

CREE INC
Form 4
September 05, 2007

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 *
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)
09/01/2007

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

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)			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)
COMMON STOCK	07/27/2007		G	V	390	D	\$ 0	757,073	D	
COMMON STOCK	09/01/2007		F		776	D	\$ 26.6	756,297	D	
COMMON STOCK	09/04/2007		A ⁽¹⁾		6,000	A	\$ 0	762,297	D ⁽²⁾	

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

SEC 1474 (9-02)

number.

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)
NONQUALIFIED STOCK OPTION (RIGHT TO BUY)	\$ 27.47	09/04/2007		A	25,000	09/04/2008 ⁽³⁾ 09/04/2014	COMM 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		EXECUTIVE VICE PRESIDENT	

Signatures

John W. Palmour
Date: 09/05/2007
**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).
- Shares of restricted stock awarded under the Cree, Inc. 2004 Long-Term Incentive Compensation Plan, as amended (the "Plan").
- (1) One-fifth of the shares awarded will vest on each of September 1, 2008, September 1, 2009, September 1, 2010, September 1, 2011 and September 1, 2012, provided Dr. Palmour continues service until such dates as an employee or director of Cree, Inc. or as an employee of a related "Employer" as defined in the Plan.
 - (2) Of the 762,297 shares reported, 722,297 shares are held by Dr. Palmour directly and 40,000 shares are held indirectly by Dr. Palmour's spouse.
 - (3) Option vests and becomes exercisable as to one-third of the shares on each of September 4, 2008, September 4, 2009 and September 4, 2010, provided Dr. Palmour continues service until such dates as an employee or director of Cree, Inc. or as an employee of a related "Employer" as defined in the Plan.

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.