

MERRELL CYNTHIA B
Form 4
October 19, 2004

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 *
MERRELL CYNTHIA B

(Last) (First) (Middle)

9416 PALM BAY CIRCLE

(Street)

RALEIGH, NC 27617

(City) (State) (Zip)

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

3. Date of Earliest Transaction
(Month/Day/Year)
10/19/2004

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

____ Director ____ 10% Owner
__X__ Officer (give title ____ Other (specify
below) below)

CFO and Treasurer

6. Individual or Joint/Group Filing(Check
Applicable Line)
__X__ 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)	Price
Common Stock	10/19/2004		M		3,200	A	\$ 2.3438 10,775
Common Stock	10/19/2004		M		6,800	A	\$ 4.6875 17,575
Common Stock	10/19/2004		M		40,000	A	\$ 4.8438 57,575
Common Stock	10/19/2004		M		180,000	A	\$ 3.8125 237,575
Common Stock	10/19/2004		S ⁽¹⁾		230,000	D	\$ 30.5555 7,575 ⁽⁴⁾

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

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(9-02)

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 An Underlying Sec (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title
Nonqualified Stock Option (Right to Buy)	\$ 2.3438	10/19/2004		M	3,200	01/01/1998 ⁽²⁾ 01/01/2007	Common Stock
Nonqualified Stock Option (Right to Buy)	\$ 4.6875	10/19/2004		M	6,800	10/01/1998 ⁽³⁾ 10/01/2007	Common Stock
Nonqualified Stock Option (Right to Buy)	\$ 4.8438	10/19/2004		M	40,000	07/01/1998 03/16/2008	Common Stock
Nonqualified Stock Option (Right to Buy)	\$ 3.8125	10/19/2004		M	180,000	07/01/1999 ⁽⁴⁾ 07/01/2008	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
MERRELL CYNTHIA B 9416 PALM BAY CIRCLE RALEIGH, NC 27617	CFO and Treasurer

Signatures

Cynthia B.
Merrell 10/19/2004

__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) The sale reported on this Form 4 was effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on August 20, 2004.
 - (2) Option vested and became exercisable as to 3,200 shares on each of 1/1/1998, 1/1/1999, 1/1/2000, 1/1/2001 and 1/1/2002.
 - (3) Option vested and became exercisable as to 3,200 shares on each of 10/1/1998, 10/1/1999, 10/1/2000, 10/1/2001 and 10/1/2002.
- Includes the following shares purchased by Ms. Merrell in the Cree, Inc. Employee Stock Purchase Plan: 922 shares on 10/31/2000; 561
- (4) shares on 4/30/2001; 661 shares on 10/31/2001; 1,337 shares on 4/30/2002; 84 shares on 10/31/2002; 2,000 shares on 4/30/2003; 71 shares on 10/31/2003; and 1,409 shares on 4/30/2004.

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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