

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

	Three Months Ended		Six Months Ended	
	December 30, 2012	December 25, 2011	December 30, 2012	December 25, 2011
Revenue, net	\$ 346,286	\$ 304,118	\$ 662,039	\$ 573,098
Cost of revenue, net	212,810	199,000	412,514	369,952
Gross profit	133,476	105,118	249,525	203,146
Gross margin percentage	38.5%	34.6%	37.7%	35.4%
Operating expenses:				
Research and development	39,941	35,886	77,488	70,288
Sales, general and administrative	60,100	49,176	112,745	94,715
Amortization of acquisition-related intangibles	7,719	7,367	15,389	11,292
Loss on disposal or impairment of long-lived assets	624	497	1,522	1,272
Total operating expenses	108,384	92,926	207,144	177,567
Operating income	25,092	12,192	42,381	25,579
Operating income percentage	7.2%	4.0%	6.4%	4.5%
Non-operating income:				
Interest and other non-operating income, net	2,481	1,689	5,866	4,632
Income before income taxes	27,573	13,881	48,247	30,211
Income tax expense	7,170	1,803	11,721	5,314
Net income	\$ 20,403	\$ 12,078	\$ 36,526	\$ 24,897
Earnings per share:				
Diluted	\$ 0.18	\$ 0.10	\$ 0.31	\$ 0.22
Shares used in diluted per share calculation	116,410	115,883	116,249	114,239