

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

	Three Months Ended		Nine Months Ended	
	March 27, 2011 (Unaudited)	March 28, 2010 (Unaudited)	March 27, 2011 (Unaudited)	March 28, 2010 (Unaudited)
Revenue, net	\$ 219,168	\$ 234,083	\$ 744,588	\$ 602,688
Cost of revenue, net	<u>127,773</u>	<u>121,877</u>	<u>401,518</u>	<u>322,634</u>
Gross profit	91,395	112,206	343,070	280,054
Gross margin percentage	41.7%	47.9%	46.1%	46.5%
Operating expenses:				
Research and development	31,016	20,366	84,981	59,865
Sales, general and administrative	37,603	28,954	100,171	78,108
Amortization of acquisition related intangibles	2,693	3,045	8,105	9,135
Loss on disposal or impairment of long-lived assets	405	3,286	1,306	3,689
Total operating expenses	<u>71,717</u>	<u>55,651</u>	<u>194,563</u>	<u>150,797</u>
Operating income	19,678	56,555	148,507	129,257
Operating income percentage	9.0%	24.2%	19.9%	21.4%
Non-operating income:				
Interest and other non-operating income, net	2,276	2,169	6,463	5,872
Income from operations before income taxes	<u>21,954</u>	<u>58,724</u>	<u>154,970</u>	<u>135,129</u>
Income tax expense	3,073	14,094	28,278	35,687
Net income	<u>\$ 18,881</u>	<u>\$ 44,630</u>	<u>\$ 126,692</u>	<u>\$ 99,442</u>
Earnings per share:				
Diluted net income per share	<u>\$ 0.17</u>	<u>\$ 0.41</u>	<u>\$ 1.15</u>	<u>\$ 0.97</u>
Shares used in diluted per share calculation	<u>110,323</u>	<u>108,601</u>	<u>110,007</u>	<u>102,907</u>