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

2014

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or
- [X] a single-employer plan;
- [ ] a DFE (specify) ___

B This return/report is:
- [ ] the first return/report;
- [X] the final return/report;
- [X] 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:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
BEECHCRAFT CORPORATION RETIREMENT INCOME PLAN FOR HOURLY PAID EMPLOYEES

1b Three-digit plan number (PN) ▶ 232

1c Effective date of plan 10/01/1955

2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)
TEXTRON INC.

40 WESTMINSTER STREET
PROVIDENCE, RI 02903-2525

2b Employer Identification Number (EIN)
05-0315468

2c Plan Sponsor's telephone number
401-421-2800

2d Business code (see instructions)
336410

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.	02/24/2016	TOPPING, MAGGIE
	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

Preparer's name (including firm name, if applicable) and address (include room or suite number) (optional)

Preparer's telephone number (optional)

3a Plan administrator's name and address [X] Same as Plan Sponsor	**3b** Administrator's EIN	
	3c Administrator's telephone number	
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:	**4b** EIN	
a Sponsor's name	**4c** PN	

5	Total number of participants at the beginning of the plan year	**5**	8129
6	Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**).		
a(1)	Total number of active participants at the beginning of the plan year	**6a(1)**	1566
a(2)	Total number of active participants at the end of the plan year	**6a(2)**	0
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	0
d	Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d**	0
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	0
f	Total. Add lines **6d** and **6e**.	**6f**	0
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**	0
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 Characteristics Codes in the instructions:
1B

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

9a Plan funding arrangement (check all that apply)		**9b** Plan benefit arrangement (check all that apply)	
(1)	[ ] Insurance	**(1)**	[ ] Insurance
(2)	[ ] Code section 412(e)(3) insurance contracts	**(2)**	[ ] Code section 412(e)(3) insurance contracts
(3)	[X] Trust	**(3)**	[X] Trust
(4)	[ ] General assets of the sponsor	**(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)** [ ] 0 **A** (Insurance Information)
- **(4)** [X] **C** (Service Provider Information)
- **(5)** [X] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) .....…… ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ……..... ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2014 Form M-1 annual report. If the plan was not required to file the 2014 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

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

2014

This Form is Open to Public Inspection

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

▶ **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
BEECHCRAFT CORPORATION RETIREMENT INCOME PLAN FOR HOURLY PAID EMPLOYEES

B Three-digit plan number (PN) ▶ 232

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 2014

2 Assets:

a Market value	**2a**	397346365
b Actuarial value	**2b**	397346365

3 Funding target/participant count breakdown

	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	2928	221938371	221938371
b For terminated vested participants	3683	91145149	91145149
c For active participants	1566	112206143	117903858
d Total	8177	425289663	430987378

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**	6.54%
6 Target normal cost	**6**	783117

Statement by Enrolled Actuary

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

SIGN HERE

Signature of actuary

03/27/2015
Date

MARK A. HENDRICKS, FSA, EA, MAAA
Type or print name of actuary

14-05452
Most recent enrollment number

MERCER
Firm name

816-556-4800
Telephone number (including area code)

2405 GRAND BOULEVARD
KANSAS CITY, MO 64108
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)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of 12.81%	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		1969493
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 6.73 %		132547
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
	c Total available at beginning of current plan year to add to prefunding balance		2102040
	d Portion of (c) to be added to prefunding balance		2102040
12	Other reductions in balances due to elections or deemed elections		0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	2102040

Part III Funding Percentages

14	Funding target attainment percentage	14	91.70 %
15	Adjusted funding target attainment percentage	15	91.70 %
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	87.80 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/15/2014	2708405	0			
07/15/2014	2708405	0			
10/15/2014	607000	0			
01/14/2015	4356958	0			
			Totals ► 18(b)	10380768	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	9936022

20 Quarterly contributions and liquidity shortfalls:

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

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] Yes [ ] No

c If line 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:	
4.99 %	6.32 %	6.99 %	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	4
22 Weighted average retirement age	**22**	63

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 subject to 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**	783117
b Excess assets, if applicable, but not greater than line 31a	**31b**	0

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	35743053	11254238
b Waiver amortization installment	0	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**	12037355

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	2102040	2102040

36 Additional cash requirement (line 34 minus line 35)	**36**	9935315
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	9936022

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

a Total (excess, if any, of line 37 over line 36)	**38a**	707
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	0
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 an election was made to use PRA 2010 funding relief for this plan:

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**	0
43 Excess installment acceleration amount to be carried over to future plan years	**43**	0

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	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.**	**2014** **This Form is Open to Public Inspection.**

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan
BEECHCRAFT CORPORATION RETIREMENT INCOME PLAN FOR HOURLY PAID EMPLOYEES

B Three-digit plan number (PN) ▶ 232

C Plan sponsor's name as shown on line 2a of Form 5500
TEXTRON INC.

D Employer Identification Number (EIN)
05-0315468

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

BNY MELLON

13-5160382

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13	NONE	625465	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

MERCER

13-2834414

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11	NONE	24124	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

WILSHIRE ASSOCIATES

525 WASHINGTON BOULEVARD
SUITE 2205
JERSEY CITY, NJ 07310

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28	NONE	11174	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

GRANT THORNTON

36-6055558

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	NONE	7970	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

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

2014

This Form is Open to Public Inspection.

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan
BEECHCRAFT CORPORATION RETIREMENT INCOME PLAN FOR HOURLY PAID EMPLOYEES

B Three-digit plan number (PN) ▶ 232

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: TBC POOL FUND COR BOND PLUS FD

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)
04-3251040-001	C	0

a Name of MTIA, CCT, PSA, or 103-12 IE: EB DAILY OPENING AGG BOND INDEX FD

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)
25-6078093-093	C	0

a Name of MTIA, CCT, PSA, or 103-12 IE: EB DAILY OPENING LGE CAP GROWTH FD

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)
25-6078093-173	C	0

a Name of MTIA, CCT, PSA, or 103-12 IE: EB DAILY OPENING MD CAP CORE FD

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)
25-6078093-025	C	0

a Name of MTIA, CCT, PSA, or 103-12 IE: EB DAILY VALUED INTL STOCK INDEX FD

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)
25-6078093-034	C	0

a Name of MTIA, CCT, PSA, or 103-12 IE: EB DAILY VALUED LGE CAP STCK IND FD

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)
25-6078093-004	P	0

a Name of MTIA, CCT, PSA, or 103-12 IE: EB DAILY VALUED STOCK INDEX FD

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)
25-6078093-010	P	0

a Name of MTIA, CCT, PSA, or 103-12 IE: EB GLOBAL ALPHA II FD

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

c EIN-PN 25-6078093-127	**d** Entity code C	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: EB LONG SHORT ALPHA FD

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

c EIN-PN 25-6078093-111	**d** Entity code C	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: EB MELLON TOTAL RETURN FD

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

c EIN-PN 25-6078093-102	**d** Entity code C	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: EB NCML GLOBAL BOND FD

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

c EIN-PN 25-6078093-143	**d** Entity code C	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: EB NCML GLOBAL EQUITY FUND

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

c EIN-PN 25-6078093-147	**d** Entity code C	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: EB TEMP INV FD

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

c EIN-PN 25-6078093-023	**d** Entity code C	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: EB US INVEST GRAD CORP LONG DUR FD

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

c EIN-PN 25-6078093-220	**d** Entity code C	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: PE DYNAMIC VALUE EQUITY FD

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

c EIN-PN 04-6607621-001	**d** Entity code C	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: PE NON-US VALUE EQUITY FD

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

c EIN-PN 04-3242849-001	**d** Entity code C	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: PE US SM CAP OPPORTUN VALUE EQ FD

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

c EIN-PN 04-3203152-001	**d** Entity code C	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

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

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

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

2014

This Form is Open to Public Inspection

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan
BEECHCRAFT CORPORATION RETIREMENT INCOME PLAN FOR HOURLY PAID EMPLOYEES

B Three-digit plan number (PN) ▶ 232

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		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	5858502	0
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	119734	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	82905	0
(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)	6016	0
(B) Common	1c(4)(B)	14600040	0
(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)	361876792	0
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	0	0
(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)	14873120	0
(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	397417109	0
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	397417109	0

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)	10548969	
(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)		10548969
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)	-99941	
(C) Corporate debt instruments	2b(1)(C)	267241	
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)	-69734	
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		97566
(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	45036	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	593977	
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		639013
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	-13590018	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	-14849683	
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		1259665
(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	-9462	
(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		-9462

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		18525357
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		7624772
(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)		-85119
c Other income	2c		6769
d Total income. Add all **income** amounts in column (b) and enter total	2d		38607530
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	24365101	
(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)		24365101
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)	32094	
(2) Contract administrator fees	2i(2)	625465	
(3) Investment advisory and management fees	2i(3)	11174	
(4) Other	2i(4)	0	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		668733
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		25033834
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		13573696
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		410990805

Part III Accountant's Opinion

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

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

(1) [ ] Unqualified **(2)** [ ] Qualified **(3)** [X] Disclaimer **(4)** [ ] Adverse

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

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

(1) Name: GRANT THORNTON, LLP **(2)** EIN: 36-6055558

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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 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	

			Yes	No	Amount
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	
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?
If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ **Yes** ☒ **No** **Amount:**

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

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)
TEXTRON MASTER RETIREMENT PLAN	05-0315468	076

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ..... ☒ Yes ☐ No ☐ Not determined

Part V Trust Information (optional)

6a Name of trust	**6b** Trust's EIN

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

2014

This Form is Open to Public Inspection.

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan
BEECHCRAFT CORPORATION RETIREMENT INCOME PLAN FOR HOURLY PAID EMPLOYEES

B Three-digit plan number (PN) ▶ 232

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): 13-5160382

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** 15

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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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 line 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 lines (a) through (c)

a Enter the percentage of plan assets held as:
Stock: 0.0% Investment-Grade Debt: 0.0% High-Yield Debt: 0.0% Real Estate: 1.0% Other: 99.0%

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 line 19(b)?
☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Hawker Beechcraft Corporation Retirement Income Plan for Hourly Employees

Financial Statements
December 31, 2014 and 2013

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The supplemental schedules related to activity for 2014 to the Plan's Form 5500 are not required since the Plan's assets were held primarily in Master Trusts. Accordingly, the Trusts must file detailed financial information for the Master Trusts, including the supplemental schedules, separately with the Department of Labor.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Participants and Administrator of
Hawker Beechcraft Corporation Retirement Income Plan for Hourly Employees

Report on the financial statements

We were engaged to audit the accompanying financial statements of Hawker Beechcraft Corporation Retirement Income Plan for Hourly Employees (the "Plan"), which comprise the statement of net assets available for benefits as of December 31, 2014 and 2013, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the certified information described in Note 6, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that the certifying entity meets the requirements of 29 CFR

2520.103-8. The Plan administrator obtained a certification from this entity as of December 31, 2014 and 2013, and for the years then ended, stating that the certified information provided to the Plan administrator is complete and accurate.

Disclaimer of opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Report on form and content in compliance with DOL rules and regulations

The form and content of the information included in the financial statements, other than that derived from the certified information described in Note 6, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Grant Thornton LLP

Wichita, Kansas
February 12, 2016

Grant Thornton LLP
U.S. member firm of Grant Thornton International Ltd

Hawker Beechcraft Corporation
Retirement Income Plan for Hourly Employees
Statements of Net Assets Available for Benefits
As of December 31, 2014 and 2013

	2014	2013
Assets		
Investments, at fair value		
Common collective trusts	$ -	$ 361,876,792
Registered investment companies	-	14,873,120
Real estate partnerships	-	14,600,041
Cash and cash equivalents	-	82,904
Common stock	-	6,016
Receivable for company contribution	-	5,858,502
Other receivables	-	119,733
Total assets	-	397,417,108
Liabilities		
Accounts payable and accrued expenses	-	143,513
	-	
Net assets available for benefits	$ -	$ 397,273,595

The accompanying notes are an integral part of these financial statements.

Hawker Beechcraft Corporation
Retirement Income Plan for Hourly Employees
Statements of Changes in Net Assets Available for Benefits
For the Years Ended December 31, 2014 and 2013

	2014	2013
Additions		
Plan's interest in Hawker Beechcraft Master Trust investment income	$ -	$ 21,393,690
Plan's interest in Textron Master Trust investment income	7,642,772	-
Net appreciation in fair value of investments	19,822,724	23,719,389
Interest and dividends	736,579	7,374
Company contributions	10,548,969	16,358,502
	38,751,044	61,478,955
Deductions		
Benefits paid to participants	24,365,101	23,555,260
Administrative expenses	668,733	2,042,408
	25,033,834	25,597,668
Net increase in net assets available for benefits	13,717,210	35,881,287
Transfers to other plan	(410,990,805)	-
Net assets available for benefits, beginning of year	397,273,595	361,392,308
Net assets available for benefits, end of year	$ -	$ 397,273,595

The accompanying notes are an integral part of these financial statements.

1. Plan Description

General

The Hawker Beechcraft Corporation Retirement Income Plan for Hourly Employees (the "Plan") is a noncontributory defined benefit pension plan covering substantially all hourly employees ("Hourly" employees) of Beechcraft Corporation and Beechcraft Defense Company, LLC (collectively, the "Companies"). On February 15, 2013, the plan sponsor emerged from Chapter 11 bankruptcy. As a result of the emergence, the plan sponsor's name changed from Hawker Beechcraft Corporation to Beechcraft Corporation. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. Participants should refer to the plan agreement for more complete information.

As of December 31, 2014, the Plan was merged into the Textron Master Retirement Plan.

Eligibility

Generally, an hourly employee must attain the age of 21 and complete one year of service to participate in the Plan.

Pension Benefits

Participants with five or more years of vesting service are entitled to monthly income pension benefits beginning at normal retirement age (65) equal to accrued benefits, which is the product of credited service and the monthly dollar credit in effect according to the schedule below.

The Plan was frozen effective December 31, 2012. No new participants were allowed into the Plan and current participants did not accrue any additional benefits as of that date.

Effective August 1, 1983, the monthly dollar credit for terminations or retirements is as follows:

Termination Period	Dollar Credit
8/1/83 through 8/4/85	$ 13.00
8/5/85 through 8/3/86	14.00
8/4/86 through 8/2/87	15.00
8/3/87 through 8/5/90	18.00
8/6/90 through 8/1/93	22.00
8/2/93 through 8/4/96	26.00
8/5/96 through 8/3/97	28.00
8/4/97 through 8/2/98	29.00
8/3/98 through 8/1/99	31.00
8/2/99 through 8/6/00	32.00
8/7/00 through 8/5/01	33.00
8/6/01 through 8/4/02	38.00
8/5/02 through 8/3/03	39.00
8/4/03 through 8/1/04	40.00
8/2/04 through 7/31/05	41.00
8/1/05 through 8/6/06	42.00
8/7/06 through 8/5/07	43.00
8/6/07 through 12/31/08	44.00
On or after 1/1/09	51.00

The Plan permits early retirement with reduced benefit amounts after age 55 for participants with five years of credited service and with unreduced benefits after age 62 with five years of credited service. If participants terminate before rendering five years of vesting service, they forfeit the right to receive their portion of accumulated plan benefits. The normal form of a benefit payment is a life annuity. If a participant is married and retirement-eligible at the time of death, a reduced survivorship benefit is payable to the participant's spouse in an amount equal to 50% of the monthly pension the participant would have been entitled to receive. Other options are available upon prior election.

Disability Benefits
Active participants terminated due to total and permanent disability who are not covered by the Companies' long-term disability plan receive a monthly income equal to the accrued benefit commencing: (1) on first day of month after determination of disability following a period of absence of at least two months, if disability is work-related, (2) at normal retirement date, if disability is not work-related and participant has less than 10 years of vesting service, or (3) first day of seventh month following disability, if disability is not work-related, but participant has at least 10 years of vesting service. Effective January 1, 2002, approval for disability retirement is subject to the participant being approved for Social Security disability benefits.

2. Summary of Significant Accounting Policies

Basis of Presentation
The accompanying financial statements are prepared on the accrual basis of accounting.

Investment Valuation and Income Recognition
The Plan's investments and its interest in the Hawker Beechcraft Master Trust (the "Beechcraft Master Trust") and Textron Master Trust (jointly, the "Master Trusts") are stated at fair value. Fair value is 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.

Net investment income (loss) from the Master Trusts is allocated proportionately on a monthly basis based on the Plan's interest in the Master Trusts. See Note 7 for additional information.

Contributions
Company contributions are funded and recorded as determined by actuarial computations. The company contributions paid and recorded by the Plan is based on actuarial calculations and recommendations of the Plan Actuary. See Note 4 for the Plan's funding policy.

Benefit Payments
Benefit payments to participants are recorded when paid.

Administrative Expenses
Expenses specifically related to the Plan for the periods not held in Master Trusts are presented in the statements of changes in net assets available for benefits under "Administrative expenses." Expenses and accruals for expenses paid directly by the Master Trusts are included in the statements of changes in net assets available for benefits under "Plan's interest in Master Trust investment income" for the years ended December 31, 2014 and 2013.

Use of Estimates
The preparation of the Plan's financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make significant estimates and assumptions that affect the reported amounts of net assets available for plan benefits at the date of the financial statements, the actuarial present value of accumulated plan benefits as of the benefit information date, the changes in net assets available for plan benefits during the reporting period and, when applicable, the disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Risks and Uncertainties
Contributions to the Plan 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 compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions will occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements. See Note 7 for additional information with respect to investment risk.

Subsequent Events
The Plan evaluated and disclosed subsequent events through February 12, 2016, which represents the date which the financial statements were available to be issued.

3. Actuarial Present Value of Accumulated Pension Plan Benefits

Accumulated plan benefits are those future periodic payments that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of deceased employees, and (c) active employees or their beneficiaries. Benefits are based principally upon years of service. Benefits payable under all circumstances - retirement, death, and termination of employment - are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by the Companies' independent consulting actuary and is the amount which results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements for death, disability, or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuation as of December 31, 2014 and 2013 are as follows:

Discount rate	-	7.75% compounded annually for the present value of accumulated plan benefits
Mortality basis	-	RP-2014 "Employees" tables for non-annuitants and the RP-2014 "Healthy Annuitants" tables for annuitants with a one-year age set-forward for all participants, projected generationally using Scale MP-2014 adjusted to a 0.75% long term rate and a convergence period ending 2020.

Retirement age	-	Participants are assumed to retire at varying cumulative frequencies from age 55 (5% frequency) to age 70 (100% frequency) with the greatest individual frequency at age 65 (40% frequency).
Termination	-	A 15% rate assumed for all employees over age 30 and higher rates assumed for younger employees varying by years of service.

Plan Changes
For the 2013 valuation, the RP-2000 Mortality Table for males and females, without adjustment for collar or employee/annuitant distinction, projected to 2025 using Scale AA was used.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefit.

As of December 31, 2014 and 2013, the actuarial present value of accumulated plan benefits is as follows:

	2014	2013
Vested benefits		
Participants currently receiving payments	$ -	$201,604,388
Terminated vested participants	-	75,932,265
Active participants	-	95,158,732
	-	372,695,385
Nonvested benefits	-	4,893,599
Total actuarial present value of accumulated plan benefits	$ -	$377,588,984

The following is an analysis of changes in the present value of accumulated plan benefits:

	2014	2013
Actuarial present value of accumulated plan benefits at beginning of year	$377,588,984	$363,731,497
Increase (decrease) during the year attributed to:		
Actuarial gains (losses)	(6,007,429)	5,583,899
Interest on prior liability	28,318,999	27,276,387
Benefits paid	(24,365,101)	(23,556,238)
Change in actuarial assumptions	3,260,162	4,553,439
Plan merger	(378,795,615)	-
Net increase (decrease)	(377,588,984)	13,857,487
Actuarial present value of accumulated plan benefits at end of year	$ -	$377,588,984

4. Funding Policy

The Companies' funding policy is to make contributions to the Plan in amounts that will fund the pension cost accrued each year (using the methodology established for government contract pricing), which is the sum of the normal cost plus the amount(s) required to amortize: (1) any change in the unfunded actuarial accrued liability due to changes in the Plan over 30 years, and (2) any change in the unfunded actuarial accrued liability due to changes in actuarial assumptions or methods and actuarial gains and losses arising after 1975 over 15 years, plus interest on the preceding items to the date contributions are made. However, the contribution will not be less than the minimum ERISA required contribution nor greater than the maximum tax deductible contribution. Contributions of $10,548,969 and $16,358,502 were made to meet the minimum funding requirements for the years ended December 31, 2014 and 2013, respectively. Of these amounts, $4,356,958 and $5,858,502 were recorded as contributions receivable for the years ended December 31, 2014 and 2013, respectively, and the 2014 amount was included in the transfer.

Although they have not expressed any intention to do so, the Companies have the right under the Plan to discontinue their contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

5. Termination Policies

The Companies did not express any intent to terminate the Plan or discontinue its contributions prior to the merger of the Plan. However, in the event the Plan had been terminated:

a. The assets comprising the Plan, including the net income (loss) of the Plan, would have been revalued at market by the Plan trustee.

b. The Plan provides that the net assets of the Plan would have been allocated among the participants and beneficiaries of the Plan in the order provided by ERISA.

c. To the extent unfunded vested benefits existed, ERISA provides that such benefits would have been payable by the Pension Benefit Guaranty Corporation (PBGC) (a U.S. government agency) to participants, up to specified limitations, as described in ERISA.

Whether all participants would have received their full or partial benefits should the Plan have terminated depended on the sufficiency, at that time, of the Plan's net assets to provide for accumulated plan benefit obligations, and may also have depended on the financial condition of the plan sponsor and the level of benefits guaranteed by the PBGC.

This summary of termination priorities is provided for general information purposes only. Participants should refer to the plan document for more information.

6. Summary of Information Certified by the Trustee

The Plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, The Bank of New York Mellon, N.A., (the "Trustee") of the Plan has certified that the following data included in the accompanying financial statements are complete and accurate:

• Investments held by the Plan as shown in the statement of net assets available for benefits as of December 31, 2013.

• Plan's interest in the investment income of the Master Trusts, the net appreciation in the fair value of investments and interest and dividends in the statements of changes in net assets available for benefits for the years ended December 31, 2014 and December 31, 2013.

The Plan's independent accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements.

7. Investments

The Plan's assets were held in the Beechcraft Master Trust, which was established for the investments of assets of the Plan and other defined benefit plans sponsored by the Companies, through July 31, 2013. The assets of the Beechcraft Master Trust were held by the Trustee. The Plan's assets were transferred from the Beechcraft Master Trust to the Hawker Beechcraft Corporation Retirement Income Plan for Hourly Employees Trust (Beechcraft Trust) at July 31, 2013 and the Beechcraft Master Trust ceased existence.

On July 1, 2014, the Plan's assets were transferred from the Beechcraft Trust to the Textron Master Trust and the Beechcraft Trust ceased existence. Throughout the financial statements, "the Trusts" refers to the Beechcraft Master Trust, the Beechcraft Trust and the Textron Master Trust.

The Pension Committee, appointed by the Companies, periodically reviews the asset allocation and performance of the investments held in the Trusts. The Pension Committee permits asset diversification to include a combination of cash, private equities, common and preferred stock, common collective trusts, registered investment companies, fixed income securities, foreign fixed income securities, real estate, hedge funds, and other investments such as repurchase agreements, reverse repurchase agreements, forwards, and futures.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value 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.

Investments that represent 5% or more of the fair value of the Plan's net assets available for benefits are as follows:

	December 31, 2013
PE Non-US Value Equity Fund	$ 27,808,628
EB DV International Stock Index Fund	40,558,732
EB NCML Global Equity Fund	32,141,049
EB US Invest Grade Corp Long Duration FD	38,935,047
TBC Pool Fund-Core BD Plus FD	46,573,797
EB Daily Value Stock Index Fund	23,823,075
EB Mellon Total Return Fund Cl A	46,555,403

The following table is a summary of the net investment income of the Plan and the Beechcraft Master Trust. Net investment income for the year ended December 31, 2014 includes investment income for the Plan through June 30, 2014. Net investment income for the year ended December 31, 2013 includes the Beechcraft Master Trust through July 31, 2013, when it ceased existence and the Plan thereafter.

	2014	2013
Net appreciation (depreciation) in fair value of investments		
Equity, fixed income, and preferred securities	$ 1,259,665	$ 16,476,296
Common/collective trusts	18,525,357	51,976,231
Registered investment companies	132,283	(121,980)
Options and contracts	-	33,903
Other investments	(85,119)	3,790,447
	19,832,186	72,154,897
Net appreciation (depreciation) in estimated fair value of investments		
Real estate partnerships	(9,462)	607,429
Interest	97,566	1,286,758
Dividends	639,013	1,184,322
Other	-	1,425,220
Net investment income	20,559,303	76,658,626
Investment expenses of Master Trust	-	1,485,445
Total net investment income	$ 20,559,303	$ 75,173,181
Portion allocated to the Plan	$ 20,559,303	$ 45,120,453

The following table is a summary of the investment income of the Textron Master Trust for all of 2014. The Plan's assets were held in the Trust from July 1, 2014 through December 31, 2014.

		2014
Net appreciation (depreciation) in fair value of investments		
Common stock	$	106,588,964
Exchange traded funds		908,907
Government bonds		95,630,807
Corporate bonds		56,133,031
Short-term investment funds		(11,808)
		259,249,901
Net appreciation (depreciation) in estimated fair value of investments		
Commingled funds		80,895,509
Private equity partnerships		16,201,108
Real estate		38,141,062
Hedge funds		3,995,387
Other		(47,023,623)
		92,209,443
Interest		107,849,309
Dividends		52,164,877
Real estate income		37,497,020
Partnership income		16,896,349
Other		(10,534,473)
Net investment income		555,332,426
Administrative expenses		41,376,430
Total net investment income	$	513,955,996
Portion allocated to the Plan	$	7,642,772

Included in administrative expenses is $3,664,223 related to the Beechcraft Plan.

Valuation Policy

The Plan is following the provisions of ASC 820 *Fair Value Measurement*. ASC 820 defines fair value, establishes a framework for measuring fair value and requires expanded disclosures regarding fair value measurements.

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into the following three broad categories:

Level 1 Inputs – Quoted prices for identical assets and liabilities in active markets.

Level 2 Inputs – Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; observable inputs other than quoted prices; and inputs that are derived principally from or corroborated by other observable market data.

Level 3 Inputs – Unobservable inputs reflecting the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability.

The following tables present the Plan's investments measured at fair value on a recurring basis:

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ -	$ 82,904	$ -	$ 82,904
Common/collective trusts				
Cash and cash equivalents	-	2,553,754	-	2,553,754
Equity	-	183,989,743	-	183,989,743
Fixed income securities	-	155,327,128	-	155,327,128
Balanced	-	20,006,167	-	20,006,167
Equity securities	6,016	-	-	6,016
Registered investment companies	-	14,873,120	-	14,873,120
Real estate parterships	-	-	14,600,041	14,600,041
Total	$ 6,016	$ 376,832,816	$ 14,600,041	$ 391,438,873

Cash equivalents: Cash equivalents consist of investments in short term treasury funds and interest bearing cash funds. The carrying value of these investments approximates fair value due to their short-term maturity.

Common/collective trusts and Registered investment companies: Valued at the net asset value ("NAV") per unit as reported by the respective funds. NAV is determined based on the fair values of the underlying investments as determined by quoted market prices.

The common/collective trusts and registered investment companies include investments in highly diversified funds designed to remain appropriate for investors in terms of risk throughout a variety of life circumstances. These common/collective trust and registered investment company funds share the common goal of first growing and then later preserving principal and contain a mix of domestic equities, international equities, and fixed income. In general the common/collective trusts and registered investment companies held by the Trusts permit redemptions daily; however certain investments only allow redemption on a weekly or bi-weekly basis. The Trusts are permitted to redeem investment units at NAV on the measurement date, and as a result, the common/collective trusts and registered investment companies are classified as a level 2 asset in the fair value hierarchy.

Equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Real estate partnerships - The real estate partnerships consist of limited partnership funds that invests in real estate including apartments, hotel, industrial, mixed use, office, retail, senior housing, and undeveloped land. The fair value of these investments has been estimated based on methods employed by the general partner. Such valuations techniques include the income capitalization, sales comparison, and cost approaches as well as consideration of actual sale negotiations and bona fide purchase offers received from third parties. Unobservable inputs utilized in these models include the discount rate and exit capitalization rate. The use of different assumptions, applying different judgment to inherently subjective matters and changes in future market conditions could result in significantly different estimates of fair value of these securities. The Trusts' investment in a certain private equity security is only redeemable upon liquidation of the partnership.

Investments denominated in foreign currencies are translated into U.S. dollars using the last reported exchange rate.

Valuation policies for derivatives investments are disclosed in the "Derivative Policy" paragraph.

The table below summarizes the changes in Level 3 real estate partnerships held by the Plan for the years ended December 31, 2014 and 2013:

	2014	2013
Balance, beginning of year	**$ 14,600,041**	$ 33,242,664
Acquisitions	1,780,272	4,858,761
Dispositions/Mergers	(16,989,224)	(26,176,072)
Realized gain	608,911	1,832,917
Unrealized gain	-	841,771
Balance, end of year	$ -	$ 14,600,041

Investment Income
The Trustee maintains separate records of each plan's proportionate share in the Master Trusts' investment accounts. The Plan's share of investment income of the Trusts is included in the statements of changes in net assets available for benefits as the Plan's interest in Hawker Beechcraft Master Trust's and Textron Master Trust's investment income. The Plan's share of the Trusts' investment income includes interest, dividends, administrative expenses, and the net appreciation (depreciation) in the fair value of investments, which consists of the realized gains (losses) and the unrealized appreciation (depreciation) on those investments.

Under the Master Trusts' agreement, each plan's assets are jointly invested. The Plan uses the unit participation method to calculate the Plan's interest in the Master Trusts. Under this method, contributions made to and benefits paid from the Master Trusts result in increases or decreases in units of participation.

Dividends are recorded on the ex-dividend date, and interest income is accrued as earned. All security transactions are recorded on the trade date. Dividend expense for securities sold short is recorded on the ex-dividend date. Gains or losses on sales of securities are based on average cost.

Derivative Policy
The Master Trusts enter into contractual arrangements classified as derivatives in carrying out its investment strategy, principally to: (1) hedge a portion of the Master Trusts' portfolio to limit or minimize exposure to certain risks, (2) gain exposure to a market more rapidly or less expensively than could be accomplished through the use of the cash markets, and (3) increase investment returns by reducing the cost of structuring the portfolio or by capturing value disparities between financial instruments. The Master Trusts utilize both exchange-traded investment instruments such as equity and interest rate futures, options on futures, over-the-counter ("OTC") options, and forward exchange contracts. Select major financial institutions are used in derivatives transactions. When engaging in OTC options and forward exchange contracts, there is exposure to credit loss in the event of nonperformance by the counterparties to these transactions. The Master Trusts manage this exposure through credit approvals, limits, monitoring procedures, and to the extent possible, by restricting the period over which unpaid balances are allowed to accumulate. Procedures are in place at the Trustee to regularly monitor and report market and counterparty

credit risks associated with these instruments. The Master Trusts do not anticipate nonperformance by counterparties to these contracts, and no material loss would be expected from any such nonperformance.

Forward Foreign Currency Exchange Contracts
A forward foreign currency exchange contract ("forward currency contract") is a commitment to purchase or sell a foreign currency at a future settlement date and at a negotiated rate.

Forward currency contracts are utilized to hedge a portion of the currency exposure that results from the Master Trusts' holdings of equity and fixed income securities denominated in foreign currencies. Forward currency contracts are marked-to-market at the prevailing forward exchange rate of the underlying currencies, and the difference between contract value and market value is recorded as unrealized appreciation (depreciation) in the Master Trusts' net assets. When the forward currency contract is closed, the Master Trusts transfer the unrealized appreciation (depreciation) to a realized gain (loss) equal to the change in the value of the forward currency contract when it was opened and the value at the time it was closed or offset. Sales and purchases of forward currency contracts having the same settlement date and broker are offset, and any gain (loss) is realized on the date of offset.

Certain risks may arise upon entering into a forward currency contract from the potential inability of counterparties to meet the terms of their contracts. Additionally, when utilizing forward currency contracts to hedge, the Master Trusts give up the opportunity to profit from favorable exchange rate movements during the term of the contract. The amount of unrealized appreciation (depreciation) in net assets included in the Trust at December 31, 2014 and 2013 was immaterial.

8. Party-in-Interest Transactions

The Plan's investments are managed by the Trustee. Transactions with the Trustee qualify as party-in-interest transactions under ERISA. The Plan was allocated approximately $931,166 and $1,076,745 and in 2014 and 2013, respectively, of trustee expenses paid by the Master Trusts and the Plan to the Trustee. The expenses and accrued expenses paid by the Beechcraft Master Trust prior to July 31, 2013 are included in the Plan's interest in the Hawker Beechcraft Master Trust investment income. The expenses and accrued expenses paid by the Master Trust after June 1, 2014 are included in the Plan's interest in the Textron Master Trust investment income. As of December 31, 2013, $124,429 of trustee expenses were accrued, respectively. The certified investment balance of $391,438,873 at December 31, 2013 was 100% invested in Trustee-managed accounts.

Beechcraft Corporation provides certain facilities and administrative services relating to the operation of the Plan at no cost.

The party-in-interest transactions entered into by the Plan during the years ended December 31, 2014 and 2013 are considered allowable under ERISA.

9. Tax Status

The Internal Revenue Service (IRS) has determined and informed the Company by letter dated May 24, 2012 that the design of the Plan meets the requirements for qualification under Code section 401(a), on which the tax exemption of the related trust under Section 501(a) is based. The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the plan has taken an uncertain position that more likely than not would not 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, 2014 and 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. 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 2011.

10. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 at December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
Net assets available for benefits per the financial statements	$ -	$ 397,273,595
Accrued expenses	-	143,514
Net assets available for benefits per the 5500	$ -	$ 397,417,109

The following is a reconciliation of the net increase in net asset available for benefits per the financial statements to the Form 5500 for the years ended December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
Net increase in net assets available for benefits per the financial statements	$ 13,717,210	$ 35,881,287
Accrued expenses	(143,514)	143,514
Net increase in net assets available for benefits per the 5500	$ 13,573,696	$ 36,024,801

Schedule SB, line 26 — Schedule of Active Participant Data

Attained age	Years of credited service										
	Under 1	1–4	5–9	10–14	15–19	20–24	25–29	30–34	35–39	40 & up	Total
Under 25											
25–29		1	1								2
30–34	1	1	7	12	1						22
35–39		1	7	54	39						101
40–44	1	2	13	62	66	30					174
45–49		2	11	42	81	85	7				228
50–54		1	11	56	81	122	35	38	3		347
55–59		5	7	49	53	89	42	104	81	1	431
60–64			3	23	34	38	31	42	53	1	225
65–69		2		2	8	11	2	6	2	2	35
70 & up						1					1
Total	2	15	60	300	363	376	117	190	139	4	1,566

In each cell, the number is the count of active participants for each age/service combination.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Actuarial Assumptions for January 1, 2014 Funding Valuation

Discount rate sponsor elections

• Segment rates or full yield curve	Segment
• Look-back months	4
• Use stabilized rates – funding	Yes
• Use stabilized rates – Section 436 benefit restrictions	Yes

	Stabilized Rates	Nonstabilized Rates
• First 5 years	4.99%	1.37%
• Next 15 years	6.32%	4.05%
• Over 20 years	6.99%	5.06%

Rationale: Prescribed by IRS, based on sponsor election

Mortality sponsor elections

• Healthy participants	Section 430(h)(3) prescribed separate static annuitant and non annuitant mortality tables. These tables are based on the RP-2000 mortality tables projected with mortality improvement to the valuation year plus 7 and 15 years based on Scale AA.
• Pre-1995 disabilities	Revenue Ruling 96-7 table for participants who became disabled before 1995.
• Post-1994 disabilities	Revenue Ruling 96-7 table for participants who became disabled after 1994 and are eligible for Social Security disability benefits.

Other economic assumptions

• Salary increases	N/A
• Flat-dollar benefit increases	N/A
• Social Security wage base	N/A
• Inflation	3.00%
Rationale:	This assumption is based on the inflation assumption periodically published by Mercer Investment Consulting in their Capital Markets Outlook.
Expected investment return	N/A
• Expenses	0.2% of the market value of assets, not including receivable contributions

Demographic assumptions

• Withdrawal	See table of sample rates.
• Disability incidence	See table of sample rates. 100% of participants becoming disabled are assumed to be eligible for Social Security disability benefits.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

- Retirement age

Attained age	Percentage
Under 55	0%
55-56	5%
57-60	3%
61	1.5%
62	25%
63	20%
64	15%
65	40%
66-69	25%
70 and above	100%

- Benefit commencement age for
  - Future vested deferred 65
  - Current vested deferred 65
- Spouse assumptions

	Male participants	Female participants
Percentage married	85%	75%
Spouse age difference	3 years younger	3 years older

Form of payment	Single life	50% J&S
• Active retirements	50%	50%
• Future vested deferred	50%	50%
• Future disabilities	100%	0%
• Future deaths	0%	100%
• Current vested deferred	50%	50%

- **Unpredictable contingent event assumptions** N/A

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Table of Sample Rates

	Percentage	
Attained age	**Withdrawal**	**Disability Incidence**
20	25.0%	0.09%
25	17.5	0.10
30	10.0	0.11
35	5.8	0.12
40	3.8	0.18
45	1.8	0.28
50	1.8	0.48
55	1.1	0.87
60	1.1	1.38
65	0.0	1.88

As further allowance for heavy turnover in the early years of employment, the following additional turnover is based on years of service, however this is not applicable after age 30 for valuation year table rates:

Service from Hire	Percent Terminating
1	5.0%
2	4.0%
3	3.0%
4	2.0%
5	1.0%

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Actuarial Methods

Asset Methods

The asset valuation method is the fair market value.

Participant Methods

Participants or former participants are included or excluded from the valuation as described below:

- **Participants included:** The plan sponsor provides us with data on all employees who have completed the plan's eligibility requirements and are thus included in the valuation of liabilities.
- **Participants excluded:** No actuarial liability is included for nonvested participants who terminated prior to the valuation date. For this purpose, participants with a break in service on the valuation date are treated as terminated participants.
- **Insurance contracts**: The plan does not have any insurance contracts.

Minimum Funding Methods

The funding target for minimum funding calculations is computed using the traditional unit credit method of funding. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

- The plan's valuation date is the beginning of the plan year.
- An individual's **funding target** is the present value of future benefits based on credited service and average pay as of the beginning of the plan year, and an individual's **target normal cost** is the present value of the benefit expected to accrue in the plan year. If multiple decrements are used, the funding target and the target normal cost for an individual is the sum of the component funding targets and target normal costs associated with the various anticipated separation dates.
- The plan's **target normal cost** is the sum of the individual target normal costs, and the plan's **funding target** is the sum of the individual funding targets for all participants under the plan.

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

2014

This Form is Open to Public Inspection

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

▶ **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
HAWKER BEECHCRAFT CORPORATION RETIREMENT INCOME PLAN FOR HOURLY PAID EMPLOYEES

B Three-digit plan number (PN) ▶ 232

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 2014

2 Assets:

a Market value	**2a**	397346365
b Actuarial value	**2b**	397346365

3 Funding target/participant count breakdown

	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	2928	221938371	221938371
b For terminated vested participants	3683	91145149	91145149
c For active participants	1566	112206143	117903858
d Total	8177	425289663	430987378

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**	6.54%
6 Target normal cost	**6**	783117

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 MARK A. HENDRICKS MH — 2-18-2016

Signature of actuary — Date

MARK A. HENDRICKS, FSA, EA, MAAA — 1405452

Type or print name of actuary — Most recent enrollment number

MERCER — 816-556-4800

Firm name — Telephone number (including area code)

2405 GRAND BOULEVARD

KANSAS CITY MO 64108

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)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of 12.81%	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		1969493
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 6.73%		132547
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
	c Total available at beginning of current plan year to add to prefunding balance		2102040
	d Portion of (c) to be added to prefunding balance		2102040
12	Other reductions in balances due to elections or deemed elections		
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	2102040

Part III Funding Percentages

14	Funding target attainment percentage	14	91.70%
15	Adjusted funding target attainment percentage	15	91.70%
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	87.80%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/15/2014	2708405	0			
07/15/2014	2708405	0			
10/15/2014	607000	0			
01/14/2015	4356958	0			
			Totals ► 18(b)	10380768	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	9936022

20 Quarterly contributions and liquidity shortfalls:

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

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] Yes [ ] No

c If line 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:	
4.99%	6.32%	6.99%	☐ N/A, full yield curve used

b Applicable month (enter code)	21b	4
22 Weighted average retirement age	22	63

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 subject to 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	783117
b Excess assets, if applicable, but not greater than line 31a	31b	0

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	35743053	11254238
b Waiver amortization installment	0	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	12037355

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	2102040	2102040

36 Additional cash requirement (line 34 minus line 35)	36	9935315
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	9936022

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

a Total (excess, if any, of line 37 over line 36)	38a	707
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0
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 an election was made to use PRA 2010 funding relief for this plan:

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	0
43 Excess installment acceleration amount to be carried over to future plan years	43	0

Schedule SB, line 26 — Schedule of Active Participant Data

Attained age	Years of credited service										
	Under 1	1–4	5–9	10–14	15–19	20–24	25–29	30–34	35–39	40 & up	Total
Under 25											
25–29		1	1								2
30–34	1	1	7	12	1						22
35–39		1	7	54	39						101
40–44	1	2	13	62	66	30					174
45–49		2	11	42	81	85	7				228
50–54		1	11	56	81	122	35	38	3		347
55–59		5	7	49	53	89	42	104	81	1	431
60–64			3	23	34	38	31	42	53	1	225
65–69		2		2	8	11	2	6	2	2	35
70 & up						1					1
Total	2	15	60	300	363	376	117	190	139	4	1,566

In each cell, the number is the count of active participants for each age/service combination.

Schedule SB, line 22 — Description of Weighted Average Retirement Age

Each employee is assumed to retire in accordance with the table of retirement rates. The proportion of employees expected to retire at each potential retirement age is shown below. The average retirement age is 63.

(A) Retirement age	(B) Retirement percent	(C) Lx	(D) Number of employees expected to retire (B) x (C)	(E) (A) x (D)
55	5.00%	1,000.00	50.00	2,750.00
56	5.00%	950.00	47.50	2,660.00
57	3.00%	902.50	27.08	1,543.28
58	3.00%	875.43	26.26	1,523.24
59	3.00%	849.16	25.47	1,503.02
60	3.00%	823.69	24.71	1,482.64
61	1.50%	798.98	11.98	731.06
62	25.00%	786.99	196.75	12,198.37
63	20.00%	590.24	118.05	7,437.07
64	15.00%	472.19	70.83	4,533.07
65	40.00%	401.36	160.54	10,435.51
66	25.00%	240.82	60.20	3,973.52
67	25.00%	180.61	45.15	3,025.29
68	25.00%	135.46	33.86	2,302.82
69	25.00%	101.59	25.34	1,752.52
70	100.00%	76.19	76.20	5,333.78
Total			1,000.00	**63,185.19**
Average				**63.18**

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Actuarial Assumptions for January 1, 2014 Funding Valuation

Discount rate sponsor elections

• Segment rates or full yield curve	Segment
• Look-back months	4
• Use stabilized rates – funding	Yes
• Use stabilized rates – Section 436 benefit restrictions	Yes

	Stabilized Rates	Nonstabilized Rates
• First 5 years	4.99%	1.37%
• Next 15 years	6.32%	4.05%
• Over 20 years	6.99%	5.06%

Rationale: Prescribed by IRS, based on sponsor election

Mortality sponsor elections

• Healthy participants	Section 430(h)(3) prescribed separate static annuitant and non annuitant mortality tables. These tables are based on the RP-2000 mortality tables projected with mortality improvement to the valuation year plus 7 and 15 years based on Scale AA.
• Pre-1995 disabilities	Revenue Ruling 96-7 table for participants who became disabled before 1995.
• Post-1994 disabilities	Revenue Ruling 96-7 table for participants who became disabled after 1994 and are eligible for Social Security disability benefits.

Other economic assumptions

• Salary increases	N/A
• Flat-dollar benefit increases	N/A
• Social Security wage base	N/A
• Inflation	3.00%
Rationale:	This assumption is based on the inflation assumption periodically published by Mercer Investment Consulting in their Capital Markets Outlook.
Expected investment return	N/A
• Expenses	0.2% of the market value of assets, not including receivable contributions

Demographic assumptions

• Withdrawal	See table of sample rates.
• Disability incidence	See table of sample rates. 100% of participants becoming disabled are assumed to be eligible for Social Security disability benefits.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

- Retirement age

Attained age	Percentage
Under 55	0%
55-56	5%
57-60	3%
61	1.5%
62	25%
63	20%
64	15%
65	40%
66-69	25%
70 and above	100%

- Benefit commencement age for
  - Future vested deferred 65
  - Current vested deferred 65
- Spouse assumptions

	Male participants	Female participants
Percentage married	85%	75%
Spouse age difference	3 years younger	3 years older

Form of payment	Single life	50% J&S
• Active retirements	50%	50%
• Future vested deferred	50%	50%
• Future disabilities	100%	0%
• Future deaths	0%	100%
• Current vested deferred	50%	50%

- **Unpredictable contingent event assumptions** N/A

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Table of Sample Rates

	Percentage	
Attained age	**Withdrawal**	**Disability Incidence**
20	25.0%	0.09%
25	17.5	0.10
30	10.0	0.11
35	5.8	0.12
40	3.8	0.18
45	1.8	0.28
50	1.8	0.48
55	1.1	0.87
60	1.1	1.38
65	0.0	1.88

As further allowance for heavy turnover in the early years of employment, the following additional turnover is based on years of service, however this is not applicable after age 30 for valuation year table rates:

Service from Hire	Percent Terminating
1	5.0%
2	4.0%
3	3.0%
4	2.0%
5	1.0%

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Actuarial Methods

Asset Methods

The asset valuation method is the fair market value.

Participant Methods

Participants or former participants are included or excluded from the valuation as described below:

- **Participants included:** The plan sponsor provides us with data on all employees who have completed the plan's eligibility requirements and are thus included in the valuation of liabilities.
- **Participants excluded:** No actuarial liability is included for nonvested participants who terminated prior to the valuation date. For this purpose, participants with a break in service on the valuation date are treated as terminated participants.
- **Insurance contracts**: The plan does not have any insurance contracts.

Minimum Funding Methods

The funding target for minimum funding calculations is computed using the traditional unit credit method of funding. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

- The plan's valuation date is the beginning of the plan year.
- An individual's **funding target** is the present value of future benefits based on credited service and average pay as of the beginning of the plan year, and an individual's **target normal cost** is the present value of the benefit expected to accrue in the plan year. If multiple decrements are used, the funding target and the target normal cost for an individual is the sum of the component funding targets and target normal costs associated with the various anticipated separation dates.
- The plan's **target normal cost** is the sum of the individual target normal costs, and the plan's **funding target** is the sum of the individual funding targets for all participants under the plan.

Schedule SB, line 32 — Schedule of Amortization Bases

The total shortfall amortization charge is the sum of the individual shortfall amortization installment for each plan year covered under PPA. Although an individual shortfall amortization installment can be negative, the combined shortfall amortization charge cannot be less than $0.

Shortfall bases					
Year established		**Outstanding balance**	**Years remaining**		**2013 Installment**
2010	$	24,650,047	3	$	8,619,892
2011		15,618,176	4.68		3,648,899[1]
2012		(7,803,553)	5		(1,716,285)
2013		6,978,846	6		1,321,038
2014		(3,700,463)	7		(619,306)
Total	$	35,743,053		$	11,254,238

[1] Last amortization for this base is $2,467,241.

Schedule SB, Part V — Summary of Plan Provisions

Summary of Major Plan Provisions

Effective date and plan year	Original plan: October 1, 1955 Restated plan: January 1, 2011 Plan year: Calendar year
Status of the plan	The Second Amendment, effective December 31, 2012, froze benefit accruals and plan eligibility as of December 31, 2012.
Significant events that occurred during the year	None.
Definitions	
• Participation	Age 21 and one year of service. Per the Second Amendment, no new participants will enter the plan after December 31, 2012.
• Employee contributions	None.
Normal retirement	
• Eligibility	Age 65 and five years of service.
• Benefit	Benefit rates follow the schedule below:

Monthly Benefit Per Year of Service	Retirements After
$43	August 7, 2006
$44	August 6, 2007
$51	January 1, 2009

Early retirement	
• Eligibility	Age 55 and 5 years of service.
• Benefit	Accrued benefit reduced according to the early retirement schedule following:

Age	Percent of Full Benefit
65	100%
64	100%
63	100%
62	100%
61	90%
60	80%
59	70%
58	65%
57	60%
56	55%
55	50%

Late retirement	
• Eligibility	5 years of service.
• Benefit	Equal to accrued benefit.
Deferred vested	
• Eligibility	5 years of service

Schedule SB, Part V — Summary of Plan Provisions

• Benefit	Accrued benefit payable at age 65 or as early as age 55 reduced 0.6% for each of the first 60 months plus 0.4% for each additional month that the first payment date precedes Normal Retirement Date.
Disability	
• Eligibility	Termination due to total and permanent disability as required for Social Security disability benefits.
• Benefit	A benefit equal to the accrued benefit commencing: • If disability is work connected, after absence of two months. • If disability is not work connected and participant has at least 10 years of vesting service, after absence of six months.
Pre-retirement death	
• Eligibility	5 years of service.
• Benefit prior to early retirement	Surviving Spouse Benefit equal to the amount payable to the member's spouse as if the member had survived to early retirement age, retired early, elected a 50% Joint and Survivor Annuity and then died. Benefit commences on the first of the month following the date the member would have been eligible to retire early and is payable for lifetime of spouse.
• Benefit after early but before normal retirement	See Form of Retirement Benefit below.
• Benefit after normal retirement	See Form of Retirement Benefit below.
Form of benefits	
• Automatic form for unmarried participants	Standard form is life annuity.
• Automatic form for married participants	50% Joint & Survivor annuity.
• Optional forms	Optional forms are available with an actuarial reduction.
• Optional form conversion factors	For purposes of determining an option form of benefit payment (other than lump sum) the following factors are used: (a) Rate of interest: 7% (b) Mortality: The 1971 Group Annuity Mortality Table, males rates, with ages of the participant set back one year and ages of the spouse or joint annuitant set back five years. Lump sum payments are determined using the IRC 417(e) assumptions.
Miscellaneous	
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2014, the limit is $210,000.

Benefits Included or Excluded

Unless noted below, all benefits provided by the plan, as restated and amended through January 1, 2013, are included in this valuation.

Schedule SB, Part V — Summary of Plan Provisions

- **Most recent plan amendments included:** The Second Amendment, effective December 31, 2012.
- **Plan amendments excluded:** None.
- **Internal Revenue Code limitations:** The limitations of Internal Revenue Code Section 415(b) and 401(a)(17) have been incorporated into our calculations.
- **IRC Section 416 rules for top-heavy plans:** We did not test whether this plan is top-heavy (when the present value of benefits for key employees equals or exceeds 60% of the present value for all participants). However, we expect that the plan is not top-heavy due to the large number of rank-and-file participants; therefore, the funding target and target normal cost do not reflect any liability for top-heavy benefit accruals.

Plan Provisions Specific to Funding
Additional Benefits Included or Excluded

- **IRC Section 436 benefit restrictions:**
  - *Unpredictable contingent event benefits:* This plan does not have any unpredictable contingent event benefits.
  - *Plan amendments:* See above.
  - *Prohibited payments:* Limitations on prohibited benefits (if any) are reflected for annuity starting dates before the valuation date but are ignored for annuity starting dates on or after the valuation date.
  - *Benefit accruals:* The plan's funding target does not reflect any limitation on benefit accruals. The target normal cost does not reflect any limitation on benefit accruals.
- **Unpredictable contingent event benefits:** The plan does not have any unpredictable contingent event benefits.

Schedule SB, line 22 — Description of Weighted Average Retirement Age

Each employee is assumed to retire in accordance with the table of retirement rates. The proportion of employees expected to retire at each potential retirement age is shown below. The average retirement age is 63.

(A) Retirement age	(B) Retirement percent	(C) Lx	(D) Number of employees expected to retire (B) x (C)	(E) (A) x (D)
55	5.00%	1,000.00	50.00	2,750.00
56	5.00%	950.00	47.50	2,660.00
57	3.00%	902.50	27.08	1,543.28
58	3.00%	875.43	26.26	1,523.24
59	3.00%	849.16	25.47	1,503.02
60	3.00%	823.69	24.71	1,482.64
61	1.50%	798.98	11.98	731.06
62	25.00%	786.99	196.75	12,198.37
63	20.00%	590.24	118.05	7,437.07
64	15.00%	472.19	70.83	4,533.07
65	40.00%	401.36	160.54	10,435.51
66	25.00%	240.82	60.20	3,973.52
67	25.00%	180.61	45.15	3,025.29
68	25.00%	135.46	33.86	2,302.82
69	25.00%	101.59	25.34	1,752.52
70	100.00%	76.19	76.20	5,333.78
Total			1,000.00	**63,185.19**
Average				**63.18**

Schedule SB, Part V — Summary of Plan Provisions

Summary of Major Plan Provisions

Effective date and plan year	Original plan: October 1, 1955 Restated plan: January 1, 2011 Plan year: Calendar year
Status of the plan	The Second Amendment, effective December 31, 2012, froze benefit accruals and plan eligibility as of December 31, 2012.
Significant events that occurred during the year	None.
Definitions	
• Participation	Age 21 and one year of service. Per the Second Amendment, no new participants will enter the plan after December 31, 2012.
• Employee contributions	None.
Normal retirement	
• Eligibility	Age 65 and five years of service.
• Benefit	Benefit rates follow the schedule below:

Monthly Benefit Per Year of Service	Retirements After
$43	August 7, 2006
$44	August 6, 2007
$51	January 1, 2009

Early retirement	
• Eligibility	Age 55 and 5 years of service.
• Benefit	Accrued benefit reduced according to the early retirement schedule following:

Age	Percent of Full Benefit
65	100%
64	100%
63	100%
62	100%
61	90%
60	80%
59	70%
58	65%
57	60%
56	55%
55	50%

Late retirement	
• Eligibility	5 years of service.
• Benefit	Equal to accrued benefit.
Deferred vested	
• Eligibility	5 years of service

Schedule SB, Part V — Summary of Plan Provisions

• Benefit	Accrued benefit payable at age 65 or as early as age 55 reduced 0.6% for each of the first 60 months plus 0.4% for each additional month that the first payment date precedes Normal Retirement Date.
Disability	
• Eligibility	Termination due to total and permanent disability as required for Social Security disability benefits.
• Benefit	A benefit equal to the accrued benefit commencing: • If disability is work connected, after absence of two months. • If disability is not work connected and participant has at least 10 years of vesting service, after absence of six months.
Pre-retirement death	
• Eligibility	5 years of service.
• Benefit prior to early retirement	Surviving Spouse Benefit equal to the amount payable to the member's spouse as if the member had survived to early retirement age, retired early, elected a 50% Joint and Survivor Annuity and then died. Benefit commences on the first of the month following the date the member would have been eligible to retire early and is payable for lifetime of spouse.
• Benefit after early but before normal retirement	See Form of Retirement Benefit below.
• Benefit after normal retirement	See Form of Retirement Benefit below.
Form of benefits	
• Automatic form for unmarried participants	Standard form is life annuity.
• Automatic form for married participants	50% Joint & Survivor annuity.
• Optional forms	Optional forms are available with an actuarial reduction.
• Optional form conversion factors	For purposes of determining an option form of benefit payment (other than lump sum) the following factors are used: (a) Rate of interest: 7% (b) Mortality: The 1971 Group Annuity Mortality Table, males rates, with ages of the participant set back one year and ages of the spouse or joint annuitant set back five years. Lump sum payments are determined using the IRC 417(e) assumptions.
Miscellaneous	
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2014, the limit is $210,000.

Benefits Included or Excluded

Unless noted below, all benefits provided by the plan, as restated and amended through January 1, 2013, are included in this valuation.

Schedule SB, Part V — Summary of Plan Provisions

- **Most recent plan amendments included:** The Second Amendment, effective December 31, 2012.
- **Plan amendments excluded:** None.
- **Internal Revenue Code limitations:** The limitations of Internal Revenue Code Section 415(b) and 401(a)(17) have been incorporated into our calculations.
- **IRC Section 416 rules for top-heavy plans:** We did not test whether this plan is top-heavy (when the present value of benefits for key employees equals or exceeds 60% of the present value for all participants). However, we expect that the plan is not top-heavy due to the large number of rank-and-file participants; therefore, the funding target and target normal cost do not reflect any liability for top-heavy benefit accruals.

Plan Provisions Specific to Funding
Additional Benefits Included or Excluded

- **IRC Section 436 benefit restrictions:**
  - *Unpredictable contingent event benefits:* This plan does not have any unpredictable contingent event benefits.
  - *Plan amendments:* See above.
  - *Prohibited payments:* Limitations on prohibited benefits (if any) are reflected for annuity starting dates before the valuation date but are ignored for annuity starting dates on or after the valuation date.
  - *Benefit accruals:* The plan's funding target does not reflect any limitation on benefit accruals. The target normal cost does not reflect any limitation on benefit accruals.
- **Unpredictable contingent event benefits:** The plan does not have any unpredictable contingent event benefits.

Schedule SB, line 32 — Schedule of Amortization Bases

The total shortfall amortization charge is the sum of the individual shortfall amortization installment for each plan year covered under PPA. Although an individual shortfall amortization installment can be negative, the combined shortfall amortization charge cannot be less than $0.

Shortfall bases					
Year established		**Outstanding balance**	**Years remaining**		**2013 Installment**
2010	$	24,650,047	3	$	8,619,892
2011		15,618,176	4.68		3,648,899[1]
2012		(7,803,553)	5		(1,716,285)
2013		6,978,846	6		1,321,038
2014		(3,700,463)	7		(619,306)
Total	$	35,743,053		$	11,254,238

[1] Last amortization for this base is $2,467,241.