

MORREALE CHARLES A
 Form 4
 February 21, 2013

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 *
MORREALE CHARLES A

(Last) (First) (Middle)

901 FIFTH AVENUE,, SUITE 1000

(Street)

SEATTLE, WA 98164

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)
 02/21/2013

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)
 VP Field Operations

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 | (D) | Price |
| Common Stock | 02/21/2013 | | M | | 10,000 | A | \$ 6.63 |
| Common Stock | 02/21/2013 | | M | | 10,390 | A | \$ 3.74 |
| Common Stock | 02/21/2013 | | M | | 6,874 | A | \$ 5.47 |
| Common Stock | 02/21/2013 | | S ⁽¹⁾ | | 27,264 | D | \$ 18.9305 |
| | | | | | | | <u>(2)</u> |
| Common Stock | | | | | | | 2,059 |
| | | | | | | I | By 401(k) plan |

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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) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Stock Option (right to buy) | \$ 6.63 | 02/21/2013 | | M | 10,000 | ⁽³⁾ 05/16/2018 | Common Stock | 10,000 |
| Stock Option (right to buy) | \$ 3.74 | 02/21/2013 | | M | 10,390 | ⁽⁴⁾ 05/13/2019 | Common Stock | 10,390 |
| Stock Option (right to buy) | \$ 5.47 | 02/21/2013 | | M | 6,874 | ⁽⁵⁾ 05/12/2020 | Common Stock | 6,874 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------------------|-------|
| | Director | 10% Owner | Officer | Other |
| MORREALE CHARLES A 901 FIFTH AVENUE, SUITE 1000 SEATTLE, WA 98164 | | | VP Field Operations | |

Signatures

By Michael C. Piraino, Attorney-in-Fact for Charles A. Morreale

02/21/2013

__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) The sales reported were effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on May 27, 2011.

(2) The reported price in Column 4 is a weighted average exercise price. These shares were sold in multiple transactions at prices ranging from \$18.80 to \$19.06 per share, inclusive. The reporting person undertakes to provide to the issuer, any security holder of the issuer, or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in this footnote (2).

(3) This option was fully exerciseable on May 16, 2012.

(4) 25% vested on May 13, 2010 and 1/48th vests monthly thereafter, with the result that 100% of the grant amount shall vest and be exercisable on May 13, 2013.

(5) 25% vested on May 12, 2011 and 1/48th vests monthly thereafter, with the result that 100% of the grant amount shall vest and be exercisable on May 12, 2014.

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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