

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

	Three Months Ended		Year Ended	
	June 27, 2010 (Unaudited)	June 28, 2009 (Unaudited)	June 27, 2010 (Unaudited)	June 28, 2009 (Unaudited)
Revenue, net	\$ 264,599	\$ 148,110	\$ 867,287	\$ 567,255
Cost of revenue, net	<u>133,546</u>	<u>89,414</u>	<u>456,180</u>	<u>355,349</u>
Gross profit	131,053	58,696	411,107	211,906
Gross margin percentage	49.5%	39.6%	47.4%	37.4%
Operating expenses:				
Research and development	21,542	18,576	81,407	71,363
Sales, general and administrative	37,493	21,125	115,601	86,929
Amortization of acquisition related intangibles	3,045	4,062	12,180	16,248
Loss on disposal or impairment of long-lived assets	452	3,471	4,141	6,776
Total operating expenses	<u>62,532</u>	<u>47,234</u>	<u>213,329</u>	<u>181,316</u>
Operating income	68,521	11,462	197,778	30,590
Operating income percentage	25.9%	7.7%	22.8%	5.4%
Non-operating income:				
Gain on sale of investments, net	-	-	1	78
Interest and other non-operating income, net	1,822	1,650	7,693	8,999
Income from operations before income taxes	<u>70,343</u>	<u>13,112</u>	<u>205,472</u>	<u>39,667</u>
Income tax expense	17,495	3,277	53,182	9,017
Income from continuing operations	<u>\$ 52,848</u>	<u>\$ 9,835</u>	<u>\$ 152,290</u>	<u>\$ 30,650</u>
(Loss) income from discontinued operations, net of related tax effect	-	(140)	-	(325)
Net income	<u>\$ 52,848</u>	<u>\$ 9,695</u>	<u>\$ 152,290</u>	<u>\$ 30,325</u>
Diluted earnings per share:				
Income from continuing operations	\$ 0.48	\$ 0.11	\$ 1.45	\$ 0.34
(Loss) income from discontinued operations	\$ -	\$ -	\$ -	\$ -
Net income	<u>\$ 0.48</u>	<u>\$ 0.11</u>	<u>\$ 1.45</u>	<u>\$ 0.34</u>
Weighted average shares of common stock outstanding, diluted	<u>109,558</u>	<u>89,983</u>	<u>104,698</u>	<u>89,081</u>