

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

	<b>Three Months Ended</b>	
	<b>September 23, 2012</b>	<b>September 25, 2011</b>
	<b>(Thousands, except per share amounts)</b>	
Revenue, net	\$ 315,753	\$ 268,980
Cost of revenue, net	199,704	170,952
Gross profit	116,049	98,028
Gross margin percentage	36.8%	36.4%
Operating expenses:		
Research and development	37,547	34,402
Sales, general and administrative	52,645	45,539
Amortization of acquisition-related intangibles	7,670	3,925
Loss on disposal or impairment of long-lived assets	898	775
Total operating expenses	98,760	84,641
Operating income	17,289	13,387
Operating income percentage	5.5%	5.0%
Non-operating income:		
Interest and other non-operating income, net	3,385	2,943
Income from operations before income taxes	20,674	16,330
Income tax expense	4,551	3,511
Net income	<u>\$ 16,123</u>	<u>\$ 12,819</u>
Earnings per share:		
Diluted net income per share	<u>\$ 0.14</u>	<u>\$ 0.11</u>
Shares used in diluted per share calculation	115,960	112,543