

CREE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	<u>Three Months Ended</u>		<u>Year Ended</u>	
	<u>June 26, 2011</u>	<u>June 27, 2010</u>	<u>June 26, 2011</u>	<u>June 27, 2010</u>
	(Unaudited)		(Unaudited)	
Revenue, net	\$ 243,027	\$ 264,599	\$ 987,615	\$ 867,287
Cost of revenue, net	<u>150,324</u>	<u>133,546</u>	<u>551,842</u>	<u>456,180</u>
Gross profit	92,703	131,053	435,773	411,107
Gross margin percentage	38.1%	49.5%	44.1%	47.4%
Operating expenses:				
Research and development	30,054	21,542	115,035	81,407
Sales, general and administrative	39,133	37,493	139,304	115,601
Amortization of acquisition-related intangibles	2,670	3,045	10,776	12,180
Loss on disposal or impairment of long-lived assets	646	452	1,952	4,141
Total operating expenses	<u>72,503</u>	<u>62,532</u>	<u>267,067</u>	<u>213,329</u>
Operating income	20,200	68,521	168,706	197,778
Operating income percentage	8.3%	25.9%	17.1%	22.8%
Non-operating income:				
Interest and other non-operating income, net	3,057	1,822	9,521	7,694
Income from operations before income taxes	<u>23,257</u>	<u>70,343</u>	<u>178,227</u>	<u>205,472</u>
Income tax expense	3,449	17,495	31,727	53,182
Net income	<u>\$ 19,808</u>	<u>\$ 52,848</u>	<u>\$ 146,500</u>	<u>\$ 152,290</u>
Earnings per share:				
Diluted net income per share	<u>\$ 0.18</u>	<u>\$ 0.48</u>	<u>\$ 1.33</u>	<u>\$ 1.45</u>
Shares used in diluted per share calculation	<u>109,990</u>	<u>109,558</u>	<u>110,035</u>	<u>104,698</u>