

Kelley Stephen Douglas  
 Form 4  
 January 25, 2010

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

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 \*  
 Kelley Stephen Douglas

(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)  
 01/21/2010

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)  
 EXECUTIVE VICE PRESIDENT, COO

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		
COMMON STOCK	01/21/2010		M	26,667	A \$ 22.9	51,807	D
COMMON STOCK	01/21/2010		S <sup>(1)</sup>	1,000	D \$ 62.05	50,807	D
COMMON STOCK	01/21/2010		S <sup>(1)</sup>	1,000	D \$ 62.1	49,807	D
COMMON STOCK	01/21/2010		S <sup>(1)</sup>	600	D \$ 62.24	49,207	D
COMMON STOCK	01/21/2010		S <sup>(1)</sup>	2,400	D \$ 62.25	46,807	D

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COMMON STOCK	01/21/2010	<u>S</u> <sup>(1)</sup>	1,000	D	\$ 62.26	45,807	D
COMMON STOCK	01/21/2010	<u>S</u> <sup>(1)</sup>	1,000	D	\$ 62.27	44,807	D
COMMON STOCK	01/21/2010	<u>S</u> <sup>(1)</sup>	2,000	D	\$ 62.33	42,807	D
COMMON STOCK	01/21/2010	<u>S</u> <sup>(1)</sup>	3,437	D	\$ 62.35	39,370	D
COMMON STOCK	01/21/2010	<u>S</u> <sup>(1)</sup>	2,000	D	\$ 62.36	37,370	D
COMMON STOCK	01/21/2010	<u>S</u> <sup>(1)</sup>	1,000	D	\$ 62.3994	36,370	D
COMMON STOCK	01/21/2010	<u>S</u> <sup>(1)</sup>	3,000	D	\$ 62.4	33,370	D
COMMON STOCK	01/21/2010	<u>S</u> <sup>(1)</sup>	1,000	D	\$ 62.401	32,370	D
COMMON STOCK	01/21/2010	<u>S</u> <sup>(1)</sup>	1,000	D	\$ 62.42	31,370	D
COMMON STOCK	01/21/2010	<u>S</u> <sup>(1)</sup>	1,000	D	\$ 62.4239	30,370	D
COMMON STOCK	01/21/2010	<u>S</u> <sup>(1)</sup>	1,000	D	\$ 62.45	29,370	D
COMMON STOCK	01/21/2010	<u>S</u> <sup>(1)</sup>	1,000	D	\$ 62.4514	28,370	D
COMMON STOCK	01/21/2010	<u>S</u> <sup>(1)</sup>	1,000	D	\$ 62.4588	27,370	D
COMMON STOCK	01/21/2010	<u>S</u> <sup>(1)</sup>	230	D	\$ 62.4913	27,140	D
COMMON STOCK	01/21/2010	<u>S</u> <sup>(1)</sup>	1,000	D	\$ 62.5016	26,140	D
COMMON STOCK	01/21/2010	<u>S</u> <sup>(1)</sup>	1,000	D	\$ 62.5025	25,140	D

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

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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

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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 (Instr. 3 and 4)
NONQUALIFIED STOCK OPTION (RIGHT TO BUY)	\$ 22.9	01/21/2010		M	26,667	09/02/2009 <sup>(2)</sup> 09/02/2015	COMMON STOCK

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Kelley Stephen Douglas C/O CREE, INC. 4600 SILICON DRIVE DURHAM, NC 27703			EXECUTIVE VICE PRESIDENT, COO	

## Signatures

Stephen D. Kelley  
 01/22/2010  
 \*\*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 Mr. Kelley on December 4, 2009.
- (2) Option vests as to 26,667 shares on September 2, 2009 and September 2, 2010 and as to 26,666 shares on September 2, 2011.

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.