

CREE, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(in thousands, except per share amounts and percentages)

	Three Months Ended	
	September 25, 2016	September 27, 2015
Revenue, net	\$321,329	\$381,549
Cost of revenue, net	234,988	274,357
Gross profit	86,341	107,192
Gross margin percentage	26.9 %	28.1 %
Operating expenses:		
Research and development	28,531	32,731
Sales, general and administrative	61,371	70,172
Amortization or impairment of acquisition-related intangibles	6,266	6,469
Loss on disposal or impairment of long-lived assets	316	9,565
Total operating expenses	96,484	118,937
Operating loss	(10,143)	(11,745)
Operating income percentage	(3.2)%	(3.1)%
Non-operating expense	(158)	(22,803)
Loss from continuing operations before income taxes	(10,301)	(34,548)
Income tax benefit	(7,443)	(8,812)
Loss from continuing operations	(2,858)	(25,736)
Income from discontinued operations, net of tax	3,424	1,247
Net income (loss)	\$566	(\$24,489)
Earnings (loss) per share-diluted		
Continuing operations	(\$0.03)	(\$0.25)
Discontinued operations	0.03	0.01
Earnings (loss) per share-diluted	\$—	(\$0.24)
Shares used in diluted per share calculation	100,559	103,473

These unaudited condensed consolidated statements of income (loss) reflect the Wolfspeed business as discontinued operations.