

CREE INC  
Form 4  
October 26, 2009

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
PALMOUR JOHN W

(Last) (First) (Middle)

C/O CREE, INC., 4600 SILICON DRIVE

(Street)

DURHAM, NC 27703

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
CREE INC [CREE]

3. Date of Earliest Transaction (Month/Day/Year)  
10/22/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
COMMON STOCK	09/09/2009		G	V 450 D \$ 0	624,028	D	
COMMON STOCK	10/22/2009		M	100,000 A \$ 41.9688	724,028	D	
COMMON STOCK	10/22/2009		S <sup>(1)</sup>	300 D \$ 44.28	723,728	D	
COMMON STOCK	10/22/2009		S <sup>(1)</sup>	400 D \$ 44.3	723,328	D	
COMMON STOCK	10/22/2009		S <sup>(1)</sup>	300 D \$ 44.31	723,028	D	

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COMMON STOCK	10/22/2009	<u>S(1)</u>	1,000	D	\$ 44.3101	722,028	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	1,200	D	\$ 44.32	720,828	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	800	D	\$ 44.3214	720,028	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	7,200	D	\$ 44.34	712,828	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	3,000	D	\$ 44.35	709,828	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	1,500	D	\$ 44.37	708,328	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	1,000	D	\$ 44.39	707,328	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	3,000	D	\$ 44.4	704,328	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	2,000	D	\$ 44.42	702,328	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	4,500	D	\$ 44.45	697,828	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	3,500	D	\$ 44.46	694,328	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	2,000	D	\$ 44.4605	692,328	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	2,000	D	\$ 44.47	690,328	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	6,000	D	\$ 44.48	684,328	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	1,500	D	\$ 44.49	682,828	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	1,500	D	\$ 44.4903	681,328	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	78,000	D	\$ 44.5053	603,328	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	4,000	D	\$ 44.54	599,328	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	2,500	D	\$ 44.55	596,828	D
COMMON STOCK	10/22/2009	<u>S(1)</u>	1,800	D	\$ 44.57	595,028	D
	10/22/2009	<u>S(1)</u>	100	D	\$ 44.58	594,928 <sup>(2)</sup>	D

COMMON  
STOCK

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title Underlying (Instr. 3)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title
NONQUALIFIED STOCK OPTION (RIGHT TO BUY)	\$ 41.9688	10/22/2009		M	100,000	07/01/2000 <sup>(3)</sup> 01/03/2010	COMMI STO	

**Reporting Owners**

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PALMOUR JOHN W C/O CREE, INC. 4600 SILICON DRIVE DURHAM, NC 27703	X			

**Signatures**

Tamara Cappelson,  
Attorney-In-Fact  
10/26/2009  
Date

\*\*Signature of Reporting Person

**Explanation of Responses:**

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The sales reported on this Form 4 were effected pursuant to a Rule 10b5-1 trading plan adopted by Dr. Palmour on February 13, 2009.
- (2) Of the 594,928 shares reported, 554,928 shares are held directly and 40,000 shares are held indirectly by Dr. Palmour's spouse.
- (3) Option vested as to 20,000 shares on July 1, 2000 and July 1, 2001 and as to 60,000 shares on July 1, 2002.

**Remarks:**

Form 1 of 2

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.  
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