

**CREE, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except per share data)

	<u>6/26/2005</u> <u>(Audited)</u>	<u>6/27/2004</u> <u>(Audited)</u>
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and equivalents and short term investments	\$ 173,468	\$ 158,163
Accounts receivable, net	35,158	47,766
Inventories, net	31,249	19,428
Interest receivable	2,139	1,752
Income tax receivable	9,900	1,960
Deferred income taxes	23,531	2,560
Prepaid insurance	2,327	2,304
Prepaid expenses and other current assets	3,658	960
<b>Total current assets</b>	<u>281,430</u>	<u>234,893</u>
Property and equipment, net	341,396	273,342
Long-term investments held to maturity	103,791	72,730
Patents and license rights, net	28,891	19,831
Marketable securities available for sale	20,937	22,002
Other assets	963	5,202
<b>Total assets</b>	<u>\$ 777,408</u>	<u>\$ 628,000</u>
<b>Liabilities and Shareholders' Equity:</b>		
<b>Current liabilities:</b>		
Accounts payable trade	\$ 23,465	\$ 25,102
Accrued salaries and wages	9,188	8,125
Deferred revenue	67	8,437
Other accrued expenses	3,316	3,318
<b>Total current liabilities</b>	<u>36,036</u>	<u>44,982</u>
<b>Long term liabilities:</b>		
Deferred income taxes	28,454	3,886
<b>Total long term liabilities</b>	<u>28,454</u>	<u>3,886</u>
<b>Shareholders' Equity:</b>		
Common stock	94	91
Additional paid in capital	548,342	506,275
Other comprehensive income, net of tax	6,200	5,627
Retained earnings	158,282	67,139
<b>Total shareholders' equity</b>	<u>712,918</u>	<u>579,132</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 777,408</u>	<u>\$ 628,000</u>