

**CREE, INC.**

**Governance and Nominations Committee Charter**

**Purpose**

The Governance and Nominations Committee (the "Committee") is a standing committee of the Board of Directors appointed to assist the Board in fulfilling its responsibilities to shareholders by:

- identifying individuals qualified to become directors and recommending that the Board of Directors select, the candidates for all directorships to be filled by the Board of Directors or by the shareholders;
- upon the recommendation of the Compensation Committee, determining compensation arrangements for directors serving on the Board and on committees of the Board;
- developing and recommending to the Board of Directors a set of corporate governance principles applicable to the Company; and
- otherwise taking a leadership role in shaping the corporate governance of the Company.

**Composition**

*Number and Appointment*

The Committee shall be comprised of at least three members, all of whom shall be appointed by the Board of Directors and may be removed by the Board in its discretion.

*Qualifications*

All members of the Committee must be independent directors and meet the independence requirements of the Marketplace Rules of the National Association of Securities Dealers ("NASD") and any other requirements under listing standards or laws applicable to the Company.

The Board of Directors shall have sole authority and responsibility for determining whether a member or proposed member of the Committee is qualified for Committee membership, based upon appropriate representations of the individual and such other inquiries as the circumstances may warrant.

*Committee Chair*

The Board shall designate one member of the Committee to chair the Committee.

## **Meetings and Procedural Matters**

### *Meetings*

The Committee shall hold regular or special meetings as the Committee determines necessary or appropriate. Attendance of persons not members of the Board shall be at the invitation of the Chairman or of two or more members of the Committee. The provisions of Article V of the Bylaws of the Company, which govern meetings of the Board of Directors, shall likewise apply to meetings of the Committee.

### *Minutes*

The Committee shall cause to be prepared minutes of each meeting of the Committee that reflect the date of the meeting, the members in attendance and all actions taken by the Committee at the meeting. Such minutes, together with any actions taken by unanimous written consent, shall be submitted to and maintained by the Secretary as part of the Company's permanent records and shall be disseminated to the Board of Directors.

### *Procedural Rules*

The Committee may establish rules of procedure not inconsistent with this Charter, the Bylaws of the Company or applicable law.

## **Responsibilities and Authority**

The Committee shall have such responsibilities and authority as are expressly set forth in this Charter or are necessary or incidental to carrying out the purpose of the Committee as stated above, together with such other responsibilities and authority as may be prescribed from time to time by the Board of Directors, by rules of the NASD or other listing standards applicable to the Company, or by rules or regulations of the SEC or other law.

The Committee shall have authority to retain and to terminate any search firm to be used to assist it in identifying candidates to serve as directors of the Company, and any outside counsel or other advisers to be used to assist it in other matters within the responsibility of the Committee, including authority to approve the fees payable to such advisers and any other terms of retention.

The responsibilities and authority of the Committee shall also include the following:

### *Board Selection, Composition and Evaluation*

- Establish criteria for the selection of nominees for directors and the processes for identifying and evaluating nominees for directors to serve on the Board of Directors. Except as the Committee may determine otherwise, such criteria and processes shall be as follows:
  - Identify individuals believed to be qualified as candidates to serve on the Board of Directors.

- Recommend that the Board of Directors select the candidates for all directorships to be filled by the Board of Directors or by the shareholders at an annual or special meeting.
  - In identifying and recommending that the Board select candidates for membership on the Board of Directors, the Committee shall take into account such factors as it considers appropriate, which may include (a) ensuring that the Board of Directors, as a whole, is diverse and consists of individuals with various and relevant career experience, relevant technical skills, industry knowledge and experience, financial expertise (including expertise that could qualify a director as an “audit committee financial expert,” as that term is defined by the rules of the SEC), local or community ties; (b) minimum individual qualifications, including strength of character, mature judgment, familiarity with the Company's business and industry, independence of thought and an ability to work collegially; (c) questions of independence, possible conflicts of interest and whether a candidate has special interests or a specific agenda that would impair his or her ability to effectively represent the interests of all shareholders; (d) the extent to which the candidate would fill a present need on the Board of Directors; and (e) whether the candidate can make sufficient time available to perform the duties of a director.
- Review and make recommendations to the full Board of Directors whether members of the Board of Directors should stand for re-election, and consider matters relating to the retirement of members of the Board of Directors, including term limits or age limits.
  - Oversee the process for submission of director nominations recommended by shareholders according to the procedures therefor set forth in the Company's Bylaws.
  - Evaluate candidates for nomination to the Board of Directors, including those recommended by shareholders, who shall be evaluated in the same manner and based on the same criteria as the Committee's own candidates.
  - Conduct such inquiries into the backgrounds and qualifications of possible candidates which the Committee deems appropriate.
  - Review and make recommendations, as the Committee deems appropriate, regarding the composition and size of the Board of Directors in order to ensure the Board of Directors has the requisite expertise and its membership consists of persons with sufficiently diverse and independent backgrounds.
  - Oversee evaluation of, at least annually, and as circumstances otherwise dictate, the Board of Directors and individual directors.

*Committee Selection, Composition and Evaluation*

- Recommend members of the Board of Directors to serve on the committees of the Board of Directors, giving consideration to the criteria for service on each committee as set forth in the charter for such committee, as well as to any other

factors the Committee deems relevant, and where appropriate, make recommendations regarding the removal of any member of any committee.

- Recommend members of the Board of Directors to serve as the Chair of the committees of the Board of Directors.
- Establish, monitor and recommend the purpose, structure and operations of the various committees of the Board of Directors, the qualifications and criteria for membership on each committee of the Board of Directors and, as circumstances dictate, make any recommendations regarding periodic rotation of directors among the committees and impose any term limitations of service on any committee of the Board of Directors.
- Make recommendations to the Board of Directors for the creation of additional committees or the elimination of committees of the Board of Directors.

#### *Director Compensation*

- Upon the recommendation of the Compensation Committee, approve the compensation of members of the Board of Directors for serving on the Board and on committees of the Board, including without limitation the grant of equity awards under the Company's stock-based compensation plans and the terms of any deferred compensation plan.

#### *Corporate Governance*

- Periodically review the adequacy of the Articles of Incorporation and Bylaws of the Company and recommend to the Board of Directors, as conditions dictate, that it adopt or propose for consideration by the shareholders as appropriate amendments to the Articles of Incorporation and Bylaws.
- Periodically review developments with regard to corporate governance to enable the Committee to make recommendations to the Board of Directors in light of such developments as may be appropriate.
- Report to the Board of Directors concerning the Committee's activities (i) following meetings of the Committee, (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Committee may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Chairman or any other member of the Committee designated by the Committee to make such report.
- Review and reassess the adequacy of this Charter as conditions dictate, but at least annually, and recommend any proposed changes to the Board of Directors for approval.

#### **Compensation**

Members of the Committee shall receive such compensation for service on the Committee as may be determined from time to time by the Board of Directors. Members

may not receive other compensation from the Company of any kind except compensation for service as a member of the Board of Directors or for service on a Board committee.