

TEXTRON INC

FORM 11-K (Annual Report of Employee Stock Plans)

Filed 06/26/97 for the Period Ending 12/31/96

Address	40 WESTMINSTER ST PROVIDENCE, RI 02903
Telephone	4014212800
CIK	0000217346
Symbol	TXT
SIC Code	6162 - Mortgage Bankers and Loan Correspondents
Fiscal Year	01/02

TEXTRON INC

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Industry	Conglomerates
Sector	Conglomerates
Fiscal Year	12/31

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1996

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-5480

A. Full title of the plan and the address of the plan, if different for that the issuer named below:

**EMPLOYEES' RETIREMENT SAVINGS PLAN
FOR PRECISION STAMPING DIVISION OF
ELCO TEXTRON INC.**

1111 Samuelson Road
P.O. Box 7009
Rockford, Illinois 61125

B. Name of issuer of securities held pursuant to the plan and address of its principal executive office:

TEXTRON INC.
40 Westminster Street
Providence, Rhode Island 02903

Financial Statements
and Supplemental Schedules

Employees' Retirement Savings Plan
for the Precision Stamping Division of
Elco Textron Inc.

Years ended December 31, 1996 and 1995
Employees' Retirement Savings Plan
for the Precision Stamping Division of
Elco Textron Inc.

Financial Statements
and Supplemental Schedules

Years ended December 31, 1996 and 1995

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Report of Independent Auditors

Employees' Retirement Savings Plan for the Precision Stamping Division of Elco Textron Inc.
Administration Committee

We have audited the accompanying statements of net assets available for benefits of the Employees' Retirement Savings Plan for the Precision Stamping Division of Elco Textron Inc. (the Plan) as of December 31, 1996 and 1995, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 1996 and 1995, and the changes in its net assets available for benefits for the years then ended, in conformity with generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets held for investment purposes as of December 31, 1996, and reportable transactions for the year then ended, are presented for purposes of complying with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, and are not a required part of the financial statements. The Fund Information in the statement of net assets available for benefits and the statement of changes in net assets available for benefits is presented for purposes of additional analysis rather than to present the net assets available for benefits and changes in net assets available for benefits of each fund. The supplemental schedules and Fund Information have been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

June 23, 1997

Employees' Retirement Savings Plan
for the Precision Stamping Division of
Elco Textron Inc.

Statement of Net Assets Available for Benefits with Fund Information

December 31, 1996

	Main Fund	Money Market Fund	High Income Equity Fund	Fund Information Small Capitalization Fund	Balanced Fund	Textron Stock Fund	Loan Fund	Total
Investments, at fair value (Note 4):								
Parkstone Prime Obligation Money Market Fund	\$ 8,262	\$1,073,821	\$ 10,507	\$ 15,225	\$ 8,396	\$ 6,174	\$ -	\$1,122,385
Parkstone High Income Equity Fund	-	-	1,106,381	-	-	-	-	1,106,381
Parkstone Small Capitalization Fund	-	-	-	1,454,312	-	-	-	1,454,312
Parkstone Balanced Fund	-	-	-	-	865,319	-	-	865,319
Textron Inc. Common Stock	-	-	-	-	-	397,452	-	397,452
Loans to participants	-	-	-	-	-	-	82,522	82,522
Total investments	8,262	1,073,821	1,116,888	1,469,537	873,715	403,626	82,522	5,028,371
Receivables:								
Participants' contributions	-	6,838	8,735	12,771	6,969	4,461	-	39,774
Employer's contributions	-	60,058	44,747	55,976	41,637	19,152	-	221,570

interfund transfers and transfer from other plan	-	38,870	274,173	398,942	181,497	92,041	1,393	986,916
Interfund transfers (net)	-	111,517	(14,472)	(147,719)	(88,919)	86,636	52,957	-
Transfer from the Elco Industries, Inc. Employee Stock Ownership Plan (Note 1)	-	793,670	586,075	737,239	520,586	257,165	-	2,894,735
Net increase	-	944,057	845,776	988,462	613,164	435,842	54,350	3,881,651
Net assets available for benefits, beginning of year	-	104,061	400,141	622,052	269,019	-	28,302	1,423,575
Net assets available for benefits, end of year	\$	\$-1,048,118	\$1,245,917	\$1,610,514	\$882,183	\$435,842	\$ 82,652	\$5,305,226

See accompanying notes.

Employees' Retirement Savings Plan
for the Precision Stamping Division of
Elco Textron Inc.

Statement of Changes in Net Assets Available for Benefits with Fund Information

Year ended December 31, 1995

	Main Fund	Money Market Fund	Fund Information High Income Equity Fund	Fund Information Small Capitalization Fund	Balanced Fund	Loan Fund	Total
Additions to net assets attributed to:							
Investment income:							
Net realized and unrealized appreciation in fair value of investments	\$ -	\$ -	\$ 54,850	\$ 73,513	\$ 27,504	\$ -	\$ 155,867
Interest and dividend income	-	4,844	17,519	70,219	14,855	2,525	109,962
	-	4,844	72,369	143,732	42,359	2,525	265,829
Contributions:							
Participants	-	26,968	92,664	124,085	51,453	-	295,170
Company	-	4,296	14,250	18,547	8,500	-	45,593
	-	31,264	106,914	142,632	59,953	-	340,763
Total additions	-	36,108	179,283	286,364	102,312	2,525	606,592
Deductions to net assets attributed to:							
Benefits paid to participants	-	54	2,925	5,960	41,068	-	50,007
Administrative expenses	-	467	858	1,195	725	-	3,245
Total deductions	-	521	3,783	7,155	41,793	-	53,252
Net increase prior to interfund transfers	-	35,587	175,500	279,209	60,519	2,525	553,340
Interfund transfers (net)	-	(15,497)	(3,873)	(9,448)	29,832	(1,014)	-
Net increase	-	20,090	171,627	269,761	90,351	1,511	553,340
Net assets available for benefits, beginning of year	-	83,971	228,514	352,291	178,668	26,791	870,235
Net assets available for benefits, end of year	\$	\$-104,061	\$400,141	\$622,052	\$269,019	\$28,302	\$1,423,575

See accompanying notes.

1. Description of the Plan

The following brief description of the Employees' Retirement Savings Plan for the Precision Stamping Division of Elco Textron Inc. (the Plan) (formerly, the Employees' Retirement Savings Plan for the Precision Stamping Division of Elco Industries, Inc.) is provided for general information purposes only. Participants should refer to the Summary Plan Description for more complete information.

General

The Plan is a defined contribution plan formed to provide a retirement savings plan to employees of the Precision Stamping Division of Elco Textron Inc. (Elco or the Company). Elco was purchased by Textron Inc. (Textron) in October 1995 and changed its name from Elco Industries, Inc. to Elco Textron Inc. The Plan provides for participant tax-deferred savings under Section 401(k) of the Internal Revenue Code (IRC) and is subject to the provisions of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by an administrative committee consisting of not fewer than three members selected by the Board of Directors of Elco.

Effective June 30, 1996, the Elco Industries, Inc. Employee Stock Ownership Plan (ESOP) was terminated. The assets of the ESOP were

transferred into the participants' new or existing accounts in the Elco Textron Inc. Profit Sharing and Savings Plan, the Elco Thermoplastics Inc. Profit Sharing Plan, the Elco Anchor Wire Inc. Retirement Plan, or the Plan, as applicable. Assets distributed to the Plan were distributed to the participant's investment funds as directed by each participant.

Eligibility

All employees of the Precision Stamping Division of Elco are eligible to participate in the Plan after completing one year of service, as defined in the Plan.

1. Description of the Plan (continued)

Vesting and Forfeitures

Participants are immediately vested in the value of their contributions and related allocation of trust income or loss.

Participants become fully vested in the value of contributions made by Elco and related allocations of trust income or loss after five years of credited service.

Any forfeitures are allocated to remaining Plan participants.

Contributions

Active participants may contribute up to 14% of their pretax annual compensation, as defined by the Plan, subject to a dollar limitation of \$9,500 in 1996 and \$9,240 in 1995.

The Plan provides for an employer matching contribution on the portion of the participant's pre-tax contribution, as defined in the plan documents. Effective January 1, 1996, the Plan was amended whereby the employer matching contribution was increased to 25% (previously between 15% and 25%) of the participant's first 4% deferral. The Plan also provides for discretionary Company contributions. Elco made a discretionary contribution of \$215,000 in 1996. No discretionary contribution was made by the Company in 1995.

Investment Options

Effective July 1, 1996, participants were granted the option of investing in the Textron Stock Fund, which is invested exclusively in Textron Inc. common stock. Cash dividends, if any, on Textron common stock will be reinvested in shares of Textron common stock. Fractional interests in the shares of Textron common stock held by the Textron Stock Fund are allocated to participants' accounts.

1. Description of the Plan (continued)

Participants are allowed to direct employer and employee contributions in 10% increments in any of the following investment funds:

Money Market Fund - Funds are invested in the Parkstone Prime Obligations Fund, a mutual fund, which invests in short-term U.S. Treasury bills or notes as well as other short-term obligations issued by or guaranteed by the U.S. Government and other short-term obligations.

High Income Equity Fund - Funds are invested in the Parkstone High Income Equity Fund, a mutual fund, which invests in common and preferred stocks.

Small Capitalization Fund - Funds are invested in the Parkstone Small Capitalization Fund, a mutual fund, which invests in common and preferred stock.

Balanced Fund - Funds are invested in the Parkstone Balance Fund, a mutual fund, which invests in a combination of common stocks (and securities convertible into common stocks) and fixed income securities.

Textron Stock Fund - Funds are invested exclusively in Textron Common Stock.

Participants may change their investment options January 1 and July 1.

Allocations

The Plan document provides for semiannual allocation of trust income or loss which is made in the same ratio that a participant's account bears to the sum of the balances of all participants' accounts, taking into consideration the dates on which additional contributions are made. Company contributions are allocated as of the end of each plan year.

1. Description of the Plan (continued)

Distribution of Plan Benefits

Distribution of the vested value of a participant's account is made by the trustee within sixty (60) days after the end of the Plan year in which occurs a participants' normal retirement date, early retirement date, late retirement date, disability retirement date, severance date or death.

The vested value of such distribution includes any pre-tax contributions made to the participant's account during the Plan year and is determined subsequent to the inclusion of his allocable share of trust income or loss.

2. Summary of Significant Accounting Policies

Investment Valuation

The Plan's investments are stated at fair value. The shares of the registered investment companies are valued at quoted market prices which represent the net asset values of the shares held by the Plan at year end. Shares of Textron Inc. Common Stock are valued at the last reported sales price on the last business day of the Plan year.

Participant loans are stated at cost, which approximate fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Administrative Expenses

Certain services are provided to the Plan by Elco without charge.

3. Termination Priorities

Although it has not expressed any intent to do so, Elco has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of termination, participants become 100% vested in their accounts.

4. Investments

The Plan's investments are held by the trustee. The fair values of investments that exceed 5% of the net assets available for plan benefits are as follows:

	December 31	
	1996	1995
Parkstone Prime Obligation Money Market Fund	\$1,122,385	\$248,868
Parkstone High Income Equity Fund	1,106,381	346,673
Parkstone Small Capitalization Fund	1,454,312	574,846
Parkstone Balanced Fund	865,319	201,300
Textron Inc. Common Stock	397,452	-

The Plan's investments (including investments bought, sold, as well as held during the year) appreciated (depreciated) in value by \$(86,489) as \$155,867, as follows:

	December 31	
	1996	1995
Investments at fair value as determined by quoted market price:		
Parkstone High Income Equity Fund	\$(12,804)	\$ 54,850
Parkstone Small Capitalization Fund	(57,176)	73,513
Parkstone Balanced Fund	(51,554)	27,504
Textron Inc. Common Stock	35,045	-
	\$(86,489)	\$155,867

5. Related-Party Transactions

During the year, the Plan had purchase and sale transactions with mutual funds administered by an affiliate of the Plan's trustee and the common stock of Textron Inc., parent company of Elco.

6. Income Tax Status

The Internal Revenue Service ruled on April 6, 1995, that the Plan qualifies under Section 401(a) of the Internal Revenue Code (IRC) and, therefore, the related trust is not subject to tax under present income tax law. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The plan administrator is not aware of any course of action or series of events that have occurred that might adversely affect the Plan's qualified status.

Supplementary Schedules

Employees' Retirement Savings Plan
for the Precision Stamping Division of
Elco Textron Inc.

Employer Identification Number 36-1033080
Plan Number 012

Line 27a--Schedule of Assets Held for Investment Purposes

December 31, 1996

	Number of Shares or Face Amount	Cost	Current Value
Parkstone Prime Obligation Money Market Fund*	1,122,385	\$1,122,385	\$1,122,385
Mutual funds:			
Parkstone High Income Equity Fund*	66,330	1,083,891	1,106,381
Parkstone Small Capitalization Fund*	49,976	1,415,756	1,454,312
Parkstone Balanced Fund*	70,180	895,948	865,319
		3,395,595	3,426,012
Textron Inc. Common Stock*	4,217	362,421	397,452
Participant loans - bearing interest rates of 7.25% to 10.00% per annum, with various maturity dates*	82,522	82,522	82,522
		\$4,962,923	\$5,028,371

* Indicates party-in-interest to the Plan.

Employees' Retirement Savings Plan for the Precision Stamping Division of
Elco Textron Inc.

Employer Identification Number 36-1033080
Plan Number 012

Line 27d--Schedule of Reportable Transactions

Year ended December 31, 1996

Identity of Party Involved	Description of Assets	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain (Loss)
Category (i)--Individual transactions in excess of 5% of plan assets						
Parkstone Prime Obligation Money Market Fund*	Purchase of 916,591 units					
		\$916,591		\$916,591	\$916,591	
	Purchase of 583,612 units	583,612		583,612	583,612	
	Purchase of 607,623 units	607,623		607,623	607,623	
	Purchase of 441,922 units	441,922		441,922	441,922	
	Sale of 583,642 units		\$583,642	583,642	583,642	
	Sale of 608,372 units		608,372	608,372	608,372	
	Sale of 441,965 units		441,965	441,965	441,965	
Parkstone High Income Equity Fund*	Purchase of 33,256 shares	583,642		583,642	583,642	
Parkstone Small Capitalization Fund*	Purchase of 17,461 shares	608,372		608,372	608,372	

	Purchase of 7,658 shares	221,248		221,248	221,248
Parkstone Balanced Fund*	Purchase of 32,738 shares	441,965		441,965	441,965
Textron Inc. Common Stock*	Purchased 3,003 shares	257,205		257,205	257,205

Employees' Retirement Savings Plan for the Precision Stamping Division of
Elco Textron Inc.

Employer Identification Number 36-1033080
Plan Number 012

Line 27d--Schedule of Reportable Transactions (continued)

Identity of Party Involved	Description of Assets	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain (Loss)
Category (iii)-Series of transactions in excess of 5% of plan assets						
Parkstone Prime Obligation Money Market Fund*	Purchase of 6,449,381 units in 211 transactions	6,449,381		6,449,381	6,449,381	
	Sale of 5,575,864 units in 152 transactions		5,575,864	5,575,864	5,575,864	
Parkstone High Income Equity Fund*	Purchase of 49,263 shares in 27 transactions	854,854		854,854	854,854	
	Sale of 4,654 shares in 10 transactions		82,342	74,472	82,342	\$7,870
Parkstone Small Capitalization Fund*	Purchase of 32,962 shares in 15 transactions	1,058,970		1,058,970	1,058,970	
	Sale of 4,332 shares in 12 transactions		122,328	102,834	122,328	19,494
Parkstone Balanced Fund*	Purchase of 56,878 shares in 29 transactions	750,722		750,722	750,722	
	Sale of 2,751 shares in 9 transactions		35,149	32,365	35,365	2,784
Textron Inc. Common Stock*	Purchased 4,220 shares in 6 transactions	362,679		362,679	362,679	
	Sold 3 shares in 1 transaction		272	258	272	14

There were no category (ii) or (iv) reportable transactions for the year ended December 31, 1996.

*Indicates party-in-interest to the Plan.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

EMPLOYEES' RETIREMENT SAVINGS PLAN FOR PRECISION STAMPING DIVISION OF ELCO TEXTRON INC.

ELCO TEXTRON INC., Plan Administrator

DATE: June 25, 1997

By: /s/ Kenneth L. Heal
Secretary/Treasurer

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-07121) pertaining to the Employees' Retirement

Savings Plan for the Precision Stamping Division of Elco Textron Inc. of Textron of our report dated June 23, 1997, with respect to the financial statements and schedules of the Employees' Retirement Savings Plan for the Precision Stamping Division of Elco Textron Inc. included in this Annual Report (Form 11-K) for the year ended December 31, 1996.

ERNST & YOUNG LLP

Providence, Rhode Island
June 25, 1997

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