



## Cree Announces Update to Capacity Expansion Plan - Company to Build World's Largest Silicon Carbide Device Manufacturing Facility in New York

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*State-of-the-art wafer fab in New York and mega materials factory in North Carolina will establish silicon carbide corridor on the East Coast*

- Partnership creates larger, highly-automated wafer fab at lower net cost than previously planned
- Proposed 200mm power and RF wafer fabrication facility, known as the "North Fab," will be built in a new location in New York
- Mega materials factory expansion continues at North Carolina global headquarters
- Plan enables 25 percent increased capacity for lower net CapEx

DURHAM, N.C.--(BUSINESS WIRE)--Sep. 23, 2019--

Cree, Inc. (Nasdaq: CREE), the global leader in silicon carbide (SiC) technology, today announced plans to establish a silicon carbide corridor on the East Coast of the United States with the creation of the world's largest silicon carbide fabrication facility. The company will build a brand new, state-of-the-art, automotive-qualified 200mm power and RF wafer fabrication facility in Marcy, New York, complemented by its mega materials factory expansion currently underway at its Durham headquarters.

The new fabrication facility, part of a previously announced project to dramatically increase capacity for its Wolfspeed silicon carbide and GaN business, will be a bigger, highly-automated factory with greater output capability. Through a strategic partnership with the office of Governor Andrew M. Cuomo and other state and local agencies and entities, the decision to build in New York will allow for both continued future expansion of capacity and significant net cost savings for Cree.

As a result, Cree will continue to drive the transition from silicon to silicon carbide technology to meet the increasing demand for the company's groundbreaking Wolfspeed technology that supports the growing electric vehicle (EV), 4G/5G mobile and industrial markets.

"Silicon carbide is one of the most pivotal technologies of our time, and is at the heart of enabling innovation across a wide range of today's most groundbreaking and revolutionary markets, including the transition from the internal combustion engine to electric vehicles and the rollout of ultra-fast 5G networks," said Gregg Lowe, CEO of Cree. "This state-of-the-art, automotive-qualified wafer fabrication facility builds on our 30-year heritage of commercializing breakthrough technologies that help our customers deliver next-generation applications. We look forward to connecting our North Carolina and New York innovation hubs to drive the accelerated adoption of silicon carbide."

"We're excited to become part of Cree's efforts to drive the transition from silicon to silicon carbide, and this partnership will be a key part of our work to strengthen the research and scientific assets that New York State will use to attract the industries and jobs of tomorrow," said Empire State Development Acting Commissioner and President and CEO-designate Eric J. Gertler. "The Mohawk Valley offers a unique combination of valuable high-tech and scientific assets, and this is an important next step in growing our advanced manufacturing infrastructure and investing in our upstate economy."

As part of the partnership, Cree will be investing approximately \$1 billion in construction, equipment and other related costs for the New York fab. New York state will provide a \$500 million grant from Empire State Development and Cree will be eligible for additional local incentives and abatements as well as equipment and tooling from SUNY. As a result, the company expects to realize a net capital savings of approximately \$280 million on our previously announced \$1 billion capacity expansion through 2024. In addition, it will provide 25 percent increased output compared to the previously planned facility. Ramping in 2022, the size of the new facility will be up to 480,000 square-feet upon completion, approximately one fourth of which will be clean room space, providing future expansion capacity as needed. These expansions will further improve Cree's competitive position in the marketplace and accelerate silicon carbide adoption across an array of high-growth industries.

### Creation of the silicon carbide corridor

With a mega materials factory in Durham and a state-of-the-art wafer fabrication facility near Utica, Cree will establish a "silicon carbide corridor," leveraging its 30-year heritage of research and development in the Research Triangle of North Carolina and tapping into the rich technological base of resources situated in New York's Mohawk Valley.

Cree plans to partner with local community and four-year colleges in North Carolina and New York to develop training and internship programs to prepare its workforce for the high-tech employment and long-term growth opportunities in both locations that the company's revised expansion plan presents.

### About Cree, Inc.

Cree is an innovator of Wolfspeed® power and radio frequency (RF) semiconductors and lighting class LEDs. Cree's Wolfspeed product portfolio includes silicon carbide materials, power-switching devices and RF devices targeted for applications such as electric vehicles, fast charging, inverters, power supplies, telecom and military and aerospace. Cree's LED product portfolio includes blue and green LED chips, high-brightness LEDs and lighting-class power LEDs targeted for indoor and outdoor lighting, video displays, transportation and specialty lighting applications.

For additional product and Company information, please refer to [www.cree.com](http://www.cree.com).

### Forward Looking Statements:

This press release contains forward-looking statements involving risks and uncertainties, both known and unknown, that may cause actual results to differ materially from those indicated. Actual results may differ materially due to a number of factors, including the timing of the transition to using silicon carbide devices in EVs; Cree's ability to develop and design silicon carbide devices that will continue to improve performance in the EV market; Cree's ability to develop and design RF devices that will improve performance in the RF Power market; the risk Cree may encounter delays or other difficulties in ramping up production in the new New York fab on time, at the projected costs, to the extent of the anticipated production levels or at all; risks associated with the transition of production from 150mm to 200mm wafers; the risk that Cree may be unable to manufacture these products with sufficiently low cost to offer them at competitive prices or with acceptable margins; customer acceptance of EVs using Cree's silicon carbide devices; customer acceptance of RF power devices using Cree's GaN technology; the rapid development of new technology and competing products that may impair demand or render Cree's products obsolete; and other factors discussed in Cree's filings with the Securities and Exchange Commission, including its report on Form 10-K for the year ended June 30, 2019, and subsequent filings.

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