

Conference Call Financial Metrics
(Unaudited)

	Quarter Ended			
	12/26/2004	9/26/2004	6/27/2004	3/28/2004
LEDS				
LED revenue	\$ 78,806,000	\$ 78,898,000	\$ 72,168,000	\$ 62,032,000
LED revenue % growth, sequentially	0%	9%	16%	10%
LED revenue - % by product:				
Standard	6%	6%	6%	7%
Mid-brightness	42%	39%	40%	42%
High-brightness	52%	55%	54%	51%
LED ASPs % change:				
Sequentially	-18%	-1%	-2%	3%
Change from year ago quarter	-18%	3%	-7%	-16%
ASP sequential % change without the shift to UT-230 mix	-7%	-	-	-
LED costs per unit % change:				
Sequentially	-4%	-11%	-5%	-6%
Change from year ago quarter	-23%	-26%	-19%	-23%
LED unit shipments % change:				
Sequentially	21%	10%	19%	7%
Change from year ago quarter	70%	51%	59%	62%
WAFER MATERIALS				
Wafer revenue	\$ 7,055,000	\$ 6,774,000	\$ 5,452,000	\$ 4,841,000
Gemstone material revenue	\$ 1,815,000	\$ 1,525,000	\$ 1,518,000	\$ 1,150,000
Wafer revenue- % change, sequentially	4%	24%	13%	-19%
Wafer volume- % change, sequentially	-21%	38%	0%	-17%
Wafer ASPs - % change, sequentially	32%	-10%	13%	-2%
Wafer average cost- % change, sequentially	19%	-10%	6%	35%
CONTRACTS				
Gross margin %	16%	20%	23%	12%
Amount of new contract awards	\$ -	\$ -	\$ 700,000	
Rate or other adjustment (charge)- \$	\$ (79,000)	\$ (422,000)	\$ 822,000	\$ (115,000)
License revenue	\$ -	\$ 337,000	\$ -	\$ -
CREE MICROWAVE				
Gross profit- \$	\$ (1,637,000)	\$ (1,327,000)	\$ 41,000	\$ (370,029)
Cost of sales benefit-standards change & warranty accrual	\$ 31,000	\$ -	\$ 286,000	\$ -
OTHER REVENUE				
Advanced device products	\$ 2,207,000	\$ 1,512,000	\$ 1,107,000	\$ 1,158,000
BALANCE SHEET/CASH FLOW /ADJUSTMENTS				
Increased payroll tax related to stock option exercises-Cost of sales	\$ 242,000	\$ -	\$ -	\$ -
Increased payroll tax related to stock option exercises-R&D	\$ 501,000	\$ -	\$ -	\$ -
Increased payroll tax related to stock option exercises-S,G&A	\$ 578,000	\$ -	\$ -	\$ -
Loss on disposal of property and equipment - \$	\$ 248,000	\$ 78,000	\$ 790,000	\$ 80,000
Increase in accounts receivable reserve	\$ 348,000	\$ (61,000)	\$ (26,000)	\$ (146,000)
Sequential increase Sarbanes-Oxley 404 compliance expenses	\$ 424,000	\$ -	\$ -	\$ -
Accrual for D&O insurance reimbursement	\$ 1,177,000	\$ -	\$ -	\$ -
Gain (loss) on investments	\$ (1,992,000)	\$ 118,000	\$ -	\$ -
Adjustment for interest expense	\$ 265,000	\$ -	\$ -	\$ -
Income tax expense adjustment public company investment	\$ (7,900,000)	\$ -	\$ -	\$ -
Income tax expense adjustment other	\$ 1,900,000	\$ -	\$ -	\$ -
Cash proceeds from stock option and ESPP exercises	\$ 43,900,000	\$ 4,309,000	\$ 2,900,000	\$ 5,851,000
Days Sales Outstanding	41	37	34	36
Inventory Days on Hand	47	49	41	41
Cash flow from operations - \$	\$ 38,880,000	\$ 53,756,000	\$ 50,989,000	\$ 30,535,000
CapEx spending \$	\$ 47,868,000	\$ 34,657,000	\$ 28,574,000	\$ 11,307,000
Free cash flow - \$ (cash flow from operations* less CapEx spending)	\$ (8,988,000)	\$ 19,099,000	\$ 22,415,000	\$ 19,228,000

*Most directly comparable GAAP measure to free cash flow