

**CREE, INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Three Months Ended</b>	
	<b>September 24, 2017</b>	<b>September 25, 2016</b>
<b>(In thousands)</b>		
<b>Cash flows from operating activities:</b>		
Net (loss) income	(\$19,873)	\$566
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	37,400	35,939
Stock-based compensation	10,135	14,650
Excess tax benefit from stock-based payment arrangements	—	(12)
Loss on disposal or impairment of long-lived assets	2,824	325
Amortization of premium/discount on investments	1,310	1,382
Loss on equity investment	3,267	2,487
Foreign exchange gain on equity investment	(199)	(1,373)
Deferred income taxes	3,133	54
Changes in operating assets and liabilities:		
Accounts receivable, net	(5,996)	(9,227)
Inventories	6,960	(10,808)
Prepaid expenses and other assets	9,323	(1,922)
Accounts payable, trade	6,442	(2,111)
Accrued salaries and wages and other liabilities	(603)	(11,852)
Net cash provided by operating activities	<u>54,123</u>	<u>18,098</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(36,450)	(19,337)
Purchases of patent and licensing rights	(2,476)	(2,252)
Proceeds from sale of property and equipment	327	165
Purchases of short-term investments	(117,607)	(106,749)
Proceeds from maturities of short-term investments	119,928	77,645
Proceeds from sale of short-term investments	1,974	5,148
Net cash used in investing activities	<u>(34,304)</u>	<u>(45,380)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuing shares to non-controlling interest	4,900	—
Payment of acquisition-related contingent consideration	(1,850)	(2,775)
Proceeds from long-term debt borrowings	95,000	110,000
Payments on long-term debt borrowings	(99,000)	(83,000)
Net proceeds from issuance of common stock	119	406
Excess tax benefit from stock-based payment arrangements	—	12
Repurchases of common stock	—	(35,663)
Net cash used in financing activities	<u>(831)</u>	<u>(11,020)</u>
Effects of foreign exchange changes on cash and cash equivalents	473	(11)
Net increase (decrease) in cash and cash equivalents	19,461	(38,313)
Cash and cash equivalents:		
Beginning of period	<u>132,597</u>	<u>166,154</u>
End of period	<u>\$152,058</u>	<u>\$127,841</u>
<b>Supplemental disclosure of cash flow information:</b>		
Significant non-cash transactions:		
Accrued property and equipment	\$18,909	\$3,103

The accompanying notes are an integral part of the consolidated financial statements.