MERRELL CYNTHIA B

Form 4

November 19, 2004

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB

OMB APPROVAL

3235-0287 Number:

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Check this box if no longer subject to Section 16. Form 4 or

Form 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 * MERRELL CYNTHIA B			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	(Check an approacte)		
9416 PALM BAY CIRCLE			(Month/Day/Year) 11/17/2004	Director 10% OwnerX_ Officer (give title Other (specify below) CFO and Treasurer		
	(Street)		4. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line)		
RALEIGH, NC	27617			_X_ Form filed by One Reporting Person Form filed by More than One Reporting Person		

(City)	(State) (Z	Zip) Table	I - Non-Do	erivative S	ecurit	ies Acquire	d, Disposed of, o	r Beneficially	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 (A) Transactionor Disposed of (D) Code (Instr. 3, 4 and 5) (Instr. 8)			Securities Ownership of Beneficially Form: Be Owned Direct (D) Ov Following or Indirect (In	7. Nature of Indirect Beneficial Ownership (Instr. 4)		
			Code V	Amount	(A) or (D)	Price	Reported Transaction(s) (Instr. 3 and 4)	(I) (Instr. 4)	
COMMON STOCK	11/17/2004		M	75,000	A	\$ 25.3	82,575	D	
COMMON STOCK	11/17/2004		S	75,000	D	\$ 39.7503	7,575	D	

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

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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. Transactio Code (Instr. 8)	5. Number of orDerivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisab Expiration Date (Month/Day/Year		7. Title an Underlyin (Instr. 3 a
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title
NONQUALIFIED STOCK OPTION	\$ 25.3	11/17/2004		M	75,000	07/02/2002(1)	07/02/2008	COMM

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

STO

Signatures

(RIGHT TO BUY)

Cynthia B. 11/19/2004 Merrell

**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).
- Option vested and became exercisable as to 10,000 shares on 7/2/2002, as to 30,000 additional shares on 7/2/2003 and as to 35,000 additional shares on 7/2/2004.

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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