

PALMOUR JOHN W
Form 4
April 23, 2010

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)

04/22/2010

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) | | | |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------|---------|---|----------------|
| | | | | (A) or (D) | Price | | | | | |
| | | | Code | V | Amount | | | | | |
| COMMON STOCK | 04/22/2010 | | M | | 70,000 | A | \$ 71.5313 | 394,331 | D | |
| COMMON STOCK | 04/22/2010 | | S ⁽¹⁾ | | 15,000 | D | \$ 74.73 ⁽²⁾ | 379,331 | D | |
| COMMON STOCK | 04/22/2010 | | S ⁽¹⁾ | | 23,000 | D | \$ 75.86 ⁽³⁾ | 356,331 | D | |
| COMMON STOCK | 04/22/2010 | | S ⁽¹⁾ | | 32,000 | D | \$ 76.59 ⁽⁴⁾ | 324,331 | D | ⁽⁵⁾ |

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

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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 and Underlying Security (Instr. 3 and 4) |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------|
| NONQUALIFIED STOCK OPTION (RIGHT TO BUY) | \$ 71.5313 | 04/22/2010 | | M | 70,000 | 07/03/2001 ⁽⁶⁾ 07/03/2010 | 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

Tamara Cappelson,
Attorney-In-Fact

04/23/2010

**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) The sales reported on this Form 4 were effected pursuant to a Rule 10b5-1 trading plan adopted by Dr. Palmour on December 4, 2009. The price reported in Column 4 is a weighted average sale price. These shares were sold in multiple transactions at prices ranging from \$74.25 to \$75.2401, inclusive. Dr. Palmour undertakes to provide to Cree, Inc., any security holder of Cree, Inc., or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in this footnote.
- (2) The price reported in Column 4 is a weighted average sale price. These shares were sold in multiple transactions at prices ranging from \$75.2801 to \$76.25, inclusive. Dr. Palmour undertakes to provide to Cree, Inc., any security holder of Cree, Inc., or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in this footnote.
- (3) The price reported in Column 4 is a weighted average sale price. These shares were sold in multiple transactions at prices ranging from \$75.2801 to \$76.25, inclusive. Dr. Palmour undertakes to provide to Cree, Inc., any security holder of Cree, Inc., or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in this footnote.

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- The price reported in Column 4 is a weighted average sale price. These shares were sold in multiple transactions at prices ranging from \$76.40 to \$76.75, inclusive. Dr. Palmour undertakes to provide to Cree, Inc., any security holder of Cree, Inc., or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in this footnote.
- (4) Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in this footnote.
 - (5) Of the 324,311 shares reported, 284,331 shares are held directly by Dr. Palmour and 40,000 shares are held indirectly by Dr. Palmour's spouse.
 - (6) Option vested as to 10,000 shares on July 3, 2001, as to 20,000 shares on July 3, 2002 and as to 40,000 shares on July 3, 2003.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.