

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

	Three Months Ended		Six Months Ended	
	December 24, 2017	December 25, 2016	December 24, 2017	December 25, 2016
Revenue, net	\$367,870	\$401,326	\$728,268	\$772,559
Cost of revenue, net	275,267	260,759	535,333	522,061
Gross profit	92,603	140,567	192,935	250,498
Gross margin percentage	25.2 %	35.0%	26.5 %	32.4%
Operating expenses:				
Research and development	39,776	37,893	81,635	77,841
Sales, general and administrative	68,076	76,513	131,040	144,971
Amortization or impairment of acquisition-related intangibles	6,792	5,937	13,584	12,345
Loss on disposal or impairment of long-lived assets	4,262	717	7,087	1,041
Total operating expenses	118,906	121,060	233,346	236,198
<b>Operating (loss) income</b>	(26,303)	19,507	(40,411)	14,300
Operating (loss) income percentage	(7.2)%	4.9%	(5.5)%	1.9%
Non-operating income (expense), net	26,729	(4,760)	25,662	(4,919)
Income (loss) before income taxes	426	14,747	(14,749)	9,381
Income tax (benefit) expense	(13,326)	8,531	(8,629)	2,598
<b>Net income (loss)</b>	13,752	6,216	(6,120)	6,783
Net income attributable to noncontrolling interest	31	—	16	—
Net income (loss) attributable to controlling interest	\$13,721	\$6,216	(\$6,136)	\$6,783
Diluted earnings (loss) per share	\$0.14	\$0.06	(\$0.06)	\$0.07
Shares used in diluted per share calculation	100,763	98,730	98,499	99,994