



March 5, 2013

Cree Introduces The Biggest Thing Since the Light Bulb.™

Cree® LED Bulb Breaks \$10 Price Barrier and Works Better than a Light Bulb

DURHAM, N.C., March 5, 2013 - Cree, Inc. (Nasdaq: CREE) introduces a game-changing series of LED bulbs at a retail price point that gives consumers a reason to switch to LED lighting. The long-lasting Cree LED bulbs showcase Cree's commitment to LED lighting innovation. The new bulbs shine as brightly as comparable incandescents while saving 84 percent of the energy compared to traditional bulbs. The Cree LED bulbs are backed by a 10-year limited warranty and available exclusively at The Home Depot®.

"The Cree LED light bulb was designed to offer consumers a no-compromise lighting experience at a compelling price," said Chuck Swoboda, Cree chairman and CEO. "Over the last couple of years we recognized that the consumer is instrumental in the adoption of LED lighting, but we needed to give them a reason to switch. We believe this breakthrough LED bulb will, for the first time, give consumers a reason to upgrade the billions of energy-wasting light bulbs. We could not think of a better way to get this bulb into consumers' hands than through The Home Depot, a visionary partner who embraces innovation."

"As the leading retailer of energy-efficient LED lighting products, our customers look to us to provide them with the most advanced and most cost-effective lighting technologies available," said Jeff Epstein, merchandising vice president, The Home Depot. "We diligently work with our manufacturing partners to offer consumers the most innovative alternatives that also help save money and energy. We are pleased to expand our relationship with Cree. It has enabled us to be the first in the market to offer a technologically advanced and affordable LED light bulb in the market today."

The innovative bulb is illuminated by Cree LED Filament Tower™ Technology and provides a compact optically balanced light source within a real glass bulb to deliver consumers the warm light they love and want. Boasting a shape that looks like a traditional light bulb, Cree LED bulbs can be placed in most lighting fixtures in the home. The new Cree LED bulb is designed to last 25,000 hours or 25 times longer than typical incandescent light bulbs - reducing the need to replace bulbs for years to come.

With a retail price of \$9.97 for the warm white 40-watt replacement, \$12.97 for the 60-watt warm white replacement and \$13.97 for the 60-watt day light, the Cree LED bulbs save 84 percent of the energy compared to traditional incandescents. Cree LED bulbs can pay for themselves quickly and then pay consumers year after year. By replacing the incandescent bulbs with Cree LED bulbs in a home's five most frequently used light fixtures, consumers can save \$61 per year on electric bills.*

Cree LED bulbs are the ideal replacement for energy-wasting 60-watt and 40-watt incandescents and compromise-laden CFL lighting. The new LED bulbs turn on instantly and are free of the mercury that is found in CFL bulbs. Unlike many low-priced LED bulbs, Cree LED bulbs are easily dimmable with most standard incandescent dimmers.

The Cree LED light bulb (60-watt incandescent replacement) delivers 800 lumens and consumes only 9.5 watts and is available in warm white (2700K) and day light (5000K) color temperatures. The Cree LED light bulb (40-watt incandescent replacement) delivers 450 lumens and consumes only 6 watts and is available in 2700K color temperature.

All products are available exclusively at The Home Depot. Please visit www.creebulb.com to purchase the bulbs online today.

* Based on Cree LED bulb 60W replacements at 9.5 watt, \$0.11 per kilowatt-hour, 25,000 hour lifetime and average usage of 6 hours per day.

Business Outlook Update:

For its third quarter of fiscal 2013 ending March 31, 2013, Cree now targets incrementally higher revenue and net income. The revenue target has been increased to a range of \$335 million to \$350 million. The GAAP and non-GAAP gross margin targets remain the same as previously announced with GAAP gross margin targeted to be similar to Q2 and non-GAAP gross margin targeted to be 39.5% +/- . Our GAAP gross margin targets include stock-based compensation expense of approximately \$2.4 million, while our non-GAAP targets do not. Operating expenses are targeted to be approximately \$2 million higher than previously announced, due to higher R&D and marketing costs to support the new product launch. The tax rate target is unchanged at 17% for fiscal Q3. The GAAP net income target has been increased to a range of \$18 million to \$24 million, or \$0.16 to \$0.21 per diluted share. The Non-GAAP net income target has been increased to a range of \$36 million to \$42 million, or \$0.31 to \$0.36 per diluted share. The GAAP and non-GAAP net income targets are based on an estimated 116.7 million

diluted weighted average shares. Targeted non-GAAP earnings exclude expenses related to the amortization of acquired intangibles and stock-based compensation expense of \$0.15 per diluted share.

About Cree

Cree is leading the LED lighting revolution and making energy-wasting traditional lighting technologies obsolete through the use of energy-efficient, mercury-free LED lighting. Cree is a market-leading innovator of lighting-class LEDs, LED lighting and semiconductor products for power and radio-frequency (RF) applications.

Cree's product families include LED fixtures and bulbs, blue and green LED chips, high-brightness LEDs, lighting-class power LEDs, power-switching devices and RF devices. Cree products are driving improvements in applications such as general illumination, electronic signs and signals, power supplies and solar inverters.

For additional product and company information, please refer to www.creebulb.com.

This press release contains forward-looking statements involving risks and uncertainties, both known and unknown, that may cause actual results to differ materially from those indicated. Actual results, including with respect to our targets and prospects, could differ materially due to a number of factors, including the risk that we may not obtain sufficient orders to achieve our targeted revenues; risks associated with our acquisition of Ruud Lighting; price competition in key markets; the risk that we or our channel partners are not able to develop and expand customer bases and accurately anticipate demand from end customers, which can result in increased inventory and reduced orders as we experience wide fluctuations in supply and demand; the risk that our results will suffer if we are unable to balance fluctuations in customer demand and capacity; risks associated with the ramp-up of production of our new products, and our entry into new business channels different from those in which we have historically operated; the risk that actual savings from our new products will vary from expectations; the risk that we may experience production difficulties that preclude us from shipping sufficient quantities to meet customer orders or that result in higher production costs and lower margins; our ability to lower costs; ongoing uncertainty in global economic conditions, infrastructure development or customer demand that could negatively affect product demand, collectability of receivables and other related matters as consumers and businesses may defer purchases or payments, or default on payments; the risk we may be required to record a significant charge to earnings if our goodwill or amortizable assets become impaired; our ability to complete development and commercialization of products under development, such as our pipeline of improved LED chips, LED components and LED lighting products; risks resulting from the concentration of our business among few customers, including the risk that customers may reduce or cancel orders or fail to honor purchase commitments; risks related to our multi-year warranty periods for LED lighting products; the rapid development of new technology and competing products that may impair demand or render our products obsolete; the potential lack of customer acceptance for our products; risks associated with ongoing litigation; and other factors discussed in our filings with the Securities and Exchange Commission (SEC), including our report on Form 10-K for the fiscal year ended June 24, 2012, and subsequent reports filed with the SEC. Except as required under the U.S. federal securities laws and the rules and regulations of the SEC, Cree disclaims any obligation to update any forward-looking statements after the date of this release, whether as a result of new information, future events, developments, changes in assumptions or otherwise.

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