

# TEXTRON INC

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

Filed 06/26/01 for the Period Ending 12/31/00

Address	40 WESTMINSTER ST PROVIDENCE, RI 02903
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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 6/26/2001 For Period Ending 12/31/2000

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

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

for the fiscal year ended December 31, 2000

Commission File Number 1-5480

A. Full title of the plan and address of the plan:

ELCO TEXTRON INC. PROFIT SHARING  
AND SAVINGS PLAN

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

TEXTRON INC.  
40 Westminster Street  
Providence, Rhode Island 02903

REQUIRED INFORMATION

Financial Statements and Exhibit

The following Plan financial statements and schedules prepared in accordance with the financial reporting requirements of the Employee Retirement Income Security Act of 1974 are filed herewith, as permitted by Item 4 of Form 11-K:

Report of Independent Auditors  
Statements of Assets Available for Benefits for each of  
the two years ended December 31, 2000 and 1999  
Statements of Changes in Assets Available for Benefits  
for each of the two years ended December 31, 2000 and 1999  
Notes to financial statements

Supplemental Schedule:

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

The Consent of Independent Auditors is filed as an exhibit to this Annual Report.

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 on Form 11-K to be signed by the undersigned hereunto duly authorized.

ELCO TEXTRON INC. PROFIT HARING  
AND SAVINGS PLAN

ELCO TEXTRON INC., Plan Administrator

By: /s/Steven A. Wein  
Vice President, General Counsel  
& Secretary

Date: June 25, 2001

Financial Statements and Supplemental Schedule

Elco Textron Inc. Profit Sharing and Savings Plan

Years ended December 31, 2000 and 1999

Elco Textron Inc.  
Profit Sharing and Savings Plan

Financial Statements and  
Supplemental Schedule

Years ended December 31, 2000 and 1999

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# Report of Independent Auditors

Administrative Committee  
Elco Textron Inc. Profit Sharing and Savings Plan

We have audited the accompanying statements of assets available for benefits of the Elco Textron Inc. Profit Sharing and Savings Plan as of December 31, 2000 and 1999, and the related statements of changes in 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 auditing standards generally accepted in the United States. 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 assets available for benefits of the Plan at December 31, 2000 and 1999, and the changes in its assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2000, is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

ERNST & YOUNG LLP

May 4, 2001

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Elco Textron Inc.  
Profit Sharing and Savings Plan

## Statements of Assets Available for Benefits

	December 31	
	2000	1999
<b>Assets</b>		
Investments, at fair value	<b>\$75,447,670</b>	\$89,670,583
Due from broker	-	143,609
Assets available for benefits	<b>\$75,447,670</b>	\$89,814,192

*See accompanying notes.*

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Elco Textron Inc.  
Profit Sharing and Savings Plan

## Statements of Changes in Assets Available for Benefits

Year ended December 31	
2000	1999

Additions:		
Investment income:		
Net depreciation in fair value of investments	<b>\$(10,505,644)</b>	\$ (2,277,259)
Interest and dividends	<b>3,367,499</b>	6,140,106
Total additions (deductions)	<b>(7,138,145)</b>	3,862,847
Deductions:		
Benefits paid to participants	<b>7,226,170</b>	6,388,017
Administrative expenses	<b>2,207</b>	2,181
Total deductions	<b>7,228,377</b>	6,390,198
Net decrease	<b>(14,366,522)</b>	(2,527,351)
Assets available for benefits at beginning of year	<b>89,814,192</b>	92,341,543
Assets available for benefits at end of year	<b>\$ 75,447,670</b>	\$ 89,814,192

See accompanying notes.

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Elco Textron Inc.  
Profit Sharing and Savings Plan

Notes to Financial Statements

Years ended December 31, 2000 and 1999

**1. Description of the Plan**

The following description of the Elco Textron Inc. Profit Sharing and Savings Plan (Plan) provides only general information. Participants should refer to the Summary Plan Description and Plan document for a more complete description of the Plan.

**General**

The Plan is a defined contribution plan formed to provide profit-sharing benefits to employees of Elco Textron Inc. (the Company) and Textron Inc. All full-time employees of the Company's Corporate Division, Precision Formed Products Division, Precision Commercial Division of Camcar, Heat Treat and Finishes Division, Tool Manufacturing Division, Construction Products Division and Textron Logistics Corp. were eligible to participate in the Plan; however, during 1997, the Plan was amended such that no employee shall become a participant in the Plan after April 1, 1997. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

**Contributions and Vesting**

During 1997, the Plan was also amended such that all participant and employer profit-sharing and additional employer contributions were discontinued as of June 30, 1997. All participants became fully vested in the profit-sharing and additional employer contributions at June 30, 1997.

**Participant Notes Receivable**

Participants may borrow from their fund accounts up to a maximum equal to the lesser of \$50,000 or 50% of their account balance attributed to their own contributions and related earnings. Loan terms range from 1-5 years. The loans are secured by the balance in the participant's account and bear interest at the current prime rate, plus 1%. Principal and interest is paid ratably through monthly payroll deductions.

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**Investment Options**

Participants are allowed to direct the investment of their account balances in 10% increments in any of the six investment options. Participants

may change their investment options monthly.

### **Participant Accounts**

The allocation of Plan income or loss to participants 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 and withdrawals are made. Participant account balances are valued daily by the Plan's recordkeeper based on the value of the number of shares owned in each investment fund.

### **Payment of Benefits**

The benefit to which a participant is entitled is the benefit that can be provided from the participant's account balance.

## **2. Significant Accounting Policies**

### **Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting.

### **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 based on quoted market value. Money market funds are reported at cost, which approximates fair value. Participant notes receivable are valued at their outstanding balances, which approximate fair value.

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Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

### **Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States 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**

Administrative expenses of the Plan are generally paid by the Company.

## **3. Investments**

The Plan's investments are held by Putnam Fiduciary Trust Company. The fair value of individual investments that exceed five percent of the Plan's assets at December 31, is as follows:

	<b>2000</b>	<b>1999</b>
Textron Inc.--common stock	<b>\$16,017,721</b>	\$22,885,321
Putnam Voyager Fund	<b>7,256,630</b>	6,644,054
The George Putnam Fund of Boston	<b>31,851,124</b>	36,848,642
One Group Bond Fund	<b>9,907,484</b>	10,401,261
One Group Equity Index Fund	<b>4,390,546</b>	4,985,912
One Group Prime Money Market Fund	<b>4,557,016</b>	6,061,318

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During 2000 and 1999, Plan investments (including investments bought, sold, as well as held during the year) appreciated (depreciated) in fair

value, as follows:

	<b>Year ended December 31</b>	
	<b>2000</b>	<b>1999</b>
Investments at fair value as determined by quoted market prices:		
Mutual funds	\$ (843,772)	\$(2,415,924)
Textron Inc.--common stock	(9,661,872)	138,665
	<b>\$(10,505,644)</b>	<b>\$(2,277,259)</b>

#### 4. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated April 6, 1995, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (IRC) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

#### 5. Subsequent Event

Effective August 1, 2001, the Elco Profit Sharing and Savings Plan will be merged into the Textron Inc. Savings Plan.

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Elco Textron Inc.  
Profit Sharing and Savings Plan

EIN No. 05-0315468 Plan No. 010

Schedule H, Line 4i, Schedule of Assets (Held at End of Year)

December 31, 2000

<b>Identity of Issuer, Borrower, Lessor or Similar Party</b>	<b>Description of Investment, Including Maturity Date, Rate of Interest Collateral, Par or Maturity Value</b>	<b>Current Value</b>
One Group Prime Money Market Fund*	4,557,016 shares	<b>\$ 4,557,016</b>
One Group Bond Fund*	939,989 shares	<b>9,907,484</b>
One Group Equity Index Fund*	145,623 shares	<b>4,390,546</b>
Putnam Voyager Fund*	303,498 shares	<b>7,256,630</b>
The George Putnam Fund of Boston*	1,850,734 shares	<b>31,851,124</b>
Textron Inc.--common stock*	344,467 shares	<b>16,017,721</b>
Participant notes receivable*	9.5% to 10.5%	<b>1,467,149</b>
		<b><u>\$75,447,670</u></b>

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

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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 Textron Inc. Profit Sharing and Savings Plan of our report dated May 4, 2001, with respect to the financial statements and schedule of the Elco Textron Inc. Profit Sharing and Savings Plan included in this Annual Report (Form 11-K) for the year ended December 31, 2000.

ERNST & YOUNG LLP

Providence, Rhode Island  
June 20, 2001

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**End of Filing**

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