

CREE, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	<u>9/24/2006</u> <u>(Unaudited)</u>	<u>6/25/2006</u> <u>(Audited)</u>
Assets:		
Current assets:		
Cash, cash equivalents and short term investments	\$ 208,546	\$ 256,218
Accounts receivable, net	72,246	68,363
Inventory	40,171	29,994
Deferred income taxes	12,416	10,092
Prepaid expenses and other current assets	9,656	11,437
Assets of discontinued operations	392	394
Total current assets	<u>343,427</u>	<u>376,498</u>
Property, plant and equipment, net	360,604	342,238
Long-term investments held to maturity	125,490	119,400
Intangible assets, net	70,627	30,286
Long-term marketable securities	29,305	29,072
Other assets	3,515	2,706
Total assets	<u>\$ 932,968</u>	<u>\$ 900,200</u>
Liabilities and Shareholders' Equity:		
Current liabilities:		
Accounts payable trade	\$ 35,711	\$ 23,214
Current portion of capital lease obligations	396	-
Accrued salaries and wages	9,015	8,828
Income tax payable	7,291	-
Other current liabilities	2,062	4,256
Liabilities of discontinued operations	941	1,092
Total current liabilities	<u>55,416</u>	<u>37,390</u>
Long term liabilities:		
Deferred income taxes and contingent tax reserves	33,401	33,310
Capital lease obligations, net of current portion	791	-
Long term liabilities of discontinued operations	1,772	1,887
Total long term liabilities	<u>35,964</u>	<u>35,197</u>
Shareholders' Equity:		
Common stock	96	96
Additional paid in capital	581,388	580,804
Comprehensive income	11,859	11,758
Retained earnings	248,245	234,955
Total shareholders' equity	<u>841,588</u>	<u>827,613</u>
Total liabilities and shareholders' equity	<u>\$ 932,968</u>	<u>\$ 900,200</u>