

CRAY INC
Form 4
August 16, 2006

FORM 4

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

OMB APPROVAL

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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 *
SILVERMAN JAN

(Last) (First) (Middle)
411 FIRST AVENUE S., SUITE 600
(Street)

SEATTLE, WA 98104

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)
08/14/2006

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Senior Vice President

6. Individual or Joint/Group Filing (Check Applicable Line)
 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 <u>(1)</u>	08/14/2006		S		500 D \$ 13.98	37,000	D
Common Stock <u>(1)</u>	08/14/2006		S		2,240 D \$ 13.9775	34,760	D
Common Stock <u>(1)</u>	08/14/2006		S		710 D \$ 13.97	34,050	D
Common Stock <u>(2)</u>	08/14/2006		S		200 D \$ 13.72	33,850	D
Common Stock <u>(2)</u>	08/14/2006		S		100 D \$ 13.7	33,750	D

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Common Stock <u>(2)</u>	08/14/2006	S	800	D	\$ 13.69	32,950	D
Common Stock <u>(2)</u>	08/14/2006	S	100	D	\$ 13.68	32,850	D
Common Stock <u>(2)</u>	08/14/2006	S	100	D	\$ 13.67	32,750	D
Common Stock <u>(2)</u>	08/14/2006	S	800	D	\$ 13.66	31,950	D
Common Stock <u>(2)</u>	08/14/2006	S	100	D	\$ 13.65	31,850	D
Common Stock <u>(2)</u>	08/14/2006	S	300	D	\$ 13.64	31,550	D
Common Stock <u>(2)</u>	08/14/2006	S	300	D	\$ 13.63	31,250	D
Common Stock <u>(2)</u>	08/14/2006	S	100	D	\$ 13.62	31,150	D
Common Stock <u>(2)</u>	08/14/2006	S	300	D	\$ 13.6	30,850	D
Common Stock <u>(2)</u>	08/14/2006	S	100	D	\$ 13.52	30,750	D
Common Stock <u>(2)</u>	08/14/2006	S	200	D	\$ 13.51	30,550	D
Common Stock <u>(2)</u>	08/14/2006	S	100	D	\$ 13.49	30,450	D
Common Stock <u>(2)</u>	08/14/2006	S	300	D	\$ 13.42	30,150	D
Common Stock <u>(2)</u>	08/14/2006	S	200	D	\$ 13.4	29,950	D
Common Stock <u>(2)</u>	08/14/2006	S	867	D	\$ 13.39	29,083	D
Common Stock <u>(2)</u>	08/14/2006	S	533	D	\$ 13.38	28,550	D
Common Stock <u>(2)</u>	08/14/2006	S	499	D	\$ 13.36	28,051	D
Common Stock <u>(2)</u>	08/14/2006	S	1,000	D	\$ 13.35	27,051	D
Common Stock <u>(2)</u>	08/14/2006	S	281	D	\$ 13.34	26,770	D
Common Stock <u>(2)</u>	08/14/2006	S	920	D	\$ 13.33	25,850	D
	08/14/2006	S	300	D	\$ 13.32	25,550	D

Common Stock ⁽²⁾							
Common Stock ⁽²⁾	08/14/2006	S	100	D	\$ 13.31	25,450	D
Common Stock ⁽²⁾	08/14/2006	S	450	D	\$ 13.3	25,000	D
Common Stock ⁽¹⁾	08/16/2006	M	3,450	A	\$ 4.64	28,450	D
Common Stock ⁽²⁾	08/16/2006	M	9,050	A	\$ 4.64	37,500	D

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

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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 (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Options	\$ 4.64	08/16/2006		M	3,450	12/31/2005	11/01/2015	Common	3,450
Employee Options	\$ 4.64	08/16/2006		M	9,050	12/31/2005	11/01/2015	Common	9,050

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
SILVERMAN JAN 411 FIRST AVENUE S., SUITE 600 SEATTLE, WA 98104	Senior Vice President

Signatures

Jan C. Silverman by Kenneth W. Johnson,
Attorney-in-Fact

08/16/2006

__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) Non-qualified stock option.

(2) Incentive stock option.

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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