Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

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), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2011

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [X]

D Check box if filing under:
- [ ] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

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, including room or suite number (Employer, if for single-employer plan)

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.	07/31/2012	CLAUDIA MOJKOWSKI
	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

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

5	Total number of participants at the beginning of the plan year	**5**	1316
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**	307
b	Retired or separated participants receiving benefits	**6b**	591
c	Other retired or separated participants entitled to future benefits	**6c**	69
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	967
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	311
f	Total. Add lines **6d** and **6e**	**6f**	1278
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**	5
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

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)	X	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)	X	Trust
(4)		General assets of the sponsor

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)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)	X	**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X	**H** (Financial Information)
(2)		**I** (Financial Information – Small Plan)
(3)		**A** (Insurance Information)
(4)		**C** (Service Provider Information)
(5)	X	**D** (DFE/Participating Plan Information)
(6)		**G** (Financial Transaction Schedules)

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

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ **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 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 or 5500-SF
TEXTRON INC.

D Employer Identification Number (EIN)
05-0315468

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2011

2 Assets:

a	Market value	**2a**	56501797
b	Actuarial value	**2b**	53215640

3 Funding target/participant count breakdown:

			(1) Number of participants	**(2)** Funding Target
a	For retired participants and beneficiaries receiving payment	**3a**	912	47894087
b	For terminated vested participants	**3b**	73	1959542
c	For active participants:			
	(1) Non-vested benefits	**3c(1)**		1037640
	(2) Vested benefits	**3c(2)**		12111738
	(3) Total active	**3c(3)**	334	13149378
d	Total	**3d**	1319	63003007

4 If the plan is in at-risk status, check the box and complete lines (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 in at-risk status for fewer than five consecutive years and disregarding loading factor	**4b**	

5	Effective interest rate	**5**	6.14 %
6	Target normal cost	**6**	1000589

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

	06/29/2012
Signature of actuary	Date
JOSEPH GRONDIN	11-06662
Type or print name of actuary	Most recent enrollment number
TOWERS WATSON DELAWARE INC.	248-936-7700
Firm name	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 [ ]

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 (line 13 from prior year)	5339084	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	592165	0
9	Amount remaining (line 7 minus line 8)	4746919	0
10	Interest on line 9 using prior year's actual return of 13.66%	648429	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		3634260
b	Interest on (a) using prior year's effective rate of 6.54 % except as otherwise provided (see instructions)		279843
c	Total available at beginning of current plan year to add to prefunding balance		3914103
d	Portion of (c) to be added to prefunding balance		2088142
12	Other reductions in balances due to elections or deemed elections	4670257	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	725091	2088142

Part III Funding percentages

14	Funding target attainment percentage	14	80.00 %
15	Adjusted funding target attainment percentage	15	80.00 %
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	88.75 %
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
12/22/2011	5000000				
			Totals ► 18(b)	5000000	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 contributions 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	4717782

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] 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:	
3.78%	6.31%	6.57 %	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	4
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 contributions for all prior years	**28**	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	**29**	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	**30**	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	**31a**	1000589
b Excess assets, if applicable, but not greater than 31a	**31b**	0

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	12600600	2260239
b Waiver amortization installment		0

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 (lines 31a - 31b + 32a + 32b - 33)	**34**	3260828

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	725091	1136423	1861514

36 Additional cash requirement (line 34 minus line 35)	**36**	1399314
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	4717782

38 Present value of excess contributions for current year (see instructions)

a Total (excess, if any, of line 37 over line 36)	**38a**	3318468
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	1861514
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	**42**	
43 Excess installment acceleration amount to be carried over to future plan years	**43**	

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

2011

This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

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)

a Name of MTIA, CCT, PSA, or 103-12 IE: TEXTRON INC. MASTER TRUST

b Name of sponsor of entity listed in (a): THE BANK OF NEW YORK MELLON

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)
13-3380685-001	M	58306750

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 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 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 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 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 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 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 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 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 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):

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b Name of sponsor of entity listed in (a):

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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)

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 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 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 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 plan sponsor	**c** EIN-PN
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b Name of plan sponsor	**c** EIN-PN
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b Name of plan sponsor	**c** EIN-PN
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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 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

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

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

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	
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	2000000	
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	441858	433774
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)	54965785	58306750
(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)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(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	57407643	58740524
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h	72781	69998
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	72781	69998
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	57334862	58670526

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) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	5000000	
	(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)		5000000
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)		
	(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)		1671574
(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		6671574
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	5335910	
(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)		5335910
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		5335910
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		1335664
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) [X] 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 [X] 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.)	4a		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.)	4b		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.)	4c		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.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	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?	4f		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?	4g	X		10286831
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?	4h		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.)	4i		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.)	4j		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?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m			
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.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ **Yes** ☒ **No**

If "Yes," enter the amount of any plan assets that reverted to the employer this year **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

2011

This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

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 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** 0

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): 04-2507163

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** 5

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 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 (include any prior year accumulated funding deficiency not waived) **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 or other authority 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. 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**

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: 50% Investment-Grade Debt: 26% High-Yield Debt: 4% Real Estate: 8% Other: 12%

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):

Ernst & Young LLP
200 Clarendon Street
Boston, MA 02116
Tel: +1 617 266 2000
Fax: +1 617 266 5843
www.ey.com

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, 2011 and 2010, 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, 2011, 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, 2010, 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

July 30, 2012

FINANCIAL STATEMENTS

Supplemental Agreement Covering Pensions
Between Textron Lycoming and
Local 787 of the UAW
Years Ended December 31, 2011 and 2010
With Report of Independent Auditors

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

Financial Statements

Years Ended December 31, 2011 and 2010

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Ernst & Young LLP
200 Clarendon Street
Boston, MA 02116
Tel: +1 617 266 2000
Fax: +1 617 266 5843
www.ey.com

Report of Independent Auditors

Textron Inc.
Plan Sponsor
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Ernst & Young LLP

July 30, 2012

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

Statements of Net Assets Available for Benefits

	December 31	
	2011	**2010**
Assets		
Investment in the Textron Master Trust Fund, at fair value *(Note 5)*	**$ 58,306,750**	$ 54,965,785
Prepaid benefit payments	**433,774**	441,858
Contributions Receivable	**-**	2,000,000
Total assets	**58,740,524**	57,407,643
Liabilities		
Accrued administrative expenses	**69,998**	72,781
Net assets available for benefits	**$ 58,670,526**	$ 57,334,862

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	
	2011	**2010**
Additions		
Equity in net earnings of the Textron Master Trust Fund *(Note 5)*	**$ 1,671,574**	$ 6,472,721
Contributions	**5,000,000**	6,000,000
Total additions	**6,671,574**	12,472,721
Deductions		
Benefit payments	**5,335,910**	5,336,230
Net increase	**1,335,664**	7,136,491
Net assets available for benefits at beginning of year	**57,334,862**	50,198,371
Net assets available for benefits at end of year	**$58,670,526**	$ 57,334,862

See accompanying notes.

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.

Effective March 1, 2011, BNY Mellon Bank (BNY Mellon) replaced State Street Bank as the trustee/custodian of the Textron Master Trust (the Master Trust).

2. Significant Accounting Policies

Basis of Accounting

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

Valuation of Investments

The Plan's investments and those investments held in the 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 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. There are no redemption restrictions on these investments.

2. Significant Accounting Policies (continued)

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, Core and Value Advisors LLC, on an annual basis and at least once every three years by a qualified third-party appraiser. These valuations are approved by Textron Inc. (Textron) 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.

Hedge fund investment funds invest in a portfolio of funds that are not publicly traded and are managed by various portfolio managers. They are valued on the basis of the most recent price or valuation provided by the fund manager. The hedge fund investments can be redeemed quarterly with advance notice. There were no restrictions on redeeming the investments at December 31, 2011, although the hedge fund manager could restrict redemptions in the future.

New Accounting Pronouncements

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 requires a number of additional disclosures. The requirement to present changes in level 3 measurements on a gross basis is effective for reporting periods beginning after December 15, 2010. Since ASU 2010-06 only affects fair value measurement disclosures, adoption of ASU 2010-06 did not have an effect on the Plan's net assets available for benefits or its changes in net assets available for benefits.

In May 2011, the FASB issued Accounting Standards Update 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S.GAAP and IFRSs*, (ASU 2011-04). ASU 2011-04 amended ASC 820, *Fair Value Measurements and Disclosures*, to converge the fair value measurement guidance in US generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRSs). Some of the amendments

2. Significant Accounting Policies (continued)

clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures [although certain of these new disclosures will not be required for nonpublic entities]. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. Plan management is currently evaluating the effect that the provisions of ASU 2011-04 will have on the Plan's financial statements.

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 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 formula, which includes compensation, as defined in the Plan documents, 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 accumulated plan benefit information is presented at the beginning of each plan year.

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 2011 and 2010, Textron paid a portion of these fees on behalf of the Plan in accordance with the Plan document.

2. Significant Accounting Policies (continued)

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 July 30, 2012, the date the financial statements were available to be issued.

3. Funding Policy

Textron 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 2011 and 2010.

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 Master Trust, which also holds the assets of other Textron-sponsored pension plans. The Plan is administered under the terms of a Master Trust Agreement, dated March 1, 2011 with BNY Mellon. 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 Master Trust attributable to each plan, as determined by BNY Mellon. 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.

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

On this basis, 1.29% and 1.34% of the Trust's net assets were attributed to the Plan as of December 31, 2011 and 2010.

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

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

	2011	2010
Investments in securities:		
Common stock	$1,446,382,355	$1,419,251,779
Exchange traded funds	244,733,229	203,749,061
Government bonds	692,077,838	488,520,558
Corporate bonds	461,197,390	446,952,623
Short-term investment funds	152,904,012	151,599,930
Investments in partnerships, real estate and other:		
Commingled funds	694,967,845	609,001,507
Private equity partnerships	325,120,362	353,585,813
Real estate	374,873,192	305,448,306
Hedge funds	97,435,169	101,340,000
Other	3,854,241	3,421,370
Total investments	$4,493,545,633	4,082,870,947
Interest and dividends receivable	13,408,519	11,499,470
Net receivable (payable) for security purchases	1,142,580	(5,305,514)
	$4,508,096,732	$4,089,064,903

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

During 2011 and 2010, the investments of the Master Trust (including investments bought, sold, as well as held during the year appreciated (depreciated), as follows:

	2011	2010
Investments in securities:		
Common stock	$ (83,122,884)	$234,511,803
Exchange traded funds	(1,452,182)	1,351,377
Government bonds	51,916,513	13,937,492
Corporate bonds	9,314,038	32,822,017
Short-term investment funds	(54,541)	62,306
Investments in partnerships, real estate and other:		
Commingled funds	10,303,667	44,443,786
Private equity partnerships	20,469,225	55,722,596
Real estate	34,603,649	14,408,660
Hedge funds	(3,904,831)	1,340,000
Other	432,871	1,630,954
	$ 38,505,525	$400,230,991

Presentation for certain captions above has been revised to correspond with the current year presentation.

During 2011 and 2010, interest and dividend income earned by the Master Trust was $95,934,930 and $81,857,185, respectively. Other income for 2011 and 2010 was $24,648,291 and $21,427,977, respectively.

Included in the net earnings of the Master Trust were the Plan's share of administrative expenses of $477,048 and $468,429 for 2011 and 2010, respectively.

Certain Master Trust investments require additional capital commitments. The callable commitments associated with these investments amounted to $196,731,889 at December 31, 2011.

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:

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 (i.e., 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 measurement in its entirety.

6. Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets carried at fair value as of December 31, 2011.

	Level 1	Level 2	Level 3
Common stock:			
Domestic	$ 913,344,679	$ -	$ -
Foreign	532,256,896	-	-
Preferred shares	780,780	-	-
Exchange traded funds:			
Bond	145,150,961	-	-
Equities	99,582,268	-	-
Government bonds:			
Government agencies	-	170,753,097	-
Treasury notes/bonds	-	521,324,741	-
Corporate bonds:			
Asset-backed securities	-	72,431,494	-
Other corporate bonds	-	388,765,896	-
Short-term investment funds	-	152,904,012	-
Commingled funds	-	694,967,845	-
Private equity partnerships	-	-	325,120,362
Real estate		-	374,873,192
Hedge funds	-	-	97,435,169
Other	-	3,854,241	-
Total assets at fair value	$1,691,115,584	$2,005,001,326	$ 797,428,723

6. Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets carried at fair value as of December 31, 2010.

	Level 1	Level 2	Level 3
Common stock:			
Domestic	$ 977,794,989	$ -	$ -
Foreign	440,782,664	-	-
Preferred shares	674,126	-	-
Exchange traded funds:			
Bond	50,114,925	-	-
Equities	153,634,136	-	-
Government bonds:			
Government agencies	-	125,803,224	-
Treasury notes/bonds	-	362,717,334	-
Corporate bonds:			
Asset-backed securities	-	103,771,676	-
Municipal bonds	-	9,560,281	-
Other corporate bonds	-	333,620,666	-
Short-term investment funds	-	151,599,930	-
Commingled funds	-	609,001,507	-
Private equity partnerships	-	-	353,585,813
Real estate		-	305,448,306
Hedge funds	-	-	101,340,000
Other	-	3,421,370	-
Total assets at fair value	$ 1,623,000,840	$ 1,699,495,988	$ 760,374,119

6. Fair Value Measurements (continued)

The table below sets forth a summary of changes in the fair value of the Master Trust's Level 3 assets for the year ended December 31, 2011.

	Real Estate	Private Equity Partnerships	Hedge Funds
Balance, beginning of year	$ 305,448,306	$ 353,585,813	$ 101,340,000
Unrealized gains (losses) relating to instruments still held at the reporting date	33,113,076	(11,951,482)	(3,904,831)
Realized gains	1,640,198	31,723,632	-
Purchases	68,010,490	36,679,843	-
Sales	(33,338,878)	(84,917,444)	
Balance, end of year	$ 374,873,192	$ 325,120,362	$ 97,435,169

The table below sets forth a summary of changes in the fair value of the Master Trust's Level 3 assets for the year ended December 31, 2010.

	Real Estate	Private Equity Partnerships	Hedge Funds
Balance, beginning of year	$ 273,545,373	$ 327,806,453	$ -
Unrealized gains relating to instruments still held at the reporting date	14,051,582	28,149,128	1,340,000
Realized gains	157,079	27,573,468	-
Purchases	19,899,269	40,142,256	100,000,000
Sales	(2,204,997)	(70,085,492)	
Balance, end of year	$ 305,448,306	$ 353,585,813	$ 101,340,000

Valuation methodologies used for assets measured at fair value

Common stock and exchange traded funds are traded and quoted on an open market and are valued at their quoted market price.

6. Fair Value Measurements (continued)

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. Therefore, we have classified these assets as Level 2 measurements.

Government bonds include 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. Therefore, we have classified these assets as Level 2 measurements.

Common Collective Trusts, which are categorized as commingled funds on the previous tables, consist of institutional mutual funds (which may be Registered Investment Companies) that, 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).

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 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, we have classified these assets as Level 3 measurements.

Hedge funds represent an investment in a diversified fund of hedge funds of which Textron is the sole investor. The fund of hedge funds invests in a portfolio of funds that are not publicly traded and are managed by various portfolio managers. Investments in portfolio funds are typically valued on the basis of the most recent price or valuation provided by the relevant fund's administrator. The administrator for the fund of hedge funds aggregates these valuations with the other assets and liabilities to calculate the NAV of the fund of hedge funds. Because these investments are valued using various market techniques, which require assumptions to be made about the assumptions market participants would use in valuing the assets, the inputs to the fair value calculation of these assets are considered Level 3.

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 those 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 May 23, 2012, 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. The plan administrator believes the Plane is being operated in compliance with the applicable requirements of the Code and therefore believes the Plan, as amended and restated, is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States require plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

9. Accumulated Plan Benefits

Actuaries from Towers Watson estimate the actuarial present value of accumulated plan benefits for the Plan, 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, 2010, is as follows:

Actuarial present value of accumulated plan benefits:		
Vested benefits:		
Participants currently receiving payments	$	41,889,855
Other participants		11,366,900
Total vested benefits		53,256,755
Nonvested benefits		852,502
Total actuarial present value of accumulated plan benefits	$	54,109,257

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

Actuarial present value of accumulated plan benefits at December 31, 2009	$	52,342,843
Increase (decrease) during the year attributed to:		
Increase for interest due to the decrease in the discount period		4,260,088
Benefits accumulated		444,934
Actuarial losses		142,489
Benefits paid		(5,338,201)
Change of assumptions		1,951,168
Plan amendments		305,936
Actuarial present value of accumulated plan benefits at December 31, 2010	$	54,109,257

9. Accumulated Plan Benefits (continued)

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 is spread ratably from 2008 to 2012.

Significant assumptions underlying the actuarial computations are as follows:

Assumed rate of return on investments	8.00 % for 2010 valuation.
Mortality	Separate rates for non-annuitants based on RP-2000 "Employees" table without collar or amount adjustments, projected to 2026 using Scale AA and annuitants based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments, projected 2018 using Scale AA.
Retirement	Determined by experience with varying retirement decrement rates for ages 55 – 70.
Change of Assumptions	Interest discount weight of 8.00% was used in 2010 valuation while 8.50% was used for the prior valuation reflecting revised market conditions.

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 SB ATTACHMENTS

Schedule SB – 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, 2011
Enrolled Actuary	Joseph Grondin
Enrollment Number	11-06662

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.

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

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ **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) ▶ 202

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: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 1 Day 1 Year 2011

2 Assets:

a	Market value	2a	56,501,797
b	Actuarial value	2b	53,215,640

3 Funding target/participant count breakdown:

			(1) Number of participants	(2) Funding Target
a	For retired participants and beneficiaries receiving payment	3a	912	47,894,087
b	For terminated vested participants	3b	73	1,959,542
c	For active participants:			
	(1) Non-vested benefits	3c(1)		1,037,640
	(2) Vested benefits	3c(2)		12,111,738
	(3) Total active	3c(3)	334	13,149,378
d	Total	3d	1,319	63,003,007

4 If the plan is in at-risk status, check the box and complete lines (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 in at-risk status for fewer than five consecutive years and disregarding loading factor	4b	
5	Effective interest rate	5	6.14 %
6	Target normal cost	6	1,000,589

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

Joseph Grondin
Signature of actuary

06/29/2012
Date

Joseph Grondin
Type or print name of actuary

11-06662
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 [ ]

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 (line 13 from prior year)	5,339,084	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	592,165	0
9	Amount remaining (line 7 minus line 8)	4,746,919	0
10	Interest on line 9 using prior year's actual return of 13.66%	648,429	
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38 from prior year)		3,634,260
	b Interest on (a) using prior year's effective rate of 6.54% except as otherwise provided (see instructions)		279,843
	c Total available at beginning of current plan year to add to prefunding balance		3,914,103
	d Portion of (c) to be added to prefunding balance		2,088,142
12	Other reductions in balances due to elections or deemed elections	4,670,257	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	725,091	2,088,142

Part III Funding percentages

14	Funding target attainment percentage	14	80.00 %
15	Adjusted funding target attainment percentage	15	80.00 %
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	88.75 %
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
12/22/2011	5,000,000				
			Totals • 18(b)	5,000,000	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 contributions 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 4,717,782

20 Quarterly contributions and liquidity shortfalls:

a	Did the plan have a "funding shortfall" for the prior year?	[X] Yes [ ] No
b	If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	[X] 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:	
3.78 %	6.31 %	6.57 %	[ ] N/A, full yield curve used

b Applicable month (enter code) — **21b**: 4

22 Weighted average retirement age — **22**: 64

23 Mortality table(s) (see instructions): [ ] Prescribed - combined [X] 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: [X] Yes [ ] No

25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment: [ ] Yes [X] No

26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment: [X] 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 contributions for all prior years	**28**	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	**29**	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	**30**	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	**31a**	1,000,589
b Excess assets, if applicable, but not greater than 31a	**31b**	0

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	12,600,600	2,260,239
b Waiver amortization installment		0

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 (lines 31a - 31b + 32a + 32b - 33) — **34**: 3,260,828

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	725,091	1,136,423	1,861,514

36 Additional cash requirement (line 34 minus line 35)	**36**	1,399,314
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	4,717,782

38 Present value of excess contributions for current year (see instructions)

a Total (excess, if any, of line 37 over line 36)	**38a**	3,318,468
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	1,861,514
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:

a Schedule elected: [ ] 2 plus 7 years [ ] 15 years

b Eligible plan year(s) for which the election in line 41a was made: [ ] 2008 [ ] 2009 [ ] 2010 [ ] 2011

42 Amount of acceleration adjustment	**42**	
43 Excess installment acceleration amount to be carried over to future plan years	**43**	

SCHEDULE SB ATTACHMENTS

Schedule SB, line 11
Explanation of Interest Adjustment
for Excess Contributions under Special Final Rule

Prior Year's excess Contributions to be added to Prefunding Balance		
a)	Excess Contributions and Replenishment	
i)	Excess contributions (item 38 from prior year)	3,634,260
ii)	Portion of excess contributions used from carryover balance that is eligible to be replenished	592,165
iii)	Remaining portion of excess contributions that is not eligible to be replenished (Item 11a(i) – Item 11a(ii))	3,042,095
b)	Interest	
i)	Interest on a(ii) using prior year actual return of 13.66%	80,890
ii)	Interest on a(iii) using prior year effective rate of 6.54%	198,953
iii)	Total Interest (Item 11b(i) + Item 11b(ii))	279,843
c)	Total available at beginning of current plan year to add to prefunding balance (Item 11a(i) + Item 11b(iii))	3,914,103
d)	Portion of (c.) to be added to prefunding balance	2,088,142

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22

Description of Weighted Average Retirement Age

as of January 1, 2011

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.

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 24

Change in Actuarial Assumptions

The following assumptions were changed since last year's valuation:

- The segment interest rates used to calculate the funding target and target normal cost were updated from an applicable month of September 2009 to September 2010, as prescribed.
- The assumed plan-related expenses added to the target normal cost were changed from $340,000 for 2010 to $400,000 for 2011.
- The required mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvements, as prescribed.
- The assumed rates of retirement and termination were revised to reflect anticipated experience. IRS approval was not required for this change because the reduction in the funding shortfall was less than $5,000,000.

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26

Schedule of Active Participant Data as of January 1, 2011[1]

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		30 to 34		35 to 39		40 & Over	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	0		5		0		0		0		0		0		0		0		0	
25 - 29	0		5		5		1		0		0		0		0		0		0	
30 - 34	2		6		8		1		0		0		0		0		0		0	
35 - 39	0		9		11		0		0		0		0		0		0		0	
40 - 44	0		7		17		2		0		1		0		0		0		0	
45 - 49	1		14		23		5		2		0		0		0		0		0	
50 - 54	1		10		22		4		9		10		10		1		0		0	
55 - 59	0		6		13		6		8		14		18		4		0		0	
60 - 64	0		3		11		1		6		4		12		9		4		2	
65 - 69	0		1		3		1		1		0		0		1		2		1	
70 & Over	0		0		0		0		0		0		0		0		0		1	

[1] Transferred participants are excluded from the distribution.

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, 2011

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 32
Schedule of Amortization Bases
as of January 1, 2011

	Type of Base	Date Established	Initial Amount	Remaining Amortization Period (Years)	Outstanding Balance	Amortization Payment
1	Shortfall	01/01/2011	3,761,575	7	3,761,575	681,890
2	Shortfall	01/01/2010	9,752,978	6	8,839,025	1,578,349
Total					12,600,600	2,260,239

SCHEDULE SB ATTACHMENTS

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

Economic Assumptions

Interest rate basis:

Applicable month	September
Yield curve basis	3-Segment Rates

Interest rates:

First segment rate	3.78%
Second segment rate	6.31%
Third segment rate	6.57%
Effective interest rate	6.14%

Annual rates of increase

Compensation:	N/A
Future Social Security wage bases	N/A
Statutory limits on compensation	N/A

SCHEDULE SB ATTACHMENTS

Demographic Assumptions

Inclusion date

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

New or rehired employees

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

Mortality

Separate rate for non-annuitants (based on RP-2000 “Employees” table without collar or amount adjustments, projected to 2026 using Scale AA) and annuitants (based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments, projected to 2018 using Scale AA).

Termination

Rates varying by age.

Representative Termination Rates

Attained Age	Percentage leaving during the year
Under 30	10.00
30-34	7.00
35-39	7.00
40-44	7.00
45-49	6.00
50-54	5.00
55 and over	0.00

Disability

None assumed.

Retirement

Rates varying by age, average age 64.

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

Percentage retiring during the year			
Age	Rate %	Age	Rate %
55	3.0	63	20.0
56	3.0	64	15.0
57	3.0	65	25.0
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 eligibility for early retirement with a monthly supplement from ages 60 to age 62.

SCHEDULE SB ATTACHMENTS

Benefit commencement date

• Preretirement death benefit	The later of the death of the active participant or the date the participant would have attained age 55
• Deferred vested benefit	The later of age 65 or termination of employment
• Retirement benefit	Upon termination of employment
Form of payment	Participants are assumed to elect the normal form
Percent married	80% of eligible participants. Used to value pre-retirement surviving spouse benefits and in determining the optional forms expected to be elected at commencement.
Spouse age	Wife three years younger than husband
Administrative expense	The amount included this year for plan-related expenses is $400,000. The assumed ASC 960 interest rate is the assumed net rate of return after payment of any expenses or fees charged to the plan.
Timing of benefit payments	Annuity payments are payable monthly at the beginning of the month and lump sum payments are payable on date of decrement.

SCHEDULE SB ATTACHMENTS

Methods	
Valuation date	First day of plan year
Funding target	Present value of accrued benefits
Target normal cost	Present value of benefits expected to accrue during plan year plus plan-related expenses expected to be paid from plan assets during plan year.
Actuarial value of assets	Average of the fair market value of assets on the valuation date and the two immediately preceding valuation dates, adjusted for contributions, benefits, administrative expenses and expected earnings (with such expected earnings limited as described in IRS Notice 2009-22). The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the 2010 plan year.) The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.
Benefits not valued	All benefits described in the Plan Provisions section of this report were valued based on discussions with Textron regarding the likelihood that these benefits will be paid. Towers Watson has reviewed the plan provisions with Textron and, based on that review, is not aware of any significant benefits required to be valued that were not. The plan pays small benefits in a single lump sum payment. Such lumps sums are not explicitly valued as such; rather such participants benefits are valued using the benefit choice assumptions described above.

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V – Summary of plan provisions

Plan Provisions

The most recent amendment reflected in the following plan provisions was adopted June 17, 2008 and effective June 16, 2011.

Covered employees	All persons covered by the Collective Bargaining Agreement between Textron Lycoming, a division at Avco Corporation and the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW) and its Local 787.
Participation date	An Employee participates on the February 1 on or next following date of hire.

Definitions

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).
Pension 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 1/10 year.
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.
Normal retirement date (NRD)	First of month coinciding with or next following the attainment of age 65.

SCHEDULE SB ATTACHMENTS

Monthly pension benefit

Monthly benefit rate per year of pension 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

Special early retirement benefit

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

Monthly disability benefit

A monthly benefit based on the accrued benefit rate plus a monthly supplement of $7.20 per year of pension 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.

SCHEDULE SB ATTACHMENTS

Monthly preretirement death benefit	Monthly preretirement death benefit payable on behalf of an active employee is 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. Coverage can be waived with spousal consent.
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.

Eligibility for Benefits	
Normal retirement	Retirement on NRD
Early retirement	Age 55 and 10 years pension service
Special early retirement	Age 60 but not yet 62, and at least 30 years pension service
Postponed retirement	Retirement after NRD
Vested termination	Termination for reasons other than death or retirement after completing five years of vesting service
Disability	If totally and permanently disabled with at least 10 years of pension service
Pre-retirement death	Upon the death of a participant eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse (married at least one year)
Post-retirement additional death benefit	Normal and Early Retirees, and Disability pensioners retiring on or after age 60 and not covered under any group insurance plan to which Avco or Textron contributed.

SCHEDULE SB ATTACHMENTS

Benefits Paid Upon the Following Events

Normal retirement

Monthly pension benefit determined as of NRD

Early retirement

Monthly pension benefit determined as of early retirement date and reduced as follows:

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

Postponed retirement

Monthly pension benefit determined as of actual retirement date

Vested termination

Monthly pension benefit determined as of termination date and reduced as follows:

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

Pre-retirement death

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.

SCHEDULE SB ATTACHMENTS

Other Plan Provisions

Forms of payment	Preretirement death benefits are payable only as described above. Monthly pension benefits are paid as described above as a life annuity, if the participant has no spouse as of the date payments begin, or if the participant so elects. 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.
Pension Increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are assumed for determining pension cost but not for determining contributions.

Future Plan Changes

No future plan changes were recognized in determining pension cost or in determining minimum and maximum contributions. Towers Watson is not aware of any future plan changes which are required to be reflected other than scheduled pension increases contained in the Collective Bargaining Agreement.

Changes in Benefits Valued Since Prior Year

There have been no changes in benefits valued since the prior year.

Attachment to 2011 Form 5500
Schedule R, line 18 - Funded Percentage of Plans Contributing to the Liabilities of Plan Participants

Plan Name Supp Agree Btwn Textron Lycoming & Local 787 UAW **EIN:** 05-0315468
Plan Sponsor's Name Textron Inc. **PN:** 202

Plan Name	EIN	PN	Funded Percentage
Textron Master Retirement Plan	05-0315468	076	82.52%