

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

	Three Months Ended		Six Months Ended	
	December 27, 2015	December 28, 2014	December 27, 2015	December 28, 2014
Revenue, net	\$ 435,806	\$ 413,157	\$ 861,295	\$ 840,829
Cost of revenue, net	300,655	276,378	594,396	568,230
Gross profit	135,151	136,779	266,899	272,599
Gross margin percentage	31.0%	33.1%	31.0%	32.4%
Operating expenses:				
Research and development	41,952	46,989	85,492	93,714
Sales, general and administrative	74,691	72,375	149,954	142,067
Amortization or impairment of acquisition-related intangibles	7,062	6,495	14,124	12,994
Loss on disposal or impairment of long-lived assets	2,014	735	16,587	2,182
Total operating expenses	125,719	126,594	266,157	250,957
Operating income	9,432	10,185	742	21,642
Operating income percentage	2.2%	2.5%	0.1%	2.6%
Non-operating income (loss), net	8,015	1,728	(14,791)	4,632
Income (loss) before income taxes	17,447	11,913	(14,049)	26,274
Income tax expense (benefit)	3,489	(238)	(4,384)	2,993
Net income (loss)	<u>\$ 13,958</u>	<u>\$ 12,151</u>	<u>\$ (9,665)</u>	<u>\$ 23,281</u>
Diluted earnings (loss) per share	\$ 0.14	\$ 0.10	\$ (0.09)	\$ 0.20
Shares used in diluted per share calculation:	102,521	115,845	102,932	118,599