

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 11-K

**FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS AND SIMILAR PLANS PURSUANT TO
SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

(Mark One):

Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2016

OR

Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission File Number 1-5480

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**TEXTRON SAVINGS PLAN
40 Westminster Street
Providence, Rhode Island 02903**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**TEXTRON INC.
40 Westminster Street
Providence, Rhode Island 02903**

[Table of Contents](#)

REQUIRED INFORMATION

Financial Statements and Exhibits

The following Plan financial statements and schedules prepared in accordance with the financial reporting requirements of the Employee Retirement Income Security Act of 1974 are filed herewith, as permitted by Item 4 of Form 11-K:

Report of Independent Registered Public Accounting Firm

Statements of Net Assets Available for Benefits

Statements of Changes in Net Assets Available for Benefits

Notes to financial statements

Supplemental Schedule:

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

Exhibits:

23.1 - Consent of Independent Auditors

[Table of Contents](#)

Pursuant to the requirements of the Securities Exchange Act of 1934, Textron Inc., as Plan Administrator, has duly caused this Annual Report on Form 11-K to be signed by the undersigned hereunto duly authorized.

TEXTRON INC., as Plan Administrator for the Textron Savings Plan

By: /s/ Mark S. Bamford
Mark S. Bamford
Vice President and Corporate Controller

Date: June 28, 2017

FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE

Textron Savings Plan
Years Ended December 31, 2016 and 2015
With Report of Independent Auditors

Textron Savings Plan
Financial Statements and
Supplemental Schedule

Years Ended December 31, 2016 and 2015

Contents

Report of Independent Registered Public Accounting Firm	3
Audited Financial Statements:	
Statements of Net Assets Available for Benefits	4
Statements of Changes in Net Assets Available for Benefits	5
Notes to Financial Statements	6
Supplemental Schedule:	17
Schedule H, Line 4i, Schedule of Assets (Held at End of Year)	18

Report of Independent Registered Public Accounting Firm

Textron Inc.
Investment Committee
Textron Savings Plan

We have audited the accompanying statements of net assets available for benefits of the Textron Savings Plan as of December 31, 2016 and 2015, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Textron Savings Plan at December 31, 2016 and 2015, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2016, has been subjected to audit procedures performed in conjunction with the audit of the Textron Savings Plan's financial statements. The information in the supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/Ernst & Young LLP

Boston, Massachusetts

June 28, 2017

Textron Savings Plan
Statements of Net Assets Available for Benefits
(In thousands)

	December 31,	
	2016	2015
Assets		
Investments, at fair value	\$ 3,282,595	\$ 3,035,408
Investment contracts, at contract value	357,426	357,750
Total investments	<u>3,640,021</u>	<u>3,393,158</u>
Accrued investment income	442	477
Receivables:		
Employer contributions	34,300	30,318
Employee contributions	5,406	5,067
Notes receivable from participants	75,070	77,643
	<u>114,776</u>	<u>113,028</u>
Total assets	<u>3,755,239</u>	<u>3,506,663</u>
Liabilities		
Accrued expenses	296	207
Net assets available for benefits	<u>\$ 3,754,943</u>	<u>\$ 3,506,456</u>

See accompanying notes.

Textron Savings Plan
Statements of Changes in Net Assets Available for Benefits
(In thousands)

	Year Ended December 31,	
	2016	2015
Additions		
Interest and dividends	\$ 46,403	\$ 52,986
Net appreciation/(depreciation) in value of investments	253,622	(32,504)
	<u>300,025</u>	<u>20,482</u>
Contributions:		
Participants	161,037	159,707
Employer	99,718	94,682
Participant rollovers	6,596	12,331
	<u>267,351</u>	<u>266,720</u>
Transfers from other plans	11,109	7,059
Total additions	<u>578,485</u>	<u>294,261</u>
Deductions		
Benefit payments	328,109	380,491
Administrative and other expenses	1,889	1,724
Total deductions	<u>329,998</u>	<u>382,215</u>
Net increase/(decrease)	248,487	(87,954)
Net assets available for benefits:		
Beginning of year	3,506,456	3,594,410
End of year	<u>\$ 3,754,943</u>	<u>\$ 3,506,456</u>

See accompanying notes.

Textron Savings Plan
Notes to Financial Statements
December 31, 2016

1. Description of Plan

General

The Textron Savings Plan (the Plan) covers all eligible employees of Textron Inc. (Textron), as defined in the Plan. This Plan description includes provisions covering the majority of Plan participants. Certain business and bargaining units have other provisions. The Plan invests in the Textron Stock Fund along with mutual funds, Guaranteed Investment Contracts, Guaranteed Annuity Contracts, Common Collective Trusts and Common Stock. The Plan also offers a brokerage feature. The portion that invests in the Textron Stock Fund is an employee stock ownership plan. The remainder of the Plan is a profit-sharing and 401(k) plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and was amended and restated effective January 1, 2013 to reflect recent statutory, regulatory, and other plan changes.

The Plan is currently administered under the terms of a Trust Agreement, dated December 1, 2004 and amended from time to time, with Fidelity Management Trust Company (the Trustee or Fidelity). Fidelity also serves as the Plan's record keeper.

Investment Options

Participants may elect to direct their employee contributions to the following funds: Fidelity *Contrafund*® Class K, Fidelity Diversified International Fund Class K, Vanguard Institutional Index Fund Institutional Plus, Fidelity Low-Priced Stock Fund Class K, PIMCO Total Return Institutional, Textron Stock Fund, Textron Managed Income Fund, Vanguard Target Retirement Income Trust I and Vanguard Target Retirement Trust I (with various targeted retirement dates).

Also the Plan offers a self-directed brokerage feature, called Fidelity BrokerageLink, which gives participants expanded investment choices by enabling them to select from numerous investment and individual securities that are not otherwise available under the Plan. The values of investments purchased through the Fidelity BrokerageLink were \$94,006,096 and \$73,763,500 as of December 31, 2016 and December 31, 2015, respectively.

As of March 31, 2016, the Plan was amended to add an additional investment option. The new option is the State Street Real Asset Non-Lending Series Fund Class C.

Contributions

Participants of the Plan are entitled to elect to contribute up to 40% of their eligible compensation, within the limits prescribed by Section 401(k) of the Internal Revenue Code (the Code). Certain participants may also contribute amounts representing distributions from other qualified employer retirement plans. Participants' pre-tax and after-tax contributions, which are matched 50% on the first 10% of contributions to a max of 5% of eligible compensation by Textron subject to certain ERISA restrictions and plan limits, are recorded when Textron makes payroll deductions from participants' wages.

Textron Savings Plan
Notes to Financial Statements
December 31, 2016

1. Description of Plan (continued)

Eligible employees are subject to automatic enrollment on the 60th day after their date of hire, if they have not specifically elected to be excluded from the Plan. The automatic enrollment is for 3% of eligible compensation per pay period. An employee who is automatically enrolled may elect to change or suspend their enrollment in the Plan at any time.

Since 2009, Textron has closed most of its defined benefit pension plans to new participants. When new hires join Textron locations that were formerly defined benefit pension eligible locations, these employees are eligible to receive an additional retirement cash contribution to their Plan account of either 2% or 4% (depending on employee status) of their eligible compensation. These discretionary contributions vest in accordance with the vesting schedule below. The contributions are deposited in the participant account by the end of the first quarter of the following plan year. The amount of the discretionary funding paid in 2017 for the 2016 plan year was \$32,186,722 and the amount paid in 2016 for the 2015 plan year was \$28,333,422. The discretionary contribution is in addition to the matching contribution of 50% on the first 10% up to a max of 5%. These contributions are not considered part of the vested balance eligible for participant loans.

There is also a Retirement Supplement Contribution provided to eligible covered employees at specified locations. For these individuals, Textron will contribute 1% of eligible compensation on a per-pay period basis, whether or not the individual contributes to the Plan. Contributions from employees who receive a retirement supplement are matched 100% up to 4% of eligible salary by Textron subject to certain ERISA restrictions and plan limits, and are recorded when Textron makes payroll deductions from participants' wages. Participants eligible for the retirement supplement are not eligible for the 50% match up to 5% in the Textron Stock Fund. The amount of the discretionary funding paid related to the 2016 and 2015 plan year for the supplemental contribution was less than \$50,000 in both years.

Participants who are at least age 50 or who will reach age 50 during the year, are allowed to make additional employee pre-tax contributions (catch-up contributions), above the otherwise applicable limits. In accordance with limits under the federal tax laws, catch-up contributions cannot exceed \$6,000 in 2016 and \$6,000 in 2015. After that, the limit may be adjusted from time to time by the U.S. Internal Revenue Service, to reflect inflation. Catch-up contributions are not eligible for Company matching contributions.

Textron makes contributions to the Plan based on actual contribution levels. All forfeitures arising out of a participant's termination of employment for reasons other than retirement, disability or death are used to reduce future Textron contributions. At December 31, 2016 and 2015, forfeitures totaled \$468,645 and \$839,427, respectively. Forfeitures used during the years ended December 31, 2016 and 2015 to offset the Company match were \$5,963,903 and \$6,322,907, respectively.

Employer matching contributions are made in the form of Textron Stock and invested in the Textron Stock Fund. Employees have the ability to subsequently reallocate matching contributions among any of the investment options offered in the Plan with no restrictions.

Textron Savings Plan
Notes to Financial Statements
December 31, 2016

1. Description of Plan (continued)**Transfers from Other Plans**

On January 21, 2016, Textron acquired Able Engineering & Component Services Inc. (Able) and Able Aerospace Inc. As a result, the Able Engineering & Component Services, Inc. 401(k) Profit Sharing Plan (Able Plan) was frozen on July 1, 2016, the date on which employees of Able were eligible to participate in the Plan. The Able Plan merged into the Plan and assets of \$11.1 million were transferred into the Plan from the Able Plan on September 1, 2016.

During 2015, four 401(k) savings plans operated by acquired companies were merged into the Plan, with assets totaling \$7.1 million transferred into the Plan.

On March 11, 2016, Textron acquired Airborne Tactical Advantage Company (ATAC). As a result, the ATAC, LLC Retirement Plan was frozen on December 21, 2016 and the employees of ATAC were eligible for participation in the Plan on January 1, 2017. Assets of \$3.5 million were transferred into the Plan from the ATAC, LLC Retirement Plan on June 1, 2017.

Benefits

In the event a participant ceases to be an employee or becomes totally disabled while employed, all of his or her account, to the extent then vested, shall become distributable. Distributions are in the form of cash unless Textron stock is requested. An account will be distributed in a single payment if the value of the account is less than \$5,000 when the account first becomes distributable. If the value of the account is \$5,000 or more when the account first becomes distributable, a participant is not required to take a distribution immediately. A participant is always vested in the portions of his or her account attributable to his or her own contributions and compensation deferrals. The Plan provides for full vesting of a participant's account in the event of his or her termination of employment, other than for cause, within two years after a change in control of Textron.

Vesting

Textron's contributions vest based on the length of service in the Plan as follows:

Months of Service	Vested Percentage
24 months but less than 36 months	25%
36 months but less than 48 months	50%
48 months but less than 60 months	75%
60 months or more	100%

Participant Accounts

A separate account is maintained for each participant and is increased by (a) the participant's contributions and compensation deferrals, (b) Textron's matching contribution, and any additional

Textron Savings Plan
Notes to Financial Statements
December 31, 2016

1. Description of Plan (continued)

discretionary contributions made by Textron, including any retirement supplement contributions and (c) plan income (loss), and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances as defined. The participant is entitled to the vested amount in the account.

Notes Receivable from Participants

Active participants, not including directors or executive officers as determined by the plan administrator, are permitted to take up to two loans at a time and may borrow a minimum of \$1,000 up to a maximum of the lesser of one-half of their vested balance or \$50,000, less the participant's highest outstanding loan balance during the 12-month period preceding the new loan request. Interest is charged at a rate of Reuters Prime Rate plus 1%, as of the first business day of the month. A fee is charged to the participant to cover the cost of administration. The loan terms may range from one to five years and are repaid primarily through automatic payroll deductions.

Plan Termination

Textron has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. Textron has not expressed any intent to terminate the Plan. In the event of Plan termination, participants will become 100 percent vested in their accounts.

Basis of Accounting

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

2. Significant Accounting Policies

New Accounting Pronouncements

In 2016, we adopted 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.

In 2016, we 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

Textron Savings Plan
Notes to Financial Statements
December 31, 2016

2. Significant Accounting Policies (continued)

measured using fair value from disaggregation by nature, characteristics, and risks to disaggregation by general type. Part III is not applicable to the Plan. Parts I and II were applied retrospectively.

Fair Values of Assets

In accordance with the provisions of ASC 820, *Fair Value Measurement*, fair value is measured at 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. Assumptions that market participants would use in pricing the asset or liability (the “inputs”) are prioritized into a three-tier fair value hierarchy. This fair value hierarchy gives the highest priority (Level 1) to quoted prices in active markets for identical assets or liabilities and the lowest priority (Level 3) to unobservable inputs in which little or no market data exists, requiring companies to develop their own assumptions.

Observable inputs that do not meet the criteria of Level 1, which include quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets and liabilities in markets that are not active, are categorized as Level 2. Level 3 inputs are those that reflect Plan estimates about the assumptions market participants would use in pricing the asset or liability, based on the best information available in the circumstances. Valuation techniques for assets and liabilities measured using Level 3 inputs may include methodologies such as the market approach, the income approach or the cost approach, and may use unobservable inputs such as projections, estimates and management’s interpretation of current market data. These unobservable inputs are only utilized to the extent that observable inputs are not available or cost-effective to obtain. There were no transfers between Levels 1, 2 and 3 in 2016 or 2015.

Textron Savings Plan
Notes to Financial Statements
December 31, 2016

2. Significant Accounting Policies (continued)

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The tables below present the assets and liabilities measured at fair value on a recurring basis categorized by the level of inputs used in the valuation of each asset and liability.

December 31, 2016				
(In millions)	Level 1	Level 2	Level 3	Not Subject to Leveling
Textron Stock Fund	\$ 1,061,626	\$ —	\$ —	\$ —
Mutual Funds	1,133,305	—	—	—
Blended Debt and Equity Common Collective Trust Funds	—	—	—	965,859
BrokerageLink	94,060	—	—	—
Cash held by managed income fund	2,079	—	—	—
Domestic Debt Common Collective Trust Funds held by the managed income fund	—	—	—	25,666
Total assets	\$ 2,291,070	\$ —	\$ —	\$ 991,525

December 31, 2015				
(In millions)	Level 1	Level 2	Level 3	Not Subject to Leveling
Textron stock fund	\$ 996,804	\$ —	\$ —	\$ —
Mutual funds	1,100,989	—	—	—
Blended debt and equity common collective trust funds	—	—	—	843,611
BrokerageLink	73,764	—	—	—
Domestic debt common collective trust funds held by the managed income fund	—	—	—	20,240
Total assets	\$ 2,171,557	\$ —	\$ —	\$ 863,851

The Textron Stock Fund consists solely of Textron stock, which is valued at its quoted market price, and is considered a Level 1 investment. BrokerageLink includes Common Stock valued at each company's quoted market price, and is also considered a Level 1 investment.

Mutual Funds consist of groups of investments, which may include equity securities, debt securities or other mutual funds. The underlying investments are valued primarily using quoted market prices in active markets (Level 1) and significant other observable inputs (Level

2. Significant Accounting Policies (continued)

2), but the mutual funds themselves are quoted in an active market, and as a result, they are considered Level 1 investments.

The Common Collective Trust Funds (CCTs) are groups of investments similar to mutual funds. The collective trusts are not quoted in an active market. The fair value of these investments has been estimated using the net asset value per share.

The CCT investments have the following objectives for investees:

(a) Blended debt and equity — This category includes securities in a diversified mix of stocks, bonds and short-term investments within one investment option. In general, these funds are age-based and allocate investments between equities and fixed income based on target retirement date.

(b) Domestic debt, held in the Managed Income Fund — This category includes investments in diversified fixed income securities designed to provide capital preservation and income over a short to intermediate time frame. These securities have an associated wrap contract.

The Managed Income Fund includes an equity wash restriction on movement to competing funds for 90 days.

Investment Valuation and Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Guaranteed Investment Contracts, Group Annuity Contracts, and Synthetic Guaranteed Investment Contracts in the Managed Income Fund

The Textron Managed Income Fund invests in a variety of stable value products, including traditional Guaranteed Investment Contracts (GICs), Group Annuity Contracts (GACs) and synthetic GICs, in addition to Common Collective Trust Funds.

The GICs, GACs, and Synthetic GICs represent fully benefit-responsive investments and, therefore, are reported at contract value. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value represents contributions made under the contract plus interest at the crediting rate payable under such contract less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. The issuers guarantee that all qualified participant withdrawals will be at contract value (principal plus accrued interest). There are currently no reserves against contract values for credit risk of the contract issuers or otherwise.

2. Significant Accounting Policies (continued)

Certain events limit the ability of the Plan to transact at contract value with an issuer. In addition to certain Synthetic GIC termination provisions discussed below, such contracts generally provide for withdrawals associated with certain events which are not in the ordinary course of Plan operations. These withdrawals are paid with a market value adjustment applied to the withdrawal as defined in the investment contract. Each contract issuer specifies the events which may trigger a market value adjustment; however, such events include the following: material amendments to the Fund's structure or administration; changes to the participating plans' competing investment options including the elimination of equity wash provisions; complete or partial termination of the Fund, including a merger with another fund; the failure of the Fund to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA; the redemption of all or a portion of the interests in the Fund held by a participating plan at the direction of the participating plan sponsor, including withdrawals due to the removal of a specifically identifiable group of employees from coverage under the participating plan (such as a group layoff or early retirement incentive program), the closing or sale of a subsidiary, employing unit, or affiliate, the bankruptcy or insolvency of a plan sponsor, the merger of the plan with another plan, or the plan sponsor's establishment of another tax qualified defined contribution plan; any change in law, regulation, ruling, administrative or judicial position, or accounting requirement, applicable to the Fund or participating plans; the delivery of any communication to plan participants designed to influence a participant not to invest in the Fund.

At this time, the Fund does not believe that the occurrence of any such market value event, which would limit the Fund's ability to transact at contract value with participants, is probable.

In addition, Synthetic GICs and GACs typically provide for an adjustment to contract value if a security that is part of the underlying assets defaults or otherwise becomes impaired as defined in the wrap contract. In the event of an impairment, generally contract value is decreased by the amortized cost of the impaired security and, if such security is subsequently sold, contract value is increased by the amount of such sales proceeds.

GICs generally do not permit issuers to terminate the agreement prior to the scheduled maturity date. Synthetic GICs generally are evergreen contracts that contain termination provisions. The termination provisions of Synthetic GICs permit the fund's investment manager or issuer to terminate upon notice at any time at market value and provide for automatic termination of the Synthetic GIC if the contract value or market value of the contract equals zero. The issuer is not excused from paying the excess contract value when the market value equals zero. Synthetic GICs that permit the issuer to terminate at market value generally provide that the fund may elect to convert such termination to an Amortization Election as described below. In addition, if the fund defaults in its obligations or representations under the agreement (including non-compliance with investment guidelines governing the underlying assets, or the issuer's determination that the agreement constitutes a nonexempt prohibited transaction as defined under ERISA) and such default is not cured within any applicable cure period, then the Synthetic GIC may be terminated by the issuer and the fund will receive the market value as of the date of termination. Also, generally Synthetic GICs permit the issuer or investment manager to elect at any time to convert the wrapped portfolio to a declining

Textron Savings Plan
Notes to Financial Statements
December 31, 2016

2. Significant Accounting Policies (continued)

duration strategy whereby the contract would terminate at a date which corresponds to the duration of the underlying fixed income portfolio on the date of the amortization election (Amortization Election). After the effective date of an Amortization Election, the fixed income portfolio must conform to the guidelines agreed upon by the wrap issuer and the investment manager for the Amortization Election period. Such guidelines are intended to result in contract value equaling market value of the wrapped portfolio by such termination date. Synthetic GICs and GAC's also define certain other termination events that permit the issuer to terminate the contract at market value. Termination events typically include the following:

(i) termination or replacement of the investment adviser without the issuer's consent, (ii) the Plan or its trust is fully or partially terminated or fails to be exempt from federal income taxation, (iii) the plan merges with another plan, (iv) if a security is sold or subject to a lien other than as permitted under the contract, (v) the contract holder engages in fraud or other action that materially and adversely affects the risk profile of the contract, (vi) if there is any change in law, regulation, ruling, or accounting requirement applicable to the Plan or Fund that could cause substantial withdrawals from the Fund, (vii) performance of the issuer's obligations under the contract becomes illegal, (viii) the bankruptcy of the Fund, Trust or investment advisor, or (ix) the level of impaired securities as defined in the contract exceeds an agreed upon amount of the portfolio.

Total contract value of each type of investment contract is as follows:

	Year Ended December 31,	
	2016	2015
	(In thousands)	
Guaranteed Investment Contracts	\$ 5,021	\$ 17,286
Group Annuity Contracts	117,654	115,881
Security-backed investment contracts (synthetic GICs)	234,751	224,583
	<u>\$ 357,426</u>	<u>\$ 357,750</u>

Notes Receivable from Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2016 or 2015. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Benefit Payments

Benefits are recorded when paid.

Textron Savings Plan
Notes to Financial Statements
December 31, 2016

2. Significant Accounting Policies (continued)

Administrative Expenses

Administrative and other fees paid by the Plan are allocated as follows:

- Fees associated with in-service withdrawals, distributions and loans are charged directly to the associated participant account.
- Fees with respect to each investment fund are charged against the investment returns of those investment funds and allocated on a pro-rata basis to participants who invest in those investment funds.
- Expenses associated with qualified domestic relations orders are charged directly to the related participant account.
- Expenses associated with operating the Plan, such as recordkeeping fees, legal fees, consulting fees, transfer fees, annuity fees, annual reporting fees, claims processing fees, cost of supplies and similar fees, are charged directly or allocated on a pro rata basis to the participant accounts.

Use of Estimates

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

3. Related-Party Transactions

The Plan holds shares of mutual funds managed by Fidelity Management Trust Company, the trustee of the plan. The Plan also invests in shares of Textron's common stock. At December 31, 2016 and 2015, 21,862,142 and 23,727,774 shares of Textron's common stock were held by the Plan, respectively, with a fair value of \$1,061,625,606 and \$996,803,798, respectively. Dividend income recorded by the Plan for Textron's common stock for the years ended December 31, 2016 and 2015 was \$1,868,304 and \$1,941,181, respectively. These transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transaction rules under ERISA.

4. Risks and Uncertainties

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

Textron Savings Plan
Notes to Financial Statements
December 31, 2016

5. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated December 5, 2014, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code and, therefore, the related trust is 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 the Plan 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 impact of a tax position is 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. The Plan is no longer subject to income tax examinations for years prior to 2013.

6. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2016 and 2015 to the Form 5500:

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
Net assets available for benefits per the financial statements	\$ 3,754,943	\$ 3,506,456
Add: Adjustment from fair value to contract value for fully benefit-responsive contracts	—	(196)
Net assets available for benefits per the Form 5500	<u>\$ 3,754,943</u>	<u>\$ 3,506,260</u>

The following is a reconciliation of total additions per the financial statements to total income per the Form 5500 for the year ended December 31, 2016:

	<u>2016</u>
Net increase/(decrease) in Net Assets Available for Benefits	\$ 248,487
Add: Adjustment from fair value to contract value for fully benefit-responsive investment contracts at December 31, 2015	196
Total loss per the Form 5500	<u>\$ 248,683</u>

Textron Savings Plan
Employer Identification Number 05-0315468
Plan Number 030

Schedule H, Line 4i, Schedule of Assets (Held at End of Year)
(In thousands)

December 31, 2016

Identity of Issue	Description of Investments, Including Rate of Interest or Number of Shares/Units	Current Value
Textron Stock Fund*	21,862	\$ 1,061,626
Mutual Funds:		
Fidelity Low-Price Stock Fund - Class K*	4,360	215,529
Fidelity <i>Contrafund</i> Class K*	2,188	215,217
Fidelity Diversified International Fund - Class K*	3,558	118,247
PIMCO Total Return Institutional	14,408	144,510
Vanguard Institutional Index Fund — Institutional Plus	2,158	439,802
Total Mutual Funds		<u>1,133,305</u>
Common Collective Trust Funds (outside of Textron Managed Income Fund)		
Vanguard Target Retirement Trust I Commingled Pool Income Fund	559	26,368
Vanguard Target Retirement Trust I Commingled Pool 2010	307	13,929
Vanguard Target Retirement Trust I Commingled Pool 2015	1,153	53,073
Vanguard Target Retirement Trust I Commingled Pool 2020	3,235	150,297
Vanguard Target Retirement Trust I Commingled Pool 2025	3,940	181,235
Vanguard Target Retirement Trust I Commingled Pool 2030	3,251	148,640
Vanguard Target Retirement Trust I Commingled Pool 2035	2,577	118,688
Vanguard Target Retirement Trust I Commingled Pool 2040	2,425	113,701
Vanguard Target Retirement Trust I Commingled Pool 2045	1,349	63,105
Vanguard Target Retirement Trust I Commingled Pool 2050	1,144	53,823
Vanguard Target Retirement Trust I Commingled Pool 2055	472	27,097
Vanguard Target Retirement Trust I Commingled Pool 2060	468	14,104
State Street Real Asset Non-Lending Series Fund Class C	163	1,799
Total Common Collective Trusts (outside Textron Managed Income Fund)		<u>965,859</u>

Textron Savings Plan
Employer Identification Number 05-0315468
Plan Number 030

Schedule H, Line 4i, Schedule of Assets (Held at End of Year) (continued)
(In thousands)

December 31, 2016

Identity of Issue	Description of Investments, Including Rate of Interest or Number of Shares/Units	Current Value
Guaranteed Investment Contracts (in Managed Income Fund):		
Metropolitan Life Insurance Co. - Matures 04/01/19	1.75%	5,021
Total Guaranteed Investment Contracts (in Managed Income Fund)		5,021
Group Annuity Contracts (in Managed Income Fund):		
Metropolitan Life Insurance Co (Account # 771)	2.09%	47,905
Metropolitan Life Insurance Co (Account # 690)	2.09%	69,749
Total Group Annuity Contracts (in Managed Income Fund)		117,654
Security-backed (Synthetic) Investment Contracts (in Managed Income Fund):		
Prudential Insurance Company (Fixed Income Fund F)	2.01%	59,051
Prudential Insurance Company (Fixed Income Fund N)	2.01%	56,676
Voya Retirement Insurance and Annuity Co (Fixed Income Fund F)	2.10%	33,141
Voya Retirement Insurance and Annuity Co (Fixed Income Fund E)	2.10%	28,557
Voya Retirement Insurance and Annuity Co (Fixed Income Fund L)	2.10%	57,326
Total Security-backed (Synthetic) Investment Contracts Fund (in Managed Income Fund):		234,751
Common Collective Trust Funds (in Managed Income Fund):		
Wells Fargo Stable Value Fund W	1.91%	462
Wells Fargo/BlackRock Short Term Investment Fund	0.83%	25,204
Total Common Collective Trust Funds (in Managed Income Fund)		25,666
Self-directed brokerage accounts		
		94,006
Cash (in self-directed brokerage account)		54
Cash (in managed income fund)		2,079
Notes receivable from participants	3.25% to 11%	75,070
		\$ 3,715,091

* Indicates party-in-interest to the Plan

Note: Cost information has not been provided because all investments are participant directed.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333- 197690) pertaining to the Textron Savings Plan of Textron Inc. of our report dated June 28, 2017, with respect to the financial statements and schedule of the Textron Savings Plan included in this Annual Report (Form 11K) for the year ended December 31, 2016.

/s/ Ernst & Young LLP
Boston, Massachusetts
June 28, 2017
