

Conference Call Financial Metrics

(Unaudited)

	Quarter Ended			
	3/27/2005	12/26/2004	9/26/2004	6/27/2004
LEDS				
LED revenue	\$ 80,634,018	\$ 78,806,000	\$ 78,898,000	\$ 72,168,000
LED revenue % growth, sequentially	2%	0%	9%	16%
LED revenue - % by product:				
Standard	3%	6%	6%	6%
Mid-brightness	31%	42%	39%	40%
High-brightness	66%	52%	55%	54%
LED ASPs % change:				
Sequentially	6%	-18%	-1%	-2%
Change from year ago quarter	-15%	-18%	3%	-7%
ASP sequential % change without the shift to UT-230 mix	-	-7%	-	-
LED costs per unit % change:				
Sequentially	-5%	-4%	-11%	-5%
Change from year ago quarter	-20%	-23%	-26%	-19%
LED unit shipments % change:				
Sequentially	-4%	21%	10%	19%
Change from year ago quarter	53%	70%	51%	59%
WAFER MATERIALS				
Wafer revenue	\$ 5,537,000	\$ 7,055,000	\$ 6,774,000	\$ 5,452,000
Gemstone material revenue	\$ 2,057,000	\$ 1,815,000	\$ 1,525,000	\$ 1,518,000
Wafer revenue- % change, sequentially	-22%	4%	24%	13%
Wafer volume- % change, sequentially	-23%	-21%	38%	0%
Wafer ASPs - % change, sequentially	2%	32%	-10%	13%
Wafer average cost- % change, sequentially	-41%	19%	-10%	6%
CONTRACTS				
Gross margin %	22%	16%	20%	23%
Amount of new contract awards	\$ -	\$ -	\$ -	\$ 700,000
Rate or other adjustment (charge)- \$	\$ -	\$ (79,000)	\$ (422,000)	\$ 822,000
License revenue	\$ -	\$ -	\$ 337,000	\$ -
CREE MICROWAVE				
Gross profit- \$	\$ (1,713,242)	\$ (1,637,000)	\$ (1,327,000)	\$ 41,000
Cost of sales benefit-standards change & warranty accrual	\$ -	\$ 31,000	\$ -	\$ 286,000
OTHER REVENUE				
Advanced device products	\$ 2,002,000	\$ 2,207,000	\$ 1,512,000	\$ 1,107,000
BALANCE SHEET/CASH FLOW /ADJUSTMENTS				
Increased payroll tax related to stock option exercises-Cost of sales	\$ -	\$ 242,000	\$ -	\$ -
Increased payroll tax related to stock option exercises-R&D	\$ -	\$ 501,000	\$ -	\$ -
Increased payroll tax related to stock option exercises-S,G&A	\$ -	\$ 578,000	\$ -	\$ -
Loss on disposal of property and equipment - \$	\$ 277,000	\$ 248,000	\$ 78,000	\$ 790,000
Increase in accounts receivable reserve	\$ 8,502,000	\$ 348,000	\$ (61,000)	\$ (26,000)
Decrease in LED revenue due to sales return and deferred revenue	\$ 441,000	\$ -	\$ -	\$ -
Increase in inventory due to wafer and LED work in process and finished goods	\$ 3,100,000	\$ -	\$ -	\$ -
Reclass of foreign currency provision	\$ 111,000	\$ -	\$ -	\$ -
Reduction in cost of sales for sales return estimate	\$ 1,630,000	\$ -	\$ -	\$ -
Reduction in warranty reserve	\$ 582,000	\$ -	\$ -	\$ -
Sequential increase Sarbanes-Oxley 404 compliance expenses	\$ 186,000	\$ 424,000	\$ -	\$ -
Reclass of patent amortization expense	\$ 404,000	\$ -	\$ -	\$ -
Accrual for D&O insurance reimbursement	\$ -	\$ 1,177,000	\$ -	\$ -
Gain (loss) on investments	\$ 2,808,000	\$ (1,992,000)	\$ 118,000	\$ -
Adjustment for interest expense	\$ -	\$ 265,000	\$ -	\$ -
Income tax expense adjustment public company investment	\$ 4,126,000	\$ (7,900,000)	\$ -	\$ -
Year-to-date tax provision benefit	\$ (716,000)	\$ -	\$ -	\$ -
Income tax expense adjustment other	\$ (200,000)	\$ 1,900,000	\$ -	\$ -
Cash proceeds from stock option and ESPP exercises	\$ 665,000	\$ 43,900,000	\$ 4,309,000	\$ 2,900,000
Days Sales Outstanding	38	41	37	34
Value of stock repurchase	\$ 35,300,000	\$ -	\$ -	\$ 23,200,000
Inventory Days on Hand	57	47	49	41
Cash flow from operations - \$	\$ 16,630,000	\$ 38,880,000	\$ 53,756,000	\$ 50,989,000
CapEx spending \$	\$ 37,256,000	\$ 47,868,000	\$ 34,657,000	\$ 28,574,000
Free cash flow - \$ (cash flow from operations* less CapEx spending)	\$ (20,626,000)	\$ (8,988,000)	\$ 19,099,000	\$ 22,415,000

*Most directly comparable GAAP measure to free cash flow