

TEXTRON INC

FORM SC TO-I/A (Amended tender offer statement by Issuer)

Filed 07/13/10

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 1 to

SCHEDULE TO

TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1) OF THE SECURITIES EXCHANGE ACT OF 1934

TEXTRON INC.

(Name of Subject Company (Issuer) and Filing Persons (Offeror))

Options to Purchase Common Stock, \$0.125 par value

(Title of Class of Securities)

883203101

(CUSIP Number of Class of Securities (Underlying Common Stock))

Textron Inc.

40 Westminster Street

Providence, Rhode Island 02903

(401) 457-2555

Attention: Terrence O'Donnell

Executive Vice President, General Counsel and Corporate Secretary

(Name, address and telephone number of person authorized to receive notices and communications on behalf of filing persons)

Copy to:

Ronald O. Mueller, Esq.

Gibson, Dunn & Crutcher LLP

1050 Connecticut Avenue, NW

Washington, DC 20036

(202) 955-8500

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CALCULATION OF FILING FEE

Transaction Valuation (1)

\$7,818,205

Amount of Filing Fee

\$557.44

- (1) Estimated solely for purposes of calculating the amount of the filing fee. The calculation assumes that all options to purchase the Issuer's common stock that as of June 25, 2010 may be eligible for exchange will be exchanged for new options and cancelled pursuant to this offer. These options have a value of \$7,818,205 as of June 25, 2010, calculated using the Black-Scholes option pricing model.

- Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: \$557.44

Form or Registration No.: 005-17699

Filing Party: Textron Inc.

Date Filed: July 1, 2010.

- Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

If applicable, check the appropriate box(es) below to designate the appropriate rule provision(s) relied upon:

- Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
 - Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)
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This Amendment No. 1 (this “Amendment No. 1”) amends and supplements the Tender Offer Statement on Schedule TO (the “Schedule TO”) filed with the Securities and Exchange Commission on July 1, 2010, relating to an offer by Textron Inc. (the “Company”) to exchange certain outstanding options to purchase shares of the Company’s common stock for new options. This Amendment No. 1 is being filed in order to amend and restate Exhibit (d)(2), the Form of Non-Qualified Stock Option Terms and Conditions for Options Granted under 2010 Option Exchange Program, including Stock Option Noncompetition Agreement, to clarify that the new options may be exercised for three years following retirement, consistent with the terms described in the Offer to Exchange Certain Outstanding Stock Options for New Stock Options, dated July 2, 2010 (previously filed as Exhibit (a)(1)(A)).

This Amendment No. 1 amends and restates only the exhibit to the Schedule TO that is being amended and restated as described above, and unaffected items and exhibits are not included herein. Except as specifically provided in this Amendment No. 1, the information contained in the Schedule TO remains unchanged.

Item 12. Exhibits

Exhibit No.	Description
(a)(1)(A)	Offer to Exchange Certain Outstanding Stock Options for New Stock Options*
(a)(1)(B)	Form of Email attaching Offer to Exchange Certain Outstanding Stock Options for New Stock Options*
(a)(1)(C)	Form of Email with Instructions for Logging onto the Option Exchange Program Website*
(a)(1)(D)	Option Exchange Program Website Screen Shots*
(a)(1)(E)	“Program Overview” sent to Eligible Employees and posted on Option Exchange Program Website, incorporated by reference to Exhibit 99.3 of the Company’s Schedule TO-C filed with the Securities and Exchange Commission on June 18, 2010
(a)(1)(F)	Slide Presentation For Use in Explaining the Option Exchange Program to Eligible Employees and posted on Option Exchange Program Website, incorporated by reference to Exhibit 99.1 of the Company’s Schedule TO-C filed with the Securities and Exchange Commission on June 18, 2010
(a)(1)(G)	FAQs sent to Eligible Employees and posted on Option Exchange Program Website, incorporated by reference to Exhibit 99.4 of the Company’s Schedule TO-C filed with the Securities and Exchange Commission on June 18, 2010
(a)(1)(H)	“What to Consider Before Making an Exchange” posted on Option Exchange Program Website, incorporated by reference to Exhibit 99.2 of the Company’s Schedule TO-C filed with the Securities and Exchange Commission on June 23, 2010
(a)(1)(I)	Form of Reminder Email*
(a)(1)(J)	Form of Email Confirming Elections*
(a)(1)(K)	Form of Email Announcing Finalization of Exchange Ratios and Strike Price for New Options*
(a)(1)(L)	Form of Email Notifying Eligible Employees of Options Accepted for Exchange*
(b)	Not applicable
(d)(1)	Textron Inc. 2007 Long-Term Incentive Plan (Amended and Restated as of April 28, 2010)*

- (d)(2) Form of Non-Qualified Stock Option Terms and Conditions for Options Granted under 2010 Option Exchange Program, including Stock Option Noncompetition Agreement
- (d)(3) Form of Notice of Grant*
- (g) Not applicable
- (h) Not applicable

* Previously filed

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Textron Inc.

By: /s/ Terrence O'Donnell
Terrence O'Donnell
Executive Vice President, General Counsel and Corporate
Secretary

Date: July 13, 2010

TEXTRON INC.
TEXTRON 2007 LONG-TERM INCENTIVE PLAN

NON-QUALIFIED STOCK OPTION TERMS AND CONDITIONS
FOR OPTIONS GRANTED UNDER 2010 OPTION EXCHANGE PROGRAM

(8/2010)

1. *Grant of Options* . Pursuant to instructions of the Organization and Compensation Committee (the "Committee") of the Board and pursuant to the 2007 Long-Term Incentive Plan (Amended and Restated as of April 28, 2010) (the "Plan"), Textron has granted to Optionee the right and option (the "New Option" or "Option") to purchase all or any part of the number of shares of Common Stock (the "Option Shares") set forth on the applicable Notice of Grant signed by Textron and agreed to by Optionee (the "Notice of Grant") on the terms and conditions herein set forth. This New Option is granted under Textron's Option Exchange Program, the terms of which have been communicated to Optionee, in exchange for an eligible option previously granted to Optionee by Textron (the "Eligible Option"). The exchange shall take effect as of the Date of Grant of this New Option indicated in the Notice of Grant (the "Exchange Date"). By accepting this New Option, Optionee knowingly and voluntarily consents to the cancellation of the Eligible Option. Optionee hereby waives any right or claim to receive any Option Shares or any future payment with respect to the Eligible Option.

2. *Purchase Price*. The purchase price of the Option Shares shall be the price set forth in the Notice of Grant, which is the fair market value of a share of Common Stock on the Date of Grant of this New Option.

3. *Term of Option and Period of Exercise* . The Option shall expire on the expiration date set forth in the Notice of Grant (ten years from the Date of Grant of the Eligible Option), subject to earlier expiration or termination as hereinafter provided. The Option shall not be exercisable for less than 50 Option Shares (or the remaining number of Option Shares if that number is less than 50), and the Option shall not be exercisable for any number of Option Shares after it shall have expired or terminated.

Under the terms of the Option Exchange Program, no portion of the New Option shall become exercisable earlier than one year after the Exchange Date. If all or a portion of the Eligible Option was scheduled to become exercisable more than one year after the Exchange Date, the later exercise date shall apply to a corresponding portion of the New Option. The dates on which the New Option shall become exercisable, and the number of Option Shares for which it will be exercisable, are shown in the Notice of Grant. The date on which the New Option becomes exercisable shall be accelerated in the event of the Optionee's total disability or death (as provided in Section 6(b) or (c) of these Terms and Conditions) or in the event of a Change in Control (as provided in Section 9 of these Terms and Conditions).

4. *Exercise of Option* .

(a) Subject to these terms and conditions and the Stock Option Non-Competition Agreement entered into in consideration of this Option, the Option may be exercised by written

notice to Textron, at its principal office, at 40 Westminster Street, Providence, Rhode Island 02903, Attention: Stock Plan Lead, Executive Rewards. The notice shall state the election to exercise the Option and the number of Option Shares in respect of which it is being exercised, and shall be signed by the person or persons exercising the Option. The notice shall be accompanied by payment of the full purchase price of the Option Shares, upon the receipt of which Textron shall issue and deliver as soon as practicable a certificate or certificates representing the Option Shares. The certificate or certificates for the Option Shares shall be registered in the name of the person or persons exercising the Option (or, if the Option shall be exercised by Optionee and if Optionee shall so request in the notice exercising the Option, shall be registered in the name of Optionee and another person jointly, with right of survivorship) and shall be delivered to or upon the written order of the person or persons exercising the Option. During the life of the Optionee, an Option shall be exercisable only by the Optionee or by the Optionee's guardian or legal representative. In the event the Option is being exercised pursuant to Section 6(c) by any person or persons other than Optionee, the notice shall be accompanied by appropriate proof of the right of such person or persons to exercise the Option. All Option Shares issued as provided herein will be fully paid and nonassessable. Textron shall pay all original issue taxes, if any, with respect to the issuance of the Option Shares.

(b) The purchase price of the Option Shares shall be paid in full at the time of exercise at the election of Optionee (1) in cash, (2) by tendering to Textron shares of Common Stock then owned by Optionee for at least six months and having a fair market value equal to such purchase price on the date of exercise, or (3) partly in cash and partly in shares of Common Stock owned for at least six months and valued at fair market value on the date of exercise. To the extent that payment is made in shares of Common Stock, the number of shares shall be determined by dividing the amount of such payment by the fair market value of a share of Common Stock on the date of payment. Optionee shall have no rights as a shareholder of Textron unless and until a certificate for shares of Common Stock shall have been issued to Optionee.

5. *Non-Assignability of Option* . The Option shall not be assignable or transferable by Optionee except by will or the laws of descent and distribution.

6. *Termination of Employment* .

(a) If Optionee's employment with Textron or a Subsidiary shall terminate for Cause, all Option(s) held by the Optionee shall expire immediately.

(b) If Optionee's employment with Textron or a Subsidiary shall terminate as a result of Optionee's total disability, Optionee shall have the right to exercise the Option as to all unexercised Option Shares (whether or not the Option was fully exercisable at the time of termination of employment) until the expiration of its term. For purposes of the foregoing sentence, "total disability" shall mean the inability of Optionee to engage in any substantial gainful activity due to injury, illness, disease, or bodily or mental infirmity which can be expected to result in death or is expected to be permanent. Optionee shall not be considered disabled unless Optionee furnishes proof of the existence of total disability. Textron may require the existence or non-existence of a disability to be determined by a physician whose selection is mutually agreed upon by Optionee (or his or her representatives) and Textron.

(c) If Optionee shall die while employed by Textron or a Subsidiary or while the Option is still exercisable under Section 6(b), (d) or (e), the Option may be exercised as to all unexercised Option Shares (whether or not the Option was fully exercisable at the time of death) within a period of one year from the date of Optionee's death by the executor or administrator of Optionee's estate

or by the person or persons to whom Optionee shall have transferred such right by will or by the laws of descent and distribution.

(d) If Optionee's employment with Textron or a Subsidiary shall terminate after Optionee has become eligible for normal or early retirement, and if Section 6(a) does not apply, Optionee shall have the right to exercise the Options within 36 months after termination (or until the expiration of its term, if earlier) to the extent the Option is vested and exercisable at the time of termination of employment. Early Retirement with Textron is defined as attainment of age 60, the completion of 20 years of vesting service, or the attainment of age 55 with the completion of 10 years of vesting service. Normal Retirement with Textron is age 65.

(e) If Optionee's employment with Textron and its related companies shall terminate for any reason not specified in Sections 6(a), (b), (c) or (d), Optionee shall have the right to exercise each Option granted to the Optionee within three months after Optionee's termination (or within such later time, up to 36 months after his or her termination of employment, as the Committee may determine) but, unless otherwise determined by the Committee, only to the extent the Option is exercisable at the time of such termination of employment. In no event, however, shall an Option be exercisable under this Section 6(e) earlier than six months from the Date of Grant of this New Option.

(f) Notwithstanding anything to the contrary in this Section 6, in no event shall the Option be exercisable after the expiration of its term.

7. *No Right to Employment* . Nothing in this document shall confer upon Optionee the right to continue in the employment of Textron or a Subsidiary or affect any right which Textron or a Subsidiary may have to terminate the employment of Optionee.

8. *Corporate Changes* . The number of Option Shares and the purchase price thereof shall both be equitably adjusted in the event of a stock split, stock dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, or any other corporate event affecting the Common Stock, as provided in the Plan, in order to preserve the benefits or potential benefits intended to be made available to the Optionee.

9. *Change in Control* . In the event of a change in control of Textron as defined in Section 2(a) of the Plan, and except as otherwise determined by the Committee prior to the change in control, each unexpired Option shall be exercisable, beginning immediately, as to all remaining Option Shares subject to the Option.

10. *Definition of Certain Terms* . Terms used but not defined herein shall have the meanings set forth in the Plan.

11. *Option Subject to Plan* . The Option is in all respects subject to the terms and conditions of the Plan as in effect from time to time; provided, however, that termination or amendment of the Plan (except amendments as required by technical corrections of the Code) shall not, without the consent of Optionee, adversely affect Optionee's rights under the Option.

12. *Non-Qualified Option* . Regardless of whether the Eligible Option was a "Non-Qualified Option" as defined in the Plan or an "incentive stock option" under Section 422 of the Internal Revenue Code of 1986, as it may be amended, this New Option is a Non-Qualified Option.

13. *Administration* . Pursuant to Section 3(d) of the Plan, the Board at any time may designate one or more officers or committees of Textron to act in place of the Committee in making certain determinations under the Plan.

14. *Withholding Taxes* : Whenever Textron proposes or is required to issue or transfer Option Shares, Textron shall have the right to withhold or to require the Optionee to remit to Textron an amount sufficient to satisfy any Federal, state and local withholding tax requirements. Whenever under the Plan payments by Textron are to be made in cash, such payments shall be net of an amount sufficient to satisfy any Federal, state and local withholding tax requirements.

15. *Cause* : “Cause” shall mean: (i) an act or acts of willful misrepresentation, fraud or willful dishonesty (other than good faith expense account disputes) by the executive which in any case is intended to result in his or another person or entity’s substantial personal enrichment at the expense of Textron; (ii) any willful misconduct by the executive with regard to Textron, its business, assets, or employees that has, or was intended to have a material adverse impact (economic or otherwise) on Textron; (iii) any material, willful and knowing violation by the executive of (x) Textron’s Business Conduct Guidelines, or (y) any of his or her fiduciary duties to Textron which in either case has, or was intended to have, a material adverse impact (economic or otherwise) on Textron; (iv) the willful or reckless behavior of the executive with regard to a matter of a material nature which has a material adverse impact (economic or otherwise) on Textron; (v) the executive’s willful failure to attempt to perform his or her duties or his or her willful failure to attempt to follow the legal written direction of the Board, which in either case is not remedied within ten (10) days after receipt by the executive of a written notice from Textron specifying the details thereof; or (vi) the executive’s conviction of, or pleading nolo contendere or guilty to, a felony (other than (x) a traffic infraction or (y) vicarious liability solely as a result of his position provided the executive did not have actual knowledge of the actions or inactions creating the violation of the law or the executive relied in good faith on the advice of counsel with regard to the legality of such action or inaction (or the advice of other specifically qualified professionals as to the appropriate or proper action or inaction to take with regard to matters which are not matters of legal interpretation). No action or inaction should be deemed willful if not demonstrably willful and if taken or not taken by the executive in good faith as not being adverse to the best interests of Textron. Reference in this paragraph to Textron shall also include direct and indirect subsidiaries of Textron, and materiality and material adverse impact shall be measured based on the action or inaction and the impact upon, and not the size of, Textron taken as a whole, provided that after a Change in Control, the size of Textron, taken as a whole, shall be a relevant factor in determining materiality and material adverse impact.

TEXTRON INC.
STOCK OPTION NON-COMPETITION AGREEMENT
(8/2010)

You have been granted a stock option (“Option”) pursuant to the Textron 2007 Long-Term Incentive Plan (Amended and Restated as of April 28, 2010) (the “Plan”). Textron grants stock options to attract, retain and reward employees, to increase stock ownership and identification with Textron’s interests, and to provide incentive for remaining with and enhancing the value of Textron over the long-term. By accepting this Option, you acknowledge that you have read and agree to this Stock Option Non-Competition Agreement.

Agreement regarding Your Stock Option Grant

1. Forfeiture of unexercised options and required repayment if you engage in certain competitive activities

If at any time during the term of this Option while you are a Company employee, or within two years after the termination of your employment, you do any of the following activities:

- (a) engage in any business which competes with the Company’s business (as defined in Paragraph 2) within the Restricted Territory (as defined in Paragraph 3); or
- (b) solicit customers, business or orders or sell any products and services (i) in competition with the Company’s business within the Restricted Territory or (ii) for any business, wherever located, that competes with the Company’s business within the Restricted Territory; or
- (c) divert, entice or otherwise take away customers, business or orders of the Company within the Restricted Territory, or attempt to do so; or
- (d) promote or assist, financially or otherwise, any firm, corporation or other entity engaged in any business which competes with the Company’s business within the Restricted Territory;

then (i) this Option shall terminate effective the date you enter into such activity, unless terminated sooner by operation of another term or condition of this Option or the Plan and (ii) provided that this Option and any eligible option that this Option replaces pursuant to Section 6 (j) of the Plan have been held by you for less than a total of 5 years at the time of exercise, you are required to repay Textron an amount equal to any gains realized in any option exercise which occurs on the date beginning 180 days prior to the earlier of (a) your termination of employment or (b) the termination of this Option, or at any time after such date. For purposes of this Agreement, the gain realized shall be equal to the difference between the fair market value of the stock on the date of the exercise and the Option strike price. You will be in violation of Paragraph 1 if you engage in any or all of the activities discussed in this Paragraph directly as an individual or indirectly as an employee, representative, consultant or in any other capacity on behalf of any firm, corporation or other entity.

2. Company’s business— Defined for the purpose of this Agreement:

- (a) the Company shall include Textron and all subsidiary, affiliated or related companies or operations of Textron, and
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(b) the Company's business shall include the products manufactured, marketed and sold and/or the services provided by any operation of the Company for which you have worked or to which you were assigned or had responsibility (either direct or supervisory), at the time of the termination of your employment and any time during the two-year period prior to such termination.

3. **Restricted Territory**— Defined for the purpose of Paragraph 1, the Restricted Territory shall be defined as and limited to:

- (a) the geographic area(s) within a one hundred (100) mile radius of any and all Company location(s) in or for which you have worked or to which you were assigned or had responsibility (either direct or supervisory), at the time of the termination of your employment and at any time during the two-year period prior to such termination; and
- (b) all of the specific customer accounts, whether within or outside of the geographic area described in (a) above, with which you have had any contact or for which you have had any responsibility (either direct or supervisory), at the time of termination of your employment and at any time during the two-year period prior to such termination.

4. **Forfeiture of unexercised options and required repayment if you engage in certain solicitation activities**

If either during or any time after your employment with the Company, you directly or indirectly solicit or induce or attempt to solicit or induce any employee(s), sales representative(s), agent(s) or consultant(s) of the Company to terminate their employment, representation or other association with the Company, then (i) this Option shall terminate effective the date you enter into such activity, unless terminated sooner by operation of another term or condition of this Option or the Plan and (ii) provided that this Option and any eligible option that this Option replaces pursuant to Section 6(j) of the Plan have been held by you for less than a total of 5 years at the time of exercise, you are required to repay Textron an amount equal to any gains realized in any Option exercise which occurs on the date beginning 180 days prior to the earlier of (a) your termination of employment or (b) the termination of this Option, or at any time after such date. For purposes of this Agreement, the gain realized shall be equal to the difference between the fair market value of the stock on the date of the exercise and the Option exercise price.

5. **Forfeiture of unexercised options and required repayment if you disclose confidential information**

You specifically acknowledge that any trade secrets or confidential business and technical information of the Company or its suppliers or customers, whether reduced to writing, maintained on any form of electronic media, or maintained in your mind or memory and whether compiled by you or the Company, derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from its disclosure or use; that reasonable efforts have been made by the Company to maintain the secrecy of such information; that such information is the sole property of the Company or its suppliers or customers and that any retention, use or disclosure of such information by you during your employment (except in the course of performing your duties and obligations of employment with the Company) or after termination thereof, shall constitute a misappropriation of the trade secrets of the Company or its suppliers or customers. If, either during or any time after your employment with the Company, you directly or indirectly misappropriate any such trade secrets, then (i) this Option shall terminate effective the date you enter into such activity, unless terminated sooner by operation of another term or condition of this Option or the Plan and (ii) provided that this Option and

any eligible option that this Option replaces pursuant to Section 6(j) of the Plan have been held by you for less than a total of 5 years at the time of exercise, you are required to repay Textron an amount equal to any gains realized in any Option exercise which occurs on the date beginning 180 days prior to the earlier of (a) your termination of employment or (b) the termination of this Option, or at any time after such date. For purposes of this Agreement, the gain realized shall be equal to the difference between the fair market value of the stock on the date of the exercise and the Option exercise price.

6. Organization and Compensation Committee Discretion

You may be released from your obligations under Paragraph 1, 4 and 5 above only if the Organization and Compensation Committee of the Board of Directors (or its duly appointed agent) determines in its sole discretion that such action is in the best interests of Textron.

7. Severability

The parties agree that each provision contained in this Agreement shall be treated as a separate and independent clause, and the unenforceability of any one clause shall in no way impair the enforceability of any of the other clauses herein. Moreover, if one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity or subject, then such provisions shall be construed by the appropriate judicial body by limiting and reducing it or them, so as to be enforceable to the extent compatible with the applicable law.
