TEXTRON

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Ms. Elizabeth M. Murphy, Secretary
U.S. Securities and Exchange Commission
100 F. Street, NE
Washington, DC 20549-1090

Re: Facilitating Shareholder Director Nominations—Release Nos. 33-9046; 34-60089; IC-28765; File No. S7-10-09

Dear Ms. Murphy:

On behalf of Textron Inc., I appreciate the opportunity to comment on the above-referenced release proposing rules related to shareholder director nominations.

Textron Inc. is a multi-industry company that leverages its global network of aircraft, defense, industrial and finance businesses to provide customers with innovative solutions and services. Textron is known around the world for its powerful brands such as Bell Helicopter, Cessna Aircraft, Jacobsen, Kautex, Lycoming, E-Z-GO, Greenlee, and Textron Systems. At year end 2008, Textron had over $14 billion in revenues, with approximately 250 million shares outstanding and 15,000 shareholders and employed worldwide approximately 43,000 employees. The company was founded in 1923 and reincorporated in Delaware on July 31, 1967.

At Textron, we strive to maintain corporate governance "best practices" as they apply to our company. As a New York Stock Exchange listed company, we maintain a sitting Nominating and Corporate Governance Committee made up of independent, non-management directors which regularly reviews our Textron Corporate Governance Guidelines and Policies ensuring that these Guidelines and Policies meet or exceed the New York Stock Exchange listing standards. With regard to the election of directors, our shareholders elect our directors by majority vote, a change from plurality vote which was made several years ago, and eleven of our twelve directors are independent by New York Stock Exchange standards. Our Nominating and Corporate Governance Committee considers candidates for director nominees suggested by a variety of sources, including shareholders. Shareholder-recommended candidates are evaluated using the same criteria used for other candidates, and all recommendations of nominees to the Board by the Committee are made solely on the basis of merit.

Textron's Board is responsive to shareholders' concerns, witness the adoption of majority voting for directors several years ago in response to a shareholder proposal, and, in fact, this past year adopted several practices suggested by shareholder proponents, namely increased proxy disclosure on the Organization and Compensation Committee's compensation consultant and the institution of a policy to prohibit future agreements to "gross-up" executives for taxes.

We are, however, respectfully opposed to the proxy access right in proposed Rule 14a-11 and instead would support amendments to Rule 14a-8(i)(8) to allow shareholder proposals regarding the director nomination process in appropriate circumstances. We believe that the federal proxy access right being proposed will not only be burdensome to public companies but may decrease the effectiveness of boards of directors of public companies. Amending Rule 14a-8(i)(8) to allow shareholder proposals relating to proxy access would allow each individual company to define the appropriate director election framework for itself, taking into consideration corporate governance reforms already adopted as well as applicable state law.

Proposed Rule 14a-11

We believe that proposed Rule 14a-11 has the potential for turning every election of directors into a contest. This annual process would not only be disruptive and costly to the company, but could discourage quality board candidates from agreeing to be nominated to serve on the board. Perhaps even more troubling, the threat of an annual election contest could encourage directors to focus on the achievement of short-term goals over long-term strategies, thus increasing risk-taking behaviors which may be contrary to the company's best interests. These concerns are amplified due to the increasing influence on director elections of the largely unregulated and often arbitrary positions of proxy advisory firms.

The sitting board of directors of the company and management are uniquely suited to perceiving areas of weakness or future needs of the board of directors and the company, based upon forward-looking strategies. Nominating and corporate governance committees are best able to proactively recruit nominees who have the expertise and experience to strengthen those areas and fill those needs. Shareholder nominees may not have the appropriate expertise or experience to fill the board's current needs, and shareholders may not be able to recruit the most talented nominees.

Moreover, the proposed rule empowers special interest groups to promote their agendas which may not be in the best interests of the company or all shareholders. Shareholder nominees elected to the board, in being responsive to their shareholder sponsors, may promote a focus on a narrow agenda and/or short-term financial gain at the sacrifice of the long-term health of the company to the detriment of the majority of shareholders.

The proposed rule would also deprive public companies and their shareholders of the ability to craft their own processes and criteria for director nominations that differ from those mandated by the SEC based upon the unique circumstances of each company and the interests of their constituencies.

Amendments to Proposed Rule 14a-11

If the Commission decides to adopt proposed Rule 14a-11, we strongly suggest that several amendments to the proposal are warranted.

Under a proxy access right scenario, a shareholder should have a substantial, long-term stake in a company in order to require use of company funds to nominate their candidate. We believe that the 1% ownership requirement for large accelerated filers is too low, especially given that shareholders can aggregate their ownership. We suggest that a 5% ownership requirement for individual shareholders, with a 10% requirement for shareholders acting together would more appropriately reflect such a substantial stake in the company.

Likewise, a one year ownership requirement does not constitute sufficient long-term interest; we believe that this requirement should be at least two years and that the nominating shareholder should be required to hold their shares at least through the initial term of service of the director being nominated by them. This requirement would work to counter nominations by special interest groups promoting narrow agendas.

In addition, we strongly believe that, while derivative positions should not be considered toward the percentage ownership and holding period requirements for making nominations, nominating shareholders should be required to disclose their total positions in the company's securities, including derivative securities, as well as any arrangements that could impact the shareholder's voting and economic rights. Like many companies, Textron has incorporated these disclosure requirements into its "advance notice" by-laws in order to ensure full disclosure and a complete picture of a nominating shareholder's interest in the company.

We are also concerned that the "first in" aspect of the Rule is flawed; it would seem to encourage nomination of potentially unqualified director nominees solely on the basis that the first shareholder who satisfies the rule and submits a nomination will be accepted, regardless of the merits of the nominee or the size of the shareholder's holdings. We request that priority be given to nominations by larger individual shareholders or that the company be allowed to choose among nominees based upon its assessment of the merits of the nominees and the company's needs.

Amendments to Rule 14a-8(i)(8)

We believe that a better approach to achieving the Commission's goal of removing impediments to the ability of shareholders to exercise their fundamental right to nominate and elect directors would be to amend Rule 14a-8(i)(8) to allow shareholder proposals relating to proxy access in appropriate circumstances. This change would allow each individual company to define the appropriate electoral framework and parameters for itself to address its particular needs, taking into account corporate governance changes already made as well as applicable state law.

We do believe, however, that such an amendment to Rule 14a-8(i)(8) should increase the minimum ownership threshold and holding period requirements for this purpose above those required for other shareholder proposals, to at least the levels proposed by the Commission for the proxy access right or higher to the level suggested above.

In summary, we do not support proposed Rule 14a-11 and would instead urge the Commission to consider amending Rule 14a-8(i)(8) to address its concerns. In light of the extensive scope of the Commission's proposal we have highlighted specific areas of concern, but we also share the concerns articulated in many of the other comment letters received by the Commission, particularly that submitted by The Business Roundtable, dated August 14, 2009.

Very truly yours,

Terrence O'Donnell
Executive Vice President and General Counsel