CREE INC Form 4 October 26, 2009

FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or

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

2. Issuer Name and Ticker or Trading

Symbol

1(b).

Form 5

obligations

may continue.

See Instruction

(Print or Type Responses)

PALMOUR JOHN W

1. Name and Address of Reporting Person *

			CREE INC [CREE]				(Check all applicable)				
		3. Date of Earliest Transaction (Month/Day/Year) 10/22/2009				_X_ below	Director 10% Owner Officer (give title Other (specify				
				Ionth/Day/Year)				6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person			
DURHAM, NC 27703				Po				Form filed by More than One Reporting Person			
(City)	(State)	(Zip)	Table	e I - Non-l	Derivative Se	curitio	es Acquired,	Disposed of, or	Beneficially	Owned	
1.Title of Security (Instr. 3)	2. Transaction D (Month/Day/Yea	ar) Execution	emed on Date, if /Day/Year)	3. Transact Code (Instr. 8)	ionDisposed c (Instr. 3, 4	of (D)	uired (A) or Price	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)	
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 <u>(1)</u>	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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3235-0287

January 31,

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Expires:

response...

5. Relationship of Reporting Person(s) to

Issuer

Estimated average

burden hours per

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

SEC 1474

(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)	orDeriva Securi Acqui Dispos		6. Date Exercisab Expiration Date (Month/Day/Year		7. Title Underly (Instr. 3
				Code V	(A)	(D)	Date Exercisable	Expiration Date	Title
NONQUALIFIED STOCK OPTION (RIGHT TO BUY)	\$ 41.9688	10/22/2009		M		100,000	07/01/2000(3)	01/03/2010	COM

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						
A1 .							

Signatures

Tamara Cappelson, Attorney-In-Fact

**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 indreictly 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.

Reporting Owners 3

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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. 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.