

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

	Three Months Ended		Six Months Ended	
	December 25, 2016	December 27, 2015	December 25, 2016	December 27, 2015
Revenue, net	\$ 346,962	\$ 393,758	\$ 668,291	\$ 775,307
Cost of revenue, net	236,071	282,624	471,059	556,981
Gross profit	110,891	111,134	197,232	218,326
Gross margin percentage	32.0%	28.2%	29.5 %	28.2 %
Operating expenses:				
Research and development	28,070	31,563	56,601	64,294
Sales, general and administrative	67,671	67,877	129,042	138,049
Amortization or impairment of acquisition-related intangibles	5,937	6,468	12,203	12,937
Loss on disposal or impairment of long-lived assets	530	2,015	846	11,580
Total operating expenses	102,208	107,923	198,692	226,860
Operating income (loss)	8,683	3,211	(1,460)	(8,534)
Operating income percentage	2.5%	0.8%	(0.2)%	(1.1)%
Non-operating (expense) income, net	(4,754)	8,016	(4,912)	(14,787)
Income (loss) from continuing operations before income taxes	3,929	11,227	(6,372)	(23,321)
Income tax expense (benefit)	5,036	1,815	(2,407)	(6,997)
(Loss) income from continuing operations	(1,107)	9,412	(3,965)	(16,324)
Income from discontinued operations, net of tax	7,326	4,030	10,750	5,277
Net income (loss)	\$ 6,219	\$ 13,442	\$ 6,785	\$ (11,047)
Earnings (loss) per share-diluted				
Continuing operations	\$ (0.01)	\$ 0.09	\$ (0.04)	\$ (0.16)
Discontinued operations	0.07	0.04	0.11	0.05
Earnings (loss) per share-diluted	\$ 0.06	\$ 0.13	\$ 0.07	\$ (0.11)
Shares used in diluted per share calculation	98,467	102,521	99,513	102,932

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