

CREE, INC.
UNAUDITED FINANCIAL RESULTS BY OPERATING SEGMENT
(in thousands, except percentages)

The following table reflects the results of the Company's reportable segments as reviewed by the Company's Chief Executive Officer, its Chief Operating Decision Maker or CODM, for the three and nine months ended March 27, 2016 and the three and nine months ended March 29, 2015. The CODM does not review inter-segment transactions when evaluating segment performance and allocating resources to each segment. As such, total segment revenue is equal to the Company's consolidated revenue.

	Three Months Ended		Change	
	March 27, 2016	March 29, 2015		
Lighting Products revenue	\$ 187,714	\$ 224,109	\$ (36,395)	(16)%
<i>Percent of revenue</i>	51%	55%		
LED Products revenue	150,189	154,384	(4,195)	(3)%
<i>Percent of revenue</i>	41%	38%		
Power and RF Products revenue	29,016	31,026	(2,010)	(6)%
<i>Percent of revenue</i>	8%	7%		
Total revenue	\$ 366,919	\$ 409,519	\$ (42,600)	(10)%

	Nine Months Ended		Change	
	March 27, 2016	March 29, 2015		
Lighting Products revenue	\$ 690,715	\$ 677,363	\$ 13,352	2 %
<i>Percent of revenue</i>	56%	54%		
LED Products revenue	451,759	479,851	(28,092)	(6)%
<i>Percent of revenue</i>	37%	38%		
Power and RF Products revenue	85,740	93,134	(7,394)	(8)%
<i>Percent of revenue</i>	7%	8%		
Total revenue	\$ 1,228,214	\$ 1,250,348	\$ (22,134)	(2)%

	Three Months Ended		Change	
	March 27, 2016	March 29, 2015*		
Lighting Products gross profit	\$ 48,808	\$ 58,315	\$ (9,507)	(16)%
<i>Lighting Products gross margin</i>	26.0%	26.0%		
LED Products gross profit	52,102	55,358	(3,256)	(6)%
<i>LED Products gross margin</i>	34.7%	35.9%		
Power and RF Products gross profit	13,477	16,484	(3,007)	(18)%
<i>Power and RF Products gross margin</i>	46.4%	53.1%		
Unallocated costs	(5,354)	(5,009)	(345)	7 %
Consolidated gross profit	\$ 109,033	\$ 125,148	\$ (16,115)	(13)%
Consolidated gross margin	29.7%	30.6%		

*As revised to reflect the correction of an immaterial error. For additional information, see the Company's Form 10-Q for the quarterly period ended March 27, 2016 to be filed with the Securities and Exchange Commission on April 27, 2016.

	Nine Months Ended		Change	
	March 27, 2016	March 29, 2015*		
Lighting Products gross profit	\$ 190,531	\$ 178,608	\$ 11,923	7 %
<i>Lighting Products gross margin</i>	27.6%	26.4%		
LED Products gross profit	156,489	182,406	(25,917)	(14)%
<i>LED Products gross margin</i>	34.6%	38.0%		
Power and RF Products gross profit	42,146	51,601	(9,455)	(18)%
<i>Power and RF Products gross margin</i>	49.2%	55.4%		
Unallocated costs	(15,115)	(15,386)	271	(2)%
Consolidated gross profit	\$ 374,051	\$ 397,229	\$ (23,178)	(6)%
<i>Consolidated gross margin</i>	30.5%	31.8%		

*As revised to reflect the correction of an immaterial error. For additional information, see the Company's Form 10-Q for the quarterly period ended March 27, 2016 to be filed with the Securities and Exchange Commission on April 27, 2016.

Reportable Segments Description

The Company's Lighting Products segment primarily consists of LED lighting systems and bulbs. The Company's LED Products segment includes LED components, LED chips, and silicon carbide materials. The Company's Power and RF Products segment includes power devices and RF devices.

Financial Results by Reportable Segment

The Company's CODM reviews gross profit as the lowest and only level of segment profit. As such, all items below gross profit in the consolidated statements of income (loss) must be included to reconcile the consolidated gross profit presented in the preceding table to the Company's consolidated income before taxes.

The Company allocates direct costs and indirect costs to each segment's cost of revenue. The allocation methodology is based on a reasonable measure of utilization considering the specific facts and circumstances of the cost being allocated.

Certain costs are not allocated when evaluating segment performance. These unallocated costs consist primarily of manufacturing employees' stock-based compensation, expenses for profit sharing and quarterly or annual incentive plans and matching contributions under the Company's 401(k) Plan.