

JOHNSON KENNETH W  
Form 4  
December 21, 2006

**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)  
12/19/2006

\_\_\_\_ 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (D) Price			
Common Stock	12/19/2006		A	6,350 A (1)	53,232 (2)	D	
Common Stock					1,019 (3)	I	By 401(k) plan
Common Stock					25 (4)	I	By spouse
Common Stock					125 (4)	I	By daughter
Common Stock					650 (5)	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 Amount of Underlying Securities (Instr. 3 and 4)
Stock Option [Right to Buy]	\$ 10.56	12/19/2006		A	6,350	11/15/2007 <sup>(6)</sup> 12/19/2016	Common 6,350

## 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 12/21/2006

\*\*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) Restricted stock award will vest 50% on November 15, 2007 and the remaining 50% will vest in full on May 15, 2008.
- (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); 46.75 shares on 3/15/06; 45 shares on 6/15/06; 34 shares on 9/15/06 and 28 shares on 12/15/06.

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- The reporting person acquired a total of 150 shares of Cray common stock under the Cray 401(k) plan through Company matching contributions of common stock in 2006. This transaction is exempt from the reporting requirements under Section 16(a) pursuant to Rule 16a-3(f)(1)(i)(B).
- (3) contributions of common stock in 2006. This transaction is exempt from the reporting requirements under Section 16(a) pursuant to Rule 16a-3(f)(1)(i)(B).
  - (4) 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.
  - (5) Reporting person disclaims beneficial ownership of these shares for which he has voting and dispositive powers as trustee.
  - (6) This option will vest 50% on December 19, 2007, and the remaining 50% will vest in full on June 19, 2008.
  - (7) 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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