

TEXTRON INC

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

Filed 06/26/98 for the Period Ending 12/31/97

Address	40 WESTMINSTER ST PROVIDENCE, RI 02903
Telephone	4014212800
CIK	0000217346
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TEXTRON INC

FORM 11-K

(Annual Report of Employee Stock Plans)

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Address	40 WESTMINSTER ST PROVIDENCE, Rhode Island 02903
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CIK	0000217346
Industry	Conglomerates
Sector	Conglomerates
Fiscal Year	12/31

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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, 1997

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

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, 1998

By: /s/August F. DeLuca
Vice President - Finance/CFO/Treasurer

Financial Statements and Supplemental Schedules

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

Years ended December 31, 1997 and 1996

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

Financial Statements and Supplemental Schedules

Years ended December 31, 1997 and 1996

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Report of Independent Auditors

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

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, 1997 and 1996, 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, 1997 and 1996, 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, 1997, 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 statements of net assets available for benefits and the statements 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

April 17, 1998

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

Statements of Net Assets Available for Benefits with Fund Information

December 31, 1997

	Main Fund	Money Market Fund	Fund Information High Income Equity Fund	Small Capitali- zation Fund	Balanced Fund	Textron Stock Fund	Loan Fund	Total
Investments, at fair value (Note 4):								
Parkstone Prime Obligation Money Market Fund	\$ 137	\$659,902	\$ 112	\$ 195	\$ 7,464	\$ 42,612	\$ -	\$ -
Parkstone High Income Equity Fund	-	-	1,761,879	-	-	-	-	1,761,879
Parkstone Mid Capitalization Fund	-	-	23,923	-	-	-	-	23,923
Parkstone Small Capitalization Fund	-	-	-	1,879,144	-	-	-	1,879,144
Parkstone Balanced Fund	-	-	-	-	1,054,342	-	-	1,054,342
Textron Inc. common stock	-	-	-	-	-	705,625	-	705,625
Participant notes receivable	-	-	-	-	-	-	80,955	80,955
Total investments	137	659,902	1,785,914	1,879,339	1,061,806	748,237	80,955	6,216,290
Receivables:								
Participant contributions	-	2,944	13,878	16,613	8,389	7,614	-	49,438
Employer's contributions	-	14,841	28,538	34,060	21,644	16,330	-	115,413
Other receivable (payable)	-	(1,617)	(2,654)	(2,734)	(1,814)	374	-	(8,445)
Accrued income	570	2,888	2	2	9	2,994	-	6,465
Total receivables	570	19,056	39,764	47,941	28,228	27,312	-	162,871
Due (to) from other funds	(707)	3,185	(1,402)	(822)	(1,046)	783	9	-
Net assets available for benefits \$	-	\$682,143	\$1,824,276	\$1,926,458	\$1,088,988	\$776,332	\$80,964	\$6,379,161

See accompanying notes.

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

Statements of Net Assets Available for Benefits with Fund Information

December 31, 1996

	Main Fund	Money Market Fund	Fund Information		Balanced Fund	Textron Stock Fund	Loan Fund	Total
			High Income Equity Fund	Small Capitali zation				
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
Participant notes receivable	-	-	-	-	-	-	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:								
Participant 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
Other receivable (payable)	-	(127,039)	80,351	46,869	2,818	6,048	-	9,047
Accrued income	92	4,430	24	35	19	1,864	-	6,464
Total receivables	92	(55,713)	133,857	115,651	51,443	31,525	-	276,855
Due (to) from other funds	(8,354)	30,010	(4,828)	25,326	(42,975)	691	130	-
Net assets available for benefits \$	-	\$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.

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

Year ended December 31, 1997

	Money Market Fund	Fund Information High Income Equity Fund	Small Capitaliza tion	Balanced Fund	Textron Stock Fund	Loan Fund	Total
Additions to net assets attributed to:							
Investment income:							
Net appreciation (depreciation) in fair value of investments (Note 4)	\$ -	\$ 25,963	\$ (162,454)	\$ 55,606	\$125,250	\$ -	\$ 44,365
Interest and dividend income	41,698	298,698	89,173	56,299	11,600	7,312	504,780
	41,698	324,661	(73,281)	111,905	136,850	7,312	549,145
Contributions:							
Participant	46,514	146,270	188,542	94,126	75,687	-	551,139
Employer	22,805	49,511	59,529	37,401	27,070	-	196,316
	69,319	195,781	248,071	131,527	102,757	-	747,455
Total additions	111,017	520,442	174,790	243,432	239,607	7,312	1,296,600
Deductions from net assets attributed to:							
Benefits paid to participants	150,139	9,578	3,649	40,524	467	-	204,357
Administrative expenses	264	262	262	262	871	-	1,921
Other	1,958	1,962	2,536	1,388	687	7,856	16,387
Total deductions	152,361	11,802	6,447	42,174	2,025	7,856	222,665
Net increase (decrease) prior to interfund transfers	(41,344)	508,640	168,343	201,258	237,582	(544)	1,073,935
Interfund transfers (net)	(324,631)	69,719	147,601	5,547	102,908	(1,144)	-
Net increase (decrease)	(365,975)	578,359	315,944	206,805	340,490	(1,688)	1,073,935
Net assets available for benefits, beginning of year	1,048,118	1,245,917	1,610,514	882,183	435,842	82,652	5,305,226
Net assets available for benefits, end of year	\$ 682,143	\$1,824,276	\$1,926,458	\$1,088,988	\$ 776,332	\$80,964	\$6,379,161

See accompanying notes.

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

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

Year ended December 31, 1996

	Fund Information						Total
	Money Market Fund	High Income Equity Fund	Small Capitaliza tion	Balanced Fund	Textron Stock Fund	Loan Fund	
Additions to net assets attributed to:							
Investment income:							
Net appreciation (depreciation) in fair value of investments (Note 4)	\$ -	\$ (12,804)	\$ (57,176)	\$ (51,554)	\$ 35,045	\$ -	\$ (86,489)
Interest and dividend income	22,975	116,064	224,631	107,487	6,444	1,393	478,994
	22,975	103,260	167,455	55,933	41,489	1,393	392,505
Contributions:							
Participant	56,941	111,901	156,158	83,217	28,196	-	436,413
Employer	54,434	62,539	78,369	55,426	22,796	-	273,564
Total contributions	111,375	174,440	234,527	138,643	50,992	-	709,977
Total additions	134,350	277,700	401,982	194,576	92,481	1,393	1,102,482
Deductions from net assets attributed to:							
Benefits paid to participants	94,608	2,613	1,963	12,329	-	-	111,513
Administrative expenses	872	914	1,077	750	440	-	4,053
Total deductions	95,480	3,527	3,040	13,079	440	-	115,566
Net increase prior to 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.

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) 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). 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 participants' 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.

Vesting and Forfeitures

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

Notes to Financial Statement (continued)

1. Description of the Plan (continued)

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 pre- tax compensation, as defined by the Plan, subject to dollar limitations of \$9,500 in 1997 and 1996.

The Plan provides for an employer matching contribution of 25% of a participant's contribution, not to exceed 1% of the participant's compensation. The Plan also provides for discretionary Company contributions. Elco made discretionary contributions of \$107,500 and \$215,000 in 1997 and 1996, respectively.

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.

Participants are allowed to direct the 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 stocks.

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Balanced Fund - Funds are invested in the Parkstone Balanced 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 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.

Participants may change their investment options monthly.

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.

Distribution of 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.

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Participant Notes Receivable

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.

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 sale price on the last day of business of the Plan year. Participant loans are stated at cost, which approximates fair value.

Use of Estimates

The preparation of financial statements in conformity 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 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.

Notes to Financial Statements (continued)

4. Investments

The Plan's investments are held by a bank-administered trust fund. The fair values of investments that represent 5% or more of the Plan's net assets are as follows:

	December 31	
	1997	1996
Parkstone Prime Obligation Money Market Fund	\$ 710,422	\$1,122,386
Parkstone High Income Equity Fund	1,761,879	1,106,381
Parkstone Small Capitalization Fund	1,879,144	1,454,312
Parkstone Balanced Fund	1,054,342	865,319
Textron Inc. common stock	705,625	397,452

During 1997 and 1996, Plan investments (including investments bought, sold, as well as held during the year) appreciated (depreciated) in value by \$44,365 and \$(86,489), as follows:

	1997	1996
Investments at fair value, determined by quoted market price:		
Parkstone High Income Equity Fund	\$ 26,664	\$(12,804)
Parkstone Small Capitalization Fund	(162,454)	(57,176)
Parkstone Balanced Fund	55,606	(51,554)
Parkstone Mid Capitalization Fund	(701)	-
Textron Inc. common stock	125,250	35,045
	\$ 44,365	\$(86,489)

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.

Notes to Financial Statements (continued)

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.

Supplemental Schedules

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

Employer Identification Number 36-1033080 Plan Number 012

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

December 31, 1997

	Number of Shares or Face Amount	Cost	Current Value
Parkstone Prime Obligation Money Market Fund*	710,422	\$ 710,422	\$ 710,422
Mutual funds:			
Parkstone High Income Equity Fund*	101,374	1,714,631	1,761,879
Parkstone Mid Capitalization Fund*	1,698	24,711	23,923
Parkstone Small Capitalization Fund*	72,108	2,000,356	1,879,144
Parkstone Balanced Fund*	80,916	1,033,279	1,054,342
Textron Inc. common stock	11,290	549,003	705,625
Participant notes receivable, bearing interest at rates of 8% to 10% per annum, with various maturity dates*		-	80,955
		\$6,032,402	\$6,216,290

* Indicates a 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, 1997

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 security transactions in excess of 5 percent of plan assets						
First of America Investment Corporation*	Parkstone High Income Equity Fund	\$272,054	\$ -	\$ 272,054	\$ 272,054	\$ -
Category (iii) - Series of security transactions in excess of 5 percent of plan assets						
First of America Investment Corporation*	Parkstone Prime Obligation Money Market Fund	- 858,092	1,270,056 -	1,270,056 858,092	1,270,056 858,092	- -
First of America Investment Corporation*	Parkstone High Income Equity Fund	- 661,824	32,990 -	31,085 661,824	32,990 661,824	1,905 -
First of America Investment Corporation*	Parkstone Small Capitalization Fund	- 614,502	27,217 -	29,903 614,502	27,217 614,502	(2,686) -

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 security transactions in excess of 5 percent of plan assets (continued)						
First of America Investment Corporation*	Parkstone Balanced Fund	-	123,747	119,833	123,747	3,914
		257,164	-	257,164	257,164	-
Textron Inc.*	Textron Inc. common stock	-	21,904	18,245	21,904	3,659
		204,828	-	204,828	204,828	-

There were no Category (ii) or (iv) reportable transactions during the year
ended December 31, 1997.

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

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 Employees' Retirement Savings Plan for the Precision Stamping Division of Elco Textron Inc. of Textron Inc. of our report dated April 17, 1998, 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, 1997.

ERNST & YOUNG LLP

Providence, Rhode Island
June 23, 1998

End of Filing

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