

**CRAY INC.
BOARD OF DIRECTORS**

CORPORATE GOVERNANCE GUIDELINES

(as amended and restated on May 11, 2010)

The Cray Board of Directors has adopted these guidelines to promote the effective functioning of the Board and the Board's committees.

These guidelines are not intended to change or interpret any Federal or state law or regulation or the Articles of Incorporation or Bylaws of the Company.

Director Goals and Responsibilities

The Board's goals are to build long-term value for the Company's shareholders and to assure the vitality of the Company for its customers, employees and others that depend on the Company.

The Board is expected to monitor both the performance of the Company (in relation to its financial objectives, major goals, strategies and competitors). The Board also elects corporate officers, acts as the management team's advisor and monitors its performance. The Board regularly reviews the Company's long-term strategic business plans with the officers and other pertinent issues affecting the business of the Company. The Board assesses risks facing the Company and management's approach to addressing such risks. The Board is also responsible for oversight of the Company's program to prevent and detect violations of law, regulation and Company policies and procedures. The Board reviews and, if appropriate, approves significant transactions. The Board develops standards to be utilized by management in determining the types of transactions that should be submitted to the Board for review and approval or notification.

In performing their oversight responsibilities, directors rely on the competence and integrity of management. It is responsibility of management to operate the Company in an effective and ethical manner in order to produce long-term value for shareholders.

Board Structure

Size. The Board should have a sufficient number of members to permit diversity of experiences and backgrounds without hindering effective discussion or diminishing individual accountability. The size of the Board will be fixed from time to time at such number as is deemed appropriate by the Board and upon the recommendation of the Corporate Governance Committee.

Independent Directors. At least two-thirds of the Board will consist of directors whom the Board has determined to be independent. In general, an independent director must have no

material relationship with the Company, directly or indirectly, and must comply with the rules governing independence established by the Securities and Exchange Commission and the Nasdaq National Market System. Absent compelling circumstances, the Board should not contain more than two members from the management of the Company.

Selection of Directors. The Board shall be responsible for nominating candidates for election to the Board by the shareholders and for filling vacancies on the Board that occur between annual meetings of the shareholders. The Corporate Governance Committee is responsible for identifying, screening and recommending candidates for election to the Board.

Board Membership Criteria. Criteria for Board membership shall include a person's integrity, knowledge, judgment, skills, expertise, collegiality, diversity of experience and other time commitments (including positions on other company boards) in the context of the then-current composition of the Board. The Corporate Governance Committee is responsible for assessing the appropriate balance of skills brought to the Board by its members, and ensuring that an appropriate mix of specialized knowledge and experience (e.g., financial, industry or technology) is represented on the Board.

Other Directorships. Directors are expected to devote sufficient time to fulfill their responsibilities as directors of the Company. Accordingly, directors shall limit their service on the boards of directors of other public and private companies and non-profit organizations to that reasonable number which would not conflict with his or her responsibilities as a director of the Company.

Changes in Affiliations. To avoid any potential for a conflict of interest, directors will not accept a seat on any additional public company board or any governmental position without first reviewing the matter with the Chair of the Corporate Governance Committee and the Chairman of the Board.

Each director is expected to report to the Chair of the Corporate Governance Committee and the Chairman of the Board when he or she experiences a significant change in his or her responsibilities or business or professional affiliation or responsibility.

Retirement. The Board has no policy regarding the maximum age at which an individual is to stop serving as a director, believing that each director's qualifications are unique and that his or her ability to contribute is not necessarily limited by chronological age.

Director Tenure/Term Limits. In connection with each director nomination recommendation, the Corporate Governance Committee shall consider the issue of continuing each director's tenure. A director's renomination is dependent upon such director's performance evaluation and suitability review, as conducted by the Corporate Governance Committee.

Management Directors. Management directors shall offer to resign from the Board upon their termination of employment from the Company. The Corporate Governance Committee will determine whether the director continues to meet adequately the requirements for service on the Board and shall recommend to the Board whether the Board should accept the resignation.

Chairman of the Board and Chief Executive Officer. The Board does not require the separation of the offices of the Chairman of the Board and the chief executive officer. The Board shall be free to choose its Chairman in any way that it considers in the best interests of the Company. The Corporate Governance Committee will periodically consider the Board's leadership structure and make such recommendations to the Board with respect thereto as the Corporate Governance Committee deems appropriate.

Board Meetings

Number of Meetings. The Board currently holds regular meetings four times each year and as many special meetings as circumstances require.

Agenda and Briefing Materials. An agenda for each Board meeting and briefing materials, to the extent practicable in light of the timing of matters that require Board attention, will be distributed to each director prior to each meeting. Briefing materials should be concise and yet sufficiently detailed to permit directors to make informed judgments. Sensitive subject matters and late developing matters may be discussed at Board or committee meetings without advance distribution of materials. The Chairman of the Board normally will determine the agenda for Board meetings. Any director may suggest agenda items and may raise at meetings other matters that he or she considers worthy of attention.

The chief executive officer shall update the Board by email or other appropriate communications monthly, or more often if appropriate, regarding new developments and activities.

Executive Sessions. An executive session of the non-management directors normally will be held in conjunction with each meeting of the full Board, but in any event not less than twice annually. Any non-employee director may suggest agenda items and may raise at executive sessions other matters that he or she considers worthy of attention. The non-management directors may invite the chief executive officer or such other individuals to attend parts of such sessions as the non-management directors believe appropriate.

Strategic Planning. An extended meeting shall be scheduled annually at which management presents the strategic plan for the Company. The Board will review, consider and discuss the plan in executive session, propose any amendments or adjustments to the plan as the Board determines necessary or appropriate and approve or reject the plan by formal resolution.

Meeting Attendance. Each director is expected to make every effort to attend each Board meeting and each meeting of any committee on which he or she sits. Attendance in person is expected but attendance by teleconference is permitted by exception.

Director Preparedness. Each director should be familiar with the agenda for each meeting, should have reviewed carefully all materials distributed in advance of the meeting and should be prepared to participate meaningfully in the meeting and to discuss all scheduled items of business.

Potential Conflicts of Interest. Each director must disclose to the other Board members any potential conflict of interest he or she may have with respect to a matter under discussion and, if appropriate, refrain from voting on a matter on which he or she may have such a conflict.

Confidentiality. The proceedings and deliberations of the Board and its committees are confidential. Each director will maintain the confidentiality of information received in connection with his or her service as a director of the Company.

Director Attendance at Annual Meetings

The Company encourages but does not require directors to attend the annual meeting of shareholders either in person or telephonically.

Director Orientation and Continuing Education

The Company shall provide new directors with appropriate orientation to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics, corporate governance guidelines, principal officers and independent auditors. Directors may be expected, based on the recommendations of the Corporate Governance Committee, to participate in continuing educational programs in order to maintain the necessary level of expertise to perform their responsibilities as directors.

Board Compensation

Each year the Corporate Governance Committee shall review the compensation paid to directors, including how such compensation relates to director compensation of companies of comparable size and complexity, and shall make a recommendation to the Board regarding both the amount of director compensation and the allocation of that compensation between cash and equity-based awards. Such review also will include a review of both direct and indirect forms of compensation paid by the Company to the directors.

Director's fees (including any additional amounts paid to chairs of committees and to members of committees of the Board) are the only compensation a member of the Audit Committee may receive from the Company.

A director who is also an officer of the Company shall not receive additional compensation for such service as a director.

The Board believes that a compensation system should align the directors' interests with those of the Company's shareholders. The Corporate Governance Committee shall establish appropriate stock ownership guidelines for directors from time to time.

Board Committees

The Board shall at all times maintain an Audit Committee, a Compensation Committee and a Corporate Governance Committee, each composed entirely of independent directors, which operate in accordance with applicable law, their respective charters as adopted and amended from time to time by the Board, and the applicable rules of the Securities and Exchange Commission and the Nasdaq National Market System. The Board also may establish such other committees as it deems appropriate and delegate to such committees such authority permitted by applicable law and the Company's by-laws.

The Board, with assistance from the Corporate Governance Committee, annually shall review the committee assignments and shall consider the rotation of chairs and members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors.

The chair of each committee will report to the full Board on the activities of his or her committee, including the results of the committee's self-evaluations and any recommended changes to the committee's charter.

Board Communications with Shareholders, Employees and Third Parties

The Corporate Governance Committee will maintain procedures for various constituencies to communicate directly with the non-management directors, which procedures will be disclosed publicly. It is management's role to speak for the Company. Any communication between non-management directors and third parties should be done only with the chief executive officer's knowledge of such communication.

Code of Business Conduct

The Board has approved a comprehensive Code of Business Conduct that includes policies calling for strict observance of all laws applicable to the Company's business and describes conflict of interest policies that, among other things, require that directors avoid any conflict between their own interests and the interests of the Company. Each director is to be familiar with and to follow these policies to the extent applicable to them. Each director annually shall certify his or her compliance with the Code of Business Conduct. Any waiver or exception request to the Code shall be submitted in writing to the Audit Committee, which shall consider the matter and recommend action to the full Board for the Board's decision. Any such waiver or exception granted shall be publicly disclosed as required by law and the rules of the Nasdaq National Market System.

Director Access to Management and Independent Advisors

The Company shall provide each director with complete access to the management of the Company, subject to reasonable advance notice to the Company and reasonable efforts to avoid disruption to the Company's management, business and operations.

The Board and Board committees, to the extent set forth in their respective committee charters, have the right to consult and retain independent legal counsel, accountants and other advisors at the expense of the Company.

Management Succession and Evaluation

The Board shall periodically review the succession plan for senior management, including all executive officer positions. As appropriate, the Board shall request that the Compensation Committee evaluate potential successors to executive officer positions, and review strategies to accelerate the readiness of candidates identified for these positions, and include an overall assessment of executive talent. Also as appropriate, the Board shall request that the Compensation Committee review other leadership and management processes.

The Compensation Committee will conduct an annual review of the performance and compensation of the chief executive officer and shall review the chief executive officer's assessment of and proposed compensation for the Company's other executive officers.

Annual Performance Evaluation of the Board

The Board, with assistance from the Corporate Governance Committee, will conduct a self-evaluation annually to determine whether the Board and its committees are functioning effectively. The full Board will discuss the evaluation report to determine what, if any, action could improve Board and Board committee performance.

The Board, with assistance from the Corporate Governance Committee, shall review these Corporate Governance Guidelines no less frequently than annually to determine whether any changes are necessary or advisable.

Amendment, Modification and Waiver

These Guidelines may be amended, modified or waived by the Board and waivers of these Guidelines may also be granted by the Corporate Governance Committee, subject to the disclosure and other provisions of and rules under the Securities and Exchange Act of 1934 and the applicable rules and listing standards of the Nasdaq National Market System.