

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

	Three Months Ended		Year Ended	
	June 30, 2013	June 24, 2012	June 30, 2013	June 24, 2012
Revenue, net	\$ 375,009	\$ 306,759	\$ 1,385,982	\$ 1,164,658
Cost of revenue, net	234,284	199,856	862,722	755,196
Gross profit	140,725	106,903	523,260	409,462
Gross margin percentage	37.5%	34.8%	37.8%	35.2%
Operating expenses:				
Research and development	39,365	36,921	155,889	143,357
Sales, general and administrative	61,696	52,303	236,581	197,092
Amortization of acquisition-related intangibles	7,715	7,614	30,823	26,274
Loss on disposal or impairment of long-lived assets	1,088	1,393	3,473	3,481
Total operating expenses	109,864	98,231	426,766	370,204
Operating income	30,861	8,672	96,494	39,258
Operating income percentage	8.2%	2.8%	7.0%	3.4%
Other non-operating income, net	2,685	1,574	11,063	8,389
Income from operations before income taxes	33,546	10,246	107,557	47,647
Income tax expense	5,304	220	20,632	3,235
Net income	<u>\$ 28,242</u>	<u>\$ 10,026</u>	<u>\$ 86,925</u>	<u>\$ 44,412</u>
Diluted earnings per share	\$ 0.23	\$ 0.09	\$ 0.74	\$ 0.39
Shares used in diluted per share calculation	121,081	116,243	117,979	115,225