

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: August 23, 2007

**Re: Textron,Inc (TXT) - 2 for 1 Stock Split**

Textron,Inc (TXT) has declared a 2 for 1 stock split payable to share holders of record on Friday, August 3, 2007. Distribution date for the stock split will be Friday, August 24, 2007. **Ex-distribution date for the stock split the stock split will be Monday, August 27, 2007.**

The Options Clearing Corporation (OCC), pursuant to OCC By-Laws, intends to issue on the distribution date (1) additional TXT option contract for each option contract held. Further, on the ex-distribution date each TXT series will have an adjusted exercise (strike) price equal to 1/2 of the exercise (strike) price for each TXT series existing on the business day preceding the ex-distribution date. For example, beginning on Monday, August 27, 2007 an account holding (2) TXT SEP 80 calls (TXT IP) will hold (4) TXT SEP 40 calls (TXT IH). Customers should be advised that (1) contract in the adjusted TXT series will still represent 100 shares of TXT common shares.

**POSITION/EXERCISE LIMITS:**

Position and exercise limits will change from 250,000 to 500,000 contracts until the expiration date of January 16, 2010

**GOOD-TILL-CANCELLED (GTC) ORDERS:**

Customers should be advised that all Good-til-Cancelled (GTC) orders not on AUTOM must be cancelled and re-entered prior to the ex-distribution or effective date. GTC AUTOM orders will be deleted by PHLX Service Desk/AUTOM personnel.

The resulting list of adjusted strike prices and symbols is as follows:

Textron,Inc (TXT) (Before 8/27/2007) (1 Contract)					Textron,Inc (TXT) (Beginning 8/27/2007) (2 Contracts)				
			Calls	Puts			Calls	Puts	
TXT	SEP	80	IP	UP	TXT	SEP	40	IH	UH
TXT	SEP	85	IQ	UQ	TXT	SEP	42 1/2	IS	US
TXT	SEP	90	IR	UR	TXT	SEP	45	II	UI
TXT	SEP	95	IS	US	TXT	SEP	47 1/2	IT	UT
TXT	SEP	100	IT	UT	TXT	SEP	50	IJ	UJ
TXT	SEP	105	IA	UA	TXT	SEP	52 1/2	IU	UU
TXT	SEP	110	IB	UB	TXT	SEP	55	IK	UK
TXT	SEP	115	IC	UC	TXT	SEP	57 1/2	IV	UV
TXT	SEP	120	ID	UD	TXT	SEP	60	IL	UL
TXT	SEP	125	IE	UE	TXT	SEP	62 1/2	IW	UW
TXT	SEP	130	IF	UF	TXT	SEP	65	IM	UM
TXT	SEP	135	IG	UG	TXT	SEP	67 1/2	IX	UX
TXT	SEP	140	IH	UH	TXT	SEP	70	IN	UN
TXT	SEP	145	II	UI	TXT	SEP	72 1/2	IY	UY
TXT	OCT	105	JA	VA	TXT	OCT	52 1/2	JU	VU
TXT	OCT	110	JB	VB	TXT	OCT	55	JK	VK
TXT	OCT	115	JC	VC	TXT	OCT	57 1/2	JV	VV
TXT	OCT	120	JD	VD	TXT	OCT	60	JL	VL

Textron,Inc (TXT)  
(Before 8/27/2007)  
(1 Contract)

			Calls	Puts
TXT	OCT	125	JE	VE
TXT	OCT	130	JF	VF
TXT	OCT	135	JG	VG
TXT	OCT	140	JH	VH
TXT	OCT	145	JI	VI
TXT	OCT	150	JJ	VJ
TXT	OCT	155	JK	VK
TXT	OCT	160	JL	VL

TXT	DEC	90	LR	XR
TXT	DEC	95	LS	XS
TXT	DEC	100	LT	XT
TXT	DEC	105	LA	XA
TXT	DEC	110	LB	XB
TXT	DEC	115	LC	XC
TXT	DEC	120	LD	XD
TXT	DEC	125	LE	XE
TXT	DEC	130	LF	XF
TXT	DEC	135	LG	XG
TXT	DEC	140	LH	XH
TXT	DEC	145	LI	XI
TXT	DEC	150	LJ	XJ

TXT	JAN	80	AP	MP
TXT	JAN	85	AQ	MQ
TXT	JAN	90	AR	MR
TXT	JAN	95	AS	MS
TXT	JAN	100	AT	MT
TXT	JAN	105	AA	MA
TXT	JAN	110	AB	MB
TXT	JAN	115	AC	MC
TXT	JAN	120	AD	MD
TXT	JAN	125	AE	ME
TXT	JAN	130	AF	MF
TXT	JAN	135	AG	MG
TXT	JAN	140	AH	MH
TXT	JAN	145	AI	MI
TXT	JAN	150	AJ	MJ
TXT	JAN	155	AK	MK

TXT	MAR	90	CR	OR
TXT	MAR	95	CS	OS
TXT	MAR	100	CT	OT
TXT	MAR	105	CA	OA
TXT	MAR	110	CB	OB
TXT	MAR	115	CC	OC
TXT	MAR	120	CD	OD
TXT	MAR	125	CE	OE
TXT	MAR	130	CF	OF
TXT	MAR	135	CG	OG
TXT	MAR	140	CH	OH
TXT	MAR	145	CI	OI
TXT	MAR	150	CJ	OJ

Textron,Inc (TXT)  
(Beginning 8/27/2007)  
(2 Contracts)

			Calls	Puts
TXT	OCT	62 1/2	JW	VW
TXT	OCT	65	JM	VM
TXT	OCT	67 1/2	JX	VX
TXT	OCT	70	JN	VN
TXT	OCT	72 1/2	JY	VY
TXT	OCT	75	JO	VO
TXT	OCT	77 1/2	JZ	VZ
TXT	OCT	80	JP	VP

TXT	DEC	45	LI	XI
TXT	DEC	47 1/2	LT	XT
TXT	DEC	50	LJ	XJ
TXT	DEC	52 1/2	LU	XU
TXT	DEC	55	LK	XK
TXT	DEC	57 1/2	LV	XV
TXT	DEC	60	LL	XL
TXT	DEC	62 1/2	LW	XW
TXT	DEC	65	LM	XM
TXT	DEC	67 1/2	LX	XX
TXT	DEC	70	LN	XN
TXT	DEC	72 1/2	LY	XY
TXT	DEC	75	LO	XO

TXT	JAN	40	AH	MH
TXT	JAN	42 1/2	AS	MS
TXT	JAN	45	AI	MI
TXT	JAN	47 1/2	AT	MT
TXT	JAN	50	AJ	MJ
TXT	JAN	52 1/2	AU	MU
TXT	JAN	55	AK	MK
TXT	JAN	57 1/2	AV	MV
TXT	JAN	60	AL	ML
TXT	JAN	62 1/2	AW	MW
TXT	JAN	65	AM	MM
TXT	JAN	67 1/2	AX	MX
TXT	JAN	70	AN	MN
TXT	JAN	72 1/2	AY	MY
TXT	JAN	75	AO	MO
TXT	JAN	77 1/2	AZ	MZ

TXT	MAR	45	CI	OI
TXT	MAR	47 1/2	CT	OT
TXT	MAR	50	CJ	OJ
TXT	MAR	52 1/2	CU	OU
TXT	MAR	55	CK	OK
TXT	MAR	57 1/2	CV	OV
TXT	MAR	60	CL	OL
TXT	MAR	62 1/2	CW	OW
TXT	MAR	65	CM	OM
TXT	MAR	67 1/2	CX	OX
TXT	MAR	70	CN	ON
TXT	MAR	72 1/2	CY	OY
TXT	MAR	75	CO	OO

Textron,Inc - 2009 Leap (XUD)  
 (Before 8/27/2007)  
 (1 Contract)

			Calls	Put
XUD	JAN	85	AQ	MQ
XUD	JAN	90	AR	MR
XUD	JAN	95	AS	MS
XUD	JAN	100	AT	MT
XUD	JAN	105	AA	MA
XUD	JAN	110	AB	MB
XUD	JAN	115	AC	MC
XUD	JAN	120	AD	MD
XUD	JAN	125	AE	ME
XUD	JAN	130	AF	MF
XUD	JAN	135	AG	MG
XUD	JAN	140	AH	MH
XUD	JAN	145	AI	MI
XUD	JAN	150	AJ	MJ
XUD	JAN	155	AK	MK
XUD	JAN	160	AL	ML
XUD	JAN	165	AM	MM
XUD	JAN	170	AN	MN
XUD	JAN	175	AO	MO

Textron,Inc - 2009 Leap (XUD)  
 (Beginning 8/27/2007)  
 (2 Contracts)

			Calls	Put
XUD	JAN	42 1/2	AS	MS
XUD	JAN	45	AI	MI
XUD	JAN	47 1/2	AT	MT
XUD	JAN	50	AJ	MJ
XUD	JAN	52 1/2	AU	MU
XUD	JAN	55	AK	MK
XUD	JAN	57 1/2	AV	MV
XUD	JAN	60	AL	ML
XUD	JAN	62 1/2	AW	MW
XUD	JAN	65	AM	MM
XUD	JAN	67 1/2	AX	MX
XUD	JAN	70	AN	MN
XUD	JAN	72 1/2	AY	MY
XUD	JAN	75	AO	MO
XUD	JAN	77 1/2	AZ	MZ
XUD	JAN	80	AP	MP
XUD	JAN	82 1/2	AA	MA
XUD	JAN	85	AQ	MQ
XUD	JAN	87 1/2	AB	MB

Textron,Inc - 2010 Leap (KLP)  
 (Before 8/27/2007)  
 (1 Contract)

			Calls	Put
KLP	JAN	100	AT	MT
KLP	JAN	110	AB	MB
KLP	JAN	120	AD	MD
KLP	JAN	130	AF	MF
KLP	JAN	140	AH	MH

Textron,Inc - 2010 Leap (KLP)  
 (Beginning 8/27/2007)  
 (2 Contracts)

			Calls	Put
KLP	JAN	50	AJ	MJ
KLP	JAN	55	AK	MK
KLP	JAN	60	AL	ML
KLP	JAN	65	AM	MM
KLP	JAN	70	AN	MN

**Any additional TXT series that are added prior to the ex-date will also be adjusted in the manner described above.**

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-1508.