

<div>Form 5500</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Annual Return/Report of Employee Benefit Plan</div> <div>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ Complete all entries in accordance with the instructions to the Form 5500.</div>	<div>OMB Nos. 1210-0110 1210-0089</div> <div>2009</div> <div>This Form is Open to Public Inspection</div>
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Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009	
A	This return/report is for: <div><div>☐ a multiemployer plan;</div><div>☒ a single-employer plan;</div><div>☐ a multiple-employer plan; or</div><div>☐ a DFE (specify) ____</div></div>
B	This return/report is: <div><div>☐ the first return/report;</div><div>☐ the final return/report;</div><div>☐ an amended return/report;</div><div>☐ a short plan year return/report (less than 12 months).</div></div>
C	If the plan is a collectively-bargained plan, check here. ▶ ☒
D	Check box if filing under: <div><div>☒ Form 5558;</div><div>☐ automatic extension;</div><div>☐ the DFVC program;</div><div>☐ special extension (enter description)</div></div>

Part II	Basic Plan Information—enter all requested information	
1a	Name of plan SUPPLEMENTAL AGREEMENT COVERING PENSIONS BETWEEN TEXTRON LYCOMING AND LOCAL 787 OF THE UAW	1b Three-digit plan number (PN) ▶ 202
		1c Effective date of plan 02/01/1956
2a	Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) TEXTRON INC. 40 WESTMINSTER STREET PROVIDENCE, RI 02903-2525	2b Employer Identification Number (EIN) 05-0315468 2c Sponsor's telephone number 401-421-2800 2d Business code (see instructions) 339900

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2010	DOUGLAS J. STEWART
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") TEXTRON INC. 40 WESTMINSTER STREET PROVIDENCE, RI 02903	3b Administrator's EIN 05-0315468 3c Administrator's telephone number 401-421-2800
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	1379
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	354
b Retired or separated participants receiving benefits.....	6b	610
c Other retired or separated participants entitled to future benefits.....	6c	69
d Subtotal. Add lines 6a , 6b , and 6c	6d	1033
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	358
f Total. Add lines 6d and 6e	6f	1391
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	2

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 1B 1G

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☐ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)
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SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>SUPPLEMENTAL AGREEMENT COVERING PENSIONS BETWEEN TEXTRON LYCOMING AND LOCAL 787 OF THE UAW</u>	B Three-digit plan number (PN) ▶ <u>202</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>TEXTRON INC.</u>	D Employer Identification Number (EIN) <u>05-0315468</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2009</u>	
2 Assets:	
a Market value	2a <u>48748876</u>
b Actuarial value	2b <u>53623764</u>
3 Funding target/participant count breakdown	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>948</u> <u>42139436</u>
b For terminated vested participants	3b <u>69</u> <u>937100</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>1337961</u>
(2) Vested benefits	3c(2) <u>9628946</u>
(3) Total active	3c(3) <u>365</u> <u>10966907</u>
d Total	3d <u>1382</u> <u>54043443</u>
4 If the plan is at-risk, check the box and complete items (a) and (b)	☐
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>8.26</u> %
6 Target normal cost	6 <u>802595</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	
Signature of actuary <u>VALERIE HINTZEN</u>	Date <u>08-04497</u>
Type or print name of actuary <u>TOWERS WATSON DELAWARE INC.</u>	Most recent enrollment number <u>248-936-7700</u>
Firm name <u>28411 NORTHWESTERN HIGHWAY</u> <u>SUITE 500</u> <u>SOUTHFIELD, MI 48034</u>	Telephone number (including area code)
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	13423592	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	680750	0
9	Amount remaining (Item 7 minus item 8).....	12742842	0
10	Interest on item 9 using prior year's actual return of <u>-23.50</u> %	-2994440	0
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		0
b	Interest on (a) using prior year's effective rate of <u>5.89</u> %		0
c	Total available at beginning of current plan year to add to prefunding balance		0
d	Portion of (c) to be added to prefunding balance.....		0
12	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	9748402	0

Part III Funding percentages			
14	Funding target attainment percentage.....	14	81.19 %
15	Adjusted funding target attainment percentage.....	15	99.22 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	107.59 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/13/2009	171000				
Totals ►			18(b)	171000	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c 167198
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b 3
22 Weighted average retirement age				22 64
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	802595
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment		
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	802595
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	635397	0
36 Additional cash requirement (item 34 minus item 35).....	36	167198
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	167198
38 Interest-adjusted excess contributions for current year (see instructions).....	38	0
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan SUPPLEMENTAL AGREEMENT COVERING PENSIONS BETWEEN TEXTRON LYCOMING AND LOCAL 787 OF THE UAW	B Three-digit plan number (PN) ►	202
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 TEXTRON INC.	D Employer Identification Number (EIN) 05-0315468	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE:	TEXTRON INC. MASTER TRUST
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b Name of sponsor of entity listed in (a):	STATE STREET BANK & TRUST COMPANY
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c EIN-PN	13-3380685-001	d Entity code	M	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	49854981
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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b Name of sponsor of entity listed in (a):	
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c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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b Name of sponsor of entity listed in (a):	
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c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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b Name of sponsor of entity listed in (a):	
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c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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b Name of sponsor of entity listed in (a):	
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c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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b Name of sponsor of entity listed in (a):	
---	--

c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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b Name of sponsor of entity listed in (a):	
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c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009	
A Name of plan SUPPLEMENTAL AGREEMENT COVERING PENSIONS BETWEEN TEXTRON LYCOMING AND LOCAL 787 OF THE UAW	B Three-digit plan number (PN) ► 202
C Plan sponsor's name as shown on line 2a of Form 5500 TEXTRON INC.	D Employer Identification Number (EIN) 05-0315468

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	441412	439885
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	47638432	49854981
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	48079844	50294866

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	49967	96495
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	49967	96495

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	48029877	50198371
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Part II **Income and Expense Statement**

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	171000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		171000

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		7371461
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		7542461

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	5373967	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		5373967
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		5373967

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		2168494
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ERNST & YOUNG LLP

(2) EIN: 34-6565596

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		10000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	X		8323444
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>SUPPLEMENTAL AGREEMENT COVERING PENSIONS BETWEEN TEXTRON LYCOMING AND LOCAL 787 OF THE UAW</u>	B Three-digit plan number (PN) ▶ <u>202</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>TEXTRON INC.</u>	D Employer Identification Number (EIN) <u>05-0315468</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-2507163</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>0</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☒ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
--	-----------------------------------	-----------------------------------	-------------------------------	--

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2009
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☒

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 53% Investment-Grade Debt: 21% High-Yield Debt: 6% Real Estate: 7% Other: 13%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☒ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Report of Independent Auditors

Textron Inc.
Plan Sponsor
Supplemental Agreement Covering Pensions Between
Textron Lycoming and Local 787 of the UAW

We have audited the accompanying statements of net assets available for benefits of Supplemental Agreement Covering Pensions Between Textron Lycoming and Local 787 of the UAW as of December 31, 2009 and 2008, 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 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. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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, information regarding the net assets available for benefits of the Plan at December 31, 2009, and the changes in its net assets available for benefits for the year then ended, and the financial status of the Plan at December 31, 2008, and the changes in its financial status for the year then ended, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

October 8, 2010

SCHEDULE SB ATTACHMENTS

Statement by Enrolled Actuary

Plan Sponsor	Textron Inc.
EIN/PN	05-0315468/202
Plan Name	Supplemental Agreement Covering Pensions Between Textron Lycoming and Local 787 of the UAW
Valuation Date	January 1, 2009
Enrolled Actuary	Valerie Hintzen
Enrollment Number	08-04497

The actuarial assumptions that are not mandated by IRC §430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee. Item 22 of Schedule SB reflects a census-weighted calculation of the weighted average retirement age.

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <hr/> <small>Department of Labor Employee Benefits Security Administration</small> <hr/> <small>Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

- **Round off amounts to nearest dollar.**
 ► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan SUPPLEMENTAL AGRMT BETWEEN TEXTRON LYCOMING & LOCAL 787	B Three-digit plan number (PN) ► <u>202</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF TEXTRON INC.	D Employer Identification Number (EIN) 05-0315468
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B ☐ Other	
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500	

Part I Basic Information			
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2009</u>			
2 Assets:			
a Market value.....	2a	48,748,876	
b Actuarial value.....	2b	53,623,764	
3 Funding target/participant count breakdown			
		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	948	42,139,436
b For terminated vested participants	3b	69	937,100
c For active participants:			
(1) Non-vested benefits.....	3c(1)		1,337,961
(2) Vested benefits.....	3c(2)		9,628,946
(3) Total active	3c(3)	365	10,966,907
d Total.....	3d	1,382	54,043,443
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	8.26 %	
6 Target normal cost.....	6	802,595	

Statement by Enrolled Actuary
 To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	VALERIE HINTZEN _____ Signature of actuary	9/29/2010 _____ Date
	VALERIE HINTZEN _____ Type or print name of actuary	08-04497 _____ Most recent enrollment number
	TOWERS WATSON DELAWARE INC. _____ Firm name	(248) 936-7700 _____ Telephone number (including area code)
	28411 NORTHWESTERN HIGHWAY SUITE 500 SOUTHFIELD MI 48034 _____ Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the Instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	13,423,592	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	680,750	0
9	Amount remaining (Item 7 minus item 8).....	12,742,842	0
10	Interest on item 9 using prior year's actual return of <u>(23.50)</u> %	(2,994,440)	0
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		0
b	Interest on (a) using prior year's effective rate of <u>5.89</u> %		0
c	Total available at beginning of current plan year to add to prefunding balance		0
d	Portion of (c) to be added to prefunding balance.....		0
12	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	9,748,402	0

Part III Funding percentages			
14	Funding target attainment percentage.....	14	81.19 %
15	Adjusted funding target attainment percentage.....	15	99.22 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	107.59 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/13/2009	171,000				
			Totals ▶	18(b)	171,000 18(c) 0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c 167,198
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No	
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No	
c If 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of Quarter of this plan year	
(1) 1st	(2) 2nd
0	0
(3) 3rd	(4) 4th
0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b 3
22 Weighted average retirement age				22 64
23 Mortality table(s) (see instructions)	☐ Prescribed - combined	☒ Prescribed - separate	☐ Substitute	

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29).....	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	802,595
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment.....		
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33).....	34	802,595
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	635,397	0
36 Additional cash requirement (item 34 minus item 35).....	36	167,198
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	167,198
38 Interest-adjusted excess contributions for current year (see instructions).....	38	0
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

SCHEDULE SB ATTACHMENTS (cont.)

Schedule SB, Line 22
Description of Weighted Average Retirement Age
as of January 1, 2009

See Appendix A for retirement rates. The average retirement age for Line 22 was calculated by determining the average age at retirement for those current active participants expected to reach retirement, based on all current decrements assumed.

Plan Name:	Supplemental Agreement Covering Pensions Between Textron Lycoming and Local 787 of the UAW
EIN / PN:	05-0315468 / 202
Plan Sponsor:	Textron Inc.
Valuation Date:	January 1, 2009

Appendix A

Schedule SB, Part V – Statement of actuarial assumptions and methods

Schedule SB, Line 24 – Change in actuarial assumptions

Schedule SB, Line 25 – Change in method

Plan Sponsor

Textron Inc.

EIN/PN

05-0315468/202

Discount Rates

Current plan year PPA effective interest rate: 8.26%

Prior plan year PPA effective interest rate: 5.89%

Full Yield Curve

Applicable month: October

Transition election: No

Inclusion Date

The valuation date coincident with or next following the date on which the employee becomes a participant.

Expenses

The amount included this year for plan-related expenses is \$290,000.

Mortality

For all participants: The prescribed mortality assumption under IRC §430(h)(3)(A) using static tables with separate mortality rates for annuitants and non-annuitants.

Plan Sponsor: Textron Inc.
EIN / PN: 05-0315468 / 202

Retirement

For purposes of determining the Funding Target and Target Normal Cost (both disregarding at-risk assumptions), the rates at which participants retire by age and gender are shown below.

Percentage retiring during the year			
Age	Rate %	Age	Rate %
55	3.0	63	10.0
56	3.0	64	10.0
57	3.0	65	45.0
58	3.0	66	20.0
59	3.0	67	20.0
60	6.0	68	20.0
61	6.0	69	20.0
62	25.0	70	100.00

Also, half of eligible employees are assumed to retire at the earlier age of 62 or eligibility for early retirement with a monthly supplement from age 60 to age 62.

The weighted average retirement age is 64 determined by weighting each potential retirement age by the number of current active employees expected to retire at such age as determined by retirement rates.

Disability Rates (per 100 employees)

None assumed.

Compensation Increases

None assumed.

Future Increases in Social Security

Not applicable.

Future Increases in Maximum Benefits and Plan Compensation Limitations

Accrued benefits projected to be paid in future years are limited to the maximum presently allowed under IRC §415. No provision is made for future increases in the maximum annual benefit or compensation limit.

Representative Termination Rates (per 100 employees) not Due to Disability, Retirement or Mortality

Percentage leaving during the year		
Attained Age	Males	Females
20	14.87	24.86
25	9.89	14.87
30	6.89	9.89
35	4.85	6.89
40	2.77	4.85
45	1.62	2.77
50	.38	1.62
55	Nil	.38
60 and over	Nil	Nil

Form of Payment

Participants are assumed to elect the normal form.

Marriage

For purposes of valuing the pre-retirement surviving spouse's benefit, 80% of eligible participants are assumed to be married and male spouses are assumed to be 3 years older than female spouses.

Employees

It was assumed there will be no new or rehired employees.

Asset Method

Under this method, valuation assets are equal to the average of three values (all determined without regard to receivable contributions), the result increased by the discounted present value of contributions expected to be made after the valuation date based on the prior plan year PPA effective interest rate. This amount is then subject to a 10% corridor around the market value of assets (including the discounted present value of receivable contributions) as of the valuation date. The three values used to develop the average value are: the market value of assets as of the current valuation date, the adjusted market value of assets as of the prior valuation date and the adjusted market value of assets as of the second prior valuation date. The adjusted market value as of a relevant valuation date is equal to the market value of assets as of the prior valuation date increased by actual plan contributions and assumed return on plan assets and decreased by actual plan disbursements after that date until the current valuation date. The assumed rate of return on plan assets for the prior plan year (pursuant to IRS Notice 2009-22) was 6.03%, which is the lesser of the anticipated rate of return on assets for the plan year, equal to 8.75%, and the applicable limitation for the plan year, equal to 6.03%. The assumed rate of return on plan assets for the second prior plan year (pursuant to IRS Notice 2009-22) was 6.09%, which is the lesser of the anticipated rate of return on assets for the plan year, equal to 8.25%, and the applicable limitation for the plan year, equal to 6.09%. The algebraically equivalent development of this method (pursuant to IRS Notice 2009-22) is shown in Section 2.4. Because expected investment returns under this method are limited under WRERA, over time it is more likely to produce an actuarial value that is expected to be less than the market value of assets.

Participant Data

Employee data was supplied electronically as of the valuation date by Fidelity.

Tax Policy

The actuarial valuation performed for the plan year ending December 31, 2009 is used to determine the maximum deductible contribution for the tax year ending December 31, 2009.

Benefits not Included in Valuation

We believe all significant Plan provisions are reflected in this valuation.

PBGC Premium Funding Target

For purposes of determining the PBGC Premium Funding Target in Section 2.2.D, the Alternative Premium Funding Target was determined using the assumptions described above.

Nature of Actuarial Calculations

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events. Certain plan provisions may be approximated or deemed insignificant and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately.

A range of results, different from those presented in this report could be considered reasonable. The numbers are not rounded, but this is for convenience only and should not imply precision, which is not inherent in actuarial calculations. Certain percentages determined in this report, such as the Funding Target Attainment Percentage, are truncated to be consistent with the instructions for Schedule SB of the Form 5500.

The assumptions selected for this valuation other than those prescribed by law, generally reflect long-term average expectations. If overall future plan experience is less favorable than assumed, the relative level of plan costs or contribution requirements determined in this valuation will likely increase in future valuations. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. It is beyond the scope of this actuarial valuation to analyze the potential range of future pension contributions, but we can do so upon request.

Changes in Assumptions and Methods Since Last Actuarial Valuation

- The mortality was updated as prescribed.
- The discount rate was changed from the September 3-segment rates to the full yield curve as of the October before the valuation date. This change is being made as elected by the plan sponsor and is deemed to be automatically approved by the IRS pursuant to guidance in IRS March 31, 2009 Newsletter.
- Based upon an election by the plan sponsor, the asset valuation method changed from the market value of assets to the method described in IRS Notice 2009-22 which reflects changes made by the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA). Changes in the asset method for plan years beginning in 2009 to any permissible asset method are deemed to be automatically approved by the IRS.
- The amount included this year for plan-related expense is \$290,000. WRERA includes a technical correction provision requiring target normal cost to include the amount of plan-related expenses expected to be paid from plan assets during the year.

- The valuation software used to produce the actuarial information submitted on this schedule has been refined to reflect evolving understanding of PPA requirements, and such modifications may be considered to be a method change. The percentage changes in funding target, target normal cost and plan assets due to the refinements in the software are each less than 2% (disregarding the effects of any changes that are automatically approved under final IRC 430 regulations), and the modifications to the software were designed to produce results no less accurate than the results produced by the software prior to the change. Therefore, the change in funding method due to a change in valuation software receives automatic approval under IRS Announcement 2010-3.

Appendix B

Schedule SB, Part V – Summary of principal plan provisions

Plan Sponsor

Textron Inc.

Plan

Supplemental Agreement Covering Pensions Between Textron Lycoming and Local 787 of the UAW

Employees

All persons covered by the Collective Bargaining Agreement between Textron Lycoming, a division of Avco Corporation and the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW) and its Local 787.

Effective Date and Most Recent Amendment

The plan was originally effective February 1, 1956 (as amended through June 16, 2008).

Plan Year

The twelve-month period ending December 31, 2009.

Credited Service

A participant earns one year of service toward benefit accrual if working or compensated for 1,600 (or more) hours per year, reduced pro rata if less, to the nearest 1/10th year.

Vesting Service

An Employee earns one year of Vesting Service for each Plan Year of 1,000 or more Hours of Service with Avco Corporation (or for a Textron Company after date of acquisition by Textron).

Hours of Service

Such hours include all periods of time for which the Employee is paid or entitled to payment by the Company or by a member of the Controlled Group, and also all other hours as required under Department of Labor regulations.

Plan Sponsor: Textron Inc.
EIN / PN: 05-0315468 / 202

Eligibility

An Employee participates on the February 1 on or next following date of hire.

Normal Retirement

Age 65: monthly benefit rate per year of Credited Service according to the following schedule:

Monthly Benefit Rate	Effective for Termination On or After
\$21.75	September 28, 1992
\$22.25	April 1, 1995
\$22.75	April 1, 1996
\$31.00	June 19, 2006
\$32.00	June 16, 2008
\$33.00	June 16, 2009
\$34.00	June 16, 2010
\$35.00	June 16, 2011
\$37.00	June 16, 2012

Normal Form of Benefit: Single life annuity unless married. If married, 95% of the single life annuity will automatically be payable, further adjusted if spouse is more than 5 years younger or older, with a 55% continuation to the surviving spouse after the retiree's death. The survivor option may be waived only with spousal consent. If the spouse predeceases the retiree, the benefit increases to the single life annuity. Disability and deferred vested employees in payment status, if married, will receive an actuarially reduced pension in order to provide a 50% continuation of benefits to the surviving spouse.

Early Retirement Benefit

Age 55 and 10 years Credited Service: accrued normal benefit, reduced per year of early commencement prior to Normal Retirement, according to the following table

Age Pension Starts	Percent of Pension
55	66.6%
56	72.6
57	78.4
58	85.6
59	92.8
60	95.2
61	97.6
62 and over	100.0

Special Early Retirement: Age 60 but not yet age 62, and at least 30 years Credited Service: a monthly supplementary benefit according to the following schedule is payable until age 62:

Monthly Benefit Rate	Effective for Termination On or After
\$525	June 19, 2005
\$550	June 19, 2006
\$575	June 19, 2007
\$625	June 16, 2008
\$675	June 16, 2009
\$725	June 16, 2010
\$775	June 16, 2011

Disability Benefit

Eligibility: If totally and permanently disabled with at least 10 years of Credited Service: a monthly benefit based on the accrued benefit rate plus a monthly supplement of \$7.20 per year of Credited Service (maximum 25 years), payable until the earlier of age 65 or recovery, at which time the benefit is recalculated based on the normal benefit accrued at disability retirement. Disability retirement benefits will not be payable while company-paid sickness and accident benefits are being paid, and will be reduced each month (not below \$0) for payments under any workers' compensation or occupational disease law to which the retiree is entitled.

Vested Benefits upon Termination of Service

5 years of Vesting Service: accrued normal benefit, payable in full at age 65. Benefits may commence as early as 55, reduced in accordance with the following table:

Age Pension Starts	Percent of Pension
55	50.0%
56	53.3
57	56.7
58	60.0
59	63.3
60	66.7
61	73.3
62	80.0
63	86.7
64	93.3

Death Benefits for Participants in Active Service**Pre-Retirement:**

Upon the death of a participant who has attained a vested interest under the Plan, the surviving spouse to whom he was married at least one year shall receive a survivor benefit computed as if the participant had terminated employment at date of death (if not prior), survived to the earliest retirement age, and elected commencement of benefits under the Normal Form of Payment and at that time died. A terminee entitled to a Termination Benefit will be charged for this coverage at the rate of 1/40 of 1% reduction for each month after termination of employment and before age 50 and 1/20 of 1% for each month of coverage thereafter until age 55. Coverage can be waived with spousal consent.

Post-Retirement:

Elected form of payment.

Post-Retirement Additional Death Benefit

Normal and Early Retirees, and Disability pensioners retiring on or after age 60, will have a single sum payment of \$4,000 payable upon death. However, no death benefit will be paid if that participant was covered under any group insurance plan to which Avco or Textron contributed.

Changes in Plan Provisions since Last Actuarial Valuation

The Normal Retirement Monthly Benefit Rate increased from \$31.00 to \$32.00 effective June 16, 2008, \$33.00 effective June 16, 2009, \$34.00 effective June 16, 2010, \$35.00 effective June 16, 2011, and \$37.00 effective June 16, 2012.

The Special Early Retirement Monthly Benefit increased from \$575 to \$625 effective June 16, 2008, \$675 effective June 16, 2009, \$725 effective June 16, 2010 and \$775 effective June 16, 2011.

Appendix A

Schedule SB, Part V – Statement of actuarial assumptions and methods

Schedule SB, Line 24 – Change in actuarial assumptions

Schedule SB, Line 25 – Change in method

Plan Sponsor

Textron Inc.

EIN/PN

05-0315468/202

Discount Rates

Current plan year PPA effective interest rate: 8.26%

Prior plan year PPA effective interest rate: 5.89%

Full Yield Curve

Applicable month: October

Transition election: No

Inclusion Date

The valuation date coincident with or next following the date on which the employee becomes a participant.

Expenses

The amount included this year for plan-related expenses is \$290,000.

Mortality

For all participants: The prescribed mortality assumption under IRC §430(h)(3)(A) using static tables with separate mortality rates for annuitants and non-annuitants.

Plan Sponsor: Textron Inc.
EIN / PN: 05-0315468 / 202

Retirement

For purposes of determining the Funding Target and Target Normal Cost (both disregarding at-risk assumptions), the rates at which participants retire by age and gender are shown below.

Percentage retiring during the year			
Age	Rate %	Age	Rate %
55	3.0	63	10.0
56	3.0	64	10.0
57	3.0	65	45.0
58	3.0	66	20.0
59	3.0	67	20.0
60	6.0	68	20.0
61	6.0	69	20.0
62	25.0	70	100.00

Also, half of eligible employees are assumed to retire at the earlier age of 62 or eligibility for early retirement with a monthly supplement from age 60 to age 62.

The weighted average retirement age is 64 determined by weighting each potential retirement age by the number of current active employees expected to retire at such age as determined by retirement rates.

Disability Rates (per 100 employees)

None assumed.

Compensation Increases

None assumed.

Future Increases in Social Security

Not applicable.

Future Increases in Maximum Benefits and Plan Compensation Limitations

Accrued benefits projected to be paid in future years are limited to the maximum presently allowed under IRC §415. No provision is made for future increases in the maximum annual benefit or compensation limit.

Representative Termination Rates (per 100 employees) not Due to Disability, Retirement or Mortality

Percentage leaving during the year		
Attained Age	Males	Females
20	14.87	24.86
25	9.89	14.87
30	6.89	9.89
35	4.85	6.89
40	2.77	4.85
45	1.62	2.77
50	.38	1.62
55	Nil	.38
60 and over	Nil	Nil

Form of Payment

Participants are assumed to elect the normal form.

Marriage

For purposes of valuing the pre-retirement surviving spouse's benefit, 80% of eligible participants are assumed to be married and male spouses are assumed to be 3 years older than female spouses.

Employees

It was assumed there will be no new or rehired employees.

Asset Method

Under this method, valuation assets are equal to the average of three values (all determined without regard to receivable contributions), the result increased by the discounted present value of contributions expected to be made after the valuation date based on the prior plan year PPA effective interest rate. This amount is then subject to a 10% corridor around the market value of assets (including the discounted present value of receivable contributions) as of the valuation date. The three values used to develop the average value are: the market value of assets as of the current valuation date, the adjusted market value of assets as of the prior valuation date and the adjusted market value of assets as of the second prior valuation date. The adjusted market value as of a relevant valuation date is equal to the market value of assets as of the prior valuation date increased by actual plan contributions and assumed return on plan assets and decreased by actual plan disbursements after that date until the current valuation date. The assumed rate of return on plan assets for the prior plan year (pursuant to IRS Notice 2009-22) was 6.03%, which is the lesser of the anticipated rate of return on assets for the plan year, equal to 8.75%, and the applicable limitation for the plan year, equal to 6.03%. The assumed rate of return on plan assets for the second prior plan year (pursuant to IRS Notice 2009-22) was 6.09%, which is the lesser of the anticipated rate of return on assets for the plan year, equal to 8.25%, and the applicable limitation for the plan year, equal to 6.09%. The algebraically equivalent development of this method (pursuant to IRS Notice 2009-22) is shown in Section 2.4. Because expected investment returns under this method are limited under WRERA, over time it is more likely to produce an actuarial value that is expected to be less than the market value of assets.

Participant Data

Employee data was supplied electronically as of the valuation date by Fidelity.

Tax Policy

The actuarial valuation performed for the plan year ending December 31, 2009 is used to determine the maximum deductible contribution for the tax year ending December 31, 2009.

Benefits not Included in Valuation

We believe all significant Plan provisions are reflected in this valuation.

PBGC Premium Funding Target

For purposes of determining the PBGC Premium Funding Target in Section 2.2.D, the Alternative Premium Funding Target was determined using the assumptions described above.

Nature of Actuarial Calculations

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events. Certain plan provisions may be approximated or deemed insignificant and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately.

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- The mortality was updated as prescribed.
- The discount rate was changed from the September 3-segment rates to the full yield curve as of the October before the valuation date. This change is being made as elected by the plan sponsor and is deemed to be automatically approved by the IRS pursuant to guidance in IRS March 31, 2009 Newsletter.
- Based upon an election by the plan sponsor, the asset valuation method changed from the market value of assets to the method described in IRS Notice 2009-22 which reflects changes made by the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA). Changes in the asset method for plan years beginning in 2009 to any permissible asset method are deemed to be automatically approved by the IRS.
- The amount included this year for plan-related expense is \$290,000. WRERA includes a technical correction provision requiring target normal cost to include the amount of plan-related expenses expected to be paid from plan assets during the year.

- The valuation software used to produce the actuarial information submitted on this schedule has been refined to reflect evolving understanding of PPA requirements, and such modifications may be considered to be a method change. The percentage changes in funding target, target normal cost and plan assets due to the refinements in the software are each less than 2% (disregarding the effects of any changes that are automatically approved under final IRC 430 regulations), and the modifications to the software were designed to produce results no less accurate than the results produced by the software prior to the change. Therefore, the change in funding method due to a change in valuation software receives automatic approval under IRS Announcement 2010-3.

Appendix A

Schedule SB, Part V – Statement of actuarial assumptions and methods

Schedule SB, Line 24 – Change in actuarial assumptions

Schedule SB, Line 25 – Change in method

Plan Sponsor

Textron Inc.

EIN/PN

05-0315468/202

Discount Rates

Current plan year PPA effective interest rate: 8.26%

Prior plan year PPA effective interest rate: 5.89%

Full Yield Curve

Applicable month: October

Transition election: No

Inclusion Date

The valuation date coincident with or next following the date on which the employee becomes a participant.

Expenses

The amount included this year for plan-related expenses is \$290,000.

Mortality

For all participants: The prescribed mortality assumption under IRC §430(h)(3)(A) using static tables with separate mortality rates for annuitants and non-annuitants.

Plan Sponsor: Textron Inc.
EIN / PN: 05-0315468 / 202

Retirement

For purposes of determining the Funding Target and Target Normal Cost (both disregarding at-risk assumptions), the rates at which participants retire by age and gender are shown below.

Percentage retiring during the year			
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Also, half of eligible employees are assumed to retire at the earlier age of 62 or eligibility for early retirement with a monthly supplement from age 60 to age 62.

The weighted average retirement age is 64 determined by weighting each potential retirement age by the number of current active employees expected to retire at such age as determined by retirement rates.

Disability Rates (per 100 employees)

None assumed.

Compensation Increases

None assumed.

Future Increases in Social Security

Not applicable.

Future Increases in Maximum Benefits and Plan Compensation Limitations

Accrued benefits projected to be paid in future years are limited to the maximum presently allowed under IRC §415. No provision is made for future increases in the maximum annual benefit or compensation limit.

Representative Termination Rates (per 100 employees) not Due to Disability, Retirement or Mortality

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55	Nil	.38
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Form of Payment

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Marriage

For purposes of valuing the pre-retirement surviving spouse's benefit, 80% of eligible participants are assumed to be married and male spouses are assumed to be 3 years older than female spouses.

Employees

It was assumed there will be no new or rehired employees.

Asset Method

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PBGC Premium Funding Target

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SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26

Schedule of Active Participant Data as of January 1, 2009

Attained Age	Years of Credited Service													
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	2		4		0		0		0		0		0	
25 - 29	1		4		7		0		0		0		0	
30 - 34	6		7		4		0		0		0		0	
35 - 39	1		9		11		0		0		0		0	
40 - 44	5		13		16		0		1		0		0	
45 - 49	1		17		24		7		7		2		0	
50 - 54	2		9		13		7		11		24		7	
55 - 59	0		9		15		3		6		14		7	
60 - 64	0		3		5		4		6		4		12	
65 - 69	0		1		2		1		1		0		0	
70 & Over	0		0		0		0		0		0		0	

Plan Name:
 EIN / PN:
 Plan Sponsor:
 Valuation Date:

Supplemental Agreement Covering Pensions Between Textron Lycoming and Local 787 of the UAW
 05-0315468 / 202
 Textron Inc.
 January 1, 2009

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 10 Explanation of Interest on Carryover Balance

Interest shown in Item 10(a) is based on the plan's prior year actual return of (23.499%), prior to rounding return to two decimal places. This is based on the calculations used to develop the January 1, 2009 actuarial valuation that was published prior to release of the 2009 Schedule SB instructions, requiring display of the plan's actual return using two decimal places and taking the product of that return and the amount shown in Item 9(a).

Plan Name:	Supplemental Agreement Covering Pensions Between Textron Lycoming and Local 787 of the UAW
EIN / PN:	05-0315468 / 202
Plan Sponsor:	Textron Inc.
Valuation Date:	January 1, 2009

FINANCIAL STATEMENTS

Supplemental Agreement Covering Pensions
Between Textron Lycoming and
Local 787 of the UAW
Years Ended December 31, 2009 and 2008
With Report of Independent Auditors

Supplemental Agreement Covering Pensions
Between Textron Lycoming and
Local 787 of the UAW

Financial Statements

Years Ended December 31, 2009 and 2008

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Supplemental Agreement Covering Pensions
Between Textron Lycoming and
Local 787 of the UAW

Statements of Net Assets Available for Benefits

	December 31	
	2009	2008
Assets		
Investment in the Textron Master Trust Fund, at fair value <i>(Note 5)</i>	\$ 49,854,981	\$ 47,638,432
Prepaid benefit payments	439,885	441,412
Total assets	50,294,866	48,079,844
Liabilities		
Accrued administrative expenses	96,495	49,967
Net assets available for benefits	\$ 50,198,371	\$ 48,029,877

See accompanying notes.

Supplemental Agreement Covering Pensions
Between Textron Lycoming and
Local 787 of the UAW

Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31	
	2009	2008
Additions		
Equity in net earnings (loss) of the Textron Master Trust Fund <i>(Note 5)</i>	\$7,371,461	\$ (17,875,409)
Contributions	171,000	-
Deductions		
Benefit payments	5,373,967	5,441,535
Net increase (decrease)	2,168,494	(23,316,944)
Net assets available for benefits at beginning of year	48,029,877	71,346,821
Net assets available for benefits at end of year	<u>\$50,198,371</u>	<u>\$ 48,029,877</u>

See accompanying notes.

Supplemental Agreement Covering Pensions

Between Textron Lycoming and Local 787 of the UAW

Notes to Financial Statements

1. Description of the Plan

The Supplemental Agreement Covering Pensions Between Textron Lycoming and Local 787 of the UAW (the Plan) is a noncontributory defined benefit pension plan covering all eligible hourly union employees of Textron Lycoming at its Williamsport, Pennsylvania location, and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). For a description of the Plan, refer to the Plan document, which is available at the personnel office of Textron Lycoming.

2. Significant Accounting Policies

Basis of Accounting

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

New Accounting Pronouncements

In April 2009, the FASB issued FASB Staff Position FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (FSP FAS 157-4). FSP FAS 157-4 supersedes FSP FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active*, and amends SFAS 157, *Fair Value Measurement* (codified as ASC 820), to provide additional guidance on estimating fair value when the volume and level of activity for an asset or liability have significantly decreased in relation to normal market activity for the asset or liability. FSP FAS 157-4 also provides additional guidance on circumstances that may indicate that a transaction is not orderly and on defining major categories of debt and equity securities in meeting the disclosure requirements of SFAS 157. FSP FAS 157-4 is effective for reporting periods ending after June 15, 2009. The Plan adopted SFAS 157-4 effective January 1, 2009.

In May 2009, the FASB issued FASB Statement No. 165, *Subsequent Events*, which was codified into ASC 855, *Subsequent Events*, to provide general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. ASC 855 was amended in February 2010. The Plan has adopted ASC 855, as amended.

In September 2009, the FASB issued Accounting Standards Update 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (ASU 2009-12). ASU 2009-12 amended ASC 820 to allow entities to use net asset value (NAV) per share (or its equivalent), as a practical expedient, to measure fair value when the investment does not have

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Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

a readily determinable fair value and the net asset value is calculated in a manner consistent with investment company accounting. The Plan adopted the guidance in ASU 2009-12 for the reporting period ended December 31, 2009 and has utilized the practical expedient to measure the fair value of investments within the scope of this guidance based on the investment's NAV. In addition, as a result of adopting ASU 2009-12, the Plan has provided additional disclosures regarding the nature and risks of investments within the scope of this guidance. Refer to Note 5 for these disclosures. Adoption of ASU 2009-12 did not have a material effect on the Plan's net assets available for benefits or its changes in net assets available for benefits.

In January 2010, the FASB issued Accounting Standards Update 2010-06, *Improving Disclosures about Fair Value Measurements*, (ASU 2010-06). ASU 2010-06 amended ASC 820 to clarify certain existing fair value disclosures and require a number of additional disclosures. The guidance in ASU 2010-06 clarified that disclosures should be presented separately for each "class" of assets and liabilities measured at fair value and provided guidance on how to determine the appropriate classes of assets and liabilities to be presented. ASU 2010-06 also clarified the requirement for entities to disclose information about both the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. In addition, ASU 2010-06 introduced new requirements to disclose the amounts (on a gross basis) and reasons for any significant transfers between Levels 1, 2 and 3 of the fair value hierarchy and presents information regarding the purchases, sales, issuances and settlements of Level 3 assets and liabilities on a gross basis. With the exception of the requirement to present changes in Level 3 measurements on a gross basis, which is delayed until 2011, the guidance in ASU 2010-06 becomes effective for reporting periods beginning after December 15, 2009. Plan management is currently evaluating the effect that the provisions of ASU 2010-06 will have on the Plan's financial statements.

Valuation of Investments

The Plan's investments held in the Textron Master Trust are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 6 for further discussion of fair value measurements.

Investments in public securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the Plan year. Public fixed income securities are also priced in this manner, assuming the bonds trade on the last business day. However, if the

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Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

bond does not trade, the price is determined by third-party pricing services who consider such factors as reported prices and extent of trading activity in similar investments, quality ratings, maturity date, call provisions, and other factors in determining fair value.

Commingled trust funds, including certain open-ended real estate funds, are valued at the net asset value established by the trustee of the commingled fund, which is generally based on the fair value of the underlying assets.

For private securities (limited partnerships), values are established by the investment managers, general partners, or external valuation services. These prices are then updated by the investment manager (Hamilton Lane) to reflect cash flow during the period between the date of the valuation and the pricing date. The cash flow adjusted prices are then reported to the trustee. The trustee takes direction from the Plan's investment managers, who, when pricing the underlying assets within their fund, consider such factors as investment type, reported prices, and extent of trading activity in similar investments, company fundamentals, quality ratings, maturity date, call provisions, and changes in economic conditions relating to the investment in estimating fair value.

Valuations of equity investments in real estate are estimated by the Plan's external real estate manager, RREEF, on an annual basis, and at least once every three years by a qualified third-party appraiser. These valuations are approved by Textron Inc. management. Factors such as real estate type, market conditions, property performance, valuation of comparable properties, and consultations with external real estate advisors are considered in determining fair value.

Income Recognition

Purchases and sales of securities are recorded on the trade date. Gains and losses on the sale of investments are determined based on the average cost of the investment.

Dividend income is recorded on the ex-dividend date. Income from other investments is recorded as earned on an accrual basis.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits (Note 9) are those estimated future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to services rendered by the employees to the valuation date. Accumulated plan benefits include benefits expected to be

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Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

paid to (a) retired or terminated employees or their beneficiaries, and (b) present employees or their beneficiaries. Benefits for retired or terminated employees or their beneficiaries are based on a benefit rate and years of credited service. Benefits payable under all circumstances – retirement, death, disability, and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

The interest rate used to determine accumulated plan benefits is adjusted to reflect administrative expenses paid by the Plan.

Administrative Expenses

Administrative expenses consist of investment advisor fees, actuarial fees, custodial fees, Pension Benefit Guaranty Corporation (PBGC) premiums, consulting fees, legal fees, auditing fees, and other professional services fees. During 2009 and 2008, Textron Inc. paid a portion of these fees on behalf of the Plan in accordance with the Plan document.

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.

Subsequent Events

Management evaluated subsequent events for the Plan through October 8, 2010, the date the financial statements were available to be issued.

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Notes to Financial Statements (continued)

3. Funding Policy

The Company contributes such amounts as are necessary to provide assets sufficient to meet the benefits to be paid to participants and satisfy the ERISA minimum funding requirements. The Plan has met the ERISA minimum funding requirements for 2009 and 2008.

4. Plan Termination

Should the Plan terminate at some future time, its net assets may generally not be available on a pro rata basis to provide participants' benefits. Whether a particular participant's accumulated plan benefits will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the then-existing assets and the PBGC guarantee, while other benefits may not be provided for at all. Information about the PBGC's benefit guarantee is available in the Summary Plan Description, which is available at the personnel office of Textron Lycoming.

5. Investment in the Textron Master Trust Fund

The investments of the Plan are held in the Textron Master Trust (Trust), which also holds the assets of other Textron-sponsored pension plans. The Plan is administered under the terms of a Trust Agreement, dated January 1, 1997, with State Street Bank and Trust Company (State Street). Investment income and changes in unrealized gain or loss on investments of the Trust are allocated monthly among the participating plans in proportion to the adjusted market value of the Trust attributable to each plan, as determined by State Street. The adjusted market value is calculated by adding to the market value at the end of the previous period the contributions and income received for each plan during the period and subtracting benefit payments and expenses for each plan during the period. On this basis, 1.41% and 1.43% of the Trust's net assets were attributed to the Plan as of December 31, 2009 and 2008.

Fair market value for each type of investment is determined as discussed in Note 6, Fair Value Measurements.

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Notes to Financial Statements (continued)

5. Investment in the Textron Master Trust Fund (continued)

The net assets of the Trust at December 31 are as follows:

	2009	2008
Investments in securities:		
Common stocks	\$ 1,252,882,264	\$ 1,069,411,472
Government bonds	464,742,684	489,389,241
Corporate bonds	464,685,309	349,174,217
Short-term investment funds	106,425,420	113,733,674
Investments in partnerships, real estate and other:		
Commingled funds	641,172,331	621,332,907
Private equity partnerships	327,806,453	289,651,578
Real estate	273,545,374	388,633,215
Other	1,790,416	1,790,416
Total investments	<u>\$ 3,533,050,251</u>	<u>\$ 3,323,116,720</u>
Interest and dividends receivable	12,052,980	11,641,888
Net payable for security purchases	<u>(1,580,760)</u>	<u>(231,692)</u>
	<u><u>\$ 3,543,522,471</u></u>	<u><u>\$ 3,334,526,916</u></u>

During 2009 and 2008, the investments of the Trust (including investments bought, sold, as well as held during the year appreciated (depreciated), as follows:

	2009	2008
Investments in securities:		
Common stocks	\$276,813,183	\$(719,527,247)
Government bonds	7,195,924	9,225,157
Corporate bonds	90,043,587	(67,974,794)
Short-term investment funds	-	(135,928)
Investments in partnerships, real estate and other:		
Commingled funds	161,493,516	(318,217,737)
Private equity partnerships	37,153,650	(98,767,243)
Real estate	<u>(126,957,801)</u>	<u>(79,051,812)</u>
	<u><u>\$445,742,059</u></u>	<u><u>\$(1,274,449,604)</u></u>

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Notes to Financial Statements (continued)

5. Investment in the Textron Master Trust Fund (continued)

During 2009 and 2008, interest and dividend income earned by the Trust was \$93,981,696 and \$104,989,031, respectively. Other income for 2009 and 2008 was \$22,197,775 and \$30,397,596, respectively.

Included in the net earnings (loss) of the Trust were the Plan's share of administrative expenses of \$560,051 and \$923,461 for 2009 and 2008, respectively.

Certain Master Trust investments require additional capital commitments. The callable commitments associated with these investments amounted to \$180,320,858 at December 31, 2009.

In 2008, the Master Trust includes assets related to the Cone Drive Union Hourly Pension Plan (UAW Local 21) (Cone Drive Plan). In November 2008, Textron sold its Fluid and Power business. As part of that sale, the purchaser agreed to assume certain pension liabilities related to Fluid and Power, including the Cone Drive Plan. In 2009, assets of \$10 million related to the Cone Drive Plan were transferred out of the Master Trust into a plan established by the purchaser.

6. Fair Value Measurements

ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). ASC 820 includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described below:

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Notes to Financial Statements (continued)

6. Fair Value Measurements (continued)

Level 1 – Unadjusted quoted prices in active markets that are accessible to the reporting entity at the measurement date for identical assets and liabilities.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- quoted prices for similar assets and liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- observable inputs other than quoted prices that are used in the valuation of the asset or liabilities (e.g., interest rate and yield curve quotes at commonly quoted intervals)
- inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 – Unobservable inputs for the asset or liability (i.e., supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The level in the fair value hierarchy within which the fair value measurement is classified is determined based upon the lowest level input that is significant to the fair value measure in its entirety.

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Notes to Financial Statements (continued)

6. Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Trust's assets carried at fair value as of December 31, 2009.

	Level 1	Level 2	Level 3
Common stock:			
Domestic	\$873,914,548	-	-
Foreign	378,417,825	-	-
Preferred shares	549,891	-	-
Government bonds:			
Government agencies	-	136,352,022	-
Treasury notes/nonds	-	328,390,662	-
Corporate bonds:			
Asset-backed securities	-	130,901,439	-
Municipal bonds	-	8,410,341	-
Other corporate bonds	-	325,373,529	-
Short-term investment funds	-	106,425,420	-
Commingled funds	-	641,172,331	-
Private equity partnerships	-	-	327,806,453
Real estate	-	-	273,545,374
Other	-	1,790,416	-
Total assets at fair value	\$1,252,882,264	\$1,678,816,160	\$601,351,827

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Notes to Financial Statements (continued)

6. Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Trust's assets carried at fair value as of December 31, 2008.

	Level 1	Level 2	Level 3
Common stocks:			
Domestic	836,990,375	-	-
Foreign	231,603,646	-	-
Preferred shares	817,451	-	-
Government bonds:			
Government agencies	-	194,199,379	-
Treasury notes/bonds	-	295,189,862	-
Corporate bonds:			
Asset-backed securities	-	83,801,029	-
Municipal bonds	-	3,339,830	-
Other corporate bonds	-	262,033,358	-
Short-term investment funds	-	113,733,674	-
Commingled funds	-	621,332,907	-
Private equity partnerships	-	-	289,651,578
Real estate	-	-	388,633,215
Other	-	1,790,416	-
Total assets at fair value	1,069,411,472	1,575,420,455	678,284,793

The table below sets forth a summary of changes in the fair value of the Trust's Level 3 assets for the year ended December 31, 2009.

	Real Estate	Private Equity Partnerships	Total
Balance, beginning of year	\$388,633,215	\$289,651,578	\$678,284,793
Unrealized losses relating to instruments still held at the reporting date	(126,977,126)	36,663,758	(90,313,368)
Realized gains	19,324	489,956	509,280
Purchases, sales, issuances and settlements (net)	11,869,961	1,001,161	12,871,122
Balance, end of year	\$273,545,374	\$327,806,453	\$601,351,827

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Notes to Financial Statements (continued)

6. Fair Value Measurements (continued)

The table below sets forth a summary of changes in the fair value of the Trust's Level 3 assets for the year ended December 31, 2008.

		Private Equity	
	Real Estate	Partnerships	Total
Balance, beginning of year	471,807,990	349,164,548	820,972,538
Unrealized losses relating to instruments still held at the reporting date	(82,003,489)	(113,324,299)	(195,327,788)
Realized gains	2,951,678	14,557,060	17,508,738
Purchases, sales, issuances and settlements (net)	(4,122,964)	39,254,269	35,131,305
Balance, end of year	<u>388,633,215</u>	<u>289,651,578</u>	<u>678,284,793</u>

Following is a description of the valuation methodologies used for assets measured at fair value.

Common Stocks are traded and quoted on an open market, and are valued at their quoted market price.

Short term investment funds consist of cash which is swept nightly into an institutional equivalent of a money market fund, for which the cash earns interest. These investments are valued at their cost basis plus accrued interest. The accrued interest is an observable input, but is not quoted on an active market.

Government Bonds includes bonds issued by various government agencies such as FNMA, FRMC, and the US Treasury, as well as a small number of municipalities. Corporate bonds include debt issued by corporate entities.

These bonds are traded using brokers which make the market, and price the bonds using published historical transactions for similar securities and a matrix pricing model. These inputs are observable, although the investments are not quoted on an active market.

Partnerships and Joint Venture Interests and Real Estate investments are valued by various valuation specialists using assumptions that we believe are consistent with those that would be used by a market participant in valuing the asset. The valuation specialists include MAI certified appraisers, fund managers, and various other consultants. The fair value is based upon the Plan's

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Notes to Financial Statements (continued)

6. Fair Value Measurements (continued)

proportionate interest in the underlying partnership or fund's net asset value (NAV), which is deemed to approximate fair value. The Plan is generally unable to liquidate these investments during the term of the partnership or fund, which range from 10 to 15 years. As such, the Plan classifies these securities as Level 3 measurements.

Common Collective Trusts consist of institutional mutual funds (which may be Registered Investment Companies), which unlike retail type mutual funds are not quoted on an active market. The underlying investments are quoted in an active market, and thus we consider these investments to have observable inputs for valuation (Level 2).

7. Risks and Uncertainties

Through the Master Trust, the Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market volatility, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported, based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

8. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS), dated February 6, 2003, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust and Master Trust are exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended and restated. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. However, the plan administrator believes that the Plan has been designed to comply with the requirement of the Code and has indicated that it will take the necessary steps, if any, to bring the Plan's operations and/or document into compliance with the Code. The Plan Sponsor has submitted a request to the IRS for a new determination letter in 2009.

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Notes to Financial Statements (continued)

9. Accumulated Plan Benefits

An actuary from Towers Watson estimates the actuarial present value of accumulated plan benefits, which is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits earned by the participants to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The accumulated plan benefit information, as of December 31, 2008 is as follows:

Actuarial present value of accumulated plan benefits:	
Vested benefits:	
Participants currently receiving payments	\$41,103,925
Other participants	9,853,820
	<u>50,957,745</u>
Nonvested benefits	2,444,915
	<u>\$53,402,660</u>

Changes in the actuarial present value of accumulated plan benefits are as follows:

Actuarial present value of accumulated plan benefits at December 31, 2007	\$52,062,251
Increase (decrease) for:	
Interest	4,355,098
Benefits accumulated	430,012
Actuarial losses	160,957
Benefits paid	(5,439,421)
Plan amendment	1,748,588
Change in assumptions	85,175
Actuarial present value of accumulated plan benefits at December 31, 2008	<u>\$53,402,660</u>

The plan amendment increased the Normal Retirement Monthly Benefit Rate and Special Early Retirement Monthly Benefit Rate from \$31 to \$37 and \$575 and \$775, respectively. This increase are spread ratably from 2008 to 2012.

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9. Accumulated Plan Benefits (continued)

Significant assumptions underlying the actuarial computations are:

Assumed rate of return on investments	8.75%
Mortality	Static tables with separate mortality rates for annuitants and non-annuitants per Section 430(h)(3)(A) of the Internal Revenue Code
Retirement	Determined by Company experience with a retirement age, from age 55 to 70

These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Schedule R, line 18 - Funded Percentage of Plans Contributing to the Liabilities of Plan Participants

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