

FRANKLIN CHARLES E

Form 4

February 08, 2007

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
FRANKLIN CHARLES E

(Last) (First) (Middle)

870 WINTER STREET

(Street)

WALTHAM, MA 02451

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol
RAYTHEON CO/ [RTN]

3. Date of Earliest Transaction
(Month/Day/Year)
02/06/2007

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

____ Director ____ 10% Owner
____X____ Officer (give title ____ Other (specify
below) below)

Vice President

6. Individual or Joint/Group Filing(Check
Applicable Line)
____X____ Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)	
			Code	V	Amount	(A) or (D)	Price	
Common Stock	02/06/2007		M		7,667	A	\$ 31.815	13,555 D
Common Stock	02/06/2007		M		10,134	A	\$ 32.315	23,689 D
Common Stock	02/06/2007		M		12,000	A	\$ 44.45	35,689 D
Common Stock	02/06/2007		M		8,100	A	\$ 29.48	43,789 D
Common Stock	02/06/2007		M		4,000	A	\$ 31.445	47,789 D

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Common Stock	02/06/2007	S	41,901	D	\$ 54.9162	5,888	D	
Common Stock						4,137 ⁽¹⁾	I	401(k)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount Underlying Security (Instr. 3 and 4)	8. Amount or Number of Underlying Securities
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title
Employee Stock Option	\$ 44.45	02/06/2007		M	4,000	05/13/2003	05/13/2012	Common Stock
Employee Stock Option	\$ 44.45	02/06/2007		M	4,000	05/13/2004	05/13/2012	Common Stock
Employee Stock Option	\$ 44.45	02/06/2007		M	1,751	05/13/2005	05/13/2012	Common Stock
Employee Stock Option	\$ 44.45	02/06/2007		M	2,249	05/13/2005	05/12/2012	Common Stock
Employee Stock Option	\$ 31.445	02/06/2007		M	820	05/14/2006	05/14/2013	Common Stock
Employee Stock Option	\$ 31.445	02/06/2007		M	3,180	05/14/2006	05/13/2013	Common Stock
Performance Stock Option	\$ 31.815	02/06/2007		M	7,667	10/27/2006 ⁽²⁾	01/24/2011	Common Stock
Performance Stock Option	\$ 32.315	02/06/2007		M	10,134	01/03/2007 ⁽³⁾	01/23/2012	Common Stock
Performance Stock Option	\$ 29.48	02/06/2007		M	8,100	09/13/2006 ⁽⁴⁾	01/22/2013	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
FRANKLIN CHARLES E 870 WINTER STREET WALTHAM, MA 02451	Vice President

Signatures

Charles E.
Franklin

02/08/2007

Signature of
Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

The Reporting Person indirectly beneficially owns 4,137 shares of the Issuer's Common Stock based on funds in the Reporting Person's Savings and Investment Plan/Excess Savings Plan Account divided by \$55.23, the closing price of the Issuer's Common Stock on February 6, 2007.

(2) The options become exercisable in three equal installments. The first installment became exercisable on February 28, 2002, upon the Issuer's Common Stock sustaining (for a period of twenty (20) consecutive trading days) a market price of at least \$36.59 per share; the second installment became exercisable on May 29, 2002 upon the Issuer's Common Stock sustaining a market price of at least \$42.08 per share; and the third installment became exercisable on October 27, 2006 upon the Issuer's Common Stock sustaining a market price of at least \$48.39 per share.

(3) The options become exercisable in three equal installments. The first installment became exercisable on May 16, 2002, upon the Issuer's Common Stock sustaining (for a period of twenty (20) consecutive trading days) a market price of at least \$39.10 per share; the second installment became exercisable on May 17, 2006, upon the Issuer's Common Stock sustaining a market price of at least \$44.965 per share; and the third installment became exercisable on January 3, 2007, upon the Issuer's Common Stock sustaining a market price of at least \$51.71 per share.

(4) The options become exercisable in three equal installments. The first installment became exercisable on December 2, 2004, upon the Issuer's Common Stock sustaining (for a period of twenty (20) trading days) a market price of at least \$36.85 per share; the second installment became exercisable on September 13, 2006, upon the Issuer's Common Stock sustaining a market price of at least \$46.063 per share; and the third installment becomes exercisable upon the date that the Issuer's Common Stock sustains a market price of at least \$57.578 per share. Notwithstanding the foregoing vesting schedule, all shares under option shall become exercisable upon the sixth anniversary of the grant date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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