

PALMOUR JOHN W
Form 4
October 19, 2004

FORM 4

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

OMB APPROVAL

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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)
231 DEVONBROOK LANE
(Street)
CARY, NC 27511

2. Issuer Name and Ticker or Trading Symbol
CREE INC [CREE]

3. Date of Earliest Transaction
(Month/Day/Year)
10/18/2004

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 Indirect Beneficial Ownership (Instr. 4)	
				Code	V	Amount				(A) or (D)
Common Stock	10/04/2004		G	V	1,790	D	\$ 0	836,875	D	
Common Stock	10/18/2004		M		8,000	A	\$ 3.8125	844,875	D	
Common Stock	10/18/2004		S ⁽¹⁾		25,000	D	\$ 28.7328	819,875	D	
Common Stock	10/19/2004		M		3,000	A	\$ 3.8125	822,875	D	
Common Stock	10/19/2004		S ⁽¹⁾		10,000	D	\$ 30.5555	812,875	D	⁽²⁾

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The sales reported on this Form 4 were effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on September 2, 2004.

- (2) Of the 812,875 shares held by Dr. Palmour, 772,875 shares are held by him directly and 40,000 shares are held by him indirectly by his spouse.
- (3) The option vested and became exercisable as to 12,000 shares on July 1, 1999 and as to 60,000 shares on each of July 1, 2000 and July 1, 2001.

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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