

# 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

## FORM 11-K

(Annual Report of Employee Stock Plans)

Filed 6/26/1997 For Period Ending 12/31/1996

Address	40 WESTMINSTER ST PROVIDENCE, Rhode Island 02903
Telephone	401-421-2800
CIK	0000217346
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:

**ELCO THERMOPLASTICS INC.  
PROFIT SHARING PLAN**  
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

Elco Thermoplastics, Inc.  
Profit Sharing Plan

**Years ended December 31, 1996 and 1995**

**Elco Thermoplastics, Inc. Profit Sharing Plan**

Financial Statements and  
Supplemental Schedules

**Years ended December 31, 1996 and 1995**

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### Report of Independent Auditors

#### Elco Thermoplastics, Inc. Profit Sharing Plan Administration Committee

We have audited the accompanying statements of net assets available for benefits of the Elco Thermoplastics, Inc. Profit Sharing Plan (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 audit.

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 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

Elco Thermoplastics, Inc. Profit Sharing Plan

Statement of Net Assets Available for Benefits with Fund Information

December 31, 1996

	Fund Information					Total
	Money Market Fund	Balanced Fund	Equity Fund	Textron Stock Fund	Loan Account	
<b>Assets</b>						
Investments, at fair value (Note 4):						
Parkstone Equity Income Fund	\$ -	\$ 273,059	\$ -	\$ -	\$ -	\$ 273,059
Parkstone Bond Fund	-	497,421	-	-	-	497,421
Parkstone Small Capitalization Value Fund	-	54,504	-	-	-	54,504
Parkstone Mid Capitalization Value Fund (formerly the Parkstone Equity Fund)	-	104,175	1,036,984	-	-	1,141,159
Parkstone International Discovery Fund	-	111,247	-	-	-	111,247
Parkstone Government Money Market Fund	523,856	100,504	9,281	-	-	633,641
Parkstone Prime Obligations Money Market Fund	-	-	-	7,407	-	7,407
Textron Inc. Common Stock	-	-	-	563,898	-	563,898
Participant loans	-	-	-	-	4,001	4,001
Total investments	523,856	1,140,910	1,046,265	571,305	4,001	3,286,337
<b>Receivables:</b>						
Employer's contribution	56,522	92,375	107,327	79,476	-	335,700
Participant contributions	3,020	6,189	9,069	6,399	-	24,677
Accrued income	1,755	280	11	2,673	494	5,213
Other	307	84	84	42	-	517
Total receivables	61,604	98,928	116,491	88,590	494	366,107
Total assets	585,460	1,239,838	1,162,756	659,895	4,495	3,652,444
<b>Liabilities</b>						
Overdraft	-	-	-	-	36,060	36,060
Other	8,197	4,164	2,889	5,320	-	20,570

Total liabilities	8,197	4,164	2,889	5,320	36,060	56,630
Net assets available for benefits	\$577,263	\$1,235,674	\$1,159,867	\$654,575	\$(31,565)	\$3,595,814

See accompanying notes.

Elco Thermoplastics, Inc. Profit Sharing Plan

Statement of Net Assets Available for Benefits with Fund Information

December 31, 1995

	Fund Information					Total
	Money Market Fund	Balanced Fund	Equity Fund	Loan Account		
<b>Assets</b>						
Investments, at fair value (Note 4):						
Parkstone Bond Fund	\$ -	\$ 345,610	\$ -	\$ -		\$ 345,610
Parkstone Small Capitalization Value Fund	-	59,611	-	-		59,611
Parkstone Mid Capitalization Value Fund (formerly the Parkstone Equity Fund)	-	239,802	498,461	-		738,263
Parkstone Government Money Market Fund	410,473	23,284	6,265	13,105		453,127
Participant loans	-	-	-	7,247		7,247
Total investments	410,473	668,307	504,726	20,352		1,603,858
<b>Receivables:</b>						
Employer's contribution	95,105	91,055	64,390	-		250,550
Participant contributions	2,142	2,468	1,995	-		6,605
Accrued income	1,781	93	21	39		1,934
Other interfund receivable (payable)	3,298	2,989	1,417	(7,704)		-
Other	-	-	-	99		99
Total receivables	102,326	96,605	67,823	(7,566)		259,188
Total assets	512,799	764,912	572,549	12,786		1,863,046
<b>Liabilities</b>						
Other	-	-	-	5,539		5,539
Total liabilities	-	-	-	5,539		5,539
Net assets available for benefits	\$512,799	\$764,912	\$572,549	\$ 7,247		\$1,857,507

See accompanying notes.

Elco Thermoplastics, Inc. Profit Sharing Plan

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

Year ended December 31, 1996

	Fund Information					Total
	Money Market Fund	Balanced Fund	Equity Fund	Textron Stock Fund	Loan Account	
<b>Additions to net assets attributed to:</b>						
Investment income:						
Interest and dividends	\$ 15,553	\$ 91,421	\$ 296,781	\$ 4,765	\$ 7,678	\$416,198
Net appreciation (depreciation) in fair value of investments (Note 4)	-	26,810	(200,012)	47,721	-	(125,481)
	15,553	118,231	96,769	52,486	7,678	290,717
<b>Contributions:</b>						
Employer	70,828	117,683	132,492	88,805		409,808
Participants	43,290	82,418	98,742	38,752		263,202
	114,118	200,101	231,234	127,557	-	673,010
Total additions	129,671	318,332	328,003	180,043	7,678	963,727
<b>Deductions from net assets attributed to:</b>						
Benefits paid to participants	50,036	72,347	38,004	534	-	160,921
Other	391	(1,892)	(4,943)	(273)	48,771	42,054
Total deductions	50,427	70,455	33,061	261	48,771	202,975
Net increase (decrease) before transfers	79,244	247,877	294,942	179,782	(41,093)	760,752

Transfer from Elco Textron Inc. Employee Stock Ownership Plan (Note 1)	175,898	313,534	305,501	182,622	-	977,555
Interfund transfers, net	(190,678)	(90,649)	(13,125)	292,171	2,281	-
Net increase (decrease)	64,464	470,762	587,318	654,575	(38,812)	1,738,307
Net assets available for benefits at beginning of year	512,799	764,912	572,549	-	7,247	1,857,507
Net assets available for benefits at end of year	\$577,263	\$1,235,674	\$1,159,867	\$654,575	\$(31,565)	\$3,595,814

See accompanying notes.

Elco Thermoplastics, Inc. Profit Sharing Plan

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

Year ended December 31, 1995

	Money Market Fund	Fund Information			Total
		Balanced Fund	Equity Fund	Loan Account	
Additions to net assets attributed to:					
Investment income:					
Interest and dividends	\$ 18,934	\$ 35,754	\$ 17,624	\$ 906	\$73,218
Net appreciation in fair value of investments	-	84,603	92,958	-	177,561
	18,934	120,357	110,582	906	250,779
Contributions:					
Employer	116,216	116,682	82,554	-	315,452
Employee	59,334	71,523	58,768	-	189,625
	175,550	188,205	141,322	-	505,077
Total additions	194,484	308,562	251,904	906	755,856
Deductions from net assets attributed to:					
Benefits paid to participants	19,562	61,136	29,859	-	110,557
Total deductions	19,562	61,136	29,859	-	110,557
Net increase before transfers	174,922	247,426	222,045	906	645,299
Interfund transfers, net	(41,863)	47,900	(9,637)	3,600	-
Net increase	133,059	295,326	212,408	4,506	645,299
Net assets available for benefits at beginning of year	379,740	469,586	360,141	2,741	1,212,208
Net assets available for benefits at end of year	\$512,799	\$764,912	\$572,549	\$7,247	\$1,857,507

See accompanying notes.

## 1. Description of the Plan

The following brief description of the Elco Thermoplastics, Inc. Profit Sharing Plan (the Plan) (formerly the Thermoplastics, Inc. Profit Sharing Plan) is provided for general information only. Participants should refer to the Summary Plan Description for more complete information.

### General

The Plan is a defined contribution plan formed to provide profit-sharing benefits to employees of Elco Thermoplastics, Inc. (the Company), a subsidiary of Elco Textron Inc., and to provide for participant tax-deferred savings under Section 401(k) of the Internal Revenue Code (IRC). All full-time employees of the Company with one year of service are eligible to participate in the Plan. Participants have a 100% vested interest in their account balances. The Plan allows participants to borrow funds from their individual accounts under terms specified in the Plan.

Effective June 30, 1996, the Elco Textron Inc. Employee Stock Ownership Plan (ESOP) was terminated. Accordingly, 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 Employees' Retirement Savings Plan for the Precision Stamping Division of Elco Textron Inc., the Anchor Wire Inc. Retirement Plan, or the Plan, as applicable. Assets distributed to the Plan were distributed to the participants' investment funds as directed by each participant.

### Contributions

Active participants may make contributions as defined in the Plan. Such contributions may be in the form of Employee Deferral Contributions (as a percentage of the participant's compensation) or Nondeductible Employee Contributions. The Company will contribute an amount equal to 50% of the first 3% of Employee Deferral Contributions. Additional Company contributions may be made at the sole discretion of the Board of Directors. The Company made a discretionary contribution of \$130,000 in the year ended December 31, 1996.

## 1. Description of the Plan (continued)

### **Participant Loans**

Participants may borrow an amount that does not exceed the lesser of \$50,000 or one-half the nonforfeitable value of their account balance. Loans must be repaid within five years and bear interest at the current prime rate.

### **Investment Option**

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.

Upon enrollment in the Plan, a participant may direct employer and employee contributions in 10% increments in any of the four investment options:

**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.

**Balanced Fund** - Funds are invested in the Employee Benefit\_Class III Fund, which invests in a combination of mutual funds which invest in common stocks, high and medium grade corporate bonds, government securities and other fixed income securities.

**Equity Fund** - Funds are primarily invested in the Parkstone Mid- Capitalization Value Fund, a mutual fund, which invests in common stocks and securities convertible into common stocks.

**Textron Stock Fund** - Funds are primarily invested exclusively in Textron Inc. common stock.

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

## 1. Description of the Plan (continued)

### **Allocations**

Employee contributions and the Company's matching contribution are allocated to each respective participant account. The additional Company contribution, if any, is allocated to participant accounts based on participant compensation, as defined by the Plan, and their years of service in relation to the total of such amounts for all participants.

Earnings within each fund are allocated semiannually in the proportion that each participant's beginning account balance (restated for transfers), plus one-half of employee contributions made during the six-month period, bears to the total of such amounts for all participants.

### **Benefit Payments**

The benefit to which a participant is entitled is the benefit that can be provided from the participant's account balance. On termination of service, a participant may elect to receive either a lump-sum amount equal to the participant's account balance, or annual installments over a period of time as defined by the Plan.

## 2. Significant Accounting Policies

### **Valuation of Investments**

The Plan's investments are stated at fair value. The shares of registered investment companies are valued at quoted market prices which represent the net asset values of shares held by the Plan at year end. Textron Inc. common stock is valued at the last reported sales price on the last business day of the plan year. The Government Money Market Fund and participant loans are valued at cost which approximates fair value.

### **Use of Estimates**

The preparation of financial statements in accordance 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.

## 2. Significant Accounting Policies (continued)

### Administrative Expenses

Certain services are provided to the Plan without charge, and administrative expenses are paid by the Company.

## 3. Termination Priorities

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974.

## 4. Investments

The Plan's investments are held in a bank-administered trust fund. The following table presents the estimated fair values of individual investments that are 5% or more of the Plan's net assets at December 31, 1996 and 1995.

	December 31	
	1996	1995
Parkstone Government Money Market Fund	\$ 633,641	\$453,127
Parkstone Equity Income Fund	273,059	-
Parkstone Bond Fund	497,421	345,610
Parkstone Mid Capitalization Value Fund (formerly the Parkstone Equity Fund)	1,141,159	738,263
Textron Inc. Common Stock	563,898	-

## 4. Investments (continued)

The Plan's investments (including investments bought, sold, and held during the year) appreciated (depreciated) in fair value by \$(125,481) and \$177,561, as follows:

Year ended December 31 1996 1995 Investments at fair value as determined by quoted market prices:

Parkstone Equity Income Fund	\$(17,215)	\$ -
Parkstone Bond Fund	(6,291)	28,558
Parkstone Small Capitalization Fund	11,223	10,131
Parkstone Mid Capitalization Value Fund (formerly the Parkstone Equity Fund)	(166,026)	138,872
Parkstone International Discovery Fund	5,107	-
Textron Inc. Common Stock	47,721	-

\$(125,481) \$177,561

## 5. Differences Between Financial Statements and Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	December 31	
	1996	1995
Net assets available for benefits per the financial statements	\$3,595,814	\$1,857,507
Amounts allocated to withdrawn participants	(57,672)	-
Net assets available for benefits per the Form 5500	\$3,538,142	\$1,857,507

## 5. Differences Between Financial Statements and Form 5500 (continued)

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500:

Year ended  
December 31  
1996



Benefits paid to participants per the financial statements	\$ 160,921
Add: Amounts allocated on Form 5500 to withdrawn participants at December 31, 1996	57,672
Benefits paid to participants per the Form 5500	\$ 218,593

Amounts allocated to withdrawn participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to year end but not yet paid.

## 6. 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., the ultimate parent company of the Company.

## 7. Tax Status

The Internal Revenue Service ruled on June 12, 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 Company is not aware of any course of action or series of events that have occurred that might adversely affect the Plan's qualified status.

## Supplemental Schedules

### Elco Thermoplastics, Inc. Profit Sharing Plan

Employer Identification Number 35-1291803  
Plan Number 001

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

December 31, 1996

Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment, Rate of Interest	Cost	Current Value
Mutual Funds:			
Parkstone Government Money Market Fund*	633,641 units	\$ 633,641	\$ 633,641
Parkstone Prime Obligation Money Market Fund*	7,407 shares	7,407	7,407
Parkstone Equity Income Fund*	16,370 shares	290,811	273,059
Parkstone Bond Fund*	51,228 shares	494,688	497,421
Parkstone Small Capitalization Value Fund*	1,873 shares	46,314	54,504
Parkstone Mid Capitalization Value Fund*	73,909 shares	1,277,265	1,141,159
Parkstone International Discovery Fund*	7,512 shares	106,140	111,247
Textron Inc. Common Stock*	5,983 shares	516,429	563,898
Participant loans*	7.33% to 9.25%	4,001	4,001
		\$3,376,696	\$3,286,337

\* Indicates party-in-interest to the Plan.

### Elco Thermoplastics, Inc. Profit Sharing Plan

Employer Identification Number 35-1291803  
Plan Number 001

#### 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)
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Category (i)--Individual transactions in excess of 5% of plan assets

Parkstone Government

Money Market Fund*	Purchase of 181,148 units	\$181,148		\$181,148	\$181,148	
	Purchase of 193,960 units	193,960		193,960	193,960	
	Purchase of 225,677 units	225,677		225,677	225,677	
	Purchase of 253,295 units	253,295		253,295	253,295	
	Purchase of 794,933 units	794,933		794,933	794,933	
	Sale of 176,781 units		\$176,781		176,781	176,781
	Sale of 794,933 units		794,933	794,933	794,933	
	Sale of 227,850 units		227,850	227,850	227,850	
Parkstone Equity Income Fund*	Purchase of 18,654 shares	332,780		332,780	332,780	
Parkstone Bond Fund*	Purchase of 12,993 shares	123,563		123,563	123,563	
Parkstone Mid-Capitalization Fund*	Purchase of 10,444 shares	226,537		226,537	226,537	
	Purchase of 18,848 shares	296,291		296,291	296,291	
	Sale of 12,055 shares		276,783	193,610	276,783	\$83,173
Parkstone International Discovery Fund*	Purchase of 7,509 shares	106,107		106,107	106,107	
Textron Inc. Common Stock*	Purchase of 2,132 shares	182,604		182,604	182,604	
	Purchase of 3,381 shares	292,034		292,034	292,034	

Elco Thermoplastics, Inc. Profit Sharing Plan

Employer Identification Number 35-1291803  
Plan Number 001

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 Government Money Market Fund*	Purchased 2,574,504 units in 153 transactions	2,574,504		2,574,504	2,574,504	
	Sale of 2,393,990 units in 94 transactions		2,393,990	2,393,990	2,393,990	
Parkstone Prime Obligation Money Market Fund*	Purchased 530,128 units in 12 transactions	530,128		530,128	530,128	
	Sale of 522,721 units in 9 transactions		522,721	522,721	522,721	
Parkstone Equity Income Fund*	Purchased 20,206 units in 6 transactions	359,245		359,245	359,245	
	Sale of 3,836 units in 1 transaction		68,971	68,434	68,971	537
Parkstone Bond Fund*	Purchased 20,771 units in 16 transactions	198,141		198,141	198,141	
	Sale of 4,173 units in 5 transactions		40,039	40,402	40,039	(363)
Parkstone Mid-Capitalization Fund* (previously Parkstone Equity Fund)	Purchased 46,128 units in 22 transactions	863,987		863,987	863,987	
	Sale of 12,917 units in 9 transactions		295,064	204,785	295,064	90,279

Elco Thermoplastics, Inc. Profit Sharing Plan

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 (continued)						
Parkstone International Discovery Fund*	Purchased 7,512 shares in 2 transactions	106,140		106,140	106,140	
Textron Inc. Common Stock*	Purchased 6,051 shares in 8 transactions Sale of 68 shares in 2 transactions	522,299	6,123	522,299 5,870	522,229 6,123	253

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.

ELCO THERMOPLASTICS INC. PROFIT  
SHARING PLAN

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 Elco Thermoplastics, Inc. Profit Sharing Plan of Textron Inc. of our report dated June 23, 1997, with respect to the financial statements and schedules of the Elco Thermoplastics, Inc. Profit Sharing Plan included in this Annual Report (Form 11-K) for the year ended December 31, 1996.

ERNST & YOUNG LLP

Providence, Rhode Island  
June 25, 1997

