

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

	<u>Three Months Ended</u>	
	<u>September 27, 2009</u>	<u>September 28, 2008</u>
	(Unaudited)	
Revenue, net	\$ 169,130	\$ 140,378
Cost of revenue, net	<u>95,352</u>	<u>91,015</u>
Gross profit	73,778	49,363
Gross margin percentage	43.6%	35.2%
Operating expenses:		
Research and development	20,174	17,275
Sales, general and administrative	23,613	22,918
Amortization of acquisition related intangibles	3,045	4,062
Loss on disposal or impairment of long-lived assets	<u>293</u>	<u>405</u>
Total operating expenses	47,125	44,660
Operating income	26,653	4,703
Operating income percentage	15.8%	3.4%
Non-operating income:		
Gain on sale of investments, net	-	12
Interest and other non-operating income, net	<u>1,761</u>	<u>2,958</u>
Income from operations before income taxes	28,414	7,673
Income tax expense	<u>7,388</u>	<u>1,754</u>
Net income	<u>\$ 21,026</u>	<u>\$ 5,919</u>
Diluted earnings per share:		
Net income	<u>\$ 0.23</u>	<u>\$ 0.07</u>
Weighted average shares of common stock outstanding, diluted	<u>92,730</u>	<u>88,732</u>