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KippsDeSanto & Co. Advises Arkansas Power Electronics International, Inc. on its Sale to Cree, Inc.

KippsDeSanto & Co. is pleased to announce the sale of our client, Arkansas Power Electronics International, Inc. ("APEI" or "the Company"), to Cree, Inc. ("Cree"). APEI develops, designs, and manufactures high performance power electronics and wireless systems, including motor drives, inverters, power modules, and DC / DC converters. APEI has been a recognized industry leader in power modules and power electronics applications. Based in Fayetteville, AR, APEI sits at the center of the SiC power module market, with a focus on providing high performance modules and systems and driving a market shift from traditional silicon-based power electronics towards SiC components.



We believe this transaction demonstrates several key trends in the electronics M&A environment:

- Attractiveness of proprietary, differentiated technologies
- Strategic acquisition to enhance technology depth, gain customer reach, and vertically integrate manufacturing to quickly capitalize on a rapidly growing market
- Growing demand for high performance, highly durable power electronics components for aerospace, defense, and commercial markets

KippsDeSanto & Co. is an investment bank focused on delivering exceptional M&A and financing transaction results for leading aerospace / defense and government technology solutions companies. For more information on KippsDeSanto & Co., please visit www.kippsdesanto.com.

PRESS RELEASE

DURHAM, N.C., July 9, 2015 – Cree, Inc. (Nasdaq: CREE), a market leader in silicon-carbide (SiC) power and RF products today announced the acquisition of APEI, a global leader in power modules and power electronics applications. Combining two highly complementary innovators, the acquisition enables Cree's Power and RF business to extend its leadership position and help to accelerate the market for high-performance, best-in-class SiC power modules.

This acquisition strengthens Cree's market-leading position for SiC power electronics, infusing the Power and RF business with additional intellectual property and applications expertise at the systems level from APEI. The companies' shared mission to deliver the industry's most innovative SiC power products has already led to successful collaboration on multiple government contracts. In 2014, the co-development of a High-Performance Silicon Carbide-based Plug-In Hybrid Electric Vehicle Battery Charger on an ARPA-E program resulted in an R&D 100 award, recognizing the 100 most innovative technology advancements of the year.

"Adding this expert team of innovators and portfolio of patents will enable us to further disrupt and expand the market," said Frank Plastina, executive vice president, Cree Power and RF. "Extending our research and development capabilities with APEI, a leader in wide bandgap power R&D, will help us accelerate delivery of a full spectrum of SiC power modules to meet customer requirements for performance and cost."

"Joining forces with the market leader in silicon-carbide power gives us an opportunity to commercialize our products faster," said Dr. Alex Lostetter, president and CEO of APEI. "This ideal combination of chip technology and packaging will give us first-mover advantage, helping us to set the industry standard for power modules."

The APEI team, now Cree Fayetteville, Inc., will continue to be based in Fayetteville, AR., and will operate as part of Cree's Power and RF business. Under the terms of the agreement, Cree will acquire APEI in a merger transaction. The transaction is not targeted to have a material impact on Cree's fiscal 2016 earnings.

About Cree, Inc.

Cree is leading the LED lighting revolution and making energy-wasting traditional lighting technologies obsolete through the use of energy-efficient, mercury-free LED lighting. Cree is a market-leading innovator of lighting-class LEDs, LED lighting and semiconductor products for power and radio-frequency (RF) applications.

Cree's product families include LED fixtures and bulbs, blue and green LED chips, high-brightness LEDs, lighting-class power LEDs, power-switching devices and RF devices. Cree® products are driving improvements in applications such as general illumination, electronic signs and signals, power supplies and solar inverters.

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