

CREE INC

Form 4

September 06, 2006

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

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(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)

09/01/2006

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) (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 Ownership (Instr. 4)
COMMON STOCK	08/04/2006		G	780	D \$ 0	751,230 ⁽¹⁾	D
COMMON STOCK	09/01/2006		A ⁽²⁾	6,000	A \$ 0	757,230	D ⁽³⁾

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

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information contained in this form are not
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SEC 1474
(9-02)

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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 Security (Instr. 3 and 4)
NONQUALIFIED STOCK OPTION (RIGHT TO BUY)	\$ 18.49	09/01/2006		A	25,000	09/01/2007 ⁽⁴⁾ 09/01/2013	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		EXECUTIVE VICE PRESIDENT	

Signatures

Tamara Cappelson,
Attorney-In-Fact

09/06/2006

__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) Includes 327 shares purchased by Dr. Palmour on April 30, 2006 in the Cree, Inc. 2005 Employee Stock Purchase Plan.

Shares of restricted stock awarded under the Cree, Inc. 2004 Long-Term Incentive Compensation Plan, as amended (the "Plan").

(2) One-fifth of the shares awarded will vest on each of September 1, 2007, September 1, 2008, September 1, 2009, September 1, 2010 and September 1, 2011 provided Dr. Palmour continues service until such dates as an employee of Cree, Inc. or a related "Employer" as defined in the Plan.

(3) Of the 757,230 shares reported, 717,230 shares are held by Dr. Palmour directly and 40,000 shares are held indirectly by Dr. Palmour's spouse.

Option vests and becomes exercisable as to one-third of the shares on each of September 1, 2007, September 1, 2008 and September 1,

(4) 2009, provided Dr. Palmour continues service until such dates as an employee of Cree, Inc. or 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.

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