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U.S. Pentagon to Install Cree LR24 Recessed LED Luminaires

Thousands of Fixtures Projected to Achieve Better than Four-Year Payback and Superior Light Quality

WASHINGTON, D.C., JANUARY 6, 2008 — Cree, Inc. (Nasdaq: CREE), a market leader in LED lighting, announces that more than 4,200 LR24 recessed LED luminaires are planned for installation in Wedge 5 of the Pentagon as part of a major renovation currently underway. In a signing ceremony today at the Pentagon, John J. Kubricky, Deputy Under Secretary of Defense for Advanced Systems and Concepts, and Albert C. Ellet, acting director of the Washington Headquarters Service responsible for overseeing the renovation, signed an intra-departmental Memorandum of Agreement kicking-off the initiative to install LED lighting in the Pentagon.

The Cree LR24 luminaires have undergone extensive government testing and business-case analysis, including a preliminary Pentagon installation to meter the fixtures and compare the results to the alternative fluorescent technology. This independent analysis demonstrated a 22-percent reduction in energy usage and improved light quality.

The business-case analysis yielded a payback of less than four years. The payback analysis considered energy savings, lifetime maintenance savings, savings from reduced load on the HVAC system, and elimination of hazardous waste disposal fees for mercury-laden fluorescent bulbs. Extensive modeling was also performed to determine optimal lighting design—analyzing the light distribution and spacing to ensure superior lighting and energy efficiency. The Wedge 5 installation is estimated to save 140 tons of CO₂ emissions per year.

“The U.S. federal government is taking a leadership role in energy efficiency for federal buildings both through existing mandates, as well as President-elect Obama’s American Recovery and Reinvestment Plan, which calls for the renovation of public buildings to make them more energy efficient,” said Chuck Swoboda, Cree chairman and chief executive officer. “Installations of highly efficient, low-maintenance LED lighting, like these in the Pentagon and in the U.S. Federal Reserve, demonstrate that the future of energy-efficient lighting is here today.”

The LR24 units being used for the Pentagon renovation are being purchased from Cree by the Department of Defense’s (DoD) Title III program as a part of its ongoing development program with Cree, and provided to the Washington Headquarters Services (WHS), which oversees the Pentagon renovation program.

“The Title III program has long supported the development and deployment of SiC substrates and devices

for use in high-power RF and power-switching applications for DoD systems,” said John Palmour, Ph.D., Cree co-founder and chief technology officer for advanced devices. “The program realized the importance of ensuring a strong domestic supply of SiC substrates and related devices, and the potential growth of solid-state lighting in the U.S. This Pentagon lighting project is a perfect example of stimulating America's leadership in high-technology manufacturing yielding unique commercial and defense products, while saving energy. Title III funding was also used to develop the technology in Cree’s lighting class XLamp® XR-E LED platform—the light source

in the LR24 recessed LED luminaire.”

About Cree

Cree is leading the LED lighting revolution and setting the stage to obsolete the incandescent light bulb through the use of energy-efficient, environmentally friendly LED lighting. Cree is a market-leading innovator of lighting-class LEDs, LED lighting solutions, and semiconductor solutions for wireless and power applications.

Cree’s product families include recessed LED down lights, blue and green LED chips, high-brightness LEDs, lighting-class power LEDs, power-switching devices and radio-frequency/wireless devices. Cree solutions are driving improvements in applications such as general illumination, backlighting, electronic signs and signals, variable-speed motors, and wireless communications.

For additional product and company information, 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 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 29, 2008, and subsequent filings.

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