

**CRAY INC.
AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
(as amended and restated on November 6, 2014)**

CHARTER

I. PURPOSE

The Audit Committee assists the Board of Directors in fulfilling its responsibility for oversight of:

- the quality and integrity of the accounting and financial reporting processes of the Company and the audits of its financial statements,
- the qualifications and independence of the public auditing firm engaged to issue an audit report on the financial statements of the Company, the performance of the Company's systems of internal controls, disclosure controls and internal audit functions, and
- the Company's procedures for legal and regulatory compliance, risk assessment and business conduct standards.

The Committee shall provide an open avenue of communication among the independent auditors, the financial and senior management of the Company and the Board of Directors.

The Committee does not prepare financial statements or perform audits, and its members are not auditors or certifiers of the Company's financial statements. Management and the independent auditors are responsible for conducting the audits and determining that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable laws, rules and regulations.

II. COMPOSITION

The Committee shall consist of at least three directors, each of whom shall be an independent director, shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee, and shall have the necessary understanding of financial statements and financial sophistication required under applicable laws, rules and regulations, including the listing standards of the Nasdaq National Market System. The Committee shall have at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

Committee members may not receive any consulting, advisory or other compensation from the Company except for Board and committee services.

The members of the Committee shall be appointed by the Board at the annual meeting of the Board. Unless a Chair is designated by the Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership. Members may be removed by the Board at any time.

III. RESPONSIBILITIES

The Committee shall:

Independent Auditor Oversight

1. Be directly and solely responsible for appointing, determining the compensation payable to, overseeing, terminating and replacing any independent auditor engaged by the Company for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. Each independent auditor shall report directly to the Committee. The Committee shall instruct the independent auditor that the auditor ultimately is accountable to the Committee, that the Committee has the authority and responsibility to appoint, retain, evaluate and replace the auditor, and that the Board of Directors, acting through the Committee, as the shareholders' independent representative, is the auditor's client.
2. Meet with the independent auditor prior to the audit and discuss the planning and staffing of the audit.
3. Approve in advance the engagement of the independent auditor for all audit services and all non-audit services and approve the fees and other terms of any such engagement. The Committee may delegate authority to its Chair to grant pre-approvals of permitted non-audit services, provided that any such pre-approvals are to be presented to the full Committee at its next meeting.
4. Evaluate annually the qualifications, performance and independence of the independent auditor, including reviewing permissible non-audit services, receive and review the formal written statement from the auditors consistent with Independence Standards Board Standard No. 1, and discuss with the auditor any disclosed relationships or services that may affect the objectivity and independence of the auditor.
5. Review with management the potential hiring of employees or former employees of the independent auditor, taking into account the impact of such policies on auditor independence.
6. Review with the independent auditor all material written communications between the auditor and management and the conduct of each audit, including any difficulties, substantial delays, management's cooperation, communications with the auditor's national office and the quality of the Company's accounting principles, processes and judgments.

Financial Information Oversight

1. Review and discuss with management and the independent auditor:
 - a. The Company's quarterly and annual financial statements, all internal control reports (or summaries), and other relevant reports or financial information submitted by the Company to any governmental body or the public, including management certifications as required by law, and relevant reports rendered by the auditors (or summaries).

- b. The critical accounting policies and practices used by the Company, all alternative treatments of financial information within generally accepted accounting principles, the ramifications of the use of such alternative disclosures and treatments and the treatments preferred by the independent auditor.
 - c. Any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of such judgments.
 - d. Earnings press releases, guidance and other information provided to analysts and rating agencies, including "pro forma" and other non-GAAP financial measures.
 - e. The effect of regulatory and accounting initiatives, and of any off-balance sheet structures, on the Company's financial statements.
 - f. Written communications between the auditor and management including any management representation letter, internal control recommendation letter and schedule of unadjusted differences issued, or proposed to be issued, by the auditor to the Company, and management's response.
- 2. Review in advance and approve all filings with the SEC containing (or incorporating by reference) the Company's financial statements, including the Quarterly Reports on Form 10-Q and the Annual Report on Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in such filings.
 - 3. Oversee the resolution of any disagreements between management and the auditors regarding financial reporting.
 - 4. Recommend to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K.

Controls Oversight

- 5. Review with the auditor and management the integrity of the Company's financial reporting processes (internal and external) and the internal control structure, including disclosure controls.
- 6. Consider whether any changes to the internal controls or disclosure controls processes and procedures are appropriate in light of management's assessment and the independent auditor's report.
- 7. Review the internal audit scope, audit plans and relevant process, and the results of internal audits, including the auditor's attestation report on management's assessment of internal control over financial reporting.

Legal Compliance and Code of Business Conduct

- 8. Review and approve all related-party transactions after reviewing each such transaction for potential conflicts of interests and improprieties.
- 9. Establish procedures for receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, and

the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

10. Develop and recommend to the Board a Code of Business Conduct for the Company's directors, officers and employees that complies with all applicable rules and regulations. The Committee annually will review the Code and recommend any proposed changes to the Board for approval. The Committee will monitor the reporting procedures described in the Code.
11. Review management's monitoring of compliance with the Foreign Corrupt Practices Act.
12. Review management's compliance with the rules promulgated by the SEC relating to the use of "conflict minerals" (as defined in Section 1, Item 1.01(d)(3) of Form SD or any rule promulgated in replacement thereof, the "Conflict Minerals Rules"):
 - a. Review the Company's due diligence regarding the origin, source and chain of custody of the conflict minerals contained in the Company's products.
 - b. Review with the Company's legal counsel and management any Conflict Minerals Policy required by the Conflict Minerals Rules and recommend such policy to the Board. The Committee annually, or otherwise as required by the Conflict Minerals Rules, will review such policy and recommend any proposed changes to the Board for approval. The Committee will monitor the procedures described in such policy.
 - c. Review with the Company's legal counsel and management and approve the Company's annual filing on Form SD.
13. Review with the Company's legal counsel legal compliance matters and any legal matter that could have a significant impact on the Company's financial statements.

Other Matters

14. Review the process by which risk assessment and management is handled and major financial risk exposure is monitored and controlled.
15. Discuss with management the Company's practices pertaining to foreign exchange, investments and derivatives.
16. Prepare the Committee's report required to be included in the Company's annual proxy statement.
17. Regularly report to the Board on the Committee's activities, recommendations and conclusions.
18. Annually review its own performance and this Charter and recommend to the Board any proposed changes to this Charter or to the Committee.
19. Periodically review with management cybersecurity and other risks relevant to the Company's computerized information system controls and security.

The Committee is authorized to form and delegate authority to subcommittees as appropriate. The Committee may delegate such authority to one or more of its members as appropriate.

The Committee shall perform such other functions and activities as required by law or the Company's bylaws or assigned to it by the Board of Directors.

IV. RESOURCES AND AUTHORITY; COMPANY'S RESPONSIBILITIES

The Committee shall have the resources and authority necessary to discharge its duties and responsibilities, including the authority to obtain advice and assistance from internal or external accounting, legal and other advisors.

The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a Committee meeting or to meet with any members of, or consultants to, the Committee. The Committee has the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities.

The Company shall provide the Committee with sufficient funding to the extent that the Committee deems necessary or appropriate to exercise its authority and responsibilities, including compensation for the independent auditor and any accounting, legal or other advisors to the Committee and for other ordinary administrative expenses that the Committee determines are necessary or appropriate to carry out its duties. No Board approval shall be required to authorize such funding.

The Company is responsible for providing the Committee with educational resources related to accounting principles and procedures, current accounting topics pertinent to the Company and other material as may be requested by the Committee. The Company will assist the Committee in maintaining appropriate financial literacy.

V. MEETINGS

The Committee shall meet at least quarterly and more often as necessary to enable it to fulfill its responsibilities and duties. The Committee Chair (or his or her designee) shall prepare and/or approve an agenda in advance of each meeting. The Committee shall meet privately in executive session at least quarterly with management, the independent auditors and as a committee to discuss any matters that the Committee or any of these groups believe should be discussed.

The Committee shall report its actions to the Board and keep written minutes of its meetings, which shall be maintained with the books and records of the Company.