

CREE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	March 28, 2010	March 29, 2009	March 28, 2010	March 29, 2009
	(Unaudited)		(Unaudited)	
Revenue, net	\$ 234,083	\$ 131,144	\$ 602,688	\$ 419,145
Cost of revenue, net	<u>121,877</u>	<u>83,793</u>	<u>322,634</u>	<u>265,935</u>
Gross profit	112,206	47,351	280,054	153,210
Gross margin percentage	47.9%	36.1%	46.5%	36.6%
Operating expenses:				
Research and development	20,366	17,071	59,865	52,787
Sales, general and administrative	28,954	21,043	78,108	65,804
Amortization of acquisition related intangibles	3,045	4,062	9,135	12,186
Loss on disposal or impairment of long-lived assets	<u>3,286</u>	<u>2,255</u>	<u>3,689</u>	<u>3,305</u>
Total operating expenses	55,651	44,431	150,797	134,082
Operating income	56,555	2,920	129,257	19,128
Operating income percentage	24.2%	2.2%	21.4%	4.6%
Non-operating income:				
Gain on sale of investments, net	-	13	1	78
Interest and other non-operating income, net	<u>2,169</u>	<u>1,850</u>	<u>5,871</u>	<u>7,164</u>
Income from operations before income taxes	58,724	4,783	135,129	26,370
Income tax expense	14,094	768	35,687	5,740
Net income	<u>\$ 44,630</u>	<u>\$ 4,015</u>	<u>\$ 99,442</u>	<u>\$ 20,630</u>
Diluted earnings per share:				
Net income	<u>\$ 0.41</u>	<u>\$ 0.05</u>	<u>\$ 0.97</u>	<u>\$ 0.23</u>
Weighted average shares of common stock outstanding, diluted	<u>108,601</u>	<u>88,839</u>	<u>102,907</u>	<u>88,672</u>