CRAY INC Form 3 May 15, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION FORM 3 Washington, D.C. 20549

OMB APPROVAL

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SECURITIES

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF

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 *

KUGEL WAYNE J

(Last)

(First) (Middle)

Statement

(Month/Day/Year)

05/14/2008

2. Date of Event Requiring 3. Issuer Name and Ticker or Trading Symbol

CRAY INC [CRAY]

4. Relationship of Reporting

Person(s) to Issuer

(Check all applicable)

5. If Amendment, Date Original

Filed(Month/Day/Year)

411 FIRST AVENUE SOUTH, SUITE 600

(Street)

Director _X__ Officer

10% Owner Other (give title below) (specify below)

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

Vice President Person

Form filed by More than One

Reporting Person

SEATTLE, WAÂ 98104

(City) (State) (Zip)

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)

Beneficially Owned (Instr. 4)

2. Amount of Securities

Ownership Form:

4. Nature of Indirect Beneficial Ownership (Instr. 5)

Direct (D) or Indirect

(I) (Instr. 5)

Common stock (1)

6,350 1,021

D

I

Â

Common stock

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

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security 2. Date Exercisable and (Instr. 4)

Expiration Date (Month/Day/Year)

3. Title and Amount of Securities Underlying **Derivative Security** (Instr. 4)

Conversion or Exercise

Ownership Form of

By 401(k) plan

6. Nature of Indirect Beneficial

Ownership Price of Derivative (Instr. 5)

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	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Derivative Security	Security: Direct (D) or Indirect (I) (Instr. 5)	
Stock Option Grant (2)	02/05/2005	02/05/2014	Common	3,871	\$ 27.56	D	Â
Stock Option Grant (3)	02/05/2005	02/05/2014	Common	3,628	\$ 27.56	D	Â
Stock Option Grant (2)	05/11/2006	05/11/2015	Common	6,250	\$8	D	Â
Stock Option Grant (2)	05/11/2006	05/11/2015	Common	6,250	\$ 10	D	Â
Stock Option Grant (2)	05/11/2006	05/11/2015	Common	6,250	\$ 12	D	Â
Stock Option Grant (2)	05/11/2006	05/11/2015	Common	6,250	\$ 14	D	Â
Stock Option Grant (3)	12/19/2007	12/19/2016	Common	6,350	\$ 10.56	D	Â

Reporting Owners

Reporting Owner Name / Address	Relationships					
	Director	10% Owner	Officer	Other		
KUGEL WAYNE J 411 FIRST AVENUE SOUTH SUITE 600 SEATTLE, WA 98104	Â	Â	Vice President	Â		

Signatures

Wayne J. Kugel by Kenneth W. Johnson, Attorney-in-Fact

05/15/2008

**Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 5(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.
- (2) Non-qualified stock option.
- (3) 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. 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.

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