TEXTRON INC
Form DEF 14A
March 16, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

Textron Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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NOTICE OF ANNUAL MEETING

To the Shareholders of Textron Inc.:

The 2010 annual meeting of shareholders of Textron Inc. will be held on Wednesday, April 28, 2010, at 11:00 a.m. at The Renaissance Providence Hotel, 5 Avenue of the Arts, Providence, Rhode Island for the following purposes:

1. To elect the five directors in Class II named in the proxy statement for a term of three years and until their successors are duly elected or appointed, which is **recommended** by the Board of Directors (Items 1 through 5 on the proxy card);

2. To approve amendments to our equity incentive plans to allow for a one-time stock option exchange program for employees other than executive officers, which is **recommended** by the Board of Directors (Item 6 on the proxy card);

3. To approve an amendment to our Restated Certificate of Incorporation to phase out the classification of the Board of Directors and to provide instead for the annual election of directors which is **recommended** by the Board of Directors (Item 7 on the proxy card);

4. To ratify the appointment by the Audit Committee of Ernst & Young LLP as Textron's independent registered public accounting firm for 2010, which is **recommended** by the Board of Directors (Item 8 on the proxy card); and

5. To transact any other business as may properly come before the meeting or any adjournment or postponement of the meeting.

You are entitled to vote all shares of common stock registered in your name at the close of business on March 5, 2010. If your shares are held in the name of your broker or bank and you wish to attend the meeting in person, you should request your broker or bank to issue you a proxy covering your shares.

Whether or not you plan to attend the meeting, we urge you to complete, sign and date the enclosed proxy card and return it in the accompanying postage-paid envelope as soon as possible so that your shares may be represented at the meeting. Shareholders of record also have the option of voting their shares via the Internet or by using a toll-free telephone number. Instructions on how to vote either via the Internet or by telephone are included on the proxy card.

A list of shareholders entitled to vote at the 2010 annual meeting will be open to examination by any shareholder, for any purpose germane to the meeting, for ten days prior to the meeting, at Textron's principal executive office, 40 Westminster Street, Providence, Rhode Island 02903.

By order of the Board of Directors,

Terrence O'Donnell
Executive Vice President,
General Counsel and Corporate Secretary

Providence, Rhode Island
March 16, 2010

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YOUR VOTE IS IMPORTANT

UNDER A RECENT RULE CHANGE, BROKERS ARE NOT PERMITTED TO VOTE ON THE ELECTION OF DIRECTORS WITHOUT INSTRUCTIONS FROM THE BENEFICIAL OWNER. THEREFORE, IF YOUR SHARES ARE HELD IN THE NAME OF YOUR BROKER OR BANK, YOUR VOTE IS ESPECIALLY IMPORTANT THIS YEAR. ACCORDINGLY, WE ENCOURAGE YOU TO VOTE PROMPTLY, EVEN IF YOU INTEND TO ATTEND THE ANNUAL MEETING.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 28, 2010:

The Company's Proxy Statement for the 2010 Annual Meeting of Shareholders, the Annual Report to Shareholders for the fiscal year ended January 2, 2010 and the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2010 are available at *http://phx.corporate-ir.net/phoenix.zhtml?c=110047&p=proxy*.

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ANNEX A: PROPOSED AMENDMENT TO RESTATED CERTIFICATE OF INCORPORATION

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TEXTRON INC.

PROXY STATEMENT

General

This proxy statement, which is being mailed on or about March 16, 2010, to each person entitled to receive the accompanying notice of annual meeting, is furnished in connection with the solicitation by the Board of Directors of Textron Inc. of proxies to be voted at the annual meeting of shareholders to be held on April 28, 2010, at 11:00 am, and at any adjournments or postponements thereof. Textron's principal executive office is located at 40 Westminster Street, Providence, Rhode Island 02903.

Shareholders Who May Vote

All shareholders of record at the close of business on March 5, 2010, will be entitled to vote. As of March 5, 2010, Textron had outstanding 272,784,742 shares of Common Stock, each of which is entitled to one vote with respect to each matter to be voted upon at the meeting. Proxies are solicited to give all shareholders who are entitled to vote on the matters that come before the meeting the opportunity to do so whether or not they attend the meeting in person.

Voting

All shareholders may vote by mail. *Shareholders of record can also vote via the Internet or by using the toll-free telephone number listed on the proxy card.* Internet and telephone voting information is provided on the proxy card. A control number, located on the lower right portion of the proxy card, is designated to verify a shareholder's identity and allow the shareholder to vote the shares and confirm that the voting instructions have been recorded properly. *If you vote via the Internet or by telephone, please do not return a signed proxy card.* Shareholders who hold their shares through a bank or broker can vote via the Internet or by telephone if these options are offered by the bank or broker.

If voting by mail, please complete, sign, date and return your proxy card enclosed with the proxy statement in the accompanying postage-paid envelope. You can specify how you want your shares voted on each proposal by marking the appropriate boxes on the proxy card. If your proxy card is signed and returned without specifying a vote or an abstention on any proposal, it will be voted according to the recommendation of the Board of Directors on that proposal. That recommendation is shown for each proposal on the proxy card.

If your shares are held in the name of your broker or bank and you wish to vote in person at the meeting, you must request your broker or bank to issue you a proxy covering your shares.

Savings Plan Participants

If you are a participant in a Textron savings plan with a Textron stock fund as an investment option, the accompanying proxy card shows the number of shares allocated to your account under the plan. When you vote via the Internet or by telephone, or your proxy card is returned properly signed, the plan trustee will vote your proportionate interest in the plan shares in the manner you direct, or if you vote by mail and make no direction, in proportion to directions received from the other plan participants (except for any shares allocated to your Tax Credit Account under the Textron Savings Plan, which will be voted only as you direct). All directions will be held in confidence.

Revoking a Proxy

Whether voting by mail, via the Internet or by telephone, if you are a shareholder of record you may revoke your proxy at any time before it is voted by submitting a new proxy with a later date,

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voting via the Internet or by telephone at a later time, delivering a written notice of revocation to Textron's corporate secretary, or voting in person at the meeting. If your shares are held in the name of your broker or bank, you may change or revoke your voting instructions by contacting the bank or brokerage firm or other nominee holding the shares or by obtaining a legal proxy from such institution and voting in person at the annual meeting.

Required Vote

A quorum is required to conduct business at the meeting. A quorum requires the presence, in person or by proxy, of the holders of a majority of the issued and outstanding shares entitled to vote at the meeting. Abstentions and broker "non-votes" are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when you fail to provide voting instructions to your broker for shares owned by you but held in the name of your broker and your broker does not have authority to vote without instructions from you. Under those circumstances, your broker may be authorized to vote for you without your instructions on some routine matters but is prohibited from voting without your instructions on other non-routine matters. Routine matters include ratification of independent public accountants and the amendment to our Restated Certificate of Incorporation. Non-routine matters include the election of directors and the amendments to our equity incentive plans. Those items for which your broker cannot vote result in broker non-votes.

Election of each of the five nominees for director requires a vote of the majority of the votes cast at the meeting, which means that the number of shares voted "for" a nominee for director must exceed the number of shares voted "against" that nominee. Abstentions and broker non-votes are not counted for this purpose and will have no effect on the outcome of the election.

Approval of the proposal to amend our equity incentive plans in order to allow for the option exchange program requires the affirmative vote of a majority of shares present in person or represented by proxy and entitled to vote on the matter, provided that the total votes cast on the proposal represent over 50% of the outstanding shares entitled to vote on the proposal. If you vote to "abstain" on the proposal, your shares will be treated as present and will have the same effect as if you voted against the proposal. Broker non-votes, however, are not counted for this purpose and have no effect on the outcome of the vote.

The affirmative vote of the holders of a majority of the outstanding shares entitled to vote on the matter will be required to approve the proposed amendment to the Restated Certificate of Incorporation to provide for the annual election of directors. Abstentions will be counted toward the tabulation of votes and will have the same effect as negative votes.

Approval of the ratification of the appointment of the independent registered public accounting firm requires the affirmative vote of a majority of shares present in person or represented by proxy, and entitled to vote on the matter. Abstentions will have the same effect as if you voted against the proposal.

Costs of Proxy Solicitation

Textron pays all the cost of this solicitation of proxies. Textron will request that persons who hold shares for others, such as banks and brokers, solicit the owners of those shares and will reimburse them for their reasonable out-of-pocket expenses for those solicitations. In addition to solicitation by mail, Textron employees may solicit proxies by telephone, by electronic means and in person, without additional compensation for these services. Textron has hired D.F. King & Co., Inc., of New York, New York, a proxy solicitation organization, to assist in this solicitation process for a fee of $17,500, plus reasonable out-of-pocket expenses.

Confidential Voting Policy

Under Textron's policy on confidential voting, individual votes of shareholders are kept confidential from Textron's directors, officers and employees, except for certain specific and limited exceptions. Comments of shareholders written on proxies or ballots are transcribed and provided to Textron's corporate secretary. Votes are counted by employees of American Stock Transfer & Trust Company, LLC ("AST"), Textron's independent transfer agent and registrar, and certified by Inspectors of Election who are employees of AST.

Attending the Meeting

If your shares are held in the name of your bank or broker and you plan to attend the meeting, please bring proof of ownership with you to the meeting. A bank or brokerage account statement showing that you owned voting stock of Textron on March 5, 2010, is acceptable proof. If you are a shareholder of record, no proof is required.

ELECTION OF DIRECTORS

The Board of Directors is composed of three classes of directors, designated Class I, Class II and Class III. One class of directors is elected each year to hold office for a three-year term and until successors of such class are duly elected or appointed and qualified. It is the intention of the persons named in the accompanying proxy card, unless otherwise instructed, to vote "For" Kathleen M. Bader, R. Kerry Clark, Ivor J. Evans, Lord Powell of Bayswater KCMG and James L. Ziemer to Class II. Each nominee presently serves as a director of Textron. If any director nominee is unable or unwilling to serve as a nominee at the time of the annual meeting, the persons named as proxies may vote for a substitute nominee designated by the present Board to fill the vacancy or for the balance of the nominees, leaving a vacancy. Information is furnished below with respect to each nominee for election and each director continuing in office. **The Board of Directors recommends a vote FOR each of the director nominees (Items 1 through 5 on the proxy card).**

Nominees for Director

Class II Terms Expiring in 2010

Kathleen M. Bader **Director Since 2004**

Ms. Bader, 59, was President and Chief Executive Officer of NatureWorks LLC, which makes proprietary plastic resins and was formerly known as Cargill Dow LLC, until her retirement in January 2006. Formerly she was a Business President of a $4.2 billion plastics portfolio at the Dow Chemical Company, a diversified chemical company. She joined Dow in 1973, held various management positions in Dow's global and North American operations, before becoming Chairman, President and Chief Executive Officer of Cargill Dow LLC, at the time an equal joint venture between Dow and Cargill Incorporated, in February 2004. She assumed the position of President and Chief Executive Officer of NatureWorks in February 2005 following Cargill's acquisition of Dow's interest in Cargill Dow. Ms. Bader previously served as a director of Halliburton Company and served for seven years on President Bush's Homeland Security Advisory Council.

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R. Kerry Clark **Director Since 2003**

Mr. Clark, 57, is the retired Chairman and Chief Executive Officer of Cardinal Health, Inc., a leading provider of services supporting the health care industry. He joined Cardinal Health in April 2006 as President and Chief Executive Officer, became Chairman in November 2007 and retired in September 2009. Prior to joining Cardinal Health he was Vice Chairman of the Board, P&G Family Health, and a director of The Procter and Gamble Company, which markets consumer products in over 140 countries, from 2002-2006. He joined Procter and Gamble in 1974 and served in various key executive positions before becoming Vice Chairman of the Board in 2002, and held that position until leaving the company in April 2006. Mr. Clark became a director of General Mills, Inc. in 2009.

Ivor J. Evans **Director Since 2003**

Mr. Evans, 67, has been an Operating Partner at Thayer / Hidden Creek, a private equity firm, since April 2005. Mr. Evans served as Vice Chairman of Union Pacific Corporation, one of America's leading transportation companies until his retirement in March 2005. He joined Union Pacific in 1998 as President and Chief Operating Officer of the Union Pacific Railroad, and became Vice Chairman in January 2004. From 1989 to 1998, he served in various executive positions at Emerson Electric Company, including Senior Vice President, Industrial Components and Equipment. Mr. Evans is a director of Cooper Industries (since 2003), Arvin Meritor, Inc. (since 2005) and Spirit AeroSystems (since 2005).

Lord Powell of Bayswater KCMG **Director Since 2001**

Lord Powell, 68, previously served as Private Secretary and advisor on foreign affairs and defense to British Prime Ministers Margaret Thatcher and John Major from 1983 to 1991. He is a director of LVMH Moët Hennessy-Louis Vuitton (since 1996), Caterpillar Inc. (since 2000), Mandarin Oriental Hotel Group (since 1992), Schindler Holding Ltd. (since 2003), and Hong Kong Land Holdings Limited (since 2008) and was a director of Yell Group (from 2002-2009).

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James L. Ziemer **Director Since 2007**

Mr. Ziemer, 60, was the President and Chief Executive Officer and a director of Harley-Davidson, Inc. until his retirement in April 2009. Harley-Davidson, Inc. is the parent company for the group of companies doing business as Harley-Davidson Motor Company, Buell Motorcycle Company and MV Agusta Group, which design, manufacture and sell motorcycles and related parts and accessories, and Harley-Davidson Financial Services, which provides related financing and insurance. Mr. Ziemer had been a director of Harley-Davidson, Inc. since December 2004 and was named President and Chief Executive Officer in April 2005. He previously served as Vice President and Chief Financial Officer of Harley-Davidson from December 1990 to April 2005 and President of The Harley-Davidson Foundation, Inc. from 1993 to 2006.

Directors Continuing in Office

Class III Terms Expiring in 2011

Paul E. Gagné **Director Since 1995**

Mr. Gagné, 63, is Chairman of the Wajax Income Fund, a leading Canadian distributor and support service provider of mobile equipment, industrial components and power systems, a position he has held since May 2006. Prior to assuming his current position he was President and Chief Executive Officer of Avenor Inc., a publicly-traded Canadian forest products company, serving in that capacity from 1991 until November 1997, when he left the company. In 1998, Mr. Gagné joined Kruger Inc., a Canadian privately held producer of paper and tissue, as a consultant in corporate strategic planning, serving in that capacity until December 2002. He has been on the Board of the Wajax Income Fund since 1996, and he is also a director of CAE Inc. (since 2006), Fraser Papers Inc. (since 2005) and Inmet Mining Corporation (since 1996).

Dain M. Hancock **Director Since 2005**

Mr. Hancock, 68, was Executive Vice President of Lockheed Martin Corporation and President of Lockheed Martin's Aeronautics Company until his retirement in January 2005. Lockheed Martin is principally engaged in the research, design, development, manufacture and integration of advanced technology systems, products and services. He joined Lockheed Martin in 1993 as Vice President when Lockheed acquired General Dynamics Corporation's military aircraft business, with which Mr. Hancock began his industrial career. Mr. Hancock served in various key executive positions before becoming President of Lockheed Martin Tactical Aircraft Systems in 1995 and Executive Vice President of Lockheed Martin Corporation and President of the Aeronautics Company in 2000.

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Lloyd G. Trotter **Director Since 2008**

Lloyd G. Trotter, 64, is a managing partner of GenNx 360 Capital Partners, a private equity buyout firm focused on industrial business-to-business companies. Mr. Trotter was Vice Chairman of General Electric Company, a diversified technology, media and financial services company, and President and Chief Executive Officer of GE Industrial, one of GE's principal businesses, a role he assumed in 2006 and held until his retirement in February 2008. Mr. Trotter previously was Executive Vice President of Operations of GE and, from 2004 to 2006, he served as President and Chief Executive Officer of GE Consumer and Industrial, a role he assumed following the 2004 merger of GE's Consumer Products, Industrial Systems and Supply businesses. He began his GE career in 1970 and held various production, technology and management positions in several GE businesses, before being named a GE Senior Vice President and President and Chief Executive Officer of Industrial Systems in 1998. Mr. Trotter also serves as a director of PepsiCo, Inc. (since 2008), and he became a director of Daimler A.G. in 2009.

Thomas B. Wheeler **Director Since 1993**

Mr. Wheeler, 73, was the Chairman and Chief Executive Officer of Massachusetts Mutual Life Insurance Company, presently known as MassMutual Financial Group. He was a member of the Massachusetts Mutual field sales force from 1962 to 1983, served as Executive Vice President of Massachusetts Mutual's insurance and financial management line from 1983 to 1986, became President and Chief Operating Officer in 1987, President and Chief Executive Officer in 1988 and Chairman and Chief Executive Officer in 1996. He relinquished the title of Chief Executive Officer in January 1999 and retired as Chairman in January 2000. Mr. Wheeler is a director of Genworth Financial (since 2004).

Class I Terms Expiring in 2012

Lewis B. Campbell **Director Since 1994**

Mr. Campbell, 63, is Chairman of Textron, having retired as Chief Executive Officer in December 2009. He joined Textron in 1992 as Executive Vice President and Chief Operating Officer, became President and Chief Operating Officer in 1994, assumed the title of Chief Executive Officer and relinquished the title of Chief Operating Officer in July 1998, assumed the title of Chairman and relinquished the title of President in 1999, reassumed the title of President in 2001 and again relinquished the title of President in January 2009. Prior to joining Textron he was a Vice President of General Motors Corporation and General Manager of its GMC Truck Division. Mr. Campbell is a director of Bristol-Myers Squibb Co. (since 1998) and was a director of Dow Jones & Company, Inc. (from 2004-2007).

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Scott C. Donnelly **Director Since 2009**

Mr. Donnelly, 48, is President and Chief Executive Officer of Textron. Mr. Donnelly joined Textron in June 2008 as Executive Vice President and Chief Operating Officer and was promoted to President and Chief Operating Officer in January 2009. He was appointed to the Board of Directors in October 2009 and became Chief Executive Officer of Textron in December 2009. Previously, Mr. Donnelly was the President and CEO of General Electric Company's Aviation business unit, a position he had held since July 2005. GE's Aviation business unit is a $16 billion maker of commercial and military jet engines and components as well as integrated digital, electric power and mechanical systems for aircraft. Prior to July 2005, Mr. Donnelly served as Senior Vice President of GE Global Research, one of the world's largest and most diversified industrial research organizations with facilities in the U.S., India, China and Germany and held various other management positions since joining General Electric in 1989.

Lawrence K. Fish **Director Since 1999**

Mr. Fish, 65, is the Interim Chief Executive Officer of National Bank Holdings, a $1.1 billion fund focused on bank acquisitions and recapitalizations. He was Chairman and Chief Executive Officer of Citizens Financial Group, Inc., a multi-state bank holding company. He was named Chairman, President and Chief Executive Officer upon joining the bank in 1992 and held that position until relinquishing the title of President in 2005 and the title of Chief Executive Officer in 2007 and retiring in March 2009. Mr. Fish also serves as a director of Tiffany & Co.(since 2008), and has recently joined the Board of Directors of National Bank Holdings.

Joe T. Ford **Director Since 1998**

Mr. Ford, 72, currently is a partner in Westrock Capital Partners, LLC, a private investment company. Mr. Ford was Chairman of ALLTEL Corporation, a telecommunications company, until his retirement in November 2007. He was named President of ALLTEL upon its formation in 1983 from a merger between Allied Telephone Company and Mid-Continent Telephone Corporation, became Chief Executive Officer in 1987, assumed the title of Chairman in 1991 and retired as the Chief Executive Officer in July 2002. Mr. Ford previously served as a director of EnPro Industries, Inc. from 2002 through 2009.

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The Board of Directors

Experience, Qualifications, Attributes and Skills

The Board of Directors believes that the Board, as a whole, should possess a combination of skills, professional experience and diversity of backgrounds necessary to oversee the Company's business. In addition, the Board believes that there are certain attributes that every director should possess, as reflected in the Board's membership criteria. Accordingly, the Board and the Nominating and Corporate Governance Committee consider the qualifications of directors and director candidates individually and in the broader context of the Board's overall composition and the Company's current and future needs.

The Nominating and Corporate Governance Committee is responsible for developing and recommending criteria for director nominees to the Board for approval. All of our current Board members share certain qualifications and attributes consistent with these criteria, which are set forth in the Company's Corporate Governance Guidelines and Policies, including unquestioned personal ethics and integrity and possessing skills and experience aligned with Textron's strategic direction and operating challenges and that complement the overall composition of the Board. In addition, each Board member has demonstrated certain core business competencies, including high achievement and a record of success, financial literacy, a history of making good business decisions and exposure to best practices. All of them possess interpersonal skills that maximize group dynamics, including respect for others, strong communication skills and confidence to ask tough questions. All of our Board members are enthusiastic about Textron and devote sufficient time to be fully engaged in their role as a Textron Board member. Finally, all of our directors, other than our current and former CEOs, satisfy the independence standards established by the New York Stock Exchange.

As discussed below, Textron's directors have experience with businesses that operate in industries in which Textron operates, such as the defense, aviation, manufacturing and finance industries, or that involve skills, such as marketing or product branding, that are implicated by Textron's operations. The following highlights the specific experience, qualifications, attributes and skills of our individual Board members that have led the Nominating and Corporate Governance Committee to conclude that these individuals should continue to serve on our Board:

Mr. Campbell, Textron's previous COO and CEO with a 17-year tenure at the Company, brings to the Board a deep understanding of Textron and each of its component businesses, as well as manufacturing, business processes, portfolio management, domestic and international markets, distribution channels, talent development and change management.

Mr. Donnelly, Textron's current President and CEO, has significant experience, gained in a variety of positions at General Electric, in the aerospace and defense sector, innovation, manufacturing, portfolio management, talent development and business processes. Mr. Donnelly brings to the Board first-hand, real-time experience in, and understanding of, Textron operations gained through his service with the Company as Chief Operating Officer and now President and CEO.

Ms. Bader has significant experience in strategic planning and change management, acquired through her leadership roles at Dow Chemical Company and NatureWorks LLC; she has expertise in managing strategic business process implementation and its attendant cultural transformation within global industrial business environments. She also brings to Textron extensive experience in managing turnarounds, Six Sigma, customer loyalty and employee satisfaction and the expansion of international business.

Mr. Clark provides the Board with extensive expertise in establishing brand equity worldwide and extending strategic initiatives globally, developed through his thirty-year career at Procter and Gamble, as well as leadership in enhancing customer service and advancing customer relationships. His experience as CEO of Cardinal Health provides additional insight and value in

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corporate governance, talent development, change management, marketing and business development.

Mr. Evans has extensive experience in several industries in which Textron operates, including the transportation and manufacturing industries. His considerable experience in restructuring and cost containment, developed through his work with Emerson and Union Pacific, contributes to the Board's evaluation of the Company's long-term strategic plans and decisions to restructure operations in light of the recent economic headwinds. His work at Thayer/Hidden Creek brings to the Textron board valuable experience and insight in portfolio management, mergers and acquisitions, corporate finance and operations management.

Mr. Fish has significant experience in the highest levels of leadership in the financial sector and brings to Textron considerable expertise in banking and commercial finance, corporate governance, corporate finance and the domestic and international financial markets. This experience assists the Board in its oversight of the Company's finance business and other financial matters of importance to the Company.

Mr. Ford brings to the Board extensive experience in general management, business development, talent development and mergers and acquisitions, acquired through his career and his positions as Chairman and CEO of ALLTEL. His deep understanding of corporate finance and portfolio management enables him to contribute to the Board's assessment of Textron's strategy and financing and treasury operations as well as its oversight of Textron's finance business.

Mr. Gagné has significant executive management and financial management experience as well as expertise in corporate strategic planning and risk management, gained through his service and leadership roles in a number of business enterprises, including as CEO of Avenor Inc., a Canadian public company. Mr. Gagné provides Textron with a seasoned assessment of Canadian business opportunities and practices and other international business opportunities. He is also an "audit committee financial expert" under the criteria adopted by the SEC and brings to the Audit Committee exceptional experience and understanding in the auditing and accounting fields.

Mr. Hancock's extensive expertise in driving and growing business within the highly competitive aerospace and defense arena, developed through his 39-year career at Lockheed Martin and General Dynamics, provides insight to the Board in overseeing Textron's defense and aerospace businesses. He brings to Textron a deep understanding of working with the Department of Defense (i.e. program management, contracting, international defense markets), as well as aerospace manufacturing and general management.

Lord Powell has extensive international business and national security experience garnered through distinguished high-level government service and service in the private sector. He is an expert on many global regions where Textron does business and has keen insight into geopolitical considerations that affect Textron's efforts to increase its worldwide footprint. He also has a deep understanding of two significant Textron markets: international defense industries and the requirements of governments for equipment and services and has developed significant experience in matters relevant to executive compensation.

Mr. Trotter has significant experience through his leadership roles within General Electric, a diversified company with a financial services component in a variety of fields of importance to Textron. He has broad expertise in building powerful brands worldwide, implementing world-class processes and developing talented people. He also has deep knowledge of manufacturing operations, supply chain management and the development of international business opportunities, each of which is important to Textron's operations.

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Mr. Wheeler contributes to the Board through his long-term perspective on Textron's business development and strategy. He brings to Textron valuable experience in the financial sector, talent recruitment and development, corporate governance, international operations and risk management gained through his career and leadership of what is now known as MassMutual Financial Group.

Mr. Ziemer provides the Board with extensive expertise in establishing brand equity worldwide and leadership in fostering outstanding customer satisfaction and loyalty, developed through his forty-year career at Harley-Davidson. Mr. Ziemer's significant experience with the captive finance business model assists the Board in its oversight of our Textron Financial business, and he is an "audit committee financial expert" under the criteria adopted by the SEC.

Meetings and Organization

During 2009, the Board of Directors met 17 times, holding 7 regular meetings and 10 special meetings, and the Executive Committee of the Board met 14 times. The Board has standing Audit, Nominating and Corporate Governance, and Organization and Compensation committees. Directors are expected to regularly attend Board meetings and meetings of committees on which they serve and also the annual meeting of shareholders. All directors attended at least 75% of the total number of Board and applicable committee meetings. All directors attended the 2009 annual meeting of shareholders.

Corporate Governance

Textron's Corporate Governance Guidelines and Policies, originally adopted in 1996 and most recently revised in September 2008, meet or exceed the listing standards adopted by the New York Stock Exchange and are posted on Textron's website, *www.textron.com*, under "Investor Relations Corporate Governance/Guidelines & Policies," and are also available in print upon request to Textron's corporate secretary. In 2008, the Board approved a waiver to the Guidelines permitting Lord Powell to exceed the limit of five other directorships under the Guidelines.

Code of Ethics

Textron's Business Conduct Guidelines, originally adopted in 1979 and most recently revised in December 2008, are applicable to all employees of Textron including the principal executive officer, the principal financial officer and the principal accounting officer. The Business Conduct Guidelines are also applicable to directors with respect to their responsibilities as members of the Board of Directors. The Business Conduct Guidelines are posted on Textron's website, *www.textron.com*, under "Investor Relations Corporate Governance/Code of Ethics," and are also available in print upon request to Textron's corporate secretary. Any amendments to the Business Conduct Guidelines or the grant of a waiver from a provision of the Business Conduct Guidelines requiring disclosure under applicable SEC rules will be disclosed on our website, at the address specified above.

Director Independence

The Board of Directors has determined that Ms. Bader, Messrs. Clark, Evans, Fish, Ford, Gagné, Hancock, Trotter, Wheeler and Ziemer and Lord Powell, are independent as defined under the listing standards of the New York Stock Exchange, based on the criteria set forth in the Textron Corporate Governance Guidelines and Policies which are posted on Textron's website as described above. In making its determination, the Board examined relationships between directors or their affiliates with Textron and its affiliates and determined that each such relationship did not impair the director's independence. Specifically, the Board considered the fact that: (a) in 2008, Mr. Ford's company, Wooster Capital, LLC, purchased a 6.25% interest in a business jet from CitationAir (formerly Citation Shares), a Textron company; and (b) in 2007, 2008 and 2009, the Textron Charitable Trust made

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donations of $10,000, $50,000 and $10,000, respectively, to the Atlantic Partnership on which Lord Powell serves as Chairman.

Leadership Structure

Historically, as reflected in the Textron Corporate Governance Guidelines and Policies, the Board has determined that the practice of combining the positions of Chairman of the Board and Chief Executive Officer serves the best interests of Textron and its shareholders. This is because, due to the size and multi-industry nature of the Company's business, the Board believes that the CEO, with his extensive knowledge of the Company's businesses, makes a more effective Chairman than an independent director. The Board has committed to review, at least once every two years, whether combining these positions continues to serve the best interests of Textron and its shareholders. In connection with the Board's appointment of Mr. Donnelly as CEO, Mr. Campbell, our outgoing CEO, agreed to the Board's request that he serve as non-executive Chairman of the Board, at the discretion of the Board, until no later than the 2011 Annual Meeting of Shareholders. The Board believes that this structure allows the Board to benefit from Mr. Campbell's knowledge of the Company's operations during Mr. Donnelly's initial period as CEO.

The functions of the Board are carried out by the full Board, and when delegated, by the Board committees, with each director being a full and equal participant. The independent Board members meet in an executive session at each regularly scheduled Board meeting and additional executive sessions may be convened at any time at the request of a director.

The Board is committed to high standards of corporate governance and its Corporate Governance Guidelines and Policies were designed, in part, to ensure the independence of the Board and include a formal process for the evaluation of CEO performance by all non-employee Board members. The evaluation is used by the Organization and Compensation Committee as a basis to recommend the compensation of the CEO. In addition, the Organization and Compensation Committee, the Audit Committee and the Nominating and Corporate Governance Committee are composed entirely of independent directors. Each of these committees' charters provides that the committee may seek the counsel of independent advisors and each routinely meets in an executive session without management present. The Board and each of its three principal committees perform an annual self-evaluation.

The independent Directors annually designate a Director from among the chairs of the Audit Committee, the Nominating and Corporate Governance Committee and the Organization and Compensation Committee to serve as Lead Director who will, among other functions, preside at all meetings of the Board at which the Chairman is not present, serve as liaison between the CEO and the independent Directors, and approve Board meeting agendas and the type of materials to be distributed to the Board. Textron's Corporate Governance Guidelines and Policies also require that the Board meet in executive session for non-management directors without management present at each regularly scheduled Board meeting. Textron's Lead Director presides at such sessions. Additional executive sessions may be convened at any time at the request of a director, and, in such event, the Lead Director presides. During 2009, the independent directors held a total of 16 meetings in executive session without management present. Currently, Mr. Gagné serves as Lead Director. The Nominating and Corporate Governance Committee reassesses on an annual basis the continuing effectiveness of the role of Lead Director.

Risk Management

Several years ago, the Company's management, under the oversight of the Board of Directors, implemented an enterprise risk management process which was developed to identify, assess, monitor and address risks across the entire Company and its business operations. Recently, the Board approved management's proposed redesign of the Company's enterprise risk management process and updated the Board's role in risk management oversight.

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The Board oversees the Company's risk management process. Management reviews the process, including identification of key risks and steps taken to address them, with the full Board on a periodic basis. Under the redesigned process as approved by the Board, these reviews will occur at an annual dedicated risk management session and as part of the Board's annual review of the Company's strategy. Although the full Board is responsible for this oversight function, the Organization and Compensation Committee, the Nominating and Corporate Governance Committee and the Audit Committee assist the Board in discharging its oversight duties.

The Organization and Compensation Committee reviews risks related to the subject matters enumerated in its charter, including risks associated with the Company's compensation programs, to ensure that incentive compensation arrangements for senior executives do not encourage inappropriate risk taking. The Nominating and Corporate Governance Committee considers risks related to the subject matters for which it is responsible as identified in its charter, including risks associated with corporate governance. Similarly, the Audit Committee considers risks related to the subject matters enumerated in its charter, including risks relating to internal controls, disclosure, and financial reporting. In addition, to further assist the Board, the Audit Committee reviews the Company's risk management process on an annual basis, monitors material risk changes on a quarterly basis, and reports to the Board as appropriate.

Accordingly, while each of the three committees contributes to the risk management oversight function by assisting the Board in the manner outlined above, the Board itself remains responsible for the oversight of the Company's risk management program.

Shareholder Communications to the Board

Shareholders or other interested parties wishing to communicate with the Board of Directors, the Lead Director, the non-management directors as a group or with any individual director may do so by calling (866) 698-6655 (toll-free) or (401) 457-2269, writing to Board of Directors at Textron Inc., 40 Westminster Street, Providence, Rhode Island 02903, or by e-mail at *textrondirectors@textron.com.* The telephone numbers and addresses are also listed on the Textron website. All communications received via the above methods will be sent to the Board of Directors, the Lead Director, the non-management directors or the specified director.

Compensation of Directors

During 2009, for their service on the Board, non-employee directors were paid an annual retainer of $215,000. Non-employee directors who served on the Executive Committee, the Special Committee or one of the standing committees, other than the Audit Committee, received $1,500 for each committee meeting attended. Non-employee directors who served on the Audit Committee received $2,500 for each committee meeting attended. The chairmen of the Audit Committee, the Nominating and Corporate Governance Committee and the Organization and Compensation Committee received, respectively, an additional $15,000, $10,000 and $12,500, and the Lead Director an additional $15,000.

Mr. Campbell, who became the non-executive Chairman of the Board upon his retirement on December 1, 2009, receives a retainer of $400,000 per year, payable quarterly in arrears and prorated for partial years for his service; he does not receive any additional meeting fees. The Company provides secretarial assistance in connection with his role as non-executive Chairman, along with a guest office when he is at Company headquarters.

Textron maintains a Deferred Income Plan for Non-Employee Directors (the "Directors Deferred Income Plan") under which they can defer all or part of their cash compensation until retirement from the Board. Deferrals are made either into an interest bearing account which bears interest at a monthly rate that is one-twelfth of the greater of 8% and the average for the month of the Moody's Corporate Bond Yield Index, but in either case, not to exceed a monthly rate equal to 120% of the Applicable Federal Rate as provided under Section 1274(d) of the Internal Revenue Code, or into an account consisting of Textron stock units, which are equivalent in value to Textron common stock. Textron credits dividend equivalents to the stock unit account. Each year, directors are required to defer a minimum of $100,000 of their annual retainer into the stock unit account. Mr. Campbell does not participate in the Directors Deferred Income Plan and will not be required to defer any of his annual retainer.

Textron reimburses each director for his or her expenses in attending Board or committee meetings.

Textron sponsors a Directors Charitable Award Program which contributes up to $1,000,000 to the Textron Charitable Trust on behalf of each director upon his or her death, and the trust donates 50% of that amount in accordance with the director's recommendation among up to five charitable organizations. In most cases, payment of the contributions ultimately is recoverable from life insurance policies that Textron maintains on the lives of directors for this purpose. In 2009, Textron paid a total of $111,848 in premiums on these policies. The directors do not receive any direct financial benefit from this program since the insurance proceeds and charitable deductions accrue solely to Textron. The program was closed to new participants in 2004.

Non-employee directors, including Mr. Campbell, are also able to utilize for personal use aircraft in which Textron has a fractional ownership interest on an as-available basis but are required to reimburse Textron for its cost per hour of flight time, and are eligible to participate in the Textron Matching Gift Program under which Textron will match contributions of directors and full-time employees to eligible charitable organizations at a 1:1 ratio up to a maximum of $7,500 per year. Non-employee directors are eligible to receive awards of options, restricted stock, restricted stock units, stock appreciation rights, performance stock, performance share unit or other awards granted under the Textron Inc. 2007 Long-Term Incentive Plan, although, other than the grant of restricted stock received upon joining the Board, they have not received any such awards.

In order to align the financial interests of our directors with the interests of our shareholders, we require that our directors maintain a specified level of stock ownership equal to eight times their annual cash retainer; toward this end, we require all non-employee directors (other than Mr. Campbell) to defer a minimum of $100,000 of their annual retainer into the stock unit account of the Directors Deferred Income Plan. All directors currently meet the stock ownership requirement which allows them to achieve the required level of ownership over time in the case of directors who have more recently joined the Board. We also have a stock retention policy restricting non-management directors from transferring stock units or restricted stock while they serve on the Board.

In December 2009, following a review of the non-employee directors' compensation and benefits program by the Nominating and Corporate Governance Committee, on recommendation of the committee, the Board determined not to make any modifications to the program for 2010.

Employee directors do not receive fees or other compensation for their service on the Board or its committees.

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Director Compensation Table

The following table provides 2009 compensation information for our directors other than Messrs. Campbell and Donnelly, whose compensation is reported in the Summary Compensation Table on page 35.

Name	Fees Earned or Paid in Cash ($) (1)	Stock Awards ($) (2)	All Other Compensation ($) (3)	Total ($)
Kathleen M. Bader	152,000	$ 100,000	20,652	272,652
R. Kerry Clark	152,500	$ 100,000	27,035	279,535
Ivor J. Evans	130,000	$ 100,000	32,622	262,622
Lawrence K. Fish	171,657	$ 100,000	6,250	277,907
Joe T. Ford	125,500	$ 100,000	7,500	233,000
Paul E. Gagné	197,843	$ 100,000	0	297,843
Dain M. Hancock	144,000	$ 100,000	0	244,000
Lord Powell of Bayswater KCMG	165,000	$ 100,000	24,800	289,800
Lloyd G. Trotter	152,500	$ 100,000	0	252,500
Thomas B. Wheeler	127,000	$ 100,000	7,500	234,500
James L. Ziemer	156,000	$ 100,000	0	256,000

(1) The fees disclosed in this column do not include $100,000 of each director's annual retainer which they were required to defer into the stock unit account under the Directors Deferred Income Plan.

(2) The amounts in this column represent the grant date fair value, in accordance with financial accounting standards, of the portion of each director's annual retainer deferred into the stock unit account under the Directors Deferred Income Plan.

(3) The amounts in this column represent (i) the cost of life insurance premiums relating to the Directors Charitable Award Program described above for Ms. Bader, Mr. Clark, Mr. Evans and Lord Powell; the premiums for Mr. Fish, Mr. Ford, Mr. Gagné and Mr. Wheeler have been fully paid prior to 2009, and Mr. Hancock, Mr. Trotter and Mr. Ziemer do not participate in the program because they joined the Board after the program was closed to new participants and (ii) the amount of matching contributions made by the Company on behalf of participating directors pursuant to the Textron Matching Gift Program which, for Ms. Bader, Mr. Clark, Mr. Evans, Mr. Ford and Mr. Wheeler, was $7,500 and, for Mr. Fish, was $6,250.

Board Committees

Audit Committee

The Audit Committee pursuant to its charter, as amended in February 2007, assists the Board of Directors with its oversight of (i) the integrity of Textron's financial statements, (ii) Textron's compliance with legal and regulatory requirements, (iii) the independent auditor's qualifications and independence, and (iv) the performance of Textron's internal audit function and independent auditor. The Audit Committee is directly responsible for the appointment, retention, compensation and oversight of Textron's independent auditors. A copy of the charter is posted on Textron's website under "Investor Relations Corporate Governance/Board Committees," and is also available in print upon request to Textron's corporate secretary. The following five independent directors presently comprise the committee: Mr. Gagné (Chairman), Ms. Bader, Mr. Clark, Mr. Hancock and Mr. Ziemer. The Board has determined that each member of the committee is independent as independence is defined for audit committee members in the listing standards of the New York Stock Exchange. No member of the committee simultaneously serves on the audit committees of more than three public companies, except for Mr. Gagné who serves on three audit committees in addition to Textron's. The Board of Directors has determined that Mr. Gagné's simultaneous service does not impair his ability to effectively serve on Textron's Audit Committee. The Board of Directors has also determined that Mr. Gagné and Mr. Ziemer each are "audit committee financial experts" under the criteria adopted by the Securities and Exchange Commission. During 2009, the committee met 10 times and a subcommittee of the Audit Committee met once.

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Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee pursuant to its charter, as amended in September 2007, (i) identifies individuals to become Board members, and recommends that the Board select the director nominees for the next annual meeting of shareholders, (ii) develops and recommends to the Board a set of corporate governance principles applicable to Textron and (iii) makes recommendations on compensation of the Board of Directors. A copy of the committee's charter is posted on Textron's website under "Investor Relations Corporate Governance/Board Committees," and is also available in print upon request to Textron's corporate secretary.

In making its recommendations on director nominees to the Board, the committee will consider suggestions regarding possible candidates from a variety of sources, including shareholders. Nominees suggested by shareholders will be communicated to the committee for consideration in the committee's selection process. Shareholder-recommended candidates are evaluated using the same criteria used for other candidates. The committee also periodically retains a third-party search firm to assist in the identification and evaluation of candidates. Though the committee does not have a formal policy for considering diversity in identifying nominees for director, it seeks a variety of occupational and personal backgrounds on the Board in order to obtain a range of viewpoints and perspectives.

Textron's Amended and Restated By-Laws contain a provision which imposes certain requirements upon nominations for directors made by shareholders at the annual meeting of shareholders or a special meeting of shareholders at which directors are to be elected. Shareholders wishing to nominate an individual for director at the annual meeting must submit timely notice of nomination within the time limits described below under the heading "Shareholder Proposals and Other Matters for 2011 Annual Meeting" on page 74, to the committee, c/o Textron's corporate secretary, along with the information described in our By-Laws.

The committee annually reviews the Board of Directors' composition, the appropriate size of the Board, the results of the review of the Board's overall performance and the strategy of the Company to determine future requirements for Board members over the next year or two. All candidates are evaluated against those requirements and the criteria for membership to the Board set forth in the Corporate Governance Guidelines and Policies including: (i) unquestioned personal ethics and integrity; (ii) specific skills and experience aligned with Textron's strategic direction and operating challenges; (iii) the core business competencies of high achievement, a record of success, financial literacy, a history of making good business decisions and exposure to best practices; (iv) interpersonal skills that maximize group dynamics; and (v) enthusiasm for Textron and sufficient available time to be fully engaged. In addition, the Guidelines and Policies provide that no more than three of the Company's directors will not be independent under the standards of the New York Stock Exchange. All recommendations of nominees to the Board by the committee are made solely on the basis of merit.

In making its recommendations on Board compensation, the committee annually reviews the director compensation and benefits program and consults with outside board compensation advisors, as appropriate.

The following five directors presently comprise the committee: Mr. Fish (Chairman), Ms. Bader, Mr. Ford, Mr. Trotter and Mr. Wheeler. The Board of Directors has determined that each member of the committee is independent under the New York Stock Exchange listing standards. During 2009, the committee met 6 times.

Organization and Compensation Committee

The Organization and Compensation Committee pursuant to its charter, as revised in July 2009, (i) approves compensation arrangements, including merit salary increases and any annual and long-term incentive compensation, with respect to the Chief Executive Officer and other executive officers of the Company; (ii) oversees and, where appropriate, approves compensation arrangements applicable to

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other corporate officers; (iii) amends any executive compensation plan or nonqualified deferred compensation of the Company and its subsidiaries to the same extent that the plan may be amended by the Board; (iv) administers the executive compensation plans and nonqualified deferred compensation plans of the Company and its subsidiaries; (v) approves the Chief Executive Officer's and other executive officers' responsibilities and performance against pre-established performance goals; and (vi) plans for the succession of the Company's management. A copy of the committee's charter is posted on Textron's website under "Investor Relations Corporate Governance/Board Committees," and is also available in print upon request to Textron's corporate secretary. See the Compensation Discussion and Analysis (CD&A), beginning on page 21 for more information on the committee's processes and the role of management and consultants in determining the form and amount of executive compensation. The following four directors presently comprise the committee: Lord Powell (Chairman), Mr. Clark, Mr. Evans and Mr. Trotter. The Board of Directors has determined that each member of the committee is independent under the New York Stock Exchange listing standards. During 2009, the committee met 10 times.

Special Committee

At its September 2008 meeting, the Board of Directors designated a Special Committee to review and report to the full Board on Textron Financial Corporation ("TFC") strategic and operational issues; the Board appointed Mr. Trotter as Chairman, and Mr. Campbell, Mr. Fish, Mr. Gagné, Mr. Powell and Mr. Ziemer as members of the Committee. At its February 2009 meeting, the Board reconstituted the Special Committee such that it was comprised of Mr. Trotter, as Chairman, Mr. Fish, Mr. Gagné and Mr. Ziemer, and its charge was to assist the Board in its review and oversight of Textron's liquidity plan, the liquidation of TFC's non-captive finance business and such other matters as the Board may from time to time assign. At the beginning of the 2010 fiscal year, the Special Committee was deemed to have completed its assignment and these matters were again assumed by the full Board. During 2009, the committee met 10 times.

Compensation Committee Interlocks and Insider Participation

The members of the Organization and Compensation Committee during fiscal year 2009 consisted of Lord Powell, who served as the Chairman, Mr. Clark, Mr. Evans and Mr. Trotter. No member of the Organization and Compensation Committee is or has been an executive officer or employee of Textron (or any of its subsidiaries), and no "compensation committee interlocks" existed during fiscal year 2009.

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SECURITY OWNERSHIP

The following table sets forth information regarding the beneficial ownership of our common stock as of January 2, 2010, unless otherwise noted, by:

Each person or group known by us to own beneficially more than 5% of our common stock;

Each of our directors;

Each of our named executive officers, as defined under SEC rules ("NEOs"); and

All of our current directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Shares of common stock subject to options that are exercisable, or restricted stock units that will vest, within 60 days of January 2, 2010, and shares held for the executive officers by the trustee under the Textron Savings Plan, are considered outstanding and beneficially owned by the person holding the option or unit or participating in the plan but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

Each stockholder listed below has sole voting and investment power with respect to the shares beneficially owned, except in those cases in which the voting or investment power is shared with the trustee or as otherwise noted.

Directors and Executive Officers	**Number of Shares of Common Stock**	**Percent of Class**
Kathleen M. Bader	22,208(1)	*
Kenneth C. Bohlen	205,407(2)(3)	*
John D. Butler	196,282(2)(3)	*
Lewis B. Campbell	671,550(2)(3)	*
R. Kerry Clark	7,000(1)	*
Frank T. Connor	636(3)	*
Scott C. Donnelly	57,522(2)(3)	*
Ivor J. Evans	7,000(1)	*
Lawrence K. Fish	62,000(1)	*
Joe T. Ford	9,000(1)	*
Ted R. French	6,858	*
Paul E. Gagné	5,152(1)	*
Dain M. Hancock	2,119(1)	*
Mary L. Howell	225,904(3)	*
Terrence O'Donnell	279,842(2)(3)	*
Lord Powell of Bayswater KCMG	2,116(1)	*
Lloyd G. Trotter	2,061(1)	*
Thomas B. Wheeler	5,728(1)	*
Richard L. Yates	124,375(2)(3)	*
James L. Ziemer	2,101(1)	*
All current directors and executive officers as a group (16 persons)	1,332,317	*
<u>Beneficial Holders of More than 5%</u>		
BlackRock, Inc.(4)	14,781,979	5.43%
FMR LLC(5)	35,850,273	13.17%

* Less than 1% of the outstanding shares of common stock.

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(1)
Excludes stock units held by our non-employee directors under the Directors Deferred Income Plan that are paid in cash following termination of service as a director, based upon the value of Textron common stock, as follows: Ms. Bader, 29,668 shares; Mr. Clark, 48,416 shares; Mr. Evans, 27,498 shares; Mr. Fish, 66,020 shares; Mr. Ford, 73,419 shares; Mr. Gagné, 64,576 shares; Mr. Hancock, 39,818 shares; Lord Powell, 31,441 shares; Mr. Trotter, 27,202 shares; Mr. Wheeler, 81,568 shares; and Mr. Ziemer, 31,068 shares.

(2)
Includes the following shares obtainable within 60 days of January 2, 2010, upon the vesting of restricted stock units or the exercise of stock options: Mr. Bohlen, 161,976 shares; Mr. Butler, 169,050 shares; Mr. Campbell, 630,459 shares; Mr. Donnelly, 33,583 shares; Ms. Howell, 191,319 shares; Mr. O'Donnell, 250,169 shares; Mr. Yates, 97,978 shares; and all current directors and executive officers as a group, 1,083,261 shares.

(3)
Excludes (i) stock units held under non-qualified deferred compensation plans that are paid in cash, based upon the value of Textron common stock, as follows: Mr. Butler, 115,545 shares; Mr. Connor, 216 shares; Mr. Donnelly, 2,528 shares; Mr. O'Donnell, 88,043 shares; Mr. Yates, 78,163 shares; Mr. Campbell, 101,484 shares; Mr. French, 1,817 shares; Ms. Howell, 135,250 shares; and Mr. Bohlen, 135,281 shares; (ii) RSUs payable in cash, based upon the value of Textron common stock, as follows: Mr. Bohlen, 7,943 shares; Mr. Butler, 22,470 shares; Mr. Campbell, 121,538 shares; Mr. Connor, 70,000 shares; Mr. Donnelly, 156,458 shares; Ms. Howell, 10,493 shares; Mr. O'Donnell, 25,067 shares; and Mr. Yates, 51,957 shares, (iii) unvested RSUs payable in stock, as follows: Mr. Butler, 18,008 shares; Mr. Donnelly, 116,919 shares; Mr. O'Donnell, 18,875 shares; and Mr. Yates, 10,838 shares, (iv) RSUs payable in stock that have vested upon termination but as to which the shares are not distributable until July 2010, as follows: Mr. Campbell, 129,534 shares; Ms. Howell, 21,128 shares; and Mr. Bohlen, 18,463 shares, and (v) unvested PSUs that are paid in cash when earned and valued based upon the value of Textron common stock, as follows: Mr. Butler, 62,619 shares; Mr. Connor, 120,000 shares; Mr. Donnelly, 237,472 shares; Mr. O'Donnell, 69,849 shares; and Mr. Yates, 41,138 shares.

(4)
Based on information disclosed in a Schedule 13G filed by BlackRock, Inc. on January 29, 2010. According to this Schedule 13G, BlackRock, Inc. beneficially owns, has the sole power to vote and to dispose of or direct the disposition of these 14,781,979 shares. The address for BlackRock, Inc. is 40 East 52nd Street, New York, NY 10022.

(5)
Based on information disclosed in a Schedule 13G filed by FMR LLC and Edward C. Johnson 3d on February 16, 2010. According to this Schedule 13G, Fidelity Management & Research Company, a wholly-owned subsidiary of FMR LLC, beneficially owns 33,836,672 shares of Textron common stock (including 1,838,477 shares resulting from the assumed conversion of $24,130,000 principal amount of Textron's convertible notes) as a result of acting as investment advisor to various investment companies (the "Funds") with the power to direct the voting of those shares held by the Boards of Trustees of the Funds; Pyramis Global Advisors, LLC, a wholly-owned subsidiary of FMR LLC, beneficially owns 508,000 of these shares (including 140,190 shares resulting from the assumed conversion of $1,840,000 principal amount of Textron's convertible notes); Pyramis Global Advisors Trust Company, a wholly-owned subsidiary of FMR LLC, beneficially owns 853,289 of these shares (including 89,143 shares resulting from the assumed conversion of $1,170,000 principal amount of Textron's convertible notes); and FIL Limited, a separate corporate entity, beneficially owns 652,280 of these shares. Edward C. Johnson 3d and FMR LLC, through their control of the subsidiaries of FMR LLC and related entities, have the sole power to dispose of or direct the disposition of all 35,850,273 shares and the sole power to vote or direct the voting of 1,976,646 of these shares. The address for FMR LLC is 82 Devonshire Street, Boston, MA 02109.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires Textron's directors, executive officers and controller to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the Securities and Exchange Commission and to provide copies of such reports to Textron. As an administrative matter, Textron assists its reporting persons in fulfilling their responsibilities to prepare and file reports pursuant to Section 16(a), including with respect to making determinations on the availability of exemptions from reporting.

Based solely upon a review of copies of such reports and written representations of the reporting persons, to our knowledge, during the 2009 fiscal year, all such reporting persons timely filed all of the reports they were required to file under Section 16(a), except that one transaction for Mr. Campbell relating to a cash-settled restricted stock unit award which was valued based upon the closing stock price on November 30, 2009 due to his December 1, 2009 retirement date, although not payable until July 2010, should have been reported by December 2, 2009 but was inadvertently not reported until December 15, 2009.

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AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors has furnished the following report on its activities:

The committee reviewed and discussed the audited consolidated financial statements and the related schedules in the Annual Report referred to below with management. The committee also reviewed with management and the independent registered public accounting firm (the "independent auditors") the reasonableness of significant judgments and the clarity of disclosures in the financial statements, the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the committee by Statement on Auditing Standards No. 61 (as amended), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, the committee discussed with the independent auditors the auditors' independence from management and the Company including the matters in the written disclosures and the letter from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communication with the audit committee concerning independence and considered the possible effect of non-audit services on the auditors' independence.

The committee discussed with the Company's internal and independent auditors the overall scope and plans for their respective audits and met with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, including internal controls over financial reporting, and the overall quality of the Company's financial reporting. The committee also reviewed the Company's compliance program. Eleven committee meetings were held during the year.

In reliance on the reviews and discussions referred to above, the committee recommended to the Board of Directors that the audited consolidated financial statements and the related schedules be included in the Annual Report on Form 10-K for the fiscal year ended January 2, 2010, to be filed with the Securities and Exchange Commission. The committee also reported to the Board that it had selected Ernst & Young LLP as the Company's independent auditors for 2010, and recommended that this selection be submitted to the shareholders for ratification.

PAUL E. GAGNÉ, CHAIRMAN
KATHLEEN M. BADER
R. KERRY CLARK
DAIN M. HANCOCK
JAMES L. ZIEMER

COMPENSATION COMMITTEE REPORT

The Organization and Compensation Committee of the Board of Directors has furnished the following report:

The committee reviewed the Compensation Discussion and Analysis to be included in Textron's 2010 proxy statement and discussed the Compensation Discussion and Analysis with management.

Based on its review and discussions with management, the committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in Textron's 2010 proxy statement and Textron's Annual Report on Form 10-K for the fiscal year ended January 2, 2010.

This report is submitted by the Organization and Compensation Committee.

LORD POWELL OF BAYSWATER KCMG, CHAIRMAN
R. KERRY CLARK
IVOR J. EVANS
LLOYD G. TROTTER

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COMPENSATION DISCUSSION AND ANALYSIS

Overview and Objectives of Compensation Program

Textron operates in multiple industries and many countries. To do so successfully it needs to attract highly talented senior executives and motivate them to perform at a high level. The Company's compensation policies are designed to meet this objective. Rewards are closely linked to actual performance, in particular sustained long-term performance, and delivered in ways linked closely to the interests of shareholders.

The Organization and Compensation Committee regularly reviews Textron's compensation policies to ensure that they keep pace with current best practices. It made a series of changes in 2008, detailed in the CD&A for that year, for instance eliminating certain perquisites, prohibiting future agreements to gross-up executives for taxes and reducing payment obligations for termination for new executives. Further changes were made in 2009 as detailed below.

The Committee is advised by a lead compensation consultant who has no other role with Textron than to advise the Committee. The Committee also draws on the experience of its independent members in diverse sectors and industries, as well as the growing literature on compensation practices. Its Chairman was a member of The Conference Board's panel (a not-for-profit organization which commonly publishes and influences corporate governance guidelines for public companies) which recently produced widely-praised guidelines on compensation.

The Committee balances a number of considerations in determining short- and long-term executive compensation. The first is to secure the close alignment of pay and performance. For this purpose, the Committee selects metrics which it believes will best stimulate the behavior which the Company needs to exhibit in prevailing market conditions. Profitability remained the main target in 2009, measured by earnings per share ("EPS"), but the recession made it especially important to reduce costs and maximize manufacturing cash flow, and the Committee introduced a cash efficiency metric to achieve this. "Cash efficiency" was based upon goals relating to net targeted finance receivable liquidations by TFC, plus acceptable loss ratios, plus manufacturing cash flow.

A second consideration was to simplify further the structure of executive compensation. To this end the Committee eliminated the previous ROIC metric, reducing the number of metrics from four to three while maintaining focus on returns through incentive metrics of earnings and cash efficiency. The Committee is taking further steps in this direction in 2010.

Third, the Committee is guided by its sense of what is fair, and this played a particular role in the strained economic circumstances of 2009 in which a number of the Company's employees lost their jobs and shareholders saw the value of their shares fall significantly. To this end, the Committee reduced long-term incentive target compensation for senior executives by 20 percent and introduced performance cash units (PCUs) which are linked to financial performance and not directly leveraged on stock price, thereby mitigating excessive pay-outs. In consequence of these steps, total executive compensation for our continuing executive officers fell significantly in 2009 compared with the previous years.

The Committee also takes care to ensure that overall compensation does not get out of line with that of Textron's compensation peer group. For this purpose it benchmarks its senior executive compensation against a peer group of companies, established with the advice of its compensation consultant, and regularly reviews the list to ensure it remains relevant. The Committee targets senior executive compensation generally around the median of this group.

Last, the Committee strives to set compensation policies which do not encourage excessive risk-taking by senior executives which could endanger the Company.

The Committee recognizes that in order to attract and retain high-performing executives capable of managing a global, multi-industry company like ours, the Company must establish a total

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compensation program that is competitive in the industries in which we do business, as well as with corporations with which we compete for talent. The primary objectives of our executive compensation program for 2009 were to:

- Attract and retain qualified executives to lead the Company by ensuring market-competitive compensation levels
- Provide balanced motivation between short- and long-term performance of the Company by varying performance periods and vesting periods of incentive programs
- Motivate executives to produce strong and sustained financial performance for the long-term benefit of shareholders, by including an equity component in the compensation program
- Maintain a compensation structure for senior positions that provides an increased portion of compensation at-risk for more senior positions, while mitigating incentives to make overly risky decisions

Role of Compensation Consultant

Under its charter, the Committee has the authority to retain outside consultants or advisors as it deems necessary to provide desired expertise and counsel. Since 2005, the Committee has engaged the services of Towers Perrin as its compensation consultant. The lead consultant from Towers Perrin reports directly and exclusively to the Committee and provides expert, objective support regarding current and emerging best practices with regard to executive compensation. He attended eight of the nine Committee meetings in 2009.

The lead consultant provides direct and candid advice on any executive compensation matter as requested by the Committee. Examples of specific services provided in 2009 are:

- Assisted the Committee with the departure process for our terminating executive officers
- Advised the Committee on the composition of the compensation peer group
- Prepared analyses and recommendations for senior executive compensation levels as compared to the compensation peer group
- Evaluated the Company's compensation program and advised the Committee on alternative designs for consideration, including changes to performance metrics made due to the implications of the economic crisis and our severely reduced stock price on executive compensation
- Advised the Committee on the appropriateness and the structure of a proposed stock option exchange program for employees other than executive officers

In April 2008, the Committee, and subsequently the full Board, approved a resolution prohibiting its lead consultant from performing any other services for the Company, however, the prohibition is limited only to the lead consultant and does not apply to Towers Perrin generally. During 2009 and in prior years, Towers Perrin has, from time to time, provided limited services to the Company on various matters unrelated to the executive compensation consulting services provided to the Committee. None of these services had a role in determining the amount or form of executive compensation. The table

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below shows the types of services and amounts of fees that were paid to Towers Perrin for each of the past three years:

Type of Service	2009	2008	2007
Executive Compensation Consulting to the Organization and Compensation Committee of the Board of Directors	$ 445,906	$ 429,276	$ 607,124
Compensation surveys, job titling study, and miscellaneous research requests from Management	33,108	29,287	28,423
Other fees (not related to compensation)	0	1,633	3,086
Total	$ 479,014	$ 460,196	$ 638,633

Establishing an Appropriate Compensation Peer Group

The Committee feels strongly about being informed on current pay practices and trends in the marketplace, and, it relies upon its consultant to provide data, analysis, and market perspective to support the Committee's decision-making process. To enhance the relevance of this market perspective to Textron, the Committee has adopted criteria for selecting compensation comparator companies. These criteria include the selection of companies that are representative of the labor market in which our Company competes for executive talent, that operate in similar industries, have significant global operations, and that have median annual revenue that approximates Textron's revenue.

The companies comprising the compensation peer group consist of 21 companies with fiscal year 2008 revenues ranging from $5 billion to $35 billion with a median of $14.6 billion, compared to Textron's fiscal year 2008 revenues of $14.6 billion. No changes were made to the compensation peer group companies for 2009, which were:

3M Company
Boston Scientific Corporation
Eaton Corporation
Emerson Electric Co.
EMC Corporation
General Dynamics Corporation
Goodrich Corporation
Honeywell International Inc.
ITT Corporation
Lexmark International, Inc.
L-3 Communications
Medtronic, Inc.
Northrop Grumman Corporation
Parker-Hannifin Corporation
Pitney Bowes Inc.
QUALCOMM Incorporated
Raytheon Company
Seagate Technology
Rockwell Automation, Inc.
Texas Instruments Incorporated
Xerox Corporation

Elements of the Compensation Program

Each year the Committee (1) reviews the compensation program for executives by drawing on relevant professional studies and literature, obtaining relevant market data and trends from its consultant, consulting with senior management and the Board and (2) approves, or recommends to the Board for approval, such changes and refinements as it deems necessary to ensure that compensation for our executives remains in line with Company strategy and competitive practices. The Committee has designed a compensation program comprised of the following primary elements: base salary, annual incentive compensation, long-term incentive compensation and post-employment benefits. The Committee believes that each element is necessary in order to remain competitive within our peer group and provide incentives appropriate for our strategy. The Committee believes that the Company's incentive compensation programs establish a clear link between pay and performance by motivating the achievement of both short-term and long-term business objectives, resulting in compensation aligned appropriately with performance.

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Compensation Mix

With input from the lead consultant, and after consultation with the Board, the Committee approves the design and level for each element of compensation for our named executive officers ("NEOs"). The mix of compensation elements is not set according to pre-established guidelines but reflects the general goal of giving greater weight to long-term and objective performance-based compensation. The Committee has created a compensation structure that emphasizes at-risk compensation elements, with the greatest focus given to long-term incentives to align management interests with those of shareholders. The Committee continues to believe that the CEO's compensation should, even more so than other senior executives, be linked to the long-term performance of the Company. Therefore, the CEO has a greater percentage of both long-term incentive compensation and performance-based compensation than the other NEOs. The compensation decisions made in 2009 for Mr. Campbell and Mr. Donnelly, both of whom served as CEO during the year and our other continuing NEOs resulted in relative compensation opportunities consisting of the elements and at the levels set forth in the chart below:

Target total compensation consists of annualized base salary, annual incentive compensation target opportunity, and long-term incentive compensation target opportunity, but excludes perquisites and post-employment benefits. Chart excludes Mr. Connor who was hired in August 2009, Mr. French, who did not receive a 2009 equity grant, and Ms. Howell and Mr. Bohlen who left the Company in December 2009.

(1) Equity-based compensation includes the executive's long-term incentive compensation target opportunity. Non-equity-based compensation includes base salary and annual incentive compensation target opportunity.

(2) Performance-based compensation includes the executive's annual incentive compensation target opportunity and long-term incentive compensation target opportunity. Non-performance-based compensation includes base salary.

Base Salary

Each year, the Committee reviews and approves base salaries for NEOs. In support of this review, the lead consultant provides relevant benchmark data and analysis. The Committee targets base salaries for NEOs at competitive levels, i.e. generally around the median for executives in positions with similar responsibilities within the compensation peer group. The Committee also acknowledges that individual

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base salaries may vary based on factors such as individual responsibilities, complexity of position versus that of the market benchmark(s), performance, experience, and future potential.

Annual Incentive Compensation

The Committee, after discussions with the consultant, approves the annual incentive structure and performance goals in the first quarter of each year. An eligible executive's target opportunity is established as a percentage of his or her base salary. The target incentive percentages for the NEOs ranged from 65% to 120% of base salary depending on position. The Committee approves these percentages to provide market-competitive levels of target opportunity by position that also reflect anticipated levels of contribution.

Long-Term Incentive Compensation

Our long-term incentive compensation program is focused on rewarding multi-year financial and operational performance as well as long-term growth in shareholder value. Long-term incentive grants are made on March 1 (or the closest trading day prior to March 1 if it is not a trading day) in each year. When determining the level of the grant, the Committee considers each NEO's functional and enterprise management responsibilities, past performance, potential contributions to the Company's profitability and growth, the value of prior long-term incentive grants, competitive data regarding prevalent grant levels and potential equity dilution to shareholders. The four long-term incentive vehicles awarded to NEOs in 2009 are described below under "2009 Compensation Actions for Named Executive Officers 2009 Long-Term Incentive Grants".

Perquisites

We offer to pay for an annual physical exam for select senior executives, including each of the NEOs. Also, with the exception of Mr. Connor and Mr. Yates, our NEOs are entitled to personal usage of Company aircraft with approval by the CEO or the Chief Human Resources Officer. We impute income on personal flights by the NEO and any accompanying immediate family members. In addition, the Committee requires reimbursement to the Company (facilitated by time sharing agreements) for certain personal use of Company aircraft by an NEO when accompanied by non-immediate family members.

Retirement/Death Benefits

We provide certain retirement/death benefits that are only available to select senior executives (including certain NEOs) that typically depend on one or a combination of age and/or service. Post-employment benefits available in 2009 included:

- Supplemental Retirement Plan for Textron Key Executives ("SERP"): Non-qualified enhanced pension benefit
- Textron Spillover Pension Plan: Non-qualified benefit plan to make up for IRS limits in qualified pension plans and, in the case of Mr. Donnelly, to provide a "wrap-around" pension benefit which takes into account his final average compensation with Textron and his combined service with Textron and GE and reduces this benefit by the amount of any other benefits which he is eligible to receive under Textron and GE pension plans
- Textron Spillover Savings Plan: Non-qualified benefit plan to make up for IRS limits in qualified savings plans
- Survivor Benefit Plan for Textron Key Executives: An additional 2x base salary paid as a death benefit
- Deferred Income Plan for Textron Executives: Non-qualified plan that provides elective and non-elective deferred compensation

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2009 Management Changes

Overview

During 2009 Textron proceeded with its management succession plan for its Chief Executive Officer, and also realigned its management structure as part of its enterprise-wide restructuring program. The Management Committee as a decision-making entity was eliminated as of December 31, 2009, along with the position of Chief Operating Officer, as well as two executive officer positions. Four Executive Officer positions remain, the President and Chief Executive Officer, the Executive Vice President and Chief Financial Officer, the Executive Vice President Administration and Chief Human Resources Officer, and the Executive Vice President, General Counsel and Corporate Secretary, with all functional areas reporting up to one of these four individuals.

Hiring of new Executive Vice President and Chief Financial Officer

Frank T. Connor joined Textron as Executive Vice President and Chief Financial Officer on August 1, 2009, replacing Richard L. Yates, our Senior Vice President and Corporate Controller who had served as Acting Chief Financial Officer since Theodore R. French terminated employment with the Company for "good reason" in February 2009. Mr. Connor's compensation package, which was targeted to fall between the median and the 75th percentile for similar positions in the compensation peer group, was approved by the Committee after a review of relevant market data and input from the Committee's lead consultant.

Mr. Connor entered into a letter agreement with Textron which provides for an annual base salary of $750,000 and for participation in Textron's annual incentive plan for 2009 at a target award level of 85%, payable on a non-prorated basis, subject to the same performance goals as the other executive officers (formerly Management Committee members), to align Mr. Connor's annual incentive with these other executive officers. In future years, Mr. Connor's target award level for annual incentive compensation will be at least 85% of base salary, with actual payouts varying based upon performance.

Mr. Connor was awarded (i) 120,000 performance share units for the full 2009-2011 cycle, with the same terms as Textron's other executive officers, (ii) 70,000 restricted stock units payable in cash which will pay dividend equivalents until vesting and will vest in 20% annual installments beginning March 2010, and (iii) stock options to acquire 80,000 shares of Textron common stock which options will vest in 33% annual installments beginning March 2010. In future years, subject to Committee approval and possible adjustment each year, Mr. Connor's long-term incentive award target will be 285% of base salary.

Mr. Connor's letter agreement provides for an enhanced pension benefit which will give him an additional three years of credited service under the Textron Spillover Pension Plan. He is also eligible to participate in Textron's other benefit plans and programs for key executives, all in a manner and on terms and conditions substantially similar to other Textron executive officers. Mr. Connor's employment with Textron is terminable at will by Textron.

Appointment of Scott Donnelly as Chief Executive Officer and Director

On December 1, 2009, Scott C. Donnelly, President and Chief Operating Officer, succeeded Lewis B. Campbell as Chief Executive Officer upon Mr. Campbell's retirement. Mr. Donnelly, joined Textron in June 2008 as Chief Operating Officer and was appointed President in January 2009; he now serves as President and Chief Executive Officer and, since October 1, 2009, as a member of our Board of Directors. At the Board's request, Mr. Campbell has agreed to serve as non-executive Chairman of the Board of Textron, at the discretion of the Board, until no later than the 2011 Annual Meeting of Shareholders.

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In connection with his appointment to the position of Chief Executive Officer, after a review of relevant market data and input from the Committee's lead consultant, the Committee approved an increase to Mr. Donnelly's base salary, effective December 1, 2009, from $850,000 to $1,000,000 per year, and an increase to his target annual incentive compensation, for periods after December 1, 2009, from 90% to 120% of his salary. As a result of his promotion, on March 1, 2010, Mr. Donnelly's 2010 long-term incentive grants were increased to an estimated value of $6,000,000.

Mr. Campbell's Retirement

In connection with Mr. Campbell's retirement and his agreement to serve as non-executive Chairman beyond his retirement date, the Company entered into a letter agreement with Mr. Campbell pursuant to which the Company has agreed to pay to Mr. Campbell, for the time that he serves as non-executive Chairman, a retainer of $400,000 per year, payable quarterly in arrears and prorated for partial years. Mr. Campbell will also be subject to the same travel, aircraft and expense reimbursement policies as other non-employee directors, as described herein.

Additionally, in connection with both Mr. Campbell's retirement and his agreement to serve as non-executive Chairman, the letter agreement provides certain additional consideration to Mr. Campbell, including the Company's waiver of the continued service and individual performance requirements applicable to his unvested outstanding performance share units, performance cash units, restricted stock and restricted stock units. In entering into this letter agreement, the Committee and the Board considered the significant contributions that Mr. Campbell has made to Textron and that this agreement would enable the Company to continue to benefit from Mr. Campbell's advice and guidance in his role as non-executive Chairman. The Committee and the Board also took into account the fact that Mr. Campbell agreed to waive some provisions of his employment agreement that might otherwise have been applicable to his departure as CEO.

Effective as of his December 1, 2009 retirement date, Mr. Campbell's existing employment agreement terminated without any other payments due to him, except as specifically provided in the letter agreement. See "Executive Compensation Named Executive Officers Who Terminated Employment During 2009" for a full description of compensation paid or to be paid to Mr. Campbell.

Departure of Other Executive Officers

After thirty years of service, Mary L. Howell, the Executive Vice President Government Affairs, Strategy & Business Development, International, Communications and Investor Relations of Textron, terminated employment with Textron effective December 31, 2009. Kenneth Bohlen, the Executive Vice President and Chief Innovation Officer of Textron, also terminated employment effective at year end. Both Ms. Howell and Mr. Bohlen qualified for early retirement. The positions held by both executive officers have been eliminated with oversight of various functional areas previously under their purview reassigned to the remaining executive officers. Both Ms. Howell's and Mr. Bohlen's departures from the Company occurred under circumstances which qualified as terminations by the executive for "good reason" under their respective employment agreements. See "Executive Compensation Named Executive Officers Who Terminated Employment During 2009" for a full description of compensation paid or to be paid to Ms. Howell and Mr. Bohlen.

2009 Compensation Actions for Named Executive Officers

The Committee's 2009 Process

The Committee reviewed various performance and market data while considering 2009 compensation actions for the NEOs, including: individual, team and Company performance, financial performance relative to strategic and financial peers, relevant market data and input from the Committee's lead consultant. Prior to making decisions or recommendations, the Committee also

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reviewed the specific historical situation for each NEO and was provided tally sheets, which reflect the potential share-derived wealth of the NEOs and their accumulated retirement benefits, potential payouts of stock-based compensation, stock ownership and cash vs. non-cash compensation for each executive from prior years. Additionally, the CEO provided input into compensation decisions for NEOs other than himself. Final decisions regarding compensation were made by the Committee based on feedback from the full Board.

We have historically compensated our CEO at higher levels with respect to all elements of compensation than the other NEOs since the Board and the Committee believe the CEO position has the greatest ability to contribute to our success. During 2009, while President and COO, Mr. Donnelly received the next highest compensation reflecting his level of responsibility in comparison to other NEOs. The Committee set Mr. Connor's pay at the third highest among NEOs in conjunction with his level of responsibility below the President and COO, yet above the other NEOs. Mr. Donnelly's compensation was increased upon his promotion from President and COO to CEO.

2009 Base Salary Actions

In January 2009, the Committee reviewed current benchmark data for the NEOs prepared and presented by the consultant. The data presented showed that the base salary for each NEO remained at competitive levels for executives in positions with similar responsibilities at comparable companies. The Committee approved no base salary increases for 2009 for NEOs in their positions at the time of the review. As previously noted, Mr. Donnelly's base salary was increased in connection with his promotion to CEO.

2009 Annual Incentive Compensation Payments

In January 2009, the Committee initially established the performance metrics for annual incentive compensation for fiscal 2009 as 45% EPS, 25% enterprise return on invested capital, 25% cash efficiency and 5% workforce diversity. In April 2009, in light of the volatile economic conditions, to further focus executives on Textron's cash efficiency goals, which were of primary importance given the economic climate, the Committee re-evaluated the goals that it had set and changed the performance metrics by removing enterprise return on invested capital and replacing it with an increase to the cash efficiency component from 25% to 50%. The final approved weighting of metrics for the 2009 annual incentive program was 50% of the incentive opportunity based on cash efficiency, 45% on EPS, and 5% on workforce diversity. The percentage that could be earned on each of these metrics ranged from 0% to 200% based on a predetermined payout scale.

The Committee approved a 2009 cash efficiency target of $2.7 billion and an EPS target of $1.05, for Annual Incentive Compensation purposes. They also approved a target increase of 0.33% for diversity within salaried, U.S. based employees. The formula for determining 2009 annual incentive awards for the NEOs, and the resulting payout earned is detailed below:

	Threshold	**Target**	**Maximum**	**Actual Achievement**	**Percent Earned**	**Component Weighting**	**Weighted Payout**
Cash Efficiency ($ in billions)	$ 2.036	$ 2.714	$ 3.393	$ 3.666	200.00%	50%	100.00%
EPS	$ 0.90	$ 1.05	$ 3.26	$ 0.59	0.00%	45%	0.00%
Change in Workforce Diversity	-0.67%	0.33%	1.33%	-0.09%	58.00%	5%	2.90%
Calculated Result	Total Award % Paid:						102.90%

Results below "threshold" earn 0%; Results at "target" earn 100%; Results at "maximum" earn 200% with payout determined through prorating final performance if between threshold and target or target and maximum.

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EPS for incentive purposes can differ from EPS as calculated under Generally Accepted Accounting Principles (GAAP) as a result of a change in accounting principle or adjustments for certain non-recurring items. Examples of non-recurring items include asset impairments, restructuring charges, mark to market allowances and gains or losses related to dispositions. The Committee approved the formula for calculating the adjusted EPS for the annual incentive program.

At its January 2010 meeting, the Committee discussed the annual incentive compensation awards to be paid to the NEOs for the 2009 performance period. Each Committee member provided feedback to help determine final compensation decisions for the CEO and other NEOs. Prior to finalizing these decisions, the Committee solicited input from the Board. After consideration of these inputs, the Committee approved a payment equal to 102.9% for executive officers, resulting in the following annual incentive awards in accordance with the program design:

Name	Target % of Salary	Percent of Target Earned	Annual IC Paid
S.C. Donnelly(1)	93.06%	102.9%	$ 824,486
F.T. Connor	85%	102.9%	655,988
J.D. Butler	65%	102.9%	374,556
T. O'Donnell	65%	102.9%	351,146
R.L. Yates(2)	50% + $200,000	107.4%	460,617
L.B. Campbell(3)	100%	102.9%	1,038,867
T.R. French(4)	75%	102.9%	59,203
M.L. Howell	65%	102.9%	351,146
K.C. Bohlen	65%	102.9%	300,983

(1) Mr. Donnelly's target percentage is pro-rated for 11 months as President and 1 month as CEO reflecting the increase in his AIC target percentage from 90% to 120% effective upon his promotion to CEO.

(2) Mr. Yates' percent of target earned is 107.4% because higher results were achieved on the workforce diversity metric applicable to him. Mr. Yates' target percentage was increased by $200,000 for the time period in 2009 during which he served as Acting CFO which resulted in Mr. Yates receiving an additional $214,585 in AIC for 2009.

(3) Mr. Campbell's AIC award is pro-rated based on employment through November 30, 2009.

(4) Mr. French's AIC award is pro-rated based on employment through February 9, 2009.

2009 Long-Term Incentive Grants

In its December 2008, January 2009 and February 2009 meetings, the Committee's primary considerations in setting 2009 long-term incentive (LTIC) grant levels included the level of each NEO's target Total Direct Compensation (base salary, annual incentive compensation, and long-term incentive compensation) in comparison to compensation comparators, past grant levels, market changes expressed by the consultant, and stock prices in early 2009. With substantially lower stock prices in early 2009 and expected lower long-term incentive grant levels across the market, the Committee decided to (1) reduce award values from 2008 by 20% and (2) provide a significant portion of the long-term incentive award in units not tied to Textron's stock price. These decisions reduced the leverage and risk linked to stock price and helped align 2009 award levels with market.

For 2009, NEOs had the opportunity to realize long-term incentive compensation through three primary vehicles and one supplemental vehicle. The primary long-term incentive awards were: (1) cash-settled performance share units (PSUs), (2) cash-settled restricted stock units (RSUs) and (3) stock options. The supplemental awards, approved at the Committee's February 2009 meeting and

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granted along with the primary awards on February 27, 2009, were performance cash units (PCUs), which are not directly linked to stock price to ensure leverage of award payouts was mitigated against potential risk-taking and final payout values. With the addition of the PCUs, the final mix of award types granted was approximately 55% of the award value for each executive officer in the form of performance cash units, approximately 25% in the form of performance share units, approximately 13% in the form of restricted stock units and approximately 7% in the form of stock options. Consistent with the prior year, the Committee also approved a common percent allocation of award value across the four LTIC components granted to each NEO. The Committee determined that this allocation of value appropriately balanced the Committee's long-term incentive compensation goals of retention, link to shareholders, mitigation of risk due to excessive leverage and wealth accumulation opportunities. All four grant types align with shareholder interests, as each grant type is structured to link to stock price, whether directly or indirectly through payout impacted by Total Shareholder Return, as described below.

Performance Share Units

Performance share unit awards span a three-year performance period, with vesting at the end of the third fiscal year. NEOs may earn from 0% to 150% of the units originally granted based upon the achievement of performance goals established by the Committee. Upon vesting, all earned PSUs are valued based on the value of our common stock and are paid in cash in the first quarter following the performance period. As described above with respect to the performance metrics established for 2009 Annual Incentive Compensation, to further focus executives on Textron's cash efficiency goals, the Committee reevaluated the goals that it had initially set and changed the performance metrics applicable to PSUs granted in 2009 by removing enterprise return on invested capital and increasing the weighting of cash efficiency from 25% to 50%, so that payouts will be based 50% upon achievement of EPS goals and 50% on achievement of cash efficiency goals. With the volatility of the economy in early 2009, the Committee established performance goals for EPS and cash efficiency for 2009 only, consistent with those established for 2009 AIC as previously described, with the intent of setting 2010 and 2011 goals at the beginning of those years. In addition, the Committee added total shareholder return ("TSR") as a metric for the PSUs; the Committee may exercise negative discretion linked to TSR for the entire three-year performance period by up to -40%. The Committee adopted a three-year cumulative TSR goal for the entire 2009-2011 performance period which will link payout directly with performance vs. the S&P 500 during this period. This award type combines incentive for increasing share price, as well as meeting absolute (EPS and Cash Efficiency) and relative (TSR) objective performance metrics set by the Committee.

Restricted Stock Units

Restricted stock units, settled in cash, typically constitute the right to receive the value of one share of common stock upon vesting which occurs for one-fifth of the units on each anniversary of the date of grant. In 2009, grants of restricted stock units included the right to receive dividend equivalent payments on a quarterly basis prior to vesting. This award type combines incentive for increasing share price, as well as serving to retain top talent in a manner that is less sensitive to share price fluctuation than stock options.

Stock Options

Stock options vest ratably over three years beginning on the first anniversary of the date of grant. Stock options are granted with an exercise price equal to the closing price of common stock traded on the New York Stock Exchange on the date of the grant. This award type aligns the interest of management with shareholders by providing value only based on share price increase.

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Performance Cash Units

For 2009, the Committee awarded Performance Cash Units (PCUs) which span a three-year performance period, vesting in one-third increments at the end of each year of the three-year period and payable at the end of the third fiscal year. NEOs may earn from 0% to 150% of the units originally granted based upon the achievement of performance goals established by the Committee which are the same as those applicable to the PSUs described above, including the TSR negative modifier at the end of the three-year cycle. These awards are not directly linked to stock price during the performance period as each unit earned is valued at $1.00 on the date of payment. The Committee does not anticipate using PCUs in the future as this vehicle was specifically structured to address the unusual circumstances confronted by the Company in early 2009.

The table below displays the total LTIC value approved by the Committee. Also provided is the percentage allocation across the three long-term incentive components and the number of shares granted:

Name	Total Grant Date Fair Value (1) ($'s)	PSUs (2009-2011) Performance Period (25% of Value) (share units)	PCUs (2009-2011) Performance Period (55% of Value) (units)	Restricted Stock Units (13% of Value) (share units)	Stock Options (7% of Value) (sh's)	Stock Option Exercise Price
S.C. Donnelly	$ 4,163,263	205,975	3,166,250	89,880	100,746	$ 5.65
F.T. Connor(1)	2,851,667	120,000	0	70,000	80,000	14.34
J.D. Butler	1,040,568	51,494	791,250	22,470	25,187	5.65
T. O'Donnell	1,160,665	57,444	882,500	25,067	28,097	5.65
R.L. Yates	803,574	34,225	502,178	18,668	20,925	5.65
L.B. Campbell	5,629,484	278,525	4,281,250	121,538	136,231	5.65
T.R. French	0	0	0	0	0	n/a
M.L. Howell	1,160,665	57,444	882,500	25,067	28,097	5.65
K.C. Bohlen	879,171	43,484	668,750	18,975	21,269	5.65

(1) Mr. Connor's grant was approved by the Committee in July 2009. His percentage of LTIC value by component varies from the other NEOs primarily because he did not receive PCUs.

2009 Special Grants

In addition to their annual long-term incentive awards, Mr. Donnelly and Mr.Yates each received a one-time special grant of cash-settled restricted stock units valued at $1,000,000 and $500,000, respectively (based upon the share price at the time the grant was approved in January 2009), which was supplemented with performance cash units such that the grant was consistent with the 2009 annual long-term incentive grants. In Mr. Donnelly's case, the special grant was awarded as a result of his appointment to the position of President. Mr. Yates received his grant as one of a small group of key senior executives in recognition of their essential role in assisting the Company through the pending difficult market conditions. The grant date for these special awards was February 27, 2009; they vest in equal installments over three years, and the RSUs receive dividend equivalent payments prior to vesting.

Name	Total Grant Date Fair Value	PCUs (2009-2011) Performance Period (54% of Value) (units)	Restricted Stock Units (46% of Value) (share units)
S.C. Donnelly	$ 913,449	537,283	66,578
R.L. Yates	456,725	268,642	33,289

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2009 Long-Term Incentive Compensation Payments

In January 2007, the following grants of performance share units for the 2007-2009 performance period were made to the NEOs: For Mr. Campbell, 70,380 PSUs; for Mr. Yates, 7,756 PSUs; for Mr. Butler, Mr. O'Donnell, and Ms. Howell, 15,122 PSUs each; for Mr. French 21,996 PSUs; and for Mr. Bohlen, 12,630 PSUs. In July 2008, Mr. Donnelly was granted 17,531 PSUs for this performance period.

For the 2007-2009 PSU grants, the formula for determining the actual percentage of the award earned following the three-year performance period was:

(1) The cumulative EPS target for the 2007-2009 performance share unit cycle was $10.10. Meeting or exceeding the three-year performance target results in 100% being earned for this portion of the award. For the three-year performance period ended January 2, 2010, earnings per share for incentive compensation purposes, calculated as described above, was $7.45. As a result, 18.02% (of a possible 60%) of this component was earned.

(2) If Textron's return on invested capital (ROIC) averages 400 basis points or more above the weighted average cost of capital (WACC) over the award period, then this portion of the award will be earned. The average ROIC for this period, was 16.60%; or 703 basis points higher than the Company's three-year average cost of capital of 9.57%. As a result, the full 15% of this component was earned. An additional payout of up to 30% may be earned to the extent that the three-year average trailing ROIC exceeds three-year average trailing WACC by greater than 400 basis points. For the 2007-2009 performance period, the maximum payout of 30% can be earned if ROIC was 1,200 or more basis points above WACC. Based on the ROIC performance, an additional payout of 7.58% of the maximum payout of 30% was earned.

(3) Leadership Initiatives are determined on a scale of 0% to 100% based on financial and operational performance against goals set at the beginning of the three-year performance period. Leadership Initiatives for the CEO were cascaded to other executive officers. Each NEO other than Mr. Yates was awarded 8.33% (of a possible 25%) for the Leadership Initiatives component for the 2007-2009 cycle. This percentage reflects the Committee's view that some, but not all, of the objectives set at the beginning of the three-year performance period had been achieved. For NEOs other than Mr. Yates, the Committee set the payout for the leadership objective within the 2007-2009 Performance Share Units at 0% for 2007, 0% for 2008 and 100% for 2009 resulting in a total payout of 8.33% for that metric. The Committee's decision to provide the same percentage for this portion of the award to most NEOs is consistent with historical practice, which reflects shared enterprise management responsibilities. This decision is not automatic, however; different percentages could be applied in any year as determined by the Committee to reflect performance issues or other factors. The Committee awarded Mr. Yates 100% for the Leadership Initiatives component of the 2007-2009 cycle which resulted in him receiving the full 25% payout.

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Based on the Company's financial results and the executives' performance, and valuing each performance share unit earned at a share price of $20.601 (the average closing market value of Textron common stock for the first ten trading days of the fiscal year following the end of the performance period), in January 2010, the Committee approved the below PSU payments for the 2007-2009 performance period:

Name	PSUs Granted	Percent of Target Earned	PSUs Earned	PSU Payment for 2007-2009
S.C. Donnelly	17,531	48.93%	8,578	$ 176,714
F.T. Connor	0	n/a	0	0
J.D. Butler	15,122	48.93%	7,399	152,431
T. O'Donnell	15,122	48.93%	7,399	152,431
R.L. Yates	7,756	65.59%	5,088	104,808
L.B. Campbell	70,380	48.93%	34,437	709,435
T.R. French	21,996	48.93%	10,763	221,721
M.L. Howell	15,122	48.93%	7,399	152,431
K.C. Bohlen	12,630	48.93%	6,180	127,311

Stock Ownership Requirements

One objective of our executive compensation program is to align the financial interests of our NEOs with the interests of our shareholders. As a result, we require that senior executives maintain a minimum level of stock ownership which may be achieved through outright ownership of shares, Textron Savings Plan shares, unvested restricted stock units, and unvested share equivalents in Textron compensation and benefit plans. Minimum ownership levels are expressed as a multiple of base salary as follows: five times for the CEO and COO, and three times for other NEOs. All NEOs currently meet their respective stock ownership requirements based on the methodology approved by the Committee, which includes allowing executives new to the Company a period of five years to reach the applicable requirement.

Accounting and Tax Considerations

Section 162(m) of the Internal Revenue Code provides that no U.S. income tax deduction is allowable to a publicly held corporation for non-performance-based compensation in excess of $1 million paid to a "covered employee." The definition of a covered employee includes the chief executive officer and any other employee (other than the chief financial officer) whose compensation is required to be reported in the Summary Compensation Table, if those individuals are employed by the Company at year end. "Performance-based compensation" is exempt from the $1 million limitation. Performance-based compensation must be based upon meeting pre-established and objective performance goals under a plan that has been approved by shareholders. Per Section 162(m), performance goals are not objective if the Committee does not set performance standards in a timely fashion, has any discretion to pay amounts in excess of those earned in accordance with the achievement of these pre-established performance standards, or pays such compensation when the performance criteria are not met.

Our policy generally has been to maximize the compensation that would qualify as performance-based compensation under Section 162(m), while preserving the Committee's discretionary ability to reward individual and team performance. Textron stock options granted under the 1999 Long-Term Incentive Plan and the 2007 Long-Term Incentive Plan qualify as performance-based compensation. Annual incentive compensation awards, performance share unit awards and performance cash unit awards each have financial components that may qualify as performance-based compensation. These

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types of awards typically also include a discretionary component based on completion of individual performance objectives that may not qualify as performance-based compensation. The changes to the performance metrics applicable to both the 2009 Annual Incentive Compensation and to that portion of the PSUs and PCUs subject to the 2009 performance metrics, such changes having occurred in April of 2009 (as discussed above) and thus outside of the permissible time frame to establish metrics, will preclude a limited portion of these awards from qualifying as performance-based compensation.

Textron allows executives, including those whose income might otherwise be subject to the $1 million limitation, to voluntarily defer compensation into the Deferred Income Plan for Textron Executives. Compensation thus deferred is not counted toward the $1 million limitation.

A portion of the expenses incurred by Textron related to non-business travel on Company aircraft by the NEOs or certain other executives may not be deductible as business expenses under the Internal Revenue Code. As a result, providing personal use of Company aircraft as a perquisite to such executives may result in an increased tax expense to the Company.

Prohibition on New Tax Gross-Up Arrangements for Executive Officers

Historically, the Committee has used, from time to time, tax gross-ups for executive officers in certain situations, in order to compensate an executive for taxes applicable to some forms of remuneration under certain circumstances. However, in its February 2009 meeting, the Committee adopted a policy prohibiting, prospectively, any new agreements requiring the Company to pay tax gross-ups, including Section 280G excise tax gross-ups, to executive officers that are not generally available to other employees, such as the Company's standard relocation policy.

Compensation Arrangements Relating to Termination of Employment

Employment agreements and plan design provisions provide varying levels of protection to NEOs in the event of termination. Mr. Donnelly's letter agreement and Mr. O'Donnell's and Mr. Butler's employment agreement each use standardized events such as death, disability, retirement and termination under voluntary, involuntary (for cause), involuntary (not for cause or for good reason), or change in control circumstances to trigger payments. When Mr. O'Donnell and Mr. Butler originally agreed to the terms of their agreements more than nine years ago, termination benefits triggered by these events were set based on a combination of prevailing market practice at the time, historical practice at Textron, and other factors unique to each executive. Mr. Donnelly's termination benefits are consistent with the terms of Mr. Campbell's agreement and were approved by the Committee upon his initial hiring in 2008 in order to attract him to Textron. Reflecting the Committee's desire to move away from the practice of granting contractual termination protection, Mr. Connor, who was hired as the Company's Chief Financial Officer in August 2009, is eligible for termination benefits available to all corporate officers as provided by the Textron Inc. Severance Plan for Key Executives.

With regard to retirement benefits, in order for Textron to attract Mr. Donnelly to join the Company after his 19 year career at GE, his pension benefits were designed to take into account his years of service at GE so that he would not be disadvantaged by joining Textron. This benefit has been effected through the adoption of an amendment to the Textron Spillover Pension Plan adding an appendix which provides a "wrap-around pension benefit" to Mr. Donnelly in order to compensate for pension benefits at GE that would otherwise not keep pace with his increasing compensation over the course of his career upon joining Textron. The benefit takes into account his service with both GE and Textron and uses the definition of pensionable compensation and final average compensation in the Textron Spillover Pension Plan. This nonqualified pension benefit will become 100% vested upon the earlier of his completion of ten years of service with Textron or his attainment of age 62 while employed by Textron and will be reduced by the combined value of any other benefit which he is eligible to receive under (i) a tax-qualified defined benefit plan maintained by GE, (ii) a tax-qualified defined benefit plan maintained by Textron and (iii) the Textron Spillover Pension Plan.

Mr. Connor's letter agreement provides for an enhanced pension benefit which will give him an additional three years of credited service under the Textron Spillover Pension Plan.

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EXECUTIVE COMPENSATION

The following Summary Compensation Table sets forth information concerning 2009 compensation of all individuals who served as our principal executive officer and principal financial officer during fiscal 2009, and each of our next most highly compensated executive officers who were serving as executive officers at the end of Textron's 2009 fiscal year and two additional individuals for whom disclosure would have been provided but for the fact that the individual was not serving as an executive officer at the end of fiscal 2009 (each, an "NEO" and collectively, the "NEOs"). Compensation that was deferred by these officers under the Deferred Income Plan is included below as compensation paid.

Summary Compensation Table

Name and Principal Position (1)	Year	Salary ($)	Bonus ($)	Stock Awards ($) (2)	Option Awards ($) (3)	Non-Equity Incentive Plan Compensation ($) (4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (5)	All Other Compensation ($) (6)	Total ($)
Scott C. Donnelly	2009	$ 860,962	$ 0	$ 2,170,184	$ 226,679	$ 824,486	$ 985,480	$ 47,948	$ 5,115,739
President and Chief Executive Officer	2008	425,000	4,590,000	9,951,668	2,694,000	1,320,000	492,118	2,482,922	21,955,708
Frank T. Connor									
	2009	302,885	0	1,568,845	491,760	655,988	146,600	20,044	3,186,121
Executive Vice President and Chief Financial Officer									
John D. Butler									
	2009	560,000	0	412,603	56,671	374,556	892,902	61,407	2,358,138
Executive Vice President	2008	560,000	0	647,869	424,621	204,495	1,928,552	169,947	3,935,484
Administration and Chief Human Resources Officer	2007	560,000	0	1,097,319	595,238	728,000	2,120,024	148,613	5,249,194
Terrence O'Donnell									
	2009	525,000	0	460,234	63,218	351,146	200,346	31,150	1,631,095
Executive Vice President and	2008	525,000	0	1,097,713	444,052	191,714	2,211,961	370,538	4,840,978
General Counsel	2007	525,000	0	1,097,319	595,238	682,500	2,725,982	231,246	5,857,285
Richard L. Yates									
	2009	458,160	0	612,514	47,081	460,617	670,755	27,808	2,276,935
Senior Vice President and Corporate Controller									
Lewis B. Campbell									
	2009	1,019,615	0	2,232,115	306,520	0	0	3,237,004	6,795,253
Chairman of the Board	2008	1,100,000	0	5,314,507	2,149,798	617,980	473,434	650,842	10,306,561
	2007	1,100,000	0	5,107,267	2,770,462	2,200,000	9,839,709	588,996	21,606,434
Ted R. French									
	2009	150,769	0	0	0	0	0	2,898,719	3,049,488
Former Executive Vice President	2008	700,000	0	1,594,353	644,938	294,945	1,485,373	221,223	4,940,832
and Chief Financial Officer	2007	700,000	0	1,596,121	865,829	1,050,000	1,560,164	224,077	5,996,191
Mary L. Howell									
	2009	525,000	0	460,234	63,218	351,146	5,736,188	3,296,457	10,432,244
Former Executive Vice President	2008	525,000	0	1,097,713	444,052	191,714	1,409,212	255,600	3,923,291
Government Affairs, Strategy & Business Development, International, Communications and Investor Relations	2007	525,000	0	1,097,319	595,238	682,500			