# 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 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

**2016**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

**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.)
- [X] a single-employer plan
- [ ] a DFE (specify) ____

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

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

**D** Check box if filing under:
- [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
CWC CASTINGS DIV OF TEXTRON INC HRY-RATED EES' PEN PLAN

**1b** Three-digit plan number (PN) ▶ 020

**1c** Effective date of plan 01/01/1951

**2a** Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)
TEXTRON INC.

40 WESTMINSTER STREET
PROVIDENCE, RI 02903

**2b** Employer Identification Number (EIN) 05-0315468

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

**2d** Business code (see instructions) 339900

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

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

| | | | |
|---|---|---|---|
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 10/16/2017 | JOYCE LAFOND |
| | **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)

Preparer's telephone number

**3a** Plan administrator's name and address ☐ Same as Plan Sponsor

TEXTRON INC.

40 WESTMINSTER STREET
PROVIDENCE, RI 02903

**3b** Administrator's EIN: 05-0315468

**3c** Administrator's telephone number: 401-421-2800

**4** If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

**a** Sponsor's name

**4b** EIN

**4c** PN

| | | | |
|---|---|---|---|
| **5** | Total number of participants at the beginning of the plan year | **5** | 1226 |
| **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)** | 160 |
| **a(2)** | Total number of active participants at the end of the plan year | **6a(2)** | 149 |
| **b** | Retired or separated participants receiving benefits | **6b** | 597 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 97 |
| **d** | Subtotal. Add lines **6a(2)**, **6b**, and **6c**. | **6d** | 843 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. | **6e** | 336 |
| **f** | Total. Add lines **6d** and **6e**. | **6f** | 1179 |
| **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)

- **(1)** ☐ Insurance
- **(2)** ☐ Code section 412(e)(3) insurance contracts
- **(3)** ☒ Trust
- **(4)** ☐ General assets of the sponsor

**9b** Plan benefit arrangement (check all that apply)

- **(1)** ☐ Insurance
- **(2)** ☐ Code section 412(e)(3) insurance contracts
- **(3)** ☒ Trust
- **(4)** ☐ General assets of the sponsor

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

**a Pension Schedules**

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

**b General Schedules**

- **(1)** ☒ **H** (Financial Information)
- **(2)** ☐ **I** (Financial Information – Small Plan)
- **(3)** ☐ 0 **A** (Insurance Information)
- **(4)** ☐ **C** (Service Provider Information)
- **(5)** ☒ **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 2016 Form M-1 annual report. If the plan was not required to file the 2016 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

**2016**

**This Form is Open to Public Inspection**

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

▶ **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
CWC CASTINGS DIV OF TEXTRON INC HRY-RATED EES' PEN PLAN

**B** Three-digit plan number (PN) ▶ 020

**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 2016

**2** Assets:

| | | |
|---|---|---|
| **a** Market value | **2a** | 75403967 |
| **b** Actuarial value | **2b** | 77452029 |

**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 | 958 | 29877351 | 29877351 |
| **b** For terminated vested participants | 118 | 2130009 | 2130009 |
| **c** For active participants | 160 | 4830455 | 5585269 |
| **d** Total | 1236 | 36837815 | 37592629 |

**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** | 5.98 % |
| **6** Target normal cost | **6** | 507209 |

**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 — Date: 07/26/2017

JOSEPH GRONDIN — Type or print name of actuary

17-06662 — Most recent enrollment number

TOWERS WATSON DELAWARE INC. — Firm name

248-936-7700 — Telephone number (including area code)

26555 EVERGREEN ROAD
SUITE 1600
SOUTHFIELD, MI 48076

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) | 27353465 | 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) | 27353465 | 0 |
| 10 | Interest on line 9 using prior year's actual return of 1.51% | 413037 | 0 |
| 11 | Prior year's excess contributions to be added to prefunding balance: | | |
| | **a** Present value of excess contributions (line 38a from prior year) | | 0 |
| | **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 6.17% | | 0 |
| | **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 | | 0 |
| | **d** Portion of (c) to be added to prefunding balance | | 0 |
| 12 | Other reductions in balances due to elections or deemed elections | 0 | 0 |
| 13 | Balance at beginning of current year (line 9 + line 10 + line 11d – line 12) | 27766502 | 0 |

## Part III Funding Percentages

| | | | |
|---|---|---|---|
| 14 | Funding target attainment percentage | 14 | 132.16% |
| 15 | Adjusted funding target attainment percentage | 15 | 206.02% |
| 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 | 123.73% |
| 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 |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | Totals ► 18(b) | 0 | 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 | 0 |

20 Quarterly contributions and liquidity shortfalls:

**a** Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

**b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ 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 |
|---|---|---|---|
| | | | |

## Part V Assumptions Used to Determine Funding Target and Target Normal Cost

**21** Discount rate:

**a** Segment rates:

| 1st segment: | 2nd segment: | 3rd segment: | |
|---|---|---|---|
| 4.43% | 5.91% | 6.65% | ☐ N/A, full yield curve used |

| | | |
|---|---|---|
| **b** Applicable month (enter code) | **21b** | 4 |
| **22** Weighted average retirement age | **22** | 64 |

**23** Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

## Part VI Miscellaneous Items

| | | |
|---|---|---|
| **24** Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment | | ☐ Yes ☒ No |
| **25** Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment | | ☐ Yes ☒ No |
| **26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment | | ☒ Yes ☐ No |
| **27** If the plan is 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** | 507209 |
| **b** Excess assets, if applicable, but not greater than line 31a | **31b** | 507209 |

**32** Amortization installments:

| | Outstanding Balance | Installment |
|---|---|---|
| **a** Net shortfall amortization installment | 0 | 0 |
| **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** | 0 |
| **34** Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) | **34** | 0 |

| | Carryover balance | Prefunding balance | Total balance |
|---|---|---|---|
| **35** Balances elected for use to offset funding requirement | 0 | 0 | 0 |

| | | |
|---|---|---|
| **36** Additional cash requirement (line 34 minus line 35) | **36** | 0 |
| **37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) | **37** | 0 |
| **38** Present value of excess contributions for current year (see instructions) | | |
| **a** Total (excess, if any, of line 37 over line 36) | **38a** | 0 |
| **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** | |
| **43** Excess installment acceleration amount to be carried over to future plan years | **43** | |

# SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

## DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2016**

**This Form is Open to Public Inspection.**

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

**A** Name of plan
CWC CASTINGS DIV OF TEXTRON INC HRY-RATED EES' PEN PLAN

**B** Three-digit plan number (PN) ▶ 020

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

**D** Employer Identification Number (EIN)
05-0315468

**Part I** **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

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

**b** Name of sponsor of entity listed in (a): TEXTRON, INC.

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 13-3380685-001 | M | 79345264 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

## 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 |
|---|---|

**a** Plan name

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

# SCHEDULE H (Form 5500)

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

**2016**

**This Form is Open to Public Inspection**

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

**A** Name of plan
CWC CASTINGS DIV OF TEXTRON INC HRY-RATED EES' PEN PLAN

**B** Three-digit plan number (PN) ▶ 020

**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) | | |
| **(2)** Participant contributions | 1b(2) | | |
| **(3)** Other | 1b(3) | 285027 | 0 |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | | |
| **(2)** U.S. Government securities | 1c(2) | | |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | 1c(3)(A) | | |
| **(B)** All other | 1c(3)(B) | | |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | 1c(4)(A) | | |
| **(B)** Common | 1c(4)(B) | | |
| **(5)** Partnership/joint venture interests | 1c(5) | | |
| **(6)** Real estate (other than employer real property) | 1c(6) | | |
| **(7)** Loans (other than to participants) | 1c(7) | | |
| **(8)** Participant loans | 1c(8) | | |
| **(9)** Value of interest in common/collective trusts | 1c(9) | | |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | | |
| **(11)** Value of interest in master trust investment accounts | 1c(11) | 75416107 | 79345264 |
| **(12)** Value of interest in 103-12 investment entities | 1c(12) | | |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | 1c(13) | | |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | | |

| | | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|---|
| **1d** | Employer-related investments: | | | |
| | **(1)** Employer securities | 1d(1) | | |
| | **(2)** Employer real property | 1d(2) | | |
| **e** | Buildings and other property used in plan operation | 1e | | |
| **f** | Total assets (add all amounts in lines 1a through 1e) | 1f | 75701134 | 79345264 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | | |
| **h** | Operating payables | 1h | 93853 | 119824 |
| **i** | Acquisition indebtedness | 1i | | |
| **j** | Other liabilities | 1j | | |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | 93853 | 119824 |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 75607281 | 79225440 |

## 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) | | |
| | **(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) | | 0 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | | |
| | **(B)** U.S. Government securities | 2b(1)(B) | | |
| | **(C)** Corporate debt instruments | 2b(1)(C) | | |
| | **(D)** Loans (other than to participants) | 2b(1)(D) | | |
| | **(E)** Participant loans | 2b(1)(E) | | |
| | **(F)** Other | 2b(1)(F) | | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 0 |
| | **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | | |
| | **(B)** Common stock | 2b(2)(B) | | |
| | **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 0 |
| | **(3)** Rents | 2b(3) | | |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | | |
| | **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | 0 |
| | **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | 2b(5)(A) | | |
| | **(B)** Other | 2b(5)(B) | | |
| | **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | 0 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| (6) Net investment gain (loss) from common/collective trusts | 2b(6) | | |
| (7) Net investment gain (loss) from pooled separate accounts | 2b(7) | | |
| (8) Net investment gain (loss) from master trust investment accounts | 2b(8) | | 7307537 |
| (9) Net investment gain (loss) from 103-12 investment entities | 2b(9) | | |
| (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | |
| c Other income | 2c | | |
| d Total income. Add all **income** amounts in column (b) and enter total | 2d | | 7307537 |
| **Expenses** | | | |
| e Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 3689378 | |
| (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) | | 3689378 |
| f Corrective distributions (see instructions) | 2f | | |
| g Certain deemed distributions of participant loans (see instructions) | 2g | | |
| h Interest expense | 2h | | |
| i Administrative expenses: (1) Professional fees | 2i(1) | | |
| (2) Contract administrator fees | 2i(2) | | |
| (3) Investment advisory and management fees | 2i(3) | | |
| (4) Other | 2i(4) | | |
| (5) Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 0 |
| j Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 3689378 |
| **Net Income and Reconciliation** | | | |
| k Net income (loss). Subtract line **2j** from line **2d** | 2k | | 3618159 |
| l Transfers of assets: | | | |
| (1) To this plan | 2l(1) | | |
| (2) From this plan | 2l(2) | | |

## Part III Accountant's Opinion

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

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

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

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

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

**(1)** Name: ERNST & YOUNG LLP **(2)** EIN: 34-6565596

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

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

## Part IV Compliance Questions

**4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 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 | | 19275858 |
| 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 | | | |
| o | Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service? | 4o | | | |

**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) |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**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
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 4004268. (See instructions.)

## Part V Trust Information

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

| **6c** Name of trustee or custodian | **6d** Trustee's or custodian's telephone number |
|---|---|
| | |

# 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 sections 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

**2016**

**This Form is Open to Public Inspection.**

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

**A** Name of plan
CWC CASTINGS DIV OF TEXTRON INC HRY-RATED EES' PEN PLAN

**B** Three-digit plan number (PN) ▶ 020

**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** 0

## 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: 45.3 % Investment-Grade Debt: 24.6 % High-Yield Debt: 0.7 % Real Estate: 11.5 % Other: 17.9 %

**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):

## Part VII IRS Compliance Questions

| | |
|---|---|
| **20a** Is the plan a 401(k) plan? If "No," skip b | ☐ Yes ☐ No |
| **20b** How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply: | ☐ Design-based safe harbor ☐ "Prior year" ADP test ☐ "Current year" ADP test ☐ N/A |
| **21a** What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply: | ☐ Ratio percentage test ☐ Average benefit test ☐ N/A |
| **21b** Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules? | ☐ Yes ☐ No |

**22a** If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter ____/____/____ and the serial number _____.

**22b** If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter ____/____/____.

# FINANCIAL STATEMENTS

Textron Automotive Functional Components
CWC Division, a Division of Textron Inc.
Hourly-Rated Employees' Pension Plan
Years Ended December 31, 2016 and 2015

Textron Automotive Functional Components
CWC Division, a Division of Textron Inc.
Hourly-Rated Employees' Pension Plan

Financial Statements

Years Ended December 31, 2016 and 2015

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Ernst & Young LLP
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40 Westminster Street
Providence, RI 02903

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ey.com

# Report of Independent Auditors

Textron Inc.
Plan Sponsor
Textron Automotive Functional Components
CWC Division, a Division of Textron Inc.
Hourly-Rated Employees' Pension Plan

We have audited the accompanying financial statements of Textron Automotive Functional Components CWC Division, a Division of Textron Inc. Hourly-Rated Employees' Pension Plan, which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, 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 conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Textron Automotive Functional Components CWC Division, a Division of Textron Inc. Hourly-Rated Employees' Pension Plan at December 31, 2016, and the changes in its net assets available for benefits for the year then ended, and the financial status of Textron Automotive Functional Components CWC Division, a Division of Textron Inc. Hourly-Rated Employees' Pension Plan at December 31, 2015, and the changes in its financial status for the year then ended, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

October 6, 2017

Textron Automotive Functional Components
CWC Division, a Division of Textron Inc.
Hourly-Rated Employees' Pension Plan

## Statements of Net Assets Available for Benefits

| | December 31 | |
|---|---|---|
| | **2016** | **2015** |
| **Assets** | | |
| Investment in the Textron Master Trust Fund, at fair value *(Note 5)* | **$79,345,264** | $ 75,416,107 |
| Prepaid benefit payments | **-** | 285,027 |
| Total assets | **79,345,264** | 75,701,134 |
| **Liabilities** | | |
| Accrued administrative expense | **119,824** | 93,853 |
| Net assets available for benefits | **$79,225,440** | $ 75,607,281 |

*See accompanying notes.*

Textron Automotive Functional Components
CWC Division, a Division of Textron Inc.
Hourly-Rated Employees' Pension Plan

Statements of Changes in Net Assets Available for Benefits

| | Year Ended December 31 | |
|---|---|---|
| | **2016** | **2015** |
| **Additions** | | |
| Equity in net earnings of the Textron Master Trust Fund *(Note 5)* | **$7,307,537** | $ 842,373 |
| **Deductions** | | |
| Benefit payments | **3,689,378** | 3,575,139 |
| Net increase (decrease) | **3,618,159** | (2,732,766) |
| Net assets available for benefits at beginning of year | **75,607,281** | 78,340,047 |
| Net assets available for benefits at end of year | **$ 79,225,440** | $ 75,607,281 |

*See accompanying notes.*

Textron Automotive Functional Components
CWC Division, a Division of Textron Inc.
Hourly-Rated Employees' Pension Plan

Notes to Financial Statements

December 31, 2016

## 1. Description of the Plan

The Textron Automotive Functional Components CWC Division, a Division of Textron Inc. Hourly-Rated Employees' Pension Plan (the Plan) is a noncontributory defined benefit pension plan covering all eligible hourly employees represented by Local No. 539 of the International Union, UAW, Aerospace and Agricultural Implement Workers of America at Textron Inc.'s CWC division in Muskegon, Michigan, and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). For a description of the Plan, refer to the Plan document, which is available at the human resources office of Textron Inc. (Textron).

Beginning on April 10, 2011, the Plan was closed to new participants. This change does not impact employees or retirees currently in the Plan.

### Basis of Accounting

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

### Benefit Payments

Benefit payments to participants are recorded when paid.

## 2. Significant Accounting Policies

### Valuation of Investments

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

Investments in public securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the Plan year. Public fixed income securities are also priced in this manner, assuming the bonds trade on the last business day. However, if the bond does not trade, the price is determined by third-party pricing services that consider such

**2. Significant Accounting Policies (continued)**

factors as reported prices and extent of trading activity in similar investments, quality ratings, maturity date, call provisions, and other factors in determining fair value.

Commingled trust funds are valued at the net asset value established by the trustee of the commingled fund, which is generally based on the fair value of the underlying assets. There are no redemption restrictions on these investments.

Private security (limited partnerships) valuations are provided on a quarterly basis by the investment managers, general partners, or external valuation services to the Trustee. These valuations take into consideration factors such as investment type, reported prices, extent of trading activity in similar investments, company fundamentals, quality ratings, maturity date, call provisions, and changes in economic conditions relating to the investment. During the period between the date of the valuation and the pricing date cash flows are reported to and updated by the Trustee.

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

Hedge fund investment funds invest in a portfolio of funds that are not publicly traded and are managed by various portfolio managers. They are valued on the basis of the most recent price or valuation provided by the fund manager. The hedge fund investments can be redeemed quarterly with advance notice. There were no restrictions on redeeming the investments at December 31, 2016, although the hedge fund manager could restrict redemptions in the future.

**Income Recognition**

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

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

**2. Significant Accounting Policies (continued)**

**Actuarial Present Value of Accumulated Plan Benefits**

Accumulated plan benefits (Note 9) are those estimated future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to services rendered by the employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries and (b) present employees or their beneficiaries. Benefits for retired or terminated employees or their beneficiaries are based on a formula, as defined in the Plan documents, and years of credited service. Benefits payable under all circumstances – retirement, death, disability, and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date. The accumulated plan benefit information is presented at the beginning of each Plan year.

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

**Administrative Expenses**

Administrative expenses consist of investment advisor fees, actuarial fees, custodial fees, Pension Benefit Guaranty Corporation (PBGC) premiums, consulting fees, legal fees, auditing fees, and other professional services fees. During 2016 and 2015, Textron paid a portion of these fees on behalf of the Plan in accordance with the Plan document.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**New Accounting Pronouncement**

In 2016, the Plan adopted Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which removed the requirement to categorize within the fair value hierarchy investments for which fair value is measured using the net asset value per share practical expedient. All changes were applied retrospectively.

**2. Significant Accounting Policies (continued)**

In 2016, the Plan also adopted ASU No. 2015-12, *Plan Accounting: (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, and (Part III) Measurement Date Practical Expedient.* Part I eliminates the requirement to measure and present the fair value of fully benefit-responsive investment contracts. Contract value is the only required measure for these investments. Part II eliminates the requirements to disclose individual investments that represent 5% or more of net assets available for benefits and the net appreciation or depreciation in fair value of investment by general type. It also simplifies the level of disaggregation of investments that are measured using fair value from disaggregation by nature, characteristics, and risks to disaggregation by general type. Parts I and III are not applicable to the Plan. Part II was applied retrospectively.

In February 2017, the Financial Accounting Standards Board (FASB) issued ASU 2017-06, *Employee Benefit Plan Master Trust Reporting*. For each master trust in which a plan holds an interest, ASU 2017-06 requires a plan's interest in that master trust and any change in that interest to be presented in separate line items on the statement of net assets available for benefits and in the statement of changes in net assets available for benefits, respectively. Further, ASU 2017-06 removes the requirement to disclose the percentage interest in the master trust for plans with divided interests and requires that all plans disclose the dollar amount of their interest in each of the master trust's general type of investments, which supplements the existing requirements to disclose the master trust's balances in each general type of investments. ASU 2017-06 also requires plans to disclose (1) their master trust's other asset and liability balances and (2) the dollar amount of the plan's interest in each of those balances. The standard is effective for fiscal periods beginning after December 15, 2018, with retrospective application to all periods presented. Early application is permitted. Management has not elected to adopt the standard early.

**Subsequent Events**

Management evaluated subsequent events for the Plan through October 6, 2017, the date the financial statements were available to be issued.

**3. Funding Policy**

Textron contributes amounts sufficient to meet minimum funding requirements as set forth in employee benefit and tax law, plus such additional amounts, if any, as we may determine in our sole discretion to be appropriate. The Plan has met the ERISA minimum funding requirements for 2016 and 2015.

**4. Plan Termination**

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

**5. Investment in the Textron Master Trust Fund**

The investments of the Plan are held in the Master Trust, which also holds the assets of other Textron-sponsored pension plans. The Plan is administered under the terms of a Master Trust Agreement, dated March 1, 2011, with BNY Mellon. Investment income and changes in unrealized gain or loss on investments of the Master Trust are allocated monthly among the participating plans in proportion to the adjusted market value of the Master Trust attributable to each plan, as determined by BNY Mellon. The adjusted market value is calculated by adding to the market value at the end of the previous period the contributions and income received for each plan during the period and subtracting benefit payments and expenses for each plan during the period. On this basis, 1.27% and 1.25% of the Master Trust's net assets were attributed to the Plan as of December 31, 2016 and 2015, respectively.

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

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

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

| | 2016 | 2015 |
|---|---|---|
| Investments in securities: | | |
| Common stock | **$ 1,871,929,713** | $ 2,053,548,282 |
| Exchange traded funds | **224,947,027** | 11,063,895 |
| Government bonds | **580,117,388** | 718,378,136 |
| Corporate bonds | **802,105,755** | 842,966,373 |
| Mutual funds | **249,781,420** | 250,801,883 |
| Short-term investment funds | **153,157,485** | 165,867,214 |
| Investments in partnerships, real estate and other: | | |
| Commingled funds | **865,232,938** | 594,568,021 |
| Private equity partnerships | **525,734,166** | 435,696,705 |
| Real estate | **738,640,630** | 705,683,515 |
| Hedge funds | **253,409,270** | 250,750,613 |
| Total investments | **6,265,055,792** | 6,029,324,637 |
| Interest and dividends receivable | **16,712,003** | 17,192,365 |
| Net payable for security purchases | **(11,121,140)** | (8,069,630) |
| | **$ 6,270,646,655** | $ 6,038,447,372 |

The investments of the Master Trust (including investments bought, sold, and held during the year) appreciated by $454,999,467 in 2016 and depreciated by $66,296,210 in 2015. During 2016 and 2015, interest and dividend income earned by the Master Trust was $124,390,525 and $127,101,010 respectively. Other income for 2016 and 2015 was $45,982,827 and $48,273,984 respectively.

Included in the net earnings of the Master Trust were the Plan's share of administrative expenses of $548,563 and $508,194 for 2016 and 2015, respectively.

Certain Master Trust investments require additional capital commitments. The callable commitments associated with real estate and private equity partnerships amounted to $80,782,515 and $403,220,343, respectively, at December 31, 2016.

**6. Fair Value Measurements**

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

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

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

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

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

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

**6. Fair Value Measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Trust's assets carried at fair value as of December 31, 2016.

| | Level 1 | Level 2 | Level 3 | Not Subject to Leveling |
|---|---|---|---|---|
| Common stock: | **$1,870,535,817** | $**1,393,896** | $ – | $ – |
| Exchange traded funds: | **224,947,027** | – | – | – |
| Government bonds: | **362,537,300** | **217,580,088** | – | – |
| Corporate bonds: | – | **802,105,755** | – | – |
| Mutual funds | **249,781,420** | – | – | – |
| Short-term investment funds | **279,703** | **1,678,848** | – | **151,198,934** |
| Commingled funds: | – | **10,171,000** | – | – |
| Asset-backed debt securities | – | – | – | **100,244,291** |
| Domestic equity securities | – | – | – | **465,751,360** |
| International equity securities | – | – | – | **289,066,287** |
| Private equity partnerships | – | – | – | **525,734,166** |
| Real estate | – | – | **494,360,851** | **244,279,779** |
| Hedge funds | – | – | – | **253,409,270** |
| Total assets at fair value | **$2,708,081,267** | **$1,032,929,587** | **$ 494,360,851** | **$2,029,684,087** |

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets carried at fair value as of December 31, 2015:

| | Level 1 | Level 2 | Level 3 | Not Subject to Leveling |
|---|---|---|---|---|
| Common stock: | $2,053,548,282 | $ – | $ – | $ – |
| Exchange traded funds: | 11,063,895 | – | – | – |
| Government bonds: | 433,823,531 | 284,554,605 | – | – |
| Corporate bonds: | – | 842,966,373 | – | – |
| Short-term investment funds | – | – | – | 165,867,214 |
| Commingled funds: | – | – | – | – |
| Domestic equity securities | – | – | – | 448,604,466 |
| International equity securities | – | – | – | 145,963,555 |
| Mutual funds | 250,801,883 | – | – | – |
| Private equity partnerships | – | – | – | 435,696,705 |
| Real estate | – | – | 436,255,357 | 269,428,158 |
| Hedge funds | – | – | – | 250,750,613 |
| Total assets at fair value | $2,749,237,591 | $1,127,520,978 | $ 436,255,357 | $1,716,310,711 |

**6. Fair Value Measurements (continued)**

The table below sets forth a summary of changes in the fair value of the Master Trust's Level 3 assets for the year ended December 31, 2016:

| | **Real Estate** |
|---|---|
| Balance, beginning of year | **$ 436,255,357** |
| Unrealized gains (losses) relating to instruments still held at the reporting date | **5,916,551** |
| Realized gains (losses) | **9,802,253** |
| Purchases | **85,340,213** |
| Sales | **(42,953,523)** |
| Balance, end of year | **$ 494,360,851** |

The table below sets forth a summary of changes in the fair value of the Master Trust's Level 3 assets for the year ended December 31, 2015:

| | **Real Estate** |
|---|---|
| Balance, beginning of year | $ 435,512,363 |
| Unrealized gains (losses) relating to instruments still held at the reporting date | 46,221,810 |
| Realized gains (losses) | (16,530,266) |
| Purchases | 37,335,450 |
| Sales | (66,284,000) |
| Balance, end of year | $ 436,255,357 |

**6. Fair Value Measurements (continued)**

**Valuation Methodologies Used for Assets Measured at Fair Value**

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

Short term investment funds primarily consist of cash, which is swept nightly into an institutional equivalent of a money market fund, for which the cash earns interest. These investments are valued at their cost basis plus accrued interest. The accrued interest is an observable input, but is not quoted on an active market. Therefore, we have classified these assets as Level 2 measurements. Some short term investment funds are valued using net asset value (NAV) as a practical expedient and, therefore, aren't subject to leveling.

Government bonds include bonds issued by various government entities, such as FNMA, FHLMC, and the U.S. Treasury, as well as a small number of municipalities. Corporate bonds include debt issued by corporate entities. U.S. Treasury bonds are traded and quoted on an active market and are valued at their quoted market price. These investments are classified as Level 1. Government Agency bonds, Municipal bonds, and Corporate bonds are traded using brokers which make the market, and price the bonds using published historical transactions for similar securities and a matrix pricing model. These inputs are observable, although the investments are not quoted on an active market. Therefore, we have classified these assets as Level 2 measurements.

Common collective trusts, or commingled funds, are not quoted on an active market. The objective is to maintain a diversified portfolio of publicly traded securities which seek to achieve long term capital appreciation. These investments can generally be liquidated within several business days. Common collective trusts are valued using NAV as a practical expedient and, therefore, aren't subject to leveling.

Private investment partnerships represent interests in funds which invest in equity, debt and other financial assets. These funds are generally not publicly traded so the interests therein are valued using income and market methods that include cash flow projections and market multiples for various comparable investments. Real estate includes owned properties and limited partnership interests in real estate partnerships. Owned properties are valued using certified appraisals at least every three years that are updated at least annually by the real estate investment manager based on current market trends and other available information. These appraisals generally use the standard methods for valuing real estate, including forecasting income and identifying current transactions for comparable real estate to arrive at a fair value. Limited partnership interests in real estate partnerships are valued similarly to private investment partnerships, with the general partner using standard real estate valuation methods to value the real estate properties and securities held within their portfolios. The Plan is generally unable to liquidate these

**6. Fair Value Measurements (continued)**

investments during the term of the partnership or fund, which range from 10 to 15 years. Real estate partnerships and private investment partnerships are valued using NAV as a practical expedient and, therefore, aren't subject to leveling within the fair value hierarchy.

Hedge funds represent an investment in a diversified fund of hedge funds of which Textron is the sole investor. The fund of hedge funds seeks to achieve long term capital appreciation and low volatility through investments in a portfolio of funds that are not publicly traded and are managed by various portfolio managers. Investments in portfolio funds are typically valued on the basis of the most recent price or valuation provided by the relevant fund's administrator. The administrator for the fund of hedge funds aggregates these valuations with the other assets and liabilities to calculate the NAV of the fund of hedge funds. These investments are valued using NAV as a practical expedient and, therefore, aren't subject to leveling.

Derivatives in the Plan are primarily used to manage risk and gain asset class exposure while still maintaining liquidity. Derivative instruments consist of equity futures and currency forward contracts. At year end 2016, the net notional amounts of equity futures and currency forwards were approximately $324 million and $238 million, respectively. At year end 2015, the net notional amounts of equity futures and currency forwards were approximately $330 million and $189, respectively.

**7. Risks and Uncertainties**

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

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

**8. Income Tax Status**

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated September 2, 2014, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and therefore the related trust and Master Trust are exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and therefore believes that the Plan, as amended, is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States require plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2016, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**9. Accumulated Plan Benefits**

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

The accumulated plan benefit information, as of December 31, 2015, is as follows:

| | |
|---|---|
| Actuarial present value of accumulated plan benefits: | |
| Vested benefits: | |
| Participants currently receiving payments | $27,048,183 |
| Other participants | 5,665,960 |
| Total vested benefits | 32,714,143 |
| Nonvested benefits | 589,479 |
| Total actuarial present value of accumulated plan benefits | $33,303,622 |

**9. Accumulated Plan Benefits (continued)**

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

| | |
|---|---|
| Actuarial present value of accumulated plan benefits at December 31, 2014 | $ 34,534,678 |
| Increase (decrease) during the year attributed to: | |
| Increase for interest due to the decrease in the discount period | 2,557,444 |
| Benefits accumulated | 244,819 |
| Actuarial gains | (523,352) |
| Benefits paid | (3,560,428) |
| Plan amendments | 50,461 |
| Actuarial present value of accumulated plan benefits at December 31, 2015 | $ 33,303,622 |

Significant assumptions underlying the actuarial computations are as follows:

| | |
|---|---|
| Assumed rate of return on investments | 7.75% for 2015 valuation. |
| Mortality | 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 in 2020. |
| Retirement | Weighted-average age of 64 |

These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits. The actuary estimated the accumulated benefit as of January 1, 2015 and 2016. There have been no significant changes to the Plan that would have changed the valuation had they been performed as of December 31, 2014 and 2015.

| | |
|---|---|
| **Plan Name** | **CWC Castings Division of Textron Inc Hourly-Rated Employee's Pension Plan** |
| **Plan Sponsor EIN** | **05-0315468** |
| **ERISA Plan #** | **020** |
| **Plan Year Ending** | **12/31/2016** |

**The required attachment marked with an "X" in the Attachment column is included within the "Signed Schedule MB or Schedule SB" attachment to Schedule SB location which consists of the entire Schedule SB and its attachments.**

| Form / Schedule | Line# | Description | Attachment Title (if different from Description) | Attach-ment |
|---|---|---|---|---|
| **5500 Sch. SB** | **None** | Statement by Enrolled Actuary | | **X** |
| **5500 Sch. SB** | **Line 27** | Actuarial Information Based on Pre-PPA Funding Rules | | |
| **5500 Sch. SB** | **Line E** | Information for Each Individual Employer | | |
| **5500 Sch. SB** | **Line 4** | Additional Information for Plans in At-Risk Status | | |
| **5500 Sch. SB** | **Line 7** | Explanation of Discrepancy in Prior Year Funding Standard Carryover Balance or Prefunding | | |
| **5500 Sch. SB** | **Line 8** | Late Election to Apply Balances to Quarterly Installments | | |
| **5500 Sch. SB** | **Line 9** | Explanation of Credit Balance Discrepancy | | |
| **5500 Sch. SB** | **Line 18** | Contributions Made to the Plan for the Plan Year | | |
| **5500 Sch. SB** | **Line 19** | Discounted Employer Contributions | | |
| **5500 Sch. SB** | **Line 20c** | Liquidity Requirement Certification | | |
| **5500 Sch. SB** | **Line 22** | Description of Weighted Average Retirement Age | | **X** |
| **5500 Sch. SB** | **Line 23** | Information on Use of Multiple Mortality Tables | | |
| **5500 Sch. SB** | **Line 23** | Information on Use of Substitute Mortality Tables | | |
| **5500 Sch. SB** | **Line 23** | Statement of Actuarial Assumptions/Methods | | **X** |
| **5500 Sch. SB** | **Part V** | Summary of Plan Provisions | | **X** |
| **5500 Sch. SB** | **Line 24** | Change in Actuarial Assumptions | | |
| **5500 Sch. SB** | **Line 25** | Change in Method | | |
| **5500 Sch. SB** | **Line 26** | Schedule of Active Participant Data | | **X** |
| **5500 Sch. SB** | **Line 27** | Balances Subject to Binding Agreement with PBGC | | |
| **5500 Sch. SB** | **Line 27** | Alternative 17-Year Funding Schedule of Airlines | | |
| **5500 Sch. SB** | **Line 32** | Schedule of Amortization Bases | | |
| **5500 Sch. SB** | | Other Attachment [Enter Description] | | |

| | |
|---|---|
| **Plan Name** | **CWC Castings Division of Textron Inc Hourly-Rated Employee's Pension Plan** |
| **Plan Sponsor EIN** | **05-0315468** |
| **ERISA Plan #** | **020** |
| **Plan Year Ending** | **12/31/2016** |

**The required attachment marked with an "X" in the Attachment column is included within the "Signed Schedule MB or Schedule SB" attachment to Schedule SB location which consists of the entire Schedule SB and its attachments.**

| Form / Schedule | Line# | Description | Attachment Title (if different from Description) | Attach-ment |
|---|---|---|---|---|
| **5500 Sch. SB** | **None** | Statement by Enrolled Actuary | | **X** |
| **5500 Sch. SB** | **Line 27** | Actuarial Information Based on Pre-PPA Funding Rules | | |
| **5500 Sch. SB** | **Line E** | Information for Each Individual Employer | | |
| **5500 Sch. SB** | **Line 4** | Additional Information for Plans in At-Risk Status | | |
| **5500 Sch. SB** | **Line 7** | Explanation of Discrepancy in Prior Year Funding Standard Carryover Balance or Prefunding | | |
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| **5500 Sch. SB** | **Line 19** | Discounted Employer Contributions | | |
| **5500 Sch. SB** | **Line 20c** | Liquidity Requirement Certification | | |
| **5500 Sch. SB** | **Line 22** | Description of Weighted Average Retirement Age | | **X** |
| **5500 Sch. SB** | **Line 23** | Information on Use of Multiple Mortality Tables | | |
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| **5500 Sch. SB** | **Line 27** | Balances Subject to Binding Agreement with PBGC | | |
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| **5500 Sch. SB** | **Line 32** | Schedule of Amortization Bases | | |
| **5500 Sch. SB** | | Other Attachment [Enter Description] | | |

# 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

**2016**

**This Form is Open to Public Inspection**

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

▶ **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
CWC CASTINGS DIV OF TEXTRON INC HRY-RATED EES' PEN PLAN

**B** Three-digit plan number (PN) ▶ 020

**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 2016

**2** Assets:

| | | |
|---|---|---|
| **a** Market value | **2a** | 75,403,967 |
| **b** Actuarial value | **2b** | 77,452,029 |

**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 | 958 | 29,877,351 | 29,877,351 |
| **b** For terminated vested participants | 118 | 2,130,009 | 2,130,009 |
| **c** For active participants | 160 | 4,830,455 | 5,585,269 |
| **d** Total | 1,236 | 36,837,815 | 37,592,629 |

**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** | 5.98% |
| **6** Target normal cost | **6** | 507,209 |

**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

7/26/17.
Date

JOSEPH GRONDIN
Type or print name of actuary

1706662
Most recent enrollment number

TOWERS WATSON DELAWARE INC.
Firm name

248-936-7700
Telephone number (including area code)

26555 EVERGREEN ROAD
SUITE 1600
SOUTHFIELD MI 48076
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) | 27,353,465 | 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) | 27,353,465 | 0 |
| 10 | Interest on line 9 using prior year's actual return of 1.51% | 413,037 | 0 |
| 11 | Prior year's excess contributions to be added to prefunding balance: | | |
| | a Present value of excess contributions (line 38a from prior year) | | 0 |
| | 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 6.17% | | 0 |
| | 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 | | 0 |
| | d Portion of (c) to be added to prefunding balance | | 0 |
| 12 | Other reductions in balances due to elections or deemed elections | 0 | 0 |
| 13 | Balance at beginning of current year (line 9 + line 10 + line 11d – line 12) | 27,766,502 | 0 |

## Part III Funding Percentages

| | | | |
|---|---|---|---|
| 14 | Funding target attainment percentage | 14 | 132.16% |
| 15 | Adjusted funding target attainment percentage | 15 | 206.02% |
| 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 | 123.73% |
| 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 |
|---|---|---|---|---|---|
| | | | | | |
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| | | | | | |
| | | | Totals ► 18(b) | 0 | 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 | 0 |

20 Quarterly contributions and liquidity shortfalls:

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

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [ ] 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 |
|---|---|---|---|
| | | | |

## Part V Assumptions Used to Determine Funding Target and Target Normal Cost

**21** Discount rate:

**a** Segment rates:

| 1st segment: | 2nd segment: | 3rd segment: | ☐ N/A, full yield curve used |
|---|---|---|---|
| 4.43 % | 5.91 % | 6.65% | |

| | | |
|---|---|---|
| **b** Applicable month (enter code) | 21b | 4 |
| **22** Weighted average retirement age | 22 | 64 |

**23** Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

## Part VI Miscellaneous Items

| | | |
|---|---|---|
| **24** Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment | | ☐ Yes ☒ No |
| **25** Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment | | ☐ Yes ☒ No |
| **26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment | | ☒ Yes ☐ No |
| **27** If the plan is 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 | 507,209 |
| **b** Excess assets, if applicable, but not greater than line 31a | 31b | 507,209 |

| **32** Amortization installments: | Outstanding Balance | Installment |
|---|---|---|
| **a** Net shortfall amortization installment | 0 | 0 |
| **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 | 0 |
| **34** Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) | 34 | 0 |

| | Carryover balance | Prefunding balance | Total balance |
|---|---|---|---|
| **35** Balances elected for use to offset funding requirement | 0 | 0 | 0 |

| | | |
|---|---|---|
| **36** Additional cash requirement (line 34 minus line 35) | 36 | 0 |
| **37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) | 37 | 0 |
| **38** Present value of excess contributions for current year (see instructions) | | |
| **a** Total (excess, if any, of line 37 over line 36) | 38a | 0 |
| **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 | |
| **43** Excess installment acceleration amount to be carried over to future plan years | 43 | |

# SCHEDULE SB ATTACHMENTS

## Schedule SB – Statement by Enrolled Actuary

| | |
|---|---|
| **Plan Sponsor** | Textron Inc. |
| **EIN/PN** | 05-0315468/020 |
| **Plan Name** | CWC Castings Division of Textron Inc. Hourly-Rated Employees' Pension Plan |
| **Valuation Date** | January 1, 2016 |
| **Enrolled Actuary** | Joseph Grondin |
| **Enrollment Number** | 17-06662 |

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

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

# SCHEDULE SB ATTACHMENTS

## Schedule SB, Line 22
## Description of Weighted Average Retirement Age
## as of January 1, 2016

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

# SCHEDULE SB ATTACHMENTS

## Schedule SB, Line 26
## Schedule of Active Participant Data as of January 1, 2016[1]

| Attained Age | Years of Credited Service | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Under 1 | | 1 to 4 | | 5 to 9 | | 10 to 14 | | 15 to 19 | | 20 to 24 | | 25 to 29 | | 30 to 34 | | 35 to 39 | | 40 & Over | |
| | No. | Avg. Comp. | No. | Avg. Comp. | No. | Avg. Comp. | No. | Avg. Comp. | No. | Avg. Comp. | No. | Avg. Comp. | No. | Avg. Comp. | No. | Avg. Comp. | No. | Avg. Comp. | No. | Avg. Comp. |
| Under 25 | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| 25 - 29 | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| 30 - 34 | 0 | | 3 | | 4 | | 2 | | 1 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| 35 - 39 | 0 | | 1 | | 1 | | 4 | | 7 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| 40 - 44 | 0 | | 3 | | 3 | | 9 | | 4 | | 2 | | 0 | | 0 | | 0 | | 0 | |
| 45 - 49 | 0 | | 1 | | 2 | | 9 | | 8 | | 2 | | 0 | | 0 | | 0 | | 0 | |
| 50 - 54 | 0 | | 2 | | 5 | | 11 | | 7 | | 2 | | 0 | | 0 | | 0 | | 0 | |
| 55 - 59 | 0 | | 3 | | 3 | | 5 | | 11 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| 60 - 64 | 0 | | 2 | | 1 | | 2 | | 5 | | 1 | | 3 | | 0 | | 1 | | 0 | |
| 65 - 69 | 0 | | 0 | | 1 | | 2 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| 70 & Over | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 1 | |

[1] Does not include participants on leave or transferred participants as of January 1, 2016

Plan Name: CWC Castings Division of Textron Inc. Hourly-Rated Employees' Pension Plan
EIN / PN: 05-0315468 / 020
Plan Sponsor: Textron Inc.
Valuation Date: January 1, 2016

# SCHEDULE SB ATTACHMENTS

## Schedule SB, Part V – Statement of actuarial assumptions and method

### Economic Assumptions

**Interest rate basis**:

- Applicable month — September
- Interest rate basis — 3-Segment Rates

**Interest rates:**

| | Reflecting Corridors | Not Reflecting Corridors |
|---|---|---|
| First segment rate | 4.43% | 1.34% |
| Second segment rate | 5.91% | 4.03% |
| Third segment rate | 6.65% | 5.06% |
| Effective interest rate | 5.98% | 4.18% |

**Annual rates of increase**

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

**Administrative expenses** — The amount included this year for plan-related expenses is $200,000.

# SCHEDULE SB ATTACHMENTS

## Demographic Assumptions

**Inclusion date**

The valuation date coincident with or next following the date on which the employee is hired.

**New or rehired employees**

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

**Mortality**

Separate rates for non-annuitants (based on RP-2000 "Employees" table without collar or amount adjustments, projected to 2031 using Scale AA***)*** and annuitants (based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2023 using Scale AA).

**Termination**

Rates varying by age.

**Representative Termination Rates**

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

**Disability**

None assumed.

# SCHEDULE SB ATTACHMENTS

**Retirement**

Rates varying by age, average age 64.

For the purposes of determining the Funding Target and Target Normal Cost (both disregarding at-risk assumptions), retirements occur according to the following table, but if age is 55 or greater with 85 points, retirement is immediate; however, in no event later than age 65 with 10 years of service or 92 points.

| Percentage retiring during the year | | | |
|---|---|---|---|
| Age | Rate % | Age | Rate % |
| 55 | 3.0 | 63 | 20.0 |
| 56 | 3.0 | 64 | 15.0 |
| 57 | 3.0 | 65 | 25.0 |
| 58 | 3.0 | 66 | 20.0 |
| 59 | 3.0 | 67 | 20.0 |
| 60 | 6.0 | 68 | 20.0 |
| 61 | 6.0 | 69 | 20.0 |
| 62 | 25.0 | 70 | 100.0 |

**Benefit commencement date:**

- Preretirement death benefit — Upon death of a participant
- Deferred vested benefit — The later of age 55 or termination of employment
- Disability benefit — Upon disablement
- Retirement benefit — Upon termination of employment

**Form of payment** — Participants are assumed to elect the normal form

**Percent married** — 80% of eligible participants. Used to value pre-retirement surviving spouse benefits and in determining the optional forms expected to be elected at commencement.

**Spouse age** — Wife two years younger than husband

# SCHEDULE SB ATTACHMENTS

| | |
|---|---|
| **Timing of benefit payments** | Annuity payments are payable monthly at the beginning of the month and lump sum payments are payable on date of decrement. |

## Methods

| | |
|---|---|
| **Valuation date** | First day of plan year |
| **Funding target** | Present value of accrued benefits as required by regulations under IRC §430. |
| **Target normal cost** | Present value of benefits expected to accrue during the plan year plus plan-related expenses expected to be paid from plan assets during the plan year as required by regulations under IRC §430. |
| **Actuarial value of assets** | Average of the fair market value of assets on the valuation date and 12 and 24 months preceding the valuation date, adjusted for contributions, benefits, administrative expenses and expected earnings (with such expected earnings limited as described in IRS Notice 2009-22). The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the 2015 plan year.)<br><br>The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets. |

# SCHEDULE SB ATTACHMENTS

**Benefits not valued**

All benefits described in the Plan Provisions section of this report were valued based on discussions with Textron regarding the likelihood that these benefits will be paid. Willis Towers Watson has reviewed the plan provisions with Textron and, based on that review, is not aware of any significant benefits required to be valued that were not.

The plan pays small benefits in a single lump sum payment (with a present value of up to $10,000). Such lump sums are not explicitly valued as such; rather, such participant's benefits are valued using the benefit choice assumptions described above.

## Assumptions Rationale - Significant Economic Assumptions

**Discount rate**

The basis chosen was selected by the plan sponsor from among choices prescribed by law, all of which are based on observed market data over certain periods of time.

## Assumptions Rationale - Significant Demographic Assumptions

**Healthy Mortality**

Assumptions used for funding purposes are as prescribed by IRC §430(h).

**Termination**

Termination rates were based on an experience study conducted in 2011, with annual review for changes, if any, that could result in materially different rates in the future.

**Retirement**

Retirement rates were based on an experience study conducted in 2011, with annual review for changes, if any, that could result in materially different rates in the future.

# SCHEDULE SB ATTACHMENTS

| | |
|---|---|
| **Benefit commencement date for deferred benefits:** | |
| ■ Preretirement death benefit | Surviving spouses are assumed to begin benefits at the earliest permitted commencement date because ERISA requires benefits to start then unless the spouse elects to defer. If the spouse elects to defer, actuarial increases from the earliest commencement date must be given, so that a later commencement date is expected to be of approximately equal value, and experience indicates that most spouses do take the benefit as soon as it is available. |
| ■ Deferred vested benefit | Deferred vested participants' assumed commencement age is a single age intended to capture the average age at commencement. The age selected was based on an experience study conducted in 2011. |
| **Form of payment** | The percentage of retiring participants assumed to take joint and survivor annuities, and the assumed survivor percentages, are based on general population statistics regarding marital status and historical election patterns. |
| **Percent married** | The percentage of participants who are assumed to be married is based on general population statistics on the marital status of individuals of retirement age. |
| **Spouse age** | The assumed difference between spouses' ages is based on general population statistics for married individuals of retirement age. |

# SCHEDULE SB ATTACHMENTS

## Source of Prescribed Methods

| | |
|---|---|
| **Funding methods** | The methods used for funding purposes as described in Appendix A, including the method of determining plan assets, are "prescribed methods set by law", as defined in the actuarial standards of practice (ASOPs). These methods are required by IRC §430, or were selected by the plan sponsor from a range of methods permitted by IRC §430. |

## Changes in Assumptions and Methods

| | |
|---|---|
| **Change in assumptions since prior valuation** | The segment interest rates used to calculate the funding target and target normal cost were updated to the current valuation date as required by IRC 430.<br><br>The mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvement, as required by IRC 430. |
| **Change in methods since prior valuation** | None |

# SCHEDULE SB ATTACHMENTS

## Schedule SB, Part V: Summary of principal plan provisions

### Plan Provisions

**Covered employees**

All persons covered by the Collective Bargaining Agreement between CWC Castings Division of Textron and Local No. 539 of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW).

**Participation date**

The plan was closed to new entrants effective April 10, 2011.

### Definitions

**Vesting service**

An employee earns one year of vesting service for each calendar year of 1,000 or more hours of service, subject to a minimum of the pension service earned for that year.

**Pension service**

A participant earns one year of service toward benefit accrual if working or compensated for 1,700 (or more) hours per calendar year, reduced pro-rata to the nearest 1/10$^{th}$ year for less than 1,700 hours.

**Hours of service**

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

**Normal retirement date (NRD)**

First of month coinciding with or next following the attainment of age 65 with five years of vesting service.

**Monthly pension benefit**

Monthly benefit is equal to the monthly benefit rate according to the schedule below per year of pension service.

| Monthly Benefit Rate | Effective for Termination On or After |
|---|---|
| $25.50 | July 1, 2004 |
| 27.00 | July 1, 2005 |
| 27.75 | July 1, 2006 |
| 28.50 | July 1, 2007 |
| 33.50 | April 1, 2008 |
| 36.50 | April 10, 2011 |
| 39.50 | June 1, 2014 |
| 40.00 | June 1, 2015 |
| 40.50 | June 1, 2016 |

# SCHEDULE SB ATTACHMENTS

**Supplemental allowance**

A participant who retires prior to age 62 and has attained age 55 with 10 years of pension service, or age 55 with 85 points, or completed 30 years of pension service or is entitled to a disability pension and has less than 30 years of pension service shall receive a supplemental benefit. If the employee has at least 30 years of pension service, the monthly supplement is the amount necessary to increase the total monthly benefit to $1,500.

For employees retiring with less than 30 years of pension service, the monthly supplemental amount is the employee's pension service times the appropriate factor below:

| Age | Factor |
|---|---|
| 55 | $3.50 |
| 56 | 4.30 |
| 57 | 5.10 |
| 58 | 5.90 |
| 59 | 6.70 |
| 60 | 7.50 |
| 61 | 7.50 |

## Eligibility for Benefits

**Normal retirement**

Retirement on NRD

**Early retirement**

Age 55 and 10 years pension service or age 55 and 85 points or 30 years of pension service

**Vested termination**

Termination for reasons other than death or retirement after completing 5 years of vesting service

**Disability**

10 years of pension service and eligible for Social Security disability benefits

**Pre-retirement death**

Upon the death of a participant after 5 years of vesting service

# SCHEDULE SB ATTACHMENTS

## Benefits Paid Upon the Following Events

| | |
|---|---|
| **Normal retirement** | Monthly benefit determined as of NRD |
| **Early retirement** | Accrued normal benefit, reduced according to the table in the plan for each month benefit commencement precedes age 62<br><br>For those employees retiring with 30 years of pension service, the benefit otherwise payable after age 62 is redetermined on the basis of the formula for normal retirement as in effect on the date of retirement, without reduction for early retirement. |
| **Disablement** | Accrued normal benefit payable until the earlier of age 62 or recovery from disability. The disability benefit will be reduced for payments received under Workers' Compensation or any local state, or Federal laws (other than Social Security) for which premiums were paid by the Employer. |
| **Vested termination** | Accrued normal benefit is payable in full at age 65, or reduced for early commencement between the ages of 55 and 65, at the rate of 6/10% per month of commencement before age 65 |
| **Pre-retirement death** | The surviving spouse shall receive a 55% survivor benefit computed as if the participant had terminated employment at date of death (if not prior), survived to earliest retirement age and elected commencement of benefits under the Normal Form of Payment and at that time died |

## Other Plan Provisions

| | |
|---|---|
| **Forms of payment** | Preretirement death benefits are payable only as described above.<br><br>Benefits are paid in the form of a single life annuity, unless married. If married, 95% of the single life annuity (adjusted for differences in age between the employee and spouse) will automatically be payable, with a 55% continuation to the surviving spouse after the retiree's death. The survivor option may be waived only with spousal consent. The benefit reverts to the single life annuity form if the spouse predeceases the participant. |
| **Pension Increases** | None |
| **Plan participants' contributions** | None |

# SCHEDULE SB ATTACHMENTS

| | |
|---|---|
| **Maximum on benefits and pay** | All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are assumed for determining pension cost but not for determining contributions. |

## Future Plan Changes

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

## Changes in Benefits Valued Since Prior Year

Benefit multiplier was increased to $40.50 effective June 1, 2016.

| | |
|---|---|
| **Plan Name** | **CWC Castings Division of Textron Inc Hourly-Rated Employee's Pension Plan** |
| **Plan Sponsor EIN** | **05-0315468** |
| **ERISA Plan #** | **020** |
| **Plan Year Ending** | **12/31/2016** |

**The required attachment marked with an "X" in the Attachment column is included within the "Signed Schedule MB or Schedule SB" attachment to Schedule SB location which consists of the entire Schedule SB and its attachments.**

| Form / Schedule | Line# | Description | Attachment Title (if different from Description) | Attach-ment |
|---|---|---|---|---|
| **5500 Sch. SB** | **None** | Statement by Enrolled Actuary | | **X** |
| **5500 Sch. SB** | **Line 27** | Actuarial Information Based on Pre-PPA Funding Rules | | |
| **5500 Sch. SB** | **Line E** | Information for Each Individual Employer | | |
| **5500 Sch. SB** | **Line 4** | Additional Information for Plans in At-Risk Status | | |
| **5500 Sch. SB** | **Line 7** | Explanation of Discrepancy in Prior Year Funding Standard Carryover Balance or Prefunding | | |
| **5500 Sch. SB** | **Line 8** | Late Election to Apply Balances to Quarterly Installments | | |
| **5500 Sch. SB** | **Line 9** | Explanation of Credit Balance Discrepancy | | |
| **5500 Sch. SB** | **Line 18** | Contributions Made to the Plan for the Plan Year | | |
| **5500 Sch. SB** | **Line 19** | Discounted Employer Contributions | | |
| **5500 Sch. SB** | **Line 20c** | Liquidity Requirement Certification | | |
| **5500 Sch. SB** | **Line 22** | Description of Weighted Average Retirement Age | | **X** |
| **5500 Sch. SB** | **Line 23** | Information on Use of Multiple Mortality Tables | | |
| **5500 Sch. SB** | **Line 23** | Information on Use of Substitute Mortality Tables | | |
| **5500 Sch. SB** | **Line 23** | Statement of Actuarial Assumptions/Methods | | **X** |
| **5500 Sch. SB** | **Part V** | Summary of Plan Provisions | | **X** |
| **5500 Sch. SB** | **Line 24** | Change in Actuarial Assumptions | | |
| **5500 Sch. SB** | **Line 25** | Change in Method | | |
| **5500 Sch. SB** | **Line 26** | Schedule of Active Participant Data | | **X** |
| **5500 Sch. SB** | **Line 27** | Balances Subject to Binding Agreement with PBGC | | |
| **5500 Sch. SB** | **Line 27** | Alternative 17-Year Funding Schedule of Airlines | | |
| **5500 Sch. SB** | **Line 32** | Schedule of Amortization Bases | | |
| **5500 Sch. SB** | | Other Attachment [Enter Description] | | |

| | |
|---|---|
| **Plan Name** | **CWC Castings Division of Textron Inc Hourly-Rated Employee's Pension Plan** |
| **Plan Sponsor EIN** | **05-0315468** |
| **ERISA Plan #** | **020** |
| **Plan Year Ending** | **12/31/2016** |

**The required attachment marked with an "X" in the Attachment column is included within the "Signed Schedule MB or Schedule SB" attachment to Schedule SB location which consists of the entire Schedule SB and its attachments.**

| Form / Schedule | Line# | Description | Attachment Title (if different from Description) | Attach-ment |
|---|---|---|---|---|
| **5500 Sch. SB** | **None** | Statement by Enrolled Actuary | | **X** |
| **5500 Sch. SB** | **Line 27** | Actuarial Information Based on Pre-PPA Funding Rules | | |
| **5500 Sch. SB** | **Line E** | Information for Each Individual Employer | | |
| **5500 Sch. SB** | **Line 4** | Additional Information for Plans in At-Risk Status | | |
| **5500 Sch. SB** | **Line 7** | Explanation of Discrepancy in Prior Year Funding Standard Carryover Balance or Prefunding | | |
| **5500 Sch. SB** | **Line 8** | Late Election to Apply Balances to Quarterly Installments | | |
| **5500 Sch. SB** | **Line 9** | Explanation of Credit Balance Discrepancy | | |
| **5500 Sch. SB** | **Line 18** | Contributions Made to the Plan for the Plan Year | | |
| **5500 Sch. SB** | **Line 19** | Discounted Employer Contributions | | |
| **5500 Sch. SB** | **Line 20c** | Liquidity Requirement Certification | | |
| **5500 Sch. SB** | **Line 22** | Description of Weighted Average Retirement Age | | **X** |
| **5500 Sch. SB** | **Line 23** | Information on Use of Multiple Mortality Tables | | |
| **5500 Sch. SB** | **Line 23** | Information on Use of Substitute Mortality Tables | | |
| **5500 Sch. SB** | **Line 23** | Statement of Actuarial Assumptions/Methods | | **X** |
| **5500 Sch. SB** | **Part V** | Summary of Plan Provisions | | **X** |
| **5500 Sch. SB** | **Line 24** | Change in Actuarial Assumptions | | |
| **5500 Sch. SB** | **Line 25** | Change in Method | | |
| **5500 Sch. SB** | **Line 26** | Schedule of Active Participant Data | | **X** |
| **5500 Sch. SB** | **Line 27** | Balances Subject to Binding Agreement with PBGC | | |
| **5500 Sch. SB** | **Line 27** | Alternative 17-Year Funding Schedule of Airlines | | |
| **5500 Sch. SB** | **Line 32** | Schedule of Amortization Bases | | |
| **5500 Sch. SB** | | Other Attachment [Enter Description] | | |