



August 11, 2009

Cree Reports Record Revenue for the Fourth Quarter and Fiscal Year 2009

Annual Revenue Increased 15% to \$567 Million

DURHAM, N.C., August 11, 2009 – Cree, Inc. (Nasdaq: CREE), a market leader in LED lighting, today announced record revenue of \$148.1 million for its fourth quarter of fiscal 2009, ended June 28, 2009. This represents a 9% increase compared to revenue of \$135.9 million reported for the fourth fiscal quarter last year and a 13% increase compared to the fiscal third quarter of 2009. GAAP net income for the fourth quarter was \$9.7 million, or \$0.11 per diluted share, compared to GAAP net income of \$8.4 million, or \$0.09 per diluted share, for the fourth quarter of fiscal 2008. On a non-GAAP basis, net income for the fourth quarter of fiscal 2009 was \$16.3 million, or \$0.18 per diluted share, compared to non-GAAP net income for the fourth quarter of fiscal 2008 of \$14.5 million or \$0.16 per diluted share. Cree generated \$43.0 million of operating cash flow and \$28.3 million of free cash flow (cash flow from operations less capital expenditures) during the fourth quarter.

For fiscal year 2009, Cree reported revenue of \$567.3 million, which represents a 15% increase compared to revenue of \$493.3 million for fiscal 2008. GAAP net income was \$30.3 million, or \$0.34 per diluted share, compared to \$33.4 million, or \$0.38 per diluted share for fiscal 2008. GAAP net income for fiscal 2008 included a benefit of \$0.12 per diluted share related to a gain on the sale of investments. On a non-GAAP basis, net income for fiscal year 2009 was \$59.2 million, or \$0.66 per diluted share, compared to \$47.2 million, or \$0.54 per diluted share, for fiscal 2008. Cree generated \$177.9 million of operating cash flow and \$122.6 million of free cash flow during fiscal 2009.

"Our strong Q4 results were an outstanding finish to a very good year and reflect the success of our strategy to drive growth in LEDs and LED lighting applications," stated Chuck Swoboda, Cree chairman and CEO. -- Entering fiscal 2010, our Q1 backlog is very strong as we see growing demand across our LED product lines. We are well positioned to benefit from the worldwide growth in LED lighting. As such, we continue to invest in the new products, channels and technical support needed to accelerate the LED lighting revolution."

Recent Business Highlights:

* Introduced the LRP-38, the revolutionary PAR38 LED bulb that delivers the same vibrant color as halogen with 75 percent less energy.

* Announced that Chuck Swoboda, Cree chairman and CEO, joined President Obama at the White House to discuss innovation and the latest developments in energy-efficient technologies.

* Announced that North Carolina's first eco-friendly McDonald's is 97% lit with LEDs, and includes Cree's entire line of LED fixtures and lamps.

* Welcomed Fairview, Texas, and Gwangju, South Korea, to the LED City® Program.

* Demonstrated the XLamp® XP-G, the industry's brightest and highest-efficiency lighting-class LED.

Q4 2009 Financial Metrics:

	Fourth Quarter (in thousands, except per share amounts)		Change	
	2009	2008		
Net revenue	\$148,110	\$135,925	\$12,185	9%
GAAP				
Gross Margin	39.6%	33.7%		
Net Income	\$9,695	\$8,446	\$ 1,249	15%
Earnings per diluted share	\$ 0.11	\$ 0.09	\$ 0.02	22%
Non-GAAP				
Gross Margin	40.3%	34.2%		
Net Income	\$16,336	\$14,501	\$ 1,835	13%
Earnings per diluted share	\$ 0.18	\$ 0.16	\$ 0.02	13%

* Cash and investments increased \$42.3 million to \$447.2 million, with cash flow from operations of \$43.0 million and free cash flow of \$28.3 million.

* Accounts receivable (net) increased \$0.1 million from Q3 of fiscal 2009 to \$103.0 million, resulting in days sales outstanding of 63, a decrease of 8 days from Q3 of fiscal 2009.

* Inventory (net) increased \$1.3 million from Q3 of fiscal 2009 to \$78.8 million and represents 79 days of inventory, a decrease of 4 days from Q3 of fiscal 2009.

Business Outlook:

For its first quarter of fiscal 2010 ending September 27, 2009, Cree targets revenue in a range of \$160 million to \$166 million with GAAP earnings of \$0.14 to \$0.16 per diluted share and non-GAAP earnings of \$0.21 to \$0.23 per diluted share, based on an estimated 91 million diluted weighted average shares. Targeted non-GAAP earnings exclude expenses related to the amortization of acquired intangibles of \$0.02 per diluted share, and stock-based compensation expense of \$0.05 per diluted share.

Quarterly Conference Call:

Cree will host a conference call at 5:00 p.m. Eastern time today to review the highlights of the fiscal fourth quarter 2009 results and the fiscal first quarter 2010 business outlook, including significant factors and assumptions underlying the targets noted above. The conference call will be available to the public through a live audio web broadcast via the Internet. Log on to Cree's website at www.cree.com and go to "Investor Relations — Overview" for webcast details. The call will be archived and available on the website through August 25, 2009.

Supplemental financial information, including the non-GAAP reconciliation attached to this press release, is available in the "Investor Relations" section of Cree's website, under "Financial Metrics," "Quarter ending June 28, 2009," at www.cree.com.

About Cree, Inc.

Cree is leading the LED lighting revolution and setting the stage to obsolete the incandescent light bulb through the use of energy-efficient, environmentally friendly LED lighting. Cree is a market-leading innovator of lighting-class LEDs, LED lighting solutions, and semiconductor solutions for wireless and power applications.

Cree's product families include recessed LED down lights, lighting-class power LEDs, high-brightness LEDs, blue and green LED chips, power-switching devices and radio-frequency/wireless devices. Cree solutions are driving improvements in applications such as general illumination, backlighting, electronic signs and signals, variable-speed motors, and wireless communications.

For additional product and company information, please refer to www.cree.com.

Non-GAAP Financial Measures:

This press release highlights the company's financial results on both a GAAP and a non-GAAP basis. The GAAP results include certain costs, charges, gains and losses that are excluded from non-GAAP results. By publishing the non-GAAP measures, management intends to provide investors with additional information to further analyze the company's performance, core results and underlying trends. Cree's management evaluates results and makes operating decisions using both GAAP and non-GAAP measures included in this press release. Non-GAAP results are not prepared in accordance with GAAP, and non-GAAP information should be considered a supplement to, and not a substitute for, financial statements prepared in accordance with GAAP. Investors and potential investors are encouraged to review the reconciliation of non-GAAP financial measures to their most directly comparable GAAP measures attached to this press release.

Forward Looking Statements:

The schedules attached to this release are an integral part of the release. This press release contains forward-looking statements involving risks and uncertainties, both known and unknown, that may cause actual results to differ materially from those indicated. Actual results, including with respect to our targets and prospects, could differ materially due to a number of factors, including current uncertainty in global economic conditions that could negatively affect product demand, collectability of receivables and other related matters as consumers and businesses may defer purchases or payments, or default on payments, in response to tighter credit and negative financial news; our ability to complete development and commercialization of products under development, such as our pipeline of brighter LED chips, LED components and LED lighting retrofit solutions; our ability to lower costs; increasing price competition in key markets; the risk that, due to the complexity of our manufacturing processes and transition of production to larger wafers, we may experience production delays that preclude us from shipping sufficient quantities to meet customer orders or that result in higher production costs and lower margins; risks associated with the ramp-up of our production for our new products, as well as production at our Huizhou facility and subcontractors; risks resulting from the concentration of our business among few customers, including the risk that customers may reduce or cancel orders or fail to honor purchase commitments; the rapid development of new technology and competing products that may impair demand or render our products obsolete; the potential lack of customer acceptance for our products; risks associated with our recent acquisitions; risks associated with ongoing litigation; and other factors discussed in our filings with the Securities and Exchange Commission (SEC), including our report on Form 10-K for the fiscal year ended June 29, 2008, and subsequent reports filed with the SEC. Except as required under the U.S. federal securities laws and the rules and regulations of the SEC, Cree disclaims any obligation to update any forward-looking statements after the date of this release,

whether as a result of new information, future events, developments, changes in assumptions or otherwise.

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