

# TEXTRON INC

## FORM 8-K (Current report filing)

Filed 01/23/09 for the Period Ending 01/23/09

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Telephone	4014212800
CIK	0000217346
Symbol	TXT
SIC Code	6162 - Mortgage Bankers and Loan Correspondents
Fiscal Year	01/02

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): January 16, 2009

**TEXTRON INC.**

(Exact name of Registrant as specified in its charter)

Delaware  
(State of  
Incorporation)

I-5480  
(Commission File Number)

05-0315468  
(IRS Employer  
Identification Number)

40 Westminster Street, Providence, Rhode Island 02903  
(Address of principal executive offices)

Registrant's telephone number, including area code: (401) 421-2800

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 5.02**            **Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

(b), (c)    On January 16, 2009, the Board of Directors of Textron Inc. (“Textron”) appointed Scott C. Donnelly to the position of President, effective immediately. Mr. Donnelly will also continue in his role as Chief Operating Officer of Textron as he has since he joined Textron in June 2008.

In view of the appointment of Mr. Donnelly, Lewis B. Campbell has relinquished the title of President, effective January 16, 2009. Mr. Campbell will continue in his role as Chairman and Chief Executive Officer of Textron.

Reference is made to Textron’s Current Report on Form 8-K filed on June 30, 2008 for Mr. Donnelly’s biographical information and for information regarding his compensation arrangements. In addition, as a result of his appointment to the position of President, his base salary was increased from \$850,000 to \$935,000 per year, and he will also receive a one-time grant of cash-settled restricted stock units valued at \$1 million which will vest in equal installments over the next three years and will receive dividend equivalent payments on a quarterly basis prior to vesting.

(e)    On January 23, 2009, the Organization and Compensation Committee of the Board of Directors of Textron approved the design of the annual and long-term incentive compensation program for 2009 with respect to Textron’s executive officers, including grant levels under these arrangements for such executive officers as well as the mix of grant type and the type of metrics to be used for performance goals for such executive officers for 2009 and for the 2009-2011 performance share unit cycle. Other than as described herein, awards of stock options, restricted stock units and performance share units operate on substantially the same terms as those granted in prior years.

Incentive payments to executive officers for 2009 under the Textron Inc. Short-Term Incentive Plan (As amended and restated effective July 25, 2007) will be based on the following:

- Achieving earnings per share target: 45%
- Achieving enterprise return on invested capital target: 25%
- Achieving workforce diversity target: 5%
- Achieving cash efficiency target: 25%

Target payouts for the named executive officers range from 65% to 100% of the executive’s base salary, and the maximum payout on these components, regardless of how much the targets are exceeded, will be 200%.

For 2009 awards under the Textron Inc. 2007 Long-Term Incentive Plan (amended and restated as of May 1, 2007), as amended, the mix of grant types will be redistributed such that 15% of the grant value for each executive officer will be awards in the form of stock options, 30% in the form of restricted stock units and 55% in the form of performance share units. Restricted stock units awarded in 2009 to executive officers will be settled in cash upon vesting. These awards will also receive dividend equivalent payments on a quarterly basis prior to vesting.

In addition, performance share units granted for the 2009-2011 cycle will be based 50% on achievement of earnings per share targets, 25% on enterprise return on invested capital targets and 25% on cash efficiency targets. The Committee will set the targets for each factor annually to ensure that targets are appropriate for the economic conditions during each year of the performance cycle. The maximum payout on performance share units will be 150%.

**Item 9.01**            **Financial Statements and Exhibits**

(d) Exhibits

The following exhibits are filed herewith:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Objectives for Executive Officers under Textron Inc. Short-Term Incentive Plan.
99.2	Performance Factors for Executive Officers for Performance Share Units under Textron Inc. 2007 Long-Term Incentive Plan.



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TEXTRON INC.  
(Registrant)

Date: January 23, 2009

By: /s/ John D. Butler  
John D. Butler  
Executive Vice President Administration and Chief Human Resources Officer



**Objectives for Executive Officers Under  
Textron Inc. Short-Term Incentive Plan**

Under the Textron Inc. Short-Term Incentive Plan, target annual incentive payments for Executive Officers are approved by the Organization and Compensation Committee (the "Committee") of the Board of Directors. The targets for Executive Officers can range from 65% to 100% of the Executive Officer's base salary. The amount actually paid generally can range from zero, if the threshold level of actual performance relating to target performance objectives is not achieved, to no more than twice the target award level. Payouts are made in cash following review and certification of performance results by the Committee.

The target performance objectives for Executive Officers are set by the Committee, and generally include such targets as achieving earnings per share, cash efficiency, enterprise return on invested capital, specified leadership behaviors, including financial goals and strategic and business objectives such as six sigma, customer growth, talent development, supply chain, information technology and compliance goals, and a specified workforce diversity target.



**Performance Factors for Executive Officers for Performance Share Units  
under Textron Inc. 2007 Long-Term Incentive Plan**

Under the Performance Share Unit Plan for Textron Employees, participants are awarded a number of performance share units that are payable in cash at the end of the respective three-year performance cycle. The payout is determined by multiplying the number of performance share units earned by the then current market value of Textron common stock at the end of the performance period. The number of performance share units earned by Executive Officers at the end of the three-year performance cycle is determined by the Organization and Compensation Committee (the "Committee") of the Board of Directors, and are based on factors for each cycle determined by the Committee. The Committee will set the targets for each factor annually to ensure that targets are appropriate for the economic conditions during each year of the performance cycle. Such factors generally include earnings per share ("EPS"), cash efficiency, and enterprise return on invested capital ("ROIC").

Failure to attain a minimum EPS performance level will result in the failure to earn any performance share units related to the EPS portion of the award with respect to the related year. Attainment between the minimum and maximum EPS targets will result in earning a portion of the performance share units related to the EPS portion of the award as defined by a pre-established mathematical formula. The Committee may determine an award less than that determined by the formula but may not determine an award more than that derived by the formula.

The cash efficiency metric for the performance share units will work similarly to the EPS metric, provided that no performance share units will be earned unless a minimum level of performance is achieved and a portion of the units will be earned if performance is between the minimum and maximum according to a mathematical formula.

With respect to the ROIC target, failure to achieve enterprise-wide ROIC above the weighted average cost of capital ("WACC") over the performance period will result in no performance share units earned related to the ROIC portion of the award. ROIC between WACC and the maximum target will result in earning a portion of the performance share units related to the ROIC metric using a pre-established mathematical formula.

Participants have an opportunity to earn up to 150% of each metric or portion of the award for achieving performance above the maximum goals set by the O&C Committee

