

CRAY INC
Form 4
December 21, 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 *
UNGARO PETER J

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

SEATTLE, WA 98104-2860

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)
12/19/2006

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)
President & CEO

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V Amount (D) Price | | | |
| Common Stock | 12/19/2006 | | A | 63,150 A 11 | 223,650 | D | |
| Common Stock | | | | | 227 (2) | I | By 401(k) plan |

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

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SEC 1474 (9-02)

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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 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) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| Stock Option (Right to Buy) | \$ 10.56 | 12/19/2006 | | A | 53,750 | 12/19/2007 ⁽³⁾ 12/19/2016 | Common | 53,750 |
| Stock Option (Right to Buy) | \$ 10.56 | 12/19/2006 | | A | 9,400 | 12/19/2007 ⁽³⁾ 12/19/2016 | Common | 9,400 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-----------------|-------|
| | Director | 10% Owner | Officer | Other |
| UNGARO PETER J 411 FIRST AVENUE SOUTH SUITE 600 SEATTLE, WA 98104-2860 | X | | President & CEO | |

Signatures

Peter J Ungaro by Kenneth W. Johnson,
Attorney-in-Fact
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, 2008 and the remaining 50% will vest in full on November 15, 2010.
The reporting person acquired a total of 118 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).
- (2) The option will vest 25% on December 19, 2007 and 1/36th monthly thereafter to vest in full on December 19, 2010.
- (3) Non-qualified stock option.
- (4) Incentive stock option.

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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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