

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

	Three Months Ended	
	September 28, 2014	September 29, 2013
Revenue, net	\$ 427,672	\$ 391,006
Cost of revenue, net	291,852	240,249
Gross profit	135,820	150,757
Gross margin percentage	31.8 %	38.6 %
Operating expenses:		
Research and development	46,725	41,743
Sales, general and administrative	69,692	64,278
Amortization or impairment of acquisition-related intangibles	6,499	7,287
Loss on disposal or impairment of long-lived assets	1,447	657
Total operating expenses	124,363	113,965
Operating income	11,457	36,792
Operating income percentage	2.7 %	9.4 %
Non-operating income, net	2,904	2,818
Income before income taxes	14,361	39,610
Income tax expense	3,231	9,113
Net income	\$ 11,130	\$ 30,497
Diluted earnings per share	\$ 0.09	\$ 0.25
Shares used in diluted per share calculation:	121,143	122,364