

CREE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts and percentages)
(unaudited)

	Three Months Ended		Six Months Ended	
	December 28, 2014	December 29, 2013	December 28, 2014	December 29, 2013
Revenue, net	\$ 413,157	\$ 415,086	\$ 840,829	\$ 806,092
Cost of revenue, net	276,378	259,308	568,230	499,557
Gross profit	136,779	155,778	272,599	306,535
Gross margin percentage	33.1%	37.5%	32.4%	38.0%
Operating expenses:				
Research and development	46,989	44,436	93,714	86,179
Sales, general and administrative	72,375	67,943	142,067	132,221
Amortization or impairment of acquisition-related intangibles	6,495	7,256	12,994	14,543
Loss on disposal or impairment of long- lived assets	735	760	2,182	1,417
Total operating expenses	126,594	120,395	250,957	234,360
Operating income	10,185	35,383	21,642	72,175
Operating income percentage	2.5%	8.5%	2.6%	9.0%
Non-operating income, net	1,728	3,403	4,632	6,221
Income before income taxes	11,913	38,786	26,274	78,396
Income tax (benefit) expense	(238)	3,105	2,993	12,218
Net income	<u>\$ 12,151</u>	<u>\$ 35,681</u>	<u>\$ 23,281</u>	<u>\$ 66,178</u>
Diluted earnings per share	\$ 0.10	\$ 0.29	\$ 0.20	\$ 0.54
Shares used in diluted per share calculation:	115,845	123,204	118,599	122,821