

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

	Three Months Ended		Six Months Ended	
	December 29, 2013	December 30, 2012	December 29, 2013	December 30, 2012
Revenue, net	\$ 415,086	\$ 346,286	\$ 806,092	\$ 662,039
Cost of revenue, net	259,308	212,810	499,557	412,514
Gross profit	155,778	133,476	306,535	249,525
Gross margin percentage	37.5%	38.5%	38.0%	37.7%
Operating expenses:				
Research and development	44,436	39,941	86,179	77,488
Sales, general and administrative	67,943	60,100	132,221	112,745
Amortization of acquisition-related intangibles	7,256	7,719	14,543	15,389
Loss on disposal or impairment of long-lived assets	760	624	1,417	1,522
Total operating expenses	120,395	108,384	234,360	207,144
Operating income	35,383	25,092	72,175	42,381
Operating income percentage	8.5%	7.2%	9.0%	6.4%
Non-operating income, net	3,403	2,481	6,221	5,866
Income before income taxes	38,786	27,573	78,396	48,247
Income tax expense	3,105	7,170	12,218	11,721
Net income	\$ 35,681	\$ 20,403	\$ 66,178	\$ 36,526
Earnings per share:				
Diluted	\$ 0.29	\$ 0.18	\$ 0.54	\$ 0.31
Weighted average shares used in per share calculation:				
	123,204	116,410	122,821	116,249