

CREE INC
Form 10-Q
April 21, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 28, 2010

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-21154

CREE, INC.

(Exact name of registrant as specified in its charter)

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North Carolina (State or other jurisdiction of incorporation or organization)	56-1572719 (I.R.S. Employer Identification No.)
4600 Silicon Drive Durham, North Carolina (Address of principal executive offices)	27703 (Zip Code)
(919) 313-5300 (Registrant's telephone number, including area code)	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the registrant's common stock, par value \$0.00125 per share, as of April 14, 2010, was 107,486,160.

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CREE, INC.

FORM 10-Q

For the Quarterly Period Ended March 28, 2010

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Table of Contents**PART I - FINANCIAL INFORMATION****Item 1. Financial Statements****CREE, INC.****CONSOLIDATED BALANCE SHEETS**

	March 28, 2010 (Unaudited)	June 28, 2009
	(Thousands, except per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 346,956	\$ 290,154
Short-term investments	640,901	127,499
Total cash, cash equivalents, and short-term investments	987,857	417,653
Accounts receivable, net	125,834	103,035
Income tax receivable	1,526	1,526
Inventories, net	107,019	78,841
Deferred income taxes	11,017	10,022
Prepaid expenses and other current assets	24,652	18,359
Total current assets	1,257,905	629,436
Property and equipment, net	400,378	320,110
Long-term investments	3,163	29,557
Intangible assets, net	108,299	113,328
Goodwill	313,564	304,791
Other assets	8,099	7,345
Total assets	\$ 2,091,408	\$ 1,404,567
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable, trade	\$ 71,071	\$ 38,770
Accrued salaries and wages	25,772	16,732
Income taxes payable	9,164	8,139
Deferred income taxes	62	122
Other current liabilities	10,773	7,868
Contingent payment due related to COTCO acquisition		57,050
Total current liabilities	116,842	128,681
Long-term liabilities:		
Deferred income taxes	43,869	42,752
Other long-term liabilities	5,407	8,386
Total long-term liabilities	49,276	51,138
Commitments and contingencies (Note 12)		
Shareholders' equity:		
Preferred stock, par value \$0.01; 3,000 shares authorized at March 28, 2010 and June 28, 2009; none issued and outstanding		
Common stock, par value \$0.00125; 200,000 shares authorized at March 28, 2010 and June 28, 2009; 107,395 and 89,659 shares issued and outstanding at March 28, 2010 and June 28, 2009, respectively	134	112

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Additional paid-in-capital	1,458,397	857,383
Accumulated other comprehensive income, net of taxes	11,300	11,236
Retained earnings	455,459	356,017
Total shareholders' equity	1,925,290	1,224,748
Total liabilities and shareholders' equity	\$ 2,091,408	\$ 1,404,567

The accompanying notes are an integral part of the consolidated financial statements

Table of Contents**CREE, INC.****CONSOLIDATED STATEMENTS OF INCOME****(UNAUDITED)**

	Three Months Ended		Nine Months Ended	
	March 28, 2010	March 29, 2009	March 28, 2010	March 29, 2009
	(Thousands, except per share data)			
Revenue, net	\$ 234,083	\$ 131,144	\$ 602,688	\$ 419,145
Cost of revenue, net	121,877	83,793	322,634	265,935
Gross profit	112,206	47,351	280,054	153,210
Operating expenses:				
Research and development	20,366	17,071	59,865	52,787
Sales, general and administrative	28,954	21,043	78,108	65,804
Amortization of acquisition related intangibles	3,045	4,062	9,135	12,186
Loss on disposal or impairment of long-lived assets	3,286	2,255	3,689	3,305
Total operating expenses	55,651	44,431	150,797	134,082
Operating income	56,555	2,920	129,257	19,128
Non-operating income:				
Gain on sale of investments, net		13	1	78
Other non-operating (expense) income	44	13	134	(4)
Interest income, net	2,125	1,837	5,737	7,168
Income from operations before income taxes	58,724	4,783	135,129	26,370
Income tax expense	14,094	768	35,687	5,740
Net income	\$ 44,630	\$ 4,015	\$ 99,442	\$ 20,630
Earnings per share:				
Basic net income per share	\$ 0.42	\$ 0.05	\$ 0.99	\$ 0.23
Diluted net income per share	\$ 0.41	\$ 0.05	\$ 0.97	\$ 0.23
Shares used in per share calculation:				
Basic	106,367	88,243	100,706	88,050
Diluted	108,601	88,839	102,907	88,672

The accompanying notes are an integral part of the consolidated financial statements

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CREE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

firming all that said attorney-in-fact and agents, or any of them, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Securities Act of 1933, as amended, this Post-Effective Amendment No. 1 to Registration Statement on Form F-6 has been signed by the

Title

Representative Director, Pr

Director, Senior Vice Presi
Principal Accounting Offic

Director

Director

Director

Director

Director

S.

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