

(b) New Independent Accountants

During the two most recent fiscal years of the Company and through the date of the engagement of such firm, the Company did not consult with Ernst & Young LLP on matters (i) regarding the application of accounting principles to a specified transaction or the type of audit opinion that might be rendered on the Company's financial statements, or (ii) which concerned the subject matter of a disagreement or reportable event with the former auditor (as described in Regulation S-K, Item 304).

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

Exhibit 16. Letter from PricewaterhouseCoopers LLP to the Commission dated September 23, 1998.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CREE RESEARCH, INC.

By: /s/ Cynthia B. Merrell

Cynthia B. Merrell
Chief Financial Officer

Date: September 25, 1998

September 23, 1998

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549

Ladies and Gentlemen:

We have read the statements made by Cree Research, Inc. which we understand will be filed with the Commission, pursuant to Item 4 of Form 8-K, as part of the Company's Form 8-K report for the month of September 1998. We agree with the statements concerning our Firm in such Form 8-K.

We have no basis to agree or disagree with the Company's statements regarding Ernst & Young LLP.

Yours very truly,

PricewaterhouseCoopers LLP