CRAY INC Form 4 May 18, 2006

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

OMB Number:

3235-0287

Expires:

January 31, 2005

0.5

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OMB APPROVAL

if no longer subject to Section 16. Form 4 or Form 5 obligations

may continue.

See Instruction

Check this box

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

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * 5. Relationship of Reporting Person(s) to 2. Issuer Name and Ticker or Trading KIELY STEPHEN C Issuer Symbol CRAY INC [CRAY] (Check all applicable) (Last) (First) (Middle) 3. Date of Earliest Transaction (Month/Day/Year) _X__ Director 10% Owner Other (specify Officer (give title **411 FIRST AVENUE** 05/18/2006 below) SOUTH, SUITE 600 (Street) 4. If Amendment, Date Original 6. Individual or Joint/Group Filing(Check Filed(Month/Day/Year) Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting

SEATTLE, WA 98104-2860

(State)

(Zip)

(City)

(- 3)	(······)	1ab	ie i - Non-i	Derivative	Secur	ities Acqui	rea, Disposea of	or Beneficial	ly Ownea
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	recution Date, if Transaction Disposed of (D) y Code (Instr. 3, 4 and 5)					5. Amount of Securities Ownership Beneficially Form: Owned Direct (D) Following or Indirect Reported (I) Transaction(s) (Instr. 4)	
			Code V	Amount	or (D)	Price	(Instr. 3 and 4)	(Instr. 1)	
Common Stock	05/18/2006		P	11,000	A	\$ 1.8	41,000	D	
Common Stock	05/18/2006		P	10,000	A	\$ 1.7854	51,000	D	
Common Stock	05/18/2006		P	9,000	A	\$ 1.77	60,000	D	

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control

Table I. Non-Devication Committee Asserted Disposed of an Development

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number.

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

1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exerc	cisable and	7. Titl	e and	8. Price of	9. Nu
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Execution Date, if Transaction		onNumber Expiration Date		Amou	nt of	Derivative	Deriv
Security	or Exercise		any	Code	of	(Month/Day/	Year)	Under	lying	Security	Secui
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Derivativ	e		Securi	ities	(Instr. 5)	Bene
	Derivative				Securities	3		(Instr.	3 and 4)		Own
	Security				Acquired						Follo
	•				(A) or						Repo
					Disposed						Trans
					of (D)						(Instr
					(Instr. 3,						
					4, and 5)						
									Amount		
						Date	Expiration	m: .1	or		
						Exercisable	Date	Title	Number		
				~					of		
				Code V	(A) (D)				Shares		

Reporting Owners

Reporting Owner Name / Address

Director 10% Owner Officer Other

KIELY STEPHEN C

411 FIRST AVENUE SOUTH
SUITE 600

SEATTLE, WA 98104-2860

Signatures

Stephen C. Kiely by Kenneth W. Johnson, Attorney-in-Fact 05/18/2006

**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).

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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