

CREE INC  
Form 10-Q  
January 22, 2014  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 29, 2013

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-21154

CREE, INC.

(Exact name of registrant as specified in its charter)

North Carolina

(State or other jurisdiction of incorporation or organization)

56-1572719

(I.R.S. Employer Identification No.)

4600 Silicon Drive

Durham, North Carolina

(Address of principal executive offices)

(919) 407-5300

(Registrant's telephone number, including area code)

27703

(Zip Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of shares outstanding of the registrant's common stock, par value \$0.00125 per share, as of January 15, 2014, was 121,670,615.



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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

## CREE, INC.

## CONSOLIDATED BALANCE SHEETS

	December 29, 2013 (unaudited) (In thousands, except par value)	June 30, 2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$269,388	\$190,069
Short-term investments	915,063	833,846
Total cash, cash equivalents and short-term investments	1,184,451	1,023,915
Accounts receivable, net	213,536	192,507
Inventories	234,455	197,001
Deferred income taxes	25,912	26,125
Prepaid expenses and other current assets	75,603	76,218
Total current assets	1,733,957	1,515,766
Property and equipment, net	569,162	542,833
Intangible assets, net	348,079	357,525
Goodwill	616,345	616,345
Other assets	49,114	19,941
Total assets	\$3,316,657	\$3,052,410
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable, trade	\$166,740	\$121,441
Accrued salaries and wages	46,962	41,407
Income taxes payable	10,093	1,315
Other current liabilities	51,248	43,248
Total current liabilities	275,043	207,411
Long-term liabilities:		
Deferred income taxes	27,244	25,504
Other long-term liabilities	45,409	12,843
Total long-term liabilities	72,653	38,347
Commitments and contingencies (Note 11)		
Shareholders' equity:		
Preferred stock, par value \$0.01; 3,000 shares authorized at December 29, 2013 and June 30, 2013; none issued and outstanding	—	—
Common stock, par value \$0.00125; 200,000 shares authorized at December 29, 2013 and June 30, 2013; 121,613 and 119,623 shares issued and outstanding at December 29, 2013 and June 30, 2013, respectively		148
Additional paid-in-capital	2,128,563	2,025,764
Accumulated other comprehensive income, net of taxes	10,089	8,244
Retained earnings	830,158	772,496
Total shareholders' equity	2,968,961	2,806,652
Total liabilities and shareholders' equity	\$3,316,657	\$3,052,410
The accompanying notes are an integral part of the consolidated financial statements.		



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CREE, INC.  
(UNAUDITED)  
CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Six Months Ended	
	December 29, 2013	December 30, 2012	December 29, 2013	December 30, 2012
	(In thousands, except per share amounts)			
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
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
Non-operating income, net	3,403	2,481		