CREE INC Form 4 December 31, 2008

FORM 4

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

OMB Number:

3235-0287

0.5

Check this box if no longer

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

January 31, Expires: 2005

OMB APPROVAL

subject to Section 16. Form 4 or Form 5

SECURITIES

Estimated average burden hours per response...

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 ** INGRAM ROBERT ALEXANDER	2. Issuer Name and Ticker or Trading Symbol	5. Relationship of Reporting Person(s) to Issuer		
(L) (F) (ACIII)	CREE INC [CREE]	(Check all applicable)		
(Last) (First) (Middle)	3. Date of Earliest Transaction			
	(Month/Day/Year)	X Director 10% Owner		
C/O CREE, INC., 4600 SILICON DRIVE	12/29/2008	Officer (give title Other (specify below) below)		
(Street)	4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Check		
DURHAM, NC 27703	Filed(Month/Day/Year)	Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person		

(City)	(State) (Zij	Table I	- Non-D	eri	vative Se	curitie	es Acqu	uired, Disposed of	f, or Beneficial	ly Owned
1.Title of	2. Transaction Date	2A. Deemed	3.		4. Securit	ies		5. Amount of	6. Ownership	7. Nature of
Security	(Month/Day/Year)	Execution Date, if	Transac	tio	nAcquired	(A) o	r	Securities	Form: Direct	Indirect
(Instr. 3)		any	Code		Disposed	of (D)	Beneficially	(D) or	Beneficial
		(Month/Day/Year)	(Instr. 8)	(Instr. 3,	4 and	5)	Owned	Indirect (I)	Ownership
								Following	(Instr. 4)	(Instr. 4)
								Reported		
						(A)		Transaction(s)		
						or		(Instr. 3 and 4)		
			Code '	V	Amount	(D)	Price	,		
COMMON STOCK	12/29/2008		A(1)		3,750	A	\$0	3,750	D	

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	4. Transactic Code (Instr. 8)	5. Number on Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisabl Expiration Date (Month/Day/Year)		7. Title and Underlying (Instr. 3 and
			Code V	(A) (D)	Date Exercisable	Expiration Date	Title
NONQUALIFIED STOCK OPTION (RIGHT TO BUY)	\$ 14.71	12/29/2008	A	3,750	03/31/2009(2)	12/29/2015	COMMO STOCI

Reporting Owners

Reporting Owner Name / Address	Relationships

Director 10% Owner Officer Other

INGRAM ROBERT ALEXANDER C/O CREE, INC. 4600 SILICON DRIVE DURHAM, NC 27703

X

Signatures

Tamara Cappelson, Attorney-In-Fact

12/31/2008

**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).
- Shares of restricted stock awarded under the Cree, Inc. 2004 Long-Term Incentive Compensation Plan, as amended (the "Plan"). Shares (1) awarded will vest on September 2, 2009 provided Mr. Ingram continues service until that date as a member of the Board of Directors of Cree, Inc. or as an employee of Cree, Inc. or a related "Employer" as defined in the Plan.
- The option vests and becomes exercisable as to one-third of the shares on each of March 31, 2009, June 30, 2009 and September 30, 2009 or, if earlier, upon the election of directors at the 2009 Annual Meeting of Shareholders, provided Mr. Ingram continues service until such dates as a member of the Board of Directors of Cree, Inc. or as an employee of Cree, Inc. or a related "Employer" as defined in the Plan.

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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