

FOR IMMEDIATE RELEASE

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Anchorage Joins LED City® Initiative to Improve Light Quality and Reduce Energy Costs

Municipality appropriates \$2.2 Million for first phase installation of LED roadway lights

DURHAM, N.C., July 29, 2008 – Cree, Inc. (Nasdaq: CREE), a market leader in LED lighting, and the Municipality of Anchorage today announced Anchorage’s participation in the LED City® program, an international program that promotes the deployment of energy-efficient LED lighting. Anchorage Mayor Mark Begich announced his city’s participation in conjunction with an energy-related initiative calling for the retrofit of all 16,000 municipal roadway lights with high-efficiency LED fixtures.

“I am pleased to announce the appropriation of \$2.2 million to enable the city to purchase LED fixtures to change out roughly one-quarter of Anchorage’s streetlights,” notes Mayor Begich. “We have studied new lighting technology extensively over the past several months to validate energy and maintenance cost savings. We also conducted a lighting conference and public survey in March of this year that showed our residents overwhelmingly approve of the new white LED lighting. With this feedback and quantified costs savings research in hand, we are confident in moving ahead with the broad deployment of LED lighting for our roadways.”

“Lighting is absolutely critical to daily life in Anchorage. The continental US has more than eight hours of daylight per day. Here in Anchorage, approximately 85 days a year see less than eight hours of daylight. It is significant that this community is at the forefront of adopting energy-efficient lighting,” notes Deb Lovig, Cree LED City program manager. “Cree and the other LED Cities welcome Anchorage into the program and look forward to learning from this large-scale installation as the city pushes forward for energy and maintenance savings with LED lighting.”

The LED fixtures from BetaLED, are expected to use 50 percent less energy than current streetlights, which could save the city \$360,000 annually at today’s energy prices. The LED fixtures, based on performance-leading Cree XLamp® LEDs, typically last up to seven times longer than high-pressure sodium fixtures, allowing Anchorage to better utilize maintenance resources.

About LED City

The LED City is an expanding community of government and industry parties working to evaluate deploy and promote LED lighting technology across the full range of municipal infrastructure to:

- ∞ Save energy
- ∞ Protect the environment
- ∞ Reduce maintenance costs
- ∞ Provide better light quality for improved visibility and safety.

According to the U.S. Department of Energy, 22 percent of electricity used in the U.S. powers lighting. In a world with soaring energy prices based on the availability and control of fossil fuels, and with growing concern about sustainability of the environment, a revolution in lighting is long overdue.

LED City program participants include Raleigh, NC; Toronto, Ontario; Ann Arbor, MI; Austin, TX; Tianjin, China; Torraca, Italy, and now Anchorage, AK.

About Anchorage, Alaska

Anchorage (officially called the Municipality of Anchorage) is home to some 282,813 municipal residents, making it Alaska's largest city with more than two-fifths of the state's total population. Anchorage has been named All-America City four times, in 1956, 1965, 1984/85, and 2002, by the National Civic League. A diverse and extraordinary scenery and wildlife exists in urban Anchorage and the surrounding area. Approximately 250 black bears and 60 grizzly bears live in the area. Moose are a common sight and are a hazard to drivers, with over 100 moose killed by cars each year. Because of Anchorage's latitude, summer days are very long and winter daylight hours are very short. Anchorage is often cloudy during the winter, which decreases the amount of sunlight experienced by residents. For more information visit: www.muni.org.

About BetaLED

BetaLED, a brand of Beta Lighting, was established to dedicate resources to the emerging use of LED technology for general illumination. Beta Lighting, a division of Ruud Lighting, Inc., provides the lighting market with high-quality, specification-grade luminaires for exterior lighting applications. For additional exterior LED luminaire information, visit www.BetaLED.com.

About Cree

Cree is leading the LED lighting revolution and setting the stage to obsolete the incandescent light bulb through the use of energy-efficient, environmentally friendly LED lighting. Cree is a market-leading innovator of lighting-class LEDs, LED lighting retrofit solutions, and semiconductor solutions for general illumination, backlighting, wireless and power applications. For additional product and company information, please refer to www.cree.com.

This press release contains forward-looking statements involving risks and uncertainties, both known and unknown, that may cause actual results to differ materially from those indicated. Actual results may differ materially due to a number of factors, including the possibility that actual energy saving may vary from expectations; the potential lack of customer acceptance of LED products; the rapid development of new technology and competing products that may impair demand or render Cree's products obsolete; and other factors discussed in Cree's filings with the Securities and Exchange Commission, including its report on Form 10-K for the year ended June 24, 2007, and subsequent filings.

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