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Cree and Raleigh, North Carolina, Launch Nation's First "LED City" with Cost-Saving Municipal Lighting

Raleigh Recognizes Greater than 40 Percent Energy Savings as Municipal Garage Switches to Cree LED Lighting.

RALEIGH/DURHAM, NC, Feb. 12, 2007 — Cree, Inc. (Nasdaq: CREE), a U.S.-based leader in Light Emitting Diode (LED) solid-state lighting components, and the City of Raleigh, the anchor city in a rapidly growing metro area, today announced a joint, city-wide initiative to test, deploy and promote LED technology focused on a variety of general lighting applications. The "LED City" initiative is designed to create a "living laboratory" to deliver the economic, environmental and usage benefits of LED lighting to the residents of Raleigh. The first project is focused on validating both the cost savings and technology capabilities of LEDs through an installation of LED lighting in the City's Municipal Building parking deck. Both Cree and Raleigh public officials expect the initiative to serve as a model for other cities that are considering implementing energy-efficient infrastructures.

As part of the commitment to creating an "LED City," Raleigh plans to deploy LED lighting, through its living-laboratory initiative, to serve a number of lighting applications, including garage and parking lot lights, street lights, architectural and accent lighting, portable lighting and pedestrian and walkway lighting over the next 18 months.

Cree and the City of Raleigh also announced initial results of the first installation of the LED City initiative. LED-based lighting fixtures, provided by Lighting Science Group Inc. of Dallas, TX, were installed by Amtech Lighting Services in the Raleigh Municipal Building parking deck in December 2006. Progress Energy, Raleigh's primary electric utility provider, says the floor equipped with LED lights uses over 40 percent less energy than the standard lighting system. Plus, according to Progress Energy's research, the quality of light in the garage is greatly improved.

“The economic benefits for municipalities to invest in LEDs are clear – they save energy, reduce environmental impact and improve the quality of light. As leaders in one of America’s fastest growing cities, it’s our civic responsibility to invest in the future and ensure the highest possible quality of life and safety for our citizens in generations to come,” stated Charles Meeker, Raleigh mayor. “We believe that the cost savings and benefits of LED lighting are real and achievable today.”

“Today’s announcement represents a milestone toward large-scale adoption of clean, energy-efficient technologies,” commented Kateri Callahan, president of the Washington, D.C.-based Alliance to Save Energy (ASE). “Raleigh’s progressive commitment to becoming the first ‘LED City’ will no doubt serve as a model for other cities seeking to improve energy consumption and reduce negative impacts on the environment. We commend Cree and the City of Raleigh for helping support our mission of achieving a healthier economy, a cleaner environment and greater energy security.”

“The City of Raleigh is willing to set the pace, and we invite other municipalities to join us in developing energy-efficient civic centers,” said Chuck Swoboda, Cree CEO and chairman. “This leading-edge effort establishes an important driver for LED adoption within the United States.”

About the City of Raleigh, N.C.

The City of Raleigh is the municipal government for North Carolina’s capital city. Raleigh’s well-deserved reputation for the highest quality of living is bringing more than a thousand new residents to town every month, swelling the population to more than 350,000. The City is proud to provide the leadership, direction and daily services that have contributed to Raleigh being among America’s most livable cities.

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 silicon carbide (SiC) and gallium nitride (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-fixture makers to defense-related federal agencies.

Cree’s product families include blue and green LED chips, lighting LEDs, LED backlighting solutions, power-switching devices and radio-frequency/wireless devices. For additional 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, including the possibility that

actual energy savings may vary from expectations, depending on (x,y,z); customer acceptance of LED products; the rapid development of new technology and competing products that may impair demand or render Cree's products obsolete; 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 25, 2006, and subsequent filings.

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