

TEXTRON INC

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

Filed 06/29/99 for the Period Ending 12/31/98

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 6/29/1999 For Period Ending 12/31/1998

Address	40 WESTMINSTER ST PROVIDENCE, Rhode Island 02903
Telephone	401-421-2800
CIK	0000217346
Industry	Conglomerates
Sector	Conglomerates
Fiscal Year	12/31

Generated by EDGAR Online Pro
<http://pro.edgar-online.com>



Contact EDGAR Online
Customer Service: 203-852-5666
Corporate Sales: 212-457-8200

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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, 1998

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

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 28, 1999

*By: /s/Mark S. Arnold
Mark S. Arnold
Director of Finance*

Financial Statements and Supplemental Schedules

Elco Thermoplastics, Inc. Profit Sharing Plan

Years ended December 31, 1998 and 1997

Elco Thermoplastics, Inc. Profit Sharing Plan

Financial Statements and
Supplemental Schedules

Years ended December 31, 1998 and 1997

Contents

Report of Independent Auditors	1
Financial Statements	
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	4
Notes to Financial Statements	6
Supplemental Schedules	
Line 27a - Schedule of Assets Held for Investment Purposes	12
Line 27d - Schedule of Reportable Transactions	13
Line 27e - Schedule of Non-Exempt Transactions	15

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 as of December 31, 1998 and 1997, 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, 1998 and 1997, 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, 1998, reportable transactions, and non-exempt transactions for the year then ended, are presented for purpose of additional analysis and are not a required part of the financial statements but are 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. These supplemental schedules are the responsibility of Plan's management. 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.

/s/ Ernst & Young LLP
ERNST & YOUNG LLP

May 5, 1999

Elco Thermoplastics, Inc. Profit Sharing Plan

Statement of Net Assets Available for Benefits
with Fund Information

December 31, 1998

	Fund Information					
	Money Market Fund	Balanced Fund	Equity Fund	Textron Stock Fund	Loan Fund	Total Funds
Assets						
Investments, at fair value:						
Pegasus Equity Index Fund	\$ -	\$ -	\$1,394,452	\$ -	\$ -	\$1,394,452
The George Putnam Fund of Boston	-	1,600,539	-	-	-	1,600,539
Pegasus Money Market Fund	600,222	-	-	-	-	600,222
Textron Inc. common stock	-	-	-	1,472,455	-	1,472,455
Participant notes receivable	-	-	-	-	19,284	19,284
Total investments	600,222	1,600,539	1,394,452	1,472,455	19,284	5,086,952
Receivables:						
Employer's contributions	36,476	57,732	63,141	73,699	-	231,048
Participant contributions	4,733	7,876	9,075	11,006	-	32,690
Total receivables	41,209	65,608	72,216	84,705	-	263,738
Net assets available for benefits	\$641,431	\$1,666,147	\$1,466,668	\$1,557,160	\$19,284	\$5,350,690

See accompanying notes.

Elco Thermoplastics, Inc. Profit Sharing Plan

Statement of Net Assets Available for Benefits
with Fund Information

December 31, 1997

	Fund Information					
	Money Market Fund	Balanced Fund	Equity Fund	Textron Stock Fund	Loan Fund	Total Funds
Assets						
Investments, at fair value:						
Parkstone Equity Income Fund	\$ -	\$357,844	\$107,420	\$ -	\$ -	\$465,264
Parkstone Bond Fund	-	576,174	-	-	-	576,174
Parkstone Small Capitalization Value Fund	-	55,725	-	-	-	55,725
Parkstone Mid Capitalization Value Fund	-	123,698	1,089,902	-	-	1,213,600
Parkstone Balanced Allocation Fund	-	107,044	-	-	-	107,044
Parkstone International Discovery Fund	-	119,803	-	-	-	119,803
Parkstone Government Money Market Fund	551,375	231	95	-	22	551,723
Parkstone Prime Obligations Money Market Fund	-	-	-	30,937	-	30,937
Textron Inc. common stock	-	-	-	1,057,500	-	1,057,500
Participant notes receivable	-	-	-	-	9,762	9,762
Total investments	551,375	1,340,519	1,197,417	1,088,437	9,784	4,187,532
Receivables:						
Employer's contributions	44,807	73,425	85,389	83,475	-	287,096
Participant contributions	3,966	6,856	9,521	10,092	-	30,435
Accrued income	2,318	1	1	4,363	57	6,740
Other	390	16,297	4,289	32	-	21,008
Total receivables	51,481	96,579	99,200	97,962	57	345,279
Total assets	602,856	1,437,098	1,296,617	1,186,399	9,841	4,532,811
Liabilities						
Other	113	277	239	6,842	-	7,471
Net assets available for benefits	\$602,743	\$1,436,821	\$1,296,378	\$1,179,557	\$9,841	\$4,525,340

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, 1998

	Fund Information			Textron Stock Fund	Loan Fund	Total Funds
	Money Market Fund	Balanced Fund	Equity Fund			
Investment income:						
Interest and dividends	\$33,433	\$142,947	\$89,928	\$25,280	\$1,430	\$293,018
Net appreciation in fair value of investments	-	11,116	94,947	255,888	-	361,951
	33,433	154,063	184,875	281,168	1,430	654,969
Contributions:						
Employer	50,052	82,273	91,612	103,924	-	327,861
Participants	40,791	75,878	94,072	106,119	-	316,860
	90,843	158,151	185,684	210,043	-	644,721
Total additions	124,276	312,214	370,559	491,211	1,430	1,299,690
Deductions from net assets attributed to:						
Benefits paid to participants	50,421	136,265	159,160	115,780	1,478	463,104
Other	4,360	(6,500)	2,786	9,603	987	11,236
Net increase (decrease) before transfers	69,495	182,449	208,613	365,828	(1,035)	825,350
Interfund transfers, net	(30,807)	46,877	(38,323)	11,775	10,478	-
Net increase	38,688	229,326	170,290	377,603	9,443	825,350
Net assets available for benefits at beginning of year	602,743	1,436,821	1,296,378	1,179,557	9,841	4,525,340
Net assets available for benefits at end of year	\$641,431	\$1,666,147	\$1,466,668	\$1,557,160	\$19,284	\$5,350,690

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, 1997

	Fund Information					
	Money Market Fund	Balanced Fund	Equity Fund	Textron Stock Fund	Loan Fund	Total Funds
Additions to net assets attributed to:						
Investment income:						
Interest and dividends	\$27,253	\$130,897	\$214,259	\$17,021	\$303	\$389,733
Net appreciation (depreciation) in fair value of investments	-	16,515	(87,698)	214,014	-	142,831
	27,253	147,412	126,561	231,035	303	532,564
Contributions:						
Employer	56,387	95,025	112,006	106,657	-	370,075
Participants	35,381	72,113	103,591	93,362	-	304,447
	91,768	167,138	215,597	200,019	-	674,522
Other	(467)	(835)	5,856	(2,151)	36,751	39,154
Total additions	118,554	313,715	348,014	428,903	37,054	1,246,240
Deductions from net assets attributed to:						
Benefits paid to participants	55,585	103,235	105,377	52,517	-	316,714
Net increase before transfers	62,969	210,480	242,637	376,386	37,054	929,526
Interfund transfers, net	(37,489)	(9,333)	(106,126)	148,596	4,352	-
Net increase	25,480	201,147	136,511	524,982	41,406	929,526
Net assets available for benefits at beginning of year	577,263	1,235,674	1,159,867	654,575	(31,565)	3,595,814
Net assets available for benefits at end of year	\$602,743	\$1,436,821	\$1,296,378	\$1,179,557	\$9,841	\$4,525,340

See accompanying notes.

Elco Thermoplastics, Inc. Profit Sharing Plan

Notes to Financial Statements

Years ended December 31, 1998 and 1997

1. Description of the Plan

The following brief description of the Elco Thermoplastics, Inc. Profit Sharing Plan (the 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 is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

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 Employee Deferral Contributions related to the first 4% to 6% of earnings, as defined (3% prior to March 1, 1998). Additional Company contributions may be made at the sole discretion of the Board of Directors. The Company made discretionary contributions of \$215,884 and \$130,000 in the years ended December 31, 1998 and 1997, respectively.

Participant Notes Receivable

Participants may borrow an amount that does not exceed the lesser of \$50,000 or one-half the value of their account balance relating only to employee contributions. Loans must be repaid within five years and bear interest at the current prime rate plus 1%.

Investment Options

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 Pegasus Money Market 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.

Equity Fund - Funds are invested primarily in the Pegasus Equity Index Fund, a mutual fund, which invests in common and preferred stocks.

Balanced Fund - Funds are invested primarily in The George Putnam Fund of Boston, which invest in a combination of common stocks (and securities convertible into common stocks), high- and medium-grade corporate bonds, government securities and other fixed income securities.

Textron Stock Fund - Funds are invested exclusively in Textron common stock. Cash dividends, if any, will be reinvested in shares of Textron common stock. Fractional interests in the shares of Textron common stock are allocated to the participant's accounts.

Participants may change their investment options quarterly.

During October 1998, the underlying investments available to participants changed.

Participant Accounts

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 daily in the proportion that each participant's beginning account balance (restated for transfers), plus one-half of 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 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 sale price on the last day of business of the plan year. The Money Market Fund and participant loans are valued at their outstanding balances which approximate fair value.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions 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 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 ERISA.

4. Investments

The Plan's investments are held by the Trustee in a bank-administered trust fund. Effective October 1, 1998, Trustee responsibilities and all Plan assets were transferred from National City Bank to Putnam Fiduciary Trust Company (Putnam).

The Plan's investments (including investments bought, sold, and held during the year) appreciated (depreciated) in fair value by \$361,951 and \$142,831, as follows:

	Year ended December 31	
	1998	1997
Investments at fair value as determined by quoted market prices:		
Parkstone Equity Income Fund	\$(30,295)	\$20,568
Parkstone Bond Fund	23,636	13,024
Parkstone Small Capitalization Fund	(4,729)	(13,692)
Parkstone Balanced Allocation Fund	2,614	182
Parkstone Mid Capitalization Value Fund	(115,024)	(84,394)
Parkstone International Discovery Fund	(675)	(6,871)
Pegasus Equity Index Fund	194,784	-
The George Putnam Fund of Boston	35,752	-
Textron Inc. Common Stock	255,888	214,014
	\$361,951	\$142,831

5. Differences Between Financial Statements

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

	December 31	
	1998	1997
Net assets available for benefits per the financial statements	\$5,134,806	\$4,525,340
Amounts allocated to withdrawn participants	-	(40,836)
Net assets available per Form 5500	\$5,134,806	\$4,484,504

	Year ended December 31	
	1998	1997
Benefits paid to participants per the financial statements	\$463,104	\$316,714
Add: Amounts allocated on Form 5500 to withdrawn participants at the end of the year	-	40,836
Less: Amounts allocated on Form 5500 to withdrawn participants at the beginning of the year	(40,836)	(57,672)
	\$422,268	\$299,878

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 Plan has received a letter from the Internal Revenue Service dated June 12, 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 that the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is exempt.

8. Year 2000 (Unaudited)

The Company has determined that it will be necessary to take certain steps in order to ensure that the Plan's information systems are prepared to handle Year 2000 dates. The Company is taking a two-phase approach. The first phase addresses internal systems that must be modified or replaced to function properly. Both internal and external resources are being utilized to replace or modify existing software applications, and test the software and equipment for the Year 2000 modifications. The Company anticipates substantially completing this phase of the project by mid-1999. Costs associated with modifying software and equipment are not estimated to be significant and will be paid by the Company.

For the second phase of the project, Plan management established formal communications with its third-party providers to determine that they have developed plans to address their own Year 2000 problems as they relate to the Plan's operations. All third-party service providers have indicated that they will be Year 2000 compliant by mid-1999. If modification of data processing systems of either the Plan, the Company, or its service providers is not completed on time, the Year 2000 problem could have a material impact on the operations of the Plan. Plan management has not developed a contingency plan, because they are confident that all systems will be Year 2000 ready.

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, 1998

Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment, Rate of Interest	Cost	Current Value
Pegasus Money Market Fund*	600,222 units	\$600,222	\$600,222
Mutual funds:			
Pegasus Equity Index Fund*	54,921 shares	1,199,668	1,394,452
The George Putnam Fund of Boston*	88,721 shares	1,564,789	1,600,539
Textron Inc. common stock*	19,930 shares	1,013,115	1,472,455
Participant loans	7.9% to 9.5%	-	19,284
		\$4,377,794	\$5,086,952

*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, 1998

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 percent of plan assets						
Putnam*	Putnam Equity Index Fund	\$1,089,794	\$ -	\$1,089,794	\$1,089,794	\$ -
Putnam*	The George Putnam Fund of Boston	1,428,195	-	1,428,195	1,428,195	-
Putnam*	Pegasus Money Market Fund	578,904	-	578,904	578,904	-
First of America Investment Corporation*	Parkstone Government Money Market Fund	-	590,079	590,079	590,079	-
First of America Investment Corporation*	Parkstone Mid Capitalization Value Fund	-	1,006,899	1,317,501	1,006,899	(310,602)
First of America Investment Corporation*	Parkstone Bond Fund	-	621,614	582,282	621,614	39,332
First of America Investment Corporation*	Parkstone Equity Income Fund	-	349,703	368,727	349,703	(19,024)
Category (iii) - Series of security transactions in excess of 5 percent of plan assets						
First of America Investment Corporation*	Parkstone Government Money Market Fund	775,807	-	775,807	775,807	-
		-	1,327,530	1,327,530	1,327,530	-
First of America Investment Corporation*	Parkstone Prime Obligation Money Market Fund	405,677	-	405,677	405,677	-
		-	436,614	436,614	436,614	-
First of America Investment Corporation*	Parkstone Equity Income Fund	34,963	-	34,963	34,963	-
		-	469,937	497,336	469,937	(27,399)
First of America Investment Corporation*	Parkstone Bond Fund	21,803	-	21,803	21,803	-
		-	621,614	582,282	621,613	39,332

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 security transactions in excess of 5 percent of plan assets (continued)						
First of America Investment Corporation*	Parkstone Mid Capitalization Value Fund	188,789	-	188,789	188,789	-
		-	1,289,347	1,628,761	1,289,347	(339,414)
Textron Inc. *	Textron Inc. Common Stock	320,018	-	320,018	320,018	-
		-	160,951	114,093	160,951	46,858
First of America Investment Corporation*	Parkstone Balanced Allocation Fund	221,975	-	221,975	221,975	-
		-	331,632	329,599	331,632	2,033
Putnam*	Pegasus Equity Index Fund	1,199,668	-	1,199,668	1,199,668	-
Putnam*	The George Putnam Fund of Boston	1,564,859	-	1,564,859	1,564,859	-
		-	72	70	72	2
Putnam*	Pegasus Money Market Fund	600,836	-	600,836	600,836	-
		-	614	614	614	-

*Indicates party-in-interest to the Plan.

There were no category (ii) or (iv) reportable transactions for the year ended December 31, 1998.

Elco Thermoplastics, Inc. Profit Sharing Plan

Employer Identification Number 35-1291803
Plan Number 001

Line 27e - Schedule of Non-Exempt Transactions

Year ended December 31, 1998

Identity of Party Involved	Relationship to Plan Employer or Other Party-in-Interest	Description of Transactions, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value
Elco Thermoplastics, Inc.	Employer/Sponsor	Employee contributions of \$5,332.70 withheld from an April 1998 payroll were remitted on November 3, 1998. No adjustment for lost earnings has been made to date.

Exhibit 23

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 May 5, 1999, 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, 1998.

/s/ Ernst & Young LLP
ERNST & YOUNG LLP

Providence, Rhode Island
June 28, 1999

End of Filing

Powered By **EDGAR**
Online

© 2005 | EDGAR Online, Inc.