

PALMOUR JOHN W  
Form 4  
May 29, 2009

**FORM 4**

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

OMB APPROVAL

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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)  
05/27/2009

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	05/27/2009		M	35,000 A \$ 19.88	755,258	D	
COMMON STOCK	05/27/2009		S <sup>(1)</sup>	10,000 D \$ 30.4	745,258	D	
COMMON STOCK	05/27/2009		S <sup>(1)</sup>	15,000 D \$ 31.1059	730,258	D	
COMMON STOCK	05/27/2009		S <sup>(1)</sup>	10,000 D \$ 31.1007	720,258	D	
COMMON STOCK	05/27/2009		S <sup>(1)</sup>	10,000 D \$ 31.3006	710,258	D	

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COMMON STOCK	05/27/2009	<u>S</u> (1)	10,000	D	\$ 31.25	700,258	D
COMMON STOCK	05/27/2009	<u>S</u> (1)	10,000	D	\$ 31.3721	690,258 <u>(2)</u>	D <u>(3)</u>

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 and Underlying Security (Instr. 3 and 4)
NONQUALIFIED STOCK OPTION (RIGHT TO BUY)	\$ 19.88	05/27/2009		M	35,000	10/13/2004 <sup>(4)</sup> 10/13/2010	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

John W. Palmour  
05/29/2009  
\*\*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).

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- (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) Includes 371 shares purchased by Dr. Palmour on April 30, 2009 under the company's 2005 Employee Stock Purchase Plan.
- (3) Of the 690,258 shares reported, 650,258 shares are held directly by Dr. Palmour and 40,000 shares are held indirectly by Dr. Palmour's spouse.
- (4) Option vested and became exercisable as to 15,000 shares on October 13, 2004 and as to 10,000 shares on each of October 13, 2005 and October 13, 2006.

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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