

**CREE, INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Six Months Ended</b>	
	<b>December 24, 2017</b>	<b>December 25, 2016</b>
	<b>(In thousands)</b>	
<b>Cash flows from operating activities:</b>		
Net income	(\$6,120)	\$6,783
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	74,634	62,574
Stock-based compensation	22,162	26,856
Excess tax benefit from stock-based payment arrangements	—	(1)
Loss on disposal or impairment of long-lived assets	7,087	845
Amortization of premium/discount on investments	2,631	2,749
(Gain) loss on equity investment	(21,479)	6,298
Foreign exchange gain on equity investment	(672)	(434)
Deferred income taxes	(11,801)	44
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable, net	(4,203)	13,647
Inventories	11,339	1,290
Prepaid expenses and other assets	5,014	2,735
Accounts payable, trade	17,925	(13,834)
Accrued salaries and wages and other liabilities	9,295	10,164
Net cash provided by operating activities	<u>105,812</u>	<u>119,716</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(85,222)	(35,211)
Purchases of patent and licensing rights	(4,932)	(5,836)
Proceeds from sale of property and equipment	380	236
Purchases of short-term investments	(158,327)	(125,022)
Proceeds from maturities of short-term investments	138,435	93,312
Proceeds from sale of short-term investments	11,938	7,619
Net cash used in investing activities	<u>(97,728)</u>	<u>(64,902)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuing shares to noncontrolling interest	4,900	—
Payment of acquisition-related contingent consideration	(1,850)	(2,775)
Proceeds from long-term debt borrowings	160,000	245,000
Payments on long-term debt borrowings	(181,000)	(235,000)
Net proceeds from issuance of common stock	46,550	8,021
Excess tax benefit from stock-based payment arrangements	—	1
Repurchases of common stock	—	(98,431)
Net cash provided by (used in) financing activities	<u>28,600</u>	<u>(83,184)</u>
Effects of foreign exchange changes on cash and cash equivalents	407	(691)
Net increase (decrease) in cash and cash equivalents	37,091	(29,061)
<b>Cash and cash equivalents:</b>		
Beginning of period	132,597	166,154
End of period	<u>\$169,688</u>	<u>\$137,093</u>
<b>Supplemental disclosure of cash flow information:</b>		
<b>Significant non-cash transactions:</b>		
Accrued property and equipment	\$19,039	\$8,240

The accompanying notes are an integral part of the consolidated financial statements.