

PALMOUR JOHN W
Form 4
October 28, 2009

FORM 4

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

OMB APPROVAL

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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)
10/26/2009

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	10/26/2009		M		150,000	A	\$ 34.625
COMMON STOCK	10/26/2009		S ⁽¹⁾		2,500	D	\$ 45.1
COMMON STOCK	10/26/2009		S ⁽¹⁾		2,500	D	\$ 45.11
COMMON STOCK	10/26/2009		S ⁽¹⁾		2,500	D	\$ 45.14
COMMON STOCK	10/26/2009		S ⁽¹⁾		6,000	D	\$ 45.15

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COMMON STOCK	10/26/2009	<u>S(1)</u>	2,000	D	\$ 45.16	708,528	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	2,500	D	\$ 45.19	706,028	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	2,500	D	\$ 45.2028	703,528	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	1,200	D	\$ 45.23	702,328	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	1,500	D	\$ 45.2413	700,828	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	6,840	D	\$ 45.25	693,988	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	4,505	D	\$ 45.26	689,483	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	3,710	D	\$ 45.27	685,773	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	1,150	D	\$ 45.28	684,623	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	2,445	D	\$ 45.29	682,178	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	7,300	D	\$ 45.3	674,878	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	1,200	D	\$ 45.31	673,678	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	4,900	D	\$ 45.32	668,778	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	4,930	D	\$ 45.35	663,848	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	2,800	D	\$ 45.36	661,048	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	621	D	\$ 45.37	660,427	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	600	D	\$ 45.38	659,827	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	1,000	D	\$ 45.39	658,827	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	5,829	D	\$ 45.4	652,998	D
COMMON STOCK	10/26/2009	<u>S(1)</u>	2,500	D	\$ 45.4048	650,498	D
	10/26/2009	<u>S(1)</u>	50	D	\$ 45.41	650,448	D

COMMON STOCK							
COMMON STOCK	10/26/2009		S ⁽¹⁾	2,350	D	\$ 45.42	648,098 D
COMMON STOCK	10/26/2009		S ⁽¹⁾	1,100	D	\$ 45.43	646,998 D
COMMON STOCK	10/26/2009		S ⁽¹⁾	2,500	D	\$ 45.44	644,498 D
COMMON STOCK	10/26/2009		S ⁽¹⁾	5,000	D	\$ 45.45	639,498 ⁽²⁾ D

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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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 (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title
NONQUALIFIED STOCK OPTION (RIGHT TO BUY)	\$ 34.625	10/26/2009		M	150,000	02/01/2004	02/01/2011	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

10/28/2009

Date

__Signature of
Reporting Person

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 639,498 shares reported, 599,498 shares are held directly and 40,000 shares are held indirectly by Dr. Palmour's spouse.

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.