

SECURITIES AND EXCHANGE COMMISSION

FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

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FILER

CRAY INC

CIK: **949158** | IRS No.: **930962605** | State of Incorporation: **WA** | Fiscal Year End: **1231**
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As filed with the Securities and Exchange Commission on May ____, 2004

Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-8

**REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933**

CRAY INC.

(Exact name of registrant as specified in its charter)

WASHINGTON
(State or other jurisdiction
of incorporation or organization)

93-0962605
(IRS Employer
Identification No.)

411 First Avenue South, Suite 600
Seattle, Washington 98104-21860
(Address of Principal Executive Offices)

Cray Inc. 2004 Long-Term Equity Compensation Plan
(Full title of plan)

Kenneth W. Johnson
Vice President-Legal Affairs, General Counsel and Secretary
CRAY INC.
411 First Avenue South, Suite 600
Seattle, Washington 98134
Tel.: (206) 701-2000
Fax: (206) 701-2500
(Name, address, telephone and facsimile numbers of agent for service)

Copy to:
L. John Stevenson
Stoel Rives LLP

600 University Street, Suite 3600
Seattle, Washington 98101
Tel.: (206) 624-0900
Fax: (206) 386-7500

CALCULATION OF REGISTRATION FEE

Title of Securities to Be Registered	Amount to Be Registered(1)	Proposed Maximum Offering Price Per Share (2)	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Common Stock \$0.01 par value	5,500,000 Shares	\$ 6.94	\$ 38,170,000	\$ 4,836.14

- (1) Together with an indeterminate number of additional shares that may be necessary to adjust the number of shares reserved for issuance pursuant to such employee benefit plan as the result of any future stock split, stock dividend or similar adjustment of the registrant' s outstanding Common Stock.
- (2) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(h) and (c) of the Securities Act of 1933, based on the high and low sales prices for the Common Stock on the Nasdaq National Market System on May 11, 2004

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PART I
INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

Item 1. Plan Information. *

Item 2. Registrant Information and Employee Plan Annual Information. *

* Information required by Part I of Form S-8 to be contained in the Section 10(a) prospectus is omitted from this Registration Statement in accordance with Rule 428 under the Act and the Note to Part I of Form S-8.

PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents By Reference.

The Securities and Exchange Commission (the “SEC” or the “Commission”) allows us to “incorporate by reference” our publicly filed reports into this registration statement which means that information included in those reports is considered part of this registration statement. Information that we file with the SEC after the date of this registration statement will automatically update and supersede the information contained in this registration statement. We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we have sold all the shares offered hereby or have deregistered any shares then remaining unsold.

The following documents filed with the SEC are incorporated into this statement by reference:

- 1) Our Annual Report on Form 10-K for the year ended December 31, 2003;
- 2) Our Definitive Proxy Statement for the 2004 Annual Meeting, as filed with the SEC on March 24, 2004;
- 3) Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2004;
- 4) Our Current Reports on Form 8-K filed on January 30, February 26, April 2, April 30, May 10 and May 14, 2004; and

- 5) The description of our common stock set forth in our Registration Statement on Form SB-2 (Registration No. 33-95460-LA), including any amendment or report filed for the purpose of updating such description, as incorporated by reference in our Registration Statement on Form 8-A (Registration No. 0-26820), including the amendment thereto on Form 8-A/A.

We will furnish without charge to you, on written or oral request, a copy of any or all of

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the documents incorporated by reference, other than exhibits to such documents. You should direct any requests for documents to Investor Relations, Cray Inc., 411 First Avenue South, Suite 600, Seattle, Washington 98104, Telephone (206) 701-2000.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Kenneth W. Johnson, our Vice President – Legal Affairs, General Counsel and Corporate Secretary, is giving an opinion on the validity of the common shares. As of the date of this prospectus, Mr. Johnson held 87,722 shares of our common stock and options covering 430,200 shares of our common stock. Mr. Johnson is eligible to receive awards under the Plan.

Item 6. Indemnification of Directors and Officers.

Article VII of our Restated Articles of Incorporation and Section 10 of our Restated Bylaws require indemnification of directors and permit indemnification of our officers, employees, and agents to the fullest extent permitted by the Washington Business Corporation Act (the “WBCA”). Sections 23B.08.500 through 23B.08.600 of the WBCA authorize a court to award, or a corporation’s board of directors to grant, indemnification to directors and officers on terms sufficiently broad to permit indemnification under certain circumstances for liabilities arising under the Securities Act of 1933, as amended.

Section 23B.08.320 of the WBCA authorizes a corporation to limit a director’s liability to the corporation or its shareholders for monetary damages for acts or omissions as a director, except in certain circumstances involving intentional misconduct, self-dealing or illegal corporate loans or distributions, or any transaction from which the director personally receives a benefit in money, property or services to which the director is not legally entitled. Article VI of our Restated Articles of Incorporation contains provisions implementing, to the fullest extent permitted by Washington law, such limitations on a director’s liability to us and our shareholders.

We maintain liability insurance for our directors and officers.

Item 7. Exemption From Registration Claimed.

Not applicable.

Item 8. Exhibits.

5	Opinion on Legality
10.1	2004 Long-Term Equity Compensation Plan*
23.1	Consent of Deloitte & Touche LLP
23.2	Consent of General Counsel (included in Exhibit 5)

24 Power of Attorney (included on signature page hereof)

* Incorporated by reference to the Company's definitive Proxy Statement for the 2004 Annual Meeting, as filed with the Commission on March 24, 2004.

Item 9. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

PROVIDED, HOWEVER, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the

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Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Seattle, State of Washington, on May 17, 2004.

CRAY INC.

By: /s/ James E. Rottsolk
James E. Rottsolk
President and Chief Executive Officer

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Power of Attorney

Each of the undersigned hereby constitutes and appoints James E. Rottsolk, Kenneth W. Johnson and Burton J. Smith, and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any or all amendments or post-effective amendments to this Registration Statement, and any other instruments or documents that said attorneys-in-fact and agents may deem necessary or advisable, to enable Cray Inc. to comply with the Securities Act of 1933, as amended, and any requirements of the Securities and Exchange Commission in respect thereof, and to file the same, with all exhibits thereto, with the Securities and Exchange Commission, in connection with the registration under the Securities Act, of shares of Common Stock of Cray Inc., issuable pursuant to the 2004 Long-Term Equity Compensation Plan, granting unto said attorneys-in-fact and agents and each of them full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that each such attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, the Registration Statement has been signed by the following persons in the capacities indicated below on the 17th day of May 2004:

Signature and Title

/s/ James E. Rottsolk
James E. Rottsolk, Chairman of the Board and Chief Executive Officer

/s/ Burton J. Smith
Burton J. Smith, Director

/s/ Daniel J. Evans
Daniel J. Evans, Director

/s/ Stephen C. Kiely
Stephen C. Kiely, Director

/s/ Kenneth W. Kennedy, Jr.
Kenneth W. Kennedy, Jr., Director

/s/ Frank L. Lederman
Frank L. Lederman

/s/ Daniel C. Regis
Daniel C. Regis, Director

/s/ Scott J. Poteracki
Scott J. Poteracki
Chief Financial and Accounting Officer

May 17, 2004

The Board of Directors
CRAY INC.

Dear Sirs:

I am the general counsel of Cray Inc. (the "Company") and have supervised the corporate proceedings in connection with the filing of a Registration Statement on Form S-8 (the "Registration Statement") under the Securities Act of 1933 relating to the issuance of an aggregate of 5,500,000 shares of Common Stock (the "Shares") of the Company pursuant to the 2004 Long-Term Equity Compensation Plan (the "Plan"). I have reviewed the corporate actions of the Company in connection with this matter and have examined those documents, corporate records, and other instruments that I deemed necessary for the purposes of this opinion.

Based on the foregoing, it is my opinion that the Shares have been duly authorized and, when issued pursuant to the Plan, will be legally issued, fully paid and nonassessable.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ Kenneth W. Johnson

Kenneth W. Johnson
General Counsel

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of Cray Inc. on Form S-8 of our report dated March 5, 2004, (which report expresses an unqualified opinion and includes an explanatory paragraph regarding the adoption of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, on January 1, 2002, as discussed in Note 2 to the consolidated financial statements) appearing in the Annual Report on Form 10-K of Cray Inc. for the year ended December 31, 2003.

/s/ DELOITTE & TOUCHE LLP

Seattle, Washington
May 17, 2004