

PALMOUR JOHN W
 Form 4
 April 28, 2009

FORM 4

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

OMB APPROVAL

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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)
 04/24/2009

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	03/24/2009		G		90	D	\$ 0
COMMON STOCK	04/06/2009		G		390	D	\$ 0
COMMON STOCK	04/24/2009		M		17,500	A	\$ 12.51
COMMON STOCK	04/24/2009		S ⁽²⁾		17,500	D	\$ 26
							720,277 ⁽¹⁾
							719,887
							737,387
							719,887

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

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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 and Underlying Security (Instr. 3 and 4)
NONQUALIFIED STOCK OPTION (RIGHT TO BUY)	\$ 12.51	04/24/2009		M	17,500	09/03/2003 ⁽⁴⁾ 09/03/2009	COMMON STOCK

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

John W.
Palmour

04/28/2009

**Signature of
Reporting Person

Date

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) Includes 795 shares purchased by Dr. Palmour on October 31, 2008 under the company's Employee Stock Purchase Plan.
- (2) The sale reported on this Form 4 was effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on February 13, 2009.
- (3) Of the 719,887 shares reported, 679,887 shares are held by Dr. Palmour directly and 40,000 shares are held indirectly by Dr. Palmour's spouse.
- (4) Option became exercisable as to 15,000 shares on September 3, 2003 and as to 10,000 shares on each of September 3, 2004 and September 3, 2005.

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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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