

JOHNSON KENNETH W
Form 4
December 22, 2005

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

OMB APPROVAL

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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

(Print or Type Responses)

1. Name and Address of Reporting Person *
JOHNSON KENNETH W

2. Issuer Name and Ticker or Trading Symbol
CRAY INC [CRAY]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
411 FIRST AVENUE
SOUTH, SUITE 600

(Street)

3. Date of Earliest Transaction (Month/Day/Year)
12/20/2005

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
SENIOR VP & GENERAL COUNSEL

SEATTLE, WA 98104-2860

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

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

(City) (State) (Zip)

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 Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock ⁽¹⁾	12/20/2005		A		100,000	A	\$ 0
Common Stock					186,912 ⁽²⁾	D	
Common Stock					3,476	I	By 401(k) plan
Common Stock					100 ⁽³⁾	I	By spouse
Common Stock					500 ⁽³⁾	I	By daughter
Common Stock					2,600 ⁽⁴⁾	I	By Trustee

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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 Underlying Security (Instr. 3 and 4)
					V	(A)	(D)	Date Exercisable	
Employee Stock Option (Right to Buy) ⁽⁵⁾	\$ 7.8438	12/20/2005		D		57,252	02/01/2001	02/01/2010	Common
Employee Stock Option (Right to Buy) ⁽⁵⁾	\$ 1.49	12/20/2005		A		57,252	12/20/2005	02/01/2010	Common
Employee Stock Option (Right to Buy) ⁽⁵⁾	\$ 7.8438	12/20/2005		D		12,748	02/01/2001	02/01/2010	Common
Employee Stock Option (Right to Buy) ⁽⁵⁾	\$ 1.49	12/20/2005		A		12,748	12/20/2005	02/01/2010	Common
Employee Stock Option (Right to Buy) ⁽⁵⁾	\$ 6.125	12/20/2005		D		23,675	02/03/2000	02/03/2009	Common
Employee Stock Option (Right to Buy) ⁽⁵⁾	\$ 1.49	12/20/2005		A		23,675	12/20/2005	02/03/2009	Common
	\$ 6.125	12/20/2005		D		5,525	02/03/2000	02/03/2009	Common

Employee
Stock
Option
(Right to
Buy) ⁽⁵⁾

Employee
Stock
Option \$ 1.49 12/20/2005 A 5,525 12/20/2005 02/03/2009 Common
(Right to
Buy) ⁽⁵⁾

Employee
Stock
Option \$ 3.95 12/20/2005 D 117,500 08/26/2003 08/26/2012 Common
(Right to
Buy) ⁽⁵⁾

Employee
Stock
Option \$ 1.49 12/20/2005 A 117,500 12/20/2005 08/26/2012 Common
(Right to
Buy) ⁽⁵⁾

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
JOHNSON KENNETH W 411 FIRST AVENUE SOUTH SUITE 600 SEATTLE, WA 98104-2860			SENIOR VP & GENERAL COUNSEL	

Signatures

KENNETH W.
JOHNSON 12/22/2005

 **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).
- (1) Restricted stock award, vests in full on June 30, 2007.
- (2) Includes indicated shares acquired under issuer's Employee Stock Purchase Plan, exempt from reporting under Section 16(a) pursuant to Rule 16-a3(f)(1)(i)(B); 95 shares on 3/15/05; 190 shares on 6/15/05; 293 shares on 9/15/05 and 346 shares on 12/15/05.
- (3) The reporting person disclaims beneficial ownership of all securities by his spouse and daughter, and this report should not be deemed an admission that the reporting person is the beneficial owner of such securities for purposes of Section 26 or for any other purpose.
- (4) Reporting person disclaims beneficial ownership of these shares for which he has voting and dispositive powers as trustee.
- (5)

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These options were repriced with no changes to the other option terms. For Form 4 purposes, the recipient is considered to have received a grant of a new non-qualified stock option upon the surrender of an existing option, as indicated.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.