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Press Release

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Cree Announces Commercial Production Release of 100-mm Zero Micropipe Silicon Carbide Substrates

DURHAM, N.C., OCTOBER 15, 2007 — Cree, Inc., (Nasdaq: CREE) today announced commercial release of its Zero Micropipe (ZMP™) 100-mm, n-type silicon carbide (SiC) substrates. With this achievement, Cree reinforces its position as the world's leading manufacturer of SiC-based semiconductor materials.

SiC can be used to produce a broad range of power, light and communications components, including power-switching devices, light-emitting diodes (LEDs) and RF power transistors for wireless communications.

Micropipes, which are crystalline defects in SiC, have been present in nearly all SiC wafers manufactured and sold by commercial substrate vendors until recently. Micropipes cannot only decrease the number of usable electronic devices produced per wafer but can also negatively affect performance parameters of each device produced. Through previous research and development efforts at Cree, partially funded by the U.S. Army and DARPA, the density of these defects has been dramatically reduced.

“The transition to production of Cree’s 100-mm ZMP substrate technology is an important step to the wide-scale industry adoption of SiC as the material of choice for high-power switching components,” stated Cengiz Balkas, Ph.D., Cree vice president and general manager for materials. “The integration of this technology across other Cree product lines is expected to accelerate the adoption of SiC as a high-volume, production-ready material platform.”

Additional information about SiC materials can be obtained by calling Cree at 919-313-5300 or visiting www.cree.com.

About Cree, Inc.

Cree is a market-leading innovator and manufacturer of semiconductors and devices that enhance the value of solid-state lighting, power and communications products by significantly increasing their energy performance and efficiency.

Key to Cree's market advantage is its world-class materials expertise in SiC and GaN for chips and packaged devices that can handle more power in a smaller space while producing less heat than other available technologies, materials and products. Cree drives its increased performance technology into multiple applications, including exciting alternatives in brighter and more-tunable light for general illumination, backlighting for more-vivid displays, optimized power management for high-current, switch-mode power supplies and variable-speed motors, and more-effective wireless infrastructure for data and voice communications.

Cree customers range from innovative lighting fixtures makers to defense-related federal agencies. Cree's product families include blue and green LED chips, lighting LEDs, LEDs for backlighting, power-switching devices and radio-frequency/wireless devices. For product specifications please refer to www.cree.com.

This press release contains forward-looking statements involving risks and uncertainties, both known and unknown, that may cause actual results to differ materially from those indicated. Actual results may differ materially due to a number of factors, such as the risk we may encounter delays or other difficulties in ramping up production of our new products; the risk we may be unable to manufacture these products with sufficiently low cost to offer them at competitive prices or with acceptable margins; the rapid development of new technology and competing products that may impair demand or render our products obsolete; the potential lack of customer acceptance for the products; variations in demand for Cree's products and its customers' products; and other factors discussed in Cree's filings with the Securities and Exchange Commission, including its report on Form 10-K for the year ended June 24, 2007, and subsequent filings.

Cree is a registered trademark and ZMP is a trademark of Cree, Inc.

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