

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

	Three Months Ended		Six Months Ended	
	December 27, 2009	December 28, 2008	December 27, 2009	December 28, 2008
	(Unaudited)		(Unaudited)	
Revenue, net	\$ 199,475	\$ 147,623	\$ 368,605	\$ 288,001
Cost of revenue, net	105,405	91,127	200,757	182,142
Gross profit	94,070	56,496	167,848	105,859
Gross margin percentage	47.2%	38.3%	45.5%	36.8%
Operating expenses:				
Research and development	19,325	18,441	39,499	35,716
Sales, general and administrative	25,560	21,843	49,173	44,761
Amortization of acquisition related intangibles	3,045	4,062	6,090	8,124
Loss on disposal or impairment of long-lived assets	110	645	403	1,050
Total operating expenses	48,040	44,991	95,165	89,651
Operating income	46,030	11,505	72,683	16,208
Operating income percentage	23.1%	7.8%	19.7%	5.6%
Non-operating income:				
Gain on sale of investments, net	1	53	1	65
Interest and other non-operating income, net	1,960	2,356	3,721	5,314
Income from operations before income taxes	47,991	13,914	76,405	21,587
Income tax expense	14,205	3,218	21,593	4,972
Net income	<u>\$ 33,786</u>	<u>\$ 10,696</u>	<u>\$ 54,812</u>	<u>\$ 16,615</u>
Diluted earnings per share:				
Net income	<u>\$ 0.32</u>	<u>\$ 0.12</u>	<u>\$ 0.55</u>	<u>\$ 0.19</u>
Weighted average shares of common stock outstanding, diluted	<u>106,607</u>	<u>88,511</u>	<u>99,836</u>	<u>88,619</u>