- **Lawrence K. Fish** (3) (4)  
  Chairman and CEO (Retired)  
  Citizens Financial Group, Inc.
- **Paul E. Gagné** (2) (4)  
  Chairman  
  Wajax Corporation
- **Dain M. Hancock** (2) (4)  
  Executive Vice President (Retired)  
  Lockheed Martin Corporation
- **Ralph D. Heath** (2) (4)  
  Executive Vice President — Aeronautics (Retired)  
  Lockheed Martin Corporation
- **Lord Powell of Bayswater** (3) (4)  
  Former Private Secretary and Advisor on Foreign Affairs and Defense to Prime Ministers Margaret Thatcher and John Major
- **Lloyd G. Trotter** (1) (4)  
  Managing Partner  
  GenNx 360 Capital Partners
- **James L. Zuber** (3) (4)  
  Vice President, Research  
  Massachusetts Institute of Technology

### Numbers Indicate Committee Memberships:

- (1) Executive Committee: Chair, Scott C. Donnelly
- (2) Audit Committee: Chair, R. Kerry Clark
- (3) Nominating and Corporate Governance Committee: Chair, Kathleen M. Bader
- (4) Organization and Compensation Committee: Chair, Lloyd G. Trotter
- (5) Lead Director: Lloyd G. Trotter

### Executive Officers

- **Scott C. Donnelly**  
  Chairman, President and CEO  
  Textron Inc.
- **Frank T. Connor**  
  Executive Vice President and Chief Financial Officer  
  Textron Inc.
- **Cheryl H. Johnson**  
  Executive Vice President, Human Resources  
  Textron Inc.
- **E. Robert Lupone**  
  Executive Vice President, General Counsel and Secretary  
  Textron Inc.
- **Russ Bartlett**  
  President and CEO  
  Textron Airborne Solutions
- **Jason Butchko**  
  President and CEO  
  Greenlee Textron Inc., Sherman + Reilly Inc., and HD Electric Company
- **Scott A. Ernest**  
  President and CEO  
  Textron Aviation
- **Kevin P. Holleran**  
  President and CEO  
  Industrial Segment and Textron Specialized Vehicles
- **Ellen M. Lord**  
  President and CEO  
  Textron Systems Segment
- **R. Danny Maldonado**  
  President and CEO  
  Textron Financial Corporation
- **Jörg Rautenstrauch**  
  President and CEO  
  Kautex
- **Mitch Snyder**  
  President and CEO  
  Bell Helicopter
- **Ian K. Walsh**  
  President and CEO  
  TRU Simulation + Training Inc.
- **Mark S. Bamford**  
  Vice President and Corporate Controller  
  Textron Inc.
- **Julie G. Duffy**  
  Vice President and Deputy General Counsel – Litigation  
  Textron Inc.
- **Dana L. Goldberg**  
  Vice President – Tax  
  Textron Inc.
- **Scott P. Hegstrom**  
  Vice President – Mergers & Acquisitions  
  Textron Inc.
- **Mary F. Lovejoy**  
  Vice President and Treasurer  
  Textron Inc.
- **Paul Mc Gartoll**  
  Vice President – Strategy and Business Development  
  Textron Inc.
- **Thomas N. Nichipor**  
  Vice President – Textron Audit Services  
  Textron Inc.
- **Elizabeth C. Perkins**  
  Vice President and Deputy General Counsel  
  Textron Inc.
- **Robert O. Rowland**  
  Senior Vice President – Washington Operations  
  Textron Inc.
- **Eric Salander**  
  Vice President – Investor Relations  
  Textron Inc.
- **Diane K. Schwarz**  
  Vice President and Chief Information Officer  
  Textron Inc.
- **Cathy A. Streker**  
  Vice President – Human Resources  
  Textron Inc.
We use Manufacturing Cash Flow Before Pension Contributions as our measure of free cash flow. This measure is not a financial measure under generally accepted accounting principles (GAAP) and should be used in conjunction with GAAP cash measures provided in our Consolidated Statements of Cash Flows. Free cash flow is a measure generally used by investors, analysts and management to gauge a company’s ability to generate cash from operations in excess of that necessary to be reinvested to sustain and grow the business and fund its obligations.

Our definition of Manufacturing Cash Flow Before Pension Contributions adjusts net cash from operating activities of continuing operations for the Manufacturing group for dividends received from TFC, capital contributions provided under the Support Agreement and debt agreements, capital expenditures, proceeds from the sale of property, plant and equipment and contributions to our pension plans. We believe that our calculation provides a relevant measure of liquidity and is a useful basis for assessing our ability to fund operations and obligations. This measure may not be comparable with similarly titled measures reported by other companies, as there is no definitive accounting standard on how the measure should be calculated. A reconciliation of net cash from operating activities of continuing operations for the Manufacturing group as presented in our Consolidated Statement of Cash Flows to Manufacturing Cash Flow Before Pension Contributions is provided below:

<table>
<thead>
<tr>
<th>(In Millions)</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities of continuing operations for the Manufacturing group—GAAP</td>
<td>$ 988</td>
<td>$1,038</td>
</tr>
<tr>
<td>Less: Capital expenditures</td>
<td>(446)</td>
<td>(420)</td>
</tr>
<tr>
<td>Dividends received from TFC</td>
<td>(29)</td>
<td>(63)</td>
</tr>
<tr>
<td>Plus: Total pension contributions</td>
<td>50</td>
<td>68</td>
</tr>
<tr>
<td>Proceeds from the sale of property, plant and equipment</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Manufacturing Cash Flow Before Pension Contributions—Non-GAAP</td>
<td>$ 573</td>
<td>$ 631</td>
</tr>
</tbody>
</table>
Corporate Headquarters
Textron Inc.
40 Westminster Street
Providence, RI 02903
(401) 421-2800
www.textron.com

Annual Meeting
Textron’s annual meeting of shareholders will be held on Wednesday, April 26, 2017, at 11 a.m. at Textron Inc., 40 Westminster Street, 18th Floor, Providence, RI 02903.

Transfer Agent, Registrar and Dividend Paying Agent
For shareholder services such as change of address, lost certificates or dividend checks, change in registered ownership or the Dividend Reinvestment Plan, write or call:

American Stock Transfer & Trust Company, LLC
Operations Center
6201 15th Avenue
Brooklyn, NY 11219
phone: (866) 621-2790
email: info@amstock.com

Stock Exchange Information
(Symbol: TXT)
Textron common stock is listed on the New York Stock Exchange.

Investor Relations
Textron Inc.
Investor Relations
40 Westminster Street
Providence, RI 02903

Investor Relations phone line:
(401) 457-2288

News media phone line:
(401) 457-2362

For more information, visit our website at www.textron.com.

Company Publications and General Information
To receive a copy of Textron’s Forms 10-K and 10-Q, Proxy Statement or Annual Report without charge, visit our website at www.textron.com or send a written request to Textron Investor Relations at the address listed above. For the most recent company news and earnings press releases, visit our website at www.textron.com.

Textron is an Equal Opportunity Employer.

Textron Board of Directors
To contact the Textron Board of Directors or to report concerns or complaints about accounting, internal accounting controls or auditing matters, you may write to Board of Directors, Textron Inc., 40 Westminster Street, Providence, RI 02903; call (866) 698-6655 or (401) 457-2269; or send an email to textrondirectors@textron.com.