CREE INC Form 4 May 10, 2006

FORM 4

OMB APPROVAL

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

OMB Number: 3235-0287

Check this box if no longer subject to Section 16.

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

Expires: January 31, 2005

Section 16. Form 4 or Form 5 obligations may continue SECURITIES

Estimated average burden hours per response... 0.5

obligations may continue.

See Instruction

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

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * GLASS ROBERT CONNER			2. Issuer Name and Ticker or Trading Symbol CREE INC [CREE]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction	(Chech an applicable)		
C/O CREE, INC., 4600 SILICON DRIVE			(Month/Day/Year) 05/09/2006	Director 10% Owner _X Officer (give title Other (specify below) Executive Vice President		
(Street)			4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Che		
DURHAM, N	C 27703		Filed(Month/Day/Year)	Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person		

(City)	(State) (Zi	Table 1	I - Non-De	rivative S	ecurit	ies Acqui	red, Disposed of,	or Beneficiall	y Owned
1.Title of Security (Instr. 3)	2. Transaction Date 2A. Deemed (Month/Day/Year) Execution Date, if any (Month/Day/Year)		3. 4. Securities Acquired Transactior(A) or Disposed of (D) Code (Instr. 3, 4 and 5) (Instr. 8) (A) or			5. Amount of 6. Securities Ownership Beneficially Form: Owned Direct (D) Following or Indirect Reported (I) Transaction(s) (Instr. 4) (Instr. 3 and 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)		
COMMON STOCK	05/09/2006		Code V M	Amount 5,000	(D)	Price \$ 13.89	20,017	D	
COMMON STOCK	05/09/2006		S <u>(1)</u>	5,000	D	\$ 30.8	15,017	D	

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

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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. Transactic 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 ar
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title
NONQUALIFIED STOCK OPTION	\$ 13.89	05/09/2006		M		04/01/2003(2)	04/01/2009	COMM STOC

Reporting Owners

Panerting Owner Name / Address	Relationships

Director 10% Owner Officer Other

GLASS ROBERT CONNER C/O CREE, INC. 4600 SILICON DRIVE DURHAM, NC 27703

Executive Vice President

Signatures

(RIGHT TO BUY)

ROBERT C. 05/10/2006

**Signature of Date
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).
- (1) The sale reported on this Form 4 was effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on August 26, 2005.
- Option vested and became exerciseable as to 16,667 shares on each of April 1, 2003 and April 1, 2004 and as to 16,666 shares on April 1, 2005.

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.

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