

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

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>March 30, 2014</b>	<b>March 31, 2013</b>	<b>March 30, 2014</b>	<b>March 31, 2013</b>
Revenue, net	\$ 405,259	\$ 348,934	\$ 1,211,351	\$ 1,010,973
Cost of revenue, net	255,265	215,924	754,822	628,438
Gross profit	149,994	133,010	456,529	382,535
Gross margin percentage	37.0%	38.1%	37.7%	37.8%
Operating expenses:				
Research and development	46,626	39,036	132,805	116,524
Sales, general and administrative	65,368	62,140	197,589	174,885
Amortization of acquisition-related intangibles	7,257	7,719	21,800	23,108
Loss on disposal or impairment of long-lived assets	364	863	1,781	2,385
Total operating expenses	119,615	109,758	353,975	316,902
Operating income	30,379	23,252	102,554	65,633
Operating income percentage	7.5%	6.7%	8.5%	6.5%
Non-operating income, net	3,152	2,512	9,373	8,378
Income before income taxes	33,531	25,764	111,927	74,011
Income tax expense	5,367	3,607	17,585	15,328
Net income	<u>\$ 28,164</u>	<u>\$ 22,157</u>	<u>\$ 94,342</u>	<u>\$ 58,683</u>
Earnings per share:				
Diluted	\$ 0.23	\$ 0.19	\$ 0.77	\$ 0.50
Weighted average shares used in per share calculation:	123,695	118,608	123,140	116,768