
**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): December 8, 2006

RAYTHEON COMPANY
(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

1-13699
(Commission File Number)

95-1778500
(IRS Employer
Identification Number)

870 Winter Street, Waltham, Massachusetts 02451
(Address of Principal Executive Offices) (Zip Code)

(781) 522-3000
(Registrant's telephone number, including area code)

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 Instruction 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))
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Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers; Compensatory Arrangements of Certain Officers

(e) Compensatory Arrangements of Certain Officers

Approval of Performance Metrics for the 2007 Results-Based Incentive Program

On December 8, 2006, the Management Development and Compensation Committee (the “Committee”) of the Board of Directors of Raytheon Company (the “Company”) approved the performance metrics for the Company’s 2007 Results-Based Incentive Program (the “2007 RBI Program”). The performance metrics, which are independent of each other and equally weighted, are as follows: bookings, net sales, operating profit, free cash flow and return on invested capital. These metrics and weightings are the same as for the Company’s 2006 RBI Program. A summary of the Company’s RBI Program is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Approval of Performance Metrics for 2007 Long-Term Performance Plan

The Committee also provided preliminary guidance regarding the three-year performance metrics for the Company’s 2007-2009 Long-Term Performance Plan (the “2007-2009 LTTP”). The proposed three-year performance metrics for the 2007-2009 LTTP, which are independent of each other, and the proposed weighting for each of these metrics are as follows: free cash flow (50%), total shareholder return relative to the Company’s peer group (25%), and return on invested capital (25%). These proposed metrics and weightings are the same as those adopted for the Company’s 2006-2008 LTTP. A summary of the LTTP is attached hereto as Exhibit 10.2 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

- 10.1 Summary of the Raytheon Company Results-Based Incentive Program.
- 10.2 Summary of the Raytheon Company Long-Term Performance 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.

RAYTHEON COMPANY

Date: December 14, 2006

By: /s/ Jay B. Stephens
Jay B. Stephens
Senior Vice President and General Counsel

Summary of Raytheon Company Results-Based Incentive Program

This plan summary describes the Results-Based Incentive Program (the “RBI Program”) for Raytheon Company (the “Company”) key employees, including executive officers.

Plan Objectives:

The RBI Program aligns participants’ efforts on attaining pre-established annual organizational goals and provides participants with an annual cash compensation opportunity that contributes to overall competitive variable pay when performance targets are met.

Plan Overview:

Eligibility: Participation is limited to key employees, including executive officers, who are nominated by management. To be eligible, an employee must be (1) active or on a leave of absence as of December 31 and on the date of payment of awards and (2) not subject to a documented corrective action plan for unsatisfactory performance. A former key employee is eligible to participate on a pro-rated basis if termination was due to retirement, layoff or death. Participation in this plan in a given year does not guarantee a payout of any kind, nor does it guarantee or imply continued employment or future participation.

Incentive Targets: Each participant has the opportunity to earn incentive compensation based upon a pre-established individual target expressed as a percentage of annual base salary, using Company-wide guidelines approved by senior management based upon the level of responsibility of the participating key employee. Senior management makes the final selection of participants and determines individual targets. The Management Development and Compensation Committee (the “Committee”) of the Company’s Board of Directors establishes individual payout targets for each officer of the Company based upon an examination of compensation information compiled by an outside consultant from a peer group of public companies. No award shall be more than 200% of an individual’s incentive target.

Program Performance Cycle: The RBI Program performance cycle is annual, based on the calendar year.

Performance Metrics for Program Funding Pool: Each year, the Committee approves specific performance metrics and weightings for the Company for purposes of establishing the pool of available funds to pay RBI Program awards.

Program/Award Funding: Funding of the RBI Program depends upon the extent to which the performance goals are met by the Company and the business units, as determined by the Committee at the end of the year. In addition to the overall funding level of the RBI Program, individual awards under the program are determined based upon (1) the individual’s target expressed as a percentage of annual base salary, (2) the participant’s achievement of individual performance goals and an assessment of the participant’s performance, and (3) the participant’s period of eligibility for the program.

Award Payout: The Committee then approves payout under individual awards for the officers of the Company, and the Board of Directors approves payout of awards for the named executive officers in the Company’s proxy statement. Management approves payout of all other individual awards based upon the performance goals and the individual’s performance.

Administration: The Committee establishes the RBI Program and is responsible for its administration. The Committee has sole authority over the RBI Program and reserves the right to adjust funding, amend, modify or interpret the RBI Program.

December 8, 2006

Summary of Raytheon Company Long-Term Performance Plan

- The Long-Term Performance Plan (the “LTPP”) is an incentive compensation plan for Raytheon Company (the “Company”) senior executives, including executive officers, designed to promote leadership teamwork toward achieving common performance goals and to foster an effective link between long-term rewards and performance against internal and external goals.
- Each participating senior executive will receive a restricted stock unit award under the LTPP which will entitle the executive to the right to earn shares of the Company’s common stock or cash upon the attainment of the pre-established performance goals over a three-year plan period. The Management Development and Compensation Committee (the “Committee”) of the Company’s Board of Directors will establish individual awards for each executive based upon an examination of compensation information compiled by an outside consultant from a peer group of public companies.
- The Committee approved the following business criteria on which performance goals are based for the LTPP: free cash flow; return on invested capital; bookings; net sales; operating profit; total shareholder return; working capital turnover; and earnings per share. The Committee may choose to measure these criteria relative to an index or comparisons with other peer companies or industry groups, or based solely on our achievement of internal financial metrics.
- The awards may be settled in shares of the Company’s common stock or cash at the discretion of the Committee. The LTPP operates under, and awards are made pursuant to, the Company’s 2001 Stock Plan. All shares to be issued in settlement of awards shall be issued pursuant to the 2001 Stock Plan.
- Each executive will receive an award with a threshold, target and maximum payout. The awards will settle based upon our performance over the cumulative three-year plan period with respect to the stated goals. If the Company’s performance with respect to all three metrics fails to meet the threshold, then the awards will not vest and no payout under the awards will be made. If the Company’s performance with respect to any or all of the three metrics meets or exceeds the threshold, then a varying amount of shares or cash, up to the maximum, may be earned.
- Dividend equivalents will accrue on the restricted stock units and be paid in shares of common stock upon settlement of the awards based upon the number of shares of common stock actually earned pursuant to the award.
- The Committee will review the Company’s performance relative to the applicable metrics and authorize payment in settlement of the awards, if any, after performance results for the three-year performance period are known.

December 8, 2006