

CREE INC
Form 4
October 26, 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)
10/22/2009

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 | 09/09/2009 | | G | V 450 D \$ 0 | 624,028 | D | |
| COMMON STOCK | 10/22/2009 | | M | 100,000 A \$ 41.9688 | 724,028 | D | |
| COMMON STOCK | 10/22/2009 | | S ⁽¹⁾ | 300 D \$ 44.28 | 723,728 | D | |
| COMMON STOCK | 10/22/2009 | | S ⁽¹⁾ | 400 D \$ 44.3 | 723,328 | D | |
| COMMON STOCK | 10/22/2009 | | S ⁽¹⁾ | 300 D \$ 44.31 | 723,028 | D | |

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| | | | | | | | |
|--------------|------------|-------------|--------|---|------------|------------------------|---|
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 1,000 | D | \$ 44.3101 | 722,028 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 1,200 | D | \$ 44.32 | 720,828 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 800 | D | \$ 44.3214 | 720,028 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 7,200 | D | \$ 44.34 | 712,828 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 3,000 | D | \$ 44.35 | 709,828 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 1,500 | D | \$ 44.37 | 708,328 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 1,000 | D | \$ 44.39 | 707,328 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 3,000 | D | \$ 44.4 | 704,328 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 2,000 | D | \$ 44.42 | 702,328 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 4,500 | D | \$ 44.45 | 697,828 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 3,500 | D | \$ 44.46 | 694,328 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 2,000 | D | \$ 44.4605 | 692,328 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 2,000 | D | \$ 44.47 | 690,328 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 6,000 | D | \$ 44.48 | 684,328 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 1,500 | D | \$ 44.49 | 682,828 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 1,500 | D | \$ 44.4903 | 681,328 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 78,000 | D | \$ 44.5053 | 603,328 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 4,000 | D | \$ 44.54 | 599,328 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 2,500 | D | \$ 44.55 | 596,828 | D |
| COMMON STOCK | 10/22/2009 | <u>S(1)</u> | 1,800 | D | \$ 44.57 | 595,028 | D |
| | 10/22/2009 | <u>S(1)</u> | 100 | D | \$ 44.58 | 594,928 ⁽²⁾ | D |

COMMON
STOCK

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 Underlying (Instr. 3) |
|--|--|--------------------------------------|--|--------------------------------|---|--|--------------------------------|
| NONQUALIFIED STOCK OPTION (RIGHT TO BUY) | \$ 41.9688 | 10/22/2009 | | M | 100,000 | 07/01/2000 ⁽³⁾ 01/03/2010 | 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
10/26/2009
**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) 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) Of the 594,928 shares reported, 554,928 shares are held directly and 40,000 shares are held indirectly by Dr. Palmour's spouse.
- (3) Option vested as to 20,000 shares on July 1, 2000 and July 1, 2001 and as to 60,000 shares on July 1, 2002.

Remarks:

Form 1 of 2

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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